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Final Report

Verification Assessment of Social Management and Practices

**Felda Global Ventures Plantations (Malaysia) Sdn
Bhd**

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Report by:

Wild Asia (Malaysia)

Project Ref: P332 FGV

A social enterprise dedicated to promoting sustainability in Asia

www.wildasia.org

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LIST OF ABBREVIATIONS

AIPS	Approved Incentive Payment Scheme
ASI	Accreditation Services International
ATM	Automated Teller Machine
COM	Check-Out Memo
FELDA	Federal Land Development Agency
Felda	Felda (Management Unit)
FGV	Felda Global Venture
FGVPM	Felda Global Venture Plantation (Malaysia) Sdn Bhd
FTPSB	Felda Technoplant Sdn Bhd
FWCS	Foreign Workers Centralized System
G2G	Government to Government
HQ	Head Quarter
ILO	International Labour Organization
ITUC	International Trade Union Federation
JCC	Joint Consultative Committee
JTKL	Jabatan Tenaga Kerja Lapangan
KLIA	Kuala Lumpur International Airport
KUK	Kadar Upah Kerja
MC	Medical Certificate
OSH	Occupational Safety and Health
OSHA	Occupational Safety and Health Administration
PLKS	Pas Lawatan Kerja Sementara
PPE	Personal Protective Equipment
RSPO	Roundtable on Sustainable Palm Oil
RSPO P&C	Roundtable on Sustainable Palm Oil Principles and Criteria
SA 8000	Social Accountability 8000
SPPA	Skim Pampasan Pekerja Asing
WA	Wild Asia
WBCSD	World Business Council for Sustainable Development
WSJ	Wall Street Journal

KEY DEFINITIONS

SA 8000: Definition of Bonded Labour, Forced Labour and Human Trafficking (SAI, 2014)

1. **Bonded labour:** situation in which a person is forced by the employer or credit or to work to repay a financial debt to the crediting entity.

2. **Forced and compulsory labour:** According to ILO Convention No. 29, Article II:1, “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.”

The “penalty” here can imply a form of monetary sanctions, or physical forms of punishment such as loss of rights and privileges or restrictions on movement or employers’ holding of “deposits” or identity papers (e.g. Passports, etc.).

3. **Human Trafficking:** the recruitment, transfer, harbouring or receipt of persons, by means of the use of threat, force, other forms of coercion, or deception for the purpose of exploitation.

Executive Summary

Overview

There has been a growing international interest in relationships between business and human rights. The global integration of economies has put a number of industries under scrutiny. Labour risks such as unethical hiring conditions, substandard living wages, poor living conditions, no freedom of association, illegal workers, unsafe working conditions, and forced labour are some of the labour issues found in some industries such as agriculture, electronics, garments, toys and construction. Malaysia's plantation sector is not immune to this scrutiny, and its high dependence on foreign workers and use of out-sourced contractor services are common industry practices that, if not monitored, can lead to violations of basic human rights.

Background

The Wall Street Journal (WSJ) has published an article entitled "Palm-Oil Foreign Workers Tell of Abuses on Malaysian Plantations" on 26th of July 2015, reporting on widespread human rights abuses in palm oil plantations; in particular, the *Felda Golden Ventures*, FGV. WSJ reported unethical labour recruiting from worker's home country, human trafficking, forced labour, illegal employment, abuse of workers, non-compliance with minimum wage legislation, inhumane and illegal housing, and withholding of worker's passports. On 9th October 2015, RSPO requested Accreditation Services International (ASI) to conduct an assessment on the claims published by WSJ. A report of their findings was also published. However, ASI assessment was confined to an evaluation of the audit process as determined by the RSPO Certification System.

Scope

Wild Asia (WA) was engaged by Felda Global Venture Plantation (Malaysia) Sdn Bhd (FGVPM) on the 6th November 2015 to conduct a verification assessment on the allegations and reporting by both WSJ (Wall Street Journal) and ASI (Accreditation Services International).

The verification assessment methodology was designed around desktop reviews, management and worker interviews, as well as a site visit to a single palm oil mill complex between 18-22nd Jan 2016. This site visit was made to FGV's Felda Wilayah Raja Alias Unit - comparing Pasoh Complex, Seriting Hilir Complex, and Palong Timur Complex. One estate was selected as sample from each respective complex and was chosen as they represented typical management operations (direct under FGV, a FGV subsidiary or under Felda).

Overview of Methodology

Our sampling and verification method was designed to give us an insight into management and operational practices. The assessment time was short and with limited sampling of workers (different nationalities or managed by FGV, its subsidiaries and contractors). However, by design, we wanted to cover a broad area of labour management and to be able to see if the issues detected by the WSJ reports are evident from the sampling (see below, Section 5). Furthermore, we anticipated that our findings would lead us towards the following conclusions:

1. No areas of concern were detected (at least for the sample; there is no assurance that the issue may exist in other business units);
2. Areas of concern were detected, but before management intervention, a better understanding of the extent of the problem is advised.
3. Areas of concern were detected and FGV is advised to review and improve management controls;

The second part of the analysis was to do a preliminary comparison (see below, Section 0) to an established social management system (i.e., SA8000). The analysis included a review of each of the standard requirements, including minimum performance indicators, and attempted to score the likely level of compliance (low-high). The exercise was specifically to allow us to identify specific gaps in social management and to allow us to prioritise areas for attention. This exercise in gap and benchmarking¹ is useful for any organisation undertaking improvements in their social management systems.

¹ SAI's Social Fingerprinting Programme (<http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&pageId=1711>), for example, is a useful tool to assist organisations benchmark and develop internal programmes.

Summary of WSJ verification

Within the sample, our worker interviews did not identify “human trafficked” cases (as described in media reports) nor can we conclude that “forced labour” (as defined by SA8000) is prevalent. However, detecting “forced labour” is complex and many organisations may be unaware of the risk due to the fact that trans-national labour movements often involve many parties (Verité, & ManpowerGroup, 2012)). In the case of FGV, we believe that without a good understanding of the conditions that lead to forced labour, identifying practices for management controls will not be effective. In our sample, we do detect practices that require further investigation (especially for the non-Indonesian workers) and we have highlighted that there needs to be a deeper understanding of the issue and to work with experienced organisations (such as *Social Accountability International*) to identify specific ways to strengthen the management controls or system in order to ensure that FGV is able to lower the risk of “forced labour”. It will also become evident from this pathway that the palm oil industry, or at least the leaders of the industry, may need to find solutions to ensure that the management of foreign labour (of which the industry is dependent on) will meet International best-practices to reduce the risk of forced labour. Lastly, health and safety is both legislated for and in FGV case, is a topic covered by both RSPO and ISO certification, but field observations we made have identified a number of areas for improvements. We have concluded that management oversight and monitoring can be significantly increased to improve the implementation of workplace safety and health.

Management Recommendation	WSJ Issues Identified		
	Forced Labour	Minimum Wage	Safe Work (OSH)
No areas of concern were detected			
No areas of concern were detected but management improvements recommended		YES	
Areas of concern were detected and more research recommended	YES		
Areas of concern were detected and immediate review of management controls required	YES		YES

Summary of Preliminary Assessment of SA8000 Compliance

Based on our findings, a preliminary compliance assessment was made against SA8000 requirements; an International social compliance standard. This analysis was performed to be able to identify any gaps in the current management system and can be a focus for attention for improvements. The result of the assessment is summarised below. In general, the gap analysis reveals that areas for immediate management attention should be strengthening FGV social management system in order to reduce the risk of forced labour and also to enable the development of a social performance programme for FGV. Naturally, the other management areas would be addressed once there is a system in place.

Social Management Areas	Degree of Compliance
CHILD LABOUR	HIGH
FORCED LABOUR	LOW
HEALTH & SAFETY	MED
FREEDOM OF ASSOCIATION & RIGHT TO COLLECTIVE BARGAINING	MED
DISCRIMINATION	MED
DISCIPLINARY PRACTICES	MED
WORKING HOURS	HIGH
REMUNERATION	HIGH
MANAGEMENT SYSTEM	LOW

Recommendations

Since the publication of WSJ and other reports, FGV has been taking steps to ensure immediate remediation steps are taken. There is also a great deal of effort being undertaken internally to ensure that operational teams are engaged and that the highest levels of FGV are informed of their progress². However, we take a more strategic approach, and note that without a functioning social compliance management system, FGV will lack the credibility to manage the complexities of labour across all its business units.

Our analysis concludes that the current management system can be improved. We believe that understanding global labour issues requires more specialised knowledge and it will be an advantage to FGV if it enhanced the technical expertise within FGV for providing the social management leadership required. To kick start this journey, we recommend that FGV signs up to SAI's *Social Fingerprinting Programme*, which is a resource made available to organisations to benchmark current practices against over 2,000 companies globally (across different sectors). There are also tools and resources available to guide organisations to move forward. Finally, if these recommendations are adopted, the communication of FGV progress (including measures of success) will be of interest to the many external stakeholders of FGV.

In summary, our recommendations are essentially framed around five (5) fundamental pillars:

1. Committing to Ethical Conduct and Respect for Human Rights
2. Creating the Leadership Structure or Social Performance
3. Adopting an Ethical and Social Performance Framework
4. Building the Social Performance Management System
5. Fostering Partnerships and Share Lessons Learnt

² FGV had established a "Sustainability Response Team" that reports directly to the Board after the WSJ incident and many of the gaps identified have been closed or are being monitored closely by senior management. This is one of the positive outcomes of this case.

PART ONE: INTRODUCTION

1 Background

1.1 Background of Felda Global Ventures Holdings Berhad (FGV)

The Federal Land Development Agency (FELDA) was established under the Land Development Ordinance (1956) under the Ministry of Land and Co-operative Development in July, 1956. When first established, FELDA channelled financial assistance to State governments for land development programmes. In 1961, FELDA was given responsibility for new land development and settlements for the whole Malaysia. FELDA has focused on development of plantations on a commercial basis since the mid-eighties. Since then, FELDA has also been an ordinary member of the Roundtable for Sustainable Palm Oil (RSPO), an international association of oil palm producers, buyers and civil society organizations since 17 October 2004.

On 19 December 2007, FELDA incorporated Felda Global Ventures Holdings Sdn Bhd (FGV) as a wholly subsidiary of FELDA to operate as a commercial arm for FELDA's overseas investments in upstream and downstream palm oil businesses as well as other agribusinesses. The company has operations in more than 10 countries across Asia, North America and Europe (refer Figure 1). On 28 June 2012, the company was listed on the main market of Bursa Malaysia Securities Berhad as Felda Global Ventures Holdings Berhad. FGV operates through 6 main business clusters. Palm cluster (upstream and downstream), rubber cluster, sugar cluster, R&D services cluster, and Trading, Marketing & Logistics cluster. The company is the world's largest crude palm oil producer and the second largest Malaysian palm oil refiner.

Figure 1. FGV Operations (Worldwide)



Source: 2014 FGV Annual Report³

³ http://ir.chartnexus.com/fgv/docs/ar/ar_2014.pdf

1.2 Oil Palm Clusters

Under FELDA's Oil Palm Cluster, FGV has a total of 70 palm oil mills, 416 oil palm estates and 4 palm kernel mills. It owns more than 747,840 ha of total land bank across Malaysia and Kalimantan. Out of that, 741,480 ha of land have been allocated for oil palm cultivation. FGV has developed approximately 741,277 ha of this allocated land⁴. About 78% of the planted area was mature plots. As of 2014, FGV has obtained RSPO P&C certification for its 39 palm oil mills and 230 palm oil estates (471,222 ha), and RSPO Supply Chain and Certification System certification for its 4 palm kernel mills. FGV has also certified more than 40,000 associated smallholders through their process of certifying their own mills.

1.3 Oil Palm Upstream Management

There are three main subsidiaries of FELDA that manage the oil palm upstream cluster, namely Felda Global Ventures Plantations Malaysia Sdn Bhd (FGVPM), Felda and Felda Technoplant Sdn Bhd (FTPSB). All subsidiaries are in charge on the management of their individual category of estates, namely:

1. FGVPM is responsible for managing the mill and certified complexes
2. Felda is responsible for managing the settlers' estates
3. FTPSB is responsible for managing the settlers' replanting estates

Figure 2 shows the oil palm management structure that is under the FELDA's management. All 3 subsidiary companies manage 3 different types of plantation-scenarios:

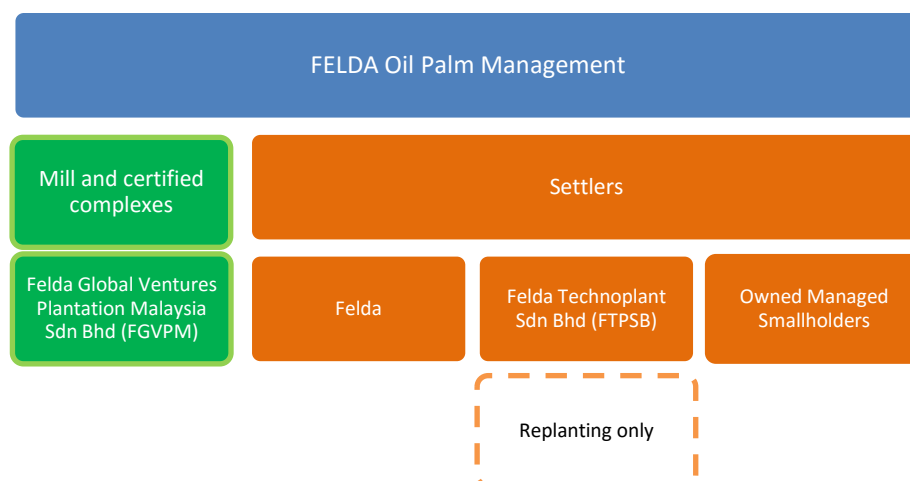
1. FGVPM: Felda's owned estates
 - Estates owned and managed by the company, including hiring of own labour or subcontractors
2. Felda: Felda's settler schemed estates⁵
 - Estates owned by smallholders and managed by company (*Skim Peneroka*),
 - FTPSB: Estates owned by smallholders that are under the replanting stage
3. Independent Settler Scheme: Estates owned and managed by smallholders under the company's scheme smallholders group (*Skim Peneroka Urus Sendiri*)⁶
 - Smallholders under the settler schemed who handle and manage their own estates without any intervention from FELDA

⁴ 2014. Felda 2014 ACOP Report

⁵ Felda's settler scheme has started early in the 1990s. In this scheme, settlers were assigned to a particular settlement, and were given a plot of land, ranging from 10 to 14 acres, to cultivate usually either rubber or oil palms. All settlers were required to reside at the settlement itself, where their homes were already built by FELDA in a planned village. The settler scheme was initially designed as a co-operative, where each settler held an equal share in the ownership of the particular scheme. However, as most of the settlers did not prefer this scheme, the government has then set up a 3-phase plan: where the co-operative remained as a mechanism for the settlers to learn how to farm in the first phase. Each settler was given a specific plot of land to work in the second phase, and each settler will be given the land title to that plot in the final phase. Even though settler holds the land title to the land, he or she was forbidden from selling the land without permission from FELDA or the federal government.

⁶ Felda has independent settler's scheme where the settlers are independent of Felda. These settlers used to be managed under the settler scheme. Most of the settlers have opted out from the scheme so that they can manage their own land, once they were given the land title to their lot.

Figure 2. Felda Oil Palm Management Structure



There were a total of 11 Regional Management Unit that throughout Malaysia. This regional management is in charge of the administration of the Felda's project (*Rancangan Felda*) in their respective region (See Table 1).

Table 1. List of Felda's Regional Management Unit

Regional Management Unit	Total <i>Rancangan Felda</i>
Felda Wilayah Raja Alias	52
Felda Wilayah Segamat	35
Felda Wilayah Gua Musang	12
Felda Wilayah Kuantan	42
Felda Wilayah Trolak	21
Felda Wilayah Johor Bahru	41
Felda Wilayah Mempaga	37
Felda Wilayah Terengganu	21
Felda Wilayah Alor Setar	15
Felda Wilayah Jengka	37
Felda Wilayah Sahabat, Lahad Datu	9

Source: Felda's Wikipedia⁷

1.4 About Study Site

1.4.1 Description of Study Site

Wild Asia study has focused the assessment on the **Felda Wilayah Raja Alias Unit** in Jempol, Negeri Sembilan (Figure 3). The palm oil unit (mill and supplying estates) is made up of Pasoh Complex, Seriting Hilir Complex, and Palong Timur Complex. WA selected the Felda Wilayah Raja Alias Unit as it represents

⁷ https://ms.m.wikipedia.org/wiki/Senarai_Tanah_Rancangan_Felda

a range of management conditions typical of FGV. We visited one estate from each of the three complexes. Each of the estates sampled represents the different management of the FELDA's subsidiaries company (FGVPM, Felda, and FTPSB).

Figure 3. Location of Project Site - Jempol, Negeri Sembilan



1.4.2 Characteristic of the Estates

There are 36 estates and 3 mills under management of the **Felda Wilayah Raja Alias Unit**. The unit comprises 3 complexes: Pasoh Complex, Serting Hilir Complex and Palong Timur Complex. Refer Table 2 on list of operation units that were under the management of Felda Wilayah Raja Alias Unit and Table 3 on summary of FFB supplies under Felda Wilayah Raja Alias Unit.

1. Pasoh Complex
 - Possesses 1 mill and 5 estates.
 - All estates are under the settler's scheme and are managed by Felda.
 - 4 estates are under the replanting scheme and are managed by FTPSB.
 - There are smallholder's plots that are fully managed by the smallholders
2. Serting Hilir Complex
 - Possesses 1 mill and 9 estates.
 - 7 estates are owned by FELDA and managed by FGVPM
 - 12 estates are under the settler's scheme and are managed by Felda.
 - 11 estates were under the replanting scheme and are managed by FTPSB.
 - There are smallholder's plots that are fully managed by the smallholders
3. Palong Timur Complex
 - Possesses 1 mill and 12 estates.
 - 2 estates are owned by FELDA and managed by FGVPM
 - 10 estates are under the settler's scheme and are managed by Felda.
 - 9 estates were under the replanting scheme and are managed by FTPSB.
 - There are smallholder's plots that are fully managed by the smallholders

Table 2. List of operation units under Felda Wilayah Raja Alias Unit

Complexes	Total Operation Units	List of Operation Units
Pasoh Complex	5 estates and 1 mill	<ol style="list-style-type: none"> 1. Felda & FTPSB Pasoh 1 2. Felda & FTPSB Pasoh 2 3. Felda & FTPSB Pasoh 3 4. Felda & FTPSB Pasoh 4 5. RSPO Felda Titi 2 6. FPISB Kilang Sawit Pasoh
Serting Hilir Complex	19 estates and 1 mill	<ol style="list-style-type: none"> 1. Felda & FTPSB Serting Hilir 1/2/3 2. Felda & FTPSB Serting Hilir 4 3. Felda & FTPSB Serting Hilir 5 4. Felda & FTPSB Serting Hilir 6/7 5. FGVPM Serting Hilir 8 6. Felda & FTPSB Sg Lui 7. Felda Sg Lui 2 8. Felda & FTPSB Lui Timur 9. Felda & FTPSB Lui Muda 10. Felda & FTPSB Lui Selatan 1 11. Felda & FTPSB Lui Selatan 2 12. Felda & FTPSB Tembangau 1 13. Felda & FTPSB Tembangau 2 14. FGVPM Tembangau 7 15. FGVPM Tembangau 5 16. FGVPM Tembangau 3 17. FGVPM Tembangau 9 18. FGVPM Tembangau 6 19. FGVPM Tembangau 8 20. FPISB Kilang Sawit Serting Hilir
Palong Timur Complex	12 estates and 1 mill	<ol style="list-style-type: none"> 1. Felda & FTPSB Palong 1 2. Felda & FTPSB Palong 2 3. Felda & FTPSB Palong 3 4. Felda & FTPSB Palong 4 5. Felda & FTPSB Palong 5 6. Felda & FTPSB Palong 6 7. Felda & FTPSB Pasir Besar 8. Felda & FTPSB Palong Timur 1 9. Felda & FTPSB Palong Timur 2 10. Felda Palong Timur 3 11. FGVPM Palong Timur 5 12. FGVPM Palong Timur 6 13. FPISB Kilang Sawit Palong Timur

* Estates visited by the Wild Asia team during this assessment are **bold**

Table 3. Summary of FFB supplies under Felda Wilayah Raja Alias Unit

Complex	Type of Estates	Total FFB	% of supply
Pasoh Complex	FELDA's estate (managed by FGVPM)	-	0.00%
	Felda Settler's scheme (managed by Felda)	83,889.48	36.01%
	Replanting scheme (managed by FTPSB)	95,351.71	40.93%
	Independent smallholder (fully managed by smallholders)	741.93	0.32%
	Other external suppliers	53,000.08	22.75%
Serting Hilir Complex	FELDA's estate (managed by FGVPM)	166,896.05	50.57%
	Felda Settler's scheme (managed by Felda)	43,785.64	13.27%
	Replanting scheme (managed by FTPSB)	64,981.67	19.69%
	Independent smallholder (fully managed by smallholders)	23.57	0.01%
	Other external suppliers	54,358.70	16.47%
Palong Timur Complex	FELDA's estate (managed by FGVPM)	111,281.10	35.00%
	Felda Settler's scheme (managed by Felda)	20,836.10	6.55%
	Replanting scheme (managed by FTPSB)	177,346.11	55.78%
	Independent smallholder (fully managed by smallholders)	-	0.00%
	Other external suppliers	8,458.84	2.66%

Source: FGV HQ

2 Methods and Team

2.1 Our Approach

Two approaches were used to conduct the assessment: First, the *rational mechanism* for investigating labour issues and, second, the *participatory approach*, where stakeholder perspectives are incorporated into the assessment⁸.

The *rational mechanism* is based on data gathering and measures impacts quantitatively. This technique is inherently limited as social behaviour and responses are frustratingly hard to predict.

The principle followed by most internal standards (i.e. RSPO P&C) regarding stakeholder involvement is based on *participatory engagement*. This principle determined the approach used to perform this scoping assessment regarding the social impact of current practices.

Social reality is subjective, bounded and defined by social rules and meanings formed by stakeholders themselves. The subjective perspective of all stakeholders is therefore regarded as intrinsic to the process and can only be measured or evaluated through participatory or qualitative processes.

2.2 Scope & Methodology

Wild Asia (WA) was engaged by Felda Global Venture Plantation (Malaysia) Sdn Bhd (FGVPM) on the 16th November 2015 to conduct a verification assessment on the allegations and reporting produced by both WSJ (Wall Street Journal) and ASI (Accreditation Services International). The verification assessment methodology was designed around desktop reviews, management and worker interviews, as well as a site visit of a single palm oil mill complex.

Our sampling and verification method was designed to give us an insight into management and operational practices. The assessment time was short and with limited sampling. However, by design, we wanted to cover a broad area of labour management and to be able to see if the issues detected by the WSJ reports are evident from the sampling (see below, Section 5). Furthermore, by design again, we anticipated that our findings would lead us towards the following conclusions:

1. No areas of concern were detected (at least for the sample; there is no assurance that the issue may exist in other business units) ;
2. Areas of concern were detected, but before management intervention, a better understanding of the extent of the problem is advised.
3. Areas of concern were detected and FGV is advised to review and improve management controls;

The assessment was also designed to provide an understanding of the current social management system in FGV, and the variation across its different management units. This provided the basis for a preliminary assessment of compliance to an international social management system - namely, Social Accountability SA8000⁹. SA8000 was chosen as it provides more explicit labour requirements and has been designed to meet many relevant ILO standards (see Table 4 for comparison of RSPO social requirements vs. SA8000).

⁸ Source of methods approach adopted from Joyce, S.A. And MacFarlane, M. (2001). Social Impact Assessment: the Mining Industry Current Situation and Future Directions, Mining, Minerals and Sustainable Development of International Institute for Environment and Development Report No 46, UED and World Business Council for Sustainable Development (WBCSD). (2002)

⁹ SA 8000 is the requirements to be met by organisations, including the establishment or improvement of workers' rights, workplace conditions and an effective management system. The foundational elements of this Standard are based on the UN Declaration of Human Rights, conventions of the ILO, international human rights norms and national labour laws.

Table 4. Comparison of Social Requirements between RSPO and SA 8000

Aspect	#	Social Requirements	RSPO P&C Standard	SA 8000 Standard
Human Rights and Local Communities	1	HUMAN RIGHTS & LOCAL COMMUNITIES: general principle	✓	✓
	2	Promotion / enhancement of medical care services	✓	✗
	3	Promotion / enhancement of housing and sanitary facilities	✓	✓
	4	GENDER ISSUES: general principle, policies and best practices	✓	✓
	5	Women's access to health and safety services	✗	✓
	6	Gender considerations in stakeholder engagement process	✓	✗
	7	Rights of indigenous peoples (ILO 169)	✓	✓
	8	Services and benefits to local communities	✓	✗
	9	Engagement & consultation with local communities	✓	✓
	10	Land title and use rights	✓	✗
	11	Hiring workers from local communities	✓	✗
	12	Purchasing local materials, goods, products and services	✓	✗
	13	Grievance mechanisms for communities	✓	✗
	14	Impact assessment on health, safety and security of local activities	✓	✗
	15	Impact assessment on access to basic services to local communities	✓	✗
	16	Involuntary resettlement, physical displacement and / or economic displacement	✓	✗
	17	Compensation and benefits for displaced persons	✓	✗
	18	Free, prior and informed consent of local communities	✓	✗
Conditions Of Work and Social Protections	19	WORK AND LABOR RIGHTS: general principle	✓	✓
	20	CONDITIONS OF WORK: general principle	✓	✓
	21	Women's rights at work	✓	✓
	22	Sexual exploitation / harassment	✓	✓
	23	Safety at work (ILO 184)	✓	✓
	24	Safety at work - legal compliance	✓	✓
	25	Emergency exits & evacuation procedures	✓	✓
	26	Training on safety issues	✓	✓
	27	Workplace safety	✓	✓
	28	Safety equipments & personal protective equipment	✓	✓
	29	Machinery / equipment safety	✓	✓

Aspect	#	Social Requirements	RSPO P&C Standard	SA 8000 Standard
	30	Emergency first aid kits	✓	✓
	31	Safety procedures for handling chemicals	✓	✓
	32	Monitoring of accidents records	✓	✓
	33	Training of workers on procedures to deal with accidents	✓	✓
	34	Healthy work conditions / medical checks	✓	x
	35	Workers' access to safe drinking water	✓	✓
	36	Workers' access to sanitary facilities at work (showers/wc/etc)	✓	✓
	37	Workplace conditions (air quality, lighting, noise)	✓	✓
	38	Dormitories & canteens	✓	✓
	39	Workers' entitlement to breaks (e.g. meal breaks)	✓	✓
	40	Infirmary at production site	x	✓
	41	Criteria for keeping records of disciplinary measures	x	✓
	42	Security issues / role and behaviour of security guards	x	✓
	43	Worst forms of child labour (ILO 182)	x	✓
Employment and Employment Relationships	44	CONDITIONS OF EMPLOYMENT: general principle	✓	✓
	45	Voluntary employment - No forced labour (ILO 29 & 105)	✓	✓
	46	Overtime is voluntary and compensated	✓	✓
	47	Use of prison labour	x	✓
	48	Terms of labour contracts	✓	✓
	49	Access to medical insurance	✓	✓
	50	HUMAN RESOURCES MANAGEMENT: general principle	✓	✓
	51	Employment / hiring practices - legal compliance	✓	✓
	52	Workforce reduction policies and practices - legal compliance	✓	✓
	53	Payroll records and pay slips	✓	✓
	54	Performance assessment (for promotion, trainings)	x	✓
	55	Illegal / excessive deductions or fees (incl. Recruitment fees)	✓	✓
	56	Workers equipment costs (incl. uniforms)	x	✓
	57	Retention of workers' documentation (ID, passport)	✓	✓
	58	Use of contracts in written form	✓	✓
	59	LEAVE DAYS: general policy (public holidays, annual leave, etc)	✓	✓

Aspect	#	Social Requirements	RSPO P&C Standard	SA 8000 Standard
	60	Fair and timely payment of wages	✓	✓
	61	Pensions and social security benefits	✗	✓
	62	Minimum and Living Wage	✓	✓
	63	Child labour and minimum age (ILO 138) - including policy and remediation	✓	✓
	64	Hiring and employing young workers	✓	✓
	65	Equal remuneration (ILO 100)	✗	✓
	66	Maximum working hours	✓	✓
	67	Hours of work & overtime monitoring	✗	✓
Human Development and Social Dialogue	68	Freedom of association and Collective Bargaining (ILO 87 and 98)	✓	✓
	69	No discrimination at work (ILO 111)	✓	✓
	70	Workers' access to training programs	✓	✓
	71	Apprentice programs for young workers	✗	✓
	72	Joint committees / trade unions / labour associations	✓	✓
	73	Workers awareness of procedures and best practices	✓	✓
	74	Policies and procedures to address workers' grievances	✓	✓

Source: <http://www.standardsmap.org/>; RSPO MYNI 2014; SA8000 Standard 2014

2.3 Field Investigation Methodology

In the field, a number of field assessment methods were used as part of this Labour Verification Assessment. They include:

- **Desktop review and rapid analysis.** A review of reports relevant to the labour conditions of the project area. Of particular interest were existing WSJ's articles and ASI's report.
- **Documentation review.** A review of relevant documents or records shows the working condition of the workers. We have examined documentation records including: management procedures and policies, records (personnel, payroll, training etc.), contracts, pay slips, meeting minutes (i.e. Joint Consultative Committee (JCC) meeting minutes, Occupational Safety and Health Administration (OSHA) meeting minutes, etc), previous audit reports, grievances records, etc. Document review was limited to the 'FTPSB Pasoh 4' of Pasoh Complex. Some documents were unavailable or not viewed during the field assessment time. The estate claimed they were sent back to their HQ office (Refer to Appendix 3 for a list of documents reviewed).
- **Site Observation.** Site observation at the line sites was conducted to observe the current practices and physical conditions of the provided housing. Observation allowed the field team to assess whether current practices comply with legal and other requirements such as company policies and labour standards. These site observations provided the opportunity for field teams to hold open conversations with workers during the site visit.
- **Participatory consultation and interview.** Structured interviews (one-on-one or in small "focus" groups) with foreign workers from various work sites and nationalities (FTPSB and FGVPM only); interviews with management representative (including HQ, estate's staffs and contractors); interviews with independent smallholders and their workers were conducted to understand labour worker's labour conditions - including recruitment and hiring processes, work conditions, living conditions, health & safety as well as other social risks. The interview was conducted using informal and open interview techniques. Interview session with workers was conducted with no management representative present. Findings from the consultation are mainly based on the verbal feedback from the session with workers and management. In most of the cases, no objective evidence in terms of supporting documents was provided by the workers to support their statement.

2.4 Assessment Team

An overview of the assessment team is provided below, including a brief summary of their role in the assessment and relevant expertise:

Name	Institution	Role	Expertise
Reza Azmi, Dr	Wild Asia	Team Leader	RSPO (standards, systems and implementation); Environmental Science and Ecology, Lead Auditor (RSPO, ISO14001), HCV Lead Assessor, Dispute-Mediation Practitioner
Lim Ying Ying	Wild Asia	Project Manager and Project Advisor	Social Science, SA8000 (Social Systems Auditor), RSPO Lead Auditor Course, social impact assessments, stakeholder consultation (Malay & Chinese)
Adam Murphy	Wild Asia	Field Study Team Leader	Conservation Biology, social and ecology field techniques, community mapping, stakeholder consultation (Malay)
Nursaiyidah Yusof	Wild Asia	Field Study Team	Social Science, stakeholder consultation (Malay)
Danial Adha	Wild Asia	Field Study Team	Social Science, stakeholder consultation (Malay & Chinese)
Saifullah Azahar	Wild Asia	Field Study Team	Social Science, stakeholder consultation (Malay)

2.5 Assessment Timeline

The assessment followed a logical process (Figure 4). WA conducted desktop background research of the project site prior to the field visit. Rapid analysis from the desktop work was used to fine-tune the methodology for field assessment. Management interviews with the FGV's HQ department were conducted prior to the field visit. WA conducted the onsite field verification of Felda Wilayah Raja Alias Unit - comprising Pasoh Complex, Seriting Hilir Complex, and Palong Timur Complex, all direct FGV controlled production units. The findings were analysed and presented to FGV for discussion and clarifications. A final report was eventually prepared on the assessment and recommendations. The timeline for the assessment process is summarised below (see Figure 5).

Figure 4. Steps of Assessment Process

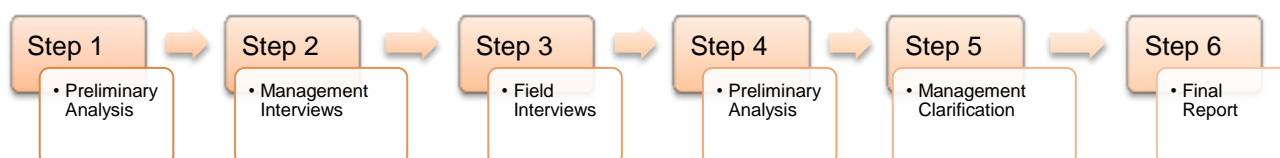
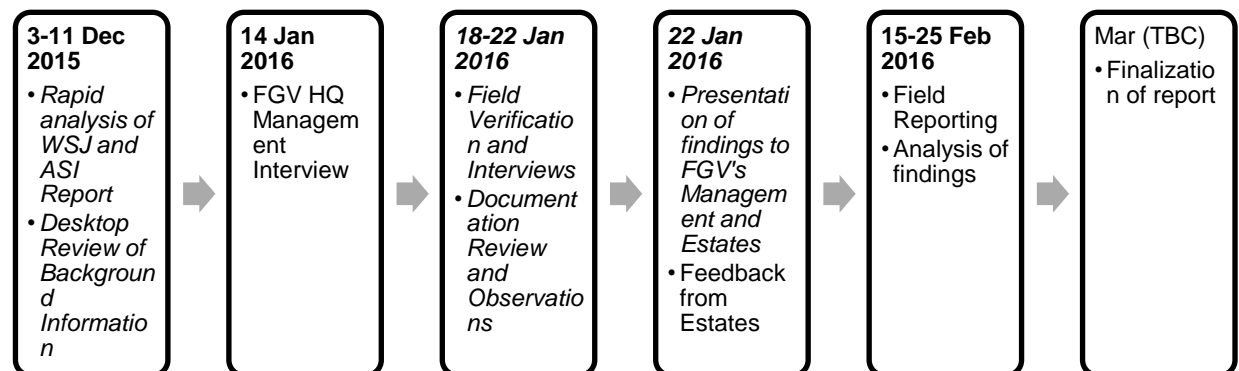


Figure 5. Assessment timeline



2.6 Limitation of Assessment

It is important to note that this overall assessment can only provide a snapshot of current social conditions that were identified within the 3 sampled estates and limited number of workers. Results from our small sample alone cannot be used to conclude that similar findings would be valid for the other estates or the other business units.

PART TWO: FINDINGS AND RESULTS

3 FGV Group Management Findings

A management interview and documentation review was conducted by WA representatives at Felda Head Quarter's Labour Department Office (*Jabatan Tenaga Kerja Lapangan / JTKL*), Felda & FTPSB Pasoh estate team and FGVPM Seriting Hilir 8 estate team. Prior to the onsite visit, WA conducted the interview with the relevant Head of Department of FGVPM, Felda and FTPSB on 14th January 2016. These management interviews were focused on the "hiring and recruitment process" of each subsidiary. During the onsite field visit, WA has also conducted both interview and documentation reviews of said estate. These management interviews were focused on the hiring and recruitment processes as well as OSH and work conditions at the estate. A list of main informants can be found Appendix 1.

Documents reviewed include the labour profile, list of contractor, sample of agent's contract, and relevant Standard Operating Procedures and policies.

Sustainability policies¹⁰ that were reviewed are listed below:

1. Sustainability Palm Oil Production Policy in FGV Group
2. Equal Opportunities Policy
3. Communications Policy
4. Steep Slope and Riparian Reserved Protection Policy
5. Children Employment Policy
6. Replanting Policy
7. Paraquat Usage Policy
8. Foreign Worker Employment Policy
9. Environmental Care and Protection Policy
10. Sexual Harassment, Violence and Reproductive Rights Policy
11. Right to Freedom of Expression and the Union Policy
12. Human Rights Policy
13. Code of Ethics and Integrity Policy
14. No Open Burning Policy
15. No Weapon Usage and Military Policy
16. Recycle Policy

3.1 Group: Labour Profile Summary

FGVPM, Felda, and FTPSB are each responsible on the labour management on the estates that were under their management control. All estates have directly-employed and contract workers, both local and foreign. The majority of the workers employed were foreign workers. Local workers were directly employed by estates while foreign workers were directly employed through labour agents from the sourcing countries (Refer to Table 5 and Table 6).

¹⁰ Sustainability policies can be found on FGV website: <http://www.feldaglobal.com/wp-content/uploads/2015/08/FGV-List-of-Sustainability-Policy.pdf>

Table 5. Labour profile of Felda Group (Peninsular Malaysia)

Company	Total Direct Employed		Total Contract Workers	
	Local Workers	Foreign Worker	Local Workers	Foreign Worker
FGVPM	3,891	15,263	84	1,216
Felda	-	1,334	-	-
FTPSB	902	3,430	429	1,305

Table 6. Total Foreign Workers of Felda Group by Nationalities (Peninsular Malaysia)

Company	Nationalities				
	Indonesian	Bangladesh	India	Nepal	Others
FGVPM	10,472	4,103	299	273	116
Felda	1,114	9	199	12	0
FTPSB	1,709	245	222	262	992
Total	13,295 (68%)	4,357 (22%)	720 (4%)	547 (3%)	547 (3%)

3.2 Recruitment of Foreign workers

FGVPM manages the labour recruitment process for all the mill and certified estates owned by FGV. 80% of workers employed by FGVPM are foreign - from Indonesia, Bangladesh, India, Nepal, Myanmar, Thailand, Philippines, Sri Lanka and Vietnam¹¹. The majority of workers hired are Indonesian (69%). FGVPM claimed they have stopped recruiting workers from Bangladesh in 2008, Nepal in 2013, and India in 2014. The cost for recruiting the workers from Bangladesh was high and the workers from the 3 countries were found not physically suitable to work in plantations. FGV has decided to only recruit workers from Indonesia starting from 2015¹². In 2016, the company changed their recruitment process, deciding to recruit contract workers on behalf of the contractors. FGVPM only employed male foreign workers.

Felda and **FTPSB** manage the labour recruitment process for all the estates owned by settlers, including replanting settlers. 86% of workers hired by Felda are from Lombok, Indonesia while half of workers hired by FTPSB are from Indonesia. The companies also claim they have stopped recruiting workers from other countries since 1999 and Bangladesh from 2008. Informants interviewed stated that this was due to complicated procedures for workers applying through Government to Government / G2G (Bangladesh), communication issues with labour agents in India, and issues with the embassy and strict procedures in Nepal. Felda and FTPSB also only employed male foreign workers.

3.3 Recruitment process: recruitment from source country

The recruitment process is the same for **FGVPM**, **Felda** and **FTPSB**. All subsidiaries have copies of SOP on Hiring and Recruitment available. All estates submit their quotation of total foreign workers required to their respective labour department (*Jabatan Tenaga Kerja*) in the company. Quotas for required foreign labour are estimated annually at the estate/complex level. Each subsidiary then proceeds to seek approval from the Government. Upon approval, the respective departments will then subdivide the overall quota amongst their approved labour agents, and submit a request in the form of a "Demand Letter" to the Indonesian Embassy¹³ in Malaysia, which stipulates the number of workers required, and details on contract and pay. The respective agent will then proceed with the recruitment process.

FGVPM, **Felda** and **FTPSB** engage different licensed labour agents from the source country to recruit the workers from the country. Most of the agents engaged will outsource the work to other sub-agents who assist them on the recruitment of migrant workers. FGVPM, Felda and FTPSB have no management control over these sub-agents. Instead, they fall under the agent's management. All subsidiaries have copy of contracts with the different agents engaged. This stipulates the roles and responsibilities of the agent in terms of sourcing and interviewing potential workers and delivering induction courses on types of work available, Malaysian immigration regulations, and other relevant information. The contract also stipulates that upon arrival of workers in Malaysia, the agent is held liable for any abscondments occurring within 120 days. Agents are to be charged RM2,240 for any abscondments within this period.

Upon receiving the request from the company, the labour agent proceeds to get their sub-agents to conduct early recruiting stages from rural areas and villages. Sub-agents then provide the list of interested candidates to the agent for the formal recruitment process. All selected candidates then go through the Foreign Workers Centralized System (FWCS), where they go through series of activities. Management claims that the company used to send a representative to review the screening and orientation processes. However, this is no longer the case. The FWCS process is as below:

- Security screening and verification process;
- Pre-medical check-up in the source country's clinic (approved by FOMEMA)
- Induction process (on relevant laws and culture or practices in Malaysia) - known as PAP (Pembekalan Akhir Pemberangkatan)

Once the above processes are completed, the agent then proceeds to purchase the insurance for workers and apply for passports for the candidates. Candidates under FTPSB bear the cost for insurance and passport applications - approximately RM120. Meanwhile, FGVPM covers this cost for the candidates. The company bears the approximately RM 1,100 cost per candidate cost (for processing services such as

¹¹ Source: FGVPM's *Laporan Kedudukan Pekerja Ladang* (Dec 2015)

¹² En. Norazam Bin Abdul Hameed, Head of HR Department for FGVPM claimed that the company has decided to only recruit new foreign workers from Indonesia which was implemented since 2015.

¹³ As the companies recruit mostly Indonesian workers, the information provided by FGV are based on the recruitment process in Indonesia.

insurance, passport, and pre medical check-up, as well as flight tickets. The candidates then depart from their country.

Workers from Bangladesh were recruited through Government to Government (G2G) mechanism while other workers, such as those from i.e. Nepal and India were recruited through recruitment agencies¹⁴. Recruitment process for Nepal workers is very similar to the Indonesian. Bangladeshi workers that were recruited by the estate in 2007 came to Malaysia through “Calling Visa”. Calling Visa is only available to workers from India, Bangladesh, Pakistan and Nepal. According to Deputy Home Affairs Minister, Tan Chain Ho, employers in Malaysia will submit details of the workers to the one stop centre at the Immigration HQ for processing and approval¹⁵. Once approval is granted, the employer receives the work permits and arrangement is made for workers to travel to Malaysia. The workers then apply and receive the visa upon arrival at KLIA. The cost of calling visa at that time (year 2006) is around RM130.

3.4 Recruitment process: Arrival in Malaysia

Upon arrival in Malaysia, workers will be brought to a *One Stop Centre* and they will stay 3 days at the centre. Workers’ passports will be collected by FGV for FOMEMA registration. They workers will then go through a socialization process¹⁶. The workers will then depart to their allocated estates. If candidates are found unfit to work (i.e. due to health issues) post-FOMEMA checkups, workers are sent home immediately. Indonesian workers usually have their home country insurance to cover being sent home when found unfit to work, but other foreign workers do not have any equivalent insurance. The agent will also be accountable for workers who abscond within 3 months of hiring. In cases where workers are found unfit or have absconded, the agent will be responsible to either reimburse costs of flights and visas (etc.) or replace the workers.

3.5 Estate: Induction Process

The estate manager will conduct the induction process for the workers. Everyone will be briefed on the type of works, details of contract, pay and working condition. For those who do not understand Malay, the management will find another older worker to act as translator. If they agree with it, the workers will then sign the contract. All new workers will be given RM50 by the management to cover food and phone costs upon start of work.

3.6 Estate: Passport retention

Passports are retained by the management in the estate management office. The management claimed that the main reason is to prevent loss or damage. After management explains this accession to their workers during the onsite induction, all workers are required to sign a consent letter. The passports are accessible by the workers when they wish to leave the estate for holidays. Workers leaving the estate for brief periods are given an explanatory letter (*surat cuti*) and photocopy of their passport to show to authorities. Following a recent directive from Paul Low, the Minister in the Prime Minister’s Department, a new rule will be enforced from 2016 that prohibits this passport retention¹⁷, **FTP** and **Felda** are planning to provide a small safe for their workers to store their own passports at their own houses.

3.7 Estate: Signing of Contract

FGVPM has contract in the form of book. “*Buku Kuning*” is contract for Indonesian workers while “*Buku Biru*” is contract for workers of other nationalities. There is a difference between the contracts for Indonesian and other nationalities’ workers; there are additional clauses required by the Indonesian Embassy, such as the responsibility for employer to purchase insurance for the Indonesian workers. Workers are given the book once they have signed and the estate keeps the duplicate copy.

¹⁴ Source of information about recruitment process of non Indonesian workers were from the sampled workers (through the consultation process).

¹⁵ Source: http://articles.economictimes.indiatimes.com/2006-10-27/news-by-industry/27455240_1_visa-on-arrival-facility-foreign-workers-indian-workers

¹⁶ Source of information about the recruitment process of Indonesian migrant workers were from En. Norazam Bin Abdul Hameed, Head of HR Department for FGVPM (HQ), En. Mohd Noor Abd. Latif & En. Mohd Rafizam Mohammad Pauzi from Felda and FTPSB (HQ)

¹⁷ Source: <http://www.freemalaysiatoday.com/category/nation/2015/12/07/stricter-procedures-for-employers-of-foreign-workers-soon/>

FTPSB and **Felda** also have a copy of contract. The contract contains full 13-page contracts for Indonesian, Indian, Bangladeshi and Nepalese workers. Contracts for Indonesians contain additional pages of agreement document between Felda and agent.

The worker's contract describes types of work available, details of minimum wage, contract period, paid leave and sick leave, passport retention procedures, and general terms and conditions relating to worker behaviour and Malaysian law.

FGVPM, **FTPSB** and **Felda** claimed that workers will receive a signed copy of the contract upon arrival at the estate and a copy of the signed contract will be provided to workers for safe keeping.

3.8 Estate: Wage and work hours

Each worker will have a 3 month training probation period where they will be working in different work areas to learn a range of work skills. During this 3 month period, they will be paid minimum wage¹⁸ of RM900 per month (or RM34.60 per day), provided that they work 8 hours a day for 26 days a month. If workers have work experience, they can ask the management to allocate them to work in a specific work area. After 3 months, the workers will be allocated a job that is suitable to them and they will be paid a piece rate, following the provision in FELDA's Manual of Worker's Payment (*Kadar Upah Kerja / KUK*)¹⁹.

Payslips will be provided to workers every month. **FGVPM**, **Felda** and **FTPSB** do make deductions on workers' salary²⁰. Typical deductions are on the utilities fees, such as electricity and water, in cases where the bill exceeds allowed subsidies for electricity and water. The amount payable for the utilities fees are calculated per house, or unit of living quarters, and divided equally among the total number of people living in the unit. Deductions made are stated in the payslip.

For **FTPSB**²¹, field supervisors maintain a "check roll", in which they maintain daily records of hours worked and productivity. The manager stated that workers are not forced to work overtime if they don't wish to.

For **FGVPM**²², workers are paid in cash for one month, after which they are eligible to open a bank account. Subsequent wages are paid directly into the bank. Workers retain bank cards and all associated details. An ATM is available on the estate. The estate maintains full records of worker hours, productivity and wages. Overtime is calculated on a piece-rate basis, but may not exceed 104 hours per calendar month. Workers are not forced to engage in overtime work.

3.9 Estate: Benefits

Workers are entitled for leave, including annual leave, medical leave and public holidays. Medical leave will be paid based on the pro-rate of previous month average salary or RM34.60/day provided that workers have Medical Certificate (MC) from the clinic. Unclaimed annual leave will be paid as bonuses to workers at the end of the year.

Workers are covered by Malaysian SPPA accident insurance to provide protection against hospitalization and associated costs. This insurance is paid for by the company. For Felda and FTPSB, workers are given a maximum annual subsidy of RM200 to cover other medical expenses including clinic fees, medicines, etc. Workers will have to pay medical fees not covered by SPPA which exceed the annual subsidy.

Workers are also given a monthly subsidy of RM10 for utilities (RM6 for electricity and RM4 for water).

¹⁸ Budget 2016: The minimum wage for employees in Peninsular Malaysia will be raised by RM100 to RM1,000 per month starting from July 1, 2016 (Source: <http://www.themalaymailonline.com/malaysia/article/budget-2016-minimum-wage-up-rm1000-in-peninsula-and-rm920-in-borneo#sthash.pfts2Cji.dpuf>)

¹⁹ Payment schemes for each different type of works for worker is documented in the "FELDA's Kadar Upah Kerja Ladang", which consist of information regarding remunerations of each kind of workers, especially for harvester and maintenance. Each working order has its own minimum target and additional incentive if the worker achieved above target.

²⁰ Both En. Mohd Noor Abd. Latif & En. Mohd Rafizam Mohammad Pauzi from Felda and FTPSB (HQ) claimed that the company will make deductions (utilities fees) on worker's salary every month. For FGVPM, deduction for utilities fee will only be made if water and electricity are provided by the government (under Jabatan Bekalan Air and Tenaga Nasional Bhd). However, if water and electricity are provided by estate, though gen-set or the company's water treatment, no charges will be imposed.

²¹ Source for FTPSB: En. Mohd Noor Abd. Latif (HQ, En. Mohd Rafizam Mohammad Pauzi (HQ) and En. Abdullah Awang (Pasoh 4)

²² Source for FGVPM: En. Azrul Adely Mohd. Termizi (HQ), En. Nasir bin Yunus (Serting Hilir 8) and En. Mohd. Amin Saifulddin Bin Mat (Serting Hilir 8)

3.10 Estate: Training

No formal training programme is provided to all workers (e.g., work procedures or health & safety). Workers are trained informally through briefing by either their supervisors or other experienced workers. This is usually called “on-the-job” training.

3.11 Estate: Grievance Procedure

A grievance procedure was observed during the field assessment. The procedure states that grievances should be resolved through discussion between workers and their immediate supervisors where possible, without involving managerial staff. If a resolution cannot be reached at this initial level, then estate managers should be brought into discussions. If the dispute remains unresolved within a set number of days, then Felda staff from relevant departments of HQ (Unit Kebajikan Pekerja Asing) should attempt to resolve the issue. It is unclear whether copies of this document are kept by estate managers, or are only available in HQ. However, the management claimed that most of the time, the workers will contact their home country agents when they have any grievances with the company. The daily muster call is also a platform for the workers to raise any grievances.

3.12 Estate: Freedom of Association and Rights for Collective Bargaining

The estate manager claimed that they hold monthly workers’ meeting called “*mesyuarat kebajikan*”. These meetings are a forum to discuss work conditions and OSH-related matters, and are attended by management staff and worker representatives. In Malaysia, workers are allowed to join Trade Unions, but there are restrictions where they are not allowed to become officers or start their own union²³. However, according to the International Trade Union Federation (ITUC), the Malaysian Ministry of Home Affairs has a set of conditions related to the issuance of work permits for migrant workers – one of these conditions is that migrant workers are not allowed to join ANY sort of association. Even though there were no union available in the estate, the company does provide a channel for their workers to bargain collectively (i.e. through JCC or other channels).

3.13 Estate: Termination of Contracts

Contracts for Indonesian workers typically last for 2 years, with an extension to 3 years possible before full renewal of contract becomes necessary. Contracts for Bangladeshi workers last for 3 years by default. Workers may either ask to renew their contract or return home upon completion of their contract. In cases where workers decided to return home, their flights will be covered by the company.

Workers are allowed to terminate their employment before completing their full contract period. Nonetheless, the workers will have to pay for repatriation costs themselves. The company will prepare a “Check-Out Memo” (COM) to invalidate the workers’ employment visa.

There is no clause in the contract that states the worker’s rights to pre-terminate their contract before the term of their contracts end (i.e. no notice of pre-termination of contract). Furthermore, Clause 12(c) of the FGVP’s contract for foreign workers clearly state that if workers did not meet the term of contract (2 years for Indonesian and 3 years for other nationalities), they will be penalized to pay back the average recruitment cost (flight, recruitment fee, SPPA, Fomema, etc) and work permit cost (levi, visa, etc)²⁴.

3.14 Estate: Contractors

Felda smallholders have cooperative (*Koperasi Peneroka FELDA Pasoh 4* and *Koperasi Sri Palong 5 Jaya Enterprise*), which acts as their main contractor. The contractor engages sub-contractors to manage work. The sub-contractor is in charge of the hiring of foreign workers and they are responsible on the labour management of their workers. The sub-contractor will pay the workers in cash term and a pay slip

²³ Malaysian labour law does not prohibit foreign workers or contract workers to join a trade union. The only restriction in the Trade Union Act, Section 28(1) is that foreign workers are not allowed to become office-bearers. They are also not allowed to form their own unions.

²⁴ Source: FGVP’s contract for workers. Refer clause 12(c), Page 8 for Buku Kuning and clause 12(c), Page 7 for Buku Biru.

will be provided to the workers. However, there were some changes on the recruitment of contract workers for FGVPM starting 2016 as the company has made the decision to recruit contract workers on behalf of the contractors²⁵.

²⁵ En. Norazam Bin Abdul Hameed, Head of HR Department for FGVPM claimed that they have recently changed the policy of hiring contract workers in year 2016, where the management will recruit the workers on behalf of the contractors.

4 Felda Wilayah Raja Alias Unit Findings

Key interviews with workers, site observation and documentation review were conducted by WA representatives at the sampled estates. WA has conducted sessions of interviews with foreign workers from different nationalities and work stations were conducted for all three estates. Workers interviewed from the three estates were either directly managed by FTPSB (Pasoh 4 and Palong 5) or FGVPM (Serting Hilir 8). We did not interview any workers that were under Felda management as they only manages local manages staff. WA has also conducted interview with contract workers that were managed by the FGV's sub-contractors (i.e. through Cooperative). The list of main informants is listed in Appendix 2. The workers' interviews were focused on the hiring and recruitment process, OSH and work conditions at the estate. Most of the interviews were conducted at work site and at line site.

During the onsite field visit, WA has also conducted documentation review for just FTPSB Pasoh 4 estate and site observation at all the three estates. Documents reviewed include sample of worker's contract, sample of pay slips, medical surveillance report, minutes of meeting (OSH Committee, Joint Consultative Committee, etc) and grievance records.

4.1 Felda Wilayah Raja Alias Unit: Complexes' Labour Profile

All the complexes under Felda Wilayah Raja Alias Unit have directly-employed and contract workers, both local and foreign. The majority of the workers employed were foreign workers. Local workers are directly employed by individual estates while foreign workers are directly employed by the company through labour agents from the sourcing countries. All foreign workers are directly hired by different FELDA subsidiaries (FGVPM, Felda, and FTPSB). Table 7 and Table 8 shows the labour profile of workers employed by the Felda Wilayah Raja Alias Unit

Table 7. Labour Profile of Felda Wilayah Raja Alias Unit

Company	Total Direct Employed		Total Contract Workers	
	Local Workers	Foreign Worker	Local Workers	Foreign Worker
Pasoh Complex	4	185	22	30
Serting Hilir Complex	373	1,180	13	155
Palong Timur Complex	181	637	51	191

Table 8. Total Foreign Workers of Felda Wilayah Raja Alias Unit by Nationalities

Company	Nationalities				
	Indonesian	Bangladesh	India	Nepal	Others
Pasoh Complex	161	31	22	1	26
Serting Hilir Complex	873	344	81	37	386
Palong Timur Complex	522	275	24	7	232
Total	1,556 (51%)	650 (22%)	127 (4%)	45 (1%)	644 (21%)

4.2 Felda Wilayah Raja Alias Unit: Sampled Estate's Labour Profile

All the sampled estates have directly-employed and contract workers, both local and foreign. The majority of the workers employed were foreign workers from Indonesia. Local workers were directly employed by estates while foreign workers are directly employed through labour agents from the sourcing countries. All foreign workers are directly hired by the different FELDA subsidiaries (FGVPM, Felda, and FTPSB).

The management of **FGVPM** indicates that they have stopped recruiting workers from Bangladesh in 2008, Nepal in 2013, and India in 2014. **FTPSB** also claim they have stopped recruiting workers from other countries since 1999 and Bangladesh from 2008. From the sampled estates, we found that the last batch of workers were employed from Bangladesh was in 2007, Nepal in 2014 and India in 2015.

Table 9 and Table 10 show the labour profile of workers that were recruited by the sampled estates.

Table 9. Labour Profile of Sampled Estates in Felda Wilayah Raja Alias Unit (Total Workers)

Company	Total Direct Employed		Total Contract Workers	
	Local Workers	Foreign Worker	Local Workers	Foreign Worker
Felda & FTPSB Pasoh 4	3	33	8	0
FGVPM Serting Hilir 8	50	184	0	38
Felda & FTPSB Palong 5	0	39	0	40

Table 10. Total Foreign Workers of Sampled Estate by Nationalities

Company	Nationalities				
	Indonesian	Bangladesh	India	Nepal	Others
Felda & FTPSB Pasoh 4	27	6	0	0	0
FGVPM Serting Hilir 8	97	125	0	0	50
Felda & FTPSB Palong 5	10	17	7	5	0
Total	134 (39%)	148 (43%)	7 (2%)	5 (1%)	50 (15%)


4.3 Felda Wilayah Raja Alias Unit: Worker's Management Structure

<p>Felda & FTPSB Pasoh 4</p> <ul style="list-style-type: none"> • FTPSB manages all the migrant workers for the estate and it also engages contractors (through Cooperatives) who then involved another few sub-contractors to provide maintenance and transport services • Felda does not manage the migrant workers 	<pre> graph TD A[Felda & FTPSB Pasoh 4] --> B[FTPSB Technoplant] A --> C[Independent SH] B --> D[Koperasi Peneroka Pasoh 4 Main-contractor] D --> E[Sub-Contractor Sprayer] D --> F[Sub-Contractor Transport] C --> G[Local Workers] </pre> <p>1. Indonesians, India and Bangladesh workers 2. Activity involve: -Harvesting -Pruning -Manuring</p> <p>1. Belongs to FELDA Settlers and being pointed out to manage spray and transport FFB activity 2. Sub their contract to other party</p> <p>1. Indonesia and Bangladesh workers</p> <p>1. Local people is the drivers but the FFB loaders is potentially to be Indonesian</p> <p>1. 100% manage by themselves. 2. They only deal with Felda when it comes to sending out FFB to FGV Pasoh 4 Mill</p> <p>1. Usually 2nd generation of FELDA that's hired as casual workers by the land owner. 2. There is a probability FTP workers is used by SH as their farm management.</p>
<p>FGVPM Serting Hilir 8</p> <ul style="list-style-type: none"> • FGVPM manages all the migrant workers for the estate and it also engages contractors to provide maintenance and transportation services 	<pre> graph TD A[FGVPM Serting Hilir 8] --> B[FGVPM] B --> C[Main-Contractor Harvesting] B --> D[Main-Contractor Replanting] B --> E[Main-Contractor Transport] </pre> <p>1. Indonesian and Bangladeshi workers 2. Involve in: -Spraying -Manuring -Harvesting -Maintenance</p> <p>1. Indonesian workers 2. Involve in harvesting activity</p> <p>1. Indonesian workers 2. Involve in lining and planting new palm activity</p> <p>1. Indonesian workers 2. Drivers is local and loaders is foreigners.</p>
<p>Felda & FTPSB Palong 8</p> <ul style="list-style-type: none"> • FTPSB manages all the migrant workers for the estate and it also engages contractors (through Cooperatives) • Felda does not manage the migrant workers 	<pre> graph TD A[Felda & FTPSB Palong 5] --> B[FTPSB Technoplant] A --> C[Independent SH] B --> D[Koperasi Seri Palong 5 Jaya Main-contractor] C --> E[Local Workers] </pre> <p>1. Indonesia, India and Bangladesh and Nepal workers. 2. Activity involve: -Harvesting -Pruning -Manuring</p> <p>1. Indonesia workers 2. Activity involve: -transportation -harvesting 3. Responsible to manage 900 ha of total area</p> <p>1. 100% manage by themselves. 2. They only deal with Felda when it comes to sending out FFB to FGV Pasoh 4 Mill</p> <p>1. Usually 2nd generation of FELDA that's hired as casual workers by the land owner. 2. There is a probability FTP workers is used by SH on their farm management.</p>

4.4 Felda Wilayah Raja Alias Unit: Recruitment Process

All foreign workers were registered with the labour agencies from their source country. Most of the workers that were employed through recruitment agencies are recruited through another sub-agent. Generally, the sub-agent will inform their middlemen (known as PL / *Petugas Lapangan*) to source for interested candidates from different villages. The findings below shows the process of recruitment for different nationalities of workers who were recruited through recruitment agency from their source country²⁶:

- Indonesian
 - Works can either register directly at the agent's office or through a third party (representative from agent who will go to the village). PL will inform the villagers about details of the work (company, type of work, etc). Fee for the agent varies according to the type of work that they are interested in. Workers claimed that they have to pay RM1,500-RM2,500 to agent for fees passport and flight ticket.
- Bangladeshi
 - Recruitment agency is located in Dhaka and they have a lot of sub-agents in different district. Workers claimed that they will have to pay RM10,000-RM20,000 (BDT200,000-400,000) to register with the recruitment agency. Some claimed that they were shown picture of palm oil plantation and asked if they interested to work in plantation surroundings. Interested candidate will be grouped at the agency and a representative from Felda (known as Haji Azharuddin) will come to select the workers.
- Nepal
 - Workers claimed that they have to pay RM2,300-RM5,000 (NPR60,000-120,000) to register with the recruitment agency. The fees are different based on the agents and the location district of the workers. The agent will usually take 3 to 8 month to bring the workers to Malaysia. The workers further alleged that the agents lied to them on the details of the work. They were told by agents that they will be working in garden or factory industry in Malaysia.
- India
 - Workers claimed that they have to pay RM3,000-RM4,000 (INR40,900-70,000) to their agent for the purpose of passport/visa application and to purchase flight ticket. Workers can either pay full amount or through instalment (pay half of the fee before they have the job and the remaining will be paid before they fly to Malaysia). The agents did not inform the workers about the details of the work. They were promised by their agent that they will be getting jobs with high pay.

 Red Flag for Management
<ul style="list-style-type: none"> • High fees, false promises made by agents, amongst other practices could setup conditions that are seen as "bonded labour".

²⁶ Findings for the early recruiting process are from the consultation session with workers from different nationalities.

4.5 Felda Wilayah Raja Alias Unit: Mode of Recruitment

All foreign workers were registered with the labour agencies from their source county. All the workers claimed they have to pay recruitment fees to their labour agency.

- FTPSB Pasoh 4
 - Bangladeshi workers²⁷ claimed that they are paying between RM 8,000 to RM10,000 to their agent. Most of them need to wait up to 6 months to be called by the agencies. Workers were told by their agent about the work conditions and type of work in the plantation prior to the recruitment process. They have to sell off assets (land, farm, etc) or borrow money from a loan shark to pay the recruitment fees.
 - Indian workers²⁸ claimed that they are paying between RM6,000 to RM7,000. Most of the workers were promised by their agent that they will be working in a factory in the industrial sector. They only found out that they are working in a plantation upon arrival. They have to borrow money to pay the recruitment fees.
 - Indonesia workers²⁹ claimed that they are paying RM1,500 to RM2,000. Workers were told by their agent about the work condition and type of work in the plantation prior to the recruitment process. They have to borrow money from a loan shark to pay the recruitment fees.
- FGVPM Serting Hilir 8
 - Bangladeshi workers³⁰ claimed that they are paying RM10,000 to their agents. Workers were told by their agent about the work condition and type of work in the plantation prior to the recruitment process.
 - Indonesian workers³¹ claimed that they are paying RM1,200-2,000 to their agents. Some have to sell their livestock to pay for the recruitment fees.
- FTPSB Palong 5
 - Bangladeshi workers³² claimed that they are paying RM10,000 to their agents in the village. Workers were not told by their agent about the work condition and type of work prior to the recruitment process. They have to sell off their asset (land, farm, etc) or borrow money from friends to pay the recruitment fees.
 - Nepali workers³³ claimed that they are paying RM2,000 to RM5,000 to their agents in the village. Workers were told by their agent that they will be working in a factory (industrial sector). They have to sell off their asset (land, farm, etc) to pay the recruitment fees. The agent has also told them that all living expenses will be covered by the company, which was not the truth.
 - Indian workers³⁴ claimed that they are paying RM3,000-4,500 to their agents. They have to sell off their asset (land, farm, etc) or borrow money from others to pay the recruitment fees. They were told by their agents that they will be paid high wages.
 - Indonesia workers³⁵ claimed that they are paying RM1,500 to RM2,000 to their agents. Workers were told by their agent about the work condition and type of work in the plantation prior to the recruitment process.
- Contract workers
 - Felda & FTPSB Pasoh 4: Contract workers³⁶ claimed that they have to pay recruitment fees to their agent. Bangladeshi pays RM4,000 while Indonesian pays RM1,200. Workers

²⁷ 5 Bangladesh workers claimed during FGD

²⁸ 6 Indian workers claimed during FGD

²⁹ 12 Indonesian workers claimed during FGD

³⁰ 8 Bangladeshi workers claimed during FGD

³¹ 10 Indonesian workers claimed during FGD

³² 9 Bangladeshi workers claimed during FGD

³³ 7 Nepal workers claimed during FGD


³⁴ 4 Indian workers claimed during FGD

³⁵ 13 workers claimed during FGD

³⁶ 1 sub contractor worker from Bangladeshi and 1 sub contractor worker from Indonesian claimed during FGD

were told by their agent about the work condition and type of work in the plantation prior to the recruitment process.


- Felda & FTPSB Palong 5: Indonesian contract workers³⁷ claimed they are paying RM1,200-2,000 to their agents. Workers were told by their agent about the work condition and type of work in the plantation prior to the recruitment process.

	Red Flag for Management
	<ul style="list-style-type: none"> • High fees, false promises made by agents, and the inability to make sufficient wages to pay back the debts, amongst other practices could setup conditions that are seen as “bonded labour”. What management needs to assess is the extent of the practices and develop a means to reduce the practices (e.g., adopt a policy to cover all recruitment fees, with no deductions to workers).

4.6 Felda Wilayah Raja Alias Unit: Arrival in Malaysia

The source country agents will make all the arrangement for the transportation to depart from their country to Malaysia. The company will arrange transportation to fetch the workers from the airport upon arrival. In summary:

- FTPSB Pasoh 4 and FGVPM Serting Hilir 8
 - Bangladeshi workers³⁸ claimed that they will be sent straight to the estate upon arrival.
 - Indian workers³⁹ claimed that they were not informed on where they will be sent to work.
 - Indonesian workers⁴⁰ claimed that upon arrival, they were sent to a centre for a few days before they were sent to the estate.
- FTPSB Palong 5
 - Nepali workers⁴¹ claimed that the company will fetch them from the airport and send them straight to the estate.
- Contract Workers
 - Indonesian contract workers claimed that the management will fetch them from the airport and send them straight to the estate.

	Red Flag for Management
	<ul style="list-style-type: none"> • FGV needs to check if all workers are inducted through the documented channels or are there conditions leading to some (and in this case, some nationalities) by-passing the standard operating procedures.

³⁷ 1 sub contractor worker from Indonesian claimed during FGD

³⁸ 5 Bangladeshi workers claimed during FGD

³⁹ 6 Indian workers claimed during FGD

⁴⁰ 12 Indonesian workers claimed during FGD


⁴¹ 7 Nepal workers claimed during FGD

4.7 Felda Wilayah Raja Alias Unit: Medical and OSH records

FTPSB Pasoh 4 did not document illnesses as they do not have an on-site clinic. The workers visit the nearest government clinic to seek medical consultation. No monitoring of accident record was recorded. One minor injury and a fracture injury were recorded in 2012. However, these incidents were not recorded by the estate and copies of medical reports from the hospital were only kept in the worker's personal file.

Medical Surveillance was only conducted for staffs in charge of the fertilizer store. No medical surveillance record for sprayers and other workers was observed.


A Health and Safety Committee is available, which comprises representative from management and workers. The committee conducts meeting quarterly. Minutes of meeting were recorded. However, no major issues were recorded. Most issues raised were on lack of PPE (personal protective equipment) usage.

 Red Flag for Management
<ul style="list-style-type: none"> • FGV needs to check if monitoring of OSH-related incidents and accidents is consistent with SOPs. If need be, to review if the monitoring records could be improved to provide a better summary and analysis of OSH-related incidents and accidents.

4.8 Felda Wilayah Raja Alias Unit: Passport

Passports of workers are kept by estate management in the office. The workers will need to get a "leave letter" from the estate to leave the estate.

- FTPSB Pasoh 4
 - Bangladeshi workers⁴² were given copy of their PLKS as a proof of their legality.
- FTPSB Palong 5
 - Nepali workers⁴³ claimed that they do not have freedom of movement as their permit has expired. Management clarified that there they are currently sorting the issue as there was some issue on renewing the permit at the Malaysian Immigration.
- Contract workers
 - Felde & FTPSB Palong 5: Indonesian contract workers⁴⁴ claimed that they were given copy of their passport and permit.

 Red Flag for Management
<ul style="list-style-type: none"> • Retention of passports or restriction free movement (internal security or insecurity of legality), when combined with debt and other recruitment practices, are considered as indicators of forced labour. It is advisable that FGV looks into this issue, apart from the review of procedures on handling of passport, a review of the overall "freedom of movement" of the worker.


⁴² 5 Bangladeshi workers claimed during FGD

⁴³ 7 Nepal workers claimed during FGD

⁴⁴ 13 Indonesian contractor workers claimed during FGD

4.9 Felda Wilayah Raja Alias Unit: Signing of Contract

- FTPSB Pasoh 4
 - Bangladeshi workers⁴⁵ claimed that the management did not brief them on the content of the contract and they did not have a copy of the signed contract.
 - Indian workers⁴⁶ claimed that the management did explain to them about the content of the contract but they do not have a copy of the signed contract.
 - Indonesian workers⁴⁷ claimed that they did not sign any contract.
- FGVPM Serting Hilir 8
 - Bangladeshi workers⁴⁸ claimed that they do signed contract at their country and they were given a copy of the contract. Upon arrival in the estate, they have also signed another contract after the management explains about the content.
 - Few of the Indonesian workers⁴⁹ claimed that they have signed a 3 years contract with their agent in Lombok and they do not have any contract with Felda. However, some of the Indonesian workers⁵⁰ claimed that despite the fact that they have signed a 3 years contract with their agent in Lombok, they were asked to sign another contract upon arrival at the estate (Buku Kuning) and they were given copy of the contract.
- FTPSB Palong 5
 - Bangladeshi and Indonesian workers⁵¹ claimed that management did explain the content of the contract and they do have a copy of the signed contract.
 - Nepali worker⁵² claimed that not all content of the contract was explained to them.
 - Indian workers⁵³ claimed that they have signed copy of the contract in India and some of them have a copy of the contract. Contract was in English and workers state that they did not understand the content of the contract.
- Contract workers
 - Contract workers claimed that the manager of Cooperative did explain to them on the content of the contract before they signed. However, workers do not have copy of the contract. Some workers claimed that they only sign a copy of the contract with their agent in Indonesia, yet the workers do not have copy of the contract.

<div style="display: flex; align-items: center;">  <div> <p>Red Flag for Management</p> <ul style="list-style-type: none"> • Contract substitution is triggered if the contracts that are signed (within FGV) provides conditions of work, pay and benefits that are lower than the contracts signed in their host country. This is an area for deeper investigation as access to actual contracts from samples of the different nationalities will need to be reviewed against the FGV contracts issued. • Understanding of the terms of contracts, especially where many nationalities are hired, is always a challenge. Perhaps the review of training materials used and method of delivery would be one exercise to undertake. </div> </div>

⁴⁵ 5 Bangladeshi workers claimed during FGD

⁴⁶ 6 Indian workers claimed during FGD

⁴⁷ 12 Indonesian workers claimed during FGD

⁴⁸ 8 Bangladeshi workers claimed during FGD

⁴⁹ 4 Indonesian workers claimed that they have signed a 3 years contract with their agent in Lombok and they do not have any contract with Felda during FGD

⁵⁰ 6 Indonesian workers claimed that despite the fact that they have signed a 3 years contract with their agent in Lombok, they were asked to sign another contract upon arrival at the estate (Buku Kuning) and they were given copy of the contract during FGD

⁵¹ 9 Bangladeshi workers and 7 Indonesian workers claimed during FGD

⁵² 7 Nepali workers claimed during FGD

⁵³ 4 Indian workers claimed during FGD

4.10 Felda Wilayah Raja Alias Unit: Wage and Work Hour

Workers are paid based on a piece rate. Workers will receive minimum wage when they work 8 hours a day, including a 1 hour break in between, for 26 days a month. All of them work 6 days a week with a day off on once per week. Workers are also entitled for wage incentives/bonuses based on attendance and productivity, under the Approved Incentive Payment Scheme (AIPS).

Other notes:

- FTPSB Pasoh 4
 - Deduction for electricity and water will be made if the bill exceeded the subsidies amount allowed by the company.
 - An analysis of the wage distribution was conducted for FTPSB Pasoh 4 estate to compare wages between low and high crop months (see Figure 6). The result shows that majority of the workers are earning above the minimum wage and only a few workers paid below the minimum wage.
 - All workers⁵⁴ claimed that they will be given allowance if they work 26 days a month.
- FTPSB Palong 5
 - Nepali workers⁵⁵ claimed that RM150 will be deducted from their salary for the first 7 months to pay the agent fees. They also claimed that they do not understand what was stated in their payslip and they are getting below the minimum wage.
 - Indian and Indonesian workers⁵⁶ claimed that deduction for electricity and water will be made if the bill exceeded the subsidies amount given by the company.
 - Some of the workers⁵⁷ were consistently being paid below minimum wage.
- Contract Workers
 - Felde & FTPSB Pasoh 4: Contract workers⁵⁸ claimed that fees for permit will be deducted from the salary.
 - Felde & FTPSB Palong 5: Indonesian contract workers⁵⁹ claimed that RM15 for electricity and water bills will be deducted from their salary every month. During the first year working in Malaysia, RM30 per month will be deducted for PLKS fee.

⁵⁴ 5 Bangladeshi workers, 6 Indian workers, 12 Indonesian workers claimed during FGD

⁵⁵ 7 Nepal workers claimed during FGD

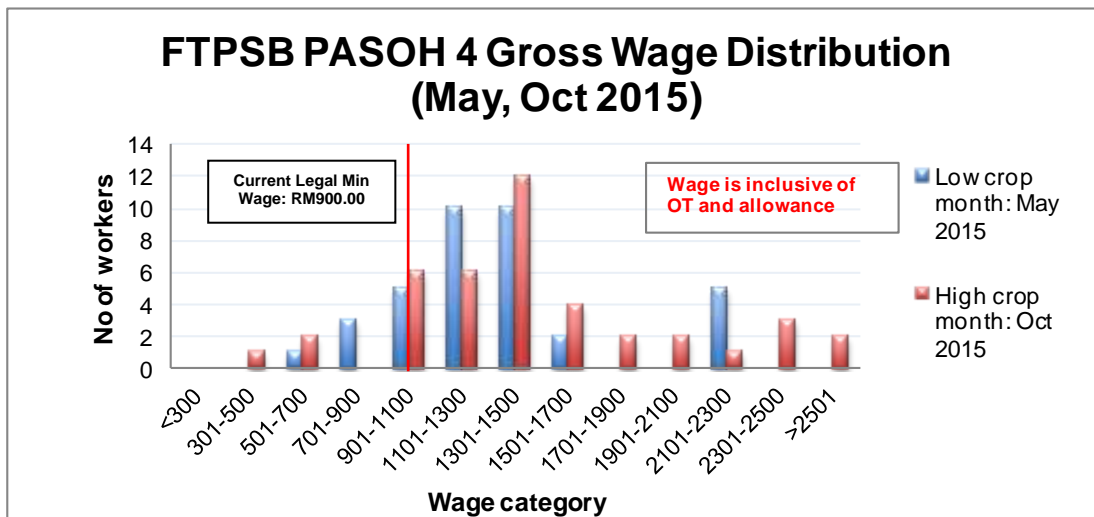
⁵⁶ 7 Indonesian workers and 4 Indian workers claimed during FGD

⁵⁷ 7 workers showed their payslips to the team during site observation. Pay slips when that they were are being paid below minimum wage in year 2015

⁵⁸ 1 Bangladeshi workers claimed during site visit and FGD

⁵⁹ 13 Indonesian contract workers claimed during site visit

Figure 6. Wage Distribution for FTPSB Pasoh 4 (Low and High Crop Month).



Red Flag for Management

- Understanding of the pay slips (deductions), especially where many nationalities are hired, is always a challenge. FGV could review related SOPs and training materials/procedures.
- FGV could make it explicit what and how the minimum wage is calculated. This needs to be understood by all workers (see above).
- A monitoring system could be developed to track monthly workers below the target range and, if it is linked to the payroll system, an alert could be raised which requires additional information to be entered (eg., turnout or other info). This then provides a way for management to manage the issue across its business units.

4.11 Felda Wilayah Raja Alias Unit: Benefits

The estates do provide facilities and other benefits for the workers. Refer to list of facilities that were provided by the estate for all the workers.


- FTPSB Pasoh 4
 - Company does provide some benefits such as housing, bed, insurance, etc to the workers. The company also provides RM10 subsidies for the electricity and water to every worker.
- FTPSB Palong 5
 - Nepali workers⁶⁰ claimed that they do not have any medical benefits and they are not entitled for paid medical leave. Their salary will be deducted should they take medical leave.
 - Indian and Indonesian workers⁶¹ claimed that the company provides RM15 subsidies for the electricity and water.

⁶⁰ 7 Nepal workers claimed during FGD

⁶¹ 7 Indonesian workers and 4 Indian workers claimed during FGD


Table 11. List of facilities provided

Estate	List of facilities
Felda & FTPSB Pasoh 4	Housing, Hospital, Shops, Restaurant, Sports Area, School, Mosque
FGVPM Seriting Hilir 8	Housing, Tools Store, Hospital, Supermarket, Restaurant, Sports Area, School, Mosque
Felda & FTPSB Palong 8	Housing, Hospital, Shop Lots, Supermarket, Restaurant, Sports Area, School, Mosque

 Red Flag for Management
<ul style="list-style-type: none"> Understanding of the pay slips (deductions), especially where many nationalities are hired, is always a challenge. FGV could review related SOPs and training materials/procedures. FGV could make it explicit what and how the minimum wage is calculated. This needs to be understood by all workers (see above). A monitoring system could be developed to track monthly workers below the target range and, if it is linked to the payroll system, an alert could be raised which requires additional information to be entered (eg., turnout or other info). This then provides a way for management to manage the issue across its business units.

4.12 Felda Wilayah Raja Alias Unit: Training

- FTPSB Pasoh 4
 - Workers⁶² claimed that no proper and formal training was provided to them. Most of them learnt from experienced workers.
- FGVPM Seriting Hilir 8
 - Workers⁶³ claimed that they received training in OSH, emergency, and first aid from the company.
- FTPSB Palong 5
 - Workers⁶⁴ claimed that they received worker related and OSH training from the company.

 Red Flag for Management
<ul style="list-style-type: none"> On-the-job training is okay for some activities and work areas; but there needs to be a programme of training (which itself can be monitored) to ensure that all employees are trained and competent to conduct their work (as well as understand their conditions of work, pay and benefits). Standardised training (and different methods of training using multi-media) could be developed to support this training programme.

⁶² 5 Bangladeshi workers, 6 Indian workers, 12 Indonesian workers claimed during FGD

⁶³ 8 Bangladeshi workers and 10 Indian workers claimed during FGD

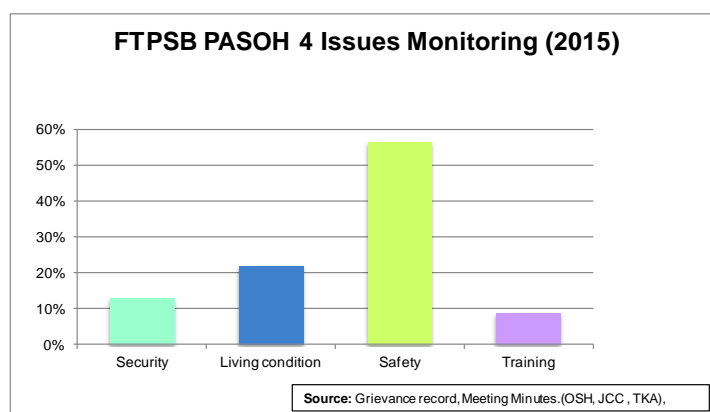
⁶⁴ 9 Bangladeshi workers, 7 Nepal workers, 7 Indonesian workers, and 4 Indian workers claimed during FGD

4.13 Felda Wilayah Raja Alias Unit: Grievance Procedure


Most workers claimed they were not aware of grievance procedures. They always simply lodge their complaints to their supervisor.

- FTPSB Pasoh 4
 - Indonesian workers⁶⁵ claimed that they do not dare to lodge any report as they fear that action will be taken against them. If they have any issues, they will call the Regional Office (Pejabat FELDA Wilayah Raja Alias) directly and lodge their grievances / complaints to the front desk officer where it is forwarded to any officer in charge.
 - The field team examined a number of meeting records (meeting minutes such as Occupational Safety & Health Committee, Joint Consultative Committee and Tenaga Kerja Asing), grievance records, accident records and external audit report. The analysis of these records are summarised below (see Figure 7). We find that most issues raised were related to lack of PPE usage by the workers. These issues were raised by the management during the meeting conducted.

Figure 7. Analysis of summary of Issues (FTPSB Pasoh 4)



- FGVPM Serting Hilir 8
 - Grievance box was observed on the estate's premise but it was not in use.
- FTPSB Palong 5
 - Workers⁶⁶ claimed they do not use the grievance procedure due to fear.
 - Few of the workers⁶⁷ claimed that they have experienced extortion in the form of cash and phone seized, and violence from their supervisor. They made a complaint to the officer in charge but no action was taken.
- Contract Workers
 - Felde & FTPSB Palong 5: Indonesian contract workers will lodge any complaints to the management of the Cooperative.

 Red Flag for Management
<ul style="list-style-type: none"> • Any violence and intimidation of workers or at any level must not be tolerated. • The GP procedure could be reviewed or an IT system developed to ensure that SMS or other technologies could be used to ensure that workers are able to access the GP and it provides a way of tracking issues (dashboards and control of user access levels).


⁶⁵ 12 Indonesian workers claimed during FGD

⁶⁶ 9 Bangladeshi workers, 7 Nepal workers, 7 Indonesian workers, and 4 Indian workers claimed during FGD

⁶⁷ 2 workers claimed they experienced extortion and violence during FGD

4.14 Felda Wilayah Raja Alias Unit: Freedom of Association


- FTPSB Pasoh 4
 - Workers⁶⁸ claimed that they were not aware of their rights to freedom of association and collective bargaining. However, the workers acknowledge that they do have a worker representative.
 - Joint Consultative Committee (JCC) is available in the estate. However, there were no workers representative included in the meeting and JCC was not used as a channel to discuss about workers related issues. Most of the issues that were been raised in the JCC meeting are mill issues.
- Serting Hilir 8
 - Workers⁶⁹ claimed there is workers committee available.

 Red Flag for Management
<ul style="list-style-type: none"> • At this stage – ensuring that the JCC is effective to “listen” to workers and that workers are empowered for self-representation (e.g., nominations of representation or agenda-setting). This could be improved with more formal guidelines on establishing and running JCCs complemented by training for both management and worker representatives. • As this is one of the core labour areas, it would be helpful to gain an external on the current practices and a review of any related policies and SOPs on the matter. It is possible that what is implemented may not meet the full spirit of the requirements of <i>Freedom of Association</i>.

4.15 Felda Wilayah Raja Alias Unit: Living Condition

Company provides houses for the workers where a house will normally be shared with other workers.

- FTPSB Palong 5
 - The whole living area was pretty squalid.
 - Some of the houses are overcrowded. One room was inhabited by 9 workers (Indians and Nepalese), half of whom had no beds and were sleeping on the floor.
 - Poor upkeep of houses. Lights were broken and had not been replaced for a year. One of the worker's bed metal frames was rusted through and held together with string.
 - Some of the sparse amenities (such as the small electric fans) were not provided and the workers had to buy them themselves.
- Contract Workers
 - Felda & FTPSB Pasoh 4: Houses and utilities are provided by company. Some of the houses are in poor condition.
 - Felda & FTPSB Palong 5: Indonesian contract workers are staying at the Felda worker's line site without any charges. However, all contract workers will have to pay RM15 per month for their use of electricity and water.

 Red Flag for Management
<ul style="list-style-type: none"> • Monitoring of living standards is both a human rights and public health issue. This is an important area that needs monitoring (needs, budgets and implementation). This extends to the contractors housing for workers. To complement this developing a clear minimum acceptable standard for FGV is recommended.

⁶⁸ 5 Bangladeshi workers, 6 Indian workers, 12 Indonesian workers claimed during FGD

⁶⁹ 8 Bangladeshi workers and 10 Indonesian workers claimed during FGD

Figure 8. Poor housing condition

Unsafe wiring system at Felda & FTPSB Pasoh 4 worker's line site;



Broken roof at Felda & FTPSB Pasoh 4 line site;




Broken wall at Felda & FTPSB Palong 5's contractor's line site.



4.16 Felda Wilayah Raja Alias Unit: Contract Termination


- FGVPM Serting Hilir
 - Few Indonesian workers⁷⁰ claimed that they will have to pay a penalty if they wanted to terminate their contract before it ended.
 - Some workers⁷¹ claimed that they will have to bear the repatriation cost if they terminate their contract before their contract ended.

	Red Flag for Management
<ul style="list-style-type: none"> • This is another indicator (penalty for termination), if coupled with other conditions, create the conditions that can be seen a <i>Forced Labour</i>. In many labour standards, the direction is to ensure contracts have a fair termination clause which allows a worker to give due notice. Secondly, the cost for permits, fares, etc are recommended to be covered wholly by the employer (not worker) to reduce likelihood of debt-bondage. 	

4.17 Felda Wilayah Raja Alias Unit: Health and Safety

Company provides basic PPE, such as safety helmet, safety goggles, apron and gloves, to the workers based on their job requirements.

- FTPSB Pasoh 4
 - FFB transporter claimed that they do not have a valid driving license.
 - Sharp working equipment were seen left on the floor of the house (see Figure 9).
- FTPSB Palong 5
 - Workers claimed that there was no emergency transportation provided when one of their friends had minor injury to his groin.
- Contract workers
 - Felda & FTPSB Pasoh 4 and Felda & FTPSB Palong 5: Sprayer knapsacks were seen left outside of the house.
 - FGVPM Serting Hilir 8: Sharp working equipment were seen left on the floor of the house.

	Red Flag for Management
<ul style="list-style-type: none"> • Monitoring of unsafe work spaces and living conditions must be included as a core responsibility of the operations (with external management oversight). • All operations must also develop emergency procedures to ensure that all workers have access to medical aid if required. This too needs to be monitored. 	

⁷⁰ 10 Indonesian workers claimed during FGD

⁷¹ 6 Indonesian workers and 8 Bangladeshi workers claimed during FGD

Figure 9. Health and safety at line site

Unsheathed harvesting tool and sickle were found on the floor at Felda & FTPSB Pasoh 4 worker's line site and;



Knapsack sprayer found outside of the house at Felda & FTPSB Pasoh 4 contractor's line site.



PART THREE: ANALYSIS

Our sampling and verification method was designed to give us an insight into management and operational practices. The assessment time was short and with limited sampling. However, by design, we wanted to cover a broad area of labour management and to be able to see if the issues detected by the WSJ reports are evident from the sampling (see below, Section 5). Furthermore, by design again, we anticipated that our findings would lead us towards the following conclusions:

1. No areas of concern were detected (at least for the sample; there is no assurance that the issue may exist in other business units) ;
2. Areas of concern were detected, but before management intervention, a better understanding of the extent of the problem is advised.
3. Areas of concern were detected and FGV is advised to review and improve management controls;

The second part of the analysis was to do a preliminary comparison (see below, Section 0). to an established social management system (i.e., SA8000). The analysis included a review of each of the standard requirements, including minimum performance indicators, and attempted to score the likely level of compliance (low-high). The exercise was specifically to allow us to identify specific gaps in social management and to allow us to prioritise areas for attention. This exercise is gap and benchmarking⁷² is useful for any organisation undertaking improvements in their social management systems.

5 Verification of the WSJ report

5.1 Forced Labour

A review of the WSJ report points to the use of potentially “trafficked” individuals supplied by labour contractors servicing FGV or its subsidiaries or even independent producers supplying to FGV palm oil mills. The report also highlights the vulnerability of nationals from Bangladesh caught within human trafficking networks. It is worth highlighting here is that forced labour and human trafficking are often found in the complex of sub-contracting or out-sourcing arrangement and are difficult to be detected (Verite, 2011; see Table 12 below).

⁷² SAI’s Social Fingerprinting Programme (<http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&pageId=1711>), for example, is a useful tool to assist organisations benchmark and develop internal programmes.

Table 12. Understanding Forced Labour

Forced labour & human trafficking (Verite, 2011)

Forced labour and human trafficking can be considered “hidden” forms of abuse in global supply chains. They are often found in the complex sub-contracting and outsourcing arrangements of first-tier manufacturers or at the margins of the formal economy, in home-based workshops or informal production centres. These “locations” are **well beyond the reach of traditional CSR mechanisms** and, hence, can be more or less invisible to the auditors of global brands.

Yet there are also a number of other reasons why these abuses may be difficult for auditors and employers to detect:

- **Deception and lies** are a defining factor of human trafficking and among the key means used by dishonest brokers to lure their victims into hiring traps;
- A condition of forced labour may be the result not of a single, easily identifiable abuse but rather that of a **series of circumstances and violations committed by different actors**.
- The abuse originates with the corrupt actions of a labour broker overseas, as in the case of debt bondage due to excessive recruitment fees.
- The management of workers by an on-site broker can make it more difficult to determine the nature of employment and working conditions for those involved.
- Auditors themselves may lack the skills, experience, and resources needed to recognize the warning signs of forced labour or human trafficking.

5.1.1 What did we find from the Field Assessment?

1. Our worker interviews did not identify “trafficked” (as described in media reports) but it is possible that FGV may not be aware that common industry practices, coupled with the lack of effective management oversight, can lead to conditions that lead to *Forced Labour* (in particular to debt-bondage).
2. Specific examples include:
 - High payments to sub-agents. Indian, Nepali and Bangladeshi workers are consistently paying more to agents compared to Indonesian workers;
 - Deduction of worker’s wages to pay for recruitment fee
 - Penalty payments (or payback of fees/permits) for break of contracts;
 - Possibility of contract substitution between country of origin with sub-agents and employment within FGV (what needs to be determined is to review if the contractual terms are lower than what is signed originally)
 - Deception on nature of works by sub-agents. Indian and Nepali workers were promised work at factory and high pay
 - Fear of making complaints, or fear of reprisal from the superiors;
 - Retention of personal documentation and control of movements;
 - Restriction to freedom of moving (Nepali’s work permit expired)
3. Our management interview also reveals that recruitment through labour agents may not oblige the agents to ensure that FGV policies are met and adhered to. Even though labour agents are bound by their agreement with FGV to fulfil certain obligations, there is currently no system for FGV to monitor compliance of its labour agents, sub-agents or contractors.
4. More importantly, there is no single representative, nor an appointed, “competent person”, to monitor and manage potential human rights abuses within FGV. This is not atypical within the Malaysian palm oil industry and perhaps highlights a critical root cause why this issue remains poorly understood in the sector.

5.2 Minimum Wage

The WSJ reports highlights that certain individuals with FGV pay slips were not being paid the Malaysian minimum wage.

5.2.1 What did we find from the Field Assessment?

1. From our interviews, FGV management is aware of the legal requirements and also is consistent in how the minimum wage and other requirements are calculated.
2. Our teams had also tabulated wages for low and high crop months. 11% during low crop month, and 8% during the high crop month, of the workforce is paid below the minimum wage. However, this could be explained by either low turn-out during the low crop season (especially during raining season) or workers failing meet their targeted performance as most are paid based on piece rated price.
3. Our management interview reveals no documented system for FGV to monitor compliance of its operations or contractors.

5.3 OSH and Chemical Handling

The WSJ reports highlights that OSH management, specifically the safe use of chemicals, may be inconsistent, leading to unsafe exposure by workers.

5.3.1 What did we find from the Field Assessment?

1. FGV does have a management system in place for OSH – with policies, procedures and training for competent persons.
2. Our field interviews reveal that monitoring of safe practices – especially amongst contractors – may need to be improved as unsafe practices were noted in the field.
3. We also note that safe chemical use practices seems to be geared towards usage of PPE but there are no indication of studies or reviews on alternative usage of chemicals (i.e. studies on safer, less, and harmful chemicals usage) or use of non-chemicals (reduction in chemical use) or other means to avoid exposure in the first place.

5.4 Conclusion

Within the sample, our worker interviews did not identify “human trafficked” cases (as described in media reports) nor can we conclude that “forced labour” (as defined by SA8000) is prevalent. However, detecting “forced labour” is complex and many organisations may be unaware of the risk due to the fact that trans-national labour movements often involve many parties (Verité, & ManpowerGroup, 2012)). In the case of FGV, we believe that without a good understanding of the conditions that lead to forced labour, identifying practices for management controls will not be effective. In our sample, we do detect practices that require further investigation (especially for the non-Indonesian workers) and we have highlighted that there needs to be a deeper understanding of the issue and to work with experienced organisations (such as *Social Accountability International*) to identify specific ways to strengthen the management controls or system in order to ensure that FGV is able to lower the risk of “forced labour”. It will also become evident from this pathway that the palm oil industry, or at least the leaders of the industry, may need to find solutions to ensure that the management of foreign labour (of which the industry is dependent on) will meet International best-practices to reduce the risk of forced labour. Lastly, health and safety is both legislated for and in FGV case, is a topic covered by both RSPO and ISO certification, but field observations we made have identified a number of areas for improvements. We have concluded that management oversight and monitoring can be significantly increased to improve the implementation of workplace safety and health.

Management Recommendation	WSJ Issues Identified		
	Forced Labour	Minimum Wage	Safe Work (OSH)
No areas of concern were detected			
No areas of concern were detected but management improvements recommended		YES	
Areas of concern were detected and more research recommended	YES		
Areas of concern were detected and immediate review of management controls required	YES		YES

6 Preliminary Analysis of Compliance to SA8000

The second part of the analysis was a preliminary comparison to an established social management system. The exercise was to allow us to identify specific gaps in social management and to allow us to prioritise areas for attention.

We have adopted SA8000 as the framework for this analysis and the main requirements for SA8000 are summarised in Table 13. We are aware that many of FGV's production units are RSPO certified and that there are social requirements included in the standard. However, we find that the labour requirements are better presented in SA8000 (more explicit requirements for compliance and minimum standards) and are inclusive of the relevant ILO conventions (for global compliance). Secondly, if the intention is to improve your social management performance, then it is logical that a social management system is used for the comparison.

We highlight that this a preliminary analysis⁷³ as the timing and depth of the sampling does not permit for a more definitive compliance assessments. Our analysis is presented as degree of compliance (low to high) to the requirements as articulated by SA8000. Those areas that are low-level of compliance were then targeted for attention and form the basis of our recommendations for further work. The following risk compliance score, based on the level of compliance, has been assigned:

Value	Score	Findings
0	Low-level of Compliance	Areas of concerned detected but limited management controls
1	Moderate-level of Compliance	Areas of concerned detected but management controls can be improved
2	High-level of Compliance	No areas of concerned detected and management controls are available
NA	Not Assessed (not assessed for this assessment)	No sampling or information gathered to score this
N/A	Not Applicable (does not apply to the company)	Not relevant to the business

⁷³ It is also worth highlighting that this exercise is worth repeating with a dedicated "social leadership team". Using the SAI's *Social Fingerprinting Tool* a self-assessment tool is used to measure compliance and allows an organisation to benchmark with similar or different industries. The self-assessment could be facilitated by Wild Asia to improve the understanding of the requirements.

Table 13. SA8000 Main Requirements

SA 8000 Section	SA 8000 Management Area
1	Child labour
2	Forced or compulsory labour
3	Health and safety
4	Freedom of association and Right to Collective Bargaining
5	Discrimination
6	Disciplinary practices
7	Working hours
8	Remuneration
9.1	Management system: Policies, Procedures & Records
9.2	Management system: Social Performance Team
9.3	Management system: Identification and Assessment of Risks
9.4	Management system: Monitoring
9.5	Management system: Internal involvement and Communication
9.6	Management system: Complaint Management and Resolution
9.7	Management system: External Verification and Stakeholder Engagement
9.8	Management system: Corrective and Preventive Actions
9.9	Management system: Training and Capacity Building
9.10	Management system: Management of Suppliers and Contractors

6.1 Child Labour

6.1.1 Summary of Findings

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
1	CHILD LABOUR		
1.1	The organisation shall not engage in or support the use of child labour as defined above.	2	No children were sighted working in the estates.
1.2	The organisation shall establish, document, maintain and effectively communicate to personnel and other interested parties, written policies and procedures for remediation of child labourers, and shall provide adequate financial and other support to enable such children to attend and remain in school until no longer a child as defined above.	2	Children Employment policy is available. It states no employment for persons under 18. Children, under supervision, are allowed on family farms.
1.3	The organisation may employ young workers, but where such young workers are subject to compulsory education laws, they shall work only outside of school hours. Under no circumstances shall any young worker's school, work and transportation time exceed a combined total of 10 hours per day, and in no case shall young workers work more than 8 hours a day. Young workers may not work during night hours.	2	No young workers were sighted working in the estates. Companies only employed workers above 18 years old.
1.4	The organisation shall not expose children or young workers to any situations – in or outside of the workplace – that are hazardous or unsafe to their physical and mental health and development.	2	No children or young worker were sighted working in the estates.

6.1.2 Analysis and Areas for Improvement

FGV sustainability policy includes “Children Employment Policy” (undated, downloaded from FGV website). It states no employment for persons under 18. Children, under supervision, are allowed on family farms. There may be local variation in Sabah and Sarawak on age for work, and this needs to be made aware to all personnel.

There may be regional variations with employed workers with dependents, including children (. There may also be specific cases where children are helping parents on farms but there needs to be a clear understanding by all personnel on what is allowed and what is not. Management may need to consider this in its management of the child labour policy.

No specific reference to nature of hazardous work not suitable for children on farms. This could be defined and adopted across the organisation.

Given the sensitiveness of this issue, to ensure consistency of implementation, a Training Kit on Child Labour, which can be used by all business units, would be advantageous. The use of multi-media and different methods of training delivery could be designed into the training kit.

6.2 Forced Labour

6.2.1 Summary of Findings

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
2	FORCED LABOUR		
2.1	The organisation shall not engage in or support the use of forced or compulsory labour, including prison labour, as defined in Convention 29, shall not retain original identification papers and shall not require personnel to pay 'deposits' to the organisation upon commencing employment.	0	Retention of passports (FTPSB and FGVPM) ; "Penalty" for defaulting from work (FTPSB and FGVPM); Deductions from salary to pay agent's fee (FTPSB)
2.2	Neither the organisation nor any entity supplying labour to the organisation shall withhold any part of any personnel's salary, benefits, property or documents in order to force such personnel to continue working for the organisation.	1	Retention of passports (FTPSB and FGVPM) ; Need to review if "penalty" for defaulting from work (FTPSB and FGVPM) triggers a non-conformity here. We also do not know the extent of debt or deposits paid to labour agents.
2.3	The organisation shall ensure that no employment fees or costs are borne in whole or in part by workers.	0	Workers note that fees are paid to agents. Fee payments are high for Bangladeshis. FGV need to review based on wider sampling to develop appropriate management response. Contract of worker stated that the cost for recruitment for workers will be borne by FGV if workers completed the term of service. FGV will bear the cost for recruitment (Levy , Fares) so long as the workers complete their terms of service . FGV will still bear the cost if they are medically unfit to complete the terms of service. However if the workers voluntarily terminate the contract of service earlier than stipulated then they will have to pay the cost.

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
2.4	Personnel shall have the right to leave the workplace premises after completing the standard workday and be free to terminate their employment provided that they give reasonable notice to their organisation.	1	Security posts/access is controlled. Passports are retained (but are provided on request). Workers are allowed to leave workplace provided that they get approval from the management. There is no clause allowing the termination of such contract by workers with a specified advance notification. Contract also clearly stated that workers are imposed to "penalty" if they make the choice to terminate their employment before the term ended.
2.5	Neither the organisation nor any entity supplying labour to the organisation shall engage in or support human trafficking.	1	There is no "management control" to ensure that anyone involved in human trafficking is excluded from FGV. Bangladeshi workers are at high risk for human trafficking (22% for FGV and 22% for Felda Wilayah Raja Alias).

6.2.2 Analysis and Areas for Improvement

FGV does not have an explicit policy on forced labour. There is a policy on human rights, which states "FGV is committed in supporting human rights".

FGV may not be putting in an ethical or management framework that will allow the company to better manage the forced labour risk (i.e. to identify, mitigate and monitor practices that might lead to forced labour). This includes the detection of migrant workers entering into the formalized labour pool, potentially moving into a FGV operational area.

The field investigation detected practices that provide indications of conditions that can lead to "forced labour". Some of the practices arise from the methods of sub-agents and agents. Other practices result from workers failing to follow the formal induction process for migrant workers.

Some examples include:

- Payments to sub-agents (FGVPM and FTPSB)
 - Indian, Nepali and Bangladeshi workers are consistently paying more to agents (fee ranging from RM5,000 to RM10,000) compared to Indonesian workers (fee ranging from RM1,200 to RM2,000). This fee put the workers at risk of debt bondage.
 - FGVPM and FTPSB both have clear mechanisms in place to cover costs of recruitment (cost of flights, passport, etc) and yet many workers claimed to be paying large sums to the sub-agents (who actually go headhunting in villages). There is a possibility that the engaged sub-agents are charging extra fees without the knowledge of agents and FGV.
- Possibility of contract substitution from country of origin (sub-agents) and employment within FGV (FGBPM and FTPSB)
 - Workers from India and Indonesia had initially signed contract with their agents in their country. This differs from the signed contract with FGV upon arrival at the estate.
- Penalty payments for break of contracts (FGVPM)
 - Workers who terminate their contract earlier will have to pay some penalty and some have to borne their repatriate cost.

- Worker's contract clearly stated that workers will have to be penalized to pay back the recruitment and work permit fee if they wanted to break their contract before the term of contract ended.
- Retention of personal documentation - passport (FGVPM and FTPSB);
- Deception on nature of works by sub-agents (FTPSB)
 - Indian and Nepali workers were promised work at factory and high pay
- Deduction of worker's wages to pay for recruitment fee (FTPSB)
 - RM150 were deducted from the Nepali worker's salary during the first 7 months to pay for agents
- Restriction to freedom of moving (FTPSB)
 - Nepali workers are scared to leave the estate as their work permit has expired. However, manager explains that they are in the process of processing the permit.
- Fear of making complaints (or fear of reprisal) by the superiors (FTPSB)

FGV needs to engage with professionals in this field, or to develop a management framework to ensure that practices conform to global ethical frameworks for hiring migrant workers. For an example, see Verite & Manpower Group, 2012.

6.3 Health & Safety

6.3.1 Summary of Findings

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
3	HEALTH & SAFETY		
3.1	The organisation shall provide a safe and healthy workplace environment and shall take effective steps to prevent potential health and safety incidents and occupational injury or illness arising out of, associated with or occurring in the course of work. It shall minimise or eliminate, so far as is reasonably practicable, the causes of all hazards in the workplace environment, based upon the prevailing safety and health knowledge of the industry sector and of any specific hazards.	2	Commitment to OSH in workplace is defined by the FGV OSH policy and is governed by Law. Note: OSH compliance was not fully assessed during the field verification; emphasis was a review of records and field observations.
3.2	The organisation shall assess all the workplace risks to new, expectant and nursing mothers including those arising out of their work activity, to ensure that all reasonable steps are taken to remove or reduce any risks to their health and safety.	1	No specific procedure to assess risk and exclude from certain activities.
3.3	Where hazards remain after effective minimisation or elimination of the causes of all hazards in the workplace environment, the organisation shall provide personnel with appropriate personal protective equipment as needed at its own expense. In the event of a work-related injury the organisation shall provide first aid and assist the worker in obtaining follow-up medical treatment.	1	PPE was provided for workers. Document review from estate shows poor enforcement of usage of PPE.
3.4	The organisation shall appoint a senior management representative to be responsible for ensuring a safe and healthy workplace environment for all personnel and for implementing this Standard's Health and Safety requirements.	2	Regulated by law. Management representative is available. Health and Safety Committee is available.

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
3.5	A Health and Safety Committee, comprised of a well-balanced group of management representatives and workers, shall be established and maintained. Unless otherwise specified by law, at least one worker member(s) on the Committee shall be by recognised trade union(s) representative(s), if they choose to serve. In cases where the union(s) does not appoint a representative or the organisation is not unionised, workers shall appoint a representative(s) as they deem appropriate. Its decisions shall be effectively communicated to all personnel. The Committee shall be trained and retrained periodically in order to be competently committed to continually improving the health and safety conditions in the workplace. It shall conduct formal, periodic occupational health and safety risk assessments to identify and then address current and potential health and safety hazards. Records of these assessments and corrective and preventive actions taken shall be kept.	1	Health and Safety Committee is available, which comprises of representative from management and workers. No TOR for the OSH committee and guidelines on its membership, including union officers.
3.6	The organisation shall provide to personnel, on a regular basis, effective health and safety training, including on-site training and, where needed, job-specific training. Such training shall also be repeated for new and reassigned personnel, where incidents have occurred, and when changes in technology and/or the introduction of new machinery present new risks to the health and safety of personnel.	1	Some workers from FTPSB claimed that they did not receive any formal training on health and safety or job-specific training. There is also no training plan for OSH (nor a system to update based on risk assessments or OSH monitoring).
3.7	The organisation shall establish documented procedures to detect, prevent, minimise, eliminate or otherwise respond to potential risks to the health and safety of personnel. The organisation shall maintain written records of all health and safety incidents that occur in the workplace and in all residences and property provided by the organisation, whether it owns, leases or contracts the residences or property from a service provider.	1	Only 2 minor injury cases was found. However, no monitoring of accident records sighted on site. FTPSB kept the medical records that were related to workers in the worker's personal file.

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
3.8	The organisation shall provide, for use by all personnel, free access to: clean toilet facilities, potable water, suitable spaces for meal breaks, and, where applicable, sanitary facilities for food storage.	2	Houses with access to toilet, water, etc were provided for workers.
3.9	The organisation shall ensure that any dormitory facilities provided for personnel are clean, safe and meet their basic needs, whether it owns, leases or contracts the dormitories from a service provider.	1	Houses were provided. Upkeep of houses are poor in some of the area visited.
3.10	All personnel shall have the right to remove themselves from imminent serious danger without seeking permission from the organisation.	2	No sign of worker's being restricted remove themselves to a safety place when there is a threat of "serious or imminent danger".

6.3.2 Analysis and Areas for Improvement

OSH in the workplace is legislated in Malaysia and there is evidence requirements for compliance are being met.

FGV does have a management system in place for OSH with policies, procedures and training for competent persons. A Health and Safety Committee is in place, with representation from both management and workers.

However, there is lack of management monitoring of the implementation of health and safety related matters within operations. This arises in inconsistencies and non-compliance within the business units. For example:

- Monitoring of safe practices – especially amongst contractors as unsafe practices were noted in the field and at line site (FTPSB).
- Monitoring of critical OSH relevant records such as medical surveillance, accident or injury monitoring, medical monitoring, etc (FTPSB).

FGV does have "Paraquat Safety Policy" (undated, downloaded from FGV website), including a statement of working towards "zero paraquat" usage.

Safe chemical use practices seem to be geared towards usage of PPE but there are no indications of studies or reviews on mitigation of chemicals usage (either by using alternative usage of chemicals or reduction in chemical use).

6.4 Freedom of Associations and Right to Collective Bargaining

6.4.1 Summary of Findings

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
4	FREEDOM OF ASSOCIATION & RIGHT TO COLLECTIVE BARGAINING		
4.1	All personnel shall have the right to form, join and organise trade union(s) of their choice and to bargain collectively on their behalf with the organisation. The organisation shall respect this right and shall effectively inform personnel that they are free to join a worker organisation of their choosing without any negative consequences or retaliation from the organisation. The organisation shall not interfere in any way with the establishment, functioning or administration of workers' organisation(s) or collective bargaining.	1	There is restriction that workers are only allowed to join Union or other entities that are approved by FGV that existed in FGV Group. Workers from FTPSB Pasoh 4 are not aware about their rights for FOA and collective bargaining.
4.2	In situations where the right to freedom of association and collective bargaining are restricted under law, the organisation shall allow workers to freely elect their own representatives.	1	There is JCC in FGVPM Serting Hilir 8 and FTPSB Pasoh 4. However, there is no worker representative in the JCC for Pasoh 4 and the company uses JCC to discuss mostly about mill's related issues. FTPSB Pasoh 4 also acknowledged that they have worker representative at work place. Needs more understanding if representatives are chosen by company or by the workers.
4.3	The organisation shall ensure that union members, representatives of workers and any personnel engaged in organising workers are not subjected to discrimination, harassment, intimidation or retaliation for being union members, representative(s) of workers or engaged in organising workers, and that such representatives have access to their members in the workplace.	2	FGV have "Equal Opportunity Policy" - have statement on no discrimination against union membership.

6.4.2 *Analysis and Areas for Improvement*

FGV have a “Right to Freedom of Expression and the Union Policy” (undated, downloaded from FGV website). However, field interviews noted that there are restrictions for workers; they can only join unions or other entities that are approved by FGV that existed in FGV Group. This shows discrepancy between official policy and findings from field research.

FGV also have “Equal Opportunity Policy” (undated, downloaded from FGV website) which includes a statement on “no discrimination” against a union member.

Field investigations detected that awareness of this rights may not be well understood (FTPSB).

6.5 Discrimination

6.5.1 Summary of Findings

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
5	DISCRIMINATION		
5.1	The organisation shall not engage in or support discrimination in hiring, remuneration, access to training, promotion, termination or retirement based on race, national or territorial or social origin, caste, birth, religion, disability, gender, sexual orientation, family responsibilities, marital status, union membership, political opinions, age or any other condition that could give rise to discrimination.	2	FGV have "Equal Opportunity Policy" in place. Copy of policies are available on website.
5.2	The organisation shall not interfere with the exercise of personnel's rights to observe tenets or practices or to meet needs relating to race, national or social origin, religion, disability, gender, sexual orientation, family responsibilities, union membership, political opinions or any other condition that could give rise to discrimination.	2	FGV have "Equal Opportunity Policy" in place. Copy of policies are available on website. Workers have freedom to meet their religion responsibility.
5.3	The organisation shall not allow any behaviour that is threatening, abusive, exploitative or sexually coercive, including gestures, language and physical contact, in the workplace and in all residences and property provided by the organisation, whether it owns, leases or contracts the residences or property from a service provider.	1	Monitoring of this policy may be difficult without an effective grievance procedure in place (few cases detected of extortion or fear of reprisal by supervisors).
5.4	The organisation shall not subject personnel to pregnancy or virginity tests under any circumstances.	1	FGVPM and FTPSB only hire male migrant workers. However, there may be a non-compliance triggered as Government regulations make it necessary to have a mandatory pregnancy test for female migrant workers FOMEMA (pre-employment medical check up).

6.5.2 Analysis and Areas for Improvement

FGV have policies in place to commit to "no discrimination" principles:

- FGV sustainability policy "Equal opportunity" (undated, downloaded from FGV website) includes a statement on fair employment and "no discrimination" for all employees.

- FGV sustainability policy “Foreign Worker Employment Policy” (undated, downloaded from FGV website) includes a statement on “no discrimination” for foreign workers.
- FGV sustainability policy “Sexual Harassment, Violence and Reproductive Rights” (undated, downloaded from FGV website) includes a statement on “no discrimination” against women. This also references the staff code of ethics against use of violence.

FGV has a policy of hiring only male workers (FTPSB and FGVPM) but there may be regional exceptions to this case, such as Sabah.

In general, foreign migrant women workers are only subjected to pregnancy tests under the work pass requirements.

6.6 Disciplinary practices

6.6.1 Summary of Findings

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
6	DISCIPLINARY PRACTICES		
6.1	The organisation shall treat all personnel with dignity and respect. The organisation shall not engage in or tolerate the use of corporal punishment, mental or physical coercion or verbal abuse of personnel. No harsh or inhumane treatment is allowed.	1	FGV sustainability policy "Sexual Harassment, Violence and Reproductive Rights Policy". Copy of policies are available on website. Policy includes a statement on "no violence" for all employees. Monitoring of this policy may be difficult without an effective grievance procedure in place (few cases detected of extortion or fear of reprisal by supervisors).

6.6.2 Analysis and Areas for Improvement

FGV sustainability policy "Sexual Harassment, Violence and Reproductive Rights Policy" (undated, downloaded from FGV website) includes a statement on "no violence" for all employees.

Monitoring of incidences may be difficult without an effective grievance system in place. Field interviews have detected that some workers have experienced extortion (cash and phone seizure) and violence from their supervisor. No complaints were made as they feared reprisal if they went to lodge a formal complaints.

6.7 Working hours

6.7.1 Summary of Findings

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
7	WORKING HOURS		
7.1	The organisation shall comply with applicable laws, collective bargaining agreements (where applicable) and industry standards on working hours, breaks and public holidays. The normal work week, not including overtime, shall be defined by law but shall not exceed 48 hours.	2	Generally workers work 8 hours a day (with 1 hour break in between). Workers are also entitled for public holidays, annual leave, medical leave, etc. This was stated in the worker's contract.
7.2	Personnel shall be provided with at least one day off following every six consecutive days of working. Exceptions to this rule apply only where both of the following conditions exist: a) National law allows work time exceeding this limit; and b) A freely negotiated collective bargaining agreement is in force that allows work time averaging, including adequate rest periods.	2	Generally, workers work 26 days a month. All of them only works 6 days a week and have a day off on once every week.
7.3	All overtime work shall be voluntary, except as provided in 7.4 below, shall not exceed 12 hours per week and shall not be requested on a regular basis.	2	Management claimed that overtime is based on voluntarily basis and it does not exceeded the requirement by law.
7.4	In cases where overtime work is needed in order to meet short-term business demand and the organisation is party to a freely negotiated collective bargaining agreement representing a significant portion of its workforce, the organisation may require such overtime work in accordance with such agreement. Any such agreement must comply with the other requirements of this Working Hours element.	2	Overtime is paid based on piece rate (FGVPM Serting Hilir 8). Workers did not raise any dissatisfaction on the overtime payment.

6.7.2 Analysis and Areas for Improvement

The company maintain daily records of hours worked and productivity even though the workers are paid based on piece-rate. There is monitoring of working hours (including overtime), productivity and wages. According to management, they are only required to work 8 day-light hours a day for 6 days a week. All workers are entitled to a day off once a week.

FGV could develop a monitoring system to improve the management of overtime work hours to ensure overtime hours do not exceed the legal limit monitor individual work hours.

6.8 Remuneration

6.8.1 Summary of Findings

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
8	REMUNERATION		
8.1	The organisation shall respect the right of personnel to a living wage and ensure that wages for a normal work week, not including overtime, shall always meet at least legal or industry minimum standards, or collective bargaining agreements (where applicable). Wages shall be sufficient to meet the basic needs of personnel and to provide some discretionary income.	2	Majority of workers are getting above minimum wage (RM900 and above).
8.2	The organisation shall not make deductions from wages for disciplinary purposes. Exception to this rule applies only when both of the following conditions exist: a) Deductions from wages for disciplinary purposes are permitted by national law; and b) A freely negotiated collective bargaining agreement is in force that permits this practice.	2	No deduction were made for disciplinary purposes.
8.3	The organisation shall ensure that personnel's wages and benefits composition are detailed clearly and regularly to them in writing for each pay period. The organisation shall lawfully render all wages and benefits due in a manner convenient to workers, but in no circumstances in delayed or restricted forms, such as vouchers, coupons or promissory notes.	2	No issues were raised by workers in regards to the render of wages to them.
8.4	All overtime shall be reimbursed at a premium rate as defined by national law or established by a collective bargaining agreement. In countries where a premium rate for overtime is not regulated by law or there is no collective bargaining agreement, personnel shall be compensated for overtime at the organisation's premium rate or at a premium rate equal to prevailing industry standards, whichever is higher.	N/A	Not applicable as no overtime work - all workers are paid based on piece rated.

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
8.5	The organisation shall not use labour-only contracting arrangements, consecutive short-term contracts and/or false apprenticeship or other schemes to avoid meeting its obligations to personnel under applicable laws and regulations pertaining to labour and social security.	2	Only small percentage of contract workers were engaged by FGV and FTPSB

6.8.2 Analysis and Areas for Improvement

Generally, FGV have no risks on remuneration compliance.

Tabulation of wages for FTPSB Pasoh 4 shows that 11% during low crop month, and 8% during high crop month, of the workforce is paid below the minimum wage – but this could be explained by either low turn-out, low crop season, especially during the rainy season, or when the workers do not meet their targeted performance to fulfil the piece rated requirement.

FGV could develop a monitoring system for monitoring pay and work to provide a degree of management oversight on this issue in order for the company to monitor the wage trend to show their compliance against the minimum wage standard.

6.9 MS: Policies, Procedures & Records

6.9.1 Summary of Findings

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
9	MANAGEMENT SYSTEM		
9.1	Policies, Procedures and Records		
9.1.1	Senior management shall write a policy statement to inform personnel, in all appropriate languages, that it has chosen to comply with SA8000.	1	All Social policies are available in English and Malay; maybe not all requirements are fully covered.
9.1.2	This policy statement shall include the organisation's commitment to conform to all requirements of the SA8000 Standard and to respect the international instruments as listed in the previous section on Normative Elements and Their Interpretation. The statement shall also commit the organisation to comply with: national laws, other applicable laws and other requirements to which the organisation subscribes.	1	Not fully covers all aspects of SA8000
9.1.3	This policy statement and the SA8000 Standard shall be prominently and conspicuously displayed, in appropriate and comprehensible form, in the workplace and in residences and property provided by the organisation, whether it owns, leases or contracts the residences or property from a service provider.	1	Not fully covers all aspects of SA8000
9.1.4	The organisation shall develop policies and procedures to implement the SA8000 Standard.	1	Not fully covers all aspects of SA8000
9.1.5	These policies and procedures shall be effectively communicated and made accessible to personnel in all appropriate languages. These communications shall also be clearly shared with customers, suppliers, sub-contractors and sub-suppliers.	1	Not fully covers all aspects of SA8000
9.1.6	The organisation shall maintain appropriate records to demonstrate conformance to and implementation of the SA8000 standard, including the Management System requirements contained in this element. Associated records shall be kept and written or oral summaries given to the SA8000 worker representative(s).	1	Not fully covers all aspects of SA8000

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
9.1.7	The organisation shall regularly conduct a management review of its policy statement, policies, procedures implementing this Standard and performance results, in order to continually improve.	1	Sustainability policy found online - undated and no indication how these policies are reviewed (who and frequency)
9.1.8	The organisation shall make its policy statement publicly available in an effective form and manner to interested parties, upon request.	2	System in place for public displays (onsite and website).

6.9.2 Analysis and Areas for Improvement

FGV does not have a single policy statement to cover all the SA8000 requirements. It does have a number of related policies (e.g. health and safety etc) provided under its "sustainability policy" (undated, downloaded from FGV website). FGV sustainability policy is available online via their website. FGV could consolidate their social policies to meet established ethical frameworks (e.g., SA8000).

There is no indication of how often the policies are reviewed (by whom and when).

FGV does not have a complete set of policy, procedures, including adaptations for different nationalities that cover the full requirements of SA8000.

FGV should ensure that the policies are concise, clearly written, dated and signed by the top management of the company. The policy should also include specific guidelines corresponding to each of the major requirements of SA8000.

FGV should ensure that the policies are communicated to all workers and staff through alternative means, such as special training programs, graphics, and/or oral presentations.

6.10 MS: Social Performance Teams

6.10.1 Summary of Findings

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
9	MANAGEMENT SYSTEM		
9.2	Social Performance Team		
9.2.1	A Social Performance Team (SPT) shall be established to implement all elements of SA8000. The Team shall include a balanced representation of: a) SA8000 worker representative(s); and b) management. Compliance accountability for the Standard shall solely rest with Senior Management.	1	No SPT or a single management team overseeing the requirements captured by SA8000. RSPO compliance team is potentially the closests but is not officially mandated.
9.2.2	In unionised facilities, worker representation on the SPT shall be by recognised trade union(s) representative(s), if they choose to serve. In cases where the union(s) does not appoint a representative or the organisation is not unionised, workers may freely elect one or more SA8000 worker representative(s) from among themselves for this purpose. In no circumstances shall the SA8000 worker representative(s) be seen as a substitute for trade union representation.	NA	No SPT in place nor is there a documented TOR for the SPT yet.

6.10.2 Analysis and Areas for Improvement

FGV does not have a single management team overseeing the requirements captured by SA8000. The exception is for individual requirements like Health & Safety (manager is responsible and OSH committees are formed). RSPO compliance teams may be another exception.

FGV should established a Social Performance Team, with clear structure and terms of references that deal with the labour related matters and ensure that they have a good management system to deal with their social risk.

6.11 MS: Identification and Assessment of Risks

6.11.1 Summary of Findings

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
9	MANAGEMENT SYSTEM		
9.3	Identification and Assessment of Risks		
9.3.1	The SPT shall conduct periodic written risk assessments to identify and prioritise the areas of actual or potential non-conformance to this Standard. It shall also recommend actions to Senior Management that address these risks. Actions to address these risks shall be prioritised according to their severity or where a delay in responding would make it impossible to address.	1	FGV have an internal team that only monitors RSPO-related compliance.
9.3.2	The SPT shall conduct these assessments based on their recommended data and data collection techniques and in meaningful consultation with interested parties.	0	FGV does not have a fully documented system.

6.11.2 Analysis and Areas for Improvement

FGV does have an internal team that monitors RSPO-related compliance, but does not cover the full requirement captured in the SA8000 standard.

FGV should established a Social Performance Team, with clear structure and terms of references that deal with the labour related matters and ensure that they have a good management system to deal with their social risk.

6.12 MS: Monitoring

6.12.1 Summary of Findings

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
9	MANAGEMENT SYSTEM		
9.4	Monitoring		
9.4.1	The SPT shall effectively monitor workplace activities for: a) compliance with this Standard; b) implementation of actions to effectively address the risks identified by the SPT; and c) for the effectiveness of systems implemented to meet the organisation's policies and the requirements of this Standard. It shall have the authority to collect information from or include interested parties (stakeholders) in its monitoring activities. It shall also liaise with other departments to study, define, analyse and/or address any possible non-conformance(s) to the SA8000 Standard.	1	No SPT or a single management team overseeing the requirements captured by SA8000. RSPO compliance team is potentially the closests but is not officially mandated.
9.4.2	The SPT shall also facilitate routine internal audits and produce reports for senior management on the performance and benefits of actions taken to meet the SA8000 Standard, including a record of corrective and preventive actions identified.	1	Not fully in place to cover all aspects nor is there a documented system.
9.4.3	The SPT shall also hold periodic meetings to review progress and identify potential actions to strengthen implementation of the Standard.	1	Not fully in place to cover all aspects nor is there a documented system.

6.12.2 Analysis and Areas for Improvement

FGV does not have a monitoring system in place to cover all the SA8000 requirements. The exception may be with individual performance areas (e.g. RSPO compliance, health & safety, etc).

6.13 MS: Internal Involvement & Communication

6.13.1 Summary of Findings

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
9	MANAGEMENT SYSTEM		
9.5	Internal Involvement and Communication		
9.5.1	The organisation shall demonstrate that personnel effectively understand the requirements of SA8000, and shall regularly communicate the requirements of SA8000 through routine communications.	2	FGV does not have regular communication on SA8000 requirements (except specific social aspect related RSPO's social requirement)

6.13.2 Analysis and Areas for Improvement

FGV does not provide regular communication of the full SA8000 requirements. The exception may be with individual performance areas such as RSPO compliance, health & safety, and other RSPO's social related requirement.

FGV should conduct regular trainings and communications to their personnel in regards of their commitment in managing the social risk areas.

6.14 MS: Complaint Management & Resolution

6.14.1 Summary of Findings

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
9	MANAGEMENT SYSTEM		
9.6	Complaint Management and Resolution		
9.6.1	The organisation shall establish a written grievance procedure that is confidential, unbiased, non-retaliatory and accessible and available to personnel and interested parties to make comments, recommendations, reports or complaints concerning the workplace and/or non-conformances to the SA8000 Standard.	2	Grievance procedure is in place. However, most of workers do not use the grievance procedure.
9.6.2	The organisation shall have procedures for investigating, following up on and communicating the outcome of complaints concerning the workplace and/or non-conformances to this Standard or of its implementing policies and procedures. These results shall be freely available to all personnel and, upon request, to interested parties.	1	Grievance procedure is in place. However, most of workers do not use the grievance procedure.
9.6.3	The organisation shall not discipline, dismiss or otherwise discriminate against any personnel or interested party for providing information on SA8000 compliance or for making other workplace complaints.	1	Evidence of "fear of reprisal"

6.14.2 Analysis and Areas for Improvement

FGV does have a written GP that meets the main elements of the requirement. There may need to be specific procedures included to improve the results of the GP findings and analysis to a personnel or interested parties or stakeholders.

FGV should ensure that all workers and staff understand and effectively use the internal, confidential complaints system. This can be done through improvement in training, communication, records and monitoring of the grievances (received vs. actions taken).

6.15 MS: External Verification and Stakeholder Engagement

6.15.1 Summary of Findings

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
9	MANAGEMENT SYSTEM		
9.7	External Verification and Stakeholder Engagement		
9.7.1	In the case of announced and unannounced audits for the purpose of certifying its compliance with the requirements of this Standard, the organisation shall fully cooperate with external auditors to determine the severity and frequency of any problems that arise in meeting the SA8000 Standard.	1	RSPO and ASI audits are already being accommodated.
9.7.2	The organisation shall participate in stakeholder engagement in order to attain sustainable compliance with the SA8000 Standard.	2	FGV does have engagement with stakeholders. FGV Sustainability Report shows uses of different mechanisms to engage different stakeholders.

6.15.2 Analysis and Areas for Improvement

FGV accommodates external audits by RSPO and ASI.

FGV is an active member of the RSPO and participates actively in a number of working groups (Biodiversity and HCV Working Group; Smallholders Working Group; and Emission Reduction Working Group). This has extended to social-related training, forums and meetings (meeting with RAN and other labour organizations within the signatory of coalition during RT13; labour training hosted by MOHR; and labour training hosted by Neste Oil and BSR).

FGV also have ongoing engagement with different stakeholders. Different ranges of mechanisms were used to engage with different stakeholders.⁷⁴

⁷⁴ Source: FGV 2013 Sustainability Report

<http://www.feldaglobal.com/site-content/Felda%20Global%20Ventures%20Holdings%20Berhad%20-%20Sustainability%20Report%202013.pdf>

6.16 MS: Corrective & Preventive Actions

6.16.1 Summary of Findings

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
9	MANAGEMENT SYSTEM		
9.8	Corrective and Preventive Actions		
9.8.1	The organisation shall formulate policies and procedures for the prompt implementation of corrective and preventive actions and shall provide adequate resources for them. The SPT shall ensure that these actions are effectively implemented.	0	Not fully in place to cover all aspects nor is there a documented system.
9.8.2	The SPT shall maintain records, including timelines, that list, at minimum, non-conformances related to SA8000, their root causes, the corrective and preventive actions taken and implementation results.	0	Not fully in place to cover all aspects nor is there a documented system.

6.16.2 Analysis and Areas for Improvement

FGV does not have a single SPT in place to cover the full set of SA8000 requirements. This includes written and documented procedures on how corrective actions will be monitored.

FGV should established a Social Performance Team, with clear structure and terms of references that deal with the labour related matters and ensure that they have a good management system to deal with their social risk.

6.17 MS: Training & Capacity Building

6.17.1 Summary of Findings

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
9	MANAGEMENT SYSTEM		
9.9	Training and Capacity Building		
9.9.1	The organisation shall implement a training plan for all personnel to effectively implement the SA8000 Standard as informed by the results of risk assessments. The organisation shall periodically measure the effectiveness of training and record their nature and frequency.	0	Training plans for all workers or a syllabus to cover all aspect of SA8000 is not available.

6.17.2 Analysis and Areas for Improvement

FGV does not have a formal training for all personnel to cover all aspects of the standard. This includes measuring performance or effectiveness of the training provided. Training needs to be adapted based around the results of risk assessments to ensure that all the staffs and workers are aware of the social relevant policies.

6.18 MS: Management of Suppliers & Contractors*6.18.1 Summary of Findings*

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
9	MANAGEMENT SYSTEM		
9.10	Management of Suppliers and Contractors		
9.10.1	<p>The organisation shall conduct due diligence on its suppliers/subcontractors, private employment agencies and sub-suppliers' compliance with the SA8000 Standard. The same due diligence approach shall be applied when selecting new suppliers/subcontractors, private employment agencies and sub-suppliers. The minimum activities for the organisation to fulfil this requirement shall be recorded and shall include:</p> <p>a) effectively communicating the requirements of this Standard to senior leadership of suppliers/subcontractors, private employment agencies and sub-suppliers;</p> <p>b) assessing significant risks of non-conformance by suppliers/subcontractors, private employment agencies and sub-suppliers. [Note: an explanation of "significant risk" is found in the guidance document];</p> <p>c) making reasonable efforts to ensure that these significant risks are adequately addressed by suppliers/subcontractors, private employment agencies and sub-suppliers and by the organisation where and when appropriate, and prioritised according to the organisation's ability and resources to influence these entities; [Note: an explanation of "reasonable effort" is found in the guidance document]; and</p> <p>d) establishing monitoring activities and tracking performance of suppliers/subcontractors, private employment agencies and sub-suppliers to ensure that these significant risks are effectively addressed.</p>	0	FGV does not have a system of monitoring compliance of its contractors, sub-agents or suppliers

Ref	SA8000 Requirement	Degree of Compliance	Summary of Findings
9.10.2	Where the organisation receives, handles or promotes goods and/or services from suppliers /subcontractors or sub-suppliers who are classified as home workers, the organisation shall take effective actions to ensure that such home workers are afforded a level of protection substantially equivalent to that afforded to the organisation's other workers under the requirements of this Standard.	NA	Use of home-workers is not a norm within plantations.

6.18.2 Analysis and Areas for Improvement

FGV does not have a system of monitoring compliance of its contractors or suppliers that meet the requirements of SA8000. Lack of oversight of contractors and sub-agents is a major gap in FGV, especially as the use of contractors is common in increasing the risk of forced, debt-bonded or human trafficked workers entering into FGV operational areas.

FGV should have a system in place to monitor compliance of their agents (and sub-agents) and contractors against the company's standard.

6.19 Conclusion

Based on our findings, a preliminary compliance assessment was made against SA8000 requirements; an International social compliance standard. This analysis was performed to be able to identify any gaps in the current management system and can be a focus for attention for improvements. The result of the assessment is summarised below. In general, the gap analysis reveals that areas for immediate management attention should be strengthening FGV social management system in order to reduce the risk of forced labour and also to enable the development of a social performance programme for FGV. Naturally, the other management areas would be addressed once there is a system in place.

Table 14. Summary of Preliminary Compliance Assessment

Social Management Areas	Degree of Compliance
CHILD LABOUR	HIGH
FORCED LABOUR	LOW
HEALTH & SAFETY	MED
FREEDOM OF ASSOCIATION & RIGHT TO COLLECTIVE BARGAINING	MED
DISCRIMINATION	MED
DISCIPLINARY PRACTICES	MED
WORKING HOURS	HIGH
REMUNERATION	HIGH
MANAGEMENT SYSTEM	LOW

PART FOUR: RECOMMENDATIONS

7 Recommendations for Way Forward

Since the publication of WSJ and other reports, FGV has been taking steps to ensure immediate remediation steps are taken. There is also a great deal of effort being undertaken internally to ensure that operational teams are engaged and that the highest levels of FGV are informed of their progress⁷⁵. However, we take a more strategic approach, and note that without a functioning social compliance management system, FGV will lack the credibility to manage the complexities of labour across all its business units.

Our analysis concludes that the current management system can be improved. We believe that understanding global labour issues requires more specialised knowledge and it will be an advantage to FGV if it enhanced the technical expertise within FGV for providing the social management leadership required. To kick start this journey, we recommend that FGV signs up to SAI's *Social Fingerprinting Programme*, which is a resource made available to organisations to benchmark current practices against over 2,000 companies globally (across different sectors). There are also tools and resources available to guide organisations to move forward. Finally, if these recommendations are adopted, the communication of FGV progress (including measures of success) will be of interest to the many external stakeholders of FGV.

In summary, our recommendations are essentially framed around five (5) fundamental pillars:

1. Committing to Ethical Conduct and Respect for Human Rights
2. Creating the Leadership Structure or Social Performance
3. Adopting an Ethical and Social Performance Framework
4. Building the Social Performance Management System
5. Fostering Partnerships and Share Lessons Learnt

1. ***Committing to Ethical Conduct and Respect for Human Rights***

FGV should review and consolidate its social policies into a single commitment to ethical conduct and respect for human rights. The consolidated policy will provide the basis for linking other key performance areas to cover recruitment, health and safety and other related themes. The commitment should be communicated across all business units and associated partners or service providers.

Potential Action Points:

- Review policy requirements for RSPO, RSPO-NEXT and social systems like SA8000 and Fair Labour Principles
- Draft and restructure the Ethical Conduct and Respect for Human Rights (Labour) Policy statements and associated policies
- Plan the communication and roll out the revised policy

2. ***Creating the Leadership Structure or Social Performance***

The social performance needs a leadership structure that is endorsed from the very top of FGV. The leadership will require the necessary understanding and skills to guide the design and implementation of the social performance programme. Hiring external professionals could achieve this with social compliance experience from other sectors, or by partnering with organisations to deliver the necessary support (e.g., Verite).

Potential Action Points:

- Draft a social performance leadership structure appropriate for FGV
- Launch and operationalize the team

⁷⁵ FGV had established a "Sustainability Response Team" that reports directly to the Board after the WSJ incident and many of the gaps identified have been closed or are being monitored closely by senior management. This is one of the positive outcomes of this case.

3. *Adopting an Ethical and Social Performance Framework*

The social performance must be guided and it is best to be modelled around existing frameworks. There are a number of ethical or social compliance frameworks to adopt (e.g., SA8000 or those published by Verite). It is important that one or more systems are reviewed, as FGV needs to determine which will provide the best means to operationalize the social policy.

Potential Action Points:

- Review options
- Adopt a social management system
- Ensure leadership teams have the necessary competency to guide the implementation of the social management system

4. *Building the Social Performance Management System*

Translating policies into implementation is one of the hardest challenges for any business. It is no different with social performance. However, by adopting a social management system, it provides a framework for building this system. As the social performance covers many departments and operational areas, many of which have not been working together, it is important that the design and implementation of the management system is done through small, measured steps. For FGV, the most logical starting point would be to build the system around a single complex. For example, the mill and different types of producers form relatively natural management clusters. This would provide a good range of management conditions upon which to design and test a pilot social management system. If successful, plans can be developed to roll-out the system across all operational units.

Potential Action Points:

- Identify the pilot business unit
- Draft a plan (people, resources and timeline) to design and implement a pilot social management system
- Review and improve
- Plan the roll-out

5. *Building Partnerships and Share Lessons Learnt*

Finally, adopting a structured approach will give FGV the confidence to share the lessons and challenges of this journey building this model. It is important that the important lessons learned are shared, encouraging other organisations to embark on a similar journey. This will also be useful when the oil palm industry needs to lobby for government reform or improvements in conditions for foreign workers.

Potential Action Points:

- Identify existing or new forums/groups which FGV should strategically use for networking
- Identify leaders for communication of the lessons and challenges learned

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Appendix 1. List of Key Informants (Group Management)

No	Name	Designation	Department
1	En. Md Amin Salleh	General Manager of JTKL	FGVPM (HQ)
2	En. Norazam Bin Abdul Hameed	Head of HR Department	PSQM, FGVPM (HQ)
3	Ms. Melissa Yeoh Beng Chin	Manager of Plantation Sustainability	PSQM, FGVPM (HQ)
4	En. Azrul Adely Mohd. Termizi	Manager of JTK	FGVPM (HQ)
5	En. Muhammad Helmy Ahmad	Executive of Unit Tenaga Kerja	FTPSB (HQ)
6	En. Mohd Rafizam Mohammad Pauzi	Administrative Officer of Jabatan Hal Ehwal Tanam Semula, Felda (Unit Tenaga Kerja).	Felda (HQ)
7	En. Nordin Azli Mohamad Isa	Administrative Officer of Jabatan Hal Ehwal Tanam Semula, Felda (Unit Tenaga Kerja).	Felda (HQ)
8	En. Mohd Noor Abd Latif	Administrative Officer of Jabatan Hal Ehwal Tanam Semula, Felda (Unit Tenaga Kerja).	Felda (HQ)
9	En. Shafiq Shep	RSPO Secretariat	PSQM, FGVPM (HQ)
10	En. Abdullah Awang	Estate Manager	Pasoh 4 Estate
11	En. Nasir bin Yunus	Estate Manager	Serting Hilir 8 Estate
12	En. Mohd. Amin Saifulddin Bin Mat	Estate Assistant Manager	Serting Hilir 8 Estate

Appendix 2. List of Key Informants (Felda Wilayah Raja Alias Unit)

No	Employer	No of workers	Nationalities
1	FTPSB Pasoh 4	5 workers	Bangladesh
2	FTPSB Pasoh 4	6 workers	Indian
3	FTPSB Pasoh 4	12 workers	Indonesian
4	Pasoh 4 – Sub contractor (Spraying)	1 workers	Bangladesh
5	Pasoh 4 – Sub contractor (Spraying)	1 workers	Indonesian
6	Felda Wilayah Raja Alias Unit – Contractor (driver)	1 workers	Indonesian
7	FGVPM Serting Hilir 8	8 workers	Bangladesh
8	FGVPM Serting Hilir 8	10 workers	Indonesian
9	Serting Hilir 8 – Contractor (loaders)	1 workers	Indonesian
10	FTPSB Palong 5	9 workers	Bangladesh
11	FTPSB Palong 5	7 workers	Nepal
12	FTPSB Palong 5	7 workers	Indonesian
13	FTPSB Palong 5	4 workers	Indian
14	Palong 5 – Contractor (harvesting)	13 workers	Indonesian
	Total	85	

Appendix 3. Documentation Review

a. List of documents reviewed during field assessment


No	Type of Documents
a) HIRING AND RECRUITMENT	
1	License
2	Map
3	Signed contracts between each labour recruiter and the company;
4	A list of all migrant workers in the company;
5	Copies of company and labour recruiter policies and each party's respective operating procedures handbook;
6	Personnel files for a representative number of migrant workers in the company
b) WORKERS CONDITIONS	
1	Worker contracts - benefits, language,
2	Housing record
3	Leave records
4	Employee handbook (terms and conditions of employment)
5	Payroll records (for past 12 months) - peak vs. low season
6	Piece rate records (for the past 12 months - if applicable) - peak vs. low season
7	Meeting minutes (OSH, JCC, <i>Jawatankuasa Keselamatan dan Kesihatan Pekerja</i>)
c) AVAILABLE SOCIAL POLICIES AND PROCEDURES	
1	Emergency policies
2	Grievances procedures
3	Insurance policies
4	OSH procedures
d) OSH RECORDS	
1	Medical surveillance record and FOMEMA record
2	OSH Minute of meeting
3	OSH Risk Register
4	PPE Record
5	Chemical Register


b. List of documents that that were not available - estate does not have the documents

No	Type of Documents
a) HIRING AND RECRUITMENT	
1	Documents recently terminated workers
2	Records of resignation
3	Recruiter and company training records for migrant workers
4	Contractor record (Sprayer)
b) WORKERS CONDITIONS	
1	Contractor record (Sprayer)
2	Training records - type vs. frequency of training
3	Overtime records (for the past 12 months) - peak vs. low season
4	Grievance records
5	Previous audit reports / Corrective Action logs - ID non conformances related to labour
c) OSH RECORDS	
1	Accident and injury log - ID trend of common OSH incidences
2	Illness record

Appendix 4. FGV Management responses on Wild Asia's Findings


1. Issue: Agent Recruitment Fee (Forced Labour)

	Red Flag for Management
	<ul style="list-style-type: none"> High fees, false promises made by agents, amongst other practices could setup conditions that are seen as “bonded labour”.

	Red Flag for Management
	<ul style="list-style-type: none"> High fees, false promises made by agents, and the inability to make sufficient wages to pay back the debts, amongst other practices could setup conditions that are seen as “bonded labour”. What management needs to assess is the extent of the practices and develop a means to reduce the practices (e.g., adopt a policy to cover all recruitment fees, with no deductions to workers).


FGV Management's Response	
	<ul style="list-style-type: none"> FGV understands that high fees incurred by inter country agents are a set arrangement from the government (G2G). The home ministry are the ones managing agencies of Bangladeshi workers, therefore FGV and FELDA have to adhere to the regulations and procedures set by the local government. However the management will look into ways to improve our recruitment process for Nepalese, Indian and Indonesian workers by identifying solutions to minimise tiers of recruitment. FELDA and FGV will also conduct interview sessions in the originating country as part of our procedure to reduce the impact of the false promises made by agents to the workers.

2. Issue: Implementing Procedures

	Red Flag for Management
	<ul style="list-style-type: none"> FGV needs to check if all workers are inducted through the documented channels or are there conditions leading to some (and in this case, some nationalities) by-passing the standard operating procedures.

FGV Management's Response	
	<ul style="list-style-type: none"> FGV will ensure that foreign workers who has arrived to follow the standard operating procedure and being given proper induction before entering the estates. FELDA and FGV will issue a certificate of attendance post induction training. We have a One Stop Centre to accommodate the incoming workforce and to provide necessary pre-employment induction. All new foreign recruitments will go through this process but we have old intakes which have not gone through these processes since our OSC was not yet established then.


3. Issue: Implementation & Monitoring of OSH

 Red Flag for Management
<ul style="list-style-type: none"> FGV needs to check if monitoring of OSH-related incidents and accidents is consistent with SOPs. If need be, to review if the monitoring records could be improved to provide a better summary and analysis of OSH-related incidents and accidents.

FGV Management's Response

- FGV will ensure that monitoring records are improved and in place for OSH and CHRA records are kept in the respective estate office. We are currently monitoring our OSH-related incidents/accidents which is consistent with our internal OSH SOP under QOSHE (for FGVPM) and under OSHA 1994.
- We also have our own summary and analysis of incidents/accidents and reported in our annual report, HSE steering committee meeting and annual external reporting to DOSH (JKKP 8).
- All monitoring reports are kept at our FGVPM HSE office and respective Regional GM office as this is the location of our safety & health officer.
- FGV is continuously implementing a OSH monitoring system and has always ensures that the monitoring records are effective and efficient. OSH monitoring and CHRA records are always being kept in the respective estate office.


4. Issue: Passport Retention (Forced Labour)

 Red Flag for Management
<ul style="list-style-type: none"> Retention of passports or restriction free movement (internal security or insecurity of legality), when combined with debt and other recruitment practices, are considered as indicators of forced labour. It is advisable that FGV looks into this issue, apart from the review of procedures on handling of passport, a review of the overall "freedom of movement" of the worker.

FGV Management's Response


- The management of FGV/FTPSB/FELDA are preparing to be in compliance with TPPA which requires the passports to be retained by the individual workers.

5. Issue: Contract Substitution (Forced Labour)

 Red Flag for Management
<ul style="list-style-type: none"> Contract substitution is triggered if the contracts that are signed (within FGV) provides conditions of work, pay and benefits that are lower than the contracts signed in their host country. This is an area for deeper investigation as access to actual contracts from samples of the different nationalities will need to be reviewed against the FGV contracts issued. Understanding of the terms of contracts, especially where many nationalities are hired, is always a challenge. Perhaps the review of training materials used and method of delivery would be one exercise to undertake.


FGV Management's Response
<ul style="list-style-type: none"> The management of FELDA and FGV will conduct briefing sessions by using visual presentations in the workers home country and if they are agreeable to be employed, FELDA and FGV will sign the employment contract with them in their home country and the contract shall be translated into the local language. Upon their agreement and arrival to Malaysia they will collect this agreement in the airport to ensure there is no contract substitution done by any agent from their country of origin.

6. Issue: Minimum Wage (Forced Labour)

 Red Flag for Management
<ul style="list-style-type: none"> Understanding of the pay slips (deductions), especially where many nationalities are hired, is always a challenge. FGV could review related SOPs and training materials/procedures. FGV could make it explicit what and how the minimum wage is calculated. This needs to be understood by all workers (see above). A monitoring system could be developed to track monthly workers below the target range and, if it is linked to the payroll system, an alert could be raised which requires additional information to be entered (e.g., turnout or other info). This then provides a way for management to manage the issue across its business units.


FGV Management's Response
<ul style="list-style-type: none"> The management has issued a memo to inform the estates to record the time at which their workers report for duty so that to ensure the workers are given enough work hours to achieve their minimum wage.

7. Issue: On the job training & Competency (Awareness)


 Red Flag for Management
<ul style="list-style-type: none"> On-the-job training is okay for some activities and work areas; but there needs to be a programme of training (which itself can be monitored) to ensure that all employees are trained and competent to conduct their work (as well as understand their conditions of work, pay and benefits). Standardised training (and different methods of training using multi-media) could be developed to support this training programme.

FGV Management's Response
<ul style="list-style-type: none"> The management have to provide adequate training to incoming workforce both operational and OSH related training to ensure competency of these workers.

8. Issue: Complaints & Grievance Procedure


 Red Flag for Management
<ul style="list-style-type: none"> Any violence and intimidation of workers or at any level must not be tolerated. The GP procedure could be reviewed or an IT system developed to ensure that SMS or other technologies could be used to ensure that workers are able to access the GP and it provides a way of tracking issues (dashboards and control of user access levels).

FGV Management's Response
<ul style="list-style-type: none"> Whistle Blowing Policy is in place, but the management will look into other methods such as SMS/hotline to improve our Grievance Procedure and to review if this Grievance Procedure is effective from time to time.

 Red Flag for Management
<ul style="list-style-type: none"> At this stage – ensuring that the JCC is effective to “listen” to workers and that workers are empowered for self-representation (e.g., nominations of representation or agenda-setting). This could be improved with more formal guidelines on establishing and running JCCs complemented by training for both management and worker representatives. As this is one of the core labour areas, it would be helpful to gain an external on the current practices and a review of any related policies and SOPs on the matter. It is possible that what is implemented may not meet the full spirit of the requirements of <i>Freedom of Association</i>.

FGV Management's Response
<ul style="list-style-type: none"> FGV and FELDA will issue a memo to ensure that JCC are being represented by foreign workers of different ethnicity/nationality to raise issues which concerns their welfare. The management will also have procedures in forming the JCC and identifying and reviewing the functions of this JCC from time to time.

9. Issue: Housing & Living Standards


	Red Flag for Management
<ul style="list-style-type: none"> Monitoring of living standards is both a human rights and public health issue. This is an important area that needs monitoring (needs, budgets and implementation). This extends to the contractors housing for workers. To complement this developing a clear minimum acceptable standard for FGV is recommended. 	

FGV Management's Response

- The management have allocated a budget of RM 220,000.00/hostel in their 4 year plan (2017-2020) to build hostel accommodations for our workers to further improve the living standards of these workers.
- A summary of accommodations or workers' hostel for FELDA & FTPSB is detailed in the following table:

RUMUSAN KEDUDUKAN ASRAMA PEKERJA (FELDA & FTPSB)												
BIL	WILAYAH	BIL TKT	BIL TKA	BIL ASRAMA SEDIA ADA	BIL KABIN SEDIA ADA	PENEMPATAN LAIN	STATUS ASRAMA BARU BINA			PEMBINAAN ASRAMA BARU HINGGA 31/12/15		CATATAN
							BIL/UNIT	% SIAP	DIJANGKA SIAP	BIL UNIT	STATUS	
1	ALOR SETAR	13	31	1	0	0	0	0	0	0		
2	GUA MUSANG	43	275	7	1	1	0	0	0	0		
3	JENGKA	278	1,117	48	19	7	0	0	0	4		
4	JOHOR BAHRU	475	2,287	41	68	2	0	0	0	3		
5	KUANTAN	183	1,209	41	73	1	2	99	0	3		
6	MEMPAGA	236	1,104	41	58	6	1	44	Aug-15	2		
7	RAJA ALIAS	152	875	35	12	9	7			12		
8	SEGAMAT	164	744	17	13	9	5	100	0	7		
9	TERENGGANU	64	511	13	24	8	2	100	0	0		
10	TROLAK	154	372	3	94	5	1	90	0	2		
JUMLAH		1,762	8,525	247	362	48	18	96		33		


10. Issue: Contract Termination

 Red Flag for Management
<ul style="list-style-type: none"> This is another indicator (penalty for termination), if coupled with other conditions, create the conditions that can be seen a <i>Forced Labour</i>. In many labour standards, the direction is to ensure contracts have a fair termination clause which allows a worker to give due notice. Secondly, the cost for permits, fares, etc. is recommended to be covered wholly by the employer (not worker) to reduce likelihood of debt-bondage.

FGV Management's Response

- FGV and FELDA will bear the cost for permits and fares when workers are medically certified unfit. In the cases of workers terminating contract earlier than it should be, this has borne by what is stipulated within the terms of reference in the contract.

11. Issue: Living conditions & access to healthcare

 Red Flag for Management
<ul style="list-style-type: none"> Monitoring of unsafe work spaces and living conditions must be included as a core responsibility of the operations (with external management oversight). All operations must also develop emergency procedures to ensure that all workers have access to medical aid if required. This too needs to be monitored.

FGV Management's Response

- Quarterly safety inspections, which are mandatory under OSHA 1994, are conducted by SHO and safety and health committee members to monitor any unsafe act and condition, including workers living quarters. All findings are recorded, reported and discussed in quarterly safety and health committee meeting.
- Site management team which includes gm, managers and assistant managers also conducts periodic walk-about to monitor the operations as well as health and safety issues.
- All our projects have established its own emergency response plan, with adequate first aid, fire fighting facilities and assembly points. Fire drills are also being conducted at project sites to ensure immediate responses are available and ready.
- This is part of OHSAS 18001:2007 and MS 1722:2011 requirements, which if not comply will affect the overall certification. It is also being exposed to annual surveillance audit as part of process to sustain the certification.