

TFT-FGV



Business Engagement

Support for Transformation – Social Issues

2016/2017

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List of Abbreviations

ASI	Accreditation Services International		
FELDA	Federal Land Development Agency		
FGVPM	Felda Global Venture Plantation (Malaysia) Sdn. Bhd.		
FTPSB	Felda Technoplant Sdn. Bhd.		
FWCS	Foreign Workers Centralized System		
I-Card	Immigration Card		
ILO	International Labour Organization		
JTK	Jabatan Tenaga Kerja		
KUK	Kadar Upah Kerja		
OSH	Occupational Safety & Health		
PLSK	Pas Lawatan Kerja Sementara		
PPE	Personal Protective Equipment		
RSPO	Roundtable o Sustainable Palm Oil		
SA 8000	Social Accountability 8000		
SPPA	Skim Pampasan Pekerja Asing		
TFT	The Forest Trust		
WA	Wild Asia		
WSJ	Wall Street Journal		

List of Operational Definitions

Contract workers	Refer to foreign workers hired by contractors	
Contractors	Refer to individual vendors, companies and <i>Koperasi</i> which are registered as Felda's vendors	
Direct workers	Refer to foreign workers recruited and hired by FGV or FTPSB (on behalf of Felda)	
Entity	Refers to FGVPM, Felda & FTPSB respectively	
Forced & Compulsory Labour	Refers to definition set under C29 Forced Labour Convention (1930)	
Jabatan Tenaga Kerja	Refers to Labour Department of FGVPM, Felda & FTPSB. Each entity (FGVPM, Felda & FTPSB) has their respective JTK to manage the recruitment and hiring of foreign workers.	
Rancangan	Refers to plantation site under FGVPM, Felda & FTPSB	
Settlers	Refer to individuals who have palm oil lands under Felda. These individuals may be independent or non-independent settlers.	
Site Operators	Refer to FGVPM, Felda and FTPSB offices on site	
Site	Refers to plantation site / area	
Wilayah	Refers to regional office of FGVPM, Felda & FTPSB whose responsibility is to oversee the work of <i>Rancangan</i> under their supervision	

Executive Summary

FGV, Felda & FTP (hereinafter referred to as "the Groups") are the hybrid of commercial and socially-oriented organization. While FGV and FTP strive to act as the economic powerhouse to the Groups, Felda maintains as a government related-agency that acts as the catalyst to alleviate poverty and enhance the wellbeing of their 112,635 rural settlers¹. As the world's largest crude palm oil (CPO) producer and the third world's largest palm oil operator, the Groups are accountable and committed to align their operation to the global requirement of responsible business, consonant to the global sustainability agenda. The realization of these responsibility and commitment require Groups' strong leadership as well as inclusive and forward-looking strategies so as to ensure the social and human rights values, as integral part to the global sustainability agenda are well integrated in their business operations.

The alleged exploitation of foreign workers² in the Groups' plantation sites has tremendous implications to their collective reputation, jeopardies the access to the global palm oil market and imposes risks to legal repercussions and non-compliance with the internationally-recognized labour standards. To date, the Groups have been undertaking numerous initiatives to investigate and verify the allegation in partnership with competent and independent entities. Such initiatives deserve appreciation but lacking concrete action plan to remedy the foreign workers' issues on the ground given the complex nature of their supply chain and current business model³.

In the spirit of sharing common values and visions to mainstream social and human rights aspects in the current sustainability agenda, The Forest Trust (TFT) views this as an opportunity to bring the agenda forward. This partnership permits us to identify gaps in the current policy commitment and practices specifically in the five focus areas (refer *Section 1.2*), and to provide a specific, measurable and time-bound plan of action to remedy the situations on the ground.

¹ Refer to FGV's Sustainability Report 2015. Available at <u>http://www.feldaglobal.com/wp-content/uploads/2016/12/CD-FGV-SR2014-2015.pdf</u>

² Refer to the news coverage by Wall Street Journal (WSJ) dated July 26, 2015. Available at <u>http://www.wsj.com/articles/palm-oil-migrant-workers-tell-of-abuses-on-malaysian-plantations-1437933321</u>

³ Current business model refers to situation whereby plantation works (e.g., spraying, planting, pruning etc.) are outsourced to contractors or sub-contractors whom may include the settlers and cooperatives.

Throughout our *Support for Transformation* journey, we found that the Groups have progressive policy commitments and standard operating procedures (SOPs) that integrate elements of upholding and respect to social and human rights of their workforce including foreign workers.⁴ However, such policy commitments and SOPs are not entirely translated into concrete practices on sites given the complex nature of their supply chain and business partners, volatility of the government's foreign workers policy (e.g., recruitment of foreign workers and quota application) and inadequate understanding and ability among the Groups' officials on sites to drive transformation on the ground.

Our assessment of selected sites (refer *Part 2*) found relatively decent progress made by the Groups on sites despite some critical areas that need to be corrected immediately with particular emphasis given to the prevention of forced / bonded labour, minimum wage and safety & health, across the Groups. Additionally, there are social and human rights issues that are linked to the use of contractors (e.g., the hiring of undocumented foreign workers) across entity (FGVPM, Felda & FTPSB) that need to be addressed (refer *Part 2*, *Section 2.4*).

To ensure an inclusive, sustainable as well as bottom-up & top-down tree transformation in the areas of social and human rights aspects to occur, we propose for a specific and time-bound plan of action (refer *Part 3*). The development of this action plan is inspired by the United Nations (UN) Guiding Principles on Business & Human Rights, divided into four pillars namely the institutional strengthening and leadership; policy commitment; due diligence; and supplier, community and external stakeholders' engagement.

The successful implementation of this action plan requires strong leadership, financial commitment and mutual endeavours from the Groups to collectively manifest these comprehensive social and human rights visions, as part of the sustainability agenda to their entire business operations and supply chain.

⁴ However, none of the Groups have specific policy statement on the prevention forced / bonded labour in their existing Group's Sustainability Policy.

PART 1 Background

1.1 Introduction

The Groups' current sustainability policies facilitate the achievement of the Groups' commitment to conduct business responsibly through the integration of Economic, Environmental, and Social ("EES") considerations, throughout the business operation.

The policies aim to ensure that the Groups' activities create trust and long-term value for the business, in ways that will effectively address the EES risks and opportunities to achieve business and operational excellence.

Policy perspectives are wide-ranging with issues related to environmental stewardship and agricultural sustainability, conservation of HCV forests, and social and economic responsibility with the ultimate goal to strengthen human and social capital.

Given the extent of Groups' operations as well as the complexity of the issues covered in its sustainability policies, adherence to policy perspectives requires strong internal commitment, with strategic support from key stakeholders.

The Forest Trust (TFT) has the knowledge and experience for a firm understanding of the context of challenges faced by the Groups, particularly to meet market requirements for fair and decent working conditions with no exploitative workplace practices. Addressing these complex issues and offering viable remediation processes requires the exploration of new ideas and concepts, aimed at actively integrating social and human rights elements into Groups' business practices across its value chain.

Against this background, TFT offers the "Support for Transformation" initiative in four selected sites of FGVPM, Felda & FTPSB (refer Section 1.3), focusing on five focus areas affecting foreign workers in oil palm plantations.

Objectives of this initiative are two-fold:

- First, to identify gaps in policy and implementation revolving around the five focus areas as highlighted by previous assessment/report undertaken by Wild Asia; and
- Second, to recommend a *Specific*, *Measurable* and *Time-Bound* plan of action, providing the Groups with robust steps forward to ensure compliance with the five focus areas (to meet at least level 1 of TFTs Guidelines for Sites).

1.2 Focus Areas & Selected Indicators

The Support for Transformation initiative aims to identify gaps between policy and implementation as well as to recommend specific and hands-on set of action plan to address *five prevalent issues* (refer *Figure* 1 below), which were previously highlighted by the Wall Street Journal (WSJ) on 26 July 2015, and which were further reported in the assessment carried out by Wild Asia (WA) in November 2015.



Figure 1: Five Focus Areas under TFT-FGV Support for Transformation Initiative

To provide clear steps to implement and sustain good foreign workers management practices, a total of 42 indicators derived from TFT's No Exploitation Guidelines for Sites were used to assess each of the five focus areas (refer *Table 1* below; detailed indicators refer *Annex 1*). We used indicators capped at Level 1 as the most critical level to be achieved.

Table 1: TFT No Exploitation's Indicators Used in the Assessment of Selected Sites

Forced / Bonded Labour	Ethical Recruitment	Employment Contract	Minimum Wage	Safety & Health
10 Indicators	4 Indicators	4 Indicators	7 Indicators	17 Indicators
42 Total Indicators Used (Level 1)				

1.3 Sampling Sites

There is a total of **52** *Rancangan* Felda (plantation sites) located in Wilayah Raja Alias (*Wilayah* or Regional Management Unit), Jempol, Negeri Sembilan.⁵

However, only four *Rancangan* were selected for the purpose of this support for transformation initiative.

The <u>selection of sampling sites</u> was made along specific criteria which took into consideration the following characteristics:

• Each estate shall be **managed by one particular entity** (e.g., estate managed by FGV)

⁵ Further info on Felda Regional Management Unit and *Rancangan*, refer to Wild Asia's report (2016: pp. 14-17). Available at <u>http://www.feldaglobal.com/wp-content/uploads/2016/10/FGV-Group-Review-and-Field-Report_04032016.pdf</u>

- Estate with **two categories of foreign workers** namely "direct foreign workers" and "contract foreign workers";
- Estate that has a **variety of foreign workers by nationality**, with particular emphasis on Indonesian and Bangladeshi foreign workers;
- Estate with **critical foreign workers' issues** pertaining to the five focus areas (*forced* /*bonded labour, passport retention, ethical recruitment, minimum wage, and health and safety*).

Based on these criteria, four sites (*Rancangan*) within Wilayah Raja Alias were selected (refer *Figure 2*). They include three *Rancangan* namely Bera Selatan 3, Serting Hilir 3 and Palong 1 which managed respectively by FGVPM, Felda & FTPSB. Another site namely Felda Lui Timur is managed in a mixed structure between Felda and Independent Settlers (further information on Independent Settlers refer *Section 1.6.1[D]*) & *Annex 3* (*Rapid Appraisal – Independent Settlers of Felda Lui Timur*).

In our Assessment (refer Part 2 on *Assessment Findings & Corrective Action*), attention is given to the three *Rancangan* managed respectively by FGVPM, Felda and FTPSB (*Bera Selatan 3, Serting Hilir 3* and *Palong 1*).

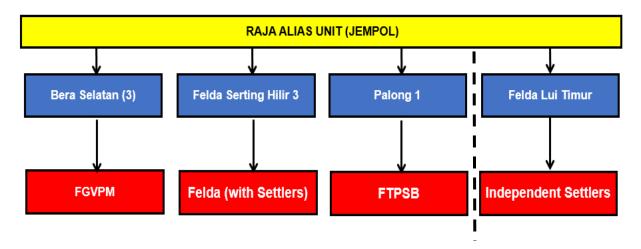


Figure 2: Selected Four Sites within Wilayah Raja Alias for Field Visit

1.4 Methods

In the conduct of this initiative, we used the following data and information gathering methods (refer *Table 2* below).

Methods	Stakeholders involved	Period	Place
DesktopTFT TeamDesktop(Cross-checking information from FGVPM)		18- 29 Oct 2016	Kuala Lumpur
	Consultation with Top Management and JTK of FGVPM, Felda & FTPSB	Oct & Nov 2016	Kuala Lumpur
Consultation & Engagement	Consultation with operators on sites of FGVPM, Felda & FTPSB	14 – 23 Nov 2016	Jempol, Negeri Sembilan
	Consultation with Social Compliance Steering Committee & Task Force	15 Nov 2016 & 10 Jan 2017	Kuala Lumpur
	Consultation with external stakeholder (SUHAKAM)	12 January 2017	Kuala Lumpur
Focus Group Discussion	Focus group discussions with local communities / settlers	14 – 23 Nov 2016	Jempol, Negeri Sembilan
Survey (random sampling technique)	Survey was undertaken towards direct and contract foreign workers from <i>Bera</i> <i>Selatan 3</i> , <i>Serting Hilir 3</i> and <i>Palong 1</i> . <u>Refer Table 3 (Key demographic profiles of</u> <u>respondents)</u>	14 – 23 Nov 2016	Jempol, Negeri Sembilan
Field Observation	Field observation was undertaken at four <i>Rancangan</i> including <i>Felda Lui Timur</i>	14 – 23 Nov 2016	Jempol, Negeri Sembilan

Table 2: Methods	Stakeholders	Involved	and Period	of Engagem	ent/Filed Visit
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1.4.1 Key Demographic Profiles of Respondents

Subjects /	Bera Selatan 3	Serting Hilir 3	Palong 1	
Rancangan		U U	C C	
	21	9	13	
	Surveyed Respondents	Surveyed Respondents	Surveyed Respondents	
Sampling size		v 1		
	14% of the total (<u>152</u>)	70% of the total (<u>13</u>)	22% of the total (<u>59</u>)	
	foreign workers	foreign workers	foreign workers	
	16	N.A	12	
	Direct workers	Direct workers	Direct workers	
Employment status	_			
status	5	9		
	Contract workers	Contract workers	Contract workers	
	19	6	10	
NT / /	Indonesia	Indonesia	Indonesia	
Nationality	2	3	2	
	2 Bangladesh	3 Bangladesh	3 Bangladesh	
	Dangiadesii	Dangradesh	Dangiadesii	
	13	2	7	
	18-30 years old	18-30 years old	18-30 years old	
Age	6	Λ	1	
8	31-40 years old	4 31-40 years old	4 31-40 years old	
	,	, i i j i i i i i i	,	
	2	3	2	
	41-50 years old	41-50 years old	41-50 years old	
43				
Total respo	ondents surveyed from B e		lir 3 and Palong 1	

 Table 3: Key Demographic Profiles of Respondents

Note: Total number of foreign workers (both direct and contract workers) is fluctuating on monthly basis. The numbers of foreign workers reflected above are as of 2016, October.

1.5 Limitation

Limitation appears in the forms of limited number of sampling sites (plantation), small samples of respondents, period of field visits (time factor) and limited understanding of subject matters (e.g., definition of forced labour) among foreign workers and officials on sites.

Hence, findings resulting from the field visits (refer *Part 2*) at the three selected sites between 14 and 23 November 2016 (7 days of field visits) <u>do not conclude similar findings concerning</u> the five focus areas in the same sites in the future as well as other plantation sites under <u>FGVPM</u>, Felda & FTPSB.

In relation to limited understanding among foreign workers and officials on sites on subject matters (e.g., definition of forced labour, freedom of movement, minimum wage – just to mention a few) – we employed dual strategies as follows:

- First, raising awareness by briefly explain some of the important operational definitions to workers and officials on sites (before ask questions); and
- Second, gather their responses (through survey & consultation) after certain level of understanding is achieved.

These dual strategies are imperative to ensure responses given to us are factually right and unbiased.

Notwithstanding with the above limitations, this exercise emphases on developing a set of *specific, measurable* and *time-bound* plan of action. To overcome the above-mentioned limitations, we make use of the existing assessment and verification reports published by Wild Asia (WA) and Accreditation Services International (ASI), as well as secondary reports from various sources. Information retrieved from these sources have value added to the assessment findings (refer *Part 2*) and action plan (refer *Part 3*).

1.6 Companies Profiles & Foreign Workers Management System

1.6.1 Brief Background of FGV, Felda & FTP

A. Felda Global Ventures (FGV)

Felda Global Ventures Holdings Berhad Sdn. Bhd. (FGV) is a public-listed company, operating as a commercial arm for Felda's overseas investment in upstream and downstream palm oil businesses. FGV operates a total of 70 palm oil mills, 416 palm oil estates and 4 palm kernel mills throughout Malaysia.⁶ The organization is a member of RSPO since 2004 (until May 2016), and had been taking an active role in the RSPO certification.

B. Federal Land Development Authority (Felda)

Federal Land Development Authority (Felda) is a Malaysian government agency which was founded on 1 July 1956, under the Land Development Ordinance of 1956. Felda was established with objective to eradicate poverty through cultivation of palm oil and rubber. After 50 years of operation, Felda grew to become one of the world's largest Oil Palm producers. Felda envisions to be as an economic powerhouse to generate high income for settlers in Felda schemes and surrounding areas. Presently Felda has opened up 275 plantations with 103,156 settlers and has developed about 477,578 hectares of land.

C. Felda Technoplant (FTP)

Felda Technoplant Sdn Bhd is a subsidiary of Felda Holdings Berhad and was established in 22 June 2005 to manage the FELDA settlers and their plantation. The main activities conducted are replanting estates, managing immature and mature plantation as well as supplying resources for estate replanting.⁷

⁷ Ibid.

⁶ Further info on oil palm clusters, refer to Wild Asia's report (2016: p. 13). Available at <u>http://www.feldaglobal.com/wp-content/uploads/2016/10/FGV-Group-Review-and-Field-Report 04032016.pdf</u>

D. Felda Independent Settlers

Independent settlers are settlers who owned and managed their land independently, without intervention from Felda. Felda does however support the settlers in providing facilities, welfare and resource providence.

1.6.2 Foreign Workers Management System

A. Foreign Workers' Management System

Each entity (FGV, Felda & FTP) has their respective *Jabatan Tenaga Kerja* (JTK – Labour Department) whose responsibility is to manage foreign workers especially direct foreign workers. JTK's functions include managing foreign workers' quota application, appointment of labour agents, recruitment of foreign workers, facilitate the entry of foreign workers, administrative support to foreign workers, managing repatriation of workers, organizing training and induction as well as placement of foreign workers in plantation sites.

Further on the recruitment of foreign workers and other functions of JTKs from respective entity, refer Wild Asia report (2016: pp. 25-31). Available at http://www.feldaglobal.com/wp-content/uploads/2016/10/FGV-Group-Review-and-Field-Report_04032016.pdf

B. Foreign Workers' Profiles of FGVPM, Felda & FTPSB

As of March 2016, there was a total of 22,548 foreign workers consist of 20,027 (88.8%) direct foreign workers and 2,521 (11.2%) contract foreign workers from all three entities FGVPM, Felda & FTPSB. Breakdown of the foreign workers by status of employment by respective entity, refer *Table 4* below.

Table 4: Total Number of Direct & Contract Foreign Workers under FGVPM, Felda &FTPSB, Peninsular Malaysia, 2016

Status of Employment / Entity	Direct Foreign Workers	Contract Foreign Workers
FGVPM	15,263	1,216
Felda	1,334	Not recorded
FTPSB	6,665	2,965
Total	23,262	4,181

Note: All data shown as of March 2016, retrieved from Wild Asia report (2016: p. 26)⁸, with the exception of FTPSB's data (as of November 2016).

Table 5 below shows number of direct foreign workers by nationality. There are four major nationalities of direct foreign workers employed by FGVPM, Felda and FTPSB.

Table 5: Total Number of Direct Foreign Workers under FGVPM, Felda & FTPSB
according to Nationality, throughout Peninsular Malaysia, 2016

Status of Employment / Entity	FGVPM	Felda	FTPSB
Indonesia	10,472	1,114	5,075
Bangladesh	4,103	9	540
India	299	199	345
Nepal	273	12	154
Others	116	N.A	557
Total	15,263	1,334	6,665

Note: Data shown as of March 2016, retrieved from Wild Asia report (2016: p. 26)⁹, with the exception of FTPSB's data (as of November 2016). Data shown above exclude contract foreign workers from FGVPM, Felda & FTPSB.

⁸ Further info on Felda Regional Management Unit and *Rancangan*, refer to Wild Asia's report (2016: pp. 14-17). Available at <u>http://www.feldaglobal.com/wp-content/uploads/2016/10/FGV-Group-Review-and-Field-Report_04032016.pdf</u>

⁹ Ibid.

C. Foreign Workers' Profiles in Selected Sites

Table 6: Total Number of Direct & Contract Foreign Workers in Bera Selatan 3(FGVPM), Serting Hilir 3 (Felda) & Palong 1 (FTPSB), as of October 2016

Status of Employment / Entity	Bera Selatan 3	Serting Hilir 3	Palong 1	Felda Lui Timur
Direct Foreign Workers	136	*N.A	47	0
Contract Foreign Workers	16	13	1	7
Total	152	13	48	7

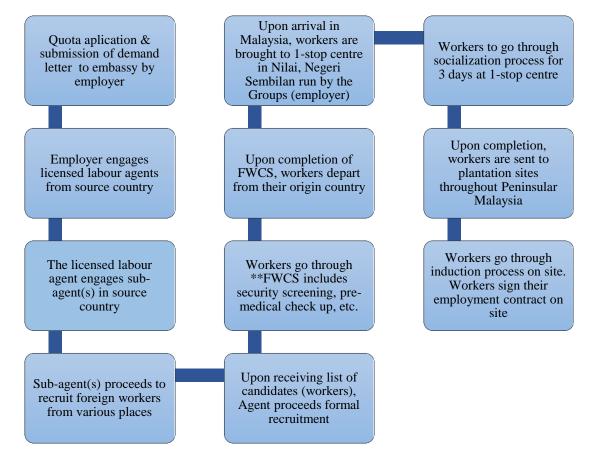
Note: Data received from JTK Offices of FGVPM, Felda & FTPSB.

* No direct contract foreign workers are hired under Felda in Serting Hilir 3.

D. Recruitment & Hiring Trajectory (Direct & Contract Foreign Workers)

As mentioned previously, direct foreign workers are directly recruited by FGVPM, Felda and FTPSB through their licensed labour agents in source country.

Figure 3 below depicts the process of recruitment and hiring trajectory of direct foreign workers under FGVPM, Felda and FTPSB.



*Figure 3: Recruitment & Hiring Trajectory for Direct Foreign Workers

Note:

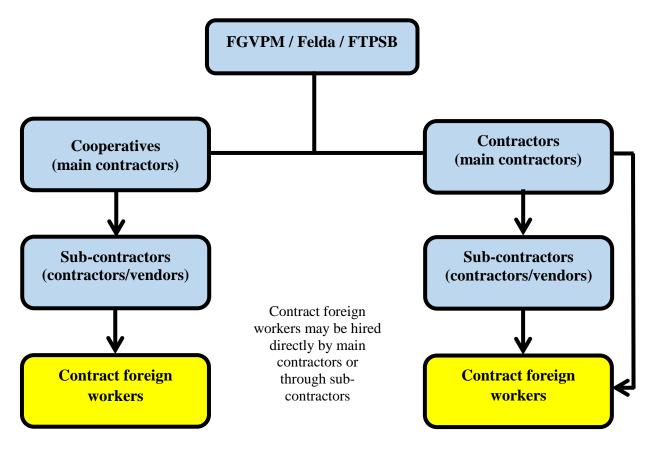
* This trajectory applies to FGVPM, Felda & FTPSB

** FWCS refers to Foreign Workers Centralized System

Nevertheless, mode of recruitment and hiring of contract foreign workers under contractors is unclear and vary in practice from one to another contractor / individual vendor.

Instead of making generalization of the recruitment and hiring trajectory of contract foreign workers under contractors, *Figure 4* below suggests contract foreign worker's management structure.

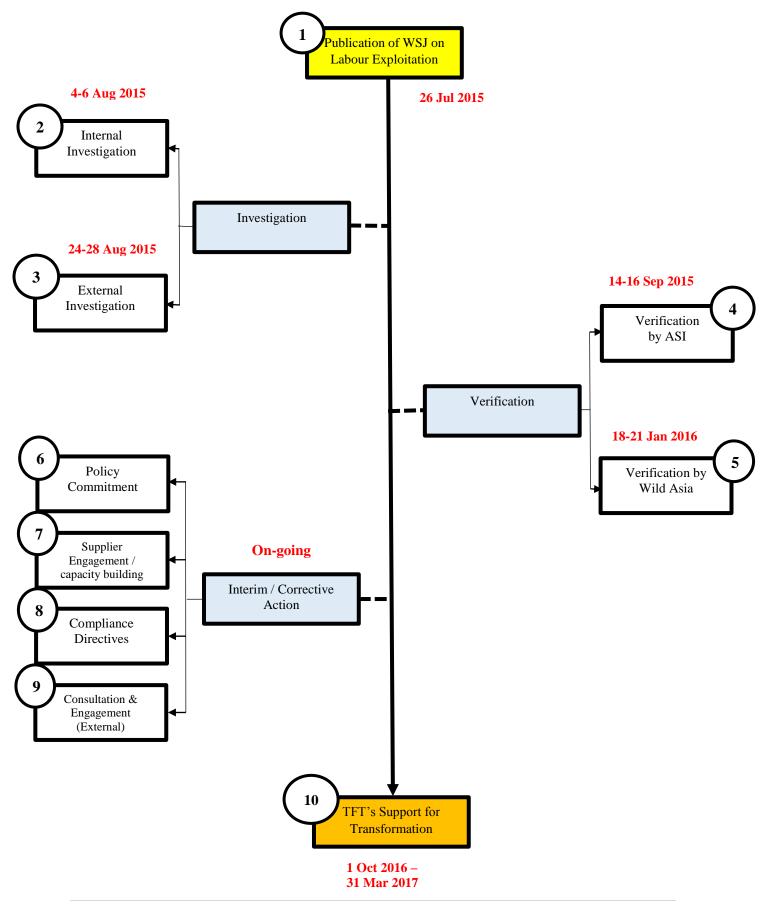
*Figure 4: Foreign Workers' Management Structure (Contract Foreign Workers under Contractors)



Note:

* This foreign workers' management structure applies generally to all contractors / vendors in FGVPM, Felda & FTPSB's sites

1.7 Progress Review (Figure 5 - Flow Chart)



Progress Review (Narrative)

No.	Subject / Action	Note / Commentary	Date	Entity
1	Publication of Wall Street Journal (WSJ)	Allegation of labour exploitation (foreign workers) on sites. Full publication available at <u>http://www.wsj.com/articles/palm-oil-</u> <u>migrant-workers-tell-of-abuses-on-malaysian-plantations-1437933321</u>	26 July 2015	FGV, Felda & FTP
2	An internal investigation conducted by Certification & Due Diligence (CDD), FGV	Internal investigation made at the alleged sites.	4-6 Aug 2015	FGV, Felda & FTP
3	External Investigation conducted Certification Body, Control Union Certification.	External investigation made at the alleged sites.	24-28 Aug 2015	FGV, Felda & FTP
4	Verification by Accreditation Services International (ASI)	Verification undertaken at the alleged sites, as instructed by RSPO. Full assessment report available at <u>http://www.accreditation-</u> <u>services.com/resources/document-library/download-info/asi-rspo-</u> <u>complianceinvestigation-pt-mutuagung-lestari-cu-at-felda-malaysia-</u> <u>2015</u>	14-16 Aug 2015	FGV, Felda & FTP
5	Verification by Wild Asia (WA)	Verification undertaken at the alleged sites. WA came up with overarching action plan. Full assessment report available at http://www.feldaglobal.com/wp-content/uploads/2016/10/FGV-Group-Review-and-Field-Report_04032016.pdf	18-21 Jan 2016	FGV, Felda & FTP
6	Interim / Corrective Action – Strengthening policy commitment	 6.1 Review and Update of FGV's Group Sustainability Policy FGV has successfully reviewed and updated its Group Sustainability Policy. The social and human rights aspects of 	Last update 25 August 2016	FGV

Table 7: Progress Review of FGV, Felda & FTPB (Narrative)

 the policy covered under "Social & Economic Responsibility". The Group Sustainability Policy was approved by FGV's Board of Directors on 25 August 2016. Full Policy available at <u>http://www.feldaglobal.com/wp-content/uploads/2016/10/Group-Sustainability-Policy-edited-external.pdf</u> 6.2 Review and Update of Felda and FTP's Standard Operating Procedures (SOP) on the Hiring of Foreign Workers Felda & FTP are in the midst of reviewing and updating their SOPs on the recruitment process and hiring of foreign workers. The SOPs intend to cover various aspects of the hiring of foreign workers at <i>Rancangan</i>, training & induction, grievance procedures, passport handling, accident and insurance, 	On-going	Felda & FTP
 6.3 Development of SOPs on "Returning & Safe-Keeping of Passports by Foreign Workers" As part of its on-going effort to return foreign workers' passports, FGV has developed SOPs which include detailed and careful process of returning passports and safe-keeping's responsibility by foreign workers. FGV planned to embark 3-stage of pilot project to return foreign workers' passports. FGV has successfully embarked the first stage on May 2016 involving 4 <i>Rancangan</i> (plantation sites) under FGV namely Tenggaroh 11, Krau 3, Bukit Sagu 4 and Besaout 6. 	From May 2016 – on going	FGV

7	Interim / Corrective Action – Contractor (supplier) engagement / capacity building	 About 66% (391 workers) of the total foreign workers (593 workers) from all 4 <i>Rancangan</i> had participated in the programme. As of October 2016, about 5% (18 workers) of the total foreign workers (391 workers) participated in the programme who had absconded with their passports. The other 4.1% (16 workers) absconded without their passports and 1.3% (5 workers) did not return to plantation after returning back to their origin country. FGV is in the midst of preparing for the 2nd and 3rd stages of its pilot programme on returning foreign workers' passport. 7.1 Engagement with Contractors through Roadshows and Briefing on Social & Labour Issues Between October and December 2016, FGV, Felda & FTP organized a series of briefings (<i>taklimat</i>) for contractors in 7 <i>Wilayah</i> offices namely Trolak, Raja Alias, Gua Musang, Terengganu, Mempaga, Jengka and Kuantan. Briefings were organized in relation to social and labour compliance pursuant to RSPO's standards. Among labour issues were covered include recruitment of foreign workers, provision of employment contract, payment of minimum wage, workers' accommodation, working hours, guidelines on safety and health and passport retention and insurance. 	October & November 2016	FGV, Felda & FTP
		 7.2 Provision of Administrative Support to Contractors (Supplier) FGV, Felda and FTP have continuously engaged their respective contractors in order to coach and provide 	On-going	FGV, Felda & FTP

		 administrative supports on issues related to the hiring of undocumented workers, the absence of employment contract and payslip among contract foreign workers. Among initiatives undertaken were the provision of sample employment contract and workers' payslips that complied with relevant national laws and regulations – to be adopted by contractors. 		
8	Interim / Corrective Action – Compliance directives	 8.1 Circulation of Compliance Directives to Wilayah & Rancangan Offices FGV, Felda & FTP circulated compliance directives to their respective Wilayah & Rancangan offices in relation to the following issues: Hiring of undocumented foreign workers by contractors; Absence of sufficient foreign workers' information (e.g., passport number, status of employment and details of their passport); Absence of employment contract, monthly payslip and insurance coverage among contract foreign workers; Absence of foreign workers' documents in Rancangan offices such as copy of contract workers' employment contract, monthly payslip, insurance and bank guarantee slip; Issues surrounding workers' accommodation/hostel (noncompliant) as well as issue on illegal settlement for/among foreign workers. Circulation of compliance directives is to ensure all contractors manage their contract foreign workers in compliance with respective FGV, Felda & FTP's sustainability policies and SOPs. 	On-going .	FGV, Felda & FTP

		 Nevertheless, due to lack of monitoring and stern actions taken by Wilayah and Rancangan offices to their respective contractors (for non-compliant), it is found that some contractors failed to comply or undertake necessary action as instructed through compliance directives (circulars) (refer Part 2 "Assessment Findings & Corrective Findings". 		
9	Interim / Corrective Action – Consultation & Engagement (External)	 9.1 Continuous Engagement & Communication with External Stakeholder(s) On 30 March 2016, FGV responded to statements made by RAN to urge FGV and Felda to take robust, transparent action to address ongoing risks in relation to the hiring of foreign workers. Full response available at http://www.feldaglobal.com/wp-content/uploads/2016/04/201603301415_ran.pdf On 30 May 2016, FGV communicated to its business partners on its withdrawal of RSPO Principles & Criteria (P&C) Certificates. FGV clarified that the withdrawal permitted FGV and Felda to remedy and strengthen sustainable plantation practices throughout their supply chain. FGV also stressed that the withdrawal allowed them to be more inclusive in certification between commercially managed plantation by FGV and Felda Settlers. Letter is available at http://www.feldaglobal.com/wp-content/uploads/2016/06/Withdrawal-of-RSPO-Letter-to-Customers-30-May-2016-11.pdf On 5 October 2016, FGV responded to RAN's letter in relation to the adoption of six key policy issues and corrective action to be undertaken by FGV and its supply chain. In its letter, FGV stressed that industry-wide collaboration is necessary to resolve prevailing social and foreign workers issues facing palm oil players. Full letter available at the stresment and the stresment content is supply chain. 	2016	FGV

		 http://www.feldaglobal.com/wp- content/uploads/2016/10/Response-to-RANs-letter-to- customers-1.pdf 9.2 Consultation with External Stakeholders on Social & Labour Issues (Industry & NGOs Roundtable) Under the leadership of FGV, the Group consists of FGV, Felda & FTP organized a half-day workshop on 20 December 2016, to discuss and share best practices on issues pertaining to ethical recruitment and prohibition of passport retention. Among stakeholders participated in the workshop include other oil palm players such as Wilmar, P&G, Sime Darby, United Plantations, IOI and Cargill; non-governmental organization (NGO) TENAGANITA as well as government agencies including Labour Department, Immigration Department and Malaysian Palm Oil Association (MPOA). 	20 December 2016	Led by FGV (together with Felda & FTP
10	TFT's Support for Transformation	Focus on five focus areas: Forced / bonded labour, ethical recruitment, employment contract, wage (minimum wage) & safety and health. Further refer to " <i>A Snapshot of TFT's Support for Transformation</i> <i>Journey</i> "	Oct 2016 to Mar 2017	TFT & FGV

1.8 A Snapshot of TFT's Support for Transformation Journey

No	No. Activities Date/Period				
110.	Activities	Daterrenou			
	1. Preparation & Socialization				
A.	Desktop Review (by TFT)	18 – 29 Oct 2016			
B.	Kick-Off Meeting – Introduction TFT as a Social	5 Oct 2016			
	Compliance Partner				
C.	Socialization Meeting (Collective) with FGV, Felda & FTP	18 Oct 2016			
D.	Socialization Meeting with Jabatan Tenaga Kerja (Felda)	31 Oct 2016			
E.	Socialization Meeting with Jabatan Tenaga Kerja (FGV)	1 Nov 2016			
F.	Socialization Meeting with Jabatan Tenaga Kerja (FTP)	4 Nov 2016			
G.	Formation of Social Compliance Steering Committee &	October 2016			
	Task Force in October 2016 (refer Annex 2 – Formation of				
	Steering Committee & Task Force)				
	2. Field Visit				
А.	Bera Selatan 3 - FGVPM	14 & 15 Nov 2016			
A. B.	Serting Hilir 3 - Felda	16 & 17 Nov 2016			
<u>Б.</u> С.	Palong 1 - FTPSB	21 & 22 Nov 2016			
D.	Lui Timur – Felda with Independent Settlers	21 & 22 Nov 2010 23 Nov 2016			
<u>D</u> .	1 1	23 INOV 2010			
	3. Reporting				
A.	Reporting of Field Findings & Drafting of Action Plan	28 Nov 2016 to			
		9 Dec 2016			
	4. Presentation & Consultation				
A.	Presentation & Consultation of Draft Action Plan with	15 Dec 2016			
	Social Compliance Task Force				
B.	Presentation & Consultation of Draft Action Plan with	12 Jan 2017			
	Malaysia's Human Rights Commission (SUHAKAM).				
C.	Presentation & Consultation of Draft Action Plan with	10 Feb 2017			
	Social Compliance Steering Committee				
5.	Implementation of Corrective Action (on-sites) & Action Pla	an (headquarters)			
А.	Implementation of <i>Corrective Action</i> at sites (Bera Selatan 3,	February-March			
11.	Serting Hilir 3 & Palong 1)	2017			
B.	FGV, Felda & FTP to implement <u>Action Plan</u> at	Various (<i>short</i> ,			
Ъ.	headquarters level.	medium & long			
	neuequitiers rever.	terms)			
	6. Progress Update & Final Review				
		20 4 11 2017			
A.	Progress update (for <u>Corrective Action</u> & <u>Action Plan</u>)	30 April 2017			
	& Final Review				

Table 8: Snapshot of TFT's Support for Transformation Journey

PART 2 Assessment of Selected Sites & Corrective Action

2.1 Introduction

Assessment of selected sites is based on TFT's Guidelines for Sites. It addresses five focus areas namely Forced / bonded labour, ethical recruitment, employment contract, wage (minimum wage) and safety & health. There is a total of 42 indicators (Level 1) around the five focus areas used to identify and benchmark the current labour management and practice at the selected sites *Bera Selatan 3* (FGVPM), *Serting Hilir 3* (Felda) and *Palong 1* (FTPSB).

For the purpose of benchmarking the current labour management and practice, we use threelevel of attainment strategy with their corresponding colour code and definition for each of the level (refer *Table 9* below). *Corrective action* refers to action that needs to be undertaken by officials on sites.

Level of Attainment	Colour Code	Definition (Parameters)
Fully Attained		<i>Sites</i> have policies / SOPSs and practices that are fully compliant to national and/or international laws and regulations.<i>Sites</i> and its supply chain have met TFT's Guidelines for Sites (Level 1).
Partially Attained / In Progress	0	 Sites do not have specific policies & SOPs but observe industrial best practices and are making significant progress to comply with national and/or international laws and regulations. Sites and its supply chain do not fully meet TFT's Guidelines for Sites (Level 1) but are making significant progress at the time of assessment.
Not Attained		 <i>Sites</i> do not have policies, SOPs and practices that comply with national and/or international laws and regulations, as well as industrial best practices. <i>Sites</i> and their supply chain do not meet TFT's Guidelines for Sites and have not taken significant action to progress to achieve Level 1.

Note:

• *Sites* herewith refer to selected sites that were visited by TFT namely *Bera Selatan 3* (under FGVPM), *Serting Hilir 3* (under Felda) and *Palong 1* (under FTPSB).

- *Entities* refer to FGVPM, Felda & FTPSB (at Headquarters level) *Supply chain* includes contractors and individual vendors. ٠
- •

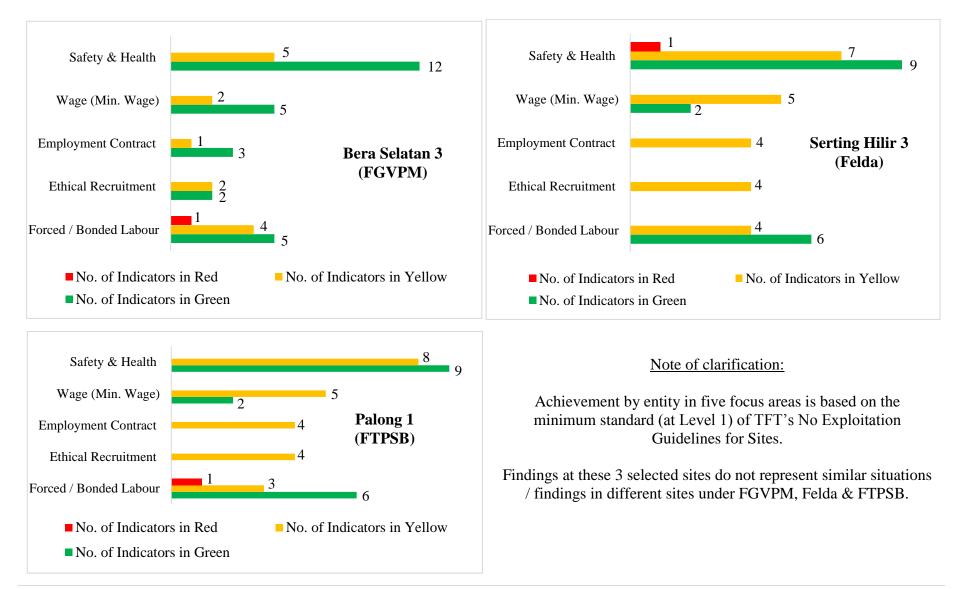
2.2 A Snapshot of Assessment Findings by Entity

Table 10: Cumulative Assessment Findings by Entity in Actual Number of Indicators			
Highlighted in Three Colour Codes			

Sites & Entities / Scoring	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)
No. of Indicators Highlighted in Green	27	17	17
No. of Indicators Highlighted in Yellow	14	24	24
No. of Indicators Highlighted in Red	1	1	1
Total Indicators	42 Indicators (in all 5 Focus Areas)		

Note of clarification:

Cumulative achievement by entity above is based on the minimum standards (at Level 1) of TFT's No Exploitation Guidelines for Sites. Findings at these 3 selected sites do not represent or conclude similar situations / findings in different sites under FGVPM, Felda & FTPSB.



Achievement by Entity in Actual Number of Indicators Highlighted in Three Colour Codes According to Five Focus Areas

Table 11:	Table 11: A Snapshot of Key Findings by Entity & Corrective Action						
Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)					
Focus Area: Forced / Bonded Labour	Focus Area: Safety & Health	Focus Area: Forced / Bonded Labour					
Key Findings:	Key Findings:	Key Findings:					
Direct foreign workers are not given their <i>I-Card</i> issued by Immigration Department of Malaysia.	None of the contractors / sub-contractors from <i>Serting Hilir 3</i> have a process in place for the rightful disbursement of insurance claims to the next of kin of their workers, in any case of death	Direct foreign workers are not given their <i>I</i> - <i>Card</i> . In the meantime, management kept their original passports.					
Management body of Bera Selatan 3 kept foreign workers' passport.		Corrective Action: Palong 1 together with JTK of FTPSB from					
Corrective Action:	It was also noted that some contract foreign workers are not provided with any insurance	Headquarters should find way to return <i>I</i> - <i>Card</i> to all their direct foreign workers					
<i>Bera Selatan 3</i> together with JTK of FGV from Headquarters should find way to	coverage including SPPA by their respective employer.	immediately.					
return <i>I-Card</i> to all direct foreign workers immediately.	<u>Corrective Action:</u>	Palong 1 should also explore ways to embark on an initiative to return foreign workers' passport in 2017.					
Bera Selatan 3 should be included in the next phase of returning foreign workers passport's initiative in 2017	Management body of <i>Serting Hilir 3</i> must ensure their contractors purchase insurance (SPPA) for all contract foreign workers, and have a process / SOP in place for the rightful disbursement of insurance to the next of kin in the event of death of their contract workers.						

2.3 A Snapshot of Key Findings by Entity & Corrective Action

2.4 A Snapshot of Key Findings (Cross-Entity)

Table 12: A Snapshot of Key Findings (Cross-Entity) Note: Issues found that are cross-entity (FGVPM, Felda & FTPSB's Sites) in nature mostly interlinked to the use of contractors consist of individual vendors, cooperative and companies. These findings applied generally to all Sites under FGVPM, Felda and FTPSB">FElda and FTPSB							
Focus Area 1: Forced Labour	Focus Area 2: Ethical Recruitment	Focus Area 3: Employment Contract	Focus Area 4: Wage (Minimum Wage)	Focus Area 5: Safety & Health			
Some contractors kept foreign workers' passport, with no proper process and documentation in place (e.g., no consent letter signed by workers) Some contractors admitted that they employed undocumented foreign workers. Some contractors practiced "sharing of foreign workers" among contractors from similar plantation or nearest plantation sites. This raises concern on legality aspect of the foreign workers' working permit, status of employment,	Some contractors have no standard operating procedures (SOPs) or proper procedures in place in the selection of labour agents and recruitment of their contract foreign workers. Some contractors used unknown labour agents and are not aware of the detailed background of their labour agents	Some contractors did not provide employment contract at all to their contract foreign workers.	Some contractors did not properly record deduction of wages (for various reasons such as advance money), and not reflected in monthly payment slip.	Some contract foreign workers were not provided with proper PPEs (for free) by their respective contractor. Wearing of PPEs by foreign workers (including contract workers) was not regularly monitored by contractors or management bodies of FGVPM, Felda & FTPSB. Some contract foreign workers claimed that they had never been trained by competent trainers especially for high risk plantation works such as chemical spraying. Some contract foreign workers			
responsibility of principle employers and risks of forced labour.				claimed they were not provided / purchased compulsory insurance scheme (SPPA).			

2.5 Assessment of Five Focus Areas

[1] FORCED / BONDED LABOUR

1.1 Clea	ur recruitment and e	employment policy pr labo		ivity linked to forced / bon	ded
	Level of Attainment	Level of (FGVPM) (Felda)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)	
	Attainment	\bigcirc	\bigcirc	\bigcirc	
			Corrective Action		
standard instance to recru SOPs fo workers foreign procedu Similarl pertainin respectiv These unethica Howeve specific	ties have their resp l operating procedu , FGVPM has a lis hitment and hiring or application of for , application of w workers, placer res. y, Felda and FTP ng to recruitment and ve organizations. SOPs include som l recruitment to min er, none of the Grou and strong policy of activities linked to	gn workers. For SOPs in relation which include ment of foreign g of absconded ad repatriation umber of SOPs workers in their sures, deterring labour. & FTPSB) have DPs in place that	Refer to action plan un Pillar 2 (Po Commitment under Sect 2.2). Note: No corrective ac is required on Sites.	licy tion	

1.2 Workers awareness on the right to freedom of movement, and workers have free access to areas outside company management. Bera Selatan 3 Serting Hilir 3 Palong 1 Level of (FGVPM) (Felda) (FTPSB) Attainment **Corrective Action** Findings Majority of the surveyed foreign workers from the three sites are All sites must take unaware of their right to freedom of movement (refer Table below): immediate action to simplify internal procedures to ensure Percentage (%) of workers aware/unaware/unsure of their foreign workers can Sites right to freedom of movement Total access areas outside Respondents company's their compound and Unaware Unsure/Did Aware accommodation not within 24-hours. respond 33.3% 4.8% 21 All sites must 61.9% Bera improve contents of Selatan 3 release letter. sufficient 9 detailing Serting 44.4% 0% <u>55.6%</u> employer's Hilir 3 information (e.g., person to contact and Palong 1 38.5% 61.5% 13 % contact number). All sites must keep records of any All foreign workers from all three sites have access to areas outside the incidences of estate (areas outside company management) especially after working arbitrary arrest and hours. any forms of exploitation of their However in order to access areas outside estates, there are certain workers by procedures put in place by management such as obtaining a *release* irresponsible letter (surat pelepasan) which may take between one to three days to personnel procure. representing government In case of emergency, officials from Bera Selatan 3, Serting Hilir 3 authorities and/or and **Palong 1** informed that foreign workers can be issued with a individuals. release letter immediately. The Release letter is a note of permission given by management to

foreign workers who wish to go outside the estate.

The purpose of the <i>release letter</i> goes beyond regulating movement of workers. It is also aimed at preventing arbitrary arrest and any other forms of harassment (extortion for money) against foreign workers by irresponsible personnel representing government authorities, or other individuals.	
Interview with foreign workers from <i>Bera Selatan 3</i> and <i>Serting Hilir 3</i> revealed that the <i>release letter</i> has been very useful for them when visiting nearby towns.	
Any individual or authority who doubts the (workers) status of employment can directly contact management from details in the <i>release letter</i> .	

	1.3 Workers awareness of conditions of employment & payment.								
		Leve Attain			<i>elatan 3</i> VPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)		
	Findings Corrective Action								
mi	random s ixed rea nploymer	ctions	eir <i>Selatan 3</i> must take necessary action(s) and strengthen efforts to						
	Sites		Percentage (%) of workers aware/unaware/unsure of their employment contract & payment details			Total Respondents	explain details of employment contract and terms of payment of wages to their direct and contract workers.		
		A	ware	Unaware	Unsure/Dic not respond		Management of Bera Selatan 3 to consider organizing another half-		
	Bera Selatan		38%	<u>52.4%</u>	9.5%	21	day session to explain the contents of foreign workers' employment		
	Sertin Hilir S		<u>4.4%</u>	11.1%	44.4%	9	contracts in a language the workers understand.		
	Palong	<u>1 9</u> 2	<u>2.3%</u>	7.7%	0%	13			

Lack of awareness among foreign workers of their own employment contract and payment details shows a need for consistent efforts mainly by management body of FGVPM (<i>Bera Selatan 3</i>), to raise awareness among their workers.	
The lack of awareness may increase their vulnerability to various forms of exploitation in areas such as annual leave entitlements, working hours, number of working days and payment of wages in the event these are not in line or lower than what they should enjoy in accordance to Malaysian labour law.	
Despite the lack of awareness among foreign workers on their own employment contract and payment details, management body of Bera Selatan 3 , in particular, claimed that efforts were made (such as organizing a half-day briefing to explain details of foreign workers' employment contract) – to ensure foreign workers understand details of their contract.	
Further assessment findings on employment contracts and payment of wages will be presented in the sections on "Focus Area 3: Employment Contract" & "Focus Area 4: Wage (Minimum Wage)".	

1.4 Workers are not forced to work overtime.							
	Level of	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)			
	Attainment						
		Corrective Action					
workers) Employr <i>Bera Se</i>	y, all foreign w from the three ent nent contracts sign latan 3 and Palon	e-rate basis. n workers from working hours,	All sites must ensure a foreign workers do not wor overtime of more than hours a day in line wit Malaysian labour law.				
	hours a day, wi nent for working ov	mentioning the	All sites are strongl recommended to kee				
It is a common practice in all three sites where foreign workers work between 6 and 8 hours per day (as regular hours) - from 7.00 am to between 1.00 pm and 3.00 pm every day.				records of working hour (regular & overtime hours of their foreign workers.			
Any fore	eign worker who w	ishes to continue wo	orking from 3.00	This will help managemen			

pm onwards is allowed to do so until approximately 6.00 pm on	to monitor number of
the same day. This affords foreign workers the opportunity to	working hours (regular) and
increase their monthly wage as their income is determined	overtime hours of their
based on their own productivity (piece-rate).	workers to ensure they
	comply with Malaysian
Interview with foreign workers found no indication where	labour law.
workers are forced to work overtime. Requirement of working	
overtime hours has not been made compulsory to all foreign	
workers.	
Further assessment findings on requirement for overtime work	
and payment for overtime appear in "Focus Area 4: Wage	
(Minimum Wage)".	

	Level of Attainment	Bera Selatan 3 (FGVPM)		Palong 1 (FTPSB)
	Attainment			
		Findings		Corrective Action
workers None of respectiv	from three entities the entities have re sites (plantation)		basis. structure in their	All sites must keep record of number of workin hours (regular an overtime) includin number of hours/minute for break time per day.
Foreign workers from the three entities are given flexibility to arrange their work time each day which includes arranging time for breaks within regular working hours (8-hour), i.e. workers can arrange and enjoy their break times at any time and for a certain period, (e.g., 30 minutes or more) within the regular working hours (8-hour) each day.				This must be reflected monthly check-roll kept b management and wor sheet (<i>kad kerja</i>) kept b foreign worke Information in month

Level of Attainment	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)
Attainment			
	Findings		Corrective Action
None of the entities requir deposits with their respecti Employment contracts si <i>Selatan 3</i> and <i>Palong 1</i> h of monetary deposits to be their employment period w Similarly, interview with d contract workers are required their respective employ undertaking long holidays. Our interview with dir confirmed that they are monetary deposits to their	ve management bodie gned by direct work have not indicated/rec e made by direct work with FGVPM and FTP contractors indicate no hired to lodge mone yers, for any reas ect and contract for not required to lodge	es. Kers from <i>Bera</i> quired any form kers throughout PSB. D practice where y deposits with sons including oreign workers ge any form of	All sites must monito ensure no practice of r deposit imposed contractors to their co workers. All sites must also m employment contract s between contractors their workers – ensuri requirement of any fo money deposits to workers.

1.7 Keeping of passports by which consent has been obtained from the workers. A system must be in place to ensure workers can access their passports within a reasonable period (1 day)

					7
	Level of	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)	
	Attainment		\bigcirc		
		Corrective A	Action		
original j However	nent bodies of B apassports of their d	legal requireme Passport Act (1 other national 1	ent under 966) and		
passports direct fo	t letter" which allows. It is also stated breign workers who ment on sites.	recognized			
their ori	et workers from B ginal passports be and reasons to acce	to return all	foreigr		
and Pale original	r, a number of surve ong 1 informed the passports especially d is just a "release b				
managen workers	on to the withholdinent bodies of <i>Bera</i> are not given the tion Department of				
all <i>I-care</i> Kuala Lu distributi	ment bodies of Ber ds of their direct w umpur. Both mana ing the <i>I-card</i> to arrest by authorities				
Bera Sel Hilir 3 a	<i>latan 3</i> and <i>Palong</i> and <i>Palong 1</i> have	dertaken by the ma <i>1</i> , a number of contra- shown good praction bassports and <i>I-card</i> .	ractors from Serting		

Interview with contractors from *Serting Hilir 3* and *Palong 1* indicated that elements of "mutual-trust" is key to allow workers to keep their own passport. Foreign workers would appreciate this, and in return, they will work harder.

Factors Contributing Foreign Workers' Abscondment

Survey towards foreign workers suggests 7 possible factors that contribute towards abscondment among foreign workers (refer Table below).

Reason(s) for abscondment among	Percentage (%) of workers				
foreign workers	Bera Selatan 3	Serting Hilir 3	Palong 1		
Wage is insufficient	<u>71.4%</u>	<u>56%</u>	<u>38.5%</u>		
Follow relative or friend	9.5%	0%	23.1%		
Incapable to work in plantation (heavy)	9.5%	0%	0%		
Their welfare is not taken care of	14.3%	0%	0%		
Unpaid wage	0%	22.2%	0%		
Personal reasons	14.3%	0%	31.0%		
No answer / unsure	0%	22.2%	15.4%		
Total respondents	21	9	13		

None of the factors (responses) however suggests that returning passport is being the reason for abscondment among foreign workers.

Instead, insufficient wage offered by employers is one of the critical factors contributing to incidences of abscondment among foreign workers in general.

Our survey also indicated other contributing factors that may influence workers to abscond from their existing employers such as "incapability of workers to undertake heavy work in plantation", "their welfare is not taken care of (e.g., hardly get medical leave)", "workers are not being paid or inconsistent monthly payment of wages" and "other personal reasons".

Foreign Workers' Responses to Keep Their Own Passports

Our survey also found that majority of the surveyed foreign workers from *Bera Selatan 3*, *Serting Hilir 3* and *Palong 1* are ready and willing to keep their own passports should management decide to return their passports (refer *table* below).

Sites	Percenta are will keep retur	Total Respondents		
	Willing	Unwilling	Unsure/Did not respond	
Bera Selatan 3	<u>90.5%</u>	9.5%	0%	21
Serting Hilir 3	<u>55.6%</u>	0%	44.4%	9
Palong 1	<u>69.2%</u>	30.8%	0%	13

If passports are returned, some of the surveyed foreign workers expressed fear of losing/mis-placing their passports due to the lack of a safe place (personal lockers) to keep this important document.

Respondents suggested management provides safe lockers within, or close to their accommodation to enable workers to keep their passports safely.

In the event where passports are lost or stolen, respondents expressed their readiness to bear any administrative costs of getting a replacement passport.

1.8 Any		should be document ransparent and capp			t should	
	Level of Attainment	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)		
	Attainment	\bigcirc	\bigcirc	\bigcirc		
	Findings Corrective A					
Palong I their dire However money to the prov	do not provide an ect foreign workers r, majority contract o their contract for ision of advance	era Selatan 3, Sen y form of monetary a tors in all three sites eign workers. Contra money is upon requ	advance or loans to s, provide advance actors claimed that	All sites must and ensure contractors keep of monetary adv loans provided contract foreign on a monthly bas	the record ances o to the worker	
foreign workers. Interview with contractors revealed that the advance money given to workers is to enable them to purchase essential goods, e.g. groceries, while waiting to receive their salary at the end of the month.				All entities must any deduction of made by contra their foreign wo reflected in the monthly payslip.	of wage actors to brkers i	
amount	of advance mone workers is usually	hat there is no intere y given to workers between 20% and 30	. Advance money			
advance (contract monthly	the surveyed for money between R for) every month. salary (average RM mposed to any amo					
monetary		wages resulting fro reflected in contrac				

1.9 <i>All</i>		afekeeping schemes vorkers have access	• •	ully documented where	eby
	Level of Attainment	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)	
	Attainment				
		Findings		Corrective Actio	n
practice their dire Majority the excep in the la keep the Newly r their ow consider home, a workers	any form of saving ect workers. direct workers und ption of newly recru- st six to 12 month ir monthly salary se ecruited workers w n money (salary). able amount of the is soon as they r	era Selatan 3 and s and/or wage safeke der Bera Selatan 3 a uited workers (those us) have bank accou curely. who do not have ba However, our surve ir income is immedia receive their month l amount of their m	and <i>Palong 1</i> , with recently employed ints to receive and ank accounts keep ey indicated that a ately remitted back ily salary. Hence,	Management bodie Bera Selatan 3 Palong 1 must ensu direct workers inclu- the newly recruits be given / provided individual bank acco All sites must encou- their contractors provide individual account to all contract workers.	and re all uding must with unt. urage to
Palong	<i>I</i> informed that the	Bera Selatan 3, Se ey do not provide a s for their contract we	ny form of saving		
neither	subscribe to any	act workers who co safekeeping sche employer (contracto	me nor do they		

	Level of	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)
	Attainment			
		Findings		Corrective Action
<i>Hilir 3</i> direct an	and <i>Palong 1</i> produced on the provide any dot not provide any dot	bodies of Bera Sel ovides safekeeping s workers. Similarly, o y form of safekeepin	scheme to their contractors from	N.A

[2] ETHICAL RECRUITMENT

2.1 The	recruitment proces	ss is transparent whe	reby all interm	ediaries and agents are know	wn.
	Level of Attainment	Bera Selatan 3 (FGVPM)	Serting Hilin (Felda)	• 3 Palong 1 (FTPSB)	
	Attainment		0	\bigcirc	
	Ι	Tindings		Corrective Action	
by resp headquar Recruitm	ective entities of rters level. nent of direct forei	direct foreign worke FGVPM, Felda gn workers for Felda	& FTPSB at	eligible and legal for	rs to nent only
FGVPM recruitme detailed level, sta committe	ent of their direct SOPs to determine andardized process	sive SOPs in place t foreign workers. ' manpower required t for an open tender t of labour agents w	These include at <i>Rancangan</i> r, selection of	immediately adopt implement the (improved) SOPs	nust and new for irect
agents v registere	who are awarded of	nformed that all ex- contracts to bring in l in their respective l practices.	n workers are		
to bring Indonesi	in workers from	hat it used Malaysian India, Bangladesh ar based in Indonesia	nd Nepal, and		
labour a FGVPM in FGVP performa	gents who wish to . These include - t PM's procurement s	place stringent stan o be appointed as c hey must be register system, have a good t al conduct of recruit	contractors for red as vendors track record of		
improve	d SOPs pertaining as appointment of	y are in the proces to recruitment of for labour agents from	oreign workers		

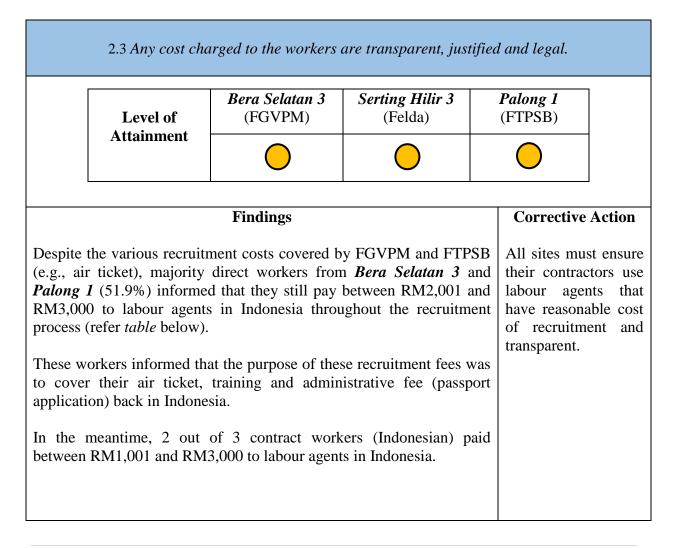
Nevertheless, it was noted throughout the field visits that none of the contractors from <i>Bera Selatan 3</i> , <i>Serting Hilir 3</i> and <i>Palong 1</i> have SOPs or any form of standardization pertaining to recruitment processes and appointment of labour agents.	
It was also apparent that contractors from <i>Serting Hilir 3</i> and <i>Palong 1</i> recruited workers (mostly Indonesian workers) through individual or other contractors who are not registered as labour agents.	
This raises concerns as to how these foreign workers were initially recruited and brought into Malaysia. A small number of contract foreign workers from <i>Serting Hilir 3</i> and <i>Palong 1</i> have their work permit issued by Immigration Department of Malaysia for work in the manufacturing sector - not plantations.	

2.2 In the event where third parties are involved in the recruitment process, fees and incentives are documented and records kept.

	Level of Attainment	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)
	Attainment	\bigcirc	\bigcirc	\bigcirc
		Findings		Corrective Act
their for foreign	reign workers. As workers is done	uding Felda) do not stated previously, by the appointed la puntries on behalf o	recruitment of bour agents in	All sites must ensu contractors use lega agents who recruit workers on their beh
JTK off manager	rial functions to en	and FTPSB have a sure the appointment ts is in line with Gro	and process of	All sites must en undocumented wor any reasons (e.g., ov or absconded worke employed and under plantation work in l
to recru	it foreign workers	osts incurred by FGV from source coun ement with labour age	tries are stated	Felda and I plantations (<i>Rancan</i> ,

For instance, FGVPM and FTPSB bear the recruitment fee of RM420 and air ticket of RM600 (from Nusa Tenggara to Kuala Lumpur) for each Indonesian worker recruited through its

labour agent in Indonesia.	
Upon arrival in Malaysia, FGVPM and FTSPB cover the cost of medical examination (FOMEMA) of RM180, bank guarantee of RM250 (to be paid to Immigration Department of Malaysia), Levi of RM590 (previous rate), <i>pas lawatan kerja</i> <i>sementara</i> (PLKS) of RM60 and Visa of RM20 – for each Indonesian worker brought into FGVPM and FTPSB's <i>Rancangan</i> .	
FGVPM officials quoted that each Indonesian worker brought into the plantation requires upfront cost of RM 1,200 inclusive of recruitment fee, air flight ticket and cost of medical examination.	
Most contractors from <i>Bera Selatan 3</i> , <i>Serting Hilir 3</i> and <i>Palong 1</i> informed that they have a standard practice of recruiting foreign workers through registered labour agents. This enables them to keep a record of the recruitment fees and any other costs incurred.	



Range of Recruitment	Percentage	(%) of workers
Fees	Direct workers (<i>Bera Selatan 3</i> & <i>Palong 1</i>)	Contract workers (Bera Selatan 3, Serting Hilir 3 & Palong 1)
Below RM1,000	3.7%	0%
RM1,001- RM2,000	44.4%	37.5%
RM2,001- RM3000	<u>51.9%</u>	37.5%
RM3,000- RM4,000	0%	25%
Total workers	27	8
adesh. y of a further Bangladesh in	8 foreign workers	ect and contract workers (direct and contract wo paid between RM7,00

2.4 Red	cruitment personne	l are trained to recog labour or huma	· •	any form of forced /	bonded
	Level of	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	B Palong 1 (FTPSB)	
	Attainment	\bigcirc	\bigcirc	\bigcirc	
		Corrective Act	tion		
Recruitment of foreign workers is undertaken by JTK officials from FGVPM, Felda and FTPSB at headquarters level. JTK Officials from headquarters are fully aware of the existing SOPs on recruitment of foreign worker. They also cognizant of any practices that could lead to any forms of forced / bonded labour.			Refer to action pla Pillar 2 <i>Commitment under</i> 2.2 & 2.3). Note: <i>No correctiv</i> <i>is required on Sites</i>	(Policy · Section	
among o labour.	officials on sites of Some of these of nd the legality asp	t of awareness and of what constitutes for officials do not ev ect of foreign worker	Forced / bonded ven aware and		

[3] EMPLOYMENT CONTRACT

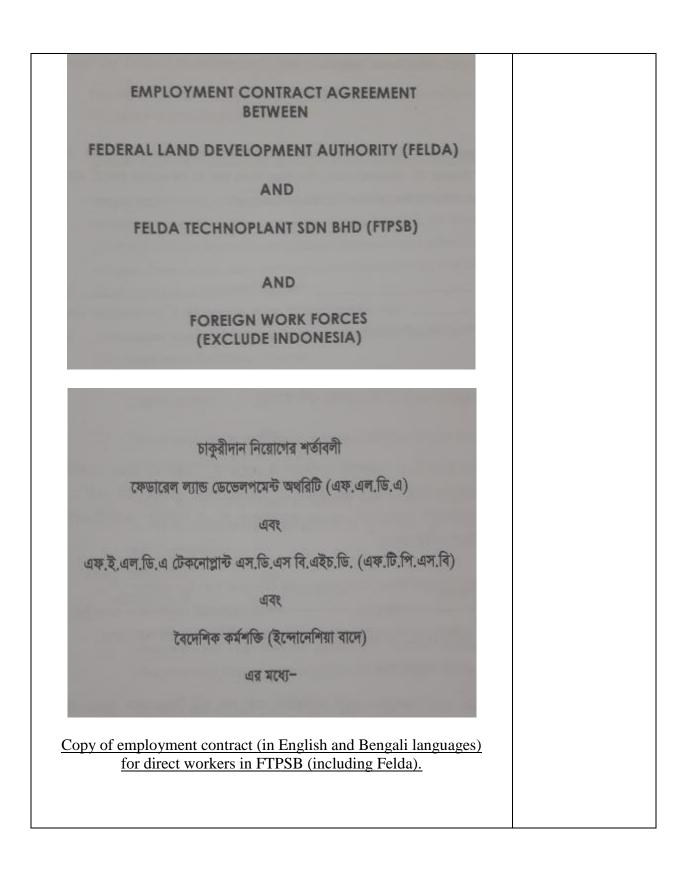
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3.1 Indi	ividual contracts ar	e provided to all dire the workers and		vorkers on site and s	igned by
	Level of Attainment	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)	
	Attainment		\bigcirc	\bigcirc	
		Findings		Corrective Ac	tion
have in respective signed and Officials that the workers Departme Addition aware of Indonesi Howeve Selatan contract	dividual employn /e employers. All i ccordingly by the w from JTK of FG employment contra- were initially exam- tent Malaysia. hally, the Indonesian f the contents of an workers workin, r, not all contrac 3) provide indivi- foreign workers.	from <i>Bera Selatan</i> nent contracts provindividual employmer vorkers. VPM and FTPSB fr acts provided to the mined and approved n Embassy in Kuala employment contra- g in FGVPM and FT tors (with the exce dual employment co Some of these co ract with insufficient	vided by their ent contracts are urther informed ir direct foreign l by the Labour Lumpur is well- cts provided to PSB's sites. eption of <i>Bera</i> ontract to their ontractors have	All sites must ima urge contractors to individual em contracts to their workers and accordingly. All sites must kee of the employment signed by contract v	p provide ployment foreign signed p a copy contract

	Level of	holidays, w Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)	
	Attainment		\bigcirc	\bigcirc	
		Findings		Corrective Actio	n
FGVPM Selatan Labour employr regardin Howeve their con one cont	I and FTPSB to the <i>3</i> and <i>Palong 1</i> we Department of Me ment contract are and health insurance, where, employment contract foreign work tractor from <i>Bera S</i>	employment contract heir direct foreign we vere initially vetted a alaysia. Contents of e in compliance we working hours, holic ontracts provided by ers in all sites (with the Selatan 3) are insuffice d as set by the Malays	vorkers at <i>Bera</i> nd approved by the individual with local law lays and wages. contractors to the exception of cient, and do not sian labour law.	sufficient information employment contracts to their contract f workers. Management bodies <i>Serting Hilir 3</i> and <i>I</i> <i>I</i> must keep cop	Palong their provide in the given foreign s of Palong py of ntracts ed by

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	Level of Attainment	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)	
	Attainment		\bigcirc	\bigcirc	
		Findings		Corre	ective Actio
Indonesia For FGV direct w Negeri S Upon arr for admit the 3 day For contr provide of Malaysia contents signature However exception their con	an workers), Benga (PM and FTPSB, e orkers is done at embilan. tival in Malaysia, t nistrative matters, ys at OSC, workers ractors from Bera employment contract of the employment of the employment to it.	di and English. explanation of emplo a one-stop centre foreign workers are medical examinatio are briefed on their of <i>Selatan 3, Serting H</i> cts to their workers, ors also claimed t nt contract is done b er Indicator 3.1, not 3) provide individual ers. Some of these c	Bahasa Malaysia byment contracts to (OSC) located in N usually sent to the 0 n and induction. Du employment contract <i>Tilir 3</i> and <i>Palong 1</i> the contract is in Ba hat explanation of before workers put all contractors (with l employment contra ontractors have prov	their Vilai, OSC uring t. who hasa the their n the ct to	



	3.4 Workers ı	understand the terms	and conditions in	their contracts.	
	Level of	Bera Selatan 3Serting Hilir 3(FGVPM)(Felda)		Palong 1 (FTPSB)	
	Attainment	\bigcirc	0	\bigcirc	
		Findings		Corrective Act	tion
Selatan	3 do not underst	rveyed foreign work and the contents of ed by them (refer tab	the individual	Management body Selatan 3 must ensu foreign worker is	ire every

Sites	Percentag und understand/ conditi	Total Respondents		
	Understand	Do Not Understand	Unaware	
Bera Selatan 3	33.3%	<u>62%</u>	9.5%	21
Serting Hilir 3	<u>55.6%</u>	11.1%	33.3%	9
Palong 1	<u>84.6%</u>	15.4%	0%	13

One of the surveyed foreign workers from *Bera Selatan 3* further informed that a few months back, management had organized gatherings among foreign workers to explain the contents of the employment contract. However, not all workers were involved in the gathering. Some workers missed the opportunity to participate.

Unlike **Bera Selatan 3**, majority of the surveyed foreign workers from **Serting Hilir 3** and **Palong 1** understand the contents of their employment contract, at least the basic elements such as working days, off day, wages and insurance and termination of contract (refer *table* above).

However, as discussed under Indicators 3.1 and 3.3, some contractors in *Serting Hilir 3* and *Palong 1* do not provide individual employment contract to their foreign workers and some other have provided employment contract with insufficient information.

Management body of *Bera Selatan 3* must ensure every foreign worker is properly briefed and understands the contents of their employment contract.

Management body of *Bera Selatan 3* holds another gathering for all foreign workers to explain the contents of their employment contract.

All sites must ensure that every new foreign worker receives a clear explanation of the conditions of employment and regulations, over and above the induction and training that is already organized at the one-stop centre (OSC), Nilai, Negeri Sembilan.

[4] WAGE [MINIMUM WAGE]

4.	4.1 Workers are given the opportunity to fully achieve the monthly legal minimum wage.							
	Level of	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	B Palong 1 (FTPSB)				
	Attainment	\bigcirc	\bigcirc	\bigcirc				
		Findings		Corrective Action				
Palong I on site to monthly These in during lo accordin every w minimur However	I informed that they o ensure all direct legal minimum wa nclude providing ow peak season and g to job description orker has equal on n wage. r, ability to achiev (beyond minimum	<i>Tra Selatan 3, Serti</i> y have undertaken va foreign workers are ge. alternative employ restructuring of labor from time to time. opportunity to reach e minimum wage of m wage) is up to	rious initiatives able to achieve ment activities our composition This is to ensure their monthly	All sites are encouraged to document provision of alternative jobs / opportunity for direct workers to achieve monthly minimum wage. All sites must monitor and encourage their contractor to provide alternatives of work opportunities to their workers to enable them to achieve monthly minimum wage.				
that sor		<i>ra Selatan 3</i> and <i>Pa</i> reluctant to take ficials on sites.	-					
to prove their dire	that additional / y	<i>The Selatan 3</i> and <i>Palework</i> opportunity haters' consent to refuse en documented.	s been given to					
opportur		ormed that they pro- workers to achieve num wage.	- ·					

Ľ	РКТ	KADAR UPAR EM/MT	TARGET HAREAN MT/ MANDAY	TARGET HARIAN TDN/ MANDAY	HARI KERUA SEBULAN	IAM KERJA SEHARI	INSENTIF HARIAN RM/HARI	KAWASAN SUKAR RM/TDN	ELAUN POKOK TINGGI RM/TAN	POTONS MAIC 15%	KUTIPA BUI NEL	
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	14	ELEPON CONTRACT	119	3.		5		-	9		1	
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	к	UTIPAN BI	BLERAL					. *				
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'LR	ING	UP	AH/MT 0 00	HARIAN/) (2 . 19	IAKI H	1.75	14	8		36		
	ING	UP		IL CO						36		

4.2 ALL workers, including sub-contractors and those on piece rate contracts, receive at least the minimum wage for working an eight-hour day (or part thereof).

Level of	Bera Selatan 3	Serting Hilir 3	Palong 1
	(FGVPM)	(Felda)	(FTPSB)
Attainment	\bigcirc	\bigcirc	\bigcirc

Findings

Management bodies of *Bera Selatan 3* and *Palong 1* confirmed that some of their direct foreign workers receive less than the monthly minimum wage of RM1,000.

Review of payslips for the month of September 2016 revealed that 19% of the total of 135 direct workers in *Bera Selatan 3* received a monthly salary below minimum wage of RM1,000.

Management of *Bera Selatan 3* claimed that the low salary received by direct foreign workers was due to less productivity and poor attendance. Management stressed that opportunity is given to workers to enable them to increase their monthly income. However, some workers refuse to work. Record keeping to justify if the worker is deserving or not deserving of the minimum wage is not adequate and can be perceived as biased

Unlike direct foreign workers, interview with contractors and review of monthly payslips found that contract workers from *Bera Selatan 3*, *Serting Hilir 3* and *Palong 1* consistently received beyond minimum wage throughout the year.

For instance, contract foreign workers in *Serting Hilir* received a fixed monthly salary of RM1,200 a month. Majority of contract workers from *Palong 1* consistently received a monthly salary of between RM1,500 to RM2,500 throughout 2016. **Corrective Action**

Management bodies of *Bera Selatan 3* and *Palong 1* must ensure every direct foreign worker receives monthly minimum wage of RM1,000 or beyond.

Management bodies of *Bera Selatan 3* and *Palong 1* must also provide opportunity on site ensuring every direct foreign worker able to reach their monthly minimum wage.

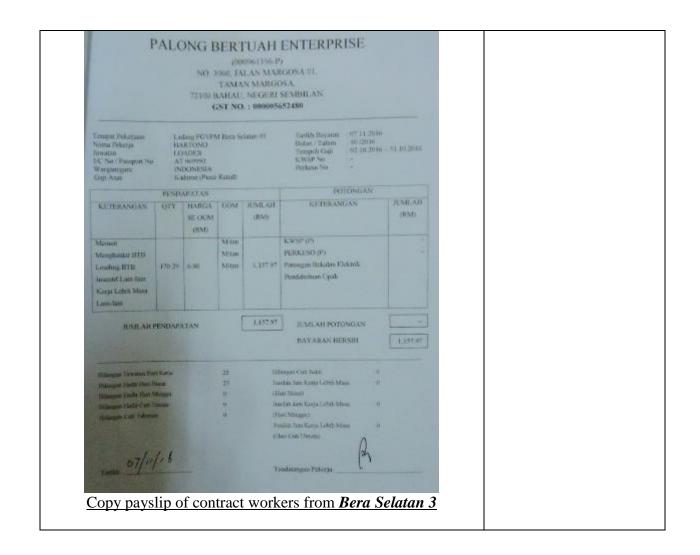
Management bodies of Bera Selatan 3 and Palong 1 should put in place a process requiring sufficient documentation in investigating the reasons minimum wage is not met to distinguish *genuine cases. For genuine cases, the workers' salary must be topped up to meet the monthly minimum wage.

* "genuine cases" herewith refer to foreign workers who worked within or beyond the minimum requirement of normal working hours and days but did not receive minimum wage pursuant to the Malaysia's Minimum Wage Guidelines.

2	4.3 Overtime work	is paid at a premium	and is in line with	legal requirements.			
	Level of Attainment	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)			
	Attainment O						
		Corrective Action	1				
Selatan rate basis the level Every w with exp a salary b In the ev them to beyond worker is Field vis premium Payment determin <i>Upah Ke</i>	3, Serting Hilir 3 s. In other words, the of their productivity orker is expected ected outputs / pro- beyond minimum were workers do no reach minimum were workers do no regular hours. The sable to reach mini- its found no evide a rate during overtime of wages durined through the mo- triga – KUK).	to work within a re ductivity that will en vage. t meet the expected wage, they are enco uese initiatives are fimum wage. nce to confirm that ne hours. g regular hours an hanual on workers documented workin	vorking on piece- is determined by egular 8-hour day asure they receive outputs to enable ouraged to work to ensure every workers are paid and overtime are payment (<i>Kadar</i>	All sites must ensure e worker (direct and con worker) is paid accordi to the latest Manual on Workers Payment (<i>Kau</i> <i>Upah Kerja</i> – KUK). Despite their piece-rati nature, it is important f all sites to keep record working hours among two workers as part of transparency and for the purpose of future reference.	tract ing dar ing for of their		



	Level of Attainment	Bera Selatan (FGVPM)	3 Serting Hilir 3 (Felda)	Palong 1 (FTPSB)
	Attainment		\bigcirc	\bigcirc
		Findings		Corrective Action
oducti any, su ontract yslips owever along	vity (quantity of o uch as for electricit fors in <i>Bera Selate</i> to their workers w r, there are contra	utput), price, ince y and water bills. In 3 also consistent ith sufficient info ctors especially i	ently provide monthly	their respective contractors provide payslips to their contra- workers with sufficient information. All sites must send compliant letter to a concerned contracto
onthly dicate	payslips but with	insufficient info	<i>ulong 1</i> have provided rmation including not on for electricity, water	with a sample of payslip for adoption.All sites must also ensu monthly payslips are se every month to the
nonthly ndicate	payslips but with any salary deduction advance loan.	insufficient info	rmation including not on for electricity, water	for adoption. All sites must also ensumentally payslips are set



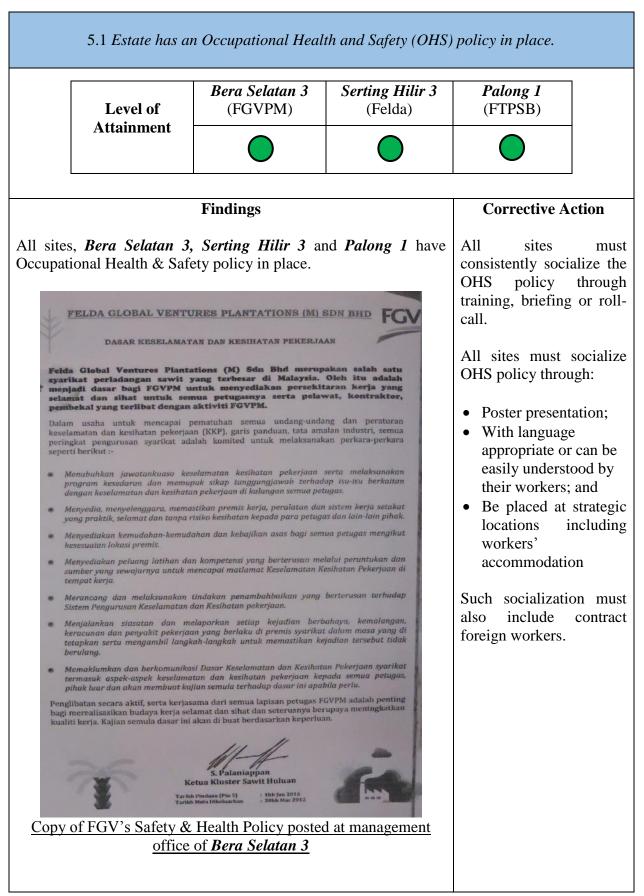
	Level of	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)
	Attainment			
		Findings		Corrective Acti
	long 1 are prov	vided monthly pays	from Bera Selatan a slips with sufficien laysia and understood	t
information	• •	onesian and Banglad	eshi workers.	

tten in Bahasa	a Malaysians and some	a whic e Bang	en to these cont ch can be easi ladeshi workers ears.	ly under	stood by	
	ave provid	LLDA Tech	nly for manage onthly payslips a noPlant Sdr, Bhd			
No Norma Fi08214051	None Poleda AUMUON	Sup.Got Paka	tia Bulan Geox 2018 Kampulan 2011	No KF A5815961	Taika 31/08/2016	
Pendapo Keterangan	Juntai Junta	Tatuon .	Pase Kolacaoper	Saminti Saminti TRAC	(arrlati Takanan (RM)	
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* example som Hadr * Ditargan fram Folds Hadir	28 * Kenn Lehih Ma 9 * Bilangan Can T	Widnas .	 Billergen Cuti Am Billergen Cuti Sittli 			
<u>Copy of payslip</u>		-	orker) from <i>Pal</i> calculation	<i>ong 1</i> , d	<u>etailing</u>	

	4	.6 Payments are made	directly to the worker.			
	Level of	0			<i>Palong 1</i> FTPSB)	
	Attainment					
		Findings			Corrective Ac	tio
direct w	1	Selatan 3 and Palong	Some workers especi g 1 receive their mon	2	N.A	
	ract workers under pective employers.	contractors, paymer	nt of wages is directly	y by		

4.7 Any	4.7 Any deductions from wages, for example, for accommodation or advances, are legal, transparen and fully explained to the workers.								
	Level of	Bera Selatan 3 (FGVPM)	Palong 1 (FTPSB)						
	Attainment	Attainment O							
		Findings		Corrective Act	tion				
Palong charges approved Howeve <i>I</i> who h reflected	<i>I</i>) are reflected in for electricity and d and permitted by r, there are contract have made deduction l in their monthly p	for direct workers (in n their monthly pay d water. Such ded the Labour Departme tors mainly in <i>Sertin</i> ons from workers' ayslips. These deduct g of groceries through	yslips. These includuction of wages a ent of Malaysia. Ag Hilir 3 and Palor wages but this is net include advance	te Serting Hilir 3 re Palong 1 monitor the practideduction of wag their contration of ensuring completion	and must ice of ges by ctors, liance abour				
payslip	(e.g., for water a	included deduction nd electricity), ther ed by the Labour De	e is no evidence	of					

[5] HEALTH & SAFETY



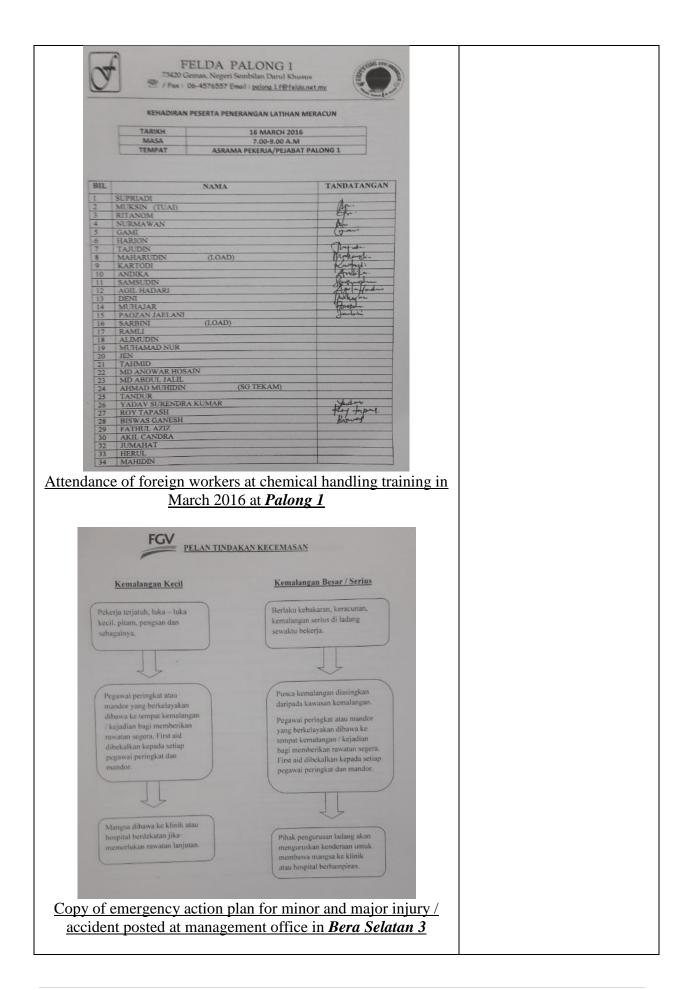


	Level of Attainment	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)
			\bigcirc	\bigcirc
		Corrective Action		
All entitied they have Hazard Id Documen 3 was determina and job f chemical to be take Managem they have have und functions there is a	must ensure recommendations mathrough HIRAH reports are addressed implemented accordingly. All sites must at ensure any actions tak are documented.			

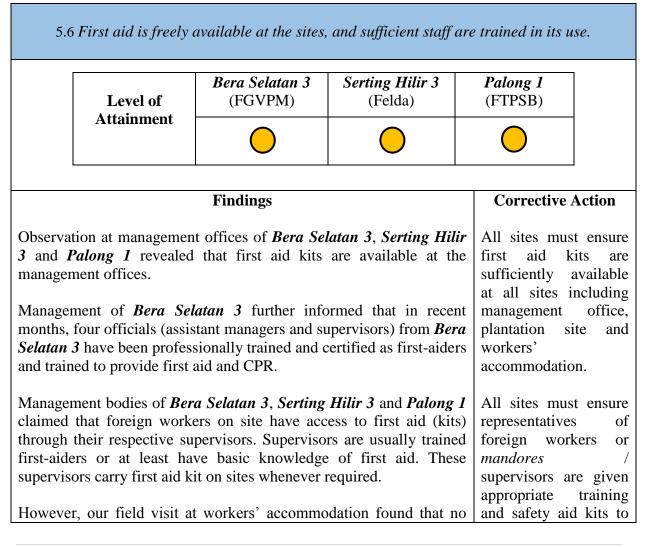
5.3 Appropriate Personal Protective Equipment (PPE) is provided and replaced when necessary for each job function, free of charge.						
	Level of Attainment	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	B Palong 1 (FTPSB)		
			0	\bigcirc		
		Corrective Action				
are pro	ct foreign workers vided with perso g to job functions,	All sites must ensure PPEs provided to their workers are in good quality, certified by authority and appropriate				

provided	ement of PPE is varied e, hand gloves (one do d for, and replaced betw	ozen) and mask	· ,	0 0 1
provided	d for, and replaced betv		iee montifis.	their contractors to provide
-	ement bodies of Bera S		-	
	me PPEs are provide			
-	For instance, if a work ment will provide it for	-	-	• •
0	used safety boot.	I nee but the w	orker must return	
Contract	tors also claimed that	PPE is provide	ed for free to all	1
their cor	ntract workers, and repl	laced on request	-	
	_			
	er, some contract foreig	-	-	
	ong 1 claimed that the	• 1		
	masks and hand glov	Ū		
	ployers only provided			
	However, the masks a	-	s are not of good	1
quality a	and need to be frequent	ly replaced.		
PENER	RIMAAN ALATAN PPE: APRON MER	ACHIN SADUNG TANGA	CONCERNMENT OF C	
and the second se		ACON SAUDING THROW	N GETAH	
	E CARTRIDGE-HALF FACEPIECE R			
SINGL				
SINGL	E CARTRIDGE-HALF FACEPIECE R	ESPAIRATOR (JKKP MR	46/98) &	
SINGL ORGAN BIL	E CARTRIDGE-HALF FACEPIECE R NIC VAPOR CARTRIDGE. NAMA	ESPAJRATOR (JKKP MR.		
SINGL	E CARTRIDGE-HALF FACEPIECE R NIC VAPOR CARTRIDGE. NAMA HIDIR	ESPAIRATOR (JKKP MR	46/98) &	
SINGL ORGAN BIL	E CARTRIDGE-HALF FACEPIECE R NIC VAPOR CARTRIDGE. NAMA	NO. PEKERJA	46/98) & TANDATANGAN	
SINGL ORGAN BIL 1 2	E CARTRIDGE-HALF FACEPIECE R NIC VAPOR CARTRIDGE. NAMA HIDIR Kasim (N	ESPAJRATOR (JKKP MR NO. PEKERJA FW 0410 0209 FW04100285	46/98) & TANDATANGAN	
SINGL ORGAN BIL 1 2 3	E CARTRIDGE-HALF FACEPIECE R NIC VAPOR CARTRIDGE. NAMA HIDIR KASM (N RMSL 1	ESPAIRATOR (JKKP MR NO. PEKERJA PW04/00209 FW04/00205 FW04/00252	46/98) & TANDATANGAN	
SINGL ORGAN BIL 1 2 3 4	E CARTRIDGE-HALF FACEPIECE R NIC YAPOR CARTRIDGE. NAMA HIDIA HIDIA KASIMIN RASLI SAHIRUDDIN	ESPAJRATOR (JKKP MR NO. PEKERJA PW04/00209 FW04/00285 FW04/00652 FW04/00693	46/98) & TANDATANGAN	
SINGL ORGA BIL 1 2 3 4 5	E CARTRIDGE-HALF FACEPIECE R NIC VAPOR CARTRIDGE. NAMA HIDIR KASMIN RMSLI SKHIRUDDIN SKTIRKH	ESPAJRATOR (JKKP MR NO. PEKERJA FW04100209 FW04100285 FW04100652 FW04100693 FW04100693	46/98) & TANDATANGAN	
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5.4 All workers receive suitable health and safety training appropriate to the scale of the operations. All training is documented and records are kept.					of the
	Level of Attainment	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)	
	Attainment	\bigcirc	\bigcirc		
]	Findings		Corrective Ac	ction
<i>selamat</i>) year. So briefings The saf	in place. These a ocialization of safe and roll-call, cond ety manual cover l spraying and han	anuals and SOPs (are socialized consist ety manual is done ucted daily by officiant rs various job fund dling, fruit loading	ttently over the through work als on sites. ctions such as	N.A	
<i>3</i> claim incorport	ed that roll-call tates some aspects c	of Bera Selatan 3 are that is conducted of training, safety pro- n safety and health	on daily basis becedures as well		
trainings include	were organized i specific training o	at a number of saf in 2016 by job des on chemical handlin workers in Palong 1	cription. These g involving all		
	ce throughout 2016	nings by job function were documented a			



	Level of	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)
	Attainment			
		Findings		Corrective Action
The emo such as	ergency response j at workers' accom		t strategic locations ent office and other	All sites must ense emergency response plan is communicated consistently to workers include contract foreign work as well as new recruited



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1 3	Authorized Provider		
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Cartificate of one of	four <i>Bera Selatan 3</i> officia	a who recently	
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completed	basic first aid training in 2	010.	
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1 Rosh Bin Malie	Mandor Tuai PM89A/ 1A 19/9/11	Catitan	
2 Fazeli Bin Ahmad	Mandor Tuai PM89A/18 12/2/14	Box 1	
a Fatzal Bin Affendi	Mandor Tuai PM89A/1C 19/0/16 tand	Box 3	
4 Nurazmi Bin Zulkhapi	Mandor Tuai PM908/2A 19/9/16 2014	Bax 4	
5 Mohd Nizam Bin Salikin	Mandor Tuai PM908/28 19/9/16 14 Aka-	Bdx 5	
6 Juneemi Bin Ahmad	Penyella Peringkat PM01C 19/9/16	Box 6	
7 Aminuddin Bin Ja'far 8 Mohd Rizan Bin Che Ani	Mandor Merumput 19/9/15 That	Hox 7	
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A second s			
List of Rora Solator 2	officials and mandores who	have been given	
tirst and kits for the use	of all employees, including	Toreign workers,	
	<u>at sites</u>		

	Level of Attainment	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)
		Findings		Corrective Acti
place at along 1. affety sign entified, a te as well a	strategic location boards are place and within the co as workers' acco	ons at <i>Bera Selatan</i> ced in locations according to the second second second of manage	te safety sign boards a 3, <i>Serting Hilir 3</i> ording to hazards / r gement office, planta	and risks
	Safety sign b	oards on site at Serti	ing Hilir 3	



	5.8 A	ppropriate fire-fighti	ng equipment is in	place.	
	Level of Attainment	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)	
		\bigcirc	\bigcirc	\bigcirc	
		Findings		Corrective Act	tion
		equipment is plac	-	All sites must	ensui fightin

Appropriate fire-fighting equipment is placed at strategic locations within the compound of management office and several workplaces in *Bera Selatan 3*, *Serting Hilir 3* and *Palong 1*.

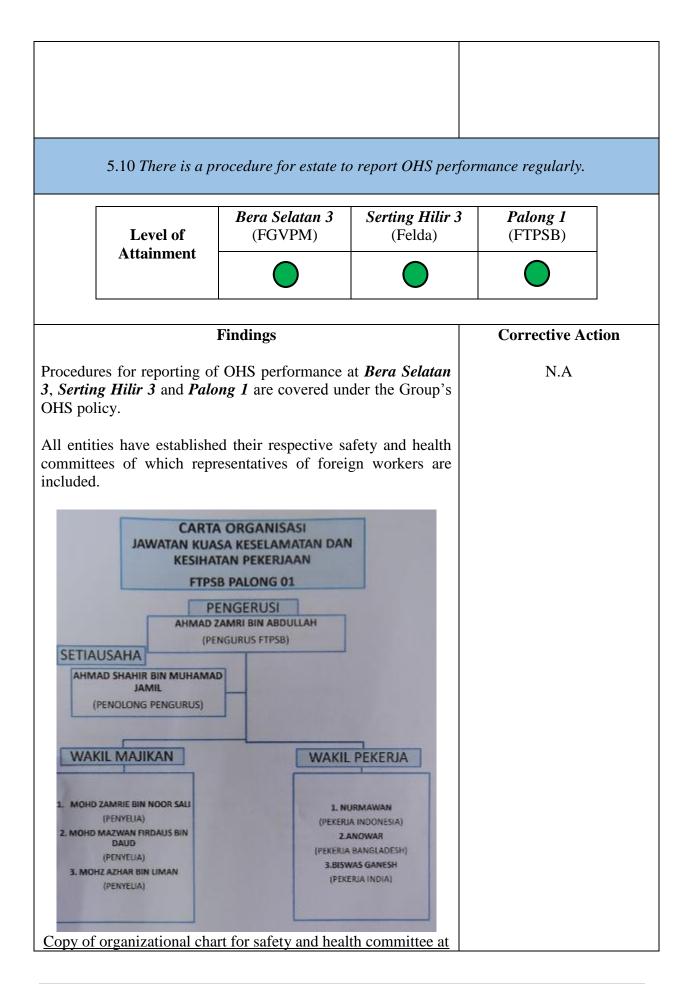
All sites must ensure appropriate fire-fighting equipment is available at workers' accommodation.



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Selatan 3
However, observation at workers' accommodation in Bera
Selatan 3, Serting Hilir 3 and Palong 1 - found no fire-fighting
equipment is placed.

5.9 Em	ergency evacuation	procedures are com regular	-	racticed for all work	ers on a
	Level of Attainment	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	B Palong 1 (FTPSB)	
	Attainment				
		Findings		Corrective Ac	tion
Palong workers' During mindful emergen Observat	<i>I</i> claimed that briefing or roll-cal coll-call, all foreig and fully aware o cy. tion at workers' acc gency response pla	<i>ra Selatan 3</i> , <i>Sertia</i> emergency evacuati Il that is conducted of n workers are often f evacuation proced commodation at <i>Palo</i> n is being socialized	ion is part of n a daily basis. a advised to be ures in case of <i>ong 1</i> found that	All sites must emergency ev procedures communicated con to all workers to contract foreign we well as new recruits	including orkers as
<u>Copy</u>		response plan posted dation in <i>Palong 1</i>	at workers'		



75 | Page

Palong 1 (3 foreign workers are included as workers' representatives)	

5.11 All chemicals used by the company	are known and workers are fully aware of the
chem	icals used.

Level of	Bera Selatan 3	Serting Hilir 3	Palong 1
	(FGVPM)	(Felda)	(FTPSB)
Attainment	0	0	\bigcirc

Findings **Corrective Action** Our interaction with officials from Bera Selatan 3, Serting Hilir 3 Apart from regular and *Palong 1* confirmed that all chemicals used by the company are briefing (through rollknown. call) on safe handling of chemical, all sites

They also informed that some officials have been trained on chemical handling, while foreign workers are briefed on safe chemical use through workers' roll-call that is conducted on a daily basis.

Documentation review found that the last chemical training organized for all foreign workers in *Palong 1* was in February 2016.

Officials from *Bera Selatan 3* also informed that chemical suppliers are usually the trainers for chemical handling training/briefing. These suppliers were invited by management body of *Bera Selatan 3* to conduct training on the use of chemicals to foreign workers.

Random survey of foreign workers who handled various chemicals in Bera Selatan 3, Serting Hilir 3 and Palong 1 revealed that they had attended at least one training throughout their employment history with their current employer. One surveyed foreign worker in *Palong* 1 informed that he attended a chemical handling training back in 2012, and that was the last training he attended.

Despite the absence of consistent training on chemical handling provided to workers, the surveyed foreign workers informed that they are sent to the nearest hospital or clinic at least once a year for medical examination. This to ensure their health is not implicated due to the use of chemicals on sites.

handles worker chemicals (including new recruits) are given proper training course by competent trainers/ institutions. All sites must ensure every worker provided

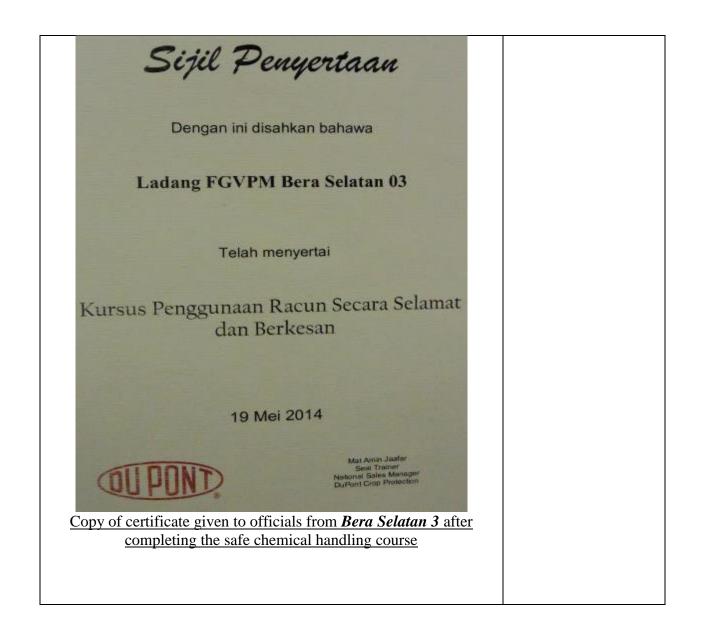
ensure

every

is

must

with appropriate PPEs (for chemical handling). All sites must also monitor the wearing of PPEs by all workers working during period.



5.12 Workplace accident insurance is provided to all workers on site. The insurance covers medical treatment for work-related illness and injury, and compensation for work-related illness and injury causing death or permanent disability.

	Level of Attainment	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)	
			\bigcirc	\bigcirc	
		Findings		Corrective A	Action
with wo Scheme Purchasi namely Direct fo purchasi In addit more the another Indonesi	ct workers in <i>Bera</i> rk place insurance (FWCS) – <i>Skim Pa</i> ng of SPPA is the r FGVPM and FTPS oreign workers are an ng of SPPA. ion to SPPA, Inde an 2 years with F insurance scheme an Embassy in Ku are responsible to	 Serting Hilir Palong 1 must contractors mandatory i (SPPA) for contract workers. All sites must ensure that condition cover/bear the purchasing of 	<i>3</i> and t ensure purchase nsurance their foreign ast also ntractors cost for SPPA's		
deductio Howeve Serting coverage due to th	n of wages. r, it was noted that <i>Hilir 3</i> and <i>Palong</i> e including SPPA ne unclear status of their principle em	contract worker	s.		

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WORKMEN'S COMPENSATION REPATRIATION EXPENSES PERSONAL ACCIDENT (OFF-WORK HOURS) (A) ACCIDENTAL DEATH & PERMANENT TOTAL DISABLEMENT				AS PER WORKMEN'S COMPENSATION ACT 1952 PLUS AN EXTRA SUM OF RM7.000.00 IN THE EVENT OF DEATH OF THE INSURED PERSON RM 4.800.00 RM 23.000.00				
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EUDED D	ERSON(S)							
NG NG	NAME OF WORK	ERS SEX	DATE OF BIRTH	PASSPORT	NATIONALITY	WORK PERMIT EXPIRY DATE	INSURED FOR	
01	ABOUL KHOLIK	M	04-01-1993	B0123342	Indonesia		P	
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5.13 A p	5.13 A process is in place for the rightful disbursement of insurance claims to the next of kin in the event of death or workers being repatriated.					
	Level of Attainment	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)		
	Attainment	\bigcirc	\bigcirc			
		Corrective	Action			
in relative workers FGVPM with proprocedu- kin and which is Addition welfare – in the FTPSB improvia accident to reduc In other enjoy co- disburse to death Howeve 3 and Pa- disburse	GVPM in particular has a comprehensive list of SOPs that deals in procedures for purchasing workers' insurance under SPPA, rocedures for the rightful disbursement of compensation to next of in and provision of <i>wang ihsan</i> of RM1,000 to next of kin – all of thich is managed by FGVPM's JTK. additionally, FGVPM's SOPs also incorporates measures and relfare initiatives to send bodies (<i>jenazah</i>) back to country of origin in the event of death among direct foreign workers. TPSB (including Felda) informed that they are in the process of inproving the existing SOPs in relation to handling of workplace ceident, disbursement of insurance and preventive measures in order or educe risk of accident and injury at the workplace.				n greater Serting ensure all ors have SOP in rightful of the next event of contract ay also nizing a <i>limat</i>) to ctors on	

	Level of	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)
	Attainment	\bigcirc	\bigcirc	\bigcirc
		Corrective Action		
available of <i>I</i> . However, well as we provide en In any case attention, nearest go These gov	ad that there is on sites at Bera S all sites have the orkers' represent hergency / immed workers are usu vernment clinic of ernment clinics, accessible to even	All sites must initiate of site medical facilité appropriate to the size a scale of the sites a number of workers. In the event where on-se medical facilities are available, all sites m ensure technical a logistical support available on sites at times, to enable work have access to the near		

Level of Attainment(FGVPM)(Felda)(FTPSB)
Findings Corrective Active A

	Level of	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)
	Attainment			
Findings				Corrective Action

5.17 M	5.17 Machines are well maintained, inspected regularly and are protective devices and safety guards				opriate
	Level of	Bera Selatan 3 (FGVPM)	Serting Hilir 3 (Felda)	Palong 1 (FTPSB)	
	Attainment				
Findings			Corrective Ac	tion	
<i>1</i> inform	ment bodies of <i>Ber</i> ned that they use li used regularly are th	mong machines	All sites must mor urge their contra maintain and insp machines on a regul	ctors to ect their	
	bility of contractor	ain and inspect these s who are given a co			



3.1 Introduction

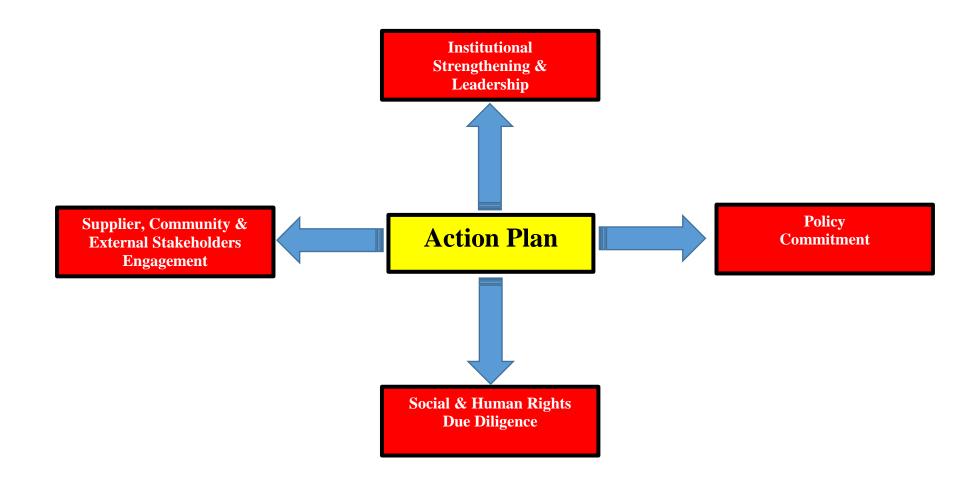
Development of this action plan is inspired by the United Nations (UN) Guiding Principles on Business & Human Rights, with greater emphasis given on the part of "Corporate Responsibility to Protect Human Rights". It refers and adopts two operational principles namely "policy commitment" and "due diligence" embedded in the UN Guiding Principles, as part of the four pillars of this action plan.

The other two pillars ("institutional strengthening & leadership" and "community engagement") are grounded from the appreciation of social and welfare-oriented business model of Felda, as a Malaysian government agency with an objective to eradicate poverty among settlers.

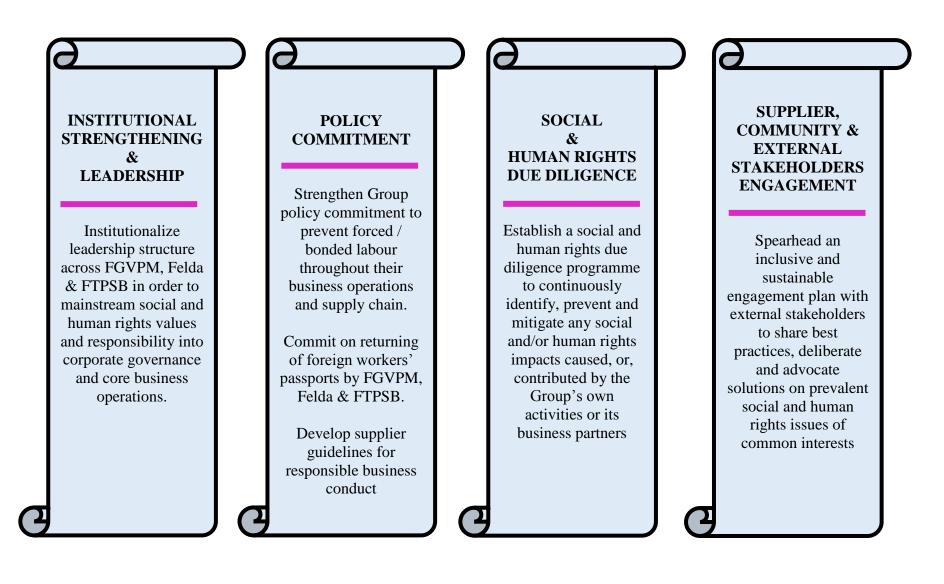
Development of this action plan is also founded on top-down and bottom-up strategy. First, it emphases on institutional transformation, focusing on top-down commitment to drive social and human rights innovation to the entire business operations and supply chain. Second, it instils spirit of inclusiveness and participatory transformation to ensure all supply chain including contractors, individual vendors and settlers are continuously engaged and empowered so that they can take part and contribute meaningfully in the transformation journey.

The successful implementation of this action plan requires strong leadership, financial commitment and mutual endeavours from FGVPM, Felda and FTPSB collectively.

3.2 Four-Pillar of the Action Plan



3.3 Key Action Plan (Priority)



3.4 Action Plan

	Strategic Measures	Action Lines / Commentary	Management Review	Implementing Body & Period
1.1	Institutionalize leadership structure across FGVPM, Felda & FTPSB in order to	 (PILLAR 1) INSTITUTIONAL STRENGTHENIN i. Institutionalize a two-tier leadership structure comprising group of decision-making and working level officials, across FGVPM, Felda & FTPSB from various departments/divisions 	The Groups fully agreed the need to have an institutionalized and cross-entity leadership structure to steer sustainability agenda across	Applies to FGVPM, Felda & FTPSB
	mainstream social and human rights values and responsibility into corporate governance and core business operations.	 (<i>First Tier</i>): Social & Human Rights Steering Committee (SHR SC) comprises top management across FGVPM, Felda & FTPSB; and 	FGVPM, Felda & FTPSB. The structure should be able to address issues of foreign workers thematically (e.g., retention of passport). The establishment of Secretariat is to support the committee and task force.	Short term (immediate) [6 Months] Feb 2017 to Aug 2017
		 (Second Tier) Social & Human Rights Task Force (SHR TF), comprises working level, senior officials across FGVPM, Felda & FTPSB, from various departments/divisions (including Procurement, Human Resource, Due Diligence Unit, Upstream Operation & Community Development etc.) 	The Groups informed there is already an RSPO committee. Hence, the creation of this leadership structure may take into account the existing committee. However, the Groups are fully aware that the scope for this leadership structure shall go beyond the mandate and functions of RSPO committee.	

ii.	The Groups should consider having external stakeholders such as Representative(s)/Official(s) of relevant government agency (e.g., Labour Department Peninsular Malaysia), NGOs, workers' representative or union, Brands [business partners] and any other parties, at the working level namely the SHR TF	The Groups is of the view that the leadership structure may also consider having an advisory council consists of external stakeholders such as government agencies (e.g., Labour Department Peninsular Malaysia), relevant associations (e.g., MAPA) and NGOs. This to ensure more	
iii.	The SHR SC and SHR TF (including external stakeholders) must have specific terms of reference (TOR) consist of their membership,	constructive engagement and partnership with external stakeholders.	
	terms of appointment, mandate and functions as well as number of Meetings (e.g., quarterly).	The committee and task force should also explore ways to partner with Brands who are willing to	
iv.	The core functions of SHR SC & SHR TF should include:	contribute in the social transformation journey. Partnership with the Brands can be done in	
	• To mainstream social and human rights responsibility into corporate governance and core business operations;	many ways including organizing roundtable discussion to discuss issues of common interests and organizing roadshows and training on the ground.	
	• To actualize Groups' policy commitment on social and human rights aspects, including among others, to develop and implement social and human rights due diligence;	Note: Resulting from a series of consultations with various Departments across FGVPM, Felda & FTPSB, it was	
	• To discuss, make decision and declare Groups' position/stance on critical social and human rights issues; and	recommended for the existing Social Compliance Task Force (which was initially formed in	

• To spearhead sustainable partnership and October 2016) to be restructured in a way that addresses issues of	
collaboration on industry-wide and cross- sectoral platforms such as roundtable discussion or forum on issues of common	
v. The SHR TF should have a dedicated	
Secretariat to coordinate Meetings of SHR SC and SHR TF, maintain summary records and	
other tasks to support the functions of SHR SC & SHR TF. The <i>Secretariat</i> should also brief or update the SHR SC on any social and human	
rights issues that require their deliberation.	
vi. The SHR TF may also consider establish specific sub-working committees to spearhead critical social and human rights issues across	
the Groups.	

1.2 Strengthen capacity of	Enhancing capacity of officials from Wilayah and	The Groups acknowledged the need	Applies to
officials from Wilayah	<u>Rancangan offices</u>	to enhance understanding and	FGVPM,
& Rancangan offices		ability among officials at Wilayah	Felda &
to ensure effective	i. Organize capacity building programmes that	and Rancangan offices on social	FTPSB
implementation of	enhance awareness, knowledge, legal	and human rights issues.	
directive from	consciousness and ability to deal with social		Medium term
Headquarters, in	and human rights issues on sites among	The Groups committed to organize	(continuous)
relation to addressing	officials from Wilayah and Rancangan offices.	continuous capacity building	(1-2 years)
social and human rights		programmes targeting officials at	
issues.	ii. The Groups should consider collaborating with	Wilayah and Rancangan offices on	Feb 2017
issues.	relevant government agency (e.g., Labour	social and human rights issues.	to
	Department Peninsular Malaysia), expert	This can be done in partnership	Jan 2018
	institutions (e.g., SUHAKAM), NGOs and	with relevant government agencies	
	Brands (business partners) - in the convening	(e.g., Labour Department	
	of such capacity building programmes.	Peninsular Malaysia) and expert	
	Strongthening coordination and monitoring	institutions such as SUHAKM and NGOs.	
	<u>Strengthening coordination and monitoring</u> responsibilities of <i>Wilayah</i> and <i>Rancangan</i> offices	NGOS.	
	responsibilities of whayan and Kancangan offices		
	iii. Strengthen coordinating and monitoring		
	responsibilities of officials from <i>Wilayah</i>		
	offices by:		
	onices by:		
	• Identify key priority areas for strong		
	reporting requirement, for instance, monthly		
	reporting of wages received by direct and		
	contract workers on sites.		
	contract workers on bites.		
	• Review and improve (if required) the		
	current reporting template on social and		
	human rights issues from Headquarters-		
	Wilayah-Rancangan. The reporting		
	wildyan-Kancangan. The reporting		

	 template should provide adequate space for progress-tracking at <i>Wilayah & Rancangan</i> levels. Reporting should also include identification of risks, challenges and actions taken to remedy issues on social and human rights on sites. 	
1.3 Strengthen ability of <i>Wilayah</i> offices to monitor and track progress, as well as to play mentorship role in strengthening safety and health management and practices by their respective <i>Rancangan</i> offices, contractors and independent settlers.	 office with specific functions to implement OSH requirements on sites, as well as to monitor and track progress of safety and health practices by their respective <i>Rancangan</i> offices. ii. The dedicated official should also play mentorship role to encourage best practices of safety and health management among 	a acknowledged the need to oveApplies to FeldaoveWilayahoffice's sbility to monitor and play torship role in strengthening y and health management and tices by their respective cangan offices and contractors.Medium term (continuous) (1-2 years)a is committed to explore ways est utilize existing manpower , Pegawai Naziran) to play torship roles at Wilayah level.Medium term (continuous) (1-2 years)
	iii. The dedicated official should also serve as a resource person on matters pertaining to safety and health to <i>Rancangan</i> offices, contractors and independent settlers. all plantation sites under his/her supervision.	

me Applies to of FGVPM, Felda & ity FTPSB
of FGVPM, Felda &
Medium term (continuous) (1-2 years) (1-2 years) Feb 2017 to Jan 2018

- To include the Group Sustainability Policy on social and human rights agenda in the regular meetings of *Rancangan* office, and to be reflected in the meeting's minutes (at *Rancangan* level);
- To socialize the Group Sustainability Policy on social and human rights aspects in the daily roll-call with workers, and to be reflected in the rollcall's summary records (at *Rancangan* level); and
- To socialize Group Sustainability Policy on social and human rights aspects in the existing engagement mechanisms (e.g., monthly meeting / briefing) with cooperatives, local committees, contractors, vendors and settlers, and to be reflected in meeting's minutes.

2.2 Strengthen Group	i. Draft and incorporate policy statement that	The Groups clarified that there	Applies to
policy commitment to	clearly outline the Group's position to	are already policy statements on	FGVPM, Felda &
prevent forced /	prevent forced / bonded labour in the existing	the respect and upholding of	FTPSB
bonded labour	Group Sustainability Policy. In doing that,	0 1 1	Short term
throughout their	the Groups are recommended to ensure the	1 5 5	[6 Months]
business operations	following:	The Groups however recognized	[0 Monuls]
and supply chain.		that the existing human rights	Feb 2017
	• Policy statements must uphold and in	statements are general in nature,	to
	conformity to international labour	manifestation from non-legally	Aug 2017
	standards on forced labour, and in line	binding principles namely the	
	with national laws and regulations;	Universal Declaration of Human	
		Rights (UDHR).	
	• Policy statement must also be approved	The Groups agreed to draft and	
	at the most senior level (e.g., Board of	incorporate stand-alone policy	
	Directors) and be made publicly	statements to prevent forced /	
	available; and	bonded labour in their respective	
		Group's Sustainability Policy. It	
	• Policy statement must be translated into	will convey strong aspiration of	
	language(s) that is most widely spoken	the Groups to prevent any	
	and understood by the Group	practices that lead to forced /	
	employees.	bonded labour practices on the	
		ground.	
	ii. Upon approval by Board of Directors, policy		
	statement on the prevention of forced /	The Groups noted that changes in	
	bonded labour must be socialized at Wilayah		
	& Rancangan offices across FGVPM, Felda		
	and FTPSB.	require adoption by the Boards.	
	iii. The Groups should plot a series of		
	socialization activities in the forms of		

roadshow, briefing and dedicated capacity building programmes in view of strengthening awareness and understanding among the Groups' employees on forced / bonded labour. Such socialization activities must also aim at empowering the Groups' employees to undertake corrective action to mitigate any forms of forced / bonded labour take place on sites.	

ſ	2.3 Develop and socialize a		Development of module to prevent forced	The Groups acknowledged the	Applies to
	practical module to		<u>labour</u>	need to manifest their policy	FGVPM, Felda &
	prevent and mitigate			commitment to prevent forced /	FTPSB
	any forms of forced /	i.	Development of module to prevent forced	bonded labour through creation of	
	bonded labour that are		labour is aimed at providing hands-on and	dedicated SOPs to prevent and	Medium term
	directly or indirectly		step-by-step guidance to officials on sites	mitigate any form of forced /	(continuous)
	linked to its business		(Rancangan) to identify risks, monitor and	bonded labour on sites.	(1-2 years)
	operations and supply chain.		undertake corrective action in the event where forced / bonded labour occurs on sites.	The Groups also agreed to develop practical module to	Feb 2017 to
		ii.	The module may be developed in the forms of manual, handbook or poster, providing	prevent and mitigate any form of forced / bonded labour practices on the ground. The module can be	Jan 2018
			information such as indicators of forced labour on sites, ways to identify risks and	used on sites across FGVPM, Felda & FTPSB.	
			actual incidences of forced labour as well as corrective actions on sites.	In the development of such module, the Groups agreed that	
		iii.	The Groups may consider partnering with national or international institution/NGO/consultant to develop the expected contents, scope and application of such module on sites.	there is a need to partner with expert institutions and NGOs, and to tap into Brands' resources to support the creation of this module.	
			Socialization of the module to prevent forced <u>labour</u>		
		iv.	Upon completion, the Groups should socialize the module by organizing a series of Training of Trainers (ToT) among officials from <i>Wilayah</i> offices across		

2.4 Develop supplier guidelines for	Note: Development of practical module on the prevention of forced / bonded labour is to support the realization of policy commitment to prevent forced / bonded labour throughout its business operations and supply chain (refer Action Plan - Pillar 2 under 2.2 above) i. Supplier guidelines must reflect the key Group's Sustainability values relating to social and human rights including logal	The Groups noted that contract agreement (refers to <i>Surat</i> <i>Perianijan Keria</i> – SPK) between	Applies to FGVPM, Felda & FTPSB
1 11		1	
1 11		1	

contractors across FGVPM, Felda and FTPSB.		compensation and promising practices of safety and health.	standards including recruitment and hiring of legal workers. However, such principles have	Feb 2017 to
	ii.	Supplier guidelines should clearly indicate the scope of application and binding mechanisms to the contract agreement	limitations in term of scope of labour and human rights.	Aug 2017
		(<i>Perjanjian Kontrak</i>) between FGVPM, Felda and FTPSB and their respective contractors (including <i>cooperatives</i> , companies or individual vendors).	Hence, the Groups unanimously agreed to develop a dedicated supplier guidelines for responsible business conduct in their supply chain. The Groups	
	iii.	The Group should put in place stringent measures to ensure conformity to the supplier guidelines by their respective contractors, and to not compromise on any conducts of their contractors abusing any provisions in the supplier guidelines.	also agreed for the scope of these guidelines to be inclusive of internationally-recognized standards, and must well capture contractors and individual vendors' responsibility who are given plantation work.	
	iv.	All relevant officials at Headquarters, <i>Wilayah & Rancangan</i> offices from relevant divisions such as procurement, JTK and operation divisions - must be well informed of the supplier guidelines and empowered to make recommendation or decisions within their function and mandate, to ensure the successful realization of the supplier guidelines.	The Groups raised concern on the implementation of these guidelines taking into account reality on the ground. Hence, the Groups recommended for the task force to find ways to communicate the matter with relevant departments such as Procurement Divisions from FGV. Felda & FTP. Above all, the challenges on the ground should not hinder the Groups to develop the supplier guidelines.	

2.5 Returning of foreign	Continue the implementation of FGVPM's	While agreed to include	Applies to
workers' passports by FGVPM	programme on returning foreign workers'	FGVPM's site Bera Selatan 3 in the implementation of	FGVPM
FGVPM	passports	"Penyerahan Pasport Tanpa Peti	Medium term
	i. FGVPM should continue the programme on returning foreign workers passports under "Penyerahan Pasport Tanpa Peti Simpanan Keselamatan – Fasa 3" (Phase 3) which will commence in the first quarter of 2017.	Simpanan Keselamatan – Fasa 3" (roturn foreign workers' passport	(continuous) (1-2 years) Feb 2017 to Jan 2018
	 ii. FGVPM's site <i>Bera Selatan 3</i> must be included in the programme (Phase 3), together with other FGVPM's sites (estimated 30 sites under Phase 3). 	1	
	 iii. FGVPM shall monitor the implementation and report the outcomes of this initiative to the proposed SHR SC & SHR TF (refer <i>Action Plan – Pillar 1 under 1.1</i>). 	foreign workers under FGVPM, Felda & FTPSB – the Groups will develop time-bound strategies and procedures (administrative	
	Return all foreign workers' passports in all <u>Sites under FGVPM</u>	guidance) to return all foreign workers' passports.	
	iv. Upon completion of the three phases of current FGVPM's programme on returning foreign workers passports, FGVPM should return all foreign workers' passports at all sites under FGVPM, immediately.	ways to ensure all their contractors to return their contract foreign workers' passports, consistent with the Groups' collective commitment to ensure	
	v. FGVPM must ensure all contractors	free movement of workers and	

	 (including individual vendors) return foreign workers' passports in line with the Group's commitment to return foreign workers' passports. <u>Provision of secure facilities on sites (workers' accommodation)</u> vi. FGVPM should ensure every foreign workers to enable foreign workers to safekeep their passport and any other personal belongings on sites, or at workers' accommodation. The Groups will also look at the issue of providing safe-lockers to direct foreign workers to enable them to keep safe their passports once returned, and budget implication. If the existing accommodation. 	
2.6 Returning of foreign workers' passport by Felda & FTPSB	Return all foreign workers' passports in all Sites under FGVPM	Applies to FGVPM
	i. Felda & FTPSB should return all foreign workers passports at all Sites, in stages by 2020.	long term (continuous) (3 years)
	 Felda and FTPSB must also ensure all contractors (including individual vendors) return passports of their foreign workers in line with the Groups' commitment to return foreign workers' passports. 	Feb 2017 to Jan 2020

	iii.	JTK of Felda and FTPSB should play a leadership role in this initiative by developing strategies and procedures to return foreign workers' passports.		
	iv.	Felda & FTPSB should monitor the implementation and report the outcomes of this initiative to the proposed SHR SC & SHR TF (refer <i>Action Plan – Pillar 1 under 1.1</i>).		
		Provision of secure facilities on sites (workers' accommodation)		
	v.	Felda & FTPSB should ensure every foreign worker is provided with appropriate and secure facilities to enable foreign workers to safe-keep their passports and any other personal belongings on sites, or at workers' accommodation.		
2.7 Return <i>I-cards</i>	i.	All entities (FGVPM, Felda and FTPSB)	The Groups shared their concern	Applies to
(immigration card) issued by Immigration		should return <i>I-cards</i> issued by Immigration Department of Malaysia to all their direct	on the late provision of <i>I-cards</i> by Immigration Department. This	FGVPM, Felda & FTPSB

Department of Malaysia to all direct foreign workers in FGVPM, Felda and FTPSB, immediately.	ii.	 workers immediately, in order to avoid random arrest and any other forms of exploitation committed by irresponsible individuals against foreign workers. JTK of FGVPM, Felda and FTPSB should lead this exercise (returning of <i>I-cards</i>) in close collaboration with relevant officials from <i>Wilayah & Rancangan</i> offices throughout Malaysia. The Human Resource Divisions of FGVPM, Felda and FTPSB should assist their respective JTK in order to expedite the return of <i>I-cards</i> to all direct foreign workers. 	 would delay the channelling of I-cards from Headquarters' office to all foreign workers on sites. The Groups however agreed to undertake necessary actions at all levels, to return <i>I-cards</i> of their direct foreign workers immediately. The Groups will also consider having proper procedures to return all <i>I-cards</i> to direct foreign workers every year 	Short term [6 Months] Feb 2017 to Aug 2017
2.8 Identify and implement strategies to resolve the hiring of undocumented workers and unethical recruitment of foreign workers among FGVPM, Felda & FTPSB's contractors and vendors.	i. ii.	The Groups should organize internal roundtable discussion to identify strategies to resolve the issues concerning the hiring of undocumented workers and unethical recruitment of foreign workers among their contractors and vendors on sites. The Groups should also utilize the proposed sub-working committee on external engagement under SHR Task Force (refer <i>Action Plan – Pillar 1 under 1.1</i>) or any other existing platforms, with external stakeholders including their peers,	The Groups noted that the hiring of undocumented workers is an issue of industry-wide and cannot be resolved unilaterally by the Groups. The Groups, however informed that it will take necessary actions to address the issue internally including to revisit the previous Groups' internal policy of applying foreign workers' quota under FGVPM and FTPSB (for Felda).	Applies to FGVPM, Felda & FTPSB Medium term (1-2 years) Feb 2017 to Jan 2018

government agencies and NGOs – in order to find durable solution(s) on issues of common interests such as quota application for recruitment of foreign workers under contractors and vendors.	The Groups also agreed include issue of hiring of undocumented workers to their future roundtable discussion with business peers and other external stakeholders.	
iii. In the interim, the Groups may consider including future quota application of foreign workers under FGVPM and FTPSB's quota for their respective contractors and vendors. To embark on this interim action, the Groups should have strong legally-binding agreements and consistent monitoring plan to ensure contractors and vendors respect and observe the Groups' Sustainability Policy on social and human rights.		

Strategic Measures	Action Lines / Commentary	Management Review	Implementing Body & Period
			I CITOU

			PILLAR 3: SOCIAL & HUMAN RIGHTS	DUE DILIGENCE	
3.1	Establish a social and human rights due diligence programme to continuously identify, prevent	i.	Develop a social and human rights due diligence programme with a clear set of objectives to identify, prevent and mitigate any social and/or human rights impacts throughout its business operations.	The Groups acknowledged the need to have social and human rights due diligence programme across FGVPM, Felda & FTPSB to enable the Groups to identify risks and take necessary action to address it.	Applies to FGVPM, Felda & FTPSB Medium term
	and mitigate any social and/or human rights impacts caused, or, contributed by the Group's own activities or its	ii.	The Groups should form a specific sub-working committee under the proposed SHR Task Force (refer <i>Action Plan – Pillar 1 under 1.1</i>) to identify the priority areas, scope of application and implementing division/unit that cuts across FGVPM, Felda & FTPSB.	The Groups also noted that many business organizations have comprehensive social and human rights due diligence programme in place but that should not hinder the Groups to develop one.	(1-2 years) Feb 2017 to Jan 2018
	business iii. partners/supply chain. iv.	iii.	The Groups may also consider partnering with national or international organizations/NGOs in the development of the social and human rights due diligence.	Pursuant to TFT's recommendation of developing social and human rights due diligence, the Groups stressed the need to have social and human rights tools to identify risks and to measure	
		 The development of social and human rights due diligence must embrace the following essences: It should take into consideration of the key principles of the UN Guiding Principles on Business & Human Rights as well as the Groups' policy commitment concerning social and human rights aspects; 	level of compliance on sites. The Groups expressed their interest to partner with expert institutions such as SUHAKAM and human rights NGOs in the development of this tool.		

	• It shall apply to all three entities
	(FGVPM, Felda and FTPSB), its
	business partners and supply chain; and
	• It shall include matters pertaining to the
	five focus areas of this initiative, along
	with other relevant issues including,
	among others, freedom of association,
	safety & health, accommodation, non-
	discrimination practices and access to
	grievance and remedy.
	v. The social and human rights due diligence
	programme should include four key steps as
	follows:
	Assessment of actual and potential social and human rights important
	and human rights impacts;
	• Undertake corrective actions resulting
	from the findings of assessment; and
	from the midnigs of assessment, and
	Communicate about how impacts are
	addressed.
	Note: social and human rights due diligence may be
	defined as an on-going risk management programme
	that companies must develop and implement in order to
	identify, prevent, mitigate and communicate on how it
	addresses its social and human rights impacts towards

		its bu	siness operation.		
3.2	Gather and keep record of foreign workers under contractors who worked in any plantation units (<i>Rancangan</i>) under Felda & FTPSB.	i. ii. iii.	It is important for Felda and FTPSB to keep records of foreign workers with adequate information of their nationality, legal status and basic demography (e.g., age and gender). In that respect, JTK of Felda and FTPSB shall work hand in hand with relevant officials from <i>Wilayah</i> and <i>Rancangan</i> offices, <i>cooperatives</i> , contractors, local communities/settlers (e.g., <i>Jawatankuasa Kemajuan & Keselamatan</i> <i>Rancangan</i> (JKKR). JTK of Felda and FTPSB should have in place data gathering procedures and a standard template allowing insertion of key information (e.g., nationality, legal status and basic demography) of contract foreign workers to be used by all stakeholders at <i>Wilayah</i> and <i>Rancangan</i> levels.	Felda & FTPSB committed to seek ways to improve data collection strategy to ensure detailed information of their contract foreign workers are gathered on sites.	Applies to Felda & FTPSB Medium term (1-2 years) Feb 2017 to Jan 2018
inter proce	Strengthen existing nal systems and edures to gather maintain records of kers' monthly salary undertake	i.	Strengthen the existing computerized/non- computerized systems of gathering and reporting of monthly wage and reasoning for unfulfillment of monthly minimum wage among foreign workers.	The Groups acknowledged that there are direct foreign workers who received less than minimum wage of RM1,000 in a month. The Groups noted that there are reasons for the non-achievement of minimum wage	Applies to FGVPM, Felda & FTPSB Medium term

corrective actions on sites to ensure all workers receive the monthly minimum wage pursuant to Malaysia's Minimum Wage Orders 2016.	 ii. The Groups must ensure the internal systems have the following aspects: <i>Identification</i> of cases of non-fulfilment of monthly minimum wage among foreign workers in all <i>Rancangan</i> offices; <i>Investigation</i> of reasons/factors of non-fulfilment of monthly minimum wage among foreign workers. The Groups should develop investigation procedures (e.g., review of workers' check-roll, time motion study and ground investigation) to be referred by officials on sites; and <i>Remedial action</i> plan (procedures to undertake corrective action) must be developed to enable officials on sites to refer to in order to remedy cases of non-fulfilment of monthly minimum wage among foreign workers (including the need to top up workers' salary). 	(1-2 years) Feb 2017 to Jan 2018
	Note:	
	FGVPM, Felda and FTPSB have their own computerized/non-computerized systems to gather and keep records of workers' monthly salary, to enable the Groups at headquarters level to ensure fulfilment of	

monthly minimum wage of their workers. The existing systems permit officials on sites (both at Wilayah & Rancangan levels) to justify and report the reasoning behind non-fulfilment of workers' monthly minimum wage. However, our field visit found that officials on sites (particularly FGVPM and FTPSB) do not fully utilize or realize the full potential of their existing workforce and to ensure every worker has the equal opportunity to reach their monthly minimum wage.	
The existing systems also do not provide practical corrective actions and strategies that could guide officials on sites to take appropriate action if issues of non-fulfilment of minimum wage among their direct foreign workers arise.	

Strategic Measures	Action Lines / Commentary	Management Review	Implementing Body & Period
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PILLA	PILLAR 4: SUPPLIER, COMMUNITY & EXTERNAL STAKEHOLDERS ENGAGEMENT					
4.1 Plan and organize continuous capacity building programmes or any forms of awareness raising activities (e.g., roadshow) targeting the Groups' <i>contractors and</i> <i>vendors</i> on issues of social and human rights pursuant to the Groups Sustainability Policy.	 i. FGVPM, Felda and FTPSB should plan and organize series of capacity building programmes with objectives to raise awareness and build capacity of their respective contractors and individual vendors on the most promising practices that uphold the Groups' Sustainability Policy on social and human rights. ii. In the conduct of these capacity building programmes or any forms of awareness raising activities, the Groups may consider the following recommendations: To be organized at <i>Wilayah</i> or <i>Rancangan</i> offices across FGVPM, Felda and FTPSB, or to integrate these programmes in the existing engagement mechanisms with contractors; To invite officials from relevant government agencies (e.g., officials/representatives from Labour Department Peninsular Malaysia) and representatives of relevant NGOs – as resource persons; and 	 vendors is an on-going effort to raise awareness and encourage them to embrace the Group's Sustainability Policy. However, the Groups acknowledged that the engagement plan focuses on RSPO's compliance and there is a need to broaden the aspects to address social and human rights issues. The Groups committed to integrate aspects of social and human rights in their existing plan of engagement with contractors and vendors. The Groups also recognized the need to bring in local authority (e.g., Labour Department or Immigration Department Malaysia) and expert institutions (e.g., SUHAKAM) as resource persons in the series of engagement with contractors and vendors. 	Applies to FGVPM, Felda & FTPSB Medium term (1-2 years) Feb 2017 to Jan 2018			

	 The programmes should cover key social and human rights issues, among others, prevention of forced / bonded labour, unethical recruitment, child labour, non-compliant to monthly minimum wage and non-compliant practices of safety and health. of social and human compliance and to encourag to make the transformation or reality. 	
4.2 Organize leadership training for <i>independent settlers</i> in Felda's <i>Rancangan</i> in view of building their awareness and ability to embrace and comply with the Group's sustainability commitment on social and human rights aspects.	 i. Organize hands-on leadership training or any form of capacity building programme, targeting independent settlers, members of <i>cooperatives</i>, secretariat officials of cooperatives, members of local committees (e.g., JKKR) in Felda's Rancangan. ii. Objectives of the leadership training are to build awareness, understanding and ability of independent settlers of the Groups' policy commitment on social and human rights, and be able to embrace and comply with these commitments throughout their palm oil planting activities. ii. Organize hands-on leadership training or any furget days and the settlers of the Groups' policy commitment on social and human rights, and be able to embrace and comply with these commitments throughout their palm oil planting activities. iii. Organize hands-on leadership training or any furget days are of the important or social and human rights and be able to embrace and comply with these commitments throughout their palm oil planting activities. 	nt role (for <i>Rancangan</i> lers as <i>Felda</i> with <u>independent</u> <u>settlers</u>) ionship their Medium term rect in (1-2 years) play ovision Feb 2017 uilding to cerning Jan 2018 es. ap into
Note: <i>Applies for</i> <i>Rancangan Felda that</i> <i>have</i> independent settlers .	 iii. In the conduct of this initiative, Felda may consider collaborating/partnering with relevant institutions such as <i>Maktab Koperasi Malaysia</i> (MKM), relevant government agencies such as Labour Department Malaysia or Immigration Department 	nds to apacity n the lged to

	iv.	Malaysia or NGOs. The Groups may also consider working hand- in-hand with Brands who are willing to reach out to, or contribute in raising awareness and upskilling the independent settlers in line with their sustainability commitment.	programme targeting independent settlers at Felda Lui Timur, and to be extended to other Felda sites (with independent settler).	
4.3 Spearhead an inclusive and sustainable engagement plan with external stakeholders to share best practices, deliberate and advocate solutions on prevalent	i.	The Groups should spearhead an inclusive and sustainable engagement plan to engage with wide-ranging of external stakeholders consisting relevant government agencies, associations, business peers, Brands, NGOs and workers' representative(s) / union(s).	The Groups recognized some issues of social and human rights are cross-cutting and cross-entity in nature. Some of these issues are matters of concern to other business peers in the industry.	Applies to FGVPM, Felda & FTPSB Medium term (1-2 years)
social and human rights issues on the basis of shared values and responsibility.	ii.	This initiative may include convening of series of roundtable discussions or forums that permit sharing of best practices, deliberate and advocate durable solutions among various stakeholders on issues of mutual interest.	The Groups are also fully-aware of the limitation they have to realize entirely the global requirements and industry expectations of internationally-recognized labour standards.	Feb 2017 to Jan 2018
	iii.	The initiative must ensure that this is done on the basis of shared values and responsibility to strengthen policy commitment and practices among palm oil players in relation to social and human rights impacts of their business operation.	The Groups however are of the view that there is a need to have common platform among various external stakeholders to discuss issues of common interests. The Groups informed that they had organized the first roundtable	
	iv.	Among issues of common interest that may be included in the series of external stakeholders' engagement are as follows:	discussion on 20 December 2016 with various external stakeholders including NGOs.	

 Foreign workers; Ethical recruitment (including structure); Ethical recruitment to have zero-cost the recruitment policy); Hiring of undocumented workers and rehiring programmes; 	The Groups are committed to continue series of roundtable discussions with external stakeholders in the future. In doing that, the Groups will take into account the need to expand participation of more diverse external stakeholders and more focused subjects of roundtable discussion (thematic).	
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Conclusion

The embarkation of this Support for Transformation initiative is based on "trust" and sharing of "mutual vision" between TFT and the Groups to mainstreaming social and human rights into the Groups' business operations and supply chain. Our field assessment of selected sites (refer *Part 2*) found relatively decent progress made by the Groups on the ground. However, there are critical areas such as forced / bonded labour, minimum wage and safety & health that need immediate corrective action on sites, ideally between 3 and 6 months period. To ensure transformation takes place throughout the Groups' operations, an overarching plan of action is required to drive and scale up similar initiatives at the other plantation sites under the Groups throughout Malaysia. The implementing period of this action plan ranges from short term (between 3 and 6 months), medium (between 1 and 2 years) and long term (from 3 to 5 years) depending on the scarcity and nature of particular issues of concern. Thus, Part 3 in this report advocates for a structural and sustainable transformation, grounded upon four pillars of transformational journey namely institutional strengthening and leadership; policy commitment; due diligence; and supplier, community and external stakeholders' engagement. Accordingly, we advocate for an inclusive transformation whereby all supply chain including contractors, individual vendors and settlers are continuously engaged and empowered so that they can take part and contribute meaningfully in the transformation journey.

About TFT

TFT is a global non-profit organization that exists to make business a force for good, for people and nature. We enable companies to source raw materials responsibly by ensuring their values are met not only where they are visible to customers and shareholders, but also in the unseen forests, farms, factories and quarries that supply materials.

We are a membership organization that utilizes a market-based approach to advance our mission, enabling TFT members – typically brands, retailers, manufacturers and producers – to make purchasing decisions that reflect their commitment to responsible sourcing.

From our founding in 1999, we have harnessed the power of international timber supply chains to promote responsible forestry and respect for human rights. In recent years we have successfully adapted this approach to address other raw material supply chains that have vast impact on nature and people's lives. These include palm oil, pulp and paper, stone, metal, rubber, cotton, shoes & leather, and charcoal.

Two ways to engage

TFT engages with companies two different ways: 1) through a **Business Partnership Engagement** where TFT assists with a specific set of deliverables on a fee-for-service basis; and 2) through **TFT Membership**, a more comprehensive, structured, long-term program aimed at mitigating environmental risk, delivering a path to achieving responsible supply chains, providing public communications services, and delivering ongoing and as-needed support to the member businesses. Membership sends a signal to stakeholders such as supply chain partners, customers, NGOs and journalists of the Member's commitment to working with TFT to achieve its responsible sourcing goals. This helps to facilitate TFT's work in the supply chain, allows TFT to give the Member communications support as needed, and associates the Member publically with TFT's values and reputation.

The **Business Partnership Engagement** is designed as an optional, but often recommended 'first step' toward TFT membership, where TFT and the Client can gain experience working together and a deeper understanding of their respective approaches and values vis-à-vis commodity risks while implementing a short-term work plan. This work typically may include reviewing the company's sourcing policies, communications, and practices to date, analyzing the structure and geography of the supply chain, and agreeing on priorities for further work together, usually based on assessments of risks, volumes, and strategic opportunities.

Business Partnership Engagement, like the one proposed herein for a 6-month period, are usually not communicated publicly, unless based on prior agreement. A Business Partnership Engagement is often a way to "get to know each other" before agreeing to TFT membership.

ANNEX 1

SUMMARY & DETAILED COMPARISON BETWEEN TFT'S GUIDELINES & OTHER INTERNATIONAL INSTRUMENTS ON LABOUR STANDARDS

NO.	TFT'S GUIDELINES FOR SITE	RSPO P&C	SA	FREE &
			8000	FAIR LABOUR
1	FORCED LABOUR "There is no forced or bonded labour – forced labour, bonded labour and human trafficking are not used or promoted, and appropriate measures are taken to prevent the use of such labour. Remedial actions are in place in the event that such labour or trafficking is found, to ensure that victims are referred to existing services for support and assistance".	[6.12] [6.12.1/ 6.12.3]	✓[2.1][9.1.4]	♥ Principle 1
2	ETHICAL RECRUITMENT "Ethical recruitment practices are used – Recruitment practices are transparent and fair, and direct recruitment is encouraged".	⊘ [6.13]	✓[2.5][2.5.3]	♥ Principle 2
3	EMPLOYMENT CONTRACT "Employment contracts are provided to all workers – All workers are given in writing, in a language they understand, the details of their working conditions, including as a minimum, the nature of the work to be undertaken, rate of pay and pay arrangements, working hours, vacation and other leave, and other benefits of employment"		♥ [2]	Principle 2 Principle 3 Principle 4
4	WAGE (MINIMUM WAGE) "Wages meet legal requirements or national norms as a minimum – All workers are paid a wage equal to or exceeding the legal minimum wage".	[6.5] [6.5.1/6.5.2/ 6.5.3]		⊘ Principle 4
5	SAFETY & HEALTH "Workers are protected from exposure to occupational health and safety hazards that are likely to pose a risk of permanent injury, illness or death".			♥ Principle 5

Note(s):

TFT's Guidelines refer to *The Forest Trust's No Exploitation Guidelines for Sites* (Annex 1)

RSPO P&C refers to *Roundtable on Sustainable Palm Oil Principles & Criteria* (Annex 2) SA8000 refers to *Social Accountability 8000* (Annex 3)

Free & Fair Labour Practices refers to *Free & Fair in Palm Oli Plantation (Principles & Implementation Guidance)* (Annex 4)

No.	TFT's No Exploitation Guidelines for Sites	RSPO	SA8000	Free & Fair Labour
	1. FORCED LABOUR tere is no forced or bonded labour – forced labour, bonded labour and human trafficking a sures are taken to prevent the use of such labour. Remedial actions are in place in the event ensure that victims are referred to existing services for support and Level 1	that such labo	±	
1.1	There is a clear recruitment and employment policy prohibiting any activity linked to forced and bonded labour, including human trafficking.	⊘ [6.12]		Principle 1 (Broad
1.2	Workers are aware and understand their right to freedom of movement, and workers have free access to areas outside company management.	[6.12] [6.12.1]	X	interpretation of forced / bonded labour)
1.3	Workers are aware and understand details on payment and conditions of employment (e.g. working hours, deductions, benefits, etc.).	⊘ [6.12.1]	⊘ [2.1]	-
1.4	Workers are not forced to work overtime.	⊘ [6.12.1]	⊘ [2.1]	
1.5	Workers have free access to drinking water and breaks during the shift.	⊘ [6.13]	X	-
1.6	The company does not require workers to lodge money deposits with the company.	X	⊘ [2.1]	

1.7	Identification documents can only be kept by the employer where this is legal and where consent has been obtained from the worker. Whenever documents are retained a system must be in place to ensure workers can gain free access to their documents within 24 hours.	[6.12] [6.12.3]	X	
1.8	Any advances or loans should be documented. Terms and conditions of repayment should be fair, transparent and capped at 30% of take home pay.	X	⊘ [2.1]	
1.9	All saving and wage safekeeping schemes are voluntary and fully documented. Workers are fully aware of how the process works. Where wages earned are held for safekeeping, workers have access to funds at any time.	X	X	
1.10	Workers have the option to opt out from the safekeeping scheme upon request.	X	Х	

6	2. ETHICAL RECRUITMENT *Ethical recruitment practices are used – Recruitment practices are transparent and fair,	and direct recr	uitment is enco	ouraged".
	Level 1			
2.1	The recruitment process is documented and transparent. All intermediaries and agents are known.	⊘ [6.13]	X	Principle 2
2.2	Where third parties are involved in the recruitment process, fees and incentives are documented and records kept.	In general, RSPO make a	X	(Broad interpretation of ethical
2.3	Any costs charged to the workers are transparent, justified and legal.	reference to <u>UN</u>	Х	hiring & responsible

2.4	Recruitment personnel are all trained to recognise and prevent human trafficking and forced and bonded labour.	<u>Guiding</u> <u>Principles</u> on Business	⊘ [2.5]	employment)
		<u>& Human</u> <u>Rights</u>		

3. EMPLOYMENT CONTRACT

"Employment contracts are provided to all workers – All workers are given in writing, in a language they understand, the details of their working conditions, including as a minimum, the nature of the work to be undertaken, rate of pay and pay arrangements, working hours, vacation and other leave, and other benefits of employment"

	Level 1			
3.1	Individual contracts or letters of appointment are provided to ALL direct workers on site and include wages, working hours, leave and benefits. These are signed by the worker and employer.	•	♥ [2] Broad	✓ Principle 2 Principle 3 Principle 4
3.2	Working contracts comply with local laws regarding health insurance, working hours, holidays, wages, etc.	⊘ [6.5.3]	interpretation of forced / bonder	(Broad interpretation
3.3	Contracts are in an appropriate language for workers. Where workers are illiterate, contracts are read to them and appropriate steps are taken to record that this has happened.		labour	of these 3 Principles)
3.4	Workers understand the terms and conditions in their contracts.			

	4. WAGES (MINIMUM WAGE)			
"Wag	es meet legal requirements or national norms as a minimum – All workers are paid a wa wage".	ge equal to c	or exceeding	the legal minimum
	Level 1			
4.1	Workers are given the opportunity to fully achieve the monthly legal minimum wage within their standard working hours (not including overtime)	⊘ [6.5]	⊘ [8.1]	✓ Principle 4
4.2	ALL workers, including sub-contractors and those on piece rate contracts, receive at least the minimum wage for working an eight-hour day (or part thereof).	⊘ [6.5]	⊘ [8.1]	(Broad interpretation of living wage
4.3	Overtime work is paid at a premium and is in line with legal requirements.	⊘ [6.5]	∛ [8.1]	principle)
4.4	Payment records such as payrolls are maintained with sufficient information.	⊘ [6.5.1]	⊘ [8.3]	-
4.5	Payslips detailing pay calculations are provided to all workers in an appropriate language with every pay cycle.		∛ [8.3]	
4.6	Payments are made directly to the worker. Where a sub-contractor is used the agency should provide evidence of direct payment to workers.	X	X	-
4.7	Any deductions from wages, for example, for accommodation or advances, are legal, transparent and fully explained. Descriptions of deductions and outstanding balances are included on the payslips.	⊘ [6.5.1]	∛ [8.2]	

	5. HEALTH & SAFETY			
"Wo	rkers are protected from exposure to occupational health and safety hazards that are likely to death".	o pose a risk	of permaner	nt injury, illness or
	Level 1			
5.1	Plantations and mills have an Occupational Health and Safety (OHS) policy in place.	⊘ [4.7]	⊘ [3.1]	✓ Principle 5
5.2	The company has undertaken a full Health and Safety Risk Assessment by job function, and an action plan is in place and is being implemented.	⊘ [4.7.2]	✓[3.1][3.7]	(Broad interpretation of the principle of worker health and
5.3	Appropriate Personal Protective Equipment (PPE) is provided and replaced when necessary for each job function, free of charge and based on the H&S risk assessment.	⊘ [4.7.3]	⊘ [3.3]	safety and the welfare of workers)
5.4	All managers and workers receive suitable health and safety training appropriate to the scale of the operations. All training is documented and records are kept.	⊘ [4.7.3]	✓[3.1][3.6]	
5.5	There is an emergency response plan in place and means to implement it are available.	⊘ [4.7.5]	⊘ [3.1]	_
5.6	First aid appropriate for the activities undertaken at the site is freely available, and sufficient staff are trained in its use.	⊘ [4.7.6]	✓[3.1][3.3]	
5.7	Safety sign boards are in place at strategic locations according to hazard/s identified (restricted areas, electric fence, etc.).	⊘ [4.7.2]	⊘ [3.1]	

5.8	Appropriate fire-fighting equipment is in place.	⊘ [4.7.2]	⊘ [3.1]	
5.9	Emergency evacuation procedures are communicated and practiced for all workers on a regular basis.	⊘ [4.7.2]	⊘ [3.1]	
5.10	There is a procedure for plantations and mills to report OHS performance regularly. It is included in contractors'/suppliers' performance evaluations and is used for continuous improvement.	⊘ [4.7.5]	⊘ [3.5]	
5.11	All the chemicals used by the company are known and material safety data sheets are available for each worker who uses the chemicals.	⊘ [4.7.2]	⊘ [3.1]	
5.12	Workplace accident insurance is provided to all workers on site (including migrant, sub-contracted and temporary). The insurance covers medical treatment for work-related illness and injury, and compensation for work-related illness and injury causing death or permanent disability. This provision is communicated to workers.	∛ [4.7.6]	X	
5.13	A process is in place for the rightful disbursement of insurance claims to the next of kin in the event of death or workers being repatriated. All payments are fully documented.	X	X	
5.14	Medical facilities appropriate to the size and scale of the site are available on site.	∛ [4.7.6]	✓[3.1][3.3]	
5.15	Safe drinking water is freely provided to all workers.	X	✓[3.1][3.8]	

5.16	Sanitary facilities such as toilets are provided and are maintained in good condition with sufficient ventilation and reasonable hygiene standards. Facilities are segregated by gender.	X	✓[3.1][3.8]	
5.17	Machines are well maintained, inspected regularly and are equipped with appropriate protective devices and safety guards.	X	[3.1] [3.8]	

FORMATION OF SOCIAL COMPLIANCE STEERING COMMITTEE & TASK FORCE

Mandate & Responsibilities

Social Compliance Steering Committee

Mandate

The primary mandate of the Steering Committee is to provide advice and strategic direction to the Social Compliance initiative under the flagship of the TFT-FGV Business Engagement.

Responsibilities

In the discharge of its mandate, the Social Compliance Steering Committee shall:

- i. provide administrative and strategic advice and approval of project direction, pursuant to the set objectives and scope of the TFT-FGV Business Engagement;
- ii. provide input and subsequently approve action plans resulting from desktop review and field assessment, focusing on the five focus areas namely forced / bonded labour, ethical recruitment, employment contracts, wages and safety and health; and
- iii. engage and consult, as may be appropriate, with other internal and external stakeholders to ensure the successful implementation of the Social Compliance initiative;

Members of the Social Compliance Steering Committee shall comprise of Senior Management from Felda, FGV & FTP, and be chaired by the Deputy Director General (DDG) of Felda.

Responsibilities

Social Compliance Task Force

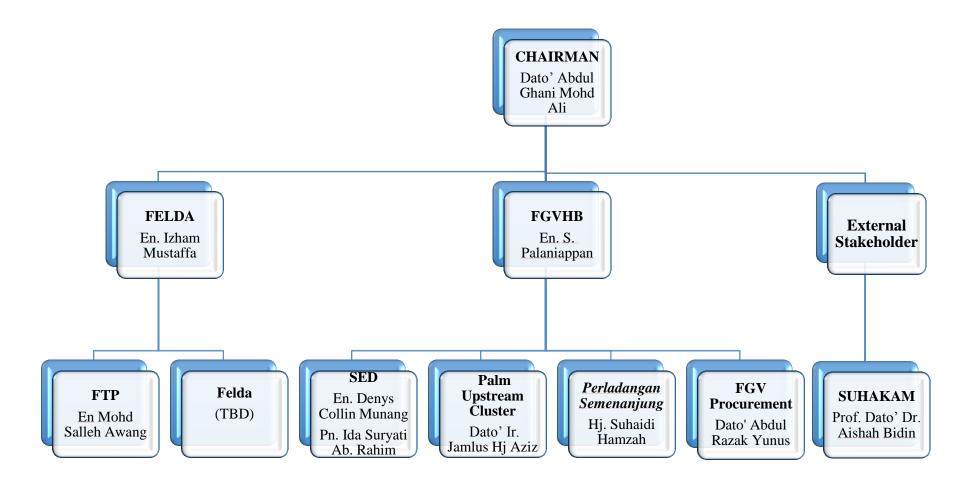
The Social Compliance Task Force shall:

- i. monitor project development and provide working level inputs to the Social Compliance initiative;
- ii. provide administrative and technical assistance at all levels, including headquarters and on sites, ensuring the efficacious implementation of the initiative;
- iii. report on the progress of work, including draft action plans, to the Social Compliance Steering Committee; and
- iv. represent the Social Compliance Steering Committee in the engagement and/or consultation, as may be appropriate, with other internal and external stakeholders, to ensure the successful implementation of the Social Compliance initiative;

Members of the Social Compliance Task Force shall comprise Officials from Sustainability & Environment Department (SED), *Jabatan Tenaga Kerja* Felda, FGV & FTP, and with close consultation with representatives of TFT.

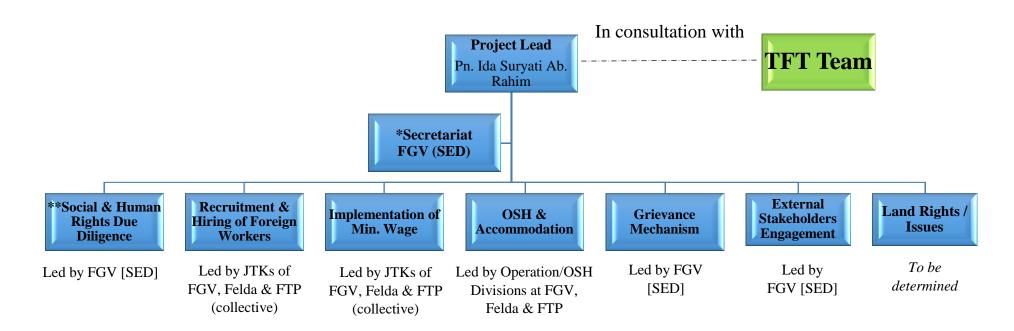
SOCIAL COMPLIANCE STEERING COMMITTEE

(Comprises of Senior Management from Felda, FGV & FTP)



SOCIAL COMPLIANCE TASK FORCE

(Comprises of SED, Jabatan Tenaga Kerja Felda, FGVPM & FTPSB)



Note * - FGV (Sustainability & Environment - SED) consists of En. Norazam Abdul Hameed, Pn. Mazatul Aishah Aziz, En. Ilangovan, En. Mohd Amin Salleh & En. Noorazam Ishak.

Note ** - Social & human rights due diligence covers initiatives on wider policy commitment which includes development of supplier guidelines, module on the prevention of forced labour and development of tools on sites to measure social and human rights compliance.

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ANNEX 3

RAPID APPRAISAL: INDEPENDENT SETTLERS OF FELDA LUI TIMUR

Introduction

On 23 November 2016, TFT team members together with officials from FGVPM and Felda visited Felda Lui Timur that is located in Jempol, Negeri Sembilan. The one-day visit is part of the seven (7) days fieldwork in four (4) selected plantation sites under FGVPM, Felda & FTPSB between 14 and 23 November 2016.

Objectives of the visit at Felda Lui Timur were as follows:

- To sensitize Felda independent settlers on the current policies and commitment of Felda concerning ethical recruitment and hiring of foreign workers; and
- To provide an inclusive platform for Felda independent settlers to express their views and share ground information in relation to the hiring of foreign workers. This also enables TFT and officials from FGVPM and Felda to better understand actual challenges facing independent settlers on the ground.

Background of the Independent Settlers at Felda Lui Timur

As mentioned previously under *Section 1.6.1(D)*, independent settlers are the settlers who manage their land independently, without intervention from Felda. However, Felda still assists independent settlers by providing public facilities, welfare and various socio-economic assistances.

Felda Lui Timur was initially opened in 1975 as rubber plantation. Presently, with 2,984 hectarages of land, there is a total of 540 independent settlers – majority of which engaged in oil palm activities. FELDA office that is located within the vicinity of Felda Lui Timur plays greater role in assisting independent settlers through provision of planting materials as well as financial and non-financial socio-economic supports.

Generally, independent settlers are required to supply their crops to Felda given the binding contract agreement between the two parties.¹⁰ However, in reality, considerably high proportion of these independent settlers supplied/sold their crops to independent buyer(s) or mill(s).

As independent settlers, they are responsible to manage their land and planting activities including recruiting and hiring their small-scale workforce most often among foreign workers. Given the uncertain and ever-changing government policy on the recruitment of foreign workers, some independent settlers acknowledged they hired "undocumented foreign workers" and/or practiced of sharing foreign workers between independent settlers – as a way

¹⁰ Some independent settlers took loan from Felda such as development loan, business and higher education loans as well as loan for purchasing of computer. For the purpose of loan repayment, these independent settlers are then required to sell their crops to Felda where some portions of the payment will be deducted for repayment of their loan(s). Source: Interview with Independent Settlers of Felda Lui Timur, 23 November 2016.

to reduce cost of planting activities. Such practices if not managed accordingly would have severe impacts to the realization of Felda's sustainability agenda on the ground.

Approach and Method of Engagement

Given the time limitation on the field, we used rapid appraisal approach to quickly, yet systematically gather information and responses from independent settlers on issues concerning the Groups' policy and commitment on the recruitment and hiring of foreign workers.

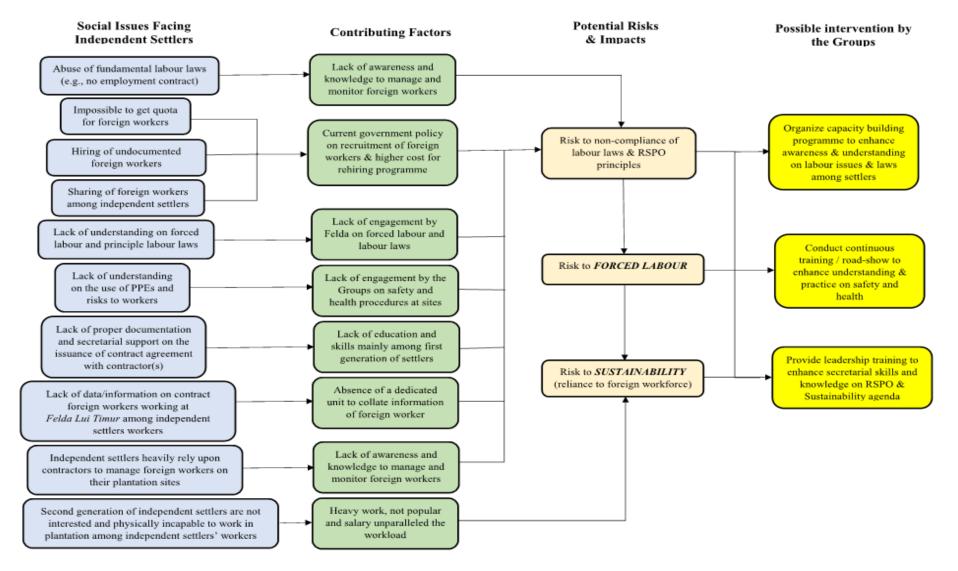
We then used a method of engagement namely focus group discussion (FGD) to engage a relatively homogenous group of participants among independent settlers. There were a total of 15 independents settlers participated in the FGD that was conducted for a period of 3 hours on 23 November 2016.

These independent settlers were among the first and second generations of Felda settlers from Felda Lui Timur. Some of these independent settlers were representing local committees such as cooperative (*koperasi*), *Jawatankuasa Kemajuan & Keselamatan Rancangan* (JKKR), *Gabungan Persatuan Wanita* (GPW) and *Belia Felda* (youth group).

The FGD was moderated by TFT, and sessions with independent settlers were arranged thematically. TFT initially shared its background and past experiences working in the palm oil and non-palm oil sectors in a number of countries such as Indonesia, China and Africa. TFT began the session by clearly narrated the aims of this FGD and encouraged each of the independent settler to engage openly throughout the session.

The 3-hour FGD session with independent settlers was organized under two umbrella topics, followed by open-ended questions to stimulate sharing of views with the participants, as follows:

- A. Understanding and awareness on sustainability and foreign workers (*Topic 1*)
 - Understanding of what sustainability mean in their daily planting activities;
 - Awareness on practices that comply with RSPO;
 - Participation in any capacity building programme / training relating to RSPO;
 - Second and third generations sentiments and interests working in plantation;
 - Their perceptions for local people to replace foreign workers to work in plantation; and
 - Their perceptions of any social illness / problems brought by foreign workers in plantation
- B. Practice of the hiring of foreign workers among settlers (*Topic 2*)
 - The practice of recruiting and hiring foreign workers among independent settlers;
 - Their understanding and awareness of what constitute forced / bonded labour; and
 - Management of foreign workers (e.g., provision of employment contract, monthly payslip, provision of accommodation, PPEs, minimum wage, chemical handling and et cetera);



Key Findings: Issues, Factors, Risks and Possible Intervention



Field visit and focus group discussion with independent settlers at Felda Lui Timur, Jempol, Negeri Sembilan, 23 November 2016