

Decent Living Wage Task Force

TERMS OF REFERENCE

1. Introduction

In accordance with the 2018 RSPO Principles and Criteria (P&C), a Decent Living Wage (DLW) must be paid to all workers, including those on piece rate/quotas, for whom calculation is based on achievable quotas during regular working hours¹. To this effect, elements in the calculation for DLW should include food, water, housing, education, healthcare, transport, clothing and other essential needs, including provisions for unexpected events, in accordance with the Global Living Wage Coalition (GLWC) method (hereinafter referred to as *RSPO Endorsed Methodology*)². The RSPO Shared Responsibility Requirements and Implementation³ further provides that “Pay and conditions for staff and workers and for contract workers always meet at the least, legal or industry minimum standards and are sufficient to provide decent living wages (DLW)”.

For Indicator 6.2.6, a Procedural Note was further inserted, which reads as follows:-

“The RSPO Labour Task Force will prepare a guidance on the DLW implementation, including details on how to calculate a DLW, expected for 2019. The RSPO Secretariat will endeavour to carry out DLW country benchmarks for palm oil producing countries in which RSPO members operate and for which no Global Living Wage Coalition (GLWC) benchmarks exist.”

The RSPO has already produced a [guidance document on DLW calculation](#). In accordance with the Procedural Note, there is now a need for the development of DLW country benchmarks for countries where RSPO members operate. To this end, and as part of the RSPO’s process, a Decent Living Wage Task Force (**DLW TF**) shall be formed to oversee the development of the RSPO DLW benchmarks globally.

2. The RSPO DLW Strategy⁴

The [DLW Strategy](#) has been drafted with the intention of giving direction to the RSPO and its relevant bodies towards the development of the RSPO DLW benchmarks. Pending the development of RSPO DLW Benchmarks, members will be required to follow the [Interim Measure](#) in compliance with Indicator 6.2.6 wherein members are required to pay the legal minimum wages in their area of operation and to calculate the Prevailing Wage in the Unit of Certification⁵.

¹ P. 47RSPO Principles & Criteria 2019 indicator 6.2.6

² [RSPO Guidance for Implementing a Decent Living Wage](#)

³ The RSPO Shared Responsibility Requirements and Implementation was endorsed by the RSPO Board of Governors on 31.10.2019

⁴ The DLW Strategy is a live document and shall be amended when needed.

⁵ https://www.rspo.org/library/lib_files/preview/982

This multi-tiered strategy aims to ensure that whilst the approach taken is consistent in its application throughout the globe, it also considers the subjectivity of local communities, in a way that ensures that the benchmarks developed will be relevant to the palm oil industry.

The strategy aims to collate relevant data from credible sources, including RSPO members, to estimate the average cost of living income in the region or area where the worker and his family lives. This data will then be processed by the RSPO Secretariat.

As the estimation of DLW benchmarks are specific to each country or region, it is important that the strategy is tailored to provide tailored support to suit the needs of specific countries and/or regions. As such, the DLW TF will aim to develop a method that will provide options for countries in development of benchmarks suitable for its jurisdiction. As such, it is crucial to also engage the relevant governmental organisations and agencies to leverage on available and relevant data required for the process of the development of the DLW benchmarks. These options will be provided to the National Interpretation Working Groups (NIWGs) for their consideration on which option will best suit their needs. In coming to this decision, the NIWGs will consider all relevant considerations and make a decision in consensus on the way forward. Below is the projection of the strategy:

| | Preparation | | | Data Collection & Calculation | | Finalisation | | Endorsement |
|-----------------------|--|-------------------------------------|--|--------------------------------------|-------------------------------------|---|-------------------------------------|--------------------------|
| Activity | Preparation of framework for benchmark development | Dissemination of framework to NIWGs | NIWGs to decide on options and work within decided framework | Data Collection | Estimation of Benchmarks | Validation and Refinement of benchmarks | Public Consultation | Endorsement by SSC |
| Lead | RSPO Secretariat DLW TF | RSPO Secretariat | NIWGs Secretariat | NIWGs RSPO Secretariat | NIWGs RSPO Secretariat | NIWGs RSPO Secretariat DLW TF | RSPO Secretariat | RSPO Secretariat |
| Stakeholders Involved | DLW TF RSPO Secretariat | NIWGs RSPO Secretariat | NIWGs RSPO Secretariat DLW TF | Growers RSPO Secretariat NIWGs | NIWGs RSPO Secretariat DLW TF | NIWGs RSPO Secretariat DLW TF | NIWGs DLW TF RSPO Secretariat | SSC* RSPO Secretariat |

* SSC: The RSPO Standards Standing Committee

Where there are no active NIWGs or a platform for the same in a country, the DLW TF will propose a recognised living wage benchmark or guidance for members operating in these countries to follow to estimate a living income therein.

3. Objectives

The main role/objective or task of the DLW TF is to oversee the **process** of the development of estimates globally, which includes:

- Providing strategic, operational, and technical advice in relation to the development of the framework for benchmarking as well as overseeing the development of DLW estimates for the RSPO.
- Providing technical input to refine the DLW Strategy (if needed) and oversee the execution of the following:
 - preparation of the Data Template;
 - mobilisation of the NIWGs in progressing on the calculation of the RSPO DLW benchmarks;
 - providing guidance to the NIWGs in carrying of the DLW benchmarking exercises including the determination of geographical boundaries and the number of surveys to be conducted in the relevant country/geographical location;
 - estimation of the benchmarks based on the data collated;
 - refinement and validation of the benchmarks;
 - public consultation
 - submission of the final benchmarks to the SSC for endorsement.
- The DLW TF serves as a point of reference on matters pertaining to the development of DLW benchmarks for the RSPO.
- If needed, the DLW TF may recommend or advise a change in the DLW Strategy subject to the endorsement of the SSC.

4. Mandate

The DLW TF, supported by the RSPO Secretariat, will have a reporting line to the SSC. The DLW TF will be assisted by the Decent Living Wage Manager, Human Rights and Social Standards Unit in the RSPO Secretariat. The DLW TF will also provide regular updates to the RSPO Assurance Standing Committee (ASC) and the RSPO Human Rights Working Group (HRWG) on the ongoing work, to ensure that any potential overlaps or duplication of work are avoided.

5. Structure

5.1 Membership and Composition

5.1.1 DLW TF composition

The DLW TF shall consist of RSPO members. Its composition represents the sectoral and geographical composition and balance of RSPO and specialised in the technical nature of this group. The DLW TF shall comprise the following:

| Category | Constituency | Total |
|---|------------------------------|--------------|
| Growers [Indonesia, Malaysia, RoW (LatAm, Africa RoW Asia)] | Growers | 4 |
| | Consumer Goods Manufacturers | 1 |

| | | |
|--------------|------------------------|----|
| Supply Chain | Processors and Traders | 1 |
| | Retailers | 1 |
| | Financial Institutions | 1 |
| NGO | SNGO | 3 |
| | ENGO | 1 |
| Total | | 12 |

The composition of the DLW TF will be considered final if even after active consultation and engagement there are no available candidates from the above list. The discussions and decisions of the DLW TF will be based mainly on the technical expertise of its members and on-the-ground experience, which will support the work of the task force through knowledge sharing and balancing the interests of different stakeholders.

Members are expected to participate actively in the proceedings or ensure that they are represented by a designated alternate if they are unable to do so. Only the substantive and/or designated alternate member can participate in the meetings. In exceptional circumstances, permission may be sought from the co-chairs for a second alternate to attend the meetings. Participation is voluntary and non-remunerative.

5.1.2 The DLW TF will be led by two (2) members, one selected to represent the interest of the growers, consumer goods manufacturers, processors and traders, and another chair to represent the interests of the Non-Governmental Organisations (NGOs), which shall be nominated by members of the DLW TF. Due to the technical nature of the work, the DLW TF may decide to appoint an external facilitator if necessary.

5.1.3 Upon agreement by the members of the DLW TF, the TF may choose to invite non-members who have expertise in the subject matter to participate in the discussions. Invited experts, however, will not have a say in the decision process of the task force.

5.2 Decision-Making

Decisions will be reached by consensus by nominated members and be made when there is a quorum, which is defined as two-thirds of the nominated members attending the meeting. Voting rights are limited to DLW TF substantive members or their alternates in the event the substantive member is not present.

Each member must declare any conflict of interest on any matters on the agenda and/or matters arising at the beginning or during the course of the meeting. Should a conflict of

interest exist, the member concerned must recuse themselves from the decision-making process or sensitive discussions.

Members or invited experts who have been privy to the discussions shall not use their position on the DLW TF and/or information obtained to obtain monetary gain or bid for any projects commissioned by the DLW TF directly or indirectly through organisations with whom they are associated. For example, members or invited experts who observe discussions about developing a project's Terms of Reference will not be allowed to tender, and/or participate in the tender evaluation/selection process.

5.3 Communication

Meetings will observe the Chatham House rule⁶. Minutes of Meetings and clarifications on decisions made by the DLW TF are to be shared no more than one (1) month after the meeting with the members and the outcome of the discussions shall be communicated to the SSC and where relevant, with the HRSCWG and ASC.

5.4 Role of the Secretariat

The RSPO Secretariat will provide the financial, human, and logistical support that the DLW TF requires to meet, conduct business and achieve its objectives. The RSPO Secretariat will assist and support the DLW TF members with technical reports from in-house and outsourced studies, terms of reference for consultancies, and other information requested by the task force to fulfil its objectives. The RSPO Secretariat will also provide suggestions to the TF on other potential experts to participate in discussions requiring specific regional expertise.

For the purposes of implementing the DLW Strategy, the RSPO Secretariat will lead the execution of the strategy as provided in the DLW Strategy and will be overseen by the DLW TF.

5.5 Time Frame

The development of the DLW benchmarks for producing countries is expected to be completed and endorsed by the RSPO Board of Governors by February 2022. However, based on the complexity of the topic and past experience, this timeline may be revised up until the completion of the project.

It is envisaged that the task force will have face-to-face meetings and teleconferences as and when necessary. The co-chairs will have frequent communication updates. The projected timeline can be viewed [here](#).

⁶ <https://www.chathamhouse.org/chatham-house-rule>