

# **RSPO CB INTERPRETATION FORUM**

**DAY 3: 25 AUGUST 2022**



# Decent Living Wages (DLW)

RSPO DLW Roadshow (CB Forum)

Medan, Indonesia

**HRSS-DLW team**





# Outline

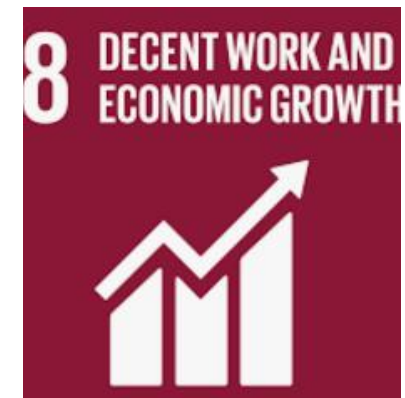
- Introduction
- DLW in RSPO' P&C
- Challenges in DLW & revised Strategy
- Auditing P&C 2018, 6.2.6
  - Interim measure part 1
  - Case Study
  - Interim measure part 2
  - Interim measure part 3
  - Q&A and Comments



# Living Wage as global issue

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- Living wage is one of the oldest concept in political economy and it was one of the key concerns raised in the ILO's first treaties and declarations
- It is recognized as a human right and a global issue that is vital for achieving sustainable development goals
- There is a renewed and increasing push by NGOs, big buyers, govt for living wage in global value chains
  - e.g., EU recent directive positioned LW explicitly as a human right, 63 signatories asked EU for more action, joint and separate commitments by govts as well as companies emerging



# Living Wage as global issue

- Living wage is a central issue in leading sustainability initiatives and schemes
- Although no single universal definition of living wage yet, common definition and methodology has been emerging among leading schemes and sustainability organizations:
  - Living wage is defined as *“The remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and his/her family”* GLWC
  - Anker methodology is widely recognized as gold methodology to estimate living wage





# Different terminologies, similar meanings

- Living wage
- Decent living wage
- Adequate living wage etc
- The historical studies of the ILO mentions terms like **living wage**, **adequate living wage** and **minimum wage**. The principles of these terms were equivalent, and had the same meaning (Reynaud 2017)
- In June 2022 the ILO is mandated to conduct peer-review research & contribute to a better understanding of living wage and on its estimation
  - this might lead to universal definition and method

# Important Concepts

## Living Wage Benchmark

- Refers to living wage estimate for specific location **or** basic but decent costs of living for a reference family in specific location
- It focuses on geographic location but can be customized for a sector located within the specific location
- LW have important socio-economic and political implications with diverse interest groups, it is a highly contested and sensitive issue
- Needs to be carefully estimated using credible and transparent methodology

## Prevailing Wage

- Refers to a current remuneration or wage in an industry or in a firm
- It includes basic wage, certain types of in-kind benefits, allowances and bonuses



## Important Concepts (con't)

### Living Wage Gap

- The difference between Living Wage and Prevailing Wage is called **living wage gap**





## Living income Benchmark

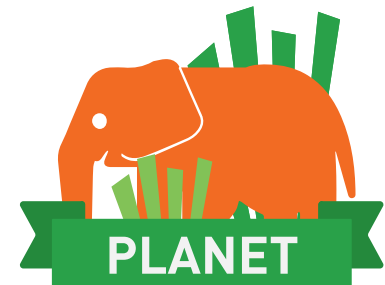
# Closely related concept

- Living income is “the **net annual income required** for a **household** in a **particular place** to **afford a decent standard of living** for **all members** of that household ([Living Income Community COP](#) website)
- It is calculated in the same way as living wage
- In principle it can be used as living wage benchmark if it is calculated for similar context
- Currently, we are not using Living Income benchmarks in RSPO because:
  - It is not stated in the interim measures
  - To remain focused as RSPO has no living income activities in its program yet

“

## DLW in the RSPO Principle and Criteria (P&C)

”



# Living Wages



## P&C 2018 (6.2.6)

A DLW is paid to all workers, including those on piece rate/quotas, for whom the calculation is based on achievable quotas during regular work hours.

## P&C 2013 (Annex I)

Pay & conditions for employees and for contract workers always meet at least legal or industry minimum standards sufficient to provide decent living wages (DLW).

***For National Interpretation (NI):***  
*NI will define a DLW. Where there is not NI, the legal minimum wage will be used.*





# ***What is a (Decent) Living Wage?***



**If DLW is paid, what would the living standard of workers and their family look like? What could they afford to do?**



***“ The remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and his/her family ”***

P&C 2018 (Annex I adopted from GLWC)



# DLW Interim measures

- Where a **GLWC living wage standard (benchmark)**, or one that fulfills the basic requirements of the RSPO-endorsed living wage methodology, has been established in the country or region of operation, **the same should be used as benchmarks.**
- In the absence of such benchmarks, the RSPO will collaborate with the GLWC and/or local experts on developing oil palm industry benchmarks. These benchmarks will be developed in collaboration and consultation with relevant stakeholders such as palm oil industry members, workers' union, authorities and/or relevant organisations
- *For countries where no living wage standard is established, until such time that an RSPO endorsed benchmark for the country is in place,*
  - *national minimum wages shall be paid to all workers. In addition to the payment of minimum wages,*
  - *the Unit of Certification (UoC) shall conduct an assessment of the prevailing wages and in-kind benefits provided to workers in the Unit of Certification aligned with the RSPO Guidance for Implementing a Decent Living Wage.*



## DLW Interim measures (con't)

- Once these benchmarks are available, this procedural note is no longer applicable. UoC shall have an implementation plan towards the payment of a DLW with specific targets, and a phased implementation process including:
  - Updated assessment on prevailing wages and in-kind benefits
  - There is annual progress on the implementation of living wages
  - Where a minimum wage, based on equivalent of baskets of goods, is stipulated in Collective Bargaining Agreements (CBAs), this should be used as the foundation for the gradual implementation of the living wage payment
  - The UoC may choose to implement the living wage payment in a specific section as a pilot project; the pilot will then be evaluated and adapted before eventual scale up of the living wage implementation.





# ***DLW Strategy***

# DLW Strategy



## THREE APPROACHES TO ESTABLISHING A CREDIBLE RSPO DLW BENCHMARK

### APPROACH 1

Conduct a full-fledged DLW estimation using Anker method (applicable to major certified supply base areas, where there are no GLWC benchmarks).

### APPROACH 2

Apply the existing GLWC benchmark and do adjustments if needed (applicable to certified supply base areas with existing GLWC benchmarks).

### APPROACH 3

Apply the existing Anker Reference Value (ARV) or conduct a new ARV (applicable to areas with smaller sized certified supply bases).



**\*NB:** In the event the NIWG is aware of credible DLW studies in its jurisdiction which have been conducted by independent researchers/organizations using the Anker method, NIWG shall share it with the Secretariat.



# Challenges in implementing DLW

**The revised strategy took in account the following challenges identified:**

- Gaps in auditors' understanding of DLW, and the interim measures
- Inability to identify gaps in implementation of DLW on the ground
- Lack of clarity on time-bound requirement for implementation
- Lack of understanding on prevailing wage versus benchmarks
- Concerns about the 3 approaches by members



## Revised DLW Strategy till end of P&C 2018

- **Revised Strategy will utilise a stepwise approach to focus on learning, capacity building and socialisation.**
- It does not replace the agreed three approaches.
- The goal of this strategy is to:
  - Deepen members' understanding of indicator 6.2.6 and encourage self-assessment
  - Support members to conduct or commission their own DLW studies (estimates) for their location
  - Improve clarity of DLW indicator and requirements for auditors and quality of audits



## Implementing the 3 approaches by the RSPO Secretariat:

### Approach 1

- Any grower who wishes to conduct a living wage study using the Anker method, may approach the Secretariat for support
- The Secretariat works with consultants to review the Monash's DLW study conducted in Malaysia



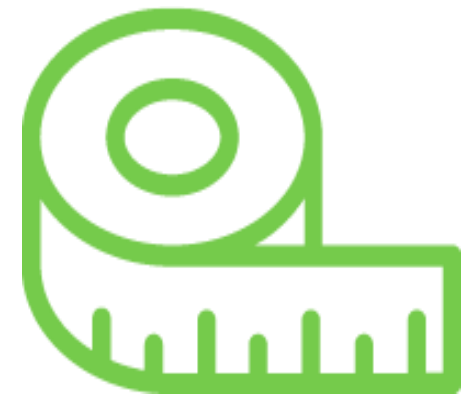
## Revised DLW Strategy ...

### Approach 2 and Approach 3

- **The Secretariat will engage with consultants to conduct adjustment studies in one (1) of the countries where GLWC benchmarks already exists**
- **The Secretariat will engage with consultants to conduct Anker Reference Values (ARV) in one (1) of the countries**
- *The purpose of these studies are mainly for internal learning and possibly inform how potential benchmarking could look like*



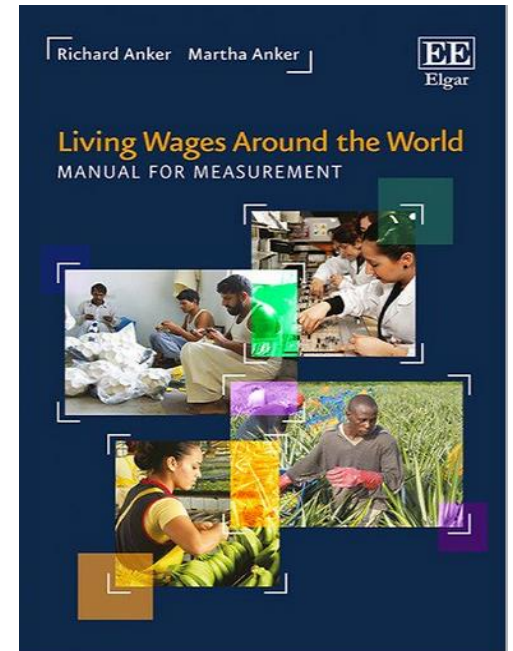
***“ What Auditors should be looking for when auditing 6.2.6 ”***



## Auditing 6.2.6

- When conducting audit for DLW, the principle should be considered throughout the planning and execution of the audit.
- This can include during the **offsite** desk review, sampling methods, interviews as well as **onsite** observations, document sampling, interviewing etc.

6.2.6 A DLW is paid to all workers, including those on piece rate/quotas, for whom the calculation is based on achievable quotas during regular work hours.



*RSPO developed DLW and prevailing wage guidance based on the manual of Anker Methodology  
Open Access [here](#)*



# Auditing P&C 2018, 6.2.6.



## 3 parts of Interim measures

### Part 1 which DLW benchmarks to use

- RSPO approves GLWC benchmarks as credible
- GLWC benchmarks are estimated using Anker methodology only
- Where GLWC benchmarks are available, UoC are required to apply these benchmarks to implement DLW
- In the absence of GLWC benchmarks in palm oil locations, the RSPO will collaborate with GLWC or other experts to develop DLW benchmarks

### Part 2 what to do when there is no benchmark

- National (statutory) minimum wages shall be paid to all workers
- The UoC shall conduct an assessment of the prevailing wages
- The UoC shall conduct an assessment in-kind benefits provided to workers in the Unit of Certification aligned with the RSPO Guidance for Implementing a Decent Living Wage

### Part 3 how to use benchmark to implement DLW

- Updated assessment of prevailing wages and in-kind benefits
- Identifying wage gap
- (-/+)
- Wage improvement plan
- concrete measures showing annual progress

## Common steps of implementing living wage

**Identifying living wage in specific area (LW benchmark)**

**Identifying living wage gap (measuring prevailing wage)**

**Verifying the living wage gap (auditing)**

**Closing the living wage gap (paying living wage)**

# Auditing 6.2.6

## Interim Measures Part 1



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# Auditing...

## Interim measures: part 1

Verify (pre-field):

- Whether GLWC benchmark exists for the UoC location

Verify on-site:

- Whether the UoC applies GLWC benchmark to identify wage gap, to develop wage improvement plan
- If GLWC benchmark is available but not applied by UoC, identify the reason for not using the benchmark



# LW methodologies

Identifying living wage, requires choosing a methodology

There are several methodologies to estimate LW benchmark but not all equally acceptable

IDH recognized the following:

Full fledged Anker  
Methodology

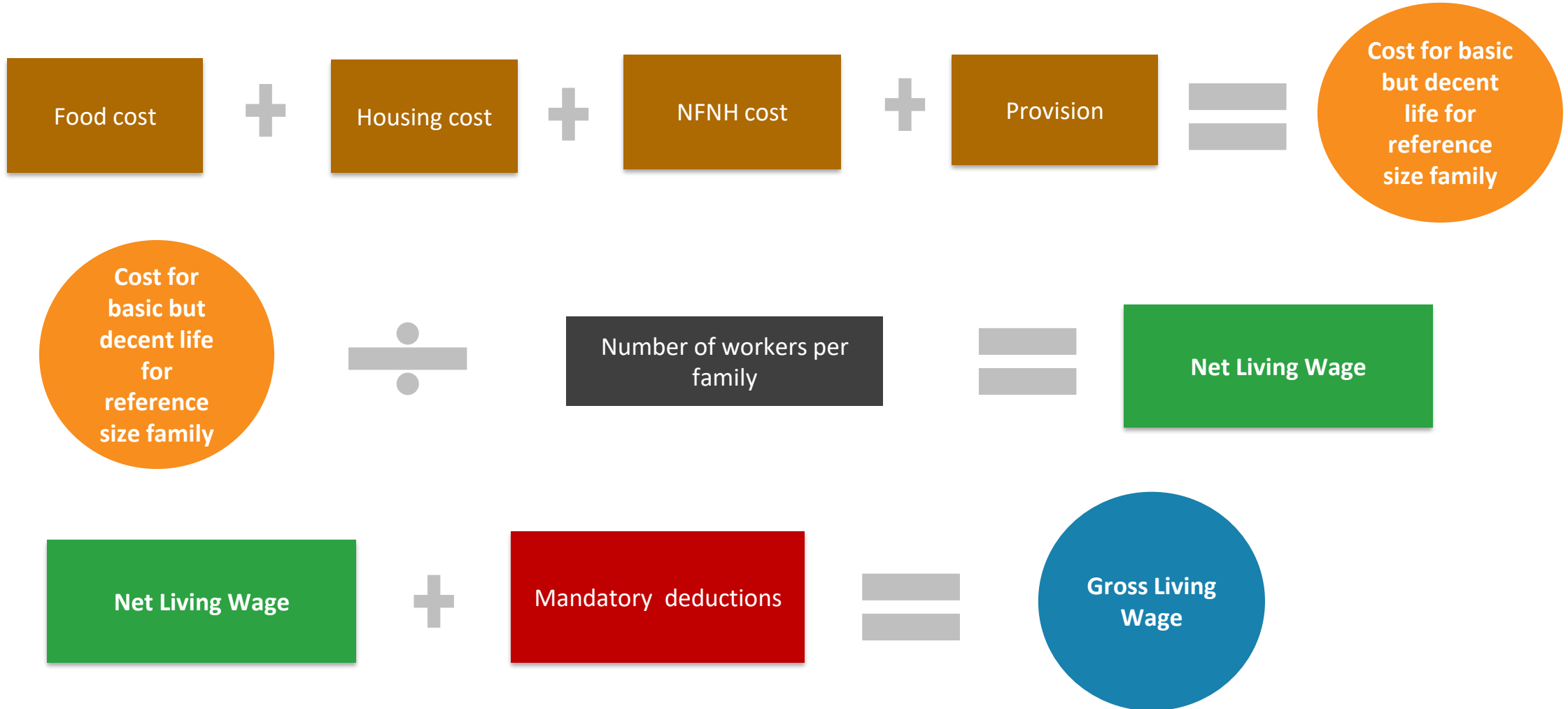
Anker Reference  
Value Methodology

WageIndicator Typical  
family Methodology

Fair Wage Network  
Typical Methodology

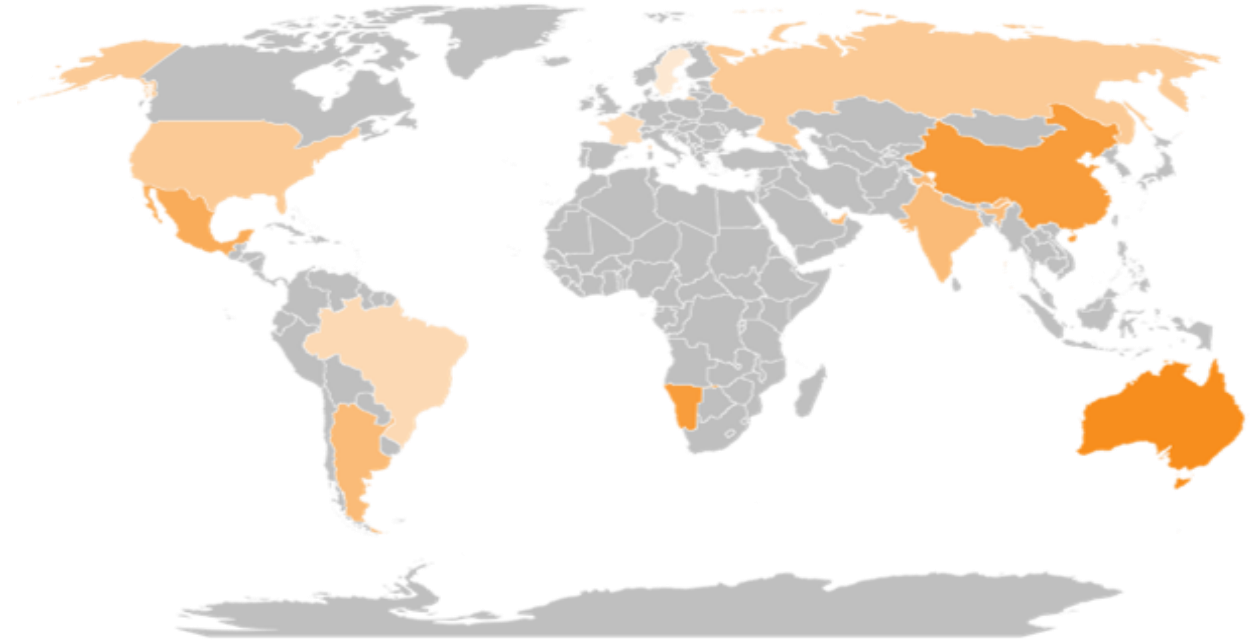
Living Wage for US  
Monthly Methodology

# Estimating DLW Benchmark according to RSPO endorsed methodology



# A DLW is Location Specific

- The methodology applies location Specific data & normative principles



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# Sources of secondary data

## Some of National and International Database:

E.g.,

- Ministry of health, Ministry of education standards, National/provincial Institute of Nutrition, University nutrition department database and reports,
  - National censuses, labour force surveys,
  - Household income and expenditure surveys, CPI expenditure weights
  - Socio-economic surveys, Demography and Health Surveys, National housing standards, HABITAT for Humanity etc
  - The FAO/INFOODS, USDA NAL database,
  - World Bank and national poverty reports, WHO, UNICEF, UNESCO reports, CIA Factsheets, ILO LABORSTA
- *These secondary data needs to be carefully reviewed before collecting primary data & applying it to calculate each components of living wage*
  - *If necessary, the data needs to be adjusted to keep the cost basic but decent*

# LW basket and COICOP



Separately calculated expenditure group for DLW

- **01, 04**

Post checked NFNH expenditure group

- **06, 07 & 10**

The remaining NFNH expenditure groups














- **02, 03, 05, 08, 09, 11 & 12**

Adjust some expenditures

- Remove costs unnecessary for decency e.g., tobacco (**02**)
- Reduce extra alcohol (**01**)
- Split and adjust (**11**)

NFNH ratios are based on Engel’s law: % of household (HH) expenditure spent in food decreases as household income increases

Classification of Individual Consumption According to Purpose (**COICOP**)

Code	Expenditure group	
<b>Consumption expenditure</b>		
	01	Food & non-alcoholic beverages
	02	Alcoholic beverages & tobacco
	03	Clothing & footwear
	04	Housing, water, electricity, gas & other fuels
	05	Furnishings, household equipment & routine household maintenance
	06	Health
	07	Transport
	08	Communication
	09	Recreation services & culture
	10	Education
	11	Restaurants & hotels
	12	Miscellaneous goods & services
<b>Non-consumption expenditure</b>		
	13	Miscellaneous expenses & financial expenses

















Source: Department of statistics Malaysia website



# e.g., Food basket:

- Model diets needs to contain food items that meets **minimum calorie & nutrition** standard, relatively **less costly**, and **culturally acceptable**
- To develop a model diet, we can start from scratch or using food basket of/expenditure by lower income group, food basket for national poverty line or national recommendation by nutritionists or other
  - However, all need to be checked & adjusted for the 3 criteria (minimum nutrition, cost, local acceptability)
  - Calculate edible portion per person

## Common food groups

	<b>1.A Cereals and grains</b> (for example: rice, wheat, maize)	.....
	<b>1.B Prepared cereals</b> (for example: bread and noodles)	.....
	<b>2.A Roots and tubers (starchy)</b> (for example: potato, cassava)	.....
	<b>2.B Starchy fruit or vegetable</b> (only for countries where important, e.g. plantains)	.....
	<b>3. Pulses, legumes, beans</b> (for example: legumes, beans, nuts)	.....
	<b>4. Dairy</b> (for example: milk, sour milk, yoghurt)	.....
	<b>5. Eggs</b>	.....
	<b>6. Meats &amp; Fish</b> (maximum of 3 meats and 2 fish) (example beef, chicken, pork, sausage, offal)	.....
		.....
	<b>7.A Green leafy vegetables (GLV)</b>	.....
	<b>7.B Other vegetables</b>	.....
	<b>8. Fruits</b> (maximum 2 fruits)	.....
	<b>9. Oils &amp; fats</b>	.....
	<b>10. Sugar</b>	.....
	<b>11. Nonalcoholic beverages</b> (e.g. coffee or tea)	.....
	<b>12. Other</b>	.....

Malaysian national level food expenditure by quintile income group

Kumpulan perbelanjaan <i>Expenditure group</i>	Kumpulan Pendapatan Kuintil/ Quintile Income Group									
	1-20		21-40		41-60		61-80		81-100	
	(RM)	(%)	(RM)	(%)	(RM)	(%)	(RM)	(%)	(RM)	(%)
<b>01 Makanan &amp; minuman bukan alkohol</b> <i>Food &amp; non-alcoholic beverages</i>	519	26.3	681	22.9	774	19.9	870	16.8	1,157	12.5
<b>Beras</b> <i>Rice</i>	33	1.7	37	1.2	41	1.0	44	0.9	55	0.6
<b>Roti &amp; bijirin lain</b> <i>Bread &amp; other cereals</i>	66	3.3	87	2.9	104	2.7	121	2.3	174	1.9
<b>Daging</b> <i>Meat</i>	70	3.5	93	3.1	108	2.8	122	2.3	164	1.8
<b>Ikan &amp; makanan laut</b> <i>Fish &amp; seafood</i>	113	5.7	152	5.1	171	4.4	186	3.6	246	2.7
<b>Susu, keju &amp; telur</b> <i>Milk, cheese &amp; eggs</i>	39	2.0	54	1.8	64	1.6	76	1.5	97	1.0
<b>Minyak &amp; lemak</b> <i>Oils &amp; fats</i>	16	0.8	21	0.7	24	0.6	27	0.5	33	0.4
<b>Buah-buahan</b> <i>Fruits</i>	32	1.6	44	1.5	50	1.3	59	1.1	85	0.9
<b>Sayur-sayuran</b> <i>Vegetables</i>	67	3.4	82	2.8	87	2.2	91	1.8	107	1.2
<b>Gula, jem, madu, coklat &amp; manisan</b> <i>Sugar, jam, honey, chocolate &amp; confectionery</i>	14	0.7	20	0.7	24	0.6	30	0.6	41	0.4
<b>Keluaran makanan t.t.t.l</b> <i>Food products n.e.c</i>	37	1.9	50	1.7	55	1.4	61	1.2	82	0.9
<b>Kopi, teh, koko &amp; minuman bukan alkohol</b> <i>Coffee, tea, cocoa &amp; non-alcoholic beverage</i>	31	1.6	40	1.3	46	1.2	53	1.0	73	0.8

Source: Department of statistics Malaysia website

e.g., 2<sup>nd</sup> quintile or average of 1<sup>st</sup> & 2<sup>nd</sup> quintile income groups can serve as a starting point to construct a model diet for Malaysia



# Adjusting existing Food Basket into a Model diet

- Applying WHO recommendations to determine minimum Calorie and Nutrition for reference size family
- 
- Average numbers of calorie required per person (for adult & children) are calculated based on basic metabolic rate (BMR), Physical activity level (PAL) and growth (for children) as well as Body Mass Indicator (BMI)

PAL	Rate of PAL values	Mid point of range
<b>Light</b>	1.41-1.69	1.55
<b>Moderate</b>	1.70-1.99	1.85
<b>Vigorous</b>	2.00-2.40	2.20

Calories	Source
≥ 10%	Protein inc. animal & legumes (high quality protein)
15-30%	Fats
55-75%	Carbohydrates
300gram veg & fruit/day	

- PAL of non-mechanized farm activities generally considered as Vigorous

- **Some countries have their own PARs which can be used for calculating the required calorie**
- **Food items and nutritional adjustment need to consider development level of a location**

# LIVING WAGE

## 1. Calorie Adjustment

Enter # of Calories Required Per Person: 2279

Are you entering edible grams or purchased grams? Use pull down menu for

Purchased Grams

FOOD GROUP	FOOD ITEMS	EDIBLE GRAMS	PROPORTION EDIBLE	PURCHASED GRAMS	CALORIES/100g	# OF CALORIES IN DIET	# OF CALORIES ADJUSTED TO TOTAL CALORIES REQUIRED	# EDIBLE GRAMS ADJUSTED TO TOTAL CALORIES REQUIRED
	Select low cost food item(s) within food group	If entering Purchased Grams, edible grams are automatically calculated		Purchased grams = edible grams / portion edible	Use USDA or national database	= # edible grams * 100 * calories/100 g	= Col I * (total calories required/total calories in original diet)	= Col E * (total calories required/total calories in original diet)
1.A Cereals and grains (for example: rice, wheat, maize) (include if prepared cereals > 25g)	Maize	268	1	268	361	967	1022	283
	Teff	178	1	178	367	653	690	188
1.B Prepared cereals (for example: bread and noodles)		0	1					
2.A Roots and tubers (for example: potato, cassava)	Potato	183	0,75	244,58	77	141	149	194
2.B Starchy fruit or vegetable (for example: plantains)								
3. Pulses, legumes, beans (for example: legumes, beans, nuts)	pea flour	23	1	22,93	343	79	83	24
	lentils	24	1	23,96	352	84	89	25
4. Dairy (for example: milk, sou, milk, curd)	Milk	9	1	9,03	61	6	6	10
5. Eggs	Eggs	8	0,88	9,03	143	11	12	8
6. Meats & Fish (3 meats max, 2 fish max)	Chicken	0						
	Beef	3	0,85	3,65	249	8	8	3
	Fish	0	1	0,72	96	0	0	0

2. Assumptions for Nutrition

3. Nutrition Adjustment

4. Relative Prices Adjustment

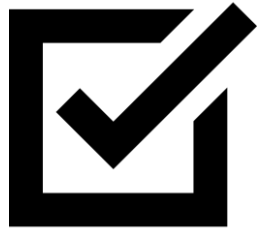
5. Final D ...

FOOD	EDIBLE GRAMS	COST PER KILO	COST	Remarks (diet is for average person in family of 5. Portion for adults are bigger than for children)
Maize	362	5.48	1.99	Over 57% of the total calorie comes from maize. Although maize is not the most preferred cereal, it is the least expensive
Teff	70	13.39	0.94	Teff is the most preferred cereal by workers but due to its price, only small amount included in the model diet Teff is required to make injera (traditional Ethiopian bread) that is eaten in most meals. 70 grams per person per day allows for 8 pieces of injera per day for a family of five if mixed with 60% maize meal to reduce food costs.
Potatoes	200	4.86	1.30	It is the cheapest also preferred roots
split pea	15	29.76	0.45	Split pea is preferred for <i>Shiro</i> than split horse beans but due to the price difference, more beans are included.
Split horse beans	25	24.72	0.62	
Milk	156	13.67	2.13	One cup of milk per day for children and 1/8 cup for adults
Chicken eggs	7	68.97	0.56	One egg per week
Fish	12	42.37	0.86	12 grams of fish per day (it is estimated to be 1 portion of fish per week). Even though the majority of workers (internal migrants) do not have that much habit of eating fish (they prefer beef); the model diet taken fish since it is 5x cheaper than beef.
Vegetable1	63	6.44	0.66	189grams of vegetable per day are required to gain the necessary nutrition.
Vegetable 2	63	3.48	0.27	Kale was least expensive green leafy vegetable
Vegetable3	63	6.21	0.43	Cabbage was least expensive vegetable
Mango	63	5.79	0.51	Tomatoes were least expensive non-green leafy vegetable
Palm oil	18	39.67	0.71	Mango was least expensive fruit
White sugar	12	23.35	0.28	18 grams of cooking oil per day
Coffee	3	79.1	0.25	12 grams of sugar per day
Sub-total	0		Br 11.95/ US\$ 0.58	Two cups of coffee per day per adult
Total cost including 15% miscellaneous	0		Br13.72/ US\$ 0.66	10% for variety, 3% for waste & spoilage, 2% for spices and condiments

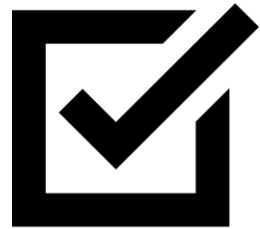
how to use primary data to create/adjust model diet

- E.g., model diet and food cost per person per day using prices collected from Ziway (Ethiopia) markets where workers purchase their food

## Key takeaways for interim measure part 1:



**Auditors need to verify GLWC benchmark is utilized where applicable**



**RSPO endorsed methodology applies serious effort to lower the costs for employer while ensuring a basic decency or life above poverty line for workers**



**Improved understanding of the methodology can help auditors internalize RSPO principles and requirements as well as make a better judgement about DLW conditions on the ground**



# *Case study*





# Questions for case studies

1. What preparation do you do during audit planning of company XYZ and OPQ?
2. What issues do you verify and how?
3. Which benefits and bonuses do you consider as part of prevailing wage payment?
4. What do you consider during the valuation of IKB? For instance, how do you value housing, lunch and education?
5. What are the major issues that will be mentioned in your audit report?
6. What challenges do you anticipate in this process of auditing?
7. What can be done to address these challenges? By whom?

# Auditing 6.2.6

## Interim Measures Part 2

### Part 1 which DLW benchmarks to use

- RSPO approves GLWC benchmarks as credible
- GLWC benchmarks are estimated using Anker methodology only
- Where GLWC benchmarks are available, UoC are required to apply these benchmarks to implement DLW
- In the absence of GLWC benchmarks in palm oil locations, the RSPO will collaborate with GLWC or other experts to develop DLW benchmarks

### Part 2 what to do when there is no benchmark

- National (statutory) minimum wages shall be paid to all workers
- The UoC shall conduct an assessment of the prevailing wages
- The UoC shall conduct an assessment in-kind benefits provided to workers in the Unit of Certification aligned with the RSPO Guidance for Implementing a Decent Living Wage

### Part 3 how to use benchmark to implement DLW

- Updated assessment of prevailing wages and in-kind benefits
- Identifying wage gap
- (-/+)
- Wage improvement plan
- concrete measures showing annual progress



# Auditing....

## Interim measures: part 2

To verify national/legal minimum wage, auditors need to:

- Define the minimum wage as stipulated by law (pre field)
- Define all legally mandated allowances and benefits and verify if they provided according to the law
- Verify the lowest wage of each job category and employment type against the minimum wage (e.g., Calculate the ratio)
- If wage is based on Collective Bargaining Agreement (CBA):
  - Verify the lowest wage in each job category and employment type against it
  - If CBA states in-kind benefits (IKB) as partial payment of wage, verify if IKB are in accordance the law and RSPO's guidance
- Verify if calculation of the wage is on the basis on normal hours (i.e., without any overtime payment )
- Verifying that workers get pay slips or similar form of document and understand the composition of their wage

# Auditing

## Interim measures: part 2 (Prevailing wage and IKB)



### Prevailing wage:

refers the remuneration earned by a worker during normal working hours.

The prevailing wage includes basic wage, assured cash allowances and bonuses, fair and reasonable value of in-kind benefits (IKB) and assured production bonuses earned during normal working hours.

general principles on inclusion of in-kind benefits as partial payment of prevailing wage

- Considered of benefit and value to workers or their families and for personal use
- Meets minimum standard
- Customary for an industry when estimating typical prevailing wages in an industry
- Received within one year
- Guaranteed – not at discretion of employer

general principles on valuation of in-kind benefits as partial payment of prevailing wage

- Value of IKB should not exceed its cost to employer
- Value of IKB should not exceed its replacement cost to workers if they purchased it on the market
- Value of free meal should not exceed cost of replacing equivalent meal prepared at home
- When IKB is not free, the cost to workers needs to be subtracted

Principles for in-kind benefits and bonuses to be included as partial payment of wage (RSPO guidance)



Include	Exclude
Basic wage and cost of living adjustment	Overtime
Housing Allowance	Night shift, weekend and holiday pay premiums
Transport Allowance	Cash bonus when profits are good
Non-production bonuses paid once or several times during the year	Responsibility Allowance/ Technical Skill Allowance
Retention Bonus	Medical services related to work injuries and illnesses
Allowance to visit 'home'	Schools or hospitals or clinics on estates that are built and run by the government
Education Allowance	Drinking water at work
Production/incentive bonus (earned during standard working hours at normal working pace. Exclude if need to work overtime to meet minimum target)	Educational assistance (e.g. scholarships, etc.)
Housing and utilities such as water or electricity for home	Land to grow vegetables
Meals at work	Visa or work permit
Food rations or food commodities given for free or sold at concession rates	Condolence allowance for funerals or death of family members
Transport to work and from work (and to town on weekends)	Paid time off for sickness or holidays
Fuel	Unpaid time off for sick leave, holidays, maternity leave
Creche/ Child Care	Gratuity or severance pay
School for workers' children	Funeral costs for worker who dies
Medical services not required by law and not related to work injuries and illnesses.	Support for night classes
Private medical insurance	CSR projects
Medical facilities provided by the employer	Occupational Health & Safety Programmes Protective clothing, and work related equipment and supplies



Items	How to verify
<b>UoC policies on in-kind benefits: food, transportation, housing, healthcare, Children’s education, childcare or any other IKB</b>	Check UoC policies and methods for calculating value of each in-kind benefits and whether/how it is included in payroll
<b>If workers receive meal as IKB</b>	Interview workers in various categories and check that:  Workers accept the food provided; it is culturally acceptable standards and represents a full meal  Canteen/kitchen to confirm that the meal reflects local standards and is nutritious.  The monthly food costs to the employer are calculated correctly  The share/number of workers in the different job categories that received food
<b>Workers receive transportation as IKB</b>	Interview workers to check regularity, reliability, safety and use of transportation  Check that the monthly transportation costs to the employer are calculated correctly  Check the share of workers in the different job categories that received transportation



Items	How to verify
<b>Workers receive a contribution to children's education as IKB</b>	<p>Check with the HR unit and review evidence which demonstrates how the contribution to education is made. Interview workers to confirm</p> <p>Check the contribution costs and its calculation</p> <p>Check the share of workers in different job categories that receive children's education</p>
<b>Workers receive housing as IKB</b>	<p>Check (via workers' interview and/or visit) quality and safety of the housing provided by the employer according to the legal as well as the RSPO standard:</p> <ul style="list-style-type: none"><li>-Durable structure, adequate space</li><li>-Decent ventilation, light</li><li>-Safe water, sanitation</li></ul> <p>Check the monthly housing cost to the employer was calculated according to the RSPO's guidance</p> <p>Check the number of workers in different job categories that receive housing</p> <p>Check if the housing is 'family housing' or other</p>
<b>Company policy on bonuses: 13<sup>th</sup> and/or 14<sup>th</sup> month, performance/quality bonus, holiday bonuses and other bonuses</b>	<p>Check pay slips, or other form of documentation available to workers in various job categories and if the workers were paid the same way and receive the same in-kind benefits.</p>

- If there is a GLWC benchmark for the location, auditors can use it to check the reference values of IKB



## example of in kind benefits and their value for estimating prevailing wage

In kind benefits	Whether include/exclude	Cost of employer	Cost of market or replacement cost	Value to use as partial payment of wage pending check for maximum limit allowed (the lowest of 3 and 4)
(1)	(2)	(3)	(4)	(5)
<b>Transport to work</b>	YES, if safe	\$5/M	\$10/M	\$5/month
<b>Lunch</b>	YES	\$1/meal	\$0.80/meal outside. \$0.50/home meal	\$12/month (24 meals at \$0.50 replacement cost)
<b>Protective clothing</b>	NO	\$10/M	\$12/M	0
<b>School for workers' children</b>	YES	\$36/Y or \$3/M/student 2/3 of workers have 1 child at school. Therefore \$2/M/worker	\$54/Y or \$4.50/M/student. 2/3 of workers have 1 child at school. Therefore \$3/M/worker	\$2/M/worker
<b>Housing</b>	YES, if decent	\$50/M	\$55/M	\$50/M

# Auditing 6.2.6


## Interim Measures Part 3

### Part 1 which DLW benchmarks to use

- RSPO approves GLWC benchmarks as credible
- GLWC benchmarks are estimated using Anker methodology only
- Where GLWC benchmarks are available, UoC are required to apply these benchmarks to implement DLW
- In the absence of GLWC benchmarks in palm oil locations, the RSPO will collaborate with GLWC or other experts to develop DLW benchmarks

### Part 2 what to do when there is no benchmark

- National (statutory) minimum wages shall be paid to all workers
- The UoC shall conduct an assessment of the prevailing wages
- The UoC shall conduct an assessment in-kind benefits provided to workers in the Unit of Certification aligned with the RSPO Guidance for Implementing a Decent Living Wage



### Part 3 how to use benchmark to implement DLW

- Updated assessment of prevailing wages and in-kind benefits
- Identifying wage gap (-/+)
- Wage improvement plan
- concrete measures showing annual progress

# Auditing Interim measures: part 3

If GLWC benchmark exists in specific location auditors need to verify:

- UoC identified living wage gap (+/-) using the benchmark and specify the period
- If the living wage gap is negative, UoC developed strategy to improve wage
- Concrete actions UoC took to close the gap ever since identified

In the absence of GLWC benchmark, UoC might attempt to estimate its own DLW benchmark:

- Although it is not an endorsed benchmark, it is important to verify how it is used and recognize the UoC's effort





**Find out more at**  
**[www.rspo.org](http://www.rspo.org)**

# **RSPO Independent Smallholder Standard National Interpretation Indonesia 2019**

CB Interpretation Forum , Thursday 25 August 2022

delivered by :  
Dede Herland  
Manager Technical Indonesia

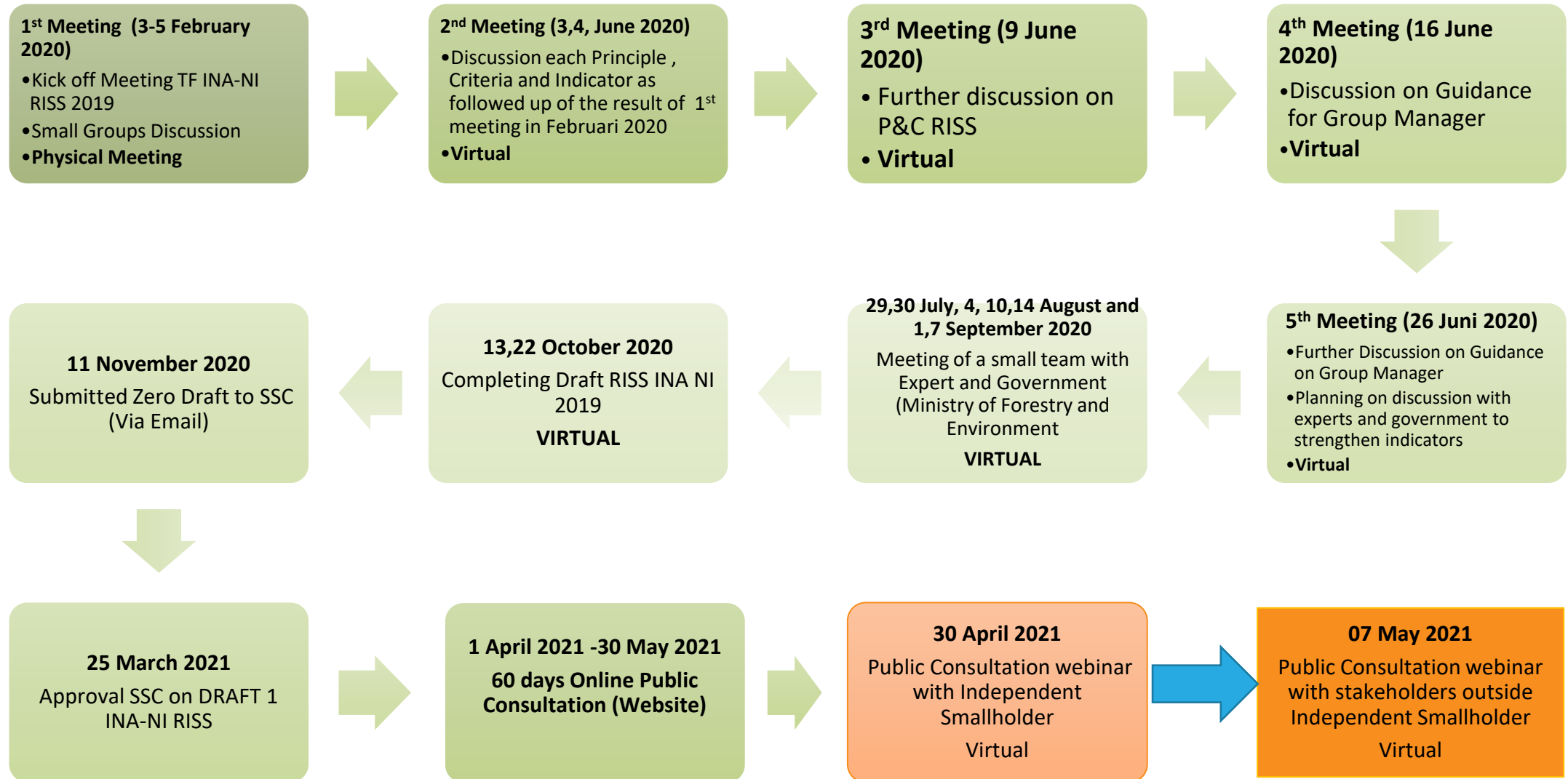




# Chronology

- RSPO Independent Smallholder Standard National Interpretation Indonesia (RISS INA NI) has been started since the establishment of *Task Force* (TF) pada in February 2020. The TF consists of members representing from different sectors which the meeting minutes also recorded/documented according to the SOP *Standard Setting Review*. The result was **DRAFT 1** get SSC's approval on **25<sup>th</sup> March 2021** which then went to 60 days Public Consultation (**1 April to 30 May 2021**) including webinar session dedicated for Independent Smallholder on 30 April 2021 followed by other stakeholders outside independent smallholder on 7 May 2021. TF processed and incorporate input from the public consultation resulted as **DRAFT 2**. Then the **DRAFT 2** was submitted again to SSC in **September 2021** finally get SSC's approval on **27 January 2022**. RISS INA NI then get *endorsed by BoG* on **14 February 2022**.
- **The official announcement** was uploaded in RSPO website on **17 June 2022** which stated that the National Interpretation Indonesia is effective effective immediately and is available for download. All Certification Bodies and members are required to use the document for all audits conducted after the release of this announcement..
- This dissemination is conducted to ensure there is same understanding between *auditor* (Certification Body ), *auditee* (independent smallholder) dan other related stakeholders.
- Document RISS INA NI is available in digital version in Bahasa Indonesia and English. The printed version in Bahasa Indonesia also available, 15 copies. Please contact me if you need it.

# Series of meeting *Task Force* INA-NI RISS 2019



# Series of meeting *Task Force* INA-NI RISS 2019--cont





# Important Notes

- There is no significant changes on Criteria and Indicator, the changes was applied if there are related regulations which govern these issues.
- Changes also applied on re writing words or sentences that are not appropriately translated from English to Bahasa Indonesia or vice versa as discussions were held in Bahasa Indonesia.
- Write a Note beneath each indicator that need an explanation.
- There is no significant changes in *Internal Control System* (ICS).

# SIGNIFICANT CHANGES



## National Law : land size threshold

Items	( National Interpretation Indonesia)
Definition of Independent Smallholder (including land size threshold);	<ul style="list-style-type: none"><li>- They are NOT a <b>scheme smallholder</b>.</li><li>- The total size of their oil palm production area is smaller than or equal to 20 ha.<ul style="list-style-type: none"><li>- The threshold size of independent smallholders in Indonesia is 20 ha. This threshold refers to the cumulative agricultural land of legal ownership by individuals and or a nuclear family that stipulated under the Government Regulation (PerPPU) No. 56/1960 regarding the threshold Determination of Agricultural Land and Minister Agrarian Regulation (PerMen) No. 18 Year 2016</li></ul></li><li>- The maximum threshold of oil palm will be further limited for independent smallholders who also utilize their land to cultivate other crops in addition to oil palm as PERPPU No 56 / 1960 stipulated that a legal ownership by individual and or a nuclear family on the cumulative threshold for oil palm and other crops combined should not exceed 20 Ha.</li></ul>

# SIGNIFICANT CHANGES



## National Law : land size threshold

Items	( National Interpretation Indonesia)
Definition of Independent Smallholder (including land size threshold);	<ul style="list-style-type: none"><li>• They have the enforceable decision-making power on the operation of the land and production practices.</li><li>• They have the freedom to choose how they utilise the land, type of crops to plant, and how to manage them (how they organise, manage and finance the land).</li><li>• They meet any further criteria relative to the applicability of this standard as provided in the National Interpretation Indonesia.</li></ul>



# SIGNIFICANT CHANGES



## legal entity

Items	( National Interpretation Indonesia)
<p><b>1.1 E</b> Legally registered entities have documented evidence to include: Legal formation (as per country requirements)</p>	<p><b>Note 1.1E</b> The legal formation of an organisation refers to the relevant applicable laws and regulations (e.g. Smallholder Group Federations, Village-Owned Enterprises (Bumdes), Cooperatives, Associations, Trade Entities, and Farmer Groups). In order to proceed to Eligibility, the minimum legal requirements is a Notarial Deed that is registered at the Ministry of Law and Human Rights.</p> <p><b>Additional Guidance for Group Manager for 1.1 E :</b> If the group manager is an assisting company, they should refer to P&amp;C 5.1.8 INA-NI-WG 2020</p>



# SIGNIFICANT CHANGES

Items	( National Interpretation Indonesia)
<p><b>1.1 MS A</b> Group manager and group members have an Internal Control System (ICS) that meets all the ICS Eligibility and MS A requirements (section 3.2 below) and complete training on oil palm pricing mechanisms, financial management, and best practices for smallholder organisations as well as socialising the mechanism at which pricing is set for smallholder organisations.</p>	<p><b>Note 1.1 MS A</b> In Indonesia, the mechanism at which the pricing is set, does not necessarily refer to the regulations and formulas for setting the FFB price, as that falls within the government’s authority.</p> <p>The socialisation for the mechanism at which the pricing is set, is meant to provide a guidance on components that affect FFB price such as 1) fruit quality, 2) year of planting, 3) trash content, etc.</p>

# SIGNIFICANT CHANGES



## Land legality

Items	( National Interpretation Indonesia)
<p><b>2.1 MS A</b> Smallholders can demonstrate legal ownership or native and/or customary rights to use the land or demonstrate that they are in the process of legalisation of that right.</p>	<p><b>Note 2.1. MSA</b> Evidence on land ownership may be in the form of a Land Ownership Certificate (SHM), Sporadic Land Registration (Sporadik), Statement of Land Rights (SPH), Statement of Land Ownership (SKT), Statement of Traditional Land Ownership (SKT-A), Statement of Land Compensation (SKGR), Unofficial Statement of Land Ownership (Girik), Statement of Land Ownership for Taxation under Dutch Occupation (Letter-C), or Statement of Grant (Surat Hibah), or any other forms of land ownership document. Taking into account the diverse land certificates that smallholders may hold, legal evidence of land ownership must refer to the legalisation by relevant local government or customary institutions.</p>

# SIGNIFICANT CHANGES



## Land legality

Items	( National Interpretation Indonesia)
<p><b>2.1 MS A</b> Smallholders can demonstrate legal ownership or native and/or customary rights to use the land or demonstrate that they are in the process of legalisation of that right.</p>	<p><b>Note 2.1. MSA</b> Independent smallholders are encouraged to increase their legality status of their land by having a plan towards applying for a SHM and a plan for registering their Plantation Business (STDB/Surat Tanda Daftar Usaha Budidaya Perkebunan) as well as a plan toward applying Surat Pernyataan Pengelolaan Lingkungan/ SPPL (Declaration Letter to Manage Environment). A STDB can be registered with the relevant District Head/Mayor or authorised Government (Minister of Agriculture Regulation No. 98/2013 regarding Guidance on Plantation Business Licences). A SPPL can be applied to the relevant Office (Government Regulation No. 22 Year 2021).</p>

# SIGNIFICANT CHANGES



## Land legality

Items	( National Interpretation Indonesia)
<p><b>2.1 MS A</b> Smallholders can demonstrate legal ownership or native and/or customary rights to use the land or demonstrate that they are in the process of legalisation of that right.</p>	<p><b>Additional Guidance for Group Manager:</b> If there are members that have not acquired a SHM nor a STDB, then the Group Manager should have:</p> <ul style="list-style-type: none"><li>- A measurable Action plan to ensure that the members who have SKT or SKGR in this step are able to have access to improve their land legal ownership towards a SHM.</li><li>- The measurable plan should also include a timeline to register a <i>STDB/Surat Tanda Daftar Usaha Budidaya Perkebunan</i> (Plantation Business License) and <i>Surat Pernyataan Pengelolaan Lingkungan/ SPPL</i> (Declaration Letter on Environmental Management) with the District Government.</li></ul>

# SIGNIFICANT CHANGES



Items	(National Interpretation Indonesia)
<p><b>2.2 E</b> For existing plots, smallholders can demonstrate that they have not acquired land without FPIC of indigenous peoples, local communities or other users (reference Indicator 1.1.E, Annex 2).</p>	<p><b>Note on 2.2.E</b> For the first time, Free, Prior and Informed Consent (FPIC) is applicable under the RSPO Independent Smallholder (ISH) Standard and RSPO is developing a simplified FPIC guide for independent smallholders. Pending the finalisation of the simplified FPIC, fulfilling Indicator 2.2 E must refer to the Generic FPIC 2015 with relevant restrictions in place for meeting 2.2.E Indicators. This includes only matters under point 4 of Indicator 1.1. E and point D9 of Appendix 2.</p> <p>Independent smallholders will sign a smallholder declaration covering information on the history of their land acquisition and land clearing (see Annex 3).</p>

# SIGNIFICANT CHANGES



Items	(National Interpretation Indonesia)
<p><b>2.2 E</b> For existing plots, smallholders can demonstrate that they have not acquired land without FPIC of indigenous peoples, local communities or other users (reference Indicator 1.1.E, Annex 2).</p>	<p><b>Additional Guidance for Group Manager:</b> Stakeholders can include and not limited to local community members, surrounding communities around the plot, local government of land, natural resources and/or agricultural departments, NGOs, human rights defenders</p>

# SIGNIFICANT CHANGES



Items	(National Interpretation Indonesia)
<p><b>2.3 E</b> Smallholders declare any existing disputes on the land, commit to resolving said disputes and provide information on the current status of those disputes (if any). (Reference Indicators 1.1.E, Annex 2).</p>	<p><b>Note on 2.3 E</b> Please complete the Form on the History of Land Tenure and Conflict Disclosure to comply with this Indicator. This is a part of Form 1 for fulfilling indicator 2.2.E.</p>



# SIGNIFICANT CHANGES



Items	(National Interpretation Indonesia)
<p><b>2.3 MS A</b> There is an absence of disputes among indigenous peoples, local communities or other users, regarding land, resource-use and access rights; or where there is a dispute, dispute resolution processes are implemented and the process is accepted by all parties involved.</p>	<p><b>Note on 2.3 MS-A</b> Please complete Annex 4 on Land Conflict Resolution Records to comply with this Indicator (attached).</p>

# SIGNIFICANT CHANGES



Items	(National Interpretation Indonesia)
<p><b>2.4 E</b> Smallholder plots are located outside of areas classified as national parks or protected areas as defined by national, regional or local law, or as specified in National Interpretations (Reference 1.1.E, Annex 2).</p>	<p><b>Additional Guidance for member</b></p> <p>Demarcate the boundaries of the plots and demonstrate that the plots are outside national parks or protected areas through overlay.</p>

# SIGNIFICANT CHANGES



Items	(National Interpretation Indonesia)
<p><b>2.5 MS A</b> Smallholders complete training on how to conduct a simplified FPIC approach.</p>	<p><b>Note on 2.5. MS-A</b> While the simplified FPIC guide that is being developed by RSPO, trainings to be delivered to independent smallholders should include phases in the FPIC in relation to fulfilling Indicator 2.1.E, 2.2.E and 2.3.E (on the History of Land Tenure and Conflict Disclosure and the Land Conflict Resolution Records).</p>

# SIGNIFICANT CHANGES



worker

Items	(National Interpretation Indonesia)
<p><b>3.1 E</b> Smallholders commit to no use of forced labour and ensure that any use of forced labour on the farm is terminated at Eligibility.</p> <p>They provide information on the source of labour, including family members, working on the farm and hired labour including contract workers (refer to Annex 2 1.1.E,).</p>	<p><b>Note on 3.1.E:</b> Information regarding worker sourcing may be communicated verbally or using template for the Registry of Workers (Annex 5)</p>



# SIGNIFICANT CHANGES

worker

Items	(National Interpretation Indonesia)
<p><b>3.2 E</b> Smallholders are aware of what defines child labour and ensure that any child labour in farm operations is terminated at Eligibility.</p> <p>Awareness of child labour and commitment to no child labour includes:</p> <ol style="list-style-type: none"><li>1. Compliance with the minimum age of workers at 18 years old.</li><li>2. Not exposing children to hazardous work.</li><li>3. Providing adult supervision of children working on the farm.</li><li>4. Ensuring the practice of children's right to education is unrestricted and respected (reference 1.1.E, Annex 2).</li></ol>	<p>- Minimum age of worker is 18 years</p> <p><b>Note on 3.2.E</b> Only the landowner's children or children who share a direct kinship and live with the landowner are allowed to help at the farm. The children being on the farm is in the context for helping their own family. Workers' children are not permitted to help at the landowner's farm.</p>



# SIGNIFICANT CHANGES

worker

Items	(National Interpretation Indonesia)
<p><b>3.2 E</b> Smallholders are aware of what defines child labour and ensure that any child labour in farm operations is terminated at Eligibility.</p> <p>Awareness of child labour and commitment to no child labour includes:</p> <ol style="list-style-type: none"><li>1. Compliance with the minimum age of workers at 18 years old.</li><li>2. Not exposing children to hazardous work.</li><li>3. Providing adult supervision of children working on the farm.</li><li>4. Ensuring the practice of children's right to education is unrestricted and respected (reference 1.1.E, Annex 2).</li></ol>	<p><b>Additional Guidance for Group Manager on 3.2 E (Eligibility) :</b></p> <p>Should there be any child labour on the farm, the Group Manager must have a procedure on child recovery efforts. The Group Manager also carries out recovery efforts on the child.</p>

# SIGNIFICANT CHANGES



worker

Items	(National Interpretation Indonesia)
<p><b>3.2 MS A</b></p> <p>Group managers and smallholders implement measures to protect children as follows:</p> <ol style="list-style-type: none"><li>1. There are no workers on smallholder farms under the age of 18.</li></ol>	<p><b>Note on 3.2. MS-A</b></p> <p>Law 13 of 2003 on Manpower, Law 35 of 2014 on Child Protection, Presidential Decree No. 59/2020 on National Action Plan for Elimination of the Worst Form of Child Labour, mandates a roadmap for strategic and large-scale business development towards a child labour-free Indonesia. Based on the 2020-2022 Roadmap, no children under age 18 shall be employed in agricultural and plantation sectors.</p> <p>Young worker in Indonesia is not recognised, hence no young worker in Indonesia.</p>

# SIGNIFICANT CHANGES



worker

Items	(National Interpretation Indonesia)
<p><b>3.5 MS A</b> Smallholders, workers, and family members who work at the farm complete training and are aware of health and safety risks associated with farm work, (including that of pesticide use) and how to mitigate them.</p>	<p><b>Note on 3.5 MS A</b> The smallholder, worker and family members of smallholders who work at the farm complete training and understand the health and safety risks associated with farm work, (including that of pesticide use and how to mitigate them).</p>



# CHANGES



## National Context of Worker

Items	(National Interpretation Indonesia)
<p><b>3.5 MS B</b></p> <p>Workers, including smallholder family members, have access to safe working conditions and amenities that include:</p> <ul style="list-style-type: none"><li>• Safe and adequate housing, where applicable;</li><li>• Access to basic first aid supplies;</li><li>• Health and safety equipment, including minimum personal protective equipment (PPE) if appropriate for the type of work;</li><li>• Adequate drinking water;</li><li>• Access to toilets.</li></ul>	<p><b>Additional Guidance for Group Manager</b></p> <ul style="list-style-type: none"><li>• Ensure members provide drinking water at home and is easily accessible by the workers</li><li>• Ensure member provide the workers with access to toilets</li><li>• Group conduct toilet availability mapping around the farm that can be accessed by the workers.</li></ul> <p><b>Additional Guidance for member</b></p> <ul style="list-style-type: none"><li>• Ensure workers carry enough drinking water while working on the farm.</li><li>• Ensure workers can access toilets during work. Toilets can be provided by the farm owner.</li></ul>

# SIGNIFICANT CHANGES



## National Law

Items	(National Interpretation Indonesia)
<p><b><i>New Planting</i></b></p> <p><b>4.3 New planting of independent smallholders, since November 2019:</b></p> <p>.... Are not on steep slopes (more than 22 degrees as in the National Interpretation)</p> <p>.... Are not on peat areas of any depth.</p>	<p>in reference to Indonesian regulations (Minister of Agriculture No. 47/2006 on Guide to Agriculture on Mountainous Areas). Slope must not be more than or equal to 40%).</p> <p>In reference to the definition of peat in Government Regulation No. 57/206 on Peat Ecosystem Protection and Management</p>



# SIGNIFICANT CHANGES

## National Law

Items	(National Interpretation Indonesia)
<p><b>For existing plan on peat</b></p> <p><b>4.4 MS-B</b> Smallholders implement the group's action plan based on BMPs, including fire and water management, and monitoring of subsidence rate for existing planting on peat.</p>	<p><b>Note on 4.4. MS B</b> A simplified Guide to Peat Management is being developed by RSPO. In the meantime, guidance for monitoring peat subsidence can refer to the smallholder's own group procedure or standard. Additionally, the Group can refer to the Ministry of Environment and Forestry (LHK) No. 15 Year 2017 and General Directorate PPKL Regulation No. 3 Year 2019 on Guidance to Monitor Water Table Levels and Peat Subsidence on Community Land in Peat Ecosystems.</p>

# SIGNIFICANT CHANGES



## National Law

Items	(National Interpretation Indonesia)
<p><b>For replanting on peat</b></p> <p><b>4.5 E</b> Smallholders commit to provide information on all plans for replanting and commit that replanting will only be in areas with low risk of flooding or saline intrusion (reference 1.1.E, Annex 2).</p>	<p><b>Note on 4.5 E</b> RSPO will provide a template for a simplified seawater intrusion assessment that can be used by independent smallholders. The requirements for the assessment will be applied once the guidance and template are published. In addition to that, the Group can refer to Minister of Environment and Forest (LHK) No. 15 Year 2017 and General Directorate PPKL Regulation No. 3 Year 2019 on Guidance to Monitor Water Table Level and Peat Subsidence on Community Land in Peat Ecosystems.</p>



# SIGNIFICANT CHANGES

## National Law

Items	(National Interpretation Indonesia)
<p><b>4.6 MS A</b></p> <p>There is no physical evidence of new burning (after eligibility) for land preparation for oil palm by smallholders. Smallholders complete training on and are aware of:</p> <ul style="list-style-type: none"><li>• alternatives to fire for land preparation and farm waste management (where appropriate and possible)</li><li>• alternatives to fire for pest control</li><li>• fire prevention and how to respond to and manage fires in their community and village.</li></ul>	<p><b>Note on 4.6 MS-A</b></p> <p>In managing Hazardous and Toxic Material (B3) waste, smallholder should refer to Government Regulation No. 101/2014, Ministry of Environment and Forestry (LHK) Regulation No. 12 Year 2020 and Government Regulation (PP) No 22 Year 2021. The smallholder is encouraged to cooperate with other parties/companies for collecting hazardous waste. If there is no other party available, the smallholders can propose to get approvals for re-utilisation and burial of hazardous waste from the authorized office/relevant authority. However, if there are no hazardous waste collecting companies in the area where the smallholder operates, the smallholder may reuse the hazardous waste packaging based on the Ministry of Environment and Forestry Regulation (LHK) No. 12/2020 and Government Regulation No. 22 Year 2021. The technical procedure for re-utilisation of hazardous waste packaging can be further guided in group SOP.</p>

# SIGNIFICANT CHANGES



## National Law

Items	(National Interpretation Indonesia)
<p><b>4.6 MS B</b> Smallholders do not use fire or practice burning for land preparation, waste management or pest control on the farm. For pest control, fire may be used only in exceptional circumstances i.e. where no other effective measures exist and with prior approval from the relevant authorities</p>	<p><b>Note on 4.6. MS. B:</b> “Relevant Authorities” refer to Government Regulation No. 4/2001 on the use of fire in a limited manner based on the regional boundary. If this occurs at district level, the relevant authority will be the district head and the relevant offices (District Environmental Agency/ BLHD and Plantation Office).</p>



# SIGNIFICANT CHANGES

## National Law

Items	(National Interpretation Indonesia)
<p><b>4.8 MS B</b> Smallholders implement BMPs for all pesticide use, including prohibiting use of pesticides by pregnant and breastfeeding women and young workers, and exclusion of paraquat and pesticides that are categorised as WHO Class 1A or 1B, or those listed by the Stockholm or Rotterdam Conventions, unless when authorised by relevant authorities for pest outbreaks</p>	<p><b>Note on 4.8 MS B</b> The relevant authority in this context is The Commission of Fertiliser and Pesticide Monitoring at District or department office that handles plantation issues.</p>

# SIGNIFICANT CHANGES

National Law



Items	(National Interpretation Indonesia)
<p><b>4.8 MS B</b> Smallholders implement BMPs for all pesticide use, including prohibiting use of pesticides by pregnant and breastfeeding women and young workers, and exclusion of paraquat and pesticides that are categorised as WHO Class 1A or 1B, or those listed by the Stockholm or Rotterdam Conventions, unless when authorised by relevant authorities for pest outbreaks</p>	<p><b>Additional Guidance for Group Manager:</b> Disposal of pesticide containers. In managing hazardous waste, the member refers to Government Regulation/PP No. 101 year 2014 and the Ministry of Environment and Forestry (KLHK) No 12, 2020. If there are no licensed collecting companies in the location of the member's farm, the member can reuse the container or bottle of hazardous waste with the same contents as the previous items in accordance with Article 18 Ministry of KLHK regulation No. 12 year 2020, The detailed procedure of reuse is to be laid out in the group SOP.</p>



# SIGNIFICANT CHANGES

National Law



Items	(National Interpretation Indonesia)
<p><b>4.8 MS B</b> Smallholders implement BMPs for all pesticide use, including prohibiting use of pesticides by pregnant and breastfeeding women and young workers, and exclusion of paraquat and pesticides that are categorised as WHO Class 1A or 1B, or those listed by the Stockholm or Rotterdam Conventions, unless when authorised by relevant authorities for pest outbreaks</p>	<p><b>Additional Guidance for Member :</b> Disposal of pesticide containers. In managing hazardous waste, the member refers to Government Regulation/PP No. 101 year 2014 and the Ministry of Environment and Forestry (KLHK) No 12, 2020. If there are no licensed collecting companies in the location of the member's farm, the member can reuse the container or bottle of hazardous waste with the same contents as the previous items in accordance with Article 18 Ministry of KLHK regulation No. 12 year 2020. The detailed procedure of reuse is to be laid out in the group SOP.</p>

# Forced Labour Indicators



**RSPO - Human Rights & Social Standards**

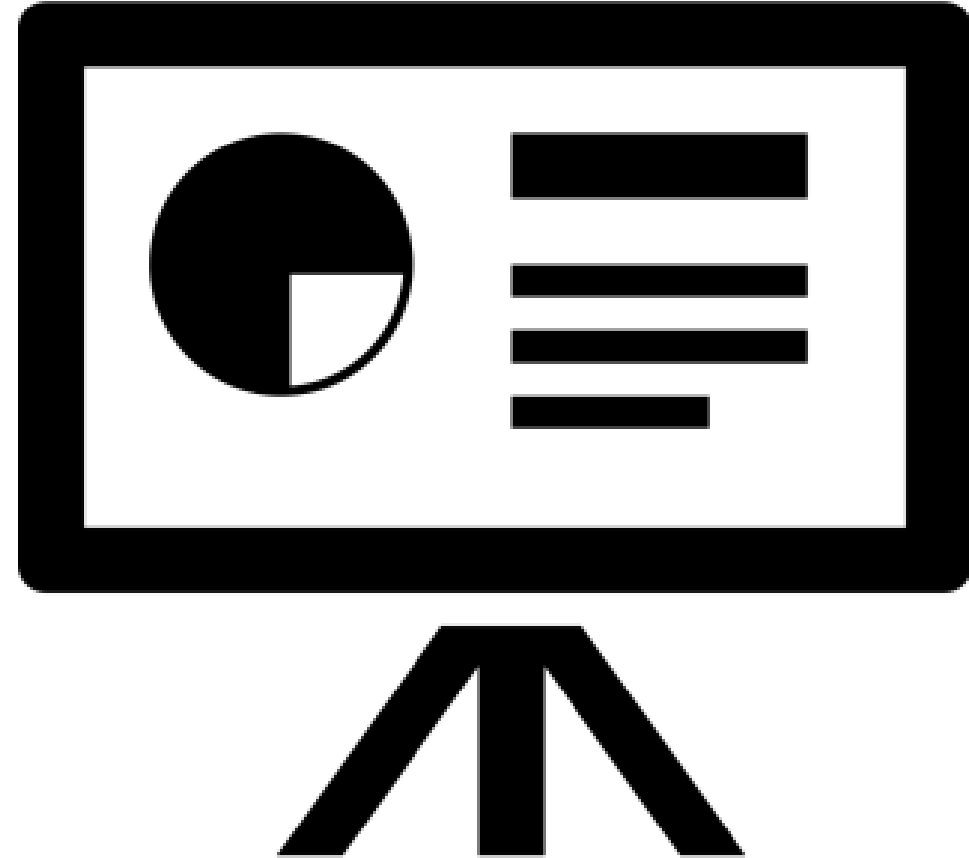
25th August 2022



# Presentation Flow:



1. A Brief Overview
2. RSPO - Forced Labour
  - a. Definition of Forced Labour
  - b. Main Indicators
3. ILO - 11 Forced Labour Indicator
4. Group Work
  - a. Group Assignment
  - b. Group Presentation
5. Quiz Time & Wrap Up



# A Brief Overview - Forced Labour



# What is Forced Labour? - Video



# Forced Labour - Facts & Figures

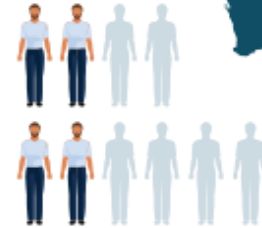
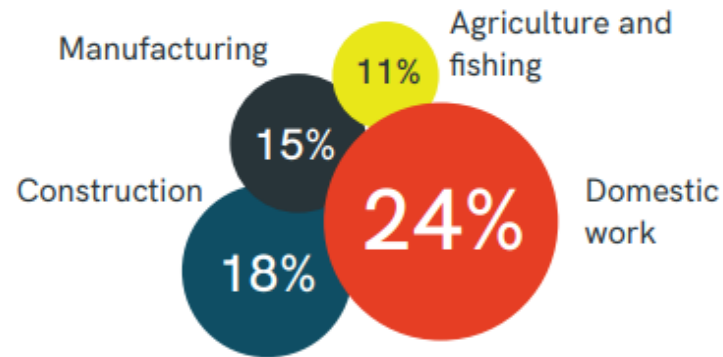


**24.9 million people** were victims of forced labour

**16 million victims** of forced labour were in private economy



## Sectors with highest forced labour



**4 out of 1,000**

It is highest in Asia and the Pacific, where four out of every 1,000 people were victims.



Migrant workers particularly undocumented migrants, workers in the informal economy, and young or illiterate workers are among the vulnerable groups.

**9.1 million**

internal and international migrants are victims of forced labour.



# RSPO - Forced Labour



# Standards for PO producers

## 2018 PRINCIPLES AND CRITERIA

### 7 PRINCIPLES

for growers to be RSPO certified

**01** Behave ethically and transparently

**02** Operate legally and respect rights

**03** Optimise productivity, efficiency, positive impacts and resilience

**04** Respect community and human rights and deliver benefits

**05** Support smallholder inclusion

**06** Respect workers' rights and conditions

**07** Protect, conserve and enhance ecosystems and the environment



**RSPO** | Roundtable on Sustainable Palm Oil



**No deforestation**



**No new planting on peat**



**No use of fire**



**Protection of labour and human rights**



**Decent living wage**



# Definition



Term	Definition	Source
<b>Forced labour</b>	<p>All work or service which is exacted from any person <u>under the menace of any penalty</u> and for which said person has not offered him or herself <u>voluntarily</u>.</p> <p>This definition consists of three elements:</p> <ol style="list-style-type: none"><li>1. Work or service refers to <u>all types of work</u> occurring in any activity, industry or sector including in the informal economy.</li><li>2. Menace of any penalty refers to a wide range of <u>penalties used to compel</u> someone to work.</li><li>3. <u>Involuntariness</u>: The terms “offered voluntarily” refer to the free and informed consent of a worker to take a job and his or her freedom to leave at any time. This is not the case for example when an employer or recruiter makes false promises so that a worker takes a job he or she would not otherwise have accepted.</li></ol>	<p><u>ILO Forced Labour Definition</u></p> <p>ILO, Forced Labour Convention, 1930 (No. 29)</p> <p>ILO, Protocol of 2014 to the Forced Labour Convention, 1930 (P029)</p> <p>ILO, Abolition of Forced Labour Convention, 1957 (No. 105)</p> <p>ILO, Forced Labour Recommendation 2014 (No. 203)</p>

# Main Indicators






# P&C 2018 - Principle 6

## Principle 6

### RESPECT WORKERS' RIGHTS AND CONDITIONS

Criteria	Indicators	ToC Outcomes
<p>6.6 No forms of forced or trafficked labour are used.</p> 	<p>6.6.1 <b>(C)</b> All work is voluntary and the following are prohibited:</p> <ul style="list-style-type: none"><li>• Retention of identity documents or passports</li><li>• Payment of recruitment fees</li><li>• Contract substitution</li><li>• Involuntary overtime</li><li>• Lack of freedom of workers to resign</li><li>• Penalty for termination of employment</li><li>• Debt bondage</li><li>• Withholding of wages</li></ul> <p>6.6.2 <b>(C)</b> Where temporary or migrant workers are employed, a specific labour policy and procedures are established and implemented.</p>	<p><b>Human rights upheld; Safe and decent work</b></p>

# ILO Forced Labour Indicators





## ILO Declaration on Fundamental Principles and Rights at Work (Adopted in 1998, Amended in 2022)

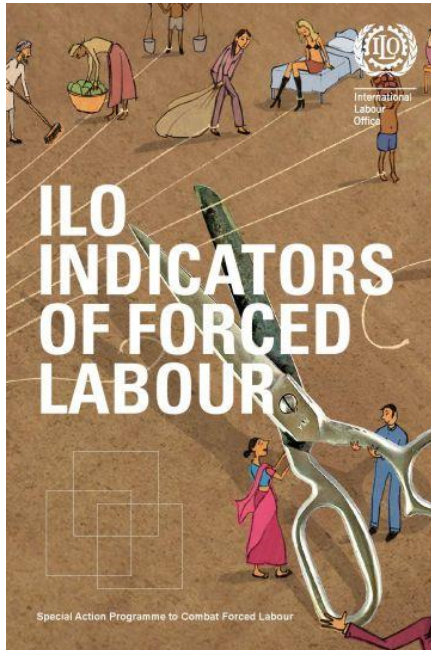
Declares that all Members, even if they have not ratified the Conventions in question, have an obligation arising from the very fact of membership in the Organization to respect, to promote and to realize, in good faith and in accordance with the Constitution, the principles concerning the fundamental rights which are the subject of those Conventions, namely:

- (a) freedom of association and the effective recognition of the right to collective bargaining;
- (b) the elimination of all forms of forced or compulsory labour;
- (c) the effective abolition of child labour; and
- (d) the elimination of discrimination in respect of employment and occupation.
- (e) a safe and healthy working environment (*recently added in 2022*)

# What is Forced Labour? - Definition

Based on Convention 29, International Labour Organization (ILO):

“Forced Labour is **all work or service** which is exacted from any person under the **threat of a penalty** and for which the person has not offered himself or herself **voluntarily.**”







# What is Forced Labour? - Indicators

There are 11 Indicators of Forced Labour:

- Abuse of vulnerability
- Deception
- Restriction of movement
- Isolation
- Physical and sexual violence
- Intimidation and threats
- Retention of identity documents
- Withholding of wages
- Debt bondage
- Abusive working and living conditions
- Excessive overtime

# What is Forced Labour? - Indicators 1,2,3,4

			
<p><b>Abuse of Vulnerability</b></p>	<p><b>Deception</b></p>	<p><b>Restriction of Movement</b></p>	<p><b>Isolation</b></p>
<p>It is when an employer takes advantage of a worker's vulnerable position.</p>	<p>Deception relates to the failure to deliver what has been promised to the worker, either verbally or in writing.</p>	<p>If workers are not free to enter and exit the work premises, subject to certain restrictions which are considered reasonable, this represents a strong indicator of forced labour.</p>	<p>Workers may not know where they are, the worksite may be far from habitation and there may be no means of transportation available.</p>



# What is Forced Labour? - Indicators 5,6,7,8



**Physical & Sexual Violence**

Forced labourers, their family members and close associates may be subjected to actual physical or sexual violence.



**Intimidation & Threats**

Other common threats used against workers include are through intimidation & threats. Workers may be threatened verbally and psychologically.



**Retention of Identity Document**



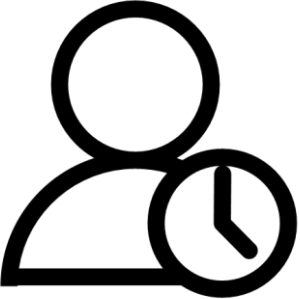
Workers are unable to access their identity document on demand and if they feel that they cannot leave the job without risking their loss.



**Withholding of Wages**

Wages are systematically and deliberately withheld as a means to compel the worker to remain, and deny him or her of the opportunity to change employer.

# What is Forced Labour? - Indicators 9,10,11

		
<p><b>Debt Bondage</b></p>	<p><b>Abusive Working &amp; Living Conditions</b></p>	<p><b>Excessive Overtime</b></p>
<p>Workers are working in an attempt to pay off an <b>incurred or sometimes even inherited debt</b>.</p>	<p>Forced labour victims are likely to endure living and working conditions that <b>workers would never freely accept</b>.</p>	<p>Forced labourers may be obliged to work excessive hours or days <b>beyond the limits prescribed by national law or collective agreement</b>.</p>

# Other Related Indicators



# P&C 2018 - Principle 6



Criteria	Type of Workers' Rights
6.1	Non discrimination
6.2	Decent condition & Decent Living Wage
6.3	Freedom of association & collective bargaining
6.4	Child labours are not employed or exploited
6.5	No harassment & abuse
6.7	Working environment is safe

# Definition



Term	Definition	Source
<b>Vulnerable groups</b>	Any group or sector of society that is at higher risk or being subjected to social exclusion, discriminatory practices, violence, natural or environmental disaster, or economic hardship than other groups, such as indigenous peoples, ethnic minorities, migrants, disabled people, the homeless, isolated elderly people, women and children.	P&C Review 2018
<b>Recruitment fees</b>	Recruitment fees pertain to costs and expenses associated with the recruitment and hiring of the worker, i.e. recruiter and agent service fees, documents processing, employer-required skills and medical testing, training, documentation, visa, work permits, transportation (from sending country to point of entry, and return), administrative and overhead costs.	<u>Dhaka Principles</u> and ILO 181.
<b>Trafficked labour</b>	Trafficked labour is a form of exploitation that results from the recruitment, transport, transfer, harbouring, and receipt of individuals to perform labour or services through the use of threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits.	The UN Palermo Protocols to Prevent, Suppress and Punish Trafficking in Persons.

# Definition



Term	Definition	Source
<b>Intimidation and harassment</b>	Intimidation and harassment include loss of income due to/resulting in organisational restrictions, threats of dismissal from employment, restrictions on travel, restrictions to the environment in which the HRDs operate, deliberate obstruction to holding of meetings between HRDs, hostility within the community the HRDs lives as claims may be seen to jeopardise the community's honour and culture (this may especially be the case with women HRDs). More serious measures include character assassination of HRDs, discrediting, defamation campaigns, arbitrary use of security forces, surveillance, SLAPP suits (Strategic Lawsuits against Public Participation) due to his or her work and/or in the course of his/her activities, threats of physical violence and death threats. Special attention is needed to avoid gender-specific violence such as rape or threats of sexual violence used to silence women.	P&C Review 2018

# Recap RSPO: Criteria 6.6






# P&C 2018 - Principle 6

## Principle 6

### RESPECT WORKERS' RIGHTS AND CONDITIONS

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# Group Work



# Group Work - 2 Tasks



Each group will be given a case study. Your tasks are:

1. Identify the indicators of forced labour with reference to RSPO P&C 2018 that exist within your assigned situation, and list the non-compliance of **RSPO P&C 2018** involved.
1. Within your group, discuss some examples of forced labour situation that **you have encountered** as an Auditor. Select 2 examples to be presented.

Choose 1-2 representative(s) to share the discussion outcomes for your group.



# Group Work - Case Study 1



Manu was approached by friendly man who said that he was looking to recruit a new labourer for a palm oil plantation in a nearby county. Manu didn't have to be qualified, didn't need any experience, or even an address. The best thing about it was that Manu would be paid as well as receive shelter and food.

When Manu arrived at his new 'home,' he was shown a shared and dirty converted caravan. There was no kitchen and no toilet – forcing him to use newspaper as toilet paper in nearby fields – and no shower, so occasionally the workers would be forced to strip and be hosed down with freezing water.

Manu and other workers' passports were taken by their employer in a safe place. Every day, he would get to work, closely guarded by a member of the family. The work was hard. None of the workers were given proper training to use the machinery. They were given with PPE, gloves, or helmets but if any of the equipment are faulty, no free replacement is given. They worked for up to 19 hours a day but were paid next to nothing.

It was when Manu was speaking to a fellow worker, who revealed that he had been held there for over 2 decades, that he decided to leave. Others were held captive by debt, as well as physical and emotional abuse but Manu didn't care anymore. He had to get out.

It was just after he jumped the fence and began running through the fields, propelled by desperation and panic when he was caught, beaten, and knocked out.

# Group Work - Case Study 2



To get his current work in palm oil estate, Hasim happily paid a sum of money to a family friend who said he worked as a professional recruiter. He has known the recruiter since childhood and trusted him. He was excited to change his family's financial situation and signed a contract in a language he did not understand to ensure he did not lose the job.

After his first month of working, he realised that he was paid for food and basic item, rather than money. He tried to ask his employer to be paid in cash, not in kind. However, his employer showed him the contract that he signed which stated that Hasim agreed to be paid for food, lodging, and other basic items. Hasim told his employer that he did not understand what he had signed up for and requested for the contract to be terminated so he could resign. The employer told him that the fee he paid to the recruiter was not received by his employer. The employer forced him to pay off his debt first before he could resign.

He tried to borrow money from family members and friends but to no avail. He voluntarily requested if he could borrow from the employer and pay back these loans through more work. His employer agreed with a condition that Hasim must work for 17 hours per day with only one day off every 2 weeks. Hasim continued working but he was always beaten because he did not manage to fulfill the tasks given due to extreme fatigue. On his day off, Hasim was isolated in a small hut with no access of clean water.

When he managed to run away from the estate and return to his family, Hasim's son was abducted by the family friend who recruited him. The recruiter warned Hasim that if he did not return to the estate, his 14 years old son would be working at the estate to pay off his debt.

# Group Work - Case Study 3



Mary was working 2 jobs to support her 2 young children when she was approached by a mutual friend. This person offered Mary an admin job on a farm in another state and said her children can stay in the accommodation provided to her. The person said Mary had to pay 15 million rupiah to secure the job.

Mary decided to sell everything she has and pay the recruiter. After arriving at the work site, Mary was disappointed to find that the job was not for admin instead she had to be a sprayer on a palm oil plantation. Mary was forced to work long hours and was separated from her children. The work was hard and she had to do it without the proper gloves or goggles – there was a complete disregard for health and safety.

Since there was no childcare facilities provided at the plantation, Mary had to bring her children with her to work. Sometimes, she would ask her elder child to help her carry some of the work equipment. She planned to enroll her children in a school located at a nearby village next year, but her employer said she would need to find and pay for the transportation to and fro the school herself.

Mary's paycheck was subjected to deductions for her travel and visa costs which were not mentioned when she was being recruited. When she refused to work, they threatened to harm her children. They even refused to return her passport, stating it would be safer with the management of the plantation.

# Group Work - Case Study 4



In response to an advertisement seeking workers for a plantation in Malaysia in 2019, Jerry and a group of his friends applied because of the high wages offered for the full-time position. Before being hired by the Malaysian employers, Jerry and his friends had to invest USD500 for the visa fee and to pre-pay for the food and supplies needed for the first week of their stay in Malaysia. They also have to cover expenses related to their transport from their village to the city where they are interviewed. It was not too long before they got the job offers and signed their contracts. The contracts are in the local language that they understand and stated that employers have the right to rescind contracts at any time. When contracts expire or are rescinded, workers must immediately return to their countries of origin.

Jerry and his friends arrived in Malaysia on 2 March 2020. On March 16, 2020, Malaysia declared lockdown and closed its borders due to the COVID-19 pandemic. They were sad to find that the full-time position promised to them was actually a casual labour contract. They were requested to sign another contract by their new employer. The contract was in Malay and since no explanation was given, Jerry and his friends agreed to sign the contract. While in Malaysia, they had to rotate across different smallholder farms and were not given any benefits. Jerry and his friends felt cheated but they were stuck because of the debt they had taken to secure their job in Malaysia. The unprecedented situation left Jerry and his friends trapped on the plantation site.

Jerry and his friends' continued employment also depended on their silence. They could not complain about labor violations or physical, sexual, or verbal abuse, or even the lack of Personal Protective Equipment (PPE) to help prevent contracting or spreading COVID-19. The COVID-19 pandemic has further increased the vulnerability of these already at-risk migrant workers. There is extreme crowding in both worker housing and transport. Because of the risk of covid, the workers were not allowed to leave the worksite. Instead, they were carted off to different plantations. The management also had guards to oversee their transportation.

# Group Presentation



# Quiz Time



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