



Plantation

Sime Darby Plantation Berhad

Migrant Worker Responsible Recruitment Procedure



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Contents

GLOSSARY	2
1. STATEMENT OF PURPOSE.....	4
2. SCOPE.....	4
3. GENERAL PRINCIPLES.....	5
4. PROCESS OWNERS	10
5. REFERENCE.....	10

GLOSSARY

The definitions of the key terms used in this Policy are as follows:

TERMS	DESCRIPTIONS
Migrant Worker	Person who is to be engaged, is engaged or has been engaged in a remunerated activity in a State of which he or she is not a national ¹ . In SDP, migrant workers are hired directly through legal systems in Malaysia.
Recruitment Agents	SDP works with recruitment agents in Malaysia and origin countries to assist in the recruitment drive and manage local processing of documents. Recruitment agents refers to private employment agencies and all other intermediaries that offer labour recruitment and placement services. It is important that agents working with SDP operate within legal and regulatory frameworks. Agents undergo a due diligence exercise and must comply to SDP’s Vendor COBC requirements. SDP is a direct employer and all matters relating to the terms and conditions of work (including matters such as wages and housing) are managed by SDP. Recruitment agents procured under SDP shall be contractually responsible and accountable for the entire recruitment supply chain they are involved in.
Origin Country	Migrant workers are hired from countries authorised through a system legislated under the Ministry of Home Affairs Malaysia and the Immigration Department. These countries include but is not limited to Indonesia, India, Nepal, Bangladesh, Pakistan and Sri Lanka. These countries are subject to change according to Government-to-Government agreements, immigration policies and quotas. SDP shall only hire workers from countries through which a legitimate, ethical, and transparent process is evident. This means only approved countries of origin under the guidance of the Ministry of Home Affairs.
Recruitment Fees and Related Costs	<p>a) The term Recruitment Fees shall refer to any fees incurred in the recruitment process to secure employment, regardless of the manner, timing or locations². These fees maybe one-time or recurring and cover recruiting, referral and placement services.</p> <p>b) Related costs are expenses incurred during recruitment and placement. These may include payment for services offered by</p>

¹ As defined in the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families

² As defined in the ILO General principles and operational guidelines for fair recruitment and Definition of recruitment fees and related costs



TERMS	DESCRIPTIONS
	<p>recruitment agents or payments made with a view to perform work for a third party,</p> <p>c) Illegitimate, unreasonable and undisclosed costs such as extra-contractual, undisclosed, inflated or illicit costs are never condoned as per SDP Code of Business Conduct.</p> <p>For full definition of recruitment fees and related costs see the ILO General principles and operational guidelines for fair recruitment and Definition of recruitment fees and related costs.</p>

1. STATEMENT OF PURPOSE

1.1 Sime Darby Plantation (SDP) hires a large workforce of migrant workers in its Upstream Malaysia Operations. We believe that we have the responsibility to ensure that our workforce is hired ethically and responsibly according to commitments outlined in our Human Rights Charter (HRC). Responsible recruitment is a key enabler in adopting labour practices that respect workers' rights and do not tolerate all forms of forced or bonded labour, slavery, human trafficking, and sexual exploitation.

This approach respects workers' rights by providing fair and favourable recruitment and working conditions.

1.2 Sime Darby Plantation focuses primarily on the following main aspects of Responsible Recruitment:

- a) No charging of recruitment fees and related costs³
- b) Clear and transparent terms and conditions of employment
- c) No withholding of passports or personal documents
- d) Non-discrimination

Our approach includes conducting on-going due diligence to identify salient issues that have potential impact on migrant workers' rights. To support this, grievance processes are also in place and monitored to provide workers with access to remedy and voice concerns.

This procedure serves as operational guidance on SDP's commitments in the Human Rights Charter and Responsible Agriculture Charter.

2. SCOPE

2.1 This procedure shall apply to the recruitment and selection of migrant workers in Upstream Malaysia Operations hiring functions, recruitment agents and their affiliates. All persons within the recruitment value chain including but not limited to hiring functions, potential workers, workers in our operations, recruitment agents and their business partners.

2.2 We require our counterparties⁴ including but not limited to vendors / contractors who employ workers to work in our premise / site to have similar commitments within their own business practices. We are committed to working with our business partners⁵ to use our leverage and encourage them to uphold respect for human rights as outlined in our Human Rights Charter. This is conducted through training and mentoring to ensure ethical recruitment practices are implemented.

³ As defined in the ILO General principles and operational guidelines for fair recruitment and Definition of recruitment fees and related costs

⁴ Joint Ventures (controlling interest), Consultants, agents, contractors, and goods/service providers of the Group who have direct dealings with the Group.

⁵ Any party with which the Group has a commercial relationship with but is not in a position to exercise a significant or controlling influence over, such as customers, Joint Ventures (non-controlling interest) and business alliances.

3. GENERAL PRINCIPLES

3.1. Direct Hire

SDP shall conduct selection and recruitment of migrant workers directly in the respective countries of origin through our Workforce Management Unit (WMU). This includes participating in awareness raising events to inform potential candidates of the job requirements and available positions. We believe direct hire allows for better control and management of the process.

The WMU team is responsible for conducting a briefing to potential workers on the job, that includes the procedure set out in this policy. The following information shall be made available to potential candidates during the interview session:

1. Job requirements
2. Terms and conditions of the work (eg, wages, work hours, leave, voluntary overtime, benefits, occupational safety and health, insurance)
3. SDP policy in covering all fees and related costs of recruitment
4. Grievance channels available

The WMU team shall conduct a personal one-on-one interview process that includes evaluation on the person's ability to work in a palm oil plantation – mainly physical attributes (height, weight and vision/colour requirements). The interviewer shall select potential workers on a basis of non-discrimination. The WMU team shall also check the age of the candidate by requesting for official identity documents.

A question-and-answer session will also be facilitated during the interview to ensure workers understanding of the job.

Upon completion of the interview workers shall also be asked if they have encountered any unethical practice, deceptive processes, or intimidation from any party. This may include the charging of unlawful or illegitimate recruitment related fees or costs. The verification process shall be documented and acknowledged by workers. A remedial process will be initiated if any unethical behaviour is found.

Refer to Appendix A for process flow.

3.2. Working with Recruitment Agents

Where there is a requirement to use the services of recruitment agents in the origin country, SDP shall enter into business partnership agreements to ensure the process managed by recruitment agents adhere to ethical and transparent standards required by SDP and shall embed principles of contractual accountability that can be imposed on recruitment agents, in addition to more formal civil or criminal prosecutions, in case the standards required by SDP are breached and lead to serious negative consequences. This is outlined in the contractual terms between SDP and recruitment agent (vendor).

a) Open tender

SDP shall engage in an open tender process to ensure transparency is maintained in the selection of Recruitment Agents. An invitation to submit tender shall be placed in SDP website and where necessary, in major newspapers. The procurement process of hiring recruitment agents shall be in accordance to SDP's Group Procurement Policy and Authorities (GPPA) and registered through the Online Vendor Registration (OVR) system.

b) Due Diligence

SDP shall conduct due diligence on the recruitment agents as a pre-requisite during an open and transparent tender process utilising objective criteria. All agents commissioned must be legally licensed in the origin country (recognised by the Malaysian Government), possess credible track records and should not have any publicly available reports of legal or human rights and/or labour violations.

Together with the commercial requirements of the tender, a Self-Assessment Questionnaire (SAQ) outlining ILO Forced Labour Indicators will be required to be completed as an evaluation of the recruitment agents' understanding of ethical recruitment and available policies and practices that meet the ethical recruitment standards. The SAQ will be scored and shortlisted agencies shall be audited following which an audit report will be issued to identify remediation or action plan required for final selection of the recruitment agencies to be utilised by SDP.

c) Training

Upon short listing and following by completion of the SAQ and audit process, selected recruitment agents will undergo mentoring and training to address any gaps in their capacity and processes identified in the audit report. Mentoring and training shall cover the topics such as:

- Introduction to international labour migration and ethical recruitment
- Understanding the business case for ethical recruitment
- Mapping of recruitment and employment process
- Identifying risks in the recruitment process
- Aligning business practices
- Identifying gaps and developing corrective action plan

One-on-one mentoring shall be applied for an on-ground period as support to recruitment agents in implementing ethical recruitment practice – turning theory into practice.

d) Monitoring

Recruitment agents that have been selected to assist SDP in the recruitment process shall subsequently be required to sign a Service Level Agreement (SLA) outlining the requirements of ethical recruitment.

The service level agreement shall outline all contractual liability and accountability of recruitment agents. Recruitment agents are monitored through periodic engagements by WMU to assess their Key Performance Indicator (KPI) and compliance to the SLA. Recruitment agents who have continuously failed to meet the set KPI or the agreed SLA with SDP may be suspended from performing their current contracts for a specific time-period as determined by SDP. Depending on the severity of non-performances, the recruitment agents may eventually be blacklisted⁶.

⁶ Suspension and blacklisting of recruitment agents shall be guided by GPPA 3.5.5 and detailed process of suspending and blacklisting of vendors, situations, reasons, triggers, indicators and the required supporting evidences to suspend and/or blacklist the vendors shall be guided by GPPA Appendix R – Suspension and Blacklisting of Vendor

3.3. **No charging of recruitment fees**

SDP does not commission and/or authorise any parties to collect any recruitment fees and related costs from potential candidates as condition for work. We shall pay for all recruitment costs from the point of offer by the company and acceptance by the worker to the point of return (repatriation upon completion of contract).

SDP shall pay for the following official costs for the recruitment of migrant workers in Malaysia:

- 1) Levy
- 2) Visa (multiple entry/visa with reference)
- 3) Visa Processing Fee
- 4) Visit Pass (PLKS)
- 5) Assurance bond
- 6) Attestation Fee
- 7) Agency Service Charge (MRA) / Agency Fee
- 8) Medical examination (FOMEMA)
- 9) Foreign Workers Management Systems (Bestinet) / Online medical
- 10) Processing Fee
- 11) Visa Fee
- 12) Immigration Security Clearance
- 13) One Stop Centre
- 14) PPN 10% (Indonesia Tax)
- 15) Air Ticket
- 16) Medical examination (source country)
- 17) Transportation, Food, Accommodation – during process following selection
- 18) Transportation, Food, Accommodation – to point of departure/airport
- 19) Pre-departure training (source country)
- 20) Passport & other ID
- 21) Transport to Airport
- 22) Welfare fund
- 23) Insurance

These costs (above) shall not be deducted from wages and no form of penalty shall be imposed on workers. Subject to the below, workers shall not be required to pay any recruitment fees or related costs upfront.

For costs incurred in the country of origin, SDP shall require the recruitment agents to cover these costs. The costs shall be paid up front or reimbursed to the recruitment agents according to the service level agreement.

However, the following costs may be incurred by workers and, in such case, will be reimbursable by SDP prior to departure:

- Passport or other related ID costs – acquired only for the purpose of SDP recruitment⁷
- Transport, food, accommodation – during the process of recruitment with SDP

A fixed cost shall be prescribed taking into account official and market costs.

⁷ This shall not include old or existing passports costs recovery. I.e. Passports that have been procured previously for recruitment by other organisations than SDP.

Recruitment agents shall be held contractually responsible to ensure no costs shall be incurred or charged to workers. Should workers claim to have paid recruitment fees, related costs or illegitimate and unreasonable costs, in all but exceptional circumstances recruitment agents will be responsible for reimbursing the workers accordingly. This shall be outlined, amongst others, in the contractual service level agreement between SDP and recruitment agent.

In efforts to monitor recruitment costs, workers can report any recruitment fees, related costs or illegitimate costs they may have incurred before departure at the country of origin either directly to SDP or through the grievance channels provided to them. In addition, periodic checks with workers to report fee-charging upon arrival and post-arrival may be conducted.

3.4. **Transparent terms and conditions of employments in Contracts**

During the recruitment at country of origin, workers shall be provided with a briefing covering key aspects of the job to ensure workers understand and give informed consent to the terms and conditions of work including amongst others wages, work hours, benefits, housing, recruitment processes/costs and other provisions.

The briefing is conducted by the Workforce Management Unit aided by presentations that are translated into the local language (Bahasa Indonesia, Hindi and Nepali). In addition, videos showing the work and environment in palm oil plantations are also made available in the respective local language. Where necessary, a translator will be present to ensure information shared is clear and candidates fully understand and are aware of the job offer. Workers will also be given the opportunity to ask questions.

A conditional contract clearly stipulating the terms and conditions of employment will be provided to the worker in the country of origin. The contract outlines wages, work hours benefits, leave, insurance/medical, termination terms and other matters in accordance to the Malaysia Employment Act 1955, Sarawak Labour Ordinance 1952, Sabah Labour Ordinance 1950 and the applicable Collective Bargaining Agreements⁸. This contract is subject to workers passing their medical examination and other statutory requirements in Malaysia.

Upon arrival in Malaysia, workers are given employment contracts containing the same terms and conditions that were shared in the letter provided at the country of origin. This contract confirms their employment upon passing their medical examination.

To ensure workers understand the terms outlined in their letter and contract, and that they have agreed to the terms any coercion or intimidation, written contracts are translated into respective languages and are clearly explained to workers upon signing. Workers shall sign the contract under their own free will and under no circumstance shall be forced or threatened to agree to the contract. A signed copy shall be provided to the worker for their own records and a copy shall be kept by SDP.

As a monitoring measure periodic interview assessments shall be conducted with workers in country of origin and upon arrival to determine workers have not been coerced, intimidated, deceived, or forced. Workers will also be interviewed to

⁸ There is no Collective Bargaining Agreement in Sarawak – the Sarawak Labour Ordinance 1952 shall apply.

ensure no illegal costs, facilitation money or bribes have been made to SDP employees, recruitment agents or any other party in the supply chain.

3.5. No withholding of passports or personal documents

Recruitment agents may request for passports and identity documents for processing of permits and visa. Recruitment agents are required to ensure written consent is made available with clear explanation of the requirements and the duration of which the documents will be processed. The documents must be returned to workers upon completion of document processing and/or prior to departure to Malaysia. Under no circumstances shall personal documents be withheld by recruitment agents other than that for processing work permits and visas.

Work permits shall be processed by the Workforce Management Unit. At no point of the recruitment will passports or identity documents be withheld, retained or taken other than reasons for official document processing.

Upon arrival in Malaysia, workers must submit their passports for processing of work permits with the Malaysia Immigration Office. Refer to SOP on Documentation and Processing on Foreign Worker Management.

Upon receipt of the work permit, workers shall have the right to keep their own passport and safe keep their passports in secure lockers provided in their accommodation.

3.6 Grievance Channels

Workers who have engaged with SDP and its Recruitment Agents in origin country or Malaysia shall have access to SDP grievance channels as follows:

- SDP Whistleblowing
 - Toll free number in Malaysia: 1 800 22 3388 and Indonesia: 007 8036 01 5252
 - Email: whistleblowing@simedarbyplantation.com
- Suara Kami Helpline
 - Toll free in Malaysia 1800 818771
 - SMS 01130116031
 - Facebook messenger

Potential candidates and workers are actively encouraged to call these helplines during their recruitment journey to ask any questions, and report any recruitment fee payments, intimidation, or deceptive practices including the use of sub-agents, brokers or middlemen during the recruitment process.

Workers acting in good faith to exercise their fundamental human rights, in the course of their engagement with SDP shall be protected from violence, threats and all forms of retaliation, disadvantage or discrimination at the workplace. The identity of individuals and information shared shall be kept confidential to the fullest possible extent, in a manner consistent with the need to conduct an investigation, unless the individual consents to disclosure, or if disclosure is otherwise required by law. Refer to SDP Whistleblowing and Grievance Policy.



4. PROCESS OWNERS

- 4.1. Workforce management unit – Upstream Operations
- 4.2. Group Sustainability

5. REFERENCE

- 5.1. This approach recognises the corporate responsibility to respect human rights according to the UN Guiding Principles of Business and Human Rights and Responsible Business Alliance Responsible Recruitment Due Diligence Toolkit.
- 5.2. This approach is guided by and upholds the ILO Forced Labour Convention, 1930, ILO Migration for Employment Convention (Revised), 1949, Private Employment Agencies Convention, 1997 (no. 181), ILO instruments on migrant workers (Conventions Nos 97 and 143 and Recommendations Nos 86 and 151) The Dhaka Principles as well as national legislations including but not limited to the UK Modern Slavery Act 2015.
- 5.3. This procedure may be read together with the SOP on Foreign Worker Management as well as other relevant operating procedures for foreign worker management, Group Procurement Policies and Authorities, Grievance policies.

Appendix

