



Plantation

Sime Darby Plantation's Response to RSPO's Findings in Decision Letter dated 14th November 2022

<i>Theme</i>	<i>Sime Darby Plantation's Response</i>
Workers human rights awareness	<p>Sime Darby Plantation (SDP) is committed to respecting, supporting and upholding fundamental human rights. This commitment is reflected in SDP's Human Rights Charter (HRC) and is infused into all of SDP's operations. The HRC was introduced in 2017 and is updated on a periodic basis. The HRC is organised for ease of understanding and is broken into categories/components and incorporated into various briefings and awareness programmes for workers including during induction sessions for new workers. These briefings and engagements are conducted regularly and are part of an ongoing process. Our aim is to ensure that workers always have a deep understanding of their rights and our commitments to them.</p> <p>In order to bolster our commitment to human rights, over the past year, we have implemented tremendous reforms and modifications to our operations. As part of this process, we have conducted extensive surveys of our workforce and assessments of our operations. Based on these surveys and assessments, our workers understand their rights, and are aware of the grievance channels and other mechanisms available to them should they believe they are being deprived of these rights.</p>
Grievance Channels	<p>SDP is an industry leader in establishing three (3) distinct grievance channels for workers. These grievance channels provide workers with a safe and confidential forum to raise queries, and file complaints and grievances. These channels are as follows:</p>

Theme	Sime Darby Plantation's Response
	<ul style="list-style-type: none"> • SUARA KAMI - Launched in 2019, in collaboration with Nestle and ELEVATE to provide independent third-party help to SDP's workers in Malaysia. • Workers' Helpline – At the end of August 2021, we introduced the Workers' Helpline, an independent third-party worker grievance channel with multi-languages and multi-interface, supported by the Ulula Case Management system, a platform that collects grievances and allows workers to anonymously raise concerns safely and securely at any time and to digitally connect with support for real-time case management. • Whistleblowing (WB) – This channel has been available for many years and is managed <u>internally</u> by an independent team within the Governance and Integrity Unit at headquarters. <p>All our workers regardless of location have access to grievance channels. The telephone numbers to call are made available to all workers and are not a location specific privilege. All our grievance channels respect the rights of workers to remain anonymous and protect the confidentiality of workers.</p> <p>Since 2021, SDP has improved oversight of grievances and accountability for grievance handling. Over the course of the past year, we also strengthened our support system for handling grievances and complaints of wrongdoing, clearly defining roles and responsibilities for case management, investigation and reporting. All grievances received are channelled to the newly established Grievance Unit, which is a centralised unit at Headquarters (HQ), to capture informal and formal complaints and concerns systematically.</p> <p>This system allows SDP to address issues that can be readily resolved or refer issues to the investigating team when substantive expertise is necessary, and then follow up with the complainant via the call handler to ensure that the issue is resolved in a fair and timely manner. The Grievance Unit independently tests the grievance channels (in multiple languages) to ensure continued availability and responsiveness for worker access.</p> <p>Investigation teams were also upskilled in 2021 to undertake fair and unbiased investigations based on enhanced standard operating procedures and key performance indicators.</p> <p>On a weekly basis, a Grievance Committee (GC) monitors the status of new complaints, on-going complaints and complaints resolved to ensure that all are appropriately addressed up to the point of resolution within established timelines. Cases are handled based on the nature of the investigation required, severity of event and potential threat to workers, and thereafter reported and deliberated on by the Board Sustainability Committee at their meetings. Any</p>

Theme	<i>Sime Darby Plantation's Response</i>
	<p>cases of wrongdoing are additionally tracked and monitored by the Whistle Blowing Unit, Whistle Blowing Committee and the Board Governance and Audit Committee, to ensure that appropriate consequence management actions are taken when wrongdoing has been found.</p> <p>As a result of these reforms, our workers trust these grievance channels. The confidence our workers place in the grievance channels is reflected in the increased volume of calls. Between 1 April 2021 – 11 November 2022, SDP received a total of 1,219 grievances through all our grievance channels. As these numbers reflect, our workers are aware of our commitment to resolve issues expeditiously. Depending on the type and complexity of the issues raised, grievances are resolved between 2 weeks to 3 months. Two of these grievance lines are independently administered with a loop-back mechanism to complainants prior to closure of grievances.</p> <p>Based on internal surveys conducted across our Malaysian operations, 95% and 94% of the 17,000+ workers sampled indicated that they were aware and comfortable with the grievance channels in SDP.</p>
Social Dialogues	<p>In yet another leading practice, SDP launched the Social Dialogue initiative in October 2021, allowing workers to elect employee representatives for each nationality at its estates and mills. Social Dialogue is a structured approach that SDP has adopted to create a formal fortnightly two-way communication platform at the Operating Unit level. Elected worker representatives (WR) from all nationalities and OU management can discuss issues related to worker welfare and concerns. WR are not only appointed through nominations by the workers themselves but are also empowered to suggest improvements. We currently have 1,625 formal worker representatives across our operations.</p> <p>The process is supported by a Social Dialogue Toolkit (which includes an escalation protocol for issues that cannot be resolved at OU level, along with guidelines for issues resolution. A clear set of focused Key Performance Indicators and a Social Dialogue Online Tracker, developed in-house, ensures the effective and efficient reporting and monitoring of social dialogues, and also that issues are resolved in a timely way.</p> <p>A weekly dashboard showing the progress of the Social Dialogue platform is submitted to the CEO of Upstream Malaysia, the Regional Chief Executive Officers (RCEOs) and Regional General Managers (RGMs) on a weekly basis. They also have full access to the Social Dialogue Online Tracker for their respective locations so they can monitor the issues</p>

Theme	Sime Darby Plantation's Response
	<p>being raised. For workers in remote locations, SDP has developed an offline form for those with limited internet access, and this has already been rolled out.</p> <p>To date, approximately 12,800 issues have been raised via this platform with 94% having being resolved. Issues are typically resolved between 3 – 7 days depending on the type of issue raised. Issues requiring changes in policy or capital expenditure are referred to the regional management/HQ as it will take longer to resolve.</p> <p>The intent of the social dialogue platform to ensure issues are expediently discussed and addressed. For example, when it comes to housing repairs, there are dedicated handymen in all operating units and thus, there are no protracted delays in resolving such issues. The housing repairs & maintenance policy has been enhanced to include clear timelines for various categories of repairs. Site management are monitored based on these timelines.</p>
<p>Wage Computations & Enhancing Workers Awareness</p>	<p>Workers are paid in accordance with the rates prescribed in the Collective Agreements, laws and regulations of Malaysia.</p> <p>In November 2021, SDP instituted a new process automation system through handheld devices by supervisors, which records the workers clock in time through QR code, assignment of work and productivity information for calculation of wages. The roll out was completed in March 2022. This system was implemented to mitigate the possibility of human error arising from manual recording of attendance and productivity data by supervisors, which is subsequently keyed into the system manually by checkroll clerks at the operating units. This is trackable by HQ and Regional Estate Management. SDP is regularly working on further improving our automation processes.</p> <p>There are ongoing briefings and continuous efforts to enhance workers understanding of their wage computations including on Annual Vacation Leave Pay. Amongst the improvements implemented in 2021 include the provision of payslips in native languages, where the system configurations allow for it. For other nationalities, we provide wage code glossaries in all native languages to ensure that all our workers understand their payslips. In addition, we have developed and distributed wage calculation info packs to all our workers. Given that a portion of our workforce are illiterate, we have also developed pictorial wage posters which are displayed at all our operating sites. In the event they need clarification, workers have ready access to site management as well.</p>

Theme	Sime Darby Plantation's Response
	<p>Workers are able to raise issues or queries on their wages, which are captured and resolved via Social Dialogues and grievance channels. Between 1 April 2021 and 11 November 2022, a total of 190 inquiries / grievances on wages were recorded out of 12,800 grievances received via SDP's grievance channels, which shows that workers are aware of the mechanism to make inquiries or raise issues on wages.</p>
Wage Rates	<p>SDP ensures that workers are paid, at least, minimum wages based on the Minimum Wages Order 2022, encompassing both daily and piece rated workers. Furthermore, SDP has introduced an Incentive Scheme effective May 2022 applicable to piece rated workers such as Cutters, Loose Fruit Pickers and, Frond Stackers, as well as Harvesting Staff and Mandores.</p> <p>The rates paid to workers under the scope of the Sabah Plantation Industry Employees Union's (SPIEU) Collective Bargaining Agreement is as per the C A between SPIEU and SDP. There is no legal or regulatory non-compliance. SDP has proactively decided to provide similar rates to Peninsular Malaysia and entered into an MOU with SPIEU, to pay more favourable rates than what the Union had negotiated and agreed in the CA. The revised rates were effective in March 2022, and the workers were paid arrears in September 2022 payroll. SDP is an industry leader in this regard, whereby it provided more favourable rates than that agreed in the CA.</p> <p>The Division of Earnings (DOE) is based on the degree of difficulty and skill required to perform a specific task. SDP meets its legal obligations by ensuring that the workers are at very least paid minimum wages based on the Minimum Wages Order 2022. Piece rated workers are able to earn more based on their individual productivity.</p> <p>Any information reflecting practices contrary to those described above is incorrect.</p>
Contract Workers	<p>The contractor compliance verification is guided by the Contractor and Vendor Management Procedures that was enhanced in 2021. This procedure serves as general guidance for managing contractors and vendors (C&V) and C&V workers in Upstream Malaysia operations. It was developed in line with SDP's HRC, Group Policies and Authorities (GPA), Group Procurement Policies and Authorities (GPPA), and relevant legal requirements (that includes the Immigration Act 1959/63). We continuously conduct briefings and engagements with C&V and C&V workers to ensure compliance to relevant law and SDP's policies particularly in relation to ensuring workers are legally documented and are paid minimum wages. All contractors are monitored to ensure compliance with SDP's policies and processes. Estate and Mills are required to keep copies of contract workers' passports and valid work permits.</p>

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Working Hours & Rest Day Work	<p>SDP provides decent and fair wages, reasonable working hours with adequate rest, achievable productivity targets and voluntary overtime. SDP's policies and procedures with regard to hours and rest days are in full compliance with the laws of Malaysia.</p> <p>The Employment Act 1955 provides that an employee is not permitted to work in excess of a spread over of 10 hours in one day. Section 2 of the Act defines spread over of 10 hours as a period of 10 consecutive hours to be reckoned from the time the employees commence work for the day, inclusive of any period or periods of leisure, rest or break within such period of 10 consecutive hours. In addition to briefings to workers, SDP has provided communication packs to workers which clarify the break to be taken by these employees amounting to 2 hours. Hence, workers have been advised to only work for 8 hours.</p> <p>As per the Employment Act 1955, an employee may work on a rest day if he consents / agrees to work on such day. Where an employee agrees to work on a rest day, SDP pays the employee in accordance with the rates prescribed in the Act.</p> <p>Since the Act permits work on rest day and prescribes rates payable for work and overtime on rest day, there is no requirement to raise this matter with the labour office. Nonetheless, SDP has instituted a policy of not allowing workers to work for more than 14 consecutive days without rest. As such, workers are only allowed to work on alternate rest days, with consent.</p>
Regularisation Programmes	<p>Employment of workers who had social visit passes, have been regularised. As soon as workers' social visit passes are submitted to the Immigration Department to secure work permits, they are transferred to the check roll system for salary payments. SDP is working closely with the Immigration Department of Sabah to complete all pending permit applications. Apart from that, the Sabah State Home Affairs and Research Office of Chief Minister's Department had on 21st May 2021 issued a letter to the Sabah State Immigration Department on the decision by the State Government to extend the regularisation exercise for another 24 months effective 1st May 2021.</p>

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Access to potable water	All houses are supplied with water, in most areas, from state water sources. Where state water supply is unavailable, SDP provides potable water. SDP is liaising with local authorities to address the issue of water disruption. When disruptions occur, SDP provides temporary sources of potable water to its workers.
Gender Committees	<p>Gender Committees have been established at all estates and mills to advance workplace discussions affecting women on violence and sexual harassment, women's health, and financial and retirement planning. Using the RSPO Gender Guidance as well as SDP's commitment in its HRC, the Gender Representatives' main activities have been to promote a safe environment for workers to raise concerns as well as creating awareness on gender-based violence and harassment throughout the entire workplace. Gender Representatives leverage on Gender Committee's and national programmes for resource and system support. Gender Committees are made up of workers and staff who have been carefully selected to fulfil their roles and responsibilities effectively.</p> <p>The Gender Committees were strengthened in March 2021 where the TOR and representation were reviewed to meet the expectations of our commitment in HRC. We continuously monitor the effectiveness of Gender Committees and continue to support Gender Representatives. Gender Representatives can also raise concerns at the social dialogues.</p>
Passport Retention	SDP has provided secure lockers for all workers to store their personal documents such as passports. SDP does not retain worker passports. Only workers have keys to access their respective lockers. Workers were also educated on the importance of securely maintaining their personal documents.
Recruitment Fees	<p>In light of the fees foreign workers have had to pay to a variety of third parties, unknown to us and despite the existence of the zero-fee policy, SDP has revised and developed a more robust system covering the entire process of appointing recruitment agents, working with independent migrant worker rights specialist, Andy Hall. The SDP Board made the decision to reimburse all current and former foreign workers who were in our employ on or after 1 November 2018. A universal payment method was employed with computations of reimbursement amounts being undertaken by a third-party. Dedicated funds amounting to RM82mn were set aside for payment.</p> <p>Recruitment fees (unreported payments charged by agents, sub-agents or other third parties to SDP's foreign workers in countries of origin, in contravention of SDP's zero recruitment fee policy) has been reimbursed for all current migrant workers beginning 17 February 2022.</p>

Theme	Sime Darby Plantation's Response
	<p>Local legal counsels have been appointed at all countries that SDP has sourced from to facilitate recruitment fee remediation payments to eligible former workers. SDP has a register of former foreign workers and have reached out to them, including via advertisements taken out at countries of origin. A Sinking Fund Governance Committee has been set up to monitor payments to former workers.</p> <p>Independent auditors have been appointed to verify the lists of foreign workers and payment amounts. They will also sign off on payments when they are made.</p>
Ethical Recruitment Process	<p>SDP does not tolerate any and all forms of forced or bonded labour, slavery, human trafficking, and/or sexual exploitation. SDP ensures that its workforce is hired ethically and responsibly according to commitments outlined in the HRC.</p> <p>As we hire a large workforce of migrant workers in the Upstream Malaysia Operations, SDP believes that responsible recruitment is a key enabler in adopting labour practices that respect workers' rights. This approach respects workers' rights by providing fair and favourable recruitment and working conditions.</p> <p>In 2021, we have enhanced and tightened the controls in our migrant worker responsible recruitment procedure in collaboration with a migrant workers recruitment specialist.</p>
Health & Safety	<p>All workers receive adequate training and are provided with necessary protective equipment. SDP provides adequate PPE for all workers, which is periodically replaced at no cost to the worker.</p> <p>As of January 2022, SDP has appointed 40 fulltime dedicated Site Safety and Sustainability Officers (SSSO), to assist and support its strategic OUs (SOUs) with managing safety and, sustainability activities and initiatives on the ground, with a particular focus on human rights matters. The officers are tasked with managing overall documentation, providing on-site support for operations monitoring compliance monitoring, and setting out actionable immediate next steps in managing any safety and sustainability concern or issue should it arise.</p> <p>Revised management systems have been implemented and are being monitored and reviewed. This includes input from workers to achieve the objective of having a worker-centric Occupational Safety & Health (OSH) system.</p>

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	<p>Regular audits and engagement exercises have been undertaken with estate management to ensure awareness of all SDP's new policies, guidelines, processes and systems to ensure both understanding and compliance. Where required, these documents are also translated into various languages to cater to the migrant workers who are in the company's employ. Briefings are also conducted in worker's national language with the help of worker representatives who are literates, and the translated documents have pictorial guidance to ease understanding.</p> <p>Educating workers on the importance of using their safety equipment is an ongoing process.</p>