

# Sime Darby Plantation's Responsible Labour Practices and the USCBP

SPOC Labour in Palm Oil Webinar

15th December 2022

200  
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# Setting the Context

## HOW IT ALL STARTED

### LIBERTY SHARED

CREATING AN ENVIRONMENT  
SAFE FROM TRAFFICKING

**APR 2020** A Hong Kong based NGO's petition submitted to USCBP concerning alleged conditions of forced labour and child labour experienced by workers on plantation/estates owned and/or run by Sime Darby Plantation Berhad (SDP)

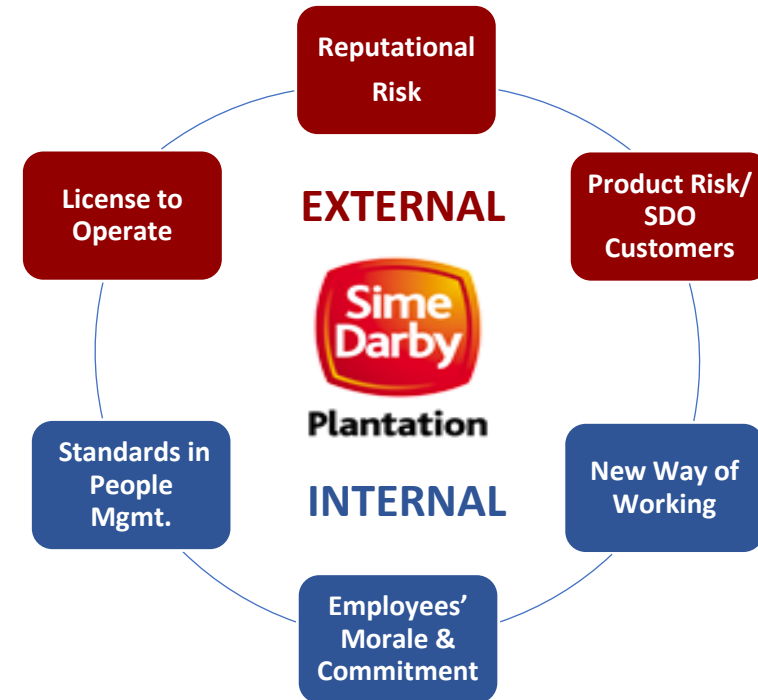
### USCBP



**DEC 2020** United States Customs & Border Protection (USCBP) issued Withhold Release Order (WRO) to SDP

**JAN 2022** USCBP issued Notice of Finding on SDP

## HOW ARE WE IMPACTED



**Far reaching implications  
hence we need to act fast!**

# Continuous Improvement Programme

SDP embarked on a continuous improvement plan to address any gaps in adherence to the 11 International Labour Organization (ILO) indicators of Forced Labour



## The Continuous Improvement Plan



### Objective:

To ensure we achieve the expected standards required under the 11 ILO indicators of Forced Labour through an effective and practical continuous improvement plan.

## The Governance Structure

### Board Sustainability Committee

**Board Sustainability Committee**  
*Meets every fortnight to provide overall direction.  
Comprises 5 senior directors*

### Steering Committee

**Steering Committee** *Meets on weekly basis*  
Chairperson: Group Managing Director  
Members: Chief Financial Officer, Managing Director SDO, Chief Human Resources Officer and SDP Sustainability Advisor

### Working Group

**Working Group** *Meets twice a week*  
Chairperson: Chief Financial Officer  
Project Manager: Chief Risk Officer  
Members: Plantation Leadership Committee (PLC) members and Functional Heads

## Our Expert Partners



*Ethical Recruitment Specialist –  
Andy Hall*



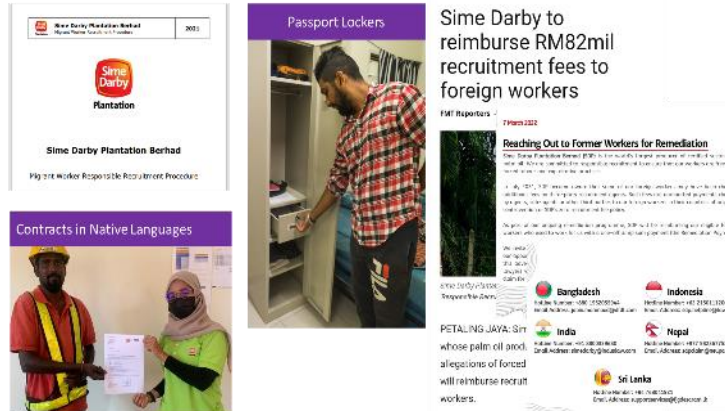
# Continuous Improvement Programme

## Overview of key improvement initiatives

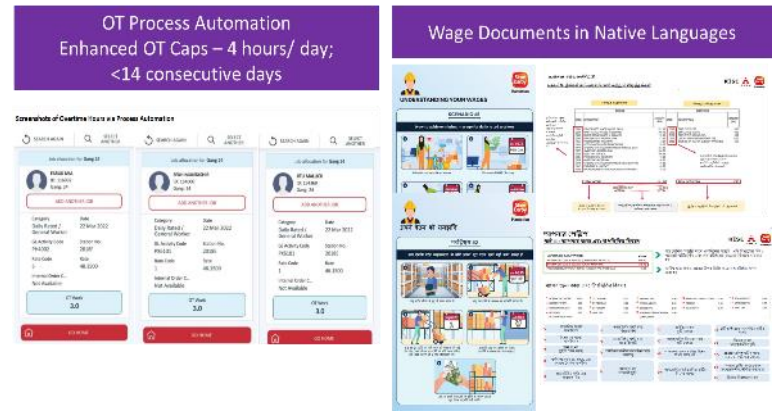
### 1 Grievance Channels – Enhanced Availability & Awareness



### 3 Enhanced Ethical Recruitment



### 5 Wages & Overtime – Enhancing Worker's Understanding



### 2 Social Dialogues – 1st in the industry

154 Operating Units

>11k workers participated in elections

>1,300 worker representatives

Fortnightly dialogues

Over 12.8k issues discussed with 94% closed to date



### 4 Workers Living Conditions



### 6 Management – Worker Dynamics: Changing Behaviours




# Submission to the USCBP

Comprehensive report submitted to USCBP



## SDP USCBP Update Report – submitted in April 2022

- **Nixon Peabody Letter** – detailing SDP’s compliance with ILO forced labour indicators
- **Main report - 66 Pages** with links to exhibits/ evidences
- **30 GB of exhibits/ evidences attached** – e.g. independent consultant reports, policies, procedures, photographs, training/ briefing materials, etc

 <b>Plantation</b>	
UPDATE REPORT for United States Customs and Border Protection <i>April 2022</i>	
<hr/>	
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# ESG Scorecard – What Gets Measured Gets Done



Aims to **drive behavioural change** with **KPIs that assess initiatives** undertaken to fully **address the ILO Forced Labour Indicators**

## Improvements Implemented

**From:** Sustainability Health Index (SHI)

**To:** ESG scorecard and accountability mapping

1. Within Performance Management (5% weightage)
2. Evaluated by self and managers
3. Individual Performance
4. Focuses on HSE, Governance and Environment

1. Outside of performance management (heavier emphasis)
2. Centrally managed & metric driven
3. Collective performance
4. Focuses expanded to resolving and maintaining improvement based on ILO Indicators

## Operating Unit FY2022 ESG Scorecard

(Presented to and approved by the SDP Sustainability Committee on 14 October 2021)

Passing Score: **3.00**

Workstream	Propose KPI	Propose Measures	%	Threshold	Base	Stretch	Rationale
ALL	1. Workers Satisfaction Survey	Overall Survey Scores (First year survey is set as baseline)	20%	2	3	4	<ul style="list-style-type: none"> <li>Quarterly evaluation on WS Initiatives and 11 ILO Indicators</li> </ul>
ALL	2. Environmental & Governance Compliance	Compliance to Legal and statutory requirements + Conformance to Sustainability Certifications	20%	Penalty/Fine/Summon/SWO due to legal non compliances (excluding COVID related)	Zero Fines/ Penalty/ Summon/ SWO	Base + Zero Major NCRs from RSPO & MSPO certification	<ul style="list-style-type: none"> <li>KPI adopted from SHI</li> <li>Yearly OU-level audit conducted on Environmental and Compliance</li> <li>Every audit has recorded NCR. About 20% of SOU has zero major NCR</li> </ul>
1: <u>Grievance Channel</u>	3. Closure of Grievances	Improve oversight of Grievances and accountability for grievance handling: <ul style="list-style-type: none"> <li>% of Grievance Closure</li> </ul>	20%	90%	95%	98%	<ul style="list-style-type: none"> <li>OU to be accountable in resolving issues (within OU capacity) raised from the Grievance Channel</li> </ul>
2: <u>Operational Safety &amp; Health ("OSH")</u>	4. OHS Index	Assessment of OSH practices: <ul style="list-style-type: none"> <li>Quality of Hazard Identification, Risk Assessment &amp; Risk Control ("HIRARC") Intervention</li> <li>Quality of workplace inspection</li> <li>Incidents Reporting (including near misses)</li> </ul>	20%	2	3	4	<ul style="list-style-type: none"> <li>Proactive approach to workplace improvement</li> <li>Conducted by OU and RSQM</li> </ul>
3 : <u>Social Dialogue</u>	5. Effectiveness of Social Dialogue	Impactt's Social Dialogue Success Factors (Issues Resolution Timeline, Workers representation & SD Continuation)	20%	2	3	4	<ul style="list-style-type: none"> <li>Cadence on Social Dialogue and issues resolution as per Impactt Success Factors</li> </ul>



# How can retailers and brands support responsible labour practices?

## Investing in Better Systems with Suppliers

- Our **worker's voice hotline**, “Suara Kami”, was developed in collaboration with Nestle in 2018
- Implement **Social Dialogue Platforms for better worker engagement**



## Shared Responsibility

- Normalising and **standardising forced labour due diligence audits**
- **Enhanced recruitment fee policies and practices** in the supply chain

**THANK YOU**

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