

# Labour issues in Palm Oil

**TFT have been working in Palm Oil plantations in Asia and Africa since 2010. Whilst our focus was initially on deforestation, we have since 2014 been working with members to start to identify the serious generic worker welfare issues within the sector. These concerns are deeply entrenched within working norms and often interlinked.**

In 2015, it was estimated that there were 17 million hectares of mature palm oil plantations across the equator, producing a total of 62 million tonnes of Palm Oil. Footnote 1

## What are the issues in the palm oil sector?

- There are widespread labour issues, the most serious and prevalent of which can include:
  - Child and family labour and insufficient protection with regard to young workers
  - A lack of personal protective equipment (PPE) against Health and Safety hazards
  - Opaque pay structures which may incentivise dangerous or unacceptable practices
  - Use of fixed short term contracts and casual labour, potentially creating a vulnerable workforce
  - Poor accommodation and hygiene facilities
- These issues are common across many sites and different countries

## What can companies do?

- We always recommend companies start with strong policies, as these form the backbone of programmes to transform supply chains.
- Increase transparency and traceability. Understanding where the product comes from is essential in identifying or reforming working conditions. Palm Oil supply chains are notoriously long and complicated, often third party mills and plantations are used, so tracing back to mills and plantations can be a difficult process.
- Engage with the sites to identify problems and proactively look at known issues in the industry.
- Once problems have been identified, they should be addressed using pragmatic solutions that can be delivered at scale.

## Key message:

**Solutions need to be pragmatic, and their adoption has to be embedded and sustainable.**



## National law frequently mandates:

- Maximum working hours
- Minimum wages
- Necessary protection & safety measures
- Requirements for insurance, contracts and terms and conditions
- Structured worker representation

## Respect for workers – TFT's guidelines for sites

These guidelines, first published in January 2016, outline the recommended steps a site should take in order to prevent the exploitation of their workforce. They can be accessed on the TFT website here:

<http://www.tft-earth.org/resources/tftrespect>



The Palm Oil industry directly employs 7.5 million people in Indonesia alone.<sup>2</sup>

Continued...

1. GreenPalm, 2015, 'Where is Palm Oil Grown?', <http://greenpalm.org/about-palm-oil/where-is-palm-oil-grown-2>

2. Sung, 2016, 'Availability, use, and removal of oil palm biomass in Indonesia,' [http://www.theicct.org/sites/default/files/publications/Teh\\_palm%20residues\\_final.pdf](http://www.theicct.org/sites/default/files/publications/Teh_palm%20residues_final.pdf)

## Common Issues

### Passport retention

- Passport retention is a widespread practice, particularly in countries with high levels of migrant labour. Management will often cite 'safekeeping' as a reason.
- It is extremely important that workers have free access to their personal documents, or they could be considered to be in forced labour.
- One solution is to trial lock boxes for a small proportion of workers, and monitor their use. The scheme's set up costs are low, for example, in Malaysia a lock box costs around \$18. If take-up during the pilot is high then similar boxes can be installed for the rest of the workforce.

### Casual labour and short term contracts

- The use of fixed short term contracts and casual labour is widespread, leaving workers vulnerable to labour rights abuses.
- Companies should help sites to move the workforce onto more secure, longer term permanent contracts. Although some may need to stay in place due to the seasonality of certain roles, targets should be agreed to move workers to permanent contracts. Progress should be monitored & reported.

### Challenges in implementing Child Labour Policies

- Protecting the rights of children is a fundamental part of every social code. The ILO lays out clear criteria on what is and is not acceptable work for children.<sup>3</sup>
- Most countries also have laws governing when children and young people can and can not work.
- Plantations are often remote sites where family accommodation is frequently often provided. Children live onsite, therefore:
  - Sites' policies must state who may (or may not) work. Supervisors should receive training on how to respond if children and young workers are found working and what preventive measures to take.
  - Companies should review incentive schemes to ensure they are encouraging appropriate behaviours.
  - In remote areas access (and transport) to high quality schools must be provided

### Why can't these problems be solved immediately?

- Some problems can (and are) solved quickly at sites.
- Others involve multiple stakeholders, and cross industry agreement. For example, use of Paraquat as a weedkiller, which some companies have started to phase out, is still commonplace amongst independent producers. It is difficult to encourage them to change practices within a short time frame, so mitigation strategies for health and safety when using the weedkiller must be put into place in the meantime.
- We have found that sustainable solutions require the understanding and ownership of site management.

## Indicators of potential labour issues

Indicators vary, but can include:

- Extensive use of casual or short term contracts
- Complicated pay systems, including piece rate
- Low wages
- The use of fines, deductions and fees
- Unclear debt and advance systems
- Multiple dependencies on the employer (more than one member of the family working for the same employer)
- Lack of access to worker representation for all workers
- Withholding of personal documents, and wages
- A lack of contracts, or contracts in languages workers don't understand
- High levels of migrant labour
- Lack of access to good quality education
- Poor Health and Safety and hygiene facilities
- A lack of training or awareness on important issues, such as Health and Safety, pay calculations, rights and responsibilities



A worker collects fresh fruit bunches of palm using a pole with a sickle attached.

### Additional information and resources

[TFT's Respect Guidelines for palm oil](#)

For more information please contact: [respect@tft-earth.org](mailto:respect@tft-earth.org)

3. International Labour Organisation, 2016, 'International Labour Standards on Child Labour', <http://ilo.org/global/standards/subjects-covered-by-international-labour-standards/child-labour/lang-en/index.htm>