

A photograph of two women standing in a lush, green palm oil plantation. Both women are wearing hijabs and work clothes. The woman on the left is wearing a pink hijab, a grey cardigan over a brown shirt, black pants, and black rubber boots. She is holding a long-handled tool. The woman on the right is wearing a bright pink hijab, a matching pink long-sleeved shirt, olive green pants, and black rubber boots. She is also holding a long-handled tool. They are standing on a dirt path with dense tropical vegetation in the background.

Social dialogue in the palm oil sector in Indonesia

FACT SHEET

Social Dialogue in the palm oil sector in Indonesia

This fact sheet gives you a short insight on how social dialogue can play a positive role in your supply chain. With this knowledge you can tackle and prevent possible labour rights violations in the supply chain.

Throughout value chains, the palm oil industry being no exception, stakeholders and supply chain actors are not making sufficient use of the value of Freedom of Association (FoA), what these rights really mean for all supply chain actors and how they can play a role in achieving and implementing them. Despite increasing attempts to address labour rights issues in the palm oil value chain, violations of these rights remain prevalent.

Given the existing challenges and increasing (international) demand for social dialogue in the palm oil sector in Indonesia, the question is: *what can companies do to promote and support social dialogue practice as part of their supply chain responsibility?*





Figure 1:
Findings of the DBA analysis of severe human rights issues in the palm oil value chain (Proforest, 2019)

Definitions

In order to be able to understand the importance of social dialogue, some basic concepts should be clarified:

Social Dialogue includes all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy. Preconditions for social dialogue are strong, independent and representative trade unions and employers' organisations, corporate institutional frameworks promoting and enabling social dialogue, and respect for fundamental rights at work.

Social dialogue at company level is realized in a bipartite committee formed by a workers' and an employers' organization. This bipartite committee is the first step to start negotiations towards a CBA. In Indonesia, it is required by law to form a bipartite committee (called 'LKS Bipartit') when the company employs more than 50 people, but in practice this law is not always adhered to.

Freedom of Association (FoA) is the right of workers to join and form trade unions or organisations of their choosing. It includes the right to freedom of assembly, association, and trade union membership.

Trade unions are membership-based organisations of workers, constituted for the purpose of defending the interests of workers. Unions provide advice to workers who are often unaware of their rights. Unions can negotiate with employers about improving wages and working conditions.

Collective Bargaining (CB) is the process of all negotiations between an employer -or an employers' organization- and one or more trade unions, with the aim of developing a Collective Bargaining Agreement (CBA). CBAs are legally binding contracts that outline working conditions at the workplace, or at regional, national, or sectoral level. Elements of good CBA negotiations are trust, good will, commitment, transparency, no hidden agenda and similar level of knowledge of both parties.

Human Rights Due Diligence (HRDD) is a continuous process that helps companies to identify adverse impact relating to human rights, labour rights and the environment with a view to ending, preventing or mitigating those risks.

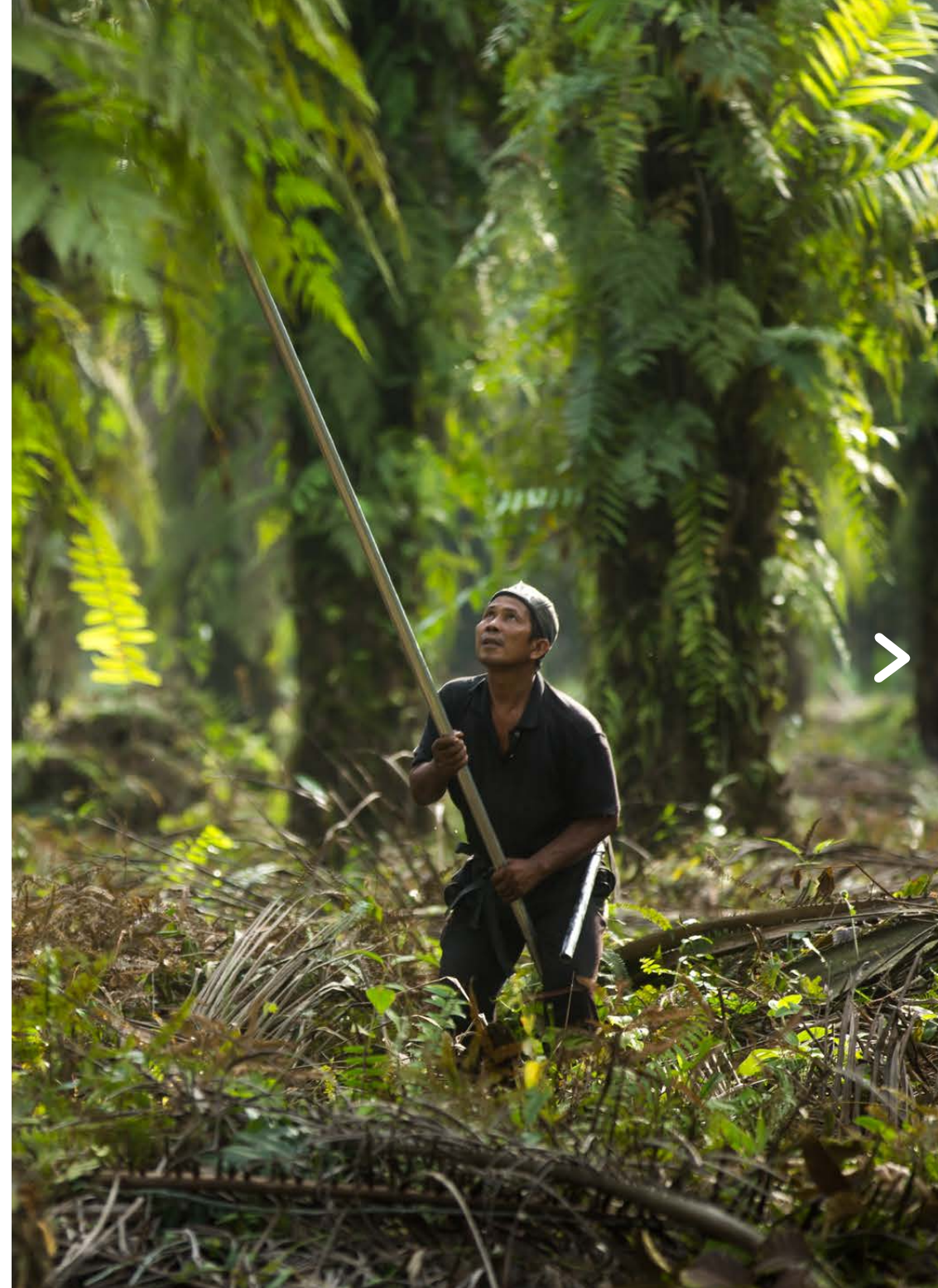
Benefits

Freedom of association, collective bargaining and social dialogue are “enabling rights”.

This means that respecting these rights can lead to the fulfillment of a number of other rights such as living wages, reasonable working hours, and a healthy and a safe workplace that is free from discrimination and (sexual) harassment. This makes social dialogue a key instrument to sustainably improve the quality of work, labour conditions, and income.

On top of that, social dialogue also has benefits for companies and suppliers:

- More stability and efficiency, which may lead to increased productivity
- Improve job satisfaction of staff and thereby enhance retention
- Make better business decisions
- Provide access to learning and skills
- Safe workplaces
- Less non-compliances
- Promote equality



Institutional framework

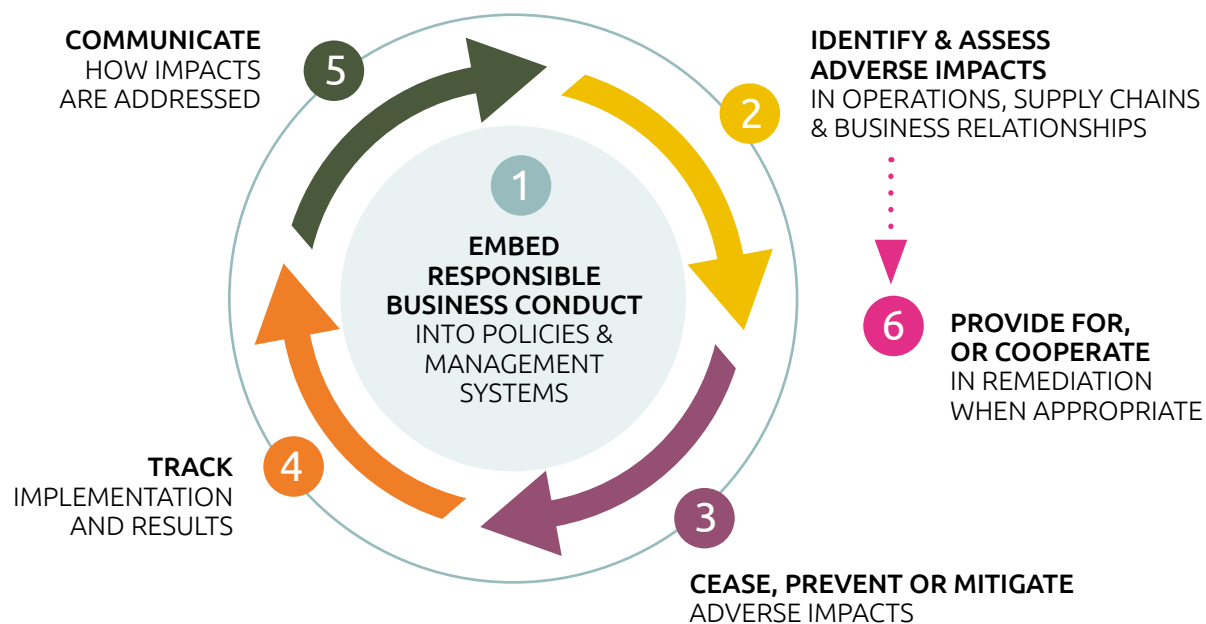
The rights to FoA and CB are legally embedded in the international ILO conventions, namely Freedom of Association and Protection of the Right to Organise Convention (C87) and Right to Organise and Collective Bargaining Convention (C98).

However, not only states, are obliged to uphold labour rights, but companies also have an increasing responsibility to actively look for ways to meet these international standards. The UN Guiding Principles on Business and Human Rights and the OECD

Guidelines are globally recognized as the authoritative frameworks on how businesses should prevent and address negative impacts on people. These frameworks provide guidance on the due diligence process that companies should undertake, as visualized in the due diligence cycle below.

A good understanding and implementation of due diligence policies will become even more important for businesses now that the EU Human Rights Due Diligence (HRDD) legislation is underway.

Figure 2:
Six stages of the due diligence process (OECD)



Still, in practice, there is a long way to go with regards to the implementation of these frameworks. Reports show that FoA is still under pressure and the number of CBAs in the palm oil sector is very low. In general, social dialogue practices in the palm oil sector are limited to information exchange and dispute settlement on normative issues, and not used for prevention of conflicts, consensus building or negotiation.



Next steps

What are the steps companies can take to promote and support social dialogue in the palm oil sector?

Be informed and assess

Conduct a risk analysis to assess the actual situation surrounding the topic of social dialogue for all workers and engage with local stakeholders to provide input on the risk assessment. In case of salient risks, conduct a human rights impact assessment regarding the situation of social dialogue in the palm oil producers' supply chain.

Improve internal HRDD policies

Build an overall policy statement to show that your company respects the rights of workers in the supply chain to access and exercise their right to FoA and CB. Develop the policy jointly with workers and their representatives / trade unions.

Engage with suppliers

Include FoA and CB in your Supplier Code of Conduct and make sure that all your suppliers have a policy on FoA and CB. Build long-term relationships by signing 'pay and stay' agreements with suppliers who commit to acting towards FoA and CB.

Start up a CB process

In cases where there is a trade union in place, but a bipartite committee is not formed and bargaining is not taking place, carry out an analysis of the blocking and facilitating factors. This is in order to be able to facilitate the start of negotiations.

Build capacity on social dialogue

Support and finance workplace training for workers, unions and management to build understanding of their rights and responsibilities and to increase their skills for engaging in social dialogue. Invest in resources to build the capacity of gender committees.

Engage with the regulatory landscape and with the auditing systems

In some cases, local companies try to influence the regulatory landscape around trade union rights. Whenever possible, use your company's voice to halt violations of international standards on FoA and CB (ILO Conventions 87 and 98) and collaborate across the industry to address systemic challenges. Implement your company policy, and monitor and report on FoA, CB and Social Dialogue at company level or at supplier level through auditing mechanisms.



Engage in multi-stakeholder initiatives

Join multi-stakeholder initiatives, such as the Roundtable on Sustainable Palm Oil (RSPO), to jointly address the current challenges.



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In conjunction with

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