

A man wearing a red hard hat, a blue long-sleeved shirt, green pants, and black rubber boots is using a machete to clear vegetation. He is standing in a tropical environment with palm trees and dense greenery. The machete is held diagonally across his body, with the blade pointing towards the upper right. The background shows a dense forest with large palm fronds and thick foliage.

Creating an alliance for change through social dialogue


Road map and call to action

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This position paper on social dialogue as a key instrument in establishing sustainable practices in the palm oil sector is an initiative of CNV Internationaal. CNV Internationaal is an independent foundation, affiliated with the CNV trade union organization. We have worked with trade unions in low income countries since our establishment in 1967. We contribute to decent work in developing countries and one of our main objectives is to promote sustainability in supply chains. In February 2021, CNV Internationaal became a member of RSPO and is now actively engaging in the Human Rights Working Group.

> www.cnvinternationaal.nl/en/our-work



Introduction

Social Dialogue: A Key Instrument for Sustainable Change in the Palm Oil Sector

In this paper, CNV Internationaal describes the importance of social dialogue as a powerful tool for achieving sustainable change.

Research and experience show that sustainable and structural labour improvements can only take place through social dialogue¹. In addition, the collective bargaining agreements (CBAs) which often follow social dialogue processes are sustainable in themselves. For one, they are based on negotiations between organized trade union workers and employers, and secondly, these CBAs are periodically reviewed and renewed.

The benefits of social dialogue are being increasingly recognized in a variety of supply chains and in response, coalitions are being formed to firmly anchor social dialogue in sustainable practices. For example, the palm oil sector's certification scheme, Round Table on Sustainable Palm Oil (RSPO), has now included social dialogue in their 6th Principle, which describes working conditions. However, this is not enough.

In order to meet the requirements of other challenging RSPO indicators, such as achieving a living wage for workers, social dialogue needs to play a far more prominent, transversal, and structural role in the RSPO principles.

This paper refers to human rights and specifically labour rights violations in the palm oil sector on two continents. Information is based on The Profundo study primarily on the palm oil sector in Latin America², the Palming Off Responsibility study on the sector in Indonesia,³ and the report put out by the Dutch Banking Agreement's palm oil value chain work group⁴.

We then elaborate on a constructive solution: A Road Map to Social Dialogue in the Palm Oil Sector, which begins with concrete advice to strengthen social dialogue in the RSPO's principles and criteria. These would allow the sector to move forward with implementing RSPO principles at ground level and also mitigate negative social impacts. The paper concludes with an active call to stakeholders to build alliances and make concrete pilot proposals regarding social dialogue.

- 1 Social Dialogue concerns negotiation, consultation, and information exchange between employers and employees. The so-called "Bipartite Social Dialogue" (without participation of government) at company level, covers collective bargaining, any form of other collective negotiation, consultation and information exchange, as well as dispute prevention and resolution.
- 2 Quiroz, D., Achterberg, E., Arnould, J. (2021, May), Sector Analysis: Latin American Palm Oil, Amsterdam, The Netherlands: CNV Internationaal and Profundo
- 3 [Palming Off Responsibility, SOMO-CNV Internationaal, 2017](#)
- 4 DBA's Analysis of Severe Human Rights Issues in the Palm Oil Value Chain and Follow-up Actions, 2019

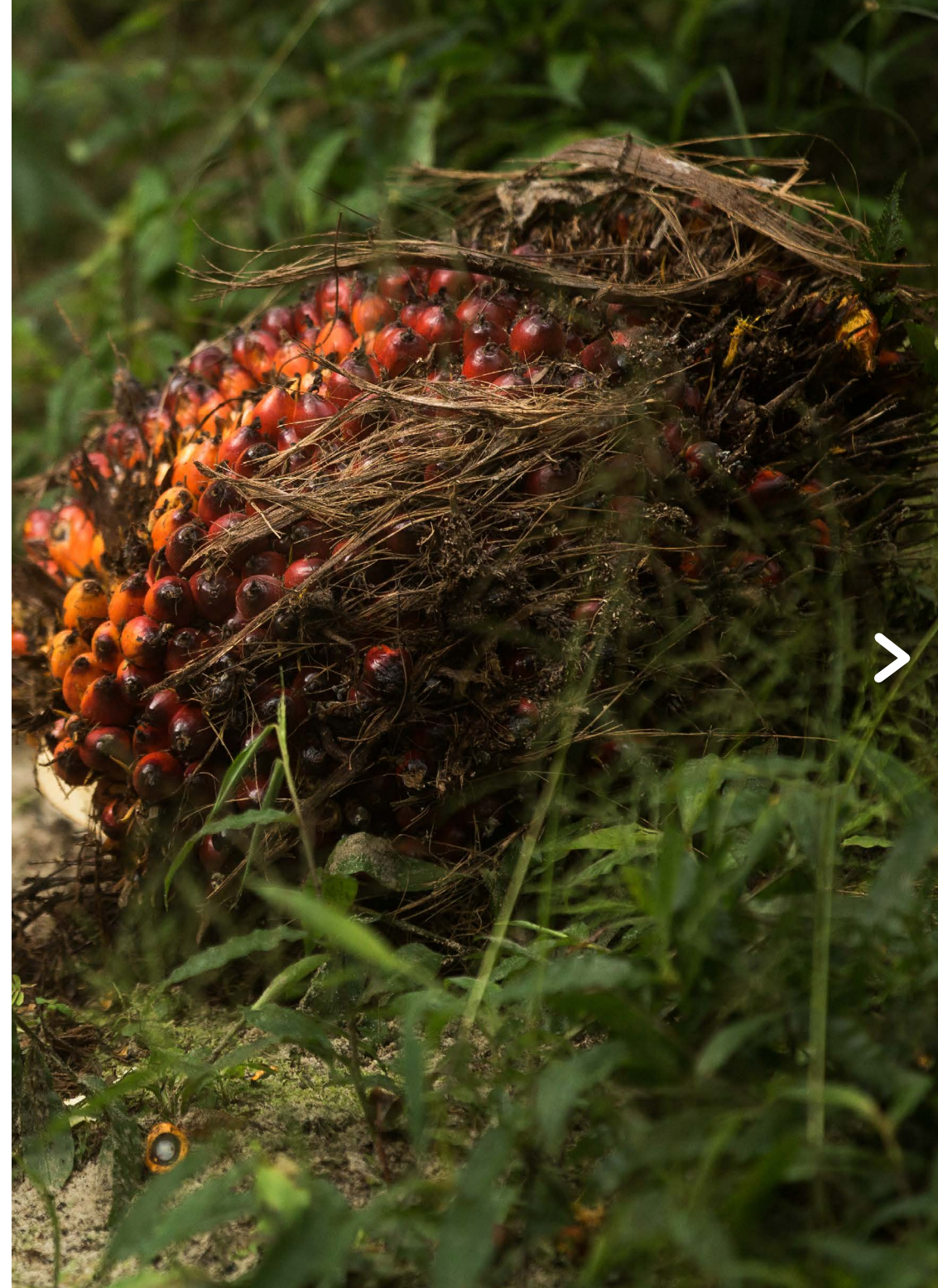


RSPO (Round Table for Sustainable Palm Oil) is a non-profit member organization and a certification scheme uniting stakeholders from the seven sectors of the palm oil industry.

It includes palm oil producers, processors, traders, consumer goods manufacturers, retailers, banks/investors, and environmental and social non-governmental organizations (NGOs), including trade unions like the Indonesian trade union Hukatan is a CNV Internationaal partner.

A key aspect of the RSPO is the certification system, which assesses compliance with the sustainability and human rights standards in the RSPO's Principles and Criteria (P&C).

The RSPO currently has 5104 members worldwide. 19% of palm oil produced throughout the world is RSPO certified.



Key Findings of recent Palm Oil Studies

The Social Impact of the Palm Oil Sector

Palms grow in humid tropical conditions which are found 8 – 10 degrees north and south of the equator. Originally found in West Africa, the oil palm tree is now cultivated across Asia, Africa, and Latin America. Palm oil is reportedly used in up to 50% of all consumer products today*. Palm oil is reported to be a relatively productive crop, allowing farmers to produce more oil per hectare compared to other vegetable oils**. Besides being used as vegetable oil, palm oil is also used as an ingredient in bio-diesel and as a fuel to be burnt in power stations to produce electricity.

* Amnesty International, The Great Palm Oil Scandal, November 2016, <https://www.amnesty.org/en/documents/asa21/5184/2016/en/>, 18 April 2017

** 3 World Wildlife Fund website, Overview, no date, <https://www.worldwildlife.org/industries/palm-oil>, 18 April

Key findings of the Profundo/CNV Internationaal “Sector Analysis Latin American Palm Oil”, the SOMO study “Palming Off Responsibility”, and the report put out by the Dutch Banking Agreement’s palm oil value chain work group.

The Global Palm Oil Sector

Indonesia is the world’s largest producer of palm oil, producing about 75% more than runner-up Malaysia. Production primarily takes place on the islands of Sumatra and Kalimantan. A large portion of this production, about 28%, is consumed in Indonesia itself, while the rest is exported. Other countries that produce significant amounts of palm oil are Thailand, Nigeria, and Colombia. Together, these five countries account for approximately 92 % of the world’s palm oil production. The largest palm oil consumers are Indonesia (15 % of the total produced), India (also 15 %), the European Union (11 %), China (8 %), and Malaysia (5 %). Latin American palm oil production is largely oriented towards the domestic and regional market.

The palm oil sector is a significant source of export revenues and employment. In Indonesia alone, the sector currently provides employment for 4.2 million direct and 12 million indirect workers.⁵

Palm Oil in Latin America

While the palm oil sector has been traditionally dominated by Indonesia and Malaysia, the Latin American region’s global market share has been gradually increasing. In 2019, the region accounted for over 6% of the world’s palm oil production⁶.

Particularly in South America, with Colombia as front runner, palm oil production has often been promoted by governments and development agencies in an effort to “replace” coca cultivation and to stem cocaine production⁷.

The sector’s growth in the region has been such that the Roundtable on Sustainable Palm Oil (RSPO) has set up a Latin American office. Increasingly more locally-owned operations seek to enter the global market through RSPO membership or certification⁸.

5 DBA’s Analysis of Severe Human Rights Issues in the Palm Oil Value Chain and Follow-up actions. (imvoconvenanten.nl)

6 Quiroz, D., Achterberg, E., Arnould, J. (2021, May), Sector Analysis: Latin American Palm Oil, Amsterdam, The Netherlands: CNV Internationaal and Profundo.

7 Idem.

8 Idem.

Main Stakeholders

Producers

In Indonesia and Malaysia, smallholders and plantation companies are responsible for the majority of production. Smallholders control a significant part of the planted areas but with lower productivity. Much of the refining activity is done by a few large, vertically integrated conglomerates who are also involved in production and trade⁹.

The Profundo study shows that palm oil producers in the Latin American region are rather heterogenous. In Colombia and Ecuador, the sector is highly atomized with over 6000 producers, mainly small scale oil palm farmers. In Peru and Honduras, although fewer in number, small landholders are also important suppliers of oil palm fruits. In contrast, production in Guatemala and Costa Rica is primarily concentrated in large landholdings belonging to privately-held corporations. Many of them are part of family conglomerates, often owned by prominent families in powerful positions.

With regards to processing, in all the countries relatively few mills press Fresh Fruit Bunches (FFB's) into palm oil. Colombia, Peru, and Ecuador are notable for how they organize smallholders into cooperatives which also own some mills. In Peru, most mills buy FFB from farmers (including smallholders). This modality,



although less prevalent, is also present in Honduras. In Guatemala and Costa Rica, palm oil pressing is only performed by large holdings.

The structures of palm oil production in Latin America are generally untransparent and complex. Palm production businesses are frequently part of larger, vertically integrated parent conglomerate groups. In some cases, the parent group buys and sells to itself through various subsidiaries. In the most extreme cases, like in Peru, these larger conglomerates essentially control significant portions of the national palm supply chains from input to export, a practice which has created monopolies.

9 DBA's Analysis of Severe Human Rights Issues in the Palm Oil Value Chain and Follow-up actions. (imvoconvenanten.nl)

Buyers – Linking with the Netherlands

The Netherlands is the 4th largest importer and exporter of palm oil¹⁰. In 2020, Malaysia, Indonesia, and Papua New Guinea were the largest crude palm oil suppliers to the Netherlands, together comprising 68% of total imports. There has been an increase in imports from Latin America, specifically from Guatemala¹¹. At present, the Netherlands is the single most important buyer of palm oil from Colombia, Guatemala, Honduras, and Peru. Between 25-50% of these Latin American countries' exports enter Europe through the Port of Rotterdam. Although this is not always the final destination for exports from Costa Rica and Ecuador, these countries also maintain a steady supply to the Dutch market.

There are 5 Netherlands-based refineries that import Latin American palm oil. These are AAK, Bunge, Cargill, Olenex, and Sime Darby. Wilmar's imports come from Indonesia and Malaysia.

Fast-moving consumer goods (FMCG) in the Netherlands

Dutch palm oil imports come primarily from Malaysia and Indonesia. Large Dutch companies such as Unilever, Koninklijke Ahold Delhaize, Akzo Nobel, and FrieslandCampina use palm oil in many products, with

part of their palm oil likely coming from Indonesia¹². Palm oil trade between Dutch-based FMCG companies Danone, FrieslandCampina, Nestlé, Mars, and Unilever and the selected countries in Latin America, is also clearly shown¹³.

The Dutch financial sector and palm oil

The financial sector is considered a key player for enabling the introduction of sustainable palm oil. In Indonesia and Malaysia, Dutch banks directly finance larger plantation companies (and, therefore, only indirectly, smallholders). They provide trade and corporate financing to manufacturers and retailers and participate in sector initiatives¹⁴. Unfortunately, the Profundo study was unable to establish any links between Dutch creditors and investors and the palm oil companies in the countries in Latin America which were researched. But this is not surprising, since most companies are privately owned and Dutch financiers rarely invest in SMEs overseas.

However, with regard to the financiers of Dutch refineries that import palm oil from Latin America, the Profundo report indicates that between 2016 and 2020, three Dutch banks (ABN Amro, ING Group, and Rabobank), three Dutch asset or investment management companies (Exor, TCW Group, Shell

10 Palm Oil (HS: 1511) Product Trade, Exporters and Importers | OEC - The Observatory of Economic Complexity

11 Palm Oil Imports by Country 2020 (worldstopexports.com)

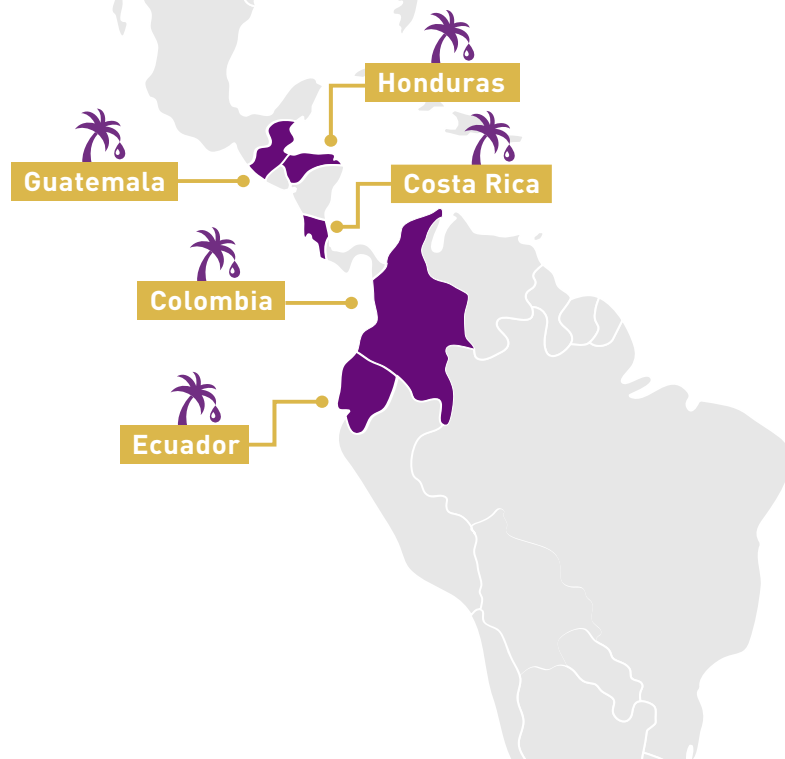
12 Palming off Responsibility, SOMO / CNV Internationaal, 2017

13 Quiroz, D., Achterberg, E., Arnould, J. (2021, May), Sector Analysis: Latin American Palm Oil, Amsterdam, The Netherlands: CNV Internationaal and Profundo.

14 DBA's Analysis of Severe Human Rights Issues in the Palm Oil Value Chain and Follow-up actions. (imvoconvenanten.nl)

Summary of Port of Rotterdam refineries and companies and relevant mill lists

Group	Port of Rotterdam refinery	Selected Latin American countries supplying palm oil
Cargill	Cargill Refined Oils Europe	Colombia, Costa Rica, Guatemala, Honduras
Bunge Loders Croklaan	IOI Loders Croklaan (now Bunge Loders Croklaan)	Colombia, Honduras
AAK	AAK Rotterdam, AAK Netherlands BV	Colombia, Costa Rica, Ecuador, Guatemala, Honduras
Archer Daniel Midlands (ADM) and Wilmar	Olenex	Colombia, Guatemala, Honduras
Sime Darby	SDO Zwijndrecht	Colombia, Costa Rica, Guatemala, Honduras
Wilmar	Wilmar Edible Oils	None: Only sourcing lauric acid (PKO) from Indonesia/Malaysia



Summary of Netherlands-based FMCG companies and relevant mill lists

Company name	Selected Latin American countries supplying palm oil
Danone	Colombia, Costa Rica, Guatemala, Honduras
FrieslandCampina	Colombia, Costa Rica, Guatemala, Honduras
Nestlé	Colombia, Costa Rica, Guatemala, Honduras
Mars	Colombia, Costa Rica, Guatemala, Honduras
Unilever	Colombia, Costa Rica, Ecuador, Guatemala, Honduras

Sources: Company mill lists reported between 2019-2020

3 of the 6 Latin American countries included in the Profundo study is on the list of the world's top 10 palm oil producers, with Colombia coming in at number 4, and Ecuador and Honduras at 7 and 10 respectively. The palm oil sector is without a doubt one of the subsectors that contributes the most to the region's agricultural GDP.

Asset Management Company), four Dutch insurance companies (Achmea, Aegon, ASR Nederland, and NN Group), and seven Dutch pension funds financed the activities of three Dutch palm oil refineries (Bunge, Cargill, and Wilmar). In total, these financiers invested over US\$ 286 million.

Most significant labour rights problems in the palm oil sector

Workers on plantations, on family farms, in mills, refineries, manufacturing plants, and throughout the value chain, have rights related to their labour relations with their employers. These are labour rights. Despite increasing attempts to address labour rights issues in the palm oil value chain, labour rights violations in the sector remain prevalent.

Freedom of Association and Collective Bargaining

Reports¹⁵ in Indonesia show that freedom of association and collective bargaining rarely exist in the palm oil sector. It is complicated to establish an independent trade union and workers cannot easily join existing trade unions to protect their rights without fear of dismissal. There are few opportunities for the unions to conduct ongoing social dialogue or to negotiate collective bargaining agreements (CBAs).

15 DBA's Analysis of Severe Human Rights Issues in the Palm Oil Value Chain and Follow-up actions. (imvoconvenanten.nl).
Palm Oil Collective Bargaining Agreement (CBA) Pilot Mapping in West Kalimantan, Indonesia, Preliminary Report Baseline Research, working group of the "Palm Oil Value Chain", Dutch Banking Sector Agreement (DBA).



The most severe labour rights risks in South East Asia and Latin America include forced labour, child labour, health and safety risks, gender discrimination, unfair wages and income, little or no access to social security and also trade union rights abuses, like the lack of freedom of association and collective bargaining agreements (CBAs)^{16,17}.

Reports¹⁸ include examples of workers declaring that the high targets set for harvesters often motivate them to bring their wives and their children to work. On average, children that work on the plantation are about 10 years of age. Male palm oil harvesters also said that in order to reach high daily targets, they work up to 2 hours of unpaid overtime a day. Workers also shared about companies refusing the trade unions' requests to negotiate collective bargaining agreements.

16 Quiroz, D., Achterberg, E., Arnould, J. (2021, May), Sector Analysis: Latin American Palm Oil, Amsterdam, The Netherlands: CNV Internationaal and Profundo.

17 DBA's Analysis of Severe Human Rights Issues in the Palm Oil Value Chain and Follow-up actions. (imvoconvenanten.nl)

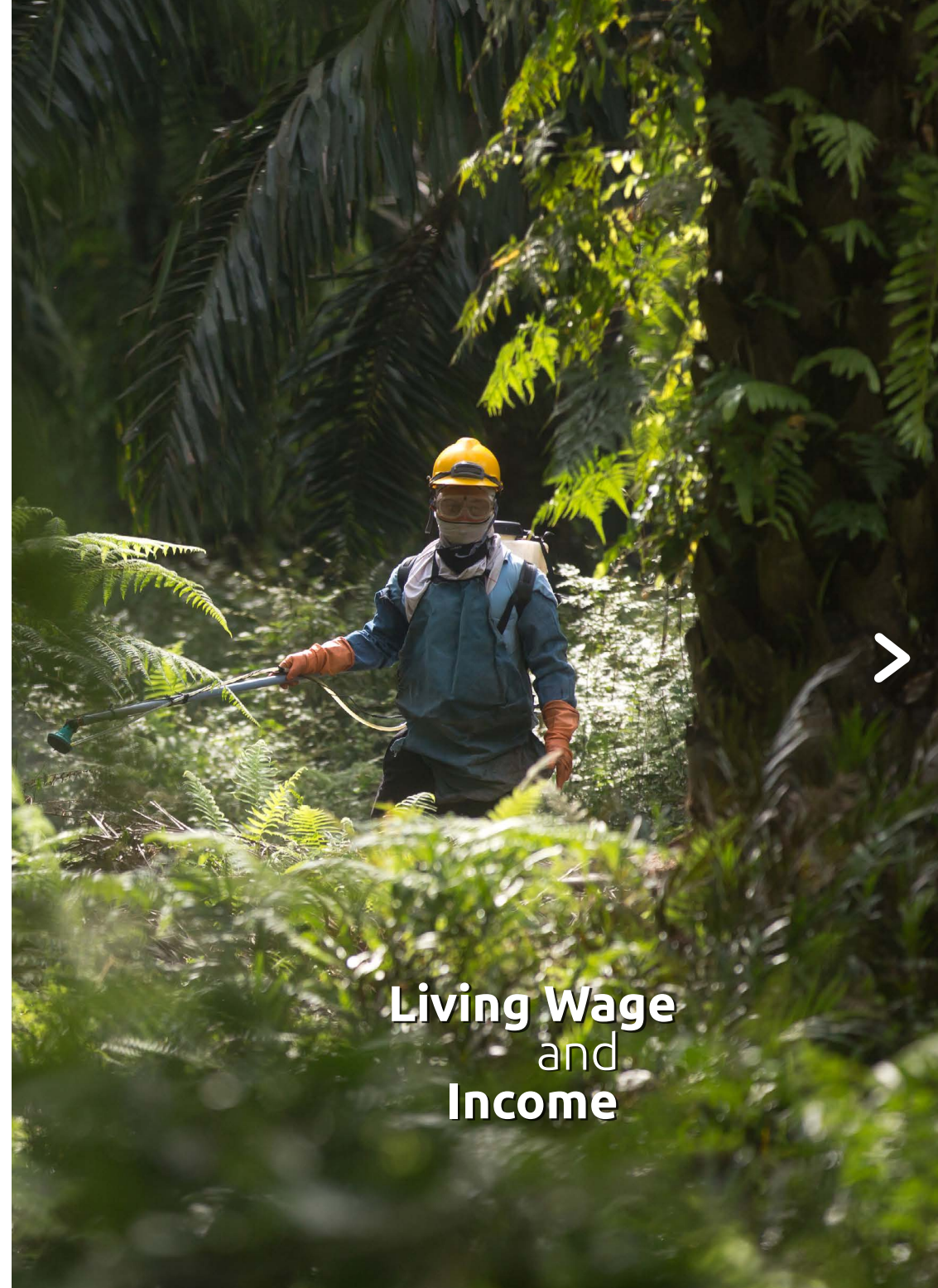
18 Idem, and ILO, Child Labour in Palm oil plantations, https://www.ilo.org/jakarta/areasofwork/WCMS_126206/lang-en/index.htm
Kiezebrink, V. (2017), Palming off responsibility - Labour rights violations in the Indonesian palm oil sector, SOMO.

Unfortunately, this situation is not different in Latin America. The overall level of unionization in the region remains low. This is partly due to the legislative framework regarding unions, which does not apply to agricultural and/or subcontracted workers. In this context, the bulk of the workforce in the palm oil sector in Colombia, and possibly Guatemala, is made up of subcontracted workers. Moreover, in the case of Colombia and Guatemala, the low level of unionization among workers is exacerbated by a history of decade-long violent conflict that has resulted in the systematic stigmatization of trade unions.

Living Wage and Income

Workers and families working throughout the value chains have the right to an adequate standard of living: A living wage or income. This is one of the most severe and widespread issues in the palm oil sector. It affects a large number of people working in the upstream part of the value chain (i.e., family farms, company plantations, mills, refineries, processing). Workers on plantations generally earn wages that are below the minimum standard required to make a decent living. Often wages are tied to unrealistic production targets. If these targets are not met, workers face deductions in their salaries, or lose out on 'bonus' payments. Overtime is rarely paid.

Vulnerable groups such as women, indigenous peoples, afro-descendants, migrant and subcontracted workers are routinely paid even less.



Living Wage and Income

Dutch Refineries and Human Rights Due Diligence on Labour Rights

Dutch refineries have taken important steps towards due diligence and addressing the adverse practices in their palm oil supply chains. In order to meet minimum due diligence expectations, AAK, Bunge, Cargill, Olenex, and Sime Darby have all implemented Responsible Business Conduct policies, showing their commitment towards achieving the labour rights specified in the fundamental principles of the International Labour Organisation (ILO). However, the refiners also continue to have serious gaps in identifying and addressing labour rights violations. This issue raises significant concerns about the actual capability of these companies to prevent workers from being subjected to unfair labour practices and unsafe working conditions.

The most urgent needs for improvement reported¹⁹ in the due diligence mechanisms of AAK, Bunge, Cargill, Olenex, and Sime Darby are related to:

- a lack of transparency on how risks are identified
- limited practical policy that legitimately protects labour rights in real life
- a lack of gender considerations
- insufficient safeguards against retaliation towards human rights defenders
- no guarantees of remediating affected individuals and communities

¹⁹ Quiroz, D., Achterberg, E., Arnould, J. (2021, May), Sector Analysis: Latin American Palm Oil, Amsterdam, The Netherlands: CNV Internationaal and Profundo

Freedom of Association in Guatemala

Legislation in Guatemala fails to safeguard Freedom of Association and the right to Collective Bargaining, particularly in sectors where informality rates are high, including the agricultural sector. Stigmatization of free trade unions remains strong in Guatemala, therefore workers often do not feel safe to organize themselves, and, as a result, are often forced to accept poor working conditions and low wages to avoid facing retaliation. Despite the efforts of several Guatemalan companies to modernize their business operations, including taking steps to increase workers' participation and dialogue, no independent trade unions exist at this time in Guatemala's palm oil sector.

Living Wage through Social Dialogue in the Banana Sector

Fairtrade has conducted research on the living wage in the banana sector in Colombia. The reports have found that employees, specifically at the plantations in Urabá where all the workers are member of a trade union and are covered by a Collective Bargaining Agreement, currently receive a wage that is equivalent to a living wage. In comparison, on plantations in Magdalena and Guajira, less than half of the workforce is affiliated with a trade union and wages are 1-16 % below the level of a living wage. Researchers stress that the positive situation in Urabá is clearly the result of a constructive and sustainable relationship between companies and workers. Getting the workers organized has played a key role in negotiating better wages in these types of fragile work environments.^{20, 21}

²⁰ Quiroz, D., Achterberg, E., Arnould, J. (2021, May), Sector Analysis: Latin American Palm Oil, Amsterdam, The Netherlands: CNV Internationaal and Profundo

²¹ Leefbaar loon voor Fairtrade bananenarbeiders - Fairtrade Nederland

Unfortunately, company commitments on paper do not automatically translate to better practices on the ground. Despite the progress made through corporate HRDD processes and industry initiatives such as RSPO, palm oil supply chains continue to threaten the livelihoods of workers and communities.²²

RSPO

The common thread in the palm oil sector, in terms of labour rights initiatives, is the RSPO certification system. Palm oil buyers and investors who want to minimize the risk of labour rights violations and want to fulfill their Human Rights Due Diligence obligations (including being prepared for upcoming EU human rights due diligence legislation), and therefore intend to buy or invest in sustainable palm oil, rely on certification standards such as RSPO.

Indeed RSPO is very positive in its consensus and consultation-driven process that brings everyone in the industry to the same table. The RSPO strives to achieve higher production standards (including better working conditions), jointly develop Principles and Criteria, and ensure higher levels of transparency into company operations, something that is not available in the rest of the industry or in other approaches.

²² Quiroz, D., Achterberg, E., Arnould, J. (2021, May), Sector Analysis: Latin American Palm Oil, Amsterdam, The Netherlands: CNV Internationaal and Profundo, pag. 95



Freedom of association as a means of social dialogue

Freedom of Association and CBAs as a means of social dialogue and sustainable commitment is not adequately safeguarded in the sector or in the RSPO standard. Only 3% of the certified plantations have trade unions. Countries such as Guatemala, where the majority of palm producers with trade relations with the Netherlands are RSPO-certified, have no trade unions at all. In Colombia, trade union leaders from the palm oil sector face being murdered.²³

²³ Quiroz, D., Achterberg, E., Arnould, J. (2021, May), Sector Analysis: Latin American Palm Oil, Amsterdam, The Netherlands: CNV Internationaal and Profundo

However, despite these positive attributes, RSPO standards still fall short when it comes to delivering better outcomes for the sector's workers. As earlier indicated, several reports show that significant issues of non-compliance to labour rights -such as a living wage for workers and freedom of association and collective bargaining through social dialogue- still remain unnoticed, even on RSPO certified plantations

Even after RSPO audits, trade union rights continue to be abused. Therefore, relying solely on the data from their audits does not provide reliable insight into how labour rights are being respected on the plantations. So, despite the welcome and significant advances brought about by the RSPO system, this approach is clearly not (yet) sufficient to mitigate and prevent labour rights violations.

This challenge can be solved in a sustainable manner by strengthening the social dialogue practices of prominent stakeholders in the value chain. Stakeholders such as RSPO and producers. This would entail the stakeholders focusing more on organizing workers, giving them a voice to negotiate sustainable labour improvements, which then become part of collective bargaining agreements.



Freedom of Association and Collective Bargaining



Freedom of Association, Collective Bargaining, and Social Dialogue

16

How Freedom of Association, Collective Bargaining,
and Social Dialogue can lead to Sustainable Change

What are we talking about and why is it so important?

Freedom of Association and Collective Bargaining are trade union rights. They are important pillars of decent work as defined by the ILO and they form the foundation of social dialogue and industrial relations to manage conflicts in the workplace. These two rights also indicate a range of other fundamental labour rights, including a decent wage, decent working hours, and no child labour. They are covered by two ILO core conventions (87 and 98). Ratifying countries are expected to apply these conventions in national legislation and practice. Collective bargaining agreements are generally registered at the Ministry of Labour of the specific country.

Besides governments, buyers and producers are also expected to respect these rights and to ensure these rights are respected within their value chains. International guidelines, including the OECD guidelines for multinational corporations and the UN Guiding Principles for Business and Human Rights, have been established to monitor and safeguard these processes. Nevertheless, these standards are amongst the most violated around the world²⁴.

Throughout value chains, palm oil's being no exception, stakeholders still find it difficult to understand the value of freedom of association,



collective bargaining, and social dialogue; what the rights really mean for them and how they can play a role in achieving and implementing them.

- Producers often feel that trade unions do not benefit their enterprise and a great deal of distrust exists. Unfortunately, this is partly due to existing bad practices of corrupt or opportunistic trade unions, sometimes even linked to or used by political or ideological movements.
- For workers, these basic rights are not always self-evident. Workers are often unaware of their rights and have little understanding of how freedom of association and collective bargaining benefit them.

Key concepts for understanding social dialogue

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

What is a Trade Union?

Trade unions are independent, membership-based organizations of workers, constituted for the purpose of furthering and defending the interests of workers. They represent and negotiate on behalf of working people. Unions provide advice to workers who are often unaware of their rights, and they can also negotiate with employers to improve wages and working conditions.

What is Freedom of Association?

Freedom of association (FoA) is the right of workers to join and form trade unions or organizations of their choosing. FoA is enshrined in the Universal Declaration of Human Rights and ILO Conventions. It includes the right to freedom of assembly, association, and trade union membership.

What is Collective Bargaining?

Closely linked to this is the right to Collective Bargaining (CB), which allows workers to freely negotiate their working conditions with their employers. These rights apply to all workers, regardless of their race, religion, gender, occupation, nationality, or political opinion. CB is the process of all negotiations between an employers or an employers' organization and one or more trade unions with the aim of developing a Collective Bargaining Agreement (CBA).

What are Collective Bargaining Agreements?

Collective Bargaining Agreements outline working conditions at the workplace or at regional, national, or sectoral level. These are written, legally binding contracts requiring employer and company compliance.

What is Social Dialogue?

Social Dialogue concerns negotiation, consultation, and information exchange between employers and employees. The so called "Bipartite Social Dialogue" (without participation of government) at company level, covers collective bargaining, any form of other collective negotiation consultation and information exchange (for instance, negotiation with a gender committee on separate sanitary provisions in the workplace) as well as dispute prevention and resolution. The main goal is consensus building and the democratic involvement of workers. Preconditions for social dialogue are strong, independent trade unions, corporate institutional frameworks promoting and enabling social dialogue, and respect for fundamental rights at work.

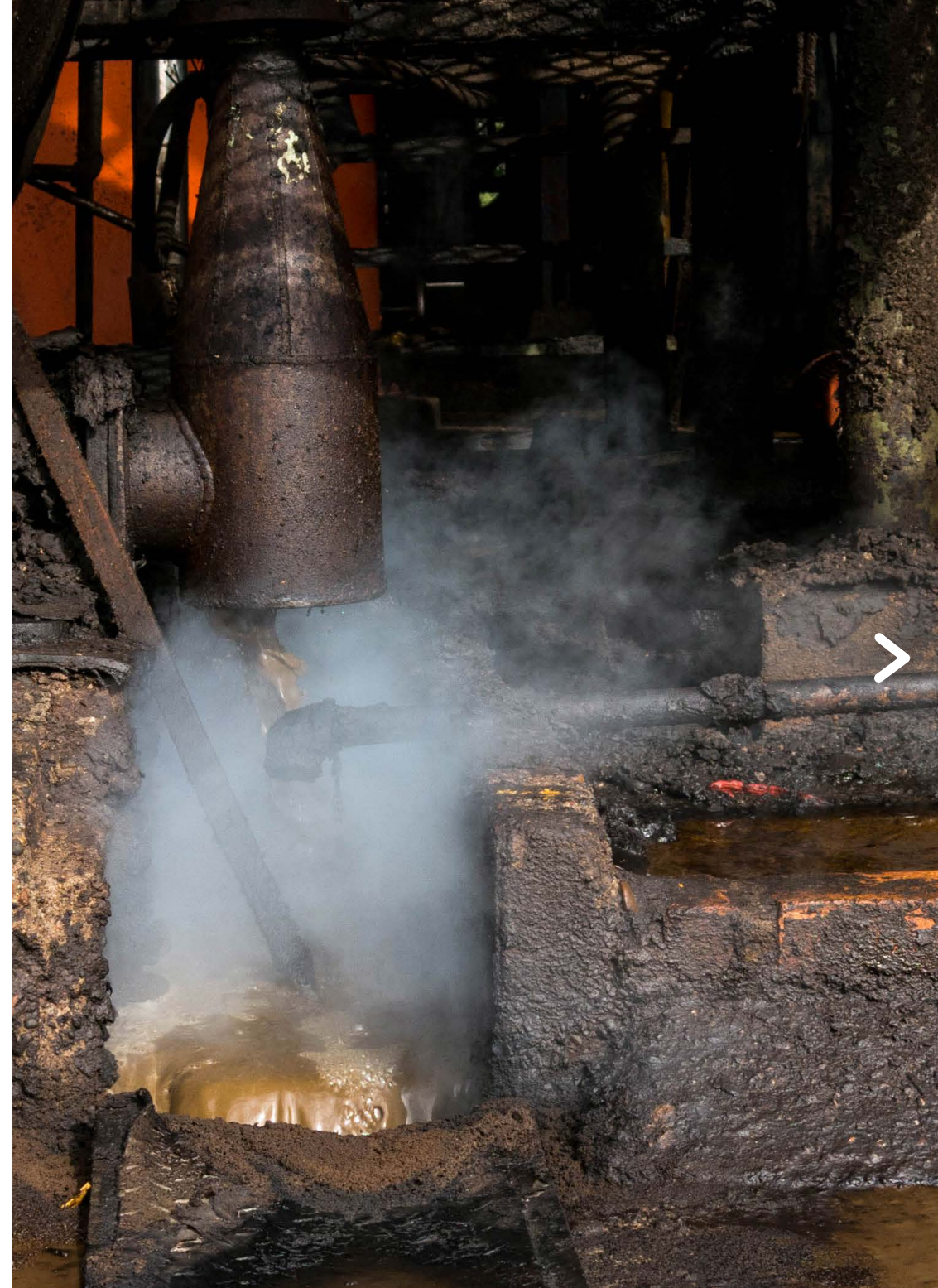
The Strength of Freedom of Association, Collective Bargaining, and Social Dialogue in Sustainable Palm Oil

The benefits of social dialogue range from resolving economic and social issues which are important to workers, to encouraging good governance, promoting social and industrial peace and stability, and even boosting economic progress.

What makes it specifically important to improving sustainability, is the fact that trade union rights are also “enabling rights”. It means that respecting these rights can lead to the fulfilment of a number of other rights (e.g., living wages, reasonable working hours, a healthy and safe workplace that is free from discrimination and harassment).

Trade unions can enable workers to collect information, to negotiate, improve, and monitor their own working conditions in a sustainable and empowering manner. This way, trade unions can help address root causes of workplace related human rights impacts.²⁵ At the same time they reduce sole dependence on social audits, like those for RSPO. Therefore, social dialogue is a key instrument to sustainably improve the quality of work, labour conditions, and income.

²⁵ Leefbaar loon voor Fairtrade bananenarbeiders - Fairtrade Nederland



Through social dialogue independent trade unions can:

1

Survey their members about workplace conditions to improve transparency and to collect information to be used in negotiating and monitoring.

2

Coordinate efforts to deliver input for the development, implementation, and monitoring of the effectiveness of new policies and procedures, for instance gender proof sanitary provisions.

3

Negotiate their working conditions and consolidate this in Collective Bargaining Agreements that are legally registered and binding and are regularly monitored and updated; for instance including agreements on a decent wage and working hours.

4

These Collective Bargaining Agreements reached through social dialogue prove to be sustainable because they are based on negotiations involving the main stakeholders. In addition, they are regularly monitored, reviewed, and renewed by these same stakeholders, and therefore, form an effective democratic instrument for sustainable change.*

5

Provide workers with information about their labour rights, (collective) agreements, the existing international standards, specifically RSPO; and possibilities of submitting complaints about cases of non-compliance.

6

Provide a route for workers to report non-compliance without fear of reprisal, making it more likely that violations of labour codes will be reported. This way worker representatives can also play a significant role in ensuring that salient risks, such as child labour and/or modern slavery, are identified and are not tolerated.

Road Map towards Increasing Social Impact in the Palm Oil Sector through Social Dialogue

Recommendations for stakeholders
in the Palm Oil Supply Chain



Road map towards Social Dialogue

One thing has become crystal clear: Social dialogue is definitely needed if we want to minimize the negative impact of palm oil production on workers and maximize the profits of this sector in an inclusive way. Social dialogue is a democratic and inclusive approach which incorporates respect for Freedom of Association and the right to Collective Bargaining. It will get workers organized into trade unions, where they will be able to participate in defining sustainability targets. It will also give workers the opportunity to improve their labour conditions through negotiating and then implementing and monitoring sustainable, mutually agreed conditions, as defined in CBAs. Changes will be effective and sustainable.

Stakeholders in the palm oil value chain can and should play a proactive role in promoting social dialogue. For instance, for RSPO to make its Standard truly effective in improving the lives of workers, workers and their representatives need to be facilitated to negotiate decent work. Trade union freedom, negotiation of CBAs and social dialogue are therefore indispensable and should be actively promoted and included throughout the Principles and Criteria.



But social dialogue is also important for international palm oil buyers and refineries that are being criticized for the low wages of workers on palm oil plantations. These parties can start their own (value chain) dialogue to encourage implementing a living wage in collective bargaining agreements on the plantations.

A step-by-step approach will help producers and refineries and other key stakeholders in the palm oil supply chain begin collaborating with their workers and their unions. Therefore, we would like to present a clear road map that the sector can jointly support.

Recommendations to RSPO

Freedom of association and the right to collective bargaining are firmly included in the current “Principles and Criteria for the Production of Sustainable Palm Oil,” in Principle 6 (Respect Workers’ Rights and Conditions, 6.3). However, given the importance of social dialogue, it would be an important step forward to have a separate indicator on social dialogue. This indicator would include any form of consultation, information exchange, and negotiation between employers and employees.

It should also include the practice of social dialogue in the implementation and monitoring of the other indicators (for instance on child labour, harassment and abuse, discrimination, decent wages etc.), as well as dispute prevention and resolution. This way, sustainability of all the RSPO Principles and Criteria, and consequently of the entire Standard, will be ensured.

1

Social dialogue should be used to actively include workers and their representatives in the RSPO’s protocol on the auditing of the Principles and Criteria.

2

RSPO should provide training on social dialogue principles to stakeholders, starting with employers and workers. There are some positive examples of this in the Indonesian context which could be extended to Latin American stakeholders.

3

Finally, RSPO should initiate the creation of a task force for stakeholders in the palm oil sector.
See next page.

For Producers, Refineries, Traders, and Buyers

1

Companies should conduct a risk analysis to assess the actual situation surrounding the topic of social dialogue for all workers, men and women. This should include all workers, including those who are directly contracted by the company, those who are contracted by agencies, those who are temporary workers, workers with an indefinite contract, or who are subcontracted individually. This assessment should include information on the presence of free trade unions, negotiations of and respect for (quality) CBAs, the existence and functioning of independent complaint mechanisms, all forms of workers' consultations, and the presence and functioning of mixed (employers-employees) committees on issues like OHS, gender etc.

This assessment should be conducted by the producers at company level (plantations) and by refineries, traders and buyers regarding the situation on social dialogue in their palm oil suppliers' (producers') supply chain.

2

On the basis of this assessment, we expect producers, refineries, traders, and buyers to develop a company policy. Producers should develop this jointly with workers' and their representatives (trade unions) on how to improve social dialogue, with clear key performance indicators (KPIs) on the above mentioned aspects. These requirements for social dialogue should also be included in their Suppliers Code of Conduct.

3

We expect producers, refineries, traders, and buyers to implement their policy and to monitor and report on freedom of association, collective bargaining and social dialogue at company level or at supplier level, through auditing mechanisms. For refineries, traders, and buyers, this should also be included in their procurement policies.

4

We recommend producers, refineries, traders, and buyers to become members of RSPO.

5

We recommend producers, refineries, traders, and buyers to actively participate in pilots and in a taskforce for social dialogue, together with other stakeholders in the palm oil supply chain, to improve social dialogue and encourage new forms of worker participation for all workers.

6

We recommend all stakeholders to increase transparency in the palm oil supply chain, specifically on where palm oil is being sourced and what percentage of palm oil produced complies with the specific standards and/or certification schemes.

For the Financial Sector

1

Financial institutions should actively make use of social dialogue in their human rights due diligence practices by involving workers' representatives in their engagement practices with stakeholders in the palm oil value chain.

2

Financial institutions should require their stakeholders to take steps towards implementing social dialogue and actively develop a joint plan for achieving it in their palm oil value chain.

3

Financial institutions should use their leverage and vote at shareholders meetings, engage with policy makers, and use impact banking strategies to accomplish the implementation and improvement of social dialogue in the palm oil supply chain.

4

Financial institutions should become members of RSPO, actively participate in a task force for social dialogue, and engage in pilot projects on social dialogue.



Call to Action

Creating an Alliance for Change
through Social Dialogue



We make a call to action to start a task force for social dialogue with all the stakeholders in the palm oil supply chain and the members of RSPO. The main goal of this task force is to support a process to promote social dialogue in the sector, our aim is to reach sustainable change by organizing and funding the following actions:

1

Provide technical assistance and training

Providing technical assistance and training will help producers, trade unions, and other stakeholders who want to promote social dialogue. For instance, a joint social dialogue training with both employers and employees can help build trust, teach them how to effectively negotiate CBAs, and even initiate the negotiations.

2

Initiate pilots

Initiating and supporting pilots on specific plantations will promote freedom of association and social dialogue. This will help employers and unions start negotiations for collective bargaining agreements, which can serve as an example for upscaling among other plantations in the region.

3

Start social dialogue on living wage

Participating in dialogue based on data on the share of the cost of wages in the value chain. The aim is to establish the prices needed at different levels in the value chain to enable the payment of a living wage to the workers at the beginning of the supply chain.

4

Share lessons learned

Sharing lessons learned about good social dialogue practices will make practical knowledge available to all the actors throughout the value chain, and will help improving dialogue processes.

5

Share good practices

Sharing good practices about social dialogue practices will help actors throughout the value chain start their own dialogue process.

6

Provide transparency and share information

Providing transparency in the value chain when it comes to the origin of palm oil will amplify value creation and propagation of the RSPO list of producers and mills used that refineries can use to select suppliers for their purchase of raw palm fruits.

7

Create a data portal on labour risk areas

Creating a data portal of RSPO information on labour risk areas will make more information public and accessible to stakeholders. The information gathered in the data portals should be validated and verified by trade unions. Unions should (be able to) actively monitor and collect information to make this available. The development of such a portal could start with specific regions or countries.

CNV Internationaal's broad network of trade unions in the sector will provide information about the situation "on the ground". We believe that stakeholders will also need further region and country-specific information on the topic if we want to provide better guidance on how they can promote and monitor the application of social dialogue.

As CNV internationaal we wish to play an active roll, through our broad network of trade unions that is be able to provide information about the situation on the ground. We invite you to join us in this journey and join the taskforce to make the palm oil sector more sustainable , step by step.

We invite you to join us in this journey!

Pilot proposal

Bridging the living wage gap step by step

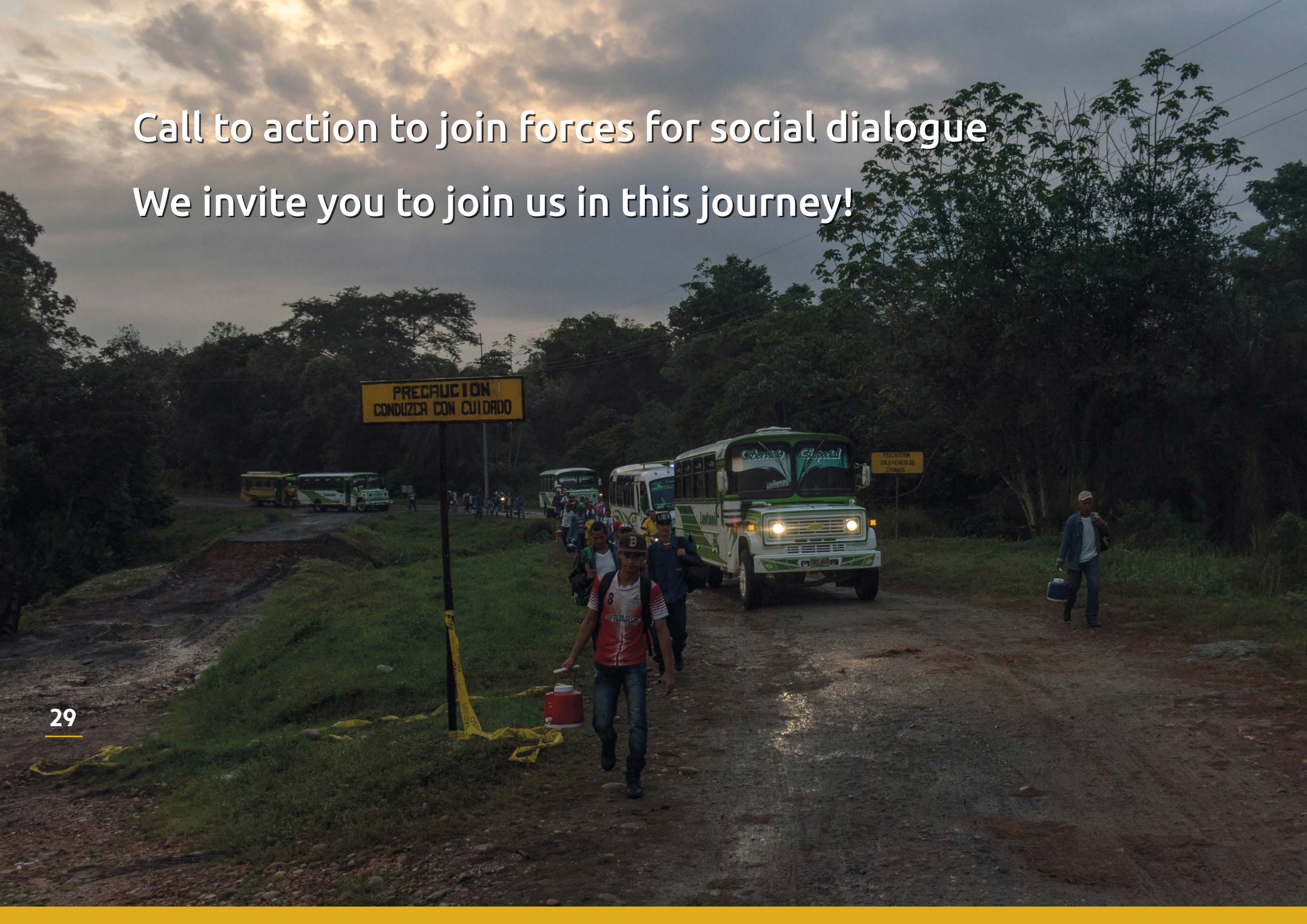
According to research, a living wage is not being paid to the majority of workers in the palm oil sector. Workers and their unions collaborate to begin social dialogue on bridging the gap between the actual paid wage and the calculated living wage. Together they create a timely and realistic plan to close the living wage gap step by step, initially for direct workers and subsequently for indirect workers. The consolidation of the action plan to bridge this gap is stipulated as part of a collective bargaining agreement between workers and employers to ensure its implementation and that the plans are sustainable and agreed upon by all stakeholders.

Pilot project

CBA Database

Alliance of Decent Work in Indonesia is building a CBA-database. In Indonesia a Dutch Coalition of Banks investing in the Palm Oil Sector in Indonesia, together with NGO's and CNV Internationaal and Trade Unions, in collaboration with Employers' Organizations and RSPO, is elaborating a database on CBA's with a ranking on the quality of these agreements. This way, the intentions of compliance with labour rights can be assessed and more easily (digitally) monitored and improved.

Call to action to join forces for social dialogue
We invite you to join us in this journey!





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