

# Implementation Reporting Framework: Labour Rights and Working Conditions Methodology

Version 01

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This document provides guidance on the approach taken through the Implementation Reporting Framework (IRF) for reporting on progress in meeting land rights commitments in palm oil. It outlines the allocation criteria developed for measuring categories of progress as well as providing additional guidance and definitions.

In your feedback, we invite you to consider the following questions:

- Are the allocation criteria capturing the **relevant activities that are currently being carried out at mill level** to address labour rights and land rights issues?
- Are the activities (besides certification) to be **considered ‘delivering’ on these issues feasible**? Are there mills currently fulfilling the level of progress and action needed to be Delivering on No Exploitation?
- The framework rests on the assumption that, to be Delivering, a mill has a **responsibility to implement No Exploitation commitments in its own operations as well as in its third party supply base**, though these responsibilities will differ. Is this clear, and do you agree? Does the level of difference in activities reflect realities on the ground?
- Is there any **similar existing work** you are aware of that we can use to improve these drafts?

## 1. Background

The Implementation Reporting Framework (IRF) is a tracking and reporting tool designed to help supply chain companies to systematically understand and track progress (or lack of progress) in delivering responsible sourcing commitments across all their volumes. For palm oil, these commitments are often referred to as NDPE: No deforestation, no peat and no exploitation. The palm oil IRF is therefore referred to as the NDPE IRF.

As supply chain companies implement activities ranging from certification to supplier engagement and from landscape initiatives to smallholder support, the NDPE IRF provides a tool to systematically capture all the different activities which are underway to deliver these commitments and clarify how each activity contributes to progress towards full compliance. The framework captures progress from early actions that create an enabling environment for sustainability, such as workshops and policy development, all the way through to implementation activities in the production base which deliver full compliance with commitments.

Companies can then consistently report on this information and pass it down the supply chain. Having a consistent framework for reporting on these activities, and particularly on the proportions of the total production base to which they apply, will allow individual companies and the industry collectively to identify gaps, monitor progress and drive improvement.

## 2. Allocation criteria for labour rights and working conditions

- This framework addresses the **range of labour rights and working conditions considered relevant to ‘labour issues’**: this is done with the experience that many of these issues will need to be addressed using holistic management systems and due diligence processes, based on best practice as laid out by the UN Guiding Principles for Business and Human Rights.
- **Language in this labour criteria**: The list of Policy commitments comes from Accountability Framework Initiative’s (AFI) Core Principles 2.3, and the activities in internal system of a mill for ‘progressing/delivering’ are also based heavily on the AFI Core Principles.
- **The allocation criteria for labour issues are ‘step-wise’**: this means that to be considered in one progress category, one must fulfil the allocation criteria in all the progress categories before it.

Scope	Progress is happening at mill or group level		Progress is demonstrated by mill working with its supply base	
Action type	Awareness	Commitments and starting actions	Progressing	Delivering
<b>Activities in the internal systems of mill/ mill group</b>				
Actions which apply to the mill	<p>Buyer-requested self-assessment completed</p> <p>OR</p> <p>Participation by senior staff in training courses and/or a workshop on NDPE, respecting labour rights and/or respecting human rights.</p> <p>OR</p> <p>site-assessment by 2nd party verifier e.g. SMETA audit, FLA audit, BSCI audit, Verite baseline assessment.</p>	<p>IN ADDITION TO AWARENESS ACTIVITIES:</p> <p>The company has a policy commitment (or has signed up to a buyer’s commitment) that applies to mill which covers:</p> <ul style="list-style-type: none"> <li>*No forced or compulsory labour</li> <li>*No child labour</li> <li>*Freedom of association and collective bargaining</li> <li>*No discrimination</li> <li>*No abusive practices or undue disciplinary procedures</li> <li>*Legal and decent working hours</li> <li>*Safe and healthy workplaces</li> </ul>	<p>IN ADDITION TO AWARENESS AND COMMITMENTS ACTIVITIES:</p> <p>Own operations and supply base have been assessed for risks and challenges to workers’ rights, including those associated with migrant labour, vulnerable workers, child labour, and dangerous work tasks.</p> <p>AND</p> <p>Mechanisms in place to engage regularly and directly with all levels of workers [in mill and own concessions], as well as labour organisations, unions and other worker advocates. This</p>	<p>IN ADDITION TO AWARENESS, COMMITMENTS, AND PROGRESSING ACTIVITIES:</p> <p>Company has effective worker engagement and worker grievance mechanisms in place and is making improvements as a result.</p> <p>AND</p> <p>Company has due diligence system for its FBB suppliers and has delivered on action plan that applies to all supplier types.</p> <p>AND</p>

			<p>*Living wages and fair benefits</p> <p>The mill/group commitments include ensuring that these rights are respected for all workers, including employees, contractors, temporary, seasonal, part-time, and other workers throughout all levels of the supply chain.</p>	<p>includes creating permanent mechanisms for management and labour to collaboratively address labour issues on an ongoing basis.</p> <p>AND</p> <p>Record-keeping system being kept up to date on relevant issues</p>	<p>Company uses external verifiers or independent worker voice mechanisms to monitor and improve</p>
<b>Activities in the FFB supply base</b>					
Own supply	Own mill and concessions			All covered above	All covered above
Third party supply	Smallholders			<p>Smallholders are assessed for risks and challenges to workers rights: including all relevant topics covered by the mill commitments.</p> <p>Salient risks identified via stakeholder<sup>1</sup> engagement, and action plans drawn up.</p>	<p>Company has effective system of verifying labour rights in smallholder supply base.</p> <p>Company has programmes to support mitigation and remediation of any issues identified.</p>
	Third party estates			<p>3<sup>rd</sup> Party Estates requested to submit self-assessment questionnaires on labour conditions.</p>	<p>Company has effective system of verifying labour rights at 3<sup>rd</sup> party estates.</p> <p>Company ensures that 3<sup>rd</sup> party suppliers have</p>

**Commented [JA1]:** Might need to consider that all policy elements required in 'commitments' may not be applicable to smallholders – could perhaps use instead the list of 'critical issues' in the new RSPO SH standard

**Commented [JA2]:** Has been agreed in the verall IRF approach that for Awareness and Commitments, a mill needs to demonstrate activities to improve internal systems

<sup>1</sup> 'Stakeholders' in this context refers to local organisations involved in supporting labourers e.g. migrant support charities, hospitals, etc.

				Site visits to verify findings; action plans jointly developed with 3 <sup>rd</sup> party estates to implement mitigation actions or address issues.	effective worker grievance mechanisms.
	Dealers and intermediaries				
<b>Other mechanisms covering supply base</b>					
		AND (?)/OR		OR	OR
Certification		MSPO <sup>2</sup> /ISPO <sup>3</sup> ?		RSPO <sup>4</sup> Mass Balance	RSPO Identity Preserved or POIG <sup>5</sup>

Table 1. IRF allocation criteria on respecting labour rights and adequate working conditions

<sup>2</sup> Malaysian Sustainable Palm Oil certification scheme

<sup>3</sup> Indonesian Sustainable Palm Oil certification scheme

<sup>4</sup> Roundtable for Sustainable Palm Oil certification scheme

<sup>5</sup> Palm Oil Innovation Group (POIG) scheme

### 3. Points for further discussion/consideration

#### Certification

The idea is that certification alone could allow a mill to be assigned to a category. The current categorisations of key certification schemes in palm (MSPO, ISPO, RSPO and POIG) have been included here and allocated to categories based on surface experience. However, we are working to examine the criteria and application of the schemes to confirm that they align with the requirements of the progress categories.

#### Grievances

There is an understanding that grievances related to labour rights and conditions should affect a mill's progress criteria in this framework. One potential approach to integrate the grievances in the methodology is to consider them as having a punitive effect on a mill's categorisation depending on how the mill is reacting to the grievance. For example, if a mill is initially categorised in 'delivering' but can only claim to be progressing on the resolution of the grievance, it will be recategorized as 'progressing' on labour-related issues.

#### At scale initiative (i.e. landscape/jurisdictional initiative)

As with the criteria for deforestation, peat and labour, it remains to be agreed whether criteria for land rights under the Landscape action type are valid for categorising a mill in "Commitment and starting actions" or "Delivering". This requires a clear definition on what is a "verified landscape" and if participation in such an initiative can be a proxy for the other criteria listed these categories.

#### Independent verification of NDPE

The NDPE Implementation Framework is a tool for monitoring and reporting and is not an alternative to independent verification, but it can complement it by providing clarity about progress and remaining issues to help guide where further verification is needed. Therefore, it will be important to link the development of the Framework to the ongoing debate on independent verification.

Independent verification that responsible sourcing commitments are being met is very important in driving progress and providing credibility. There is a rapidly accelerating discussion underway about the most effective approaches to delivering independent verification for the different issues included within NDPE. The conventional approach is field audits by credible independent verifiers, and this is likely to remain a central element (and the basis for most certification), but there has also been a lot of progress over the last few years with other approaches e.g. new technologies for allowing workers and other affected stakeholders to submit information securely and anonymously online in real time is also showing promise.