



IOI GROUP

**IOI PLANTATION
FOREIGN WORKERS RECRUITMENT GUIDELINE
& PROCEDURES IN MALAYSIA**

1. INTRODUCTION

IOI Group's Sustainability Palm Oil Policy (SPOP) under Human Rights and Workplace specifically states that we will "follow responsible recruitment practices including not charging recruitment related fees at any stage in the recruitment process, whether by us, our contractors, our agents or their sub-agents in receiving and sending countries". This document, "Foreign Workers Recruitment Guideline and Procedure" will provide and serve as a framework to ensure our adherence to this commitment.

2. OBJECTIVE

This guideline and procedure will provide clarity and transparency on the processes of hiring foreign workers as well as to ensure that all our hiring activities in the plantation sector are in accordance with the Group's SPOP.

3. SCOPE

This recruitment guideline and procedure applies to the IOI plantation sector. All parties mentioned in **Clause 1** should ensure compliance of this recruitment guideline and procedure. This guideline and procedure of recruiting foreign workers includes foreign workers requisition, recruitment processes, and roles of Human Resource Department (HRD) as well as Operating Centre (OP).

This "Foreign Workers Recruitment Guideline & Procedure", specifically pertaining to our "No Recruitment Fee" policy is effective from Q4 2017.

4. FOREIGN WORKERS REQUISITION

In general, each OP will send their requisition for the number of foreign workers required to HRD. The flowchart for recruiting foreign workers is shown in **Appendix A**.

In Sabah, the recruitment of foreign workers will be arranged by the respective OP, assisted by HRD through approved recruitment agencies by IOI.

4.1 Recruitment sources of countries

IOI will generally recruit foreign workers from various countries as listed below;

- i.) Indonesia
- ii.) The Philippines (to estates in Sabah only)
- iii.) India
- iv.) Nepal
- v.) Bangladesh



4.2 “No Recruitment Fee” Policy

IOI Group practices a “No Recruitment Fee” policy in recruiting its foreign workers. IOI Group covers the official cost of recruiting foreign workers, as shown in **Appendix B**. Any other costs not listed therein shall not be charged to the workers, and should they be, will be handled according to **6.3**.

5. FOREIGN WORKERS EMPLOYMENT STAGES

The recruitment of foreign workers consists of three main stages namely (i) pre-employment, (ii) employment and (iii) post-employment.

6. PRE-EMPLOYMENT

6.1 Confirmation to hire new workers

If needs arise, respective OP unit is to notify HRD to request for foreign workers. HRD is then required to acknowledge the request and seek approval from Director of Plantation. Once approval is given, HRD will proceed with the requisition of foreign workers through agencies.

6.2 Recruitment agencies

Selection of recruitment agencies is based on many factors including, but not limited to, reputation, cost and reliability. The recruitment agency shall be legally registered in its home country and has a long-standing reputation. The agency should also sign a letter of commitment to adhere to our policies before we engage their services. IOI has compiled a list of recruitment agencies along with their risk indicators as listed in **Appendix C**.

The workers will be briefed thoroughly on corporate video and profile, job functions and contract details as part of the employment process before the workers are asked to sign the working contract. IOI has also made available all the employment contracts in the worker’s native language.

The recruitment agency is expected to compile a list of the workers’ biodata, along with formal letter of undertaking for successful applicants to be submitted to HRD.

6.3 Policy enforcement

According to IOI’s “No Recruitment Fee” policy, where recruited foreign workers are concerned, no recruitment fees, including any fees incurred to them at any stage of the recruitment process, whether by us, our contractors, our agents or their sub-agents in receiving and sending countries will be charged to them.

Recruitment agencies are responsible for monitoring their possible sub-agencies to make sure that they follow these guidelines and do not charge any recruitment related fees from the workers. If



such fees are found to be charged to the workers, IOI will require the recruitment agency to repay the workers. If such an action has not been undertaken by the recruitment agency, IOI will suspend any relationship with the agency until the matter is rectified.

The Group will terminate all contract or partnership with any recruitment agency that is found to be non-compliant with the Group's policies after the necessary investigations and warnings.

6.4 HRD roles

Generally, HRD is to send an IOI representative at the source country and be present at the recruitment agency during the recruitment process. This is to ensure that proper recruitment process, particularly the “No Recruitment Fee” policy is being followed through and monitored and that workers understand the contents of their contracts and job requirements before they are asked to sign IOI's job contract.

In case of IOI representative not present in the recruitment agency, the recruitment agency will send necessary supporting documents (letter of undertaking, declaration, videos of their briefing, etc.) to HRD to ensure that proper recruitment processes are being followed through and monitored.

After all the necessary payments and documentations are completed, the Immigration Department will issue a Visa with Reference (VDR). HRD will then notify recruitment agency a list of approved workers and email the VDR to them. The agency will then inform HRD through email with a list of confirmed workers to arrive in Malaysia, along with their flight details. The workers will be notified which estate they will be placed in, they are required to sign a contract with the agency before coming to Malaysia.

7. EMPLOYMENT

7.1 Arrival of workers

HRD has to pick up the workers from the airport within 24 hours of their arrival according to immigration law. However, the workers shall be picked up by HRD within hours if they arrive during office hours. In Sabah, the arrival of foreign workers in Tawau Port will be managed by our approved recruitment agency. The travel cost of the workers from their country of origin to Malaysia will be borne by IOI.

The workers are to be sent to their respective OP unit and have their documentation, registration, post-arrival interview (**Appendix D**) completed. Post-arrival interview is important to ensure that no abuse of human rights that violates our Group's SOP is taking place. It is also important to ensure that our appointed recruitment agencies are complying with our policies, particularly the “No Recruitment Fee” policy.

7.2 Orientation and induction training

The orientation and induction training will be conducted by the Estate Manager or Assistant Manager, Safety & Health Unit, as well as the Sustainability Team. This comprehensive program will take about 2 to 3 days.

The program (**Appendix E**) includes explanations on employment contract, wages, medical leave, annual leave, voluntary overtime, payslips details, hostel and company rules and regulations, safety training, immigration law, Malaysia's culture, and video of the various job functions in estates.

The programme will also cover introduction of company's various policies related to sexual harassment, grievance procedures, freedom of association, non-discrimination and handling of passports. Interpreters will also be trained on how to conduct training to the workers. The training material is currently available in English, Bahasa Malaysia and Bahasa Indonesia. The translation of the training material into other languages such as Bangladeshi and Tagalog is ongoing.

During the Employee Consultative Committee (ECC) meeting, there will also be short briefing/training to the workers given by these trained interpreters from time to time to ensure that information regarding their rights at the workplace or any policies updated are being made clear to them.

The workers will also be taken to their accommodations, workplaces, and basic facilities such as clinic and sundry shop around the estates.

7.3 Health screening

Respective estate management is required to register foreign workers at FOMEMA and have the workers to do their health screening within one week of arrival in Malaysia at panel clinics with all costs borne by IOI, except if they failed their health screening (please refer to **8.1**).

The respective OP unit shall proceed to send the original passport of successful workers who have passed their health screening to HRD for the application and issuance of their work permits. HRD is also required to notify the Labour Department for hiring of new foreign workers.

For those workers who have failed their health screening, please refer to **8.1**.

7.4 Provision of basic items

Respective OP unit is responsible to provide new foreign workers basic items such as mattress, pillow, water container, cooking stove, personal protective equipment (PPE) and wellington shoes.



7.5 Passport handling

In accordance with the Group's passport safekeeping guidelines, the workers are free to decide how and where they want their passports to be kept. They can either:

- a) Keep their passports themselves;
- b) Have their passports kept in a centralised passport lockers provided by the management, to which workers have 24-hour access.

7.6 Renewal of passport, work permit or visa

While the workers are free to decide how and where they want their passports to be kept, the employer will request for the passport from the workers at least 90 days prior to the expiration of their passport, work permit or visa for renewal. The workers will acknowledge this by signing a document that states their passport is taken merely for the renewal of their passport, work permit, or visa. Any request from the worker who may have an emergency or personal reason to travel out of the country after submission of their passport will be considered by the management on a case-by-case basis.

7.7 Opening of savings account

Where such banking facilities are available, respective estate management is required to open saving accounts for the workers within 7 days of confirmation of employment.

7.8 Filing

Respective OP unit is required to file biodata of workers.

7.9 Grievance mechanism

In line with the Group's SPOP, the workers have the right to freedom of association and are provided with a channel to voice out their grievances. The Group is committed to an open and transparent approach to resolve outstanding grievances with the involvement of affected stakeholders. At the plantation/estate, any worker can submit their grievances via the Employee Consultative Council (ECC) and Joint Consultative Council (JCC) or remain anonymous via various channels provided (email, website, hotline) if they choose to do so (**Appendix F**). The management will then plan the investigation and address any grievances submitted. The workers will not have any form of retaliation action taken against them for doing so. All grievances submitted will remain confidential.

7.10 "One-off" ex-gratia payment

To further reflect our strong commitment towards the upholding of human rights at workplace, a one-off ex-gratia payment will be given to our workers who have worked for more than 2 or 3 years, depending on their contracts, and recruited before Q4 2017. These workers may not have benefited from our newly-introduced "No Recruitment Fee Policy". Therefore, the one-off ex-gratia payment is given in goodwill to our workers to ensure that they are also treated fairly in



accordance with the Group's policies. The one-off payment will also be given as a form of recognition for their long service in the Group.

8. POST-EMPLOYMENT

Upon completion of their contract period, the workers are free to choose whether to renew their contract or be repatriated back to their home country.

8.1 Unfit workers

For any new worker, within the 3-month guarantee period, who has failed their FOMEMA or GROWARISAN health screening, the respective OP unit has to make necessary arrangement to repatriate the worker concerned and have all cost borne by the recruitment agency.

However, for foreign workers who have been working with the company but yet to complete their contract period, and found to be physically or medically unfit, disabled, coma or paralysed due to exposure to hazardous, contagious disease or substance, involvement in accident while in employment, based on the doctor's medical report and recommendation for repatriation, the repatriation cost shall be borne by the company.

The company will not bear the repatriation cost for workers who are found to be physically or mentally unfit due to self-negligence arising from such cases of self-inflicted injury or suicidal behaviour, drug abuse, deliberate exposure to unsafe practices, refusal to use PPEs or to comply with safety standards, or infected with sexual transmitted disease, etc., which are not treatable and may impact work performance.

8.2 Contract renewal

The contract period for foreign workers vary according to countries. The workers are free to apply for contract extension up to maximum of 10 years according to Malaysian law. The decision to extend their contract is subject to recommendation by respective OP unit.

8.3 Renewal of work permit

The respective OP unit will send a list of names of foreign workers whose work permit is expiring in 3 months' time to HRD. HRD will also be notified by respective OP unit a list of names of foreign workers who choose to renew their contract or be repatriated. For those workers who renew their work permit, the OP will arrange for their health screening.

HRD is responsible to handle work permit renewal and the cost will be borne by the company.

8.4 Early termination

In the case of a worker who decides to leave before contract ends, the estate manager will first seek to understand the reason(s) behind the worker's resignation. The first priority of the estate is



IOI GROUP

always to resolve any problem the worker may face and to ensure the worker continues to work in the estate. However, if the worker insists on his resignation, there will be no penalty imposed but any repatriation cost will be borne by the worker (except for workers in Sabah, where the company has to bear the cost of repatriation if the worker gives ample notice of resignation).

Additionally, the worker shall not be required to pay any repatriation cost if the worker had to resign without fulfilling the full notice period due to documented harassment, abuse or threat to safety.

This Guideline will be effective on the date of publication.

N B Sudhakaran
Director, Plantations

October 2017