

GAR Grievance Handling involving PT Dian Anggara Persada (Kandis, Riau) and CNV, KSBSI and FKUI

A. EXECUTIVE SUMMARY

PT Dian Anggara Persada (PT DAP) located in Samsam Village, Kandis District, Siak Regency is a supplier of Golden Agri-Resources (GAR). On August 16, 2017 a labour union sent a letter of complaint concerning PT DAP. The labour union in question was The Federation of Construction, Informal and General Worker - Confederation of Indonesian Prosperity Labourer Union (FKUI-KSBSI). The letter contained the following demands with regards to PT DAP:

1. Resolution/compensation for 56 laid off workers
2. FKUI leaders charged with triggering anarchism during rallies against PT DAP to be released
3. Workers' legal rights to be respected and enforced
4. Freedom of association / organisation at PT DAP to be enforced
5. Housing, electricity and child transport amenities to be restored

These issues had previously been picked up by GAR's internal team on August 14, 2017 during regular monitoring of online media reports about GAR's suppliers. The report was published here:

<http://pekanbaru.tribunnews.com/2017/02/21/diduga-break-freedom-union-pt-dian-anggara-persada-diadakan-ke-komnas-ham-dan-polda-riau>

In accordance with the responsible grievance handling procedure mandated in the GAR Social and Environmental Policy (GSEP), GAR launched a grievance process involving the stakeholders which in this case were PT DAP as the supplier and the complainants CNV - a Dutch trade union, KSBSI and FKUI.

The following is a summary of our engagement with stakeholders:

Date	Engagement Milestone
21/8/17	GAR sent a letter to PT DAP asking for a clarification regarding the allegations
24/8/17	GAR and PT DAP had a meeting in Jakarta
6/9/17	GAR had a meeting with FKUI, KSBSI and CNV
11/9/17	GAR and PT DAP had a second meeting in Medan
12/9/17	GAR and CNV had a second meeting in Medan
5/10/17	GAR facilitated a dialogue between PT DAP and FKUI-KSBSI in Medan
26-27/10/17	GAR conducted a site visit at PT DAP in Kandis, Kabupaten Siak
12/1/18	GAR and CNV had a third meeting to give an update and discuss next steps
2/2/18	GAR and DAP had a conference call to agree on action plan

As a result of the engagement with the parties involved in the grievance, PT DAP and the reporting party acknowledged the existence of employment issues, particularly related to the absence of a constructive social dialogue between management of PT DAP and the union. This was mainly due to the lack of experience and capacity of the parties. Given that bipartite and tripartite negotiations were deadlocked, PT DAP finally brought the case to court in order to obtain legal judgement for both the industrial relations and criminal cases.



Picture 1.
GAR facilitates a dialogue between PT DAP and FKUI-KSBSI in Medan



Picture 2.
GAR conducts a site visit at PT DAP

As stated in verdict number 48 / Pdt.Sus-PHI / 2017 / PN.Pbr dated 24 October 2017, Industrial Relations Court (PHI) of Riau Province ruled as follows:

1. The case by PT DAP and the workers was partially accepted
2. End of employment between PT DAP and the workers as of March 22, 2017
3. PT DAP to immediately pay amount to Rp. 911,719,200 as compensation for termination - except for ten workers
4. Workers' claims overruled
5. The workers to jointly pay costs of proceedings to amount to Rp. 49,991,000

For the criminal case, in the verdict of the first level number: 245 / Pid.B / 2017 / PN.Sak dated October 23, 2017, Siak Sri Indrapura Class II District Court ruled that the two defendants namely Mr. Jhon Very Hasiholan and Mr. Herianto Sitinjak were guilty of "participating in the act of inciting verbally in public" and sentenced to two years imprisonment respectively.

B. PT DAP's TIME-BOUND ACTION PLAN

To resolve this grievance, GAR and PT DAP agreed on a time-bound action plan as follows:

1. PT DAP to implement the ruling PHI Number 48 / Pdt.Sus-PHI / 2017 / PN.Pbr and State Court of Siak Sri Indrapura Class II Number: 245 / Pid.B / 2017 / PN.Sak
2. PT DAP to immediately conduct a process of social dialogue with the unions by forming a bipartite body (LKS Bipartit) and scheduling regular meetings. This dialogue process is expected to lead to the establishment of a Collective labour agreement (PKB) between the company and the working unions.

These meetings will facilitate corporate socialisation policies, gather feedback on employee aspirations, etc. The establishment of LKS Bipartit is expected to be completed by end June 2018.

3. PT DAP to continue checking and ensuring they are implementing the latest relevant regulations such as the Provincial Sectoral Minimum Wage (UMSP) for the plantation industry. The process of checking and adjusting the wages of all workers based on 2018 UMSP is expected to be completed by end June 2018.

C. CLOSED FOR MONITORING

During the site visit to PT DAP, our team found that there were no longer any workers registered as FKUI-KSBSI members. Taking into account all the developments above, GAR and CNV consider this grievance is closed for monitoring.

Jakarta, February 2018