

**IOI GROUP****MINIMUM WAGES & LEAVE PAY POLICIES**
IN MALAYSIA

IOI Group is committed, in line with its Sustainable Palm Oil Policy (SPOP) on Human Rights and Workplace in paying all workers the statutory monthly minimum wage and overtime compensation in accordance with the current labour regulations. IOI also further pledges to go beyond providing minimum wage to our workers by introducing productivity incentives that will enable its workers to earn at least 20% more than the minimum wage.

1. Under Order 3 of the Minimum Wages Order 2018, it stipulates that the minimum wage for daily-rated workers working 6 days a week is RM42.31 per day (or RM1,100 a month for monthly-rated workers) across Malaysia (“the minimum wage”).

2. All workers - field or general workers and harvesters - shall be paid minimum RM42.31 per day (or RM1,100 a month for monthly-rated workers) across Malaysia for the normal 8 hours work or a spread-over period of 10 hours*.

**Under the Malaysia Employment Act 1955, "spread over period of ten hours" means a period of ten consecutive hours to be reckoned from the time the employee commences work for the day, inclusive of any period or periods of leisure, rest or break within such period of ten consecutive hours. To put it simply, it means 8 hours of work with 2 hours of break.*

3. As part of their KPIs, Estate Managers must take pro-active measures such as training to increase the workers’ productivity, with target earnings of at least 20% more than the minimum wage for each worker during normal working hours (daily spread over period of ten hours).

IOI also implements productivity-linked wage payment as an incentive to earn above minimum wage where the works offered to the workers shall be calculated on piece-rated basis.

Estates must set productivity targets that are fair for the realistic completion of work by one person allotted during a normal 8-hours-work-day or a spread-over period of 10 hours. Targets are set based on relevant data from time and motion studies.

Even if a worker fails to complete the tasks given during the normal 8 hours or spread-over period of 10 hours, the estate shall pay the worker the minimum wage as long as they report to work (subject to Clause 4 herein).

4. According to the memorandum of agreement between the Malayan Agricultural Producers Association (MAPA) and the National Union of Plantation Workers (NUPW) on wages, workers shall not be entitled to the minimum wage only if one of the following circumstances are proven after due inquiry:

- a. days of absence without taking prior paid leave;
- b. abscond during working hours;
- c. approved unpaid leave;
- d. unpaid sick leave;
- e. unpaid maternity leave;

- f. days of temporary disablement covered by Workmen's Compensation Act 1952, or Employees' Social Security Act 1969;
- g. leave under the Industrial Relations Act 1967 for trade union activities (without pay) subject to Section 6 of the act;
- h. pilgrimage leave;
- i. suspension from work without pay

Where a worker's insubordination is concerned, after due inquiry to determine the reason(s) behind such an action, a warning letter will be issued. Disciplinary action or termination of the worker will only be taken when necessary.

For matters related to a worker's non-performance or non-completion of work, after due inquiry to determine the root cause of such behavior, training and counselling sessions will be conducted. Where necessary, after these sessions, alternative work will be assigned which may be more suited for the workers.

- 5. IOI will conduct a fair and decent wage assessment of its workers based on a credible methodology with the goal of providing workers a fair and decent wage. The assessment is expected to begin in Q1 2019.

OVERTIME PAY

- 1. The overtime rate is 1.5 times the hourly rate of pay.
The formula is: ordinary rate pay (ORP) divide by 8 hours & multiply by 1.5 times.

IOI will pay overtime work at the legally mandated rate stated herein after 8 hours of work. It is only offered to the workers at the request of the management and whenever there is a need for overtime work.

ANNUAL LEAVE OR VACATION LEAVE PAY

- 1. Annual or vacation leave pay provided by IOI, which is more favourable compared to the terms stated in the Employment Act 1955 are as follows:
 - a. Workers with less than 5 years of service shall be entitled to 14 days for each 12 months of continuous service.
 - b. Workers with 5 years of service or more shall be entitled to 16 days for each 12 months of continuous service.
- 2. The computation of the annual or vacation leave pay shall be based on the average of ordinary rate of pay in the year.
- 3. As per Employment Act 1955 Section 60E (1), if it has been proven after due inquiry that the worker has absented himself from work without permission and without reasonable excuse for more than 10% of the working days during the 12 months' continuous service, he shall not be entitled to the annual or vacation leave pay.

PUBLIC HOLIDAY PAY

The entitlement of Public Holiday for all workers shall be **13 days** (or 14 days for workers in Sabah) in a calendar year. The computation for payment shall be based on the ordinary rate of pay of the preceding month.

SICK LEAVE

Workers are entitled to the following sick leave per year in accordance with the Employment Act 1955:

- a. Workers with less than 2 years of service -14 days
- b. Workers who are between 2 to 5 years of service -18 days
- c. Workers with more than 5 years of service -22 days

The sick leave pay shall take into account only the basic pay (or ORP for workers in Sabah) of the workers.

HOSPITALISATION

According to the Employment Act 1955, the workers are entitled to up to 60 days (inclusive of sick leave in a calendar year) of hospitalisation provided that an employee is certified by a registered medical practitioner or medical officer to be ill enough to need to be hospitalised for any reason.

EFFECTIVE DATE

This Policy supersedes the October 2017 version. The effective date of this Policy is from 1 January 2019 onwards.



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Plantation Director

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