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Media release: New report documents multiple human rights abuses in the Indonesian palm oil industry supplying the world's biggest companies

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NOTE to journalists: This report will be launched 15 June, 2021 [include date/time/press conference details]. Register here for the press conference/launch event.

Household names including Nestlé, PepsiCo, Wilmar and Unilever and associated global financial institutions and investors continue to 'turn a blind eye' to human rights abuses in their palm oil supply chains, finds a new report out today [[link to summary and report](#)].

The report, compiled by TuK INDONESIA, Yayasan Pusaka Bentala Rakyat, WALHI, and Forest Peoples Programme, highlights systemic social and environmental problems that continue to plague the Indonesian palm oil industry and connected global palm oil supply chains.

"It is scandalous that indigenous and rural communities endure years and sometimes decades without redress for harms inflicted by the palm oil industry, that continue to this day," said Norman Jiwan, Dayak indigenous leader and co-author of the report.

"Our report is just the latest in a whole set of independent studies showing the Indonesian plantation sector and associated global palm oil trade are not complying with industry sustainability standards nor applicable laws," he said.

Human rights violations documented include seizure of community lands without consent, involuntary displacement, denial of fundamental environmental rights, violence against displaced indigenous peoples and communities, harassment, criminalization and even killings of those trying to defend their lands and forests.

"Land grabbing is a violation of our human rights," said Redatus Musa, head of Entapang Hamlet, Bonti Subdistrict, West Kalimantan.

The report documents the human rights and environmental impacts of ten controversial oil palm plantations in Indonesia, and traces connections to downstream companies and financiers that either invest in them or trade, process, manufacture or sell consumer goods made from their palm oil. Rights abuses embedded in palm oil were frequently found to be tied to land conflicts, deforestation, weak land governance, and other environmental harms.

Although companies and global food and drink brands continue to market their 'green credentials' and claim to support due diligence and 'environmental and social governance' (ESG), not enough attention is being given to identifying and addressing human rights impacts in business operations and investments.

"Urgent and bolder actions must be taken to uphold human rights across agribusiness operations and value chains," said Tom Griffiths, Responsible Finance Coordinator at FPP.

“Corporate governance and supply chain management reforms to ensure use of an integrated approach to human rights and environmental due diligence are essential. At the same time, businesses must develop better practices for verifying compliance with agreed standards,” he said.

Grievance procedures of companies were found to be ineffective; and existing industry accountability mechanisms such as the RSPO complaints systems are typically slow and ineffective, and failing to deliver remedy for affected communities. In the case of a community and TuK complaint against PT MAS, for example, a grievance presented to the RSPO has been languishing more than 8 years.

Failures of sustainability commitments and initiatives

Many of the downstream companies investigated, and some of the investors, are prominent members of the Roundtable on Sustainable Palm Oil and other sustainability initiatives. Yet, despite the fact that the violations uncovered are clearly contrary to RSPO standards, as well as the companies’ own ‘No Deforestation, No Peat and No Exploitation’ (NDPE) policies and commitments to apply the Social Requirements of the High Carbon Stock Approach (HCSA), it is found that trade and investment with harmful suppliers continue unchecked.

“We are regretful that RSPO, Unilever, Sime Darby, PT Inti Nusa Sejahtera, PT CAPITOL and PT Mitra Austral Sejahtera have failed to remedy human rights of Dayak Hibun communities in Kerunang and Entapang,” said Redatus Musa.

The report argues that to be accountable to communities in producer countries and meet ethical supply chain standards, downstream companies must ensure more robust methods to assess human rights harms and risks when sourcing palm oil and other agri-commodities.

“This report confirms that a proper restitution of land taken by palm oil industry without community consent is one of fundamental requirements towards inclusive agrarian reform, gender justice, ecological remedies, economic resilient and the advancement of human rights by the State and business actors especially financial sector,” said Ms. Nur Hidayati, Executive Director of WALHI National Executive (Friends of the Earth Indonesia).

Affected communities are demanding greater accountability of global companies dealing in palm oil produces by upstream corporate groups and their subsidiary plantation and mill companies:

“We are calling on palm oil buyers from Astra Agro Lestari like Unilever, Nestlé, PepsiCo, Cargill and Wilmar [as well as other downstream actors] to share responsibility and work in collaboration to support land restitution for all affected communities including Orang Rimba in PT SAL,” said Ms. Linda Rosalinda, spokesperson of TuK INDONESIA

The need for robust legal standards to hold companies liable for harm is also emphasised in the study’s conclusions.

“The palm oil sector is associated with grave historical injustices, ongoing abuse of indigenous and community rights and denial of remedy,” said Norman Jiwan.

“New laws on corporate conduct in both importer and producer countries must hold these actors to high due diligence standards. Binding regulations are needed to oblige these actors to ensure that their supply chains and portfolios are not stained by violence, land loss, harm to

local livelihoods and lack of remedy. More solid actions by downstream companies and investors to protect human rights are long overdue.” he adds.

The study shares numerous lessons from the case evidence for the CEOs of transnational companies, corporate groups involved in the palm oil business and their staff responsible for human rights and environmental protection.

Detailed recommendations are presented urging corporate actors to upgrade their due diligence, and public policy makers and legislators in consumer and producer countries to put in place mandatory rules on corporate conduct and ‘forest risk’ commodities – these rules must truly hold companies accountable to international sustainability standards.

“Right now, it is also crucial that evidence on supply chain abuses and their causes are acted on by law makers developing statutory controls for businesses and traders in the EU, UK, US and elsewhere,” said Griffiths.

“Legal instruments must have obligations to require attention to both human rights and environmental impacts, as well as provisions for strong enforcement and accountability. Without these vital components legal regulation will be ineffective,” he said.

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Annex: Additional background

The supply chain analysis contained in this report finds that oil palm plantations and mills that are the declared holdings of Astra Agro Lestari, First Resources, Golden Agri Resources-Sinar Mas and Salim (Indofood) groups are associated with serious cases of social and environmental harm. In turn, these plantations and mills were found to supply companies including Cargill, Nestlé, PepsiCo, Unilever, Wilmar International, Archer Daniels Midland and AAK, some of the biggest consumer goods companies in the world.

Box 1: Key take aways

1. Systemic social and environmental problems continue to plague the Indonesian palm oil industry and connected global palm oil supply chains:
2. Rights abuses embedded in palm oil are frequently tied to land conflicts, weak land governance, deforestation and other environmental harm:

3. Corporate due diligence practices, if they are undertaken, often do not apply balanced integrated approaches to environmental and human rights due diligence – ESG systems must take much more account of human rights impacts and risks:
4. Corporate accountability to affected communities is weak or non-existent all the way along global supply chains:
5. Action is needed now by connected downstream companies to fulfil corporate responsibilities and remedy unresolved community grievances;
6. Sustainable corporate governance legislation and supply chain regulation must require due diligence along the **entire** supply chain and robust verification and enforcement.

The study sets out the demands of affected communities and allied local organisations who call on transnational companies to up their game to identify and address land conflicts and unresolved community grievances connected to their business operations. In the cases studied, including Mitra Austral Sejahtera (PT MAS) - a former subsidiary of Sime Darby now owned by PT Capitol, rights holders are demanding redress for harms and the return of their lands taken for oil palm production.

The report also documents the involvement of global financiers and investors in the palm oil value chains studied, including Blackrock International, ABN-AMRO, Rabobank, Standard Chartered, Citigroup, Lloyds Banking Group, JP Morgan Chase, as well as different pension funds and Asian banking groups, including the Mitsubishi UFJ Financial Group.

Additional quotes of affected rights holders, June 2021

Leader of Entapang Hamlet, Bonti Subdistrict, West Kalimantan.

“We are demanding the government of Indonesia, palm oil buyers, downstream industries, banks and investors ensure a proper restitution of 1462 ha of our customary land converted into PT MAS HGU immediately,”

Community leader of Keladi Hamlet, Manismata Subdistrict, West Kalimantan.

“We are demanding palm oil buyers and investors call on Cargill immediately solve all impacts on human rights, social and environment harms arising from land grabbing and unsustainable operations by PT HSL by returning customary land right back to Dayak Jelai indigenous peoples,”

Woman leader and head of Batu Ampar Village, Jambi.

“Communities of Batu Ampar Village are now still demanding a proper land restitution by Sinar Mas and PT KDA immediately because that is the best and fairer solution amidst miserable community’s economic burdens during livelihood crisis and Covid-19 pandemic especially for vulnerable groups, women and our children.”

Further information

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