

PALM OIL

guide

2022-17

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GUIDE TO CONDUCTING RISK ANALYSES FOR PALM-OIL-PRODUCING COUNTRIES

Guidelines and analyses for Indonesia, Malaysia, Guatemala, Colombia, Papua
New Guinea, Thailand, Honduras and Nigeria

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CONTENTS

Abbreviations	4
Illustrations	5
Tables	5
Foreword	6
Introduction	8
Specifications regarding the scope of a risk analysis	10
Definition of the supply chain.....	10
Reference framework: Bill of Human Rights and ILO core labour standards.....	11
Objectives of the risk analysis.....	12
Risk description in German and European legislation.....	13
Step 1: Acquire knowledge of international and national requirements	16
1.1 United Nations provides a framework.....	16
1.2 OECD makes suggestions for implementation.....	17
1.3 Federal government initiates National Action Plan.....	18
1.4 Requirements according to the German Supply Chain Due Diligence Act.....	18
Step 2: Produce a risk analysis based on existing guidelines ..	20
2.1 Institutions' guidelines.....	20
2.2 Helpdesk on Business & Human Rights.....	20
2.3. Company risk analyses.....	21
Step 3: Identify the origin of the palm oil used	22
Step 4: Conduct overview risk analysis for the identified countries of origin	25
4.1. Development status, poverty indices, gender.....	25
4.2 Political environment.....	27
4.3 Working conditions, child and forced labour.....	28
Step 5: Detailed country-specific risk analysis for the identified countries of origin	31
5.1 Indonesia.....	31
5.2 Malaysia.....	37
5.3 Guatemala.....	42
5.4 Colombia.....	45
5.5 Papua New Guinea.....	49
5.6 Thailand.....	51
5.7 Honduras.....	54
5.8 Nigeria.....	58
Step 6: Prioritise risks within the company's own supply chain	62
Step 7: Involve local stakeholders	64

Annex A: Extracts from the Supply Chain Due Diligence Act	65
Annex B: Country analysis overview table	69
Bibliography	71

ABBREVIATIONS

amfori BSCI	amfori Business Social Compliance Initiative	
ASD	Action for Sustainable Derivatives	
BAFA	Federal Office for Economic Affairs and Export Control	
CSR	Corporate Social Responsibility	
EU	European Union	
FAO	Food and Agriculture Organization of the United Nations	
FIP	Fundación Ideas para la Paz	The Ideas for Peace Foundation
FONAP	Forum for Sustainable Palm Oil	
FPIC	Free, prior and informed consent	
GDI	Gender Development Index	
GIHR	German Institute for Human Rights	
HDI	Human Development Index	
HRW	Human Rights Watch	
IISD	Danish Institute for Human Rights	
ILO	International Labor Organisation	
INA	Initiative for Sustainable Agricultural Supply Chains	
INE	Instituto Nacional de Estadística (Honduras)	National Institute for Statistics (Honduras)
IP	Identity Preserved	
ITUC	International Trade Union Confederation	
LkSG	Act on Corporate Due Diligence Obligations in Supply Chains for the Prevention of Human Rights Violations in Supply Chains	
MVO	Maatschappelijk Verantwoord Ondernemen	Corporate Social Responsibility (The Netherlands)
NAP	National Action Plan on Business and Human Rights	
OECD	Organisation for Economic Co-operation and Development	
PAN	Pesticide Action Network	
RSPO	Roundtable on Sustainable Palm Oil	
SG	Segregated	
SMEs	Small and medium-sized companies	
UDHR	Universal Declaration of Human Rights	
UN	United Nations	
UN GCG	UN Global Compact Network Germany	
UNDP	United Nations Development Programme	
UNGC	United Nations Global Compact	
UNGP	United Nations Guiding Principles on Business and Human Rights	
UNICEF	United Nations International Children's Emergency Fund	
USDA	United States Department of Agriculture	
USDOL	United States Department of Labor	

ILLUSTRATIONS

Illustration 1: The palm oil supply chain.....	23
Illustration 2: Implementing severity assessment criteria.....	63

TABLES

Table 1: Development status, poverty indices, gender.....	26
Table 2: Political environment	27
Table 3: Working conditions, child and forced labour.....	29
Table 4: ILO Conventions.....	30
Table 5: Indonesia country table	32
Table 6: Indonesian provinces by production volume	33
Table 7: Malaysia country table	38
Table 8: Malaysian provinces by production volume.....	39
Table 9: Guatemala country table.....	42
Table 10: Colombia country table.....	46
Table 11: Papua New Guinea country table.....	49
Table 12: Thailand country table.....	52
Table 13: Honduras country table	55
Table 14: Nigeria country table.....	58
Table 15: Country analysis overview table.....	69

FOREWORD

The adoption of the German Supply Chain Due Diligence Act (LkSG) has put corporate responsibility for respecting human rights in supply chains in the public spotlight. From January 2023, the Act will initially oblige companies with at least 3,000 employees to exercise human rights and environmental due diligence, followed by companies with at least 1,000 employees from 2024. An essential aspect for implementing human rights and environmental due diligence under the LkSG and the basis for successful risk management is the identification of possible risks in the form of a risk analysis. This represents both the basis for and important cross-references to the other elements mentioned in the LkSG, e.g. with regard to consolidating preventive measures and companies' reporting obligations.

Against this background, the role of the Forum for Sustainable Palm Oil (FONAP), as one of Europe's most ambitious initiatives, is to help its members to understand and implement these processes along the palm oil supply chain. In order to properly and promptly prepare FONAP members for the implementation of the LkSG, which also includes environmental concerns (e.g. deforestation), it is important to provide companies with assistance and appropriate recommended actions. The study on human rights in the palm oil sector („Menschenrechte im Palmölsektor“) published in 2020 serves as the initial basis for this. It provides companies with possible approaches to implementing their human rights due diligence, along with information about risk analyses.

The Forum aims to use the additional criteria adopted by FONAP members in October 2021 to fulfil its pioneering role in promoting sustainable palm oil. In addition to reducing the negative impact of palm oil cultivation on biodiversity as well as supporting and integrating smallholders into global palm oil supply chains, members had also agreed to apply their human rights due diligence, including holding small and medium-sized companies to account, thereby maintaining the pioneering role of FONAP. However, conducting risk analyses can be a particular challenge, especially for small and medium-sized companies that do not always have direct supply relationships with producers and producer markets, especially in the Global South.

This guide focuses on the palm oil sector and was developed by Südwind-Institut on behalf of FONAP in close collaboration with Forum members. It provides useful initial guidance – especially for smaller companies. Because there are many public and often freely available, in-depth material resources that enable an initial assessment of the human rights risks and/or the state of palm oil production in the countries where it is cultivated – even without a local presence or representative. With this in mind, the team of authors at Südwind-Institut has documented examples of the situation in eight palm-oil-producing markets. Together with the guidelines for implementing a risk analysis in accordance with the provisions of the LkSG recently published by the German Federal Office for Economic Affairs and Export Control (BAFA), we believe that this gives FONAP members and other market players an excellent basis for conducting their risk analyses, thereby providing them with targeted support.

Ultimately, however, an analysis does not exempt a company from meeting its own responsibilities. Although this guide is intended to support the creation of a risk analysis, it cannot and should not relieve companies of their individual responsibility: every company concerned must independently implement the LkSG and individually develop and monitor the necessary strategies and actions.

The FONAP Management Board would particularly like to thank Irene Knoke and Friedel Hütz-Adams from Südwind-Institut in Bonn for their hard work, consistent commitment, outstanding expertise and the numerous valuable contributions made to its members during various discussion panels involved in the creation of this

publication. We would also like to thank Dr Karina Brenneis from the Initiative for Sustainable Agricultural Supply Chains (INA) for her professional assistance with our work. This guide is an important initial milestone. FONAP will now support its member companies by developing and providing further tools as part of the association's working parties, which are intended to build on this guide and serve as the basis for implementing the LkSG. At the same time, of course, FONAP is already following and supporting the European Union's current legislative procedures for corporate due diligence.



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INTRODUCTION

The Forum for Sustainable Palm Oil (FONAP) was founded in 2013 with the aim of promoting social and ecological improvements in the palm oil sector. The cultivation of oil palms has attracted criticism, particularly as a result of the deforestation of rainforests in Indonesia and Malaysia to establish new plantations. But social inequalities have also been repeatedly exposed in these and other palm-oil-producing countries. At the same time, the oil palm is a plant that produces high yields per hectare. In view of the growing global population as well as an increasing demand for fats, there is thus the potential to produce large quantities of vegetable oils with a relatively small footprint. For this reason, attempts have been made for years to make the production of palm oil more sustainable.

In view of the numerous issues with the cultivation of agricultural products, from the loss of biodiversity in production areas, through land disputes and a potential increase in climate change, to employment law violations, it is obvious that this sector must make its value chains more transparent and sustainable.

The pressure for increased transparency has continued to increase in recent years. In 2011, the United Nations Guiding Principles (UNGP) were adopted. The Organisation for Economic Cooperation and Development (OECD) incorporated these principles into its guidelines, both in general for multinational firms and specifically for the agricultural sector.

In turn, these principles play a central role in the discussion about how the Supply Chain Due Diligence Act (LkSG), which came into force in Germany in summer 2021, and the European Union's (EU) upcoming regulations regarding human rights, the environment and deforestation-free products should be implemented in future. All those involved in the palm oil supply chain will have to respond to both the principles of the United Nations and the OECD as well as to legislation.

As a result of various national and international discussions, the challenge now for the palm oil sector is to pursue a multi-stage process with the aim of identifying human rights risks, remedying these and putting a stop to human rights violations in the long term. The UN Guiding Principles on implementing human rights due diligence set out five key elements in relation to this:

- ▶ Key element 1: Acknowledge responsibility
- ▶ **Key element 2: Determine risks**
- ▶ Key element 3: Minimise risks
- ▶ Key element 4: Inform and report
- ▶ Key element 5: Enable grievances

This guide¹ provides background information and guidelines for FONAP members for the purpose of implementing key element 2: conducting a risk analysis for the palm oil sector.

The information therefore focuses on a core aspect of the UN Guiding Principles. These require all companies to put in place the following:

(b) A human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights;

The federal government demands similar in its National Action Plan for Business and Human Rights (NAP), which was adopted in December 2016. It calls for the establishment of

¹ The research for this guide was completed in May 2022. Shortly before going to print, a reference to the BAFA guidelines for risk analyses was included; unfortunately, further amendments to the data could not be made.

2. procedures for the identification of actual or potential adverse impact on human rights

as a second core element.

Many companies in Germany are already preparing to implement their human rights due diligence and fundamental ecological standards. However, this is often proving difficult, especially for small businesses. This guide is therefore intended to provide guidance as to how companies may proceed.

Extensive preparatory work has been undertaken. In 2020, the German Institute for Human Rights (GIHR) produced a detailed analysis of the most common human rights problems in the palm oil sector on behalf of FONAP and showed how companies in the palm oil industry can address these. This gave companies a clear indication of known problems, which can be used as a starting point for a more in-depth analysis of their own supply chain.² This guide supplements this analysis with a region-specific risk analysis for the eight most important production and export countries. Above all, however, they also help companies to establish their own in-depth risk analysis as a continuous management system. At this point, we should once again emphasise how important it is to have in-depth knowledge of potential or actual risks in your own supply chain – including specific local knowledge – in order to meet the requirements for key element 2 of the UN Guiding Principles.

Following an **introduction to the scope of the risk analysis**, it sets out the steps that can be taken:

- ▶ Step 1: Acquire knowledge of the international and national requirements from which the obligation to prepare a risk analysis is derived
- ▶ Step 2: Produce a risk analysis based on existing guidelines
- ▶ Step 3: Identify the country of origin of the palm oil used
- ▶ Step 4: Overview risk analysis for the identified countries of origin
- ▶ Step 5: For identified country risks, conduct a detailed country-specific risk analysis for the identified countries of origin
- ▶ Step 6: Prioritise risks within the company's own supply chain
- ▶ Step 7: Verify risk analysis with local stakeholders

However, the analysis should not detract from the fact that, in accordance with applicable national and international requirements, it is ultimately the companies themselves who bear a large amount of responsibility for creating comprehensive and accurate risk analyses for their specific supply chain. This guide thus provides support for creating a risk analysis but cannot replace the independent production of such analyses by companies. Thanks to their close contact with suppliers, many companies have the substantial know-how required to carry out this task.

² Phung/Utlu (2020): <https://www.institut-fuer-menschenrechte.de/publikationen/detail/human-rights-in-the-palm-oil-sector>

SPECIFICATIONS REGARDING THE SCOPE OF A RISK ANALYSIS

The basic prerequisite for exercising human rights due diligence in accordance with the UNGP is an understanding of the actual and potential impacts on human rights within your own supply chains. A risk analysis, one of the five key elements of the UNGP, is used to identify these risks and is therefore an important tool for increased transparency in your own supply chains. It also acts as the basis for establishing effective preventive, mitigation and remedial measures. The results are also incorporated into the reporting.

The UNGP suggest consulting affected stakeholders when carrying out the risk analysis. This makes it clear that a change of perspective is required as a central aspect of the risk analysis: the individuals actually or potentially affected by human rights violations are the focus of the process and not the risks that exist for the company. The Guiding Principles serve to address the risks to those affected.

The extent to which a company's responsibility stretches within its supply chain is repeatedly the subject of controversial discussions regarding corporate responsibility and is handled differently in various legislative processes (see Step 1). Closely related to this are the questions of what risks need to be recorded, how far the risk recording needs to reach into the supply chain and whether conclusions should be drawn from identified risks. The principles of both the United Nations and the OECD define a comprehensive scope that has also been adopted by the proposed EU Commission legislation.

DEFINITION OF THE SUPPLY CHAIN

Principle 13 of the UNGP makes it clear that corporate responsibility extends along the entire value chain and includes both actions and omissions:

The responsibility to respect human rights requires that businesses:

- (a) Avoid causing or contributing to adverse human rights impacts through their own activities and address such impacts when they occur;*
- (b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts (UNGP 13).*

The term "agricultural supply chain" has been defined more precisely for the agricultural sector in the OECD and Food and Agriculture Organization of the United Nations (FAO) Guidance for [Responsible Agricultural Supply Chains](#) of 2016. This definition includes the entire supply chain associated with agricultural production:

Agricultural supply chains refer to the system encompassing all the activities, organisations, actors, technology, information, resources and services involved in producing agri-food products for consumer markets. They cover agricultural upstream and downstream sectors from the supply of agricultural inputs (such as seeds, fertilisers, feeds, medicines or equipment) to production, post-harvest handling, processing, transportation, marketing, distribution and retailing. They also include support services such as extension services, research

³ As soon as the Federal Office for Economic Affairs and Export Control's (BAFA) guidelines on the Supply Chain Due Diligence Act have been published, we will check whether this guide needs to be amended.

and development, and market information. As such, they consist of a wide range of enterprises ranging from smallholders, farmers' organisations, co-operatives and start-up companies to MNEs through parent companies or their local affiliates, state-owned enterprises and funds, private financial actors and private foundations (OECD 2016: 20).

This means that extensive knowledge of the supply chain is a prerequisite for being able to make reliable statements about human rights risks. The palm oil sector therefore faces major challenges (for details see Section 3).

These conclusions result from the transparency obligations for complying with human rights due diligence obligations, which the OECD sets out clearly. These include "Step 2: Identify, assess and prioritise risks in the supply chain". In turn, the elements required to "map the supply chain" are derived from this:

This requires identifying the various actors involved, including, when relevant, the names of immediate suppliers and business partners and the sites of operations. For instance, the following details can be requested from on-farm enterprises: name of the producer unit; address and site identification; contact details of the site manager; category, quantity, dates and methods of production; number of workers by gender; list of risk management practices; transportation routes; and risk assessments that have been undertaken (OECD 2016: 34).

REFERENCE FRAMEWORK: BILL OF HUMAN RIGHTS AND ILO CORE LABOUR STANDARDS

The human rights that must be respected by companies are set out in Principle 12 of the UN Guiding Principles on Business and Human Rights:

The responsibility of business enterprises to respect human rights refers to internationally recognized human rights – understood, at a minimum, as those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work (UNGP 12).

A clear reference to the International Bill of Human Rights is essential, as the Universal Declaration of Human Rights (UDHR), to which companies often refer in their policy statements, is not legally binding and enforceable on its own. The Bill of Human Rights, on the other hand, not only includes the UDHR but also the [International Covenant on Civil and Political Rights](#) (Civil Covenant) as well as the [International Covenant on Economic, Social and Cultural Rights](#) (Social Covenant), which are international treaties. The [eight Core Conventions of the International Labour Organisation \(ILO\)](#) are also binding for all members of the ILO as a condition of their membership.

The risks therefore cover a broad spectrum, as the UDHR already provides for the comprehensive protection of people from violations of the law. Among other things, it enshrines the right to "just and favourable conditions of work" and to "just and favourable remuneration". Also assured are the right "to form and to join trade unions" and the right to "rest and leisure, including reasonable limitation of working hours and periodic holidays with pay". It further states: "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family" (UDHR 1948: Articles 23–25).

Among other things, the Civil Covenant includes a ban on discrimination (Article 2) and a ban on slavery and forced labour (Article 8) as well as freedom of association and the right to join a trade union (Article 22). The Social Covenant includes the right to fair working conditions (fair wages, safe and healthy working conditions, work

breaks, reasonable limitation of working hours, paid holidays) (Article 7), the right to form and join trade unions (Article 8), the protection of children and young people (Article 10), the right to an adequate standard of living (Article 11) and the right to education (Article 13).

The core labour standards consist of a similar catalogue of rights and guarantee the right to organise and collective bargaining. Forced labour and child labour are forbidden; discrimination in employment and in remuneration are prohibited (for details see section 4.3).

OBJECTIVES OF THE RISK ANALYSIS

Principle 17 of the United Nations (UN) Guidelines requires risk analyses to be conducted as part of general due diligence in order to prevent human rights violations:

*In order to identify, prevent, mitigate and account for how they address their adverse human rights impacts, business enterprises should carry out human rights due diligence. The process should include **assessing actual and potential human rights impacts**, integrating and acting upon the findings, tracking responses and communicating how impacts are addressed. Human rights due diligence:*

(a) Should cover adverse human rights impacts that the business enterprise may cause or contribute to through its own activities, or which may be directly linked to its operations, products or services by its business relationships;

(b) Will vary in complexity with the size of the business enterprise, the risk of severe human rights impacts, and the nature and context of its operations;

(c) Should be ongoing, recognizing that the human rights risks may change over time as the business enterprise's operations and operating context evolve (UNGP 17).

It is also explicitly stated that, with regard to due diligence, companies must take care to avoid being indirectly complicit in human rights violations committed by business partners. This is necessary in itself in order to prevent any subsequent legal claims by injured parties (UNGP 17).

The analysis of risks is thus an integral part of compliance with due diligence obligations. Ideally, companies should assess these risks before they enter into a business relationship. Should any risks arise, they can be eliminated by means of contracts or other agreements (UNGP 17).

The United Nations stipulates that companies should “draw on internal and/or independent external human rights expertise” when assessing risks. Another crucial step is “meaningful consultation with potentially affected groups and other relevant stakeholders, as appropriate to the size of the business enterprise and the nature and context of the operation” (UNGP 18).

Risk analysis is intended to clarify which business processes present risks and what needs to be done to stop human rights violations or to prevent them in advance. The necessary internal processes in the company should be “assigned to the appropriate level and function within the business enterprise”. Full integration into business processes should ensure that “internal decision-making, budget allocations and oversight processes enable effective responses to such impacts”. An important aspect when selecting a company's countermeasures is the decision on “the extent of its leverage in addressing the adverse impact” (UNGP 19).

After putting risk mitigation measures in place, “business enterprises should track the effectiveness of their response”. This tracking should be measured against appropriate indicators and “draw on feedback from both internal and external sources, including affected stakeholders” (UNGP 20).

Robust, long-term processes are needed within the company for identifying the risks and also for eliminating them, or for tracking the measures for their elimination. In its guidance for the agricultural sector, the OECD states that monitoring should entail the following:

Creating internal verification procedures to undertake regular independent and transparent reviews of compliance with the policy. Such procedures can consist of a system for tracing raw materials which implies: creating internal documentation of due diligence processes, findings and resulting decisions (OECD 2016: 33).

It says this will be facilitated by “establishing permanent business relations as the best means for a continual flow of information”. There is no substitute for this because

“the execution and follow-up of periodic audits and of environmental, social and human rights impact assessments can also help assess compliance but should not substitute for such information flows” (OECD 2016: 33).

The OECD therefore clearly stipulates that processes are to be established within the company and not outsourced to external bodies. This could create gaps, as it will prevent the necessary knowledge from being acquired.

RISK DESCRIPTION IN GERMAN AND EUROPEAN LEGISLATION

The German Supply Chain Due Diligence Act⁴ (LkSG) states that companies must act immediately where there are “actual indications” that “suggest that a violation of a human rights-related or an environment-related obligation at indirect suppliers may be possible (substantiated knowledge)”.

Section 9 regulates due diligence for indirect suppliers (see box).

Section 9 Indirect suppliers

- (1) The enterprise must set up the complaints procedure pursuant to section 8 in such a way that it also enables persons to report risks to human rights or environment-related risks as well as violations of human rights-related or environment-related obligations that have arisen due to the economic actions of an indirect supplier.
- (2) The enterprise must adapt its existing risk management system as defined in section 4 in accordance with paragraph (3).
- (3) If an enterprise has actual indications that suggest that a violation of a human rights-related or an environment-related obligation at indirect suppliers may be possible (substantiated knowledge), it must without undue delay and as warranted

⁴ See Supply Chain Due Diligence Act, 16/07/2021, Federal Law Gazette 2021 Part I No. 46, pp. 2959–2969.

1. carry out a risk analysis in accordance with section 5 (1) to (3),
2. lay down appropriate preventive measures vis-à-vis the party responsible, such as the implementation of control measures, support in the prevention and avoidance of a risk or the implementation of sector-specific or cross-sector initiatives to which the enterprise is a party,
3. draw up and implement a prevention, cessation or minimisation concept and
4. update its policy statement in accordance with section 6 (2), if necessary.

(4) The Federal Ministry of Labour and Social Affairs is authorised to regulate the details of paragraph (3) by statutory instrument in agreement with the Federal Ministry for Economic Affairs and Energy without the consent of the Bundesrat.

Source: Supply Chain Due Diligence Act, 16/07/2021, Federal Law Gazette 2021 Part I No. 46, p. 2964.

BAFA guidelines

The federal government has commissioned the Federal Office for Economic Affairs and Export Control (BAFA) to set up its own division for implementing and monitoring compliance with LkSG. One of its tasks is to help companies implement the act. Among other things, it has published a guide, entitled „Risiken ermitteln, gewichten und priorisieren. Handreichung zur Umsetzung einer Risikoanalyse nach den Vorgaben des Lieferkettensorgfaltspflichtengesetzes“ (“Identifying, assessing and prioritising risks. Handout for implementing a risk analysis in accordance with the provisions of the Supply Chain Due Diligence Act”).

This handout highlights how important it is for companies to identify risks in the supply chain. It provides a step-by-step explanation as to how companies should proceed. It explicitly emphasises that based on the UN Guiding Principles and in order to meet the provisions of the German act, companies must first of all gradually identify the risks for their direct suppliers as well as for the entire supply chain if there are specific indications of potential abuse or changes to its supplier structure: “A regular risk analysis must be conducted once a year. This must consider all the risks within your own business area and at your direct suppliers. The law stipulates two triggers for an ad-hoc risk analysis:

(1) The object of an ad-hoc risk analysis based on substantiated knowledge is the possible violation of a human rights or environmental obligation at one or more indirect suppliers. Substantiated knowledge means that a company believes there are actual indications that suggest that a violation of a human rights-related or an environment-related obligation at indirect suppliers may be possible. These may take the form of a report to a grievance authority, information in the media or a civil society report as well as discussions about cases or issues within existing industry initiatives, for example.

(2) The objects of an ad-hoc risk analysis in the event of a change in business activity are risks whose specific material changes or additions a company should expect to experience within both the entire supply chain and its own business area. This can be due to internal decisions, with regard to major investments or the opening up of a new procurement country, for example, or external events, such as the start of a conflict or a natural disaster in a country where they already operate. In both cases, companies are required to review the risks along their supply chain on an ad-hoc basis. The entire supply chain must be taken into account. This means that any risks in the supply chain must be analysed for which a material change and/or addition are obvious from the company's perspective due to its changed business activity.

In principle, companies are recommended to proceed proactively within the meaning and purpose of the LkSG and the provisions of the relevant international frameworks, such as the UN Guiding Principles on Business and Human Rights. If a company is already aware that substantial human rights or environmental risks are to be expected within its downstream supply chain and/or individual raw material or commodity supply chains, the company is advised to incorporate the relevant parts of the supply chain into its regular annual risk analysis. In short: companies who consider the risks within their downstream supply chain from the outset often save themselves a great deal of effort for a subsequent ad-hoc risk analysis and the ensuing update of their own preventive measures. (BAFA 2022: 8)

EU directive: work in progress

An EU directive for deforestation-free products, for which the Commission presented a draft in November 2021, has not yet been agreed. This will regulate product-related due diligence for risk products that are associated with the destruction of forests. These products include palm oil as one of the main drivers of deforestation. It pursues a risk-based approach, which requires reduced due diligence by companies that source their products from low-risk areas rather than standard and/or high-risk areas, based on a list of at-risk countries. Companies that want to import palm oil from at-risk areas into the EU must therefore prove that it has not contributed to deforestation or forest degradation. In order to be able to demonstrate reasonable due diligence, appropriate risk management must be introduced. This is very likely to include full transparency of the supply chain, which in turn requires the establishment of long-term relationships while taking account of human rights aspects.

The EU Commission presented an initial draft of a European counterpart to the LkSG in February 2022. Some of the corporate due diligence it contains goes beyond the German LkSG and is more closely based on the UNGP. Firstly, the scope is wider – companies with over 500 employees (or an annual net turnover of EUR 150 million) are already included. For particularly high-risk sectors, such as agriculture, for example, the threshold is even lower (250 employees or EUR 40 million turnover). Secondly, it is important that the entire supply chain is explicitly included. It also gives much more consideration to environmental due diligence. This means that companies in the palm oil sector are likely to be more affected by this regulation than the German legislation. As individual states are responsible for its implementation, the LkSG will likely be amended before it comes into force. Companies would therefore be well-advised to deal with these challenges at an early stage. For risk analyses, this means that the transparency of their supply chain should be immediately ensured, up to and including the plantation. Adequate risk management systems can then be established and used to identify social and environmental risks for the respective sources of supply and initiate appropriate preventive and remedial measures.

In the following sections, the individual steps that a company should take to carry out a risk analysis in the palm oil sector are described in more detail, and the background information necessary for implementation is compiled. The reference framework is the UNGP, as this provides a better way to ensure that corporate due diligence can be measured against the expected international obligations.

STEP 1: ACQUIRE KNOWLEDGE OF INTERNATIONAL AND NATIONAL REQUIREMENTS

Procedure for companies

Within the company, at least a basic knowledge should be acquired of existing requirements and the implementation of these with regard to human rights due diligence in supply chains and of the suggestions for implementation made by the United Nations, the OECD, the federal government and the EU. This guide provides a summary of the most important sources. The [United Nations Guiding Principles on Business and Human Rights](#) are outlined, as are the [OECD guidelines](#). The analysis of the LkSG adopted by the Bundestag and the upcoming EU regulations on deforestation-free products and corporate due diligence for human rights and the environment are making things more complex for companies. Here, companies should urge their trade associations to provide up-to-date, easy to understand and clear guidance – if they have not done so already.

Ideally, one person within the company should be responsible for following discussions in this area – once they are familiar with the topic, it should be possible to do this without it being too time-consuming. However, Management and Purchasing should also be involved. The involvement of Management is explicitly stipulated in the United Nations Guiding Principles, as managers should sign a policy commitment (see next section). Knowledge of the supply chain and the potential risks involved is often concentrated in Purchasing. Those responsible should therefore be involved from the outset to ensure that their knowledge can be used for risk analysis.

The following section provides introductory background information for this process.

1.1 UNITED NATIONS PROVIDES A FRAMEWORK

From 2005 to 2011, John Ruggie, the UN Special Representative for Business and Human Rights appointed by UN Secretary-General Kofi Annan, looked at the role companies played in human rights violations. His work resulted in a number of proposals for defining the responsibility of businesses to respect human rights.

Ruggie's proposals were accepted, and the UN Human Rights Council endorsed the Guiding Principles on Business and Human Rights (UNGPs) in 2011. These Guiding Principles formulate requirements for politics and business and represent a generally recognised reference framework for states and businesses for avoiding human rights violations in global supply and value chains. The Guiding Principles are based on the three pillars of protect, respect and remedy, according to which governments are obliged to protect human rights. This does not relieve businesses of their responsibility, however. They are obliged to respect human rights and should take all necessary steps to minimise and avoid human rights violations in their supply chains. Where the measures taken to protect and respect human rights have not been

sufficient to avoid human rights violations, access to remedy must be ensured and redress made (United Nations Human Rights 2011).

To implement the three pillars, a total of 31 **Guiding Principles** were agreed, which set out specific actions for businesses and governments. UNGP 11 to 24 describe the responsibility of businesses to respect human rights within their supply chains. Due diligence is a key term in these Guiding Principles: companies must establish mechanisms that enable them to identify, prevent and/or mitigate and report any risks to the protection of human rights within their supply chains.⁵ UNGP 15 describes corporate due diligence in more detail and outlines the five key elements (policy statement, risk analysis, action, reporting and grievance mechanisms):

In order to meet their responsibility to respect human rights, business enterprises should have in place policies and processes appropriate to their size and circumstances, including:

(a) A policy commitment to meet their responsibility to respect human rights;

(b) A human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights;

(c) Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute (UNGP 15).

Risk analysis is a core component of this multi-stage process. Identifying human rights risks is a prerequisite for businesses to comply with human rights: if the risks are not known, it is not possible to take action against human rights risks. The results of the risk analysis are therefore closely interlinked with the other key elements: they not only form the basis for effective preventive and remedial action but are also included in reporting and incorporated into the policy statement.

In addition, these operational principles formulate the general requirements for appropriate due diligence (UNGP 17) and for the individual key elements in particular. UNGP 18 deals with the key element of risk analysis:

In order to gauge human rights risks, business enterprises should identify and assess any actual or potential adverse human rights impacts with which they may be involved either through their own activities or as a result of their business relationships. This process should:

(a) Draw on internal and/or independent external human rights expertise;

(b) Involve meaningful consultation with potentially affected groups and other relevant stakeholders, as appropriate to the size of the business enterprise and the nature and context of the operation (UNGP 18)

1.2 OECD MAKES SUGGESTIONS FOR IMPLEMENTATION

Building on the principles of the United Nations, the OECD, which has 38 industrialised and emerging countries as members, has developed implementation criteria. These are incorporated into the update of the OECD Guidelines for Multinational Enterprises (OECD 2011). In addition to the OECD member countries,⁶ 13 other states recognise the binding obligation of the Guidelines.⁷

⁵ An introduction to the process, as well as links to key documents, can be found on the Federal Ministry of Labour and Social Affairs website: <https://www.csr-in-deutschland.de/DE/Wirtschaft-Menschenrechte/NAP/Unternehmerische-Sorgfaltspflicht/unternehmerische-sorgfaltspflicht.html>. This website also provides many implementation examples and support materials.

⁶ Australia, Austria, Belgium, Canada, Chile, Colombia, Costa Rica, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States.

⁷ Argentina, Brazil, Bulgaria, Costa Rica, Croatia, Egypt, Jordan, Kazakhstan, Morocco, Peru, Romania, Tunisia, and Ukraine.

In addition to the general guidelines, the OECD has drawn up specific provisions for a range of industries. These include the [Guidance for Responsible Agricultural Supply Chains](#) (OECD 2016) published together with the FAO. This are important for the palm oil sector, as it mentions the special features of agricultural supply chains, including the involvement of both smallholders and the global flow of goods from many individual sources.

The principles of the United Nations and the OECD suggestions for implementation serve as a guide for the following information.

1.3 FEDERAL GOVERNMENT INITIATES NATIONAL ACTION PLAN

In order to implement the international guidelines, the federal government adopted the [National Action Plan on Business and Human Rights \(NAP\)](#) in December 2016.

At the same time, a number of measures were initiated which were designed to help companies implement the principles of the United Nations. The federal government's provision is thus closely aligned with the UN specifications. This includes taking over Principle 15:

Corporate due diligence in the field of human rights comprises five core elements:

1. a policy statement to respect human rights
2. procedures for the identification of actual or potential adverse impact on human rights
3. measures to ward off potentially adverse impacts, remediation and review of the effectiveness of these measures
4. reporting
5. a grievance mechanism

The [support measures](#) are extensive and range from gathering general and industry-specific implementation aids and guidance through special tools for small and medium-sized companies (SMEs) and practical examples to facilitating industry dialogue.

1.4 REQUIREMENTS ACCORDING TO THE GERMAN SUPPLY CHAIN DUE DILIGENCE ACT

The [Supply Chain Due Diligence Act](#) (LkSG) was passed by the Bundestag and Bundesrat in June 2021. The regulations take effect from 2023 onwards for companies with more than 3,000 employees and from 2024 onwards for companies with more than 1,000 employees. In the palm oil industry, many of the companies involved have fewer employees and are therefore not directly impacted by this legislation. On the other hand, however, many small businesses are also involved as suppliers in the supply chains of major brand-name companies and as producers of retailers' own brands. It is also possible that they buy palm oil products from very large intermediate processors that are subject to reporting obligations. In addition, it is assumed that retailers will look very carefully at whether the specifications must also be applied to the marketing of branded goods.

Most of the federal government requirements* are very closely aligned with the UNGP. The following conventions, which result in protected legal positions, are listed in the Annex:

* See Supply Chain Due Diligence Act, 16/07/2021, Federal Law Gazette 2021 Part I No. 46, p. 2968.

1. ILO Convention No. 29 of 28 June 1930 concerning Forced or Compulsory Labour (Federal Law Gazette 1956 II pp. 640, 641)
2. Protocol of 11 June 2014 to ILO Convention No. 29 of 28 June 1930 concerning Forced or Compulsory Labour (Federal Law Gazette 2019 II pp. 437, 438)
3. ILO Convention No. 87 of 9 July 1948 concerning Freedom of Association and Protection of the Right to Organise (Federal Law Gazette 1956 II pp. 2072, 2071) amended by the Convention of 26 June 1961 (Federal Law Gazette 1963 II p. 1135)
4. ILO Convention No. 98 of 1 July 1949 concerning the Application of the Principles of the Right to Organise and to Bargain Collectively (Federal Law Gazette 1955 II pp. 1122, 1123) amended by the Convention of 26 June 1961 (Federal Law Gazette 1963 II p. 1135)
5. ILO Convention No. 100 of 29 June 1951 concerning Equal Remuneration for Men and Women Workers for Work of Equal Value (Federal Law Gazette 1956 II pp. 23, 24)
6. ILO Convention No. 105 of 25 June 1957 concerning the Abolition of Forced Labour (Federal Law Gazette 1959 II pp. 441, 442)
7. ILO Convention No. 111 of 25 June 1958 concerning Discrimination in Respect of Employment and Occupation (Federal Law Gazette 1961 II pp. 97, 98)
8. ILO Convention No. 138 of 26 June 1973 concerning Minimum Age for Admission to Employment (Federal Law Gazette 1976 II pp. 201, 202)
9. ILO Convention No. 182 of 17 June 1999 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (Federal Law Gazette 2001 II pp. 1290, 1291)
10. International Covenant on Civil and Political Rights, 19 December 1966 (Federal Law Gazette 1973 II pp. 1533, 1534)
11. International Covenant on Economic, Social and Cultural Rights, 19 December 1966 (Federal Law Gazette 1973 II pp. 1569, 1570)
12. Minamata Convention on Mercury, 10 October 2013 (Federal Law Gazette 2017 II pp. 610, 611) (Minamata Convention)
13. Stockholm Convention on Persistent Organic Pollutants, 23 May 2001 (Federal Law Gazette 2002 II pp. 803, 804) (POPs Convention), last amended by decision of 6 May 2005 (Federal Law Gazette 2009 II pp. 1060, 1061).
14. Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, 22 March 1989 (Federal Law Gazette 1994 II pp. 2703, 2704) (Basel Convention), most recently amended by the Third Ordinance to Amend the Annexes to the Basel Convention of 22 March 1989, 6 May 2014 (Federal Law Gazette II pp. 306/307)

Specifically, the following areas are covered (see Annex A for wording with explanatory notes):

1. Child labour defined according to ILO Convention No. 138,
2. Worst forms of child labour defined according to ILO Convention No. 182,
3. Forced labour defined according to ILO Convention No. 29 and the International Covenant on Civil and Political Rights of 19 December 1966,
4. Slavery, practices similar to slavery, servitude and other forms of exercising power or oppression in the workplace environment,
5. National legislation relating to applicable health and safety obligations at work,
6. Violation of freedom of association,
7. Unequal treatment in employment,
8. Withholding of a reasonable wage,
9. Causing any harmful soil change, water pollution, air pollution, harmful noise emission or excessive water consumption,
10. Illegal eviction and the prohibition of illegal deprivation of land, forests and waters,
11. Use of private or public security forces to protect business projects.

These points served as a guide for the selection of areas examined in Sections 4 and 5.

STEP 2: PRODUCE A RISK ANALYSIS BASED ON EXISTING GUIDELINES

Procedure for companies

There are many services designed to help companies, especially SMEs, meet their human rights due diligence obligations. These services will continue to increase in number in the near future as many consultancy firms offer assistance. The Helpdesk on Business & Human Rights set up by the federal government provides a helpful overview. Business associations could also take action by expanding their existing support services for their members and making recommendations. This is also something that should be pursued by a key relevant person in a company.

2.1 INSTITUTIONS' GUIDELINES

Various institutions have published guidelines to which companies can refer when preparing their risk analyses.

The [Federal Foreign Office](#) has brought together the principles of the United Nations and the processes in Germany in a separate area of its website dedicated to business and human rights.

The Global Compact Network Germany Office ([UN GCG](#)) publishes important information on its website and has also provided a range of resources including its own online seminar on identifying risks and impacts. The organisation's [website](#) also includes a [detailed analysis](#) of which stakeholders need to be involved.

The non-profit organisation *Shift* provides a comprehensive [explanation](#) of the main human rights issues. Equally very helpful is the guidance published by the [Danish Institute for Human Rights](#) (IISD), which sets out in detail the steps a company should take in succession in order to produce a comprehensive human rights risk analysis.

2.2 HELPDESK ON BUSINESS & HUMAN RIGHTS

The [Helpdesk on Business & Human Rights](#) is a free support service provided by the federal government. It advises companies individually and confidentially on implementing human rights due diligence processes in their supply and value chain. As the first point of contact for initial advice and referrals, the advisors help companies do business in an environmentally friendly and socially responsible way. Workshops and training courses for companies are also offered. Event formats like the "Berlin Breakfast: Business & Human Rights" give companies the opportunity to engage in dialogue with representatives from business associations, government departments and civil society.

Free, practical online tools also help companies implement human rights due diligence processes:

SME Compass: The [SME Compass](#) provided by the Helpdesk on Business & Human Rights is a free information portal for small and medium-sized companies (SMEs). It offers companies specific guidance, tips and practical help on implementing human rights due diligence measures. With the aid of simple questions, the online tool

guides users through a series of steps in which they learn to apply due diligence standards to their business activities and give greater consideration to these. The focus is always on the specific challenges, needs and requirements of SMEs.

Corporate Social Responsibility (CSR) Risk Check: With the free [CSR Risk Check](#) online tool implemented jointly by Maatschappelijk Verantwoord Ondernemen (MVO) Nederland, UPJ and the Helpdesk on Business & Human Rights, companies can filter by raw materials, services or products and countries in order to narrow down this extensive area to aspects relevant to the individual company. The results provide an overview of potential human rights and environmental risks. More than 2,700 sources are used for the CSR Risk Check.

Business & Human Rights Navigator: The free [Business & Human Rights Navigator](#) online tool is being implemented in partnership with the United Nations Global Compact (UNGC) and Verisk Maplecroft. It provides consolidated knowledge of the practical implementation of human rights in supply and value chains. The service is tailored to the UNGP and divided into key themes and sectors. Its practical examples can also be specifically filtered.

2.3. COMPANY RISK ANALYSES

Many companies have meanwhile begun to prepare risk analyses for their supply chains. There are also many agencies who specialise in producing these analyses for businesses. However, UN and OECD guidelines state that the necessary expertise should always be developed within the companies themselves. This is also the urgent advice of companies who have already produced comprehensive risk analyses and put countermeasures in place.

Nevertheless, when compiling risks in the palm oil sector it is possible to use material that companies have already developed, be it product-specific or generally binding.

STEP 3: IDENTIFY THE ORIGIN OF THE PALM OIL USED

Procedure for companies

In the company, the flow of the palm oil must be recorded and traced, if this has not already been done. As the first step of the analysis, its origin should be identified down to the country of origin. The first step is to approach either the company's own buyers or the supplying companies and gather the data needed to make the origin of the palm oil traceable (see Annex C for details on the definition of traceability).

It can be concluded from the UNGP requirements summarised in section 2 and particularly from the OECD recommendations for action that transparency in the supply chain is of key importance for the entire human rights due diligence process. Ultimately, companies will only be able to carry out a risk analysis if they know the precise origin of their palm oil.

For the initial rough analysis of the risks, it is necessary to clarify from which country the palm oil originates. This is the starting point for answering the question of whether there are potential risks and what further steps need to be taken.

Direct purchase simplifies analysis

Some SMEs buy palm or palm kernel oil directly from plantations or mills with existing knowledge of where the palm oil is cultivated (and/or crushed in the case of palm kernel oil) and already have an excellent understanding of their supply chain. This is especially true of companies operating in niche markets that use ecological and fairly traded products. Even those whose products rely solely on certified goods in accordance with the Identity Preserved (IP) principle can trace their produce back to the plantation.

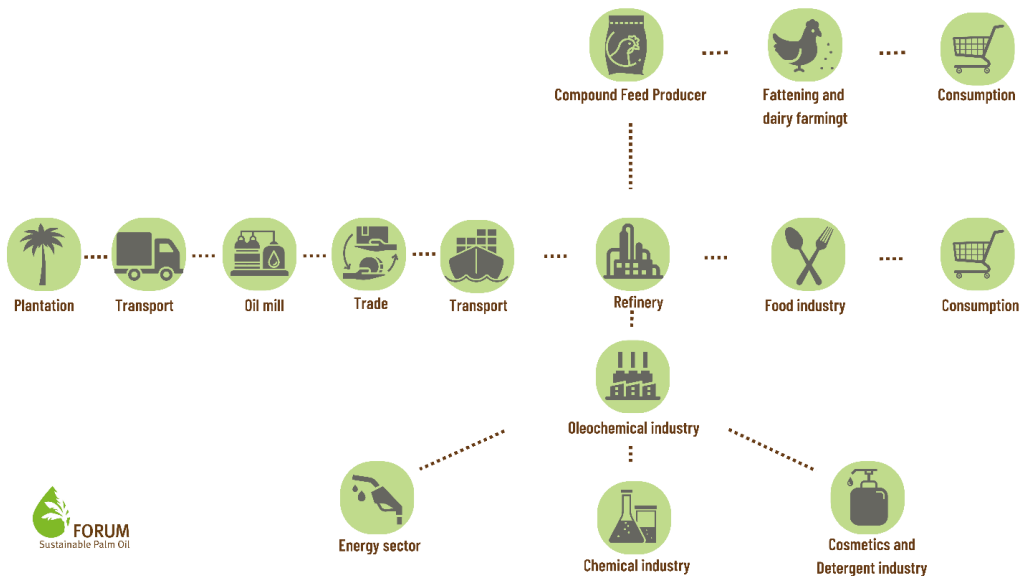
Supply chains must become more transparent

Some businesses buy palm oil from intermediaries, others need certain derivatives that they purchase from subsequent links in the value chain – often in Europe. In between, there are hundreds of refineries that clean and process the palm oil and are mostly located in the production areas themselves. These are regarded as the bottleneck in the supply chain; most of them are large commodity traders that also import or export to the EU.

In recent years, various certification systems have been established for palm oil, one of which has relatively extensive market penetration: around a quarter of refineries are certified in accordance with the standards of the Roundtable on Sustainable Palm Oil (RSPO). The International Sustainability and Carbon Certification (ISCC) and the Roundtable on Sustainable Biomaterials (RSB) certification systems are far less widespread. Some certification systems have also been established by the producing countries of Malaysia and Indonesia. The Malaysian MSPO standard is enshrined in law and requires proof that the palm oil has originated from legal concessions. This legal status could make it easier to improve the transparency of chains in future.⁹

⁹ The ISEAL Alliance, an association of important standard-setting organisations, including the RSPO and the Rainforest Alliance, has also drafted guidelines for the credibility of standard-setting organisations. Information is available on the network's website, see: <https://www.isealliance.org/>.

Palm oil supply chain



Action for Sustainable Derivatives (ASD) is another platform created by businesses mainly from the cosmetics and chemical industry that primarily process palm oil derivatives. Its goal is to make the supply chains of these derivatives more transparent. This collaborative initiative could also result in even this complex supply chain becoming more transparent in future.

The criteria of the individual standards are relatively comprehensive. The Standards Map database of the [International Trade Centre](#) can be used to compare the criteria. It records several hundred standards for a wide range of products. However, it should be noted that this database, funded by the federal government and others, only records the criteria for the standards themselves and not their actual impact on the local situation. To comply with due diligence, however, it is not enough to rely solely on certified goods. The OECD recently explicitly reiterated this in its own [handout](#), “[The role of sustainability initiatives in mandatory due diligence – Note for policy makers](#)”. Rather, a business must establish its own risk management systems based on its supply chain, for which control procedures also need to be established in order to be able to continuously monitor the effectiveness of the certification system. This means that businesses must invest even more heavily in the transparency of their supply chains. This not only applies to the laws adopted on human rights due diligence in Germany and France, for example, as well as similar endeavours in other countries and at an EU level. It also applies to the EU’s efforts to be able to verify that all imports are deforestation-free products. Companies will only be able to demonstrate both if they know their supply chain.

As with other agricultural products, pinpointing plantations using GPS and subsequently measuring the acreage, as well as monitoring the area via satellite systems, provide the opportunity to establish transparent supply chains.

Currently, however, the origin of only a small amount of palm and palm kernel oil imported into Germany can be largely of fully traced (Segregated (SG) or even Identity Preserved (IP)).

Large quantities of certified palm and palm kernel oil are traded using the book-and-claim system. This means that the vast majority of companies do not know the origin

of their palm oil. There are still major challenges in tracking derivatives, in particular, as raw materials with a wide range of origins are amalgamated during the processing of palm oil in large chemical plants. In future, the purchase of palm and palm kernel oil and their derivatives using mass balance or book-and-claim systems – and therefore without precise knowledge of the origin of the products bought – will only be possible under the condition that the upstream supplier has carried out all the relevant and necessary due diligence measures (five key elements) for all possible countries of origin and can provide evidence of this in writing. Most FONAP members generally no longer process palm oil traded using the book-and-claim system.

This will involve substantial adjustments in the value chains of the palm oil industry. SMEs now have various options. If they already know where their palm oil was cultivated, it will be immediately possible to produce a risk analysis, including information from upstream suppliers where necessary. However, if they do not know the origin of the palm oil, they will have to negotiate with upstream suppliers.

Suppliers could make risks analyses available

It is possible that a supplier may make the origin of their palm oil transparent. In addition, the supplier may already have conducted extensive risks analyses themselves. These risk analyses can be provided to the supplier's customers. It is then up to the customer to decide whether the risk analyses are sufficient. If they are not, additional steps will need to be taken.

Purchasers could carry out risk analyses themselves

The other option is that the supplier makes the origin of the palm oil transparent and then the company purchasing it carries out the risk analysis. This would most likely be necessary if the supplier is not covered by European regulations.

Support from standard-setting organisations

Companies that buy certified products can also contact standard-setting organisations, in addition to consulting their upstream suppliers. These organisations may be able to provide information about the origin of the purchased products and/or share existing risks in specific regions which the company can then use as a basis for its own risk analysis. It is always advisable to consult standard-setting organisations as in most cases they can offer expertise about the supply chain and about risks in the local area.

Market transparency will significantly increase

National regulations on human rights issues (e.g. in the UK, France, Australia, Germany, the Netherlands) and emerging European regulations on human rights issues and the environment as well as deforestation-free products are exerting considerable pressure on the major companies in the industry. The establishment of transparent structures is likely to significantly intensify, and trading in SG and IP palm and palm kernel oil could also become considerably more important compared to mass balance or book-and-claim systems.

This will also significantly expand the variety of transparent supply chains for SMEs who buy palm and palm kernel oil and their derivatives from suppliers. At the same time, they will have to create complete transparency whenever they buy in the production areas themselves. In addition, it should be reiterated that purchasing certified goods with proof of origin does not exempt businesses from their obligation to establish efficient in-house risk management systems for their own supply chain.

STEP 4: CONDUCT OVERVIEW RISK ANALYSIS FOR THE IDENTIFIED COUNTRIES OF ORIGIN

Procedure for companies

As soon as the origin of the palm oil has been clarified, the company should first obtain an overview of risks in the identified countries of origin. An evaluation of a small amount of easily accessible data is sufficient for an initial assessment of risks in the identified palm oil supplying countries. Basic data relating to the economic and social situation in countries is published annually by the United Nations Development Programme (UNDP). The tables showing the Human Development Index (HDI) include information that enables an initial rough assessment of the supplier countries to be made.

On the basis of this data, it is possible to identify whether there are any risks to be concerned about and whether in-depth analyses are necessary (see Step 5).

Information on the political situation of a country can be compiled from the tables of the Freedom House Index, amfori Business Social Compliance Initiative (amfori BSCI), Transparency International, CIVICUS, the ILO and the International Trade Union Confederation (ITUC). Generally speaking, this enables a rough overview to be gained of the situation within the country without too much effort. All of these works are updated annually, which greatly reduces the effort involved in the updates.

The following section summarises the most important basic information on which an initial overview risk analysis in the palm oil sector should be based.

Based on the identified countries of origin of the palm oil, it can now be examined in an initial rough overview whether basic indices on the social and political situation in these countries suggest that risks exist there. The risks examined in this section build on the guidelines for producing a risk analysis presented in Section 2.

To assess whether the areas of risk apply to the selected countries, only publicly available sources have been analysed for an initial overview. When selecting these sources, the focus was on publications that are internationally recognised and also regularly updated. The databases used here also contain information about countries that have not been examined in this study but which may also be source countries for palm and palm kernel oil. The following information provides an initial overview and also a guide to the possible sources; a detailed analysis for selected countries follows in the country profiles.

4.1. DEVELOPMENT STATUS, POVERTY INDICES, GENDER

Generally, the risk of human rights violations increases in countries in which a large proportion of the population has a very low income or lives in multidimensional poverty (see Table 1 for details) and is therefore dependent on taking up work under

very poor conditions. Child and forced labour are also usually most widespread where a major poverty problem exists.

It is possible to make a rough estimate of a country's living conditions by looking at the annually updated and publicly available HDI drafted by the UNDP. The HDI is calculated based on data relating to life expectancy, school enrolment ratios and income per capita.

The annual report also contains comprehensive data analyses in its statistical annex, for example concerning the proportion of the population living in poverty as measured against the poverty line set by the World Bank, the percentage of working children, school enrolment ratios and the number of people in vulnerable employment.

TABLE 1: DEVELOPMENT STATUS, POVERTY INDICES, GENDER

COUNTRY	HDI (HIGHEST ACHIEVABLE VALUE 1 / RANK OUT OF 189 COUNTRIES)	POPULATION LIVING BELOW THE POVERTY LINE OF \$1.90 PER DAY (PPP) (%)	PROPORTION OF POPULATION IN MULTIDIMENSIONAL POVERTY (%)	GENDER DEVELOPMENT INDEX GROUPS (HIGHEST VALUE 1, LOWEST VALUE 5)
Indonesia	0.718 (107)	4.6	3.6	3
Malaysia	0.810 (62)	n/a	n/a	2
Guatemala	0.663 (127)	8.7	28.9	3
Colombia	0.767 (83)	4.1	4.8	1
Papua New Guinea	0.555 (155)	38.0	56.6	n/a
Thailand	0.777 (79)	0.0	0.8	1
Honduras	0.634 (132)	16.5	19.3	1
Nigeria	0.539 (161)	53.5	46.4	5

Source: UNDP: Human Development Report 2020

The annual comprehensive report by the UNDP and extensive profiles of all countries are available on the UNDP website at <http://hdr.undp.org/>. In addition to the data mentioned, these profiles contain much more information on the situation in the individual countries, such as information on the social and educational system, poverty trends, crime, etc.

The UNDP has also produced an index showing what proportion of the population lives in multidimensional poverty. The indicators are nutrition, child mortality, average years of schooling, school attendance, cooking fuel, sanitation, drinking water, electricity, housing and assets. This can also be found in the annual reports on human development.

It is thus possible to make an initial assessment of where the biggest risks are as regards the countries included in the study.

The data overview of the countries analysed shows that there are significant differences with regard to the categories examined. In some of the main producing countries (Nigeria, Papua New Guinea and the two Central American countries), the level of development (defined by the HDI) and poverty rates are much more precarious than in the two main producing countries of Indonesia and Malaysia, as well as Thailand, for example.

The female-specific development index (defined by the Gender Development Index (GDI)) shows that the situation of women in Nigeria, followed by Indonesia and Guatemala, is significantly worse than in the other countries. No data is available for Papua New Guinea. This in turn is an indication that the economic situation of women

as employees or farmers in the palm oil sector is in all likelihood much worse than that of male employees or self-employed farmers.

4.2 POLITICAL ENVIRONMENT

A range of databases and websites, which are also updated annually, provide information on how to assess the political environment of the country concerned.

TABLE 2: POLITICAL ENVIRONMENT

COUNTRY	FREEDOM SCORES (SCORE OUT OF 100 / STATUS) (1)	RISK CLASSIFICATION (SCORE OUT OF 100 / CLASSIFICATION) (2)	CORRUPTION PERCEPTIONS INDEX (SCORE OUT OF 100 / RANK OUT OF 180 COUNTRIES) (3)	STATE OF CIVIC SPACE (STATUS) (4)
Indonesia	59 (partly free)	45.4 (risk country)	38 (96/180)	Obstructed
Malaysia	50 (partly free)	63.8 (low-risk country)	48 (62/180)	Obstructed
Guatemala	51 (partly free)	27.3 (risk country)	25 (150/180)	Obstructed
Colombia	64 (partly free)	46.6 (risk country)	39 (87/180)	Repressed
Papua New Guinea	62 (partly free)	26.3 (risk country)	31 (124/180)	Obstructed
Thailand	29 (not free)	45.7 (risk country)	35 (110/180)	Repressed
Honduras	47 (partly free)	26.8 (risk country)	23 (157/180)	Repressed
Nigeria	43 (partly free)	17.2 (risk country)	24 (154/180)	Repressed

Sources:

(1) Freedom House Index: <https://freedomhouse.org/countries/freedom-world/scores> (as of March 2022). Countries are divided into the categories "not free", "partly free" and "free". Countries can receive a total of up to 100 points. The assessment includes factors such as whether there is a multi-party system, whether democratic elections take place, whether everyone has access to political processes and whether parties have access to voters and the media.

(2) amfori BSCI: https://www.amfori.org/sites/default/files/amfori-2020-11-12-Country-Risk-Classification-2021_0.pdf (as of June 2021). A distinction is made between "risk countries" and "low-risk countries". Countries can receive a total of up to 100 points. The assessment includes factors such as public participation in political decisions, government accountability, political stability, government effectiveness, quality of regulation, rule of law and corruption controls. For extended country profiles see: <https://www.amfori.org/content/country-due-diligence-tool> (as of June 2021).

(3) Transparency International: <https://www.transparency.de/cpi/cpi-2021/> (as of January 2022, data for 2021). The only assessment benchmark is the spread of corruption.

(4) CIVICUS: <https://monitor.civicus.org/> (as of March 2022). Countries are rated as "closed", "repressed", "obstructed", "narrowed" or "open". The assessment includes factors such as whether anti-government protests are allowed, whether the opposition is persecuted, whether restrictive legislation is passed, whether journalists are attacked, persecuted or imprisoned, whether human rights defenders are imprisoned, whether there is censorship, whether security forces use excessive force and whether demonstrations are prohibited.

The Freedom House Index provides an initial overview, enabling the overall political situation in a country to be assessed. The assessment focuses on political rights, civil liberties and many other criteria. For Indonesia, for example, an assessment was made of the security situation as well as the role of ethnic and regional conflicts, land conflicts, corruption and immunity from prosecution for individual persons. Also included in the assessment are treatment of the opposition, the media, freedom to practice and express belief and the right to organise. The reports are continuously updated and provide an instantaneous overview of the political situation in each country (see Table 2).

The amfori BSCI initiative, which is supported by businesses, has created country ratings which also provide an initial overview. These ratings are also based on fundamental rights of freedom and, in addition, look at political stability, government efficiency, regulatory frameworks, the rule of law and efforts to combat corruption. Members can view very detailed country information on the website.

The corruption index produced by Transparency International enables an assessment to be made of how endemic corruption is within a country. The data for the countries examined shows, for example, that the risk of corruption is extremely high in Guatemala, Honduras and Nigeria. In turn, the report published regularly by CIVICUS on the ability of civil society to act freely in a country provides an indication of whether trade unions and non-governmental organisations can operate freely and expose human rights violations through their work. This shows that the situation in Colombia, Honduras, Thailand and Nigeria is particularly bad but that there are also risks in other countries.

The overview of the countries examined shows that there are considerable risks with regard to freedom in all countries, especially in Thailand, which is classified as “not free”. The general security situation in the Latin American countries is also worrying, with a very high danger to life, especially for human rights defenders, environmentalists and trade unionists. Colombia and Honduras are listed among the 10 worst countries for workers (ITUC 2021), due to widespread violence, general hostility to trade union membership and dismissals. It is notable that all the countries examined, except for Malaysia, are considered risk countries by amfori BSCI.

4.3 WORKING CONDITIONS, CHILD AND FORCED LABOUR

Apart from Malaysia and Thailand, all of the countries examined have signed the ILO Core Conventions, providing an initial indication that many states are at least attempting to stop human rights violations in the workplace.

The [core labour standards](#) are¹⁰:

- ▶ Convention 87: Freedom of Association and Protection of the Right to Organise Convention, 1948;
- ▶ Convention 98: Right to Organise and Collective Bargaining Convention, 1949;
- ▶ Convention 29: Forced Labour Convention, 1930, and Protocol of 2014 to the Forced Labour Convention, ILO 2014;
- ▶ Convention 105: Abolition of Forced Labour Convention, 1957;
- ▶ Convention 100: Equal Remuneration Convention, 1951;
- ▶ Convention 111: Discrimination (Employment and Occupation) Convention, 1958;
- ▶ Convention 138: Minimum Age Convention, 1973;
- ▶ Convention 182: Worst Forms of Child Labour Convention, 1999;

It is notable that, of all countries, Malaysia and Thailand, which many people regard as progressive, have not signed all the core labour standards. This applies to the Freedom of Association Convention in both countries and, additionally, the Right to Organise in Thailand and the Ban on Discrimination in Malaysia.

However, ratification of these is only a first step and says little about how far the Core Conventions are actually being implemented in practice. The International Trade Union Confederation (ITUC) produces an annual assessment of where violations of labour laws occur. Of the countries examined, systematic violations of rights are identified for Nigeria, which is the equivalent of level 4 of 5. No assessment is available for Papua New Guinea. In all other states, there is no guarantee of rights (level 5) (see Table 3).

¹⁰ Two other occupational safety conventions came into force as core labour standards in June 2022, too late to be included in this guide.

TABLE 3: WORKING CONDITIONS, CHILD AND FORCED LABOUR

COUNTRY	RATIFICATION OF ILO CORE CONVENTIONS (1)	ITUC GLOBAL RIGHTS INDEX (2)	VULNERABLE EMPLOYMENT (%) (3)	CHILD LABOUR (% AGE IN BRACKETS) (4)	CHILDREN'S RIGHTS IN THE WORKPLACE INDEX (10 IS WORST VALUE) (5)
Indonesia	Yes	5 (no guarantee of rights)	47.9	3.7 (10-14)	4.9
Malaysia	No: not C087 and C111	5 (no guarantee of rights)	21.8	n/a	4.6
Guatemala	Yes	5 (no guarantee of rights)	37.5	6.5 (7-14)	4.9
Colombia	Yes	5 (no guarantee of rights)	47.1	2.5 (5-14)	4.0
Papua New Guinea	Yes	n/a	77.9	n/a	7.3
Thailand	No: not C087 and C098	5 (no guarantee of rights)	48.5	13 (5-14)	3.8
Honduras	Yes	5 (no guarantee of rights)	41.4	9 (5-14)	5.3
Nigeria	Yes	4 (systematic violations of rights)	77.6	47.5 (5-14)	5.9

Sources:

(1) There is a separate website dedicated to ratifications of ILO Core Conventions:

https://www.ilo.org/dyn/normlex/en/?p=NORMLEXPUB:10011:0::NO::P10011_DISPLAY_BY,P10011_CONVENTION_TYPE_CODE:1,F

The ILO website also provides details of which other Conventions have been ratified by individual countries.

(2) ITUC: https://files.mutualcdn.com/ituc/files/ITUC_GlobalRightsIndex_2021_DE-final.pdf (as of 2021).

(3) UNDP: Human Development Report 2020: <http://hdr.undp.org/>.

(4) United States Department of Labor (USDOL): Findings on the Worst Forms of Child Labor: <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/findings> (as of 2021).

(5) UNICEF/Global Child Forum: <https://www.childrensrighsatlas.org/country-data/workplace/> (as of 2022)

Regarding the protection of workers' rights, another important aspect that needs to be examined is whether workers have regular employment contracts. According to UNDP, this is not the case for more than two thirds of workers in Nigeria and Papua New Guinea, but vulnerable employment is also widespread in the other countries. Only in Malaysia is this rate below a third.

For the countries examined, there is no consistent data about working children, but the figures are relatively low for developing and emerging countries. There is a major problem in Nigeria, where almost half of all children are involved in child labour. No figures at all are available for Papua New Guinea, where there is likely to be a high risk of child labour due to widespread poverty. Since the majority of working children around the world work in the agricultural sector, it can be concluded that there are high risks in the palm oil supply chain. This is also demonstrated in the United Nations International Children's Emergency Fund's (UNICEF) risk assessment, which looks at the relationship between children's rights, work and parents' employment rights. In each of the countries cultivating oil palms, the risks of economic activity having a negative impact on children's rights are considered to be present and in some cases relatively widespread (Honduras, Nigeria), while in Papua New Guinea, they are very high.

In addition to the Core Conventions, there are [other important ILO Conventions that are of considerable significance for the palm oil sector](#). In particular, these are:

- ▶ Convention 11: Right of Association (Agriculture) Convention, 1921;
- ▶ Convention 97: Migration for Employment Convention (Revised), 1949;
- ▶ Convention 99: Minimum Wage Fixing (Agriculture) Convention, 1951;
- ▶ Convention 129: Labour Inspection (Agriculture) Convention, 1969;
- ▶ Convention 131: Minimum Wage Fixing Convention, 1970;
- ▶ Convention 141: Rural Workers' Organisations Convention, 1975;
- ▶ Convention 169: Indigenous and Tribal Peoples Convention, 1989;
- ▶ Convention 184: Safety and Health in Agriculture Convention, 2001.

Although these are not part of the Bill of Human Rights, as internationally recognised standards they may provide direction when assessing whether national governments are making greater efforts to implement important ILO Conventions (see Table 4).

Only Guatemala has ratified almost all of these conventions; Indonesia, Colombia, Thailand and Honduras not a single one. Malaysia and Guatemala have signed the ILO Minimum Wage Fixing Convention (131); Guatemala and Papua New Guinea have also signed the Minimum Wage Fixing (Agriculture) Convention. Convention 11 has only been signed by Guatemala, Nigeria and Papua New Guinea and Convention 97 only by Guatemala and Nigeria. Malaysia has only ratified both of these in some regions. Not a single country has ratified the Safety and Health Convention. For the palm oil sector, it is also significant that only Guatemala, Colombia and Honduras have signed the Indigenous and Tribal Peoples Convention. It is particularly worrying that Indonesia, Malaysia and Papua New Guinea, where there are repeated disputes over indigenous peoples' land, have not signed this convention. These are indications that there are significant gaps in the regulatory environment of the palm oil sector in all the countries examined, except for Guatemala.

TABLE 4: ILO CONVENTIONS

COUNTRY	ILO 11 RIGHT OF ASSOCIATION (AGRICULTURE)	ILO 97 MIGRATION FOR EMPLOY- MENT	ILO 99 MINIMUM WAGE FIXING MACHINERY (AGRICULTURE)	ILO 129 LABOUR INSPEC- TION (AGRI- CULTURE)	ILO 131 MINIMUM WAGE FIXING	ILO 141 RURAL WORKERS' ORGANI- SATIONS	ILO 169 INDIGE- NOUS AND TRIBAL PEOPLES	ILO 184 SAFETY AND HEALTH IN AGRI- CULTURE
Indonesia	No	No	No	No	No	No	No	No
Malaysia	Partially (Peninsular and Sarawak)	Partially (Sabah)	No	No	Yes	No	No	No
Guatemala	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Colombia	No	No	No	No	No	No	Yes	No
Papua New Guinea	Yes	No	Yes	No	No	No	No	No
Thailand	No	No	No	No	No	No	No	No
Honduras	No	No	No	No	No	No	Yes	No
Nigeria	Yes	Yes	No	No	No	No	No	No

Source: ILO: <https://www.ilo.org/dyn/normlex/en/?p=NORMLEXPUB:12001:0::NO> (as of August 2022)

STEP 5: DETAILED COUNTRY-SPECIFIC RISK ANALYSIS FOR THE IDENTIFIED COUNTRIES OF ORIGIN

Procedure for companies

If Step 4's fairly rough analysis of the situation in the palm-oil-producing countries brings human rights risks to light, additional databases and studies must be analysed. One possible point of entry into the research is the [CSR Risk Check](#), which is based on a large number of databases and also incorporates current studies. Another option is to use annually updated country reports from various US authorities, which give a detailed account of the prevalence of child labour, forced labour and human rights violations.

Employees of the companies who visit suppliers often have a deeper and more up-to-date understanding of the local situation than these cross-border studies can provide. A process should therefore be organised within the company to record this knowledge and incorporate it into the risk analyses.

Sources relating to important palm-oil-producing countries of origin are brought together below. A country-specific detailed analysis can be based on these.

5.1 INDONESIA

Introduction

Palm oil is hugely important to the Indonesian economy. The country is the world's leading producer and exporter of palm oil. In 2019, Indonesia produced 42.9 million¹¹ tons of palm oil, which represents around 60% of the global palm oil supply. Although its HDI is in the upper to middle bracket, there are major human rights risks in Indonesia, including in the palm oil sector. However, there are clear regional differences, as can be seen in Table 6. The HDI of the palm-oil-producing regions is lowest in West Papua at 0.653 (roughly equivalent to the HDI of Nicaragua) and highest in Riau at 0.729 (roughly equivalent to the HDI of Colombia). While Indonesia has more than halved its poverty rate since 1999, poverty is a persistent problem, especially in the agricultural sector. The clear gender differences, recognisable by the GDI Groups, also point to considerable risks. amfori BSCI lists the country as a risk country, with this categorisation based on the classification of "partly free" by the Freedom House Index and on the endemic corruption as measured by Transparency International. Indonesia has signed the ILO Core Conventions but none of the other conventions identified as relevant for the palm oil sector. It is therefore not surprising that the International Trade Union Confederation (ITUC) reports major labour law violations. One success in this area, however, is the revised version the Omnibus Law adopted in 2020 following protests by trade unions.¹² This law was intended to attract foreign investors. Among other things, the plan was to abolish sectoral minimum wage, increase the permitted overtime per day and week and reduce the number of days off per week. As a result, hard-won employee rights

¹¹ See: <https://www.fao.org/faostat/en/#data/QCL>

¹² See: <https://www.ituc-csi.org/indonesian-unions-celebrate?lang=en>.

and demands would have been massively restricted. The draft will now be revised by 2023 (CSR Risk Check). Child labour is also prevalent, and vulnerable employment is widespread (see Table 5).

TABLE 5: INDONESIA COUNTRY TABLE

HDI (HIGHEST ACHIEVABLE VALUE 1 / RANK OUT OF 189 COUNTRIES)	POPULATION LIVING BELOW THE POVERTY LINE OF \$1.90 PER DAY (PPP) (%)	PROPORTION OF POPULATION IN MULTI-DIMENSIONAL POVERTY (%)	GENDER DEVELOPMENT INDEX GROUPS (HIGHEST VALUE 1, LOWEST VALUE 5)	FREEDOM HOUSE (SCORE OUT OF 100 / STATUS)	AMFORI BSCI (SCORE OUT OF 100 / CLASSIFICATION)	CORRUPTION PERCEPTIONS INDEX (SCORE OUT OF 100 / RANK OUT OF 180 COUNTRIES)
0.718 (107) (2020)	4.6 (2020)	3.6 (2020)	3 (2020)	59 (partly free) (March 2022)	45.4 (risk country) (June 2021)	38 (96/180) (January 2022)
STATE OF CIVIC SPACE (STATUS)	RATIFICATION OF ILO CORE CONVENTIONS	ITUC GLOBAL RIGHTS INDEX	VULNERABLE EMPLOYMENT (%)	CHILD LABOUR (%; AGE IN BRACKETS)	CHILDREN'S RIGHTS IN THE WORKPLACE INDEX	ILO 11 RIGHT OF ASSOCIATION (AGRICULTURE)
Obstructed (March 2022)	Yes (Aug 2022)	5 (no guarantee of rights) (2021)	47.9 (2020)	3.7 (10-14) (2021)	4.9 (2022)	No (Aug 2022)
ILO 97 MIGRATION FOR EMPLOYMENT	ILO 99 MINIMUM WAGE FIXING MACHINERY (AGRICULTURE)	ILO 129 LABOUR INSPECTION (AGRICULTURE)	ILO 131 MINIMUM WAGE FIXING	ILO 141 RURAL WORKERS' ORGANISATIONS	ILO 184 SAFETY AND HEALTH IN AGRICULTURE	
No (Aug 2022)	No (Aug 2022)	No (Aug 2022)	No (Aug 2022)	No (Aug 2022)	No (Aug 2022)	

Sources: see Section 4; figures in brackets reflect the "as of" date

In Indonesia, the majority of oil palm is cultivated on large plantations. 53% of these are privately owned, 40% belong to smallholders and 7% to the state. The principal production regions are Sumatra (in the provinces of Riau, North Sumatra, South Sumatra, Jambi and West Sumatra), where most of the national production takes place, followed by Kalimantan on the island of Borneo (Schleicher et al. 2019; Jelsma et al. 2017; see also Table 6).

In Papua and West Papua, there have been protests and conflict since the 1960s as a result of the Indonesian government's assumption of power in these areas, which is contested under international law. The conflict has repeatedly led to people fleeing to Papua New Guinea, the country on the other half of the island, or to forests with no access to services and humanitarian aid, for fear of abuse by the security forces, imprisonment or torture. West Papuans are subject to racist behaviour and oppression by Indonesians, including for peaceful political expression. Human rights activists are particularly at risk here, and there are serious human rights risks in this region. Oil palm cultivation also plays a role in this, as the Papuans' access to their land and forests is under threat as a result of increasing cultivation and the associated environmental damage. This is particularly important, as West Papua is not currently one of the principal production regions but has been the focus of plans for a huge expansion of oil palm plantations in recent years, due to the increasingly limited availability of land in Kalimantan and on Sumatra (Preferred by Nature 2017). Almost all international aid organisations and independent journalists are denied access to West Papua; the same applies to the UN's request for human rights monitoring. As a result, there is little specific knowledge about palm oil in the region, but particular caution should be applied due to the circumstances described.¹³

¹³ See: <https://www.rnz.co.nz/international/pacific-news/457863/west-papua-conflict-deepens-questions-over-regional-response> and <https://www.acaps.org/country/indonesia/crisis/papua-conflict>

TABLE 6: INDONESIAN PROVINCES BY PRODUCTION VOLUME

PROVINCE	OIL PALM CULTIVATION SHARE OF TOTAL PRODUCTION (%) (1)	HDI 2021 (2)	MONTHLY INCOME OF FORMAL EMPLOYEES IN THE AGRICULTURAL SECTOR (IDR) (2)	MONTHLY INCOME OF INFORMAL EMPLOYEES IN THE AGRICULTURAL SECTOR (IDR) (2)	POOR PEOPLE IN RURAL AREAS AS OF SEPTEMBER 2021 (%) (2)
Riau	27	0.729	2,564,001	1,700,452	7.19
North Sumatra / Sumatera Utara	15	0.720	2,128,515	1,264,941	8.26
South Sumatra / Sumatera Selatan	10	0.702	1,671,809	1,330,816	13.28
Jambi	8	0.716	1,802,416	1,496,677	6.28
West Kalimantan / Kalimantan Barat	6	0.679	2,220,238	1,195,561	8.05
South Kalimantan / Kalimantan Selatan	5	0.713	2,455,950	1,182,744	5.28
Central Kalimantan / Kalimantan Tengah	4	0.713	2,720,803	1,542,861	5.23
West Sumatra / Sumatera Barat	4	0.727	2,008,872	1,189,797	7.23
West Papua / Papua Barat	-	0.653	2,123,166	1,517,823	33.50

Sources:

(1) United States Department of Agriculture (USDA) (2021): Palm Oil Explorer.

<https://ipad.fas.usda.gov/cropexplorer/cropview/commodityView.aspx?cropid=4243000>

(2) Statistics Indonesia (2022)

Social risks

Workers' and farmers' income

In Indonesia, some plantation workers are paid an hourly wage. However, this is often not enough to cover their daily needs and is frequently below the statutory minimum wage. More often, however, a system is used on the plantations, according to which payment of the minimum wage is linked to certain harvest volumes, with bonus payments for exceeding these quotas. This frequently results in unpaid overtime and weekend working to meet the required target or in extra hours to earn additional bonuses.¹⁴ To achieve the high quotas, family members and children are often employed without pay (Brandi et al. 2013; Schleicher et al. 2019).¹⁵

Smallholders who are not employed by a company live from the proceeds of the crops they sell and are therefore heavily dependent on the local price per kilo that is determined weekly and subject to considerable fluctuations (CSR Risk Check; Schleicher et al. 2019). For smallholders, oil palm cultivation is an important, but often not their only, source of income. For example, many grow other agricultural products or are formally or informally employed elsewhere (Jelsma et al. 2017).

No comprehensive data is available on exact earnings in the palm oil sector, but incomes are lowest in the agricultural sector in Indonesia. They are between EUR 73.64 and EUR 115.24 a month. There are big differences between informal and formal workers and production regions. The highest wages are paid in Central Kalimantan, one of the smaller production regions, followed by Riau, the principal production region. The lowest wages are paid in South Sumatra, the third most

¹⁴ See: <https://news.mongabay.com/2020/12/labor-abuses-rspo-oil-palm-plantations-indonesia-sumatra-kalimantan/>

¹⁵ See: <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/indonesia>

important palm oil region. This illustrates that wage levels are not directly related to the size of the production region (for details, see Table 6).

A great many incidents, according to studies: South Sumatra, North Sumatra

Child labour

Child labour is a well-known problem in Indonesia, especially in rural areas in the agricultural sector. The latest available figures are from 2018, when 3.7% of those aged between 10 and 14 were involved in child labour (see Table 5). The figures from the National Statistics Office for 2011 were particularly high in Papua (36%) and West Papua (27%) (Statistics Indonesia 2022). Work in the palm oil sector is physically demanding; a bunch of fruit can weigh over 50 kg. Operations also include the gathering and loading of fruit. Other tasks, also performed by children, are planting, applying fertiliser, cutting and spraying the plants with pesticides, etc. Specific figures are not available for the palm oil sector (UNICEF 2016)¹⁶. In view of the above-mentioned quota system, children remain at high risk of having to work to meet these quotas at the expense of their schooling and in violation of the relevant ILO Conventions.

A great many incidents, according to studies: West Papua

Forced labour and human trafficking

There is strong evidence of modern slavery in the Indonesian palm oil sector.¹⁷ National and international migrant workers, some without a work or residence permit, are particularly at risk. Most workers in the palm oil sector come from other parts of Indonesia and move to the regions with the highest palm oil production, namely Sumatra and Kalimantan. As a result, they often end up becoming dependent upon their employers, sometimes as bonded labour (CSR Risk Check; Fair Labor Association/The Consumer Goods Forum 2018).¹⁸

A great many incidents, according to studies: Kalimantan and Sumatra provinces

Working conditions

Working conditions differ enormously as employment varies greatly. For example, permanent workers on large plantations often enjoy better conditions regarding insurance, compliance with labour standards as well as water and electricity than those on smaller plantations or temporary workers. In most cases, however, there are no employment contracts with fixed hours, with low pay and excessive harvest quotas being the norm. There is often a failure to observe and monitor applicable labour laws and conditions. The aforementioned Omnibus Law risks repealing hard-won occupational safety regulations and reducing job security. The draft legislation is currently due to be revised by 2023 (Pacheco et al. 2017; Fair Labor Association/The Consumer Goods Forum 2018; Freedom House 2022).

A great many incidents, according to studies: findings apply nationwide.

Discrimination

Women are usually hired for casual work that is associated with low pay and predominantly informal employment. This work mostly involves spraying young trees with pesticides, herbicides and the like. In addition, they often work for nothing, as they are helping their husbands to achieve the high quotas. Women are systematically excluded from trade union membership (ILO 2019; Pye et al. 2016).

¹⁶ See: https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2020/2020_TDA_BigBook_Online_optimized.pdf and <https://www.state.gov/reports/2020-country-reports-on-human-rights-practices/> as well as <https://www.childrensrighsatlas.org/country-data/countries/indonesia/>

¹⁷ See: <https://news.mongabay.com/2022/01/raid-against-sumatran-official-uncovers-use-of-slave-labor-on-oil-palm-farm/> and <https://apnews.com/article/virus-outbreak-only-on-ap-indonesia-financial-markets-malaysia-7b634596270cc6aa7578a062a30423bb>

¹⁸ See: https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2020/2020_TDA_BigBook_Online_optimized.pdf

Indigenous peoples are constantly fighting for their land rights and face discrimination, especially in Papua and West Papua.¹⁹

Due to the Sharia Law practiced in Aceh, the LGBTIAQ* community in particular faces severe discrimination, as sexual activity between people of the same sex, for example, is a criminal offence. Some activists have permanently fled the province, fearing punishment (Human Rights Watch 2022).²⁰

A great many incidents, according to studies: findings apply nationwide.

Freedom of association and the right to collective bargaining

In principle, there are no restrictions with regard to freedom of association and the formation of trade unions. The high number of informal workers in the palm oil industry makes it difficult to achieve a high level of trade union membership. Some trade unions are also active in the palm oil sector, but the number of unionised workers remains extremely low. Trade union members are often dismissed or imprisoned in Indonesia, and protests are met with violent attacks.²¹ No trade union members were consulted on the draft Omnibus Law in 2020, indicating that their voice could continue to decline in future (ILO 2019; Freedom House 2022). Overall, the country is ranked at the lowest level by the International Trade Union Confederation, meaning that workers have virtually no access to established rights.

A great many incidents, according to studies: findings apply nationwide.

Health and safety

Oil palm farmers are exposed to considerable health risks due to the use of pesticides, herbicides and the like. Respiratory masks and protective clothing are often unavailable, are not used properly or are not worn due to a lack of knowledge about how important they are (CSR Risk Check; Schleicher et al. 2019) and/or a lack of training. This is due, among other things, to the fact that protective clothing is unsuitable for the climatic conditions, which sometimes prevents workers from achieving the required quotas.

Due to the common cultivation and processing practices for oil palms, the quality of the natural water sources in the production areas is severely compromised. For example, the toxic wastewater from palm oil mills is disposed of in the watercourses, thereby endangering the health of people in the production region (Mukherjee/Sovacoo 2014). Due to the pollution associated with oil palm cultivation, the health and nutritional situation is often poor (UNICEF 2016). Particularly serious cases are evident in West Papua, where there is inadequate access to food and health services.²²

A great many incidents, according to studies: findings apply nationwide.

Land rights

The land on which large-scale palm oil cultivation occurs has been and is often expropriated from Indonesia's indigenous population (Human Rights Watch 2021).²³ This has been happening for decades, especially as official government policy under the Transmigrasi Programme sometimes encouraged migration from relatively densely populated regions to more sparsely populated parts of the country, where new arrivals were given land, regardless of its previous use. This took place in what are now the principal production regions of Sumatra and Kalimantan, in particular,

¹⁹ See: <https://www.state.gov/reports/2021-country-reports-on-human-rights-practices/indonesia/>

²⁰ Ibid.

²¹ See: <https://survey.ituc-csi.org/Indonesia.html?lang=en#tabs-3>

²² See: <https://www.ohchr.org/en/press-releases/2022/03/indonesia-un-experts-sound-alarm-serious-papua-abuses-call-urgent-aid?LangID=E&NewsID=28180>

²³ See: <https://www.state.gov/reports/2020-country-reports-on-human-rights-practices/indonesia/> and <https://www.state.gov/reports/2021-country-reports-on-human-rights-practices/indonesia/>

as well as in Papua (Human Rights Watch 2021).²⁴ There are also many land disputes between individuals, companies and local authorities, due to ambiguous, competing or unclear ownership rights. This is exacerbated by the prevailing, overlapping government systems at various political levels as well as corruption. People are still being forcibly displaced in order to generate more acreage. This leads to resistance, protests, violence and sometimes even assassination (CSR Risk Check; Human Rights Watch 2021).²⁵

A great many incidents, according to studies: findings apply nationwide.

Environmental risks

Deforestation / conversion of land

Due to the high demand for palm oil, deforestation is taking place on a large scale to make way for monoculture plantations. Although there has been a ban on the deforestation of primary forest since 2011, Global Forest Watch documented the deforestation of 250,000 hectares of forest in Indonesia in 2020. Indonesia signed the pledge to halt forest loss at the UN Climate Change Conference in Glasgow in 2021. But the Indonesian Minister of Environment has criticised this and announced further forest clearance as a development policy measure (Human Rights Watch 2022). However, there are designated forest zones and others that may be used productively/agriculturally. Palm oil is considered to be an agricultural product and may not be grown as a monoculture in these forest areas. Due to a lack of monitoring and prosecutions, however, oil palm plantations continue to be illegally developed there. Oil palms are also repeatedly cultivated in strictly designated conservation areas. This primarily applies to the main production regions of Riau (38,827 ha), Central Kalimantan (11,618 ha) and South Kalimantan (5,509 ha). In addition to the environmental damage, indigenous communities, in particular, are also affected by these developments (Greenpeace 2021).²⁶

Although forest clearance and the loss of primary forest²⁷ due to oil palm development on large plantations has been in decline in Indonesia since 2015/2016, it is rising on smallholdings and in illegal areas. This is due, among other things, to the understandable focus of environmental activists on large-scale cultivation as well as to the tightening of the moratorium on the development of primary forest and peatlands following the extreme forest and peat fires of 2015. As a result of this moratorium, new permits for large-scale forest clearance and agricultural plantations have been banned. Consequently, the loss of deep peatlands fell by 80% and of primary forest by 40% in 2017 and 2018 (Austin et al. 2019; Seymour et al. 2020; Greenpeace 2021).

Increasing forest loss due to smallholders highlights the importance of designing forest management policies that take account of the values and needs of these actors (Austin et al. 2019). Smallholders often use slash-and-burn for oil palm development, as it is the cheapest and easiest method. It is associated with a great many risks: forests become progressively drier during the dry seasons – which are occurring more and more frequently as a result of climate change²⁸ – meaning that fires spread faster and are more difficult to control than before. Peatland fires are particularly difficult to extinguish, as the substances they contain fan the fire and create more smoke. There are many repercussions, from dangerous levels of air pollution and haze to the respiratory diseases they cause. Most fires occurred in Central and West Kalimantan in 2019, followed by Riau, Jambi and South Sumatra.²⁹

²⁴ Resettlement programmes in Indonesia date back to the colonial era (the first project was in 1905). The initial Transmigrasi Programme began in 1950. The reasons are diverse (including offsetting overpopulation, a better future for poor farmers) and often overlap. Since their inception, these programmes have been associated with the social conflicts that have arisen as a result (<https://www.watchindonesia.de/20073/das-gescheiterte-experiment?lang=de>).

²⁵ See: <https://www.aljazeera.com/program/101-east/2018/9/6/indonesias-palm-oil-curse> and <https://www.state.gov/reports/2020-country-reports-on-human-rights-practices/>

²⁶ See: <https://news.mongabay.com/2022/02/indonesian-government-says-no-to-reclassifying-oil-palm-estates-as-forests/>

²⁷ A primary forest is an “undisturbed” tropical forest that contains large amounts of carbon in the earth and above ground. A secondary forest is a “disturbed” tropical forest, i.e. a forest that has been selectively cleared. This emits a smaller, yet still significant amount of carbon into the atmosphere (Greenpeace 2021).

²⁸ See: <https://wri-indonesia.org/en/life-at-wri/forest-fires-farmers-and-climate-crisis>

²⁹ See: <https://www.wri.org/insights/intense-forest-fires-threaten-derail-indonesias-progress-reducing-deforestation>

A lack of monitoring and surveillance is leading to irreparable environmental damage, particularly as a result of peat draining. Peatlands are one of the most important carbon sinks, storing around 80 billion tons in Indonesia. About 6% or 1.3 gigatons of carbon dioxide are released every year from damaged peatlands as a result of draining and deforestation, for example, thereby representing one of the main sources of global CO₂ emissions (Human Rights Watch 2021). Many of the world's peatlands are located in coastal areas and are low-lying. Rising sea levels combined with the erosion of peat-rich soil significantly increase the risk of flooding in these regions. On a global scale, this will result in the uncontrolled flooding of 10–20 million hectares of productive land (Joosten, n.d.). As Sumatra and Kalimantan have a considerable amount of peatlands (4 million hectares), these regions are at particular risk (Human Rights Watch 2021). This is exacerbated by the high numbers of migrants from Java and other provinces, which leads to a scarcity of land and thus to illegal land conversions (Brandi et al. 2013). Due to the increasing scarcity of land in the existing oil palm regions (see Table 6), large-scale conversions of forest are increasingly taking place in Papua and West Papua (Gaveau et al. 2021).

A great many incidents, according to studies: findings apply nationwide.

Biodiversity

On the one hand, biodiversity is being adversely affected by the deforestation described above, as the habitat of many animals and creatures is being destroyed. This also affects endangered species such as orangutans, rhinos, elephants and tigers that live in tropical forests (Gatti/Velichevskaya 2020; Greenpeace 2021). On the other hand, it is suffering from the predominantly monoculture plantation farming that takes place in Indonesia and often uses a great many pesticides and chemical fertilisers. These also have an extremely negative impact on biodiversity (CSR Risk Check; Jelsma et al. 2017).

A great many incidents, according to studies: findings apply nationwide.

Continuous updates

The information presented is a snapshot. The UNGP call for any changes in the local situation to be recorded. The [CSR Risk Check](#), among other things, can currently be used for this because it is updated continuously.

5.2 MALAYSIA

Introduction

Palm oil is hugely important to the Malaysian economy. The country is the world's second largest producer and exporter of palm oil. Although its HDI is in the upper bracket, there are major human rights risks in Malaysia, including in the palm oil sector. However, there are substantial regional differences. In Sabah, the region that cultivates the most oil palms, the HDI is 0.710. Johor has the highest HDI at 0.825. The UNDP 2020 does not have any region-specific data on poverty. However, a region-specific analysis shows that there are sharp fluctuations in the number of people living in absolute poverty, from 25.3% in Sabah to 5.9% in Johor (see Table 8). Although the UNDP places gender equality in the middle to upper bracket, there are significant gender differences. Malaysia's Freedom House Index score is "partly free", but corruption is widespread according to Transparency International. amfori BSCI lists Malaysia as a low-risk country. Malaysia has signed six of eight ILO Core Conventions but only a few of the others relevant for the palm oil sector. The International Trade Union Confederation (ITUC) regularly reports labour law violations and vulnerable employment. Only a few official figures are available on child labour, which is a problem in the palm oil sector in Malaysia (see Table 7).

The majority of oil palm cultivation in Malaysia takes place on large plantations. 61% of these are privately owned, 22% belong to the state and half of them are run by smallholders, while 17% belong to smallholders who sell their crops directly to mills or via government programmes. Johor has the largest number of independent smallholders, followed by Sarawak and Sabah, making them the three most important production areas in Malaysia (Mohd Hanafiah et al. 2021; Rahman 2020).

The two provinces located on Borneo, Sabah and Sarawak, constitute 60% of the land area but are home to just 18% of the population. People in these regions often live in isolation. The problems associated with this include a poorly developed transport network and a lack of basic services for those living in small, remote communities (Sharif Krimi et al. 2010). This is also reflected in the regional HDI: although this is in the upper bracket for all regions, Sabah and Sarawak have the lowest values (see Table 8). These regional inequalities between Borneo and the Malaysian peninsula and the associated increased human rights risks are also documented in all the reports. The highest share of the country's palm oil production is also cultivated in these regions. There are therefore particularly high risks in these regions. However, there are also risks on the peninsula that should not be ignored.

TABLE 7: MALAYSIA COUNTRY TABLE

HDI (HIGHEST ACHIEVABLE VALUE 1 / RANK OUT OF 189 COUNTRIES)	POPULATION LIVING BELOW THE POVERTY LINE OF \$1.90 PER DAY (PPP) (%)	PROPORTION OF POPULATION IN MULTI-DIMENSIONAL POVERTY (%)	GENDER DEVELOPMENT INDEX GROUPS (HIGHEST VALUE 1, LOWEST VALUE 5)	FREEDOM HOUSE (SCORE OUT OF 100 / STATUS)	AMFORI BSCI (SCORE OUT OF 100 / CLASSIFICATION)	CORRUPTION PERCEPTIONS INDEX (SCORE OUT OF 100 / RANK OUT OF 180 COUNTRIES)
0.810 (62) (2020)	n/a	n/a	2 (2020)	50 (partly free) (March 2022)	63.8 (low-risk country) (June 2021)	48 (62/180) (January 2022)
STATE OF CIVIC SPACE (STATUS)	RATIFICATION OF ILO CORE CONVENTIONS	ITUC GLOBAL RIGHTS INDEX	VULNERABLE EMPLOYMENT (%)	CHILD LABOUR (% AGE IN BRACKETS)	CHILDREN'S RIGHTS IN THE WORKPLACE INDEX	ILO 11 RIGHT OF ASSOCIATION (AGRICULTURE)
Obstructed (March 2022)	No: not C087 and C111 (Aug 2022)	5 (no guarantee of rights) (2021)	21.8 (2020)	n/a	4.6 (2022)	Partially (Peninsular and Sarawak) (Aug 2022)
ILO 97 MIGRATION FOR EMPLOYMENT	ILO 99 MINIMUM WAGE FIXING MACHINERY (AGRICULTURE)	ILO 129 LABOUR INSPECTION (AGRICULTURE)	ILO 131 MINIMUM WAGE FIXING	ILO 141 RURAL WORKERS' ORGANISATIONS	ILO 184 SAFETY AND HEALTH IN AGRICULTURE	
Partially (Sabah) (Aug 2022)	No (Aug 2022)	No (Aug 2022)	Yes (Aug 2022)	No (Aug 2022)	No (Aug 2022)	

Sources: see Section 4; figures in brackets reflect the "as of" date

TABLE 8: MALAYSIAN PROVINCES BY PRODUCTION VOLUME

PROVINCE	VOLUME OF PALM OIL PRODUCTION AS A SHARE OF TOTAL PRODUCTION (%) (1)	HDI 2019 (2)	ABSOLUTE POVERTY (%) (2020) (3)
Sabah	25	0.710	25.3
Sarawak	19	0.745	12.9
Johor	16	0.825	5.9
Pahang	14	0.804	9.9
Perak	7	0.816	11.4

Sources:

(1) United States Department of Agricultural Service (2021): Palm Oil Explorer.

<https://ipad.fas.usda.gov/cropexplorer/cropview/commodityView.aspx?cropid=4243000>

(2) Global Data Lab: Human Development Indices.

https://globaldatalab.org/shdi/shdi/MYS/?levels=1%2B4&interpolation=1&extrapolation=0&nearest_real=0&years=2019

(3) Department of Statistics Malaysia (2021)

Social risks

Workers' and farmers' income

Although most sectors in Malaysia pay the minimum wage, in the main palm oil production regions, Sabah and Sarawak, these are below the poverty thresholds published by the Ministry of Finance (Rahman 2020). Sabah produces 10% of the world's palm oil, yet it remains one of the poorest regions in Malaysia, with the highest number of people living in absolute poverty. Average incomes vary but are usually not enough to cover basic needs (Rahman 2020). Often a system is used on the plantations, whereby payment of the minimum wage is linked to certain harvest volumes, with bonus payments for exceeding these quotas. In order to be able to achieve these volumes, unpaid overtime is often worked, and children and family members are deployed during harvest. Hardly any data is available on exact earnings (CSR Risk Check; Pye et al. 2016; Rahman 2020).³⁰ Smallholders in Johor often lack capital and labour, especially as their offspring opt for employment in the nearby cities instead of continuing to work on the family farm (Rahman 2020).

A great many incidents, according to studies: Sabah, Sarawak, Johor

Child labour

In 2018, the Malaysian government conducted an employment survey focusing on the palm oil sector. This surveyed families working in the palm oil sector. It revealed that 11.5%, i.e. around 33,600 children aged between 5 and 17, are involved in child labour. The highest numbers are in the regions that also account for most of Malaysia's palm oil production. 58.8% of all child labour in the palm oil sector is concentrated in Sabah and 39.5% in Sarawak, with just 1.7% on the Malaysian peninsula. Child labour, especially in the form of unpaid family support. It is estimated that 24,200 children aged between 5 and 17 work in Malaysia's palm oil sector. 60.9% of child labour occurs in Sabah and 37.9% in Sarawak (Ministry of Plantation Industries and Commodities Malaysia 2018). Most of these children are Malaysian citizens and most of them work as unpaid labourers alongside their families (Fair Labor Association/The Consumer Goods Forum 2018; Phung/Utlu 2020).

A great many incidents, according to studies: Sabah and Sarawak

³⁰ See: <https://www.state.gov/reports/2020-country-reports-on-human-rights-practices/>

Forced labour and human trafficking

Any form of forced labour is prohibited in Malaysia and is a criminal offence. However, there is considerable evidence of forced labour and human trafficking, especially in relation to foreign migrant workers who represent the majority of the workforce in the palm oil sector. These come from Myanmar, Nepal, Indonesia³¹, India and Bangladesh, among other places, and are at particular risk. Employment agencies play an important role in this, as some of them are involved in forced labour and human trafficking by means of criminal recruitment practices and misleading communication regarding the work they offer. This leads to undignified living conditions for workers (CSR Risk Check; Fair Labor Association/The Consumer Goods Forum 2018; Ministry of Plantation Industries and Commodities Malaysia 2018). Passports are often withheld, leaving those affected at the mercy of the situation, and there are also incidents of bonded labour.³² A Malaysian government survey of employment in the palm oil sector found that in Sarawak, 52% of workers are involved in forced labour, followed by Sabah at 32% (Ministry of Plantation Industries and Commodities Malaysia 2018).

A great many incidents, according to studies: Sarawak, Sabah

Working conditions

Working conditions differ enormously as employment varies greatly. Some workers have employment contracts that also include some social benefits and safeguards. However, these are not the norm, and employment contracts with fixed hours and reasonable wages are rare. Employers often fail to observe or monitor applicable labour laws and conditions (Pye et al. 2016; Fair Labor Association/The Consumer Goods Forum 2018).

A great many incidents, according to studies: findings apply nationwide.

Discrimination

33% of workers on palm oil plantations are women (Ministry of Plantation Industries and Commodities Malaysia 2018). Female migrant workers are not allowed to give birth in Malaysia. Regular health checks are carried out to determine whether they are pregnant. If workers do fall pregnant, they face deportation (Phung/Utlu 2020).

Working conditions for women in the palm oil sector are usually more precarious than those for men (Pacheco et al. 2017). In the palm oil sector, women are often responsible for spraying highly toxic pesticides. This can lead to eye disorders or skin irritations due to leaks in the tanks. They are also tasked with spreading fertiliser, which can cause hip, shoulder and back pain due to the heavy sacks (17 sacks at 50 kg per 1 ha per day) (Phung/Utlu 2020).

Human rights activists and demonstrators in Malaysia are subject to repeated criminal prosecutions and police investigations (Human Rights Watch 2022).

As a result of the Sharia Law that applies in many states, the LGBTIAQ* community faces severe discrimination. For example, same-sex relationships and non-standard gender identities are criminal offences (Human Rights Watch 2022).

A great many incidents, according to studies: findings apply nationwide.

Freedom of association and the right to collective bargaining

As shown by the ITUC Global Rights Index, working conditions in Malaysia are very poor. The freedom to form a trade union is severely restricted, for example. Trade union membership among workers in the palm oil sector is very low. This poses

³¹ The Malaysian and Indonesian Heads of State met in April 2022 and agreed, among other things, to provide better protection for migrant workers (mostly Indonesian workers in Malaysia who are often employed in the palm oil sector). This refers to both wages and grievance mechanisms (<https://www.asiaone.com/asia/indonesia-malaysia-agree-palm-oil-non-competition-migrant-worker-protection/>).

³² See: allegations against Sime Darby Berhad and FGV Holdings 2019 (<https://www.state.gov/reports/2020-country-reports-on-human-rights-practices/malaysia/>) and their economic impact (e.g. <https://www.business-humanrights.org/en/latest-news/ferrero-to-stop-buying-palm-oil-from-malaysias-sime-darby-over-labour-concerns/>).

considerable risks as those without any representation have great difficulty in actively advocating, or even knowing about, compliance with the rights granted to them. (CSR Risk Check; House of Freedom 2022; Fair Labor Association/The Consumer Goods Forum 2018).

A great many incidents, according to studies: findings apply nationwide.

Health and safety

Palm oil workers are exposed to health risks due to the use of pesticides, insecticides, etc. Respiratory masks and protective clothing are often unavailable, are not used properly due to a lack of training or are not worn because the clothing has not been adapted to the climatic conditions and sometimes prevents workers from achieving the required quotas. In addition, there is often a lack of knowledge about the benefits of protective clothing. The slash-and-burn technique frequently used by smallholders to clear forests in the palm oil sector results in a major air pollution and haze problem in South East Asia, which also poses serious health risks for the surrounding population (CSR Risk Check; Mohd Hanafiah et al. 2021).

A great many incidents, according to studies: findings apply nationwide.

Land rights

Proving land ownership is often one of the biggest problems for smallholders, especially in the Malaysian part of Borneo, where the largest production regions of Sabah and Sarawak are located. Indigenous smallholders, in particular, struggle with this, as although they have inhabited and cultivated the land for a very long time, the national government does not recognise them as the legal owners. Therefore, conflicts between indigenous peoples and large businesses, which have been granted permits for the development of forest reserves, are common in Malaysia (Rahman 2020; Mohd Hanafiah et al. 2021).

A great many incidents, according to studies: Sabah; Sarawak

Environmental risks

Deforestation / conversion of land

Due to the high demand for palm oil, deforestation is taking place on a large scale to make way for monoculture plantations. Between 2011 and 2018, Malaysia lost 26% of its trees to deforestation and emitted 3.38 Gt of CO₂, mainly due to this demand (UNICEF 2020b; Phung/Utlu 2020). A lack of monitoring and surveillance is leading to irreparable environmental damage, such as the loss of habitats and forests, as well as the draining of peatlands, in preparation for oil palm cultivation (Meijaard et al. 2020). Peatlands are one of the most important carbon sinks. Large amounts of carbon dioxide are released when they are drained or destroyed using slash-and-burn (CSR Risk Check; Human Rights Watch 2021; Greenpeace 2021). In Sabah and Sarawak, peatland production areas increased by around 200,000 hectares between 2003 and 2008. This accounted for around a third of total new plantations, the majority of which were in Sarawak. By 2015, Sarawak had converted 49.5% and Sabah 34.6% of their peatlands into oil palm cultivation. Since 2015, however, these numbers have been falling, in line with the manufacturing commitments of the “no deforestation and no peat” policy. According to a study in 2020, the conversion of peat-rich soil fell by 20.5% in Sarawak and 19.1% in Sabah (Mohd Hanafiah et al. 2021).

Communities that rely on these ecosystems are severely impacted by the slash-and-burn described above. They are dependent upon clean rivers, access to forest products and space for small farms and no longer have access to these resources due to forest clearance, or they have been polluted by the use of chemical fertilisers and pesticides (Mohd Hanafiah et al. 2021; Meijaard et al. 2020).

A great many incidents, according to studies: findings apply nationwide.

Biodiversity

On the one hand, biodiversity is being adversely affected by the conversions described above, as the habitat of many animals and creatures is being destroyed. In Malaysia, the decline of various species of arthropods, fish, amphibians, birds and mammals as a result of plantation expansion is well documented (Mohd Hanafiah et al. 2021). On the other hand, it is suffering from the extremely large-scale monoculture plantation farming that covers large parts of the country in Malaysia and often uses a great many pesticides and chemical fertilisers. These also have an extremely negative impact on biodiversity (CSR Risk Check).

A great many incidents, according to studies: findings apply nationwide.

Continuous updates

The information presented is a snapshot. The UNGP call for any changes in the local situation to be recorded. The [CSR Risk Check](#), among other things, can currently be used for this because it is updated continuously.

5.3 GUATEMALA

Introduction

Palm oil production in Guatemala is characterised by high productivity and a strong focus on exports. The human rights situation in Guatemala has been very poor in many areas for decades.

TABLE 9: GUATEMALA COUNTRY TABLE

HDI (HIGHEST ACHIEVABLE VALUE 1 / RANK OUT OF 189 COUNTRIES)	POPULATION LIVING BELOW THE POVERTY LINE OF \$1.90 PER DAY (PPP) (%)	PROPORTION OF POPULATION IN MULTI-DIMENSIONAL POVERTY (%)	GENDER DEVELOPMENT INDEX GROUPS (HIGHEST VALUE 1, LOWEST VALUE 5)	FREEDOM HOUSE (SCORE OUT OF 100 / STATUS)	AMFORI BSCI (SCORE OUT OF 100 / CLASSIFICATION)	CORRUPTION PERCEPTIONS INDEX (SCORE OUT OF 100 / RANK OUT OF 180 COUNTRIES)
0.663 (127) (2020)	8.7 (2020)	28.9 (2020)	3 (2020)	51 (partly free) (March 2022)	27.3 (risk country) (June 2021)	25 (150/180) (January 2022)
STATE OF CIVIC SPACE (STATUS)	RATIFICATION OF ILO CORE CONVENTIONS	ITUC GLOBAL RIGHTS INDEX	VULNERABLE EMPLOYMENT (%)	CHILD LABOUR (%; AGE IN BRACKETS)	CHILDREN'S RIGHTS IN THE WORKPLACE INDEX	ILO 11 RIGHT OF ASSOCIATION (AGRICULTURE)
Obstructed (March 2022)	Yes (Aug 2022)	5 (no guarantee of rights) (2021)	37.5 (2020)	6.5 (7-14) (2021)	4.9 (2022)	Yes (Aug 2022)
ILO 97 MIGRATION FOR EMPLOYMENT	ILO 99 MINIMUM WAGE FIXING MACHINERY (AGRICULTURE)	ILO 129 LABOUR INSPECTION (AGRICULTURE)	ILO 131 MINIMUM WAGE FIXING	ILO 141 RURAL WORKERS' ORGANISATIONS	ILO 184 SAFETY AND HEALTH IN AGRICULTURE	
Yes (Aug 2022)	Yes (Aug 2022)	Yes (Aug 2022)	Yes (Aug 2022)	Yes (Aug 2022)	No (Aug 2022)	

Sources: see Section 4; figures in brackets reflect the "as of" date

Like its neighbouring Central American states, Guatemala is one of the countries with the lowest HDI on the continent. The proportion of its population in multidimensional poverty, in particular, is comparatively high at 29%. In addition, gender inequalities are still prevalent. The Freedom House Index score is only "partly free" due to the political situation in the country, while corruption is widespread and

bribes for permits and licences are common according to Transparency International. amfori BSCI lists Guatemala as a risk country. Guatemala has signed all the ILO Core Conventions as well as almost all the other conventions relevant for the palm oil sector. However, the International Trade Union Confederation (ITUC), classifies the country at the lowest level (5 – no guarantee of rights). According to the US Department of Labor, the child labour rate is 6.5% (which is equivalent to 203,000 children aged between seven and fourteen). The proportion of vulnerable employment is high at 37.5%, which may represent an increased risk.

Social risks

General security situation

The civil war that lasted for more than 30 years officially ended in 1996, but violence in the form of gang crime and drug mafia continues to erupt and contributes to a highly precarious public safety situation (Human Rights Watch (HRW) 2022). Human rights defenders, environmental and land rights activists as well as leaders of indigenous communities are particularly affected by this. This poses a significant risk of human rights violations, including in the palm oil industry. There are suspicions that a company was involved in the murder of an activist (Quiroz et al. 2021).

Child labour

In recent years, there has been moderate progress in combatting child labour (including the introduction of new protection measures for young people and an inter-agency coordination unit against exploitation and child labour), yet child labour still occurs, including the worst forms of child labour. Almost two thirds of affected children work in the agricultural sector, including the harvesting of palm fruit and the production of palm oil. The number of inspectors and social programmes, as well as their lack of focus on the agricultural sector, have also been criticised as insufficient.³³ There are reports linking child labour directly to the cultivation of palm oil. In the agricultural sector, children have to cope with hazardous work, low pay, long hours and little or no social protection. Children of indigenous parents are particularly likely to be affected (Quiroz et al. 2021).

Forced labour and human trafficking

The indigenous population and migrants are at increased risk of forced labour and human trafficking. There have also been reports of this in the past in the agricultural sector. However, the palm oil sector was not explicitly mentioned.³⁴ The US Department of State also lists no cases of forced labour in the palm oil sector in Guatemala³⁵ and confirms that the Guatemalan government has made some progress in combatting human trafficking, but recommends that efforts increasingly focus on suspected cases of forced labour.³⁶

Plantation employees' income

Even though there is no exact data for Guatemala, it is highly likely that the majority of workers in the palm oil sector are agency staff. In general, the agricultural industries in Latin America are increasingly reliant on this type of employment contract and Quiroz et al. (2021) also raised some suspicions regarding Guatemala. Minimum wages in the agricultural sector (equivalent to around EUR 330/month³⁷) do not comply with the living wage and are therefore not enough to provide a family with a living income (Quiroz et al. 2021). And there are also reports of workers earning less than the statutory minimum wage (CSR Risk Check)³⁸. In addition, wages in the palm oil sector are often linked to certain quotas, some of which can only be achieved with excessive hours (Quiroz et al. 2021).

³³ See: <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/guatemala>

³⁴ https://www.ilo.org/global/topics/forced-labour/projects/WCMS_320413/lang--en/index.htm

³⁵ See https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods?tid=5711&field_exp_good_target_id=All&field_exp_exploitation_type_target_id_1=All&items_per_page=10

³⁶ <https://www.state.gov/reports/2021-trafficking-in-persons-report/guatemala/>

³⁷ See: <https://wageindicator.org/salary/minimum-wage/guatemala>

³⁸ See: <https://www.equaltimes.org/ecocide-and-modern-slavery-in-the?lang=en#.YzbxktjP2M-> and <https://www.reuters.com/article/us-usa-immigration-border-guatemala-idUSKCN1P00IU>

Farmers' income

In Guatemala, palm oil production is predominately concentrated on land owned by large private companies. Little is known about the incomes of independent farmers. Individual reports indicate that as large palm oil farms expanded, smaller businesses became dependent on these. They switched to palm oil production but subsequently failed to generate enough income to pay off their debts and therefore migrated, leaving their land behind.³⁹

Working conditions

There are reports of poor working conditions, including a lack of permanent employment contracts, irregular salary payments and long, irregular hours.⁴⁰ Regions with high levels of poverty and a lack of other sources of income, often those with a large proportion of indigenous people, are at particular risk. Equipment is not always provided.⁴¹ Due to the high proportion of informal work, access to social security benefits is also poor, and there are reports that even formal workers who make national insurance contributions do not always have access to these (Quiroz et al. 2021).

Discrimination

Structural inequality in Guatemala is very high. This is evidenced, for example, by the large pay gap between men and women as well as poor access among the indigenous population to basic labour rights such as minimum wages and social security (CSR Risk Check). Vulnerable groups such as women, indigenous peoples, African Americans, migrant workers and agency staff are regularly paid less. Often, they only have access to employment that is considered low-skilled (Quiroz et al. 2021). Children from indigenous families are also more frequently involved in child labour.⁴² The proportion of women in the workforce is low, especially in the case of migrants and indigenous women. However, they are at high risk of gender-specific violence and harassment, both at work and in the vicinity of oil palm plantations due to the disproportionately high influx of predominantly male workers (Action Aid 2020; Quiroz et al. 2021; CSR Risk Check).

Freedom of association and the right to collective bargaining

There is no specific evidence that Guatemalan palm oil producers actively suppress the formation of trade unions. However, the local industry's dependence on seasonal workers hampers a high level of trade union membership. Ongoing violent clashes also lead to the systematic stigmatisation of trade unions (Quiroz et al. 2021). Overall, the country is ranked at the lowest level by the International Trade Union Confederation, meaning that workers have virtually no access to established rights.⁴³

Health and safety

The work is generally extremely hard due to the heavy fruit and the quotas. There are reports that occupational health and safety is not always guaranteed. There is a risk of injury, e.g. by inhaling toxic gases when using herbicides and pesticides.⁴⁴ Work on the plantations is dangerous, but there is often little or no access to appropriate protective equipment, or plantation workers are required to provide their own equipment and tools, or the cost of these is deducted from their wages. As a result, 56% of employees on palm oil plantations work without any protection when applying herbicides. Medical care in the event of an accident at work is also inadequate (especially for temporary and informal workers) (Quiroz et al. 2021).

Land rights

Inequality of land ownership is also high by regional comparison and generally leads to tensions. The rights of indigenous peoples are affected by this, and development projects are often implemented without free, prior and informed consent (FPIC) (CSR

³⁹ See: <https://www.reuters.com/article/us-usa-immigration-border-guatemala-idUSKCN1P00IU>

⁴⁰ Ibid.

⁴¹ See: <https://www.equaltimes.org/ecocide-and-modern-slavery-in-the?lang=en#.YzbzNdjP2M->

⁴² See: <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/guatemala>

⁴³ See: https://files.mutualcdn.com/ituc/files/ITUC_GlobalRightsIndex_2021_DE-final.pdf

⁴⁴ See: <https://www.equaltimes.org/ecocide-and-modern-slavery-in-the?lang=en#.Yzb0PtjP2M->

Risk Check). Even after the end of the civil war, land disputes remain an unresolved problem, often combined with violence against human rights defenders and environmental activists with serious impacts on communities in (potential) palm oil production areas. Communities in existing production areas that defend their rights also face intimidation, violence and criminalisation. Land grabbing by large agricultural corporations is a common problem in Guatemala and has been heavily driven by the palm oil industry in recent years (Action Aid 2017). There are specific cases of land grabbing for oil palm cultivation in various regions of Guatemala, with poor farmers sometimes forced to sell their land and/or become dependent on large corporations (Action Aid 2020; Chain Reaction Research 2021). Regions with a high proportion of indigenous peoples are particularly affected, which poses an additional risk of violation of ILO Convention 169 on the rights of indigenous and tribal peoples.

Environmental risks

Deforestation / conversion of land

Most land conversions for the significant expansion of palm oil plantations took place in the early 2000s. But even in the past ten years, production has continually increased. In some regions, a third of the forest area has been lost (Action Aid 2020). Particularly in the northern production regions, the expansion of oil palms is associated with deforestation (Petén and Quiché).⁴⁵ Former production areas for staple foods are also affected – sometimes significantly – by land conversion.⁴⁶ The intensive use of fertilisers leaves the land largely degraded following cultivation, which can mean that the renewal of plantations is accompanied by further deforestation.⁴⁷ Increasing deforestation also brings a higher risk of violence against environmental activists and conservationists.

Biodiversity and environmental impacts

The conversion of species-rich tropical forests into monoculture plantations results in a huge loss of biodiversity. Oil palms are mainly cultivated in monocultures, which is associated with the intensive use of pesticides, which in turn has an extremely negative impact on biodiversity (Pesticide Action Network United Kingdom (PAN) 2018). There is clear evidence of soil and water pollution in the surrounding rivers as a result of pesticides and herbicides as well as contamination from toxic waste (Quiroz et al. 2021; Action Aid 2020).

Continuous updates

The information presented is a snapshot. The UNGP call for any changes in the local situation to be recorded. The CSR Risk Check, among other things, can currently be used for this because it is updated continuously.

5.4 COLOMBIA

Introduction

The human rights situation in Colombia is complex and still shaped by decades of internal armed conflicts as well as military and paramilitary confrontations. Colombia is still the country with the most abductions and political assassinations in the world. Many human rights violations are attributable to the activities of paramilitary groups. Nevertheless, Colombia has managed to improve its HDI in recent years in line with other Latin American states and is now one of the countries with a high HDI. The poverty rate and proportion of the population in multidimensional poverty are both below 5%. The development indicators for men and women have moved much closer together. However, the Freedom House Index score is only “partly free” due to the political situation in the country, and corruption is widespread according to Transparency International. amfori BSCI lists Colombia as

⁴⁵ See: <https://www.sciencedirect.com/science/article/abs/pii/S026483772100380X#>

⁴⁶ See: <https://www.uab.cat/web/newsroom/news-detail-1345668003610.html?noticiaid=1345727879056>

⁴⁷ Ibid.

a risk country. Colombia has signed all the ILO Core Conventions but none of the other conventions relevant for the palm oil sector. In addition, the International Trade Union Confederation (ITUC) classifies the country at the lowest level (5 – no guarantee of rights). Child labour occurs, albeit to a lesser extent than in other countries. The proportion of vulnerable employment is almost 50%, however.

TABLE 10: COLOMBIA COUNTRY TABLE

HDI (HIGHEST ACHIEVABLE VALUE 1 / RANK OUT OF 189 COUNTRIES)	POPULATION LIVING BELOW THE POVERTY LINE OF \$1.90 PER DAY (PPP) (%)	PROPORTION OF POPULATION IN MULTI-DIMENSIONAL POVERTY (%)	GENDER DEVELOPMENT INDEX GROUPS (HIGHEST VALUE 1, LOWEST VALUE 5)	FREEDOM HOUSE (SCORE OUT OF 100 / STATUS)	AMFORI BSCI (SCORE OUT OF 100 / CLASSIFICATION)	CORRUPTION PERCEPTIONS INDEX (SCORE OUT OF 100 / RANK OUT OF 180 COUNTRIES)
0.767 (83) (2020)	4.1 (2020)	4.8 (2020)	1 (2020)	64 (partly free) (March 2022)	46.6 (risk country) (June 2021)	39 (87/180) (January 2022)
STATE OF CIVIC SPACE (STATUS)	RATIFICATION OF ILO CORE CONVENTIONS	ITUC GLOBAL RIGHTS INDEX	VULNERABLE EMPLOYMENT (%)	CHILD LABOUR (%; AGE IN BRACKETS)	CHILDREN'S RIGHTS IN THE WORKPLACE INDEX	ILO 11 RIGHT OF ASSOCIATION (AGRICULTURE)
Repressed (March 2022)	Yes (Aug 2022)	5 (no guarantee of rights) (2021)	47.1 (2020)	2.5 (5-14) (2021)	4.0 (2022)	No (Aug 2022)
ILO 97 MIGRATION FOR EMPLOYMENT	ILO 99 MINIMUM WAGE FIXING MACHINERY (AGRICULTURE)	ILO 129 LABOUR INSPECTION (AGRICULTURE)	ILO 131 MINIMUM WAGE FIXING	ILO 141 RURAL WORKERS' ORGANISATIONS	ILO 184 SAFETY AND HEALTH IN AGRICULTURE	
No (Aug 2022)	No (Aug 2022)	No (Aug 2022)	No (Aug 2022)	No (Aug 2022)	No (Aug 2022)	

Sources: see Section 4; figures in brackets reflect the "as of" date

Social risks

Agriculture in a post-conflict country

Guerrilla groups are still active, especially in the countryside, and also involved in land disputes, for example. The internal armed conflict continues to claim significant casualties. Human rights violations, (sexual) assault, forced eviction and targeted killings, including of trade unionists or environmental activists, for example, are still commonplace, especially in rural regions. Protective measures have little effect, and impunity for criminal activity is widespread in Colombia. The country is generally considered to be the most dangerous country for human rights defenders as well as political and environmental activists, indigenous and African Colombian activists (Amnesty International 2021; HRW 2021; Phung/Utlu 2020). While other sectors such as illegal mining and drug cultivation are more severely affected by this, it must generally be assumed that there is an increased risk in agriculture in Colombia given the climate of violence and widespread impunity.

Child labour

According to the US Department of Labor, children are still involved in child labour in Colombia despite significant progress in combatting the practice. Palm oil is not identified as an affected sector, but almost half of all working children are involved in agriculture. Colombia has signed all the relevant international conventions and its legal framework is considered to be good with some exceptions, such as the different minimum ages for work and compulsory education, for example. Also, the number of inspectors and social programmes is still insufficient.⁴⁸ The proportion of children

⁴⁸ See: <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/colombia>

who have to work has continually fallen in recent years and was just 1% among 5- to 14-year-olds at the end of 2020.⁴⁹ Children from indigenous communities and African Colombian children are most affected by child labour in agriculture (Fundación Ideas para la Paz (FIP)/IISD 2016). At the same time, the risk has increased as a result of school closures and high prices during the COVID-19 pandemic, and social programmes explicitly address the issue of child labour in the palm oil sector, which indicates that the problem exists.⁵⁰

Forced labour and human trafficking

There are no known cases of forced labour in Colombia.⁵¹ Migrants from Venezuela could be identified as a risk group; however, their legal status has improved in recent years.

Plantation employees' income

Wages in the agricultural sector are among the lowest in the country. Although they are above the statutory minimum wage, this is by no means sufficient for a living income (Quiroz et al. 2021). In Colombia, the statutory minimum wage is determined by a tripartite commission and was COP 1,000,000 (EUR 217) per month plus transport costs of around EUR 25 at the beginning of 2022. There are no publicly available calculations for living wages in the palm oil sector. But there are calculations for the banana sector with more or less identical production regions: these suggest that the minimum wage is well below the calculated living wage (around EUR 450). In addition, wages in the palm oil sector are often linked to certain quotas, with bonus payments for exceeding these. Older workers who can no longer engage in heavy work are often dismissed or transferred to other jobs with lower pay.⁵² There is a high proportion of informal employment, especially among Venezuelan migrants (Quiroz et al. 2021).

Farmers' income

80% of the over 6,000 producers are smallholder farmers, many of whom are trade union members and some of whom also have their own mills (Chain Reaction Research 2021; Quiroz et al. 2021). As smallholder farmers tend to be less productive, they are more dependent on price developments.

Working conditions

The majority of workers in the palm oil sector in Colombia are agency staff (Quiroz et al. 2021). There are reports of poor working conditions, including a lack of permanent employment contracts and irregular salary payments. Public health and safety are not assured. Everyday work is extremely hard, and quotas can be 1,600 kg per day. Many workers do not have a permanent employment contract and face dismissal if they can no longer perform the rigorous work.⁵³ Exclusion from social security benefits is extremely common in the agricultural sector (FIP/IIDH 2016).

Discrimination

According to reports by HRW and Amnesty International, women in Colombia are at high risk of becoming victims of (sexual) assault (Amnesty Internationale 2021; HRW 2021). The situation of African Colombians in Colombia is highly precarious (increased poverty, higher unemployment, etc.). This population group is at increased risk of discrimination and often employed in informal work in the palm oil sector (FIP/IISD 2016). Vulnerable groups such as women, indigenous peoples, African Colombians, migrant workers and agency staff are regularly paid less (Quiroz et al. 2021).

⁴⁹ See: https://www.dane.gov.co/files/investigaciones/boletines/ech/trabajo-infantil/bol_trab_inf_2020.pdf

⁵⁰ <https://sa-intl.org/eliminating-child-labor-in-the-covid-era-palma-futuro/>

⁵¹ See: <https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods>

⁵² See: <https://news.mongabay.com/2017/10/palm-oil-mounts-new-offensive-in-colombia-while-workers-decry-labor-conditions/>

⁵³ Ibid.

Freedom of association and the right to collective bargaining

In principle, there are no restrictions with regard to freedom of association and the formation of trade unions. However, Colombia is considered to be the country with the highest rate of political assassinations, and this also affects trade unionists, according to reports.⁵⁴ The ITUC lists Colombia among the ten worst countries for workers, mainly due to the high homicide rate (and impunity) as well as general hostility to trade union membership and dismissals (ITUC 2021). Overall, trade union membership among workers is very low. Social dialogue has improved in recent years but is still in its infancy (Quiroz et al. 2021).

Health and safety

The work is extremely hard due to the heavy fruit and the quotas. Women are often tasked with spraying pesticides, which poses considerable health risks. This is because they often do not have sufficient knowledge and/or the necessary equipment to protect themselves effectively against the harmful effects of pesticides, or they find the equipment too uncomfortable due to the intense heat. Accidents also occur in processing plants. According to statistics from the Colombian Ministry of Health, the agriculture and forestry sector (including livestock and hunting) has the highest accident rate (almost three times the national average).⁵⁵ In general, the security situation is very bad, due to ongoing internal conflicts and the presence of guerilla groups, especially in rural areas, and human rights violations continue to occur.

Land rights

Territorial disputes between various armed groups still occur in Colombia. This involves forced evictions, sexual assault and targeted killings. The general conflict situation poses a considerable risk. There are also indications that agri-industrial firms were involved in the purchase of (large) plots of land facilitated by the peace treaty with Fuerzas Armadas Revolucionarias de Colombia (FARC) (especially in the Meta, Casanare and Guaviare regions). There are specific reports of forced resettlements for oil palm cultivation. Companies also use paramilitary groups to monitor their oil palm fields (Chain Reaction Research 2021; CSR Risk Check).⁵⁶

Environmental risks

Deforestation / conversion of land

Oil palms are often grown on land previously cleared for livestock. However, deforestation is also attributable to agricultural activity and associated with the expansive development of the palm oil industry (e.g. in the Caquetá region) (FIP/IISD 2016). In addition to farmland, scrublands and savannahs, in particular, are also affected by land conversion in Colombia. Indirect changes in land use also pose a major risk, as oil palms are primarily cultivated on degraded pastures, while livestock farming also plays a crucial role in deforestation in Colombia (Chain Reaction Research 2021). The confusing post-conflict situation, with demobilised guerilla groups, insecure land ownership, illegal logging and drug cultivation, in combination with the extremely high risk for environmental activists and conservationists, also poses a high risk of deforestation that particularly affects areas in the Amazon region.⁵⁷ However, the government is working on a strategy to eliminate net deforestation by 2030, thereby explicitly addressing the prevention of illegal deforestation (Chain Reaction Research 2021).

Biodiversity

Colombia is one of the global hotspots for biodiversity. However, oil palms are often cultivated on degraded (former pasture) land, which minimises the loss of biodiversity. Endangered ecosystems in the east of the country, including the natural forests and wetlands located there, are most affected by the increase in cultivation

⁵⁴ See: <https://news.mongabay.com/2017/10/palm-oil-mounts-new-offensive-in-colombia-while-workers-decry-labor-conditions/>

⁵⁵ See: <https://www.minsalud.gov.co/proteccionsocial/RiesgosLaborales/Paginas/indicadores.aspx> as well as <https://www.portafolio.co/economia/empleo/accidentes-laborales-en-colombia-durante-2021-cuantos-fueron-y-cuanto-costaron-563246>

⁵⁶ See: <https://news.mongabay.com/2017/10/palm-oil-mounts-new-offensive-in-colombia-while-workers-decry-labor-conditions/>

⁵⁷ Ibid.

⁵⁸ <https://insightcrime.org/investigations/deforestation-colombia-amazon-outlining-problem/>

(Pardo Vargas et al. 2015). The remaining dry forests in the north are also in danger (CSR Risk Check). Monoculture farming and its intensive use of pesticides has a negative impact on biodiversity (PAN 2018).

Continuous updates

The information presented is a snapshot. The UNGP call for any changes in the local situation to be recorded. The [CSR Risk Check](#), among other things, can currently be used for this because it is updated continuously.

5.5 PAPUA NEW GUINEA

Introduction

According to the UNDP, over half of the population lives in multidimensional poverty. The HDI is in the middle bracket, and there is no information about the different development indicators for men and women. However, HRW states that Papua New Guinea (PNG) continues to be one of the most dangerous places for girls and women; other statistics put the GDI in the lower to middle bracket (HRW 2021).⁵⁹ The Freedom House Index score is “partly free” due to the political situation in the country, and corruption is widespread according to Transparency International. amfori BSCI lists PNG as a risk country. PNG has signed all the ILO Core Conventions but only two of the others relevant for the palm oil sector. The International Trade Union Confederation (ITUC) has published virtually no information about the country. According to UNDP, vulnerable employment is widespread. There are no figures for the level of child labour. It should be noted that little data is available on PNG regarding the palm oil sector and the prevailing situation there. This makes corporate analysis even more urgent.

TABLE 11: PAPUA NEW GUINEA COUNTRY TABLE

HDI (HIGHEST ACHIEVABLE VALUE 1 / RANK OUT OF 189 COUNTRIES)	POPULATION LIVING BELOW THE POVERTY LINE OF \$1.90 PER DAY (PPP) (%)	PROPORTION OF POPULATION IN MULTI-DIMENSIONAL POVERTY (%)	GENDER DEVELOPMENT INDEX GROUPS (HIGHEST VALUE 1, LOWEST VALUE 5)	FREEDOM HOUSE (SCORE OUT OF 100 / STATUS)	AMFORI BSCI (SCORE OUT OF 100 / CLASSIFICATION)	CORRUPTION PERCEPTIONS INDEX (SCORE OUT OF 100 / RANK OUT OF 180 COUNTRIES)
0.555 (155) (2020)	38.0 (2020)	56.6 (2020)	n/a (2020)	62 (partly free) (March 2022)	26.3 (risk country) (June 2021)	31 (124/180) (January 2022)
STATE OF CIVIC SPACE (STATUS)	RATIFICATION OF ILO CORE CONVENTIONS	ITUC GLOBAL RIGHTS INDEX	VULNERABLE EMPLOYMENT (%)	CHILD LABOUR (% , AGE IN BRACKETS)	CHILDREN'S RIGHTS IN THE WORKPLACE INDEX	ILO 11 RIGHT OF ASSOCIATION (AGRICULTURE)
Obstructed (March 2022)	Yes (Aug 2022)	n/a	77.9 (2020)	n/a	7.3 (2022)	Yes (Aug 2022)
ILO 97 MIGRATION FOR EMPLOYMENT	ILO 99 MINIMUM WAGE FIXING MACHINERY (AGRICULTURE)	ILO 129 LABOUR INSPECTION (AGRICULTURE)	ILO 131 MINIMUM WAGE FIXING	ILO 141 RURAL WORKERS' ORGANISATIONS	ILO 184 SAFETY AND HEALTH IN AGRICULTURE	
No (Aug 2022)	Yes (Aug 2022)	No (Aug 2022)	No (Aug 2022)	No (Aug 2022)	No (Aug 2022)	

Sources: see Section 4; figures in brackets reflect the “as of” date

⁵⁹ See: https://globaldatalab.org/shdi/sgdi/PNG/?levels=1%2B4&interpolation=1&extrapolation=0&nearest_real=0&years=2019

Social risks

Workers' and farmers' income

The statutory minimum wage is below the threshold for a living income. There is an up-to-date calculation for living incomes in rural areas of PNG which can be used as a basis for calculations in the palm oil sector and currently equates to around EUR 411. The income of farmers still needs to be ascertained, however. Some plantations have set minimum wages, and some palm oil workers are paid based on their performance (Tammisto 2018).⁶⁰

Child labour

Child labour is a well-known problem in the palm oil sector in PNG, despite a ban (Global Witness 2021).⁶¹

Forced labour and human trafficking

Forced labour and human trafficking are a well-known problem in PNG, but there are no specific references to the palm oil sector.⁶² As migrants also work on plantations, however, and this group is particularly vulnerable, there is a risk of forced labour and human trafficking in the palm oil sector.

Working conditions

Little data is available on working conditions in PNG. However, the division of labour on plantations is very hierarchical. This is also reflected in the quality of accommodation for palm oil workers on plantations. Conditions are often particularly poor for migrant workers, from Indonesia for example. Workers are not entitled to sick pay (Tammisto 2018). There have been well-documented serious labour rights violations on oil palm plantations in PNG in the past.⁶³

Discrimination against women

Little information is available about the employment situation of women in the palm oil sector. In the case of export goods, which include palm oil, however, women are often either unpaid or deployed as unpaid labour. They are usually responsible for harvesting loose fruit. Overall, women and girls are often subjected to sexual harassment and assault in the country (Curry/Koczberski/Inu 2019; Global Witness 2021).

Freedom of association and the right to collective bargaining

These rights are largely respected. However, most workers are informally employed and therefore have no access to permanent trade union structures (Freedom House 2021).

Health and safety

Work in the palm oil sector is very hard and accompanied by a number of health risks and damages. These include risks from the improper handling of chemicals such as pesticides, herbicides and the like. Respiratory masks and protective clothing are often unavailable. Bone and muscle damage as well as infectious diseases such as malaria are also common. There are repeated fatalities. Access to clean water in rural areas of PNG is one of the biggest challenges. Due to poor roads, access to medical staff, markets and schools poses another challenge for people who work on isolated plantations (Tammisto 2018; Global Witness 2021).

Land rights

The expropriation of land and the violation of land rights are common, and this often leads to disputes. There are known cases, for example, where forest has been cleared

⁶⁰ See <https://globallivingwage.org/wp-content/uploads/2021/01/Rural-PNG-LI-Reference-Value-1.pdf> and <https://www.state.gov/reports/2020-country-reports-on-human-rights-practices/>

⁶¹ See: https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2020/2020_TDA_BigBook_Online_optimized.pdf

⁶² See: <https://www.state.gov/reports/2021-trafficking-in-persons-report/>

⁶³ See: https://www.ituc-csi.org/IMG/pdf/report_PNG-final.pdf

to make way for oil palm plantations without the consent of the indigenous population or after paying bribes (Freedom House 2021; Global Witness 2021).

Environmental risks

Deforestation / conversion of land

Deforestation for oil palm plantations has increased in recent decades and is also linked to widespread corruption.⁶⁴ A lack of monitoring and surveillance is leading to irreparable environmental damage, including as a result of the draining of peat-rich soil. Peatlands are among the most important carbon sinks, and large amounts of carbon dioxide are released when they are drained (Global Witness 2021; CSR Risk Check; HRW 2021). It is estimated that peatlands account for between 9 and 12.9% of PNG's total area (United States Agency for International Development (USAID) 2020). There is no data showing to what extent peatlands have been cleared, apart from a study in 2010, according to which, around 8.3% of peatlands were cleared in PNG in 2008. This is reflected in CO₂ emissions of 20 megatons per year – an increase of over 50% since 1990. For comparison purposes, Indonesia had emissions of 500 megatons of CO₂/year and Malaysia 48 megatons of CO₂/year, according to this study (Joosten 2010).

Biodiversity

Although PNG has strict legislation⁶⁵ designed to protect biodiversity and the indigenous population, this is poorly enforced. On the one hand, the deforestation described above is damaging biodiversity, as the habitat of many animals and creatures is being destroyed. On the other hand, pesticides, etc., are also used in PNG, which also hinders biodiversity (Global Witness 2021; CSR Risk Check).

Continuous updates

The information presented is a snapshot. The UNGP call for any changes in the local situation to be recorded. The [CSR Risk Check](#), among other things, can currently be used for this because it is updated continuously.

5.6 THAILAND

Introduction

According to UNDP, poverty rates in Thailand have fallen significantly in recent decades. Even multidimensional poverty was less than one per cent in the latest survey. It should be noted, however, that the country is heavily dependent on tourism and therefore experienced a huge economic downturn due to the COVID-19 crisis. It remains to be seen how much this will affect poverty rates. The development indicators for men and women are almost the same. The Freedom House Index score is “not free” due to the political situation in the country, and corruption is widespread according to Transparency International. amfori BSCI lists the state as a risk country. Thailand has not signed the ILO Core Conventions that demand the guaranteed right to join a trade union and organise, and according to the International Trade Union Confederation (ITUC) labour rights are not guaranteed. The proportion of working children has fallen significantly in recent years, but up-to-date information is not available.

⁶⁴ See: <https://news.mongabay.com/2021/10/hidden-camera-footage-exposes-bribery-for-palm-oil-in-papua-new-guinea/>

⁶⁵ This includes the Land Act (1996), Environment Act (2000), Forestry Act (1991) and Mining Act (1992) as well as the Oil and Gas Act (1998) (See: <https://news.mongabay.com/2019/02/beautiful-legislation-fails-to-protect-pngs-environment-landowners/>).

TABLE 12: THAILAND COUNTRY TABLE

HDI (HIGHEST ACHIEVABLE VALUE 1 / RANK OUT OF 189 COUNTRIES)	POPULATION LIVING BELOW THE POVERTY LINE OF \$1.90 PER DAY (PPP) (%)	PROPORTION OF POPULATION IN MULTI-DIMENSIONAL POVERTY (%)	GENDER DEVELOPMENT INDEX GROUPS (HIGHEST VALUE 1, LOWEST VALUE 5)	FREEDOM HOUSE (SCORE OUT OF 100 / STATUS)	AMFORI BSCI (SCORE OUT OF 100 / CLASSIFICATION)	CORRUPTION PERCEPTIONS INDEX (SCORE OUT OF 100 / RANK OUT OF 180 COUNTRIES)
0.777 (79) (2020)	0.0 (2020)	0.8 (2020)	1 (2020)	29 (not free) (March 2022)	45.7 (risk country) (June 2021)	35 (110/180) (January 2022)
STATE OF CIVIC SPACE (STATUS)	RATIFICATION OF ILO CORE CONVENTIONS	ITUC GLOBAL RIGHTS INDEX	VULNERABLE EMPLOYMENT (%)	CHILD LABOUR (% , AGE IN BRACKETS)	CHILDREN'S RIGHTS IN THE WORKPLACE INDEX	ILO 11 RIGHT OF ASSOCIATION (AGRICULTURE)
Repressed (March 2022)	No: not C087 and C098 (Aug 2022)	5 (no guarantee of rights) (2021)	48.5 (2020)	13 (5-14) (2021)	3.8 (2022)	No (Aug 2022)
ILO 97 MIGRATION FOR EMPLOYMENT	ILO 99 MINIMUM WAGE FIXING MACHINERY (AGRICULTURE)	ILO 129 LABOUR INSPECTION (AGRICULTURE)	ILO 131 MINIMUM WAGE FIXING	ILO 141 RURAL WORKERS' ORGANISATIONS	ILO 184 SAFETY AND HEALTH IN AGRICULTURE	
No (Aug 2022)	No (Aug 2022)	No (Aug 2022)	No (Aug 2022)	No (Aug 2022)	No (Aug 2022)	

Sources: see Section 4; figures in brackets reflect the "as of" date

Social risks

Farmers' income

More than 90% of palm oil is cultivated by around 120,000 smallholders in Thailand (Efeca 2020). No data is available regarding the income situation of palm-oil-producing families.

Child labour

The proportion of children in employment has fallen significantly in recent decades in Thailand. The US Department of Labor estimates that 13% of children aged between 5 and 14 are in work. Risks remain in the informal sector and especially in agriculture, given the shortcomings in the government agencies that monitor the ban on child labour.⁶⁶

Forced labour and human trafficking

There are cases of forced labour in Thailand; these involve both the local population as well as migrants from neighbouring countries. There are particular risks in the agricultural sector, although no cases have been documented for palm oil cultivation to date.⁶⁷

Employees' income and working conditions

No information is available regarding the incomes of employees in Thailand's palm oil sector. Almost half of employees in Thailand work in vulnerable employment (UNDP 2020). The clear restriction on trade unions in the country (see below) poses considerable risks with regard to working conditions on palm oil plantations.

Discrimination against women

No information is available regarding the specific situation of women in Thailand's palm oil sector.

⁶⁶ See: https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2020/Thailand.pdf

⁶⁷ See: <https://www.state.gov/wp-content/uploads/2021/03/THAILAND-2020-HUMAN-RIGHTS-REPORT-2.pdf>

Freedom of association and the right to collective bargaining

Many of the farmers and plantation workers are still not organised in any way. Thailand has not signed the two United Nations conventions that guarantee the right to organise and freedom of association, and the formation of trade unions in the country is severely restricted. This poses considerable risks as people without any representation have great difficulty in actively advocating for compliance with the rights granted to them.

Health and safety

No information is available regarding the use of pesticides or safety standards in the palm oil sector in Thailand.

Presumably, the situation is similar to that in other palm-oil-producing regions. Studies are available regarding pesticide use in Malaysia and Indonesia. These show that pesticides are extensively used on large plantations (Mohd Hanafiah et al. 2021). As the large plantations in Thailand are operated by multinational companies, the situation there is likely to be similar.

There are also reports from Malaysia and Indonesia regarding the widespread use of pesticides on smallholdings. Again, there could be a similar situation in Thailand.

Land rights

The development of palm oil plantations repeatedly results in disputes in Thailand, which are exacerbated by the fact that corruption encourages law-breaking. The media repeatedly accuses investors and local politicians of working hand in hand, especially when it comes to land ownership and the destruction of protected areas.⁶⁸

According to testimonies, clashes over land rights result in extreme violence against people opposed to the development of palm oil plantations, who say they often face intense pressure, sometimes at gun point, from individual perpetrators or armed gangs. Several homicides have been recorded.⁶⁹ UN Special Rapporteurs, Mary Lawlor and Agnes Callamard, dealt with one of these cases at the end of 2020.⁷⁰ Perpetrators and companies that may assist them are rarely prosecuted and punished.⁷¹

Environmental risks

Deforestation / conversion of land

In Thailand, palm oil acreage has increased enormously to around 1 million hectares in recent years. According to government plans, this growth is set to continue, primarily driven by smallholders. Palm oil plantations in Thailand have usually been established on land where there was no primary forest in the past (Efeca 2020).

But there are also reports that in some regions, protected forests, mangrove forests and peatlands have been destroyed to make way for palm oil plantations (Efeca 2020; Jaroenkietkajorn/Gheewala/Scherer 2021). In addition, the expansion of palm oil plantations has resulted in indirect changes in land use, as the cultivation of the fruit that palm oil replaced was sometimes moved to freshly cleared land (Srisunthon/Chawchai 2020). This led to the destruction of peat-based swamps, among other things.⁷² This poses the most serious ecological risk in palm oil production in Thailand.

Biodiversity

⁶⁸ See: <https://news.mongabay.com/2017/03/as-thailand-ramps-up-its-palm-oil-sector-peat-forests-feel-the-pressure/>

⁶⁹ See: <https://www.eater.com/22589445/palm-oil-thailand-plantation-spft-jiew-kang-jue-pattana> as well as <https://www.business-humanrights.org/en/latest-news/thailand-members-of-the-southern-peasants-federation-face-violence-and-evictions-amid-land-disputes-with-palm-oil-companies/> and <https://www.business-humanrights.org/en/latest-news/thailand-members-of-the-southern-peasants-federation-face-violence-and-evictions-amid-land-disputes-with-palm-oil-companies/>

⁷⁰ See: <https://spcommreports.ohchr.org/TMResultsBase/DownloadPublicCommunicationFile?gId=25750>

⁷¹ See: <https://southeastasiaglobe.com/land-conflict-south-thailand/>

⁷² See: <https://news.mongabay.com/2017/03/as-thailand-ramps-up-its-palm-oil-sector-peat-forests-feel-the-pressure/>

A large number of pesticides are used in the palm oil sector, which have an extremely negative impact on biodiversity. There are reports that glyphosate, paraquat and chlorpyrifos are used in Thailand, as they are in other production countries.⁷³ These products pose considerable risks for both the people who apply them and for biodiversity.

Continuous updates

The information presented is a snapshot. The UNGP call for any changes in the local situation to be recorded. The [CSR Risk Check](#) can currently be used for this because it is updated continuously.

5.7 HONDURAS

Introduction

Palm oil is one of Honduras' top four agricultural exports. In recent years, oil palm acreage has risen to more than 165,000 hectares. Most of this production is concentrated in the northern part of the country, especially in Atlántida, Colón, Cortés and Yoro. Like many other Central American states, Honduras is one of the countries with the lowest HDI on the continent. Honduras is heavily influenced by income poverty. The poverty rate is relatively high compared to neighbouring states, at 16.5%, but the proportion of the population in multidimensional poverty is only marginally higher. The development indicators for men and women have moved much closer together, and Honduras has reached the highest value on the GDI. The political situation in the country remains critical, however. There were allegations that the 2017 election was rigged, which led to riots. The country is classified as only "partly free" by the Freedom House Index. The human rights situation in Honduras has been very poor in many areas for decades. Members of ethnic minorities (indigenous peoples, African Hondurans) are particularly affected by attacks by the police and security forces. Rampant gang crime (drug mafia) is a significant problem, especially in major cities, resulting in the second highest per-capita homicide rate in the world (67 per 100,000), among other things. In addition, there is a distinct culture of impunity and a weak judicial system (CSR Risk Check). According to Transparency International, corruption is a widespread problem and affects the very highest levels of the entire public administration. amfori BSCI lists Honduras as a risk country. Honduras has signed all the ILO Core Conventions but none of the other conventions relevant for the palm oil sector. In addition, the International Trade Union Confederation (ITUC) classifies the country at the lowest level (5 – no guarantee of rights). According to USDOL, the proportion of working children is 9% among 5- to 14-year-olds. The high proportion of vulnerable employment (41.4%) poses an increased risk.

⁷³ See: <https://www.eater.com/22589445/palm-oil-thailand-plantation-spft-jiew-kang-jue-pattana>

TABLE 13: HONDURAS COUNTRY TABLE

HDI (HIGHEST ACHIEVABLE VALUE 1 / RANK OUT OF 189 COUNTRIES)	POPULATION LIVING BELOW THE POVERTY LINE OF \$1.90 PER DAY (PPP) (%)	PROPORTION OF POPULATION IN MULTI-DIMENSIONAL POVERTY (%)	GENDER DEVELOPMENT INDEX GROUPS (HIGHEST VALUE 1, LOWEST VALUE 5)	FREEDOM HOUSE (SCORE OUT OF 100 / STATUS)	AMFORI BSCI (SCORE OUT OF 100 / CLASSIFICATION)	CORRUPTION PERCEPTIONS INDEX (SCORE OUT OF 100 / RANK OUT OF 180 COUNTRIES)
0.634 (132) (2020)	16.5 (2020)	19.3 (2020)	1 (2020)	47 (partly free) (March 2022)	26.8 (risk country) (June 2021)	23 (157/180) (January 2022)
STATE OF CIVIC SPACE (STATUS)	RATIFICATION OF ILO CORE CONVENTIONS	ITUC GLOBAL RIGHTS INDEX	VULNERABLE EMPLOYMENT (%)	CHILD LABOUR (% AGE IN BRACKETS)	CHILDREN'S RIGHTS IN THE WORKPLACE INDEX	ILO 11 RIGHT OF ASSOCIATION (AGRICULTURE)
Repressed (March 2022)	Yes (Aug 2022)	5 (no guarantee of rights) (2021)	41.4 (2020)	9 (5-14) (2021)	5.3 (2022)	No (Aug 2022)
ILO 97 MIGRATION FOR EMPLOYMENT	ILO 99 MINIMUM WAGE FIXING MACHINERY (AGRICULTURE)	ILO 129 LABOUR INSPECTION (AGRICULTURE)	ILO 131 MINIMUM WAGE FIXING	ILO 141 RURAL WORKERS' ORGANISATIONS	ILO 184 SAFETY AND HEALTH IN AGRICULTURE	
No (Aug 2022)	No (Aug 2022)	No (Aug 2022)	No (Aug 2022)	No (Aug 2022)	No (Aug 2022)	

Sources: see Section 4; figures in brackets reflect the "as of" date

Social risks

Child labour

According to the National Institute of Statistics (Honduras), 364,765 children aged between 5 and 17 were working in 2019, 67% of them in rural areas and more than half in agriculture (Instituto Nacional de Estadística (INE) 2021). Children who lack economic and educational opportunities and those from indigenous or African American families are most at risk of child labour (Quiroz et al. 2021). There are no exact figures for the palm oil sector. However, the large number of working children, especially in agriculture, means there is an increased risk, although child labour in oil palm cultivation is probably not widespread.⁷⁴

Forced labour and human trafficking

There are no known cases of forced labour in the palm oil sector, and the US government confirms that Honduras has made moderate progress in combatting human trafficking.⁷⁵

Plantation employees' income

Since April 2022, the minimum wage in Honduras for workers in the agricultural sector has been at least HNL 7,034 (EUR 256)⁷⁶ per month, depending on the size of the business. Although minimum wages in the agricultural sector are well below those in other sectors, Honduras has a comparatively high minimum wage in the region in relation to GDP. In 2020, the minimum wage was only marginally below the living wage calculated for rural regions at the time (at 1.65 full-time salaries per family). However, the average wage in the agricultural sector was significantly lower. One of the reasons for this is that 79% of all labour relations are informal and do not pay the minimum wage (Global Living Wage Coalition 2020). Women, as co-earners

⁷⁴ See: Findings on the Worst Forms of Child Labor – Honduras | U.S. Department of Labor (dol.gov)

⁷⁵ See: <https://www.state.gov/reports/2021-trafficking-in-persons-report/honduras/>

⁷⁶ See: <https://wageindicator.org/salary/minimum-wage/honduras>

in the family, are particularly often affected by this (Quiroz et al. 2021). There are unlikely to have been any changes in the past two years. According to the National Institute of Statistics (Honduras), around one million Honduran workers are paid less than the statutory wage (INE 2021). Exact figures are not known for the palm oil sector; larger businesses have a higher proportion of formal workers, but the common practice of informal employment poses a high risk of low incomes, including in the palm oil sector. A complaint made against Aceites y Derivados S.A. (Aceydesa), which is still pending with the RSPO, also relates to the non-payment of minimum wages and social benefits, among other things.⁷⁷

Farmers' income

Around half of the oil palm acreage is in the hands of small producers with plots of between 5 and 25 hectares. During the past two decades, politicians have also encouraged cultivation by small producers (Chain Reaction Research 2021). Access to education is severely restricted, especially in the countryside, and workers in Honduras are the least qualified in the region, which particularly applies to agricultural workers. The poverty rate in rural areas is far higher than in cities (over 60%), chronic malnourishment affects almost 50% of the rural population and, according to the latest available data, 44% of the population owned no land or less than 1 hectare (Global Living Wage Coalition 2020). No statistics are available regarding the income situation of farmers. In view of the largely very poor income situation of farmers, however, it is reasonable to assume that they do not earn a living income.

Working conditions

The very high proportion of workers in informal labour relations is a major problem in the agricultural business. This may well have been exacerbated by the coronavirus pandemic. Data from 2016 indicated that only around 20% of the Honduran workforce was covered by the national social security system. Due to the high proportion of informal work, this number is likely to be lower in the agricultural / palm oil sector. Self-employed, temporary and seasonal workers are not entitled to insurance cover for industrial accidents, maternity pay or sick leave (Chain Reaction Research 2021). In addition, little is known about working conditions on the oil palm plantations, but the clear restriction on trade unions in the country (see below) poses considerable risks. The above-mentioned complaint against Aceydesa also includes the violation of labour rights and the withholding of protective clothing.

Discrimination

Although the formal gender pay gap in Honduras is small, women are much more likely to be unemployed or employed in the informal sector, which explains why they are paid less in the agricultural sector (Quiroz et al. 2021). The statutory retirement age for women is also lower, which affects their pension payments (CSR Risk Check). In addition, women have little access to legal protection or social security. People with disabilities, indigenous groups and African Hondurans, the LGBTQI+ community and people living with HIV/AIDS also face discrimination and unfair working practices (Quiroz et al. 2021; Chain Reaction Research 2021). Violence against girls and women is generally widespread, and sexual harassment in the workplace is not uncommon; however, law enforcement is weak.⁷⁸

Freedom of association and the right to collective bargaining

Although Honduras has signed the relevant ILO core labour standards, the work of trade unionists is restricted by law, and they are structurally subjected to violence. Companies use criminals to threaten or harm workers who join trade unions, especially in the agricultural sector. The ITUC lists Honduras among the ten worst countries for workers, mainly due to widespread violence, general hostility to trade union membership and dismissals as well as the undermining of collective bargaining. In addition, the government has adopted legislation that makes trade

⁷⁷ <https://askrspo.force.com/Complaint/s/case/5000e00002wSFuiAAG/detail>

⁷⁸ See: <https://www.aljazeera.com/features/2019/7/7/honduran-women-demand-protocol-for-survivors-of-sex-abuse>

union work more difficult. In 2020, a law was passed that criminalises social protests (ITUC 2021). Companies repeatedly refuse to engage in collective bargaining. In combination with the restricted right to strike, this poses a risk for the exertion of labour rights (Quiroz et al. 2021). There is also a widespread climate of impunity, which exacerbates the situation.

Health and safety

Honduran palm oil producers are suspected of disposing of their wastewater in an unregulated manner. Local communities report skin ailments and dead fish in rivers (Quiroz et al. 2021). The palm oil sector therefore not only endangers its own employees but also the surrounding communities. In addition, there is little data regarding occupational safety measures. The precarious situation for unions also poses a high risk for the enforcement of fundamental safety standards.

Land rights

Disputes over land use are often closely linked to widespread crime and drug smuggling in Honduras. Palm oil production therefore risks being complicit in the oppression and intimidation of local communities and the presence of paramilitaries in Honduras.

Environmental risks

Deforestation / conversion of land

Palm oil production in Honduras has more than doubled since 2005. As former banana plantations are mostly used to grow oil palms in Honduras, the direct link between deforestation and the spread of palm oil production overall is weaker than in South East Asia. Nevertheless, palm oil production still threatens valuable forest ecosystems. There has already been encroachment into nature reserves (in the north)⁷⁹ (Chain Reaction Research 2021). As a result of political intervention (including targeted subsidies, tax breaks and funding for smallholder farmers), the expansion of oil palm cultivation is largely being driven by small-scale producers who control between 50% and 60% of the acreage (Quiroz et al. 2021; Chain Reaction Research 2021). This also applies to small-scale producers who live near or within nature reserves and illegally clear forests.⁸⁰ In addition, palm oil companies in Honduras are often complicit in environmental offences. This is the wording used by the RSPO in a complaint against a company that altered the deeds for environmental conservation areas, falsified data and bribed government employees. Palm oil production is increasingly advancing into areas that are also linked to drug trafficking, with its well-known side effects of high levels of crime, which also targets environmentalists and human rights activists. Honduras has the second highest per-capita homicide rate in the world.⁸¹

Biodiversity

Oil palm plantations in Honduras pose a threat, especially to the biodiversity hotspots on the north coast. For example, oil palm acreage has consumed up to 30% of the Punta Izopo and Jeanette Kawas National Parks (Chain Reaction Research 2021).

Continuous updates

The information presented is a snapshot. The UNGP call for any changes in the local situation to be recorded. The [CSR Risk Check](#), among other things, can currently be used for this because it is updated continuously.

⁷⁹ See: <https://www.earth-sight.org.uk/news/idm/no-respite-honduras-protected-forests-illegal-oil-palm-continues>

⁸⁰ See: <https://news.mongabay.com/2019/04/its-getting-worse-national-parks-in-honduras-hit-hard-by-palm-oil/>

⁸¹ See: <https://www.globalwitness.org/en/press-releases/global-witness-reports-227-land-and-environmental-activists-murdered-single-year-worst-figure-record/>

5.8 NIGERIA

Introduction

The human rights situation in Nigeria has been very poor in many areas for decades. Several periods of military dictatorship, civil governments often plagued by serious corruption problems, conditions resembling civil war in the north as well as in the Niger Delta and high levels of crime throughout the country all contribute to widespread human rights violations.

Added to this are the huge social contrasts between a small, rich upper class and the majority of the population. Data from the UNDP indicates widespread poverty and marked differences between men and women. Despite its oil reserves, the country has the highest rates of poverty of all the countries examined.

Nigeria is classified as “partly free” by the Freedom House Index; corruption is widespread according to Transparency International. amfori BSCI lists Nigeria as a risk country (see Table 14). Although Nigeria has signed the ILO’s Core Conventions, systematic violations of labour laws are noted by the International Trade Union Confederation (ITUC). Most of the population works in vulnerable employment, and child labour is also widespread according to the UNDP.

TABLE 14: NIGERIA COUNTRY TABLE

HDI (HIGHEST ACHIEVABLE VALUE 1 / RANK OUT OF 189 COUNTRIES)	POPULATION LIVING BELOW THE POVERTY LINE OF \$1.90 PER DAY (PPP) (%)	PROPORTION OF POPULATION IN MULTI-DIMENSIONAL POVERTY (%)	GENDER DEVELOPMENT INDEX GROUPS (HIGHEST VALUE 1, LOWEST VALUE 5)	FREEDOM HOUSE (SCORE OUT OF 100 / STATUS)	AMFORI BSCI (SCORE OUT OF 100 / CLASSIFICATION)	CORRUPTION PERCEPTIONS INDEX (SCORE OUT OF 100 / RANK OUT OF 180 COUNTRIES)
0.539 (161) (2020)	53.5 (2020)	46.4 (2020)	5 (2020)	43 (partly free) (March 2022)	17.2 (risk country) (June 2021)	24 (154/180) (January 2022)
STATE OF CIVIC SPACE (STATUS)	RATIFICATION OF ILO CORE CONVENTIONS	ITUC GLOBAL RIGHTS INDEX	VULNERABLE EMPLOYMENT (%)	CHILD LABOUR (% , AGE IN BRACKETS)	CHILDREN’S RIGHTS IN THE WORKPLACE INDEX	ILO 11 RIGHT OF ASSOCIATION (AGRICULTURE)
Repressed (March 2022)	Yes (Aug 2022)	4 (systematic violations of rights) (2021)	77.6 (2020)	47.5 (5–14) (2021)	5.9 (2022)	Yes (Aug 2022)
ILO 97 MIGRATION FOR EMPLOYMENT	ILO 99 MINIMUM WAGE FIXING MACHINERY (AGRICULTURE)	ILO 129 LABOUR INSPECTION (AGRICULTURE)	ILO 131 MINIMUM WAGE FIXING	ILO 141 RURAL WORKERS’ ORGANISATIONS	ILO 184 SAFETY AND HEALTH IN AGRICULTURE	
Yes (Aug 2022)	No (Aug 2022)	No (Aug 2022)	No (Aug 2022)	No (Aug 2022)	No (Aug 2022)	

Sources: see Section 4; figures in brackets reflect the “as of” date

Social risks

Farmers’ income

Around 80% of Nigeria’s palm oil production comes from smallholders. Therefore, cultivation largely takes place on small plots of land.⁸² No statistics are available regarding the income situation of farmers. In general, however, the majority of the

⁸² See: <https://www.solidaridadnetwork.org/story/smallholder-oil-palm-farmers-improve-their-livelihood-in-nigeria/> as well as <https://www.pwc.com/ng/en/assets/pdf/x-rayng-the-nigeria-palm-oil-sector.pdf>

country's farmers live in poverty and do not receive a living wage or income. If these families need additional workers, it can be assumed that they are unable to pay them a living wage.

Child labour

Child labour is widespread in Nigeria, especially in the agricultural sector. The proportion of children that have to work has fallen slightly at best in recent years, and according to the US government progress has been slow, as gaps in legislation remain.⁸³

Up-to-date reports on the specific situation in the palm oil sector are not available. An older survey from 2012 concludes that child labour is widespread among smallholding families who cultivate oil palms. The poorer these families are, the more dependent they are on their children's work. Much of the work poses huge risks for children. Climbing up the oil palms to pick the fruit often results in falls, and snake bites are also a major risk. In addition, many children miss out on their education entirely or in part (Ben-Chendo et al. 2012).

Forced labour and human trafficking

In Nigeria, there are indications of forced labour affecting both the local population and migrants from neighbouring countries. However, the palm oil sector has not yet been mentioned in this regard.⁸⁴

Employees' income

Initial large-scale plantations have been established by multinational companies in recent years.⁸⁵ In light of widespread vulnerable employment and systematic labour rights violations across Nigeria, the rights of workers on oil palm plantations are at risk of being violated and they themselves are at risk of not receiving a living wage. Some of the families who run smaller plantations are also likely to rely on hired labour, at least during busy times. It is likely that workers on smallholdings are usually unable to earn a living wage because their employers do not have sufficient resources for this.

Working conditions

Almost 80% of workers in Nigeria are in vulnerable employment and have no social security. The rate in the agricultural sector is likely to be even higher. It can therefore be assumed that the majority of workers in the palm oil sector are in vulnerable employment.

Discrimination against women

Women work in many areas of the palm oil sector; however, they often have no access to land titles. They are poorly integrated into ongoing projects to improve the situation in palm oil production, such as the one being implemented by Solidaridad.⁸⁶

The lack of land titles increases the risk of women being disadvantaged when large plantations are set up. Without a legal title, the fact that they are affected by land transfers is often completely forgotten. In addition, male family members are usually compensated for land expropriation, while women often have no access to this compensation and also lose their livelihoods along with the land (Baiyewu-Teru 2017).

Freedom of association and the right to collective bargaining

According to the United Nations, 77.6% of people in Nigeria work in the informal sector. It is highly unlikely that the agricultural sector functions any differently to other sectors, especially as the proportion of informal employees in the agricultural

⁸³ See: https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2020/2020_TDA_BigBook_Online_optimized.pdf

⁸⁴ See: <https://www.state.gov/wp-content/uploads/2021/09/TIPR-GPA-upload-07222021.pdf>

⁸⁵ See: <https://www.ft.com/content/d7dc168d-c9ff-42a8-88e6-319e40a179cf>

⁸⁶ See: <https://www.solidaridadnetwork.org/story/improving-womens-right-to-land-in-traditional-communities-in-nigeria/>

sector is usually even higher than the national average. In addition, no information is available regarding large-scale associations of palm-oil-producing families.

This poses considerable risks as people without any representation have great difficulty in actively advocating for compliance with the rights granted to them.

Health and safety

No information is available regarding the use of pesticides or safety standards in Nigeria's palm oil sector. Presumably, the situation is similar to that in other regions cultivating oil palms.

Land rights

With the exception of some isolated cases, there are no known conflicts over land rights among smallholders in Nigeria.

When setting up large plantations, however, there have been repeated allegations of serious human rights violations, including the burning down of settlements, sometimes with the support of the company's security staff. People living in settlements on the land claimed by the company are unable to move around freely. According to testimonies, crops and plantations have repeatedly been destroyed.⁸⁷ Land is said to have been occupied without the consent of local residents and without an environmental assessment. There have been repeated protests and arrests among those protesting (Ojo 2017).

During another major project, both forest and agricultural land were transferred to a corporation without any consultation and converted into plantations, according to testimonies (Ojo 2017).⁸⁸ In total, an estimated 20,000 people lost their livelihoods due to the development of this plantation (Baiyewu-Teru 2017).

The government programme to promote the palm oil sector favours large investors and could exacerbate these disputes.⁸⁹ This is partially due to the fact that although the government has signed various declarations to consult those affected, it has failed to do so in the case of previous transfers (Baiyewu-Teru 2017).

Large companies are planning plantations of several 10,000 hectares and investing several 100 million US dollars. PZ Wilmar, a joint venture between PZ Cussons and Wilmar International, has been active in the country since 2010 and initially invested between USD 450 and 650 million in palm oil plantations and processing plants, depending on the source. 26,500 hectares were initially put into operation, followed by additional areas. The Indonesian company Dufil Proma entered the market in 2019, buying almost 20,000 hectares of land. Okumu Oil Palm Company PLC, controlled by Luxembourg's SOCFIN Group, has developed 15,500 hectares of palm oil plantations since 2008. This poses the risk of further deforestation and disputes over land ownership, along with the resulting human rights violations. In some cases, large companies have purchased land in protected areas from the local population (Akhaine 2017). As the majority of oil palm plantations are located in the south, and partly in already extremely politically unstable and contested areas of the Niger Delta⁹⁰, this situation increases the risk of human rights violations (Akhaine 2017; PricewaterhouseCoopers 2019; Ojo 2017).

When setting up its large plantations, Wilmar partially relied on migrant workers, resulting in a considerable deterioration of the situation for the people whose land had previously been expropriated (Baiyewu-Teru 2017).

⁸⁷ On 20 May 2020, the Ijaw-Gbene settlement in southern Nigeria was burned down. According to witnesses, Okomu Oil Palm Plantation Plc (OOPC) security staff were responsible for this. Three other settlements had previously been attacked. The company, which is a subsidiary of Socfin, a company registered in Luxembourg, denies any involvement in the events. See <https://www.rainforest-rescue.org/petitions/1224/stop-nigerias-lawless-palm-oil-juggernaut> as well as <https://news.mongabay.com/2021/11/at-a-certified-palm-oil-plantation-in-nigeria-soldiers-and-conflict-over-land/> and <https://www.solidaridadnetwork.org/story/improving-womens-right-to-land-in-traditional-communities-in-nigeria/>

⁸⁸ Wilmar PZ has been developing a 38,000-hectare plantation on former communal farmland since 2010. Another 50,000 hectares are due to follow, also on former communal land (Ojo 2017).

⁸⁹ See: <https://www.ft.com/content/d7dc168d-c9ff-42a8-88e6-319e40a179cf>

⁹⁰ See: <https://www.finelib.com/about/nigeria-cash-crops/oil-palm-plantation-and-the-nigerian-states-that-produces-it/86>

Environmental risks

Deforestation / conversion of land

Some oil palm plantations in Nigeria have been established on land that was once primary forest. This poses the most serious ecological risk in oil palm cultivation. The government's plans to expand these areas will increase the pressure on the remaining forests (Ojo 2017). In some regions, large companies have purchased land that is located in protected areas from the local population (Akhaine 2017).

The deforestation of large areas of forest in Nigeria is already resulting in changes to the microclimate. Although no information is available regarding the impact on oil palm cultivation, forecasts for cocoa production, which requires similar climatic conditions, assume that cultivation will no longer be possible in many of the current production regions in a few years' time (Schroth et al. 2016).

Biodiversity

The development of large plantations, in particular, could lead to a significant reduction in biodiversity.

Continuous updates

The information presented is a snapshot. The UNGP call for any changes in the local situation to be recorded. The [CSR Risk Check](#), among other things, can currently be used for this because it is updated continuously.

STEP 6: PRIORITISE RISKS WITHIN THE COMPANY'S OWN SUPPLY CHAIN

Since every company has its own characteristic features in terms of different locations, suppliers and supplier countries, not every industry risk or country risk is necessarily consistent with the company-specific risk. Even in the high-risk cultivation countries, there may be regions where risks are significantly reduced thanks to well-organised cooperatives combined with social and ecological support measures. However, it is also possible that risks are much higher within a specific supply chain than the country data might suggest at first glance.

In addition, it is important to consider where a country's palm oil comes from. Large quantities of the palm oil sold to Europe come from large multinational corporations, which in turn harvest a significant proportion of crops on their own plantations. Palm oil is also traded in a wide variety of processing stages.

Therefore, direct relationships rarely exist, especially between SMEs and production areas. At the same time, however, there are large corporate alliances, at both an international and German level (FONAP), that allow companies to pool their interests. This, in turn, can provide opportunities for them to jointly achieve greater transparency in their supply chains.

It is therefore important to compare the research findings obtained so far with the company's activities and to check whether the results of the industry-related and country-related research hold true in the individual supply chain. An exchange of information with internal divisions (purchasing, compliance, quality management) and external stakeholders such as suppliers and farmers' organisations is helpful (see [SME Compass guidance](#)).

Very different challenges and risks may arise depending on the size of the company and supplier relationships. Small companies with direct supplier relationships can enter into discussions immediately with their suppliers and work on eliminating the risks. Companies with diverse, indirect supplier relationships could, on the other hand, be faced with the situation of being unable to address all the identified risks at the same time.

In principle, companies should aim to identify and rectify all adverse human rights impacts. If there is insufficient capacity for a comprehensive approach, priorities must be set. UNGP Principle 24 addresses such situations and provides specific guidance:

"Where it is necessary to prioritize actions to address actual and potential adverse human rights impacts, business enterprises should first seek to prevent and mitigate those that are most severe or where delayed response would make them irremediable" (UNDP 24).

This describes a multi-stage approach based on the severity of the human rights violations. The severity of the human rights violations needs to be determined in order to prioritise them. Another factor that should be taken into account is the number of people who are affected by the human rights violations.

The [SME Compass](#) describes how companies can proceed in a multi-stage process. The assessment of human rights risks and environmental risks is based on two criteria: the severity of the (potential) negative impacts and the probability of occurrence. The severity is assessed by determining the scale, scope and irremediable character of a (potential) negative impact. There is no one-size-fits-all threshold to assess when an impact is severe. A (potential) negative impact on affected parties and the environment can also be severe if only one of the three dimensions of scale, scope and

irremediability is classified as severe. Companies may have different risk assessments for different palm oil supply chains and thus make an individual assessment for each of its supply chains.

ILLUSTRATION 2: IMPLEMENTING SEVERITY ASSESSMENT CRITERIA

Understanding severity in practice 🔖

Dimension	Approaches and challenges	High severity example
Scale: How serious is the (potential) negative impact?	<ul style="list-style-type: none"> - To what extent is a (potentially) affected person able to protect themselves? - How vulnerable are they to negative effects? 	- Child labour in the mining sector at the extraction level
Scope: How many (potentially) affected persons are there?	<ul style="list-style-type: none"> - At the direct supplier level: number of employees - In the deeper supply chain: more challenging, the use of reports from NGOs can be helpful 	<ul style="list-style-type: none"> - An entire production site - A local community - Individual case or entire group (e.g. factory workers)
Irremediability: How difficult would it be to fix or prevent the (potential) negative impact?	<ul style="list-style-type: none"> - Damage that cannot be repaired, technical requirements - Acceptance of the measures among those affected 	- Irreversible damage (e.g. health burdens that massively affects the quality of life)

Sources:
Study | Global Compact Network Netherlands, Oxfam, Shift | 2016 | [Doing business with respect for human rights: a guidance tool for companies](#) | p. 52 | [click here](#); Study | The Danish Institute for Human Rights | 2016 | [Analysing Impacts Practitioner Supplement](#) | p. 8 ff. | [click here](#)

Source: *Toolkits from the SME Compass*

The severity of the (potential) negative impacts has a higher weighting in the prioritisation than the probability of occurrence. For example, if there is a risk of life-threatening working conditions due to a lack of fire protection measures, this matter must be pursued even if the probability of occurrence is low.

The [UN Guiding Principles on Business and Human Rights](#) described under Step 2 provide guidelines for assessing and prioritising risks. Principles 14 and 24, in particular, explain the UN’s framework of requirements for risk assessment and prioritisation.

Other points of reference are provided by the [Assessing Human Rights Risks and Impacts](#) brochure published by the UN GCG, the GIHR and twentyfifty, which describes a step-by-step approach.

The [OECD Due Diligence Guidance for Responsible Business Conduct](#) (OECD 2018: 25–28; 61–73) also contains extensive guidelines. In addition, the [OECD-FAO Guidance for Responsible Agricultural Supply Chains](#) should also be consulted because it has been specifically written for agricultural supply chains.

Further literature and links can be found in the [Risk Analysis and Measures information package from the Helpdesk Business & Human Rights](#). The [Human Rights Impact Assessment Guidance and Toolbox \(HRIA\)](#) provided by the GIHR also explains what needs to be considered when assessing and prioritising risks.

The results of the risk analysis are the basis for comparing existing processes and measures, developing an action plan and implementing risk-based measures.

STEP 7: INVOLVE LOCAL STAKEHOLDERS

Procedure for companies

After the risk analysis has been carried out, the relevant person in the company must arrange for the assessments to be verified together with local stakeholders.

This study collates fundamental risk data for the most important palm-oil-producing and -exporting countries. These analyses identify a large number of risks, but the company now needs to check whether local risks actually exist in its own specific supply chain.

As explained in Section 2.3, the involvement of stakeholders is crucial. According to the principles of the United Nations, it is not sufficient to use internal or external expertise for risk analyses. Another crucial step is “meaningful consultation with potentially affected groups and other relevant stakeholders, as appropriate to the size of the business enterprise and the nature and context of the operation” (UN GCG 2014: 22).

This requires the involvement of local farmers and their associations (e.g. cooperatives), those working on the plantations and their representatives (e.g. trade unions), intermediaries, non-governmental organisations and other important local stakeholders.

In view of the heterogenous nature of palm cultivation, the involvement of local stakeholders is essential in order to identify risks. Even within a region, there can be major differences from one plantation to another and even more so between smallholdings and large plantations. In addition, it is possible that one area has a predominantly local, unionised workforce, while another production region relies heavily on migrant, non-unionised and therefore highly vulnerable workers.

If such processes have already been implemented by suppliers, the company should check whether these were sufficient.

ANNEX A: EXTRACTS FROM THE SUPPLY CHAIN DUE DILIGENCE ACT

Source: Supply Chain Due Diligence Act, 16/07/2021, Federal Law Gazette 2021 Part I No. 46, pp. 2959-2961.

Section 2 Definitions

- (1) Protected legal positions within the meaning of this Act are those arising from the conventions on the protection of human rights listed in nos. 1 to 11 of the Annex.
- (2) A human rights risk within the meaning of this Act is a condition in which, on the basis of factual circumstances, there is a sufficient probability that a violation of one of the following prohibitions is imminent:
 1. the prohibition of the employment of a child under the age at which compulsory schooling ends according to the law of the place of employment, provided that the age of employment is not less than 15 years, except where the law of the place of employment so provides in accordance with Article 2 (4) and Articles 4 to 8 of Convention No. 138 of the International Labour Organization of 26 June 1973 concerning Minimum Age for Admission to Employment (Federal Law Gazette 1976 II pp. 201, 202);
 2. the prohibition of the worst forms of child labour for children under 18 years of age; in accordance with Article 3 of Convention No. 182 of the International Labour Organization of 17 June 1999 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (Federal Law Gazette 2001 II pp. 1290, 1291), this includes:
 - a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom, as well as forced or compulsory labour, including the forced or compulsory recruitment of children for use in armed conflicts,
 - b) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances,
 - c) the use, procuring or offering of a child for illicit activities, in particular for the production of or trafficking in drugs,
 - d) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children;
 3. the prohibition of the employment of persons in forced labour; this includes any work or service that is required of a person under threat of punishment and for which he or she has not made himself or herself available voluntarily, for example as a result of debt bondage or trafficking in human beings; excluded from forced labour are any work or services that comply with Article 2 (2) of Convention No. 29 of the International Labour Organization of 28 June 1930 concerning Forced or Compulsory Labour (Federal Law Gazette 1956 II pp. 640, 641) or with Article 8 (3) (b) and (c) of

the International Covenant of 19 December 1966 on Civil and Political Rights (Federal Law Gazette 1973 II pp. 1533, 1534);

4. the prohibition of all forms of slavery, practices akin to slavery, serfdom or other forms of domination or oppression in the workplace, such as extreme economic or sexual exploitation and humiliation;
5. the prohibition of disregarding the occupational safety and health obligations applicable under the law of the place of employment if this gives rise to the risk of accidents at work or work-related health hazards, in particular due to:
 - e) obviously insufficient safety standards in the provision and maintenance of the workplace, workstation and work equipment;
 - f) the absence of appropriate protective measures to avoid exposure to chemical, physical or biological substances;
 - g) the lack of measures to prevent excessive physical and mental fatigue, in particular through inappropriate work organisation in terms of working hours and rest breaks; or
 - h) the inadequate training and instruction of employees;
6. the prohibition of disregarding the freedom of association, according to which
 - a) employees are free to form or join trade unions,
 - b) the formation, joining and membership of a trade union must not be used as a reason for unjustified discrimination or retaliation,
 - c) trade unions are free to operate in accordance with applicable law of the place of employment, which includes the right to strike and the right to collective bargaining;
7. the prohibition of unequal treatment in employment, for example on the grounds of national and ethnic origin, social origin, health status, disability, sexual orientation, age, gender, political opinion, religion or belief, unless this is justified by the requirements of the employment; unequal treatment includes, in particular, the payment of unequal remuneration for work of equal value;
8. the prohibition of withholding an adequate living wage; the adequate living wage amounts to at least the minimum wage as laid down by the applicable law and, apart from that, is determined in accordance with the regulations of the place of employment;
9. the prohibition of causing any harmful soil change, water pollution, air pollution, harmful noise emission or excessive water consumption that
 - a) significantly impairs the natural bases for the preservation and production of food,
 - b) denies a person access to safe and clean drinking water,
 - c) makes it difficult for a person to access sanitary facilities or destroys them or
 - d) harms the health of a person;

10. the prohibition of unlawful eviction and the prohibition of unlawful taking of land, forests and waters in the acquisition, development or other use of land, forests and waters, the use of which secures the livelihood of a person;
 11. the prohibition of the hiring or use of private or public security forces for the protection of the enterprise's project if, due to a lack of instruction or control on the part of the enterprise, the use of security forces
 - a) is in violation of the prohibition of torture and cruel, inhumane or degrading treatment,
 - b) damages life or limb or
 - c) impairs the right to organise and the freedom of association;
 12. the prohibition of an act or omission in breach of a duty to act that goes beyond nos. 1 to 11, which is directly capable of impairing a protected legal position in a particularly serious manner, and the unlawfulness of which is obvious upon reasonable assessment of all the circumstances in question.
- (3) An environment-related risk within the meaning of this Act is a condition in which, on the basis of factual circumstances, there is a sufficient probability that one of the following prohibitions will be violated:
1. the prohibition of the manufacture of mercury-added products pursuant to Article 4 (1) and Annex A Part I of the Minamata Convention on Mercury of 10 October 2013 (Federal Law Gazette 2017 II pp. 610, 611) (Minamata Convention);
 2. the prohibition of the use of mercury and mercury compounds in manufacturing processes within the meaning of Article 5 (2) and Annex B Part I of the Minamata Convention from the phase-out date specified in the Convention for the respective products and processes;
 3. ban on the handling of mercury waste contrary to the requirements of Article 11 Section 3 of the Minamata Convention;
 4. the prohibition of the production and use of chemicals pursuant to Article 3 (1) (a) and Annex A of the Stockholm Convention of 23 May 2001 on Persistent Organic Pollutants (Federal Law Gazette 2002 II pp. 803, 804) (POPs Convention), last amended by decision of 6 May 2005 (Federal Law Gazette 2009 II pp. 1060, 1061), in the version of Regulation (EU) 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic pollutants (OJ L 169 of 26 May 2019 pp. 45-77), as last amended by Commission Delegated Regulation (EU) 2021/277 of 16 December 2020 (OJ L 62 of 23 February 2021 pp. 1-3);
 5. the prohibition of the handling, collection, storage and disposal of waste in a manner that is not environmentally sound in accordance with the regulations in force in the applicable jurisdiction under the provisions of Article 6 (1) (d) (i) and (ii) of the POPs Convention;
 6. the prohibition of exports of hazardous waste within the meaning of Article 1 (1) and other wastes within the meaning of Article 1 (2) of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989 (Federal Law Gazette 1994 II pp. 2703, 2704) (Basel Convention),, as last amended by the Third Ordinance amending Annexes to the Basel Convention of 22 March 1989 of 6 May 2014

(Federal Law Gazette II pp. 306, 307), and within the meaning of Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste (OJ L 190 of 12 July 2006 pp. 1-98) (Regulation (EC) No 1013/2006), as last amended by Commission Delegated Regulation (EU) 2020/2174 of 19 October 2020 (OJ L 433 of 22 December 2020 pp. 11-19):

- a) to a party that has prohibited the import of such hazardous and other wastes (Article 4 (1) (b) of the Basel Convention),
 - b) to a state of import as defined in Article 2 no. 11 of the Basel Convention that does not consent in writing to the specific import, in the case where that state of import has not prohibited the import of such hazardous wastes (Article 4 (1) (c) of the Basel Convention),
 - c) to a non-party to the Basel Convention (Article 4 (5) of the Basel Convention),
 - d) to a state of import if such hazardous wastes or other wastes are not managed in an environmentally sound manner in that state or elsewhere (Article 4 (8) sentence 1 of the Basel Convention);
7. the prohibition of the export of hazardous wastes from countries listed in Annex VII to the Basel Convention to countries not listed in Annex VII (Article 4A of the Basel Convention, Article 36 of Regulation (EC) No 1013/2006) and
 8. the prohibition of the import of hazardous wastes and other wastes from a non-party to the Basel Convention (Article 4 (5) of the Basel Convention).
- (4) A violation of a human rights-related obligation within the meaning of this Act is a violation of a prohibition stated in paragraph (2), nos. 1 to 12. A violation of an environment-related obligation within the meaning of this Act is a violation of a prohibition referred to in paragraph (3), nos. 1 to 8.
 - (5) The supply chain within the meaning of this Act refers to all products and services of an enterprise. It includes all steps in Germany and abroad that are necessary to produce the products and provide the services, starting from the extraction of the raw materials to the delivery to the end customer and includes
 1. the actions of an enterprise in its own business area,
 2. the actions of direct suppliers and
 3. the actions of indirect suppliers.
 - (6) The own business area within the meaning of this Act covers every activity of the enterprise to achieve the business objective. This includes any activity for the creation and exploitation of products and services, regardless of whether it is carried out at a location in Germany or abroad. In affiliated enterprises, the parent company's own business area includes a group company if the parent company exercises a decisive influence on the group company.
 - (7) A direct supplier within the meaning of this Act is a partner to a contract for the supply of goods or the provision of services whose supplies are necessary for the production of the enterprise's product or for the provision and use of the relevant service.
 - (8) An indirect supplier within the meaning of this Act is any enterprise which is not a direct supplier and whose supplies are necessary for the production of the enterprise's product or for the provision and use of the relevant service.

ANNEX B: COUNTRY ANALYSIS OVERVIEW TABLE

TABLE 15: COUNTRY ANALYSIS OVERVIEW TABLE

	HDI (HIGHEST ACHIEVABLE VALUE 1 / RANK OUT OF 189 COUNTRIES) (1)	POPULATION LIVING BELOW THE POVERTY LINE OF \$1.9 PER DAY (PPP) (%) (1)	PROPORTION OF POPULATION IN MULTI-DIMENSIONAL POVERTY (%) (1)	GENDER DEVELOPMENT INDEX GROUPS (HIGHEST VALUE 1, LOWEST VALUE 5) (1)	FREEDOM HOUSE (SCORE OUT OF 100 / STATUS) (2)	AMFORI BSCI (SCORE OUT OF 100 / CLASSIFICATION) (3)	CORRUPTION PERCEPTIONS INDEX (SCORE OUT OF 100 / RANK OUT OF 180 COUNTRIES) (4)
Indonesia	0.718 (107)	4.6	3.6	3	59 (partly free)	45.4 (risk country)	38 (96/100)
Malaysia	0.810 (62)	n/a	n/a	2	50 (partly free)	63.8 (low-risk country)	48 (62/180)
Guatemala	0.663 (127)	8.7	28.9	3	51 (partly free)	27.3 (risk country)	25 (150/180)
Colombia	0.767 (83)	4.1	4.8	1	64 (partly free)	46.6 (risk country)	39 (87/180)
Papua New Guinea	0.555 (155)	38.0	56.6	n/a	62 (partly free)	26.3 (risk country)	31 (124/180)
Thailand	0.777 (79)	0.0	0.8	1	29 (not free)	45.7 (risk country)	35 (110/180)
Honduras	0.634 (132)	16.5	19.3	1	47 (partly free)	26.8 (risk country)	23 (157/180)
Nigeria	0.539 (161)	53.5	46.4	5	43 (partly free)	17.2 (risk country)	24 (154/180)
	STATE OF CIVIC SPACE (STATUS) (5)	RATIFICATION OF ILO CORE CONVENTIONS (6)	ITUC GLOBAL RIGHTS INDEX (7)	VULNERABLE EMPLOYMENT (%) (1)	CHILD LABOUR (% AGE IN BRACKETS) (8)	CHILDREN'S RIGHTS IN THE WORKPLACE INDEX (9)	
Indonesia	Obstructed	Yes	5 (no guarantee of rights)	47.9	3.7 (10-14)	4.9	
Malaysia	Obstructed	No: not C087 and C111	5 (no guarantee of rights)	21.8	n/a	4.6	
Guatemala	Obstructed	Yes	5 (no guarantee of rights)	37.5	6.5 (7-14)	4.9	
Colombia	Repressed	Yes	5 (no guarantee of rights)	47.1	2.5 (5-14)	4.0	
Papua New Guinea	Obstructed	Yes	n/a	77.9	n/a	7.3	
Thailand	Repressed	No: not C087 and C098	5 (no guarantee of rights)	48.5	13 (5-14)	3.8	
Honduras	Repressed	Yes	5 (no guarantee of rights)	41.4	9 (5-14)	5.3	
Nigeria	Repressed	Yes	4 (systematic violations of rights)	77.6	47.5 (5-14)	5.9	

	ILO 11 RIGHT OF ASSOCIATION (AGRICULTURE) (10)	ILO 97 Migration for Employment (10)	ILO 99 Minimum Wage Fixing Machinery (Agriculture) (10)	ILO 129 Labour Inspection (Agriculture) (10)	ILO 131 Minimum Wage Fixing (10)	ILO 141 Rural Workers' Organisations (10)	ILO 184 Safety and Health in Agriculture (10)
Indonesia	No	No	No	No	No	No	No
Malaysia	Partially (Peninsular and Sarawak)	Partially (Sabah)	No	No	Yes	No	No
Guatemala	Yes	Yes	Yes	Yes	Yes	Yes	No
Colombia	No	No	No	No	No	No	No
Papua New Guinea	Yes	No	Yes	No	No	No	No
Thailand	No	No	No	No	No	No	No
Honduras	No	No	No	No	No	No	No
Nigeria	Yes	Yes	No	No	No	No	No

Sources:

- (1) UNDP: Human Development Report 2020: <http://hdr.undp.org/>
- (2) Freedom House Index: <https://freedomhouse.org/countries/freedom-world/scores> (as of March 2022)
- (3) amfori BSCI: https://www.amfori.org/sites/default/files/amfori-2020-11-12-Country-Risk-Classification-2021_0.pdf (as of June 2021)
- (4) Transparency International: <https://www.transparency.de/cpi/cpi-2021/> (as of January 2022, data for 2021)
- (5) CIVICUS: <https://monitor.civicus.org/> (as of March 2022)
- (6) ILO core standards: https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:10011:0::NO::P10011_DISPLAY_BY,P10011_CONVENTION_TYPE_CODE:1,F
- (7) ITUC: https://files.mutualcdn.com/ituc/files/ITUC_GlobalRightsIndex_2021_DE-final.pdf
- (8) United States Department of Labor: Findings on the Worst Forms of Child Labor: https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2020/2020_TDA_BigBook_Online_optimized.pdf
- (9) UNICEF/Global Child Forum: <https://www.childrensrighsatlas.org/country-data/workplace/>
- (10) ILO: <https://www.ilo.org/dyn/normlex/en/f?p=1000:12001::NO>

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