



# THE GREAT PALM OIL SCANDAL

LABOUR ABUSES BEHIND BIG BRAND NAMES - *EXECUTIVE SUMMARY*

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*Woman employed as a casual workers on a plantation owned by a Wilmar supplier, spraying chemicals without protective equipment.*  
© Amnesty International/WatchDoc



Aerial view of PT Perkebunan Milano's palm oil plantation in North Sumatra. PT Perkebunan is a subsidiary of Wilmar International.  
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## 1. EXECUTIVE SUMMARY

Palm oil and palm-based ingredients are found in approximately 50% of common consumer products. Besides its use as a cooking oil, palm oil is found in many food products such as packaged bread, breakfast cereals, margarine, chocolate, ice cream, biscuits, and snack food. It is also used in household detergents, shampoos, creams, soap, lipsticks and in biofuels for cars and power plants.

Global production of palm oil has doubled over the last decade and experts estimate that it will have doubled again by 2020. Indonesia is the largest producer of palm oil in the world and produces 35 million tonnes of the oil per year. The rapid expansion of palm oil plantations in Indonesia has been driven by an increase in the global demand for vegetable oils for food and non-food uses, including biofuels. Palm oil plantations have been developed by clearing forests and the resultant deforestation has been linked to serious environmental problems, including the destruction of habitats for orangutans and the Sumatran tiger.

In response to criticisms over the negative environmental and social impacts of palm oil, the Roundtable on Sustainable Palm Oil (RSPO) was set up in 2004. The stated objective of this body is to enable the palm oil industry to operate sustainably, without environmental damage or exploitation. Palm oil certified by the RSPO is marked as sustainable palm oil, including on the consumer products in which much of the oil ends up.

This report investigates labour exploitation on plantations in Indonesia that provide palm oil to Wilmar, which is the world's largest processor and merchandiser of palm and lauric (palm kernel) oils and controls over 43% of the global palm oil trade. The report also traces the palm oil produced in Indonesia for Wilmar to a range of consumer goods companies that use palm oil in their products. The investigation is based on both fieldwork in Indonesia and desk research. Researchers interviewed 120 plantation workers, including workers holding supervisory roles, on plantations directly owned by two Wilmar subsidiaries and on plantations owned by three companies that supply oil to Wilmar's Indonesian refineries. The two Wilmar subsidiaries are PT Perkebunan Milano (PT Milano) and PT Daya Labuhan Indah. The three suppliers are PT Sarana Prima Multi Niaga (SPMN), PT Abdi Budi Mulia

(ABM) and PT Hamparan Masawit Bangun Persada (PT Hamparan), part of the BEST Group, which supplies Wilmar. Wilmar, SPMN, and all but one of its buyers whom Amnesty International contacted, are members of the RSPO.

Amnesty International found serious human rights abuses on the plantations of Wilmar and its suppliers. These included forced labour and child labour, gender discrimination, as well as exploitative and dangerous working practices that put the health of workers at risk. The abuses identified were not isolated incidents but due to systemic business practices by Wilmar's subsidiaries and suppliers, in particular the low level of wages, the use of targets and 'piece rates' (where workers are paid based on tasks completed rather than hours worked), and the use of a complex system of financial and other penalties. Workers, especially women, are employed under casual work arrangements, which make them vulnerable to abuses.

## HARVESTING AND PROCESSING OF PALM OIL

Oil palm trees can grow up to 20 metres tall and have an average life of 25 years. Trees start to bear fresh fruit bunches after three years and reach peak production between the sixth and tenth year. Fresh fruit bunches can contain from 1,000 to 3,000 individual fruits (the size of small plums), together weighing 10 to 25 kg. The fresh fruit bunches have to be transported to palm oil mills within 24 hours of harvesting to start processing the harvested fruits. The extracted oil is transported to refineries where it is processed further. Wilmar has its own plantations and mills and owns 15 refineries in Indonesia. These refineries also source from non-Wilmar owned mills (Wilmar refers to these as third-party suppliers).

The work involved in harvesting palm fruit is extremely physically demanding. Harvesters use long steel poles (egrek) with a sickle at the end, which can weigh around 12 kg, to cut the palm fruit bunches down from trees, which may be up to

20 metres tall. For smaller palm trees up to three metres tall, harvesters use a shorter pole with a big chisel (dodos) at the end. The fresh fruit bunches are then loaded onto wheelbarrows and taken to collection points, often over uneven terrain.

## WORK, PAY AND PENALTIES AT WILMAR'S SUBSIDIARIES AND SUPPLIERS

Indonesian law sets limits on hours of work (40 hours a week) and overtime (a maximum of three hours per day or 14 hours per week). It also specifies the payments that workers should receive for overtime work (one and a half to three times the hourly wage). The Governor of each province in Indonesia sets the minimum wage for each province and each city and can also identify minimum wages for particular business sectors. The minimum wages applicable in North Sumatra and Central Kalimantan, where the plantations are located, are quite low. They are insufficient to meet a family's living needs, especially as plantations are located far away from towns and goods are more expensive.

Companies that Amnesty International investigated use a complex system to calculate workers' wages, based on both time worked and output per worker. Companies set output targets for the tasks that workers need to complete. Harvesters (always men) are set targets for the total weight of the fresh fruit bunches that they need to collect. For example, ABM, a Wilmar supplier in Indonesia, sets harvesters a target of collecting 950 kg per day from trees that were planted in 2006 (targets for harvesters are set based on the age and expected productivity of the trees). If the harvester meets his target, he receives his basic monthly wage. If he doesn't meet his target, the company deducts one-seventh of his salary, irrespective of the fact that he has worked his working hours or longer. Harvesters receive a bonus for any fresh fruit bunches that they collect over the target.

Workers in plant maintenance units (mostly women) are given targets for the number of sacks of fertilizer

that they should spread, tanks of chemicals that they need to spray or rows of plants that they need to weed, etc. For example, in PT Milano, a Wilmar subsidiary, workers have to spray nine tanks of chemicals every day. Other workers have a target of spreading 15 to 17 sacks of fertilizers. If the worker is unable to meet the target, she will be paid the daily wage but the work that she hasn't completed is added on to her next day's target.

The targets that workers have to achieve are set by individual companies, and appear to be set arbitrarily to meet companies' needs rather than being based on a realistic calculation of how much workers can do in their working hours. The consequences of not meeting the targets vary across the different Wilmar subsidiaries and suppliers that Amnesty International investigated and across categories of workers. Workers can face deductions of their salary for failing to meet their targets, in some cases leading to their salaries falling below the minimum wage, or lose out on 'bonus' payments despite working long hours in excess of the working hours limit. Workers are rarely paid overtime for extra hours worked.

## CHILD LABOUR

In order to meet their targets, earn bonuses and avoid penalties, workers on all the plantations that Amnesty International investigated said that they get help from their spouses, children or others to complete certain tasks.

Indonesian law prohibits anyone from employing and involving children (any person under the age of 18) in the worst forms of labour. The worst forms of child labour include work that is harmful to the health, safety or morals of children; this is regulated under a Ministerial Decree. Children between 13 and 15 are allowed to do 'light work', which does not disrupt their physical, mental or social development. The minimum age of employment is 15 years of age but work that may endanger the health, safety or morals of children is prohibited until the age of 18.

Amnesty International documented evidence of the involvement of children in hazardous work on

plantations owned by two Wilmar subsidiaries (PT Daya Labuhan Indah, PT Milano) and three Wilmar suppliers (ABM, SPMN, and PT Hamparan). Workers employed by these companies told researchers that they have seen children working on the plantation, helping their parents. Because of a fear that they could lose their jobs if they spoke about this issue, parents were nervous about being interviewed about child labour. Researchers however interviewed five children who help their fathers and also interviewed their fathers. They interviewed five other fathers, who are harvesters, who described how their children work with them on plantations.

Some children started working from the age of eight years onwards and all were below 15 years of age. Most of the children help their parents in the afternoons, after attending school, and on weekends and holidays. However, some children have dropped out of schools and work for all or most of the day. Children carry heavy loads, as they have to carry sacks of loose fruits and some transport wheelbarrows full of heavy palm fruit bunches over uneven terrain and narrow bridges. They run the risk of injuries from repetitive movements, carrying heavy loads and from working in an environment where they are exposed to chemicals.

Amnesty International researchers interviewed B, who is 14 years old. His father works for a Wilmar subsidiary. B told researchers: *"I have helped my father every day for about two years [since B was 12 years old]. I studied till sixth grade in school. I left school to help my father because he couldn't do the work anymore. He was sick. I am concerned that I haven't finished school. ... I would like to go back to school, I left because my father was sick and I had to help."*

C, a ten-year-old boy, dropped out of school after the second grade and helps his father who works at a Wilmar supplier. He has helped his father since he was eight years old. His father, K, said: *"I get the premi [bonus] from the loose fruit that's why my kids help me. I wouldn't be able to meet the target ... otherwise. ... The foreman sees my children helping me. The foreman says it is good that my child is helping me. [A senior manager] ... has come when*

*my child was helping me and not said anything. He doesn't come out of his car. He yells out orders from his car to the foreman."*

The involvement of children is contrary to Indonesian and international human rights law, including the prohibition on involvement of children under the age of 18 in the worst forms of child labour, as well as Wilmar's own company policy.

Amnesty International wrote to all of the companies and presented the organization's evidence of child labour. Wilmar responded to Amnesty International saying: *"Child labour has no place in Wilmar's operations, and is a non-negotiable requirement for our suppliers"*. The company said that *"a lack of access to education and child care is one of the key reasons why this happens"* and pointed to its investment in providing primary education and childcare facilities. It stated that plantation supervisors and managers put up signs that say that child labour is prohibited, and carry out regular patrols to monitor child labour. *"Where the presence of children is detected, specifically during the school holidays when some workers may bring their children to the plantations because there is no one to look after them at home, stern warnings are given to the workers not to bring children to their workplace. Disciplinary action is taken against repeat offenders."*

Wilmar's response to Amnesty International completely disregards the role played by Wilmar's business practices in creating and sustaining the conditions that lead to child labour on its plantations. Wilmar does not acknowledge the impact of low wages and the use of targets and penalties for certain tasks as causative factors that lead to parents bringing their children to help them with their work. The company instead attempts to shift responsibility exclusively onto parents. Wilmar's response also fails to acknowledge that supervisory staff have allowed child labour to continue and the company has benefited from the work the children have done. The evidence gathered by Amnesty International demonstrates that the Wilmar Group is responsible for the involvement of children in the worst forms of child labour on plantations owned by the Wilmar Group.

TSH Resources, the parent company of SPMN, was the only Wilmar supplier who responded and did not engage with the evidence presented by Amnesty International.

Wilmar's subsidiaries' and suppliers' working practices, in particular the use of high targets and penalties, have resulted in children working. By employing children under the age of 15 the companies may have committed a felony as set out under Article 185 of the Manpower Act. The companies may also have breached Article 74 and therefore committed a felony under Article 183 of the Manpower Act because of the involvement of children under the age of 18 in jobs that are harmful to their health and safety.

## FORCED LABOUR

Indonesia is a party to the International Labour Organization (ILO) Forced Labour Convention and has adopted the Convention in its national legislation. Forced labour is defined under the Convention and Indonesian law as *"all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily."*

Employers can penalize workers for failing to meet targets, do certain tasks or for mistakes in their work (for example, for picking unripe fruit). In most cases, the penalty has a financial dimension and workers can face deductions from their salaries or yearly bonuses or have to give up a day's work or leave. Casual daily labourers are particularly vulnerable as they can be 'scorched' (stopped from working for one or more days or let go altogether) if they fail to meet targets. The large number of penalties, which can be applied at the employer's discretion, and the lack of clarity and transparency on deductions from wages make workers vulnerable to pressure from their supervisors, who can exact work under the threat of loss of pay or loss of employment.

Amnesty International documented cases of foremen threatening women workers in plant maintenance units with not being paid or having their pay deducted in

order to exact work from them. U works as a casual daily labourer in the plant maintenance unit at PT Milano. She said: *“The target is [to spread] 15 – 17 sacks ... If I don’t finish my target, they ask me to keep working but I don’t get paid for the extra time or get any premi [bonus]. I have to finish all the sacks before I can leave. Around three months ago, my friend and I told the foreman that we were very tired and wanted to leave. The foreman told us if you don’t want to work, go home and don’t come again.”* Researchers found that SPMN and PT Hamparan, Wilmar’s suppliers, oblige workers to work beyond normal working hours and in excess of overtime limits set out under Indonesian law, as only in so doing can they earn the minimum wage. The ILO Committee of experts has said that these kinds of practices amount to forced labour.

## PAID BELOW THE MINIMUM WAGE AND ARBITRARILY DENIED PAY

Article 17 of the Ministry of Manpower Decree No. 7/2013 provides that ‘piece rate’ workers should not be paid below the daily or monthly minimum wage as applicable. As highlighted above, two Wilmar suppliers, SPMN and PT Hamparan, use a piece rate system. For example, H, who works for SPMN, is given a target of collecting 24 sacks of loose fruit in order to get paid 84,116 Indonesian Rupiahs (US\$6). She said: *“when I pick up the loose fruit, the most I can collect is 18 bags so I only get paid 3,300 (Indonesian Rupiahs) per bag. ...It is very difficult to collect one full sack of loose fruit. ...My lower back hurts from all the bending to pick up the loose fruit”*. Despite doing a full day’s work she is only paid 59,400 Indonesian Rupiahs (US\$4), significantly below the daily minimum wage of 84,116 Indonesian Rupiahs. Other workers also confirmed they are paid below the daily or monthly minimum wage when they don’t meet their targets. Workers who are involved in spraying plants do not get paid at all, or are paid for half a day, if it rains at a certain time, despite the work they have already done till that point.

Amnesty International found evidence that Wilmar’s subsidiaries, PT Milano and PT Daya Labuhan Indah, and its suppliers ABM, SPMN and PT Hamparan do not pay workers a daily minimum wage if they do not meet targets set by the company or if it rains at a certain time of day. All of the companies may therefore have contravened Article 90 of the Manpower Act, which prohibits employers from paying wages lower than minimum wages, and may have committed a felony under Article 185.

## WORKING HOURS LIMITS AND OVERTIME

In all the Wilmar subsidiaries and suppliers that Amnesty International investigated, harvesters work long hours, in excess of the limit of 40 hours per week set out under Indonesian law. In the high harvest season, following the rains, workers work long hours to try to earn bonuses. In seasons where fruit is less plentiful, especially during the dry season, workers work longer hours to meet their targets but do not earn much. Harvesters employed by Wilmar’s subsidiaries described working up to 10-11 hours a day, while harvesters who work for Wilmar’s suppliers described working up to 10-12 hours a day. These long hours are a major concern, particularly taking into account the physically demanding nature of the work done by harvesters. Some workers also work on Sundays in an effort to earn enough money to survive or make up for missing targets. Amnesty International documented cases of individuals working 12 hours a day, seven days a week, for below the legal minimum wage. Harvesters employed by PT Milano, a subsidiary of Wilmar, are offered an additional payment, referred to as kontanan, to work on Sundays. They are paid 40,000 Indonesian Rupiahs (US\$ 3) per ton of fresh fruit bunches that they collect instead of overtime pay, as required under Indonesian law. Amnesty International’s investigation revealed that all five companies may have breached Article 78 of the Manpower Act. This requires that companies pay workers certain levels of overtime pay for working beyond working hours, limit the amount of overtime that a worker may do, and

meet certain conditions around overtime. Harvesters can earn good bonuses during the harvest season, in particular, when the fruits are plentiful. While bonuses for exceeding targets could be a positive feature and one that many workers value, they do not make up for the risk of abuses which are generated by the use of targets and which Amnesty International documented. They can also mask the fact that the work actually requires two people to work, as harvesters often get help from their wives or children. Bonuses linked to targets should be in addition to and not replace overtime pay.

## ABUSES OF THE RIGHTS TO HEALTH AND TO SAFE AND HEALTHY WORKING CONDITIONS

Palm oil plantations use a range of pesticides and herbicides to manage pests and weeds. Plantations also use a large amount of fertiliser to improve yields. Environmental organizations have highlighted the risks of contamination of other crops, soil and groundwater by the chemicals in these products.

One such controversial chemical, which is used as a herbicide (to control weeds), is paraquat dichloride (paraquat). Paraquat is a highly toxic chemical, which poses severe risks to health. Paraquat has one of the highest acute toxicity values among commercial herbicides and can result in toxicity after ingestion, inhalation or dermal exposure; its use is banned in the European Union and restricted in several other countries. The Indonesian Ministry of Agriculture regulates paraquat as a restricted use pesticide. Only people who have been trained and certified are allowed to apply paraquat.

In 2008 Wilmar committed to phasing out the use of paraquat in its operations and stated that it had done so by 2011. It required its suppliers to stop using paraquat by the end of 2015. Amnesty International researchers found evidence of the use of paraquat-based herbicides by Wilmar's suppliers, in particular SPMN. The RSPO certification assessment of SPMN undertaken in July 2015

confirmed that the company used paraquat but stated that the estate management had plans to reduce its usage. Researchers confirmed, however, through recent photographs taken in October 2016 and interviews that SPMN continues to use paraquat. In its responses to Amnesty International, TSH Resources, SPMN's parent company, did not deny the use of paraquat or Gramoxone (a paraquat-based herbicide). Staff at PT Hamparan, another Wilmar supplier, said that the company uses Gramoxone and other paraquat-based herbicides. A worker employed by ABM, who mixes the chemicals that the workers spray, also stated that this company uses Gramoxone.

Amnesty International's investigation revealed a significant gap in the provision and maintenance of personal protective equipment for workers who spray chemicals or spread fertilizers. Some companies failed to provide equipment, while others did not replace equipment, such as boots, masks, gloves, coveralls (aprons) and goggles, when these were worn out. In addition, Amnesty International found that workers who deal with or spray chemicals do not have adequate information on the chemicals that they handle or the specific health risks associated with these chemicals. Workers described experiencing negative health effects after exposure to chemicals. Amnesty International documented severe injuries caused to workers, including the case of Yohanna who worked at SPMN and was splashed in the face with Gramoxone, leading to severe damage in her eye and her optic nerve. Yohanna told researchers: *"I can't see through the eye. I get headaches in part of my head, when I do, my eye feels really swollen. I still get a bit dizzy"*. The delay in obtaining the treatment Yohanna required worsened her condition.

Most Wilmar subsidiaries and suppliers test the blood of employees for exposure to chemicals but the results are not shared with workers. Workers whose blood tests reveal anomalies are told that there is a problem with their blood but still not provided a copy of the results. Those showing abnormalities are often simply moved to other tasks without ever knowing what the blood test results signify. This leaves the workers extremely anxious about their health.



## GENDER DISCRIMINATION

The report highlights a discriminatory pattern of hiring women as casual daily labourers, denying them permanent employment and social security benefits such as health insurance and pensions. Workers in plant maintenance units, who are almost all women, continue to be casual even when they work for the company for years. Wilmar's subsidiaries and suppliers employ some harvesters as casual daily labourers but most harvesters – who are always men – are employed on permanent employment contracts.

Amnesty International asked workers in all companies and the supervisory staff it interviewed whether there were any women employed as permanent workers by the companies. SPMN was the only company at which women were hired on permanent contracts to work on plantations and in supervisory capacities. Researchers were repeatedly told by workers at all the other companies that women are only hired as casual daily labourers and only to work in plant maintenance. There are some limited exceptions, including women who are retained in office administration who are permanent.

Supervisory staff in several companies whom Amnesty International interviewed confirmed that the women working in the fields are not permanent. N, who works in a supervisory position for a Wilmar supplier said: "I don't know why this is. Some women in the offices are permanent. The women in the fields work harder than ones in the office so I am not sure why they are not made permanent". Wilmar, ABM and PT Hamparan have not offered any reasonable and objective justification for their failure to offer permanent employment to the majority of women workers employed on their plantations.

## BIG BRAND MANUFACTURERS THAT BUY WILMAR'S INDONESIAN PALM OIL

Using export data and information published by Wilmar, Amnesty International traced palm oil from the plantations it investigated to Wilmar's Indonesian refineries and then to nine global food and household

goods companies. Archer Daniels Midland Company (ADM) purchases palm oil from mills that are supplied by plantations where Amnesty International documented severe labour rights abuses. Agrupación de Fabricantes de Aceites Marinos (AFAMSA), Colgate-Palmolive, Elevance Renewable Sciences, The Kellogg Company (Kellogg's), Nestlé and Reckitt Benckiser are sourcing palm oil from refineries where the palm oil has been directly supplied or, at the very least, been mixed with palm oil produced on plantations where there are severe labour rights abuses. It is highly likely that Unilever and Procter & Gamble, who confirmed that they source from Wilmar's Indonesian operations are sourcing palm oil from refineries where the palm oil has been directly supplied or, at the very least, been mixed with palm oil produced on plantations where there are severe labour rights abuses. All but one of these firms are members of the Roundtable on Sustainable Palm Oil, and claim they use "sustainable palm oil" on their websites or product labels. None of the companies Amnesty International contacted denied that the abuses were taking place, but neither did they provide any examples of action taken to deal with labour rights abuses in Wilmar's operations.

As buyers of Wilmar's oil, these companies have a responsibility to ensure their supply chain is free from abuses such as child labour and forced labour. This is a well-accepted international standard. Amnesty International contacted each of the buyers to ask for their response to the organization's findings and to seek information on what due diligence they undertook on their supply of palm oil. None of the companies was aware of the abuses until contacted by Amnesty International, which in itself strongly suggests that their due diligence is insufficient. The risks of labour abuse on palm plantations in Indonesia is known; NGOs have previously published information and Wilmar itself has stated that its 'No Exploitation' policy was not achieved by the end of 2015. Knowing that the risks existed, it was incumbent on the buyers to check whether the palm oil they purchased was produced in exploitative circumstances.

Each of the companies provided some information on their due diligence processes although none provided

any explanation for why their processes had not detected the abuses documented. The weaknesses in the due diligence processes went beyond failing to identify the actual abuses; none of the companies appeared to have even identified the risk factors, such as piece rate payments and the system of penalties. Had they been identified these practices should have acted as red flags to buyers, worthy of investigation as to their impacts. Some of the companies refuted Amnesty International's allegation that they were failing to exercise adequate human rights due diligence. The full text of the company responses can be found in the Annex to the report.

In addition to the failure to exercise adequate due diligence, the consumer goods companies that buy Wilmar palm oil demonstrated a lack of transparency. Amnesty International sent the companies lists of consumer products that include palm oil as a component, and asked if these items contained palm oil from Wilmar's Indonesia operations. Reckitt Benckiser confirmed that palm derivatives sourced from Wilmar were used to manufacture bar soap. Kellogg's confirmed that palm oil sourced from the identified Wilmar refineries went into Pringles chips made and distributed in China by its joint venture with Wilmar. Colgate-Palmolive and Nestlé said none of the products Amnesty International listed contained palm oil from Wilmar's Indonesia operations. They did not say which of their products do, although both companies acknowledged that they receive palm oil from Wilmar refineries that Amnesty International linked to the plantations investigated for this report. Two other companies (Unilever and Procter & Gamble) did not confirm that the listed products contained palm oil from Wilmar's Indonesia operations but they also did not correct the list. The other consumer companies offered vague or no responses. The lack of transparency around consumer products is worrying, suggesting these companies do not value the rights of the consumers to make informed choices and are attempting to shield themselves and their products from legitimate scrutiny.

## FAILURES OF THE ROUNDTABLE ON SUSTAINABLE PALM OIL

The RSPO has criteria for what it considers to be sustainable palm oil - that is oil produced without exploiting workers, without deforestation and without environmental and social harm. Wilmar and most of its buyers place great reliance on its membership and certification by the RSPO as proof of due diligence and respect for human rights. Amnesty International's investigation reveals that the RSPO is acting as a shield which deflects greater scrutiny of Wilmar's and other companies' practices. The implementation and monitoring of the RSPO criteria are extremely weak and based on a superficial assessment system. Amnesty International also found that the companies that buy from Wilmar overly rely on the RSPO certification system, especially for checking conditions at the plantation level. Three of the five palm growers that Amnesty International investigated are certified as producing "sustainable" palm oil under the RSPO, despite the severe abuses that researchers found on their plantations. While large consumer goods companies claim that the palm oil used in their products is "sustainable", Amnesty International's investigation contradicts this claim. Membership of the RSPO and certification assessments cannot and should not be used as proof of compliance with workers' human rights.

## CONCLUSION AND RECOMMENDATIONS

Wilmar, its subsidiaries PT Milano and PT Daya Labuhan Indah, and its suppliers, ABM, SPMN and PT Hamparan have abused workers' rights to just and favourable conditions of work, health, and social security. Wilmar, and those companies that buy from it, do not have an adequate due diligence process in place to identify, prevent, mitigate and account for how they address adverse human rights impacts linked to their business operations. Wilmar failed to carry out adequate due diligence on its suppliers. All of the buyers investigated failed to conduct adequate

human rights due diligence in relation to the Indonesian palm oil sourced from Wilmar. All of these companies are benefiting from, and contributing to, severe labour abuses in their palm oil supply chain.

Indonesia has a strong general legal framework on labour rights, though the government needs to urgently address the critical gaps in protection around forced labour, casual workers and other issues identified by Amnesty International. Based on the information gathered by Amnesty International, several of the companies may have breached Indonesian law and may have potentially committed numerous criminal offences. The government is failing to adequately monitor and enforce its labour laws and to prevent and remedy abuses. It is violating its obligation to protect people from abuses of their rights.

Addressing the serious and systemic abuse of labour rights on palm oil plantations requires a broad commitment by Wilmar, its suppliers, and companies that buy from Wilmar. The working practices prevalent on plantations run by Wilmar's subsidiaries and suppliers, such as the use of piece rates, targets, penalties, casual work arrangements, use of hazardous chemicals which create risks to workers' safety, must be eradicated or substantially modified in order to end the human rights abuses identified in this report. Wilmar must ensure such reforms are enacted without delay.

The companies that buy palm oil from Wilmar must address the serious shortcomings in their due diligence processes. None identified the severe labour abuses documented in this report prior to being contacted by Amnesty International. Companies that want to end abuse need to fundamentally

change their mind-set and practices. Such changes must include monitoring and investigations that are designed to detect labour abuses. A compliance based approach linked to RSPO certification is not sufficient to ensure respect for workers' human rights. Companies must be able to carry out physical checks – not merely rely on the guarantees of others, a process that cannot provide them with the level of knowledge and assurance to make commitments to their customers.

Both those companies that produce consumer goods that contain palm oil and the governments in countries where these products are sold must ensure consumers can purchase goods labelled as using “certified” or “sustainable” palm oil with confidence. Right now consumers are asked to rely on a voluntary scheme that cannot give confidence. Companies should be far more transparent and governments should act in the consumers' interest by requiring transparency. A truly sustainable palm oil industry will only be feasible if companies – from the plantation owners to those that make the end products for sale to consumers – take all necessary actions to meet the challenges the industry faces. The serious and systemic labour abuses documented by Amnesty International have been occurring on palm oil plantations in Indonesia for years. They are the direct result of how the businesses are run. Wilmar's dominance in the palm oil sector means the company has substantial scope to set the parameters for palm oil production and ensure conditions that safeguard against abuse. Similarly, Wilmar's buyers – many of them huge consumer brand companies – have, individually and collectively, ample scope to require Wilmar to enact reforms on its plantations and those of any company that supplies it.

**The companies' responses are available on Amnesty International's website at:**

[www.amnesty.org/en/documents/asa21/5230/2016/en/](http://www.amnesty.org/en/documents/asa21/5230/2016/en/).

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# THE GREAT PALM OIL SCANDAL

## LABOUR ABUSES BEHIND BIG BRAND NAMES

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Some of the world's best known companies are selling food, cosmetics and other products containing palm oil from Indonesian plantations on which workers are suffering serious human rights abuses.

Wilmar International Limited (Wilmar) controls over 43% of the global palm oil trade, selling to many 'household name' companies. Amnesty International found a range of labour rights abuses on the plantations operated by Wilmar's subsidiaries and suppliers in Indonesia. These abuses include worst forms of child labour, forced labour, discrimination against women workers, people being paid below the minimum wage, and workers suffering injuries from toxic chemicals. Under Indonesian law, many of these abuses can amount to criminal offences but the laws are poorly enforced.

Despite these serious abuses, palm oil from many of these plantations continues to be certified by an international initiative – the Roundtable on Sustainable Palm Oil (RSPO) – whose processes are fundamentally flawed. Companies that buy this palm oil claim to consumers that their products have been made using 'sustainable' palm oil.

Amnesty International is calling for a major overhaul of how the palm oil industry operates. Companies must end their reliance on weak compliance-based approaches. They must proactively investigate and address abuses all along their supply chain.

Amnesty International is also calling on the Indonesian government to improve enforcement of its labour laws, to investigate the abuses it has identified and to initiate prosecutions where there is evidence that criminal offences have been committed.

