

Understanding human rights risks for collective action

Human Rights Due Diligence (HRDD) in Palm Oil Supply Chains

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Executive Summary

This Summary presents the consolidated findings of the pilot initiative: Collective Intel for Human Rights Due Diligence (HRDD) implemented by Wild Asia, financed by governmental and private sector members of the Forum for Sustainable Palm Oil (FONAP).

The Collective Intel project (as a pilot and thus test project) was a qualitative approach that complemented a comprehensive literature review as a first step. Its purpose was to qualitatively deepen and/or substantiate or refute individual aspects of the literature research and, if necessary, to identify signs of further hot spots that had not yet been considered or detected.

As part of this dialogue work, one of the core objectives was to enable the establishment of a dedicated, protected network of experts for human rights challenges in three markets initially selected: Guatemala, Indonesia and Malaysia. The foundations for this have been successfully laid through dialogue work led by Wild Asia.

As there is currently insufficient funding for a further phase, the Collective Intel project has been now terminated. As part of the work frame, it was however agreed to compile a Collective Intel Project Summary reflecting on the findings of the implemented work, hence a detailed report. Activities in Indonesia and Malaysia were implemented by Wild Asia under a GIZ project commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ), with co-financing from FONAP.



The Collective Intel Project Summary covers Guatemala, Indonesia, and Malaysia by intension — representing three high-risk palm oil sourcing contexts for European and German markets, respectively — and examines why severe human rights and environmental risks may persist despite widespread certification and formal compliance mechanisms.

Many of so-called human rights hot spots and issues have been aggregated in “clustered cases”, and challenges reflected and covered in the project appear to be obviously of a systemic nature. This means systemic hot spots require collaborative co-creation of solutions and that certification alone cannot solve them. Even though the role of e.g. the RSPO Standard is a key tool, it presents challenges in implementation, audits and monitoring, and often provide a ‘false sense of security’ to international buyers.

By bridging corporate expectations with on-the ground realities, the project aims to support FONAP members and other stakeholders in designing **Human Rights Due Diligence (HRDD)** responses that are not only compliant, but effective, credible, and safe.

Based on the literature review and the clustered cases, additional dialog and research draws on 50 semi-structured interviews conducted between May and November 2025 with NGOs, civil society organisations, academics and researchers, journalists, workers’ representatives, companies, government bodies, legal experts, and standard-setting organisations.

The interviews were complemented by desk research, a closed-door briefing, and by conducting a separate stakeholder validation process. Also, the composition of stakeholders varied by country depending on usefulness and/or accessibility and/or security protection for vulnerable sources of information.



Overall, the findings highlight that labour rights, land rights, and migrant worker vulnerability remain the most critical areas for corrective action and targeted HRDD interventions for palm oil supply chains connected to Guatemala, Indonesia, and Malaysia.

Key insights include:

- **Structural Risks**

Violations related to precarious labour, child labour, gender-based violence, land dispossession, and intimidation are not isolated incidents but are embedded in structural governance failures, power asymmetries, and historical injustices.

- **Certification Blind Spots**

Audits provide a false sense of security while masking risks within uncertified supply bases, informal labour arrangements, and contested lands.

- **Normalised Invisibility**

Abuses remain hidden due to fear of retaliation, weak grievance mechanisms, and the normalisation of informality.

- **Land Conflict as a Condition**

Dispossession is a structural feature, rooted in state–corporate alignment and historical legal ‘vacuums’.

When serious abuses are exposed, international buyers often seem to follow a **‘cut and run’ strategy**, temporarily suspending business rather than engaging to remediate the harm done to communities. This disengagement is not permanent; once media pressure subsides, business often resumes, or the supplier simply finds new buyers.

Since international buyers may not take enough responsibility, there is no real pressure for structural change to effectively mitigate damage. Instead of the ‘cut and run’ practice, buyers can **adopt engagement strategies** that condition ongoing commercial relationships on measurable, time-bound improvements in human rights performance. *Buyers can demand full transparency regarding the contracting chain and condition contracts on the regularisation of the workforce.*

Pathways Forward

The Collective Intel Summary Report calls for a shift from audit-driven compliance toward contextual, participatory HRDD embedded in long-term engagement. This requires coordinated action from governments, buyers, NGOs, and suppliers. Five strategic shifts are essential:

- **From Voluntarism to Binding Accountability**
- **From “Cut and Run” to Conditioned Engagement**
- **From Audits to Contextual HRDD**
- **From “Local Dispute” to a Land Rights Approach**
- **From Exploited Vulnerability to Worker Empowerment**

Ultimately, HRDD must be understood not merely as a risk management process, but as a human process rooted in listening, recognising harm, and fostering equitable relationships. Local and international actors play a crucial role in making structural issues visible, providing tools, and helping to monitor labour rights. Genuine dialogue and trust are required among all actors to seek solutions. In this sense, FONAP members can act as a force multiplier through collective action:

The Suggested Role of FONAP Members

FONAP can act as a force multiplier for systemic change by:

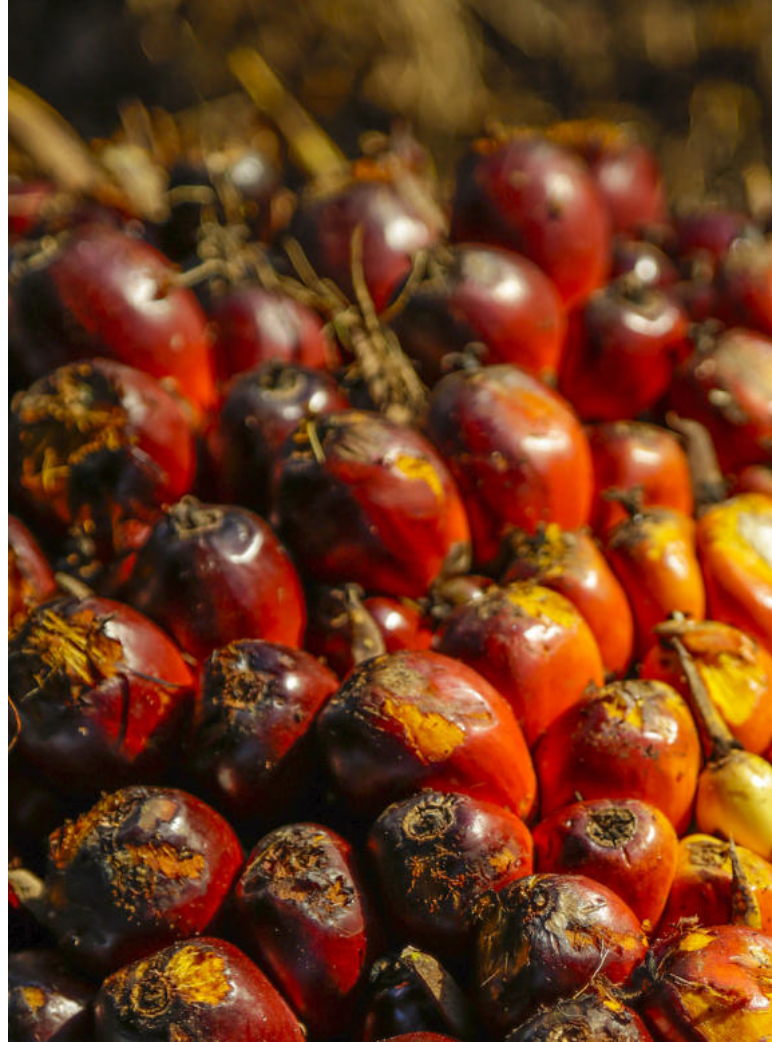
- **Developing shared tools**
Creating practical risk-assessment tools and SME-friendly due diligence guidance.
- **Pooling leverage**
Coordinating demands for structural change and jointly supporting remediation.
- **Piloting innovations**
Initiating HRDD pilot projects with willing suppliers to test real-world challenges and scale effective interventions.

Introduction: Background & Context

This report responds to the growing need for credible, risk-based human rights due diligence in the palm oil sector, particularly in light of regulatory developments such as Germany's Supply Chain Due Diligence Act (LkSG) and the forthcoming EU Corporate Sustainability Due Diligence Directive (CSDDD). These frameworks require companies to identify, prevent, mitigate, and account for adverse human rights and environmental impacts across their global supply chains.

Palm oil is widely recognised as a structurally high-risk commodity. Production is often characterised by labour-intensive work, reliance on migrant or informal labour, expansion into contested lands, and operations in regions with weak governance or limited civic space. These conditions create heightened risks that cannot be adequately addressed through procedural compliance or certification alone.

While voluntary standards such as RSPO play an important role, this report demonstrates that certification is not equivalent to due diligence. Audits tend to prioritise formal systems over lived realities, struggle to capture historical land injustices, and rarely uncover risks that are deliberately hidden or normalised within production systems.



This initiative adopts a participatory, ground-truthing approach, centring the perspectives of rights-holders and local experts. By bridging corporate expectations with on-the-ground realities, this report aims to support FONAP members and other stakeholders in designing Human Rights Due Diligence (HRDD) responses that are not only compliant, but effective, credible, and safe.

This Public Summary is structured as follows:

- **Methodology**
Outlining the research approach and risk prioritisation framework
- **Cross-Country Findings**
Identifying shared structural risks across all three countries
- **Country-Specific Insights**
Highlighting context-specific dynamics in Guatemala, Indonesia, and Malaysia
- **Pathways Forward**
Proposing actionable, collective responses for different actors in the value chain
- **Conclusion**
Summarising why certification alone is insufficient and where collective action can add value

Methodology

The analysis applied a mixed-methods approach, combining desk research with qualitative field-based insights. Between May and November 2025, 50 semi-structured interviews were conducted across Guatemala (10), Indonesia (24), and Malaysia (16). Interviews were carried out both online and in person — depending on context and security considerations.

Participants were selected based on their firsthand experience and sectoral expertise, including NGOs, civil society organisations, academics and researchers, journalists, workers and trade unions, companies, government bodies, legal practitioners, and standard-setting organisations. Interviews were designed to explore country-specific risks, while allowing flexibility to reveal emerging or sensitive issues.

In November 2025, a two-hour closed-door briefing brought together selected stakeholders to share preliminary findings, compare experiences across countries, and collectively reflect on pathways forward. This process strengthened the accuracy, credibility, and reliability of the findings.

A separate stakeholder validation process was conducted after completing the initial analysis to test and refine the findings prior to finalising. This step was distinct from the interview phase and the closed-door briefing, and focused on assessing the coherence, plausibility, and contextual accuracy of the analysis.

Ethical safeguards were applied throughout, including informed consent, anonymisation, and risk-sensitive handling of testimonies.



Mixed-method approach



Regional Findings:

Cross-Country Conclusions

This section presents cross-country insights from Guatemala, Indonesia, and Malaysia, highlighting patterns, systemic risks, and emerging issues in the palm oil sector.

A structured scoring framework was used to assess all identified human rights issues, evaluating cases based on Frequency (total number of cases) and Severity (scale, scope, and irremediability of the harm). The combined score (Frequency × Severity) determined the overall risk level (High, Medium, or Low).

The table below summarises key human rights and sustainability issues identified through stakeholder interviews, case studies, and desk research.



These are not isolated incidents – they are symptoms of a system that does not protect the vulnerable.

Overall Human Rights Due Diligence (HRDD) Risk Rating System

HRDD Category	Countries	# of Key Cluster Cases	% of Total Cases (Freq)	Freq Score (1 - 5)	Severity Score (1 - 5)	Risk Rating (F x S)	Risk Level
HRDD #1 Labour Rights Violations	Guatemala, Indonesia, Malaysia	37	31.36%	4	4 (High)	16	High
HRDD #2 Freedom of Association & Collective Bargaining	Guatemala, Indonesia, Malaysia	11	9.32%	2	2 (Medium)	4	Medium
HRDD #3 Gender-Based Discrimination	Guatemala, Indonesia	5	4.24%	1	1 (Low)	1	Low
HRDD #4 Migrant Worker Exploitation	Guatemala, Indonesia	6	5.08%	2	2 (Medium)	4	Medium
HRDD #5 Land Rights & Indigenous Communities	Guatemala, Indonesia, Malaysia	51	43.22%	4	4 (High)	16	High
HRDD #6 Lack of Grievance Mechanisms	Guatemala, Indonesia, Malaysia	8	6.78%	2	2 (Medium)	4	Medium
Total		118	100%				

The analysis identified 118 key cases across the six HRDD categories. Two categories were rated as High Risk:

Labour Rights Violations (HRDD #1)

31.36% of cases — Rated High Risk due to systemic exploitation.

The industry relies heavily on vulnerable workforces to maintain profitability. Critical issues include wage-related violations, unsafe working conditions, excessive and unpaid overtime, denial of basic labour protections, debt bondage and exploitative recruitment, pervasive informality, invisibility of women workers in company records and union suppression and retaliation.

Land Rights & Indigenous Communities (HRDD #5)

43.22% of cases — Rated High Risk due to long-term, often irreversible impacts on community livelihoods, cultural rights, and access to land.

Land conflict is a structural condition across all regions and is rooted in historical injustices — from colonial laws in Indonesia and Malaysia to the Civil War legacy and ‘property vacuum’ in Guatemala. In all three countries, Indigenous rights are systematically undermined by state concessions, leading to forced displacement and intergenerational injustices.

Three categories fall under Medium Risk, driven by moderate frequency or moderate severity:

Freedom of Association & Collective Bargaining (HRDD #2)

Migrant Worker Exploitation (HRDD #4)

Lack of Grievance Mechanisms (HRDD #6)

These issues occur across the three countries and reflect ongoing structural challenges where workers face barriers to representation, limited access to remedy and vulnerabilities related to recruitment, contracts and working conditions, particularly in transboundary labour mobility.

Gender-Based Discrimination (HRDD #3)

Only one category, Gender-Based Discrimination (HRDD #3), was assessed as Low Risk, largely due to lower frequency of documented cases in the research.

However, this rating should not be interpreted as an absence of gender-related challenges; rather, stakeholders widely noted that gender-related issues are often underreported and not systematically captured in public grievance databases.

Notably, while desk research initially showed no publicly reported cases of child labour, one case was raised by stakeholders during the Malaysia interview phase. This underscores the limitations of relying solely on documented sources and highlights the importance of direct stakeholder engagement in revealing hidden or underreported risks.

Overall, the findings highlight that labour rights, land rights, and migrant worker vulnerability remain the most critical areas for corrective action and targeted HRDD interventions for palm oil supply chains connected to Guatemala, Indonesia, and Malaysia.







COUNTRY-SPECIFIC INSIGHTS

Guatemala

Systemic Failures in Certification and The Need for Binding Due Diligence

Guatemala is the third-largest palm oil producer globally, with production almost exclusively destined for export markets, primarily the European Union¹.

The sector operates within a complex context defined by the country's social and political history.

Challenges are rooted in the legacy of the civil war (1960–1996), a historical concentration of power among a small elite, and weak institutional governance.

This structure has led to a 'property vacuum' regarding land rights, and the co-optation of state institutions by oligarchic groups, who often prioritise agribusiness interests over communal and civil rights².



Fear becomes a tool of governance, creating a chilling effect on resistance.

¹ Palm Rights Observatory, CNV International <https://derechospalma.observatoriotrabajojusto.org/en/guatemala/>

² <https://news.mongabay.com/2024/01/palm-oil-giants-push-out-smallholders-in-guatemala-deforestation-risks-remain/#:~:text=%E2%80%9CThe%20global%20demand%20for%20palm%20oil%20has,companies%2C%20including%20Cargill%2C%20Unilever%2C%20Mondel%C3%A9z%20and%20PepsiCo.>

What We Identified: Systemic Violations in Labour Rights

While the sector promotes a narrative of voluntary compliance, the reality is characterised by structural labour precarity and mechanisms of exploitation that standard audits frequently fail to detect.

Key systemic issues include:

- **Debt Bondage ('Company Stores')**

Workers on isolated plantations are forced to purchase food and medicine at inflated prices on credit from stores controlled by the company ('tiendas de raya'). This generates unpayable debt used to prevent them from leaving the plantation until it is settled.

- **'Opaque Weighing' Tactics**

Workers are subject to difficult productivity quotas. The weighing of the fruit is often at the untransparent discretion of a group leader, creating an environment where workers cannot verify if they are being paid correctly. Furthermore, the goals for wage payment are ambiguous and lack clear metrics. Workers are not provided with sufficient evidence or objective support to validate if they have met these targets, thus directly affecting their wages.

- **Informality**

Informal recruitment is a common practice that mainly targets vulnerable populations, mostly local indigenous communities. Lack of formal contracts facilitates unjustified dismissals, unpaid overtime, and lack of access to basic benefits.

- **Below Minimum Wages**

As a result of these practices, actual earnings can average 2,500 GTQ (quetzales, local currency), far below the legal minimum wage (approx. 3,900 GTQ).

- **Exploitation of Language Barriers**

Companies exploit the high rate of illiteracy and the linguistic diversity of the Indigenous workforce. Labour contracts are often presented in Spanish—a language many workers do not speak or read—or are kept verbal. The lack of translation or explanation means workers unknowingly sign away their rights, leading to misinformation, vulnerability, and lack of informed consent regarding their labour conditions.

- **Criminalisation and Intimidation**

A climate of fear, retaliation and silence is enforced through the presence of security forces, constant threats, and the risk of violent evictions, which prevents communities and workers from reporting abuses. Companies employ active strategies to weaken and dismantle unions—including blacklisting, dismissals, and exploiting workers' economic precarity to coerce disaffiliation—while community leaders and environmental defenders are silenced using fabricated criminal charges to suppress opposition to pollution, land grabbing, and labour rights advocacy.

- **Gender Invisibility**

Women are largely excluded from formal employment in the sector. Those who do work are often operating without direct contracts and under the registration of male relatives, or confined to the most precarious roles.



Emerging Risks and Trends: Certification Gap and Environmental Impact

Current certification mechanisms (such as RSPO) are insufficient and often provide a 'false sense of security' to international buyers. Even though the role of the RSPO is a key tool, it presents challenges in implementation, audits and monitoring.

- **Conflict of Interest in Certification**

If an auditor finds too many non-compliances, the company switches to a different auditing firm to ensure certification is achieved. Companies often change auditors to maintain certification if results are unfavourable compromising the integrity of the 'sustainable' label.

- **Partial Certification (Cherry Picking)**

The certification process relies on a statistical 'check-box' model where only the most 'exemplary' or conflict-free parts of a plantation are certified. Because certification is percentage-based, companies can obtain the 'sustainable' label for their overall product even if other sectors of the same farm are operating with severe labour violations, including conditions of modern slavery. This practice is ineffective at preventing abuse, gives a false sense of compliance to international buyers, and fails to reflect the full reality on the ground.

- **Audit Manipulation ('Greenwashing')**

Companies perform a 'cleanup' prior to announced visits. Informal, vulnerable workers or those lacking safety gear are sent home or hidden, leaving only staff who meet standards (e.g: formal contracts, good pay, literacy) to be interviewed. The audit becomes a performance, not a verification of reality.

- **Opacity and Lack of Traceability**

Monitoring and certification tools lack transparency. The voices of workers and unions are excluded, and affected communities are denied access to audit results. The process for filing complaints is bureaucratic and requires a high burden of proof that effective reporting becomes difficult. These strategies make it difficult to verify corporate claims or contrast information provided to international markets, thereby hindering effective sanctions.



Certification becomes a public relations tool, not a rights protection tool.

- **Irresponsible Disengagement**

When serious abuses are exposed, international buyers often follow a 'cut and run' strategy, temporarily suspending business rather than engaging to remediate the harm done to communities. This disengagement is not permanent; once media pressure subsides, business often resumes, or the supplier simply finds new buyers. Since international buyers take no responsibility, there is no real pressure for structural change to effectively mitigate damage.

- **Water Conflict and Ecosystem Impact**

The intensive, unregulated water use by palm cultivation is a critical problem due to weak environmental regulation and the absence of a national Water Law, allowing companies free access without fees. This enables agro-industries to divert and contaminate rivers with agrochemicals and waste, causing severe droughts, skin diseases, and fly plagues caused by rotting organic waste (rachis). The expansion of the palm monoculture drives deforestation, soil erosion, and temperature increases, while displacing indigenous communities to polluted areas, compromising their access to clean drinking water and food security.

- **Regional Land Use and Economic Profitability**

Palm cultivation is geographically concentrated in three distinct regions (Izabal, Petén, and the Pacific coast), leading to differentiated ecological challenges: expansion in Petén (north) and Izabal (Atlantic) poses major risks to the jungle due to land use changes, while the fertile Pacific region's soil has shown good resilience and recovery capacity, allowing successful transitions to other crops like bananas. However, the main obstacle to conservation remains the high economic profitability of palm, which consistently prioritises intensive land use and short-term financial opportunities over long-term sustainable land management or reforestation efforts.

Potential Solutions: From Voluntary Compliance to Mandatory Accountability

Voluntary certifications, while useful benchmarks, are insufficient to tackle the root causes of abuse in Guatemala.

We propose that structural change requires binding action from international stakeholders.

- **Adopt Binding Legal Frameworks**

There is a need to push for the application of binding laws in consumer countries that obligate the entire supply chain to assume legal responsibility for human rights and environmental impact. Legal accountability is an effective lever for change that voluntary standards cannot provide.

- **Commercial Engagement and Transparency**

Instead of the 'cut and run' practice, buyers can adopt engagement strategies that condition ongoing commercial relationships on measurable, time-bound improvements in human rights performance. Buyers can demand full transparency regarding the contracting chain and condition contracts on the regularisation of the workforce.

- **Organising Capacity**

Investment in 'capacity to organise' at the grassroots level is recommended as good practice. Resources can equip communities and workers with the knowledge and tools to unionise, assert their rights, and safely file grievances.

- **Participatory Monitoring**

Encourage monitoring mechanisms where workers and communities can participate in documenting violations and proposing solutions.

- **Active Due Diligence Implementation**

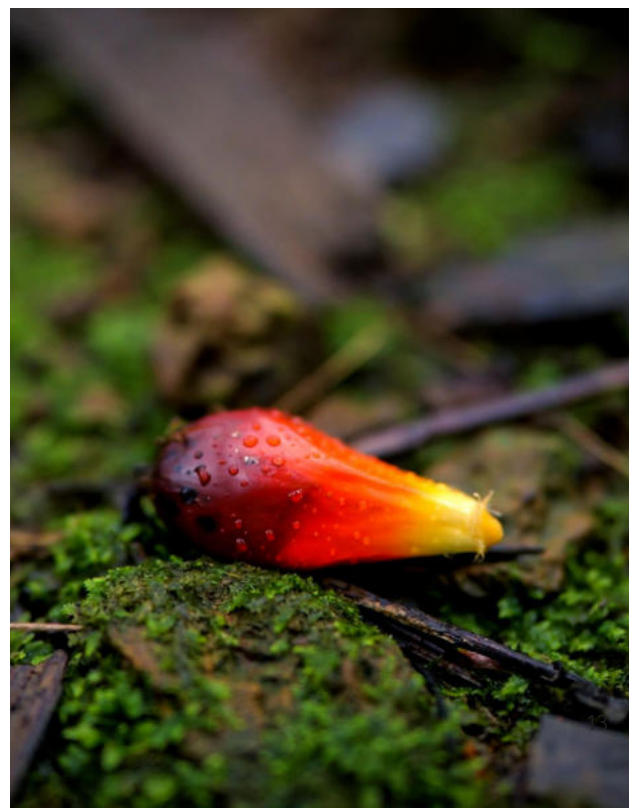
Ensure that the concept and standards of Due Diligence are correctly spread and understood by companies. This includes clear tools and step-by-step guidance for effective application, always with the active participation of workers.

- **Independent, Unannounced Audits**

Verification by independent third parties not beholden to the audited company are recommended. To detect systemic labour violations, these audits would be unannounced and include the genuine participation of communities and workers.

- **Sustainable Land Management**

To address the high economic profitability of palm that consistently prioritises intensive land use over conservation, buyers can ask for differentiated regional monitoring that moves beyond simple deforestation checks. This monitoring would acknowledge the varying ecological challenges across production zones (Petén/Izabal vs. Pacific coast resilience) and require measurable investments in Sustainable Land Management and restoration strategies as a core condition of commercial contracts, maximising long-term productivity and soil health rather than just short-term yields.





COUNTRY-SPECIFIC INSIGHTS

Malaysia

Migrant Labour Dependency, Governance Failures, and Under-Acknowledged Human Rights Risks

The Malaysian palm oil sector is defined by its structural dependency on migrant labour, a legacy of colonial-era migration patterns that intensified as oil palm replaced rubber and tin.

Cultivation has expanded from 1 million hectares in 1980 to 5.6 million hectares today, relying heavily on workers from Bangladesh, Indonesia, Nepal, Myanmar, and India (MPOB, 2024)¹

This dependency, involving an estimated 3 to 5.5 million migrants (16% of the population), creates deep-seated vulnerabilities where legal status and recruitment oversight remain weak².

The challenge is to confront the fact that benefits are unevenly distributed, while harms remain deeply concentrated among the least powerful actors in the supply chain.

What We Identified: Systemic Weaknesses in Labour Migration Governance

While Malaysia's palm oil sector operates under formal labour laws and multiple national action plans, the system is characterised by structural governance failures that enable forced labour risks to persist beneath formal compliance frameworks. These risks are embedded in how migrant labour is recruited, regulated, and controlled—and are often missed by standard audits.

Key systemic weaknesses include:

- **Fragmented and Non-Binding Labour Agreements**

Malaysia's bilateral Memoranda of Understanding (MOUs) with labour-sending countries are non-binding and inconsistent. Protections vary significantly by nationality: some agreements include safeguards against forced labour and allow job mobility, while others permit recruitment fee deductions. This uneven framework creates nationality-based vulnerability and exposes workers to debt, coercion, and restricted mobility.

- **Exploitative Recruitment and Debt-Based Control**

Entrenched recruitment syndicates operate through quota systems and intermediaries. Excessive recruitment fees, informal deductions, and opaque payment arrangements trap workers in debt before arrival—limiting their ability to leave abusive conditions without risking detention, deportation, or financial collapse.

- **Weak Enforcement and Rent-Seeking Practices**

Regulatory enforcement is uneven and vulnerable to corruption. Rent-seeking practices within recruitment, inspection, and enforcement systems allow abuses to persist with limited accountability, shifting risk onto workers while insulating employers and downstream buyers.

- **Restricted Mobility and Dependency on Employers**

Work permits are tied to a single employer, severely limiting a worker's freedom to change jobs, even in cases of abuse. This dependency reinforces power asymmetries and discourages reporting, particularly where passport retention, threats of repatriation, or informal recruitment are involved.

¹ https://bepi.mpob.gov.my/images/area/2024/Area_summary2024.pdf

² <https://www.iom.int/countries/malaysia>

- **Policy–Implementation Gap**

Malaysia has introduced National Action Plans on Forced Labour, Business and Human Rights, and Child Labour. However, implementation lags behind policy commitments. Monitoring, remediation, and worker access to grievance mechanisms remain inconsistent—especially outside large, certified estates.



My children help me pick loose fruit, otherwise we cannot meet the quota.

Emerging Risks and Trends: Child Labour, Gender-Based Violence, and Land Rights

Despite formal commitments and certification frameworks, standard audits often miss or underreport serious risks that are structural and interconnected:

- **Hidden Child Labour**

A risk particularly in Sabah and Sarawak among migrant, stateless and low-income families. Poverty and lack of education access lead many children to work in plantations as unpaid family labour. While education initiatives such as Community Learning Centres have improved access for some children, they do not eliminate child labour risks where poverty, insecure legal status, and limited access to secondary education persist—especially among smallholders and medium-sized estates. Certification reduces risk but does not fully prevent child labour where monitoring is inconsistent or supply bases are fragmented.

- **Underreported Gender-Based Violence**

NGO reports indicate persistent risks of sexual harassment on plantations. Fear of retaliation, weak grievance mechanisms, social stigma, and workers' dependency on employers contribute to silence, creating a significant gap between reported cases and lived realities. As a result, gender-related risks are often obscured in audit-led assessments.

- **Scale-Dependent Compliance**

Risks vary by grower type; while large growers have formal systems, violations like forced overtime still occur. Medium-sized growers show uneven compliance and heavy reliance on recruitment agents, while small growers operate largely informally, with the highest exposure to child labour and labour rights violations. Across all scales, recurring issues include low or unpaid wages during low-yield periods, excessive piece-rate systems, passport retention, poor housing, and limited freedom of association.

- **Unresolved Indigenous Land Claims**

Indigenous peoples in Sabah and Sarawak face insecure land tenure, weak recognition of customary rights, and limited implementation of Free, Prior and Informed Consent (FPIC). Oil palm expansion on contested customary lands leads to prolonged legal disputes, dispossession, and environmental harm.



Potential Solutions: Moving Beyond Audit- Led Compliance Toward Contextual HRDD

Effective Human Rights Due Diligence (HRDD) in Malaysia requires a strategic shift from ‘box-ticking’ audits toward sustained, multi-stakeholder engagement. To address deep-seated issues like migrant labour dependency and Native Customary Rights (NCR), companies must move beyond formal checklists toward participatory processes that include NGOs and Civil Society Organisations (CSOs) as strategic partners.

- **Transition to Continuous Monitoring and Preventive Problem-Solving**

Move away from annual ‘snapshot’ audits toward ongoing, preventive monitoring. This approach helps identify risks that occur between audit cycles, such as debt bondage or informal grievances. Complement formal compliance with on-the-ground engagement that focuses on identifying and solving labour and land issues before they escalate into severe violations.

- **Establish NGO Partnership Models**

Engage NGOs and CSOs as strategic partners rather than adversaries. Collaborative models—such as joint training on labour standards, grievance handling, and gender-based violence—have shown greater traction in improving practices. However, funding constraints remain a major barrier. NGO-led programmes are more effective when fully funded or supported through shared-cost arrangements that do not place disproportionate financial burdens on civil society actors. Buyers and downstream actors can play a critical role by funding or co-financing these initiatives as part of their HRDD obligations.

- **Launch Learning-Oriented Pilots**

Initiate HRDD pilot programs with willing mills to identify implementation barriers. These pilots should prioritise trust-building and capacity development over immediate punitive outcomes. These assessments can be conducted in collaboration with NGOs and CSOs to include: awareness-raising on labour rights and child labour risks, context-sensitive assessments, targeted training, ongoing monitoring and follow-up.



Our customary forest has no place in government maps. We exist, but in the eyes of the state, we do not.

- **Incentivise Grower Participation and Leverage Jurisdictional Approaches**

Participation incentives—such as preferential sourcing, technical support, or recognition—can encourage grower engagement. Existing platforms such as the Sabah Jurisdictional Approach to Sustainable Palm Oil (JASPO) offer a strategic entry point to scale effective HRDD interventions across entire landscapes.

- **Implement Practical Labour Toolkits**

Malaysia already has a growing ecosystem of toolkits, guidance, and practical experience. These resources can be leveraged to move beyond box-ticking toward meaningful risk mitigation—particularly in relation to recruitment practices, debt bondage, child labour, and gender-based violence.

- **Recognise and Support Indigenous Rights**

Acknowledge Native Customary Rights (NCR) beyond narrow statutory interpretations. Engage in good-faith dialogue even where formal land titles are legally contested. Contribute to the documentation and public reporting of land rights cases. Credible evidence generated by civil society (e.g., PACOS, Save Rivers, JOAS, COAC) should be integrated into risk assessments rather than dismissed due to legal uncertainty.

- **Invest in Participatory Monitoring**

Support transparency-focused initiatives, such as community-based complaint platforms and civil society reporting, to reveal hidden risks that traditional audits miss.



COUNTRY-SPECIFIC INSIGHTS

Indonesia

Power Asymmetries and Governance Failures Weaken Acknowledged Human Rights Risks and Create Certification Blind Spots

Human rights risks in Indonesia are the product of decades of historical and institutional arrangements.

Land governance is the primary site of conflict, driven by overlapping claims between the state, companies, and Indigenous (*adat*) communities.

Despite formal legal recognition, millions of Indigenous people remain 'legally invisible' because they reside on land classified as state forest, leaving them vulnerable to dispossession.

For these communities, land loss is experienced as erosion of cultural identity and ancestral ties.



Land-related abuse remains one of the largest categories of human rights complaints in the palm oil sector.

What We Identified: Power Imbalance and a Set of Recurring Patterns

While many risks in the palm oil sector are well known, the less visible but structurally critical issues are often overlooked in standard due diligence processes. Abuses are not isolated incidents but predictable outcomes of how the sector is governed. Key patterns include:

- **Land Conflict as a Structural Condition**

Land conflict is frequently treated as a 'local issue' or a sign of poor community relations. In reality, many disputes stem from concessions issued decades ago, without consent and under unjust legal frameworks. Today's buyers and investors often inherit these unresolved injustices, even when they were not involved at the time. Ignoring historical context embeds risks deeper into supply chains.

- **Routine State–Corporate Alignment**

Rather than acting as neutral arbiters, local authorities often align with corporate interests. This includes delaying or blocking community complaints, deploying police or military forces during protests and using administrative procedures to delegitimise customary claims. Such practices are systemic features of how conflicts are managed.

- **Coercion in 'Negotiations'**

Communities across Kalimantan, Sumatra, and Papua reported the presence of armed security forces during land negotiations or dispute processes. While companies often deny direct involvement, interviewees repeatedly described intimidation tactics, including the collection of identity cards, surveillance, and the arrest or harassment of community leaders. 'Consultation' and 'negotiation' processes can occur under conditions of coercion, undermining the principles of Free, Prior and Informed Consent (FPIC). Apparent agreements are treated as evidence of genuine consent within certification and due diligence processes.

- **Fear as a Governance Tool**

Fear is used to maintain control. Indigenous leaders, union organisers, journalists, and activists face harassment, criminal charges, and surveillance. Even when cases do not lead to convictions, the process itself creates chilling effects, discouraging others from speaking out.

- **A Precarious and Informal Labour Model**
Indonesia's palm oil sector relies heavily on precarious labour arrangements. Informality is not the exception—it is the norm. Key features include: Short-term or verbal contracts, outsourcing through labour contractors, reliance on migrant workers and use of unpaid or underpaid family labour.

- **Gendered Harms Hidden in Plain Sight**
Women's experiences are rarely captured in audits or risk assessments. Exposure to toxic chemicals, lack of maternity protection, unpaid labour, and denial of contracts are treated as peripheral issues rather than core human rights concerns. This invisibility perpetuates harm and undermines meaningful remediation.



The whole family works, but only one person gets a contract.

Emerging Risks and Trends: Power Imbalance and Shrinking Civic Space

A set of recurring patterns reveal how harm becomes embedded, normalised, and reproduced within supply chains. These trends indicate where conventional due diligence tools are most likely to fail:

- **Chronic, Normalised Conflict**
Many plantations operate for years amid unresolved land disputes. Conflict becomes normalised, treated as background noise rather than a red-flag risk. This creates long-term legal, reputational, and ethical exposure for downstream buyers.
- **Expansion into High-Risk Frontiers**
As land becomes scarcer in established regions, expansion increasingly targets areas such as Papua, where governance is weaker, military presence is strong, and Indigenous communities depend heavily on intact ecosystems.
- **Persistent Traceability Gaps**
Despite public commitments, many companies still lack visibility beyond first-tier suppliers. Independent smallholders, third-party mills, and informal brokers remain largely opaque, undermining claims of 'deforestation-free' or 'responsibly sourced' palm oil. Especially for the independent smallholders who are frequently presented as either beneficiaries of palm oil expansion or sources of risk. In reality, they are often both. When companies fail to engage meaningfully with smallholders, risks do not disappear—they simply become harder to see.
- **Shrinking Civic Space**
The criminalisation of dissent reduces the availability of credible local information, increasing uncertainty for corporate due diligence.
- **Certification Blind Spots**
Certification schemes play an important role but have serious limitations. Conflicts of interest, short audit timelines, and limited worker or community participation mean that serious abuses—especially in outsourced labour and indirect supply chains—often go undetected.



- **Environmental Harm as a Human Rights Issue**

Environmental degradation is not separate from human rights impacts—it is one of their primary drivers. Deforestation, peatland drainage, water pollution, and biodiversity loss directly affect: Access to clean water, health and nutrition, fishing and forest gathering, and climate resilience and disaster risk. For Indigenous communities, environmental destruction also represents a profound cultural and spiritual loss, undermining ways of life that have sustained them for generations.



The forest teaches us who we are. When the forest disappears, our stories disappear.



Potential Solutions: From Reactive Adaptation to Proactive Engagement

Human rights due diligence in Indonesia's palm oil sector cannot succeed if it remains distant, procedural, or reactive. The realities described—long-standing land conflicts, precarious labour, shrinking civic space, and deep power imbalances—require approaches that are patient, contextual, and people-centred.

- **Strengthen Land and Community Rights**

Treat land conflict as a core human rights risk, not a peripheral issue. Apply Free, Prior and Informed Consent (FPIC) as an ongoing process, including for legacy concessions, and support independent, participatory mapping and recognition of customary land as part of remediation.

- **Establish Independent Grievance Mechanisms**

Create reporting channels that are independent of company management, trusted by local communities, and culturally accessible. Track the criminalisation, surveillance, and harassment of land defenders and activists as a 'red-flag' risk that triggers immediate due diligence investigation.

- **Institutionalise Collaborative Training**

Conduct joint learning exchanges and HRDD training involving everyone from upstream producers to global consumer goods companies to align on IP&LC (Indigenous Peoples and Local Communities) protections.

- **Scale Jurisdictional and Landscape Pilots**

Invest in 'centre-led' jurisdictional initiatives—such as those in Seruyan, Kutai Timur, or Sintang—to address human rights risks at a district level rather than finca-by-finca.

- **Execute Full Supply-Chain Mapping**

Move beyond first-tier suppliers to map indirect suppliers and mills. Partial visibility is no longer sufficient for meaningful risk mitigation in the Indonesian context.

- **Adopt a Non-Punitive 'Step-Wise' Approach**

Frame HRDD assessments for mills and suppliers as improvement-oriented. Use clear timelines and action plans to guide partners toward full compliance without immediate commercial exclusion.

- **Prepare for Mandatory Frameworks**

Align corporate policies with the Indonesian government's National Strategy for Business and Human Rights to prepare for the transition toward mandatory compliance and potential sanctions by 2028.

- **Empower SMEs through Collective Action**

Utilise platforms like FONAP or the Indonesia Sustainable Palm Oil Forum to provide shared tools and resources for Small and Medium Enterprises that lack the individual capacity to meet HRDD obligations. Foster Long-Term CSO Partnerships; move away from transactional relationships with local civil society and treat credible NGOs as long-term strategic partners for monitoring and ground-truthing.

Pathways Forward:

What do we do with this knowledge?

To improve conditions, joint pressure from all actors of the supply chain — from governments, to international buyers, to NGOs — is required, as well as technical training to identify and address labour problems.

We propose a shift from voluntary compliance to mandatory accountability and proactive engagement through a change of framework:

- **From Voluntarism to Binding Accountability**

Voluntary standards have proven insufficient to tackle root causes. This shift requires aligning corporate practices with Binding Legal Frameworks. Stakeholders can push for and comply with binding laws in consumer countries that obligate the entire supply chain to assume legal responsibility.

- **From ‘Cut and Run’ to Conditioned Engagement**

Instead of immediate disengagement, commercial relationships can be conditioned on measurable, time-bound improvements in human rights performance, ensuring that suppliers address abuses rather than hide them.

- **From Audits to Contextual HRDD**

Standard audits compliance are failing to detect systemic issues and are creating blind spots because they are announced and superficial. Verification methods can shift toward continuous, unannounced, preventive approaches, complementing audits with ground-level problem-solving and participatory monitoring. Stakeholders can treat certification not as a ‘seal of approval,’ but as a starting point for deeper inquiry.

- **From ‘Local Dispute’ to Land Rights Approach**

Current approaches treat land rights as a “legal box to tick”. This shift means that adopting a Land Rights approach would help acknowledge land conflicts and litigations as a core human rights violation and a central indicator of heightened risk, not just an operational nuisance.

- **From Exploited Vulnerability to Worker Empowerment**

Grievance mechanisms fail when users fear retaliation or lack the tools to use them effectively. Given the systemic abuse of labour vulnerability (debt bondage, language barriers, legal status), funding can shift from ‘compliance checklists’ to direct resources toward investment in ‘Civic Infrastructure’, equipping communities and workers with the tools to map their own lands, and file grievances safely.

HRDD is not merely a risk-management tool. It is a human process—one centred on listening, acknowledging harm, and building equitable relationships.



Strategic Roles in the Palm Oil Value Chain

For Human Rights Due Diligence (HRDD) to be effective, every actor must move beyond a passive role and engage proactively from their specific position.

These recommendations focus on fostering collaboration, transparency, and continuous improvement.

Governments

- **Strengthen Labour Laws**

Move beyond the existence of laws on paper to consistent and credible enforcement in practice. This includes increasing the capacity and independence of labour inspectorates, conducting inspections in remote plantation areas, not only easily accessible sites and ensuring penalties for violations are proportionate and act as real deterrents.

- **Clarify Land Tenure Systems And Land Rights**

Accelerate land registration processes that recognise customary and indigenous land rights. FPIC (Free, Prior and Informed Consent) principles should be embedded into land allocation and permitting processes. Publicly accessible land maps and concession data can reduce disputes and increase accountability.

- **Protect Human Rights Defenders**

Enforce legal protections for whistleblowers, respect civic space and freedom of expression. Independent grievance and reporting mechanisms should be supported at national and regional levels.

Responsibility must be distributed across the supply chain, not concentrated only on growers.

Financial Institutions

- **Integrate Human Rights Risk Assessments into Financing Decisions**

Evaluate human rights risks with the same rigour as financial risks. Due diligence should consider country-specific and sector-specific risks, not only client-level policies. High-risk contexts should trigger enhanced due diligence, longer timelines, and closer engagement.

- **Verify Field Implementation**

Financing conditions should require proof of actual practices, such as worker contracts, grievance cases resolved, or land conflicts addressed. Where harm has occurred, continued financing should be linked to credible remediation plans, developed with affected stakeholders.

- **Prioritise Engagement over Exclusion**

Consider 'transition finance' or technical assistance to help clients improve conditions, rather than immediate divestment which often shifts the risk elsewhere.

Buyers (EU Companies & FONAP Members)

- **Move Beyond Audits Toward Continuous Engagement**

Invest in supplementing traditional audits with ongoing dialogue with workers and communities to detect hidden issues like coercion, discrimination or informal labour. Risk assessments should be updated regularly and reflect changing conditions.

- **Align Purchasing Practices**

Ensure that pricing, volumes, and timelines are realistic and do not inadvertently force suppliers to compromise on labour standards.

- **Demand Transparency in the Contract Chain**

Buyers can require full visibility of labour intermediaries and subcontractors to help identify hidden risks like labour precarity.

Traders and Refineries

- **Increase Sourcing Transparency**
Publicly disclose mill lists and sourcing regions to improve traceability and share risk data with buyers and financiers.
- **Standardise Expectations**
Provide clear guidance to mills and plantations regarding labour and land standards, using commercial leverage to promote corrective actions.
- **Ensure Grievance Mechanisms Are Accessible and Trusted**
support grievance mechanisms available in local languages and adapted to workers' realities. Complaints must be handled independently, confidentially, and without retaliation. Outcomes and learnings should feed back into risk management systems.

Mills

- **Take Responsibility For Labour Conditions Across The Supply Base**
Mills should assess labour practices not only on-site but also among supplying plantations and smallholders. Clear expectations on child labour, forced labour, and safety should be communicated and monitored.
- **Map and Engage Smallholders and Informal Workers**
Many risks are concentrated among informal and dependent smallholders. Mapping supply networks enables targeted support, training, and risk mitigation.
- **Facilitate Remediation where Harm Has Occurred**
Mills should play an active role in coordinating remediation, including wage restitution, access to remedy, or land conflict resolution. Collaboration with buyers and NGOs can strengthen remediation outcomes.

Growers (Plantations and Smallholders)

- **Formalise Employment Relationships**
Ensure written contracts and transparent payment systems are provided in local and Indigenous languages to prevent exploitation through illiteracy, reduce vulnerability and prevent debt bondage.
- **Guarantee Safety & Fair Pay**
Provide appropriate protective equipment, training, and health services. Pay at least legal minimum wages, overtime hours, and ensure equal pay for equal work.
- **Respect FPIC and Community Land Rights**
Engage communities early and meaningfully in decision-making. Address grievances related to land and resource use promptly and fairly.

NGOs & Civil Society

- **Act as Trusted Mediators**
Bridge the power gap between communities and companies, ensuring that worker voices reach decision-makers without filtering or fear.
- **Empower Through Education**
Provide rights awareness training to help workers and communities identify concerns and navigate grievance mechanisms.
- **Provide Independent Monitoring**
Offer third-party verification to ensure that corporate commitments translate into genuine improvements on the ground.



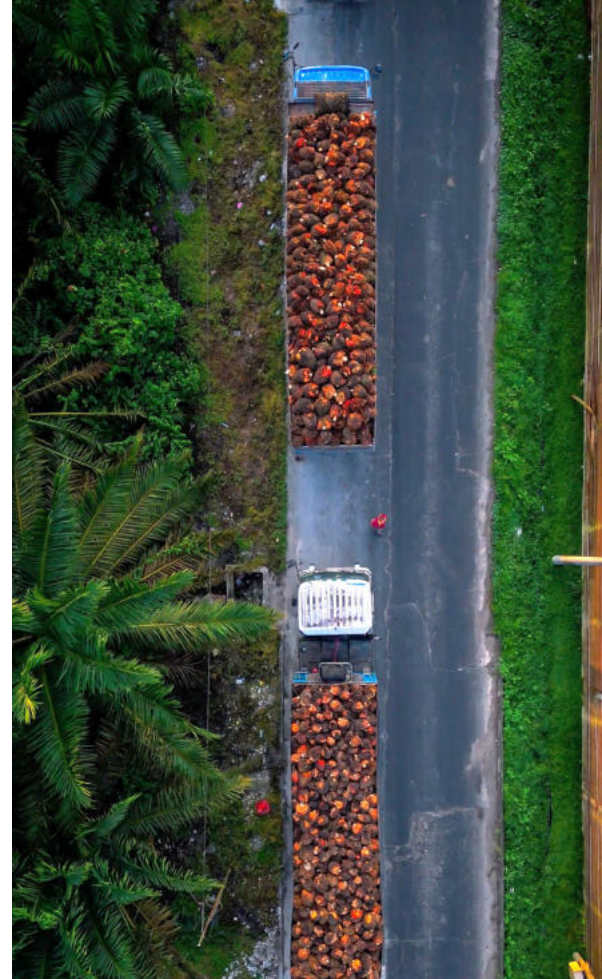
Conclusion:

Certification Alone Does Not Equal Compliance

What did we learn?

Across Indonesia, Guatemala, and Malaysia, the report reveals that human rights and environmental risks are not isolated incidents, but outcomes of structural governance failures and historical legacies.

While each context is unique, a pattern can be identified: the palm oil sector is characterised by deep power asymmetries where economic benefits are prioritised over community rights and ecological protection. In all three regions, certification methods—while useful tools—have created a ‘false sense of security,’ often failing to capture lived realities and blind spots:



✓ ‘Box-Ticking’ & ‘Cherry Picking’ Practices

Companies certify only ‘conflict-free’ areas while leaving violating sectors outside the audit scope; short, announced audits fail to detect fear-based silence, gender inequity, debt-bondage, or complex labour migration abuses.

✓ Environmental harm drives human rights violations

In Guatemala unregulated water use and soil degradation threaten clean water security. In Indonesia expansion into ‘frontier’ regions like Papua threatens Indigenous survival under the guise of using ‘empty land.’

✓ Exploitation of Labour Vulnerability

The sector’s high profitability is maintained through the systemic exploitation of structural labour vulnerability across all three countries. This pattern operates through, for example, leveraging the insecure legal status of migrant and informal workers (Malaysia/Indonesia); exploiting language barriers among Indigenous communities (Guatemala/Indonesia), where contracts are presented in a language many workers do not speak or read.

✓ Conflict of Interest

Companies have political ties and economic power, compromising independence and reinforcing distrust from workers.

✓ Shrinking Civic Space

A ‘culture of fear’ as a tool used to silence opposition. Community leaders and workers face criminalisation, surveillance, and violence for reporting abuses. This environment makes effective grievance reporting difficult, as silence is often mistaken for compliance.



Palm oil is a national economic engine, a rural livelihood base, and a political force shaping institutions and development trajectories.

Why does it matter?

While certification is a starting point, it is currently not a definitive solution.

Without addressing the root causes—power imbalances, land tenure security, and labour informality — standard due diligence tools will continue to fail.

Legal & Reputational Risk

Regulatory pressure is rising globally. Companies will face increasing legal liability and reputational damage from 'patterns of neglect' rather than isolated incidents.

Human Cost

Beyond business metrics, these failures directly affect the livelihoods, cultural identity, and dignity for local workers and communities.

How does this support HRDD obligations?

This analysis supports Human Rights Due Diligence (HRDD) obligations by identifying where conventional tools fail. It provides the contextual knowledge required to move beyond procedural compliance. By highlighting red-flag risks like criminalisation, normalised conflict, and vulnerable and precarious labour, companies can prioritise resources toward the most severe human rights impacts, meeting the requirement to address systemic risks.

Complexity cannot serve as justification for inaction. It underscores the need for stronger systems, not weaker commitments.

Where can FONAP members add value or collaborate?

As mentioned, a weak response or even corruption is perceived at governmental levels in all three countries, and existing legislation is not applied adequately or is insufficient to protect local communities and workers. The topic is complex due to tensions between business interests of profitability and the rights and histories of migrant workers, indigenous and rural communities.

In this context, local and international actors play a crucial role in making these structural issues visible, providing tools, and helping to monitor labour rights. Genuine dialogue and trust are required among all actors to seek solutions. In this sense, FONAP members can act as a force multiplier through collective action:

✓ Shared Tools

Members can develop and share practical risk-assessment tools and guidance for SMEs, making due diligence manageable rather than punitive.

✓ Pool Leverage

By acting together, members can pool leverage to demand structural changes and support remediation collaboratively.

✓ Pilot Innovation

FONAP members can lead by initiating HRDD pilots with willing suppliers to test implementation barriers and design practical, scalable interventions.

Appendices

Methodology

Desk Research and Document Review

The research began in April 2025 with a comprehensive review of publicly available information and existing documentation, including RSPO and IFC grievance dashboards, industry reports, case studies and previous assessments. This established an initial understanding of key human rights concerns across the three target countries, and helped identify critical knowledge gaps. The findings from this stage informed the selection of stakeholders and the design of interview questions.

Stakeholder Interviews and Engagement

Interviews were conducted from May to November 2025 with a broad range of actors, including: non governmental organisations (NGOs), civil society groups, academics and researchers, media and journalists, companies, government bodies, workers and trade unions, associations and standard bodies and legal and human rights bodies. All participants were selected for their experience and firsthand knowledge on the field.

In total, 50 interviews were conducted across the three countries through a mix of online and in-person engagements: Guatemala (10 Interviews), Indonesia (24 interviews) and Malaysia (16 interviews).

All interviews were semi-structured, allowing flexibility to explore country-specific risks. Consultations for Malaysia and Indonesia were conducted primarily with in-country experts and organisations, while Guatemala-related insights were provided by stakeholders based in Guatemala and also Europe and other parts of Latin America who work closely on Guatemala's palm oil and human rights context.

These engagements offered grounded insights into lived experiences, emerging risks and structural challenges within the sector.

In addition, a **two-hour closed-door briefing** was convened in November 2025 during RSPO RT with selected stakeholders. The briefing aimed to:

- Share key findings from the nine-month HRDD research across Guatemala, Indonesia, and Malaysia

- Enable participants to compare experiences and discuss real cases of human rights issues across the three contexts
- Co-create practical and collective next steps to address identified risks

Stakeholder Validation

Following the initial analysis, a separate stakeholder validation process was conducted to review and refine the findings prior to finalisation. This process was conducted online and was distinct from both the interview phase and the closed-door briefing.

The validation process was carried out to test the coherence, plausibility, and contextual accuracy of the analysis, identify potential gaps or misinterpretations, and strengthen the robustness of the findings presented in this Public Summary. Participation in the validation process did not imply endorsement or consensus on all findings.

The interviews, closed-door briefing, and subsequent stakeholder validation process provided grounded insights into lived experiences, emerging risks, and structural challenges within the palm oil sector. This staged approach strengthened the accuracy, credibility, and reliability of the analysis presented in this Public Summary.

Cross-Country and Country-Level Analysis

Insights from desk research, interviews, and the closed-door briefing were consolidated into both cross-country and country-specific analyses. Stakeholders and cases were systematically categorised by issue area, geographic relevance, influence, and relevance to HRDD, enabling consistent comparison across contexts while remaining sensitive to local dynamics.

To support analytical consistency and protect sensitive information, the report team documented and structured findings within an internal research database. This database—including interview notes, issue mappings, and case references—is accessible only to the project team and is not publicly disclosed. It serves as a secure evidence base to support analysis, internal learning, and future engagement, while safeguarding the identities of interviewees and sensitive sources.

Throughout the analysis process, ethical research principles were applied. All interview contributions are anonymised in this Public Summary, whistleblower protection and confidentiality considerations guided the handling and

interpretation of information, and all Wild Asia team members involved in the report operated under confidentiality agreements to ensure the responsible management of sensitive data.

Scoring and Prioritisation Framework

To ensure consistency, comparability, and transparency across findings from three countries, all identified human rights issues were assessed using a structured scoring framework.

This framework evaluated cases based on:

- **Frequency:**
Total number of cases
- **Severity:**
Scale, scope, and irremediability of the harm.
- **Risk Level:**
Risk level colour coding (using score ranges)

Category	Range / % / Score	Score / Risk Level	Description / Colour Code
Frequency Score (based on % of total cases)	0 - 5%	1	
	6 - 15%	2	
	16% - 30%	3	
	31% - 45%	4	
	46% - 50%+	5	
Severity Score	1	Low	Minor, localised, reversible impacts (e.g., easily addressed by producers)
	2 - 3	Medium	Significant or systemic impacts, affecting multiple stakeholders or communities; remediation is difficult but possible.
	4 - 5	High	Severe human rights violations (e.g., forced labour, child labour, trafficking) — grave, widespread, and/or irremediable
Risk Rating Score	1 - 3	Low	
	4 - 7	Medium	
	≥ 8	High	

Regional Findings: Cross-Country Conclusions

Palm Oil Value Chain: Human Rights Categories and Issues

Human Rights Categories in Palm Oil Value Chains	Description of Key Issues
HRDD 1: Labour Rights Violations	Forced labour, child labour, wage theft, poor conditions, lack of social protection
HRDD 2: Freedom of Association and Collective Bargaining	Union suppression, retaliation, barriers for informal workers
HRDD 3: Gender-Based Discrimination	Unequal pay/roles, harassment, lack of maternity/sanitation support
HRDD 4: Migrant Worker Exploitation	Unlicensed recruiters, undocumented status, language/legal barriers
HRDD 5: Land Rights and Indigenous Communities	FPIC violations, land grabs, community conflicts
HRDD 6: Lack of Grievance Mechanisms	No accessible complaint systems, weak remedy pathways







PROMOTING CHANGE,
INSPIRING PEOPLE,
ENGAGING BUSINESSES

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