



# Labor Risks in Palm Oil Production: Findings from Multi-Country Research

## Background

In recent years, media and civil society reports have focused the world's attention on the unsustainable environmental practices that often characterize palm oil production. However, there has been very little research on the labor conditions and risks of extreme forms of labor exploitation on palm plantations. In 2012 and 2013, Verité conducted rapid appraisals of the risks of forced labor and human trafficking in Malaysia, Indonesia, Guatemala, and Ecuador. This research revealed vulnerability to these abuses among migrant palm oil workers.

Verité has identified several issues in the palm sector worldwide:

- It is difficult for inspectors and auditors to access workers on or around palm plantations due to their remoteness, and, in Guatemala and Ecuador, because of the presence of armed guards.
- In many cases, workers who migrated to work on palm plantations were found to be at greater risk of exploitation than local workers, with even higher levels of isolation and, in some cases, the inability to leave the plantations.
- Children were found to be working on palm plantations in Malaysia.
- Palm plantation workers are exposed to health and safety risks, such as falling palm fruits, cuts, venomous snake bites, and pesticide exposure.
- Forced displacement was associated with palm oil production in many of the research locales.



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## Malaysia



## Malaysia

Malaysia is the second largest producer of palm oil and the world's top exporter. Verité carried out rapid appraisal research on labor conditions in Malaysian palm oil production in September and October 2012. Research was conducted in both Malaysia and Indonesia. In Malaysia, research centered in Sabah based on the region's high volume of palm production, and because more than a third of the Malaysian palm oil workforce labors there. Research was conducted on one large-scale plantation and several smallholder plantations. In Indonesia, research focused on regions of West Kalimantan that regularly send migrants to work on Malaysian palm plantations.

Interviews were conducted with plantation workers and their families, social workers and community-based outreach workers, key NGOs and academics, management of palm oil companies, and through observation and social mapping of plantations and sending communities.

In Sabah, passport retention was found to be widespread amongst the workers interviewed. Workers reported that they had not signed contracts for their work, and that the threat of denunciation was used to manipulate them. Isolation and limited mobility were found to be ubiquitous features of the sector. Where brokers were used, respondents reported deceptive recruitment. Twelve- to 14-hour work days were common. Some evidence of withholding pay was detected, with no recourse for workers, as well as evidence of being paid by check or voucher instead of cash.

Verité found evidence of children laboring on the plantations. Workers reported that children commonly begin to work as early as 12 years of age. Some indicated that children worked to supplement the harvest of adult male relatives employed on plantations, while others stated that children were full-time workers. Migrant women indicated that Malaysian law prevents their children from going to school because of their "stateless" status, causing them to work on the plantations.

Researchers also noted restrictions on freedom of association, political and systemic barriers to organizing, lack of enterprise-level grievance mechanisms and other limitations to workers seeking redress. These issues were found to be particularly present in cases of undocumented workers.

Undocumented Indonesian migrants were predominant in the workforce interviewed by Verité. These workers reported migrating independently or paying informal brokers to help with border crossing and job placement. Most of the workers interviewed in Sabah came from different districts in Timor, Indonesia – Adonara, Larantuka and Lembata. Several workers from the southern Philippines who were interviewed reported that there are many Philippine workers on plantations.

Villagers in West Kalimantan told interviewers that migration for work on palm plantations in Malaysia is an important source of income for the region. Children as young as 11 years old were reportedly migrating for work, along with adult men and women. Brokers openly facilitate illegal migration. Passport confiscation was reported by all respondents. Deception in recruitment regarding pay, housing, and working conditions was found. Workers reported difficulty breaking broker contracts in order to return home. Housing provided by plantations is sometimes unfurnished, or in some cases no housing was provided and workers constructed their own housing. Transportation to and from the job site was not



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always provided. Workers reported sometimes missing the lorry back and having to walk over an hour through isolated areas of the plantation or jungle. Women reported being assigned to pesticide spraying with no personal protective equipment.

## Guatemala

Guatemala



Verité carried out research in Guatemala in July and August 2013. While Guatemala does not export a large amount of palm oil by international standards, it is an important country for many reasons: Guatemala's palm oil sector is the fastest growing in Latin America and has achieved the highest production yield of palm oil per hectare in the world. Guatemalan palm oil is commonly used by US-based brands in Guatemala and Mexico, and one of Guatemala's largest palm oil companies is owned by a US-based investment bank.

In Guatemala, researchers identified violations pertaining to wages, benefits, harassment and abuse, and health and safety on plantations. Verité also found that hiring through labor contractors increased worker vulnerability to coercion and other forms of exploitation. Conditions were particularly poor in Sayaxche, Peten, the province in which palm oil production is most concentrated and expanding at the fastest pace. Verité found two categories of vulnerable workers in this region: local workers who had lost their land to palm plantations and migrant workers.

Some local workers reported that they had sold their plots due to unfulfilled promises of permanent well-paid employment, deceit, being fenced in by palm companies that purchased plots surrounding their land, and threats of violence. Studies indicate that these individuals are worse off working for the palm plantations than they were when they engaged in subsistence agriculture, and since the introduction of palm cultivation to the area, schools, communities, and alternative sources of employment have disappeared. Locals have little choice but to work for the palm plantations or relocate. Those who have protested about their conditions of work or have engaged in roadblocks to bring public attention to the issue have reportedly been blacklisted.



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## Case Study

### How Palm has Affected Three Generations

*Verité researchers interviewed three generations of palm workers in Sayaxche, Peten – Don Manuel (the grandfather), Roberto (the son/father), and Tito (the grandson). Don Manuel migrated from Alta Verapaz to Peten during the civil war. After years of living on this land and producing crops for family consumption, he finally obtained a title to land, part of which he gave to his son Roberto. In the late 90s, rumors began to circulate that the government was going to build a hydroelectric plant in the area, which would result in the flooding of all of the lands. A land buyer employed by a palm company, who was suspected of spreading the rumors, offered to buy the land from him for a low price and a promise of a permanent job on the palm plantation, which he accepted because he felt that the land would be worthless under water. The palm company he worked for failed to provide permanent employment with benefits and the guarantee of a minimum wage and instead paid a piece rate. At 75, Don Manuel was still working on the palm plantations and earned much less than the minimum wage or younger workers who had the physical capacity to harvest many more palm fruits per day. With nothing to retire and no other opportunities or land, Don Manuel had to keep working in order to eat.*

*Don Manuel's son Roberto, attended a training in another Department in which he was told that the rumors were lies, so he refused to sell his land despite pressure to do so. He worked on the palm plantation, but also grew his own crops, so although he was getting into his mid-fifties and his production and wages were going down, he had his subsistence crops to fall back on.*

*Roberto's son Tito had not inherited any land. After the palm companies came in and bought up vast swaths of land, including whole communities and schools, the number of schools in the area decreased drastically. Without having completed elementary school, Tito's only option was to work in the palm plantations. He said that the work was grueling and poorly paid, but there simply were not any other employment opportunities in the region and he knew of multiple people who had been fired and blacklisted by all of the palm companies for complaining about their conditions or engaging in protests, so he felt that his only option was to accept his fate.*



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Migrant workers, mostly from the Department of Alta Verapaz, but also from other areas of Guatemala, Belize, El Salvador, Honduras, and Nicaragua were found to be particularly vulnerable to exploitation. Most were recruited by labor contractors, some of whom were influential community or religious leaders in migrants' communities of origin. These brokers acted as workers' legal employers but were very hard to locate or prosecute. They deceived workers about their conditions of work, charged recruitment fees, and deducted up to 20 percent of their earnings. Migrant workers also faced extreme isolation on plantations and often did not leave for the full duration of their contracts. Many of the interviewed workers were hired on a temporary basis which made them ineligible for benefits.

Ecuador



## Ecuador

Verité is currently carrying out field research in Ecuador on indicators of forced labor on palm plantations. Ecuador has recently surpassed Colombia as Latin America's largest producer of palm oil and the sector employs over 150,000 workers. Unlike palm oil production in Guatemala, which is dominated by a small number of large companies, Ecuador's palm oil is produced by approximately 7,000 growers, 87 percent of whom are small-scale producers.

In 2010, the United Nations' Special Rapporteur on Contemporary Forms of Slavery reported that palm companies in Ecuador's Department of Esmeraldas were employing Colombian migrants under conditions analogous to slavery, including debt bondage, deductions for food and accommodation, inhumane living conditions, and excessive working hours for little to no pay. Verité interviewed stakeholders and workers in a number of Departments and found that conditions were indeed worse among Colombian workers in Esmeraldas. Interviews revealed that many migrant workers had fled areas held by rebel groups in Colombia. As displaced migrants, these workers were extremely vulnerable to labor trafficking and other forms of exploitation.

## Taking Action

Verité recommends a "deep-dive" approach to root out labor problems in palm oil production where they are found. This should include the following key measures:

- **Supply chain assessments** – to identify areas of non-compliance
  - » Strengthening assessment protocols
  - » Training for staff to enable them to see problems
  - » Extension of assessments to supply chain "locations" with the greatest risk
- **Training and capacity building** – to build understanding of risks
  - » Collaborative training with suppliers and stakeholders
  - » Training workers to inform them of their rights
- **Grievance mechanisms** – to provide workers with an outlet to lodge complaints
  - » Particularly important for migrant workers
  - » Must be confidential, effective, trustworthy and available to all workers
  - » "Feedback" loop to flag key issues and promote continuous improvement
- **Policy advocacy and stakeholder dialogue** – to promote wider-reaching change
  - » Promote changes in industry practices with industry or business peers
  - » Promote local, national and international policy changes



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For more on what you can do, see Verité's report:

*Sustainable Palm Oil?: Promoting New Measures to Combat Risks of Forced Labor and Human Trafficking in Palm Oil Supply Chains.* May 2013.

**VERITÉ** is an international not-for-profit consulting, training, and research NGO that has been a leader in supply chain social responsibility and sustainability since 1995. Verité is a member of the Alliance to End Slavery and Trafficking in the United States, and has presented its solutions to forced labor at the Clinton Global Initiative. For its work, Verité was winner of the Skoll Award for Social Entrepreneurship in 2007 and the Schwab Social Entrepreneur of the Year Award for 2010.

For more information on Verité's Program on Ethical Labor Practices in Palm Oil Production, please contact Ms. Daryll Delgado (Asia, Africa) at [ddelgado@verite.org](mailto:ddelgado@verite.org), or Mr. Philip Hunter (Americas, Europe) at [phunter@verite.org](mailto:phunter@verite.org).



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