



RISK INFORMATION  
ALLIANCE

# Risk Assessment

Indonesia

Cocoa

*Draft – July 26*



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# Introduction

This assessment has been developed following RIA methodology. It assesses legality and sustainability indicators related to land tenure, management, and environment, conversion risks, social issues and corruption, trade and taxes. It is made publicly available as an open resource, supporting risk-based approaches to sustainability, starting with RIA Members’ own assurance systems. It is also designed as a shared knowledge base for the cocoa sector to support due diligence, smallholder engagement, landscape initiatives, and continuous improvement efforts aligned with global sustainability frameworks.

The first draft of the risk assessment was developed based on publicly available information by a local consultant. The draft assessment process and review was led by Preferred by Nature. All tools have been used with moderation to support the identification of relevant sources of information and knowledge. All findings have been drafted and reviewed by experts.

## Scope and assessment details

SCOPE	
Geographical scope	Indonesia – whole country
Commodity or product	Cocoa
Other scoping element, if any	Smallholder plantations. State-owned plantations (perkebunan negara) do exist for cocoa, but they represent a marginal share (often around 1% or less of total production and area) and are not a defining feature of the sector – they are excluded from this assessment.
DETAILS	
Period of development for the initial draft (prior to consultation)	December 2025 – June 2026
Rationale for development	3 <sup>rd</sup> pilot for the RIA indicator and methodology. Lack of existing comprehensive resource for the sector.
Language(s)	English
DEVELOPERS	
RIA Members involved in development	Preferred by Nature Local subcontractor: <ul style="list-style-type: none"> <li>• M. Peni Agustijanto</li> </ul>
Expert outreach, if applicable	In the period January – June 2026, 10 experts/stakeholders were consulted, including CSOs, cooperatives and government representatives.

## How to navigate the assessment

- The core of the assessment can be found in **sections 1 – 6**, which are organized by main topics. Each overarching theme is organized in underlying criteria. For each criterion, the assessment presents findings on the context, the legal requirements, the relevant legislation and the relevant references. Each criterion also has a sub-set of indicators, for which a specific risk conclusion and justification is presented. The risk conclusion at criteria level is determined by the conclusions reached for the sub-set of indicators. Readers may use the navigation pane to facilitate moving between the different criteria.
- Ahead of the core assessment in sections 1 – 6, the **country overview section** offers readers with some contextual elements relevant to the Indonesian cocoa sector.
- **Annex 1** offers an overview of all risk conclusions at criterion and indicator level.
- **Annex 2** offers a compilation of relevant legislation, sorted by year. Sections 1 to 6 only mention legislation by their short name. This annex contains the complete titles in Indonesian and English as well as a link if available.
- **Annex 3** contains a compilation of all relevant references, sorted by alphabetical order. It also contains links to the resources, if available.

## Country overview

### Geographic context (cocoa sector)

Indonesia is a large archipelagic nation composed of numerous islands, which creates complex inter-island logistics. As a result, transport costs, cold chain accessibility, and supply consistency are heavily influenced by maritime distances and port connectivity.

The country's high ecological diversity—ranging from mountains and coastal areas to peatlands—means that agricultural practices and environmental risks vary significantly by island and landscape.

Administrative data on land area and islands are available from Statistics Indonesia (BPS).

Currently, Indonesia's cocoa production is approximately 632,117 tons per year, with the main production area located in Sulawesi, which contributes around 40% of national output. Sulawesi serves as the core of Indonesia's cocoa industry, with large and contiguous production zones that facilitate easier volume aggregation, but also present a higher risk of origin mixing.

Beyond Sulawesi, cocoa in Indonesia is produced across several key regions: Sumatra is a major secondary hub, particularly in West Sumatra, Lampung, and Aceh, where cocoa is grown by smallholders, often in mixed farming systems. Kalimantan also contributes, especially East and West Kalimantan, though production is more dispersed and smaller in scale. In the eastern part of the country, Papua has an emerging cocoa production with strong potential due to available land, but infrastructure and market access remain limiting factors. Additionally, cocoa is grown in parts of Java and Bali, though volumes are relatively modest and often focused on specialty or fine-flavor markets rather than bulk production.

The full list of cocoa producing regions in Indonesia is:

- South Sulawesi Province
- Central Sulawesi Province
- South East Sulawesi Province
- West Sulawesi Province
- East Nusa Tenggara Province
- Lampung Province
- North Kalimantan
- East Kalimantan
- Mollucas Province
- Papua Province

### Legal context

Indonesia's legal framework for cocoa farming is shaped by a multi-layered governance system combining national, provincial, and district-level regulations. At the national level, key laws cover agriculture, plantation management, land use, environmental protection, and trade, including the Plantation Law and environmental regulations that govern land clearing, sustainability standards, and licensing requirements.

Authority is partially decentralized, meaning provincial and district governments play an important role in implementing policies, issuing permits, and enforcing land-use planning (spatial planning/"RTRW"). This creates variability in how regulations are applied across regions, depending on local priorities and administrative capacity.

Land tenure is a critical aspect of the legal context, with a mix of state forest land, private land titles, and customary (adat) rights, which can affect farmer legality, traceability, and eligibility for certification.

	<p>In addition, cocoa supply chains are increasingly influenced by sustainability and legality requirements, including national initiatives on sustainable agriculture and international market regulations (e.g., traceability and deforestation-free requirements), which add further compliance layers for producers and buyers.</p>
<p><b>Ownership, management and tenure characteristics</b></p>	<p>Land ownership and tenure in Indonesia are governed primarily by the Basic Agrarian Law (UUPA), which establishes several formal land rights categories, including Ownership Rights (Hak Milik), Cultivation Rights (Hak Guna Usaha – HGU), Building Rights (Hak Guna Bangunan – HGB), and Use Rights (Hak Pakai). The framework also recognizes customary (adat) rights, although their formal registration and legal status can vary across regions.</p> <p>In areas classified as state forest land, the government retains strong authority under the forestry legal framework. This creates a complex tenure environment where overlapping claims may arise between formal concessions, customary land use, and official land-use designations.</p> <p>To improve tenure security, the government is implementing the systematic land registration program (Pendaftaran Tanah Sistematis Lengkap – PTSL), which aims to expand land certification coverage and enhance legal certainty.</p> <p>Cocoa production in Indonesia is predominantly carried out by smallholders (perkebunan rakyat). Most estimates indicate that around 90–98% of cocoa production comes from smallholder plantations, with the remainder produced by private estates and government-owned plantations. These systems are typically characterized by small, fragmented plots; heterogeneous or incomplete farm records; varying levels of formal land documentation; and limited capacity to comply with administrative requirements, including certification and digital traceability systems.</p>
<p><b>Land use / agricultural characteristics</b></p>	<p>Indonesian agriculture is predominantly smallholder-based, with most farming households cultivating relatively small plots—often less than 0.5 hectares. This structure is consistent across both food crops and plantation commodities and is widely reflected in FAO and national statistics. The sector is highly diverse in terms of commodities and geography. Rice remains the dominant staple crop, while plantation commodities such as palm oil, coffee, cocoa, and rubber are distributed across specific provinces according to agroecological suitability. Statistics Indonesia (BPS) regularly publishes data on plantation area and production by commodity and region, providing a key reference for sectoral analysis. In addition, national land cover and land-use statistics produced by BPS support the assessment of land-use change dynamics and baseline conditions.</p> <p>Cocoa production reflects this broader smallholder-driven and spatially heterogeneous structure. In Central Sulawesi (Sulawesi Tengah), production is concentrated in several key districts. In 2023, the largest contributors were Parigi Moutong (28,689 tons; 22.78%), Poso (23,992 tons; 19.05%), Sigi (19,499 tons; 15.49%), Donggala (approximately 17,710 tons; 14.06%), and Banggai (approximately 16,140 tons; 12.82%).</p> <p>In South Sulawesi (Sulawesi Selatan), cocoa production is similarly concentrated, primarily across seven districts. The largest shares in 2023 were recorded in North Luwu (28.47%), Luwu (16.47%), and Pinrang (10.26%), followed by Bone, Soppeng, Wajo, and Sidrap.</p> <p>Outside Sulawesi, cocoa production is smaller in scale but remains important for local economies. In Ende Regency (Flores), cocoa smallholder estates covered 9,767.13 hectares and produced 4,578.86 tons in 2023. In Sikka Regency (Flores), cocoa area reached 22,488.80 hectares, with production of 8,015.57 tons, also dominated by smallholder systems.</p>

	<p>Overall, Indonesian cocoa agriculture is characterized by fragmented production, strong smallholder participation, and significant regional variation in scale, productivity, and infrastructure access.</p>
<b>Sustainability and environmental considerations</b>	<p>Key environmental and regulatory risks in Indonesia’s cocoa supply chain include deforestation and land conversion, peatland degradation and fires, biodiversity loss, declining water and soil quality, and compliance challenges related to operations in designated forest areas.</p> <p>In the cocoa sector—particularly for supply chains serving mixed domestic and export markets—the primary sustainability risk extends beyond the occurrence of deforestation to the ability to demonstrate compliant and traceable origin.</p> <p>In practice, two major structural risks (“failure modes”) are commonly observed. First, unclear land status and weak or incomplete tenure documentation can undermine legality and traceability. Second, the aggregation of cocoa beans from multiple sources at the collector level often leads to origin mixing, making it difficult to verify compliance or segregate supply later in the chain.</p>
<b>Relevant industry practices</b>	<p>Industry practices in Indonesia’s cocoa sector vary significantly by region but follow broadly similar structural patterns. Cocoa supply chains are typically organized through multiple intermediary levels: smallholder farmers sell to village-level collectors or cooperatives, which supply district-level traders, followed by processors and exporters. Traceability is often weakest at the initial aggregation stage, particularly where farm-level production is not systematically recorded.</p> <p>Efforts to improve productivity and bean quality are ongoing and include the promotion of Good Agricultural Practices (GAP), rehabilitation and replanting programs, improved post-harvest handling standards, and the development of partnerships between companies and farmer groups or cooperatives. These initiatives aim to address aging tree stock, low yields, and inconsistent quality, although adoption can vary depending on farmer capacity and incentives.</p> <p>At the policy level, the government is promoting downstream processing and agro-industrial development as part of its broader economic strategy. This “downstreaming” agenda is intended to increase domestic value addition, which may reshape market dynamics, pricing structures, and incentives within the cocoa value chain over time.</p> <p>At the farmgate level, cocoa is commonly traded as either fermented or non-fermented beans. While the government and processors encourage fermentation due to its positive impact on quality and market value, adoption among farmers remains mixed. This is largely due to the additional time, labor, and process requirements, despite the potential for higher prices for fermented cocoa.</p>
<b>International trade and market dynamics</b>	<p>Indonesia’s cocoa sector is highly integrated into global markets, with export and import flows playing a significant role in shaping domestic production and pricing dynamics. Trade statistics, including export volumes, destinations, and trade balances, are regularly published by Statistics Indonesia (BPS), providing key insights into market trends and international positioning.</p> <p>Globally, Indonesia is among the top cocoa-producing countries, though its share of world production is relatively modest compared to leading producers in West Africa. This reinforces its role as a secondary but established global supplier, rather than a price-setting market leader.</p> <p>At the same time, global market requirements are evolving, with increasing emphasis on sustainability and traceability. In particular, “deforestation-free” regulations are gaining prominence. The European Union Deforestation Regulation (EUDR), which applies to cocoa and other commodities, requires companies to conduct due diligence and ensure that products placed on the EU market are not linked to deforestation occurring after December 31, 2020.</p>

	<p>These regulatory developments are expected to have significant implications for Indonesian cocoa supply chains, particularly in terms of traceability systems, geolocation of farms, and compliance verification. They may also influence market access, buyer requirements, and sourcing strategies for exporters targeting regulated markets.</p>
<b>Industry size and economic impact</b>	<p>Indonesia’s cocoa farming industry is positioned as a sub-sector within the broader agricultural and plantation economy, which remains a major pillar of the national economy, contributing roughly 12–13% of GDP and ranking second only to manufacturing. Within this, the plantation sub-sector (including cocoa, palm oil, and rubber) accounts for a significant share of agricultural value added and export earnings.</p> <p>Compared to larger economic sectors such as manufacturing and services, cocoa is economically important but not dominant at the macro level, functioning mainly as a rural livelihood and export-oriented commodity rather than a primary driver of GDP growth. However, it remains strategically relevant as a source of income for millions of smallholders and as part of Indonesia’s diversified commodity export base.</p> <p>Overall, the cocoa sector’s importance lies less in its aggregate economic weight and more in its regional development role, employment contribution, and integration into international commodity markets, particularly within the plantation economy.</p>
<b>Cultural considerations</b>	<p>Cultural norms and local community dynamics play a critical role in shaping land management practices and the social legitimacy of cocoa farming in Indonesia. Customary (<i>adat</i>) systems remain highly influential at the local level and are formally acknowledged within the Basic Agrarian Law (UUPA), although their application is context-specific and varies by region. As a result, land use decisions and potential conflicts are often closely tied to local customs and community acceptance.</p> <p>Decision-making processes in rural areas are typically influenced by a combination of deliberative practices (<i>musyawarah</i>), informal networks, and local patronage relationships. These social structures can significantly affect the adoption of new practices, the functioning of farmer groups, and engagement with external actors such as government programs, NGOs, or private companies. Several issues are particularly sensitive within cocoa-producing communities, including land access and tenure inequality, generational renewal in farming (youth engagement), and levels of trust in external stakeholders. These factors can influence both participation in sustainability initiatives and the long-term resilience of the sector.</p> <p>In practice, cultural and economic dynamics vary by region. In Sulawesi, farmer decision-making is often strongly shaped by established collector networks and immediate cash-flow needs, which can limit the adoption of practices such as fermentation or record-keeping unless incentives are clear, immediate, and reliable (e.g., price premiums, guaranteed offtake, or input support).</p> <p>In contrast, in regions such as Flores (Ende and Sikka), community cohesion and trust in local institutions play a more prominent role. However, geographic fragmentation and island logistics increase transaction costs, making “premium + compliance” models more difficult to sustain unless aggregation systems and service delivery are designed to be cost-efficient and consistent.</p>
<b>Context of certification / standard development</b>	<p>Indonesia’s certification landscape is shaped by a combination of national standards and international schemes. At the national level, the Indonesian National Standard (Standar Nasional Indonesia – SNI), developed under the National Standardization Agency (BSN), provides a framework for product quality and conformity assessment, with mandatory application in selected sectors and commodities.</p>

	<p>In parallel, international certification systems—such as Rainforest Alliance, Fairtrade, and others—are commonly used to access export markets and meet buyer requirements. However, adoption among smallholder cocoa farmers remains uneven and typically depends on sustained technical support, group organization, and clear economic incentives (e.g., price premiums or secured market access).</p>
<p><b>Smallholder farming specificities and vulnerabilities</b></p>	<p>Smallholder cocoa farmers in Indonesia face a combination of structural, economic, and environmental vulnerabilities.</p> <p>These include low productivity due to aging trees, pests and diseases, and limited access to quality inputs and technical support. At the same time, farmers are exposed to price volatility and strong dependence on local collectors, which constrains bargaining power and reinforces short-term, cash-driven decision-making.</p> <p>Tenure insecurity and incomplete land documentation can further limit access to finance, certification schemes, and formal markets. Farmers are exposed to disputes, risk of dispossession, and difficulties in proving legality, which directly affects their ability to access formal markets and comply with regulatory requirements.</p> <p>These tenure insecurities are tightly linked to broader governance weaknesses that amplify smallholder vulnerability. Regulatory frameworks in Indonesia are described as complex, overlapping, and sometimes contradictory across national and regional levels, with inconsistent enforcement. Smallholders typically lack the financial resources, technical capacity, and institutional support needed to navigate compliance with land-use planning, environmental approvals, and business licensing. This results in high administrative burdens and increased risk of non-compliance, even when farmers are willing to align with regulations.</p> <p>Traceability and compliance requirements (e.g., EUDR) create additional barriers for market participation. Smallholders face high risks of exclusion from premium export markets, especially the European Union, due to their limited ability to provide traceability and geolocation data, prove absence of deforestation after regulatory cut-off dates, and demonstrate legal land use. The costs associated with mapping plots, producing documentation, and undergoing audits are substantial and often prohibitive for small-scale producers. Consequently, farmers risk being forced into lower-value markets, facing price penalties, or relying on intermediaries, which reduces their bargaining power and income.</p> <p>Environmental risks—such as climate variability, soil degradation, and deforestation-related restrictions—add pressure on already fragile production systems.</p> <p>Working conditions for cocoa farmers in Indonesia are broadly characterized by informality, low income levels, and limited access to labour protections. As in other rural sectors, unionization rates are generally low and labour inspection is limited, particularly in remote farming areas. Health and safety conditions are uneven, with farmers facing pesticide exposure, heavy manual labour, and work in challenging terrain and climate conditions, while the use of protective equipment and safe handling practices is inconsistent.</p> <p>Evidence shows that most cocoa-producing households in Indonesia do not earn a living income, with significant income gaps that prevent farmers from achieving a decent standard of living. This economic pressure contributes to reliance on unpaid family labour, reduces the ability to invest in safer practices, and constrains compliance with labour and safety standards.</p> <p>Overall, these factors combine to create a high-risk, low-margin farming context, where adoption of improved practices is often constrained by limited capital, weak institutional support, and the need for immediate and reliable income.</p>

# 1. Land rights and third parties' rights

## 1.1. Land tenure and management rights are secure

### Non-negligible

The context of land tenure and land management rights for cocoa production in Indonesia is characterised by a gap between a comprehensive legal framework and limited practical implementation. Although regulations require clearly defined, registered, and legally secure land rights, in practice many cocoa-producing areas—dominated by smallholder farmers—operate under informal or incomplete documentation.



#### Description of context

A large proportion of smallholders lack formal land certificates and instead rely on locally recognised or informal documents, which weakens their legal position and creates uncertainty regarding ownership and land use rights.

Land tenure in Indonesia is further complicated by a pluralistic system in which statutory rights coexist with customary (adat) claims, state land designations, and private concessions. These different systems frequently overlap geographically and administratively, leading to competing claims over the same land. In cocoa-producing regions, this results in frequent disputes between communities, companies, and government authorities, particularly where customary rights are not formally recognised within the legal system.

A key feature of the current situation is the lack of consistent and reliable land registration and mapping. Boundaries are often unclear or differ between institutions, and spatial data may not be harmonised across agencies. This is exacerbated by the limited number of villages with definitive boundaries and discrepancies between land administration maps, forestry classifications, and spatial planning documents. As a result, land that is considered legally valid under one system may be regarded as illegal under another, especially in areas designated as forest land but long occupied or cultivated by farmers.

Encroachment into forest areas is another significant issue in the cocoa sector, as some cultivation has expanded into protected or designated forest zones. This creates legal risks because such activities may violate forestry and conservation laws, even when they reflect longstanding agricultural practices. The overlap between forest governance and agrarian land systems further complicates the determination of legal land status and management rights.



Institutional and administrative challenges also play a major role in shaping the context. Land registration processes are often costly, time-consuming, and bureaucratic, making them difficult for smallholders to access. At the same time, coordination between national and local authorities is weak, and enforcement of existing regulations is inconsistent.

These structural limitations are compounded by economic barriers and capacity constraints among smallholders, including limited access to information, technical expertise, and financial resources required to comply with legal and administrative requirements.




#### Legal requirements

Indonesia's legal framework on land tenure is primarily governed by Law No. 5 of 1960 on Basic Agrarian Principles (UUPA), which establishes that all land must have a clearly defined legal status in order to ensure legal certainty and continuity of use. Under this

	<p>framework, land may be held through several recognised rights, including ownership rights (hak milik), cultivation rights (HGU), building rights (HGB), and use rights (hak pakai). For plantation activities, particularly at a commercial scale, the most relevant legal instrument is the cultivation right (HGU), which grants time-bound use of land for agricultural purposes. These rights must be formally registered and supported by legally recognised boundary maps. The state, through the National Land Agency (BPN), is responsible for administering this system by registering land rights, issuing certificates, and maintaining official land records, thereby ensuring the legal legitimacy of land ownership or use.</p> <p>Land registration is a central legal obligation intended to guarantee certainty and protection of rights. Government Regulation No. 24 of 1997 sets out the mechanisms and procedures for land registration and explicitly states that its purpose is to provide legal certainty and legal protection for rights holders. Article 19 of the Basic Agrarian Law further mandates land registration as a core requirement of the national land system.</p> <p>Indonesia’s land tenure system is characterised by legal pluralism, whereby statutory land rights coexist with customary (adat or ulayat) rights and concession-based rights granted by the state. While customary rights may be socially recognised, they are not automatically acknowledged within the formal legal framework and often require formal recognition through regional regulations or official decisions to obtain legal standing. This complexity has been partially addressed by Constitutional Court Decision No. 35/PUU-X/2012, which clarifies that customary forests are not automatically classified as state forests, thereby strengthening the legal position of customary communities under certain conditions.</p> <p>Land management rights are subject to similar legal requirements as tenure rights, in that they must be clearly defined, legally secure, and formally registered. Government Regulation No. 18 of 2021 provides an updated framework for the regulation, renewal, and adjustment of land rights, including management rights.</p> <p>Compliance with legal requirements for land use is closely linked to spatial planning and agrarian reform measures. Presidential Regulation No. 86 of 2018 on Agrarian Reform defines agrarian reform as the restructuring of land control, ownership, use, and utilisation through asset redistribution and access arrangements. Legal compliance therefore requires that land use aligns with spatial planning instruments such as regional spatial plans (RTRW/RDTR), and that the necessary permits, documentation, and approvals are in place.</p>
 <p><b>List of relevant legislation</b></p>	<ul style="list-style-type: none"> <li>• Law 5/1960 on the basic provisions of agrarian law</li> <li>• Regulation 29/2021 on the administration of trade</li> <li>• Regulation 24/1997 on land registration</li> <li>• Regulation 18/2021 on management rights, land rights, housing units and land registration</li> <li>• Regulation 86/2018 on agrarian reform</li> <li>• Regulation 98/2013 on guidelines for plantation business licensing</li> </ul>
 <p><b>References</b></p>	<ul style="list-style-type: none"> <li>• Sahlan, Lukas A. et al. (2025). Mapping cocoa land dynamics to advance circular and sustainable food Systems in Indonesia (1975–2023). <i>Froniers in Sustainable Food Systems</i>, vol. 9.</li> <li>• Dröge S. et al. (2024). From chocolate to palm oil: The future of Indonesia’s cocoa plantations.</li> </ul>

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 <p><b>Indicators</b></p>	<p><b>1.1.1 Land tenure rights are clearly defined, legally secure, and registered in compliance with applicable legal requirements.</b></p>	
	<p><b>Non-negligible</b></p>	<p>In Indonesia, key legal requirements on land tenure require that land rights be formally defined, certified, and registered, with clearly mapped and legally recognised boundaries. In practice, these requirements are frequently not met in the cocoa sector, as many smallholders operate without formal land titles or rely on informal documentation, meaning land is not properly registered in the official system.</p> <p>In addition, legal requirements for secure tenure are often violated where land parcels lack officially recognised boundaries, overlap with other claims (customary, state, or concession-based), or are located within designated forest areas without proper legal authorization. The obligation to obtain formal recognition of customary rights is also frequently unmet, leaving such claims legally weak despite social legitimacy.</p>
	<p><b>1.1.2 Land management rights are clearly defined, legally secure, and registered in compliance with applicable legal requirements.</b></p>	
	<p><b>Non-negligible</b></p>	<p>Legal requirements for land management rights in Indonesia first require that land be legally allocated, clearly defined, and formally registered. In practice, these requirements are frequently not met in cocoa-producing areas, where land management often occurs on plots that are not formally registered, lack clear or officially recognised boundaries, or overlap with other claims, including state forest areas or concessions.</p> <p>Violations also arise where land use does not comply with spatial planning regulations or where management takes place without proper legal authorisation, particularly in areas classified as forest land or where tenure status is unclear.</p>

## 1.2. Required permits, planning and protection from illegal activities are in place

### Non-negligible

The formal regulatory framework requires cocoa farmers to comply with three main instruments of formalisation: business registration through a Business Identification Number (NIB), environmental compliance through an SPPL (or equivalent), and plantation registration through STDB. In practice, however, the situation among cocoa smallholders is characterised by very low levels of full compliance and a high degree of informality.



#### Description of context

With respect to business registration (NIB), the legal framework requires all economic actors to obtain an NIB through the OSS system in order to operate legally. Most smallholder cocoa farmers do not possess business permits or complete licensing and operate as informal producers rather than registered business entities.

A similar pattern is observed with environmental obligations, where the relevant instrument is typically a low-risk declaration (SPPL) for smallholder cocoa farmers, rather than a full impact assessment. SPPL are often absent or not compliant in practice, with many farmers lacking documented environmental management measures.

In relation to STDB registration, the coverage remains extremely limited, with very low registration rates across commodities and significant implementation challenges, including lack of land tenure documentation, fragmented data systems, and limited institutional capacity. Most cocoa farmers lack formal land documentation and operate under informal or customary arrangements, which directly constrains their ability to register under the STDB system.

Across all three instruments, a common pattern emerges: while the regulatory framework is comprehensive and requires formal registration, the majority of cocoa smallholders remain outside these systems. This is driven by structural factors, including unclear or unregistered land tenure, overlapping claims, high compliance costs, limited access to administrative processes, and weak enforcement.



#### Legal requirements

While there are no cocoa-specific permitting requirements, legal compliance for cocoa farming depends on meeting a broader framework of obligations, including business registration, legally valid land tenure or land-use rights, environmental approvals, and conformity with land-use planning and spatial regulations. These requirements are often complex and multi-layered, involving different levels of government (national, provincial, and district) and multiple sectors (land, forestry, environment, and plantations).

Cocoa farmers are subject to the general business registration and licensing framework that applies to all agricultural activities. This framework has been significantly restructured under the Online Single Submission – Risk-Based Approach (OSS RBA) system, which determines obligations based on the risk level and scale of the activity.

First, business registration is a mandatory legal requirement. Any person or entity engaging in commercial agricultural activity (including cocoa production beyond purely subsistence farming) is required to obtain a Business Identification Number (Nomor Induk Berusaha – NIB) through the OSS system.

The NIB is also the entry point into a broader licensing regime. Indonesia applies a risk-based licensing system, where each activity is classified (via KBLI codes) into low, medium, or high risk. This classification determines the level of additional permits required. For low-risk agricultural activities, registration and a basic compliance

declaration may be sufficient. For medium-risk activities, farmers or agribusinesses must obtain a standard certificate (either self-declared or verified by authorities). For higher-risk plantation or processing activities, a formal business license must be granted by the relevant authority before operations can begin. For example, larger plantation operations (including cocoa plantations beyond certain thresholds) are required to obtain a Plantation Business License (Izin Usaha Perkebunan – IUP).

Business permitting is also integrated with environmental compliance. Before or alongside obtaining operational licenses, producers may need to secure environmental approvals, typically in the form of an Environmental Impact Assessment (AMDAL) or an Environmental Management and Monitoring Effort (UKL-UPL). These approvals require the preparation and implementation of environmental management and monitoring plans.



In practice, smallholder cocoa farming typically falls below the thresholds for AMDAL, which is reserved for large-scale or high-impact projects. UKL-UPL requirements may apply in some cases where farming activities reach a larger or more organised commercial scale, but are not systematically required for typical smallholders. For most smallholder farmers, the applicable requirement—where formalised—is a low-risk environmental commitment (SPPL), rather than a full environmental assessment. Smallholder cocoa farmers are also required to register their cultivation activities through the issuance of a Surat Tanda Daftar Budidaya (STDB), which serves as formal recognition of plantation activities within the agricultural administration system.

This registration is generally applicable to smallholders operating below the threshold that would require a full plantation business license, and is intended to ensure that their activities are recorded, traceable, and compliant with sectoral regulations.

To obtain an STDB, farmers must demonstrate proof of identity and provide basic information about their farming operations, including the location and size of their land, the type of commodity cultivated, and evidence of land tenure or use rights. A key requirement is the identification and mapping of the plot, often including geolocation data, to ensure that cultivation takes place outside restricted or protected areas and is aligned with spatial planning regulations.

In addition, STDB registration may require compliance with basic administrative and environmental provisions, such as alignment with local land-use planning and, where applicable, evidence that cultivation practices do not violate environmental regulations. While the process is designed to be simpler than formal business licensing, it still depends on the availability of supporting documentation and coordination with local authorities.

Business licensing (through the OSS–RBA system) and STDB (Surat Tanda Daftar Budidaya / plantation registration certificate) are closely linked, but they serve different and complementary functions: business licensing provides the legal identity and recognition of the farming activity as an economic activity and STDB is a registration instrument for plantation cultivation, used to formally record smallholder farmers and their land plots within the agricultural administration system. A farmer may have an STDB but still lack a valid NIB, meaning the activity is recorded agriculturally but not fully compliant as a formal business. Conversely, having an NIB without STDB means the business exists legally, but the plantation activity itself is not properly registered or traceable.

 <p><b>List of relevant legislation</b></p>	<ul style="list-style-type: none"> <li>• Law 5/1960 on the basic provisions of agrarian law</li> <li>• Law 39/2014 on Plantations</li> <li>• Law 32/2009 on Environmental Protection and Management</li> <li>• Regulation 24/1997 on land registration</li> <li>• Regulation 18/2021 on management rights, land rights, housing units and land registration</li> <li>• Regulation 22/2021 concerning the implementation of environmental protection and management</li> <li>• Regulation 86/2018 on agrarian reform</li> <li>• Regulation 98/2013 on guidelines for plantation business licensing</li> <li>• Regulation 28/2025 on the implementation of risk-based business licensing</li> <li>• Regulation 37/2025 on business activity standards and/or product/service standards in the implementation of risk-based business licensing in the industrial sector</li> <li>• Decision 105/2018 regarding guidelines for the issuance of the plantation business registration certificate for cultivation (STD-B)</li> <li>• Decision 283/2018 amendments to the guidelines for the issuance of the plantation business registration certificate for cultivation (STD-B)</li> <li>• Decision 37/2024 on guidelines for the issuance of plantation business registration certificates for cultivation (STD-B)</li> </ul>
 <p><b>References</b></p>	<ul style="list-style-type: none"> <li>• Sahlan, Lukas A. et al. (2025). Mapping cocoa land dynamics to advance circular and sustainable food Systems in Indonesia (1975–2023). <i>Froniers in Sustainable Food Systems</i>, vol. 9.</li> <li>• Dröge S. et al. (2024). From chocolate to palm oil: The future of Indonesia’s cocoa plantations.</li> <li>• Tanner, C. et al. (2020). A review of land tenure issues in Indonesia and options for the future. <i>FAO Indonesia Report</i>.</li> <li>• Ambarwati, A. et al. (2017). Land tenure and agrarian structure in regions of small-scale food production. In: <i>Land and Development in Indonesia</i>. Cambridge University Press.</li> <li>• Wardani, D. S. &amp; Moeis, J. P. (2025). Analysis of the impact of agrarian reform programs on farmer welfare in Indonesia. <i>International Journal of Agriculture and Plant Science</i>, vol. 7.</li> <li>• Al Qindy, F. H. et al. (2026). Analysis of agrarian reform policy in support of sustainable agriculture in Indonesia. <i>Syiah Kuala Law Journal</i>, vol. 10.</li> <li>• Koltiva (2025). Public-Private Synergy Drives e-STDB Push for Cacao Farmers in Central Sulawesi.</li> <li>• World Resources Institute (2025). Support to Indonesia’s EUDR Preparedness Through Electronic Smallholder Registration (e-STDB) Acceleration.</li> <li>• Solidaridad (2024). Paving the Way for Smallholder Inclusion: Acceleration of Indonesia’s Sustainable Palm Oil Certification (ISPO) System.</li> <li>• SPOS Indonesia (2020). The Government Needs to Accelerate the Data Collection, Mapping and Issuance of Cultivation Registration Letter (STDB) for Smallholders’ Palm Oil.</li> <li>• Putri, N.K.Y. &amp; Udytama, I.W.W. (2024). Efektivitas sistem online single submission risk based approach (OSS RBA) dalam pendaftaran nib di dinas penanaman modal dan pelanan terpadu satu pintu provinsi bali. <i>Jurnal Mahasiswa Hukum Saraswati</i>, vol. 4 no.2.</li> </ul>

	<ul style="list-style-type: none"> <li>• Khomeni, S.A. &amp; Atmoko, A.W. (2025). Digital-Based Business Licensing Reform in Indonesia: An Analysis of the OSS Policy. Asian Journal of Social and Humanities, vol. 4.</li> </ul>	
 <b>Indicators</b>	<b>1.2.1 Harvesting or operational permits are in place and are issued and registered according to legal requirements.</b>	
<b>Non-negligible</b>	<p>The regulatory framework requires cocoa farmers to obtain a Business Identification Number (NIB), comply with environmental obligations (typically through an SPPL declaration), and register their farms through STDB. In practice, however, there is a high risk that these requirements are not in place, as most smallholder cocoa farmers operate informally, without business registration, environmental documentation, or plantation registration.</p>	
<b>1.2.2 Legal requirements for land-use planning and management planning are complied with.</b>	<b>Not applicable</b>	
	<p>For regularly established cocoa plantations, there is no specific requirement for land use planning or land management planning (such as inventories, land preparation, zoning, formal planification, etc.) to implement farming activities.</p>	
<b>1.2.3 Land areas under management are protected from illegal encroachment and activities.</b>	<b>Negligible</b>	
	<p>Small scale and illegal mining in Indonesia is common, often informal, and weakly regulated. It frequently occurs in rural/agricultural areas, sometimes overlapping with plantations and it is driven by unclear land tenure and strong economic incentives for mining. Cocoa specific documentation on such instances is limited. Cocoa plantations—particularly smallholder systems in forest edge or weakly governed areas— may be exposed to those risks of encroachment by competing land uses, including small scale mining. However, there is no evidence of large scale or systemic risks of mining encroachment into cocoa farms.</p> <p><i>Note: encroachment of cocoa farms into forests or protected area is covered in section 3.1.</i></p>	

### 1.3. Rights of third parties are respected

#### Non-negligible

External sources do not show widespread, systematically documented cases of cocoa smallholders directly violating community or Indigenous rights at scale, unlike in commodities such as palm oil. However, there is consistent evidence that cocoa expansion—especially in smallholder systems—can contribute to land conflicts, tenure insecurity, and gradual erosion of customary land systems, particularly in frontier and Indigenous regions.



#### Description of context

In Indonesia, the context surrounding third party rights in cocoa production is characterised by a strong legal framework but significant structural weaknesses in implementation. Although Indigenous Peoples, traditional communities, and local communities are formally recognised under constitutional, agrarian, forestry, and environmental laws, the practical recognition of these rights remains limited.

Customary land is often not formally registered or mapped, and recognition depends heavily on local government processes, which are slow, inconsistent, and sometimes reluctant. As a result, many communities with legitimate claims to land remain legally unrecognised, making them particularly vulnerable to competing land uses, including plantation development.

A key contextual issue is the prevalence of overlapping land claims. Plantation permits, including those for tree crops such as cocoa, are sometimes issued in areas that overlap with customary territories due to inadequate land verification and weak coordination between authorities.

There is also a weak implementation of Free, Prior and Informed Consent (FPIC). While consultation and participation mechanisms exist in law, they are often limited to information-sharing or public consultation rather than genuine consent. In practice, communities may not be adequately informed, may lack the capacity to engage effectively, or may be excluded from decision-making altogether.

Access to remedy and dispute resolution mechanisms are also limited. Although laws provide for complaints, compensation, and legal recourse, in practice these mechanisms are often slow, costly, and ineffective. Law enforcement intervention typically occurs only in severe cases involving violence, and many disputes remain unresolved for long periods.

While cocoa is not identified as a major direct driver of land conflict compared to other commodities, there is credible evidence showing that cocoa expansion and smallholder cocoa systems can contribute to land conflicts, dispossession dynamics, and pressure on community rights, particularly in frontier areas such as Sulawesi.

Anthropological research in Sulawesi shows how the expansion of cocoa farming has transformed land relations in Indigenous upland communities. The transition to cocoa production has contributed to land privatization and commodification, weakened customary land governance systems, and led to loss of access to land and livelihoods for some community members.

These conflicts are not always framed as “community vs cocoa farmers”, but they reflect competition for land between different users (smallholders, communities, state, or private actors), which can affect local populations and customary land users.



## Legal requirements

Indonesia's legal framework establishes that the rights of third parties—particularly Indigenous Peoples, traditional communities, and local communities—must be recognised and respected in the context of land use and plantation development, including cocoa farming. At the constitutional and statutory levels, customary or communal land rights are acknowledged as legally valid, provided they can be demonstrated to still exist in practice and are consistent with national regulation.

However, the legal recognition of these rights is conditional and requires formal processes of identification, verification, and designation by government authorities, often at the regional level. As a result, third party rights are legally protected only once they have been formally recognised through administrative procedures. This creates a framework where land used for cocoa farming or other plantation activities must take into account the existence of such rights, even though their formalisation may be complex and uneven.

Within plantation-specific legislation, there is a clear requirement that plantation activities must not infringe upon customary or communal land rights. In particular, the issuance of plantation business permits on customary land is prohibited unless appropriate agreements or legal arrangements are concluded with the relevant rights holders.

In addition, forestry and land governance laws reinforce these obligations by recognising the rights of Indigenous and customary communities to manage land and natural resources, including forest areas that may overlap with agricultural land. This includes the recognition of customary forests and the rights of communities to benefit from and manage resources according to customary practices.



The legal framework also includes requirements relating to community participation and consultation. Environmental legislation provides that affected communities must be informed of proposed activities, have the opportunity to participate in decision-making processes, and be able to raise objections or complaints. While these provisions align in part with the principles of Free, Prior and Informed Consent (FPIC), the requirement in Indonesian law is generally framed as consultation and participation rather than a strict obligation to obtain consent.

Furthermore, Indonesian law recognises the rights of communities to access environmental information, to participate in decision-making processes, and to seek legal remedies in cases where their rights are affected. This includes the ability to submit complaints, challenge decisions, and seek protection when defending environmental or land rights. These provisions are intended to ensure that third party rights are not only recognised but can also be enforced.



## List of relevant legislation

- Law 5/1960 on the basic provisions of agrarian law
- Law 39/2014 on Plantations
- Act 41/1999 concerning forestry affairs
- Law 39/1999 concerning human rights
- Law 32/2009 on Environmental Protection and Management
- Law 2/2012 on land acquisition for development in the public interest
- Law 6/2014 on villages
- Regulation 14/2024 on the administration of land affairs and the registration of customary land rights of indigenous communities
- Regulation 9/2015 on procedures for the establishment of communal land rights for customary law communities and communities located in specific areas

	<ul style="list-style-type: none"> <li>• Regulation 18/2019 on procedures for the administration of customary land of customary law communities</li> <li>• Regulation 17/2020 on customary forests and HAK forests</li> <li>• Regulation 52/2014 on guidelines for the recognition and protection of communities governed by customary law</li> </ul>		
 <b>References</b>	<ul style="list-style-type: none"> <li>• Sahlan, Lukas A. et al. (2025). Mapping cocoa land dynamics to advance circular and sustainable food Systems in Indonesia (1975–2023). <i>Froniers in Sustainable Food Systems</i>, vol. 9.</li> <li>• Dröge S. et al. (2024). From chocolate to palm oil: The future of Indonesia’s cocoa plantations.</li> <li>• Sulaiman, A.A. &amp; Bahrin, A.H. (2023). Agriculture Resource Conflict and Poverty of Cocoa Smallholders in Indonesia Borders: An Interpretative Structural Modelling. <i>Universal Journal of Agricultural Research</i>, vol. 11.</li> <li>• Li, T.M. (2014). <i>Land’s End: Capitalist Relations on an Indigenous Frontier</i>. Duke University Press.</li> <li>• Neilson, J. et al. (2022). Evaluating smallholder livelihoods and sustainability in Indonesian coffee and cocoa value chains. Final Report. ACIAR.</li> <li>• Damayanti, R. et al. (2025). Cocoa Farmer Empowerment in Indonesia: Economic Gains, Social Impacts, and Power Dynamics. <i>Sosialisasi Journal</i>, vol. 12.</li> <li>• Lira, M.A. &amp; Rahman, A. (2020). Customary Agrarian Conflicts: Cultivation Rights Regulations and Local Community Impacts. <i>Petita: Jurnal Ilmu Hukum</i>, vol. 10.</li> <li>• Tresnasih, T.M. et al. (2026). Cocoa as a Cultural Resource and Local Economic Asset - The Dayak Kenyah Community of Lung Anai Village in Supporting the Development of Indonesia’s IKN. <i>Journal of Hunan University (Natural Sciences)</i>, vol. 53.</li> <li>• Development Gateway (2023). A Multi-centric Data Governance Approach to Secure Land for Cocoa Farmers. USAID/Development Gateway Report.</li> <li>• Octifanny, Y. (2020). The Cacao Effects to Upland Indigenous in Sulawesi: Land and Capital.</li> <li>• Proforest (2020). <i>Respecting Indigenous Peoples and Local Communities Rights in Indonesia</i>.</li> <li>• Bersama, R. B. (2023). Examining the Legal (Un)Certainty of Indigenous Land Rights in Indonesia. ICIR.</li> <li>• Jong H. N. (2022). Indonesian government lagging independent effort to recognize Indigenous lands. Mongabay.</li> </ul>		
 <b>Indicators</b>	<p><b>1.3.1 Legal requirements related to the rights of Indigenous Peoples are complied with.</b></p> <table border="1" data-bbox="470 1601 1436 2004"> <tr> <td data-bbox="470 1601 726 2004"> <p><b>Non-negligible</b></p> </td> <td data-bbox="726 1601 1436 2004"> <p>Indonesian law establishes that Indigenous Peoples (commonly referred to as Masyarakat Hukum Adat) hold legally recognised rights over their customary lands, resources, and governance systems, subject to certain conditions. In addition, Indigenous communities are granted rights to manage land and forest resources according to customary practices, including the recognition of customary forests. The legal framework also requires that plantation development respect these rights, including prohibiting the allocation of plantation permits on customary land without appropriate agreements.</p> </td> </tr> </table>	<p><b>Non-negligible</b></p>	<p>Indonesian law establishes that Indigenous Peoples (commonly referred to as Masyarakat Hukum Adat) hold legally recognised rights over their customary lands, resources, and governance systems, subject to certain conditions. In addition, Indigenous communities are granted rights to manage land and forest resources according to customary practices, including the recognition of customary forests. The legal framework also requires that plantation development respect these rights, including prohibiting the allocation of plantation permits on customary land without appropriate agreements.</p>
<p><b>Non-negligible</b></p>	<p>Indonesian law establishes that Indigenous Peoples (commonly referred to as Masyarakat Hukum Adat) hold legally recognised rights over their customary lands, resources, and governance systems, subject to certain conditions. In addition, Indigenous communities are granted rights to manage land and forest resources according to customary practices, including the recognition of customary forests. The legal framework also requires that plantation development respect these rights, including prohibiting the allocation of plantation permits on customary land without appropriate agreements.</p>		

		<p>In the context of cocoa farming, these legal requirements can be impacted primarily through land use and expansion dynamics. Although cocoa production in Indonesia is largely smallholder-based and not typically associated with large-scale land concessions, it often occurs in areas where land tenure is informal or overlapping. Where cocoa cultivation expands into areas with customary claims—particularly in frontier or forest-edge regions—there is a risk that Indigenous land rights are not properly identified or formally recognised before land is used. This can result in de facto encroachment on customary territories, even in the absence of intentional violations. Cocoa production in Indonesia is concentrated primarily in Sulawesi, particularly in Central Sulawesi, South Sulawesi, and Southeast Sulawesi. These regions are also home to numerous Indigenous and traditional upland communities, such as the Lauje and other local adat groups. In these areas, cocoa expansion has historically taken place in frontier landscapes that were previously governed by customary systems. This creates a high likelihood of overlap between smallholder cocoa plots and customary land, especially where boundaries have not been formally mapped or legally recognised.</p> <p>Another important area is Kalimantan (Indonesian Borneo), including provinces such as East Kalimantan and West Kalimantan, where Indigenous groups such as the Dayak communities maintain customary land rights. While cocoa is less dominant than in Sulawesi, it is still cultivated in mixed farming systems, often alongside other crops. In these regions, cocoa farming may intersect with Indigenous territories. In Sumatra, especially in provinces such as Jambi and Riau, cocoa is present as part of diversified smallholder agriculture. These regions are also identified as hotspots of land-use conflict and overlapping claims, involving Indigenous communities, smallholders, and plantation concessions. Across all these regions, the key issue is that formal recognition of Indigenous territories is incomplete and inconsistent. This means that overlap may not always be visible in official land records.</p>
	<p><b>1.3.2 Legal requirements related to the rights of Traditional Peoples are complied with.</b></p> <p><b>Negligible</b></p>	<p>Traditional or local communities (sometimes referred to more broadly as masyarakat tradisional or rural/local populations) generally do not always have the same formally recognised collective land rights than Indigenous communities. They are protected more through general human rights, environmental rights, and participation rights, and may not benefit from the same legal standing as Indigenous groups unless they are formally recognised as such.</p>

		<p>For traditional/local communities, protections focus more on consultation and participation, access to information, rights to object or complain, and access to compensation or remedy. These are important, but do not always prevent land allocation, as they do not necessarily imply the right to refuse (i.e. no full FPIC requirement).</p> <p>Because cocoa in Indonesia is largely smallholder-based, these impacts are often diffuse and indirect, and linked to informal land use and overlapping claims, rather than large-scale land grabbing.</p>
<p><b>1.3.3 Legally recognized customary and community rights are identified and respected.</b></p>		
	<p><b>Non-negligible</b></p>	<p>There is a significant risk that legally recognised customary and community rights are not properly identified in Indonesia, primarily due to the conditional and complex nature of their recognition. Although such rights are recognised in law, they often require formal mapping, verification, and official designation, processes that are frequently incomplete or inconsistently applied.</p> <p>As a result, land used for agricultural activities, including cocoa farming, may overlap with customary or community territories that are not formally recorded, leading to unintentional encroachment, overlapping claims, and disputes. Weak land administration systems, lack of reliable maps, and limited coordination between authorities further increase the likelihood that these rights are overlooked during land allocation or use, exposing both communities and producers to legal, social, and operational risks.</p>
<p><b>1.3.4 The rights of Indigenous Peoples are respected and upheld according to the principles of Free, Prior and Informed Consent (FPIC).</b></p>		
	<p><b>Non-negligible</b></p>	<p>The principles of Free, Prior and Informed Consent (FPIC) are generally not fully respected or consistently applied in the context of cocoa farming and Indigenous communities in Indonesia.</p> <p>In legal terms, Indonesia recognises elements of FPIC—particularly through requirements for consultation, participation, and community involvement—but FPIC is not codified as a clear, uniform, cross-sectoral obligation. Instead, most regulations require forms of consultation or socialisation rather than genuine consent.</p> <p>In practice, this means that processes involving land use or plantation development (including cocoa farming) often stop at information-sharing or limited consultation, rather than ensuring that communities can freely accept or reject projects.</p> <p>In the cocoa sector, these challenges are particularly relevant because production is dominated by smallholder and</p>

		<p>fragmented systems, where land transactions and expansions often occur informally. This makes it difficult to ensure that FPIC principles are systematically applied across supply chains, especially at the level of individual farmers or suppliers.</p>
<p><b>1.3.5 The rights of Traditional Peoples are respected and upheld according to the principles of Free, Prior and Informed Consent (FPIC).</b></p>		
	<p><b>Non-negligible</b></p>	<p>For traditional peoples (local or non formally recognised communities), the situation regarding FPIC in Indonesia—and in the context of cocoa farming—is even weaker and more limited than for Indigenous Peoples.</p> <p>The legal framework does not establish FPIC as a strict or enforceable requirement for traditional communities. Instead, their rights are primarily protected through general provisions on community participation, consultation, and access to information, particularly under environmental legislation.</p> <p>As a result, FPIC principles are generally not applied to traditional peoples in a substantive way. Even where consultation takes place, it does not guarantee that communities have the ability to approve, reject, or meaningfully influence decisions. Participation mechanisms often stop short of consent and may exclude broader groups by only engaging those considered “directly affected,” which further limits the scope of involvement.</p> <p>In the context of cocoa farming, this creates a situation where traditional communities may be indirectly affected by land use changes—such as expansion of smallholder farming or shifting land use patterns—without being fully included in decision-making processes. Because cocoa production is largely smallholder-based and often occurs through informal land arrangements, consultation is rarely systematic, and FPIC-type safeguards are typically absent at farm level.</p>
<p><b>1.3.6 The rights of local communities are respected and upheld.</b></p>		
	<p><b>Non-negligible</b></p>	<p>Local communities in Indonesia benefit from legal protections that are primarily procedural and participatory. These include rights to access information, participate in decision-making (e.g. through AMDAL processes), and seek remedies where affected. However, FPIC is not a binding requirement, and communities do not have a guaranteed right to give or withhold consent.</p> <p>Unlike Indigenous Peoples, local communities generally lack formally recognised collective land rights, unless recognised under customary frameworks, and are therefore protected mainly through participation rather than territorial ownership. In practice, consultation is often limited to “directly affected” groups, may not reflect all community interests, and can suffer from unclear representation.</p>

		<p>In the cocoa sector, these limitations are amplified by the informal and smallholder nature of production, where land-use changes occur incrementally and rarely trigger formal consultation. As a result, local communities may be affected without being adequately consulted, while access to remedies remains limited due to costly, slow, and complex dispute resolution mechanisms.</p>
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## 2. Management activities and environmental protection

### 2.1. Management activities are legally conducted

#### Non-negligible

When applicable, environmental assessments (AMDAL/UKL-UPL) are absent or not implemented in the field. More relevant to small cocoa farms, it is frequent that the SPPL and associated Environmental Approval (Persetujuan Lingkungan) are missing. Requirements relevant to monitoring and reporting of natural fire and pest are overall respected.



#### Description of context

The implementation of Environmental Protection and Management regulations in Indonesia faces numerous practical obstacles. Regulations often overlap, change frequently, and are interpreted differently across agencies. A single plantation or company may be subject to requirements from central, provincial, district, and even village or customary authorities. This creates a heavy administrative burden and high compliance costs, especially for smallholders and cooperatives, who must prepare documents, secure technical assistance, undergo audits, produce maps, complete registrations, and submit periodic reports.

Because cocoa plantations tend to be small in scale, they are generally not required to prepare environmental impact assessments such as AMDAL or UKL-UPL. The cost of conducting these assessments is high, and cocoa farmers rarely undertake them.

In practice, cocoa farmers do not always follow the full set of instructions in the national GAP manual. One exception is the prohibition on slash-and-burn, which is now widely respected. It is rare for cocoa farmers to open land or rejuvenate cocoa fields using fire. Instead, they commonly rely on side-grafting or top-grafting to replace old trees. Even for new land clearing, slash-and-burn is seldom used today, except in certain areas of Sumatra where large landholdings and local agricultural practices still involve gathering felled timber into piles and burning it.

Despite these improvements, Indonesia continues to experience recurring haze disasters caused by land and peat fires, especially in Sumatra and Kalimantan. In response, the government established a multi-agency task force composed of forestry, environment, agriculture, disaster management authorities, as well as the military, police, village governments, and community representatives. Their role is to educate communities on fire prevention and response and to intervene when fire hotspots appear. However, because Sumatra and Kalimantan are not major cocoa-producing regions, this task force does not engage frequently in cocoa-farming areas such as Sulawesi.


In practice, many plantation estates and most smallholders still lack documented and auditable plans for fire prevention, peat-hydrology management, pest monitoring, and safe pesticide use. Studies and national monitoring indicate uneven implementation of peatland regulations and ongoing fire incidents, alongside frequent gaps in required documentation such as fire-management plans, water-table monitoring records, pest-control logs, and AMDAL or UKL-UPL where applicable.



#### Legal requirements

Law 32/2009 establishes general environmental duties. It provides that producers must prevent environmental pollution or environmental damage and must comply when government officials request data or access for monitoring.

	<p>Furthermore, under the environmental regulatory framework (PP 22/2021), all economic activities that have environmental implications must obtain some form of Environmental Approval (Persetujuan Lingkungan). However, the specific type of environmental document required depends on the scale and environmental impact of the farm. AMDAL is the full environmental assessment. It applies to activities with significant impact. UKL-UPL (Efforts for Environmental Management and Environmental Activities), is applicable to activities with lesser but still notable impacts. SPPL (Statement of Environmental Management and Monitoring Capability) applies to small and low impact activities and represents the commitment to manage and monitor environmental impacts. Thresholds are determined by the Regulation 4/2021 on business and activities subject to environmental impact. They are determined based on size or scale of activities, as well as location. For smallholders, the required document is usually SPPL, unless they are of significant size or scale, or if farms are in or adjacent to a protected area.</p> <p>Indonesian Good Agricultural Practices (IndoGAP / SNI 8969:2021) functions as a farmer manual and contains requirements on seed and planting material selection, soil amendment, agricultural machinery and tools, land preparation practices, planting techniques, crop maintenance, etc. However, the GAP manual is not mandatory for farmers.</p> <p>Furthermore, Law 39/2014 provides that plantation actors are required to have systems, facilities, and infrastructure for controlling land and plantation fires. It explicitly prohibits plantation of business actors from opening or managing land by burning. It also requires that plantation crop protection must be carried out through monitoring and observation of crop conditions. Pest and disease attacks must be reported.</p>
 <p><b>List of relevant legislation</b></p>	<ul style="list-style-type: none"> <li>• Law 39/2014 on Plantations</li> <li>• Law 32/2009 on Environmental Protection and Management</li> <li>• Regulation PP 22/2021 on Environmental Protection and Management</li> <li>• Regulation 4/2021 on business and activities subject to environmental impact</li> </ul>
 <p><b>References</b></p>	<ul style="list-style-type: none"> <li>• European Forest Institute (EFI) (2023). Indonesia legality study: Land tenure, licensing, and compliance risks. EU-REDD Facility.</li> <li>• RECOFTC (2025). Empowering smallholders to comply with regulations targeting forest risk commodities. Southeast Asia.</li> <li>• Revi, L. (2025). Implementation of legality and good agricultural practices in independent plantation cooperatives. HJTAS, 2(2).</li> <li>• Tropenbos Indonesia (2025). Rubber farmers and compliance with commodity regulations pose a risk to forests (Petani karet dan kepatuhan terhadap regulasi komoditas berisiko bagi hutan).</li> <li>• World Bank (2018). Environmental and Social Management Framework (ESMF): Indonesia Program to Accelerate Agrarian Reform (P160661). Washington, DC: World Bank.</li> <li>• Bachtiar, R. (2021). Environmental Update: the Criteria and List of Businesses and Activities That Are Mandatory to Have AMDAL, UKL-UPL, and SPPL.</li> <li>• Sucofindo (2023). Differences between AMDAL, UKL-UPL, and SPPL.</li> </ul>

	Indicators	<b>2.1.1 Legal requirements for management activities and related operational requirements are complied with.</b>	
		<b>Non-negligible</b>	Relevant to small cocoa farms, it is frequent that the SPPL and associated Environmental Approval (Peretujuan Lingkungan) are missing.
		<b>2.1.2 Legal requirements related to the management of the impacts caused by natural processes such as fires, pests and diseases are complied with.</b>	
		<b>Negligible</b>	Requirements relevant to monitoring and reporting of natural fire and pest are overall respected.

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## 2.2. Infrastructure associated with management activities is developed and maintained, ensuring minimum impacts on environmental values

### Negligible

Due to the normal size of cocoa farms in Indonesia, there is no applicable requirements relevant to the establishment of infrastructure, in particular irrigation systems.

Roads and irrigation used in cocoa farming do not usually lead to negative impacts on the environment.

This risk conclusion is not covering larger scale cocoa plantations.



#### Description of context

In cocoa plantations, the main types of infrastructure include access roads and internal irrigation and drainage systems. For smallholder cocoa farms in Indonesia, irrigation channels are typically built directly within the plantation, often laid out diagonally. These systems are usually constructed by farmers themselves. Because cocoa farms are generally small in size, most smallholders do not refer to infrastructure related laws or standards when establishing such irrigation infrastructure.

The broader regulatory framework governing road maintenance, irrigation, watersheds, and related infrastructure therefore remains difficult to implement in practice. Obstacles in enforcing infrastructure related environmental rules include regulations frequently overlapping, permitting processes such as AMDAL and UKL-UPL often being treated as formalities, and weak monitoring. Many areas also lack basic environmental data, making it difficult to design safe, compliant infrastructure. Coordination among government actors is slow, causing delays in road and access development. For farmers, environmentally sound infrastructure requires extra investment in proper siting, erosion control, sediment traps, safe storage, maintenance, and environmental approvals.

Poorly designed infrastructure—especially in steep or high rainfall areas—can trigger erosion, landslides, and road failures, resulting in further damage and repair costs for smallholders. However, cocoa does not grow well in highlands and is generally cultivated in lowlands up to 500 meters above sea level. Roads and irrigation used in cocoa farming do not usually lead to negative impacts on the environment.






#### Legal requirements

In Indonesia, environmental safeguards for developing and maintaining infrastructure—such as plantation roads, bridges, canals and drainage systems, processing facilities, and small dams—are anchored in national environmental law and the associated permitting system. Core requirements under this framework include conducting environmental impact assessments (AMDAL or UKL-UPL) and obtaining an Environmental Permit for activities with potential significant impacts. These assessments establish mandatory measures for impact mitigation and environmental monitoring.

Key legal instruments include Law No. 32/2009 on Environmental Protection and Management, PP No. 27/2012 on Environmental Permits (covering AMDAL, UKL-UPL, and environmental licensing), and Permen LHK No. 4/2021, which specifies the types of activities that require AMDAL or UKL-UPL. Together, these regulations ensure that plantation-related infrastructure is planned, built, and operated in a way that minimizes environmental harm.

Additional provisions apply to land-management and peatland areas through PP No. 71/2014 and its amendment PP No. 57/2016, which introduce technical requirements

		for protecting peat ecosystems. These regulations reinforce the obligation to integrate environmental assessments, mitigation planning, and ecosystem-protection measures into all stages of infrastructure development and maintenance.				
	<b>List of relevant legislation</b>	<ul style="list-style-type: none"> <li>• Law 39/2014 on Plantations</li> <li>• Regulation PP 22/2021 on Environmental Protection and Management</li> <li>• Law 32/2009 on Environmental Protection and Management</li> <li>• Regulation 4/2021 on business and activities subject to environmental impact</li> <li>• Regulation 28/2015 on river and lake border lines</li> <li>• Law 12/1992 on the plant cultivation system</li> </ul>				
	<b>References</b>	<ul style="list-style-type: none"> <li>• Sasmita, K. D. et al. (2023). Challenges and Opportunities for Indonesian Cocoa Development in the Era of Climate Change.</li> <li>• Farmonaut (2025). Ad Irrigation, Core &amp; Cocoa Irrigation: 7 Innovations 2025.</li> </ul>				
	<b>Indicators</b>	<p><b>2.2.1 Legal requirements for the protection of social and environmental values during development and maintenance of infrastructure associated with land-use activities are complied with.</b></p> <table border="1"> <tr> <td><b>Not applicable</b></td> <td>Due to the normal size of cocoa farm in Indonesia, there is no applicable legal requirements relevant to the establishment of infrastructure, in particular irrigation systems.  This risk conclusion is not covering larger scale cocoa plantations.</td> </tr> </table> <p><b>2.2.2 Development and maintenance of infrastructure associated with land-use activities are done in a way that minimises adverse impacts on social and environmental values.</b></p> <table border="1"> <tr> <td><b>Negligible</b></td> <td>Roads and irrigation used in cocoa farming do not usually lead to negative impacts on the environment.</td> </tr> </table>	<b>Not applicable</b>	Due to the normal size of cocoa farm in Indonesia, there is no applicable legal requirements relevant to the establishment of infrastructure, in particular irrigation systems.  This risk conclusion is not covering larger scale cocoa plantations.	<b>Negligible</b>	Roads and irrigation used in cocoa farming do not usually lead to negative impacts on the environment.
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<b>Negligible</b>	Roads and irrigation used in cocoa farming do not usually lead to negative impacts on the environment.					

## 2.3. Waste resulting from management activities is managed and minimized

### Non-negligible

- Risk that used chemical containers are stored unsafely, not following legal requirements for waste handling.
- Risk of violating hazardous and toxic waste regulations because, in cocoa farms, pesticide/herbicide containers, oil/grease, batteries, filters, and used oil cloths are discarded carelessly without standard management.
- There is an existing practice of burning waste on cocoa farms.
- As for hazardous waste (pesticide containers), given the weak enforcement, limited monitoring, inadequate waste-handling infrastructure, and widespread informal disposal practices, there is insufficient evidence to conclude that waste management impacts are consistently managed or minimised.




#### Description of context




In cocoa growing households, organic waste—particularly cocoa pod husks—is typically managed through simple on farm methods, such as digging disposal pits around the plantation where husks are deposited as part of standard cultivation practices. However, waste is also frequently burned, a recurring practice that contributes to air pollution and undermines soil health. Cocoa pod husks account for more than 75% of the cocoa fruit, generating over 500,000 tons of waste annually; when left unmanaged or burned, this residual biomass can exacerbate crop disease pressures and degrade the surrounding environment.

Among cocoa farmers, proper handling of pesticide waste remains limited. Farmers who participate in certification schemes are typically trained to establish a dedicated storage area for used pesticide containers, separate from living spaces. However, most smallholder cocoa farmers outside such schemes continue to discard pesticide containers in general household trash or store them around the house—often near kitchens or other domestic storage areas—due to limited awareness, absence of standard procedures, and lack of training. Waste is frequently mixed (organic, domestic, and hazardous), as sorting systems are rarely implemented and operational discipline is weak. As a result, old pesticide containers are commonly kept in unsafe locations, increasing the risk of contamination of food and household environments. Improper disposal also persists, with agrochemical containers sometimes abandoned in fields or discarded into nature, contributing to soil and water pollution.

In general, weak enforcement and limited oversight make waste-management compliance difficult in Indonesia. Although regulations exist, sanctions are rare, jurisdictional roles are unclear, and monitoring systems are minimal—especially in rural farming communities. Environmental supervisors are few compared to the large number of plantations, warehouses, and processing sites, resulting in infrequent inspections and slow follow-up, weakening any deterrent effect.

Implementation challenges are also structural. Proper waste management requires functional systems, adequate facilities, and upstream-to-downstream discipline, yet these conditions are often absent. Rural areas frequently lack the necessary storage infrastructure (such as compliant B3 temporary storage sites, impermeable flooring, bunds, and labelling) and access to licensed transporters. Where such services exist, they are costly, irregular, and located far from cocoa-growing regions, making compliance burdensome and encouraging shortcuts.

	<p>Costs are a major barrier. Safe waste handling requires investment in sorting, secure storage, hazardous-waste collection points, licensed transport, and wastewater treatment. Because these measures are expensive, farmers and local operators tend to opt for cheaper disposal methods such as informal burning, burial, or unregulated dumping. Processing facilities—such as large-scale composting sites or licensed hazardous-waste processors—are unevenly distributed, leaving many regions without viable disposal options.</p> <p>Operational practices compound these challenges. Waste is often mixed (organic, plastic, and hazardous waste combined), which raises handling risks and costs, reduces any recycling value, and makes proper processing significantly more difficult. Together, these factors create a system where regulatory expectations far exceed the practical capacity of smallholders and local authorities to comply, leading to widespread reliance on low-cost, non-compliant disposal methods.</p>
 <p><b>Legal requirements</b></p>	<p>Open burning of waste is prohibited under Law 18/2008 on waste management. This ban is a general prohibition and applies broadly — it does not specify differences between urban or rural areas or between waste types.</p> <p>Law No. 32/2009 requires every person conducting activities that generate waste to manage it properly. It explicitly governs the reduction, storage, collection, transport, utilization, and treatment of hazardous waste. There are complementary government regulations and ministerial decrees governing the technical storage and management of hazardous waste (e.g. Regulation No. 6/2021, Regulation No. 9/2023, Regulations No. 9/2024 and Regulation No. 11/2024).</p> <p>Businesses or plantations that generate hazardous waste are required to prepare technical details of B3 storage in their environmental approval documents if applicable (AMDAL or UKL-UPL) and comply with the registration/licensing requirements stipulated. However, smallholders do not need an AMDAL or UKL-UPL for typical cocoa farming. They still must comply with waste-handling obligations.</p> <p>Pesticide packaging and expired chemicals are legally considered B3 waste and must be collected, stored safely, and handed over to licensed B3 collectors. General requirements include safe storage to prevent contamination, compliance with technical specifications for storage (floor impermeability, protection from rain, spill containment) and storage time limits depending on type and quantity of waste.</p> <ul style="list-style-type: none"> <li>• Storage at a B3 Waste facilities (TPS - Tempat Pembuangan Sampah) must meet technical details (for example: protected from rain, non-flammable roof, ventilation, waterproof floor, slope towards spill containment basin, spill drainage, B3 Waste symbols, etc.).</li> <li>• There is a time limit for storage (for example, regulations: maximum 90 days; also known as the 90/180/365-day scheme—depending on the conditions). Storing beyond that limit is considered “unmanaged/non-compliant”.</li> <li>• Handover is only to licensed parties (collectors/transporters/utilizers/processors/landfill operators). The terms and roles of these parties are defined in the regulations. They must use dedicated official tracking documents (“manifests”)(they can be electronic). In practice, it is commonly done through the Festronik/SIRAJA system (as per official guidelines).</li> </ul>

 <p><b>List of relevant legislation</b></p>	<ul style="list-style-type: none"> <li>• Regulation 6/2021 on the management of hazardous and toxic waste</li> <li>• Law 18/2008 on waste management</li> <li>• Regulation PP 22/2021 on Environmental Protection and Management</li> <li>• Law 39/2014 on Plantations</li> <li>• Law 32/2009 on Environmental Protection and Management</li> <li>• Regulation 9/2023 on business licensing and approval for hazardous and toxic waste management</li> <li>• Regulation 9/2024 on the management of waste containing hazardous and toxic materials and hazardous and toxic waste</li> <li>• Regulation 11/2024 on the application of the national framework in the field of hazardous and toxic waste (B3) management</li> </ul>				
 <p><b>References</b></p>	<ul style="list-style-type: none"> <li>• Swisscontact (2017). Pesticide Baseline Report: Cocoa Farmers in Indonesia</li> <li>• Handayani, L. et al. (2025). Strengthening sustainable policies for empty pesticide containers: Comparative study of Indonesia and global practices.</li> <li>• Handayani, L. et al. (2024). Towards a Closed-Loop Supply Chain: Assessing Current Practices in Empty Pesticide Container Management in Indonesia.</li> <li>• Regional Knowledge Centre for Marine Plastic Debris (2025). National Laws and Regulation, A summary of Indonesia’s laws and regulations on waste management, including municipal, hazardous and toxic, as well as plastic.</li> <li>• Bachtiar, R. and Andriana, V. (no date). Understanding Indonesia’s New Waste Management Policy for Hazardous Materials. ARMA Law.</li> <li>• Nugroho, N. et al. (2024). Recycling Pesticide Plastic Containers in Indonesia: An Evaluation of Technical, Economic, and Regulatory Impact Feasibility.</li> </ul>				
 <p><b>Indicators</b></p>	<p><b>2.3.1 Legal requirements related to the storage, treatment and disposal of waste during management activities are complied with.</b></p> <table border="1" data-bbox="456 1272 1444 1518"> <tr> <td data-bbox="456 1272 727 1518"><b>Non-negligible</b></td> <td data-bbox="727 1272 1444 1518"> <ul style="list-style-type: none"> <li>• Risk that used chemical containers are stored unsafely, not following legal requirements for waste handling.</li> <li>• Risk of violating hazardous and toxic waste regulations because, in cocoa farms, pesticide/herbicide containers, oil/grease, batteries, filters, and used oil cloths are discarded carelessly without standard management.</li> </ul> </td> </tr> </table> <p><b>2.3.2 The volume and impacts of waste storage, treatment, and disposal as a result of management activities are managed and minimised.</b></p> <table border="1" data-bbox="456 1615 1444 1930"> <tr> <td data-bbox="456 1615 727 1930"><b>Non-negligible</b></td> <td data-bbox="727 1615 1444 1930"> <ul style="list-style-type: none"> <li>• There is an existing practice of burning waste on cocoa farms.</li> <li>• As for hazardous waste (pesticide containers), given the weak enforcement, limited monitoring, inadequate waste-handling infrastructure, and widespread informal disposal practices, there is insufficient evidence to conclude that waste management impacts are consistently managed or minimised.</li> </ul> </td> </tr> </table>	<b>Non-negligible</b>	<ul style="list-style-type: none"> <li>• Risk that used chemical containers are stored unsafely, not following legal requirements for waste handling.</li> <li>• Risk of violating hazardous and toxic waste regulations because, in cocoa farms, pesticide/herbicide containers, oil/grease, batteries, filters, and used oil cloths are discarded carelessly without standard management.</li> </ul>	<b>Non-negligible</b>	<ul style="list-style-type: none"> <li>• There is an existing practice of burning waste on cocoa farms.</li> <li>• As for hazardous waste (pesticide containers), given the weak enforcement, limited monitoring, inadequate waste-handling infrastructure, and widespread informal disposal practices, there is insufficient evidence to conclude that waste management impacts are consistently managed or minimised.</li> </ul>
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## 2.4. Pollution resulting from management activities is controlled and minimized

### Non-negligible

- There is a risk of open air burning of organic waste (cocoa pods), despite a legal prohibition.
- There is a risk of non-compliant hazardous waste (pesticide waste) management, leading to a risk of soil, groundwater and water bodies contamination.
- Given the limited monitoring, inadequate waste-handling infrastructure, and widespread informal disposal practices, there is insufficient evidence to conclude that pollution from cocoa production is consistently managed or minimised.



#### Description of context

The environmental pollution associated with cocoa production is well-documented, in particular through pesticide reliance and generated waste. Induced pollution include air pollution through open burning, soil contamination from agricultural inputs, chemical runoff into waterways and increased sedimentation in nearby rivers.

Many farmers continue to assume that pollution is only associated with industrial or factory activities, overlooking the fact that significant pollution can also occur within agricultural landscapes. Compounding the problem, pollution standards and definitions are often unclear or inconsistently communicated, resulting in uneven understanding and weak implementation at the field level.

In practice, cocoa pod husks and other organic waste are often discarded in fields, leading to air pollution when burned. Many Indonesian cocoa farmers dispose of waste directly on or around their plantations. A common method involves digging a hole burying mixed garden waste and household waste. This practice creates a clear risk of soil and groundwater contamination and contributes to broader environmental pollution.

Implementing pollution related regulations in Indonesia remains challenging due to the complex interplay of governance systems, high compliance costs, and limited enforcement. The financial burden of proper pollution control—such as installing wastewater treatment systems, applying filtration or dust-control technologies, developing SOPs, conducting audits, and performing routine maintenance—can be substantial. At the same time, incentives for compliance are minimal, making indiscriminate waste disposal the easiest and most economical option for many farmers.






#### Legal requirements



Open burning of waste is prohibited under Law 18/2008 on waste management. This ban is a general prohibition and applies broadly — it does not specify differences between urban or rural areas or between waste types.




Regulation PP 22/2021 and implementing regulations require that businesses or plantations consider and manage pollution under their environmental approval document (AMDAL or UKL-UPL) and registration or licensing requirements, when applicable. This includes water and air quality control as well as appropriate waste management.

However, smallholders do not need an AMDAL or UKL-UPL for typical cocoa farming. They still must comply with pollution control requirements. Such requirements in the cocoa sector include:

	<ul style="list-style-type: none"> <li>• Prohibition of disposing used pesticide containers and sprayers into rivers and water bodies;</li> <li>• Obligation to store hazardous waste such as pesticide waste in an appropriate manner (e.g., waterproof floor, spill containment, protection from rain/heat, B3 waste symbols, etc.).</li> <li>• Obligation to dispose of hazardous and toxic waste after a prescribed deadline, depending on quantities and waste categories (up to 365 days maximum);</li> <li>• Obligation to hand waste over only to licensed parties, who are using dedicated documents (manifest or Festronik) for transportation.</li> </ul>				
 <b>List of relevant legislation</b>	<ul style="list-style-type: none"> <li>• Law 32/2009 on Environmental Protection and Management</li> <li>• Regulation PP 22/2021 on Environmental Protection and Management, including Annex IX (list &amp; reference of B3 waste)</li> <li>• Regulation 43/2019 on pesticide registration</li> <li>• Law 18/2008 on waste management</li> <li>• Regulation 27/2020 for specific waste that requires special treatment</li> <li>• Regulation 6/2021 on the management of hazardous and toxic waste</li> </ul>				
 <b>References</b>	<ul style="list-style-type: none"> <li>• Swisscontact, 2017. Pesticide Baseline Report: Cocoa Farmers in Indonesia.</li> <li>• Arham, Z. et al., 2017. Heavy Metal Content of Cocoa Plantation Soil in East Kolaka, Indonesia. Orient J Chem 2017;33(3).</li> <li>• Sasmita, K. D. et al., 2023. Challenges and Opportunities for Indonesian Cocoa Development in the Era of Climate Change.</li> <li>• Munarsoa, J. et al (2016). The Effect of Postharvest Handling on Quality and Food Safety of Cocoa Beans.</li> </ul>				
 <b>Indicators</b>	<p><b>2.4.1 Legal requirements related to pollution, resulting from management activities are complied with.</b></p> <table border="1" data-bbox="456 1272 1445 1485"> <tr> <td data-bbox="456 1272 727 1485"><b>Non-negligible</b></td> <td data-bbox="727 1272 1445 1485"> <p>There is a risk of open air burning of organic waste (cocoa pods), despite a legal prohibition.</p> <p>There is a risk of non-compliant hazardous waste (pesticide waste) management, leading to a risk of soil, groundwater and water bodies contamination.</p> </td> </tr> </table> <p><b>2.4.2 Pollution, resulting from management activities is controlled and minimised.</b></p> <table border="1" data-bbox="456 1485 1445 1704"> <tr> <td data-bbox="456 1485 727 1704"><b>Non-negligible</b></td> <td data-bbox="727 1485 1445 1704"> <p>Given the limited monitoring, inadequate waste-handling infrastructure, and widespread informal disposal practices, there is insufficient evidence to conclude that pollution from cocoa production is consistently managed or minimised.</p> </td> </tr> </table>	<b>Non-negligible</b>	<p>There is a risk of open air burning of organic waste (cocoa pods), despite a legal prohibition.</p> <p>There is a risk of non-compliant hazardous waste (pesticide waste) management, leading to a risk of soil, groundwater and water bodies contamination.</p>	<b>Non-negligible</b>	<p>Given the limited monitoring, inadequate waste-handling infrastructure, and widespread informal disposal practices, there is insufficient evidence to conclude that pollution from cocoa production is consistently managed or minimised.</p>
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<b>Non-negligible</b>	<p>Given the limited monitoring, inadequate waste-handling infrastructure, and widespread informal disposal practices, there is insufficient evidence to conclude that pollution from cocoa production is consistently managed or minimised.</p>				

## 2.5. Water resources are protected and used responsibly during management activities

Non-negligible	
<ul style="list-style-type: none"> <li>• Risk that cocoa farmers use groundwater for irrigation without prescribed licenses and approvals.</li> <li>• Risk of cocoa plantation being established on river banks.</li> <li>• Risk of pesticide run-off to water bodies.</li> <li>• There is insufficient evidence to conclude that water resources are sufficiently protected from cocoa production impact, in particular due to the risk of pesticide run-off from pesticide application in plantations close to water bodies or from direct waste disposal into rivers.</li> </ul>	
 <b>Description of context</b>	<p>Cocoa farmers frequently use groundwater or well water to irrigate their cocoa plantations, often without any permits, as they assume they are digging the wells on their own property. There is a lot of such "informal" water extraction, where water is often taken from wells, hoses, or pumps without recording. These activities are not conducted to cause damage or avoid legal compliance, but rather stem from the system not supporting simple recording and easy permit access.</p> <p>It can also be the case that plantations are established without delimiting appropriate buffer zones, as farm plots near rivers and springs could see their planting area greatly restricted, especially if the farm is already small.</p> <p>Last but not least, there is also a risk of water pollution from waste or pesticide waste that are discharged directly into rivers, creating water pollution.</p> <p>Root causes for non-compliance also include additional costs, delays in activities during the permitting process and additional labor to set-up protection practices such as infiltration pits/wells, terraces/contours or buffer zones around rivers or springs. Large plantations are more likely to comply with regulations and prescriptions while smallholders can be left behind if there are no support/incentives for best practices.</p>
 <b>Legal requirements</b>	<p>The use of water for plantation activities is legally restricted. The principle of applicable regulations is that the State controls water resources; the use of water for business activities basically requires a permit and must maintain the function/sustainability of water resources. There are technical regulations stipulated in Ministry of Energy and Mineral Resources Regulation No. 14 of 2024 concerning groundwater licensing (including Groundwater Exploitation Permits and Groundwater Usage Approvals, certain usage thresholds, and processes via OSS according to authority).</p> <p>Water bodies are also protected through prescription relative to areas bordering them, such as river banks. Government Regulation No. 38 of 2011 governs riverbanks as protection boundaries. For example, there are provisions for minimum setback distances—depending on the condition of the river/area.</p> <p>In addition, run-off from pesticides into water bodies is prevented by regulations prescribing that pesticide packaging and expired chemicals must be collected, stored safely, and handed over to licensed collectors. General requirements include safe storage to prevent contamination and compliance with technical specifications for storage (floor impermeability, protection from rain, spill containment).</p>

	The Indonesian government also regulates environmental approvals, water quality management, and technical devices such as standards/quality standards and pollution control obligations.							
	<b>List of relevant legislation</b>	<ul style="list-style-type: none"> <li>• Law 32/2009 on Environmental Protection and Management</li> <li>• Law No. 17 of 2019 concerning Water Resources</li> <li>• Regulation PP 22/2021 on Environmental Protection and Management</li> <li>• Regulation 38/2011 on rivers</li> <li>• Regulation 14/2024 on the implementation of groundwater business licensing and use approval</li> <li>• Regulation 28/2015 on river and lake border lines</li> </ul>						
	<b>References</b>	<ul style="list-style-type: none"> <li>• Talero-Sarmiento, L. H. et al. (2023). Optimizing cocoa biomass density through integrated irrigation and drainage management under water stress: A linear programming approach.</li> <li>• Dröge S. et al. (2024). From chocolate to palm oil: The future of Indonesia's cocoa plantations.</li> <li>• Daymond A. J. et al. (2020). Variation in Indonesian cocoa farm productivity in relation to management, environmental and edaphic factors.</li> </ul>						
	<b>Indicators</b>	<p><b>2.5.1 Legal requirements related to the use and protection of water resources are complied with.</b></p> <table border="1"> <tr> <td><b>Non-negligible</b></td> <td> <p>Risk that cocoa farmers use groundwater for irrigation without prescribed licenses and approvals.</p> <p>Risk of cocoa plantation being established on river banks.</p> <p>Risk of pesticide run-off to water bodies.</p> </td> </tr> </table> <p><b>2.5.2 Buffer zones are established and maintained around streams, rivers, wetlands, and ponds.</b></p> <table border="1"> <tr> <td><b>Non-negligible (precautionary approach)</b></td> <td> <p>There are formal regulations establishing river and lake buffer zones (garis sempadan sungai dan danau). While there are no evidence of systemic, sector-wide issues, there is a credible risk that cocoa plantations are established close to rivers, streams, and other sensitive water bodies without fully respecting riparian buffer zones. Indeed, in the context of smallholder driven farming, enforcement of land-use regulations is uneven. Cocoa expansion has also historically occurred in frontier areas, increasing the likelihood that farms encroach into ecologically sensitive zones including river corridors. More generally, studies of Indonesian riparian zones point to regulatory inconsistencies and enforcement challenges in buffer-zone management.</p> </td> </tr> </table> <p><b>2.5.3 Water bodies and resources are protected and used responsibly with the aim of ensuring long-term viability.</b></p> <table border="1"> <tr> <td><b>Non-negligible (precautionary approach)</b></td> <td> <p>There is insufficient evidence to conclude that water resources are sufficiently protected from cocoa production impact, in particular due to the risk of pesticide run-off from pesticide</p> </td> </tr> </table>	<b>Non-negligible</b>	<p>Risk that cocoa farmers use groundwater for irrigation without prescribed licenses and approvals.</p> <p>Risk of cocoa plantation being established on river banks.</p> <p>Risk of pesticide run-off to water bodies.</p>	<b>Non-negligible (precautionary approach)</b>	<p>There are formal regulations establishing river and lake buffer zones (garis sempadan sungai dan danau). While there are no evidence of systemic, sector-wide issues, there is a credible risk that cocoa plantations are established close to rivers, streams, and other sensitive water bodies without fully respecting riparian buffer zones. Indeed, in the context of smallholder driven farming, enforcement of land-use regulations is uneven. Cocoa expansion has also historically occurred in frontier areas, increasing the likelihood that farms encroach into ecologically sensitive zones including river corridors. More generally, studies of Indonesian riparian zones point to regulatory inconsistencies and enforcement challenges in buffer-zone management.</p>	<b>Non-negligible (precautionary approach)</b>	<p>There is insufficient evidence to conclude that water resources are sufficiently protected from cocoa production impact, in particular due to the risk of pesticide run-off from pesticide</p>
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		application in plantations close to water bodies or from direct waste disposal into rivers.
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## 2.6. Soil is protected during management activities, and negative impacts are minimised with the aim of securing soil's health

### Non-negligible

- Cocoa farming practices may lead to plantation operators not complying with relevant laws and regulations mandating to implement practices that prevent erosion, soil degradation, and loss of fertility.
- There is insufficient evidence to conclude that cocoa production impact on soil health is sufficiently managed or minimised. In particular, monocropping and removing shade trees as well as the use of pesticides have important negative effect on soils. Plantation access roads may also cause erosion.



#### Description of context

Cocoa production may impact soil health for different reasons: road development to access plantations, monocropping and removing shade trees, use of pesticides and waste disposal practices.

Roads and transport routes on slopes may cause erosion and sedimentation. When those are built to access cocoa plantations, facilitate maintenance and harvesting activities, erosion is seldom factored in. Household farmers do not conduct environmental analysis to develop roads.

There is also a well-documented and significant impact on soil health when land is planted exclusively with monocropping, namely the lack of plant nutrients. These nutrient deficiencies impact soil health, thus reducing cocoa tree productivity.

In terms of shade trees conservation, practices in cocoa farming are varying. Sustainability programs emphasize that a prerequisite for good cocoa growth is shade for 30% of the main crop per hectare. Farmers which belong to a farmers' group and / or which are supported by NGOs or sustainability programs usually follow this prescription well. However, in other region, and in particular Central Sulawesi, farming without shade is more extensively used, partly due to the influence of Malaysian production practices or the perception of such production practices without shade.

Pesticide use is also affecting soil health, as long-term pesticide use has been shown to increase soil acidity, leaving persistent residues behind, affecting soil microbial population and reducing soil biodiversity.

Implementing soil-protection best practices in Indonesia remains challenging because of higher upfront costs (for cover crops, mulch, small terraces, and drainage repairs), capacity constraints, temporary drops in productivity and / or slower operations.






#### Legal requirements

Law No. 37 of 2014 regulates the obligation to carry out soil and water conservation in protected areas and cultivation areas, including the protection, restoration, improvement and maintenance of soil functions to prevent severe land degradation.

There is a general obligation to prevent pollution or damage. Everyone is obliged to maintain the sustainability of environmental functions and control pollution or damage. This means that cocoa farming practices that pollute the land (e.g. hazardous chemical residues, waste dumping) can be subject to penalties. Article 69 paragraph (1) clearly prohibits disposing of waste (including but not limited to hazardous and toxic waste) into environmental media, which includes soil.

Soil protection and environmental damage prevention are also regulated under Law No. 32 of 2009 on Environmental Protection and Management, which requires efforts to

	<p>prevent environmental damage through planning, control, and restoration. In addition, sectoral regulations such as the Plantation Law and technical regulations (e.g., Government Regulations and Ministerial Regulations related to plantation development) mandate plantation operators to implement practices that prevent erosion, soil degradation, and loss of fertility. The government has also issued policies on soil damage control as part of broader land governance policy.</p> <p>Regulations further stipulate that businesses/activities that may cause soil damage are required to carry out prevention; if damage occurs, they are obliged to undertake mitigation and restoration of soil conditions, with oversight mechanisms by local government.</p> <p>In addition, business actors must maintain the sustainability of environmental functions and comply with quality standards/criteria for environmental damage (which may include soil damage/pollution), along with monitoring and sanctions.</p>		
 <p><b>List of relevant legislation</b></p>	<ul style="list-style-type: none"> <li>• Law 37/2014 concerning soil and water conservation</li> <li>• Regulation 150/2000 concerning control of soil damage for biomass production</li> <li>• Law 32/2009 on Environmental Protection and Management</li> <li>• Regulation 07/2006 concerning procedures for measuring standard criteria for soil damage for biomass production</li> <li>• Regulation 6/2021 on the management of hazardous and toxic waste</li> </ul>		
 <p><b>References</b></p>	<ul style="list-style-type: none"> <li>• Aikpokpodion, P. et al (2024). Environmental impacts of long-term use of pesticides in cocoa ecosystem. <i>Journal of Research in Forestry, Wildlife and Environment</i>, 16(1), 1–16.</li> <li>• Inkota netzwerk (2022). Pesticides in cocoa production Highly hazardous for cocoa farmers and the environment.</li> <li>• Swisscontact (2017). Pesticide Baseline Report: Cocoa Farmers in Indonesia.</li> <li>• Arham, Z. et al. (2017). Heavy Metal Content of Cocoa Plantation Soil in East Kolaka, Indonesia. <i>Orient J Chem</i> 2017;33(3).</li> <li>• Myers R., Pertiwi, C. (2023). Improving the sustainability of cocoa production in eastern Indonesia.</li> <li>• Wartenberg, A. C. et al. (2019). Soil fertility and Theobroma cacao growth and productivity under commonly intercropped shade-tree species in Sulawesi, Indonesia.</li> <li>• Fungenzi, T. et al. (2021). Medium-term effect of fertilizer, compost, and dolomite on cocoa soil and productivity in Sulawesi, Indonesia.</li> </ul>		
 <p><b>Indicators</b></p>	<p><b>2.6.1 Legal requirements related to the protection of soils during management activities are complied with.</b></p> <table border="1" data-bbox="470 1691 1444 1937"> <tr> <td data-bbox="470 1691 726 1937"> <p><b>Non-negligible</b></p> </td> <td data-bbox="726 1691 1444 1937"> <p>Cocoa farming practices may lead to plantation operators not complying with relevant laws and regulations mandating to implement practices that prevent erosion, soil degradation, and loss of fertility. Typical cocoa farmers (smallholder with farms around 1ha) have a limited understanding of government regulations and their broader implications.</p> </td> </tr> </table>	<p><b>Non-negligible</b></p>	<p>Cocoa farming practices may lead to plantation operators not complying with relevant laws and regulations mandating to implement practices that prevent erosion, soil degradation, and loss of fertility. Typical cocoa farmers (smallholder with farms around 1ha) have a limited understanding of government regulations and their broader implications.</p>
<p><b>Non-negligible</b></p>	<p>Cocoa farming practices may lead to plantation operators not complying with relevant laws and regulations mandating to implement practices that prevent erosion, soil degradation, and loss of fertility. Typical cocoa farmers (smallholder with farms around 1ha) have a limited understanding of government regulations and their broader implications.</p>		

**2.6.2 Negative impacts from management activities on soil's physical, chemical and biological conditions are managed and minimised to secure soil health.**

**Non-negligible  
(precautionary  
approach)**

There is insufficient evidence to conclude that cocoa production impact on soil health is sufficiently managed or minimised. In particular, monocropping and removing shade trees as well as the use of pesticides have important negative effect on soils. Plantation access roads may also cause erosion.

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## 2.7. Chemicals and fertilizers are used responsibly in management activities with minimal negative impacts on the environment

### Non-negligible

- Risk of unauthorized pesticides being purchased and used in cocoa plantations. Where such products are available on the markets, farmers tend to purchase them without any control or guidance.
- Legal requirements on storage and disposal practices may also not be complied with, especially as those are quite broad and general. They are explicitly applying to cocoa farmers, not just commercial distributors.
- Beyond legal requirements, there is a risk of poor chemicals management in cocoa plantations. Risks are particularly high in the Sulawesi region.



#### Description of context

Farmers typically purchase chemical pesticides from agricultural kiosks, where sales are not supervised by authorities. Although the establishment of these kiosks is regulated under the Agricultural Industry Trade Law, there are no mechanisms in place for monitoring or enforcement. As a result, cocoa farmers often lack information about prohibited active ingredients contained in pesticides. When such products are available and promoted by suppliers, farmers tend to purchase them without any control or guidance. The Directorate General of Food Crops Protection, Ministry of Agriculture (2024) stated that illegal/counterfeit fertilizers and pesticides, or products whose quality/effectiveness do not match legal prescriptions, are still being found in use. The PSEKP Ministry of Agriculture (2025) also stated that online sales could be a loophole for illegal products to enter and be difficult to detect.

Storage practices also present risks. Many cocoa farmers store chemical pesticides carelessly, often keeping them in open areas that are easily accessible to family members, with no safety controls in place. However, farmers participating in certification schemes generally maintain separate, secured storage areas at home, keeping chemicals isolated from the household environment.

Pesticide use practices also vary across sun-national regions. In Sulawesi, the excessive use of chemical pesticides—particularly during post-harvest processing—contributes to recurring failures in cadmium testing. To reduce pest infestations, farmers indeed often apply active ingredients directly to the surface of cocoa pods. In contrast, regions such as Flores, Bali, and Lampung use chemical pesticides far more sparingly for plantation maintenance. Most plantations in these areas rely on non-chemical methods for pest control. These differences are partly due to differing market orientations: in Sulawesi, off-takers are typically large processing industries focused on volume, while in Flores, Bali, and Lampung, buyers are often artisan chocolate makers whose priority is high quality rather than quantity.



#### Legal requirements

Several regulations govern the use, application, storage, and disposal of chemicals in management activities, including on plantations.

Indonesia has ratified international conventions that prohibit/restrict hazardous chemicals and has translated them into national regulations on pesticides and hazardous chemicals (B3).



- Law No. 19/2009 has formally ratified the Stockholm Convention on Persistent Organic Pollutants (POPs).




	<ul style="list-style-type: none"> <li>• The Rotterdam Convention (PIC for hazardous chemicals &amp; pesticides in international trade) was ratified through Law No. 10 of 2013.</li> <li>• The Minamata Convention (on mercury) was ratified through Law No. 11 of 2017.</li> </ul> <p>At national level, Regulation No. 43 of 2019 provides an annex listing pesticide active ingredients that are classified as prohibited as well as those subject to restricted or limited use (for example, paraquat is listed as “restricted”). In addition, Ministry of Agriculture Regulation No. 24 of 2011 stipulates that pesticides cannot be registered if their active ingredients are included in the list of prohibited substances.</p> <p>Specific rules govern the use of pesticides, particularly related to the supervision of their circulation, storage, application, and destruction. The government also regulates the procurement, distribution, use, and disposal of pesticides to ensure safe and compliant practices.</p> <p>Farmers may only use pesticides that are registered and permitted, as the regulation explicitly prohibits the use of any pesticide not registered or lacking a permit. Farmers must also follow all directions attached to the pesticide permit, meaning they are obligated to comply with safety, dosage, application methods, and any use restrictions included in the product’s approved instructions. Government Regulation No. 7/1973 also creates obligations related to storage, although through a rather broad and general requirement that farmers holding pesticides must store them in a manner that avoids environmental contamination and protects human, animal, and ecological safety.</p> <p>Furthermore, the management of hazardous and toxic waste (B3)—including chemical residues and contaminated packaging—is also regulated. Producers of B3 waste are required to manage such waste in accordance with applicable standards, and the management process must be conducted under an authorized license, as mandated by Law No. 32/2009. Additional regulations establish procedures and requirements for the handling of chemical waste (please also see the criterion on waste management).</p>
 <p><b>List of relevant legislation</b></p>	<ul style="list-style-type: none"> <li>• Regulation 74/2001 on hazardous and toxic substance management</li> <li>• Regulation 7/1973 on supervision of the distribution, storage and use of pesticides</li> <li>• Law 32/2009 on Environmental Protection and Management</li> <li>• Regulation 6/2021 on the management of hazardous and toxic waste</li> <li>• Regulation 43/2019 on pesticide registration</li> <li>• Regulation 24/2011 on requirements and procedures for pesticide registration</li> <li>• Regulation 107/2014 on pesticide supervision</li> </ul>
 <p><b>References</b></p>	<ul style="list-style-type: none"> <li>• Fitriadi B. R., et al., 2019. The impact of Cypermethrin, Deltamethrin, Chlorpyrifos, and λ-Cyhalothrin Pesticide Application on Pesticide Residue Content in Cocoa Beans. Original title: Dampak Aplikasi Pestisida Sipermetrin, Deltametrin, Klorpirifos Dan λ-Sihalotrin Terhadap Kandungan Residu Pestisida Pada Biji Kakao.</li> <li>• Swisscontact, 2017. Pesticide Baseline Report: Cocoa Farmers in Indonesia.</li> <li>• Meilin, A. et al., 2023. The Integrated Pest Management Implementation of the Cocoa Pod Borer in Indonesia.</li> <li>• Rizal, M., et al., 2024. A sustainable and ecological approach to integrated cocoa pest management in Indonesia.</li> </ul>

 <p>Indicators</p>	<p><b>2.7.1 Legal requirements related to the use, application, storage, and disposal of chemicals and fertilizers in management activities are complied with.</b></p>	
	<p><b>Non-negligible</b></p>	<p>There is a risk of unauthorized pesticides being purchased and used in cocoa plantations. Where such products are available on the markets, farmers tend to purchase them without any control or guidance.</p> <p>Legal requirements on storage and disposal practices may also not be complied with, especially as those are quite broad and general. They are explicitly applying to cocoa farmers, not just commercial distributors.</p>
	<p><b>2.7.2 The use, application, storage, and disposal of chemicals and fertilizers in management activities are conducted in a manner that prevents harm to the environment.</b></p>	
	<p><b>Non-negligible (precautionary approach)</b></p>	<p>It is not clear what are the hazardous or chemicals banned by international conventions that may be used for cocoa production.</p>
	<p><b>2.7.3 Hazardous chemicals are not used in management activities.</b></p>	
	<p><b>Non-negligible</b></p>	<p>Beyond legal requirements, there is a risk of poor chemicals management in cocoa plantations. Risks are particularly high in the Sulawesi region.</p>




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## 2.8. The use of burning or fire for land preparation and waste management is avoided, whenever possible, and in case of use, it is justified and impacts are minimised

Non-negligible	
<ul style="list-style-type: none"> <li>• Despite legal prohibition, the practice of slash and burn to clean or open agricultural land may still be applied.</li> <li>• There is insufficient evidence to conclude that the negative impacts from using open burning practices to establish cocoa plantations are minimized.</li> <li>• The risk is more relevant to recent plantations and is stronger in the Sumatra and Kalimantan region with the establishment of large plantations.</li> </ul>	
 <p><b>Description of context</b></p>	<p>Even though there are regulations prohibiting land clearing by open burning, the slash-and-burn method is still commonly applied to clear land. The use of slash and burning is more prominent in some specific regions, and in particular in Sumatra. It is less common in other regions, and less used to established cocoa plantation than palm oil plantations. The practice is mostly applicable to new plantations and not so much for replanting. It is less relevant for establishing plantations nearby farmers' house, as it is a strong disturbance to the home and respiratory environment.</p> <p>In Indonesia, open burning remains the cheapest and quickest way to clear land, dispose of crop residue, and clear undergrowth/litter. Other alternatives (chopping, composting, transporting, mulching, biochar) require tools, labor, time, and money, which are costly, especially for smallholders. Technical alternatives are also not always suitable in the field. For example, during the rainy season, compost production is slow, residue piles up, which increases the risk of fungal or disease outbreak due to accumulated moisture in mismanaged compost. Accumulating organic residues also increases the risk of pest outbreak and well as uncontrolled wildfires. Poor road access makes transporting residue expensive.</p> <p>In addition, law enforcement is inconsistent. Implementation often fluctuates depending on the season, public pressure, local government capacity, and who is responsible for burning practices (small farmers vs. corporations). Sanctions are uncertain, which lowers incentives for compliance.</p> <p>In terms of waste management, it is not frequent that organic waste is burnt. Cocoa pods are usually disposed of in dedicated pits on the farm.</p>
 <p><b>Legal requirements</b></p>	<p>Land clearing or opening by burning is prohibited (Law 32/2009 and Law 39/2014, article 56 paragraph (1)). Plantation business actors are required to have a system, facilities, and infrastructure for fire control (Law 39/2014, article 56 paragraph (2)).</p> <p>The government has also issued national instructions and policies for forest and land fire control (e.g. Presidential Instruction 11/2015 and regulations on peatland protection). Compliance with these rules is a prerequisite for plantation operational legality.</p> <p>Criminal sanctions for this violation can be up to 10 years in prison and a maximum fine of IDR 10 billion (Law 39/2014, article 108).</p> <p>In addition, open burning of waste is prohibited under Law 18/2008 on waste management. This ban is a general prohibition and applies broadly — it does not specify differences between urban or rural areas or between waste types.</p>

 <b>List of relevant legislation</b>	<ul style="list-style-type: none"> <li>• Law No. 39/2014 on Plantations</li> <li>• Law 32/2009 on Environmental Protection and Management</li> <li>• Instruction 11/2015 concerning the improvement of forest and land fire control</li> <li>• Law 18/2008 on waste management</li> <li>• Regulation PP 22/2021 on Environmental Protection and Management</li> </ul>				
 <b>References</b>	<ul style="list-style-type: none"> <li>• Kleinhans, A. et al. (2002). Effect of slash &amp; burn agriculture and cocoa plantation on the water chemistry of a small rainforest catchment on Central Sulawesi, Indonesia. Deutscher Tropentag.</li> <li>• Fajrini, R. (2021). Environmental Harm and Decriminalization of Traditional Slash-and-Burn Practices in Indonesia. IJC&amp;SD 11(1).</li> <li>• Jacobson, P. et al. (2023). Traditional small farmers burned by Indonesia's war on wildfires. Mongabay.</li> </ul>				
 <b>Indicators</b>	<p><b>2.8.1 Legal requirements related to the use of open burning/fire in operations for land preparation and waste management are complied with.</b></p> <table border="1" data-bbox="456 813 1444 1019"> <tr> <td data-bbox="456 813 727 1019"><b>Non-negligible</b></td> <td data-bbox="727 813 1444 1019">Despite legal prohibition, the practice of slash and burn to clean or open agricultural land may still be applied. The risk is more relevant to recent plantations and is stronger in the Sumatra and Kalimantan region with the establishment of large plantations.</td> </tr> </table> <p><b>2.8.2 The use of open burning/fire in operations for land preparation and waste management managed and negative impacts minimized.</b></p> <table border="1" data-bbox="456 1108 1444 1308"> <tr> <td data-bbox="456 1108 727 1308"><b>Non-negligible (precautionary approach)</b></td> <td data-bbox="727 1108 1444 1308">There is insufficient evidence to conclude that the negative impacts from using open burning practices to establish cocoa plantations are minimized. The risk is more relevant to recent plantations and is stronger in the Sumatra and Kalimantan region with the establishment of large plantations.</td> </tr> </table>	<b>Non-negligible</b>	Despite legal prohibition, the practice of slash and burn to clean or open agricultural land may still be applied. The risk is more relevant to recent plantations and is stronger in the Sumatra and Kalimantan region with the establishment of large plantations.	<b>Non-negligible (precautionary approach)</b>	There is insufficient evidence to conclude that the negative impacts from using open burning practices to establish cocoa plantations are minimized. The risk is more relevant to recent plantations and is stronger in the Sumatra and Kalimantan region with the establishment of large plantations.
<b>Non-negligible</b>	Despite legal prohibition, the practice of slash and burn to clean or open agricultural land may still be applied. The risk is more relevant to recent plantations and is stronger in the Sumatra and Kalimantan region with the establishment of large plantations.				
<b>Non-negligible (precautionary approach)</b>	There is insufficient evidence to conclude that the negative impacts from using open burning practices to establish cocoa plantations are minimized. The risk is more relevant to recent plantations and is stronger in the Sumatra and Kalimantan region with the establishment of large plantations.				

## 2.9. Invasive species in production are controlled and GMOs are not used

Not applicable	
Cocoa is not considered as an invasive species, nor its production rely on or leads to a proliferation of invasive species.	
 <b>Description of context</b>	<p>No invasive species are introduced to be used in the production of cocoa.</p> <p>In relation to GMO, available regulatory databases and official records indicate that genetically modified organisms approved for use or commercialisation in Indonesia are limited to specific crops, including canola, maize, potato, soybean, and sugarcane. These approvals are documented in internationally recognised databases and aligned with Indonesia’s Biosafety Clearing House records. Research is primarily focused on conventional breeding, genetic characterization, or early-stage biotechnology (e.g. gene identification, molecular studies) rather than the development and release of transgenic cocoa varieties. Even where advanced techniques such as gene editing (e.g. CRISPR) are being explored, these remain experimental and largely confined to laboratory or pilot research settings. This indicates that GMO cocoa trees are not part of current production systems.</p>
 <b>Legal requirements</b>	<p>There are regulations regarding the prevention, monitoring, and control of invasive species (especially "invasive alien species"). The main prescriptions come from the Ministry of Environment and Forestry (KLHK) and Quarantine (biosecurity, entry and exit as well as inter-area circulation).</p> <p>The Quarantine Law (Law No. 21/2019) and its implementing regulation (Government Regulation No. 29/2023) include provisions on invasive alien species.</p> <p>The government is also finalizing a list of monitored invasive alien species (a draft decree of the Minister of Environment and Forestry containing hundreds of species).</p> <p>In relation to GMO, Indonesia has ratified the Cartagena Protocol on Biosafety through Law No. 21 of 2004 concerning Biosafety to the Convention on Biological Diversity. This legal commitment is further operationalised through Government Regulation No. 21/2005 on the Biosafety of Genetically Engineered Products and subsequent ministerial regulations governing risk assessment, approval procedures, monitoring, and biosafety compliance. The Indonesian regulatory framework is widely recognised as comprehensive, establishing mandatory biosafety evaluation prior to the environmental release or commercialisation of genetically engineered organisms</p>
 <b>List of relevant legislation</b>	<ul style="list-style-type: none"> <li>• Regulation 29/2009 on guidelines for biodiversity conservation in the regions</li> <li>• Law 5/1990 concerning conservation of living natural resources and their ecosystems</li> <li>• Law 21/2004 on the ratification of the Cartagena Protocol</li> <li>• Regulation 21/2005 on the biosafety of genetically modified products</li> <li>• Regulation 94/2016 on invasive species</li> <li>• Law 21/2019 concerning animal, fish and plant quarantine</li> <li>• Regulation 3/2025 concerning procedures for quarantine measures for the entry of carriers rejected by the destination country or area</li> </ul>

	<ul style="list-style-type: none"> <li>• Regulation 29/2023 on animal, fish and plant quarantine</li> <li>• Regulation 45/2026 on the Indonesian quarantine agency</li> </ul>	
 <b>References</b>	<ul style="list-style-type: none"> <li>• Widnyana, I. K., EkaMartiningsih, N. G. A. G., Suryana, I. M., Javandira, C., &amp; Yudiarini, N. N. (2019). Weeds diversity and its impact on the existence of main pests and diseases in theobroma cacao in Tabanan district, Bali province Indonesia. International journal of research - Granthaalayah, 7(10), 371–379.</li> <li>• Suharjo R., Aeny T. N. (2011). Exploring The Potential Of Siamese Grass (Chromolaena Odorata) As A Biofungicide To Control Phytophthora Palmivora Isolated From Cocoa Fruit. J. HPT Tropika Vol. 11, No. 2.</li> </ul>	
 <b>Indicators</b>	<b>2.9.1 Legal requirements related to the use, monitoring and control of invasive species are complied with.</b>	
	<b>Not applicable</b>	Cocoa is not considered as an invasive species, nor its production rely on or leads to a proliferation of invasive species.
	<b>2.9.2 The use of invasive species is monitored, controlled and impacts mitigated.</b>	
	<b>Not applicable</b>	Cocoa is not considered as an invasive species, nor its production rely on or leads to a proliferation of invasive species.
	<b>2.9.3 There is no commercial use of GMO.</b>	
	<b>Not applicable</b>	GMO cocoa trees are not part of current production systems.

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### 3. Ecosystem conversion, degradation and HCV protection

#### 3.1. Forests and other ecosystems are not converted nor degraded

##### Non-negligible

Forest conversion for agriculture has long been a major driver of deforestation in Indonesia, shaped by pro-investment policies and a regulatory framework that permits land-use change, leading to widespread expansion of plantations and smallholder farming. Although deforestation rates have fluctuated, agricultural expansion remains the dominant cause of forest loss, with commodity production accounting for most deforestation and smallholder agriculture contributing significantly.

Cocoa has played a measurable but comparatively smaller role in this process, with around 0.7 million hectares of forest lost to cocoa expansion between 1988 and 2007, mainly driven by smallholders. Ongoing forest conversion persists due to weak enforcement, unclear land tenure, and legal ambiguities, which also make it difficult to clearly assess and control cocoa-related deforestation today.

Risks of conversion of other ecosystems, such as peatlands, are negligible as other commodities are the dominant drivers of peatland conversion. Forest and ecosystems degradation is not relevant as cocoa farms are not established under shade trees in pre-existing forests.



##### Description of context

Forest conversion for agriculture in Indonesia has historically been important and driven by economic development and global commodity demand. From the 70s to the 90s, forests have been cleared for timber extraction and large-scale agricultural expansion, including plantations such as oil palm, rubber and smallholder farming. This was supported by pro-investment policies, a regulatory framework that allows such changes under certain conditions and state-led land allocation. In recent decades, although deforestation rates have fluctuated and partially slowed, agricultural expansion—both industrial plantations and small-scale farming—remains a key driver of forest loss.


Over the past 20 years, Indonesia has experienced a net loss of 4.12 million hectares, with commodity production being the primary driver of deforestation, contributing to approximately 96% of the overall forest loss.<sup>1</sup> It is estimated that small-scale agriculture and small-scale plantations contributed one-fifth of nationwide forest loss and were the dominant drivers of loss outside the major islands of Indonesia for the period 2001-2016.<sup>2</sup> More specific to cocoa, estimates show that between 1988 and 2007, Indonesia lost roughly 0.7 million ha of forest for cocoa production.<sup>3</sup>



Historically, forest and ecosystem conversion in Indonesia has taken place within a regulatory framework that allows such changes under certain conditions, rather than prohibiting them outright. This has meant that conversion to agricultural uses, including cocoa farming, has often been administratively legal when supported by permits or formal land designation changes. As a result, conversion has continued in areas outside moratorium coverage, in secondary forests, or through the utilization of pre-existing


<sup>1</sup> Laborde, D. et al. (2024). Addressing Food System Transformation, Food Security, and Deforestation in Indonesia: Challenges and Opportunities.

<sup>2</sup> Austin et al. (2019). What causes deforestation in Indonesia? Environmental Research Letters vol. 14.

<sup>3</sup> European Commission (2013). The impact of EU consumption on deforestation: Comprehensive analysis of the impact of EU consumption on deforestation (p. 57).

	<p>permits, creating a long-standing pattern in which regulatory restraint coexists with continued land-use change.</p> <p>Over time, this permissive yet regulated framework has interacted with economic incentives and governance challenges, contributing to ongoing forest loss. Permanent changes from forest to non-forest areas due to human activities are still occurring, as reflected in continued tree cover loss in areas classified as primary forest. The persistence of conversion is also linked to the fact that forest areas are not always fully gazetted or clearly defined, allowing regional authorities to issue plantation or industrial permits in areas that are de facto forested.</p> <p>The current situation is further shaped by weak enforcement and governance inconsistencies. Although regulations exist to guide forest management and land-use change, enforcement is inconsistent due to limited oversight capacity, local incentives, and administrative loopholes. Sanctions for violations are often light or not enforced, and gaps in definitions of “forest” and “conversion” can be exploited to avoid formal breaches. Moreover, conflicts between central and regional regulations create additional complexity, allowing legal ambiguity to persist. These conditions have enabled continued conversion even in the presence of policies intended to restrict it, illustrating a systemic challenge that goes beyond the existence of formal rules.</p> <p>Beyond regulatory enforcement, structural issues related to land tenure and spatial data significantly influence the dynamics of land conversion for cocoa farming. Weak tenure certainty, overlapping land claims, and inconsistencies between maps and official land classifications complicate the verification of land status and the demonstration of non-conversion. In many cases, land categorized as forest area may overlap with areas used by smallholder farmers, blurring the distinction between legal and illegal conversion. These issues make it difficult to establish clear baselines for assessing whether cocoa production is associated with recent deforestation, especially when historical data is incomplete or of low quality.</p>
 <p><b>Legal requirements</b></p>	<p>In Indonesia, the conversion of forest areas to non-forest uses, including agricultural commodities such as cocoa, is not automatically prohibited but can occur legally through licensing mechanisms and formal changes in land designation. Forestry governance provides structured procedures for the release, exchange, and use of forest areas, which indicates that conversion is permissible when regulatory requirements are fulfilled. This framework does not establish an absolute restriction on forest conversion but rather a system of conditional legality based on compliance with administrative and spatial planning regulations.</p> <p>Several policy instruments aim to restrain conversion, although these are limited in scope and legal strength. A key measure is Presidential Instruction 5/2019, which halts the issuance of new permits in primary natural forests and peatlands based on indicative maps. This moratorium applies only to specific ecosystem types and does not extend to all forests or land categories. It is also an administrative instruction rather than a binding law, and therefore does not prevent clearing in secondary forests, activities outside designated moratorium areas, or the continuation of previously issued permits and illegal practices. Earlier policy instruments, such as Presidential Instruction 10/2011, similarly introduced temporary restrictions without establishing a permanent, comprehensive prohibition.</p> <p>Within the broader legal framework, certain forest areas are subject to stricter protection. Forests designated for conservation or protection purposes have limited possibilities for reclassification, and national parks in particular cannot be repurposed.</p>

	<p>This is reinforced by Law 5/1990, which requires conservation areas to be maintained in their original condition, and by the Forestry Law 41/1999, which excludes national parks from utilization provisions.</p> <p>Other forest areas may still undergo changes in designation if approved by the government through prescribed procedures. Any changes in the designation or function of forest areas must be determined by the government and supported by integrated research, as stipulated in Law 41/1999.</p> <p>In addition to forest areas, Indonesia has established regulatory frameworks governing non-forest ecosystems whose primary function is environmental protection. Government Regulation 22/2021 identifies a range of areas where land use cannot be changed, including protected forests, peatland protection zones, coastal and river buffer zones, areas surrounding lakes and springs, mangrove ecosystems, wildlife reserves, conservation areas, and various categories of terrestrial and marine protected areas. These designations aim to preserve environmental sustainability and biodiversity, creating zones where conversion is either prohibited or strictly limited.</p> <p>Specific ecosystem regulations further refine these controls. Government Regulation No. 57/2016 governs the protection and management of peatland ecosystems, imposing significant constraints on their conversion due to their ecological importance and role in carbon storage. Coastal and mangrove areas are regulated primarily through spatial planning and zoning mechanisms rather than complete prohibition, requiring regional authorities to develop detailed zoning plans that guide land use and ensure controlled management.</p>
 <p><b>List of relevant legislation</b></p>	<ul style="list-style-type: none"> <li>• Law 5/1990 concerning conservation of living natural resources and their ecosystems</li> <li>• Law 18/2013 on the prevention and eradication of deforestation</li> <li>• Act 41/1999 concerning forestry affairs</li> <li>• Regulation PP 22/2021 on Environmental Protection and Management</li> <li>• Regulation 71/2014 on the protection and management of peatland ecosystems</li> <li>• Presidential Instruction 10/2011 on the suspension of new permits and the improvement of governance of primary natural forests and peatlands</li> <li>• Presidential Instruction 5/2019 on the suspension of new permits and the improvement of governance of primary natural forests and peatlands</li> <li>• Law 27/2007 on the management of coastal areas and small islands</li> <li>• Regulation 57/2016 on the protection and management of peatland ecosystems</li> </ul>
 <p><b>References</b></p>	<ul style="list-style-type: none"> <li>• Dröge, S. (2024). From chocolate to palm oil: The future of Indonesia's cocoa plantations. <i>Ambio</i>, vol. 54.</li> <li>• Sahlan, Lukas A. et al. (2025). Mapping cocoa land dynamics to advance circular and sustainable food Systems in Indonesia (1975–2023). <i>Froniers in Sustainable Food Systems</i>, vol. 9.</li> <li>• European Commission (2013). The impact of EU consumption on deforestation: Comprehensive analysis of the impact of EU consumption on deforestation.</li> <li>• Climate Focus (2017). Eliminating deforestation from the cocoa supply chain.</li> <li>• Australian Centre for International Agricultural Research (2023). Improving the sustainability of cocoa production in eastern Indonesia.</li> <li>• Global Forest Watch – Indonesia dashboard</li> <li>• Forest Watch Indonesia (2020) – The Road of Deforestation in Indonesia.</li> </ul>

	<ul style="list-style-type: none"> <li>• Laborde, D. et al. (2024). Addressing Food System Transformation, Food Security, and Deforestation in Indonesia: Challenges and Opportunities.</li> <li>• Austin et al. (2019). What causes deforestation in Indonesia? Environmental Research Letters vol. 14.</li> <li>• Wijaya, A. et al. (2015). Assessment of Large Scale Land Cover Change Classifications and Drivers of Deforestation in Indonesia.</li> </ul>						
 <b>Indicators</b>	<p><b>3.1.1 There is no conversion of forests:</b></p> <ol style="list-style-type: none"> <li><b>Conversion of forests, including plantations after 2008;</b></li> <li><b>Conversion of natural and semi-natural forests and forest plantations after 31 December 2020;</b></li> <li><b>Conversion of forests, including plantations to agriculture after 31 December 2020.</b></li> </ol> <table border="1" data-bbox="464 680 1445 882"> <tr> <td data-bbox="464 680 730 882"><b>Non-negligible (precautionary approach)</b></td> <td data-bbox="730 680 1445 882">Estimates show that between 1988 and 2007, Indonesia lost roughly 0.7 million ha of forest for cocoa production.<sup>4</sup> Ongoing forest conversion persists due to weak enforcement, unclear land tenure, and legal ambiguities, which also make it difficult to clearly assess and control cocoa-related deforestation today.</td> </tr> </table> <p><b>3.1.2 There is no conversion from natural non-forest ecosystems, such as peatland, wetland and biodiverse grassland:</b></p> <ol style="list-style-type: none"> <li><b>after January 2008;</b></li> <li><b>after 31 December 2020.</b></li> </ol> <table border="1" data-bbox="464 1066 1445 1682"> <tr> <td data-bbox="464 1066 730 1682"><b>Negligible</b></td> <td data-bbox="730 1066 1445 1682">Wetland ecosystems, including peatlands, in Indonesia have experienced extensive conversion and degradation, with over 64% lost since 1900. Peatlands, which represent a significant portion of the country’s climate mitigation potential, are under ongoing pressure from land conversion and degradation. Studies in West Kalimantan (1986–2008) show peat forests declined by ~13.6%, often converted to plantations such as rubber and other crops. However, most research on peatland conversion highlights oil palm, pulpwood, rubber, and food crops as dominant drivers, not cocoa. Across the literature, there is no widely cited or well-documented case study explicitly showing large-scale peatland conversion for cocoa production in Indonesia. Cocoa expansion in Indonesia is much more strongly associated with upland forest areas (e.g. Sulawesi) and forest encroachment rather than peatland frontiers.</td> </tr> </table> <p><b>3.1.3 There is no degradation of natural forests since 31 December 2020.</b></p> <table border="1" data-bbox="464 1733 1445 1818"> <tr> <td data-bbox="464 1733 730 1818"><b>Negligible</b></td> <td data-bbox="730 1733 1445 1818">Clearing for planting of cocoa trees is considered conversion. Degradations is therefore not applicable.</td> </tr> </table>	<b>Non-negligible (precautionary approach)</b>	Estimates show that between 1988 and 2007, Indonesia lost roughly 0.7 million ha of forest for cocoa production. <sup>4</sup> Ongoing forest conversion persists due to weak enforcement, unclear land tenure, and legal ambiguities, which also make it difficult to clearly assess and control cocoa-related deforestation today.	<b>Negligible</b>	Wetland ecosystems, including peatlands, in Indonesia have experienced extensive conversion and degradation, with over 64% lost since 1900. Peatlands, which represent a significant portion of the country’s climate mitigation potential, are under ongoing pressure from land conversion and degradation. Studies in West Kalimantan (1986–2008) show peat forests declined by ~13.6%, often converted to plantations such as rubber and other crops. However, most research on peatland conversion highlights oil palm, pulpwood, rubber, and food crops as dominant drivers, not cocoa. Across the literature, there is no widely cited or well-documented case study explicitly showing large-scale peatland conversion for cocoa production in Indonesia. Cocoa expansion in Indonesia is much more strongly associated with upland forest areas (e.g. Sulawesi) and forest encroachment rather than peatland frontiers.	<b>Negligible</b>	Clearing for planting of cocoa trees is considered conversion. Degradations is therefore not applicable.
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<sup>4</sup> European Commission (2013). The impact of EU consumption on deforestation: Comprehensive analysis of the impact of EU consumption on deforestation (p. 57).

3.1.4 There is no degradation of non-forest natural ecosystems: a) after January 2008; b) after 31 December 2020.	
Negligible	Clearing for planting of cocoa trees is considered conversion. Degradations is therefore not applicable.

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### 3.2. High conservation values are protected, maintained or enhanced

#### Non-negligible

Cocoa production in Indonesia poses significant risks to High Conservation Values, despite existing legal protections, contributing to habitat loss, fragmentation of forest ecosystems, and degradation of critical ecosystems, which in turn threatens biodiversity and disrupts ecosystem services such as water regulation and erosion control. These impacts extend to local communities, as environmental degradation and conservation-related land-use restrictions can affect livelihoods and access to resources.



#### Description of context

Cocoa production in Indonesia poses significant risks to High Conservation Values, despite existing legal protections.

Expansion and poor management of cocoa farms can contribute to habitat loss, fragmentation of intact forest landscapes, and degradation of rare or threatened ecosystems, ultimately threatening populations of endemic and endangered species.

The impacts are particularly pronounced for forest-dependent species, including forest specialists, endemic species, frugivores that support seed dispersal, and insectivores that provide natural pest control. Evidence is especially strong for bird communities, where endemic and forest-dependent species decline significantly in cocoa systems, particularly in low-shade or intensively managed plantations. These species are progressively replaced by more generalist, agriculture-adapted species, reflecting a simplification of ecological communities.

Beyond birds, cocoa farming also affects a wider range of forest-dependent wildlife. Forest mammals and primates are impacted through habitat loss and fragmentation, while pollinators and other insect communities are affected by habitat simplification and the use of agrochemicals. These combined pressures contribute to broader declines in biodiversity and weaken ecosystem functioning within cocoa-producing landscapes.

At the landscape level, intact forest landscapes, large-scale ecosystems, and ecosystem mosaics are particularly sensitive to cocoa production, especially where agricultural expansion overlaps with or encroaches on these areas. The conversion of forests to cocoa farms fragments previously continuous ecosystems into smaller, isolated patches, resulting in landscapes composed of farms, degraded forest areas, and remaining natural vegetation. Maintaining the integrity of these landscapes requires extensive planning, monitoring, and conservation measures, which remain challenging to implement consistently.

Cocoa expansion can also affect rare, threatened, or irreplaceable ecosystems such as peatlands, karst systems, mangroves, and protected forests, particularly when these are located within or adjacent to cocoa-producing areas. These ecosystems play a critical role in supporting unique biodiversity and acting as refuges during environmental stress, and their degradation can have irreversible ecological consequences.

Cocoa production also poses risks to key ecosystem services, particularly those related to water regulation and erosion control. The conversion or degradation of natural vegetation can disrupt water catchment functions, reduce water retention capacity, increase surface runoff, and contribute to declining water quality. At the same time, the loss of vegetation cover and root systems increases soil erosion and land degradation,

	<p>especially in sloped or sensitive areas, with implications for both environmental stability and long-term agricultural productivity.</p> <p>Finally, cocoa production can create risks for the needs and rights of local communities and Indigenous peoples. Environmental degradation linked to cocoa farming can reduce access to essential ecosystem services such as soil fertility, water availability, and forest resources, thereby affecting livelihoods, income opportunities, and food security. At the same time, measures to protect high conservation value areas may introduce restrictions on land use and access to natural resources, which can limit communities’ ability to farm, gather resources, or maintain traditional practices, potentially leading to tensions and conflicts over land and resource use.</p>
 <p><b>Legal requirements</b></p>	<p>Indonesia’s legal framework provides overarching protection for biodiversity, ecosystems, and conservation areas, which form the basis for safeguarding High Conservation Values. Core legislation requires the protection of natural resources, ecosystems, and species, particularly within designated conservation areas such as national parks and protected forests. These protections extend to rare, threatened, and endangered ecosystems, including peatlands, mangroves, coastal zones, and other environmentally sensitive areas, whose use is either restricted or cannot be changed under spatial planning and environmental regulations.</p> <p>Land-use change and forest conversion are regulated through a system of permits, spatial planning, and government oversight. Additional policy instruments, such as moratoria on new permits in primary forests and peatlands, further reinforce protection of high-value ecosystems, although they apply only to specific categories of land.</p> <p>The legal framework also places emphasis on the maintenance of ecosystem services, including water regulation, erosion control, and broader environmental stability. Protected areas and buffer zones—such as riverbanks, coastal areas, and other ecologically sensitive zones—are designated to preserve these functions, with restrictions on land use and development intended to prevent degradation.</p> <p>In parallel, Indonesian regulations recognise the importance of social considerations, including the rights and needs of local communities and Indigenous peoples. Legal provisions require respect for land tenure, access to resources, and the consideration of community interests in land-use decisions. However, the implementation of conservation measures, including the protection of high conservation value areas, may introduce restrictions on land use and access.</p>
 <p><b>List of relevant legislation</b></p>	<ul style="list-style-type: none"> <li>• Law 5/1990 concerning conservation of living natural resources and their ecosystems</li> <li>• Act 41/1999 concerning forestry affairs</li> <li>• Regulation PP 22/2021 on Environmental Protection and Management</li> <li>• Regulation 57/2016 on the protection and management of peatland ecosystems</li> <li>• Presidential Instruction 10/2011 on the suspension of new permits and the improvement of governance of primary natural forests and peatlands</li> <li>• Presidential Instruction 5/2019 on the suspension of new permits and the improvement of governance of primary natural forests and peatlands</li> <li>• Law 27/2007 on the management of coastal areas and small islands</li> </ul>
 <p><b>References</b></p>	<ul style="list-style-type: none"> <li>• Winarni, N. L., et al. (2023). Bird diversity in the forests and coconut farms of Sulawesi, Indonesia. <i>Oryx</i>, vol. 58, issue 4.</li> <li>• Bennet, R. E. et al. (2021). Impact of cocoa agricultural intensification on bird diversity and community composition. <i>Conservation biology</i>.</li> </ul>

	<ul style="list-style-type: none"> <li>• Maney, C. et al. (2022). Modelling biodiversity responses to land use in areas of cocoa cultivation. <i>Agriculture, Ecosystems &amp; Environment</i>, vol. 324.</li> <li>• Proforest (2019). <i>Policy &amp; Governance Review in Indonesia</i>.</li> <li>• Cocoa Sustainability Partnership (2018). <i>The 2020 Roadmap to Sustainable Indonesian Cocoa</i>.</li> </ul>						
 <b>Indicators</b>	<p><b>3.2.1 Legal requirements related to biodiversity conservation, protected sites, and the protection of endemic, rare, threatened, or endangered species and their habitats are complied with.</b></p> <table border="1" data-bbox="462 526 1436 985"> <tr> <td data-bbox="462 526 726 985"><b>Negligible</b></td> <td data-bbox="726 526 1436 985">While having a general applicability to all persons and users of natural resources, including individuals, the legal framework applying to biodiversity protection (Law No. 5/1990, Law No. 41/1999, and Law No. 32/2009) does not enact direct obligations on smallholder farmers. The clear obligations are rather relevant to respecting forest zoning (covered under criterion 3.1), not causing environmental harm (covered under criteria 2.4-2.9) and not causing direct damage to protected species (such as capturing, killing or trading protected species). There is no evidence that the later is occurring systematically within cocoa production plot or linked to cocoa production systems.</td> </tr> </table> <p><b>3.2.2 Concentrations of biological diversity including endemic species, and rare, threatened, or endangered species that are significant at global, regional or national levels are identified protected, maintained or enhanced (HCV1).</b></p> <table border="1" data-bbox="462 1120 1436 1467"> <tr> <td data-bbox="462 1120 726 1467"><b>Non-negligible</b></td> <td data-bbox="726 1120 1436 1467">Cocoa expansion and intensification can lead to habitat loss, forest fragmentation, and degradation of ecosystems, resulting in declines or local disappearance of endemic and endangered species, as well as increased human–wildlife conflict. Impacts are most pronounced for forest-dependent species, particularly endemic birds, frugivores, and insectivores, which decline in low-shade or intensive cocoa systems and are replaced by generalist species. Beyond birds, cocoa farming also affects forest mammals, primates, and insect populations.</td> </tr> </table> <p><b>3.2.3 Intact forest landscapes and large landscape-level ecosystems and ecosystem mosaics that are significant at global, regional, or national levels, and which contain viable populations of the great majority of the naturally occurring species in natural patterns of distribution and abundance, are identified and protected, maintained or enhanced (HCV2).</b></p> <table border="1" data-bbox="462 1668 1436 1982"> <tr> <td data-bbox="462 1668 726 1982"><b>Non-negligible</b></td> <td data-bbox="726 1668 1436 1982">Intact forest landscapes (IFL), large-scale ecosystems, and ecosystem mosaics are highly sensitive to cocoa production, particularly where agricultural expansion overlaps with or encroaches on these areas.  Cocoa production contributes to fragmentation of intact forest landscapes and large ecosystems. In cocoa landscapes specifically, conversion to cocoa farms breaks continuous forest into smaller, isolated patches. Cocoa landscapes become</td> </tr> </table>	<b>Negligible</b>	While having a general applicability to all persons and users of natural resources, including individuals, the legal framework applying to biodiversity protection (Law No. 5/1990, Law No. 41/1999, and Law No. 32/2009) does not enact direct obligations on smallholder farmers. The clear obligations are rather relevant to respecting forest zoning (covered under criterion 3.1), not causing environmental harm (covered under criteria 2.4-2.9) and not causing direct damage to protected species (such as capturing, killing or trading protected species). There is no evidence that the later is occurring systematically within cocoa production plot or linked to cocoa production systems.	<b>Non-negligible</b>	Cocoa expansion and intensification can lead to habitat loss, forest fragmentation, and degradation of ecosystems, resulting in declines or local disappearance of endemic and endangered species, as well as increased human–wildlife conflict. Impacts are most pronounced for forest-dependent species, particularly endemic birds, frugivores, and insectivores, which decline in low-shade or intensive cocoa systems and are replaced by generalist species. Beyond birds, cocoa farming also affects forest mammals, primates, and insect populations.	<b>Non-negligible</b>	Intact forest landscapes (IFL), large-scale ecosystems, and ecosystem mosaics are highly sensitive to cocoa production, particularly where agricultural expansion overlaps with or encroaches on these areas.  Cocoa production contributes to fragmentation of intact forest landscapes and large ecosystems. In cocoa landscapes specifically, conversion to cocoa farms breaks continuous forest into smaller, isolated patches. Cocoa landscapes become
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	<p>mosaics of farms, degraded forest patches, and remaining natural vegetation.</p> <p>Maintaining these landscapes requires significant planning and compliance efforts—such as mapping, monitoring, and conservation measures—which are often challenging in practice.</p>
<p><b>3.2.4 Rare, threatened, or endangered ecosystems, habitats or refugia are identified and protected, maintained, or enhanced (HCV3).</b></p>	
<p><b>Non-negligible</b></p>	<p>Expansion of cocoa plantations often involves clearing tropical forests, which are among the most biodiverse and irreplaceable ecosystems. Cocoa production also poses a non negligible risk to key ecosystems particularly where such areas overlap with or are adjacent to cocoa landscapes: peatlands, karst landscapes, mangroves, and protected forest areas are irreplaceable habitats that support unique biodiversity and act as critical refuges during environmental stress (e.g. extreme weather).</p>
<p><b>3.2.5 Basic ecosystem services in critical situations, including the protection of water catchments and control of erosion of vulnerable soils and slopes, are identified and protected, maintained, or enhanced (HCV4).</b></p>	
<p><b>Non-negligible</b></p>	<p>Cocoa production poses non negligible risks to ecosystem services, particularly those related to water catchment and erosion control. Conversion for cocoa farming can disrupt the functions natural forests and well-functioning ecosystems have in regulating water flows, maintaining water quality, and stabilizing soils.</p> <p>Clearing or degrading natural vegetation for cocoa production can lead to reduced water retention capacity, increased surface runoff, and deterioration of watershed functions, which may contribute to water scarcity, flooding, and reduced water quality downstream. At the same time, the loss of vegetation cover and root systems increases the risk of soil erosion and land degradation, particularly in sloped or sensitive areas.</p>
<p><b>3.2.6 Sites and resources fundamental for satisfying the basic needs of local communities or Indigenous Peoples are identified and protected (HCV5).</b></p>	
<p><b>Non-negligible</b></p>	<p>Cocoa production can create risks for the needs and rights of local communities and Indigenous peoples.</p> <p>Inadequate management of cocoa production can indeed negatively impact communities by contributing to environmental degradation, including loss of ecosystem services on which livelihoods depend (such as soil fertility, water availability, and forest resources). As a result, communities may face reduced income opportunities, food insecurity, and increased vulnerability to environmental risks.</p> <p>There can be also conflicting HCV protection within cocoa producing landscape, as restrictions on land use and access to natural resources can affect communities’ ability to use land for</p>

		farming, gathering forest products, or other subsistence and economic activities.
	<b>3.2.7 Sites, resources, habitats, and landscapes of global, national or local cultural, archaeological, or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or Indigenous Peoples are identified and protected, maintained, or enhanced (HCV6).</b>	
	<b>Non-negligible (precautionary approach)</b>	Cultural, archaeological and historical sites may be affected by land conversion, farm expansion, and infrastructure development associated with cocoa production if they are not properly identified and protected. These impacts can lead to damage, degradation, or loss of sites of cultural or historical importance, which are often irreplaceable. There are a few known cases in Lampung and Sumatra.

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## 4. Human rights

### 4.1. There is no contribution to international crimes and armed conflict

Negligible	
There is no evidence that revenue from cocoa is currently financing armed conflicts in Indonesia.	
 <b>Description of context</b>	Even though there is ongoing armed conflict in Indonesia with renewed fighting in West Papua in 2025 between Indonesian security forces and Papuan separatist armed groups, there is no publicly accessible evidence that revenue from cocoa is currently financing armed conflicts in Indonesia. Currently, cocoa production is not concentrated in Papua.
 <b>Legal requirements</b>	Not applicable
 <b>List of relevant legislation</b>	Not applicable
 <b>References</b>	Human Rights Watch (2025). Indonesia: Renewed fighting threatens West Papua civilians. <a href="https://www.hrw.org/news/2025/05/29/indonesia-renewed-fighting-threatens-west-papua-civilians">https://www.hrw.org/news/2025/05/29/indonesia-renewed-fighting-threatens-west-papua-civilians</a>
 <b>Indicators</b>	<p><b>4.1.1 Harvest or trade in products do not contribute to international crimes and armed conflict.</b></p> <p><b>Negligible</b></p> <p>Cocoa production is not concentrated in Papua and there is no evidence that revenue from cocoa would finance either Indonesian security forces or Papuan separatist armed groups</p>

## 4.2. Modern slavery, including forced and compulsory labour, are not taking place

### Non-negligible (precautionary approach)

Forced labour risks in Indonesia's cocoa and plantation sector are largely driven by informal and complex supply chains, weak enforcement, and the widespread use of intermediaries such as brokers to source labour in peak harvest season, which can expose workers to exploitative recruitment and employment practices. In practice, coercion often takes economic forms—such as debt, wage deductions, document withholding, and threats—rather than physical force, particularly affecting vulnerable groups like migrant and casual workers.



#### Description of context

In the context of cocoa and plantation production in Indonesia, the risk of forced labour persists not primarily through overt physical coercion but through more subtle and structurally embedded forms of control and vulnerability.

A key feature of the context is the prevalence of informal labour arrangements and the extensive use of third parties in recruitment and workforce management. Brokers or foremen often play a central role in sourcing labour, particularly in plantation settings, and may engage in practices that expose workers to coercion and financial dependency. These intermediaries are sometimes insufficiently regulated or monitored, increasing the risk that workers are subjected to unfair recruitment conditions, hidden fees, or exploitative terms that resemble or lead to forced labour situations.

Economic coercion emerges as a primary mechanism through which forced labour manifests in practice. Rather than physical restraint, workers may be bound through debt arising from recruitment costs, unclear or unfair wage deductions, or financial obligations imposed by employers or intermediaries. Additional practices such as the withholding of identity documents, threats of dismissal or deportation (particularly for migrant workers), and restrictions associated with isolated workplace environments may contribute to limiting workers' freedom and increasing their dependence on employers.

Migrant workers, daily labourers, and outsourced workers are identified as being particularly at risk due to their weaker bargaining power, limited access to formal protections, and greater exposure to abusive practices in recruitment and employment. Their situation is compounded by deficiencies in labour inspection, enforcement capacity, and oversight, which reduce the likelihood that violations are detected or effectively addressed.






#### Legal requirements

Indonesia has established a comprehensive legal framework that strictly prohibits slavery, forced labour, and related forms of modern slavery, grounded in constitutional principles, human rights legislation, criminal law, and international labour standards.

Law No. 39 of 1999 on Human Rights recognises the right not to be enslaved as an inalienable right and explicitly prohibits slavery, servitude, and the slave trade, as well as any similar practices. This constitutional and human rights foundation is reinforced through Indonesia's ratification of international labour standards, in particular ILO Convention No. 105 on the Abolition of Forced Labour, which has been incorporated into national law through Law No. 19 of 1999. By ratifying this convention, Indonesia has undertaken a binding commitment to abolish all forms of forced or compulsory labour, making such practices unlawful and requiring their elimination in practice.

In addition to these general prohibitions, Indonesia has enacted specific criminal legislation addressing modern forms of slavery, most notably through Law No. 21 of

	<p>2007 on the Eradication of the Crime of Human Trafficking. This law criminalises human trafficking, which is recognised as a primary manifestation of modern slavery, and targets exploitative practices that commonly underpin forced labour situations. These include coercion through threats, debt bondage arising from recruitment or employment-related debts, the confiscation or withholding of identity documents, and other mechanisms used to control or exploit workers.</p> <p>For business activities, these legal obligations are further supported by policy-level instruments, particularly Presidential Regulation No. 60 of 2023 on the National Strategy for Business and Human Rights. This regulation establishes a national framework guiding companies to ensure that their operations respect human rights, including the prevention of forced labour and other forms of modern slavery, and to provide access to remedies for affected individuals.</p>		
 <p><b>List of relevant legislation</b></p>	<ul style="list-style-type: none"> <li>• Law 13/2003 on Manpower</li> <li>• Law 39/1999 concerning human rights</li> <li>• Law 19/1999 on the ratification of ILO Convention No. 105</li> <li>• Law 21/2007 on the eradication of trafficking in persons</li> <li>• Presidential Regulation 60/2023 on the National Strategy on business and human rights</li> </ul>		
 <p><b>References</b></p>	<ul style="list-style-type: none"> <li>• American Institutes for Research (2024). Assessment report. Assess efforts of governments, industry, and workers' organizations to address child labor and forced labor in the cocoa sector in Brazil, Ecuador and Indonesia.</li> <li>• Fair Labor (2022). Working conditions in OFI's cocoa supply chain in Indonesia.</li> <li>• ILO (2025). Improving Workers' Rights in Rural Sectors of Indonesia.</li> <li>• International Cocoa Initiative (2026). Recommendations for Guidelines on Due Diligence in Relation to Forced Labour in the Cocoa Sector.</li> <li>• International Cocoa Initiative (2025). Human Rights Due Diligence in the Cocoa Sector: CLMRS and Community Development Approaches in comparison.</li> <li>• International Labour Organization (2024). The Alignment of Indonesian Laws and Policies with ILO Standards on Forced Labour: Situation and Gap Analysis.</li> <li>• White, B. &amp; Taylor, M. (2025). Labour and Land in Indonesia: An Introduction. Journal of Agrarian Change.</li> </ul>		
 <p><b>Indicators</b></p>	<p><b>4.2.1 Legal requirements on modern slavery, in all its forms, are complied with.</b></p> <table border="1" data-bbox="462 1467 1436 1859"> <tr> <td data-bbox="462 1467 726 1859"> <p><b>Non-negligible (precautionary approach)</b></p> </td> <td data-bbox="726 1467 1436 1859"> <p>Potential violations in cocoa cultivation relate primarily to the prohibition of slavery and forced labour under Law No. 39 of 1999 and Law No. 19 of 1999 ratifying ILO Convention No. 105, which prohibit servitude and require the abolition of all forms of forced or compulsory labour.</p> <p>Practices such as debt bondage, coercive recruitment, withholding of identity documents, or threats to restrict workers' freedom may also constitute offences under Law No. 21 of 2007 on human trafficking, which criminalises exploitation linked to forced labour.</p> </td> </tr> </table>	<p><b>Non-negligible (precautionary approach)</b></p>	<p>Potential violations in cocoa cultivation relate primarily to the prohibition of slavery and forced labour under Law No. 39 of 1999 and Law No. 19 of 1999 ratifying ILO Convention No. 105, which prohibit servitude and require the abolition of all forms of forced or compulsory labour.</p> <p>Practices such as debt bondage, coercive recruitment, withholding of identity documents, or threats to restrict workers' freedom may also constitute offences under Law No. 21 of 2007 on human trafficking, which criminalises exploitation linked to forced labour.</p>
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**4.2.2 Modern slavery, in all its forms, is not used, promoted, or supported in any way.**

**Non-negligible  
(precautionary  
approach)**

Certain practices in cocoa cultivation in Indonesia may not always meet the legal threshold of forced labour or human trafficking but can still constitute poor or high risk labour practices. These include unclear or non-transparent wage deductions, excessive or unrecorded overtime, and lack of formal employment contracts, which weaken workers' understanding of their rights and increase dependency on employers.

Reliance on labour intermediaries or informal recruitment channels without adequate oversight as well weak grievance mechanisms and limited worker ability to raise concerns, while not inherently illegal, can expose workers to unfair conditions and heighten the risk of coercion or exploitation.

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### 4.3. Child labour is not occurring and employment of young workers is responsibly managed

#### Non-negligible

Child labour remains a relevant risk in Indonesia’s cocoa and plantation sectors, particularly due to structural and socio-economic factors rather than widespread formal employment of children. While legal prohibitions exist, in practice child involvement in agricultural activities is often normalised, especially among smallholder farmers where children assist family members during peak periods such as harvesting.



#### Description of context

A key contextual challenge is the blurred distinction between permissible family help and child labour. In the agricultural and plantation context, children’s participation is often informal and not recorded, making it difficult to monitor and ensure compliance with legal standards. This creates a risk of disguised child labour, particularly in small-scale and household-based production systems, which are common in cocoa cultivation.

Operational pressures contribute to child labour risks, including seasonal labour shortages and the high labour demands of harvest periods. Where labour supply is constrained or costly, households may rely on children to meet production needs, especially in the absence of well-regulated labour arrangements.

In Indonesian cocoa farming contexts, children have been documented engaging in hazardous agricultural tasks, including handling dangerous tools (such as machetes used for harvesting pods), exposure to agrochemicals such as pesticides and fertilisers, and performing tasks considered unsafe for their age group. Children may also be required to carry out physically strenuous labour, such as lifting and transporting heavy loads of cocoa pods, water, or harvested beans, which can negatively affect their physical development. Such work often involves long hours, particularly during peak harvest seasons, increasing fatigue and the likelihood of accidents.

In addition, child labour in cocoa production can interfere with education. Even when children are not permanently withdrawn from school, participation in farm work—especially during peak periods—can lead to irregular attendance, reduced study time, and in some cases school drop-out, particularly where economic pressures require their contribution to household income or productivity.




Finally, weak enforcement and practical barriers further shape the situation. Age verification is often difficult due to missing or inaccurate documentation, and monitoring conditions across dispersed and informal supply chains is challenging.



#### Legal requirements

Indonesia’s legal framework on child labour establishes a general prohibition on the employment of children, with limited and strictly regulated exceptions. Under Law No. 13/2003 on Manpower, employers are prohibited from employing children, but an exception is allowed for children aged 13 to 15 to perform light work, provided that this does not interfere with their physical, mental, and social development or their education. This exception is subject to specific conditions, including parental or guardian consent, a formal employment agreement, limited working hours (maximum three hours per day), daytime work that does not disrupt schooling, compliance with occupational safety and health requirements, and payment of wages in accordance with applicable regulations.

The legal framework further strengthens protection by prohibiting the involvement of children in hazardous and exploitative work. Law No. 13/2003 explicitly bans the worst

	<p>forms of child labour, including work that endangers children’s health, safety, or morality, as well as activities linked to slavery, prostitution, pornography, gambling, or narcotics. This is complemented by Ministerial Decree KEP.235/MEN/2003, which defines hazardous work and prohibits the employment of individuals under 18 in such activities, including restrictions on overtime for children.</p> <p>Additional protections are provided by Law No. 35 of 2014 on Child Protection, which prohibits the economic exploitation of children and establishes criminal penalties for violations, including imprisonment and fines. Enforcement provisions under the labour law also prescribe sanctions for non-compliance with child labour prohibitions and conditions, including imprisonment and financial penalties for employers who unlawfully employ children or fail to meet the requirements for permissible light work.</p>		
 <p><b>List of relevant legislation</b></p>	<ul style="list-style-type: none"> <li>• Law 13/2003 on Manpower</li> <li>• Law 35/2014 on child protection</li> <li>• Decision 235/2003 on types of work that endanger the health, safety, or morals of children</li> <li>• Law 20/1999 on the ratification of ILO Convention No. 138</li> <li>• Law 1/2000 on the ratification of ILO Convention No. 182</li> </ul>		
 <p><b>References</b></p>	<ul style="list-style-type: none"> <li>• American Institutes for Research (2024). Assessment report. Assess efforts of governments, industry, and workers' organizations to address child labor and forced labor in the cocoa sector in Brazil, Ecuador and Indonesia.</li> <li>• Embode (2015). Children at the Heart: Assessment of Child Labour in Indonesia’s Cocoa Sector.</li> <li>• U.S. Department of Labor (2024). 2024 Findings on the Worst Forms of Child Labor: Indonesia.</li> <li>• CUBIC &amp; Save the Children (2022). Behavioral Insights to Identify Solutions to Reduce Children’s Engagement in Hazardous Work in Cocoa Farms.</li> <li>• International Labour Organization (2007). Rooting Out Child Labour from Cocoa Farms.</li> <li>• International Labour Organization (2021). Indonesia Child Labour Free. How close?</li> <li>• Nurhadi (2015). Child Labour in Rural Indonesia: Children and Parents’ Perspectives.</li> <li>• ECLT Foundation (2023). Final Evaluation: Strengthening Stakeholder Collaboration Against Child Labour in Agriculture in Indonesia.</li> </ul>		
 <p><b>Indicators</b></p>	<p><b>4.3.1 Legal requirements related to child labour and young workers are complied with.</b></p> <table border="1" data-bbox="469 1585 1445 2029"> <tr> <td data-bbox="469 1585 730 2029"> <p><b>Non-negligible</b></p> </td> <td data-bbox="730 1585 1445 2029"> <p>Potential violations in cocoa cultivation would primarily relate to the prohibition on employing children under Law No. 13 of 2003, except under strictly regulated conditions for light work, meaning that any regular, full-time, or unregulated involvement of children in cocoa farming would be non-compliant.</p> <p>The use of children in hazardous cocoa-related tasks—such as handling pesticides, using sharp tools, carrying heavy loads, or working long hours—would breach legal provisions prohibiting the worst forms of child labour and hazardous work for anyone under 18, as defined in national labour law and related ministerial regulations.</p> </td> </tr> </table>	<p><b>Non-negligible</b></p>	<p>Potential violations in cocoa cultivation would primarily relate to the prohibition on employing children under Law No. 13 of 2003, except under strictly regulated conditions for light work, meaning that any regular, full-time, or unregulated involvement of children in cocoa farming would be non-compliant.</p> <p>The use of children in hazardous cocoa-related tasks—such as handling pesticides, using sharp tools, carrying heavy loads, or working long hours—would breach legal provisions prohibiting the worst forms of child labour and hazardous work for anyone under 18, as defined in national labour law and related ministerial regulations.</p>
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		<p>Additionally, practices that interfere with children’s education or amount to economic exploitation may violate child protection legislation, particularly where children’s work in cocoa production affects school attendance or development.</p>
<p><b>4.3.2 Child labour is not present, and the employment of young workers is responsibly managed.</b></p>		
	<p><b>Non-negligible</b></p>	<p>Certain practices in cocoa cultivation in Indonesia may not clearly breach legal prohibitions but still represent poor labour practices and heightened risk of child labour. These include situations where children informally assist family members on farms during peak seasons in ways that remain within the “light work” exception in law but are poorly controlled, such as working close to the limit of permitted hours or without proper supervision and safety safeguards.</p> <p>Practices that indirectly affect children’s well-being, such as allowing work schedules that reduce time for rest or study, or tolerating children’s participation in borderline hazardous tasks without clear safeguards, also reflect inadequate management of child labour risks, even if they do not immediately constitute a legal offence.</p>

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## 5. Workers' rights

In the context of small-scale cocoa farming in Indonesia, the following criteria examine the practices and legal requirements applicable in the context of an employer – employee relationship. While the vast majority of cocoa production farm work is implemented by farmers themselves, extending to family and communities (cases not covered by this section), there are nevertheless instances of hired and paid workers for cocoa production.

In principle, small-scale farmers who hire labour—even on a short-term or seasonal basis—can qualify as “employers”, but there is also significant ambiguity and practical gaps in how this applies in the informal agricultural sector.

Under Law No. 13 of 2003 on Manpower, an “employer” is broadly defined as any individual, entrepreneur, legal entity or other body that employs workers by paying wages or other compensation. This definition is not limited to formal companies or large enterprises; it explicitly includes individuals. Similarly, under Law No. 1 of 1970 on Occupational Safety, the scope of application is deliberately broad, covering safety in “all workplaces” within Indonesian jurisdiction.

Therefore, a smallholder cocoa farmer who hires workers for harvesting and pays them—whether daily, seasonal, or casual—would, in legal terms, fall within the definition of an employer. Correspondingly, a “worker” is defined as any person who works in return for wages or compensation, again without restriction to permanent or formal employment relationships.

However, external evidence also shows that this formal legal position does not translate clearly or consistently into practice for small-scale and informal agricultural actors. A major issue is that Indonesia’s labour framework is primarily designed around formal employment relationships, with written contracts and clearly identifiable employers. Research indicates that recent labour legislation, including the Job Creation Law framework, does not explicitly regulate informal workers, creating a “legal vacuum” in terms of protection and enforcement for informal labour arrangements. This is highly relevant to cocoa and other plantation sectors, where casual, family-based, or daily labour is common.

Indeed, the Indonesian workforce is characterised by a very large informal sector (around 60% of workers), including agricultural labourers, many of whom lack formal contracts and clear employer–employee relationships. In these contexts, the practical identification of the “employer” responsible for compliance—particularly in smallholder or subcontracted arrangements—is often unclear.

### 5.1. Health and safety - facilities and activities are safe and support worker's health


#### Non-negligible



There is a relatively comprehensive legal framework for occupational health and safety (OHS), but the context of cocoa production—characterised by smallholder systems and informal labour—creates significant gaps between legal requirements and actual practice. While national laws require employers to ensure safe working conditions, provide personal protective equipment (PPE), and implement hazard controls, these requirements are often not effectively translated into day to day operations in cocoa plantations.



#### Description of context

There are persistent challenges related to PPE provision and use, which are especially relevant in cocoa production involving agrochemicals and manual labour. Even when PPE is provided, it is frequently not used due to discomfort in tropical conditions, perceptions that it slows down work, or cultural attitudes that underestimate risks. In other cases, PPE may be inappropriate for the specific hazards or of insufficient quality.

	<p>Operational practices—such as regular safety briefings, hazard controls, and monitoring—are often weak or inconsistently applied. This disconnect is particularly relevant in labour intensive agricultural settings, where supervision is limited and work is dispersed across plantation areas.</p> <p>Basic workplace facilities that support health are often lacking or insufficient, especially in remote plantation areas. While regulations call for access to clean water, sanitation, washing facilities, and safe infrastructure, providing and maintaining these facilities involves significant costs and logistical challenges. As a result, standards for such facilities are uneven.</p> <p>Cost constraints are a critical contextual factor. Smallholder farmers and micro scale plantation operations often perceive OHS measures—such as PPE, training, and infrastructure—as a financial burden rather than a necessary risk control. Limited margins in cocoa production can therefore lead to underinvestment in safety measures, particularly where enforcement is weak and immediate economic pressures dominate decision making.</p> <p>Supervision by labour inspectors is uneven, and enforcement capacity varies across regions. This contributes to a situation where compliance may exist “on paper” but not in practice, with companies or operations maintaining formal documentation (such as SOPs or OHS systems) without fully implementing them in the field.</p>
 <p><b>Legal requirements</b></p>	<p>Indonesia has an established legal framework governing occupational health and safety (OHS), which applies to workers in cocoa plantations. The primary legal basis is Law No. 1 of 1970 on Occupational Safety and Law No. 13 of 2003 on Manpower (particularly Articles 86–87), which recognise workers’ right to health and safety protection and impose a corresponding obligation on employers to implement OHS measures. These laws require employers to ensure that all work activities and environments are safe and do not endanger workers’ health, forming the overarching legal foundation for workplace safety in plantation contexts.</p> <p>Under these laws, employers are required to take proactive measures to prevent occupational risks and ensure that workers are informed about hazards associated with their tasks. This includes identifying and communicating workplace risks, establishing safe operating procedures, and ensuring that workers understand appropriate safety practices. Employers must also provide training related to accident prevention, fire safety and emergency response, as well as ensure preparedness through first aid arrangements and regular health protection measures.</p> <p>A central requirement of Indonesian OHS regulation is the provision and use of personal protective equipment (PPE). Employers must supply PPE appropriate to the risks associated with the work, ensure that it meets applicable national standards, and provide it free of charge to workers. In addition, employers are responsible for ensuring that workers use the equipment correctly as part of safe work practices.</p> <p>Employers must also ensure the availability of first aid services and basic health protection at the workplace. This includes providing adequate first aid facilities and trained personnel capable of responding to workplace incidents. These requirements are complemented by broader expectations under OHS law that employers support workers’ health through measures such as regular health monitoring and the provision of necessary health-related services.</p> <p>The legal framework also requires employers to manage specific workplace risks, including those associated with hazardous materials such as agrochemicals commonly</p>

	<p>used in cocoa production. Employers must ensure proper handling, storage, and control of such substances. Employers are also expected to maintain basic workplace facilities that support health, including access to clean water, sanitation, washing facilities, and safe physical infrastructure such as lighting and evacuation routes, all of which contribute to a safe and healthy working environment.</p> <p>For companies of a certain scale or risk profile, Indonesian law requires the implementation of a formal Occupational Health and Safety Management System (SMK3), as set out in Government Regulation No. 50 of 2012. This requirement applies to enterprises with 100 or more workers or those with high hazard potential, a category that is seldom relevant for smallholder cocoa farming.</p> <p>Another important component of OHS compliance is the requirement to provide social protection for occupational risks. Employers are required to register workers with the national social security system (BPJS Ketenagakerjaan), which includes coverage for work accidents and other employment-related risks. This ensures that workers are financially protected in the event of occupational injury or death and forms part of the broader framework of worker protection linked to workplace health and safety.</p> <p>Finally, the legal framework requires employers to comply with inspection, reporting, and enforcement mechanisms. Workplace incidents must be reported, and employers must be able to demonstrate compliance with OHS regulations. Failure to meet these obligations can result in administrative sanctions, including potential suspension of operations until compliance is achieved.</p>
 <p><b>List of relevant legislation</b></p>	<ul style="list-style-type: none"> <li>• Law 13/2003 on Manpower</li> <li>• Law 1/1970 on Occupational Safety</li> <li>• Law 39/2014 on Plantations</li> <li>• Regulation 26/2021 about the organisation of agriculture</li> <li>• Regulation 50/2012 on the implementation of occupational safety and health management systems</li> <li>• Regulation 08/2010 on personal protective equipment</li> <li>• Regulation 15/2008 on first aid in the workplace</li> <li>• Regulation 5/2018 on occupational safety and health in the workplace</li> <li>• Regulation 03/1986 concerning safety and health requirements in workplaces handling pesticides</li> </ul>
 <p><b>References</b></p>	<ul style="list-style-type: none"> <li>• Fair Labor (2022). Working conditions in OFI's cocoa supply chain in Indonesia.</li> <li>• International Labour Organization (2025). Improving occupational safety and health and social conditions for coffee farmer communities in Indonesia.</li> <li>• International Labour Organization (2024). Improving workers' rights in Indonesia's rural sectors.</li> <li>• Kurniyawa, E. H. et al. (2025). Analysis of Farmers' Awareness Level Toward the Use of Personal Protective Equipment (PPE). Health and technology journal, vol. 03 no. 06.</li> <li>• Riswal, M. et al. (2021). Occupational Safety and Health Behaviors among Agricultural Workers in Rural Area Indonesia. Journal of Aafiyah Health Research, vol. 2 no. 2.</li> </ul>



## Indicators

### 5.1.1 Legal requirements related to occupational health and safety of workers are complied with.

#### Non-negligible

In the context of cocoa cultivation in Indonesia, several core OHS legal requirements are at risk of non-compliance. These include the obligation under Law No. 1 of 1970 and Law No. 13 of 2003 to provide safe working conditions, prevent occupational hazards, and implement adequate safety procedures. Requirements to supply appropriate personal protective equipment free of charge and ensure its proper use, as set out in Ministerial regulations, may be violated where PPE is absent, inadequate, or not used in practice. Similarly, obligations to provide first aid facilities, safe handling and storage of hazardous materials such as pesticides, and access to basic health-supporting facilities (e.g. water and sanitation) may not be consistently met in smallholder or informal plantation settings. Finally, for larger or higher-risk operations, the mandatory implementation of an Occupational Health and Safety Management System (SMK3) may be lacking or only partially applied in practice.

### 5.1.2 Activities are safe and support worker's health, and workers have access to and use appropriate Personal Protective Equipment for the activities undertaken.

#### Non-negligible

There is a risk that cocoa plantation activities are not consistently conducted in a safe manner, particularly where hazard controls and safety procedures are inadequately implemented in the field. Workers may also not be provided with appropriate personal protective equipment (PPE), or may not use it effectively due to lack of training, unsuitable equipment, or weak supervision. These conditions increase the likelihood of exposure to occupational risks such as agrochemicals, manual handling hazards, and unsafe working environments, indicating potential non-compliance with established OHS requirements.

### 5.1.3 Housing and facilities are safe and support worker's health.

#### Negligible

There is no strict legal obligation for employers to provide housing to workers. The Manpower Law (Law No. 13 of 2003) is cited as requiring employers to provide worker welfare facilities, and it explicitly notes that housing can be considered an example of such facilities, even though it is not mandatory in all cases.

Evidence suggests that the prevalence of hired labour requiring employer-provided housing in Indonesia's cocoa sector is relatively limited as the need for employer-provided worker housing in cocoa production is less systematic and less institutionalised than in large-scale plantation sectors. Where hired labour is used, workers are typically locally recruited rather than migrant workers, meaning they usually commute

from nearby communities rather than requiring housing provided by the employer.

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## 5.2. Workers' rights related to recruitment and contracting are respected

### Non-negligible

Labour in cocoa production is largely informal, relying on verbal agreements, seasonal hiring, family labour, and community-based systems rather than formal contracts. This informality creates a gap between legal frameworks and actual practice, as recruitment often falls outside effective oversight and blurs the distinction between employment and non-employment relationships. The use of intermediaries, casual work arrangements, and limited documentation further weakens accountability and consistent application of labour standards.



#### Description of context

In practice, many labour relationships in sectors such as cocoa production are informal, involving verbal agreements, short-term hiring, or family-based labour. This creates a gap between the legal framework and its application, as informal recruitment practices often fall outside effective regulatory oversight, even though they may still technically fall within the scope of the law.

A key feature is the high degree of informality in recruitment practices. Labour in cocoa production is frequently engaged through verbal agreements, short-term arrangements, or community-based systems rather than formal contracts. Workers are often recruited locally on a seasonal or task-based basis (e.g. harvesting), and family labour remains common. This means that recruitment processes are typically flexible and informal, with limited documentation and little standardisation of terms and conditions.

There is also a great importance of traditional and social mechanisms of labour mobilisation, such as mutual help systems and community networks. These practices play a central role in smallholder cocoa farming, reducing reliance on formal hiring but also blurring the distinction between employment and non-employment relationships. As a result, many individuals involved in cocoa production may not be clearly recognised as “workers” under formal labour frameworks, even though they contribute labour.

Another important contextual aspect is the casual and seasonal nature of hired labour. Where workers are engaged, this is often for short periods tied to specific agricultural tasks, rather than through stable, long-term employment. This leads to fragmented employment relationships and makes it less likely that formal contracting requirements—such as written agreements or clearly defined employment terms—are applied consistently.




In some cases, labour may be recruited through intermediaries, collectors, or labour brokers, which can obscure the identity of the “employer” responsible for compliance with labour regulations. This can weaken accountability and increase the risk that recruitment practices do not align with legal requirements.



#### Legal requirements

Indonesian law establishes a general framework governing contracting and recruitment through the Manpower Law (Law No. 13 of 2003); however these requirements are primarily designed for formal employment relationships and are not always clearly adapted to the realities of plantation and smallholder contexts.

Under this framework, employment relationships must in principle be based on an agreement—either a fixed-term or indefinite-term contract—defining the rights and obligations of both parties. Employers are expected to formalise the employment relationship, including specifying wages, working conditions, and terms of employment. The law recognises that workers are entitled to remuneration and basic protections once

	<p>such a relationship is established. In addition, employers are required to ensure that recruitment practices do not result in discrimination and that workers are treated equally in hiring and employment processes.</p> <p>Employers have responsibilities relating to the transparency of employment terms and conditions. Workers should be informed about the nature of the work, associated risks, and applicable rights and protections.</p>		
 <p><b>List of relevant legislation</b></p>	<ul style="list-style-type: none"> <li>• Law 13/2003 on Manpower</li> <li>• Law 11/2020 on job creation</li> <li>• Regulation 35/2021 on fixed-term employment contracts, outsourcing, working hours and rest periods and termination of employment</li> </ul>		
 <p><b>References</b></p>	<ul style="list-style-type: none"> <li>• Fair Labor (2022). Working conditions in OFI's cocoa supply chain in Indonesia.</li> <li>• American Institutes for Research (2024). Assessment report. Assess efforts of governments, industry, and workers' organizations to address child labor and forced labor in the cocoa sector in Brazil, Ecuador and Indonesia.</li> <li>• Riswal, M. et al. (2021). Occupational Safety and Health Behaviors among Agricultural Workers in Rural Area Indonesia. Journal of Aafiyah Health Research, vol. 2 no. 2.</li> <li>• International Labour Organization (2024). Improving workers' rights in Indonesia's rural sectors.</li> </ul>		
 <p><b>Indicators</b></p>	<p><b>5.2.1 Legal requirements related to contracts, working permits, competence certifications and other training requirements are complied with.</b></p> <table border="1" data-bbox="462 1052 1436 1612"> <tr> <td data-bbox="462 1052 726 1612"> <p><b>Non-negligible</b></p> </td> <td data-bbox="726 1052 1436 1612"> <p>In the context of cocoa cultivation in Indonesia, several legal requirements related to recruitment and contracting may be at risk of non-compliance. These include the obligation under the Manpower Law to establish clear employment relationships through defined agreements, including terms on wages, working conditions, and duration of employment.</p> <p>Requirements for transparent recruitment practices—such as informing workers about the nature of the work and applicable conditions—may be violated where labour is engaged informally through verbal or short-term arrangements. In addition, the use of casual, undocumented, or intermediary-based recruitment may undermine compliance with rules governing fixed-term contracts and outsourcing, potentially obscuring employer responsibilities and limiting workers' access to legal protections.</p> </td> </tr> </table>	<p><b>Non-negligible</b></p>	<p>In the context of cocoa cultivation in Indonesia, several legal requirements related to recruitment and contracting may be at risk of non-compliance. These include the obligation under the Manpower Law to establish clear employment relationships through defined agreements, including terms on wages, working conditions, and duration of employment.</p> <p>Requirements for transparent recruitment practices—such as informing workers about the nature of the work and applicable conditions—may be violated where labour is engaged informally through verbal or short-term arrangements. In addition, the use of casual, undocumented, or intermediary-based recruitment may undermine compliance with rules governing fixed-term contracts and outsourcing, potentially obscuring employer responsibilities and limiting workers' access to legal protections.</p>
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### 5.3. Workers are paid fairly and responsibly

#### Non-negligible

There is a relatively comprehensive legal framework governing wages and worker compensation, but the actual situation in the cocoa sector—particularly in plantations and smallholder systems—is characterized by uneven and often weak implementation.



#### Description of context

While compliance is generally stronger in formal, large-scale companies, significant gaps persist in cooperatives, small and medium-sized enterprises (MSMEs), informal work arrangements, and long supply chains typical of agricultural production.

A key element of the current context is the prevalence of informal and non-standard employment arrangements in cocoa production. Many workers are engaged as casual daily laborers, contract workers, or through subcontracting and intermediaries, which makes it difficult to ensure consistent application of wage regulations. This often leads to situations where workers are not formally registered, lack written contracts, or fall outside formal payroll systems, thereby weakening compliance with minimum wage and social security requirements.

Underpayment remains a common issue in practice. Workers are frequently paid below the applicable minimum wage, particularly in plantation settings, where employers may justify lower wages by referring to the seasonal, high-risk nature of the sector. In addition, there are recurring issues with non-transparent or “strange” deductions, delayed wage payments, and the use of piece-rate systems without clear documentation or transparency.




Available evidence suggests that wages for hired agricultural and cocoa workers in Indonesia are generally low and often below or only marginally aligned with minimum wage benchmarks, although precise figures vary significantly by region, employment type, and degree of formality.


In terms of general benchmarks, Indonesia’s minimum wage is set regionally but broadly falls in the range of roughly IDR 2.1 million to 3.6 million per month in many provinces, with a national average around IDR 3.1 million/month in 2024. In lower-income rural provinces (including key cocoa-producing regions), minimum wages are closer to IDR 2.7–3.0 million/month.

Specific data on agricultural workers indicate that earnings are generally well below national averages for other sectors. National statistics show relatively low monthly earnings for agricultural labourers.

For cocoa-producing areas, available “living wage” and “living income” studies provide useful proxies. In rural Central Sulawesi (a major cocoa-growing region), a living income benchmark for a typical family is estimated at about IDR 5.0 million per month, which already exceeds the income that would be earned at the local minimum wage level. This indicates that even full compliance with minimum wage laws would not necessarily provide a living income, and that actual earnings in the sector are often even lower.

At the household level, research shows that most cocoa-farming households do not reach a living income, with many living in poverty and only a very small proportion (less than 2%) reaching adequate income levels. While this refers to farmer income rather than hired workers specifically, it reflects the broader economic constraints of the sector, including limited capacity to pay higher wages to hired labour.

	<p>Another important contextual factor is the limited coverage and inconsistent enforcement of social security obligations. Although employers are legally required to register workers with BPJS schemes, many workers—especially informal, family, or casual laborers—are either not registered at all or only nominally included without effective coverage.</p>
 <p><b>Legal requirements</b></p>	<p>Indonesian law establishes a comprehensive framework governing wages and payments for workers, which applies in principle to hired labour in cocoa farming. Employers are legally required to pay wages in accordance with applicable regulations and must ensure that remuneration does not fall below the legally established minimum wage. This requirement is grounded in the Labour Law (Law No. 13/2003), reinforced by Law No. 6/2023 on Job Creation, and further specified through Government Regulation No. 36/2021 as amended by Government Regulation No. 51/2023, which provides the technical rules for wage setting, including minimum wage determination.</p> <p>In addition to the basic wage requirement, employers must comply with statutory obligations concerning additional wage components. These include the payment of overtime for work performed beyond legally defined working hours and the provision of a mandatory religious holiday allowance (THR). Beyond the payment itself, the legal framework implies the need for structured and transparent payroll systems. Employers are expected to maintain proper documentation, including employment contracts, clearly defined wage structures and scales, records of working hours and overtime, payslips, and proof of payments and social security contributions. Employers must not pay impose non-transparent or unjustified deductions, delay wage payments, or apply opaque piece-rate systems without clarity and documentation.</p> <p>Indonesian regulations also require employers to ensure that workers are covered by the national social security system. Employers must register their workers with the relevant schemes, including BPJS Ketenagakerjaan (employment-related social security) and BPJS Health, and must make the corresponding contributions. These obligations are set out in Law No. 40/2004 on the National Social Security System, Law No. 24/2011 on BPJS, and Presidential Regulation No. 82/2018 on Health Insurance. Compliance with these requirements is considered an integral part of lawful worker compensation.</p>
 <p><b>List of relevant legislation</b></p>	<ul style="list-style-type: none"> <li>• Law 13/2003 concerning Manpower</li> <li>• Law 6/2023 concerning Job Creation</li> <li>• Regulation 36/2021 concerning Wages</li> <li>• Regulation 51/2023 concerning Wages</li> <li>• Law 40/2004 concerning the National Social Security System</li> </ul>
 <p><b>References</b></p>	<ul style="list-style-type: none"> <li>• Fair Labor (2022). Working conditions in OFI's cocoa supply chain in Indonesia.</li> <li>• Kadarusman, Y. et al. (2022). Living Income Report (with Living Wage Annex) for Rural Central Sulawesi, Indonesia. Anker Research Institute.</li> <li>• Anker Research Institute (2025). Living Wage and Living Income Update Report for Rural Central Sulawesi, Indonesia.</li> <li>• Bellini Motovska, N. &amp; Waarts, Y. (2024). Towards a living income for cocoa producers in Indonesia. Wageningen Economic Research and Living Income Community of Practice.</li> <li>• Rikolto (2024). Living income and actual income at cocoa &amp; coffee farms in 9 Indonesian Regencies.</li> <li>• Badan Pusat Statistik (2025). Average wage and labour cost statistics in Indonesia.</li> </ul>

	<ul style="list-style-type: none"> <li>Busthanul, N. (2018). Competitiveness, production and productivity of cocoa in Indonesia.</li> </ul>	
 <b>Indicators</b>	<b>5.3.1 Legal requirements related to workers' wages and other payments, such as social insurance, are complied with.</b>	
	<b>Non-negligible</b>	<p>Non-compliance risks in cocoa cultivation in Indonesia primarily relate to breaches of core wage and compensation provisions established in national labour law. These include the failure to pay at least the applicable minimum wage, as well as non-payment or incorrect calculation of overtime and mandatory holiday allowances (THR).</p> <p>Additional legal violations may arise where employers fail to register workers in the mandatory BPJS social security schemes or do not pay the required contributions, thereby excluding workers from legally mandated employment and health protection.</p> <p>Wage-related violations are often associated with informal or unclear employment arrangements, leading to non-transparent deductions, delayed payments, or undocumented piece-rate systems.</p>
	<b>5.3.2 Workers' wage meet or exceed recognised standards and/or established living wages for the sector.</b>	
	<b>Non-negligible</b>	<p>Even where minimum wage levels are met, they commonly remain below living wage or living income benchmarks for rural cocoa-producing areas, meaning that workers' earnings are insufficient to cover basic needs. This indicates a structural gap between legal minimum standards and adequate remuneration, leaving many farm workers in situations of economic vulnerability despite nominal compliance.</p>

## 5.4. Working hours, overtime, rest time and time off are fair and responsible

### Non-negligible

In the context of cocoa production, the organisation of working hours, overtime, rest periods, and leave is strongly shaped by the seasonal and labour-intensive nature of plantation work, which creates significant challenges for compliance. In practice, peak harvest periods require a rapid increase in labour input, and longer working hours often become the norm rather than the exception, making it difficult to adhere to legal limits on working time and overtime.



#### Description of context

A central issue is that overtime is frequently used as a default operational practice rather than a controlled and exceptional measure. This is driven by production targets and the time-sensitive nature of cocoa harvesting and post-harvest processing, where delays can result in reduced quality or loss of output.

An important contextual factor is the widespread use of informal, casual, or daily labour in cocoa production. Under such arrangements, workers' actual working hours are often not formally documented, and proof of compliance with limits on working time, rest periods, and leave becomes difficult.

Time recording systems are therefore often inexistent, weak, inconsistent, or subject to manipulation. This is particularly the case where daily or task-based (lump-sum) labour arrangements are used, making it difficult to accurately track hours worked and apply overtime provisions.

Operational and economic pressures also influence working time practices. Enforcing legal limits on working hours and ensuring proper rest periods can lead to increased labour needs, requiring additional workers or the introduction of shift systems. However, labour shortages, especially of skilled harvest workers, and the need for flexibility during peak periods make such adjustments difficult to implement in practice.



#### Legal requirements

Indonesian law establishes clear requirements governing working hours, overtime, rest periods, and leave, which form an integral part of labour regulation and are closely linked to wage compliance. The legal framework provides that standard working hours are limited, with overtime defined as any work performed beyond the normal threshold of 40 hours per week. Overtime is permitted but subject to strict limits, including a maximum of four hours per day and 18 hours per week, and must be compensated according to applicable regulations.

Employers are therefore required not only to respect these working hour limits but also to ensure that any additional hours worked are properly recorded and remunerated. This implies the need for systems to track attendance, working time, and overtime in a reliable and transparent manner. Failure to properly document or compensate overtime would constitute non-compliance with these legal provisions.

The legal framework also establishes mandatory provisions on rest periods and time off. Workers are entitled to rest and leave, including weekly rest periods and other forms of statutory leave, as set out in the Manpower Law and subsequent regulations. These rights are further reinforced under the Job Creation Law framework and its implementing regulations, which govern working time arrangements and ensure that workers are not subjected to excessive or continuous work without adequate rest.

 <b>List of relevant legislation</b>	<ul style="list-style-type: none"> <li>• Law 13/2003 concerning Manpower</li> <li>• Law 6/2023 concerning Job Creation</li> <li>• Regulation 35/2021 concerning fixed-term employment agreements, outsourcing, working hours and rest hours, and termination of employment</li> </ul>				
 <b>References</b>	<ul style="list-style-type: none"> <li>• Yacoub, Y. (2024). Effect of farmworkers' wages on rural unemployment and poverty in Indonesia. Asian Development Policy Review.</li> <li>• Fair Labor (2022). Working conditions in OFI's cocoa supply chain in Indonesia.</li> <li>• FAO (2017). Small family farms country factsheet. Indonesia.</li> <li>• Badan Pusat Statistik (2022). The Statistics of Farm Wages in Rural Areas 2021.</li> <li>• Arifin, B. et al. (2019). Profitability and Labor Productivity in Indonesian Agriculture. World Bank.</li> </ul>				
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		paid leave, especially under informal or casual employment arrangements. This creates a gap between international good practice as expressed in ILO standards and the realities on the ground, exposing workers to risks related to fatigue, income insecurity, and inadequate recovery time.
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## 5.5. Freedom of Association, the Right to Organise and the Right to Collective Bargaining are upheld

### Non-negligible

The widespread use of informal, smallholder-based production systems means that workers are often engaged as casual or seasonal labour, limiting opportunities to form or join trade unions. At the same time, low awareness of labour rights and limited access to worker organisations—particularly in remote rural areas—further restrict the effective exercise of freedom of association.



#### Description of context

In the context of cocoa production in Indonesia, the practical exercise of freedom of association is constrained by structural and operational characteristics of the sector. A key feature is the high prevalence of informal, smallholder-based, and dispersed production systems, where many workers are engaged as casual, seasonal, or family labour rather than as formally employed workers. In such settings, the formation of trade unions or formal worker organisations is uncommon, and workers often lack the structure or continuity of employment needed to organise collectively.

Limited awareness of rights and low levels of organisation among workers further restrict the effective exercise of freedom of association. Workers in rural cocoa-producing areas may have little knowledge of their legal rights and access to existing unions or representative bodies is often limited, particularly in remote areas where cocoa production is concentrated.

While risks of direct anti-union discrimination may be less visible in informal settings, the absence of formal employment relationships can result in a de facto exclusion from collective representation mechanisms, as workers are not integrated into systems where unions typically operate. This creates a gap between legal rights and actual access to those rights in practice.



#### Legal requirements

Indonesian law guarantees freedom of association as a fundamental labour right and establishes clear obligations for employers in this regard. Workers have the legal right to form and join trade unions of their choice without prior authorisation, as set out under national labour legislation. This right is principally governed by the Labour Law (Law No. 13 of 2003) and further detailed in Law No. 21 of 2000 concerning Trade Unions, which provides the framework for the establishment, registration, and operation of labour unions.



Employers are required to respect workers' rights to organise and to participate in union activities, including the ability to engage in collective bargaining through recognised worker representatives. The legal framework prohibits any interference in the formation or management of trade unions and protects workers from discrimination or retaliation related to union membership or activities.

Workers must be able to freely elect their representatives and participate in collective labour relations mechanisms, including collective agreements where applicable. This includes access to mechanisms for dialogue between employers and workers, either through unions or other representative structures.



#### List of relevant legislation

- Law 21/2000 on trade unions
- Law 13/2003 concerning Manpower
- Law 6/2023 concerning Job Creation

 <b>References</b>	<ul style="list-style-type: none"> <li>• Fair Labor (2022). Working conditions in OFI's cocoa supply chain in Indonesia.</li> <li>• American Institutes for Research (2024). Assessment report. Assess efforts of governments, industry, and workers' organizations to address child labor and forced labor in the cocoa sector in Brazil, Ecuador and Indonesia.</li> <li>• Palmer, S. (2008). Freedom of Association and Collective Bargaining: Indonesian Experience 2003–2008. International Labour Organization.</li> <li>• Junaenah, I. (2025). Freedom of association and its restrictions in Indonesia. Societās Working Paper Series.</li> <li>• International Labour Organization (2025). Decent work in food and agricultural supply chains: Trends, challenges and innovations in Asia and the Pacific.</li> <li>• FAO (2017). Small family farms country factsheet. Indonesia.</li> <li>• White, B. &amp; Taylor, M. (2025). Labour and Land in Indonesia: An Introduction. Journal of Agrarian Change.</li> </ul>					
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## 5.6. There are equal opportunities for all, and no discrimination against workers

### Non-negligible

The prevalence of informal and fragmented employment—often involving casual or family labour without formal contracts—creates conditions for unequal treatment in wages, working conditions, and access to benefits, compounded by weak oversight in rural areas. Gender inequalities are particularly pronounced, with women concentrated in lower-paid and less secure roles, while limited monitoring and enforcement further increase the risk that discriminatory practices persist without effective remedy.



#### Description of context

In the context of cocoa production in Indonesia, risks of worker discrimination are closely linked to the informal and fragmented nature of employment relationships. Many workers are engaged as casual, seasonal, or family labour, often without formal contracts, which limits transparency and increases the risk of unequal treatment in wages, working conditions, and access to benefits. These structural disparities are reinforced by limited oversight and weak implementation of formal labour standards in rural and smallholder settings.

Gender-related inequalities are a key concern, with women often concentrated in lower-paid, less secure roles and facing barriers to equal remuneration and opportunities.

Limited monitoring and enforcement capacity in remote cocoa-producing areas contributes to a broader context in which legal protections against discrimination are not consistently implemented, increasing the likelihood that vulnerable groups experience unequal treatment without effective remedy.






#### Legal requirements

Indonesian law establishes clear protections against discrimination in employment as part of its broader labour rights framework. Workers are entitled to equal treatment in employment without discrimination, and employers are prohibited from making distinctions based on factors such as gender, ethnicity, religion, or other personal characteristics. This principle is grounded in the Labour Law (Law No. 13 of 2003) and reinforced through subsequent legislation, including Law No. 6 of 2023, which maintains core protections on equal opportunity and treatment.

Indonesia has also committed to international standards on non-discrimination through the ratification of relevant ILO conventions, notably the Discrimination (Employment and Occupation) Convention (No. 111) and the Equal Remuneration Convention (No. 100), which are reflected in national law. These frameworks require that workers receive equal pay for work of equal value and are not disadvantaged in recruitment, remuneration, promotion, or other employment conditions on discriminatory grounds.

Employers are therefore required to ensure that employment practices, including hiring, wage setting, working conditions, and termination, are free from discrimination. This includes both direct discrimination (explicit unequal treatment) and indirect discrimination (practices that disproportionately disadvantage certain groups).

Indonesian law also provides clear entitlements related to maternity protection, requiring employers to grant paid maternity leave (generally three months, typically split before and after childbirth) and protect women from dismissal on grounds of pregnancy, while also recognising limited paternity leave rights for fathers.

 <b>List of relevant legislation</b>	<ul style="list-style-type: none"> <li>• Law 13/2003 concerning Manpower</li> <li>• Law 6/2023 concerning Job Creation</li> </ul>						
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 <b>Indicators</b>	<p><b>5.6.1 Legal requirements related to gender equality, non-discrimination, and protection from harassment in the workplace are complied with.</b></p> <table border="1" data-bbox="456 1115 1445 1518"> <tr> <td data-bbox="456 1115 730 1518"> <b>Non-negligible (precautionary approach)</b> </td> <td data-bbox="730 1115 1445 1518"> <p>Non-compliance risks in cocoa cultivation in Indonesia include situations where workers are paid unequally for work of equal value, particularly on the basis of gender, or where women are systematically confined to lower-paid, less secure roles, in violation of requirements on equal remuneration and equal opportunity.</p> <p>Additional violations may arise where employers apply unequal conditions in hiring, task allocation, access to benefits, or termination, or where informal arrangements effectively exclude certain groups from legal protections.</p> </td> </tr> </table> <p><b>5.6.2 Workers are free from discrimination and are protected against harassment.</b></p> <table border="1" data-bbox="456 1529 1445 1854"> <tr> <td data-bbox="456 1529 730 1854"> <b>Non-negligible</b> </td> <td data-bbox="730 1529 1445 1854"> <p>There is evidence that, in practice, workers in Indonesia's cocoa sector may experience unequal treatment and structural disparities, even where these do not always constitute clear legal violations. These situations often arise from informal labour arrangements, where differences in wages, job security, or access to benefits can occur without transparent criteria, creating risks of indirect or unintentional discrimination.</p> </td> </tr> </table> <p><b>5.6.3 Gender equality is protected following best practices.</b></p> <table border="1" data-bbox="456 1865 1445 2018"> <tr> <td data-bbox="456 1865 730 2018"> <b>Non-negligible</b> </td> <td data-bbox="730 1865 1445 2018"> <p>Research on agricultural labour shows that female workers are consistently paid less than male workers for similar work, with one study estimating a gender pay gap among casual</p> </td> </tr> </table>	<b>Non-negligible (precautionary approach)</b>	<p>Non-compliance risks in cocoa cultivation in Indonesia include situations where workers are paid unequally for work of equal value, particularly on the basis of gender, or where women are systematically confined to lower-paid, less secure roles, in violation of requirements on equal remuneration and equal opportunity.</p> <p>Additional violations may arise where employers apply unequal conditions in hiring, task allocation, access to benefits, or termination, or where informal arrangements effectively exclude certain groups from legal protections.</p>	<b>Non-negligible</b>	<p>There is evidence that, in practice, workers in Indonesia's cocoa sector may experience unequal treatment and structural disparities, even where these do not always constitute clear legal violations. These situations often arise from informal labour arrangements, where differences in wages, job security, or access to benefits can occur without transparent criteria, creating risks of indirect or unintentional discrimination.</p>	<b>Non-negligible</b>	<p>Research on agricultural labour shows that female workers are consistently paid less than male workers for similar work, with one study estimating a gender pay gap among casual</p>
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		<p>agricultural workers of around 23.6% on average between 2011 and 2019, and even higher gaps in certain years, indicating systematic disparities in remuneration.</p> <p>Labour market analyses confirm that this gap is not fully explained by differences in skills or experience, suggesting that a significant portion of wage differences reflects discrimination rather than objective factors. For example, econometric analysis of national labour force data found that women in Indonesia earn approximately 30% less than men on average, with a substantial share of this gap remaining “unexplained,” pointing to structural or discriminatory influences in wage-setting practices.</p>
<p><b>5.6.4 Right to maternity and paternity leave is ensured as defined by ILO 183 and is observed and implemented.</b></p>		
	<p><b>Non-negligible</b></p>	<p>Many workers—especially women—are not formally employed or registered, meaning that maternity or paternity leave entitlements are often not granted in practice, even where they are legally required.</p> <p>External evidence on Indonesian agriculture reinforces this situation, showing that women are frequently concentrated in informal or uncontracted roles with little access to social protection or employment benefits, including paid leave. This structural informality means that maternity protection is often absent or dependent on informal arrangements rather than legal guarantees, while paternity leave is rarely observed in practice in smallholder or casual labour contexts.</p>

## 6. Economic and trade conditions

*Note: contrary to other sections, this theme scope is going beyond activities at farm or forest level. It includes practices throughout the Indonesia cocoa the supply chain.*

### 6.1. Corruption, fraud and conflict of interest are avoided

#### Non-negligible

Corruption remains a significant issue in Indonesia, with widespread risks affecting business and public administration, including bribery, misuse of resources, and corruption in natural resource sectors such as agriculture. In the cocoa sector, these risks are reinforced by informality, non-transparent practices, and the prevalence of “grey” or facilitation payments, particularly in local administrative processes and supply chains involving intermediaries. Fraud risks are also high due to manual, cash-based systems, weak controls, and performance pressures that can incentivise data manipulation, while enforcement remains constrained by institutional challenges.



#### Description of context

At the national level, corruption remains a significant concern. Indonesia’s Corruption Perceptions Index score remains relatively low (around the mid 30s out of 100), indicating persistent and widespread corruption risks affecting business operations, public services, and regulatory environments. This environment is characterised by issues such as bribery in business transactions, misuse of public resources, and corruption linked to natural resource sectors, all of which are directly relevant to agricultural commodities such as cocoa.

The practical context in the cocoa sector does create some vulnerabilities, as corruption risks are closely linked to the operational environment, where informal practices and non-transparent transactions remain common, particularly at local levels of administration and in upstream supply chains involving farmers and collectors. The presence of “unofficial” or “grey” fees—payments that are not legally mandated but are often perceived as necessary to facilitate permits, logistics, or administrative processes—illustrates how corruption risks can be embedded in day-to-day business operations.

A key contextual factor is the persistence of a “grease payment” culture, where small payments or gifts are normalized and may not always be perceived as corrupt by local actors, even though they fall within the legal definition of bribery or gratification. This is reinforced by structural challenges such as complex and lengthy bureaucratic procedures, multiple administrative touchpoints, and discretionary decision-making in areas like permitting, inspection, and procurement.

The role of third parties further complicates the corruption landscape in cocoa production. Intermediaries such as brokers, vendors, consultants, and local agents are often used to navigate administrative systems or manage supply chain relationships. However, these actors may act as channels for bribery or facilitation payments, while their activities remain difficult to trace or control.

Fraud risks, especially in the form of document and data falsification, are also shaped by the broader operational context of the cocoa sector. Administrative systems in Indonesia are still partly manual and cash-based, particularly in rural and upstream segments. This creates an environment in which fake receipts, fictitious invoices, mark-ups, and double claims can be relatively easily generated. Weak internal controls further increase the risk of manipulation.

	<p>In addition, pressure to meet operational or commercial targets can incentivise fraudulent behaviour. For example, there may be incentives to “beautify” data relating to productivity, land area, wages, working hours, or traceability metrics. When stronger compliance requirements are introduced, the transition away from such practices can initially lead to inconsistencies or disruptions in reported data. Fraud risks are not only technical but also behavioural, linked to performance pressures and organisational culture.</p> <p>Finally, enforcement capacity and institutional effectiveness remain critical constraints. Although Indonesia has a dedicated anti-corruption agency (KPK) and has pursued numerous enforcement actions, its effectiveness has been challenged by political pressures, resource constraints, and governance issues, which can undermine deterrence. Recent corruption cases, including those involving high-level officials and sectors such as agriculture, illustrate that corruption risks persist even within oversight institutions and public administration.</p>
 <p><b>Legal requirements</b></p>	<p>Under Indonesian law, corruption and bribery are explicitly prohibited and governed by a well-established legal framework. The principal legislation is Law No. 31 of 1999 on the Eradication of Corruption Crimes, as amended by Law No. 20 of 2001, which defines and criminalises various forms of corruption, including bribery and the provision or receipt of undue advantages. The framework is reinforced by the Law on the Corruption Eradication Commission (KPK), most recently amended by Law No. 19 of 2019, which establishes the institutional authority for prevention, investigation, and enforcement. Importantly, the legal regime extends beyond direct bribery to include gratuities, which may be treated as bribes unless properly declared through formal reporting mechanisms.</p> <p>Fraud, particularly in the form of document and data falsification, is also clearly criminalised under Indonesian law. The Indonesian Criminal Code (KUHP), including Article 263, establishes that the forgery of documents is a criminal offence, covering the creation, alteration, or use of false documents. This framework is complemented by the National Criminal Code (Law No. 1 of 2023), which modernises and consolidates criminal provisions and came into full effect on 2 January 2026. In addition, the Electronic Information and Transactions (ITE) Law extends these prohibitions to digital contexts, explicitly outlawing the manipulation or falsification of electronic information or documents to make them appear authentic.</p>
 <p><b>List of relevant legislation</b></p>	<ul style="list-style-type: none"> <li>• Law 31/1999 on the eradication of corruption</li> <li>• Law 20/2001 on the eradication of corruption</li> <li>• Law 30/2002 on the corruption eradication commission</li> <li>• Law 19/2019 on the corruption eradication commission</li> <li>• Law 1/2003 on the criminal code</li> <li>• Law 11/2008 on electronic information and transactions</li> </ul>
 <p><b>References</b></p>	<ul style="list-style-type: none"> <li>• Transparency International (2025). Corruption Perceptions Index: Indonesia</li> <li>• Fair Labor (2022). Working conditions in OFI's cocoa supply chain in Indonesia.</li> <li>• IPB University (2024). Study on EUDR Legality Requirements in the Context of Indonesia.</li> <li>• Saya Bumi (2024). The bitter-sweet fate of Indonesian cocoa farmers: Seizing opportunities to strengthen farmers through EUDR.</li> <li>• UN Global Compact Network Indonesia (2022). Indonesian Businesses Take a Stand Against Corruption in the Land-Based Sector.</li> </ul>

	<ul style="list-style-type: none"> <li>• International Anti-Corruption Academy (2023). Country Insights Brief: Indonesia – Global Programme on Measuring Corruption.</li> <li>• Ablaza, C.; Alladi, V.; Pape, U. (2023). Indonesia's Informal Economy: Measurement, Evidence, and a Research Agenda. Policy Research Working Paper; World Bank.</li> <li>• Meilasari-Sugiana, A. et al. (2024). Corruption Eradication in Indonesia: One Step Forward, Two Steps Back, ISEAS Perspective.</li> </ul>	
 <b>Indicators</b>	<b>6.1.1 Legal requirements related to fraud and corruption, including bribery are complied with.</b>	
<b>Non-negligible</b>	<p>Laws prohibiting bribery and gratification (Law No. 31/1999 as amended by Law No. 20/2001) are at risk of being breached through the widespread use of informal or facilitation payments to obtain permits, expedite administrative processes, or manage supply chain operations. Similarly, criminal provisions on document falsification under the Criminal Code and the ITE Law are exposed to violations in contexts where manual, cash-based systems and weak record-keeping facilitate the creation of false invoices, receipts, or production data.</p>	
	<b>6.1.2 Bribery and corruption do not take place.</b>	
<b>Non-negligible</b>	<p>The most likely instances of bribery and corruption in the cocoa production sector in Indonesia occur in interactions with public authorities and within complex, multi-layered supply chains. These typically include facilitation payments or informal fees to obtain or speed up permits, licenses, inspections, or transport approvals, particularly at local levels where discretionary decision-making is common. Corruption risks are also present in dealings with intermediaries such as brokers, agents, or consultants, who may act as channels for unofficial payments to secure contracts, smooth logistics, or maintain access to suppliers.</p> <p>In addition, bribery risks can arise in procurement and service provision, for example through inflated contracts, preferential treatment of certain vendors, or hidden commissions. Fraud-related practices often accompany these risks, including the manipulation or falsification of documents such as invoices, delivery records, or production data to conceal improper payments or misrepresent activities. Risks of bribery or corruption cluster around administrative bottlenecks, third-party relationships, and weakly controlled transactions within the upstream supply chain.</p>	
	<b>6.1.3 Data and document falsification do not occur.</b>	
<b>Non-negligible (precautionary approach)</b>	<p>Risks of data and document falsification exist in the cocoa sector, but they are primarily context-driven rather than organised or systemic in nature. The likelihood of falsification stems from structural factors such as manual, cash-based administrative systems, weak internal controls, and limited</p>	

documentation practices, particularly in upstream supply chains involving smallholders and informal actors. These conditions make it relatively easy to generate inaccurate or manipulated records, such as invoices, receipts, or production data, even without sophisticated fraud schemes.

At the same time, behavioural drivers, including pressure to meet operational targets or comply with new traceability and reporting requirements can lead to “adjusted” or inconsistent data rather than deliberate, systematic fraud. Data and document falsification risks are present and potentially frequent at an operational level, but are not structured or institutionalised practices; rather, they arise from weak systems, informality, and incentive pressures that create opportunities for ad hoc manipulation.

DRAFT

## 6.2. Taxes, fees and royalties are paid according to legal requirements

### Non-negligible

The context of taxes and fees in Indonesia's cocoa sector is characterised by a comprehensive but fragmented legal framework combined with significant practical implementation challenges, particularly linked to informality, weak documentation systems, and uneven governance across the supply chain. A wide range of fiscal obligations may apply—including land and area taxes, royalties or non tax state revenues, VAT, corporate income tax, export duties, and environmental taxes—but their effective application varies significantly depending on the degree of formalisation of actors along the value chain.



#### Description of context

At the production level, land and area taxes such as the Land and Building Tax (PBB) and, in certain cases, resource-related payments or royalties (often classified as PNBP) are legally applicable. However, compliance is frequently constrained by unclear land tenure, poorly organised land data, and overlapping or ambiguous fee structures across administrative levels, which create uncertainty regarding taxable objects and liabilities. These structural issues are compounded by the broader context of Indonesia's agricultural sector, which is dominated by smallholders and informal actors with limited access to formal land registration and documentation systems, thereby reducing the effective tax base.

Across the value chain, VAT and sales tax obligations are clearly defined, but their implementation is also uneven. The high level of informality in upstream supply chains, particularly among farmers and collectors, results in missing or incomplete tax invoices, making VAT collection and crediting mechanisms difficult to apply. VAT compliance in agriculture is globally challenging due to limited bookkeeping and the predominance of small-scale operators, leading governments to adopt simplified or partial regimes for the sector. VAT is more effectively applied at downstream levels, such as exporters, processors, and formal intermediaries, while remaining partial and inconsistent upstream.

Similarly, corporate income tax is legally applicable but unevenly enforced, being primarily relevant to formal entities such as cooperatives, trading companies, and exporters. In practice, compliance is impacted by weak accounting practices, mixing of personal and business finances, and lack of supporting documentation, which can lead to underreporting or tax adjustments during audits.

At the export level, trade and export taxes and fees are more consistently applied, as they are tied to formal export processes and customs controls. Cocoa beans are specifically subject to export duties under Minister of Finance regulations, with tariffs often adjusted based on commodity prices as part of industrial policy aimed at promoting domestic processing. There are however frequent regulatory changes, complexity of requirements, and documentation weaknesses as key challenges.

Environmental taxes, including carbon tax and water-related taxes (surface water tax and groundwater tax), are legally established but remain only partially implemented and not systematically applied to the cocoa sector, particularly for smallholders. Their application depends on the ability to measure and report environmental impacts and is often embedded in permits and levies, making them more relevant to larger or regulated operations.



## Legal requirements

The cocoa sector in Indonesia is subject to a range of taxes and fees, the applicability of which varies depending on the role of the actor (farmers, cooperatives, intermediaries) and the nature of their activities.

At the production level, land-based taxes such as property tax (PBB), including sector-specific versions for plantations, may apply where land is formally registered, alongside potential resource-related levies or fees in cases involving specific land use or permits. Land and area taxes, such as the PBB (including PBB-P3 for plantations, forestry, and mining), are centrally administered and must be paid based on the classification and valuation of taxable land.

In addition, certain sector-linked payments may arise in the form of non-tax state revenues (PNBP), particularly where activities intersect with regulated land or resource frameworks. PNBP-type charges in Indonesia are generally linked to regulated natural resource use and formal licensing, and therefore do not typically apply to small-scale cocoa farmers unless specific conditions are met.

Across the value chain, including cooperatives and intermediaries, value-added tax (VAT) obligations become relevant where entities are formally registered as taxable businesses (PKP), requiring the collection, remittance, and reporting of VAT on transactions. Value-added tax (VAT) obligations are clearly established under Law No. 7 of 2021. Corporate income tax obligations may also apply to formally established businesses, based on their profits, and require appropriate bookkeeping and reporting.


In cases where cocoa is exported, additional taxes and fees may be triggered at the trade level, including export duties on certain commodities and compliance with customs-related charges and documentation requirements. Trade-related taxes and fees are imposed on certain exported goods under the Customs Law (Law No. 17 of 2006), with detailed procedures for export duty collection set out in Minister of Finance Regulation No. 106/PMK.04/2022. These requirements include compliance with customs documentation, classification, and payment of applicable export duties for specific commodities.

Environmental and resource-based taxes, such as water-related taxes (regulated by Law No. 1 of 2022) or carbon-related charges (regulated by Law No. 7 of 2021), may also apply depending on the scale and nature of operations, although their practical application varies.



## List of relevant legislation

- Law 7/2021 on the harmonisation of tax regulations
- Law 1/2022 on financial relations between the central government and local governments
- Law 17/2006 on customs
- Regulation 106/2022 on the collection of export duties
- Regulation 55/2008 on the imposition of export duties on exported goods
- Regulation 128/2011 on the determination of export goods subject to export duties and export duties rates
- Regulation 38/2024 on the designation of export goods subject to export duties and export duty rates
- Regulation 68/2025 on the designation of export goods subject to export duties and export duty rates
- Regulation 87/2016 on the determination of export reference prices for agricultural and forestry products subject to export duties

 <b>References</b>	<ul style="list-style-type: none"> <li>• IPB University (2024). Study on EUDR Legality Requirements in the Context of Indonesia.</li> <li>• Ablaza, C.; Alladi, V.; Pape, U. (2023). Indonesia's Informal Economy: Measurement, Evidence, and a Research Agenda. Policy Research Working Paper; World Bank.</li> <li>• Gobel, M. R. (2024). A Dynamic System Model: Flat Export Duty of Cocoa Beans for Downstreaming of Indonesian Cocoa Industry and Farmers. YUME: Journal of Management, vol. 8</li> <li>• AgroFarm Niaga Sejahtera (2025). Indonesia’s Cocoa Bean Export Duties.</li> <li>• Priyogo, S. &amp; Nasrudin, R. (2023). The Impact of the Alternative Tax Base Measurement Policy on the VAT Revenue Performance in the Indonesian Agricultural Sector. Journal of Taxation Studies, vol. 4.</li> <li>• Purnamasari, M. et al. (2023). The Impact of Government Food Policy on Farm Efficiency of Small-Scale Farmers in Indonesia. Agriculture, vol. 13.</li> <li>• PricewaterhouseCoopers (PwC) Indonesia (2025). Indonesian Pocket Tax Book. Comprehensive overview of tax system and obligations.</li> </ul>					
 <b>Indicators</b>	<p><b>6.2.1 Legal requirements related to payment of royalties, land/area taxes and fees are complied with.</b></p> <table border="1" data-bbox="456 907 1442 1646"> <tr> <td data-bbox="456 907 726 1646"> <b>Non-negligible</b> </td> <td data-bbox="726 907 1442 1646"> <p>Legal requirements related to land and area taxes—particularly the obligation to pay Land and Building Tax (PBB), including PBB P3 for plantation areas—are clearly established in Indonesia, but may be at risk of non-compliance in the cocoa sector due to structural and administrative weaknesses. In particular, violations or gaps in compliance can arise from unclear land tenure or permit status, which makes it difficult to properly identify taxable objects and determine the correct tax liabilities.</p> <p>In addition, incomplete or poorly organised land data (such as area size, coordinates, and valuation/NJOP) can lead to underpayment, disputes, or inconsistent tax assessments. Weak documentation and record-keeping further increase the risk that land-related tax obligations are not fully met.</p> <p>Finally, the presence of multiple fees at different administrative levels, including “non-official” or unclear charges, creates confusion among actors regarding which payments are legally required, increasing the risk of both under-compliance with formal taxes and reliance on informal payments instead of official tax obligations.</p> </td> </tr> </table> <p><b>6.2.2 Legal requirements related to payment of value-added taxes and/or other sales taxes are complied with.</b></p> <table border="1" data-bbox="456 1736 1442 2016"> <tr> <td data-bbox="456 1736 726 2016"> <b>Non-negligible</b> </td> <td data-bbox="726 1736 1442 2016"> <p>The legal framework for VAT and sales taxes in Indonesia well established, with obligations for registered businesses (PKP) to collect, remit, and report VAT. However, in the cocoa sector, the effective level of VAT compliance is constrained by the structure of the supply chain.</p> <p>In practice, VAT payment and reporting are often partial or inconsistent, mainly because a significant share of the cocoa</p> </td> </tr> </table>		<b>Non-negligible</b>	<p>Legal requirements related to land and area taxes—particularly the obligation to pay Land and Building Tax (PBB), including PBB P3 for plantation areas—are clearly established in Indonesia, but may be at risk of non-compliance in the cocoa sector due to structural and administrative weaknesses. In particular, violations or gaps in compliance can arise from unclear land tenure or permit status, which makes it difficult to properly identify taxable objects and determine the correct tax liabilities.</p> <p>In addition, incomplete or poorly organised land data (such as area size, coordinates, and valuation/NJOP) can lead to underpayment, disputes, or inconsistent tax assessments. Weak documentation and record-keeping further increase the risk that land-related tax obligations are not fully met.</p> <p>Finally, the presence of multiple fees at different administrative levels, including “non-official” or unclear charges, creates confusion among actors regarding which payments are legally required, increasing the risk of both under-compliance with formal taxes and reliance on informal payments instead of official tax obligations.</p>	<b>Non-negligible</b>	<p>The legal framework for VAT and sales taxes in Indonesia well established, with obligations for registered businesses (PKP) to collect, remit, and report VAT. However, in the cocoa sector, the effective level of VAT compliance is constrained by the structure of the supply chain.</p> <p>In practice, VAT payment and reporting are often partial or inconsistent, mainly because a significant share of the cocoa</p>
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<b>Non-negligible</b>	<p>The legal framework for VAT and sales taxes in Indonesia well established, with obligations for registered businesses (PKP) to collect, remit, and report VAT. However, in the cocoa sector, the effective level of VAT compliance is constrained by the structure of the supply chain.</p> <p>In practice, VAT payment and reporting are often partial or inconsistent, mainly because a significant share of the cocoa</p>					

		<p>supply chain—especially at the farmer and collector level—operates informally and does not systematically issue proper tax invoices. This makes input–output VAT calculations and tax credit mechanisms difficult to apply correctly, resulting in gaps in collection and potential misreporting even where there is an intention to comply.</p> <p>In addition, compliance is further challenged by the administrative complexity of electronic VAT systems (e-invoice, e-reporting) and the need for strong documentation discipline. As a result, while VAT obligations are formally in place and understood, their effective implementation in the cocoa sector is uneven, with compliance levels depending heavily on the degree of formalisation and capacity of the actors involved.</p>
<p><b>6.2.3 Legal requirements related to payment of corporate taxes are complied with, including profit taxes.</b></p>		
	<p><b>Non-negligible</b></p>	<p>This indicator and risk conclusion is <b>not applicable at farm level</b>, but is relevant at supply chain level (cooperatives, intermediaries, processors, exporters).</p> <p>Corporate income tax obligations are applicable to actors within the cocoa sector, but their practical applicability depends on the level of formalisation of the entity involved. Formal businesses such as cooperatives, exporters, processors, and larger intermediaries are expected to comply with corporate tax rules, including proper bookkeeping, reporting of profits, and payment of income tax in line with regulations set by the Directorate General of Taxes.</p> <p>However, in the cocoa sector, compliance is uneven because a significant portion of upstream actors—particularly smallholder farmers and informal collectors—do not operate as formal corporate entities and therefore may not be fully captured within the corporate tax system. As a result, corporate income tax is more consistently applicable and enforced at downstream or formal business levels, rather than at the farm level.</p> <p>Even where corporate tax is applicable, recurring compliance risks linked to weak bookkeeping practices, mixing of personal and business finances, and lack of supporting documentation can lead to underreporting or fiscal corrections.</p>
<p><b>6.2.4 Legal requirements related to payment of trade and/or export taxes and fees are complied with.</b></p>		
	<p><b>Non-negligible</b></p>	<p>Legal requirements related to trade and export taxes and fees are clearly established under the Customs Law and related implementing regulations, which require exporters to pay applicable export duties and comply with documentation and reporting obligations.</p>

		<p>In the cocoa sector, these obligations are directly applicable to exporters and formal intermediaries, especially where cocoa beans or products are shipped abroad. Compliance requires accurate preparation of export documents (such as invoices, packing lists, and HS codes), timely payment of export duties where applicable, and adherence to evolving regulatory requirements.</p> <p>Compliance is uneven and presents a non-negligible risk, mainly due to frequent regulatory changes, administrative complexity, and weaknesses in documentation. In particular, exporters may face issues such as incorrect classification of goods, incomplete or inconsistent documentation, or delays in adapting to changes in tariffs and reference prices, which can result in sanctions, shipment delays, or detention of goods.</p>
<p><b>6.2.5 Legal requirements related to environmental taxes are complied with.</b></p>		
	<p><b>Negligible</b></p>	<p>Carbon taxes and water-related taxes (PAT/PAP) are legally relevant in Indonesia but only partially applicable—and often not practically applied—to small-scale cocoa farming.</p> <p>In the case of carbon tax, the legal framework (Law No. 7/2021) establishes a potentially broad scope that can cover all emission-generating activities, including agriculture. However, implementation is phased and focused on high-emission sectors, with initial application targeting energy production (e.g. coal-fired power plants) and later expansion to other industries. In practice, this means that small-scale cocoa farming—characterised by low individual emissions and informal structures—is unlikely to be directly subject to carbon tax in the short term, even if agriculture is formally included in the long-term scope. The applicability depends on measurable emissions thresholds and formal participation in regulated systems, which smallholders typically do not meet.</p> <p>Water-related taxes, namely groundwater tax (PAT) and surface water tax (PAP) are local taxes applied to the extraction or use of water resources, generally by individuals or businesses using water commercially. Importantly, regulations often include exemptions for basic uses such as household consumption and small-scale agricultural irrigation, which are prioritised for social and economic reasons. This suggests that typical smallholder cocoa farmers using water for subsistence or small-scale irrigation are unlikely to be directly taxed.</p>

### 6.3. Trade and transport of products are conducted according to legal requirements and do not contribute to illicit trade

#### Non-negligible

Although trade and export requirements for cocoa in Indonesia are clearly defined, their practical application is shaped by a number of structural and operational challenges within the sector. A key contextual element is the fragmented and partly informal nature of the upstream supply chain, where cocoa is sourced from a large number of smallholders and intermediaries. This fragmentation makes it difficult to ensure consistent documentation and traceability of products, which are essential for complying with formal export procedures.



#### Description of context

Documentation quality is a recurring challenge, particularly in relation to export declarations, invoices, and supporting transport records. Incomplete, inconsistent, or inaccurate documentation increases the risk of non-compliance with customs requirements, including misclassification of goods, incorrect valuation, or delays in processing exports. These weaknesses are often linked to limited administrative capacity and insufficient documentation practices among upstream actors, which place additional compliance burdens on exporters.

Another important factor is the complex and frequently evolving regulatory environment governing exports. Changes in export duties, reference prices, and administrative procedures require constant monitoring by exporters. In practice, this creates a risk of non-compliance where actors are unable to keep pace with regulatory updates, leading to potential discrepancies in duty payments or documentation errors.

The role of intermediaries also shapes the application of trade and export requirements. Brokers, collectors, and service providers are often involved in consolidating cocoa and managing logistics, but their activities can reduce transparency and make it more difficult to verify compliance with legal obligations. This introduces additional risks around the accuracy of information provided in export documentation and the overall traceability of the supply chain.




Compliance capacity varies significantly across actors, with larger and more formal exporters generally better equipped to meet trade and export requirements than smaller or less formal entities.



#### Legal requirements

Legal requirements governing the trade and transport of cocoa in Indonesia are primarily structured around customs, export regulations, and administrative compliance obligations, which apply especially to formal actors engaged in domestic trade and export activities. These requirements are anchored in the broader customs framework, notably under the Customs Law and its implementing regulations, which establish mandatory procedures for the movement of goods across borders, including cocoa beans and processed products.

In terms of trade, exporters and intermediaries are required to comply with export licensing, classification, and documentation requirements, including the accurate declaration of goods using the appropriate Harmonised System (HS) codes, preparation of commercial documents such as invoices and packing lists, and submission of export declarations. Export duties may apply depending on the commodity and regulatory updates, and that exporters must ensure timely payment of applicable duties and adherence to frequently updated tariff structures. Compliance also involves alignment

	<p>with ministerial regulations that govern export procedures, pricing references, and administrative controls.</p> <p>Regarding transport, the movement of cocoa within Indonesia and for export is subject to logistics and administrative requirements linked to traceability, documentation, and legality of goods. Operators involved in storage, handling, and transport must maintain proper records proving the legal origin and movement of products, which is necessary for both tax and customs compliance.</p>
 <p><b>List of relevant legislation</b></p>	<ul style="list-style-type: none"> <li>• Law 7/2014 on trade</li> <li>• Law 17/2006 on customs</li> <li>• Regulation 29/2021 on the administration of trade</li> <li>• Regulation 87/2016 on the determination of export reference prices for agricultural and forestry products subject to export duties</li> </ul>
 <p><b>References</b></p>	<ul style="list-style-type: none"> <li>• Fair Labor (2022). Working conditions in OFI's cocoa supply chain in Indonesia.</li> <li>• AgroFarm Niaga Sejahtera (2025). Indonesia's Cocoa Bean Export Duties.</li> <li>• Purnamasari, M. et al. (2023). The Impact of Government Food Policy on Farm Efficiency of Small-Scale Farmers in Indonesia. <i>Agriculture</i>, vol. 13.</li> <li>• Koltiva (2025). Bridging the Compliance Gap: Empowering Indonesia's Agricultural Sector Through Collaboration and Innovation.</li> <li>• The Exporter Magazine (2024). Indonesia Introduces Regulation for Goods Subject to Export Duties.</li> <li>• InCorp Indonesia (2025). Step-by-Step Guide to Exporting Cocoa from Indonesia.</li> <li>• DHL Express Indonesia (2025). Cocoa Market Guide: Import &amp; Export Info – Exploring cocoa trade in Indonesia.</li> </ul>
 <p><b>Indicators</b></p>	<p><b>6.3.1 Legal requirements related to trade and transport of products are complied with.</b></p> <p><b>Non-negligible</b></p> <p>The requirements most at risk of being violated during cocoa transportation in Indonesia relate primarily to documentation, traceability, legality of goods, and compliance with administrative and customs procedures, with risks occurring both in domestic transport and in preparation for export.</p> <p>A key requirement is to maintain complete and accurate transport documentation, including records such as delivery notes, invoices, and proof of origin. During transport, these documents must demonstrate that the cocoa has been legally produced, purchased, and transferred along the supply chain. Weak documentation practices—such as missing, inconsistent, or inaccurate records—are regularly identified as a risk, potentially leading to disputes, delays, or sanctions when goods are checked by authorities or prepared for export.</p> <p>Second, there is a requirement to ensure traceability of goods throughout the supply chain, meaning that actors must be able to track the origin, ownership, and movement of cocoa beans. This is particularly important for customs compliance and for meeting export requirements. However, due to the fragmented nature of the cocoa supply chain and reliance on intermediaries, maintaining full traceability is often challenging.</p>

	<p>Third, transport activities must comply with logistics and administrative controls, including proper recording of movements, alignment with customs procedures, and, where relevant, payment of applicable fees or duties. The administrative burden associated with these requirements can be significant, and that errors or omissions in transport-related documentation can disrupt supply chains or delay exports.</p> <p>Finally, the broader context increases these risks. The combination of informality, reliance on cash transactions, use of intermediaries, and limited administrative capacity means that many actors involved in cocoa transportation are not fully equipped to meet all regulatory requirements consistently.</p>
<b>6.3.2 Legal requirements related to applicable trade restrictions and sanctions are complied with</b>	
<b>Not applicable</b>	<p>Indonesia does not impose strict trade restrictions such as embargoes, export bans, or quotas on cocoa, but it does apply economic and regulatory measures that indirectly influence trade flows.</p> <p>Indonesia applies export duties on cocoa beans, which are a major trade policy instrument affecting the sector. These duties are applied progressively based on international prices and are designed to discourage raw bean exports while encouraging domestic processing. Cocoa beans are explicitly listed among commodities subject to export duties under Indonesian regulations, alongside other strategic raw materials. While not a restriction in the legal sense (such as a ban or quota), these duties effectively limit exports of raw cocoa by making them less economically attractive.</p>
<b>6.3.3 Legal requirements related to the classification of products are complied with.</b>	
<b>Negligible</b>	<p>Errors in classification (e.g. incorrect HS codes), inaccurate quantities, or misdeclared values may occur due to poor documentation or limited technical capacity. However, there is no evidence of systemic mis-classification of cocoa products as those are moved toward export channels.</p>
<b>6.3.4 Legal requirements related to export and/or import are complied with.</b>	
<b>Non-negligible</b>	<p>A first key area of risk concerns incomplete, inaccurate, or inconsistent export documentation. Exporters are required to submit full and correct documentation—such as invoices, packing lists, and export declarations—and errors are common. These may include missing supporting documents, inconsistencies between documents, or inaccurate information (e.g. quantities, values, or origin), which can lead to delays, administrative discrepancies, or sanctions during customs clearance.</p> <p>A second area relates to incorrect classification or declaration of goods, particularly the use of improper Harmonised System</p>

	<p>(HS) codes or misrepresentation of the nature of cocoa products. Such errors can arise from limited technical capacity, evolving regulations, or weak internal controls, and may result in non-compliance with customs requirements, even where there is no intent to evade duties.</p> <p>Traceability and proof-of-origin requirements are also a recurring compliance challenge. Exporters must be able to demonstrate the legal origin and movement of cocoa products across the supply chain, but this is often difficult due to fragmented sourcing from smallholders and intermediaries. As a result, gaps in traceability or insufficient supporting evidence can constitute a failure to meet export requirements. Weak internal controls and reliance on intermediaries are contributing factors. Exporters often depend on third parties (e.g. brokers or logistics providers) to manage documentation and processes, which can reduce oversight and increase the risk of errors or inconsistencies.</p>
<p><b>6.3.5 Legal requirements related to offshore trading and transfer pricing are complied with.</b></p>	
<p><b>Negligible</b></p>	<p>Risks related to offshore trading (e.g. the use of foreign entities or jurisdictions to structure cocoa trade outside Indonesia) are limited and not a significant feature of the cocoa sector context. This is because cocoa exports are generally conducted through formal, physically controlled supply chains and customs processes, which require goods to be declared, documented, and cleared through Indonesian authorities at the point of export. As a result, there is relatively little scope for transactions to be structured entirely offshore without entering the domestic compliance framework.</p>
<p><b>6.3.6 Legal requirements related to due diligence or due care are complied with.</b></p>	
<p><b>Negligible</b></p>	<p>Indonesia does not currently impose a general, economy-wide legal requirement on supply chain actors to perform “due diligence” in the strict sense. Elements of due diligence, due care, and legality verification are indirectly required through multiple legal and regulatory mechanisms. Companies are expected to verify legal compliance (licenses, registration, tax status) of suppliers, but this is part of general compliance checks rather than a formal due diligence regime.</p>
<p><b>6.3.7 Legal requirements related to the harvesting, collection and trade of CITES species are complied with.</b></p>	
<p><b>Not applicable</b></p>	<p>Cocoa is not a CITES-listed species, and CITES legislation is therefore not relevant to the cocoa sector.</p>

# Annex 1: Overview of risk conclusions

<i>Criteria</i>	<i>Indicators</i>
<b>1. Land rights and third parties' rights</b>	
<p>1.1. Land tenure and management rights are secure</p> <p>Non-negligible</p>	<p>1.1.1 Land tenure rights are clearly defined, legally secure, and registered in compliance with applicable legal requirements.</p> <p>Non-negligible</p> <p>1.1.2 Land management rights are clearly defined, legally secure, and registered in compliance with applicable legal requirements.</p> <p>Non-negligible</p>
<p>1.2. Required permits, planning and protection from illegal activities are in place</p> <p>Non-negligible</p>	<p>1.2.1 Harvesting or operational permits are in place and are issued and registered according to legal requirements.</p> <p>Non-negligible</p> <p>1.2.2 Legal requirements for land-use planning and management planning are complied with.</p> <p>Not applicable</p> <p>1.2.3 Land areas under management are protected from illegal encroachment and activities.</p> <p>Negligible</p>
<p>1.3. Rights of third parties are respected</p> <p>Non-negligible</p>	<p>1.3.1 Legal requirements related to the rights of Indigenous Peoples are complied with.</p> <p>Non-negligible</p> <p>1.3.2 Legal requirements related to the rights of Traditional Peoples are complied with.</p> <p>Negligible</p> <p>1.3.3 Legally recognized customary and community rights are identified and respected.</p> <p>Non-negligible</p> <p>1.3.4 The rights of Indigenous Peoples are respected and upheld according to the principles of Free, Prior and Informed Consent (FPIC).</p> <p>Non-negligible</p> <p>1.3.5 The rights of Traditional Peoples are respected and upheld according to the principles of Free, Prior and Informed Consent (FPIC).</p> <p>Non-negligible</p> <p>1.3.6 The rights of local communities are respected and upheld.</p> <p>Non-negligible</p>

**Criteria**

**Indicators**

2. Management activities and environmental protection	
<p>2.1. Management activities are legally conducted</p> <p>Non-negligible</p>	<p>2.1.1 Legal requirements for management activities and related operational requirements are complied with.</p> <p>Non-negligible</p> <p>2.1.2 Legal requirements related to the management of the impacts caused by natural processes such as fires, pests and diseases are complied with.</p> <p>Negligible</p>
<p>2.2. Infrastructure associated with management activities is developed and maintained, ensuring minimum impacts on environmental values</p> <p>Negligible</p>	<p>2.2.1 Legal requirements for the protection of social and environmental values during development and maintenance of infrastructure associated with land-use activities are complied with.</p> <p>Not applicable</p> <p>2.2.2 Development and maintenance of infrastructure associated with land-use activities are done in a way that minimises adverse impacts on social and environmental values.</p> <p>Negligible</p>
<p>2.3. Waste resulting from management activities is managed and minimized</p> <p>Non-negligible</p>	<p>2.3.1 Legal requirements related to the storage, treatment and disposal of waste during management activities are complied with.</p> <p>Non-negligible</p> <p>2.3.2 The volume and impacts of waste storage, treatment, and disposal as a result of management activities are managed and minimised.</p> <p>Non-negligible</p>
<p>2.4. Pollution resulting from management activities is controlled and minimized</p> <p>Non-negligible</p>	<p>2.4.1 Legal requirements related to pollution, resulting from management activities are complied with.</p> <p>Non-negligible</p> <p>2.4.2 Pollution, resulting from management activities is controlled and minimised.</p> <p>Non-negligible</p>
<p>2.5. Water resources are protected and used responsibly during management activities</p> <p>Non-negligible</p>	<p>2.5.1 Legal requirements related to the use and protection of water resources are complied with.</p> <p>Non-negligible</p> <p>2.5.2 Buffer zones are established and maintained around streams, rivers, wetlands, and ponds.</p> <p>Non-negligible (precautionary approach)</p> <p>2.5.3 Water bodies and resources are protected and used responsibly with the aim of ensuring long-term viability.</p> <p>Non-negligible (precautionary approach)</p>

**Criteria**

2.6. Soil is protected during management activities, and negative impacts are minimised with the aim of securing soil's health  
Non-negligible

2.7. Chemicals and fertilizers are used responsibly in management activities with minimal negative impacts on the environment  
Non-negligible

2.8. The use of burning or fire for land preparation and waste management is avoided, whenever possible, and in case of use, it is justified and impacts are minimised  
Non-negligible

2.9. Invasive species in production are controlled and GMOs are not used  
Not applicable

**Indicators**

2.6.1 Legal requirements related to the protection of soils during management activities are complied with.  
Non-negligible

2.6.2 Negative impacts from management activities on soil's physical, chemical and biological conditions are managed and minimised to secure soil health.  
Non-negligible (precautionary approach)

2.7.1 Legal requirements related to the use, application, storage, and disposal of chemicals and fertilizers in management activities are complied with.  
Non-negligible

2.7.2 The use, application, storage, and disposal of chemicals and fertilizers in management activities are conducted in a manner that prevents harm to the environment.  
Non-negligible (precautionary approach)

2.7.3 Hazardous chemicals are not used in management activities.  
Non-negligible

2.8.1 Legal requirements related to the use of open burning/fire in operations for land preparation and waste management are complied with.  
Non-negligible

2.8.2 The use of open burning/fire in operations for land preparation and waste management managed and negative impacts minimized.  
Non-negligible (precautionary approach)

2.9.1 Legal requirements related to the use, monitoring and control of invasive species are complied with.  
Not applicable

2.9.2 The use of invasive species is monitored, controlled and impacts mitigated.  
Not applicable

2.9.3 There is no commercial use of GMO.  
Not applicable

**Criteria**

**Indicators**

3. Ecosystem conversion, degradation and HCV protection	
<p>3.1. Forests and other ecosystems are not converted nor degraded</p> <p style="background-color: #f2f2f2;">Non-negligible</p>	<p>3.1.1 There is no conversion of forests:</p> <ul style="list-style-type: none"> <li>a) Conversion of forests, including plantations after 2008;</li> <li>b) Conversion of natural and semi-natural forests and forest plantations after 31 December 2020;</li> <li>c) Conversion of forests, including plantations, to agriculture after 31 December 2020.</li> </ul> <p style="background-color: #f2f2f2;">Non-negligible (precautionary approach)</p>
	<p>3.1.2 There is no conversion from natural non-forest ecosystems, such as peatland, wetland and biodiverse grassland:</p> <ul style="list-style-type: none"> <li>a) after January 2008;</li> <li>b) after 31 December 2020.</li> </ul> <p style="background-color: #e2efda;">Negligible</p>
	<p>3.1.4 There is no degradation of natural forests since 31 December 2020:</p> <ul style="list-style-type: none"> <li>a) after January 2008;</li> <li>b) after 31 December 2020.</li> </ul> <p style="background-color: #e2efda;">Negligible</p>
	<p>3.1.5 There is no degradation of non-forest natural ecosystems.</p> <p style="background-color: #e2efda;">Negligible</p>
<p>3.2. High conservation values are protected, maintained or enhanced</p> <p style="background-color: #f2f2f2;">Non-negligible</p>	<p>3.2.1 Legal requirements related to biodiversity conservation, protected sites, and the protection of endemic, rare, threatened, or endangered species and their habitats are complied with.</p> <p style="background-color: #e2efda;">Negligible</p>
	<p>3.2.2 Concentrations of biological diversity including endemic species, and rare, threatened, or endangered species that are significant at global, regional or national levels are identified protected, maintained or enhanced (HCV1).</p> <p style="background-color: #f2f2f2;">Non-negligible</p>
	<p>3.2.3 Intact forest landscapes and large landscape-level ecosystems and ecosystem mosaics that are significant at global, regional, or national levels, and which contain viable populations of the great majority of the naturally-occurring species in natural patterns of distribution and abundance, are identified and protected, maintained or enhanced (HCV2).</p> <p style="background-color: #f2f2f2;">Non-negligible</p>
	<p>3.2.4 Rare, threatened, or endangered ecosystems, habitats or refugia are identified and protected, maintained, or enhanced (HCV3).</p> <p style="background-color: #f2f2f2;">Non-negligible</p>

**Criteria**

**Indicators**

3.2.5 Basic ecosystem services in critical situations, including the protection of water catchments and control of erosion of vulnerable soils and slopes, are identified and protected, maintained, or enhanced (HCV4).

Non-negligible

3.2.6 Sites and resources fundamental for satisfying the basic needs of local communities or Indigenous Peoples are identified and protected (HCV5).

Non-negligible

3.2.7 Sites, resources, habitats, and landscapes of global, national or local cultural, archaeological, or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or Indigenous Peoples are identified and protected, maintained, or enhanced (HCV6).

Non-negligible (precautionary approach)

**4. Human rights**

4.1. There is no contribution to international crimes and armed conflict.

Negligible

4.1.1 Harvest or trade in products do not contribute to international crimes and armed conflict.

Negligible

4.2. Modern slavery, including forced and compulsory labour, are not taking place.

Non-negligible

4.2.1 Legal requirements on modern slavery, in all its forms, are complied with.

Non-negligible (precautionary approach)

4.2.2 Modern slavery, in all its forms, is not used, promoted, or supported in any way.

Non-negligible (precautionary approach)

4.3. Child labour is not occurring and employment of young workers is responsibly managed

Non-negligible

4.3.1 Legal requirements related to child labour and young workers are complied with.

Non-negligible

4.3.2 Child labour is not present, and the employment of young workers is responsibly managed.

Non-negligible

**5. Workers' rights**

5.1 Health and safety - facilities and activities are safe and support worker's health

Non-negligible

5.1.1 Legal requirements related to occupational health and safety of workers are complied with.

Non-negligible

5.1.2 Activities are safe and support worker's health, and workers have access to and use appropriate Personal Protective Equipment for the activities undertaken.

Non-negligible

**Criteria**

5.2 Workers' rights related to recruitment and contracting are respected  
Non-negligible

5.3. Workers are paid fairly and responsibly  
Non-negligible

5.4 Working hours, overtime, rest time and time off are fair and responsible  
Non-negligible

5.5. Freedom of Association, the Right to Organise and the Right to Collective Bargaining are upheld  
Non-negligible

5.6 There are equal opportunities for all, and no discrimination against workers  
Non-negligible

**Indicators**

5.1.3 Housing and facilities are safe and support worker's health.  
Negligible

5.2.1 Legal requirements related to contracts, working permits, competence certifications and other training requirements are complied with.  
Non-negligible

5.3.1 Legal requirements related to workers' wages and other payments, such as social insurance, are complied with.  
Non-negligible

5.3.2 Workers' wage meet or exceed recognised standards and/or established living wages for the sector.  
Non-negligible

5.4.1 Legal requirements related to working hours, overtime, rest time and time off, are complied with.  
Non-negligible

5.4.2 ILO conventions related to working hours, overtime, rest time and time off, are complied with.  
Non-negligible

5.5.1 Legal requirements related to the Freedom of Association, the Right to Organise and the Right to Collective Bargaining are complied with.  
Negligible

5.5.2 Workers have the Right to Organise and the Right to Collective Bargaining as specified in the ILO Fundamental Principles and Rights at Work.  
Non-negligible

5.6.1 Legal requirements related to gender equality, non-discrimination, and protection from harassment in the workplace are complied with.  
Non-negligible (precautionary approach)

5.6.2 Workers are free from discrimination and are protected against harassment.  
Non-negligible

5.6.3 Gender equality is protected following best practices.  
Non-negligible

**Criteria**

**Indicators**

6. Economic and trade conditions	
5.6.4 Right to maternity and paternity leave is ensured as defined by ILO 183 and is observed and implemented. Non-negligible	
6.1 Corruption, fraud and conflict of interest are avoided Non-negligible	<p>6.1.1 Legal requirements related to fraud and corruption, including bribery are complied with. Non-negligible</p> <p>6.1.2 Bribery and corruption do not take place. Non-negligible</p> <p>6.1.3 Data and document falsification do not occur. Non-negligible (precautionary approach)</p>
6.2 Taxes, fees and royalties are paid according to legal requirements Non-negligible	<p>6.2.1 Legal requirements related to payment of royalties, land/area taxes and fees are complied with. Non-negligible</p> <p>6.2.2 Legal requirements related to payment of value-added taxes and/or other sales taxes are complied with. Non-negligible</p> <p>6.2.3 Legal requirements related to payment of corporate taxes are complied with, including profit taxes. Non-negligible</p> <p>6.2.4 Legal requirements related to payment of trade and/or export taxes and fees are complied with. Non-negligible</p> <p>6.2.5 Legal requirements related to environmental taxes are complied with. Negligible</p>
6.3. Trade and transport of products are conducted according to legal requirements and do not contribute to illicit trade Non-negligible	<p>6.3.1 Legal requirements related to trade and transport of products are complied with. Non-negligible</p> <p>6.3.2 Legal requirements related to applicable trade restrictions and sanctions are complied with. Not applicable</p> <p>6.3.3 Legal requirements related to the classification of products are complied with. Negligible</p>

**Criteria**

**Indicators**

6.3.4 Legal requirements related to export and/or import are complied with.
Non-negligible
6.3.5 Legal requirements related to offshore trading and transfer pricing are complied with.
Negligible
6.3.6 Legal requirements related to due diligence or due care are complied with.
Negligible
6.3.7 Legal requirements related to the harvesting, collection and trade of CITES species are complied with.
Not applicable

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## Annex 2: Compilation of relevant legislation

Year	Short reference name	Full title (English)	Full title (Indonesian)
2025	Regulation 3/2025 concerning procedures for quarantine measures for the entry of carriers rejected by the destination country or area	Regulation of the Indonesian Quarantine Agency Number 3 of 2025 concerning Procedures for Quarantine Measures for the Entry of Carriers Rejected by the Destination Country or Area	Peraturan Badan Karantina Indonesia Nomor 3 Tahun 2025 tentang Tata Cara Tindakan Karantina terhadap Pemasukan Media Pembawa yang Ditolak Negara atau Area Tujuan
2025	Circular 6/2025 on the prohibition of discrimination in the employment recruitment process	Minister of Manpower Circular Letter Number M/6/HK.04/V/2025 on the Prohibition of Discrimination in the Employment Recruitment Process	Surat Edaran Menteri Ketenagakerjaan Nomor M/6/HK.04/V/2025 tentang Larangan Diskriminasi dalam Proses Rekrutmen Tenaga Kerja
2025	Regulation 68/2025 on the designation of export goods subject to export duties and export duty rates	Ministry of Finance Regulation No. 68 of 2025 Amending Ministry of Finance Regulation No. 38 of 2024 on the Designation of Export Goods Subject to Export Duties and Export Duty Rates	Peraturan Menteri Keuangan Nomor 68 Tahun 2025 tentang Perubahan atas Peraturan Menteri Keuangan Nomor 38 Tahun 2024 tentang Penetapan Barang Ekspor yang Dikenakan Bea Keluar dan Tarif Bea Keluar
2025	Regulation 28/2025 on the implementation of risk-based business licensing	Government Regulation (GR) No. 28 of 2025 on the Implementation of Risk-Based Business Licensing	Peraturan Pemerintah (PP) Nomor 28 Tahun 2025 tentang Penyelenggaraan Perizinan Berusaha Berbasis Risiko
2025	Regulation 37/2025 on business activity standards and/or product/service standards in the implementation of risk-based business licensing in the industrial sector	Ministry of Industry Regulation No. 37 of 2025 on Business Activity Standards and/or Product/Service Standards in the Implementation of Risk-Based Business Licensing in the Industrial Sector	Peraturan Menteri Perindustrian Nomor 37 Tahun 2025 tentang Standar Kegiatan Usaha dan/atau Standar Produk/Jasa pada Penyelenggaraan Perizinan Berusaha Berbasis Risiko Sektor Perindustrian
2024	Regulation 9/2024 on the management of waste containing hazardous and toxic materials and hazardous and toxic waste	Regulation of the Minister of Environment and Forestry Number 9 of 2024 concerning Management of Waste Containing Hazardous and Toxic Materials and Hazardous and Toxic Waste	Peraturan Menteri Lingkungan Hidup dan Kehutanan Nomor 9 Tahun 2024 tentang Pengelolaan Sampah yang Mengandung Bahan Berbahaya dan Beracun dan Limbah Bahan Berbahaya dan Beracun
2024	Regulation 11/2024 on the application of the national framework in the field of hazardous and toxic waste (B3) management	Minister of Environment and Forestry Regulation Number 11 of 2024 on the Application of the Indonesian National Qualifications Framework in the Field of Hazardous and Toxic Waste (B3) Management	Peraturan Menteri Lingkungan Hidup dan Kehutanan Nomor 11 Tahun 2024 tentang Penerapan Kerangka Kualifikasi Nasional Indonesia Bidang Pengelolaan Limbah Bahan Berbahaya dan Beracun
2024	Regulation 14/2024 on the implementation of groundwater business licensing and use approval	Regulation of the Minister of Energy and Mineral Resources Number 14 of 2024 on the Implementation of Groundwater Business Licensing and Groundwater Use Approval	Peraturan Menteri Energi dan Sumber Daya Mineral Nomor 14 Tahun 2024 tentang Penyelenggaraan Izin Pengusahaan Air Tanah dan Persetujuan Penggunaan Air Tanah
2024	Regulation 38/2024 on the designation of export goods subject to export duties and export duty rates	Ministry of Finance Regulation No. 38 of 2024 on the Designation of Export Goods Subject to Export Duties and Export Duty Rates	Peraturan Menteri Keuangan Nomor 38 Tahun 2024 tentang Penetapan Barang Ekspor Yang Dikenakan Bea Keluar Dan Tarif Bea Keluar
2024	Decision 37/2024 on guidelines for the issuance of plantation business registration certificates for cultivation (STD-B)	Decision of the Director General of Plantations No. 37/Kpts./PI.400/03/2024 on Guidelines for the Issuance of Plantation Business Registration Certificates for Cultivation (STD-B)	Keputusan Direktur Jenderal Perkebunan Nomor 37/Kpts./PI.400/03/2024 tentang Pedoman Penerbitan Surat Tanda Daftar Usaha Perkebunan untuk Budidaya (STD-B)
2024	Regulation 14/2024 on the administration of land affairs and the registration of customary land rights of indigenous communities	Regulation of the Minister of Agrarian Affairs and Spatial Planning/Head of the National Land Agency of the Republic of Indonesia No. 14 of 2024 on the Administration of Land Affairs and the Registration of Customary Land Rights of Indigenous Communities	Peraturan Menteri Agraria dan Tata Ruang/ Kepala Badan Pertanahan Nasional Republik Indonesia Nomor 14 Tahun 2024 tentang Penyelenggaraan Administrasi Pertanahan dan Pendaftaran Tanah Hak Ulayat Masyarakat Hukum Adat
2023	Regulation 9/2023 on business licensing and approval for hazardous and toxic waste management	Regulation of the Minister of Environment and Forestry Number 9 of 2023 concerning Business Licensing and Government Approval in the Field of Hazardous and Toxic Waste Management	Peraturan Menteri Lingkungan Hidup Dan Kehutanan Nomor 9 Tahun 2023 tentang Perizinan Berusaha dan Persetujuan Pemerintah di Bidang Pengelolaan Limbah Bahan Berbahaya dan Beracun

Year	Short reference name	Full title (English)	Full title (Indonesian)
2023	Regulation 29/2023 on animal, fish and plant quarantine	Government Regulation No. 29/2023 on the Implementing Regulation of Law No. 21/2019 on Animal, Fish, and Plant Quarantine	Peraturan Pemerintah Nomor 29 Tahun 2023 tentang Peraturan Pelaksanaan Undang-Undang Nomor 21 Tahun 2019 tentang Karantina Hewan, Ikan, dan Tumbuhan
2023	Regulation 45/2026 on the Indonesian quarantine agency	Presidential Regulation No. 45/2023 on the Indonesian Quarantine Agency (Badan Karantina Indonesia)	Peraturan Presiden Nomor 45 Tahun 2023 tentang Badan Karantina Indonesia
2023	Law 6/2023 on job creation	Law Number 6 of 2023 on the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation into Law	Undang-undang (UU) Nomor 6 Tahun 2023 tentang Penetapan Peraturan Pemerintah Pengganti Undang-Undang Nomor 2 Tahun 2022 tentang Cipta Kerja menjadi Undang-Undang
2023	Regulation 51/2023 on wages	Government Regulation of the Republic of Indonesia Number 51 of 2023 on Amendment to Government Regulation Number 36 of 2021 on Wages	Peraturan Pemerintah (PP) Nomor 51 Tahun 2023 tentang Perubahan atas Peraturan Pemerintah Nomor 36 Tahun 2021 tentang Pengupahan
2023	Presidential Regulation 60/2023 on the National Strategy on business and human rights	Presidential Regulation No. 60 of 2023 on the National Strategy on Business and Human Rights	Peraturan Presiden (Perpres) Nomor 60 Tahun 2023 tentang Strategi Nasional Bisnis dan Hak Asasi Manusia
2022	Law 1/2022 on financial relations between the central government and local governments	Law No. 1 of 2022 on Financial Relations between the Central Government and Local Governments	Undang-undang (UU) Nomor 1 Tahun 2022 tentang Hubungan Keuangan antara Pemerintah Pusat dan Pemerintahan Daerah
2022	Regulation 106/2022 on the collection of export duties	Ministry of Finance Regulation No. 106/PMK.04/2022 of 2022 on the Collection of Export Duties	Peraturan Menteri Keuangan Nomor 106/PMK.04/2022 Tahun 2022 tentang Pemungutan Bea Keluar
2021	Regulation 22/2021 concerning the implementation of environmental protection and management	Government Regulation (PP) Number 22 of 2021 concerning the Implementation of Environmental Protection and Management	Peraturan Pemerintah (PP) Nomor 22 Tahun 2021 tentang Penyelenggaraan Perlindungan dan Pengelolaan Lingkungan Hidup
2021	Regulation 4/2021 on business and activities subject to environmental impact	Regulation of the Minister of Environment and Forestry Number 4 of 2021 on business list and/or activities that must have an analysis on the impact on the environment	Peraturan Menteri Lingkungan Hidup Dan Kehutanan Nomor 4 Tahun 2021 tentang Daftar Usaha Dan/Atau Kegiatan Yang Wajib Memiliki Analisis Mengenai Dampak Mengenai Lingkungan Hidup, Upaya Pengelolaan Lingkungan Hidup Dan Upaya Pemantauan Lingkungan Hidup Atau Surat Pernyataan Kesanggupan Pengelolaan Dan Pemantauan Lingkungan Hidup
2021	Regulation 6/2021 on the management of hazardous and toxic waste	Regulation of the Minister of Environment and Forestry Number 6 of 2021 concerning Procedures and Requirements for the Management of Hazardous and Toxic Waste	Peraturan Menteri Lingkungan Hidup Dan Kehutanan Nomor 6 Tahun 2021 tentang Tata Cara Dan Persyaratan Pengelolaan Limbah Bahan Berbahaya Dan Beracun
2021	Regulation 99/2021 concerning the merger of PT Perikanan Nusantara into PT Perikanan Indonesia	Government Regulation Number 99 of 2021 concerning the Merger of PT Perikanan Nusantara into PT Perikanan Indonesia	Peraturan Pemerintah Nomor 99 Tahun 2021 tentang Penggabungan Perusahaan Perseroan (Persero) PT Perikanan Nusantara ke dalam Perusahaan Perseroan (Persero) PT Perikanan Indonesia
2021	Regulation 26/2021 about the organisation of agriculture	Government Regulation No. 26 of 2021 about the Organisation of Agriculture	Peraturan Pemerintah Republik Indonesia Nomor 26 Tahun 2021 tentang Penyelenggaraan Bidang Pertanian
2021	Regulation 35/2021 concerning fixed-term employment agreements, outsourcing, working hours and rest hours, and termination of employment	Government Regulation of the Republic of Indonesia Number 35 of 2021 concerning Fixed-Term Employment Agreements, Outsourcing, Working Hours and Rest Hours, and Termination of Employment	Peraturan Pemerintah Republik Indonesia Nomor 35 Tahun 2021 tentang Perjanjian Kerja Waktu Tertentu, Alih Daya, Waktu Kerja dan Waktu Istirahat, serta Pemutusan Hubungan Kerja
2021	Regulation 36/2021 concerning wages	Government Regulation of the Republic of Indonesia Number 36 of 2021 concerning Wages	Peraturan Pemerintah Republik Indonesia Nomor 36 Tahun 2021 tentang Pengupahan
2021	Regulation 35/2021 on fixed-term employment contracts, outsourcing, working hours and rest periods and termination of employment	Government Regulation (GR) No. 35 of 2021 on Fixed-Term Employment Contracts, Outsourcing, Working Hours and Rest Periods, and Termination of Employment	Peraturan Pemerintah (PP) Nomor 35 Tahun 2021 tentang Perjanjian Kerja Waktu Tertentu, Alih Daya, Waktu Kerja dan Waktu Istirahat, dan Pemutusan Hubungan Kerja
2021	Law 7/2021 on the harmonisation of tax regulations	Law No. 7 of 2021 on the Harmonization of Tax Regulations	Undang-undang (UU) Nomor 7 Tahun 2021 tentang Harmonisasi Peraturan Perpajakan

Year	Short reference name	Full title (English)	Full title (Indonesian)
2021	Regulation 29/2021 on the administration of trade	Government Regulation (GR) No. 29 of 2021 on the Administration of Trade	Peraturan Pemerintah (PP) Nomor 29 Tahun 2021 tentang Penyelenggaraan Bidang Perdagangan
2021	Regulation 18/2021 on management rights, land rights, housing units and land registration	Government Regulation (GR) No. 18 of 2021 on Management Rights, Land Rights, Housing Units, and Land Registration	Peraturan Pemerintah (PP) Nomor 18 Tahun 2021 tentang Hak Pengelolaan, Hak Atas Tanah, Satuan Rumah Susun, dan Pendaftaran Tanah
2020	Regulation 27/2020 for specific waste that requires special treatment	Government Regulation 27/2020 for specific waste that requires special treatment	Peraturan Pemerintah (PP) Nomor 27 Tahun 2020 tentang Pengelolaan Sampah Spesifik
2020	Law 11/2020 on job creation	Law of the Republic of Indonesia Number 11 of 2020 on Job Creation	Undang-Undang Republik Indonesia Nomor 11 Tahun 2020 tentang Cipta Kerja
2020	Regulation 17/2020 on customary forests and HAK forests	Regulation of the Minister of Environment and Forestry No. 17 of 2020 on Customary Forests and HAK Forests	Peraturan Menteri Lingkungan Hidup Dan Kehutanan Nomor 17 Tahun 2020 tentang Hutan Adat dan Hutan HAK
2019	Regulation 43/2019 on pesticide registration	Minister of Agriculture Regulation Number 43 of 2019 on Pesticide Registration	Peraturan Menteri Pertanian Nomor 43 Tahun 2019 tentang Pendaftaran Pestisida
2019	Law 17/2019 concerning water resources	Law of the Republic of Indonesia Number 17 of 2019 concerning Water Resources	Undang-Undang Republik Indonesia Nomor 17 Tahun 2019 tentang Sumber Daya Air
2019	Law 21/2019 concerning animal, fish and plant quarantine	Law of the Republic of Indonesia Number 21 of 2019 concerning Animal, Fish, and Plant Quarantine	Undang-Undang Republik Indonesia Nomor 21 Tahun 2019 tentang Karantina Hewan, Ikan, dan Tumbuhan
2019	Law 22/2019 on the sustainable agriculture cultivation system	Law Number 22 of 2019 on the Sustainable Agriculture Cultivation System	Undang-Undang Nomor 22 Tahun 2019 tentang Sistem Budi Daya Pertanian Berkelanjutan
2019	Presidential Instruction 5/2019 on the suspension of new permits and the improvement of governance of primary natural forests and peatlands	Presidential Instruction (Inpres) No. 5 of 2019 on the Suspension of New Permits and the Improvement of Governance of Primary Natural Forests and Peatlands	Instruksi Presiden (Inpres) Nomor 5 Tahun 2019 tentang Penghentian Pemberian Izin Baru dan Penyempurnaan Tata Kelola Hutan Alam Primer dan Lahan Gambut
2019	Law 19/2019 on the corruption eradication commission	Law No. 19 of 2019 on the Second Amendment to Law No. 30 of 2002 on the Corruption Eradication Commission	Undang-undang (UU) Nomor 19 Tahun 2019 tentang Perubahan Kedua atas Undang-Undang Nomor 30 Tahun 2002 tentang Komisi Pemberantasan Tindak Pidana Korupsi
2019	Regulation 18/2019 on procedures for the administration of customary land of customary law communities	Regulation of the Minister of Agrarian Affairs and Spatial Planning/Head of the National Land Agency of the Republic of Indonesia No. 18 of 2019 on Procedures for the Administration of Customary Land of Customary Law Communities	Peraturan Menteri Agraria dan Tata Ruang/ Kepala Badan Pertanahan Nasional Republik Indonesia Nomor 18 Tahun 2019 tentang Tata Cara Penatausahaan Tanah Ulayat Kesatuan Masyarakat Hukum Adat
2018	Regulation 82/2018 on health insurance	Presidential Regulation of the Republic of Indonesia Number 82 of 2018 on Health Insurance	Peraturan Presiden (Perpres) Nomor 82 Tahun 2018 tentang Jaminan Kesehatan
2018	Regulation 5/2018 on occupational safety and health in the workplace	Regulation of the Minister of Manpower of The Republic of Indonesia No. 5 Of 2018 on occupational safety and health in the workplace	Peraturan Menteri Ketenagakerjaan Republik Indonesia Nomor 5 Tahun 2018 Tentang Keselamatan Dan Kesehatan Kerja Lingkungan Kerja
2018	Regulation 86/2018 on agrarian reform	Presidential Regulation (Perpres) No. 86 of 2018 on Agrarian Reform	Peraturan Presiden (Perpres) Nomor 86 Tahun 2018 tentang Reforma Agraria
2018	Decision 105/2018 regarding guidelines for the issuance of the plantation business registration certificate for cultivation (STD-B)	Decision of the Director General of plantations No. 105/KPTS/PI.400/2/2018 regarding guidelines for the issuance of the plantation business registration certificate for cultivation (STD-B)	Keputusan Direktur Jenderal perkebunan Nomor 105/KPTS/PI.400/2/2018 tentang pedoman penerbitan surat tanda daftar usaha perkebunan untuk budidaya (STD-B)
2018	Decision 283/2018 amendments to the guidelines for the issuance of the plantation business registration certificate for cultivation (STD-B)	Decision of the Director General No. 283/KPTS/PI.400/9/2018 regarding amendments to the decision of the director general of plantations no. 105/KPTS/PI. 400/2/2018 regarding guidelines for the issuance of plantation business registration certificates for cultivation (STD-B)	Keputusan Direktur Jenderal Nomor 283/KPTS/PI.400/9/2018 tentang perubahan atas keputusan direktur jenderal perkebunan nomor 105/KPTS/PI.400/2/2018 tentang pedoman penerbitan surat tanda daftar usaha perkebunan untuk budidaya (STD-B)

Year	Short reference name	Full title (English)	Full title (Indonesian)
2016	Regulation 94/2016 on invasive species	Regulation of the Minister of Environment and Forestry Number P.94/2016 on Invasive Species	Peraturan Menteri Lingkungan Hidup dan Kehutanan Nomor P.94/menlhk/setjen/kum.1/12/2016 Tahun 2016 Tentang Jenis Invasif
2016	Regulation 57/2016 on the protection and management of peatland ecosystems	Government Regulation (GR) No. 57 of 2016 Amending Government Regulation No. 71 of 2014 on the Protection and Management of Peatland Ecosystems	Peraturan Pemerintah (PP) Nomor 57 Tahun 2016 tentang Perubahan atas Peraturan Pemerintah Nomor 71 Tahun 2014 tentang Perlindungan dan Pengelolaan Ekosistem Gambut
2016	Regulation 87/2016 on the determination of export reference prices for agricultural and forestry products subject to export duties	Ministry of Trade Regulation No. 87/M-DAG/PER/12/2016 on the Determination of Export Reference Prices for Agricultural and Forestry Products Subject to Export Duties	Peraturan Menteri Perdagangan Nomor 87/M-DAG/PER/12/2016 tentang Penetapan Harga Patokan Ekspor Atas Produk Pertanian dan Kehutanan yang Dikenakan Bea Keluar
2015	Regulation 28/2015 on river and lake border lines	Minister of Public Works and Public Housing Regulation Number 28/PRT/M/2015 of 2015 on the Establishment of River Border Lines and Lake Border Lines	Peraturan Menteri Pekerjaan Umum dan Perumahan Rakyat Nomor 28/PRT/M/2015 Tahun 2015 tentang Penetapan Garis Sempadan Sungai dan Garis Sempadan Danau
2015	Instruction 11/2015 concerning the improvement of forest and land fire control	Presidential Instruction (Inpres) Number 11 of 2015 concerning the Improvement of Forest and Land Fire Control	Instruksi Presiden (Inpres) Nomor 11 Tahun 2015 tentang Peningkatan Pengendalian Kebakaran Hutan dan Lahan
2015	Regulation 9/2015 on procedures for the establishment of communal land rights for customary law communities and communities located in specific areas	Regulation of the Minister of Agrarian Affairs and Spatial Planning/Head of the National Land Agency of the Republic of Indonesia No. 9 of 2015 on Procedures for the Establishment of Communal Land Rights for Customary Law Communities and Communities Located in Specific Areas	Peraturan Menteri Agraria dan Tata Ruang/ Kepala Badan Pertanahan Nasional Republik Indonesia Nomor 9 Tahun 2015 tentang Tata Cara Penetapan Hak Komunal Atas Tanah Masyarakat Hukum Adat Dan Masyarakat Yang Berada Dalam Kawasan Tertentu
2014	Law 39/2014 on Plantations	Law of the Republic of Indonesia Number 39 of 2014 concerning Plantations.	Undang-Undang Republik Indonesia Nomor 39 Tahun 2014 tentang Perkebunan
2014	Law 37/2014 concerning soil and water conservation	Law of the Republic of Indonesia Number 37 of 2014 concerning Soil and Water Conservation	Undang-Undang Republik Indonesia Nomor 37 Tahun 2014 tentang Konservasi Tanah dan Air
2014	Regulation 107/2014 on pesticide supervision	Minister of Agriculture Regulation No. 107/2014 on Pesticide Supervision	Peraturan Menteri Pertanian Nomor 107/Permentan/SR.140/9/2014 tentang Pengawasan Pestisida
2014	Regulation 71/2014 on the protection and management of peatland ecosystems	Government Regulation (GR) No. 71 of 2014 on the Protection and Management of Peatland Ecosystems	Peraturan Pemerintah (PP) Nomor 71 Tahun 2014 tentang Perlindungan Dan Pengelolaan Ekosistem Gambut
2014	Law 35/2014 on child protection	Law No. 35 of 2014 Amending Law No. 23 of 2002 on Child Protection	Undang-undang (UU) Nomor 35 Tahun 2014 tentang Perubahan atas Undang-Undang Nomor 23 Tahun 2002 Tentang Perlindungan Anak
2014	Law 7/2014 on trade	Law No. 7 of 2014 on Trade	Undang-undang (UU) Nomor 7 Tahun 2014 tentang Perdagangan
2014	Law 6/2014 on villages	Law No. 6 of 2014 on Villages	Undang-undang (UU) Nomor 6 Tahun 2014 tentang Desa
2014	Regulation 52/2014 on guidelines for the recognition and protection of communities governed by customary law	Minister of Home Affairs Regulation No. 52 of 2014 on guidelines for the recognition and protection of communities governed by customary law	Peraturan Menteri Dalam Negeri Nomor 52 tahun 2014 tentang pedoman pengakuan dan perlindungan masyarakat hukum adat
2013	Regulation 98/2013 on guidelines for plantation business licensing	Ministry of Agriculture Regulation No. 98/Permentan/OT.140/9/2013 of 2013 on Guidelines for Plantation Business Licensing	Peraturan Menteri Pertanian Nomor 98/Permentan/OT.140/9/2013 Tahun 2013 tentang Pedoman Perizinan Usaha Perkebunan
2012	Regulation 50/2012 on the implementation of occupational safety and health management systems	Government Regulation (GR) No. 50 of 2012 on the Implementation of Occupational Safety and Health Management Systems	Peraturan Pemerintah (PP) Nomor 50 Tahun 2012 tentang Penerapan Sistem Manajemen Keselamatan Dan Kesehatan Kerja
2012	Law 2/2012 on land acquisition for development in the public interest	Law No. 2 of 2012 on Land Acquisition for Development in the Public Interest	Undang-undang (UU) Nomor 2 Tahun 2012 tentang Pengadaan Tanah Bagi Pembangunan Untuk Kepentingan Umum
2011	Regulation 24/2011 on requirements and procedures for pesticide registration	Minister of Agriculture Regulation No. 24/2011 on Requirements and Procedures for Pesticide Registration	Peraturan Menteri Pertanian Nomor 24/Permentan/SR.140/4/2011 tentang Syarat dan Tata Cara Pendaftaran Pestisida

Year	Short reference name	Full title (English)	Full title (Indonesian)
2011	Regulation 38/2011 on rivers	Government Regulation of the Republic of Indonesia Number 38 of 2011 on Rivers	Peraturan Pemerintah Nomor 38 Tahun 2011 tentang Sungai
2011	Law 24/2011 on the social security agency	Law of the Republic of Indonesia Number 24 of 2011 on the Social Security Agency	Undang-Undang Republik Indonesia Nomor 24 Tahun 2011 tentang Badan Penyelenggara Jaminan Sosial
2011	Presidential Instruction 10/2011 on the suspension of new permits and the improvement of governance of primary natural forests and peatlands	Presidential Instruction (Inpres) No. 10 of 2011 on the Suspension of New Permits and the Improvement of Governance of Primary Natural Forests and Peatlands	Instruksi Presiden (Inpres) Nomor 10 Tahun 2011 tentang Penundaan Pemberian Izin Baru dan Penyempurnaan Tata Kelola Hutan Alam Primer dan Lahan Gambut
2011	Regulation 128/2011 on the determination of export goods subject to export duties and export duties rates	Ministry of Finance Regulation No. 128/PMK.011/2011 of 2011 Amending Ministry of Finance Regulation No. 67/PMK.011/2010 on the Determination of Export Goods Subject to Export Duties and Export Duty Rates	Peraturan Menteri Keuangan Nomor 128/PMK.011/2011 Tahun 2011 tentang Perubahan atas Peraturan Menteri Keuangan Nomor 67/PMK.011/2010 tentang Penetapan Barang Ekspor yang Dikenakan Bea Keluar dan Tarif Bea Keluar
2010	Regulation 08/2010 on personal protective equipment	Regulation of the Minister of Manpower and Transmigration No. PER.08/MEN/VII/2010 on Personal Protective Equipment	Peraturan Menteri Tenaga Kerja dan Transmigrasi No. Per. 08/Men/VII/2010 Tentang Alat Pelindung Diri
2009	Law 32/2009 on Environmental Protection and Management	Law No. 32 of 2009 concerning Environmental Protection and Management	Undang-Undang Nomor 32 Tahun 2009 tentang Perlindungan dan Pengelolaan Lingkungan Hidup
2009	Regulation 29/2009 on guidelines for biodiversity conservation in the regions	Regulation of the State Minister of Environment Number 29/2009 on Guidelines for Biodiversity Conservation in the Regions	Peraturan Menteri Negara Lingkungan Hidup Nomor 29 Tahun 2009 tentang Pedoman Konservasi Keanekaragaman Hayati di Daerah
2008	Law 18/2008 on waste management	Law Number 18 of 2008 concerning Waste Management	Undang-undang (UU) Nomor 18 Tahun 2008 tentang Pengelolaan Sampah
2008	Regulation 15/2008 on first aid in the workplace	Regulation of the Minister of Manpower and Transmigration No. Per. 15/Men/VIII/2008 on First Aid in the Workplace	Peraturan Menteri Tenaga Kerja dan Transmigrasi No. Per. 15/Men/VIII/2008 Tentang P3K di Tempat Kerja
2008	Law 11/2008 on electronic information and transactions	Law No. 11 of 2008 on Electronic Information and Transactions	Undang-undang (UU) Nomor 11 Tahun 2008 tentang Informasi dan Transaksi Elektronik
2008	Regulation 55/2008 on the imposition of export duties on exported goods	Government Regulation (GR) No. 55 of 2008 on the Imposition of Export Duties on Exported Goods	Peraturan Pemerintah (PP) Nomor 55 Tahun 2008 tentang Pengenaan Bea Keluar Terhadap Barang Ekspor
2007	Law 27/2007 on the management of coastal areas and small islands	Law No. 27 of 2007 on the Management of Coastal Areas and Small Islands	Undang-Undang (UU) Nomor 27 Tahun 2007 tentang Pengelolaan Wilayah Pesisir dan Pulau-Pulau Kecil
2007	Law 21/2007 on the eradication of trafficking in persons	Law No. 21 of 2007 on the Eradication of Trafficking in Persons	Undang-undang (UU) Nomor 21 Tahun 2007 tentang Pemberantasan Tindak Pidana Perdagangan Orang
2006	Regulation 07/2006 concerning procedures for measuring standard criteria for soil damage for biomass production	Regulation of the Minister of Environment Number 07 of 2006 concerning Procedures for Measuring Standard Criteria for Soil Damage for Biomass Production	Peraturan Menteri Negara Lingkungan Hidup Nomor 07 Tahun 2006 tentang Tata Cara Pengukuran Kriteria Baku Kerusakan Tanah untuk Produksi Biomassa
2006	Law 17/2006 on customs	Law No. 17 of 2006 Amending Law No. 10 of 1995 on Customs	Undang-undang (UU) Nomor 17 Tahun 2006 tentang Perubahan atas Undang-Undang Nomor 10 Tahun 1995 tentang Kepabeanan
2004	Law 40/2004 on the national social security system	Law of the Republic of Indonesia Number 40 of 2004 on the National Social Security System	Undang-Undang Nomor 40 Tahun 2004 tentang Sistem Jaminan Sosial Nasional
2003	Law 13/2003 on Manpower	Law of the Republic of Indonesia Number 13 Year 2003 concerning Manpower	Undang-Undang Republik Indonesia Nomor 13 Tahun 2003 tentang Ketenagakerjaan
2003	Decision 235/2003 on types of work that endanger the health, safety, or morals of children	Decision of the Minister of Manpower No. KEP.235/MEN/2003 on types of work that endanger the health, safety, or morals of children	Keputusan Menteri Tenaga Kerja No. KEP.235/MEN/2003 tentang jenis pekerjaan yang membahayakan kesehatan, keselamatan, atau moral anak-anak
2003	Law 1/2003 on the criminal code	Law No. 1 of 2023 on the Criminal Code	Undang-undang (UU) Nomor 1 Tahun 2023 tentang Kitab Undang-Undang Hukum Pidana

Year	Short reference name	Full title (English)	Full title (Indonesian)
2002	Law 30/2002 on the corruption eradication commission	Law No. 30 of 2002 on the Corruption Eradication Commission	Undang-undang (UU) Nomor 30 Tahun 2002 tentang Komisi Pemberantasan Tindak Pidana Korupsi
2001	Regulation 74/2001 on hazardous and toxic substance management	Government Regulation of the Republic of Indonesia No. 74/2001 on Hazardous and Toxic Substance Management	Peraturan Pemerintah (PP) Nomor 74 Tahun 2001 tentang Pengelolaan Bahan Berbahaya dan Beracun
2001	Law 20/2001 on the eradication of corruption	Law No. 20 of 2001 Amending Law No. 31 of 1999 on the Eradication of Corruption	Undang-undang (UU) Nomor 20 Tahun 2001 tentang Perubahan Atas Undang-Undang Nomor 31 Tahun 1999 tentang Pemberantasan Tindak Pidana Korupsi
2000	Regulation 150/2000 concerning control of soil damage for biomass production	Government Regulation (PP) Number 150 of 2000 concerning Control of Soil Damage for Biomass Production	Peraturan Pemerintah (PP) Nomor 150 Tahun 2000 tentang Pengendalian Kerusakan Tanah untuk Produksi Biomassa
2000	Law 21/2000 on trade unions	Act Number 21 of 2000 on Trade Unions	Undang-Undang Nomor 21 Tahun 2000 tentang Serikat Pekerja/Serikat Buruh
2000	Law 1/2000 on the ratification of ILO Convention No. 182	Law No. 1 of 2000 on the Ratification of ILO Convention No. 182 Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor	Undang-undang (UU) Nomor 1 Tahun 2000 tentang Pengesahan ILO Convention Nomor 182 Concerning The Prohibition and Immediate Action for Elimination of The Worst Forms of Child Labour (Konvensi ILO Nomor 182 Mengenai Pelarangan dan Tindakan Segera Penghapusan Bentuk-Bentuk Pekerjaan Terburuk untuk Anak)
1999	Act 41/1999 concerning forestry affairs	Act No 41 of 1999 concerning forestry affairs	Undang-Undang Nomor 41 Tahun 1999 Tentang Kehutanan
1999	Law 39/1999 concerning human rights	Law No. 39 of 1999 concerning Human Rights	Undang-undang (UU) Nomor 39 Tahun 1999 tentang Hak Asasi Manusia
1999	Law 19/1999 on the ratification of ILO Convention No. 105	Law No. 19 of 1999 on the Ratification of ILO Convention No. 105 Concerning the Abolition of Forced Labor	Undang-undang (UU) Nomor 19 Tahun 1999 tentang Pengesahan ILO Convention No. 105 Concerning The Abolition of Forced Labour (Konvensi ILO mengenai Penghapusan Kerja Paksa)
1999	Law 20/1999 on the ratification of ILO Convention No. 138	Law No. 20 of 1999 on the Ratification of ILO Convention No. 138 Concerning the Minimum Age for Admission to Employment	Undang-undang (UU) Nomor 20 Tahun 1999 tentang pengesahan ILO Convention No. 138 Concerning Minimum Age for Admission to Employment (Konvensi ILO mengenai Usia Minimum untuk Diperbolehkan Bekerja)
1999	Law 31/1999 on the eradication of corruption	Law No. 31 of 1999 on the Eradication of Corruption	Undang-undang (UU) Nomor 31 Tahun 1999 tentang Pemberantasan Tindak Pidana Korupsi
1998	Decree 83/1998 concerning the Ratification of Convention 87 on freedom of association and protection of the right to organise	Presidential Decree Number 83 of 1998 concerning the Ratification of Convention (Number 87) Concerning Freedom of Association and Protection of the Right to Organise	Keputusan Presiden (Keppres) Nomor 83 Tahun 1998 tentang Pengesahan Convention (Number 87) Concerning Freedom Of Association And Protection Of The Right To Organise (Konvensi Nomor 87 Tentang Kebebasan Berserikat Dan Perlindungan Hak Untuk Berorganisasi)
1997	Regulation 24/1997 on land registration	Government Regulation (PP) No. 24 of 1997 on Land Registration	Peraturan Pemerintah (PP) Nomor 24 Tahun 1997 tentang Pendaftaran Tanah
1992	Law 12/1992 on the plant cultivation system	Law of the Republic of Indonesia Number 12 of 1992 concerning Plant Cultivation System	Undang-Undang Nomor 12 Tahun 1992 tentang Sistem Budidaya Tanaman
1990	Law 5/1990 concerning conservation of living natural resources and their ecosystems	Law of the Republic of Indonesia Number 5 Year 1990 concerning Conservation of Living Natural Resources and Their Ecosystems	Undang-Undang Republik Indonesia Nomor 5 Tahun 1990 tentang Konservasi Sumber Daya Alam Hayati dan Ekosistemnya
1986	Regulation 03/1986 concerning safety and health requirements in workplaces handling pesticides	Regulation of The Minister of Manpower of The Republic of Indonesia No. Per-03/Men/1986 concerning safety and health requirements in workplaces handling pesticides	Peraturan Menteri Tenaga Kerja Republik Indonesia Nomor: Per-03/Men/1986 Tentang Syarat-Syarat Keselamatan Dan Kesehatan Di Tempat Kerja Yang Mengelola Pestisida
1973	Regulation 7/1973 on supervision of the distribution, storage and use of pesticides	Government Regulation of the Republic of Indonesia No. 7/1973 on Supervision (Control) of the Distribution, Storage and Use of Pesticides	Peraturan Pemerintah (PP) Nomor 7 Tahun 1973 tentang Pengawasan Atas Peredaran, Penyimpanan dan Penggunaan Pestisida

Year	Short reference name	Full title (English)	Full title (Indonesian)
1970	Law 1/1970 on Occupational Safety	Law No. 1 of 1970 on Occupational Safety	Undang-undang (UU) Nomor 1 Tahun 1970 tentang Keselamatan Kerja
1960	Law 5/1960 on the basic provisions of agrarian law	Law No. 5 of 1960 on the Basic Provisions of Agrarian Law	Undang-undang (UU) Nomor 5 Tahun 1960 tentang Peraturan Dasar Pokok-Pokok Agraria
1945	Constitution of the State of the Republic of Indonesia of 1945	Constitution of the State of the Republic of Indonesia of 1945	Undang-Undang Dasar Negara Republik Indonesia Tahun 1945

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