

**Non-Negligible Risk** dari Lembar **Assessment of Indicators**

Indicator Category	Risk Indicator	Risk Threshold	Short description of risk
Land use and management	01. Land tenure rights are secured and registered according to legal requirements.	01. 1. Identified laws are not consistently upheld by all entities are often ignored are not enforced by relevant authorities or any combination thereof; 01. 2. Violations of identified laws are not efficiently followed up on by the relevant entities; 01. 3. Violations of identified laws are not followed up by preventive actions taken by the relevant entities.	Indonesia's land tenure system divides land into Forestland and Non-Forest Land, with significant challenges in securing and registering rights. Customary land rights are largely unrecognized due to institutional resistance and prioritization of corporate interests. The Basic Agrarian Law favors large-scale concessions, marginalizing communities. Persistent agrarian conflicts and incomplete reforms highlight systemic barriers to formalizing land rights
	02. Land management rights are in place and registered according to legal requirements.	02. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by relevant authorities, or any combination thereof;; 02. 2. Violations of identified laws are not efficiently followed up on by the relevant entities;; 02. 3. Violations of identified laws are not followed up by preventive actions taken by the relevant entities.	Bennett et al. (2019) highlight significant challenges in recognizing customary land rights in Indonesia. NGOs have mapped 11 million hectares of customary land, yet only 34,000 hectares have received customary licenses, compared to 3.7 million hectares under social forestry programs. Resistance within the Ministry of Environment and Forestry hinders broader recognition, fearing reduced control over Forestland. The Basic Agrarian Law (1960) provides limited recognition of customary law while favoring corporate investments. Agrarian conflicts remain widespread, with over 1,000 cases reported annually between 2021–2022. Laws like the Job Creation Law exacerbate these disputes, highlighting the need for comprehensive land reform.
	03. Forest concession licenses are in place and are issued and registered	03. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by	Indonesia's forest concession licensing is governed by the Forestry Law and the Job Creation Law, overseen by the Ministry of Forestry, managing 125.8 million hectares of Forestland in 2023. Licenses for production and protected

	according to legal requirements.	relevant authorities, or any combination thereof;; 03. 2. Violations of identified laws are not efficiently followed up on by the relevant entities;; 03. 3. Violations of identified laws are not followed up by preventive actions taken by the relevant entities.	forests are issued under strict legal guidelines, but implementation faces challenges, especially with customary land rights. Although 11 million hectares of customary land have been mapped by NGOs, only 34,000 hectares of customary forest licenses were issued by 2019. Institutional resistance and prioritization of corporate concessions over community rights exacerbate disparities. Despite legal reforms, conflicts over land tenure persist, requiring equitable and transparent governance improvements.
	04. Harvesting permits are in place and are issued and registered according to legal requirements.	04. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by relevant authorities, or any combination thereof;	Forest Concession Licenses (Perizinan Berusaha Pengelolaan hutan/PBPH) authorize companies to manage forests for timber, ecosystem services, and economic activities, governed in Indonesia by regulations linked to the Job Creation Law. State-owned enterprises like Perhutani and Inhutani operate under distinct licenses. The licensing process is prone to abuse of authority by bureaucratic officials in the forestry sector, who exploit loopholes in the licensing process.
	05. Legal requirements for land-use and management planning are complied with.	05. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by relevant authorities, or any combination thereof;	Indonesia's Ministry of Environment and Forestry oversees forest law enforcement through the Indonesian Forest Rangers (Polhut). Despite penalties of up to 15 years for illegal logging, offenders often face minimal consequences, and few cases are successfully prosecuted. The country loses 1.6-2.8 million hectares of forest annually due to illegal logging and land conversion, worsened by weak enforcement and management. These challenges underscore the urgent need for stronger measures to protect Indonesia's forests.
Corruption and document or data falsification	10. Legal requirements related to corruption, including bribery, fraud and conflict of	10. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by relevant authorities, or any combination thereof;	Corruption in Indonesia's forestry sector undermines sustainable practices, costing the state IDR 6.03 trillion in 2019. Regulatory weaknesses, overlapping jurisdictions, and lack of transparency foster illegal activities like extortion, state capture, and influence peddling. Studies reveal that 18 of 21 forestry regulations are highly prone to abuse, with

	interest, are complied with.		licensing processes particularly vulnerable. Regulatory disharmony within and across sectors creates loopholes exploited by corrupt actors. High transaction costs, weak policy implementation, and inadequate enforcement exacerbate the issue. Despite legal measures, corruption persists, reflecting broader governance challenges, with Indonesia ranking 115th on Transparency International's 2023 Corruption Perception Index.
	11. All forms of bribery and corruption are avoided.	11. 1. Applicable legislation for the area under assessment covers the requirements under this indicator, but the risk assessment for indicator 10 confirms a designation of 'non-negligible risk';	Corruption in Indonesia's natural resources sector caused IDR 30.5 billion in state losses in 2020, primarily in mining, energy, and forestry. Such corruption fosters oligarchic control, with corporations dominating 94.8% of land and resources. The general population controls only 2.7 million hectares. Transparency International ranked Indonesia 115th out of 180 countries on the 2023 Corruption Perception Index, and its 2022 corruption control percentile was 37.74, highlighting governance issues.
	12. Data and document falsification do not occur.	12. 1. Applicable legislation for the area under assessment covers the requirements under this indicator, but the risk assessment for indicator 10 confirms a designation of 'non-negligible risk';	Valuable documents, including those regulating timber legality, are often misused through forgery. The Muaro Jambi Police uncovered cases of timber transportation using fake documents, violating laws requiring data entry into the SIPUHH system to issue Forest Product Legality Certificates (SKSHH). Reports by Kaoem Telapak and EIA highlighted illegal merbau timber entering supply chains with unrecorded fake SKSHH. Similarly, falsified Timber Legality Verification Certificates (S-VLK) were found in Jombang District. Such forgeries undermine the SVLK system, enabling illegal timber trade and eroding market trust in legally sourced timber.
Management activities and	13. Legal requirements for management activities and related	13. 2. Violations of identified laws are not efficiently followed up on by the relevant entities;	Illegal logging drives deforestation in Indonesia, with 40-55% of timber currently estimated as illegally sourced. The COVID-19 pandemic exacerbated the issue, with reduced law enforcement and increased illegal timber trade. Coastal

environmental protection	operational requirements are complied with.		forests, like mangroves, face significant threats, evidenced by a rise in confiscated illegal logs in Batam. Despite using the SVLK system to verify timber legality, some certified companies engage in timber laundering. Weak and inconsistent law enforcement undermines efforts to combat illegal logging, as highlighted by allegations against SVLK-certified firms in Papua. Sustainable forestry in Indonesia remains challenged by systemic issues and regulatory gaps.
	14. Development and maintenance of infrastructure associated with management activities comply with applicable codes and legal requirements for the protection of environmental values.	14. 1. Identified laws are not consistently upheld by all entities are often ignored are not enforced by relevant authorities or any combination thereof;	Corruption in issuing Environmental Impact Assessments (EIA) in Indonesia has reduced their effectiveness, turning them into formalities, and contributing to environmental degradation. The Job Creation Law (UU CK) shifts to risk-based licensing, easing permits and increasing risks of violations. Companies often fail to meet environmental standards despite EIA approvals, disregarding indigenous rights and international norms. Additionally, loopholes in the Timber Legality Verification System (SVLK) enable illegal logging and deforestation, harming local communities. Stricter oversight and audits are essential to address these vulnerabilities and protect Indonesia's environment.
	15. Development and maintenance of infrastructure associated with management activities is done in a way that minimises adverse impacts on environmental values.	15. 1. Applicable legislation for the area under assessment covers the requirements under this indicator, but the risk assessment for indicator 14 confirms a designation of 'non-negligible risk';	Corruption in Indonesia's Environmental Impact Assessments (EIA) has reduced their effectiveness as a preventive tool, often making them a mere formality. The Job Creation Law further weakened EIAs by introducing risk-based licensing, exempting low-risk businesses and simplifying processes for others. This has raised concerns over insufficient oversight, higher environmental risks, and conflicts with indigenous rights and international standards, even among legally compliant companies.
	16. Legal requirements related	16. 1. Identified laws are not consistently upheld by all entities, are	Indonesia's Ministry of Environment and Forestry (KLHK) reported record-low deforestation of 104,000 hectares in

	to biodiversity conservation, protected sites, and the protection of endemic, rare, threatened, or endangered species and their habitats are complied with.	often ignored, are not enforced by relevant authorities, or any combination thereof;	2021-2022, down from 113,500 hectares the previous year. However, Auriga Nusantara highlighted a sharp increase to 257,384 hectares in 2023, with 73.2% occurring in forest areas, including protected zones. Production forest areas saw the most deforestation, and 47% occurred within concessions like plantations and mines. Illegal logging near wildlife habitats and fluctuating wildlife poaching cases, peaking at 65 in 2019, signal ongoing environmental challenges. Despite progress, these risks remain significant.
	17. Legal requirements relating to the harvesting, collection, and trade of CITES species are complied with.	17. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by relevant authorities, or any combination thereof;	Illegal logging of valuable timber like ramin, sonokeling ( <i>Dalbergia latifolia</i> ), and agarwood has been a persistent issue in Indonesia. Ramin, initially listed under CITES Appendix III, was upgraded to Appendix II in 2004 due to rising concerns, while sonokeling was included in Appendix II in 2017. Authorities intercepted illegal exports of agarwood in 2009 and conducted operations in 2021, seizing large quantities of sonokeling wood. Between 2014-2020, 18 court rulings addressed illegal sonokeling logging, emphasizing the importance of CITES compliance to combat wildlife trade and overharvesting. Despite regulations, challenges in enforcement and non-compliance persist.
	18. The volume and impacts of waste from management activities comply with legal requirements, and are managed and minimised.	18. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by relevant authorities, or any combination thereof;	Corruption in Indonesia's Environmental Impact Assessment process undermines its preventive role, raising concerns about oversight and environmental violations. The Batanghari River Basin faces critical threats from hazardous waste, mining, plantations, and logging, with numerous permits issued. Despite Regulation No. 6/2021 on hazardous waste management, challenges persist in rural areas, including limited access to transporters and storage permits. These issues highlight significant risks to environmental protection.
	19. Pollution resulting from	19. 1. Identified laws are not consistently upheld by all entities, are	Industrial Forest Plantations (HTI) have significantly

	management activities comply with legal requirements, and is controlled and minimised.	often ignored, are not enforced by relevant authorities, or any combination thereof;	contributed to air pollution from forest and land fires, with many fire hotspots in HTI areas. According to the Ministry of Environment and Forestry, 50.54% of HTI concessions (5.65 million hectares) are in peatland ecosystems, including 18.80% in protected peatlands. These areas, mainly in Sumatra and Kalimantan, are highly prone to fires due to their ecological characteristics (Walhi, 2020).
	20. Water resources are protected and used responsibly in compliance with legal requirements, and with the aim of ensuring long-term viability.	20. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by relevant authorities, or any combination thereof;	Corruption in issuing Environmental Impact Assessments (EIA/AMDAL) in Indonesia has weakened its role in preventing environmental damage, raising concerns over oversight and compliance. Even legal operations often fail to meet environmental standards. Concrete issues include the critical condition of the Batanghari watershed, threatened by hazardous waste, mining, monoculture plantations, and logging. In 2019, the area contained 39 Mining Business Permits and one Natural Forest Timber Utilization Permit, exacerbating environmental risks.
	21. Negative impacts on soils from management activities are minimised, and comply with legal requirements.	21. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by relevant authorities, or any combination thereof;	Logging concessions in Indonesia threaten soil protection by exposing soil to erosion, reducing fertility, and disrupting ecosystems. Removing vegetation destabilizes soil, increases runoff, and depletes nutrients, harming forest regeneration and productivity. Deforestation on steep slopes raises landslide risks, while heavy machinery compacts soil, reducing its porosity and hindering water infiltration. These changes degrade water quality, aquatic habitats, and land productivity, posing long-term environmental challenges.
Health and safety	22. Legal requirements related to occupational health and safety are complied with.	22. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by relevant authorities, or any combination thereof;	Occupational health and safety compliance in Indonesia's forestry sector presents significant risks due to poor enforcement, lack of awareness, and hazardous working conditions. Workers face serious health threats, including malaria outbreaks, chemical exposure, and musculoskeletal disorders. Workplace accidents and fatalities are rising, with

			6,552 deaths recorded in 2021. Risks are higher in remote areas due to inadequate oversight, while urban regions have better monitoring but still face governance challenges. Given these persistent issues, OHS violations remain widespread, and without stronger enforcement, worker training, and accountability, the risk remains non-negligible across the country.
	23. Facilities and activities are safe and support worker's health, and workers have access to and use appropriate Personal Protective Equipment commensurate with the activities undertaken.	23. 1. Applicable legislation for the area under assessment covers the requirements under this indicator, and the country has ratified the Occupational Safety and Health Convention (C155)[1] and Promotional Framework for Occupational Safety and Health Convention (C187)[2], but the risk assessment for indicator 22 confirms a designation of 'non-negligible risk';	Indonesia's forestry sector faces significant occupational health and safety (OHS) risks due to inadequate sanitation, poor living conditions, extreme weather exposure, and weak enforcement of safety regulations. Workers are vulnerable to malaria, chemical hazards, and unsafe practices, often lacking proper training and protective equipment. Research highlights misconceptions among supervisors and skepticism toward existing safety measures. Despite established safety guidelines, enforcement remains weak, particularly in remote areas with minimal oversight. While larger cities like Java and Bali experience lower risks due to greater monitoring, systemic governance and corruption issues persist. Consequently, this indicator is considered non-negligible across Indonesia.
	24. The use, application, storage, and disposal of chemicals in management activities addresses the protection of the environment and human health and safety and complies with legal requirements.	24. 1. Identified laws are not consistently upheld by all entities are often ignored are not enforced by relevant authorities or any combination thereof;	IPEN (2006) and Inside Indonesia (2007) revealed widespread misuse of banned pesticides in provinces like Central Java and North Sumatra, with weak enforcement due to regulatory ignorance. Improper storage and overlooked safety protocols cause leaks, contamination, and environmental harm. Workers and communities face acute and chronic health risks, from skin irritation to severe conditions, due to inadequate training and protective equipment.

Human and labour rights	25. Human rights protected under international law, as enshrined in national law, are complied with.	25. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by relevant authorities, or any combination thereof;	Indonesia's forestry sector is governed by international human rights standards, national laws, and initiatives supporting Indigenous Peoples (IPs) and Local Communities (LCs). The 2013 Constitutional Court ruling granted customary communities land rights, reinforced by social forestry programs, though implementation remains slow due to bureaucratic hurdles and land disputes. Human rights violations, including displacement and environmental degradation, persist. Labor rights issues are also widespread, with unregistered workers facing unclear wages, excessive overtime, and poor living conditions. Many lack minimum wage protections and legal benefits, highlighting ongoing challenges in ensuring fair labor practices and protecting community rights across Indonesia's forests.
	27. Legal requirements related to child labour and employment of young workers are complied with.	27. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by relevant authorities, or any combination thereof;	Indonesia faces significant challenges related to modern slavery and child labor. The Global Slavery Index estimates that 1.8 million people live in modern slavery, with a vulnerability score of 49/100. Child labor is widespread, particularly in the palm oil industry, where children as young as 10 to 14 work in hazardous conditions, including carrying heavy loads and exposure to toxic chemicals (Amnesty International, 2016). While reports of child labor in forestry are scarce, Mongabay (2014) documented at least one case in a plantation forest. Economic hardship and early marriages contribute to child labor, requiring stronger enforcement of labor protections.
	28. Child labour is not present, and the employment of young workers is responsibly managed, including related rights as	28. 1. Applicable legislation for the area under assessment covers all ILO Fundamental Principles and Rights at Work, but the risk assessment for indicator 27 confirms a designation of 'non-negligible risk';	The Global Slavery Index for Indonesia shows a vulnerability score of 49/100 and a government response rating of 50/100, with an estimated 1.8 million people living in modern slavery (6.7 per 1,000 population). Child labor reports are prevalent in the palm oil industry but not in the forestry sector. A 2010 ILO report found no evidence of child labor in forestry, though

	specified in the ILO Fundamental Principles and Rights at Work.		one isolated case was reported in a plantation forest by Mongabay. There is no indication of widespread or systematic child labor violations in Indonesia's forestry industry.
	29. Legal requirements related to modern slavery, including forced and compulsory labour, are complied with.	29. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by relevant authorities, or any combination thereof;	Indonesia struggles with modern slavery and labor rights violations, including in its forestry sector. The 2023 Global Slavery Index estimates 1.8 million people live in modern slavery, with a prevalence of 6.7 per 1,000 individuals. The 2024 U.S. Trafficking in Persons Report highlights forced labor in various sectors, though forestry remains underreported. Issues include unregistered workers, undefined wages, lack of overtime pay, substandard housing, and child labor linked to early marriages. Many workers are misclassified as temporary or outsourced, losing benefits. These risks persist across all regions, making labor exploitation a widespread concern requiring stronger enforcement and oversight.
	31. Legal requirements related to the Freedom of Association, the Right to Organise and the Right to Collective Bargaining are complied with.	31. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by relevant authorities, or any combination thereof;	Indonesia struggles to enforce legal protections for freedom of association, the right to organize, and collective bargaining, especially in forestry and agriculture. Many workers remain unregistered, leading to unclear wages, undefined working hours, and lack of overtime pay. Union representation is weak, with some companies establishing unions that lack independence. While data on forestry is scarce, trends in the palm oil sector suggest similar challenges, including informal employment and geographic isolation.
	32. Labour rights related to the Freedom of Association, the Right to Organise and the Right to	32. 1. Applicable legislation for the area under assessment covers all ILO Fundamental Principles and Rights at Work but the risk assessment for indicator 31 confirms a designation of 'non-negligible risk';	Indonesia struggles to enforce legal protections for freedom of association, the right to organize, and collective bargaining, especially in forestry and agriculture. Many workers remain unregistered, leading to unclear wages, undefined working hours, and lack of overtime pay. Union representation is weak, with some companies establishing

	<p>Collective Bargaining are respected, including as specified in the ILO Fundamental Principles and Rights at Work.</p>		<p>unions that lack independence. While data on forestry is scarce, trends in the palm oil sector suggest similar challenges, including informal employment and geographic isolation.</p>
	<p>33. Legal requirements related to the recruitment and employment of workers are complied with.</p>	<p>33. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by relevant authorities, or any combination thereof;</p>	<p>Indonesia's Manpower Law No. 13 of 2003 emphasizes non-discrimination and equal employment opportunities, supported by 2012 guidelines on fair recruitment. However, enforcement challenges persist. In 2024, the Constitutional Court rejected a petition challenging age limits in hiring, leaving concerns about discriminatory practices unaddressed. Additional labor issues include recruitment fees leading to debt bondage, excessive overtime, and informal employment, which denies workers benefits and job security. These risks, prevalent across all regions, indicate significant compliance gaps in ensuring fair employment practices in Indonesia.</p> <p>Hutan rakyat are small, privately managed forests relying on informal labor, where landowners hire workers through local networks. While work conditions are generally mutually agreed upon, the lack of formal contracts and legal protections poses risks. Fair wages, job security, and workers' rights compliance remain concerns, making labor-related risks non-negligible.</p>
	<p>34. Legal requirements related to the contracts and working permits, and requirements for competence</p>	<p>34. 2. Violations of identified laws are not efficiently followed up on by the relevant entities;</p>	<p>Indonesia's Manpower Law No. 13 of 2003 sets regulations for employment contracts, work permits, competency certifications, and training requirements, but enforcement remains weak. LBH Jakarta received 120 labor-related complaints in 2023, including union busting, wage violations, and unfair dismissals, though many cases go unreported due</p>

	<p>certifications and other training requirements are complied with.</p>		<p>to intimidation and economic pressure. Non-registration of employees and informal hiring practices bypass labor protections, denying workers benefits like health insurance and job security. Misclassifying permanent roles as temporary further leads to widespread non-compliance, making labor-related risks significant across Indonesia's workforce.</p> <p>Hutan rakyat are small, privately managed forests relying on informal labor, where landowners hire workers through local networks. While work conditions are generally mutually agreed upon, the lack of formal contracts and legal protections poses risks. Fair wages, job security, and workers' rights compliance remain concerns, making labor-related risks non-negligible.</p>
	<p>35. Legal requirements related to workers' wages and other payments, such as social insurance contributions and the payment of social and income taxes withheld by the employer on behalf of the worker, are complied with.</p>	<p>35. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by relevant authorities, or any combination thereof; 35. 2. Violations of identified laws are not efficiently followed up on by the relevant entities;</p>	<p>Concerns in Indonesia's forestry sector include inadequate labor law enforcement, with SVLK/PHPL audits often neglecting input from unions or workers. Kahutindo reports ongoing labor rights violations in certified operations. Despite government efforts, such as increased budgets for inspections and child trafficking rehabilitation, the Ministry of Manpower faces resource and personnel shortages, hindering enforcement of child labor laws.</p> <p>Hutan rakyat are small, privately managed forests relying on informal labor, where landowners hire workers through local networks for short-term tasks. While this community-based system fosters mutually accepted working conditions, the lack of formal contracts, legal protections, and oversight creates significant risks. Wages, payments, and labor rights remain unregulated, making labor violations non-negligible,</p>

			despite the cooperative nature of these employment arrangements.
	36. Legal requirements related to working hours, overtime, rest time and time off are complied with.	36. 2. Violations of identified laws are not efficiently followed up on by the relevant entities;	<p>Labor law enforcement in Indonesia's forestry sector faces challenges, with SVLK/PHPL audits often relying on checklists and excluding workers' input. Kahutindo highlights labor rights violations even in certified operations. Despite government efforts, including increased budgets for inspections and child trafficking rehabilitation programs, the Ministry of Manpower lacks sufficient resources and personnel to effectively enforce child labor laws nationwide.</p> <p>Hutan rakyat are small, privately managed forests relying on informal labor, where landowners hire workers through local networks for short-term tasks. While this community-based system generally ensures mutual agreements on working conditions, the absence of formal contracts, legal protections, and oversight creates significant risks. Issues related to working hours, overtime, and rest periods remain unregulated, making the risk of labor violations non-negligible despite the cooperative nature of these employment arrangements.</p>
	37. Labour rights related to recruitment and employment, contracts, training, workers' wages and other payments, working hours, overtime, rest time and time off are upheld, including as specified in the ILO		<p>Concerns about labor law enforcement in Indonesia's forestry sector include inadequate SVLK/PHPL verification audits, which often exclude trade unions and workers' input. Kahutindo highlights labor rights violations even in certified operations. Despite government efforts, such as increased funding for labor inspections and support for child trafficking survivors, enforcement remains hindered by insufficient financial resources and manpower within the Ministry of Manpower.</p> <p>Private forests, or *hutan rakyat*, are small, fragmented plots managed by individuals or communities with recognized land</p>

	Fundamental Principles and Rights at Work are upheld.		rights. Land owner usually use people who is known to be able to work and available to work.
	38. Legal requirements related to discrimination against workers are complied with.	38. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by relevant authorities, or any combination thereof;	<p>In Constitutional Court Case No. 35/PUU-XXII/2024, Leonardo Olefins Hamonangan challenged the constitutionality of Article 35(1) of Indonesia’s Manpower Law, arguing it allows discriminatory job recruitment practices, particularly age limits, fostering inequality and exploitation. Drawing comparisons with anti-discrimination policies abroad, he called for clearer regulations prohibiting discrimination unless legally justified. The Court ruled that age restrictions do not constitute discrimination. Separately, Indonesia’s wage system has been criticized for setting minimum wages below poverty levels in many provinces and exempting small businesses and labor-intensive industries, violating the universal right to fair wages as per the WageIndicator 2021 report.</p> <p>Hutan rakyat are small, privately managed forests relying on informal labor, where landowners hire neighboring workers for short-term tasks based on local networks. While this community-driven system fosters mutually accepted working conditions, the lack of formal contracts, legal protections, and oversight poses risks of discrimination. Hiring is often informal, increasing the potential for bias based on gender, ethnicity, or social status, making compliance with anti-discrimination laws difficult to monitor.</p>
	39. There is no discrimination against workers in processes related to hiring, remuneration	39. 1. Applicable legislation for the area under assessment covers all ILO Fundamental Principles and Rights at Work but the risk assessment for	In Constitutional Court Case No. 35/PUU-XXII/2024, petitioner Leonardo Olefins Hamonangan challenged Article 35(1) of Indonesia’s Manpower Law for enabling discriminatory job recruitment practices, particularly arbitrary age limits. He argued this fosters inequality,

	<p>and access to training, promotion, termination, or retirement, including related rights as specified in the ILO Fundamental Principles and Rights at Work.</p>	<p>indicator 38 confirms a designation of 'non-negligible risk';</p>	<p>exploitation, and inconsistent interpretations, contrasting it with anti-discrimination policies in countries like Germany. The Court ruled age restrictions are not discriminatory. Separately, Indonesia's wage laws are criticized for exemptions allowing small businesses and labor-intensive industries to bypass minimum wage rules, leaving most workers uncovered. WageIndicator 2021 deemed these exemptions a violation of universal rights to fair wages, exacerbating income inequality in a country where many minimum wages are below poverty levels.</p> <p>Hutan rakyat are small, privately managed forests relying on informal labor, where landowners hire neighboring workers for short-term tasks based on local networks. While this community-driven system fosters mutually accepted working conditions, the lack of formal contracts, legal protections, and oversight creates non-negligible risks regarding discrimination.</p>
	<p>40. Legal requirements related to gender equality in the workplace are complied with.</p>	<p>40. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by relevant authorities, or any combination thereof;</p>	<p>Women's labor force participation has stagnated at 50%, compared to 78% for men, with persistent wage gaps: women earn about 70% of men's wages in formal sectors and 50% in informal sectors. Women face limited access to secure, lucrative jobs and reduced work hours. However, women's formal employment increased from 31% in 2001 to 48% in 2019 due to formal sector growth. Informal work remains prevalent, especially for rural women. Gender wage gaps vary by sector, with the largest in agriculture and informal services, while high-paying sectors like finance show parity. Education reduces gaps when women access productive roles.</p> <p>Hutan rakyat are small, privately managed forests relying on informal labor, where landowners hire neighboring workers</p>

			for short-term tasks based on local networks. While this community-driven system fosters mutually accepted working conditions, the lack of formal contracts, legal protections, and oversight creates non-negligible risks regarding gender discrimination.
	41. Gender equality is protected following best practices, including ensuring availability of job opportunities, equal remuneration for work of equal value and sufficient maternity and paternity leave, and other related rights as specified in the ILO Fundamental Principles and Rights at Work.		<p>Women's labor participation in Indonesia stagnates at 50%, compared to 78% for men, with persistent wage gaps: women earn 70% of men's wages in formal sectors and 50% in informal sectors. While formal employment for women rose from 31% in 2001 to 48% in 2019, rural women dominate unpaid, non-wage work. Gender wage gaps are widest in agriculture and informal services but narrow in finance. A study highlights disparities in access to paid maternity leave, favoring permanent employees (66.9%) over contract workers (58.9%). These issues reflect gender-based labor discrimination, despite women's growing presence in formal, productive roles.</p> <p>Hutan rakyat are small, privately managed forests relying on informal labor, where landowners hire neighboring workers for short-term tasks based on local networks. While this community-driven system fosters mutually accepted working conditions, the lack of formal contracts, legal protections, and oversight creates non-negligible risks regarding gender discrimination.</p>
Third parties rights	42. Legal requirements related to the rights of Indigenous Peoples are complied with.	42. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by relevant authorities, or any combination thereof;	Indonesia's land governance is divided between Forestland, managed by the Ministry of Forestry, and non-Forestland, regulated by the Land Authority. Forestland covers 125.8 million hectares, while non-Forestland spans 66.5 million hectares. Customary land rights face institutional resistance, limiting recognition despite NGO efforts to map 11 million hectares. Laws disproportionately favor corporate interests, marginalizing indigenous and local communities. Agrarian

			conflicts remain widespread, with 660 cases reported between 2020-2023, often linked to national projects. Efforts to reform land governance laws face delays due to vested interests, exacerbating inequality and hindering sustainable development.
	43. The rights of Indigenous Peoples, including land tenure and management, are respected and upheld according to the principles of FPIC.	43. 4. Substantial evidence of the widespread or systematic violation of Indigenous Peoples' rights exists;	Indonesia's land use is divided between Forestland (125.8 million hectares) managed by the Ministry of Forestry and Non-Forestland (66.5 million hectares) under the Land Authority. Corporate concessions dominate land use, overshadowing community forestry and indigenous land rights, which face institutional resistance. Customary land rights, though recognized, are poorly implemented, with only 34,000 hectares granted in 2019. Agrarian conflicts are widespread, with 660 cases reported from 2020-2023, often linked to national projects. Laws favor corporate investments, limiting equitable land use and marginalizing local communities. Efforts to reform land governance face challenges from political resistance and vested interests.
	44. Legal requirements related to the rights of Traditional Peoples are complied with.	44. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by relevant authorities, or any combination thereof;	Indonesia's land use is divided between Forestland (125.8 million hectares) under the Ministry of Forestry and non-Forestland (66.5 million hectares) under the Land Authority, with systemic challenges in equitable land use and tenure rights. Customary land rights face institutional resistance, with only 34,000 hectares formally recognized despite NGOs mapping 11 million hectares. The Basic Agrarian Law limits individual ownership, favoring corporate investment and marginalizing smallholders. Agrarian conflicts remain high, with 660 reported between 2020-2023, exacerbated by laws like the Job Creation Law. Efforts for legal reform face delays, reflecting vested interests and limited political will for sustainable land governance.

	<p>45. The rights of Traditional Peoples, including land tenure and management, are respected and upheld according to the principles of FPIC.</p>	<p>45. 3. Substantial evidence of widespread or systematic violation of Traditional Peoples' rights exists;</p>	<p>Indonesia's land use is divided into Forestland (125.8 million hectares in 2023, under the Ministry of Forestry) and non-Forestland (66.5 million hectares, under the Land Authority). Customary land rights remain minimally acknowledged due to institutional resistance and corporate interests. Only 34,000 hectares of customary licenses were granted by 2019, compared to 3.7 million hectares for social forestry. Agrarian laws favor corporate investment, limiting individual landownership and marginalizing local communities. From 2020-2023, 660 agrarian conflicts were reported, driven by national projects and regulatory barriers. Efforts for reform face challenges from political inertia and conflicting interests, hindering sustainable development.</p>
	<p>46. Legally recognised customary and community rights are identified and respected.</p>	<p>46. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by relevant authorities, or any combination thereof;</p>	<p>Indonesia's land use is divided into Forestland (125.8 million hectares, 2023) under the Ministry of Forestry and non-Forestland (66.5 million hectares) managed by the Land Authority. Forestland governance favors corporate concessions over community or customary rights, despite the 2013 Constitutional Court's recognition of customary land. Resistance to customary recognition stems from fears of revenue loss. The Basic Agrarian Law (1960) disproportionately benefits corporations, limiting individual and community land rights. Efforts for reform face vested interests. From 2020-2023, agrarian conflicts, driven by strategic projects and systemic legal issues, totaled 660 cases, highlighting Indonesia's land governance challenges.</p>
	<p>47. The rights of local communities are respected and upheld.</p>	<p>47. 4. Evidence indicates widespread or systematic violation of the rights of local communities.</p>	<p>Indonesia's land use is divided into Forestland (125.8 million hectares in 2023) under the Ministry of Forestry and non-Forestland (66.5 million hectares) under the Land Authority. Forestland is primarily dominated by corporate concessions, with limited recognition of customary rights despite the 2013 Constitutional Court decision. Only 34,000 hectares of</p>

			customary licenses were granted by 2019, compared to 3.7 million hectares under social forestry. Land laws favor corporate investments, marginalizing smallholders and indigenous communities. Agrarian conflicts remain widespread, with over 1,000 cases reported between 2021-2022. Reform efforts are hindered by political resistance, vested interests, and regulatory challenges.
	48. Interaction with Indigenous Peoples, Traditional Peoples and local communities is conducted in a respectful and culturally appropriate manner.	48. 1. Applicable legislation for the area under assessment covers the requirements under this indicator, but the risk assessment for indicators 42, 44, and 46 confirms a designation of 'non-negligible risk';	Indonesia's land is divided into Forestland (125.8 million ha) and Non-Forestland (66.5 million ha), regulated by different authorities. Customary land rights are legally recognized but rarely enforced, with corporate concessions dominating. Legal frameworks favor large-scale investment, limiting Indigenous land tenure. Conflicts over land persist, driven by inadequate consultation and forced evictions. Agrarian reforms remain stalled due to bureaucratic resistance and corporate interests.
Trade and transport	49. Legal requirements related to the trade and transport of products are complied with.	49. 1. Identified laws are not consistently upheld by all entities, are often ignored, are not enforced by relevant authorities, or any combination thereof;	Efforts to combat illegal logging and improve forest security in Indonesia remain ineffective, with practices rampant in protected and conservation areas. The SVLK certification system aims to ensure timber legality but focuses on permit documentation without addressing corruption in permit issuance. Illegal logging in Bukit Tigapuluh, Tebo Regency, involves large investors using local workers and heavy equipment. Authorities uncovered cases of timber transport without proper legality documents or using forged or reused SKSHH certificates. These methods often implicate both timber owners and transporters, revealing systemic issues and corruption in forest governance and law enforcement.
	51. Legal requirements related to the classification of products are complied with.	51. 2. Violations of identified laws are not efficiently followed up on by the relevant entities;	The SI-PUHH database enhances transparency and accountability in timber production by enabling traceability across planning, harvesting, and processing stages. However, a study by the Corruption Eradication Commission highlights discrepancies between reported and actual

			production volumes, revealing weaknesses in data verification and field validation. The system's reliance on self-assessment allows for potential data manipulation, and limited field checks reduce its effectiveness. Additionally, SI-PUHH lacks mechanisms to halt the circulation of illegal timber within the industry, undermining its ability to ensure full transparency and accountability in timber management.
	53. Legal requirements relating to offshore trading and transfer pricing are complied with.	53. 2. Violations of identified laws are not efficiently followed up on by the relevant entities;	Indonesia has adopted OECD Transfer Pricing Guidelines and made strides in addressing transfer pricing issues through staff training, BEPS implementation, and inter-agency coordination. However, challenges persist, particularly in high-risk sectors like forestry. Indonesia loses billions annually to tax avoidance, with a tax-to-GDP ratio of 10%, below the regional average of 13–15%. In 2015, transfer pricing caused income losses of \$15.6 billion, mainly in commodities. Capacity constraints, such as limited staffing, and the exclusion of transfer pricing compliance from the Indonesia/EU Voluntary Partnership Agreement's framework, hinder enforcement, leaving significant issues unaddressed.
Conversion and forest degradation	55. There is no conversion from natural forest and no transformation of plantations to agricultural use since 31 December 2020.	55. 1. Evidence indicates that conversion from natural forest to agriculture is occurring.	Indonesia's forest conversion for plantations has caused severe environmental and social impacts. Oil palm expansion drove 32% of deforestation (2001–2019), and pulpwood plantations worsened peatland loss in 2023. However, Indonesia's net deforestation fell from 1.9 million hectares (1990-1996) to 133,000 hectares (2022-2023), suggesting recent regulations and moratoriums are yielding positive results.
	56. There is no conversion from natural forest to land uses other than agriculture since 31 December 2020.	56. 2. Any of the following are true: a) Conversion of natural forests to land uses other than agriculture since 31 December 2020 in the area under assessment is more than 0.02% gross annual loss of natural forest area;	Indonesia's forests are increasingly cleared for biomass energy and mining, causing environmental and social harm. Wood pellet production for export has driven deforestation since 2021, while mining caused over 50% of forest loss (2000–2019). However, deforestation rates dropped from 1.9

		<p>b) Evidence indicates that degradation of natural forests is occurring on a widespread or systematic basis. c) There are projects that allow for conversion of natural forest in areas containing environmental values and evidence indicates that conversion is happening.</p>	<p>million hectares (1990–1996) to 133,000 hectares (2022–2023), suggesting regulatory measures may be working.</p>
	<p>57. There is no degradation of natural forests since 31 December 2020.</p>	<p>57. 2. Any of the following are true: a) The degradation since 31 December 2020 in the area under assessment is more than 0.02% of the total natural forest area on average per year; b) Evidence indicates that forest degradation is occurring on a widespread or systematic basis.</p>	<p>Indonesia faces significant deforestation driven by biomass energy production, mining, and agricultural expansion, especially palm oil plantations. Between 2021 and 2023, large areas of primary forests were cleared, with 292,000 hectares lost in 2023, releasing 221 million metric tons of CO<sub>2</sub> emissions. The rise in palm oil plantations from 14.32 million hectares in 2018 to 17.3 million in 2024 exacerbates the issue. Despite a 2019 moratorium on forest and peatland clearing, deforestation persists due to prior permits and enforcement challenges. Policies exist to mitigate deforestation, but illegal activities and weak enforcement hinder their effectiveness.</p>
<p>High Conservation Values</p>	<p>58. Concentrations of biological diversity including endemic species, and rare, threatened, or endangered species that are significant at global, regional or national levels are identified and protected,</p>	<p>58. 1. HCV 1 is identified, or its occurrence is likely in the area under assessment and is threatened by management activities.</p>	<p>Java, Indonesia’s most populous island, is a critical biodiversity hotspot with numerous endemic species, but faces severe threats from deforestation, habitat loss, illegal wildlife trade, and invasive species. Forest cover has dwindled to 24%, endangering species like the Javan Slow Loris, Gibbon, Hawk-Eagle, Rhinoceros, and Leopard. Illegal bird trade is rampant, with weak enforcement allowing markets to thrive. Invasive plants disrupt ecosystems, with 67 species identified across national parks. High population density and economic activities exacerbate biodiversity loss. Stronger conservation, stricter enforcement, and proactive</p>

	maintained or enhanced (HCV1).		management of invasive species are urgently needed to protect Java's unique ecosystems and wildlife.
	58. Concentrations of biological diversity including endemic species, and rare, threatened, or endangered species that are significant at global, regional or national levels are identified and protected, maintained or enhanced (HCV1).	58. 1. HCV 1 is identified or its occurrence is likely in the area under assessment and is threatened by management activities.	Deforestation in Indonesia, driven by logging, agriculture, and infrastructure development, threatens biodiversity-rich regions like Sumatra, Kalimantan, and Papua. Illegal deforestation endangers species such as the Sumatran and Bornean orangutans, sun bears, and Sumatran tigers, while palm oil expansion devastates habitats and impacts indigenous communities. Between 1985 and 2001, 56% of Kalimantan's protected rainforests were lost, severely affecting ecosystems and Dipterocarpaceae plants. Unsustainable logging in West Kalimantan threatens endemic <i>Vatica</i> species, fragmenting forests and increasing their vulnerability. These activities jeopardize the ecological integrity of globally significant habitats, highlighting the urgent need for conservation efforts.
	59. 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	59. 1. HCV 2 is identified, or its occurrence is likely in the area under assessment and is threatened by management activities.	Deforestation in Kalimantan, Sumatra, and Papua is driven by logging, agriculture, mining, and infrastructure development, fragmenting forests and enabling illegal activities. Between 2000–2016, Kalimantan lost significant forest cover, while Sumatra's forests were largely converted for oil palm plantations, reducing fire-resistant primary forests. Papua, holding 38% of Indonesia's primary forests in 2012, faces escalating threats from logging and agriculture. Despite a 2011 moratorium on forest clearance, deforestation persists due to weak oversight and regulatory gaps. In 2015, Kalimantan saw the highest forest loss in moratorium areas, followed by Sumatra and Papua, highlighting the policy's limited effectiveness.

	protected, maintained or enhanced (HCV2).		
	60. Rare, threatened, or endangered ecosystems, habitats or refugia are identified and protected, maintained, or enhanced (HCV3).	60. 1. HCV 3 is identified, or its occurrence is likely in the area under assessment and is threatened by management activities.	HCV 3 aims to identify and protect rare or endangered ecosystems, such as karst forests, peatlands, and heath forests. In Indonesia, karst ecosystems face destruction from limestone mining for cement production, leading to habitat loss and ecological risks like drought. Peatlands are severely threatened by agricultural expansion, particularly for oil palm plantations, causing greenhouse gas emissions and increased fire risks. The 2015 peat fires highlighted these dangers, with widespread environmental and health impacts. The exploitation of these unique ecosystems poses critical environmental and socio-economic challenges, emphasizing the need for urgent action to mitigate these threats.
	61. 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 (HCV4).	61. 1. HCV 4 is identified, or its occurrence is likely in the area under assessment and is threatened by management activities.	High Conservation Value (HCV) 4 areas, including forests, wetlands, and mangroves, are vital for ecological balance but are threatened by timber operations in Indonesia. Logging causes soil erosion, sedimentation, flooding, and water quality degradation, as seen in Sumatra and Kalimantan. Peatland deforestation leads to land subsidence, carbon emissions, and fire risks, notably in Riau and Papua. Coastal mangrove loss exacerbates erosion, biodiversity decline, and climate vulnerability, impacting fisheries and communities. Additionally, monoculture plantations degrade soil health, increasing erosion risks. Recent fires in timber concessions highlight inadequate fire management, underscoring the environmental challenges of Indonesia's forestry sector.
	62. Sites and resources fundamental for satisfying the basic	62. 1. HCV 5 is identified, or its occurrence is likely in the area under assessment and is threatened by management activities.	High Conservation Value (HCV) 5 areas in Indonesia are vital for local communities, providing essential resources like food, water, and fuel. However, forestry operations and

	needs of local communities or Indigenous Peoples are identified and protected (HCV5).		biomass production threaten these areas, leading to deforestation, ecosystem disruption, and conflicts over customary land rights. Weak governance and delays in identifying HCV areas exacerbate the issue, allowing unchecked forest clearance. Notable cases, such as APRIL's alleged deforestation, emphasize the need for sustainable forestry practices, stricter enforcement, community involvement, and adherence to conservation guidelines to balance commercial forestry with the protection of critical ecosystems and local livelihoods.
	63. Sites, resources, habitats, and landscapes of global or national 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 (HCV6).		Mining, palm oil expansion, and urbanization in Indonesia are causing severe environmental and social impacts. On Kabaena Island, mining pollutes water, destroys forests, and harms marine life, endangering local livelihoods and health. In Papua, the Awyu tribe faces displacement as palm oil concessions encroach on 36,000 hectares of ancestral land, with the Supreme Court upholding corporate permits. In Enggros village, Jayapura, mangrove forest degradation from urbanization threatens women's traditional livelihoods and cultural practices. These issues highlight the toll of resource exploitation and industrial growth on communities, ecosystems, and cultural heritage.

