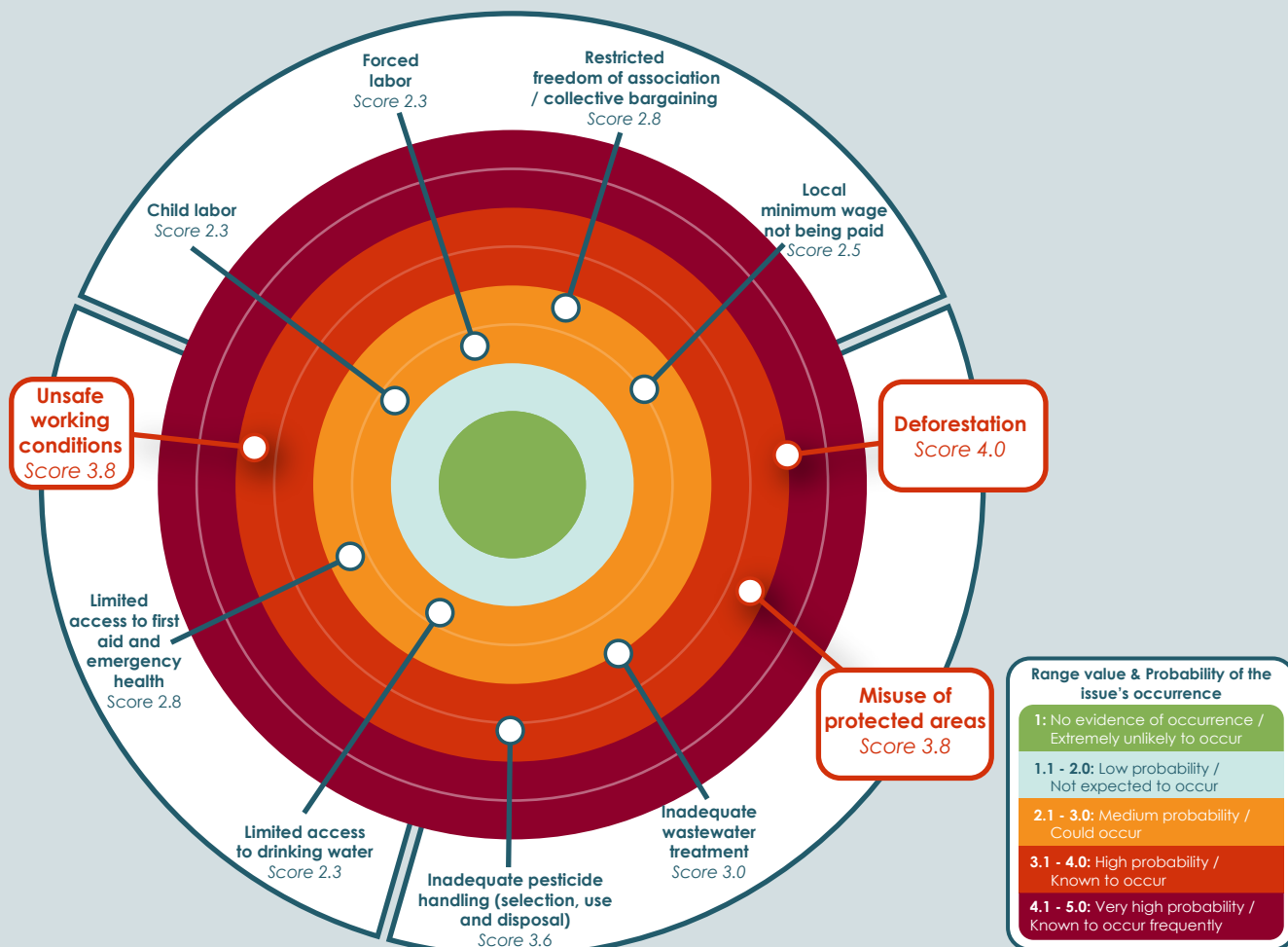


ORIGIN ISSUE ASSESSMENT



INDONESIA - PERFORMANCE CRITERIA¹

Indonesia is currently the world's 3rd largest producer and 2nd largest exporter of Robusta. However, production is largely constrained by low farm yields. 90% of Indonesian coffee is produced by approximately 1.5 million smallholder farmers, with an average farm size of less than one hectare. Coffee produced by plantations, e.g. the state-owned PTPN12, account for 10% of the total country's production. Currently, about 7% of Indonesia's coffee exports are certified or verified "sustainable" (Technoserve, 2013). Indonesia has national laws in place to prevent or reduce the occurrence of the studied issues. However levels of law enforcement vary largely per issue, and in most cases are not sufficiently enforced.



TOP 3 ISSUES

Deforestation - Score 4.0

Indonesia has national laws in place to prevent or reduce the occurrence of deforestation, but the laws are not sufficiently enforced. Conversion of forested land to coffee cropland has occurred in many regions of the country (UTZ, 2016; Neilson, 2008). In remote parts of national parks where enforcement activities were lax or non-existent, forest areas were reported to be rapidly replaced by low-grade Robusta coffee plantations (Gaveau et al., 2009). In contrast, farmers in some regions have been practicing sustainable agroforestry for generations, producing coffee while still maintaining the forest (Medica, 2015). Coffee has also been legally planted in community forests via governmental provision of licenses to indigenous people (Expert interview, 2016). | JDE performance criteria 8.1

Misuse of protected areas - Score 3.8

Current enforcement levels of policies related to protected areas are found to be inadequate to protect biodiversity in Indonesia (Supriatna et al., 2008). Coffee production areas are commonly found to overlap with national parks, especially those located in northern and southern Sumatra, posing a direct threat to habitat loss in these areas (GMAP, 2012). As a result, coffee production in Indonesia is reported to be responsible for severe negative impacts on biodiversity, particularly in Sumatra (WWF, 2007). | JDE performance criteria 8.2

Unsafe working conditions- Score 3.8

Even though current laws are sufficient for implementing the necessary occupational safety and health (OSH) measures, Indonesia still faces problems with OSH enforcement (AMRC, 2013). As documented by Amnesty International (2016), workers and farmers who deal with chemicals do not have adequate information on the chemicals they handle nor on the specific health risks associated with these chemicals. It was reported that while applying pesticides, farmers generally do not use the necessary protective equipment (Expert interview, 2016; Sekiyama et al., 2007). | JDE performance criteria 6.1 & 6.4

¹ UTZ compiled this information on topics selected by JDE. It is based on publicly available data and expert elicitation. UTZ took reasonable care in compiling this document. However, UTZ gives no warranty or guarantee as to the accuracy, timeliness, completeness or suitability of the information and errors and omissions cannot be excluded. Neither UTZ, nor JDE will be liable for damage as a result of inaccuracies or incompleteness in the information. More information about the issues, methodology and sources is available at www.JDE.com/OIA (to be defined by JDE).

ORIGIN ISSUE ASSESSMENT

UGANDA - PERFORMANCE CRITERIA

SCORES AND SUMMARY

Inadequate pesticide selection, application, use and disposal | Score 3.6

The Government of Indonesia has adopted an Integrated Pest Management (IPM) strategy as the national policy for controlling pests on agricultural crops. However, in the coffee sector the use of Carbaryl (a hazardous pesticide) is still commonly seen despite governmental regulations on prohibiting the use of this chemical on coffee plants (Media, 2011; GMAP, 2012). Workers in general lack proper training and understanding on how to use pesticides. Used bottles with pesticide residues were found being dumped at various places in the villages (Sekiyama et al., 2007) and a few non-conformities were detected during UTZ audits (UTZ, 2015). | *JDE performance criteria 7.1 - 7.4*

Inadequate wastewater treatment, separation, and quality monitoring | Score 3.0

It was reported that the majority of coffee farmers do not adequately treat and monitor the quality of the wastewater (Expert interview, 2016). A few cases of non-conformities related to inadequate treatment of wastewater from coffee processing were detected during UTZ audits (UTZ, 2015). The discharge of untreated water is more common among smallholders (Expert interview, 2016). | *JDE performance criteria 9.1 - 9.3*

Limited access to medical care (first aid and emergency health) | Score 2.8

The law requires employers to provide first aid and welfare facilities. By 2019, the government aims to get both informal and formal workers covered by health insurance through an integrated national health scheme (GIZ 2013; Media, 2015). However, many informal workers currently work without health insurance. Compared to small coffee farms, larger plantations are reported to provide workers with better access to medical care (Expert interview, 2016). | *JDE performance criteria 6.2*

Restrictions on freedom of association/collective bargaining | Score 2.8

The Indonesian constitution legally protects people to exercise their rights of freedom of association (USSD, 2015; GMAP 2012). Although no violations of the right to form associations and collective bargaining have been found in the coffee sector, a number of violent attacks on workers have been revealed in other sectors (USSD, 2015; Media 2015, 2016). There are different reports on whether unions have been able to bargain for the minimum wage (Media, 2015). | *JDE performance criteria 4.1*

Local minimum wage not being paid | Score 2.5

Indonesia has legislation for setting minimum wages, but government enforcement remained inadequate in practice. While the minimum wage is fixed at the provincial level, there has been opposition from workers related to delayed and lower payments than legally set, as well as a lack of collective bargaining on setting the minimum wage. (Social Hotspot Database, 2016; Media, 2015). | *JDE performance criteria 5.1*

Child labor | Score 2.3

Indonesia has national laws prohibiting children under age 14 from being employed, except for light work that doesn't interfere with school. In 2015, Indonesia made a moderate advancement in efforts to eliminate the worst forms of child labor (USDOL, 2015). Coffee produced in Indonesia is not on the US Department of Labour's List of Goods Produced by Child Labor (2014), but child labour is found in the agricultural sector related to production of palm oil, tobacco, rubber, and fishing (USDOL, 2014). | *JDE performance criteria 2.1*

Forced labor | Score 2.3

Although the government has ratified international conventions and national laws are in place to eliminate forced labour in the country. Indonesia still has difficulties in effectively enforcing their laws (USSD, 2016). No significant evidence of forced labour in the coffee sector has been found recently but the issue is reported to occur in six other commodities produced in Indonesia (i.e. fish, rubber, gold, oil palm, footwear, tobacco) (USDOL, 2014). | *JDE performance criteria 3.1*

Limited access to drinking water | Score 2.3

Since 2001, local governments have made good progress in providing more equal access to water supply to low income communities in both rural and urban areas (World Bank, 2015). A few non-conformities relating to drinking water were found during UTZ audits (UTZ, 2015). | *JDE performance criteria 6.3*

OTHER ISSUES:

Climate change

Climate variability is affecting Indonesian coffee production, with extreme weather patterns and prolonged drought in some parts of the country (UTZ, 2016). These changes are projected to drastically reduce the total area of climatically suitable land for coffee production across the country by 2050 (Schroth, 2015). In addition, decreased rainfall during critical periods of the year may translate into yield reduction, especially for Arabica (GMAP, 2012).

Gender (in)equality

Inequality faced by Indonesian women takes place in various forms, including discrimination, unequal wages, and lack of access to resources and decision making processes (UNDP, 2016; IIS, 2011). For example, it was reported that women in the cocoa sector were discriminated against and receive on average 25% less wage than men, given the same amount of work (Oxfam, 2013; Amnesty International; 2016).