

Indigenous Rights Affirmed in RSPO Ruling Over Palm Oil Development in Indonesia

In response to the complaint by the Luak Talang Parit community against PT Inecda, a subsidiary of S&G Biofuel Pte Ltd that operates palm plantations in Indragiri Hulu district, Riau Province, Indonesia, the Roundtable on Sustainable Palm Oil (RSPO) Appeals Panel (AP) delivered a decisive ruling in March 2025 upholding the community's claims. The complaint, made in March 2021, centered on allegations that PT Inecda had developed oil palm plantations on customary land without obtaining the Free, Prior, and Informed Consent (FPIC) of the Talang Parit community, excluded them from participating in required plasma plantation schemes, and failed to provide an accessible and effective grievance mechanism.

The Luak Talang Parit community argued that despite their customary land not having formal government recognition, their rights should be respected under the RSPO principles and criteria. They asserted that PT Inecda's plantation development violated these protections, especially given the lack of meaningful consultation and exclusion from benefits derived from plasma plantations. The company initially contested these claims, with the argument that Talang Parit community is not recognized as a customary law community under Indonesian law. However, the AP's decision reaffirmed the importance of recognizing customary rights regardless of formal titles.

The panel found that PT Inecda had indeed exceeded the RSPO minimum requirement (20%) by developing 23% of its plantation area as plasma plantations. However, the Talang Parit community was unfairly excluded from participation in this scheme. Moreover, the company failed to conduct participatory mapping of customary land prior to plantation development, a critical step required to respect and uphold community rights and obligations. This lack of mapping undermined the company's ability to engage meaningfully with the community and fulfill equitable benefit-sharing commitments.

In addition to these findings, the AP identified serious shortcomings in PT Inecda's grievance mechanism. The mechanism was poorly communicated and was not effectively used to address the community's concerns, contravening RSPO standards that require accessible and functional grievance procedures for affected communities.

As a consequence, the AP rejected PT Inecda's appeal and upheld the RSPO Complaints Panel's (CP) original decision. The company is now mandated to undertake participatory mapping with the Luak Talang Parit community to clearly define customary land boundaries. Based on these results, PT Inecda must reassess and fulfil its plasma plantation obligations to ensure fair inclusion of the community. Additionally, the company must improve, communicate, and implement its grievance mechanism so that the community has reliable means to address disputes.

This ruling sends a strong message affirming the protection of customary land rights within the palm oil sector and underscores the need for companies to engage transparently and respectfully with Indigenous and customary communities in accordance with RSPO principles.

AsM Law Office, a founding member of the Zero Tolerance Initiative, provides legal and advocacy support to the communities.