

KTNC Watch condemns Korean NCP for failing to provide remedies to indigenous peoples who have lost their forest for life to palm oil plantations

- Empty "ESG Management Recommendations" inattentive to victims' voices are only deceptive
- Korea's NCP should do its part in providing remedies for victims instead of advertising company and government policies

Seoul, Jakarta, 21 January 2022 - On the 18th of January, the Ministry of Trade, Industry and Energy (MOTIE) announced the final statement after the mediation proceeded by the Korea National Contact Point (NCP) for the OECD Guidelines for Multinational Enterprises regarding the environmental and human rights violations on POSCO International's palm oil plantation in Indonesia. The complainants, Korea Transnational Corporations Watch (KTNC Watch) and Yayasan Pusaka Bentala Rakyat, SKP-KAMe, WALHI Papua, Indonesia NGOs, expressed deep regret that the case was closed without providing effective remedies to the victims of environmental and human rights violations.

The NCP under the OECD Guidelines for Multinational Enterprises is a state-based, non-judicial grievance mechanism that helps to provide remedies through mediation to parties whose rights have been violated by corporations' breach of the OECD Guidelines. However, even after going through the complaint process for more than two years, the indigenous peoples affected by large-scale deforestation and water pollution during the development and operation of POSCO International's palm oil plantation were unable to access the remedies.

During the mediation process, POSCO International adopted the NDPE (No Deforestation, No Peat, No Exploitation) policy and obtained RSPO (Roundtable on Sustainable Palm Oil) certification, but this voluntary certification procedure cannot substitute for mandatory due diligence process to prevent human rights and environmental violations within the corporate supply chain.ⁱ The adoption of an NDPE policy is an announcement of a promise made voluntarily by the company and thus devoid of accountability for any failure of implementation. There have been reports that labor exploitation, deforestation, and land grabbing are still prevalent in the supply chain of RSPO-certified operators as well.ⁱⁱ In fact, human rights and environmental violations continue to be found in palm oil production despite the fact that many palm oil producers and distributors worldwide have adopted NDPE policies and received RSPO certification several years ago. Thus, what is more important than policy adoption is implementation.

Undeterred by such concerns raised by the complainants, the Korea NCP evaluated POSCO International's adoption of the NDPE policy and acquisition of RSPO certification as "best practices under the Guidelines" in its final statement.ⁱⁱⁱ This is an endorsement of the company's claims without any detailed review for palm oil producers' implementation of OECD Guidelines for Multinational Enterprises, to which the complainants express deep regrets.

Throughout the mediation process, the Korea NCP was not ready to listen especially to the Indonesian complainants. In order for the victims of environmental and human rights violations of multinational corporations to utilize the NCP procedure, multilingual support is needed not only on the website but also throughout the process, which was undeniably lacking. In addition, the Korea NCP did not provide interpretation services while the Indonesian complainants were participating in the mediation. The first evaluation and the final statement

were published only in Korean, making it impossible for local Indonesian complainants to fully understand the progress.

Yet, the government is in a hurry to promote the Korean NCP as a system that can contribute to ESG management. ESG management should be carried out by implementing the standards under the OECD Guidelines and UNGP not to be used as promotion for the companies. The responsibility of the corporations is to conduct the mandatory human rights due diligence throughout the supply chains. However, ESG management which the government insists does not seem to include these measures.

Furthermore, the Ministry of Trade, Industry and Energy issued a press release even before sending the final decision to the parties involved in the complaint process,^{iv} indicating that they are indifferent to resolving the case and are only interested in using NCP as a means of policy promotion.

The voice of companies is already loud enough. What is more urgent than anything else now is to bring out the voices of those affected by environmental and human rights violations of companies and to ensure the victims to access remedies and to restore the damaged environment. In order to better reflect the opinions of the parties, the Korea NCP should timely notify the parties with the progress of the complaint, readily provide interpretation services in the process, and refrain from making premature evaluations reflecting the unilateral claims of the company. Whether POSCO International's adoption of the NDPE policy and RSPO certification can be an exemplary case for implementing the Guidelines should be found through the voices of victims, not through corporate reports.

Note for editors

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ⁱ European Parliament resolution of 22 October 2020 with recommendations to the Commission on an EU legal framework to halt and reverse EU-driven global deforestation (2020/2006(INL))

https://www.europarl.europa.eu/doceo/document/TA-9-2020-0285_EN.html

ⁱⁱ Forests Burning Questions Credibility of sustainable palm oil still illusive (February 2021),

<https://eia-international.org/wp-content/uploads/Burning-Questions-2021-SPREADS.pdf>

ⁱⁱⁱ The final statement on the complaint case of OECD guidelines for plantation oil plantation development in Indonesia (Korean)

https://ktncwatch.org/documents/31/220118_%E1%84%8B%E1%85%B5%E1%86%AB%E1%84%83%E1%85%A9%E1%84%82%E1%85%A6%E1%84%89%E1%85%B5%E1%84%8B%E1%85%A1_%E1%84%91%E1%85%A1%E1%86%B7%E1%84%8B%E1%85%B2_%E1%84%82%E1%85%A9%E1%86%BC%E1%84%8C%E1%85%A1%E1%86%BC_%E1%84%80%E1%85%A2%E1%84%87%E1%85%A1%E1%86%AF_%E1%84%80%E1%85%AA%E1%86%AB%E1%84%85%E1%85%A7%E1%86%AB_%E1%84%89%E1%85%A1%E1%84%80%E1%85%A5%E1%86%AB_%E1%84%8E%E1%85%AC%E1%84%8C%E1%85%A9%E1%86%BC%E1%84%89%E1%85%A5%E1%86%BC%E1%84%86%E1%85%A7%E1%86%BC%E1%84%89%E1%85%A5.pdf

^{iv} Press release from MOTIE (Korean)

[http://www.motie.go.kr/motie/ne/presse/press2/bbs/bbsView.do?bbs_seq_n=165175&bbs_c\[...\]ntPage=11&search_key_n=title_v&cate_n=1&dept_v=&search_val_v=](http://www.motie.go.kr/motie/ne/presse/press2/bbs/bbsView.do?bbs_seq_n=165175&bbs_c[...]ntPage=11&search_key_n=title_v&cate_n=1&dept_v=&search_val_v=)