

On the Hook for a Job

How migrant workers in the palm oil and seafood industries become trapped in slavery



Every year, millions of migrant workers become unwittingly enslaved through the actions of unscrupulous labor brokers. These brokers charge exorbitant recruitment fees, do not provide contracts or change contract terms, or impose unreasonable deductions from promised wages and may retain workers' documents to prevent them from returning home. These are the hallmarks of bonded labor and indentured servitude, and these workers are the victims of human trafficking and modern day slavery.

Building on current and upcoming legislation requiring supply chain reporting and a growing awareness of the enormous risks posed by modern slavery in corporate supply chains, responsible investors are using their leverage to create and/or strengthen corporate supply chain policies to eradicate unethical and illegal hiring practices.

The 'pay for work' practice is especially prevalent at the commodity-sourcing level of the food supply chain. "Because commodity sourcing exposes companies to these trafficking and slavery risks," said Senior ICCR Program Director David Schilling, "ICCR has launched the *No Fees* campaign, an initiative designed to encourage companies to create robust management systems which will ensure that workers in their immediate and extended supply chains are recruited ethically and not forced to pay for employment." The *No Fees* campaign will initially focus on promoting ethical recruitment practices in key companies in the palm oil and seafood industries before eventually scaling up to the 50-plus companies that ICCR members are already engaging on human rights issues in the electronics, apparel, and extractives sectors. The project is funded in part by a grant from Humanity United.

Most Americans have a somewhat romanticized notion of how seafood makes its way onto their dinner plates. Visions of small fishing boats run by families living in picturesque fishing villages along the Atlantic and Pacific coasts tell only part of the story. While the U.S. does have a robust fishing industry, most of the shrimp consumed in the U.S. is sourced from Southeast Asia, Ecuador and Mexico, while our tuna comes from Thailand, the Philippines, and Vietnam,

and our tilapia is sourced from the waters off China's coasts.

Due to the largely unregulated nature of the overseas fishing industry, abusive working conditions are endemic both on boats and in fish farms. According to a report on Thailand's Fishing Industry by the Environmental Justice Foundation and underwritten by Humanity United, "Multiple reports over the past five years have documented abuses of trafficked boat workers in Thailand, including bonded labor, excessive working hours, little or no pay, threats of violence, physical abuse and murder."

Because workers are required to be away from their homes and families for extended periods of time, the work day is long and physically demanding and wages are extremely low, it's a job that few people with any real choices want. As a result, boats and farms are typically crewed by economically vulnerable migrant workers.

Working conditions on palm oil plantations are equally dire. Palm oil plantations are most commonly found in Indonesia and Ma-

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laysia where the rule of law regarding migrant workers' rights is weak. According to Verité's report on workers' living conditions, workers' have been "locked in hot, windowless rooms, given small portions of food often infested with bugs, and provided with fresh water only once a month." Abuse and coercion are common on palm oil plantations.

In both industries, migrant workers become easy prey for labor brokers who take advantage of their desperation for work, and set unreasonable terms that ultimately trap them in slavery.

ICCR's *No Fees* campaign will initially target 12 companies sourcing palm oil and seafood, either directly as food producers or indirectly as food retailers. Specifically, the companies will be asked to:

- Create/supplement a company policy and ensuing documentation regarding ethical recruitment. A robust company policy should demonstrate a company commitment to respecting human rights, with reporting mechanisms feeding into the current reporting on transparency in the supply chains act.
- Establish procedures that ensure suppliers are abiding by the company's policy and are recruiting responsibly.
- Implement a supply chain traceability program to track commodities to their producers.
- Cease any relationships with suppliers that do not cooperate.
- Participate in the multi-stakeholder network of NGOs, investors, companies, trade associations and trade unions that is collectively working to promote better recruitment practices in given commodities, and share the steps taken to ensure that the social/labor component stays on the sustainability agenda.

“While every labor-intensive sector is prone to modern slavery, agricultural commodities are more vulnerable than most,” said Mary Beth Gallagher of the Tri-State Coalition for Responsible Investing. “As demand for food grows worldwide and climate change impacts growing regions, the need for low-cost or migrant labor to produce it is also rising. What we have seen is that a chronic labor shortage in fishing and palm oil harvesting industries is driving the growth of modern-day slavery.”

ICCR Associate Program Director Valentina Gurney clarifies what the *No Fees* project hopes to achieve: “ICCR will begin by educating companies and other shareholders on this issue as many agribusiness companies are unaware that these risks lurk within their supply chains. We will work with them to develop specific policies that prohibit the paying of recruitment fees by workers and to implement the verification and reporting mechanisms they will need to ensure compliance by all their suppliers.”

In 2011, the United Nations adopted the Guiding Principles on Business and Human Rights, declaring the corporate responsibility to respect human rights in company operations and supply chains and thereby providing a global framework for addressing these often unseen risks to individuals, communities and companies.

Companies have a responsibility to conduct due diligence that ensures human rights

are respected throughout their supply chains and that all suppliers adhere to a company's policies and are not contributing directly or indirectly to slavery and other violations. Ensuring responsible recruitment practices, especially at the commodity level where violations occur more frequently, is a vital step towards better business practices.

Continued Gurney, “Recruitment fees, document retention, and the absence of proper contracts often trap workers in substandard conditions, redefining the notion of modern day slavery. Businesses must be aware of these risks, especially when they are working in commodity markets that are operating seasonally or are heavily reliant on migrant labor. This awareness then has to be translated into company policy, leading to robust implementation and verification mechanisms in the form of guidance documents, supplier codes, and vendor agreements that will allow for complete transparency and traceability of commodities to their sources.”

No Fees builds upon decades of productive ICCR corporate engagements on human rights and supply chain issues and further amplifies three years of ICCR member-led engagements with food and beverage companies on sustainable sourcing, production and labor practices for

palm oil and seafood. Our initial “asks” will challenge companies to expand their supplier code of conduct policies.

Corporations further up the supply chain face challenges eradicating unethical labor practices, especially at the commodity level. Monitoring working conditions on palm oil plantations is difficult, in part because they are typically located in remote rural areas, and because the plantations themselves tend to be vast, and geographically dispersed. Monitoring working conditions on fishing boats and fish farms present even greater challenges.

Members of ICCR have already reached key agreements with two major companies. With input from ICCR, Coca-Cola adopted an ethical recruitment policy with a “no fees” provision for its suppliers and bottlers prohibiting the practice of workers paying recruiters fees, a major step in building ethical labor recruitment. And as a direct result of its engagement with ICCR members, in early May agribusiness giant Archer Daniels Midland adopted a Respect for Human Rights statement with policies for fair wages, safe working conditions, freedom of association, and ethical recruitment standards that expressly prohibit workers paying recruitment fees.



Job seekers in line at a labor broker's office.