

# RECRUITED INTO SLAVERY

HOW UNETHICAL RECRUITING PUTS MIGRANT  
WORKERS AT RISK FOR TRAFFICKING



*Original research from ICCR's "No Fees" initiative promoting  
ethical recruitment in global supply chains*



*Inspired by Faith, Committed to Action*

# RECRUITED INTO SLAVERY

## HOW UNETHICAL RECRUITING PUTS WORKERS AT RISK FOR TRAFFICKING



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## I. INTRODUCTION

In January of 2014 the Interfaith Center on Corporate Responsibility (ICCR), launched its “No Fees” initiative with the help of a grant from Humanity United. “No Fees” seeks to encourage major brands and retailers to create substantive policies on ethical labor recruitment, and to ultimately eliminate one of today’s most egregious human rights abuses - modern day slavery. The International Labor Organization (ILO) estimates that 21 million men, women and children worldwide are currently living in slave-like conditions.

The goal of the initiative is to lead companies to create robust management systems to ensure that workers in their immediate and extended supply chains are not forced to pay for employment. Each year, millions of workers, particularly migrant workers, are exploited and enslaved by unscrupulous labor brokers who charge exorbitant recruitment fees, do not provide written contracts or change contract terms, and impose unreasonable deductions from promised wages.

The “No Fees” initiative is focused at the start of the supply chain—i.e., the commodity level, where forced labor and slavery are most prevalent. During the initial year of this project we have limited our scope to the seafood and palm oil production sectors where human rights violations are known to be widespread. During the next phase of this initiative in 2015 and beyond, we anticipate scaling up to the 50-plus companies already engaged by ICCR members on human rights issues, including companies in the electronics, apparel, automotive and hospitality sectors.

To learn more about how these violations occur, in September 2014, ICCR’s Associate Program Director for human rights, Valentina Gurney traveled to Thailand where she conducted in-person interviews with migrant workers, labor brokers and representatives of anti-slavery NGOs working to strengthen worker’s rights and fight slavery and trafficking on the ground. This report memorializes those interviews, provides a deeper analysis of slavery risks in the Thai seafood sector and provides both questions and recommendations for companies looking to strengthen their recruitment and employment policies.

### Acknowledgements

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## II. BACKGROUND AND CONTEXT

### UNETHICAL RECRUITMENT: THE GATEWAY TO SLAVERY

How do migrant workers in Asia end up trapped in slavery? Detailed reports of modern day slavery, in particular, in the seafood industry have consistently pointed to labor brokers or recruiters as a link to some of the most egregious human rights violations. These recruiters form an opaque network that, on one hand successfully connects a willing workforce with businesses and facilitates economic growth (in developing countries), and on the other, builds a lucrative and impervious black market unimpeded by local authorities that is responsible for trafficking over 14 million people worldwide<sup>1</sup>.

Labor recruitment is seen, for the most part, as a legitimate business. It serves as a vital link in the labor markets of many countries and is an intrinsic part of many industries. It serves both to recruit a highly skilled workforce and the laborers needed to fill a wide range of minimum wage jobs in a variety of industries, from agriculture and apparel, to electronics, construction and hospitality. However, the rapid growth of tiger economies and certain commodities like palm oil and seafood, is fueling an urgent need for unskilled labor, forcing people to look for employment overseas, and creating perfect conditions for the exploitation of vulnerable migrant workers desperate for work.

The gateway into slavery for some of these job seekers starts with the payment of recruitment fees. These fees, particularly those associated with obtaining jobs overseas, are extraordinarily high and may be equivalent to months of wages. Yet, faced with no other prospects, these job seekers are often forced to take on risky employment. These workers often forgo the long and costly procedures required to secure legal status as temporary workers and enter countries illegally. In the end they may find themselves trapped in debt to a recruiter in a foreign country for a job they did not agree to and receiving lower wages than they contracted for. In short, they find themselves entrapped in slavery with no means to return home.

In the worst case scenario documented by many international human rights organizations (Environmental Justice Foundation (EJF), and Human Rights Watch (HRW)), workers can end up abused and trafficked multiple times for different kinds of work.



*Migrant workers relinquishing personal documents to recruiters*

Often these trafficking victims work for years without pay. This is the case of many trafficking victims found on fishing boats in Thailand.

In this report we focus specifically on Thailand, a rapidly growing economy and one of the world's major seafood exporting markets. ICCR traveled to Thailand to take a closer look at government mechanisms that regulate labor recruitment and the choices facing migrant workers there, in order to expose the potential risks to companies worldwide. This research will be used in the development of a best practices ethical recruitment framework to safeguard workers in global supply chains.

ICCR conducted a number of in-person and video-recorded interviews with non-governmental organizations (NGOs) working on the ground, international organizations, corporations, Thai government agencies, migrant workers and labor brokers. Some of this footage is incorporated into an ICCR documentary that serves as a learning tool for both investors and companies working on these human rights issues.

Our objective is to:

- Map the recruitment network in Thailand to define the types of recruiters, and their relationship with the workers and factories.
- Gain an understanding of the factors that influence changes in governmental policies in Thailand and regulate recruitment and migrant worker status.
- Coordinate ICCR's work with the initiatives of leading ethical recruitment organizations, including Anti-Slavery International, HRW, ILO, International Organization for Migration (IOM) and Verité.
- Build a pathway towards ethical recruitment by creating a list of best practices for investors and the companies they engage.



*Workers peel shrimp in a seafood market in Samut Sakhon province*

## THAI LABOR MIGRATION STATISTICS

Labor migration in Thailand is caused by a combination of push and pull factors. On the one hand, a labor shortage exists as Thailand's rapidly growing economy is creating minimum wage positions which Thailand's predominantly educated and aging population is either not willing or able to fill. On the other hand, Thailand is surrounded by Myanmar, Laos and Cambodia where the minimum wage is inferior to Thailand and where there are insufficient jobs for their burgeoning young workforces.

### **Labor Migration Facts (International Labor Organization)<sup>2</sup>:**

- Today, there are an estimated 232 million migrant workers around the world, representing 3.1 percent of the global population.
- Most international migration today is employment-related. More than 90 percent of all international migrants are workers and their families.
- It is estimated that one in eight migrants are between the ages of 15 and 24.

**Figure 1. The Factors Influencing Labor Migration in Thailand**

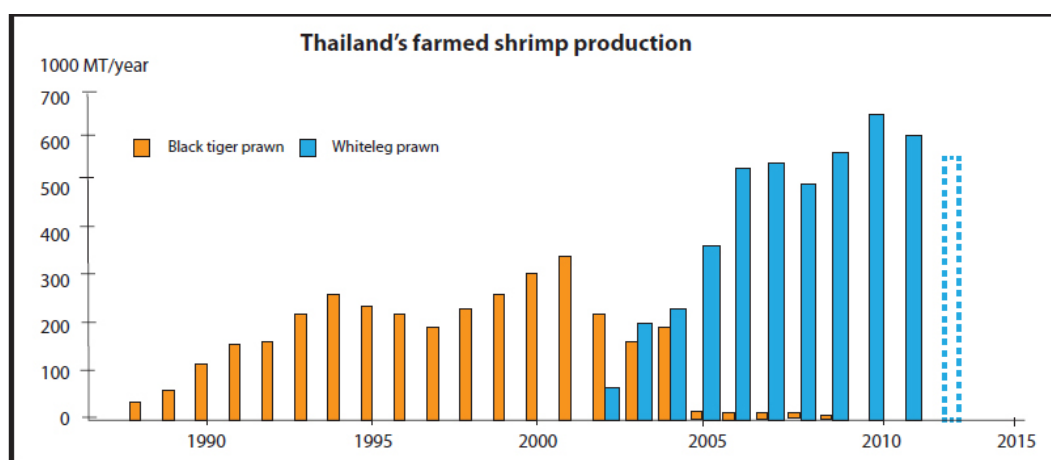


Source: Thailand Ministry of Labor

Thailand shares a 5,000 km border with Cambodia, Laos and Burma/Myanmar, but has only 10 border control checkpoints.

At the same time, many sectors of the Thai economy are expanding, constantly attracting a larger workforce. Seafood production alone has nearly tripled in the past 20 years, making Thailand the world's leading exporter of shrimp and other seafood products.

**Figure 2. Thailand's Farmed Shrimp Production<sup>3</sup>**



*Thai shrimp production developments*

*Source: Vietfish International*

## RECRUITMENT PRACTICES IN THAILAND

Currently Thai export-oriented industries employ 4 million migrant workers<sup>4</sup>. These workers come to Thailand primarily through two channels: 1) formal labor recruitment agencies that operate under a government-set quota, thus limiting the amount of time workers can remain in the country or; 2) illegally, through informal brokers. It is estimated that over half of all the migrant workers in Thailand—over 2 million—use the second channel and are undocumented workers. The majority of foreign workers come through unregulated brokers who have informal sub-contracting arrangements with factories that supply global companies.

These unregulated brokers have the power to control:

- Worker documents, (freedom of movement)
- Pay rates, and pay deductions
- Fees for transportation and recruitment, (they work with local officials to extort workers through debt bondage)
- Worker welfare and benefits (their goal is to meet production quotas and keep costs low)

Since undocumented workers are not protected by Thai legislation, as Phil Robertson, Human Rights Watch's Deputy Director for Asia Division pointed out, "There is impunity to abuse them".



*Migrant workers from Burma looking at job postings in front of a recruitment agency in Suphanburi province, Thailand*

### Figure 3. Overview of Thailand's Seafood Industry

Seafood Industry	
World's leading exporter of shrimp	Thailand
Metric tons of shrimp exported by Thailand, 2011	360,000 metric tons
Revenue from Thai shrimp exports, 2008	\$2.54 billion
Thailand's largest market for shrimp	United States
Percentage of American shrimp imports from Thailand, 2011	32.2%

Source: Project Issara

*Project Issara “operates a nationwide multilingual helpline<sup>5</sup> receiving thousands of calls from migrant workers annually and carries out community-based outreach, investigations, case documentation, victim assistance and referrals.*

*The helpline refers migrant workers to a number of local NGOs such as Labour Rights Promotion Network<sup>6</sup>, Alliance Anti Traffic<sup>7</sup>, and Myanmar Association of Thailand<sup>8</sup> who provide a wide variety of services. The project team also works with relevant Burmese, Lao, and Thai government agencies on trafficking investigations*

*On the private sector side, Emerging Markets Consulting<sup>9</sup>, a local business consulting firm, leads efforts to work with Thai supplier factories, providing training on labour rights and protections for factory management and developing work plans to address trafficking risk points.”*



*Shrimp processing, Samut Sakhon province.*

### III. INSIGHTS FROM IN-COUNTRY RESEARCH

With the help of Project Issara, working under the umbrella of Anti-Slavery International, ICCR was able to conduct interviews with workers and meet with recruiters in several key agricultural provinces.

Case managers from Project Issara were able to connect us with several groups of Burmese migrant workers working in mostly fruit and poultry processing in the Supanaburi province of Song Pii Nong district in Thailand's food and agriculture sector. Some of the workers that we interviewed were in Thailand on temporary work visas while others were undocumented migrants. All of the workers interviewed paid fees to recruiters in order to obtain employment in Thailand.

#### MIGRANT WORKER INTERVIEWS

We learned the following from our interviews with migrant workers:

- **The fees that they paid to work in Thailand ranged from 10,000 bhat per person (~US\$300)** and were paid prior to the departure from Myanmar, which amounts to nearly double their monthly salary in Thailand and takes them on average six months to repay.
- **None of the workers arrived in Thailand with prior knowledge of where they would be working** and what kind of work they would be performing. In addition, none of them had signed any contracts with their current employers.
- In the case of documented workers, **the corresponding broker agency in Thailand retained their work permits and passports.**
- Both groups of workers were receiving bi-weekly pay slips from their labor broker rather than directly from their employer.
- When asked about their work, all of the workers complained that the **wages that they were earning were substantially less than what was promised to them** and less than the minimum wage for Thai workers. [Minimum wage in Thailand is 300bhat per day].
- All of the **pay slips belonging to undocumented workers** [see page 11] **listed two amounts** – the first, a net amount paid by the employer and second, a handwritten amount listing a deduction claimed by the broker (the average bi-weekly deduction was nearly equal to two days' wages). The handwritten deductions did not have any explanation and workers were also unclear why the deductions were made.

- **Undocumented workers mentioned that they were afraid to raise the issue of unexplained deductions** with their labor brokers because they had often witnessed other undocumented workers being intimidated, threatened and physically abused, and had heard of workers being killed or “disappeared” when they complained about the deductions, debt repayment or any other conditions of work in Thailand.
- When asked about working in the seafood industry, the two groups of Burmese workers interviewed said that it would never be their choice to work on fishing boats or to work in a shrimp processing factory because the work is done far from the Thai border, and is strenuous and dirty.
- **Both groups had heard of migrant workers being trafficked to work on the boats as a punishment** for not repaying recruitment fees to labor brokers.
- **There is a flagrant disregard for worker safety on these boats** and those who do return home are lucky to return without injury. One of the informants told us: “My brother was working on the fishing boat when he got injured. Now I am taking care of him since he is no longer able to work. He never received his last pay check, much less any workers’ compensation”.

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Name-Surname : **xx KYU KYU MON**  
 Department / Project : **งานโครงการ-๑**  
 Position : **พนักงาน**

เลขที่ / No. : 6  
 the Month of : 07/2014-1  
 ID. Code : 156890263  
 Bus No. : 116

เงินเดือน Salary	เงินค่า ค่าจ้าง	เงินค่า ค่าจ้าง
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หัก Tax	หักเงิน Social Tax	หักเงิน Cooperative
0.00	0.00	0.00
รวมหัก Total Deduction		
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เงินได้รับ  
Net Received **4,144.00**

*[Signature]*  
 รับผิดชอบ / Signature  
 03/07/14

*Pay slip showing handwritten illegal deductions*

## LABOR BROKERS

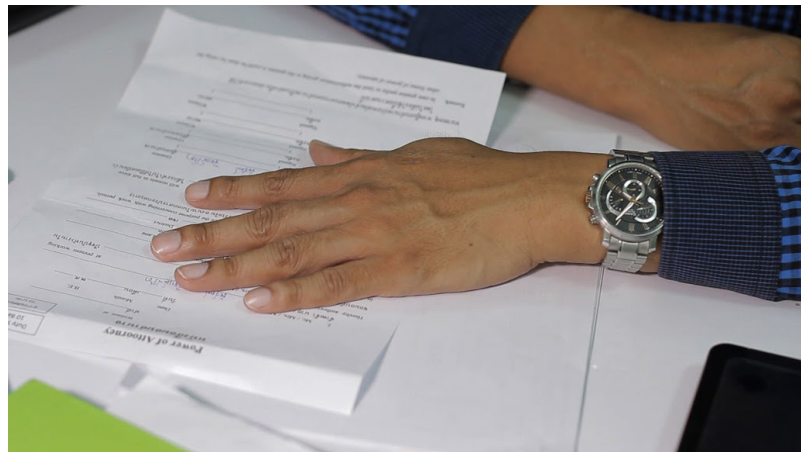
The amount of fees paid [10,000 bhat<sup>10</sup> for passport, work permit, health exam per person] and the unwillingness to work in shrimp processing or on fishing boats was echoed during interviews with the [4] labor brokers in Suphanburi and Samut Sakhon districts [close to the border with Myanmar]. The brokers added that the majority of migrant workers come from inland areas of neighboring countries, mostly Myanmar, and have no previous experience working with seafood or a desire to work in the industry, since working conditions are “strenuous, dirty and smelly”. Human Rights Watch described these conditions:

- working on fishing boats requires days to months at sea, with 18-20 hours of continuous manual labor per day and no breaks for food or using the restroom.
- often workers are already in bonded labor when they arrive at the port and have to work 1-8 months on a boat to repay the debt.
- workers, who have no prior knowledge of the fish industry or prior training and frequently do not understand Thai, have reported verbal and physical abuse by boat captains for mistakes during catch processing/sorting.

*The fees for permit services are unregulated and vary greatly. The fee to extend a permit can run to 15,000 bhat, which amounts to more than 2 months of salary. The average salary for migrant workers is 6-9,000 bhat/month.*

One of the unlicensed labor brokers we interviewed, and who wished to remain anonymous, serves as a liaison for undocumented workers looking for employment in shrimp processing in Samut Sakhon. The labor broker added that it is quite common for “bad” brokers to lure migrant workers on to fishing boats with promises of better than average wages and overtime pay. However, in reality there are no guarantees of wages, much less fair wages.

It is very difficult to differentiate between the different types of brokers in Thailand, or to develop a “white list” of vetted recruiters who do not facilitate human trafficking. A United Nations Interagency Project on Human Trafficking (UNIAP) 2010 study “Estimating Labor Trafficking: A Study of Burmese Migrant Workers in Samut Sakhon, Thailand” uncovered at least 17 different types of brokers in Mahachai, Samut Sakhon. We were able to meet with 4 different types of labor brokers.



*A labor broker reviews migrant worker documents*

From 1) a Thai government-licensed agency<sup>11</sup> and a member of labor broker association in Myanmar, to 2) a local agency for the migrant workers that are already in Thailand, to 3) a broker whose task is to arrange for housing and transportation for the migrant workers in the region (who are not allowed to have a driver's license), to 4) an unlicensed broker helping unregistered migrants, all play significant parts in the recruitment process, providing a range of services including payroll, housing, transportation and social security administration services.

It is difficult to say which brokers are unscrupulous, as all seemed to offer a range of legitimate services, having different leverage with workers and businesses. Given the nature of our brief encounters nothing seemed entirely black and white.

All of the brokers agreed that the recruitment fees, on average, take months [5-10] to a year to repay, and that the workers are aware of it. However, when asked about debt bondage, the feedback we received from the brokers varied. The larger agencies which managed paperwork and payroll for thousands of workers were tight-lipped about worker welfare, for the most part denying that there were significant problems with the system, re-payment of recruitment fees, wages or illegal deductions. The [two] smaller agents working with undocumented migrants were more willing to share information on the violations of workers' rights that comes from high fees charged by unethical brokers and unequal treatment of migrants, especially undocumented migrants.

As a solution to the latter problem, one of the brokers referred to the new Memorandum of Understanding (MOU) recruitment system implemented by the Thai government in June of 2014.

*The [MOU facts] Memorandum of Understanding channel allows undocumented workers to get work permits (deadline -March of 2015). Workers have to return home to be registered with their own governments and have their identities proven in order to receive permits to legally work in Thailand. MOU would eliminate the need for brokers, and has one drawback: After 4 years, all workers would have to return home. Currently<sup>12</sup> less than 5% of the migrant workers in the country have been contracted through the legal channels or MOU.*

The same broker stated that this measure might help the most vulnerable, undocumented migrants secure their rights and prevent them from being trafficked. However, another broker pointed out that MOU recruitment ties a worker to a certain employer and in these cases, the employer usually keeps the worker's documents, restricting the worker's freedom in a country where even legal migrant workers cannot bargain collectively and stand up for themselves. The effectiveness of the MOU depends on how thoroughly it is implemented, how diligent employers are, and how well they cooperate with recruiters to make sure that the recruitment process is legitimate and accountable.

## WORKERS' RIGHTS NGO INITIATIVES

In order to gain insight into the situation on the ground and how it has changed in recent years, ICCR contacted several leading NGOs based in Bangkok: Solidarity Center<sup>13</sup>'s Country Program Director Robert Pajkovski (for Thailand) and Human Rights Watch<sup>14</sup>'s Deputy Director for Asia Division – Phil Robertson.

*The Solidarity Center stands with workers as they defend their right to freedom of association, supporting them as they organize, advocate and build worker voices.*

*- See more at: <http://www.solidaritycenter.org/who-we-are/our-mission/#sthash.gezjruNs.dpuf>*

*The Solidarity Center was established to provide assistance to trade unions and workers around the world. It is an international nonprofit allied organization of the AFL-CIO (American Federation of Labor and Congress of Industrial Organizations), the largest federation of unions in the United States. Through partnerships with local trade unions and other nongovernmental organizations, it monitors labor conditions in various supply chains including shrimp farming and develops programs to assist workers.*

*Human Rights Watch defends the rights of people worldwide, investigating abuses, exposing the facts widely, and pressuring those with power to respect rights and secure justice. Human Rights Watch is an independent, international organization that works as part of a vibrant movement to uphold human dignity and advance the cause of human rights for all. See more at [www.hrw.org](http://www.hrw.org).*

The Solidarity Center was one of the first organizations to uncover the trafficking channel between Bangladesh and Thailand. The report “The True Cost of Shrimp” released with the help of the Solidarity Center, pointed to the lack of labor rights and weak labor law enforcement that enabled shrimp companies to exploit its processing workers.

Beyond their lack of basic rights and access to justice and means of redress, it is illegal for migrant workers in Thailand to form organizations or associations. The system keeps them transient and insecure, without any access to justice. Only 20% of the total Thai workforce has the right to bargain, which undermines labor rights in Thailand and exacerbates the severity of the migrant worker problem.

That same year (2008), the government of Thailand responded by passing the Anti-Trafficking Persons Act. The Solidarity Center followed up by creating a grassroots guidance document.

Royal Thai Navy and other organizations were presented with the guidance document, however none of the measures listed in the guidance document were implemented. Similarly, in 2011, the International Organization of Migration (IOM) released a report “Trafficking of Fishermen in Thailand” that also called on the Thai government to regulate the seafood sector and the migrant workforce with a number of recommendations that were never implemented.

Civil society organizations have identified the following reasons for the lack of action on behalf of the Thai government:

- corruption; i.e., government officials have a stake<sup>15</sup> in not allowing independent audits or worker interviews,
- lack of political will to expose middle men

In 2014, about half of the 4 million migrant workers in Thailand, roughly 10% of its total workforce, were undocumented. The lack of oversight of migrant worker’s protections in the Thai law creates a climate where brokers flourish. According to NGOs working on the ground, labor brokers run a very lucrative network in Thailand and are one of the worst contributors to worker abuses and human trafficking. As a result, both HRW and Solidarity Center agree, “There are no guarantees that a [any] supply chain [in Thailand] is not exposed to violations”.

*On average the workers can be charged anywhere from 10,000 to 15,000 Bhat (\$300-\$450) for a recruitment fee (however it is not unusual to hear numbers that are six times as much while interviewing migrant workers). These fees are paid back to the recruiters by workers earning a standard minimum wage of 300Bht per day.*



Worker permits, Recruiter Office, Suphanabour, Thailand

## IV. WEAKNESSES IN THAILAND'S REGULATORY FRAMEWORK

The weaknesses of past and present government policies and the vulnerability of the migrant workers to human trafficking have been highlighted by the ILO. According to the current legislation in Thailand, the government does not hold any responsibility to protect (migrant and undocumented) workers against unscrupulous labor brokers.

1. There is no system when it comes to the licensing of labor brokers and, therefore, no standard for compliance. With the newly established MOU channel, workers still rely on labor brokers, making them vulnerable to potential abuse.
2. The Department of Employment oversees this process; however, there is no mandate to protect migrant workers in Thailand and no monitoring or inspection of this channel or Labor Inspection Unit. Migrant workers are not linked to social security or to any existing labor protection acts.
3. Written or verbal contracts are not required at the hiring stage.
4. In addition to the lack of monitoring, there is no central complaint mechanism (apart from the initiatives supported by a small number of international and local NGOs).
5. The measures taken by the previous government to reduce the role of labor brokers were not effective, as they were too expensive and did not guarantee employee retention.

In such an unstable climate, ICCR believes that companies and their suppliers must take responsibility and address these systemic weaknesses by establishing more robust policies around hiring and recruitment. ICCR proposes a three-pronged approach: enforcement of contracts; no passport/ID retention, and; complete absorption of recruitment fees.

For this reason, the ILO is supportive of ICCR's "No Fees" Initiative.



*Thai immigration official*

## V. POSITIVE STEPS BY THE THAI GOVERNMENT

*A Tier 3 ranking includes countries whose governments do not fully comply with the minimum standards and are not making significant efforts to do so.*

In June of 2014 Thailand was downgraded to tier 3, the worst rating, in the Trafficking in Persons Report (TIP report) after numerous reports highlighted the problem of human trafficking in its seafood supply chain, and a number of NGOs, including ICCR, sent a letter to the U.S. Secretary of State, John Kerry, recommending the Tier 3 ranking.

The Thai government, acknowledging the vital role that the seafood industry plays in its economy, and feeling pressure from its international customer base to clean up its sourcing practices, committed to a number of measures in 2014 to prevent human trafficking on its fishing boats. Dr. Waraporn from the Ministry of Fisheries stated that “Our reputation is being damaged and we are willing to cooperate”.

Under the national policy umbrella and in collaboration with the Department of Labor, Department of Employment, Ministry of Health, Ministry of Fisheries and Ministry of Justice, the Thai government is developing steps to improve working conditions in the seafood sector. It is also working closely with the National Committee chaired by the Prime Minister and a number of leading local NGOs such as LPN (Labor Promotion Network) and the Mirror Foundation to prevent TIP at the national level. In addition a new task force on human trafficking is being launched by the Thai police and the Thai Royal Navy to address root causes of human trafficking through:

- legalization of migrant workers through the MOU channel
- enforcement of employment contracts
- reduction of recruitment/registration/permit renewal fees
- allowing Freedom of Association and Collective Bargaining in the Thai seafood sector
- registration of crews on shipping boats
- improvement of data base and data collection
- registration of large fishing vessels and
- equipping of fishing vessels with tracking devices
- introduction of good labor practices based on SA800
- strengthening laws
- imposing greater penalties for offenders

The Ministry of Labor further added that the proposed MOU registration process aims to significantly simplify the recruitment procedure. It is a one-stop service for migrant workers from neighboring countries; for those that are undocumented and already have an employer, the procedure should be especially easy. The proposed policy would link each worker to one employer, and some employers have even expressed willingness to cover registration fees. The policy has one downside, however – workers have to return to their home countries to register.

### **Recruitment Fees**

Among the first measures is regulation of recruitment fees. According to the proposed policy the new recruitment fee would be lowered from 10,000 Bhat to 3,800 Bhat (for the workers that are already in the country).

Thailand's Ministry of Labor further added that by fall of 2014 nearly 10,000 workers have already registered through the MOU channel.

In addition, more than half of processing plants have signed on to Good Labor Practices (GLP) principles.

### ***Summary of Thailand's Current Labor Laws, and Proposed Revisions***

#### *Current laws and regulations:*

- *The Recruitment and Job Seekers Protection Act B.E. 2528 (passed 1985)*
- *Labour Protection Act B.E. 2541 (passed 1998)*
- *The Working of Aliens Act B.E. 2551 (passed 2008)*

#### *Proposed amendments would:*

- *Address fishery workers' minimum age and resting periods*
- *Revoke the alien repatriate fund*
- *Reduce the work permit fee*
- *Enforce employment contract requirements*
- *Expand the Social Security Fund Act to include migrant workers who entered the country legally.*

## VI. CHALLENGES IN IMPLEMENTING ETHICAL RECRUITMENT VIA THE MOU PROCESS

*Workers do not have an incentive to register and go through the legal channels if they plan to stay in the country longer than the 4 year cap.*

In response to the new government reforms of the seafood sector, CP Foods, one of the biggest suppliers of shrimp in Thailand has shared its experience in implementing the new policy.

To bypass the risk of recruiting workers through labor brokers, CP Foods has switched to directly hiring from countries of origin. Country offices now conduct screening, and authorize agents that they work with.

Workers coming to Thailand have to pay a government fee of \$230, which covers a health check, passport, visa and a cross border fee. The agency fee, transportation, training and orientation, roughly \$190, is covered by the company.

Even though the company is moving towards a 100% documented workforce, it faces many challenges with the new system:

- It is a complex process that takes up to 90 days
- Quarterly reporting to the government office is required
- Existing employees have to return home to register
- The requirements cause interruptions in work schedules
  - The MOU channel only legalizes workers for the total of 4 years (2 years + 2 years renewal) After 4 years workers are required to return to their home country. home country resulting in a loss of skilled labor
  - Registration is expensive making the cost of hiring migrant laborers comparable to hiring native Thai labor.

NGOs in Thailand agree that the new policy presents many challenges for workers as well. Workers do not have an incentive to register and go through the legal channels if they plan to stay in the country longer than the 4 year cap, and if the employer does not cover the recruitment fees, registration is still quite costly for them.

The brokers we interviewed added that using the MOU channel could be beneficial for companies in promoting better business planning models but compliance with the MOU channel would require businesses to anticipate labor surges at least 3 months in advance.

## VII. ICCR'S NO FEES INITIATIVE

“No Fees” builds upon decades of productive ICCR engagements on human rights and supply chain issues and further amplifies three years of ICCR member-led engagements with food, beverage, apparel and electronics companies on sustainable sourcing, production and labor practices, from palm oil and seafood, to apparel and electronics supply chains.

Many companies aren't aware of the human trafficking and slavery risks that exist in their supply chain due to unethical labor recruitment. At the same time, many companies have general policies that prohibit forced labor and slavery, yet these policies rarely cover unethical recruitment practices.

### Key Questions for Companies

ICCR's “No Fees” initiative is intended to educate companies about these risks so they can expose them and eradicate them from their supply chains. We begin by asking companies to answer the following set of questions:

1. How are workers recruited throughout their supply chains?
2. Who is the employer of record?
3. Is there a signed written contract between the worker and the company?
4. What is the relationship between the company/suppliers and recruiters?
5. How do employees get paid (direct/indirect)?
6. Do workers have to pay in order to secure a job and if so, how much?
7. How long does it take workers on average to repay their debt to recruiters?
8. Are there any deductions from the worker's paychecks?
9. Who is responsible for work permits/ immigration papers/renewals and where are they kept?
10. Who is the responsible party in cases of injury or other emergencies?

**In addition, ICCR asks companies to implement two key steps:**

### **Step 1: Adopt More Specific Policy Language**

- A company and its suppliers/sub-contractors shall ensure that no fees or costs have been charged, directly or indirectly, in whole or in part, to job-seekers and workers for services directly related to recruitment for temporary or permanent job placement, including when using the services of private recruitment, labor broker or employment agent or performing recruitment activities directly.
- Workers shall receive a written contract at the point of recruitment in their native language, stating in a truthful, clear manner their rights and responsibilities.
- Employers shall not retain any documents or demand monetary deposits or other collateral as a condition of employment. Workers shall not be subject to the withholding of wages, illegal or unexplained deductions from their wages, or seizure of identification cards, passports or other travel documents, or personal belongings without their consent.

### **Step 2: Create a Time-Bound Implementation Plan**

- Create/supplement company policy and supplier guidance documents to ensure ethical recruitment. A robust company policy demonstrates a company's commitment respecting human rights, and must have reporting mechanisms feeding into the current reporting required by the California Transparency in Supply Chains Act.
- Establish monitoring procedures that ensure suppliers are abiding by company policies to recruit responsibly.
- Implement a supply chain traceability program to track commodities to their producers.
- Cease any relationships with suppliers that do not cooperate on the issue. 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 different commodities, and share any steps taken to integrate the social/labor component into the company's sustainability program.

## VIII. RECOMMENDATIONS FOR COMPANIES

*Companies must communicate their expectations to their suppliers via codes of conduct, guidance documents, training materials, and vendor agreements.*

The first step that ICCR recommends companies take to address the problem of unethical hiring practices is to communicate their expectations to their suppliers throughout their supply chains via codes of conduct, guidance documents, training materials, vendor agreements and related documents. These must be integrated into a company's core business strategy, and must be accompanied by an independent verification mechanism to ensure that the policy has been properly implemented.

In order to avoid the risk of human trafficking, forced labor and other violations as a result of unethical recruitment practices in their supply chains, we recommend that companies and their suppliers:

### **Initiate direct hiring**

Following examples of CP Foods in 2014/2015 where the hiring of migrant workers is done through satellite offices of the company in the home country of migrants, thus reducing recruitment fees that the company would usually cover.

### **Cover or reimburse recruitment fees, work permits and their renewal**

To ensure that workers are not held in debt bondage and not using brokers/recruiter's services to secure employment/immigration status

### **Have worker contracts on file**

To ensure that all the employees have understood and know the terms of their employment, their rights and responsibilities

### **Commit to No Passport/Permit/ID Retention**

To prevent and ensure that no forced labor takes place on the premises

### **Initiate direct payroll**

To avoid illegal deductions by the labor brokers or any other third parties

### **Plan in advance for labor surges**

(3 month minimum) keeping in mind the legal process (MOU) takes on average 90 days to acquire permits for work and other necessary documents

### **Encourage worker-driven initiatives**

That provide worker education/helpline referral to ensure that workers can have access to a grievance mechanism, get assistance and have their voices heard.

### **Work collaboratively**

With relevant stakeholders including NGOs and trade unions, governments, international institutions, other companies in its sector, multi-stakeholder initiatives and community representatives.

The measures that we recommend aim to break the vicious cycle created by unscrupulous recruiters that remain unaccountable and conveniently outside of the supply chain. With employment carrying the promise of a better future for so many job seekers around the world, recruitment should be seen as a pivotal step in securing a livelihood, while serving as a key building block for businesses. An essential component in the human resources process and a measure of corporate responsibility, recruitment must be ethical, transparent and accountable. At the end of the day it is an employer's responsibility to secure through its policies, business plans, multi-stakeholder collaborations, monitoring and verification not just safe working conditions but to ensure that employment creates opportunities for workers to improve their lives without the risk of trafficking or slavery.

## **IX. FURTHER RESOURCES ON RESPONSIBLE RECRUITMENT PRACTICES**

- Verite Fair Hiring Toolkit<sup>16</sup> and Resources for Responsible Recruitment<sup>17</sup>
- Business for Social Responsibility<sup>18</sup>
- International Organization for Migration (IOM)<sup>19</sup>
- Institute for Human Rights and Business – Business and Migration Roundtable Report<sup>20</sup>
- Statement of Principles and Recommended Practices for Sustainable and Equitable Food Production<sup>21</sup>
- Statement of Principles and Recommended Practices to Confront Human Trafficking and Modern Slavery<sup>22</sup>
- Dhaka Principles for Migration with Dignity<sup>23</sup>
- The Equitable Food Initiative Standard<sup>24</sup>
- UN Guiding Principles on Business and Human Rights<sup>25</sup>
- International Labor Organization (ILO) Core Conventions<sup>26</sup>

## NOTES

- 1 <http://www.ilo.org/global/topics/forced-labour/lang--en/index.htm>
- 2 [http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/---coop/documents/publication/wcms\\_221743.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---coop/documents/publication/wcms_221743.pdf)
- 3 <http://vietfish.org/2012121401447480p49c64t111/goal-2012-making-a-different-through-responsible-aquaculture.htm>
- 4 [http://www.antislavery.org/english/what\\_we\\_do/programme\\_and\\_advocacy\\_work/thailand\\_project\\_issara/default.aspx](http://www.antislavery.org/english/what_we_do/programme_and_advocacy_work/thailand_project_issara/default.aspx)
- 5 [http://www.antislavery.org/english/what\\_we\\_do/forced\\_labour/forced\\_labour\\_in\\_thailands\\_fishing\\_and\\_other\\_industries.aspx](http://www.antislavery.org/english/what_we_do/forced_labour/forced_labour_in_thailands_fishing_and_other_industries.aspx)
- 6 <http://lpn-foundation.org/>
- 7 <http://www.allianceantitrafic.org/>
- 8 <http://www.goldenworkers.asia/>
- 9 <http://www.emergingmarkets.asia/EMC/Home.html>
- 10 Approximately USD 300.00
- 11 Licensed by the Department of Special Investigation (DSI) of Thailand
- 12 At the time when research took place (September 2014)
- 13 <http://www.solidaritycenter.org/>
- 14 <http://www.hrw.org/>
- 15 HRW documented a case when 200 workers were enslaved for 2 years. During the course of its investigation HRW discovered that the Deputy Ministry of Labor owns a shrimp company, a clear example of conflict of interest and corruption.
- 16 <https://www.verite.org/helpwanted/toolkit>
- 17 <http://www.responsiblerecruitment.org/>
- 18 <http://www.bsr.org/>
- 19 <http://iris.iom.int/>
- 20 [http://www.ihrb.org/pdf/June\\_2011\\_IHRB\\_Business\\_and\\_Migration\\_Roundtable\\_3\\_Report.pdf](http://www.ihrb.org/pdf/June_2011_IHRB_Business_and_Migration_Roundtable_3_Report.pdf)
- 21 <http://www.iccr.org/statement-principles-and-recommended-practices-sustainable-and-equitable-food-production-0>
- 22 <http://www.iccr.org/statement-principles-and-recommended-practices-confronting-human-trafficking-and-modern-slavery>
- 23 <http://www.dhaka-principles.org/>
- 24 [http://media.wix.com/ugd/e9574b\\_a1a1fa8dd2b2f6e16642c3fdb622587e.pdf](http://media.wix.com/ugd/e9574b_a1a1fa8dd2b2f6e16642c3fdb622587e.pdf)
- 25 [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)
- 26 <http://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm>



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## **ABOUT ICCR**

The Interfaith Center on Corporate Responsibility (ICCR) is a coalition of 300 faith-based and secular institutional investors that practice active ownership, also known as shareholder advocacy. For over 4 decades, ICCR members have been calling the world's most powerful companies to address their impacts on the world's most vulnerable communities. They do this through corporate engagements that take the form of real-time dialogues with company management and, when necessary, through the filing of shareholder proposals that are voted on at annual company meetings. From human rights violations in global supply chains to the environmental and economic impacts of climate change, ICCR members act as a bridge between community groups, NGOs and company management to encourage corporate transformation that promotes both increased justice and sustainability in the world.

ICCR is comprised of faith-based organizations, socially responsible asset management companies, pension funds, unions, and colleges and universities that collectively represent over \$100 billion in assets under management. ICCR members believe that positive and measurable corporate change can be catalyzed through the management of institutional capital and amplified by working in coalition with likeminded shareholders.

Currently celebrating its 44th year, ICCR is the pioneer coalition of active shareholders who view the management of their investments as a catalyst for change. Its 300 member organizations with over \$100 billion in assets have an enduring record of corporate engagement that has demonstrated influence on policies promoting justice and sustainability in the world.