



TRAPPED IN THE KITCHEN OF THE WORLD

The situation for migrant workers
in Thailand's poultry industry

Report #76

**SWED
WATCH**



Swedwatch is a religiously and politically independent organization that examines Swedish companies' business operations abroad. The organization's purpose is to reduce adverse social and environmental impacts, encourage best practice, share knowledge and hold an open dialogue with Swedish companies so that the business community pays greater attention to these issues. Swedwatch has six member organizations: the Church of Sweden, Diakonia, the Swedish Society for Nature Conservation, Fair Action, Solidarity Sweden-Latin America and Africa Groups of Sweden.



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Executive Summary

Thailand is a prominent world supplier of poultry meat products. During the last couple of decades the nation's domestic production has experienced several booms, as the poultry industry has evolved into a main ingredient of Thailand's objective of becoming "the kitchen of the world". The EU has become its biggest market for export. About 270 000 tonnes of poultry meat products were shipped from Thailand to the EU in 2014.

Sweden has imported poultry products from Thailand since at least the late 1990s. In 2014 Thailand was Sweden's second largest supplier of processed poultry products, after Denmark. Recently Sweden launched a *National Action Plan for Business and Human Rights* with the explicit expectation that all Swedish companies shall respect human rights, as specified in the *United Nations Guiding Principles on Business and Human Rights* (UNGP). With this report Swedwatch aims to investigate the levels of social responsibility taken by Swedish stakeholders in their trade with Thai suppliers, from the perspective of the above mentioned standards.

Thai industries are grappling with a shortage of domestic labour. Like many of Thailand's labour intensive sectors the poultry industry too has found a remedy across the borders, in the neighboring countries. In search for better salaries and the possibility to send money back home, millions of migrant workers from mainly Cambodia and Myanmar have formed the lowest level of Thailand's labour pyramid. Many of these people have also become victims of unscrupulous employers and recruiters as well as corrupt officials. This report indicates that violations of migrant workers' rights occur in Thailand's poultry industry, in resemblance to other Thai sectors that have been exposed by the media during the latest years. According to the global labour rights organization Solidarity Center, migrant workers in Thailand experience some of the worst abuse in the world.

Interviews with 98 migrant workers employed by four different Thai poultry producers, that all have exported to Sweden during the last three years, show an extensive variation of violations. In total, six factories were included in the field study.¹ Based on the interviews, four of the factories were found to act in breach of many or all of Thailand's main labour and social protection laws as well as international laws and standards formulated by the UN, ILO and others, at the time of the field study.

Migrant workers at all factories included in the study state that personal documents such as passports or work permits have been confiscated by their employers or recruitment agencies. The interviews reveal that workers are in different levels of debt bondage due to excessive recruitment fees and other costs at all selected factories. Interviewees at all factories stated that they had not received health insurance though fees were deducted from their salaries. These practices are only a few examples revealed by the field study. All are indicators of trafficking of adults for labour exploitation, according to the International Labour Organization, ILO.

¹ Two factories owned by CP Foods Public Company Limited, two by Laemthong Poultry Co. Ltd, one by the Saha Farms Group (under the name of Golden Line Business Co. Ltd) and one by the Centaco Group (under the name of Sky Food Co. Ltd).

Workers at four of the six factories said there was child labour,² at three of the factories with workers as young as 14 years old. Employing youth under 15 years of age is in breach of Thailand's Labour Protection Act of 1998.

Thai poultry meat products follow a complex supply chain before they reach the consumer in private restaurants and cafés, public hospitals and schools or at family dinner tables in Sweden. The EU legislation regarding indication of origin on processed food means that products labelled as having an EU country as origin, actually may come from third countries such as Thailand. This makes it near impossible to estimate the total volume of Thai poultry imported to the Swedish market annually. According to one of the Swedish importers, at least half of all the Thai poultry meat that is consumed in Sweden is not included in the official statistics of import.

Swedwatch's survey of Swedish stakeholders involved in the import of poultry products from Thailand shows that this decades long business relation was initiated with a focus on animal welfare and product quality, and with no meaningful due diligence performed on potential adverse human rights impacts in the industry.³ Of the stakeholders interviewed for this report only Axfood, a wholesaler, has started to perform due diligence on adverse human rights impacts in Thailand's poultry industry. Other than that, the UNGP and the Swedish government's National Action Plan on Business and Human Rights are still unknown to many actors in Sweden's food sector.

This report further reveals extensive shortcomings of social responsibility in Swedish public procurement of food. Public procurers at county councils and municipalities do not have the routines to set social criteria in their procurement of food. Audits to ensure that their codes of conduct are fulfilled throughout their supply chains are generally not performed due to lack of resources. This means that children and adults in Sweden's public institutions such as schools, retirement homes and hospitals may be served poultry products produced by exploited migrant workers.

For this report Swedwatch has also conducted a survey of supermarket chains on the Swedish market. The focus was on house brands containing poultry products. The results show that one out of five food companies included in the survey use Thai poultry in their house brands.

This report makes several recommendations. Thai companies should ensure that all forms of unlawful recruitment fees are stopped and ensure that brokers are not charging migrant workers costs leading to debt bondage. As a minimum all the companies should comply with Thai labour legislation. Stakeholders at the Swedish food market that are linked to the import of Thai poultry products should assure that their suppliers follow international labour right standards as expressed in the ILO core conventions. Importers and wholesalers should conduct due diligence on adverse

² All factories except the two owned by CP Foods.

³ Six companies related to Sweden's food sector have been interviewed: Axfood, Euro Poultry, Findus, Martin & Servera, Menigo and Norvida.

human rights impacts and show with commitment and transparency how potential risks are identified and mitigated, in accordance with the guidelines of the UNGP.

Food should be identified as a risk category in trade, not only when it comes to animal welfare and product quality.

1. Introduction

Chicken is about to conquer the global meat market. From pork historically being the favorite on the world's dinner plates poultry meat consumption is growing at an exceptional rate. According to the UN's Food and Agriculture Organization chicken will overtake pork before 2020.⁴ There are several contributing factors behind the burgeoning growth of the global poultry business. Increasing prosperity in emerging markets set new conditions for the establishment and development of the industry. Chicken farms are relatively space efficient and do not require large land areas as bovine and swine farms. Producing a kilo of chicken takes less resources than the same amount of beef or pork. Consequently, the lower costs of producing poultry meat mean that more people can buy and consume more of those products.⁵

The worldwide panic that was caused by the outbreak of avian flu (HPAI) during the 2000's established a focus on hygiene, livestock keeping and other factors relating to the production cycle of chicken meat. In Sweden importers as well as buyers in the private and public markets have set detailed and rigorous requirements regarding the quality of all food imported from a third country. However, when it comes to human and labour rights for workers in the food industry, this is yet to be identified as a risk category.

Sweden is a large importer of chicken meat from Thailand, a prominent world supplier of poultry products.⁶ Organizations such as Business Sweden promote Thailand's food processing industry as "a high potential market" to Swedish companies.⁷ During 2014 the nation was the second largest exporter of processed poultry meat to Sweden, with Denmark being number one.⁸ According to reports parts of these products go to public institutions such as schools, retirement homes and hospitals through public procurement.⁹

4 Global chicken meat consumption is increasing by 2.5% a year compared to 1.5% for pig meat. OECD-FAO Agricultural Outlook 2014-2023

5 <http://www.economist.com/node/21586306>

6 Thailand's total chicken meat exports grew to 530,000 tonnes in 2014, an increase of 5% compared to 2013. USDA Foreign Agricultural Service, "Thailand Poultry and Products Annual 2014", GAIN Report Number: TH4076

7 Business Sweden is owned by the Swedish government and the industry, through the Swedish Foreign Trade Association. "Opportunities in Thailand's manufacturing sector", Business Sweden, June 2015.

8 Sweden imported 3 542 tonnes processed chicken meat from Thailand during 2014, 13% of the total 27 171 tonnes imported. Jordbruksverket, Marknadsråd Fågelkött May 2015.

9 55% of the chicken meat in the Swedish public food markets is estimated to come from import. "Offentlig marknad för livsmedel i Sverige samt import av livsmedel till aktörer i offentlig sektor", Agroidé AB on behalf of LRF, October 3 2013.

The critical vulnerability of migrant workers in Thailand's labour intensive sectors has been widely recognized through international reports the latest years. The results of the field study included in this report indicate that the poultry industry is no exception. Migrant workers hired by companies exporting to the EU and other markets are often exposed to repeated violations of human and labour rights by employers and subcontractors as well as corrupt officials. Many of them become victims of debt bondage.

This report was conducted to identify possible violations of migrant worker's rights in Thailand's poultry industry, and to investigate to what extent stakeholders at the Swedish market manage their responsibilities in accordance with international guidelines. According to new EU directives and the United Nations Guiding Principles on Business and Human Rights (UNGPs)¹⁰ companies and other stakeholders are obliged to respect all human rights throughout every step in their supply chains.

2. Methodology

Swedwatch has produced this report during 2015. It is the result of a field study in Thailand as well as desk research and interviews in Sweden. To get a wide picture of the workers' conditions in Thailand's poultry industry Swedwatch has conducted interviews among employees at six factories, belonging to four different companies of varying size.¹¹ At least ten workers from each factory have been interviewed, on safe locations by the organization Migrant Workers Rights Network, MWRN, contracted as an external consultant by Swedwatch. In total, the field study includes interviews with 98 migrant workers - men and women of different ethnicities from Cambodia and Myanmar.

The interviewees were chosen by the consultant and the questionnaire has been compiled by Swedwatch together with the consultant. Available payslips, work permits and personal papers were documented by the research team.

Swedwatch has interviewed officials and public procurers at Swedish county councils and municipalities as well as representatives of Swedish authorities and professional associations. Private importers and wholesalers interviewed were identified as relevant for this report due to size and market share. They all supply poultry products from Thailand to Swedish markets.¹² The survey of the supermarkets' house brands was conducted through e-mail.

For this report Swedwatch has further interviewed academics as well as representatives of relevant NGO's and human rights organizations.

10 UN Guiding Principles on Business and Human Rights, http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

11 Two factories owned by CP Foods Public Company Limited, two by Laemthong Poultry Co. Ltd, one by the Saha Farms Group (under the name of Golden Line Business Co. Ltd) and one by the Centaco Group (under the name of Sky Food Co. Ltd).

12 Axfood, Euro Poultry, Findus, Martin & Servera, Menigo and Norvida.

To map the supply chains of Sweden's import of Thai poultry products, Swedwatch has used the EU's official listings of Thai companies licensed to export to Sweden and the EU. In order to identify the individual Thai poultry meat producers exporting to Sweden additional information was requested from the Swedish National Food Agency, the authority responsible for food control and safety in Sweden. Swedwatch obtained statistics showing all the Thai poultry meat deliveries that have passed through Swedish customs from January 2012 to January 2015. The data identifies the exporting Thai companies. However, the National Food Agency would not declare the Swedish importer for each respective transaction, due to trade secrecy.

The unstable political situation in Thailand and the nation's history of weak legal protection of individuals has required an on-going security analysis throughout the project. Previous cases show that criticism which can be perceived by Thai company leaders as harmful to their business or reputation may lead to reprisals against individuals and organizations.¹³

Interviewed workers are therefore kept anonymous for their safety. The managements of the selected companies in Thailand were not approached by Swedwatch before the field study was conducted. They were all invited to comment on the findings after the field study was completed. The responses of the managements of the Thai companies are found in chapter 6 and the appendix.

3. Business responsibility and human rights

The UN Guiding Principles on Business and Human Rights (UNGP) is the most comprehensive framework clarifying corporate responsibilities regarding human rights to date. Ratified by the UN Human Rights Council in June 2011 the UNGP distinguish between the state *duty to protect* against human rights abuses and the corporate *responsibility to respect* human rights.

In this context human rights are defined, as a minimum, as the rights in the International Bill of Human rights along with fundamental labour rights in the core conventions of the International Labour Organization.¹⁴ A company should also respect the rights of groups that require particular attention, such as migrant workers and their families.¹⁵

A central concept in the UNGP is human rights due diligence. The process of due diligence should include assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how

13 The British labour and migrant worker rights defender Andy Hall has been indicted by Thai court. He is charged with defamation and face up to seven years in prison. Hall contributed to a report exposing violations of migrant workers' rights within Thai fruit company National Fruit's factories. <http://www.theguardian.com/world/2015/aug/24/british-rights-activist-andy-hall-charged-defamation-thailand>

14 ILO <http://www.ilo.org/declaration/lang--en/index.htm>

15 The corporate responsibility to respect human rights - an interpretive guide, UN 2012

impacts are addressed.¹⁶ The UNGP defines each company as either causing, contributing to or being linked to any possible violations of human rights in a supply chain. Therefore, depending on their involvement each stakeholder also has the responsibility to address and mitigate adverse impacts.

The UNGP is the foundation of the Swedish National Action Plan for Business and Human Rights that was presented by Sweden's Minister of Enterprise and Innovation, Mikael Damberg, in August 2015. The minister states that Swedish companies should "have international guidelines as a base in their activities and set good examples, at home as well as in other countries".¹⁷

FACTS

This is UNGP

According to the UNGP businesses must take measures to address adverse human right impacts. These measures include prevention, mitigation and, when needed, remediation. In order to meet these requirements a company should:

- 1) Have a policy commitment regarding human rights.
- 2) Conduct on-going human rights due diligence to identify actual and potential adverse human rights impacts.
- 3) Establish mechanisms to enable remediation of any adverse human rights impacts that they are causing and/or contributing to.

According to the UNGP the company's connection to adverse impacts on human rights can take three forms. The company is either:

- 1) causing the impact directly through its activities
- 2) contributing to it or
- 3) being involved because the impact is caused by an entity with which it has a business relationship with and is linked to its own operations.

If the company is at risk of involvement solely because the impact is linked to its operations (for example through a business partner), it does not have responsibility for the impact. According to the UNGP that responsibility lies with the business partner. Therefore the company does not have to provide remediation. However, the company still has a responsibility to use its leverage to encourage the other entity (the business partner responsible for the impact) to prevent or mitigate its recurrence.

When a company is only linked to adverse human rights impacts through a business partner the primary responsibility is forward-looking, to avoid the impact from continuing or recurring. The way to go about this depends on the nature of the "linkage". If the leverage is there, a company should exercise it to prevent and mitigate adverse impacts. If the company lacks leverage it should seek to increase it, for example by collaborating with other actors.

What leverage a company has on a business partner is dependent on several factors. Such as the terms of contract between the parties, the proportion of business the enterprise represents for the business partner or the harm that would be caused to the partners reputation if the relationship was withdrawn.

16 http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

17 "Handlingsplan för företagande och mänskliga rättigheter". Regeringskansliet, August 2015.



According to the global labour rights organization Solidarity Center, migrant workers in Thailand experience some of the worst abuse in the world.

4. Background

Thailand, known as Siam until 1939, was established as a constitutional monarchy after a bloodless revolution in 1932. It is the only Southeast Asian country to never have been colonized by a European power.¹⁸ Thailand's recent political history has been permeated by violent contradictions. After a coup d'état on May 22 2014 Thailand is under military rule with General Prayuth Chan-Ocha as Prime Minister.

4.1 Human rights in Thailand

During Thailand's modern history no political side in office has taken effective measures to strengthen human and labour rights. During the 1980s countless factories were built in the countryside. In order to keep labour costs down governments kept deterring the labour movement, they abstained from heavy investments in social welfare and ignored implementing public health insurances which there was great need for among the poor population.¹⁹ During the decades of Thailand's economic boom and industrialisation leaders of large business conglomerates tied close relationships to the elite in Bangkok, and through their economic power they successively became part of it.²⁰

Also the former Prime Minister Thaksin Shinawatra, who injected more money in the rural areas than any politician before him, was a leader with no genuine policy for human and labour rights on his agenda.²¹

- He wanted to run the country as a company, with him being the CEO. According to Thai business tradition that means little support for the lower class individual, the worker, says Dr. Prajak Kongkirati, Head of Southeast Asian Studies Center at the Thammasat University in Bangkok.²²

After the military takeover in 2014 Thailand's human rights situation has deteriorated. Shortly after the coup the military council started to summon selected individuals to report themselves. They had to sign agreements to cease political involvement or support political activities. The contract includes that if the conditions are violated the summoned agrees to be prosecuted. Not answering to the military's call is punishable by up to two years in prison.²³

18 The CIA World Factbook

19 "Thailand's political history – from the 13th century to modern times", B. J. Terwiel, River Books, 2011.

20 From 1979 to 1988 the proportion of Assembly seats occupied by businesspeople rose from one-third to two-thirds. "A history of Thailand", Chris Baker & Pasuk Phongpaichit, Cambridge University Press, third edition 2014.

21 Thaksin Shinawatra was the Prime Minister from 2001 until the military's coup d'état on September 19 2006. His sister Yingluck Shinawatra became the Prime Minister in 2011. She was removed from office during the turbulent events that led up to the coup d'état on May 22 2014.

22 Interview with Dr. Prajak Kongkirati, Thammasat University, Bangkok, May 18 2015.

23 Until April 1st 2015 at least 750 people were detained for up to seven days, or longer. "Human Rights One Year After the 2014 Coup", Thai Lawyers for Human Rights, June 2015.

- Under the interim constitution the military government can take any action they want with total impunity. There are now severe restrictions on civil and human rights in Thailand, says Phil Robertson, Deputy Director of Human Rights Watch's Asia division.²⁴

Freedom of expression online, in print and broadcast media, and at public events has deteriorated deeply. Academics, journalists, peaceful protesters, students and politicians, among others, have been put in detention without bail during their trials in military court.²⁵ Critics have even been detained by the military only for displaying the three finger salute from the film "Hunger Games" in public, as it is apprehended as an act of resistance to authoritarian government.²⁶

In June 2014 Thailand was downgraded to the lowest level in the United States Department of State's annual report Trafficking in Persons. It was stated that Thailand is a regional hub for trafficking in Southeast Asia and as such is a "source, destination and transit country for men, women and children subjected to forced labor and sex trafficking."²⁷

FACTS

Thailand

Capital: Bangkok

Population: 67 million (2013)

Population growth rate: 0,35% (2014)

GDP: €344 billion (2013)

GDP per capita: €5,146 (2013)

GDP growth: 1,8% (2013)

Inflation rate: 2,8% (2013)

Unemployment rate: 0,9% (2014)

Youth unemployment rate: 2,9% (2013)

Population below poverty line: 12,6% (2012)

Literacy rate: 96,4% (2010)

Life expectancy at birth: 74 (2013)

Infant mortality rate: 9,86 deaths/1,000 live births (2014)

Female labour force participation rate: 64% (2013)

Thailand is ranked 89 out of 187 countries in the UNDP Human Development Index 2014 and 85 out of 175 countries in the Transparency International Corruption Perception Index 2014.

Sources: UNDP Thailand, The World Bank, Bank of Thailand, The CIA World Factbook, UNDP Human Development Index 2014, Transparency International Corruption Perception Index 2014.

24 Interview with Phil Robertson, Deputy Director of Human Rights Watch's Asia division, May 26 2015.

25 Freedom in the World 2015 report, Freedom House.

26 http://www.nytimes.com/2014/11/21/world/asia/thailand-protesters-hunger-games-salute.html?_r=0

27 Thailand remained at the same lowest ranking tier in the July 2015 TIP report. <http://www.state.gov/j/tip/rls/tiprpt/2015/>

4.2 Labour rights in Thailand

Thailand is a founding member of the ILO, International Labour Organization, but has only ratified 15 out of a total of 189 conventions, out of these 5 of 8 core conventions.²⁸ According to Solidarity Center, a global labour rights organization based in Washington DC, Thailand continues to deny internationally recognised labour standards to migrant as well as Thai workers.

- Without core labour standards such as freedom of association and collective bargaining it's very hard to put an end to violations of workers, says Robert Pajkovski at Solidarity Center.²⁹

The 1975 Labour Relations Act supports the right to organize and collective bargaining. However, it only applies to private sector labourers who work under an employer. Out of Thailand's total labour force of nearly 40 million workers³⁰ only around 25 percent have the right to organize a union and to collective bargaining. For example informal sector and agricultural workers as well as public servants such as teachers, police and healthcare providers are all legally prohibited to organise unions. As a result Thailand has the lowest unionization rate in Southeast Asia at 1,5 percent of the total workforce.³¹

In a context where politics and business have a tight relationship no party founded out of the labour movement has ever managed to establish itself in parliament.

- There is an inter-locking interest between political and business elites that largely excludes labour from any access to political power, says Phil Robertson at Human Rights Watch.

Employers harass and undertake unlawful actions against workers who try to organise collectively for improved conditions. Employers have little to fear if abused workers apply to the ministry of labour.

FACTS

Fundamental ILO-conventions not ratified by Thailand

C087 – Freedom of Association and Protection of the Right to Organise Convention, 1948
C098 – Right to Organise and Collective Bargaining Convention, 1949
C111 – Discrimination (Employment and Occupation), 1958

28 http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102843

29 Interview with Robert Pajkovski, Solidarity Center, May 28 2015.

30 Thai National Statistical Office, http://web.nso.go.th/en/survey/data_survey/200515_summary_April58.pdf

31 On October 7 2015 the global labour union IndustriALL, with 50 million members, filed a complaint against Thailand at the ILO in Geneva. <http://www.industriall-union.org/industriall-files-ilo-complaint-against-thai-government>

- There is no downside to fire an employee. At worst the company loses the court case and the employee can go back to work. But the employer risk no punitive damages, Phil Robertson continues.

He states that the situation is more critical under the current regime.

- We see that when workers protest not only police show up but also the military. There is now an even higher degree of intimidation around labour disputes, says Phil Robertson.

According to Human Rights Watch the fact that many international companies lack awareness of Thailand's workers' situation is worrying and in itself contributing to the ongoing abuse of Thai national legislation as well as international regulations.

- At a minimum, a condition for foreign companies to trade with Thailand must be strong demands that their suppliers follow Thai labour laws to the letter, says Phil Robertson and continues:

- One major problem we see is that many foreign companies fail in their audits to ensure that codes of conduct are enforced through their supply chains.³²

According to a report from the US Department of Labor, Thailand has made significant advancement in efforts to eliminate the worst forms of child labour during 2014. The minimum age for agricultural work was changed from 13 to 15. The Government funded and participated in multiple programs that include the goal of eliminating or preventing child labor, including its worst forms. However, the report states that Thailand still remains weak in its enforcement efforts.³³

4.3 Migrant workers in Thailand

Thailand's neighboring countries Cambodia, Laos and Myanmar all have underdeveloped economies and regimes that for decades have exercised hard repression on their populations. In the Thai climate where labour rights are weak, impoverished workers from those three countries have been welcomed as a substitution for Thai workers in sectors such as food processing, fishery, domestic services, construction and tourism. To the Thai employers, migrant workers have been a remedy to rising labour costs.³⁴ As employees, the migrants constitute the most vulnerable group, and suffer some of the worst abuse in the world.³⁵

Since many migrant workers enter Thailand illegally, or are being smuggled in by trafficking syndicates, it is difficult to determine a precise total of their numbers. According to data from the Ministry of Labour there are approximately 1,36 million registered migrants in Thailand 2015. The Ministry estimates an additional 2 million

32 Interview with Phil Robertson, Deputy Director of Human Rights Watch's Asia division, May 26 2015.

33 <http://www.dol.gov/ilab/reports/child-labor/thailand.htm>

34 "Justice For All: The Struggle for Worker Rights in Thailand", Solidarity Center, 2007.

35 <http://www.solidaritycenter.org/where-we-work/asia/thailand/>

undocumented migrants in the country, bringing the total migrant work force to over three million. The ILO states in a report that there is high concentration of migrant workers in especially four industries – food processing, food services, construction and farming.³⁶

According to Thai law migrant workers are prohibited to form unions, but can become members of such already existing. However, that is rare due to factors such as language and cultural barriers. Migrant workers in Thailand are extremely exposed to a wide variety of rights violations.

- For instance even registered migrant workers have very weak protection from an abusive state official. The police can do whatever they want to a migrant, says Phil Robertson at Human Rights Watch.

Various media reports during 2014 and 2015 have exposed severe abuse of migrant workers, mainly from Cambodia and Myanmar, within the Thai fishing industry. Thousands of people are reported to have been trafficked into slavery over many years, with men often beaten, tortured and sometimes killed.³⁷

- Migrant workers are voiceless. And that is what makes them desirable for Thai industries. They don't want a militant and vocal work force demanding their rights, but employees who obey orders without protest, says Phil Robertson.

According to the ILO, the main driving forces behind cross-border labour migration in the Mekong region are the lack of job opportunities and the low wages paid in the country of origin. The ILO's interviews with migrant workers in Thailand show that the focus group had a median family income of THB1 500, equivalent to €37, prior to migration. Two years after entering the Thai labour market, the median family income among the interviewees was THB10 500, approximately €260.³⁸

4.4 Brokers – the big business of recruitment

Thailand is ageing faster than other nations in Southeast Asia. Since the 1950's the proportion of the population aged over 60 has increased from 5 percent to an estimate of around 14 percent 2015. At the same time, Thailand is struggling with a decreasing fertility rate.³⁹

36 "Migrant and Child Labor in Thailand's Shrimp and Other Seafood Supply Chains", The Asia Foundation and ILO, September 13 2015.

37 The Guardian, June 10 2014. <http://www.theguardian.com/global-development/2014/jun/10/-sp-migrant-workers-new-life-enslaved-thai-fishing>

38 "Migrant workers' remittances from Thailand to Cambodia, Lao PDR and Myanmar", ILO, 2010.

39 According to the United Nations Population Fund Thailand's fertility rate 2010-2015 is estimated at 1,4 per woman. http://www.unfpa.org/sites/default/files/pub-pdf/EN-SWOP14-Report_FINAL-web.pdf

Common violations of migrant workers' rights

- Substandard wages
- Forced overtime without correct compensation
- Confiscated id documents and work permits
- Dangerous working conditions with no security
- Illegal deductions of salary
- Financial extortion by police
- No social security insurance covered by employer
- No paid sick leave
- Physical and verbal abuse by employer
- No contracts of employment
- Child labour
- Unfair or no compensation for work related accidents

Sources: Human Rights Watch, Amnesty International, US Department of State report "Trafficking in Persons 2015", Solidarity Center.

At 0.56 percent as of the end of 2014 Thailand's unemployment rate is among the lowest in the world.⁴⁰ Compared to developed countries in the western world Thai statistics appear almost miraculous, for example Sweden's unemployment rate was 7,8 percent in December 2014.⁴¹ The informal sector of the Thai economy accounted for no less than 64 percent of the nation's total workforce in 2013, comprising all who are not engaged in any formal work arrangements.⁴²

These factors have successively created a domestic labour shortage resulting in a huge absorption of foreign workers. With already millions of regular and irregular migrant workers in Thailand it is forecasted that the industrial labour intensive sector will suffer severe shortage over the next coming years.⁴³

In the great demand for hand power in low-end jobs that not enough Thais are willing to accept at the existing salary rates and working conditions, brokers and recruitment agencies have found and established a widely extensive market. They have successively come to play a central role both in Thailand's industries and in the lives of migrant workers. Brokers exist in many forms and within almost every step of the labour migration process.

Brokers are often hired by employers to facilitate the formal processes regarding the bilateral agreements, Memorandum of Understanding (MoU), of labour migration

40 Bank of Thailand, <https://www.bot.or.th/English/Statistics/Graph/Pages/Unemployment.aspx>

41 Ekonomifakta.se, <http://www.ekonomifakta.se/sv/Fakta/Arbetsmarknad/Arbetsloshet/Arbetsloshet/?from3902=2014&to3902=2015>

42 Bloomberg News, February 2 2015, <http://www.bloomberg.com/news/articles/2015-02-02/thailand-s-unemployment-rate-is-a-ridiculously-low-0-6-here-s-why>

43 <http://www.bangkokpost.com/business/news/479338/industry-warned-on-labour>

between Thailand and their neighboring countries. The brokers facilitate the nationality verification processes of migrants. They arrange documentation, and travel through both official and unofficial channels. Brokers match workers with employers and can be government-registered as well as unregistered.

According to Amy A. Smith, Executive Director of the human rights organization Fortify Rights, Thailand lacks an efficient legal framework for the recruitment and management of migrant workers. Instead the system to bring in foreign labour relies on limited, poorly-regulated formal structures, coupled with periodic regularisation programs to address the significant population of irregular migrant workers.⁴⁴

- As a bridge between Thailand and migrant-sending countries as well as between employers and workers the broker business in Thailand is massive, lucrative and incredibly corrupt, says Amy A. Smith.

Workers who have undergone the MoU process witness that it is complicated, costly and time-consuming. Therefore, workers depend on agencies and brokers to carry out the arrangements and the paperwork. It is difficult for the migrant worker to know the difference between agencies that are registered and authorized to facilitate the MoU process and the ones that are not. In many cases a migrant worker enters employment without accurate and clear information regarding the type of work they are hired for, what salaries they will get, the hours they must work or the living conditions that await. Reports about recruitment agencies charging excessive fees, recruiting underage workers and so on are common.

Many migrants enter Thailand accompanied by brokers who operate without government oversight. According to Amy A. Smith, the authorities on both sides of the border often recognise the business of brokers who have been transporting migrants in to Thailand for decades. Migrants that arrive in Thailand through irregular channels lack documents and legal status and are at constant risk of arrest, detention and deportation in addition to exploitation and human trafficking.

- The brokers often extort exorbitant fees from migrants and, in some cases, fail to deliver what they promise. In the worst cases, brokers are physically and verbally abusive or actually human traffickers, Amy A. Smith continues.

4.5 Worker protests for better conditions

Swedwatch’s field study for this report included interviews with workers employed by Laemthong Poultry Co Ltd in the province of Nakhon Ratchasima, north of Bangkok. After the field study was completed, around 1 000 migrant workers engaged in mass protests against their employer. The protests took place in October following a dismissal of at least 13 workers. The employed migrant workers reportedly established negotiations with the management regarding complaints and rights violations similar to those found by Swedwatch’s research team.

⁴⁴ Interview with Amy A. Smith, Executive Director Fortify Rights, June 30 2015.

According to unofficial documents shared with Swedwatch, the negotiations resulted in a ten point settlement between the management and the workers. It includes that the employer shall process all workers’ visas or immigration documents correctly and lawfully, that all workers are provided full social security coverage according to Thai law, that salary deductions from each worker for processing new visas should be returned and that responsible persons who have committed unlawful acts regarding processing of all worker immigration documents should be prosecuted.

According to the settlement, the dismissed workers were allowed to return to work and workers who participated in the protests were not to be punished.

5. Thailand’s poultry industry

Thailand’s poultry industry is considered a success story in the nation’s agricultural sector, and one of the main components in Thailand’s ambition to become the “kitchen of the world”. From 1990 to 2014 the domestic poultry meat production has increased by 173 percent.⁴⁵ Since 1980 the poultry industry has transformed from rural production primarily for domestic consumption to industrial scale production mainly for export to international markets. Poultry meat has become one of Thailand’s most important agricultural products for export, after rice and rubber. It is anticipated that Thailand’s total poultry exports will continue to expand to exceed 900 000 tonnes by the 2020s.⁴⁶

Industrial chicken farming was introduced in Thailand as early as the 1970s. One key move was the company driven implementation of contract farming in the rural provinces, a phenomena that has later been widely adopted in Thai agribusiness. Reports from labour and human rights organizations show that many farmers have been exploited and that the contracts often have been one-sided in favor of the company.

⁴⁷

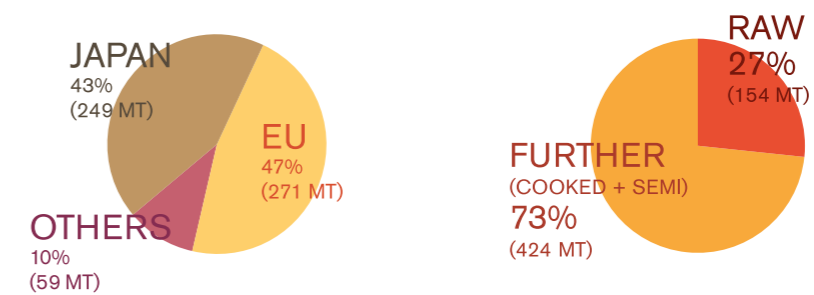


Figure 1: Thailand’s export of chicken meat. Total export Jan-Dec 2014: 578 886 ton. Source: Thai Broiler Processing Exporters Association

⁴⁵ US Department of Agriculture. <http://www.indexmundi.com/agriculture/?country=th&commodity=broiler-meat&graph=production>

⁴⁶ “Global Poultry Trends 2014”, <http://www.thepoultrysite.com/articles/3258/global-poultry-trends-2014-asia-biggest-exporter-of-processed-chicken/>

⁴⁷ “Contract Farming in Thailand: A view from the farm”, Focus on the Global South program, Chulalongkorn University Bangkok, 2007.

The poultry industry's position as Thailand's most promising agri-food segment was brutally hit by the outbreak of the avian flu, Highly Pathogenic Avian Influenza (HPAI), in 2004. In January that year the virus was confirmed in humans and poultry in Thailand. The extensive outbreak caused dozens of deaths and considerable damage to the domestic industry.⁴⁸ As a precaution the EU imposed an import ban of raw chicken meat from Thailand that was effective from January 23 2004 until July 1 2012.⁴⁹

The HPAI outbreak proved to be a catalyst for wide-ranging structural changes across Thailand's poultry industry which have increased the scale of production and spurred a transition toward vertically integrated farms.⁵⁰ In other words, nowadays the same companies control the whole supply chain to a large extent – from producing chicken feed to breeding broilers and from food processing to marketing and export. During the years of the EU import ban of raw poultry meat from Thailand, the industry's export of processed poultry products continued to grow.

In March 2013 132 human infections with the avian flu, and 44 deaths, were reported in China by the World Health Organization (WHO). The following year cases were reported in Malaysia.⁵¹ In this context of on-going food safety problems on surrounding markets Thailand has grown in to a prominent world supplier of poultry meat products,⁵² with Brazil being number one.

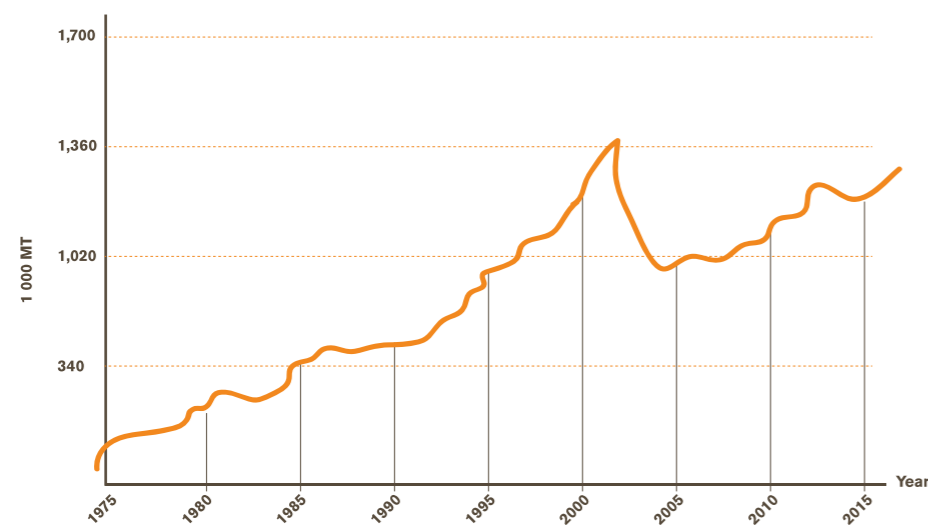


Figure 2: Thailand's poultry meat production by year, produced tonnes 1990-2014. Source: USDA <http://www.indexmundi.com/agriculture/?country=th&commodity=broiler-meat&graph=production>

48 Around 62 million birds were killed by viruses or culled for disease control. Economic losses were estimated to THB25.24 billion, approximately €666 million. Centers for Disease Control and Prevention, http://wwwnc.cdc.gov/eid/article/11/11/05-0608_article
 49 The Poultry Site, <http://www.thepoultrysite.com/reports/?id=489>
 50 <http://www.ipsosconsulting.com/pdf/Ipsos-Research-Note-Thailand-Poultry.pdf>
 51 Centers for Disease Control and Prevention, <http://www.cdc.gov/flu/avianflu/h7n9-virus.htm>
 52 Thailand's total chicken meat exports grew to 530,000 tonnes in 2014, an increase of 5% compared to 2013. USDA Foreign Agricultural Service, "Thailand Poultry and Products Annual 2014", GAIN Report Number: TH4076

6. In the "kitchen of the world" - findings on the ground

This chapter presents the findings from the field study conducted in Thailand. 98 workers at six different factories run by four different companies were interviewed by the research team. The matrix in pages 22-23 gives an overview of the findings at each factory. The most critical ones are discussed in chapter 6.1-6.5.

The processing factories within Thailand's poultry industry are geographically concentrated mostly to the Bangkok area, with some also in other provinces. With daily working shifts sometimes stretching up to 12-13 hours including overtime, most often at a minimum of six days per week, the workers are difficult for outsiders to approach.

Migrant workers' communities in Thailand are often segregated from the rest of the society. The everyday life of countless migrant workers in labour intensive sectors such as construction and fishery, plantations and manufacturing can in many cases be described as ongoing in a parallel reality. Language and cultural barriers create separation. But more than that, factors such as economic debt to brokers and employers, confiscated documents and fear of harassment by authorities bind many migrants to lead their lives only between the workplaces and often overcrowded accommodation, in high degree of isolation from the outside world. Circumstances like these also apply to many of the migrant workers interviewed for this report.

The interviewees were chosen from a variety of departments at each factory, of different ethnicities, both married and single. One migrant worker interviewed had just been smuggled in to Thailand from Myanmar and had no documents at all. Another had been smuggled from a refugee camp on the Thai-Myanmar border. These two persons indicated that the cost to be brought to Thailand by brokers varied between THB5000-15 000.

Some of the interviewed migrant workers live in accommodations around the factory and some in housings provided by their employer. Often many workers live together in small rooms. In some cases just one room held up to 18 people. Employers are often reported to manage accommodation poorly.

- There are empty and vacant rooms that could easily be used to reduce the overcrowding. But still we have to live many together in one room, said one worker at Saha Farms/Golden Line's factory during the interviews.

The migrant workers' testimonies describe dismal conditions at the factories. Interviews show that workers at all factories experience abusive supervisors, pushing them to work faster and harder with harsh and discriminatory language. In four of the factories the supervisors are reported to use violence such as slapping, in one case even hitting, if a worker is found to work too slow or to commit an error.⁵³

53 Laemthong and the factories owned by Centaco and Saha Farms.

Results of the field study: 98 workers interviewed, 52 male and 46 female. 78 workers from Myanmar, 20 from Cambodia.

	Employed by broker agency or company	Reports of personal document confiscated	Indications of debt bondage	Unlawful recruitment cost for worker	Reports of underage workers	Unlawful salary deductions	Reports of abusive supervisors	Reported issues with overtime payment	Social security provided**	Pay slip in language worker understands	Reports of discrimination at work place	Reports of manipulation during official audits	Reports of systematic and irrational dismissals	Toilet visits monitored	Welfare committee or union at workplace***
Centaco/Sky Food: 14 workers interviewed. All Myanmar.	Agency*	Yes. Work permits and other documents held by broker.	Yes.	Yes.	Yes. From 14 years old.	Yes.	Yes. Slapping around face and head.	Yes. No overtime pay last 3 months, though appearing on pay slip.	No. Despite salary deduction of 5%.	No. Thai only.	Supervisors scolding, too much pressure to work harder.	Slower work pace, supervisors softer.	Yes.	Yes. Salary deduction if exceeding 15 minutes.	Welfare committee inactive, not representative of migrant workers. No union
Saha Farms/Golden Line: 16 workers interviewed. All Myanmar.	Company	Yes. Passports, work permits, contract of employment etc held by employer.	Yes.	Yes, at level leading to severe debt bondage.	Yes. From 15 years old.	Yes.	Yes. Harsh words, hitting and slapping.	Yes. No double pay on Sundays as law require.	No. Despite salary deduction of 5%.	No. Thai only.	Better salary, uniforms and working conditions for Thais.	Machines slowed down.	Yes	Yes. Salary deduction if exceeding 15 minutes.	Welfare committee inactive, not representative of migrant workers. No union.
Laemthong, Korat: 10 workers interviewed. All Myanmar.	Company	Yes. Contract of employment held by employer.	Yes.	Yes.	Yes. From 14 years old.	Yes.	Yes. Harsh words and slapping.	Yes. No double pay on Sundays as law require.	No. Despite salary deduction of 5%.	No. Thai only.	Abusive language, too much pressure to work harder.	Supervisors softer, workers had to wear special t-shirts.	Yes.	Yes. Salary deduction if exceeding 15 minutes.	Welfare committee inactive, not representative of migrant workers. No union.
Laemthong, Nakhon Pathom: 10 workers interviewed. All Myanmar.	Company	Yes. Work permit and contract of employment held by employer.	Yes.	Yes.	Yes. From 14 years old.	Yes.	Yes. Harsh words and slapping.	Yes. Sometimes overtime without pay.	Partly. Two interviewed yes. The rest no, despite salary deduction.	No. Thai only.	Supervisors scolding, Thai colleagues had more flexibility for toilet breaks.	Slower machines, supervisors softer, free protective gloves to workers.	Yes.	Yes. Salary deduction if exceeding 15 minutes.	Welfare committee inactive, not representative of migrant workers. No union.
CP Foods, Minburi: 28 workers interviewed. All Myanmar.	Company	Yes. Work permits and contracts of employment held by employer.	Yes.	Yes.	No.	Yes.	No.	No.	No. Despite salary deduction of majority of interviewees.	Yes.	Supervisors scolding, too much pressure to work harder.	No.	No.	Yes. No punishment if exceeding 15 minutes limit.	Welfare committee inactive, not representative of migrant workers. No union.
CP Foods, Saraburi: 20 workers interviewed. All Cambodian.	Company	Yes. Contract of employment held by employer.	Yes.	Yes.	No.	Yes.	No.	No.	Partly. Yes for some in the focus group. The rest no, despite salary deduction.	Yes.	Supervisors scolding, too much pressure to work harder.	No.	No.	Yes. No punishment if exceeding 15 minutes limit.	Welfare committee inactive, not representative of migrant workers. No union.

*One interviewed worker had just been smuggled in to Thailand from Myanmar, another had been smuggled from a refugee camp on the Myanmar-Thai border.

**Workers at all factories state that no pay was given if they were sick 1-2 days without medical certificate. Thai law requires sick leave certificate only for 3 days or more.

***According to Thai law welfare committees with representatives of employees should be arranged by the employer at workplaces with fifty or more employees.

Workers at several factories describe health risks related to machines and chemicals. It was reported that one worker had been killed falling in to a machine in 2014, and the family was reportedly not properly compensated for the loss.⁵⁴

The results of the field study indicate that four of the six factories violate many or all of Thailand's main labour and social protection laws as well as international laws and standards formulated by the UN, ILO and others.⁵⁵ The two factories owned by CP Foods follow Thai legislation but the interviews nevertheless exposed a variety of problems for migrant workers. Overall, the complaints from workers at CP Foods were not as comprehensive as in the cases of the other factories included in the field study.

All Thai companies were invited to comment on the findings established at each respective factory during the field study. The detailed comments of each management are published in the appendix, chapter 11.

Below are summaries of the most critical findings established after the completed field study and interview sessions. These practices are all indicators of trafficking of adults for labour exploitation, as defined by the ILO.⁵⁶

6.1 Confiscation of documents

Confiscating passports or other travel documents is in violation of the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families. It states that it is unlawful for anyone other than a public official to confiscate passports or equivalent identity documents.⁵⁷ According to the ILO, confiscation of documents is a strong indicator of coercion at destination and a medium indicator of coercive recruitment.⁵⁸

The results of the field study show that confiscation of migrant workers' passports, id-cards, work permits, employment contracts or other important and personal documents is widely practiced at all the factories investigated in this report. Workers at all factories included testified that at least one or more of their original documents were held from them by brokers or employers. The majority of the migrant workers were not even given a photo copy of the documents confiscated.

- We do not even know whether we have valid work permits or not, said one Burmese man working at Saha Farms/Golden Line's factory where the employer reportedly had confiscated all workers' passports, work permits, health cards or other evidence of employment.

54 Employed by Laemthong.

55 Factories owned by Centaco, Laemthong and Saha Farms.

56 http://www.ilo.org/wcmsp5/groups/public/@ed_norm/@declaration/documents/publication/wcms_105023.pdf

57 <http://www.ohchr.org/EN/ProfessionalInterest/Pages/CMW.aspx>

58 http://www.ilo.org/wcmsp5/groups/public/@ed_norm/@declaration/documents/publication/wcms_105023.pdf

According to the management of Saha Farms/Golden Line, the company does not have a policy to keep a worker's passport or other documents. The management of Centaco/Sky Food states in its response that original documents are sent to the sub-contractors responsible for the workers, and not kept by the company itself. The Laemthong management does not respond specifically on the issue but states it follows the legal hiring processes. In its response CP Foods states that passports are collected every three months for reporting to the immigration authorities as a service for the workers. According to the management, the process takes up to two weeks and the passports are then returned to the workers.⁵⁹

Confiscation of personal documents is a severe restriction of an individual's ability to travel and move freely. It is one of the mechanisms leading to individuals being caught in forced labour. A paperless migrant worker in Thailand face risks of extortion, physical violence or other harassments by the police and local authorities.⁶⁰

6.2 Debt bondage

Interviewees at all factories stated that they were indebted to their employers or recruiters prior to even entering Thailand. Various fees related to their recruitment lead the migrant workers to different levels of debt bondage and are in breach of the ILO Convention 181.⁶¹

Debt bondage is a form of forced labour, often referred to as "modern day slavery" by the ILO. It is a violation of the UN's Supplementary Convention on the Abolition of Slavery, the Slave Trade, and Institutions and Practices Similar to Slavery.⁶² According to the ILO, debt bondage is a strong indicator of coercion at destination and a medium indicator of coercive recruitment.⁶³

In 2014 Thailand's new military regime was the only government to vote against a new ILO treaty aimed to halt forced labour.⁶⁴ The leader of the junta, Prime Minister Prayuth Chan-ocha, has since vowed to take legal action against companies using forced labour.⁶⁵

59 The respective company management's comments are found in the appendix.

60 "From the Tiger to the Crocodile - Abuse of Migrant Workers in Thailand", Human Rights Watch, February 23 2010. <http://www.hrw.org/report/2010/02/23/tiger-crocodile/abuse-migrant-workers-thailand#740622>

61 ILO Convention 181: The Private Employment Agencies Convention prohibits private employment agencies from charging any fees or costs to workers. http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312326

62 <http://www.ohchr.org/EN/ProfessionalInterest/Pages/SupplementaryConventionAbolitionOfSlavery.aspx>

63 http://www.ilo.org/wcmsp5/groups/public/@ed_norm/@declaration/documents/publication/wcms_105023.pdf

64 In June 2014 a protocol was adopted by the International Labour Conference: P29, Protocol of 2014 to the Forced Labour Convention, 1930. <http://www.trust.org/item/20140611164402-hj46x>

65 <http://america.aljazeera.com/articles/2015/3/27/thailand-promises-to-fight-forced-labor-practices.html>

Migrant workers who had entered Thailand through the bilateral and legitimate recruitment system reported they paid more than normal costs to brokers in their home countries for documents, travel and health checks. The interviewed workers stated that the sums they had to pay to brokers before leaving their home countries varied between 180 000-650 000 Myanmar Kyat, equivalent to approximately €130-470. According to a report by the ILO, those costs should not exceed the equivalent of about €105.⁶⁶ Entering employment through the formal process also meant a variety of excessive charges upon arrival in Thailand. For example, migrant workers at CP Foods' Saraburi factory stated that THB 12 000 was deducted from their salaries over the first three months of employment.

Interviewed migrant workers who were recruited in Thailand stated that excessive costs – for work application work, change of employer etc - were charged by HR-staff at the factories and by brokers. As those fees are not transparent and insufficient information is provided, the workers often do not know what they are charged for.

CP Foods states in their response that the company has implemented a new foreign labour hiring policy earlier this year to ensure that all foreign workers are free from debt related to the recruitment process.⁶⁷ However, in the policy the company does not promise to pay all recruitment fees. It says that the workers would still need to cover most of the costs in Myanmar, prior to leaving for Thailand, which would still leave them in debt.

New fees added on a regular basis not only lead to increasing debts which binds migrant workers to their employer or recruiter, but compounds the negative economic impact on already impoverished individuals. Testimonies from the migrant workers show excessive costs for visa extension, renewal of passports and work permits. Interviewees at Centaco/Sky Food said those fees, paid in cash or deducted from the salaries, had strong impact on their ability to survive on their income. According to the Centaco/Sky Food management, any subcontractors found guilty of these practices will be corrected.⁶⁸

Workers caught in debt bondage described their lives as left in ruins.

- We cannot go back home, but neither can we stand to work here, said one Burmese worker at the Saha Farms/Golden Line's factory.

At that factory, workers who had arrived through the bilateral agreement between Myanmar and Thailand reported they had to pay THB 10 000, equivalent to about €260, as an arrival fee for documents processing and recruitment. The debt was deducted over five months, at THB 2 000 per month. Those costs were added to expensive recruitment fees that had already put the workers in severe debt bondage. The workers were unclear whether their documents would be returned after the debt was paid. In its response the management of Saha Farms/Golden Line states that an

66 http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_356542.pdf

67 The company's comments are found in the appendix.

68 Ibid.

agency has been hired for the recruitment services, and that the company itself does not deduct such fees from the workers.⁶⁹

Workers employed by the Laemthong Korat factory through the legal process, in accordance to the Myanmar-Thailand MoU, reported large debts to brokers on arrival in Thailand. The interviewees reported that their passports were confiscated until the debts were cleared.⁷⁰

Practices like these create considerable economic difficulties for workers already from the early days of their employment.

6.3 Unlawful salary deductions

Workers at all factories included in the study report a variety of unlawful deductions from their salaries.⁷¹ Wage manipulation, withholding of money and economic reasons are all medium indicators of trafficking of adults for labour exploitation, according to the ILO.⁷²

In many cases the migrant workers do not understand the deductions. These conditions put them in a serious financial situation with great difficulties to earn enough money to survive. It also deepens their state of debt bondage.

For instance, workers at the Centaco/Sky Food factory reported ongoing deductions for work permits or renewal of passports that continued over a number of months and added up to significant amounts of money, often THB 2 000-2 500 per two week period.

- After deductions for documents and renewal processes from my 15 day salary, I have nothing left. How can I eat and survive? Said one Burmese man working for Centaco/Sky Food.

In its response the Centaco/Sky Food management states that penalties will be levied on subcontractors that are found guilty of these practices.

A majority of the interviewees' pay slips show that they were paid Thai minimum wage of THB 300 per day and THB 56 per hour overtime in accordance with Thai law. But the field study indicates that many workers in reality did not understand what their salaries actually were as pay slips are printed in Thai only, a language that many of the workers do not understand.

Workers at several factories reported they did not receive overtime payments, also in cases where such payments appeared on the pay slip. Workers at three factories

69 The company's comments are found in the appendix.

70 The Laemthong management does not comment on this issue specifically. Its comments are found in the appendix.

71 ILO Convention 181: The Private Employment Agencies Convention prohibits private employment agencies from charging any fees or costs to workers.

72 http://www.ilo.org/wcmsp5/groups/public/@ed_norm/@declaration/documents/publication/wcms_105023.pdf



Interviewed migrant workers at all factories included in the field study stated that they were indebted to their brokers or employers prior to even entering Thailand. Recruitment fees lead the migrant workers to different levels of debt bondage.

stated they sometimes worked also Sundays, as the seventh workday in a row, without getting paid the double daily wage, which is a violation of the LPA 1998.⁷³

At one factory workers had to pay extra fees of THB 1 000-2 000 to their broker if they wanted to change department at their workplace. Such practices are denied by the company management in its response to Swedwatch.⁷⁴

6.4 Lack of social security and health care

Of the 98 migrant workers interviewed only a handful could show legitimate hospital or social security cards. Deductions of 5 per cent for the Social Security Office Fund, SSO, were clearly evidenced on pay slips presented by the interviewees. During the field study many workers expressed that they understood they were being cheated by the brokers and employers, and that no official payments were made by the employer to the SSO on behalf of the workers, as the law requires.⁷⁵

- It is really unfair. We pay for years but get no cover by the SSO. We need help, said a 33-year-old Burmese worker during the interview sessions.⁷⁶

The situation is unlawful under Thailand's Social Security Act and leaves the worker with no health cover at all. In case of an accident or sickness individuals have to cover any treatment costs themselves. In Thailand's migrant worker community this form of exploitation by brokers and employers is most severe toward women, who consequently receive no pregnancy treatment nor paid maternity leave.

- We are afraid to get pregnant. As we have no SSO cover we would not be able to survive, said one Burmese woman working for Centaco/Sky Food.

According to the representatives of Centaco/Sky Food, it is the responsibility of the subcontractor to arrange for the workers' health insurance. The company says it will investigate that the routines are followed in accordance with the law.

Workers at all factories reported that no pay was given if they were on sick leave for one-two days without a medical certificate. This is in breach of LPA 1998 that requires certificate only if employees call in sick for three days or more.

6.5 Living and working conditions

The vulnerable situations the interviewed migrant workers face expose them to a broad variety of abuse. With their original documents confiscated, any movement

73 Centaco/Sky Food, Saha Farms/Golden Line and Laemthong

74 Saha Farms/Golden Line.

75 The Thai Social Security Act requires employers to deduct 5% from an employee's salary. The employer shall pay the equivalent amount to the Social Security Fund in order for the employee to receive a social card and health insurance. <http://www.sso.go.th/sites/default/files/Social%20%20security%20act.pdf>

76 Employed by Laemthong. The management does not comment on the SSO issue specifically.

around society put the migrant workers at risk. Most commonly they face abuse or extortion from corrupt authorities or officials. Burmese workers interviewed explained being arrested and extorted by the local police to pay THB 1 000-3 000 each time because of the lack of original documents.⁷⁷ These seemingly systematic acts of corruption would often lead to an increase of the individual's debt, as brokers or employers most commonly are the ones who bail them out.

Discrimination is part of the migrant workers' everyday life. It takes many forms. For example, Thai colleagues were reported to get better conditions, salaries and benefits. According to the interviewees at all factories discrimination is exercised by managers as well as by the brokers.

- Sometimes Thai supervisors treat us like animals, but they are friendly during official visits at the factory, said one Burmese man working for Laemthong.

Some workers reported that their brokers were known to use violence against individuals who complain about poor conditions. Migrant workers in all factories stated that the translators hired by their employer provided poor translation and generally bad support. They often used intimidation and spoke badly to the workers.⁷⁸ Interviewees at Centaco/Sky Food also expressed that they felt unsafe to move around the factories, with risks of violent robberies especially early in the morning or late in the evening.

Workers at the factories owned by Centaco/Sky Food, Laemthong and Saha Farms/Golden Line reported that supervisors used violence, hitting their hands and slapping workers around their face and head, to make them work faster and harder or if a worker was found by the supervisor committing an error.

According to the management of Saha Farms/Golden Line, these reports will be investigated and any supervisors found guilty of such behavior will be punished. Centaco/Sky Food states that one abusive supervisor has been "identified and disciplined".

During official audits by authorities or buyers the supervisors spoke kinder and gentler to the workers. Statements from employees at three factories declared that the factory management made extra attempts to cover up any sort of problems ahead of worker audits, and workers were rarely spoken to by the auditors.⁷⁹

- On these occasions the machines run slower and the supervisors treat us better, said one Burmese woman during the interview sessions.⁸⁰

These testimonies were rejected by the company managements. Centaco/Sky Food states it would be "impossible to cover up problems given the high standards required

77 Reports from workers at Centaco/Sky Food's factory.

78 Circumstances like these clearly violate the ILO Discrimination Convention, No 111. http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C111

79 Centaco/Sky Food, Saha Farms/Golden Line and Laemthong.

80 Centaco/Sky Food.

by our business” while Saha Farms/Golden Line says that “machines are operated at their standard speed at all times”.

The testimonies from workers at four different factories indicate significant numbers of underage labourers working as adults, often with ages faked in their id documents.⁸¹ At three factories these children were said to be as young as 14 years old, with documents stating they were 18 years old.⁸² Employing children under 15 years of age is in breach of Thailand’s Labour Protection Act of 1998. Further, according to the law, employment of children under the age of 18 comes with a list of requirements. For example, an underage employee shall have a rest period of no less than one hour after working for not more than four hours. Further, the law prohibits children under the age of 18 from working in slaughterhouses.⁸³ The research team was not able to interview any underage workers directly, nor verify the specific allegations. However, according to reports from the US Department of Labor underage workers are common in Thailand’s labor intensive sectors, as migrants who arrive in the country at times have passports with a wrong year of birth.⁸⁴ It is a difficult challenge for Thai companies to intervene and identify the workers’ actual age.

Saha Farms/Golden Line states in its response that the company requires that age is evidenced by foreign workers’ passports, and that the company does not employ any worker under 18 years of age. According to the management of Centaco/Sky Food, the subcontractors will be punished if any workers are found to have forged documents. Laemthong emphasises in its response that hiring people under the age of 18 is prohibited by law.

Workers in all six factories reported punitive measures from some supervisors if there was an argument, some error committed by the worker or if targets were not met. A frequent punishment described was the employee being held from working overtime, which has great economic impact. The management of CP Foods explains in its response that the number of overtime hours varies according to the production plan, and that not every production line has overtime.

As workers have low salaries they generally want to do overtime shifts, to increase their income. However, workers in three factories also experienced abuse in the form of forced overtime when they were not granted permission to leave work after a full day.⁸⁵ Workers at Centaco/Sky Food expressed that if they did not work overtime when ordered they would be suspended, given a written warning or refused future overtime at later date. Two workers at Laemthong also stated they were forced to work even when they were sick.

According to the interviewees systematic and unlawful dismissals occur at all factories except those owned by CP Foods. For instance, workers at Centaco/Sky Food reported frequent dismissals for minor errors or no reason at all. The broker would

81 Centaco/Sky Food, Saha Farms/Golden Line and both of Laemthong’s factories.

82 Centaco/Sky Food and both of Laemthong’s factories. It was unclear who was responsible for declaring the age of these youths wrongly in their id documents.

83 <http://www.ilo.org/dyn/natlex/docs/WEBTEXT/49727/65119/E98THA01.htm#e5>

84 <http://www.dol.gov/ilab/reports/child-labor/thailand.htm>

85 Centaco/Sky Food, Saha Farms/Golden Line and Laemthong’s Korat factory.

fire a worker only to hire a new one, in order to make profit on new recruitment fee processes. In its response, the factory management states that this practice is “unacceptable”, and says that immediate corrective action will be taken if any subcontractor is found guilty to such behavior.

Workers at all factories reported that toilet visits were timed by their supervisors, and limited to one break of 10-15 minutes per working shift. At three factories workers were punished by being disallowed future overtime or 30 minutes overtime pay was deducted from their salary if toilet visits took additional time.⁸⁶

At all six factories included in the study interviewees reported that the local employer welfare committees were inactive or were not representative for migrant workers. No worker interviewed was aware of any other workplace committees mandated by the Thai Labour Protection Act of 1998.⁸⁷ None of the workers interviewed reported to be part of a union, or even aware of the possible existence of such a structure at their workplace.

7. The Swedish market - supply chains

Swedish consumption of poultry meat has increased drastically since the 1960s. The most substantial increase has been during the last two decades. Between 1990 and 2014 the annual consumption increased from 5,9 to 21,2 kilograms per person.⁸⁸ EU regulation on food safety require that every stakeholder in a supply chain must be able to trace a product one step in each direction. That is, from which client the product was bought and to whom it has been supplied. However, it is complicated to estimate the total quantities of Thai poultry meat entering the Swedish market each year. A new EU regulation came into effect on April 1 2015. The amplified requirements included on indication of poultry meat’s origin only apply on fresh and frozen products, not products that are processed or heat treated. Even adding a few percentages of salted water means that the product is categorized as processed. Further, processed ready meals that include many different ingredients are not covered by the EU regulation.⁸⁹

- As the regulation is formulated it doesn’t require indication of origin on these product categories. For example, we experience that the majority of poultry meat imported to the EU from third countries has been added levels of salt that makes them fall in to product categories not included in the regulation, says Daniel Kardell at Sweden’s National Food Administration.

86 Centaco/Sky Food, Saha Farms/Golden Line and Laemthong. Also CPF monitors the toilet visits, but with no punitive measures if the time limit was exceeded.

87 <http://www.ilo.org/dyn/natlex/docs/WEBTEXT/49727/65119/E98THA01.htm>

88 Statistics from the Swedish Board of Agriculture: http://www.jordbruksverket.se/webdav/files/SJV/Amnesomraden/Statistik%2C%20fakta/Livsmedel/2009_2/20092_amk_ihopb_tabeller17.htm https://www.jordbruksverket.se/images/18.2da5afd014dde38496a0807/1434100515283/F%C3%B6rbrukning+av+k%C3%B6tt_stor.JPG

89 Interview with Daniel Kardell, legal advisor at Sweden’s National Food Administration, September 9 2015.

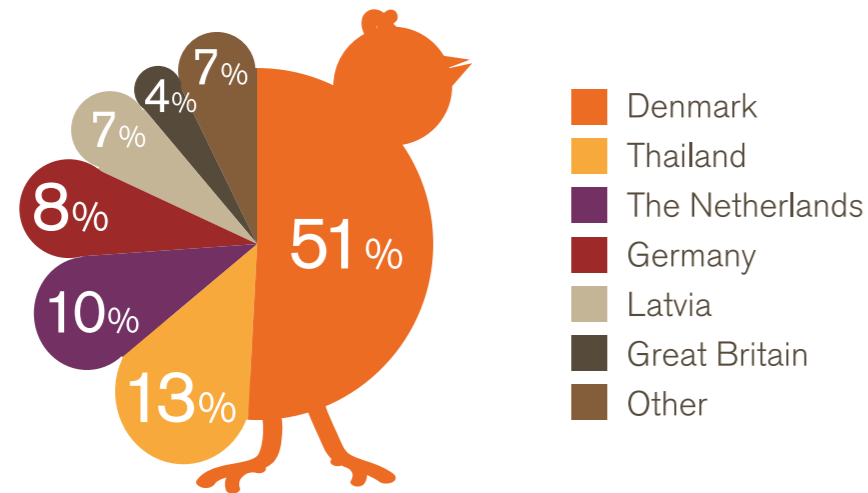


Figure 3: Swedish import of processed poultry meat 2014
Source: Marknadsråd fågelkött, Jordbruksverket/SCB

Consequently, poultry meat products with levels of brine exceeding 1,3 percent, for instance frozen chicken filets, sold in supermarkets in Sweden may actually originate from third countries such as Thailand, even though they are labeled as products from a EU country.

- Given these circumstances I do not trust the labels of origin we see on processed meat products in the Swedish supermarkets. And as a consequence it is impossible to establish the total amount of Thai poultry products that enter Swedish markets annually, says Maria Donis, CEO of The Swedish Poultry Meat Association.⁹⁰

This is also stated in reports from the Swedish Board of Agriculture. According to their statistics Sweden's import of all types of poultry meat products increased during 2014. Denmark and the Netherlands are Sweden's biggest suppliers of processed respectively salted poultry meat. However, "these products may have a different origin than the country listed in the official statistics, as the latter only show the origin of the latest transaction".⁹¹

The issue is well known in the Swedish food sector.

- My estimate is that at least half of the Thai poultry products consumed in Sweden are not included in the official statistics of import, says Johan Hållbus, co-partner of the Swedish importer Norvida.⁹²

⁹⁰ Interview with Maria Donis, CEO of the Swedish Poultry Meat Association, representing the Swedish poultry industry, September 4 2015.

⁹¹ "Marknadsrapport fågelkött maj 2015", Jordbruksverket.

⁹² Interview at Norvida head quarters, October 19 2015.

In a non-binding resolution dated February 4 2015 a group of Members of the European Parliament urge the Commission to make indication of origin of meat in processed food mandatory.⁹³

The Association of Poultry Processors and Poultry Trade in the EU, AVEC, states in their Annual Report 2015 that the discussion "is still ongoing" within the Commission. AVEC emphasizes that the origin of processed meat is necessary for transparent food chains, and that this concerns household purchases as well as away from home consumption as it states that significant proportions of the meat imported from third countries such as Thailand and Brazil is consumed in mass catering, food service or as meat preparations.⁹⁴

7.1 Public procurement

According to the United Nations Environment Programme (UNEP) public spending accounts for an average of 12% of GDP in OECD countries and up to 30% in developing countries.⁹⁵ By using their leverage as large buyers and actively include environmental, social and ethical criteria in their procurement contracts, public procurers have a significant potential to positively contribute to more sustainable societies, not the least in countries where products are produced. The way they procure can help drive companies and markets in the direction of innovation and create new norms, it can help raise public awareness and influence consumer patterns, and as such impact on the overall market.⁹⁶

In 2014 the Council of the European Union adopted new directives on public procurement which apply to all Member States. According to the new directives, public procurers will have a responsibility to ensure that goods and services they procure are produced with respect for labour rights. In regards to ethical criteria there is in principle, according to the EU, since 2012 no longer any obstacles to refer to criteria based on fair trade in public procurements.⁹⁷ In other words, the EU is clearly signaling that ethical criteria are now a priority but the directives leave it up to each Member State to decide how far it wants to regulate. Member States have until April 2016 to transpose the new directives into national law⁹⁸, and the Swedish government is yet to present its strategy on how it intends to do so.

⁹³ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+MOTION+B8-2015-0097+0+DOC+XML+Vo//EN>

⁹⁴ AVEC Annual Report 2015, October 5 2015.

⁹⁵ http://www.unep.org/10yfp/Portals/50150/downloads/Brochure_SPP%20Programme_10YFP_June30.pdf

⁹⁶ http://www.upphandlingsmyndigheten.se/hallbarhet/varfor_upphandling/samhallsnytta/

⁹⁷ <http://curia.europa.eu/juris/document/document.jsf?jsessionid=9ea7d2dc30db74f024aba8c947c19278c3e699116862.e34KaxiLc3qMb40RchoSaxuKc3v0?text=&docid=122644&pageIndex=0&doclang=SV&mode=lst&dir=&occ=first&part=1&cid=1355262>

⁹⁸ <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32014L0024&from=SV>

7.2 The Swedish public market

Swedish import of food products to the public sector was estimated to a value of more than SEK4,4 billion, around €479 million, in 2013, according to the latest available study.⁹⁹ Of this the value of processed food was estimated to SEK2,8 billion, approximately €300 million. The study shows that the public sector purchased imported poultry to a value of SEK200 million, about €21 million, in 2013.¹⁰⁰

There are 21 county councils and 290 municipalities in Sweden, responsible for procuring food, or providers of food services, to public institutions such as hospitals, kindergartens, retirement homes and schools. Public purchases are regulated by the Swedish Public Procurement Act¹⁰¹ and the EU Directives on Public Procurement.¹⁰² According to these regulations, public purchasers are prohibited to premier domestic products in public procurements. Free trade in the EU is regulated by EU Competition Law.¹⁰³

The Swedish county councils started their work on social criteria in public procurement in 2007, led by the three largest regions: Stockholm, Västra Götaland and Skåne. In 2008 these three county councils established a common code of conduct for suppliers.¹⁰⁴ In 2010 cooperation between all 21 county councils started, and since 2012 there is a formalized structure with a National Coordinator for Social Responsibility. The cooperation consists of a Steering Committee, a National Coordinator, an Expert Group and a point of contact at each county council.¹⁰⁵

- Issues regarding animal welfare, environmental issues and product quality have been targeted in Swedish public procurement. However, there is a lack of routine and resources for risk assessment regarding human rights and working conditions, says Pauline Göthberg, National Coordinator, the Swedish County Councils and Regions.

With a slim annual budget of SEK 2 million, about €214 000, the Steering Committee has so far prioritized seven categories of goods for social criteria in public procurement. These categories are defined due to high risk for adverse human rights and environmental impacts, as well as high procurement volumes. It means that the National Coordinator supports local public procurers in setting and following up on

99 "Offentlig marknad för livsmedel i Sverige samt import av livsmedel till aktörer i offentlig sektor", Agroidé AB on behalf of LRF, October 3 2013.

100 Public procurement of food to the public sector in Sweden amounts to a total of SEK8,9 billion, €900 million, per year. The municipalities account for the greatest part, around SEK6,3 billion (€640 million). County councils and regions account for about SEK1,2 billion (€120 million) and other authorities, such as the Swedish Armed Forces and the Swedish Prison and Probation Center, account for about SEK1,4 billion, €140 million.

101 <http://www.notisum.se/rnp/sls/lag/20071091.HTM>

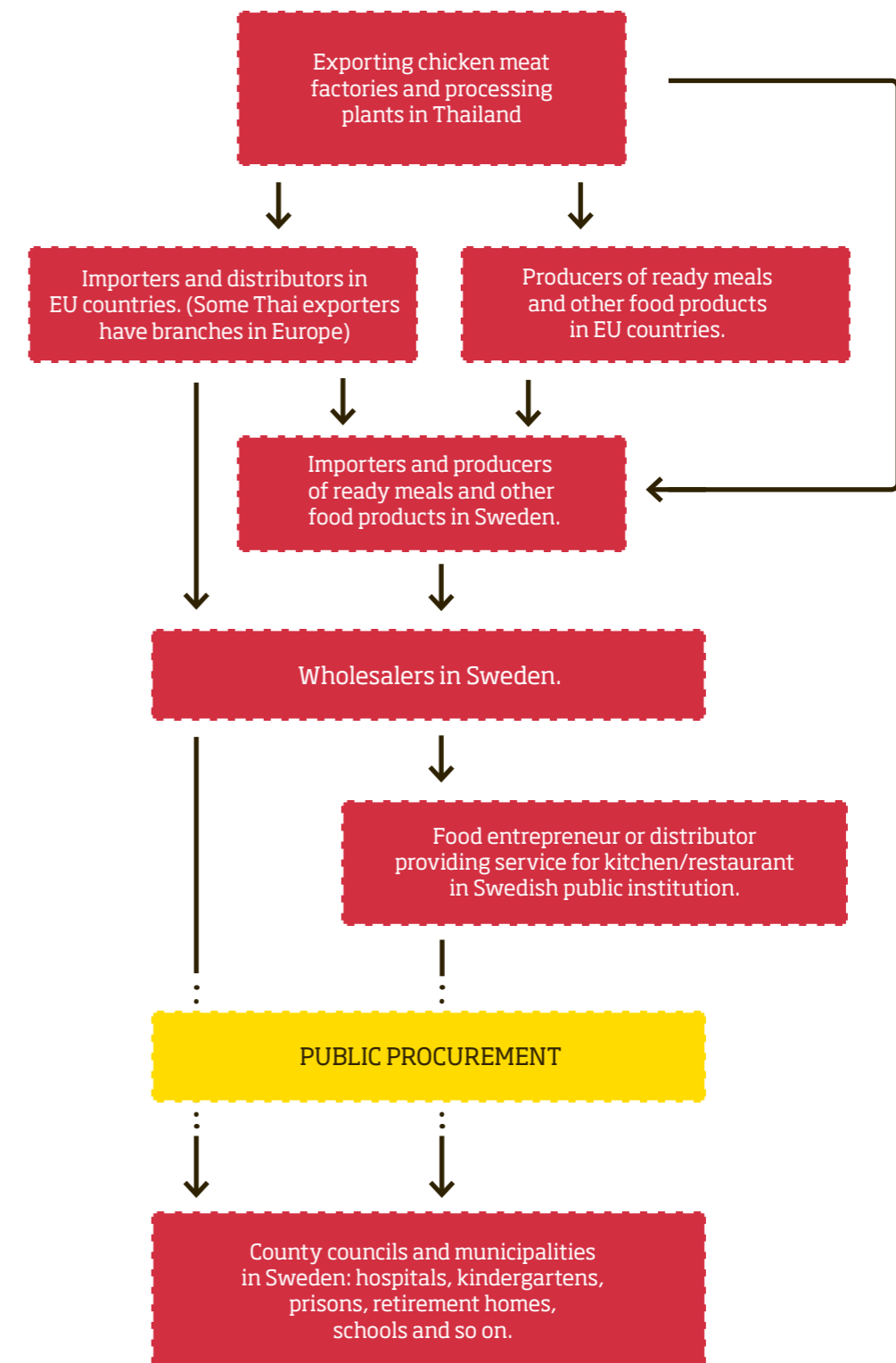
102 http://ec.europa.eu/growth/single-market/public-procurement/index_en.htm

103 http://ec.europa.eu/competition/antitrust/legislation/handbook_vol_1_en.pdf

104 The code of conduct refers to the UN Universal Declaration of Human Rights, the ILO core conventions, the UN Convention on the Rights of the Child, national legislation regarding labour rights and environmental protection, as well as the UN Convention against Corruption.

105 Socialt Ansvarstagande i Offentlig Upphandling, <http://www.xn--hllbarupphandling-8qb.se/>

Example of supply chain of chicken meat products for the public market in Sweden



social criteria within the defined categories. However, food products are not included in the priority list to this date.

According to Swedish legislation on public procurement "procuring authorities should take into account environmental and social considerations in public procurement when it is justified by the nature of the procurement".¹⁰⁶ Governments should lead by example and ensure that goods and services they procure are manufactured under responsible and sustainable conditions, says Pauline Göthberg.

- To speed up social responsibility, and include it to a greater extent in public procurement, these political directives must be accompanied by proportionate state funds, she continues.

Swedwatch's survey of public procurers and officials at Sweden's three largest county councils and municipalities show inadequate procedures and resources in the purchasing processes of food and food services. Many of the contracts still running for providing public institutions with poultry products have been initiated without setting social criteria.

According to Peter Söderström, Head of Sourcing and Procurement at Region Västra Götaland,¹⁰⁷ the region now includes the code of conduct formulated by the National Coordinator for Social Responsibility in all public procurement. The current contract for food supplies to the region's public institutions, which was initiated in 2012, as well as those before did not include social criteria and were not based on any due diligence regarding human and labour rights. Peter Söderström states that the most critical point is that county councils have limited resources for following up on contracts. Therefore, food has not been identified as a risk category.¹⁰⁸

Swedwatch's survey shows that none of the county councils in Sweden's three biggest regions - Skåne, Stockholm and Västra Götaland – have, on a regular basis, conducted audits specifically relating to human and labour rights in product categories including poultry within their public procurement.

Helena Sagvall, CSR Coordinator at the city of Gothenburg, says that the municipality has 3 589 contracts with 1 434 suppliers at the time of the interview.¹⁰⁹

- We have the ambition to follow up thoroughly on all our contracts, but we obviously lack the resources. In many cases we have to rely on our suppliers, that they give us what they are supposed to, says Helena Sagvall.

85 of Sweden's 290 municipalities have joined an agreement concerning social audits with SKL Kommentus Inköpscentral, an institution whose mission is to coordinate procurement for the county councils and municipalities in Sweden, and support them

¹⁰⁶ <http://www.notisum.se/rnp/sls/lag/20071091.HTM>

¹⁰⁷ Region Västra Götaland is the county council of Västra Götaland, where Sweden's second largest city Gothenburg is the capital. Västra Götaland has a population of about 1,6 million.

¹⁰⁸ Interview with Peter Söderström, Head of Sourcing and Procurement at Region Västra Götaland, October 12 2015.

¹⁰⁹ Interview with Helena Sagvall, CSR Coordinator city of Gothenburg, October 14 2015.

in those processes.¹¹⁰ The agreement includes factory and desktop audits of suppliers to the public sector, based on ethical and social criteria. Municipal public procurers suggest suppliers they want audited. An expert group will then select suppliers who will be audited, based on the suggestions. All joining municipalities may take part of the results of audits that have been conducted.

To this date the expert group at SKL Kommentus Inköpscentral has not received any assignments or suggestions from the municipalities to conduct audits including labour and social conditions in product categories that would cover the Thai poultry products delivered to Swedish public institutions.

- Historically public procurers in general have not set social criteria in their procurement of food products. My impression is that the knowledge of working conditions in this sector of production generally is low among public procurers at the Swedish municipalities, says Peter Nohrstedt at SKL Kommentus Inköpscentral.¹¹¹

Peter Nohrstedt states that desktop audits have previously been conducted for some of the Swedish wholesalers' activities and routines. Following Swedwatch's contact with Nohrstedt, he has since stated that the expert group has decided to conduct new desktop audits, in cooperation with the Swedish County Councils and Regions, to identify poultry suppliers in Thailand exporting to Sweden. Those identified with such links will be subject to further investigations into their compliance with the ILO conventions etc.

7.3 Importers and wholesalers

The companies related to the Swedish market were selected based on their size and trade with Thailand's poultry industry. Their level of transparency differs with regard to Thai companies. Axfood and Norvida have disclosed their Thai suppliers. Findus and Menigo have partly declared their suppliers in Thailand, while Euro Poultry and Martin & Servera do not disclose their Thai suppliers due to contractual obligations.

7.3.1 Martin & Servera

Turnover 2014: SEK12,5 billion
Number of employees: 2 359

FACTS

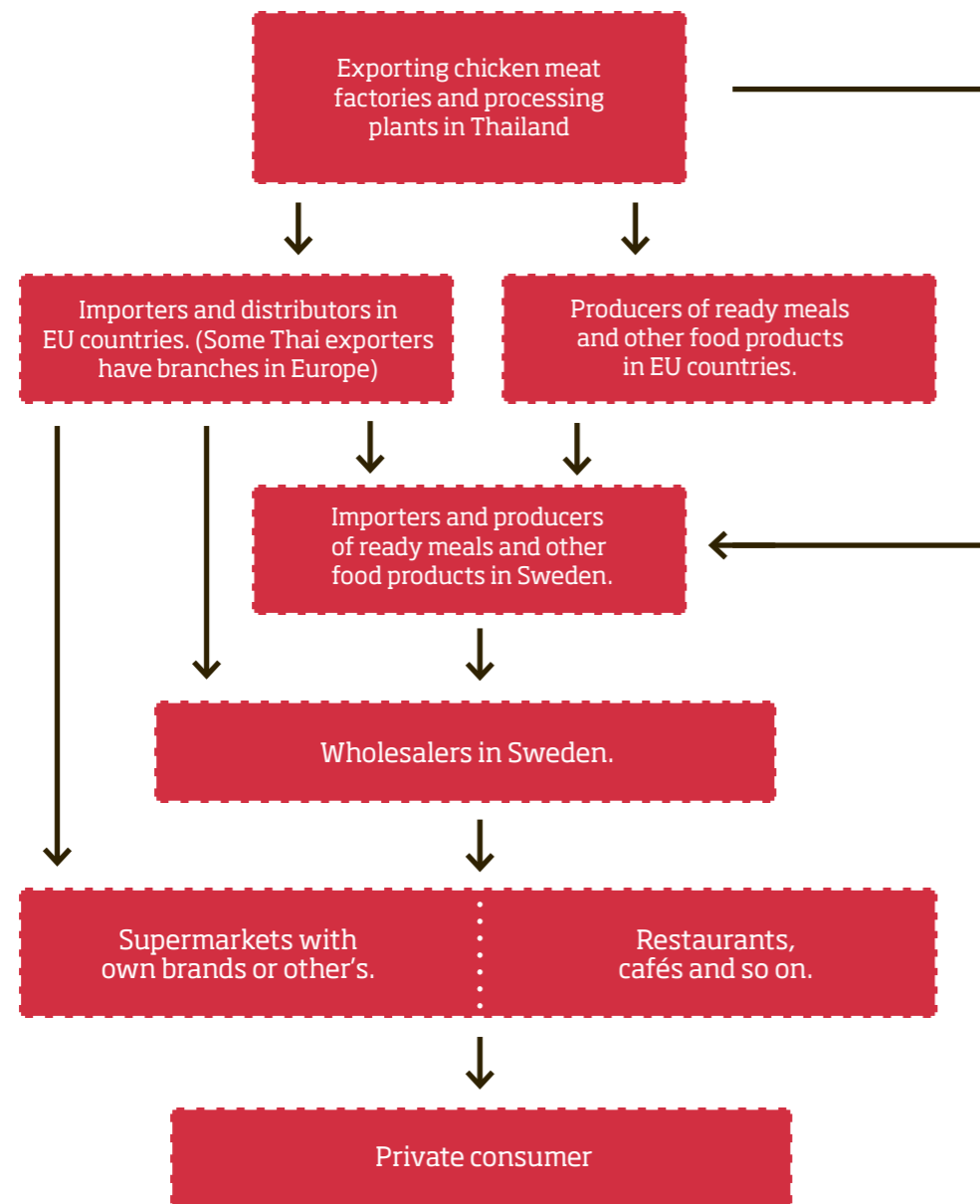
Martin & Servera is a Swedish wholesaler and distributor of food and beverages. The company is owned by Axel Johnson AB (70%) and the Oldmark family (30%). Martin & Servera daily supplies around 15 000 products to some 20 000 customers in Sweden such as restaurants, cafés and fast food chains as well as public hospitals, retirement homes and schools. Martin & Servera is mentioned as Sweden's biggest supplier of food products to the public market, with sales estimated to more than SEK2,9 billion in 2013.¹¹²

¹¹⁰ SKL Kommentus Inköpscentral is a corporation owned by the Swedish Association of Local Authorities and Regions.

¹¹¹ Interview with Peter Nohrstedt, SKL Kommentus Inköpscentral, October 14 2015.

¹¹² "Offentlig marknad för livsmedel i Sverige samt import av livsmedel till aktörer i offentlig sektor", Agroidé AB on behalf of LRF, October 3 2013.

Example of supply chain of chicken meat products for the private market



According to Åke Johansson, Business Area Manager, Martin & Servera has sourced poultry products from Thailand for about 20 years. The trade is carried out through importers in Sweden and other EU countries - such as Euro Poultry (Denmark), Findus, Norvida and Best Poultry International (Denmark). Martin & Servera does not disclose what Thai companies their EU suppliers source from.¹¹³

Åke Johansson states that the poultry from Thailand constitute about 5-6 per cent of Martin & Servera's import of poultry meat. These products are mainly processed in Thailand before they are shipped to the EU importer supplying Martin & Servera.

In addition, Martin & Servera also imports and distributes ready meals produced by EU suppliers that contain Thai poultry. According to Åke Johansson, the amount of Thai poultry in these products is difficult to determine, as the producers sometimes mix poultry from Thailand and other markets in the same product. About 35 percent of Martin & Servera's imported poultry products are delivered to the public market in Sweden.

Martin & Servera introduced its code of conduct in 2008, based on the ten principles of the UN Global Compact, which is included in the contracts with all suppliers.¹¹⁴ Since April 2015 Martin & Servera publishes an annual sustainability report, based on the international standard Global Reporting Initiative, GRI4.¹¹⁵ Martin & Servera "requires that the code of conduct is secured two tiers upstream, ie from Martin & Servera to the supplier/producer and from the supplier to the sub-contractor/producer".¹¹⁶

According to Britta Ekman, CSR Manager, Martin & Servera has an on-going dialogue with its EU suppliers, including audits of the suppliers' sustainability work. Ekman and Johansson cannot declare how frequently their EU suppliers have conducted audits in Thailand, during the years that Martin & Servera has been sourcing from Thai factories.¹¹⁷

Martin & Servera bases its risk assessment regarding the trade with Thai poultry in dialogue with its EU suppliers. According to Åke Johansson direct contact with local producers or a deeper cooperation with the EU importers would be considered if Martin & Servera notices an increasing demand of Thai poultry products.

Britta Ekman explains that for example deficiencies in Thailand's weak legal protection of workers have been found. The risk assessment, actual conclusions drawn or actions taken on identified risks are not shared officially. These documents are

¹¹³ Information provided by Britta Ekman, November 6 2015.

¹¹⁴ <https://www.unglobalcompact.org>

¹¹⁵ <https://www.globalreporting.org/Pages/default.aspx>

¹¹⁶ http://www.martinservera.se/files/martinservera/Ansvarsfullt%20f%C3%B6retagande/MS_uppforandekod_130812.pdf

¹¹⁷ During 2014 Martin & Servera conducted five sustainability audits in accordance to their code of conduct. One of those was conducted in Thailand, but it was not related to Martin & Servera's poultry products.

incorporated in the contracts with each partner, and therefore classified as business privacy.

Martin & Servera does not mention the UNGP in its sustainability report 2014.¹¹⁸ Prior to the launch of the Swedish National Action Plan for Business and Human Rights in September 2015 the UNGP has not been implemented in Martin & Servera's strategies for sustainable supply chains. Britta Ekman states that the management has since initiated procedures to implement the guidelines in Martin & Servera's business.¹¹⁹

7.3.2 Axfood

Turnover 2014: SEK38,5 billion
Number of employees: 8 481

FACTS

Axfood's business is divided between food retail and wholesale in Sweden. The retail business is conducted in over 250 company owned stores, Willys and Hemköp, and in 820 proprietor-run stores in Sweden. Axfood has about 20 percent market share of the consumer packed goods market in Sweden. The wholesale is conducted through the companies Axfood Närlivs, Axfood Snabbgross and Dagab. Axfood is listed as one of the five biggest suppliers of food products to Sweden's public market, with sales of an estimated SEK300 million in 2013.¹²⁰

Axfood's trade with the Thai poultry industry was initiated in the late 1990's. According to Lars-Gunnar Edström, Purchaser Food-Service, competitive price levels and high quality products have established Thailand as a sought-after provider of poultry products. Approximately 60-70 percent of the poultry products that Axfood delivers through their Food Service department to Swedish private buyers, such as cafés and restaurants, originate from Thailand. In terms of volume that is equivalent to an annual import from Thailand of about 1 200 tonnes, Edström states. Axfood's import of poultry from Thailand consists of processed meat products and ready meals mainly from CP Foods.

Axfood's trade with exporting companies in Thailand is conducted through importers in Sweden and other EU countries. Until 2014 the procedures regarding follow-up and evaluation of suppliers were mainly focused on product safety, and to some extent on animal welfare. No systematic due diligence on adverse human or labour rights impacts was performed. Risk assessment has been based on information and dialogue with the intermediary supplier in Europe, Lars-Gunnar Edström says.

Axfood publishes sustainability reports on its webpage since 2008. The company has had a code of conduct based on the conventions and frameworks formulated by the ILO and UN since 2004, which is part of all framework agreements with its suppliers.

118 http://www.martinservera.se/files/martinservera/Ansvarsfullt%20företagande/MS_0535_Hållbarhetsredovisning_FINAL.pdf

119 Interview at Martin & Servera headquarters, Stockholm, 2015-09-01.

120 "Offentlig marknad för livsmedel i Sverige samt import av livsmedel till aktörer i offentlig sektor", Agroidé AB on behalf of LRF, October 3 2013.

Up to 2014 Axfood's office in Shanghai followed up of the code for their Chinese suppliers. The company also conducted audits in other parts of the world when certain risks were identified.

Since 2014 the strategy on sustainability has increased to include CSR-monitoring in all risk countries.¹²¹ Axfood's representatives state that the company now performs commodity risk reports and has a systematic way to evaluate their suppliers on basis of their CSR-performance. All suppliers are expected to assure that their eventual subcontractors also follow the code of conduct, which since 2015 is fully integrated with the international standard BSCI, Business Social Compliance Initiative,¹²² with reference to the UNGP. As members of the BSCI network Axfood can organize, and take part of, third party audits conducted at specific factories in selected markets.

According to Kristina Areskog Bjurling, Coordinator Sustainability Issues for Products, third party audits have been conducted at four Thai poultry factories supplying Axfood. One by the BSCI during the summer of 2015 and four within the Sedex-system, the Supplier Ethical Data Exchange.¹²³ The BSCI audit resulted in an overall rating "D", meaning that the auditee's integration of the BSCI's code of conduct was insufficient.¹²⁴ According to Kristina Areskog Bjurling the low rating was given because five discrepancies were found, among them deficiencies regarding the procedures of the workers' sick leaves. All measures were to be completed by December 31 2015. A new audit is planned by the BSCI for the summer 2016.

In November 2014 Axfood visited several of their suppliers of food products in Thailand. They participated in roundtables with NGO's representing migrant workers as well as representatives for food industry associations and unions. Axfood has identified risks regarding the recruitment processes of migrant workers. Since the management of Axfood was informed about this report it has taken concrete steps to initiate a new dialogue with the Thai suppliers, to address and investigate possible occurrences of violations of workers' rights in their factories.¹²⁵

Axfood states in their sustainability report 2014 that the UNGP "are fundamental to how Axfood takes responsibility for human rights in business".¹²⁶

121 According to Axfood, risk countries as defined by the international standard BSCI.

122 <http://www.bsci-intl.org>

123 According to their webpage "Sedex is a non-profit organization offering their members in over 150 countries to share information on labour standards, health and safety, the environment and business ethics. Sedex is not a standard setting body, code of conduct or certification". <http://www.sedexglobal.com/>

124 According to the BSCI webpage, the overall rating of a BSCI audit can be: A (Outstanding), B (Good), C (Acceptable), D (Insufficient), E (Unacceptable).

125 Interview at Axfood headquarters, Stockholm, September 4 2015.

126 http://axfood.se/Global/Hållbarhet/AXF_HAR_14_sve_webb.pdf



Some of the interviewed migrant workers live in accommodations around the factory and some in housings provided by their employer. Often many workers live together in small rooms.

7.3.3 Menigo

FACTS

Turnover 2014: SEK5,1 billion
Number of employees: 801

Menigo is a Swedish wholesaler of food products and beverages. The company is owned by the Swedish venture capital firm Nordic Capital and Brakes Group, a British supplier to the foodservice sector in the UK, Ireland, France and Sweden. In Sweden Menigo distributes about 31 000 products to approximately 15 000 customers within the public and private market. Menigo is mentioned as Sweden's second largest supplier to the public market, with sales of food products estimated to SEK1,7 billion in 2013.¹²⁷

Menigo sources poultry products from Thailand through EU importers, and has done so throughout the 2000s. Its Thai poultry is supplied by importers in Sweden and the EU, such as Euro Poultry (Denmark), Norvida and Best Poultry International (Denmark). According to Peter Norlin, Product Manager Poultry, Menigo's imports from Thailand amount to a couple of hundred tonnes annually. The products imported are mainly processed - fried or grilled - in Thailand but its trade also include raw frozen poultry products. Peter Norlin states that Menigo's range of Thai poultry products is distributed to both the private and the public market.

Menigo has a code of conduct based on the UN and ILO conventions and the ten principles of UN Global Compact. The code of conduct is included in the contract with every direct supplier. Menigo has never conducted any audits or visited any poultry producers in Thailand. The company has not performed human or labour rights due diligence regarding their trade with Thailand. Peter Norlin states that Menigo relies on the assurances it receives from its EU suppliers. He says that there, for example, is no risk assessment on how possible migrant workers are treated in their supply chains. According to Peter Norlin Menigo should identify more product categories carrying special risks for violations of human and labour rights.

Menigo cannot specify when the last audit was conducted at factories of their Thai suppliers. According to Peter Norlin the EU suppliers communicate with documents assuring that they and their sub-contractors meet the UN and ILO conventions. There are no set routines for those reports. Peter Norlin notes that trade through an EU supplier may last for several years without any audits of the producing factories being conducted.

According to Peter Norlin, Menigo has a comprehensive system for audits at factories and social responsibility regarding its line of house brands. Those products do not contain poultry imported from Thailand.

Menigo does not publish annual sustainability reports on their webpage. The company's work on sustainability is presented in a brochure that includes a description of the code of conduct etc. The brochure does not mention the UNGP. During the inter-

¹²⁷ "Offentlig marknad för livsmedel i Sverige samt import av livsmedel till aktörer i offentlig sektor", Agroidé AB on behalf of LRF, October 3 2013.

view, the representatives of Menigo were unaware of the concepts of the UNGP and Sweden's National Action Plan for Business and Human Rights.¹²⁸

After the interview Menigo has initiated new monitoring of their Thai poultry suppliers. Peter Norlin states that the management of Menigo will work on new strategies for audits of the factories.¹²⁹

7.3.4 Findus

FACTS

Turnover 2014: SEK2,6 billion
Number of employees: 785

Findus is a Swedish company that has been present on the Scandinavian food market ever since it was founded in 1941. Findus produces frozen food products such as ready meals, fish and vegetables as well as cold ready meals and soups. The products are distributed in Sweden, Finland and Norway.

Findus has sourced processed poultry products from Thailand since the late 1990s. According to Annelie Selander, Accounting and Marketing Manager, the company purchases about 1 000 tonnes from Thailand per year, via two importers in the EU. The processed poultry meat from Thailand is added as an ingredient in the ready meals that are produced in the Findus factory in Sweden. Findus' products are distributed to supermarkets and the food service sector supplying the private and public markets in Scandinavia.

Findus imports poultry from six different producers in Thailand. The company does not disclose their Thai suppliers due to competitive reasons. However, Annelie Selander confirms that Findus trades with CP Foods.¹³⁰ During the interview, Annelie Selander cannot provide information whether Findus has performed due diligence on adverse human rights impacts at the time when the import from Thailand was initiated nor after. Representatives of Findus visit the factories in Thailand once or twice per year. The company has not itself organised audits covering potential violations of human or labour rights.

According to Selander, Findus implemented a code of conduct based on the ILO conventions and social criteria formulated by the Ethical Trading Initiative, ETI, after the horse meat scandal in 2013. The code of conduct is included in the contracts with all suppliers. In 2013 Findus became a member of Sedex, and can take part of the results of third party audits shared in the system's databases.¹³¹ Annelie Selander states that deviations such as confiscation of workers' documents and lack of security routines have been found at the factories producing for Findus. Findus has acted on

¹²⁸ Interview at Menigo headquarters, Stockholm, October 15 2015.

¹²⁹ E-mail from Peter Norlin, October 20 2015.

¹³⁰ E-mail from Annelie Selander, November 10 2015.

¹³¹ a) <http://www.ethicaltrade.org/> b) In February 2013 Findus recalled a lasagna ready meal after analysis revealed it contained horse meat. <http://www.supplymanagement.com/news/2013/findus-sweden-joins-sedex-to-manage-supply-chain-risk>

those identified violations by running dialogue with their EU agents as well as with the managements of the Thai factories, until the deviations have been marked as corrected in the Sedex database.¹³²

Findus sustainability report 2014, based on the Global Reporting Initiative, shortly mentions Findus' CSR routines in accordance to Sedex. The company has not adapted to the concepts of the UNGP or the Swedish government's National Action Plan for Business and Human Rights. The sustainability report does not relate to the UNGP nor does it include information regarding potential adverse human rights impacts in Findus' supply chains, or the company's strategies to identify and mitigate those possible risks.

7.3.5 Norvida

FACTS

Turnover 2014: SEK800 million
Number of employees: 28

Norvida is a privately owned Swedish importer of meat products, including beef, pork, and poultry. The company was founded in 1990, and changed name from North Trade to Norvida in 2012. Norvida has offices in Sweden and Finland, with subsidiaries in Norway and Brazil. Norvida supplies meat products under own brands, such as Happy Chef, to customers in Sweden, Norway and Finland.

According to co-partner Johan Hållbus, Norvida imports around 1 500 tonnes of poultry products from Thailand per year, which represent approximately 10 per cent of Norvida's total business. About two thirds of the imported products are sold in Sweden and the remaining third in Finland, mainly to private customers such as wholesalers, restaurants and cafes. Norvida does not supply the public market directly, but their products end up there too via wholesalers who distribute through public procurement.

Norvida has sourced from the same supplier in Thailand since its trade with the Thai poultry industry was initiated in 2003. The Thai partner, which was not included in the field study for this report, produces processed poultry products, such as fried or grilled filets and different sorts of cut grilled filets, for Norvida. Calle Ramvall, Quality and Environment Manager, states that the Thai supplier was chosen in 2003, at the time of the outbreak of the avian influenza. Thus, a major focus was on product safety issues. When the partnership was initiated Norvida did not perform due diligence on actual or potential adverse human or labour rights impacts. The representatives of Norvida describe they had "a satisfactory dialogue" with the Thai management regarding the workers' salaries, working hours, accommodations etc.

Since 2003 representatives of Norvida have visited the Thai supplier's factory at least once per year. Third party audits of the workers' conditions or independent interviews with workers have not been organized by Norvida. Calle Ramvall refers to lan-

¹³² Interview with Annelie Selander, Accounting and Marketing manager Findus, October 21 2015.



Thailand's poultry industry is considered a success story in the nation's agricultural sector, and one of the main components in Thailand's ambition to become the "kitchen of the world".

guage barriers. But this is also, he says, because Norvida has not identified the need of such procedures. According to Ramvall, its Thai supplier is a member of Sedex.

Norvida's representatives noted increasing numbers of migrant workers from Cambodia and Myanmar in the Thai factory five-six years ago, mainly due to their observations of signs in Burmese and Khmer inside the buildings. Norvida has not performed due diligence to identify actual and possible human adverse rights impacts considering the vulnerable position of migrant workers. According to Johan Hållbus they have not seen any indications of violations in the factory they source from.

Based on international media's exposure of violations of migrant workers in Thailand's fishing industry the latest years, Norvida has raised issues regarding the workers' conditions with the Thai factory management. According to Calle Ramvall, Norvida has been given satisfactory statements from the management assuring that no violations have occurred. Johan Hållbus states that Norvida has been able to meet the codes of conduct set by their customers in Scandinavia. If new information shows another reality, Norvida is more than willing to reevaluate its criteria on social issues to contribute to positive change, he says.

Norvida does not publish annual sustainability reports online, nor does it share any documents describing processes of due diligence on adverse human and labour rights impacts in their supply chains. Calle Ramvall concludes that the UNGP are not implemented in Norvida's strategies. The company management has not taken part of Sweden's National Action Plan for Business and Human Rights by the time of the interview.¹³³

¹³³ Interview at Norvida's headquarters, Stockholm, October 19 2015.

7.3.6 Euro Poultry

FACTS

Turnover 2014: Not shared officially
 Number of employees: 20

Euro Poultry is a Danish importer and distributor of poultry meat products, founded in 1999. The company has offices in Denmark, Finland, Holland and Sweden. Euro Poultry distributes their products under own brands, such as Chef's Club and Top Table, to wholesalers in around ten countries in the EU, including Sweden.

According to Mikael Kristensen, CEO, Euro Poultry initiated its import of poultry products from Thailand around 2004. Euro Poultry sources from six different Thai companies. The volume constitute 20-25 percent of Euro Poultry's total import of poultry products from over 40 producers in ten countries. Mikael Kristensen states that Euro Poultry imports from Thailand because the products are in general fully cooked and ready to eat, and that animal welfare and processing environments are "up to a level which cannot be found in the EU." Euro Poultry does not disclose its Thai suppliers due to competitive reasons.¹³⁴

Regarding human rights, Kristensen says that the selected Thai suppliers provided Euro Poultry with information regarding their routines for labour and social issues when the trade relationship was formed. He states that the suppliers showed credible and responsible structures for workers' conditions.

When Euro Poultry signs a contract to supply, for example, a Swedish wholesaler, the code of conduct provided by the wholesaler has to be signed. According to Mikael Kristensen, Euro Poultry then passes its own code of conduct on to the Thai partners, with a minimum requirement that they follow local national law. Verification that the code of conduct is fulfilled is the responsibility of the quality manager at Euro Poultry's office in Holland and his technical team in Thailand.

According to Euro Poultry, the majority of its Thai suppliers are members of the Sedex system. Some also volunteered for the OHSAS 18001 accreditation, a standard that is designed to clarify an organization's impact on health and safety issues, as well as help to reduce the risk of accidents and any breach in legal requirements.

Euro Poultry does not provide information regarding identified adverse human or labour rights impacts in Thailand. The company communicates that "the technical department requested on an annually frequency an update of the certificates and is conducting audits which include also ethical and safety issues".

Euro Poultry has not adapted their business to the concepts of the UNGP. The company does not publish information or annual reports regarding sustainability strategies such as due diligence on potential adverse human rights impacts in their supply

¹³⁴ E-mail from Mikael Kristensen, November 6 2015.

chains, as prescribed by the UNGP. Mikael Kristensen says such documents are not shared officially, due to the company's policy on business privacy.¹³⁵

7.4 Supermarkets' house brands

Swedwatch conducted a survey of five of the major supermarket chains in Sweden. The results show that only one of them has chosen to import poultry meat from Thailand for brands under their own name.

ICA, with around 2 100 stores and pharmacies in the Nordic countries, source poultry from CP Foods in Thailand for a product line launched in May 2015. In 2013 ICA conducted an initial audit to identify potential risks related to human and labour rights at the factory of their Thai supplier. Improvement areas were identified, among other things relating to the establishment of a grievance mechanism and extensive overtime.

According to ICA, a follow-up audit in 2014 showed that an improvement plan had solved most problems, but the factory management are still working on issues regarding overtime rest break and confirmation of seventh day rest for the workers.¹³⁶

Poultry products in supermarkets' house brands

	Do any of your house brand products contain poultry from Thailand?	If yes - how are adverse human rights impacts identified and mitigated?	If no - how do you verify the origin of the meat?
Axfood (Hemköp & Willys)	No		The supplier needs to prove they have food safety certificate down to the slaughter level.
City-Gross	No		Suppliers must always state the origin of ingredients in the product specification.
Coop	No		Country of origin has to be stated in the purchasing agreement.
ICA	Yes	Social audits were conducted at Thai plants in 2013 and followed up in 2014.	
Lidl	No		It is stated in the contracts with our suppliers that the origin for all products should be listed in the table of content.

¹³⁵ Interview with Mikael Kristensen, CEO Euro Poultry, October 26 2015. E-mail from Kristensen, October 27 2015.

¹³⁶ E-mail from Kerstin Lindvall, Head of CSR at ICA, September 23 2015.

8. Conclusions

During recent years the critical situation for migrant workers in Thailand's labour intensive sectors has been exposed by reports from human rights organizations and the international media. Companies that act in an environment where human rights are not respected must be aware of that context and understand if and how their activities directly cause, contribute or link to corporations and contexts where adverse impacts on human rights occur. According to these fundamental mechanisms of the UNGP, companies have the responsibility to analyse specific adverse human rights impacts linked to their business, and act to mitigate those risks.

The Swedish food sector has sourced poultry products from Thailand at least since the late 1990s. As long term partners with the Thai market, the Swedish stakeholders have had the opportunity to contribute to improved social and working conditions, in an environment where workers have weak legal protection, are harassed for claiming their rights and fall victims to oppressive employers and corrupt officials. However, this report shows that with poor due diligence on human rights or requirements including social criteria, Swedish stakeholders have failed in taking their responsibilities for many years.

The interviews with 98 migrant workers at six different factories in Thailand indicate that severe violations of human and labour rights are frequent in the nation's poultry industry. As migrant workers, the interviewees represent a group at the bottom of Thailand's pyramid of labour. At all factories included in the field study, testimonies of the workers indicate circumstances defined as debt bondage by the standards of the ILO. Confiscation of personal documents, debt due to excessive recruitment costs and illegal salary deductions are factors contributing to restrictions of the workers' freedom. Extortion by corrupt police and other officials is a daily risk for many migrant workers who cannot show valid papers.

At three of the factories, interviewed workers reported child labour, involving children as young as 14 years old. This would be in breach of Thai law as well as of ILO core conventions. Children is a vulnerable group, and as such prone to fall victims of exploitation. Swedish as well as other foreign companies trading with Thailand should prioritize children as a stakeholder group, which requires particular attention to safeguard their human rights.

The field study further reveals that various forms of discrimination of migrant workers occur in all factories included in the study. The number of testimonies show that violence carried out by brokers and supervisors are not isolated events. These are all violations not only of national laws but also of several international conventions. All together these forms of abuse put individual migrant workers in a state of desperation and entrapment.

In many cases the violations relate to the migrant workers relationship to a broker or recruitment agency. With Thai industries' high demand for cheap labour these agencies and individuals have strong positions as traffickers of poor people desperate for a better life, looking for a possibility to send money to their families and children left

behind in their homelands. Instead, many of them fall victims to exploitation, in the hands of brokers and employers, with no effective legal system to protect them.

These are violations of which several are defined by the ILO as indicators of human trafficking for labour exploitation. And they are issues that Swedish stakeholders could have been aware of, and acted on, years ago, had they conducted human rights due diligence. However, Swedwatch's report show that the Swedish market's business with Thai poultry products was initiated without setting requirements that include social criteria. To this date only one of the Swedish companies interviewed, Axfood, has included the UNGP, endorsed by the United Nations Human Rights Council in 2011, in their strategies for sustainable supply chains. This was done in 2014.

According to Swedwatch's survey of the five biggest supermarket chains, one state that they have chosen to source poultry products from Thailand for their house brand products. Several of the same retailers carry products that contain Thai poultry under brands that are not their own. Swedwatch's research for this report shows that the EU legislation regarding indication of origin on processed food means that products labelled as having an EU country as origin, actually may come from third countries such as Thailand. This makes it near impossible to estimate the total volume of Thai poultry imported to the Swedish market annually.

The UNGP state that direct business with a producer gives a company stronger leverage to act on possible violations of human and labour rights in their partner's activities. However, not having direct business with a producer does not necessarily change the company's responsibility. A company sourcing products from a producer through subcontractors has the responsibility to analyze the human rights impact of their partners, and thus identify the risks that the company itself is associated with. Companies or public authorities linked to adverse human rights impacts in a supply chain should seek to increase their leverage, for example by collaborating with other actors.

Swedwatch has in previous reports demonstrated how social responsibility in public procurement can contribute to positive change of workers' conditions in the supplying country. Comparative investigations, from 2007 to 2015, of Swedish imports of surgical instruments from Pakistan show for example that conditions at the visited factories improved since the Swedish county councils included social criteria in public contracts.¹³⁷

Swedwatch concludes that food must be defined as a risk category in public procurement. The survey among county councils and municipalities reveal limited knowledge about, and resources for, social criteria in the procurement of food products. At Sweden's three largest county councils, requirements regarding animal welfare and product quality have been prioritized before social criteria. The same goes for public procurers at the municipalities. Swedwatch's conclusion is that the National Coordinator for Social Responsibility in public procurement, established in 2012, must be given sufficient resources, to have the chance to include more product categories such

¹³⁷ Swedwatch report 2007: "Vita rockar vassa saxar – en rapport om landstingens brist på etiska inköp" and 2015: "Healthier procurement - Improvements to working conditions for surgical instrument manufacture in Pakistan".

as food, carrying risks for adverse human rights impacts. Furthermore, public procurers at Sweden’s municipalities must strengthen their capacity and routines for due diligence on human rights. Today their requirements in procurement focus on animal welfare and product quality. But it can never be guaranteed that a producer that fulfill those requirements also treat its employees with respect and in accordance with both domestic law and international conventions.

Sweden and Thailand have a close relationship. Not only are the two nations intertwined through the streams of hundreds of thousands of Swedish tourists that visit Thailand every year. Sweden also sell arms material and fighter jets to Thailand, in a controversial deal that has recently been the subject of media reports in Sweden. Organizations such as Business Sweden promote Thai industries as high potential markets to Swedish companies. This indicates an uncritical approach to a repressive nation, where the situation for labour rights is dismal. However, this does not diminish the responsibilities of individual Swedish stakeholders in the food sector.

Four years have passed since the UN Guiding Principles for Business and Human Rights were endorsed. With the launch of the Swedish government’s National Action Plan for Business and Human Rights Swedish companies and other stakeholders are pushed to include human rights consideration in their activities. The findings of Swedwatch’s field study reveal that violations of migrant workers’ rights are frequent in Thailand’s poultry industry, in resemblance to other labour intensive sectors in the country. Swedish stakeholders linked to the supply chain should implement systems to assure that their suppliers at least follow national labour law. Importers and wholesalers should take their responsibility to conduct due diligence on adverse human rights impacts, and show with commitment and transparency how potential risks are identified and mitigated. It is time for Swedish companies and other stakeholders in the food industry to act in compliance with the UNGP.

9. Recommendations

9.1 To the Thai poultry companies

- Ensure that immediate action is taken to address the shortcomings identified in the report. On the short term, all companies should make sure that their businesses are conducted in accordance with Thai labour legislation. The long term goal should be to improve the working conditions in their factories to meet international standards.
- Ensure that all forms of unlawful recruitment fees are stopped and ensure that brokers are not charging migrant workers costs leading to debt bondage.
- Take action to solve problems related to the workers’ welfare. Workers who have been unlawfully charged for health insurance should have their money returned.

- Ensure that all workers are holding their own personal documents. Any form of confiscation of travel documents, passports or work permits must stop immediately.
- Ensure that workers are not subjected to any forms of abuse, discrimination or violence from brokers or supervisors.
- Ensure that membership in welfare committees is open to migrant workers.
- Ensure that migrant workers are informed about their rights in their own languages and put in place effective grievance mechanisms.

9.2 To importers and wholesalers

- Ensure that poultry suppliers in Thailand, as a minimum, comply with the national laws on human and labour rights and social welfare as well as international labour right standards as expressed in the ILO core conventions.
- Implement systems to assure that no exploitation of underage workers, debt bondage, unlawful salary deductions, confiscation of documents or other violations of human and labour rights occur at supplying factories in Thailand.
- Ensure effective due diligence processes to identify and mitigate adverse human rights impacts at poultry factories in Thailand. The due diligence process should be transparent and follow the “assess, respond, track and communicate” format that is referenced in the UNGP and in the Swedish National Action Plan for Business and Human Rights.
- Conduct third party audits to follow-up whether all Thai suppliers adhere to the commitments to human rights that they make when signing the contract.
- Conduct follow-ups to make sure that sub-suppliers in the EU are using codes of conduct in accordance to international frameworks on human rights.
- Contribute to the introduction of safe grievance mechanisms for the factory workers, where they do not have to go through their employers and initiate dialogue with Thai suppliers regarding workers’ opportunities to participate in decision-making processes.
- Communicate with local NGO’s representing migrant workers to effectively assess impacts, and to strengthen the capacity of the local NGO’s in their work to support migrant workers.
- Seek cooperation with Thai authorities and business associations to address labour rights concerns with a specific focus on migrant workers.
- Seek to increase leverage in order to effect real change regarding labour issues in Thailand. This can be done through cooperation between companies, through joint industry initiatives and/or together with international human rights organizations and unions.

9.3 To the Swedish county councils and municipalities

- Include food in the category of risk products in order to set social criteria and follow up on the respective contracts in future public procurement. For this to be realized adequate resources should be allocated within the county councils and municipalities.
- Exploit the full range of tools presented in the new EU directives with regards to setting social criteria in public contracts.
- Identify additional needs and resources to support suppliers in implementing contractual requirements with regards to labour rights.
- Continue dialogue with other contracting authorities to coordinate efforts in social criteria in public procurement and look into possibilities for further collaborations.

9.4 To the Swedish Government

- Effectively implement Sweden's National Action Plan for Business and Human Rights in all trade relations with Thailand.
- Include experts on human rights as a standard in trade delegations.
- Trade promoting institutions including Business Sweden and Swedish embassies should include risk assessment on adverse human rights impacts in their advice to Swedish companies, and provide guidance.
- In the transposition of the EU directives, exploit the full range of tools presented in these directives with regard to setting social criteria in public contracts.
- Act at EU-level to increase cooperation between member states in developing standards for social criteria in public procurement.
- Act at the EU-level to implement directives making the indication of origin mandatory on processed food products, in order to increase transparency throughout the food chain.

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11. Appendix

11.1 Comments from CP Foods Public Co Ltd.

A total number of 48 migrant workers at two different factories belonging to CP Foods were interviewed during the field study. The management's response below was communicated per e-mail and corresponds to findings that were more or less similar at the two factories, situated in the Saraburi province and Minburi district of Bangkok.

Out of the interviewees 28 were from Myanmar and 20 were from Cambodia. 26 were male and 22 female. The interviews suggest that CP Foods complies with all of the main labour and social protection laws of Thailand. The representatives of the company provided the following response on issues raised by the workers regarding working conditions:

Recruitment fees were very expensive and led to workers being in a situation of debt bondage.

CP FOODS: The company's foreign labor hiring policy was issued in April 2015 to ensure that all foreign workers are directly employed by the company, and free from recruitment-related debt. This policy also aims to ensure foreign workers are treated as equal to local workers. Because this policy was issued fairly recently, many workers are still not aware of these new practices. The company will focus more on communicating these new policies and practices, as well as benefits, welfare and labour rights to all workers.

Workers alleged intimidation, poor translation and generally bad behavior by translators hired by the company.

CP FOODS: The company will closely monitor the performance of translators. Disciplinary action will be taken if any evidence of misconduct is found.

No worker interviewed could produce health insurance, despite salary deductions of five percent for the Social Security Office Fund.

CP FOODS: According to Thai Labor law, once workers are employed, they have to continuously contribute to the Social Security Office Fund for 90 days before they receive their Social Security card and are entitled to social security welfare. However, the worker is still protected under the Thailand Pink Card scheme, which covers sickness and accidents. The company will focus more on communicating this information to all workers.

Original work permit receipts confiscated by the employer and extensive delay in returning passports.

CP FOODS: The company provides a regular free service to all foreign workers for the Thai regulatory requirement for the reporting to immigration every 90 days. The process starts with passport collection from the workers, which takes 5–7 days due to the large number of workers. The official process at the immigration department takes another 5 days. The company returns the passports back to the workers within a few days after the immigration process.

Before working overtime workers had no chance to take a lawful break. Sometimes overtime was as much as 4-5 hours per day.

CP FOODS: In cases of overtime exceeding 2 hours, the company will ensure that the workers receive a 20-minute rest time before overtime begins.

Workers stated they had no original copy of the contract of employment.

CP FOODS: The company had already previously distributed the copies of the employment contract to all workers – both Thai and foreigner.

Migrants reported poorly behaved supervisors using discrimination in speech with strong harsh words.

CP FOODS: The company provides training to supervisors on how to properly and positively manage their respective production lines.

Without a sick leave certificate for 1-2 days, no pay was given. Thai law requires certificate only for 3 or more days. Workers reported not being paid full sick leave.

CP FOODS: The company complies with Thai labour laws. And will focus more on communicating policies and practices, as well as benefits, welfare, and labour rights, to all workers.

The welfare committee was reported to be inactive, not representative of migrant workers, and workers were not aware of other workplace committees mandated by law.

CP FOODS: In accordance with Thai labour law, the welfare committee members are elected by the workers themselves. In this particular case, there was a Burmese candidate who was not elected. Due to his complaints, the company invited him to observe the regular meetings of the welfare committee. All minutes of the meeting have been properly filed.

Discrimination is part of the migrant workers' everyday life. It takes many forms. For example, Thai colleagues were reported to get better conditions, salaries and benefits. According to the interviewees at all factories discrimination is exercised by managers as well as by the brokers.



11.2 Comments from Centaco Group/Sky Food Co Ltd.

A total of 14 migrant workers at the Centaco/Sky Food factory were interviewed during the field study. The management's response on the findings of the field study were communicated per e-mail.

All of the interviewees were from Myanmar. 8 were male and 6 female. All workers interviewed had worker id cards that clearly illustrated their status as employees not directly of Centaco/Sky Food but of a series of six different broker or subcontractor agencies. In its response the management confirms that the subcontractors are responsible for "sourcing, interviewing and payment for all the migrant worker's needs". Centaco/Sky Food states that managing these subcontractors has been a "continuous challenge and learning experience".

The results of the interview sessions suggest that Centaco/Sky Food does not comply with all of the main labour and social protection laws of Thailand. The representatives of the company provided the following response on issues raised by the workers regarding working conditions:

Recruitment fees were extortionately high and led to workers being in a situation of debt bondage. Agents were explained to have used violence against workers complaining against the conditions. Workers described systematical dismissals for no reason.

CENTACO/SKY FOOD: The company does not charge recruitment fees or any fees for work to any workers. We do not encourage subcontractor to change worker. And we regularly monitor each subcontractor's turnover rate. We prefer experienced worker who are trained and understand our procedure and production process. In the case of violence, discrimination or abuse in the recruiting process, we find this unacceptable and we shall take immediate corrective action if any subcontractor is found guilty.

No worker interviewed could produce health insurance, despite salary deductions of five percent for the Social Security Office Fund.

CENTACO/SKY FOOD: It is the subcontractor's duty to process and send the Social Security contribution to the SSO. Before that can be initiated, the worker must receive the original work permit. In the interim, the subcontractor holds the contribution in a pool fund which takes care of the welfare needs of the workers. Once the workers receive their original work permit, the contractor will make the SSO contributions. We have reminded all subcontractors to monitor and manage this process carefully. Non-conforming subcontractors will be disciplined.

Workers reported they had to pay a deposit for working at the ten first days of their employment.

CENTACO/SKY FOOD: The company never request insurance deposit and we do not allow the subcontractor company to request deposits. This may arise from some misunderstanding about the wage payment cycle cut-off. We are in the process of investigating and if this is the case, we will perform better worker education on to prevent such misunderstanding.

Workers reported child labour, some being 14 years old with documents stating they were 18.

CENTACO/SKY FOOD: The company regulation and contract with the subcontractors identify clearly that we will not hire workers less than age 18 years. From our audit, all the documents show we have no under aged workers on site. If we find any workers with forged documents, we will levy harsh penalties on the subcontractor.

Workers reported failure to receive overtime payment.

CENTACO/SKY FOOD: The company has paid wages, benefits or incentives more than required by Thai labor law. All benefit and incentive payments are made through the subcontractor. If a subcontractor is found to not comply with fair labor practices, as stipulated in the subcontractor agreement, they will be penalized and further subject to punishment by law.

Workers stated that original work permits were confiscated by their agents.

CENTACO/SKY FOOD: According to our recruitment process we check original documents and return them to subcontractor. We never keep any of their original documents.

Workers reported they had to pay a yearly protection fee of THB1 000 to their agents.

CENTACO/SKY FOOD: This fee is a local government fee according to the law for extending working area.

Pay slips were provided in Thai language only.

CENTACO/SKY FOOD: The subcontractors have agreed to do corrective action urgently.

Workers evidenced ongoing salary deductions for work permits and passports that continued for months.

CENTACO/SKY FOOD: In case of subcontractors charging workers unfair and unlawful deductions, the company will refer to the contract terms. They clearly disallow unlawful deductions, and penalties will be levied on the subcontractor.

Workers reported they were not provided any contracts of employment.

CENTACO/SKY FOOD: It is mandatory for migrant workers of the subcontractors to have an employment contract. A sampling check by the company found that every subcontractor was adhering to this condition.

Workers reported their bank books were confiscated by the subcontractors.

CENTACO/SKY FOOD: We do not understand this purpose. If true, we will ask the subcontractors to return the bank books.

Excessive costs for visa extension etc had strong impact on workers' ability to survive on their income.

CENTACO/SKY FOOD: We shall take immediate corrective action if any subcontractor is found guilty of unlawful deductions.

Workers reported risk of violent robberies around the factory.

CENTACO/SKY FOOD: Additional lighting systems have been installed around the area and security guards are patrolling the area.

Supervisors were reported to withhold overtime as punishment for workers.

CENTACO/SKY FOOD: The company disapproves and despises such policies. Any staff found to practice such unlawful and unethical actions will be severely penalized and punished.

Workers reported discrimination and violence exercised by supervisors in the factory.

CENTACO/SKY FOOD: This action could be a one-off action by individual supervisor. We have identified and disciplined the individual and improvements have been observed shortly after.

Workers were given too few days of annual leave.

CENTACO/SKY FOOD: We will monitor and randomly audit the subcontractors to ensure they are following fair labour practices. In the case of non-compliance to the law, we will punish the subcontractor at fault.

Workers explained salary deductions if their toilet visits were found too long.

CENTACO/SKY FOOD: We confirm there is no deduction. We have taken steps to train our supervisor on the appropriate actions and language to use. Toilet privileges must be respected.

Workers felt salaries did not allow "living wage".

CENTACO/SKY FOOD: The amount that the company pays to the subcontractors - wages, overtime, benefits or incentive - is more than required by labour law. However, we are not in control of how the workers manage their expenses.

Workers reported no pay was given if they were on sick leave for 1-2 days without medical certificate. Certificate is only mandatory for sick leave more than three days.

CENTACO/SKY FOOD: We will monitor and randomly audit the subcontractors to ensure they are following fair labour practices. In the case of non-compliance to the law, we will punish the subcontractor at fault.

The welfare committee was reported to be inactive and not representative of migrant workers.

CENTACO/SKY FOOD: The committee has meetings and reports findings to top management every month and looks at employee welfare without discrimination.

Migrant women were reported to work too late in to pregnancy because of the lack of health insurance.

CENTACO/SKY FOOD: Pregnant workers are not allowed to work between 10pm and 6am or overtime. Often workers do not inform their supervisor about their pregnancy. We will increase the information about this policy.

Workers reported that the management tried to cover up problems during official audits.

CENTACO/SKY FOOD: We are frequently audited by customers, authorities and certifying bodies. It would be impossible to cover up problems given the high standards required by our business.

11.3 Comments from Saha Farms Group/Golden Line Business Co Ltd.

The field study includes interviews with 16 migrant workers working at the Golden Line factory which is part of the Saha Farms business group. The management's response on the findings of the field study were communicated per e-mail.

The interviewed migrant workers were from Myanmar, nine were male and seven female. All of them were employed directly by the company, which was evidenced by the workers' Myanmar labour cards. The representatives of Saha Farms/Golden Line state in their response that some information provided by the workers may be due to "workers not being well-informed or miscommunication". They state that there are "some points that need to be addressed and improved".

The results of the interview sessions suggest that Saha Farms/Golden Line does not comply with all of the main labour and social protection laws of Thailand. The representatives of the company provided the following response on issues raised by the workers regarding working conditions:

The workers' documents such as passports, work permits, health cards etc were confiscated by the employer.

SAHA FARMS/GOLDEN LINE: ID cards are issued for all MoU workers as evidence of employment whereas their passport are required by their agency as these documents will be required for work permit application process. Work permit and medical check-up processes together take up to 105 days. Once these processes completed, the agency will send the passport and visa to our HR, then HR will give them back to the workers.

The agency's recruitment fees were reported to be expensive and led to workers being in severe debt bondage.

SAHA FARMS/GOLDEN LINE: We paid an agency for recruitment services and we do not deduct such fees from workers.

Workers reported working on Sundays but were unlawfully not provided double pay.

SAHA FARMS/GOLDEN LINE: The company pays double wages to workers who work on Sundays, including applicable overtime pay, in compliance with Thai labour law.

Workers reported child labour from 15 years upwards with documents saying they were over 18 years old.

SAHA FARMS/GOLDEN LINE: We do not employ any labour under 18 years of age. Workers who apply to work with us need to have evidence proving that they are over 18 years. For non-Thai, the evidence will be passport issued by their countries' authorities.

Workers had no idea what they were paid and did not understand their Thai language payslips

SAHA FARMS/GOLDEN LINE: HR conduct an orientation for all new workers, with the assistance of the translators. Should there be any question, any worker can raise it anytime.

Workers reported being deducted an excessive 200 baht 90 day immigration report charge, when the process is free.

SAHA FARMS/GOLDEN LINE: Workers are required to appear in person to report themselves to the immigration office every 90 days. Workers normally choose to ask the company to do it for them. The 200 baht is for the processing fee. This is, however, voluntary. Should any worker choose to do it by themselves, then they always can do so.

New workers had to pay a recruitment fee to the broker when starting at the factory.

SAHA FARMS/GOLDEN LINE: The Company does not get any fees in recruitment process, nor are we aware of any condition in the agreement.

Workers reported frequent dismissal of MoU workers unfairly and without warning.

SAHA FARMS/GOLDEN LINE: The company has never dismissed any workers as it will be in our best interest as well to have workers at the desired level.

Workers had no contract of employment as it was kept by their broker or by Saha Farms.

SAHA FARMS/GOLDEN LINE: Copy of signed employment document is not given to workers as it is not required by law.

Workers reported pregnant women were dismissed and deported, and after 4 months of pregnancy, not allowed to work anymore.

SAHA FARMS/GOLDEN LINE: The company has never dismissed any pregnant workers. Pregnant workers are allowed to work as usual and will be assigned jobs which are suitable for their health condition.

No worker interviewed could produce health insurance, despite salary deductions of five percent for the Social Security Office Fund.

SAHA FARMS/GOLDEN LINE: Once work permit is granted, the company will register the worker to SSO. This process could take up to 90 days before the SSO card is issued. However, if workers are injured at work before the SSO is issued, the company will take care of the workers and the hospital payment by paying directly to the hospital.

Workers complained they were under no circumstances allowed to take leave on Saturdays.

SAHA FARMS/GOLDEN LINE: Workers have their right to take leave on any day of the week. However, they are required to inform their supervisor in advance.

Workers reported forced overtime. If they refused, they would be made to stay off work, given a written warning or refused future overtime.

SAHA FARMS/GOLDEN LINE: Workers are not forced to work overtime as this is voluntary, not mandatory.

The management was reported to push machines faster to unreasonably push workers to work harder. Machines slowed down during audits.

SAHA FARMS/GOLDEN LINE: The factory operates machines at their standard speed at all times.

Workers alleged intimidation and poor translation. The translators spoke strongly and badly to them.

SAHA FARMS/GOLDEN LINE: If any translator is found guilty from misconduct, the company will give them a verbal warning. If this continues, they will receive punishment from the company.

Workers were unlawfully not allowed a break of 20-30 minutes before working two hours or more of overtime.

SAHA FARMS/GOLDEN LINE: Each worker has a 20 minute break during overtime work but they are required to take turns to take the break.

Discrimination against Myanmar workers was reported as they were forced to work much harder than their Thai supervisors or colleagues.

SAHA FARMS/GOLDEN LINE: Non-discrimination and equal employment are policies that the company applies strictly. Both migrant and Thai workers doing the same job are paid equally.

If workers wanted to apply another department they needed to resign and pay a fee, THB1 000-2 000, to the broker.

SAHA FARMS/GOLDEN LINE: The company does not charge for anything, nor are workers required to make a resignation.

Workers reported a 15 minute toilet use limit and deductions from OT if this limit was exceeded at any time.

SAHA FARMS/GOLDEN LINE: We ask for workers' cooperation to keep working environment in order. However, OT deduction has never been imposed if they exceed the limit given.

Workers reported some supervisors would withhold overtime as punishment.

SAHA FARMS/GOLDEN LINE: The company does not deduct workers' overtime at all and supervisors have no right to withhold the overtime for any reasons.

Workers reported supervisors used measures of violence against workers, including slapping and hitting.

SAHA FARMS/GOLDEN LINE: Supervisors are not allowed to treat workers poorly nor use bad language. If they are found guilty to those behaviors, they will face serious punishment.

Workers reported no pay was given if they were on sick leave for 1-2 days without medical certificate. Certificate is only mandatory for sick leave more than three days.

SAHA FARMS/GOLDEN LINE: Workers are entitled to full pay of 30 days sick leave per year, provided that they submit their sick leave requisition to HR on their return. Without leave requisition submitted, they will not get paid as it is deemed leave without notice.

The welfare committee was reported to be inactive and not representative of migrant workers.

SAHA FARMS/GOLDEN LINE: The welfare committee, comprising company workers, is elected every 2 years. Both migrant and Thai workers are welcome to apply as candidate for the committee.

11.4 Comments from Laemthong Poultry Co Ltd.

The field study includes interviews with a total of 20 migrant workers employed by Laemthong Poultry Co Ltd. The management's response on the findings of the field study were communicated per e-mail.

The interviewed workers were working at two different factories owned by the company, one in the province of Nakhon Ratchasima, also called Korat, north of Bangkok. The other factory is situated in Nakhon Pathom, a neighbor province of Bangkok. The research team had interview sessions with five male and five female workers from the Nakhon Pathom factory and six male and four female workers from the Korat factory. All were from Myanmar.

The results of the interview sessions suggest that Laemthong Poultry does not comply with all of the main labour and social protection laws of Thailand. The representatives of the company chose to provide the following response on issues raised by the workers regarding working conditions:

Workers reported that supervisors would withhold overtime as punishment for workers. Instances of forced overtime was also reported.

LAEMTHONG: Appropriate overtime working hours are considered by supervisor, not everyone do overtime. If one is occupied, one can deny.

No worker interviewed could produce health insurance, despite salary deductions of five percent for the Social Security Office Fund.

LAEMTHONG: Salary is paid 2 times a month every 15 days. Public welfare deduction from salary abide by law.

Workers reported child labour, some being 14 years old with documents stating they were 18.

LAEMTHONG: Hiring people under the age of 18 is prohibited by law.

Workers were unlawfully not allowed a break of 20-30 minutes before working two hours or more of overtime.

LAEMTHONG: Working time is eight hours a day with rotation break two times in the morning and two times in the afternoon, total of 40 minutes. Also another 60 minutes break at lunch time for everyone. Workers' break exceeds law.

Workers reported no pay was given if they were on sick leave for 1-2 days without medical certificate. Certificate is only mandatory for sick leave more than three days.

LAEMTHONG: Regarding illness absence the workers are paid according to law.

Workers reported they were not granted annual leave as were their Thai colleagues.

LAEMTHONG: Six days paid vacation and 13 national holidays with pay are provided, according to Thai law.

The welfare committee was reported to be inactive and not representative of migrant workers.

LAEMTHONG: The factory welfare committee is responsible for overall welfare performance.

Workers reported a 15 minute toilet use limit and deductions from overtime if this limit was exceeded at any time.

LAEMTHONG: There are toilets in every production unit. One can go to the toilet during working hours for the sake of one's physical hygiene and need.

Workers reported inadequate and unclean drinking water in the chicken factory.

LAEMTHONG: Drinking water machine meets standard type. Machine maintenance such as tube cleaning and refill changing etc is a rule. Recently we learnt that our technician is not as keen in this kind of job. We have decided to hire a professional outside on monthly contract basis.

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