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Employment available in exchange for debt

Working conditions in the Thai broiler industry



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1. Introduction

Broiler chickens bred for meat production will soon be the most popular raw material on the global meat market. According to the Food and Agriculture Organization of the United Nations, broiler production and consumption will surpass that of pork before 2020. Even avian influenza, which rocked the poultry market, has not swayed this development.¹

More and more broiler chicken is being imported to Europe from emerging economies such as Brazil or Thailand, where increasing wealth has made the industrialisation and export of broiler chicken possible.²

The Thai food production industry is known for its related human rights risks³. According to the UN Guiding Principles on Business and Human Rights⁴, not only companies that produce and handle broiler chicken, but also actors involved in its procurement (importers, food industry companies that further process meat, distributors, wholesale and retail stores, restaurants, as well as national and municipal public procurement units) share

responsibility for ensuring that the human rights of workers at production facilities at the beginning of the product's supply chain are realised.

This report examines the working conditions at Thai broiler chicken production facilities. The research is based on interviews carried out in May and June of 2015 with migrant workers from six Thai factories. The focus is on migrant workers, who have come to Thailand from Myanmar and are responsible for the majority of jobs in slaughter houses and processing plants. Due to their vulnerability and being targeted by ethnic discrimination, migrant workers in Thailand are in need of special protection.

Finnwatch and Swedwatch have collaborated on this report. Thailand based non-profit migrant worker organisation the Migrant Worker Rights Network MWRN carried out the field study research for this report.

1 The global consumption of broiler meat increases by 2.5% each year, whereas the consumption of pork increases by 1.5%. OECD-FAO Agricultural Outlook 2014-2023, <http://www.agri-outlook.org/> (viewed on 26.10.2015)

2 The Poultry Site, Global Poultry Trends 2014, <http://www.thepoultrysite.com/articles/3258/global-poultry-trends-2014-asia-biggest-exporter-of-processed-chicken/> (viewed on 3.11.2015)

3 See Finnwatch report on tuna fish and pineapple factories, Follow-up Study: Improvements at Tuna Fish Factories in Thailand, can be read at: http://www.finnwatch.org/images/pdf/Finnwatch_followup_tuna_2015.pdf, Finnwatch, 2014, Out of a Ditch into a Pond – Follow-up Research on the Effects of the Finnwatch Report Cheap Comes With A High Price, scan be read at: http://www.finnwatch.org/images/pdf/finnwatch_private_label_followup_web.pdf, Finnwatch, 2013, Cheap Comes With A High Price– Responsibility of private label products of retail stores: http://www.finnwatch.org/images/pdf/finnwatch_private_label_web_2_rev.pdf

4 Unofficial Finnish translation of UN guiding principles, Ministry of Employment and the Economy, 2013, Guiding Principles on Business and Human Rights: Implementation of the United Nations 'Protect, Respect and Remedy' Framework" in Finnish at https://www.tem.fi/files/37713/TEMap_36_2013_web_30.1.2014.pdf

2. Rights of migrant workers not realised in Thailand

Thailand's ageing population and declining birth rate has led to a shortage of domestic workforce, which has been and will continue in coming years to be compensated for by employment of foreign workers⁵. Thailand's neighbouring countries of Myanmar, Cambodia and Laos are all developing economies and offer workforce in the form of migrant workers for the food processing industry, fish industry, domestic work services, construction sites, tourism and other labour intensive fields that is considerably cheaper and more easily available than domestic labour. Migrant workers are employed especially in jobs that are not as desirable for Thai workers due to low wages and unpleasant working conditions.

Thailand represents itself to migrant workers as an opportunity to gain employment and escape the poverty and lack of prospects in origin countries. Members of Myanmar's ethnic and religious minorities often leave their home country to escape persecution. False or over-stated promises of working conditions in Thailand by recruiters also add to the workers' desire to leave their home country. Migrant workers are often disappointed and disillusioned by conditions upon their arrival.⁶

According to an estimate by the United Nations, in 2013 there were estimated to be approximately 3.25 million migrant workers in Thailand, of whom 2.7 million were originally from Cambodia, Laos or Myanmar. 1.6 million of these migrant workers from Thailand's neighbouring countries were estimated to be irregular.⁷



Thailand and its neighbouring countries.

2.1 MIGRANT WORKERS DO NOT HAVE COLLECTIVE PROTECTION

Thailand is one of the International Labour Organization ILO's founding members, but it has only ratified fifteen of the ILO's 189 conventions and five of the ILO's fundamental conventions on labour rights.⁸ Thailand has yet to ratify the Freedom of Association and Protection of the Right to Organise Convention (No. 87), the Right to Organise and Collective Bargaining Convention (No. 98) as well as the Discrimination (Employment and Occupation) Convention (No. 111).⁹

Thailand's Labour Relations Act¹⁰, which deals with the freedom of association, only

5 Thailand's official unemployment rate has been under 1% from 2011. World Bank, Unemployment, total (% of total labor force), <http://data.worldbank.org/indicator/SL.UEM.TOTL.ZS> (viewed on 28.10.2015)

6 See Finnwatch 2014, Out of a Ditch into a Pond – Follow-up Research on the Effects of the Finnwatch Report Cheap Comes With A High Price, can be read at: http://www.finnwatch.org/images/pdf/finnwatch_private_label_followup_web.pdf, Finnwatch, 2014, Caring for Hands, Not Workers, Labour conditions in Siam Sempermed factory, Thailand, can be read at: http://www.finnwatch.org/images/pdf/semperit_fi.pdf

7 United Nations Thematic Working Group on Migration in Thailand, 2014, Thailand Migration Report, pp. 1, can be read at: http://th.iom.int/images/report/TMR_2014.pdf

8 ILO, Normlex, Ratifications for Thailand, <http://www.ilo.org/asia/countries/thailand/lang--en/index.htm> (viewed on 16.11.2015)

9 Freedom of Association and Protection of the Right to Organise Convention, 1948, No. 87; Right to Organise and Collective Bargaining Convention, 1949, No 98 and Discrimination (Employment and Occupation), 1958, No 11. ILO, Normlex, Ratifications for Thailand, http://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102843 (viewed on 26.10.2015)

10 ILO, Natlex, Thailand, Labour Relations Act, B.E. 2518 (1975), http://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=14497 (viewed on 5.11.2015)

According to Thai law, migrant workers cannot establish their own trade unions.



permits freedom of association to workers working in the private sector.¹¹ According to this law, migrant workers cannot establish their own trade unions but can join as members of existing unions created by Thai nationals. However, migrant representation is often a mere formality. There are few trade unions as Thailand has the lowest rate of unionisation in South East Asia. Only 1.5% of the workforce has union membership.¹² The level of interest that trade unions have in representing workers also varies. Unions have been accused of passiveness and outright corruption, as well as promoting the interests of employers and those in power.¹³ Workers, who make an effort to organise, are harassed and fired illegally.

Thailand's Labour Protection Act¹⁴ stipulates that migrant workers who work in Thailand

are in principle entitled to the same protection in the workplace as Thai nationals. In practice, migrant workers are however unable to effectively demand their rights due to a language barriers, lack of awareness, lack of a channel through which to raise complaints and inadequate bargaining power.

Irregular migrant workers often have no legal protection.¹⁵ Without the necessary documents and legal status, these workers are continuously at risk of being arrested or expelled from the country.

2.2 POOR REGULATION OF RECRUITMENT SUBJECTS MIGRANT WORKERS TO EXPLOITATION

Even though Thailand has a large number of migrant workers, the country has been unable or unwilling to develop effective regulation and monitoring to control the recruitment, cross-border migration and work of these migrant workers.

Migrant workers, who seek factory work and other jobs that require only minimal education, can be granted the right to work and live in Thailand either (1) by entering the country by way of a bilateral Memorandum of Understanding (hereinafter MoU procedure)

11 Friedrich Ebert Stiftung, *The Thai Labour Movement: Strength Through Unity*, can be read at: http://www.fes-thailand.org/wb/media/documents/The%20Thai%20Labour%20Movement_Sakdina%20Chatrakul%20Na%20Ayudhya.pdf

12 In October 2015 IndustriALL filed a complaint against Thailand at the ILO in Geneva. IndustriALL, 7.10.2015, IndustriALL files ILO complaint against Thai Government, <http://www.industriall-union.org/industriall-files-ilo-complaint-against-thai-government> (viewed on 26.10.2015)

13 ITUC, *Survey of Violations of Trade Union rights*, <http://survey.ituc-csi.org/Thailand.html?lang=en#tabs-3> (viewed on 17.11.2015); UK, *Overseas Business Risk – Thailand*, <https://www.gov.uk/government/publications/overseas-business-riskthailand/overseas-business-risk-thailand> (viewed on 17.11.2015)

14 Thailand's 1998 Labour Protection Act (LPA), See the ILO's NATLEX database: <http://www.ilo.org/dyn/natlex/docs/WEBTEXT/49727/65119/E98THA01.htm> (viewed on 14.10.2015)

15 Finnwatch, 2014, *Caring for Hands, Not Workers, Labour conditions in Siam Sempermed factory, Thailand*, can be read at: http://www.finnwatch.org/images/pdf/semperit_fi.pdf

or (2) by registration amnesty, followed by a nationality verification procedure.

The purpose of the MoU procedure is to support legal entry into the country and to protect migrant workers from the very beginning of the recruitment process with a regular status. However, the complex nature, high cost and slow pace of the procedure, alongside corruption of officials involved, make it less desirable for employers and workers.

The workers, who take part in the MoU procedure, are dependent on the recruiter, who maintains contact with them, arranges their travel, entry into the country and work related matters including paperwork. A migrant worker may enter into an agreement with a recruiter without having a proper understanding of the kind of work for which he or she has been hired, the terms of employment or working conditions at the destination. Even though only authorised recruiters that have been licensed should be able to participate in the MoU procedure, the system is plagued by sub-agents, corruption and the monitoring or regulation of recruiters is near non-existent. Recruiters charge high fees for their services and may even collect bribe money for authorities from migrant workers. Thailand has no laws or regulations to control the behaviour of these recruiters.

Instead of selecting an official recruitment option, many migrant workers travel to Thailand for a job without the necessary documents or are smuggled into the country by agents, corrupt officials or even human traffickers.¹⁶ An undocumented migrant worker can, if a regularisation amnesty is currently underway, register when they are already in the country and be granted the right to work temporary pending deportation and can undertake nationality verification. A worker who completes the nationality verification procedure receives a passport and the right to live and work in the country for a longer period of time. The nationality verification procedure was developed as part of the implementation of MoUs for the specific purpose of legalising the status of undocumented migrant workers.

¹⁶ Ibid.

Migrant workers face a multitude of problems in Thailand

The most common labour rights violations experienced by migrant workers and/or problems linked to human trafficking¹⁷ in Thailand include:

- untruthful information provided in advance during recruitment on the workplace and terms of employment
- confiscation of ID documents (passport, temporary ID cards) and work permits
- illegally low wages/ a wage that is not a living wage
- overtime with no statutory overtime compensation incentive
- no written employment contract
- high recruitment and documentation fees which may be deducted directly from the worker's salary
- other illegal deductions from a worker's salary
- dangerous working conditions and insufficient safety clothing and equipment
- extortion of undocumented workers by police authorities
- lack of social security, workers must pay their own health care and treatment costs¹⁸
- workers are not paid statutory compensation for sick leave
- employer perpetrated physical and psychological violence
- discrimination
- exploitation of child labour
- lack of social dialogue options

¹⁷ The US Department of State's annual report on human trafficking rated Thailand in the worst category with regard to trafficking. United States Department of State's annual report Trafficking in Persons, 2015, can be read at: <http://www.state.gov/documents/organization/245365.pdf>

¹⁸ Migrant workers, who are in the scope of social security also often experience problems in practice with access to these services. Finnwatch has previously reported how health care services are considered to be of poor quality (so-called 'paracetamol hospitals'), see e.g. Follow-up report – Improvements at Tuna Fish Factories in Thailand, p. 8, available at http://www.finnwatch.org/images/pdf/Finnwatch_followup_tuna_2015.pdf

3. Purchaser holds a share of responsibility for the rights of migrant workers in Thailand

The human rights risks linked to Thailand's export industry highlight the responsibility of companies purchasing products for ensuring the responsibility of their suppliers.

In June 2011, the UN Human Rights Council adopted the Guiding Principles on Business and Human Rights¹⁹, which have become a worldwide standard that outlines the responsibilities countries and businesses are expected to abide by. Businesses have a responsibility to respect human rights and this responsibility is not optional.²⁰

The UN Guiding Principles specifically highlight those human rights that have been recognised in international human rights documents²¹ and the ILO Declaration on Fundamental Principles and Rights at Work.²² In addition to these principles, companies must also take other norms into account in order to respect groups and parts of the population that require special attention, such as migrant workers and their families. Vulnerable

19 UN, 2012, The UN Guiding Principles on Human Rights (UNGPR), can be read at: http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

20 Although the document is not in itself legally binding, it specifies the content of existing norms and practices. According to the interpretive guide for the UN Guiding Principles, the obligation to abide by these takes precedence over lacking or non-existent national legislation and is valid as a global standard regardless of whether a business has committed to respecting human rights. Violation of the duty to respect human rights may lead to judicial, economic or reputation-related consequences. UN, 2012, The corporate responsibility to respect human rights – an interpretive guide, can be read at: http://www.ohchr.org/Documents/Publications/HR.PUB.12.2_En.pdf. An unofficial Finnish translation by Finland's Human Rights Centre, 2014, Yritysten vastuu kunnioittaa ihmisoikeuksia, Tulkintaopas

21 These include the Universal Declaration on Human Rights and other key instruments, in which it has been codified, such as the International Covenant on Civil and Political Rights (ICCPR), the International Covenant on Economic, Social and Cultural Rights (ICESCR). Ibid.

22 ILO Declaration on Fundamental Principles and Rights at Work, can be read at <http://www.ilo.org/declaration/lang-en/index.htm> (viewed on 22.9.2015)

Basic labour rights highlighted in migrant work

The UN International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families prescribes that legal and undocumented migrant workers shall be treated as equals. The convention stipulates e.g. the following

- migrant workers shall have the freedom to travel from one country to another and the right to return to their home country
- the confiscation or destruction of passports, IDs, immigration permits or work permits shall be prohibited
- migrant workers shall have the right to the same wage for the same work and equal treatment with regard to their terms of employment and working conditions as the country's own citizens
- migrant workers shall have equal protection from termination and the right to issue complaints to authorities
- migrant workers shall have the freedom to establish and join a trade union and participate in its activities
- migrant workers shall have the right to maintain their cultural identity and practice its customs
- migrant workers shall have the right to receive information on their rights as employees, in a format that they understand (as comprehensively as possible)
- migrant workers shall have the right to health with access to health care regardless of their legal status

UN Guiding Principles on Business and Human Rights

According to the UN Guiding Principles responsibility to respect human rights means that companies should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved. In order to meet their responsibility to respect human rights companies should have:

- a) a policy commitment to meet their responsibility to respect human rights
- b) a human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights
- c) processes to enable the remediation of any adverse human rights impact they cause or to which they contribute.²³

According to the UN Guiding Principles, there are three basic ways in which a company can be involved in an adverse impact on human rights:

- it may cause the impact through its own activities;
- it may contribute to the impact through its own activities—either directly or through some outside entity;
- when the impact is caused by an entity with which it has a business relationship and is linked to its own operations, products or services.

According to the UN Guiding Principles Interpretative Guide:

if a company is at risk of causing or contributing to and adverse human rights impact through its own activities, it should cease or change the activity that is responsible in order to prevent or mitigate the chance of the impact occurring or reoccurring.

If an impact nevertheless takes place, the company should engage actively in its remediation either directly or in cooperation with others (be it the courts, the government, other companies involved or other third parties).²⁴

If a company is at risk of involvement in an adverse impact solely because the impact is linked to its operations, products or services by a business relationship, the company has the responsibility to use its leverage to encourage the entity that caused or contributed to the impact to prevent or mitigate its recurrence. This may involve working with the entity and/or with others who can help.

For more information please refer to the Interpretative Guide.²⁵

In Finland, representatives of grocery trade, NGOs, and public officials have adopted a shared vision on implementation of the UN Guiding Principles in grocery trade supply chains.²⁶

23 UN, 2011, Guiding Principles on Business and Human Rights, available at http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

24 UN, 2012, The corporate responsibility to respect human rights – an interpretive guide, p. 15–18, available at: http://www.ohchr.org/Documents/Publications/HR.PUB.12.2_En.pdf.

25 UN, 2012, The corporate responsibility to respect human rights – an interpretive guide, available at: http://www.ohchr.org/Documents/Publications/HR.PUB.12.2_En.pdf.

26 Shared Vision for Respecting the UN Guiding Principles on Business and Human Rights in Grocery Trade Supply Chains, 20 August 2015, available at https://www.tem.fi/files/44250/UNGP_Grocery_Trade_final_200815_eng_final.pdf

individuals, groups and communities are at heightened risk of experiencing discrimination or other human rights violations.

The responsibility to respect requires due diligence on the basis of which businesses must assess the actual and possible human rights impacts of their activities, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed.²⁷

In practice, with regard to a company's supply chain due diligence means that the company requires its suppliers to respect human rights by including this in the terms and conditions of their procurement contracts and by providing guidelines, and that the company monitors the implementation of fundamental labour rights from the beginning of production through independent audits and certification schemes. Companies must also adjust their own procurement practices in a way that will facilitate decent working conditions in production factories and ensure that the workers at the production factory have sufficient means for issuing complaints on human rights violations.

²⁷ UN, 2012, The UN Guiding Principles on Human Rights (UNGPR), can be read at: http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

4. Thai broiler chicken production growing

Table 1.

Thai broiler – statistics from 2014 ²⁸	
Boiler production in Thailand:	1,570,000 tonnes in 2014 (an estimated 1,640,000 tonnes in 2015)
Export:	580,000 tonnes i.e. 37 % of overall production
Biggest purchasers of broiler exports:	EU (47%), Japan (43%), other countries (10%)
Finnish broiler production and imports	
Amount of broiler chicken bred in Finland:	106,000 tonnes ²⁹
Import broiler as listed in statistics by Finnish Customs:	4,862 tonnes
Countries of origin for imported broiler:	Brazil (1,182 tonnes), Germany (733 tonnes) Thailand (682 tonnes) ³⁰

Over the last few decades, broiler meat has become one of the Thai food industry's most important export products. Thailand's poultry industry has grown by 173 per cent between 1980 and the present.³¹ The country's broiler production has shifted from countryside farms that satisfied domestic needs to an extensive industry that has set its sights on export. In 2014, Thailand exported approximately 580,000 tonnes of broiler products and the number is expected to grow to over 900,000 tonnes by the 2020s.³²

Nearly 40 per cent of Thailand's broiler exports are exported to Europe³³. In 2014, Thailand was the third biggest provider of broiler meat for Finland after Brazil and Germany, and accounted for 14 per cent of Finland's overall broiler imports³⁴. Although the import of broiler has grown steadily for quite some time³⁵, it is modest in comparison to the consumption of domestic broiler meat. However, Finnish Customs statistics on import figures do not tell the entire story, as Thai broiler is used in many processed foods, which are not accounted for in customs statistics.

Just a few years ago, hardly any raw broiler meat was exported from Thailand to Finland or other EU countries. The import of raw broiler meat plummeted for nearly a decade beginning in January 2004, due to the discovery of avian influenza in Thailand. In addition to the destruction of poultry, this disease led to the death of dozens of people³⁶. The EU immediately set an import ban on raw chicken which was in force until July 2012.³⁷ However, the import ban did not apply to processed foods and the import of processed chicken meat grew steadily even during the import ban. Cases of avian influenza were later observed in other broiler production countries such as China and Malaysia³⁸. This has in part helped the rapid growth of the export of raw Thai broiler.

28 Thai Broiler Processing Exporters Association, Table 1: Estimated Chicken Meat Exports of Thailand 2014, can be read at: <http://www.thaipoultry.org/Portals/5/Containers/border/%E0%B8%81%E0%B8%B2%E0%B8%A3%E0%B8%AA%E0%B9%88%E0%B8%87%E0%B8%AD%E0%B8%AD%E0%B8%81/Dec2014.pdf>; USDA, Thailand Broiler Meat (Poultry) Production by Year, <http://www.indexmundi.com/agriculture/?country=th&commodity=broiler-meat&graph=production> (viewed on 19.10.2015), Finnish Poultry Association Suomen siipikarjaliitto, Statistics, <http://www.siipi.net/index.php/siipikarjaliitto/tilastoa> (viewed on 3.11.2015)

29 Finnish Poultry Association Suomen Siipikarjaliitto, <http://www.siipi.net/index.php/siipikarjaliitto/tilastoa> (viewed on 9.11.2015)

30 Uljas database for foreign trade statistics, <http://uljas.tulli.fi> (viewed on 28.10.2015)

31 US Department of Agriculture, Thailand Broiler Meat (Poultry) Production by Year, <http://www.indexmundi.com/agriculture/?country=th&commodity=broiler-meat&graph=production> (viewed on 28.10.2015)

32 The Poultry Site, Global Poultry Trends 2014, <http://www.thepoultrysite.com/articles/3258/global-poultry-trends-2014-asia-biggest-exporter-of-processed-chicken/> (viewed on 3.11.2015)

33 USDA Foreign Agricultural Service, "Thailand Poultry and Products Annual 2014", GAIN Report Number: TH4076, can be read at: http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Poultry%20and%20Products%20Annual_Bangkok_Thailand_9-2-2014.pdf

34 Uljas database for foreign trade statistics, <http://uljas.tulli.fi> (viewed on 28.10.2015)

35 YLE, 12.3.2013, Ulkomaisen lihan tuonti lisääntyi, http://yle.fi/uutiset/ulkomaisen_lihan_tuonti_lisaantyi/6534672 (viewed on 20.10.2015)

36 Approximately, 62 million birds died or were killed. The economic loss was estimated at 25 million baht i.e. approximately 666 million euros. Centers for Disease Control and Prevention, 2015, Highly Pathogenic Avian Influenza H5N1, Thailand, 2004, http://wwwnc.cdc.gov/eid/article/11/11/05-0608_article (viewed on 28.10.2015)

37 US Department of Agriculture, 2012, International Egg and Poultry Review, can be read at: <http://www.thefarmsite.com/reports/contents/IntlPoultry-andEgg15May2012.pdf>

38 Centers for Disease Control and Prevention, Avian Influenza A (H7N9) Virus, <http://www.cdc.gov/flu/avianflu/h7n9-virus.htm> (viewed on 26.10.2015)

4.1 INFORMATION ON THE ORIGIN OF BROILER MEAT DIFFICULT TO ACCESS

Due to current legislation, it is difficult for third parties to determine the exact amount of broiler meat brought from Thailand to Finland or to trace all the actors that import chicken to Finland and sell it in Finland.

The supply chain from the Thai broiler factory to Finland generally includes a large importer or joint procurement company that acts within EU import quotas. Depending on how much the product has been processed, there may be numerous different actors involved in the procurement process. Thai broiler is used for example as a material for convenience foods made in the EU. In these cases, the EU country in which the convenience food has been made is marked as the country of origin for the product.

EU Regulation 178/2002 on matters of food safety prescribes that every actor within a chicken meat or other foodstuff supply chain, no matter if they are in processing or distribution, must be able to identify no more than one step ahead or behind in the chain. In other words, the middleman must know who the product has been purchased from and who the product has been sold to after them. This also applies to materials added to the foodstuff. However, this information only needs to be reported to authorities.

The EU's regulations³⁹ on labelling country of origin in turn stipulate that consumers must be given information on the factory and the country of origin, but this only applies to fresh or frozen poultry. If broiler meat is processed or heated or it is prepared into a processed food that contains multiple materials in addition to broiler meat, the country of origin need not be mentioned.⁴⁰

As a result of regulation, the majority of chicken meat transported through the EU from third countries is not within the scope of regulations pertaining to labelling the

country of origin⁴¹. Consumers often believe they are purchasing broiler that is originally from an EU country, when it is actually from Thailand.

Imports of Thai broiler are difficult to clarify from the customs' foreign trade statistics either as broiler products that have been further processed within Europe do not show as originating in Thailand in the statistics. Norvida, which also imports chicken to Finland, estimated in the interview given to Swedwatch that 50 per cent of broiler imported from Thailand is not visible in official import statistics⁴².

It is possible to trace those food products processed to their final state in Thailand on which the approval number concerning EU food safety is printed all the way to the production facility by using a public list of factories that have been granted approval numbers⁴³. If the product is further processed in the EU, the approval number list is of no help, because in this case, the EU country in which the product was last processed is marked as the country of origin.

As part of a procedure called control of places of first arrivals, Finland's Food Safety Authority Evira collects import and approval number data monthly from summaries drawn up by companies on animal-based food products. Finnwatch asked Evira for a list of the approval numbers of those factories from which broiler meat is imported to Finland. We also inquired whether Evira had any knowledge of which companies in Finland are importers of Thai broiler meat. Evira supplied a list of the approval numbers, but did not divulge the names of individual Finnish companies that imported Thai broiler meat. According to Evira, its list of approval

41 For example, the country of origin information is not required for meat used in marinated raw meat or processed meat products unless there is a reason to suspect that the consumer is being misled.

42 Norvida, Johan Hällbus, interview 19.10.2015. Norvida's own imports are discussed in chapter 4.2.

43 The EU grants a food safety-related approval number to all factories that import broiler meat into the EU. See e.g. list of approved factories in Thailand: European Commission, Thailand, Third Country Establishments, https://webgate.ec.europa.eu/sanco/traces/output/non_eu_listsPerCountry_en.htm# (viewed on 29.10.2015)

39 Commission Implementing Regulation (1337/2013)

40 Swedwatch interview, Swedish National Food Agency, Daniel Karell, 9.9.2015

numbers may also be incomplete, as reports on these often lack some of the requested information.⁴⁴ For example, the approval number (TH05) for the Thai factory examined in this study, which produces Lejos' Kitchen Joy frozen meals was not on the list Evira supplied to Finnwatch (see Table 2).

Statistics by Finnish Customs provide information on the amount of broiler meat brought from Thailand, but in accordance with the Statistics Act (361/2013) and the Customs Act (1466/1994) specific information on customs documents is to be kept secret. Only authorities have access to these documents within the scope of their work. In practice, linking broiler meat processed in a specific factory in Thailand to a Finnish importer requires market research and submitting individual direct inquiries to well-known Finnish meat importers, companies that process and sell food in Finland (wholesale and retail) and restaurants.

At the beginning of 2015, a group of MEPs requested in their Resolution that the European Commission work to implement its own legislative proposals⁴⁵, in which it has been proposed that the country of origin must be marked on processed meats to ensure transparency throughout the foodstuff's production and procurement chains.⁴⁶ MEP Merja Kyllönen has also submitted a question to the Commission on ways in which current EU legislation on foodstuff could provide consumers information on which company has

Table 2. List of those Thai broiler factories that Evira is aware of, which export their products to Finland.

Factory approval number	Name of the factory	Location
TH 06	Laemthong Food Products Co., Ltd	Sam Phran
TH 07	Central Poultry Processing Co. Ltd	Khlong Luang
TH 10	Better Foods Co., Ltd.	Krathumban
TH 11	GFPT Public Company Limited	
TH 14	Bangkok Ranch Public Co., Ltd	Bang Phli
TH 21	CPF (Thailand) Public Co., Ltd.	Min Buri
TH 23	CPF (Thailand) Public Co., Ltd.	
TH 37	Ajinomoto Frozen Foods (Thailand) Co. Ltd.	Bang Pa-In
TH 42	CPF (Thailand) Public Co., Ltd.	Min Buri
TH 49	B. Foods Product International Co., Ltd.	Phatthana Nikhom
TH 51	Kaona Poultry Co., Ltd	Warin Chamrap
TH 60	Chaveevan International Foods Co.,Ltd	Si Racha
TH 70	Leamthong Poultry Co. , Ltd	Sung Neon
TH 129	Golden Line Business Company Limited	Baeungsampan
TH 139	CPF (Thailand) Public Co., Ltd.	Chokchai
TH 141	CFP Co. Ltd.	Si Racha
TH 146	Hi-Q Food Products Co. Ltd.	Bangbor
TH 192	Sky Food Co. Ltd.	Klong Luang
TH 200	GFPT Nichirei (Thailand) Company Limited	Nong Yai

44 According to Evira, not all distributors have necessarily reported all requested information to Evira or Evira is not aware of the actor (it is not in Evira's registry), and therefore consumers may find products in retail stores that have a different approval number from that which is listed in Evira's registry. Evira, Kirsi Hartikainen, email 4.6.2015.

45 European Commission, Study on mandatory origin labelling for pig, poultry and sheep & goat meat, can be read at: http://ec.europa.eu/agriculture/external-studies/2013/origin-labelling/fulltext_en.pdf

46 European Parliament resolution on country of origin labelling for meat in processed food, (2014/2875(RSP)), <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+MOTION+B8-2015-0097+0+DOC+XML+V0//EN> (viewed on 28.10.2015)



processed specific products outside of the EU.⁴⁷

4.2. USE OF THAI BROILER IN FINLAND

With no comprehensive official statistics in place, Finnwatch surveyed the Finnish corporations that import Thai broiler by submitting enquiries about supply chains directly to known Finnish meat importers and distributors, Finland's largest grocery retailers and foodstuff and restaurant chains. Products that contain Thai broiler were also surveyed in the product range of supermarkets in the Helsinki region. Additionally, Finnwatch was in contact with Finnish poultry association Suomen Siipikarjaliitto, Finnish meat association Lihakeskusliitto and the Finnish Grocery Trade Association.

Many Finnish companies that operate on the consumer market sell different types of processed products, such as ready meals and pizzas in which broiler originating in Thailand is used. Thai broiler can be found in Kitchen Joy meals, Findus' frozen products and Dr Oetker's frozen pizzas. Contrary to the situation with Findus and Dr. Oetker frozen pizzas, Orkla Foods Finland, which markets

Grandiosa pizzas in Finland, said that no Thai broiler is used in their pizzas⁴⁸.

Thai broiler is also used as a material in the private label products of Finnish supermarket chains such as in some Pirkka and Rainbow meals. Tuko Logistics and Lidl do not import Thai broiler or products that contain Thai broiler to Finland⁴⁹.

Typically, a consumer will consume Thai broiler in some restaurant and cafes. The restaurants and cafes that use Thai broiler include Sodexo, the S Groups restaurants, Restel restaurants and Picnic. Subway responded to Finnwatch's inquiry but refused to confirm whether or not it imports Thai broiler to Finland⁵⁰. There are numerous meat processing companies that serve industrial kitchens in Finland that also distribute Thai broiler meat to other restaurants that are not examined in detail in this study.

Large fast-food chains such as McDonalds, Hesburger, Burger King and Kotipizza reported that they do not use broiler originating in Thailand in their products. Thai broiler was not found in the Fazer Groups restaurants or in the range of products

47 European Parliament, Question for written answer 21.7.2015, Merja Kyllönen, can be read at: <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP/TEXT+WQ+E-2015-011798+0+DOC+XML+V0//FI>

48 The broiler used in Grandiosa pizzas is imported from Sweden. Orkla Foods Finland, Emma Vironmäki, email 12.11.2015

49 Tuko Logistics, Pirjo Heiskanen, emails March-April 2015 and telephone conversation on 17.11.2015

50 Subway, email conversation with Kurt Möller 10.11, 16.11. and 17.11.2015

offered by Palmia, which is owned by the city of Helsinki.

Numerous wholesalers that sell to industrial kitchens did not reveal the amount of Thai chicken they import to Finland. Of the companies that did reveal the amount of Thai broiler they imported, Norvida and Snellman imported the largest amounts. Swedish Norvida imported approximately 500 tonnes of Thai chicken to Finland in 2014.

Snellman's subsidiary Snellman Pro, which serves industrial kitchens, imported 263 tonnes of Thai broiler to Finland in 2014. Snellman resells Thai broiler to many companies and its products are also purchased by the S-Group's restaurants. In 2014, the S-Group's restaurants used 161,000 kilos of Thai broiler and its share of the overall volume (kg) of similar products was 13.8 per cent. In 2015, the corresponding numbers were 48,000 kg and 4.1 per cent. According to the S Group, it is currently looking for domestic alternatives to replace Thai imports. According to the Group, its most significant products are already made from domestic broiler and alternatives will be found for the rest of the supply likely during this year. In addition to Snellman's broiler products, the S Group has purchased Thai broiler from Findus.⁵¹

Of other Finnish meat processing companies, only Pouttu said it used minimal amounts of Thai broiler. Pouttu resells one cooked broiler product that is originally from Thailand.⁵² Atria⁵³, Saarioinen⁵⁴ and HKScan Finland Oy⁵⁵ said that they did not use any Thai broiler meat in their products.

The following companies included in this study did not use, distribute or import Thai broiler at all: Oy Rollfoods Ab⁵⁶, Fazer Food

Services Oy/Ltd⁵⁷, Haugen-Gruppen Oy⁵⁸, McDonalds's Oy⁵⁹, Hesburger⁶⁰, Kotipizza Oy⁶¹, Wursti Oy⁶², Lihajaloste Korpela Oy⁶³, Burger King⁶⁴, Palmia⁶⁵, Saarioinen⁶⁶, HKScan⁶⁷, Viivoan⁶⁸ and Tamarin⁶⁹.

The following companies use or redistribute Thai broiler, but do not import it themselves: Ab Chipsters Food Oy⁷⁰, TFT Topfoods Trading Oy⁷¹, Restel Oy⁷², Ropakonnokka Oy⁷³ and Baron's Food⁷⁴.

Importers of broiler products are discussed separately in table 3 on the next page.

51 S Group, Sanni Martikainen, email 13.11.2015

52 Pouttu, Keijo Känvälä, email 10.11.2015.

53 Atria only uses domestic broiler in its products. Atria, Hanne Kortesoja, email 10.11.2015

54 Saarioinen, Marja Joutsen, email 8.6.2015

55 HKScan Finland Oy, Minna Friman, email 25.5.2015

56 The company has set a policy that Asian meats will not be used in its products. Oy Rollfoods Ab, Tiina Tammi, email 21.5.2015

57 Thailand is not on the company's list of approved country of origin for poultry. The policy applies to Amica restaurants and Fazer Ravintola Oy as a whole. Fazer Food Services Oy, Timo Ståhlström, email 12.11.2015

58 The company only imports meat products from other EU countries. Haugen-Gruppen Oy, Anne Punkka, email 13.10.2015

59 McDonald's Oy, Heli Ryhänen, email 16.10.2015

60 Hesburger does not use broiler that is originally from outside the EU and lists its product-specific suppliers on its website. E.g the information for Hesburger chicken burger can be read here: <https://www.hesburger.fi/tuotteet/Hampurilaiset/Kanahampurilainen>. Hesburger, Eeva Mäki, email 15.10.2015.

61 The company has transitioned to only using Finnish broiler. Kotipizza Oy, telephone conversation 5.11.2015

62 Wursti Oy, Sallamari Saarela, email 15.10.2015

63 Lihajaloste Korpela Oy, email 15.10.2015

64 Restel Oy/Burger King, Mikko Mollberg, email 16.11.2015

65 Palmia, Jenni Koskinen, email 26.10.2015

66 Saarioinen, Marja Joutsen, email 8.6.2015

67 HKScan Finland Oy, Minna Friman, email 25.5.2015

68 Viivoan, email 14.10.2015

69 Tamarin, Kenny Wu, email 15.10.2015

70 Ab Chipsters Food Oy, email Reijo Vainionpää, 22.10.2015

71 The company procures Thai broiler from Euro Poultry. TFT Topfoods Trading Oy, Jani Forssell, email 18.6.2015

72 The company procures Thai broiler from Snellman (the share of Thai broiler is 17% of the total poultry products used and sold by the company). Restel Oy, Katja Knuutinen, email 22.6.2015

73 Distributes Thai broiler imported by Pan Nordic Meat Oy. Ropakonnokka Oy, Pekka Halonen, telephone conversation 15.10.2015

74 Distributes Thai broiler imported by Pan Nordic Meat Oy. Baron's Food, telephone conversation 11.11.2015

Table 3. Companies that import Thai broiler to Finland.

Company	Type of company	Amount of broiler imported	Thai factory that processed the broiler	Possible responsibility policies and procedures concerning human rights
Norvida ⁷⁵	Importer	Imports approx. 1,500 tonnes of Thai broiler to Sweden each year. Approx. 1/3 of this is sold to Finland.	Betagro, numerous different factories	Visits to the factory, no third party responsibility audits or human rights risk assessments
Pan Nordic Meat Oy ⁷⁶	Importer	Trade secret	TH 49	No actual responsibility policy. According to the company's website, the company complies with high ethical standards in production ⁷⁷ . The company says that it operates "within the framework of EU legislation and audits".
Dencon Foods ⁷⁸	Importer	20,000 kilos in 2014	TH 192, TH 49, TH 109, TH 129, TH 201, TH 07	Requires that factories comply with ILO standards
TTM Food Import ⁷⁹	Wholesaler, importer	Several shipping containers a year, approx. 20,000 kilos/container	TH 70, TH 32, TH 139, TH 44, TH 129, TH 10, TH 53, TH 79, TH 201	No responsibility policies
Sodexo ⁸⁰	Food services conglomerate	Imported 96,170 kg in 2014, which comprises 31% of chicken products used by the company	CPF - the company will not divulge more specific factory approval numbers	Sodexo's own responsibility policy, which is currently being updated, is piloting third party audits (the first product category that will be audited are work clothing)
Snellman Pro ⁸¹	Importer that is part of the Snellman Group	Imported 263 tonnes in 2014, which accounts for 41 per cent of the corporation's overall chicken product imports.	TH 06, TH 51	Suppliers have committed to complying with the ILO conventions, no written requirements for suppliers with regard to human rights at the moment, compliance with ILO conventions will be entered into supplier requirements. Snellman Pro's European supplier monitors its suppliers activities through self-assessments by said suppliers.
SOK Corporation ⁸²	Network of retail and service sector companies	4,700 kilos of Thai broiler imported in 2014 as a material in ready-made meals	TH 21, TH 03, TH 42	SOK is a member of the BSCI and Sedex corporate responsibility networks. The responsibility of suppliers is monitored before a procurement contract is entered into, in the terms of contract and through third party audits. ⁸³
Kesko ⁸⁴	Listed trading sector company	386 kilos own imports in 2014. In addition Fresh Servant OY has imported 10 811 kilos of Thai broiler for Pirkka Caesar salad.	TH 177 TH 51 (imported by Fresh Servant Oy)	Kesko is a member of the BSCI corporate responsibility network. The responsibility of suppliers is monitored before a procurement contract is entered into, in the terms of contract and through third party audits. ⁸⁵
Europicnic ⁸⁶	Company operates in the areas of import, marketing and wholesale	60,000 kilos in 2014	TH 51	Dutch principal responsible for monitoring the responsibility of production facilities, with the BSCI Code of Conduct as a requirement

Subway ⁸⁷	Restaurant	Subway is the only respondent that did not confirm whether or not it uses or imports Thai broiler.	No answer	Subway has its own Code of Conduct for suppliers, which is based on the ETI's criteria. The company's broiler supplier is a member of the Sedex corporate responsibility network.
Lejos Oy ⁸⁸	Wholesaler, importer	Imported 2.14 million ready meals to Finland in 2014, which contained approx. 135 tonnes of Thai broiler.	TH03, TH05	The company visits the factory it uses, and states that it has received responsibility reports and other relevant information from CPF
Findus ⁸⁹	Frozen foods producer	Purchases approx. 1,000 tonnes of Thai broiler each year, uses two European importers. Thai broiler is used as a raw material in ready meals made in Sweden. These are also sold to Finland.	Six Thai suppliers, of which one is CPF, but will not reveal specific production facilities	The company has its own responsibility policy, which is based on the ETI standard. Does not commission audits. Findus is a member of Sedex and it has access to the Sedex SMETA audit database, which it has used for monitoring the working conditions at Thai factories.
Euro Poultry ⁹⁰	Importer	Thai broiler accounts for approximately 20-25 per cent of Euro Poultry's overall import of chicken products.	Trade secret. However, a Finnish client of the company gave Finnwatch the names of some of the company's suppliers. Suppliers include TH 52, TH 192, TH 49, TH 141. ⁹¹	Forwards its own Code of Conduct to Thai suppliers. The corporation's personnel in the Netherlands and Thailand are responsible for monitoring compliance with responsibility requirements.
Dr. Oetker Suomi Oy ⁹²	Importer of frozen products	8,000 kilos of Thai broiler as part of frozen pizzas	Will not reveal the factory approval numbers of the production facilities it uses in Thailand	The corporation's procurement guidelines are attached to supply contracts. These dictate that suppliers must comply with the law and respect human rights.
Pouttu ⁹³	Meat processing company	Varying, small amounts, under 100 kilos a week	TH 51	Pouttu's Thai supplier has signed the BSCI Code of Conduct
Chef Watkins Oy ⁹⁴	Importer	Under one per cent of overall annual imports	TH51	No responsibility policy in place, price is the deciding factor

As is stated in the above table, importing companies were asked about the amounts of Thai broiler they imported to Finland, the approval number of the factories that have processed the broiler and the company's possible procedures and policies concerning human rights.

The companies' responses make it clear that the majority had taken corporate responsibility into account in some way, e.g. in their procurement contracts. Only Chef Watkins Oy and TTM Food Import stated that they do not take human rights into account. According to Chef Watkins Oy "price is the deciding factor".

Policies concerning corporate responsibility were partly quite ambiguous and unspecific. Only SOK and Kesko conduct human rights risk assessments before even entering into a contract with a supplier, attach clearly detailed responsibility principles to procurement contracts and monitor compliance with responsibility principles via third party audits.

The situation is very concerning regarding companies that refuse to give any information on their supply chain. Actors that refused to divulge the names of factories included Dr. Oetker, Euro Poultry and Findus (Findus gave the name of one supplier: CPF). Without openness, there is no way to monitor compliance with corporate responsibility promises. However, it is positive that the companies that choose to hide their supply chain seem to be in the minority.

- 75 Interview conducted by Swedwatch at Norvida's headquarters in Stockholm 19.10.2015
- 76 Pan Nordic Meat Ltd, Minna Havukainen, emails 4.6. and 16.11.2015
- 77 Pan Nordic Meat Ltd, <http://www.pnm.eu> (viewed on 16.11.2015)
- 78 Dencon Foods Oy, Floris Wissink, email
- 79 TTM Food Import Oy, Jari Mutka, telephone conversation 19.11.2015
- 80 Sodexo Oy, Eva Kristensson, emails 12.10, 4.11. and 18.11.2015
- 81 Snellman Oy, Manne Vainionpää, email 17.11.2015
- 82 SOK, Sari Ristaniemi, email 13.11.2015
- 83 More information on corporate responsibility work by S Group at <http://vuosikatsaus.s-ryhma.fi/fi/vastuulliset-tuotteet-ja-palvelut>
- 84 Kesko, Matti Kalervo, email 24.11.2015
- 85 For more information regarding how Kesko manages human rights risks see <http://kesko2014.kesko.fi/en/responsibility-in-figures/performance-indicators/social-impacts/human-rights>
- 86 Europicnic, Teppo Kuuttiniemi, email 17.11. ja 20.11.2015. Picnic and Europicnic are sister companies. The parent company is Picnic Yhtiöt Oy.
- 87 Subway, Kurt Möller, email 10.11. and 17.11.2015
- 88 Lejos Oy, Kaisa Kiintonen, emails 26.3. and 30.4. and a telephone conversation on 17.11.2015
- 89 Interview conducted by Swedwatch with Findus' Annelia Selander 21.10.2015, email to Swedwatch from Annelie Selander 10.11.2015; Findus lists the country of origin of all the meats in its products on its website. List can be read at: <http://www.findus.fi/static/files/lihan-alkupera-2014-09-01.pdf>
- 90 Euro Poultry, Mikael Kristensen, email to Swedwatch 6.11.2015
- 91 TFT Topfoods Trading Oy, Jani Forsssel, email 18.6.2015
- 92 Dr Oetker Suomi Oy, Virva Rantala, email 13.11.2015
- 93 Pouttu, Keijo Käsälä, email 10.11.2015.
- 94 Chef Watkins Oy, Veijo Votkin, email 11.11.2015.

5. Field studies at Thai broiler factories – migrant workers denied their rights

The information in this study on the working conditions at factories is based on interviews with factory workers from six factories in six Thai districts: Pathum Thani, Nakhon Pathom, Saraburi, Nakhon Ratchasima, Petchabun and Bangkok. The interviews were carried out off-site in May and June 2015.

The factories the study examines belong to Charoen Pokphand Foods PCL, Laemthong Corporation Group, Centaco Group and Saha Farms Group.

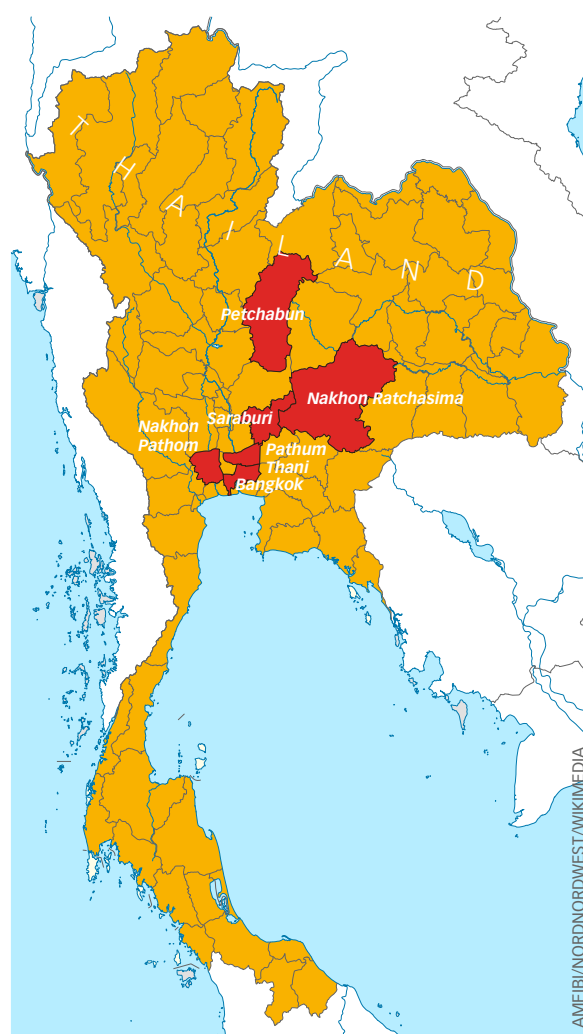
The interviews were carried out in collaboration with the Migrant Worker Rights Network (MWRN). Between 10 to 28 workers from each factory were interviewed totalling 98 workers. Of these workers, 52 were men and 46 were women. The majority of workers (78) were from Myanmar and the remaining 20 from Cambodia. The interviews were carried out in Thai, Khmer and Burmese.

All the interviews were recorded. Additionally workers' payslips, work permits, IDs, passports and other documents related to work and immigration were photographed, if the interviewed worker had possession of these. Legal proceedings initiated by a worker were underway at one of the studied factories and MWRN's representatives also observed related court proceedings and discussed case issues with the plaintiffs and lawyers.

The identities of the interviewed workers are not revealed in the study to protect them from negative consequences.

According to Finnwatch's ethical guidelines⁹⁵ for research, all the researched Thai factories were given the opportunity to comment on the information received from workers before this report was published. Finnwatch

received assistance from the Thai Broiler Processing Exporters Association in contacting the factories. Comments and opinions by each Group have been included in the following chapters.



The factories, where the interviews with workers were conducted, are located in six different provinces in Thailand.

⁹⁵ Finnwatch, Ethical guidelines, can be read at: <http://www.finnwatch.org/en/what-we-do/ethical-guidelines>

5.1 CHAROEN POKPHAND FOODS PCL, MINBURI

<i>Factory:</i>
Charoen Pokphand Foods PCL, Minburi
<i>Company that owns factory:</i>
Charoen Pokphand Foods PCL
<i>Location:</i>
Minburi District, Thailand
<i>Approval number:</i>
TH03 and TH42 (There are two factory buildings at the same address. Broiler chickens are slaughtered in one building and their meat is processed in the other building.)
<i>Workers:</i>
360–400 migrant workers from Myanmar, in addition to which there are Thai workers at the factory. According to the factory, 1,250 workers work during one shift.
<i>Interviewed workers:</i>
28 migrant workers from Myanmar recruited by recruitment companies (16 men, 12 women)
<i>Does the factory export broiler Finland:</i>
Yes
<i>Companies that market CPF's products in Finland:</i>
Lejos (the approval number for the factory that slaughters broiler chickens used in Kitchen Joy products is TH03). A third CPF factory (approval number TH21), which produces products for the S Group, is located on the same road in Minburi. Sodexo and Findus also buy CPF's products, but did not give specific approval numbers to Finnwatch.

Conglomerate Charoen Pokphand Foods (CPF) is one of Thailand's largest producers of broiler. In 2013, CPF produced 90,000 tonnes of broiler for export. CPF and its four competitors Betagro, Cargill, GFPT and Leamthong (see Chapter 5.4) produce 70 per cent of Thailand's broiler exports.⁹⁶

CPF Group's response to the research findings is included after chapter 5.2. on its other factory.

Recruitment company responsible for recruitment of workers charges high fees

All the interviewed workers, who worked for CPF in Minburi, had been recruited and brought to Thailand via the official MoU

⁹⁶ Ipsos Consulting, Thailand's Poultry Industry, 2013, can be read at: <http://www.ipsosconsulting.com/pdf/Ipsos-Research-Note-Thailand-Poultry.pdf>

procedure. They were employed directly by the Group that owned the factory.

Today Top Star, the recruitment agency from Myanmar used by CPF, charges migrant workers very high fees related to recruitment. As a consequence of these expenses, workers are severely in debt. Fees paid by workers (see box page 21), which total to 370,500–475,000 kyat (269–345 euros), exceed the maximum fees established during the MoU procedure and approved by the Myanmar Overseas Employment Agency Federation (MOEAF)⁹⁷ manifold. According to the workers, they were reimbursed 50,000 kyat (36 euros) once the factory/employer group had paid the recruitment agency for the worker's training.

According to the workers, the factory had confiscated the original receipts they had received for the payment of their work permits. The factory only gave workers a copy of the original receipt, even though the original receipt is the property of the worker. According to the workers, the factory also holds onto the workers passports during the reporting to the authorities every 90 days which all foreign nationals in Thailand are required to do. The workers were unsatisfied with how long it took to return the passports.

The interviewed workers did not have possession of their original employment contracts or copies of these. Thai law does not stipulate that workers must have written employment contracts, but a written contract in the worker's own language is crucial, in order to clarify terms of employment and workers' rights.

Workers report social security-related problems

All the interviewed migrant workers were paid the statutory minimum wage and

⁹⁷ Established fees are 150,000 kyat (109 euros) in Myanmar and 10,000 baht (262 euros) in Thailand, equalling a total of 371 euros. ILO, Review of the effectiveness of the MOUs in managing labour migration between Thailand and neighbouring countries, 2015, pp. 17, http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_356542.pdf

Recruitment fees reported by workers	
20,000–50,000 kyat (15–36 euros)	recruitment fee paid to MoU registered recruitment companies in Myanmar
325,000 kyat (236 euros)	recruitment fee paid to MoU registered recruiters in Thailand
20,000–50,000 kyat (15–36 euros)	for the use of water, electricity and toilet facilities during the 17–23 day training period before a worker's term of employment begins.
30,000–50,000 kyat (22–36 euros)	for acquiring a passport
500–5,000 kyat (0,4–4 euros)	for a work permit
20,000–30,000 kyat (15–22 euros)	for travel expenses to training (two trips to Yangon)
5,000–15,000 kyat (4–11 euros)	for accommodation on the Myanmar border before entering Thailand

overtime compensation, i.e. 300 baht a day and 56 baht per hour for overtime. Workers were also paid twice the normal wage for Sundays, as is required by law. However, due to fees related to recruitment (see previous chapter), the money left over from a worker's salary for their own use was significantly less than this.

Wage slips are written in Burmese and the workers understand the basis of their salaries.

At the time of the interviews, none of the interviewed workers had an SSO card (Social Security Office Fund), which entitles workers to social security nor did they have a temporary health insurance policy paid for by their employer. However, the payslips of some workers showed a 5 per cent deduction for social security payments and some had worked at the factory for a year⁹⁸. Many workers stated that despite social security deductions from their pay, they had to pay for health care themselves.

Workers were not paid for sick leave lasting 1–2 days, if they did not have a doctor's certificate for their absence. Thailand's Labour Protection Act stipulates that a doctor's

⁹⁸ Workers should receive social security cards 90 days after starting work.

certificate is only mandatory when a worker's sick leave lasts at least three days⁹⁹. Workers also said that even when they demonstrated that the short two day sick leave was necessary with a doctor's certificate, they were only paid for one day instead of both days.

Workers live free of charge in accommodation provided by the factory. The rooms are very simple and 2 to 4 persons live in a single room. Workers are not charged for electricity or water.

Toilet visits monitored, many hours of overtime put in at the factory

At times, workers at the factory must put in up to 4 to 5 hours of overtime a day on top of their normal 8 hour shift. According to workers, they are not given a 20 minute break in accordance with labour legislation before starting an overtime shift of at least two hours.

A time limit of 15 minutes has been set for toilet visits at the factory, but there is no penalty in place for exceeding this limit. The factory only has few toilets, especially for men, and workers must often wait in line to access them.

Workers' voice not heard, discrimination causes problems

According to the interviewed workers the factory's workers' committee does not represent migrant workers nor is it active. Access to information and communication at the factory and during recruitment are also problematic, as the service provided by interpreters hired by the recruitment company is poor in quality. Workers did not feel that the interpreters were credible, reliable or objective.

Additionally, workers reported different cases in which they had experienced discrimination: foremen scream and swear at migrant workers and use unofficial punishment

⁹⁹ Thailand's Labour Protection Act 1998, Chapter 32, can be read at: <http://www.ilo.org/dyn/natlex/docs/WEBTEXT/49727/65119/E98THA01.htm>

methods for migrant workers. E.g. workers who made mistakes were not given as many chances to put in overtime.

5.2 CHAROEN POKPHAND FOODS PCL, SARABURI

<i>Factory:</i>
Charoen Pokphand Foods PCL, Saraburi
<i>Company that owns factory:</i>
Charoen Pokphand Foods PCL
<i>Location:</i>
Saraburi District, Thailand
<i>Approval number:</i>
TH23 and TH36 (two factory buildings, broiler meat is processed in both)
<i>Ethnic background of workers:</i>
Cambodian and Thai workers work in the two factory buildings (different approval numbers)
<i>Interviewed workers:</i>
20 migrant workers from Cambodia recruited by recruitment agencies (10 men, 10 women)
<i>Does the factory export broiler Finland:</i>
Yes, TH23 is included on the first control list that Evira submitted to Finnwatch.
<i>Companies that market CPF's products in Finland:</i>
Lejos, S Group, Findus, Sodexo (See Chapter 5.1)

During this same study, Finnwatch also examined the working conditions at a second factory owned by Charoen Pokphand Foods PCL, which is located in Saraburi District.

All of the workers interviewed from the Saraburi factory had been recruited via the official MoU procedure from Cambodia, they were directly employed by the Group that owns the factory and they all lived in free accommodation on the factory grounds. All the migrant workers had been promised the statutory minimum wage and overtime compensation¹⁰⁰, but the salary workers received in hand was in reality significantly smaller. In much the same way as at CPF's factory in Minburi, this was the result of large recruitment fees that exceeded charges that have become established during the MoU procedure. Depending on the arrangements, the

factory's recruitment agency charged migrant workers 8,500–17,000 baht in Cambodia¹⁰¹ and 12,000 baht in Thailand, which the workers had to pay in 2,000 baht instalments every other week. The factory uses a recruitment company by the name of Toey Manna.

The interviewed workers reported very similar problems to those at the CPF's Minburi factory. None of the interviewed workers had an SSO card, although the pay-slips of some workers showed a five per cent deduction for social security payments and some of the interviewed workers had worked at the factory for nine months already. Many of the workers did not know that they were entitled to free health care.

Toilet visits were limited also at the Saraburi factory to 15 minutes, workers were not paid for sick leave of 1 to 2 days without a doctor's certificate and workers were not given a written employment contract or a copy of this. The workers' committee at the factory did not have a representative for migrant workers and the workers did not feel the committee was active. Workers did not feel the interpreters at the factory were reliable.

On the basis of worker interviews, it can be said that the practices at CPF's two factories are nearly identical. Based on this, it can be assumed that the same type of findings would be made at the company's other broiler processing factories in Thailand.

CPF's response to the findings

CPF submitted factory-specific responses to the findings described in the previous chapters. As the findings at the group's two factories were similar and the factory's answers in both cases nearly identical, the group's responses for both factories will be examined in the following paragraphs.

CPF told Finnwatch that it had drawn up a new policy for recruitment of foreign labour force that entered into force in April 2015. The Group wants to ensure that all its factory workers are employed directly by the Group,

¹⁰⁰ 300 bahtia kahdeksan tunnin työstä, 56 bahtia ylityötunnista

¹⁰¹ Approximately 230–460 euros (exchange rate from June 2015)

workers are only recruited by recruitment agencies approved in the MoU procedure and they do not have any recruitment-related debt.¹⁰² The policy is attached to this report as Appendix 1.

According to the Group's policy, migrant workers, who are directly employed by the factories, were responsible for covering costs charged by authorities in their country of departure. This kind of expenses include the fees involved in acquiring a passport or visa, health care examination fees and registry fees and border crossing fees charged by labour and foreign ministries. The Group covers all other expenses in the migrant worker's country of departure and in Thailand. These include expenses related to the training of workers, travel and other practical arrangements, renewal of work permit and visa, occupational health care examinations and any expenses related to change of employer. The Group also promises to pay migrant workers the same salary as it pays its Thai workers.

The Group's policy to divide up the cost of recruitment is of course better than the current situation in general, but it remains problematic at least in regards to charging of official expenses for documents other than the passport to the worker.

The Group's explanation for unreasonably high recruitment fees that exceed the maximum amounts established in the MoU procedure was that the company's recruitment policy was published very recently and the interviewed workers had not been aware of the new practices at the time of the study. The Group would not divulge whether it intended to intervene in the now highlighted cases and compensate its migrant workers for unreasonably high recruitment fees.

With regard to social security payments, the Group stated that a worker can only receive an SSO card after having been in the country

for 90 days. According to the Group, prior to this, migrant workers are entitled to health care with a so-called pink card, i.e. an ID card that includes a temporary work permit that is given to all registered workers. However, the interviewed workers had not received pink card status, as they had entered the country via the MoU procedure. This meant that the Group should have purchased a three month long health insurance policy for its workers for the time before they receive their social security card, as is required under Thai migration regulations. Some of the interviewed workers had worked at the factory for over a year and had yet to receive an SSO card that would allow them social security.

The Group did not deny that it had not provided written employment contracts to its workers. However, the Group said that it has recently distributed copies of employment contracts to all its workers. Due to the problems the study brought to light, CPF intends to also monitor the work of interpreters at their factories and intervene in possible problems.

The Group stated that in the future migrant workers will be given a 20 minute break before starting overtime shifts.

The Group defends its monitoring of toilet visits by claiming that this is related to food safety. The Group stated that it must ensure that workers do not have gastrointestinal sickness. Finnwatch feels that flexible sick leave practices that are in accordance with Thai legislation would be a more effective way to prevent people from working when sick. Restricting workers' toilet visits could on the other hand lead to health problems.

The Group responded to criticism pertaining to representation in the workers' committee by stating that the workers vote on who represents them in the committee. The Group states that a worker from Myanmar was a candidate for the workers' committee at its factory in Minburi, but was not selected in the vote. However, due to a complaint issued

¹⁰² However, the practice described in the policy does not apply to labour hire agencies and service agreements, with regard to which the Group said it only monitors that the service provider through which the factory gets its contract workers complies with applicable laws. However, this study does not examine the working conditions of contract workers.

by a worker, the Group said that it had invited the Myanmar representative to listen in on the committee's meetings.

The Group states that from now on, it will make a concerted effort to tell its workers about its new recruitment policy as well as about the benefits and rights (health care, sick leave) migrant workers are entitled to, and to train its foremen.

5.3 LAEMTHONG POULTRY

<i>Factory:</i>
Laemthong Poultry Co.
<i>Company that owns factory:</i>
Laemthong Poultry Co. Ltd, part of Laemthong Group
<i>Location:</i>
Nakhon Rachasima, Thailand
<i>Approval number:</i>
TH70
<i>Workers:</i>
2,100–2,600 workers the majority of whom come from Myanmar. Factory's 500 Thai employees perform mostly supervisory roles.
<i>Interviewed workers:</i>
10 migrant workers from Myanmar, recruited by brokers (6 men, 4 women) In addition, participation in a court case in Bangkok regarding working conditions at the factory.
<i>Does the factory export broiler Finland?:</i>
Yes, factory TH70 is on the list provide by Evira to Finnwatch
<i>Companies that market Laemthong's products in Finland:</i>
Snellman (TH 06, see following chapter 5.4), TTM Food Import

Laemthong is one of Thailand's largest producers of broiler. In addition to broiler, the conglomerate Laemthong Corporation Group produces pork, animal feed, flour, a variety of foodstuff as well as jute and plastic products.¹⁰³

Laemthong Poultry, which is examined in this chapter, is located in Nakhon Ratchasima District in Central Thailand. Two of the Group's factories, which function as separate broiler processing units, are located in the same

factory area.

Laemthong was also given the opportunity to comment on the report before it was published. The Group answered in a very broad and general manner, and repeated requirements set in Thai legislation and described the processes related to their workers' recruitment. For this reason, Laemthong's responses are presented as such after the responses from its other factory Laemthong Nakhon Pathom in Chapter 5.4.

Statutory salaries paid; rooms provided by factory are cheap, but in poor condition

All the Laemthong Poultry interviewed workers had entered into an employment contract directly with the company that owns the factory. The workers had arrived in Thailand to work via the MoU procedure or they had received official status after entering the country via a regularisation or nationality verification process (see Chapter 2.2).

All workers were paid the statutory minimum wage and overtime compensation, i.e. 300 baht a day and 56 baht per hour for overtime. Salaries were paid onto each worker's bank account at two week intervals.

Many of the interviewed workers lived on the factory's grounds. Workers are charged 100–200 baht for accommodation. The price is so low because up to 18 workers may live in the same room. Woman and men live in separate areas. The women's rooms have no electricity, or its use is limited. According to the workers, this leads to a wide variety of problems, and they had to e.g. buy convenience foods instead of preparing meals themselves for a cheaper price.

However, workers may choose where they live, and the workers who live near but not on the factory grounds have more space. The rent for a room on the private market varies according to consumption of electricity and water from 1,200 to 1,700 baht per month. Workers save on living expenses by sharing a room with several others.

¹⁰³ Laemthong Corporation Group, <http://www.laemthong.com/about-laemthong-en.php> (viewed on 17.11.2015)



Different document-related fees deducted illegally from salaries

The recruitment agencies that operate at the factory charge workers a total of 3,000 baht in recruitment fees. The accounts of workers can be considered credible, as the interviewed workers described the payment process in detail and gave researchers the full names of persons who collected recruitment fees.

Additionally, the Myanmar recruitment agency had charged migrant workers 70–100 baht for a report that must be submitted to immigration authorities once every three months. Migrant workers have also been charged much higher fees for the renewal of passports and visa than what the actual official costs of these is.

The workers' payslips showed numerous illegal deductions made by the factory. According to the workers, the deducted sums are related to maintenance of housing, consumption of electricity and water, sick leave¹⁰⁴ and documents. The factory charges extremely high prices for documents. For example, the renewal of a work permit for four years costs 8,500 baht at the factory, although the actual official price for renewing the document (including extension of the visa

¹⁰⁴ Deductions for sick leave only apply to 1 to 2 days of sick leave for which the worker has not submitted a doctor's certificate. Thailand's Labour Protection Act prescribes that a doctor's certificate needs only be submitted after sick leave has lasted for 3 days or more.

and a medical examination) is only 4,800 to 5,800 baht¹⁰⁵.

A variety of deductions were marked on payslips in pencil, and only some deductions are processed by the factory's official payroll. Additionally, workers reported that work clothes payments and other unclear and additional charges that were not registered anywhere had to be paid in cash to the factory's office or recruitment agency representatives. Workers did not receive receipts for these payments.

Payslips given to workers are written in Thai, and for this reason it is difficult for migrant workers to monitor the accuracy of their salaries.

Workers were heavily in debt at the start of their employment, and their IDs, travel documents and work permits had been confiscated until they had repaid their debts.

The workers did not have written employment contracts.

¹⁰⁵ Document-related fees are listed e.g. in the IOM's publications. Migration Information Note 25 (can be read at: <http://th.iom.int/index.php/migration-resources/facilitating-migration/migration-information-notes/Migration-Information-25-ENG/>) ja Migration Information Note 24 (can be read at: <http://th.iom.int/index.php/migration-resources/facilitating-migration/migration-information-notes/Migration-Information-24-ENG/>)

Problems reported with social security

The majority of interviewed workers did not have a SSO card¹⁰⁶, although nearly every worker's payslip showed a 5 per cent deduction for a social security payment and some of the workers had worked at the factory for years. The workers claimed that the company did not in reality transfer their social security payments to the social security fund, for which reason workers recruited via the MoU procedure were left completely without health insurance and workers had to pay their health care and medical treatment costs themselves. Despite a protest by workers, the situation has been ongoing for years at factories owned by the Group, as a result of which the Group is facing legal proceedings for violating the Labour Protection Act. During the currently on-going hearing of the case by the Central Labour Court in Bangkok, a large scale forgery of visas by the company has also come to light. The company's migrant workers have been arrested on the border between Myanmar and Thailand due to forged documents.¹⁰⁷

According to the interviewed workers, minors between the ages of 15 and 17 and a small group, who are possibly only 14 years old, work at the factory. Local researchers did not however meet with or interview any under-aged workers.

According to the workers, the factory's drinking water smells and is unclean. There is only one water point for the 1,200 workers at another factory department.

The workers also limit the amount they drink, because the duration of their toilet visits are monitored. If a toilet visit exceeds the permitted 10–15 minutes, the worker is, depending on the foreman on site, refused the right to put in overtime for some time. Exceeding the

time limit may lead to withholding of some overtime compensation. Other similar unofficial and arbitrary punishments are used when workers make mistakes or argue with foremen.

Workers are not given a 20 minute break in accordance with labour protection legislation before starting an overtime shift of at least two hours. Workers put in overtime regularly and they reported that at times this was compulsory¹⁰⁸. At times, workers are expected to work on Sundays, but the workers claimed that the factory did not pay them the statutory double wage for Sunday work.

Workers are not paid for sick leave lasting 1–2 days, if they do not submit a doctor's certificate for their absence. Migrant workers also claimed that unlike Thai workers they were not granted any statutory annual leave. They are only granted statutory national holidays (13 days a year).

The workers felt that occupational safety was not guaranteed appropriately and that the factory had dangerous machinery. In 2014, a worker died at the factory after falling into the machine that processes meat. According to the interviewed workers, the deceased worker's family received no compensation for the accident. However, our researchers were unable to contact the worker's family for this study.

The interviewed workers also said that during audits workers are given cleaner clothing, their work pace is slowed down and the factory's foremen, who are usually rude and slap workers, are extremely polite. During audits, auditors do not speak directly with workers.

Workers do not receive any help in matters related to their working conditions, as the workers' committee at the factory is in practice defunct and does not represent migrant workers. The factory does not have a trade union.

¹⁰⁶ A total of 159 workers have brought a case against the factory. The company has stated during legal proceedings that of these 159 workers 87 are now within the scope of social security. The information is based on a report by an MWRN worker who followed the trial in Bangkok.

¹⁰⁷ The company has stated during legal proceedings that 87 of these 159 workers now have health insurance through the social security fund. The information is based on a report by an MWRN worker who followed the trial in Bangkok.

¹⁰⁸ Typically, migrant workers who receive the minimum wage want to put in as much overtime as possible, and it is thus not common that anyone is forced to work overtime. However, the workers reported instances in which sick workers had not been allowed to go home during the workday.



Laemthong Poultryv factory's poor working conditions led to a large-scale workers' protest in October 2015. Over 1,000 of the factory's workers staged a walkout. However, negotiations between the factory's management and authorities, negotiated and assisted by MWRN, led to positive results after which workers returned to their workplaces.

The ten point agreement, which was reached during negotiations, states that the employer and workers have mutually agreed e.g. that the factory will acquire legal visas and work permits for all its workers. Additionally, the factory commits to the statutory transfer of social security payments and to acquiring SSO cards for all its workers, so they can get access to free health care. Wrongly deducted social security payments will be returned to workers, and the factory will in future comply with Thai legislation.

5.4 LAEMTHONG FOOD PRODUCTS

Factory:	Laemthong Food Products Co.
Company that owns factory:	Laemthong Food Products Co. Ltd, subsidiary of the Laemthong Corporation Group
Location:	Nakhon Pathom, Thailand
Approval number:	TH 06
Ethnic background of workers:	according to an estimate by workers, there are approximately 2,000 workers at the factory, of whom 1,900 are migrant workers from Myanmar
Interviewed workers:	10 migrant workers from Myanmar recruited by recruitment companies (5 men, 5 women)
Does the factory export broiler Finland?:	Yes
Companies that market Laemthong's products in Finland:	Snellman, TTM Food Import (TH 70, see chapter 5.3)

Workers must pay high recruitment fees

All the interviewed workers had been hired directly by the Laemthong Food Products factory.

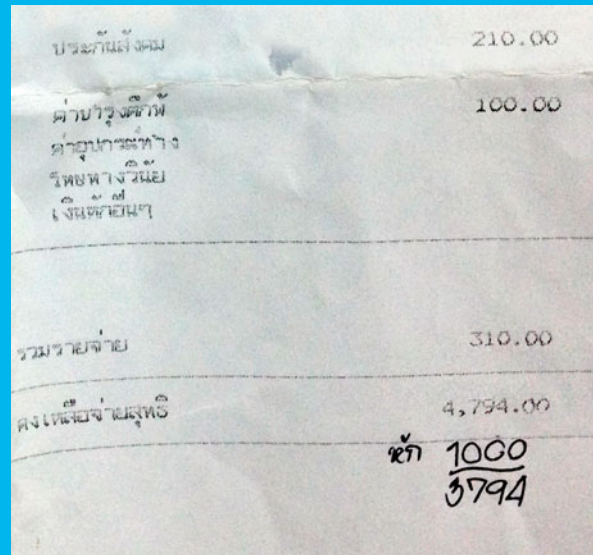
The workers reported that a recruiter working within the factory charged new workers recruitment fees. In order to get a job at the factory, migrant workers recruited in Thailand

must pay a Myanmar worker working in the factory's HR department 1,000–4,000 baht. The recruitment agency works in cooperation with a Thai worker, who works in the HR department. The interviewed workers gave Finnwatch the names of the persons, who participate in collection of recruitment fees. It is possible that this is a case of corruption within the factory wherein individual factory workers earn more money by demanding fees from migrant workers in a manner that the Group's management has not approved.

Workers from Myanmar, who have come to the factory directly through the MoU procedure, are in turn charged between 330,000 and 600,000 kyat in Myanmar and 13,000 baht in Thailand in different fees. The sums are considerably high, considering that the same expenses that have become the norm in the MoU between Thailand and Myanmar are 150,000 kyat in Myanmar and 10,000 baht in Thailand. A recruitment company by the name of Arborfield is responsible for collecting fees from workers recruited through the MoU process.

Workers also said they had to pay recruitment agencies excessively high fees that exceeded normal payments to authorities for the renewal and extension of their passports and work permits. For example, the workers pay 6,000–7,000 baht for renewing their passport when the official cost of the passport is only 1,600 baht.

Deductions are visible on the payslips given to each worker. Some of the deductions are hand written on the payslips.



The factory also charges its workers 150 baht for an immigration report drawn up every three months, although this routine notification to authorities should be free of charge.

According to workers, the factory refuses to renew work visas when they expire after four years, as a consequence of which workers are let go from their jobs. Workers, who had been let go from their jobs, were not given a permit that would allow them to change employers (bay jeng awk). They would need this permit in order to change jobs in Thailand. Therefore these workers must return to Myanmar. It is unclear why the employer acts in this way. According to the researchers who conducted interviews with workers, it is possible that the expiry of visas is used as an excuse to let go workers that are no longer needed or who the employer feels have not realised their full potential. By using the expiry of a work visa as an excuse for termination of employment, the employer does not need to pay compensation in the way they would, if they fired the worker.

Illegal deductions from wages

The interviewed workers were paid the statutory minimum wage and overtime compensation for work carried out on weekdays¹⁰⁹. The

¹⁰⁹ Thailand's 1998 Labour Protection Act (LPA 1998), ILO NATLEX database: <http://www.ilo.org/dyn/natlex/docs/WEBTEXT/49727/65119/E98THA01.htm> (viewed on 14.10.2015)

interviewed workers were sceptical about the accuracy of their salaries, and it was difficult for them to comprehend payslips written in Thai. According to the workers, they were not paid the statutory double wage for Sunday work. Due to problems with payment of salaries, the workers organised an unofficial protest and work stoppage at the factory in January 2014. However, the protest did not lead to any improvements and the workers who led the protest were fired.

Other problems have also been reported with regard to compensation. Workers are not paid for 1–2 day sick leaves without a doctor's certificate. According to workers, they are not given a 20 minute break in accordance with labour protection legislation before starting an overtime shift of at least two hours.

Various illegal deductions are made from wages. These are described in more detail in the following paragraph. According to the workers, deductions had not been agreed upon mutually and the workers had not been given a written employment contract at all.

The factory provides modest accommodation only for its female workers. There are a limited number of rooms available, and up to 5 or 6 people live in each room. Workers are charged 300 baht a month for accommodation, and living expenses are deducted illegally directly from the workers' salaries.

Workers, who had arrived in Thailand via the MoU procedure (see Chapter 2.2), had been



given a statutory card that entitled them to social security. However, other migrant workers did not have such a card, nor did they have a health insurance policy paid for by the factory. Even so, a 5 per cent deduction related to social security had been made from these workers' salaries. Thus, workers must pay for health care and medical treatment themselves, although they are entitled to free health care and have paid for it in the form of social security payments.

The fees described in the previous chapter on recruitment fees are deducted illegally directly from salaries. Deductions are visible on the payslips, which are given to workers.

Deductions from salaries lead to misunderstandings, subject workers to corruption and reduce the amount of salary workers receive in hand.

Workers may take national holidays off and have their annual leave. However, migrant workers felt that the maximum of 15 consecutive days of leave was too short for them to travel to Myanmar for a visit. If a worker returns to work late, they must reapply for their job, and pay the approx. 2,000 baht recruitment fee over again (see previous paragraph "Workers must pay high recruitment fees").

Minors working at the factory and workers concerned about occupational safety

The researchers, who conducted interviews as part of our field study, did not meet any under-aged workers. However, according to the interviews there are minors as young as 14 working at the factory. These workers have official and genuine passports, but their year of birth is incorrect in their passports so it states that workers are 18. The problem is common in Thailand, and it is difficult if not impossible for the factory to do anything about it.

Workers also reported that there were occupational safety hazards at the factory. A recent gas explosion had injured one migrant worker from Myanmar. According to interviewed workers, the injured worker had not received sufficient medical treatment. Researchers did not have the opportunity to meet the injured worker.

Workers had previously been forced to pay for safety clothing used during their work, but they now said that there had been a change to this: the factory now paid for one set of clothing per worker. However, workers must still cover the cost of extra clothing¹¹⁰.

The workers also said that their workdays are extended illegally: workers must begin

¹¹⁰ Extra clothing is necessary, so that clothes can be washed and repaired.

their workday 10 minutes before their shift officially begins, and workers must continue to work after their shift in order to meet targets without this being considered paid work time let alone overtime.

Toilet visits have been set a time limit of 12–15 minutes Toilet visits that exceed this time limit may, depending on the foreman on site, lead to a 30 minute deduction from a worker's overtime compensation.

According to the workers, the factory's foremen treat them unkindly and continuously force them to work more and faster. Workers also reported that foremen slapped workers, if they made mistakes.

Workers complained that drinking water was poor quality and smelt strongly of chlorine.

Workers' voice not heard

The interviewed workers did not know of a workers' committee at the factory. If there was a workers' committee, it was inactive and did not represent migrant workers.

The workers believed that the factory's interpreters were unreliable and poor in standard.

According to interviewed workers, a variety of different external audits commissioned by authorities and the factory's clients were carried out at the factory. The factory is cleaned before audits. When an auditor arrives at the production facility the speed of machinery is slowed and work gloves are handed out to workers. The workers told interviewers that auditors did not speak with workers.

Response from Laemthong Group

Laemthong Poultry Factory
Soongneon District
15 November 2015

To Whom It May Concern,

We would like to thank you for your mail as of November 9th and mail dated before which we have just acknowledged and learnt many points accordingly.

Last year, Thailand ranked the 9th largest chicken meat exporting country and Thai manufacturers have to perform their production according to quality system of Codex, BRC, ISO regulation and Halal standard. Laemthong Poultry factory is among those companies in this sector of Thai manufacturers. We have to set rules such as cleaning hands after going to toilets etc. to comply with regulation.

What we have provided for our Myanmar employees at Soongneon plant are as follows;

1. salary is according to Thai law minimum wage (300 Baht per day in Thailand, 110 Baht per day in Myanmar), monthly incentives is allowed
2. appropriate OT working hours are considered by supervisor, not everyone do OT. If one is occupied, one can deny
3. salary is paid 2 times a month every 15 days, public welfare deduction from salary abide by law
4. hiring people under the age of 18 is prohibited by law
5. working time 8 hours a day with rotation break 2 times in the morning and 2 times in the afternoon, total of 40 minutes, also another 60 minutes break at lunch time for everyone. Workers break exceeds law
6. 6 day vacation leave with pay according to Thai law and 13 national holidays are allowed with pay too. On illness absence is paid according to law
7. a room for single is provided, those who have family stay outside
8. security, building maintenance, water and electricity are provided. Rules and regulation concerning safety and use of water and electricity be applied in conformity with safety code and energy saving nationwide policy in our country
9. uniform as well as working equipment is provided for everyone free of charge. Uniform cleaning is done on daily basis by factory cleaning unit
10. employees receive new uniform every year
11. 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 professional outside on monthly contract basis.
12. there are toilets in every production unit. One can go to toilet during working hours for the sake of one's physical need and hygiene.
13. at factory, there is first aid room with academic trained nurse and assistant to take care all without discrimination. In case of emergency the factory provides prompt delivery (factory car) to government hospital with translator
14. factory welfare committee is responsible for overall welfare performance
15. lunch is subsidized by factory, food price is half the market price

Hiring Process: The process of hiring Myanmar people has to be done according to Thai Law and Understanding Memorandum agreed and mutually accepted between the Government of Thailand and the Government of the Republic of Myanmar. Procedure of hiring has to be done step by step as follows;

Employee

1. those who want to come to Thailand contact their country agency
2. Myanmar agency gives information – business type, rate hired, welfare
3. Myanmar agency informs how much cost be paid directly to agency company alone
4. Myanmar Law allowed that fee charged by agency not more than 10,000 Baht per person
5. if every condition is agreed, they wait for agency calling up

Employer

6. Thai employer who want to recruit Myanmar persons has to ask for approved quota from the government, quota will expire within one year, employer must provide employee with respect to law
7. employer processes their application for bringing non-Thai workers to work in Thailand as stated in Memorandum of Understanding between two governments and receives lists of workers names from agency in order to submit to government to approve work permits. In the meantime Myanmar agency processes every document necessary and lawful enough to bring all applicant arrive Thailand safely without code violation
8. employer has to contact agency as of MOU and do their own hiring under the regulations of Thai labor law. Employer charges for job application is prohibited.
9. company has to make understanding with their Myanmar workers that one must practice one's duty and work according to Codex, BRC and ISO regulations (before their arrival to Thailand). If one does not satisfy with working rules, one can discard contract to Thailand.
10. travelling cost to Thailand is settled in the agreement between workers and agency in Myanmar
11. during the work permit period, workers has to report their status to Immigration Department every 90 days and confirm their intention to continue staying in Thailand. Immigration charge is required by the department

The above mentioned practices described are what has happened and occurred in the process. There are standards and procedures to uphold. Management support working condition, deliver training to improve business performances and ensures that employees uphold company procedures required by food production regulations as well as advising safety issues and treating staff who become unwell and bring to first aid unit. Problems may arise every working day. One performs and helps solving within the context. Routine goes on.

Yours sincerely,

Laemthong Poultry Co., Ltd.

5.5 CENTACO GROUP

<i>Factory:</i>
Central Poultry Processing Co. Ltd, Sky Food Co. Ltd
<i>Company that owns factory:</i>
Centaco Group
<i>Location:</i>
Pathum Than District, Thailand
<i>Approval numbers of researched factories:</i>
TH 07 and TH 84. Sky Food also has a third production facility the approval number of which is TH 192
<i>Workers:</i>
approx. 2,000 to 3,000 workers of whom the majority are migrant workers from Myanmar and Cambodia; Thai workers are typically supervisors and foremen.
<i>Interviewed workers:</i>
14 migrant workers from Myanmar recruited by recruitment agencies (8 men, 6 women)
<i>Does the factory export broiler Finland:</i>
yes
<i>Finland-based companies that import the corporation's broiler products:</i>
Dencon Foods (TH 07), Euro Poultry (TH 192)

Centaco Group has three factories in Pathum Than District's Klong Luang of which the Group's slaughter house (Central Poultry Processing Co. Ltd) and processed foods production factory (Sky Food Co. Ltd) are examined in this study. The production units are located in the same factory area. The slaughter house also supplies broiler to Centaco's third factory in the area (TH192).

Centaco Group was given the opportunity to comment on the findings of this report.. The Group's detailed responses are included in the following paragraphs.

Recruitment agencies exploit workers

Factory workers are not directly employed by the Group that owns the factory but rather by numerous different recruitment agencies¹¹¹. According to the workers, the Group works in close cooperation with recruitment agencies, and the factory does not hire anyone directly.

Recruitment agencies charge migrant workers, who want to work in Thailand, very large recruitment fees totalling 4,000–9,000

baht for a job and for documents related to change of employer.

Recruitment agencies had helped in smuggling two of the interviewed workers into Thailand, and the one of these workers still had no documentation¹¹². One of these workers has paid the smuggler 5,000 baht and the other 15,000 baht.

The researchers who interviewed the workers also met with two workers who had been fired from the factory. According to the workers, the Group's management and recruitment agencies fire factory workers for irrelevant mistakes and without reason. The workers even claim that this is a way to make money with recruitment fees from new workers.

The workers work at the factory with no written employment contracts.

In its response to Finnwatch, Centaco Group confirmed reports of the central role of recruitment agencies in the recruitment and employment of workers. According to the Group, it has not been granted the official right to hire migrant workers directly. Centaco promised to investigate the highlighted abuses and said that control of recruitment agencies has been a "learning process" for the Group. According to the factory, it has checked to ensure that all recruitment agencies have written contracts between them and the workers at their disposal. However, on the basis of what workers have said, Finnwatch believes it is probable that workers are not given copies of these contracts.

¹¹¹ The workers named six different labour recruitment agencies.

¹¹² One was from Myanmar and the other from a refugee camp between Myanmar and Thailand.

Ambiguities in payment of wages

Recruitment agencies are responsible for paying workers their salaries. The interviewed workers did not understand the basis of salary payment and it was difficult for them to comprehend written payslips.

Different payments are deducted directly from the workers' salaries. These include an annual "protection fee" of 1,000 baht to the recruitment agency, an account transfer fee related to salary payment (10 baht) and bank card charges (550 baht). Fees are also deducted from salaries for the renewal of a passport, visa or work permit. These sums are manifold compared to those that go to authorities. According to the workers, they are charged 100 baht every third month for immigration reports, although the official process is free of charge.

According to the factory, the protection payment described by workers is an official charge, which is paid by migrant workers moving from one province to another. However, according to the interviewed workers, everyone is obligated to pay, independent of where they have come from.

Deductions made for the acquisition of documents such as work permits are visible on the payslips given to each worker. For example, after deductions a worker, who had earned approximately 5,300 baht over a salary payment period of 2 weeks, received only 2,600 baht in hand. It is difficult to get by on this sum of money and the deduction is unlawful.

Some of the workers said that they had not received overtime compensation for the past three months. Some of the recruitment agencies pay overtime compensation separately in cash. According to the workers, they did not receive the statutory double payment for Sunday work either. However, the basic daily salary of workers for an 8 hour day was in accordance with the law (300 baht).

Not one of the interviewed workers had a social security card or a health care insurance policy paid for by the factory. However, according to their payslips, a five per cent

deduction for social security payments had been made from almost every interviewed migrant worker's salary. According to the workers, the employer had not paid the sum deducted from their salaries in the social security fund (SSO). Two of the interviewed workers had an ID (pink card) for registered workers that entitled them to health care, but the other interviewed migrant workers still did not have social security and were forced to pay their own health care costs.

According to interviewed workers, workers who are pregnant do not receive paid maternity leave and are forced to pay any costs related to their pregnancy themselves. In order to get by, pregnant women are forced to work until their last week of pregnancy endangering their health. The women, who were interviewed, say they feared falling pregnant given their lack of social security access.

According to the workers, recruitment companies charge each worker a deposit which is only returned when the worker's employment comes to an end. The deposit is equal to a wage for ten days work (at least 3,000 baht), and it is deducted from workers' salaries at the beginning of their employment. It is unclear why the deposit is charged.

Workers' toilet visits are limited to a time of 10–15 minutes, and a worker may be banned from working overtime for some time if they exceed this time limit.

"I'm afraid of getting pregnant. Without social security, we have no chance of surviving with a child"
– 28 year old woman from Myanmar.

In its response, Centaco Group says that it pays recruitment companies its own share of social security payments and requires that recruitment agencies in turn transfer social security payments to the authorities account appropriately. The factory said it would remind recruitment agencies of the appropriate payment of social security and initiate measures with regard to those recruitment agencies that did not comply

Deductions are visible on the payslips given to each worker.

ประกันสังคม 5 %	175.00
ค่าชุดอุปกรณ์	-
ค่าเงินเบิกล่วงหน้า	-
ค่าเปิดบัญชี+ATM	550.00
ค่าธรรมเนียมโอนเงินเข้าบัญชี	10.00
ค่า Work permit	1,000.00

“Due to salary deductions for acquiring and renewing documents, I did not get any money for 15 days of work. How am I to buy food and survive?”
 – 25 year old man from Myanmar

with instructions. The factory suspects that the information concerning the deposit is a misunderstanding on the part of the workers, but promised to investigate the allegations. The Group’s recruitment agencies have also promised that from now on they will supply payslips to workers in their own language.

The factory also said it would add to its foremen’s training and emphasised that foremen were not to intervene in workers’ toilet visits. The Group also said that workers should not be denied the right to put in overtime, and it does not allow foremen to use unofficial punishments.

Personal documents of workers’ confiscated

Nearly all the interviewed workers reported that a recruitment agency had confiscated their work permit. Only a few workers even had a photocopy of this which would not be accepted should workers be inspected by police or other Thai officials.

The police have arrested some workers because they did not have access to their documents. According to the workers,

recruitment agencies sometimes come to the workers’ aid and show the police the workers’ work permits. If a recruitment agency representative does not arrive to help, the arrested worker must pay the police a 1,000 to 3,000 baht bribe to avoid arrest.

The interviewed workers reported that there were workers at the factory so severely in debt that their position resembled debt bondage. All their work permits, IDs and travel documents have been confiscated and will not be returned until they have managed to pay all the debts described in the previous chapter.

The workers fear that if they complain about their working conditions, recruitment agencies will resort to physical violence as had been the case previously. Workers described collusion between violent agencies, policy and local labour officials.

According to the factory, it does not confiscate its workers’ documents, but they have been given to recruitment agencies. The factory’s response supports reports by workers that recruitment agencies hold onto documents.

According to interviewed workers, 14 year-olds from Cambodia and 16–17 year-olds from Myanmar work at the factory. The Cambodian minors have forged papers, but the minors from Myanmar have official passports with the wrong year of birth. Researchers did not however meet any under-aged workers.

“Over the past five months, my husband and I have been able to send only 700,000 kyat to our families in Myanmar. This is not sufficient to cover the cost of living, and we are very ashamed.

– 26 year old woman from Myanmar

According to the factory, it does not condone employment of minors. The Group said it had set penalties in place for recruitment agencies if any workers with forged papers were found at the factory. Finnwatch acknowledges that the Myanmar workers have genuine documents granted by authorities and that it is difficult for the factory to intervene in this common problem in Thailand. The most important thing is to ensure that the factory’s working conditions are appropriate, wages decent and workers are not forced to put in unreasonable amounts of overtime regardless of their age.

Problems with overtime and annual leave

Overtime regulations are violated in that workers are not allowed a 20 minute break before they start an overtime shift of at least two hours as is stipulated in labour law. Workers are not paid for 1–2 days of sick leave without a doctor’s certificate.

According to the factory, Thai law allows employers to refuse the 20 minute break in the case of a special situation or if the process in question cannot be halted. However, the factory promised to review its practices. According to the workers, denying workers their break is routine.

The workers’ right to paid annual leave is also violated: instead of allowing workers to take six days of annual law as is statutory, the workers said that the factory only allowed them three days of annual leave, even when they had worked at the factory for over a year. Migrant workers also complained that they were only given a holiday of seven consecutive days every other year, which was not long enough for a trip to their home

country. If workers returned late from their holidays due to travel, they were forced to reapply for their job as a new employee, and to pay recruitment fees over again.

According to the workers, the factory’s foremen act in an aggressive and discriminatory manner towards workers and sometimes resort to physically forcing workers to pick up their pace (slapping hands or face). Sometimes workers are forced to put in overtime¹¹³. If a worker has not met their production target or has made mistakes, workers are not necessarily allowed to put in overtime.

According to Centaco Group, recruitment agencies are expected to pay annual leave and other holidays in accordance with Thai law, and the factory has paid the recruitment agencies compensation for these. The factory promised to audit the activities of its recruitment agencies in order to identify any possible violations. The factory also states that it has invested in the training of its foremen. According to the factory, it has identified a foreman, who mistreated workers and the factory have intervened. According to the Group, the foreman now behaves better.

Workers’ voice not heard

According to the workers, different types of audits are also carried out at Sky Foods. During audits, mistakes are avoided at the factory, the work pace is slowed and workers are spoken to kindly. According to the workers, auditors do not speak with workers.

As in other researched factories, workers did not feel the Sky Foods factory’s workers’ committee represented migrant workers, and it was not active.

The factory denied any problems related to the workers’ committee. According to the factory, the committee reports to management on a monthly basis and it sees to the

¹¹³ In general, workers wanted to put in as much overtime as possible so that they could earn more money.

interests of all workers. However, the factory did not clarify in its response the way in which committee members were selected or whether the committee included representatives of migrant workers. However, the factory promised to inform workers' of the possibility to report problems to the Group's management via a feedback box at the factory.

The factory also denied any type of manipulation with regard to audits. According to the Group, national and municipal occupational safety authorities and audit companies carrying out different international audits visit regularly.

5.6 GOLDEN LINE BUSINESS, SAHA FARMS GROUP

<i>Factory:</i>	Golden Line Business Co. Ltd
<i>Approval number:</i>	TH144
<i>Company that owns factory:</i>	Golden Line Business Co. Ltd, Saha Farms Group
<i>Location:</i>	Petchabun, Thailand
<i>Factory workers:</i>	7,000 workers
<i>Interviewed workers:</i>	16 migrant workers from Myanmar (7 men and 9 women), all recruited via the MoU procedure, started working at the factory 4–6 months ago.
<i>Does the factory export broiler Finland:</i>	yes
<i>Finnish companies that import the company's chicken products:</i>	Dencon Foods, TTM Food Import (TH 192)

Golden Line Business Co. Ltd. is part of the Saha Farms Group. The factory produces broiler products for export and for Thailand's domestic market. The factory processes and sells both raw broiler meat and different food products prepared from cooked broiler.

The factory has been given the opportunity to comment on the information brought forth in worker interviews, which are detailed in the following chapters. The factory sent a response to Finnwatch and denied nearly all the problems brought to light in interviews. According to the factory, the information provided by workers is in great part based on misunderstandings. However, Golden Line Business did state that the workers' accounts also demonstrated that there is room for improvement in some areas, and the factory will pay closer attention to these in the future. The factory's responses are included in the following paragraphs.

Extremely high fees charged for recruitment

All of the interviewed workers have come to work at the factory via the MoU procedure, and were directly employed by the company that owns the factory. At the time of the interviews, the workers had only been in Thailand for a short time, approx. 4–6 months.

The workers at the factory owned by Golden Line Business were heavily in debt due to high recruitment fees. In Myanmar, the recruitment agency¹¹⁴ charged migrant workers 300,000–450,000 kyat (approx. 9,500–14,200 baht). In Thailand, Golden Line Business charged them a further 10,000 baht when they arrived at the factory. These sums are deducted from workers' salaries in 2,000 baht instalments each month. In addition to the aforementioned fees, workers had paid 30,000 kyat for Myanmar passports and covered their own travel expenses to the Thai border.

According to the interviewed workers, also workers recruited from within Thailand are charged an assortment of different fees. New workers e.g. must pay 1,500–2,500 baht in recruitment fees to a recruitment agency that works in cooperation with the factory's HR department.

¹¹⁴ According to the workers, a Myanmar-based company by the name of Yan Nadi Oo acts as the recruitment agency for the factory.

According to the Golden Line Business factory, it does not intervene in bilateral contracts between recruitment agencies and workers. According to the factory, it pays the recruitment company a separate fee for recruitment and does not require its workers to pay these back. It is Finnwatch's view that the factory cannot exempt itself from the unreasonable fees charged by its recruitment agency, which force workers into debt bondage. The factory is responsible for ensuring that recruitment agencies act responsibly¹¹⁵.

Workers only have their Myanmar labour cards in their possession (the card states they were imported into Thailand to work at Golden Line Business) while their passports, work permits, health insurance and all other personal documents have been confiscated. Workers were not sure however whether they even had work permits to work in Thailand. Workers did not even have the employment contracts they had signed or copies of these in their possession.

The factory denied confiscating workers' documents. According to the company, a recruitment agency can only hold on to a worker's passport for the first three months after they have arrived in Thailand, during which time workers are registered. According to the factory, passports are returned to workers after this 90 day period. As the factory does not control registry, it does not necessarily know which documents a recruitment agency holds on to. Workers believed their documents might only be returned to them after they had repaid their debt to the recruitment agency.

The factory confirmed the workers account that the factory keeps employment contracts in its possession. The factory cited Thai law, which does not require written employment contracts. However, according to the

company, workers can get a copy of their contract by requesting it separately.

According to workers, Golden Line Business regularly terminates the employment of migrant workers that have come to Thailand via the MoU procedure for unfair reasons and without separate warning. According to workers, workers who are pregnant are let go, and they cannot work after the fourth month of pregnancy. Workers, whose employment has been terminated, must pay 10,000 baht for the return of their confiscated passport and an unreasonable sum in travel expenses for their return journey to Myanmar. Workers, who have only worked at the factory for a few months, are left heavily in debt, if they are let go.

In its response to Finnwatch, the factory denied terminating the employment of workers. According to the company, pregnant workers are allowed to continue working normally but they are transferred to lighter work.

Many workers have left the factory of their own choice, as they felt the terms of employment were unfair.

Problems in payment of salaries

According to the interviewed workers, they were paid 300 baht a day. However, in order to earn 300 baht, a worker must often work beyond their normal work hours and work days may stretch to 9 or 10 hours. Any work after an 8 hour period should be considered overtime (according to Thai law, workers should receive 56 baht an hour in overtime compensation). Workers were not paid a statutory double wage for Sundays either. Workers are not paid for 1–2 days of sick leave without a doctor's certificate.

Salaries are paid to workers' bank accounts once a month. The last group of workers to arrive via the MoU procedure had also had their bank cards confiscated, and their salaries were paid to them in cash. It was difficult for workers to comprehend payslips written in Thai and with ink that quickly faded away.

The factory denied all wrong doing in payment of salaries or confiscating bank

¹¹⁵ The best practices related to recruitment and responsibility for human rights have been dealt with in a guide published by the European Commission, Employment & Recruitment Agencies Sector Guide on Implementing the UN Guiding Principles on Business and Human Rights, can be read at: http://ec.europa.eu/anti-trafficking/sites/antitrafficking/files/employment_and_recruitment_agencies.pdf

cards from any of its workers. According to the factory, workers are trained at the beginning of their employment and during this training they receive guidance on how to read payslips. The company emphasised that workers can always turn to the factory's HR department if they have any questions about their salaries. The factory stated that workers are paid for sick leave, if they leave an application for sick leave at the factory's office. Without an application, sick leave is considered an unauthorised absence, which the worker is not paid for.

None of the interviewed workers had an SSO card, or any other health insurance card, although the payslips of some workers, who had been at the factory for over 3 months, showed a five per cent deduction for a social security payment. In practice, workers had to pay for their health care and medical treatment themselves.

The factory and the workers' area of residence were far from hospitals, health clinics and other basic services. The factory provides transport to the hospital or health clinics for free but other transport services charge unreasonable fees. The same Myanmar recruitment agency that collects recruitment fees from workers recruited in Thailand is responsible for transport.

According to the factory, workers who had been granted a work permit are registered in accordingly into the social security fund.

According to the workers, they are charged 200 baht every three months for immigration reports although the official process is free of charge. Additionally, 20 baht is withheld from workers' salaries each month for a charity fund.

According to the factory, workers can alternatively take care of their own immigration reports but the factory offers its workers this service for 200 baht. The immigration report must be submitted to the immigration authorities' offices in Phitsanulok District 250 km from the factory. If workers want to take care of the report themselves, they must miss an entire day of work and pay for their travel expenses to Phitsanuloki. In

practice, this is impossible for workers. It is Finnwatch's view that the factory exploits the workers' situation and charges an unreasonable fee for a routine task that the employer should take care of free of charge.

According to the factory, all workers pay 20 baht each month to the factory's charity fund. The purpose of the fund is to help workers in the event of a death or an accident.

Collection of funds should be voluntary for workers, and the money should not be deducted directly from salaries. The factory must prepare for deaths and accidents with a comprehensive insurance policy.

Many workers live in factory provided barrack-like accommodation about a 20 minute bike ride from the factory. Conditions, in pictures seen by Finnwatch, are poor and cramped as 14–18 people live in the same room. According to the workers, there are also empty rooms in the barracks but due to poor administration workers are lodged in already full rooms. The factory does not charge for accommodation but it does charge inhabitants 300 baht a month for electricity and water. This is deducted directly from the worker's salary.

The factory provides uniforms free of charge, but workers must pay for face masks, gloves and vests, pants and head gear. The factory offers its workers three modest meals a day and deducts one hour's overtime compensation from their salaries per day as payment. Due to the poor quality of the food, some workers prepared their meals themselves, but the factory charged them for meals none the less.

The factory confirmed that workers had to pay for products related to "personal hygiene", such as face masks themselves. The factory confirmed that it charges the wage for an hour's overtime work for food. According to the company, this is the workers' own wish and is the result of there being few food stores in the area where the factory is located.

Problems with overtime and working conditions, minors work at factory with forged papers

Workers at the factory put in a great deal of overtime, sometimes even 5 or 6 hours a day. The workers had also been forced to put in overtime; if they refused overtime work, they were issued a written warning, suspended for a short time and banned from overtime work in the near future.

The workers felt that they worked at their absolute limit, as production lines were set to function at their maximum speed. A fast work pace adds to occupational safety hazards related to machinery, knives and hot water.

According to workers, they are not given a 20 minute break in accordance with labour protection legislation before starting an overtime shift of at least two hours.

A Myanmar recruitment agency charges a fee of 1,000–2,000 baht, if a migrant worker transfers from one factory department to another.

The factory has set a time limit of 15 minutes for toilet visits. If a worker takes longer than this in the toilet, the factory may withhold overtime compensation from their salary. Withholding of overtime compensation can also be used as a sanction, if a dispute arises between workers and foremen or if production targets are not met. According to the workers, foremen treated them poorly, forced them to work harder and faster, used physical punishments, such as slapping or even hitting migrant workers.

According to the interviewed workers, minors as young as 15 worked at the factory. These minors had forged passports and other documents.

According to the factory, overtime work is always optional. The company stated that it allowed its workers a 20 minute break before their overtime shift. However, breaks must be held in turns so that the factory's production process does not come to a halt.

The factory denied that it had employed minors and stated that it checks the IDs of all its workers before hiring them. However, this is of no help when workers have official documents with an altered year of birth.

Workers experience discrimination and their voice is not heard

The interviewed workers felt that they were discriminated against in comparison to Thai workers: the workers claimed that Thai workers were paid a higher salary for the same work and given better quality uniforms, and they did not have to work at as quick a pace as migrant workers.

Workers did not feel the interpreters at the factory were reliable or objective.

According to the factory, the same terms of employment apply to all its workers. The factory believed that the problems related to interpretation were due to some of the workers' speaking a different Burmese dialect.

According to the workers, the factory manipulates audits by slowing factory machinery for the time of an audit.

The interviewed workers did not know of a workers' committee at the factory. If there was a committee, it was inactive and did not represent migrant workers.

In its response, the factory denied discrimination of workers and pointed out that the factory has a set of guidelines against discrimination. According to Golden Line Business, workers can report problems at any time to their foreman or the factory's HR department, and the factory promises to take action to correct problems immediately.

According to the company, the speed at which machinery operates is not slowed during audits. According to the Golden Line Business, a worker's committee is appointed for a two year term and migrant workers are also welcome.

6. Summary of problems with social responsibility observed in the activities of broiler factories and broiler importers

Even though the country has a large number of migrant workers, Thailand has been unable to implement effective regulation and monitoring to control the recruitment, cross-border migration and work of migrant workers. The country is considered a high-risk country, and it was recently ranked for the second year running in the lowest tier (Tier 3) of the United States Department of State's annual report on Trafficking in Persons.

In June 2011, the UN Human Rights Council approved the Guiding Principles on Business and Human Rights¹¹⁶. The principles have become a worldwide standard that clarify corporate human rights responsibility and according to which businesses are expected to abide by. Businesses have a responsibility to respect human rights, and this responsibility is not optional.¹¹⁷

In line with the UN Guiding Principles, Finland-based importers, distributors and marketers of Thai broiler have a responsibility to use their influence to encourage an actor that has contributed to or caused a negative human rights impact (such as in this case a factory that processes chicken meat) to prevent the impact from taking place or to mitigate the possibility that it will happen again.

116 UN, 2012, The UN Guiding Principles on Human Rights (UNGPR), can be read at: http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

117 Although the document is not in itself legally binding, it specifies the content of existing norms and practices. According to the interpretive guide for the UN Guiding Principles, the obligation to abide by these takes precedence over lacking or non-existent national legislation and is valid as a global standard regardless of a business' size, field or operating environment. Violation of the duty to respect human rights may lead to legal, economic or reputation-related consequences. UN, 2012, The corporate responsibility to respect human rights – an interpretive guide, can be read at: http://www.ohchr.org/Documents/Publications/HR.PUB.12.2_En.pdf. An unofficial Finnish translation by Finland's Human Rights Centre, 2014, Yritysten vastuu kunnioittaa ihmisoikeuksia, Tulkintaopas

Businesses are required to have more measures in place for ensuring the responsibility of raw materials procured from high-risk countries. Corporate responsibility must be supported with effective audit schemes and clear binding duty of care for human rights and regulation that promotes transparency.

According to Finnwatch's study, numerous businesses that import Thai broiler include responsibility requirements with regard to human rights in their supply contracts. However, the requirements are ambiguous and their realisation is not monitored. Only some larger corporations conduct human rights risk surveys when selecting a supplier, include responsibility requirements in purchasing contracts and monitor the realisation of these requirements through third party-conducted audits. The measures, however, often only cover first tier suppliers.

The effects of responsibility work were already evident to some extent in our interviews with workers from Thai factories. The working conditions at CPF, which have been influenced by responsibility requirements and monitoring by importers, were better than those at other factories. Workers were given payslips in their own language, no problems were reported with the actual payment of salaries and workers understood the basis for their salaries. CPF had also drawn up a separate responsibility policy to intervene in excessive recruitment fees that migrant workers were charged.

Extensive problems related to recruitment fees were observed at all the researched factories including those owned by CPF, which had drawn up a policy concerning recruitment fees. Migrant workers had paid large recruitment fees in both their country of departure and Thailand, and they had incurred large debts even before beginning work.

CPF had returned its workers' travel documents, but all the other examined factories or the recruitment agencies they use had kept their workers documents. Forcing workers into debt, confiscation of documents and numerous other problems described by workers in some factories are indicators of forced labour and human trafficking.

Finnwatch encountered the most problems at factories owned by Saha Farms Group, Laemthong Corporation Group and Centaco Group. In addition to excessive fees related to recruitment and confiscation of documents, workers said that they were not aware of their terms of employment, reported cases of discrimination and shortcomings in payment of wages and said that there were minors working at the factories. The situation at Laemthong's factory in Nakhon Rachasima had escalated to the point that a workers' protest broke out at the factory during the study. On account of this, the factory agreed to implement a 10 point improvement programme. Worker have also initiated legal proceedings against Laemthong's factory.

Social security-related problems were observed at all factories including those owned by CPF. Those workers from whose salaries 5 percent had been deducted for social security payments still did not have an SSO card and were forced to pay for health care themselves.

Contrary to other companies, Centaco Group used workers hired through numerous different recruitment agencies and the factory experienced exceptional problems: protection payments and deposits paid to recruitment agencies, problems with the payment of statutory wages and compensation, numerous illegal arrests and fear of violence. In its response, the factory admitted that it was going through a "learning process" in how to control a recruitment agency's activities. The situation is in many ways like that of pineapple factory Vita Food Factory¹¹⁸

researched by Finnwatch in a previous study, where numerous recruitment agencies terrorised workers after the factory outsourced nearly its entire labour force to the agency with little regard for the law.

Broiler products from all the aforementioned groups' factories are also brought to Finland. A market survey drawn up by Finnwatch linked Saha Farms Group to Finnish importers TTM Food and Dencon Foods, while Laemthong Groups was linked to TTM Food and Snellman and Centaco Group to Dencon Foods and Euro Poultry. All the aforementioned actors are meat product importers, which redistribute products to numerous restaurants and other companies. E.g. Snellman's clients include Restel Oy and the S Group. It is likely that products are also imported by other importers as some importers refused to divulge the origin of their Thai broiler at all.

Attempts to hide the supply chain raise concern regarding the corporate responsibility of these actors. Consumers should specifically pay close attention to actors such as Dr. Oetker and Findus, which refuse to divulge any of their Thai suppliers or have provided incomplete information on these (Findus only named one supplier, CPF). Subway was the only company that did not disclose the country of origin of the broiler they use.

Many of the factories that provide broiler for the Finnish market were not included in this study, and, thus, many problems may remain unobserved at these factories.

The following chapter lists Finnwatch's recommendations for the researched Thai companies, Finnish importers, companies that supply and use Thai broiler, auditing schemes and Finnish decision-makers.

118 Finnwatch, 2014, *Out of a Ditch into a Pond – Follow-up Research on the Effects of the Finnwatch Report Cheap Comes With A High Price*, can be read at: http://www.finnwatch.org/images/pdf/finnwatch_private_label_followup_web.pdf

7. Recommendations

THAI BROILER FACTORIES

All Thai factories mentioned in this report must immediately take action to correct the problems brought to light in this report. Specifically, factories must:

- immediately take steps to ensure that they comply with Thai law in matters related to wage payment and granting of holidays. The long-term objective should be to develop working conditions at factories to meet with international standards e.g. by calculating a living wage and limiting the amount of overtime workers put in.
- cease charging any type of recruitment fees and ensure that representatives of factory personnel or recruiters do not charge migrant workers recruitment fees. Factories must issue a public statement outlining that recruitment fees are prohibited. This statement must be distributed to all workers in their own language.
- ensure that the employer pays all other recruitment-related expenses. Migrant workers should be responsible at most for covering official charges related to acquiring a passport. An employer must pay all other expenses and charges related to the worker's recruitment, documents and accepting employment.
- correct the problems related to workers' social security. All money must be returned with appropriate interest to workers, who have been wrongly charged social security payments.
- ensure that membership of the workers' committee is also open to migrant workers. Vulnerable migrant workers must be supported and encouraged in their efforts to join the committee.
- inform migrant workers of their rights in their own language and ensure that they have safe channels through which to report possible offences.
- ensure that workers have all their personal documents in their own possession. Confiscation of travel documents or work permits and related receipts of payment must be terminated immediately.
- improve the interpretation services offered by the factory, and ensure that interpreters do not participate in recruitment of workers.
- improve the standard of accommodation provided to workers on factory grounds.
- ensure that there is a sufficient number of drinking points and access to clean water.
- initiate dialogue with local NGOs and make an active effort to find solutions that will improve the working and living conditions of migrant workers.
- hire personnel familiar with labour rights to ensure that the company's own production plants and supply chain act in a socially responsible manner.

THAI INDUSTRY ASSOCIATIONS

- Thai industry associations must terminate the membership of companies that refuse to commit to improving their practices and do not comply with laws.
- Industry associations must draft a set of common responsibility standards for the field, which meet with international labour rights standards.
- Industry associations should take part in active dialogue with the Thai government in an effort to develop Thai labour legislation and monitoring by authorities. The ratification and effective implementation of the International Labour Organization's (ILO) core conventions should be a primary objective.

COMPANIES THAT PURCHASE BROILER FROM THAILAND

- When making purchases from high-risk countries such as Thailand, companies must systematically set conditions for social responsibility. Compliance with conditions pertaining to social responsibility must be monitored in a credible manner throughout the contract period with procedures such as regular audits carried out by independent third parties.
- Companies should not cease making purchases from the broiler factories mentioned in this report, but should instead use all possible means to improve the working conditions in these factories. Finnish importers must cooperate with Thai industry associations such as the Thai Frozen Food Association and the Thai Broiler Processing Exporters Association as well as with Thai authorities to solve problems. Measures, progress and possible setbacks must be reported on openly.
- Finnish companies must work systematically to ensure the social responsibility of all their products that contain materials from high-risk countries. Production chains of products must be evaluated and with regard to measures, priority must be given to those products that contain a significant amount of materials from high-risk countries. Companies must allocate sufficient resources for this work.
- Issues related to human rights, labour rights and corporate accountability must be considered just as important as those related to quality, food safety and price.

AUDITING SCHEMES THAT MONITOR SOCIAL RESPONSIBILITY

- The criteria used by auditing schemes must be developed so that they also take issues related to the recruitment of migrant workers into account.
- If the workers at a factory that is being audited have been hired through a recruiter, the personnel practices of the recruiter must be included within the scope of the audit.
- The quality of audits must be developed by increasing the number of off-site interviews.

FINNISH DECISION-MAKERS

- The national implementation of the UN Guiding Principles on Business and Human Rights must continue in an ambitious manner. The corporate social responsibility action plan that is being prepared at the Ministry of Employment and Economy should aim at the ambitious implementation of already planned activities. The corporate social responsibility work in ministries should not be weakened.
- The long term goal should be mandatory human rights due diligence. As a first step towards mandatory human rights due diligence, Finland should support the EU regulation on conflict minerals that is currently being prepared. The experience and know-how gathered from a mandatory, albeit limited, EU-level human rights due diligence regulation would be valuable when expanding the requirement to other industry sectors.

- Finland should ensure that the human rights risks related to business operations are taken into account the services of the Team Finland network. Also companies that purchase or import produce or products from risk countries should be given information about their human rights responsibilities.
- The Finnish companies included in to this study supply numerous industrial kitchens with Thai broiler, and it is likely that broiler prepared in dire working conditions is being bought through public procurement to e.g. schools, hospitals and retirement homes. In Finland, the complete overhaul of the public procurement legislation is currently underway on the grounds of EU directives 2014/23/EU, 2014/24/EU and 2014/25/EU. Finnwatch has made recommendations for changes and other measures to the public procurement law and politics regarding public procurement. The goal should be that in the future, public procurements are made in a socially responsible manner. The recommendations are based on the report and recommendation for a new law by a working group of public officials, published in May 2015, and are available (in Finnish) on Finnwatch website at <http://www.finnwatch.org/fi/uutiset/329-35-muutostahankintalain-valmisteluun>
- EU regulations on customs information should be reviewed so that in the future it is possible for third parties to find out, the products of which company are imported into the EU and who are the importers of these products. In the USA, company specific customs information is already publicly obtainable.
- In Thailand authorities should investigate the factories and ensure they comply with the Thai law.

THAI AUTHORITIES

- An adequate response to these research findings outlining specific instances of rights exploitation in major Thai poultry export establishments requires a thorough investigation into the allegations by all concerned agencies within the Thai Government. The findings of such an investigation, conducted in a timely manner, should be published. Appropriate legal enforcement should be undertaken and uncovered rights violations fully remedied.
- Irresponsible recruitment practices clearly contribute greatly to the exploitative situation migrant workers interviewed for this Finnwatch/Swedwatch joint research project outlined. This once again highlights how the Thai Government needs to urgently develop and implement specific long-term in-bound migration policies and regulations, based on international labour and human rights standards, in response to this concerning situation that continues to place migrant workers at high risk of human trafficking, forced labour and debt bondage.
- Social dialogue between the government, industry actors, worker representatives and civil society is key to overcoming challenges faced by migrant workers both in the poultry industry and in other labour intensive migrant employing sectors of the Thai economy. We encourage the Thai Government and the Thai Broiler Processing Exporters Association in particular to develop industry improvement programmes based on social dialogue and backed up by effective and transparent enforcement of all related laws.

Annex 1 – CPF’s policy on foreign labour hiring in Thailand

Memorandum (Translation)

Subject Foreign labor hiring in Thailand

March 31, 2015

To Executive Vice President
Senior Vice President
Vice President

From President and Chief Executive Officer
Charoen Pokphand Foods Public Company Limited

To increase the efficiency and effectiveness of foreign labor hiring process of Charoen Pokphand Foods Public Company Limited and its subsidiaries in Thailand, the following practices have been created to promote CPF Human Rights Policy and Employment and Labor Management Policy, as well as to respond to the international standard on human rights, slavery, and human trafficking.

- 1 Hiring: The Company shall hire the foreign labor to become its employee directly. This does not include hire of work and service contract.
 - 1.1 When hiring the foreign labor in the country of origin, the hiring process is conducted through the use of authorized labor agency under the governments' agreement on hiring foreign labor (MOU). There shall not be any labor subcontractor in Thailand involved in the hiring process. To prevent the debt bondage that may occur in the hiring process, the Company shall seek for the foreign labor who can afford the actual personal expenses as indicated in 2.1.
 - 1.2 When hiring the nationality-identification-type foreign labor in Thailand, the Company shall hire the foreign labor directly. There shall not be any labor subcontractor in Thailand involved in the firing process.
2. The hiring expenses
 - 2.1 The foreign labor shall be responsible for actual personal expenses occurred in the country of origin, for instance – application fees of passport and visa, medical checkup fee in the country of origin, Ministry of Labor/ Ministry of Foreign Affairs registration fees, cross-border fee, etc.
 - 2.2 The Company shall be responsible for hiring-process related expenses occurred in the country of origin, for instance – to-border transportation expense, administration fees, and labor agency fee – including training fee and meals, etc.
 - 2.3 The Company shall also be responsible for hiring-process related expenses occurred in Thailand, including working document renewal fees throughout the period of employment, for instance – application fees of extend/change visa category, work permit application fee, work permit fee, work permit renewal fee, medical checkup fee, employer-change fee (if applicable), from-border transportation, etc.

- 3 Compensation and benefits: the Company shall compensate the directly-hired foreign labor equally to Thai directly-hire worker who works in the same position level.
4. In case of hire of work and service contract, the Company may engage with the subcontractor. However, the Company shall closely manage and monitor the subcontractor to ensure the compliance with applicable laws.

This will take effect as from April 1, 2015.

Given on March 31, 2015.

(Adirek Sripratak)

President and Chief Executive Officer



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