

GUIDANCE ON THE PRIORITY INDUSTRY PRINCIPLES

for the Implementation of the
CGF Social Resolution on Forced Labour

EVERY WORKER
SHOULD HAVE
FREEDOM OF MOVEMENT



NO WORKER
SHOULD PAY
FOR A JOB



NO WORKER SHOULD
BE **INDEBTED** OR
COERCED TO WORK




Social
Sustainability

Introduction

Forced labour is a term that covers a number of different situations and there are various contributory factors and behaviours that may interact to create situations of forced labour. The CGF has identified three of the most problematic, yet often common employment practices across the world that can lead to cases of forced labour. To counter these three practices, we have produced the Priority Industry Principles, which could help lead to the necessary changes to eliminate forced labour. Our members will work to uphold these practices in their own operations, and will use their collective voice to promote the adoption of these priority principles industry-wide.

The objective of these guidance notes is to provide further context to the Principles and a few starting points on where companies can get started, and practical actions they can take. This document is intended as guidance only and should not be considered as normative. The examples listed are illustrative and non-exhaustive.





EVERY WORKER SHOULD HAVE FREEDOM OF MOVEMENT

The ability of workers to move freely should not be restricted by the employer through physical restriction, abuse, threats and practices such as retention of passports and valuable possessions.

What is the issue?

Perhaps the clearest manifestation of forced labour is any restriction of the freedom of movement by confining, imprisoning or detaining the employee at the workplace or in worker residences, either during or outside working hours.

All workers should have the right to choose, enter and leave employment voluntarily and freely. This means that employers must not threaten or pressure workers into accepting or staying in jobs, and workers should have the right to leave employment without any fear of reprisal, providing that normal contractual provisions such as giving notice are met.

Threats, harassment or intimidation used to cause forced labour can be overt and direct, such as the use of physical violence or death threats, and be directed towards the workers, their families and friends or toward the entire workforce.

Other intimidating actions that can restrict freedom to leave a job may include the threat of reporting illegal workers to the authorities or the menace of different forms of penalties; for example, imposing financial penalties for the termination of the employment contract.

In some countries and industries, there may be legal rules preventing workers (usually foreign migrant workers) from leaving a job and finding another employer. A relatively common practice that can be used to restrict freedom of movement is withholding employees' identity papers, passports, valuable possessions (e.g. jewellery, ATM cards) and other documents (e.g. land deeds, diplomas etc.). This is often disguised as an offer to provide security for sensitive and important documentation. Workers may also be asked to deposit valuable possessions that will not be returned until the contract expires.

How can it lead to Forced Labour?

The principle that all work relationships should be founded on the mutual consent of the employer and employee implies that both may terminate the work relationship at any time, subject to giving reasonable notice in accordance with national law, an individual's work contract or a collective agreement.

If the worker cannot withdraw his/her consent to work, without fear of suffering any threat of menace or penalty, the worker is not working voluntarily and a situation of forced labour may result.

What can companies do?

In your own operations and supply chain

- Have a clear and transparent company policy, setting out the prohibition of using forced labour, in all its manifestations, within the company's operations and in its supply chains. Policies should

state that workers have the right to choose, enter freely and terminate their employment after reasonable notice, and the right to leave the workplace after their shift.

- Implement a due diligence process in your own operations and across your supply chains to identify countries, sectors, regions or suppliers where there is a higher risk of forced labour.
- Design your HR policies and supplier codes to require that all workers in your own operations, and among suppliers and contractors, including labour-only contractors, know their rights and have established terms and conditions. They should be in a language that workers can easily understand, establishing the voluntary nature of the work, the rights and responsibilities of workers, accurate information regarding wages and working hours, and how the agreement may be terminated.
- Institute policies that make clear employers must not confiscate or retain personal documents such as identity or immigration papers, work permits, travel documents, valuable possessions.
- Take appropriate measures which give workers in your own company, and among your contractors and suppliers, consistently free and immediate access to their documentation, including passports, identity papers and other travel documents. Employers can provide secure storage for such documents, provided that workers have free access to them at all times.
- Institute policies to ensure that workers are not confined, imprisoned or in any way detained in the workplace or employer-operated residences, either during or outside of working hours.
- Institute or review policies related to the use of security personnel at company facilities or among suppliers to ensure that they do not restrict workers' freedom of movement except where reasonable (for safety, security, proprietary, or other reasons).
- During desk-based due diligence and site assessments, gather information on forced labour risks from stakeholders and experts, including law enforcement officials. Undertake more detailed assessments to understand the exposure, and to plan actions that you can take to reduce risk. This could include working with auditors to conduct specialist audits or undertaking expert on-site assessments. Assessors should be trained to spot the signs of forced labour.

In your supply chain

- Review suppliers' disciplinary policies to ensure that disciplinary sanctions do not involve work obligations.
- Support the establishment of grievance and complaint processes among suppliers that workers can use to report labour abuses without fear of retribution.

Further reading

• ILO Combating forced labour, A Checklist & Guidance for Assessing Compliance

• ILO: Q&As on Business and Forced Labour
• [ILO: Indicators of forced labour](#)



NO WORKER SHOULD PAY FOR A JOB

Fees and costs associated with recruitment and employment should be paid by the employer, not the employee.



What is the issue?

In some industries and countries, workers pay significant sums of money to secure a job. This most often relates to migrant workers, both internal and international migrants, but not exclusively so. This money can be paid to several different actors along the labour supply chain such as recruitment agents and labour brokers, and can be paid in both the home country and the destination country. In certain countries, it is legal to charge the worker for limited expenses. Equally, there are legitimate costs associated with recruiting and transporting workers. However, the charging of excessive fees to workers, be it limited expenses or not, and sanctioned by the law or not, may lead to situations of forced labour through debt bondage.

Fees can cover a wide array of 'costs', including legal fees, travel, passport and visa processing, medical exams, in-country support services and language classes. Fees can also include service charges for which there is no real choice, and that may be overpriced or fraudulent. Recruitment agents may even act as moneylenders, charging excessive interest or exchange rates. Often workers do not understand the nature and scale of the charges they must pay, the level of the debt they are incurring and how they will be expected to repay the cost. Furthermore, the recruiters often do not provide receipts for payment of fees, or some will provide fraudulent documentation which will understate the actual amount paid.

Payment of recruitment fees can be hidden as deductions from wages, or collected by forcing workers to buy services at inflated rates. Even optional chargeable services should be considered a recruitment fee if they are integral to the process of obtaining work, for example: providing information, advice and guidance on job vacancies; interview and assessment fees; completing, translating or sending documents to the employer.

Recruiters, both formal and informal, and recruitment agents do not always charge recruitment fees exclusively during the initial recruitment phase, they can impose various fees or fines during the employment phase. For example, fees associated with guaranteeing a placement or work for the following season.

Companies who pay the costs of recruitment also need to be vigilant to a practice of "double dip" where recruitment agencies will charge both the worker and the company recruiting workers, or workers may be subject to hidden service fees and facilitation payments to brokers or middlemen within the labour supply chain.

It is therefore good practice that any legitimate recruitment costs are paid by the employer, rather than by the worker, that a formal remediation procedure is put into place to reimburse workers for any recruitment fees paid, and that companies put procedures into place to ensure no worker pays hidden fees, or are subject to double charging from recruitment agencies.

How can it lead to Forced Labour?

Often workers will be required to pay these fees prior to securing the job, and at short notice, and therefore many often resort to borrowing the money either from family, a local moneylender or the recruitment agent, who often will charge high levels of interest on loans. Workers may in effect become "bonded labourers", unable to leave employment until the debt is repaid - which can take months or even years.

This is exacerbated where excessive fees or interest rates are charged. Debts and debt bondage may be even passed onto the next generation. Furthermore, charging of excessive recruitment fees may impoverish workers and therefore further increase the worker's vulnerability to exploitation.

What can companies do?

In your own operations

- Commit to the Employer Pays Principle for your own business, and institute policies and procedures to ensure that fees and costs related to recruitment are not charged directly or indirectly, in whole or in part, to workers, and that only legally approved or certified recruitment agencies are used.
- Review where there might be risks in your own business, through the use of recruitment agencies that charge fees to workers, or agencies without clear and fair recruitment policies.
- Monitor the practices and processes used by your recruitment agencies through assessments and audits.
- Ensure that your recruitment and management of recruitment agencies is only undertaken by employees who have been trained in the company's recruitment fees policy.
- Review the fees you pay to recruitment agencies to ensure they are able to cover all recruitment costs and maintain a sustainable business model.
- Interview new hires to identify that no fees were paid and that they are not in debt to intermediaries in the recruitment or hiring process.
- Companies should hire directly whenever possible.
- Where feasible for companies, establish a direct recruitment mechanism with dedicated staff in sending and receiving countries and regions.


In your supply chain

- Amend your supplier code of conduct or equivalent to include the Employer Pays Principle and labour agency oversight expectations.
- Communicate your policy on recruitment fees to suppliers and discuss how it can be implemented by them.
- Risk assess contractors and suppliers in terms of their recruitment policies and practices.
- For suppliers in higher risk industries or geographies, undertake a more detailed study of their recruitment practices to understand how they recruit workers and the labour sources, their terms of work, the root causes of any bonded labour risks, and how you can have most influence to change their recruitment practices.
- Support the establishment of grievance and complaint processes among suppliers that workers can use to report labour abuses without fear of retribution.

Further reading

- UNODC. The Role of Recruitment Fees and Abusive and Fraudulent Recruitment Practices of Recruitment Agencies in Trafficking in Persons.
- ILO Combating forced labour, A Checklist & Guidance for Assessing Compliance
- ILO Private Employment Agencies Convention (No. 181) of 1997
- ILO General Principles and Operational Guidelines for fair recruitment

- ICCR Best Practice Guidance on Ethical Recruitment of Migrant Workers
- IOM's [International Recruitment Integrity Scheme](#)
- IHRB's [Leadership Group on Responsible Recruitment](#)
- ALP's [Eliminating Recruitment and Employment Fees Charged to Workers in Supply Chains](#)
- [Verité's Fair Hiring Toolkit](#)



**NO WORKER SHOULD
BE INDEBTED OR
COERCED TO WORK**

Workers should work freely,
aware of the terms and
conditions of their work in
advance, and paid regularly
as agreed.

What is the issue?

Work should always be performed in accordance with previously and freely agreed upon terms and conditions. This means that the worker must know the nature of the tasks to be performed, hours of work, period of employment and rate of pay, amongst other terms, before they start work. Information should be in a form and language that the worker understands. Employers should not deceive employees in relation to their employment conditions by providing misleading or incomplete information, or by providing the information once employment has already started.

Wage payments should be made regularly in accordance with contracts or established terms and conditions, so that workers do not feel they must continue working in order to receive deferred payments. If payments are made “in-kind”, where allowed by law, these should only cover a small part of wages, and the method of calculation should be transparent.

Payments should never be made in the form of vouchers that can only be used in employer-owned premises as this creates a situation of dependency. Coercive practices can make workers accept employment conditions below an acceptable standard or below those initially promised. For example, indebted workers may be forced by the employer to continue working and/or to accept unfavourable terms and conditions to repay the debt. Debt can be the result of excessive recruitment fees (see page 7), unauthorised deductions from wages, disciplinary measures or fines. It can also derive from inflated prices for company goods, tools or uniforms or be encouraged by offering wage advances, or by charging excessively high interest rates.

Other examples of coercive practices include: imposing the obligation to work as a disciplinary measure, imposing overtime under the threat of dismissal or economic penalty, delaying or halting wage payments, or making payments in the form of promissory notes which cannot be cashed once the employment is terminated.

The use of prison labour can also be problematic. The requirement of free consent to work also applies to prisoners. Prisoners might be forced to work to avoid penalties such as loss of privileges or an unfavourable assessment of behaviour that could jeopardise sentence reductions. Work performed by prisoners should be subject to the same terms and conditions (e.g. wage rates) as other workers.

How can it lead to Forced Labour?

Demanding labour as a means of repayment for a loan (bonded labour) is a widespread form of forced labour. Not every loan leads to a situation of forced labour. However, certain abuses, particularly when combined with other types of exploitation, can also amount to situations where the worker is coerced to work.

For example, fear of dismissal or receipt of exceptionally low wages might drive workers to work overtime hours well beyond what is allowed under applicable law or internationally recognised standards. Workers may, in theory, refuse work beyond normal working hours. However, if they are in a vulnerable situation, in practice they may have no real choice and will work the requested overtime for fear of losing their job or to earn a decent wage.

Further reading

• ILO Combating forced labour, A Checklist & Guidance for Assessing Compliance

What can companies do?

In your own operations and supply chain

- Design your HR policies and supplier codes to require that all workers in your own operations, and among suppliers and contractors, including labour-only contractors, know their rights and established terms and conditions, in a language that workers can easily understand, establishing the voluntary nature of the work, the rights and responsibilities of workers, accurate information regarding wages and working hours, and how the agreement may be terminated.
- Review your policies to make clear that any form of bonded labour is impermissible, that disciplinary measures should not include sanctions that result in an obligation to work or deduction from wages not provided for by national law and that any use of prison labour should be in accordance with applicable laws and international conventions.
- Provide workers with payslips outlining the hours worked, wage paid and any deductions made.

In your supply chain

- Risk assess suppliers to understand where there are practices such as employer loans that may create risks or where they may be using prison labour.
- Ensure that supplier audits are covering wage payment issues including wage levels, regularity, overtime pay, benefits and paid leave all of which should meet or exceed legal minimum and/or collective agreements, whichever is higher.
- Ensure that supplier audits are capable of identifying if employers are making deductions from wages that are unauthorised or not provided for by applicable law. Deductions from wages made for the repayment of a loan should not exceed the limits prescribed by applicable laws and international conventions.
- Review policies and supplier codes to ensure that overtime is voluntary, within legal limits and not be requested on a regular basis.
- Support the establishment of grievance and complaint processes among suppliers that workers can use to report labour abuses without fear of retribution.

• ILO: Q&As on Business and Forced Labour

The Consumer Goods Forum has developed a short glossary to assist members in understanding commonly used forced labour terms relating to the issue as well as the Priority Industry Principles

TERM	DEFINITION	EXTERNAL SOURCE
Abuse	Abuse is defined as mistreatment or an attempt to gain power and control the behaviour of another person. It is a misuse of power which makes the victim vulnerable. Different forms of abuse may include: Physical abuse (e.g. pushing, punching, etc.); Sexual abuse (e.g. forced unwanted sex); Verbal abuse (e.g. abusive behaviour involving use of language like name calling); Emotional or Psychological abuse (behaviour that may cause anxiety or depression, e.g. insulting, ridiculing beliefs, race or religion, etc.)	
Bonded labour	A practice whereby a person is compelled to work as a means of repayment for a debt or any other obligation.	ILO, International Labour Standards on Forced Labour: http://ilo.org/global/standards/sub-jects-covered-by-international-labour-standards/forced-labour/lang-en/index.htm
Coercion	Coercion refers to the act of persuading or convincing someone to do something or to abstain from doing something using force, threats or other unethical means. Coercion deprives that person of the exercise of free will. Examples of coercion may include threatening someone harm if they do not sign a contract or compelling a worker to abstain from trade union activities.	
Forced labour (also referred to as compulsory labour)	Forced labour refers to all work or services which is exacted from any person under the menace of any penalty and for which the said person has not offered him or herself voluntarily. It includes situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as accumulated debt, retention of identity papers or threats of denunciation to immigration authorities.	Source: ILO, "The meanings of Forced Labour": http://www.ilo.org/global/topics/forced-labour/news/WCMS_237569/lang-en/index.htm ILO's C029: http://ilo.org/global/standards/sub-jects-covered-by-international-labour-standards/forced-labour/lang-en/index.htm
Freedom of movement	Freedom of movement (of workers) means that the workers must be able to leave their place of work at the end of a standard work day or shift, come and go freely from places of residence (i.e. dormitories) and the ability to return home where applicable (access to travel documents). This also includes that the workers have appropriate freedom to leave their workstation for specific purposes, such as a washroom break, a hydration break or to access medical attention. Freedom of movement allows a worker to leave the workplace if necessary (e.g. in case of danger or threat to their person). Examples of restriction on freedom of movement may include practices as locking the workplace door from the outside, denying washroom breaks, retention of passports or valuable possessions.	
Human Trafficking	The recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs.	Source: United Nations Convention against Transnational Organized Crime (aka Palermo Protocol): http://www.ilo.org/wcmsp5/groups/public-lic/@ed_norm/@declaration/documents/publication/wcms_105023.pdf
Identity documents/papers	An identity document (also called ID) or papers is any document which may be used to prove a person's identity. When the identity document/paper incorporates a person's photograph, it may be called photo ID. A passport is one of the most commonly used identity document/paper in the case of foreign workers.	
Important documents	A document is deemed to be an important document if it is a document issued by appropriate authorities and is important for the worker to prove his/her identity. Some of the common examples of important documents may include passport, work permit, landing papers and travel documents. In the context of retention of important documents this may lead to cases of forced labour/ restricted freedom of movement.	
Indebtedness	Indebtedness is a situation where a worker is in debt to his/her employer or labour agent/broker irrespective of the ability or inability of the worker to pay. Examples of indebtedness may include loans taken by the worker or money owed by the worker to the recruitment agency.	
Indentured labour	An employment condition where a person works under a restrictive contract of employment for a fixed period. Such contract binds the person to work for the employer with limited rights and less than legal wages for a specified period (often as an apprentice).	
Labour contracting (also referred to as labour outsourcing or agency labour or labour broker)	Provision of labour services through a private person or company (employment agent), usually for profit. The worker provides services to the client company, but is paid by and has a direct contractual agreement only with the agent. The client company is in a direct contractual relationship only with the labour broker.	Source: Partially adapted from ILO, Glossary of labour administration and related terms: http://www.ilo.org/wcmsp5/groups/public/-ed_dialogue/---lab_admin/documents/publication/wcms_111331.pdf

TERM	DEFINITION	EXTERNAL SOURCE
Migrant worker	A person who is engaged in a remunerated activity, who has moved to a country, province or region of which he or she is not a native.	
Modern (day) Slavery	Modern day slavery includes forced labour, people trafficking, debt bondage and child marriage. This may take many forms, from women forced into prostitution, to child slavery in agriculture supply chains or whole families working for nothing to pay off generational debts. Definitions of modern-day slavery are mainly taken from the 1956 UN supplementary convention, which states: "debt bondage, serfdom, forced marriage and the delivery of a child for the exploitation of that child are all slavery-like practices and require criminalisation and abolishment".	
Own Operations	The CGF encourages its member companies to establish responsible employment practices for those employees it directly employs to mitigate the risks of forced labour in their own operations. "Own operations" is defined as the company itself, the entities it owns, the entities in which it holds a majority of voting shares and the facilities it manages. Contractors, sub-contractors or agencies supplying a company with labour or services in facilities that that company directly manages should also implement similar employment practices so as to mitigate the risks of forced labour.	
Passport Locker	A safe and secure facility provided by the employer where workers can safely store their valuables including passport or other important documents. Individual lockers in a secure location are provided where workers have unrestricted access to their valuables. When an organisation provides a passport locker, it shall establish a clear, concise and well-communicated procedures for the retrieval of documents in an expedient manner.	Source: Adapted from UN Global Compact: Addressing the Retention of Identity Documents: https://www.unglobalcompact.org/docs/issues_doc/labour/tools_guidance_materials/Addressing_the_Retention_of_Identity_Documents.pdf
Recruitment fees/ costs	Recruitment fees include any and all fees, charges, costs, assessments or other financial obligations associated with the recruiting process and transit of workers.	Source: As in those which lead to forced labour/ bonded labour. Refer to ILO definition. The US Gov Labour dept. also have good guidance on this: https://www.regulations.gov/document?D=FAR_FRDOC_0001-1143 (Part 22- need to scroll down) Source of Definition: International Labour Recruitment Working Group: http://www.acq.osd.mil/dpap/dars/public_comments/Recruitment%20Fees/ILRWG%20Final%20Recruitment%20Definition.pdf
Terms and conditions of employment	Matters that define the essential aspects of the contract of employment or employment relationship including hours of work, rest, and leave, amount of pay, and premium rates for overtime, housing conditions where applicable, conditions relating to non-employee workers such as temporary agency labour, measures related to health and safety, protective measures for new mothers and women who are pregnant, restrictions on work for minors and equal treatment. These can be determined by law, by collective agreement or by individual agreement with workers.	Source: Adapted in part from Eurofound. Terms and conditions of employment: http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/termsandconditionsofemployment.htm
Threat	A threat is an expression of intent to inflict harm, injury or loss to the worker. A threat is considered an act of coercion or intimidation. For example, a threat of retaliation from employer may prevent a worker from joining a trade union or participating in legitimate trade union activities.	
Valuables/ Valuable possessions	Valuables or valuable possessions are the term used for a material which is valuable to the worker either due to its monetary value or its significance to the worker. This may include money, jewellery or any important documents including worker's landing papers, his/her educational documents, passport etc. Retention of workers' valuable possessions by their employer often result in situations leading to forced labour. See also important documents.	
Vulnerable persons	Groups that experience a higher risk of poverty and social exclusion than the general population such as ethnic minorities, indigenous people, migrants, disabled people, elderly people and children.	Source: EC, European Social Fund and Social Inclusion - Summary Fiche: http://ec.europa.eu/employment_social/esf/docs/sf_social_inclusion_en.pdf
The Worst Forms of Child Labour	The term the worst forms of child labour comprises: (a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict; (b) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances; (c) the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties; (d) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.	Source: ILO Convention 182 - The Worst Forms of Child Labour Convention: http://www.ilo.org/dyn/normlex/en/f?p=NORMLEX-PUB:12100:0:NO:12100:P12100_ILO_CODE:C182



“...Through the gradual adoption of the Priority Industry Principles by CGF members, in collaboration with governments, NGOs, international labour organisations and civil society, we can go a long way to eradicate this daunting reality.

Emmanuel Faber
CEO, Danone



“...The CGF resolution on forced labour is a powerful tool that complements UK legislation and could ultimately make way for the eradication of forced labour in supply chains.

Kevin Hyland
Former First UK Independent
Anti-Slavery Commissioner



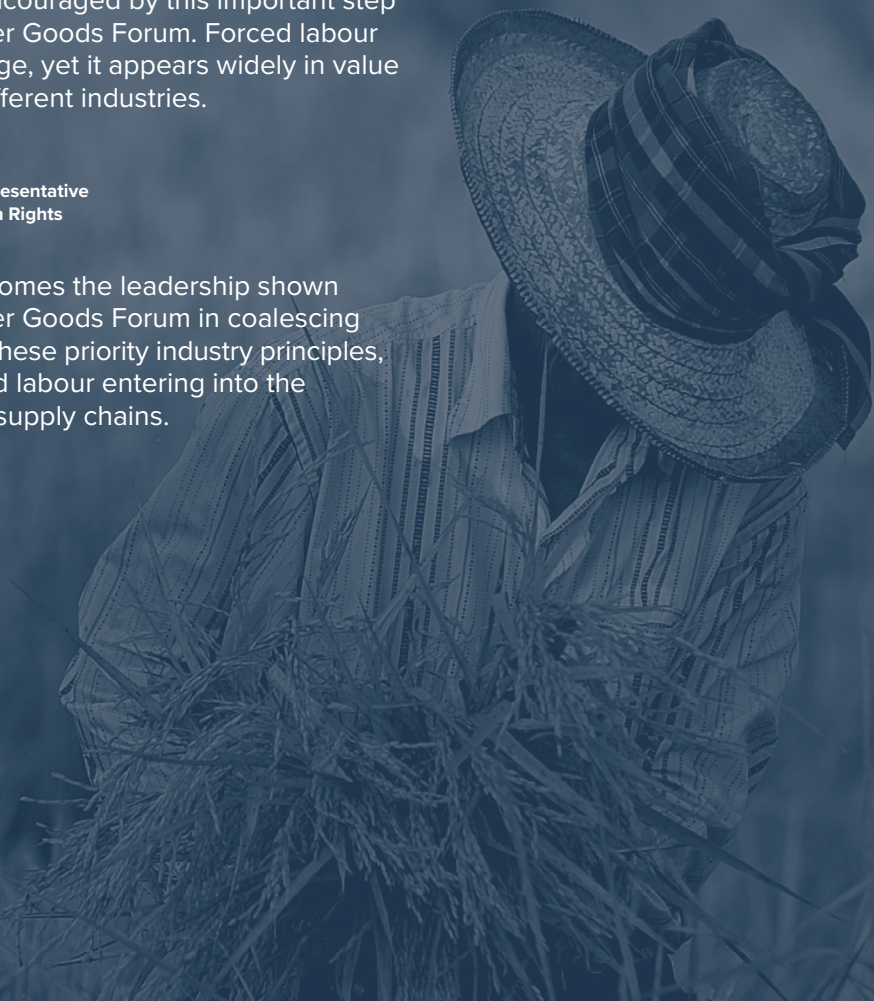
“...I am very encouraged by this important step by The Consumer Goods Forum. Forced labour is a global scourge, yet it appears widely in value chains across different industries.

John Ruggie
Harvard University,
Former UN Special Representative
for Business and Human Rights



“...Oxfam welcomes the leadership shown by The Consumer Goods Forum in coalescing support around these priority industry principles, to prevent forced labour entering into the cracks in global supply chains.

Rachel Wilshaw
Oxfam GB



About The Consumer Goods Forum

The Consumer Goods Forum (“CGF”) is a global, parity-based industry network that is driven by its members to encourage the global adoption of practices and standards that serves the consumer goods industry worldwide. It brings together the CEOs and senior management of some 400 retailers, manufacturers, service providers, and other stakeholders across 70 countries, and it reflects the diversity of the industry in geography, size, product category and format. Its member companies have combined sales of EUR 3.5 trillion and directly employ nearly 10 million people, with a further 90 million related jobs estimated along the value chain. It is governed by its Board of Directors, which comprises more than 50 manufacturer and retailer CEOs.

For more information, please visit:
www.theconsumergoodsforum.com