

Follow-up Study:  
**Improvements at  
Tuna Fish Factories  
in Thailand**





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# 1. Introduction

Thai Union Manufacturing TUM is a subsidiary of Thailand's largest company processing and manufacturing fish products, Thai Union Frozen Products PCL. In the factories of TUM, 400 tons of tuna is processed every day. According to TUM, its factory complex is the biggest tuna fish processing plant in Asia, and it employs around 8,500 people. The factories are situated in Samut Sakhon province in Central Thailand. Half the factory workers are citizens of Thailand, and the rest are migrant workers from Myanmar and Cambodia.<sup>1</sup>

Unicord Public Company Limited of Sea Value Group manufactures canned and frozen fish products of various kinds for export. Unicord factories are also situated in Samut Sakhon province. This report examines factory 'Unicord 2'. There are approximately 4 000 workers working at the Unicord 2 factory, 80 per cent of whom are migrant workers from Myanmar and Cambodia<sup>2</sup>.

Unicord exports fish products mainly for markets in the USA, but it also exports significant amounts to Europe, Canada, Middle-East, South-Africa and Japan. TUM delivers tuna fish products to the USA, EU countries, Japan, South-America, Australia and New Zealand.

Products of Unicord and TUM are sold in almost every Finnish food store (cf. list of Unicord and TUM products sold in Finland and other European countries on pages 5–6).

Finnwatch has examined working conditions in TUM and Unicord 2 since 2012, and reported on them in its reports Cheap Has a High Price<sup>3</sup> (2013) and Out of a Ditch, into a Pond<sup>4</sup> (2014). Some Finnish store chains have announced that because of the Finnwatch reports, they have taken action in order to improve the working conditions in the said tuna fish factories<sup>5</sup>. This report examines the impacts of research reports and companies' actions on working conditions in these factories.

For this report, Finnwatch executed a follow-up study in Thailand in September 2014, and February–May 2015. During the research, a Finnwatch researcher interviewed eight employees of TUM and seven employees of Unicord 2. Also a group of five newly arrived MoU-workers<sup>6</sup> from Unicord were interviewed in cooperation with Unicord<sup>7</sup>. All the interviewees were migrant workers from Myanmar. In addition, documents were examined, such as salary receipts, work permits, social security cards and receipts for work permit fees in possession of the workers.

Unicord and TUM were given a possibility to provide their comments to the research findings. In addition Unicord's human resources manager was interviewed for this report.

1 Thai Union Group, Subsidiaries, <http://www.thaiunion-group.com/en/profile/subsidiaries.ashx> (referred to on April 14<sup>th</sup>, 2015); TUM email to Finnwatch on 8<sup>th</sup> of May 2015

2 Sea Value Group, email to Finnwatch on 8<sup>th</sup> of May 2015

3 The report is available in Finnish at: [http://www.finnwatch.org/images/pdf/finnwatch\\_private\\_label\\_web\\_2\\_rev.pdf](http://www.finnwatch.org/images/pdf/finnwatch_private_label_web_2_rev.pdf)

4 The report is available at: [http://www.finnwatch.org/images/pdf/FW\\_privatelabel\\_ENG.pdf](http://www.finnwatch.org/images/pdf/FW_privatelabel_ENG.pdf)











5 Additional information on these procedures can be found, for instance, from Finnwatch report Out of a Ditch, into a Pond, which is available at: [http://www.finnwatch.org/images/pdf/FW\\_privatelabel\\_ENG.pdf](http://www.finnwatch.org/images/pdf/FW_privatelabel_ENG.pdf)

6 MoU-workers enter into Thailand from Myanmar through a government MoU-process. MoU agreement between Thailand and Myanmar is available here: [http://www.ilo.org/asia/info/WCMS\\_160932/lang--en/index.htm](http://www.ilo.org/asia/info/WCMS_160932/lang--en/index.htm)


7 Finnwatch requested Unicord to grant access to newly arrived MoU-workers off-site in order to clarify recruitment fees related to the MoU-process. Unicord agreed and chose workers for the interviews. Five interviewed MoU-workers are thus not randomly selected by Finnwatch or its local research partners.



Table 1: Unicord and TUM products are sold in several EU countries under various supermarket private labels<sup>8</sup>

EU number of a production facility / Production facility	Country where sold	Label	
2076 Unicord Public Co., Ltd. (Thasai)	Belgium	365	
2027 Unicord Public Co., Ltd (Cannery)	UK	SuperValu	
2076 Unicord Public Co., Ltd. (Thasai)	UK	Essential Waitrose	
2076 Unicord Public Co., Ltd. (Thasai)	Lithuania	Rimi	
2076 Unicord Public Co., Ltd. (Thasai)	Estonia	Northland	
2076 Unicord Public Co., Ltd. (Thasai)	Estonia	X-tra	
2076 Unicord Public Co., Ltd. (Thasai)	Latvia	Northland	
2076 Unicord Public Co., Ltd. (Thasai)	Finland	Eldorado	
2076 Unicord Public Co., Ltd. (Thasai)	Finland	Rainbow	
2076 Unicord Public Co., Ltd. (Thasai)	Finland	Pirkka	

<sup>8</sup> The information on the table has been gathered in cooperation with European non-governmental organizations as part of EU-funded Supply Change -project. Link between a product and a factory has been established by using EU Commission's list of codes for approved food establishments. Code for Unicord 1 is 2027 and for Unicord 2 the code is 2076. Codes for TUM factories are 2005 and 2077.

2076 Unicord Public Co., Ltd. (Thasai)	Finland	Priima	
2005 Thai Union Manufacturing Co., Ltd.	Finland	X-tra	
2005 Thai Union Manufacturing Co., Ltd.	Lithuania	Norfa	
2005 Thai Union Manufacturing Co., Ltd.	Estonia	ICA Basic	
2005 Thai Union Manufacturing Co., Ltd.	Estonia	X-tra	
2005 Thai Union Manufacturing Co., Ltd.	Latvia	Ocean	
2005 Thai Union Manufacturing Co., Ltd.	Slovenia	Bonus plus	

In addition to private label products, Unicord and TUM products are also sold under other labels. Thai Union's own brands include Chicken of the Sea, John West and Petit Navire. Sea Value's brands include Sea Value and Top Thai.

## 2. Working conditions at Thai Union Manufacturing have improved

Finnwatch interviewed eight employees of Thai Union Manufacturing in Samut Sakhon province, Thailand, for the follow-up research. The workers have been working at the factory for 1–4 years and their job is, for example, to process frozen fish, gut and transport fish or clean up production lines.

The workers work six days a week, eight hours a day. The workers report that, in addition to their eight-hour working day at the factory, they need to work two hours overtime every day. Their daily salary is 300–301 baht (8 €) and the compensation for overtime 56.25 baht (1.5 €) per hour. The salary is in line with Thai law. The minimum wage in Thailand is 300 baht a day and compensation for overtime is 56 baht per hour.

In addition to salary and overtime compensation, the workers get various bonuses, for example, for using knives (10 baht, 0.3 €) and for night shifts (40 baht, 1.1 €). A monthly 250–800 baht (6.8–21.7 €) bonus is also granted to an employee who has met different attendance requirements. There is also an annual bonus which equals to 1–1.5 month wage depending on the employee's number of years of service at the company.

A statutory social security tax is deducted from the paycheck, and at the beginning of 2015, also a one-time deduction for a Return Fund was withheld. This mandatory payment required by the authorities of Thailand concerns only migrant workers.

### 2.1 LESS ISSUES REPORTED WITH TRAVEL DOCUMENTS AND CONTRACTS OF EMPLOYMENT

All the interviewed workers had in their possession their personal documents, such as passports and work permits. The situation has improved since 2012, when a report by Finnwatch brought to light problems concerning confiscation of travel documents of workers.

All the interviewed workers also had signed contracts of employment in their native language. However, workers who had been working at TUM for years said that they had never received a copy of the written contract of employment: the factory had withheld the copy signed by the employee.

According to the factory, a copy of the contract of employment is given to all employees. If an employee has misplaced their copy of the contract, they can procure a new copy from the factory personnel office.

In the previous reports of Finnwatch, the workers complained that they have to pay extra fees for the documents because of the recruiting company TUM uses, Thai Golden Mile Service. Now TUM covers the extra fees for documents. The employers pay, for instance, only 1,900 baht (51.5 €) for administrative fees regarding work permits, and are given the original receipt for paying the fees for the documents. According to TUM it is committed to supporting the workers with recruitment expenses.

### 2.2 WORKERS ON CLEAN-UP DUTY ARE PUSHED TO WORK OVERTIME

In the interview, most of the workers confirmed that they worked two hours overtime daily. Overtime work is voluntary for most of the workers, but at certain workstations problems were reported. A worker working in a team responsible for cleaning said that overtime was compulsory. This is because production lines must always be cleaned up after others finish their shift. The worker claims that the supervisor yells at them and is angry if someone does not want to work overtime.

TUM states that they follow a strict policy regarding overtime, and according to that, overtime must always be voluntary. The factory says that information about the overtime policy is regularly conveyed to all

line supervisors and other employees. The factory will continue to inform employees about the overtime policy and encourages them to report all problems to the management through feedback channels provided. The factory promises to examine all the complaints and take action.

According to the factory, the employees have several channels for making complaints. These consist of feedback boxes (5 boxes around the factory) and a team focused on workplace relationships that goes on rounds at production lines talking with the workers. The factory also has a phone service by which workers may contact management or a salary and benefits committee, as well as having a chance to discuss problems directly with their own supervisor.

### **2.3 ALL WORKERS HAVE SOCIAL SECURITY, BUT POOR CONDITIONS AT HOSPITALS CAUSE CRITICISM**

All the workers interviewed by Finnwatch have social security as stated in the legislation of Thailand and they were given social security cards. Just one worker who had worked at the factory for about a year was still without a social security card. Through social security the workers are entitled to free health care, for instance.

However, all the interviewed workers were unhappy with the care provided by the local hospitals. The workers call the hospitals 'Paracetamol hospitals'; they claim that the hospitals do not give proper care, and instead of taking care of the workers' illnesses and injuries, offer only pain killers. Because of the poor quality of the hospitals, the workers prefer to use a clinic that charges its patients.

According to the factory, the workers may choose a hospital or a clinic near the factory for themselves. Available hospitals are, for instance, Samut Sakhon Hospital, Mahachai Hospital and Vichavej International Hospital. After Finnwatch reported the concerns of the workers, the management of TUM promised to discuss the level of treatment with the local hospitals. In its response to Finnwatch,

TUM management also said that they are working in close collaboration with officials of Thailand in order to get social security cards to all of their employees in a timely fashion. The factory urges their employees to report to the personnel office possible delays in getting the cards. The factory will then discuss the matter with the officials on a case-by-case basis.

### **2.4 WORKERS SAY THAT THERE IS STILL DISCRIMINATION**

All the workers interviewed by Finnwatch say that there are many kinds of discrimination taking place at work.

Migrant workers from Myanmar complain that errors made by migrant workers are met with considerably less tolerance than those made by Thai workers. The interviewees say that Thai workers may come in late to work without the supervisor addressing the matter, but Myanmarese who come in late get a warning immediately.

The workers also insist that line supervisors use unorthodox punishment methods: if a supervisor does not like a certain worker, he/she is transferred to a more unpleasant duty on the production line, where work is harder. The interviewed workers state that Myanmarese workers may easily get fired for making the same mistakes for which Thai workers only get a warning.

The factory boasts that it has a very strict policy against discrimination. Regulations against discrimination forbid discrimination based on race, caste, nationality, religion, age, handicap, gender, marital status, pregnancy, sexual orientation, professional association and political activity in recruiting, payment of salary, training of employees, promotion and terminating employment. In the answer provided by the factory to Finnwatch, it said that the upper management will remind the factory supervisors and line supervisors about the factory's policy against discrimination so as to ensure that all the employees are treated properly. The top management of the factory also plans to establish a special



Table 2: Finnwatch has been following working conditions at TUM factories since 2012. Over the years, the situation has improved.

In 2012	In 2013	In 2014–2015
Workers were charged high recruitment fees and for documents.	Workers were charged high recruitment fees and for documents, and illegal extra fees to officials.	TUM covers for extra recruiting fees. The workers only pay the normal official fees, and get an original receipt for paid documents.
Passports and work permits were confiscated.	Workers were given back their documents.	All the workers had their documents in their possession.
There were dangerous equipment and occupational accidents at the factory.		According to the interviewed workers, there are only minor occupational accidents at the factory.
Almost none of the workers had social security cards.	Still problems with social security cards. The factory started a dialogue with officials.	Problems with social security cards are incidental, not systematic.
Workers claimed that the hospital designated by the factory gave poor care.		The workers may choose the hospital for themselves, but treatment is still poor.
Workers were not aware of their rights.	TUM started training workers.	Interviewed workers were better informed of their rights, but it is still too early to make conclusions.
Workers were not heard, and factory had no channels for making complaints.	Factory had implemented feedback boxes.	Factory uses feedback boxes, feedback phone and a dedicated team for maintaining workplace relationships. As discrimination still exists, there is a need to further strengthen social dialogue between management and migrant workers.

working group for examining reported issues related to the actions of supervisors and line supervisors.

## 2.5 HAVE ISSUES REGARDING ANNUAL LEAVE BEEN CORRECTED?

Finnwatch reports in 2013 and 2014 showed problems in the annual leave policy of TUM. The workers claimed that they only got 4 days of annual leave instead of 6 days, as stated in legislation. The factory denied the claim and said that they offer even more leave than mandated by law.

In the interviews conducted for this report, some of the workers explained that in addition to national holidays, the factory grants two additional days off for the Water Festival<sup>9</sup>. On top of these two days, the workers may choose when to have their four days of annual leave. Some of the workers still insisted that annual leave was not granted according to the law.

It appears that there is a misunderstanding concerning annual leave, which most likely is because the policy has not been explained to the workers in their native language.

<sup>9</sup> During the Thai New Year, Songkran (Water Festival), there are two national holidays in Thailand.

### 3. Improvements in working conditions at Unicord 2 factory, but new problems arise related to MoU-workers

For the follow-up research, Finnwatch interviewed seven workers at the Unicord 2 factory in Mahachai, Thailand. One of the interviewed workers had started working at the factory only a few months before the interview, whereas the others had been working there for 3–7 years. Also a group of five newly arrived MoU-workers from Unicord were interviewed in cooperation with Unicord. The duties of the interviewed workers included cutting and boiling fish, packing canned fish and cleaning up production lines.

The workers at Unicord 2 factory work six days a week, eight hours a day. In addition to eight-hour work days, they constantly work two hours overtime every day. The daily salary of the workers is 300–320 baht (8–8.7 €)<sup>10</sup> and compensation for overtime 56.25 baht (1.5 €)<sup>11</sup> per hour.

In addition to salary and overtime compensation, the workers get various bonuses, for example, for using knives (20 baht, 0.5 €) and for night shifts (30 baht, 0.8 Euro). According to the workers interviewed, a statutory social security tax is deducted from the paycheck. It is likely that at the beginning of 2015, a one-time deduction for a Return Fund was withheld even though the workers did not mention it in the interviews. This payment required by the authorities of Thailand concerns only migrant workers.

All the workers had been hired directly onto the payroll of the factory. A contract of employment signed directly with the factory is in accordance with Unicord's statement in 2014: after the Finnwatch report *Out of a Ditch, into a Pond*, Unicord ended its cooperation with a labour subcontracting company and started hiring workers directly onto its payroll.

<sup>10</sup> Only one of the interviewed workers got paid 320 baht, as his work was more physically demanding than the others'. All the other interviewed workers got a daily salary of 300 baht.

<sup>11</sup> The minimum wage in Thailand is 300 baht a day, and compensation for overtime 56 baht/hour.

#### 3.1 NEW CONTRACTS OF EMPLOYMENT ARE MADE IN THE NATIVE LANGUAGE OF THE WORKERS

All the interviewed non-MoU workers had written contracts of employment in their native language. As with TUM (cf. Chapter 2.1), workers who had been working a long time at Unicord said that they had never received a written contract of employment: the factory had withheld the copy signed by the employee.

According to the factory, they have a policy of giving a copy of the contract of employment to all its employees. After the report by Finnwatch, the factory promised to check the contracts and provide a copy to all employees who still were without one.

However, according to the new MoU-workers, no contracts of employment have been provided to them. Workers report signing contracts but copies of contract are kept by Unicord's recruitment agency TTS and Unicord and they were not provided a copy.

#### 3.2 WORKING HOURS AND OVERTIME

Most of the interviewed workers said that they work two hours of overtime daily. Overtime is mainly voluntary. A few workers reported, however, that workers who do not want to work overtime must negotiate with their supervisor. As at TUM, also at Unicord the problem concerned workers who are working in teams responsible for cleaning up the production lines.

The factory states that all workers staying for overtime sign a form of consent to overtime, and all overtime at the factory is voluntary.



*Migrant worker's accommodation in Samut Sakhon. TUM's and Unicord's factory workers lead a simple life with little leisure.*

### 3.3 DEDUCTIONS FROM SALARY

Workers report that there are no disciplinary deductions taken from their salary. However, the workers are not allowed to come to work if they make mistakes that are deemed serious. One of the interviewed workers had been banned from the factory for three days for wearing an earring.

When Finnwatch asked the factory about the incident, the management responded by saying that all the employees are told not to use jewellery on the production premises. When a worker disobeys this rule for the first time, he/she gets a written warning. The second time, the worker is banned from working for three days, during which he/she is not allowed to come to work. The third time, the ban lasts for seven days. The fourth time, the employee is dismissed.

### 3.4 WORKERS HAVE SOCIAL SECURITY, BUT THE HOSPITAL GIVES POOR TREATMENT

As at TUM, at Unicord all the workers interviewed by Finnwatch have social security as stated in the legislation of Thailand and they were given social security cards. However, whilst waiting for social security coverage, Unicord provides no health insurance for

new workers and there is no policy in place to cover the costs in case of injury or illness during this period.

All the interviewed Unicord workers were just as unhappy with the level of treatment at the local hospital as the TUM workers. According to the workers, there are long waiting lists at the hospital. They also call the hospital a 'Paracetamol hospital' (cf. the views of TUM workers in Chapter 2.3): the interviewees claim that the hospital does not provide proper treatment, and instead of diagnosing and treating workers' illnesses and injuries, it only offers painkillers. The workers at Unicord also said that they prefer another clinic that however charges its patients.

The management of Unicord promised Finnwatch to forward the feedback from the workers to the hospital, and monitor the situation.

### 3.5 CANDIDATES FOR WORKER COMMITTEE CHOSEN BY SUPERVISORS

According to the workers, there is a Worker Committee operating at the factory, whose members are elected by vote. However, the workers say that the candidates for the Committee elections are chosen by supervisors and therefore the workers feel that the

elections are meaningless. Even if the candidacy was open to all, the workers see that participation would be too risky for individual workers. The interviewees were concerned that workers who bring forth complaints and worries will be dismissed, or retaliated against in some other manner.

According to the factory the workers may freely take up candidacy and participate in the operations of the Committee, and they are encouraged to share their views and opinions openly. The factory emphasises that its policy is in no way to punish workers who identify problems.

### **3.6 DISCRIMINATION AND OTHER INAPPROPRIATE CONDUCT**

The factory workers told Finnwatch that there are many kinds of discrimination taking place at the factory. They say that Thai workers are allowed to bring a water bottle to the factory, but for the Myanmarese water bottles are forbidden. The Myanmarese workers are also not allowed to use makeup, even though for Thai workers it is not prohibited. The workers are also offended because the factory arranges a New Year party for Thai workers only. Finnwatch also received reports about situations where supervisors had yelled at or slapped migrant workers.

According to workers, some supervisors also put severe pressure on workers in form of targets. If workers don't meet the targets they are refused overtime work.

According to the workers, feedback left in the factory's feedback boxes does not lead to any actions by factory management. The workers suspect that feedback is never delivered to upper management. Still, the management is keen to take action if workers make any mistakes.

The practice which Finnwatch mentioned in its earlier report, namely monitoring the toilet breaks of the workers with mirrors, has been ended.

The factory management says that all workers are prohibited from bringing water bottles to work, regardless of their nationality. The workers' complaint about makeup is probably due to the fact that the factory has prohibited the use of flaking makeup, which might contaminate food products manufactured at the factory. This most likely refers to traditional *thanaka* paste used by Myanmarese, which is spread on the face not only for aesthetic reasons but to protect the skin from the sun. The factory management says that the New Year party is only for supervisors. As almost all the factory supervisors are from Thailand and production workers from Myanmar, it is natural that the workers see the practice as discrimination.

The factory claims that the feedback box is opened by the Worker Committee every week, and all complaints and suggestions are answered jointly by the personnel department and the department mentioned in the complaint.

The interviewed workers said that the factory chooses workers to answer the questions of the auditors. The factory denies this and says that the auditors choose the workers themselves from the worker roster.

### **3.7 MOU-WORKERS FACE PROBLEMS RELATED TO RECRUITMENT AND DOCUMENT FEES**

Unicord 2 has for 4 years already brought hundreds of MoU workers<sup>12</sup> from Myanmar to Thailand by using a registered Myanmar recruitment agent, Today Top Star (TTS). According to documents and explanations provided to Finnwatch, Unicord does not appear to pay TTS any fee for recruitment services TTS provides to Unicord. Instead, all costs for MoU process recruitment and for workers arrival into Thailand to work at Unicord are fully borne by migrant workers themselves.

<sup>12</sup> These workers enter into Thailand from Myanmar through a 2003 government to government Memorandum of Understanding (MoU) process between Thailand and Myanmar. The MoU agreement between Thailand and Myanmar is available here: [http://www.ilo.org/asia/info/WCMS\\_160932/lang--en/index.htm](http://www.ilo.org/asia/info/WCMS_160932/lang--en/index.htm)

MoU-workers who had just arrived at Unicord during May 2015, interviewed by Finnwatch's local researcher at Unicord 2 factory with assistance from Unicord's HR department, explained recruitment costs and other expenses on the Myanmar side for coming to work at Unicord 2 of between 150,000 Kyat (125 Euro) to 250,000 Kyat (209 Euro). This included some of the following approximate costs:

TTS training fee	50,000 Kyat	42 €
Passport costs	30,000 Kyat	25 €
Food during 15-21 day training course	18,000 Kyat	15 €
Photo for travel documents	3,000 Kyat	2.5 €
Myanmar labour card	4,000 Kyat	3.5 €
Electricity and water costs during training course	15,000 Kyat	12.5 €
Transport from home to TTS, TTS to home, TTS to border	65,000 Kyat	54 €
Costs for food, electricity and water in Myawaddy <sup>13</sup>	5,000 Kyat	4 €
Health check	5,000 Kyat	4 €

Workers explained costs on the Thai side charged for coming to work at Unicord were:

Men	5,000 Baht	136 €
Women	10,000 Baht <sup>14</sup>	272 €

According to interviewed workers, the costs for men and women were different depending on the amount they had paid in Myanmar.

There appears to be no recorded costs summary provided for any of the above mentioned amounts. During interviews, it was clear that workers didn't understand the costs breakdown for what they were paying and that they were not sure how they would pay back money for these costs. According to the interviewed workers, Unicord will collect the money from them after wage payments

<sup>13</sup> Town in south-eastern Myanmar in Kayin State close to the border with Thailand.

<sup>14</sup> If women paid more on the Myanmar side, likewise their costs could be reduced in Thailand.

commence at a set amount per week and it was up to workers to decide how much they wanted to pay over a minimum amount set to pay off their debt quicker.

Unicord provided, on request by Finnwatch, a detailed list of costs that are charged to MoU workers in Thailand:

TTS's recruitment fee <sup>15</sup>	5,200 Baht	141 €
Visa application fee	700 Baht (receipt is given only for 500 baht <sup>16</sup> and according to Unicord 200 baht is processing fee)	19 €
Work permit cost	1,900 Baht	52 €
Postal costs	10 Baht	0.3 €
Work contract fee	11 Baht	0.3 €
Health check up fee	500 Baht	1.4 €
Embassy charge	150 Baht	4 €
Transportation fee and luggage fee	40 Baht	1 €
Drinking water	16 Baht	0.4 €
Food costs (3 meals)	80 Baht	2 €
Bus fee to Samut Sakhon	400 Baht <sup>17</sup>	11 €
Snacks during transportation	7 Baht	0.2 €
Room accessories on arrival (mattress, pillow, blanket, rice cooker etc) together	782 Baht	21 €
<b>All costs together</b>	<b>9,796 Baht</b>	<b>266 €</b>

Unicord didn't provide information about the costs that occur in Myanmar. Costs paid by the worker in Myanmar and in Thailand seem to be very high and there is no control over costs that are passed on to workers. According to Unicord 2, the company is against charging recruitment fees from the migrant workers. The company says that when employing them directly it does not collect fees from the worker. However, the company doesn't control recruitment fees charged by its agent and seems to pass recruitment costs to MoU-workers.

<sup>15</sup> Unicord describes the fee as "finding fee".

<sup>16</sup> Finnwatch considers all such costs paid without receipts as corruption.

<sup>17</sup> According to the MoU standard contract provided by the Thai Government, initial transport costs to and from a MoU workers home to their workplace and back again should be covered by an employer.



As a Thai-Myanmar government policy, MoU-workers need to return to Myanmar after they have worked in Thailand for four years and apply for a new passport and visa. TTS and Unicord again charge fees from workers during this renewal process, although the exact amounts appear not to have been decided yet. It seems currently that there is no transparent or laid down costs for this process and there is a lack of transparency.

According to the Migrant Worker Rights Network (MWRN), a considerable number of workers who are about to complete 4 years work at Unicord 2 have resigned from Unicord and returned home because of the high fees of renewing their passports and visas, whilst they feel unhappy with Unicord for not supporting these costs given their long service to the company.

Table 3: Finnwatch has been monitoring working conditions at Unicord factories since 2012. Over the years, the situation has improved although new problems regarding MoU-workers have emerged.

In 2012	In 2013	In 2014–2015
Not all workers had a written contract of employment.		All new non-MoU-workers had contracts. The factory promises to give new contracts of employment also to old employees.
Passports and work permits were confiscated.	Workers were given back their documents.	All the workers had their documents in their possession.
The factory had too few toilets for the workers.	Unicord built more toilets. Still, issues in toilet break policies were reported.	There are enough toilets and there are practically no issues reported in using them.
Almost none of the workers had social security cards, and workers did not know their rights.		Workers no longer report problems with social security cards.
There was dangerous machinery at the factory.	Unicord fitted machines with protective covers increasing safety.	Workers report only minor accidents at the factory.
	Problems with the new labour subcontractor.	Workers have been hired directly onto the payroll of the factory.
		Problems related to MoU-workers recruitment fees were now found. Unicord passes all recruitment costs to workers. This seems to be against its own policy of charging no recruitment fees.

## Trafficking of fishermen is a major problem in Thailand – do companies apply human rights due diligence in their supply chains?

Working conditions on fishing boats are often very poor. Fishermen are expected to work long hours, seven days per week. They live in cramped quarters, face shortages of fresh water and must work even when fatigued or ill. Fishermen who do not perform according to the expectations of the boat captain may face severe beatings or other forms of physical maltreatment, denial of medical care and, in the worst cases, maiming or killing.<sup>18</sup>

The international community has increasingly focused on the widespread practice of trafficking migrant workers onto Thai fishing boats. During years 2014 and 2015 several international media outlets have reported serious problems in Thai fisheries. Reports include evidence of bonded labour, extreme violence and killings<sup>19</sup>.

Related to the lack of monitoring fisheries, the European Commission put Thailand on formal notice for not taking sufficient measures in the international fight against illegal fishing. In its communication in April 2015, Commission denounced Thailand's shortcomings in its fisheries monitoring, control and sanctioning systems and concluded that Thailand is not doing enough.<sup>20</sup>

In its report in 2011, International Migrant Organization IOM made several recommendations regarding prevention, monitoring and sanctioning trafficking in Thai fisheries.

18 Robertson, P., IOM, Trafficking of Fisherman in Thailand, 2011, available at: <https://www.iom.int/jahia/webdav/shared/shared/mainsite/activities/countries/docs/thailand/Trafficking-of-Fishermen-Thailand.pdf>

19 For example: AP, Are Slaves Catching Fish You Buy?, <http://bigstory.ap.org/article/b9e0fc7155014ba78e-07f1a022d90389/ap-investigation-are-slaves-catching-fish-you-buy> (viewed on 18th May 2015), Guardian, Asian slave labour producing prawns for supermarkets in US, UK, <http://www.theguardian.com/global-development/2014/jun/10/supermarket-prawns-thailand-produced-slave-labour> (viewed on 18th May 2015)

20 European Commission, EU acts on illegal fishing: Yellow card issued to Thailand while South Korea & Philippines are cleared, [http://europa.eu/rapid/press-release\\_IP-15-4806\\_en.htm](http://europa.eu/rapid/press-release_IP-15-4806_en.htm)

Despite of international pressure on Thai government, changes in law and enforcing new legislation takes time and in current situation the companies buying and selling fish products are also expected to carry out human rights due diligence in order to make sure that they are buying fish from responsible sources. Finnwatch requested information on what kind of policies and practices TUM and Unicord 2 have in place for ensuring decent working conditions in the ships that are supplying fish to their factories.

Unicord responded only shortly saying that the company is working closely with the TTIA (Thai Tuna Industry Association) and Thai government to ensure the working condition on the ships. According to Unicord there are laws and measures being implemented or about to be implemented to fight against illegal, unreported, and unregulated (IUU) fishing.

According to TUM it requires its suppliers to comply with the company's Code of Conduct on Labor Issues. With every shipment delivered, there must be a Marine Catch Purchasing Document (MCPD) signed off by the supplier and endorsed by an authority of the Thai Department of Fisheries. In recognising the challenges faced by the local Thai fisheries, TUM say that it has put in place an action plan to screen, audit, and verify responsible suppliers to ensure ethical crew employment practice. According to TUM its representative will discuss with each supplier to explain and clarify the audit criteria and procedure which will be consisted of the following points:

1. Each Thai crew must have valid Thai ID and each foreign crew must have valid work permit issued by the Thai authority.
2. The fishing company must sign an employment contract with each individual crew. The contract must clearly lay down the employment and pay conditions in both Thai and the language that the particular crew understands.

3. The fishing company must be able to provide evidence to show that each crew gets paid per the signed employment contract.

According to TUM it will assign a dedicated team to perform an audit on the suppliers which will be prioritized by importance and risk assessment. By the end of the year 2015 an independent third party auditing company will also be contracted to perform audits on certain percentage of the suppliers. According to TUM, it has just started the action plan and has not conducted any audits yet.

According to Phil Robertson, deputy director of Human Rights Watch's Asia division, the monitoring scheme outlined by TUM is a start, but still rudimentary, has a lot of missing elements and leaves a lot to be desired. According to Robertson, just requiring more paperwork from suppliers is not an effective way to get better respect for rights in TUM's supply. MCPD endorsed by the Department of Fisheries (DOF), means very little when one considers that the Department has traditionally been quite protective of the interests of the fishing fleet owners. Furthermore, DOF mandate does not include protecting labour rights of fishermen, or ensuring proper payment of wages or conditions of work – rather, both of those are under the purview of the Ministry of Labour.

According to Robertson TUM's plan is an on-shore, paper based monitoring exercise that relies on suppliers being willing to truthfully

comply with TUM's requirements. The boats are mobile and inspecting them will require telling the fleet owner to allow the auditors on board – thereby guaranteeing plenty of time to clean up anything unsavory before the auditors arrive on the scene. It remains unclear whether TUM anticipates any involvement of the Thai, Myanmarese and Cambodian men and boys (ie. the migrant workers employed on these fleets) in speaking with monitors in a safe and secure area where they can tell the auditor what is really going on.

According to Robertson, this is a small step forward and an acknowledgement by TUM that they need to work on the abuses in their supply chain, but much more must be done before TUM can claim they are really making progress on ending forced labour and trafficking on the boats catching fish for them.<sup>21</sup>

It is also worth emphasizing that Thai fishing boats that operate in the Gulf of Thailand are not associated with highest risk when it comes to human rights. According to IOM report fishing boats going to foreign waters, such as Malaysia and Indonesia, were associated with a higher incidence of trafficking. This is because these boats are fishing offshore for longer periods of time; therefore, it is not possible for fishermen to leave, even if working conditions are unacceptable.<sup>22</sup>

21 Phil Robertson, email to Finnwatch on 28<sup>th</sup> May 2015

22 Robertson, Philip, IOM, Trafficking of Fisherman in Thailand, 2011, available at: <https://www.iom.int/jahia/webdav/shared/shared/mainsite/activities/countries/docs/thailand/Trafficking-of-Fishermen-Thailand.pdf>

## 4. Summary of working conditions at the factories and suggestions to improve them

Thailand is a high-risk country that dropped to the Tier 3 monitoring category in a Trafficking in Persons (TIP) report by the United States in 2014. Systematic abuse of migrant workers and illegal activities are common in several industries. Migrant workers, many of whom are without official documents, are reduced to working illegally long days in Thailand without getting paid according to the law. Their personal documents are confiscated and they are beyond any hope of being heard. There are also reports claiming that the export industry in Thailand is involved in very serious human trafficking and has working conditions bordering on forced labour.

In relation to the overall situation in Thailand, Finnwatch sees that TUM and Unicord have risen to become trailblazers in responsibility in many aspects, and factory working conditions have clearly improved in recent years. The factories also deserve praise for having an open dialogue with interest groups. In addition to Finnwatch, the factories are engaging in a dialogue periodically with a migrant worker organisation, Migrant Worker Rights Network (MWRN).

At the same time it has to be said that many questions relating to working conditions still require determined actions by the factories as well as their customers.

There is no workers' union operating at the factories to negotiate wage levels with the management. The salaries in both of the factories are still very close to minimum wage. Even though the salary is generous for the migrant workers when compared to the wage level in Myanmar, it can only ensure a very humble standard of living in Thailand. The workers live in small rooms shared with several people. In order to be able to send money to their families back home, migrant workers try to work overtime regularly without getting any meaningful free time.

- TUM and Unicord should cooperate with their buyers and interest groups, and calculate a salary to support a decent standard of living in Samut Sakhon and come up with a salary policy for raising salaries gradually towards an adequate level. To this end, it is possible to use the living wage calculation model provided by Finnwatch or another internationally recognised model.<sup>23</sup>
- There is a need for genuine representation and social dialogue between workers and management to improve quality of life and working conditions in TUM and Unicord 2 factories. The next step in both factories should be to build a genuine and democratic representation and negotiation mechanism for the workers. The factories should have fully elected welfare committees. In the absence of an official migrant workers trade union, management at the factories should seek alternative ways to engage the workers, for example through Migrant Worker Rights Network MWRN.
- Systematic discrimination brought to light by the interviewed workers demands measures to be taken, for instance training factory and line management. Also workers still need training on workers' rights.
- It is clear that existing grievance mechanisms are not enough. The factories should establish hotlines in Myanmar language and engage in greater dialogue with migrant communities. Also here discussions and cooperation with Migrant Worker Rights Network MWRN would be valuable.
- Workers, including MoU workers, should not need to pay any recruitment fees when joining the factory workforce. Unicord 2 and TUM should make sure that none of their agencies are charging recruitment fees from the workers. Also Thai Tuna Industry Association TTIA and European buyers should make sure that all companies adopt responsible recruitment policy.

<sup>23</sup> Finnwatch's calculation model for living wage is available at: <http://www.finnwatch.org/images/pdf/living-wagemodel.pdf>



- The costs of 4 year renewal process need to be laid down and transparent as currently there is no clear list of costs. It is recommend Unicord covers 4 year renewal costs as welfare benefit for long term workers rather than passing all costs to workers.
- Although the human rights due diligence processes that both TUM and Unicord have started are a step to the right direction it appears clear that they are insufficient to identify and address possible human rights violations, including forced labour, in their supply chains. This is of concern to the European supermarkets that purchase their private label tuna from these factories. Finnwatch recommends the supermarkets to work with TUM and Unicord with a view to strengthening human rights due diligence and to cooperate in finding industry-wide solutions to the human rights risks at fishing fleet.







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