

# FORCED LABOUR



## A CHAPTER FROM THE BUSINESS TOOLKIT

This is only one chapter of the toolkit. You can download the full document or any of the other chapters from the Partner Africa website.  
[www.partnerafrica.org/business-toolkit](http://www.partnerafrica.org/business-toolkit)

## WELCOME

This toolkit provides practical assistance on how to improve **Productivity, Quality and Workforce Management – areas which are inextricably linked**. People are a core and valuable asset for every business and in order to have an efficient, productive business, employees need to work in good conditions. Partner Africa, through its extensive auditing, training and consulting work have found that workers who are safe, respected and content in their work are more efficient and productive. For instance, productivity is increased by reducing the need for sick days and constant recruitment and onboarding due to high worker turnover. The connection also flows in the other direction: as productivity and efficiency improves, there are opportunities to improve wages and reduce excessive working hours without impacting price.

**Productivity, Quality and Workforce Management** are all essential elements to building a lasting business and a strong partnership with purchasing companies into the future.

The group of companies and organisations behind this toolkit want to share best practice and learning across the industry. This toolkit gives suppliers practical assistance on how to improve productivity, quality and workforce management in production sites. It will enable you to understand each issue and why it matters for your business, what is required, what that means in practice and will also enable you to assess your current situation and provide you with practical tools to make the necessary improvements.

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Produced by Partner Africa for The Coca-Cola Company, Diageo, ABInBev and Aim-Progress



DIAGEO

ABInBev





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## 6.3 FORCED LABOUR AND FREEDOM OF MOVEMENT

### ? WHY THIS IS IMPORTANT TO YOUR BUSINESS

Your company needs to be compliant with local law to be sustainable as a business. Forced labour in the supply chain poses a significant reputational risk to your business and to the purchasing companies and your business has a moral responsibility to ensure it is not occurring in your business or supply chain.

Governments are increasingly regulating forced labour in the supply chain. There is now a 'Modern Slavery' law in the UK (UKMSA) which requires companies above a certain turnover to report publicly on what actions they are taking to tackle forced labour in their supply chains. In other areas of the world there is the California Transparency Act, restrictions on US imports produced using child or forced labour and Australia is also working on transparency requirements for forced labour in supply chains.

### ✓ THE EXPECTATIONS

- All work must be conducted on a voluntary basis, with no coercion of any employee through any means
- Workers must be free to leave their employment at any time, with reasonable notice
- Suppliers must prohibit and must not benefit from any forms of forced or compulsory labour including slave labour, prison or military labour, indentured or bonded labour or any form of human trafficking



## WHAT THIS MEANS IN PRACTICE

Forced or compulsory labour means all work that is exacted from someone under the threat of any penalty and/or for which they have not offered themselves voluntarily. The fact that someone is paid doesn't mean that it is not forced labour. The threat of penalty could include the threat of violence, or suppression of rights, or could be more subtle, such as the threat of reporting an illegal worker to the authorities for example. Work undertaken involuntarily can include cases where part of the salary is withheld to repay loans, or where identity documents are held, so that the individual is not free to leave.

**This section explains the details of what this means in practice and can also be used as a tool to self-assess your site.**

Put a  if you think that point is in place in your business and put a  if it isn't or needs improvement. You can then create an action plan, to assign and follow up an action for every  (sample action plans are given at the back of the toolkit).

- All employment is entirely voluntarily
- Workers are not indebted to the facility or recruitment agency
- Government-issued identification, passports or work permits are not withheld from workers. COPIES can be taken and originals returned to the workers
- Workers are not required to lodge recruitment fees (deposits), or any deposits for anything else including working equipment (deposits can create a bond between the employer and employee)
- Workers are free to withdraw from the employment relationship/leave with reasonable notice
- Workers are allowed to leave the work premises off-shift
- The prohibition of trafficking of persons includes arranging or facilitating the travel of another person with a view to that person being exploited
- Workers have freedom of movement whilst working and within company provided housing. This includes reasonable movement around the facility (i.e. during meal breaks or using the restroom etc)
- Workers are not locked in a facility or accommodation or guarded (this would be an indicator that there is some coercion for them to stay or that they could be trafficked)



# PRACTICAL TIPS AND TOOLS FOR IMPROVEMENT

## Loans

You should not make a loan to an employee if this will in any way prevent the employee from leaving the job. Often a person is unable to repay an initial loan and must take another, and another to keep re-paying loans and this can become debt bondage. While employers might be providing loans for entirely right reasons, it is often the start of a process which ends in the employee not being able to be free to leave employment and not being able to pay their way out of debt.

Loans to employees shouldn't be common practice, but if in a special circumstance it is necessary, you must ensure the following are in place:

- Write a policy on loans and apply it consistently, with no favouritism (more favourable terms for some), including what you will lend money for and terms of repayment, for example, are you prepared to extend flexible terms?
- Loans agreed in writing, including how much was loaned, interest rate, terms of repayment, monthly repayments and how many payments need to be made. Signed by both parties
- Set a maximum deduction allowed for loan repayments, which limits the maximum loan that can be given. In some countries this is specified by law (eg 10% in South Africa. So if an employee earns R1,500 a month and maximum repayment period is 6 months, 10% of R1,500 x 6 months = R900. So the maximum loan should be R900, repaid over 6 months in equal portions)
- Ensure there is a plan for how the employee would repay the loan if they wanted to leave the business
- Put safeguards in place to ensure workers, especially those with little formal education, don't fall into a debt trap, where they are unable to repay the loan
- Check whether your customers have specific policies on giving employees loans and ensure that your procedures adhere to those requirements

## How to spot potential coercion

(Human trafficking includes transporting people from one country or area to another, for the purposes of exploitation/forced labour)

- Workers being locked or guarded
- Workers owing a debt to the employer
- Workers required to hand over government issued identity papers, passports, work permits or travel documents to the management
- Workers feel that their family back home are threatened if they leave
- Limited freedom of movement around the facility for meal breaks and to use the restrooms
- Excessive loan repayments in wage deductions
- Workers provided by labour providers seem unclear about their work/employment conditions/wages etc

## Recruitment agencies

Bonded labour may be more likely to occur in contract labour than in your own facility. Sometimes labour contractors loan potential employees money and then they have to work endlessly, with the conditions of the loan set as such that they never quite repay the loan and are forced to continue to work.

Human trafficking can also be an issue with labour provided by recruitment agencies or contractors. You need to ensure that all recruitment agencies and contract labour providers you use understand your requirements on this issue and you need to check their processes and procedures to ensure their recruitment and treatment of workers is in alignment with this requirement.

You need to investigate and ensure that labour providers/recruitment agencies do not hold original identity papers or deposits from workers and that workers are not indebted to them, holding them in employment.

## TACKLING TOUGH SITUATIONS

WHAT DO YOU NOTICE



An employee needs money to pay for his wife's operation. He offers to work "for free" in exchange for an advance of payment.

PAUSE

THINK

WHAT NEXT

It would be fine for the company to loan this money, with small reasonable loan repayments deducted from monthly wages until it was repaid (with a clear agreement between the parties). However, it would not be ok for the employee to work for 'free' and receive no wages to repay the loan.

## APPENDIX 3

NOTE - IT IS YOUR RESPONSIBILITY TO CHECK THIS IS CONSISTENT WITH LOCAL LABOUR LAW IN YOUR COUNTRY. (This example is from South Africa and will need to be adapted to meet local requirements)

### SERVICE AGREEMENT <sup>100</sup>

#### EXAMPLE OF A SERVICE AGREEMENT BETWEEN A PRODUCER AND LABOUR BROKER

Between

\_\_\_\_\_  
(insert name of temporary employment service)  
Referred to as the "temporary employment service" in the Agreement

And

\_\_\_\_\_  
(insert name of client company)  
Referred to as the "Client" in the Agreement

**The temporary employment service \_\_\_\_\_ agrees to:**

- (i) Employ and supply suitable employees to the Client.
- (ii) Be responsible for the disciplining of employees supplied to the Client.
- (iii) Be responsible for the total remuneration package of the employee.
- (iv) Monitor the progress of the employees and provide the necessary support and discipline to ensure the efficiency of the employees.
- (v) Make every effort to replace any employee who does not comply with the conditions stipulated in the Employment Contract.
- (vi) Provide professional assistance with regard to the handling of the employees.
- (vii) Ensure that assignees are insured in accordance with the requirements of local law.
- (viii) Ensure that employees are employed on conditions of service that are no less favourable than those stipulated in local law.
- (ix) Ensure that the business complies with all provisions of local labour law including the following.

Ensure that:

- No original identity documents or deposits are withheld from workers
- Workers have a copy of their signed contract
- Workers transport and accommodation is safe and healthy
- No children under 15 are employed and young workers (15-18) only work restricted hours in non-hazardous conditions
- All workers are paid at least the legal minimum wage and receive legal benefits
- All workers only work legal hours and have legal rest days
- No workers are discriminated against for any reason
- No workers receive any form of harassment or abuse
- All workers have access to be able to raise concerns or grievances without the threat of reprisal

**The Client agrees to:**

- (i) Inform the temporary employment service of any dissatisfaction regarding an employee's work performance or conduct and give the temporary employment service reasonable opportunity to rectify the situation should the Client find the work performance or conduct of the Employee unsatisfactory. In this regard the Client undertakes to advise the temporary employment service in writing immediately in the event of any employee:
  - (a) Intending to resign
  - (b) Being absent from work
  - (c) Being unable to attend work for any reason whatsoever
  - (d) Requiring disciplinary action.
- (ii) The Client shall ensure that the Employee is aware of and understands the internal Rules and Policies as well as the Safety Rules and Regulations applicable to the Client's workplace and agrees to provide the employee with any protective clothing and / or equipment at the Client's cost in order that the Employee might comply with these rules.

- (i) The temporary employment service shall be indemnified by the Client from any claim of whatsoever nature arising out of any loss, damage or injury sustained by the Employee whilst in the employ of the Client should the Client fail to ensure that the Employee abides by any Safety rule or requirement.
- (ii) The Client shall carry out all training of employees at the cost of the Client.
- (iii) In cases where the Employee was previously employed by the Client, the years of service worked for the Client will be acknowledged by the temporary employment service with the proviso that the Client shall be responsible for any payments or monies payable to the Employee up to and including the date on which the contract of employment was transferred to the temporary employment service. This shall include a pro rata share of any retrenchment package if applicable.
- (iv) Should the contract between the Client and the temporary employment service terminate for any reason, the Client shall either employ the Employee, alternatively the Client may request the temporary employment service to transfer the contract of employment to another temporary employment service. The temporary employment service will however endeavor to do so, but is under no obligation to have to find such alternative temporary employment service for the Client.

**FEE**

- (i) The Client will pay the temporary employment service a monthly fee calculated at “ \_\_\_\_\_ ”% of the value of the payroll, i.e. the total value of the wages and salaries payable to the employees of *the temporary employment service* assigned to the Client.
- (ii) All invoices are payable within seven (7) days of the date of the invoice.
- (iii) The fee referred to in (i) above, excludes the value of the following costs of employment which will be payable to the temporary employment service as a separate payment:
  - (a) [Names of government social insurance] \_\_\_\_\_ %
  - (b) [Other relevant payments/funds] \_\_\_\_\_ %
  - (c) [Other relevant payments/levies] \_\_\_\_\_ %

It is understood that these costs will be added to the monthly service fee.

- (iv) Should any of the abovementioned costs of employment increase as a result of amendments to current legislation or the introduction of new legislation, the Client agrees that the necessary amendments and adjustment shall be made to these amounts in order that they may be incorporated into the monthly service fee.

**INDEMNITY**

The Client hereby indemnifies the temporary employment service from all liability for any claim arising from any loss or damage to the Clients property or business interests caused by or arising from any act or omission by any employee of the temporary employment service while assigned to the Client.

I, ..... hereby declare that the contents of this contract have been explained to me and that I fully understand and agree to abide by these conditions.

Signed at.....this.....day of..... month.....year

Name .....

Name .....

Signature.....  
for the Temporary employment service

Signature .....  
The Employee

Name .....

Name .....

Signature.....  
For the Client

Signature .....  
Witness

**References**

Example of a service agreement. Adapted from a sample provided by Sustainable Agriculture in South Africa. <https://siza.co.za/document-library/documents-templates/>





# REFERENCES

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<sup>100</sup> Example of a service agreement. Adapted from a sample provided by Sustainable Agriculture in South Africa. <https://siza.co.za/document-library/documents-templates/>