



Photograph: Jonas Gratzner

## Cal-Comp: A Lesson in the Importance of Worker-Driven Monitoring to End Forced Labour in Global Supply Chains

**Cal-Comp Thailand, supplier of printers, external hard disk drives and other computer peripherals, was in the limelight after 10,570 migrant workers in two facilities received full compensation for excessive recruitment fees they had paid.**

**The settlement in November 2019 followed three years of worker-driven monitoring by Electronics Watch and our monitoring partner, the Migrant Worker Rights Network (MWRN), and ongoing reporting to, and dialogue with, buyers and Cal-Comp to seek remediation for workers.**

Migrant workers who pay excessive recruitment fees to get jobs in electronics and other industries in Southeast Asia are at risk of forced labour through debt bondage, an endemic problem in the region. To our knowledge, the Cal-Comp settlement is the single largest settlement of migrant worker recruitment fees in any one company globally.

What has happened so far in the Cal-Comp case? What lessons does it offer about remediating debt bondage and forced labour in global supply chains?

## What happened?

Electronics Watch worked closely with MWRN to research and document Cal-Comp workers' migration experience and working conditions. Together we conducted in depth qualitative interviews with more than 60 migrant workers at both Cal-Comp locations in Thailand, while collecting extensive documentary evidence to corroborate interview findings. We traced the recruitment channels and interviewed 11 Myanmar recruitment agents and members of the Myanmar Overseas Employment Agency Federation. We gathered data from workers who contacted MWRN informally or through social media.

Along the way, we updated Cal-Comp buyers on three separate occasions, each time reporting excessive recruitment fees and related costs. On several occasions we had substantial and transparent dialogue with buyers and the Responsible Business Alliance (RBA), an industry organisation, about the case. Electronics Watch affiliates—public sector buyers—also expressed concern over the risk of forced labour to their suppliers. Finally, we released a [public report](#) in February 2019.

During this process, Electronics Watch and MWRN found:

- **Excessive and unlawful recruitment fees and related costs for Myanmar migrant workers, equivalent to 30-90 days of their wages.** Vulnerable and economically weak already, workers migrating for work at Cal-Comp borrowed money from informal money lenders or “loan sharks” and used their savings or money set aside for remittances to supplement loans, resulting in heightened risk of forced labour from debt bondage.
- **Hidden kickback fees at the root of debt bondage.** We found that Thai recruitment agencies, legally prohibited from charging migrant workers recruitment-related service fees and costs in Thailand since 2016, charged recruitment agents in Myanmar 6,000 to 12,000 Baht (€158 to €316) per worker they sent to Cal-Comp. The Myanmar agencies then recouped these costs from the workers themselves either directly or through registered or unregistered subagents or brokers operating under these agents.
- **Worker coercion to cover up excessive recruitment fees.** We learned that along the migration route and even at Cal-Comp itself agents sought to coerce workers to lie to social auditors about their recruitment fees and related expenses. These agents threatened workers that buyers would pull their orders if workers reported their full costs in upcoming audits and that workers would, consequently, face dramatically reduced overtime or even lose their jobs.

Electronics Watch and MWRN proposed a [process for remedy](#), including immediate and full reimbursement for all migrant workers who had paid excessive and illegal

recruitment fees and a public commitment by Cal-Comp and its buyers to a policy of zero-cost and ethical recruitment, whereby migrant workers do not pay to get a job.

## Progress to Date

During the three-year process Cal-Comp was not able to control its recruitment agencies from taking excessive fees and related costs from workers. But there was progress along the way, following the November 2016 initial report. Since 2017, migrant workers employed by Cal-Comp hold their own passports and work permits. These workers were directly employed by Cal-Comp rather than by an agency and have contracts of employment in their native languages. Workers received partial reimbursement for recruitment fees and related costs following Electronics Watch reports of heightened risks of forced labour through debt bondage.

One of the main buyers, HP, reported additional improvements: migrant rights trainings and modification of recruitment agent contracts to comply with the HP prohibition on charging workers recruitment fees and collecting their passports and work permits, as well as additional worker communication and training on pay-slip content, voluntary overtime and the chemicals they use in the manufacturing process.

In November 2019 most workers received full reimbursement for the fees they reported they had paid. Cal-Comp agreed to reimburse all current migrant workers and also all former migrant workers who were hired on or after the 1st of January 2016. To our knowledge, the Cal-Comp reimbursement is the single largest settlement of migrant worker recruitment fees in any one company globally. Cal-Comp has also stopped hiring migrant workers until they have developed an ethical recruitment policy designed to ensure no worker pays for their job at Cal-Comp.

## Lessons

What lessons have Electronics Watch and MWRN learned from this process thus far? What accounts for the progress to this point? On the other hand, why did it take three years?

Worker-driven monitoring is essential to detect and address migrant worker debt bondage. MWRN, a membership-based organisation for migrant workers from Myanmar residing and working in Thailand, is on the ground near workers' communities every day, all year. We first learned about the recruitment fees and related problems at Cal-Comp when workers contacted MWRN on their own accord. HP reports that they first identified migrant worker recruitment fees at Cal-Comp in September 2015, prior to the involvement of Electronics Watch. However, MWRN's rapport with workers, their everyday access to workers, and their ongoing careful recording of workers'

recruitment experiences were essential to understanding the full extent of the risks of forced labour through debt bondage that migrant workers face and to defining the full reimbursements and remediation they are owed.

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The corollary lesson is worth stating explicitly: workers' voices are largely missing from corporate social audits that are conducted within the four walls of the factory during occasional short-term visits by auditors who workers do not trust. While some companies seek to ensure workers have a voice and understand their rights through mobile applications and other methods, these approaches still do not address the profound systematic [silencing of workers](#) rooted in the conditions of employment, organisation of production, and the fundamental imbalance of power between employer and employee. Companies should still place workers in the centre of the audit process, engaging them in dialogue to find solutions to problems such as recruitment fees and migrant worker debt bondage. As long as workers cannot engage as equals with their employer and the buyers in the audit process, corporate social auditors will struggle to detect severe rights violations let alone develop sustainable solutions.

Electronics Watch agrees with [the RBA](#) that there is value in collaborative efforts among companies to address problems such as migrant workers' forced labour through debt bondage. The RBA's Rob Lederer stated that the results in the Cal-Comp case “demonstrate the power of companies using collaboration and shared leverage.” In the end, many companies signalled to Cal-Comp that workers had to be reimbursed the fees they had paid. The buyers' collective action was also essential to the progress at Cal-Comp to date.

Thus, the core lesson of the case is this: companies do not end forced labour in their supply chains on their own without the involvement of workers and civil society, but companies' commitment to do so by using their collective leverage is indispensable.

Finally, the long timeline in this case suggests that electronics companies should devote more resources to finding solutions to migrant worker debt bondage in their supply chains. Ethical migrant worker recruitment is a complex challenge as workers arrive to a workplace through many different channels, via recruiters and their subagents in their home countries and other recruiters in their destination countries. They may pay different amounts at different points in time along this route. Employers may have

little oversight and control of recruiters who in turn cannot control the actions of their subagents. Thus, it is understandable if a genuine zero-cost recruitment system takes time to develop. However, identifying the fees that workers paid and then reimbursing them should be quicker and simpler. This simply requires diligent application of basic methodologies of worker-driven monitoring.

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There is thus also a vital role for market actors who can create demand for and enforce high industry standards. This includes Electronics Watch public buyer affiliates, such as the Scottish university consortium, Advanced Procurement for Universities and Colleges.

“APUC member institutions look very seriously at forced labour in their electronics supply chains,” said Angus Warren, APUC’s Chief Executive, following the announcement of Cal-Comp’s reimbursements to workers. “We will continue to monitor developments at Cal-Comp through Electronics Watch and will view positively the transition to a genuine ethical recruitment policy that is then implemented in practice.”

## What Comes Next?

The reimbursement settlement in November 2019 is not a complete remedy. Here are the remaining steps Cal-Comp along with buyers should take:

First, the reimbursements process should be completed. Ongoing monitoring by Electronics Watch and MWRN suggests that more than 1,000 workers employed in one legally separate division were bypassed and have not received compensation for the recruitment fees they paid as of the time of this writing. Tracking down former workers who are owed reimbursement is also an ongoing process in which MWRN and others who can communicate with former workers have a vital role.

Second, remediation does not end with reimbursements. The UN Guiding Principles on Business and Human Rights suggests that remedy may “include apologies, restitution, rehabilitation, financial or non-financial compensation and punitive sanctions” (UNGP No. 25). When workers have faced forced labour through debt bondage for up to three years, what is appropriate remediation? Are they owed a public apology by Cal-Comp, the recruitment agencies and the buyers? Should Cal-Comp personnel who may have personally benefited from the kickback scheme be held accountable?

These questions should not be answered solely by industry actors. Workers themselves should help determine the remedies to compensate for the harm they experienced. MWRN, Electronics Watch's monitoring partner and worker representative, believes that both an apology and accountability are required to make workers whole.

Third, as UNGP No. 25 notes, remedy also includes prevention of harm. Cal-Comp is developing a zero-cost and ethical recruitment policy to ensure recruitment agents do not charge workers fees and workers do not pay for their jobs. The Electronics Watch Guidance for the remediation and prevention of recruitment fees and related costs suggest the key elements of such a policy.

### A final goal?

There are tens of thousands of migrant workers in the electronics industry and other industries in Southeast Asia who face forced labour through debt bondage and other restrictions to their freedom of movement. In Malaysia, for example, the average recruitment fees paid by migrant workers from Bangladesh, Indonesia, Myanmar, and Nepal are two to three times higher than in Thailand.

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Many companies are already committed to ethical and zero-cost recruitment and the imperative of ending the travesty of forced labour in global supply chains. HP, for example, implemented a strong Foreign Migrant Worker standard in June 2015 to ensure these workers do not pay for their employment. But putting such commitments into action is a different matter. The Cal-Comp case shows that workers must be in the centre of the process. They must be able to report on their recruitment experiences on terms that respect their safety and interests, and they must have a voice and influence equal to companies in the remediation process. Likewise, companies must devote more resources to ethical and zero-cost recruitment, develop business models that reward such recruitment, and use their collective leverage to ensure expedient remediation where necessary. When the Cal-Comp remediation process is complete we hope it can serve as a model to galvanise action across the electronics and other industries towards responsible business action and worker-centred solutions to forced labour in global supply chains.