



Electronics Watch Releases Compliance Report on Migrant Worker Recruitment Processes and Working Conditions at Cal-Comp Electronics (Thailand)

**Progress After Two Years
But Continued Challenges for Electronics Industry to Detect, Remedy and Prevent Migrant
Worker Forced Labour Risks**

**Remediation Plan Calls for Migrant Workers to Receive Full Reimbursement for Recruitment
Related Fees Whilst Recommending Electronics Industry
Do More to Ensure Zero Cost and Ethical Recruitment**

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Electronics Watch and our monitoring partner, the Migrant Worker Rights Network (MWRN), have for over two years been documenting excessive recruitment-related fees and expenses that migrant workers from Myanmar pay to get a job at two sites of Cal-Comp Electronics (Thailand). While working conditions have improved in some respects following buyer intervention, industry attempts to detect, remedy and prevent excessive recruitment fees and related forced labour risk have not yet been effective.

Electronics Watch and MWRN therefore call for Cal-Comp to urgently:

- Fully reimburse all migrant workers who have paid illegal and excessive recruitment fees.
- Prevent forced labour risks through zero-cost recruitment in accordance with the widely endorsed Employer Pays Principle. Cal-Comp should itself pay migrant workers' total recruitment-related service fees and expenses in advance and ensure recruitment agents do not themselves charge workers fees.

Electronics Watch and MWRN recognise the systemic challenges faced by electronics companies and other global labour intensive industries in effectively ensuring zero cost and ethical migrant worker recruitment, and recommend the global electronics industry should:

- Provide a strong demand-side market signal to stimulate suppliers and recruitment agencies to "get it right the first time" with zero-cost and ethical recruitment.
- Reform monitoring techniques and support worker-driven monitoring where possible to better detect, remedy and prevent recruitment fees and other forced labour risks facing migrant workers in global supply chains.

Background

Cal-Comp is one of the leading employers of migrant workers in Thailand with an estimated migrant workforce of more than 13,000 workers, the vast majority from Myanmar. Cal-Comp's parent company, New Kinpo Group (NKG), is a member of the Responsible Business Alliance (RBA). Cal-Comp supplies printers, external hard disk drives and other computer peripherals to global electronics brands including HP, Western Digital and Seagate. Electronics Watch has shared findings and recommendations on unlawful migrant worker employment and recruitment practices at Cal-Comp with Cal-Comp, NKG, buyers and RBA over two years to spur improvements and minimise forced labour risks.

In October 2016, Electronics Watch first reported to HP, a key supplier to Electronics Watch affiliates, that Cal-Comp was unlawfully withholding passports and other identity documents of sub-contracted



migrant workers from Myanmar. Cal-Comp was also charging migrant workers excessive recruitment fees thus increasing the risk of debt bondage and forced labour.

HP and other buyers ensured conditions for migrant workers improved in some respects. Since 2017, migrant workers employed by Cal-Comp hold their own passports and work permits. These workers are now directly employed by Cal-Comp rather than by an agency and have contracts of employment in their native languages. In addition, Cal-Comp's workers have received partial (though insufficient) reimbursement for recruitment-related fees and costs they have incurred. HP reports additional improvements, including migrant rights trainings and modification of recruitment agent contracts to comply with the HP prohibition on charging workers recruitment fees and collecting their personal documents, as well as additional worker communication and training on pay-slip content, voluntary overtime and process chemicals.

However, Electronics Watch and MWRN remain concerned about continuing excessive recruitment-related fees and costs paid by migrant workers at Cal-Comp which violate Myanmar legal standards, the RBA Code of Conduct and similar codes of buyers. In order to pay these recruitment related costs in Myanmar, workers must often borrow money, sometimes from informal money lenders and at high interest. As a result, risk of debt bondage and forced labour increases for these workers.

The Electronics Watch report released publicly today and to industry stakeholders in October 2018 includes extensive documentation of ongoing excessive recruitment-related fees and costs paid by employees of Cal-Comp, ranging from about 500,000 Kyat (€290) to 1,500,000 Kyat (€860), equivalent to 30-90 days of wages. Thai recruitment agencies have been legally prohibited from charging migrant workers recruitment-related service fees and costs in Thailand since 2016. However, the Thai agencies that provide workers to Cal-Comp have instead charged the Myanmar agencies they have selected to carry out recruitment activities for Cal-Comp for "demand letters," documents needed to supply new migrant workers to Thailand. Myanmar agencies reported to Electronics Watch they had paid an estimated 6,000 to 12,000 Baht (€158 to €316) per worker to Thai agencies for these demand letters. They then recouped these costs from the workers they recruited for employment at Cal-Comp.

In addition, Electronics Watch has documented that migrant workers who entered into Thailand irregularly and found work at Cal-Comp without being recruited in Myanmar, and who later were required to return to Myanmar to renew their passports under the so called "U-turn MOU" process, paid 7,500 to 18,000 Baht (€210 to €500) to Thai agents for this process. In addition, these workers reportedly paid 3,000 to 7,000 Baht in recruitment-related fees when applying to work at Cal-Comp.

According to recruitment agents, Cal-Comp is currently reimbursing migrant workers up to 215,000 Kyat for legally permitted agency fees (150,000 Kyat), minimum passport cost (25,000 Kyat) and transportation expenses within Myanmar (up to 40,000 Kyat). This is far less than the 500,000 Kyat (€290) to 1,500,000 Kyat (€860) of recruitment-related fees and costs Electronics Watch and MWRN documented. In January 2019, migrant workers reported to MWRN receiving reimbursements of 3,000 to 3,600 Baht (145,000 to 175,000 Kyat) without being informed how this sum was calculated.

Social Auditing Challenges

Electronics Watch and MWRN have recently obtained evidence suggesting Cal-Comp seeks to hide excessive recruitment-related fees and expenses during audits. A video filmed in January 2019 shows Cal-Comp recruitment agents inside a Cal-Comp factory coercing workers to lie to auditors about the fees they paid. These agents threaten workers that buyers will pull their orders if workers report



their full costs in upcoming audits and that workers may, consequently, lose their jobs. In the judgment of Electronics Watch and MWRN, this video is incontrovertible evidence of worker coercion. Additional worker testimonies allege similar coercion at multiple stages of workers' recruitment processes.

Coercion of workers to withhold the truth from auditors may partially explain why industry efforts to date have been only partially successful in addressing forced labour risks at Cal-Comp. In this context it is particularly important for the electronics industry to move beyond traditional forms of social auditing, support [worker-driven monitoring](#), and work collaboratively with civil society organisations, such as MWRN, who have ongoing and trusting relations with workers and expertise in migrant worker recruitment issues.

Context

Electronics Watch suggests this case study on Cal-Comp be placed in the wider context of continued systemic challenges faced by electronics companies and other global labour intensive industries in effectively ensuring zero cost and ethical migrant worker recruitment. Such industries also face related challenges in applying suitable monitoring techniques to effectively detect, remedy and prevent forced labour risks and excessive recruitment related fees and expenses paid by workers.

In late 2018, Electronics Watch [commenced extensive research](#) on migrant worker conditions in the electronics supply chain in Malaysia. Electronics Watch will continue to document these conditions and seek to engage with global electronics companies concerning widespread forced labour risks, resulting in part from excessive recruitment related costs paid by migrant workers. Electronics Watch will also seek to document and highlight best practices in ethical recruitment and fees reimbursements in electronics supply chains.

Proposed Remedy

Electronics Watch and MWRN call for Cal-Comp to immediately reimburse, in full, all migrant workers who have paid illegal and excessive recruitment fees and commit publicly to a policy of zero-cost recruitment, whereby migrant workers do not pay to get a job.

The full Remedy Proposal is available [here](#).

The Migrant Workers Rights Network (MWRN) is a membership-based organisation for migrant workers from Myanmar residing and working mainly in Thailand. MWRN was founded in 2009 by a group of nine Myanmar migrant leaders who strongly believed that empowerment of migrants is the best way for migrants to protect themselves in their vulnerable situation as migrant workers in Thailand. The founders' goal for MWRN is to promote and strengthen Myanmar migrant workers' rights by raising awareness, promoting access to justice and negotiation processes with employers and officials and advocating for policy change. MWRN's organisational structure is set-up and is continually being developed and encouraged to imitate a democratic worker led trade union structure through assistance from leading labour organisers from the Thai labour movement. This is despite migrant workers in Thailand not being able to form unions themselves or collectively organise or register under the 1975 Labour Relations Act.