

Forced Labor Probe in Malaysia Drives Buyers to Act

(Original 2019 Findings)

Transparentem is an independent, philanthropically-funded nonprofit organization that uses front-line investigative methods to identify environmental and human rights abuses in global supply chains. Our mission is to advance the well-being of workers and their communities by exposing hard truths to those with the power to positively transform industries. Our primary objective is to be a catalyst for systemic change and work with diverse stakeholders, including brands and manufacturers, to eradicate those environmental and human rights abuses, and promote supply chain accountability.

Introduction

In 2016, the International Labour Organization estimated that Malaysia had 3 million to 4 million foreign migrant workers, comprising 20 to 30 percent of the country's total workforce. Migrant workers, including those in Malaysia, are particularly vulnerable to exploitation and forced labor. They are charged high—and sometimes illegal—recruitment fees and are given false promises about salaries, working conditions, and the nature of the jobs offered.

In late 2016, Transparentem began what would become an 18-month investigation into the hardships faced by many of Malaysia's migrant garment-industry workers. We spoke with dozens of current and former workers employed at five factories and uncovered evidence that some workers manufacturing clothes for major retailers were working in conditions that included indicators of forced labor.

Migrant workers from Bangladesh and Nepal told us they had gone deep into debt to pay fees to recruitment agents for jobs in Malaysia, in hopes of securing a better life for themselves and their families. Upon arrival, however, many workers discovered they had been betrayed — deceived by the recruitment agents who had promised them different jobs and better wages than they were paid. Many of these workers' new employers confiscated their passports, making it virtually impossible for them to leave their jobs and return home. Some found themselves sleeping on floors in squalid, over-crowded company dormitories. And some reported abusive working conditions at the factories.

Transparentem was able to trace products manufactured at these five factories to 23 major apparel brands. After Transparentem disclosed the findings of its investigation, many of these brands worked to remediate the issues identified in the investigation, either in a collaborative fashion or individually. Despite progress in these facilities, more work remains to be done across the garment industry in Malaysia. Exploitive working conditions and the

imposition of recruitment fees on migrant workers persist. Greater investment by buyers, suppliers, and government is necessary in order to root out unethical recruitment practices and forced labor in Malaysia and abroad.

Findings

Recruitment Fees: Nearly 90 percent of the workers Transparentem spoke with reported paying recruitment fees, which ranged from more than \$700 to nearly \$4,500. For context, the yearly per capita gross national income in Bangladesh, home country of many migrants in Malaysia, was \$1,470 at the time of the investigation. In Nepal, another common source of migrant labor, it was only \$790.

Some workers sold land or borrowed money to pay these fees, going deep into debt with the expectation of earning financial security. Many workers Transparentem interviewed came to regret their decision to seek work in Malaysia.

Deceptive Recruitment: Migrant workers from Bangladesh and Nepal told Transparentem that recruiters had deceived them about their salaries, the nature of their new job, and fees and salary deductions. One worker referred to labor brokers as “thieves and thugs” who “victimize poor, innocent people.”

Retention of Passports: Workers at all five factories that Transparentem investigated said the factories had taken their passports and charged a deposit if workers needed to use their documents for any reason. (At one factory, the passports were returned before Transparentem's investigation concluded.) The deposit could be as much as three times the monthly minimum wage for factory workers in Peninsular Malaysia.

Additional Findings

Poor Living Conditions: Workers at four of the five factories said that they lived in dormitories that were overcrowded, dirty,

cramped, or without adequate kitchens or bathrooms, or even sufficient protection from the weather.

Abuse of Vulnerability and Abusive Working Conditions:

At two factories, workers said supervisors sometimes physically abused and threatened them. “They threaten to send us back home when we speak up for [overtime pay],” one worker said. “So, we remain silent. Even if we are aware of the law, we cannot speak about it.”

“The way they treat us is unspeakable.”

—A worker at one of the investigated factories who said staff abused laborers verbally and physically

Buyer Responses

Beginning in the spring of 2018, Transparentem contacted 23 major apparel brands that were identified as likely having recent or ongoing buying or licensing relationships with the five investigated factories.

Transparentem urged these brands to take action in order to remedy the hardships faced by workers in the factories. Of the 23 companies Transparentem identified and engaged, 15 collaborated on remediation efforts, one worked independently, and one later joined remediation efforts after a change in ownership at the company. The remaining companies, to Transparentem’s knowledge, declined to participate in remediation.

Buyers commissioned audits or assessments at four of the five facilities, which confirmed many of Transparentem’s findings, and secured commitments for remediation, including reimbursing recruitment fees and returning passports.

Two buyers chose to share the cost of recruitment-fee reimbursement with their supplying factory, even though one of those buyers had ended their purchasing relationship with the factory in 2015. Two additional buyers who were no longer sourcing from the factories re-engaged and assumed leadership roles in the remediation process. And four of the buyers at one factory elected to expand their remediation efforts to a related Malaysian factory that was not part of Transparentem’s investigation.

As of May 2019, the total amount of recruitment fees already paid back or scheduled to be refunded to workers was more than \$1.7 million, and 1,600 passports had been returned to workers. An additional factory had already begun returning passports shortly before Transparentem approached buyers.

According to one audit report at another factory, five workers who recovered their passports immediately stopped working and left.

Industry Response

Transparentem also spoke with the American Apparel and Footwear Association (AAFA) and the Fair Labor Association (FLA) to encourage them to work with their membership to ensure that: no workers pay for their job, workers retain control of their travel documents and have freedom of movement, and all workers are informed of the basic terms of their employment before leaving home.

On October 22, 2018, the two organizations announced a new industry effort—“[Commitment to Responsible Recruitment](#)”—to combat exploitation of migrant workers in global supply chains. The AAFA/FLA then released an “[Action Plan on Responsible Recruitment in Malaysia](#)” in March 2019 to carry out this commitment. As of June 2019, more than 130 companies had pledged to add forced-labor standards to their social compliance programs by the end of 2019, and to periodically report on their actions to prevent forced labor.

The AAFA/FLA pledge is not perfect—it remains voluntary for the organizations’ membership and lacks specific enforcement mechanisms. But it is undoubtedly a positive step.

Conclusion

Despite the progress made in the five factories as a result of Transparentem’s investigation, more work remains to be done in Malaysia. In addition to Transparentem’s findings, other NGOs and media outlets have identified similar exploitative conditions in Malaysian industries that employ migrant laborers, including [rubber glove](#) and [electronics](#) manufacturing.

It is incumbent on buyers, suppliers, and governments to ensure that no worker, whether domestic or foreign, pay recruitment fees. Moreover, beyond industry-wide statements, brands must commit themselves to ethical sourcing and transparency by disclosing their supply chains and conducting thorough social assessments beyond their first-tier suppliers. Only then will the garment industry begin to make forced labor a practice of the past.

More Information

See [this article](#) in the *Guardian* for additional information on this project.