

# GUIDANCE ON MODERN SLAVERY RISKS FOR THAI BUSINESSES





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*(Cover) Bangkok, Thailand, 6 May 2016. A view of the steel containers at a construction workers’ camp. Mainly migrants from neighboring countries, like Cambodia and Laos, live in this camp, which has grocery shops, a common washing area and even a small school, on the outskirts of Bangkok.*

*Photo credit: Zhong Zhenbin/Anadolu Agency via Getty Images.*



*Pathum Thani Province, Thailand, 23 September, 2018.*

*This photo shows a Myanmar migrant worker replacing cotton thread spools in a textile factory. A “mafia” of recruitment agents is trapping Myanmar migrants to Thailand in debt bondage despite a 2017 law meant to fight exploitation in the kingdom’s notoriously shadowy job market, activists and workers say. Photo credit: Lillian Suwanrumpha/AFP via Getty Images.*

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# GUIDANCE ON MODERN SLAVERY RISKS FOR THAI BUSINESSES

The Stock Exchange of Thailand, Walk Free,  
and Finance Against Slavery and Trafficking (FAST)



**The Stock Exchange of Thailand (SET)** has played an important role as a fundraising hub for business operators to access capital for growth and as a key channel for saving and investing for the public. In line with its vision “*To Make the Capital Market ‘Work’ for Everyone,*” SET has supported capital market stakeholders to pursue sustainable development by promoting corporate sustainability practices and sustainable investing in the Thai investment community, leading to sustainable growth of the Thai capital market.



**Walk Free** is an international human rights group, working to accelerate the end of modern slavery in all its forms. Walk Free produces the Global Slavery Index and other world-leading research, which provides an evidence base for its advocacy and engagement with business, investors, governments and faith to drive better practices. Part of the Minderoo Foundation, Walk Free is headquartered in Perth, Western Australia with an international team.



**FAST** is a multi-stakeholder initiative based at United Nations University Centre for Policy Research that works to mobilize the financial sector against modern slavery and human trafficking. Launched in 2018, FAST commenced with a Financial Sector Commission on Modern Slavery and Human Trafficking that consisted of 25 leaders from finance, anti-slavery, business and human rights, and government. In 2019, the Commission published *Unlocking Potential: A Blueprint to Mobilize Finance Against Slavery and Trafficking* which provides detailed recommendations for steps financial sector actors can take to address modern slavery and trafficking. FAST is now undertaking a broad range of activities with financial sector actors, governments and multilateral organizations, and survivor support organizations to implement the Blueprint.



# FOREWORDS

## THE STOCK EXCHANGE OF THAILAND

Human rights issues are becoming increasingly important in today's world and have considerable influence on competitiveness and trade opportunities for Thai businesses. As a result, it is necessary that businesses place human rights at the core of their operations and manage human rights risks effectively so as to maintain their competitive edge amidst the fast-changing business environment and consistently gain license to operate from all relevant stakeholders. This will build their resilience and growth prospect over the long term.

Modern slavery is a human rights violation that encompasses human trafficking and various forms of forced labor which have adversely affected Thai corporates. It has received growing attention from civil society and the international community, pushing for actions to be taken to address these issues that transcend national boundaries. Conducting business is no longer limited by physical borders, resulting in wider impacts on business activities and all other stakeholders throughout value chains – both upstream and downstream. It is therefore critical for all relevant parties to make a concerted effort to urgently combat modern slavery.

In this regard, The Stock Exchange of Thailand (SET) in partnership with international anti-slavery alliances – Walk Free and Finance Against Slavery and Trafficking (FAST) – introduces a *Guidance on Modern Slavery Risks for Thai Businesses*. The guidance provides an effective instrument for Thai businesses, especially for SET-listed companies, to develop an understanding of the importance of modern slavery, including associated risks which vary by industry. The guidance equips Thai businesses with practical tools, including a checklist to measure the operational efficiency of their processes and potential risks linked to modern slavery, including governance, policy, risk assessment, supplier engagement and audits, purchasing practices, grievance mechanisms and response and remediation. Adopting proactive management will help prevent business harm while enhancing competitive advantage and building brand reputation and credibility, increasing access to funding and supporting long-term growth. In addition, Thai listed companies should disclose their management approach on modern slavery risks so that shareholders and other stakeholders are capable of monitoring their business transparency.

Reaffirming our strong commitment to developing a sustainable Thai capital market and achieving the Sustainable Development Goals, SET is currently stepping forward in collaboration with all networking partners to fight against modern slavery and proactively promote human rights. This will empower Thai businesses to stay ahead of competition and thrive in challenging environments as well as consistently generate sustainable benefits to society and the country as a whole.

Dr. Pakorn Peetathawatchai  
President

*The Stock Exchange of Thailand (SET)*



# THE STOCK EXCHANGE OF THAILAND

The *Guidance on Modern Slavery Risks for Thai Businesses* represents a significant milestone for The Stock Exchange of Thailand (SET) in raising awareness and enhancing business potential, especially for listed companies in conducting due diligence and disclosing on modern slavery risks in not only their operations but also throughout value chains. Additionally, it is a part of SET's strategy on corporate governance development with respect to the environmental, social and governance (ESG) framework that has been embedded into SET's operations.

Modern slavery has created devastating consequences for Thailand since the country was downgraded from Tier 2 Watch List to Tier 3 in the Trafficking in Persons report for the period 2014-2015. This placed Thailand at considerable risk of trade sanctions and severance of international ties up until its status was again upgraded to Tier 2 Watch List. Nevertheless, Thailand remains under increasing pressure and urgency to combat this complex dilemma. Tackling modern slavery requires the concerted efforts of government, business and civil society to build momentum. It is not only a human rights issue, but directly pertains to the corporate governance aspect both at an organizational level (e.g., risk management policy, due diligence procedures, and value chain management), and at a national level (e.g., legislation enforcement and implementation of related measures, education on good governance among state authorities, and corruption and misconduct prevention). Modern slavery risk management, particularly with regard to due diligence and disclosure mechanisms as shown in the guide, could be effectively implemented in alignment with ESG framework.

In order to foster and sustain the license to operate of any company, ESG principles should be placed at the heart of business strategy. By implementing this guideline, and encouraging suppliers, including listed companies, local and foreign subsidiaries to adhere to the guideline, companies will enhance their credibility and create a strong driver to transition Thailand towards its strategic development goals as part of the 13<sup>th</sup> National Economic and Social Development Plan that has outlined the country's development framework covering international human rights obligations and collaboration with countries at national, regional and international levels. More importantly, businesses are expected to take a concrete step to integrate the National Action Plan on Business and Human Rights into their business practices against the backdrop of Thailand's regional leadership in safeguarding human rights.

I hope this guide will build awareness of human rights abuses relating to modern slavery and inspire every member of society to address this crime in a more effective manner in order to strengthen the competitiveness of businesses and the Thai capital market as well as boost Thailand's recognition at the global stage.

Dr. Seree Nonthasoot  
Governor, Member of Sustainability Committee  
*The Stock Exchange of Thailand (SET)*



# WALK FREE

Walk Free is proud to partner with The Stock Exchange of Thailand (SET) and Finance Against Slavery and Trafficking (FAST) to present this *Guidance on Modern Slavery Risks for Thai Businesses*.

Conservative pre-COVID estimates tell us that one in every 200 people on the planet – more than 40 million of us – are living in situations of modern slavery. This situation has almost certainly been exacerbated by the pandemic. Modern slavery exists in every country, every business sector and almost every value chain in the world, holding people back from being free and full participants in society and creating devastating intergenerational effects on families and communities. Eradicating modern slavery from the global economy is a societal imperative. Government, business, and the financial sector must take urgent and effective action.

We commend the Stock Exchange of Thailand for its leadership in guiding Thai companies to identify, address and report on modern slavery risks, as part of their mandatory ESG reporting. Protecting human rights and ending labor exploitation are critical for a sustainable economy.

Companies and economies must consider the intersection of environmental, social and governance issues. Those who are most vulnerable to the impacts of climate change are also among the most vulnerable to modern slavery.

Business leaders have an opportunity to set and hold themselves to a new standard of governance. The new KPI must be: *is my supply chain free of modern slavery?* Leaders must empower and equip every member of their team across all their business systems to detect and stop modern slavery – no matter who they are.

Investors also have a crucial role to play. Improving sustainability reporting using the guidance will allow investors to make more informed investment decisions regarding issuer social risks, as well as to engage with listed companies to find, fix and prevent modern slavery. As the ultimate owners of companies, they have the responsibility to ensure profits are not derived from the exploitation of vulnerable workers.

SET is leading the way among stock exchanges, and taking an important step in furthering the national commitments made under the AAA Recommendations of the Bali Process Government and Business Forum to advance supply chain transparency, ethical recruitment, and worker protection.

All business leaders have the power to make a difference to the lives of millions of workers, to the reputation of their businesses among consumers and shareholders, and to create an ethical standard of which they can be proud.

Grace Forrest  
Founding Director  
*Walk Free*





# FINANCE AGAINST SLAVERY AND TRAFFICKING

The finance sector has a crucial role to play in combating modern slavery and human trafficking. Although its prohibition is one of the strongest norms in international law, more than 40 million people continue to be deprived of their freedom, and annual profits from modern slavery and human trafficking are estimated at US\$ 150 billion.

Stock exchanges are crucial platforms for companies to generate capital and they have an important role in preventing modern slavery and human trafficking and incentivizing business respect for human and labor rights.

Addressing modern slavery requires addressing the root causes and drivers of this crime of crimes. The impact of mandatory reporting on modern slavery risks depends largely on the issues covered and the quality of the information provided. Detailed guidance with targeted questions for companies is needed to properly address the full breadth of issues relating to modern slavery.

This *Guidance on Modern Slavery Risks for Thai Businesses* is an important contribution to global efforts to end modern slavery and trafficking. It responds to the *FAST Blueprint for Mobilizing Finance Against Slavery and Trafficking* recommendation to use market regulation, including environmental, social, and governance (ESG) guidance, to enforce the blanket ban on these crimes.

FAST welcomes this *Guidance and Modern Slavery Benchmarking Tool* which will make an important contribution to global efforts to end modern slavery and trafficking. As noted in FAST's Blueprint, stock exchanges have a crucial role to play in incentivizing their listed companies in this respect and we are pleased that SET has responded to this call.

We look forward to continued progress in Thailand on business and human rights and collaboration with SET and Walk Free on implementation of the guidance.

Daniel Thelesklaf  
Project Director, Finance Against Slavery and Trafficking (FAST)  
*United Nations University - Centre for Policy Research*



*Bangkok, Thailand, 21 November 2021.  
A railway officer waves a green flag at a  
platform of the 105-year Hua Lamphong  
railway station. Photo credit: Anusak  
Laowilas/NurPhoto via Getty Images.*



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# INTRODUCTION

The Stock Exchange of Thailand (SET) is committed to promoting corporate sustainability, including human rights and fair labor practices, for all listed companies in Thailand. SET sees combating modern slavery,<sup>1</sup> including forced labor, the worst forms of child labor, human trafficking and related forms of labor exploitation to be a critical part of the corporate responsibility to respect human rights in line with the UN Guiding Principles on Business and Human Rights (UNGPs). SET also recognizes that promoting fair labor practices and decent working conditions is directly linked to resilient companies and sustainable earnings, noting the significant impact that labor risks and poor conditions may have on company productivity and performance, ability to access financial and commercial markets, and intangible assets such as reputation and branding.



Photo credit: Stock Exchange of Thailand

The right to liberty and freedom from slavery and servitude are fundamental human rights recognized by the Universal Declaration of Human Rights and subsequent international human rights treaties. Other forms of modern slavery are prohibited by other global instruments. Further, the UNGPs make clear that States have a duty to protect people from enslavement and business has a responsibility to respect people's liberty and keep them free from being enslaved. As human rights are interrelated, many other human rights might also be violated when slavery takes place, such as the freedoms of association, movement and speech, the rights to food and water, the rights to healthcare and family life. Modern slavery and human rights are also key issues in the 'social' factor of the 'Environment Social Governance' (ESG) risk framework that is increasingly used by companies and investors to guide business strategies and operations, frame investment mandates and decisions, and assess and disclose sustainability performance. Moreover, modern slavery is not just a social factor – it is also a 'governance' issue because a company's response to managing modern slavery risk and remediating modern slavery cases reveals the strength of its corporate governance, including its risk control structures and systems.

To do this effectively, companies must embrace and integrate ESG throughout their business value chains. This is critical not just to uphold their responsibility to respect human rights and maintain their social license to operate, but increasingly as prerequisite to access global markets, many of which are now banning the importation of goods made with forced labor. Failing to identify and address modern slavery may be linked to other problems in a value chain such as corruption, and it often results in lower productivity and resilience. Modern slavery and related exploitation can result in material financial impacts for a business – it is therefore crucial that companies disclose to investors and other stakeholders how they are identifying and addressing these risks. Investors are becoming increasingly sophisticated in analysing the appropriateness and effectiveness of a company's risk and response to modern slavery and integrating it into investment decisions.

<sup>1</sup> Please see the definition of modern slavery in Section A.



## Objectives

In support of SET's efforts to promote corporate sustainability and resilience, SET has partnered with Walk Free and Finance Against Slavery and Trafficking (FAST) to develop guidance on modern slavery and associated labor exploitation risks for Thai listed companies.

The primary objective of this guidance is to assist Thai listed companies to safeguard the human rights of vulnerable workers by helping them to identify and address modern slavery risks and related exploitation across their value chains.

This guidance is also designed to assist Thai companies to meet their sustainability reporting obligations. Listed companies are required to report on sustainability issues each year as part of their annual report according to the new 56-1 One Report disclosure requirement by the Thai Securities and Exchange Commission (SEC). Specifically, the 56-1 One Report mandates that listed companies must disclose information about performance and results on 'social issues', including human rights protection throughout the value chain (e.g., fair labor practices, product responsibility and customer care, and community and social development), with a focus on material issues. This guidance will help listed companies to develop and disclose their performance managing serious labor risks and providing good working conditions, which are part of their social issues. It is complementary to the SET's existing sustainability guidelines, including the [Corporate Sustainability Guide for Listed Companies](#) and annual corporate sustainability assessment that is used in screening the [Thailand Sustainability Investment](#) list and constituents of the [SETTHSI Index](#). See Appendix A for more details on the Thai capital market's corporate sustainability framework.

## Methodology

This guidance was prepared by Walk Free in partnership with SET and FAST. The research and stakeholder engagement that informed this guidance included:

**Company engagement.** A survey was circulated to 15 Thai listed companies to understand their workforce demographics, employment practices (including use of recruitment agencies) and challenges they face monitoring labor practices;

**Literature review.** This guidance and, in particular, the specific industry risks section, were compiled by conducting a literature review of publications focused on modern slavery and related exploitation in Thailand. This review included examining news articles, as well as recommendations and reports published by civil society groups and international agencies;

**Sustainability reporting.** A review of a sample of sustainability or ESG reporting practices by Thai listed companies was conducted by industry to assess current reporting standards, and awareness of and responses to modern slavery and other labor exploitation risks; and,

**Stakeholder interviews.** Interviews were conducted with key civil society and international organizations working in Thailand. These interviews focused on both general risks of modern slavery and related exploitation in Thailand as well as industry-specific risks where possible.

Please see the References section for further details of the literature and sustainability reports together with other key publications referenced in this document.

## Structure

The guidance consists of three sections that introduce companies to modern slavery and identify what modern slavery risks look like and how they might be addressed and disclosed in the future:

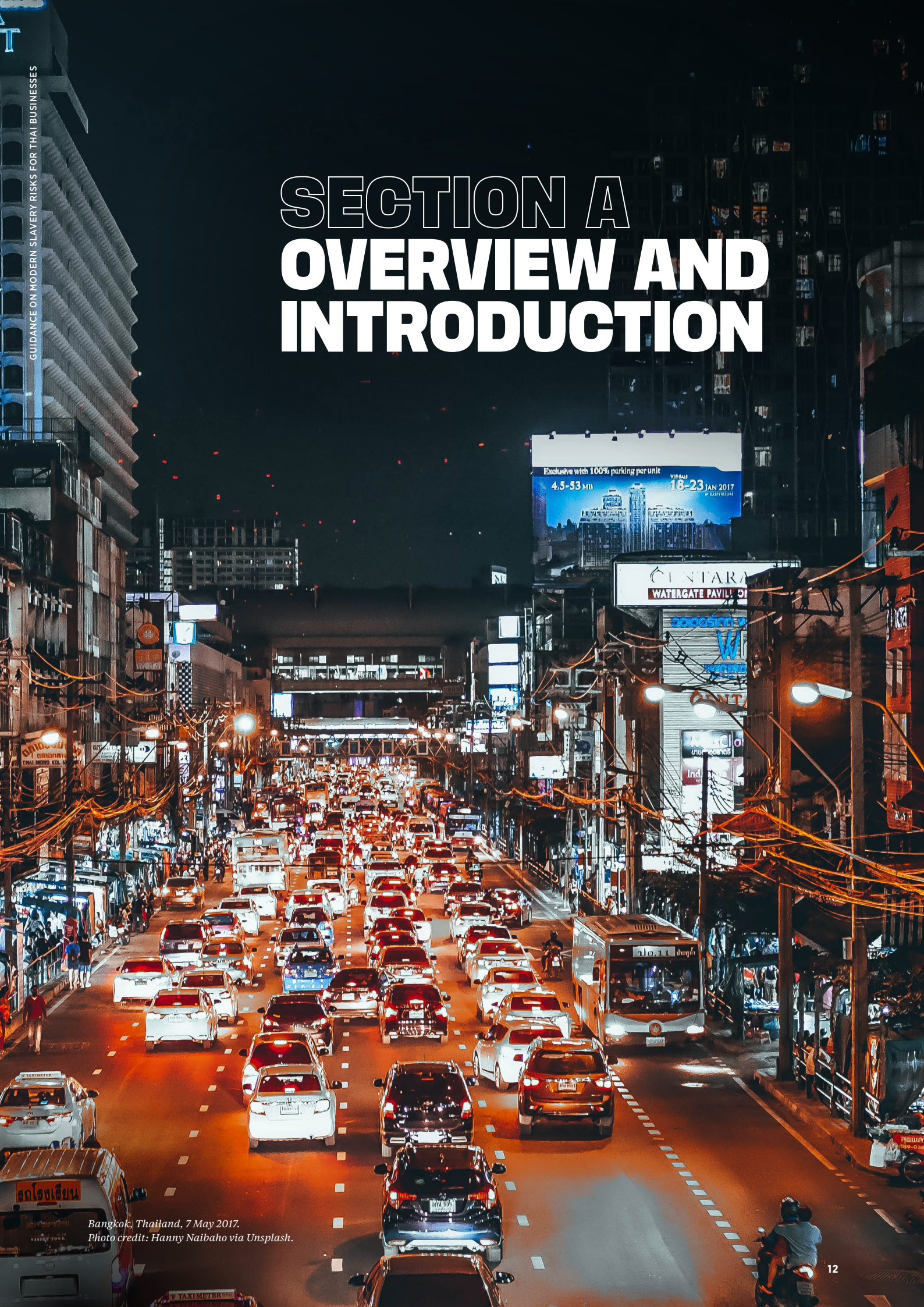
**Section A: Overview and Introduction.** This section defines the term 'modern slavery', provides information on the prevalence of modern slavery, and identifies how modern slavery risks may appear in and impact on business operations and value chains. It includes a table on common modern slavery risks that companies might face in Thailand;

**Section B: Industry Risks.** This section identifies specific industry risks that are relevant to the SET's eight industry groups: Agro & Food, Consumer Products, Financials, Industrials, Property & Construction, Resources, Services, and Technology; and

**Section C: Checklist.** This section provides a practical checklist for listed companies to use in assessing and disclosing modern slavery risk in sustainability reports. The checklist provides an overview of actions that companies should take to address risks, checklist questions, and guidance on information that should be disclosed to stakeholders.



# SECTION A OVERVIEW AND INTRODUCTION



Bangkok, Thailand, 7 May 2017.  
Photo credit: Hanny Naibaho via Unsplash.



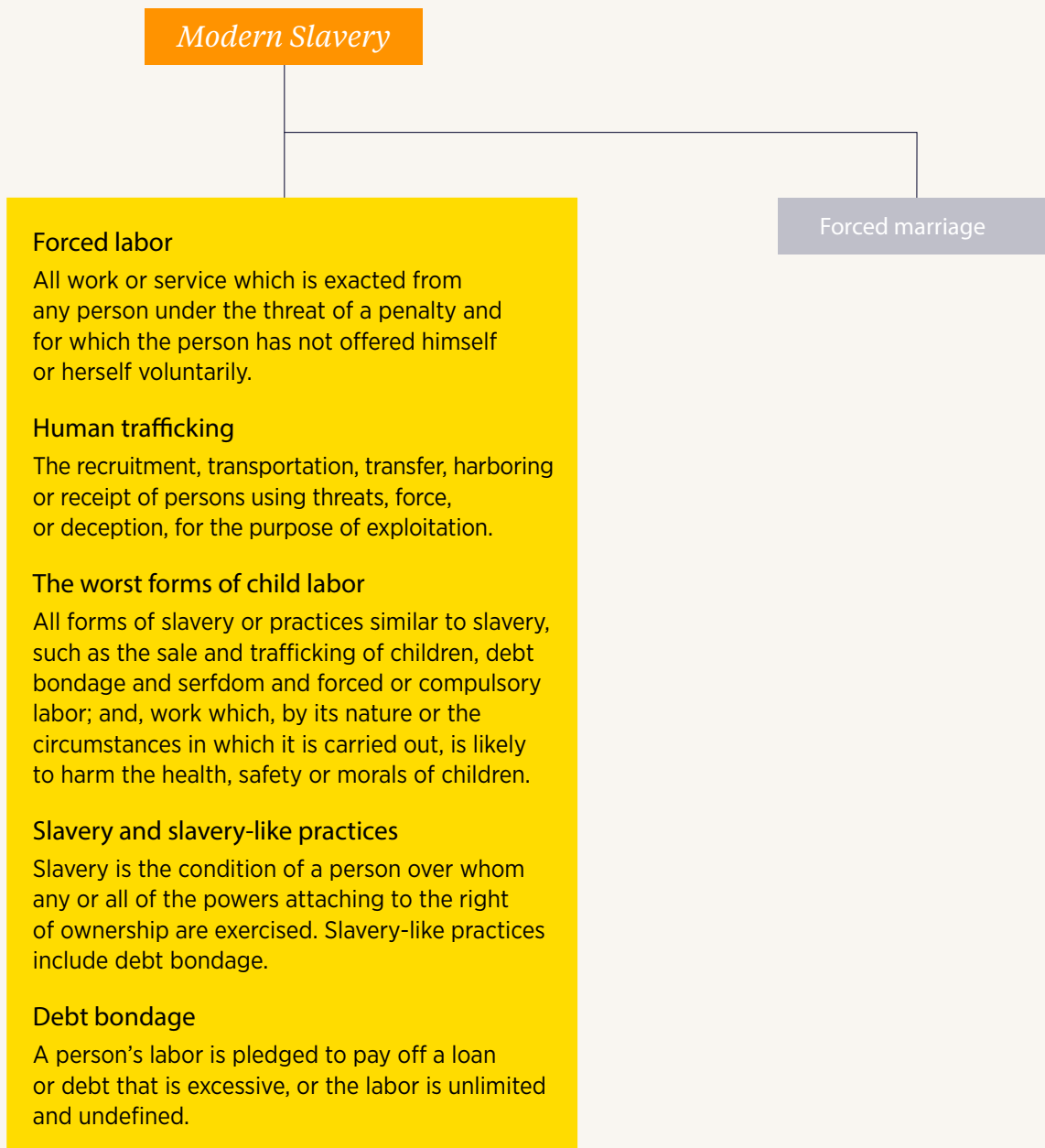
# 1. MODERN SLAVERY

## What is modern slavery?

**Modern slavery refers to situations where one person has taken away another person's freedom – their freedom to control their body, their freedom to refuse certain work or stop working – so that they can be exploited. Freedom is taken away by threats, violence, coercion, abuse of power and deception. The net result is that a person cannot refuse or leave the situation.**

Modern slavery is an umbrella term and includes the forms of exploitation listed below. Each of these forms of modern slavery are defined by and prohibited in international and national laws.

For further details and legal definitions please see Appendix G.





## What is the difference between labor exploitation and modern slavery?

Modern slavery happens at the most extreme end of a spectrum that ranges from decent work to serious crime. While not all exploitative labor practices amount to one or more of the different forms of modern slavery, they can greatly increase the risk of it occurring. Business should look for these exploitative labor practices, such as workers not being paid fairly, working excessive overtime or working in unsafe conditions, and treat them as ‘red flags’ or indicators that there is a higher risk of modern slavery occurring.

Similarly, not all child labor is exploitative or equates to the ‘worst forms of child labor’, a form of modern slavery. In Thailand, it is legal for children aged 15-18 years to carry out some work that is not hazardous and does not deprive children of their childhood, their potential or their dignity. Where a business employs child workers or discovers that they are working in their value chain, it should conduct thorough due diligence to ensure that the work meets both national and international standards and does not amount to the worst forms of child labor.

### MODERN SLAVERY

- Worker cannot refuse or cease work because of coercion, threats or deception.
- Worker may also be deprived of personal freedom.

### DANGEROUS OR SUB STANDARD WORKING CONDITIONS

- Worker can refuse or cease work but doing so may lead to detriment.
- Worker not paid fairly and does not receive some or all entitlements.
- Worker may be required to work excessive hours.
- Workplace is unsafe.

### DECENT WORK

- Workers' rights respected.
- Worker free to refuse or cease work.
- Worker paid fairly (at least minimum wage).
- Workplace is safe.

*Adapted from: Australian Department of Home Affairs, Modern Slavery Act 2018 - Guidance for Reporting Entities.*

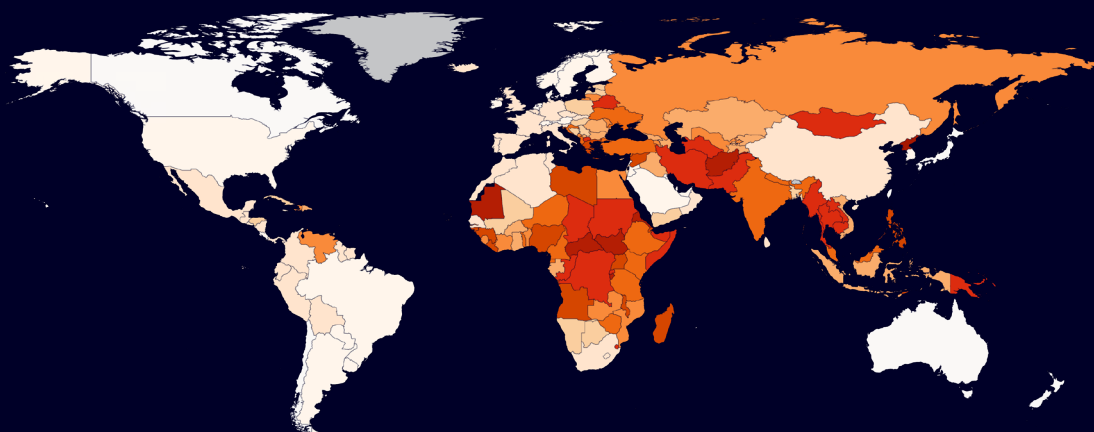
## A global problem

Modern slavery impacts every country, industry, and most product value chains. Consequently, it is a risk that every company around the world must address. The International Labour Organization (ILO) and Walk Free, in partnership with the International Organization for Migration (IOM), estimate that on any given day in 2016, there were 40.3 million people living in modern slavery, with 24.9 million of these people working in conditions amounting to forced labor. The Asia Pacific region accounts for 62 per cent of the global total of modern slavery – with almost 25 million people living in modern slavery, 66 per cent of whom are subject to conditions of forced labor. Consequently, modern slavery is highly prevalent in a region that lies at the center of the global economy for production and trade, placing additional onus on governments and companies to fight it.

The pandemic has increased the risks.

The ongoing global COVID-19 pandemic and public health response measures such as quarantines, lockdowns and border closures have increased vulnerability to modern slavery. This has been shown to have had significant immediate and ongoing impacts on workers:

- The closure of regular migration pathways has made people more vulnerable to deceptive recruitment and human trafficking;
- Job losses and workplace closures have meant people are desperate to find new work, making them vulnerable to unscrupulous recruitment and employment practices;
- Many workers have taken out loans with excessive interest rates due to job losses, increasing the risk of debt bondage;
- Urgent demand for PPE equipment has resulted in compulsory and excessive overtime in PPE manufacturing facilities, amounting to forced labor;
- Workers cannot leave company accommodation or are required to live on company premises in lockdowns exposing them to increased demands to work;
- Workers, especially irregular migrant workers, face difficulties in accessing medical support or supplies; and
- Maritime workers are impacted by COVID-19 travel restrictions, and often prevented from disembarking vessels, restricting movement and placing them in situations of forced labor.



**40.3 MILLION**  
people living in modern slavery

**24.9 MILLION**  
are in forced labour

**15.4 MILLION**  
are in forced marriages

**1 IN 4 VICTIMS**  
of modern slavery are children

**71%**  
are female

**29%**  
are male

*Global Slavery Index, 2018.* An updated Global Estimate of Modern Slavery and fifth edition of the Global Slavery Index will be released in 2022.

## Modern slavery in Thailand

Walk Free's Global Slavery Index in 2018 estimated that 610,000 people (8.88/1,000 people) were living in modern slavery in Thailand. The U.S. State Department's Trafficking in Persons Report in 2021 assessed Thailand as 'Tier 2 Watch List', the second lowest possible ranking, despite acknowledging the significant efforts made by the Government. The U.S. Department of Labor's Bureau of International Labor Affairs (ILAB) 2020 List of Goods Produced by Child Labor or Forced Labor includes five goods from Thailand: Pornography (child labor), Sugarcane (child labor), Fish (forced labor), Garments (child & forced labor) and Shrimp (child & forced labor). Below are examples of issues related to modern slavery in Thailand.

### Exploitation in the fishing industry

There has been widespread media coverage of exploitation and modern slavery in the fishing and seafood processing industry in Thailand. In 2015, the European Commission threatened to ban imports of Thai seafood by issuing Thailand with a 'yellow card' warning. This would have resulted in serious financial consequences if action was not taken to prevent modern slavery and improve working conditions.

While the media has focused on seafood, the same vulnerabilities such as large migrant or temporary workforces, reliance on recruitment agents, remote worksites and limited worker rights mean that modern slavery risks are present in the value chains of companies in all industries and of all sizes.

Thai businesses and investors must manage and mitigate risks associated with modern slavery. Critically, they must also provide (or facilitate the provision of) remedy to victims, where their business activities have caused or contributed to cases of modern slavery or related exploitation. The cost of inaction – for people and business – is too high.

### Debt bondage: a key modern slavery risk for business in Thailand

Debt bondage occurs where a worker is required to work to pay off an excessive or undefined debt. It is particularly prevalent in Thailand because of the high number of migrant workers who take on debts to pay for recruitment fees and other migration costs at different stages of the labor migration process. It can also be exacerbated by deceptive recruitment where debts are unfairly increased (usually on arrival in a destination country) and migrant workers must work for little or no wages in order to pay off the larger debt.

Migrant workers are often required to pay recruitment fees and other migration costs related to their employment, including travel expenses, passport or visa fees and commissions or bribes.

These costs can be significant for migrant workers. For example, according to an ILO study in 2020, upfront costs for Cambodian migrants to Thailand can range between US\$ 427-650, not including fees for travel within Cambodia or fees paid to recruiters or illegitimate fees such as bribes, which can bring the total well above US\$ 1,000.

In recent years, many businesses have committed to the 'Employer Pays Principle' where recruitment fees and other migration costs are borne by the employer to prevent debt bondage, as well as meeting the real costs of hiring much needed labor. For a case study, please see in the References, ILO 2019, *The Benefits of Fair Recruitment: Results of the Impact Study on the Nepal-Jordan Corridor*.



*Khao Lak, Thailand, 12 March 2007. Fishing boats at Thaplamu dock. Photo credit: Andrew Woodley/Education Images/Universal Images Group via Getty Images.*





## 2. MODERN SLAVERY RISKS TO PEOPLE AND BUSINESS

### What are the risks to people?

Removing someone's liberty and freedom can have severe impacts on a person's physical and psychological well-being. Victims may suffer physical harm from mistreatment; for example, due to working in hazardous environments, or malnourishment due to lack of food provision and/or wages to buy food. The psychological impacts may include depression, anxiety and post-traumatic stress disorder (PTSD) which, if not properly remediated, can in turn increase vulnerability to further exploitation.

The ILO has identified 11 indicators of Forced Labor. In some cases, the presence of just one indicator may amount to modern slavery. In other cases, a combination of indicators points to modern slavery. The 11 indicators offer a clear indication of the range of personal risks that the forms of modern slavery pose. Some examples of how these risks impact victims are provided alongside the 11 indicators below. They are adapted from U.S. Department of Labor's Bureau of International Labor Affairs (ILAB) [2020 List of Goods Produced by Child Labor or Forced Labor](#).

#### Abuse of vulnerability

*"I'm an irregular migrant and was told that my contract was updated. I'm now required to work longer hours but paid less."*

#### Deception

*"This work is completely different than what I was told."*

#### Restriction of movement

*"I'm not allowed to leave or communicate with anyone outside."*

#### Isolation

*"I am taken to work every morning and work by myself until I'm collected in the evening. I can't speak the local language."*

#### Physical and sexual violence

*"I didn't expect to be physically and sexually abused."*

#### Intimidation and threats

*"My employer won't allow me to quit and has threatened to hurt my family if I do."*

#### Retention of identity documents

*"My employer confiscated my identity papers and passport and won't allow me to access them."*

#### Withholding of wages

*"I still haven't been paid."*

#### Debt bondage

*"I owe the recruitment agent money for placing me and am working to pay them back."*

#### Abusive working and living conditions

*"I'm not safe at work."*

#### Excessive overtime

*"I have no choice but to work excessive overtime."*



## What are the risks for business?

Every business has the responsibility to respect human rights throughout its value chain. This is reflected in the UNGPs, the authoritative international standard on responsible business practices. This responsibility is also recognised in other international frameworks such as the OECD Guidelines for Multinational Enterprises, Sustainable Development Goals (SDGs) and United Nations Global Compact. The ILO's Declaration on Fundamental Principles and Rights at Work and its eight core conventions establish the international standards for forced labor and child labor. See Appendix C for further detail on the international standards and frameworks.

Consumers, investors, employees, regulators and other stakeholders increasingly expect businesses to be able to “know and show” how they are meeting international standards. A business may be expected to meet these standards to maintain its social license to operate, an informal ‘license’ a business earns by gaining the trust and respect of society, including communities who may be affected by their activities.

As mentioned, modern slavery is recognized as one of the social factors in the ESG risk framework. Consequently, failing to prevent, mitigate or remediate modern slavery increases a company's ESG risk profile which in turn has the potential to give rise to a number of well-known business risks that are traditionally of major concern for companies and investors.

**Legal and compliance** – slavery, forced labor and human trafficking are criminal offenses in Thailand, and exploitative labor practices breach Thailand’s labor laws. A company may be held liable for breaching the laws if it engages in exploitative labor practices. A number of jurisdictions now require companies to report on actions they are taking to identify and address modern slavery risks in their supply chain or value chain, including Australia, the UK and California (USA). Further, there are laws in France and Germany, and a proposed law in the EU, requiring business due diligence on human rights standards. See Appendices C, D and E for more information regarding Thailand criminal and labor laws relating to modern slavery, and examples of national transparency in supply chain and mandatory human rights due diligence laws.

**Regulatory and administrative** – a growing number of countries are issuing sanctions or import restrictions that affect market access in relation to goods made with forced labor. For example, the US Tariff Act, Canada’s Memorandum D9-1-6 and the EU’s threatened import ban in relation to Thai seafood (its ‘Yellow Card’ warning). Similar import bans have been debated in Australia and proposed in the EU. Commodities can be publicly ‘blacklisted’; for example, by featuring in the US Department of Labor’s List of Goods Produced by Child Labor or Forced Labor, impacting a sector’s reputation and sales.

**Brand and reputational** – forced labor scandals can result in loss of market confidence based on tainted brand and lost reputation – a British clothing brand’s share price was halved in the space of nine days on the basis of labor abuse findings, which included modern slavery. Investors and consumers are demanding greater transparency over labor practices to ensure value chains are free from forced labor and modern slavery. The power of social media and increased consumer awareness place greater scrutiny on labor practices. Brand and reputational damage can take years to rebuild.

**Operational and project risk** – a business that relies on forced labor or other exploitation does not have a resilient workforce. Promoting fair and safe labor practices have been shown to increase productivity; for example, through research conducted into ILO’s Better Work Program. Decent working conditions also reduce the possibility of strikes and protests, and even factories being closed as a result of labor exploitation. Investors are increasingly aware of this link between better ESG practices, including management of labor risks, and stronger, less risky operational performance.

**Financial and credit risk** – failing to prevent or remediate modern slavery can affect a company’s ability to borrow money or attract investment. Banks and investors are increasingly introducing modern slavery risk screening into their customer checks and investment mandates and indicators into ESG analysis. Investors are especially interested in the effectiveness of a business’ risk controls to prevent or remedy modern slavery. Collaborative financial sector initiatives are emerging, which provide new platforms for banks and investors to support companies to improve their modern slavery risk management. One example in the Asia Pacific region is the Investors Against Slavery and Trafficking (IAST APAC) initiative. Shareholder action to improve modern slavery risk management is growing, and attracting support from institutional investors that have fiduciary duties to provide the best returns for their beneficiaries and increasingly recognize that companies with high levels of social risk are not strong long-term investments.



### 3. COMMON MODERN SLAVERY RISKS FOR THAI BUSINESSES

There are certain risk factors that increase the likelihood of modern slavery taking place. The table below sets out key risks that are likely to occur across the eight SET industry groups. These risks reflect Thailand's role in the global economy, basic economic structural features, particular range of industries and sectors, and typical business models given its labor supply and workforce development. The risk descriptions in this table will help listed companies to begin identifying the general risks that might exist in their businesses and provide the basis for further risk assessment relevant to the specific sector.

General Risks	
Vulnerable Populations	<p><b>Low-skilled and low-wage worker</b></p> <p>Low-skilled labor refers to work that does not require advanced skills or professional training to complete. Individuals employed in this work are vulnerable to exploitation because the labor pool is large, meaning workers have limited leverage with employers or recruiters to advocate for improvements to their working conditions. Those employed in low-skilled work are often paid low wages which increases their dependence on the employer and vulnerability to exploitation. In cases of debt bondage, pay may be kept deliberately low so it is not enough for the worker to pay off the debt.</p>
	<p><b>Migrant workers</b></p> <p>Migrant workers are particularly vulnerable to exploitation because the labor migration process is inherently risky. Further, they may not speak the local language and/or are unfamiliar with their workplace rights in respect of decent work, discrimination and freedom of association. Visa arrangements can tie workers to a particular employer making it harder for them to leave a harmful situation and recruitment practices may leave migrants in situations of debt bondage.</p>
	<p><b>Women and girls</b></p> <p>Women are more likely than men to be employed in temporary, informal or precarious positions and paid lower wages. Women face discrimination and a disproportionate risk of sexual and gender-based violence and harassment both at work and within society at large, which can increase vulnerability to forced labor and labor exploitation.</p>
	<p><b>Children and young workers</b></p> <p>The worst forms of child labor take place in situations where children are exploited, forced to work or engaged in hazardous work which may harm their health, safety or morals. Child forced labor has been reported in the production of garments, in agriculture, and in shrimp and seafood processing in Thailand. Children that do not attend school are vulnerable to modern slavery; and, the children of migrant workers that have accompanied their parents can be especially vulnerable.</p>
	<p><b>Minority groups</b></p> <p>Ethnic minorities, religious minorities, disabled persons, LGBTI+ populations and other minority groups can face discrimination, increasing their vulnerability to exploitation.</p>

## General Risks

### Geographic Risks

#### Country risk factors

Certain countries carry higher risks when the following factors are present: conflict, weak rule of law, corruption, displacement, human rights abuses, state-imposed forced labor, or failure to ratify and implement international conventions relevant to modern slavery and decent work. Countries that do not uphold the rights of all workers to form trade unions or bargain collectively to improve their working conditions demonstrate a lack of concern for workers and their welfare.

#### Special Economic Zones

Special Economic Zones (SEZs) benefit from low-cost, low-skilled labor. They can often be found in border or coastal regions. SEZs are often not regulated by national labor laws or inspected by local labor officials, making compliance weak and transparency low. Workers can be excluded from labor protections, heightening their risk of exploitation. Some SEZs allow only for short term labor contracts. There are ten SEZs in Thailand, and three, 11 and 54 in Myanmar, Lao PDR and Cambodia, respectively.

### High Risk Work Practices

#### Industry and product risks

Certain industries or products may have high modern slavery risks because of common industry practices, the raw materials used (and the risks involved in the extraction or production of these materials) or the way the products or services themselves are manufactured, produced, provided or used.

For example:

- An industry may be deemed high-risk when it frequently employs vulnerable populations, operates in certain geographic locations or utilizes high-risk work practices.
- A product may be high-risk because of the raw materials required to make it such as cotton or certain minerals that are extracted using forced labor or child labor (e.g. cobalt, tin, tungsten, tantalum and gold).
- Industries with narrow profit margins and overly transactional relationships between suppliers and buyers can result in buyers placing excessive pricing pressure on suppliers, which respond by cutting corners on labor rights and/or subcontract the work elsewhere.
- Industries where the final price of the product makes it impossible to pay a living wage to workers throughout the supply chain.

#### Temporary, seasonal and informal employment

Temporary employment includes day labor, casual and seasonal work. Temporary workers rely on demand for labor from the employer which can lead to a power imbalance and dependency. Temporary workers are not often afforded the same workplace entitlements and protections as permanent employees. Informal workers without written employment contracts are offered little protections from exploitative practices taking place at work. Temporary, seasonal and informal work is prevalent among migrants including informal migrant workers, compounding risk.

#### Short-term contracts & outsourcing

The practice of short-term contracting and outsourcing poses a risk to workers because the principal company may no longer have oversight of recruitment and management. Many contractors are likely to be small-to-medium-sized enterprises (SMEs) that might lack knowledge on modern slavery and labor exploitation risks. Principal companies do not always communicate their workplace expectations to contractors or subcontractors; and, even when they do, protections for workers are not always upheld. Companies need to be especially vigilant that the modern slavery risks of outsourcing to recruitment agencies in relation to hiring migrant workers are well-managed.

#### Lack of access to grievance mechanisms

In many workplaces it can be difficult for workers to access grievance mechanisms. This means many problems or abuses go unreported and are not remediated, leaving workers in vulnerable positions or situations of exploitation.

## 4. MODERN SLAVERY RISK ASSESSMENT






The *SET Corporate Sustainability Guide* sets out the five elements of a business value chain to help companies identify and understand material risks in each business activity in the value chain: inbound logistics, operations, outbound logistics, marketing and sales, and after-sales service.

A business may cause, contribute or be directly linked to modern slavery or related exploitation in every activity in the business value chain, from the production and importation of raw materials through to manufacturing, distribution and sales of finished products. When assessing modern slavery risks, companies must think about how these risks might occur in their own workplaces and workforces, but also how they might be occurring in their suppliers (including recruitment agents) further up their value chains and their distributors and customers further down their value chains.

**Depending on where these modern slavery risks occur and how the company is connected to the risk, companies may need to consider how they can address them through taking action themselves or using their leverage to get others to take action.**

The emergence of mandatory human rights due diligence laws in France, Germany and the EU will broaden the scope of company responsibility to assess and address human rights risks, including modern slavery, across their value chain.

The table below suggests key considerations to take into account when mapping value chains and assessing risk and impact all the way along them to achieve better risk management.

Business Value Chain				
				
Inbound Logistics	Operations	Outbound Logistics	Marketing and Sales	After-sales Service
<ul style="list-style-type: none"> <li>Consider geographic, industry and product risks when sourcing goods and raw materials.</li> <li>Map supply chain tiers to understand where risks lie by level or input.</li> <li>Examine the transportation and importation of business inputs.</li> </ul>	Examine features of workforce – contract types, work locations, onsite accommodation, working conditions (wages, hours, housing, breaks, leave), worker vulnerability (nationality, immigration status), and union representation.	Look at the packaging, transportation and distribution of extracted, harvested, manufactured or processed products.	Determine if products are marketed ethically and sold for fair purchase prices that allow workers in each business activity in the value chain to be paid a living wage. <sup>2</sup>	Check if customer service employees are treated and compensated fairly and do not involve any forms of modern slavery.

<sup>2</sup> According to the Global Living Wage Coalition, a 'living wage' refers to the remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events. There are a number of ways to calculate living wage. One example is the Anker methodology which estimates the cost of a 'basic but decent' lifestyle for a worker and their family (average household) in a particular location based on food, housing and other essential needs.



## SECTION B

# INDUSTRY RISKS

Modern slavery is an issue that cuts across industries, and all businesses are likely to be exposed to its risks in different ways or at different stages. This section is designed to assist listed companies to understand the range of modern slavery risks that are specific to their industry. It is not intended to be exhaustive, especially given the relative newness of business learning about and factoring in social risks such as modern slavery. When conducting risk assessments and determining the actions to take in response to modern slavery risks and even cases, Thai companies should focus not just on the general risks in Thailand but also their specific industry. The industries in this section align to SET's classification of its listings into 8 industry groups and 28 sectors. The risks have been identified through literature review and stakeholder interviews.

*Bangkok, Thailand, 21 November 2021. A Thai worker cleans a passenger train at the 105-year Hua Lamphong railway station.  
Photo credit: Anusak Laowilas/NurPhoto via Getty Images.*





Chiang Mai Province, Thailand, 7 November 2019.  
This photo shows farmers harvesting rice in the village of MaeRim in the northern Thai province of Chiang Mai. Battling drought, debt and ailments blamed on pesticides, rice farmers in northern Thailand have turned to eco-friendly growing methods despite powerful agribusiness interests in a country that is one of the top exporters of the grain in the world.  
Photo credit: Lillian Suwanrumpha/AFP via Getty Images.

# 1. AGRO & FOOD

## Sector

### Agribusiness

### Food & Beverage

The Agro & Food Industry is made up of agribusiness and food and beverage companies. These companies purchase raw materials for production and processing locally and from overseas. They need strong quality control frameworks to produce food and beverages in accordance with health and safety standards. Their products are stored in warehouses and distributed to wholesalers and retailers throughout Thailand.

Thailand's key agricultural industries include agricultural processing, rubber, sugar, rice and cassava farming, and fishing. Thailand is among the world's largest seafood processors and exporters.

Over one third (34 per cent) of Thailand's labor force was employed in agricultural work in 2018. Over 430,000 migrant workers were formally employed in the sector, with the actual total inclusive of informal workers thought to be much higher. Of those formally employed, 75 per cent were from Myanmar, 14 per cent from Cambodia and 11 per cent are from Laos.

Agricultural work is considered to be among the most hazardous sectors, with workers exposed to poor health and safety conditions. Seasonal work can be unpredictable, and many jobs are informal. Due to the large number of smallholder farmers in agriculture, oversight of labor rights is difficult.

## Industry risks

- Workforce consists of low-skilled and low wage workers; for example, in harvesting, fishing, food processing and manufacturing.
- Wages are commonly paid based on crop output or 'piece rate' pay.
- Heavily reliant on migrant and temporary workers, including irregular or undocumented migrants without social or legal protections.
- Lack of written employment contracts is common in the agricultural sector.
- Isolated worksites, such as farms and boats are prevalent, often with on-site accommodation.
- Certain work permits tie workers to specific employers.
- Workers complete long work hours and may be made to work excessive overtime.
- Children and young workers are employed in farming, sometimes working with hazardous pesticides and fertilizers.
- A high proportion of women are employed in agricultural work.
- Low rates of unionization in the industry.
- COVID-19 and related lockdowns impact workers by placing restrictions on their movement, preventing them from earning a steady income. They have made workers more vulnerable and more likely to accept risky employment.
- Intimidation and violence are used by fishing boat operators to coerce workers.



## 2. CONSUMER PRODUCTS

### Sector

#### Fashion

#### Home & Office Products

#### Personal Products & Pharmaceuticals

The Consumer Products industry is made up of fashion, home and office products, and personal products and pharmaceuticals companies. These companies design products, source raw materials, and produce goods with testing and quality controls according to specified standards. Consumer products manufactured in Thailand include textiles and garments, jewellery, furniture, pharmaceuticals, paper, and goods made from ceramics, glass and leather. In 2016, about 1 million people were employed within Thailand's fashion sector (garments and textiles).

Risks in the consumer products sector begins with the import of high-risk raw materials such as cotton, latex and gemstones from international sources. While COVID-19 has impacted this sector heavily, growth has occurred in certain areas such as e-commerce and convenience stores. Within the industry, the production of garments and manufacturing of products carry risks due to common demanding purchasing practices and the types of vulnerable workforce employed. These risks can result in exploitation of vulnerable workers and may lead to forced labor.



*Maesot, Thailand, 6 December 2011. Workers sewing bras at a factory at Maesot, Thailand. Photo credit: Denise Tsang/South China Morning Post via Getty Images.*

### Industry risks

- Poor working and living conditions are common.
- Workers complete long work hours and may be made to work excessive overtime.
- Workforce includes many low-skilled and low wage workers; for example, in manufacturing.
- Wages can be paid based on output; for example, in garment and textile production.
- A high proportion of women are employed.
- Reliant on migrant and temporary workers, including irregular or undocumented migrants without social or legal protections.
- Certain work permits tie workers to specific employers.
- High prevalence of outsourcing and subcontracting to smaller suppliers.
- Worksites are located in SEZs including factories and manufacturing facilities.
- Raw materials are produced using high-risk practices; for example, gemstones in jewelry production.
- Lack of written employment contracts is commonplace.
- Use of poor purchasing practices with high production targets and quick turnaround times; for example, in garment production.
- COVID-19 has led to global value chain disruptions and changes in demand for certain products, with flow on effects to workers employed in their production; for example, workers employed in the production of pharmaceuticals may be required to work excessive hours to meet demand.







### 3. FINANCIALS

#### Sector

**Banking**

**Finance & Securities**

**Insurance**

The number of employees within the Financials industry is low - only 1.5% of the total population of Thailand. There is limited modern slavery risk in the direct workforce which consists of predominantly white-collar workers. However, the industry carries enormous risks through projects it invests in and financial services they provide. Investors and lenders hold a high level of influence, or 'leverage', and have the corporate responsibility to respect human rights within their investment portfolios or borrowing customers.

#### Industry risks

- Exposure to high-risk industries through customers and clients.
- Through corporate lending and financing, financial businesses become part of value chains that can rely on modern slavery practices.
- Investing in projects or assets in SEZs, countries with weak governance levels or high-risk industries where labor rights are not closely monitored, puts workers at increased risk of exploitation.
- Irresponsible lending, without proper due diligence can lead to negative impacts for workers and communities and reputational damage for companies; for example, in infrastructure and other major projects.
- Profits generated by modern slavery may be laundered through legitimate financial channels, resulting in financial institutions inadvertently facilitating these criminal activities.
- Customers engaged in illegal labor practices such as human trafficking and forced labor are also likely to engage in other illegal activities including money laundering. Lending to businesses that violate human rights or facilitate corruption acts to accelerate and perpetuate these illegal activities.
- Financial institutions are exposed to risks through using certain goods or services in their operations; for example, overseas data centres and IT equipment, and construction, cleaning and catering services. Workers may have been hired through recruitment agents and/or lack access to adequate labor protections.



Chao Phraya River, Bangkok, 12 April 2021.  
Photo credit: Mladen Antonov/AFP via Getty Images.



# 4. INDUSTRIALS

## Sector

**Automotive**  
**Industrial Materials & Machine**  
**Paper & Printing Materials**  
**Petrochemicals & Chemicals**  
**Packaging**  
**Steel & Metal Products**

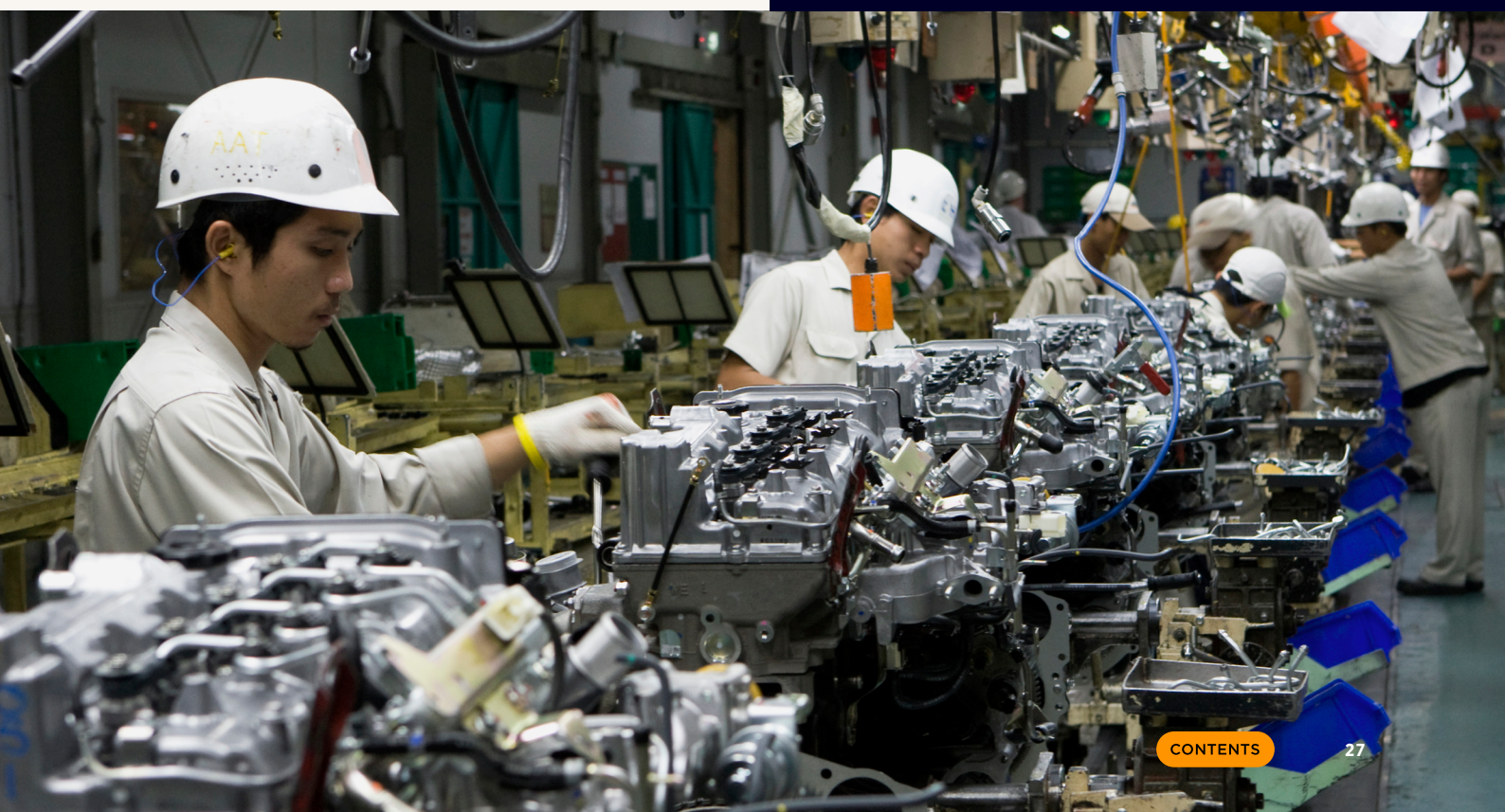
The Thai industrials sector covers a wide range of industries with outputs including automobiles and automotive parts, tyres, agricultural machinery, machinery and metal work, chemicals and petrochemicals, and printing, pulp and paper. Of the total Thai labor force, 16.7 per cent of workers were employed in the industrials sector in 2017. Specifically, 450,000 workers were employed in Thai automotive factories in 2019. Most of these factories are Tier 1 and Tier 2 suppliers that produce a range of products, including tyres and structural components for larger buyers. Exports of cars, parts and accessories surged in 2021. Contrastingly, COVID-19 related shortages in global supplies have resulted in factory closures.



*Rayong Province, Thailand, 19 March 2009. Thai workers on the production line at the Auto Alliance automobile plant at the Hemaraj Eastern Seaboard Industrial Estate. The factory is a joint venture between Mazda and Ford and has a monthly production capacity of 175,000 vehicles. At full tilt the factory produces a new car every 1.6 minutes. Feeling the impact of a global economic slowdown, Ford says it has cut production by about 20%, slowing its production line to a rate of one new car every 2.8 minutes. The company claims that it has not yet laid off any of its workers. A hub for auto manufacturing in Asia, Thailand is often dubbed 'the Detroit of the East'. Photo credit: Yvan Cohen/LightRocket via Getty Images.*

## Industry risks

- Workforces include many low-skilled and low wage workers; for example, in manufacturing.
- Dangerous work practices and/or exposure to hazardous materials.
- Raw materials are produced using high-risk practices; for example, palm oil (chemicals and petrochemicals), and iron ore and coal (steel).
- Reliant on migrant and temporary workers, including irregular or undocumented migrants without social or legal protections.
- Low rates of unionization in the industry. Joining unions is not encouraged; for example, factory workers have been fired for participating in a union.
- Worksites located in SEZs, like the production sites of automotive parts.
- Children are employed in certain stages of manufacturing.
- Certain work permits tie workers to specific employers.
- COVID-19 has led to global value chain disruptions and changes in demand for certain products, with flow on effects to workers employed in their production; for example, workers employed in the production of steel may be required to work excessive hours to meet demand.







## 5. PROPERTY & CONSTRUCTION

### Sector

**Construction Materials**

**Construction Services**

**Property Development**

**Property Fund & Real Estate Investment Trust (REIT)**

About 2.2 million workers were employed in construction work in Thailand in 2014. The rapid growth of the sector has driven a high demand for unskilled labor, prompting construction companies to hire migrant workers from the Mekong countries - Cambodia, Laos and Myanmar - to fill labor shortages. In 2016, there were more than half a million documented migrant workers in the Thai construction sector, in addition to the high number of undocumented workers. According to the World Bank estimates from 2016, migrant workers could make up to 80 per cent of the construction sector workforce. Modern slavery risks are not just limited to Thailand. Many Thai construction companies have operations in neighbouring countries. As a high-risk sector globally, the Property & Construction Industry must consider the risks of labor exploitation within their Thai and international operations.



Bangkok, Thailand, 27 November 2002. Fixing steel reinforcement during construction of waterworks. Photo credit: Adrian Greeman/Construction Photography/Avalon via Getty Images.

### Industry risks

- Temporary, short-term and day laborers are employed. In the construction sector, work is often dependent on weather.
- Very common to employ contractors, subcontractors, and multiple suppliers.
- Workforce includes many low-skilled and low wage workers.
- Wages are commonly below minimum wage, with migrants earning less than Thai nationals, and women less than men. Isolated worksites, often with on-site accommodation. Accommodation in construction camps can be unsafe for women and children, with many exposed to violence and poor living conditions.
- Hazardous working environments.
- Children are employed. In the construction sector they may work with their families on-site or find employment nearby, with many missing out on schooling due to frequent movement.
- Raw materials are produced using high-risk practices; for example, forced labor and child labor have been used in the production of bricks in Afghanistan, Cambodia, China, India, Myanmar, Nepal and Pakistan, and for producing stones in quarries in India and Nepal.
- Heavily reliant on migrant and temporary workers, including irregular or undocumented migrants.
- Certain work permits tie workers to specific employers.
- Lack of written employment contracts is common in the construction sector.
- Related to the Financials industry, property funds and REITs become part of value chains that can rely on modern slavery practices.
- A high proportion of women are employed in construction. However, this work is often restricted or informal; for example, if wives are employed with their spouse, they are viewed as the 'helper' and earn lower wages.
- COVID-19 lockdowns and travel restrictions impact freedom of movement and can prevent workers accessing or leaving their workplace. Informal and temporary workers are most likely to face job losses as a result of changes in demand.



# 6. RESOURCES

## Sector

### Energy & Utilities Mining

Thailand mines over 40 commodities and produces natural gas, renewable energy, and extracts and refines petroleum. Thailand is the world's second-largest tungsten producer and third-largest tin producer. The resources industry in Thailand faces risks of modern slavery and labor exploitation in various business activities in the value chain. In 2019, 61,000 workers were employed in mining and quarrying and 215,000 in utilities.

Renewable energy projects including hydropower, solar, wind and biomass have a large land footprint. These projects can attract less scrutiny than fossil fuel projects due to government incentives and renewable targets and have been linked to human rights violations to local communities without adequate provision of remediation.



*Gulf of Thailand, Thailand 14 January 2012. View of oil and gas rig in the Gulf of Thailand. Numerous wellheads are situated in the gulf, drilling wells are built offshore to explore underwater crude oil, fuel oils, natural gas, liquefied petroleum gas and petrochemicals. Photo credit: Paul Lakatos/SOPA Images/LightRocket via Getty Images.*

## Industry risks

- Dangerous work practices and/or exposure to hazardous materials occurs in the sector; for example, in small-scale and artisanal mining, which is also largely informal work.
- Isolated worksites, such as offshore platforms and quarries.
- International investments and operations carry geographic risks; for example, companies expose themselves to risk by operating in countries with a history of human rights abuses and/or that employ state-sanctioned forced labor.
- Migrant workers are employed; for example, to work on mine sites and in power plants.
- Workforce includes some low-skilled and low wage workers.
- Certain work permits tie workers to specific employers.
- Worksites in SEZs, such as hydropower dams and coal mines.
- Raw materials are sourced from high-risk geographies, for example polysilicon from Xinjiang, China.







## 7. SERVICES

### Sector

**Commerce**  
**Health Care Services**  
**Media & Publishing**  
**Professional Services**  
**Tourism & Leisure**  
**Transportation & Logistics**

Thailand's Services industry has rapidly expanded in recent years and covers a broad range of activities. Of Thailand's labor force, 51.5 per cent of workers were employed in services in 2015. Some parts of the industry, including hospitality venues, hotels and transport, can become sites of exploitation used to facilitate human trafficking and sexual exploitation. The COVID-19 pandemic has created additional risks for workers in these value chains, with reduced hours and underpayment meaning workers may be forced to work excessive overtime or take on additional debt to survive. Similarly, disruptions to transport networks in the wake of the pandemic may increase vulnerability for informal workers in transportation and logistics.



Phuket, Thailand, 30 September 2020. This aerial photo shows an empty swimming pool at a hotel on Karon beach. A private infinity pool, gourmet meals... and round-the-clock surveillance from a "war room" -- the first foreigners to arrive in Thailand will be ensconced in luxury conditions under some of the strictest quarantine rules in the world. Photo by Lillian Suwanrumpha/AFP via Getty Images.

### Industry risks

- Workers often paid below minimum wage and experience salary deductions; for example, in hotels (waiters, gardeners, dishwashers, housekeepers).
- Workforce includes many low-skilled and low-wage workers; for example, in security, cleaning, maintenance and catering.
- A high number of women are employed; for example, in tourism and leisure and healthcare.
- Children are employed; for example, as house keepers in hotels.
- Heavily reliant on migrant and temporary workers, including irregular or undocumented migrants.
- Poor living conditions with examples of unsanitary and crowded accommodation facilities for migrant workers in the hotels sector.
- Lack of written employment contracts is common in the services sector.
- Certain work permits tie workers to specific employers.
- Contracting and sub-contracting work is characteristic of the services industry.
- Transit routes through various jurisdictions carry geographic risks.
- Worksites in SEZs for example, service companies with sites in Sa Kaeo and Mae Sot.
- Transportation services and accommodation are used to transport and harbor victims of trafficking.
- COVID-19 lockdowns and travel restrictions impact workers' freedom of movement and can prevent them accessing or leaving their workplace; for example, maritime workers are unable to leave vessels at certain ports, preventing crew changes.
- COVID-19 has led to global supply chain disruptions and changes in demand for certain products, with flow on effects to workers employed in their production. Workers employed in healthcare services may be required to work excessive hours to meet demand. Certain products may be manufactured with similar high risk; for example, personal protective equipment (PPE).

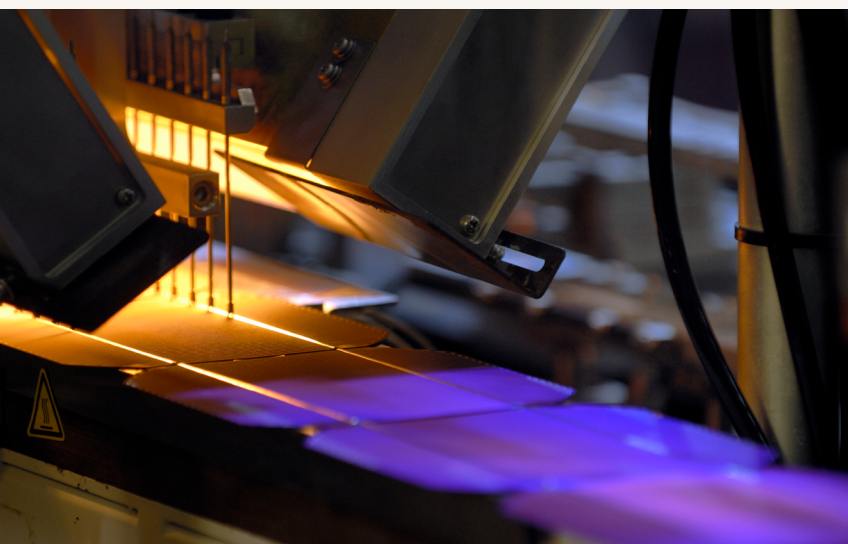
## 8. TECHNOLOGY

### Sector

#### Electronic Components Information & Communication Technology

In 2020, Thailand exported US\$ 34.4 billion worth of electrical and electronic equipment. According to the ILO, 386,000 ICT specialists were employed in Thailand in 2017 and nearly 750,000 worked in the production of electronic components in 2016.

In Thailand's technology sector, labor risks arise in each business activity in the value chain from sourcing raw materials and manufacturing, to disposing products at the end of their lifecycle. Exploitative labor practices have been experienced by workers in the sector including poor working conditions, forced labor and child labor.



### Industry risks

- Dangerous work practices and/or exposure to hazardous materials; for example, melting and disposing of E-waste which exposes workers to dioxin fumes.
- Raw materials are sourced from countries with geographic risk; for example, tantalum, tin, tungsten and gold from the Democratic Republic of Congo.
- Workers complete long work hours and may be made to work excessive overtime. In the technology sector, this is driven by high production targets and tight timeframes.
- Workforce includes many low-skilled and low wage workers.
- Certain work permits tie workers to specific employers.
- Heavily reliant on migrant and temporary workers in manufacturing and assembly of electronic products.
- Many workers employed informally or on short-term or daily contracts.
- Worksites in SEZs and near borders.



*Thailand, 10 August 2007. Solar cells wafers as they pass through a machine during the fabrication process at a factory in Thailand. Photo credit: Roland Neveu/LightRocket via Getty Images.*

## KEY TAKEAWAYS

- Modern slavery impacts all industries and value chains.
- All companies should understand both the general and industry-specific risks that apply to their workforce and value chain. It is critical that companies understand these risks in order to take action to prevent or mitigate them.
- Companies should consider the specific vulnerabilities of their workforce and workers throughout their supply chain, including risks relating to migrant workers, temporary and seasonal workers, women and children, and informal workers.
- In Thailand, all industries rely on migrant workforces in their value chain. These workers are particularly vulnerable to debt bondage, deceptive recruitment and other exploitative labor practices.
- Companies should also consider risks connected to the raw materials used to produce their products and services, specifically the labor risks involved in the production or extraction of those materials.



# SECTION C

## CHECKLIST FOR MODERN SLAVERY RISK MANAGEMENT

This checklist is designed to help companies to establish good practices to assess and address modern slavery risks and provide guidance on information that should be disclosed to their stakeholders. The checklist is closely informed by the principles set out in the UN Guiding Principles on Business and Human Rights (UNGPs) and the approach taken towards transparency in supply chains set out in the Australian and UK modern slavery laws and their emerging modern slavery reporting practice.

The UNGPs recommend business implements its corporate responsibility to respect human rights by putting in place a human rights policy, conducting ongoing due diligence for knowing and showing modern slavery risk and actions, and establishing and maintaining a grievance mechanism for remediating instances of modern slavery if found. The four elements of the UNGPs due diligence process are: assessing actual and potential human rights impacts; integrating and acting upon the findings; tracking responses and communicating how impacts are addressed.

The Australian Modern Slavery Act, for instance, requires that companies must comply with the law to identify their structures, operations and supply chains; conduct modern slavery risk assessments through their business; take actions that respond to the risks identified; and be able to evaluate the effectiveness of those various actions.



Rayong, Thailand, 29 June 2016.  
A general view of the Map Ta Phut  
industrial estate in Rayong province.  
The country's largest industrial estate and  
the world's eight-largest petrochemical  
industrial hub. Photo credit: Piti A  
Sahakorn/LightRocket via Getty Images.

In terms of structure, the checklist sets out the following types of information:

**Overview:** a description of what action the business should take;

**Checklist questions:** key questions to ask to test your progress; and

**56-1 One Report / Form 69-1 / SD reporting / Sustainability disclosures:** how the company should report on the actions it is taking.

For additional tools and resources for companies, see [Appendix H](#).

Overview	Checklist questions	56-1 One Report / Form 69-1 / SD reporting / Sustainability disclosures
<b>GOVERNANCE &amp; POLICY</b>		
<b>Responsibility</b> Ensure responsibility is established throughout the organization: <ul style="list-style-type: none"> <li>- Assign roles at the Board and executive level to oversee modern slavery risk management, strategy development and implementation.</li> <li>- Appoint a working group and/or lead officer to manage modern slavery risks and implement a strategy throughout the organization, including policy framework, risk mapping, due diligence and remediation.</li> </ul>	<b>Responsibility</b> Has our organization established responsibility for managing modern slavery risks and implementing policies at The Board and executive level; and the operational level; e.g., to a working group or lead officer?	<b>Responsibility</b> Description of organizational responsibility for managing modern slavery risks.
<b>Strategy</b> Define the organization's strategy to manage modern slavery risks. This should include: <ul style="list-style-type: none"> <li>- Policies and procedures, and contractual provisions,</li> <li>- Risk assessment framework,</li> <li>- Due diligence processes (e.g., monitoring through supplier and worker engagement); and,</li> <li>- Corrective action and remedy including grievance mechanisms and a remediation plan.</li> </ul>	<b>Strategy</b> Does our organization have a strategy for managing modern slavery risks that has been approved by the Board?	<b>Strategy</b> Description of organizational strategy for managing modern slavery risks.

Overview	Checklist questions	56-1 One Report / Form 69-1 / SD reporting / Sustainability disclosures
<p><b>Reporting</b></p> <p>1. Ensure there is a process for reporting modern slavery risks and incidents internally to the executive and Board. This should include information regarding:</p> <ul style="list-style-type: none"> <li>- number of critical breaches of your policies relating to modern slavery;</li> <li>- number of modern slavery incidents or grievances;</li> <li>- responses and remedies proposed or provided in relation to breaches and incidents; and,</li> <li>- analysis of breaches and incidents, and lessons learned for preventing or mitigating them.</li> </ul> <p>2. Establish how the business will report publicly on any modern slavery risks and incidents, including complying with legal reporting obligations</p>	<p><b>Reporting</b></p> <p>Do we report internally to the executive and Board on any breaches of our policies, including modern slavery risks/incidents and our response?</p> <p>Do we report on this publicly in our sustainability or other reports?</p>	<p><b>Reporting</b></p> <p>Description of internal reporting process on breaches of policy framework and cases of modern slavery or related exploitation and company's response.</p> <p>Report on modern slavery risks, incidents, responses and remedies, including:</p> <ul style="list-style-type: none"> <li>- Policy &amp; Governance</li> <li>- Risk Assessment &amp; Due Diligence</li> <li>- Grievance Mechanisms, Response &amp; Remediation</li> </ul> <p>Example KPIs to report on:</p> <ul style="list-style-type: none"> <li>- % suppliers assessed</li> <li>- No. site visits/social audits</li> <li>- No. of workers engaged</li> <li>- No. of complaints received</li> <li>- No. of policy or procedure breaches identified</li> <li>- Description of risks mitigated or prevented (e.g. through a corrective action plan)</li> <li>- No. of incidents of modern slavery or related exploitation identified</li> <li>- No. of incidents of modern slavery or related exploitation remediated</li> <li>- No. of civil society organizations engaged</li> </ul>



Overview	Checklist questions	56-1 One Report / Form 69-1 / SD reporting / Sustainability disclosures
<p><b>Policy Commitment</b></p> <p>Clear policies that set out your commitment to and principles/standards for addressing modern slavery should be adopted and published. These may include:</p> <ul style="list-style-type: none"> <li>- Human Rights Policy, Modern Slavery Policy and/or Forced and Child Labor Policy</li> <li>- Ethical Recruitment Policy and/or Employer Pays Principle</li> <li>- Procurement Policy and/or Supplier Code of Conduct (including provisions on modern slavery)</li> <li>- Human Resources policies including complaints handling policy</li> <li>- Grievance Mechanism and Whistleblower Policy</li> <li>- Investment Policy or Framework</li> <li>- Remediation Policy or Framework</li> </ul>	<p><b>Policy Commitment</b></p> <p>Do we have policies that set out our commitment to addressing modern slavery that have been approved by the executive and Board and are made public?</p>	<p><b>Policy Commitment</b></p> <p>Description of policies related to modern slavery and related exploitation and whether they have been approved by executive and Board and where they are published.</p>
<p><b>Policy Implementation</b></p> <ol style="list-style-type: none"> <li>1. Embed policies into your operational procedures and contractual provisions relating to: <ul style="list-style-type: none"> <li>- Your workforce (HR policies, employment contracts, ethical recruitment policy);</li> <li>- Suppliers, recruitment agencies and contractors (recruitment policies/Employer Pays Principle, procurement procedures, supplier code of conduct, contracts); and</li> <li>- Contractual provisions that, amongst other things, enable monitoring (e.g. audits, inspections, reporting of grievances) and require suppliers to assess their own suppliers' modern slavery risk and commit to managing it.</li> </ul> </li> <li>2. Inform relevant departments (such as HR, Procurement, Legal and Risk), suppliers and other business relationships (such as joint venture partners) of your modern slavery policies, procedures and contractual provisions. Conduct training for current employees and suppliers, and as part of employee induction or supplier onboarding to increase awareness and improve compliance.</li> <li>3. Establish a monitoring framework and process to track implementation and develop responses and remedies for breaches such as Self-Assessment Questionnaires, audits and inspections, worker and supplier engagement, and corrective action plans.</li> </ol>	<p><b>Policy Implementation</b></p> <p>Have we communicated our policies to key stakeholders and integrated them into our operations and practices through contractual provisions, procedures and training so they are implemented and can be monitored?</p>	<p><b>Policy Implementation</b></p> <p>Description of operational procedures or contractual provisions that implement policies.</p> <p>Description of how policies, procedures and contractual provisions have been communicated to key stakeholders and training of key stakeholders has been/is being conducted.</p> <p>Percentage of staff and suppliers that have been informed of and trained on policies.</p> <p>Description of monitoring framework to track policy/procedure implementation.</p> <p>No. of critical breaches of policies, procedures or contracts.</p>

Overview	Checklist questions	56-1 One Report / Form 69-1 / SD reporting / Sustainability disclosures
<b>RISK ASSESSMENT &amp; DUE DILIGENCE</b>		
<p><b>Risk Assessment</b></p> <ol style="list-style-type: none"> <li>1. Map your operations and value chain and assess them for modern slavery risks. Consider the general and sector-specific risks set out in Section B such as: <ul style="list-style-type: none"> <li>- Vulnerability of workers (low-skilled, migrant, women, children, minorities);</li> <li>- Geographic risks (country risks, SEZs);</li> <li>- High-risk work practices (Industry and product risks, temporary, seasonal and informal employment, short-term contracts and outsourcing, and workplaces without access to grievance mechanisms).</li> </ul> </li> <li>2. Identify the specific type of modern slavery risk if possible (such as forced labor, child labor, debt bondage, deceptive recruitment practices, etc), where it occurs in your operations and value chain, what its relevant indicators are (such as loss of freedom of movement, failure to check worker age, payment of recruitment fees, or complaints about contract substitution, etc), and whether you cause, contribute or are directly linked to the risk.</li> <li>3. Prioritise the salient risks based on severity and likelihood: <ul style="list-style-type: none"> <li>- Assess the severity of the impact on the people affected, considering how grave the impact would be, how widespread (i.e., how many people would it affect) and how hard it would be to remediate the resulting harm; and,</li> <li>- Consider the likelihood of risk occurring (noting that the most severe risks should be prioritised even if there is a low likelihood of occurring).</li> </ul> </li> </ol>	<p><b>Risk Assessment</b></p> <p>Have we mapped, assessed and prioritised risks of modern slavery and related exploitation in our operations and value chain (including raw materials)?</p>	<p><b>Risk Assessment</b></p> <p>Details of your risk assessment process including value chain mapping, risk indicators (such as vulnerable groups, and geographic, industry/product, and entity/practice risks) and risk assessment tools and/or service providers you use to assist.</p> <p>Description of modern slavery risks across the company's operations and value chain, explaining which risks are salient and why and highlighting which are your priority to address.</p>



Overview	Checklist questions	56-1 One Report / Form 69-1 / SD reporting / Sustainability disclosures
<p><b>Employment Practices</b></p> <p>Assess your own employment practices to ensure workers do not face exploitative treatment, making them vulnerable to modern slavery.</p>	<p><b>Employment Practices</b></p> <p>Have we assessed whether our company's own employment practices are fair and working conditions are decent? Consider:</p> <ul style="list-style-type: none"> <li>- Are workers paid a living wage?</li> <li>- Are workers paid their wages and other benefits on time?</li> <li>- Are workers forced to work excessive overtime?</li> <li>- Do workers' pay recruitment fees or other fees to get the job?</li> <li>- Are workers in situations of debt bondage?</li> <li>- Do they have safe and sanitary working and living conditions?</li> <li>- Do workers have contracts in a language they understand?</li> <li>- Do workers have access to passport/ID documents at all times?</li> <li>- Are workers free to leave their employment or accommodation at all times?</li> <li>- Does the company ensure workers' interests are adequately represented, including by respecting worker rights to join trade unions or workers associations?</li> <li>- Are all workers ages checked and child labor prevented?</li> <li>- Does discrimination occur in the workplace?</li> </ul>	<p><b>Employment Practices</b></p> <p>Description of steps taken to ensure employment and recruitment practices are fair and decent including description of relevant policies and procedures such as ethical recruitment and employment policies and commitments to ensuring workers do not pay recruitment fees.</p>

Overview	Checklist questions	56-1 One Report / Form 69-1 / SD reporting / Sustainability disclosures
<p><b>Supplier Engagement and Due Diligence</b></p> <p>Design and implement an ongoing due diligence process for assessing and addressing modern slavery risks that is approved by the Board and communicated to employees and suppliers. This involves identifying modern slavery risks and incidents, taking action in response to what is identified, tracking responses to make sure they are working, and communicating how risk and incidents are addressed. Reporting, policies and risk assessment have been covered above and are part of this process.</p> <p>Monitoring should be added to build a complete due diligence approach including:</p> <ul style="list-style-type: none"> <li>- Asking a supplier questions about their workforce, worksites, labor practices, policies and processes for preventing forced and child labor (e.g. through a Self-Assessment Questionnaire);</li> <li>- Visiting the supplier's site or facilities;</li> <li>- Conducting a social audit;</li> <li>- Engaging with their workers through surveys, interviews, or other technology such as mobile phone apps (this may be conducted as part of an audit or, ideally, established as a channel for ongoing communication with workers).</li> <li>- Using other risk assessment tools e.g. traceability and risk mapping tools</li> <li>- Engaging with a civil society organization(s) to support understanding of risks.</li> </ul>	<p><b>Supplier Engagement and Due Diligence</b></p> <p>Have we published a list of our suppliers?</p> <p>Have we conducted due diligence on our suppliers or other business relationships to assess their modern slavery risks?</p> <p>Have we introduced appropriate technology solutions?</p>	<p><b>Supplier Engagement and Due Diligence</b></p> <p>Publish a list of your suppliers.</p> <p>Description of company's supplier due diligence process (noting the modern slavery strategy should set out your approach to modern slavery policy, due diligence and remediation).</p> <p>No. of activities conducted under this due diligence process and the results of and responses to those activities.</p>



Overview	Checklist questions	56-1 One Report / Form 69-1 / SD reporting / Sustainability disclosures
<p><b>Purchasing Practices</b></p> <ol style="list-style-type: none"> <li>1. Review purchasing practices to identify where they might contribute to increasing pressure on suppliers, thereby increasing modern slavery risks to workers. The need to consider this has been especially heightened because of the COVID pandemic vulnerabilities.</li> <li>2. Consider whether your purchasing practices could be contributing to modern slavery risks and adopt a Responsible Purchasing Practices Policy that is communicated with key stakeholders and embedded in operational procedures and contractual provisions. At a minimum, this policy should: <ul style="list-style-type: none"> <li>- Ensure fair price negotiations with suppliers and prohibit request orders at below production cost, taking care to separate the cost of labor from price negotiations and confirming labor costs reflect the relevant living wage and any costs involved in the recruitment of workers;</li> <li>- Ensure production timelines and targets are clear and forecasted realistically to avoid pressuring suppliers to cut costs;</li> <li>- If orders are adjusted or inaccurately forecasted, cover the cost of these adjustments and allow adequate time for any changes to be implemented, reflecting this in contracts; and,</li> <li>- Commit to paying the full agreed upon amount to suppliers on time.</li> </ul> </li> <li>3. Build strong relationships with suppliers through consolidation of supply chains, sourcing more from fewer suppliers to improve alignment and practices, increase visibility and reduce complexity.</li> <li>4. Reward suppliers that comply with your policies with more business. Incentivize suppliers to monitor and report on conditions in their own workforce and at the next tier in the supply chain.</li> </ol>	<p><b>Purchasing Practices</b></p> <p>Have we considered how our purchasing practices (including contract pricing, forecasts, and supplier incentives) might increase risks to our suppliers' workers?</p>	<p><b>Purchasing Practices</b></p> <p>Description of responsible purchasing practices.</p> <p>Information regarding engagement with suppliers to ensure pricing or other purchasing practices do not lead to worker exploitation.</p> <p>Details regarding consolidating supply chains and rewarding suppliers to improve supply chain visibility and modern slavery risk management.</p>

Overview	Checklist questions	56-1 One Report / Form 69-1 / SD reporting / Sustainability disclosures
<b>GRIEVANCE MECHANISMS, RESPONSE &amp; REMEDIATION</b>		
<p><b>Grievance Mechanisms</b></p> <ol style="list-style-type: none"> <li>1. Ensure there is an effective and safe way for management and workers to raise grievances. All stakeholders who may be affected by the activities of the business, such as direct workers, contractors, value chain workers, and impacted communities, should have access to a grievance mechanism that meets the following standards: <ul style="list-style-type: none"> <li>- It can be used to receive, resolve and remedy labor exploitation and modern slavery-related complaints; and,</li> <li>- It is effective; i.e., it is accessible, predictable, fair, rights-based, transparent, confidential or anonymous, and it bans retaliation or reprisal. Consider whether parties know the mechanisms exists, can access it in their own language and can raise grievances anonymously.</li> </ul> </li> <li>2. Consider involving external stakeholders in its design and communication such as suppliers, workers and civil society organizations.</li> <li>3. Ask your suppliers if they have a grievance mechanism and determine how you will work with them to receive regular reports and ensure workers in your value chain are able to raise grievances with you/them.</li> </ol>	<p><b>Grievance Mechanisms</b></p> <p>Does our grievance mechanism allow our employees, workers in our supply chain, suppliers and communities affected by our business activities to raise complaints/ grievances safely?</p> <p>Do our key suppliers have grievance mechanisms and share details of grievances relating to our business?</p>	<p><b>Grievance Mechanisms</b></p> <p>Description of grievance mechanism including applicability to modern slavery complaints, accessibility for internal and external stakeholders, and involvement of external stakeholders in development.</p> <p>No. of complaints made and how they were received, resolved and remedied.</p> <p>No. of complainants that were satisfied with the remedy.</p> <p>Lessons learned from communicating and using grievance mechanism and changes made to improve it.</p>



Overview	Checklist questions	56-1 One Report / Form 69-1 / SD reporting / Sustainability disclosures
<p><b>Response and Remediation.</b></p> <ol style="list-style-type: none"> <li>1. Develop a framework that clearly sets out steps to take to investigate and remediate a breach or an incident. Remediation involves: <ul style="list-style-type: none"> <li>- responding to individuals that have been harmed; and,</li> <li>- preventing and mitigating potential harms.</li> </ul> Investigation can include collecting and verifying information (ensuring witnesses or interviewees are protected from retaliation or reprisal), identifying if harm has occurred and developing responses to address it.</li> <li>2. Consider these principles as part of the framework: Remediation should aim to “make good” the harm and restore the individual or group to the position before suffering harm. This may involve a range of actions, such as facilitating access to health, legal or psychosocial services, repatriation or financial compensation. <p>Your role in providing remediation will depend on how you are connected to the harm – i.e., whether your activities caused, contributed to or were directly linked to it. It may involve providing remedy directly or using your leverage to require others to take action. See Appendix B for a summary of the UNGPs framework for assessing this connection.</p> </li> <li>3. Consider the channels by which breaches or incidents might be identified or received including due diligence and grievance mechanisms.</li> <li>4. The remediation framework should also: <ul style="list-style-type: none"> <li>- Assign responsibility for leading and managing the framework;</li> <li>- Ensure the executive and Board are kept informed throughout the process;</li> <li>- Require reviewing the breach or incident following remediation to identify lessons learned and the mitigation and prevention actions required, including ongoing due diligence regarding the risks related to the breach or incident</li> </ul> </li> </ol>	<p><b>Response and Remediation</b></p> <p>Do we have a remediation framework that sets out our responsibility to remediate harm that we have caused, contributed to or are directly linked through our business activities?</p> <p>Does the framework detail the steps to take to investigate and remediate a critical policy breach or a modern slavery incident?</p>	<p><b>Response and Remediation</b></p> <p>Description of remediation framework and the process it establishes and principles it applies.</p> <p>No. of incidents of modern slavery or related exploitation, including number of workers impacted and how your business is connected to them.</p> <p>No. of breaches or incidents where remedy was provided, and what role your business played in providing the remedy.</p> <p>No. of workers that were satisfied with the remedy provided.</p> <p>Lessons learned and actions taken to mitigate and prevent future similar harms occurring.</p> <p>Description of the ongoing due diligence regarding the breach or incident.</p>

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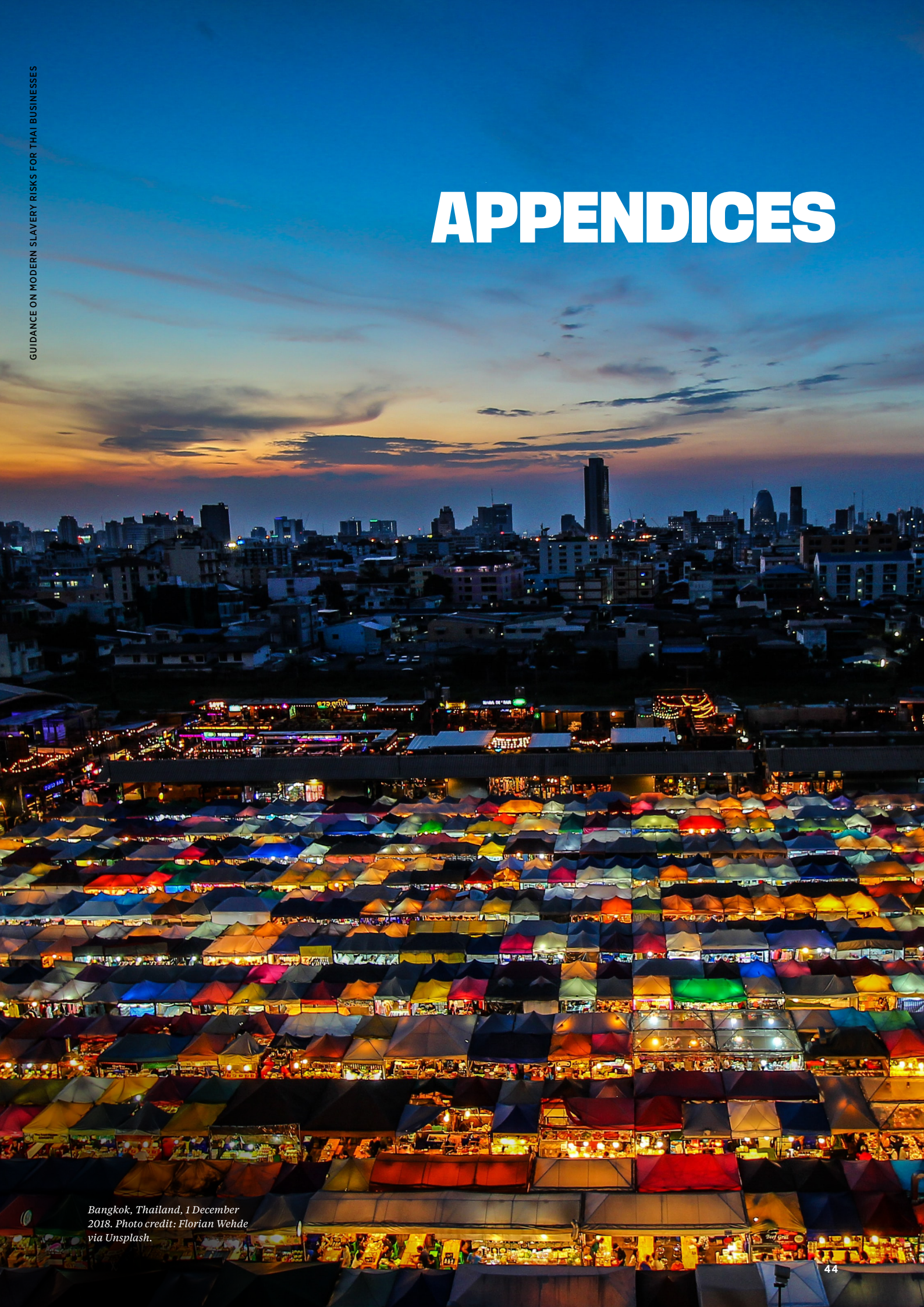
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# APPENDICES



Bangkok, Thailand, 1 December  
2018. Photo credit: Florian Wehde  
via Unsplash.



# APPENDIX A

## THAI CAPITAL MARKET'S STANDARDS AND FRAMEWORKS

### 56-1 One Report by Securities and Exchange Commission, Thailand

In 2020, the Thailand Securities and Exchange Commission (SEC) merged the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2) into a single form called the 56-1 One Report to streamline the annual reporting process for listed companies. All listed companies must use the 56-1 One Report from 1 January 2022 within three months of the end of their fiscal years, beginning with listed companies with fiscal years ending 31 December 2021.<sup>1</sup> Similarly, companies undertaking an IPO must disclose ESG information in their IPO Registration Statement (Form 69-1) in line with the 56-1 One Report from 1 January 2021.

The 56-1 One Report has been updated to include disclosures on business value chain and environmental, social and governance (ESG) information such as policies, goals and performance, including respect for human rights in line with the UN Guiding Principles on Business and Human Rights and Thai National Action Plan on Business and Human Rights.

#### Business value chain

The 56-1 One Report requires description of the value chain, which is the relationship between key stakeholders in business operations from upstream to downstream. The value chain consists of two types of activities:

1. Primary activities: production factor management or inbound logistics, operations, distribution of products and services or outbound logistics, marketing and sales, and after-sales service or customer service, and
2. Support activities that contribute to the achievement of the primary activities, such as procurement, technology development, human resource management and infrastructure such as accounting and finance systems.

Further, the 56-1 One Report requires the identification of key stakeholder groups, both internal and external, that relate to the business value chain, including describing stakeholder expectations assessed at least once a year through participation channels such as surveys and meetings and identifying a method for meeting expectations to reduce risk and create value add to business.

#### Social dimension/performance

Specifically, the 56-1 One Report also mandates that listed companies must disclosure information about performance and results in the social aspect, including human rights protection throughout the value chain (e.g., fair labor practices, product responsibility and customer care, community and social development), with a focus on material issues. It recommends that listed companies should disclose action plans that show capabilities in efficiently managing social issues in operating activities, and they could also report on initiatives and action plans, together with output and/or outcome, from the management approach that aligns with social policy and practices.

If a listed company and/or its subsidiary is under scrutiny or investigation by authorities on possible breaches of social or relevant law or regulations, accused of creating negative social impact, or involved in social controversies, that could have impact on its operations, reputation, branding and assets, the 56-1 One Report requests that it provide facts and information, including causes and effects, progress and preventive measures in place. If a listed company has been involved in any controversies with significant impact over the past three years, the 56-1 One Report asks for facts and information, including causes and effects, progress and measures taken, relationships between the management and the labor union (if any).

The treatment of employees and labor with regard to human rights might involve fair employment and compensation, employee training and development, employee engagement and satisfaction, and occupational health and safety.

<sup>1</sup> The 56-1 One Report must be submitted within three months from the end of the accounting period. Listed companies with an accounting period ending 31 December 2021 will need to use the 56-1 One Report to file their reports for the 2021 calendar financial year. A manual for preparing the 56-1 One Report may be found in Thai only [here](#).

### SET Thailand Sustainability Investment (THSI) List

Listed companies can seek to be a member of Thailand Sustainability Investment (THSI) list or a constituent of the SETTHSI Index if they achieve the required results on the SET's annual corporate sustainability assessment, which measures environmental, social, and economic (including governance) performance. The assessment includes questions relating to human rights and fair labor practices:

#### (a) Policy on human rights

The company has established a formal policy on human rights with an endorsement by Board of directors or top management. The policy entails practices on:

- Equal and fair treatment with no discrimination among all employees
- Equal and fair treatment with no discrimination among all stakeholders, including customers and suppliers
- No child/underaged labor and forced labor within the company's and its suppliers' operations
- Human rights risk identification and management as well as whistle-blowing mechanisms on human rights-related practices

#### (b) Practices on human rights protection and fair labor practices, including:

- Policy and clear statement of protocols involved in employment termination
- Appointment and roles/responsibilities of trade unions and/or relevant associations to ensure freedom of association and collective bargaining is allowed

#### (c) Practices on Human rights due diligence

- Identification of human rights risks throughout the value chain
- Human rights risk management plan and due diligence processes
- Grievance and remediation processes and approaches

#### (d) Public disclosure

- Human rights policy
- Human rights risks and risk management approaches
- Employment practices and employee demographics

### SET Corporate Sustainability Guide for Listed Companies

The Corporate Sustainability Guide for Listed Companies sets out a five-stage process for driving business towards sustainability:

1. Materiality;
2. Policy;
3. Strategy;
4. Implementation, and;
5. Disclosure.

In relation to the materiality stage, the Guide recommends that business understand context, define stakeholders and define materiality:

- Understanding context involves understanding the organization's culture, value chain and business strategy, as well as its risks and opportunities and the wider industry trends.
- Defining stakeholders involves identifying the organization's direct and indirect stakeholders, assessing positive and negative stakeholder impacts on business and business impacts on stakeholders, and developing stakeholder engagement approaches, and
- Defining materiality requires examining business and stakeholder materiality, and prioritising materiality from high impact to low impact.

The Guide also provides guidance on how businesses should operate responsibly, taking into account related social issues and establishing management guidelines to reduce the social impact seriously. The key sustainability issues in the social dimension that business should focus on are: treatment of employees, responsibility for customers, supply chain management, and social development. Businesses should focus on social issues that are relevant to stakeholders throughout the value chain. However, businesses may not be able to address all social issues simultaneously due to resource constraints so it should therefore focus on social issues addressed by key stakeholder groups such as employees, customers, suppliers, communities and society.



### Treatment of employees

The Guide notes in Thailand child labor, forced labor and human trafficking in the value chain is a key human rights issue. It recommends management approach as follows:

A company should establish a human rights policy, relevant guidelines and mechanisms to promote good practices on human rights. Importantly, it should conduct human rights due diligence to ensure that employees and labor are treated in a fair manner and there is no violations of human rights throughout the value chain, including hiring, compensation, training and development, safety, health and environment (SHE), and other relevant processes. In doing so, the company should demonstrate its commitment to human rights protection, support employees' personal growth and career advancement, create a safe and healthy working environment, leading to an increase in employees' satisfaction and engagement as well as the efficiency and productivity of the company.

### Supply chain management

The Guide identifies that suppliers' lack of social responsibility could affect the business itself. Business should therefore pay more attention to sustainable supply chain management. The Guide recommends management approach as follows:

A company should ensure its suppliers have appropriate operational practices and take social and environmental issues into account, including human rights protection, fair labor treatment in employment, compensation, safety, health and environment (SHE), and operational excellence to minimize social and environmental negative impacts. The company could establish and implement a policy and relevant procedures on sustainable supply chain management. For example, the company might evaluate its suppliers with criteria on human rights (e.g., no breaches or violations on child labor or forced labor), as part of the supplier selection process. Also, the company should have monitoring mechanisms in place to ensure suppliers' practices are in line with the company's policies.

# APPENDIX B

## INTERNATIONAL HUMAN RIGHTS STANDARDS AND FRAMEWORKS

### United Nations Sustainable Development Goals

The United Nations' Sustainable Development Goals that reflect modern slavery issues are:

- **SDG 8: Decent Work and Economic Growth**
  - Target 8.7 to take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor and by 2025 end child labor in all its forms.
- **SDG 5: Gender Equality**
  - Target 5.2 to eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation.
  - Target 5.3 to eliminate all harmful practices, such as child, early and forced marriage.
- **SDG 16 Peace Justice and Strong Institutions**
  - Target 16. 2 to end abuse, exploitation, trafficking, and all forms of violence against children.

### International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work

Adopted in 1998, the Declaration on Fundamental Principles and Rights at Work commits Member States to respect and promote principles and rights in four categories, whether or not they have ratified the relevant Conventions. These categories are: freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labor, the abolition of child labor and the elimination of discrimination in respect of employment and occupation. The eight fundamental ILO conventions are set out below. Thailand has ratified all of them except for Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and Right to Organise and Collective Bargaining Convention, 1949 (No. 98).

- Forced Labor Convention, 1930 (No. 29) (and its 2014 Protocol)
- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
- Equal Remuneration Convention, 1951 (No. 100)
- Abolition of Forced Labor Convention, 1957 (No. 105)
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111)
- Minimum Age Convention, 1973 (No. 138)
- Worst Forms of Child Labor Convention, 1999 (No. 182)

#### Further relevant conventions include:

- Convention to Suppress the Slave Trade and Slavery, 1926
- Migration for Employment Convention, 1949 (No. 97)
- Supplementary Convention to the Abolition of Slavery, the Slave Trade and Institutions and Practices Similar to Slavery, 1956
- International Covenant on Civil and Political Rights, 1966
- International Covenant on Economic, Social and Cultural Rights, 1966
- Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143)
- Convention on the Elimination of all Forms of Discrimination against Women, 1979
- Convention on the Rights of the Child, 1989
- International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, 1990
- Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime (Palermo Protocol), 2000
- Work in Fishing Convention, 2007 (No. 188)



## UN Guiding Principles on Business and Human Rights

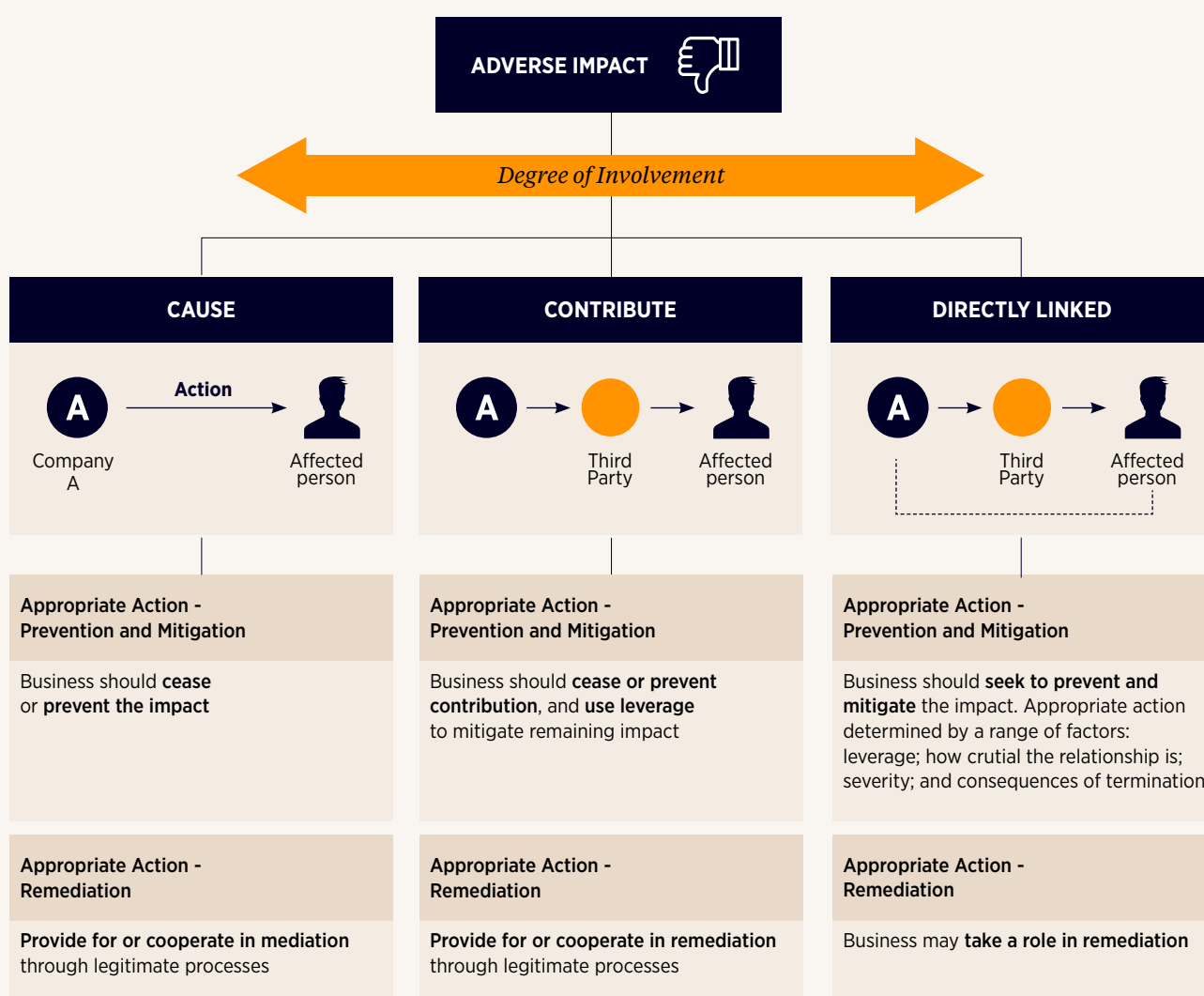
The UN Guiding Principles on Business and Human Rights (UNGPs) are the global authoritative standard on the business responsibility to respect human rights, unanimously endorsed by the UN Human Rights Council in 2011. These Guiding Principles are grounded in recognition of:

- States' existing obligations to respect, protect and fulfil human rights and fundamental freedoms (the State duty to protect pillar);
- The role of business enterprises as specialized organs of society performing specialized functions, required to comply with all applicable laws and to respect human rights (the corporate responsibility to respect pillar); and
- The need for rights and obligations to be matched to appropriate and effective remedies when breached (access to remedy pillar).

The UNGPs helps companies to understand their corporate responsibility to respect human rights including the rights of workers and if harm occurs, to provide remedy. The level of responsibility will depend on the company's relationship to the activity where harm has occurred:

- **CAUSED:** A business causes harm when its activities (or omissions) in and of themselves result in harm.
- **CONTRIBUTE TO:** A business contributes to harm when its activities (or omissions) facilitate, enable or incentivize a third party to cause harm.
- **DIRECTLY LINKED:** A business is directly linked to harm caused by a third party if the harm occurs in connection with its own operations, products, or services.

Your response will therefore differ depending on the harm caused and relationship to it. The diagram below illustrates this in further detail.



Adapted from Global Compact Network Australia's *Effective Modern Slavery Grievance Mechanisms: A Case Study Publication for Business*.

As mentioned, the UNGPs recommends business implements its corporate responsibility to respect human rights by putting in place a human rights policy, conducting ongoing due diligence for knowing and showing modern slavery risk and action, and establishing and maintaining a grievance mechanism for remediating instances of modern slavery if found. The four elements of the UNGPs due diligence process are: assessing actual and potential human rights impacts; integrating and acting upon the findings; tracking responses and communicating how impacts are addressed.

### United Nations Global Compact

The Ten Principles of the UN Global Compact are used to inform a company's corporate sustainability approach. The principles relating to human rights and labor rights are included below.

#### Human Rights

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and

**Principle 2:** make sure that they are not complicit in human rights abuses.

#### Labor

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**Principle 4:** the elimination of all forms of forced and compulsory labor;

**Principle 5:** the effective abolition of child labor; and

**Principle 6:** the elimination of discrimination in respect of employment and occupation.

### The Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises

OECD member governments developed a set of Guidelines for Multinational Enterprises that are either from, or operate in, OECD countries. The Guidelines provide recommendations for conducting responsible business in a global context. The fifth edition of the Guidelines were published in 2011. Recommendations are non-binding and cover a range of business ethics topics including human rights, bribery, consumer interests and competition, among others. All member or adhering countries have set up OECD National Contact Points to promote the Guidelines and resolve issues that arise relating to implementation of the Guidelines.



# APPENDIX C

## THAILAND SLAVERY-RELATED CRIMINAL OFFENCES

Provisions related to slavery are found in the Penal Code at section 312 which provides:

*“Whoever, so as to enslave the person or to cause the person to be in the position similar to the slave, bringing into or sending out of the Kingdom, removing, buying, selling, disposing, accepting or restraining any person, shall be imprisoned not out of seven years and fined not out of one hundred and forty thousand Baht.”*

While there appears to be no legislation in place in Thailand which specifically prohibits servitude or forced labor, sections 310 and 310bis of the Penal Code state:

*“Whoever, detains or confines the other person, or by any other means whatever, deprives such person of the liberty of person, shall be punished with imprisonment not exceeding three years or fined not exceeding six thousand Baht, or both.”* (section 310)

*“Whoever, detaining or confining the other person or making in any manner to deprive other person without liberty bodily and making such other person to do any act for the doer or other person, shall be imprisoned not out of five years or fined not out of ten thousand Baht.”*  
(section 310 bis)

Section 312 bis prescribes the punishment for the commission of the offence in section 310 bis to children not exceeding fifteen years of age as “imprisonment of three to ten years and fined not exceeding twenty thousand Baht.”

(The US Department of Labor assesses that Sections 312 and 312 bis of the Penal Code and Section 6/1 of the Anti-Trafficking in Persons Act (No 3) and Sections 1-2 of the Amendment of the Anti-Trafficking in Person Act prohibit forced labor: [www.dol.gov/agencies/ilab/resources/reports/child-labor/thailand](http://www.dol.gov/agencies/ilab/resources/reports/child-labor/thailand))

Section 312 ter criminalizes “dishonestly, accepting, disposing, procuring, seducing or taking away” persons over fifteen but not yet over eighteen years of age with imprisonment not out of five years, a fine not out of one hundred thousand Baht, or both.

The Anti-Trafficking in Persons Act B.E. 2551 (2008) criminalizes human trafficking under section 6:

*“Whoever, for the purpose of exploitation, does any of the following acts:*

*(1) procuring, buying, selling, vending, bringing from or sending to, detaining or confining, harboring, or receiving any person, by means of the threat or use of force, abduction, fraud, deception, abuse of power, or of the giving money or benefits to achieve the consent of a person having control over another person in allowing the offender to exploit the person under his control; or*

*(2) procuring, buying, selling, vending, bringing from or sending to, detaining or confining, harboring, or receiving a child; is guilty of trafficking in persons.”*

The meaning of “exploitation” in section 4 includes seeking benefits from slavery and forced labor or service, amongst other conditions and acts. “Forced labor or service” means compelling a “person to work or provide service by putting such person in fear of injury to life, body, liberty, reputation or property...by means of intimidation, use of force, or any other means causing such person to be in a state of being unable to resist.”

The punishments for committing the offence of trafficking are as follows:

- Imprisonment from 4 years to 10 years, and a fine from 80,000 Baht to 200,000 Baht;
- If the offence is committed against a person exceeding 15 years of age but not over 18 years of age – imprisonment from 6 years to 12 years, and a fine from 120,000 Baht to 240,000 Baht; and
- If the offence is committed against a person not over 15 years of age, imprisonment from 8 years to 15 years, and a fine from 160,000 Baht to 300,000 Baht.

Thailand has established laws and regulations related to child labor. However, gaps exist in its legal framework to adequately protect children from the worst forms of child labor, including not meeting the international standard for the minimum age for work. The minimum age for work is 15 years old under Section 44 of the Labor Protection Act and Section 148/1 of the Labor Protection Act (No 5). This minimum age does not meet international standards. The minimum age for hazardous work is 18 years old under Sections 49-50 of the Labor Protection Act, Section 148/2 of the Labor Protection Act (No 5), and Article 26(6) of the Child Protection Act.

Child trafficking is prohibited by Sections 282-283 of the Penal Code, together with Section 6 of the Anti-Trafficking in Persons Act (No 3).



# APPENDIX D

## THAILAND LABOR RIGHTS LAWS

The rights and protections of workers in Thailand are further set out in local labor laws such as the:

- Royal Ordinance Concerning the Management of Employment of Foreign Workers B.E. 2561 (2018)
- The Labor Relations Act B.E. 2518 (1975)
- Home Workers Protection Act (1985)
- The Social Security Act B.E. 2533 (1990)
- The Workmen's Compensation Act B.E.2537 (1994)
- Labor Protection Act 1998
- Employment and Job Seeker Protection Act 2001
- The Anti-Human Trafficking Act B.E. 2551 (2008)
- Occupational Safety, Health and Environment Act 2011
- Maritime Labor Act 2015

# APPENDIX E

## EXAMPLES OF NATIONAL MODERN SLAVERY AND HUMAN RIGHTS LAWS

### Modern Slavery Act 2015 (UK)

The mandatory reporting law is set out in section 54 of the UK MSA. Commercial organizations which are carrying out business in the UK that supply goods or services and have a minimum turnover of £36 million are required to produce a 'slavery and human trafficking statement' each year. The statement must either contain information relating to the steps the organization has taken during the year to ensure that slavery and human trafficking is not taking place in any of its supply chains and in any part of its business, or be a statement indicating that the organization has taken no such steps. The Act lists six areas which the entities 'may' include information about (1) the organization's structure, its business and supply chains, (2) its policies in relation to slavery and human trafficking, (3) due diligence processes in relation to slavery and human trafficking, (4) parts of the business which are at risk, (5) the businesses effectiveness in preventing slavery and human trafficking and performance indicators, and (6) relevant available training for staff.

### Modern Slavery Act 2018 (Australia)

The Australia MSA applies to companies which provide goods and services which fall within the definition of a 'reporting entity'. This includes a threshold of having a consolidated revenue of A\$100 million. Entities captured by the legislation must produce a statement which is then provided to the Minister for Home Affairs and published on a central register. The ACT mandates that the entity must describe the structure, operations and supply chain of the reporting entity, describe the risks of modern slavery in its operations and supply chains, describe the actions taken to address those risks as well as how the entity assesses the effectiveness of its actions.

### Law on Corporate Due Diligence in Supply Chains (Germany)

The Law comes into effect as of 2023 and mandates that companies with 3000 employees or more analyse and take measures to prevent human rights violations across their operations and entire supply chain. The Act further compels companies to establish complaint mechanisms, and to report annually on their implementation of the due diligence measures. Violations do not leave a company open to civil liability, although they attract fines of up to 2% of average annual turnover.

### Duty of Vigilance of Parent and Instructing Companies' Law (France)

The French Law applies to companies and subsidiaries with at least five thousand employees within the company, or at least ten thousand employees in its service directly and indirectly. Affected companies must produce and implement a vigilance plan, which includes measures for risk identification and the prevention of severe violations of human rights and fundamental freedoms, serious bodily injury or environmental damage or health risks resulting directly or indirectly from the operations of the company. This includes operations from subcontractors or suppliers whom the company has a commercial relationship with. The plan must be drafted in association with company stakeholders, including trade union organizations representatives of the company concerned.

# APPENDIX F

## ALIGNMENT TO GLOBAL REPORTING INITIATIVE DISCLOSURES

### Global Reporting Initiative (GRI)

The GRI is the most commonly used international sustainability reporting framework by listed companies on the Thai stock exchange. Approximately 200 out of 800 listed companies use it to guide their sustainability reporting. Other international frameworks for reporting social issues like modern slavery in sustainability reports include SASB and the Integrated reporting framework. The GRI is currently in the process of bringing its human-rights related standards in line with the two key global human rights frameworks, the UN Guiding Principles on Business and Human Rights and OECD Guidelines on Multinational Enterprises/ OECD Due Diligence Guidance for Responsibility Business Conduct. The GRI Standard Numbers (and Disclosure Numbers) that align with this guidance are as follows (in numerical order):

- **GRI 102 General Disclosures**
  - Disclosure 102-4 Location of operations
  - Disclosure 102-6 Markets served
  - Disclosure 102-15 Key impacts, risks, and opportunities
  - Disclosure 102-16 Values, principles, standards, and norms of behaviour
  - Disclosure 102-17 Mechanisms for advice and concerns about ethics
  - Disclosure 102-21 Consulting stakeholders on economic, environmental, and social topics
  - Disclosure 102-26 Role of highest governance body in setting purpose, values, and strategy
  - Disclosure 102-30 Effectiveness of risk management processes
  - Disclosure 102-31 Review of economic, environmental, and social topics
  - Disclosure 102-41 Collective bargaining agreements
  - Disclosure 102-44 Key topics and concerns raised
- **GRI 405: Diversity and Equal Opportunity**
  - Disclosure 405-2 Ratio of basic salary and remuneration of women to men
- **GRI 407: Freedom of Association and Collective Bargaining**
- **GRI 414 Supplier Social Assessment**
  - Disclosure 414-1 New suppliers that were screened using social criteria
- **GRI 408: Child labor**
  - Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labor



# APPENDIX G

## RELEVANT DEFINITIONS

Term	Relevant treaty or convention	Definition
<b>Human trafficking</b>	<u>Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime, 2000, (Palermo Protocol).</u>	“Trafficking in persons” shall mean the recruitment, transportation, transfer, harboring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation.
<b>Forced labor</b>	<u>ILO Forced Labor Convention, 1930 (No. 29)</u>	The term forced or compulsory labor shall mean all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.
<b>Worst forms of child labor</b>	<u>ILO Worst Forms of Child Labor Convention, 1999 (No. 182)</u>	<p>The term the worst forms of child labor comprises:</p> <p>(a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labor, including forced or compulsory recruitment of children for use in armed conflict;</p> <p>(b) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances;</p> <p>(c) the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties;</p> <p>(d) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.</p>
<b>Slavery</b>	<u>Slavery Convention, 1926</u>	Slavery is the status or condition of a person over whom any or all of the powers attaching to the right of ownership are exercised.
<b>Debt bondage</b>	<u>Supplementary Convention to the Abolition of Slavery, the Slave Trade and Institutions and Practices Similar to Slavery, 1956</u>	Debt bondage, that is to say, the status or condition arising from a pledge by a debtor of his personal services or of those of a person under his control as security for a debt, if the value of those services as reasonably assessed is not applied towards the liquidation of the debt or the length and nature of those services are not respectively limited and defined;

# APPENDIX H

## ADDITIONAL TOOLS AND RESOURCES FOR COMPANIES

- [Access to Remedy: Practical Guidance for Companies](#), Ethical Trading Initiative
- [Business & Investor Toolkit](#), Walk Free
- [Connection & Risk Tool](#), Finance Against Slavery and Trafficking
- [Effective Modern Slavery Grievance Mechanisms: A Case Study Publication for Business](#), Global Compact Network Australia
- [Global Estimates of Modern Slavery \(Executive Summary\)](#), Walk Free & International Labor Organization
- [Global Slavery Index](#), Walk Free
- [Implementing Effective Modern Slavery Grievance Mechanisms: A Guidance Note for Business](#), Global Compact Network Australia
- [Operational Guidelines for Businesses on Remediation of Migrant Worker Grievances](#), International Organization for Migration
- [Preliminary Self-Assessment Checklist for Thai Employers Contracting New Recruitment Agencies](#), International Organization for Migration

