

Vulnerable Migrant Workers: The Responsibility of Business

***An overview and comparative analysis of food
production, manufacture and retail companies***

sponsored by

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EXECUTIVE SUMMARY

This report provides an overview of the vulnerable position of many migrant workers employed in the UK and Ireland and offers a comparative analysis of the extent to which nine food production, manufacture and retail (supermarket) companies address this vulnerability.

'Flexible' labour and vulnerability

Migrant workers have become increasingly important in the labour force of many businesses in the UK and Ireland. Governments and the private sector have encouraged the development of 'flexible' labour markets that enable companies to achieve faster delivery, lower prices, higher volumes and increased profits. Flexible labour forces are characterised by seasonal and temporary work, commonly sourced through agencies or labour providers (gangmasters). Migrants, particularly from the 10 countries that joined the European Union in 2004 and 2007, meet the need for workers in many of these positions and are concentrated in particular domestic economic sectors.

ECCR is concerned about the extent to which migrant workers are vulnerable to exploitation, denied workplace rights and insecure in employment. Abuses that they may experience, particularly those recruited through gangmasters, include very low pay and excessive or hidden deductions, over-long hours, low quality and sometimes 'tied' accommodation, poor health and safety conditions, discrimination, and in extreme cases forced labour. Frequently in temporary positions, migrant workers may be especially vulnerable in the context of a recession, as companies lay off temporary workers first.

Migrants' vulnerability at work is exacerbated by their often poor English language skills and lack of knowledge of their rights and the means of enforcement. Weaknesses in the rights enforcement system mean that abuses may go undetected and unaddressed.

Responsibility

Companies and investors have a responsibility to reduce the incidence of vulnerable work throughout the supply chain. Principles of justice and responsible stewardship require that companies accept not only responsibility to fulfil their legal duties towards people they employ directly but also moral responsibility for the well-being of workers in their supply chains, on whom their profits rely. Accepting responsibility also makes business sense in protecting companies from reputational and legal risk and improving workforce retention. Investors share this moral responsibility for what is done in their name by the companies in which they invest.

Part One: overview

Part One of this report describes the distribution of migrant workers in the domestic economies of the UK and Ireland and the nature and causes of their vulnerability. It considers economic sectors where many migrant workers are concentrated – care, cleaning, construction, hospitality and catering, food production, food manufacturing and

food retail – in terms of characteristics that have a bearing on the form of vulnerability that migrants experience.

Part Two: comparative company analysis

Part Two analyses nine UK and Irish publicly listed food production, manufacture and retail (supermarket) companies in terms of policies and practices regarding migrant workers: Associated British Foods, Greencore Group, Kerry Group, Morrisons, Northern Foods, Premier Foods, Sainsbury's, Tesco and Unilever.

ECCR chose these food sectors because of their high incidence of vulnerable work. While supermarkets employ relatively few migrant workers directly, they have a major impact on labour conditions along the supply chain of food producers and manufacturers. Their policies and practices are therefore very influential in affecting labour conditions of migrant workers. Most institutional and many individual investors are likely to have interests in companies in these sectors, and most individuals shop in supermarkets or purchase branded products.

The report analyses how the nine companies address the vulnerabilities potentially faced by migrant workers, using assessment indicators developed as part of the research. The indicators cover:

- Companies' awareness of migrant, agency and temporary workers throughout the supply chain and their efforts to ensure these forms of labour are not used inappropriately.
- How far companies accept responsibility for mitigating worker vulnerability and for supply chain labour conditions.
- Companies' recognition that core business decisions have impacts on labour throughout the supply chain, such as the potential impact of low in-store prices on wages, and whether they take this into account.
- How companies ensure that all workers are aware of their rights and the means of enforcement and have a channel for grievances.
- How companies ensure that communications, particularly related to rights and to health and safety, are understandable to all workers, including those with limited English.
- Companies' systems to ensure that all labour providers are registered with the Gangmasters Licensing Authority or in Ireland meet equivalent standards.
- Whether companies have an adequate code of conduct for suppliers covering labour conditions, and how they collaborate with suppliers to improve conditions.
- Membership of the Ethical Trading Initiative (ETI) or other similar arrangements.¹
- The training and incentivising of buyers, and decisions on executive pay, to take into account supply chain labour conditions.
- How companies monitor their own and suppliers' labour standards.

All the companies in the study were informed of the research and invited to contribute relevant information at the outset, and a draft of the report was shared with each for comment later on. Five of the nine companies responded on each occasion.

¹ The ETI is an alliance of companies, non-governmental organisations and trade unions working to promote and improve implementation of codes of practice covering supply chain working conditions.

Main findings

Most companies in this study recognise some responsibility for workers in their supply chain, with policy statements to this effect. Many have a code of conduct for suppliers covering labour conditions, in some cases based on the ETI Base Code. Most commit to working in partnership with suppliers to make improvements, while several provide buyers with awareness training on supply chain impacts of decisions. Most companies also have general anti-discrimination policies.

However, we also found evidence of the recent exploitation of migrant workers in several companies' supply chains, indicating that some supplier codes may set too low standards and/or be poorly implemented or monitored. Few companies are explicit about the potential vulnerability of migrant workers or the additional support that such workers may need, or appear to provide support to ensure that migrant workers do not receive unequal treatment because their circumstances are different – for example, limited English language skills. There also appears to be little provision to ensure that migrant, temporary and agency work is not used inappropriately.

We found only limited examples of companies communicating information about rights and enforcement systems to workers. Few showed evidence of how they monitor and respond to workers' grievances.

Not all companies explicitly stated that they use only Gangmasters Licensing Authority- (GLA-) licensed or in Ireland equivalent labour providers, and few state that they expect suppliers' labour providers to be GLA licensed or equivalent or make this a contractual requirement.

ECCR has seen no evidence that any of the companies incentivise suppliers to make improvements to labour conditions, and there is little evidence of incentivising buyers with this objective. There are also few indications that companies have mainstreamed considerations about labour conditions into their core business practice. Only a small minority appear to designate a senior director or board member with responsibility for labour conditions, or to consider impacts of business practices on labour conditions in determining executive remuneration.

Some companies may have done more to address the potential vulnerability of migrant workers than ECCR has discovered. But in the absence of evidence to the contrary we have concluded otherwise. Companies need to be transparent about their policies and practices.

Company ranking and recommendations

Companies are ranked by performance against the assessment indicators, with a numerical scoring system applied:

Ranking	Company	Score out of 24
1	Northern Foods	17
2=	Sainsbury's	14
2=	Tesco	14
4	Premier Foods	12.5
5	Kerry Group	9.5
6	Unilever	9
7	Greencore Group	7
8=	Associated British Foods	4
8=	Morrisons	4

Besides providing specific recommendations for each company, the report offers ten general recommendations to help food production, manufacture and retail companies address the potential vulnerability of migrant workers. These are:

1. Establish to what extent migrant, temporary and agency workers are present throughout the supply chain.
2. Recognise the potential vulnerability of migrant workers throughout the supply chain and take responsibility for addressing the causes of vulnerability.
3. Designate a senior director or board member with lead responsibility for labour conditions.
4. Increase awareness of rights among all workers.
5. Ensure that policies and practices apply equally to temporary and agency workers.
6. Ensure that all labour providers are GLA licensed or meet the same standard in Ireland.
7. Recognise supply chain responsibility with a code of conduct for suppliers that at least meets the standards of the ETI Base Code.
8. Join the ETI and adopt its Base Code.
9. Mainstream responsibility for labour conditions in business practice and explore how executive remuneration could reflect this.
10. Strengthen monitoring by increasing regularity and coverage and ensuring that migrant, temporary and agency workers are involved in audits, as well as trade unions and/or other groups that support migrant workers' rights.

Using the report

Our report provides a framework for investors to consider how companies perform with regard to vulnerable migrant workers and can be used by company managements, workforces and trade unions seeking to improve policy and practice. The report is also intended for people who may wish to engage with companies on the issues or to support migrant workers locally. And it is hoped that regulatory agencies and other public-sector bodies may also find the research and analysis of value.

The Ecumenical Council for Corporate Responsibility (ECCR), ***Vulnerable Migrant Workers: The Responsibility of Business - an overview and comparative analysis of food production, manufacture and retail companies***, May 2009, 106 pp. Printed copies can be ordered at a cost of £12 (non-members) and £5 (ECCR members and partners) at www.eccr.org.uk or from ECCR, PO Box 500, Oxford OX1 1ZL, UK, tel. +44 (0)1865 245349. Electronic copies can be requested by emailing info@eccr.org.uk.