

Short Guide (v2): Impactt Principles and Guidelines for the Rectification of Non-Payment of Wages

Updates in version 2: *Version 2 of this short guide was released in September 2024, and mirrors the minor changes detailed in the 'Full version'.*

In many employment contexts around the world, workers, and particularly migrant workers, face non-payment of wages, as well as delayed payment and underpayment. As noted by the International Labour Organisation (ILO), wages, alongside working time, have “the most direct and most tangible impact on the day-to-day lives of workers.”¹ Impactt’s fieldwork globally has found the same, noting consistently that workers’ top priority is income, no matter the sector or region. Taking action to ensure wages are paid legally and without interference is therefore critical to worker welfare.

Employers are legally responsible for ensuring that wage-related abuses do not occur in their operations. This means they must implement robust wage-payment systems and maintain meaningful dialogue on wages and wage payment with their workforce, as well as engaging with trade unions, or other collective bargaining processes. In contexts where effective trade unions and collective bargaining processes exist, these should always provide the primary vehicle for addressing wage-related issues in collaboration with employers.

However:

- Withholding of wages often takes place in countries or sectors where workers have limited collective bargaining power, where there is limited enforcement and among businesses that either lack the will or capacity to resolve the issues.
- Calculating and implementing repayments owed can be complex and intimidating for those that do not have experience with this. At the same time, it is essential that repayments are made quickly, to minimise negative impacts on workers, including potential bonded labour.

These guidelines recommend 8 practical steps to ensure that repayments can be carried out quickly and accurately.

Key principles

The following core principles should underpin any activities related to implementation of the

¹ ILO, [Guidance Note: Wage Protection for Migrant Workers](#), 2023.

repayment guidelines. To guide implementors to act in accordance with international best practices, the principles are aligned with the UNGPs. They are also outlined within our [Core Principles of Repayment](#) within our [Principles and Guidelines for Repayment of Recruitment Fees & Costs](#).

1. **Protect workers.** All stakeholders involved in the repayment process must take steps to ensure that all workers and their families are protected from harm and retaliation throughout the repayment process. This includes putting in place non-retaliation policies and agreements, training investigators to be responsive to workers' needs, and providing workers with access to transparent, equitable and legitimate grievance mechanisms, through which they can report anonymously and without fear of reprisal or blacklisting.
2. **Ensure worker agency.** Worker agency and participation in the repayment process are critical to any best practice approach. Rather than being passive recipients of payments that have been determined by other stakeholders, workers should be involved across all key stages of the repayment process, including investigation, repayment calculation, and verification. A lack of meaningful worker agency or social dialogue limits the robustness of the repayment process and may therefore significantly limit the overall effectiveness of the intended remedy.
3. **Commit to transparency and disclosure.** All stakeholders should engage transparently in all aspects of the repayment process and disclose relevant information required for repayment-related activities. Payments should be made in a transparent manner (i.e., via bank transfers) and the remediation approach taken (and amounts if appropriate) should be publicly disclosed, for example through website postings and/or press release.
4. **Engage workers and other stakeholders in meaningful collaboration.** All stakeholders should collaborate in good faith towards the common goal of providing effective repayment of withheld wages to workers as quickly and effectively as possible. The repayment plan should be developed collaboratively, ensuring engagement with and inputs from workers, their representatives, and other stakeholders including employers, labour recruiters, buyers, investors, and CSOs. Workers should know where they can access key information to fully understand the payments they receive on a monthly basis.²
5. **Ensure oversight, quality, and integrity of the repayment process.** Stakeholders should implement a representative governing body that provides oversight of the repayment process and implements mechanisms to ensure and monitor the quality and integrity of all repayment-related activities (including the prevention of fraud). Where possible or appropriate, third parties should be involved

² Please see 'Key Considerations: Repayment must be complemented with action to prevent future issues' within the detailed guidelines for recommendations of actions to improve management systems and worker awareness of the terms of their pay.



in investigation or verification processes to add credibility, expertise, and independence to all aspects of the process. While controls should be in place to avoid significant fraud or abuse of the repayment scheme, these controls should not interfere unduly with eligible workers' ability and incentive to access repayments.

6. **Provide workers with access to alternative channels for remedy.** Workers should always be informed about their rights and any state-based mechanisms through which they can access remedy. Employers can do this through various channels, including inductions, trainings, and on-site posters. Further, beyond wage-related issues, in many cases the investigation into non-payment of wages may also identify other issues which require a wider range of remedy to be provided. Provide workers with referrals to other support services (e.g., medical, legal, psychosocial etc.) in such cases. Where the repayment process identifies corrupt or criminal activity, stakeholders should collaborate to pursue criminal justice. This includes supporting workers to pursue additional compensation through state-based mechanisms where possible and appropriate.
7. **Integrate shared learning.** Lessons learned throughout the repayment process should be shared among all stakeholders involved and used to strengthen company policies and practices related to employment and regular and accurate payment of workers, to ensure non-repetition of future exploitative practices.


Rectifying Non-Payment of Wages in 8 Steps


This table outlines the 8 steps in the remediation process, responsible stakeholders, and a timeline for completion. Best practice steps are recommended on top of those outlined under minimum recommendations, unless otherwise specified.



For further information on each step, please download Impactt’s full version available on our website.


OVERVIEW: GUIDELINES FOR RECTIFICATION OF NON-PAYMENT OF WAGES IN 8 STEPS				
Steps	Who?	What action? Minimum Recommendation	What action? Good practice	Timeline
 <p>STEP 1: DETERMINE TYPE OF INVESTIGATION NEEDED</p>	<i>Goal: Investigation type selected is appropriate to the scale and scope of the wage issues identified.</i>			
	<p>Buyers/employers in consultation with third party experts. Investigation should be funded by those who have caused, contributed or are directly linked to the non-payment of wages.</p>	<ul style="list-style-type: none"> Determine what type of investigation is needed in the business context, based on: the severity of issues, intentionality of the employer, and employer transparency and capacity to resolve the issues. This may include investigation by the employer, a buyer, or third party with expertise in wage payment systems and human rights. Any systemic issues related to non-payment of wages, and any wage-related issues at sites with identified human rights abuses or transparency issues should be investigated by an independent third party. 		<p>Within 2 weeks of issue being identified.</p>
	<i>Goal: Workers are informed about their rights, the investigation process and grievance mechanisms they can use to report any grievances (including wage-related grievances) prior to the investigation and on an ongoing basis.</i>			

<p>STEP 2: INFORM WORKERS OF THEIR RIGHTS PRIOR TO INVESTIGATION</p>	<p>Employer in collaboration with trade unions, worker representatives or other relevant stakeholders</p>	<ul style="list-style-type: none"> • Communicate the investigation process to workers and/or their representatives to ensure transparency. • Ensure workers are aware about access to grievance mechanisms, and their relevant rights. 	<ul style="list-style-type: none"> • Actively involve trade unions or worker representatives in the governance of the investigation and remediation process. 	<p>As soon as possible after identification of issue and determination of investigation approach.</p>
<p><i>Goal: The investigation confirms (a) the existence of wage theft, and/or non-payment of wages (b) whether or not workers are compelled to remain at their employer, and (c) gathers reliable data on wage theft and non-payment of wages for all workers employed.</i></p>				
<p>STEP 3: INVESTIGATE WAGES OWED TO WORKERS</p>	<p>Employer, buyer, third party expert or accredited financial services firm. Investigation should be funded by those who have caused, contributed, or are directly linked to the non-payment of wages.</p>	<ul style="list-style-type: none"> • Investigate carrying out a representative sample of worker interviews (including former workers where relevant), management interviews and document review. 	<ul style="list-style-type: none"> • For larger workforces and/or where legal and financial complexities exist, use an accredited, internationally recognised financial professional services firm, capable of carrying out forensic financial and legal review of non-payment of wages. 	<p>The investigation should be started as soon as possible and within 1 month of the issue being identified. The total duration will be dependent on the size of the workforce to be interviewed and scale of the problem. It is important to consider practicality and prioritise fast repayment to worker over perfection.</p>

 <p>STEP 4: CALCULATE THE REPAYMENT AMOUNT</p>	<p><i>Goal: The repayment amount is accurately calculated based on reliably collected data and represents the actual value of money workers should have received, considering interest, inflation, lost opportunity cost and compensation where appropriate.</i></p>			
	<p>Third party expert or accredited financial services firm</p>	<p>Calculate the repayment amount on an individual basis for each affected worker including:</p> <ul style="list-style-type: none"> • The legal minimum wage and entitlements owed to the worker, or the contractually agreed wage rates and entitlements, whichever is higher, factoring in: • Actual interest rates paid and inflation year-on-year since the wages should have been received. • Where evidence is clearly lacking, to ensure a speedy, pragmatic repayment, 	<p>Additional compensation for damages suffered as a result of wage theft. This can include:</p> <ul style="list-style-type: none"> • Liquidated damages to the same amount as the unpaid wages (i.e., double payment) • Adjusted payments to reflect living wage rates in place of minimum /contractually agreed wage rates. • An additional 2% per year since the non-payment of wages began to reflect lost opportunity cost. 	<p>Within 2 weeks from completion of the investigation</p>

		<p>a 1 year back-pay period can be applied as a minimum standard.</p> <p>If an employer carried out the original investigation, a third party must verify the calculations.</p>		
 <p>STEP 5: COMMUNICATE PROPOSED PAYMENT PLAN TO WORKERS</p>	<p><i>Goal: All current and former workers that are owed wages are included on the list of eligible workers to be paid, are informed about the proposed payment amount, and made aware of avenues by which to access grievance.</i></p>			
	<p>Employers, trade unions, worker representatives</p>	<ul style="list-style-type: none"> • Issue a name-list covering all workers entitled to repayment (including all current and former workers affected, at minimum dating back as far as the employer legally retains records; or as dictated by legal statutes of limitation in the country of employment; or 1 year if neither is clear). • Provide formal communications to all workers in their native 	<ul style="list-style-type: none"> • Include all historically affected workers in scope, beyond any local statutes of limitations. • Engage with stakeholders including trade unions or worker representative organisations on a regular basis to ensure wage related issues do not re-occur. • Invite feedback from workers and their representatives on the proposed plan and 	<p>Maximum of 1 month negotiation period</p>

		language (general memo, individually addressed letter, communications sessions).	finalise.	
 STEP 6: MAKE ALL PAYMENTS IN A TRANSPARENT AND TIMELY MANNER	<i>Goal: Workers are repaid their wages as quickly as possible through transparent channels</i>			
	Employer (with support from buyers/investors if needed)	<ul style="list-style-type: none"> • Make all payments via bank transfer and provide workers a payslip showing the repayment amount as a separate item. • Complete all payments within 3 months of the date the issue was first discovered. 	<ul style="list-style-type: none"> • Complete all payments as soon as possible and within a maximum of 1 month. 	As quickly as possible, within 3 months maximum
 STEP 7: IMPLEMENT NEW MANAGEMENT SYSTEMS	<i>Goal: Management systems are created and/or improved to ensure no re-occurrence of issues, prioritising (if applicable) any areas which the investigation found were particularly linked to workers being compelled to remain at their employer.</i>			
	Employer (with support from buyers/independent third-party experts if needed)	<ul style="list-style-type: none"> • Implement actions recommended by the investigation towards strengthening of management systems as part of step 3. • Prioritise improvement 	<ul style="list-style-type: none"> • Adjust wage management systems to provide workers with living wage rates in place of the current minimum base wage and/or the 	As quickly as possible, but within 3 months after issue first identified

		of any management systems that are linked with forced labour practices (i.e., preventing workers from leaving their job).	contractually agreed wage rates. See the Global Living Wage Coalition for existing data on living wages across different countries and industries, calculated using the Anker methodology. ³	
 STEP 8: VERIFY PAYMENT AND IMPLEMENTATION OF NEW MANAGEMENT SYSTEMS				
<i>Goal: A reputable independent third party verifies that all repayments have been made correctly, without any negative consequences for workers.</i>				
	Independent third party	<ul style="list-style-type: none"> Commission an independent 3rd party verification of payments and improved management systems including management and worker interviews, interviews with unions or worker representatives (where present) and document review. 	Verification is critical to ensure accurate implementation of the payment plan therefore there is no good practice, only a minimum recommendation.	On completion of payments to workers

³ Global Living Wage Coalition, [The Anker Methodology for Estimating a Living Wage](#).

Roles and Responsibilities

This table provides further detail on the roles and responsibilities of different stakeholders within the process. The responsibilities listed under prevention are primarily based on those covered in [ILO's Guidance Note on Wage Protection](#), while those listed under remediation focus primarily on roles outlined within this document (and the full version).

Please see 'Definitions' section of the full version for clarification of any key terms.

Who?	Responsibilities
Buyers/business enterprises	<p>Prevention</p> <ul style="list-style-type: none"> • Comply with national laws related to wages and human rights. • Put in place policies and processes appropriate to the company size and circumstances, including: a) a policy commitment to meet their responsibility to protect human rights, b) a human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights and c) processes to enable the remediation of any adverse human rights impacts they cause or to which they may contribute. <p>Remediation</p> <ul style="list-style-type: none"> • Provide for or cooperate in remediation through legitimate processes. • Fund investigation (Step 3), technical support to implement remediation (i.e., third party support, where needed) and verification. • Contribute to funding repayment of wages where this is identified as appropriate to the case. • Support the employer to implement effective management systems to prevent reoccurrence.
Employers, including public employment agencies	<p>Prevention</p> <ul style="list-style-type: none"> • Implement effective management systems which ensure issues related to wages do not re-occur. See section on this topic under "key considerations" within Impactt's full version of these guidelines. <p>Remediation</p> <ul style="list-style-type: none"> • Carry out investigations (if agreed with buyers and other relevant parties under Step 1) or cooperate in investigations (if carried out by third party), providing all information requested in a timely and transparent manner. • Fund the repayment of any wages that have not been paid, based on investigation findings.
Employers' organisations	<p>Prevention</p> <ul style="list-style-type: none"> • Train companies on national laws and international standards regarding wage protection. • Provide practical guidance on setting up grievance mechanisms.

	<ul style="list-style-type: none"> • Provide opportunities for dialogue and exchange between companies. <p>Remediation</p> <ul style="list-style-type: none"> • Pool member contributions in order to provide a fund for workers who have not been paid, including as part of a co-financing arrangement with the government.⁴
Third parties (experts, auditors)	<p>Prevention</p> <ul style="list-style-type: none"> • Provide capacity building support to employers where required to strengthen their wage management systems. <p>Remediation</p> <ul style="list-style-type: none"> • Carry out or collaborate in investigations (if agreed with buyers and other relevant parties under Step 1). For example, in some cases, third parties may be brought in to carry out specific tasks such as worker interviews. • Provide expertise on methodologies for investigating and repaying wages, in line with the guidelines in this document. • Provide implementation support. • Verify whether payment efforts meet the requirements outlined in these guidelines.
Trade Unions	<p>As per the ILO’s Guidance note on protection of wages, trade unions can:</p> <ul style="list-style-type: none"> • Monitor the implementation of wage provisions negotiated in collective agreements and support wage recovery through direct engagement with the employer. • Help individual and groups of workers, particularly those in informal employment and insecure forms of work – to recover unpaid wages through administrative and judicial mechanisms. <p>In contexts where effective trade unions and collective bargaining processes exist, these should always provide the primary vehicle for addressing wage-related issues in collaboration with employers. Where local unions are not present or effective, global trade union stakeholders can support the process by:</p> <ul style="list-style-type: none"> • Representing and/or supporting workers during each step of the process outlined, in particular steps 2 (informing workers of their rights), and 5 (negotiate proposed payment plan with workers) • Providing guidance to other stakeholders (such as third parties/NGOs) that can provide this support.
Worker representatives	<p>Prevention</p> <ul style="list-style-type: none"> • Engage regularly with workers and the employer to understand whether existing wage mechanisms are implemented correctly, and request action to be taken in case any issues arise.

⁴ One possible idea is that employers could deposit the equivalent of the first month’s wages into an account from which compensation could be paid should tripartite or bipartite institutions so determine. Similar initiatives exist, such as in Germany, where the employers’ associations require payments from any enterprise for such a purpose, with the share depending on the total sum of wages of all socially insured employees, including quarterly advance payments and one final payment. ILO, [Guidance Note: Wage Protection for Migrant Workers](#), 2023.

	<p>Remediation</p> <ul style="list-style-type: none"> • Represent and support workers during each step of the process outlined, in particular steps 2 (informing workers of their rights), and 5 (negotiate proposed payment plan with workers).
NGOs/CSOs	<p>Prevention</p> <ul style="list-style-type: none"> • Engage with a wide range of stakeholders to raise awareness of wage-related issues and how these can be prevented and addressed in a way that aligns with workers interests. <p>Remediation</p> <ul style="list-style-type: none"> • Support workers during each step of the process outlined, in particular steps 2 (informing workers of their rights), and 5 (negotiate proposed payment plan with workers). • <i>(When applicable)</i> Provide expertise on methodology for investigation and repaying wages, in line with the guidelines in this document.
Labour inspectorate	<p>Prevention</p> <ul style="list-style-type: none"> • Carry out labour inspections, with a strong focus on proper payment of wages alongside other labour related issues. <p>Remediation</p> <ul style="list-style-type: none"> • Use the principles and guidelines to inform investigation and repayment approaches.
Governments/regulators	<p>Prevention</p> <ul style="list-style-type: none"> • Define within national legislation the persons responsible for compliance and prescribe adequate penalties or other appropriate remedies for any violations (ILO Convention No. 95, Article 15). • Build strong supervision and inspection mechanisms, including through the labour inspectorate. • Impose effective sanctions in the event of infringements⁵; and • Build an accessible and effective judicial system (ILO 2003, para. 462).⁶ • In developing wage protection systems, ensure the full consultation, and as far as possible, the direct participation, on an equal basis, of the social partners. • Take effective measures to ensure that workers are informed of their wage conditions before they enter employment and when any changes take place (as per Article 14 of ILO Convention No. 95) • Devote sufficient resources to the collection of statistics on wages and other relevant data.

⁵ For example, governments in some countries can detain vessels until the employer has repaid the amount owed.

⁶ With respect to sanctions, the ILO Committee of Experts “places particular emphasis on the need for truly dissuasive penalties, such as harsh monetary fines, so that employers no longer find it preferable to pay what may be no more than a symbolic fine rather than releasing wage funds on time. ILO, [Protection of Wages: Standards and Safeguards Relating to the Payment of Labour Remuneration](#), 2003, Page 371.

	<ul style="list-style-type: none"> • Promote the importance of employers paying wages according to the law and disseminate guidance on how to a) implement effective wage management systems, and b) manage repayment where issues are identified. • Develop rights-based and gender-responsive bilateral labour migration agreements between countries of origin and destination to ensure labour protection, including in the context of wages. <p>Remediation</p> <ul style="list-style-type: none"> • Fund payments of money owed to workers in the short-term where employers are unable to do so and recover this from the employer.
Judiciary	<ul style="list-style-type: none"> • Improve access to justice-related mechanisms for workers, by⁷: <ul style="list-style-type: none"> ○ Extending access to mechanisms for workers (including migrant workers, regardless of their legal status) ○ Providing legal aid and translation and interpretation services ○ Introducing mobile courts for hard-to-reach sectors or workers ○ Allowing workers to pursue cases even if they have returned home.
Investors	<p>Prevention</p> <ul style="list-style-type: none"> • Require companies in which they invest to comply with all aspects of the applicable law relating to payment of wages and provide evidence of compliance. <p>Remediation</p> <ul style="list-style-type: none"> • Use the guidelines to engage with the companies in which they invest and ask questions about how wage-related issues are being resolved. Push for a higher standard of remediation (in line with these guidelines) wherever possible. • When issues are raised relating to non-payment of wages in a company in which they invest, insist on the highest standard of remediation in line with these guidelines.

⁷ Further examples of emerging good practices can be found in Farbenblum and Berg, [Migrant Workers' Access to Justice for Wage Theft: A Global Study of Promising Initiatives](#), 2021.

Practical Application: Examples

CASE STUDY 1: AGRICULTURAL CONTEXT

- A large workforce of over 9,000 workers is employed on agricultural plantations spread across multiple provinces spanning thousands of square miles. The workforce consists primarily of undocumented migrant workers.
- An initial assessment has been carried out by a buyer, across 2 days, speaking with a handful of workers. The majority of workers reported that they had not been paid their wages owed for several weeks, and/or reported that they had been paid, but did not receive specific premiums owed or promised.
- Payment is made via 'piece rate' agreements, related to harvesting weights/quantities, paid in cash. Payslips are provided in the local language and are not translated. Contracts are not a legal requirement, and the majority of workers do not have these in place. There is no formal system for recording payments made, all payments are made in cash, and managed by the plantation managers.
- Unions exist, but these unions did not report knowledge of issues with wage payment.

Approaches for investigation and remediation

Step	Key considerations in this context
1. Determine type of investigation needed	Based on the severity of issues, the size of the company, and the potential transparency issues, an independent third party should be used to conduct a deep-dive investigation. The buyer or buyer group concerned should fund the investigation, to ensure no financial barriers to its completion.
2. Inform workers of their rights prior to investigation	The buyers, and third-party expert(s), should discuss the issues found already to determine which stakeholders should be actively involved in this step, based on findings from prior investigation. This should consider: <ul style="list-style-type: none"> a. Whether the union is adequately representing the affected workers. b. Whether company management or supervisors may have been complicit in wage related abuses/incentivised to retain the status quo. Where this is the case, other stakeholders may be better placed to relay rights to the workforce.
3. Investigate wages owed to workers	The third-party experts in human rights should conduct a further investigation into the issues raised, sampling as per the 'sampling' section, Step 3, of the full version of this document, paying particular attention to: <ul style="list-style-type: none"> a. Travel plans and language skills required to reach the most remote locations, in person, to achieve a representative sample of all workers. This should include ongoing 2-way communications systems with workers beyond the interviews, to allow security/safety check-ins on any retaliation with workers based in remote areas. b. Whether issues affect all workers (regardless of immigration status, role, or location), or a particular subset.

	<ul style="list-style-type: none"> c. Whether lack of contracts and/or passports are causing or exacerbating any forced labour situations which may exist d. The awareness of, and trust in, the union, and in supervisors, by all workers e. The lack of documentation (passports, contracts, payment systems) and how this affects workers in practice. f. Triangulation of the payment management system, including weighing scales/technique, how this translates into piece rates, how this is communicated and verified with workers, how this is recorded by management. g. The presence and complexity of a CBA, and the related need for an accredited international services firm to support in calculations. h. A balance of 'practicality versus perfection' to ensure this process is not excessively long and costly, aiding in pragmatic and timely repayment to workers. This should identify patterns in underpayment, weighing manipulation or supervisor exploitation of existing systems, among worker groups to improve efficiencies in the calculations process and ensure a speedy repayment.
4. Calculate repayment amount	<p>With support from an accredited internationally recognized professional services firm, calculations for repayment may be established by category of worker, considering:</p> <ul style="list-style-type: none"> a. Differences in owed wages vary by plantation and by supervisor, and any nuances vs CBA and legal entitlements. b. Nuances relating to specific plantations, supervisors or individuals based on individual situations, where applicable. For example, where individual weighing machines, or indeed supervisors, may cause discrepancies.
5. Communicate proposed payment plan to workers, negotiate and agree final plan	<p>Communications should carefully consider:</p> <ul style="list-style-type: none"> a. Accessibility of the most remote and vulnerable workers to feedback processes b. Adequate translation into native dialects, including verbally where workers are illiterate. c. Inclusion or exclusion of supervisors and/or unions, dependent on results of the Step 3 investigation
6. Make all repayments in a transparent and timely manner	<p>Where it is not possible to make bank transfers, cash payment must consider:</p> <ul style="list-style-type: none"> a. Safety of workers involved, considering the cash they will receive and vulnerability to targeting by thieves. b. Adequate record keeping to allow Step 8 verification
7. Implement new	<p>Introduction of new management systems should carefully consider:</p>

management systems	<ul style="list-style-type: none"> a. Prioritisation of system improvements which will most directly remove risk of workers being compelled to remain with their employer. This may include aspects beyond the payment system itself, including a regularization programme to obtain passports, in tandem with local officials, the standardization of contracts with copies for workers in their own language and support programmes for creation of new, representative unions. b. Where necessary, (e.g., where unions are not representative of vulnerable workers), introduction of effective grievance mechanisms which workers have awareness of, and trust in. c. Improvements to payment systems to increase accuracy, reliability, and verifiability.
8. Verify payment	<p>Verification should consider the same key aspects noted above, namely remoteness of workers, in addition to:</p> <ul style="list-style-type: none"> a. Any threats or security issues related to cash repayments. b. Effectiveness of new management systems in practice, (e.g., regularization programmes and contracts) in preventing re-occurrence of workers being compelled to remain at the employer

CASE STUDY 2: MANUFACTURING CONTEXT

- A manufacturing factory employs around 150 workers, of whom 70% are migrant and 30% local. Migrant workers are represented by a freely elected worker committee, as they are not permitted to join unions in this country.
- The products manufactured by this factory are seasonal, so there are peak production periods where excessive overtime is very common.
- During a buyer audit, 5 workers reported that they worked significant overtime hours in the last three months (on regular days as well as rest days and public holidays), but that these were not all paid correctly. They said that this issue only happened in the last few months, and that prior to that, payments had always been correct. They also shared that one of their colleagues resigned several months ago but has still not received her annual leave entitlements.
- The factory is generally transparent and when this finding was raised during the closing meeting of the audit, they recognised that they have faced some challenges in accurately recording and paying overtime recently due to a new system they have implemented. They agree to investigate this issue immediately and are eager to address any issues identified.

Approaches for investigation and remediation

Step	Key considerations in this context
1. Determine type of investigation needed	Given the transparency and open attitude of this company, alongside the indication that this issue is limited to a specific period and across a small workforce, the employer can investigate this issue and report findings and proposed actions back to the buyer. Buyers or third parties should carry out verification (see Step 8) to ensure the issue has been effectively addressed.
2. Inform workers of their rights prior to investigation	<p>A. The employer should engage with workers to communicate the proposed investigation process to workers in a language they understand and gather their feedback on it, alongside the proposed timeline for resolving the issues (i.e., repaying any outstanding wages), and information on rights to seek remediation through other means if necessary.</p> <p>B. Given that migrant workers cannot join unions, adequate consideration should be given to ensuring this group receives this communication through means other than unions, including through worker representatives where possible.</p>
3. Investigate wages owed to workers	<p>The employer should investigate the issues raised, sampling as per guidelines in 'sampling' section, Step 3, of the full version of this document, paying particular attention to:</p> <ol style="list-style-type: none"> a. Making sure the legal requirements on different types of overtime rates are understood, and consulting local authorities if any clarification is needed. b. Asking the sampled workers detailed questions on the hours worked across the 3-month period, and checking whether they believe this issue affected any other dates in previous months/years (this will provide an alternative data source to the official timesheet records, where these hours may have been entered incorrectly). c. Reviewing any other data sources which may provide insight into actual hours workers (e.g., referencing production records (volume) against data on hours taken to produce that volume, attendance records against rest days and public holidays). d. Reviewing errors in the time-recording system and how these can be resolved.
4. Calculate repayment amount	<p>Based on the data gathered and triangulated, calculate:</p> <ul style="list-style-type: none"> • The total amount of overtime that should have been paid across the 3-month period to each worker, and the amount actually paid (resulting in the required repayment amount) • The specific overtime categories that add up to this total, including standard overtime and premium overtime rates (e.g., additional hours worked outside of standard overtime hours/or legally

	<p>mandated overtime premiums), overtime on public holidays and rest days.</p> <ul style="list-style-type: none"> On the basis of evidence triangulated from worker interviews, management interview and document review, the assessor must come to a conclusion about the total payments owed. In the absence of reliable documentation, or in the case of doubt, worker testimony at scale should be prioritised in order to define payment amounts.
5. Communicate proposed payment plan to workers, negotiate and agree final plan	<p>Communications carried out with support from worker representatives in languages that workers understand should include:</p> <ol style="list-style-type: none"> An overall explanation of the errors and how they occurred, and the proposed repayment approach. A letter communicating the proposed repayment amount to each worker including a breakdown of the different categories of overtime pay owed across the 3-month period, presented in a format that is easy to understand; workers should have the opportunity to review this letter, with support from their worker representative, and to discuss with HR any areas of disagreement.
6. Make all repayments in a transparent and timely manner	<ol style="list-style-type: none"> Pay out the annual leave entitlements to the worker who resigned immediately and provide an explanation and apology for this delay. Pay all outstanding overtime as agreed as quickly as possible, and within a maximum of 3 months.
7. Implement new management systems	<ol style="list-style-type: none"> Address the specific issues identified within the company's timekeeping system and resolve these. If this issue takes time to resolve, implement an interim measure which better documents hours worked, and provides an alternative record, for example, having supervisors manually log hours worked at the end of each day with worker sign-off. Address the specific issues causing delayed payment of entitlements.
8. Verify payment	<p>Buyers and/or third parties should verify that all overtime wages have been repaid correctly, paying particular attention to:</p> <ol style="list-style-type: none"> Covering both workers that reported the original issue, and other workers in the verification sample. Verifying that errors in payment were limited to the 3-month period highlighted by workers in the original audit (this can be done through spot-checks on documents covering e.g., two randomly selected months within the previous 12 months, and asking questions about work patterns during those months during worker interviews. These parties will also benefit from consistent and continuous communication and verification with the employer as it conducts the prior steps to ensure due diligence throughout the process.

CASE STUDY 3: FISHING VESSELS

- A buyer has audited a vessel employing a crew of 5 fishers. The vessel is one within a fleet of seven vessels owned and operated by the same company. The buyer only sources from two of the seven vessels.
- During the vessel audit, one worker reported that none of the crew have been paid in the past 6 months. He said that they are all very afraid of the consequences of reporting this, and that he did not want to speak to the auditor for long because he was afraid. The vessel left port the day after the audit, returning three weeks later.
- Workers also reported that he and several others have been employed on the vessel for three years, and that before wage-payments stopped entirely, wages were paid incorrectly, not reflecting the correct rates agreed per catch.
- The worker also reported that the captain made deductions from wages to cover food costs on board and charged 20% interest on loans (which were in fact advance wage payments).
- There is no connectivity on the vessel apart from the satellite phone held by the captain. Workers phones are kept in lockers, but they do not have reception most of the time.

Approaches for investigation and remediation

Step	Key considerations in this context
1. Determine type of investigation needed	<ul style="list-style-type: none"> a. Based on the severity of issues, and significant danger to the crew, the buyer must carefully consider how to involve government and civil society stakeholders, with the consent of the workforce, prioritising the safety of the crew. b. At the same time, the buyers should request an investigation to take place as soon as the vessel returns to port. An independent third party with experience in this sector should conduct a deep-dive investigation, and this should be carefully communicated to ensure the sensitive situation does not negatively impact workers.
2. Inform workers of their rights prior to investigation	<ul style="list-style-type: none"> a. Investigators should inform the fishers of the investigation process and safeguards that are in place (see step 3 below), as well as their rights to access other external grievance mechanisms. b. Investigators should recommend that fishers contact the International Transport Workers' Federation (ITF) immediately to lodge the complaint as soon as they come back to port. If issues are resolved through the buyer investigation and follow-up, then the complaint can later be withdrawn. Timely lodging of the complaint is key, because in some countries it is only possible to recover wages for a specific time-period after submission of the complaint. E.g., in some countries this entails wages can only be recovered for a period of 3-6 months prior to the date the complaint was made.

<p>3. Investigate wages owed to workers</p>	<p>The third-party investigators should investigate the specific wages owed, alongside other forced labour indicators likely to be present on this vessel). It is important to pay particular attention to:</p> <ol style="list-style-type: none"> a. <i>Accessibility of the vessels:</i> given that vessels may stop at port for only a few days, investigators must be flexible and able to interview workers at short notice. Where possible, use leverage of authorities and/or buyers to hold the vessel at port until issues related to wage payments have been addressed. b. <i>Location of interviews:</i> interviews should be carried out in a location where workers feel safe, away from the vessel and port area where they can be observed. c. <i>Anonymity and safeguards.</i> Given the small crew size, it is almost impossible to guarantee workers' anonymity. It is important to speak to all 5 workers, however, safeguards also need to be put in place to enable workers to report any retaliation post-investigation. This could include providing investigators phone numbers to the workers, and providing a satellite phone for them to take with them when they go back out to sea to be able to report any retaliation. However, within this context, given known abuse on this vessel, providing immediate access to remedy may be more appropriate (see below). d. <i>Immediate options for remedy:</i> As these workers are in a situation of debt bondage and have communicated that they are afraid of the captain, investigators must be prepared to support workers to leave the vessel immediately and access support through referral networks on land. Supporting security personnel and/or support of local police where appropriate may also be considered where this may be required to assist in safe passage. Buyers should fund provision of immediate support needs that may be required, e.g., temporary accommodation, food/travel stipend, cost of repatriation back to their home country should workers wish to go back, or support to get alternative employment (e.g., with other companies or vessels within buyers' supply chains).
<p>4. Calculate repayment amount</p>	<p>Calculate the wages owed to each individual worker, considering:</p> <ul style="list-style-type: none"> • <i>Informal and undocumented pay agreements</i> will make it difficult to determine what was agreed, and therefore how much is owed. Use worker testimony as the primary source of data on this point and refer to minimum wage thresholds within collective bargaining agreements covering similar industries/countries, as well as common rates used within the region/industry (where data is available) as a benchmark for defining minimum thresholds. • <i>Provide compensation:</i> given the severe hardship in this case, the best practice approach regarding compensation in the guidelines

	<p>should be followed (e.g., compensation in the form of liquidated damages, see Step 4 of the detailed guidelines for information).</p> <ul style="list-style-type: none"> • That all debts (including interest on loans) should be cleared, given these were incurred as a result of abusive wage-payment practices.
5. Communicate proposed payment plan to workers, negotiate and agree final plan	<p>Following the investigation process, keep in close contact with the affected workers to monitor whether immediate remediation needs have been effectively met. When communicating the proposed payment plan, consider:</p> <ul style="list-style-type: none"> • That if some workers opt for immediate repatriation, communication, negotiation, and agreement of the final plan may need to be done remotely.
6. Make all repayments in a transparent and timely manner	<p>Where it is not possible to make bank transfers directly to workers, bank transfers to nominated family members can be considered. If cash payment is used, this must consider:</p> <ol style="list-style-type: none"> a. Safety of workers involved, considering the cash they will receive and vulnerability to targeting by thieves. b. Adequate record keeping for Step 8 verification
7. Implement new management systems	<p>Buyers sourcing from this vessel must attempt to engage vessel management to implement new management systems, given that another six vessels exist within this fleet, where similar practices are likely present. Key activities related to wages will likely include:</p> <ul style="list-style-type: none"> • Transitioning to a digital payment system, based on predictable and fully transparent wage rates for all workers. • Hiring a dedicated team of qualified and certified Human Resources professionals, including a Worker Welfare Officer, who can manage the recruitment, onboarding, payment, grievances and working and living conditions on the fleet. • Ceasing any illegal and unethical payment practices including: illegal salary deductions, requiring migrant workers to pay deposits before returning to their home country on annual leave, charging interest on loans, imposing financial penalties for breaking a contract prior to its end term. • Developing a formal system, administered by the HR team, for no-interest wage advances, in alignment with ILO Convention 188 which allows fleet owners to provide fishers with advances against their wages under prescribed conditions.
8. Verify payment	<p>Verification should consider the same key aspects noted above, in addition to:</p> <ol style="list-style-type: none"> a. Completeness of repayments to both workers who remained, and any which opted to leave. b. Any threats or security issues related to repayments.

	c. Effectiveness of new management systems in preventing re-occurrence of workers being compelled to remain at the employer through withholding of wages
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