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PRESS RELEASE

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Investors Unite to Ask Global Companies Operating in The Gulf Nations to Protect Migrant Workers from Debt Bondage and Modern Day Slavery

- *Covid-19 pandemic has resulted in cancellation of contracts and job losses, leaving migrant workers without means to repay large debts acquired due to unethical recruitment processes*
- *Investors have requested that over 50 companies, from the high-risk sectors of oil and gas, construction and hospitality operating out of Gulf nations, provide details on how they are safeguarding workers*
- *Investor group comprises 38 investors with over $3trn AUM*

London, 5 August, 2020 – A group of institutional investors with over $3 trillion of assets under management, led by CCLA and supported by investors including Aviva Investors, Schroders and M&G, has written to 54 companies, including leading multinational brands with business operations in the Gulf nations, to request details about their approach to safeguarding migrant workers. This follows concerns about workers' welfare, particularly relating to recruitment practices which may result in debt bondage, as well as the retention of their passports.

The investors are responding to recent reports that have identified how migrant workers in Gulf nations, recruited and employed through labour outsourcing agencies, are coerced into paying large fees to agents and middlemen as part of the recruitment processes for roles supporting major international businesses. The payment of recruitment fees, often only made possible by taking out excessive loans at high interest rates or by signing over assets and property, can mean that workers are left in a position of 'debt bondage', and thus are at high risk of forced labour and modern-day slavery.

Migrant workers make up around 50% of the population in the Gulf nations and, in some, they comprise up to 90% of the workforce[1]. The global Covid-19 pandemic has resulted in many migrant workers' roles being revoked or in workers losing their jobs. This has left many facing substantial debts that they will likely find impossible to repay and the prospect of rising rates of suicide and other social harms.

Focused on the high-risk sectors of hospitality, construction, and oil and gas, the investor letter recognises that, due to the complicated nature of migrant worker recruitment supply chains and layers of labour outsourcing, many end-user companies may be unaware of these risks that impact upon the migrant workers who work in their operations.

For this reason, the letter asks whether the companies use any labour outsourcing companies or migrant workers within their operations in the Gulf states. If so, it asks for

[1] Migrant-Rights.org https://www.migrant-rights.org/about/

information on how they work with these agencies. It also asks for details about the policies and processes in place to identify, reimburse and provide other forms of remedy to migrant workers who have been impacted by recruitment fees and/or passport retention.

Mr Peter HUGH SMITH, CCLA's Chief Executive, said:

"The International Labour Organisation regards the payment of recruitment fees and costs as a significant indicator of forced labour with debt bondage estimated to be a factor in over half of the 25 million cases of forced labour worldwide. A quarter of the forced labour victims globally are comprised of migrant workers[2]. As investors, we have a moral duty to ensure that we are not profiting from modern slavery in any shape or form and CCLA will continue to encourage the investment community and leading companies to do more to uncover and prevent modern slavery."

Ms Rosey HURST, Founder of Impactt, who has assisted the engagement, said:

"Migrant labour recruitment fees are a systemic issue that Covid-19 is turning into a crisis. Reimbursing recruitment fees, paid for by workers, is not only possible – it is absolutely necessary in order to right this wrong. Identifying amounts paid, and defining repayment schedules is easier than it sounds, if you have expert support and are committed to resolving the issue"

Mr Andy HALL, an independent migrant worker rights specialist focusing on Asia and the Gulf, and working out of Nepal, said:

"I have seen at first hand the negative impact that recruitment fees and associated costs can have on migrant workers' lives. Migrant workers are sold a dream of a better life that can quickly turn into a nightmare. This situation, often resulting in modern day slavery, has been exacerbated by Covid-19 and local laws. Investors, as the end-owners of companies, can play an important role in pushing companies to develop better processes to identify and provide remedy to victims of debt bondage and forced labour."

Revd David SCHILLING, Senior Programme Director – Human Rights and Resources at the Interfaith Center for Corporate Responsibility, said:

"Foreign migrant workers are the least able to pay exorbitant recruitment fees and costs to obtain a job, yet this is still the reality for most workers. ICCR investors have pressed companies in their portfolios to adopt ethical recruitment policies that include employers, not workers, paying for recruitment. Corporate policy commitments are important, but workers are desperate for remedy. This includes being reimbursed for the fees they have paid that often accelerates their slide into poverty and bonded labour."

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[2] Crest, a regional partnership initiative of the International Organisation For Migration https://crest.iom.int/

Ms Faith WARD, Chief Responsible Investment Officer at the Brunel Pension Partnership, said:

‘Whilst investors are increasingly interested in the impact of environmental, social and governance factors on the financial performance of companies we have to make sure that we are also delivering real world, positive, change. I hope that this letter encourages companies to investigate their labour supply chain and provide strong safeguards for migrant workers”

Mr Steve WAYGOOD, Chief Responsible Investment Officer at Aviva Investors, said:

“There is no place for modern day slavery in the economies of today, nor any practice which exploits at-risk groups in our society. Human rights issues have a material impact on corporate performance and investors are increasingly recognising the long-term costs associated with employers mistreating workers. As shareholders, and therefore the ultimate owners of these businesses, investors have the right – and responsibility – to use their voting powers in holding firms to account and promoting positive change.”

CCLA is a specialist investment manager for the UK based charity, faith and local authority investors. They have a long history of involvement in projects to protect human rights and well-being. Initiatives over the last ten years include Find It, Fix It, Prevent It, encouraging hoteliers to protect against Child Sex Trafficking, promoting the Employer Pays Principle, and, alongside the Church Investors Group, delivering a market wide engagement programme promoting better action on slavery in supply chains.

ENDS

Notes to Editors

The list of companies being asked about their approach to safeguarding migrant labourers in the UAE includes the following companies (NB inclusion on this list in no way implies any wrongdoing on behalf of the company):

ABB Ltd, Abengoa, Accor SA, Acciona, Bam International, Besix (Orascom Construction), Bouygues S.A, Brookfield Asset Management Inc., Eiffage SA, ENEOS Holdings Inc., ENI S.P.A., Equinor ASA, Exxon Mobil Corporation, Groupe WSP Global Inc., Halliburton Company, Hilton Worldwide Holdings Inc., Hyatt, Idemitsu Kosan Co. Ltd., INPEX Corporation, Jacobs Engineering Group Inc., Kier, Koninklijke Vopak N.V., Marriott International, Inc., McDondald’s Corporation, Multiplex, National Oilwell Varco INC., Neste Oyj, Obayashi Corporation, Occidental Petroleum Corporation, OMV Aktiengesellschaft, Petrofac, Phillips 66, Repsol S.A., Restaurant Brands International Inc., Royal Caribbean Cruises Ltd., Royal Dutch Shell Plc., Salini Impregilo, Samsung C&T, Samsung Engineering, SNC-Lavalin, Schlumberger N.V., Shimizu Corporation, Skanska AB, Sodexo SA, Starbucks Corporation, Taisei Corporation, Technip FMC, Técnicas Reunidas, Tenaris S.A., Total SA, Valero Energy Corporation, VINCI S.A., Yum! Brands Inc., Wyndham, The list of investors signing the letter includes: CCLA Investment Management, Schroders PLC, Aviva, M&G Investments, Ethos Engagement Pool International, First Sentier, KLP, Rathbone Brothers PLC, Brunel Pension Partnership, The Church Commissioners for England, The Church of England Pensions Board, Ethos Foundation Switzerland, SHARE, The Interfaith Center for Corporate Responsibility, The Church Investors Group, Azzad Asset Management, Boston Common Asset Management, Mercy Investment Services, The Friends Provident Foundation, The Lankelly Chase Foundation, The Maryknoll Sisters, Adrian Dominican Sisters Portfolio Advisory Board, CommonSpirit Health, Congregation of St. Joseph and the Daughters of Charity, Province of St. Louis

To view a typical migrant's recruitment journey, see page 15 of the UK government's modern slavery statement

Please note, this initiative is not part of the 'Find It, Fix it, Prevent It' modern slavery project, also led by CCLA. This is due to the rapid response required for this engagement, but it is backed by many of the same investors.

ABOUT CCLA

CCLA manages investments for charities, religious organisations and the public sector. Founded in 1958, it aims to deliver strong long-term returns and has unmatched experience in providing ethical and responsible investment to charities. CCLA is independently owned by its clients with £11 billion of assets under management.

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www.ccla.co.uk

PRESS CONTACTS

To request an interview, please contact:
Miranda Barham: miranda@mirandabarham.com or +44 (0)7899 030304
Tim West: tim@fablebureau.com