

Anniina Jokinen  
7 October 2019

# Addressing labour exploitation: uncovering the complexities

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THE EUROPEAN INSTITUTE FOR CRIME PREVENTION  
AND CONTROL, AFFILIATED WITH THE UN

# LABOUR TRAFFICKING AND EXPLOITATION OF MIGRANT WORKERS

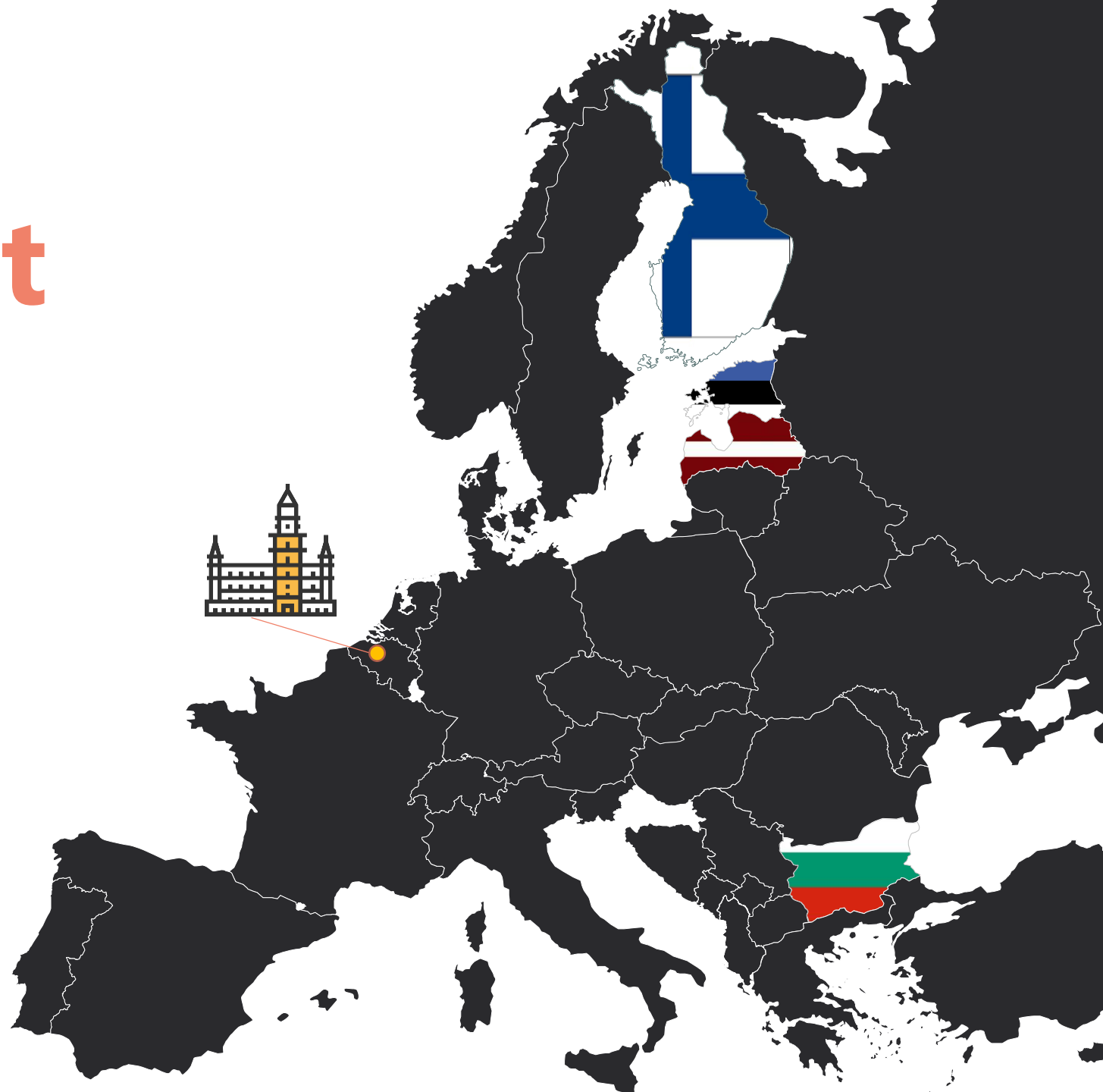
Exploitation	Corporate crime	Corporate social responsibility
An infringement of the rights of the individual – labour exploitation, extortionate work discrimination, ultimately trafficking.	Exploitation as a structural problem, focus on restaurant and cleaning sectors.	Including the prevention of trafficking and exploitation into corporate social responsibility policies.

# FLOW project (2018-2020)

**EU-FUNDED, FOCUS  
ON LINKS BETWEEN  
LABOUR  
EXPLOITATION AND  
ECONOMIC CRIMES**

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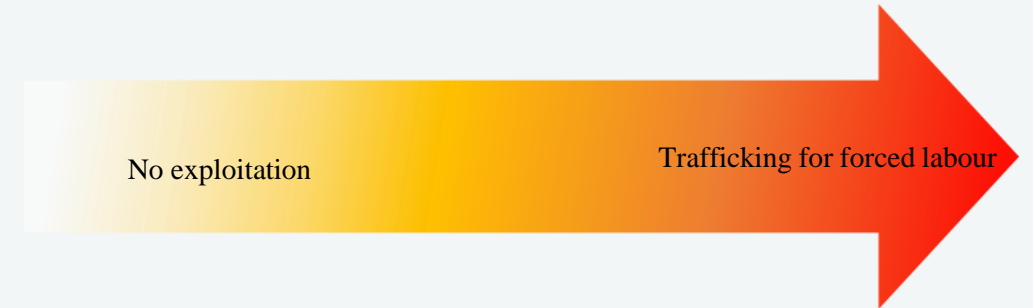
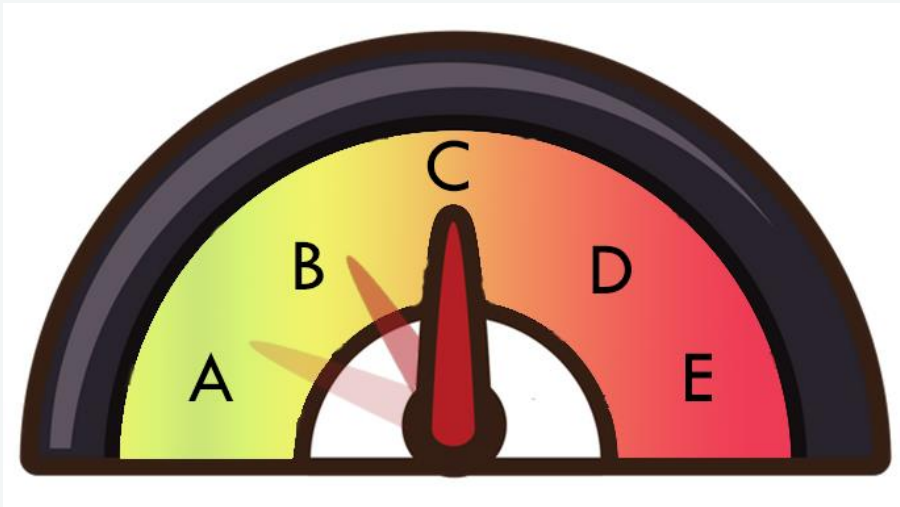
Finland, Estonia,  
Latvia, Bulgaria +  
study trip in Brussels



# RESULTS

- Improved capacity of law enforcement to investigate human trafficking and to identify victims
- Improved cooperation between police and labour inspectors
- **Businesses understand risks of trafficking in supply chains**
- **Businesses include prevention of trafficking in CSR policies**
- Better **victim identification**

# Continuum of exploitation



Less severe forms of labour exploitation can create breeding ground for more serious forms and thus must be addressed

*No extra pay for overtime,  
shifts or weekend work*

Pressure related to  
working conditions

Withholding pay

**Overlong working hours**

# Underpayment

Sexual violence or  
the threat thereof

**Forbidding  
social  
interaction**

Unreasonable or unlawful recruitment fees

Confiscation of ID

Restriction of  
movement

Unreasonable transport fees

Physical violence or the threat thereof



News 24.7.2012 20:24 | updated 25.7.2012 6:20

## Managers accused of exploiting foreign cleaners

Executives of a custodial firm in Helsinki face charges including aggravated extortion.

[Recommend](#) Be the first of your friends to recommend this.



The foreign cleaners worked at bus depots in the Helsinki area.

The management of a cleaning firm operating in the area has been accused of exploiting as many as 30 foreign workers. The company is believed to pay less than the minimum wage, among other offences, often in the evening or overnight without the extra pay.

News 17.4.2015 18:05 | updated 17.4.2015 18:05

## Suspended sentences and compensation ordered in human trafficking case

The owners of the Kaavya Kitchen restaurant in Kokkola have been handed seven-month suspended sentences and ordered to pay close to 35,000 euros to a former employee who worked under conditions that the court said amounted to forced labour.

[Recommend](#) Be the first of your friends to recommend this.

## Aamulehti: Three Tampere restaurants suspected of human trafficking

FINLAND / 27 JANUARY 2012

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READING MODE

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Two people will appear before Pirkanmaan District Court this morning on suspicion of human trafficking, the regional paper Aamulehti reported today. The two suspects are restaurateurs of Vietnamese background, but both have Finnish nationality.

According to the paper, police closed three Golden Rose restaurants on Monday and Tuesday of this week. Two of the restaurants are in Tampere, in the Koskikeskus shopping centre and on Hämeenkatu, and the third is in the Ideapark shopping centre in Lempäälä.

This is the second suspected case of human trafficking in the Pirkanmaa region within a year.

Areas of expertise Current issues Projects and legislation Publications Ministry

TISTE / POLICE / HUMAN TRAFFICKING

## Human trafficking is a human rights challenge

Human trafficking and other comparable abuse and exploitation are considered one of the greatest human rights challenges of today. In human trafficking, victims are subjugated usually for the purpose of commercial exploitation. As a result of such subjugation, the victims are unable to exercise their free will. Human trafficking has also been described as modern-day slavery.

Finland is bound by numerous international conventions and obligations related to human trafficking, such as the Additional Protocol supplementing the UN Convention against Transnational Organized Crime and the Council of Europe Convention on Action against Trafficking in Human Beings.

## Cases of work-related exploitation have been exposed in Finland

In Finland, the human trafficking offences that include

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FRONTPAGE MEMBERSHIP

NEWS - 05.10.2018 KLO 10.00  
Work conditions

Uutiset

Urheilu

Sää

Tuoreimmat

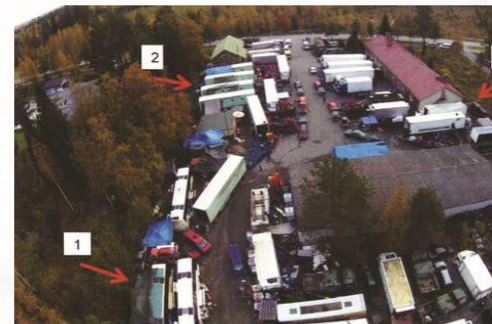
UUTiset > NEWS

News 19.1.2018 16:30 | updated 19.1.2018 16:30

## Berry firm boss convicted of trafficking 26 Thais

The owner of a berry company in central Finland was slapped with a 20-month suspended prison sentence and ordered to pay a total of more than 300,000 euros in damages and legal costs.

[Recommend](#) 173 people recommend this. Be the first of your friends.



The camp that accommodated the pickers in the case. Image: Poliisi

News 6.5.2011 12:05 | updated 6.6.2012 20:05

## Exploitation of Foreign Workers on the Rise

Foreign workers are meeting with growing levels of exploitation in Finland. Particularly in the cleaning and household services sectors, many cases of exploitation have the hallmarks of human trafficking.

[Recommend](#) Be the first of your friends to recommend this.



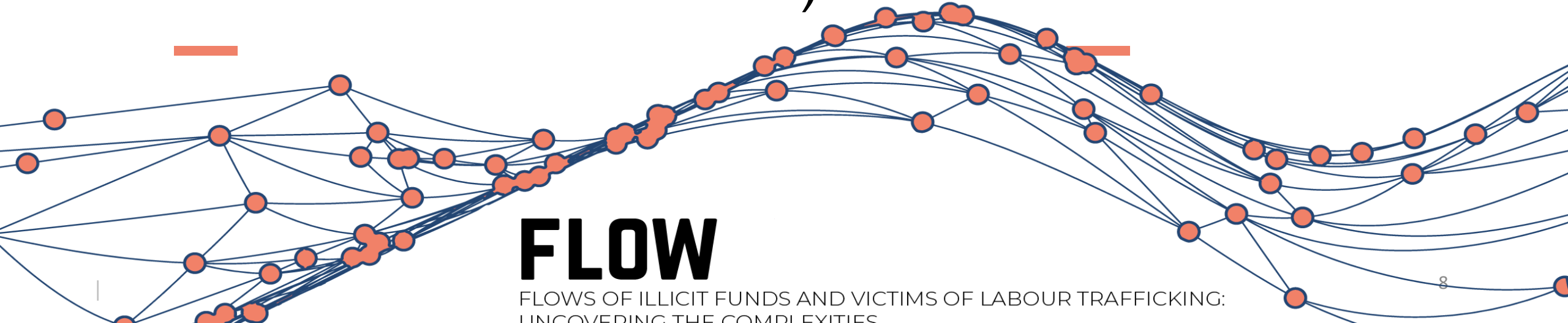
## Decent work conditions are not self-evident in Finland – service sectors prone to exploitation



# Business model of labour exploitation

Cost reduction  
(wages, taxes,  
social  
contributions  
etc.)

Revenue generation  
(recruitment fees, overcharging  
for accommodation, transport,  
food, work equipment, clothes  
etc.)





# NEPALESE RESTAURANT IN KUOPIO

## (Pohjois-Savo District Court 14.12.2018 )

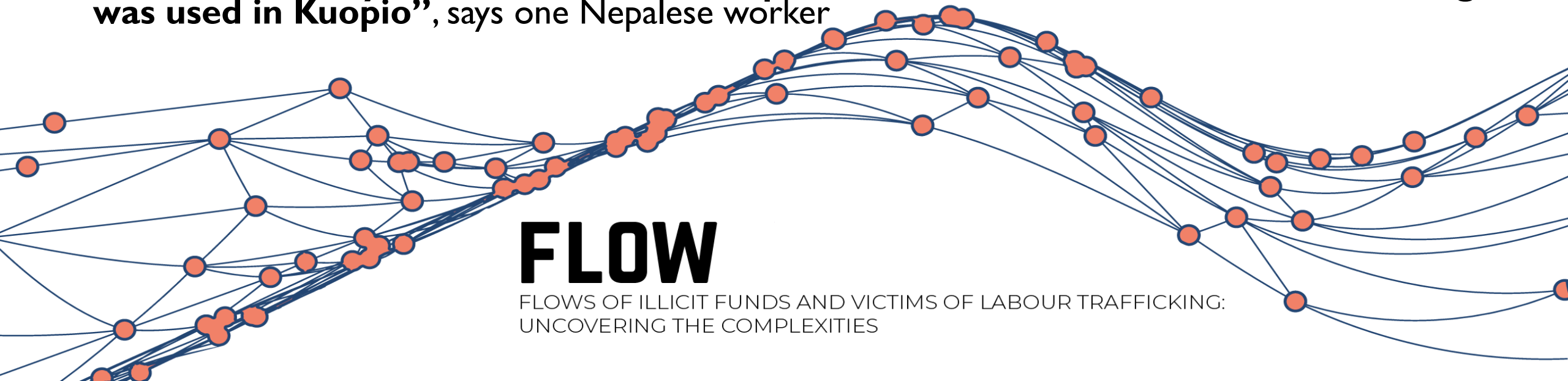
- 4 perpetrators were running two Nepalese restaurants in Kuopio
- 3 Nepalese migrant workers were recruited to work as ethnic chefs
- Recruitment fees were paid for the job → up to 15,000 EUR
- Long days with little free time, work safety issues
- Workers had two sets of bank accounts (A and B). Their wages were paid to bank account A according to the minimum set in the collective agreement, approximately 1800 EUR a month, in reality they got small pocket money to account B
- Police confiscated over 50 000 EUR in cash from the home of the main perpetrator and his wife, found excel sheet outlined their economic crimes
- Perpetrators admitted guilty to charges of trafficking to avoid a business ban
- Compensation: 50 000 EUR for suffering; approx. 150 000 EUR in due wages, plus 53 934 EUR to tax authority

# Quotes from Helsingin Sanomat article on exploitation in Nepalese restaurants (2019)

One Nepalese cook interviewed by HS says he saw bags of cash being carried from a restaurant in Southern Finland to the owner. According to him **“black money”, as the Nepalese call it, can amount to over a thousand euros on a good day** and a few hundred on a bad one.

The employees say that cash is hidden in the restaurant, from where it's taken to the owner's home. After the human trafficking case in Kuopio however, the practice has changed in at least some restaurants.

**“Now the money is taken to a relative's place, because the owners know that a dog was used in Kuopio”,** says one Nepalese worker



# Economic crimes related to labour exploitation

Tax fraud and evasion of VAT & income tax



Manipulation of books and tills



Sales besides the till/non-reported sales esp. in cash



Subtracting/correcting amounts from the sales before closing the books for the day



Money laundering via different means

European Institute for Crime Prevention and Control,  
affiliated with the United Nations (HEUNI)

## GUIDELINES FOR BUSINESSES AND EMPLOYERS FOR RISK MANAGEMENT IN SUBCONTRACTING CHAINS



PREVENTING LABOUR EXPLOITATION AND HUMAN  
TRAFFICKING IN FINLAND

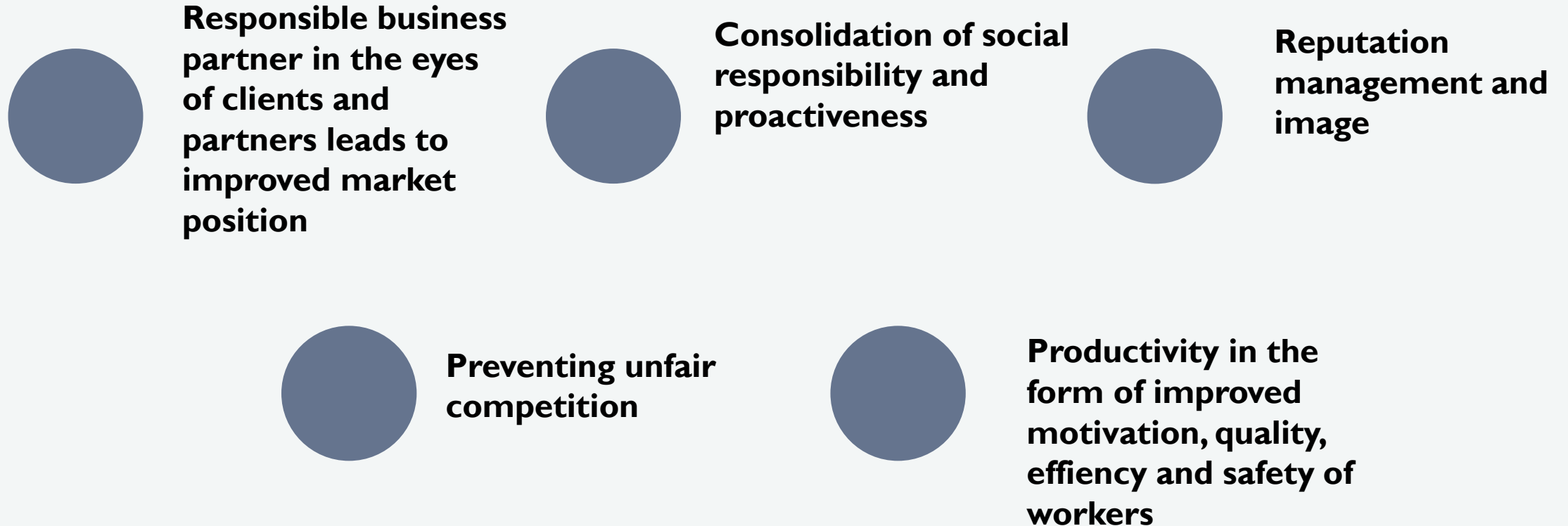
# Nordic CSR project (2017-2018)

- National tasks in Finland were funded by the Ministry of Social Affairs and Health.
- HEUNI organised a series of workshops with businesses to tailor the guidelines to the Finnish context
- Strengthened cooperation with different platforms, employers' associations, and cities and municipalities



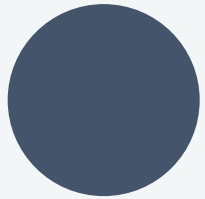


# Advantages of managing risks

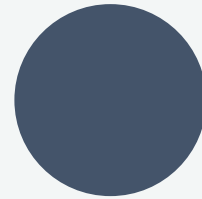




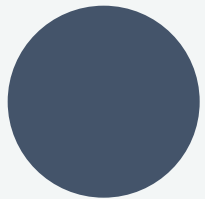
# Challenges in local supply chains



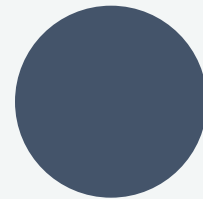
**Manipulation of  
contractual  
practices**



**Direct use of  
force and  
threats**



**Exploiting migrants'  
economic  
vulnerability**



**Exploiting  
migrants'  
powerlessness**



## 1. PUBLIC-SECTOR CLIENT

Finnish company in the construction industry

*Did not submit a statement of the terms and conditions of foreign workers to the Employment and Economic Development office.*



## 2. SUBCONTRACTOR 1

A foreign company who has no employees.

*The company seems trustworthy and it meets the contractor's obligations and liability.*



## 3. SUBCONTRACTORS 2A & 2B

Foreign construction companies who have posted workers in Finland.

*The pay was 4€/h  
(less than half of the minimum pay in construction)  
No premium was paid for overtime  
Employees had no statutory rest periods  
No Sunday allowances*





*Exploitation of foreign workers*



**SUBCONTRACTOR**



*Human trafficking*



*Undeclared workers*



**SUBCONTRACTOR**



*Illegal workers*



**SUBCONTRACTOR**



**SUBCONTRACTOR**

**SUPPLIER**



**COMPANY**



**POSTED WORKERS**



# EXAMPLE

An example of labour exploitation in the cleaning industry

"We were struggling because we have over 300 facilities with numerous partners, most of whom also use subcontractors. Monitoring the employers who work in the subcontracting chains and their duties posed a great challenge, and so we decided that we could not go on like this [...] With subcontracting chains, it is difficult to figure out who works in the facility and what the conditions are like. Even if the paperwork had been done properly, it does not mean that the working terms are flawless [...] It is important to be aware of the phenomenon. One can turn a blind eye at it fairly easily, but we know that there have been problems and that they are on the increase." Facilities Manager Aino Aho, Helsingin Sanomat 14.4.2017, translated.



# Seven steps towards better risk management

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## Monitor

- Conduct regular risk assessments and monitor the supply chain.
- Commit to the prevention of labour exploitation and trafficking by including these themes in your social responsibility strategy.

# How to lower risks by doing responsible business?

## Risks are higher if the company:

- ✓ Uses non-skilled, temporary or seasonal workers
- ✓ Outsources tasks to employers who are working outside the normal business hours are thus not directly visible to rest of the staff
- ✓ Uses sub-contracting, esp. long chains
- ✓ Is part of a sector where cases of labour exploitation have been uncovered

A

General precautions



B

Direct recruitment and employment



C

Precautions when working with subcontractors

## Indicators



Victims of labour trafficking and/or exploited migrant workers often do not disclose their experiences because of fear, threats or lack of trust



# Checklists for businesses and employers

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## 01 Overall risk assessment

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- Does the company use migrant workers who lack knowledge of labour rights in Finland?
- Does it use subcontracting; is it engaged in risk sectors?

## 02 Recruitment and payment practices

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- Are all potential employees met in person and the terms of employment presented in a language that the employee can understand;?
- Are there written employment contracts; ensuring the validity of personal documents?

## 03 The use of subcontractors

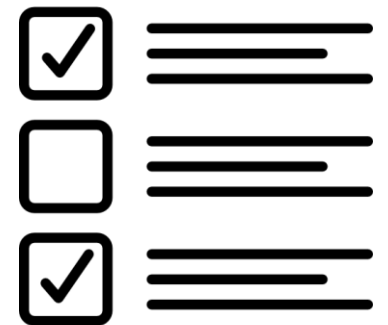
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- Is the use of sub-contractors limited?
- Are the subcontractors vetted?
- Are there contractual clauses that foresee contract termination in case of detection of exploitation?

## 04 Indicators of exploitation

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- Do employees know what constitutes exploitation and what are the red flags?
- Does your company have a mechanisms for reporting possible suspicions?





No extra pay for overtime, shifts or weekend work  
Pressure related to working conditions  
Withholding pay  
Overlong working hours  
Sexual violence or the threat thereof  
**Underpayment**  
Forbidding social interaction  
Unreasonable or unlawful recruitment fees  
Confiscation of ID  
Unreasonable transport fees  
Restriction of movement  
Physical violence or the threat thereof

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2 The Co-op Modern Slavery and Human Trafficking Statement  
Our food ethical trading monitoring programme  
1,984 sites  
6 continents  
74 countries  
0.5m workers  
Visit our Food website for more information  
500 Independent audits across Tier 1 (334) and Tier 2 (196) sites  
6,000 hours of training for 900 people from 600 supplier sites in 3 countries  
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