BRIEF 02 — FORCED LABOUR

Forced Labour

What It Looks Like in Practice

— and What Suppliers Can Do

Forced labour is often misunderstood as something extreme that happens elsewhere. This brief explains what to look for and how to respond.

MEKONG CLUB

READING TIME	DOCUMENT	INCLUDES
~10 minutes	Full text + self-assessment	11 Indicators · Pathway · Checklist

WHY FORCED LABOUR IS A BUSINESS RISK

1 Understanding forced labour — because the consequences are real

According to global estimates by the International Labour Organization (ILO), 27.6 million people are in forced labour worldwide, with the vast majority (86%) occurring in the private economy. Forced labour is estimated to generate USD 236 billion in illegal profits each year, underscoring the scale of the issue and its relevance to business operations.

For suppliers, forced labour is not only a human rights issue — it is a **material business risk**. Situations involving forced labour frequently lead to worker unrest, production disruption, loss of buyer trust, regulatory scrutiny, and reputational harm that is difficult to reverse.

Forced labour is often misunderstood as something extreme or criminal that happens "elsewhere" in supply chains. In reality, forced labour can emerge gradually through everyday practices and pressures, even in otherwise well-managed operations. Increasingly, buyers and regulators expect suppliers to understand how forced labour risks arise, how they may appear in operations, and what credible action looks like when risks or impacts are identified. This expectation is reflected in international standards such as those developed by the ILO, the UN, and the OECD.

Suppliers that understand forced labour risks early — and respond effectively — are better positioned to protect workers, maintain stable operations, and sustain long-term commercial relationships.

WHAT FORCED LABOUR MEANS — AND HOW IT IS IDENTIFIED

2 The ILO definition and the 11 indicators

This brief uses the definition of forced labour from the ILO Forced Labour Convention (No. 29). The ILO defines forced labour as:

> *"All work or service which is exacted from any person under the menace of any penalty and for which the person has not offered himself or herself voluntarily."*

In practical terms, forced labour exists when a worker cannot refuse work or leave a job freely because of pressure, threats, deception, or some form of penalty. Importantly, forced labour is defined by the reality of the worker's situation, not by what appears in contracts or policies. A worker may have signed an agreement or initially accepted a job, but forced labour can still exist if staying in the job is no longer voluntary in practice.

Because forced labour is often hidden, international guidance emphasizes the use of **11 indicators** — observable signs that help identify situations where freedom of choice may be compromised. These indicators do not provide automatic proof of forced labour, but they help signal where closer attention and follow-up may be needed.

The ILO has identified a set of **11 core forced labour indicators**:

1	Abuse of vulnerability
2	Deception
3	Restriction of movement
4	Isolation
5	Physical and sexual violence
6	Intimidation or threats
7	Retention of identity documents
8	Withholding of wages
9	Debt bondage
10	Abusive working or living conditions
11	Excessive overtime

In November 2025, the ILO published a revised edition of the ILO Indicators of Forced Labour, updating examples and guidance to reflect how forced labour appears in modern supply chains and workplaces.

HOW TO THINK ABOUT INDICATORS

Indicators are signals, not verdicts. One indicator alone does not confirm forced labour, but patterns or multiple indicators appearing together should always be treated seriously.

Indicators are most useful for helping suppliers ask better questions — particularly about whether workers are genuinely free to refuse work or leave employment without fear or penalty. How suppliers should act on indicators is explored later in this brief.

3

FORCED LABOUR — A GRADUAL PROCESS SHAPED BY EVERYDAY CONSTRAINTS

A common pathway looks like this

In most supplier operations, forced labour does not begin with an intention to exploit workers. More often, it develops gradually, through a series of everyday decisions made under pressure. By focusing on urgent business priorities, companies may overlook necessary due diligence measures and inadvertently contribute to conditions that enable worker exploitation.

Pathway Stage	What This Looks Like in Practice
(1) Business pressure	A supplier faces a tight labour market or sudden increase in demand with short commercial timelines. Workers are needed quickly to meet production targets or seasonal deadlines. Recruitment is accelerated, sometimes through third parties, and workers arrive with limited information or financial pressure linked to the cost of securing the job.
(2) Worker vulnerability	Once work begins, overtime becomes routine rather than exceptional. Supervisors focus on meeting targets, and pressure increases across teams. Workers may be reluctant to refuse extra hours or raise concerns, particularly if they feel economically dependent on the job or fear losing income.
(3) Reduced ability to refuse or leave	Over time, workers' choices narrow. Debt, wage deductions, threats of dismissal, or fear of retaliation can make refusing work or leaving feel risky or impossible — even when conditions are difficult.
(4) Forced labour risk	At this point, the work may no longer be voluntary in practice. Even if no single decision felt extreme or intentional, the combination of pressure and limited choice can result in forced labour risk.

Importantly, forced labour risk in these situations is often systemic, rather than the result of a single "bad actor" or **isolated instance**. While individual actions can contribute to harm, forced labour more commonly develops when business pressures, worker vulnerability, and gaps in oversight interact over time.

Understanding this distinction matters for suppliers. Isolated incidents can sometimes be resolved by correcting one action or individual behaviour. Systemic risks, however, require management changes to how recruitment, supervision, pay, working hours, and worker voice are managed across the operation.

4

HOW FORCED LABOUR RISKS SHOW UP — AND HOW INDICATORS HELP

What suppliers often see first

Forced labour is not always visible as a single, obvious breach. It may also emerge from a combination of routine workplace practices that may be misread as standard management challenges. Viewed separately, these practices can resemble isolated productivity, retention, or people-management issues. However, when workers experience them in combination, their practical freedom to choose their work may be constrained. When these combined practices restrict a worker's ability to freely accept, refuse, or leave work, the situation meets the definition of forced labour. To distinguish normal management practices from coercive ones, you need evidence-based signals. This is where the ILO indicators of forced labour become useful in practice.

From an operational perspective, forced labour risk often surfaces through signals such as:

- Workers saying they cannot leave employment, even when dissatisfied
- High turnover combined with worker debt, deductions, or unpaid wages
- Excessive overtime becoming routine rather than exceptional
- Workers appearing reluctant or afraid to speak openly
- Sudden walkouts, absenteeism, or grievances, often without clear warning
- Repeated audit findings linked to wages, hours, or treatment of workers

On their own, these may not immediately be labelled as forced labour. It's the combination that matters: when these issues occur together and are checked against the ILO indicators, they often point to restrictions on workers' freedom to choose, consent or leave work.

The value of the indicators is not in memorizing all eleven, but in using them to ask better questions about what may be happening beneath the surface. Engaging workers directly is essential to interpreting these signals in practice. Trusted grievance mechanisms — formal or informal — help suppliers listen to workers, surface pressure or coercion that may not be visible on paper, and identify risks early. When these channels are accessible, confidential, and free from retaliation, they also provide a pathway for remedy.

For example, persistent overtime may indicate pressure if workers feel unable to refuse; debt or deductions that tie workers to the job may signal loss of freedom to leave; and reluctance to raise concerns or use grievance channels may point to fear of retaliation or isolation.

Used this way, indicators help suppliers move from reacting to individual symptoms to understanding and preventing forced labour risk.

Recognizing patterns early gives suppliers more time and options — allowing issues to be addressed through adjustments to recruitment, pay practices, supervision, or worker engagement, rather than under pressure from audits, complaints, or buyer escalation.

THINK SYSTEMS AND PATTERNS — NOT ISOLATED INCIDENTS

Correcting a single issue may resolve one case. Preventing forced labour requires looking for patterns over time — repeated issues, multiple indicators appearing together, or the same concerns raised by different workers.

These patterns often point to underlying system weaknesses that need to be addressed to prevent harm from recurring.

WHAT CREDIBLE ACTION LOOKS LIKE WHEN RISKS ARE FOUND

5 Responding effectively — and avoiding weak responses

If an audit finds an indicator of forced labour risk in your facility, it does not automatically mean forced labour is confirmed — but it does require prompt, careful follow-up. What buyers and stakeholders look for is not perfection, but a credible due diligence process that: (1) clarifies what is happening, (2) protects workers, (3) fixes problems and their root causes, and (4) prevents recurrence. In addition to addressing individual findings, good practice involves embedding ongoing human rights due diligence across operations and the value chain to proactively identify, prevent, and mitigate risks of worker exploitation. The five steps below show what credible action looks like in practice.

STEP 1

Confirm the facts safely and quickly

Start by clarifying what is happening in practice — not only what paperwork says.

This usually means:

- Speaking with workers confidentially (without supervisors present)
- Checking relevant records (wages, deductions, hours, contracts, ID/document practices)
- Understanding whether workers feel able to refuse work or leave without penalty
- This reflects the basic due diligence expectation to identify and assess impacts based on reality, including worker experience.

STEP 2

Protect workers while you assess

If signs of pressure, intimidation, retaliation, or restricted movement are present, take immediate precautions:

- Clearly communicate non-retaliation
- Ensure workers have safe ways to raise concerns
- Stop any practice that could worsen harm (e.g. document retention, threats, withholding pay)
- International guidance emphasizes that workers must be able to raise concerns and seek remedy without fear.

STEP 3 **Correct conditions and provide remedy where harm occurred**	Where harm has occurred, credible action includes remedy meaningful to workers. For example: · Correcting wages and unlawful deductions · Addressing excessive or involuntary overtime practices · Returning identity documents and removing restrictions on movement · Repaying fees/costs where workers have paid them (where applicable) · Remediation should: (a) correct the problem, (b) provide remedy to those affected, and (c) prevent it happening again.
STEP 4 **Fix the systems so the same risks don't return**	This is where suppliers build long-term credibility. Ask: what allowed this to develop? Then strengthen controls, for example: · Clearer recruitment and labour provider oversight · Stronger timekeeping, wage, and deduction controls · Supervisor training and accountability for intimidation/pressure · Worker engagement routines and trusted grievance channels · This aligns with the expectation to prevent recurrence and embed responsible practices into management systems.
STEP 5 **Track progress and communicate clearly**	Suppliers should be able to show that actions are working: · Track outcomes (e.g., reduced grievances; workers reporting improved freedom to refuse/leave) · Document what changed and why · Communicate clearly to buyers when issues arise and what has been done · Tracking and communicating how impacts are addressed are core elements of modern due diligence expectations.

WHAT WEAK RESPONSES LOOK LIKE

Waiting for an audit to act, relying only on paperwork, blaming third parties, or fixing a single case without addressing root causes usually escalates risk and reduces supplier credibility.

MOVING FORWARD — A PRACTICAL MINDSET FOR SUPPLIERS

6 Suppliers that manage forced labour risk well share a common approach

Forced labour prevention is not a one-time exercise or a standalone compliance task. It is an ongoing management responsibility that runs through how workers are recruited, supervised, paid, and supported — especially during periods of pressure or rapid change.

As this brief has shown, forced labour risk often develops gradually, shows up through patterns in everyday operations, and can remain hidden unless suppliers actively listen to workers and look

beyond paperwork.

Using indicators as early warnings, rather than waiting for audits or complaints, gives suppliers more time, more options, and more control.

Suppliers that manage forced labour risk well tend to share a common mindset:

- they focus on systems and patterns, not isolated incidents
- they engage workers proactively, not defensively
- they act early when risks emerge, and
- they strengthen practices over time to prevent recurrence

Taken together, this approach helps protect workers, stabilize operations, and build trust with buyers and other stakeholders. Over time, forced labour prevention becomes part of running a resilient, reliable, and competitive business — not just a requirement to manage under pressure.

7 SELF-ASSESSMENT

Are you managing forced labour risk effectively?

Use this checklist to assess where your business stands. Each unchecked item represents an area to prioritise.

- ☐ We know what the 11 ILO forced labour indicators are and how to recognise them in our operations
- ☐ We monitor operational signals (overtime patterns, grievances, turnover, wage deductions) for early warning signs
- ☐ Workers have a safe, confidential grievance channel they trust and actually use
- ☐ When a forced labour indicator is found, we have a clear process to investigate — not just fix paperwork
- ☐ Our corrective actions address root causes, not just the immediate symptom
- ☐ We communicate transparently with buyers when forced labour risks are identified
- ☐ We review our recruitment, supervision, wage, and overtime practices regularly — not only before audits

Further reading: ILO Indicators of Forced Labour (Revised 2025) · ILO Forced Labour Convention No. 29 · UN Guiding Principles on Business and Human Rights · OECD Due Diligence Guidance

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