

Summary of Results

Cost and Implementation of EPP Among TTIA Members

USD Version



Remarks

The document is sharable only to TTIA Members for information purposes.

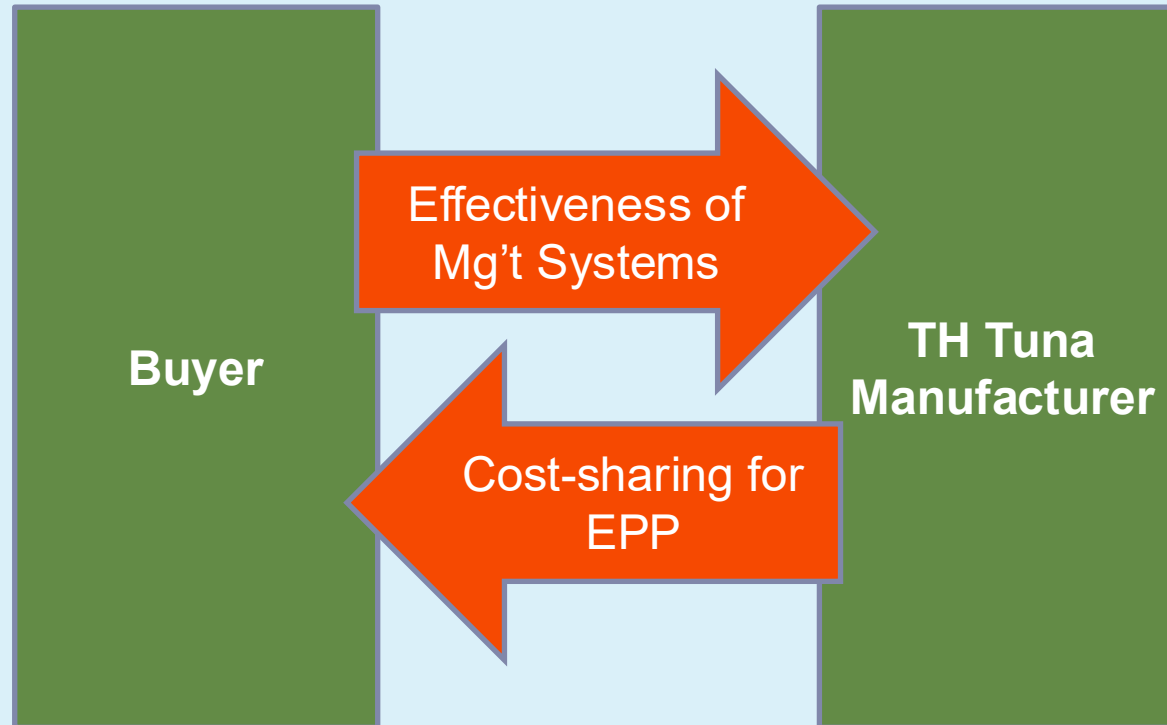
The presentation should be considered incomplete without oral presentation.

Interests in Sustaining EPP Implementation in the Thai Tuna Industry

Interests

Suppliers have effective management systems to:

- Prevent & mitigate risks of debt bondage
- Remedy is provided



Interests

- Buyers fairly share increased cost of EPP
- Buyers don't switch sourcing to non-EPP verified markets
- Competition based on excellence of systems to reduce debt bondage, forced labor, and trafficking

Methodology Overview

Objective: To document the cost of Employer-Pays Principle Implementation, implementation status of management systems elements, and existing buyer support



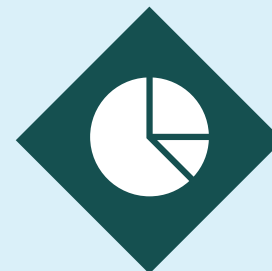
Study Scope

- Recruitment costs of migrant workers in Thailand between 2018-2024
- Initiation and implementation of management system elements
- Existing buyer support and recommendations



Data Collection

- Number of Members who provided self-reported data (n26=100%):
 - Recruitment Cost (2018-2024): 4 members
 - Management System: 9 members
 - Buyer Support: 18 members



Data Anonymization

- Data anonymized by TTIA from submissions from TTIA members



Analysis

- Self-reported figures were summarized, when there was sufficient representation
- Otherwise, data was extracted to produce case studies

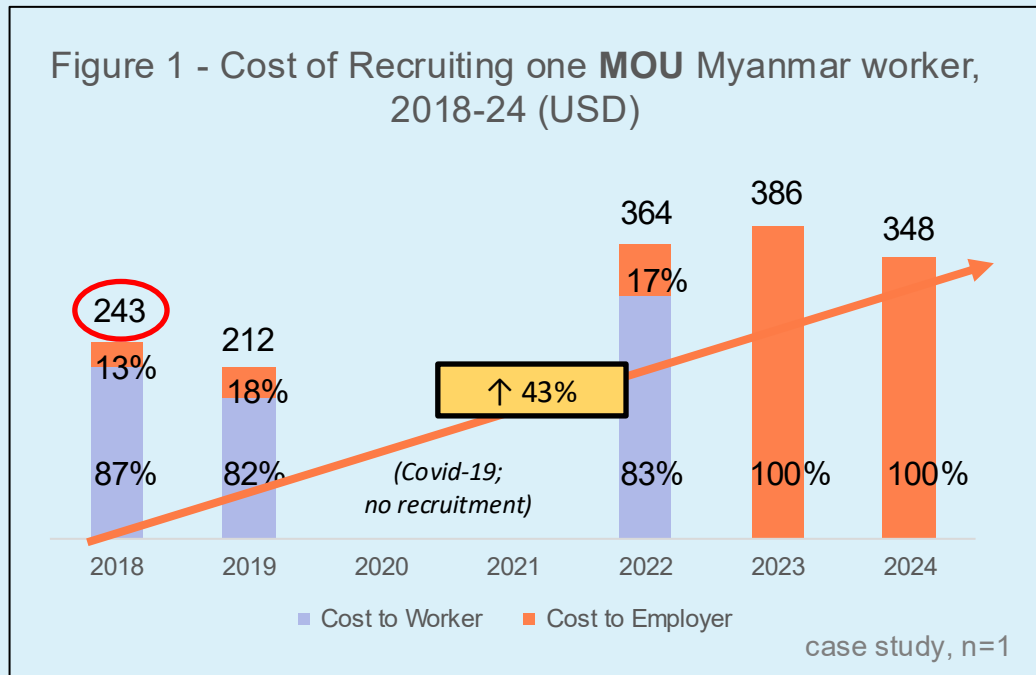
01

Employer burden has increased as employers started paying for recruitment fees

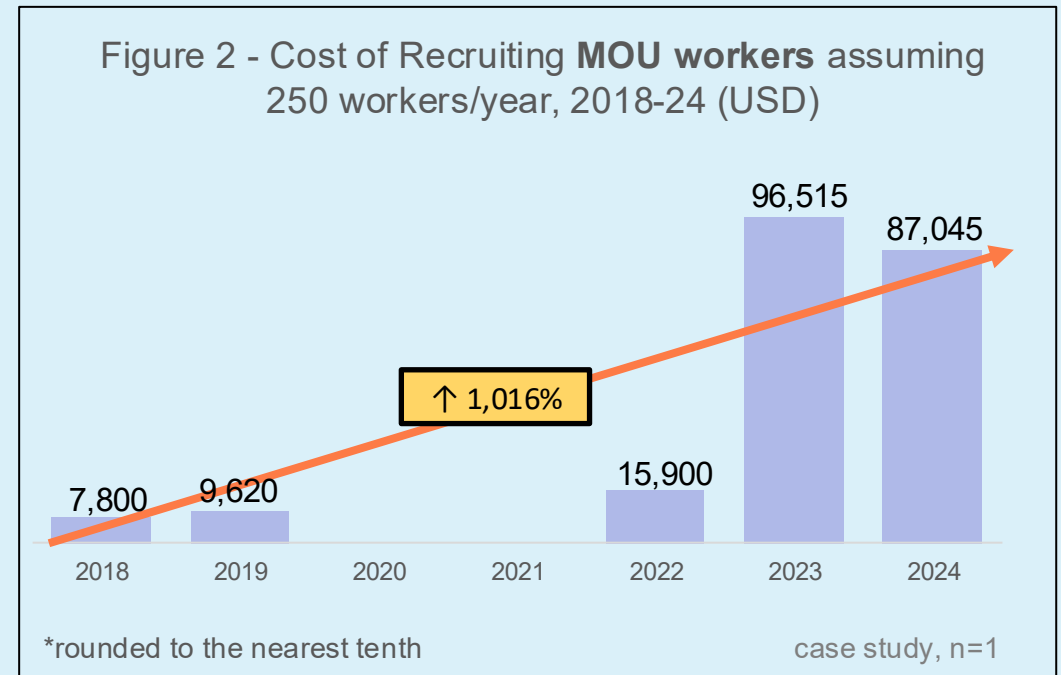
As the Employer moved towards paying for recruitment fees, the cost to Employer has increased by 1,016% in MOU Recruitment

Case Study 1: MOU Recruitment from Myanmar

Total actual cost of recruitment **increased** by 43%...



but translated to 1,016% **increase** in cost to Employer

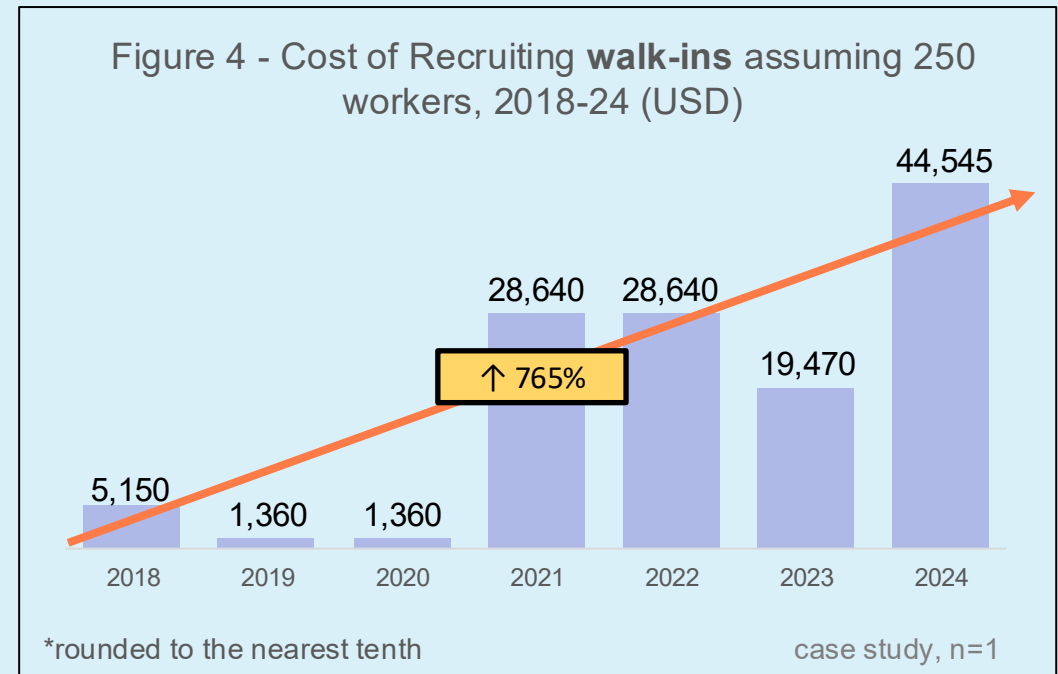
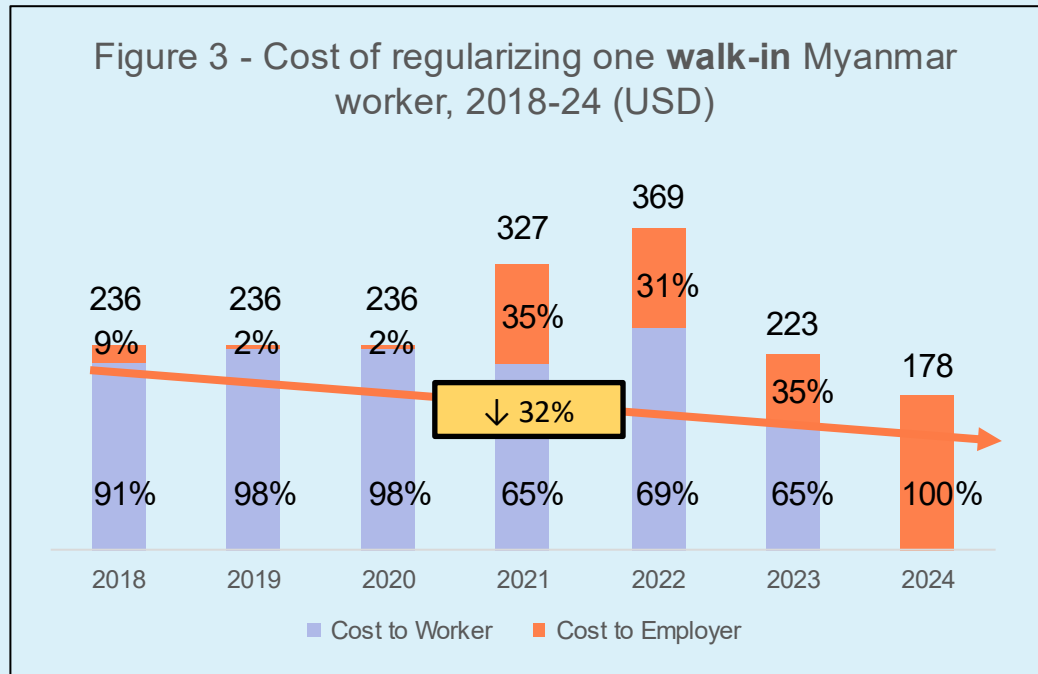


Despite decreased cost of recruitment, Cost to Employer increased by 765% as the Employer paid for more towards regularization

Case Study 2a: In-country Recruitment of Myanmar workers (Walk-ins)

Total actual cost of recruitment **decreased** by 32%...

but translated to 765% **increase** in cost to Employer



2025 Regularization Cost Expected to increase due to Pre-MOU process

Case Study 2b: Projected cost increase in response to 2025 Pre-MOU Process

2025 Pre-MOU process ...

Table 1 – Forecasted changes in cost items due to 2025 Pre-MOU process

Items	2024	2025
1 Medical Exam	USD 15	USD 15
2 Work Permit	USD 58	USD 58
3 Visa	USD 15	USD 15
4 Pink Card Update	USD 1	USD 1
5 Employer Certification	USD 11	USD 11
6 Passport	USD 182	USD 182
7 Myanmar Name list Processing		USD 61
8 Security Deposit (หลักประกัน)		USD 30
9 Embassy Facilitation Cost		USD 45
Total	USD 281	USD 417

Source: Group of Entrepreneurs with Foreign Workers (GEFW)

134% increase in Cost to Employer

Figure 6 – Cost increase assuming complete EPP during 2025 pre-MOU process for 250 workers (USD)



*rounded to the nearest tenth

The cost impact to Employer is greater with a worker repayment

Case Study 3: Combined cost impact of paying upfront and repayment

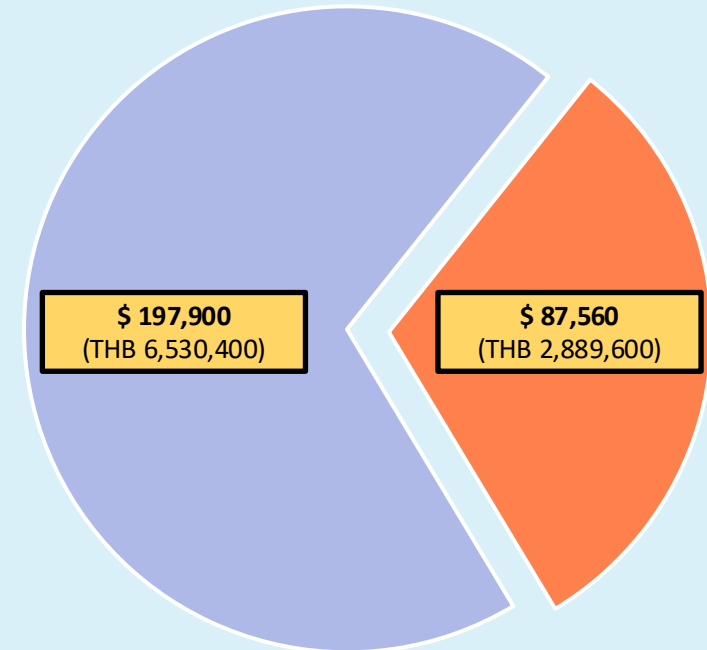
Context

- The employer started EPP in 2024, paying for all recruitment fees upfront and implementing a worker repayment program for MOU Myanmar Workers
 - **Cost of Recruitment** – 400 workers
(~\$495 or THB 16,300 / worker)
 - **Repayment** – 241 workers
(~\$360 or THB 11,990 / worker)
 - **Total 2024 EPP Cost** –

~ **\$285,454 or THB 9,419,990**
(~ \$445 or THB 14,700 / worker)

Interpretation: Assuming repayment cohort does not overlap with new recruits, this is the total cost of implementing EPP with 641 migrant workers

Figure 7 – Share of Up-front Payment of Recruitment Cost and Repayment



■ Cost of Recruitment ■ Repayment Amount

Note: Case study based on figures reported by one employer / company

Key Takeaways

On Cost to Employers adopting EPP

- **As employers started paying for more recruitment cost items, their cost has significantly increased between 2018 to 2024**
 - In the case of MOU recruitment, the cost to employer increased 1,016% even as total cost of recruitment increased by 43%
 - In the case of walk-ins, employers' cost has increased by 765% even as total regularization cost has decreased by 32% in the past 7 years
- **With the recent Cabinet Resolution (September 2024), the cost regularization has increased 134% from previous years.** This will further compound employers' cost burden in maintaining / adopting EPP
- **Worker repayments are an essential part of EPP implementation, along with paying upfront for recruitment. When employers pay upfront and implement a repayment, the cost per year for 641 workers can be up to \$285,000 (\$445 / worker)**

02

Employers have started to pay for more items

At least 81% TTIA Members reported paying for more recruitment cost items between 2023 & 2024

	TTIA Members in GLP Program	2023		2024		% Change
		#	(%)	#	(%)	
Origin Country Expenses						
Passport	26	14	54	21	81	+27
Documentation Fees (Accommodation, Food, Transportation)	26	14	54	23	88	+35
Contract-Signing, T-shirt, Smart card, Travel Insurance in Origin Country	26	15	58	23	88	+31
Agency Fees	26	17	65	23	88	+23
Destination Country Expenses						
Visa	26	21.5	83	24.5	94	+12
Work Permit	26	21.5	83	24.5	94	+12
Health Check	26	21	81	25	96	+15
Testing for Hepatitis virus	26	21	81	25	96	+15
Food, drinks and transportation in Thailand	26	22	85	24	92	+8
Covid-19 Swab test (ATK, PCR)	26	21	81	25	96	+15
Medical Certificate for Work Permit (Testing of 6 prohibited diseases)	26	21	81	25	96	+15
Quarantine period for 14 days due to Covid-19	26	18	69	25	96	+27

Source: Based on information collected by the TTIA through its GLP Program

Key Takeaways

On Recruitment Cost Items being paid

- **Most TTIA members reported paying for the majority of recruitment cost items today.**
 - There have been an increase between 2023-2024.
 - More members reported paying for destination country costs than those that pay for destination country costs.
- **Information reported by TTIA members show that majority of companies are paying for cost items beyond legal requirements in Thailand (e.g., passport, work permit, visa)**
- **Actual amounts paid per reported item are not verified**

03

There have been systems improvement towards implementing Employer Pays Principle

Responsible Recruitment Policy & Implementation

Figure 8 – Self-Reported Presence of Recruitment Policy & Implementation Elements

Policy states employer will cover all recruitment fees and related costs	100%
Developed a cost table	89%
Clear management responsibilities have been set on RR Implementation	89%
Periodically update recruitment fee and table	78%
Trained relevant process owners on RR	78%
Conduct periodic risk assessment on Responsible Recruitment standards & policies	78%
Conduct management review of Responsible Recruitment Performance	56%

Note: n = 9

Takeaways

100% of TTIA members have made policy commitments to cover all recruitment fees and costs

Gaps in management review of Responsible Recruitment indicate opportunity for improvement to maintain effective implementation

Labor Agency Due Diligence & Performance Improvement

Figure 9 – Self-Reported Presence of Labor Agency Due Diligence & Performance Improvement Elements

No labor agency due diligence (in any form)	11%
Communicated EPP Policy to Labor Agency	78%
Embedded enforceable language on RR and EPP expectation in Service Agreement	67%
Embedded RR requirements in Labor Agency Pre-Screening Procedures	67%
Audited Labor Agencies on Responsible Recruitment and EPP	67%
Implemented Corrective Action Program with Labor Agencies	56%
Implemented Improvement Program with Labor Agencies	44%

Note: n = 9

Takeaways

Most reported having communicated their EPP policy to their labor agency partner

Gaps in corrective action & improvement may hinder labor agencies' capability to meet EPP

Worker Verification

Figure 10 – Self-Reported Presence of Worker Verification Elements

No worker verification (in any form)	33%
Implemented a grievance mechanism for workers to report fee-charging practices during the recruitment process	78%
Documented procedures to verify recruitment costs from workers	56%
Implemented worker interviews and surveys on recruitment costs	56%
Implemented Non-Retaliation Policy	56%
Trained facility process owners on how to conduct worker verification	56%

Note: n = 9

Takeaways

Access to grievance channels on fee-charging during recruitment is essential, but not sufficient for a robust worker verification process

- Worker verification is among the biggest opportunity for improvement.
- Gaps in worker verification makes it challenging to ensure that EPP implementation addresses true cost of labor recruitment paid by workers

Remediation

Takeaways

Figure 11 – Self-Reported Presence of Remediation

No remediation	33%
Documented procedures for repayment	67%
Implemented a repayment program	67%
Implemented a third-party verification/review of repayment program	56%

Making worker repayments and having a procedure for it are essential part of EPP

Third-party verification provides an effectiveness check to ensure that repayments address risks of debt bondage

Note: n = 9

Key Takeaways

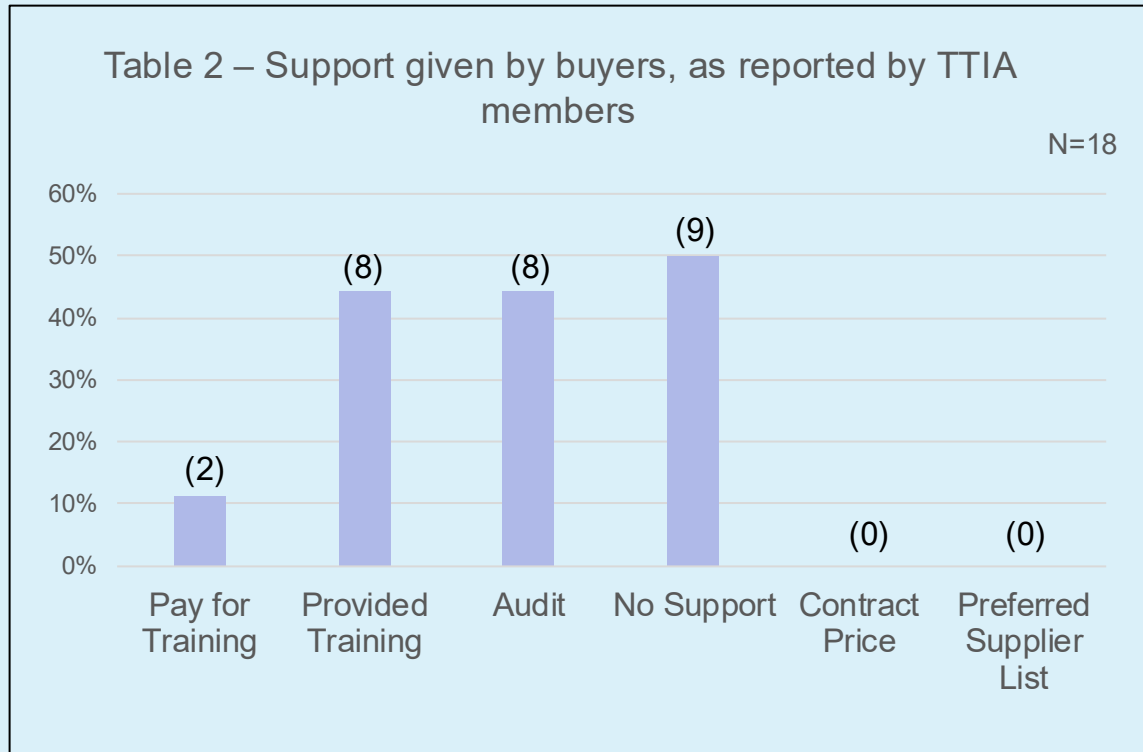
On Management Systems to Implement the Employer Pays Principle

- **TTIA Members reported gradual implementation of the Employer Pays Principle Management System Elements between 2018 and 2024.** In fact, some reported implementing a Recruitment Fee Policy that covered partial costs since 2016. This suggests a track record of improvements over time.
- **100% of respondents reported having policies committing to cover all recruitment fees and related costs, but there are gaps to ensure effectiveness.** These gaps include (a) Labor Agency Due Diligence & Performance Improvement, (b) Worker Verification, and (c) Remediation. Notwithstanding this, it is worth noting that more than half of respondents reported having implemented key elements.

04

There is a lack of buyer support

Buyer support on EPP has been focused on audit and training



Takeaways

- Current buyer support: audit & training
- None reported being supported through contract price or preferred supplier list
- TTIA members who export only to Middle East and Japan reported having no impact/pressure on EPP

Summary of desired buyer support

- Adjust contract price
- Only buy from suppliers with comparable EPP performance
- Adjust expectations on EPP
- Support recruitment fees
- Support cost of training & audits