

Responsible recruitment in the Malaysian medical gloves industry: **Impacts, challenges and recommendations**

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Executive Summary

Aim: This report evaluates the effectiveness of the Employer Pays Principle (EPP) and broader responsible recruitment measures in preventing modern slavery and improving working and living conditions for workers in Malaysian medical gloves factories, with consideration given to the sustainability of these strategies.

Methods: We used a mixed-methods pre-post research design to assess changes following the implementation of responsible recruitment measures in 2022, comparing baseline conditions (2020-21) with follow-up findings (2025-26). Methods included:

- **Worker surveys** (n=1,491 at baseline; n=83 at follow-up), analysed using descriptive statistics and logistic regression. Additional surveys were conducted with workers in ceramic mould factories supplying the gloves sector (excluded from direct comparisons).
- **Semi-structured interviews** with 21 gloves factory workers (11 baseline; 10 follow-up), and with 8 industry stakeholders in 2025-26 (including company managers, civil society representatives, and responsible recruitment consultants), analysed thematically.
- **Literature and document review** to contextualise findings within broader regulatory and industry developments.
- **Stakeholder validation** through three workshops involving 22 industry representatives, UK and European procurement managers, and policymakers.
- **Co-production with individuals with lived experience of modern slavery** across all stages.

Key Findings

- **EPP and responsible recruitment have significantly reduced debt bondage:** workers paying recruitment fees fell from 92% to 3%, and all workers recruited before EPP implementation received full fee reimbursement and loan repayment.
- **Recruitment-stage forced labour indicators have improved significantly:** passport retention by recruiters fell from 57% to 5%, threats over fee disclosure from 31% to 3%, and salary deception from 13% to 3%.
- **Mixed progress on working and living conditions:** improvements include a reduction in daily working hours (from 12.02 to 10.3), a decrease in workers lacking free healthcare (from 50% to 8%), fewer workers feeling unsafe at work (from 16% to 5%), and a drop in those having only one rest day per month (from 31% to zero). However, workplace threats and intimidation rose significantly from 7% to 20% — particularly among Bangladeshi workers (41%) — and 61% report low confidence in grievance mechanisms.
- **Impacts are uneven across nationalities and supply chain tiers:** gains are concentrated among Nepali workers in Tier 1 factories. In Tier 2, 100% of ceramic mould workers still pay recruitment fees, with forced labour indicators remaining substantially higher than in the gloves sector.
- **Sustainability remains uncertain:** high implementation costs, declining gloves demand, complex recruitment corridors, and limited buyer willingness to pay premiums for ethical recruitment all threaten long-term viability.

Recommendations: Responsible recruitment has reduced debt bondage and improved working conditions, but gains remain fragile and uneven. Sustaining and expanding progress requires embedding responsible recruitment in long-term business models and extending it across migration corridors and supply chain tiers. Persistent risks - particularly workplace threats and low trust in grievance mechanisms - may be addressed through worker-driven monitoring. Continued progress depends on coordinated action, including cost-sharing across supply chain actors, stronger enforcement across recruitment corridors, and sustained commitment from buyers and governments to incentivise and support responsible recruitment.

Acronyms

Acronym	Full term
CBP	US Customs and Border Protection
EPP	Employer Pays Principle
ESG	Environmental, Social and Governance
KPIs	Key Performance Indicators
ILO	International Labour Organization
MARGMA	Malaysian Rubber Glove Manufacturers Association
NHS	National Health Service
NPR	Nepali Rupee

Acronym	Full term
PPN	Procurement Policy Note
RGA	Responsible Glove Alliance
UK	United Kingdom
US	United States
USD	United States Dollar
WROs	Withhold Release Orders
WRP	WRP Asia Pacific Sdn Bhd (glove company)
YTY	YTY Group (glove company)

Key terms

Forced labour	Work or service exacted from any person under the threat of penalty and which the person has not offered to perform voluntarily. ¹
Forced labour indicators	Situations or circumstances used to identify whether a person is being subjected to forced labour. They support referral, formal identification, prosecution, and data collection. ²
Modern slavery	Umbrella term for situations of exploitation in which a person cannot refuse or leave due to threats, violence, coercion, deception, or abuse of power. Forced labour is one of the most common and significant forms.
Employer Pays Principle (EPP)	Often referred to as ' zero-fee ' recruitment, the EPP holds that all recruitment costs should be borne by employers rather than workers. The ILO and many ESG frameworks promote EPP to prevent debt bondage and labour exploitation.
Responsible recruitment	Broader recruitment framework encompassing the EPP alongside fair treatment, transparent contracts, ethical sourcing, and adherence to international labour standards. ³
Debt bondage	Situations in which people are coerced into working to repay a debt owed to an employer or recruiter, or where that debt is deliberately manipulated to prevent repayment, tying workers to an employer or creditor. ⁴
Origin country	The country from which a migrant worker originates, or where their recruitment process begins.

1. ILO (2025) ILO indicators of forced labour

2. ILO (2025)

3. OECD (2018) Due diligence guidance for responsible business conduct

4. ILO (2025)

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1. Introduction

This report evaluates the impacts of Employer Pays Principle (EPP) and responsible recruitment efforts in the Malaysian medical gloves sector, with a particular focus on preventing debt bondage and addressing other indicators of forced labour. It also assesses the challenges associated with these efforts, their drivers, and their potential solutions.

The report focuses on the recruitment of workers to produce medical examination gloves in Malaysia, a global value chain that has undergone significant shifts in power over recent years.⁵ During the Covid-19 pandemic, manufacturers held unprecedented leverage due to surging global demand and supply shortages. However, power in the supply chain has since shifted back towards buyers.

At the heart of this study is an evaluation of the Employer Pays Principle (EPP), defined by the Institute for Human Rights and Business (IHRB) as an employer commitment to bear the full costs of labour recruitment⁶ thereby eliminating worker-paid fees. A critical mechanism for preventing modern slavery and improving labour standards in global supply chains, the EPP is distinct from, though closely related to, responsible recruitment: while the EPP is a focused principle stipulating that recruitment costs should be borne by employers rather than workers, responsible recruitment is a broader ethical framework encompassing fair treatment, transparent contracts, ethical sourcing, and adherence to labour standards.⁷

Our findings build on the existing evidence base of forced labour in the Malaysian gloves sector from our 2020-21 research,^{8 9} capturing change over time in policy, practice, and impact. They are informed by previous research conducted by members of the project team between August 2020 and April 2021, and research undertaken through this recent project between July 2025 and February 2026. Both the previous 2020-21 research and the 2025-26 project involved worker surveys and interviews with workers and manufacturers. The 2025-26 project additionally

included workshop discussions with industry stakeholders in Malaysia and with healthcare procurement professionals and government officials in the UK and Europe to validate findings and recommendations.

This report and the data underpinning it are of value to policymakers, procurers, suppliers, and third-sector organisations working to address labour standards in the medical gloves sector and other supply chains. They provide evidence of how forced labour and labour rights violations have improved since 2021, where progress has been made, why certain efforts have fallen short, and what solutions are needed to secure further improvements.

Aim:

To evaluate the effectiveness of EPP and responsible recruitment efforts in preventing modern slavery and improving the working and living conditions of workers in Malaysian medical gloves factories. Particular consideration was given to the sustainability of these efforts, and how procurement practitioners can better understand and require them contractually.

Research objectives:

- To assess the nature of EPP and responsible recruitment strategies being implemented, by whom in the Malaysian medical gloves sector, and with what impacts;
- To identify effective levers for supporting ethical labour recruitment processes to prevent debt bondage and associated forms of modern slavery.

Research questions:

- What are the enablers and barriers to adopting EPP and responsible recruitment strategies?
- What are the enablers and barriers to their effective implementation?

5. Brown et al (2024a) Reducing modern slavery in the health sector's supply chains for PPE. Stakeholder engagement report

6. IHRB (2026) The Employer Pays Principle

7. Hall (2024) Key markers for promoting responsible recruitment of migrant workers. Guidance for companies

8. Bhutta et al (2021a) Forced Labour in the Malaysian medical gloves supply chain before and during the Covid-19 pandemic: Evidence, scale and solutions

9. Bhutta et al (2021b) Modern Slavery in the Malaysian medical gloves sector during the Covid-19 pandemic: Research Summary

2. Research design and methods

To assess the impacts of EPP and responsible recruitment efforts on debt bondage and other forced labour indicators, we employed a pre-post study design: comparing conditions before and after the introduction of responsible recruitment measures. Baseline data were drawn from our 2020-21 study,¹⁰ which examined recruitment practices, worker-paid fees, and working conditions prior to responsible recruitment implementation in 2022. Follow-up data were subsequently collected between July 2025 and February 2026 using comparable tools to enable assessment of changes over time. This approach allowed us to examine shifts in recruitment costs, indicators of forced labour, and other labour harms following the introduction of responsible recruitment.

Particular attention was paid to changes in the sector associated with the US Withhold Release Orders (WROs), as well as broader procurement and regulatory developments globally. In addition, we examined policy and regulatory shifts within Malaysia and in key worker origin countries, including reforms to recruitment governance and bilateral labour arrangements. These broader structural and regulatory developments were a key focus of both data collection and analysis, allowing us to situate observed changes in recruitment practices and labour conditions within evolving trade, governance, and migration policy environments across the supply chain.

Co-production with expert-by-experience consultants

Our study involves collaborations with individuals with experiential knowledge as a key ethical and knowledge translation component.¹¹ Worker-informed research offers a transformative approach to addressing labour and human rights issues by placing those with lived experience at the centre of knowledge production and problem-solving.¹² Accordingly, all data collection tools (survey and semi-structured interview guides) were co-produced with four consultants who have had lived experience of modern slavery. Two were recruited via Impactt Limited, had direct experience of modern slavery in the Malaysian gloves and electronics sectors,

collected all worker data, and one had also worked with us in our previous (2020-21) study. Two were recruited through Unseen UK and had direct experience of modern slavery in other sectors in Asia. Lived-experience advisors informed data collection, preliminary analysis and write up alongside the other members of the team.

Worker surveys

Survey data was collected via a Qualtrics survey hosted at the University of Sussex. Baseline (pre-implementation) data was drawn from the survey we conducted between August and October 2020 of 1,491 workers employed across several large Malaysian gloves manufacturing companies. Post-implementation data was collected between July 2025 and February 2026 with 83 migrant workers in Malaysia, employed across 16 gloves companies. Follow-up data drew on a different sample of workers from those surveyed in 2020-21, and the 2025-26 survey was expanded to include workers from other sectors to provide comparative evidence for recruitment practices in the gloves sector. All workers were initially identified through the networks of a research partner and subsequently via snowballing.

Table 1 provides a breakdown of worker demographics and industries. In both surveys, the majority of respondents were male, and were from Nepal and Bangladesh, reflecting the common composition of the workforce in the sector. In addition to medical gloves, the 2025-26 survey includes workers in plastics, metal fabrication and ceramics — the latter producing moulds for gloves and representing a Tier 2 context. In both surveys, closed-ended and open-ended questions covered a range of labour issues, including those related to forced labour, the payment and/or reimbursement of recruitment fees, and worker's living and working conditions more generally. Both surveys were conducted mostly via telephone interviews by former Malaysia factory workers in workers' own languages.

10. Bhutta et al (2021a)

11. Trueba & Hughes (2025) Engaging survivors in applied forced labour research.

12. Trueba (2022) Risk negotiations in the mines of Potosi: Implications for rethinking current health and safety approaches

Table 1. Worker demographics and industries (worker surveys)

	Total number	Sex (male/female)	Nationalities (n, %)	Industry	
2020-21	1,491	1,280 (86%) male 211 (14%) female	Nepal (653, 44%) Bangladesh (598, 40%) Indonesia (105, 7%) Myanmar (49, 3%) Malaysia (35, 2%) Vietnam (28, 2%) India (10, 0.7%) Pakistan (9, 0.6%) Sri Lanka (4, 0.3%)	Several ¹³ medical gloves manufacturers	
2025-26	105	83 43 (52%) recruited before responsible recruitment implementation, 40 (48%) after	79 (95%) male 4 (5%) female	Nepal (49, 59%) Bangladesh (34, 41%)	16 medical gloves manufacturers
		12	11 (92%) male 1 (8%) female	Nepal (4, 33%) Bangladesh (8, 67%)	2 ceramic glove mould manufacturers
		10	10 (100%) male	Bangladesh (8, 80%) Nepal (2, 20%)	4 plastics and metals manufacturers

13. Exact number not disclosed for anonymity.

Semi-structured interviews with gloves workers in Malaysia

Baseline data were drawn from 11 semi-structured interviews with male medical gloves workers (six from Bangladesh and five from Nepal) who worked in Malaysian factories in 2020-21, prior to the implementation of responsible recruitment efforts. To gain in-depth insight into workers' experiences under responsible recruitment, we conducted 10 additional semi-structured interviews with gloves workers in Malaysia between November 2025 and January 2026.

All workers were initially identified through the existing networks of one of the research partners and subsequently through snowballing. Survey respondents willing to participate in an interview were also interviewed. Interviews were conducted in person or by telephone according to workers' preferences, and in their native languages. They

were carried out by former Malaysia factory workers now actively involved in supporting companies and workers to improve working conditions in the sector. Interview questions focused on recruitment and fee-repayment experiences, working and living conditions, and relationships with company management.

All 2025-26 interviewees were male. Five were Nepali and five Bangladeshi. Reported roles included production operators (three), glove packers (three), one cleaner, and one machine technician; two did not report their job role. Three Nepali workers were recruited after responsible recruitment programmes started in 2022. All Bangladeshi workers were recruited before this, as recruitment from Bangladesh into the gloves sector has been limited since 2020 (see Sections 4 and 6). These workers provide valuable insights into recruitment fee reimbursement processes and current working conditions.

Table 2. Characteristics of interviewed workers

	Total number	Nationality (n, %)	Age range	Years employed in Malaysian glove factories
2020-21	11	Bangladesh (6, 55%) Nepal (5, 45%)	21-39	1 to 7 years
2025-26	10	Bangladesh (5, 50%) Nepal (5, 50%)	23-36	2 to 10 years

Company management interviews

Between November 2025 and January 2026, we conducted 8 semi-structured interviews with key stakeholders in the Malaysian gloves sector to explore their perspectives on the costs, benefits, and implementation of EPP and wider responsible recruitment strategies. Participants included 1 company manager, 4 representatives from industry associations and civil society organisations, and 3 EPP and sustainability consultants working with Malaysian gloves companies.

The interviews covered themes including the manufacture, supply, and procurement of medical gloves; labour standards; and legislation affecting gloves production and worker recruitment. They also explored stakeholders' views on the drivers of responsible recruitment, implementation processes, perceived impacts, associated costs and benefits, and the key barriers and incentives shaping current recruitment practices.

Review of key documents and literature

To contextualise developments in the Malaysian medical gloves sector we conducted a literature review drawing on academic articles, grey literature, English-language media, and the websites and reports of Malaysian medical gloves companies, industry associations, government bodies, and non-governmental organisations. We reviewed literature relating to the international development of EPP and wider responsible recruitment strategies and their historical and contemporary implementation in Malaysia. We also examined developments between 2021 and 2026 affecting migrant labour in Malaysia, including legal reforms, changes to recruitment governance, and bilateral labour arrangements. Particular attention was also paid to sectoral changes associated with the United States' WROs, alongside wider procurement and regulatory developments globally.

Data analysis

Data were analysed using a pre-post study design, with 2020–21 survey and worker interview data as the baseline and 2025–26 data as the post-implementation comparison. This enabled assessment of changes in recruitment payments, forced labour indicators and other labour harms following responsible recruitment implementation. For selected indicators (e.g. recruitment fee payment), analysis focused on 2025–26 workers recruited after responsible recruitment implementation in 2022.

Worker survey data were used to generate descriptive statistics on recruitment fees, patterns of indebtedness, and forced labour indicators in both periods. Key indicators—payment of recruitment fees, passport retention, overtime, and movement restrictions—were compared across 2020–21 and 2025–26 to identify trends and shifts over time. Statistical significance for selected indicators was assessed via logistic regressions (see summary table in Appendix).

Worker and company management interviews were analysed using thematic content analysis. Findings were compared pre- and post-responsible

recruitment implementation and cross-correlated with management interview data and literature review findings to support inferences about changes in recruitment practices and labour conditions.

Stakeholder engagement workshops

Preliminary findings and recommendations were validated between January and March 2026 through three online workshops with the following stakeholder groups:

- UK-based healthcare procurement managers and suppliers
- Malaysian gloves industry actors, including manufacturers, industry association representatives, and EPP and sustainability consultants
- European healthcare procurement managers and government officials

A total of 22 participants participated in the workshops.¹⁴ During these meetings, the research team presented preliminary findings and recommendations to stimulate discussion on current advances, ongoing challenges, and potential solutions. Stakeholders were invited to reflect on the applicability and usefulness of the proposed recommendations, and to discuss what is currently working most effectively in preventing modern slavery and the areas requiring further development.

The workshop with international procurement stakeholders also allowed the exploration of different regulatory frameworks and strategic approaches, which helped refine and strengthen the final recommendations of this report.

Research ethics and data management

The project was approved through the University of Sussex's ethical review procedure (approval number ER/BSMS7622/5). Voluntary informed consent was obtained from all research participants prior to data collection. In accordance with the ethics approval, all participants are anonymous and company names are not disclosed. Data was handled and stored according to the University of Sussex's data protection procedures.

¹⁴ Outreach to UK policymakers resulted in a workshop being convened, though attendance was limited to one participant for the findings presentation. Despite this, there has been significant interest from the UK policymaking community in this research and report, and the findings and recommendations have also been discussed with this stakeholder group.

3. Study limitations

The 2025-26 survey drew on a smaller sample than 2020-21, though most findings are statistically significant and representative across several factories, providing a useful snapshot of gloves industry dynamics in responsible recruitment and workers' labour rights. The 2025-26 survey also covered only two nationalities — Nepali and Bangladeshi workers — limiting insight into recruitment experiences and EPP uptake among other migrant groups, such as Indonesian, Myanmar, and Vietnamese workers, who are increasingly present in the sector but for whom comparable data remains scarce.

Company managers suggest that responsible recruitment initiatives may carry commercial risks, as buyers are often unwilling to absorb additional costs and may shift to cheaper suppliers. We were unable to assess impacts on key business outcomes

(such as worker retention, productivity, or sales) partly because companies do not consistently collect such data. Closing this knowledge gap is critical to understanding the sustainability of responsible recruitment and its benefits for workers. Further research is also needed into responsible recruitment practices and forced labour risks among tier 2 suppliers, where oversight remains limited.

We were unable to include recruiters in this study, which limits the depth of insight into their role in shaping recruitment outcomes. More research is needed to trace worker recruitment journeys across migration corridors — from origin communities to destination workplaces — and to analyse how recruitment processes are negotiated between employers and agencies. This would deepen understanding of the structural drivers of vulnerability and inform more targeted interventions.



4. The Malaysian medical gloves sector

Structure and supply chains

The latest available figures indicate that Malaysia dominated global medical gloves production in 2024, with a 45% market share, ahead of China which held 28%.¹⁵ Exports of synthetic medical gloves (the most commonly used type globally) from Malaysia totalled USD 1.9 billion in 2024.¹⁶ Exports were concentrated in North America at 65% and Europe 20% in 2025.¹⁷ The largest export destinations in 2025 in order of size were the US, Germany, Japan, the UK and Turkey.¹⁸ In 2025 Malaysia exported medical gloves worth USD 72.4 million to the UK.¹⁹

Malaysian gloves companies both produce own-brand gloves and are also original equipment manufacturers selling to intermediate suppliers who buy and then package gloves in their own branding.²⁰ The gloves industry also has its own supply chain of specialised equipment manufacturers based in Malaysia, such as ceramic glove moulds and dipping machines. Some leading companies are vertically integrated. For example, Top Glove owns chemical, glove mould, latex and packaging material production facilities.²¹

Forced labour during the Covid-19 pandemic

The Malaysian gloves industry was thrown into the global spotlight in 2020 during the Covid-19 pandemic. Demand for personal protective equipment vastly increased, leading to a shift in pricing and supply chain power to manufacturers. Record profits were documented. Malaysia's earnings from medical gloves exports increased by 103%

in 2020, more than doubling to USD 8.6 billion.²² With increased global significance came heightened scrutiny of the industry's labour practices.

Our 2020-21 study detailed an increase in forced labour indicators. Issues such as restrictions of movement, isolation, abusive working and living conditions and excessive overtime were exacerbated during the pandemic either through the direct health and safety risks of Covid-19 or the pressure on workers to increase production to meet global demand. Issues associated with six indicators—abuse of vulnerability, deception, physical and sexual violence, intimidation and threats, retention of identity documents and withholding of wages—were present and well-established within the sector long before the pandemic, though not significantly changed by the pandemic.

Our 2020-21 research also documented high recruitment fees and resulting debt bondage, identifying it as a causal factor to modern slavery within gloves factories. 92% (1,374) of workers reported paying recruitment fees. Bangladeshi workers paid on average USD 4,607 and Nepali workers USD 1,427. Notably, Nepali workers recruited after 2018 continued to pay fees despite a bilateral Memorandum of Understanding in place stipulating zero-fee recruitment. 43% (645) of surveyed workers took out loans to pay recruitment fees, averaging USD 2,059 and took on average 11.7 months to repay them. The study showed a decrease in debt bondage, attributable both to the government freeze on foreign worker recruitment during Covid-19 and to fee repayments initiated in response to US forced labour import bans affecting the sector.²³

¹⁵. MARGMA (2025a) Malaysia set to grab bigger share of US glove market with new Trump tariffs on China goods

¹⁶. HS Code: 1415129000

¹⁷. MARGMA (2025b) Q4 Newsletter

¹⁸. UN Comtrade Database (2026) Malaysia gloves exports by country in 2025 (Data refers to HS code 141512)

¹⁹. UN Comtrade Database (2026)

²⁰. Hughes et al (2023) Global value chains for medical gloves during the Covid-19 pandemic: Confronting forced labour through public procurement and crisis

²¹. Top Glove (2024) Integrated annual report 2024

²² Hughes et al (2023)

²³. Hughes et al (2023)

Import bans and forced labour remediation during Covid-19

Mounting evidence of forced labour in the medical gloves sector led to a series of US import bans between 2019 and 2023. US trade law prohibits the entry of goods made with forced labour into the US. US Customs and Border Protection (CBP) issue WROs of shipments alleged to be made with forced labour, which hold shipments at the border until companies rectify forced labour indicators. WRP Asia Pacific was hit with a WRO in September 2019, followed by Top Glove – the world's largest gloves company – in July 2020. This was followed in 2021 by WROs on Supermax, Brightway Holdings and Smart Glove, and YTY in 2022. Where a CBP forced labour finding was made, companies were required to remediate the conditions in their operations that contributed to it. This included the repayment of recruitment fees, improvements to worker accommodation to comply with the Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446), and changing worker management practices such as returning passports held by companies to workers. Remediation efforts required substantial financial outlays, placing additional pressure on companies when the post-pandemic gloves market contracted from 2021. Recruitment fees reimbursement forms part of the EPP and is discussed further in Section 5.

The import bans had adverse effects on companies' positions in global trade and financial markets. Companies had to lower prices for sale in other markets to compensate for loss of US trade, and reported overall declines in gross earnings.²⁴ On financial markets, companies experienced steep falls in share prices, removal from ESG market

indices, difficulties accessing new stock market listings, and loss of confidence by shareholders.^{25 26} WRP Asia Pacific came under severe financial strain and required emergency funding from shareholders to remediate recruitment fees and lift the import ban.²⁷ In December 2019 it announced a temporary closure of operations due to the financial situation, and has since reopened.²⁸

Post-pandemic developments

The post-pandemic period has been one of significant readjustment for the Malaysian gloves industry as they face challenges including the cost of reforming labour practices, falling customer demand, and rising competition from Chinese manufacturers. The Malaysian medical gloves sector has seen a loss of position in global markets since 2020, when it held 63% of global market share.²⁹

The Covid-19 pandemic's demand for gloves induced new entrants to the sector. This led to oversupply and falling product prices when demand dropped as the pandemic eased.³⁰ Chinese manufacturers have since grown their global market share from 10% to 28% between 2020 and 2025,³¹ selling gloves at lower prices than Malaysian companies.³² Buyers have shifted to China for cost reasons, though this may also reflect an unintended consequence of the media scrutiny on forced labour in Malaysia, with other markets escaping equivalent scrutiny.³³

For instance, this shift is evident in UK import data. Malaysia's share of UK gloves imports fell from 63% to 29% between 2018 and 2025, while China's rose from 8% to 36% over the same period.

²⁴. Birruntha (2021) Supermax to face substantial impact from the US CBP ban, says MIDF Research

²⁵. Palma (2021) US import ban bursts Top Glove's bubble

²⁶. Birruntha (2021)

²⁷. Malaysiakini (2020a) Glovemaking WRP get emergency funds to pay workers

²⁸. Malaysiakini (2020b) Three months after US ban, glove maker suspends operations

²⁹. Hutchinson & Bhattacharya (2020) Malaysia's rubber glove industry – a silver lining amidst dark clouds

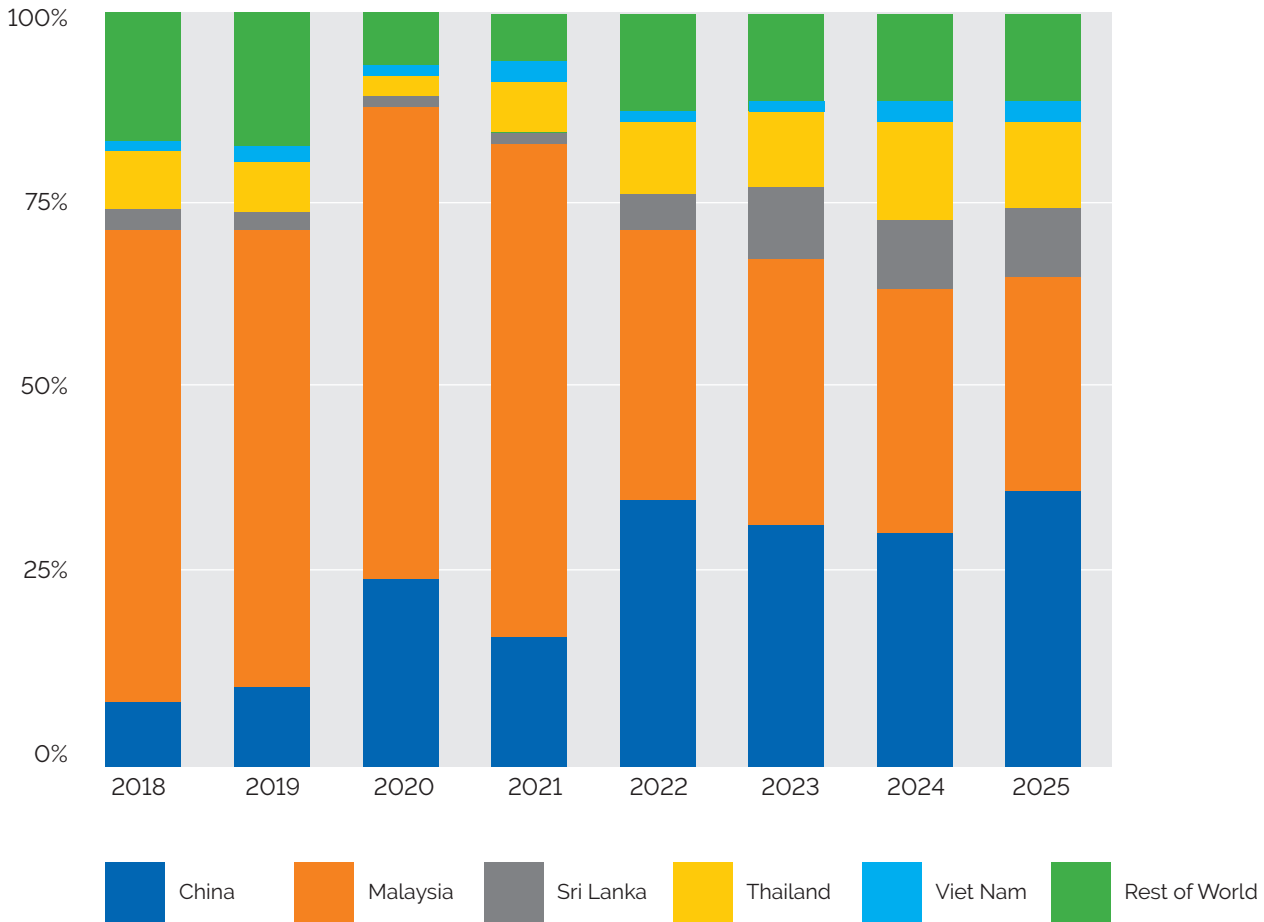
³⁰. Chung (2022) Glove stocks on Bursa Malaysia end lower on declining ASP, oversupply concerns

³¹. Tong and Asia Analytica (2025) Rubber glove companies – to buy or not to buy

³². Greenfieldboyce (2023) More medical gloves are coming from China, as U.S. makers of protective gear struggle

³³. Brown et al (2024a)

Figure 1. UK medical gloves imports by country of origin (2018-2025)



Source: UN Comtrade 2026

The Malaysian industry has shown tentative signs of recovery since 2024, although significant challenges remain. In 2024, global gloves demand rose due to buyers restocking inventories, with leading Malaysian firms reporting improved profit margins. The price gap between Malaysian and Chinese producers also decreased,³⁴ due to a Chinese pivot to higher quality

production and the effect of high US tariffs on China's gloves exports.^{35 36} Global competition and tariff uncertainty are leading the Malaysian sector to pursue strategic diversification, such as expansion in Low-and-Middle-Income country markets and niche product lines including socially "compliant offerings".³⁷

³⁴. SG Investors (2024) Malaysia gloves sector - 2025 a high stakes year. Downgrade to NEUTRAL

³⁵. Bernama (2024) RHB IB anticipates global glove demand to grow

³⁶. Beatty (2025) US tariff challenges Malaysia's glove industry

³⁷. Beatty (2025)

Workforce

As of 2022 — the latest available figures — an estimated 66,739 people worked in medical gloves production in Malaysia.³⁸ Total industry figures are unavailable but the workforce has likely contracted since then. Top Glove and Hartalega, the two largest employers, reduced their combined workforce from 25,040 in 2022 to 17,859 in 2025,³⁹ reflecting intensified global competition and declining demand.

The sector remains dependent on migrant workers, who comprised 61% of the workforce in 2022.⁴⁰

The government's 2023 cap on foreign worker quotas and freeze on foreign recruitment (see Section 6) has caused labour shortages, with the Malaysian Rubber Glove Manufacturers Association (MARGMA) reporting difficulties with workers not renewing contracts or absconding, affecting production and fulfilment.⁴¹

Migrant workers in Malaysia are typically employed for a maximum of ten years on a Visitor's Pass (Temporary Employment) visa, which binds them to a single employer, restricting job mobility and heightening vulnerability to forced labour.⁴²



³⁸. ILO (2023) Decent work challenges and opportunities in Malaysia's rubber glove supply chain

³⁹. Company annual reports

⁴⁰. ILO (2023)

⁴¹. Bernama (2025) Budget 2026: MARGMA appeals for immediate financial relief, human capital support

⁴². Tan & Al-Ayubby (2025) Malaysia's migrant labour regime is unfair and unsustainable

5. The EPP and responsible recruitment in Malaysia

Background of EPP and responsible recruitment efforts

EPP in migrant worker recruitment began to gather attention during the 2010s due to widespread evidence of abusive practices in the global recruitment industry.⁴³ Abuses such as excessive and illegal recruitment fees, misrepresentation of work (deception), contract substitution, and failure to fulfil placement obligations were well-documented in Asian labour migration by the 1990s.⁴⁴ Issues with the recruitment industry prompted national- and international-level regulatory responses. The International Labour Organization (ILO) promulgated its Private Employment Agencies Convention (No.181) in 1997.

The IHRB launched its Dhaka Principles for Migration with Dignity in 2011, with "No fees are charged to migrant workers" as one of its ten principles.⁴⁵ The ILO initiated the Fair Recruitment Initiative in 2014.⁴⁶ As part of this, the ILO produced the 2016 General Principles and Operational Guidelines on Fair Recruitment, which stipulate no recruitment fees for workers, and implemented a fair recruitment

pilot project between Nepal and Jordan in 2016. The Nepali government also initiated its 'Free Visa, Free Ticket' policy in July 2015 in response to exorbitant recruitment fees paid by Nepali labour migrants.⁴⁷ This policy required employers in seven countries (Malaysia and the six countries of the Gulf Cooperation Council) to pay for visa-processing costs and return-trip air tickets. It fell short however of removing all recruitment costs from workers ("zero-cost recruitment"), as recruitment agencies could still charge a capped amount (NPR 10,000 (USD 96) if foreign employers refused to pay. International job-seekers were also liable for recruitment costs for pre-departure services such as medical exams, insurance and agency service fees.⁴⁸

Definition of recruitment fees and related costs.

The ILO states in its guidelines that "No recruitment fees or related costs should be charged to, or otherwise borne by, workers or jobseekers."⁴⁹ Recruitment fees and related costs are however still legally permissible in some countries, including Malaysia, Bangladesh and Nepal.

⁴³. Jones (2022) A 'north star' in governing global labour migration? The ILO and the Fair Recruitment Initiative

⁴⁴. Baruah (2006) The regulation of recruitment agencies: Experience and good practices in countries of origin in Asia

⁴⁵. IHRB (2023) Migration with dignity: a guide to implementing the Dhaka principles

⁴⁶. Jones (2022)

⁴⁷. Amnesty International (2017) Nepal: Migrant workers failed by government, exploited by businesses

⁴⁸. Amnesty International (2017)

⁴⁹. ILO (2019) General principles and operational guidelines for fair recruitment and definition of recruitment fees and related costs

Box 1. ILO's definition of recruitment fees and related costs⁵⁰

Definitions: "The terms 'recruitment fees' or 'related costs' refer to any fees or costs incurred in the recruitment process in order for workers to secure employment or placement, regardless of the manner, timing or location of their imposition or collection...Related costs are expenses integral to recruitment and placement within or across national borders."

The ILO also highlights illegitimate costs - "Extra-contractual, undisclosed, inflated or illicit costs" - as recruitment costs that workers could be subjected to.

Recruitment fees include:

- Payments for recruitment services offered by labour recruiters, whether public or private, in matching offers of and applications for employment;
- Payments made in the case of recruitment of workers with a view to employing them to perform work for a third party;
- Payments made in the case of direct recruitment by the employer;
- Payments required to recover recruitment fees from workers.

Related costs include:

- **Medical costs:** payments for medical examinations, tests or vaccinations;
- **Insurance costs:** costs to insure the lives and health and safety of workers, including enrolment in migrant welfare funds;
- **Costs for skills and qualification tests:** costs to verify workers' language proficiency and level of skills and qualifications, as well as for location-specific credentialing, certification or licensing;
- **Costs for training and orientation:** expenses for required trainings, including on-site job orientation and pre-departure or post-arrival orientation of newly recruited workers;
- **Equipment costs:** costs for tools, uniforms, safety gear, and other equipment needed to perform assigned work safely and effectively;
- **Travel and lodging costs:** expenses incurred for travel, lodging and subsistence within or across national borders in the recruitment process, including for training, interviews, consular appointments, relocation, and return or repatriation;
- **Administrative costs:** application and service fees that are required for the sole purpose of fulfilling the recruitment process. These could include fees for representation and services aimed at preparing, obtaining or legalising workers' employment contracts, identity documents, passports, visas, background checks, security and exit clearances, banking services, and work and residence permits.

Illegitimate costs include:

Bribes, tributes, extortion or kickback payments, bonds, illicit cost-recovery fees and collaterals required by any actor in the recruitment chain.

In Malaysia, recruitment agencies are regulated by the Private Employment Agencies Act 1981, which permits foreign workers to be charged up to one month's wages for placement. As of March 2026,

Malaysia has not ratified the ILO Convention No. 181 (Private Employment Agencies Convention, 1997), which would commit it to prohibiting recruitment fees and strengthening protections for migrant workers.⁵¹

⁵⁰. ILO (2019)

⁵¹. ILO (2026) Up-to-date Conventions and Protocols not ratified by Malaysia

Pre-Covid adoption of the EPP

In the 2010s the EPP was developed in Malaysia through inclusion in a bilateral government agreement and adoption by electronics and medical gloves companies. The Nepali and Malaysian governments signed a Memorandum of Understanding on worker recruitment, employment and repatriation in October 2018. This agreement was a step forward in implementing the EPP in its requirement for Malaysian employers to cover all recruitment costs, including "visa fees, medical screening, security screening, airfare, accommodations, levy charges, recruitment charges, and repatriation costs".⁵²

The EPP also filtered through to company policy. In 2015 an international electronics industry coalition updated its ethical code of conduct to prohibit recruitment fees and require remediation, after exposure of forced labour in the Malaysian industry.⁵³ In the medical gloves industry, large employers such as Top Glove, Kossan, Hartalega and Supermax formally adopted the EPP in 2019.⁵⁴ Top Glove adopted the policy after allegations of high recruitment fees, debt bondage and other forced labour indicators in its operations and other companies followed suit.⁵⁵

In practice, migrant workers to Malaysia continued to pay high recruitment fees despite these policies. A 2018-2022 study conducted by the Nepali migrant support NGO PNCC (n=2,567) found that only 1.5% had been recruited under zero-fee or "free visa, free ticket" arrangements, with 44% paying USD 932 or more.⁵⁶

Two important developments pushed the Malaysian gloves sector towards a more extensive implementation of zero fee recruitment: the Covid-19 pandemic and the US import bans.

Recruitment fee reimbursement during Covid-19 (2020-2021)

The Malaysian medical gloves industry came under significant scrutiny for its treatment of workers during the Covid-19 pandemic. The vastly increased demand for medical gloves placed pressure on working conditions, facilitated and exacerbated by buyers' – such as the UK government – lack of due diligence on suppliers' labour conditions as they sought to secure adequate volume on world markets.⁵⁷

Recruitment fee reimbursement — a core component of the EPP — was undertaken both by companies directly targeted by US WROs (Top Glove, Supermax, WRP, Brightway, Smart Glove, and YTY) and by those that, while not subject to import bans, faced a credible risk of being placed under a WRO had they not taken proactive steps. Leading manufacturers such as Kossan and Hartalega therefore voluntarily began repaying recruitment fees, reflecting the broader pressure the US import bans exerted across the sector. By September 2021, Top Glove, Kossan, Hartalega, and Supermax had collectively repaid USD 63.5 million in recruitment fees to over 20,000 workers.⁵⁸ Ansell, Semperit, Brightway and YTY also committed to repaying workers. Total amounts repaid by sector companies by September 2021 exceeded USD 100 million.⁵⁹

⁵². Low (2023) Remedying unethical recruitment in Malaysia's transnational labour migration governance

⁵³. Electronic Industry Citizenship Coalition (2015) Working to eradicate forced labor in the electronics supply chain

⁵⁴. Low (2023)

⁵⁵. Yi (2018) World's top glovemaking vows clean-up as migrant workers toil in Malaysia factories

⁵⁶. Baniya et al (2023) Unscrupulous recruitment and precarious employment of Nepali migrant workers: Findings from the analysis of data on PNCC's Services. See also Section 4.

⁵⁷. Hughes et al (2023)

⁵⁸. Bengtson (2021) Debt bondage payouts flow to workers in Malaysia's glove industry

⁵⁹. Bengtson (2021)

Responsible recruitment policy and practice as publicly reported by gloves companies

Following the initial phase of fee reimbursement, companies began implementing broader measures to improve their recruitment systems and forced labour governance from 2022 — marking a shift towards embedding responsible recruitment as standard practice. Leading players in the industry set up the Responsible Glove Alliance (RGA) in 2022, a collaborative initiative by gloves manufacturers and distributors to use their collective leverage to improve responsible sourcing practices, reduce forced labour, and prohibit recruitment fees. The RGA is affiliated to the Responsible Business Alliance (RBA), an industry coalition promoting responsible labour practices. RGA members also commit to ongoing due diligence of their supply chains and third-party grievance mechanisms for workers.⁶⁰

At company level, a range of new policies and practices were introduced, as self-reported by companies. Larger, stock exchange-listed companies have provided the most detailed public reporting of activities. Beyond these companies, however, the picture is less clear. Despite publicly stated commitments to zero-fee and wider responsible recruitment, many other companies in the sector have provided limited information about the specific practices adopted.

Uncertainty about the extent of EPP and responsible recruitment implementation is compounded by reports of forced labour in the industry's supplier factories. Most notably, the company Mediceram has been the subject of ongoing labour rights controversy since 2025. Mediceram manufactures ceramic gloves moulds, a vital piece of production equipment around which gloves material is applied and formed into the shape of a hand. Bangladeshi workers at Mediceram were reported in 2025 to have experienced high recruitment fees, withheld wages, and passports retention.⁶¹ Workers mobilised to demand recruitment fee repayment, and the company agreed to reimburse.⁶² The company subsequently fired 180 workers, leading to deportations.⁶³ Manufacturers supplied by Mediceram, including Ansell, Top Glove and YTY cut ties in light of the reported abuses.⁶⁴ This case indicates a bifurcation of the industry where smaller firms and lower tiers in the chain are less willing and/or able than larger companies to effectively enact the EPP.

⁶⁰. Responsible Glove Alliance (no date) RGA Overview

⁶¹. Butler (2025) Workers deported from Ansell-linked Malaysian factory after abuse allegations

⁶². Free Malaysia Today (2025) Workers at glove mould producer back at work after successful talks

⁶³. Butler (2025)

⁶⁴. Business and Human Rights Centre (2025) Malaysia: Buyers suspend relationships with glove co. Mediceram after alleged continued human rights abuse impacting Bangladeshi workers

Table 3. Company-reported responsible recruitment efforts

Company	Policy commitments	Key practical actions
Ansell	Zero-Fee Recruitment Policy. Supplier Code of Conduct requiring zero-fee recruitment. Responsible Sourcing Policy commits to 'ethical recruitment'.	Remediation of recruitment fees (former and current workers, 3rd party verified). Vetting of recruitment agents, including biannual review. Multi-stage worker interviews pre- and post-recruitment to detect fees. Joined the RGA.
Brightway (including subsidiaries BioPro & LAglove)	No information found	USD 9.21m remediation of recruitment fees.
Comfort Glove	Zero-Fee Recruitment Policy.	USD 2.1m remediation of recruitment fees, verified by a third party.
Harps Global (including subsidiaries Central Medicare & Latexx Partners)	Zero Recruitment Fees, Bonds, Deposits, and Savings Policy. Recruitment Reimbursement Policy. Remediation Procedure. Social Compliance Principles and Recruitment Policy. Ethical recruitment requirements for suppliers.	Remediation of recruitment fees. 2024 responsible recruitment programme in Nepal. Independent observer monitoring of recruitment. Regular agency due diligence. Joined the RGA.
Hartalega	Zero-Fee Recruitment Policy. Supplier Code of Conduct requiring zero-fee recruitment. Social Compliance Policy with sanctions for fee-charging agencies. Modern Slavery Statement.	USD 10.8m remediation of recruitment fees. Ethical agency selection with third-party audits and NGO oversight in origin countries. Direct Human Resources oversight in origin countries; translators and legal briefings for workers. Supply-chain capacity building, supplier audits, mandatory social compliance training. Joined the RGA.

Kossan	<p>Recruitment Agency Code of Conduct (disqualification for fee charging).</p> <p>Vendor Code of Conduct with forced labour provisions.</p> <p>Zero-Fee Recruitment Policy</p>	<p>USD12.5m remediation of recruitment fees.</p> <p>Licensed recruitment agencies subject to independent due diligence.</p> <p>Multi-stage worker interviews pre- and post-recruitment to detect fees.</p> <p>Direct involvement of HR and social compliance teams in origin countries.</p> <p>Independent grievance channel (Suara Kami).</p> <p>Joined the RGA.</p>
Riverstone (including subsidiary Eco Medi Glove)	<p>Zero-Fee Recruitment Policy (Riverstone).</p> <p>Foreign Worker Recruitment Procedure (Riverstone).</p> <p>Labour Policy (Eco Medi Glove).</p>	<p>Remediation of recruitment fees if evidence of fees found.</p> <p>Human Resources department regularly engages with employees to ensure no fees or costs paid.</p> <p>Eco Medi Glove joined RGA.</p>
Smart Glove (including group company GX Corporation)	<p>Zero-Fee Recruitment Policy.</p>	<p>Remediation of recruitment fees.</p> <p>Anonymous reporting channel.</p>
Supermax	<p>Ethical requirements for suppliers and business partners via formal declarations.</p> <p>Forced labour policies supported by employee training.</p> <p>Zero-Fee Recruitment Policy</p>	<p>USD 1.19m remediation sinking fund.</p> <p>Direct recruitment sessions to eliminate worker travel costs.</p> <p>Third-party verification of remediation (Elevate).</p> <p>Supplier KPIs on labour standards.</p> <p>Independent grievance channel (Suara Kami).</p>
Top Glove	<p>Updated Human Rights and Ethical Conduct Policy.</p> <p>Business Partner Code requiring zero-fee recruitment.</p> <p>Zero-Fee Recruitment Policy</p>	<p>USD 36m remediation of recruitment fees</p> <p>Open tender and due diligence for recruitment agencies.</p> <p>In-house and third-party grievance hotlines.</p> <p>Training for workers and staff on forced and bonded labour.</p>
YTY	<p>Zero-Fee Recruitment Policy.</p> <p>Supplier Code of Conduct has forced labour requirements, <i>possibly</i> zero-fee recruitment.</p>	<p>Remediation of recruitment fees.</p> <p>Joined the RGA.</p>

(*Information publicly available from company reports and websites 2022-2025. see Appendix)

6. Labour governance reforms in Malaysia since 2021

Heightened international attention on forced labour in Malaysia during the pandemic prompted the government to initiate a series of labour governance reforms. Malaysia's Tier 3 ranking on the US

Trafficking in Persons (TIP) Report in 2021 and 2022 (indicating inadequate efforts to combat trafficking) was a key driver of these reforms,⁶⁵ and the country was subsequently upgraded to Tier 2 in 2024.

Table 4. Labour governance reforms in Malaysia since 2021

2021	National Action Plan on Forced Labour 2021-2025 ⁶⁶	<p>Sets goals for 2025 of:</p> <ul style="list-style-type: none"> • Improved forced labour knowledge among workers and employers • Improved legal compliance and enforcement • Strengthened migration management and recruitment practices • Improved prevention systems and access to remedy and support for victims
2022	Ratification of Protocol of 2014 to the Forced Labour Convention (1930)	<p>Commits ratifying nations to implement the Forced Labour Convention through measures including:</p> <ul style="list-style-type: none"> • prevent and eliminate forced labour • identify, protect and support victims • provide access to remedy • international cooperation with ILO member states
2022	Amendments to Employment Act 1955	<ul style="list-style-type: none"> • Makes forced labour a criminal offence • Prohibits employers from hiring foreign employees unless prior approval is obtained from the government's Department of Labour • Establishes penalties of fines and imprisonment for forced labour offences and hiring foreign workers without prior approval from the Department of Labour • Prohibits employers with convictions under laws relating to employment, forced labour or anti-trafficking from hiring foreign workers • Legally obligates employers to investigate complaints of sexual harassment • Obligates employers to display notices on sexual harassment in the workplace to raise awareness • Provides means for employees to recover withheld wages from an employer convicted of wage payment offences • Reduces weekly working hours to 45 (from 48) • Requires employers to inform the Department of Labour within 14 days if they terminate a worker's employment or a worker absconds
2024	Extended Social Security Agency's Invalidation and Survivors Scheme to migrant workers	<ul style="list-style-type: none"> • Provides financial support to workers with a permanent incapacity to earn • Provides financial support to family members of deceased workers
2025	Employees Provident Fund (Amendment) Act	<ul style="list-style-type: none"> • Mandates compulsory pension contributions from foreign workers and their employers (2% of monthly wages each) • Foreign workers can withdraw full amount of pension savings upon leaving employment in Malaysia

⁶⁵. Aun & Pereira (2023) Can Malaysia eliminate forced labour by 2030?

⁶⁶. The 2026-2030 NAP is currently (April 2026) being drafted.

The 2023 foreign worker quota freeze **Direct recruitment policy**

In March 2023, the Malaysian government froze quota applications for hiring new foreign workers, requiring employers to process already-approved workers before receiving new applications.⁶⁷ The freeze is driven by the government's goal to reduce economic dependence on migrant labour, with a target cap of 15% on the foreign share of the national workforce.⁶⁸ Employers holding quotas have 18 months to bring workers in upon approval. By July 2025, business groups had reported labour shortages due to the freeze, with companies unable to replace departing workers.⁶⁹

The government announced a major policy change in May 2025, allowing cross-sector transfers of workers, intended to facilitate labour mobility between sectors and reduce absconding or informal employment,⁷⁰ but it remains unclear whether this has been fully implemented. In October 2025, the government partially relaxed the freeze to address labour shortages in key sectors, accepting quota applications on a case-by-case basis and in a limited number of sectors — excluding gloves and other manufacturing.⁷¹ Discussions on the conditions for freezing or unfreezing foreign worker recruitment are ongoing, and the shape of future reforms remains uncertain.⁷²

In February 2026, the Malaysian government announced plans to develop a digital direct hiring platform for foreign workers, intended to remove labour market intermediaries, connect jobseekers directly with employers, and reduce recruitment fees and risks of exploitation.⁷³ The platform is expected to operate on a government-to-government model. Rights groups have warned that robust monitoring and oversight of the government's platform will be essential to ensure migrant workers are not exposed to exploitation by employers in place of recruitment intermediaries.⁷⁴

Direct hiring has received attention as a possible ethical recruitment model, though stakeholder interviews and validation workshops revealed mixed views on its feasibility. While one pointed to successful examples from Vietnam, others cautioned that direct recruitment requires significant engagement from origin country stakeholders, including government, which introduces risks of unethical practices and potential barriers where there are vested interests in national recruitment industries.

67. Free Malaysia Today (2023)

68. Poo (2023) HR ministry and employers in gridlock over foreign labour permit freeze

69. Sallehuddin (2025) Employment association: Prolonged freeze forcing firms to hire undocumented workers

70. Hakim (2025) Cross-sector transfers for foreign workers only for formal sector

71. Nasir (2025) Malaysia opens case-by-case foreign worker quota applications until end-2025

72. Nepali Times (2025)

73. The Malaysian Reserve (2026) Govt working on direct hiring platform to cut out foreign worker middlemen

74. Free Malaysia Today (2026b) Eliminating agents won't automatically protect workers

7. Policy and regulatory developments in worker origin countries

Origin country policies and governance directly shape recruitment practices and the feasibility of responsible recruitment implementation in Malaysia.⁷⁵ This section briefly outlines key developments in Bangladesh and Nepal relevant to responsible recruitment in the gloves sector in Malaysia.

Bangladesh

Malaysia and Bangladesh signed a Memorandum of Understanding in December 2021, valid until December 2026.⁷⁶ As part of this MoU, Malaysia restricted recruitment to only 101 approved recruitment agencies out of over a thousand operating in Bangladesh.⁷⁷ In June 2024, the Malaysian government froze recruitment from Bangladesh, citing concerns about corruption by these agencies — described as a 'syndicate' allegedly coordinating high fees and corrupt practices across the recruitment corridor, to the detriment of workers.⁷⁸ The syndicate is alleged to operate with the involvement of Malaysian recruiters acting as intermediaries between employer demand and Bangladeshi agencies.⁷⁹

In response, Bangladesh amended the Overseas Employment and Migrants Act (2013) and introduced the Private Recruitment Agents' Code of Conduct Rule 2025, extending accountability requirements to recruitment subagents and intermediaries.⁸⁰ The Bangladeshi government also moved against recruitment agents allegedly involved in corruption,

and alleged that the private company operating Malaysia's digital Foreign Workers' Centralised Management system had engaged in systemic corruption and worker exploitation.⁸¹ According to media reports, these measures appear to have had limited impact.⁸² Talks to lift the recruitment ban resumed in August 2025, though civil society concerns over entrenched corruption in the syndicate persist.⁸³

Nepal

Nepal launched a National Labour Migration Policy in 2025, aimed at strengthening labour governance, expanding access to information and services, and protecting the rights of migrant workers. In the same year, the government amended the Foreign Employment Management Service Delivery Working Procedure (2022) to assist in regularising undocumented Nepali workers in destination countries. A further reform introduced in 2023 extended labour approval durations to align with individual employment contract lengths, replacing the previous fixed terms of two to three years.⁸⁴ The Nepali government has also signalled a potential revision or abolition of the 'free visa, free ticket' policy, which has had limited impact on reducing recruitment fees since its introduction in 2015.⁸⁵ Future reforms may include the government assuming direct responsibility for elements of the recruitment process, such as free health checks, pre-departure orientation, and the issuance of labour permits.⁸⁶

⁷⁵ Brown et al (2024b) Synergistic state governance of labour standards in global value chains

⁷⁶ New Straits Times (2021) Malaysia, Bangladesh sign MoU on worker recruitment

⁷⁷ The Business Standard (2025) Malaysia to reopen labour market, syndicate stays but may expand agency list

⁷⁸ The Business Standard (2025)

⁷⁹ Palma (2024) Recruitment in Malaysia: Syndicate siphons over \$1b out of Bangladesh

⁸⁰ ILO (2025) Migrant worker recruitment malpractices persist in Bangladesh as Government strives for fairness, accountability

⁸¹ Daily Star (2026) Bangladesh-Malaysia labour route rife with corruption

⁸² Daily Star (2026)

⁸³ OHCHR (2025) Malaysia: UN experts sound alarm over continued systematic exploitation of Bangladeshi migrant workers

⁸⁴ Government of Nepal (2025) Nepal Labour Migration Report 2024

⁸⁵ Damase (2026) Is the 'Free Visa, Free Ticket' Policy Set to be Scrapped? See also Baniya et al (2023).

⁸⁶ Radio Nepal (2026) Minister Bhandari announces scrapping 'free visa free ticket' scheme

8. Modern slavery reforms in global supply chain legislation since 2021

Several countries have enacted legislation to regulate forced labour in supply chains or are in the process of doing so. For example, in North America, Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (2023) and Mexico's prohibition on imports of goods made with forced labour (2023) brought both countries in line with the US under the United States–Mexico–Canada Agreement.

UK public procurement regulation has also seen significant reform since 2023, including the Procurement Act and NHS-specific modern slavery regulations.

Table 5. Developments in UK procurement regulation since 2021

2023	Procurement Act 2023 (in force 2025)	Makes Modern Slavery Act 2015 offences — including those committed overseas — grounds for discretionary exclusion of suppliers.
2023	PPN 009: Tackling Modern Slavery in Government Supply Chains	Updates procurement guidance in line with the Procurement Act 2023
2024	Procurement Regulations 2024	Implementing regulations for the Procurement Act 2023
2025	PPN 002: Taking account of social value in the award of central government contracts	Updates guidance for procurement bodies in line with the Procurement Act 2023
2025	The National Health Service (Procurement, Slavery and Human Trafficking) Regulations 2025 (in force 2026)	Requires NHS procurement bodies: <ul style="list-style-type: none"> • to conduct modern slavery risk assessments • take reasonable steps to address modern slavery in procurements

The European Union has also introduced significant forced labour and supply chain due diligence measures.

Table 6. Developments in European Union forced labour regulation

2024	Regulation on Prohibiting Products Made with Forced Labour on the Union Market (fully in force 2027)	Enables: <ul style="list-style-type: none"> • Investigation and market removal of goods made with forced labour • Fines for non-compliant companies • Prohibition lifted upon evidence of remediation
2024	Corporate Sustainability Due Diligence Directive (full implementation 2029)	Requires in-scope companies to identify and address adverse human rights impacts in their value chains
2024	Corporate Sustainability Reporting Directive	Requires in-scope companies to report social and environmental risks and impacts from their activities
2025	European Parliament Resolution on Public Procurement 2024/2103(INI)	Recommends: <ul style="list-style-type: none"> • Greater use of non-price criteria in contract awards • Revision of exclusion criteria to cover labour and environmental law breaches • Clearer guidance on social criteria in procurement



9. Evidence for effectiveness of responsible recruitment efforts

We have examined the effectiveness of responsible recruitment by assessing its impact on forced labour indicators, situating forced labour within the broader concept of modern slavery. We focus on forced labour because it represents the most prominent form of exploitation experienced by workers in the Malaysian gloves industry, as evidenced in our previous research.

The ILO defines forced labour as work performed involuntarily under threat of penalty⁸⁷, and identifies eleven indicators including debt bondage, abuse of vulnerability, deception, restriction of movement, retention of identity documents, withholding of wages, abusive conditions, intimidation and threats, and excessive overtime. Whilst these indicators capture the most severe labour rights violations, they do not encompass all such violations.

Evidence indicates that **responsible recruitment — in particular the EPP — is strongly associated with a reduced prevalence of forced labour indicators during recruitment**, including lower rates of debt bondage, deception, passport retention, and threats and intimidation. These reductions are statistically significant across most recruitment indicators, with the exception of deception relating to job location and salary.

Significant improvements in workers' living and working conditions are also evident. In response to import bans and external pressure, the Malaysian industry implemented a range of corrective measures. Recruitment fee reimbursements were an entry point for addressing forced labour indicators and therefore lifting the bans, and reductions in debt bondage have empowered workers to refuse poor conditions and leave jobs more freely. The high cost of recruitment, combined with increased worker mobility, may have further incentivised companies to address forced labour risks in order to retain workers.

EPP and the wider responsible recruitment efforts can play a significant role in mitigating labour exploitation risks. Challenges however persist.

Impacts on debt bondage

Impacts on recruitment fee payments

The EPP and wider responsible recruitment efforts have led to a substantial reduction in workers paying recruitment fees in the Malaysian medical gloves industry, and consequently a decline in debt bondage incidence.

Only 3% of gloves workers recruited after the implementation of responsible recruitment strategies in 2022 reported paying recruitment fees, a sharp and statistically significant decline from 92% in 2020-2021 (p-value<0.05).

'If workers get free jobs we can save money from the first month of employment'
Nepali worker

There has also been a sharp and statistically significant decline in workers taking loans for recruitment fees, from 43% (643/1,491) in 2020-21 (averaging USD 2,059 and almost 12 months to repay) to just 3% (1 worker) in 2025-26, who borrowed USD 2,880 (400,000 NPR) and repaid it in 8 months.

Distinctions by nationality

Nepali workers are the primary beneficiaries of the EPP, as responsible recruitment efforts by Malaysian glove companies have focused on Nepal. Company management interviews suggest that zero-fee recruitment is currently unfeasible in Bangladesh, where a limited number of authorised recruitment agencies – the recruitment 'syndicate' – charge high fees (see Section 7). Consistent with this, no Bangladeshi workers in our sample were recruited into the medical gloves sector after responsible recruitment implementation, reflecting reports that companies have avoided Bangladeshi recruitment owing to high fees and implementation challenges.

'More workers should have the same opportunity that I had'
Nepali worker

87. ILO (2025)

Hidden recruitment fees

Nepali and Bangladeshi workers described the persistence of hidden recruitment fees, even after companies had formally committed to the EPP:

'Paying recruitment fees is very common in my country. Even in government-to-government recruitment, which is officially said to be free, workers still end up paying money'
Bangladeshi worker

'Many companies and agencies do fake zero cost... they say zero cost, but they still charge money illegally'
Nepali worker

Reimbursement of recruitment fees

Recruitment fee reimbursement has been widespread in the medical gloves sector, partly driven by the US WROs, and survey data show a significant decline in worker debt as a result of reimbursements and EPP recruitment. For Bangladeshi workers in particular, reimbursement has been the primary means of benefiting from the EPP, given the limited reach of employers' responsible recruitment programmes in Bangladesh.

'I paid recruitment fees. If I hadn't I wouldn't have this job. The local broker initially told me the total cost would be 500,000 Bangladeshi taka, but it was finally 450,000. Paying recruitment fees to get a job is very common in Bangladesh. I managed this money by borrowing from relatives, selling land, and taking loans from banks and microfinance institutions. Medical check-up costs and airfare were included in the recruitment package. The company reimbursed the fees in full in 2021, including the loan interest, paying directly into my bank account'
Bangladeshi worker

All Bangladeshi workers surveyed in 2025-26 were recruited before responsible recruitment implementation and had paid recruitment fees, taking an average loan of USD 3,198; all had fees and loan interest reimbursed by their companies. Among Nepali workers, 84% were recruited under the EPP and reported paying no fees. A further 14% were recruited before EPP implementation and had paid fees, but received full reimbursement. Only one worker had paid fees without reimbursement, despite being recruited after implementation. This contrasts markedly with 2020-21, when only 25% (380/1,491) of glove workers had been reimbursed.

Reimbursement of hidden recruitment fees

28% (11/40) of Nepali gloves workers recruited after 2022 reported receiving average repayments of USD 100 (NPR 13,928) despite reporting no agency or broker fees, suggesting they had incurred relatively small incidental costs during recruitment. Industry stakeholders indicated that hidden payments are typically identified through interviews with workers upon arrival, and some companies combine individual interviews with statistical averages to determine repayment amounts.⁸⁸

Conditions for reimbursement

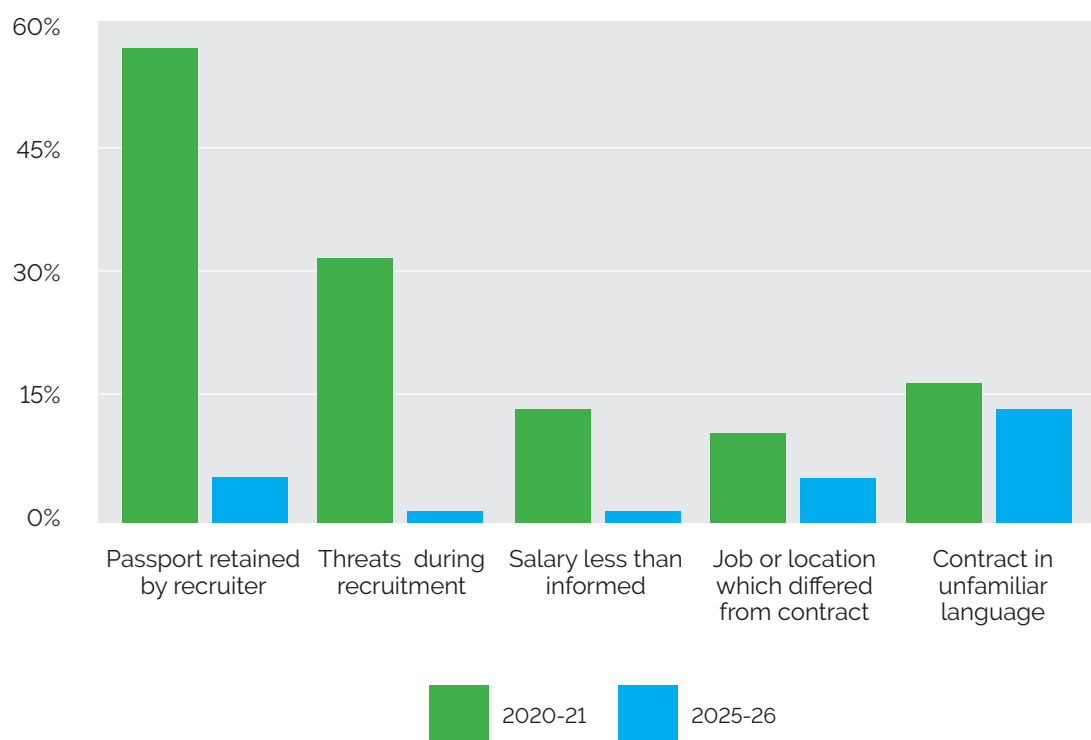
7% (6/83) of gloves workers surveyed in 2025-26 (including five Bangladeshis and one Nepali) reported that companies placed conditions on recruitment fee repayment. Reported conditions include:

- Doing overtime when the company needs it
- Not leaving the job before the end of the contract
- Not going to home country for holidays

Impacts on other forced labour indicators at the recruitment stage

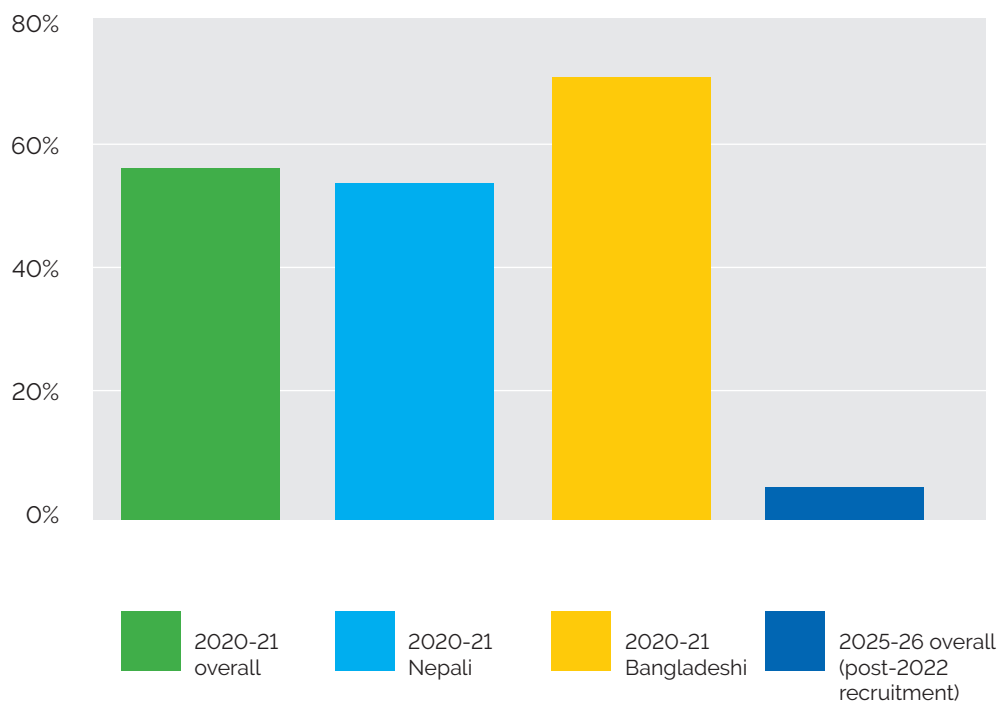
Gloves workers recruited after responsible recruitment implementation in 2022 reported fewer recruitment agency practices linked to forced labour.

Figure 2. Changes in forced labour indicators at recruitment stage (2020-2026)



Retention of identity documents

Only 5% (2/40) of gloves workers recruited after responsible recruitment implementation (both Nepali) reported that a recruitment agency or broker held their passport, a sharp statistically significant decline from 57% (856/1,491) in 2020-21—56% for Nepali workers and 73% for Bangladeshi workers.

Figure 3. Changes in passport retention by recruiter (2020-2026)

Deception

Only 5% (2/40) of gloves workers recruited after responsible recruitment implementation (all of whom were Nepali) had a job which differed from their contract or job offer, down from 9% (135/1,491) in 2020-21. Salary discrepancies fell to 3% (1 worker) from 13% (190) in 2020-21. None of these changes are statistically significant.

13% (5/40) of gloves workers recruited after responsible recruitment implementation received contracts in a language they could not understand—10% (4/40) in English and 3% (1/40) in an unfamiliar language—compared with 16% (248/1,491) in 2020-21.

Threats and intimidation during recruitment

Only one gloves worker recruited after 2022 reported threats from recruitment agencies over speaking about fees, significantly down from 31% (455/1,491) in 2020-21 (p -value<0.05).

Changes in working and living conditions under responsible recruitment

EPP recruitment has played an indirect, catalytic role in preventing modern slavery risks rather than acting as a direct cause of change. External pressures such as import bans and buyers' ethical requirements have driven companies to improve conditions beyond recruitment, including working and living standards. Supply chain due diligence legislation and ethical buyer demands have reinforced these improvements. One stakeholder noted that companies view zero-fee recruitment and labour rights compliance as essential for market access and as a form of risk "insurance."

'Not doing it [EPP] is much worse than doing it...EPP is simply risk mitigation, it's insurance. Doing it means you won't have to come back later and pay huge [recruitment] fees. If you're selling to a western buyer you're going to get asked sooner or later. You are just kind of getting ahead of it'
Industry stakeholder

In response to import bans and ethical requirements, companies have implemented multiple reforms, including zero-fee recruitment, grievance mechanisms, improved accommodation, and changes to worker management (e.g., no passport retention, removal of punishments). Zero-fee recruitment is thus part of a broader set of measures addressing different forced labour risks, and it appears to have contributed to improvements in working and living conditions through its interaction with these other labour reform mechanisms.

Industry stakeholders revealed variations in company approaches: some focused solely on fee remediation and zero-fee policies without broader worker management reforms, while others used recruitment fee issues as an entry point to implement holistic improvements to worker management and conditions. While data limitations prevent definitive conclusions about outcomes interview evidence suggests that more comprehensive approaches are likely to have benefited a greater number of workers across more dimensions of their working lives.

'The companies that do it well ... they roll out a proper ethical recruitment programme that also looks at grievances, freedom of association, worker committees, accommodation... taking on board workers' feedback, addressing excessive working hours... When companies look at those things holistically, yes, fees can often be the catalyst... But when you look at companies that just say OK, we'll just do fee repayment, we'll have a zero-fee policy going forward... obviously, that is to the benefit of workers because they no longer have to bear those costs, but does it have knock on effects in terms of improved living and working conditions? Probably not'

Sustainability consultant

Industry stakeholders also indicated that bearing recruitment costs shifts company mindsets toward seeing workers as valuable and costly resources, a perspective reinforced by the 2023 recruitment freeze. In response to labour market restrictions, some companies reportedly used threats to retain workers, while others—motivated by the EPP and recruitment fee issues—adopted holistic, higher-quality worker management systems, retaining staff through improved conditions.

'I think that [the] recruitment freeze caused a lot of issues. There's a lot of threats towards workers. There was a lot of, let's say, negatively trying to keep them there'

Sustainability consultant

'I think obviously like the best companies were making investments in improving living conditions, addressing grievances, holistic. Basically, you know, trying to improve satisfaction, to retain workers rather than to coerce them to stay. And I think that by and large, that is what happened'
Sustainability consultant

The challenges of implementing zero-fee recruitment in Bangladesh appear to have improved conditions for existing Bangladeshi workers. Unable to recruit new staff, companies valued their experienced Bangladeshi workforce and made efforts to enhance their conditions, reinforcing the EPP's direct benefits of recruitment fee reimbursement and reduced debt bondage.

'There are really positive signs because since 2020 and now when I talk to the workers, I feel like they don't have any abuse. [In 2020] there was a lot of abuse, a lot of threats, a lot of salary deductions...and a lot of punishment actually... If you do some kind of mistake some kind of wrong work... they [companies] will fine you or give punishments like deducting your overtime, suspend you...but now they don't have those kinds of policies, and there's no abusing the worker. So I think this is all because one because they don't have debt. The worker, they can go back anytime [home], another is there is no manpower ... They like Bangladeshi workers. But there is no opportunity to bring new workers so they want to keep those workers'
Civil society representative

Improved working and living conditions have likely contributed to lower absconding rates, though this does not appear to be systematically recorded by companies. Workers who leave legal employment for the informal sector risk becoming undocumented and vulnerable to abuses, including forced labour. When asked about the impact of company improvements on absconding, a company manager stated: *'So you have decent hostels, decent living conditions. You're absolutely correct that that cuts down on the abscondment rate.'*

In sum, whilst the EPP has directly reduced debt bondage and forced labour risks at the recruitment stage, wider responsible recruitment efforts have positively influenced working and living conditions. Changes in other indicators reflect the combined impact of multiple worker rights mechanisms, which industry stakeholders report are not yet implemented industry-wide — contributing to the mixed improvements observed. Even among companies with holistic labour management commitments, implementation gaps such as limited grievance mechanism effectiveness mean worker experiences of forced labour indicators continue to vary.

Changes in forced labour indicators related to working and living conditions

Overtime

In 2020-21, glove factory workers worked 12.02 hours per day on average, the maximum allowed under Malaysian law. Average daily hours have fallen to 10.30 in 2025-26, though this appears driven by lower industry orders rather than legislation, with some workers still reporting 12-hour days, six days a week. The 2023 amendment to the Malaysian Employment Act reduced the standard workweek from 48 to 45 hours, with total daily working time, including overtime, remaining capped at 12 hours.

Overtime was often mandatory in 2020-21, though workers generally viewed it positively. 30% (25/83) of gloves workers surveyed in 2025-26 reported they could not refuse overtime, and 24% (20/83) said refusal could lead to unspecified negative consequences. Interviews suggest workers remain generally willing to work overtime as a way to boost earnings amid lower industry orders. Notably, the proportion of workers having only a single day off per month fell significantly, from 31% (460/1,491) in 2020-21 to zero in 2025-26 ($p < 0.05$).

Under Malaysian law, overtime must be paid at a minimum of 1.5 times the standard rate. However, 10% (8/83) of gloves workers surveyed in 2025-26 reported being paid the standard rate for overtime, and 1% reported not being paid for extra hours worked.

Abusive living and working conditions

Only 5% (4/83) of gloves workers surveyed in 2025-26 reported feeling unsafe at work, a significant improvement from 16% (235/1,491) in 2020-21.

7% (6/83) of glove workers surveyed in 2025-26 reported feeling unsafe in their accommodation, a decrease from 19% (276/1,491) in 2020-21. Despite this improvement, overcrowding remains a concern among both Nepali and Bangladeshi workers, with one worker reporting living in a hall with 40 others. Some workers could cook in their accommodation, but many had to source food externally.

'The living conditions are now quite good, the company changed new accommodation and there are no problems'
Bangladeshi worker

'There is no cooking facility. Getting food isn't easy as the ordered food isn't good and there's no canteen inside the accommodation or factory. Food is a big concern here'
Nepali worker

'A few months ago, I became ill with dengue fever. This happened because our accommodation was very crowded and unhygienic. About 20 workers were sharing a small room, and the area was dirty with many mosquitoes'
Bangladeshi worker

Healthcare access has also significantly improved: 8% (7/83) of glove workers surveyed in 2025-26 lacked free healthcare, compared with 50% (744/1,491) in 2020-21. Quality gaps remain, with 6% (5/83) reporting poor medical facilities and 4% (3/83) describing them as insufficient.

Withholding of wages

5% (4/83) of gloves workers surveyed in 2025-26 reported not being paid on time, and a further 4% (3/83) said they were only sometimes paid on time, compared with 2% (35/1,491) in 2020-21.

13% (11/83) of gloves workers surveyed in 2025-26 reported sometimes being paid in cash, including 4% (3/83) who received part of their basic salary in cash and 8% (7/83) who were paid overtime in cash.

31% (26/83) of gloves workers surveyed in 2025-26 reported unexpected salary deductions, similar to 33% (489/1,491) in 2020. All cited accommodation-related deductions alongside additional charges (e.g. food, utilities, taxes, union fees, laundry). While accommodation deductions are permitted under the Employment Act 1955, this may indicate insufficient transparency. Additionally, 2% (2/83) of gloves workers surveyed in 2025-26 also reported deductions for disciplinary fines—prohibited under the Act—compared with 0.7% (10/1,491) in 2020.

Physical and sexual violence

6% (5/83) of gloves workers surveyed in 2025-26 reported witnessing or experiencing physical or sexual violence at work, unchanged from 6% (90/1,491) in 2020-21.

Threats and intimidation

20% (17/83) of gloves workers surveyed in 2025-26 reported having experienced verbal or psychological threats from managers, supervisors, or line leaders, significantly up from 7% (111/1,491) in 2020-21 (p -value<0.05). This included 41% (14/34) of Bangladeshis and 6% (3/49) of Nepalis. In addition, 24% (20/83) had witnessed threats or intimidation (41% of Bangladeshis and 12% of Nepalis). While in 2020-21 intimidation was often used to maintain productivity or suppress grievances, in 2025-26 it more commonly occurred in response to mistakes or missed targets. Reported threats included repatriation to Bangladesh, salary deductions, loss of overtime opportunities, suspensions and insults.

'There have been situations where some Bangladeshi and Nepali workers, after becoming leaders or supervisors, verbally threaten or pressure us to do more work. I feel this happens because the company gives them authority and expects higher production, and they are taught or encouraged to push workers to meet targets'
Bangladeshi worker

Threats of repatriation to Bangladesh may carry greater weight in the context of the frozen Malaysia–Bangladesh migration channel, which limits return options, and the high recruitment fees required to secure alternative employment abroad.

Restriction of movement

2% (2/83) of gloves workers surveyed in 2025-26 reported restrictions on freedom of movement after work, and 13% (11/83) said they could not take leave freely without paying a deposit. This was more prevalent among Bangladeshi workers (29%, 10/34) than Nepali workers (2%, 1/49).

14% (12/83) of gloves workers surveyed in 2025-26 reported being unable to leave their job, and 28% (23/83) were unsure, suggesting limited clarity in workplace communication. This marks a significant improvement from 2020-21, when 47% (703/1,491) reported being unable to leave due to contractual or other restrictions. Reported reasons in 2025-26 included needing to complete contract terms (22%), employer refusal (2%), and one worker said he would need to repay reimbursed recruitment fees.

Overall, reduced movement restrictions in 2025-26 are likely linked to lower debt bondage resulting from EPP recruitment, which enables workers to save earlier and better afford the costs of leaving or repatriation.

'Termination of employment contract from the worker side has increased since they have this zero fees recruitment policy... freedom of movement also improved quite a lot I'd say.. nowadays workers are actually just purchasing their one flight ticket and just run [back] home...I've seen many doing that'
Civil society representative

Retention of identity documents by companies

No gloves workers surveyed in 2025-26 reported employer retention of passports, significantly down from 8% (113/1,491) in 2020-21.

Abuse of vulnerability

Industry stakeholders indicate that glove workers are more able to challenge abusive employer practices than they were in 2020-21. The elimination of recruitment fees, alongside reimbursement mechanisms, reduces debt-related constraints and improves workers' ability to exit exploitative situations.

However, company management interviews also indicate that Malaysian government policies continue to create structural vulnerabilities. In particular, the tying of work visas to a single employer limits job mobility and restricts workers' ability to leave poor conditions. Company management interviews suggest that absconding persists in the gloves sector, including among workers seeking opportunities in other industries. Workers who abscond and enter informal employment are particularly vulnerable

to exploitation. Additionally, the requirement for employers to report absconding workers within 14 days (see Table 4) often results in rapid loss of documented status, making return to formal employment difficult.

Isolation and grievance mechanisms

There was limited evidence of physical isolation, but social isolation persists among glove factory workers. Interviewed workers typically lived in accommodation near factories, often located in industrial areas, suggesting some physical distance from population centres. However, workers reported being able to move freely, socialise with friends, and maintain contact with family in their home countries. Despite this, social barriers with the local Malaysian population were noted, with various workers perceiving unwelcoming attitudes toward migrants.

Social isolation was further reflected in inadequate grievance mechanisms, which can isolate workers from support networks. Trust in grievance mechanisms remains an issue of concern within the industry. 24% (20/83) of the gloves workers surveyed in 2025-26 reported feeling uncomfortable raising grievances with management and 37% (31/83) indicated they were only sometimes comfortable, depending on the issue. This marks a statistically significant increase from 2020-21, when 18% (265/1,491) reported discomfort in raising grievances. Notably, these responses spanned 16 companies, suggesting an industry-wide concern.

'Previously the company had grievance mechanisms, including HR [human resources] and a hotline, but now they have only HR'
Bangladeshi worker

'We can express our concerns by contacting HR or using the hotline, but I don't trust these mechanisms. I've made a complaint before, and my identity was not kept anonymous. Because of this, I'm afraid that reporting grievances may lead to problems instead of solutions'
Bangladeshi worker

Contrasts with ceramic mould and plastics sectors

Our 2025-26 survey dataset included 22 workers from non-medical gloves factories: 12 from ceramic mould manufacturers — a Tier 2 supplier group providing key inputs to medical gloves factories — and 10 from plastics and metal factories supplying components to various industries including electronics. No US WROs have been issued against Malaysian plastics, metal fabrication, or ceramic mould manufacturers, and responsible recruitment uptake in these sectors appears largely absent — making them a useful contrast to progress in the medical gloves sector.

Workers in ceramics, plastics, and metals reported substantially higher rates of recruitment fee payment, document retention, and recruiter threats than gloves workers recruited after responsible recruitment implementation in 2022. Working conditions also diverged markedly across sectors. Grievance mechanisms stand out as a particular concern: 83% of ceramics workers and 60% of plastics and metals workers reported discomfort raising grievances, compared to 61% of glove workers — itself an area requiring improvement.

Ceramics workers also reported markedly higher rates of workplace threats (67%) and overtime pressure (58%) than their counterparts in the medical gloves sector, pointing to significant forced labour risks among Tier 2 suppliers directly linked to the gloves supply chain. These findings highlight the urgent need to extend responsible recruitment and worker rights protections beyond Tier 1.



Table 7. Comparison of recruitment experiences and working conditions by sector (Malaysia)

Recruitment experiences (workers recruited after 2022)		Industry		
		Gloves (n=40)	Ceramic gloves mould (n=10)	Plastics and metals (n=6)
	Paid recruitment fees	3%	100%	100%
	Average recruitment fees (USD)	2,880	3,581	4,741
	Needed loan for recruitment fees	3%	70%	83%
	Retention of ID documents by recruiter	5%	100%	50%
	Deception in job role	5%	10%	33%
	Threats by recruiter	3%	80%	17%
Working Conditions		Gloves (n=83)	Ceramics (n=12)	Plastics and metals (n=10)
	Lack healthcare access	8%	33%	40%
	Poor/insufficient medical facilities	10%	58%	30%
	Accident or unwell at work	6%	58%	50%
	Unexpected salary deductions	31%	50%	30%
	Threatened at work	20%	67%	30%
	Witnessed threats at work	24%	67%	30%
	Feel unable to leave the job	14%	17%	30%
	Uncomfortable raising grievances	61%	83%	60%
	Feel unsafe at work	5%	17%	40%
	Feel unsafe at accommodation	7%	8%	40%
	Negative consequences for refusing overtime	24%	58%	20%
	Overtime paid at standard rate	10%	17%	50%

Unintended consequences of responsible recruitment efforts

Malaysian labour market segmentation by nationality

As shown, the impacts of EPP and responsible recruitment differ sharply by nationality. High recruitment fees and the 2023 closure of the Bangladesh recruitment channel have effectively blocked zero-fee recruitment for Bangladeshi workers. As a result, many Bangladeshi workers have diverted into sectors outside responsible recruitment coverage, where oversight is weaker and forced labour risks are higher. There is thus evidence that responsible recruitment efforts have contributed to labour market segmentation by nationality — with Bangladeshi workers losing access to safer jobs while continuing to incur high recruitment fees.

'Nepali workers are in a better situation. Even some company managers actually told us that they prefer to recruit Nepali workers because they work with the agencies in Nepal and everything was much more transparent, much clearer. Everything is smoother with Nepal'

Civil society representative

'Nepali workers, they still have the chance to come back [to Malaysia]..if they want to resign from this company, they can go back [to Nepal] and they can come back again, right? ..they have this opportunity, but Bangladeshi workers don't'
Civil society representative

Other labour market consequences

Company management interviews and workshop discussions indicate that companies increasingly view migrant workers as valuable but costly, particularly given investment in improved living and working conditions. This has prompted some companies to pursue alternative labour strategies, including increased local hiring and greater automation. These trends may reduce employment in the gloves sector and divert workers into sectors with less oversight and higher forced labour risks.

'You pay Employer Pays, you pay for a trip back, you pay for this, you pay for that. Your cost of bringing in that worker is significantly higher than a local. So the companies that have put the most effort into it are the ones that are the most motivated to either hire locals or to enhance automation'
Company manager



10. Main challenges to effective responsible recruitment as described by industry stakeholders

The implementation of the EPP and broader responsible recruitment efforts has been largely driven by external enforcement mechanisms (most notably buyer procurement requirements and import bans), rather than by organic, industry-led reform. While these efforts have contributed to significant improvements, with one industry stakeholder describing the sector as the *“best gloves industry than we’ve ever seen”*, responsible recruitment is commonly perceived by companies as a compliance and risk mitigation measure rather than as a source of commercial or competitive advantage.

Below are the main challenges to responsible recruitment as expressed by industry stakeholders in interviews and workshops.

- **Limited and uneven adoption:** Responsible recruitment efforts, including the EPP, are largely confined to Tier 1 suppliers serving a small group of ethical buyers, mostly located in North America and Europe. This creates a bifurcated supply chain on the basis of ethical purchasing standards, raising the risk that responsible recruitment will remain a niche standard rather than sector-wide practice.

- **High cost and operational complexity:** Implementing responsible recruitment across migration corridors is expensive, administratively complex, and difficult to manage consistently, with monitoring, due diligence, and third-party verification adding significant costs.

- **Lack of buyer support and incentives:** Buyers demanding EPP rarely offer price premiums or adapt procurement practices. In a low-margin commodity market, this places financial pressure on manufacturers and risks disengagement, particularly among smaller companies.

‘Buyers are not willing to pay a premium for this’
Industry stakeholder

- **Misaligned cost and risk allocation:** Recruitment costs and liabilities are pushed down by buyers to suppliers and from employers to recruiters and workers, undermining EPP in practice and creating incentives to pass financial burdens onto the most vulnerable.

Employers seek to avoid risks of paying upfront recruitment costs of prospective workers in origin countries because workers are not guaranteed to arrive in employment once they have started the recruitment process. However, recruitment agencies bearing costs of responsible recruitment creates incentives to push financial costs onto workers.

‘This is what we call fake EPP... For example, like a company paying all recruitment-related cost, but still workers had to pay some money... like related to the involvement of the broker, medical checks, visa costs, etc before travelling’
Civil society representative

- **Unsustainable ethical recruitment model:** Upfront costs associated with lengthy recruitment processes place significant financial strain on agencies, often disincentivising ethical recruitment. Ethical recruiters typically bear these costs in advance and recover them only upon worker arrival in Malaysia. They face cashflow constraints, weak demand, and competition from lower-cost, non-compliant actors. These pressures are exacerbated by regulatory asymmetries: Nepali recruiters can charge employers only half a worker’s initial monthly salary—often insufficient to cover costs, creating incentives to charge fees to workers—while Malaysian agencies can charge up to a full month’s salary.

‘There’s not enough incentives for recruitment agencies to do zero-fee recruitment... the market isn’t there...the good actors or those trying to be good actors and are fully compliant with EPP are not being rewarded by the market and by more business as a result of being more ethical than your neighbour’
Industry stakeholder

- **Weak governance and enforcement:** Limited enforcement of existing legislation in Malaysia and origin countries allows forced labour and recruitment fees to persist. For instance, in Bangladesh, the concentration of authorised recruitment within a small number of agencies — the recruitment ‘syndicate’ — undermines EPP implementation in that corridor. Oversight is further constrained by challenges in auditing recruitment agencies across diverse worker destinations.

- **Persistent informal practices:** Brokers remain a common feature of recruitment in origin countries, and their continued informal involvement — including as intermediaries within the Bangladesh syndicate network — enables worker-paid fees to persist.
- **Uncertain long-term sustainability:** Without ongoing enforcement and regulatory harmonisation across supply chains and origin countries, the sustainability of EPP and responsible recruitment efforts — and their benefits for workers — remains uncertain. In Malaysia's highly competitive gloves industry, reduced sales and revenue may further limit companies' ability or willingness to sustain EPP commitments.



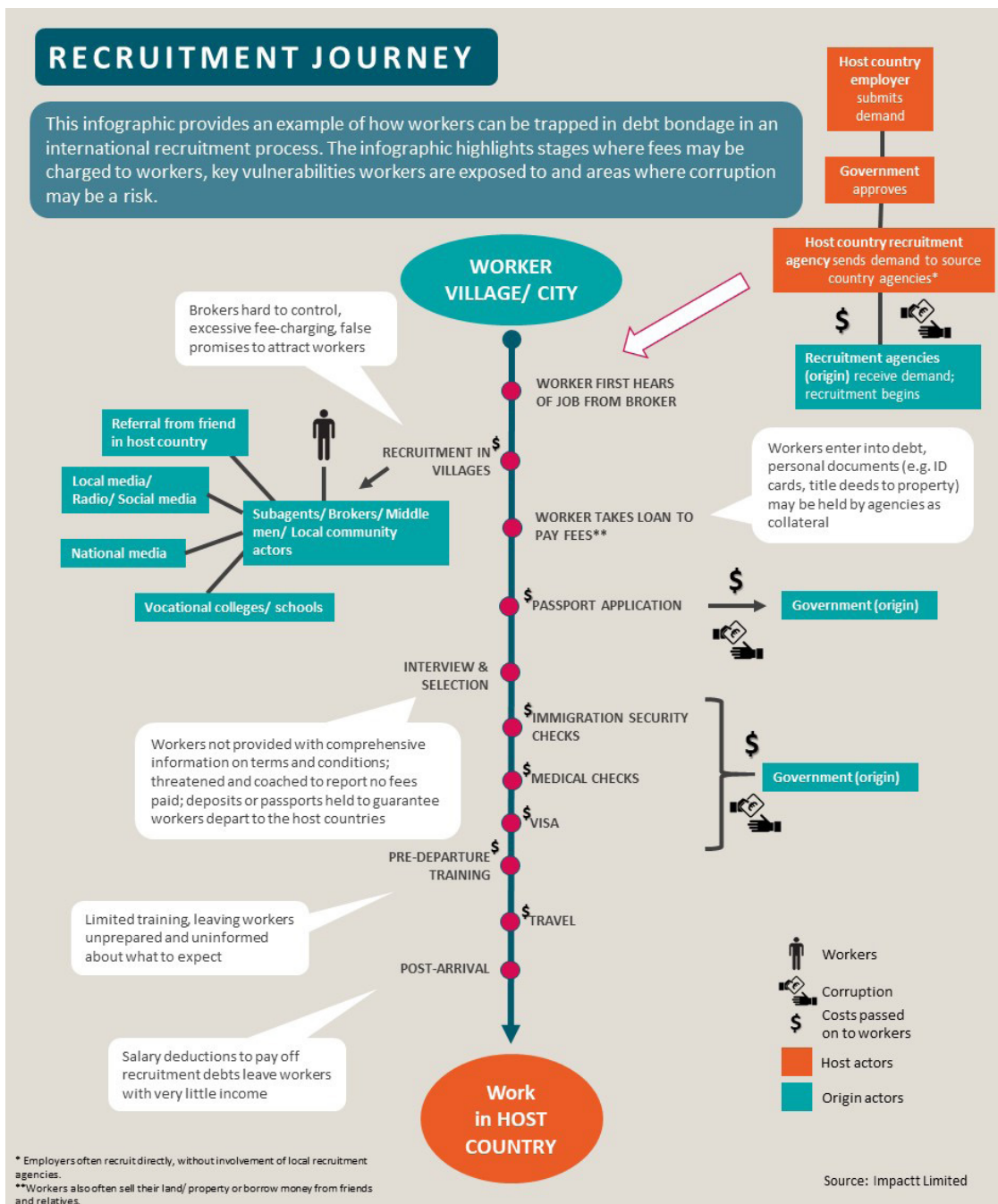
11. Recommended actions and levers for positive change

Advancing responsible procurement — including EPP — and its benefits for workers requires concerted action by buyers, employers, recruitment agencies, and governments, coordinated across supply chains and between host and worker origin countries.⁸⁹

debt bondage and where in the recruitment process fees may be charged to workers. **Figure 5** shows practical steps necessary for host and origin country actors to support responsible recruitment in Malaysia and beyond.

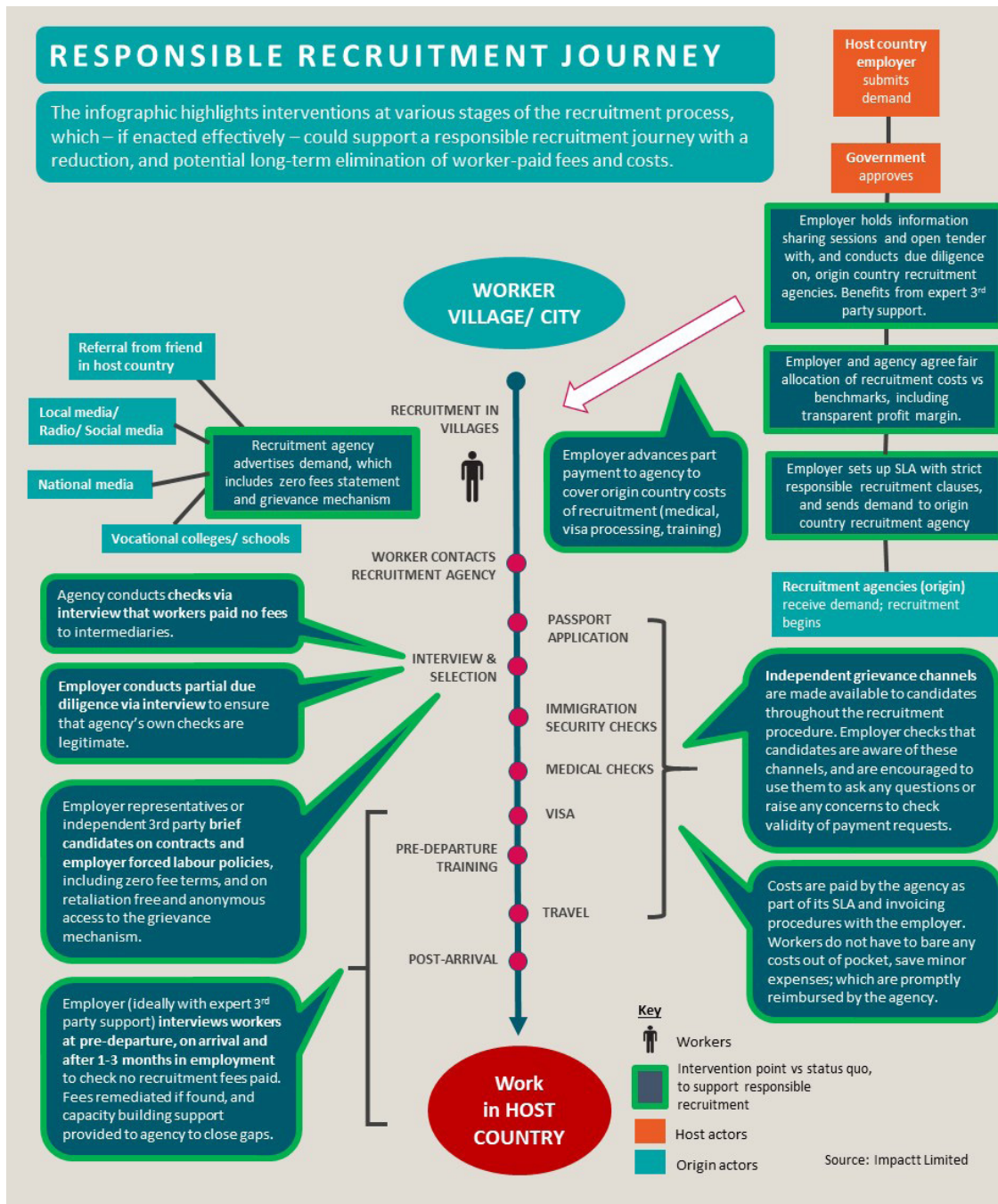
Figure 4 illustrates how workers can be trapped in

Figure 4. Recruitment fee charging points along the traditional migrant worker journey



89. Brown et al (2024b)

Figure 5. Practical steps to responsible recruitment



Recommended actions

Manufacturers

- Remove host-country intermediaries and implement direct recruitment programmes through trusted partner organisations in origin countries where possible.

'If a company uses a recruitment agency there's always the risk that workers have paid something'
Industry stakeholder

'Direct recruitment is for sure the answer... you have visibility, you have control over it... but it comes with challenges...when you're doing bilateral agreements, there's always the risk of corruption getting in the way and also in many migration corridors it's challenging. That's why people aren't doing it everywhere'
Industry stakeholder

- Run open tenders with origin country recruiters and conduct independent third-party due diligence to increase transparency, reduce the risk of kickbacks,⁹⁰ and assess compliance with ethical recruitment standards.

'The solution would be an open tender process to select recruitment agencies, but companies keep on working with the recruitment agencies they know'
Industry stakeholder

'Everybody should do open tender and accept into contract only recruiters willing to recruit at zero fee. We did this, asked copies of policies, procedures, etc.. and from 40 applicants could only recruit 2... you can't outsource due diligence, it has to be your own'
Company manager

- Select agencies committed to deliver zero-fee recruitment and require this as a contractual obligation.
- Agree cost allocation with recruitment agencies in advance, based on transparent dialogue on true recruitment costs, and provide upfront funding to prevent cash-flow issues.

- Reimburse and remediate recruitment fees charged to workers, without conditions on access to reimbursement.
- Conduct third-party monitoring and verification of recruitment processes in origin countries and upon worker arrival, ideally using worker-driven monitoring mechanisms, and avoid relying on certifications as evidence of compliance.

'In house grievance mechanisms don't work, workers are afraid. Third-party grievance mechanisms are much better, and worker-driven third-party even better'
Sustainability consultant

- Ensure that employment rights information, including contracts and organisational policies, is provided in workers' languages and in clear, plain language.
- Adopt proactive measures to identify and mitigate exploitation risks, including embedding safe practices into policies, establishing confidential 'speak up' processes, providing anonymous reporting channels, and conducting on-site worker checks.
- Assess and document the return on investment of responsible recruitment, including impacts on productivity, worker retention, risk reduction, and buyer relationships, to support informed decision-making.
- Provide transparent reporting on actions taken to assess, prevent and mitigate human rights abuses, forced labour, and unethical recruitment practices. When reporting indicates no concerns, it should detail how that confidence has been established.
- Enforce consequences for breaches.
- Engage with and support collective industry commitments to responsible recruitment (such as the RGA) to strengthen sector-wide adoption and ensure that compliance requirements are achievable across the supply chain.

⁹⁰ A 'kickback' is a bribe paid by recruiters to destination-country employers to secure contracts. These costs are ultimately passed on to workers and skew agency selection towards higher-paying rather than ethical recruiters regardless of who formally bears recruitment costs. See Hall (2024).

Industry associations

- Take a leading role in promoting and disseminating responsible recruitment best practice, coordinating advice and guidance for members across the gloves manufacturing sector and its supply chain.
- Establish a dedicated body responsible for investigating cases of recruitment fee charging and labour abuses, with defined powers to enforce sanctions.
- Support the development of an ethical recruitment business model for agencies, including cost-sharing and risk allocation frameworks that make responsible recruitment financially sustainable across the sector.

Recruitment agencies

- Respect applicable laws and fundamental principles and rights at work.
- Adopt a 'no worker should pay for their job' stance, placing all recruitment, travel, visa, and administrative costs on the employer.
- Agree cost allocation with manufacturers prior to recruitment, based on transparent dialogue on true recruitment costs and risks.
- Provide clear, accessible information to prospective workers (in their own languages) on job roles, expected salaries, working conditions and health and safety risks, to support informed decision-making.
- Work towards an ethical recruitment business model, engaging with employers on cost-sharing and risk allocation to make responsible recruitment financially sustainable.

Procurement organisations

- Include zero-fee recruitment as a condition in tenders and contracts, extending this requirement beyond first-tier suppliers to their supply chains.

'In the second and third tiers of the glove industry you will find more forced labour'

Industry stakeholder

- Integrate ethical considerations into supplier selection criteria and establish responsible recruitment as a standard compliance requirement.
- Embed transparency clauses in supplier contracts, requiring disclosure of recruitment practices, costs, and any identified violations.
- Collaboratively investigate the costs of responsible recruitment with manufacturers and provide price premiums or cost-sharing arrangements for suppliers implementing zero-fee recruitment, contingent on third-party verified evidence, contributing to a 'supply chain pays' model that distributes recruitment costs more equitably.

'When I went to zero fees, I lost 50% of my business as buyers didn't want to pay the extra'

Industry stakeholder

'With gloves specifically... it's such a low value product that no one's going to pay more for a glove when you buy it for a dollar in China versus \$1.20 in Malaysia, no one's going to pay the extra \$0.20 believe it or not.. the suppliers are in this really difficult squeezed position'

Industry stakeholder

- Prioritise long-term relationships with ethically compliant suppliers, providing confidence and ongoing incentives for responsible recruitment and avoiding short-term cost-driven switching.
- Incorporate ethical purchasing practices into Key Performance Indicators (KPIs).
- Request ongoing evidence of responsible recruitment compliance during contract management, not only at the point of tender.

'There are many buyers that do not care, and many buyers demand it but check nothing...which does not help progress'

Industry stakeholder

- Work collaboratively with suppliers to address labour recruitment issues and other forced labour indicators.
- Undertake mandatory training on ethical procurement practices.
- Make collective commitments to responsible recruitment alongside other buyers in key markets - including Europe and North America - to increase leverage with suppliers. The RGA for instance has started efforts at industry level.
- Join international procurement groups and forums to harmonise responsible recruitment standards, such as the International Working Group on Ethical Public Procurement (IWGEPP), the Responsible Sourcing and Ethical Trade Forum, or the Global Forum for Responsible Recruitment.

Procuring governments

- Introduce mandatory human rights due diligence, moving from voluntary transparency requirements to enforceable legal duties, specifically identifying recruitment fees and debt bondage as risk factors requiring due diligence and remediation.
- Implement robust legislation mandating companies and public procurement organisations to actively assess, prevent, and mitigate unethical practices across their supply chains.
- Introduce 'failure to prevent' offences, establishing corporate liability for companies that fail to prevent labour abuses in their supply chains.
- Introduce import bans or similar trade sanctions on goods tainted by forced labour, with appropriate monitoring mechanisms.
- Embed responsible recruitment into procurement standards, regulations, and contract management frameworks.
- Integrate responsible recruitment and forced labour awareness into modern slavery, human rights due diligence, and supply chain training and guidance efforts.

- Ensure appropriate training opportunities exist for procurement officials to strengthen implementation and oversight.
- Ensure enforcement is conducted by a body with appropriate powers and independence, sufficiently resourced to monitor and act on non-compliance.
- Commit to international legislative alignment to ensure consistent standards and approaches across borders, levelling the playing field and reducing the competitive disadvantage faced by ethical businesses against those using exploitative practices.

Worker origin governments

- Strengthen and enforce ethical recruitment frameworks by aligning legislation with zero-fee recruitment principles, introducing effective penalties (e.g. substantial fines, licence revocation), and formalising the role of labour sub-agents within regulatory systems.
- Improve transparency and awareness by providing publicly accessible information on migration risks, worker rights, and working conditions in key destination countries, alongside clear guidance on working abroad.
- Implement clear, accessible visa and travel processes, and reduce or eliminate administrative costs (e.g. medical tests, visas), including through standardised or capped fees, to minimise the risk of third-party exploitation during recruitment and travel.
- Establish accessible, confidential channels for reporting illegal fee-charging and exploitation.
- Establish safe return and support mechanisms for workers experiencing exploitation or raising concerns in destination countries, including assistance with repatriation and access to support services.

Host governments

- Enforce existing forced labour and responsible recruitment legislation, ensuring monitoring and enforcement capacity is sufficiently resourced.

- Monitor local recruitment agencies and companies to ensure compliance with responsible recruitment standards and forced labour legislation.
- Introduce 'failure to prevent' offences, establishing corporate liability for companies that fail to prevent labour abuses in their supply chains.
- Ensure legislation provides equal rights and entitlements for citizens and migrant workers, as differential treatment enables exploitation.

'We are treated differently because we are immigrants...I've been here [Malaysia] for eight years, and I feel that we are treated like lower-class people.'
Bangladeshi worker

- Streamline recruitment procedures and identify administrative costs that can be reduced or removed, enabling employers to allocate resources to upfront recruitment costs in origin countries.
- Update MoUs with origin countries — including Bangladesh — explicitly emphasising ethical recruitment and worker protections.
- Work with worker origin governments to regulate recruitment syndicates, prevent exploitative recruitment practices and fee charging, and establish safe return routes.
- Ensure bilateral and multilateral labour migration agreements include oversight mechanisms for migrant worker recruitment, are consistent with international human rights and labour standards, and are effectively implemented across origin, transit, and destination countries.⁹¹
- Take active responsibility for raising awareness among migrant workers of their rights, entitlements, and available protections upon arrival, ensuring information is accessible, timely, and provided in workers' languages.

Civil Society Organisations

- Raise awareness among workers about their rights, entitlements, and recruitment processes, including the risks of recruitment system abuses, through targeted campaigns that reach workers before and during recruitment.

'Workers feel they have to pay money to get the good jobs...we also need to overcome this'
Civil society representative

Campaigners, the media and politicians

- Identify and document instances of forced labour and labour rights violations, maintaining public and political attention as a driver of meaningful and lasting change.

Workers are encouraged to:

- Seek out and review available guidance on the destination country, employment rights, recruitment fees, working conditions, and wages prior to departure, as informed workers are better equipped to recognise and resist exploitation.
- Engage with worker support organisations, including trade unions and NGOs, to access information, advice, and resources.
- Engage with worker representatives and third-party grievance mechanisms when available and safe to do so to report concerns.

91. ILO (2019)

12. Transferability to other sectors and contexts

Legal mechanisms incentivise EPP and responsible recruitment adoption

Import bans and access to large-scale ethical buyers have been pivotal in driving Malaysian companies to implement EPP and wider responsible recruitment practices, demonstrating that companies respond to direct threats to their financial bottom line. This dynamic is likely applicable to other contexts and sectors — particularly in highly competitive, low-margin industries — and suggests that responsible recruitment can be effectively introduced in supply chains operating within jurisdictions that have robust forced labour supply chain legislation.

Ethical buyer requirements as an incentive for responsible recruitment adoption

In the Malaysian case, continued market access to large-scale buyers with high ethical standards served as a significant incentive to implement EPP and wider responsible recruitment practices and improve worker conditions. This suggests meaningful scope for responsible recruitment transfer in supply chains where ethical buyers hold substantial shares of a supplier's export volume and prioritise long-term supplier relationships. In such contexts, ethical buyer requirements — alongside forced labour legislation — function as a complementary financial incentive for strong ethical compliance.

Financial challenges in low-margin, labour-intensive industries

Low-margin, labour-intensive industries are likely to face significant financial challenges in implementing responsible recruitment strategies, which requires employers to bear the full cost of migrant worker recruitment. This burden may be particularly acute in agriculture, seafood, and garments sectors—especially when hiring large numbers of workers or engaging on short-term or seasonal contracts. Cost-sharing arrangements with buyers may offer a practical solution for employers in these sectors.

Limitations across migration corridors

The EPP cannot be universally applied across all migration corridors. The significant barriers encountered in the Bangladesh–Malaysia corridor (including entrenched syndicate structures, coordinated fee-fixing, and weak enforcement) highlight the challenges to broader transferability. Similar recruitment agency interests are prevalent across other migrant origin countries and migration channels, and are likely to impede EPP and responsible recruitment implementation more widely.

Recruitment agency market structure as a determinant of EPP transferability

The characteristics of the recruitment agency market in worker origin countries are a significant factor in determining EPP transferability. Nepal's open agency market — lacking the restrictions on agency numbers and associated corruption risks seen in Bangladesh — created more favourable conditions for EPP adoption. Its comparatively mature market further supported implementation: agencies with accumulated experience across migration corridors are better equipped to navigate the complexities of ethical recruitment, while larger, well-financed agencies with access to credit are more capable of absorbing the upfront costs that EPP compliance requires. This suggests that EPP is most transferable to origin countries with competitive, experienced, and financially resilient recruitment sectors.

Supply chain organisational structure and responsible recruitment implementation

Further research is needed to understand how responsible recruitment can be implemented across organisationally distinct supply chains. The medical gloves industry represents a market-based supply chain, characterised by a large number of manufacturers producing similar products and relatively low barriers to switching partners for both buyers and suppliers.⁹² In this context, buyer commitment to ethical standards and appropriate employer incentive structures appear to be necessary conditions for responsible recruitment adoption. Other supply chains are more organisationally complex, and may create different incentive structures and implementation challenges. Further research is needed to determine how EPP and wider responsible recruitment strategies can be effectively introduced in supply chains organised on different lines to the market-based model observed in medical gloves.

National legislative frameworks

More evidence is required to assess the role of national legislative frameworks in supporting or impeding EPP and responsible recruitment.

While Malaysia has strengthened its forced labour legislation, recruitment fees remain legally permitted, and responsible recruitment implementation has been driven primarily by employers responding to international supply chain pressures rather than domestic regulation or companies' own initiative. This suggests that international pressures can play a decisive role in driving responsible recruitment adoption irrespective of the strength of national legislation.

EPP and the need for synergistic governance

The EPP alone is insufficient to eliminate forced labour risks and must be accompanied by wider responsible recruitment efforts and coordinated governance across multiple jurisdictions. While company-level commitments to responsible recruitment are essential and have demonstrably improved conditions for workers in the Malaysian gloves sector, their impact remains contingent on supportive regulatory frameworks in host and origin countries. Sustained regulatory coordination among states differently positioned in global supply chains is therefore a necessary condition for eliminating forced labour — and EPP and responsible recruitment efforts alone cannot substitute for this broader governance architecture.



92. Gereffi et al (2005) The governance of global value chains

13. Appendix

Exchange rates

Currency	2020–21 Rate (USD)*	2025–26 Rate (USD)*
Bangladeshi taka	0.01178	0.00820
Malaysian ringgit	0.23816	0.23500
Nepali rupee	0.00844	0.00720

* (1st day of data collection for each period)

Sources of company-reported information (Table 3)

Company reports and policies	Ansell Labour Rights Report and Modern Slavery Statement 2024 Comfort Glove Annual Reports (2020, 2021, 2022, 2023, 2024) Eco Medi Glove Labour Policy Harps Global Sustainability Report 2024 Hartalega Annual Reports (2020, 2021, 2022, 2023, 2024, 2025) Hartalega Social Compliance Policy Hartalega Supplier Code of Conduct Kossan Annual Reports (2020, 2021, 2022, 2023, 2024) Riverstone Sustainability Reports (2020, 2021, 2022, 2023, 2024) Supermax Annual Reports (2020, 2021, 2022, 2023, 2024, 2025) Top Glove Annual Reports (2020, 2021, 2022, 2023, 2024, 2025) Top Glove Human Resources Manual: Human Rights and Ethical Conduct Top Glove Business Partners' Code of Conduct
Company websites	Brightway Holdings https://www.brightwayholdings.com/ GX Corporation https://gxcorp.com.my/about-smart-corp/ Sempermed/Latexx Partners https://www.sempermed.com/ Smart Glove https://smartglove.com.my/ YTY https://ytygroup.com.my/
Media	Reuters (2021) 'Slavery' found at a Malaysian glove factory. Why didn't the auditor see it?

Statistical significance of observed changes in selected recruitment and workplace indicators (2020-21 vs 2025-26)

		Total 2020-21	Answered 'Yes' (2020-21)	Total (2025-26)	Answered 'Yes' (2025-26)	Mean 'Yes' and 95% Confidence Interval (2020-21)	Mean 'Yes' and 95% Confidence Interval (2025-26)	Statistical Significance (No overlap of Binomial CI)	Mean odd ratio (95% CI)	Statistical Significance (logistic regression)
Recruitment	Recruitment fees	1,491	1,374	40	1	0.92 [0.91 ; 0.93]	0.03 [0 ; 0.13]	yes	0.002 [0 ; 0.01]	yes
	Recruitment loan	1,491	645	40	1	0.43 [0.41 ; 0.46]	0.03 [0 ; 0.13]	yes	0.034 [0.002 ; 0.156]	yes
	Retention of ID documents by recruiter	1,491	856	40	2	0.57 [0.55 ; 0.6]	0.05 [0.01 ; 0.17]	yes	0.039 [0.006 ; 0.128]	yes
	Retention of ID documents by recruiter (Nepali workers)	653	367	40	2	0.56 [0.52 ; 0.6]	0.05 [0.01 ; 0.17]	yes	0.041 [0.007 ; 0.135]	yes
	Deception (job location)	1,491	135	40	2	0.09 [0.08 ; 0.11]	0.05 [0.01 ; 0.17]	no	0.529 [0.085 ; 1.751]	no
	Deception (salary)	1,491	190	40	1	0.13 [0.11 ; 0.15]	0.03 [0 ; 0.13]	no	0.176 [0.01 ; 0.815]	no
	Threats by recruiter	1,491	455	40	1	0.31 [0.28 ; 0.33]	0.03 [0 ; 0.13]	yes	0.058 [0.003 ; 0.27]	yes
Workplace	Lacks healthcare access	1,491	744	83	7	0.5 [0.47 ; 0.52]	0.08 [0.03 ; 0.17]	yes	0.092 [0.039 ; 0.188]	yes
	Unexpected salary deductions	1,491	489	83	26	0.33 [0.3 ; 0.35]	0.31 [0.22 ; 0.42]	no	0.935 [0.572 ; 1.489]	no
	Threatened at work	1,491	111	83	17	0.07 [0.06 ; 0.09]	0.2 [0.12 ; 0.31]	yes	3.202 [1.767 ; 5.529]	yes
	Feel unable to leave the job	1,491	703	83	12	0.47 [0.45 ; 0.5]	0.14 [0.08 ; 0.24]	yes	0.189 [0.097 ; 0.339]	yes
	Retention of ID documents by employer	1,490	113	83	0	0.08 [0.06 ; 0.09]	0 [0 ; 0.04]	yes	0.073 [0.001 ; 0.506]	yes
	Feel uncomfortable or sometimes uncomfortable raising grievances	1,491	265	83	51	0.18 [0.16 ; 0.2]	0.61 [0.5 ; 0.72]	yes	7.373 [4.673 ; 11.8]	yes
	Feel unsafe at work	1,491	235	83	4	0.16 [0.14 ; 0.18]	0.05 [0.01 ; 0.12]	yes	0.271 [0.082 ; 0.658]	yes
	Single day off per month	1,491	460	83	0	0.31 [0.29 ; 0.33]	0 [0 ; 0.04]	yes	0.013 [0 ; 0.093]	yes
	Feel unsafe in accommodation	1,491	276	83	6	0.19 [0.17 ; 0.21]	0.07 [0.03 ; 0.15]	yes	0.343 [0.132 ; 0.732]	yes

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