WHITE PAPER

ACHIEVING RESPONSIBLE RECRUITMENT IN GLOBAL SUPPLY CHAINS

NOVEMBER 2018

Good work starts with responsible recruitment
FOCUS ON RESPONSIBLE RECRUITMENT IS INCREASING GLOBALLY

Until recently, brands and retailers have focussed their efforts improving supply chain working conditions on the farms and factories where their products are being grown and manufactured. However, businesses are now starting to recognise that exploitation and abuse of individuals may be taking place during the recruitment process, before workers even arrive at the work-site. Labour supply chains can be complex, with many actors operating informally, without written contracts, and without oversight, meaning that poor recruitment practices may go undetected. The most abusive practices – such as charging exorbitant recruitment fees to workers and confiscating identity documents – can compel workers into debt bondage and forced labour.

New legislation, international standards and growing industry action are driving businesses to start focusing on the actions they must take to minimise the risk of poor recruitment practices in their labour supply chains. The following definitions describe the different parties in the labour supply chain:

- **Brands and Retailers**: The companies at the top of the supply chain in any sector, purchasing products and services from suppliers, contractors and service providers which act as employers and labour users.
- **Direct employers**: Businesses that are recruiting workers directly, using their own internal recruitment staff, without contracting the services of a labour provider.
- **Labour user**: An organisation that uses workers supplied by labour providers and where the labour user or labour provider assigns their tasks and supervises the execution of these tasks. A labour user may be known variously by terms such as employer, user enterprise, hirer, end-user or client.
- **Labour Provider**: An organisation whose principal purpose is to source and supply jobseekers and workers. Labour providers can offer recruitment and/or employment services to labour users and may be referred to by various terms such as labour broker, labour contractor, labour recruiter, gangmaster, employment business, private employment agency or recruitment agency.

This paper explains some of the varied and complex recruitment systems that currently exist in global supply chains and lays out common vulnerabilities faced by workers. It provides an overview of new legislation, international standards and industry actions that have been developed to address recruitment challenges to date. It also explains the role of the Responsible Recruitment Toolkit in building the capacity of businesses to recruit responsibly and of Clearview in independently certifying labour recruiters that are operating professionally and ethically.

LABOUR RECRUITMENT MODELS ARE VARIED AND COMPLEX

Abusive recruitment practices are able to prevail in supply chains not only because of the vulnerability of migrant workers to exploitation but also the complexity and informality of labour-recruitment models.

The types of businesses involved in recruitment and employment in supply chains can range from individuals to multinational firms, with potential risks present at all levels. Large, global labour providers can more easily recruit a migrant worker from one country and place him or her in employment in another, without partnering or sub-contracting with other labour providers. But this is not possible for smaller labour providers based in one country, who may contract with agents abroad to manage international recruitment processes. There can be many tiers of subcontracting in these recruitment channels, both formal and informal, and all business enterprises will likely use labour sourced from sub-contracted providers at some point in their supply chains.

Where such informal recruitment arrangements are allowed to exist, there can be little monitoring of the conditions and possible exploitation that workers face during the recruitment process. Ensuring responsible recruitment of workers requires in the first instance, formalisation of labour provider business structures and the business relationship between labour users, labour providers and any sub-agents and brokers involved in the labour supply chain.

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HOW ARE WORKERS BEING MISTREATED?

The table below describes key ways in which workers may be exploited during the recruitment (sourcing) and placement (supply) processes.

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<th>RECRUITMENT</th>
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<tr>
<td><strong>Recruitment fees</strong></td>
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<td>Labour providers - including recruitment or employment agencies and brokers - often charge prospective workers to find them jobs. They may charge for a variety of activities, including: advertising, recruiting and selecting workers for jobs; pre-departure or post-arrival skills tests, training, and medical exams; transport and subsistence costs during the transfer to the place of employment; and obtaining visas, permits, insurance and other administration costs.</td>
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<td>The charges levied are often inflated and do not reflect the actual cost of the recruitment process. Consequently, migrant workers are charged fees equivalent to several months’ salary in the country of destination or years of work in their own country.</td>
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<td>Many low-skilled workers who are unable to find jobs in their own countries have little choice but to pay the fees because securing work abroad is the only way they can ensure an income and provide for their families.</td>
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<td>As migrant workers often don’t have savings, they can only pay the fees by mortgaging their land/property or borrowing money from family and friends, private moneylenders or the labour provider itself. These loans are usually provided at exorbitant rates of interest and may leave workers in ‘debt bondage’ by essentially trapping them into their job to pay off the loan. Indeed, the UN-backed Alliance 8.7 states that “debt bondage, through the manipulation of debt by employers or recruiting agents affected more than half of all victims of forced labour exploitation”.</td>
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| **Confiscating identity documents** |
| Labour providers or their agents in the country of origin may take key documents (e.g. land titles, social security cards, school diplomas, birth or marriage certificates) as a means of controlling a migrant worker. If they fail to comply with instructions, these documents will be withheld, leaving the migrant worker and their family unable to, for example, prove ownership of their property or access state benefits. |
| In the country of destination, labour users and labour providers may confiscate migrant workers’ passports, identity cards and/or their employment contracts to ensure that they cannot challenge their employment conditions. Without these documents, workers cannot prove that they have a right to be in the country, let alone that they are being exploited. They may also be unable to access essential services, including healthcare, banking systems or consular assistance. |
| Migrant workers who do not have identity documents on them may be fearful of approaching the authorities. If they are stopped by the police and are unable to produce their papers, they may be arrested and deported back to their country of origin where they could be left with significant debts and no way of repaying them. |

| **Contract substitution** |
| Migrant workers may also have been deceived about the true terms and conditions of the work they will do. When they realise that their job, pay and/or working conditions are different to those that they were originally promised, it is usually too late for them to do anything about it. They may then be trapped in the jobs through debt bondage or other forms of coercion, such as threats or confiscating identity documents. |

Labour providers may provide, or effectively provide (by being commercially linked to the landlord), accommodation and/or transport (to and from the workplace) to workers that they supply into labour users. Unscrupulous labour providers may provide accommodation that is unsafe, unhygienic and fails to comply with local legislation. For example, to maximise on profits, labour providers may overcrowd accommodation and cut corners in the provision of water, power, heating, sanitation and kitchen facilities.

Transport provision may be similarly unsafe, for example through poorly maintained vehicles or drivers that do not have the necessary licences. Where the transport offered is the only means of travel to the workplace (or workers are unaware of alternatives) labour providers may charge exorbitant fares or deduct them from wages.

Workers’ freedom of movement may be restricted, for example where workers have to seek permission to leave their accommodation for reasons other than going to work.

Labour providers may also engage with workers using certain employment relationships for the explicit purpose of avoiding their obligations under labour or social security laws. For example: self-employment contracts, intermediary structures or labour-only contracting arrangements.

Labour providers may also exploit workers through the provision of additional services (e.g. insurance, translation services), by charging high rates well above market value which are deducted from pay, and by making the services effectively compulsory (e.g. workers are only guaranteed work if they take up the services).

**IMPERATIVES FOR CHANGE**

While there is a moral imperative for companies to tackle practices that are contributing to forced labour and labour exploitation, there are also strong legal and commercial reasons why businesses need to promote fair recruitment practices in their own operations and throughout their supply chains.

**Ensuring compliance with legal and regulatory requirements**

Forced labour, including trafficking in people, is prohibited under ILO Convention No.29 on Forced Labour, (1930). The Convention has been ratified by 176 States, obliging governments to criminalise forced labour in all its forms with appropriate sanctions that are strictly enforced. Accordingly, forced labour has been made illegal in the majority of countries across the world. In 2014, the ILO recognised that further action was needed and adopted a Protocol to the Convention which highlights the need to protect workers from possible abusive and fraudulent practices during the recruitment and placement process.³

Other international standards also specifically prohibit the charging of fees or related costs to workers, confiscation of identity documents, and other poor recruitment practices outlined above.⁴

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3. ILO, Protocol to ILO’s Forced Labour Convention, 1930 (No. 29), Article 2(d).
Good work starts with responsible recruitment

Achieving Responsible Recruitment in Global Supply Chains

In October 2018, the UK, US, Canadian, Australian and New Zealand Governments announced Common Principles for Tackling Modern Slavery in Supply Chains. Principle 3 states:

“Governments should advance responsible recruitment policies and practices including by implementing policies that incentivize and support responsible practices, and by supporting initiatives such as the ‘Employer Pays Principle’.

“Governments can also contribute to the growing knowledge base of promising practices for protecting workers from fraud and exploitation in the recruitment process.”

Protecting company reputation and profitability

The media, trade unions and other civil society groups are increasingly devoting more resources to identifying incidents of worker exploitation and forced labour, making it more likely that poor practices in recruitment and labour supply will be exposed.

Where a company is associated with forced labour or other exploitative employment practices, this is likely to lead to high profile negative publicity and result in long-term damage to its reputation and its relations with customers, investors, employees and other stakeholders. Consumers are becoming more aware and concerned that the goods and services they buy are not connected with forced labour and are increasingly taking into consideration companies’ ethical standards when purchasing products. Similarly, shareholders and other investors are sensitive to the fact that companies which do not have ethical recruitment and business policies in place are at greater risk of being identified with abusive labour practices which will damage their brand and market value.

Informed investment and consumption decisions are being facilitated by a rapidly growing body of accessible information on companies’ business practices and ethical performance. For example, in March 2017, the first Corporate Human Rights Benchmark was published, ranking 98 of the largest publicly traded companies on a range of human rights indicators.

Global labour recruiters operate in a world that is half-light and half-shadow.

“Unscrupulous recruiters charge fees for every possible service related to migration, discriminate on the basis of gender and age, make false promises about the job on offer in the destination country to increase the amount that migrants are willing to pay, or lend money at usurious rates to cover these outsized expenses. This behaviour represents a business model in the industry that creates unfair competition and has a negative impact on working conditions. The criminal end of the market is occupied by fraudulent actors who charge migrants for access to non-existent jobs, and organized criminals who may smuggle migrants to locations where they are forced to work without pay and prevented from escape by threat of violence.”

Jennifer Gordon, Global Labour Recruitment in a Supply Chain Context, ILO Fair Recruitment Initiative, 2015

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5. https://www.corporatebenchmark.org/
GROWING BEST PRACTICE IN RESPONSIBLE RECRUITMENT

Intergovernmental organisations, civil society and industry collaborative programmes are increasingly developing standards, guidance and activities to promote responsible recruitment in supply chains:

| International Labour Organisation (ILO) | Fair recruitment initiative: a multi-stakeholder initiative promoting fair recruitment practices. Through this initiative, ILO have developed General Principles and Operational Guidelines for fair recruitment.6 |
| Institute for Human Rights and Business (IHRB) | Dhaka Principles for Migration with Dignity: a framework for understanding and addressing the challenges facing migrant workers at every stage of the migration cycle. | Leadership Group for Responsible Recruitment: a collaboration between leading companies and expert organisations to drive positive change in the way that migrant workers are recruited, which have committed to the Employer Pays Principle.7 |
| International Organisation for Migration (IOM) | International Recruitment Integrity System (IRIS) Standard: based on international human rights instruments, labour standards and recruitment industry best practices, IOM designed the IRIS Standard to serve as a practical tool to enable labour recruiters and employers to integrate ethical recruitment principles into management systems, procedures, codes of conduct, and social sustainability initiatives.8 |
| Interfaith Center on Corporate Responsibility (ICCR) | Best Practice Guidance on Ethical Recruitment of Migrant Workers9: a report highlighting the progress companies have made on responsible recruitment. | No Fees Initiative: designed to lead companies to create robust management systems to ensure that workers are not forced to pay for employment.10 |
| Business-led initiatives | World Employment Confederation (WEC): an association representing the global employment industry, WEC’s Code of Conduct includes provisions on free-of-charge services to jobseekers, respect for transparency of terms of engagement and respect for workers’ rights.11 | Responsible Business Alliance: representing global companies, RBA’s members have agreed the principle that “workers shall not be required to pay fees for their employment”.12 |
| | | The British Retail Consortium (BRC): a trade association for UK retailers, BRC’s Better Retail, Better World initiative commits that ‘no worker should pay for a job’.13 |
| | | The Consumer Goods Forum (CGF): representing retailers, manufacturers and service providers globally, CGF’s Forced Labour Priority Industry Principles state that: “every worker should have freedom of movement; no worker should pay for a job; and no worker should be indebted or coerced to work”.14 |
| | | Ethical Charter on Responsible Labor Practices: adopted by the Produce Marketing Association and United Fresh Produce Association in the US, the Ethical Charter includes commitments on “ethical recruitment”.15 |
| | | American Apparel and Footwear Association (AAFA): developed in conjunction with the Fair Labor Association (FLA), over a hundred companies have signed the AAFA/FLA Apparel & Footwear Industry Commitment to Responsible Recruitment.16 |

7. https://www.ihrb.org/employerpays/leadership-group-for-responsible-recruitment
12. http://www.eiccoalition.org/media/docs/Definition%20of%20Fees%20Final%20Approved%20Aug%202015.pdf
13. https://brc.org.uk/making-a-difference/priorities/better-retail-better-world
15. https://www.ethicalcharter.com/
16. https://www.aafaglobal.org/AAFA/Solutions_Pages/Commitment_to_Responsible_Recruitment
Companies can help protect workers from forced labour and other forms of exploitation by taking the steps outlined below to address poor recruitment practices in their own operations and throughout their supply chains:

1. **COMMIT**: Committing the business to responsible recruitment principles by developing appropriate policies and procedures, assigning director-level accountability and including them in contracts with business partners (suppliers, subcontractors, service providers, labour providers and recruitment intermediaries).

2. **ASSESS**: Developing necessary due diligence measures to minimise the risks of abusive recruitment practices in internal operations and supply chains, including auditing and certification of labour providers/business partners, worker interviews and effective grievance mechanisms.

3. **ACT**: Acting to address any issues identified and collaborating to address wider issues, including working with governments, peer companies and trade bodies to ensure that action to address poor recruitment practices is taken and that unethical competitors are not able to gain competitive advantage.

4. **REMEDY**: Providing remedy to any workers that have been subject to recruitment abuses, including reimbursing fees that have been paid by workers and providing access to justice and rehabilitation.

5. **MONITOR**: Setting measurable objectives for responsible recruitment activities, measure progress over time and commit to continuous improvement.

6. **COMMUNICATE**: Communicating regularly, openly and honestly about your risks and challenges to encourage cooperation and shared learning with other stakeholders.

**RESPONSIBLE RECRUITMENT BUSINESS MODEL AND STANDARDS**

To embed responsible recruitment practices, businesses should integrate responsible recruitment standards into their business model. The diagram below demonstrates the component elements which make up a Responsible Recruitment Business Model, enabling achievement of commercial goals whilst delivering an exceptional jobseeker experience.

A comprehensive review of relevant international social compliance standards and codes produces 27 different standards of responsible recruitment relevant to the recruitment and supply of workers.

*Apply to employment services labour providers only.*
GLOBAL RESPONSIBLE RECRUITMENT SUPPLY CHAIN SOLUTIONS

The Association of Labour Providers (ALP) has developed two pioneering global programmes to support businesses to build capacity and independently verify their efforts to recruit responsibly. Robust, pragmatic and mapped to global standards, these programmes apply to businesses recruiting and supplying base skilled workers in any country for any sector.

1. Building capacity

ResponsibleRecruitmentToolkit.org (RRT) is a pioneering, fully interactive, practical online toolkit for both in-house recruitment teams and labour providers to embed responsible recruitment in their business.

Benefits of using RRT:

✓ Pragmatic one-stop solution: RRT provides your business with all the resources and guidance you need to be a responsible recruiter

✓ Be a leader in recruitment: RRT enables your business to embed recruitment best practice, mapped against globally recognised social compliance standards.

✓ Track and report progress: Use RRT’s seamless platform to self-assess your progress against each responsible recruitment standard.

RRT also offers:

✓ Interactive training

✓ A Responsible Recruitment Expert Consultants Network

Visit ResponsibleRecruitmentToolkit.org to find out more today.

2. Independent verification and assurance

Clearview is a global social compliance certification scheme developed to support labour recruiters and providers to demonstrate to existing and potential clients that they operate responsibly, professionally, legally and ethically in their sourcing and supply of workers.

Clearview certification also provides users of labour providers, and the brands and retailers that procure their goods and services, with an independent means by which to demonstrate due diligence and to protect brand reputation.

Clearview covers all the activities of labour providers operating within or across borders and whether offering a sourcing and recruitment service and/or a labour supply and management solution.

The Scheme applies in any country in any sector including high risk activities such as food processing, agriculture and horticulture, garment and general merchandise manufacturing, warehousing and logistics, general industrial work, construction and hospitality.

Visit clearviewassurance.com to find out more today.

Established in 2004, The Association of Labour Providers (ALP) is a UK based trade association promoting responsible recruitment and good practice for organisations that supply the workforce to the consumer goods supply chain across food processing, horticultural and wider manufacturing, warehousing and distribution.

NSF is the Clearview Scheme Manager. NSF is a leading global provider of independent assurance and certification services to a wide range of industries.

AUTHORS

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