

# THE “NO FEES” MULTI-STAKEHOLDER ROUNDTABLE ON ETHICAL RECRUITMENT



On January 23, 2015, the Interfaith Center on Corporate Responsibility (ICCR) hosted a roundtable which convened stakeholders representing the private sector, government agencies, NGOs and the investor community for a discussion of corporate recruitment practices, specifically: how recruitment impacts workers, the risks it presents for the global supply chains of many industries, and best practice tools and frameworks being utilized by leading companies. The roundtable served as a launching platform for one of the key goals of ICCR's "No Fees" initiative: to leverage the influence of the private sector in fighting unethical recruitment practices that lead to exploitation, bonded labor, human trafficking and other egregious human rights violations of millions of workers world-wide.

Over 60 participants shared their perspectives in an atmosphere of open exchange and respect, held under the Chatham House Rule which allows for the sharing of information but protects the identity and affiliation of speakers.

This report summarizes the day's discussions including the key points discussed, learnings, links to resources, and actions for moving forward. ICCR members recognize that this work is an ongoing journey, and we hope the Roundtable contributes to the process.

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## Background

The ICCR Multi-Stakeholder Roundtable on Ethical Recruitment attempted to help define and gain consensus around what constitutes a strong responsible recruitment policy. Participants explored areas of greatest risk around worker recruitment and the challenges and best practices being implemented in global supply chains, both upstream and downstream. Ethical recruitment is characterized by the absence of fees to obtain employment, full access to personal documents including passports and a written contract at the point of recruitment.

The program included three panel discussions:

1. Building Expertise on Ethical Recruitment
2. Monitoring and Verification of Recruitment Practices
3. Sharing Best Existing Practices

Each panel was followed by breakout discussions of these topics in smaller groups.

### 1. Build Expertise on Ethical Recruitment

This panel united experts working in the field to address the needs of victims of unethical recruitment practices and to develop multi-stakeholder approaches to eliminate forced labor/slavery. The panel highlighted the importance of local, worker-driven initiatives in addressing the issue in addition to collaborations with NGOs, trade unions and local governments. Below is a summary of key points made:

- Workers who are educated about their rights and have access to services and websites like "Contratados", created by the Centro de Los Derechos del Migrante (US), are

more likely to avoid being trafficked by labor brokers. The “Contratados” website is a unique initiative that enables workers to rate labor brokers by posting information on-line that then can be shared with other job seekers. Similar to “Yelp”, Contratados allows workers to alert their peers to “bad” brokers who should be avoided and to recommend brokers with good ratings. At the same time, the initiative is helping to educate workers about their rights and provides information regarding access to justice and remediation vehicles. In short, Contratados offers a peer-to-peer forum and resource hub that houses the collective knowledge of migrant workers on labor broker practices.

- Project Issara, operated in Thailand by Anti-Slavery International, is a worker-facing initiative that runs a multi-lingual hotline for migrant workers providing them with employment information, guidance in choosing recruiters and linking them with NGOs that provide legal support and help to remediate abuses. Project Issara also engages producers and retailers to provide training to enforce their zero tolerance policy on forced labor and to ensure that Thai suppliers identify and eradicate human trafficking risks from their supply chains.
- The Coalition of Immokalee Workers (CIW) stresses the importance of eliminating the firewall that exists between employers and recruiters. On farms that participate in the Fair Food Standards Program, growers are required to hire workers directly, eliminating the labor contracting system. CIW’s Campaign for Fair Food puts workers at the center as the architects of the program. This is an example of a partnership among growers, workers, retailers and consumers where the introduction of a modest premium for certified products (tomatoes) creates a platform that advances the rights of farmworkers. The AFL-CIO representative who attended stressed the importance of CIW’s work and the work of trade unions that confront the growing informality of work, where workers are distanced from their employers by recruiters.

## 2. Monitoring and Verification Practices

This session focused on providing an overview of existing auditing tools and guidance documents, like Verité’s Ethical Framework for Crossborder Labor Recruitment, and certification models like the Fair Food Standards Program and Social Accountability International’s SA8000 Standard.

- Verité, creator of Ethical Framework for International Recruitment, is uniting the stakeholders that work on the issue, stressing the importance of reimbursing workers who have paid fees. Verité advocates for collaboration between ethical and responsible companies and between companies and engaged stakeholders in order to reinforce good practices. Verité supports the prohibition of recruitment fees while marginalizing and avoiding “bad actors”. In order to accomplish this, Verité collects and regularly updates information on the nature of the recruitment system.
- Social Accountability International has recently included a clause on recruitment in its management systems requirements calling on companies to conduct due diligence on their suppliers/subcontractors, private employment agencies and sub-suppliers to ensure that no employment fees or costs are borne in whole or in part by workers.

- The Fair Food Standards Program has been in operation in the Florida tomato fields since 2011 supplying certified products for its 13 member companies. The labor broker system has been eliminated through the enforcement of strict standards which includes the requirement of growers directly hiring workers. Growers need to implement the standards and remediate any violations to avoid market consequences. “Recruitment cannot be ethical if the standards are not enforced.”

### 3. Sharing Best Existing Practices

This final panel gave companies an opportunity to share their experiences in implementing a positive recruitment policy, stressing the importance of direct hiring and the need to commit to covering 100% of recruitment fees.

#### HP

- HP described the risks of an outsourced employment model. The current labor agency recruiting and hiring model is opaque; agencies are often unmonitored and resort to deceptive and coercive tactics which may result in debt bondage and forced labor.
- HP adopted a new Foreign Migrant Worker Standard in November, 2014, including guidance on its implementation. The standard has three basic components: no recruitment fees shall be paid by workers; no documents shall be retained by suppliers or agents, and direct employment relationships with suppliers are enforced.
- There is a 6-month transition period for full compliance, and an additional 12 months to transition to direct employment.
- Other implementation steps include capacity-building based on its guidance document through regional events, audit tool refinement, specialized audits, industry collaboration and NGO partnerships to address systemic risks.

#### Coca-Cola

- Coca-Cola adopted new policies on recruitment in January 2014 as a part of its Human and Workplace Rights Issue Guidance.
- The Migrant Worker Recruitment and Employment Practices section recognizes that the approximately 80 million migrant workers around the globe often have little social protection and are vulnerable to exploitation and human trafficking.
- The Guidance includes 3 main points: work must be represented in a truthful and clear manner in an employment contract in the local language of the worker; workers do not pay recruitment fees; and workers retain access to personal identity documents.

- There has been a supplier training, enhancement of audit instruments and supplier audits and a creation of an app to evaluate the risks of forced labor and trafficking in the field by responding to simple “yes”/“no” questions. The app has already helped managers identify issues.

Other companies at the Roundtable from seven sectors also shared their experiences in implementing ethical recruitment practices in their own supply chains.

## Key Findings from the Breakout Groups

Developing collaborative approaches to challenges in implementation, monitoring and verification was at the heart of this multi-stakeholder dialogue. The participants were separated into four workgroups to address a particular aspect of advancing ethical recruitment, starting with:

1. A corporation’s value statement(s) as it is reflected in its public commitments;
2. Additional steps and collaborations needed to implement these policies;
3. Addressing roadblocks in implementation and verification; and,
4. Working with governments to address these challenges.

## Placing Ethical Recruitment on the Business Agenda

### Roundtable participants explored the following questions:

- What steps are needed to embed ethical recruitment in corporate policy and practice?
- How can a commitment to ethical recruitment best be reflected in a company’s policy and audit instruments: (remediation of fee-based job seeking, monitoring for bonded labor, differentiating between different types of recruiters, direct employment/payment)?
- What are the expectations of other stakeholders including shareholders, NGOs, governments

While many companies have expressed zero-tolerance towards forced labor in their supply chains with a general statement in their codes of conduct, very few have addressed ethical recruitment specifically in their policies or any other supporting documents. At the same time, it is challenging to initiate communication with suppliers on the subject of recruitment if a company hasn’t clearly expressed its position or created a strategy to address the issue. It is very important to embed ethical recruitment in corporate policy and practice and to begin with a statement that includes specific language on ethical recruitment in codes of conduct and other communications with suppliers. Furthermore, it is important to verify national and international laws regarding hiring of migrant workers and recruitment fees for each sourcing market.

## Additional steps to advance the development of ethical recruitment policies include:

In the course of the discussion many companies raised the question of how to improve the transparency of worker/employee relationships. Referring to resources such as Verité, some of the questions focused on how to ensure the quality of audits and address hidden problems like pay equity, worker conditions or instances where quality assurance concerns may be an indication of other problems.

The latter has identified a challenge which requires a greater collaboration between a company's sourcing and social compliance arms. When choosing a supplier, a company has to align the values of its procurement and sustainability departments, which sometimes have a 'disconnect'. Even though they have different purposes and values in a company, they need to cooperate to meet business needs and sustainability requirements. Ethical recruitment, along with other social indicators as well as relations between import/export law, direct hire, and consumer choices, have to be factored into decision-making about suppliers, new or existing. Another issue to consider is that measures to address and remediate poor recruitment practices like collective bargaining and other worker-driven initiatives may affect the cost of production and create a cost premium for producers. All stakeholders have to adequately measure how this would influence proposed ethical recruitment solutions.

When it comes to continuous work with suppliers, another pivotal issue raised was what to do in the case of a bad audit. Similarly, what are the conditions for closing an operation, since suspending a business in need of a remediation does not solve a problem and can even exacerbate it. Many companies expressed a preference for continuing relationships with suppliers in order to catalyze change rather than terminating supplier relationships. However that creates an economic and a moral dilemma; the main challenge is advancing change in countries where the rule of law doesn't cover the issues of concern. Collaboration between NGOs and companies becomes critical in creating an alliance that can assist victims and advocate for public policy as well as corporate policy. This alliance will ultimately assist in being a catalyst for change at the grassroots level.

In order to create a stronger alliance and raise awareness on the issue of recruitment, it is important for companies to publically share their efforts addressing recruitment in their supply chains. Shareholders expressed the need to hear more from companies regarding the results of supply chain audits stating that while the results of financial audits are disclosed there is not much transparency into the results of CSR audits. As for specifically targeting recruitment in public policy, companies seem to lean more towards broad and flexible statements. However, NGO pressure has brought companies a long way. Companies agreed that it is helpful when NGOs accept initiatives that are in development and allow time for companies to iron any issues out.

## 1. What do Companies Need to Implement Ethical Recruitment Policies?

- What are the cross-sector approaches and tools that can create positive change?
- What are the opportunities and challenges in implementing direct hiring policies throughout supply chains?
- What should companies do to drive positive change for direct employment?
- How do we collaboratively address the problem of temporary and undocumented workers in both direct and extended supply chains?

While many tools like the Electronic Industry Citizenship Coalition (EICC), Fair Food Standards Program, Verité as well as other auditing approaches are available to monitor ethical recruitment, there is currently no universal approach to help identify good actors and/or eliminate bad actors. While creating a grading system for recruiters seems aspirational and black lists are not always effective, the stakeholders were open to testing these ideas.

Overall, there was consensus that greater collaboration between all stakeholders is critical to creating change. One approach that received unanimous endorsement was worker-driven initiatives and entities that enhance communication between workers and management, and reach down through the supply chain. In order to be successful, these approaches must be transferable across supply chains and be scalable.

Another approach is direct employment. While it can be challenging to implement, companies can serve as resources for each other; companies can also act as resources for their suppliers by establishing systems for direct hiring.

Governments play an important role in acting as resources for other countries experiencing similar issues and can demonstrate leadership via public policy, and advocacy work on implementation of processes and policies that companies have committed to. National action plans, consistent with the UN Guiding Principles on Business and Human Rights, can serve as a way for companies to weigh in with their feedback on what governments need to be doing in the area of ethical recruitment.

## 2. What are the Challenges and Opportunities Companies Face vis-a-vis Ethical Recruitment?

- What are the roadblocks to incorporating recruitment benchmarks into policy and verification mechanisms against forced labor?
- How do we ensure transparency without driving unethical behavior underground?
- How do we encourage companies to demonstrate leadership by adopting and implementing ethical recruitment policies?

Many recruitment-related issues originate in countries where laws addressing recruitment are non-existent and/or law enforcement is ineffective. When this situation exists in both the sending country and the receiving country, it poses serious problems for migrant laborers. The lack of adequate immigration reform is a major issue, especially in the agriculture sector. It is exacerbated by the lack of a reliable local workforce and the absence of strong industry alignment that unifies standards. In these conditions, human trafficking is an easy thing to hide, and is difficult to assess and report.

Anonymous grievance mechanisms are necessary to increase transparency regarding abuses. Worker-driven and local initiatives like Project Issara and Polaris Project (which operates an anti-trafficking national hotline) are successful in serving as a safe and accessible resource for the workers while providing industries with insights into the reality on the ground.

An approved recruiter list for the various industries, supply chains and sourcing markets in different countries would be extremely difficult to build. It would also require the support of local governments and trade associations to create the necessary alignment in public policy goals. Companies should use their voices to influence change, incorporating the ethical recruitment agenda into initiatives like the Accord for Fire and Building Safety and the Alliance for Worker Safety in Bangladesh, and the trade associations where they are members. Companies should consider leaving any business associations that do not support change on this critical human rights issue.

Implementation of a direct recruitment policy is a way to eliminate dealing with the complex, shadowy labor broker system. Direct hiring is not an easily achievable goal for many companies and it is a challenge to follow through even for those companies that have a policy already in place. However, as more companies implement this approach, it could ignite change.

### **3. What are the Problems/Challenges of Working with Governments in Different Settings?**

Unethical recruitment agencies flourish in environments where governments do not provide proper infrastructure for businesses, consider existing economic factors, or create accessible ways for migrant workers to enter the workforce and remain in the country with proper safeguards. In these environments, governments can be seen as a part of the problem rather than a potential solution. In order to engage governments, the political context of each developing country has to be considered individually, evaluating its existing enforcement culture and any racial prejudice towards migrant workers.

Corporations need to be aware of these conditions when they are making sourcing decisions and assessing where they might have leverage to create change. Even a big brand name might have limited influence in a particular factory; once again, industry alignment is extremely important in addressing the problem, especially when the government plays a large role in implementing solutions for issues like undocumented migrants. A united industry, acting collectively, can get governments' attention (e.g., the impact it would have if EICC member companies were to pull out of Malaysia). It is important for companies to share 'best practices' solutions within their sectors. Current trade agreement negotiations can serve as a platform for encouraging stronger

government policies as trade is impacted when country's performance on labor rights is poor. Corporations should create alliances and use any such opportunity to engage governments.

### **Freedom of Association and Collective Bargaining**

When it comes to freedom of association and collective bargaining there is often a gap between company codes and ILO conventions, and little accountability if these rights are not respected. There are many countries that don't allow freedom of association, but corporations can play a role in getting the message to governments that these rights must be respected and protected (e.g., Cambodia's Better Factories Program). Since these are power relationships, it is crucial to include the voices of communities that are suffering and can become change agents. For example, when faced with restrictions on freedom of association, CIW addressed companies directly. There are many other models that are forming (e.g. associations of domestic workers); however, these alternative models currently represent a very small percentage of the supply chain. The question of freedom of association and collective bargaining is harder to resolve in the case of migrant workers; however, it becomes more manageable if these workers are direct employees of a company.

### **Conclusion**

Labor recruitment is a cross-boundary, cross-sectoral, and international dilemma influenced by many factors. Therefore, it can only be solved in a collaborative way by engaging industries, suppliers, governments, NGOs, workers and trade unions. Every stakeholder has an important role to play. We list a number of examples below:

- NGOs and verification bodies must advance transparency and expand capacity;
- Industries must show leadership by making ethical recruitment a vital part of the business agenda and supplier codes;
- Suppliers must follow through with verification and public reporting, and;
- Governments have to create a climate where such positive change is possible.

The Roundtable on Ethical Recruitment presented many sides of the issue - from worker-driven initiatives and verification mechanisms to the changes in policy needed to protect workers - illustrating a long journey before workers in all segments of supply chains are protected from unethical recruitment practices.

As we continue our collaborative work and discussions on the topic of ethical recruitment, we hope that more businesses, including small and medium size enterprises, will join us to share learnings, and explore opportunities to engage with other industry leaders. Businesses and all other stakeholders can no longer ignore the realities of labor conditions in supply chains. It is our collective duty to stop the exploitation of the millions of workers world-wide who are trapped and enslaved simply because they were looking for a job.

## Further Resources on Responsible Recruitment Practices

- Verité Fair Hiring Toolkit (<https://www.verite.org/helpwanted/toolkit>) and Resources for Responsible Recruitment (<http://www.responsiblerecruitment.org>)
- Business for Social Responsibility (<http://www.bsr.org>)
- International Organization for Migration (IOM) (<http://iris.iom.int>)
- Institute for Human Rights and Business – Business and Migration Roundtable 3 Report ([http://www.ihrb.org/pdf/June\\_2011\\_IHRB\\_Business\\_and\\_Migration\\_Roundtable\\_3\\_Report.pdf](http://www.ihrb.org/pdf/June_2011_IHRB_Business_and_Migration_Roundtable_3_Report.pdf))
- Statement of Principles and Recommended Practices for Sustainable and Equitable Food Production (<http://www.iccr.org/statement-principles-and-recommended-practices-sustainable-and-equitable-food-production-0>)
- Statement of Principles and Recommended Practices to Confront Human Trafficking And Modern Slavery (<http://www.iccr.org/statement-principles-and-recommended-practices-confronting-human-trafficking-and-modern-slavery>)
- Dhaka Principles for Migration with Dignity (<http://www.dhaka-principles.org>)
- The Equitable Food Initiative Standard ([http://media.wix.com/ugd/e9574b\\_a1a1f-a8dd2b2f6e16642c3fdb622587e.pdf](http://media.wix.com/ugd/e9574b_a1a1f-a8dd2b2f6e16642c3fdb622587e.pdf))
- UN Guiding Principles on Business and Human Rights ([http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf))
- International Labor Organization (ILO) Core Conventions (<http://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm>)



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