

Best Practice Guidance on Ethical Recruitment of Migrant Workers



I. EXECUTIVE SUMMARY

Almost 21 million people (a conservative estimate) are trapped in conditions of forced labor that generates over \$150 billion in profits for other parties. Of these workers, over 75% are exploited within the traditional private sector, especially in industries such as agriculture, apparel, construction, electronics and manufacturing.

Poverty, displacement, job scarcity and wage disparity all create financial burdens for workers at the bottom of global supply chains that may drive them across borders seeking jobs. The ILO estimates that over 150 million workers left their home countries in 2013 in search of a job, and that number is increasing every year. Unethical recruiters often charge workers the equivalent of thousands of dollars in fees to secure employment. These fees could cover a range of services from work placement to orientation, transportation to the country, daily transportation to the worksite, housing and other services. Migrant workers in fear of being deported, without access to adequate grievance mechanisms in their host countries, are prime targets for exploitation as forced laborers. This exploitation takes a number of forms including debt bondage, collateral, illegal deductions from wages and confiscated or restricted access to travel documents like passports, permits and visas that limit workers' freedom of movement.

As a result, the international labor recruitment industry and its accompanying human rights risks have become a focal point of concern for companies with global supply chains. A surge in work-related migration along with a recruitment industry that is largely unregulated has created a predatory climate for migrant workers where exploitation and egregious violations of human rights flourish. While some countries and sectors are more vulnerable to these violations, they are present in the extended supply chains of virtually every company and, absent adequate safeguards, threaten the lives and livelihood of workers and present serious reputational and financial risks to companies and their investors.

PURPOSE

The purpose of ICCR's Best Practice Guidance on Ethical Recruitment of Migrant Workers is to highlight the steps some leading companies have made that may serve as examples or models for other companies looking to implement ethical recruitment policies, and drive change at the recruitment agency level. By examining eight companies in high risk sectors, ICCR provides an analysis of emerging best practices in the development of corporate ethical recruitment policies and identifies gaps where improvement is needed. We hope this analysis will serve companies, suppliers, workers and the investment community. Several of these case studies are based on ICCR member engagements. Additional case studies are the result of research furnished by Social Accountability International (SAI).

Corporate Responsibility to Respect Human Rights

Although labor brokers and recruitment agencies are directly responsible for using some of these unethical practices, companies and their suppliers that hire or contract with these agencies have a responsibility to take concrete steps to eliminate forced labor. Companies may be facilitating forced labor unwittingly through their own recruitment processes. For this reason, corporate human rights due diligence around recruitment is critical.

Government's Role in Enforcing Ethical Recruitment

Governments with weak labor laws and inadequate regulation of recruitment agencies may inadvertently play a role in facilitating forced labor. In 2016, the ILO Governing Body issued general principles and operational guidelines for fair recruitment with recommendations for governments, as well as companies and labor recruiters, to promote fair recruitment practices and protect migrant workers from exploitation.

CASE STUDIES: EMERGING BEST PRACTICES

The eight companies participating in case studies represent an array of industries from food and beverage, to apparel, electronics, and agriculture, and are located in the Asia-Pacific region (India, Thailand, Malaysia, Taiwan), Africa and the United States. Through this study we identified the following best practices for companies and suppliers to eliminate forced labor from global supply chains:

- **POLICY DEVELOPMENT:** Adopt a forward-facing (public) policy and a guidance document that addresses the recruitment of migrant workers, including the prohibition of worker-paid fees, passport/personal paper confiscation and a written contract with the terms of employment in the language of the worker (3-pillar model). Map the entire supply chain including products, services and labor to identify the risks and, with the support of top management, start implementing the policy across these entities.
- **DIRECT RECRUITMENT:** Where feasible for a company, establish a direct recruitment mechanism with dedicated staff in sending and receiving countries. If a company must use broker services, work only with authorized brokers securing direct hiring of workers immediately after placement.
- **WORK WITH SUPPLIERS:** Establish an understanding with suppliers vis-à-vis recruitment through direct communication, contracts and other tools. Conduct trainings on ethical recruitment, assist suppliers with reimbursement of fees and verify that only authorized brokers are used.
- **AUDITING TOOLS:** Ensure that the recruitment system is included in the scope of a 3rd party audit and that recruitment agencies are included in the scope of the audit.

- **COMPLIANCE WITH LOCAL LAW:** Migrant workers are covered under local labor law for wages, overtime, leave, holidays, health insurance and social security benefits. No illegal deductions from wages are withheld without a worker's explicit consent. Workers have freedom of association and collective bargaining rights. Company investigates any allegations of worker abuse.
- **RECRUITMENT FEES REIMBURSEMENT:** Company defines recruitment fees, adopts a fee-free model and verifies reimbursement of fees to workers.
- **BEYOND COMPLIANCE:** Company assists suppliers with covering recruitment costs; company/suppliers ensure that workers have access to grievance mechanisms. Accommodation, food and transportation allowances, transportation to/from home countries, and supplemental accident insurance are covered in company's direct operations and by suppliers.
- **LEADERSHIP:** Company participates in industry initiatives like the Leadership Group for Responsible Recruitment, EICC, AIAG, FPLG and others. Company collaborates with local governments through MOUs or taskforces and civil society on worker's rights issues.

CONCLUSION

The global recruitment industry and its many risks have become a focal point for many companies with extended supply chains. ICCR members challenge companies in their respective sectors to take leadership and become models for their sector peers, fostering a race to the top on questions of corporate responsibility. The companies presented in this study have all taken leadership positions in forging and implementing ethical recruitment policies in their respective industries. Even though the lessons learned from these case studies are industry-specific, they have global implications that are relevant for a variety of stakeholders, particularly for companies in the early stages of developing an ethical recruitment policy. We are hopeful this resource will inspire collective action and help companies address the challenges of ethical recruitment in a strategic, targeted way that will have meaningful impact on the global recruitment system, improving the lives of the millions of people trapped in forced labor around the world.

