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## AN ETHICAL FRAMEWORK FOR CROSS-BORDER LABOR RECRUITMENT

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# AN ETHICAL FRAMEWORK FOR CROSS- BORDER LABOR RECRUITMENT:

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An Industry/Stakeholder Collaboration to Reduce the  
Risks of Forced Labor and Human Trafficking



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# EXECUTIVE SUMMARY

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## An Ethical Framework for Cross-Border Labor Recruitment

ManpowerGroup and Verité are working together to mobilize a new, pragmatic, multi-stakeholder effort to combat forced labor and human trafficking in the cross-border movement of workers.

Our **Ethical Framework for Cross Border Labor Recruitment** offers a set of specific operational practices (“Standards of Ethical Practice”) for recruitment firms that operate across borders. These practices are reinforced by a Verification and Certification system to document compliance and provide essential information to third parties and potential business partners.

The standards are aligned with principles and recommendations developed by leading global organizations, governments, businesses, labor, civil society and other stakeholder coalitions. They are designed to protect against specific patterns of worker vulnerability and abuse in the current cross-border recruitment marketplace, including recruitment debt, contract fraud, exploitative host-country conditions, and lack of legal and financial remedies for migrants.

They reflect the proven, daily operating practices of leading recruitment firms, including members of CIETT, the International Confederation of Private Employment Agencies. They are therefore readily adaptable by any firm undertaking recruitment activities across borders. They provide for an employer-based fee structure, due diligence requirements with regard to employment terms and conditions, contract transparency, and shared accountability for defaults.

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This **Framework**, including the Verification process, is designed as a remedy to the current institutional fragmentation of the cross-border recruitment marketplace, where employers, recruiters, and their local and regional subcontractors may operate in different jurisdictions with limited accountability to one another, to regulators, or to workers. The Framework creates a set of credentials and information for third parties that will help eliminate unscrupulous brokers, by:

- Allowing employers to avoid entanglement with unethical sources of labor supply
- Providing more leverage to NGOs, labor unions, consumer groups, and other stakeholders trying to persuade employers to use ethical partners
- Helping recruitment firms with limited geographical reach to selectively partner with ethical subcontractors in other regions
- Supporting licensing, oversight, and law enforcement initiatives by regulators
- Improving information and choices for workers themselves

This document is intended as the first phase in a three-phase project. In the second phase, ManpowerGroup and Verité will create a demonstration project to measure the effectiveness of the Framework in a real-world labor market setting. In the third phase, ManpowerGroup and Verité will develop and disseminate results, further recommendations, and supporting materials for the wider replication and adaptation of the Framework. At all stages of this process, we welcome engagement and discussion from any interested party.

**ManpowerGroup** is a global corporation that provides innovative workforce solutions that enable our clients to achieve their business goals and enhance their competitiveness. For more information please see [www.manpowergroup.com](http://www.manpowergroup.com).

**Verité** is a leading global NGO that specializes in creating verification systems to protect human rights and labor rights in international supply and recruitment chains. For more information please see [www.verite.org](http://www.verite.org).



# INTRODUCTION

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ManpowerGroup and Verité are working together to mobilize a new, pragmatic, multi-stakeholder effort to combat forced labor and human trafficking in the cross-border movement of workers.

Our initiative is aligned with existing principles, standards, and recommendations that have been developed by leading global organizations, governments, businesses, labor, civil society and other stakeholder coalitions. We join them in working to raise awareness about these serious human rights abuses and helping to eradicate them.

What we can distinctively contribute to this global effort is a concrete set of operational recommendations for protecting workers recruited across borders, focused on those labor market intermediaries that are directly involved in the movement of people, and backed by a system of verification and certification that can leverage intervention from regulators, stakeholders, and other interested parties. These recommendations are informed by ManpowerGroup's pragmatic experience in responsible cross-border recruitment of workers and Verité's expertise in creating verification systems to protect human rights.

In this document, we first review the risks to both workers and businesses that exist in the current cross-border recruitment marketplace, and identify the potential benefits that incentivize stakeholder engagement in finding solutions. In order both to address identified challenges and to engage stakeholders in solutions, we then present an **Ethical Framework for Cross-Border Labor Recruitment** (the "Framework") which has two parts: a set of **Standards for Ethical Practice**, and an outline of a **Verification and Certification System**.

The **Standards for Ethical Practice** (SEP) provide a concrete checklist of operating rules for firms engaged in the cross-border recruitment and movement of workers. While ethical practices prevail among many leading recruitment firms, too many workers are exposed to unscrupulous brokers who charge exorbitant recruitment fees, change contract terms unilaterally, impose unreasonable deductions from agreed wages, and leave workers vulnerable to discrimination and exploitation in destination countries.

Our Standards for Ethical Practice are based on actual processes incorporated in the business models of leading, responsible recruitment firms, and are proven to be workable in the day-to-day operations of those businesses. These practices can be readily adopted by any recruitment firm, and they effectively mitigate specific risks to workers who may otherwise be vulnerable to abuse in the cross-border recruitment process.

Our description of a **Verification and Certification System** provides an outline of elements and principles which can be adopted by organizations that wish to measure, certify, and ensure the compliance of particular enterprises with the Standards of Ethical Practice. These entities may be NGOs, business associations, consumer advocates, labor unions, or other interested stakeholders.

By combining clear standards with an effective verification system, the Framework creates credentials and information that empower a range of stakeholders to do things they could not otherwise do:

- Employers committed to ethical recruitment practices will be more able to ensure that such practices are observed by all their partners, agents, and subcontractors.
- NGOs, labor unions, consumer groups, and other interested stakeholders will have leverage in persuading employers to use certified ethical partners.
- Recruitment firms themselves, who may be dependent on partners and subcontractors in other geographical locations, will have better information to selectively partner with firms that share a similar commitment, and to marginalize and exclude unethical agents and sub-agents from their labor supply chain.

- Government regulators will have additional information to support licensing, oversight, and law enforcement aimed at protecting workers and shutting down unethical firms.
- Workers will have improved information about the recruitment firms that engage them, and more confidence in selecting firms that will treat them ethically.

We believe the Framework will be particularly effective in addressing a major systemic challenge of the cross-border recruitment marketplace: the institutional fragmentation of the international recruitment industry. Employers, recruiters, and their local and regional subcontractors may operate in different jurisdictions with limited accountability to one another. Regulators protecting home country workers may have limited effective jurisdiction over firms in transit or host countries. The standards and credentials created by the Framework will establish a signaling and information system that overcomes this fragmentation. Like-minded participants will more easily identify one another and will benefit from a social marketplace where stronger incentives exist for ethical behavior and third parties have greater leverage to promote and enforce compliance.

This document is intended as the first phase in a three-phase project. In the second phase, using the principles outlined here, ManpowerGroup and Verité will create a demonstration project with interested partners in a selected recruitment marketplace, to measure the effectiveness of the Framework in a real-world labor market setting. Finally, in the third phase, ManpowerGroup and Verité will develop and disseminate results, assessments, further recommendations, and supporting materials for the wider replication and adaptation of the Framework.

At all stages of this process, we welcome engagement and discussion from potential partners and stakeholders as well as any interested party. We hope this document will find an audience among business leaders concerned about the reputational risk of entanglement with forced labor or human trafficking; among NGOs, governments, and other stakeholders seeking to promote practices that enhance the protection of workers recruited across borders; and among organizations interested in establishing verification and compliance systems for the practices outlined in this report.



# FRAMING THE CHALLENGE

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Today, more than 214 million people across the globe are living outside their countries of origin. Migrant workers and their families account for 90 percent of all international migration. As the International Labor Organization has noted, “Migration today is for work.” Individuals migrate to seek opportunity or to escape limited economic circumstances. They range from unskilled workers migrating for agricultural employment to highly educated professionals migrating to advance their careers.

But migration is not just a story about individuals and their goals. Workers who are willing to relocate across borders are increasingly indispensable to the functioning of the global economy itself. Firms of all sizes and in all sectors are able to realize efficiencies and opportunities for growth because of an increasingly mobile global workforce.

Because the shape and composition of international migration are shifting, new challenges and opportunities are emerging for both brokering and regulating the movement of people across borders. For example, many of the opportunities that exist are seasonal or for a fixed period, and temporary migration is therefore becoming more and more common, rivaling older, more established patterns of migration for permanent resettlement.



Responsible cross-border recruiters help ensure that workers are migrating in response to concrete and specific job opportunities at clear and dependable contract terms. They serve workers as information agents, honest brokers, and partners in navigating new geographies and cultures. At the same time, they serve employers by broadening the geographic reach of their recruitment and expanding access to personnel who can help them meet their business goals.

Reputable recruitment firms also understand that they are working with individuals at a key transitional time in their lives. They respect the role that work plays in the lives of those workers and their families and stand firmly against any practices that exploit individuals, especially those who are vulnerable.

ManpowerGroup and Verité believe that the migration of workers across international borders has become increasingly important to the prosperity of the global economy, and to the livelihood of individual workers seeking opportunity. Unfortunately, as more and more individuals seek to migrate for work, and more and more employers seek international sources of labor, many migrants find themselves entangled in a “grey” market run by unscrupulous brokers and employers. The current marketplace for recruiting and relocating workers internationally provides uneven protection for elementary labor rights, with the worst forms of abuse putting workers in conditions amounting to forced labor and modern-day slavery.

In addition to these direct and unacceptable risks to workers, the current condition of the cross-border recruitment marketplace creates reputational risks for employers who engage a global supply and recruitment chain. Even well-intentioned firms can find themselves implicated in the behavior of unethical recruitment partners, or subsidiaries and suppliers engaging in unethical practices. Companies committed to ethical practices have significant incentives to see that uniform high standards are established and enforced for all firms participating in cross-border recruitment.

## RISKS TO WORKERS

In a wide range of countries, opportunistic and unethical labor brokers prey on the hopes and limited information possessed by potential migrants. They take advantage of superior bargaining leverage and weaknesses and limitations in existing systems for ensuring the protection of workers.

**Appendix 1-A** of this document provides Case Studies that vividly illustrate the way individual workers may be entrapped and abused by unscrupulous recruitment intermediaries. These patterns of abuse fall into several broad categories:

- **Debt Bondage:** When workers must pay exorbitant fees as a condition of obtaining employment, they must often go into debt to come up with the money for their recruitment fees. Sometimes, family members and neighbors have invested in the recruitment fee as well. As a result, the ordinary conditions and sanctions of employment are multiplied by the risk of default on this debt. Failure to repay this debt can have severe personal and social consequences, particularly if the money is owed to those with connections to criminal elements. The existence of the debt—and the worker’s urgent need to repay it—means that the worker can more easily be manipulated by the employer to accept lower wages than were promised, poor working conditions, excessive work hours, or similar abusive practices. Debt-burdened workers are also much more vulnerable to threats of deportation—and consequent

loss of their earning potential – than workers with no debt obligations. In this way, debt leads to debt bondage, which the ILO classifies as a form of forced labor, or modern day slavery. ManpowerGroup and Verité believe that the fee model adopted by leading recruitment firms—in which fees are charged solely to employers for finding workers, rather than to workers for finding jobs—is the only ethical fee structure for cross-border recruitment.

- **Contract Substitution and Undisclosed Fees:** When a recruitment system lacks clear standards for transparency and accountability, risks to workers can arise from differences between the terms of work represented at the point of recruitment and those imposed at the workplace. Because of the lack of effective linkages between home country recruiters, transport firms, host country recruiters, and ultimate employers, it can be hard for workers and governments to hold anyone accountable for abuses. Contract substitution occurs when workers agree to one set of payment terms and working conditions, but find themselves presented with substantially different and inferior terms and conditions once they have already incurred costs and obligations that limit their freedom to refuse imposed changes. Workers may find themselves subject to punitive contract penalty terms, not disclosed at the time of recruitment. They may also face excessive fees or non-disclosed charges for recruitment, transportation, and host-country housing and maintenance.
- **Social Isolation and Absence of Remedy:** International migrants may be isolated not only physically but by language and culture. Social isolation and anti-foreigner sentiment in host countries can leave workers exposed to abuse and short of remedies. Confiscation of personal documents such as passports and visas results in increased vulnerability to unilateral employer demands, since workers otherwise inclined to walk away from abusive conditions might fear ending up in an undocumented status.

## RISKS TO EMPLOYERS

Nearly all employers are involved in a global business network that reaches well beyond the scope of their direct management and control. They may recruit personnel from other countries, or subcontract work to overseas partners, or purchase goods from a global supply network. Employers may feel they have direct control over their own in-house recruitment processes, but they often have no way of knowing whether the employees of their overseas partners and suppliers—or even some of their own contractors—have been subject to abusive labor recruitment practices.

**Appendix 1-B** of this document provides Case Studies that illustrate firms' potential exposure to severe reputational consequences for even unwitting collaboration with sweatshops or slave labor. A major lesson of these cases is that even when companies have pro-active systems for measuring partner behavior, the global extent and complexity of potential exposure can make it difficult to impose adequate oversight. Major categories of business risk include:

- **Legal Risk:** Forced labor and human trafficking are considered crimes in most countries around the world. Companies found to be involved or complicit in such activity can face prosecution resulting in criminal or civil sanctions including fines, compensation to victims and imprisonment. Forced labor and human trafficking are also considered violations of international human rights law.
- **Threats to Brand Value and Company Reputation:** Allegations of forced labor and human trafficking can present serious threats to brand value and company reputation, particularly for those companies operating in consumer goods industries. Brand “contamination” can be difficult to reverse, and can threaten both existing and future sales, contracts, business partnerships, and other business opportunities.
- **Trade-Related Risk:** In some countries, trade regulations strictly prohibit the import of goods that have been produced by trafficked or forced labor. In these jurisdictions, allegations of abuse can result in the seizure of imported goods by public authorities, and requirements to prove that the goods are untainted.
- **Threats to Investment and Finance:** Allegations of human rights abuse, forced labor and human trafficking can significantly threaten investor relations and risk divestment by both ethical and mainstream investors. Such allegations can also jeopardize access to public funds such as export credits, as public authorities increasingly link the financial support they provide to business with proven ethical performance.

In response to these abuses, and to the risks faced even by responsible employers, some firms have taken significant initiatives to create a better model of cross-border recruitment and to demonstrate the advantages of ethical recruitment for all involved parties and stakeholders.

**Appendix 1-C** of this document illustrates some pro-active initiatives taken by global firms to ensure the protection of workers recruited across borders.

Additional independent verification and certification initiatives, such as those proposed in this document, can supplement the resources available to businesses that are determined to avoid entanglement with questionable practices. We therefore call on the business community to carefully consider the urgency of the problem of unethical recruitment practices, certainly in terms of the intolerable human costs but also in terms of direct risks to their businesses.



# FRAMING THE SOLUTION

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ManpowerGroup and Verité are proposing a set of pragmatic solutions that we believe can show immediate impact against unethical practices in cross-border recruitment. A comprehensive solution to worker abuse in cross-border recruitment will involve a coordinated effort by multiple stakeholders. But we also believe that the principles behind such a solution are clear, and we believe that a focused effort guided by a clear road map can have a significant impact now. The business community and key NGO partners are well-positioned to start generating success stories and demonstration projects that will help in the development of such a solution.

Our ultimate objective—and one we think all stakeholders can agree upon—is to ensure a safe, effective, and transparent system for cross-border labor recruitment, where workers have maximum information to help them pursue opportunities, confidence in the enforceability of contracts, and effective protection against labor abuses; and where employers have access, on fair terms, to a global labor supply to sustain economic growth.

# RESPECTING GLOBAL RULES

Many existing corporate responsibility initiatives are currently being undertaken by a range of institutions with the aim of eliminating forced labor and other forms of labor exploitation. The Standards of Ethical Practice have been informed by, and are aligned with, norms and practices developed by:

- The United Nations system, including the ILO and the UNHRC's Ruggie Principles
- The Athens Ethical Principles, and the Luxor Protocol
- The Dhaka Principles
- The Staffing Industry Code of Conduct
- Industry-specific efforts, including the Global Social Compliance Program, the Sustainable Apparel Coalition, and the Electronics industry Citizenship Coalition.

A list of relevant authorities and significant initiatives is included as **Appendix II** to this report.

Our Ethical Framework for Cross-Border Recruitment, including both standards and verification systems, is capable both of standing by itself and of being integrated within other corporate responsibility, ethical sourcing, and human rights initiatives. With an explicit focus on recruitment process components, it can contribute to the comprehensiveness and effectiveness of associated industry efforts.

# PROVIDING PRACTICAL GUIDANCE

ManpowerGroup and Verité believe that the Standards of Ethical Practice represent fully workable best-practices implemented every day by leading recruitment firms. Our goal is to extend the norms respected by leading firms to the operations of all firms in the recruitment marketplace. These include principles related to fee structure, full transparency and enforceability of contract terms, due diligence with regard to ultimate employers, and explicit accountability for defaults on employment terms.

Furthermore, we believe that the proposed verification processes actually represent a significant potential asset to businesses at a time when regulators, stakeholders, and consumers are requiring them to exercise more and more due diligence about human rights risks to workers.

# TARGETING SPECIFIC ABUSES

Our proposals are based on an analysis of specific, contributing risk factors within the recruitment marketplace and address those risk factors directly.

In the report “Help Wanted: Hiring, Human Trafficking, and Modern-Day Slavery in the Global Economy,” Verité explored the ways that unscrupulous brokers exercise power over workers to circumvent legal protections. (For more information, see: <http://www.verite.org/helpwanted>).

Using examples from India, Malaysia, the Middle East, and the United States, Verité identified a pattern of eight “red flags” in a worker’s relationship with brokers and employers that suggest a high potential for labor abuse:

- High worker fees
- Worker debt
- Visa terms which bind workers to a single employer
- Contracts with unclear terms or which are not presented to a worker in a language he or she understands
- Passport confiscation
- Deductions and fines
- Employer control of worker bank accounts, and
- Physical and other forms of isolation

While visa terms are subject to national laws, most of these “red flags” have no recruitment-related justification and are mechanisms of inappropriate employer control or intimidation of workers.

Our Standards for Ethical Practice directly address these specific red flags and substitute better and more transparent practices for those that create a risk of employee abuse.

## FIXING BROKEN SYSTEMS

Specific patterns of abuse exist within an overall enabling environment. We have noted how the fragmentation of the recruitment marketplace, and lack of accountability among home, host, and transit-country firms, creates space in which unscrupulous brokers can operate. The challenge is therefore to get this fragmented system to act as if it were a coordinated and responsible system—to ensure that recruitment contracts signed in Manila, for example, accurately reflect employment offers made in California or Dubai, are consistent with legal standards for labor protection, and are fully enforceable on behalf of workers, with someone taking responsibility for any contract defaults.

Some recruitment firms are large enough, and have a sufficiently extensive geographical footprint, that they can effectively control and answer for all parts of the worker’s recruitment experience. But many firms operate on a smaller scale, and fulfill only part of the whole recruitment and placement

process. They may, for example, be local subcontractors responsible for attracting candidates whom they in turn pass along to one or more levels of brokers who stand between the candidate and the employer. These firms may or may not act ethically themselves. They may not know or care whether brokers further up or down the chain are acting ethically or honoring promises made elsewhere.

By the very nature of the international recruitment system, there is no central regulator to take on overall enforcement responsibility for ethical practices. ManpowerGroup and Verité do not propose to set themselves up as arbiters or umpires in the system. Instead, we intend to collaborate with a range of stakeholders, including governments, labor unions, industry groups, consumer groups, NGOs, investors, and employers, to jointly create systems for verifying and certifying ethical conduct.

Our Framework is specifically focused on creating tools and resources that increase transparency and help identify firms who share common ethical standards and a common commitment to specific ethical practices. These firms will then be able to cooperate and selectively partner with one another, to provide a better and safer experience for cross-border recruits at all stages of the recruitment process. A reliable verification and certification system will also make it easier for ultimate employers, governments, consumers and other stakeholders to insist on and monitor compliance with ethical recruitment standards, building an expanding framework of expectations, information, and regulation that will help bring pressure from multiple sources to bear on unscrupulous firms.

## LEARNING FROM EXPERIENCE

ManpowerGroup and Verité see this document as the first phase in a three-phase approach for developing this initiative and its lessons. We expect that the subsequent demonstration and dissemination phases will be shaped by an extensive engagement with industry, NGO, trade union, investor and other key groups. Over time, we look forward to the development of an even more robust set of standards for ethical practice through ongoing multi-stakeholder cooperation and engagement. Our learning objectives include testing and refining our understanding of the impacts, effectiveness, and burdens of the various proposed operational practices and verification measures.

At the end of this initiative, we envision the existence of a diverse set of resources and institutions, supported by multiple stakeholders and adapted to multiple industries and geographies, but all ensuring that there exist clear mechanisms to certify which cross-border recruitment firms are upholding high legal and ethical standards in their operations, so that workers are not made vulnerable to exploitation during the recruiting process. Verité and ManpowerGroup remain committed to long term efforts to realize the potential of this Framework.



# THE FRAMEWORK

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## Standards and Verification

The Framework presented here consists of Standards of Ethical Practice to be observed by cross-border recruitment firms, and a system of publicly visible Verification and Certification to serve the information needs of third parties.

The Framework has benefited from discussions with numerous partners in the corporate social responsibility and anti-trafficking fields, including trade unions, social investors, government officials, and multinational brands. It does not necessarily reflect their specific views or endorsements. We hope it will inspire dialogue and cooperation with a wide range of potential partners and stakeholders, and we welcome all questions and feedback about the Framework and our next steps.



# STANDARDS OF ETHICAL PRACTICE (SEPS)

The main headings of this Standards document will be recognizable to members of CIETT, the International Confederation of Private Employment Agencies, and to signatories of the CIETT Code of Conduct. They will also be recognizable to those familiar with ILO Convention 181. That is because the Standards in many cases simply codify existing best practices among leading recruitment firms.

However, we understand that many recruitment entities operate in a context where existing standards of practice vary widely. In identifying challenges to implementing the Standards of Ethical Practice, a spirit of continuous improvement should be encouraged which allows for the exchange of knowledge and business ideas for meeting the high standards of the Code.

As consensus becomes established on the key elements of ethical practice, these elements will then need to be translated into language that newly compliant recruitment brokers can include in their own codes and guidelines. The eventual establishment of a universal code of practice will allow agencies to communicate best practices and to benefit from common systems and understandings across a variety of operating contexts.

## Formal Incorporation of Principles into Corporate Policies

### Benchmarks for Ethical Practice:

- The Recruitment Company (the “Company”) has a Code of Conduct committing to the protection of workers in all phases of its operations, and recognizes distinct challenges and responsibilities related to cross-border recruitment.
- The Code references and reflects the principles elaborated in key international agreements including: the UN Universal Declaration on Human Rights, UNHRC Guiding Principles for Business and Human Rights, and ILO Conventions on Core Labor Standards. The code also references and reflects relevant industry standards and practices such as the CIETT Code of Conduct.
- The scope of the Code includes the Company’s global operating units, global subsidiaries, and full global supply and recruitment chains.
- The Code is supported by an institutional structure and written procedures for enforcement, monitoring and reporting, including appropriate measures related to cross-border movement of recruits. In particular, the principles in the Code are:
  - communicated to all employees, partners, clients (employers, jobseekers and workers) and external stakeholders,
  - included in employment contracts at all levels, and
  - included in business contracts at all levels.

- The Code and/or its supporting documentation provides for corrective actions for noncompliance, establishes sanctions where appropriate, and adopts standards and timelines for continuous improvement to bring agencies into complete compliance.
- The Code establishes grievance channels and mechanisms for cross-border recruits, including hotlines and confidential reporting, in all countries where the Company sources or places recruited workers. It creates documented procedures for investigation, reporting, mitigation, and remediation of violations, including protection for whistleblowers
- The Company has a mechanism for regular assessment of Code compliance including reporting to Executive Management.

## Legal Compliance

### Benchmarks for Ethical Practice:

- The Company has appropriate and current licenses and permits for all countries of operation, and requires partners or agents working on its behalf to be similarly licensed.
- The Company has an implementing structure, an accountable officer and clear procedures to ensure that all policies are compliant with all relevant national legislation and guidelines as well as relevant international instruments. This should include
  - a current registry of laws for all countries of operation, and for governing international laws, standards and agreements; and
  - a mechanism for regularly monitoring new governing laws, guidelines, and standards, and for updating the registry.
- The Company takes measures to ensure that all jobseekers hired are legally able to work in the country of employment. For example, all workers must:
  - be of legal working age in the country of employment; and
  - be in possession of documentation allowing them to work in the country of employment, including valid visas and work permits that are renewed as necessary.
- The Company has not been cited, suspended, or otherwise sanctioned in a final judgment for non-compliance with any laws in any country of operations; or, where such a judgment exists, the Company can demonstrate that it has rectified the non-compliance.
- The Company does not hire jobseekers in a manner that would aid employer companies in circumventing local labor law.

## Transparency and Equal Access to Information

### Benchmarks for Ethical Practice:

- The Company provides the jobseeker with accurate details of working conditions in the host country, including nature of work, wages, benefits and duration of contract at the time of recruitment.
- The Company communicates these details to jobseekers in a language they understand.
- The details of working conditions described at the point of recruitment are consistent with the details of employment contract at time of hiring or, if changes occur, they are clearly disclosed prior to signing and in no way violate relevant laws or place a worker at risk.
- The details in the employment contract at the time of hiring are consistent with the actual details of on-the-job conditions and responsibilities to the extent required by law.
- The Company provides the worker with a copy of the original employment contract, and any amendments, in a language s/he understands.
- Neither the company nor the ultimate employer makes changes to working conditions without the knowledge and consent of the worker. Consent must be obtained voluntarily and without threat of penalty. No changes occur that diminish the worker's originally anticipated wages, benefits, or other conditions of work in such a way as to place the worker in a position of physical or mental risk or peril, or other form of disadvantage or vulnerability.
- Where necessary, the Company provides, or ensures that workers receive, appropriate training before they depart their home countries and once they arrive at the worksite to ensure they understand their own rights and the employer's obligations and responsibilities to them.

## No Fees to Jobseekers

### Benchmarks for Ethical Practice:

- Neither the Company nor its employers, agents, or subagents charge fees or costs to jobseekers for job placement services. The Company has a clear public policy against charging fees to job seekers, clearly informs workers about this policy at the point of recruitment, and conducts due diligence with agents and subagents in relevant countries of operation to ensure compliance.
- The Company's financial arrangements with agents and subagents do not assume, or permit, fees from job-seekers as part of the agents' or subagents' revenue for services provided.

- There is a mechanism for confidential reporting of violations of this policy by agents and sub-agents, consistent with the grievance, investigation, and remediation procedures described in Section 1.
- Neither the Company, nor its employers, agents, or subagents require jobseekers or workers to post a bond.
- Authorized charges or deductions for room and board, where permitted or required by law, are fully disclosed to candidates, and are verified by the Company to be consistent with market rates, not to be excessive, and not to serve to recover employer recruitment fees at the worker's expense.

## Protection of Worker Health and Safety

### Benchmarks for Ethical Practice:

- The Company has appropriate expertise in evaluating the risk profile of any job or location where it places workers,
- The Company clearly identifies any relevant risks, and strategies for mitigating them, to workers prior to the signing of employment contracts. This information is communicated in a language that the employees understand
- The Company provides appropriate safety and health training, or conducts due diligence to ensure such training is provided by the employer.
- Employment contracts clearly define appropriate protective restrictions and reasonable accommodations for especially vulnerable workers including pregnant women, the physically and mentally challenged, and young persons.
- Employment contracts provide reasonable contingency measures for unanticipated illness or injury, including Company or Employer support for health fees or insurance not covered by workers' compensation, and emergency repatriation. The Company ensures that workers are informed about their contractual and legal rights, relevant procedures, and employer obligations in the event of on-the-job illness or other medical emergency.

## Respect for Diversity and Non-Discrimination

### Benchmarks for Ethical Practice:

- While laws and protections vary across jurisdictions, the Company itself establishes and promotes consistent policies protecting against discrimination and adhering to global labor standards.

- The Company is committed to equal employment opportunity and does not discriminate on the basis of any characteristic protected by national or international law, including;
  - age,
  - civil status,
  - color,
  - cultural practices,
  - ethnic or social origin,
  - gender,
  - nationality,
  - physical or mental disability,
  - political beliefs,
  - pregnancy status,
  - race,
  - religion,
  - sexual orientation,
  - union affiliation, or
  - any other form of discrimination covered by national law and practice.
- The Company promotes nondiscriminatory practices and equal pay for equal work among the employers it contracts with and refuses business from employers who may subject workers to sexual harassment, unfair or discriminatory treatment, or abuse.
- The Company does not use medical screening to select candidates and only uses such tests to ensure proper workplace accommodation for the individual worker.
- The Company does not conduct pregnancy screening or testing at any time before or after the worker signs an employment agreement, except where required by law. In such cases, the results of pregnancy screens or tests are used only for official purposes in accordance with the law.
- The Company takes affirmative steps to protect the rights of workers who become pregnant. In cases where host-country law requires that pregnant foreign temporary workers return to their home country to give birth, the Company works pro-actively with employer clients to develop contracts that:
  - provide for the worker to return to work to finish her contract after giving birth, if the worker so chooses, at the same rate of pay and conditions of work;
  - incorporate maternity benefits allowed by the laws of either the worker's country of origin, the worker's country of employment, or governing international norms and standards, whichever is highest; and
  - specify procedures to ensure that the worker's repatriation and redeployment are handled sensitively and with due care for and attention to the safety and health of the worker and her fetus.

- The Company has appropriate procedures for keeping all medical information confidential
- The Company maintains affirmative grievance, investigation, and remediation systems for violations of these principles, in accordance with Section 1.

## Workers' Rights and Decent Work

### Benchmarks for Ethical Practice:

- The Company undertakes due diligence with employer-clients, wherever located, and takes affirmative steps in order to ensure that workers are employed under contractual agreements that respect worker rights:
  - Wages specified in employment contracts meet the legal or industry minimum wage in the country of employment or international labor norms, whichever is higher. Wage calculations are transparent, equitable and objective. Overtime hours are specified separately.
  - Benefits specified in employment contracts are in compliance with mandatory benefits in the country of employment. Additional benefits for foreign contract workers, as appropriate, are clearly specified.
  - Employment contracts specify hours of work, including regular hours, requirements for overtime and days off. Contracts specify and comply with all legally required breaks, including breaks for prayer, and provide at least one day off in seven.
  - Employment contracts specify disciplinary and other procedures that can lead to termination, as well as procedures for appeal mechanisms, as consistent with local law.
  - Employment contracts specify the circumstances in which a worker can terminate his/her contract without penalty. No penalties shall be imposed for the termination of an employment situation that could be construed as involuntary labor.
  - Employment contracts uphold workers' right to freedom of association and collective bargaining, and specify grievance mechanisms and how workers can use them.
- The Company undertakes due diligence and with employer clients and takes affirmative steps to insure that host country and employer practices outside the Company's direct control do not impair the rights and freedoms of workers:
  - Neither the Company nor the Employer engages in making personal loans to workers or jobseekers under circumstances where repayment terms could be construed as debt bondage or forced labor.
  - Neither the Company nor the Employer requires applicants or workers to participate in any form of forced savings.
  - The host-country employer does not unduly restrict the worker's freedom of movement outside work time. Any legal limitations on the movement of foreign workers are specified in the employment contract.

- Neither the Company nor the Employer retains applicants' or workers' passports, bank books, ATM cards, or other personal documents. Where presentation of these documents is required by law they are returned promptly, and in all cases immediately upon demand.
- Third-party remittances are made only at the workers' initiative and with his or her full knowledge and consent. When the Company or an Employer acts on a worker's behalf in making such voluntary remittances, receipts are provided for all funds handled.
- Employment contracts do not impair the right to freedom of association and collective bargaining and are consistent with both the letter and spirit of these rights
- Grievance, Investigation, and Remediation procedures are provided for any violation of the principles in this section, consistent with Section 1.

## Confidentiality

### Benchmarks for Ethical Practice:

- The Company maintains procedures for protecting the confidentiality of information and documents received from employees, workers and jobseekers.
- Company policy and procedures respect the right of applicants not to disclose certain personal information in accordance with home or host country law.

## Avoidance of Corruption and Conflict of Interest

### Benchmarks for Ethical Practice:

- The Company complies with the letter and spirit of all governing laws and does not engage in or tolerate any type of fraud including extortion, bribery, collusion, graft or corruption.
- The Company transparently and accurately discloses the positions available to candidates, the candidates available to employers, and the services available to both.
- The Company conducts due diligence on the content of job orders and on the companies that present those orders, to ensure they accurately represent genuine openings, on reasonable terms of employment, with responsible employers.
  - The Company requires that job orders include job content specifications, work locations and conditions, and contractual employment terms.
  - The Company accurately and truthfully represents to candidates the employment conditions, job locations, employment or contract duration, and anticipated earnings for any advertised position.

- If a job order is cancelled, the Company promptly informs candidates who are under active consideration for that position.

## VERIFICATION AND CERTIFICATION

Verification is the process by which an independent party reliably establishes the extent to which another party meets obligations or standards it has undertaken to meet. Our model for promoting adherence to ethical recruitment standards depends on empowering all participants in the cross-border recruitment marketplace to recognize and work with trusted partners that share common values. It is therefore essential to create recognized and trusted credentials that objectively certify compliance with the Standards of Ethical Practice, and that can be relied on in building such partnerships. This is the job of the verification system.

While a verification and certification system is indispensable to the intended use of the Framework, this document does not lay out such a system in detail, but instead outlines key verification elements and principles. These elements and principles, together with additional details outlined in **Appendix 3**, draw on Verité's experience over more than 15 years in assessing and verifying working conditions among vulnerable populations around the world. They are applicable to multiple verification systems aligned with varying stakeholder needs.

ManpowerGroup and Verité will create and test verification and certification system as part of our demonstration project. Through dissemination of the results of that demonstration, and engagement with multiple stakeholders, we hope to encourage a proliferation of verification systems embedded in industry groups, consumer associations, NGOs, regulatory agencies, and other institutions.

### General Requirements

A verification and certification system is intended to be a valuable asset both for the participating businesses themselves and for stakeholders interested in improving the recruitment marketplace. An effective verification and certification system must:

- Be operated by a credible and independent organization, with appropriately trained and certified staff.
- Reliably obtain relevant information from multiple sources to measure how well a specific broker or recruitment firm is performing against the Standards of Ethical Practice.
- Distinguish between certification-related information and confidential business information, and reliably protect confidential business information uncovered in the course of verification.



- Maintain a system of public tracking and disclosure so that third-party stakeholders can measure compliance by specific firms and take actions to reward and reinforce compliance.
- Distinguish between areas of compliance, areas for improvement, and areas for immediate action/rectification.
- Provide for ongoing verification so that certifications remain up to date.

## The Role of Verifiers

In many verification schemes, a specialized third party assessor serves as the independent entity responsible for verification and certification. There will need to be a process of accreditation or qualification of the external, third party ‘Verifiers’ (assessors) in order to ensure the quality and credibility of their findings.

In developing its specialized verification systems, Verité has led a multi-stakeholder process to define the essential qualifications of a Social Auditor, and this position serves as the model for the role of Verifier under our Framework. Verifiers must be competent in gathering information from a wide range of sources, sometimes under challenging conditions, and must be capable of triangulating that information to make sure their findings are contextualized, impartial, and accurate. Verifiers will seek information from:

- Recruitment-firm management officers and personnel,
- Job seekers and deployed workers,
- Business documents,
- Recruitment-firm clients (ultimate employers), and
- External stakeholders, including government accrediting agencies, NGOs, etc.

See **Appendix 3** for more detail on information to be gained from these sources.

## Protection of Workers Against Reprisals

Some of the information-gathering challenges are likely to be most acute in precisely those situations where abusive practices exist. It is inherently risky for workers to share negative information about their treatment by employers, and workers who need to hold a job in order to feed their families or repay debt incurred in the recruitment process are often unable and unwilling to do anything that may put their job at risk. Foreign migrant workers who are legally tied to one workplace through a contract as well as their work visas are especially vulnerable to pressure from employers not to divulge negative information.

Verifiers, and others who are trying to establish and document compliance, must have the knowledge, skills and personal characteristics to enable them to gather information from vulnerable jobseekers and deployed workers, whose testimony is essential to the credibility of any findings.

## Respect for Confidential Business Information

To gain the benefits of independent verification and certification, companies voluntarily submit to certain auditing and monitoring of their business activities. The process requires sharing information that is normally kept confidential. It is essential for such voluntary systems of auditing to have clear rules agreed on by all participants regarding business processes that must be transparent to the public and areas of business that must be considered confidential and protected from public disclosure. The confidentiality of certain trade secrets and commercial processes and data must be respected by the verification process. Model Non-Disclosure Agreements (NDAs) need to be developed for the handling of potentially confidential information. Furthermore, as is standard practice in auditing and verification, Verifiers must have no conflicts of interest with the company under review.

## AREAS FOR CONTINUING WORK ON THE FRAMEWORK

While the Standards of Ethical Practice and their associated verification elements provide a foundation for this Framework, a number of more specialized issues may not be explicitly addressed by existing norms and recommendations, but represent complex challenges in developing specific standards for ethical practice. Timely further development of more specialized recommendations is required in these areas. We look forward to dialogue on these issues with interested stakeholders:

- **Structuring appropriate transparency and accountability when one or both recruitment partners is a government.** In many cases, for example in China and Vietnam, government agencies have a monopoly or strong involvement in identifying and pooling workers, and managing their deployment for overseas employment. In such cases, disclosure of compliance is potentially more complex than in strictly private employment relationships.
- **Special issues relating to employment in war zones or areas of armed conflict.** Here it is imperative for the sending and receiving companies to assess the appropriateness of recruitment activities, ensure that workers understand the risks, and ensure emergency services and infrastructure for supporting and ensuring the safety of workers in highly dangerous situations

- **Application of the Framework to all elements of the pre-departure system.** Where Companies offer additional services including (for instance) hotels or dormitories where workers stay while their papers are being processed, or where they offer services relating to emigration or immigration clearance, they must ensure that they demonstrate ethical treatment in provision of these additional services. Remunerable pre-departure work time must be clearly distinguished from pre-departure training.
- **Incorporation of emerging global standards.** The Standards of Ethical Practice as well as individual company ethical codes and policies should be open to incorporating new or emerging global labor standards, recognizing that the development and adoption of such standards is often a matter of vigorous dialogue among stakeholders.
- **Ensuring that agencies and individuals involved in labor abuses are ‘blacklisted.’** In order for a verification system to be fully effective, there must be the establishment of an effective, long-term, transparent and publicly available mechanism by which offenders are identified and prevented from perpetuating their bad practices.

We hope this document will initiate an on-going process of standard-setting among participating stakeholders so that consensus may be achieved on explicit standards and guidelines applicable to these complex situations.



# CONCLUSION AND NEXT STEPS

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The increasing global mobility of labor creates both an opportunity and a sense of urgency for strengthening the protection of vulnerable cross-border migrants. Verité and ManpowerGroup are proud to be coming forward with a framework for a multi-stakeholder solution that focuses specifically on the cross-border recruitment process.

ManpowerGroup and Verité see this framework as the beginning of an ongoing dialogue with stakeholders, with the aim of gaining maximum insight in the design of an effective standards and verification system, and with the goal of securing maximum buy-in by all interested parties.

- We will conduct outreach with stakeholders—including business representatives, international organizations, civil society groups, global trade union bodies and governments. This will be done to encourage dialogue and response to the framework, to strengthen it, to raise awareness about the project and its key goals, and to identify potential engagement opportunities.
- We will organize a stakeholder review process of the standards, benchmarks and verification/certification framework proposed here. This will include face-to-face and online meetings and information-sharing that will encourage feedback, participation and support for the process.
- We will organize one or more demonstration projects to test the standards and verification processes outlined in this report in real situations of cross-border recruitment and employment. These demonstration programs will include our own field offices and national partners, as well as multinational buyers, employers and recruitment firms.
- We will share the results of these demonstrations publicly. We will develop and disseminate information helpful for the evaluation, adaptation, and replication of best practices developed in these demonstrations, including documentation, guidelines, and other tools that can be directly used by businesses and by verifiers.

We welcome feedback from readers and look forward to direct discussions with potential partners and stakeholders for our demonstration projects.

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# APPENDIX 1

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Case Studies

# 1-A: CASE STUDIES OF RISK TO WORKERS

## CASE STUDY:

### Debt Bondage through Worker Debt

Benny heard through a friend about work opportunities in the IT sector in Taiwan. Being aware of the potential risks associated with labor recruiters, Benny asked around until he found one with a “good” reputation. The recruiter told Benny that he would be leaving for Taiwan in about two weeks, so he proceeded through the employer’s application and screening process, which included an up-front fee of 25,000 pesos (about \$600 USD). The rest of the fee, 75,000 pesos (about \$1800 USD), was to be paid once he started receiving a salary in Taiwan. Benny carefully considered his promised wages and decided that the hefty sum would be easy to repay once he was being paid in Taiwanese dollars. He got a loan from his mother to pay the 25,000 peso down payment, and set off for Taiwan.

Once in Taiwan, Benny learned that the 75,000 Philippine pesos he owed the agency, which he was to pay in monthly installments, had been converted to 75,000 Taiwan dollars (about \$2500 USD, or nearly 40% more than expected). Benny also discovered upon arrival that his wages amounted to only half of what he had anticipated, due to monthly broker fees, dormitory and meal deductions, and other expenses. In fact, the deductions were so great that Benny had to work overtime in order to take home any income at all. Although Benny wanted to return home to the Philippines, the Taiwanese brokers had confiscated his passport, and he knew that quitting before his contract expired would mean forfeiture of his savings and tax refunds.

## CASE STUDY:

### Contract Substitution

Ahmed, a 40-year old driver from a small village in Malapuram, India decided to find work in the Gulf States to earn money for his daughter’s dowry. He went to a recruiting agency recommended by a good friend and borrowed money from his sister in law to pay the fee of INR 60,000 (\$1300 USD). The recruiter told him he would be working in Riyadh as a driver for INR 9,000/month (\$195 USD), with food and lodging included. He was told he would sign his employment contract once in Riyadh.

Once in Riyadh, Ahmed went directly to his employer’s house, where he was presented a three-year employment contract for INR 8000 (\$170 USD) per month, INR 1000 (\$25 USD) less than promised). Thinking that if he worked hard he could get a raise, he signed the contract and the employer gave him a work permit. Ahmed worked 12-14 hours per day, and was subjected to verbal and physical abuse from his employer. In addition, his employer refused to pay him for the first eight months, claiming that Ahmed had to reimburse the employer for the visa and airline ticket. Since the employer had taken his passport, Ahmed was unable to leave. Finally he told the employer he had family problems and the employer sent him back to India. When Verité last communicated with Ahmed, he was still working to earn the money for his daughter’s dowry and to repay his debt to the recruiter.

## CASE STUDY: Confiscation of Documents

Fernando paid GTQ 8,000 (\$965 USD) to a labor broker for an H-2B visa to plant trees in the United States. He was promised a one-year visa and free food and lodging during his stay in the US. The broker demanded that Fernando sign over the deed to his wife's property (valued GTQ 50,000 - \$6030 USD). When he got to the work site in the US, Fernando's passport and visa were confiscated; he was told that the visa was only valid for four months, and that food and lodging would be deducted from his pay.

Fernando's employer required workers to plant 800 trees per day in order to be paid the daily wage. The first day, Fernando was only able to plant 300 trees because the ground was frozen—so his employer refused to pay him. With no income, Fernando couldn't cover his food deduction and the employer refused to feed him. After going several days without eating, Fernando asked for his passport and permission to leave. His employer denied both requests, saying he had to stay until the end of the planting season. Fernando snuck into the office to photocopy his visa so he would have some form of identification. A few days later, after conditions had not improved and he had still not been paid, Fernando escaped and friends helped him to find a better job.

Shortly thereafter, the labor broker's lawyer began to threaten Fernando's wife, saying that they would take his wife's property. Fernando returned to Guatemala and currently has an open lawsuit against the broker for violating his rights and withholding his payment.

# 1-B: CASE STUDIES OF RISK TO EMPLOYERS

## CASE STUDY: Abuse of Migrant Workers in the Garment Industry

In July 2008, an Australian news channel reported that a garment factory in Malaysia producing t-shirts for Nike was employing hundreds of migrant workers in unacceptable conditions. These conditions included overcrowding in dormitories, unhygienic toilet facilities, passport retention and the garnishing of workers' wages to pay for work permits. Workers were recruited from as far afield as Bangladesh, Vietnam and Burma through brokers that promised high wages and charged excessively high recruitment and service fees, in some cases the equivalent of up to a year's wages. Nike's response was immediate. The company led an investigation which confirmed many of the reported allegations and subsequently set about implementing the necessary steps to resolve the violations.



## CASE STUDY:

### Forced Labor in the Automobile and Home Appliance Supply Chains

In late 2006, several major news stories emerged focusing on the presence of forced labor and human trafficking in the supply chains of major vehicle and appliance manufacturers. These reports alleged conditions analogous to slavery in charcoal camps in Brazil, where charcoal is used as a fuel in the production of pig iron, a key ingredient in steelmaking. Pig iron from these Brazilian sources was ending up in steel used by automakers including Ford Motor Company, General Motors Corporation, Nissan, and Toyota, as well as by Whirlpool, the world's largest appliance maker; it was also used in foundries at Kohler, which makes sinks and bathtubs.

Workers at these camps—recruited by agents charging exorbitant recruitment fees—fell into debt bondage as a result of those fees and were also forced to pay for transportation, food, lodging and tools, exacerbating their already vulnerable situation. The workers—deceived by the promise of high wages and good working conditions and benefits—were trapped in remote camps in the Amazon region, their work permits confiscated upon arrival and their wages unpaid for long periods of time.

## CASE STUDY:

### Internal Child Trafficking in India

At the end of October 2007, media reports in the United Kingdom emerged, alleging to have found “slave children” in India making clothes destined for **Gap Kids**, the company's popular children's clothing line. These reports stated that children as young as 10 years old were working in conditions close to slavery in a makeshift textile factory in Delhi. Conditions included long hours of unwaged work, with one boy reporting to have been “sold” to the factory by his family and told that he could not leave the job until he had worked off the fee paid for him. Gap took immediate and long-term action to solve the problem and address its root causes.

## Allegations of Forced Labor in Electronics

In 2006, allegations of forced labor surfaced at a factory assembling products for a well-known US-based multinational. The description of living and working conditions included long working hours, insufficient accommodation, restrictions on freedom of movement and the use of harsh disciplinary practices. The brand in question responded immediately and, following an in-depth investigation, took steps to correct the problems that were found.

## CASE STUDY:

### Recruitment Chain Standards and Enforcement by Apple, Inc.

In a 2008 workforce assessment, Apple Inc. discovered that at some Apple suppliers, migrant workers were encountering conditions that potentially represented involuntary labor and debt

bondage. The company conducted a thorough investigation, which faulted a complex recruitment process and excessive recruitment fees charged to migrant workers who were making the company's products.

Based on the findings from its investigation, Apple identified and prioritized the steps it needed to take, first, to correct the wrongs that existed and then to ensure the problem did not repeat itself. Apple adopted extensive code language on issues that relate to the trafficking and forced labor of migrant workers. The company set a limit—one month's pay—on recruitment fees that brokers in its supply chain were permitted to charge to jobseekers. It also put in place new social auditing procedures, and a supplier training program on direct hiring, onsite management of foreign workers, and best practices in monitoring recruitment agencies.

## 1-C: CASE STUDIES OF ETHICAL — PRACTICE SOLUTIONS

### CASE STUDY: Cross-Border Placement by Manpower Philippines

Overseas work opportunities are a major source of employment for the people of the Philippines and a major source of financial resources for the Philippines economy. In 2008, more than 1.2 million Filipinos were employed abroad, and remittances of \$16.4 billion contributed nearly 10 percent to the Philippine GDP.

Yet certain practices in the recruitment industry and some legal environments in destination countries expose individuals in the international recruitment arena to significant risks of abuse. These risks can amount to human trafficking and forced labor, with practices including:

- Hidden and/or excessive fees charged to workers, resulting in debt bondage;
- Restrictions on freedom of movement in destination countries and inability to change employers;
- Unilateral changes in employment terms and conditions, including fraudulent misrepresentation of jobs and wages;
- Non-payment of wages and other forms of direct labor abuse; and
- Other forms of deliberate exploitation of workers.

Eliminating and preventing these abuses has been a major priority for the Philippines government and for industry actors such as ManpowerGroup. Manpower's key response to the risk of this abuse lies with its policy of not charging individual candidates fees for any of its recruitment or placement

services. Many companies charge up to one month's salary for recruitment—the maximum allowed under Philippines law—while illegal recruiters have been known to charge up to two months' salary or more. For Manpower, it is the employer who assumes the cost of these fees.

With this shift of responsibility, the company transforms the way traditional international recruitment works. It establishes direct relationships with overseas employers, which improves transparency and accountability, and eliminates the reliance on “blind middlemen”. Manpower defines the recruitment process as providing a direct service to employers; and from this vantage point, the destination company is then expected to articulate its needs and make a firm commitment vis-à-vis salaries and terms of employment, further improving transparency.

During the recruitment process, Manpower determines that candidates are medically fit and qualified for the job in question. It provides orientation and support for relocation in the form of pre-departure briefings covering:

- Cultural awareness and destination country background;
- A photo tour of the country and employer, if available;
- Specific dos and don'ts about local laws and customary behavior;
- Information about the employer, its background and policies; and
- Details concerning living and working conditions.

Its direct relationship with the destination employer allows Manpower to establish clear terms, reducing the potential for abusive behavior. Under these circumstances, both the client and the candidate have a clear understanding of what they can and cannot do, and what the employment contract entails. Employers, in particular, are made explicitly aware that they cannot at any time:

- Collect or withhold the passports of migrant workers, unless it is mandated by the host country;
- Charge for travel or accommodation; or
- Unilaterally revise the terms of employment.

With regard to the latter, a contract termination clause provides joint solidarity liability to the worker between Manpower and the destination employer. Employers who violate such terms are liable to penalties and know that their opportunities to recruit in the Philippines may be limited or eliminated in the future.

### CASE STUDY: Ethical Security-Sector Recruitment by FSI Worldwide

A large defense contractor was having considerable difficulty managing a workforce recruited by an international labor broker. Problems included: a lack of skills, poor English language ability, low

morale, and theft. Anonymous complaints of bullying and corruption, often at the hands of an “unofficial” hierarchy of managers established by the labor broker, included incidents of intimidation of project personnel and their families, physical beatings, and the murder of a staff person under suspicious circumstances.

An audit identified extensive falsification of employees’ training certificates and employment references, poor communication between the workforce and their management team and a general lack of preparedness for the environment due to a lack of pre-deployment training. Most workers on the job indicated that repayment of high recruitment fees (between \$4000 and \$5000 USD) funded by high-interest company loans consumed most of their income, leaving little for their families and little profit or savings on completion of their contracts. Many workers believed that unofficial “supervisors” designated by the broker rather than the employer were primarily concerned with enforcing and extracting exorbitant payments through intimidation tactics.

The broker that provided the bulk of the project workers is very large and provides personnel to many other international companies. This company is known to charge high fees to candidates, but attracts a steady source of recruits due to its ability to provide overseas work that is in high demand. Most employees seemed resigned to the prevailing terms and conditions of employment.

The employer turned to a new recruitment firm, FSI Worldwide ([www.fsi-worldwide.com](http://www.fsi-worldwide.com)), to define and create a solution to these problems. In doing so, they separated themselves completely from the corrupt former broker and took affirmative steps to establish ethical recruitment processes for their workforce.

FSI found that effective control of all stages of the recruitment process, in both home and host countries, is a key factor in policing corruption. This allows FSI to establish ethical principles of recruitment and enforce them through a robust culture of transparency.

FSI’s core team is built on a network of cohesive and trusted personal relationships deriving from the shared experience of key personnel in the Indian, Nepalese, and British Gurkha regiments. Building on this strong core culture of trust and anti-corruption, the company’s operational units are regularly audited for ethical compliance and a significant investment of resources is made in ensuring ongoing communication with workers themselves to monitor their treatment and welfare. Secondary recruitment vendors have been sometimes used but are also subject to audit and worker interviews; collaboration is terminated with noncompliant firms.

- FSI maintains a strict “non-payment policy” – recruits are never charged for finding work; instead employers are charged for finding personnel. Every recruit signs a non-payment declaration and has access to channels for confidential reporting of violations.
- FSI managers are held accountable for looking after the welfare of employees deployed on contracts, and for preventing and mitigating violations of employee welfare. Employees have regular visits from FSI directors and the opportunity for private interviews to report concerns or complaints; the employees are also provided with email and phone contacts for FSI managers.

- FSI ensures pre-deployment training for all personnel to ensure they arrive fully prepared for their roles and the environment: this includes including language training, skills training and situational awareness training.
- FSI offers a secure and reliable payroll function for its recruits, ensuring timely and full payment of all salaries and reliable remittances to families at home.
- FSI illustrates a clear business case for improving the ethical recruitment and management of international personnel. This case has both bottom-line and reputational elements.
- Companies are often startled to see how much money they can save on payroll and associated costs through ethical recruitment of a smaller, well-treated workforce that is more highly skilled, motivated, and stable.
- Companies are also educated about the reputational risks of being associated with worker exploitation, and the positive reputational benefits that a company can cultivate by being portrayed as a leader in the field.



# APPENDIX 2

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Leading Global Instruments and Initiatives in the Fight Against  
Forced Labor and Human Trafficking

## INSTRUMENT / WEB ADDRESS

## DESCRIPTION

### UN Universal Declaration of Human Rights

<http://www.un.org/en/documents/udhr/>

Article 4 prohibits slavery;

Article 23 establishes certain fundamental employment rights including nondiscrimination, reasonable pay, and the right to join unions.

### ILO Declaration on Fundamental Principles and Rights at Work.

<http://www.ilo.org/declaration/lang--en/index.htm>

The Declaration covers four fundamental principles and rights at work:

- Freedom of association and the effective recognition of the right to collective bargaining
- Elimination of all forms of forced or compulsory labor
- Effective abolition of child labor
- Elimination of discrimination in respect of employment and occupation

### ILO – Eight Core Labor Standards Documents

<http://www.adb.org/documents/handbooks/core-labor-standards/cls-handbook.pdf>

Detail and description on ILO conventions and guidance supporting each of the four fundamental principles.

### OECD – Enforcing Core Labor Standards

[http://www.oecd.org/document/20/0,3343,en\\_39048427\\_39049464\\_42744852\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/20/0,3343,en_39048427_39049464_42744852_1_1_1_1,00.html)

Description of OECD toolkit and mechanisms to support Core Labor Standards Implementation

### UN Global Compact

<http://www.unglobalcompact.org/>

Strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. Key human rights and labor-related principles include:

#### Human rights

- Businesses should support and respect the protection of internationally proclaimed human rights; and
- make sure that they are not complicit in human rights abuses.

#### Labor

- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- the elimination of all forms of forced and compulsory labor;
- the effective abolition of child labor; and
- the elimination of discrimination in respect of employment and occupation.

### UNHRC Guiding Principles for Business and Human Rights (Ruggie Principles)

<http://www.business-humanrights.org/media/documents/ruggie/ruggie-guiding-principles-21-mar-2011.pdf>

“Protect, Respect, and Remedy” framework.

Final Report March 2011, adopted by UNHRC June 11, 2011.

In general the principles relating to business responsibilities call on business to both avoid causing adverse human rights impacts and to seek to mitigate them in areas linked to their operations or business relationships. Specific responsibilities include a formal policy commitment integrated into business processes, a due diligence process for assessing human rights risks and impacts and drawing on external expertise, and systems for remediation. Businesses should monitor and communicate the effectiveness of their programs. Individual programs should be consistent with the sophistication and complexity of the business organization.

### Other work of the UN Special Representative on Business and Human Rights (John Ruggie)

<http://www.business-humanrights.org/SpecialRepPortal/Home>

Research and documentation to support the Principles: Extensive documentation of patterns of alleged human rights abuses by business enterprises; evolving standards of international human rights law and international criminal law; emerging practices by States and companies; commentaries of United Nations treaty bodies on State obligations concerning business-related human rights abuses; the impact of investment agreements and corporate law and securities regulation on both States' and enterprises' human rights policies; and related subjects.

### The Global Social Compliance Program (GSCP)

<http://www.gscpnet.com/about-the-gscp.html>

The GSCP provides a global cross-industry platform to promote the exchange of knowledge and best practices in order to build comparability and transparency between existing social compliance and environmental compliance systems. To this effect, the Global Social Compliance Programme is developing a set of reference tools and processes that describe best existing practices and provide a common interpretation of working and environmental requirements and their implementation at supplier level. This approach will enable mutual recognition between existing systems using the GSCP reference tools as a benchmark through an Equivalence Process, and allow for simpler buying.

### ISO 26000

[http://www.iso.org/iso/catalogue\\_detail?csnumber=42546](http://www.iso.org/iso/catalogue_detail?csnumber=42546)

ISO 26000:2010 provides guidance to all types of organizations, regardless of their size or location, on:

- concepts, terms and definitions related to social responsibility;
- the background, trends and characteristics of social responsibility;
- principles and practices relating to social responsibility;
- the core subjects and issues of social responsibility;
- integrating, implementing and promoting socially responsible behavior throughout the organization and, through its policies and practices, within its sphere of influence;
- identifying and engaging with stakeholders; and
- communicating commitments, performance and other information related to social responsibility.

There are no specific standards provided in the guidance and no such thing as "certification" to ISO 26000, but the document (which must be purchased) offers advice, recommendations, and examples.



## INSTRUMENT / WEB ADDRESS

## DESCRIPTION

### Athens Ethical Principles

[http://www.endhumantraffickingnow.com/athens\\_ethical.php](http://www.endhumantraffickingnow.com/athens_ethical.php)

Principles adopted at a roundtable sponsored by Greek Ministry of Foreign Affairs, cosponsored by IOM, UNIFEM, UNODOC, DCAF; attended by CEOs from the private sector, NGOs, international organizations, governments, and individuals. **Signing businesses dissociate themselves from illicit practices by launching the following ethical principles in which they will:**

1. Demonstrate the position of zero tolerance towards trafficking in human beings, especially women and children for sexual exploitation (Policy Setting).
2. Contribute to prevention of trafficking in human beings including awareness-raising campaigns and education (Public Awareness-Raising).
3. Develop a corporate strategy for an anti-trafficking policy which will permeate all our activities (Strategic Planning).
4. Ensure that our personnel fully comply with our anti-trafficking policy (Personnel Policy Enforcement).
5. Encourage business partners, including suppliers, to apply ethical principles against human trafficking (Supply Chain Tracing).
6. In an effort to increase enforcement it is necessary to call on governments to initiate a process of revision of laws and regulations that are directly or indirectly related to enhancing anti-trafficking policies (Government Advocacy).
7. Report and share information on best practices (Transparency).

### Luxor Protocol

[http://www.endhumantraffickingnow.com/luxor\\_protocol.php](http://www.endhumantraffickingnow.com/luxor_protocol.php)

Spells out specific implementation guidelines for businesses for each of the 7 Athens Ethical Principles.

### Dhaka Principles

[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)

On 28-29 June 2011, the Institute for Human Rights and Business (IHRB) and the Refugee and Migratory Movements Research Unit, Dhaka University (RMMRU) convened a roundtable in Dhaka to explore the responsibilities of companies and governments in raising standards of migrant worker protection in supply chains.

**3-D Approach: Dignity of the Individual, Decency of Work, Due Diligence of Process. 10 principles:**

1. No fees for recruitment
2. Contract transparency, no coercion, no bonded or forced labor
3. No retention of passports/IDs/travel documents
4. Migrant workers included in all company codes/policies
5. Recruiters, employers, intermediaries do not discriminate
6. Pay is fair and in line with local standards
7. Migrants have access to workplace representation
8. Migrants have access to confidential and safe grievance processes and are protected against recriminations
9. Health and safety measures are available in migrants' own language
10. Employers facilitate safe return at end of contract with all wages/benefits paid.



# APPENDIX 3

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Sources of Information to be Sought in the  
Verification Process

# INFORMATION FROM RECRUITMENT — COMPANY MANAGEMENT

Information should be obtained from: General Managers (or their representatives); general counsel/legal affairs staff; corporate responsibility/investor relations/stakeholder relations departments; and parties specifically responsible for ethical code compliance (if such a code exists). Information may also be supplied via links to the Company's financial or other reporting systems. Company representatives should be asked to describe:

- **Company History and Background** – Describe the Company's business history; how long has the Company been in operation? How has it expanded/changed since (e.g., scope of services provided, geographical reach, business size (volume, \$)).
- **Ownership and Leadership Structure** – Where and how (public, private, family-owned?) is the Company's business registered? Who are the owners? Is the ownership structure in compliance with law?
- **Organizational Structure** – Describe how work is organized (by functional area, by industry, by geographic area); describe reporting structure and accountabilities for different functional areas; staff sizes per functional area/geographic location; staff recruitment and retention processes; staff development and training processes, etc. How are business partners/agents/sub-agents selected?
- **Engagement with Agents or Business Partners (Domestic and Abroad)** – Nature and length of relationships; functions, roles and accountabilities of agents and partners; selection process (any due diligence done? describe process); contractual requirements, including any ethical/legal requirements that bear on CIETT Code; presence/absence (and description) of systems for performance management.
- **Nature of Services** – Description of all services provided to employer-clients—what services are provided to what industries? Countries of operation; worker-focused services (e.g., provision of vocational or language/cultural training, other services provided to workers or jobseekers); number of clients; volume of business.
- **Culture and Values** – Guiding principles, company values, ways of working, how the Company measures success and good performance.
- **Client Engagement** – Marketing strategies, relationship history, services provided.
- **Engagement with Governments** – Describe any engagement with governments, including government accreditation programs, etc.
- **Business Processes** – Describe a typical recruitment, selection and hiring cycle – who does what, where and how? Issues and constraints/challenges faced; turnaround times.

- **Code Awareness and Implementation** – What has the Company done to implement the Code? Who is accountable for Code Performance? Have there been changes in the way the Company has been managing the business to better meet the Code? What are they?
- **Controls** – What measures or internal controls (both management and operational controls) has the Company developed to ensure that it meets the Standards of Ethical Practice for each Code Principle?
  - Formal Incorporation of Principles
  - Legal Compliance
  - Transparency and Equal Access to Information
  - No Fees for Job Seekers
  - Worker Safety
  - Respect for Diversity
  - Workers' Rights and Decent Work
  - Confidentiality
  - Avoidance of Corruption and Conflict of Interest
- **Application of Contingency Measures** – What policies and practices are in place to deal with common contingent events that may alter the conditions and timeline of planned recruitment and hiring processes? What evidence can be gathered about the level of planning that may exist for routine contingencies, how contingencies are communicated to recruits, what financial and other measures are in place to handle contingencies, etc.?
- **Code Implementation Issues and Challenges** – How does the company identify and articulate the various challenges that routinely emerge in establishing and enforcing new standards? What management and organizational initiatives are undertaken to meet these challenges and continuously improve performance? Do internal perceptions of challenge, response, and improvement correspond with those of the independent reviewer?

## INFORMATION FROM JOB-SEEKERS AND EMPLOYEES

Gathering information from workers requires that the inquiries be done in a location and setting that communicates security and confidentiality to workers, and gives them confidence that negative information will not result in reprisals. Workers should be asked for:

- **Personal Background Information**
  - Name, age, educational attainment, occupation, employer (if currently employed), home town, civil status
- **Nondiscrimination**
  - How did they learn about the job?

- How were they recruited?
- How were they selected?
- How were they hired?
- How were they deployed?

- **Pre-Employment Fees**

- Did the worker pay fees at any point in the recruitment, selection and hiring process to get the job? If yes, list all fee amounts, what they were for, and to whom they were paid.
- Did the worker get receipts of payment?
- What other expenses did the worker have to pay for in the process of applying for and getting hired for this job? The verifier should nature of expenses, amounts, and to whom they were paid. Did the worker receive receipts for these payments?
- Did the worker have to borrow money to pay for any of these expenses? If yes, how much, from whom, and at what rates of interest?
- If the worker did not have to borrow money, how did the worker finance these fees?
- If the worker borrowed from a private lending agency, did the employment Company recommended the lending agency? If yes, was borrowing from the Company a requirement of getting the job?
- Did the worker pay for transportation from their home country to the country of employment? If yes, how much? Who will pay for worker's return airfare?

- **Bond**

- Did the worker have to place a bond prior to getting the job/being deployed? If yes, how much, to whom, and what are the terms of the bond?
- Is the bond a legal requirement?

- **Documentation**

- If the worker moved from one country to work in another, does the worker have a visa or work permit to work in the country of employment?
- If yes, did the worker have it before being deployed? Is the permit renewed on time? Who processes renewal?
- If no, where and when was the permit processed? How long did it take to process? What travel documents did the worker have while waiting for the documents to be processed?

- **Transparency of Terms of Employment**

- What information about the job did the Company provide at the time of recruitment? At the time of contract signing? Upon entrance to the job? Were there any changes in these terms at any time? If so, what were the changes? Were all changes made with the worker's prior knowledge and voluntary consent?

- **Employment Contracts**

- Including details such as base wage (regular and overtime), hours of work, holidays,

days off in a week, benefits, health insurance, worker's compensation, disciplinary and termination procedures, freedom of association. Are the workers satisfied that they are receiving all contractually agreed compensation and benefits?

- **Housing**

- Does the worker live in Employer-provided housing? Eat in Employer-provided cafeterias or mess halls? Does the worker pay for housing or food? If yes, how much? Can they choose to live/eat elsewhere?

- **Documents Management**

- Does the Company or the Employer keep the worker's passport? Any other personal documents? What documents? If yes to either, is this legal? Can the worker get the documents back when they want them?

- **Pay Practices**

- Are there deductions made from worker's pay? What are they for and how much? Are they all legal deductions? Do workers receive all benefits that they pay for?

- **Freedom of Movement**

- Under what circumstances can the worker leave his or her present employment? What would keep the worker from leaving this employment if he/she wanted to do so?

## INFORMATION FROM BUSINESS DOCUMENTS

Documents will be important to corroborate, verify, and validate information obtained from both employer and worker interviews.

- **Business Registration documents of the Company**, including permits and licenses to operate
- **Business Registration documents of any agents or sub-agents**, including permits and licenses to operate
- **List of owners, investors, directors**
- **List of other companies and businesses** owned by owners, investors and directors
- **Current Client list**
- **Copy of the Company's Code of Ethical and Professional Conduct**, including evidence of conformance thereto by Company's officers, owners, investors, employees, agents and sub-agents
- **Employment Contracts** (employees)

- **Service Contracts** (with clients) – including sample contracts from both the Company and a sample of its clients (separately)
- **Service Contracts** (with agents, business partners)
- **Sample Employment Contracts** (for workers placed in jobs); if different for different industries, countries, including samples for each. Sample contracts from the Company, as well as actual contracts from workers (separately)
- **Payroll Documents** – for the Company's employees and agents
- **Payroll Documents** (company-placed workers) – if the Company manages wage and benefits payments for workers it places in jobs these documents should include timekeeping documents, payrolls, pay slips, receipts of remittance of deductions made from workers for benefits, and other documentation required to demonstrate compliance
- **Written Procedures** for the conduct of recruitment, selection, hiring and contracting— including handbooks, manuals, and guidelines used by staff in the performance of their functions, application forms and list of requirements issued to job-seekers, interview tools, selection criteria and tools, evaluation forms, performance appraisal forms
- **Written Procedures** for job safety risk assessment; risk assessment profiles
- **Written Procedures** for meeting confidentiality requirements, including employees' NDAs
- **Discipline and Termination procedures** – for Companies that administer these procedures on behalf of their clients for workers that they place
- **Written Policies and Procedures** relevant to Code Principles and policies and controls for meeting them
- **Requirements for Clients** – including communications, memos and/or other documents given to Clients relevant to meeting Code Principles
- **Training plans, modules, reports relevant to Code Principles**, including training provided to successful jobseekers prior to and during employment
- **Investigation and Resolution Reports** of complaints made by jobseekers, workers, employers, relevant to Code Principles (Non-Discrimination)
- **Samples of job advertisements**
- **Samples of job orders**
- **Minutes of Annual Management Reviews** relevant to Code compliance
- **Medical and health insurance premiums**

## INFORMATION FROM EMPLOYER — CLIENTS AND OTHER STAKEHOLDERS

As refined through a process of stakeholder engagement, the verification and certification process may also include interviews with employers/clients of the assessed firm, trade unions, and regulators with relevant authority.



