

Responsible Recruitment Working Group

Presenter: Beverley Hall

June 2023

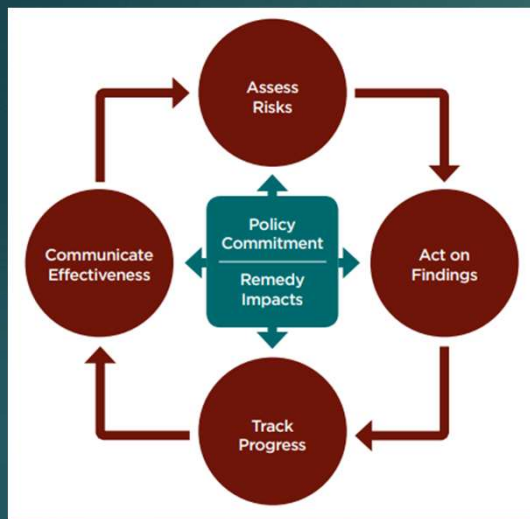


The brief



- ✓ Review Modern Slavery Statements with a Responsible Recruitment lens
 - ✓ Summarise activities & risk management actions
 - ✓ Identify gaps
- Four retailers & five suppliers covering including fruit, fish, soy, palm, cocoa, meat, poultry, processing, food services, logistics
 - UK & EU coverage
 - Recent reports (2022)
 - Portals, forums, initiatives & websites

Mapped against



1. Commit to and develop an EPP policy, then embed it across the company
2. Assess the risks of workers being charged recruitment
3. Integrate and act on the risk assessments
4. Communicate on effectiveness and share lessons
5. Remedy recruitment-related impacts early and directly

References:

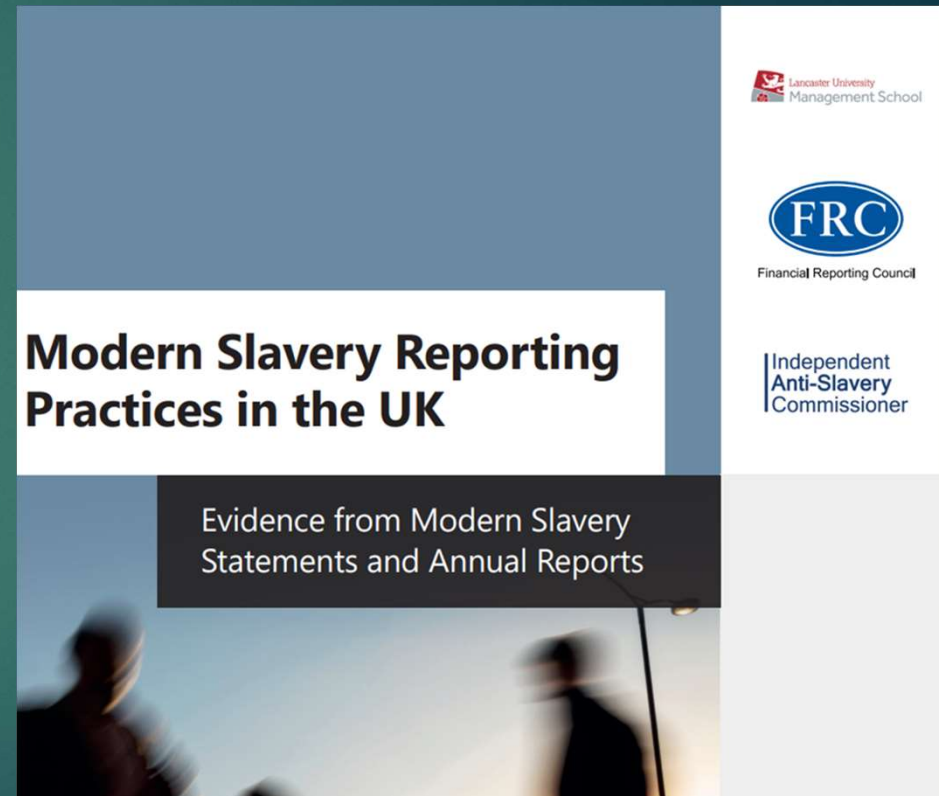
- [IHRB guidance on Responsible Recruitment & EPP](#)
- [ETI Modern Slavery Statement Framework](#)



Modern Slavery reporting review

Lancaster University & Financial Reporting Council 2022

1. Still not a mainstream concern for many boardrooms.
2. One in ten companies did not provide a modern slavery statement at all,
3. Where submitted, only one third of modern slavery statements considered clear and easy to read
4. In general, fragmented, lack of focus and complicated
5. Wholly backward-looking, very few with long-term strategies
6. Many reactive rather than proactive
7. KPIs to minimise modern slavery risks particularly poor



Modern Slavery reporting review

Lancaster University & Financial Reporting Council 2022

Sign off & disclosure

- 80% CEO and/or board Chair signs-off
- 46% described their policies on slavery and human trafficking in an informative manner. Disclosure is poor on detail (practice & effectiveness)

Planning & KPIs

- 25% disclosed results against their KPIs;
- 12% confirmed they have made informed decisions based on those KPIs.
- 37% identifying emerging issues
- 12% of companies providing a long-term plan

Risk assessments

- 55% of the sample reported that they assess modern slavery risk in their own business, and
- 70% of companies claimed to undertake a similar assessments in their supply chain

54% of companies	reported that they assess forced labour or modern slavery risks before signing contracts.
61% reported	having modern slavery provisions in their supply chain contracts.
33% of companies	stated that they require first tier suppliers to cascade their human rights and modern slavery standards down the supplier's own supply chains.
39% reported	that they actively participate in multi-stakeholder collaborations or industry initiatives on human rights and modern slavery.
57% reported	that they monitor suppliers on slavery and disclose results of these monitoring processes, but only 15% disclose that they work with suppliers to improve their labour rights practices.
18% of companies	disclosed that they engage directly with workers in the supply chain using mechanisms such as site visits and worker interviews as part of monitoring processes.



Pause for thoughts & reflections

Does this resonate? What are some of the challenges you've faced in preparing a MSS? How could you make a difference?

Responsible recruitment

	Retailers	Suppliers
Responsible recruitment in MSSs	100%	60%
Responsible recruitment policy other / web	100%	60%
Responsible recruitment KPIs	100%	60%

Policy documents & KPIs clearer on website, annual reports & CoPs

R1: sign off for labour agencies sits at Director level and requires full compliance approval prior to being onboarded

S5: does not tolerate the use of any form of forced labour – including prison labour, indentured labour, bonded labour, and any forms of modern slavery or trafficking – anywhere in our own operations and supply chains. We will act to eliminate any form of forced labour from our own operations and supply chains

Employer pays principle

	Retailers	Suppliers
Employer Pays Principle in MSSs	50%	0
Employer Pays Principle: policy, other / web	100%	40%

S1: Workers should not pay recruitment or similar fees to obtain employment. The costs of recruitment should be borne by the employer

R2: It is a policy requirement that all suppliers of food, non-food, and goods and services not for resale - align with the Employer Pays Principle

Remedy

	Retailers	Suppliers
Remedy for victims / direct in MSSs	75%	40%
Remedy for victims / third party – other	100%	60%

R2: Within our full year 2022/23 we have supported suppliers in Thailand and Malaysia to reimburse and cover costs for workers of a total of USD 442,672 through our responsible recruitment policy and driven further compliance with the Employer Pays Principle.

S1: survivors of modern slavery and labour exploitation Practical guidance and support is provided through our Survivor Care Standards for Business Handbook

Remedies include compensation for material damages such as medical costs, unpaid wages, legal fees, and loss of earnings. It can also include moral damages such as pain and emotional distress

Weight of consequences / position

	Retailers	Suppliers
Consequences clear / MSS	25%	40%
Consequences / other	75%	20%

R2: Non-compliance with our modern slavery stance may result in the immediate termination of any relationship with ##. In all cases of noncompliance, we may report the matter to the relevant authorities.

R3: Any employment relationships founded on debts between the employee and the employer or recruiter (or any other relevant third party) are strictly prohibited in ## supply chains

In established relationships where there is evidence of recruitment fees, policy or position statements can also reflect support given to rectify the practice. This can include training or working with local suppliers to change the practice.

Positive practices

- ▶ Acknowledged in CEO/CE statement (All retailers)
- ▶ **Labour agencies / brokers**
 - ▶ final sign off for labour agencies sits at Director level, requires full compliance approval prior to being onboarded
 - ▶ Interrogating the labour brokers / recruitment agencies about their business operations and management practices. Also, on what they thought the biggest threats to their business models were in terms of labour exploitation and modern slavery.
- ▶ **Identifying / mitigating risk**
 - ▶ Predicting labour shortages & dedicated risk assessments
 - ▶ Fees paid up front by the Retailer
 - ▶ Using a limited number of selected providers
 - ▶ Worker focussed approach / Bangladesh, China, India and Turkey. Early identification of labour shortages & recruitment drives



Positive practices

▶ Stakeholder engagement & training

- ▶ Internal teams, site champions & trade union reps
- ▶ Multiple platforms, portals, forums & guidance

▶ Graded / traffic light response according to risk

▶ Scale & scope

- ▶ Predominantly Tier one & key supply chains
- ▶ Expanding into new areas, geographies & industries

Focused on areas of greatest risk presented through our data, Responsible Sourcing has three response mechanisms based on risk. If an in-scope location is deemed to be:

- **High risk** sites would be expected to provide an audit (less than 12 months old) with any findings closed out in-line with the specified time frame. Failure to do so would result in a breach of our Standards for Suppliers, and potentially reduction or termination of business.
- **Medium risk** sites are expected to engage with our toolkits and resources provided through the Asda Supplier website to improve their management practices, further reduce their risk scores and drive continuous improvement.
- **Low risk** sites may be requested to provide best practice and partner with other Asda suppliers to improve global supply chains for the better.



Reflection or questions



Areas needing improvement

▶ **Transparency of RR & EPP**

- ▶ Where available, embedded in overall HRDD policy – found more detail in ESG & annual reports
- ▶ Good stand-alone policies on forced labour that includes RR/EPP - with full explanation
- ▶ Referenced in CoC Not in public domain

▶ **Key Performance Indicators**

- ▶ Entry level, forward looking & proactive
- ▶ Long term strategy & planning

▶ **Remedy practice**

- ▶ Deferred remedy via legal system, initiatives and/or consultation with those affected
 - ▶ Help lines & Apps - little evidence on effectiveness
 - ▶ Use of collective leverage – assumed by evidence of collaborative platforms/providers
 - ▶ Scale of current risk and potential for increased risk
- ▶ Clear consequences (Work with you to rectify, No further business, legal)

Policy example (R1)

Abide by the Employer Pays Principle. No worker (including migrant workers) should pay for a job (based on the ILO definition of recruitment fees) the costs of recruitment should be borne by the employer.

Migrant workers shall not be required to pay for their employment and should be provided with an understandable and accurate contract in their native language prior to travel from their home country.

Suppliers are expected to hold agents and labour agents to the same standards, allow workers freedom of movement without undue restrictions and comply with all applicable laws, regulations, agreements and industry requirements.

Costs and fees associated with recruitment, travel and processing of migrant workers from their home community to the workplace, including through to return when the relocation is not permanent, shall be covered by the employer.

Suppliers should have policy, plans, evidence of practice, remedy on outstanding debt, identified occurrence and move to a responsible recruitment model in which the full cost of recruitment is borne by the employer. If any fees are identified during the period of moving to a responsible recruitment model, these could be repaid collectively by relevant labour supply chain partners

Identification & leverage (R2)

UK Seasonal Workers (response to visa scheme) in order to fulfil the seasonal need for labour identified as high risk particularly through recruitment fees, discrimination, and poor accommodation standards, among other forms of labour abuses.

The design of the government scheme is not aligned with the Employer Pays Principle, due to the requirement for workers to cover costs for their own visas and travel.

- Co-funded the development of a Seasonal Worker-specific module of the Just Good Work App, providing free and independent advice and resources to potential recruits.
- Responded to calls for evidence to government bodies on the human rights challenges of UK labour shortages and visa schemes.
- Delivered a webinar for growers to better understand challenges and responses.
- Launched a grower survey on how seasonal labour is used in our supply chain and analysed this data to better understand our connection to potentially vulnerable workforces.
- Co-funded multi-stakeholder roundtables to bring together growers, labour providers, retailers and NGOs to align on root causes and solution opportunities.
- Participated in the independent review of the UK Seasonal Worker Scheme

Pre-qualification & planning (S1)

Before a labour provider starts working with us, they must complete and sign ## Agreement, in which the following data is collected: data from both companies, services provided, applicable local and national legislation, training, payment, health and safety, hours, transport, accommodation, obligations and rights of workers, as well as commitments to comply with the Group's standards.

- A section regarding modern slavery was included in the agreement - ensuring that agencies include a policy in which they establish controls, training and mechanisms to avoid and prevent modern slavery.
 - This allows us to associate a labour exploitation risk score to agencies and supports business units to choose those with least risk.
- the Responsible Use of Labour Providers policy was developed to outline the due diligence which must be carried out before and during the use of labour providers.
 - The purpose of this is to have a documented and structured labour provider management procedure to ensure that all labour providers are fully risk assessed to identify potential risks of labour exploitation or breaches of company standards and commitments.
- The use of external labour providers is structured by three categories: programmed, contingency and emergency. This allows greater control over the assessment of labour providers in order to use those with the lowest risk on modern slavery and have improved planning processes for audits during peak season



Discussion

What are the internal challenges to developing long term & forward-looking modern slavery indicators?

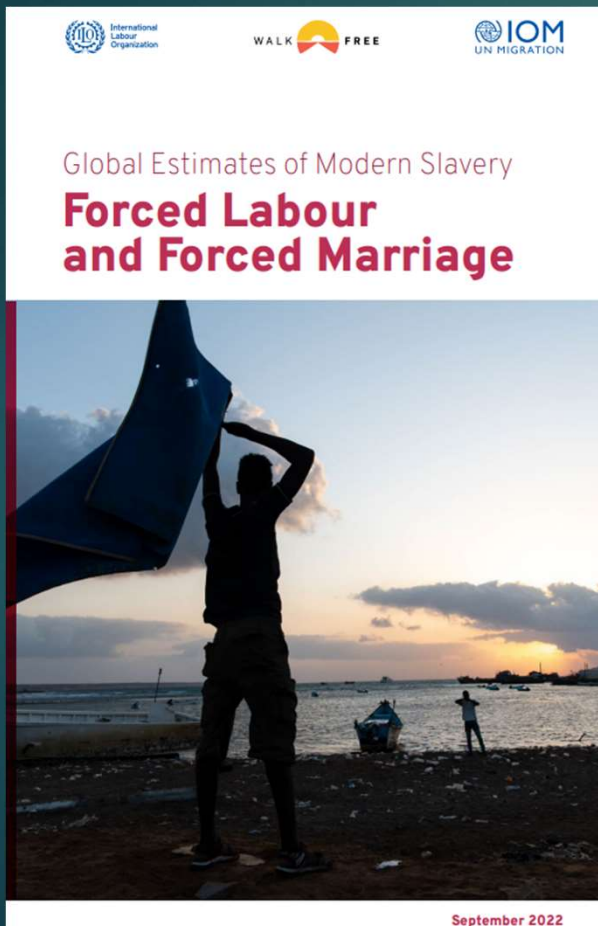
Thinking about reactive & pro-active scenarios what could be done to bring balance?

Horizon scanning

Policy & enforcement

- Call to merge three major enforcement bodies: the Gangmasters and Labour Abuse Authority, the Employment Agency Standards Authority and the National Minimum Wage Unit at HM Revenue and Customs
- Procurement Bill, Illegal Migration Bill and Seasonal Workers Visa bill all link to or reference modern slavery
- the Modern Slavery (Amendment) Bill was introduced into the House of Lords, proposing a criminal offence for the supply of a false modern slavery statement.
- Campaign for mandatory due diligence legislation

Horizon scanning



No region of the world is spared from forced labour. Asia and the Pacific is host to more than half of the global total (15.1 million), followed by Europe and Central Asia (4.1 million), Africa (3.8 million), the Americas (3.6 million), and the Arab States (0.9 million).

COVID-19 pandemic – disruption to income increased vulnerability & greater levels of debt potential for risk to escalate

Promote fair and ethical recruitment, to protect workers from abusive and fraudulent practices during the recruitment and placement process.

<https://flbusiness.network/library-publication/>

Recommendations

▶ **KPIs & long-term strategy**

- ▶ Collaborative effort in your sphere of influence - industry, geography & commodity
- ▶ What change do you want to see?
- ▶ What needs to change for the workforce / communities?

▶ Proactive versus reactive (Aligned to KPIs) Regular trend monitoring and horizon scanning

▶ **Joining the dots**

- ▶ ESG / sustainability reporting – add MS, RR to the ‘S’ / Demonstrate similar commitment to MSS & RR
- ▶ Thematic (gender, climate, SDGs etc)
- ▶ Collaborative impact assessments/evaluations on training, leverage, portals & Apps
- ▶ Broaden audience – internal, supply chain, MSIs & community networks
- ▶ Worker focussed approach

Thank you



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