



What can be learnt about enhanced due diligence in high-risk countries for recruitment from the 2024 recruitment pilot in Indonesia?

12TH SEPTEMBER 2024 – 10.00 - 11.00 GMT HRS



Competition Law Statement

“Today we are meeting to discuss a Food Network for Ethical Trade agenda on subject of Enhanced Due Diligence for Recruitment in High-Risk Corridors

We take competition compliance seriously. Whilst discussions can cover matters of interest to our industry, we cannot discuss or exchange sensitive commercial information.

If at any time during this meeting, you think our discussions may be in breach of competition rules, please inform the Chair. The Chair may close the meeting at any time if she believes that discussions are in breach of competition law”

Agenda

Timing	Item
10.00 - 10.05	Competition statement Welcome & Introduction – Louise Nicholls - FNET
10.05 - 10.30	Indonesia Recruitment Pilot for SWS. Why Indonesia and developing Enhanced Due Diligence. What were the lessons learned. Jan-Willem Naerebout - Agri HR
10.30 - 10.50	Enhanced HRDD in High-Risk Countries. How Impactt supported Agri HR in the process and sharing recommendations for Scheme Operators. David Rousseau - Impactt
10.50 - 11.00	Q&A Closing Remarks



FNET and SWS taskforce

Indonesia Recruitment Pilot

12th September 2024

Jan-Willem Naerebout

AGRI-HR

- ✔️ AGRI-HR is one of the Seasonal Worker Scheme (SWS) Operators.
- ✔️ We recruit around 8,000 workers every year.
- ✔️ Head-office based in Hereford with recruitment branches in Kyrgyzstan, Kazakhstan and Bulgaria.
- ✔️ Except for the Indonesian Pilot, AGRI-HR do not use any 3rd parties in the recruitment process.
- ✔️ AGRI-HR is one of three SWS Operators who have completed the Responsible Recruitment Progress Assessment (RRPA) Audit.

Why Indonesia?

- Driven by a risk reduction strategy and customer feedback.
 - The Russian war forced us to close our Russian branch, but we were able to scale up our other branches (KG & KZ) instead.
 - Indonesia gives us another demographic location.
 - Farming customer who had previous experience of Indonesian workers said they would like to see them return.
- The 2022 recruitment in Indonesia (done by another SWS Operator) was rushed and was done on a large scale (over 2,000 people).
- Instead, this is a strategic pilot and small scale (up to 500 workers).

Timeline

- 🌱 March 2023 first meeting with the Indonesian Embassy – London.
- 🌱 Jul – Sept 2023 Agent Selection.
- 🌱 Oct – Dec 2023 Agent Due Diligence, contracts & agreements.
- 🌱 Jan – Mar 2024 AGRI-HR Indonesian Web Application Form.
- 🌱 Jan – Mar 2024 Promotional activities in Indonesia.
- 🌱 March 2024 – presentations to taskforce, retailers, GLAA, Home Office and DEFRA.
- 🌱 Mar – May 2024 Recruitment started (using the AGRI-HR process).

Timeline

- 🌱 May 2024 first workers arrive in the UK from Indonesia.
- 🌱 June 2024 – signal from Andy Hall claiming fees were paid to a 3rd party called FORKOM. Recruitment halted immediately and AGRI-HR asked GLAA for help in investigating these claims.
- 🌱 June onwards 3 investigations:
 - 🌱 AGRI-HR – now completed.
 - 🌱 GLAA – nearing completion.
 - 🌱 Indonesian Authorities – ongoing.
- 🌱 August 2024 last planned Indonesian workers arrive in the UK. Total 156 people.

Press

- 🌿 Guardian Newspaper.
- 🌿 BBC World News - Indonesia (On-line).
- 🌿 Horticultural Weekly.
- 🌿 Fresh Produce Journal.
- 🌿 Al Jazeera.

- 🌿 Not aware of any further media?

Latest Update:

- ✔ GLAA – Investigation nearing completion and is predominantly focussing on PT Mardel's licence (rather than other parties).
- ✔ Indonesian Embassy – worker interviews completed and PT Mardel & Forkom were summoned to a meeting with the Ministry of Manpower and Ministry of Foreign Affairs (Monday 5th August 2024).
- ✔ AGRI-HR – face-to-face worker interviews completed in July.
- ✔ AGRI-HR have appointed legal representation in Indonesia (as a precautionary measure).

Latest Update (cont.):

- ✔ PT Mardel paid for the VISA and flights for the majority of workers. The workers advanced a sum to cover the estimated cost of travel. Where the actual cost of travel has been less than the estimated cost, some workers are entitled to have the difference refunded. The AGRI-HR Compliance Manager is 2/3 through reconciling and coordinating all refunds. Some workers still need a refund.
- ✔ AGRI-HR have formally requested to the authorities a recruitment pathway without the involvement of an Indonesian 3rd party. If this is approved (legislation change), AGRI-HR would create an opening for return workers and a limited number of their friends & family.

Findings:

- ✔ Face-to-face worker interviews with AGRI-HR:
 - ✔ Confirmed that some workers (and applicants) have paid illegal work finding fees to a 3rd party named ForKom.
 - ✔ Confirmed that PT Mardel have not them charged work finding fees.
 - ✔ Confirmed that PT Mardel have refunded some but not all workers the difference between actual and estimated cost of travel. (This work is ongoing and managed by AGRI-HR's Compliance Manager).
 - ✔ Confirmed there is a connection between PT Mardel & ForKom but no evidence to what the arrangements are between them.

Findings (cont.):

- ✔ Face-to-face worker interviews with AGRI-HR:
 - ✔ Confirmed that people don't want to speak out about Forkom as they fear the recruitment pathway from Indonesia will be closed permanently.
 - ✔ Confirmed ForKom charges a membership fee of Rp1,500,000 (£75) for people who joined recently.
 - ✔ Confirmed they do not feel threatened, in any way, by ForKom or any other party.

Learnings:

- ✔ Please note these learnings maybe AGRI-HR specific.
- ✔ Engaging with the country's embassies & labour authorities before a recruitment pathway is established is very beneficial.
 - ✔ *AGRI-HR has received great support from Embassies, also when things go wrong.*
- ✔ Ensure all agreements / contracts are notarised and legalised.
 - ✔ *This enables enforcement outside the UK and in source countries.*
- ✔ Engage a wide range of stakeholders.
 - ✔ *AGRI-HR has felt supported by the taskforce members, retailers and some NGO's in establishing new recruitment pathways.*

Learnings (cont.):

- 🌱 Please note these learnings maybe AGRI-HR specific.
- 🌱 The application process for a VISA with UKVI includes setting up a profile with an email address. The same email address is then used for future applications.
 - 🌱 *Return workers could be disadvantaged if they cannot access their profile.*
- 🌱 Payment of flights for the workers have additional (unintended) consequences for the workers.
 - 🌱 *Messy financials / travel cost could increase for the worker / control of (return) ticket.*

Learnings (cont.):

- ✔ Please note these learnings maybe AGRI-HR specific.
- ✔ AGRI-HR will no longer use 3rd party agencies in its recruitment process.
 - ✔ *Longer chains will increase risk of poor recruitment practices.*
- ✔ Face-to-face worker interviews to verify the recruitment pathway
 - ✔ *Our experience is that this was the strongest tool.*
- ✔ Audit the recruitment pathway.
 - ✔ *RRPA has added real value to the existing AGRI-HR recruitment pathways and AGRI-HR is committed to have a second audit soon.*

Thank you



Enhanced HRDD in High-Risk Countries

12th September 2024



Project Objectives



Agri-HR, along with several UK-based retailers whose suppliers are now employing the workers commissioned Impactt to carry out a hybrid remote/onsite assessment to:

- Investigate the allegations
- Map out the different actors involved in PT Mardel's recruitment activities.
- Understand what fees are being paid by workers, to whom, and for what purpose.
- Advise Agri-HR on what actions it can take to prevent, mitigate and, if necessary, remediate fee payment in its current and future recruitment drive

Methodology



The assessment was comprised of the following key activities:

Data Gathering:

- Reviewed documents from PT Mardel: placement agreements, contracts, and job orders.
- Collected evidence from third-party informants.

Onsite Assessment:

- Visited PT Mardel for job candidate interviews, document review, and management interviews.

Additional Interviews:

- Conducted remote interviews with candidates in Indonesia.
- Conducted in-person interviews with workers in the UK.



Findings Summary



As mentioned by Agri-HR, key findings included:

- **Recruitment Costs:** Workers paid excessive fees to PT Mardel.
- **Illegal Fees:** Workers paid illegal fees, including a "deposit processing fee."
- **Third-Party Payments:** Workers paid fees to third parties (ForKom).
- **Threats:** Terminated workers faced threats from individuals in Indonesia.
- **Document Retention:** The recruitment agency withheld worker documents.



Additional Activities



Following the completion of the assessment, Impactt:

- Submitted a report to Agri-HR and contributing retailers outlining findings and recommendations for:
 - **For Agri-HR:** To safeguard current workers and enhance due diligence on future recruitments.
 - **For Scheme Operators:** To mitigate risks associated with sourcing from high-risk countries.
 - **For SWS task force and Retailers:** To safeguard SWS workers in the UK, address systemic risks in SWS, and advocate for legislative changes to protect migrant workers.
- Participated in meetings with Agri-HR, retailers, and SWS workstream members to discuss implementation of these recommendations.

Recommendations



Recommendations for Labour Providers



1. Evaluate Recruitment Risks in Source Countries

- Scheme operators should carefully assess risks in high-risk countries before sourcing candidates, using clear criteria to avoid areas with a high potential for exploitation.

2. Strengthen Due Diligence on Recruitment Agencies

- Conduct enhanced due diligence on in-country recruitment agencies, including pre- and post-recruitment assessments and collaborating with local worker advocacy groups to verify practices.

3. Develop Direct Recruitment Channels

- Where possible, scheme operators should establish direct recruitment channels to reduce reliance on third-party agencies and better manage the recruitment process.

4. Communicate Clearly on Recruitment Costs

- Ensure transparency about recruitment costs and provide clear communication throughout the process to protect workers from hidden fees.

Recommendations for Retailers



1. Set Clear Expectations for Growers/Suppliers

- Communicate clear and detailed expectations regarding responsible recruitment practices to all suppliers.

2. Require Grower/Supplier Reporting

- Mandate that suppliers provide regular reports on their recruitment agencies and due diligence processes.

3. Ensure Independent Grievance Mechanisms

- Confirm that suppliers offer independent, third-party grievance channels accessible to workers.

4. Promote Industry Collaboration

- Encourage suppliers to actively participate in industry-wide responsible recruitment initiatives.

5. Facilitate Training and Capacity Building

- Support suppliers by providing training and resources on best practices for responsible recruitment.

Recommendations for Growers/Suppliers

1. Commitment to Ethical Recruitment Standards

- Adopt the Employer Pays Principle (EPP) and ILO standards on recruitment fees and related costs, while deepening engagement in labour source countries.

2. Transparent and Open Tender Process

- Implement an open and transparent tender process for recruitment agencies, allowing all legitimate agencies to apply, including re-applications for existing contracts.

3. Detailed Tender Submissions

- Require agencies to submit detailed tenders, including information on policies, business structure, use of sub-agents, procedures to prevent illicit sub-agents, and a comprehensive cost breakdown, including profit margins.

4. Engage with Stakeholders on Recruitment Costs

- Use tender information to engage buyers and other stakeholders in discussions on the true cost of ethical recruitment and its implications on sales prices.

Recommendations for Growers/Suppliers



5. Conduct Agency Due Diligence

- Carry out thorough due diligence on shortlisted agencies, including office audits and candidate interviews, supported by third-party experts if necessary. Follow up with corrective action plans (CAPs).

6. Capacity Building and Mentorship

- Support agencies in implementing CAPs through transparent collaboration and capacity building, using third-party experts where appropriate.

7. Signed Agreements with Strict Clauses

- Sign Service Level Agreements (SLAs) with selected agencies, including requirements for running awareness sessions on recruitment transparency, holding security deposits to reimburse workers, and ensuring access to confidential hotlines.

8. Continuous Monitoring and Improvement

- Increase due diligence rights by conducting third-party interviews with workers during recruitment and within the first three months of employment to verify compliance. Set up regular lessons learned sessions to address challenges and drive continuous improvement.

Q&A





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Closing Remarks – Louise Nicholls

