



Human  
Rights



AIMprogress

# Guidance on the Repayment of Worker-paid Recruitment Fees and Other Related Costs

Dynamic Draft Developed  
by the **Human Rights  
Coalition – Working  
to End Forced Labour  
and AIM-Progress**

[www.tcgfsocial.com](http://www.tcgfsocial.com)

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A large industrial factory interior with overhead cranes and workers. The scene is lit with bright overhead lights, creating a high-contrast environment. A yellow forklift is visible in the foreground, and a worker is seen on a metal platform in the background. The ceiling features a complex network of steel beams and pipes. A large crane beam is labeled '8.0 t'.

## About the Human Rights Coalition – Working to End Forced Labour

The CGF Human Rights Coalition – Working to End Forced Labour (HRC) is a CEO-led Coalition of Action from The Consumer Goods Forum. As an initiative of 30 of the world's largest consumer goods companies, the HRC is committed to helping achieve fair and decent working conditions worldwide by eradicating forced labour from its supply chains. The work of the HRC continues the CGF's long history of engagement on the issue of forced labour within consumer goods supply chains by building on the CGF's Social Resolution on Forced Labour, the first of its kind in the industry; its Priority Industry Principles, and ongoing relationships with key stakeholders in the industry. For more information about the HRC, visit [www.tcgfsocial.com](http://www.tcgfsocial.com).

## About AIM-Progress

AIM-PROGRESS is a global initiative of fast-moving consumer goods manufacturers and their common suppliers, joining forces to drive positive change in their supply chains. AIM-Progress works in a pre-competitive environment with 45+ members from a diverse set of international brands and suppliers linked through the commonality of their supply chains. AIM-PROGRESS's mission is to positively impact people's lives and ensure respect for human rights, while delivering value to our members and their supply chains. This is done across four areas: human rights priorities and respective Working Groups, the Regional Hubs, Mutual Recognition work stream to create synergies in approaches, and the Capability Building work stream to equip our members with knowledge and ability to execute strong responsible and sustainable sourcing programmes.





# Introduction

The member companies of The Consumer Goods Forum (CGF) Human Rights Coalition – Working to End Forced Labour (HRC) and AIM-Progress are committed to collective action to address risks of forced labour in global supply chains. Five years ago, the CGF launched the Priority Industry Principles on Forced Labour, which identify the three most common, yet problematic, employment practices which can lead to cases of forced labour. The Priority Industry Principles state:

- Every worker should have freedom of movement.
- No worker should pay for a job.
- No worker should be indebted or coerced to work.

The HRC and AIM-Progress have developed this “Guidance on the Repayment of Worker-Paid Recruitment Fees and Related Costs” to establish good practices to support businesses in addressing fees, specifically as members work to apply the Priority Industry Principles. Together, the HRC and AIM-Progress believe this practical tool can facilitate more coherence, action and positive impact for workers around the world. This Guidance draws heavily from existing insights, notably Impactt’s [Principles and Guidelines for the Repayment of Migrant Worker recruitment Fees and Related Costs](#), and practical experience of a range of member companies.

The focus of this Guidance is the repayment of recruitment fees and related costs – one critical remedy for workers. Broader engagement to address the root causes of unethical recruitment, improve how companies manage recruitment processes and controls, and prevent fees in the first place are needed in parallel. These other engagements are additional areas of focus for the HRC.

Forced labour is any work or service that is exacted from a person under the threat of penalty, and for which that person has not offered themselves voluntarily.<sup>2</sup> Forced labour may take different forms, such as those described by the International Labour Organization (ILO): “Penalties may include imprisonment, the threat or use of physical violence and preventing a worker from moving freely outside the work site. Threats also may be more subtle such as threats to harm a victim’s family; threats to denounce an illegal worker to the authorities; or withholding wages to compel a worker to stay in hopes of eventually being paid.”<sup>3</sup> Determining whether work is performed voluntarily involves looking at external and indirect pressures.

## Estimates on Forced Labour

Latest global estimates found that cases of modern slavery have increased 25% during the last five years with more than 17 million people in forced labour exploitation in the private sector.<sup>1</sup> Within the private economy, migrant workers are more vulnerable to exploitative fees and debt and often face fewer legal protections, poorly governed migration pathways, and unfair recruitment practices.

One-fifth of people in forced labour exploitation are in situations of debt bondage.<sup>4</sup> According to the ILO, “debt bondage exists when labourers (sometimes with their families) are forced to work for an employer in order to pay off their own debts or those they have inherited.”<sup>5</sup>

Debt bondage may occur as a result of recruitment fees charged to workers by agents, brokers, or other public and private actors. Often, workers take out loans with high interest rates to pay recruitment fees. Debt bondage is an indicator of forced labour and may result in workers being unable to freely leave their employer until the debt is paid. Recruitment fees and costs are a common business model within the recruitment industry in some regions.

Current and emerging legislation requires companies to understand and address risks of forced labour at multiple tiers within their supply chain. For example, US customs laws prohibit importing, “Any product that was mined, produced, or manufactured wholly or in part by forced labour, including forced or indentured child labour.”<sup>6</sup> Similar legislation is being considered in other parts of the world, including the European Commission’s September 2022 proposal to ban products made with forced labour.<sup>7</sup> This Guidance is useful for employers and other entities in the supply chain to strengthen their overall due diligence processes, including remediating fees if they are identified.

### Recruitment Fees and Related Costs

The ILO General Principles and Operational Guidelines for Fair Recruitment provide a definition of “recruitment fees or related costs”, as “any fees or costs incurred in the recruitment process in order for workers to secure employment or placement, regardless of the manner, timing or location of their imposition or collection.”

## About This Guidance

This Guidance is designed to advance the implementation of the Priority Industry Principles through practical steps for companies to address recruitment fees and related costs. The Guidance can help all employers:

1. Repay fees using a step-by-step, industry-aligned good practice approach;
2. And improve recruitment systems and controls moving forward.

The Guidance has been elaborated through several rounds of consultation with a number of HRC and AIM-Progress member companies. The Guidance has been informed by and broadly aligned in collaboration with Impactt, a business and human rights consultancy whose **Principles and Guidelines for the Repayment of Migrant Worker recruitment Fees and Related Costs** formed the basis for this approach.

Aligned with the **UN Guiding Principles on Business and Human Rights** and the **Dhaka Principles for Migration with Dignity**, this Guidance is grounded in the Employer Pays Principle which states that the costs of recruitment should be borne not by the worker but by the employer.

As leading global consumer goods companies, HRC and AIM-Progress members are able to drive action against forced labour and are committed to acting in this role with transparency. However, businesses cannot put an end to forced labour alone. Everyone has a role to play, and therefore cooperation and collaboration among all actors and stakeholders is key to make significant and sustainable progress on the issue of worker-paid fees. The HRC and AIM-Progress invite all relevant actors from different sectors to use this Guidance as a tool to strengthen their human rights due diligence (HRDD) and to advance responsible recruitment.

## About Recruitment Fees and Related Costs

This Guidance uses the ILO’s definition of recruitment fees and related costs. The terms “recruitment fees and related costs” refer to “any fees or costs incurred in the recruitment process in order for workers to secure employment or placement, regardless of the manner, timing or location of their imposition or collection.”<sup>8</sup> These include irregular fees paid by workers. Recruitment fees “may be one-time or recurring and cover recruiting, referral and placement services which could



include advertising, disseminating information, arranging interviews, submitting documents for government clearances, confirming credentials, organizing travel and transportation, and placement into employment.”<sup>9</sup> Related costs “are expenses integral to recruitment and placement within or across national borders, taking into account that the widest set of related costs are incurred for international recruitment. These costs [...] may apply to both national and international recruitment.”<sup>10</sup> According to the ILO, “Recruitment fees or related costs should not be collected from workers by an employer, their subsidiaries, labour recruiters or other third parties, such as government officials, providing related services. Fees or related costs should not be collected directly or indirectly, such as through deductions from wages and benefits.”<sup>11</sup> For the purpose of this Guidance, ‘recruitment fees’ should be understood to include both fees and related costs.

The image below shows the various recruitment fees and related costs. Related costs are expenses integral to recruitment and placement within or across national borders, noting that the highest related costs are usually incurred for international recruitment. Recruitment fees and related costs include but are not limited to:

**Image 1. Definitions and Examples of Recruitment Fees and Related Costs**

Recruitment Fees	Related Costs
<ul style="list-style-type: none"> <li>• <b>Direct recruitment by employer</b></li> <li>• <b>Recruitment services offered by labour recruiters or third parties</b></li> </ul> <p><i>These fees are:</i></p> <ul style="list-style-type: none"> <li>• <i>Initiated by an employer, labour recruiter or an agent</i></li> <li>• <i>Required to secure access to employment</i></li> <li>• <i>Imposed during the recruitment process</i></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Medical</b> <i>E.g. examinations, vaccines, tests</i></li> <li>• <b>Insurance</b> <i>E.g. life, H&amp;S, welfare funds</i></li> <li>• <b>Skills and Qualifications</b> <i>E.g. verify lanugage</i></li> <li>• <b>Training and Orientation</b> <i>E.g. job orientation</i></li> <li>• <b>Equipment</b> <i>E.g. tools, uniform, safety gear</i></li> <li>• <b>Travel and Lodging</b> <i>E.g. travel, lodging, and subsistence</i></li> <li>• <b>Administrative</b> <i>E.g. application and service fees</i></li> <li>• <b>Personal Documents</b> <i>E.g. passport, work permit</i></li> </ul>

## Who Should Use This Guidance?

This Guidance is for all employers. Whether you are a retailer or a manufacturer, a buyer or a supplier, a small or medium enterprise, this guidance can support you when having to take steps towards addressing and repaying worker-paid fees. If your operations or business relations are connected to labour markets where recruitment fees are a common practice or have been

identified – and especially if you employ people who could be vulnerable to forced labour risks stemming from inadequate recruitment practices – this Guidance is for you. Use it to understand what steps to take towards addressing and repaying worker-paid fees.

## Why Is This Guidance Important?

When recruitment fee-related issues are identified, it can be challenging for employers to know what to do next. It is important for employers to have clear guidance for the process of remediating payment of recruitment fees and related costs. This Guidance provides an aligned starting point for action to help employers:

1. Prevent and mitigate the risk of worker-paid recruitment fees when they are being recruited directly or via labour agencies or intermediaries;
2. Identify if recruitment fees have been paid; and
3. Provide remediation to workers who have paid recruitment fees and related costs.

## Why is Repayment Important?

Repayment of worker-paid recruitment fees is necessary and important because:

Repayment matters to workers:

- It can end debt bondage: Payment of recruitment fees can leave workers in situations of debt bondage, a form of forced labour in which a person's labour is demanded as means of repaying a loan, trapping the individual into working for little or no pay until the debt is repaid.
- It can end harassment: Workers trapped by debt face increased risk of exploitation and harassment, as individuals in debt are less able to bargain for better pay or working conditions or to assert their rights.
- It can increase remittances and savings: Debts can also erode workers' income, savings potential, and asset accumulation, leaving workers financially vulnerable where they are less resilient to shocks, health crises, or climate related disasters. Heavy indebtedness can seriously impact the value of remittances sent back home, as well as the capacity of workers to substantially participate in the economy of the host country, with negative consequences for families and local economies in both the country of origin and destination.<sup>12</sup>
- It can improve health and wellbeing: The mental and physical health, wellbeing, and safety of workers can be negatively impacted if they feel compelled to take on excessive overtime to repay debt.

There is a business case for repaying recruitment fees:

- You can put corporate values into practice: In today's business world, corporate responsibility values should align with the respect of human rights.
- You can align with evolving regulatory frameworks: Recent and upcoming regulatory trends towards mandatory human rights due diligence will require companies to set robust systems to prevent and address forced labour. Furthermore, US and EU trade legislations have included a focus on slavery-free goods.
- You can avoid financial consequences: Imposed company-level import bans can cause a significant loss in productivity, exportability, and, ultimately, harm the company's reputation.
- You can avoid potential civil and/or criminal liability: Recruitment fees paid by workers can



be linked to debt bondage, human trafficking, and forced labour, which constitute criminal activity in most countries around the world.

- Companies found involved or complicit in such activities could face prosecution, resulting in criminal or civil sanctions. For example, under the United States’ Trafficking Victims Protection Act (TVPA), companies connected to forced labour in certain instances could be criminally or civilly liable.
- Directly or indirectly benefiting from businesses involved in crimes such as modern slavery, trafficking and force labour may give rise to criminal, civil and regulatory liability.<sup>13</sup>
- You can enhance productivity: Adopting responsible recruitment practices can reduce turnover rates and reduce long-term hiring costs as well as enhancing productivity.
- You can maintain a social licence to operate: Proactive engagement, due diligence, and transparency around potential fee-charging can also be critical to preserve a business’ social licence to operate and will strengthen the credibility of the company with all stakeholders involved.
- You can meet shareholder expectations: Investors and shareholders are increasingly scrutinising companies they invest in as part of their due diligence process.

## How to Use This Guidance

This Guidance includes seven steps to understand recruitment fees, identify worker-paid recruitment fees, and help ensure an adequate and transparent repayment process. The Guidance focuses on the repayment of recruitment fees and related costs only. It does not cover the remediation of any of the ILO’s other forced labour indicators. Anyone making use of this Guidance should be aware there are other dimensions of remediation that also need to be considered in their human rights due diligence. **This Guidance constitutes neither a standard nor legal advice.**

In implementing this Guidance, we encourage all employers to engage with a credible, independent third-party to ensure impartiality, reliability, and credibility of the repayment process, and to ensure that the issue has been fairly remediated, within a reasonable timeline.

### Key Terms

- **Worker:** Should be understood as a broad term covering all workers, without being limited exclusively to directly employed workers. It includes full-time or part-time workers, local or migrant workers, among others.
- **Assessor:** Refers to the independent third party who supports understanding worker-paid fees at a site and advising on repayment process. Good practice is to use a qualified and specially appointed independent third party.
- **Verifier:** Refers to the independent third party that you engage to verify that the payments have been made to the workers. *Annex I* for an extended list of full definitions.
- **Own Operations:** Defined as the company itself, the entities it owns, the entities in which it holds a majority of voting shares and the facilities it manages. Contractors, sub-contractors or agencies supplying a company with labour or services in facilities that the company directly manages should also implement similar employment practices so as to mitigate the risks of forced labour.

*See Annex I for an extended list of definitions*

# Remediation Guidance Overview

Steps	Actions
<p><b>1</b> Commit to remediating recruitment fees</p>	<p>Establish a policy commitment on responsible recruitment, detailing the process and timeline to be implemented. All employers should adopt such a policy. <i>Timeline: Within a period of 3 months</i></p> <p>When the issue is first discovered or reported:</p> <ul style="list-style-type: none"> <li>• Create a time-bound Remediation Plan. <i>Timeline: Within 4 – 6 weeks since the issue is first discovered</i></li> <li>• Implement preventive measures, including strong human rights due diligence, to address the root cause of the issue.</li> </ul>
<p><b>2</b> Investigate recruitment fees and costs paid by workers</p>	<p>Commission an independent assessment<sup>14</sup> to understand which workers have paid fees and the amount paid, <i>possible within a maximum period of 6-8 weeks.</i></p> <p>This should include specific data on:</p> <ul style="list-style-type: none"> <li>• Fees paid by different worker nationalities or other sub-groups (e.g., data could differ by source or destination country, migration corridor, job description, gender, or other)</li> <li>• Type of fees and costs paid or due, including interest.</li> </ul> <p>The Guidance provides<sup>15</sup> elements on how to select a credible Assessor, ensure adequate data collection, and ensure confidentiality.</p> <p>Confidential Workers' Interviews are a key part of the investigation:</p> <ul style="list-style-type: none"> <li>• Minimum recommendation: 40-45% of the workforce interviewed</li> <li>• Best Practice: 100% of the workforce interviewed.</li> <li>• Ensure interviews are carried out in workers' own language and consider having a diverse range of interview techniques</li> </ul>
<p><b>3</b> Understand who is eligible for repayment</p>	<p>All workers that are employed or were actively employed on the date the issue was first discovered are eligible for repayment. Guidance provides specific elements on how to address the cases of subcontracted workers and the repayment period.</p>
<p><b>4</b> Calculate the repayment amount</p>	<p>Define the repayment amount by considering:</p> <ul style="list-style-type: none"> <li>• Average (mean or median) fees paid per nationality or another relevant group, including interest, and removed.</li> <li>• Historic and current currency exchange rates to ensure the value repaid is valid and accurate.</li> <li>• Inflation since the fee was paid to ensure the value repaid is accurate.</li> <li>• If relevant, include interest from loans taken to cover costs of recruitment.</li> <li>• Bank fees and tax implications should be taken to make sure they are covered by the repayment.</li> </ul> <p>Consultation with workers or their representatives, as well as other stakeholders (NGOs, industry associations, etc.) should be conducted to ensure the calculation is accurate and the result is fair.</p>
<p><b>5</b> Timeline of repayment</p>	<p>Define timeline for fee repayment to the workers ensuring the workers are paid back as soon as possible.</p> <p>Define how repayment will be made.</p> <ul style="list-style-type: none"> <li>• Minimum recommendation: Equal instalments (as per repayment schedule) over a maximum of 6 months</li> <li>• Best practice: Lump sum payment.</li> </ul> <p>Guarantees of job security and protection from any type of retaliation should be provided to workers during the repayment period:</p> <ul style="list-style-type: none"> <li>• All workers should remain free to leave their job.</li> <li>• No worker should be penalised from raising the issue of recruitment fees or receiving a repayment.</li> <li>• All workers should have access to an effective grievance channel during the remediation process.</li> </ul>
<p><b>6</b> Engage and communicate with workers</p>	<p>Communication and consultation should be consistent throughout the entirety of the remediation process. Workers should be consulted at different stages about the calculation method, repayment amount, as well as the timeline.</p> <p>Inform and consult affected workers, verbally and in writing, about payment amount and conditions, and appeals mechanisms, in their own language</p> <p>After payment is made, each worker should receive a payslip which shows the repayment amount, including interest, subject to income tax or other charges</p>
<p><b>7</b> Verify payment</p>	<p>Verify, through worker interviews, management interviews and document review, that all workers have received their repayment. It is to follow-up and check-in with workers an additional 3-6 months later</p> <p>In case of a longer timeframe, regular communication, and updates on the status of the repayment should be provided.</p>



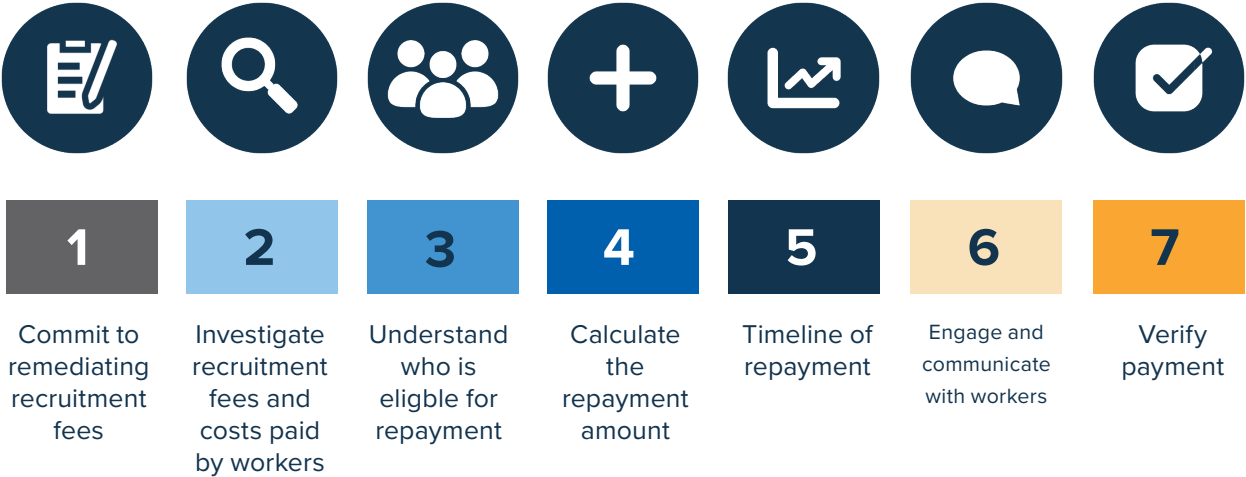


	Actors	Key Point(s)
<p>Plans for remediation plans to be set up and implemented <i>as soon as the issue was identified</i></p>	Employer	Senior management should be actively involved in the process and approve the policy commitment and remediation plan
<p>Address the root causes of worker-paid fees and how much they have paid. <i>Timeline: As soon as possible</i></p>	Employer and Assessor	Provide all the necessary information to the Assessor and ensure workers are available for the interview process
<p>Sampling based on recruitment year, recruitment agents in the field, and triangulation.</p> <p>Use a diverse interview team trained in sensitive interviewing</p>		
<p>Workers discovered or reported are eligible for repayment. The Assessor should interview current workers and former workers or workers who leave during the process.</p>	Assessor	Employers should provide any relevant data and information required to identify eligibility for repayment
<p>Any outliers (very high or low numbers) should be investigated to ensure the calculation is fair.</p> <p>Engage with the employer.</p> <p>Use independent experts) will help verify the calculation</p>	Assessor	Agree with Senior Management and, where appropriate, customers engaged in this process, on the proposed calculation and resulting repayment amount
<p>Repayment should be made as soon as possible.</p> <p>Maximum period of 6 months.</p> <p>Ensure workers are available for repayment.</p> <p>Ensure the verification process.</p>	Employer	Senior Management should ensure payments are made in a timely manner – aiming for a 2-month window, and providing rationale if a longer timeline is required. It is not recommended that the timeline extends beyond a maximum duration of 6 months
<p>Ensure the communication process. Workers should be informed and engaged throughout the procedure and timeline</p> <p>Ensure the calculation method, protocol, timeline, and grievance process are clear</p> <p>Ensure the repayment amount as a separate item clearly labelled and not bundled with other items</p>	Employer's Human Resources or Operations team	Human Resources or Operations teams should develop and implement a communication plan. All communications should be made prior to the first payment. Management should make the calculation in consultation with workers and make it available to them
<p>Ensure repayments have been made correctly. Best practice is to have a third-party verifier</p> <p>Ensure the repayment amount should be a part of the verification process</p>	Third-party Verifier	Ensure workers availability for the interview process and provide any support needed during the verification

# Repayment of Fees, Step-by-Step

This Guidance is made of the seven steps listed below. For each step, this document explains the rationale and outlines practical steps to understand and remediate recruitment fees fairly and transparently.

<b>Step 1</b>	<b>Commit to remediating recruitment fees</b>
<b>Step 2</b>	<b>Investigate recruitment fees and costs paid by workers</b>
<b>Step 3</b>	<b>Understand who is eligible for repayment</b>
<b>Step 4</b>	<b>Calculate the repayment amount</b>
<b>Step 5</b>	<b>Timeline of repayment</b>
<b>Step 6</b>	<b>Engage and communicate with workers</b>
<b>Step 7</b>	<b>Verify payment</b>



Before getting started, the employer should assemble a cross-functional leadership team. This team may include the General Manager, Plant Manager, Human Resource Manager, Finance Manager, Procurement Manager, Legal Counsel, Human Rights/Ethical Sourcing Manager, Key Account Representative, and/or any other person who is involved in recruitment or may be involved in the decision-making process necessary to ensure repayment. Informing them about the issue and securing their support is a key factor for success in achieving fair and transparent repayment.





<b>Step 1</b>	<b>Commit to remediating recruitment fees</b>
<b>Goal:</b> An action plan to describe how to remediate worker-paid recruitment fees is developed	

When recruitment fees are identified:

### Recommended Actions

- Commit to address practices related to fee-charging immediately within your company and recruitment agencies involved.
- Remediate the issue and follow the required steps (as per this Guidance).
- Implement preventive measures to avoid worker-paid fees from happening again – please refer to the “IOM Migrant Workers Guidelines for Employers” (2022) including a responsible recruitment policy
- Draw up a detailed action plan describing how you are going to cover each of the steps outlined in this Guidance, with a clear timeline and allocated persons responsible.
- Adopt measures to ensure that no future fees are paid by workers.
- Ensure that your leadership and/or senior management is involved in and responsible for the process and approval of the responsible recruitment policy and remediation plan.
- When the issue of recruitment fees is raised as a finding in an audit report, provide workers with assurance that they will be remediated. Create a safe environment for the issue to be raised.

### Practices to Avoid

- Do not immediately stop working with labour agencies where workers have been identified as having paid recruitment fees. Any decision to disengage should be made responsibly after exercising leverage to ensure responsible recruitment practices.
- Do not ignore broader signs of forced labour (multiple indicators which include retention of passports, physical or psychological abuse, excessive working hours, failure to pay full wages etc).

## How to Adopt a Responsible Recruitment Policy

Companies are expected to adopt a Responsible Recruitment Policy, which includes a commitment to the Employer Pays Principle as well as a range of responsible recruitment practices.<sup>16</sup> If such a policy is not yet in place, a policy should be adopted within three months of the potential or actual recruitment fees being identified. Specific tools are available to understand the content and process of adopting such policies:

- Stronger Together: [Template for The Employer Pays Policy](#)

- Impactt: **Ethical Recruitment: Translating Policy into Practice (2019)**
- Institute for Human Rights and Business (IHRB): **Six Steps to Responsible Recruitment (2017)**
- International Organisation for Migration (IOM): **Migrant Worker Guidelines for Employers (2022)**

It is best practice to make this commitment publicly available.

Amongst other things, the policy should provide assurances on job security to create a safe space for workers to raise the issue of recruitment fees during audits or through grievance and complaint mechanisms. It is key to ensure that identification of cases will not cause any harm to workers.

All employers are encouraged to include in their policies and guidance the scope of repayment, the timeline, basic requirements of the assessment and repayment process, and means to ensure

all relevant parties are held accountable in the process. Specific contractual clauses can reinforce the employer’s commitment to respect and comply with the responsible recruitment policy.

### What can an employer commit to in a responsible recruitment policy?

*The case of Tesco*

Tesco Group is publicly committed to ensuring recruitment fees are not paid by workers, in order to avoid risks of forced labour, and ensure wages are above the legal minimum and in line with the Ethical Trading Initiative (ETI) Base Code.

Although law permits some fees and costs associated with recruitment, they conflict with a number of international principles that Tesco endorses, including The Consumer’s Goods Forum’s Social Resolution on Forced Labour, and the Employer Pays Principle.

Employers should require that effective controls, such as contracts, are in place throughout the supply chain (including between recruitment agency partners and any intermediaries, e.g. subagents that they use).

### Steps For When Recruitment Fees are Discovered in the Supply Chain

Considering forced labour via debt bondage may occur as a result of recruitment fees, all business actors in the supply chain have to prevent, identify, remedy recruitment fees, and hold each relevant party accountable in the process, as part of their responsibility to

respect human rights.<sup>17</sup> Actions covering supply chain risks may include, among others:

- Developing a responsible recruitment policy that aligns with this Guidance and sets out clear expectations for suppliers on responsible recruitment;
- Implementing adequate HRDD systems in their own operations and their supply chain;
- Conducting specialised trainings and assessments to identify the signs of forced labour, interviews, pulse surveys, focus groups, mobile apps<sup>18</sup> and hotlines, as well as strengthened relations with local communities and trade unions can help companies understand risks in their own operations and extended supply chains;
- Supporting employers in addressing adverse impacts of recruitment fees. Through their policies, contractual instruments, capacity-building activities, and their due diligence to prevent or mitigate recruitment fees; and
- Assessing your company’s own role in actually or potentially causing, contributing, or being directly linked to the adverse risk or impact, to inform your role in remediation and preventing recruitment fees from occurring in the future.

When a company’s due diligence systems lead to the identification of recruitment fees in their



supply chain, in line with the United Nations Guiding Principles on Business and Human Rights, the company holds a responsibility to address the impacts to which they contribute and mitigate those to which they are directly linked.<sup>19</sup> More specifically, “they should provide for or cooperate in their remediation through legitimate processes.”<sup>20</sup> This includes supporting employers in the repayment process, including through joint corrective action plans. Such support may include:

- Supporting the implementation of responsible recruitment management systems and repayment options;
- Additional training, expertise or resources for employers, especially in more challenging and remote migration corridors;
- Working with suppliers to implement improvement plans and help them achieve compliance;
- Prioritising remediation, support root cause analysis to put in place systems to avoid recurrence;
- Upskilling procurement teams and ensure internal alignment on any escalation processes to ensure a timely response; and
- Facilitating or convening discussions with other employers or groups on pre-competitive issues, respecting antitrust law.

**Ultimately, the true cost of recruitment should be factored into the cost of goods and shared across the value chain.**

**How can buyers support remediation when workers in situations of forced labour are found in their suppliers’ operations?**

*The case of Woolworths*

During a routine social compliance audit at a supplier site in Malaysia, foreign migrant workers had paid excessive recruitment fees to a labour agent for their employment, which is an indicator of debt bondage. This indicator was then verified in a subsequent investigative audit. “While our business accounts for a small portion of total supply from this supplier, rather than terminate the supplier relationship, we sought to use our influence to secure remedy for impacted workers and uplift human rights standards.”



<b>Step 2</b>	<b>Investigate recruitment fees and costs paid by workers</b>
<b>Goal:</b> Reliable data on recruitment fees and related costs paid by workers should be gathered	

<p><b>Recommended Actions</b></p> <ul style="list-style-type: none"> <li>• Carry out an assessment to understand the recruitment fees and related costs paid by workers with the support of an experienced and credible Assessor who should conduct confidential interviews to determine the amounts of recruitment fees and related costs paid by workers. The Assessor should be a credible and independent third party who; <ul style="list-style-type: none"> <li>• trains, advises, and guides company personnel; OR</li> <li>• conducts the process from assessment to repayment.</li> </ul> </li> <li>• Ensure the interview process is taking place during work hours, providing the information necessary for the assessment, and ensuring workers are available. Do not schedule interviews during workers' breaks or time off (e.g., holidays or weekends).</li> </ul>
<p><b>Practices to Avoid</b></p> <ul style="list-style-type: none"> <li>• Influence the workers in such a way that they may be reticent to participate or not tell their full story.</li> <li>• Require worker testimonies to be evidenced by receipts, which are usually not provided during the recruitment process.</li> </ul>

## Using a Credible Assessor

Third parties may include accredited auditing bodies, international organisations (IOs), non-governmental organisations (NGOs), civil society organisations, and other types of community-based organisations (CBOs), trade unions, as well as subject matter experts. Any parties brought in to act as an Assessor should be:

- Familiar and experienced in carrying out recruitment fees and costs assessments.
- Independent, i.e. not affiliated with actors that may have a vested interest in the outcome of the assessment and other repayment related activities.
- Able to demonstrate steps taken to mitigate any potential conflicts of interest.





## Sampling

A best practice for determining the repayment amount is to interview each worker in scope individually (i.e., sample 100% of the workforce). This approach should be followed for companies with a small total workforce (100 or fewer), or for any nationality groups on site with a small total number (40 or fewer).

Where this is not possible, a minimum of 40-45% of the workforce should be interviewed and the sample should include a representative number of workers for each nationality, gender, recruitment year, recruitment actor, recruitment location, and any other criteria that may be relevant to the dataset.<sup>21</sup>

Consider confidentiality: If the size of a group (by nationality, gender, etc.) is too small, a representative number may not be feasible while preserving anonymity of the workers. For example, if there are one or two workers from a specific country of origin or gender. Companies should have explicit guidelines regarding confidentiality and protection of all workers involved in an assessment and then throughout the process.<sup>22</sup> See also section six on grievance mechanisms, to ensure that if workers do experience retaliation, they have access to a confidential channel to raise concerns.

Keep in mind that retaliation can occur not only in the workplace but also in the home community where recruitment fees and costs may have been charged (e.g. an agency finds out 20 of its workers reported fees and they threaten workers under their care).

Take all necessary precautions to ensure that there is no threat of retaliation against workers.

Engagement with other relevant stakeholders such as civil society organisations that have been engaged in the process, worker representatives, community leaders and others may provide further input to support the triangulation process.



## Best Practices for Worker Interviews

Worker interviews should be carried out in a confidential setting by trusted, experienced interviewers:

- Appropriate interviewers should be identified by the Assessor to ensure there is no conflict of interest (e.g. interviews are not carried out by anyone that workers may have reason to fear such as supervisors or department heads) and that workers feel they can speak openly and honestly.
- If possible, provide an experienced interpreter, familiar with the subject-matter. Otherwise, allow the worker to bring a friend to interpret or be present during the interview. If the prior options are not feasible, staff with relevant language skills can facilitate the translation.
- Interviewers should be diverse, enabling interviews to be gender-sensitive where appropriate.
- Worker testimony does not need to be evidenced by receipts, which are usually not provided in recruitment channels.

Worker interviews should gather data on:

- Recruitment fees and related costs paid at any stage of the recruitment process.
- Interest rates paid<sup>23</sup> by workers on any loans taken out to cover their recruitment fees and costs. The assessment could establish interest already paid and interest still to be paid with a view to factor in that amount into the repayment.
- Recruitment process including pre-departure/post arrival training.

## Triangulation

Data gathered through workers interviews should also be triangulated throughout the investigation. Triangulation of recruitment fees and costs can be challenging, because physical or electronically documented evidence of fees typically does not exist, fees charged are highly informal and can fluctuate across time-periods. Most workers are not provided with receipts for their payments, or where they are, these may reflect only the legally permitted payment amounts, and therefore provide a misleading view of actual payments made.

All data gathered should be cross-checked and triangulated against as many sources as possible, including:

- Existing research and benchmarks<sup>24</sup> on recruitment fees and costs paid in specific migration corridors, during certain time periods, where available and considered reliable.
- Existing local and international regulations related to charging of recruitment fees and costs.
- Discussions with local and international experts (including but not limited to unions, NGOs, former workers and community leaders for instance) who may have detailed knowledge and insight on current recruitment fees and

### Other Key Considerations

Include a labour migration process mapping to identify all recruitment intermediaries and understand resultant fees and costs. This means mapping out all formal and informal recruitment agencies and intermediaries involved across different migration corridors, as well as the fees and costs they typically charge for recruitment, to gain better visibility of actual costs of recruitment, as well as challenges and how these can be mitigated.



<b>Step 3</b>	<b>Understand who is eligible for employment</b>
<b>Goal:</b> All workers who have paid recruitment fees and related costs should be repaid	

**Recommended Actions**

- Define workers in scope for repayment.
- Include at a minimum:
  - All workers employed on the date the issue was first discovered (e.g., audit or assessment date) who have paid recruitment fees.
  - Sub-contracted, outsourced, part-time and temporary workers.
  - Workers recruited locally, or local nationals if they may have incurred fees associated with hiring or transferring from another employer.
- Workers having left after date of discovery should remain in scope.
- All workers in scope, regardless of their current debt status, should be repaid, including those workers who may have already repaid their loans.
- Hire an Assessor to support with this process and to ensure impartiality, credibility, and reliability in determining eligibility for repayment.
- Provide the Assessor all relevant and requested information to define workers in scope (e.g. number of employees, nationalities, etc.)
- Ensure workers have consented to the sharing with the Assessor of their personal data.

**Practices to Avoid**

- Excluding workers from the scope of repayment based on their employment contract or the tasks allocated to them. The fact that they may also be working for other customers should not prevent them from receiving repayment.
- Excluding indirectly employed workers
- Excluding local migrants (i.e., nationals of the destination country that have migrated within their own country for the purposes of employment)
- Excluding migrant workers who have been recruited locally but could have previously paid recruitment fees.



## How to Define the Scope

To determine which date to use to identify the workers in scope for repayment, you can opt for:

- The date of discovery via an audit or assessment,
- The date the issue was first reported, or
- The date of a responsible recruitment policy including the employer pays principle was implemented.

The selected date should be applicable to all workers having paid fees, as defined in this guidance, regardless of the moment or place where the fees were paid.

The minimum scope covers all workers on the date of discovery.

## Sub-contracted Workers: Key Considerations

For sub-contracted, outsourced, temporary or part-time workers:

- The direct employer of these workers should be responsible for actually repaying their worker's recruitment fees and costs.
- A company who uses sub-contracted labour from a third party should also play an important role in ensuring repayment is undertaken in a timely manner. A company may choose to pay some or all required repayment fees initially to workers and receive payment back from their private employment agencies and/or enforcing contractual obligations against private employment agencies.<sup>25</sup>

### How can you repay workers employed by a third party?

*The case of Tesco*

A workers' rights assessment commissioned in Tesco's stores and distribution centres in Malaysia identified that migrant workers employed by their service/labour providers in replenishment and cleaning roles had paid significant recruitment fees. In line with their policy, Tesco decided to acknowledge these fees and reimburse them.

For replenishment workers, individual payments were based on the average amount reported by workers during assessment, according to their nationality, crosschecked with credible third-party data such as that from the ILO and Impactt. This is known as the Universal Payment Principle. For cleaners, who also worked across a range of other businesses in addition to Tesco, Tesco reimbursed 50% of the average recruitment fee.

Reimbursing 100% of fees is in line with the best practice. This takes into account that workers may have paid additional costs associated with the recruitment process, that they had deductions made from their wages for alleged misconduct and incurred broader mistreatment whilst employed on the Tesco estate.

Although remediating workers who are employed by a third party is unique (as previous examples of remediation in Tesco's supply chains occurred with workers directly employed), it was done on the basis that a company is still responsible for the welfare of all individuals employed on its estate.



**Image 2. Workers to Include in Scope: Minimum Standard vs. Best Practice**

Summary of Workers in Scope	Minimum Standard	Best Practice
All current workers	✓	✓
All former workers recruited by the employer	X	✓
All former workers who were recruited within the 'date of first diagnosis'	X	✓
All former workers who have left the employer since the most recent audit/investigation which identified Recruitment Fees and Costs	✓	✓
Sub-contracted/outsourced/temporary/part-time workers employed regularly by the employer	✓	✓
Locally recruited migrant workers	X	✓
Local workers that migrated within their own country (i.e. nationals of the destination country)	X	✓

## Former Workers: Key Considerations

According to best practice, all current and former workers who have paid recruitment fees should be eligible for repayment, regardless of when they were recruited, when they paid fees or when they left the employer.

In some cases, it may be challenging to contact former workers, as their contact details may have changed, they may have re-migrated, or may be difficult to reach for other reasons. Employers should make a reasonable effort to contact any former workers in scope to inform them about the repayment and how to access it. As general good practice, even when not required by the law, employers should keep a record of former workers' contact details (e.g. this can be requested during a workers' exit interview) to enable communication regarding any possible employment related matters.<sup>26</sup>

## Workers Who Leave During the Repayment Period: Key Considerations

Workers who resign or whose contracts end during the repayment period (whatever the reason) should be paid any outstanding amounts prior to departure, as part of their final settlement.<sup>27</sup>

Employers should have a structured, clear, and transparent database of worker profiles in order to ensure workers who leave before the repayment amount is agreed remain in scope. Employers should deploy all reasonable efforts to repay workers who have left if their contact

### *The case of Patagonia*

According to Patagonia's Employment Standards & Implementation Guidance:

"Migrant workers recruited by the Supplier who paid recruitment costs prior to the effective date of these standards and contrary to this standard may also be eligible for reimbursement. Supplier shall consult with Patagonia on the proposed reimbursement calculation, eligibility criteria, method of reimbursement and timing of reimbursement applicable to this category of workers."

information is not held by the business.

If the repayment plan has not yet been agreed at the time of their departure, or the employer is unable to pay the full outstanding amount in lump sum, an agreement can be made to continue paying the workers in instalments in their home country. In such cases,

- The payment method should be agreed in consultation with the Assessor, the workers and relevant worker organisations to ensure it is practical.
- Where workers do not have bank accounts, mobile or international cash-transfer methods may be used.
- Any transaction costs should be borne by the employer. Bear in mind the differences in transaction and bank costs depending on the payment amount and method.

The employer is responsible for all workers' safety and wellbeing on its sites and has the responsibility to select and monitor employment agencies' recruitment and employment practices.

In all cases,

- Frequency of payments may differ from workers who remain in employment. However, the overall time frame for repayment should not be extended and should not impose any additional costs or loss of income for workers.
- All rules should be followed by sub-contractors, recruitment agencies, or any other actor, where they are the employer.

## Guarantees for Workers

Take steps so that all workers in scope of repayment:

- Are protected from retaliation during the remediation process.
- Remain free to resign without losing their entitlement to repayment. Any penalty/risk of losing access to repayment by resigning, could put workers in a situation of forced labour.
- Remain entitled to the repayment regardless of the circumstances. So that, for example, a migrant worker who faces disciplinary action remains entitled to repayment.
- Do not face deductions or loss of other benefits because of receiving the repayment. They remain entitled to all other benefits such as repatriation costs.
- Are not to be forced to sign any waivers preventing them from seeking other jobs following the repayment fees.
- For sub-contracted, outsourced, temporary or part-time workers, the responsibility for paying workers' fees and costs should be shared between the direct employer and the company benefitting from the execution of the work. However, the latter should play a supporting role to enable this payment.
- Buyers are also responsible for holding suppliers and agencies accountable for effectively implementing this Guidance and work transparently with the third-party Assessor.





## Step 4 Calculate the repayment amount

**Goal:** The repayment amount should be accurately calculated through robust and reliable data collection methods, and should be a fair representation of the money that workers originally paid

*Workers are often not provided with receipts for their payments as mentioned in Step 1, therefore, it might not be possible to have an exact calculation of the fee paid by an individual worker.*

### Recommended Actions

- Use average or median fees reported to have been paid per nationality group (or other relevant group criteria).
- Consider using the calculation method, which provides the fairest repayment amount to workers.
- Reflect appropriate historic and current currency exchange rates in repayment amount.
- Reflect inflation since the fee was paid in the repayment amount.
- Consult with workers, their representatives, and unions, as well as civil society and non-governmental organizations to determine the most appropriate option repayment methodology. In this way, you guarantee that workers are able to voice their views individually and collectively during the repayment process.
- Set up a process for workers to appeal the repayment amounts and refer workers to a third-party or state-based grievance mechanism should the appeals process fail to identify a solution acceptable to all parties.

### Practices to Avoid

- Excluding interest. Interest must be included to account for lost opportunity cost, a cost which reflects potential lost opportunities, such as lost potential income from use of land that was sold to fund recruitment fees, or capital gains losses.

## The Relevance of Exchange Rates

Given that many workers were recruited and paid recruitment fees and costs several years before repayment takes place, the exchange rate selected between the currency(ies) in which costs have been paid can have a significant impact on the calculations.

## Considering Inflation

Ensure that workers are repaid the same value they have paid. For example, if the recruitment fees charged to workers were \$1,000 USD in 2020, and the average inflation rate for US Dollars was 10% that year, and the worker is being repaid in 2021, then the repayment should be \$1,100 USD. A more complex calculation needs to be done when several years have passed from the moment the worker paid the fees and the moment she/he is repaid. A concrete example of this can be found in annex II.

## Outliers

Outliers are reported fees which are either much lower, or much higher, than other fees reported by the relevant group of workers (e.g. one nationality). Each case should be investigated to identify any signs of coercion (in the case of very low reported recruitment fees).

Such investigations should be carried out by a third party to ensure credibility, expertise, and independence. Based on the results of the investigation the employer can:

- For the calculation: Exclude all outliers from the calculation or only exclude some of them on a case-by-case basis
- For repayment process: Repay outliers only the average amount or reimburse them the full reported amount.

It is important to note that there are cases where workers may pay a much higher amount than may be the average for their group. For example, this can occur when workers have been recruited through particularly exploitative recruitment agencies, or during a period when recruitment fees were charged at higher rates.

## Approaches for Financing the Repayment

There are a range of approaches to financing repayment:

If you are unable to finance repayment alone, reach out to stakeholders in your value chain and map financial mechanisms who can support your effort to repay recruitment fees.

- The employer finances the repayment plan directly.
- The employer accesses specialised financing, loan vehicles or remediation bonds. This can be the most viable for small or medium enterprises managing cash flow implications.
- Labour providers or recruitment agencies reimburse an amount, based on agreed terms and conditions in their contracts with the employer.
- The employer seeks support from other businesses to fund a shared repayment plan.

*Further information is available in Annex III*

### Remediation when a company is directly linked to cases of forced labour through their business relations

#### *The case of Woolworths*

In line with the UNGPs Woolworths determined that the company was directly linked to the situation of forced labour occurring in the operations of their direct supplier. Following the UNGP's, they used their leverage to support their supplier to remediate the impact on workers and put systems in place to mitigate and prevent future harm. An agreement was secured with the supplier to reimburse AUS\$750,000 to an estimated 226 migrant workers, based on the average fees determined to be paid by each nationality cohort.

*\* To learn more about this case, read Woolworths Group's Modern Slavery Statement<sup>28</sup>*



## Step 5

## Timeline of repayment

**Goal:** Workers should be reimbursed for recruitment fees and related costs as quickly as possible

### Recommended Actions

- Make payments to workers as quickly as possible after the issue has been identified, in order to reduce the risk of debt bondage and/or forced labour.
- Ensure repayment is done in such a way that it is non-taxable income. Repayment of recruitment fees should not be a taxable income, as it is not an income but the refund of an expense. This should not however count as a reason to repay fees over a longer time-period.
- The payments to workers should be grossed to ensure that if costs, such as tax and social security, are applied they do not impact the overall amount received by the worker.

### Practices to Avoid

- Do not delay payment as a strategy for worker retention.

### Defining a Timeframe

If repayment for all workers is made in a lump sum, all reasonable efforts should be made so that repayment occurs within three months from when the issue is first identified. In all cases, the total time frame for repayment should not exceed six months.

If more time is needed, the employer should develop a viable repayment schedule and explain the rationale for a longer repayment timeline to workers and other relevant stakeholders. In such a case, take into account the effects of a longer timeline in the value of the repayment amount (e.g. additional costs of multiple transfers for smaller amounts, continued payment of increasing interest on the debt, change in exchange rates or other elements in the calculation).



<b>Step 6</b>	<b>Engage and communicate with workers</b>
<b>Goal:</b> Workers should be engaged in the repayment process and receive clear communication about the purpose, amount, timeline, and protocol for repayment	

**Recommended Actions**

- Develop a detailed communications plan.
- Ensure all workers understand what fees and costs are to make sure they fully understand when responding whether they have paid fees.
- Communicate in the workers' native language clear and complete information so they understand what repayment is about and why is it important.
- Make sure workers are consulted on the repayment process and outcomes to ensure they can provide relevant feedback.
- Give workers the opportunity to report any issues related to payment of fees, preferably through an independent third-party grievance mechanism or helpline.

## Building the Communications Plan

The communications plan should specify how the company will manage:

- Worker communication and engagement
- Available grievance mechanisms

## How to Communicate and Engage with Workers

It is important that workers understand the reasons for reimbursement, the reimbursement process (workers in scope, calculation method, amounts, timeframe), and that they have avenues to ask questions, raise concerns and provide feedback.

Consider:

- Organising communication sessions for all workers explaining the purpose, process and protocol for investigating and calculating amounts, rationale, proposed payment amount, and timeline for reimbursements. Communications should also be organised for local workers or other workers not included in remediation.
- Providing workers with written communication about the reimbursement in the workers' native language. Documentation provided should include, at a minimum, the proposed amount and time frame for reimbursement, as well as information about all channels to appeal.
- Providing workers with information about how they can appeal or seek additional support if they feel the final proposed plan does not provide sufficient remedy. Appeals should be monitored by a credible and independent third party.
- Making sure workers have adequate communication channels and trusted spaces



(including through independent third parties if possible) to ask questions, raise concerns and provide feedback.

- Gathering evidence that workers’ input is effectively considered (e.g. by recording methods used to gather worker input or by surveying workers about how they’ve been able to feed into the process and share their concerns).

Communication and engagement with workers may be led by Human Resources or Operations and take place in three key phases:

- **Assessment:** Workers are interviewed about the recruitment fees and costs they paid.
- **Development of the repayment plan:** Workers are informed about the plan and their inputs on the repayment process and proposed calculation method and amount are gathered. This should give workers an opportunity to make suggestions or appeals before the repayment plan is finalised.
- **Finalisation of the repayment plan:** Workers clearly understand the purpose and protocol behind the payments before the first payment is made.

## Offering a Grievance Mechanism and Helpline

Give workers the opportunity to report any issues related to payment of fees, preferably through an independent third-party helpline (or other independent methods):

- The helpline should be available in workers’ native languages and ideally be operated by entities trusted by workers.
- Awareness-raising sessions should be carried out to make workers aware of the helpline and how to use it.
- A log of issues raised, and their resolution, should be kept, including confirmation that worker unions/representatives have knowledge of these issues.
- The helpline may be extended to become a more general external grievance line where appropriate. It can also be used as an information line, where workers can access information on the repayment process, and financial advice on management of the repayment amount received.
- Refer workers to a third-party or state-based grievance mechanism should the appeals process fail to identify a solution acceptable to all parties.

### Communication Methods

Employers may choose methods which best suit their operations and personnel.

This may include:

- shop-floor briefing sessions
- small focus groups, or
- the use of worker “champions” to support fluent and accurate communication with workers

Make clear to workers that receipt of financial repayment under any of the models presented here does not prevent these workers from exercising or claiming other rights or damages to which they may be entitled under the law.<sup>29</sup>

## Step 7

## Verify payment

**Goal:** A credible, experienced and independent third party should verify that all repayments have been made correctly, without any negative consequences for workers

### Recommended Actions

- Hire an independent third party, the Verifier, to conduct the verification.
- Support the verification process and provide all documents and evidence required.
- Allow workers to attend the interviews and ensure the Verifier has access to the information needed to conduct the verification.

### Verification Components

Verification should consist of:

- Worker interviews: Worker interviews provide the primary source of evidence during a verification. The representative sample should cover at least 40% of the total workers receiving payment, including at least 20% of each relevant sub-group, where sub-groups are receiving different payment amounts. The sample may include:
  - Workers across all nationalities, genders, recruitment actors, regions, and dates, or other relevant criteria identified.
  - Sub-contracted, outsourced, part-time or temporary workers covered under the payment plan.
  - Where relevant, workers whose contract has ended, or who have resigned and changed employer or returned to their home country, to confirm they received all outstanding payment prior to departure.
  - Worker unions or other worker representatives, where existent.
- Management interviews: Speak with parties responsible for managing and implementing the reimbursement process. Focus on understanding any challenges related to the repayment process, and steps taken to resolve them.
- Document review:
  - Review bank transactions and confirmation of electronic transfers via payroll. Check these across the entire selection of workers being paid (especially during a first verification where errors are most likely to occur).
  - Review employee files (payslips, individual payroll records, etc.) for a random sample of 10-20% of the workers interviewed.

### Additional Checks

When repayments are being made by sub-contractors, labour agencies or any other actor, additional checks should be made (including several months after payments have been made) to verify workers have not faced retaliation or confiscation of funds, either in the host country or their home country. Verification should go directly through the workers rather than through the labour agency or recruiter. If workers can only be contacted through labour agencies or recruiters, obtain workers' contact details and then manage and verify payment directly.

All evidence must be triangulated – therefore, bank statements and documentation alone can never provide full verification without worker testimony.



# Annex

## Annex I: Definitions

**Recruitment Fees and Related Costs:** Recruitment costs vary considerably across different migration corridors and are often higher than one month's earnings at destinations.

The ILO defines recruitment fees as “any fees or costs incurred in the recruitment process in order for workers to secure employment or placement.”

Below are further descriptions of what are considered fees that should not be paid by workers. This is a non-exhaustive list:

- Pre-departure fees and costs, including but not limited to, skills tests, medical exams/screening if required by the employer or by law, pre-departure training or any other requirements to access the job opportunity.
- Documentation/permits and associated costs of obtaining such documents and/or permits: new passport/identity documents needed for the purposes of obtaining employment, including renewal(s) required for the purposes of retaining employment, visas (including renewals), temporary work or residence permits (including renewals), police clearance fees, birth certificate fees, certificate of good behavior fees.
- Transportation and lodging costs (including all taxes and fees): transportation and lodging costs, after the employment offer has been made and accepted, from their home in their sending country to the port of departure, transportation from sending country to receiving country port of entry, transportation from receiving country port of entry to supplier's facility or provided accommodations, border-crossing fees, relocation costs if asked to move once employment has begun, return transportation to employee's home country at the end of employment.
- Arrival/On-Boarding including, but not limited to, new-hire training or orientation, medical exams/screening.
- Other legal requirements including, but not limited to, deposits and/or bonds.
- Any other commission fees. to improve the ongoing recruitment experience for workers.

**Confidential Worker Interviews:** Interviews conducted by a trusted and experienced third-party, or internal interviewers in a confidential setting, for the purpose of understanding the recruitment process.

**Recruitment Agency or Recruiter:** Any entity or person that is involved in the process of recruiting workers for another company or indirectly by a company through the recruiter. These entities or persons can be formal or informal and can be engaged by the employer either directly or indirectly through other entities or agents.



# Annex II: Calculating the Repayment Amount

*The examples below are extracted from the Impactt Guidance*

## Key actions to be taken to calculate repayment amount:

**Action 1:** Analyse the data on recruitment fees and costs obtained. Please note, that the fees and costs charged to workers can vary by recruitment year, recruitment actor, recruitment corridor, job description, gender or other identified variables. Therefore, the third party that does the analysis of payments needs to take into account all factors to determine the amount due and apply the appropriate exchange rates accordingly. As a result, workers from the same country recruited at different dates could be due different amounts.

If recruitment fees and costs paid are largely the same across recruitment years, actors and/or other factors determine the amount to be paid based on the mean average or median per nationality.

**Action 2.** Index the amount paid by the migrant worker in their local currency to USD, using the historic exchange rate of the date the fee was paid, and add year on year inflation. Next, convert this USD amount back to the currency in which the worker is to be paid (i.e. the currency which the employer uses to pay workers their salary).

When the workers receive their money – they should receive an amount which is an accurate reflection of the sum’s current value– indexed in USD to protect against unfair fluctuation. It is not recommended that employers use a historic exchange rate, as this will provide an incorrect and unfair reflection of the repayment amount’s current value.

## Example

Grouping workers by nationality and recruitment year:

The following example demonstrates how the above calculation method could be applied to an employer – “Employer X”. A third-party investigation is carried out at Employer X’s site in Malaysia. As part of the investigation, the third party interviews a representative sample of the workforce, and gathers data on reported recruitment fees, recruitment dates and recruitment agencies involved.

- Employer X has 1,000 Bangladeshi workers
  - 400 of these workers were recruited in 2012
  - 200 were recruited in 2013
  - 400 were recruited in 2014
- For those recruited in 2012, check the modal recruitment date (most workers are recruited in groups).
  - In this example, let’s say the vast majority were recruited January 1st, 2012
- The investigation shows that at Employer X, the mean average or median amount reported to have been paid by workers in this year (2012) was 300,000 BDT. This amount is taken as the 2012 batch figure.
- Take the exchange rate for BDT → USD for the modal recruitment date of 1st Jan 2012 (which is 0.0122) and use this to convert and ‘peg’ the total in USD.
  - In this example,  $\text{BDT } 300,000 * 0.0122 = \text{USD } 3,660$



- Multiply this USD amount by  $(IR ^ Y)$ , where IR is the compound interest rate 22 (or inflation if adopting the minimum standard requirements) being used (e.g. 1.03 for 3%) and the multiplication (or to the power) of the Y exponent is applied. Y represents the number of years between the recruitment year and current year (e.g. 8 years for 2014 to 2022).
- in this example,  $3660*(1.03^8) = \text{USD } 4636$ .
  - $1.03^8 = 1.267$  which represents the compound interest multiplier over this time
- This results in a current USD value of what the money is worth now, which factors in a small compensation for opportunity cost.
- Convert this USD value into the currency in which Employer X pays workers their salaries, using the current XE exchange rate (i.e. as close to the date on which payment will be made as possible). This is then the amount to be paid to this specific batch.
  - In this case, we take USD 4,636, and applying the exchange rate of 4.19 for the date of publication on 12/08/2020, this brings a total to be paid of RM19,456.
  - The final amount is paid to workers in local currency (i.e. RM: the currency in which workers receive their salaries).
- For those recruited in 2013 and 2014, repeat the steps above to calculate the amount which they should receive.

Similarly, repeat these steps for other nationalities.

## Annex III: Q&A

**A) Some fees are legal in the home countries and/or destination countries – do we need to repay workers even if fees are legal?** Yes. As per ILO definition (Annex I), no fees should be paid by workers even if permitted by law.

**B) Why do we need to use a third-party assessment to conduct the investigation? Why can't we use our own staff?** An independent external third party will increase the reliability of results; workers are more likely to speak freely and openly. Also, an independent third party has the required skills to conduct interviews and investigate these issues and will have experience of recruitment corridor benchmarks to assist in assessing repayments due to affected workers. Using an external third party also helps make the results more credible to stakeholders.

**C) Can we repay some but not all workers or move workers to another customer?** No. All workers should be treated equally as per our minimum requirements, regardless of who they work for. The employer is responsible for all workers on its site and has the responsibility to select and monitor employment agencies.

**D) Can we repay workers only where there is evidence of payment of a fee?** No. The vast majority of workers are not provided with receipts for their payments, or when they are, these may reflect only the officially permitted payment amounts, and therefore may provide a misleading view of actual payments made. Workers' testimonials are the most reliable source of information (refer to step 1).

**E) Can I delay payment as workers might resign upon receipt of payment?** You should not do so. Such resignations are rare. Workers report feeling more respected and motivated to work for their employer once repayment is properly communicated. In circumstances of your real and evidenced financial hardship, staged payments to workers over a short period of time may be acceptable.

**F) Do we need to pay absconded workers (workers not reporting at work)?** Absconded workers are entitled to repayment as they have paid the fee and are in the same position as all other workers.

**G) Why do we need to communicate with workers throughout the repayment process?**

Proper communication on repayment process with workers is essential to ensure there is a clear understanding of what and who these payments are for and will help avoid creating misunderstanding or perceived discrimination (for example, it is important to explain to local workers that the money being paid back to migrant workers is owed to them, it is important to explain why different nationalities receive different amounts, etc.)

**H) Why do we need to set up an independent helpline to monitor the repayment process? Why can't workers just talk to HR if they have an issue?** An independent method (such as a helpline) will provide workers with a safe channel to report any concerns anonymously if they wish to and without fear of retaliation.

**I) If we pay Visa costs will workers leave the company?** It is important to invest in workers' well being and satisfaction in order to improve retention rate. In addition, the employer should budget for workers' visa costs and potential resignations. It is a breach of freedom of movement and therefore a form of forced labour to make workers pay for their visa to prevent them from leaving the company.

**L) How can we identify responsible recruitment agencies?** The **Responsible Labour Initiative** (RLI) published the Responsible Recruitment Program (RRP) listing which includes the names and locations of private recruitment agencies (PRAs) that participated in the RRP and demonstrated adherence to the minimum requirements of fair recruitment. List available [here](#). Considering adherence, training and certification are not absolute guarantees, companies need to work with recruitment agencies or agents they work with to improve their processes and management controls, adhere to the EPP, and conduct due diligence and capacity building.

## Annex IV – Useful Resources

### Guidance documents

- Principles and Guidelines for the Repayment of Migrant Worker Recruitment Fees and Related Costs, Impactt, 2021.
- What is forced labour, modern slavery and human trafficking, International Labour Organization, ILO, 2021.
- Migrant Worker Guidelines for Employers to Promote Ethical Recruitment and Responsible Employment, IOM, 2022.
- Definition of recruitment fees and related costs, International Labour Organization, ILO, 2020.
- Briefing on Recruitment Fees, IHRB, 2018.
- Practical Guide to Due Diligence on Recruitment Fees in International Supply Chains, Responsible Business Alliance, 2020.
- Responsible Recruitment Toolkit.
- Responsible Recruitment Interactive Mapping Tool, AIM Progress, 2021
- Guide to Eliminating Worker Paid Recruitment Fees and Related Costs, Stronger Together, 2019.
- Dhaka Principles for Migration with Dignity, OHCHR.



- ETI Base Code Principles
- Guidance for Remediation and Prevention of Migrant Worker Recruitment Fees and Related Costs in Public
- Procurement, Electronics Watch, 2019.
- 13. Historical Rates Tables | Xe

## Templates

- Template Employer Pays Principle and Repayment of Recruitment Fees Policy for Brands/Retailers, Stronger Together.
- Recruitment Fee policy template for the US, Stronger Together.

## Company Examples

- ASOS, Migrant Worker Policy.
- Hewlett-Packard, Company Supply Chain Foreign Migrant Worker Standard Guidance Document
- Adidas, Policy on Responsible Recruitment (including the fair treatment of migrant workers)
- Tesco, Responsible Recruitment Requirements for Thailand and Malaysia

## Training

- Responsible Recruitment Toolkit, Eliminating Worker-Paid Recruitment Fees -2 hour training course: interactive training webinar to equip companies with practical steps to eradicate the charging of fees to workers in their operations and supply chains.



## Endnotes

- 1 International Labour Organization (ILO), Walk Free, and International Organization for Migration (IOM), Global Estimates of Modern Slavery: Forced Labour and Forced Marriage, Geneva, 2022, available at: [https://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---ipec/documents/publication/wcms\\_854733.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipec/documents/publication/wcms_854733.pdf)
- 2 ILO, What is forced labour, modern slavery and human trafficking, available at: <https://www.ilo.org/global/topics/forced-labour/definition/lang--en/index.htm>
- 3 ILO, Business and Forced Labour, available at: [https://www.ilo.org/empent/areas/business-helpdesk/WCMS\\_DOC\\_ENT\\_HLP\\_FL\\_EN/lang--en/index.htm#:~:text=Debt%20bondage%20is%20another%20way,or%20those%20they%20have%20inherited.](https://www.ilo.org/empent/areas/business-helpdesk/WCMS_DOC_ENT_HLP_FL_EN/lang--en/index.htm#:~:text=Debt%20bondage%20is%20another%20way,or%20those%20they%20have%20inherited.)
- 4 ILO, IOM, Walk Free Foundation, Global Estimates of Modern Slavery, Forced Labour and Forced Marriage, (2022), available at: [https://cdn.walkfree.org/content/uploads/2022/09/12142341/GEMS-2022\\_Report\\_EN\\_V8.pdf](https://cdn.walkfree.org/content/uploads/2022/09/12142341/GEMS-2022_Report_EN_V8.pdf)
- 5 ILO, Business and Forced Labour, available at: [https://www.ilo.org/empent/areas/business-helpdesk/WCMS\\_DOC\\_ENT\\_HLP\\_FL\\_EN/lang--en/index.htm#:~:text=Debt%20bondage%20is%20another%20way,or%20those%20they%20have%20inherited.](https://www.ilo.org/empent/areas/business-helpdesk/WCMS_DOC_ENT_HLP_FL_EN/lang--en/index.htm#:~:text=Debt%20bondage%20is%20another%20way,or%20those%20they%20have%20inherited.)
- 6 Congressional Research Service, Section 307 and Imports Produced by Forced Labor, available at: [https://crsreports.congress.gov/product/pdf/IF/IF11360#:~:text=Section%20307%20of%20the%20Tariff,\(CBP\)%20enforces%20the%20prohibition.](https://crsreports.congress.gov/product/pdf/IF/IF11360#:~:text=Section%20307%20of%20the%20Tariff,(CBP)%20enforces%20the%20prohibition.)
- 7 European Parliament, MEPs Set to Call for Import Ban on Products Made with Forced Labour, available at: <https://www.europarl.europa.eu/news/en/agenda/briefing/2022-06-06/13/meps-set-to-call-for-import-ban-on-products-made-with-forced-labour>
- 8 ILO, General principles and operational guidelines for fair recruitment and definition of recruitment fees and related costs, 2019, available at: [https://www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---protrav/---migrant/documents/publication/wcms\\_703485.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---migrant/documents/publication/wcms_703485.pdf)
- 9 Idem, p.29
- 10 Idem, p.29
- 11 Idem, p.29
- 12 IHRB, Recruitment Fees, 2016, available at: [https://www.ihrb.org/uploads/briefings/2016-05%2C\\_IHRB\\_Briefing%2C\\_Recruitment\\_Fees.pdf](https://www.ihrb.org/uploads/briefings/2016-05%2C_IHRB_Briefing%2C_Recruitment_Fees.pdf)
- 13 See for example cases in the banking and financial sector: Liberty Shared, Increased Transparency of Forced Labour and Money Laundering in Seafood Supply Chains, 2019, available at: <https://static1.squarespace.com/static/5592c689e4b0978d3a48f7a2/t/5c5800370d92978c05c58e4f/1549271103457/Increased+Transparency+in+the+Seafood+Industry.pdf> “In the banking and finance industry, clients who directly or indirectly benefit from business involving crimes such as modern slavery, trafficking and force labour may give rise to criminal, civil and regulatory liability for their bankers. What is an ethical issue for the fishing industry is a criminal matter for their bankers, most commonly the crime of money laundering”.
- 14 This assessment can be carried out by an independent third-party or an internal Assessor, as long as the conditions of capacity and impartiality described in Step 2 are met.
- 15 See Page 18
- 16 IHRB, Six Steps to Responsible Recruitment: Implementing the Employer Pays Principle,



available at: [https://www.ihrb.org/uploads/member-uploads/6\\_Steps\\_to\\_Responsible\\_Recruitment\\_-\\_Leadership\\_Group\\_for\\_Responsible\\_Recruitment.pdf](https://www.ihrb.org/uploads/member-uploads/6_Steps_to_Responsible_Recruitment_-_Leadership_Group_for_Responsible_Recruitment.pdf)

17 UN Working Group on Transnational Corporations and Other Business Enterprises, Guiding Principles on Business and Human Rights (2011), Principles 11-16, available at: [https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf)

18 The Issara Institute developed the Golden Dreams smartphone app, to help amplify worker voice to drive remediation, supplier improvements, and industry reform, through Inclusive Labour Monitoring Companies. Similarly, companies in the UK have used mobile apps like Just Good Work.

19 UN Working Group on Transnational Corporations and Other Business Enterprises, Guiding Principles on Business and Human Rights (2011), Principle 13, available at: [https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf)

20 UN Working Group on Transnational Corporations and Other Business Enterprises, Guiding Principles on Business and Human Rights (2011), Principle 22, available at: [https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf)

21 Useful resources to keep record of the reported cases of recruitment fees and remediation provided is Stronger Together Remediation Record, available at: <https://www.stronger2gether.org/product/remediation-record/>

22 See IOM, upcoming Labour Migration Process Mapping Guide for more details.

23 It is not uncommon for migrant workers to pay 40% interest per annum on loans taken out to cover Recruitment Fees and Costs. To read more about the interview process read Impactt, Guidelines for the Repayment of Recruitment Fees and Costs, Section 1. Investigate Recruitment Fees and Cost Paid by Workers, p. 9, available at: [https://impacttlimited.com/wp-content/uploads/2021/10/Final\\_Impactt-Repayment-Standards\\_Revised\\_15.10.21.pdf](https://impacttlimited.com/wp-content/uploads/2021/10/Final_Impactt-Repayment-Standards_Revised_15.10.21.pdf)

24 See e.g. the Corporate Human Rights Benchmark methodology, Responsible Sourcing Tool 001. Recruitment and Employment Benchmarks, ILO Global Comparative Study on the definition of recruitment fees and related costs.

25 Impactt, Guidelines for the Repayment of Recruitment Fees and Costs, Section 2. Identify eligibility for repayment, p. 15, available at: [https://impacttlimited.com/wp-content/uploads/2021/10/Final\\_Impactt-Repayment-Standards\\_Revised\\_15.10.21.pdf](https://impacttlimited.com/wp-content/uploads/2021/10/Final_Impactt-Repayment-Standards_Revised_15.10.21.pdf)

26 To know more about how to reach out to former workers see: Impactt, Guidelines for the Repayment of Recruitment Fees and Costs, Section 2. Identify eligibility for repayment, p. 14, available at: [https://impacttlimited.com/wp-content/uploads/2021/10/Final\\_Impactt-Repayment-Standards\\_Revised\\_15.10.21.pdf](https://impacttlimited.com/wp-content/uploads/2021/10/Final_Impactt-Repayment-Standards_Revised_15.10.21.pdf)

27 To know more see: Impactt, Guidelines for the Repayment of Recruitment Fees and Costs, Section 2. Identify eligibility for repayment, p. 14, available at: [https://impacttlimited.com/wp-content/uploads/2021/10/Final\\_Impactt-Repayment-Standards\\_Revised\\_15.10.21.pdf](https://impacttlimited.com/wp-content/uploads/2021/10/Final_Impactt-Repayment-Standards_Revised_15.10.21.pdf)

28 Woolworths Group, Modern Slavery Statement, 2022, available at: <https://www.woolworthsgroup.com.au/content/dam/wwg/investors/reports/2022/full-year/WOW%20MSS%202022%20FINAL.pdf>

29 For more information see: Impactt, Guidelines for the Repayment of Recruitment Fees and Costs, p. 4, 10, 12, 24 and 26 available at: [https://impacttlimited.com/wp-content/uploads/2021/10/Final\\_Impactt-Repayment-Standards\\_Revised\\_15.10.21.pdf](https://impacttlimited.com/wp-content/uploads/2021/10/Final_Impactt-Repayment-Standards_Revised_15.10.21.pdf)





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