



AIMing higher:

Driving responsible recruitment practices in supply chains

Achievements, learning and recommendations from the AIM-Progress and Embode Ganapati Responsible Recruitment Project in Thailand and Malaysia

BACKGROUND

AIM-Progress is a member-led forum of fast-moving consumer goods (FMCG) companies and suppliers, all united in a mission to advance human rights in supply chains through responsible sourcing.

There is a consistent need to address human rights and forced labour risks to migrant workers in global supply chains – particularly in how migrant workers are recruited and their experience once they have left their home country for their host country.

The 2022 Global Estimates of Modern Slavery reveals that over 29 million victims of modern slavery are found in the Asia-Pacific region, with more than 15.1 million subjected to forced labour, the majority linked to private sector activities. Migrant workers are three times more likely than local workers to experience instances of forced labour.

International legislation, standards and frameworks already emphasise the need to prevent and address forced labour and to implement effective due diligence in supply chains, including labour supply chains.

With the adoption of new legislation on mandatory corporate due diligence, such as the EU Directive on Corporate Sustainability Due Diligence, requirements are being extended to supply chain actors globally, often leaving companies unsure of how to fully comply and align their businesses operations with expected standards and practices.

To address this gap, AIM-Progress members partnered with Embode, a human rights consultancy based in Asia that works with businesses, NGOs, the UN and other agencies specialising in business and human rights, ethical recruitment and labour protection.

To support suppliers to meet the challenges they face, our 12-month pilot Ganapati Responsible Recruitment Collaborative Project with Embode aimed to enhance understanding of how to introduce responsible recruitment practices in supply chains in Thailand and Malaysia.

We chose these two countries not only because they play a significant role in global supply chains. They are also high risk for our members in terms of responsible recruitment because of the large numbers of migrant workers in their manufacturing and agricultural supply chains.

Walk Free's Global Slavery Index 2023 estimates that there are just under 700,000 victims of modern slavery in Thailand and Malaysia. Migrant workers can be susceptible to exploitative practices in the job market, such as being charged recruitment fees. This can lead to them not only being treated badly, but also potentially left in long-term debt, which means they may not be able to leave a job or country. For example, the International Labour Organization (ILO) states that 87% of migrants into Thailand from surrounding countries say they had paid fees to a recruitment agent or broker, including friends and family.

THE PROJECT

Our project aimed to go beyond traditional auditing and test an alternative approach: partnering with suppliers to identify issues and gaps, and working with them to build the knowledge, tools and confidence to manage recruitment practices ethically and sustainably.

While we have previously worked on guidance documents and training for suppliers in this area, we found this method insufficient to bring about necessary change in recruitment practices. This is against the backdrop of suppliers often facing internal capacity constraints and shifting priorities, and fatigue relating to sustainability matters.



And so working directly with 17 suppliers in Thailand and Malaysia, the project saw:

- Suppliers undergo a confidential assessment of 10 thematic areas of responsible recruitment practices, which included four dominant themes: contracting standards, recruitment fees and costs, grievance mechanisms and employment processes.
- The collaborative development of time-bound action plans based on certain thematic areas tailored to each supplier's needs – for example, implementing a formal company grievance mechanism policy with HR.
- Technical support with Embode, consisting of one-to-one coaching and training. Training sessions were designed to equip suppliers with the knowledge and tools necessary to improve practices within their organisations. This went beyond simple policy development to aiming to embed long-term responsible recruitment practices in suppliers' daily activities.

ACHIEVEMENTS

Overall, the project led to meaningful improvements in recruitment practices and worker engagement across Thailand and Malaysia. These changes fostered compliance and set the stage for ongoing, sustainable improvements in supply chain practices. Specific improvements across key themes included the following:

- 8 suppliers developed or improved their grievance channels and mechanisms for workers to report issues.
- 9 suppliers implemented improvements to their post-arrival processes and orientation for workers.
- 10 suppliers implemented improvements to contracting standards and processes, ensuring workers have proper access to their contracts, fair terms and contracts in their first language.
- 9 suppliers improved their approach to recruitment fees and costs, with a number taking initial steps to adopt the 'Employer Pays Principle', which takes steps to ensure that no workers pay for a job.
- 9 suppliers supported to refine their recruitment policies and processes.
- 8 suppliers supported to integrate responsible recruitment into their everyday operations.
- A number of suppliers adopting fair and transparent recruitment processes; a number of suppliers enhancing communication and feedback mechanisms for workers; and a number of suppliers addressing systemic changes and establishing trust-based relationships for continued collaboration and improvement with buyers.
- Training for more than 50 suppliers on sending-country – where a supplier's workers come from – regulations (in this case, Nepal, Bangladesh and Indonesia) and grievance mechanisms. These suppliers were in addition to the core 17 suppliers who took part in the project.





IN BRIEF: SUPPLIER ACHIEVEMENTS

CHALLENGES



SOLUTIONS

- 1 THE CHALLENGE:**
A supplier had no policy or operational steps to ensure workers were not paying unfair recruitment fees.

1 THE SOLUTION:
The development and integration of an Employer Pays Principle policy.
- 2 THE CHALLENGE:**
A supplier not providing payslips in a language workers understood.

2 THE SOLUTION:
Process improvement to provide translated payslips to workers.
- 3 THE CHALLENGE:**
A supplier was failing to align with human rights standards on appropriate storage of passports.

3 THE SOLUTION:
Support with passport and document retention, including system adjustment, policy development and technical advice.
- 4 THE CHALLENGE:**
A supplier had limited understanding on grievance handling.

4 THE SOLUTION:
Support to improve grievance handling, including the creation of a policy specifically for migrant workers, and assistance in revising the Whistleblowing Policy to better address and resolve worker grievances.

IN BRIEF: SUPPLIER FEEDBACK

“

I have gained an in-depth knowledge about the requirements and steps to hire Bangladeshi workers”
Training participant

We will implement policy and guidelines, as well as briefing all workers on [our] grievance mechanism.
Training participant

“

“

We will perform due diligence on the agency in Nepal who is partnering with the agency appointed in Malaysia.
Training participant



IN BRIEF: SUPPLIER FEEDBACK

Through discussions with the HR team, who were engaging directly with workers, it was discovered and reported that foreign workers at Supplier X were paying recruitment fees to agencies. The HR team also uncovered issues related to worker engagement, language barriers and a lack of trust in the available grievance mechanisms.



APPROACH

Embody supported Supplier X with implementing a comprehensive strategy to enhance recruitment and employment practices. This included upgraded policies; social dialogue with migrant workers, such as town hall meetings; worker consultations to assess the prevalence of recruitment fees and their awareness of employment contracts; updated grievance mechanisms; and technical capacity building.



OUTCOME

These initiatives led to positive improvements in Supplier X's recruitment and employment practices. This included increased transparency and fairness in recruitment processes and policies, with workers gaining a better understanding of their rights and the company's commitments. The updated grievance mechanisms allowed for anonymous reporting, which encouraged more workers to voice their concerns without fear of retaliation. Workers expressed satisfaction with the reimbursement of recruitment fees and the company's efforts to align with international labour standards, such as the ILO and the Ethical Trading Initiative (ETI) Base Code. Supplier X's approach and outcomes from the town hall meetings and other initiatives were documented and shared with other suppliers, setting a benchmark for responsible recruitment practices.



KEY LEARNINGS



This pilot shows that change is possible, though it may be slow. The results reinforce an understanding that suppliers and brands are on a journey, and that sustainable systems-based change takes time and commitment to move towards important responsible recruitment goals such as the Employer Pays Principle. This requires increased investment of resources to ensure engagement is timely, consistent and available over an extended period of time.



Many suppliers expressed difficulty navigating the various and changing landscape of laws and regulations of labour-sending countries and therefore found thorough training on those useful.



Suppliers in general have low levels of maturity in terms of their responsible recruitment policies and procedures, and need frequent hand-holding and support so they can make progress.



Brands need to be consistent in their asks to suppliers, if they want to see progress on this topic. Some of the suppliers involved in the project were common to several AIM-Progress members, and suppliers can receive multiple requests from brands/buyers.



Suppliers made significant strides towards embracing the Employer Pays Principle. While full adoption is still in the works, there was a noticeable shift in policy and mindset. Many suppliers began reimbursing workers for recruitment fees and documented these costs more transparently.





RECOMMENDATIONS ON RESPONSIBLE RECRUITMENT

FOR THE INDUSTRY

Our project was premised on the idea that there needs to be a move away from developing guidance documents. We need to shift the conversation to how we can provide suppliers with hands-on support to work differently and at scale. Our recommendations for the industry include the following:

- Next phase efforts should emphasise the benefits of establishing sustained, longer engagement with suppliers and fostering deeper collaboration between suppliers and buyers.
- Continuous support for suppliers is vital. This includes increasing the number of touchpoints and technical backstopping engagements.
- Providing ongoing training, resources and guidance tailored to suppliers' evolving needs will help them sustain improvements and adapt to new challenges.
- Additional training, expertise or resources for employers are needed, especially in more challenging and remote migration corridors.
- Integral to the above, proportionate resource and investment will be required.

FOR SUPPLIERS

- Get educated about the employment rules of the country your workers come from.
- Examine the formal steps (and informal conditions) your workers and agencies go through to recruit your workers.
- Ensure your employment contracts comply with both your country and sending country laws. And check the contract you sign is the same one the worker signs. Make sure it is in a language they understand.
- Start your journey towards adopting the Employer Pays Principle. Be clear what you are paying for, what regulations say workers should pay for, and about any other related costs borne.
- Ensure the financial transparency of the recruitment agencies you use. What are their costs and where do the fees go? What do they charge workers for?
- Take extra care that your workers feel they are able to leave their jobs. Establish an orientation process for incoming workers, in languages they understand, that both welcomes and informs them about their new environment, including rules, conditions and culture, and what to do if they have paid fees.
- Ensure there is a safe, accessible and confidential grievance mechanism for workers



WHAT'S NEXT?

As AIM-Progress and its members continue to engage with suppliers, a holistic approach involving improved and clear communication, shared responsibility and investment in capacity building will be crucial to ensure success – with the ultimate aim of improving conditions for migrant workers and ensuring their rights are prioritised and respected.

Critical next steps will be to continue engaging suppliers and invest in improving overall supplier performance in meeting expectations on responsible recruitment practices.

Contact AIM-Progress to find out more about the report, or how we can support you to drive responsible recruitment practices in your supply chain.

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