

Tool 1: Establishing Criteria for Screening and Evaluating Labor Broker Candidates

When developing a system for screening labor brokers, a supplier or brand should ensure that the following key elements are included:

- ☑ The criteria for screening labor brokers are clearly defined, and incorporate:
 - All legal requirements in the country of operation; and
 - All social responsibility requirements of the supplier and its brand clients.
- ☑ A methodology for evaluating labor brokers against the screening criteria is established.
- ☑ The approval process for new brokers is defined, and includes:
 - A process for rating labor brokers, and the conditions for passing/failing; and
 - An indication of who will make the final decision on selecting a broker and concluding a contract.

In this due diligence process, the company needs to obtain enough information to have reasonable confidence that the labor broker will be compliant with its standards for ethical performance. Such a process entails looking for the “presence or absence” of policies and procedures that relate to issues of ethical performance.

Assessing the broker’s performance itself will happen later, as part of the management and monitoring process. (For more information, see **Managing Labor Brokers and Monitoring for Ethical Recruitment and Hiring**.)

DEFINING THE EVALUATION CRITERIA

In order to evaluate labor brokers, Verité recommends defining a set of social responsibility requirements that complement your company’s legal requirements (compliance to law, license to operate) and technical requirements (ability to source workers within a timeframe and budget). For example, your company will want to know about the labor broker’s policies or approach to preventing forced labor, its approach to manpower pooling, etc.

Each company will have its own specific criteria in this area. To determine criteria, a company can undertake a careful review of the legal requirements in the sending country and country of operation. You should also review your company’s code of conduct or other high-level policy language, and any such requirements of your clients.

Once the screening criteria have been defined, each criterion should be paired with indicator(s) that serve to measure whether the criterion is being met. For example:

Sample Criteria	Sample Indicators
Compliance with legal standards	<ul style="list-style-type: none"> ☑ The broker is fully licensed. ☑ The broker has no record of legal sanctions in the past three years.
Compliance with broad social responsibility standards	<ul style="list-style-type: none"> ☑ The broker formally expresses a commitment to uphold the company’s social (labor and ethics) standards. ☑ The broker has written policy and commitment statements that address social (labor and ethics) standards.
Compliance with standards on recruitment fees and expenses	<ul style="list-style-type: none"> ☑ The broker has a policy stating that workers are not charged recruitment fees. ☑ The broker has a procedure for verifying that workers are not charged fees by sending country agents (e.g., worker interviews, a plan for periodic worker surveys, receipt review, etc.).
Compliance with standards on employment contracts	<ul style="list-style-type: none"> ☑ The broker has a policy to ensure that workers’ contracts meet legal and company requirements.

CONDUCTING A SCREENING INTERVIEW

When conducting a screening interview, the labor broker should be asked to describe how they are able to meet this set of selection criteria. In the table below, Verité offers some examples of questions that could be asked in this regard.

Sample Criteria & Indicators	Sample Screening Questions
<p>Compliance with legal standards</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> The broker is fully licensed <input checked="" type="checkbox"/> The broker has no record of legal sanctions in the past three years 	<ul style="list-style-type: none"> ● Does the labor broker have a valid license to operate? ● Has the labor broker been subject to any labor and ethics regulatory actions where monetary penalties were assessed? <ul style="list-style-type: none"> ○ Where formal corrective actions were mandated by the issuing government agency, can the broker provide documentation to show that violations have been corrected or are on-track for correction? ● Does the labor broker agree to adhere to the legal requirements of the sending and receiving countries, and to register its agreement by signing a contract or memorandum-of-agreement with the hiring company to this effect?
<p>Compliance with social responsibility standards</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> The broker expresses a commitment to uphold the company's social (labor and ethics) standards. <input checked="" type="checkbox"/> The broker has written policy and commitment statements that address social (labor and ethics) standards. 	<ul style="list-style-type: none"> ● What is the scope and coverage of the labor broker's labor and ethics policy? ● Does the labor broker's labor and ethics policy have executive management endorsement?
<p>Compliance with standards on recruitment fees and expenses</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> The broker has a policy stating that workers are not charged recruitment fees. <input checked="" type="checkbox"/> The broker has a procedure for verifying that workers are not charged fees by sending country agents (including, e.g., worker interviews, a plan for periodic worker surveys, receipt review, etc.). 	<ul style="list-style-type: none"> ● Does the labor broker have a no-fee policy on recruitment fees and expenses? ● Does the labor broker's policy on recruitment fees and expenses have executive management endorsement? ● Where in your recruitment, selection and hiring process do you think the risk of noncompliance to the no-fee policy is highest? ● What operational controls have you put in place to minimize these identified risks and to ensure that workers are not charged fees? Following are some examples of controls: <ul style="list-style-type: none"> ○ Policies and procedures are in place to implement the no-fee statement in the code of conduct. ○ Evidence of a safe procedure for workers to report violations by internal staff or subagents of the no-fee policy. Such a procedure should include an investigation and response to reports of violations. ○ A policy and implementing procedures that prevent the use of illegal subagents/subcontractors. ○ If the broker/agency uses subagents/subcontractors, a procedure to ensure these subagents are paid by the agency for their services and that they sign and comply with the agency's no-fee policy. ○ If workers are being recruited from remote or interior regions, the broker has staff (under the broker's payroll) in these areas.
<p>Compliance with standards on employment contracts</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> The broker has a policy to ensure that workers' contracts meet legal and company requirements. 	<ul style="list-style-type: none"> ● Are the terms of the workers' contracts and the contracting process itself consistent with sending and receiving country laws? ● Does the employment contract include terms and conditions that are consistent or aligned with the hiring company's ethical standards?



EVALUATING THE RESULTS AND MAKING A FINAL DECISION

After labor broker candidates have been screened, the responses must be analyzed. Verité recommends the use of a transparent methodology for evaluating labor brokers against screening criteria. Such a methodology should define how candidates will be evaluated, by whom, and the process by which a final decision will be made and a contract issued.

One approach is to use a rating system that assigns each criterion a weight and performance score. This allows you to score each broker candidate's performance on each criteria, while also giving appropriate emphasis to the areas of compliance that are most important to your company.

The results of such a rating process allows for the performance of all candidates to be cross-analyzed and compared with ease, which will then allow you to rank and compare candidates.

Example of a Rating System			
Criteria	Weight (%)	Sample Score (%)	Performance Rating
Compliance with legal standards	30		
Compliance with social responsibility standards	40		
Compliance with standards on recruitment fees and expenses	30		
Compliance with standards on employment contracts			
Total	100		

Note: Weights given to the above criterion are provided as an example. Companies should determine their own weighting systems based on their policies and (where relevant) those of their clients.

Once the successful labor broker candidate has been selected and hired, suppliers and brands can use the information from this due-diligence selection process as baseline data for managing and monitoring the performance of the broker.

Related Tools: **Managing Labor Brokers & Monitoring for Ethical Recruitment and Hiring**

