

TO:



# COMMUNICATION ON PROGRESS

THE UNITED NATIONS GLOBAL COMPACT  
FEBRUARY 2018

GLOBAL WORKFORCE SOLUTIONS  
UNLOCKING HUMAN POTENTIAL ENABLING SUCCESS





## LETTER FROM THE CEO: MESSAGE TO OUR STAKEHOLDERS / FEBRUARY 2018

FSI has continued to grow its ethical recruitment initiatives and engage in new parallel projects to drive positive change for migrant and domestic workers.

FSI has advanced the development of ethical recruitment corridors of disadvantaged female workers from across Nepal into the garment sector in Jordan as part of the 'Work in Freedom' initiative funded by DFID. Working closely with 'Better Work Jordan' and the International Labour Organization, FSI has engaged directly with factories in Jordan to improve conditions for workers and shape the environment for further improvements and a scaling up of opportunities.

FSI continues to progress an industry leading construction project in Qatar with Daruna which, will see FSI deploying up to 2000 ethically recruited workers. There is potential for this project to grow significantly over the next 12 months as FSI becomes increasingly recognised as a leader in ethical recruitment thus becoming a key advisor in this arena and across the Gulf.

FSI has engaged directly with the US department of defence to assist them in generating solicitation language to better ensure compliance to combatting trafficking in persons (CTIPs). FSI has run training for the contracting officers of the US DoD in Rock Island Arsenal who are responsible for soliciting and awarding several billion dollars in contracts potentially employing many thousands of migrant workers across the globe.

FSI has been voted to the board of the International Stability Operations Association and recognised in the 2017 June awards dinner for our work in combatting labour trafficking receiving the Vanguard award for our business category. We have continued the highly successful anti-trafficking work with the US Department of State and FSI's ethical recruitment support to US Department of State (US DOS) contractors.

Furthermore I am pleased to confirm that the FSI Worldwide Group reaffirms its continued support of the Ten Principles of the Global Compact on human rights, labour, environment and anti-corruption. We are committed to continue to make the Global Compact and its principles part of the strategy and ethos of our company.

A key requirement for participation in the Global Compact is the submission of a Communication on Progress that sets out FSI's efforts to implement the Ten Principles. FSI commits to do this annually and thereby record our involvement and improvements in attaining and maintaining the Ten Principles transparently.

FSI is also committed in sharing this information with its stakeholders using its primary channels of communications.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tristan Forster', with a small dot at the end.

**Tristan Forster**  
Founder and CEO FSI Worldwide Group

# INTRODUCTION

FSI Worldwide (FSI) is a Global Workforce Solutions Company with the unique ability to achieve large-scale efficient and ethical recruitment and management of migrant workers from the developing world for employment across multiple sectors and geographies in the newly industrialised and developed world. Founded on the conviction that the adoption of ethical recruitment practice is an imperative, both from a human rights perspective and a business one, FSI has developed an unparalleled reputation for the successful provision of the highest quality 'FairLabour' workforce solutions.

FSI has an in depth understanding of the challenges faced by workers, recruitment companies and employers in delivering ethical recruitment, which it has used to develop its own unique ethical recruitment model. FSI's FairLabour model brings together a complex set of processes and infrastructure in both source countries and destination countries that enable FSI to recruit, train, mobilise, and manage workers to a very high ethical and quality standard. FSI wholly owns and controls its recruitment structures in source countries, cutting out the risk of external agents corrupting the recruitment process and regularly interfaces with numerous government departments in several countries as well as advising its

*continues »*

clients on the challenges and opportunities presented by migrant labour workforces. This ensures that all personnel are protected from paying any fees and from exploitation frequently associated with the international recruitment sector.

The FairLabour model was founded with the aim of bringing international best practice to the recruitment and management of migrant workers from the developing world and is in stark contrast to the widespread practice of debt bondage, which blights the lives of migrant workers the world over and which the International Labour Organisation (ILO) has called modern day slavery. The ILO estimates that there are 21 million people globally in forced labour, however it is recognised that many more than this suffer from debt bondage and the associated exploitation.

The company's ethos is centred on the principle that investing in people through ethical recruitment processes of the highest standards promotes vital human rights, which in turn, enhances productivity for businesses and naturally aligns its practice with the Global Compact principles.

# INTRODUCTION

Illustration demonstrating FSI's unique and wholly owned ethical staffing system:



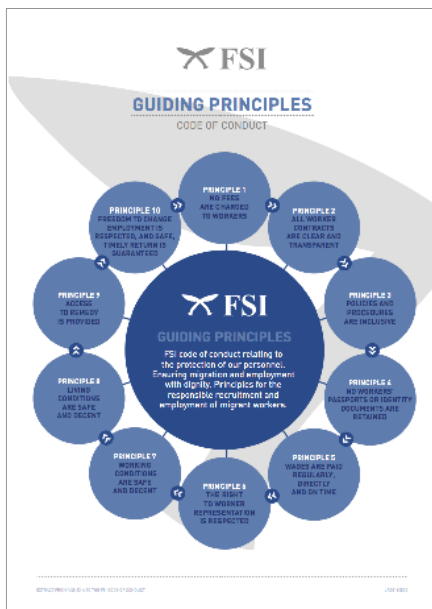
# CONTENTS:

HUMAN RIGHTS  
LABOUR  
ENVIRONMENTAL  
ANTI-CORRUPTION



## HUMAN RIGHTS PRINCIPLES ASSESSMENT, POLICY AND GOALS

FSI is wholly committed to respect and promote the Universal Declaration of Human Rights. FSI was established in 2006 on the ethos of fair and ethical recruitment for everyone. It has invested millions of dollars in establishing an ethical business model to bring protection to workers, and quality and increased productivity to employers of migrant labour, which is a viable alternative solution to current systemic debt bondage labour recruitment practices.



Posters from the series that form part of FSI's Code of Conduct and Guiding Principles.

FSI's guiding principles and Code of Conduct are based on:

- The UN's Guiding Principles
- ILO Operational Principles and Guidelines
- ILO Convention 181
- Dhaka Principles
- Palermo Protocol
- The Verité Framework for Ethical Recruitment

These principles are at the core of FSI's business model and therefore enshrined systematically throughout the organisation's operations, procedures, process and practice, taking responsibility to ensure the rights of those recruited by FSI are respected, as well as those of its employees. Additionally, all those engaged with FSI, such as business partners or suppliers are briefed in-depth on FSI's Code of Conduct and ethics and required to sign-up to operating within these boundaries prior to engagement.

FSI's FairLabour model is expanding its reach rapidly, which requires the organisation to be proactive in reviewing and developing its organisational policies to ensure it is not complicit in human rights abuses. Expansion of an ethical business into new sectors and geographies requires the ability to look honestly at internal structures and business practice, and challenge and develop them where necessary.

There is a hugely divisive, global problem that sees hundreds of millions of low-income workers being exploited in their desperation to find employment. This is known as 'debt bondage' and in addition to ruining the workers' lives it also results in employers suffering low productivity from an unqualified and demoralised workforce. FSI's FairLabour workforce solution is working to eradicate this exploitation, across the GCC and globally. The aim of this is twofold; to improve the lives of these workers and their families, whilst also helping employing businesses improve their productivity and bottom line.



**Images:**

*Top:* Candidates during a pre-deployment briefing. Checking through official documentation, papers and contracts.

*Right:* Recruitment activity at the village level in Nepal.

*Bottom:* Potential candidates going through a typical screening and testing process in one of FSI's Nepal recruiting offices.

**IMPLEMENTATION**

FSI's FairLabour model is a vertically integrated model of recruitment, meaning it self performs the whole process of recruitment under its own license and infrastructure. This ownership of the process from recruitment in villages in the origin country to the final work placement in the destination country allows FSI to operate a robust mechanism of internal compliance ensuring migrant workers are protected from exploitation and widespread corruption from third party agents.

FSI's Code of Conduct and Guiding Principles at the core of its business are published on its website and posted publicly in all of its offices. All internal policy is developed in line with these core documents and enhanced regularly to ensure the highest of working standards. All FSI personnel and new recruits, whether for internal employment or on external contracts receive training on FSI's Code of Conduct and its guiding principles, ensuring that adoption of these policies are incorporated throughout FSI's operations at all levels.

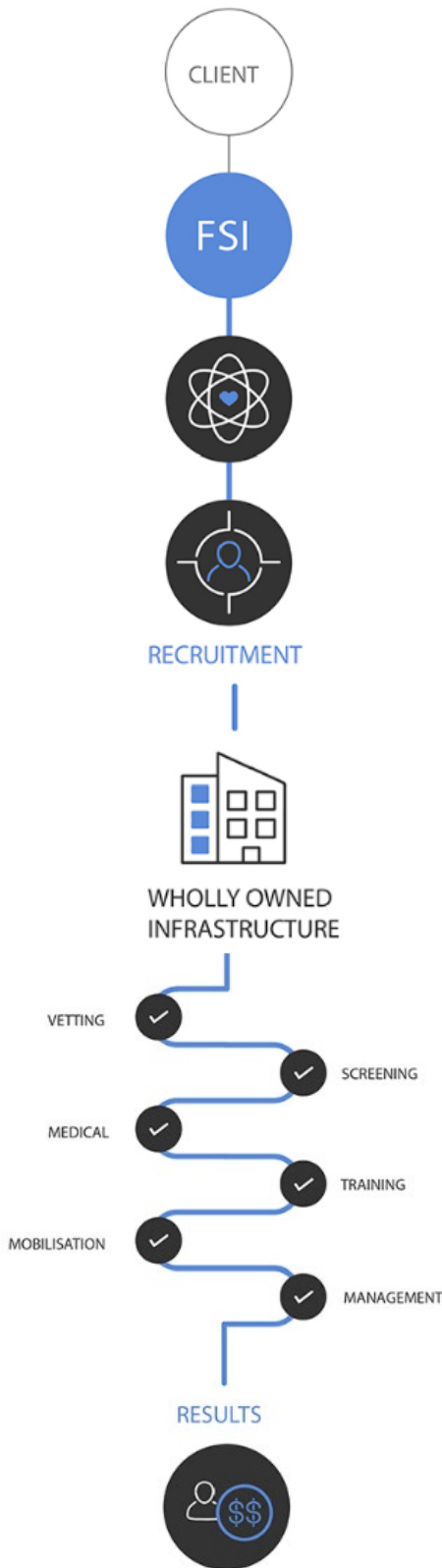
All new employees are given a comprehensive introduction to these principles when they join and all staff attend training annually to refresh their knowledge of these key principles, or more frequently when necessary. Employees are also given a staff handbook outlining how grievances and perceived unfair treatment should

be dealt with. All FSI staff sign a non-extraction form at the start of their employment. A non-extraction form is a statement that the FSI employee understands that no payment is to be taken from candidates and clearly states that the employee will be terminated if this happens, which has proven to be very effective. Each department is individually and collectively responsible for the day-to-day implementation and compliance of FSI's FairLabour model with any deviation taken very seriously.

All other personnel recruited through FSI receive comprehensive orientation training prior to deployment, including an overview of FSI, its founding principles and all the relevant policies of both FSI and that of any third party employer, where this is different. This training covers job site country briefs, working hours, and grievance mechanisms, such as Safecall. This is a toll free number, run by and independent organisation to safeguard workers' rights, which anyone can call anonymously to log any breach of FSI's ethical standards. All candidates are briefed on this hotline facility in their induction training and recruitment and HR offices are required to display the Safecall posters, so workers can readily access this information. FSI's model is unique in that it provides management and welfare support to all personnel it recruits, including support to families back in the source countries where required or management of any compassionate leave.



## THE FSI MODEL



View the interactive version of this model:  
[www.fsi-worldwide.com/about-us/approach](http://www.fsi-worldwide.com/about-us/approach)

Additionally, FSI operates a multi-faceted approach to engagement, training not only its own staff but those of partner organisations too. As well as consistently encouraging senior executives of client businesses and organisations to visit their projects and their recruitment operations in origin countries. The aim of these visits is to give key stakeholders a deep understanding of FSI's FairLabour methodology. FSI was established with the vision of ensuring migration and employment with dignity, through offering employment opportunities to migrant workers via a responsible workforce solution business model, which is centred on the protection of personnel (migrant workers). As a result, FSI will only work with clients and partners that respect and embrace these guiding principles.

FSI does thorough due diligence on all its clients before it engages contractually, which includes an initial assessment of work and living conditions to ensure that high standards of welfare are met, especially in terms of health and safety. Workers are thus ensured the expected salary in their contract, working hours and leave schedules promised, that accommodation meets an acceptable standard and that they have access to fair grievance mechanisms. Additionally, FSI management visits each job site regularly, on a 3 to 6 month basis to make sure standards are maintained and to provide workers with an additional forum to which they can raise any issues and concerns.

Each project has a robust system of evaluating performance, including external audits.

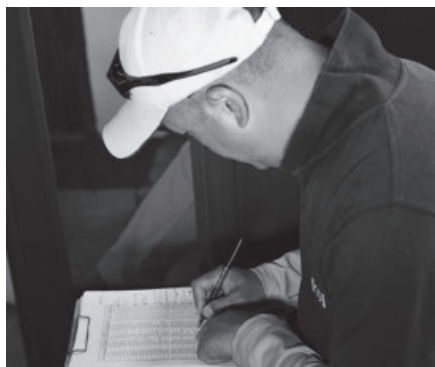
Standards based on FSI's Code of Code are an imperative and FSI safeguards this through its process, from initial due diligence on partners and clients to signing agreements and implementation of projects and ongoing monitoring. This includes asymmetric auditing, which is specifically designed to expose a real picture of the activities being undertaken in the recruitment, mobilisation and management process. By its very nature the asymmetric audit is dynamic and not prescriptive so that it cannot be planned for by target organisations and individuals.

Over the last year FSI has been developing a FairLabour tech platform, which will be piloted in 2018. This tech platform will provide a direct, ethically and legally moderated, link between employers and employees. This system will overreach the agents and fixers whose malign influence is responsible for a significant portion of the exploitation of vulnerable workers. FSI sees a number of ways in which the system can help all stakeholders, including in the development of education and training for employees and in the provision of efficient, but ethically sound, recruitment and management methods for employers. However, FSI also recognises that technology alone will not solve the problems associated with debt bondage. This will require a change in culture and that requires leadership at all levels. FSI believes that it is well placed to provide some of that leadership in the political, legal and commercial space and will be developing its offering.





Posters from the series that form part of FSI's Code of Conduct and Guiding Principles.



### MEASUREMENT OF OUTCOMES

FSI has only ever received one staff complaint in relation to a violation of their human rights and this was addressed promptly and seriously with a positive outcome. This was in FSI's early days, before it had established a formalised annual training mechanism for staff or before it had introduced a staff handbook, both of these were initiated as a result of lessons learnt from this experience.

When Safecall was first introduced in 2016, FSI received a complaint, but this was dropped by the complainant after further investigation by a third party found the root of the complaint was unfounded, not related to any wrongdoing, but rather an applicant being disgruntled at not having been selected for employment.

FSI does work with external suppliers on the provision of air transportation, insurance and accommodation, but these suppliers don't directly interface with recruits, who are always chaperoned to their destinations.

Despite this, FSI recently conducted an audit of its key service providers (medical service providers, tailoring services, hotels and travel agencies) in order to guarantee that there is no form of exploitation within their institutions. Following the audit, the service providers are now bound by a tighter formal contract, which incorporates FSI's ethical recruitment principles and includes a clause of contract withdrawal in the event the service provider is seen to breach FSI's standards. Any contravention of human rights will be documented and FSI will work with the responsible company establish and then implement, a corrective action plan (CAP), where necessary and appropriate. FSI's policy of the violation of the Code of Conduct is to take robust action unequivocally at any and all levels of staff, resulting in no dismissals to report this year.

FSI operates entirely transparently and opens itself up for external evaluation and scrutiny to identify any gaps in its training, processes and practice. In February 2017 Verité conducted an audit on FSI's operations in Nepal. This audit being the first carried out on any Responsible Business Alliance (formerly the EICC)

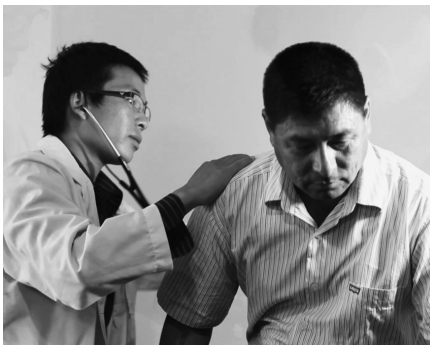
member's labour suppliers, by Verité. . Additionally Amnesty International has also been invited to critique FSI's ethical processes and standards.

The U.S. Department of State conducts detailed audits of FSI's operations on behalf of prime contractors and has always found that its standards exceed their recommendations.

FSI has been making a concerted effort to grow its influence by expanding its reach and scaling its business into new geographies and sectors. This effort to scale requires front of the curve investment. Being an implementing partner on the ILO Fair Project, part of the 'Work in Freedom', where FSI is working to create a safe pipeline for female migrant workers from Nepal into the apparel sector in Jordan is a prime example of how FSI puts expanding the practice of FairLabour at the forefront of its business agenda. Compliance of ILO's Labour Standards, throughout the process, including in all contracts is obligatory for all partnering organisations.

The 'Work in Freedom project has its own thorough monitoring and evaluation mechanisms, which are overseen by the ILO.

Leading by example, FSI regularly consults on how and why ethical recruitment practices should be adopted globally to transform the paradigm of modern slavery. FSI works collaboratively with a range of stakeholders, such as the International Labour Organisation (ILO), Humanity United, Verité, Open Society Foundations and government to share knowledge, best practice and expertise.



## LABOUR PRINCIPLES

### ASSESSMENT, POLICY AND GOALS

FSI's FairLabour model was developed to safeguard workers' rights, ensuring they are selected on merit only, without the charging of any fees, or through bias or nepotism. All recruits apply through the same open recruitment process and are screened, tested on ability and participate in compulsory statutory medical tests.

The clinics carrying out the tests in the source countries are vetted and tested for discrepancies by having the medical tests repeated in the destination countries. The medical testing centres are aware of this dual testing process and agree to financial responsibility for the costs of participants who fail the tests in destination countries, which is a costly deterrent against malpractice. Any evidence of misconduct would be taken extremely seriously and result in action against the medical centre/clinic in the source country. All recruits are treated fairly and are managed to the highest standard throughout their period of employment.

FSI operates under the highest standards and adheres to the ILO's Operational Principles and Guidelines and to Convention 181, meeting the best practice standards stipulated by the Athens Ethical Principles, the Dhaka Principles, Palermo and Luxor protocols, and UN Guiding Principles on Business and Human Rights. It operates a no fee policy, without exception; even in countries such as Nepal that still legally allow a basic minimum fee to be charged for recruitment services.

FSI adheres with the U.S. Trafficking in Persons regulations, the Federal

Acquisition Regulation of 2015, the Protections Against Trafficking in Persons in Federal Contracts Executive Order. Implements title XVII of the National Defense Authorization Act (NDAA) for Fiscal Year 2013, Ending Trafficking in Government Contracting Act of 2012. It is also compliant with UK legislation: the Modern Slavery Act 2015 and the Bribery Act of 2012. Whilst also actively improving and auditing its recruitment processes and human resources mechanisms.

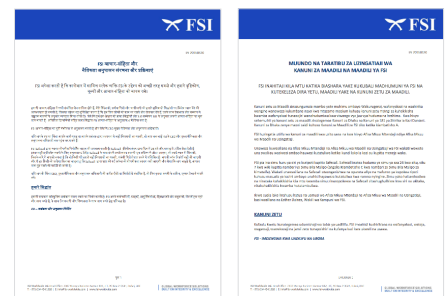
FSI exists in a context that is widely recognised to be at high risk of slavery and debt bondage. As it is one of the only ethical recruiters in this market, it leverages its services to work against these risks and to offer business an alternative route to what could otherwise be argued as 'the only choice'. It works with its stakeholders to identify, map and quantify their risk, often in complex supply chains and then offers them solutions to mitigate and eradicate future risk. It is one of the few organisations that have the in-depth knowledge of how to assess and plan against risk at both a theoretical knowledge level and one that is founded on a history of practical ground experience, over diverse contexts and a growing range of sectors.

**IMPLEMENTATION**

**FSI's Code of Conduct contains the following provisions, specifically in relation to forced labour:**

- We do not charge any fees or costs of recruitment to the candidate in whole or in part, including costs associated with travel and visa processing.
- We ensure that workers are not subject to any form of forced labour and have the freedom to terminate their contracts.
- We do not withhold identity documents such as passports. Where it is necessary to take documents from workers (for visa processing or similar), or if the worker requests we hold them for safe keeping, a signed receipt is given to the worker and they may request the document back at any time as well as a photocopy of the document.
- We ensure workers' freedom of movement is not unreasonably restricted.
- We ensure employment contracts are understood and translated into native languages where required. FSI ensure that employees receive copies of their employment contracts prior to deployment. Contract substitution (the replacement of an original contract or any of its provisions with those that are less favourable) is strictly prohibited.
- We ensure all employees receive pre-deployment orientation covering topics such as the terms and conditions of work, their rights and responsibilities, living conditions and grievance mechanisms.
- We ensure that workers are paid in full on time every month and that clear and transparent information is provided to workers regarding days worked, rates of pay, etc.

FSI's staff handbook has been translated into all the native languages of all its staff, ensuring complete access and understanding. The FSI staff handbook covers policies concerning, equal opportunities, anti-harassment and bullying, whistleblowing, health and safety, stress at work and social responsibilities and clearly sets out who should be contacted in the event that an employee has a grievance. Briefings and trainings are also carried out in a language that ensures comprehensive understanding of these policies and FSI's Code of Conduct and Guiding Principles.



**MEASUREMENT OF OUTCOMES**

FSI's actions to date have resulted in protecting approximately 10,000 migrant workers from debt bondage. Its commitment to ethical practices is demonstrated through the obvious social impact of its FairLabour model with workers receiving their full salaries and protection from the wider forms of labour exploitation.

FSI received a honourable mention at Thomson Reuters, Stop Slavery Awards in London in November 2017 to follow on from having won the UN Global Compact business leaders award in 2013, presented to Founder and CEO Tristan Forster at the World Economic Forum in Davos. FSI had been a runner up for the award in 2010 and a nominee in 2011.

Despite being a small organisation, FSI allocates significant resources and capacity to engage with a broad range of stakeholders across multiple industries to influence their commitments to adopt fair labour practices. This includes regularly speaking at public events, such as speaking at the Houses of Parliament in 2016 on the problem of modern day slavery in the construction

industry and at the White House Forum to Combat Human Trafficking.

Also, FSI engages with a number of associations, such as:

- The Aim-Progress forum which is a global initiative made up of "Fast Moving Consumer Goods (FMCG) manufacturers and common suppliers, assembled to enable and promote responsible sourcing practices and sustainable supply chains", sponsored by AIM in Europe and GMA in North America. FSI's Senior VP America, presented at AIMS main annual meeting and FSI's Managing Director AMEA, ran a suppliers training for them in Dubai at the beginning of 2017.
- Nick Forster, co-founder and SVP of FSI is a Board member of ISOA and regularly engages on panels at their annual gatherings.
- FSI is working with the Responsible Business Alliance (RBA) in collaboration with The Fair Hiring Initiative (TFHI) and Verité.

FSI has its own charity, 'Freedom Matters', which supports education projects in Nepal and provides much needed help to destitute and injured former Gurkha soldiers recruits and their families and which helps child victims of human trafficking. FSI is also in partnership with the Circus Kathmandu Foundation (CKF), which it supported to launch a film (Even When I Fall) about children trafficked into circuses. FSI and CKF are starting a series of outreach education workshops on the human trafficking, debt bondage and fair recruitment in March/April 2018.





## ENVIRONMENTAL PRINCIPLES

### ASSESSMENT, POLICY AND GOALS

FSI supports a precautionary approach to environmental challenges, the undertaking of initiatives to promote greater environmental responsibility and the development of environmentally friendly technologies.

Environmental Principles are not at the forefront of FSI's operational policies, due to its core business not having a direct impact on the environment. Any impact FSI has on the environment is largely secondary, through the work of its clients. FSI consciously looks to work with companies that operate responsibly. FSI also uses suppliers that are environmentally conscious, when purchasing products and services to ensure minimum harm to the environment.

### IMPLEMENTATION

FSI is committed to continuously develop its working practice to achieve a diminished negative impact on the environment. Its office operates an environmentally conscious culture, conserving water, recycling waste and using energy more efficiently.

FSI's Code of Conduct includes a section on the protection of the environment ensuring environmental principles are taken seriously and given relevant importance.

FSI's staff handbook highlights the process in which to alert the organisation of anyone, including an employee suspected of undertaking any activity that may cause serious harm to the environment.

### MEASUREMENT OF OUTCOMES

To date, FSI has a clean record in terms of issues involving its staff on or around issues concerning the environment.

FSI continues to reduce its general waste, such as paper and plastic recycling in its offices by embedding an environmentally conscientious and responsible culture throughout the organisation.



## ANTI-CORRUPTION PRINCIPLES

### ASSESSMENT, POLICY AND GOALS

As an organisation working at the forefront of recruiting migrant workers, FSI operates a transparent zero tolerance policy to bribery and corruption. Also more broadly it is committed to continue to challenge endemic corruption, bribery and exploitation in labour supply chains.

Its vertically integrated FairLabour Model was designed and developed to significantly diminish the risk of corruption and allow for prompt decisive disciplinary action in the rare instances it may occur. Policies, drawn from the UN Convention against Corruption, the UK Anti-bribery laws, the OECD anti-bribery convention, the U.S. Foreign Corrupt Practices Act and any other similar laws relating to corruption in source and destination countries are integral to safeguarding FSI from corruption and bribery.

FSI actively abides by all the source country legislation (employment law) and regulations, such as minimum salary standards. It also insists that all stakeholders observe the laws and regulations of origin and destination countries. FSI applies the Dhaka Principles and if a client cannot comply with them, FSI will not engage further.

### IMPLEMENTATION

FSI's staff handbook clearly communicates FSI's zero tolerance policy to corruption and bribery and outlines how any such issues should be raised. Any sort of misconduct by an employee will result in their dismissal and will be dealt with without delay. FSI also maintains communications with the workers it deploys to get feedback on how their employment is going and how their recruitment and mobilisation was delivered.

FSI reserves the right to suspend and/or terminate contracts with business partners who fail to comply with its guiding principles. It uses asymmetric auditing internally and on the operations of its business partners' to ensure stringent compliance. This auditing ensures that FSI employees

and partners are aware that they are in a high corruption risk environment and that close monitoring reduces opportunities to stray.

All audits and inspections are tailored to fit each specific environment and context. FSI operates within all national and international regulations unlike many recruitment companies in source countries and who will pay bribes to speed processes or circumvent regulations entirely.

FSI operates a robust accounting mechanism, where the Finance Department cross-checks all records. The Board, CEO and divisional heads have full visibility of the accounts, which are audited annual by external auditors.

### MEASUREMENT OF OUTCOMES

FSI is regularly audited to ensure no corruption or bribery at any level through its model. In its history its practices have not been called into question by any of its clients or other stakeholders in relation to bribery or corruption. Additionally, FSI has not been involved in any legal cases, rulings or other events related to corruption.



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BUILT ON INTEGRITY & EXCELLENCE**

