

TO:



COMMUNICATION ON PROGRESS

THE UNITED NATIONS GLOBAL COMPACT
MAY 2020

GLOBAL WORKFORCE SOLUTIONS
UNLOCKING HUMAN POTENTIAL ENABLING SUCCESS



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LETTER FROM THE CEO: MESSAGE TO OUR STAKEHOLDERS / MAY 2020

FSI has responded quickly and proactively to the Corona Virus Pandemic to try and help ensure that workforces are properly protected and supported as they start going back to work. Migrant workers living in close proximity on labour camps are particularly vulnerable and this is a main area of focus.

FSI has signed a partnership with the DFID funded Skills Employment Programme in Nepal to run training courses to upskill disadvantaged Nepalese workers for the local and overseas labour market.

We have been in discussions with the Home Office of the United Kingdom and the States of Jersey in the Channel Islands and are likely to be providing personnel from both Nepal and Kenya to work on temporary permits in the hospitality and agriculture industries.

FSI is partnering with World Water Crisis to act as their implementation partner for large water decontamination projects in the developing world.

The FairLabour Alliance has had a successful first year, managing to secure 18 Members including BP and Multiplex and we are in discussions regarding pilot projects to address exploitation and debt bondage in the labour supply chains of the member companies.

In 2020, we will attempt to scale up our FairLabour recruitment capability across the GCC and within US Federal Labour Supply Chains. We will also implement COVID resilience protocols to increase protection to our work force and our clients and to ensure the sustainability of projects in the post COVID era.

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 'T. Forster', written over a light grey horizontal line.

Tristan Forster
Founder and CEO FSI Worldwide Group

INTRODUCTION

FSI Worldwide (FSI) is the award-winning world leader in the recruitment and management of ethically recruited migrant workers. Its pioneering manpower solution 'FairLabour' manages the labour supply chain from village to destination country in compliance with international recruitment and worker welfare standards.

FSI founded in 2006, was determined to provide businesses with a responsible, sustainable and commercially viable ethical recruitment solution. Its aim of eradicating ubiquitous debt bondage, commonly accepted as an unfortunate reality of labour migration has always been core to everything it does. It used its indepth understanding of both the exploitation faced by workers which include, but are not limited to; fraudulent documentation, extortionate demands for payment and deception ahead of worker value and effectiveness, and the challenges faced by recruitment companies and employers in delivering ethical recruitment to develop its own ethical FairLabour recruitment model. The pioneering model brings together a complex set of processes and infrastructure in both source countries and destination countries, which cut out the risk of external agents corrupting the recruitment process, ensuring all personnel are protected from paying fees

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and free from exploitation, whilst enabling FSI to recruit, train, mobilise, and manage workers to a very high ethical and quality standard.

Initially the business focused on security services, with the majority of recruits being former military personnel (Gurkhas) migrating for work from South Asia into the post-conflict environments of Iraq and Afghanistan. FSI now has a broad and diverse portfolio of global clients, spanning the security, construction, manufacturing, facilities management, agriculture, hospitality and catering sectors, and recruits all categories of migrant workers from multiple source countries across Asia and Africa, including Nepal, India, Kenya, the Philippines, Uganda, Zimbabwe and Colombia.

HUMAN RIGHTS PRINCIPLES



ASSESSMENT, POLICY AND GOALS

FSI’s core values wholly align it to the Global Compact principles and the Universal Declaration of Human Rights. Its pioneering business model provides businesses with world class quality services upholding the highest standards of human rights, whilst increasing productivity potential of client businesses. Human Rights are at the core of FSI’s foundations, as it was established with the aim of ending debt bondage of migrant workers, who are widely vulnerable to enormous exploitation.

FSI’s guiding principles and Code of Conduct incorporates The Universal Declaration of Human Rights and are more specially 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

FSI’s Code of Conduct encompasses its vision and values, taking from all of the above and is applied with systematic adherence to all procedures, processes, operations and practice. Honesty, transparency, integrity and accountability are at the forefront of how FSI works to protect those recruited by and/or employed by FSI.

FSI’s Fairlabour Model advocates why it is imperative that businesses invest in people and protect vulnerable workers from exploitation, from both a human

rights perspective and a business one. This is starkly in contrast to the otherwise widely accepted status quo of exploitation and debt bondage, that sees over 40million people in modern day slavery today. Fees to agents and loans or punitive financial arrangements with unofficial lenders forces millions of workers into debt and desperate situations, whilst deploying workers without any relevant experience or skills training to employers, increasing their profile of risk immediately.



Despite major legislative and policy changes that have occurred since 2006, it remains the case that many companies operating in the Middle East do not pay for the recruitment of their migrant workers. As a result, the workers themselves, who are often recruited from South Asia and East Africa, have to assume debts amounting to several thousand US Dollars to obtain work. They are charged high rates of interest on this debt. As a result, the amount of money they earn is reduced as is the remittance they can send home to their families. These bonded labour practices are abusive per se and are often used as levers of further exploitation. They can also result in sub-optimal performance outcomes in terms of productivity and quality of work, as well as being a significant contributor to poor mental health amongst workers. They are a recognised form of modern slavery and are thought to effect some 8m workers in the global private economy. Media scrutiny of these illegal activities has increased exponentially in the last

10 years and the commercial, legal and reputational risks for companies associated with such practices have expanded commensurately.

In 2019, FSI, with funding support from Humanity United and DFID set-up the Fair Labour Alliance (FLA), specifically aimed at businesses to act as an innovation hub for the development of practical, effective measures to drive the market towards a fair labour model and away from a model predicated on illegal and unethical exploitation of vulnerable migrant workers. These innovations span the entire length and breadth of the labour supply chain, from government procurement policies down to 'first handshake' village level recruitment procedures. As a leader of ethical recruitment, FSI is careful to maintain high working standards on all projects, so it regularly and proactively reviews and develops its policies, processes and operations to ensure the organisation is always fully compliant with human rights principles and legislation.



The FLA participates at the ILO/Ministry of Labour Working Group on Fair Recruitment in Qatar. www.fairlabouralliance.com



IMPLEMENTATION

FSI's Code of Conduct and Guiding Principles, which are published on its website and posted publicly in all of its offices, stands at the core of all of its operations. All FSI personnel and new recruits, whether for employment within FSI or for employment on external client contracts receive comprehensive training on FSI's Code of Conduct and its guiding principles. Training on FSI's Code of Conduct is refreshed annually for existing employees ensuring that adoption of these policies are incorporated throughout FSI's operations at all levels. Recruits on contracts also receive comprehensive orientation training prior to deployment, including an overview of any third party employer policies that are relevant to their welfare and protection. This induction training covers job site country briefs, working hours, and grievance reporting tools, such as, Safecall; an independently operated toll free number anyone can call anonymously to log a complaint of misconduct or exploitation. Internally, FSI uses Eyedetector: a state-of-the-art lie detection technology that FSI uses randomly throughout the organisation, including on the executive leadership.

Its vertically integrated FairLabour model means it self-performs the whole process of recruitment under its own license and infrastructure, therefore cutting out corruption and exploitation from third party agents, giving it full visibility over the process and ensuring worker protection. FSI operates transparently and employs a range of mechanisms to safeguard adherence to its Code of Conduct, including integrating regular internal and external audits.

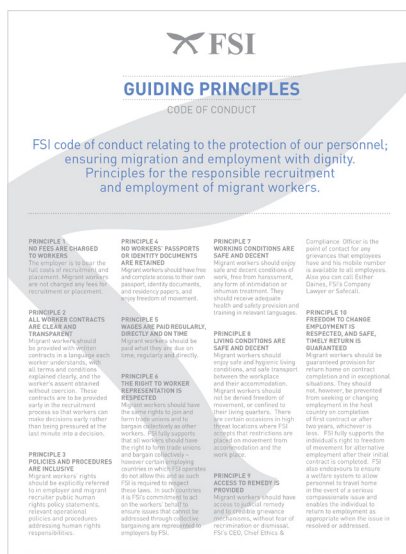
FSI takes every precaution to diminish risk. All the suppliers it works with for services such as the provision of air transportation, insurance, medical clinics tailoring services, hotels and travel agencies are inducted on FSI's Code of Conduct and required to sign formal contracts, incorporating FSI's ethical recruitment principles, including a clause of contract withdrawal in the event the service provider is in breach of FSI's standards. In the case of a breach of contract, where possible a corrective action plan will be employed, or otherwise the contract will be terminated.

FSI's approach to client engagement is unique; it includes comprehensive

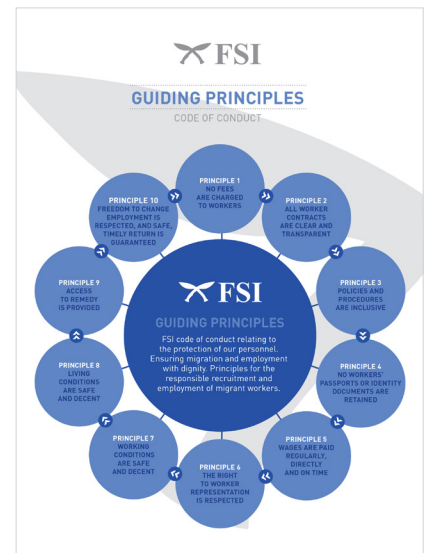
due diligence on all its clients and suppliers before engaging with them contractually, including an initial assessment of working and living conditions, health and safety protocols, and welfare provisions. Further to this, robust mechanisms are in place to ensure compliance throughout its work, including thorough due diligence of partners, clients and suppliers. FSI invests time into extensively briefing all those it engages with on its guiding principles and Code of Conduct, requiring compliance of these on all contracts and clients are offered training where required.

Over the last year, FSI has incubated the FLA, which now has 18 members engaged globally. It has developed into

a separate independent membership organisation for businesses dedicated to creating, disseminating and incubating commercial best practice in the employment of migrant and other vulnerable workers in global supply chains. The FLA is designed to be a collaborative and supportive forum in which commercial, NGO and government entities can interact positively with a view to driving demand for fair labour services and protecting vulnerable workers. The FLA is above all an organisation rooted in practice, not theory. Over the last 10 years, major developments in the law and policy have occurred in relation to protections for workers in global supply chains and the FLA exists in order to help translate those developments in sustainable commercial practice.



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





MEASUREMENT OF OUTCOMES

FSI's Fairlabour model has fundamentally changed the lives of thousands of vulnerable migrant workers seeking employment abroad by offering them the opportunity to deploy and work with dignity and without having to pay any fees, where their protection and welfare is at the forefront of the recruitment agenda. Workers receive the salary they expect, contracts are not duplicated or revoked, work hours and leave allowance is as contracted and agreed by the worker and accommodation meets an acceptable standard. To date, it has helped over 12,000 vulnerable people move from conditions of modern day slavery into decent work.

FSI has developed an unparalleled reputation for the successful provision of the highest quality 'FairLabour' workforce solutions. Clients are immediately impressed by the difference in professionalism of workers, the hardworking attitude and loyalty of recruits and the overall positive impact this has on organisational efficiency and productivity. A prime example of this, is the ILO Fair Project, part of the 'Work in Freedom' programme, which created a safe pipeline for female migrant workers from Nepal into the apparel sector in Jordan. Compliance of ILO's Labour Standards throughout the process is a requisite for all partnering organisations, of which FSI is now the only one.

FSI operates entirely transparently and opens itself up for external evaluation and scrutiny to identify any gaps in its training, processes and practice. When FSI is audited, its service providers are also audited as a part of the process, so as to ensure the whole supply chain is free of corruption and exploitation. Verité conducted an audit on FSI's Nepal operations in 2017/2018 resulting in it being awarded the highest standard and IOM is in the process of conducting an audit this year through its IRIS programme. FSI is the first recruitment agency to go through the IRIS audit process. Additionally, the U.S. Department of State conducts detailed audits of FSI's operations on behalf of its prime contractors annually and has always found that its standards exceed their recommendations.

FSI continually boasts an impressive record of maintaining high standards across the recruitment sector. In 2017, FSI received an honourable mention by the Thomson Reuters Foundation at its Stop Slavery Awards and before this in 2013, FSI was recognised with the UN GIFT Award for leading international industries in the fight against human trafficking and exploitation of workers at the World Economic Forum in Davos. Additionally, acclaim has been received from the US Department of State, the UK Foreign and Commonwealth Office, the UK Ministry of Defence, the UN,

the ILO, and the IOM. As a result of this and leading by example, FSI is regular contributor and speaker at conferences on the international stage, including events hosted by the ILO and UN.

The positive response to the introduction of the FLA and the uptake of membership in the last six months with requests for consultancy and training is also a successful outcome of progress being made in influencing the market place to adopt fair labour practices.



FSI Worldwide, winner of the UN Global Compact business leaders award in 2013

LABOUR PRINCIPLES



ASSESSMENT, POLICY AND GOALS

The context in which FSI works is at high risk of debt bondage, bonded labour and modern day slavery. It is imperative that FSI upholds the highest ethical standards and leads by example, as part of this FSI observes and adheres to all global labour law and principles and that of specific jurisdictions of clients and recruits, such as:

- The ILO's Operational Principles and Guidelines and Convention 181 operating to best practice standards stipulated by the Athens Ethical Principles;
- The Dhaka Principles;
- Palermo and Luxor protocols;
- UN Guiding Principles on Business and Human Rights;
- The U.S. Trafficking in Persons regulations;
- The Federal Acquisition Regulation of 2015;
- The Protections Against Trafficking in Persons in Federal Contracts Executive Order;
- it implements title XVII of the National Defense Authorization Act (NDAA) for Fiscal Year 2013;
- Ending Trafficking in Government Contracting Act of 2012;
- The UK's Modern Slavery Act 2015;
- The UK's Bribery Act of 2

FSI's Fairlabour model, is a workforce solution delivering specifically recruited workers, whose skills have been matched and sourced to the requirements of both the client and the job, thereby safeguarding workers from being exposed to risk in jobs they are not qualified for, ensuring a happy and productive workforce. FSI leverages its services to work against the widespread risks associated with debt bondage and modern day slavery to offer businesses an alternative route to what could otherwise be argued as 'the only choice'. FSI also consults with businesses to identify, map and quantify risks, often in complex supply chains, offering them solutions to mitigate and eradicate exploitation.

Recruits pay absolutely no fees for their jobs and are selected on merit with no bias or nepotism via a transparent and fair recruitment process where they are security screened, ability tested

and participate in compulsory statutory medical tests. FSI carries out thorough due diligence on third party suppliers, such as medical clinics and trains them in FSI's Code of Conduct and Guiding Principles before contractually engaging with them. Additionally, these third party suppliers carrying out tests in the source countries are vetted for discrepancies by having the medical tests of recruits repeated in the destination countries. FSI's dual testing process contractually obliges the source country clinics to take financial responsibility for the costs of participants who fail the tests in destination countries, which is a costly deterrent against misconduct.

IMPLEMENTATION

FSI trains all its employees in its Code of Conduct and Guiding Principles, alongside giving them all access to the Staff Handbook, which is translated into all the languages of its employees. Policies concerning equal opportunities, anti-harassment and bullying, whistleblowing, health and safety, stress at work, social responsibilities and grievance mechanisms are all covered in the handbook. FSI recruits are also given training in the Code of Conduct, Guiding Principles and their rights as a part of their induction training, before being deployed.

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.



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

MEASUREMENT OF OUTCOMES

FSI's pioneering FairLabour model is contributing hugely to encouraging businesses to engage with the fair and ethical recruitment of migrant workers, which is critical to ending debt bondage and modern day slavery. FSI and the FLA are influencing the market place, shaping opinion, leading by example, setting kitemarks of standards, demonstrating valuable leadership and offering workable tangible solutions.

FSI is also a member of a number of associations:

- 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 is also a Board member of ISOA and engages regularly on panels at their annual gatherings.

FSI allocates significant resources and capacity to engage collaboratively with a broad range of stakeholders, such as the ILO, IOM, the UN, Humanity United, Verité, Open Society Foundations, governments and business to share best practice and expertise.

ENVIRONMENTAL PRINCIPLES



ASSESSMENT, POLICY AND GOALS

FSI’s policy across the organisation has been to set a high standard with regards to it positively impacting the environment. As an organisation, its impact is largely secondary through the clients and suppliers it works with, for which it responsibly and carefully does thorough due diligence on before working with, so as to mitigate any harm caused to the environment through its work.

FSI’s Code of Conduct and staff handbook include policies that guide the business’s environmentally responsible approach to all its work. There is even a section in the handbook that directly addresses employees obligations to report suspicions of anyone undertaking any activity that may cause serious harm to the environment.



IMPLEMENTATION

FSI employs environmentally friendly technologies wherever applicable and has banned the use of single use plastics in all of its offices. It has also consciously moved the majority of its work online, vastly limiting the consumption of paper. Staff are careful not to waste water, to recycle waste, to switch off monitors and printers at night and to use energy as efficiently as possible to meet the standards for environmental responsibility that FSI has set for itself.

FSI is committed to review its policies and actions regularly, not only to check that it is complying with its policies, but also to see where and how it can improve how it conducts business to further mitigate any harmful impact on the environment.

MEASUREMENT OF OUTCOMES

FSI’s record for environmental negligence or misconduct is clean. This is regulated internally by FSI and externally where and if necessary. By the nature of FSI’s business, its general impact on the environment is very low.

ANTI-CORRUPTION RIGHTS PRINCIPLES



ASSESSMENT, POLICY AND GOALS

FSI has a clear zero-tolerance policy to any sort of corruption within the organisation and within any of its supply chains between clients and suppliers. Being an organisation that prides itself on pioneering ethical recruitment, it plays a leadership role in best practice across the sector, which means it is imperative that the FSI's policies are clear and transparent at every level and throughout its work. Its policy is based on and references global legislation, such as the UN Convention against Corruption, the Dhaka Principles, the UK Bribery Act, the US Foreign Corrupt Practices Act (FCPA) and the OECD anti-bribery convention. Additionally, FSI complies with all source country legislation and employment law of the jurisdictions where it operates, such as legal recruitment processes, minimum salary regulations and recruitment time frames.

FSI's ethical recruitment business is founded on the policy that it doesn't charge applicants or recruits any fees or facilitation payments for jobs and with that it has a zero-tolerance policy to bribes, this includes involvement in any political campaigning and gifts, including hospitality and expenses. FSI operates a transparent zero-tolerance policy to bribery and corruption.

All of FSI's contracts with clients and suppliers include clauses to ensure they are also obligated to observe the laws and regulations of source and

destination countries. FSI is a specialist in identifying and mitigating labour supply chain risks and developing practical solutions to achieve ethically compliant working modalities and labour supply chains.

FSI being a pioneer leader of ethical recruitment, it was founded on the principles that endemic corruption and exploitation in supply chains must be eradicated and has continuously worked to achieve the widespread adoption of fair and ethical recruitment practices.



IMPLEMENTATION

FSI's vertically integrated FairLabour Model mitigates corruption risks and allows for prompt decisive disciplinary action in the rare instances it may occur. FSI's staff handbook clearly outlines its zero-tolerance policies to corruption and bribery and provides clear guidance on the procedures in place to report non-compliance relating to these policies. This includes, a free and independent hotline service called Safecall that staff, applicants, recruits, suppliers or clients can use to whistleblow misconduct, which will then be followed up by a thorough investigation, ultimately resulting in a dismissal of an employee or termination of a contract if the investigation proves that there has been a breach of policy.

The geographic landscape in which FSI largely works is ridden with widely accepted and endemic corruption, which means traditional auditing processes end up being largely nugatory, with bribes bypassing the process. FSI's vertically integrated FairLabour Model is specifically designed using a multipronged approach to ensure compliance, including using asymmetric auditing which has proven to be an

effective deterrent in both mitigating and exposing non-compliance. FSI understands the challenges faced by employees, employers, government and other stakeholders which is why its approach is based on constructive collaboration and transparency to the benefit of all parties, but without flexibility where corruption is concerned.

The Staff Handbook given to all employees, outlines the grievance reporting process, encouraging vigilance and reporting of policy violations. All employees sign a non-extraction form at the start of their employment, which is a form stating that the FSI employee understands that no payment is to be taken from candidates and that any breach of this will result in the termination of their employment.

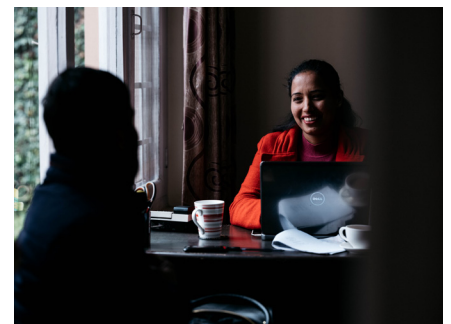
FSI routinely assesses its internal procedures, processes and operations, as a part of this and its accounting department is regularly scrutinised via monthly trading meetings, quarterly board meetings and yearly audits carried out by external auditors and the Board, the CEO and divisional heads have full visibility of the accounts.

MEASUREMENT OF OUTCOMES

FSI has an exemplary record of passing all of its audits without any issues since its inception.

Any historic incidences or concerns of corruption or bribery have always been thoroughly investigated, and quickly and robustly dealt with to ensure full compliance with its corruption policies. FSI's legal track record is entirely clean.

FSI prides itself on the reputation it has built within the global migrant recruitment industry, which it ensures through full compliance, accountability, quality, transparency and integrity.



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**GLOBAL WORKFORCE SOLUTIONS
BUILT ON INTEGRITY & EXCELLENCE**

