

Screening Tool

Who are your partners?

Businesses should carefully choose their subcontractors and business partners in order to effectively avoid their involvement in labour exploitation or trafficking. The aim of the screening is to verify that partners do not engage in abusive or criminal practices themselves or unknowingly through their subcontractors. In addition to safeguarding the rights of migrants, the screening of possible business partners will strengthen your image and reputation as a socially responsible company committed to promoting decent work. Competitive bidding can help buyers get the “best price” and bring costs down, but the process may also expose your company to hidden labour exploitation. It may be attractive to choose the lowest bidder, however, suppliers that are able to bring the costs down to a suspiciously low level may be using exploitative schemes, disguised in legitimate business structures, in order to maximise profits by taking advantage of people who are tricked or forced into accepting poor terms of employment.

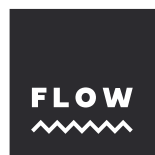
Below you can find questions and/or discussion points that will help you in reaching a common understanding of the values that your company holds. The discussions are also designed to increase your partners’ awareness of fraudulent practices, including labour exploitation. You might also consider going through the “Risk Assessment Tool” with your business partners to help them understand risks related to their operations. This will encourage other actors in your sector to act responsibly and proactively.

The following box outlines an example where a company has included prevention of labour exploitation into their strategy, thus achieving concrete results.

An example of a radical transparency strategy by SOK Corporation

SOK Corporation provides procurement and other services to S-Group, a Finnish network of retail and service companies including supermarkets. They commissioned Oxfam Italy in 2018 to conduct a Human Rights Impact Assessment (HRIA) on their processed tomato supply chains in Italy. Tomato pickers in Italy are mainly migrants from Africa who work 10-hour days earning about 35 euro a day. Some of the workers live in shantytowns without electricity, running water, proper sanitation or even shelter from the rain. They are often recruited by illegal labour brokers and have to pay recruitment and transportation fees. (Yhteishyvä 2018; Oxfam 2019.)

The data used included e.g. interviews with ca. 50 stakeholders (incl. workers, suppliers, SOK/Coop Trading staff), a multi-stakeholder roundtable, documents, and an analysis of supply chain price trends. (Oxfam 2019.) The HRIA identified for instance forced labour, low wages, excessive working hours, unsafe and unsanitary housing, health and safety risks at work and in transport, and lack of access to justice. Recommendations included e.g. bringing SOK’s buying and sustainability functions closer together; requiring Italian tomato suppliers to source from members of the Network on Quality Agricultural Labour; supporting the establishment of alternative recruitment models and workers’ grievance mechanisms in the supply chains; and advocating for local, national (Finnish and Italian) and EU level changes in human rights due diligence processes and migrant workers’ rights. (Oxfam 2019.)



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Questions for companies to discuss when screening for potential business partners

- What is your company structure like?
 - Workforce structure, share of directly hired people, migrant workers, temporary workers and share of workers hired indirectly through labour agencies and subcontractors?
- If your company uses labour agencies, how are the labour agencies selected and how do you ensure that they comply with labour standards?
- How is the employment process of migrant workers organised from first contact to starting the job in the destination country?
- Does your company have any policies or strategies that aim to prevent labour exploitation or trafficking in your supply chain?
- Does your company have a worker grievance mechanism or an ethical channel for reporting problems, which is meant for both directly employed staff as well as the workers of your subcontractors working on your premises, and for workers of your contractors? If yes, specify.
- How are the travel arrangements for workers arriving from another country made and who pays for them?
- Have you committed to making sure that posted or temporary workers are not obligated to pay any recruitment fees? If so, how?
- Have all the workers been informed about the general terms and conditions of employment of the destination country before they start the job? Has it been done in a language that they can understand, have they had the possibility to use interpreters if necessary? How was it verified that they understand?
- Have the workers been informed of their rights as employees in the country they are working in, in a language they understand? E.g., the right to get paid according to the collective agreement, compensation for working overtime, the right to join a trade union.
- Do you provide housing or assistance with finding housing? If so, how is the rent determined, is it deducted directly from the salary and are there any rules regarding who is eligible for housing and who is not? How many workers live in each housing unit? Are the workers free to decline housing organised by the company and can the worker look for accommodation themselves without incurring any charges?
- How do the workers commute to work? If commute is offered by your company, do workers have to pay for it? If so, how is the cost determined?

The following boxes outline some examples of how companies can screen their business partners and use tools provided by authorities to verify their partners' adherence to tax regulations of.

Good practice example from Finland

A Finnish construction company has organised face-to-face meetings with recruitment companies that hire migrant workers, as well as with companies providing cleaning services in an effort to address risks related to labour exploitation. The discussions were based on a list of questions and topics that were inspired by the HEUNI Guidelines for Businesses and Employers for Risk Management in Subcontracting Chains.

According to their Sustainability Director, these meetings made it possible to address the more sensitive matters related to potential exploitation and provided the capability to establish a common understanding of the company values and ethical conduct. Overall, the company received positive feedback to their approach from the recruitment companies. The meetings also enabled the promotion of the company's ethical channel. Anyone can use it anonymously to report non-compliance or suspicions of activities that go against company guidelines.

Estonian good practice: E-service Tool by the Tax Authority

The Estonian Tax Authority offers a new e-service portal (available since November 2019) where they display the estimates of companies' tax behavior and give instructions on what companies should do to improve their rating.

General information (e.g. address, payment of taxes etc.) is public and visible to everyone, but the tax behavior rating is not public. It is visible only to the representative of the company itself or the person with whom the representative has shared this information. Thus, companies may choose to share their tax behavior rating with potential partners to prove that they are good partners, or to ask their sub-contractors to share their profile before signing contracts.