



## Guidance on Monitoring of Labor Brokers



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## Introduction

This tool is one of 17 tools comprising the Socially Sustainable Sourcing Toolkit (S3T), which was developed as part of Verité’s Cooperation on Fair, Free, Equitable Employment (COFFEE) Project through generous funding from the US Department of Labor’s Bureau of International Labor Affairs (USDOL-ILAB). The S3T was developed in alignment with USDOL’s *Comply Chain* model, with at least one tool created for each of the eight steps of *Comply Chain* (see graphic below). Many of the tools are derived from tools created for the *Responsible Sourcing Tool*, developed by Verité with funding from the U.S. Department of State’s Office to Monitor and Combat Trafficking in Persons (J/TIP). The tools can be used *à la carte*, but it is important that companies have systems and tools in place for each step of *Comply Chain*.

### STEPS OF COMPLY CHAIN AND CORRESPONDING TOOLS

#### S3T Socially Sustainable Sourcing Toolkit



U.S. Department of Labor Comply Chain Model

- STEP 1. Engage Stakeholders and Partners**  
Guidance on Stakeholder Engagement
- STEP 2. Assess Risk and Impacts**  
Risk Evaluation for Action in the Coffee Trade (RE-ACT) Dashboard  
Root Cause Analysis of Labor Violations in the Coffee Sector  
Self-Assessment Questionnaire for Coffee Traders  
Self-Assessment Questionnaire for Coffee Producers  
Self-Assessment Questionnaire for Labor Brokers  
Guidance on Screening and Selection of Labor Brokers
- STEP 3. Develop a Code of Conduct**  
Sample Code of Conduct Provisions  
Sample Social Responsibility Agreements  
Primer on Recruitment-Related Risks in the Latin American Coffee Sector
- STEP 4. Communicate & Train Across Supply Chain**  
Guidance on Communicating Objectives and Standards Across the Supply Chain
- STEP 5. Monitor Compliance**  
Guidelines on Monitoring of Coffee Farms  
Guidance on Monitoring of Labor Brokers  
Worker Interview Guide Focused on Recruitment and Hiring
- STEP 6. Remediate Violations**  
Management Systems Framework for Preventing and Remediating Labor Risks
- STEP 7. Independent Review**  
Framework for Independent Verification of Ethical Sourcing
- STEP 8. Report on Performance**  
Guide on Public Reporting for Private Sector Stakeholders

## Introduction to the Tool

The objective of this tool is to guide businesses in better monitoring and overseeing labor brokers in their supply chains in order to reduce the risks of violations of codes of conduct, Brazilian law, and international standards related to recruitment and labor rights.

### Background

Adequately monitoring and supervising labor brokers and overseeing recruitment and hiring processes can help to significantly reduce labor risks in the Brazilian coffee sector. Risks are greater and harder to control when recruitment and hiring are carried out by third-party labor brokers, especially informal brokers — such as (in Portuguese) ‘gatos’, turmeiros, ‘empreiteiros’, líderes de equipe (crew leaders), agentes locais (local agents), transportadores (transporters), contratistas (labor contractors), recrutadores (recruiters), capatazes de fazenda (farm supervisors) — who often recruit workers, especially migrant workers, to work on coffee farms in Brazil.

Coffee farms, traders, and roasters should establish strict due diligence measures on the selection and monitoring of labor brokers to reduce the risk of labor violations in their supply chains linked to unscrupulous recruitment and hiring practices that are sometimes linked to labor brokers. These measures will also help to ensure more efficient and professional recruitment and hiring processes and a more formalized system to communicate about and monitor labor broker compliance with your expectations.

Once coffee farms screen and select labor brokers, they should carry out regular monitoring and supervision to ensure their compliance with client codes of conduct and legal requirements not only in Brazil, but also in countries that import the coffee that they produce. In this way, farms can reduce legal and reputational risks and help to ensure that workers who are recruited, hired, and supervised by labor brokers are working under fair, safe, and legal conditions.

This tool provides general guidance on monitoring the performance of labor brokers. This tool is meant to guide decision-making on the monitoring of labor broker performance and should be adapted to the realities of each business. Use of the tool alone does not guarantee compliance with any particular legal or code of conduct standards.

## Guidance on Monitoring Labor Brokers

This tool will help you to determine the potential level of risk of labor brokers non-compliance with legal requirements, fundamental international labor rights, and to the social responsibility requirements that your company or its customers have defined. Because labor brokers are not only involved in recruitment, but also in the transportation, hiring, supervision, and payment of workers on coffee farms, many of the criteria below go beyond assessing labor broker performance during the recruitment period to a more comprehensive assessment of their performance throughout the employment lifecycle. It is therefore extremely important to identify all of the third-party brokers that are employed throughout your company's supply chain—including recruiters, transporters, crew leaders, local agents, labor contractors, and supervisors — and the activities and responsibilities of each actor.

Coffee companies need visibility into how their labor brokers operate, both in recruiting and hiring, as well as in their role as crew leaders or supervisors on coffee farms, if applicable. A way to measure recruiter performance against legal requirements and social responsibility benchmarks must also be established. Performance assessments are especially critical on farms in which migrant workers are present. Note that although this tool uses the term "labor broker," these assessment criteria could apply to any third party engaged in the recruitment, hiring, and or supervision of workers.

### ***Improving labor broker performance can help to boost productivity***

Having an assessment procedure in place gives companies an objective basis for management decisions and helps protect against hidden abuses. It also drives labor recruiters toward performance effectiveness, continuous improvement, and meeting agreed upon goals related to business and social responsibility. This can lead to a more experienced, well-trained, and productive workforce; can help with the retention of workers; and reduce the risk of costly penalties for violations of criminal or labor law, or the loss of contracts due to violations of client codes of conduct.

### ***When to screen labor brokers***

Companies should determine the best time for an assessment based on the harvest cycle and other considerations. Where the outsourcing of recruitment and hiring is concerned, a screening of a labor recruiter should be conducted before they are hired, and an assessment of selected labor brokers should be implemented soon after workers arrive at the farm. Assessments should also be conducted prior to contract renewal or in advance of a subsequent deployment of workers. Recruiters responsible for aspects of on-site management of workers should be assessed periodically, and issues that have been identified should be promptly addressed.

As in screening potential workers, each company will have its own specific criteria when monitoring a recruiter’s performance. To determine the criteria, a company should undertake a careful review of the following documents and guidance:

- Legal requirements in Brazil
- International labor standards
- Fair recruitment standards and certification schemes such as:
  - International Labor Organization, General Principles and Operational Guidelines for Fair Recruitment: [https://www.ilo.org/global/topics/fair-recruitment/WCMS\\_536755/lang--en/index.htm](https://www.ilo.org/global/topics/fair-recruitment/WCMS_536755/lang--en/index.htm)
  - International Organization for Migration, IRIS Recruitment Standard: <https://iris.iom.int/>
  - On the Level, Core Principles and Standards of Ethical Recruitment. <https://otl-protocol.com/>
  - Clearview Assurance Standards: <https://www.clearviewassurance.com/>
- Company Code of Conduct or other high-level policy
- Client company Code of Conduct or other high-level policy

The performance assessment itself requires a process of triangulation – gathering and analyzing information from several sources. Ultimately, the most valuable information is likely to come from the workers themselves. For more information on conducting worker interviews, see the *Worker Interview Guide Focused on Recruitment and Hiring*.

- Worker interviews (the sample of workers interviewed should include representation from different genders, nationalities, languages, job assignments, and recruiter used)
- Recruiter interviews (or recruitment agency personal, if applicable)
- External stakeholders verification, such as government agencies accrediting labor recruiters, unions, and local civil society organizations, including worker organizations
- Criminal record checks
- Review of labor broker registries (if applicable)
- *Registration of Employers who have submitted workers to conditions analogous to slavery* (The Dirty List) (which can be found here: <https://www.gov.br/trabalho/pt-br/inspecao/areas-de-atuacao/combate-ao-trabalho-escravo-e-analogo-ao-de-escravo> )
- Internet search for evidence of engagement in illegal or unethical activities
- Recruiter documents including:
  - Business records - license, registration, certifications, etc.
  - Payroll records – with attention to any records of fees or wage deductions
  - Discipline records
  - Records from any applicable grievance mechanisms
- Visual observation of living and dining areas provided by recruiters, if applicable
- Visual observation of the offices of the recruiter/recruitment agency, if applicable

### EVALUATION AREA: RECRUITMENT FEES

Verité research has found that the charging of recruitment fees is a somewhat common practice in the Latin American coffee sector, including in Brazil, and that it not only affects international migrant workers, but also domestic migrants and even local workers. While the amount of up-front fees charged is not as high as in some highly industrialized countries that recruit large numbers of international migrants, Verité found that the level of fees charged in Brazil was higher than in many other Latin American countries. In such cases, workers may have borrowed money to pay the recruitment fees which increases the likelihood that they could be entering a situation of debt bondage before they set foot at the work site. Furthermore, Verité research has shown that recruiters sometimes take deductions from workers' pay and that some employers pay less to workers recruited by labor brokers in order to cover their recruitment costs.

It is therefore important that companies clearly communicate to their labor brokers that jobseekers cannot be charged recruitment fees and that the employer must pay for their recruitment. This "employer pays" requirement should be included in a company's Supplier Code of Conduct, contracts, and purchase agreements with all suppliers and subcontractors. Oversight must also be in place to ensure that the labor recruiter abides by this requirement.

Finding hard evidence of violations to the "employer pays" standard is difficult as fee-charge violations rarely have a paper trail, or the paper trail is falsified to hide fee payments. Workers are often the only source of information regarding violations of this standard. Workers must therefore have a safe means for reporting violations directly to the company, and a credible and well-communicated procedure must be in place to investigate and respond to such reports, including making sure that the practice is stopped and workers are reimbursed for any fees paid.

### Information to Collect:

- A description of how the labor recruiter ensures compliance with the "employer pays" policy (e.g., the policy is included in work contracts, and sanctions are in place for noncompliance)
- A list of fees and costs that must be paid by the employer or labor recruiter, such as:
  - recruiter service fees related to the identification, selection, hiring, and/or placement of workers
  - cost of transportation from the workers' homes to farms, including related expenses such as food and lodging during transport
  - cost for passports, visas, residency permits, or work permits
  - cost of skills tests, medical exams, pre-departure training, or training and equipment upon arrival
  - security deposits or bonds

- Mechanisms for jobseekers and workers to report violations of company policy on recruitment fees
- Procedures for refunding fee charges
- Information collected directly from workers on any recruitment-related fees paid, including payslips or receipts, if available

#### **COMMON RISKS AND RED FLAGS:**

- Lack of labor broker knowledge of Brazilian legal requirements and code of conduct requirements related to recruitment fees
- No written commitment by the labor recruiter to adhere to the “employer-pays” policy
- Lack of an effective and safe procedure for workers to report ethical violations by internal staff or subcontractors of the employer-pays policy (e.g., workers are coached to lie about fees and expenses)
- Jobseekers are charged up-front fees for recruitment-related expenses
- Workers report unexplained deductions from their pay or deductions directly related to recruitment fees
- Workers are charged fees for recruiter-owned or -operated accommodations

#### **EVALUATION AREA: CONTRACTS AND ORIENTATION**

By assessing contracts and orientation training, companies will understand how workers are informed about their legal rights and responsibilities, company policies, and employment conditions; how the company ensures workers clearly understand the policies and conditions; and whether these policies and conditions are explained and provided to workers in a language they understand.

Companies also need to check if the information provided to the workers during pre-departure training is the same as what they receive prior to the start of work at the place of employment. It is particularly important to know whether the terms and conditions the workers originally agreed to are consistent with those offered at the start of their employment, and if these terms and conditions are consistent with actual practice.

Workers should have signed a contract with the farm. Ideally, workers should also be provided with a signed contract prior to departing their community of origin for the farm, but this requires that the recruiter is assigned as a legal representative of the farm. In any case, workers should be provided with a thorough, accurate verbal explanation of their terms and conditions of employment prior to their departure. This includes the location and duration of employment, the tasks that they will be carrying out, hours of work, wages, and the provision of food and housing, among others.

Upon arrival at the farm, workers should be provided with an orientation that includes, at a minimum, information on workers terms of employment, employer standards and policies, labor rights, health and safety, workplace harassment and abuse, recruitment-related policies, and internal and external grievance mechanisms. Companies must ensure that the training meets legal and Code of Conduct requirements, and that the training is effective and appropriate to the levels of education, literacy, and language fluency of workers. This can be measured by simple post-training assessments of workers knowledge. Finding hard evidence of violations to the “employer pays” standard is difficult as fee-charge violations rarely have a paper trail, or the paper trail is falsified to hide fee payments. Workers are often the only source of information regarding violations of this standard. Workers must therefore have a safe means for reporting violations directly to the company, and a credible and well-communicated procedure must be in place to investigate and respond to such reports, including making sure that the practice is stopped and workers are reimbursed for any fees paid.

### Information to Collect:

- Copies of all employment contracts, including contract amendments, and a random sampling of signed worker contracts (ensure that sampling includes representation of workers from different areas, ethnicities, job assignment, etc.)
- Evidence of worker understanding of contract terms and conditions
- Description and content of training programs provided by the recruiter and the farm
- Records of training attendance
- Evidence of worker understanding of training content
- Information about the trainer (qualifications, languages spoken, whether company staff, recruiter, or external trainer)
- List of languages spoken by workers
- Language capacity and cultural competency of trainers

#### COMMON RISKS AND RED FLAGS:

- No clear procedures for conducting pre-departure and arrival orientation of new hires
- Information provided to workers prior to departure is not consistent with employment contracts, actual conditions of work, applicable legal requirements, and/or company policies and procedures
- Contracts are not in a language worker understands
- In contexts where workers have low levels of literacy, the terms of written contracts are not thoroughly and accurately explained
- There are inconsistencies between contracts provided by workers and recruiters
- Terms of contracts violate Brazilian law or company policy, or fail to include all required information
- Orientations are conducted by labor brokers, which may result in inconsistent messaging and insufficient information
- Trainings are conducted in a language workers do not fully understand
- Labor recruiters charge training fees to workers

#### EVALUATION AREA: PAYMENT AND BENEFITS

When workers are paid directly by labor brokers, it is essential that farms ensure that the wages and benefits provided comply with legal and code of conduct requirements. High-risk practices include underpayment of wages, delayed payment or withholding of wages, and unauthorized deductions. An assessment will help companies determine if workers are paid the wage rate that was promised; if their wages are paid in the manner to which the workers agreed; and if workers are able to terminate their employment without sacrificing wages already earned or incurring other financial penalties. If deductions or withholdings are made from workers' pay, an assessment will help companies determine if the deductions are required or allowed by law. This is of heightened importance in the agricultural sector where workers are often paid via piece-rate or quota systems that can result in minimum wage violations, child labor, gender pay gaps, and excessive overtime without the payment of required overtime premiums.

#### Information to Collect on Payment and Benefits:

- Copies of payroll documents, time cards, pay slips
- Records of coffee production or tasks completed, for workers who are paid piece rates
- Legal requirements on wages and benefits, including:
  - the minimum wage
  - frequency of payment

- overtime pay
- holidays
- leave
- social security and other required benefits
- Pay practices:
  - List of people responsible for calculating workers' pay and paying workers (including recruiters), especially for workers paid in cash and/or paid by piece rate
  - Forms of wage payments (cash, deposit in worker's bank account, etc.)
  - Frequency of payment (daily, weekly, monthly, end of harvest, etc.)
- Pay structure:
  - Basic pay rate
  - Overtime rates and other non-regular rates (holiday, rest day, etc.)
  - Whether cash allowances or advances given
  - Whether piece-rates or quota systems used and their terms
  - Structure and terms of any bonus system
  - Structure and terms of any sharecropping system
- Pay deductions:
  - Legally mandated deductions (e.g. social insurance premiums)
  - List of deductions taken in practice
  - Details of any savings programs implemented, if relevant
- Benefits provided
- Evidence of worker understanding of wage and benefit structure

#### **COMMON RISKS AND RED FLAGS:**

- Underpayment of wages (lower than legal minimum wage, terms agreed to during recruitment, and/or wages owed to workers according to their hours worked or production)
- Recurring errors in the calculation of workers' earnings, related to days or hours worked, piece rate production, and/or deductions
- Delayed payment of wages (less frequent than required by law or agreed to with workers)
- Evidence of forced savings programs
- Evidence of illegal deductions
- Workers are uninformed or misinformed about wage rates and deductions
- No pay slips are provided or pay slips do not contain critical information about how wages are calculated, such as rate of pay per unit, hours worked, production, and/or deductions
- Pay slips are not provided in a language workers understand
- Workers' pay slips do not correspond to workers' calculations of their earnings or records provided by the employer or recruiter
- Workers have not signed to acknowledge receipt of earnings

### EVALUATION AREA: LOANS, DEPOSITS, AND DEDUCTIONS

To have a clear picture of worker vulnerability to induced indebtedness, companies will want a full accounting of all loans, deposits, and deductions to which workers are subject. To determine worker vulnerability, companies must understand the purpose, legality, and amount of recruitment fees, deposits, and deductions. In addition, companies will need to know how workers repay these fees, and whether repayment schemes restrict their ability to terminate their employment.

### Information to Collect:

- Whether workers had to pay up front for recruitment fees, and the amount of these fees
- Whether they had to take out loans to cover recruitment fees, and if so:
  - who loaned them money
  - whether they are charged interest
  - whether they had to provide collateral
- Whether workers owe money to recruiters at any point in the employment cycle
  - If so, the amount, whether they were charged
- Whether there are any deductions from workers' pay for recruitment fees or related expenses
- Whether labor brokers provide workers with food and lodging on credit
- Whether labor brokers are linked to stores or mobile businesses located on or near the farms or provide workers with goods on credit
- List of items for which workers take out loans or are provided with advances
- Whether there are any recruiter-managed savings or deposits
- List of all wage deductions (disciplinary penalties and fines, meals, housing, uniforms, tools, personal protective equipment, etc.)
- Whether pay deductions are recorded on pay slips
- Workers' copy of proof of payment for any payments made

#### COMMON RISKS AND RED FLAGS:

- Workers are induced or encouraged to take loans or advances from the recruiter at excessive interest rates or unreasonable terms of payment
- Workers incur debts to labor brokers for food and lodging expenses
- Workers incur debts by purchasing goods from labor brokers
- Workers are required to lodge deposits before taking up employment and during employment
- Workers (or their families) are provided with cash advances and in-kind supplies, the value of which is deducted from their pay at high interest
- Workers (or their families) end their employment on the farm with greater debt than when it began
- Workers are ill-informed about the terms or the full amount of loans or deductions
- Deductions for loan payments are made against workers' salary
- Workers do not have access to work earnings or bank accounts used to receive payment
- Workers do not give informed consent for any savings program
- Workers are not paid until the end of the harvest season or the end of their employment
- Workers lose their earnings if they leave before the end of the harvest season

#### EVALUATION AREA: HOUSING

Companies will want to know the full details of the housing provided to migrant workers, especially if these workers have no choice but to rely on the labor recruiter to secure their housing.

Companies should check if labor brokers provide workers housing; that the housing provided to workers meets local housing and safety standards; whether it is comfortable and provides for sufficient space and private; whether it is safe and secure; and whether workers can freely enter or leave the premises. Companies need to specifically inquire about the rules and regulations for workers who reside in broker-provided housing, and whether there are unreasonable restrictions on workers' freedom of movement.

Companies should also determine whether labor brokers provide workers with food. If this is the case, it should be determined whether workers are provided with sufficient food, whether this food meets workers caloric and nutritional needs, and whether the food is of acceptable quality. It should also be determined whether food is distributed equally to all workers and whether family members living with workers are also provided with food. In any case, workers living in employer-provided housing should

be given access to kitchens and to independent stores outside of the farms where they can buy food at market rates.

Companies should pay close attention to whether workers are charged for worker housing or food. If the food and/or housing are not provided for free, companies should closely examine the fees charged to workers. Companies need to know how much is charged, how payments are collected, what records are kept and provided to workers, and whether they are charged reasonable rates. The charge to workers for employer-provided or -arranged housing should not exceed the rate for similar housing in the local area, while the amount for food should not exceed the market rate for food in the area. Finally, it should be established whether workers are provided with food and/or housing on credit, and the terms credit and repayment.

### Information to Collect:

- Who owns and manages worker housing
- Rules for leaving and entering the living quarters
- Security measures in and around worker housing
- Number of workers per sleeping room
- Amount of space per worker
- Availability of individual locked storage for identity documents and other personal valuables
- Level of protection from the elements and extreme temperatures
- Level of light and ventilation
- Availability of beds
- Availability of electricity
- Availability of running water
- Availability of separate bathrooms for men and women
- Availability of toilets and showers
- Presence of a kitchen
- Whether workers feel safe and secure in provided housing
- Cost of housing provided to workers
- Market rate of similar housing in area
- Whether workers have the option to purchase food outside of the farm
- Whether labor brokers provide workers with food
- How much labor brokers charge workers for food
- The quantity, nutritional value, and quality of the food
- Whether food is provided equally to all workers
- Whether food is provided to the family members of workers

#### COMMON RISKS AND RED FLAGS:

- Recruiters require workers to stay in recruiter-controlled housing facilities or workers have no other alternatives
- There are restrictions on guests or outsiders visiting worker housing
- There are restrictions on workers' freedom of movement, such as curfews or prohibitions against leaving worker housing without permission
- Gates to worker housing are locked
- Security personnel are instructed to restrict workers from leaving or entering the housing
- There is a lack of lockers for workers to store their documents and valuables
- Insufficient distance between agrochemical application and accommodation
- Accommodations are visibly decrepit, poorly maintained, dangerous, or unsanitary
- Workers report unsafe, unsanitary, or dangerous conditions
- Workers cannot get adequate sleep to safely perform their jobs due to poor conditions
- There is a lack of sufficient space or privacy
- There is a lack of separate sleeping spaces and/or bathrooms for women
- There is a lack of basic services, such as electricity and running water
- Costs of provided housing are outside of prevailing market rates for similar accommodation
- Workers have no other option than to purchase food from recruiters (they lack access to kitchens and/or free transport to purchase food at market rates at stores outside of the farm)
- Workers are provided with inadequate food and/or food of low nutritional content
- Workers are provided with substandard food (undercooked, rotten, same meal every day, etc.)
- Workers are charged above market prices for food
- Costs of recruiter-provided food or housing contribute to worker debt

#### EVALUATION AREA: IDENTIFICATION DOCUMENTS

It is critical to determine whether the recruiter holds workers' original personal identity, contractual documents, such as their 'working book', banking or receipt of social benefits documents, immigration documents, among others. Without access to such documents, workers are effectively bound to the worksite. These documents should be held only if required by law and, in such cases, workers should have unrestricted access to them. Workers should be in possession of their own documents

and be provided with individual locked storage spaces to which they should have unencumbered access. The key question to consider is whether practices around worker documentation retention create situations where the workers' freedom of movement, or ability to terminate a contract for reasonable cause, are restricted.

### Information to Collect:

- Requirements for providing recruiters with documents when applying for the job
- Whether workers who hand over their 'working books' (so that their employment can be registered) get them back.
- Whether workers are in possession of their documents
- Whether workers have a safe place to store their documents, and if so, if they have unrestricted access to these documents at all times

### COMMON RISKS AND RED FLAGS:

- Workers are required to surrender their documents to the recruiter or employer
- Passports are taken from workers for "safekeeping"
- Workers working books are taken to register their employment and are not returned
- Workers are misinformed about their right to secure their own documents
- Workers are not provided a means to secure their own documents
- Workers do not have any access to personal documents
- Workers report that their ability to move freely or terminate their employment has been limited by their inability to access their documents in a timely fashion

## Next Steps

This tool should be used in conjunction with the *Worker Interview Guide Focused on Recruitment and Hiring* to triangulate information collected from interviews with labor brokers and visual inspections.