



# COFFEE Project

Cooperation On Fair, Free, Equitable Employment

## Monitoring Labor Brokers IN THE COFFEE SECTOR

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Fair Labor. Worldwide.



This booklet was developed with funding from Keurig Dr Pepper (KDP). This booklet includes content adapted from the “Booklet on Recruitment-Related Risks in the Latin American Coffee Sector,” a tool created by Verité within the scope of the Cooperation on Fair, Free, Equitable Employment (COFFEE) Project. Funding for the COFFEE Project is provided by the United States Department of Labor under cooperative agreement number IL-31476-17-75. 100% of the total costs of the COFFEE Project is financed with federal funds, for a total of \$2,500,000. This material does not necessarily reflect the views or policies of KDP or the United States Department of Labor, nor does mention of trade names, commercial products, or organizations imply endorsement by the United States Government.



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## What is this booklet about?

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Every coffee producer plays a key role in the coffee supply chain, which also includes many other people and companies that process, sell, and buy the coffee planted and harvested by producers and their workers. A central character in this process is the labor broker, also known as a recruiter, intermediary, crew leader, or local agent. A labor broker's main task is to recruit workers for producers, but they are also often responsible for worker transportation, supervision, lodging, and even paying workers. In this booklet, we will explain why producers must monitor labor brokers and how to do this effectively.



# WHY is it important to monitor labor brokers?

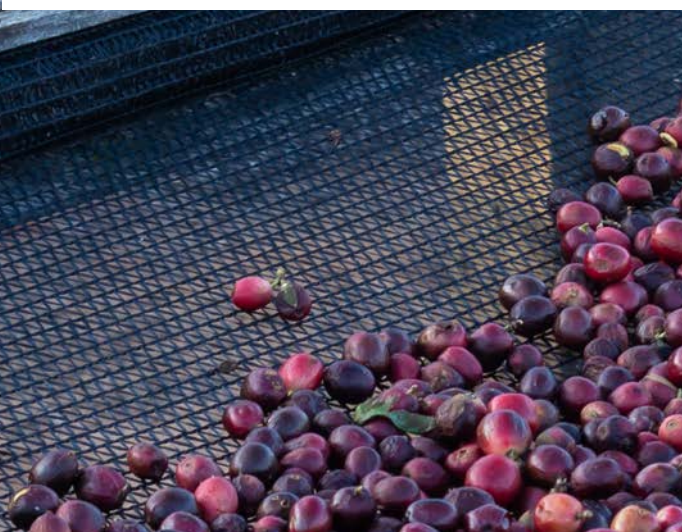
**Using labor brokers increases risks of labor abuse** in the worker recruitment and hiring process. When producers place labor brokers in charge of these activities, they lose control over much of the process and may not know how the labor brokers are treating workers. That is why producers must monitor and supervise labor brokers to make sure that they comply with all laws that apply to them, as well as all buyer and international standards.

**Monitoring brokers reduces the risk of labor violations**, and benefits both workers and producers: workers get fairer and safer working and living conditions and producers keep their good reputation, which lowers their chances of losing clients or having to pay fines or being subjected to other types of penalties.

**Monitoring helps producers discover ways to improve processes** to help both the worker and the producer, in this case by monitoring the recruitment and hiring process. Improvements in recruitment and hiring can lead to more satisfied workers, lower turnover, and higher productivity; who wouldn't want that for their business?







## WHEN to screen, monitor, and evaluate labor brokers

The best time to assess labor brokers' practices depends on the nature of the producer's business and the broker's responsibilities. While producers can decide exactly when and how often to monitor labor brokers, it is especially helpful at the following times.

**Before hire or rehire** — Learning about labor brokers before hiring them is vital: this helps producers avoid bad actors and work with labor brokers with good track records of following laws and respecting workers. This is important for working with a labor broker the first time, as well as for working with a labor broker again to recruit more workers. Whenever possible, brokers should be officially registered with the government and should be able to demonstrate this when asked.

**When workers arrive at the farm** — When workers arrive at the farm, the producer should ask the labor brokers and workers how the brokers acted during worker recruitment, hiring, and transportation. The producer should learn how the labor brokers acted to confirm they are behaving ethically and legally, and decide whether to use their services again or search for new brokers.

**Regularly while they manage workers** — If the labor broker is also responsible for overseeing, paying, and/or lodging workers, it is crucial to monitor these activities periodically. If any issues are found, they must be addressed immediately.

**Remember: monitoring labor brokers before and while working with them is essential to meeting legal and client requirements.**

# HOW to monitor effectively

- 1 Identify all labor brokers.** The first step is to identify all labor brokers used for recruiting, hiring, and managing workers. This includes identifying all recruiters, transporters, team leaders, local agents, and supervisors, and understanding their tasks and responsibilities.
- 2 Know what requirements brokers must meet.** The second step is to determine how to evaluate labor brokers based on the producer's type of business and the requirements they have to meet. Key requirements to meet come from the following sources:



Local and national legislation



International and certification standards



Client Code of Conduct requirements

- 3 Gather information.** Evaluations of labor brokers should include information gathered through:



Worker interviews covering their recruitment, hiring, and work experiences



Labor broker interviews



Observations of worker housing and dining areas managed by labor brokers

In the following sections, we will cover some of the most important elements to include when screening, monitoring, and evaluating labor brokers, including recruitment fees, contracts, payment and loans, living conditions, and identity documents.



## Monitoring Recruitment Fees

**Remember: Labor brokers are not allowed to charge workers any recruitment fees or related costs**, under international standards and the laws of many countries and the standards of many companies. This includes fees for recruitment, lodging, and transportation of workers to farms. All these costs must be paid by the end-employer, in this case, coffee producers.

**Paying fees can trap workers in debt bondage.** One of the worst consequences of charging workers upfront fees is debt bondage, when a worker is stuck in a job against their will because of a debt to their boss or labor broker. This situation often begins at recruitment: when workers don't have enough money to pay the fees charged by labor brokers, they end up taking out loans from the broker or other individuals. This results in workers becoming indebted before even stepping foot on the farm.

It is not only prohibited to charge workers upfront fees, but also to deduct money from their wages to cover these fees. Unfortunately, charging recruitment fees is a relatively widespread practice in the Latin American coffee sector. Another issue is that when employers cover the cost of recruitment fees, they sometimes pay less to workers recruited through labor brokers to make up for this expense.

**Labor brokers should be told that charging workers is not allowed.** Therefore, producers should adopt what we call the “employer pays principle” and be clear that labor brokers are not allowed to charge workers any type of fee, as the producer will pay for all recruitment-related expenses. This policy should be included in the producer’s Code of Conduct and all contracts and agreements signed with suppliers and subcontractors, including labor brokers.

**Charging workers recruitment fees is not allowed.**



## RECRUITMENT FEES

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Making sure that labor brokers follow this no-fees policy is an important part of monitoring and deciding whether to work with labor brokers. However, finding hard evidence that a labor broker or someone else involved in recruitment has committed these violations is difficult; fee-charging violations rarely have a paper trail, or the paper trail is falsified to hide fee payments.

**To discover problems like fee-charging and take action, make sure workers have a way to report issues.**

Workers are often the only source of information about fees. In order for producers to learn about fee-charging violations and take action, workers must have a safe way to report issues and concerns directly to the producer. The producer must also be prepared to investigate and respond to reports as soon as they are received, including by making sure workers are repaid the money they were wrongfully charged.

### Information to collect during monitoring

- Find out how the labor broker makes sure they follow the “employer pays principle” policy, for example, the policy is included in work contracts
- Ask workers in private about any fees or recruitment costs they were charged, such as:
  - Fees related to finding, selecting, hiring, or placing workers
  - Cost of transportation from the workers’ homes to the farm, including food and lodging costs during transport
  - Processing costs for passports, visas, residency permits, or work permits
  - Cost of skills tests, medical exams, or training
  - The cost of tools or equipment needed to do the job
- Create ways for workers to report violations, including violations of the “employer pays” policy



*Freedom Naruk / Adobe Stock*



## RECRUITMENT FEES

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### Beware of Red Flags

- ✎ Workers are made to pay fees for recruitment, transportation to the farm, and other expenses during the recruitment and hiring process
- ✎ Labor brokers are unaware of legal and customer requirements related to recruitment, including prohibitions on charging workers fees
- ✎ The labor broker has not committed in writing to not charging fees to workers
- ✎ There is no safe method for workers to report fee charging or other issues that occurred during their recruitment
- ✎ Workers report deductions from their pay to repay debt for recruitment fees or report unexplained deductions
- ✎ Workers are charged fees for recruiter-owned or recruiter-operated lodging





## Monitoring Contracts and Orientation

Producers should make sure that workers are clearly informed of their rights and the key terms and conditions of their employment, such as their pay, before they agree to the job. By reviewing contracts and training materials, companies can understand how workers are informed about their legal rights, company policies, and employment conditions. Reviewing contracts and training programs also helps producers understand whether the information given to workers when they accept the job matches actual working conditions.

It is essential that workers understand the terms and conditions of employment before signing a contract and traveling to the farm. For this to happen, they must receive a verbal explanation of the terms and conditions of employment before they travel to the farm. This explanation must be verbal and in a language the worker understands because some workers may have low levels of literacy. The labor broker must honestly communicate the following information, at a minimum, to all workers:

- the work location and duration of employment
- hours of work
- tasks they will be carrying out
- wages
- the provision of food and lodging

When they arrive at the farm, workers should also be given an orientation that includes information on the following, among other issues:

- workers' terms and conditions of employment
- employer standards and policies
- workers' labor rights
- health and safety risks
- policies on workplace harassment and abuse
- available grievance mechanisms

Producers must ensure that the training meets legal and client requirements and is understandable to workers based on their levels of education, literacy, and fluency in the local language. A simple assessment can be made before training to evaluate these issues.

**Labor brokers can't make false promises or lie to workers about their working conditions. The producer must check that workers were given accurate information about the job during recruitment.**



### Information to collect during monitoring

- Copies of all employment contracts, including amended or renewed versions
- Description and contents of training programs provided by the labor broker
- Records of training programs provided by the labor broker and worker attendance at the trainings

### Beware of Red Flags

- 🚩 New hires do not receive orientation or training before leaving their communities and/or upon arrival at the farm
- 🚩 Information provided to workers prior to departure is not consistent with employment contracts or with actual conditions of work
- 🚩 Terms of contracts are not aligned with laws
- 🚩 Contracts are not in a language workers understand and/or are not explained verbally to workers with low levels of literacy
- 🚩 Contracts given to the producer by labor brokers are not identical to the copies received by workers
- 🚩 Labor brokers charge workers fees for training





# Monitoring Payments and Loans

Why monitor this topic:

- Producers are responsible for making sure workers' pay meets legal and code of conduct requirements
- When workers are paid through labor brokers, this increases the risk of payment violations
- Payment violations can make other problems even worse for workers, such as debt

Even when labor brokers are the ones paying workers, the producer is still responsible for making sure that the wages and benefits provided to workers meet legal and customer requirements, with no illegal deductions made from workers' pay.

That is why labor broker monitoring must also cover details of payments and benefits received by workers, as well as deductions made from their pay. This involves making sure workers are paid the wages promised to them, at least the minimum wage, and in the manner to which they agreed.

The assessment also helps to identify if deductions or withholdings made from workers' pay are required or allowed by law and if the correct amounts are being deducted. Carefully reviewing deductions is important in the agricultural sector, where workers are often paid via piece-rate or quota systems that can result in minimum wage violations or other violations, such as child labor, different rates of pay for men and women, and illegally high working hours or overtime without the payment of required overtime premiums.

Assessing whether workers are taking out any loans, receiving advance payments, or making any type of deposit is also essential. Finally, it is important to check what happens with payments if workers need to terminate their employment for any reason. Do workers receive payment for the work they have already done if they quit?

**It doesn't matter if you pay your workers directly or if labor brokers pay them. You are the one responsible for making sure everyone follows legal and customer requirements.**

## PAYMENT AND LOANS

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### Information to collect during monitoring

- Copies of payroll documents, timecards, and pay slips
- Records of coffee production or tasks completed for workers who are paid piece rates or who work under quota systems
- Legal requirements on wages and benefits, including the minimum wage, frequency of payment, overtime pay, holidays, leave, social security, and other required benefits
- Information on forms of payments (cash, deposits in workers' bank accounts, etc.), frequency of payment (daily, weekly, monthly, end of harvest, etc.), and pay structure (fixed wages, piece rates, overtime rates, etc.)
- A list of deductions from workers' pay, including legally mandated deductions (e.g., social security premiums), savings programs, illegal or unethical deductions (such as for recruitment fees, travel, or tools), and any other deductions
- Benefits provided
- Evidence of recruitment fee payments or other payments being made by workers.
- Evidence of whether workers owe money to labor brokers or any other party for costs related to recruitment or employment, including details of any interest charged and whether workers had to provide collateral



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## PAYMENT AND LOANS

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### Beware of Red Flags

- ✎ Wages paid are lower than the legal minimum wage, the amount agreed to during recruitment, or the amount workers earned based on the hours worked or production
- ✎ Delayed payments, payments less frequent than required by law or agreed to with workers
- ✎ Evidence of illegal deductions
- ✎ Workers are not told about or misinformed about wage rates, deductions, or loans
- ✎ No pay slips are provided, or pay slips are not signed by workers, do not contain critical information or do not correspond to what was actually paid to workers
- ✎ Workers take out loans or advances for recruitment fees or transportation, food, and lodging expenses
- ✎ Workers or their families end their employment on the farm with greater debt than when they began working
- ✎ Workers do not have access to their earnings
- ✎ Workers are not paid until the end of the harvest season or the end of their contract
- ✎ Workers lose their earnings if they leave before the end of the harvest season or their contract







## Monitoring for Document Retention

Document retention is a serious violation where labor brokers or other parties hold workers' contracts, work permits, IDs, or any other important documents and as a result, workers cannot access them in a timely manner. Without access to such documents, workers are effectively bound to the worksite.

Workers should hold their documents at all times except when a document must be temporarily reviewed to meet a legal requirement. In the event that workers are legally required to hand over their documents, such as for age verification, registration, or contracting, they should

be returned as quickly as possible, and in no case should they be held in excess of legal requirements or for more than five days. When a document is being reviewed, workers should have free access to the document whenever they request them.

As noted earlier regarding workers' lodging, workers should have access to a safe place to store their documents. The key question is whether the way workers' documents are stored could prevent them from leaving the farm or quitting the job.

**Withholding workers' documents is not allowed. Workers should be able to keep and have free access to their documents.**

## IDENTIFICATION DOCUMENTS

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### Information to collect during monitoring

- Whether workers need to give their documents to labor brokers when applying for the job
- Whether workers who hand over their work permits or identity documents as part of the legally required hiring process get them back within five working days
- 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

### Beware of Red Flags

- 🚩 Workers are required to give their documents to the recruiter or employer
- 🚩 Identity or travel documents are taken from workers for safekeeping
- 🚩 Work permits or identity documents are taken as part of the hiring process and are not returned within five days
- 🚩 Workers are misinformed about their right to access their documents
- 🚩 Workers are not provided a safe place to store their documents
- 🚩 Workers report that their ability to move freely or terminate their employment is limited by their inability to access their documents

*Freedom Naruk/Shutterstock*



A close-up photograph of coffee branches with green and red cherries. The branches are covered in clusters of small, round coffee cherries. Some cherries are bright red, while others are green, indicating different stages of ripeness. The leaves are large, dark green, and have a glossy texture. The background is a dense thicket of similar foliage.

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