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# INCORPORATING ETHICAL RECRUITMENT INTO PROCUREMENT PRACTICES

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## INTRODUCTION

The purpose of this tool is to provide practical guidance for the hotel industry on how to incorporate ethical recruitment considerations into procurement practices.

Read alongside: Guidance Note A: What ethical recruitment means for the hotel industry.

It consists of three sections:

1. Key Messages
2. Procurement Guide
3. Service Agreement Checklist

This tool is designed for global procurement teams, as well as procurement officers, working within individual hotels and corporate offices.

## KEY MESSAGES

### START WITH A POLICY COMMITMENT

Hotel brands and/or individual hotels should commit to implementing ethical recruitment practices within their business operations and supply chains. This should be supported by clear action plans and time frames for implementation, including the delineation of responsibilities.

Procurement teams have a central role to play in implementing a hotel brand, and/or hotel's commitment to, ethical recruitment within supply chains. This will require updates to internal procurement processes and procedures, as well as the training of global procurement teams and procurement officers from hotels and corporate offices.

### APPLY A PRAGMATIC AND PROPORTIONAL APPROACH

The long-term objective should be for ethical recruitment (and human rights issues more broadly) to be considered in all procurement decisions, regardless of their size or risk profile. While hotels and corporate offices are encouraged to move towards this objective as soon as possible, in the beginning, it may not be feasible or practical.

As such, procurement officers should adopt a pragmatic approach to ethical recruitment and procurement and apply the concept of proportionality. In practice, this will mean focusing primarily on global/central procurement agreements that are large and long term in nature. Similarly, procurement officers working for corporate offices and individual hotels should begin by focusing their attention on large, high-risk procurements. Over time, this focus can be extended to all procurements.

### RECOGNIZE THAT SUPPLIERS MAY NEED TIME TO STRENGTHEN THEIR BUSINESS PRACTICES

For many suppliers, the concept of ethical recruitment will be new and may require significant changes to their business practices. Global procurement teams, hotels and corporate offices should therefore focus on working with suppliers to progressively improve their business practices.

## PROCUREMENT GUIDE



### PLANNING STAGE

1. Forecast procurement needs as far in advance as possible. Short lead times, or last-minute changes to orders, can place unnecessary pressure on suppliers. This can lead to undisclosed subcontracting arrangements, rushed and unethical recruitment practices and/or compulsory overtime (often unpaid) for workers.
2. Conduct an ethical recruitment risk assessment for all upcoming procurements to identify high-risk procurements. The risk assessment should consider the:
  - Product and/or service type: has the product/service previously been linked to allegations of forced labour and unethical recruitment practices?
  - Geographic location where the production and labour occur: does the country have strong or weak labour laws and protections for migrant workers?
  - Labour type: is there a reliance on low-skilled and/or seasonal labour? Do migrant workers represent a significant proportion of the workforce? Does this industry typically rely on labour recruiters/employment agencies?
  - Type of entities likely to be involved: do suppliers in this industry typically have strong or weak management systems?

This may initially appear to be a burdensome exercise for procurement and/or legal teams. However, over time, this exercise will become more streamlined, as global procurement teams and/or hotel and corporate offices develop a detailed picture of where the risk for unethical recruitment is greatest. External expertise may be sought in the initial stages, to advise on risk areas and/or assist in developing the risk assessment methodology.
3. Factor in additional time in the procurement process for large and high-risk procurements. This includes time to review and assess tenders in greater detail, as well as time to request additional information from potential suppliers about their recruitment and due diligence practices.



### TENDER STAGE

4. In the request for tenders, clearly articulate the hotel brand, hotel, or corporate offices' policy on ethical recruitment and what is expected from suppliers (e.g. legal compliance, prohibiting the charging of recruitment fees and costs to migrant workers, transparency in employment terms and conditions, participating in effective grievance mechanisms, etc.).
5. Seek information from suppliers about how they organize and run their business. This includes information about their policies and practices, including their commitment to ethical recruitment.  
In particular, request the following information for large and high-risk procurements:
  - A breakdown of the supplier's workforce, including the nationality and gender of migrant workers
  - Details of the supplier's relationships with labour recruiters and employment agencies
  - The supplier's position on recruitment fees and costs, including:
    - i. An itemized list of the supplier's recruited related expenses (paid by supplier)
    - ii. An itemized list of any fees or costs that migrant workers pay
  - The supplier's process for providing its workers with employment contracts
  - Details of any subcontracting arrangements
  - The supplier's process for carrying out human rights due diligence on its business partners
  - The supplier's grievance mechanism(s) and how and when it is communicated to workers



### SELECTION AND CONTRACT STAGE

6. Set realistic expectations about what certain goods and/or services cost. If the global procurement team, hotel, or corporate office seeks to negotiate the price down too low, it could contribute to the risk of unethical recruitment and workplace practices.
7. Question suppliers when their bids are abnormally low, or do not address the ethical recruitment criteria. Low bids should be seen as a potential red flag, as they can indicate that suppliers are cutting costs through lowering workers' salaries, or charging recruitment fees and costs to migrant workers, to make up the difference.

8. Conduct background checks on potential suppliers to check for allegations of forced labour or negative court proceedings. This does not have to be an exhaustive exercise, but at the very least, global procurement teams, hotels and corporate offices should do a targeted online (google) search for readily available information about potential suppliers.
9. While commercial considerations will remain, determine what weight will be given to ethical recruitment in the scoring process. The weighting will likely be influenced by the nature of the procurement. For example, large and high-risk procurements should carry a higher weight than small and low-risk procurements.
10. Once a supplier has been selected, formalize the relationship by entering into a service agreement, which contains ethical recruitment provisions. Refer to the Service Agreement Checklist below.
11. Pay suppliers for their products/services within the agreed time frames set out in the service agreement. Delayed payments can lead to delayed wages for the supplier's workers.

## CONTRACT MANAGEMENT STAGE

12. Carry out ongoing due diligence on suppliers to ensure compliance with the terms set out in the service agreement. This could take the form of annual questionnaires, that include specific questions about the supplier's recruitment practices, as well as onsite audits.
13. Proactively seek feedback from suppliers about any challenges they encounter in adhering to ethical recruitment principles. Provide ongoing guidance and support to suppliers, when possible. This may include training on the hotel brand, hotel, or corporate office's ethical recruitment policy, as well as practical resources and tools.
14. In the event that a supplier breaches the terms of the service agreement and engages in unethical recruitment practices, investigate the reasons behind the breach(es) and work with the supplier to improve their business practices. This will include:
  - Developing, implementing and monitoring action plans for improvement
  - Pushing suppliers to provide prompt and effective remediation to affected migrant workers.
15. Work with suppliers to progressively improve their recruitment and due diligence practices. Terminating a service agreement with a supplier should be seen as a last resort.

## ADDITIONAL RESOURCES

- [The Joint Ethical Trading Initiatives Guide to Buying Responsibly](#)
- [Stronger Together: Tackling Modern Slavery through Purchasing Practices Toolkit](#)
- [Verité: Financial and Contractual Approaches to Mitigating Foreign Migrant Worker Recruitment-Related Risks](#)



## SERVICE AGREEMENT CHECKLIST

This section provides a non-exhaustive checklist for global procurement teams, hotels and corporate offices to use when negotiating service agreements with suppliers. As ethical recruitment principles will be new to many suppliers, it may be necessary to start with only some of these provisions (or amended provisions) and then consider adding additional provisions when renewing or entering into new service agreements.

EMPLOYMENT AGENCY CHECKLIST		✓
1	Description of the business arrangement, involved parties, services, duration of contract, etc.	<input type="checkbox"/>
2	Provision that the supplier will comply with the hotel brand, hotel, or corporate offices' [responsible sourcing / ethical recruitment] policy, including: <ul style="list-style-type: none"> <li>• Complying with all applicable laws and regulations</li> <li>• Complying with international human rights laws and standards, including prohibiting child and forced labour, respecting the right of freedom of association and collective bargaining and equality of treatment and non-discrimination</li> <li>• Prohibiting the charging of recruitment fees and related costs (as per the ILO's definition) to migrant workers</li> <li>• Prohibiting the withholding of migrant workers' passports, identity documents, bank books, deeds to property, etc.</li> <li>• Requirement that all employees be provided with employment contracts that comply with relevant laws, are in a language understood by the employee and include clear terms and conditions of employment.</li> </ul>	<input type="checkbox"/>
3	Requirement that the supplier will not subcontract any work without the written consent of the hotel brand, hotel, or corporate office.	<input type="checkbox"/>
4	Requirement that all approved subcontractors adhere to the conditions set out in this agreement.	<input type="checkbox"/>
5	Description of the supplier's grievance mechanism, including how and when it is communicated to employees.	<input type="checkbox"/>
6	Requirement for the supplier to carry out human rights' due diligence on its business partners, including labour recruiters and employment agencies.	<input type="checkbox"/>
7	Provision that allows the hotel brand, hotel, or corporate office to request further information from and carry out audits of the supplier.	<input type="checkbox"/>
8	Description of penalties/indemnities in case of non-compliance with the hotel brand, hotel, corporate office's policies.	<input type="checkbox"/>