



**FORCED LABOUR
IS A SOLVABLE
WORLD PROBLEM
IT HAPPENS
BECAUSE THE
MARKET IS
BROKEN**

**BUT BROKEN
MARKETS CAN BE
FIXED WITH
MARKET
SOLUTIONS**

Fair Employment
Foundation
Annual Report 2018

CONTENT



- 3 2018 AT A GLANCE**
- 4 WHO WE ARE**
- 6 OUR 2020 VISION**
- 7 OUR SOLUTIONS**
- 8 FAIR EMPLOYMENT AGENCY (FEA)**
- 10 FAIR TRAINING CENTER (FTC)**
- 12 HONEST JOBS**
- 13 FAIR HIRING PLEDGE AND FAIR RESOURCES**
- 16 2018 FINANCIALS**
- 19 THANK YOU**
- 20 OUR PEOPLE**
- 22 MAPPING OF CURRENT INDUSTRY STANDARDS**
- 24 THE FAIR EMPLOYMENT MODEL**

Special thanks to photographers: Mandy Li, Ruby Cheng, Andrew Tan Delli-Cicchi, and TGIF for their creative work towards our first annual report.

2018 READING FOR SCALE



2018 was a big year for us. We reached new milestones with our initiatives and continued to see positive changes in the market. We've made leaps towards scaling our model this year, positioning us to transform the lives of migrants workers across Asia. We were also able to secure funds for our operations for the next two years. This enables us to start 2019 with full focus on our businesses and their impact.

As demand for migrant workers shifts, governments and companies are taking note and looking for guidance. They want to bring talented people into their workforces more ethically and efficiently. Done right, migrant employment can be an amazing tool for poverty alleviation. We are finding opportunities to equip more groups with practical tools to prevent forced labour. It's a fascinating time to be in the industry.

What excites us about this problem is that it is solvable. We are more confident than ever that when broadly implemented, the Fair Employment Model can end the exploitative recruitment of migrant workers.

Our journey has been built by our people. Our teams continue to stay positive and solutions-focused, in what is a gritty industry. This type of dedication and determination is what will solve forced labour for millions of people.

Thank you for believing in, and supporting what we are doing and turning our ambitious vision into a reality.

Thanks,
Scott

2018 AT A GLANCE



Recognitions



**Scott Stiles, CEO of Fair Employment Foundation
& Co-Founder of Fair Employment Agency**
Social Entrepreneur, Forbes 30 under 30 Asia 2018



**Scott Stiles, CEO of Fair Employment Foundation
& Co-Founder of Fair Employment Agency**
Ashoka Fellow, elected in November 2018

WHO WE ARE



FAIR EMPLOYMENT FOUNDATION

Our mission is to build market solutions to end the forced labour of migrant workers across Asia.

OPPORTUNITY

Across Asia, employment agencies and training centres push workers into forced labour by charging huge fees while doing little to prepare them for their jobs. The result is a broken market that is failing both migrant workers and employers. (See page 22)

We believe forced labour is solvable with market interventions. Since 2014, we have been building, testing and improving our own solutions to set the global standards for migrant worker recruitment.

OUR APPROACH

Our market solutions are employed at three critical intervention points:

- Establishing **employment agencies** which operate ethically thereby proving a business model without worker placement fees
- Prove the value of **training centres** for their potential to equip workers for successful migration
- Equipping **employers** with practical tools for ethical recruitment, and enabling them to drive change in the market

Our solutions will provide a blueprint for a sustainable integrated labour chain solution: The Fair Employment Model. This model aligns the interests to provide greater accountability to both workers and employers, and transparency to government for better safeguarding. Employers and brands will have better connection to the service they are selling, recruit better workers, and improve and protect their reputation. (See page 24)

OUR THEORY OF CHANGE

By becoming the biggest and best recruiters and trainers, we believe we will influence the government and broader market.



OUR 2020 VISION



Market consolidation and integration of the various steps of migrant recruitment will provide more accountability to both workers and employers, as well as transparency for better safeguarding. Our market solutions are designed to advance these changes and set new standards in the industry.

Specifically by 2020 our vision is to:

- Build our market solutions to be competitive with a focus on becoming financially sustainable
- Scale the Fair Employment Model, providing an integrated labour chain to various industries and countries
- Drive systemic change by enabling employers and workers to demand Fair's standards across the market



OUR SOLUTIONS



The Fair Employment Foundation Ltd (FEF)

FEF builds market solutions to end the forced labour of migrant workers across Asia.

Established November 2014, HK-based non-profit, limited by guarantee, Section 88 tax exempt charity.



Fair Employment Agency Ltd (FEA)

FEA is the employment agency reinvented with no fees to workers and great service to employers.

Established August 2014, HK-based non-profit, limited by guarantee, Licensed by Hong Kong Government, Philippines & Indonesian accreditation.



Fair Employment Training & Assessment Center Inc. (FTC)

FTC prepares workers with training that focuses on the key elements of successful migration.

Established November 2016, Philippine-based non-stock, non-profit corporation.



Honest Jobs Inc.

Honest Jobs helps companies and brands have better connection to the service they are selling, recruit better workers, and protect their reputations.

Established 2019, Philippine-based.



The Fair Hiring Pledge

Engage forward-thinking companies to support fair hiring and encourage their staff to be part of the solution.

Launched November 2016.



Fair Accessible Information Resource

Practical tools on ethical recruitment for employers and workers.

Launched Jan 2016.

FAIR EMPLOYMENT AGENCY (FEA)



“Not only are FEA everything they say they are in terms of fairness, they are quick, fast, communicative, organised, hardworking and professional.”

Jane McBride, FEA Client

“I had just started working with my new employer when I had to be admitted to hospital. FEA helped me keep my employer updated and always checked-in with me, even when I went back to work. I’m so grateful for all the care and support all throughout.”

Marie Ann, FEA Candidate

2018 Highlights

1,100 workers placed in 2018, bringing total since 2014 to over 3,000 workers placed fairly, avoiding over a total estimate of US\$4.5 million in recruitment debt

over **US\$4.5mil.** avoided in recruitment debt since 2014.

Broke-even for the **1st year** in FEA history

Moved office to house growing team of over **20 staff**

Hit target growth of **27%** from 2017

Among the **top 10** Hong Kong agencies in terms of Filipino worker processing volumes, for the second consecutive year.

90% employers would recommend FEA to a friend and over **95%** workers report job satisfaction.

High-profile recognition with **Ashoka Fellowship** and the **Forbes 30 under 30** list.

Mentored a previous FEA intern in her startup of **an ethical employment agency** in Malaysia.

FEA in 2019

- Projected to be **self-sustaining** from this point onwards
- Implementation of our **Client Care Team**
- Annual business growth target of **24%**
- Developments to ensure **team sustainability and growth**

2018 has been a year of intense development for FEA. Achieving our first break-even year financially was a huge milestone. FEA is projected to be self-sustaining from this point onwards, which is an exciting demonstration of how the FEA model is fulfilling a market need. Our team also outgrew our original office in Wanchai after four years of operation.

Now, we set our sights on becoming the biggest agency in Hong Kong and reaching more workers and employers. Identifying a secure way to process Indonesian domestic workers remains one of our main challenges. We’ve identified it as an important area for exploration in 2019 alongside increasing our placement volumes, in order to better serve the needs of Hong Kong families.

Employers tend to make better decisions on hiring and managing when they have access to all the necessary information. In response to this, we created a new Client Care Team which provides post-placement advice and consultations to workers and employers to prevent avoidable terminations.

FAIR TRAINING CENTER (FTC)



“I’m grateful to have trained with FTC. They taught me about finance and managing my money, ways to work well with my employer, and about life in Hong Kong. They gave me confidence - and told me that ‘I can do it!’ I also still meet friends from my training batch in Hong Kong.”

Charmer, 16 months in Hong Kong

2018 Highlights

121 workers trained in 2018

Secured funds to cover operational and **growth costs for next 2 years.**

Engaged with government bodies and other important stakeholders on **practical improvements to training.**

Described by the International Labour Organisation (ILO) as the **“gold standard”** for training.

Identified opportunities to collaborate on studies to **influence training standards** with ILO and the International Organization for Migration (IOM).

More than **50% reduction** in termination rates of FTC-trained workers.

FTC in 2019

- Working closely with government and authorities to **influence training standards.**
- Train **260** workers
- Develop **new curricula** for: Housekeeping in hospitality, Domestic Work in for East Asia/Middle East destinations.
- To start training for **Housekeeping jobs** in late 2019

The start of 2018 was a challenging for FTC with lower-than-projected trainee numbers. We realised that a self-sustaining business model would not be realistic in the short to medium-term. We had misread the market, not understanding how deeply entrenched the existing system is.

We were surprised however by the opportunities that came up in 2018 to engage government bodies and other stakeholders. These groups are looking for innovation in this space and we have the opportunity to guide training standards broadly with the achievements of our results-focused approach. We gained valuable recognition with the ILO this year describing our training as the “gold standard”. We are using the outcomes and successes of our training to rewrite the training standards throughout the industry. In 2019, we look forward to further collaboration on studies with ILO as well as with IOM.

The opportunity to impact the broader market with our training also attracted the financial resources for the next three years for FTC (2019-2021). This allows us to expand the types of industries and geographies that we train workers for. These new lines of business will help us drive change across more industries.

HONEST JOBS



As part of our mission to impact all migrant workers, we are moving to non-domestic work recruitment, expanding our model to include an exporting agency in the Philippines in 2019.

We're working with a strong local team in the Philippines to build Honest Jobs, and the next stage of the Fair Employment Model.

This will allow us to:

- **Work with employers in different migrant work destinations**
- **Set market standards in industries affected by forced labour**
- **Scale and ensure long-term sustainability of our existing market solutions.**

We believe forced labour is solvable with market interventions. We are building Honest Jobs to be the ethical model for migrant recruitment agencies, in order to lift the standards globally.

FAIR HIRING PLEDGE AND FAIR RESOURCES

57%

were unaware of illegal recruitment fees

100%

learned new information on hiring fairly

75%

felt very confident to talk about fair hiring after the session

2018 Highlights

6 additional companies signed the Pledge: ABN Amro, BNP Paribas, Commonwealth Bank, Credit Suisse, First State Stewart Asia.

20 leading local and multinational companies have now signed the Pledge.

686 people educated at 24 Pledge events in 2018, bringing total to over 1700 on fair hiring and management of domestic workers

11,000 pageviews per month on our online resource, "Get Answers"

Met with **Singapore Ministry of Manpower** to discuss employer education initiatives.

Fair Hiring Pledge and Fair Resources in 2019

Sign **4** new signatories

Educate **700** employers, targeting community and interest-groups alongside corporates.

Adjust content to address needs and concerns of employers of different industries

FAIR HIRING PLEDGE AND FAIR RESOURCES

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Most employers are good people who want to do the right thing but often don't have balanced and credible information to do so. With our lunch-and-learn sessions and online resources, we've helped prevent avoidable terminations, and uphold the rights and responsibilities of both employers and workers.

Instead of just making people aware of the problem, we make them part of the solution. Ultimately, employers will drive demand for ethical agencies and better training. We enable them to do this with access to the right information and tools. The partnership of the Fair Hiring Pledge signatories allows us to deliver practical information on fair hiring to corporate workspaces.

In 2019, we will continue to grow the reach of our employer resources. We look to add four new signatories and engage other community groups. We will expand our materials as the scope of Fair broadens to reach employers of other industries and geographies.

These forward-thinking companies have signed Fair Hiring Pledge, using their influence to change the system:

- ABN Amro
- Barclays
- BNP Paribas
- Clifford Chance
- Commonwealth Bank of Australia
- Connected Group
- Credit Suisse
- Deutsche Bank
- First State Investments
- Harvey Nash
- Hasbro
- Herbert Smith Freehills
- KPMG
- Linklaters
- Macquarie Group
- Winston & Strawn
- Shangri-la • Hotels and Resorts
- Sotheby's
- St. James's Place Wealth Management
- Thomson Reuters

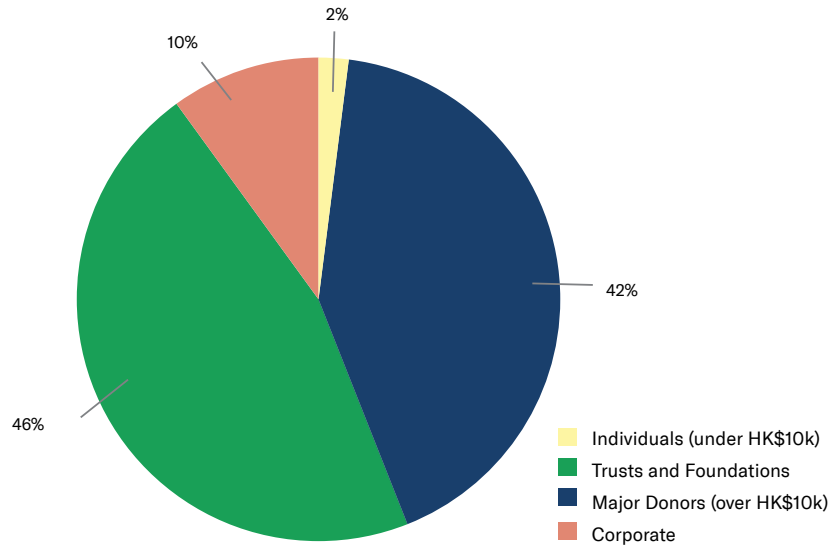


2018 FINANCIALS



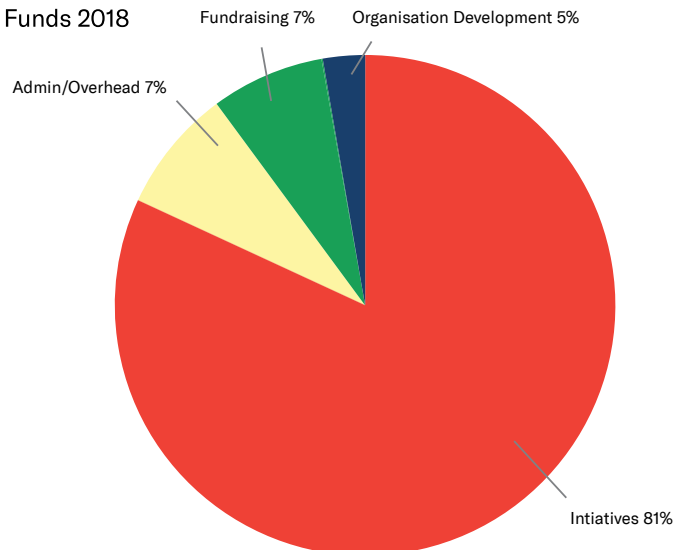
Fundraising

Total Donations in 2018 **US\$678,592**



Breakdown of use of funds

Use of Funds 2018



USD	2018	2017
Donations	\$ 709,102.78	\$ 400,463.44
FEF EXPENDITURE	2018	2017
Employment Agencies	38%	7%
Training	28%	37%
Employer Education	9%	14%
Fundraising	9%	14%
Organisation Development	6%	15%
Administration/ Overhead	9%	13%
Total Expenses	\$ 446,552.26	\$304,889.59



THANK YOU



2018 has seen Fair Employment Foundation at the next stage of our development and we begin 2019 in an incredibly exciting position. Our businesses are designed to become self-sustaining and scalable across industries and geographies. While FEA has achieved sustainability at the end of 2018, FTC faces a longer innovation phase before breaking even.

We are grateful for our supporters. These organisations and individuals are among the leaders in the fight against modern slavery. They approach this global problem in innovative and pioneering ways. Their commitments in 2018 allow us focus on developing the impact of our solutions with adequate resources to execute on our vision through 2019.

They have donated generous funds and resources to our initiatives, shared their expertise, and volunteered hours to help us get the work done. We would not be where we are today without them.

A huge thank you to our key donors and supporters in 2018:

- Global Fund to End Modern Slavery
- Humanity United
- Macquarie Group Foundation
- Manan Trust
- Peery Foundation

We are also grateful for the thousands of workers and employers who have come through our doors. Thank you for your trust and support.

OUR PEOPLE



FEF Board of Directors

Tammy Baltz
Jennifer Meehan
Kimberley Cole
Lynnette Sarno
Ryan Thall
Joanne Oswin

FEA Board of Directors

Tammy Baltz
Michael Moriarty
Mathew Gollop

FTC Board of Directors

Christopher Tan
Gigi Gatti
Arnold de Vera
Jennifer Meehan
Tammy Baltz

Honest Jobs Board of Directors

Job Ambrosio
Joan Yao
Sunny Sevilla
Scott Stiles

Our Leadership

Scott Stiles
CEO and Co-Founder of Fair Employment Agency

Lidia Garcia
General Manager of Fair Employment Agency

Aimee Gloria
Executive Director of Fair Training Center

Carmel Laurino
General Manager of Honest Jobs

MAPPING OF THE CURRENT INDUSTRY STANDARDS



A fragmented market and lack of transparency results in employers being unsatisfied and workers being unprepared and highly exposed to cyclical forced labour. This table is based on our industry experience.

	SUB RECRUITER	SENDING EMPLOYMENT AGENCY	TRAINING CENTRE	SENDING COUNTRY GOVERNMENT	M I G R A T I O N	RECEIVING COUNTRY GOVERNMENT	RECEIVING EMPLOYMENT AGENCY	EMPLOYER (Home, Factory, Restaurant, Hotel)	BRAND (N/A for domestic work)
WORKERS INTERACTION	Builds trust with workers	Connects worker to job	Rubber stamps documents	Gives authorisation to migrate		Processes visa	Sends worker to employer & collects placement fee	Manages worker	No interaction unless via labour audit
ROLE	Finds workers	Sells to Receiving Country Agency	Legalizes agency fee	Creates migration standards		Issues visas	Sells to employer	Employs workers	Pays "Employers"
PROBLEMS THEY CAUSE	Creates unrealistic expectations Creates fear if fee is not paid	Charges fees to workers Doesn't vet or match properly	Charges exorbitant training fees Gives kickback to agency Doesn't prepare workers for migration	Overregulation creates cartels out of agencies/ training centers	M I G R A T I O N	Doesn't investigate "cross border" transactions without physical evidence	Charges fees to workers Doesn't pay Sending Country Agency enough Doesn't vet employers	Doesn't ensure Sending Agency is paid Underpays and exploits workers	Focuses on lowest prices in bidding process Not using market power to solve problems
PROBLEMS THEY EXPERIENCE	Need to find naive workers who can be exploited	Time spent selling to Receiving Country Agencies Receiving Country Agencies unwilling to pay sufficient fee Agency industry has bad reputation	Paying kickbacks for business Very price sensitive market as no one is tracking performance	Country doesn't feel the full economic benefits of the worker's migration Only interacts with workers pre-migration. Workers won't report mistreatment in fear of migration being halted		Tarnished reputation Cross border crime requires additional investigation	Must sell employers services that are disconnected from their own Employers don't pay enough	Ethical employers struggle to compete with exploitative employers offering lower costs Workers are not vetted or properly trained	PR disasters Disconnected nature of recruitment makes monitoring very difficult Threat of legal recourse for "benefitting from the proceeds of crime"



FAIR EMPLOYMENT MODEL

Forced labour is a market problem, so we build market solutions to make it work better for everyone.

This model is positioned to drive market consolidation and make exploitative recruitment unprofitable.

We have building this recruitment pathway sequentially, and now ready to unify our solutions for an end-to-end solution:

	RECRUITMENT	SENDING EMPLOYMENT AGENCY	TRAINING CENTER	SENDING COUNTRY GOVERNMENT	M I G R A T I O N	RECEIVING COUNTRY GOVERNMENT	RECEIVING EMPLOYMENT AGENCY	EMPLOYER (Home, Factory, Restaurant, Hotel)	BRAND (N/A for domestic work)
ROLE	Find Workers Online	Sells directly to employer Recruits, interviews and vets workers	Prepares workers for job and migration	Tracks data and investigates Receiving Country Agency and employers if success rates aren't satisfactory		Tracks data and investigates Receiving Country Agency and employers if success rates aren't satisfactory	Monitors working conditions and responds to issues Facilitates visa with government	Manages workers Works with Sending Country Agency during recruitment	Ensures that employer's are budgeting for recruitment Responds to data if there are problems reported
BENEFITS	Lower cost Better qualified workers Bigger candidate pools	Increased revenue direct from employers Improved reputation	Less commoditised market as migration results will emerge	Previous agency fees converted to remittances for country Better information for enforcement		Improved reputation Better information for enforcement	Aren't selling a service they are disconnected from Fewer problematic workers as more accountability	Better workers as they can hold Sending Country Agency accountable for unprepared workers	Prevents PR disasters Clear action to eliminate Modern Slavery from their supply chain
CONFLICTS	Puts Sub-Recruiters out of business	Agencies will be held accountable to deliver real services Market consolidates, forcing many agencies out of business	No more agency kickbacks mean Training Centers need to compete based on merit	Government will have more data so will need to respond to problems Could put corrupt government officials out of business		Receiving country populations don't see these as critical issue	Reduced revenue as they won't be as involved in the "sales" process	May need to pay more for recruitment Unethical employers will not be able to get work orders with brands	May need to pay more to employer They will be aware of what is happening in their supply chain



Fair Employment Foundation



www.fairfoundation.org.hk



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FEF is a registered charity in Hong Kong (IRD 91/13885)

