

MODERN SLAVERY & HUMAN TRAFFICKING STATEMENT



Unilever

APRIL 2018

I am pleased to share the second Unilever modern slavery and human trafficking statement. Last year, we shared the steps we had taken to tackle modern slavery in our direct operations and supply chain, and set out some of our priorities for the road ahead. This statement shows the progress we've made in the 12 months up until 31 December 2017.

Forced labour is unacceptable and it is incumbent upon us to use our leverage both individually and collectively to do everything we can to eradicate this.

Unilever is committed to working with others to take steps towards the delivery of Sustainable Development Goal 8.7, calling for the eradication of forced labour and modern slavery, including through promoting best practices in our own operations and extended supply and value chain.

We are strengthening our internal training programme to raise awareness and build capacity on modern slavery and forced labour and are working with our suppliers in supplier training events. Coupled with this is our steadfast focus on preventative measures, including tackling root causes where we are working to ensure the implementation of responsible recruitment practices.



Paul Polman Chief Executive Officer, Unilever

This document builds on last year's statement and explains the steps Unilever has taken to prevent, detect and respond to slavery in our business and throughout our supply chain. This statement covers Unilever PLC and Unilever N.V. and their group companies, with other reporting companies proceeding with their own board approvals according to the Modern Slavery Act ("Act"). It covers the period of 12 months ending on 31 December 2017.¹

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¹ Our subsidiary [Pukka Tea] will publish its own statement.

ABOUT US

OUR ORGANISATION, STRUCTURE AND SUPPLY CHAIN

Unilever is a multinational consumer goods company that produces food, drink, personal care and home care products.

About 2.5 billion people use our products every day. Thirteen of our brands have sales of more than €1 billion a year and our group turnover was €53.7 billion in 2017. Emerging markets now account for 58% of our business. We have customers and consumers in about 190 countries, employ approximately 161,000 people (of whom about 105,000 work in our Supply Chain) and have thousands of suppliers. This illustrates the extent and complexity of our business.

Further details of our company can be found in our [annual report and accounts](#)² and our inaugural [Modern Slavery and Human Trafficking Statement 2016](#).³



Download our **Modern Slavery and Human Trafficking Statement**

OUR APPROACH

“When it comes to the eradication of forced labour, there is no time to waste. Business must work collaboratively to implement best preventive measures and remain vigilant to tackle root causes.”

MARC ENGEL
CHIEF SUPPLY CHAIN OFFICER,
UNILEVER

Respecting human rights is essential to achieving our purpose of making sustainable living commonplace. We know that prosperous, thriving societies supported by sustainable and equitable growth form the environment for businesses to grow and can only be created if human rights are respected.

Yet we also know that human rights abuses exist in the sectors and markets in which we operate – and at times, in our own value chain. Implementing the UN Guiding Principles on Business and Human Rights, we have a clear responsibility to respect human rights, that is, to find abuses, stop them and prevent them in the future.

As part of our wider human rights strategy, forced labour was identified as one of our eight salient human rights issues in 2014. In December 2017, we produced our second [Human Rights Report](#)⁴ which outlines

progress against our salient human rights issues, including forced labour, and provides an update on how we see our approach developing in the future. Please see this Report for additional information on our work to combat forced labour (pages 32-37).

Last year, in our inaugural Modern Slavery Act Statement, we explained the steps that we take to prevent, detect and respond to modern slavery. This statement containing our commitments and roadmap to strengthen our efforts was endorsed by our CEO and approved by both our English and Dutch Boards.



Download our **Human Rights Report**



2 www.unilever.com/investor-relations/annual-report-and-accounts/index.html

3 https://www.unilever.com/images/unilever-slavery-and-human-trafficking-statement-2017_tcm244-498073_en.pdf

4 www.unilever.com/images/human-rights-progress-report_tcm244-513973_en.pdf

EMBEDDING OUR POLICIES

We believe that a strong internal Business Integrity framework drives principles, process and due diligence and is an essential precursor to responsible sourcing, distribution and the tackling of human rights issues such as the eradication of modern slavery including forced labour.

Our Policy Framework can be found on pages 4 and 5 of our [MSA Transparency Statement 2016](#).



POLICIES FOR OUR OWN BUSINESS



POLICIES FOR OUR SUPPLIERS AND OTHER BUSINESS PARTNERS



Toward our ambition of sourcing 100% from suppliers who commit to promoting fundamental human rights, we accelerated our roll-out of the [Responsible Sourcing Policy \(RSP\)](#)⁵ in 2017. We launched an RSP Pledge process which introduced and gained a positive commitment from over 25,000 suppliers. The RSP Pledge is the first step in fully on-boarding suppliers into our programme and will be followed by full registration, a self-assessment questionnaire, risk mapping and, where needed, a third-party independent audit of suppliers' facilities. This work will continue in 2018/19 to fully on-board the full Unilever supply chain.

We know that policies can only be valuable when they are understood and adhered to.

In September and October 2017, working with an expert independent organisation, we held internal webinars on forced labour, focused on our Human Resources, Supply Chain, Procurement, Business Integrity and Customer Development employees. The first series helped employees recognise forced labour, understand how and where workers are vulnerable to it and what to do if it is identified. The second series focused on temporary and migrant labour, including the use of ethical recruitment agencies and the abolition of worker fees.

A priority for 2018 is to roll out this training regionally to relevant business teams and tailor to specific markets, building on the work done at end of 2017 focusing on Africa. Webinars will be rolled out to each region by Integrated Social Sustainability team members.

In addition to these targeted trainings, our CEO hosted an event, 'Tackling Modern Slavery' at our London head office in October 2017. Unilever's leadership executive and external expert guests attended this event with the aim of increasing understanding of the role that we can all play in eradicating modern slavery from business and global supply chains.

Supplier capacity building

We work both bilaterally and collaboratively on responsible sourcing supplier engagements, developing content from the common and key non-conformances found in audit. In 2017 we supported supplier awareness-raising and training events in countries including Dubai, India and Malaysia.

In March 2017, we co-sponsored a Responsible Sourcing Supplier Event with peer companies, organised by [AIM-PROGRESS](#),⁶ in Dubai. Our regional executive vice president, Sanjiv Kakkar gave a virtual welcoming address, emphasising the critical role our suppliers play and the opportunity the event presented to share best practice on the eradication of forced labour. The event included supplier testimonials and workshops focusing on migrant workers, recruitment, passport retention and housing. We co-sponsored further supplier training in India and Malaysia where Annemarieke de Haan,

General Manager, Unilever Malaysia and Singapore, gave the opening address.

Our other business relationships

In April 2017, we created new guidance to help when engaging in potential mergers, acquisitions or joint ventures (pre-transaction, during due diligence, contract negotiation and post-acquisition/joint venture governance).

We created this guidance because:

- companies we partner with or acquire may have different human rights policies and processes in place from our own;
- we may inherit human rights issues through acquisitions, including the responsibility to provide remedy to people harmed;
- our potential investment is protected by reducing potential liabilities and helping with mitigation;
- our approach to both environmental and social sustainability makes us an attractive buyer to many companies/ shareholders who share our values and can be an important differentiator in a field of bidders.

⁵ https://www.unilever.com/Images/responsible-sourcing-policy-interactive-final_tcm244-504736_en.pdf

⁶ <http://www.aim-progress.com>

OUR FOCUS AREAS

“Migrant workers are an integral part of global business yet the abusive use of migrant labour is prominent in many sectors. Businesses must come together and drive practices that empower rather than penalise the most vulnerable.”

MARCELA MANUBENS
GLOBAL VICE PRESIDENT,
INTEGRATED SOCIAL
SUSTAINABILITY, UNILEVER

Identification

We continue to work to protect those who are most vulnerable to forced labour or human trafficking. Within our sector, we see these groups as including contract workers and migrant labourers, particularly in agriculture. Our value chain is not immune to the rapidly changing economic and political conditions in the markets in which we operate.

Third-party labour providers and responsible recruitment

Temporary labour gives our business vital flexibility, particularly in times of peak production; in time of transition; where there is a need to fill a skills gap; and periods of high absenteeism. However, excessive employment or normalisation of temporary labour, particularly third-party agencies, can potentially deprive workers of their due protection and rights. We began a survey of our factories in December 2016 to monitor the numbers of temporary workers and their roles, types of contracts, gender balance and overall terms and conditions. We included a focus on migrant labour.

We are committed to the principle that workers do not pay for a job and are progressing towards removing payment of recruitment fees and by promoting ethical recruitment practices. In May 2017, we updated our Responsible Sourcing Policy to include additional wording relating to Fundamental Principle 4, “Work is conducted on a voluntary basis”. A mandatory requirement is that “Workers should not be required to pay a fee in connection with obtaining and/or securing employment (specifically migrant workers and/or recruited workers supplied through an agency). Suppliers should be responsible for the payment of all fees and expenses. Workers are not required to pay deposits in relation to their employment.”

We know that to tackle this systemic challenge of exploitative recruitment and labour practices, we need to use our leverage and collaborate with others.

In June 2017, our Global Vice President of Integrated Social Sustainability attended a forum specifically on the human rights risks associated with the recruitment of migrant workers. Held in Berlin, it was hosted by the [Institute for Human Rights and Business](https://www.ihrb.org/),⁷ the [Leadership Group for Responsible Recruitment](http://www.ihrb.org/employerpays/leadership-group-for-responsible-recruitment)⁸ (of which Unilever is a founding member), and [Humanity United](https://humanityunited.org/),⁹ bringing together over 120 international experts from across global brands, suppliers, recruitment agencies, government, and civil society representatives. The event focused on why

FORCED LABOUR IN THE PRIVATE ECONOMY GENERATES



IN ILLEGAL
PROFITS
EACH YEAR

SOURCE: ILO

recruitment is such an important factor in preventing forced labour and trafficking and how the challenges of flawed recruitment processes can be overcome, including the payment of recruitment fees to secure employment abroad.

In addition to paying particular attention to vulnerable groups and their entry into the workforce, we aim to address forced labour and human trafficking issues in high-risk commodities and geographies.

Commodity and geography specific approaches

We know that through robust due diligence and risk assessment, we are able to identify and tackle issues in the most targeted way. We are also aware that the nature of modern slavery can vary in different commodity supply chains. Therefore, it is important to understand the situation and be able to tailor the approach to tackle modern slavery.

Our tea supply chain connects us to workers and communities in some of the poorest places in the world. In 2016, we carried out an independent expert social footprint mapping exercise of our tea supply chain. The findings and outcomes enabled us to create a plan to address improvements based on the level of traceability we have for each sourcing location, the human rights risks in each location, and the procedures in place to respond to identified risks. In 2017, we joined the [Ethical Tea Partnership](http://ethicalteapartnership.org/),¹⁰ an umbrella organisation which brings together the world’s most influential international tea businesses to bring about improvements in

⁷ <https://www.ihrb.org/>

⁸ www.ihrb.org/employerpays/leadership-group-for-responsible-recruitment

⁹ <https://humanityunited.org/>

¹⁰ [www.ethicalteapartnership.org/](http://ethicalteapartnership.org/)

tea sustainability, the livelihoods of tea workers and farmers and the environment where tea is produced. Our priority areas include improvements in housing and sanitation where we are focusing on our suppliers in Assam; increasing wages; enhancing safety; best practice sharing around model estates; and worker empowerment committees. In Kenya, a key area of our future work will be an assessment of working conditions for hired labour on smallholder farms.

Forced labour is one of the issues prevalent in palm oil production. We are working with our suppliers and labour and civil society groups to improve social sustainability practices and to promote the human rights of those who produce palm oil through

bilateral and industry efforts. This includes our work with the Roundtable on Sustainable Palm Oil (RSPO), including strengthening the current certification standard through our membership of the Principles and Criteria Taskforce; improving RSPO governance; accelerating the implementation of policies on the ground and the monitoring of their effectiveness; improving the grievance mechanisms available to workers and ensuring that any negative impacts are remediated. In 2017 we carried out a human rights risk-mapping and impact assessment for our palm oil supply chain and launched a cross-functional team to improve working conditions at the plantation, mill and refinery level. For further details see our [Human Rights Progress Report 2017](#) (pages 62-63).

“Working with the Ethical Tea Partnership enables us to share our experience and work with others to tackle both the environmental and social issues, such as working conditions and human rights to deliver change at scale.”

MICK VAN ETTINGER
EXECUTIVE VICE PRESIDENT,
BEVERAGES, UNILEVER

Grievance mechanisms

We offer both internal and external channels for raising concerns confidentially via our 24/7 hotline or our online reporting tool. External parties, including our suppliers and their workers, can also use our global Code Breach Process. See pages 69-70 of our [Human Rights Progress Report 2017](#).



Download our
Human Rights
Report



WORKING WITH OTHERS TO INCREASE OUR IMPACT

As members of the Consumer Goods Forum (CGF), we are driving the work to end forced labour in supply chains. The table below gives examples of the recent work done in this area by the CGF.

THE CONSUMER GOODS FORUM (CGF) SOCIAL SUSTAINABILITY COMMITTEE (SSC)

Focus area:
Sustainable supply chains.

Desired outcome:
Drives global collaboration between retailers and manufacturers in identifying and tackling key social sustainability issues such as the eradication of forced labour.

Unilever's input:
Co-Chaired by our Chief Sustainability Officer. Our Global VP for Integrated Social Sustainability also sits on the committee.

AIM-PROGRESS

Focus area:
Responsible sourcing.

Desired outcome:
Formed to enable and promote responsible sourcing practices and sustainable supply chains for fast-moving consumer goods (FMCG) manufacturers with common suppliers. One of its key objectives is to build supply chain capability so that members and their suppliers are competent in executing robust responsible sourcing programmes.

Unilever's input:
We are members of the Human Rights and Mutual Recognition Working Groups and play a key role in organising supplier capacity building events.

LEADERSHIP GROUP FOR RESPONSIBLE RECRUITMENT

Focus area:
Forced labour.

Desired outcome:
Working towards a new business model with the help of expert organisations in the responsible recruitment of migrant workers. It includes the commitment to the 'employer pays' principle, meaning that no worker should pay for a job.

Unilever's input:
We were one of five founding global companies to launch this initiative.

RECENT WORK BY THE CONSUMER GOODS FORUM

January 2016	Call to action to its 400 members with the launch of a new, Board-approved Social Resolution on Forced Labour.
December 2016	Three Priority Industry Principles ¹¹ produced to help prioritise action to address the primary drivers of forced labour within the consumer goods industry and beyond: <ol style="list-style-type: none"> 1. Every worker should have freedom of movement. 2. No worker should pay for a job. 3. No worker should be indebted or coerced to work.
20 June 2017	Joint event with the International Labour Organization ¹² (ILO) in Berlin on the eradication of forced labour. Highlighted best practices and initiatives to prompt further action and engagement within and across industries. Business Actions Against Forced Labour ¹³ booklet launched, showcasing case studies from 12 companies, including Unilever.
26 July 2017	Launch of the CGF Social Sustainability Committee Measurement and Reporting tool, created by Shift , ¹⁴ providing step-by-step guidance to report on implementation of the Forced Labour Priority Industry Principles.
25 September 2017	CGF Supplier Event in Bangkok, Thailand. Topics included: <ul style="list-style-type: none"> – What the CGF Priority Industry Principles mean for suppliers. – Workshops on the Priority Industry Principles on recruitment and workplace practices.
29 November 2017	To ensure the successful implementation of its resolution and drive action, CGF approved three short-term action commitments for all CGF Board and Social Sustainability Committee Members: <ul style="list-style-type: none"> – By end 2018, issue a public statement acknowledging support for the Resolution and its Priority Principles. – By mid-2018, adopt the framework for internal self-assessment and public reporting of aggregated industry results to measure progress. – By 2020, adopt appropriate policies to embed the Priority Industry Principles throughout own operations through concrete actions.

¹¹ <https://www.theconsumergoodsforum.com/initiatives/social-sustainability/key-projects/priority-industry-principles/>

¹² <http://www.ilo.org/global/lang-en/index.htm>

¹³ <https://www.theconsumergoodsforum.com/initiatives/social-sustainability/key-projects/forced-labour/>

¹⁴ <https://www.shiftproject.org/>

“Forced labour is prevalent in all regions in the world. Issues such as the responsible recruitment and management of migrant labour are not easy to address and resolve. Progress has been made but much more needs to be done. That is why we believe strongly in an approach of partnership where we can work together and advance best preventative practices to create positive change.”

SANJIV KAKKAR
EXECUTIVE VICE PRESIDENT,
NAMET RUB, UNILEVER

In March 2017, our CEO Paul Polman and Zeid Ra'ad Al Hussein, the UN High Commissioner for Human Rights, jointly hosted a round-table discussion with business leaders to discuss strengthening business collaboration to better address forced labour occurring in global value chains, and to better understand how to build further awareness, increase

traceability and ensure prevention and remediation. In November 2017, Marcela Manubens, Global VP, Integrated Social Sustainability, spoke at an [International Labour Organization \(ILO\) Conference in Argentina¹⁵](#) on the sustained eradication of forced and child labour, supply chain visibility and the importance of industry collaboration.

Unilever is a member of the Business Against Slavery Forum, a platform to help businesses identify, tackle and prevent slavery in their supply chains, to encourage them to share intelligence and best practice, and to help boost the quality of transparency reporting under the Modern Slavery Act. Our CEO, Paul Polman, along with leading figures from the worlds of business, law, philanthropy and media, is part of the [Slavery on our Streets¹⁶](#) (SOS) think tank which aims to come up with proposals for combating modern slavery around the world.

To read more about other key developments in such cross-company and cross business initiatives, see page 15 of our [Human Rights Progress Report 2017](#).



¹⁵ www.ilo.org/ipec/Campaignandadvocacy/BuenosAiresConference/lang--en/index.htm

¹⁶ www.independent.co.uk/news/uk/home-news/slaves-on-our-streets-modern-slavery-think-tank-round-table-cardinal-vincent-nichols-kevin-hyland-a7945841.html

TRACKING PROGRESS AND REMEDIATION

We continue to strive for more comprehensive qualitative and quantitative data to measure and track our progress and effectively capture and assess outcomes.

To assist tracking in our extended supply chain, in 2017 we created an Integrated Social Sustainability Dashboard giving the number of non-conformances for each fundamental principle of the RSP, broken down by cluster, category and portfolio. We use this dashboard to capture information on salient issue hotspots, allowing us to prioritise, build guidance, produce webinars, and support regions and portfolios where the need is greatest. Dashboard results are shared with all procurement Vice Presidents, Directors and Managers.

In those regions at highest risk, we ask our auditors to focus on the identification of forced labour, emphasising this during our regular meetings with them and providing guidance on the retention of documents and other items of value. We also provide guidance for Unilever Procurement in order to drive awareness and understanding of this issue, and to present best practices to avoid issues leading to modern slavery and forced labour.

Our Human Rights Report Progress Report 2017 contains data taken from audit results relating to Fundamental Principle 4 (Work is conducted on a voluntary basis) and non-conformances versus mandatory requirements for 2015 and 2016.

Fundamental Principle 4 includes the mandatory requirement that:

“Workers are not required to surrender their identification papers. Where the retention of identification papers is legally required, arrangements are made to ensure that workers can access their identification papers, are not prevented from leaving the workplace and that their papers are returned upon cessation of employment.”

In 2017, we identified that a Saudi Arabian supplier was withholding workers’ passports in contravention of the new national laws. Our Social Accountability team spoke to the supplier and they agreed to provide the workers with a letter, in the workers’ own languages, to ensure the management and workers understand and agree that providing their documents was on a voluntary basis and only for safe keeping. A process was then put in place to ensure that any worker could have their documents returned to them (for any reason) within 24 hours, and without requiring the request to be routed through their line manager.

“In order to safeguard the principle of freedom of movement, we have ensured that if suppliers have kept passports these have either been returned to workers or, if kept for safety, that workers have unconditional access to them.”

ANNEMARIEKE DE HANN
GENERAL MANAGER, UNILEVER
MALAYSIA AND SINGAPORE

To respond to cases such as these we have provided suppliers with specific guidance regarding the retention of passports or other items of value. We work directly with suppliers to find solutions that address the root cause and safeguard the fundamental principle of freedom of movement, for example through workers’ possession of and/or access to their own documents.

Please see our [Human Rights Progress Report 2017](#) (pages 36-37) for further details of non-conformances found.



We have started to explore how innovation can augment and strengthen our current processes in the short term and potential ways to transform or even replace our practices in the long term.

An example of this is the piloting of our Visible Voices project as described on page 80 in our Human Rights Report Progress update which looks at new ways to uncover where issues may be occurring.

LOOKING AHEAD

We know we are on a journey of continuous improvement, but in the year ahead, we intend to focus on the following priority areas:

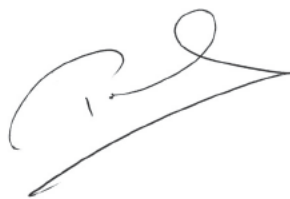
1 Continuing to take a leading role in industry collaboration, advocacy, awareness and capacity building and support government efforts to tackle the root causes of modern slavery including forced labour.

2 Further building supplier capacity, leading an additional three training events in 2018.

3 Continuing to tackle root causes of modern slavery, specifically via implementing responsible recruitment best practices including the elimination of worker employment fees.

4 Ensuring our auditors are aware of the issues of forced labour and modern slavery.

5 Exploring innovation to efficiently and effectively assess workplace conditions.



This Statement has been approved by Unilever PLC and N.V. Boards at their meeting on 7 March 2018.