

# Modern slavery statement

March 2023



Unilever

# Preface

"2022 was another testing year for the world. While the global pandemic finally began to ease, new geopolitical and economic tensions quickly surfaced. Record rates of inflation sadly pushed over 70 million more people into poverty, deepening social inequality and intensifying the risk of exploitation and abuse.

As a global business, we recognise our responsibility to help stamp out the scourge of modern slavery. But to deliver the scale of change required, it is vital we work in close collaboration with our network of industry partners. That's why we strengthened our Responsible Partner Policy in 2022. This brings together two existing policies into a single framework and clearly sets out our terms of trade, with respect for human rights front and centre.

We also continue to work with governments, civil society, unions, and other stakeholders to help address the issue. Governments have a key role to play by putting in place the necessary legislative and regulatory frameworks, including for example, implementing laws to protect migrant workers, as well as broader policies, such as mandating payment of a living wage, to raise living standards. This is something Unilever strongly supports, and we are working to ensure all workers in our direct supply chain earn at least a living wage or income by 2030.

We know there is no easy solution to ending forced labour, especially given the complexity of today's value chains. Our efforts continue to focus on inspiring best practice, strengthening our own processes, and collaborating with others to eradicate the issue and its root causes. It's the right and responsible thing to do, but also helps to build lasting confidence and resilience across our supply chain operations.

Businesses ultimately thrive in healthy and inclusive societies, where the rights and dignities of every individual are protected. Helping to tackle modern slavery is a vital part of that and sits at the heart of Unilever's ambition of building a fairer, and more socially inclusive world."



**Alan Jope**  
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 its group companies, with other reporting companies proceeding with their own board approvals according to the Modern Slavery Act (the 'Act'). It covers the period of 12 months ending on 31 December 2022.

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# 2022 Key highlights

Published our **Responsible Partner Policy (RPP)**, which further strengthens requirements relating to the eradication of forced labour while expanding the scope of who the Policy applies to and the due diligence that our business partners must undertake.



Launched a baseline assessment to better understand awareness of issues related to forced labour among our suppliers in Thailand and Malaysia, engaging suppliers, recruitment companies and workers.

## 300

Reached approximately 300 suppliers with capability-building initiatives related to the eradication of forced labour.

## 550

Raised awareness of over 550 workers and managers, educating them on their rights, including working conditions relating to forced labour.

Supported our suppliers in tackling forced labour through the launch of new resources, including in areas such as responsible recruitment and the repayment of worker-paid recruitment fees and costs.

# About us

## Our organisation, structure and supply chain

Unilever is a multinational consumer goods company that produces food, drink, personal care, beauty, wellbeing and home care products. About 3.4 billion people use our products every day. More than 400 Unilever brands are used by consumers worldwide. Fourteen of our brands have sales of more than €1 billion a year and our turnover in 2022 was €60.1 billion, with 58% in emerging markets. Our brands are available in around 190 countries, and we employ approximately 148,000 people.

In July 2022, we launched a new organisational structure aimed at helping us navigate to sustainable growth, faster innovation and a profitable future. We moved to an operating model comprising five business

groups: Beauty & Wellbeing, Personal Care, Nutrition, Home Care and Ice Cream. We call this our Compass Organisation. The model is designed to deliver our [Compass strategy](#) and navigate our purpose-led, future-fit company to be the global leader in sustainable business.

## The Unilever supply chain

We have a large and diverse supply chain. Details of our supply chain and strategy (including our suppliers per spend category), the geographic distribution of our suppliers, our country risk assessment and number of audited sites can be found [here](#). Further details of our company and supply chain can be found in our Annual Report and Accounts 2022.



# Our approach to human rights

**“As we continue to build future-fit and purpose driven value chains, integrating the latest technology to both deliver productivity and efficiency whilst protecting the environment, we must continue to be no less demanding in ensuring that all those working in those value chains are doing so voluntarily, without any threat of a penalty. During the previous year we have continued to learn how best to implement more effective ways of finding and addressing any cases of this as we have also continued to collaborate to drive progress at an industry level”.**

**Reginaldo E Ecclissato**

Chief Business Operations Officer, Unilever

## Governance

Our approach to respecting and advancing human rights can be found [here](#).

Our human rights governance is led from the top, overseen by our CEO, and supported by our Unilever Leadership Executive (ULE), the most senior leaders of our business. As well as providing strategic direction, the ULE is consulted on human rights issues when the severity of an actual or potential impact is high, where a business-critical decision needs to be taken, or where substantial financial investment may be needed to address an impact. Additional board-level oversight is provided by the [Corporate Responsibility Committee](#). The business is also advised by the [Unilever Sustainability Advisory Council](#).

Our approach to human rights is to embed it in all parts of our business, with areas of global expertise to provide guidance and support, including within

the Sustainability Function; Business Operations; and Responsible Business (Business Integrity). The Global Head of Sustainability (Human Rights) reports to the Chief Sustainability Officer who reports to the Chief Executive Officer.

Our teams work together to embed respect for human rights in our business and in the markets where we operate, working closely with other functions, including Human Resources and Legal.

Our Responsible Business team is responsible for the compliance and governance of the Responsible Partner Policy.

Our Sustainability function and Business Operations Sustainability teams work together to address human rights risks.

Once a risk to people is identified, we work to address it. In our extended supply chain, this is either bilaterally with our partners or collaboratively with other stakeholders, depending on our influence and the scale of the risk. If the risk materialises and an impact is found to have occurred, then we work with our partners to remediate it, verify remediation and put appropriate processes in place to seek to prevent the issue from happening again. We believe that transparency is vital to enable positive change, and we report on our progress.

The Business Operations Team (BOS) leads the development of a framework and action plan to address forced labour, aiming to improve the identification, prevention and remediation of forced labour issues. BOS works in collaboration with the Global Sustainability Function, Responsible Business, Human Resources and Procurement.

# Embedding our policies

**This year we have updated and released two key policy statements – our overarching Human Rights Policy Statement and our Responsible Partner Policy (RPP).**

## Human Rights Policy Statement

We first published our [Human Rights Policy Statement](#) (a key element of implementing the UN Guiding Principles on Business and Human Rights) in 2015. We updated this in 2022, publishing it in Quarter 1 2023.

## Responsible Partner Policy (RPP)

In December 2022, we launched our updated [Responsible Partner Policy \(RPP\)](#), which brings together our supplier-facing Responsible Sourcing Policy (RSP) and our distributor and customer-facing Responsible Business Partner Policy (RBPP) to create a single comprehensive policy that outlines our expectations and requirements for our business partners. Our RPP outlines our commitment to responsible business and details the mandatory requirements we expect our partners to meet – largely based on international conventions and standards and aligned with peer companies.

Our requirements are set out as 17 fundamental principles and these are organised within the RPP as three interconnected pillars: Business Integrity & Ethics, Human Rights and Planet.

The RPP includes Mandatory Management Systems which provide the appropriate policies, processes and procedures that our partners must have in place and implement in order to achieve and maintain the Mandatory Requirements of the policy. The greater focus on Management Systems is aimed at addressing the root causes of potential issues of non-compliance. Future Mandatory Requirements are requirements that are not yet mandatory in order to do business with us but will be mandatory in the future, for example payment of a living wage.

The scope of the RPP has also been extended to cover more suppliers, going beyond those who directly invoice us for goods and services to include those:

- in any tier that do the work that Unilever contracts from a Tier 1 (direct) supplier; and
- any supplier beyond Tier 1 who has a contract with Unilever, or whom Unilever has expressly appointed to provide goods or services to the Tier 1 supplier, even where they do not directly invoice Unilever.

We recognise that forced labour and modern slavery are more likely to occur further up the supply chain. We

have strengthened the requirement for our partners to cascade requirements up their own supply chains. Undertaking upstream due diligence and regularly engaging with relevant business partners (using a risk-based approach) help to prevent conditions of slavery from entering the supply chain.

The RPP is designed to build a more resilient business, by moving beyond a compliance model to a more continuous improvement process.

The RPP builds on the previous Responsible Sourcing Policy by making it explicit that employers must repay fees if workers have paid these in connection with obtaining employment.

The Policy also prohibits the use of prison labour except in circumstances where the terms and conditions of employment uphold the Mandatory Requirements of the policy and can be verified.

Our partners must adhere to the Mandatory Requirements and Mandatory Management Systems of our RPP in order to do business with Unilever.

Fundamental Principles 4 and 7 work to prevent forced labour.

- Fundamental Principle 4 – Freely Agreed Terms of Employment – ensures that work is conducted on the basis of freely agreed and documented terms of employment.
- Fundamental Principle 7 – Work is Voluntary – ensures that employment is accepted and work is conducted on a voluntary basis.

## Leading Practices

The RPP includes a section on Leading Practices. Relating to the requirement that work is voluntary, the two highlighted leading practices relate to the participation in sector-wide initiatives to promote ethical recruitment and support for initiatives to support survivors of human trafficking.

The RPP also contains a requirement that non-management workers work a maximum of 60 hours per week including overtime. Excessive working hours can be an indicator of forced labour.

Alongside our RPP, later in 2023 we will publish Implementation Guidance, which provides our business partners with examples of effective steps and additional information to help them achieve and sustain the Mandatory Requirements of our RPP.

Further details on our policies and links to them can be found in the appendix to this document.

# Human rights due diligence

## We are driving the implementation of respect for human rights through our due diligence processes.

We have a strong policy framework and management system, which includes the identification and assessment of risk and impact, addressing this as appropriate. We engage with rights-holders, help to build awareness and capability and provide remedy where needed. We report regularly on our progress. We have a continuous improvement model, whereby we review our policies and processes against best practice from peers and guidance from expert organisations. We collaborate with others, using our leverage as appropriate.

### Salient human rights issues

We have created a structured framework to address our salient human rights issues. Details of this can be found in our [Modern Slavery Statement](#) from last year.

Our 2022 focus has been on implementing our forced labour action plan in priority countries whilst planning to scale up our work in other countries.

In order to focus our efforts, we segmented our supplier base from both a risk and business perspective, carrying out a baseline assessment to gain knowledge of key areas of needed improvement in both awareness and risk. Through this process, we

have gained insight into the kind of intervention that is required to strengthen responsible recruitment and employment practices, developing and rolling out tools and guidance for both colleagues in our procurement teams and our suppliers. We have focused on ways to improve the detection of forced labour; that includes working to improve the audit process and testing alternative methods to complement existing audits. At an industry level, we played a key role to encourage businesses to follow a consistent approach to fee remediation, address common issues related to forced labour collaboratively and pilot new digital solutions. This Statement provides an overview of our approach.

**“At Unilever, we’re using our scale and reach to respect and promote human rights by working only with like-minded partners who can meet our terms of trade. As the demands of people and planet evolve, we’re evolving too, streamlining our efforts and updating our requirements to ensure they continue to advance human rights in today’s world.”**

**Willem Ujen**

Chief Procurement Officer, Unilever

# Forced labour risk identification

## We take a multidimensional approach to identifying forced labour risk.

When conducting our risk assessment, we consider a number of elements, including:

- External risk indicators, calculated by [Verisk Maplecroft](#), who undertake country-level analysis of forced labour risk
- The views of our Business Integrity committees, internal subject-matter experts and our teams in local markets
- Historic training programmes and completion rates
- Supplier self-assessments through our responsible sourcing programme
- Historic Code breaches and audit results
- Grievances raised and results from other ways of worker engagement
- The views and work of our industry experts, civil society and our peers.

## How do we prioritise forced labour issues?

In order to effectively tackle forced labour, we use a geographic risk-based approach, both in our own operations and in our value chain.

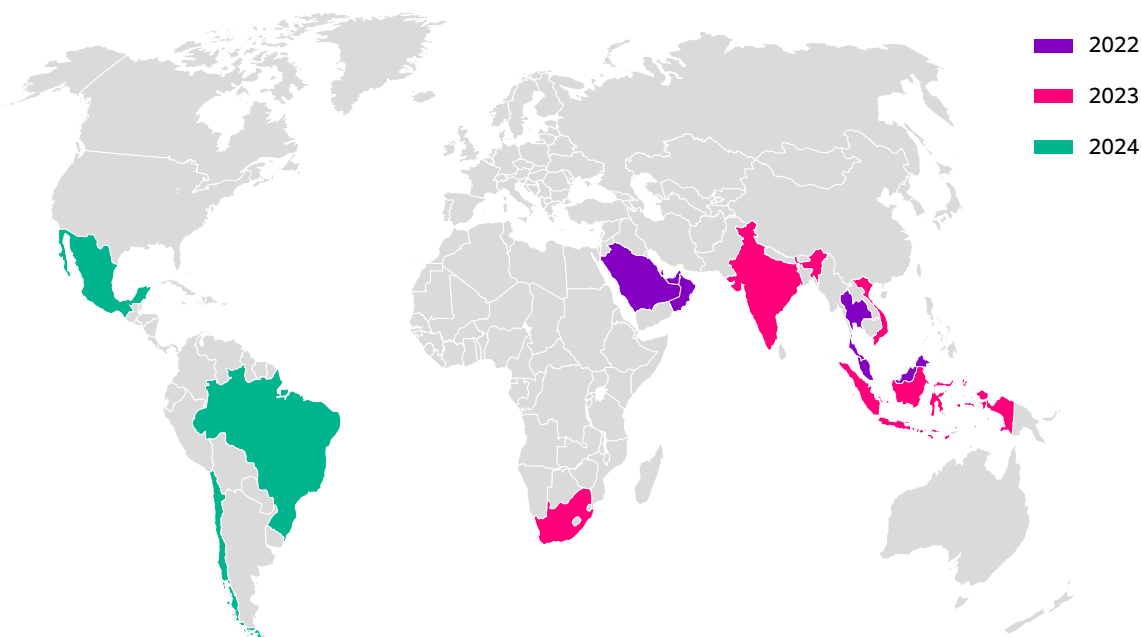
In 2022, we identified our priority and high-risk countries by conducting a review of the countries our suppliers operate in and the goods or services they provide; we then compared these with externally available indices that indicate modern slavery risks. In addition to this, we carried out supplier segmentation to understand which of our suppliers employ migrant workers and where workers come from. We know that migrant workers are at higher risk of forced labour as their movement and recruitment are often poorly regulated and informal, meaning they are vulnerable to risks such as deception, debt bondage (through the payment of recruitment fees) and limited freedom of movement.

Through this process, we identified the following as high-risk and priority countries:

**Priority countries:** Malaysia, Oman, Qatar, Saudi Arabia, Thailand, UAE.

**High-risk countries:** Brazil, Chile, China, Colombia, Ecuador, India, Indonesia, Mexico, South Africa, Vietnam.

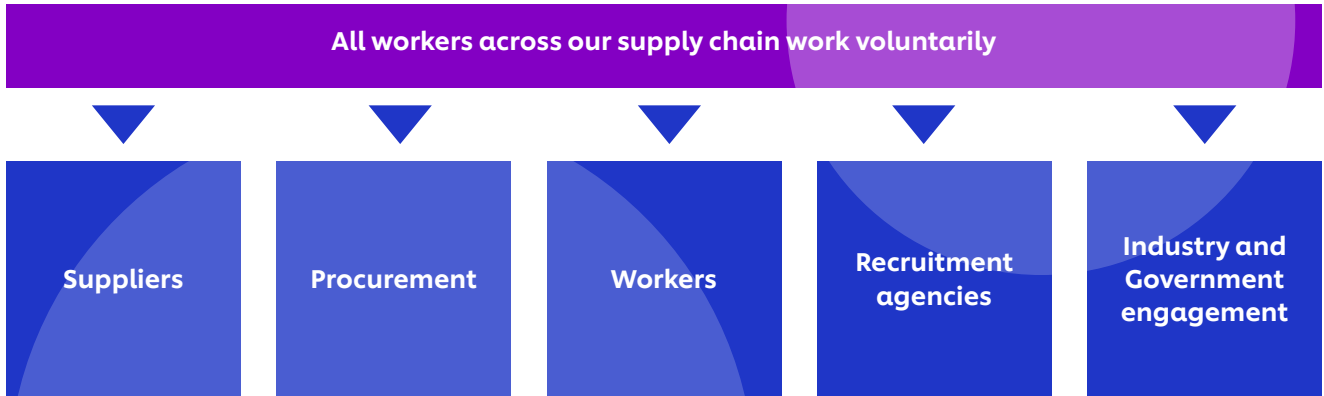
## Countries deemed 'high risk' and 'priority' during 2022 and beyond



# Forced labour salient issue action plan – 2022 implementation

## Areas of Interventions and Enablers

Our forced labour plan covers five key areas of intervention and we have identified clear outputs, activities and KPIs for each area. Our capability-building plan targets each of these areas.



## Implementing our action plan in 2022

In 2021 we began implementing a three-pillar action plan to address issues related to forced labour, in particular the payment of recruitment fees by workers. This action plan looked at three key areas: detection, prevention and remediation. Our work continued and evolved throughout 2022.

### Detection – issues are identified

#### Detection in our own operations

##### Consumer Goods Forum (CGF) Human Rights Coalition (HRC) Project 1 – Employing Human Rights Due Diligence in our Own Operations

In addition to our ongoing Code Policy process, as members of the CGF Human Rights Coalition (HRC), we are working to cover 100% of our own operations with forced labour-focused human rights due diligence (HRDD) systems by 2025. We recognise that forced labour remains difficult to detect and measure – HRDD will support us in monitoring, remediating and preventing human rights issues that workers may face.

In 2022, we began by identifying key countries to pilot this focused HRDD process, namely Pakistan, UAE and Saudi Arabia, so that we can refine the process before rolling it out to all our operations by 2025 as the CGF commitment states.

#### Detection in our value chain

We continue to work to improve the identification of issues related to forced labour, including the payment of recruitment fees, through, for example, improving

the quality of audits. We built on our work in 2021 when we developed guidance for auditors on how to detect non-compliances related to the 'employer pays' principle. In 2022 we continued to engage with auditors, especially where we feel that detection is not at the level that it should be. We conducted an anonymous auditors survey in the Gulf Cooperation Council (GCC) to understand whether auditors face any specific challenges in the region and hear from them on how we can improve the audit process. We received 23 responses, which included suggestions on the use of pre-audit self-assessments and improved worker voice tools to aid auditors in detecting cases of forced labour.

More information on our audit process can be found [here](#).

In the Gulf region, we have commissioned an independent third party to conduct a targeted investigation into forced labour and recruitment/employment practices. The third party will also review the audit process we use for our suppliers and provide recommendations for improvement. The assessment will take place in 2023 and will continue to improve our understanding of forced labour issues in the region, strengthen auditing processes and increase the effectiveness of remediation.

## Alternatives to audits

Part of our work during 2022 has been to identify and implement alternative approaches to detect forced labour cases, and we are currently testing alternative methods to complement existing audits. These include two tools which we have piloted, diginexLUMEN and diginexAPPRISE, which are explained in more detail on [page 10](#).

## Human rights impact assessments (HRIA)

As part of our implementation of the UN Guiding Principles on Business and Human Rights and to complement our social compliance process, we carry out Human Rights Impact Assessments (HRIAs). In 2022, independent Human Rights Impact Assessments were carried out in Brazil and America, reviewing a sample of locations of our business partners and our own operations.

### Brazil

Prior research confirmed the ongoing risk of potential forced labour in Brazilian agriculture. The assessment included visits to agricultural producers. While no risks of forced labour or conditions analogous to slavery were identified during site visits, procurement colleagues and producers were aware of the risks at adjacent farms. Increased risk was identified around subcontracted agriculture labour. We have identified Brazil as a high-risk country as regards forced labour and we will continue to build awareness and capability among our suppliers, especially in connection with recruitment processes.

## The USA

Forced labour exists everywhere, including in the United States. A study by the National Institute of Justice found that 71% of those experiencing forced labour in the United States entered the country on lawful H-2A (temporary agricultural) and H-2B (temporary non-agricultural) visas. There are approximately 50,000 people working in forced labour in the United States. The US National Human Trafficking Hotline received reports of 10,583 situations of human trafficking in 2020, with 1,052 of these situations related to labour trafficking. According to the US State Department, human trafficking cases have been reported in all 50 states.

While the sampled sites in the HRIA showed no evidence in the area of trafficking or forced labour, some concerns were raised regarding mandatory overtime practices.

All of the sites visited reported that no recruitment fees were imposed on applicants at the hiring stage or otherwise, nor were personal identity documents withheld. Interviewed workers did not report any restrictions on movement. Housing was not provided by any of the sampled sites, so freedom of movement related to housing was not applicable.

Although agricultural sites were not included in this particular assessment, we know that the US agricultural sector presents a significant risk of forced labour, especially for migrant workers hired through labour contractors.

The findings and risks of all HRIAs are discussed both within Unilever and with relevant partners, and action plans to respond to the findings are created.

## Prevention – reducing the risk of forced labour

In 2022, we continued to support our suppliers in their implementation of management systems to improve responsible recruitment systems. Using a variety of approaches, we have carried out a number of capability-building initiatives in order to reduce the risks of forced labour in our value chain and beyond. During 2022 training has been conducted with a focus on priority countries and suppliers as highlighted through risk assessment.

### Internal capability building

Procurement plays a key role in engaging with suppliers to support remediation of [Key Incidents](#) related to forced labour or to discuss initiatives aimed at reducing the risk of forced labour in priority and high-risk countries. Tools and knowledge to support suppliers in preventing and remediating these issues are shared with our procurement team.

As an example of this, we explained and shared the Unilever supplier remediation guidance with approximately 70 procurement managers and directors based in the Gulf Cooperation Council (GCC) countries, Thailand and Malaysia – so that they can, in turn, share this with their suppliers. A virtual training session was also held for our procurement colleagues, including those in the Middle East and North Africa, with the objective of further explaining our position on responsible recruitment and the remediation steps included in the guidance.

### External capability building

The table below provides an overview of our key awareness-raising and capability-building initiatives and examples of the stakeholders we engaged with during 2022.

We continued to work to address potential issues beyond our direct suppliers. This included, working with both our direct suppliers and their recruitment agencies and the workers of those agencies, implementing two pilot projects to leverage new technology solutions to support this approach.

Initiatives	Locations	Approximate number of stakeholders reached	Objective
<b>Virtual training</b>	GCC	45 manufacturing suppliers and employment agencies	Enhance understanding of responsible recruitment and employment practices / support suppliers to develop Corrective Action Plans where issues had been identified
<b>Virtual training</b>	Malaysia	15 manufacturing suppliers	Enhance understanding of how to prevent the payment of recruitment fees
<b>Face-to-face and virtual meetings for suppliers</b>	Malaysia	4 suppliers face to face 20 individual virtual meetings	Enhance understanding of how to develop a Corrective Action Plan after issues of forced labour were identified
<b>Virtual training</b>	Thailand	10 suppliers	Enhance understanding of responsible recruitment and employment practices (working with 'The Alliance' – see <a href="#">page 11</a> )
<b>Capability building for workers</b>	Malaysia/ Thailand	567 workers (8 suppliers)	Raise awareness among workers of their rights by using digital tools (for more about Quizrr – see <a href="#">page 11</a> )
<b>Responsible Recruitment prevention guidance</b>	Malaysia/ Thailand and GCC	Shared with our suppliers and downloaded 42 times	Support suppliers to create and implement a responsible recruitment system
<b>Communication regarding remediation of recruitment fees</b>	Malaysia	30 manufacturing suppliers	Provide guidance to support suppliers with the remediation of recruitment fees
<b>Responsible Employment guidance for suppliers based in the GCC</b>	GCC	100 manufacturing suppliers and employment agencies downloaded the guidance	Enhance understanding of responsible recruitment and employment practices

## Working with diginex to enhance worker voice



Partnering with [diginex](#), a company which specialises in building purpose-led technology for greater transparency on social risks in global supply chains, we piloted a project to support our suppliers in developing the necessary responsible recruitment policies and management systems that will help reduce the risk of forced labour. diginex enables a data-driven approach to address the root causes of social issues in global supply chains, including exploitative recruitment and employment, discrimination and a lack of social protection.

For this initial pilot, we selected manufacturing suppliers across all our product portfolios, based on

criteria that included the number of migrant workers employed, nationalities and issues identified during social audits. A number of suppliers based in Thailand and Malaysia who met the highest number of these criteria were initially selected.

Suppliers conducted a baseline self-assessment using diginex's enhanced due diligence platform, diginexLUMEN. This enabled us to understand any management system gaps and helped us identify key risk areas where suppliers may need our support. The platform uses cascading invitations to identify connections further up our supply chain, again bringing our work closer to where adverse human rights impacts

are more likely to be found. The platform allows for tailored due diligence surveys for suppliers and labour providers, based on international standards set by the International Labour Organization (ILO).

The tool includes an audio-based survey (diginexAPPRISE) which is translated into local languages for accessibility, allowing workers to give anonymous feedback about their working conditions. Responses from suppliers, labour providers and workers are then triangulated by the platform, which flags any inconsistencies and allows for easier analysis of data, ensuring we can effectively target the most critical areas for improvements.

At the end of 2022, 12 of our suppliers and one recruitment agency in Thailand and Malaysia had completed the self-assessment questionnaire, while 200 workers had responded to the worker voice survey which aims to capture the views of workers on the ground.

### Raising worker awareness on their rights with Quizrr

In line with our Responsible Partner Policy (RPP) and to support and strengthen employment practices in our value chain, in 2022, we partnered with [Quizrr](#) to help management and workers build knowledge and drive awareness of rights in the workplace. We rolled out a tailored, comprehensive training to build shared knowledge on responsible recruitment and employment.

The training is based on short film dramas, followed by quiz questions. The films cover real-life situations in factories, tailored to the local context and using the local language. All training results are saved and displayed at a web-based dashboard, making it possible for suppliers and brands to measure and share progress.

We have already engaged 567 workers in Malaysia and Thailand on the importance of ethical recruitment practices, workplace policies and workplace dialogue to raise awareness and help prevent human rights violations related to forced labour. We will evaluate the full impact and the opportunities to scale up this approach once we have completed the pilot in the first quarter of 2023.



### Capability building of select suppliers in the Mekong Region

In 2022, we continued our work with the [Mekong Sustainable Manufacturing Alliance](#) (The Alliance – see [page 17](#)).

We are a member of The Alliance Leadership Group (ALG), a consortium of international brands providing insight and perspective on economic and social governance (ESG) topics that directly influence capability-building programmes.

As part of the social and governance initiatives implemented by The Alliance, three Unilever manufacturing suppliers based in Thailand, totalling over 5,500 workers, participated in on-site demonstrations and technical assistance programmes. The programmes combine local expertise with international best practices to provide management trainings and tools and to review fee remediation plans, migrant worker protection, and grievance mechanism policies. Supplier assessments were carried out through a worker sentiment survey (WSS) which collected worker views of grievance mechanisms, wages and working hours, workplace wellbeing, health and safety, and productivity and stability. At the end of 2022, our suppliers had participated in tailored capability-building activities derived from the assessments conducted. Impact will be measured at the end of the engagement in June 2023. We will continue our partnership with The Alliance through to September 2023, overseeing the completion of capability-building programmes and drawing lessons from the impact The Alliance has created within the factories.

## Remediation – forced labour related issues are addressed

In 2022 we discovered a number of incidents of non-compliances with our requirements relating to voluntary work, including the payment of recruitment fees and passport retention. When these incidents are found, our Procurement teams work with these suppliers to support them in implementing a Corrective Action Plan (CAP). We help the suppliers understand the issues, stop the practices relating to the non-compliances and put preventative measures in place to stop similar issues from happening again. Suppliers are required to create a CAP in line with our supplier remediation guidance (relating to the payment of recruitment fees) within four weeks. Once the CAP is completed, we review it with the supplier, provide any recommendations for improvement if they are needed and approve it if it meets our remediation requirements.

### Consumer Goods Forum (CGF) Guidance

In October 2022, working in partnership with a number of peer companies, under the umbrella of AIM-Progress, and the CGF HRC, we released new [Guidance on the Repayment of Worker-paid Recruitment Fees and Related Costs](#). This guidance acts as a tool to support corporate action against forced labour, specifically debt bondage. It sets out a clear framework to help businesses ensure their recruitment and employment practices respect the CGF's [Priority Industry Principles](#).

**“Unilever supports the launch of this Guidance which includes practical steps that, when implemented, will help workers, reduce business risks and create a more responsible recruitment industry.”**

**Rachel Cowburn-Walden**

Global Head of Sustainability, Human Rights, Unilever

### What fee payment remediation looks like



## Case study 1

During an audit of a packaging supplier in Thailand in September 2022, it was discovered that although the supplier itself did not impose recruitment fees on its foreign workers from Nepal and Indonesia, workers stated that they were charged fees by recruitment agents in their home countries and were paying recurring fees for a visa and work permit. These findings were followed up with further worker interviews to try to ascertain the level of fees paid. However, as some of the fees had been paid

four years earlier, no receipts had been kept, and it was difficult for the workers to remember what they had paid. To support this process, recruitment fees costs were obtained from recruitment agents. Based on the interviews with workers, the supplier agreed to reimburse the recruitment fees paid - approximately €30,000 to 161 workers. Procurement teams worked alongside the supplier to develop the repayment plan.

## Case Study 2

In 2020, a peer company alerted us to issues of recruitment fees relating to a major packaging supplier based in Malaysia. We then carried out an independent assessment where we found that 253 workers had paid recruitment fees in their home countries of Bangladesh, Nepal, Myanmar and the Philippines, and that each of the four nationalities of workers had paid a different amount. We discovered that many workers had borrowed money or sold land to pay for the recruitment fee. In addition to this, wages were lower than expected.

Country of origin	No. of workers eligible	Approximate payment per worker (USD)
Bangladesh	160	4,189
Nepal	60	1,189
Myanmar	32	1,690
The Philippines	1	4,000

Fees were so significant that it was taking over a year for workers to pay them off. This meant that workers were under pressure to work overtime to pay off the debt, leading to issues with working hours and potential health and safety risks. 45% of take-home wages came from the overtime premium.

The supplier developed a communication plan to engage its workers on the decision to repay the fees while taking into consideration any potential risks or unintended consequences for the workers relating to the reimbursement. This included a helpline operated by a third party to enable migrant workers to report any issues related to payment.

In 2022, we continued to monitor the repayment process with the support of an independent third party. A sample of workers were interviewed, and all

documents checked to confirm that all workers were being repaid following the planned timeframe. This work will continue through to December 2023. The supplier also completed the diginex self-assessment and workers survey. In 2023 we will continue to support this supplier to improve its grievances mechanisms in partnership with an expert organisation and the peer company.

**“The findings of the social audits helped us to understand how severe the issue of payment of recruitment fees among migrant workers is and the impact it might have on the lives of workers and their families. We realised that that our internal processes included elements of unfair labour practices that we eliminated. Employees are much more motivated, and happy when their welfare is highly emphasised by the company which results in higher productivity.”**

**Unilever packaging supplier, Malaysia**

### Case study 3

In 2022, another of our packaging suppliers in Malaysia agreed to reimburse approximately €244,000 to 147 workers over 6 months.

In order to identify the repayment amount, the supplier conducted internal interviews with 50% of its workforce and identified significant improper practices by a sub-contractor company that hired workers from Myanmar. These improper practices included substandard housing, improper salary deductions and alleged acts of intimidation. In 2022 the supplier terminated the contract with this

sub-contractor and assigned direct employees the responsibility of managing the conditions for the workers, which included moving them to better living quarters complying with Malaysian regulations.

Using the Quizrr tools, 137 workers and 41 managers at the supplier company have been trained on rights in the workplace.

Below is a summary of the fee repayments. Repayment will take the form of six monthly instalments, credited to workers' bank accounts.

<b>Country of origin</b>	<b>No. of workers eligible</b>	<b>Approximate recruitment fee (MYR)</b>	<b>Approximate instalment per month (MYR)</b>
Myanmar	73	6,000	1,000
Nepal	56	6,500	1,083
Bangladesh	18	18,000	3,000

# Working with others to increase our impact in eradicating forced labour

As part of our action plan to eradicate forced labour, we work with organisations including:

## CGF Human Rights Coalition (HRC)

The CGF HRC is a CEO-led initiative of manufacturers and retailers working together to eradicate forced labour from consumer goods supply chains worldwide.

Their work is focused on driving individual and collective action in our businesses and supply chains to:

- implement human rights due diligence (HRDD) systems focused on forced labour in our own operations and our palm oil supply chain;
- support responsible recruitment markets; and
- support a focused movement with all relevant stakeholders to jointly expedite the elimination of forced labour.

The HRC is supported by its technical partners: [Fair Labor Association \(FLA\)](#) and the [UN International Organization for Migration \(IOM\)](#).



## A focus on the palm oil sector

As part of our work as a member of the Consumer Goods Forum (CGF) Human Rights Coalition (HRC) – Working to end forced labour, we have been working to strengthen our approach to human rights due diligence (HRDD) relating to the eradication of forced labour in the palm oil supply chain. The People Positive Palm Project (Project P3) was launched in October 2022, by the CGF HRC, with support from the [International Organization for Migration \(IOM\)](#) and [Fair Labor Association \(FLA\)](#), The [Remedy Project](#) and [Impactt](#). Project P3 aims to foster collective action and advocacy to address forced labour within the Malaysian palm oil sector through a targeted, impact-based assessment and training for key palm suppliers in Malaysia

on both prevention and remediation. The project consists of two tracks, Learning and Engagement. The Learning track, open to all palm oil suppliers with operations in Malaysia, consists of a number of no-cost workshops on key topics surrounding forced labour. The Engagement track will then help suppliers to understand and address issues related to forced labour in their operations and help them strengthen their management systems for responsible recruitment. Learnings from these tracks will help inform collective advocacy to address forced labour in the palm oil sector in Malaysia, particularly within the Bangladesh, Indonesia and India migration corridors.

As described in our 2021 Statement, as part of our membership of the [Palm Oil Collaboration Group \(POCG\)](#), we launched and co-convened the

Social Issues Working Group (SIWG) on responsible recruitment to improve alignment, collaboration and impact in tackling recruitment fees in the palm oil sector in Malaysia. In 2022, we had our first in-person meeting to discuss sectoral alignment on zero recruitment fee implementation. This included a panel discussion with the Roundtable on Sustainable Palm Oil (RSPO) and the International Organization for Migration (IOM) on fee definitions, with the

International Labour Organization (ILO) in attendance. In November the same year, we held a follow-up meeting to prioritise issues to work on collectively, including the development of a common reporting checklist on responsible recruitment. As part of the SIWG, we are also working with the industry to identify a common approach to conduct human rights due diligence in the palm oil sector.

## AIM-Progress – supplier engagement in the Gulf region

In 2022, we were one of six global consumer goods companies co-ordinated by Aim-Progress to sponsor the training of over 80 businesses in the Gulf to help them improve their employment practices. This series of training was carried out in March and April 2022 and was sponsored by AIM-Progress members Mars, McDonald's, The Coca-Cola Company, PepsiCo, Unilever and Reckitt. It aimed to develop long-term solutions to problems with labour practices in the region, so more suppliers can meet the standards required by global businesses. Throughout 2021 and 2022, this initiative, tailored to labour agencies and manufacturing suppliers has provided training for 83 direct suppliers and service providers in the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE) to help improve employment practices and tackle the risk of migrant worker exploitation. Our goal was to increase supplier knowledge levels of responsible recruitment practices and encourage suppliers to move towards responsible recruitment.

- **Best practice shared at scale:** 83 suppliers and service providers were trained
- **Effective training:** 90% of suppliers and labour agencies rated the training excellent or very good
- **Commitment to improve:** 43% of service providers plan to focus on improving recruitment and employment practices, and 25% intend to conduct self-audits as a result of the training
- **Dozens of action plans:** 33 suppliers in total have already action plans
- **Practical resources:** All 100 suppliers received a practical responsible recruitment supplier toolkit

**“We were pleased to have delivered a key series of trainings in a region where, as a single company, we had less direct engagement. Alongside other FMCG member companies, we were able to engage tier 1 and indirect suppliers to help build capacity on these critical topics that need to be understood in order to be able to do business with us at Unilever.”**

**Carola Galepinni**

Senior Social Sustainability Manager, Unilever

**“The training program on responsible recruitment was good. This has helped us in evaluating our suppliers and identifying the risks and gaps to be fulfilled.”**

**Anil Kumar**

Home and Personal Care, a supplier who attended the training



## Mekong Sustainable Manufacturing Alliance (MSMA)

The Mekong Sustainable Manufacturing Alliance (The Alliance) is a \$10 million partnership funded by the United States Agency for International Development (USAID), Institute for Sustainable Communities (ISC), ELEVATE and the Asian Institute of Technology. The Alliance is conducting environmental, social and governance (ESG) improvement projects for factories in Cambodia, Thailand and Vietnam. (Please see [page 11](#) for details of how we are working with the MSMA).

Overall goals and outcomes of the Alliance:

- **Human Resources is empowered to manage labour agents** – Human Resources team receives training and guidance on the risks when using labour agents, how to effectively manage them and align with international standards.
- **Management systems and awareness** – ELEVATE will provide training on different levels across the company and help fine-tune the current management system.
- **Hiring policies and procedures are established** – Hiring policies and procedures will be reviewed or established, including equal opportunities, no recruitment fees, approved labour agents and no passport retention.
- **Workers are, and feel, equally treated** – Through the above activities, workers will be treated equally, and worker sentiment will increase.

## Business for Inclusive Growth (B4IG)

B4IG is a CEO-led coalition of global businesses representing 4.4 million employees and a combined revenue of over \$1 trillion. Launched in 2019 in connection with the G7 Summit, it is united in the belief that business has a central role to play in ensuring that any future economic growth is distributed fairly across society. Together with the OECD as its strategic partner, the coalition aims to scale up business action on inequality by advancing human rights, building inclusive workplaces and strengthening inclusion in company value chains and ecosystems.

In 2022, the B4IG Working Group on Human Rights, of which Unilever is a member, emphasised the critical need to address fair recruitment as a global issue, as there is a strong industry need to further assess compliance against internationally recognised guidelines where traditional audit approaches are not always successful.

Given a strong presence in the United Arab Emirates (UAE) through members' operations and given the UAE's labour law that came into effect in February 2022, the working group agreed to focus on this country.

With the primary objective of increasing demand for responsible recruitment from B4IG companies in the region, the working group launched a fair recruitment project in September 2022, aiming to help responsible recruitment and labour agencies develop and/or maintain their ethical model through coordination with local authorities, engagement and capability building.



# Assessing impact and effectiveness

**During 2022, we finalised our first KPIs in order to better measure and describe our progress. These can be seen in the table below. We will begin to comprehensively measure against these indicators in 2023.**

Areas of intervention	Outcomes	KPIs
Suppliers/ recruitment agencies	Suppliers and recruitment agencies have responsible recruitment system in place	% of suppliers/recruitment agencies that have completed a training programme and have implemented a responsible recruitment system
Procurement	Procurement colleagues based in priority countries have the awareness and knowledge of how to support suppliers in the prevention/remediation of forced labour issues	% of procurement colleagues trained on forced labour
Workers	All fees and costs reimbursed to workers in scope	% of workers reimbursed for the fees they have paid
Industry	Peer companies/brands work collectively to tackle forced labour issues	No. of initiatives launched in partnership with peer companies

This is an area which we know we must strengthen, finding better ways to understand, measure and report on the impact on those affected, rather than input/output indicators. We also recognise that more accurate data relating to pre- and post-departure fee payment will help more effectively repay the money that workers have paid.

We believe that industry-level KPIs are also an important step in driving progress and will continue to work with organisations such as AIM-Progress and the Consumer Goods Forum on this.

Part of Unilever's 2022 SPI (Sustainability Progress Index) is linked to our Compass ambition to raise living standards and specifically the value of contracts (including the requirement that workers are paid a living wage). As stated by organisations such as [Walk Free](#), "Ensuring a living wage for workers at every stage of the supply chain lessens the likelihood of them becoming victims of forced labour or child labour".

# Looking ahead

## Detection

Recognising that the numbers of identified cases of forced labour are likely far smaller than the reality and working both bilaterally with our suppliers and peer companies, we will continue to explore more effective ways of identifying potential cases of forced labour.

In 2023, we will pilot the use of digital worker interviews (using diginexAPPRISE) in the [SMETA \(Sedex Members Ethical Trade Audit\)](#) audit process. Findings will be shared with auditors to enable them to gain a better understanding of working conditions prior to audits. The aim of the pilot will be to test if the insights from the tool can help inform audits and improve the detection of issues. All issues raised by workers, either as part of the audit process or through the diginexAPPRISE pilot will be shared with suppliers so that appropriate action is taken to remediate any issues or concerns raised by workers. Whilst smart-phone penetration is high in many countries, particularly in South East Asia, it is more challenging in other parts of the world. We are considering how we best address this going forward. The use of digital technology is best used to complement other means of engagement (both directly with workers and with their representatives) and not to replace it.

## Prevention

In 2023 we will continue to work across our industry, including efforts with the Consumer Goods Forum and AIM-Progress to prevent cases of forced labour through ongoing capability building for our direct suppliers and beyond, taking a risk-based approach.

In 2023, we will continue to partner with diginex and a number of AIM-Progress (see page 22) members to use our collective learnings from our 2022 baseline assessments to carry out tailored capability building with suppliers in Thailand and Malaysia. In the next phase of this work, we will reassess our business partners by deploying a tailored follow-up survey using diginex to measure the impact of the

various interventions and the progress made by our suppliers. This will include re-engaging with both management and workers at participating facilities. We will continue to expand this to other suppliers and geographies in 2023.

We are discussing with peer companies under the umbrella of Aim Progress (APAC hub) the further engagement of suppliers in South East and North Asia aiming to support a deeper understanding of effective human rights due diligence processes to enable responsible sourcing.

The B4IG Human Rights Working Group's Fair Recruitment project will continue to advance in 2023.

## Remediation

We will continue to work with our suppliers both bilaterally and with other companies as appropriate to remediate identified issues of forced labour, increasing our understanding of – and reporting on – the impact on workers of these issues and their remediation. Although much of our work is focussed on the remediation of recruitment fees, we will continue to work to detect, prevent and remediate all issues of potential or actual forced labour.



**Alan Jope**  
Chief Executive Officer,  
Unilever

This Statement has been approved by the Unilever PLC Board at its meeting on 01 March 2023

# Appendix

## Our policies

### Policies for our own operations




- [Code of Business Principles \(Code\)](#).
- [Respect, Dignity and Fair Treatment Code Policy \(RDFT\)](#).
- [Internal Policy on the Sustainable Employment of Temporary Workers](#).

### Policies for our suppliers and other business partners

- [Responsible Partner Policy \(RPP\)](#).
- [People & Nature Policy](#).

## The 17 Fundamental Principles of our Responsible Partner Policy (RPP)

### Pillar 1 Business Integrity & Ethics

- |   |   |   |
|---|---|---|
| <p><b>1</b>  <b>1. Legal Compliance &amp; Countering Corruption</b><br/>Business partners comply with relevant laws and regulations and have a zero-tolerance approach to all forms of corruption.</p> | <p><b>2</b>  <b>2. Safeguarding Information &amp; Property</b><br/>Business partners protect information and collect, process, store, transfer and dispose of personal data responsibly.</p> | <p><b>3</b>  <b>3. Sourcing and Manufacturing Products</b><br/>Products and materials supplied to Unilever are appropriately sourced, tested and meet agreed specifications.</p> |
|---|---|---|

### Pillar 2 Human Rights

- |  |   |  |
|--|---|--|
| <p><b>4</b>  <b>4. Freely Agreed Terms of Employment</b><br/>Work is conducted on the basis of freely agreed and documented terms of employment.</p>              | <p><b>5</b>  <b>5. Free from Discrimination</b><br/>All workers are treated equally and with respect and dignity without any form of discrimination.</p>           | <p><b>6</b>  <b>6. Free from Harassment</b><br/>All workers are free from harassment and abuse.</p>   |
| <p><b>7</b>  <b>7. Work is Voluntary</b><br/>Employment is accepted and work is conducted on a voluntary basis.</p>   | <p><b>8</b>  <b>8. Appropriate Age</b><br/>All workers are of an appropriate age and young workers are protected.</p>  | <p><b>9</b>  <b>9. Fair Wages</b><br/>All workers are paid fair wages.</p>  |
| <p><b>10</b>  <b>10. Reasonable Working Hours</b><br/>Working hours for all workers are reasonable.</p>   | <p><b>11</b>  <b>11. Freedom of Association</b><br/>All workers are free to exercise their right to form and/or join trade unions and to bargain collectively.</p> | <p><b>12</b>  <b>12. Health &amp; Safety</b><br/>All workers operate in a safe and healthy work environment that identifies and reduces risks to prevent accidents, injuries and illnesses.</p> |
| <p><b>13</b>  <b>13. Access to Grievance Mechanisms &amp; Remedies</b><br/>All workers have access to grievance mechanisms with fair procedures and remedies.</p> | <p><b>14</b>  <b>14. Land Rights</b><br/>The rights and title to property and land of the individual and local communities are respected.</p>                      |  |

### Pillar 3 Planet

- |  |  |   |
|--|--|---|
| <p><b>15</b>  <b>15. Protect and Regenerate Nature</b><br/>Business is conducted in a manner which protects, preserves and regenerates nature including biodiversity.</p> | <p><b>16</b>  <b>16. Climate Action</b><br/>Greenhouse gas (GHG) emissions are reduced in line with the goals of the Paris Agreement.</p> | <p><b>17</b>  <b>17. Waste-free World</b><br/>The generation of waste is reduced and zero waste to landfill is achieved.</p> |
|--|--|---|

## Definition of a Key Incident

Unilever defines the most severe non-conformances as Key Incidents. A Key Incident typically represents a significant risk to life or injury, or a significant human rights contravention. These are escalated to Unilever within 24 hours by the auditors and require the creation of a Corrective Action Plan within seven days by the supplier. As with all non-conformances, a follow-up audit is required within 90 days to confirm that the actions taken have been sufficient to remediate the identified issues. The nature of some Key Incidents means it may not be possible to close them within this timeframe before the follow-up audit, because capital investment or significant changes are needed. In such cases, the supplier will need to develop an interim plan to reduce the risk until the permanent solution can be put in place. The Key Incident will continue to be recorded as 'open' until fully remediated.

## Audit data

Audit results are aligned with our Responsible Sourcing Policy from 2021 (rather than with the Responsible Partner Policy) in order to enable a full year of data to be shown, as some issues identified at the end of 2022 may not yet be fully remediated, allowing for the 90-day period from discovery.

From 2023, we will be reporting data across our salient issues later in the year to enable us to provide data from the previous year (in this case from 2022) rather than from the year before (2021).

Our audits found 111 non-conformances against Fundamental Principle 4 of our RSP which requires that work is conducted on a voluntary basis.

In 2021, there were 17 Key Incidents relating to forced labour that were found during audits and raised with Unilever.

Out of the 111 non-conformances related to Fundamental Principle 4, 'Work is conducted on a voluntary basis':

### 19 related to policies and procedures in place:

- 19 were related to a lack of policies and procedures that ensure that all workers enter employment freely and equally and that they are not prevented from resigning and leaving if they so wish.

### 3 related to workers receiving contracts in a language they understand:

- 3 were related to migrant workers not receiving an employment contract in a language they understand in their own country before they leave to come and work at the facility.

### 6 related to the retention of documents/papers:

- 6 were related to the retention by employer or employment agency of original identification papers and/or passports.

### 9 related to the verification of the legal status of workers:

- 9 were related to workers not having the legal right to work at the facility and/or lack of procedure to verify this.

### 45 related to EPP (Employer Pays Principle) and not requiring workers to pay deposits, or withholding payments:

- 10 were related to payment of deposits when workers commence employment.
- 4 were related to monetary deposits required for work tools, PPE, or training.
- 22 were related to delays of payments to workers when they left their employment.
- 6 were related to notice requirements, or financial penalties, for workers when they left their employment.
- 3 were related to excessive monetary deposits or fees for accommodation.

### 10 related to unreasonable controls imposed on workers' freedoms:

- 4 were related to penalties if a worker refused to work overtime.
- 2 were related to freedom of movement and workers being confined to the facility's premises.
- 3 were related to monitoring of toilet/rest breaks.
- 1 was related to other use of involuntary labour.

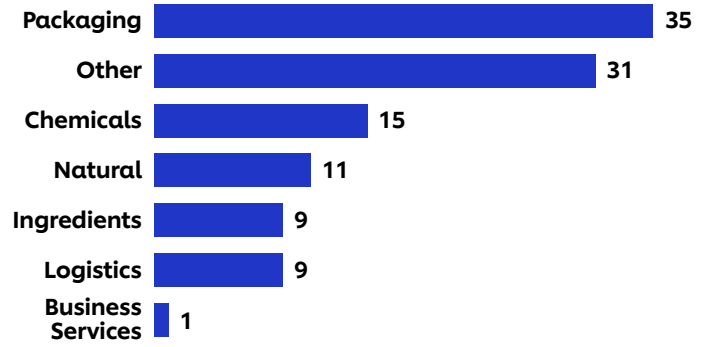
### 19 related to a lack of controls of the supplier's recruitment agencies:

- 19 were related to a lack of procedures to check that the recruitment agency had hiring policies and procedures to combat trafficking and forced labour.

### Non-conformances versus mandatory requirement



### Non-conformances by business area



### Forced labour key data

**111** non-conformances related to forced labour during 2021.

### Location of non-conformances

During 2021 by region

