

HUMAN RIGHTS

2019 SUPPLIER AUDIT UPDATE



Unilever

HUMAN RIGHTS

2019 SUPPLIER AUDIT UPDATE

Our ambition is to embed the respect and promotion of human rights into every function, role and corner of our organisation.

As part of meeting that ambition, we made a commitment in 2014 to disclose our efforts and challenges in implementing the UN Guiding Principles on Business and Human Rights. In 2015 we published our inaugural Human Rights Report, followed by a Progress Report in 2017. In 2018 and 2019 we showed high-lights of our progress through a [film](#) and by providing examples of how we are addressing these issues at a country and global level.

In the following pages we give details of non-conformances* found by audits in 2018 relating to our Responsible Sourcing Policy, and specifically to our eight salient human rights issues. We also publish a comparison of non-conformances relating to our salient human rights issues in 2018 versus 2017. Data relating to 2015 and 2016 can be found in our [2017 Human Rights Progress Update](#). Data from 2017 can be found [here](#). When we identify any issue, we try to work with the supplier to address it; however, there are cases when Unilever will cease sourcing from a supplier if they are unwilling to alter their practices.

We publish the data in this update in recognition of both the usefulness, and the limitations, of any audit process.

Audits* are helpful in providing an assessment of large numbers of suppliers, such as we have in our extended supply chain. They are not always effective at identifying issues such as harassment or discrimination, and workers may not always feel comfortable raising such issues in an audit setting.

Audits, in short, rarely give the complete picture. The independent, expert Human Rights Impact Assessments we have carried out in Myanmar, Guatemala, Honduras, Turkey and Thailand have given us a useful opportunity to engage on the ground in a different way with our suppliers, their workers and external stakeholders. We know we need to do more of this, and we will.

We will also continue to improve the quality and capacity of our audits and auditors. That enables more accurate assessments, and better analysis of the causes of any increases or decreases in non-conformances. For example, we have continued to highlight forced labour indicators to our audit companies through webinars and face to face roundtables. At the same time, we will further develop a "beyond audit" approach, which focuses on social impact programmes with strong worker involvement.

In 2020 we will publish a comprehensive Human Rights Report. It will align with [the UN Guiding Principles Reporting Framework](#) and set out our human rights journey over the last ten years and our ambitions and targets for the future. It will explore the lessons that we have learned, including where we need to strengthen and make improvements, and outline how we plan to change the way we report in the future.

* More information on our audit processes, "non-conformances", "critical issues" and "Key Incidents" can be found in our [Human Rights Progress Report](#).

DISCRIMINATION

FAIR WAGES

**WORKING
HOURS**

FORCED LABOUR

**OUR SUPPLIER
AUDIT FINDINGS DATA
FOR EACH OF
OUR SALIENT
HUMAN RIGHTS
ISSUES**

LAND RIGHTS

**FREEDOM OF
ASSOCIATION**

**HEALTH AND
SAFETY**

HARASSMENT

DISCRIMINATION AND HARASSMENT

Data in relation to Discrimination and Harassment is taken from audits conducted in 2018 which found non-conformances with our Responsible Sourcing Policy (RSP), and specifically in relation to Fundamental Principle 3. Principle 3 requires that: "All workers are treated with respect and dignity. No worker is subject to any physical, sexual, psychological or verbal harassment, abuse or other form of intimidation. There is no discrimination in employment, including hiring, compensation, advancement, discipline, termination or retirement. Discrimination based on race, ethnicity, age, role, gender, gender identity, colour, religion, country of origin, sexual orientation, marital status, pregnancy, dependents, disability, social class, union membership or political views is prevented. In particular, attention is paid to the rights of workers most vulnerable to discrimination."

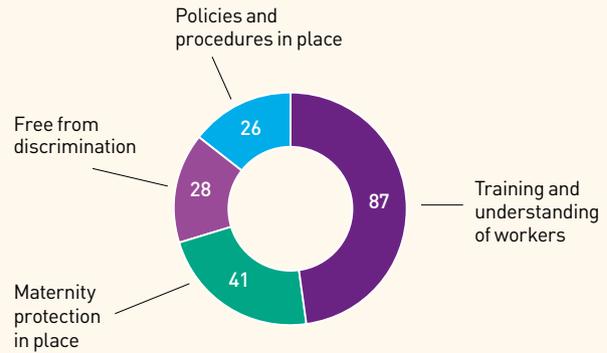
Our audits conducted in 2018 found 182 non-conformances, with almost half of these relating to training and understanding.

In May 2019 we published [Implementation Guidance](#) to complement the [Global Women's Safety Framework in Rural Spaces](#) a global programme which we worked with UN Women to create. We continued to work in our tea plantations and with our suppliers in Kenya and Tanzania to increase women's safety, and expanded our supplier programme in Assam, India to 10 additional suppliers. This work is described further in [Opportunities for women](#).

We were [vocal in our support](#) for the new [ILO Convention to end Violence in the Workplace](#) and will continue to lobby for its swift implementation.

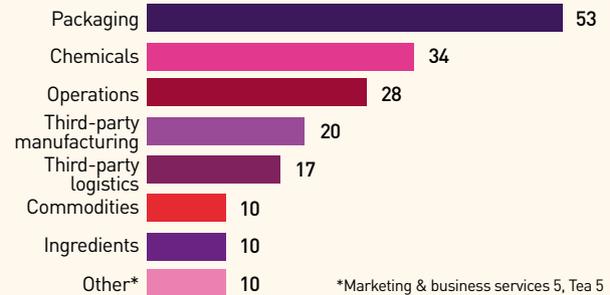
NON-CONFORMANCES VERSUS MANDATORY REQUIREMENTS

Numbers of non-conformances during 2018



NON-CONFORMANCES BY BUSINESS AREA

Issues recorded during 2018, listed by business area



KEY DATA

182 non-conformances related to discrimination and harassment

48% of non-conformances related to not having appropriate training in place

LOCATION OF NON-CONFORMANCES

Non-conformances during 2018 by region



See network clusters and countries, on page 13, for a list of countries in each region, as classified by Unilever.

FAIR WAGES

Data in relation to Fair Wages is taken from audits conducted in 2018 which found non-conformances with our Responsible Sourcing Policy, and specifically with Fundamental Principle 6, which requires that “All workers are provided with a total compensation package that includes wages, overtime pay, benefits and paid leave which meets or exceeds the legal minimum standards or appropriate prevailing industry standards, whichever is higher, and compensation terms established by legally binding collective bargaining agreements are implemented and adhered to.”

Our audits in 2018 found 927 non-conformances in relation to Fair Wages, with 35% relating to the transparency of workers’ payment records and pay slips, and a further 25% relating to wages not being fair and equal for all workers. Issues in relation to Fair Wages were predominantly found in the South Asia and South East Asia regions, as was the case last year.

Our internal policy on the Sustainable Employment of Temporary Workers requires that in-sourced third-party temporary workers in our manufacturing sites are given comparable terms and conditions, including the payment of a Fair Living Wage. We are in the process of implementing this.

In 2019 we saw increasing external focus on Fair Living Wages and Fair Living Income in global supply chains. To drive progress on fair wages in the tea supply chain, Unilever became Chair of the Ethical Tea Partnership Living Wage Working Group, and with our partners we intend to expand the lessons learned from the [Malawi 2020](#) programme to other countries. We also joined the World Cocoa Federation, which aims to achieve a sustainable and thriving cocoa sector in which farmer and worker livelihoods are a key element, and the International Cocoa Initiative (ICI), which promotes child protection in cocoa-growing communities, reflecting the fact that low incomes are among the root causes of child labour.

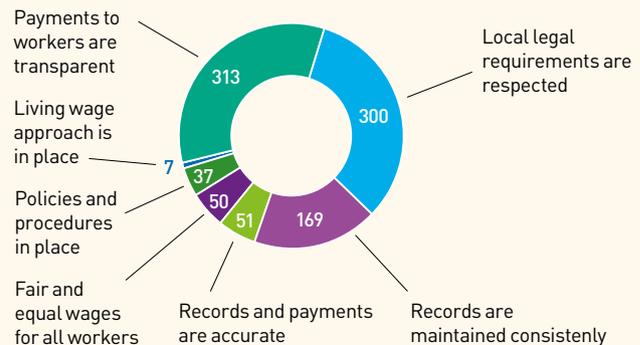
KEY DATA

927 non-conformances related to fair wages

34% of non-conformances related to the lack of transparency regarding the payments to workers

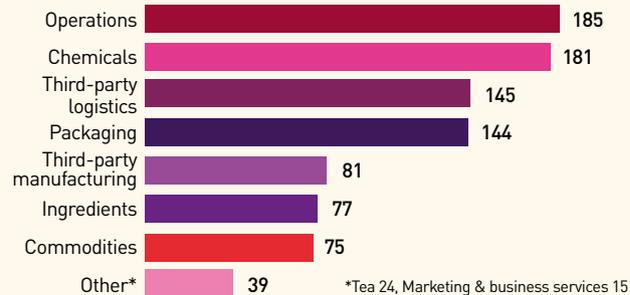
NON-CONFORMANCES VERSUS MANDATORY REQUIREMENTS

Numbers of non-conformances during 2018



NON-CONFORMANCES BY BUSINESS AREA

Issues recorded during 2018, listed by business area



LOCATION OF NON-CONFORMANCES

Non-conformances during 2018 by region



See network clusters and countries, on page 13, for a list of countries in each region, as classified by Unilever.

FORCED LABOUR

Data in relation to Forced Labour is taken from audits conducted in 2018 which found non-conformances with our Responsible Sourcing Policy, and specifically Fundamental Principle 4, Principle 4 requires that “Under no circumstances will a supplier use forced labour, whether in the form of compulsory or trafficked labour, indentured labour, bonded labour or other forms. Mental and physical coercion, slavery and human trafficking are prohibited.”

Our audits found 96 non-conformances in relation to Forced Labour. The majority are classed as “indicators” of Forced Labour, and need to be understood in context. They include withholding of identification documents, restraining freedom of movement outside a workers’ dormitory, or the paying of deposits for tools or training. Often such practices are, within a region, common practice, yet they severely reduce a person’s ability to exercise their freedom of movement.

Through our membership of the [Leadership Group for Responsible Recruitment \(LGRR\)](#), we drive action and engage with both civil society representatives and the governments. In 2019 we engaged in joint events with the LGRR, the [Consumer Goods Forum](#), [Humanity United](#) and the [Responsible Labour Initiative](#), which is part of the Responsible Business Alliance and which we joined in 2019. These events took place in [Myanmar](#) and [Malaysia](#), respectively home and destination countries for migrant workers.

In our engagement with governments, labour agencies and civil society, we support calls for a professional, ethical and respectful recruitment industry and safe and secure recruitment corridors.

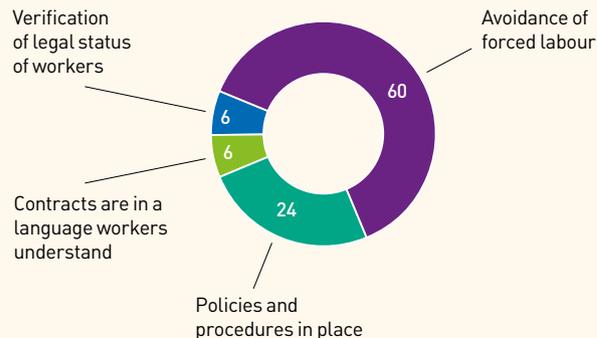
In 2019, Unilever signed a Memorandum of Understanding with the Fair Labor Association (FLA) to participate in the “Harvesting the Future” project, in Turkey. The project brings together the Sustainable Agriculture Initiative Platform (“SAI”), agricultural suppliers, and buyers to improve working conditions for migrants in seasonal agriculture work in Turkey, and is focused on the remediation of child labour practices, and promoting fair recruitment. Interventions include awareness-raising, capacity building, grievance mechanisms, case management, and referral services.

KEY DATA

97 non-conformances related to forced labour

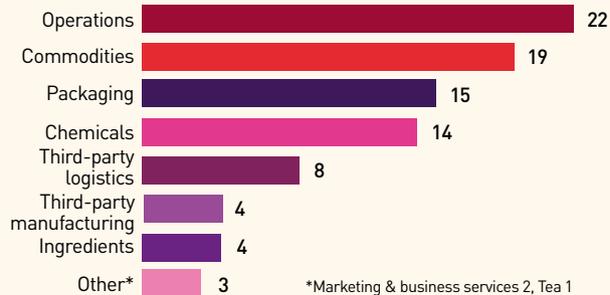
NON-CONFORMANCES VERSUS MANDATORY REQUIREMENTS

Numbers of non-conformances during 2018



NON-CONFORMANCES BY BUSINESS AREA

Issues recorded during 2018, listed by business area



LOCATION OF NON-CONFORMANCES

Non-conformances during 2018 by region



See network clusters and countries, on page 13, for a list of countries in each region, as classified by Unilever.

FREEDOM OF ASSOCIATION

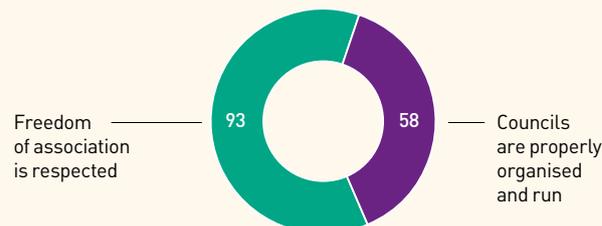
Data in relation to freedom of association is taken from audits conducted in 2018 which found non-conformances with our Responsible Sourcing Policy, and specifically Fundamental Principle 8, which requires that “The right of workers to freedom of association and collective bargaining are recognised and respected. Workers are not intimidated or harassed in the exercise of their right to join or refrain from joining any organisation.”

There were 151 non-conformances in relation to Freedom of Association. Almost 90% related to either respect for Freedom of Association, or workers’ councils being properly organised and run. A high number of cases were found in South Asia.

In May 2019, Unilever, the IUF and IndustriALL signed a joint Commitment on Sustainable Employment in Unilever manufacturing. The commitment recognises the key role of trade unions and collective bargaining in protecting and enabling fundamental worker rights, and includes agreed principles and procedures concerning the use of non-permanent employment contracts in Unilever factories. These principles apply to workers engaged either directly by Unilever, or through a third-party provider. They stipulate that temporary workers must have the right to freely form or join a union of the worker’s choice without any fear of intimidation or harassment, and that contract labour will not be employed in any way with the intent or impact that workers are deprived of their right to trade union membership and collective bargaining rights. More details can be found [here](#). We provide more information on our work with trade unions [here](#).

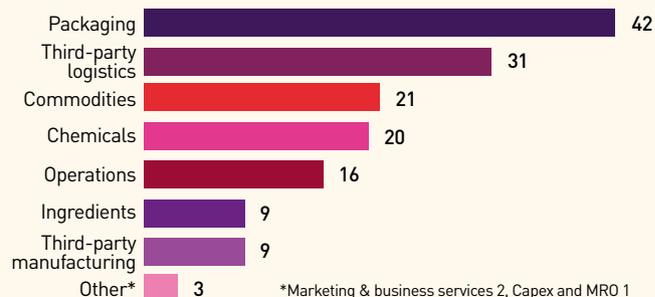
NON-CONFORMANCES VERSUS MANDATORY REQUIREMENTS

Numbers of non-conformances during 2018



NON-CONFORMANCES BY BUSINESS AREA

Issues recorded during 2018, listed by business area



KEY DATA

151 non-conformances related to freedom of association

62% of non-conformances related to the freedom of association not being respected

LOCATION OF NON-CONFORMANCES

Non-conformances during 2018 by region



See network clusters and countries, on page 13, for a list of countries in each region, as classified by Unilever.

HEALTH AND SAFETY

Data in relation to Health and Safety is taken from audits conducted in 2018 which found non-conformances with our Responsible Sourcing Policy, and specifically Fundamental Principle 9, which requires that: “A healthy and safe workplace is provided to prevent accidents and injury arising out of, linked with, or occurring in the course of work or as a result of the employer’s operations.”

In 2018 our audits identified 4,137 non-conformances relating to Health and Safety, a 11% increase compared to 2017. Globally, 20% of all our audit findings related to Health and Safety whilst in Asia around 80% of Key Incidents, the most serious non-conformances, related to Health and safety. Fire safety continues to be a major concern.

Non-conformances in regard to Health and Safety – such as fire exits being blocked, or firefighting equipment not being properly maintained are critical. And while the issues themselves are relatively easy to remediate, the root is often a lack of both awareness and of a ‘health & safety mindset’.

It is critical that leaders set the example, and that there are open, trusted means of communication for workers to raise any issues of concern. We are driving a new focus on effective worker Health and Safety committees, and have created a guidance document which shows how to organise and use these committees effectively, giving examples from Unilever factories. One of the committees’ key roles is to encourage all employees to adopt a mindset of looking for issues, recognising them, and participating in remedying them. In addition, local Unilever safety experts often visit and advise supplier sites.

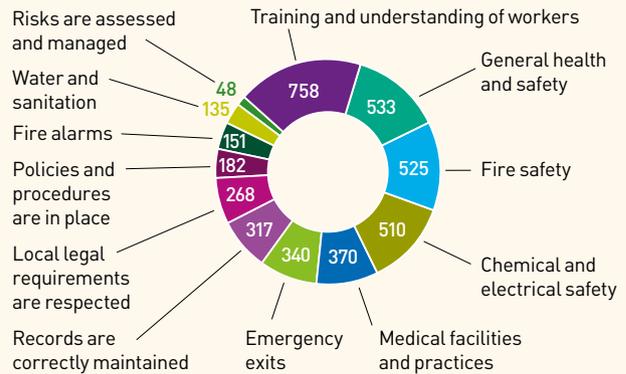
Some issues require significant capital investment and time to achieve a solution – for example, installing a fire detection and fire-fighting system. In such cases, we require suppliers to create a short-term remediation that will effectively reduce the risk, while working toward a longer-term permanent solution. An example of this is our work with a supplier in Colombia, where resolving fire safety issues has taken considerable capital investment and where the process has been monitored by the [Unilever Procurement Business Integrity Committee](#).

KEY DATA

4,137 non-conformances related to health and safety

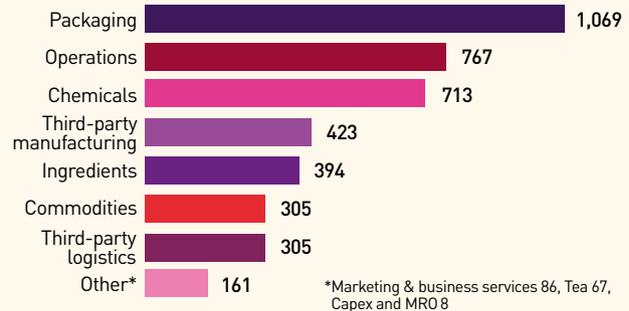
NON-CONFORMANCES VERSUS MANDATORY REQUIREMENTS

Numbers of non-conformances during 2018



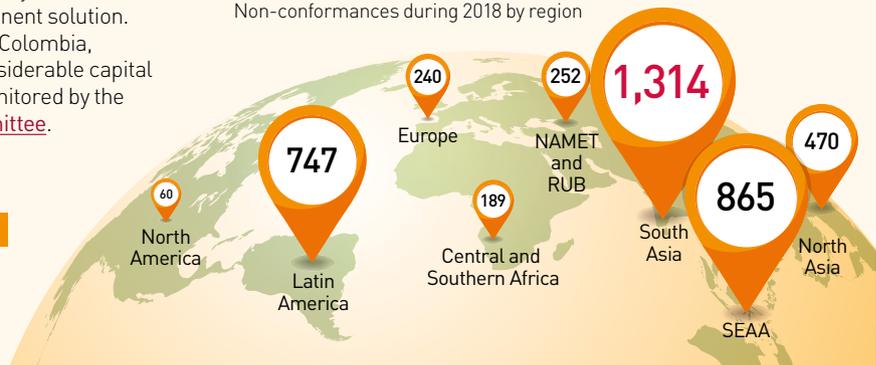
NON-CONFORMANCES BY BUSINESS AREA

Issues recorded during 2018, listed by business area



LOCATION OF NON-CONFORMANCES

Non-conformances during 2018 by region



See network clusters and countries, on page 13, for a list of countries in each region, as classified by Unilever.

LAND RIGHTS

Data in relation to Land Rights is taken from audits conducted in 2018 which found non-conformances with our Responsible Sourcing Policy, and specifically Fundamental Principle 11, which requires that “The rights and title to property and land of the individual, indigenous people and local communities are respected. All negotiations with regard to their property or land, including the use of and transfers of it, adhere to the principles of free, prior and informed consent, contract transparency and disclosure.”

Our audits found 213 non-conformances in relation to Land Rights, with over 60% coming from issues in relation to training and policies around Free, Prior and Informed Consent (FPIC).

While a land acquisition can be legally acceptable according to local requirements, a change in land ownership or use can have significant consequences for the ability of those affected to maintain their livelihoods, gain access to water or have access to other Rights. This is why we have created our own internal Land Rights Principles and Implementation Guidance. We will take the lessons learned from this to share with our suppliers.

KEY DATA

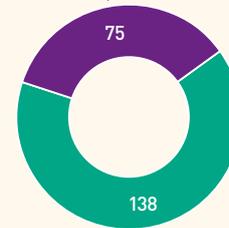
213 non-conformances related to land rights

65% of non-conformances related to a lack of understanding or respect for free, prior and informed consent

NON-CONFORMANCES VERSUS MANDATORY REQUIREMENTS

Numbers of non-conformances during 2018

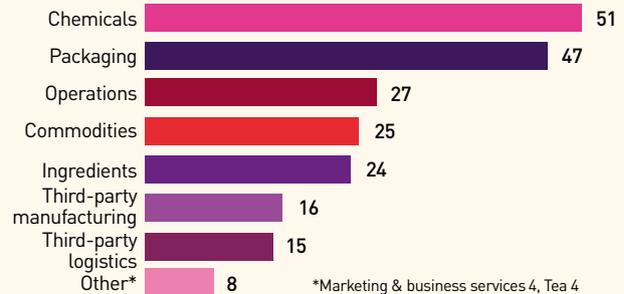
Policies and procedures in place



FPIC is respected and enforced

NON-CONFORMANCES BY BUSINESS AREA

Issues recorded during 2018, listed by business area



LOCATION OF NON-CONFORMANCES

Non-conformances during 2018 by region



See network clusters and countries, on page 13, for a list of countries in each region, as classified by Unilever.

WORKING HOURS

Data in relation to Working Hours is taken from audits conducted in 2018 which found non-conformances with our Responsible Sourcing Policy, and specifically Fundamental Principle 7, which requires that **“Workers are not required to work more than the regular and overtime hours allowed by the law of the country where the workers are employed. All overtime work by workers is on a voluntary basis.”**

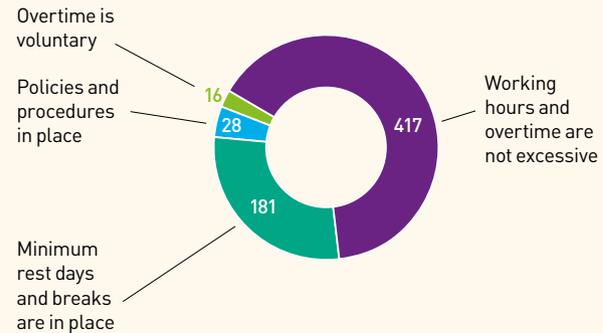
Our audits identified 642 non-conformances in 2018. Working hours issues were most prevalent across Asia and Latin America.

There is a significant link between low wages and excessive working time. The overall impact on the employee must be taken into account in the remediation, however, as a quick solution to reduce working hours without considering the worker’s overall take-home pay can actually be a disadvantage to the worker, or cause them to take on a second job. Other causes include inadequate production processes, poor planning, too few workers, shift patterns and rotation systems. Holistic reviews of these issues show that procurement practices are sometimes part of the problem, and therefore need to be included in discussions with our suppliers to find solutions.

In 2019 we held a supplier training session on working hours in Kenya, and we will share what we have learnt across our own operations and extended supply chain globally.

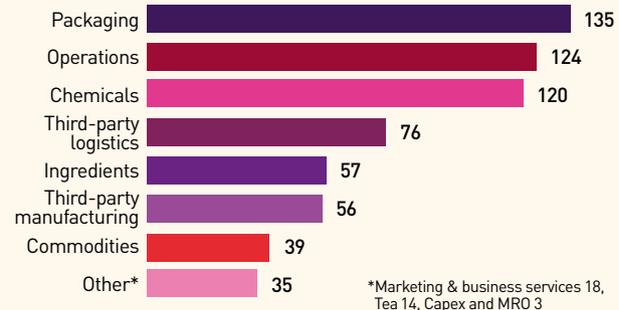
NON-CONFORMANCES VERSUS MANDATORY REQUIREMENTS

Numbers of non-conformances during 2018



NON-CONFORMANCES BY BUSINESS AREA

Issues recorded during 2018, listed by business area



KEY DATA

642 non-conformances related to working hours

65% of non-conformances related to excessive working hours

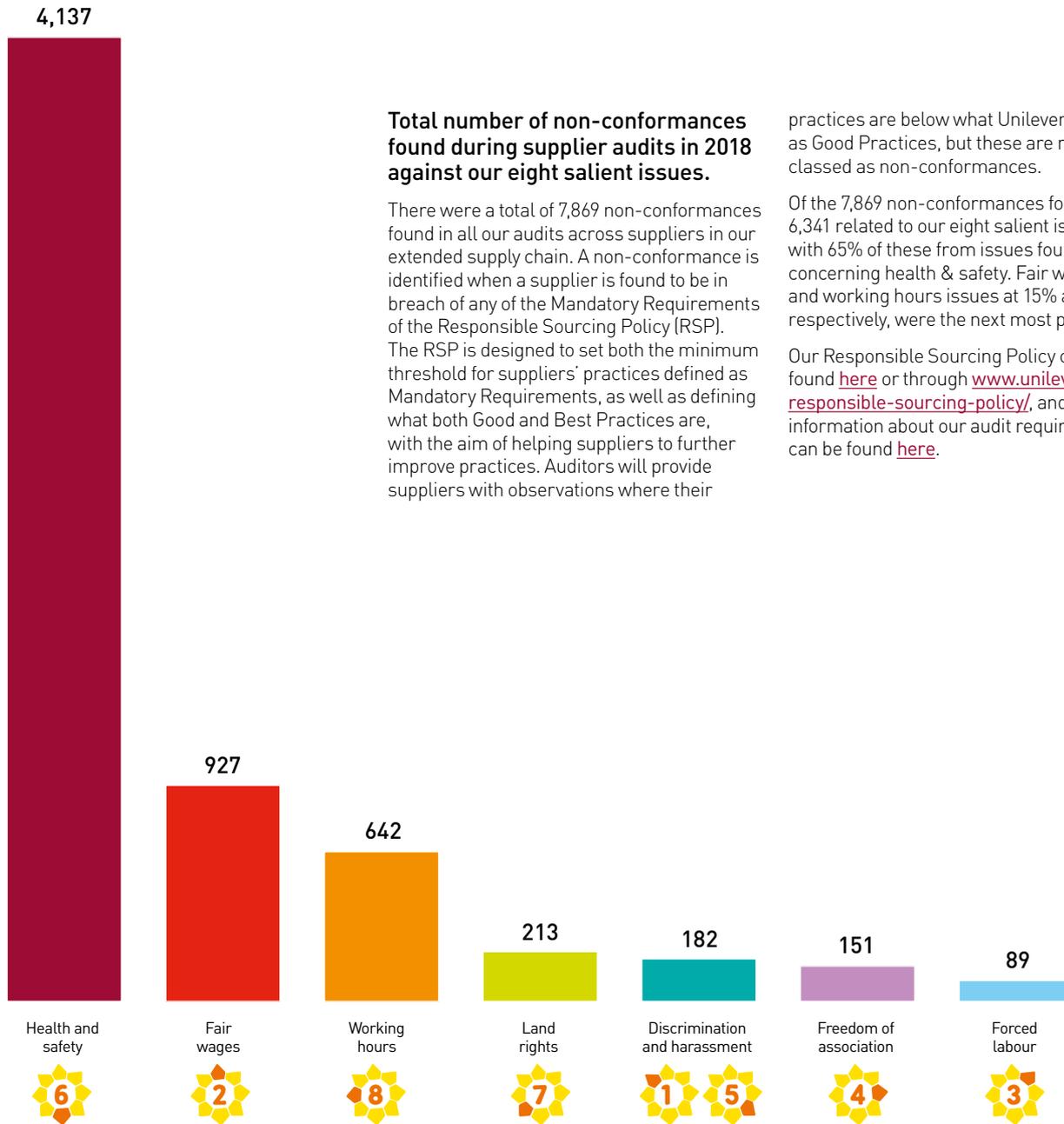
LOCATION OF NON-CONFORMANCES

Non-conformances during 2018 by region



See network clusters and countries, on page 13, for a list of countries in each region, as classified by Unilever.

OUR SUPPLIER AUDIT FINDINGS



Total number of non-conformances found during supplier audits in 2018 against our eight salient issues.

There were a total of 7,869 non-conformances found in all our audits across suppliers in our extended supply chain. A non-conformance is identified when a supplier is found to be in breach of any of the Mandatory Requirements of the Responsible Sourcing Policy (RSP). The RSP is designed to set both the minimum threshold for suppliers' practices defined as Mandatory Requirements, as well as defining what both Good and Best Practices are, with the aim of helping suppliers to further improve practices. Auditors will provide suppliers with observations where their

practices are below what Unilever defines as Good Practices, but these are not classed as non-conformances.

Of the 7,869 non-conformances found, 6,341 related to our eight salient issues, with 65% of these from issues found concerning health & safety. Fair wages and working hours issues at 15% and 10%, respectively, were the next most prevalent.

Our Responsible Sourcing Policy can be found [here](#) or through www.unilever.com/responsible-sourcing-policy/, and information about our audit requirements can be found [here](#).

Key Incidents in 2018

Unilever defines the most severe non-conformances as Key Incidents. A Key Incident is typically defined as representing a significant risk to life or risk of injury or a significant human rights contravention. Key Incidents 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 per 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.

Due to the nature of some Key Incidents, it may not be possible to close them within the timeframe before the follow up audit (due to capital investment or significant changes 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 reflect as "open" until fully remediated.

KEY



FIRE SAFETY

Issues such as: non-functioning or absent fire alarms or fire-fighting equipment/systems that would not warn workers of a fire emergency or allow the fire to be controlled



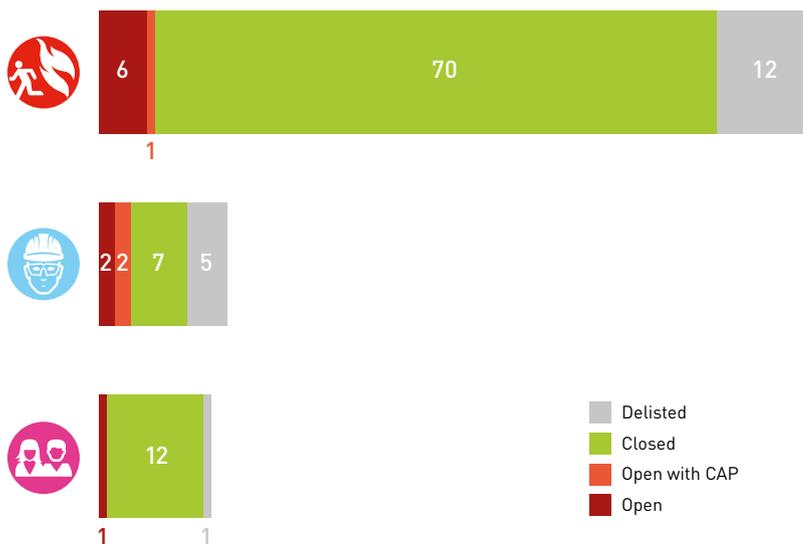
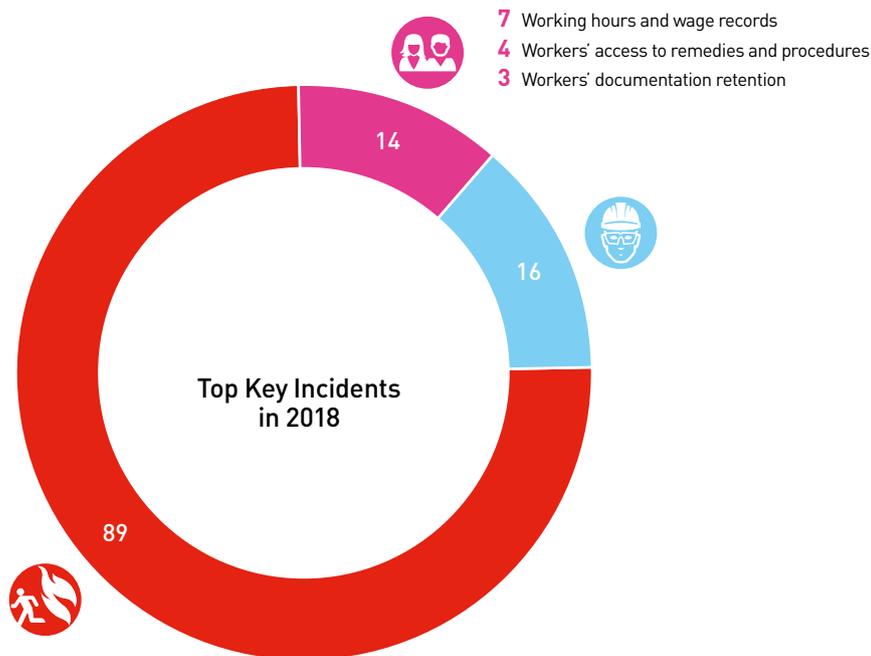
HEALTH & SAFETY

Issues that represented a threat to life or imminent risk of injury



LABOUR RIGHTS

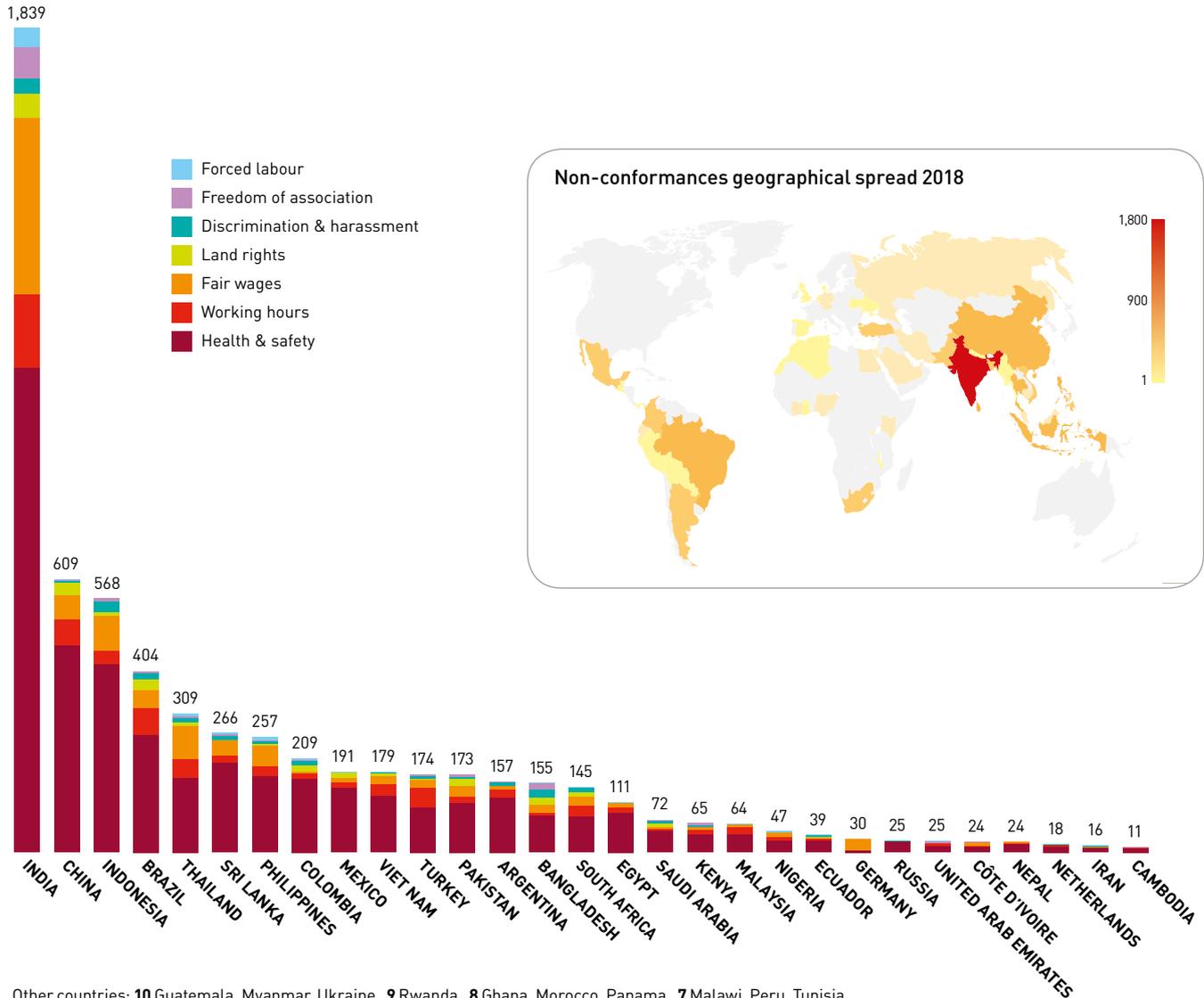
Issues relating to: excessive working hours and contravention of minimum wages, documentation retention or other matters indicative of forced labour



Non-conformances per country by salient issue 2018

Asian countries represent almost 70% of our total number of non-conformances with India representing 29% by itself. Health & Safety issues are fairly consistent across all

geographies as being the biggest area of non-conformances representing an average of 65% of all non-conformances.



NETWORK CLUSTERS AND COUNTRIES

North America

Canada

USA

Latin America

Brazil

Mexico

Cuba

Dominican Republic

Haiti

Puerto Rico

Trinidad and Tobago

Belize

Guyana

French Guiana

Suriname

Colombia

Costa Rica

Ecuador

El Salvador

Guatemala

Honduras

Nicaragua

Panama

Venezuela

Argentina

Bolivia

Chile

Paraguay

Peru

Uruguay

Europe

Belgium

Luxembourg

Netherlands

Austria

Germany

Switzerland

France

Greece

Italy

Denmark

Finland

Norway

Sweden

Portugal

Spain

Ireland

United Kingdom

Bosnia & Herzegovina

Croatia

Czech Republic

Hungary

Slovakia

Slovenia

Estonia

Latvia

Lithuania

Poland

Albania

Bulgaria

Kosovo

Macedonia

Moldova

Montenegro

Romania

Serbia

Central and Southern Africa

Burkina Faso

Benin

Côte d'Ivoire

Guinea

Niger

Mauritania

Mali

Senegal

Togo

Ghana

Gambia

Guinea-Bissau

Liberia

Sierra Leone

Burundi

Djibouti

Eritrea

Ethiopia

Madagascar

Rwanda

Somalia

Kenya

Malawi

Mozambique

Tanzania

Uganda

Zambia

Zimbabwe

Angola

Botswana

Cameroon

Central African Republic

Chad

Congo

Democratic Republic

of Congo

Equatorial Guinea

Gabon

Namibia

South Africa

Lesotho

Swaziland

Nigeria

NAMET (North Africa Middle East and Turkey) and RUB (Russia, Ukraine and Belarus)

Bahrain

Kuwait

Oman

Qatar

UAE

Saudi Arabia

Yemen

Algeria

Libya

Morocco

Tunisia

Western Sahara

Egypt

Iraq

Jordan

Lebanon

Palestine

South Sudan

Sudan

Syria

Belarus

Russian Federation

Ukraine

Armenia

Georgia

Iran

Israel

Turkey

Azerbaijan

Kazakhstan

Kyrgyzstan

Tajikistan

Turkmenistan

Uzbekistan

North Asia

China

Japan

Hong Kong

North Korea

South Korea

Taiwan

South Asia

Bangladesh

Bhutan

India

Nepal

Pakistan

Sri Lanka

SEAA (South East Asia and Australasia)

Australia

New Zealand

Papua New Guinea

Indonesia

Malaysia

Myanmar

Singapore

Philippines

Thailand

Cambodia

Laos

Vietnam

