

Human Rights Progress Report

Creating a fairer
and more socially
inclusive world



Unilever

2021



Contents

Unilever’s Human Rights Progress Report 2021	3
Continuing to embed Human Rights: our approach	4
Human Rights due diligence	
Doing business responsibly	6
Updating our Responsible Sourcing Policy	
RSP First	
Collaborative action	7
Partners with Purpose	
Salient human rights issues	9
Our Salient Issues Framework	
Spotlight on three of our salient human rights issues	
– Eradicating forced labour	
– Stopping harassment	
– Earning fair wages and incomes	
Commodity focus: palm oil	16
Indigenous peoples and local communities in palm oil	
Enablers	17
Technology & data	
Continuing our work	18
Appendix: 2020 supplier audit data	19

“As this report is published, the world is an increasingly volatile and unstable place, and we continue to see far too many instances of human rights abuse. As a business with tens of thousands of suppliers, with millions of people in our value chain, and communities around the world relying on us, we have a responsibility to champion the respect of human rights – within our value chain and beyond.”

Alan Jope
CEO, Unilever



Unilever's Human Rights Progress Report 2021

Unilever's Human Rights Progress Report 2021 looks at the work we've done over the last year to continue implementing the UN Guiding Principles on Business and Human Rights.

While this Report is looking back, we cannot ignore the humanitarian disasters that have recently shocked and continue to shock us all. As businesses we must use our leverage to do all we can to respond to these and exercise heightened due diligence on how we operate. We must be ready to understand and respond to the human impacts of forced migration due to poverty, climate change or war.

Respect for human rights has become more crucial than ever in this period of major geo-political instability and rising commodity prices affecting both consumers and businesses. These rising prices are due in part to falling yields and worker shortages, particularly in transportation. And the link between people and planet – especially the unprecedented threat to human rights posed by the climate crisis – is becoming more visible every day.

In 2021, we published the Unilever Compass – our business strategy to help us deliver superior performance, while driving sustainable and responsible growth. We are unequivocal that respect for human rights underpins all our Compass commitments. The Compass also recognises the critical role of living wages in reducing poverty and enabling people to access other human rights. That's why our commitments include specific ambitious targets on living wages and living incomes.

We believe transparency is vital in enabling positive change – which is why we've been reporting on our progress since 2015. Like many others in this field, we were guided for many years by John Ruggie, who sadly passed away in 2021. He was an irreplaceable member of our Sustainability Advisory Council and is sorely missed. We will continue to remember and act on his wise advice and counsel.



Continuing to embed Human Rights: our approach

Our approach is to embed human rights in all parts of our business, using global expertise to guide and support our teams. This includes expertise within our Global Sustainability, Supply Chain, Procurement and Responsible Business (part of Business Integrity) teams.

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 within Unilever for the governance of and compliance with our Responsible Sourcing Policy.

Our Global Sustainability and Sustainable Sourcing Teams work together to identify emerging human rights issues, create action plans to respond to our salient human rights issues (including capability building and remediation where needed), and work both bilaterally and more widely to prevent their re-occurrence. This includes working on the root causes of endemic human rights issues and collaborating with others to create systemic change.

We are clear about our commitments, and our expectations of ourselves and those with whom we work. We strive to understand where the risk to people is, the root cause and how to prevent the risk from becoming an issue, while monitoring for new and emerging 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 business 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.

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.



Continuing to embed Human Rights: our approach

Human rights due diligence

Human rights due diligence (HRDD) is necessary for businesses to proactively manage potential and actual adverse human rights impacts with which they are, or could be, involved.

HRDD involves four core components:

- Identifying and assessing actual or potential adverse human rights impacts.
- Integrating findings from impact assessments into relevant company processes and taking appropriate action according to the business involvement in the impact.
- Tracking the effectiveness of measures and processes to address adverse human rights impacts, in order to know if they are working.
- Communicating on how impacts are being addressed and showing stakeholders – in particular, affected stakeholders – that there are adequate policies and processes in place.

In 2021, as part of a process of continuous improvement, our Legal and Human Rights teams came together to conduct a gap analysis of how we carry out HRDD. We reviewed our processes against the [OECD Guidance on HRDD](#), in addition to reviewing them against guidance by [Shift](#).

Like many global companies with extensive and varied supply chains, we found that our biggest opportunities to further strengthen our respect for human rights lay in three areas. They are:

- traceability and issue resolution, beyond our direct (tier one) suppliers;

Advocating for stronger human rights due diligence

In October 2021, we signed a [joint statement](#) with 35 other companies, investors and business associations, encouraging the UK government to introduce a Human Rights and Environmental Due Diligence (HREDD) law.

We also signed a [joint statement](#) in November with 42 investors and companies in support of meaningful and safe stakeholder engagement which should be prioritised in upcoming EU legislation.

- stronger data and systems to track and monitor issues; and
- enhancing worker, rights-holder and stakeholder engagement relating to the identification of impacts and verification of their remediation.

Additional due diligence

Countries or areas in conflict and/or where endemic human rights negative impacts have been identified require additional levels of due diligence, often in collaboration with others.

For instance, we have established a global, company-wide procedure to manage the consequences of national security emergencies that impact our people, operations and assets. This is integrated into our security planning.

Our actions focus on protecting our employees and contractors, providing security advice to our partners, protecting our sites, especially factories, and building 24/7 security monitoring and response capability.

The safety and security of our employees is our priority. We have robust safety protocols in place, which we continually strengthen, and we regularly share safety guidance with employees. We have a mature standard for managing incidents or emergencies that ensures we have the right leadership, skills and capabilities in a team to manage an incident or emerging risk.

In Myanmar, for example, in 2021 we established an emergency call line for employees, including an emergency response team that can be dispatched when required. At key points in the crisis, we also put in place measures to provide flexible working hours for employees.

Where we operate in or source from high-risk countries, or regions where specific human rights impacts are reported, our additional due diligence takes various forms.

We engage with our teams and partners on the ground to understand the situation. We also engage with other stakeholders, including civil society, trade unions, rights-holders and their representatives, expert organisations and peer companies, to discuss challenges and learn from others. We re-assert the requirements of our Responsible Sourcing Policy to all our suppliers in that location, ensuring that supplier audits are up to date and, if it is not possible for them to be carried out on the ground, exploring other means of verification.

Helping to develop the HRDD Library of Tools

In 2021, as members of the [Social Issues Working Group \(SIWG\)](#) formed by the [Palm Oil Collaboration Group \(POCG\)](#), we helped to develop the [Human Rights Due Diligence \(HRDD\) Library of Tools](#).

This publicly available digital library provides companies with practical resources on how to adopt an HRDD process in a company's own operations and supply chain in order to uphold their human rights commitments. The tools in the library are aligned with the UN Guiding Principles on Business and Human Rights and include guidance questions, checklists and indicators.

The library will contribute to a more proactive and systematic approach to implement 'no exploitation' commitments by the sector at large and supports our vision for a sustainable palm oil sector.

We also increase the monitoring of media and communications coming from the location, both official and non-official. In all cases, we continue to strive to conduct our business in line with the UN Guiding Principles on Business and Human Rights.

Doing business responsibly

Updating our Responsible Sourcing Policy

A critical element of embedding respect for human rights is a strong policy framework.

Our Responsible Sourcing Policy (RSP) is how we communicate our expectations and requirements to our suppliers and build our responsible sourcing programme.

It also has a critical role in helping us meet our Compass commitments as, in order to do so, we will need to engage and collaborate across our value chain. Many of our new commitments will be reflected in our new RSP. This will have an increased focus on the environment, climate and other policy areas while continuing to build on our human rights requirements. We will strengthen the need for our suppliers to cascade these requirements up their own supply chains and will include management systems as mandatory requirements. Both are important elements although not the only elements of our, and our suppliers', ability to deliver on current and future mandatory Environmental and Human Rights Due Diligence (EHRDD) obligations and reporting requirements.

Using the RSP to work with our suppliers to positively transform business together and in order to maintain the future-looking and ladder approach of our RSP, we will include sections on future requirements which suppliers will be required to achieve in the foreseeable future, and leading practices that businesses

should aim to achieve. We will also provide implementation guidance to support our suppliers to meet our requirements and strengthen their continuous improvement. We will finalise and publish our revised policy in 2022.

RSP First

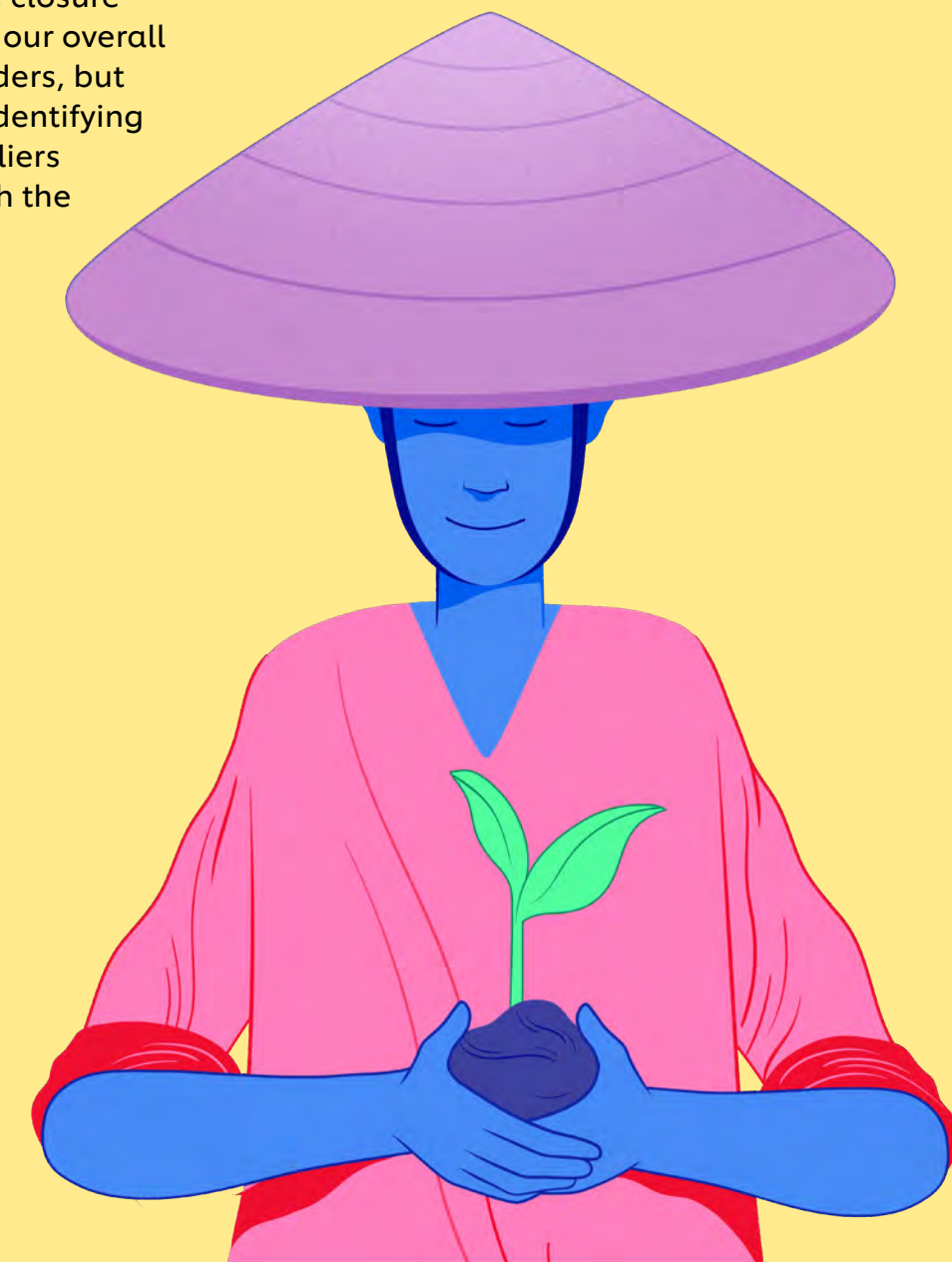
We want to work with our suppliers to drive behaviour change towards identifying and addressing issues and keeping them in compliance with the requirements of our RSP.

While our suppliers have been contractually obligated to meet the requirements of our RSP, with some having been delisted due to ongoing non-compliance in the past, in July 2021 we launched a programme called RSP First. This initiative ensures that any new suppliers must formally agree that they can meet or exceed the requirements of our RSP before they can be onboarded into our systems. The onboarding process includes due diligence checks and once they are onboarded, suppliers need to follow our risk-based RSP audit requirements.

RSP First also means that we now have a system-governed process in place to prevent the creation of purchase orders with suppliers if they cannot meet our RSP requirements. The new process creates a link between our spend system and our responsible sourcing system, to check ongoing compliance and time-bound remediation of issues before orders can be placed.

Our new system-based approach, which we are progressively implementing, means that new purchase orders are unable to be created for suppliers while they remain non-compliant.

The new system has led to the temporary blocking of purchase orders to a number of suppliers and an improvement in the closure rate of outstanding issues. However, our overall objective is not to block purchase orders, but to drive behaviour change towards identifying and addressing issues with our suppliers and keeping them in compliance with the requirements of our RSP.



Collaborative action

Working with our suppliers goes beyond complying with our policy requirements. We are building a new partner ecosystem to create opportunities for all – from small start-ups to global multinationals – to collaborate with us, either on a one-to-one basis, or as part of a multi-partner relationship.

Whatever the dynamic, we expect all our partners to share our sense of purpose and willingness to drive mutual growth and competitiveness while being a force for good for people and the planet.

Partners with Purpose

In December 2020, we launched the Unilever Partner with Purpose (UPwP) programme. Our ambition is to develop purpose-led partnerships to fuel industry-leading innovations, protect and regenerate nature, and make sustainable living commonplace. The UPwP programme is central to delivering our Compass ambitions and our strategies of 'Clean Future', 'People & Planet Positive' and 'Force for Good', while generating growth with our partners.

We want our partners to share our ambitions for people and planet and to adhere to relevant commitments in our Compass, including our

social commitments. Our UPwP programme helps us to ensure that we partner with like-minded suppliers and improve collaboration, leading to increased transparency, trust, innovation and mutual growth.

Since launching, we have started to sign Partnership Growth Charters (PGCs) with some of our partners. These PGCs outline partnership objectives and aspirations, scope, governance, team resources, goals, KPIs, communications and ways of working in a legally non-binding format for Unilever and the respective partner.

In August 2021, during our annual engagement with our top 450 core partners, we launched two partner promises and invited these core partners to join us on our journey to achieve:

- living wage/income for those directly providing goods and services to us; and
- supplier equity, diversity and inclusion.

"LF Logistics is a proud partner with Unilever in ensuring operations within our warehouses and operations are promoting human rights. Many of Unilever's identified issues align directly with our strategic priorities at LF Logistics where we strive to create sustainable logistics solutions that support safe and fair workplaces and build environmental resilience in our products and services. We look forward to partnering with Unilever to explore these issues further."

Jay Lengel

Head of Sustainability at LF Logistics



Collaborative action

Ensuring supplier diversity

We continue to implement our commitment to spend €2 billion a year by 2025 with diverse businesses. These are businesses that are 51% or more owned, managed and controlled by an individual or group that is part of a traditionally underrepresented or underserved group – the most common classifications being women-owned, disability-owned, LGBTQI+-owned and/or underrepresented ethnic/racial group-owned. We focus on working with diverse suppliers because it has several social and economic benefits. It drives economic inclusion of previously excluded groups, connects to consumers and their needs, drives innovation through diversity of thought, and boosts our agility and business resilience. By the end of 2021, we had reached €445 million in spend which is 12% ahead of our target.

Many diverse businesses face barriers to resources such as access to finance, networks, skills and training, which we have the ability to unlock through investment. We also have the ability to support and influence our bigger suppliers, who can implement their own diversity programmes.

In 2021, we extended our supplier diversity programmes into six key markets: Kenya, Thailand, United Kingdom & Ireland, India, Brazil and Australia & New Zealand.

Our brands in action on diversity and inclusion

In North America, Dove partners with Joy Collective, a Black- and women-owned multimedia agency. In 2021, Dove and Joy Collective were recognised with the Campaign of the Year award at the 2021 PRWeek Awards for their work with the CROWN Coalition on the US CROWN Act.

Sunlight is working to give women business owners in Kenya the financial skills and knowledge to build more sustainable and profitable businesses. The Sunlight Women of More programme, in partnership with the UN Institute for Training and Research (UNITAR) and Absa Bank Kenya, aims to provide various tools and training with a target of reaching around 100,000 women by 2026. As part of Sunlight's purpose campaign, the brand has also handed over its advertising spaces to over 172 women-owned businesses. Their adverts have appeared on radio, Facebook, Twitter and billboards.



Designing Thailand's first-ever recruitment drive for diverse suppliers

In Thailand, we worked with the Thailand Office of SME Promotion Board to design the country's first-ever diverse suppliers recruitment drive. In effect, this helped us to launch a nationwide search for local and diverse small and medium-sized enterprises to join our supplier development programme.



Salient human rights issues

As defined by the UN Guiding Principles on Business and Human Rights, salient human rights issues are “the human rights that are at risk of the most severe negative impacts through a company’s activities or business relationships”. We have identified eight salient human rights issues: Discrimination; Fair wages; Forced labour; Freedom of association; Harassment; Health & safety; Land rights; and Working hours. In this Progress Report, we focus on our work in 2021 to address three of these issues: forced labour, harassment and fair wages. Our work to address the remaining salient issues continues and we will report on this in further detail at a later stage.

Our Salient Issue Framework

We have created a structured approach to address our eight salient issues, through our Salient Issue Framework. Effectively addressing these issues is not only the right thing to do but also an important part of having a resilient and future-fit supply chain.

The purpose of the framework is to:

- Ensure our approach to each salient issue follows a similar model.
- Provide a global framework for each issue from which local approaches can be adapted.
- Enable us to address issues in a consistent manner with consolidated reporting.

- Define clearer articulation and coordination across issues and areas of intervention.
- More easily prioritise action and resources.
- Share clear impact assessment metrics and KPIs internally and measure/report on progress.

The framework has four key elements

- The description of the issue, which includes who is impacted and how, how many people and where they are, and the main root causes of the issue.
- Our theory of change, which is based on this clear understanding of the problem we are trying to address and enables us to set out our vision of the outcome we want to deliver.
- The areas of intervention, which we then define. These are strategic priorities which will achieve the vision of the theory of change, with clear segmentation on where we will have the biggest impact on people.
- Our action plans, which outline what we need to do to achieve these priorities, how we will do this, and the internal and external stakeholders with whom we need to work to achieve our vision.



Putting our Salient Issue Frameworks into action in 2021

Over the past year, we have focused on creating frameworks for two particular areas.

Firstly, we continued to work to eradicate forced labour (in particular, developing our Action Plan to tackle the payment of recruitment fees).

Secondly, we launched our Gender Framework. This is designed to address gender discrimination in agriculture, manufacturing and last-mile distribution models where we engage and train

women. The framework also addresses gender-based violence, and our aim is for all our suppliers to have effective management systems in place to detect, prevent and remediate gender-based violence cases. In addition, we started to create our implementation plan for our Compass commitment on Living Wages and Living Incomes.

Salient issues spotlight

Eradicating forced labour

According to the International Labour Organization, around 25 million people are trapped in forced labour worldwide.

To meet our social commitments and proactively work towards reducing risks of negative human rights impacts, we must continue to go beyond compliance and drive change by working with peer companies, civil society and rights-holders. In 2021 we continued to work to eradicate forced labour, in particular by developing an Action Plan to tackle the payment of recruitment fees.

Implementing the Employer Pays Principle

We have developed a three-pillar Action Plan (detection, prevention and remediation) to address issues related to the payment of recruitment fees by workers, as part of our Forced Labour Framework. Implementation of this framework started in 2021 and will continue during 2022. Not only does this help address our RSP's fundamental principle that all work is conducted on a voluntary basis, but it also interlinks with our commitment on a living wage "that everyone who directly provides goods and services to Unilever earns at least a living wage or living income by 2030", because a worker cannot be deemed to be earning a living wage if they are bonded to their workplace through recruitment fee debt. Payment of a living wage to workers at every stage of the supply chain lessens the likelihood of their becoming victims of forced labour or their children having to engage in child labour. Workers who live in poverty are disproportionately affected by these issues.



Forced labour can be found in global value chains in all regions of the world – and we're committed to playing a lead role in its prevention and eradication.

Capability building and training are critical components of our plan as it is our objective to equip our key stakeholders – such as auditors, procurement teams and suppliers – with the knowledge and tools to improve the detection, prevention, and remediation of forced labour issues. Each pillar of our plan has specific capacity building initiatives for internal and external stakeholders. Collaboration with the industry is one of the key success factors of our plan, as described in the sections below. We actively engage with peer organisations through different platforms to share best practices and collaboratively address common issues.

Detection

Our detection work is designed to ensure that potential issues of forced labour (including recruitment fees) are captured and brought to our attention. One element of this is increasing the ability of auditors to recognise the signs of forced labour and effectively report it to us.

In 2021, we developed guidance for auditors on how to detect 'Employer Pays Principle'-related non-compliances. We have shared this guidance with all the audit houses we work with and used it to train over 500 auditors through online workshops. We also reviewed and updated our list of Key Incidents, to include issues related to the payment of recruitment fees.

Prevention

It is imperative we support our suppliers in putting plans in place to reduce the risk of recruitment fees. We are building the capability of our suppliers to understand what a responsible recruitment system looks like, and how to properly implement it.

Each of our suppliers is expected to embed a system which includes:

- A **Responsible Recruitment Policy** that clearly articulates the supplier's responsible recruitment commitment, setting expectations internally and externally for agencies, sub-contractors, and importantly their other suppliers (our tier two suppliers);
- **Due diligence and screening processes** to select recruitment agencies;
- **Clear contracts with agencies** that include clauses relating to the prohibition of passport retention and the payment of recruitment fees;
- **Training for management and workers** to understand the key components of responsible recruitment and its importance, as well as providing transparency for workers on their rights;
- **Grievance mechanisms** to allow workers the opportunity to confidently raise any concerns they may have.



Salient issues spotlight: eradicating forced labour

Working with a packaging supplier to reimburse recruitment fees

A key focus of our remediation work in 2022 will be continued collaboration with one of our packaging suppliers in Malaysia, helping them reimburse foreign workers for unethical recruitment fees and related costs paid to recruitment agencies in their home countries. The scope of reimbursement affects 253 employees with Bangladeshi, Nepalese, Burmese and Filipino nationality. This work will continue through to December 2023.

In 2021, we created a capability-building plan for our relevant Procurement teams, as well as suppliers, by risk profile. The training session focused on raising awareness of forced labour and how Procurement can support suppliers in building a responsible recruitment system. We also delivered a presentation to all Procurement teams and leadership to increase awareness and present our 2021 key priorities and action plan.

For our suppliers, we set up an e-learning platform, as well as a comprehensive responsible recruitment guidance tool. Suppliers are free to access resources such as videos, quizzes and toolkit templates to help develop and create their own responsible recruitment systems.

Additionally, in October and November 2021, with other members of AIM-Progress (a forum of fast-moving consumer goods (FMCG) businesses) we co-hosted a capability-building

online series for responsible recruitment, for FMCG companies' suppliers.

Remediation

We require repayment of recruitment fees but realise that suppliers often need support in understanding how to do this.

The steps for recruitment fee remediation include:

- Investigating the recruitment fees and costs paid by workers.
- Identifying eligibility for repayment.
- Calculating the repayment amount.
- Agreeing who will pay back the recruitment fee.
- Establishing a timeline for repayment.
- Engaging and communicating with migrant and local workers.
- Verifying payment.

In Q4 2021, we held in-depth training sessions with our Procurement teams in countries we identified as high risk for recruitment fee issues, and therefore as priorities for engagement. This training covered the remediation process to follow when recruitment fees are paid. We will continue this work in 2022.

Ongoing collaboration to eradicate forced labour

CGF Human Rights Coalition (HRC)

We continued our work in 2021 with the Consumer Goods Forum (CGF) Human Rights Coalition (HRC). Our shared ambition is to transform working conditions, practices and respect for rights using a human rights due diligence tool and process. The work of the coalition is currently focused on eradicating forced labour and is split into three projects.

The first project covers Human Rights Due Diligence (HRDD) systems in our own operations, using a set of common guidelines and approaches. These will be created by members of the HRC through sharing key challenges and best practice.

The second project is designed to support palm suppliers in Malaysia by establishing HRDD systems for forced labour.

The third project sets out to support the development of responsible recruitment markets, through capability building and government advocacy.

Social Issues Working Group

In 2021, the Social Issues Working Group (SIWG), part of the Palm Oil Collaboration Group (POCG), rolled out a 'Zero-Recruitment Fee Survey' to understand and clarify challenges, experience and perceptions linked to zero recruitment fee implementation. Input from the survey will be used to create a baseline for SIWG to design necessary interventions and support to guide suppliers with operations in

Malaysia in addressing and mitigating issues of responsible recruitment.

We also collaborated with members of the SIWG sub-group on Responsible Recruitment in Malaysia to jointly submit comments to Malaysia's National Action Plan on Forced Labour.

Mekong Sustainable Manufacturing Alliance (MSMA)

In 2021 we joined the Mekong Sustainable Manufacturing Alliance (MSMA). Working with other brands, the MSMA is a three-year programme, funded by the United States Agency for International Development (USAID) and implemented by the Institute for Sustainable Communities (ISC) in partnership with ELEVATE and the Asian Institute of Technology (AIT).

The MSMA aims to support suppliers in strengthening their environmental, social and governance (ESG) performance. This is done through training, technical assistance, demonstration activities and facilitated access to finance, in order to enhance capacity and drive ESG improvements. The 2021 focus included recruitment practices and fee payment by workers in Thailand. The project implementation and activities are taking place in 2022.

Salient issues spotlight

Stopping harassment



Harassment and bullying have severe effects on survivors and on those around them. We have zero tolerance for harassment of any kind. We know that harassment can take place anywhere, in any sector, industry and workplace, and we are committed to addressing it throughout our value chain.



In 2021, we continued to build on our work to eradicate gender-based violence (GBV). In addition to the personal tragedies and impact on the individual of GBV, studies calculate a loss of annual GDP of between 2% and 6% due to GBV.

We also recognise that improving the situation for women workers goes beyond addressing the critical issue of sexual and gender-based violence.

Implementing action to address gender-based violence

Our Gender Framework is currently designed to address gender discrimination in agriculture, manufacturing and last-mile distribution models. The framework also addresses gender-based violence, and our aim is for all our suppliers to have effective management systems in place to detect, prevent and remediate gender-based violence cases.

Our framework takes the following approach, based on detection, prevention and remediation measures.

Detection

Our detection work is designed to strengthen our ability to identify both gender-based violence and potential gender discrimination in our extended supply chain. We are addressing this through auditor capability building – improving the skills of the organisations that conduct audits of our suppliers.

Prevention

We support our suppliers in putting plans in place to prevent gender-based discrimination. Over the course of the past year, for example, we have developed guidance material with suppliers. This comprises of two new tools for building supplier capability.

In 2021, we also built capability for agricultural suppliers in Indonesia and Malaysia, two of our high priority countries. We carried out more tailored training and took a 'deeper dive' approach, which included covering gender-sensitive grievance mechanisms for creating access to fair procedures and remedy. We will continue this training with our other priority agricultural suppliers and extend it to non-agricultural suppliers in 2022.

Remediation: high risk and priority country focus areas

In order to determine where we need to focus our attention for maximum positive impact on rights-holders, we have created two different risk classifications:

High risk countries – These countries are identified through a combination of three risk indicators. Two of these are sourced externally via country-level human rights risk indicators, as well as gender-based violence risks, which are captured in the Global Database on Violence Against Women. Our third indicator is our own data, relating to instances of harassment non-conformances against our Responsible Sourcing Policy, which are captured and recorded in supplier audits. The countries identified for this work are: Bangladesh, Brazil, China, Colombia, Côte d'Ivoire, Ecuador, Ethiopia, Kenya, Malaysia, Nigeria, Philippines, South Africa, Sri Lanka, Turkey and Vietnam.

Priority countries – Our prioritisation criteria for this risk are different in agricultural and manufacturing contexts. We assess priority countries for agriculture according to crop type and where the impacts on people are highest, based on risk assessment. Tea, palm and sugar are our priority crops for addressing gender-based violence. In manufacturing, we have taken a layered approach to identify priority countries including country risk indicators and

Salient issues spotlight: stopping harassment

non-conformances from responsible sourcing audits. Our priority countries are Brazil, Mexico, India and Indonesia.

Ongoing collaboration to counter gender-based violence and discrimination

Internal capability building

We have developed and launched a training course to equip and support our internal teams, including Procurement, to increase understanding of violence against women in global supply chains, and how to identify and address it. We have made this course available to all Unilever employees.

Working with the RSPO

To support the women's safety movement in the palm supply chain, we have continued our collaboration with the Roundtable on Sustainable Palm Oil (RSPO). We believe this will help to drive change collectively at scale, with members of the RSPO who share our commitment and ambitions. In October 2021, we participated in the RSPO Women's Safety Workshop to identify the challenges and opportunities, to drive improvements in women's safety.

Women's Safety Accelerator Fund

Last year, we created the Women's Safety Accelerator Fund (WSAF) in partnership with IDH – The Sustainable Trade Initiative. In July 2021, we publicly announced the launch of the Fund together with Tesco and IDH at the UN Women's

Generation Equality Forum – the biggest forum for women and girls in recent history. The Ethical Tea Partnership also joined WSAF in 2021. While this work is starting in tea, the fund will expand to address gender-based violence in other global agriculture value chains.

By the end of 2021, the Fund had reached 59,010 workers and 35,637 community members, and over the course of the year the Fund trained 945 change agents, including managers, across 29 estates, as well as introducing a 'train the trainer' model to scale up training and reach a target of 200,000 workers in Assam, India by 2023.

Women's safety in the sugar supply chain

We are working together with Resonance and Bonsucro to explore the feasibility of a women's safety movement in our global sugar supply chain. Our vision is for all women across the supply chain to be socially and economically empowered.

We are focusing on creating rural spaces that are free from sexual harassment and other forms of violence.

Learning from work in other commodities, we will achieve this by partnering and collaborating with workers, other buyers and brands, growers, civil society organisations, trade unions and other key stakeholders, in order to form a coalition for action.

We are continuing this project throughout 2022.



Tukaram Karve / Shutterstock.com

Baseline situational study in India

Earlier this year, we partnered with Work and Opportunities for Women (WOW), which is funded by the UK's Foreign, Commonwealth and Development Office (FCDO). We identified India to begin with because it is the largest consumer and second-largest producer of sugar in the world. Sugar and sugarcane play a significant role in the economy, and people's livelihoods. Studies also show us that gender-based violence is widespread in India.

WOW is funding the initial implementation phase, which includes a situational study of women farmers and workers in the sugar value chain in India, from sugar farming to milling. Having completed the study, we are currently in the process of validating the findings in the project report.

After validation, we will explore opportunities for a coalition of partners who can initiate and sustain programmes to mitigate and remediate the issues found in the study for India and apply any findings for our work beyond India.

Our global Unmute campaign

On International Women's Day, we launched our global 'Unmute' campaign. It highlights both the prevalence of domestic violence and the fact that many cases are not reported.

Salient issues spotlight

Earning fair wages and incomes



Fair wages are a crucial element of raising living standards and creating a fairer, more inclusive world. They also benefit the broader economy by stimulating consumer spending, creating a virtuous economic growth cycle.



Our work on fair wages in 2021 had two main elements. We continued work on maintaining fair wages as a requirement of our Responsible Sourcing Policy and began implementing our living wage and income commitment relating to our suppliers.

Through our responsible sourcing programme, we continued to identify non-conformances on wages in our extended supply chain, for example the lack of payment of benefits. By identifying gaps in suppliers' policies, procedures and management systems, we have found areas for improvement, which, when made, will support suppliers to correctly maintain the payment of fair wages, while helping them to prepare for achieving a living wage.

Our living wage commitment

Implementation

In 2020 we achieved our commitment to pay all direct Unilever employees at least a living wage. Having done so, we wanted to go further, share our learnings with our suppliers and peer companies and to extend this commitment to our direct suppliers.

In January 2021 we made a commitment that everyone who directly supplies goods or services to Unilever will earn at least a living wage or living income by 2030. We made this commitment because we believe that there is both a strong business case for raising wages beyond poverty wages and a high cost to business and society of not doing so.

2021 was the first year of the implementation stage of our living wage and living income commitment. We started by identifying priority markets: Brazil, China, India, Indonesia, Philippines and Vietnam. We identified them by understanding, for example, where the gap between the legal minimum wage and living wage is the highest, and where we have significant Unilever sourcing.

We are now in the process of conducting cross functional workshops – initially internally – in these markets, in order to create both country and portfolio implementation plans. We are also building internal capability,



Our Living Wage commitment

You can find more information about this commitment on our [website](#).

having launched training on living wages for our employees.

Our roadmap

We are starting our implementation plan with operations and services that are closest to Unilever, such as temporary workers on Unilever sites, and in collaborative manufacturing (CM), also known as third-party manufacturing. All new CM contracts for sites dedicated to Unilever business, for instance, now include a living wage requirement. We have developed an Implementation Playbook to guide our Procurement teams.

For our living income plan in our agricultural supply chain, we are focusing on five key crops (tea, palm, vanilla, cocoa and vegetables), and creating implementation plans for each crop. We are making good progress, with 85% of the farmers in scope now assessed for living income gaps. In South East Asia, we are designing the concept of hubs for smallholder farmers, and plan to finalise all our living income implementation plans by 2022.

Supplier engagement

In August 2021, we ran our mid-year Partner with Purpose event, where we connected Unilever's leadership team with our 450 core partner suppliers. The purpose of the event was to share our business results and challenges, as well as our strategic agenda.

Advocacy and partnerships

To have influence at scale, we need to work together through advocacy and multi-stakeholder partnerships to drive a wider living wage movement. There should be common recognition and support that payment of a living wage is key to fighting poverty. This means mobilising and influencing other companies (including our peers and suppliers), investors, NGOs and governments to establish and implement living wage policies.

Salient issues spotlight: earning fair wages and incomes

Launching the Living Wage/Income Partner Promise

In August 2021, we launched the Living Wage/Income Partner Promise. This is a public declaration by our partners to identify living wage gaps in their businesses, build a plan to close them and report on progress.

By the end of 2021, 33 suppliers had signed the declaration, including major partners such as Smollan, Neste, Symrise and KLK Oleo. Our Procurement teams are now taking engagement forward with these partner companies to understand their roadmap to full compliance.

Key partnership achievements in 2021 include the following:

- We supported the launch of a Call to Action on Living Wage by IDH – The Sustainable Trade Initiative, as part of a conference on living wages.
- In June 2021, the UN Global Compact (UNGC) called on all companies to pay a living wage. We are members of the UNGC’s Living Wage sub-group, part of the Decent Work in Global Supply Chains Action Platform.
- Alongside L’Oréal, we co-chair the Living Wage Working Group Business for Inclusive Growth, whose 35 member companies including Microsoft, BASF, Henkel and Veolia signed a pledge to work on living wage issues in their operations and supply chain.
- Alongside the Hershey Company, we co-chair the Living Wage Working Group of AIM-Progress, which published a member-wide statement in support of the living wage in November 2021.

Overall, we are seeing increased momentum on the living wage, including from our investors. Unilever now leads in the food and agriculture ranking compiled by the Platform for Living Wage Financials, an alliance of 17 financial institutions managing over €4 trillion of assets, which encourages and monitors companies’ efforts to address living wages in global supply chains.

We are also seeing a more aligned approach from expert organisations working on living wage methodologies and data, with the proposed creation of a living wage community of practice by the UK Living Wage Foundation.

Moving forward, we will continue to implement our living wage and living income commitments in our extended supply chain by:

- Creating country and portfolio living wage implementation plans.
- Engaging with and building understanding of our suppliers, including by working in partnership with Oxfam and one of our manufacturing partners in India to undertake a pilot study to practically demonstrate the business case and positive impact on workers of paying a living wage.
- Continuing to support the creation of a publicly accessible global database of location-based living wages, as we believe that living wage data, which is free of charge, geographically relevant and available to all (as legal minimum wage rates are today) would support easier living wage implementation.
- Advocating strongly for the business case for living wages and supporting a study by Business Fights Poverty, Harvard University, Shift and the Cambridge Institute for Sustainability Leadership on the business benefits of living wage.
- Continuing to promote living wages as one of the key ways to tackle inequality and promote prosperity including through the WBCSD Business Commission to Tackle Inequality (BCTI) where our CEO is a Commissioner.
- Supporting the Living Income conference, hosted by IDH – The Sustainable Trade Initiative and the Living Income Community of Practice (LICOP) in Q2 2022.

“We are energised by our joint efforts with Unilever around building a culture that is equitable and inclusive of all individuals. We are committed to providing employment opportunities to under-represented segments of the communities in which we serve, while ensuring everyone has a fair, living wage”

Jim Kotek
President & CEO, Menasha Corporation

Next steps

We will engage others in a coordinated advocacy campaign to create national living wage movements in different markets. We are working with peer companies and civil society to amplify the message that living wages are good for individual and society, individual businesses and the overall economy.

Commodity focus

Palm oil**Indigenous peoples and local communities in palm oil**

The critical role that indigenous peoples play in protecting the earth's resources and the importance of their inclusion in participatory processes and engagement were brought into sharper focus during 2021, particularly at the COP Summit.

As described previously in this report, we work with the Social Issues Working Group (SIWG), part of the Palm Oil Collaboration Group (POCG), to address various human rights issues.

The SIWG hosts a sub-group for Indigenous Peoples and Local Communities' (IPLC) rights.

This sub-group is co-led by Unilever and two other multinational corporations. In 2021 its work included consultation with similar IPLC rights initiatives in order to promote synergies and avoid duplication and prioritisation of the capability-building needs of the SIWG participants.

As part of the Consumer Goods Forum, we are also supporting the integration of IPLC rights into the work of the Forest Positive Coalition. The focus of the group will be on how downstream companies ensure IPLC

rights are respected in their supply chains and in landscape projects (which bring together diverse stakeholders to develop and pursue common environmental, social and economic goals in specific geographic areas) and how livelihoods are improved. This group will start with land and resource rights in palm oil, including linking them to livelihood improvement. This will then be expanded to other commodities and other rights.

Independent verification

In September 2021, the Palm Oil Collaboration Group (POCG) set out a roadmap to increase understanding of independent verification in three areas: deforestation, labour rights and land rights.

The Independent Verification Working Groups (IVWG) will implement the roadmap.

This work aims to deliver a framework for independent verification for each of the three thematic areas: best practice guidance; stakeholder engagement sessions to secure buy-in from companies and their suppliers and partners; and a capability-building plan to support adoption of best practice. This work will continue throughout 2022.



Enablers

Technology and data

Developing our Salient Issues Dashboard

In 2021, we set out to design a systematic data-driven tool which will allow us to visualise and better understand salient issue risks by country. This will help us create a more strategic approach for identifying focus areas that require resource investment.

We first created a prototype to see how various insights could be used most effectively, and are now in the build stage, developing a Salient Issues Dashboard for internal use. This will incorporate risk data from internal sources such as our supplier audits and questionnaires, as well as a number of external sources. All data will be available and accessible through a centralised portal, providing us with the ability to better identify, analyse and act on potential risks in our extended supply chain.

Social Risk Assessment for agriculture commodities

Another data-driven decision-making tool in development is our Social Risk Assessment for our key crops, which will allow us to identify priority areas in a systematic way

We have created a methodology to identify salient human rights issues per crop. Due to the level of risk to people within the industry and the amount of the commodity that we buy, we have started this work in palm oil where

we have confirmed the following issues: land rights, forced labour, women's rights, fair wages and child labour. For each issue we have identified related risk indicators, using carefully selected data sources. This process has involved reviewing and evaluating many data sources to ensure reliability and relevance, with support from relevant subject matter experts, including Landesa and civil society representatives. These risk insights will then be overlaid by our understanding of our supply chain, including concession maps.

We will use these insights to deliver a sub-national heatmap, which will enable us to visually identify human rights risks for the palm sector. Additionally, we are piloting a technology solution evaluating a vast array of qualitative data sources such as civil society reports and adverse media articles to strengthen our identification of risk and the occurrence of issues at a supplier level. We will be expanding in 2022 to soy and other crops.

This social risk assessment will be the initial step in allowing us to prioritise our engagement with suppliers. We will conduct further work and engage with rights-holders and/or their credible representatives where required for deeper insights.



MEMBRHS / Shutterstock.com

Landscape

In 2021, we identified a new data tool that we can use to help identify risk, and strategically plan our work in land rights more efficiently and effectively.

Landscape, by TMP Systems, who are social and environmental risk experts, is a geospatial tenure risk assessment which breaks new ground in the understanding of tenure risks, and the ability of businesses to assess and manage them. It draws on world-leading expertise on tenure disputes, and unique quantitative insights into their causes.

We will use Landscape risk scoring as part of our Social Risk Assessment for agricultural commodities.

Continuing our work

We will continue to publicly express our support for respect for human rights while helping those displaced by conflict and disasters.

Within our business, we will develop and implement our salient issue frameworks and action plans, strengthening impact measurement and reporting so we can be clearer in showing our progress in addressing human rights impacts while taking into account new or emerging issues. No business can afford to fail to understand and act on the risks and impacts to the people working in their value chains not only because it is the right thing to do but also given the instability and disruption that those risks entail.

Critical to this work will be further social risk assessments and strengthening meaningful rights-holder engagement to identify, prevent and address adverse impacts including through Community Based Monitoring.

“Proactively engaging with workers, their representatives and communities builds trust, prevents issues, improves lives and livelihoods, and strengthens business resilience and growth.”

Reggie Ecclissato
Chief Business Operations Officer, Unilever

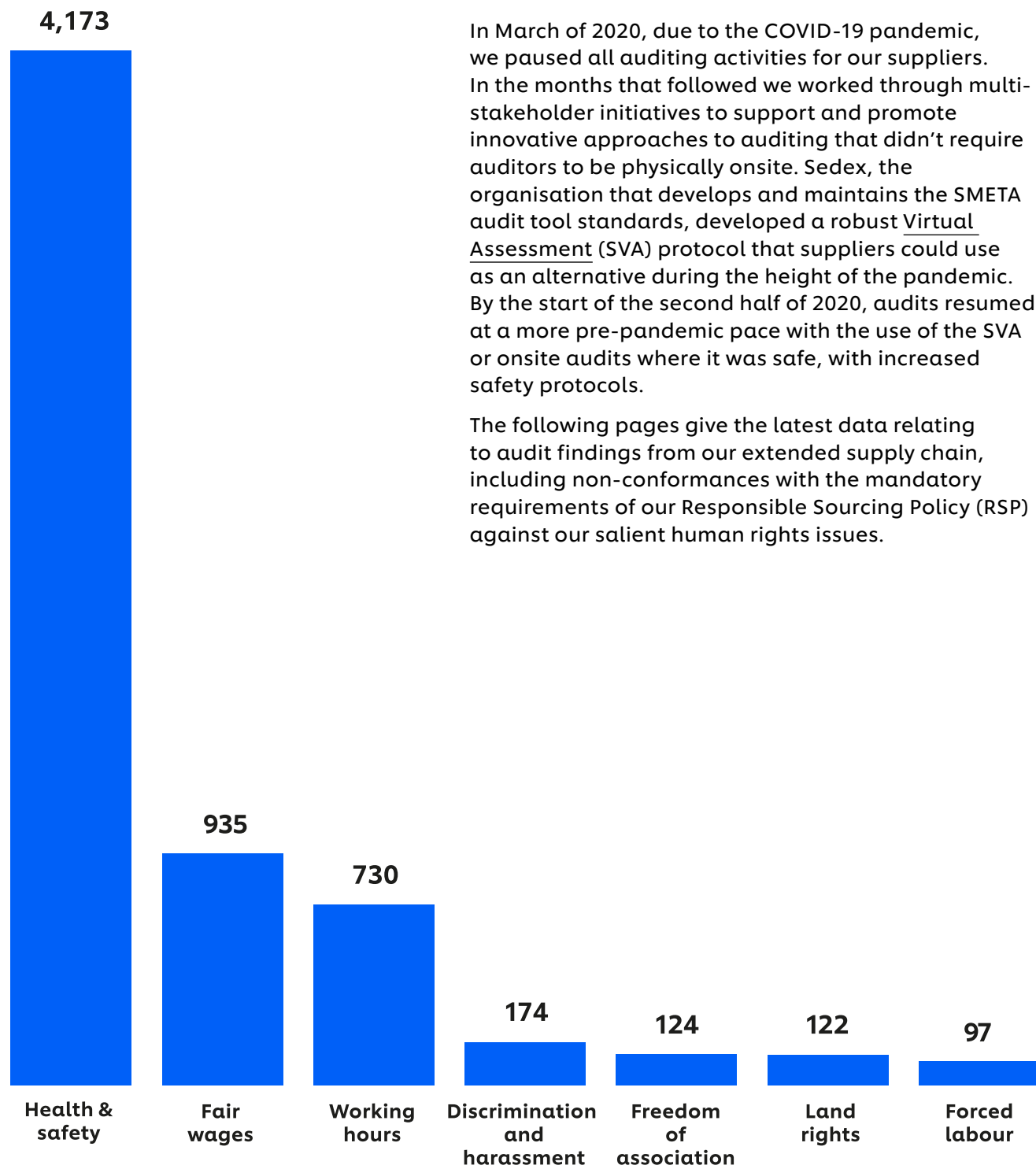


Appendix: 2020 supplier audit data

Total number of non-conformances found during supplier audits in 2020

In March of 2020, due to the COVID-19 pandemic, we paused all auditing activities for our suppliers. In the months that followed we worked through multi-stakeholder initiatives to support and promote innovative approaches to auditing that didn't require auditors to be physically onsite. Sedex, the organisation that develops and maintains the SMETA audit tool standards, developed a robust Virtual Assessment (SVA) protocol that suppliers could use as an alternative during the height of the pandemic. By the start of the second half of 2020, audits resumed at a more pre-pandemic pace with the use of the SVA or onsite audits where it was safe, with increased safety protocols.

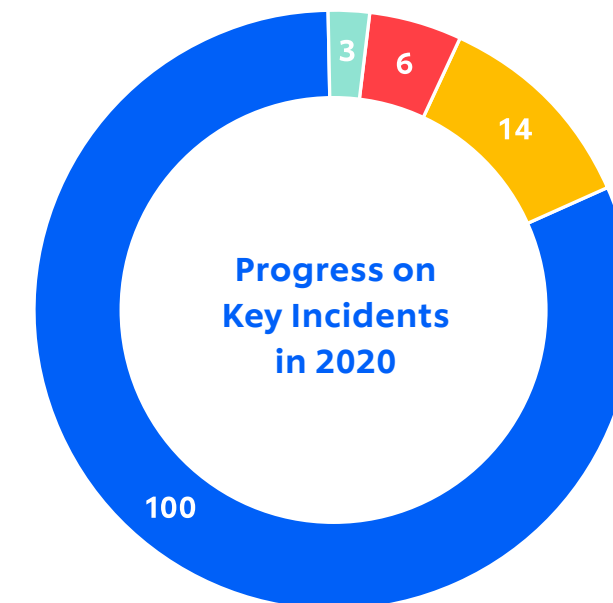
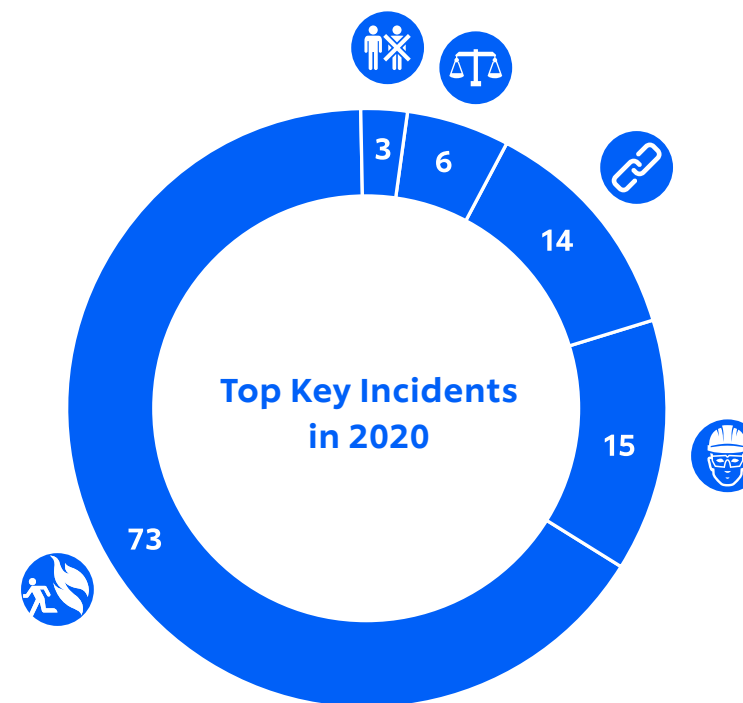
The following pages give the latest data relating to audit findings from our extended supply chain, including non-conformances with the mandatory requirements of our Responsible Sourcing Policy (RSP) against our salient human rights issues.



Key Incidents in 2020

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 time frame 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.



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.



Forced labour
Issues relating to document retention or worker payment of fees.



Discrimination
Issues related to discrimination based on caste, national origin, ethnicity, religion, age, disability, gender, material status, sexual orientation, union membership, political affiliation, health, disability or pregnancy.



Health & safety
Issues that represented a threat to life or imminent risk of injury.



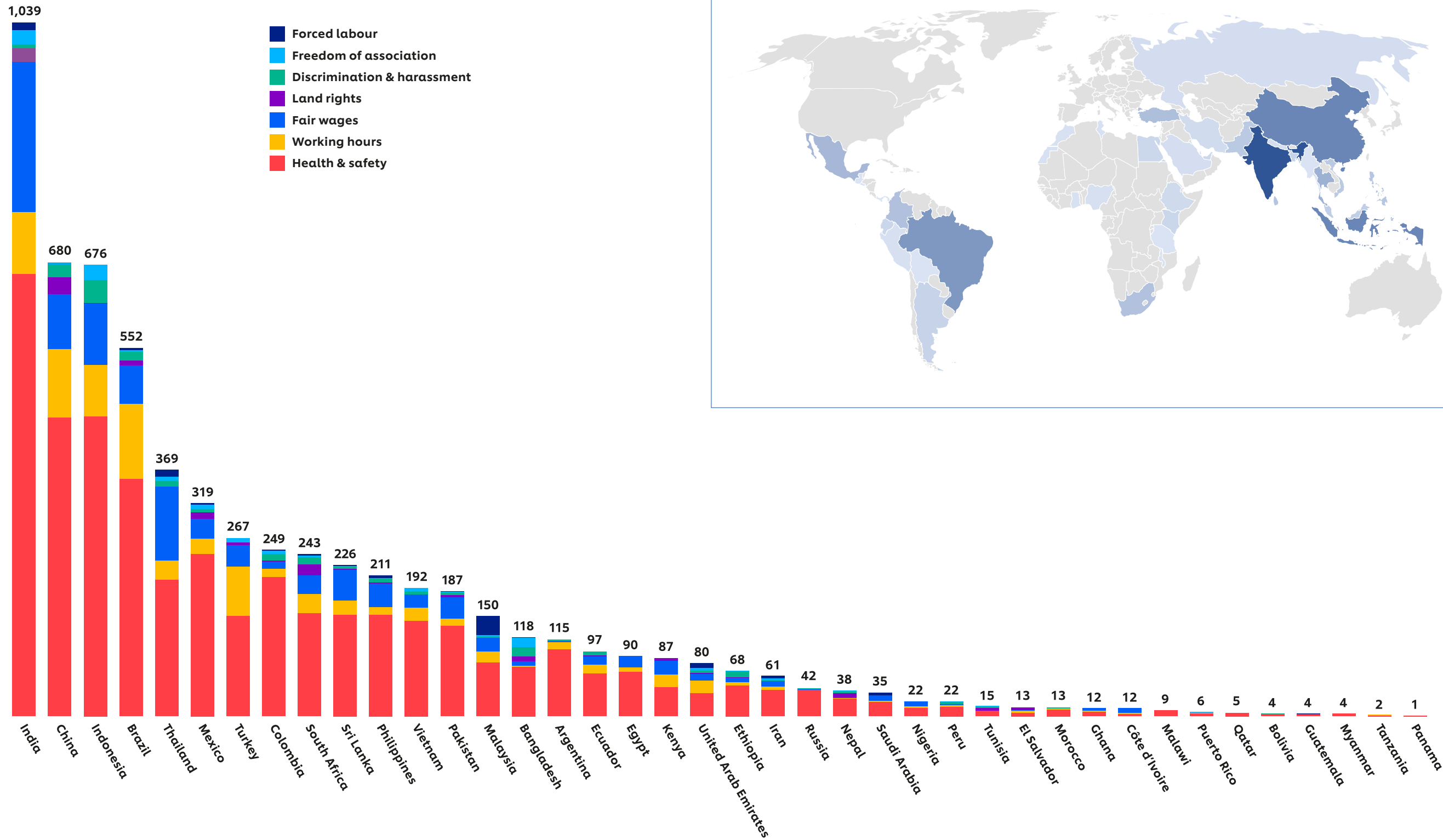
Business integrity
Issues relating to conducting business with integrity and in accordance with relevant legal requirements.

Key

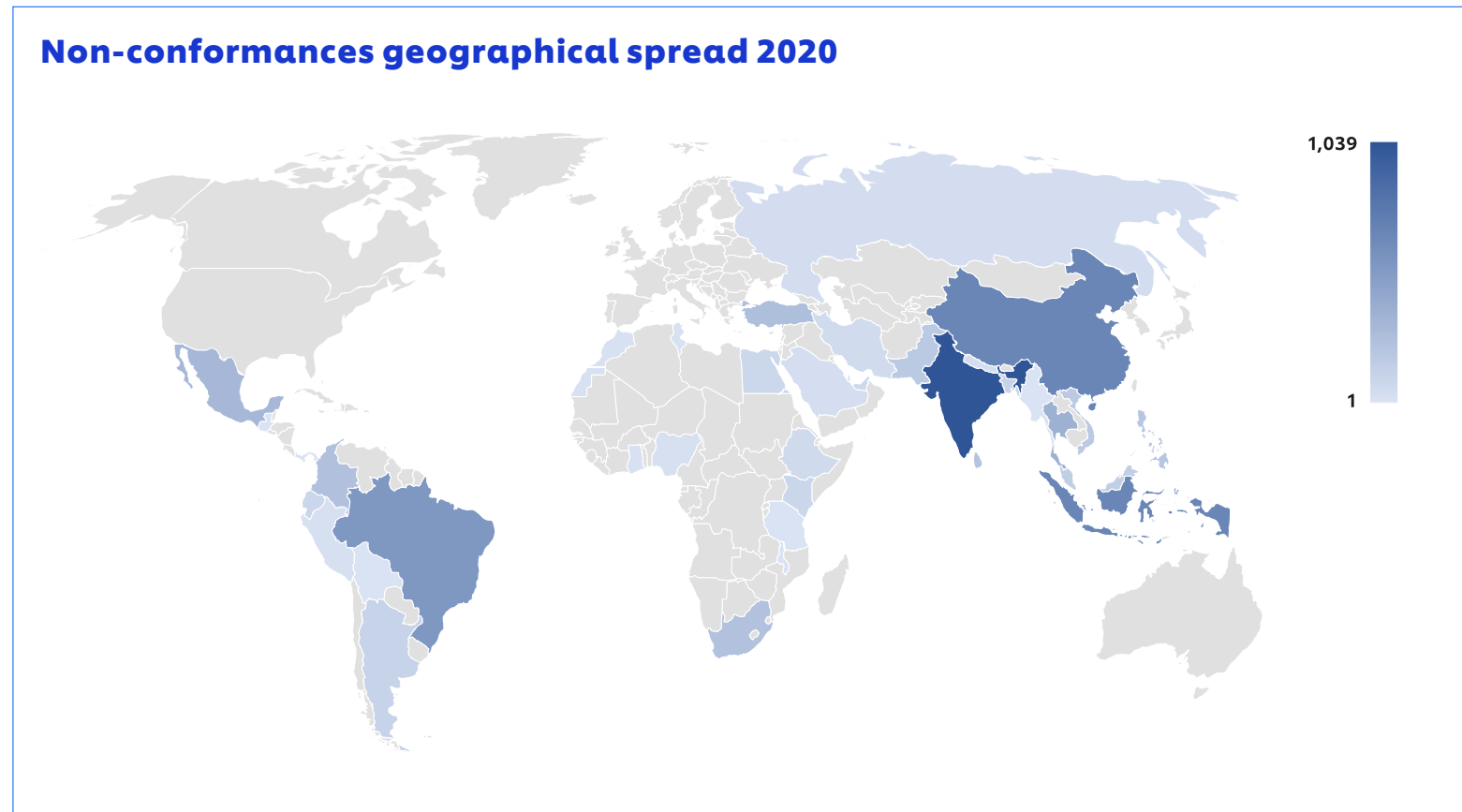
- Not current supplier
- Open
- Delisted
- Closed

Appendix: 2020 supplier audit data

Non-conformances per country by salient issue 2020



Non-conformances geographical spread 2020



Appendix: 2020 supplier audit data

Fair wages

Numbers during 2020: 935

Non-conformances versus mandatory requirement

Payments to workers are transparent	321
Local legal requirements are respected	296
Records are maintained consistently	179
Policies and procedures in place	61
Fair and equal pay to all workers	37
Records and payments are accurate	34
Living wage approach in place	7

Non-conformances by business area

Packaging	266
Naturals	240
Chemicals	161
Third-party manufacturing	116
Logistics	66
Marketing and business services	48
Other	30
Capex and MRO	8

Location of non-conformances

South Asia	311
SEAA	279
LATAM	113
North Asia	82
NAMET and RUB	78
Central and Southern Africa	72

Forced labour

Numbers during 2020: 97

Non-conformances versus mandatory requirement

Avoidance of forced labour	50
Policies and procedures in place	17
Contracts are in a language workers understand	16
Verification of legal status of workers	13
Documents/papers not retained	1

Non-conformances by business area

Packaging	33
Naturals	21
Chemicals	17
Third-party manufacturing	17
Marketing and business services	3
Other	3
Logistics	2
Capex and MRO	1

Location of non-conformances

SEAA	50
NAMET and RUB	17
South Asia	14
Central and Southern Africa	8
LATAM	8

Freedom of association

Numbers during 2020: 124

Non-conformances versus mandatory requirement

Freedom of association is respected	66
Councils are properly organised and run	58

Non-conformances by business area

Packaging	48
Naturals	27
Chemicals	19
Third-party manufacturing	19
Logistics	4
Marketing and business services	4
Other	3

Location of non-conformances

South Asia	39
SEAA	38
LATAM	17
NAMET and RUB	16
Central and Southern Africa	10
North Asia	4

Discrimination and harassment

Numbers during 2020: 174

Non-conformances versus mandatory requirement

Training and understanding of workers	90
Maternity protection in place	37
Policies and procedures in place	30
Free from discrimination	17

Non-conformances by business area

Packaging	60
Naturals	42
Third-party manufacturing	32
Chemicals	17
Marketing and business services	14
Logistics	4
Other	4
Capex and MRO	1

Location of non-conformances

SEAA	55
LATAM	40
South Asia	30
North Asia	19
Central and Southern Africa	17
NAMET and RUB	13

Appendix: 2020 supplier audit data

Health & safety

Numbers during 2020: 4,173

Non-conformances versus mandatory requirement

Training and understanding of workers	748
Chemical and electrical safety	571
Fire safety	530
Medical facilities and practices	461
General health & safety	429
Records are correctly maintained	325
Emergency exits	318
Local legal requirements are respected	313
Policies and procedures in place	182
Fire alarms	128
Water and sanitation	120
Risks are assessed and managed	48

Non-conformances by business area

Packaging	1,493
Naturals	1,010
Chemicals	570
Third-party manufacturing	507
Logistics	221
Marketing and business services	208
Other	125
Capex and MRO	39

Location of non-conformances

South Asia	1,049
SEAA	1,032
LATAM	999
North Asia	447
NAMET and RUB	383
Central and Southern Africa	263

Land rights

Numbers during 2020: 122

Non-conformances versus mandatory requirement

FPIC is respected and enforced	74
Policies and procedures in place	48

Non-conformances by business area

Packaging	47
Naturals	33
Chemicals	10
Third-party manufacturing	10
Logistics	8
Marketing and business services	8
Capex and MRO	4
Other	2

Location of non-conformances

South Asia	38
LATAM	26
North Asia	25
Central and Southern Africa	21
NAMET and RUB	10
SEAA	2

Working hours

Numbers during 2020: 730

Non-conformances versus mandatory requirement

Working hours and overtime are not excessive	467
Minimum rest days and breaks are in place	218
Policies and procedures in place	34
Overtime is voluntary	11

Non-conformances by business area

Packaging	234
Naturals	193
Chemicals	104
Third-party manufacturing	88
Logistics	56
Marketing and business services	30
Other	22
Capex and MRO	3

Location of non-conformances

LATAM	179
SEAA	153
South Asia	127
NAMET and RUB	108
North Asia	103
Central and Southern Africa	60

Unilever PLC

Head Office

100 Victoria Embankment

London EC4Y 0DY

United Kingdom

T +44 (0)20 7822 5252

F +44 (0)20 7822 5951

Registered Office

Unilever PLC

Port Sunlight

Wirral

Merseyside CH62 4ZD

United Kingdom

Registered in England and Wales

Company Number: 41424

For further information on
our human rights performance,
please visit our website

www.unilever.com/planet-and-society/

Your views are important and
we welcome your comments.

Please send them to

humanrights.report@unilever.com

March 2022