


HUMAN RIGHTS PROGRESS REPORT 2017



Unilever



**FULLY CLOSING GENDER GAPS IN WORK
WOULD ADD AS MUCH AS
\$28 TRILLION TO ANNUAL
GLOBAL GDP IN 2025**

SOURCE: MCKINSEY GLOBAL INSTITUTE, 2015

**IF PRESENT TRENDS CONTINUE
IT WILL TAKE ANOTHER
170 YEARS TO REACH
FULL ECONOMIC
GENDER EQUALITY**

SOURCE: WEFORUM 2016

**WOMEN FARMERS CONTROL LESS LAND THAN MEN
LESS THAN 20% OF
LANDOWNERS ARE WOMEN**

SOURCE: FOOD AND AGRICULTURE ORGANIZATION, 2011

WELCOME TO OUR HUMAN RIGHTS PROGRESS REPORT 2017

We made a commitment in 2014 to disclose our efforts and challenges in implementing the UN Guiding Principles on Business and Human Rights.

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.

This report follows our inaugural report on human rights, published in 2015, which was the first report by a business to use the UN Guiding Principles Reporting Framework comprehensively. That first report, 'Enhancing Livelihoods, Advancing Human Rights', contains an in-depth analysis and description of our strategy and the foundational steps we have taken, as well as information on our eight salient human rights issues.

This current report outlines progress against our salient human rights issues, and provides an update on how we see our approach developing in the future.

It is important to note that while we are publishing a separate human rights progress update, our work on human rights does not exist in isolation within the business. We believe that human rights are the foundation of sustainable business. Advancing respect for human rights can only succeed if it is integrated throughout Unilever.

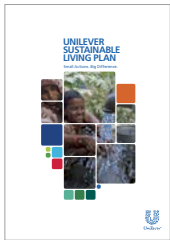
As we made clear in our inaugural report, we know that we do not have all the answers on human rights, and that we have a long way to go to achieve our ambition. The process of reporting has, in itself, taught us that despite the efforts we've made and the progress we can see, human rights issues remain prevalent across our value chain.

We publish our progress to date in the spirit of continuous improvement, and in the belief that transparency and accountability must underpin the advancement of human rights. We hope that other businesses will benefit from the lessons we've learned, and that stakeholders will continue to give us the feedback and guidance that have been crucial to the progress we have made so far.

AT A GLANCE

Promoting respect for human rights in our business and value chain is an important way of transforming people's lives and furthering Unilever's contribution to the UN's Sustainable Development Goals.

2010



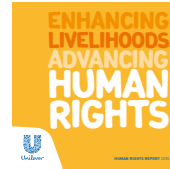
Launch of the Unilever Sustainable Living Plan (USLP).

2014

Strengthening of the Enhancing Livelihoods ambition of the USLP.

Creation of the Unilever Human Rights Policy Statement.

Launch of the Responsible Sourcing Policy (RSP).



Unilever becomes the first company to produce a standalone human rights report.

2015



We also piloted our Responsible Business Partner Policy.



Our work on human rights has particular relevance to the goals highlighted (left)– look out for these logos throughout this report. We recognise that often one element of our work can cut across different SDGs.



Creation of the Integrated Social Sustainability Team in Supply Chain.



Publication of Modern Slavery Statement.

2016

2017

**2020
TARGET
ENHANCING
LIVELIHOODS
FOR
MILLIONS**



Unilever Responsible Sourcing Policy 2017 launched.

By 2020 we will enhance the livelihoods of millions of people as we grow our business.

We have made steady progress across our Enhancing Livelihoods commitments.



Human Rights Progress Report published.



INDIVIDUALLY, COLLABORATIVELY, BUSINESSES CAN TRANSFORM SUPPLY CHAINS

PAUL POLMAN

When I think about Unilever's potential to advance respect for human rights, I naturally think about our 'responsibility' – but I am also inspired, and humbled, by our 'opportunity'.

Our supply and distribution chains involve millions of people – and through our products and advertising we touch the lives of billions. When we reach out to advance respect for the human rights of all those involved and touched by our business, we can make a positive and lasting impact at meaningful scale. We also make our business stronger, by reducing our risk, building trust, and helping to create the conditions in which we, and those around us, can succeed.

Yet we also know that human rights abuses exist in the sectors and markets in which we operate – and at times, in our own value chain. These abuses are unacceptable. Implementing the UN Guiding Principles on Business and Human Rights, we have a clear responsibility to respect human rights, that is to find abuses, stop them, and prevent them in the future. More and more, consumers, NGOs, labour organisations and regulators will remind us of this responsibility and point out our failings – a trend which may make business uncomfortable at times, but which I welcome as a force for transparency and improvement.

This report forms part of our ongoing work both to meet our obligations and to make the most of our opportunity. It reflects the increasing emphasis we have placed since

2014 on ensuring that respect for human rights is embedded throughout our business and our entire value chain – further underlined in 2016 by the creation of a new and expanded role in the business, Global Vice President Integrated Social Sustainability, which we have established within our Supply Chain function, underlining the importance of the respect for human rights as an integral part of our Sustainable Living Plan.

A theme throughout this report is the recognition that addressing these issues is a shared responsibility, and that we must work with others to transform the systems we operate in. Since the publication of our first Human Rights Report in 2015, we've continued to seek and build alliances with progressive businesses, forward-thinking policy makers, foundations, investors, academics, international organisations and members of civil society and others to drive transformative change.

PAUL POLMAN
CHIEF EXECUTIVE OFFICER,
UNILEVER



Human rights: the foundation on which our business is built.

Respecting human rights is essential to achieving our purpose of making sustainable living commonplace. The wider conditions we need for our business to continue to grow – prosperous, thriving societies supported by sustainable and equitable growth – will only be created if human rights are respected.

The recognition that our success is inextricably linked to the flourishing of those around us is at the heart of our Unilever Sustainable Living Plan (USLP), which has directed our business strategy since 2010.

But despite all the progress made in recent years, there are many challenges and threats to human rights, some longstanding, some newly emerging. Like society at large, our business must adapt to a world that is increasingly 'VUCA' – volatile, uncertain, complex and ambiguous.

One of the themes to emerge most strongly from 2016 and 2017 was that of inequitable growth. In voting booths and on the streets, there were unmistakable signs that people are feeling left behind or alienated by change that is seen as bringing benefits to some, but not to all. Workers and communities have a right to participate in and benefit from a rising global economy, and businesses, including ours, must work harder to demonstrate that they are willing to take on their share of responsibility.

At Unilever, we are rethinking how we tackle the issues that matter most in a time of rapid change. We are working on a huge range of possibilities: innovative collaboration with other stakeholders, for example, or using technology to get closer to the reality of the situation for workers on the ground or to improve the traceability and transparency of our supply chain.

The uncomfortable truth remains, though, there are still too many instances in global value chains, including our own, where human rights are not respected. When breaches are identified, their remediation is often too slow, especially where there is a systemic challenge in a market or region and collaborative action is required.

To succeed in advancing human rights globally, all stakeholders share a responsibility to move from commitments to impactful everyday actions and we must challenge ourselves to prevent abusive conditions from occurring. For our business this means working with all the actors in our value chain and engaging our business partners so that we can advance human rights together.

This report aims to show our progress and illustrates the operational realities of our business and the work we still need to do because we believe that transparent communication will help us make our business and community stronger. It is a critical part of the overall process we all want to see: a company prepared to rethink its business, and work with others to rethink business itself, until respect for human rights becomes a universal reality.

MARCELA MANUBENS
GLOBAL VICE PRESIDENT,
INTEGRATED SOCIAL SUSTAINABILITY,
UNILEVER

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**OUR
APPROACH:
RESPECTING
HUMAN RIGHTS
ACROSS OUR
BUSINESS**

OUR STRATEGY

Phase I

Setting our Social Sustainability Ambition:

We set our social sustainability ambition, created a new human rights pillar – Fairness in the Workplace, for our USLP and strengthened Unilever’s Human Rights policy framework across functions and geographies to include new policies aimed at guiding our relationships with Unilever employees, suppliers, partners and stakeholders.

Status: **Achieved**

Phase II

Building Capacity and Public Reporting:

The focus is on creating awareness, engagement, training, effective implementation of our expanded Human Rights policy framework and related programmes across functions and geographies and delivering our commitments including public reporting under the UN Guiding Principles Reporting Framework.

Status: **Advanced**

Phase III

Moving from Do No Harm to Do Good:

Once the foundational human rights work is well-established, our focus shifts to promoting and driving best practices across industries where we operate with target areas that we believe are critical but in no way exhaustive and in partnership with others.

Status: **In progress**

OUR FIVE FOCUS AREAS

We continue to have five areas of focus for our work in embedding human rights across our business:



For a full description of **Our strategy** and **Focus areas**, please see our Human Rights Report 2015.

1

TRANSPARENCY

2

STAKEHOLDER
CONSULTATION,
DIALOGUE AND
ACTION

3

COLLECTIVE
RESPONSIBILITY
MODELS

4

COLLABORATION
AND INCLUSION IN
PUBLIC-PRIVATE
PARTNERSHIPS

5

NEW BUSINESS
MODELS, CAPACITY
BUILDING AND
EFFECTIVE
REMEDY

THE FOUNDATION OF OUR BUSINESS

Respecting human rights is essential to achieving our purpose of making sustainable living commonplace. The wider conditions we need in order for our business to continue to grow – prosperous, thriving societies supported by sustainable and equitable growth – will only be created if human rights are respected.

The recognition that our success is inextricably linked to the flourishing of those around us is at the heart of our [Unilever Sustainable Living Plan \(USLP\)](#), which has directed our business strategy since 2010.

Change on the scale we want to see is not something that we – or any single business – can achieve in isolation. Our work in collaboration with others is described in more detail on (pages 13–15).

“For business to fully realise its contribution to sustainable development, it must put efforts to advance respect for human rights at the heart of the people part of sustainable development.”

JOHN RUGGIE

AUTHOR OF THE GUIDING PRINCIPLES AND CHAIR OF [SHIFT](#). FROM JOHN'S OPENING SPEECH AT THE UN FORUM ON BUSINESS AND HUMAN RIGHTS, NOVEMBER 2016

COMMITTED TO THE UN GUIDING PRINCIPLES REPORTING FRAMEWORK

Like our Human Rights report 2015, this progress update is designed to follow the UN Guiding Principles Reporting Framework, which was launched in February 2015.



“I joined Unilever Tea Kenya in December 2013. My core job as a welfare manager was to translate human rights into practical benefits for our employees and the communities we operate in.

From my work in Kenya, I found two key reasons to embed human rights in our operations. First, it is the ‘human’ thing to do, the right and smart thing to do and secondly, to drive productivity and profitability with people at the core of business.

The journey to embed human rights is a long-standing one that is nowhere near complete. It is a journey of integrating social good into the core business strategies. It is a journey of changing one mind, one heart at a time. In June 2017 I joined the Integrated Social Sustainability Team covering Africa where my role supports both our business and our suppliers to continue to embed respect for rights.”

WINFRIDAH MORAA NYAKWARA
HUMAN RIGHTS LAWYER,
INTEGRATED SOCIAL SUSTAINABILITY
MANGER AFRICA, UNILEVER



“There is no more pressing or more powerful way for business to accelerate social development than by driving respect for human rights across their value chains.”

FROM ‘**BUSINESS, HUMAN RIGHTS AND THE SUSTAINABLE DEVELOPMENT GOALS**’, A PAPER FROM SHIFT, COMMISSIONED BY THE BUSINESS AND SUSTAINABLE DEVELOPMENT COMMISSION, NOVEMBER 2016

OUR POLICY AND GUIDANCE FRAMEWORK

Clear policies help us set consistent expectations, for ourselves and for our partners, including suppliers. They help drive the positive behaviour that we expect from everyone associated with our business.

We keep our policy and guidance framework under review, and add to it where necessary. The following developments took place in 2016/17:



May 2016
Updated our [Respect, Dignity & Fair Treatment Code Policy](#) to specifically prohibit discrimination on the grounds of gender identity. See *Discrimination* (pages 20–25).

January 2017
Published our [Modern Slavery and Human Trafficking Statement](#). See *Forced Labour* (pages 32–37).

May 2017
Updated our [Responsible Sourcing Policy \(RSP\)](#) (see pages 18–19, 73–75) and our [Responsible Business Partner Policy \(RBPP\)](#). (See page 72).



April 2017

New guidance on Mergers and Acquisitions (M&A)
We created new guidance to help when engaging in potential mergers, acquisitions or joint ventures (pre-transaction, during due diligence, contract negotiation and post-acquisition/joint venture governance).

We did this because:

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



For a full description of **Our policy framework**, please see our Human Rights Report 2015.

GOVERNANCE, SCRUTINY AND ENGAGEMENT

Our governance – an inclusive approach

Our approach must be translated into actions – and it also has to evolve and develop. That means embedding human rights into our organisational structure while listening to the advice, concerns and criticism of people outside Unilever. Above all, it demands that we hear and act on the grievances of those whose human rights are impacted by our activities or those of our business partners.

Detailed descriptions of our governance structure, network of external advisers and scrutiny bodies, and rights-holder and stakeholder engagement process can all be found in our Human Rights Report 2015; the following is an update on new developments.

Focus on social sustainability

In 2016, we expanded the role of Global Vice President for Social Impact and moved it into our Supply Chain function. The Integrated Social Sustainability team drives Unilever's Human Rights Strategy and advocacy. The team focuses on our eight salient human rights issues as listed on page 17 and operates in the following way:

Within Integrated Social Sustainability, Social Accountability focuses on working with our suppliers with the aim of creating truly socially, environmentally and

economically sustainable supply chains. This partnership with suppliers is based on ensuring that the fundamental principles of our Responsible Sourcing Policy are met and sharing best practice.

Human Rights Stewardship focuses on strategic human rights issues: helping the business address issues which we know are endemic in global supply chains.

Social Impact operationalises human rights work on the ground.

Good governance, constructive engagement

Our policy framework is supported, developed and scrutinised through:

- Good governance, led from the top by our CEO and the Unilever Leadership Executive, with oversight provided by the Corporate Responsibility Committee of the Unilever Board of Directors.
- External advisers and stakeholder input from our Sustainable Sourcing Advisory Board and expert and representative organisations including industry and business-wide groups, trade unions, NGOs and civil society organisations:
 - [AIM-PROGRESS](#) (pages 15, 35, 56)
 - [Consumer Goods Forum](#) (pages 15, 33, 34, 62)

- [Institute for Human Rights and Business](#) (page 34)
- [Leadership Group for Responsible Recruitment](#) (pages 15, 32-34)
- [Oxfam](#) (pages 14, 28, 40)
- [Shift](#) – specifically their Business Learning Programme (page 71)
- [Solidaridad](#) (page 61)
- [The Business and Sustainable Development Commission](#) (page 15)
- [UN Women](#) (pages 20, 42, 45-47)
- [World Economic Forum](#) (pages 15, 62, 80)

The '[Working with Others on Human Rights](#)' section of our global website describes our work with organisations such as the UN Global Compact.

We maintain a specific section ([What matters to you](#)) on our global website, which highlights some of the current and historical issues our external stakeholders have raised and details our efforts to address them.



For a full description of **our governance structure, network of external advisers and scrutiny bodies, and rights-holder and stakeholder engagement process**, please see our Human Rights Report 2015.

Willing to learn

Resolving human rights challenges is often complex, and relies in part on a willingness to listen and learn. In 2016, Oxfam published [‘Labour Rights in Vietnam – Unilever’s Progress and Systemic Challenges’](#), a follow up to their initial 2013 report on a two-year research project, [‘Labour Rights in Unilever’s Supply Chain’](#), designed to learn how we could best operationalise the UN Guiding Principles on Business and Human Rights.

Oxfam’s progress update reported considerable improvements against the original report’s recommendations in the areas of supporting workers’ livelihoods, providing human rights training, implementing more ways in which

workers can raise areas of concern, and working more closely with suppliers and partners to ensure standards are met. There had been progress in Unilever’s own factory, for example in the areas of wages and direct employment. There is still more work to do such as increasing the opportunities for female factory workers and continuing to ensure that our engagement with suppliers supports both progress on human rights and the business case for responsible sourcing.

Open, frank dialogue and understanding of the challenges and opportunities, particularly at the local level, have been a key part of this work with learnings on both sides.

Positive feedback from reporting initiatives – but more work to do

We’re proud of the progress we’ve made in many areas and of the recognition our work has received from others, the most recent of which is summarised below. Taking part in voluntary third-party reporting initiatives helps us to remain vigilant and accountable and encourages further efforts; it also shows us where more work is needed, as we know that many challenges and issues remain to be resolved.

DOW JONES SUSTAINABILITY INDEX (DJSI)

1st in the Personal Products sector in 2017. Industry best score in Human Rights. Moved to the Household and Personal Products Industry Group in 2016 from the Food Products sector where we led for 16 out of 17 years.

BEHIND THE BRANDS

1st in the Behind the Brands rankings in 2016. Oxfam ranked major food and beverage producers on their sustainability commitments in the key areas of land, women, farmers, workers, climate, transparency and water.

GARTNER – SUPPLY CHAIN TOP 25

1st for the second time in the in the Top 25 2017 (May 2017) Report. Also ranked #1 in the August 2017 Gartner Supply Chain Top 25 Consumer Products report for the fifth straight year. Initiatives referenced included our Sustainable Palm Oil and Responsible Sourcing policies with strong human rights principles and due diligence.

CORPORATE HUMAN RIGHTS BENCHMARK (CHRB)

3rd in the agricultural products category in 2017.

UN GUIDING PRINCIPLES REPORTING FRAMEWORK (UNGP)

1st company to report against the UNGP Reporting Framework in 2015.

“Human rights challenges are systemic, and require deep collaboration – among businesses, and with governments, communities and civil society.”

JEFF SEABRIGHT
CHIEF SUSTAINABILITY OFFICER, UNILEVER

COLLABORATIVE ACTION

Shared responsibility to address root causes

We have a clear commitment to respect human rights and address issues throughout our value chain, and we are judged on our results.

But many human rights issues that occur in our value chain are deeply entrenched in societies and economies, and the lasting, systemic changes needed to make a positive difference to millions of people can only come about through collaborative action at scale.

This 'shared responsibility' approach outlined in '[A new paradigm for supply chains](#)' demands that we work with a wide range of stakeholders, including other businesses. Key developments in such cross-company and cross-business initiatives are described below:

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

Focus area:

Sustainable supply chains.

Desired outcome:

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

Unilever's input:

Sponsored at Board level by our CEO Paul Polman and chaired by our Chief Sustainability Officer. Our Global VP for Integrated Social Sustainability also sits on the committee.

WORLD ECONOMIC FORUM (WEF) GLOBAL FUTURE COUNCIL: THE FUTURE OF HUMAN RIGHTS

Focus area:

Human rights.

Desired outcome:

Comprises thought leaders from academia, government, business and civil society. Its aim is to better understand the potential impact of the fourth industrial revolution on human rights.

Unilever's input:

Our Global VP for Integrated Social Sustainability is a member of the World Economic Forum (WEF) Global Future Council on the Future of Human Rights, and former Vice-Chair of the WEF Global Agenda Council on Human Rights.

AIM-PROGRESS

Focus area:

Responsible sourcing.

Desired outcome:

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

Unilever's input:

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

LEADERSHIP GROUP FOR RESPONSIBLE RECRUITMENT

Focus area:

Forced labour.

Desired outcome:

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

Unilever's input:

We were one of five founding global companies to launch this initiative.

THE BUSINESS AND SUSTAINABLE DEVELOPMENT COMMISSION (BSDC)

Focus area:

SDGs.

Desired outcome:

Brings together international leaders from business, labour, financial institutions and civil society to quantify the compelling economic case for businesses to engage in achieving the SDGs. The Commission believes a new social contract between business, government and society is essential to defining the role of business in a new, fairer economy that aims to create decent jobs and supports training and skills at a time when employment is increasingly challenged. In 2016, it commissioned a new report, 'Business, Human Rights, and the Sustainable Development Goals', authored by non-profit Shift.

Unilever's input:

Co-founded in January 2016 by Unilever CEO Paul Polman.



REPORTING ON OUR SALIENT HUMAN RIGHTS ISSUES

WHAT ARE SALIENT HUMAN RIGHTS ISSUES?

We define them as the human rights that are at risk of the most severe negative impacts through a company's activities or business relationships.

We have worked with a range of expert internal and external stakeholders to identify where, and how, our activities could result in risks to human rights, so that we could establish which issues were most salient.

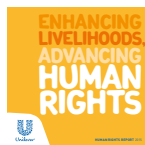
Our salient issues **are:**

- issues that we have identified and are prioritising at this point in time.

They are **not:**

- an exhaustive list of all issues that exist in our extended supply chain and value chain. We continue to remediate other human rights issues.

In this section, we report on each of our salient issues in turn. Please note that the order in which issues are listed, and the amount of detail we report for each, does not reflect their importance to us or to our stakeholders. The progress highlights represent our activities but are not an exhaustive listing. Some issues, such as health and safety, are covered in greater depth simply because we have been active in measuring and reporting on them. Some issues are easy to identify and address, others are harder. We are working on all salient issues, progress is at different paces and our ability to report will expand as our work continues to advance.



Read how we identified **Our salient human rights issues** and how we engage with stakeholders in our Human Rights Report 2015

DISCRIMINATION

Page 20

FAIR WAGES

Page 26

WORKING HOURS

Page 56

FORCED LABOUR

Page 32

**IN THIS SECTION,
WE REPORT ON
OUR SALIENT
HUMAN RIGHTS
ISSUES**

LAND RIGHTS

Page 52

**FREEDOM OF
ASSOCIATION**

Page 38

**HEALTH AND
SAFETY**

Page 48

HARASSMENT

Page 42

THE AUDIT PROCESS ¹

OUR APPROACH TO RISK AND EVALUATING SUPPLIERS

We have developed a risk-based approach which we believe allows us to have the greatest impact in preventing and remediating human rights and labour issues in our supply chain.



All our suppliers are asked to complete a self-declaration regarding their compliance to the Mandatory Requirements of the RSP.

We segment suppliers based on a risk assessment using externally available indices of business and human rights risks from expert sources.

Suppliers in the highest risk segment are required to undergo an independent third-party audit. Raw material or finished goods suppliers are required to undergo an on-site audit, while service suppliers need to undergo a remote (desk-top) audit.

DURING 2015
AND 2016

2,084

SITES WERE
AUDITED

During the course of an on-site audit, all non-conformances are recorded to indicate where a supplier's site does not align with our RSP Mandatory Requirements.

A supplier must provide a time-bound corrective action plan to address and remediate non-conformances, and the auditor must confirm the remediation has effectively addressed the non-conformance in a follow-up audit within a 90-day period for the supplier to be RSP compliant.



¹This audit process is separate from commodity certification programmes.

Audit frequency can be every 12, 24, or 36 months, and is determined by the number and type of non-conformances found in the previous audit.

Corrective action plans are required to address all non-conformances. More serious non-conformances are classified as 'Critical Incidents', with the most severe of these termed 'Key Incidents'.

The presence of Critical Incidents automatically means that the supplier must have a new audit after 12 months, rather than 24 or 36 months for suppliers without such incidents.

On top of the requirements for Critical Incidents, a **Key Incident** must be raised by the auditor to Unilever within a 24 hour period.

Key Incidents are escalated to either Director or Vice President level within Unilever to ensure appropriate attention is given.

Within seven days a Corrective Action Plan to remedy the issue must be provided by the supplier. The plan needs to positively address the root cause of the identified issue.

Critical Incidents or Key Incidents

12
months

24
hours

7
days

In 2016, 80.5% of all Key Incidents were addressed by suppliers and follow-up audits confirmed that they were effectively remediated. However, we identified that 19.5% of Key Incidents had not been fully addressed. In 2017 we improved our Key Incident monitoring methodology, introducing an integrated system-based approach to ensure follow up is conducted consistently and that an appropriate remediation has been enacted. This includes an appropriate and strengthened internal escalation protocol.

Of the total number of non-conformances between 2015 and 2016 with completed data in our system, 89% were 'closed' in follow-up audits. This indicates that suppliers had enacted corrective action plans which the auditors confirmed were sufficient to remediate the identified issues. This figure saw an improvement from 82% to 92% for 2015 to 2016, respectively, due to a concerted engagement drive from our Procurement function with suppliers. We have also improved data reporting to ensure full validity and reliability.

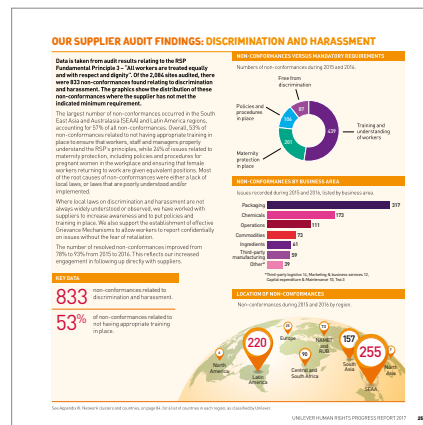
How we report non-conformances by salient issue

Our approach is designed to identify and remediate human rights risks in our extended supply chain. The graphs in the following pages show where non-conformances for each salient issue were found during audits. These indicate where the mandatory requirement of our RSP has not been met.

In many cases there were multiple non-conformances found within the same site, and therefore the number of non-conformances should not be interpreted as the number of sites with a non-conformance.

For ease of presentation the actual audit

points have been grouped under common areas, rather than showing each individual mandatory requirement audit question. We have included supplier snapshots to demonstrate the types of intervention we have made to remediate non-conformances.



Example of a salient issue supplier audit graphic

All data in the salient issues pages represents Non-Conformances vs the Mandatory Requirements.

DISCRIMINATION



Discrimination in the workplace can take many forms, including on the basis of race, age, gender, religion, sexual orientation, disability or political views.

It holds back individuals and has no place in the culture we want to create in Unilever. Discrimination also holds back business, by denying people the opportunity to make the best of their talents. Our diversity strategy

continues to include company-wide targets, inclusive leadership, recruitment, retention and development of female talent, engaging internal stakeholders and flexible and agile working. Unilever's Global Diversity Board

comprises of 12 leaders across the organisation and drives our vision to build a diverse and inclusive organisation.

PROGRESS HIGHLIGHTS

WHAT WE HAVE DONE	OUTCOME AND IMPACT	SDG
Focused on company-wide targets at the Board and Management level, consistent with our diversity strategy.	23% females on Unilever Leadership Executive in 2016 (2014: 8%); 50% female non-executive directors in 2016 (2014: 50%); 46% female total management in 2016 (2014: 43%).	5.1 5.5 8.5
Improved gender diversity and inclusion across our operations.	Created engineering programmes in factories in Mexico, Brazil and Germany. Unilever Tea Kenya: 2% increase (from 22% to 24%) in upper tier (graded workers including team leaders and clerks) female workers; 2% increase in estate female workers (from 33% to 35%); 3% increase in female factory workers (18-21%) since 2014.	5.1 5.5 8.5
Introduced a Global Maternal Well-being Standard (March 2017).	There are 16 weeks paid maternity leave in 96 countries which represents 92% alignment. Prior to new standard, maternity leave was under 16 paid weeks in 54% of the countries where we operate. Further, every site with more than 50 female employees will have lactation facilities available and access to crèche services tailored to local needs by the end of 2018.	5.1 10.3
Encouraging all abilities to work with Unilever led us to partner with Ojos que Sienten and social enterprise Capaxia in Mexico and to advance 'Project Nour' in Egypt offering opportunities to access training and employment (see page 24).	Invested in the training and development of 19 people with disabilities, created a 'Buddy' programme to support new recruits and ensured our operations were fully accessible in Mexico. Increased scale of Project Nour to 70 people (from 7 in 2014).	8.5 10.2 10.3
Launched #Unstereotype initiative in 2016 to remove outdated and unhelpful stereotypes from advertising.	Since 2016, all our brands are on a journey to redefine their creative proposition and show more progressive portrayals of people e.g. Axe, Knorr, Sunsilk, Dove, Lifebuoy. In 2017, Unilever in partnership with UN Women co-convoked the Unstereotype Alliance – an alliance of 20+ leaders like WPP, IPG, Facebook, Google, J&J, Microsoft & Mars, with a commitment to banish stereotypical portrayals of gender in advertising and all brand led content.	5.5 10.2
Launched unstereotype mindset to drive diversity and inclusion by promoting equal opportunities.	Our internal '#unstereotype – changing mindsets' campaign reached 82,000 employees.	10.2



WHAT WE HAVE DONE	OUTCOME AND IMPACT	SDG
Continued our focus on women's economic empowerment through access to initiatives aiming to promote their rights, develop skills and expand opportunities.	920,000 women reached in 2016. Launched 'Winning with Diversity' Award for suppliers to promote women's empowerment and inclusion in our extended supply chain (page 75).	5.1 5.5 8.5 10.2
In March 2017 published ' Opportunities for Women: Challenging harmful social norms and gender stereotypes to unlock women's potential '.	Hosted the inaugural panel session from the Seven Drivers Series focusing on women's economic empowerment as published by the UN's High Level Panel. The first debate, in partnership with Plan International, focused on breaking down barriers for girls and challenging gender stereotypes.	5.1 5.5 10.2



5.1 End all forms of discrimination against all women and girls everywhere.

5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.



8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.



10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.

Diversity and inclusion at the heart of our business culture

Our culture respects the contribution of all employees, regardless of gender, age, race, disability or sexual orientation. On 3 December 2016 we marked the UN's International Day of Persons with Disabilities with a series of initiatives to raise awareness and mobilise support for the inclusion of persons with disabilities. Also in 2016, we were one of 60 companies to endorse the proposed US federal Equality Act, which aims to protect LGBT people from discrimination in employment.

Removing gender barriers

We're committed to creating a working environment that promotes diversity and equal opportunity for all. That means working to eliminate discrimination of all kinds, including by gender, and building a culture that empowers people in our business and beyond.

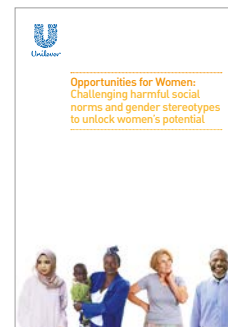
In 2017 we published a new report, '[Opportunities for Women: Challenging harmful social norms and gender stereotypes to unlock women's potential](#)', describing how our work within our business and through our supply chain, customer development function and brands is combined with thought leadership and advocacy with the aim of bringing about transformational change in society as a whole.

Equal pay

Unequal pay is a significant form of discrimination. Our commitment to equal pay is part of our [Framework for Fair Compensation](#), described in the Fair Wages section of this report; reducing the average pay gap between men and women is a crucial part of fair compensation.

We annually monitor our pay structures in each country to ensure we remain compliant with equal pay for equal work. However even

with equal pay compliance, there may still be an average pay gap between women and men in a country if there is unequal representation of gender in certain job types or in progression to senior roles. We are beginning to use average pay analysis in countries to help identify areas of gender representation inequality, to then target appropriate interventions.



Download **Opportunities for Women: Challenging harmful social norms and gender stereotypes to unlock women's potential**

Global Maternal Well-being

We have improved our support for working mums by introducing a new [Global Maternal Well-being Standard](#) including paid maternity leave of 16 weeks, flexible working, breastfeeding facilities and regular breaks for nursing mums and crèche services.

In 2016 we began a partnership with UNICEF to pilot two breastfeeding and daycare centres in our Kericho tea operations in Kenya. These provide training and education on child nutrition and form part of a wider collaboration with UNICEF under an Africa-wide memorandum of understanding to conduct research on workplace breastfeeding support.

“It was stressful thinking about my child back in the house while I went to work, but with the daycare, one is at ease knowing their child is receiving the best possible care.”

ALICE NYARANGI

TEA PLUCKER, KERICHO TEA PLANTATION, KENYA, UNILEVER

“The pioneering daycare and breastfeeding centres have steadily made progress in positively impacting the lives of women and their children. It’s a great model ready for others to use and replicate across communities in Kericho and beyond for a healthier, brighter future we are all proud of.”

NICHOLAOS YIANNAKIS

MANAGING DIRECTOR, UNILEVER TEA, KENYA



“We have come a long way in our support for working mothers. The launch of our Global Maternal Well-being Standard is further evidence of this. Together we will continue to create a supportive and nurturing environment for everyone at Unilever.”

ALINE SANTOS EXECUTIVE VP
GLOBAL MARKETING AND HEAD OF
GLOBAL DIVERSITY & INCLUSION,
UNILEVER



IMPROVING GENDER BALANCE IN OUR SUPPLY CHAIN

We want a business that is gender balanced in every function. We have identified our supply chain as an area of our business where we need to give greater focus to gender balance and diversity.

In our ice cream factory in Turkey, the leadership team has driven the diversity agenda and over 40% of blue collar employees at the factory are now women (up from 26% in 2015).

Creating opportunities for female technicians and engineers

In 2016–17, we ran a series of initiatives to raise the profile among undergraduate women of a career in engineering at Unilever – an area in which women are under-represented. Creating opportunities for women in expert areas such as engineering also helps to create opportunities for higher pay.

This initiative has run in our Tultitlán factory in Mexico, Valinhos factory in Brazil and Heilbronn site in Germany, and has included collaboration with WomEng and Williams Martini Racing. In Vietnam we are working with vocational schools and technical colleges to offer women scholarships or payment of their tuition fees after their graduation, including as part of a new Technical Career Development Programme. We believe this will help us achieve our goal of a 50/50 diversity-balanced new factory in the north of the country.



“In the past two years, we have doubled the number of female engineers, but we need to go much further towards true gender balance. We are driving initiatives across our supply chain to make both our culture and workplace more diverse and inclusive as this is vital to our success both today and into the future.”

MARC ENGEL CHIEF SUPPLY CHAIN OFFICER, UNILEVER

“Unilever was the first FMCG company to obtain official permission from the Labour Office to employ women. At the time – in 2003 – we recruited mainly into Marketing and CMI functions. Now, the factory gender diversity has jumped from 0% to 8%, for blue-collar workers and we are committed to increasing this to 25% by 2020.”

HESHAM ABDULWAHAB
HUMAN RESOURCES DIRECTOR,
UNILEVER, KSA

In a major move for our factory in Jeddah, Saudi Arabia, the first group of local women – 11 machine operators and one supervisor – have started working on the production line. This is in line with Saudi Vision 2030, which aims to increase women in the workforce from 22% to 30%, investing in skills development to improve their future career prospects, and help them contribute to the progress of society and the economy.

Financial Inclusion

A key element of fighting discrimination is through increasing financial inclusion. In partnership with the [UK Department for International Development](#) (DFID), the [Global Innovation Fund](#), [CDC Group](#) and others, we are working to support social entrepreneurs in Africa and Asia to reach 100 million people by 2025 with sustained improvements in health, livelihoods, environment and well-being. To date, we have made 19 investments which will positively impact over 9 million beneficiaries.

#UNSTEREOTYPE: addressing outdated stereotypes in advertising

Cultural norms and gender stereotypes remain formidable barriers. One of the major influences on how women and men are perceived is the perpetuation of unhelpful gender stereotypes in advertising – including, in the past, our own advertising. In June 2016, we launched our Unstereotype Initiative, a commitment to create more progressive and positive portrayals of people, especially women in our advertising and communications. Led by major brands such as Persil, Axe, Dove and Sunsilk, the initiative aims to address issues such as the fact that only 3% of industry wide advertisements feature women in managerial or professional roles.



“The time is right for us as an industry to challenge and change how we portray gender in our advertising. Our industry spends billions of dollars annually shaping perceptions and we have a responsibility to use this power in a positive manner.”

KEITH WEED
GLOBAL CHIEF MARKETING OFFICER,
UNILEVER



Watch Keith's five-minute interview with Forbes in Cannes from July 2017 here





Watch our YouTube video in Spanish made to celebrate **International Disabilities Day**

SEEING ALL ABILITIES IN MEXICO AND EGYPT

In 2012, Unilever Mexico started a partnership with the Mexican charity, *Ojos que Sienten* (Sight of Emotion) and the social enterprise, Capaxia, aimed at investing in the training and development of people with disabilities. Unilever Mexico has recruited 16 people with disabilities through a variety of channels, including working with universities and through social media to reach students with disabilities. A 'buddy' programme supports new recruits, and our Diversity team

continues to work with Capaxia to build an inclusive culture and change attitudes.

In Egypt we are working with young adults with mental disabilities and with workers who are visually impaired ('Project Nour'), creating an opportunity for them to sell our products direct to consumers. We've added a label in braille on all the products they sell containing the name, expiry date, usage and colour, also helping to differentiate between products with the same shape.

"The road hasn't been easy, as the investment in strategies and process requires time, creativity and commitment. Nevertheless, it is totally worth it. We have been able to learn about our strengths and weaknesses, and how to improve along the way."

GUILLERMO ALEJANDRO DI BELLA

MARKETING & CUSTOMER DEVELOPMENT HR BUSINESS PARTNER,
UNILEVER MEXICO

SUPPLIER SNAPSHOT

In one of our Central American suppliers, interviews during the audit identified issues of discrimination against pregnant female workers. The matter was treated as a Key Incident, leading to an investigation of the issue involving senior leadership at both Unilever and the supplier. The supplier agreed to address the issue directly with the workers in question, and followed this up by implementing a grievance mechanism for their workers and management, providing training on discrimination, and ensuring that people who reported it were safeguarded from any repercussions. We will follow up with the supplier on a regular basis.

FUTURE CHALLENGES: AND HOW WE WILL ADDRESS THEM

- Continuing disparity between women and men in leadership positions in our supply chain.
- Increasing threats to freedom of speech and the protection of rights in some markets where we operate.

We will: *Work to further improve opportunities and create an inclusive culture within Unilever while building a new talent pipeline.*

We will: *Create a continually more inclusive workforce in the communities where we operate by looking beyond gender to other areas of discrimination.*

Demonstrate leadership through advocacy.

OUR SUPPLIER AUDIT FINDINGS: DISCRIMINATION AND HARASSMENT

Data is taken from audit results relating to the RSP Fundamental Principle 3 – “All workers are treated equally and with respect and dignity”. Of the 2,084 sites audited, there were 833 non-conformances found relating to discrimination and harassment. The graphics show the distribution of these non-conformances where the supplier has not met the indicated minimum requirement.

The largest number of non-conformances occurred in the South East Asia and Australasia (SEAA) and Latin America regions, accounting for 57% of all non-conformances. Overall, 53% of non-conformances related to not having appropriate training in place to ensure that workers, staff and managers properly understand the RSP’s principles, while 24% of issues related to maternity protection, including policies and procedures for pregnant women in the workplace and ensuring that female workers returning to work are given equivalent positions. Most of the root causes of non-conformances were either a lack of local laws, or laws that are poorly understood and/or implemented.

Where local laws on discrimination and harassment are not always widely understood or observed, we have worked with suppliers to increase awareness and to put policies and training in place. We also support the establishment of effective grievance mechanisms to allow workers to report confidentially on issues without the fear of retaliation.

The number of resolved non-conformances improved from 78% to 93% from 2015 to 2016. This reflects our increased engagement in following up directly with suppliers.

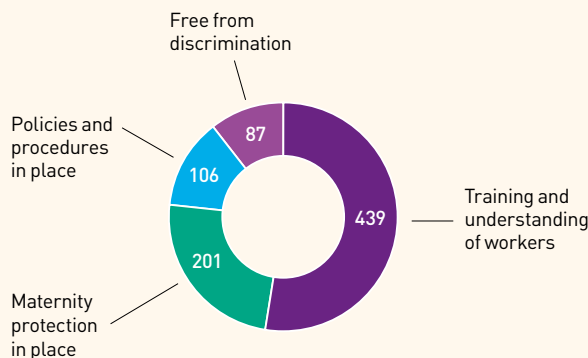
KEY DATA

833 non-conformances related to discrimination and harassment.

53% of non-conformances related to not having appropriate training in place.

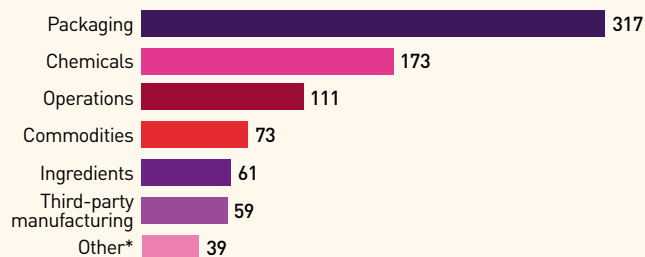
NON-CONFORMANCES VERSUS MANDATORY REQUIREMENTS

Numbers of non-conformances during 2015 and 2016.



NON-CONFORMANCES BY BUSINESS AREA

Issues recorded during 2015 and 2016, listed by business area.



*Third-party logistics 14, Marketing & business services 12, Capital expenditure & Maintenance 10, Tea 3

LOCATION OF NON-CONFORMANCES

Non-conformances during 2015 and 2016 by region.



See Appendix III: Network clusters and countries, on page 84, for a list of countries in each region, as classified by Unilever.

FAIR WAGES



For economic growth to be inclusive and sustainable, workers need to receive fair compensation.

Article 23 of the Universal Declaration of Human Rights states that everyone who works has the right to just and favourable remuneration, ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

PROGRESS HIGHLIGHTS

WHAT WE HAVE DONE	OUTCOME AND IMPACT	SDG
Developed a Framework for Fair Compensation and rolled it out across our business.	Brought forward our ambition that none of our direct (169,000) employees earn less than a living wage to end 2018. Identified 6,288 employees from 25 countries who were receiving less than a living wage in 2017 and put plans in place to remediate this.	8.5 10.1 10.4
Implemented a new Compensation Framework for Executive and Management level to further strengthen long-term commitment and continue to drive founder's mentality in all they do.	Implemented new Compensation Framework for 500 top Executives below Board level which will be extended to encompass 3,000 Managers in 2018.	10.4
Achieved accreditation from the Living Wage Foundation (UK).	Became a Living Wage Foundation Employer (UK - November 2015).	8.5 10.1 10.4
Members of Malawi Tea 2020.	Helped narrow the gap between current wages in the tea industry and a living wage by 20%. Potential model for use in other tea sourcing locations.	1.1
Signed the Obama Administration Equal Pay Pledge.	Supported country-wide change to reduce wage inequality.	10.3 10.4



1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day.



8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.



10.1 By 2030, progressively achieve and sustain income growth of the bottom 40% of the population at a rate higher than the national average.

10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.

10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.

Our Framework for Fair Compensation

Our [Framework for Fair Compensation](#) covers our own direct employees while our [Responsible Sourcing Policy](#) covers our suppliers and our [Responsible Business Partner Policy](#) our other business partners. We rolled out our Framework in 2016. It is applied globally and is underpinned by five principles (see graphic), which we aim to apply to all our operations by 2020.

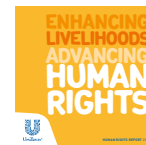
We have established an internal process to monitor progress.

Importantly, we respect the right to free collective bargaining, where workers so choose, as a means of establishing fair and agreed compensation frameworks.



“Our Framework for Fair Compensation has helped us set a course for achieving a living wage for all direct employees on our lowest pay grades by year end 2018 at the latest.”

PETER NEWHOUSE
EXECUTIVE VICE PRESIDENT
REWARD, HUMAN RESOURCES,
UNILEVER



Read about our [Framework for Fair Compensation](#), [Responsible Sourcing Policy](#) and our [Responsible Business Partner Policy](#) in our Human Rights Report 2015

Our living wage commitment

A living wage provides for a family's basic needs, for food, housing, education and healthcare as well as some discretionary income. We have continued our work with the independent [Fair Wage Network](#) and use their global living wage database to monitor our own operations. In 2015 we identified 37 countries with living wage concerns (amounting to just under 12,000 employees receiving less than a living wage). In 2016, through our annual global living wage assessments, we identified 34 countries where employees received less than a living wage, a total of 9,987. In 2016 we announced that we had set an ambition that none of our 169,000 direct employees would be below a living wage by 2020. In 2017 we had further reduced the number of our employees being paid below a living wage to 6,458 in 25 countries. We also bought forward our living wage ambition to 2018. This means that all employees should have sufficient guaranteed fixed earnings to be above a living wage.

We compile annual status progress reports against the standards of our Framework in each country, and where any employees are identified as below the living wage benchmark, put remediation plans in place to bring the fixed earnings above the benchmark by the end of 2018. One of our focus areas is the need for more data relating to rural/agricultural living wage levels, and we are discussing this with the Fair Wage Network and certification organisations.

Unilever became an accredited UK Living Wage employer in November 2015 and we are a founding member of [Mercer's Responsible Employer Forum](#), which aims to raise industry awareness on fair wage issues and share best practice on how multinational organisations can implement fairness in the workplace initiatives.

MALAWI TEA 2020: FIRST STEPS ON A LONG JOURNEY TO A LIVING WAGE

Wages and compensation do not exist in isolation in any economy. Products such as tea are traded on commodity markets, and the same supplier may supply many different customers. While we have significant influence in some supply chains, real progress on fair compensation can often only be made through collaboration with others – collaboration that seeks to improve wages while ensuring the market remains competitive and respects anti-trust rules.

In Malawi, where there are high levels of poverty and where average wages in the rural economy are significantly below living wage levels, we are members of the [Malawi Tea 2020 Coalition](#). It brings together producers, retailers, unions, NGOs and government agencies and is convened by Oxfam, the Ethical Tea Partnership, IDH (the Sustainable Trade Initiative), TAML (The Tea Association of Malawi) and GiZ (German Development Agency). Its aim is to revitalise the Malawi tea sector, including improving the livelihoods of tea workers.

In its first year (2016), Malawi Tea 2020 helped reduce the gap between the sector wage and living wage by 20%, following the first-ever collective bargaining agreement (CBA) between the tea industry and the Plantation Union (PAWU) – a significant step forward, especially combined with improvements in nutrition and the training of workers on their rights.

Tea sector wages are now around 50% higher than the average for rural workers in Malawi. But despite this rise, [tea workers still only receive around 57% of a living wage](#), and the rise that has been achieved so far is threatened by Malawi's inflation rate which has meant that the living wage gap did not close further in 2017. Malawi Tea 2020 has developed a [five-year roadmap](#) through which a range of programmes aim to deliver a thriving and sustainable tea sector.



Working to address average pay differences

A key element of our Framework for Fair Compensation is our commitment to no discrimination and the importance of equal pay for an equal job. We review our pay structures in each country through our annual Framework status updates to ensure compliance with our equal pay commitment.

As is the case in most businesses, we have historically seen proportionally more men progress to senior job levels compared to women, both from an overall global corporate perspective, and at a country level. Our analysis of the average pay gap between women and men both at the country level, and at the job grade level, helps us identify any areas of gender representation imbalance, such as in the types of jobs held by women compared to men. Job choices made can aid or limit opportunities for progression to senior roles. We use this information for targeted interventions to create more balanced gender representation where possible.

At the corporate level, our average pay gap between genders at our executive (most senior) level is 9.3%. Although lower than in previous years, this gap is primarily a result of our two highest-paid roles, CEO and CFO, being held by men. Length of service also contributes to the pay gap, with men typically serving longer. Similar analysis across our management levels shows the average pay gap between genders is less than 3.8%.

Within our non-management roles, 84% of employees are male. This reflects the global gender demography across our factories, with some factories in emerging markets employing few, if any, women, whereas factories in the developed, higher-paying countries often employ proportionally more women. Some of our work to create opportunities for women in technical, engineering, and production roles is described in the Discrimination section (see pages 20–25). Our analysis at a factory level has revealed no significant differences in gender pay within equal roles.



Read about our **Framework for Fair Compensation, Responsible Sourcing Policy** and our **Responsible Business Partner Policy** in our Human Rights Report 2015



EQUAL PAY

On 26 August 2016 (Women's Equality Day), we signed the Obama Administration Equal Pay Pledge. For our US business, this pledge means we will conduct an annual gender pay analysis, review hiring and promotion processes to reduce unconscious bias and structural barriers, and embed equal pay. In the UK, we actively support the Government's new Gender Pay Gap reporting requirements. These measures reaffirm our commitment to the advancement of women's economic inclusion as a business priority – see the [Opportunities for Women](#) pillar of our USLP for more details.



Mike Clementi, Vice President Human Resources, Unilever North America, outside the White House.

SUPPLIER SNAPSHOT

- An audit of one of our Turkish suppliers revealed inconsistencies between time records and production records, which meant normal and overtime working hours and payments could not be verified. To remediate this, the supplier organised additional training for staff on correct procedures, ensuring management oversight and control. This non-conformance was resolved and verified in a follow up audit, confirming that the back-pay had been paid to the workers.
- At one of our South American suppliers, we discovered that workers' social security contributions were not being correctly passed on to the government, even though they had been deducted from the workers' pay. We worked with both the supplier and the government to ensure that this was corrected and that the workers' contributions were correctly recorded, ensuring evidence of payment was provided for the outstanding amounts and as an ongoing practice. This action will safeguard the social security benefits for the workers.

FUTURE CHALLENGES: AND HOW WE WILL ADDRESS THEM

- Gender pay gap.

We will: *Step up how we address the issue of lower tenure for women and continue to report transparently.*
- Ensuring that a living wage is paid throughout our value chain despite rises in the cost of living.

We will: *By 2018, pay a living wage to all our global employees. Continue to work with our suppliers using an awareness-raising and capacity-building approach, starting with temporary labour providers.*
- Inconsistent legislation and verification procedures lead to an uneven playing field for businesses.

We will: *Advocate for stronger wage legislation to create a level playing field for business.*

OUR SUPPLIER AUDIT FINDINGS: FAIR WAGES

Data is taken from audit results relating to the RSP Fundamental Principle 6 – “All workers are paid fair wages”. We recorded a total of 2,039 non-conformances.

The Asian regions account for over 80% of the non-conformances and a third of all non-conformances related to fair and equal wages being paid to all workers. This includes the single most common audit finding, related to workers not being paid a premium rate for overtime work (15% of the underlying non-conformances). 23% of all non-conformances related to respecting the local legal requirements for compensation, and 17% to providing workers with clear and transparent information on what they were paid and any deductions which applied to them.

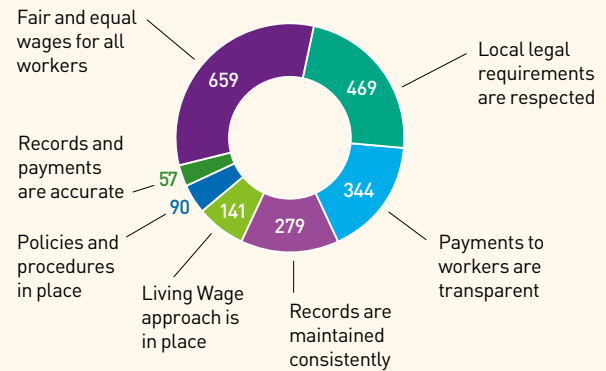
Where we find non-conformances to abiding by the local legal requirements, we treat them as Critical Incidents. Findings of evidence of falsification of records leading to incorrect payments are treated as Key Incidents.

We have worked with suppliers to help them better understand the legal requirements, including the requirement that minimum wage cannot be paid in kind. Since some suppliers were incorrectly including items such as subsidised food and shoes in minimum wage calculations, we worked to ensure suppliers corrected their wages calculations. This is an area that requires improvement and additional guidance.

In response to the findings, some suppliers replaced manual attendance procedures with automatic and bio-metric systems to remove the possibility of manual falsification of records. Where non-payment of wages had been found, suppliers both corrected procedures and ensured that the outstanding amounts were paid to the workers.

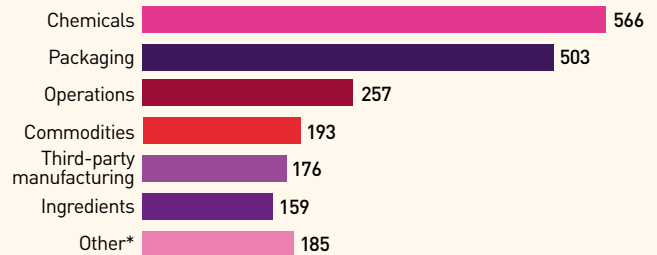
NON-CONFORMANCES VERSUS MANDATORY REQUIREMENTS

Numbers of non-conformances during 2015 and 2016.



NON-CONFORMANCES BY BUSINESS AREA

Issues recorded during 2015 and 2016, listed by business area.



*Marketing & business services 79, Capital expenditure & Maintenance 38, Tea 32, Third-party logistics 31, Re-packer 5

LOCATION OF NON-CONFORMANCES

Non-conformances during 2015 and 2016 by region.



KEY DATA

2,039 non-conformances related to fair wages.

15% of the underlying non-conformances related to workers not being paid a premium rate for overtime.

See Appendix III: Network clusters and countries, on page 84, for a list of countries in each region, as classified by Unilever.

FORCED LABOUR



Victims of forced labour are coerced or deceived into jobs which they cannot leave.

Millions of people move from place to place in order to secure their livelihoods, whether permanently, temporarily or seasonally. This labour without borders is poorly regulated and controlled. We recognise that there is a risk of forced labour occurring in global supply chains, including our own and particularly as we move into tier 2 (indirect) suppliers onwards.

PROGRESS HIGHLIGHTS

WHAT WE HAVE DONE	OUTCOME AND IMPACT	SDG
Published our UK Modern Slavery Act Statement .	Strengthened our efforts to eradicate forced labour by focusing on key geographies and commodities using actionable and time-bound frameworks.	8.7 16.2 16.3
As a member of the CGF we are driving the social sustainability ambition of eradicating forced labour from supply chains.	Supported the establishment of Three Priority Industry Principles and Action Framework (see page 34).	8.8 10.7
One of five companies to form the Leadership Group for Responsible Recruitment , which focuses on promoting ethical recruitment.	Progress towards removing the payment of recruitment fees across our business and extended supply chain. Promotion of ethical recruitment practices.	
Rolled out an internal training programme to raise awareness and build capacity including a series of internal webinars and updated guidance documents.	153 cross-functional employees initially trained in order to raise awareness and cascade learnings. Webinars being rolled out to each country by Integrated Social Sustainability team members.	8.7 8.8
Supplier training events in Turkey, Dubai, India, Bangkok and Malaysia.	Around 1,000 suppliers trained on eradicating forced labour and responsible management of migrant labour, including those in our extended supply chain. Dubai: 50% suppliers rated the session 4/5. India: 100% of attendees had a better understanding of responsible sourcing; 50% gave 4/5 stars to the training.	1.1 8.8 10.7



Download our [Modern Slavery & Human Trafficking Statement](#)



1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day.



8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.



10.7 Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies.



16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children.

16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all.

Human Trafficking and the Modern Slavery Act

We identified forced labour and human trafficking as a salient issue for our business in 2014. Since then, we've included guidelines on preventing forced labour and human trafficking in our policy framework, including our Human Rights Policy Statement, our Code of Business Principles, our Respect, Dignity and Fair Treatment Code Policy, our Responsible Sourcing Policy and our Responsible Business Partner Policy.

Our UK Modern Slavery Act Statement explains the steps that we have taken to prevent, detect and respond to slavery and human trafficking within our business and throughout our supply chain. It was endorsed by our CEO and agreed by the Unilever Leadership Executive (ULE), and approved by both our English and Dutch Boards. It includes a roadmap to strengthen our efforts, which has now been deployed.



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

On Monday 23 October 2017 our CEO hosted an event 'Tackling Modern Slavery' at our London head office for around 100 people including experts, guests, the Unilever Leadership Executive and Senior Management with the aim of increasing our understanding of the role that all of us need to play in eradicating modern slavery from global supply chains.

Collaborative action involving business is vital

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

At the OSCE Prevention of Trafficking in Human Beings for Labour Exploitation in Supply Chains conference (Berlin, September 2016), we joined a panel of industry leaders in agreeing that businesses with shared supply chains should act collectively to address issues, and that business as a whole would welcome greater harmonisation of regulations across jurisdictions.

In 2016 we were one of five companies to form the [Leadership Group for Responsible Recruitment](#), which is facilitated by the [Institute for Human Rights and Business](#). The Leadership Group focuses on promoting ethical recruitment – the 'employer pays' principle, specifying that no workers should pay for a job – and combating the exploitation of migrant workers.

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

MARC ENGEL
CHIEF SUPPLY CHAIN OFFICER,
UNILEVER

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

Refugees are particularly vulnerable to forced labour as they can often fall victim to abusive conditions, including in the informal economy. We believe that [business has a strong role to play in tackling the refugee crisis](#), including bringing refugees into the formal sector.

As part of Vaseline's brand purpose to help heal the skin of 5 million people living in poverty or crisis by 2020, we launched the [Vaseline® Healing Project](#) in partnership with Direct Relief. The project sponsored several dermatological missions providing skin health treatment to people on the frontline. Two of these missions were implemented in refugee camps in Jordan, where an estimated 1,500 patients were treated. And through our partnership, Direct Relief has shipped almost 10,000 units of Vaseline products to help Syrian refugees in Greece and Jordan.

In 2017, our Ben & Jerry's brand launched a campaign in partnership with the [International Rescue Committee](#) (IRC), Together for Refugees, to ask citizens to come together and support policies that create a safe and legal framework to settle those who've been uprooted. The campaign encourages people to call on European political leaders to pass a legislative framework that would give the most vulnerable refugees a safer future and a chance to rebuild their lives.

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

ANNEMARIEKE DE HAAN
GENERAL MANAGER, UNILEVER MALAYSIA AND SINGAPORE



RECENT WORK BY THE CONSUMER GOODS FORUM

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

WORKING WITH SUPPLIERS IN AT-RISK REGIONS

2016: We invited 155 Turkish suppliers to join our first virtual and interactive supplier event. Topics were selected from the key non-compliances our audits had found in the region, including working hours and wages. Migrant labour was a focus of the training, reflecting conditions in Turkey. Tailored Business Integrity training was also delivered.

March 2017: We co-sponsored a Responsible Sourcing Supplier Event with peer companies, organised by AIM-PROGRESS, in Dubai. Our regional executive vice president gave a virtual welcoming address emphasising the critical role our suppliers play and the opportunity the event presented to share best practice on the eradication of forced labour. This included supplier testimonials and workshops focusing on migrant workers, recruitment, passport retention and housing. Further supplier training took place in 2017 in India, Thailand and Malaysia where Annemarieke de Haan, General Manager, Unilever Malaysia and Singapore, gave the opening address.



AIM-PROGRESS Members host Supplier Forum in New Delhi, India.

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

SANJIV KAKKAR
EXECUTIVE VICE PRESIDENT, NAMET RUB, UNILEVER



Responsible Sourcing Supplier Event with peer companies, organised by AIM-PROGRESS, in Dubai.

SUPPLIER SNAPSHOT

It is a fundamental principle of our Responsible Sourcing Policy that work is conducted on a voluntary basis. The mandatory requirement of this fundamental principle is that “Workers are not required to surrender their identification papers. Where the retention of identification papers is legally required, arrangements are made to ensure that workers can access their identification papers, are not prevented from leaving the workplace and that their papers are returned upon cessation of employment.”

- In 2017, we identified that a Saudi Arabian supplier was withholding workers’ passports in contravention of the new national laws. Our Social Accountability team spoke to the supplier and they agreed to provide the workers with a letter, in the workers’ own languages, to ensure the management and workers understand and agree that providing their documents was on a voluntary basis and only for safe keeping. A process was then put in place to ensure that any worker could have their documents returned to them (for any reason) within 24 hours, and without requiring the request to be routed through their line manager.
- In 2016, we found a Malaysian packaging supplier was holding the passports of 361 foreign employees (349 Nepalese and 12 Pakistani) in a single safety box. We raised the issue with the supplier. The supplier agreed to return the passports to the workers for their own safekeeping.

To respond to cases such as these we have provided suppliers with specific guidance regarding the retention of passports or other items of value. As the different approaches in our snapshots show, the context varies between cases and there will not necessarily be a single best solution. We work directly with suppliers to find solutions that address the root cause and safeguard the fundamental principle of freedom of movement through workers’ possession of and/or access to their own documents.

FUTURE CHALLENGES: AND HOW WE WILL ADDRESS THEM

- Global workforce crossing borders in search of safety and economic security will be more vulnerable to exploitation.

We will: *Continue to take a leading role in industry collaboration, advocacy, awareness and capacity building.*

Implement responsible recruitment best practices including the elimination of worker employment fees.

Continue to build supplier capacity, leading a further three training events in 2018.

Pilot innovations to better identify forced labour and strengthen worker grievance mechanisms.

Report regularly on progress.

**FORCED LABOUR
IN THE PRIVATE
ECONOMY
GENERATES**

**\$150
BILLION**

**IN ILLEGAL
PROFITS
EACH YEAR**

SOURCE: ILO

OUR SUPPLIER AUDIT FINDINGS: FORCED LABOUR

Data is taken from audit results relating to the RSP Fundamental Principle 4: “Work is conducted on a voluntary basis”. There were 272 non-conformances identified.

Over 70% of the non-conformances were from the Asian regions. Overall 44% of the findings of forced labour related to lack of policies and procedures in place. However, there were 70 cases (26% of non-conformances) of issues relating to indicators of possible forced labour and modern slavery, and another 39 cases (14% of suppliers) requiring deposits and fees from their workers which would effectively stop a worker from being able to leave the employment.

There were 24 cases (9% of non-conformances) of workers’ identification documents being retained by suppliers, which is considered as a Key Incident. These were escalated to Vice President level to ensure appropriate actions were taken. We conducted an in-depth investigation into each case and put a corrective action plan in place and verified remediation.

In those regions at highest risk we asked our auditors to focus on the identification of forced labour. We also provided additional written guidance for Unilever Procurement in order to drive awareness and understanding of this issue, and to present best practices to avoid issues leading to modern slavery and forced labour.

KEY DATA

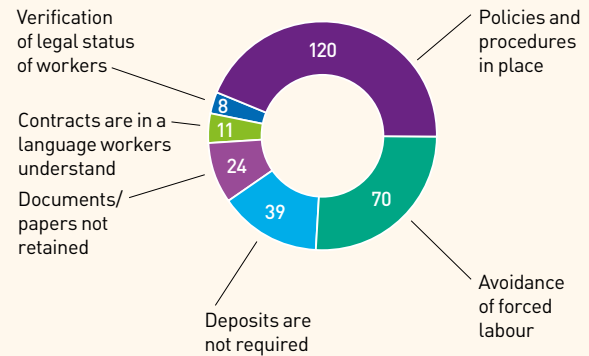
272 non-conformances related to forced labour.

44% of non-conformances related to lack of policies and procedures in place.

24 cases of workers’ identification documents being retained by suppliers.

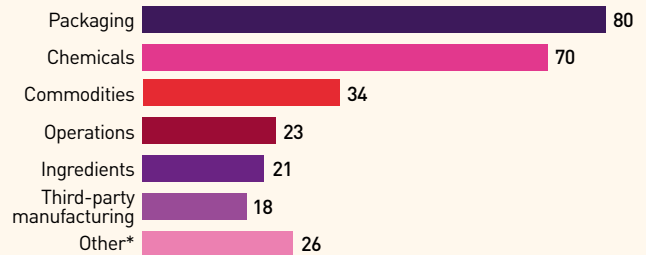
NON-CONFORMANCES VERSUS MANDATORY REQUIREMENTS

Numbers of non-conformances during 2015 and 2016.



NON-CONFORMANCES BY BUSINESS AREA

Issues recorded during 2015 and 2016, listed by business area.



*Third-party logistics 12, Capital expenditure & Maintenance 6, Tea 6, Marketing & business services 2

LOCATION OF NON-CONFORMANCES

Non-conformances during 2015 and 2016 by region.



See Appendix III: Network clusters and countries, on page 84, for a list of countries in each region, as classified by Unilever.

FREEDOM OF ASSOCIATION



The combination of globalisation and digitalisation has transformed the world of work for many millions of people.

In the context of trade unions, freedom of association means that workers are able to form and/or join trade unions of their choice and to bargain collectively. Many traditional roles are threatened or obsolete as automation and gig economy business models multiply. While many of these trends may create new opportunities within economies, it is critical that they should not result in the loss of employee rights, including the right to freedom of association. On the contrary, we see this as an opportunity to embed fundamental principles into these new models.

PROGRESS HIGHLIGHTS

WHAT WE HAVE DONE	OUTCOME AND IMPACT	SDG
Continued to ensure respect of freedom of association and collective bargaining as fundamental principles of our internal and external Code Policies.	75% of our blue-collar workers are covered by an independent trade union or collective bargaining agreement.	8.8
Signed a joint commitment with the IUF and IndustriALL on preventing sexual harassment.	Our supply chain organisations in every region have either completed or are in the process of implementing the joint commitment.	8.8
Focused on temporary labour, carried out a survey to monitor the number, roles and terms and conditions of temporary workers. Initiated work to reduce the number of temporary labour recruiters in order to drive better practices.	Created an enhanced vetting process for temporary labour recruiters and clear policy on terms and conditions; brought temporary labour in-house, for example, 140 former temporary workers in our factory in Nairobi, Kenya.	8.8



8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

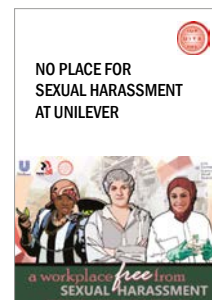


16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all.

NO PLACE FOR SEXUAL HARASSMENT AT UNILEVER

In 2017, the IUF produced a booklet entitled 'No Place for Sexual Harassment at Unilever' to help its members understand the role of workers, unions and management in preventing sexual harassment in the workplace. This followed the joint commitment signed by Unilever, IUF and IndustriALL in January 2016, one of the outcomes of the Unilever/IUF and IndustriALL working group on diversity. In 2017 each of our regional supply-chain organisations had completed, or was in the process of, reviewing existing policies, contacting the local trade union, carrying out an awareness

programme, and implementing the joint commitment. Jointly produced posters in various languages have been made available to every site and a range of local awareness initiatives introduced. Examples include Australia, where all HR employees and leaders have completed training on how to complete a full and fair investigation into bullying and harassment (including sexual harassment). In sites in America, training decks have been used during worker shift change and safety talks, and we have set up joint management and union committees.



Download
No place for
sexual
harassment
at Unilever

Working with trade unions

We have both formal and informal consultations with unions. Formal consultations are in addition to the day-to-day interactions our leadership teams have with union representatives in the factories, and regional and global consultations we have with trade union executives.

We conduct a biannual consultation forum with the [IUF](#) (International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations) and [IndustriALL](#), a face-to-face engagement between our senior industrial relations leaders and IUF leadership. Via its affiliates, the IUF represents over 10 million workers, including thousands of our employees.

These discussions allow us to communicate directly with our trade union partners and set the tone for how we expect local management teams to interact with local trade unions. Worker representatives discuss local and global rights issues which then can be addressed by our senior team; these discussions also give us a platform to communicate our own business context, and new policies and programmes that impact workers. We discuss rights issues in our own operations, in joint ventures, and involving our suppliers. We also focus on our key commodities such as palm oil and tea, and particularly on working conditions for women in those sectors.



Working groups on sustainable employment and diversity

Temporary labour gives our business vital flexibility, particularly in times of peak production (such as seasonality); in time of transition; where there is a need to fill a specific skills gap; or periods of high absenteeism, for example due to long-term sickness. However, an excessive use or normalisation of temporary labour, particularly when provided by third-party agencies, can potentially deprive workers of their due protection and rights.

Direct employment is a fundamental basis for a stable, engaged and skilled workforce and conducive to a positive labour relations environment, and in our 2015 report we explained our commitment to mitigating the 'casualisation' of labour within our workforce where possible.

Our working group with the IUF on Sustainable Employment has helped increase mutual understanding, both of why we use temporary workers and of the challenges that 'casual' workers may face in our operations. This has led to our increased focus on the terms and conditions under which temporary workers are hired, by

“The effective eradication of endemic issues in value chains starts with respecting and advancing fundamental labour rights.”

RACHEL COWBURN-WALDEN
GLOBAL DIRECTOR, HUMAN RIGHTS STEWARDSHIP,
INTEGRATED SOCIAL SUSTAINABILITY, UNILEVER



Read about our **commitment to mitigating the 'casualisation' of labour** in our Human Rights Report 2015

whom they are hired, and where they are hired. We began a survey of our factories in December 2016 to monitor the numbers of temporary workers and their roles, types of contracts, gender balance and overall terms and conditions. We included a focus on any use of migrant labour because we are aware that migrant workers can be particularly vulnerable. Migrant workers were present in 23 out of 306 factories and we are reviewing their working conditions in line with best practice guidance. Where factories reported a high use of temporary labour, we carry out further analysis, including in some cases on-site assessments, to understand how and why temporary labour was employed. In 2017 we shared the first year-on-year comparison of the numbers of temporary workers in our factories. We are formalising our processes with regard to temporary labour, highlighting our sustainable employment and diversity core principles and our desire to mitigate the casualisation of our workforce.

Third-party labour providers

We want to gain greater control over the terms and conditions of third-party contracted labour at our factories, and we are reducing the number of our recruiters where market conditions allow, while focusing on those that have better practices in place. Local market practices play a part in this: we use very limited numbers of labour provider contractors in North America, Europe and South America, but larger numbers in Asia and Africa.

Third-party labour remains an area of concern, particularly the differing labour conditions and compensation terms sometimes offered by labour agencies to their staff, and the lack of proper government vetting of agencies. Part of our approach includes converting temporary workers to directly employed Unilever workers, for example in our factory in our Cu Chi, Vietnam, where we are also identifying women contract workers whose

opportunities we can increase through on-the-job training and vocational education. The fact that women contract workers were not applying for directly employed Unilever positions was referenced by Oxfam in the progress update of their 2013 report [Labour Rights in Unilever's Supply Chain; From compliance to good practice – see page 14].

Freedom of association in our extended supply chain

One of the fundamental principles of our RSP mandatory requirement is that all workers are free to exercise their right to form and/or join a trade union of their choice. We ask our suppliers to ensure that their key policies on hiring, promotion and termination do not inhibit trade union membership or activity, and to ensure that legally binding collective bargaining agreements are honoured.

SUPPLIER SNAPSHOT

The audit at a global service company's North America site found that the site did not recognise trade unions or endorse workers joining unions. The supplier refused to allow the audit team to interview workers on the subject because of concerns that it would be divisive.

- After discussions with Unilever, the supplier changed its policy to allow trade unions and to guarantee no retaliation against workers who joined these unions.

FUTURE CHALLENGES: AND HOW WE WILL ADDRESS THEM

- Weakening worker representation in some markets.

We will: *Continue to engage constructively with our trade union partners and implement the right to freedom of association and collective bargaining as mandated in our RSP for all our suppliers.*

- Increasing pressure and insecurity for human rights defenders including trade unionists.

We will: *Continue to take a leadership position on advancing human rights issues globally.*

OUR SUPPLIER AUDIT FINDINGS: FREEDOM OF ASSOCIATION

Data is taken from audit results relating to the RSP Fundamental Principle 8: “All workers are free to exercise their rights to form and/or join trade unions and to bargain collectively”. There were 747 non-compliance issues identified.

Over 60% of the non-conformances were observed in the Asian regions. Overall 52% of non-conformances related to not allowing the proper establishment and organisation of workers’ councils, or respecting the output of those councils. A further 26% of cases related directly to freedom of association in regard to not allowing the establishment of unions and not having training of managers and supervisors to respect the right to have unions.

These audit findings resulting in non-conformances and critical incidents required the supplier to create an action plan to remedy the issues, which must be confirmed through a subsequent follow up audit. These actions included developing, training and communication of policies that allowed the formation of workers’ unions, as well as ensuring the agreed outcomes of those unions’ meetings were documented and addressed by senior management.

KEY DATA

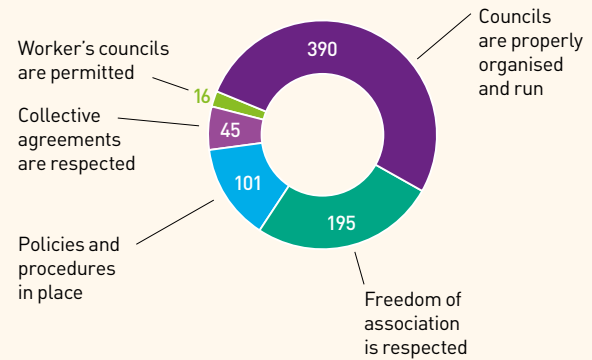
747 non-conformances related to freedom of association.

52% of non-conformances related to not allowing establishment of workers’ councils.

26% of non-conformances related to not allowing the establishment of unions.

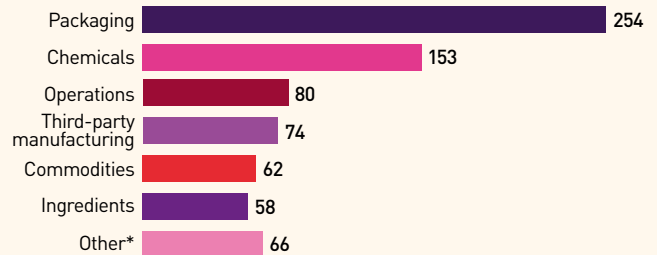
NON-CONFORMANCES VERSUS MANDATORY REQUIREMENTS

Numbers of non-conformances during 2015 and 2016.



NON-CONFORMANCES BY BUSINESS AREA

Issues recorded during 2015 and 2016, listed by business area.



*Marketing & business services 36, Third-party logistics 15, Capital expenditure & Maintenance 8, Tea 7.

LOCATION OF NON-CONFORMANCES

Non-conformances during 2015 and 2016 by region.



See Appendix III: Network clusters and countries, on page 84, for a list of countries in each region, as classified by Unilever.

HARASSMENT



Harassment has no place in the culture of respect that we want to exist in our workplaces and value chain.

Our Code of Business Principles and Respect, Dignity and Fair Treatment Code Policy make clear that we have zero tolerance for harassment.

PROGRESS HIGHLIGHTS

WHAT WE HAVE DONE	OUTCOME AND IMPACT	SDG
<p>Ensured harassment concerns are raised and addressed in the most appropriate and prompt manner. Rolled out new internal guidelines in May 2017 and clarified to whom employees can turn to for support through new learning materials. Further internal communication (Q4 2017) to re-affirm our zero tolerance stance against harassment of any kind and speak up options shared.</p>	<p>Provided rapid assistance when incidents occur to create a safe environment for all employees. Conduct that amounts to a breach of our Code Policy on Respect, Dignity and Fair Treatment may result in dismissal, regardless of seniority. Some Unilever employees were terminated in 2017 where their behaviour fell significantly short of the high standards we mandate.</p>	5.2
<p>Agreed a Global Partnership Framework with UN Women EVAW (Ending Violence Against Women).</p>		
<p>– Reviewed the measures we have implemented in Kenya since 2013 to improve the safety of women and girls who live/work on our plantation or on smallholder farms.</p>	<p>Set new priorities for the next two years with input from stakeholder consultations with 63 women and 57 men working/living in our Kericho plantation and 10 women smallholders as part of a progress review (October/November 2016).</p> <p>We continue to pursue opportunities for further collaboration within the tea industry e.g. expansion in Africa and into India.</p> <p>Further stakeholder consultations (98 people) leading to a programme design workshop involving 35 people. Four gender dialogue sessions targeting smallholders reaching 136 people (78 men, 58 women).</p> <p>Gender responsive, locally relevant and owned interventions identified. Favourable social norms, attitudes and behaviours promoted at community and individual levels to prevent Violence Against Women.</p> <p>Prevention strategies and action plans in line with international human rights standards developed and implemented by UN and national and local actors in a coordinated manner.</p>	5.2
<p>– In India (Assam), we are developing strategies and action plans to prevent violence against women in line with international human rights standards, and promoting favourable social norms, attitudes and behaviours at community and individual levels.</p>	<p>Awareness raising sessions with 169 women and adolescent girls.</p> <p>Multi-site scoping study conducted by UN Women in six estates involving 140 people (95 women and 45 men).</p> <p>Participatory programme design workshop (July 2017, UN Women), involving 42 multi-sector stakeholders including women agents of change (31 women, 11 men).</p> <p>Favourable social norms, attitudes and behaviours are promoted at community and individual levels to prevent VAW.</p> <p>Prevention strategies and action plans in line with international human rights standards developed and implemented by UN and national actors in a coordinated manner.</p>	5.2



WHAT WE HAVE DONE	OUTCOME AND IMPACT	SDG
Launched the Kings and Queens Clubs (KQs) in schools in partnership with the Gender Violence and Recovery Centre (Kenya).	10 Kings and Queens Children Clubs established in 2017 in the plantation covering both Bomet and Kericho counties. 10,000 employees involved in our #BeBoldForChange campaign in Unilever Tea Kenya, challenging violence against women. 8,000 students reached with anti-SGBV (sexual and gender-based violence) messages. Increased understanding of SGBV and reporting of cases by children. Peer education among students.	5.2
Worked with the IUF and IndustriALL to prevent sexual harassment.	See page 38.	8.8



5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation.



8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

Addressing sexual harassment

Harassment and bullying have severe effects on victims and on the workplace generally. We prohibit sexual harassment in the workplace and any concerns reported and substantiated will result in disciplinary and corrective action. While some situations are best handled as HR grievances, many harassment concerns flagged lead to an independent investigation by our Business Integrity team. We know, however, that simply stating a policy does not resolve an issue that is, in many places, deeply ingrained.

Beyond enforcement, therefore, we focus on two broad areas: raising awareness by promoting gender sensitivity, and ensuring that we have an effective and trusted grievance mechanism.

In our tea plantations, for example, welfare assistants support business managers to implement our safety programme for women, boys and girls, leading training on gender and other related topics, with 100% of employees trained on sexual and gender-based violence and related topics every financial year. 100% of affected

individuals and families are provided with psycho-social support, including counselling, grievance handling and monitoring. We have formed plantation committees comprising welfare, business integrity, security and legal representatives. This has improved information-sharing and helped us to address the root causes of issues by taking a holistic approach and sharing lessons.

In 2016 we [shared the findings](#) of a survey of 9,000 people in eight countries, including the fact that 67% of women feel they are pressured to simply “get over” inappropriate behaviour.

“Since starting training on conflict resolution, I have learnt how to interact better with people as well as learning how to resolve family disputes. My leadership skills have improved and I’m now more confident to face any challenges, both at work and in my personal life.”



LORNA KIGET
WELFARE TEAM
LEADER, KERICHO
TEA PLANTATION,
KENYA, UNILEVER



Read more about our work on **addressing sexual harassment** in our Human Rights Report 2015

EMPOWERING WOMEN TO ADDRESS SEXUAL AND GENDER-BASED VIOLENCE

In 2016, we ran a series of initiatives in Kenya which built on our longstanding efforts to address sexual and gender-based violence. The Kings and Queens Clubs (KQs), launched in schools in partnership with the Gender Violence and Recovery Centre in Nairobi, aim to empower girls and boys in all 22 schools sponsored by Unilever Tea Kenya by providing a supportive environment where children can participate in debates, sports and talent showcasing and champion child protection initiatives. We also began work with the Digital Opportunities Trust to enhance entrepreneurial, ICT and life skills among young people, and introduced compulsory sexual and gender-based violence and sexual harassment modular training for our contractors. Security lights have been mounted in strategic positions in our plantation villages, and solar lights installed in all houses with no electricity. Of 302 respondents sampled, 99% said they felt safe after the security lights were installed.

“USINI TOUCH, USINI HARASS”

Usini touch, Usini harass (‘don’t touch me, don’t harass me’) was one of the messages brought home by our marking of International Women’s Day on 8 March 2017 at Unilever Tea Kenya (UTK). As part of our #BeBoldForChange campaign, events across UTK aimed to build awareness and engagement from both men and women, and involved over 10,000 employees. A key focus was to encourage people to challenge the normalisation of violence against women and to support positive change.

Through our membership of the Gender Empowerment Platform in Kenya, we are working with IDH to exchange best practices and learnings with the wider tea industry. We are taking these learnings to our tea plantation in Mufindi, Tanzania where UNICEF led training on child protection to 89 people including Balozi (village leaders), security supervisors, teachers and Unilever management. Local teenage girls and boys also created a song around combating violence against women and the importance of respecting human rights. We are also using diverse ways of awareness creation. In Tanzania, football, netball and long distance running are used to create awareness on issues including child protection, gender-based violence and human rights.





UN WOMEN

In 2016, UN Women ERAW (Ending Violence Against Women) and Unilever agreed a Global Partnership Framework on women's safety. UN Women are carrying out a progress review of our women's safety programme in our tea plantation in Kericho, Kenya and are advising on behaviour and social norms change interventions, including working with smallholder farmers. This is strengthening the Safety for Women and Girls programme so that it can be adapted to other countries and regions. We are taking these learnings to expand this work to India with a new programme in Assam aiming to prevent and respond to gender-based violence, including sexual harassment in tea estates and surrounding communities. We do not own tea estates in Assam and therefore will be working with our suppliers.

“My daughter participates in the mentorship programme. She has been taken through career opportunities, and came home and said she wants to be a member of Parliament.”

FEMALE WORKER
UNILEVER ESTATE, KERICHO, KENYA

“Women are tea plucking in the morning, they are then tending to the house chores, and late in the evening they fetch water or wood. The risk of sexual violence is high.”

FEMALE SMALLHOLDER
UNILEVER TEA SUPPLY CHAIN

FOCUS ON ASSAM

Though they make up half the six million-strong Assam tea industry, women are often barred from promotional opportunities as men dominate better-paid clerical and managerial positions in the plantations. The crucial labour-intensive task of plucking tea leaves is often performed by women, who are often subjected to violence and further denied their rights by the absence or inadequacy of grievance mechanisms and safe spaces.

Many plantation estates do not have women's associations or collectives to help them advocate for their rights and access entitlements. This new Safety for Women and Girls programme aims to empower women and girls socially, economically and politically as part of freeing them from violence. This involves the development and implementation of evidence-based and human rights-based violence prevention programmes aimed at women smallholders and plantation workers in our extended supply chain in Assam.

In 2017, a new partnership was established in Udalguri District, Assam, between Unilever, UN Women and our supplier McLeod Russel. It builds on existing initiatives to strengthen women's rights in the tea estates such as

mothers' clubs and adolescent girls' clubs and is focused on six estates and smallholder farms.

The programme adopts a step-by-step participatory approach involving business, government, women workers, farmers, young people, civil society, UN agencies, and other partners, so that it can be adapted to the needs and aspirations of the local community.

This work has included reviewing existing mechanisms to ensure women's safety such as the required procedures put in place by McLeod Russel to prevent and redress sexual harassment, awareness raising sessions, and a scoping study to map out existing initiatives and partners with expertise in this area. Informed by the results of the scoping study, UN Women held a two day participatory design workshop in Assam which included representatives from the Indian tea industry, tea producing companies and local and international NGOs. Twenty women workers who are also members of mothers' clubs participated.

Our findings from this work will help us to create a sustainable model that we will extend to the wider tea industry and other commodities and countries.



“In addition to mothers' clubs, we must have a forum of women to freely discuss issues of women's safety and improve our skills to help us increase our income.”

FEMALE TEA PLUCKER
TEA ESTATE, ASSAM



PHOTO: SALINA WILSON/UN WOMEN

“There cannot be real inclusion if women are subject to harassment. We have a duty to use our influence to expose and drive out intolerable behaviours and work together to promote a respectful environment.”

MARCELA MANUBENS
GLOBAL VICE PRESIDENT,
INTEGRATED SOCIAL SUSTAINABILITY,
UNILEVER

OUR SUPPLIER AUDIT FINDINGS: HARASSMENT

Findings by our supplier audits of non-conformances with regard to harassment are included in the table in **Discrimination** (see page 25). We have grouped them together because findings relating to harassment and discrimination are part of adherence to our fundamental principles 3 – “All workers are treated equally and with respect and dignity”.

SUPPLIER SNAPSHOT

During an audit of a supplier in Mexico, workers reported in interviews that some members of the management were being coercive and intimidating.

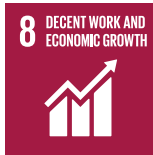
- We carried out a further assessment and found that although there had been some process and management practice changes since the audit, workers were still being subjected to sexual and verbal harassment by supervisors. This case was immediately escalated to our Social Accountability team and onward to the respective Procurement Vice President. The supplier engaged at the level of the company President and General Manager to support a process that included an investigation of all allegations, remediation, and training of all supervisors. As a result of the investigation, a supervisor was dismissed. The supplier will now focus on setting up proactive engagements with workers on gender equality and women’s rights, and the effective implementation of a confidential grievance mechanism. The supplier and Unilever have agreed to regular quarterly reviews of progress against these remediation efforts.

FUTURE CHALLENGES: AND HOW WE WILL ADDRESS THEM

- Harassment remains an ongoing challenge. Women and other vulnerable workers, such as migrants are moving regionally and across borders at increased risk.

We will: *Continue to work with expert organisations such as UN Women, trade unions and industry and other partners, to further strengthen our work. By 2019, publish our Global Framework on Safety for Women. Continue to roll out our safety programme to other locations.*

HEALTH AND SAFETY



The right to a safe and healthy work environment is non-negotiable.

VISION ZERO

ZERO FATALITIES; ZERO INJURIES; ZERO MOTOR VEHICLE ACCIDENTS; ZERO PROCESS INCIDENTS; AND ZERO TOLERANCE OF UNSAFE BEHAVIOUR AND PRACTICES.

PROGRESS HIGHLIGHTS

WHAT WE HAVE DONE	OUTCOME AND IMPACT	SDG
Launched 'Safety as a core value: Being a responsible safety leader' programme	Delivered e-learning to 500 Unilever Senior Leaders in all markets, including CEO.	8.8
Continued to build capability on safety of manufacturing leaders, engineering and technical teams in supply chain.	BeSafE Programme rolled out to 500 sites including offices and distribution centres. Improved safety knowledge and skills in manufacturing including certificate driven education.	8.8
Strengthened safety standards across our operations and used technology innovation (such as drones) to improve construction safety.	Deployed an enhanced set of safety standards for all engineering projects in 2015; expanded to all supply chain operations in 2016 and further broadened to all construction type of activities. Our North America engineering team developed an app that permits rapid audit of construction activities and sharing of concerns and best practices.	8.8
Implemented a global ban on the use of hand-held/hands-free phones while driving on company business.	Applicable to both employees and anyone driving employees, this ban intends to reduce the risk of road traffic accidents involving our employees.	3.6
Launched our Safe Haven project for truck drivers (USA).	28 sites in 2016 providing truck drivers with spaces where they can park safely overnight.	3.6
Organised a 'health and safety blitz' event for lorry drivers (Brazil).	104 drivers attended the training in Brazil.	



3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents.



8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

"We are transforming safety with our 'Vision Zero' programme. Some of our factories have already achieved this and we are motivating and inspiring each one to get the job done. Safety doesn't stop at our factory boundaries. Another key pillar of our work is road safety. With more traffic on the road and driver stress-levels increasing, safe travel is vital."

REGINALDO ECCLISSATO
EXECUTIVE VICE PRESIDENT,
SUPPLY CHAIN AMERICAS,
HEAD OF SAFETY, UNILEVER

Safety: a non-negotiable priority

For a safety culture to be effective, it must be a shared responsibility. In 2015 we put new measures in place to create an interdependent safety culture which integrates behaviour, consideration for others, commitment and accountability. In 2016 we pressed ahead with adding capability and focusing on leadership responsibility and education. In 2017 our new mandatory e-learning 'Safety as a core value: Being a responsible safety leader' targets senior leadership in all markets, including our CEO.

A key focus continues to be machinery safety including the further reduction of hand injuries. We measure accidents in our factories and offices using our Total Recordable Frequency Rate (TRFR), which counts all workplace injuries except those requiring only simple first aid treatment. This was 1.01 per million hours worked in 2016 and 0.9 in 2017 (measured 1 October 2016 to 30 September 2017 – unaudited). This improvement was driven by our BeSafe behavioural programme and our World Class Manufacturing (WCM) methodology. It also meets the target set in our USLP, which was to halve the 2008 TRFR of 2.10 in our factories and offices by 2020, which was first achieved in 2013. However, we will not settle for any rate while accidents are still occurring, and we continue to pursue our Vision Zero strategy.

Hardwiring safety into our processes

One of our key focus areas is Process Safety – put simply, how to make production processes hard-wired for safety.

Benchmarking our performance and systems against industry peers and leaders is critical to making a success of our process safety programme. We regularly

share best practices across sites and countries to ensure learnings are deployed rapidly. We are also partnering with some of our key suppliers as part of our 'Safety to Win' programme.

Construction safety

We have begun conducting task- and risk-specific training, employing subject matter experts as well as the latest virtual methods to reach even the most far-flung country teams. This innovative approach enables our project audit process, project leader training and standard review methodology to complement each other better – and drive out construction incidents.

Safe travel

We have a responsibility to ensure that our employees keep themselves, and the public, safe when they are on the road.

In July 2015 we implemented a mandatory global ban on the use of hand-held and hands-free phones while driving on company business (also known as 'Motor On, Mobile Off'). We have also further enhanced our Safe Travel programme to address the findings from post-accident investigations, which in some cases identified driver failure to adhere to the requirements of our Safe Travel in Vehicles standard as a significant factor.

In 2016, we created a Safe Travel roadmap to help people working in functions at the highest risk (e.g. Customer Development and Food Solutions), and to design robust programmes locally to address risks. We also established a new governance model to oversee the strategy and ensure accountability at the most senior level in the Customer Development organisation. We are rolling out a mobile app to capture training and identify risks.

In partnership with Cranfield University in the UK, we identified high-, medium- and low-risk countries for road safety, allowing us to target programmes and strategies to particular locations and include additional requirements for high- and medium-risk countries within our Safe Travel standard.

In 2017 we rolled out refresher training for 'Motor on, Mobile off', and surveyed people who have taken the training after three months to determine its impact. Consequence management (holding everyone accountable for their responsibilities in safety) is also being rolled out and integrated with our safety code policy

We also work to improve the health and safety of people who drive on our behalf as part of our supply chain. In March 2016, for example, our Brazilian office organised a 'health and safety blitz' event for lorry drivers and logistics partners, providing health and nutrition advice as well as briefing on the 'In the Right Direction' programme, which is sponsored by Unilever and aimed at combating the sexual exploitation of children and adolescents on the road.

Between 2007 and 2016, Unilever employees on company business and members of the public were involved in: 60 road traffic-related fatalities; over 300 injuries; and more than 8,000 accidents.

Supporting well-being

Mental health is one of the top three health risks in our business, alongside lifestyle factors (e.g. exercise, nutrition, smoking and obesity) and ergonomic factors (e.g. repetitive strain injury), and is an important focus of our holistic well-being work. In August 2016, our CEO convened a roundtable of CEOs and civil society leaders to galvanise a collective approach and help take forward some of the recent initiatives that focus on mental health in the workplace.

A Safe Haven for drivers

In the busy US road network, truck parking is at a premium. For driver safety, the safety of others as well as logistical efficiency, truck drivers are required by law to limit the hours of driving they can do each day and finding a safe space can be difficult.

Our Safe Haven project, piloted in 2015 at our Newville distribution centre in USA, provides truck drivers with spaces within our factory compounds where they can park safely overnight and use facilities. The programme has proven to be a win-win success as trucking companies are more competitively bidding for business on the routes where they know their drivers will be respected and taken care of. This project garnered further awareness in 2017.

“Everyone that works toward getting our product from factory to shelf is part of the Unilever family. We need to treat drivers accordingly.”

WENDY HERRICK

VICE PRESIDENT OF SUPPLY CHAIN
FOR UNILEVER'S GO TO MARKET
BUSINESS IN NORTH AMERICA

FOCUS ON CONTRACTOR SAFETY

In 2014 we began collecting data specifically related to contractor safety, which in 2015 enabled us to set a goal of reducing recordable injuries to contractors by 20%. We are seeing positive trends relating to all type of contractors but notably project contractors. In order to keep making progress and further reduce injuries we continue to raise awareness and provide training.

SUPPLIER SNAPSHOT

- Restricted fire exits that are difficult to open, obstructed exit aisles, open electrical wiring, lack of procedures for hazardous work and lack of Health, Safety & Environment training for new employees are examples of findings from audits of suppliers in Turkey, Mexico and the Philippines, which have all now been remediated.
- As part of capacity building with our suppliers we will also send our own Health & Safety experts to advise, as we did in 2017 in Brazil following a serious health and safety incident. The impact of these interventions is the reduction or absence of tragic accidents and therefore the importance of ensuring remediation cannot be underplayed. Further safety committees at suppliers' facilities will be a focus in 2018.

FUTURE CHALLENGES: AND HOW WE WILL ADDRESS THEM

- Gig economy could lead to a reduction in health and safety awareness for both workers and clients.
We will: Improve outcomes through greater engagement with our service providers and alignment with our Responsible Sourcing requirements. Work with those suppliers whose business models are dependent on tier 2 suppliers (i.e. indirect workers) so that they recognise their responsibility towards these workers.
- The rise of e-commerce and gig-economy companies is resulting in increased pressure on distribution and logistics workers, leading to potentially unsafe working conditions.
We will: Join and/or form joint initiatives with other companies in our industry to tackle common problems in a pre-competitive atmosphere leading to the development of best practices to respond to these novel challenges.

OUR SUPPLIER AUDIT FINDINGS: HEALTH AND SAFETY

Data is taken from audit results relating to the RSP Fundamental Principle 9: “Workers’ health and safety are protected at work”. There were 9,739 non-compliance issues identified.

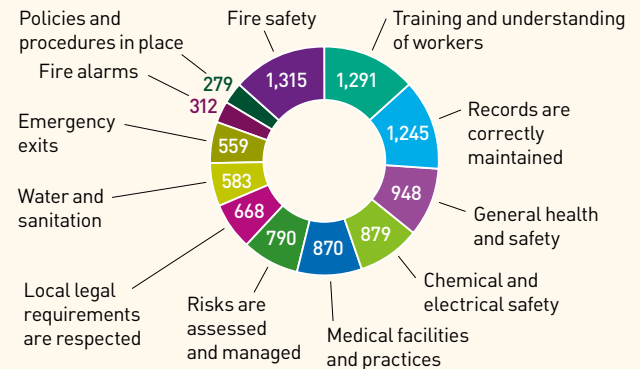
Health and safety is the most common non-conformance found in our supplier audits. This is largely due to the fact that they are usually the most easily identified. Remediation can often be quick and readily implemented as it can require simple and practical solutions. We work with suppliers to create corrective action plans. These can include lubricating fire exits; removing obstructions; training operators correctly; closing all electrical wiring; locking electrical panels; putting up appropriate warning signs; delivering training on hazardous work (such as working at heights, cutting and welding) and delivering Health, Safety & Environment training by a qualified external trainer.

South East and South Asia as well as Latin America recorded high instances of non-conformances, accounting for 69% of the reported findings. 22% of the non-conformance findings related to fire safety, alarms and emergency exits with 26% related to training and record-keeping. Where the non-conformances were found to represent an imminent or potential threat to life, the findings were dealt with as Key Incidents and the auditor reported the findings within 24 hours to Unilever. We then worked with the supplier to agree a corrective action plan and to ensure this was put into place within seven days from the date of the observation. In many cases this led to immediate changes in the suppliers’ factories to address situations that could have had tragic consequences if left unchanged. This work is based on health and safety standards used in our own facilities, and allows us to work with suppliers to increase understanding of correct procedures and appropriate remedial actions.

Overall 92% of non-conformance cases in 2016 where we have complete audit data were closed out with a satisfactory action. This is up from 83% in 2015.

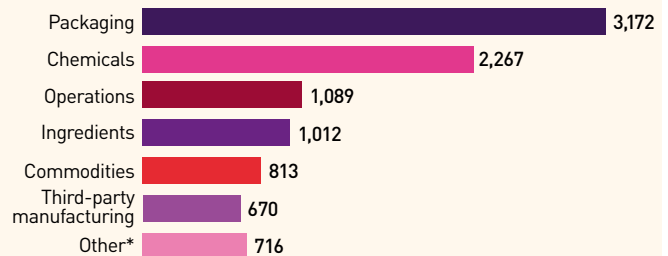
NON-CONFORMANCES VERSUS MANDATORY REQUIREMENTS

Numbers of non-conformances during 2015 and 2016.



NON-CONFORMANCES BY BUSINESS AREA

Issues recorded during 2015 and 2016, listed by business area.



*Marketing & business services 280, Third-party logistics 159, Capital expenditure & Maintenance 154, Tea 116, Re-packer 7

LOCATION OF NON-CONFORMANCES

Non-conformances during 2015 and 2016 by region.



KEY DATA

9,739 non-conformances related to health and safety.

69% of non-conformances recorded in South East Asia, South Asia and Latin America.

See Appendix III: Network clusters and countries, on page 84, for a list of countries in each region, as classified by Unilever.

LAND RIGHTS



Land is the basis of millions of people's livelihoods and, in particular, of many of the world's poorest people.

Legal or customary rights to land protect those livelihoods and provide a platform on which many forms of sustainable development can be built. That makes it vital that we are aware of the impact that our business can have

Unilever is a founding member of the Food and Land-Use Coalition (FOLU) which brings together over 30 organisations from academia, government, civil-society and

business. FOLU aims to foster a joined-up approach which will enable the systems change – in areas such as land-use and food loss – urgently needed to secure healthier outcomes for planet and people.

Land rights are a salient issue for all aspects of our business, including operational considerations such as the siting of factories or offices. But it is our extended supply chain that gives rise to the most opportunity to have a positive impact in this

area, as well as the most risk. Respect for land rights is part of our overall policy framework, and is one of the principles of our Responsible Sourcing Policy

We are committed to the principle of free, prior and informed consent (FPIC): the principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands it customarily owns, occupies or otherwise uses.

PROGRESS HIGHLIGHTS

WHAT WE HAVE DONE	OUTCOME AND IMPACT	SDG
Developed a comprehensive roadmap for our work on land rights.		
Held internal cross-functional, external expert led awareness and capacity building workshops in 2016.	Enhanced due diligence relating to all our transactions involving land.	1.4 2.3 5.a
Established our 'Land Rights Principles and Implementation Guidance' in 2017.		
Developed capacity building materials in 2017.		
Founding member of the Food and Land Use Coalition (FOLU).	To help develop the science-based targets, technical solutions and policy, at both national and global level, to unlock new models of sustainable nutrition within planetary boundaries.	2.3



1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.



2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.



5.a Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws.

“Business enterprises have a responsibility to respect human rights and legitimate tenure rights.”

ARTICLE 3.2
VOLUNTARY GUIDELINES ON THE RESPONSIBLE GOVERNANCE OF TENURE OF LAND, FISHERIES AND FORESTRY IN THE CONTEXT OF NATIONAL FOOD SECURITY (VGGT)

Our progress on land rights

In 2016, we developed a comprehensive roadmap for our work on land rights. With the aid of an external implementation organisation, we created Global Land Rights Principles and Due Diligence Implementation Guidelines for our own operations. These will be rolled out using awareness-raising and capacity-building materials. We are focusing first on our own operations before extending to our suppliers.

This will help us address the challenge we face when a national government policy either fails to meet international best practice guidelines or is not effectively

implemented. For example, in Africa we have worked with an external organisation to review the provided Environmental and Social Impact Assessment (ESIA) and insisted that the [International Finance Corporation](#) (IFC) guidelines were followed, using external experts to monitor progress, including regular site visits. This has been a process of learning for all parties and has contributed to our Global Land Rights Principles and Due Diligence Implementation Guidelines.



“Over recent years, Unilever has taken meaningful steps towards respecting the land rights of women and men throughout its supply chain. Such progress includes Unilever’s commitment to help advance international goals and standards like the SDGs, VGGTs, and FPIC; the integration of land rights throughout its various policy frameworks; and the development of implementation guidance. These achievements are critical first steps for helping to improve the livelihoods of smallholder farmers and communities, including women and men. At Landesa, we applaud Unilever’s commitment to respecting land rights and hope it inspires other companies to be champions for land rights.”

CHRIS JOCHNICK
CEO, LANDESA

Land rights and women’s empowerment

According to the UN Food and Agriculture Organization (FAO), women tend to have smaller, less productive farms than men. Limitations on land ownership and access, along with barriers to training and financing, are among the reasons for this disparity. According to the FAO, less than one-quarter of agricultural land holdings in developing countries are operated by women. We estimate that around 30% of the smallholder farmers in our supply chain are women. Addressing land rights in general, and the right of women to land ownership and access to land in particular, has considerable potential to further our overall ambition to enhance women’s livelihoods. This will be a key focus for us as we expand our land rights guidance to our extended supply chain.



FUTURE CHALLENGES: AND HOW WE WILL ADDRESS THEM

- Legacy land issues, such as when the original land titles of a concession are unclear and compensation arrangements for communities whose livelihoods were affected are uncertain or contested.

We will: *Ensure by 2018 that all new Unilever land transactions complete an enhanced due diligence process.*

OUR SUPPLIER AUDIT FINDINGS: LAND RIGHTS

Data is taken from audit results relating to the RSP Fundamental Principle 11: “Land rights of communities, including indigenous people, will be protected and promoted”. There were a total of 1,331 non-conformances found through our extended supply chain audits.

56% of non-conformances were found in the South and North Asian regions, with 40% of the total number due to the lack of policies and procedures being in place. The most common specific finding was the lack of a commitment to free, prior and informed consent and to no land grabbing. In conversations and follow up with suppliers, we have identified that many suppliers do not see this principle as applicable in their circumstances.

We work with at-risk suppliers to increase their understanding of the issue and to help them put policies in place, while recognising that this fundamental principle might not be applicable to all suppliers – for example, a service supplier in an urban setting.

For those suppliers where the issue of land rights is more relevant, corrective actions typically included the creation of new land rights policies which incorporate the requirement of free, prior and informed consent, and appropriate training. With some agricultural suppliers, these changes were more significant and included ensuring women’s rights in land titles, the creation of grievance mechanisms, and risk analysis.

KEY DATA

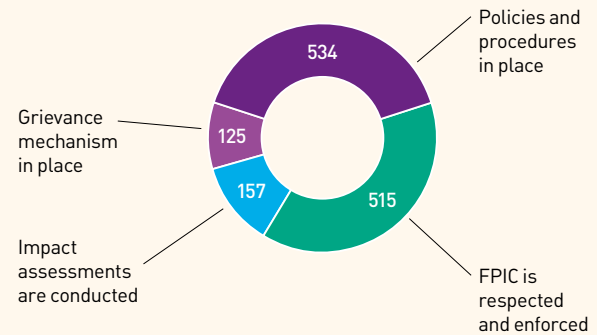
1,331 non-conformances related to land rights.

56% of non-conformances found in North Asia and South Asia.

40% of non-conformances related to the lack of policies and procedures being in place.

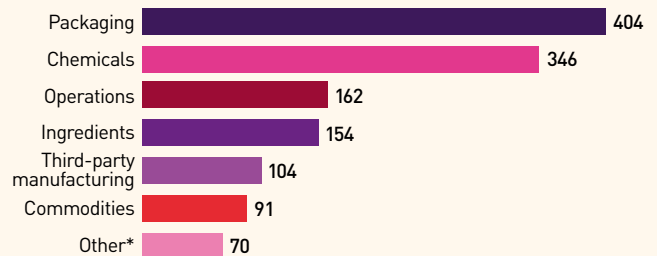
NON-CONFORMANCES VERSUS MANDATORY REQUIREMENTS

Numbers of non-conformances during 2015 and 2016.



NON-CONFORMANCES BY BUSINESS AREA

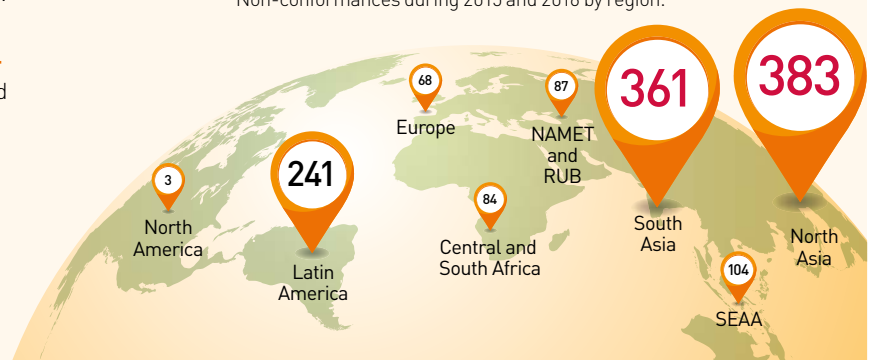
Issues recorded during 2015 and 2016, listed by business area.



*Capital expenditure & Maintenance 34, Marketing & business services 17, Tea 12, Third-party logistics 7

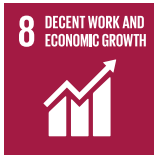
LOCATION OF NON-CONFORMANCES

Non-conformances during 2015 and 2016 by region.



See Appendix III: Network clusters and countries, on page 84, for a list of countries in each region, as classified by Unilever.

WORKING HOURS



Excessive hours of work and inadequate periods of rest can damage health and increase the risk of accidents.

In many parts of the world, there is a significant link between low wages and excessive working time. Research attempting to quantify the relationship between hours worked and productivity found that employee output falls sharply after a 50-hour week². Longer hours have also been connected to absenteeism, higher worker turnover and more accidents.

PROGRESS HIGHLIGHTS

WHAT WE HAVE DONE	OUTCOME AND IMPACT	SDG
Created Global Maternal Well-being Standard (March 2017) .	All mothers returning to work will have access to a variety of flexible working options including the option to go part time or work in an agile way which allows a job share (based on the requirements of their role) by the end of 2017.	8.5
Co-sponsored a supplier event in Thailand with AIM-PROGRESS, delivering training on working hours.	Reached 200 suppliers in attendance, including our direct suppliers. We are rolling this training out to other countries.	8.8
Created specific guidance on working hours, particularly in agriculture, sharing internally and with our suppliers.	Increased understanding of one of the highest non-conformance areas of our Responsible Sourcing Policy.	8.5 8.8



8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

“When people feel good, they work better. An essential part of being more human at work is looking after people’s well-being. In Unilever we focus on holistically looking after people’s physical, emotional and psychological well-being, to help them to thrive in a connected world.”

LEENA NAIR
CHIEF HUMAN RESOURCES
OFFICER, UNILEVER

² [The Productivity of Working Hours \(John Pencavel, 2014\)](#)

Always on – or dictated by nature

Excessive working hours are a risk associated with many types of work, and can take many forms, including excessive and sometimes mandatory overtime, back-to-back shifts, lack of rest days, or a lack of breaks during the day.

This applies from the office environment to the field. Many people have access to a phone with internet, a computer and possibly a third portable device – so they are always contactable, and potentially 'always on'. While technology has brought increased productivity and efficiencies, this 24-hour connectivity means that evenings, weekends and even holidays are disrupted with work calls and emails. This is an issue which we recognise that we need to address in our business. We have also addressed the importance of working mothers being able to work flexibly in a new Global Maternal Well-being Standard (see page 20). This is linked to economic inclusion for new mothers and addressing common roadblocks to employment opportunities and retention.

We are also focusing on other areas such as agriculture, where nature can often dictate when the work must take place. Farmers may use many different forms of labour to meet demands, including casual, daily labour and/or seasonal hiring. Short harvest periods and a need for workers to earn as much money as they are able to within these periods, means that workers may move away from employment which is reducing their hours. However, health and safety issues can be linked to excessive working hours in conditions where workers may be forced to work overtime in order to earn a better wage.



Addressing working hours through our RSP

Our RSP guidelines at the mandatory level are to follow national law or, in the absence of a national law, to follow the goals and recommendations of international conventions as defined by the ILO. All overtime must be on a voluntary basis. Where the sum of working hours is above the ILO recommendations, the supplier must develop a plan to reach the goal over a reasonable amount of time. Progressing to our RSP's Good Practice level requires that suppliers implement the ILO conventions of 48 hours of normal working hours and a maximum of 12 hours of overtime per week, or national law if this is stricter. To

demonstrate Best Practice under our RSP, suppliers must show they have conducted an effective work-study to avoid the need for overtime altogether, except in exceptional circumstances. This aims to enable workers to enjoy a proper work-life balance.

The ILO convention and many national laws allow for exemptions in exceptional circumstances, but these are not clearly defined. To drive better practices, we have created guidelines for working hours and exceptions. These define rest days and maximum working hours per day and per week, and specify the conditions which must be in place to qualify for the exemption for a limited time. These could include additional overtime for a limited time during peak

harvest season. Exemptions could also apply to exceptional circumstances in other industries for circumstances that are unforeseeable or cannot be prevented, such as recovering production after industrial action, machinery breakdown or power failure.

Suppliers have told us that introducing an effective time-recording system has been

an important step, both for workers and managers. It drives efficiencies for the business but can only work if workers understand how many hours they should be working and at what rate and form of payment. Workers must feel empowered to discuss their hours and pay with their employer, and if that discussion is not possible or fruitful, must be able to record and resolve a grievance.

SUPPLIER SNAPSHOT

When an audit of a factory in Thailand found that a number of workers worked seven or more consecutive days and that, on top of the 48 standard hours, the maximum overtime worked was 36 hours per week, the supplier asked us for help in responding.

The findings did not contravene the local Thai law, but were significantly above the ILO conventions. We worked with the supplier to implement a phased approach toward reaching the requirement of one rest day in seven. At the same time, the supplier addressed the total working hours and overtime findings, again taking a phased approach over several months. They were able to reduce the maximum overtime from 36 to 30 hours per week, and then further to 24 hours per week. While this does remain above our RSP good practice level, based on ILO guidelines, we acknowledge the progress that the supplier has made to go beyond local law.

- The case of this supplier underlines the link between reducing overtime and maintaining an overall level of income for the worker, as the workers involved complained if the overtime was reduced below 24 hours per week. We will continue to work with our suppliers to both reduce working hours and raise wages from a legal minimum to a living wage level (which would help reduce working hours) through a process of partnership and continuous improvement.

FUTURE CHALLENGES: AND HOW WE WILL ADDRESS THEM

- An increasingly interconnected 'always on' culture.

We will: *Continue to promote a Unilever-specific personal resilience assessment and training tool. Develop smarter ways of working.*

- Rising working hours to respond to increasing cost of living.

We will: *Continue to progress towards living wages coupled with continued focus on productivity and efficiencies.*

- On-going link between excessive hours of work and accidents.

We will: *Increase sharing of and training on best practice by business to reduce working hours.*

OUR SUPPLIER AUDIT FINDINGS: WORKING HOURS

Data is taken from audit results relating to the RSP Fundamental Principle 7: “Working hours for all workers are reasonable”. There were 2,299 non-conformances found through our extended supply-chain audits.

The Asian and Latin American regions accounted for 76% of the non-conformances, with 51% of the total issues relating to excessive working hours and overtime. There were a further 24% of cases of workers not being allowed minimum rest days per week or daily breaks.

We have continued to work with our suppliers to ensure they had effective and transparent systems to record/monitor working hours. Our audit reporting was changed in 2017 to allow us to differentiate between non-conformances that contravene existing local laws, and those where there is no local law so we require the application of the ILO conventions.

The proportion of non-conformances that were effectively closed out saw the smallest improvement from 2015 to 2016, moving only from 80% to 83%. Such changes cannot be quickly made but need an agreement with the supplier to effect a step-wise plan over time, by addressing root causes such as poor production planning.

KEY DATA

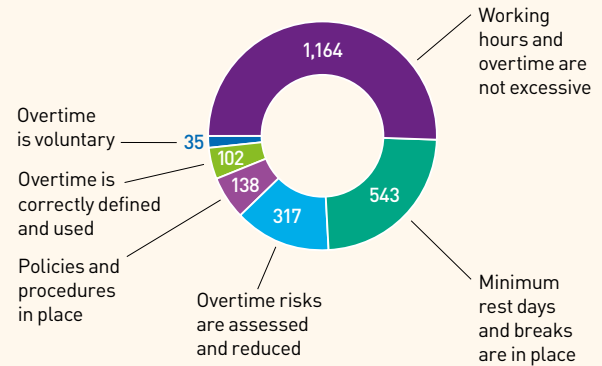
2,299 non-conformances related to working hours.

76% of non-conformances found in Asian and Latin American regions.

51% of non-conformances related to excessive working hours and overtime.

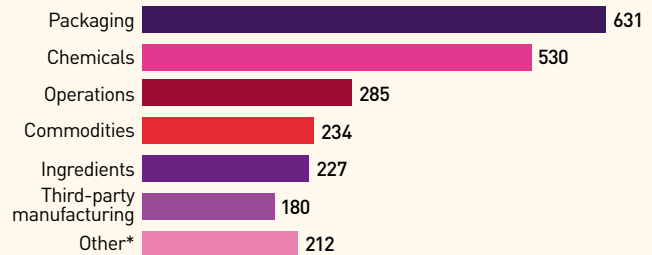
NON-CONFORMANCES VERSUS MANDATORY REQUIREMENTS

Numbers of non-conformances during 2015 and 2016.



NON-CONFORMANCES BY BUSINESS AREA

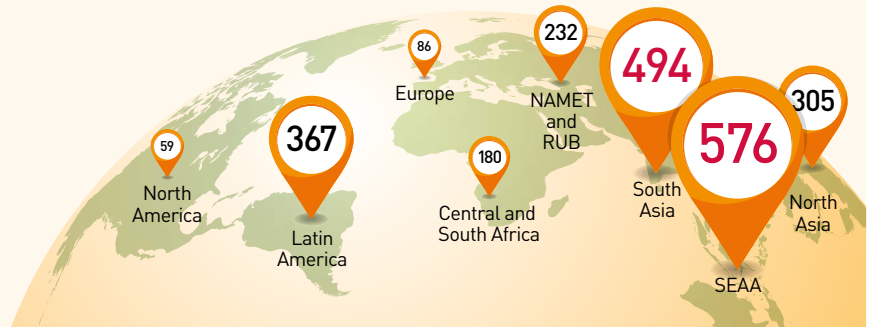
Issues recorded during 2015 and 2016, listed by business area.



*Marketing & business services 65, Third-party logistics 55, Capital expenditure & Maintenance 52, Tea 37, Re-packer 3

LOCATION OF NON-CONFORMANCES

Non-conformances during 2015 and 2016 by region.



See Appendix III: Network clusters and countries, on page 84, for a list of countries in each region, as classified by Unilever.

SPOTLIGHT ON COMMODITIES

SPOTLIGHT ON NON-RENEWABLES

More than half the raw materials we use to make our brands are non-renewables – minerals or metals extracted from the earth, including salt and derivatives of crude oil.

Minerals form a large part of the non-renewable materials we source and the extraction and processing of minerals are sometimes associated with human rights issues. Workers in salt pans in India, for example, often work long hours in extreme heat, with little or no protective equipment and limited access to fresh drinking water. In 2015, we worked with our suppliers and the NGO Solidaridad to co-create a Code of Responsible Extraction for minerals (CORE) to address these challenges. We are rolling this out to our suppliers in India and China and have certified over 30 sites which supply nearly 50% of the minerals we source in India and China.



“The other salt pans don’t have access to toilets like we have here. In our salt pan, we have access to good drinking water and toilets.”

SALTPAN WORKER

“The sun’s reflection from the salt pan is very harsh on our eyes. Thanks to these goggles, my eyes have good protection.”

SALTPAN WORKER

INTERCONNECTED SUSTAINABILITY: THE RIGHT TO WATER AND SANITATION

Human rights are inseparably interwoven with both society and the environment.

Our Ceytea Factory in Sri Lanka took the lead in spearheading the Arunella Waste Management project aiming to eliminate waste dumping in and around the Kothmala Oya area in 2016.

The restored river that had been too polluted to consume turned into a water source for more than 1,500 families. The right to water and sanitation continues to be an integral element of the social mission of some of our key brands.



“CORE is one of the first independently auditable global codes for minerals at the extraction site. Its goal is to drive greater traceability and transparency, push for higher standards and minimise environmental impact. It also aims to protect the health, safety and rights of the millions of workers who depend on these industries for their livelihoods.”

MANDEEP SINGH TULI
PROCUREMENT DIRECTOR,
INORGANICS, UNILEVER

SPOTLIGHT ON PALM OIL

We are using our scale and influence to help transform the industry, while at the same time acknowledging the complexity of the challenges it faces and the long-term commitment that change requires. Land grabbing, forced labour, excessive working hours, low wages, inadequate health and safety are among issues prevalent in palm oil production.



Committed to change

Palm oil is produced by plantation workers and smallholder farmers and both are, in different ways, vulnerable to exploitation. Only by working together and focusing on implementation will we successfully tackle the urgent, well-documented and systemic issues that continue to exist.

We are engaging constructively with our suppliers to promote the human rights of the people who produce palm oil, and help mobilise other buyers to achieve an industry-wide shift to sustainable practices.

In 2016, we updated our [Sustainable Palm Oil Sourcing Policy](#) with stronger commitments to human rights, smallholder inclusion and traceability implementation. This requires suppliers to verify that the palm oil they supply to Unilever meets five principles, which include “no exploitation of people or communities”. The policy includes a detailed implementation plan and set timelines, as well as a commitment to report annually on progress. It also includes a greater requirement for suppliers to be transparent, including about complaints (Read more [here](#)).

Focus on social sustainability

In 2017, we carried out a human rights risk-mapping and impact assessment for our palm oil supply chain and launched an internal cross-functional team to improve working conditions in the palm oil supply chain – at the plantation, mill and refinery level. We work with our suppliers to identify mills where there is a high social and/or environmental risk. This helps us prioritise mills – and surrounding plantations (‘hot-spots’) – for responsible and sustainable sourcing assessment. We can trace the mills associated with 73% of our core volumes. There are approximately

1,300 mills identifiable to country of origin in Unilever’s supply chain.

We are engaging our suppliers to improve their social sustainability practices through both bilateral and industry efforts. We are working with the Roundtable on Sustainable Palm Oil (RSPO) in areas including strengthening the current certification standard (through our membership of the Principles and Criteria Taskforce); improving RSPO governance including reform of the voting system; accelerating the implementation of policies on the ground and the monitoring of their effectiveness; improving the grievance mechanisms available to workers; and ensuring that any negative human rights impacts are remediated. We are supporting this work through our membership of the Human Rights Working Group and the Labour Taskforce.

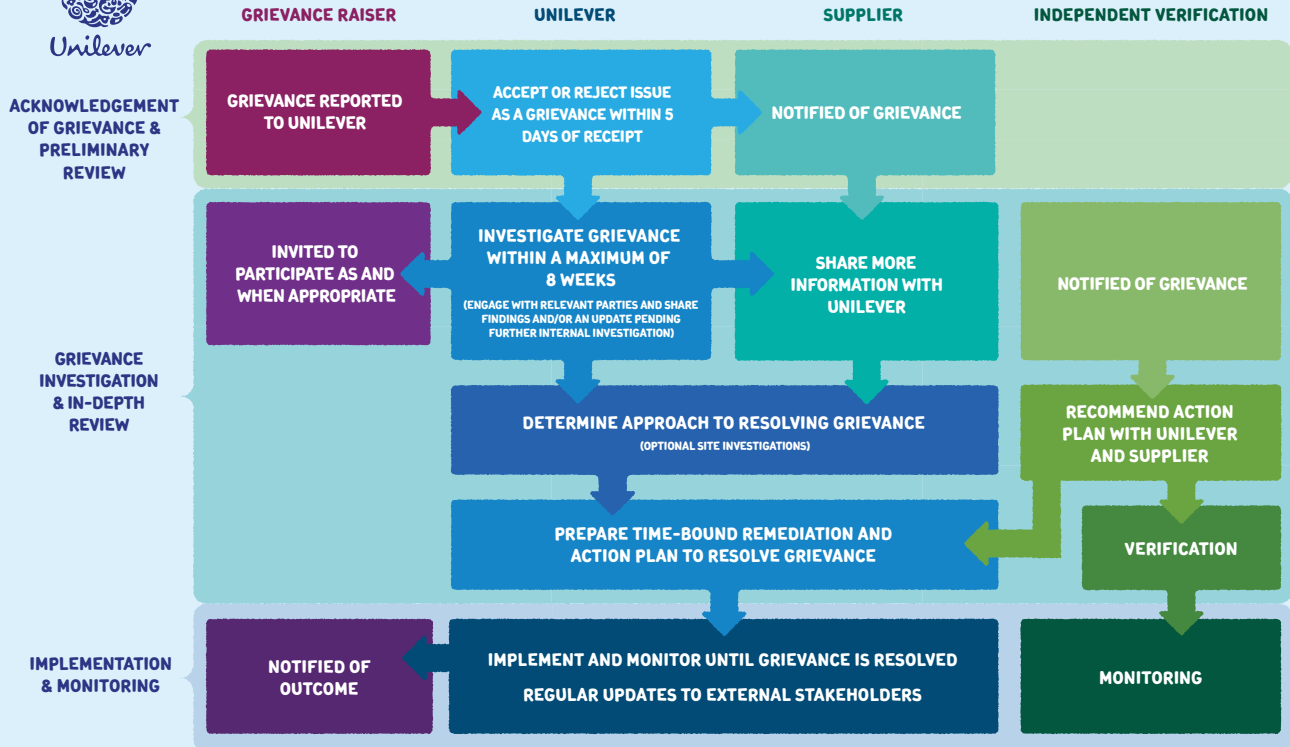
We are also helping to drive industry change through our membership of the Consumer Goods Forum Palm Oil Working Group, collaborating with peer companies, producers and expert NGOs to drive implementation, promote better practices and increase transparency.

In November 2017 we joined [a group of palm oil buyers](#), in collaboration with BSR (Business for Social Responsibility) to take collaborative action and build capacity to improve the working conditions and livelihoods of palm oil workers in Indonesia focusing on wages, contract status and grievance mechanisms.

Together with the Norwegian government and the IDH -the Sustainable Trade Initiative, in January 2017 we launched the fund for deforestation-free agriculture at the World Economic Forum in Davos which includes accelerating sustainable palm oil production in Indonesia and West Africa. We also have



PALM OIL GRIEVANCE PROCEDURE



- Where a supplier refuses to remediate a breach, Unilever will take appropriate steps to address this in a manner that upholds commitment to our Five Principles.
- Unilever will initiate a key incident process aligned with the Responsible Sourcing Policy for the most serious issues, such as immediate threat to life, which immediately escalates the grievance internally to allow quick planning and remediation.

programmes in place to directly support more than 1,000 smallholders in our supply chain and we're scaling this up beyond 2017 in collaboration with NGOs and our suppliers.

Acting on grievances

Anyone should be able to raise a grievance effectively at all stages of the supply chain including at the plantation level, in the community and, where relevant, with the RSPO or equivalent body. For grievances related to our palm supply chain we have

a procedure in place to enable effective remediation and transparency. Please see [here](#) for more information relating to how we address concerns relating to our palm oil suppliers.

SPOTLIGHT ON TEA

Our tea supply chain connects us to workers and communities in some of the poorest places.

Understanding our human rights impacts

In 2016, we carried out a social footprint mapping exercise of our tea supply chain. This has enabled us to create a plan to address improvements based on the level of traceability we have for each sourcing location, the human rights risks in each location, and the procedures in place to respond to identified risks. To support this, in 2017 we joined the [Ethical Tea Partnership](#), an umbrella organisation which brings together the world's most influential international tea businesses to drive improvements in sustainability, the livelihoods of tea workers and farmers, and the environment where tea is produced. Our priority areas include improvements in housing and sanitation where we are [focusing on our suppliers in Assam](#); increasing wages (see page 28); enhancing safety (see pages 42–46); and best practice sharing around model estates and worker empowerment committees. A key area of our future work will be an assessment of working conditions for hired labour on smallholder farms.

“We deeply care about the tea industry and have an important role to play in addressing the endemic issues facing it. We are the largest tea company in the world and working with the ETP enables us to share our experience and work with others to tackle both the environmental and social issues, such as working conditions and human rights, to deliver change at scale.”

MICK VAN ETTINGER
EXECUTIVE VICE PRESIDENT, BEVERAGES,
UNILEVER

FOCUS ON THE ETHICAL TEA PARTNERSHIP (ETP): KENYA AND MALAWI

Kenya: Through ETP's partnership with the Kenya Tea Development Agency (KTDA), 1,000 managers, supervisors and members of staff out of a total workforce of 9,000 have been trained on stopping discrimination and harassment. After the training, 97% of staff had an understanding of issues and policies to prevent discrimination and harassment (77% improvement), 80% understood grievance procedures (40% improvement) and 100% knew their managers (50% improvement).

Key achievements:

- 66 KTDA factories trained, reaching 1,000 managers, supervisors and staff.
- 50% of supervisors and 33% of managers are now women.
- Equal employment opportunities at factories, resulting in women taking on roles traditionally reserved for men, e.g. women employed as leaf collectors (truck drivers).
- All factories have sexual harassment and discrimination policies in place and grievance, complaints and disciplinary procedures are included in induction training for new workers.
- 54 of the 66 factories have women on their boards – up from two only four years ago – and two of them serve as chair.
- 850 smallholder farmers trained.

This work is now being extended to factories run by other companies and to smallholder farmers and their communities. KTDA is Unilever's largest single tea supplier globally.

For more details of this programme and its expansion see [here](#).

KEY DATA

1,000

managers, supervisors and members of staff have now been trained at the Kenya Tea Development Agency (KTDA).

50%

of supervisors and 33% of managers at the KTDA are now women.

Malawi: As part of the Malawi Tea 2020 programme a total of 116 Farmer Field Schools (FFS) have been established (66 in 2015 and 50 in 2016), involving 3,355 farmers (2,694 women, 661 men).

Evaluation of the programme showed that:

- Incomes of FFS farmers increased by an average of 36%.
- Average tea yields increased by 19% for FFS farmers (compared with a 12% increase in green leaf for the smallholder sector as a whole).

Alongside the Farmer Field Schools, the Ethical Tea Partnership has been establishing Village Savings and Loans Associations (VSLAs) to improve tea farmers' access to credit, build resilience, aid income diversification, and help farmers accumulate savings.

- 83 VSLAs were set up in 2016, with 1,525 farmers participating (female: 1,082; male: 443).
- 90 VSLAs were set up in 2017, with 1,613 participants (female: 1,265; male: 348).

An independent evaluation carried out by Imani Development into the VSLA programme found that:

- Participation in the VSLA programme has allowed 73% of participants to create new income sources.
- Loans were used to meet household needs which families previously could not afford, e.g. better quality and more food, clothing, school expenses, and house building or improvements.
- Over two-thirds of VSLA members were reported to have more money to spend on healthcare. Access to credit means participants are more likely to seek treatment for their families when needed.
- 88% of participants said their confidence in their financial management skills has increased since they joined the VSLA.
- 92% of VSLA participants (of whom 71% are women) feel more confident meeting the challenges of life following their participation in the VSLA programme.

KEY DATA

36%

average increase of incomes for Farmer Field School (FFS) farmers.

19%

average increase in tea yields for FFS farmers (12% for the sector as a whole).



SPOTLIGHT ON VANILLA

Unilever, vanilla supplier Symrise and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH have joined forces with Save the Children to help improve the livelihoods of vanilla farming communities in Madagascar.

The three-year public-private partnership, which Unilever is joint funding, aims to address some of the complex social and economic issues that trap people working in the vanilla supply chain in a cycle of poverty. It will provide direct support to farmers, as well as the wider community, to improve their livelihoods, build more inclusive communities and provide better opportunities for their children. The programme plans to reach 50,000 people in 10,000 households, across 70 villages. An estimated 70% of people in these communities live below the poverty line and have unstable incomes.

Strengthening the positive social impact of Certification

Certification has played a pivotal role in capacity-building in agricultural supply chains and in eradicating bad practices.

Over 2015 and 2016 the availability of Rainforest Alliance certified teas through programmes run by Unilever and others has increased from approximately 800,000 tons to approximately 1,100,000 tons.

We are also one of the largest end users of physically certified palm oil in the consumer goods industry. In 2016, around 36% of our palm oil came from physically certified sources (RSPO mass balance and segregated). We have put in place a time-bound implementation plan to achieve our goal of only sourcing physically certified sustainable palm oil by 2019. We regularly [publish](#) our progress towards achieving our sustainable palm oil sourcing targets.

We phased out the purchase of GreenPalm Certificates (with the exception of smallholder certificates) in 2016 and have repurposed those funds to invest in more targeted approaches to sector transformation and investments needed to accelerate the availability of physically certified palm oil.

Nonetheless, we recognise the limitations of a certification-based approach, particularly relating to social issues. We have continued to work with certifiers such as Rainforest Alliance and the Sustainable Agriculture Network to strengthen the social requirements of their certification codes and to increase the focus on the prevention, identification and remediation of social issues through the development of focused interventions.

We also work with smallholder farmers to improve their practices in advance of reaching full certification. In September 2017, as a result of a collaboration between Unilever, PTPN III, IDH Sustainable Trade Initiative and the Roundtable on Sustainable Palm Oil (RSPO), the 63 smallholders of the independent cooperative UD Lestari received the first group certification awarded in North Sumatra by the RSPO.



SPOTLIGHT ON SECURITY

Together with local law enforcement, our security suppliers play an important role in protecting our workforce and as part of the security procedures that counter, for example, criminal activity.

Unsurprisingly, security is often most challenging in places and times of instability, whether at a local or a national level. This makes it all the more important to set security standards that require our suppliers to respect human rights and meet the requirements of international labour laws, and to ensure that security teams are appropriately trained and equipped for their task.

We align with the [Voluntary Principles on Security and Human Rights](#).

Where we employ security guards directly, we have an active training programme to ensure the highest standards of security and guarding. This includes being able to identify issues together with local law enforcement and respond to them in an appropriate way that focuses on rights-holders. These standards and expectations are also replicated in our third party guarding contracts.



Unilever Kenya Tea Limited security guard with the new cross-country patrol vehicle (left) and security teams conducting professional development (below). Images from Kericho tea plantation in West Kenya.



BEYOND COMPLIANCE

To be credible and accountable, our commitments must be part of an active process of compliance, monitoring and reporting.

We continue to look for ways to improve our analytical capabilities to make sure any internal trends, hot spots and root causes are rapidly identified and remediated through the introduction of appropriate controls. This process is built on the foundation of trusted, robust mechanisms for raising and addressing concerns.

Raising concerns

We offer both internal and external channels for raising concerns confidentially via our 24/7 hotline or our online reporting tool. In 2017 we switched to a new third-party service provider for our hotline and online reporting solution in an effort to make whistle-blowing and the reporting of issues easier, including through mobile channels.

We provide training and organise global awareness programmes on how concerns can be raised. We believe in a speaking up culture which is based on safeguarding the rights of the individual who has raised the concern, and on ensuring that a transparent and predictable process which is fair to all those involved is followed. External parties, including each one of our suppliers and their workers in our extended supply chain, can also use our global Code Breach process. We encourage our suppliers to contact us if they are concerned about any aspect of our Responsible Sourcing Policy.

Disciplinary consequences of substantiated Code breaches range from verbal warnings to termination by dismissal.

Breaches of our Code

In 2016, we investigated and closed 606 reports received through our hotline and online reporting systems related to our Code Policy Respect, Dignity and Fair Treatment (RDFT). Of these, 218 were confirmed as breaches. In 2016, bullying, harassment and performance pressure were our highest reported salient issues under RDFT, with a high number of these reported Code Breaches coming from Latin America, North America and East Africa.

In May 2017 we published new guidance for our Business Integrity Officers on classifying and handling RDFT Code matters and Human Resources (HR) grievances. Since the launch of the RDFT Code policy, there has been a significant influx of cases that are initially classified as RDFT. Most of these cases have been found to be unsubstantiated, and many of them turn out not to raise Code Policy concerns at all. We believe it is important to have an anonymous forum for raising general concerns about inappropriate conduct regardless of whether the behaviour rises to the level of a Code violation. For matters that amount to HR grievances, however, it is more effective to have an HR Subject Matter Expert immediately investigate and manage the concerns raised. The new guidance addresses this.

Grievance mechanisms

Grievance mechanisms open channels for dialogue, problem solving and investigation, and, when appropriate, providing remedy. We use grievance mechanisms, to help us identify wider trends so we can develop country-specific solutions and pre-emptive actions to prevent negative impacts. Safeguarding the rights of everyone to raise a concern or grievance is of vital importance for us, and we will not accept any type of retaliation.

We develop specific mechanisms to address local issues. In our tea plantation in Kericho, Kenya, for example, we have worked with 'male champions' to encourage men to report cases of concern to our welfare officers without fear of stigmatisation. The importance of engaging men in these programmes was a key learning for us and has resulted in progressively more cases being reported by men as showing a confidence in the process, including its confidentiality.

In some factories, for example in India, we are moving towards a more automated grievance reporting system. Grievances are analysed periodically to ensure the effectiveness of the Grievance Handling Policy and to monitor trends and the speed of resolution. Our Grievance Redressal Mechanism has helped us improve employee engagement and bias for action significantly.

“We are digitising our grievance handling process in order to make it simpler for employees to raise grievances. A grievance register is used as a transparent way to increase awareness of grievances raised and their resolution whilst Business Unit Human Resources Managers and Factory Leadership are trained on our grievance process every year.”

B P BIDDAPPA
EXECUTIVE DIRECTOR, HUMAN
RESOURCES, HINDUSTAN UNILEVER

Raising grievances in our extended supply chain

Alongside worker representation, effective grievance mechanisms play an important part in hearing the voices of workers throughout our supply chain.

Fundamental Principle 10 of our RSP states that: "All workers have access to fair procedures and remedies". The Mandatory Requirement set for suppliers by our RSP is that their workers have access to a confidential grievance mechanism which prohibits retaliation against the worker, ensures the matters are investigated, and results in swift, unbiased and fair resolutions.

Over and above a supplier's own grievance mechanisms, Unilever also provides a hotline that anyone can access to report on Responsible Sourcing issues. In 2017, for example, a worker in one of our Brazilian suppliers reported a serious health and safety incident through the Unilever hotline which had led to the death of a colleague. Our investigation substantiated the complaint along with the lax safety standards which were at the root cause of the issues, and also uncovered that the company had not been paying social security premiums deducted from workers' pay cheques to the local government. Working with the company corrective actions regarding health and safety improvements were implemented at the supplier's site, while also ensuring that the workers' social insurance payments were back paid and that the family of the deceased received fair compensation.

Our palm oil grievance mechanism is described in Spotlight on Palm Oil on page 63.



Chairman of Unilever Myanmar, Cambodia and Laos, Srinivasamadhavan

USING IMPACT ASSESSMENTS TO DRIVE CHANGE

The human rights impact assessment we commissioned in Myanmar in 2016 uncovered regular patterns of discriminatory practices within some suppliers in our extended supply chain. All supplier sample sites used standard job application forms, which included questions on marital status, religion and gender – creating the risk that this information could be used in hiring decisions. Some sites placed job advertisements targeted to a specific demographic, such as 'male, aged 18–25, single'. Four out of nine sites stated that they did not hire women, or restricted women to accounting positions only, and four stated that they only hired single people as they preferred a more flexible workforce. Most of these sites also restricted employment up to age 30. We met the suppliers involved to ensure compliance with our anti-discrimination principles. We held a Myanmar supplier conference in August 2016 which focused on land rights, responsible business, safety, employment contracts, child labour and our Responsible Sourcing Policy. We continue to monitor progress.

During an assessment of the harvesting of palm sugar, children were found to be working alongside their parents as they prepared palm juice, whilst palm sugar tree climbers were using unsafe homemade ladders to pick the fruit. In February 2017 we held meetings in five villages to train palm sugar farmers, using a video on the eradication of child labour and briefings on health and safety: 1,668 farmers attended.

Monitoring our own factories

We are continuing to align our own factories with our Responsible Sourcing Policy, using independent external on-site audits determined from a risk-based perspective. In 2016 we assessed 11 Unilever manufacturing sites, with other assessments continuing. All our factories will be integrated into the same monitoring system as our suppliers.

Impact assessments

An important way in which we monitor our due diligence is through human rights impact assessments (HRIA), which include on-site visits by third-party experts who engage and consult rights-holders and other stakeholders. The results of HRIAs enable us to adapt our due diligence processes and sourcing decisions. In 2016 we commissioned an expert organisation to undertake an HRIA of our operations and value chain in Myanmar (page 70) in order to identify impacts on local rights-holders, including workers, their families and other community members. We will carry out further impact assessments, focusing on Africa and Asia.



For a detailed description of our **compliance, monitoring and reporting mechanisms** see our Human Rights Report 2015

Building capacity on human rights

Training and support are essential if we are to embed respect for human rights across Unilever. We run a wide range of training on compliance and integrity, and all our employees are trained on respect for human rights every three years. This training is supported by our new internal 'Integrated Social Sustainability' online hub which contains our key policy publications and reports, and best practice guidance documents.

In 2016 our integrated social sustainability team developed an online training scenario for senior managers on employment standards designed to help them take decisions that are fair, honest, positive and creative. The training develops and tests participants' knowledge of Unilever's policies, and international labour standards, and builds their ability to analyse complex situations under pressure.

The Business Integrity team continues to work closely with the Integrated Social Sustainability team and other subject-matter experts to ensure the development and deployment of effective awareness and education tools.

Our aim is to uphold a strong practical commitment to human rights across our operations. Senior leaders who join Unilever are invited to use a simulation tool, deployed to existing leaders from late 2015, to take stock of their leadership style in relation to Business Integrity and the Code of Business Principles. The simulation explores, through gamification, different approaches in a real-world context, enabling 'learning by doing'; some 3,000 leaders across 81 countries have now used this. Unilever received a Brandon Hall Excellence Medal, a prestigious learning industry award, for the Simulation. Further, from 2016, Unilever developed next generation learning for all

managers through short bespoke, online 'capsules' respectively covering each of our 24 Code Policies as well as Third Party Compliance, allowing us to tailor learning more flexibly to meet the needs of our target audience. The Capsules, which include one on the Code Policy on Respect, Dignity, and Fair Treatment, are in the process of being rolled out. Targeted offline training and so-called Integrity Moments are also deployed where needed.

“Capacity-building remains key to ensuring concerns can be identified, investigated and resolved quickly and effectively. We also encourage ongoing dialogue on how best to promote an environment where mutual respect, dignity and fair treatment are an everyday reality for all individuals we interact with.”

ANNY TUBBS
CHIEF BUSINESS INTEGRITY OFFICER,
UNILEVER

Shift's Business Learning Programme, of which we are members, is the vehicle through which it advises and supports individual companies and their employees, across different industries and regions, on implementation of the UN Guiding Principles, and develops shared learning to support improved business practices with regard to human rights globally.

Social accountability

Operating a supply chain with purpose

Our business depends on the integrity, strength and sustainability of the many thousands of partners in our supply chain. We are focused on making our supply chain transparent and traceable – because we want it to serve Unilever’s wider sustainability purpose as well as be a source of value to our business.



Read more in our **Responsible Sourcing Policy** launched in 2017

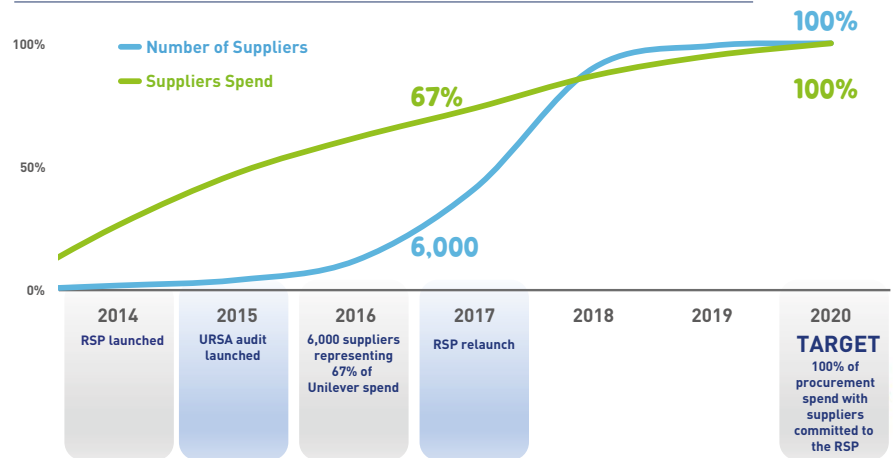


Read more about our **Responsible Sourcing Policy** in our Human Rights Report 2015

“Partnerships based on responsible sourcing strengthen our supply chain and the business within in. They help us mitigate risk and build trust among consumers and stakeholders.”

DHAVAL BUCH
CHIEF PROCUREMENT OFFICER,
UNILEVER

THE ACHIEVEMENTS AND THE PLANS



Our Responsible Sourcing Policy (RSP)

Our RSP, first launched in April 2014, is at the heart of our ambition to source 100% of procurement spend responsibly. It consists of 12 fundamental principles covering Business and Human Rights, and states mandatory requirements for each fundamental principle which suppliers must meet in order to initiate and maintain a business relationship with Unilever. Our ambition is for our suppliers to progress from mandatory to good and to best practice. Our RSP provides guidelines on how suppliers can move up the ladder.

We are committed to applying our RSP to our entire supply chain. We have taken a risk-based approach to phasing this, beginning by focusing on our ‘Production Item’ suppliers (raw materials that go into the products we make) and a select number of other strategic suppliers. By the end of 2016, approximately 6,000 suppliers had

joined our RSP programme, representing 67% of our procurement spend (and more than 80% of our total raw material procurement spend). However, the remaining 33% of our total spend, which is largely with service providers, represents roughly 90% of our total number of suppliers.

Staying alert to opportunities

At the end of 2016 we paused to take into account what we had learned and feed back into the process of making the RSP programme most effective – including through consultations with 17 suppliers in October 2016.

Suppliers told us that the RSP gave them positive reaffirmation of their efforts, and helped them engage internally; some used it as a benchmark for raising practices across global operations (where it was particularly valuable in emerging markets with weaker national regulatory frameworks) and to drive good practice in their own supply

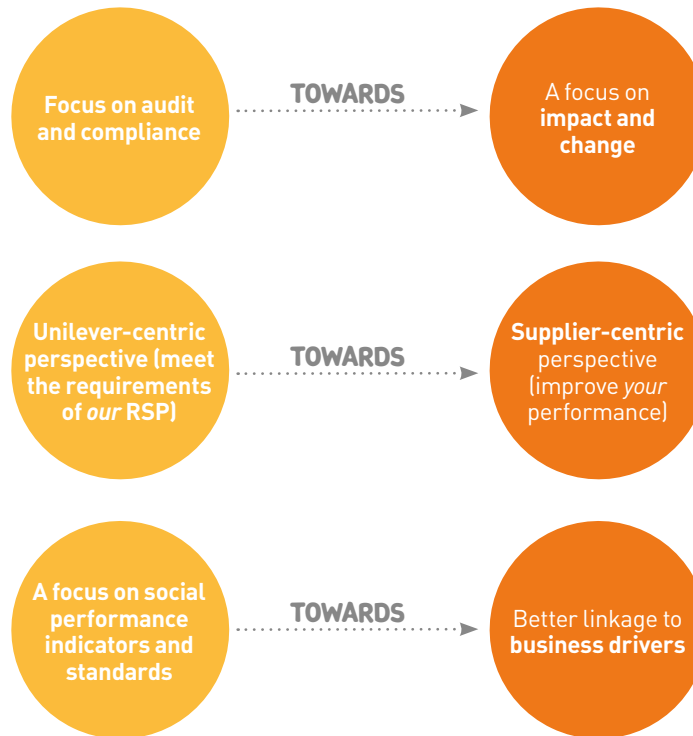
chains. At the same time, suppliers raised questions over the efficiency of a Unilever-specific audit and the relevance of some of the audit questions.

As a result of this review, we introduced the RSP 2017 in May 2017, including simplified joining and administrative processes, increased due diligence for Anti-Bribery and Corruption, and a focus on addressing endemic human rights abuses through multi-stakeholder collaborations. We also recognised that suppliers' progress from mandatory requirements to good and best practices is best driven by partnerships rather than by audit. To reach our full supplier base, we are now asking all suppliers to commit to the RSP 2017 by signing a Pledge, and will reach over 40,000 suppliers by the end of 2017.

Of these suppliers, those assessed as high risk were asked to complete full registration (including a self-assessment questionnaire) in 2017, and, where necessary, to undergo external audit. The remaining medium and low risk suppliers will follow into full registration in our systems during 2018/19.

Alongside our own URSA (Understanding Responsible Sourcing Audit) standard, we now recognise SMETA (Sedex Members Ethical Trade Audit) audits, thus eliminating duplications for suppliers and reducing audit fatigue and cost. This is possible as we have worked with partners to strengthen standards and in June 2017 Sedex (an online platform for sharing responsible sourcing data on supply chains) updated and extended the scope of its compliance process and auditing tool (SMETA) incorporating critical elements of our RSP (URSA) audit.

SHIFTING UNILEVER'S APPROACH TO ENGAGEMENT WITH SUPPLIERS



Further, we have introduced a 'mature programme' approach to recognise suppliers which have their own comprehensive compliance and responsible sourcing programmes in place. Suppliers who represent the lowest risk, volume and value with Unilever, will be managed through a 'de minimis' approach based on suppliers' self-declarations. All other companies not included in these approaches will continue to go through the risk based full self-assessment and auditing requirements of our programme. The efficacy of this approach to effectively manage the human rights risks will be re-assessed in the future as part of a dynamic programme.

PARTNER TO WIN – FOSTERING COLLABORATION AND DRIVING DIVERSITY

Our Partner to Win summits are an opportunity to discuss our priorities and innovation, value creation and sustainability with our most strategically important suppliers.

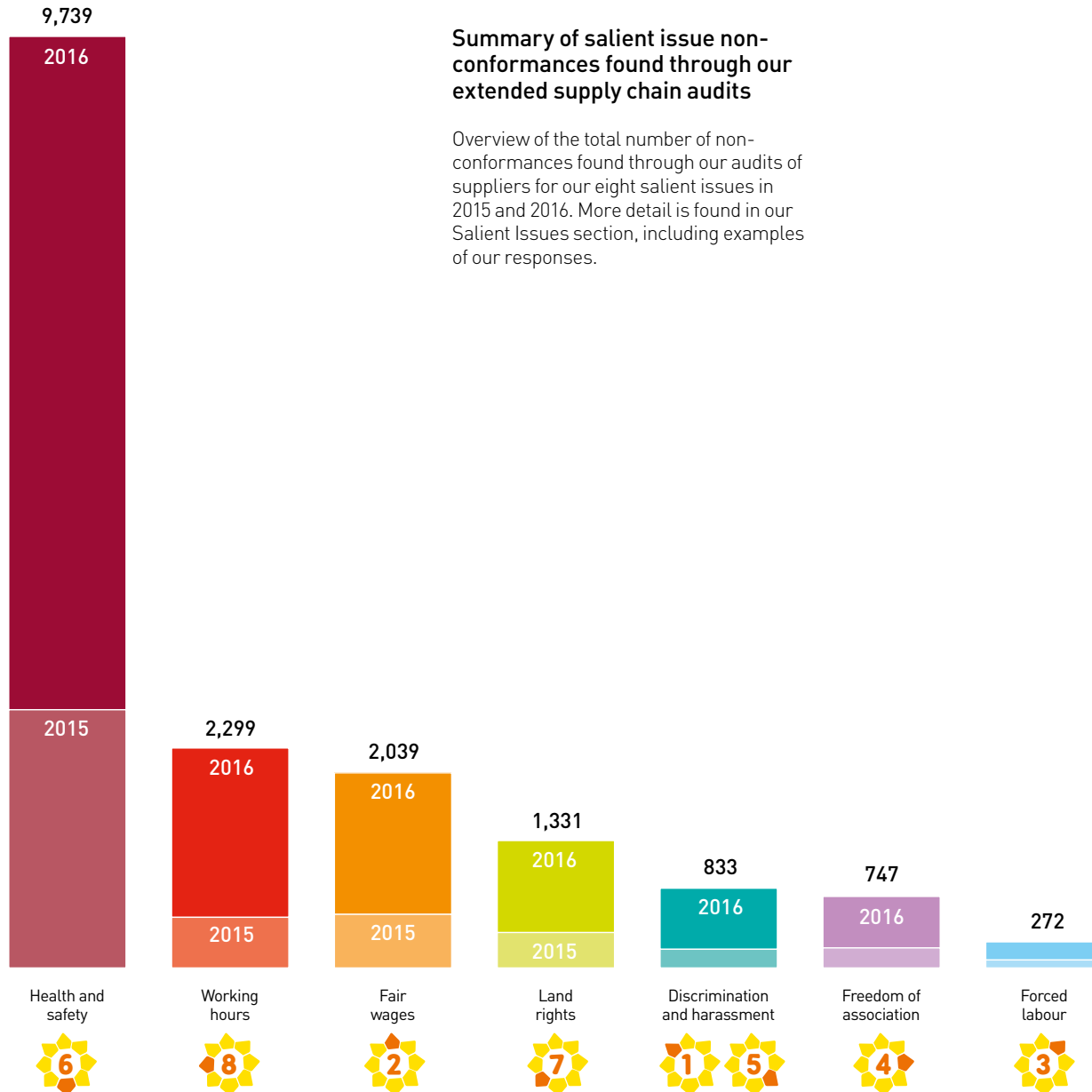
From the social sustainability perspective, key topics that have been presented at these summits have recently included the launch of the RSP 2017, an introduction to our new Supplier Collaboration Council (a forum to help guide the direction of our RSP programme as well as to determine ways of addressing endemic issues common to our supply chain), our Modern Slavery Transparency Statement and an [awareness-raising video created by the International Labour Organization](#).

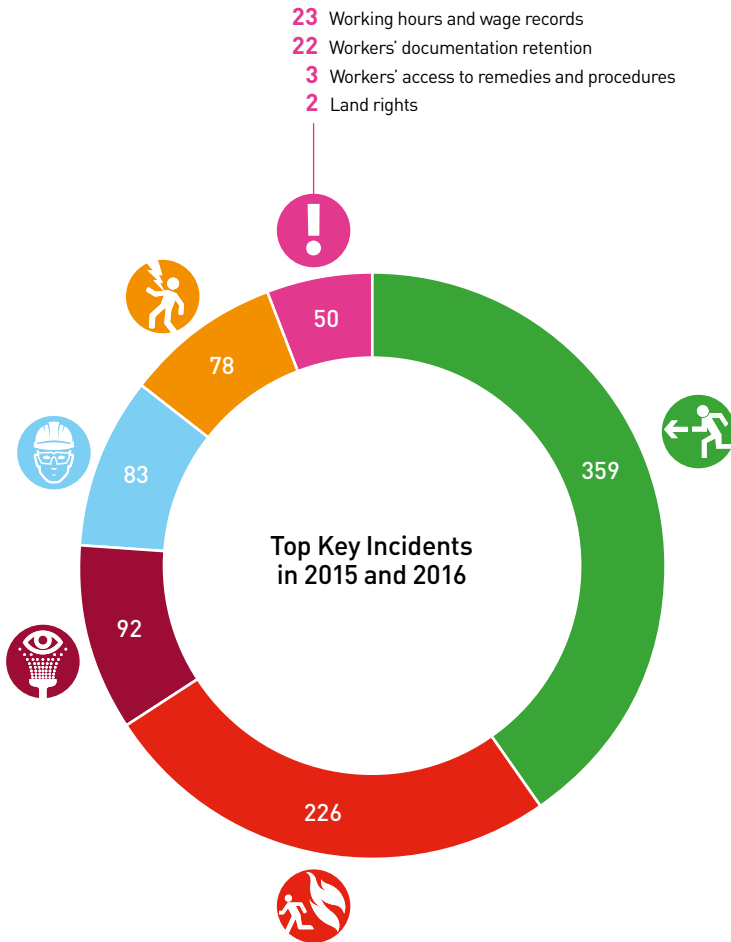
We also introduced a new award (Winning with Diversity), recognising suppliers who show a commitment to empower women and drive gender equality; in 2017 the winner was Accenture for its wide-ranging and ambitious diversity programme.



Left to right: Aline Santos (Executive VP Global Marketing and Head of Global Diversity & Inclusion, Unilever), Nicole van Det (Managing Director, Accenture), Simon Eaves (Managing Director, Accenture) and Leena Nair (Chief Human Resources Officer, Unilever)

OUR SUPPLIER AUDIT FINDINGS





- 23 Working hours and wage records
- 22 Workers' documentation retention
- 3 Workers' access to remedies and procedures
- 2 Land rights

Key Incidents in 2015 and 2016

In 2015 and 2016 there were 888 Key Incidents (KIs), with the increase in KIs being in line with the increased number of audits conducted in 2016 compared to 2015.

In both 2015 and 2016, the most prevalent KIs were those relating to fire safety, including emergency lights and emergency exits. Many of the non-conformances found are easy to solve (via quick behavioural changes, for example), but have a tangible impact on workers' safety and lives.

KEY



EMERGENCY LIGHTS / EXITS

Issues such as: unlocked exits; enough exits; all areas covered; door open in the egress direction; alarm is distinctive.



FIRE SAFETY

Issues such as: fire alarm; evacuation plan; fire brigade system.



LACK OF BODY OR EYE WASH FACILITIES



GENERAL HEALTH & SAFETY FOR WORKERS



ELECTRICITY DANGER

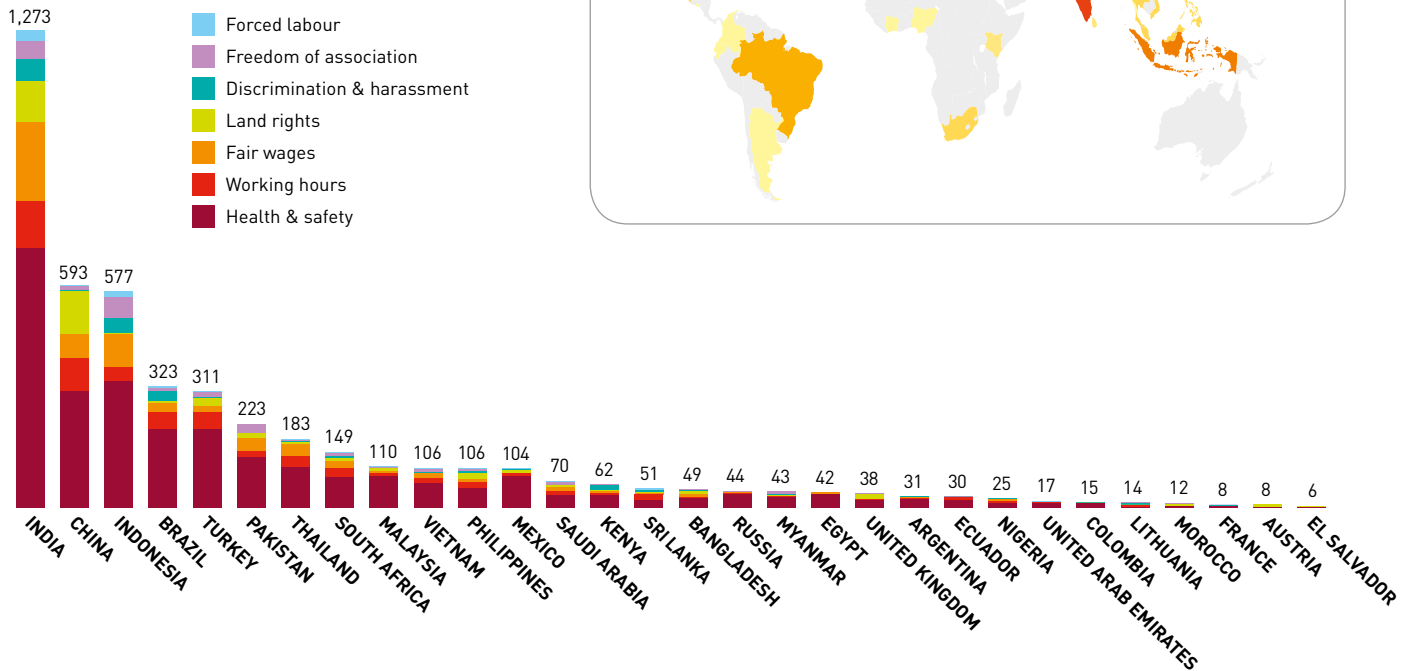


OTHER ISSUES

Specifically: working hours and wage records; workers' documentation retention; workers' access to remedies and procedures; land rights.

Non-conformances per country by salient issue 2015

This graph shows an overall predominance of health and safety non-conformances in all countries represented on the graph. India was the country with the highest total number of non-conformances but also the country with the most number of audits. (The highest 30 countries are shown in the bar chart.) We focus on awareness-raising, training and capacity building in those countries with the highest number of non-conformances.



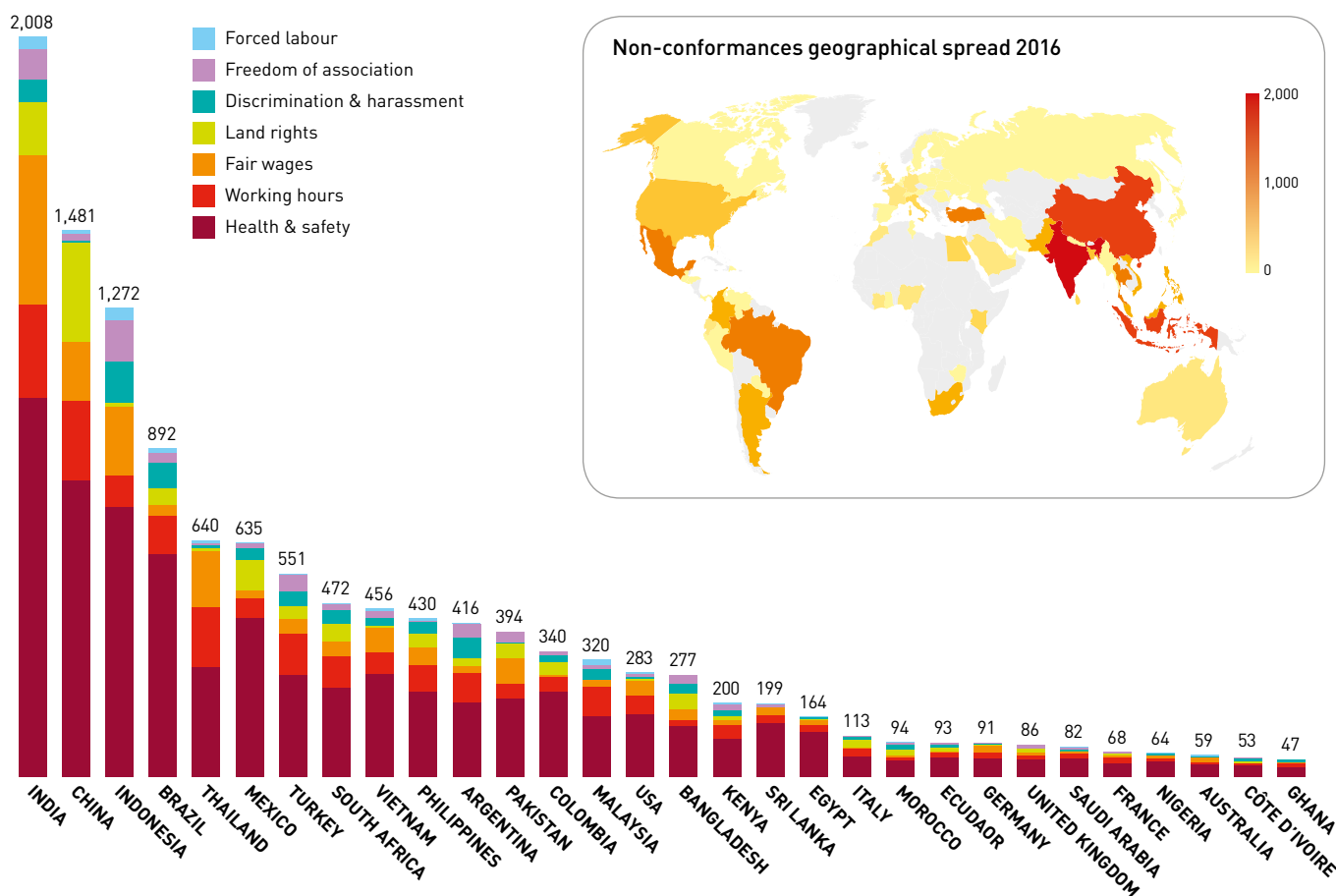
Other countries: 6 Ukraine, 5 Côte d'Ivoire, USA, 4 Poland, 1 Germany, Spain.

Non-conformances per country by salient issue 2016

India is the country with the highest number of non-conformances and audits. As in 2015, health and safety remains the most common non-conformance in all countries represented on the graph. This graph shows an increase in the number of non-conformances compared to 2015, which is directly linked

to the number of audits conducted (an average of 900 more audits for the first top four countries: India, Indonesia, China and Brazil). Importantly, these four countries are part of the top six countries with the highest number of sites globally, which impacts the number of audits. The data needs to

be interpreted with this caveat taken into account. (The highest 30 countries are shown in the bar chart.) We focus on awareness-raising, training and capacity building in those countries with the highest number of non-conformances.



Other countries: 30 Austria, 25 Zimbabwe, Venezuela, 24 Russia, 21 Guatemala, 18 United Arab Emirates, 17 Tunisia, Paraguay, Dominican Republic, 16 El Salvador, 15 Iran, 11 Finland, 10 Canada, Sweden, 8 Ukraine, Belgium, 7 Puerto Rico, Netherlands, Peru, 6 Switzerland, Denmark, 5 Myanmar, Poland, 4 Romania, 3 Belarus, Nepal, 2 Spain, Lithuania, Japan, Honduras, 1 Panama, Slovakia.

LOOKING AHEAD

Exploring innovation to improve our programmes

While self-assessment questionnaires and third party audits serve an important role in helping us to identify issues, they have well-known shortcomings: they are subject to manipulation, corruption, and in some cases, are undermined by the lack of capacity of those involved.

We have started to explore innovative ways to augment and strengthen our current processes in the short term, and potential ways to transform or even replace our practices in the long term. This includes using innovation and technology to efficiently and effectively access workplace conditions across our suppliers, such as our Visible Voices project, described below.

In 2017, we began evaluating the innovative use of traditional marketing tools and social media, building new capabilities as a modern means of communication and interacting with the supply chain. This is an exploration into whether these capabilities can uncover where issues are occurring and to determine if we can better guide our remediation efforts. The goal is to validate or challenge the effectiveness of our current audit programme against this innovative approach.

Next steps

Human rights, and our work to embed and promote respect for them, cannot be separated from the changing economic and political conditions in the markets where we operate. Rapidly changing political climates all over the world will generate new human rights issues and may shift the focus of our current salient human rights issues.

- We are seeing increasing vulnerability of human rights defenders and a shrinking of the space in which civil society can operate. As a member of the WEF's Global Future Council on The Future of Human Rights for the 2016–18 term, we are looking at the potential impact on human rights of developments in technology known as the Fourth Industrial Revolution. The Council has published its initial paper with recommendations on how to create the appropriate governance structures to ensure that technological development and use incorporate universal human rights considerations and don't jeopardise or diminish them.
- The use of technology – and in particular digital – can bring further ('hyper') transparency and agility to identify the issues that workers are facing, and focus on remediation, prevention and best practices.
- With regard to the Responsible Sourcing Policy, our focus will be on completing the roll-out of our RSP 2017 programme to our entire extended supply chain and ensuring the validity of our data, using innovation to allow the identification of issues beyond audits, collaborating on endemic issues with suppliers and industry peers and improving remediation efforts.
- Addressing our salient human rights in our value chain helps us build a more resilient business, and we will continue to make both the moral and the business case for this while building both our internal capability and the capability of our suppliers to own and self-manage issues. We welcome and promote increasing requirements for transparency to create fundamental positive change.



Continue making progress

We will look to further develop our work to respect human rights by making progress on Phases II and III of our Strategy (see page 9) in 2018 by:

Re-affirming our salient human rights issues

using cross-functional working groups in regions; independent expert organisations and rights-holders.

Determining where we have made progress

and where we may need to re-focus our efforts or tackle new issues.

Continuing our focus on addressing salient and endemic issues

in tea, palm oil and non-renewables. Start to take a portfolio approach to issue identification and remediation.

Carrying out further human rights impact assessments

including in Nigeria, Thailand, India, Pakistan, Mexico and Turkey.

Rolling out our M&A due diligence guidance globally

Fully on-boarding our supplier base

to meet our target of 100% of spend through suppliers respecting Human Rights, through our Responsible Sourcing Policy and to move to good and to best practice.

Women's Rights

Safety, economic inclusion and gender equality are critical areas and we will continue to work with partners and peers to scale up our efforts.

Making greater use of technology

to more quickly and effectively capture working conditions on the ground.

Innovating and collaborating

Working in partnership with stakeholders and recognising our shared responsibility to bring sustainable solutions to endemic human rights issues and to develop new and inclusive business models.

Striving for more comprehensive qualitative and quantitative data

to effectively capture and assess outcomes for people and business and to better inform public reporting.

APPENDIX I: BECOMING A UNILEVER SUPPLIER

DUE DILLIGENCE

Both raw material and finished goods suppliers and service suppliers are subject to our Positive Assurance and Supplier Qualification process. Suppliers are thereafter sub-divided according to risk (based on externally sourced matrices) which determines the need to undergo an audit by a third party or only to complete the self-assessment questionnaire.

Initial due diligence

Performed by procurement managers as part of the pre-contracting process, and includes a number of background checks on the suitability of the supplier and any risks they represent.

Responsible Sourcing Policy

Procurement contracts include obligations with respect to Responsible Sourcing. Commitment to the RSP is attained through the Pledge for the lowest-risk suppliers, or through the completion of a self-assessment questionnaire. Those suppliers representing higher risk will be required to undergo a third party audit. A copy of our audit questions is on our website.

Suppliers unable to complete the process

Suppliers who are unable to complete the qualification process, or those that are unable to close out non-conformances, go through our escalation, review and sign-off procedure. For such cases, we look at the mitigating circumstances for that supplier, their plans to close any shortcomings, and the time-frame needed in order to consider ongoing supply. The supplier's circumstances are reviewed formally by the Procurement Business Integrity Committee, who either approve on-going sourcing or enforce the de-listing of the supplier. Where a serious human rights issue is identified in an existing supplier, efforts are focused on effective remediation of non-conformances with the supplier within a reasonable time-frame, before considering de-listing.

For full details of our supplier audit process, please see page 18.



APPENDIX II: THE UN GUIDING PRINCIPLES REPORTING FRAMEWORK INDEX

This index is designed to help you identify the location of answers to questions according to the UN Guiding Principles Reporting Framework.

For full details about the UNGP Reporting Framework please visit www.ungpreporting.org

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APPENDIX III: NETWORK CLUSTERS AND COUNTRIES

North America

Canada

USA

Latin America

Brazil

Cuba
Mexico

Dominican Republic
Haiti
Puerto Rico
Trinidad and Tobago

Belize
Colombia
Costa Rica
Ecuador
El Salvador
French Guiana
Guatemala
Guyana
Honduras
Nicaragua
Panama
Suriname
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 South Africa

Benin
Burkina Faso
Côte d'Ivoire
Guinea
Mali
Mauritania
Niger
Senegal
Togo

Gambia
Ghana
Guinea-Bissau
Liberia
Sierra Leone

Burundi
Djibouti
Ethiopia
Eritrea
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

Lesotho
South Africa
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

Hong Kong

Japan

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

Cambodia

Indonesia

Laos

Malaysia

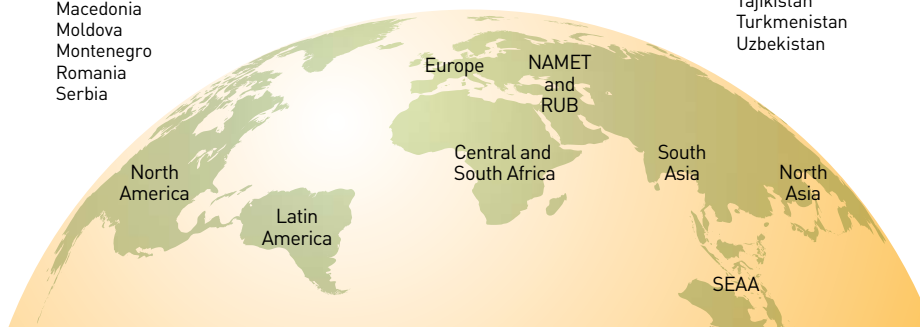
Myanmar

Philippines

Singapore

Thailand

Vietnam



IN 2016 AN ESTMATED

**40.3 MILLION PEOPLE
WERE IN MODERN SLAVERY**

INCLUDING 24.9 MILLION IN FORCED LABOUR AND
15.4 MILLION IN FORCED MARRIAGE

SOURCE: ILO, 2016

MORE THAN

**2.7 MILLION PEOPLE
DIE EVERY YEAR**

AS RESULT OF OCCUPATIONAL
ACCIDENTS OR WORK-RELATED
DISEASES

SOURCE: ILO

The numbers used in this report have not been
independently assured.

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For further information on
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