

# Modern slavery statement

March 2024



Unilever

# Preface

2023 marked the 75th anniversary of the Universal Declaration of Human Rights. When this iconic document was published, the political, social and technological landscape that currently exists would have been unimaginable. And whilst considerable steps have been taken by states, businesses and civil society respectively to protect and respect the rights of all, there is more work to be done.

The Global Slavery Index 2023 estimated that 49.6 million people currently live in modern slavery, so the scale of the issue is one that we cannot face alone. Collaborations with others – including our suppliers, peer companies, recruitment agencies and governments – are essential to drive the scale of collective action needed.

Unilever has continued to work to implement our action plan on forced labour (see page 7 of our 2022 Statement), which focuses on activities to improve the detection, prevention and remediation of modern slavery in our value chain, in partnership with others. As seen through the work detailed in this Modern Slavery Statement, we are working to transition from pilot projects and programmes to larger-scale initiatives that drive systemic industry change. And critical to this is ensuring that we proactively seek the views and experiences of rightsholders by exploring

ways of engaging directly with them. This engagement will guide us to ensure our approaches best meet the needs and expectations of workers and deliver outcomes that are the most beneficial to them. We are also focusing on how we evaluate programmes and initiatives more effectively to demonstrate the impact they have on rightsholders and more broadly, in tackling the root causes of forced labour and modern slavery.

This document builds on last year's statement and explains the steps Unilever has taken to prevent, detect and respond to slavery in our business and throughout our supply chain. This Statement covers Unilever PLC and its group companies, with other reporting companies proceeding with their own board approvals according to the Modern Slavery Act (the 'Act'). It covers the period of 12 months ending on 31 December 2023.



**Hein Schumacher**  
Chief Executive Officer, Unilever

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# About Unilever

## Our organisation, structure and supply chain

Unilever is a multinational consumer goods company that produces food, drink, personal care, beauty, wellbeing and home care products. About 3.4 billion people use our products every day. More than 400 Unilever brands are used by consumers worldwide. 14 of our brands have sales of more than €1 billion a year and our turnover in 2023 was €59.6 billion, with 58% in emerging markets. Our brands are available in around 190 countries, and we employ approximately 127,000 people.

## Our supply chain

Unilever has a large and diverse supply chain. Details of our supply chain and strategy (including our suppliers per spend category), the geographic distribution of our suppliers, our country risk assessment and number of audited sites can be found [here](#). Further details of our company and supply chain can be found in our Annual Report and Accounts 2023.



# Our commitment to human rights: policy and governance

**Our approach is to embed respect for human rights in all parts of our business by implementing the [UN Guiding Principles on Business and Human Rights](#).**

## Governance

Our human rights governance is led from the top, overseen by our CEO, and supported by our [Unilever Leadership Executive](#) (ULE), the most senior leaders in our business. In addition to providing strategic direction, the ULE is consulted on human rights issues when the severity of an actual or potential impact is high, where a business-critical decision needs to be taken, or where substantial financial investment may be required to address an impact.

The Unilever Board of Directors is liable for overseeing the company's due diligence actions and is required to consider relevant inputs from stakeholders and civil society organisations. Additional board-level oversight is provided by the [Corporate Responsibility Committee](#), including review and oversight of third-party compliance risk. The business is also advised by the Unilever Sustainability Advisory Council, comprising independent external specialists in sustainability who guide and critique our strategy.

The Global Code & Policy Committee (GCPC) owns the Code of Business Principles (COBP) and 24 related Code Policies and assists the Board, the ULE and the CEO in ensuring that all Unilever employees act at all times in compliance with the COBP.

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

**“Our greatest opportunity to drive lasting and meaningful impact is through engaging collaboratively with others, and the views and concerns of rightsholders are critical in informing our approach. We are working to improve our understanding of the perspectives and experiences of people in our value chain as we continue to work to identify, prevent, mitigate and account for how we address any incidences of forced labour in our value chain.”**

**Reginaldo E Ecclissato**

Chief Business Operations Officer, Unilever

Responsible Business (Business Integrity). The Global Head of Sustainability (Human Rights) reports to the Chief Sustainability Officer, who reports to the Chief Executive Officer. Teams work together to embed respect for human rights in our business and in the markets where we operate. This includes working on the root causes of endemic human rights issues and collaborating with others to facilitate systemic change.

Our Responsible Business team is responsible for the compliance and governance of the [Responsible Partner Policy](#).

Our Business Operations Sustainability (BOS) leads the implementation of Unilever's human rights strategy across our global supply chain, including the remediation of complex issues such as those within this Statement. Our teams work together to address human rights risks.

## Policies

We are clear about our human rights commitments and our vision of building a fairer, more socially inclusive world. Our overarching principles relating to respect for human rights are set out in our **Human Rights Policy Statement**. We have a strong and comprehensive human rights policy framework, which supports us in realising these commitments and driving the behaviour we expect from our employees and everyone in our value chain.

Our **Code of Business Principles** and 24 related Code Policies set out how we seek to ensure compliance with laws and regulations, protect our brands and reputation, and prevent harm to people and the environment. Helping us put our values of integrity, respect, responsibility and pioneering into practice, the Code and Code Policies provide a mandatory framework designed to be applied by Unilever employees in their day-to-day work.

Our **Responsible Partner Policy** (RPP) details what we expect from our partners through 17 Fundamental Principles which are organised into three interconnected pillars: Business Integrity & Ethics, Human Rights and Planet. This includes our expectation of business partners to cascade equivalent requirements within their own supply chains and to carry out their own human rights and environmental due diligence, which helps to prevent modern slavery from entering the supply chain.

By the end of 2023, 85% of our procurement spend was through business partners that were compliant with the requirements of the RPP, up from 76% in 2022.



### Requirements in the RPP



4

#### Fundamental Principle 4 – Freely Agreed Terms of Employment

Work is conducted on the basis of freely agreed and documented terms of employment



7

#### Fundamental Principle 7 – Work is Voluntary

Employment is accepted and work is conducted on a voluntary basis

This requires employers to repay fees if workers made payments in connection with obtaining employment.

The RPP prohibits the use of prison labour except where the terms and conditions of employment uphold the Mandatory Requirements of the RPP and can be verified.

The RPP also includes leading practices encouraging business partners to engage in initiatives to promote ethical recruitment and support survivors of human trafficking.

# Building a picture: identifying risks and impacts

**In line with the UNGPs, we strive to effectively identify and understand potential and actual risks to people, and the root causes of these risks and the associated impacts. We also work to prevent the risk from becoming an issue, while monitoring for new and emerging risks.**

Once a human rights risk within our operations or in our value chain is identified – for example relating to forced labour – we work to address it, either bilaterally with partners, or collaboratively with other stakeholders as appropriate to our influence and the scale of the risk. Where actual risk is identified, we work with partners to remediate it, verify remediation and put appropriate processes in place to seek to prevent the issue from reoccurring.

## Salient human rights issues

The UNGPs defines salient human rights as ‘those that are at risk of the most severe negative impacts through a company’s activities or business relationships’. Understanding saliency ensures we prioritise the most serious and significant human rights risks and impacts. Forced labour was identified as one of Unilever’s salient human rights issues in 2015 during our first salient issue review and again during an external review process in 2023.

As detailed in our [2022 Modern Slavery Statement](#), we take a structured approach to addressing our salient issues using a consistent framework. More information about our forced labour action plan can be found on page 7 of our 2022 Statement.

## How we identify risk

We take a multidimensional approach to identifying forced labour risk, considering several sources, including:

- External risk indicators, calculated by [Verisk Maplecroft](#), based on country-level analysis of forced labour risk
- The views of our Business Integrity committees, internal subject-matter experts and our teams in local markets
- Supplier self-assessments through our Responsible Sourcing Programme
- Historic Code breaches and audit results (both in our own factories and business partner sites)
- Grievances raised and direct engagement with workers
- The views and work of industry experts, civil society, trade unions and our peers
- Carrying out heightened human rights due diligence where appropriate

We prioritised our work on identifying, preventing and addressing forced labour risks in the following countries in 2023:

- Malaysia
- Thailand
- Saudi Arabia
- United Arab Emirates (UAE)
- India
- Indonesia

## How do we prioritise our interventions on forced labour risks and issues?

In order to tackle forced labour effectively, we use a geographic risk-based approach, both in our own operations and in our value chain. We took the following actions in 2023.

- We conducted a review of the countries our suppliers operate in and the goods or services they provide.
- We looked at supplier segmentation to understand which suppliers employ migrant workers and where those workers come from. We know that migrant workers are at higher risk of forced labour as their movement and recruitment are often poorly regulated and informal, meaning they are vulnerable to risks – such as deception, debt bondage (through the payment of recruitment fees) and limited freedom of movement.
- We reviewed non-compliances raised through our Responsible Sourcing Programme audits.

India and Indonesia are high risk countries for forced labour. We partnered with **Embode**, a business and human rights consultancy, to understand the risk of this in our operations and extended supply chain. For India, this study focused on four sectors: manufacturing (Tier 1 factories), tea, sugar and dairy.

In December, Embode presented the results of this work, outlining the key risk indicators for each sector. We are currently reviewing this work and will present a summary of the findings in our next Statement along with actions taken in line with the recommendations provided.

We are continuing to explore the use of technology to improve visibility of our supply chain. This will enable us to see the composition of our supply chain workforce in high-risk markets (including by gender and migrant or non-migrant workers) and to analyse non-compliance with our Policies across regions more efficiently to better understand risks. We will also be able to assess correlated indicators of forced labour, such as working hours or employment contract-related findings.

## Identifying and understanding the impacts of forced labour

We want to understand more clearly the impact that recruitment fees have on workers and their livelihoods. Repayment of fees to workers within our supply chain of over GBP200,000 were completed in 2023. Our project with **Ergon Associates** (see page 15) will give us some insight into the impact that repayments can have. In 2024 we will share the findings of this study with other companies to improve our collective understanding of the barriers faced by migrant workers in meeting their needs and sustaining their livelihoods.



# Taking action: detection, prevention and remediation

**Our forced labour action plan centres on three pillars of activity: detection, prevention, and remediation. There are five key stakeholder groups with whom our work is focused (see diagram on page 18). We have identified clear outputs, activities and KPIs for each area, which have evolved since the implementation of our action plan began in 2021. Our capability- building plan targets each of these areas.**

## Detection

### Our own operations

**Unilever's Code of Business Principles** (the Code) and the policies that support it (Code Policies) set out the standards required from all our employees. The 'Respect, Dignity and Fair Treatment' Code Policy (see page 26 of the Code) explicitly states that 'Line Managers must not use, or permit to be used, forced or compulsory or trafficked labour'. All employees must understand the Code and Code Policies, follow them and immediately report any actual or potential breaches relating to them, colleagues or people acting on Unilever's behalf.

As part of the **Consumer Goods Forum Human Rights Coalition**, we are collaborating on the development of a Maturity Journey Framework for human rights due diligence in own operations, including relating to the prevention of forced labour.

### Our value chain

Unilever requires all high-risk business production item suppliers to conduct site audits, using our preferred audit methodology – **Sedex Members Ethical Trade Audit** (SMETA). More information on our due diligence requirements for business partners can be found [here](#) and details of findings identified in 2023 at business partner sites which were related to modern slavery indicators can be found on [page 18](#). Business partners must create a corrective action plan (CAP) to address any issues identified. This could include, for example, reimbursement of fees paid by workers and returning original identity documentation to workers. Auditors then carry out a review to verify that the issue has been satisfactorily resolved.

We continue to strengthen the identification of issues related to forced labour, including the payment of recruitment fees, through, for example, improving the quality of audits. In our **2023 Modern Slavery Statement** (see page 8), we reported that we had commissioned a consultancy, to analyse the effectiveness of the SMETA auditing guidelines in identifying issues relating to migrant worker recruitment practices. Control Risks, a specialist risk consultancy carried out these assessments based primarily on the 11 [International Labour Organization](#) forced labour indicators in 2023 at six business partner factories across the Middle East from April to November. The assessments included interviews with 106 workers both individually and in a group setting. 24% of the findings were attributed to debt bondage risks associated with unethical recruitment practices.

In addition to these site assessments, Control Risk reviewed 11 business partner SMETA audit reports for factories located in Colombia, Egypt, India, Malaysia, Mexico, Thailand, Turkey and the UAE, to evaluate the level of scrutiny by auditors when reviewing business partner's recruitment processes and risks of debt bondage

As a result of the worker interviews and desktop review, we know that more work is needed to support auditors in building an adequate understanding of country-specific recruitment processes and risks in preparation for the audit visit. The findings from this study were shared both with suppliers (to remediate the issues found at their factories) and with auditors (to review their audit processes in light of the findings). We will monitor their progress to completion. We continue to evaluate and consider methods of identifying issues beyond this standard audit approach, including continuing to engage more directly with workers.



# Prevention – reducing the risk of forced labour

## Training for our employees

We train all our employees on respect for human rights and we regularly review these resources to continue to develop a wide range of training materials to help employees understand their own rights and the rights of others. In 2023, we introduced a new 'bite-sized' multimedia module – 'Respect for Human Rights Fundamentals' – and we also launched an updated internal human rights hub which includes a curated learning section and resources on preventing forced labour.

Forced labour prevention training was also held for procurement teams with business partners operating in Thailand and Malaysia. The session discussed best practice examples, including a presentation from

colleagues at [Tesco](#) on their responsible recruitment approach in the region. We also examined the role that procurement teams can play in the prevention and remediation of forced labour issues. This session was attended by 42 employees from Unilever with tools and materials provided to all participants to support their conversations with business partners on preventing forced labour.

## External training

During 2023, we continued address potential forced labour issues by facilitating (both directly and via third-party partners) training to enhance business partners' understanding of best practice relating to responsible recruitment and employment practices, as well as fee remediation.

## Quizrr training

We first partnered with [Quizrr](#) in 2022 (see page 11 of our [2023 Statement](#)) to support both management teams and workers within factories in our value chain to expand their awareness of ethical employment and human rights in the workplace. Having completed a successful pilot in 2022, we scaled up our partnership in 2023 to deliver training to 2,278 employees across 15 factories in Malaysia (7 sites), Thailand (2), Indonesia (5) and India (1). Overall, 7,549 training modules were completed, with 2,708 of these being the 'Ethical Employment' module (completed by 667 individuals in Thailand and Malaysia).

The training results for all sites in the programme are accessible to the Unilever human rights team via a web-based dashboard, making progress visible and measurable.

In 2023, we commenced an impact evaluation to review the outputs and outcomes of this training in collaboration with another company. This included developing a comprehensive theory of change with clear, measurable key performance indicators using data that is benchmarked against a baseline. This will help us to more effectively demonstrate, through qualitative and quantitative data, that the programme helps workers to understand their rights and builds their confidence to report violations more proactively, whilst strengthening the human rights performance of our suppliers and their employment agencies. We will also be better able to show and share best practice examples to guide and support other business partners.



## AIM-Progress supplier event in Malaysia

Unilever, together with [Nestlé](#) and [Kellogg's](#) (now Kellanova), sponsored the AIM-Progress Asia-Pacific hub event in Kuala Lumpur, Malaysia, in September 2023. [AIM-Progress](#) is a forum of fast-moving consumer goods companies and their suppliers that are united by a goal to improve respect for human rights in global supply chains. The event, which included supplier training, was attended by more than 110 participants representing Malaysia-based companies, consumer goods brands, recruitment providers and human rights experts, coming together to discuss responsible recruitment.

The event included a training workshop on regulations and processes for worker-sending countries (Nepal and Bangladesh), part of the Ganapati Responsible

The event organisers invited attendees to participate in a survey to evaluate the impact of the sessions. Survey respondents considered their knowledge and understanding of a number of topics: pre-departure and post-arrival orientation of migrant workers; regulatory framework related to responsible recruitment for labour sending countries; and supplier-buyer relationships. Of the 77 survey responses received, the vast majority reported either 'significant improvement' or 'improvement' from the beginning of the event.

Recruitment Project (see below), focused on Malaysia, followed by a panel discussion sharing best practice examples of supporting migrant workers with pre-departure and post-arrival orientation. The event also facilitated breakout sessions designed to support attendees in identifying opportunities, challenges and recommendations to advance responsible purchasing practices, ethical recruitment and worker engagement within their own organisations. One of the barriers discussed at the event was the lack of transparency in relation to the fees that migrant workers have paid, and to whom they were paid. Following this session, the recommendations included the need for on-the-ground engagement in origin

countries to carry out due diligence before recruiting migrant workers. We will continue to raise awareness of these challenges and seek to collaborate with both our suppliers and industry stakeholders to drive improvements in due diligence processes for the recruitment of migrant workers.



### The AIM-Progress Responsible Recruitment Ganapati Initiative

A collaborative AIM-Progress project led by Embode with the participation of nine AIM-Progress member companies, the Ganapati Initiative is a supply chain capability building project for member supplier companies based in Thailand and Malaysia, focused on migrant workers and responsible recruitment processes and practices. Recognising the pressure that supplier companies are under to meet the many compliance standards and codes, this project provides one-on-one support in a context-sensitive, collaborative and consultative way.

A capability framework with responsible recruitment targets and outcomes tailored for companies in Thailand and Malaysia has been developed, against which each supplier will track their progress.

Based on a needs analysis at the outset, each supplier will set an action plan which is formally validated by Embode, the implementation partner.

Suppliers that attended the AIM-Progress event in Malaysia in September received an introduction to the Ganapati Initiative, as well as training on foreign employment regulatory frameworks and processes of migrant worker origin countries.

By the end of 2023, 17 suppliers had joined the programme, with eight of these now having formally validated action plans in place. We will provide an update on progress made by suppliers participating in this initiative within our next Statement.

### Capability-building work in Thailand

In September 2023, Unilever partnered with the **International Organization for Migration (IOM)** to organise a Supplier Roundtable and Capability Building on the Ethical Recruitment of Migrant Workers in Bangkok, Thailand. Representatives from 18 Unilever suppliers based in Thailand were taken through a series of capability – building sessions and panel discussions by the IOM, representatives from the Thai government, civil society and Unilever employees. The aim was to build their awareness and understanding of challenges and risks relating to the recruitment of migrant workers. These sessions covered relevant international standards and national regulatory frameworks governing labour migration and recruitment, an overview of Unilever’s approach to achieving responsible recruitment in its supply chains, as well as a deep dive into IOM’s **Fair and Ethical Due Diligence Toolkit** and other resources.

The 35 supplier attendees, representing a number of key industries including packaging, also participated in a workshop to discuss recommendations for the

**“Respecting and upholding the rights of migrant workers is a shared commitment. Together with Unilever, we are equipping the suppliers in Thailand with the tools and knowledge to drive actionable steps toward ethical recruitment. Our joint efforts aim to foster a chain of positive change that uplifts the rights of migrant workers across the supply chain.”**

**Aleksandra Lasota**

Partnership and Programme Coordinator,  
IOM Thailand

promotion of ethical recruitment practices in Thailand. To evaluate the effectiveness of this event, we surveyed participants before and after their attendance. Prior to the training, 23 of the 35 participants indicated that they had no or minimal knowledge about responsible practices relating to the recruitment of migrant workers. It is important to note that attendees had varying levels of experience in dealing with migrant recruitment.

Regardless of previous experience, the post-event survey revealed that 25 out of 28 respondents (fewer

participants completed the post-event survey) believed they had an improved understanding of practices relating to the ethical recruitment of migrant workers, largely due to the information and tools provided during the training and the opportunity to hear from other suppliers and the expert panellists during the roundtable. In addition, 26 out of 28 respondents said the training was 'highly relevant' or 'relevant' to their work and they would apply the knowledge in their day-to-day job.

### The People Positive Palm (P3) Project in Malaysia

Unilever is an active member of the [Consumer Goods Forum's \(CGF\) Human Rights Coalition \(HRC\)](#).

Through the P3 Project, the CGF, together with the [Fair Labor Association \(FLA\)](#) and the UN IOM focuses on addressing forced labour in the Malaysian palm oil sector.

The P3 Project aims to foster collective action and advocacy on key issues relating to forced labour to drive transformational change in a sustainable manner.

The work of the project focuses on two areas:

- Learning: collaborative, open-source workshops to build and share knowledge about key risks and solutions related to forced labour,

- Engagement: tailored advisory services to suppliers in the palm oil sector to help strengthen their management systems related to human rights due diligence and the responsible recruitment of migrant workers.

Supporting this work is collective advocacy for systemic change, including sessions with the government of Malaysia and other stakeholders organised by the HRC, FLA and IOM, focusing on the [Employer Pays Principle](#), post-arrival orientations for migrant workers, and migrant worker permits linked to the employee rather than the employer. This is an important project bringing together key players with the aim of eradicating forced labour from the Malaysian palm oil sector.

### Sugar

In July 2023, we began a collaborative project funded by [Bonsucro](#) which focuses on the sugarcane supply chain in Thailand. This 18-month partnership with IOM, [Coca-Cola](#) and [diginex](#) aims to strengthen human rights due diligence and decent work in the sector through the use of new technology and multi-stakeholder engagement. We will provide a full update in our next Statement.

### diginexLUMEN capability gap analysis in Mexico

In October 2023, suppliers based in Mexico were invited to complete a self-assessment baseline survey on [diginexLUMEN](#), a digital human rights due diligence platform. The information from this assessment is supporting us to gain a baseline understanding of current supplier management practices in gender equity and responsible employment. Whilst Mexico was not a priority country of focus of our forced labour prevention work in 2023, we saw an opportunity to include forced labour questions within this assessment (focused on gender) to gain valuable insight from workers in our supply chain about this high-risk market.

In addition to the self-assessment, suppliers were also encouraged to invite their workers to complete a digital worker survey using the [diginexAPPRISE](#) tool. The data from both tools means we can identify specific areas where suppliers need additional support to ensure they meet the requirements of our Responsible Partner Policy. The findings of this work are now being reviewed and we will follow up with suppliers to support them to address the issues identified.

## Forced labour guidance and tools

We continue to develop guidance and tools to support partners in our value chain to address forced labour risks and issues and we update these regularly to ensure they reflect current best practice.

We launched our **RPP** in December 2022 (see [page 4](#)) and committed to publishing Implementation Guidance to provide business partners with best practice examples and practical steps to address issues as they achieve and sustain the Mandatory Requirements of our RPP. The **Responsible Partner Policy Implementation Guidance** was published in May and includes resources and checklists to prevent forced labour. This guidance, along with access to e-learning resources, was sent to our suppliers by our Chief Procurement Officer. 1,950 courses were completed by suppliers accessing the courses in 2023.

As reported in our **Modern Slavery Statement 2022**, Unilever developed training on **Building a Responsible Recruitment System** to help guide our business partners. This training focuses on the prevention of forced labour, specifically relating to the recruitment and employment of migrant workers. In 2022, we produced further guidance on the Repayment on Recruitment Fees and Related Costs. In 2023, we asked **IOM** to review these guidance documents and identify opportunities to strengthen them in line with evolving best practice and to align with international standards. We are working through the IOM's recommendations and will make amendments to the guidance accordingly. We will also share these findings with our business partners to support them to continue to adapt their approaches in line with best practice.

# Remediation of forced labour issues

Once a risk to people is identified, we work to address it with collaborative input from a variety of stakeholders. If the risk materialises and an impact is found to have occurred, then we support our partners to remediate it, verify remediation and put appropriate processes in place to seek to prevent the issue from happening again.

## Our own operations

Our market-based Business Integrity Committees are responsible for the timely investigation of all alleged or suspected Code breaches by a Unilever employee, with a view to reaching a final determination within 60 days. Our reporting platform allows two-way communication through a secure exchange between the reporter and the Business Integrity Officer, even when the reporter chooses to retain full anonymity.

If a report is received, we formally acknowledge it and encourage the reporter to engage in the investigation process. Our aim is to provide transparency of the progress and anticipated completion. This process is outlined on [our website](#).

We analyse the results of investigations to identify trends and opportunities for improvement. On a quarterly basis we collect key case information across

each geography to develop best practice examples and highlight lessons learnt. This information is shared with functional and country leaders, Code Policy owners and our wider Business Integrity network.

## Our value chain

A CAP must be created within seven days for all issues identified as Key Incidents, including issues related to forced labour. When issues related to the payment of recruitment fees have been identified, we expect business partners to repay workers in line with our remediation guidance. In addition, any outstanding debts owed by an employee to either a supplier or recruitment agency must be settled by the supplier.

We also require suppliers to put policies and systems in place to ensure the issue is not repeated. We have comprehensive prevention guidance which we share with suppliers, providing an overview of how to build a responsible recruitment system.

The following case studies illustrate the verification of repayment fees repaid to workers in 2023. We will continue to review our guidance on remediation in this area and work to support suppliers to ensure that the fee repayment plans are implemented.

### Case study

#### Recruitment fees repayment verification – partnership with PepsiCo and Verité

'Supplier A' provides Unilever with dry food products manufactured at their factory in Malaysia. The factory is heavily reliant on the recruitment of foreign workers, with all 95 production workers out of a total workforce of 143 being migrants. Whilst the management team always recruited through labour agencies, they were not solely reliant on a single service provider, choosing to partner with whichever business had been successful in obtaining the government-approved recruitment quota for the number of workers sought by the factory.

During a SMETA audit at the site in January 2023, auditors found that workers had paid recruitment fees and related costs to secure their current jobs. The auditors also identified a number of poor policy and management systems issues. Whilst the supplier's management team had adopted a 'zero recruitment fee' policy at the factory in 2019, the audit identified several gaps within this policy, relating to the definition of fees and costs, as well as accountability for reimbursing any fees paid. This policy had also not been sufficiently communicated to the labour agencies. In addition, the supplier did not have written service agreements with the labour agencies, or with

subcontracted recruitment partners based in the sending countries, resulting in limited oversight or control of the workers' recruitment and onboarding journey before they reached the factory.

The supplier was proactive in creating a CAP which included a repayment plan to remedy the recruitment fees paid by workers. To ensure the methodology used by Supplier A to calculate repayments was fair, and to evaluate that the supplier had subsequently implemented appropriate policies and management systems to prevent a similar situation from reoccurring, Unilever and **PepsiCo** partnered with **Verité Southeast Asia** (VSEA) to carry out an independent study reviewing the measures taken by Supplier A to remedy the issues.

VSEA reviewed the rate schedule and the methods used by Supplier A to gather fee information from foreign workers and determine which workers should be considered within scope of the repayment process. VSEA also verified that the agreed reimbursement had been paid to all workers. Lastly, VSEA reviewed Supplier A's existing recruitment management systems to understand risks, challenges and areas for improvement in its recruitment and hiring policies.

During the assessment and interviews with migrant workers, VSEA identified that:

- All workers that were interviewed confirmed they had paid recruitment fees and expenses
- Amounts paid by workers ranged from USD600 – 4,000, depending on their country of origin
- Workers were not provided with details in their own language about the repayment process (including an explanation of why this was taking place and the amount being reimbursed)
- Workers were not consulted by the supplier’s management team as part of developing the remediation plan
- Workers had paid some recruitment-related costs and expenses that fell outside of the scope of the reimbursement plan
- While Supplier A had reimbursed workers, ‘these figures are not reflective of the sums workers have reported to have paid, which included recruitment-related costs and expenses like transportation and passport renewal fees’.

VSEA’s assessment highlighted the importance of carrying out robust research to ensure that all fees and associated costs are covered within recruitment fee repayment plans. We engaged the supplier’s management team on the assessment findings, and training was then carried out on policies and management systems. We are monitoring this situation closely and will follow up with the supplier to ensure that the recommended changes have been implemented.

### Key lessons learnt:

- Ensure policy documents include a definition of ‘recruitment fee’ which aligns with legal requirements in receiving and sending countries.
- Develop a recruitment cost table and schedule for each migration corridor used by the factory, with a detailed breakdown of costs and what is payable by each actor.
- Work with bona fide recruitment partners with formal service agreements in place.
- Integrate a policy on zero recruitment fees into service agreements with labour agencies and any third-party providers.
- Ensure responsibility for training and onboarding of migrant workers is agreed by all parties involved.
- Create a fee verification checklist and train hiring staff on how to use this when newly hired migrant workers are being onboarded at the factory.
- Interview migrant workers in a language that they understand and communicate in fluently to verify that no fees have been paid.

### Supplier A’s agreed repayment plan

RM – Malaysian ringgit

| <u>Nationality</u> | <u>No. of workers</u> | <u>Average recruitment fees and costs paid according to workers (RM)</u> | <u>Agreed total reimbursement per worker (RM)</u> |
|--------------------|-----------------------|--|---|
| Nepal              | 10                    | 5,172 – 5,517  | 4,900   |
| Myanmar            | 45                    | 5,905.53   | 2,678.40  |
| Bangladesh         | 9                     | 18,875   | 14,861  |



## Case study

**Repayment verification**

During an assessment visit carried out by representatives from the human rights consultancy, **Impactt**, in April 2019 at 'Supplier B', consultants identified that migrant workers paid recruitment fees and related costs to recruitment agencies in their home countries. Working with Unilever and another customer, Supplier B decided to reimburse workers using a 'Universal Payment' system.

The 'Universal Payment' approach is an amount calculated by taking the average quantum according to their nationality as reported by workers during an investigation. This is cross-checked with data from a reputable source, such as the ILO, without an obligation for evidence (such as receipts) to be provided by the worker in order to be eligible. In this example, Supplier B agreed to reimburse these workers through repayments over a 36-month period, concluding in December 2023.

As part of developing the repayment plan, the factory reviewed and agreed the scope, which included all foreign workers employed on or since the date of the first visit by Impactt. Importantly, this includes any workers who have since left the company, taking the total number of workers in scope to 253.

Unilever and another customer commissioned Impactt to carry out verification checks to ensure that payments are being made correctly and in line with the approved payment plan. Key findings include:

- 100% of payments to eligible workers currently employed at the site have been made correctly in the first half of 2023
- 75% of payments to eligible former workers have been made correctly in the first half of 2023
  - 15% of these were not paid because of missing contact and/or bank details
  - 7% were paid an incorrect amount (5 Malaysian ringgit missing)
  - 1 worker's payments were not verifiable due to missing documentation.

Since the repayment programme was initiated, 16 workers have left the factory and until the verification in 2022, no payments had been made to these workers. However, following briefing sessions held by the supplier for current workers to explain the process for repayment, six of these workers have been reconnected with the management team and subsequently received the payments.

Some errors were identified in relation to payments being held whilst workers were on home leave. As a result, the supplier amended their repayment schedule in May 2023 to continue payments to workers who are on home leave so that this situation does not arise again. A shortfall was also identified in some repayments made to Bangladeshi workers between April 2022 and March 2023 as a result of increased merchant trade fees. Supplier B also repaid the difference to those workers.

The total amount paid to date is USD584,683

The total balance remaining to be paid to eligible workers is USD127,128



## Case study

**Evaluating the impact on workers of fee remediation**

Having worked with our suppliers on several cases of migrant worker recruitment fee remediation, we wanted to more clearly understand the impact for workers of reimbursing fees they have paid.

In 2023, Unilever partnered with **Ergon** to carry out a study to assess the impact of repayment of recruitment fees on workers. This study reviews the approach taken by four Unilever suppliers to repay recruitment fees: one in Thailand and three in Malaysia. Ergon has defined metrics to analyse the impact of fee repayment on

Unilever suppliers, affected migrant workers and their family members. The research will be finalised in the first half of 2024. The views and experiences of each of these groups is critical for us in understanding the impacts on them as well as improving and refining our approach to prevention, identification and remediation of forced labour.

Whilst this is a small-scale project, the lessons we learn from this work will be significant for informing future impact measurement, as well as demonstrating links between our work on forced labour and our broader livelihood improvement objectives.

**KPIs and metrics developed for the impact assessment****Output metrics**

- Suppliers
  - Percentage change in investment in due diligence during recruitment
  - Supplier reports change in recruitment model
- Affected workers
  - Number of workers reporting receipt of fee repayment by gender
  - Average time taken for fee repayment
- Families
  - Number of families reporting higher remittances per month
  - Number of families reporting higher disposable income
  - Number of families spending additional money on child education

**Outcome metrics**

- Suppliers
  - Number of instances where workers have paid fees
  - Percentage change in average cost of recruiting
  - Percentage change in worker retention
  - Total cost to business of implementing repayment programme
- Affected workers
  - Number of workers reporting positive impact of repayment on financial security
  - Number of workers reporting positive impact of repayment on health and wellbeing
- Families
  - Number of families reporting increased savings
  - Number of families reporting investment in assets (housing, business)
  - Number of families reporting higher educational attainment for children

We will share the case studies and learnings outlined in this Statement with our suppliers, peer companies and collaborative partners working in the region to improve our understanding of the issues, drive collective behaviour change and more effectively measure the positive impact for workers.

# Monitoring effectiveness and impact

Below is an update on our 2023 progress against the KPIs we published in our previous [Modern Slavery Statement](#).

| Areas of intervention                 | Outcomes   | KPIs  | 2023 update*  |
|---------------------------------------|--|---|---|
| Suppliers/<br>recruitment<br>agencies | Suppliers and recruitment agencies have responsible recruitment system in place  | Percentage of suppliers/ recruitment agencies that have completed a training programme.<br><br>Percentage of suppliers that have implemented a responsible recruitment system | To date, 45% of suppliers that employ migrant workers have been trained on responsible recruitment practices.<br><br>Of those that have now completed training, approximately 10% have now verified that they have implemented policy changes. We expect business partners to implement these systems and processes, which will be independently verified during their next audit.  |
| Procurement                           | Procurement colleagues based in priority countries have the awareness and knowledge of how to support suppliers in the prevention/ remediation of forced labour issues | Percentage of procurement colleagues trained on forced labour   | Approximately 60%<br><br>42 Unilever employees attended, which included Procurement colleagues that have suppliers based in Thailand and Malaysia, as well as representatives from global supply-chain related business functions.  |
| Workers                               | All fees and costs reimbursed to workers in scope  | Percentage of workers reimbursed for the fees they have paid  | All Key Incidents (and any non-conformances) identified at business partner factories need to be closed by an independent auditor. All sites with a recruitment fee Key Incident identified in 2023 are currently working to remediate this, and to date 25% of workers have had fees reimbursed. As this issue requires a payment plan and then usually repayments to be made to workers over a period of time, there is a delay between the initial finding being identified, payments being made to workers and finally the resolution of the issue being verified by an auditor |
| Industry                              | Peer companies/ brands work collectively to tackle forced labour issues  | Number of initiatives launched in partnership with peer companies   | Three initiatives were launched:<br>Ganapati (see <a href="#">page 9</a> )<br>Bonsucro sugar project (see <a href="#">page 10</a> )<br>Quizzr collaboration (see <a href="#">page 8</a> )   |

We will continue to work with organisations such as AIM-Progress and the Consumer Goods Forum to support the development of industry-level KPIs.

\* Thailand and Malaysia were our priority countries for training and capacity building, so resource was focused on those in 2023.

# Looking ahead

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**As we continue to implement our framework to eradicate forced labour, we need to ensure that we continue to follow emerging best practice and monitor the changing global landscape and the increasing risks that we see, including those linked to the effect of climate change on forced labour and modern slavery. During 2024, we will carry out an independent external review of our action plan.**

A key pillar of our work on eradicating forced labour is our continued efforts on remediation of the effects of forced labour, particularly developing a better understanding of the impact on workers of both the payment of recruitment fees and their reimbursement. This will strengthen engagement with business partners as we continue to implement the Employer Pays Principle across our value chain. We also want to be able to more clearly verify that the remedy provided to affected rightsholders is satisfactory to them.

Towards the end of 2023, Unilever signed a Cooperation agreement with the Road Transport Due Diligence Foundation (RTDD). This foundation was set up by the ITF (International Transport Federation), the IUF (International Union of Food Workers) and VNB (Federatie Nederlandse Wakbeweging Stichting) to conduct due diligence on European transport suppliers. The transport sector is a network of global value chains which we know is vulnerable to forced labour – and the trafficking of people – and this will be a focus area of our work in 2024.



**Hein Schumacher**  
Chief Executive Officer,  
Unilever

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This Statement has been approved  
by the Unilever PLC Board at its  
meeting on 6th March 2024.

# Appendices

## Our policies

### Policies for our own operations

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

### Policies for our suppliers and other business partners

- **Responsible Partner Policy** (RPP).
- **People & Nature Policy**.

## Our forced labour action plan

All workers across our supply chain work voluntarily

Detection – identifying forced labour issues

Prevention – reducing the risk of forced labour

Remediation – addressing forced labour issues

Suppliers

Procurement

Workers

Recruitment agencies

Industry and Government engagement

## Collaborative partners

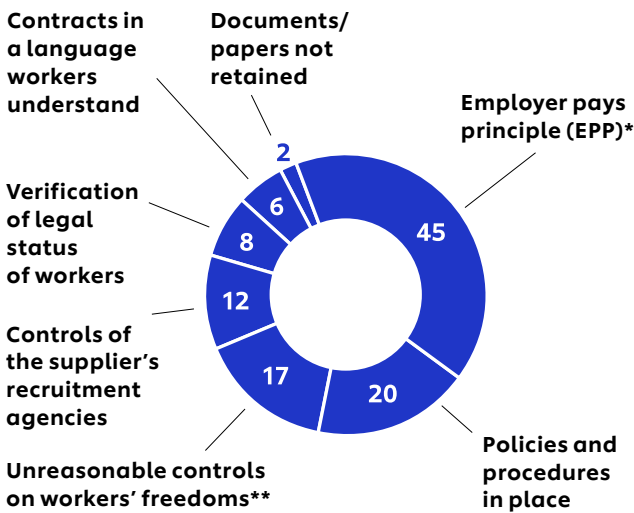
| Partner                                  | Link to website   | Link to project  |
|--|-------------------|--|
| AIM-Progress                             | <a href="#">🔗</a> | See <a href="#">page 8</a> and <a href="#">page 9</a>                            |
| Bonsucro                                 | <a href="#">🔗</a> | See <a href="#">page 10</a>  |
| Consumer Goods Forum                     | <a href="#">🔗</a> | See <a href="#">page 10</a>  |
| Control Risks                            | <a href="#">🔗</a> | See <a href="#">page 7</a>   |
| diginex                                  | <a href="#">🔗</a> | See <a href="#">page 10</a>  |
| Embode                                   | <a href="#">🔗</a> | See <a href="#">page 6</a> and <a href="#">page 9</a>                            |
| Ergon                                    | <a href="#">🔗</a> | See <a href="#">page 6</a> and <a href="#">page 15</a>                           |
| Impactt                                  | <a href="#">🔗</a> | See <a href="#">page 14</a>  |
| International Organization for Migration | <a href="#">🔗</a> | See <a href="#">page 9</a> , <a href="#">page 10</a> and <a href="#">page 11</a> |
| Quizrr                                   | <a href="#">🔗</a> | See <a href="#">page 8</a>   |
| Verité                                   | <a href="#">🔗</a> | See <a href="#">page 12</a>  |

# Audit findings relating to forced labour indicators

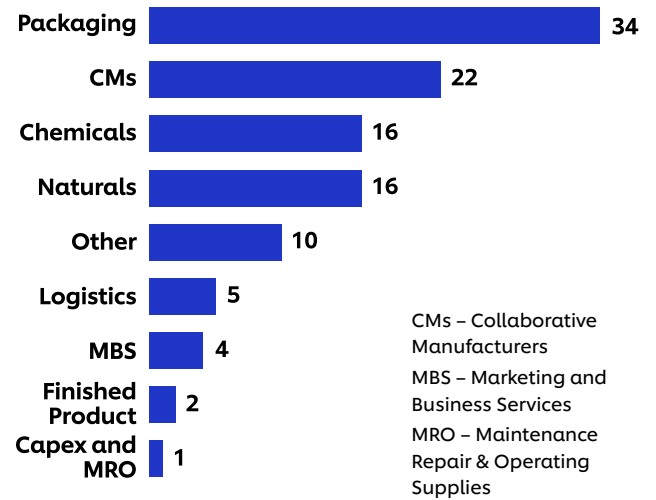
## Definition of a Key Incident

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

## Issue versus RPP mandatory requirement



## Non-conformances by business area



## Forced labour key data

**110** non-conformances related to forced labour during 2023.

**20** of these findings were Key Incidents.

## Location of non-conformances

During 2023 by region



### \* Employer Pays Principle findings:

- 17 were related to delays of payments to workers when they left their employment
- 14 were related to migrant workers paying fees or employment costs to agents in their own or host country for the opportunity to be employed by the company
- 5 were related to workers paying fees or deposits when commencing employment
- 5 were related to notice requirements or financial penalties for workers when they left their employment
- 4 were related to monetary deposits required for work tools, PPE or training

### \*\* Unreasonable controls on workers' freedoms findings:

- 11 were related to penalties if a worker refused to work overtime
- 5 were related to monitoring of toilet/rest breaks
- 1 was related to freedom of movement and workers being confined to the facility's premises