

# Unilever plc

**TICKER:**  
NYSE:ADM

**MARKET CAPITALIZATION:**  
US\$ 123 billion

**HEADQUARTERS:**  
United Kingdom

**1 OUT OF 20**

Company’s Overall Ranking

**65 OUT OF 100**

Company’s Overall Score

Unilever plc (Unilever) ranks first on the benchmark demonstrating robust disclosure of its approach to managing forced labor risks in its supply chain. Unilever achieves the highest score in five out of seven thematic areas including commitment and governance, traceability and risk assessment, purchasing practices, recruitment, and remedy. Unilever also ranks in the top three among the remaining two thematic areas of worker voice and monitoring. Notably, the company discloses leading practices with respect to its training, stakeholder engagement, and recruitment initiatives. To improve its disclosure the company is encouraged to address gaps in its transparency in the areas of recruitment and remedy, and to develop and report on initiatives that ensure supply chain workers’ voices are heard.

**THEME LEVEL SCORE**

Commitment and Governance	96 out of 100
Traceability and Risk Assessment	88 out of 100
Purchasing Practices	63 out of 100
Recruitment	50 out of 100
Worker Voice	28 out of 100
Monitoring	68 out of 100
Remedy	63 out of 100

**LEADING PRACTICES**

**Training**

Unilever discloses robust training programs for its own employees and its suppliers, which address forced labor and human trafficking. The company provides training and communication campaigns for employees on its Code of Business Principles. In addition, in 2014, Unilever conducted human rights training specifically for its procurement leadership and senior employees in East Africa. With respect to training its suppliers, Unilever held training events in China, Brazil, Vietnam, India, and Costa Rica, in 2014 and 2015, to build the capacity of its suppliers on its Responsible Sourcing Policy. The program reached more than 700 supplier personnel and addressed topics such as human rights, wages, and working hours. Unilever states that it will be "focusing training more explicitly on forced labor and human trafficking going forward".

**Stakeholder Engagement**

Unilever partners with several local NGOs, trade unions, and policy makers, as well as actively participates in several multi-stakeholder and industry initiatives that address forced labor and human trafficking. For example, it collaborated with Oxfam to publish a report on labor standards in its



Vietnam supply chain. Further, the CEO of Unilever is a member of the Board of Directors for the Consumer Goods Forum, which recently announced a resolution to address forced labor throughout global supply chains. Additionally, the company's Global Vice-President for Social Impact is the Vice-Chair of the World Economic Forum Global Advisory Council on Human Rights, which recently launched a report outlining how businesses can address human rights challenges in supply chains, including forced labor. Unilever is also a member of the Leadership Group for Responsible Recruitment, where it has committed to the 'employer pays principle', which states that no worker should pay for a job.

### **Recruitment**

Unilever's Responsible Sourcing Policy requires recruitment agencies in its supply chain to uphold workers' rights stating that "to the extent possible" workers must be hired only through "recruitment agencies that have developed policies and strategies to combat trafficking and forced labor." In addition, the policy states that no worker should be required to pay fees. Unilever also supports the Dhaka Principles for Migration with Dignity, a set of human rights principles aiming to enhance respect for the rights of migrant workers. Finally, Unilever requires suppliers that use recruitment agencies to ensure that the recruitment agency has hiring policies and processes that prevent human trafficking and forced labor.

## **NOTABLE FINDINGS**

### **Traceability and Risk Assessment**

Unilever has committed to sustainably source 100% of its agricultural raw materials by 2020 and reports that it has achieved 60%. The company discloses several examples of its traceability processes; for example, it traces its palm oil to certified plantations and down to the mill level and discloses a map of its palm oil mill supply base globally, with a focus on Malaysia and Indonesia. Unilever has also conducted labor-specific risk assessments in collaboration with NGOs on labor rights in its Vietnamese supply chain and migrant labor working conditions in its tea supply chain in Turkey.

### **Purchasing Practices**

Unilever demonstrates awareness of links (or "the linkage") between certain purchasing practices and exploitive working conditions in supply chains, stating that it is "keenly aware that we need to examine our own purchasing practices to ensure they are not contributing to excessive working hours and other poor employment conditions." The company conducts initial due diligence of its highest risk suppliers during the contract period. Suppliers are required to acknowledge their alignment with the company's Responsible Sourcing Policy (RSP), which addresses forced labor, in their contracts or through a self-assessment questionnaire. Based on questionnaire responses and risk level associated with each supplier, Unilever will either "allow them to supply to Unilever", or require them to complete an Understanding Responsible Sourcing Audit. If non-conformances with the company's RSP are found during these audits, the potential supplier is required to implement corrective action plans and address each non-conformance before it is able to supply Unilever.

### **Corrective Action Plans**

Unilever has robust corrective action processes for suppliers found to be in violation of applicable regulations and/or the company's standards. When non-conformances are discovered during the audit process, the supplier is required to create a time-bound remediation plan addressing the root causes of the non-conformance, which is then verified by the company. These suppliers may be subject to follow up audits or re-audits; a scoring system for non-conformances determines the frequency of re-audits. In cases where suppliers are "not willing to comply or move up the continuous improvement ladder" the company's Procurement Code Committee evaluates the supplier and provides a recommendation, which may include terminating the business relationship.

## **OPPORTUNITIES FOR IMPROVEMENT**



**Recruitment**

Unilever may consider adopting a policy requiring suppliers to employ their workers directly. The company may also consider disclosing evidence of how it ensures recruitment fees are reimbursed in the event that such fees are discovered to have been paid.

**Worker Voice**

Unilever may consider disclosing programs for engaging suppliers' workers on their rights outside of the context of the factories or farms in which they work. Unilever is also encouraged to disclose how it ensures that its forced labor policies and standards are effectively communicated to workers in the supply chain and to provide evidence that it encourages suppliers to create workplace environments that ensure workers are able to pursue alternative forms of organization, especially in countries where this is restricted by law.

**Remedy Programs**

Although Unilever discloses that it has a remedy program, the company is encouraged to provide further details on its process for remedying violations of workers' rights in its supply chain and report examples of outcomes from this remedy process.

**COMPANY PROVIDED ADDITIONAL DISCLOSURE:**

[Yes.](#)

