MODERN SLAVERY & HUMAN TRAFFICKING STATEMENT

Being a purpose-led business, behaving responsibly and respectfully towards everyone in our value chain isn't just about our legal obligations, it's part of who we are. It's in our DNA.

As the pace of business change accelerates, and we need to move faster and with more agility, we do not want to sacrifice doing things the right way. This is the responsibility of everyone who works for or with our business. With the employment market becoming ever more fragmented and leaving greater numbers of people at risk of enslavement and abuse, the challenge becomes even more significant for an organisation as big and complex as Unilever.

So to deliver meaningful change we are going beyond our direct business partners and working with a wider network of suppliers, governments, NGOs and unions. Only by working with others can we ensure the people in our value chain* have the respect and dignity they deserve. Our focus must now be on the effective implementation of policies and commitments and on impactful and sustainable change on the ground.

Alan Jope Chief Executive Officer, Unilever

This document builds on last year's statement and explains the steps Unilever has taken to help prevent, detect and respond to slavery in our business and throughout our supply chain. This Statement covers Unilever PLC and Unilever N.V. and their group companies, with other reporting companies proceeding with their own board approvals according to the Modern Slavery Act ("Act"). It covers the period of 12 months ending on 31 December 2018.

* value chain is the full range of activities that businesses go through to bring a product or service to their customers.

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ABOUT US

OUR ORGANISATION, STRUCTURE AND SUPPLY CHAIN

Unilever is a multinational consumer goods company that produces food, drink, personal care and home care products.

We make some of the world's favourite brands

About 2.5 billion people use our products every day. Twelve of our brands have sales of more than €1 billion a year and our group turnover was €51 billion in 2018. We have customers and consumers in about 190 countries, employ approximately 155,000 people and have thousands of suppliers. This illustrates the extent and complexity of wour business.

The Unilever Supply Chain

We have a large, complex and diverse supply chain.

Further details of our company can be found in our annual report and accounts[1] and our inaugural Modern Slavery Act Statement 2016.[2]

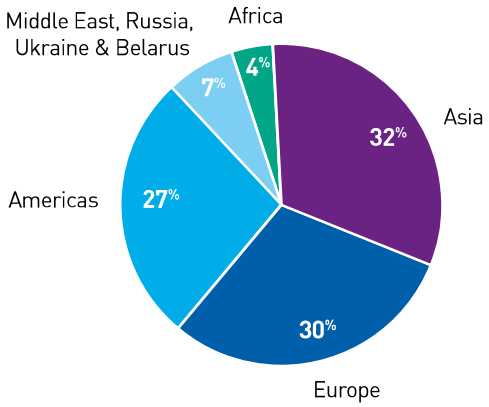
Download our **Modern Slavery Act Statement 2016**

SUPPLY CHAIN OVERVIEW 2018

Total spend: €34 billion

SUPPLIER SPEND PER REGION (€)

Data as at end of 2017.



1 https://www.unilever.com/investor-relations/annual-report-and-accounts/index.html
2 https://www.unilever.com/Images/unilever-slavery-

OUR APPROACH

> "When it comes to the eradication of forced labour, there is no time to waste. Business must work collaboratively to implement best preventative measures and remain vigilant to tackle root causes."
>
> **MARC ENGEL**
> CHIEF SUPPLY CHAIN OFFICER, UNILEVER

Download our **Human Rights Report 2015**

Download our **Human Rights Progress Report 2017**

We have a responsibility to respect human rights. We know that by advancing human rights in our operations, we're strengthening our business and building trust. To make sure we're respecting and advancing the human rights of everyone in our value chain, we need to be sure we understand our impacts.

Our approach to respecting and advancing human rights can be found here,[3] and in our first Human Rights Report[4] and Progress Report.[5]

The Integrated Social Sustainability Team drives the human rights strategy and advocacy for Unilever and is led by the Global Vice President for Integrated Social Sustainability.

The team is part of our Supply Chain and in 2018, expanded to include at least one representative in each Unilever country cluster (Europe, North America, Latin America, NAMET and RUB,[6] Asia and Africa). The Integrated Social Sustainability Team has three areas of focus. 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. The role of Human Rights Stewardship focuses on helping the business address human rights issues which we know are endemic in global supply chains. Social Impact helps to operationalise this work on the ground.

Governance of our human rights strategy is 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.

Forced labour was identified as one of our eight salient human rights issues in 2014. In December 2017, we produced our second Human Rights Report[7] which outlined progress against our salient human rights issues, including forced labour. In 2018 we published a series of short videos[8] highlighting examples of progress we had made over the year.

Eradicating modern slavery is one element of our work to respect and advance human rights. Only by addressing the root causes of modern slavery will we successfully address it. Improving conditions for women under the tripod of "Rights, Skills and Opportunities" is an on-going focus of work, particularly as women and girls make up 71%[9] of modern slavery victims. This work includes promoting safety for women and enhancing women's access to skills and training. We work across human rights issues rather than addressing forced labour and modern slavery separately.

This statement containing our commitments and roadmap to strengthen our efforts was endorsed by our CEO and approved by both our English and Dutch Boards.

3 https://www.unilever.com/sustainable-living/enhancing-livelihoods/fairness-in-the-workplace/advancing-human-rights-in-our-own-operations/
4 https://www.unilever.com/Images/unilever-human-rights-report-2015_tcm244-437226_en.pdf
5 www.unilever.com/Images/human-rights-progress-report_tcm244-513973_en.pdf
6 NAMET (North Africa, Middle East and Turkey) and RUB (Russia, Ukraine and Belarus)
7 www.unilever.com/Images/human-rights-progress-report_tcm244-513973_en.pdf

EMBEDDING OUR POLICIES

We believe that a strong internal business integrity framework drives principles, process and due diligence and is an essential precursor to responsible sourcing, distribution and the tackling of human rights issues such as the eradication of modern slavery including forced labour. Our policy framework can be found in the appendix to this Statement.

Responsible Sourcing Policy – RSP (for our suppliers)

Our Responsible Sourcing Policy sets out what our suppliers must adhere to in order to do business with us including ensuring that all work is conducted on a voluntary[10] basis. Contractual terms in our contracts with our suppliers require their agreement to comply with the Mandatory Requirements of the RSP and to commit to the costs to verify compliance and to rectify any non-compliances. Our Responsible Sourcing programme builds on the agreements made by our suppliers in our sourcing contracts through gaining a more detailed commitment, conducting due diligence, monitoring compliance, and working with suppliers to remediate identified issues. By the end of 2017, more than 27,000 suppliers (largely indirect procurement suppliers) had additionally made a positive commitment to comply with the principles of the RSP through signing an RSP Pledge. This brought the total number of suppliers in our programme to over 33,000. Throughout 2018 we worked to fully on-board these suppliers, so we could evaluate their compliance with the RSP, prioritising suppliers through risk evaluation.

By the end of 2018 over 22,000 suppliers had completed the next step in the process – to become fully registered in our system. This now includes all suppliers evaluated as representing higher risks. In 2019 we aim to complete the registration of suppliers representing medium and low risk, covering all the suppliers in our supply chain.

We recognise that audits only give a snapshot in time relating to working conditions, providing a necessary but imperfect mechanism to identify and remediate abuses. With approximately 50,000 direct suppliers, risk-based auditing is a necessary approach. As part of our work to continually strengthen our audit process, we are piloting moving from fully-announced towards semi-announced audits in high-risk geographies. We believe this will help provide us with a more accurate understanding of conditions on the ground. We are piloting this in Malaysia and evaluating results from audit companies and suppliers before potentially rolling this out to other sourcing locations.

In 2017 and into 2018 we started to accept the SMETA 6.0[11] audit standard, from Sedex,[12] a global membership organisation which provides one of the world's largest collaborative platforms for sharing responsible sourcing data on supply chains, used by more than 50,000 members in over 150 countries. Along with our membership of AIM-Progress[13] this helps us share challenges and best practice, co-create scalable solutions and use audits and their results as efficiently and effectively as possible.

In 2018, we continued training internally on forced labour including working with procurement colleagues in Asia. We co-sponsored an AIM-Progress supplier training event in China including training on contract labour and working hours and how bad practices could result in forced labour.

Responsible Business Partner Policy – RBPP (for our other business partners)

In 2018 we continued to launch RBPP procedures including through a linked IT platform, risk-assessing, screening and securing a pledge commitment from over 10,100 distributors. Mandatory distributor training - covering human rights principles – is embedded within the process. We developed a dashboard to internally report on corruption and human right breaches and to follow up on mitigating actions whilst training over 1300 employees from our Customer Development function on the RBPP.

Temporary workers

We rolled out a new internal Policy on the Sustainable Employment of Temporary Workers (see Third Party Labour Providers and Responsible Recruitment, page 6).

10 Under no circumstances will a supplier use forced labour, whether in the form of compulsory or trafficked labour, indentured labour, bonded labour or other forms. Mental and physical coercion, slavery and human trafficking are prohibited

11 https://www.sedexglobal.com

12 https://www.sedexglobal.com/smeta-downloads

13 https://aim-progress.com

THE 12 FUNDAMENTAL PRINCIPLES OF OUR RESPONSIBLE SOURCING POLICY

OUR FOCUS AREAS

Risk identification

Details of our risk identification and audit process can be found in the appendix to this Statement.

We use a risk-based approach to determine which supplier sites need to undergo additional due diligence, which can include third-party audits. This approach uses both the country risk and the risk from the goods or services themselves. Non-conformances found in the audits require an action plan by the supplier to be implemented and a follow-up audit to confirm and verify that the identified issues have been effectively remediated. We are focused on effectively and positively improving the conditions for workers in the supply chain, not simply identifying the issues. For this reason, we continue to work with our suppliers to address the more difficult issues through identifying and tackling root causes.

The map above right shows the country risk assessment for responsible sourcing (this covers: ethics, human rights including labour rights and environment) for those countries within our extended supply chain.

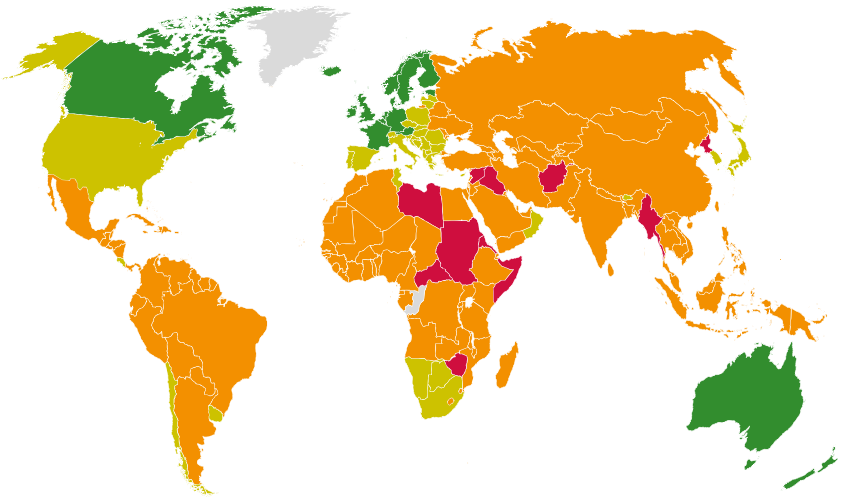
We annually review our country and commodity risk ratings used to assess our suppliers, to refocus our audit programme on the most relevant risks. A major driver of this work is the recognition that forced labour and modern slavery is prevalent across most countries of the world, including those countries and regions traditionally perceived as 'low risk'.

What we do if modern slavery is found

The indicators of forced labour/modern slavery are considered a key incident and as such potential cases are escalated to the relevant procurement director and procurement vice president within 24 hours. We work with the supplier to put an action plan and time-line in place to remediate the issue. Some issues such as passport retention can be remediated relatively quickly, while others such as the repayment of fees (see below) can be complex taking more time.

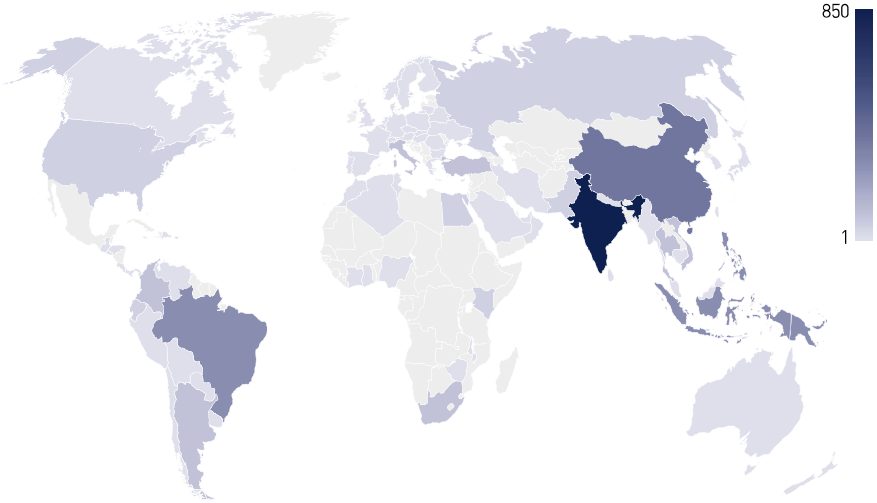
Examples of some of our findings relating to forced labour are in the appendix to this Statement.

COUNTRY RISK ASSESSMENT 2018



Low risk Medium risk High risk Extreme risk

AUDIT SITES[14]



Total number of suppliers risk assessed to date	44,290
Number of suppliers classified as high risk	11,287
Total Responsible Sourcing audits to date	4,500
Total audits of high-risk suppliers in last 3 years	2,033
Number of high-risk suppliers with identified issues in last 3 years	1,667
Number of high-risk suppliers with verified corrective action plans in last 3 years	1,175

Third-party labour providers and responsible recruitment

Temporary workers can be subject to differing labour conditions and compensation, particularly when recruited through labour agencies. Therefore, we identified temporary labour as an area of focus both in our own operations and our extended supply chain. A key element of our work is our commitment to the "Employer Pays Principle"[10] (EPP) which states that no worker should pay for a job. We consider the Employer Pays Principle as a way to change business models, eradicate recruitment fees and recruitment related costs, advance ethical recruitment and stop abusive practices by third-party labour suppliers.

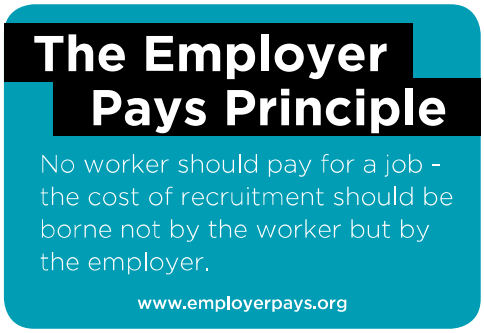
In 2018 we rolled out our internal Policy and process for the 'Sustainable Employment of Temporary Workers'. This sets out '10 Golden Standards', which are guiding principles that include fair and equal treatment, gender equality and the prohibition of forced labour or modern slavery. We also began to develop additional oversight of our third-party labour agencies including strengthening our vetting process, confirmation that they comply with our Responsible Sourcing Policy and reinforcing non-payment of recruitment fees, initially piloting this in Africa.

Working with the IUF and ITF to improve conditions for transporters

Transportation drivers are often migrant workers, driving between countries and often working away from their home country for long periods of time. These conditions can make them vulnerable to forced labour and poor working conditions.

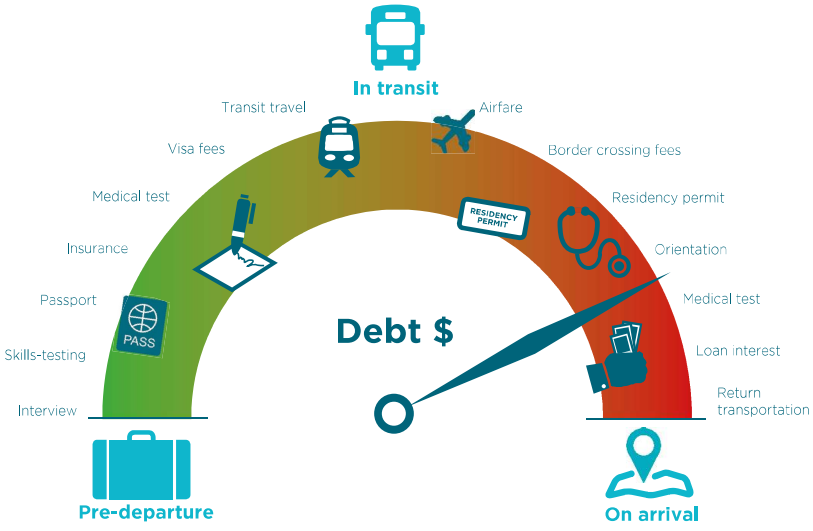
In 2018 we formed a working group with the International Union of Food Workers and International Transport Worker's Federation to explore how we could work together to address potential human rights abuses and potentially raise the floor industry-wide. A particular challenge is that many abuses happen several tiers up the supply chain through multiple levels of sub-contracting, which is common practice in the transport industry. Together, we created a guidance document, specific to transportation issues, to accompany the Responsible Sourcing Policy (RSP).

Within Unilever, we launched a pre-tender questionnaire relating to policies, procedures and workforce composition sent to all transporters in our recent European transport tender. This has strengthened our risk analysis tools and helped us raise awareness of RSP requirements prior to contracting. Additionally, working with ELEVATE,[11] we are creating a new audit protocol to address both the audit complexities of sub-contracting and to enable better access directly to drivers on the road in order to assess their working conditions – this is a work in progress.



CREDIT: EPP WWW.EMPLOYERPAYS.ORG

CREDIT: IHRB/LEADERSHIP GROUP FOR RESPONSIBLE RECRUITMENT.



MIGRANT WORKER RECRUITMENT FEES: THE INCREASING DEBT BURDEN

CREDIT: IHRB/LEADERSHIP GROUP FOR RESPONSIBLE RECRUITMENT.

10 https://www.ihrb.org/employerpays/the-employer-pays-principle

COMMODITY AND GEOGRAPHIC-SPECIFIC APPROACHES IN 2018

Malaysia

During an assessment of one of our suppliers in Malaysia during 2018 we found cases of passport retention, recruitment fee payment and substandard worker accommodation. Working with our supplier, passports have now been returned, and workers were moved to alternative accommodation. We are continuing to monitor this situation.

One of the challenges we are finding in implementing the Employer Pays Principle is mapping the entire recruitment process of a worker from their home to destination country. Even if fees appear not to have been paid in the destination country, they could have been paid in the home country to both local and national recruiters. There are complex relationships between many suppliers, brokers and agents. Working collaboratively with a peer company, we have reached out to Impactt[12] to help us map the recruitment journey of workers in our extended supply chain in Malaysia. This work continues in 2019 and will include face to face training with our Malaysian suppliers. We will take our learnings from this work and replicate with our suppliers in other high-risk countries.

Turkey

Turkey was identified as a high-risk country for potentially poor working conditions and with large numbers of migrant workers. We engaged Impactt[12] to carry out a Human Rights Impact Assessment, reviewing a sample of our own operations and our supply and value chains to look at the impact on human rights including the potential for forced labour. This work will be finalised in 2019.

We will also review the recruitment processes in our tomato supply chain as a follow up to a supplier visit in September 2018. The goal of the project is to use knowledge, gained through interviews with workers, suppliers and other stakeholders, to propose recommendations on how this recruitment process could be improved to the benefit of both workers and suppliers.

We will use the understanding from the tomato supply chain to feed into other collaborative initiatives and other agricultural commodities as migrant workers tend to move from crop to crop. Working with other organisations is key to ensure collaboration rather than duplication. We will share results of this work later in 2019.

The work in Turkey is part of a series of Human Rights Impact Assessments we are carrying out globally including in Honduras and Guatemala in 2018/2019, and Brazil and Thailand in 2019.

Palm oil

In November 2018, members of the Consumer Goods Forum (CGF) including Unilever and the Fair Labor Association (FLA) called for greater collaboration to tackle forced labour in the palm industry. This followed a report by the FLA, commissioned by the CGF, which sought to understand the forced labor risks across the palm sector in Malaysia and Indonesia and to examine the role consumer goods companies can play in bringing an end to the issue.

The research from the FLA and the CGF found that the palm oil sector in both Indonesia and Malaysia shows indicators of forced labor, such as coercive practices including threats; violence and lack of clarity of employment terms and conditions; dependency on the employer; lack of protection by state/police; debt bondage; high recruitment fees; and involuntary overtime. The highest risk of forced labour was among harvest and maintenance workers, including those who apply pesticides and fertilisers, that carries higher health and safety risks. We are now working collaboratively with peer companies to improve the situation through the development of an action plan based on the report recommendations.

Our approach to eradicate forced labour includes improving processes and structures and improving access to remedy. This includes the strengthening of the Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria which we actively pushed for and which were ratified and adopted by members in November 2018. We are now working on ensuring that proper implementation follows, notably through our active participation in the RSPO Human Rights Working Group and Labour Taskforce and our continued engagement with our suppliers.

Grievance mechanisms

An effective grievance mechanism is critical to identify and remedy human rights abuses including forced labour. Our grievance tracker for our palm oil supply chain was created in 2018 and published in January 2019. We continue to push for the RSPO grievance mechanism to become more effective and transparent and gave our support to an industry letter[13] to the RSPO to this effect.

We offer both internal and external channels for raising concerns confidentially via our 24/7 hotline or our online reporting tool. External parties including our suppliers and their workers can also use our global Code Breach Process. See pages 69-70 of our Human Rights Progress Report.[14] Our suppliers and other business partners must have effective and accessible grievance mechanisms open to their workers.

12 https://impacttlimited.com

WORKING WITH OTHERS TO INCREASE OUR IMPACT

Change through advocacy

The size and scale of our company and value chain give us both a requirement and a responsibility to advocate for structural change. Addressing modern slavery through structural change at an industry and country level is vital to stop abusive working conditions in global value chains and to drive lasting change.

In 2018 we worked closely with the Argentinean Government as Chair of the G20 to push for the inclusion of forced labour on the G20 agenda. We are members of the United Kingdom Foreign Secretary's Advisory Group on Human Rights, Business Against Slavery Forum[15] set up by the UK Home Office and welcome the leadership of United Kingdom, United States, Canada, Australia and New Zealand to tackle modern slavery in global supply chains by publishing a set of Principles and by using their $600 billion of purchasing power as a lever to help prevent forced labour in both the public and private sector.

Through our membership of the Leadership Group for Responsible Recruitment (LGRR)[16] we work not only with our businesses but also with governments to gain their backing to advance responsible recruitment practices including the Employer Pays Principle. By supporting initiatives to address issues in sectors such as hospitality (hotels) and shipping (distribution), we are working to identify and remediate issues across all areas of our value chain.

In 2018, Kevin Hyland OBE (former UK Anti-Slavery Commissioner) joined the LGRR as Chair along with additional member and partner organisations including the Migrant Forum in Asia.[17]

> "Employers should bear all the expenses of the workers... This will be possible only if all the labour source countries are united."
>
> **GOKARNA BISTA**
> MINISTER FOR LABOUR, EMPLOYMENT AND SOCIAL SECURITY, NEPAL

Tracking progress and remediation

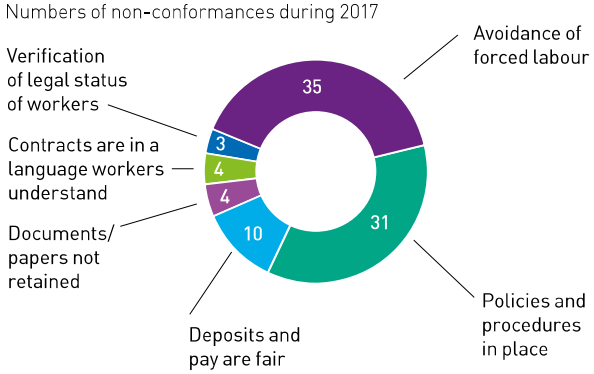
A key element of being able to track progress is knowing – and being transparent about – your value chain. In February 2018 we published a list of our palm oil suppliers, refineries and mills. Also in 2018 we published data relating to occurrences of forced labour found in our supply chain (in 2017).

We continue to explore innovation to better identify negative impacts and believe this is most effective when coupled with worker empowerment and engagement including effective social dialogue.

We are humbled by the external recognition by experts for our transparency and leadership in driving this issue at a company and industry level as leader of the KnowTheChain Benchmark; Thomson Reuters Stop Slavery Award; Ethical Corporation Awards for Human Rights and Supply Chain Management; and second position in the Agricultural Products ranking of the Corporate Human Rights Benchmark. This further drives our determination to continue to make progress and to increase action on the ground.

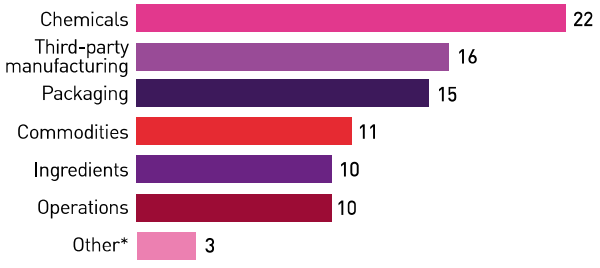
NON-CONFORMANCES VERSUS MANDATORY REQUIREMENTS

Numbers of non-conformances during 2017



NON-CONFORMANCES BY BUSINESS AREA

Issues recorded during 2017, listed by business area



*Marketing & business services 2, Third-party logistics 1

LOCATION OF NON-CONFORMANCES

Non-conformances during 2017 by region

15 https://www.gov.uk/government/news/leading-businesses-unite-to-tackle-slavery
16 https://www.ihrb.org/employerpays/leadership-group-for-responsible-recruitment
17 http://mfasia.org/

LOOKING AHEAD

Over 2019 we will continue to:

1. **Work with expert organisations both bilaterally and at an industry level to identify and remediate actual and potential cases of forced labour and modern slavery including by further embedding the Employer Pays Principle and better understanding the recruitment journey of workers.**

2. **Advocate for the continued focus on modern slavery by the G20/G7 and the effective implementation by governments of public procurement principles.**

This Statement has been approved by Unilever PLC and N.V. Boards at their meeting on 6 March 2019.

APPENDIX

FORCED LABOUR

Data in relation to forced labour is taken from audits conducted in 2017 showing non-conformances against the Responsible Sourcing Policy and specifically Fundamental Principle 4 that requires that "Under no circumstances will a supplier use forced labour, whether in the form of compulsory or trafficked labour, indentured labour, bonded labour or other forms. Mental and physical coercion, slavery and human trafficking are prohibited."

There were 87 non-conformances found in our audits in relation to forced labour, with 40% of them relating to the creation of indebted labour which makes it difficult or impossible for a worker to have the freedom of movement to leave employment. These practices include when workers are required to pay a recruitment fee to acquire employment, pay for their own personal protective equipment or where payments are retained until the end of a harvest or other period. An audit of an Indian supplier found a deposit being required from workers which would only be repaid if the worker completed three years' service. This practice leads to the worker not being able to leave the employment without losing the deposit (an amount greater than the worker is able to manage). After discovering this issue and raising it with the supplier, they have ceased this practice and returned all the deposits that were held.

A Malaysian third-party manufacturing supplier with a large migrant labour workforce was found to be retaining identity documents and using labour agencies that charged the workers with a recruitment fee. We are working with this supplier to remediate these serious issues with the documents having been returned to the workers along with the provision of safe storage lockers which are available in their dormitories.

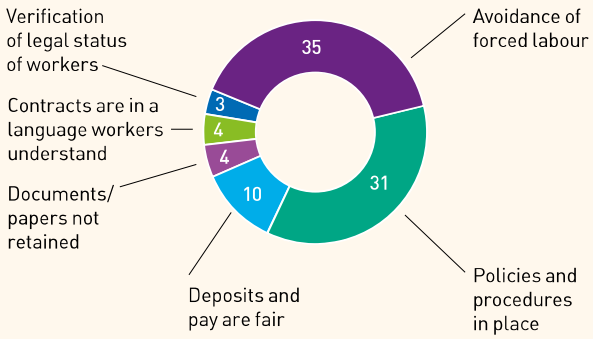
While the total number of non-conformances is the lowest among our eight salient issues and found in less than 10% of our audits, we recognise that this is an indication that more work is needed to effectively identify this issue, using means other than audits, such as greater direct engagement with workers and continued focus on effective and trusted grievance mechanisms. This continues to be an area where we work with and advocate through initiatives including the Consumer Goods Forum and the Leadership Group for Responsible Recruitment.

KEY DATA

87 non-conformances related to forced labour

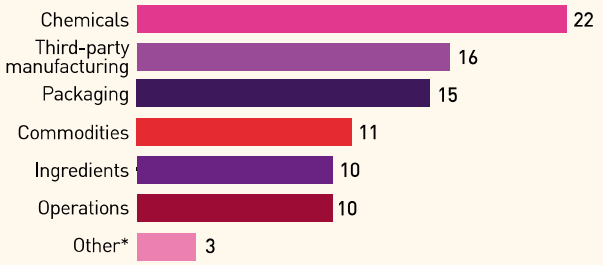
NON-CONFORMANCES VERSUS MANDATORY REQUIREMENTS

Numbers of non-conformances during 2017

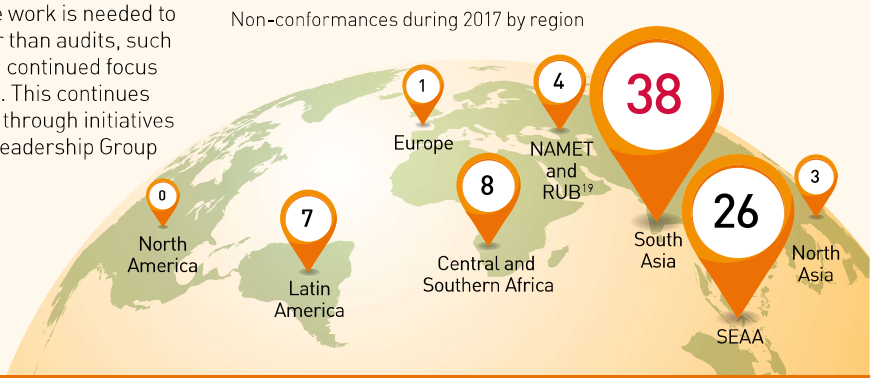


NON-CONFORMANCES BY BUSINESS AREA

Issues recorded during 2017, listed by business area



*Marketing & business services 2, Third-party logistics 1

LOCATION OF NON-CONFORMANCES

Non-conformances during 2017 by region