INVESTOR BRIEFING

The Importance Of Responsible Recruitment in Assessing Modern Slavery Risk

24th January 2020, New York City
INVESTOR BRIEFING

The Importance of Responsible Recruitment in Assessing Modern Slavery Risk

David Schilling
Senior Program Director, Interfaith Center on Corporate Responsibility (ICCR)

Sara Blackwell
Associate Director, Investor Alliance for Human Rights

WELCOME & INTRODUCTIONS
The Importance of Responsible Recruitment in Assessing Modern Slavery Risk

Kevin Hyland
Chair, Leadership Group for Responsible Recruitment

THE “EMPLOYER PAYS” PRINCIPLE
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The Importance of Responsible Recruitment in Assessing Modern Slavery Risk

THE MIGRANT WORKER DEBT BURDEN
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The Importance of Responsible Recruitment in Assessing Modern Slavery Risk

BASED ON THE DHAKA PRINCIPLES
Eradicating worker fees by 2026…

The Employer Pays Principle

No worker should pay for a job - the costs of recruitment should be borne not by the worker but by the employer.
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THE STATE OF PLAY

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Greg Priest  Head of Social Impact and Human Rights, Inter IKEA Group

Marcela Manubens  Global Vice President for Integrated Social Sustainability, Unilever

Kilian Moote  Project Director, KnowTheChain

Adam Kanzer  Head of Stewardship-Americas, BNP Paribas Asset Management
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THE STATE OF PLAY
Responsible Recruitment of Migrant Workers
Charging recruitment fees and related costs to people

A drivers of forced labour and debt bondage

Other factors:

- Passport confiscation
- Employer-based visa
- Deposit charging
- Confiscation of personal documents
- Physical isolation
- Violence, threat, fraud
- Etc.
Lack of transparency in recruitment process

PERSON
mom, dad, daughter, son...

SUB-AGENT

PRIVATE RECRUITMENT AGENCY - Country of origin

PRIVATE RECRUITMENT AGENCY - Country of destination

EMPLOYER SUPPLIER
What did we do?
The Cost of a Job:

**Pre-selection Costs**
- Informal Agents: $100-200 USD
- Provincial Agents: $0-200 USD
- Passport/NBI: $10 USD
- Training Center: $152 USD
- Medical Facility: $31 USD

**Post-selection Costs**
- Fixed Documentary and Processing Costs/Airfare: $377 USD

**Agency Service fees**
- Agency: $1930 USD
- Manpower Agency: $2500-$3500 USD
- Deposit: $500-$1000 USD

**Cost to the Individual:** $5600-$7400 USD
Outcomes and current steps

Internal Actions
- Education and awareness
- Connections between suppliers
- Progressive requirements
- Extensive support material
- Engage locally
- Further mapping and training

Supporting Structural and Systemic Change
- Education and awareness
- Advocacy
- Support capacity building
- Support other initiatives
- International Organization for Migration - IRIS
INVESTOR BRIEFING

The Importance of Responsible Recruitment in Assessing Modern Slavery Risk

Marcela Manubens
Global Vice President for Integrated Social Sustainability, Unilever

THE STATE OF PLAY
Panel: The State of Play: Driving Responsible Recruitment through Corporate Action

Marcela Manubens
Global VP of Integrated Social Sustainability
UNILEVER IS A GLOBAL COMPANY

Circa 60,000 suppliers

€51 billion 2018 turnover

190 Countries where our products are sold

2.5 BILLION consumers use our products each day

155,000 Employees worldwide
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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
- Global VP Social Impact appointed.
- Set up Human Rights Strategy (3 phases).
- Ultran Vietnam Report (1st year’s Action plan).

2013
- Launch of the Responsible Sourcing Policy (RSP).
- Creation of the Unilever Responsible Sourcing Policy (RSP).
- Strengthening of the Enhancing livelihoods ambition of the USLP.

2014
- Unilever becomes the first company to produce a standalone human rights report.
- Creation of the Integrated Social Sustainability Team.
- Publication of Modern Slavery Statement.

2015
- Created URSA.
- Also piloted our Responsible Business Partner Policy.

2016
- Myanmarese HRAs.
- Founding member of the Leadership Group for Responsible Recruitment.
- Signed Joint IJF/Unilever Commitment to Fight Sexual Harassment.
- Internal Capacity Building Workshops on Land Rights.
- Lead establishment of C3F Social Sustainability ambition.

2017
- Unilever Responsible Sourcing Policy 2017 launched.

2018
- RSP before PO.
- On track to achieve Fairness in the Workplace.

2019
- We have made steady progress across our Enhancing Livelihoods commitments.

Our work on human rights has particular relevance to the goals highlighted here:

- New guidance on M&A.
- Corporate Human Rights Benchmark: ranked No2 company overall in the Agricultural Sector.
- Land Rights Policy.

2020 TARGET
- ENHANCING LIVELIHOODS FOR MILLIONS

At a Glance...

Fairness in the Workplace
- By 2020 we will achieve fairness in gender and race in our operations and extended supply chain.

Opportunities for Women
- By 2020 we will empower 5 million women.

Inclusive Business
- By 2020 we will have a positive impact on the lives of 5.5 million people.
Identifying our salient human rights issues required issue prioritisation, integration of the perspectives of affected stakeholders and verification with expert stakeholders of the salient issues identified. We implemented the UNGP reporting framework to understand and manage our human rights risk.
Examples of Our Current Work to Eradicate Recruitment Fees & Improve Working Conditions

Malaysia: Recruitment fee prevention & remediation. One supplier deep-dive leading to rolling out training & toolkits across all high-risk suppliers

Turkey:
- Action plan following assessment of recruitment journey of migrant workers in tomato industry
- Participation in multi-stakeholder cross-agricultural Program with Fair Labour Association

Drove action & engagement through events with LGRR, Consumer Goods Forum, Humanity United, & Responsible Labor Initiative in Myanmar & Malaysia

Temp Labour Work: enhanced vetting process for third party labour agencies in Unilever factories

Dubai: Ethical Recruitment Training for HR, Procurement & suppliers

Improve working conditions by collaborating with Transport Workers Federation (ITF), the IUF & FNV-Stichting VNB
How does participation in the Leadership Group help?

- Critical mass – enables engagement and influence
- Insightful discussions – enables effective and informed action
- Coalition of the Willing – Enables and drives collaboration in partnership with other groups such as CGF & RBA
- Enables alignment
- Transparency commitment – what gets measured, gets done. Enables effective action and verification
- Division of labour
- GloCal – Global and Local chapters to create a community
INVESTOR BRIEFING
The Importance of Responsible Recruitment in Assessing Modern Slavery Risk

Kilian Moote
Project Director, KnowTheChain

THE STATE OF PLAY
KnowTheChain benchmarks current corporate practices and provides practical resources that enable companies to operate more transparently and responsibly.

Analysis of 119 large global companies across 3 high-risk sectors (electronics, food, apparel)
Recruitment: Disparity between policy and practice

Policy Prohibiting Worker-Paid Recruitment Fees
- Yes: 59%
- No: 41%

Evidence That Fees Have Been Reimbursed
- Yes: 92%
- No: 8%
Recruitment

Policy prohibiting the retention of workers' passports: 55% Yes, 45% No.

Support ethical recruitment in their supply chains: 85% Yes, 15% No.
Direction of travel: Companies improve, but slowly

**IMPROVEMENTS SINCE 2016**

- **Evidence of reimbursement**
  - 2016: 3
  - 2018: 9

- **No-fee policy**
  - 2016: 21
  - 2018: 28

Companies benchmarked in 2016 and 2018 (57)
“Issues such as modern-day slavery...can be material to the financial performance of these companies and they may risk restricted access to capital due to reputational damage and regulatory backlash.”

— Steve Waygood, Chief Responsible Investment Officer, Aviva Investors.

Norway’s $1tn oil fund to sell G4S shares after ethical review

Sovereign investor’s decision follows investigation into group’s Qatar and UAE operations

Attracta Mooney and Gill Plummer in London NOVEMBER 14 2019

Norway’s $1tn oil fund, the world’s largest sovereign wealth fund, is selling its shares in G4S over concerns the security company is responsible for alleged human rights violations in the Middle East.

It found that migrant workers in the Middle East were being harassed, had their passports confiscated and were being paid lower wages than agreed.

KnowTheChain Investor Statement

Investor Expectations on Addressing Forced Labor in Global Supply Chains

As investors representing $5 trillion in assets under management and with a duty to act in the best interests of our beneficiaries, we believe that environmental, social and governance issues can affect long-term performance and financial returns for portfolio companies.

As investors we promote responsible business conduct as outlined in the OECD guidelines and support the United Nations’ Sustainable Development Goal 8.7 to eradicate forced labor:
INVESTOR BRIEFING
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Adam Kanzer
Head of Stewardship-Americas, BNP Paribas Asset Management

THE STATE OF PLAY
A long term commitment toward sustainability since 2002

- **2002**: Founding signatory to the UN Principle for Responsible Investments (PRI)
- **2006**: Launch of our first socially responsible investment (SRI) fund and joined the institutional investors group on climate change (IIGCC)
- **2002-2006**
- **2006-2012**
- **2012**: Implementation of the United Nations Global Compact Principles and sector policies of BNP Paribas Group
- **2015**: Signatory to Montreal Carbon Pledge to align our portfolios with the Paris agreement
- **2018**: Exclusion of tobacco from our investment funds
- **2019**: New Coal Policy & Launch of our Global Sustainability Strategy

Source: BNP Paribas Asset Management - As of April 2019
Stewardship is central to our strategy

Public Policy
Actively engage with regulators, helping to shape the markets in which we invest and the rules that guide and govern company behaviour.

Engagement (voting, governance and quality of management)
Our key priority is to promote good governance practices.

The Three E’s
Energy Transition, Environmental Sustainability and Equality serve as the focus for our global sustainability engagement efforts.

Responsible Business Conduct
Committed to engage or exclude companies that appear on our watch list for serious controversies, including those deemed to be in violation of the Global Compact Principles.

Source: BNP Paribas Asset Management - As of April 2019
Forced Labor is a Market Failure

“In an ideal free market resting on private property, no individual can coerce any other, all cooperation is voluntary, all parties to such cooperation benefit or they need not participate. There are no values, no ‘social’ responsibilities in any sense other than the shared values and responsibilities of individuals.”

Milton Friedman

*The Social Responsibility of Business is to Increase its Profits*

The New York Times Magazine (September 13, 1970)
Open Questions

For Companies

• Why are the highest ranked KTC performers sourcing from lowest ranked?
• When does it make sense to consider direct employment? What are the obstacles?
• How much disclosure is enough?

For Investors

• Are supply chain recruitment practices included under “Human Capital Management”?
• Is forced labor in a blind spot? Investors are generally not focused on legal compliance, but forced labor is illegal.
• How can we do more effective human rights due diligence?
We are a “future maker” not a “future taker”

As the world changes around us, we will maintain an unwavering focus on achieving long-term sustainable returns for our clients. We believe integrating sustainable practices allows us to enhance and preserve value for clients.

We have set a target to be sustainable across our investment strategies by 2020.

Create value for clients through ESG integration and stewardship in our investment processes

Protect future performance by using our influence with companies and governments to advocate for a low-carbon, inclusive economy.
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Q&A
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CHANGING THE RECRUITMENT MODEL

Shawn MacDonald
Executive Director, Verité

Alex Cech
Senior Project Manager, Responsible Business Alliance

Rachel Micah-Jones
Founder and Executive Director, Centro de los Derechos del Migrante

Anbinh Phan
Director, Global Government Affairs, Walmart

CHANGING THE RECRUITMENT MODEL
The Importance of Responsible Recruitment in Assessing Modern Slavery Risk

Alex Cech
Senior Project Manager,
Responsible Business Alliance

CHANGING THE RECRUITMENT MODEL
Responsible Labor Initiative

January 2020
RLI Overview

Multi-industry, multi-stakeholder initiative

End-to-end ethical recruitment and employment due diligence

Primary focus on forced labor in supply chains

Based on leading Responsible Business Alliance standards and programs

Launched June 2017
Vision
The rights and dignity of workers vulnerable to forced labor in global supply chains are consistently respected and promoted through responsible recruitment and employment practices.

Mission
Members, suppliers, recruitment partners and stakeholders use their collective influence and application of due diligence to drive the transformation of recruitment markets and reduce the risk of forced labor in global supply chains.
<table>
<thead>
<tr>
<th>OECD</th>
<th>Action</th>
<th>Tools and Resources</th>
</tr>
</thead>
</table>
| STEP 1 | Establish Strong Company Management Systems | RBA Code of Conduct: Freely Chosen Employment  
RBA Definition of Fees  
Practical Guide to Implementing No Fees Policy |
| STEP 2 | Identify and Assess Risks in the Supply Chain | Responsible Labor Initiative (RLI) Risk Assessment Platform  
Supplemental Validated Audit Process (SVAP) on Forced Labor |
| STEP 3 | Cease, prevent and mitigate adverse impacts | RLI eLearning Academy  
RLI Community of Practice  
Responsible Workplace Program  
Responsible Recruitment Program |
| STEP 4 | Track implementation and results | SVAP Corrective Action Plans |
| STEP 5 | Communicate how impacts are addressed | RBA-RLI Reporting Resources  
Model Disclosure Templates |

**STEP 6:** Provide for or cooperate in remediation when appropriate

- Labor Migration Corridor Database  
- RLI Community of Practice  
- Shared Remediation
The Responsible Recruitment Program (RRP) provides a development path, with public recognition for progress, to labor providers to meet ethical recruitment standards of today’s leading industry customers. Program elements include:

Three-Step System
- Ethical Recruiter Training & Verified Self-Assessments
- Forced Labor Audits
- Certification Equivalency
Current Context of Responsible Recruitment & Employment

• Companies want to be confident they can achieve their policy commitments.

• Incentives and regulations can influence company action; however, engagement needs to be understood as a long-term commitment.

• Collaboration through initiatives and third-party actors can help provide tools, insight and programmatic support to companies.

• Addressing and remediating issues often requires the appropriate leverage and may demand that companies go beyond local law, if specific worker-paid fees are legally allowable.

• Companies can demonstrate evidence of their commitment and progress through internationally accepted due diligence, including policy commitments, on-the-ground action, external engagements and reporting.
The Importance of Responsible Recruitment in Assessing Modern Slavery Risk

Rachel Micah-Jones
Founder and Executive Director, Centro de los Derechos del Migrante

CHANGING THE RECRUITMENT MODEL
Government Policy and Impact

• Expansion of guestworker programs with few regulations leads to increased vulnerability

• Lack of effective government oversight creates an environment where recruiters and employers act with near impunity for recruitment abuses

• Lack of transparency makes it difficult to hold employers and recruiters accountable for problems in their recruitment chain
Recruitment Transparency

**Recruitment Revealed**

Fundamental Flaws in the H-2 Temporary Worker Program and Recommendations for Change

**SELECT KEY FINDINGS**

- 58% reported paying a recruitment fee.
- 47% took out a loan to cover pre-employment expenses.
- 52% were not shown contracts.
- 10% reported paying a fee for a nonexistent job.
CONTRATADOS
VOY CONTRATADO, VOY INFORMADO

Participation in Policy Debates
Organizing
Multiplying Reach
Tracking Actors
Connecting to Remedy
INVESTOR BRIEFING
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Anbinh Phan
Director, Global Government Affairs, Walmart

CHANGING THE RECRUITMENT MODEL
Walmart Government Relations and Advocacy to Address Forced Labor and Advance Responsible Recruitment

Why, What and How
Why: Values

Worker Dignity  |  Human Rights Statement  |  Most Trusted Retailer
What: Stewardship and Shared Value

Internal Walmart actions

- **Lead**: Changes to assortment / policy
  - Merchants and Sourcing
- **Influence**: Suppliers and customer choice
  - Sourcing, Sustainability, Responsible Sourcing and Marketing

External actions to change industry

- **Collective action**
  - Sustainability and Responsible Sourcing
- **Philanthropy**
  - Walmart Foundation
- **Advocacy**
  - Government Affairs
What: Leadership

• Lead policy advocacy and government engagement to (1) promote responsible recruitment of migrant workers and (2) combat forced labor in high risk supply chains.

• CEO Doug McMillon/ ESG Report public commitment: “By the end of 2026, we want responsible recruitment to be the standard business practice for employers throughout the global supply chain.”
# How: Systems Focus

<table>
<thead>
<tr>
<th>Approach</th>
<th>FY20 Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry Initiatives</td>
<td>To provide <strong>strategic guidance</strong> regarding government relations for industry initiatives such as the Leadership Group for Responsible Recruitment or the Seafood Task Force.</td>
</tr>
<tr>
<td>Multilateral</td>
<td>To engage multilateral forums to develop a legal and policy framework to advance responsible recruitment. To develop <strong>business recommendations</strong> for governments regarding supply chain public policy and law (i.e. advance AAA recommendations for the Bali Process Government and Business Forum).</td>
</tr>
<tr>
<td>Bilateral/Roundtables</td>
<td>To promote laws that strengthen fines and penalties for forced labor; to ask that laws be resourced effectively. To advance legislation and policy that advance responsible recruitment (i.e. formal MOU systems – i.e. Thailand and Cambodia do not have a formal MOU).</td>
</tr>
<tr>
<td>CoO Strategy</td>
<td>Align with Global Sourcing strategy and <strong>emphasize Walmart's high labor and sustainability standards, and commitment to responsible recruitment</strong> to key govt. officials and influencers in countries like Vietnam and India.</td>
</tr>
<tr>
<td>Business Collaboration</td>
<td>To <strong>bring together companies</strong> to engage the USG and foreign governments to promote best supply chain policy and practice, share about business supply chain initiatives, including responsible recruitment.</td>
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How: Dialogue and Alignment
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The Importance of Responsible Recruitment in Assessing Modern Slavery Risk

John Morrison
Chief Executive,
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REFLECTIONS
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