

# Unilever Human Rights Case Studies

## Archive

### November 2024- Trialling innovative technology to monitor social risk

Advancements in technology over recent years have improved the transparency and traceability of global supply chains, in turn improving the accuracy of our risk monitoring and ability to act more swiftly to address potential and actual impacts. An example of this is the progress we have made in monitoring environmental risk – adopting technology to monitor what is happening to forests globally through satellite imaging, artificial intelligence and geolocation data – helping us to improve our visibility of deforestation in our value chain and escalate our response before the impact gets worse. Tackling these issues requires not only financial investment, but also collective industry commitment to make real progress on a larger scale.

Environmental risk monitoring is significantly more advanced than social risk monitoring - utilising technology to detect potential and actual human rights impacts in our supply chains is more complicated. We have been working with various partners including major technology firms to explore IT solutions and experiment with new approaches that may help. For example, in 2021, we began collaborating with IBM to explore how new technology-led capabilities can identify and assess potential human rights impacts in our value chain. This led to the development of ETHICS, a new IBM technology platform focused on surfacing human rights impacts across a number of supply chains. In 2023, we piloted the prototype.

#### Piloting new technology

The aim of the pilot was to create a more systematic and automated way to identify and classify potential impacts using data available from open sources online, crucially including in local languages, and map this against our supply chain network, making the process more efficient and rigorous. We hoped that this would give Unilever supply chain teams additional credible and reliable information on which to base proactive decisions relating to risk in our extended supply chain and act before significant impacts occur. There was also an opportunity to explore how the technology supports us to prioritise action on risks across our value chain.

In developing the pilot, we explored the problems and assumptions that we faced and, recognising the issues are common across industry, sought inputs from peer companies. This helped us to prioritise where to focus. We particularly wanted to leverage hyper-local data such as local news outlets and civil society publications that are in local languages, to build our risk profiling based on more precise on-the-ground information. Even though we were unable to find a solution to support us on this, we did observe that in ad-hoc situations, local news outlets gave us great insights. In addition, we engaged with experts including human trafficking technology platform, the [Traffik Analysis Hub](#), to understand additional ways that we could collect data to support our pilot. Initially, we chose to test the technology within our palm oil supply chain, with the intention to then expand to other key high-risk supply chains.

During the pilot, we were able to successfully assess the ETHICS prototype over a 5-month period and complete 3 cycles of testing and evaluation by Unilever Supply Chain and Sustainability teams.

#### Lessons learned

Whilst ETHICS provided a consolidated view of risk from identified, agreed, and accessible Human Rights data sources, it did not fully deliver a better way to identify and classify risk relating to our supply chain. We noticed that often, the platform did not find information on risks that had been identified by the current Unilever teams.

Despite this, we've learned a lot through the process. When launched, the technology was very new to the industry and relied on 'free-to-access' data. But during our pilot, the AI landscape underwent significant evolution, and discussions about GenAI were beginning to emerge. The technology we were using rapidly became outdated and very quickly more effective solutions were identified for the ETHICS platform that were better able to meet our needs. AI presents significant opportunities for social risk monitoring techniques, but a period of stabilisation is needed in this rapidly evolving field,

as well as clear guidance around the use for social good of publicly available data and news reports on the internet.

### **What's next?**

Our pilot has shown that more work is required to create a systematic and automated way to identify and classify risk. We continue to explore technology solutions and pilot approaches in collaboration with partners to drive improved transparency. Whilst AI presents immense potential to enhance efficiency and drive innovation, we recognise the importance of responsible, safe and ethical use of AI. Our Responsible AI Principles and internal processes and guardrails help us to identify, manage and mitigate foreseeable risks associated with these technologies.

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### **September 2024 – Remedyng Issues**

Forced labour is one of Unilever's salient human rights issues and we have a clear action plan to address risks and issues associated with modern slavery that are identified throughout our value chain (for details please see our 2023 Modern Slavery Statement). One area of intervention that makes up our action plan on modern slavery is engagement with workers to better understand their experiences so that we can make improvements to the way that we detect, prevent, and resolve issues. This year we commissioned Ergon to carry out a study of migrant workers that are employed by our suppliers based in Malaysia and Thailand, as well as their families to understand the impact that paying recruitment fees to secure their job has had on their lives.

*"It was a very difficult period for us. Some of our friends who were in better financial situations would help us out with our monthly expenses. But you never feel good, and you are anxious all the time about making money and paying your loans. We thought when we first came to Malaysia that we would be back in Myanmar in 2 years. But, because of the loans, we ended up staying a lot longer. And we are still here."* Burmese worker from a supplier in Malaysia

Across four supplier sites, 75 workers from Nepal, Myanmar and Laos that had paid recruitment fees were interviewed. In some cases, workers had borrowed money to pay recruitment fees, with interest rates up to as much as 15% of the value of the loan. All the workers interviewed were repaid by the supplier in one lump sum or via installments. Workers shared testimonies about the impact that their repayment had - some gave money to their families to support with expenses, savings or children's education and some purchased land or built houses with repaid funds.

We have learned many lessons from this study about the reimbursement process. Some workers reported that they did not fully understand why repayments were being made, whilst others were unclear how the supplier had calculated the amount given to each worker. There were also reports that some workers were not involved in the consultative process as some workers spoke better Malay than others, meaning workers had to rely on second-hand translations from their peers. Workers expressed a preference for receiving the repayment as a lump sum rather than monthly instalments and reported that the amount repaid did not factor in inflation or interest and therefore created a shortfall. We are reviewing these learnings and looking at how we can improve our guidance to suppliers in future situations.

Alongside the reimbursement process, all four suppliers have thoroughly revised their policies and contracts with recruitment agencies to ensure that workers are not made to pay any fees. One supplier has also improved advertising and recruitment processes to make clear that fees should not be paid by workers throughout the process.

A detailed summary of this study can be found on Unilever.com (look for 'Impact of fee repayment – Summary of lessons and findings') and more information about our work to address modern slavery risks and issues can be found in our Modern Slavery Statements