

# Human rights and responsible business across our value chain

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**Protecting the human rights of everybody involved in our value chain is at the heart of our business and Human Rights policy – and we're working to embed human rights within all of our business activities.**

Our value chain affects the human rights of many people – whether they're working directly in our business or on the farms that grow the crops we use, or are our suppliers or consumers or community neighbours. We have been evaluating the impacts we have, looking for ways to protect human rights where needed, and remediate problems that some people face.

We know we have a lot to do, as there are systemic challenges to human rights in many parts of the world. We've prioritised groups who are particularly vulnerable in our work. For example, migrant workers, one of the most vulnerable groups, often face discrimination and exploitation while working abroad, often away from their families. Such discrimination may have been embedded in employment practices and behaviours for many years and can even be reinforced in the legislation of countries. Tackling issues like this is not just something for RB – we will play our part – but also demands solutions at a sector, country and even global level. This means we also work with partners, NGOs, other companies and governments to identify both risks to human rights and ways in which we can better protect those rights. We're looking for solutions to challenging issues, but are committed to respecting the human rights of people throughout our value chain.

For more on our global value chain and how we manage this, see our [Responsible approach across our global value chain insight](#). Our work on human rights is closely connected to how we protect ecosystems and the communities within them – see our [Protecting ecosystems across our value chain insight](#). You can also find out more about how we support our own people and their human rights in the insight [Our people](#).

## OUR PROGRESS THIS YEAR

- 132 audits of our suppliers completed in 2019 (170 in 2018).
- 45% increase in audit pass rating from the first to most recent audit (43% in 2018).<sup>1</sup>
- 99.7% management level employees completed human rights training (88% in 2018).<sup>†</sup>

<sup>1</sup> Out of the 123 sites that have had multiple audits, 25 (20%) passed their initial audit, compared to 80 (65%) passing their most recent audit, resulting in a 45% improvement in pass rate.

<sup>†</sup> Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.

## Highlights from the year

2019 was transformative for us – both in terms of how we're expanding our perspective to cover the full value chain and our work with partners to achieve our responsible sourcing and human rights ambitions.

- We began a partnership with the [Danish Institute for Human Rights](#) to support the evolution of our programme and to help us better understand our human rights impacts across our value chain – see page 3 for details.
- We ran a workshop in December for our senior leadership focusing on our human rights agenda and the role we must play in the coming years. The workshop was supported by our partners the Danish Institute for Human Rights and focused on how we can better embed a respect for human rights into our business. Helping us were guest speakers from global retailers and NGOs, other multinational consumer brands and legal experts on human rights – as well as the Institute for Human Rights and Business.
- We broadened our natural raw materials policies to look beyond our main ingredients: latex, palm oil and timber. We are now tackling ingredients in fragrances, surfactants (one of the many different compounds that make up a detergent) and dairy for our infant nutrition brands. We'll continue to expand our policies to focus on the materials with the greatest human rights and ecosystems risks. See more in our [Protecting ecosystems across our value chain insight](#).
- We developed our compliance monitoring programme with:
  - A three-year assessment and engagement plan for high-risk raw material and packaging suppliers.
  - A pilot for promotional goods suppliers in China to explore how we can extend our programme to indirect supplier commodities.
  - A pilot exploring how to strengthen and improve environmental performance for third-party manufacturers, going beyond compliance with environmental law.
  - A pilot wellbeing survey to give us a better understanding of workers' conditions.

# Human rights and responsible business across our value chain continued



## Looking ahead – our focus for 2020 and beyond

2019 was about getting a detailed picture of the impacts we have on human rights. Our focus in 2020 will be to develop a societal impact framework to capture what we've learnt, and to develop programmes to address the issues we've discovered. Specifically, we will be implementing the recommendations that came out of our work with the Danish Institute for Human Rights, publishing our human rights impact assessment (HRIA) from Thailand, and carrying out assessments in other countries.

## Strength through partnership

Issues and their solutions go beyond our own supply chain relationships. To create positive change, we work not only with our suppliers, and our suppliers' suppliers, but with government, industry and NGOs to find solutions together.

## The Danish Institute for Human Rights

Our purpose is to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world, so it's critical we act with full respect for all the people in our value chain. To achieve this, we are increasing our focus on integrating the UN Guiding Principles on Business and Human Rights (UNGPs) into our organisation and have partnered with the Danish Institute for Human Rights to support us with this journey. In 2019, we undertook two key activities:

- A corporate level assessment of our human rights performance across RB through the lens of the UN's Guiding Principles – resulting in 35 recommendations for improving our day-to-day activities. The recommendations ranged from how we embed human rights into our corporate policies and procedures, through to our positioning on specific issues such as contract labour management, procurement practices, company tax payments, working hours, wages and human rights training. We have started to review and prioritise these recommendations and will start to roll these out in 2020.
- Our first country-level human rights impact assessment evaluating our direct and indirect human rights impacts along the value chains of the Durex and Enfa brands in Thailand. We plan to publish the report mid-2020 – sharing our learnings and the plan for preventing, mitigating and where relevant remedying adverse impacts transparently. Building off this pilot, we'll explore how we conduct similar assessments in future.

## Other notable partnerships

- **AIM-Progress** – we play a leading role in this global sustainable sourcing forum of top FMCG manufacturers and suppliers. We're on the leadership team and co-chair the Capacity Building work stream. This year we co-sponsored their Responsible Sourcing Forum in São Paulo, Brazil, meeting with almost 300 other companies. We led a session on the mutual benefit in sharing 21,000 suppliers' audits among members, reducing duplication for suppliers.
- **Consumer Goods Forum** – RB is a member of the Consumer Goods Forum, working with other leading brands, manufacturers and retailers who share a commitment to social and environmental sustainability. By working together on these issues, and through safe, resilient and sustainable value chains, we aim to increase our collective impact.



Rights and livelihood discussions with Latex tappers in Thailand.

Credit: Earthworm Foundation

# Human rights and responsible business across our value chain continued



## Reinforcing our standards

Human rights are a universal requirement and we are fully committed to ensuring everyone's rights are respected. Our policy sets out our human rights commitment and minimum standards for labour, health and safety, environment and business integrity, which are closely aligned with the Ethical Trading Initiative and the conventions of the International Labour Organization. For details of our approach and activities for our employees, see the [Our people insight](#).

We're also well aware of the limit to what we can directly control and influence. We prefer to take a collaborative and transparent approach with our stakeholders, working closely with our suppliers to resolve issues rather than bringing relationships to an end. If issues can't be resolved, we would consider moving to a different supplier.

## Tackling modern slavery issues

We're continuing to work with suppliers, peers and experts including NGOs to tackle ongoing challenges facing migrant workers internationally. These range from passport retention to poor accommodation and excessive recruitment fees paid in the workers' country of origin. Within our supply network, this is a particular area of focus in Malaysia and the Gulf States.

In 2019, we increased activity to tackle the systemic issue of excessive recruitment fees paid by migrant workers, and the debt it leaves those workers in. Our initial focus was our Malaysian supply chain where we collaborated with external experts, suppliers and peers to pilot a scalable five-step approach towards recruitment fee remediation. We've now included our supply chain in the Gulf States where international migrant labour is also widespread. Our approach focuses on developing responsible recruitment practices that employers can use in the future and reimbursing existing workers for recruitment fees. We've made good progress, and will be rolling these practices out more widely from 2020 onwards.

## Inspiring our suppliers to improve working practices

For many of our suppliers, fire safety, site maintenance, living wages and working hours remain the most pressing issues. At the AIM-Progress Responsible Sourcing Forum in São Paulo in July, our suppliers attended workshops offering practical solutions to their challenges, with many saying that the forum had inspired them to improve their practices.



## Our human rights and responsible business principles



**No child labour.**  
Limitation of work  
by young workers.



**No forced labour  
or human trafficking.**



**Provision of a safe  
and healthy working  
environment.**



**Freedom of association  
and right to collective  
bargaining.**



**No discrimination –  
equal opportunities  
and rights.**



**No harmful or  
inhumane treatment.**



**Fair working hours,  
remuneration and  
employment conditions.**



**Protection of  
the environment.**



**Conducting business  
with integrity.**



**Implementation of  
management systems to  
effectively ensure compliance  
with these principles.**



# Human rights and responsible business across our value chain continued



## Our compliance monitoring programme

To reinforce our policies and standards, we have a compliance monitoring programme to identify and address any shortfalls in our business and value chain. This is run by a team including four regional experts in China, South Asia, the Middle East and Africa who work with our suppliers, our sites and our procurement teams.

### Establishing inherent risk

Inherent country risk is based on the following indicators:

- 50% – World Bank Governance Indicators.
- 20% – UN Human Development Index (HDI).
- 15% – Transparency International Corruption Index.
- 15% – US State Department Human Trafficking Report.

## There are five stages to the programme:

- 1 Engagement** – we communicate our requirements and expectations to all RB facilities and suppliers. For our suppliers, this is at the start of any commercial relationship and is integrated into the commercial contract.
- 2 Self-assessment** – self-assessment is useful to build awareness and engage suppliers, supporting the policies and procedures to implement within their own facilities and supply chain to manage the issues of labour standards, health and safety, environment and business integrity.
- 3 Site risk assessment** – all RB facilities are assessed on the inherent risk associated with the site's country of operation, product area, sector profile and site function, and management controls risk. We consider previous audit ratings as a reflection of the site's ability to manage compliance on site. Then we conduct a site-level risk assessment to determine which sites are high risk and in need of further due diligence through a physical on-site audit. All suppliers undergo a site-level risk assessment through our programme management platform, Inlight, which is hosted by Intertek. Through Inlight, each site is assigned an overall risk rating of either critical, high, medium or low. The overall risk consists of inherent risk and, if applicable, the audit rating of the latest audit.
- 4 Auditing and addressing non-conformities** – we audit critical and high-risk sites at least every three years; this can be sooner if merited by the latest audit results. When we take on new third-party manufacturers in an emerging economy, they are audited automatically as part of their onboarding. For our own operations, we conduct announced bespoke human rights and responsible business compliance audits. For our suppliers, we use the same human rights and responsible business compliance audits audited by our internal team and 4-pillar SMETA audits for any supplier audited by an external third-party audit firm. SMETA is our preferred auditing procedure as it is one of the most widely used and accepted ethical formats in the world, helping reduce the audit burden on suppliers. We are also committed to recognising ethical audits carried out for other customers, provided they meet our mutual recognition criteria.
- 5 Training** – proactive engagement and training are crucial to ensure both internal and external partners understand our requirements, and how to prevent, identify and remediate issues.

## Summary of audits and assessments in 2019

- **Monitoring** – we monitored 653 individual sites, including 598 suppliers (third-party manufacture, distribution & embellishment centres, and high-risk raw and packaging material suppliers) and 55 RB sites.
- **Self-assessment** – 100% of RB facilities complete an annual self-assessment of compliance with our human rights and responsible business requirements on Enablon. 82% of suppliers have a completed Sedex self-assessment and we continue to proactively engage with those still to complete.
- **Audits** – 132 supplier and 14 RB site audits were conducted with a total of 1,027 non-conformities identified.
- **Corrective actions** – 85% of suppliers and 100% of RB sites audited have an approved corrective action plan in place, with 67.5% of RB site non-conformities addressed.

## Developments in site risk assessments

In 2019, we updated our supplier data to ensure we only assess active suppliers. This reduced the number of suppliers. The site risk profile of the remaining 598 suppliers is: 38 (6%) critical, 256 (43%) high, 137 (23%) medium and 167 (28%) low risk. In 2019, we extended our risk assessment to include raw and packaging material suppliers, considering their risk in consultation local procurement teams. We began work to bring these suppliers into our programme and will scale up activity in 2020.

# Human rights and responsible business across our value chain continued

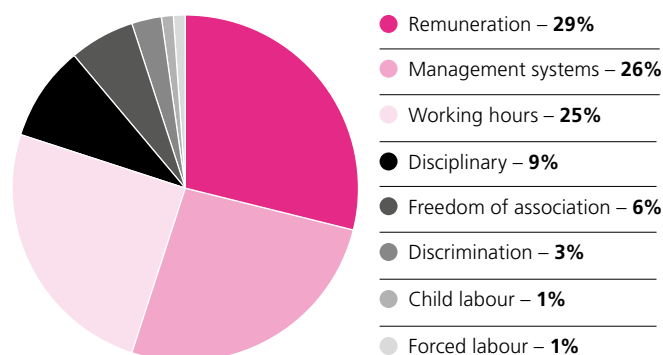


## Auditing and addressing non-conformities in 2019

### RB sites

2019 saw audits of 14 RB factories in Mexico, China, Thailand, Indonesia, India, Russia, Brazil, Singapore and South Africa. These identified 86 issues contrary to our standards. We will work with the sites to address these issues during 2020. The issues involved:

#### ISSUES CONTRARY TO OUR STANDARDS



- **Remuneration (29%)** – often related to contract workers, this included: missing payroll records; payslips without a detailed breakdown of all types of wages, benefits and deductions; non-receipt of employment contract copies; insufficient overtime wage and social security payments made to contract workers.
- **Management systems (26%)** – the majority of issues concerned weaknesses in processes to manage contracted labour or service providers working on site.
- **Working hours (25%)** – many of these issues related to contract workers and included: excessive overtime, policy gaps, missing attendance records, non-provision of a weekly day off, and an instance where no meal break was given to security guards.
- **Disciplinary (9%)** – we identified concerns associated with record keeping and raising awareness of policies, and one instance of disciplinary procedures not being recorded.
- **Freedom of association (6%)** – issues concerned documentation, communication and other procedural matters.
- **Discrimination (3%)** – primarily we raised a concern where grievance procedures were not being communicated to all workers. One site had no women in the manufacturing area on the day of the audit, raising a question of potential discrimination within recruitment.
- **Child labour (1%)** – we found one instance where there was an absence of documentation to confirm the age of temporary workers. This has been addressed.
- **Forced labour (1%)** – there was one issue concerning a staffing agency deducting essential work items (safety boots) from a worker's salary. These were subsequently provided free of charge as we stipulate.

After each audit, the site develops a robust corrective action plan (CAPA) which we record in our Enablon management system. The CAPA is reviewed by the Global Human Rights team with monthly reports on remediation compiled for global and regional management. 100% of sites audited in 2019 have an approved CAPA in place, with 67.5% of the issues raised already resolved.

## Reports from our whistleblowing line

In addition to our auditing activities, we have grievance processes in place in all countries that comply with local laws. We received 466 cases through Speak Up, our formal whistleblowing channel, during 2019, some of which may raise human rights questions. Speak Up is described in more detail in our [Business conduct insight](#).

136 cases were initially identified as potentially raising concerns of issues contrary to our policy on human rights and responsible business. Following investigations, 49 were substantiated. 37% of these related to disciplinary practices. 21% involved discrimination, including sexual, moral or verbal harassment, favouritism, or gender and race discrimination. 14% of cases concerned working hours, remuneration and pay disputes, while 10% concerned health and safety, the majority being working conditions. 16% related to our policy on business integrity, including matters such as sales of product samples and claims of non-permitted expenses. 2% related to environmental management.

All 49 issues raised in 2019 were resolved. Our actions to address these ranged from training and changes to policies or procedures to disciplinary action and termination of employment.

# Human rights and responsible business across our value chain continued



## RB suppliers

During 2019 we continued our audits of higher-risk third-party manufacturers, distribution and embellishment centres. We also extended the reach of the audit programme and increased our capability-building activities with suppliers. These help to build their awareness of responsible sourcing and human rights issues to help them deliver our standards.

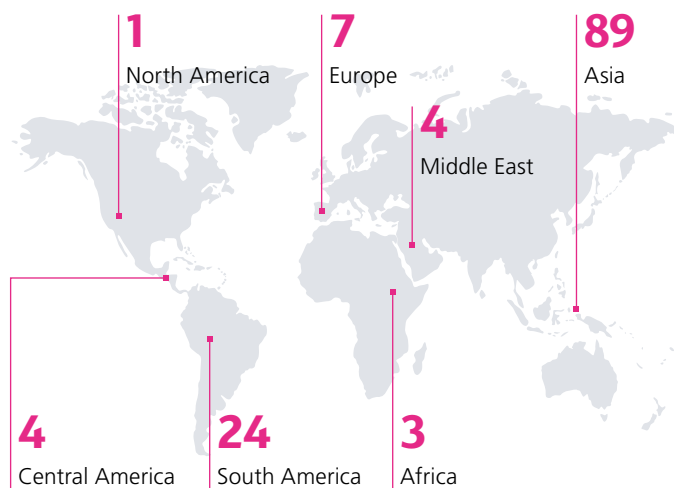
We ran an engagement plan for our higher-risk raw materials and packaging suppliers, and began a programme of capability-building visits to their sites. We also audited some high-risk promotional goods suppliers in China. Both these pilots proved successful and will be scaled up in 2020.

In 2019, we audited 132 supply chain manufacturing sites, which employ 41,442 workers.

## AUDITS BY SUPPLIER TYPE

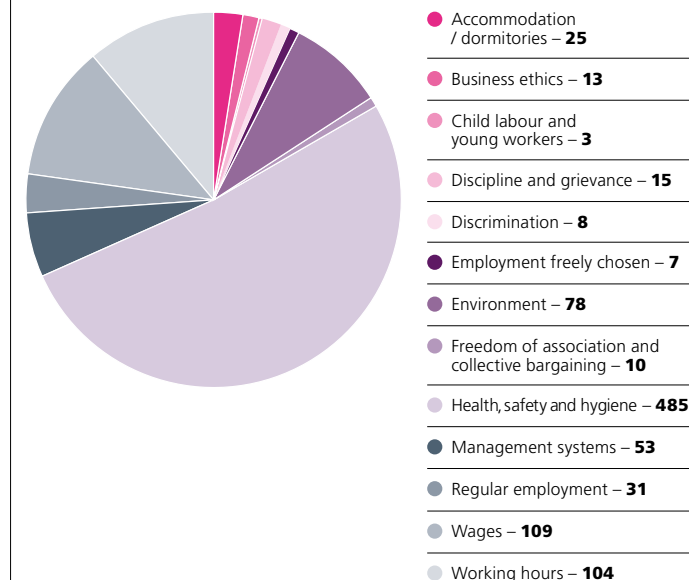
Co-packer	80
Distribution centre	37
Packaging material	8
Raw material	4
Embellisher	3

## SUPPLIER AUDITS BY REGION



In 2019, our audits identified 941 contraventions of our standards. While a high number, this was lower than the 1,403 found in 148 audits in 2018.

## NON-COMPLIANCES BY POLICY CLAUSE



# Human rights and responsible business across our value chain continued

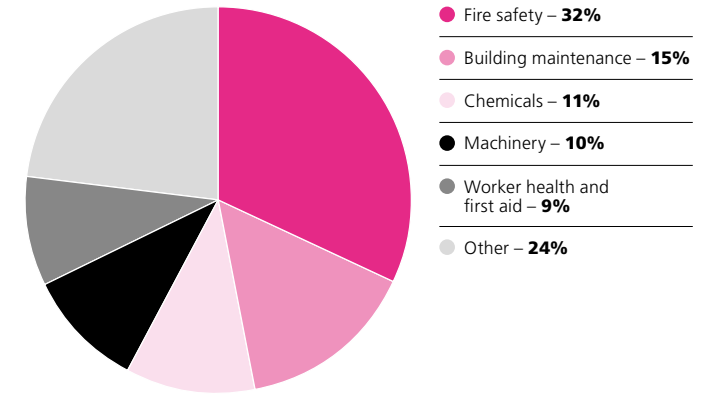
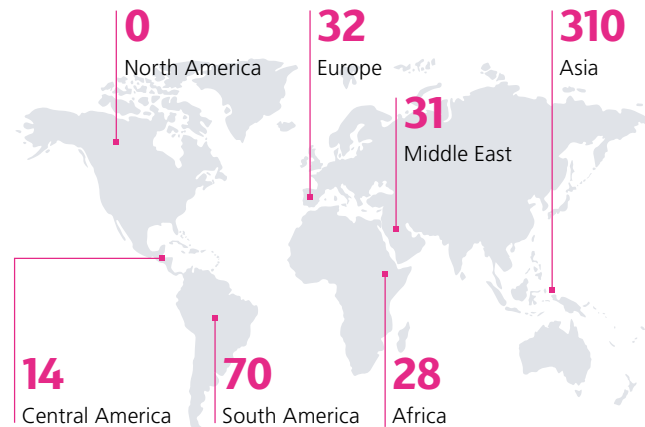


The majority (83%) of non-compliance issues were in four areas:

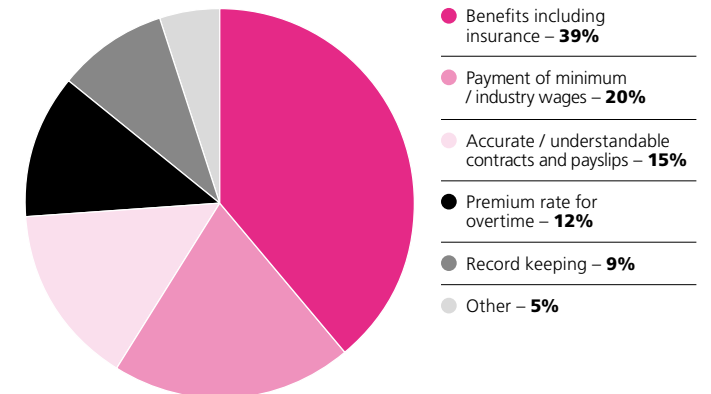
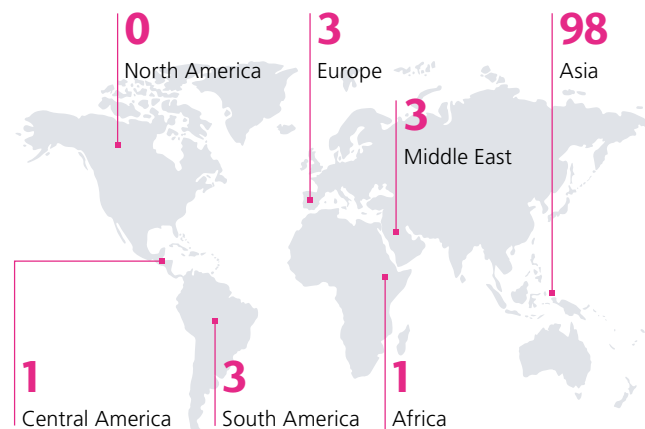
- **Health & safety (52%)** – fire safety was the most common finding, at 32% of all issues. This was also the case in 2018, so we reinforced fire safety awareness in the supplier event we co-sponsored in Brazil and in many of our site capability building visits.

- **Wages (12%)** – concerns around wages primarily involved benefits such as social insurance. 22 involved minimum or industry standard wages, predominantly where we were not able to verify wages due to poor record keeping or attendance logs. Improving awareness has helped strengthen record keeping.

## HEALTH AND SAFETY ISSUES BY REGION AND SUB-CATEGORY



## WAGE ISSUES BY REGION AND SUB-CATEGORY



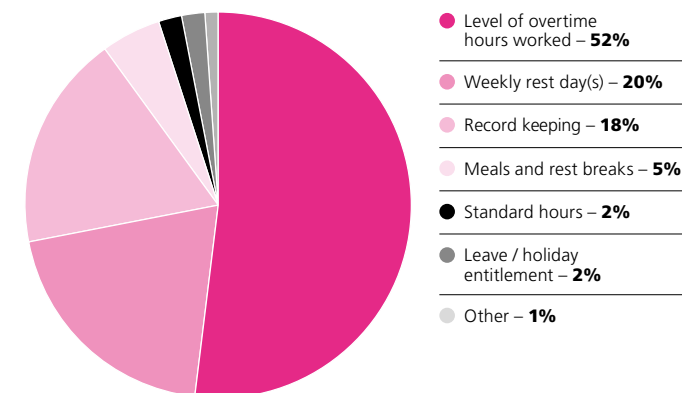
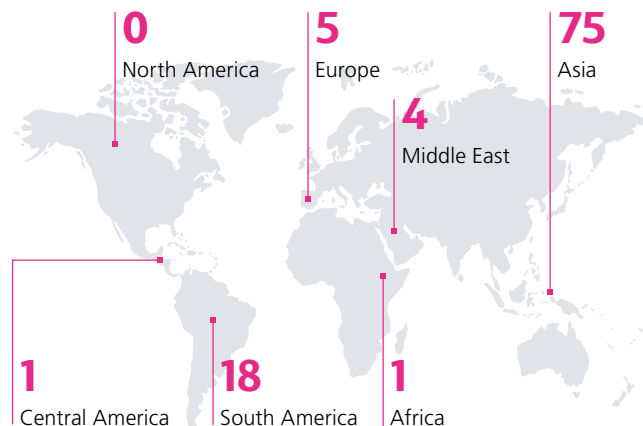


# Human rights and responsible business across our value chain continued



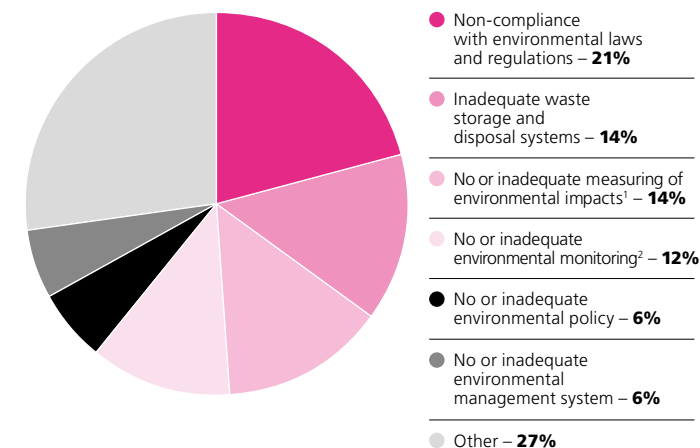
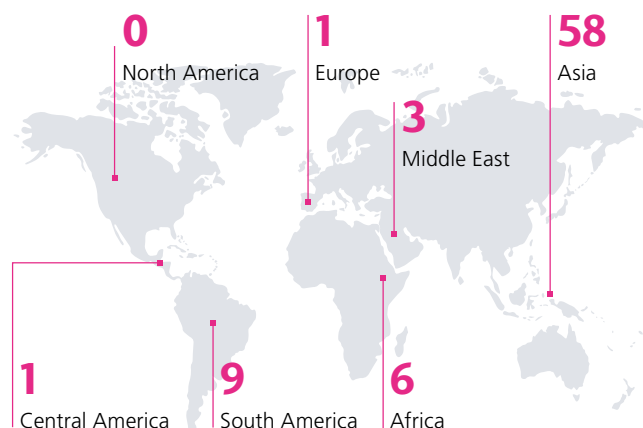
- **Working hours (11%)** – we flagged issues of excessive overtime and the absence of a weekly rest day.

## WORKING HOURS ISSUES BY REGION AND SUB-CATEGORY



- **Environmental compliance (8%)** – this is now an area of increased focus for us and a growing area of importance for our peers. We see value in supporting suppliers to improve not just environmental compliance but also their performance, for example using less energy and water. We ran a successful improvement pilot supporting our key suppliers in their environmental performance, and will extend this in 2020.

## ENVIRONMENTAL ISSUES BY REGION AND SUB-CATEGORY



<sup>1</sup> For example, use of energy, disposal of waste.

<sup>2</sup> For example, resource-handling, waste water, water usage, air emissions, greenhouse gas emissions, energy usage.

# Human rights and responsible business across our value chain continued



## Forced labour

We have a particular aim to identify and address forced labour. In 2019, we found seven non-compliances with our policy on forced labour. This was less than 2018 and we are working closely with the suppliers to address matters. By identifying and working to address these, we're seeking to raise standards throughout our supply chain and build awareness of the systemic issues leading to forced labour.

- Three instances of forced labour involved a lack of or inadequate policy on the part of the supplier – two were in Latin America and one in Africa, and all are now closed.
- Two cases involved retention of ID papers or passports without signed consent letters from the employees involved. One of these was in a supplier based in Malaysia where the site retained passports of all non-Malaysian workers for safe-keeping and had obtained written consent from the employees. This can be common practice in Malaysia. Our audit noted there were no lockers provided for safe-keeping, and workers had to ask supervisors for the return of their passports, which can be problematic and pressurising for the employee. All passports were subsequently returned and lockers for their safe-keeping provided in the workers' accommodation.
- One incident involved deductions made from wages for personal protective equipment and other essential work items – this has now been resolved.
- The final incident involved a systemic issue in Asia of the retention of cash deposits by agents. In Malaysia, the agent retained a security deposit from foreign workers when they took holiday and returned to their home country. This forces them to return to work afterwards. We are working closely with the site involved and will be re-auditing in 2020 to confirm that this has been addressed.

## Corrective action plans

We review each supplier's action plans developed after an audit. 85% of plans are in place or being finalised, and we are working with suppliers to finalise the remainder. We subsequently monitor progress and will audit again to verify that actions have been completed.

The actions taken range from changes to policy and management systems through to improved worker training, particularly for health and safety. Examples of supplier improvements include: fire safety and machine guarding, new shift patterns for better working practices, and production planning to prevent excessive overtime. One key area involves managing agents who provide contract labour where workers are often vulnerable to exploitation.

We face a challenge to ensure that actions taken are not simply applied to the one issue identified in the audit but are also applied consistently across the site and in the future. Success here is grounded in behavioural change, where site managers and workers begin to see social and environmental management as core practice and beneficial to business. This does take time, but we provide support through training and awareness programmes.

2019 saw fewer issues identified by our audits, and we continue to see tangible improvement through our programme. The audit pass rate has increased to 45% from the first to the most recent audit, while the number of issues found per site audit has reduced. However, we know that we have more to do, particularly to sustain corrective actions. To help this we are increasing our capability building and best practice sharing work in 2020.

## Training activities in 2019

### RB people

We run compulsory human rights training for our management globally. 894 people completed this in 2019, bringing the total number of employees trained around the world to 10,480, 99% of RB's management. We aim to maintain this level while following up with the few yet to be trained. During 2019 we also conducted quarterly briefing seminars with relevant employees to update them on our programme requirements, activities and challenges, creating a forum for extra training and awareness. We will continue these in 2020.

We assess the effectiveness of our training through an optional survey at the end of the course. Those who responded in 2019 scored the training an average effectiveness rating of 4.59 out of 5. They also rated the quality and interactivity of the course as 4.52 out of 5.

### Suppliers

Building the awareness and capacity of our suppliers is essential to delivering our aims. However, many suppliers, particularly within developing markets, do not have the same level of understanding or resources available to tackle the systemic labour, health and safety and environmental challenges within their facilities.

During 2019 we increased our capability-building initiatives for third-party manufacturers, distribution and embellishment centres in South Asia, ASEAN, the Middle East and Africa. This included training workshops, site visits and guidance on relevant issues. Our RB team carried out 40 capability-building visits, the most in any year so far, raising awareness and beginning to address systemic challenges such as migrant worker debts arising from recruitment payments. They have also helped build better workplace safety standards, improve the safety of road haulage drivers, and reduce working hours for roles such as security guards who often work long hours for contracted agencies. We have received very positive feedback on this approach and aim to extend this to more suppliers in 2020. To help, we have increased our RB team in India and China.

# Human rights and responsible business across our value chain continued



## CASE STUDY

### DRIVER SAFETY AND WELLBEING WORKSHOP – INDIA

Haulage is a critical part of our supply chain, to ensure our products get to our customers and consumers who need them. In India this sector involves itinerant work and drivers are often working long hours and away from their families for long periods. Consequently, there are a range of health and wellbeing challenges impacting drivers, including sexual health, safety and stress that can lead to potential drug and alcohol misuse. Drivers also face financial pressures due to job insecurity and low rates of pay making planning for their long-term financial security challenging. Against this backdrop and RB's purpose to protect, heal and nurture in the relentless pursuit of a healthier and cleaner world, we piloted a driver safety and wellbeing workshop, Project Safar. Safar is an Urdu word meaning journey – to travel from place to place. It also represents the driver audience involved and our aim to improve vehicle safety, driver health & wellbeing (including sexual health, drug and alcohol misuse and general health); and financial wellbeing.

#### PROJECT SAFAR



Our workshop trained 20 drivers from the northern part of India including Jammu and Kashmir, New Delhi, Rajasthan, Punjab, Uttarakhand and others, representing all five third-party distribution centres and our major transport contractors within the region. The training was well received, and we plan to roll out the programme more widely in 2020.

## Listening to our stakeholders

Reporting effectively across our many sustainability issues and providing regular updates on our programmes and activities is always a work in progress. So we appreciate your feedback – what should we keep doing, and where can we do better?

Email us at [sustainability@rb.com](mailto:sustainability@rb.com).

Or write to:

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