



Human rights and responsible supply chains

At RB, we believe that everyone has a right to live a healthy life with dignity, freedom, equality, justice and peace.

These are complex issues; however, we are well-placed to create positive impact at scale, through our value chain and products.

Making progress

Status in 2018

170

audits completed in 2018

43%

increase in audit pass rating

88%

of management employees having completed human rights training

1. Our commitment to human rights and responsible supply chains

Respect for human rights is an absolute requirement and RB is committed to ensuring this across its operations and supply chain.

2. Our operations and supply chain

We are a truly global business, having over 40,000 employees in offices, factories, logistics and R&D centres in over 60 countries. Consumers in over 190 countries purchase around 25 million products a day. To support our business, we have a global and diverse supply chain which brings both opportunities and challenges.

3. Risks

An understanding of our operational footprint and supply chain is essential to enable us to understand risks and prioritise our activities in areas where we can have the greatest impact.

4. Monitoring and assessment

We engage across our business and supply chain to identify any weaknesses and drive sustained improvement in standards and capacity.

5. Partnership and collaboration

Many of the social and human rights challenges can only be systemically tackled through partnerships and collaboration with our suppliers, peers and other stakeholders.

6. Moving forward

We constantly review and enhance our approach to ensure we are effectively tackling issues and having a positive impact on people's lives.

1. Our commitment to human rights and responsible supply chains

RB believes that human rights are an absolute and universal requirement and is committed to upholding those rights, as expressed in the International Bill of Human Rights and the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work. We are also committed to following the Organisation for Economic Cooperation and Development's (OECD) Guidelines for Multinational Enterprises.

We recognise the important role that businesses play in society and the responsibility we have in helping to ensure human rights are respected. Our commitment to respecting human rights is publicly disclosed through our Code of Conduct and our Policy on Human Rights and Responsible Business.

These policies apply to all employees, contractors and suppliers of goods and services to RB. We also encourage our suppliers to communicate our requirements within their supply chain.

Our Policy on Human Rights and Responsible Business outlines the minimum labour, health & safety, environment and business integrity standards we expect our facilities and those of suppliers to meet, in the production of goods and provision of services to RB. Our requirements are closely aligned with the Ethical Trading Initiative (ETI) base code and the conventions of the ILO and consists of ten principles.



Human rights and responsible supply chains continued

Human rights principles

<p>No child labour. Limitation of work by young workers.</p>	<p>No forced labour or human trafficking.</p>
<p>Provision of a safe and healthy working environment.</p>	<p>Freedom of association and right to collective bargaining.</p>
<p>No discrimination, equal opportunities and rights.</p>	<p>No harmful or inhumane treatment.</p>
<p>Fair working hours, remuneration and employment conditions.</p>	<p>Protection of the environment.</p>
<p>Conducting business with integrity.</p>	<p>Implementation of management systems to effectively ensure compliance with these principles.</p>

We take any adverse human rights impacts extremely seriously. Where RB identifies that it has caused or contributed to any such impacts, it will co-operate in or provide for appropriate and legitimate processes to remedy these. We acknowledge the growing importance and complexity of the issue of human rights and are committed to continuously improving our approach, following the UN Guiding Principles on Business and Human Rights as guidance.

In addition to our clear policy commitment we also publicly report on our activities within this space through our Modern Slavery Act and California Transparency in Supply Chains Act statements, and other external disclosures such as FTSE4Good, Dow Jones Sustainability Index (DJSI), Workplace Disclosure Initiative (WDI), etc.

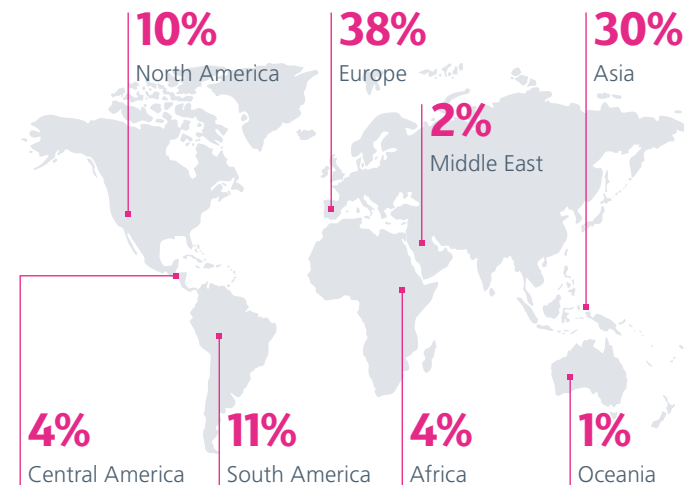
[Click here to read our Policy on Human Rights and Responsible Business, Code of Business Conduct, latest Modern Slavery Statement and The California Transparency in Supply Chains Act statement.](#)

2. Our operations and supply chain

Over the last five years RB has transformed its portfolio. At the start of 2018 we reorganised our business by forming two focused, agile and fully accountable business units – Health and Hygiene Home. Each business unit has a dedicated Supply organisation who are responsible for procurement, manufacturing and distribution of our products.

Our combined organisation includes 55 RB production facilities and approximately 275 third-party manufacturer sites (Copackers). Our 55 manufacturing facilities source raw and packaging material from 3,118 supplier sites at a local, regional and global level depending on the type of material.

The geographical spread of our manufacturing sites and direct suppliers are as follows:



We also have a host of indirect suppliers providing us with services such as logistics, warehousing, contract labour, office services and supplies, promotional goods, etc. Some of our suppliers are large, multinational companies with substantial business and ethical conduct programmes of their own.

Smaller, local companies – for example within emerging economies – may not have such formal conduct programmes in place, but can still be excellent suppliers. Our suppliers are chosen based on quality, cost, location and compliance to our policies and standards, including our Policy on Human Rights and Responsible Business.

All significant investment agreements (greater than £50 million) undergo a due diligence analysis of human rights. This is conducted mainly by our manufacturing due diligence and factory visits. On the rare occasions that access to a facility is not possible, due diligence is carried out by accessing publicly available information.

Human rights and responsible supply chains continued

3. Risks

We have reviewed our operational footprint and our supplier base to determine which areas are at greatest risk from a labour/human rights, health & safety, environmental and business integrity perspective. This process was conducted using internal and external expertise with consideration given to a range of factors including country of operation, commodity supplied, sector profile, etc.

Through this process we have identified the main areas of risk concern:

- Fair wages
- Forced/bonded labour
- Health & safety
- Working hours
- Discrimination and equal opportunities
- Freedom of association
- Contract/migrant labour – issues such as excessive recruitment fees, passport retention, poor living conditions, excessive working hours, poor wages, discrimination and poor labour standards.

In addition to these risk areas the following regions are of particular focus:

- Malaysia and Middle East, due to the large number of migrant workers
- Africa and Asia, due to weaker levels of understanding and enforcement.

Through this process, the following supplier groups were identified as high risk and in need of further due diligence: third-party manufacturers, embellishers, distribution centres and selected raw and packaging material suppliers predominantly located in countries within Latin America, Middle East, Africa, North and South Asia. We also regularly keep up to date with publicly available research and articles from a range of external sources and actively engage with NGOs and peer companies to better understand key risks and best practices to address these.

4. Monitoring and assessment

Businesses play a crucial role in ensuring they and their suppliers operate in a way that respects the human rights of the workers and communities within their supply chain, their employees and consumers. Policies alone are insufficient and so we have a proactive monitoring programme focused to enable us to identify and address any deviations from our policy within our business and supply chain.

We have a dedicated team with regionally based resources to manage our programme. The team includes an outsourced team of four regional human rights compliance leads who partner and engage with suppliers and internal teams to manage the programme within their respective regions.

Within our highest risk regions – South Asia, Middle East and Africa – we have our own human rights experts who work in detail with suppliers and local procurement teams, resulting in a more collaborative approach to delivering sustained improvements. This team manages the programme at a global and regional level, involving relevant stakeholders from Procurement, Supply Services, Manufacturing, Human Resources,

Legal and Internal Audit to support with delivery. The programme is reviewed regularly by our senior leadership team, who take active interest, participate and steer our long-term strategy and targets.

To ensure an efficient approach to managing the programme, we apply and take a risk-based approach. This allows us to effectively deploy resources to the areas of highest risk. All our own manufacturing facilities and distribution centres are included in our programme, in addition to our high-risk direct and indirect suppliers.

Currently we have 55 RB manufacturing facilities, seven RB distribution centres and 756 suppliers, third-party distribution and embellishment centres, amounting to 841 individual sites included in the programme. The five steps of the programme and the associated performance are: engagement, self-assessment, site risk assessment, auditing and addressing non-conformities, and training. Further detail on each of these can be found in Appendix 1.

 [Click here for further details on the five steps of our monitoring and assessment programme in Appendix 1.](#)

RB Human Rights and Responsible Business compliance programme



Human rights and responsible supply chains continued



5. Partnership and collaboration

Many of the social and human rights issues we face within our value chain are systemic and embedded in societies and economies. Consequently, to be able to tackle these challenges in a systemic and meaningful way, collaboration with industry, governments and other societal actors is essential. We are involved in and are exploring the following partnerships and collaborative initiatives:

AIM-Progress

We are members of AIM-Progress, which is a forum of leading Fast Moving Consumer Goods (FMCG) manufacturers and common suppliers, assembled to enable and promote responsible sourcing practices and sustainable supply chains. It is a global initiative supported and sponsored by AIM in Europe and GMA in North America. RB has a leadership position within AIM-Progress, being a member of the leadership team and co-chair of the Capability Building work stream which seeks to promote responsible sourcing practices throughout the supply chain. In 2018, in partnership with AIM-Progress member companies, we co-sponsored and attended a supplier capability building event in Shanghai, China.

Danish Institute for Human Rights

In 2018, we started a dialogue with the Danish Institute for Human Rights, exploring a global partnership enabling them to support us in the evolution of our human rights programme in 2019. This will further integrate the United Nations Guiding Principles on Business and Human Rights (UNGPs) into our organisation.

6. Moving forward

Over the last five years, our human rights programme has evolved significantly. We started conducting compliance audits of our own operations and have gradually increased internal engagement and resource, in addition to expanding the scope of activity to our direct suppliers. We are now at a stage where the programme needs to evolve further from a primarily supply chain compliance-based approach to a more holistic approach that considers the broad range of social and human rights across our value chain.

We have already identified a number of areas that require focus, below, and will be exploring these further in 2019 as part of this process.

- Ethical recruitment of migrant labour, particularly within geographies heavily reliant on migrant labour.
- Mechanisms to better measure the impact of our activities on people within our value chain.
- Increasing external partnerships and engagement particularly around systemic social and human rights challenges.
- Exploring how we can adopt a more integrated approach to social and human rights across our value chain and how our brands can directly impact social issues in a positive way.
- Increase supplier engagement and capacity building to deliver sustained improvements in supply chain standards.
- Broadening our compliance programme to remaining direct supplier categories (raw and packaging suppliers) and selected indirect suppliers such as labour providers, promotional goods providers, etc.

CASE STUDY

Partnering with peers and suppliers

In partnership with peers, RB co-sponsored an AIM-Progress supplier capability workshop on responsible sourcing in Shanghai, China in September 2018.

The workshop was attended by our key suppliers and started with a panel discussion involving our Regional Procurement Director and peer counterparts to discuss the importance of responsible sourcing to our respective businesses and the benefits for suppliers who embed it within their organisation. This was followed by interactive sessions providing practical and pragmatic solutions on the following regional challenges:

- Labour, environment, health and safety legislative changes
- Business integrity and anti-corruption
- H&S management systems, with a particular focus on fire and emergency safety
- Contract labour management systems
- Working hours and social security

These collaborative events provide an invaluable platform enabling us to reach and share best practice with our collective suppliers to jointly deliver improvements in supply chain practices.

Human rights and responsible supply chains continued

Appendix 1

The five steps of our compliance monitoring programme are:

1. Engagement

We actively communicate our requirements and expectations to all RB facilities. At the start of any commercial relationship, we communicate our requirements to suppliers and integrate the need to comply within the commercial contract.

2. Self-assessment

We believe the self-assessment is a useful educational engagement tool in helping suppliers understand the policies and procedures they should implement within their own facilities and supply chain to best manage labour, H&S, environment and business integrity.

In order to reduce the burden on suppliers we request they complete the self-assessment on the ethical data sharing platform, Sedex. Currently, 81% of those supplier sites requested to complete a self-assessment have done so, with 18% pending and 1% refused. We continue to engage proactively with those outstanding suppliers. RB facilities are required to complete an annual self-assessment of compliance with RB's Human Rights and Responsible Business requirements on Enablon. 100% of RB's manufacturing facilities and logistics centres completed the 2018 annual self-assessment.

3. Site risk assessment

RB follows a risk-based approach to compliance monitoring; therefore, of those included in our compliance programme we conduct a specific 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 RB facilities are risk assessed using the site's inherent labour risk, associated with the site's country of operation, product area, sector profile and site function, and management controls risk, which considers previous audit ratings as a reflection of the site's ability to manage compliance on site.

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.

Currently, the site's inherent risk score is country specific and based on the country performance against the indicators listed below:

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

The overall site risk profile of the suppliers included in the programme is as follows: 62 (7%) critical, 539 (64%) high, 125 (15%) medium and 115 (14%) low risk.

In 2018 we developed a commodity-specific risk assessment for packaging and raw material suppliers and will look to better integrate this risk assessment into our programme over the next 12–18 months.

4. Auditing and addressing non-conformities

Critical and high-risk sites undergo a physical on-site audit to assess compliance at least every three years; however, this can be sooner depending on the latest audit result. Additionally, all third-party manufacturers located within an emerging economy require an audit as part of their onboarding.

For our own operations, we conduct announced bespoke Human Rights and Responsible Business compliance audits. For our supply chain partners, we conduct bespoke Human Rights and Responsible Business compliance audits for any supplier 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, thereby reducing 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.

RB sites

In 2018 we conducted audits of 20 RB factories and two RB distribution centres located in Nigeria, China, Thailand, Bangladesh, India, Pakistan, Mexico, Brazil, Singapore and Philippines. Through these 22 audits, 104 non-conformances with our requirements were identified. A breakdown of the types of findings identified by policy clause are as follows:

- 1% no child labour – One issue concerning missing age proof documentation for temporary workers.
- 3% no forced labour – One issue concerning passport retention of outsourced housekeeping staff in our Singapore factory. After dialogue with the labour provider, passports were returned to workers.
- 5% freedom of association – Minor documentation/procedural issues.
- 5% no discrimination – Issues pertaining to awareness of RB's internal policies related to this topic.
- 2% disciplinary practices – Minor procedural issue concerning grievance process for contract labour.
- 23% working hours – Incidents of excessive overtime, missing attendance records and non-provision of a weekly day off. Many of these issues relate to contracted labour.
- 29% remuneration – Missing payroll records, payslips did not provide 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, etc. Many of these issues relate to contracted labour.
- 32% management systems – Majority of issues concerned weaknesses in the site's due-diligence processes of contracted labour/service providers working on site.



Human rights and responsible supply chains continued

Most of the issues identified concerned our temporary workforce provided by contract labour/service providers, i.e. security guards, production support workers, housekeeping etc. Consequently, we have identified the need to tighten our due-diligence and ongoing monitoring processes of these providers and plan to continue focusing on this over the course of 2019.

Once an audit is conducted, each site must complete a robust corrective action plan through our programme management system Enablon. The CAPA is subsequently reviewed by the Global Human Rights team with monthly reports on remediation compiled and issued to global and regional management. 100% of sites audited in 2018 have an approved CAPA in place, with 61% of the issues raised satisfactorily resolved. We shall continue to monitor progress of all pending issues to ensure they are effectively closed within the agreed timeframes.

In addition to our auditing activities, we have grievance processes in place in all countries that comply with local laws. We had a total number of 286 grievances received through our formal Whistleblower 'Speak Up' line during 2018. 154 were initially identified as concerning the requirements outlined in RB's Policy on Human Rights and Responsible Business; however, after further review and consultation of the reported instances this was further reduced to 82. 74% of these allegations related to discrimination, including sexual, moral and verbal harassment, as well as favouritism. There were also claims of discrimination based on gender and race. 13% of the reports fell under the category of the terms and conditions of employment, mainly around working hours, unfair dismissal, and pay disputes. 7% concerned health and safety, the majority being working conditions. Some were also related to RB products and drugs being found in the office. The remaining 6% of case issues were split between forced labour, harmful or inhumane treatment and ineffective communication between employees and management.

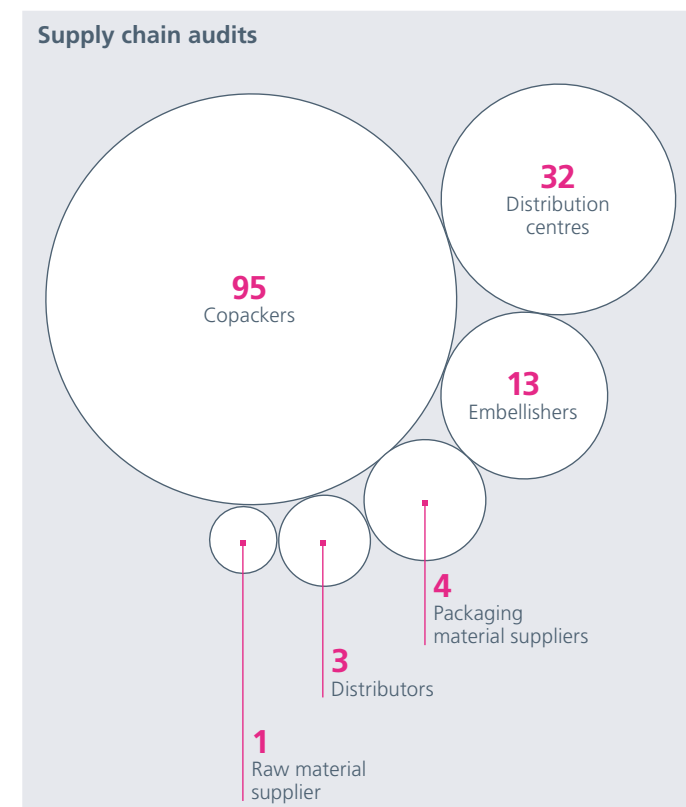
After appropriate investigations of the 82 cases, 23 were substantiated. Nineteen (83%) were discrimination, mainly harassment and favouritism. Depending on the severity of the cases, the resulting action ranged from training to discipline to termination of contract. Four cases were substantiated across health and safety, working hours and remuneration and conditions of employment. Action taken on these matters resulted in training, discipline and review of processes.

Twenty-one issues were resolved within 2018 with the remaining two resolved in January 2019. A breakdown of the substantiated grievances filed by policy clause are as follows:

- No child labour. Limitation of work by young workers – 0
- No forced labour or human trafficking – 0
- Provision of a safe and healthy working environment – 2
- Freedom of association and right to collective bargaining – 0
- No discrimination, equal opportunities and rights – 19
- Disciplinary practices – No harmful or inhumane treatment – 0
- Working hours – 1
- Remuneration and conditions of employment – 1
- Protection of the environment – 0
- Conducting business with integrity – 0
- Implementation of management systems to effectively ensure compliance with these principles – 0

RB suppliers

In 2018, we conducted 148 supply chain audits, our highest number ever. We audited specifically:



Human rights and responsible supply chains continued

Currently, our auditing activities are focused on higher risk third-party manufacturers, distribution and embellisher centres; however, we plan to further increase our due-diligence activities within our raw and packaging material supplier base moving forward. The geographical spread of our 2018 auditing activities is as follows:

- 57% Asia
- 14% Africa
- 11% Europe
- 9% South America
- 5% Middle East
- 4% Central America

Through these audits we identified 1,403 non-conformities with our policy requirements. 78% of the issues identified fell within the following categories:

- **51% health & safety** – fire safety was the most common finding, accounting for 23% of all non-conformities. Other common H&S issues concerned site maintenance, worker health and first aid, chemical safety, H&S management and machine safety and personal protective equipment.
- **10% working hours** – issues primarily concerning excessive overtime, non-provision of a weekly rest day and poor record keeping.
- **9% wages** – issues primarily concerning missing/incomplete employment contracts, employment benefits and social insurances, payslips, overtime premiums, etc.
- **8% environment**

In addition to the key areas above, we also identified issues concerning migrant labour within several suppliers in Malaysia. The issues ranged from passport retention to poor accommodation and excessive recruitment fees being paid in country of origin. We recognise that these issues are endemic within Malaysia; however, we are fully committed to working collaboratively with our suppliers, peers and other actors to try to tackle these challenging issues. We shall be focusing on these issues and practical solutions over the course of 2019 and will report on progress and challenges in the coming year.

Once audited, each site must complete a robust corrective action plan and submit it to RB for review and approval. The status of corrective action plans for sites audited in 2018 is as follows:

- 62% submitted
- 6% drafting in progress
- 24% overdue
- 8% no longer need to submit a corrective action plan as RB no longer has an active business relationship with them.

Once a corrective action plan has been received and reviewed, we monitor the supplier's progress in implementing it and commission a follow-up audit to verify the actions taken once all issues are reported as closed.

The type of remediation that takes place ranges from policy and management system changes through to improved worker training, particularly around health & safety; infrastructure, fire safety and machine guarding upgrades and investment; changes in shift patterns and production planning to better manage excessive overtime; tighter oversight and control of contract labour providers and establishing worker committees.

Our main challenge is ensuring that the actions taken are not simply applied to the one finding identified through the audit but holistically across the site and are sustained moving forward. The success of this is primarily dependent on behavioural change, with both site management and workers needing to see social and environmental management as core to day-to-day business operations. This change does take time, particularly in less developed regions of the world where awareness and understanding is less advanced; however, engagement and training is fundamental in improving this.

Through our audit and engagement activities we are starting to see tangible improvements with the audit pass rate increasing by 43% from the first to the most recent audit. That said, we are acutely aware that we have more to do, particularly around mechanisms to ensure the sustainability of corrective actions.



Human rights and responsible supply chains continued

5. Training

Proactive engagement and training are crucial to ensure both internal and external partners are aware of RB's requirements and having an understanding of how to prevent, identify and remediate issues is of paramount importance.

Internal training

In 2017 we launched an interactive human rights e-learning course to provide our employees with an understanding of human rights, RB's minimum requirements, common supply chain issues they may come across and how to report issues for further investigation and remediation. This course is mandatory for all management employees globally and to date the training has been taken by 11,001 employees. 3,813 have completed the training in 2018, representing 88% of all management level employees. We will look to ensure that we maintain this completion level and follow up with those who are yet to complete the training.

In order to assess the effectiveness of the training there was an optional survey at the end of the course. Of the people who have completed the training to date, we had 11,276 responses and achieved an average effectiveness rating of 4.58 out of 5.

Additionally, throughout 2018 we conducted quarterly town halls with relevant employees to update them on our programme requirements, activities and challenges, creating a forum where additional engagement and training could be delivered. We plan to continue these in 2019.

Supplier capacity building

Our suppliers are an essential part of our business; however, many of them, particularly within developing markets, just do not have the same level of understanding or resources available to them to tackle many of the endemic labour, health & safety and environmental challenges within their facilities.

Consequently, over the course of 2018 we have significantly increased our focus on delivering targeted capacity building initiatives for our third-party manufacturers and third-party distribution centres within South Asia, Middle East and Africa to support with audit remediation and increase our suppliers' ability to ensure sustained improvements in standards. Engagements were delivered through collaborative training workshops, on-site visits and the sharing of guidance resources on relevant issues.

This beyond-audit and partner-orientated approach has started to deliver visible improvements in standards within our supplier base. There is clearly more to do and we shall be further increasing our engagement activities in 2019.