

Unilever's supply chain

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Supply chain overview & strategy



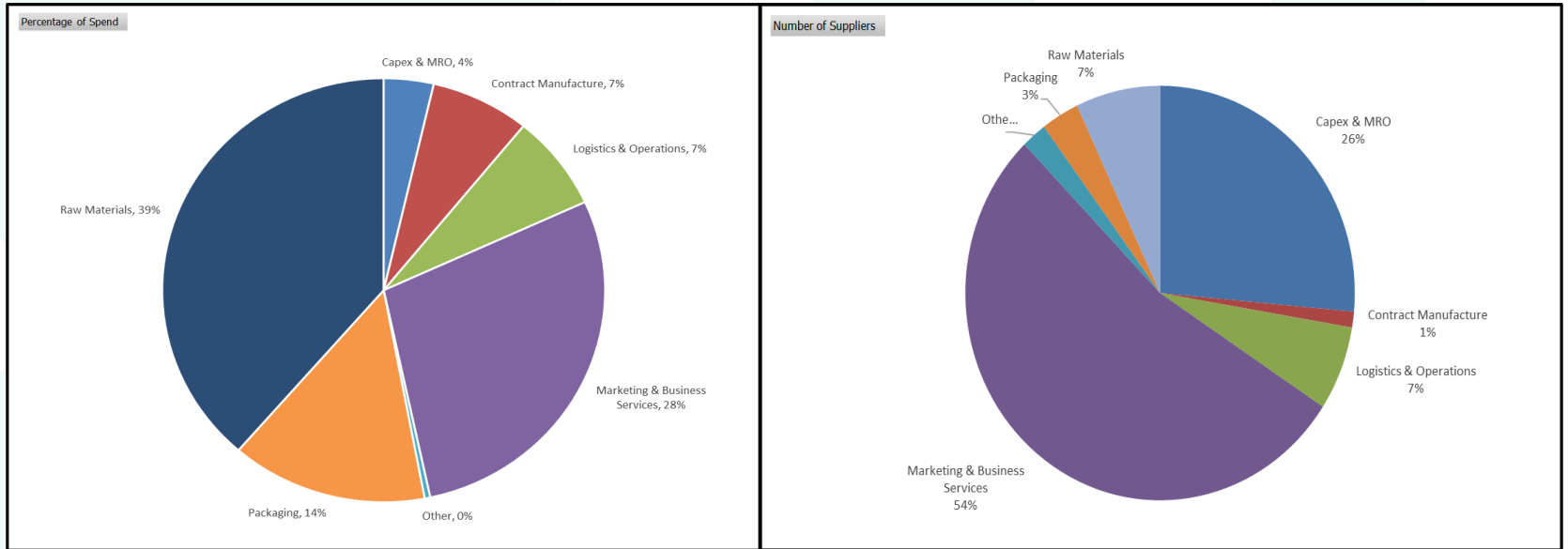
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Supply chain overview

Total spend: €43.2 billion

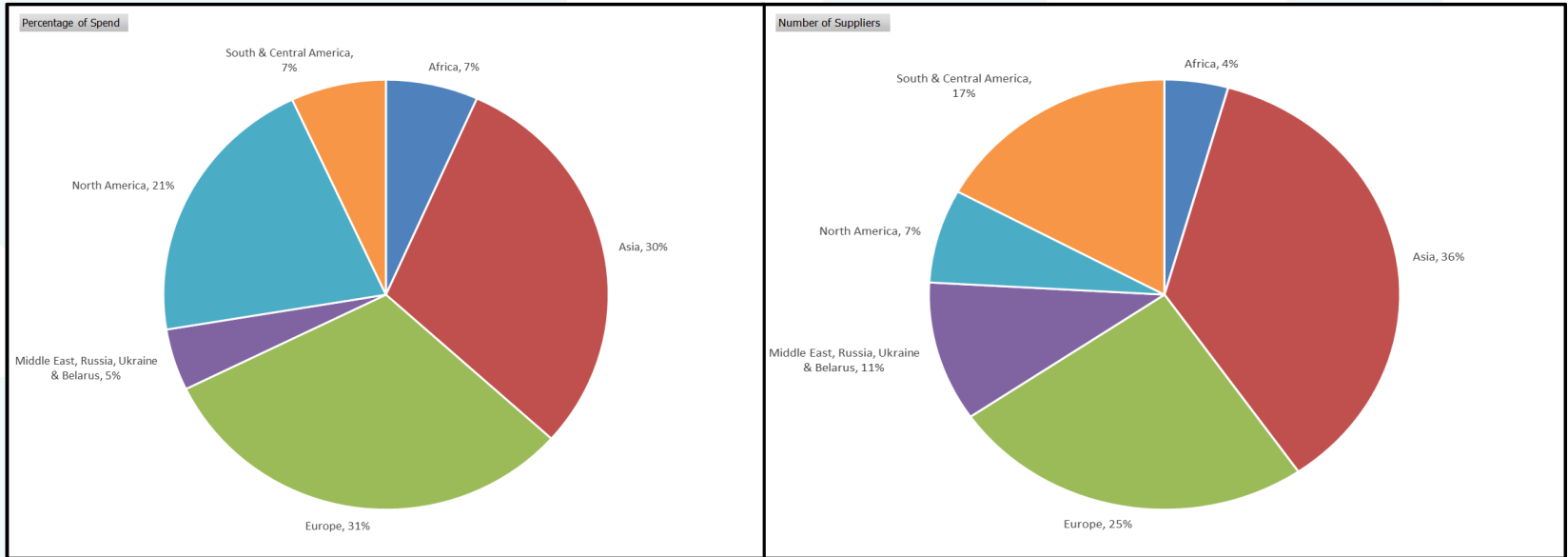
Total number of suppliers: 52,000

Figure 1: Suppliers per spend category



Supply chain overview

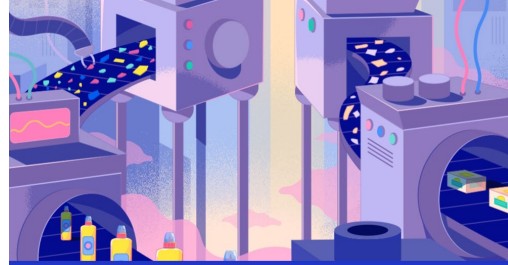
Figure 2: Geographic distribution of Suppliers



The Connected Supply Chain:



Agility and resilience



Reshape asset and cost base



Positive for people and planet

Core enablers



Future-fit talent



Digital transformation



Partnerships for purpose

The Connected Supply Chain – delivering superior products, superior service and superior value

Agility & resilience	We listen to signals and drive timely actions to orchestrate the end-to-end value chain to deliver superior service. We execute with rigour and discipline.
Reshape asset and cost base	We optimise our cost and asset base to drive competitive growth.
Positive for people and planet	Our purpose is to make sustainable living commonplace. Through our every day actions we strive to improve the health of the planet and contribute to a fairer more socially inclusive world.
Future-fit talent	We create a diverse and inclusive culture, driven by values-based leadership. We enable a world class supply chain by investing in future fit capabilities.
Digital transformation	We harness the power of data and 4 th industrial revolution technologies to transform end to end value chains, creating a sustainable, competitive edge.
Partner with purpose	We build purpose-led partner ecosystems that fuel market-leading innovations and protect and regenerate nature.

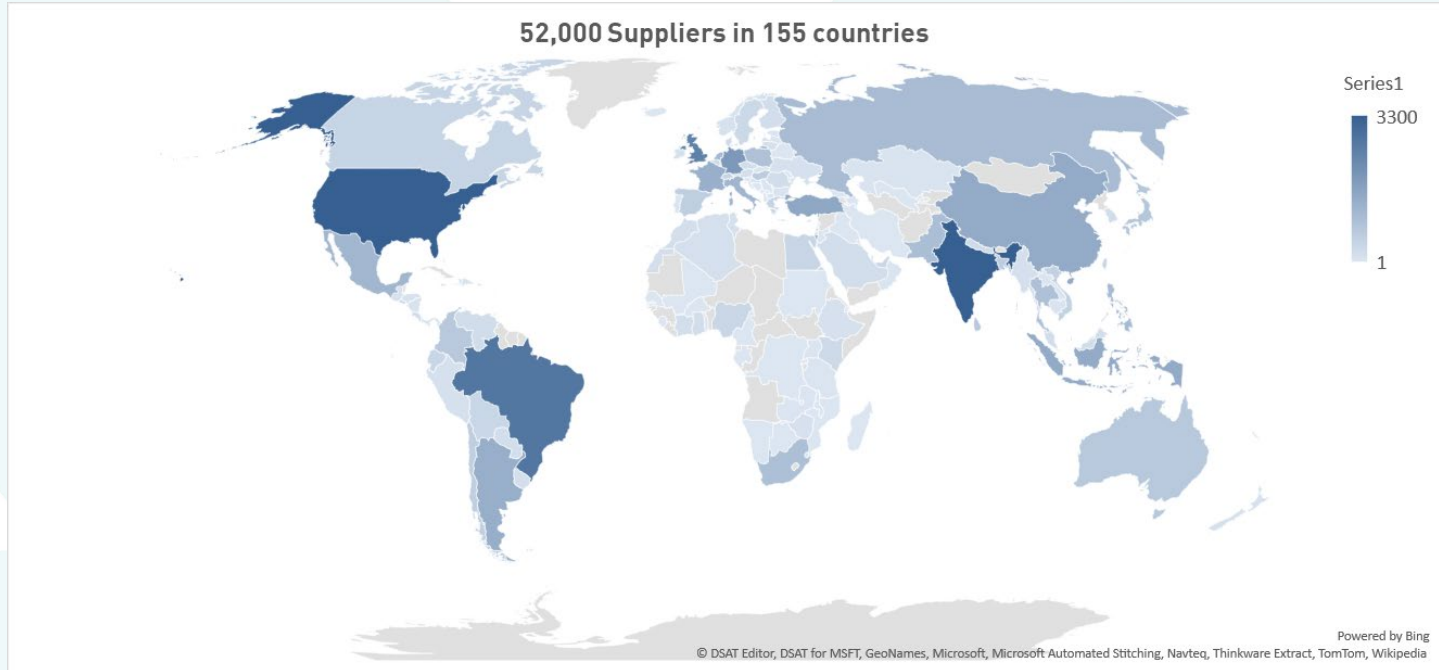
Supply chain spend analysis



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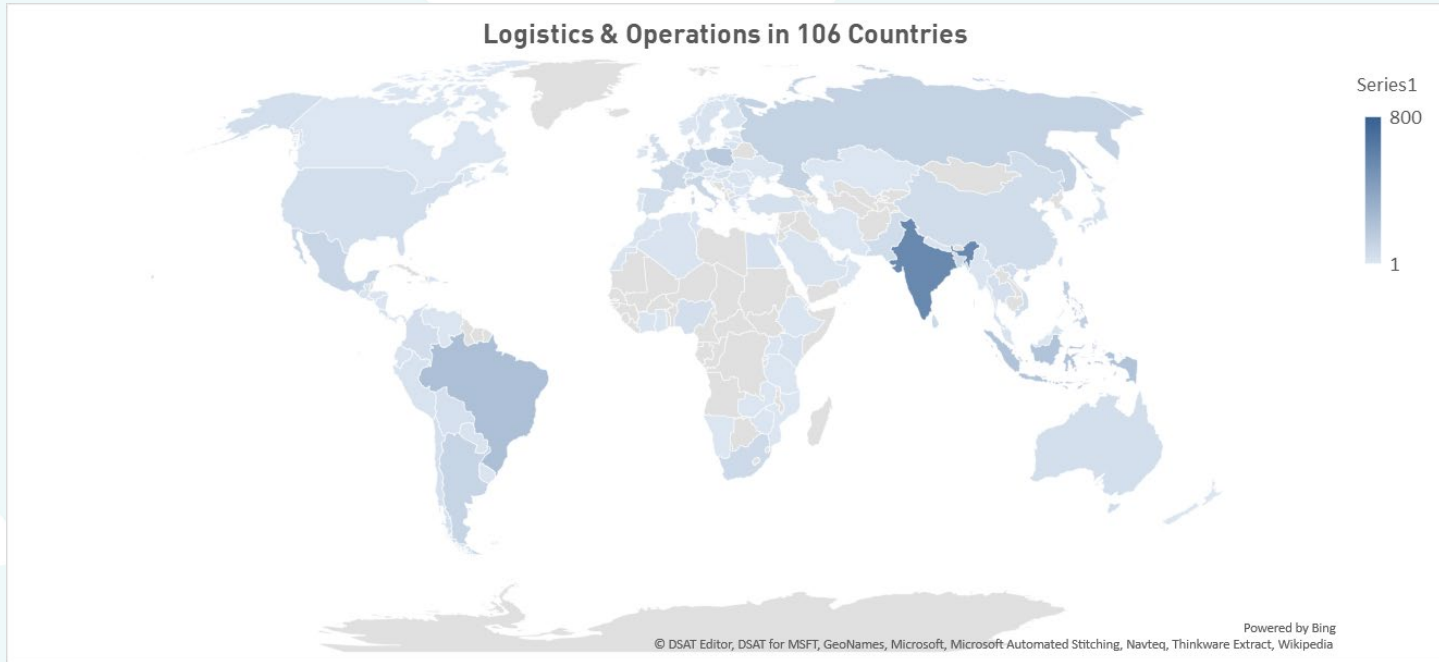
Suppliers by geography

Total number of suppliers



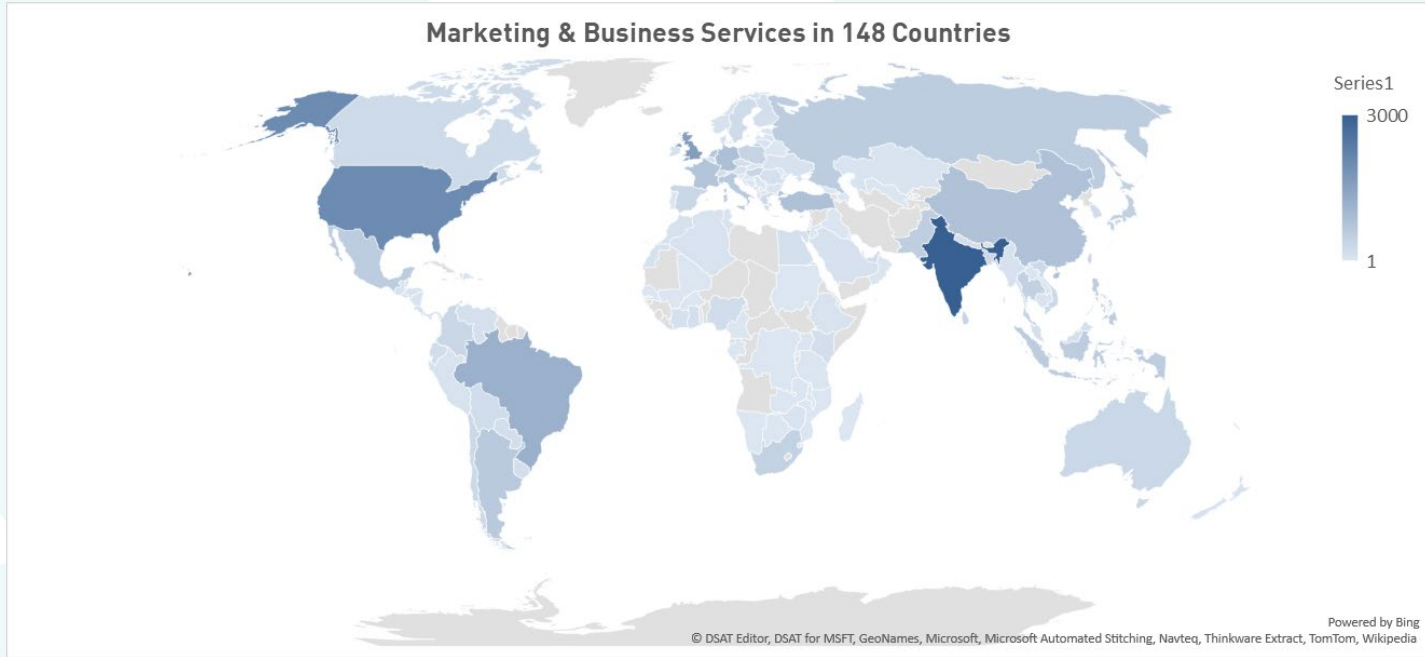
Suppliers by geography

Logistics & Operations suppliers



Suppliers by geography

Marketing & Business Services suppliers



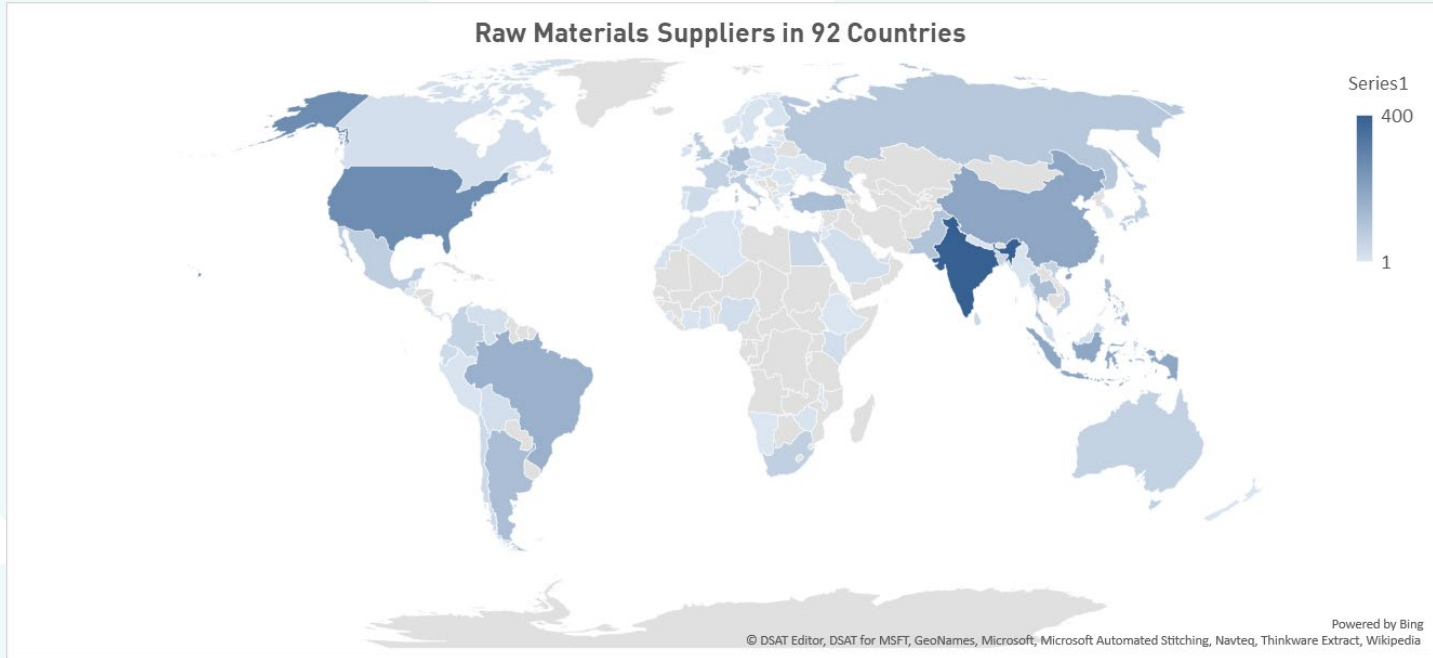
Suppliers by geography

Contract Manufacturers



Suppliers by geography

Raw Materials suppliers



Suppliers by geography

Packaging suppliers



Significant suppliers



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Significant supplier identification

Unilever identifies **Strategic Suppliers** as those that represent a significant proportion of our spend or volume.

Significant Suppliers are identified in two categories;

- Those that represent a **RISK**: see next slide for significant material & supplier identification
- Those that represent an **OPPORTUNITY**: see subsequent slides for Partner with Purpose

Neither type is mutually exclusive i.e. a supplier can be both a significant supplier (risk) and significant supplier (opportunity).



Critical materials and significant suppliers - RISK

Unilever uses a resilience framework with the focus on material level risk with focus on pro-active risk management



Prioritization

Materials selection based on usage in our products:

- Having high demand volatility / surge in sales
- Exceeding a certain Turnover exposure threshold

Risk Assessment:

Composite Risk Score calculated to determine risk

High demand products	Sub-Tier/ Tier N Risks	Supplier Health	Sourcing Landscape
<ul style="list-style-type: none">• Supply Capacity• Replenishment lead time	<ul style="list-style-type: none">• Crop risk• Feedstock risk• Trader risk	<ul style="list-style-type: none">• Financial risk¹• Operational risks	<ul style="list-style-type: none">• Single source• Patented materials• Geopolitical risk²

Action Planning for high-risk materials

Build Stocks

Build Flexibility

Build Capacity

Governance & Execution

- Monthly Reviews
- Future-Oriented Risk Management via tools that help to proactively identify and address supply chain risk: financial, compliance, natural disaster, man-made, geopolitical and cyber threats in our supply chain.
- Risk Mitigation for all high-risk materials

Significant suppliers - OPPORTUNITY



**Partner
With Purpose**

[Unilever's Partner with Purpose \(UPWP\) programme](#), which launched in 2020, is taking purpose-led partnerships to a whole new level to fuel industry-leading innovations, protect and regenerate nature and make sustainable living commonplace. Our UPWP programme is designed to deliver against Unilever's three Compass beliefs: Brands with purpose grow, People with purpose thrive and Companies with purpose last.

UPWP is an evolution in the way we partner that allows us to continually respond to new and emerging consumer trends. We are getting even closer to our partners through this programme by encouraging more responsible and transparent innovation to deliver on our ambitious commitments and generate mutual growth together.

We are building a new partner ecosystem to create opportunities for all. We welcome partners of all sizes - from small start-ups to global multinationals - to collaborate with us, either on a one-to-one basis, or as part of a multi-partner partnership.

Significant suppliers - OPPORTUNITY



**Partner
With Purpose**

In August 2021, we launched our Partner Promises programme, an initiative designed to further align our suppliers to our Compass ambitions and encourage them to begin their own sustainability journeys so that, together, we can scale and accelerate our successes.

Through our first two promises - The [Supplier Equity, Diversity and Inclusion Promise](#) and the [Living Wage/Living Income Promise](#) - Unilever is inviting supply partners to demonstrate their shared values and commitment to addressing social inequality in our value chains by encouraging partners to commit to a set of actions that will tangibly promote equality and inclusion in their own value chains. Through our [Climate Promise](#), we encourage suppliers to measure, reduce and report on emissions in their own value chains as we seek to achieve net-zero emissions across our value chain by 2039.



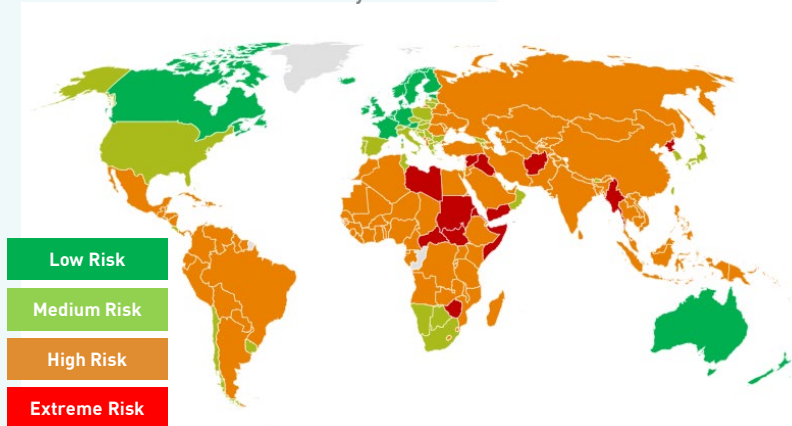
Risk and third-party due diligence



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Due Diligence for Responsible Sourcing

Country Risk Assessment

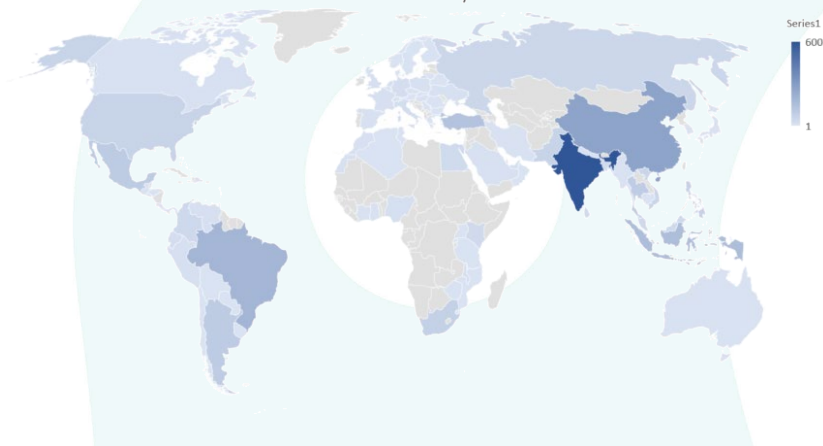


Unilever uses a risk based approach to determine which supplier sites need to undergo additional due diligence, which can include 3rd party audits and/or certification through fully benchmarked standards. The risk based approach uses country risk as one element of the risk assessment.

Non-conformances found in the audits require an action plan by the supplier to be implemented and verified in a follow-up audit to confirm and verify that the identified issues have been effectively remediated.

Unilever is focused on effectively and positively improving the conditions for workers in the supply chain, not simply identifying the issues, and this is why we continue to work with our suppliers to address the more difficult issues through identifying and tackling root causes.

Audit Sites within last 3 years



Total number of suppliers risk assessed to date	35,601
Number of suppliers classified as High Risk	4,917
Total Responsible Sourcing audits to date	15,911
Total audits of high risk supplier sites in last 3 years	6,229
Total audits at Production Item (PI) Suppliers in last 3 years	5,717
Number of PI supplier sites with identified issues in last 3 years	2,650
Number of PI supplier sites with verified corrective action plans in last 3 years	1,981