

Unilever's supply chain

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Unilever

Supply chain overview & strategy



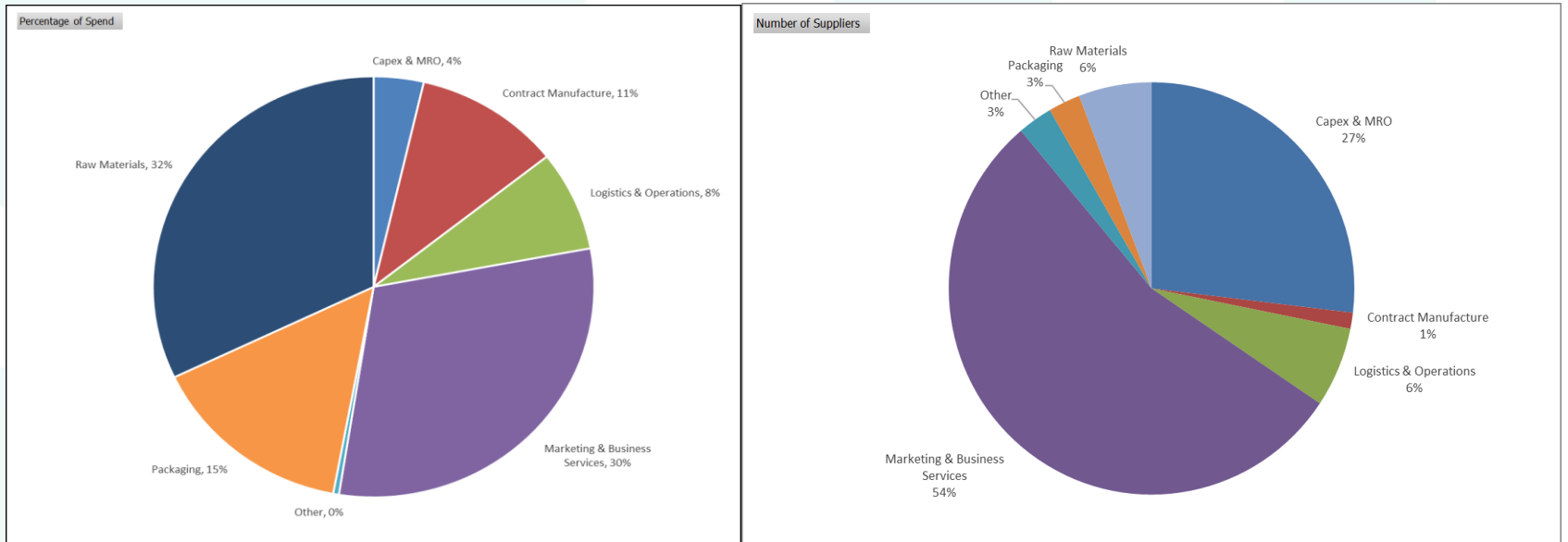
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Supply chain overview

Total spend: €32.5 billion

Total number of suppliers: 56,300

Figure 1: Suppliers per spend category

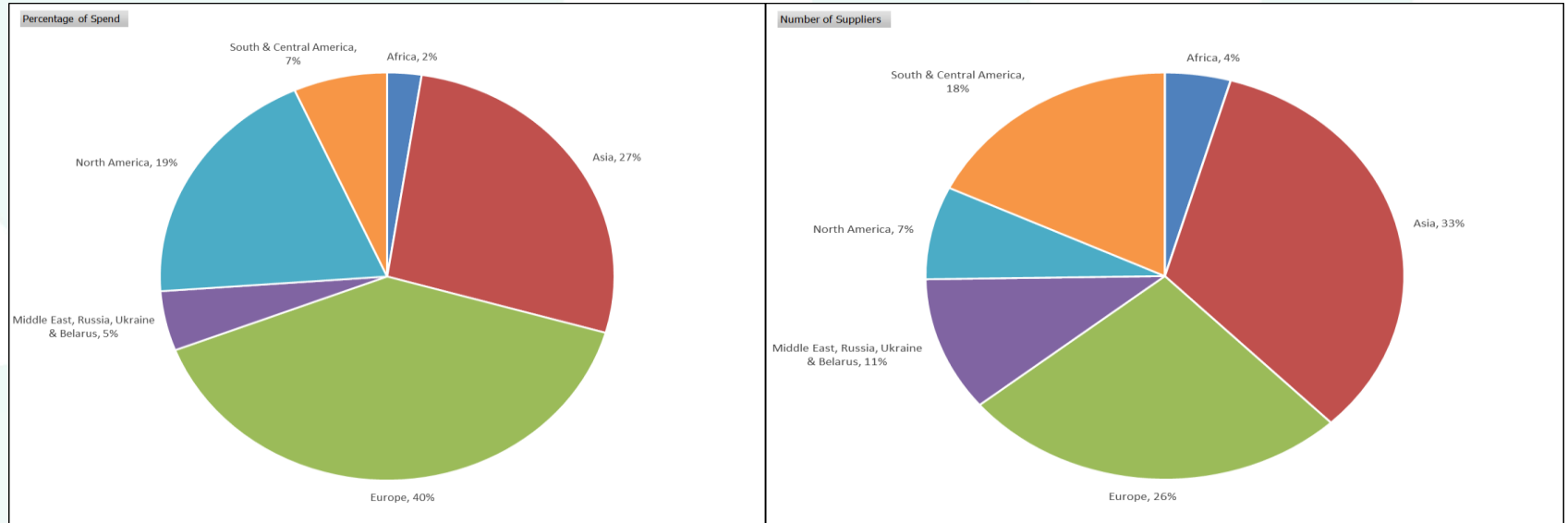


Supply chain overview

Total spend: €32.5 billion

Total number of suppliers: 56,300

Figure 2: Geographic distribution of Suppliers



Our supply chain strategy

The Connected Supply Chain:
superior products, superior service, superior value



Agility and resilience



Reshape asset and cost base



Positive for people and planet

Core enablers



Future-fit talent



Digital transformation



Partnerships for purpose

Our supply chain strategy

How we are delivering superior products, superior service and superior value through our Connected Supply Chain strategy

Agility and 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 everyday 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.

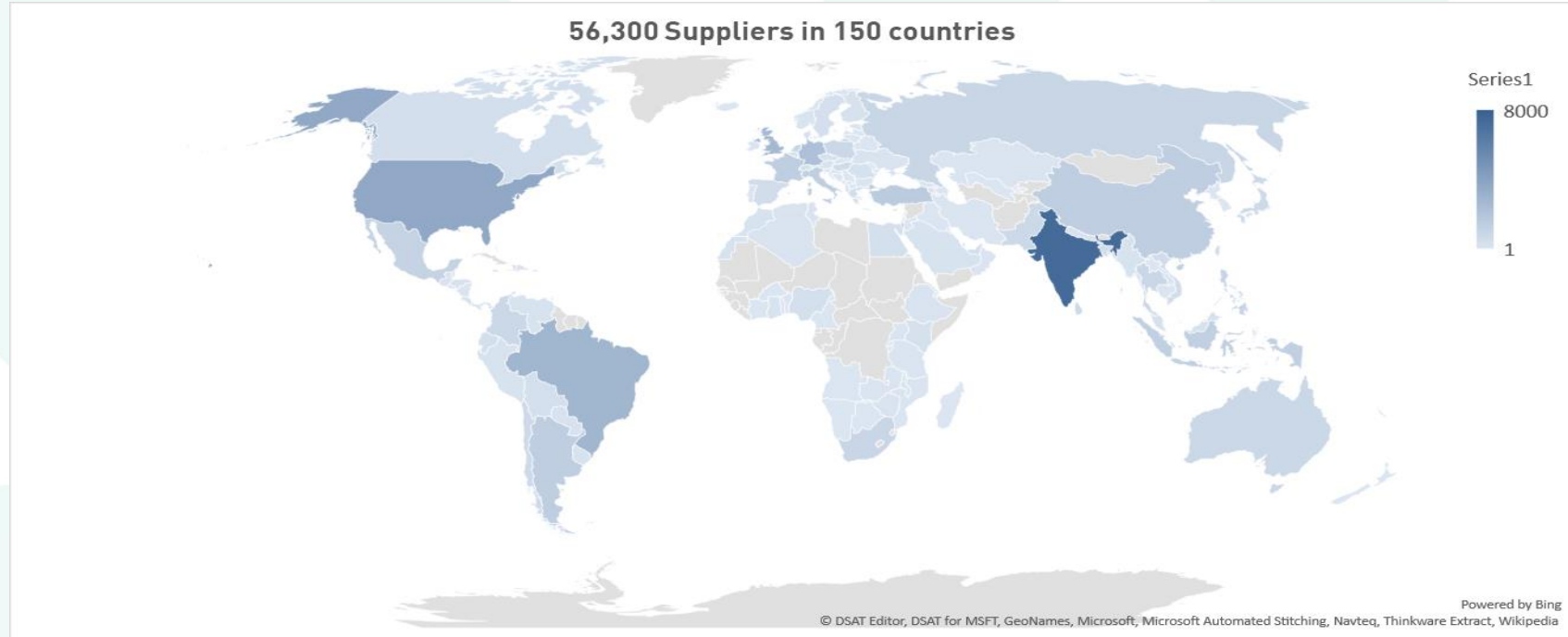
Supply chain spend analysis



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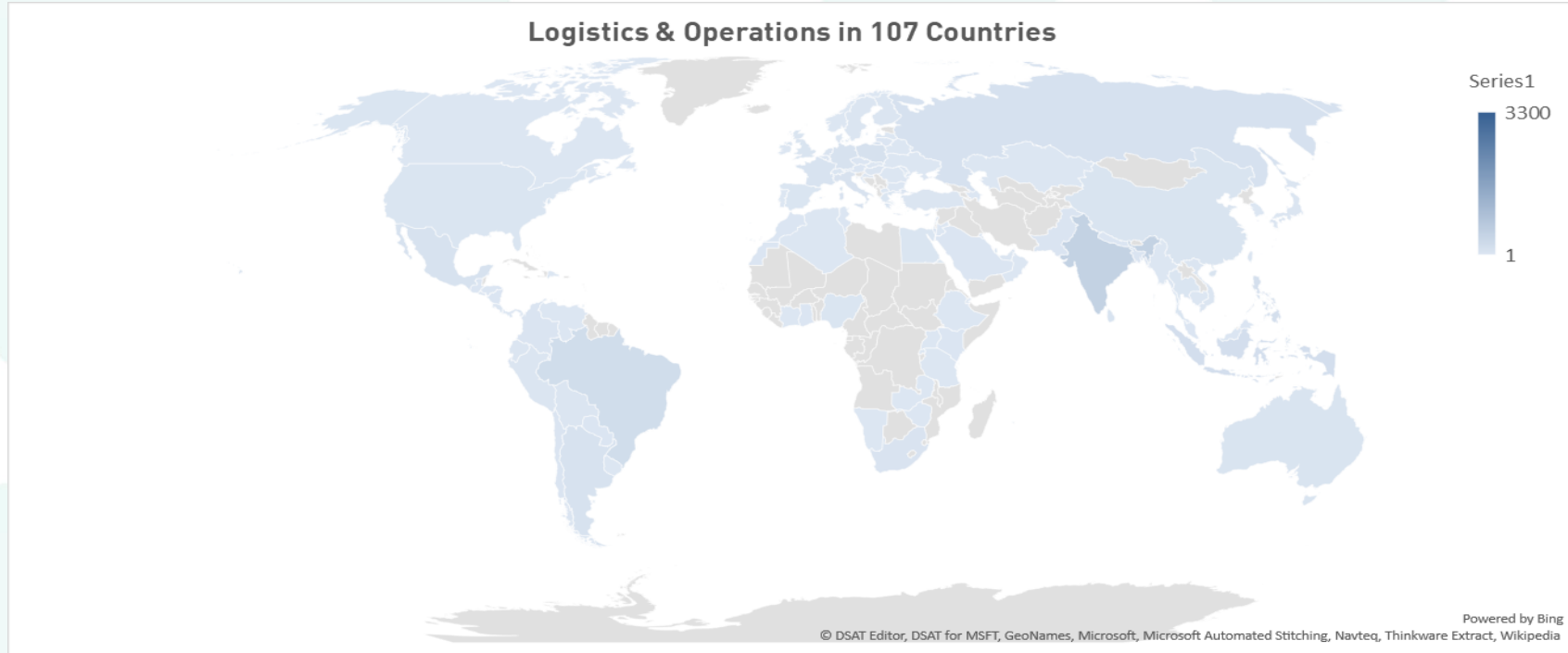
Suppliers by geography

Total number of suppliers



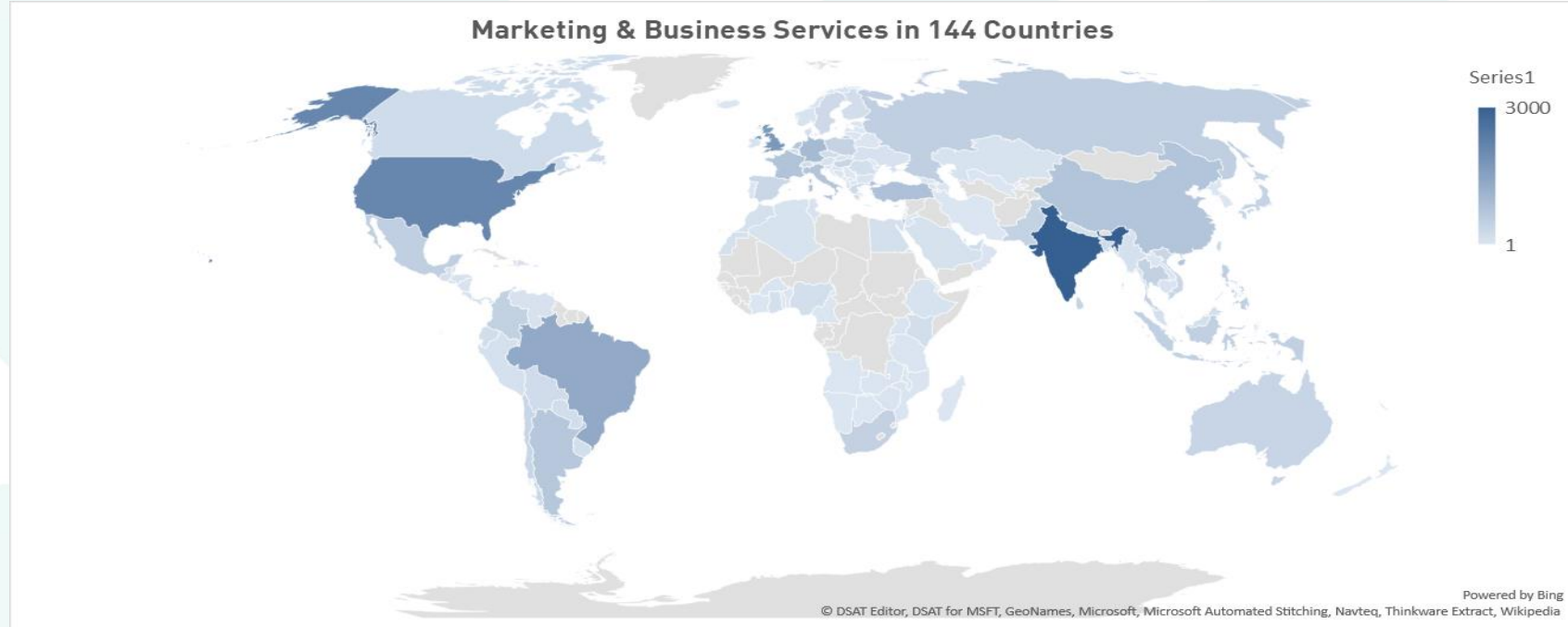
Suppliers by geography

Logistics & Operations suppliers



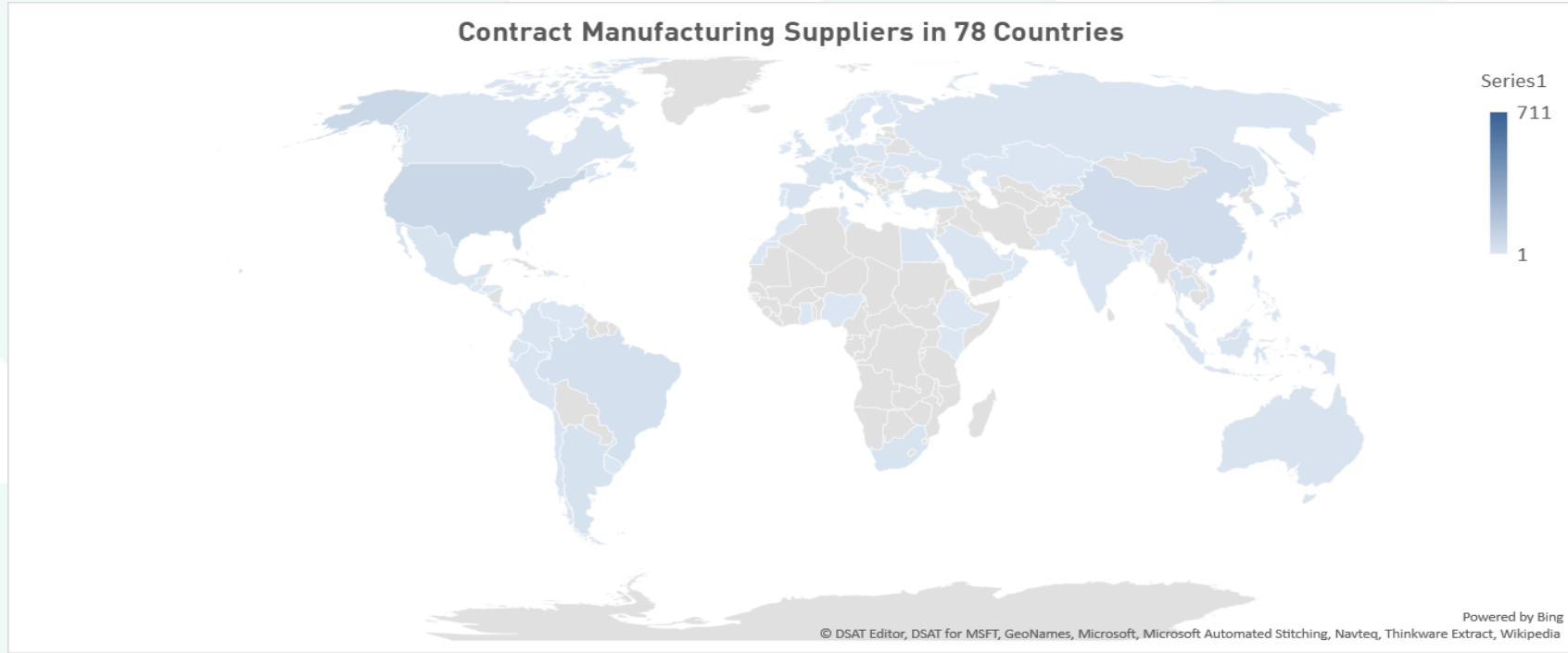
Suppliers by geography

Marketing & Business Services suppliers



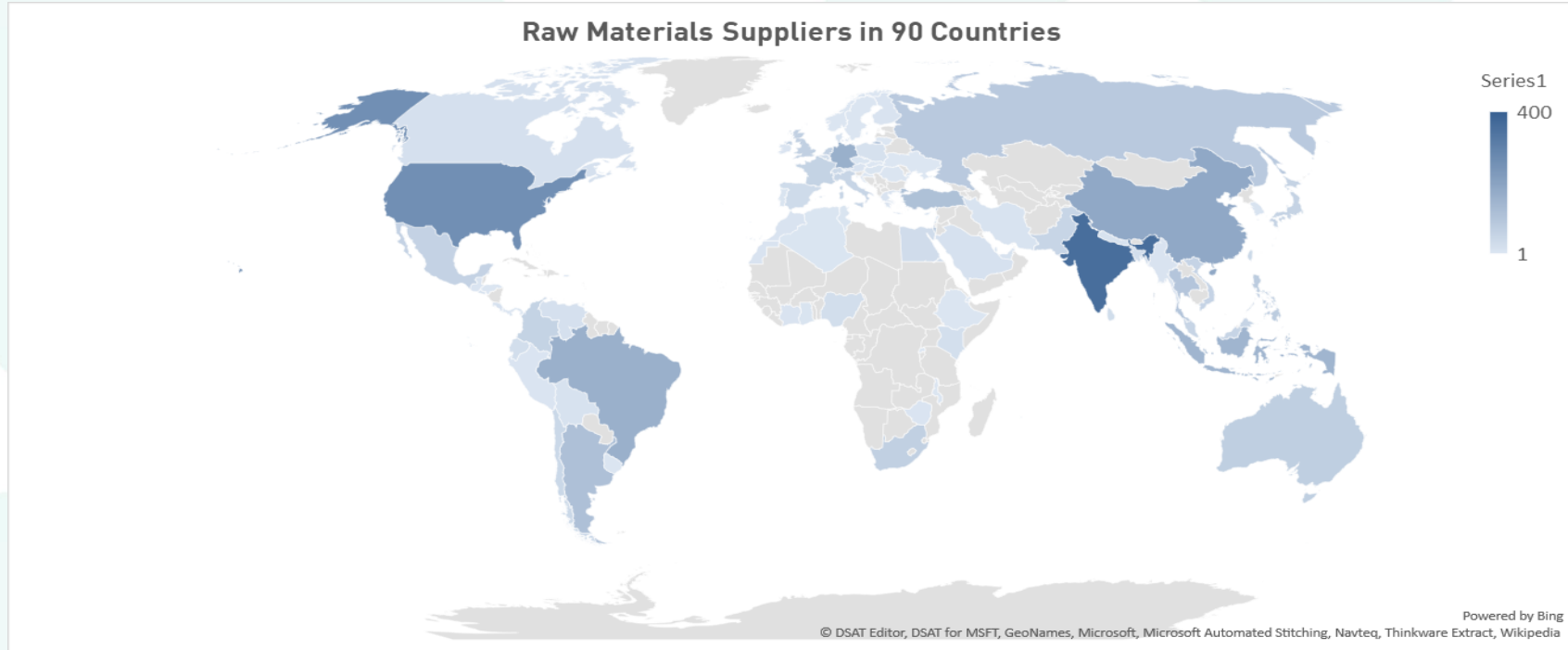
Suppliers by geography

Contract Manufacturers



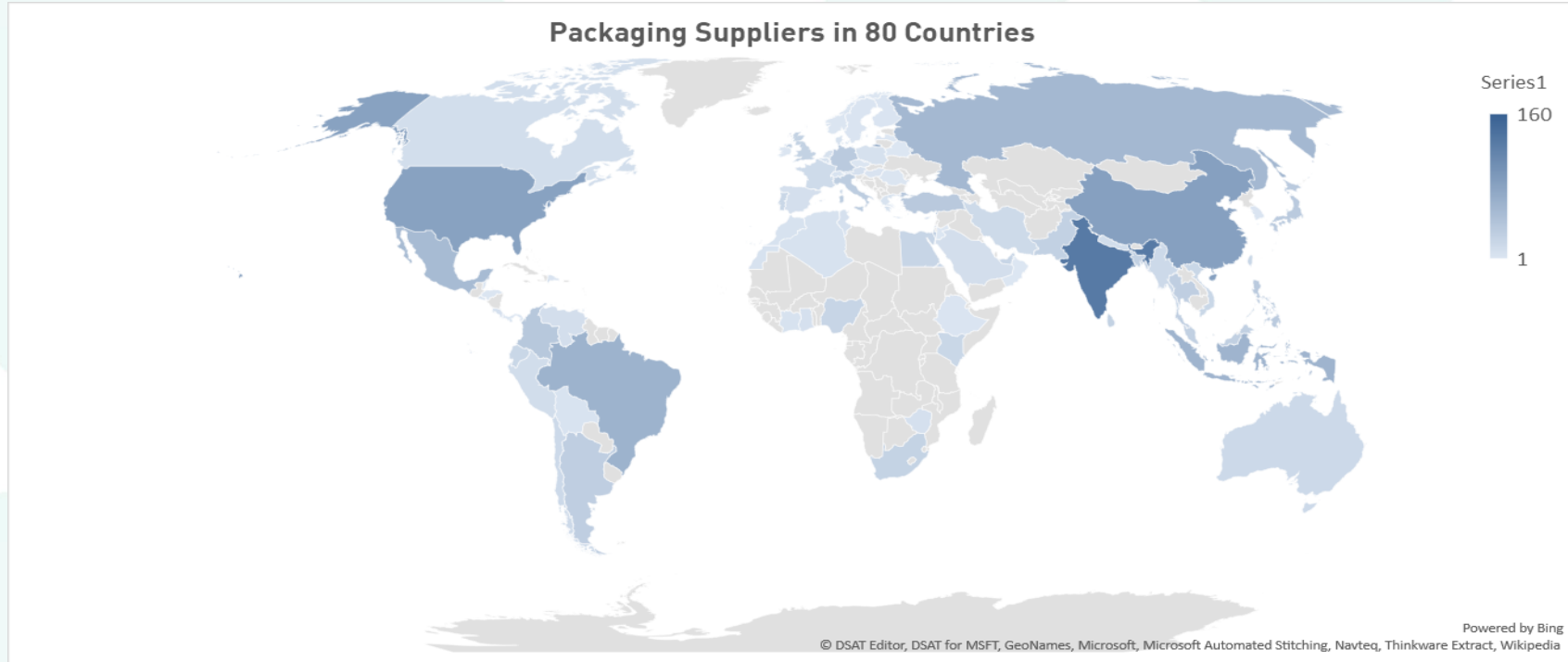
Suppliers by geography

Raw Materials suppliers



Suppliers by geography

Packaging suppliers



Critical suppliers



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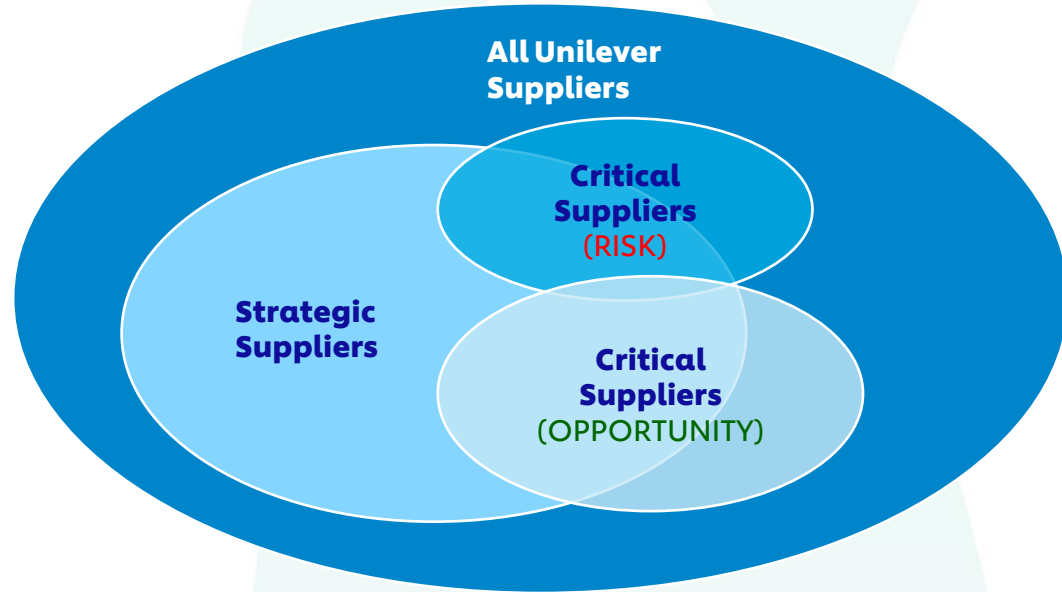
Critical supplier identification

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

Critical Suppliers are identified in two categories;

- Those that represent a **RISK**: see next slide for critical supplier identification
- Those that represent an **OPPORTUNITY**: see following slide for Partner to Win

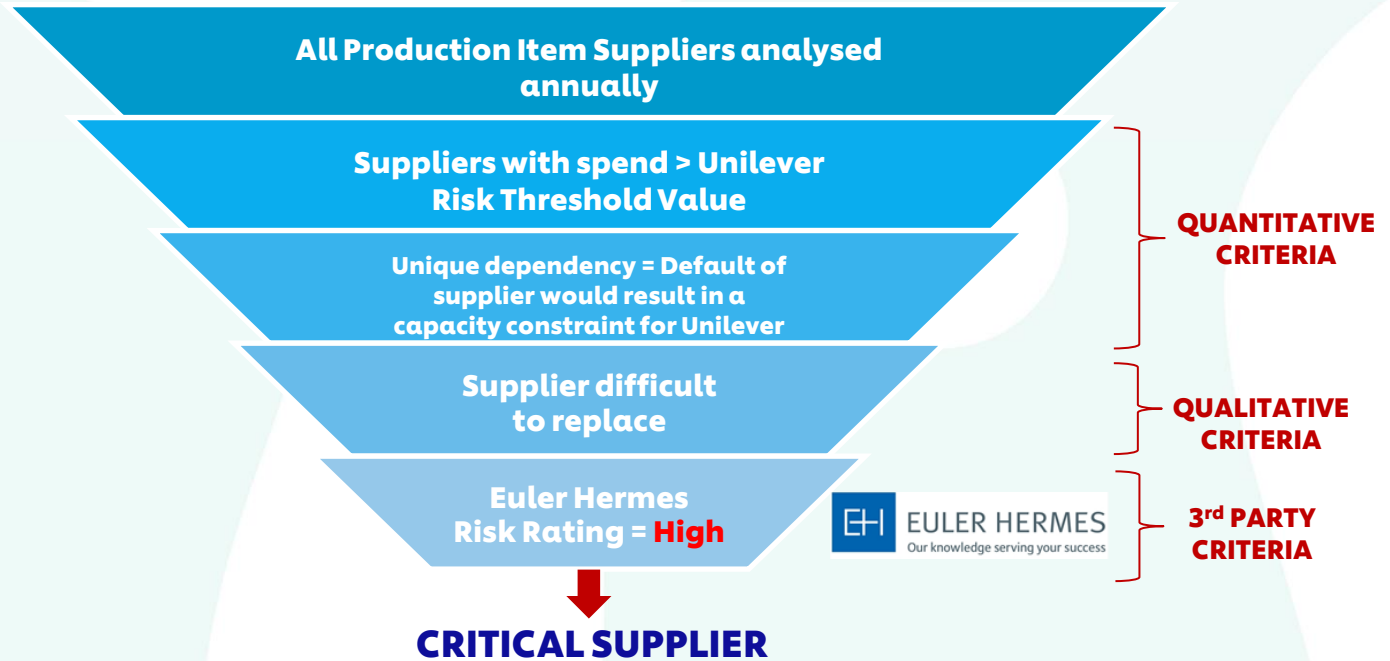
Neither type of supplier is mutually exclusive i.e. a critical supplier can represent both risk and opportunity.



Critical suppliers - RISK

Definition of critical suppliers:

Suppliers with spend over a defined threshold value, where there is a unique dependency, where the supplier cannot be easily replaced and they represent a high risk on external indices.



Critical Supplier Risk Management Process:



Critical suppliers - RISK

Towards the end of 2020, Unilever switched to a resilience framework with the focus on material level risk with focus on proactive 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 Risks	Supplier Health	Sourcing Landscape
<ul style="list-style-type: none">• Limited Supply Capacity	<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
- Risk Mitigation for all high Risk Materials

¹ Source : Rapid Ratings

² Source : Risk Methods



Critical suppliers - **OPPORTUNITY** Shifting to Partner with Purpose

Partner To Win (PtW)

(2011-2020)

Becoming the customer of choice and create a unique opportunity to unlock value for Unilever and its Partners.



Partner with Purpose (UPwP)

(2020 onwards)

Deliver mutual **4G growth** while doing **good for People & Planet.**

Unleashing hidden **opportunities for all**
with a new partner **ecosystem**



Partner With Purpose

Critical suppliers - OPPORTUNITY

Unilever Partner with Purpose (2020 – onwards)

Unilever's Partner with Purpose (UPWP) programme, launched in 2020, is taking purpose-led partnerships to a new level to fuel market-leading innovations, protect and regenerate nature and to make sustainable living commonplace.

The UPWP programme intends to increase focus on advanced partnerships that are built on a shared purpose - to develop a Partner Ecosystem that fuels responsible growth, improving the health of our planet.

AMBITION

Deliver mutual **4C growth** while doing good for people and planet

GOAL

Build a new **partner ecosystem** which creates opportunities for all



Critical suppliers - OPPORTUNITY

Partner to Win (2011-2020)



Quality and Service

Quality is about delighting consumers, every day. At Unilever, we have 2.5 billion opportunities a day to delight our consumers so it is of utmost importance we get it right every time. Quality and service are therefore integral to our selection and contracting processes with suppliers and we have solid service and quality level agreements in place.

We ask our suppliers for real time information transparency which we enable through close collaboration and usage of our integrated supplier platform Supplier Net. Together with our suppliers we win through continuous improvement which we do by focusing on a quality-driven value chain with global scale and local agility.

Capacity and Capability

To continue to grow our business, we need to enable our suppliers to grow with us. We aim to leverage our suppliers' potential to grow by building capacity in emerging markets and some of the world's fastest growing regions, looking for joint opportunities to drive efficiency of supply, investing in cutting edge technology, leveraging innovation and fostering continuous development of new capabilities.

Responsible and Sustainable Living

Unilever has a simple but clear purpose – to make sustainable living commonplace. We believe this is the best long-term way for our business to grow. One of our priorities is to ensure a better future for farming and farmers which is anchored in the Unilever Sustainable Living Plan. By working with our suppliers, we aim to ensure all the major commodities on which we depend are produced sustainably for mainstream consumer markets.

Innovation

Innovation is at the core of our success and suppliers play an instrumental role in fuelling our innovation pipeline – approximately 30% of our growth comes from innovation and more than 70% of that innovation comes from our suppliers. Partner to Win has been paramount in building partnerships with suppliers that lead to the new breakthrough concepts, ideas or innovations that help us win in the market. With our suppliers, we turn consumer insights into technical solutions across the whole value chain and source cutting edge expertise from industry leaders to creative start ups.

Value

To achieve long term and sustainable growth it is paramount we realise continuous and steady gross margin improvement. Creating joint value through collaboration and deep value chain integration with suppliers is a key enabler - achieving complete cost transparency helps us to ensure our competitive position in every market we operate in.

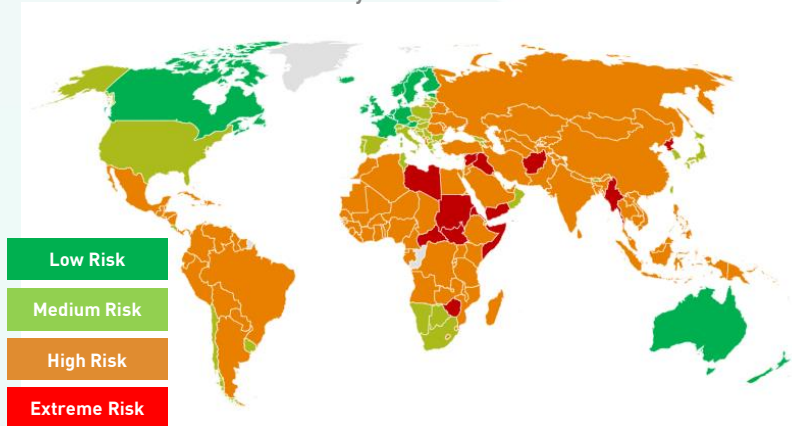
Risk and third-party due diligence



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Due Diligence for Responsible Sourcing

Country Risk Assessment

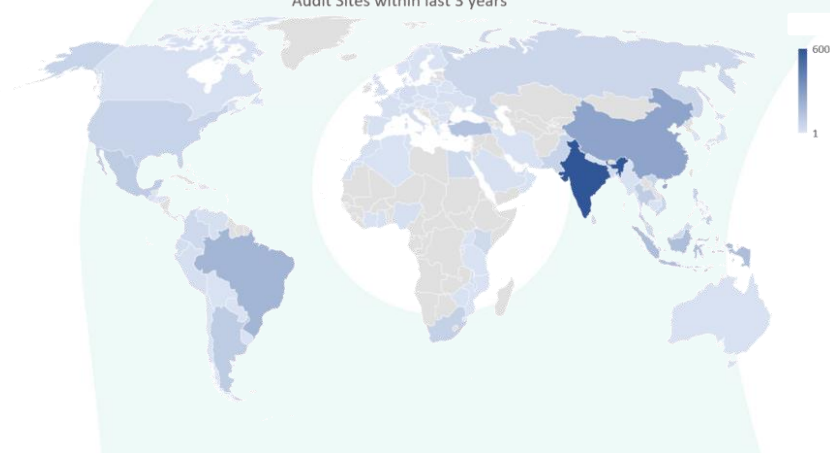


Unilever uses a risk based approach to determine which supplier sites need to undergo additional due diligence, which can include 3rd party audits and/or certification through fully benchmarked standards. The risk based approach uses country risk as one element of the risk assessment.

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	56,351
Number of suppliers classified as High Risk	7,880
Total Responsible Sourcing audits to date	13,244
Total audits of high risk supplier sites in last 3 years	7,217
Total audits at Production Item (PI) Suppliers in last 3 years	6,309
Number of PI supplier sites with identified issues in last 3 years	3,108
Number of PI supplier sites with verified corrective action plans in last 3 years	2,069