

Unilever's supply chain

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Supply chain overview & strategy



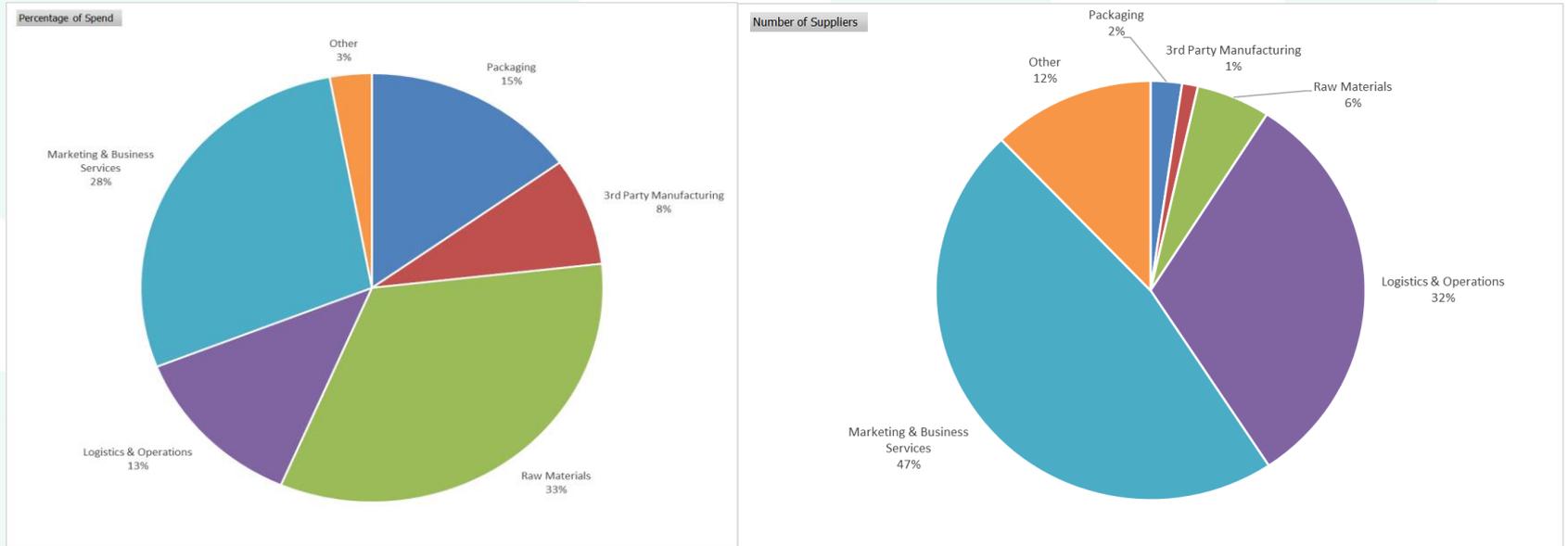
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Supply chain overview

Total spend: €33.7 billion

Total number of suppliers: 59,800

Figure 1: Suppliers per spend category

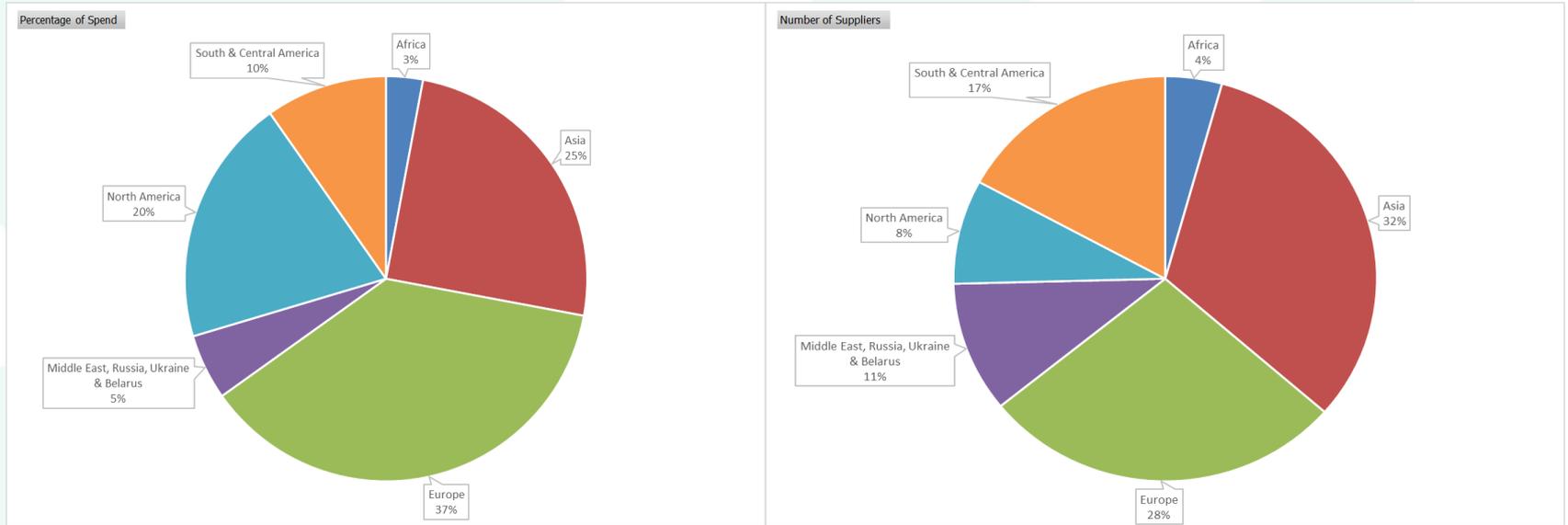


Supply chain overview

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Figure 2: Geographic distribution of Suppliers



Unilever's connected for growth Supply chain strategy

Our strategy is our compass to help us navigate towards our purpose - 'United to Build a Brighter Future'. We have 6 pillars to help us propel forward with clarity:



Operating with Purpose: We believe it is critical to drive profit and growth while using our scale to create positive change. Supply chain plays a vital role in delivering the Unilever Sustainable Living Plan (USLP).



Digital Supply Chain: We leverage technology across the supply chain to ensure we are digitally enabled for the connected world and to help drive the transformation of our business with speed.



Agility for a Changing Market: We build capabilities to become more responsive to the changing needs of our customers and consumers.



Partnerships for the future: Strong relationships with partners that share our sustainable growth ambitions are critical to continued success – we partner to innovate, drive efficiencies and adopt new technologies and business models.



Reshaping the Asset and Cost Base – driving margins, cash and return on assets with specific programmes for each element of the cost base.



Talent & Capabilities: We enable a world class supply chain by investing in our people and capabilities. We support a culture where we thrive as a motivated, engaged and future-ready supply chain community.

Supply chain spend analysis

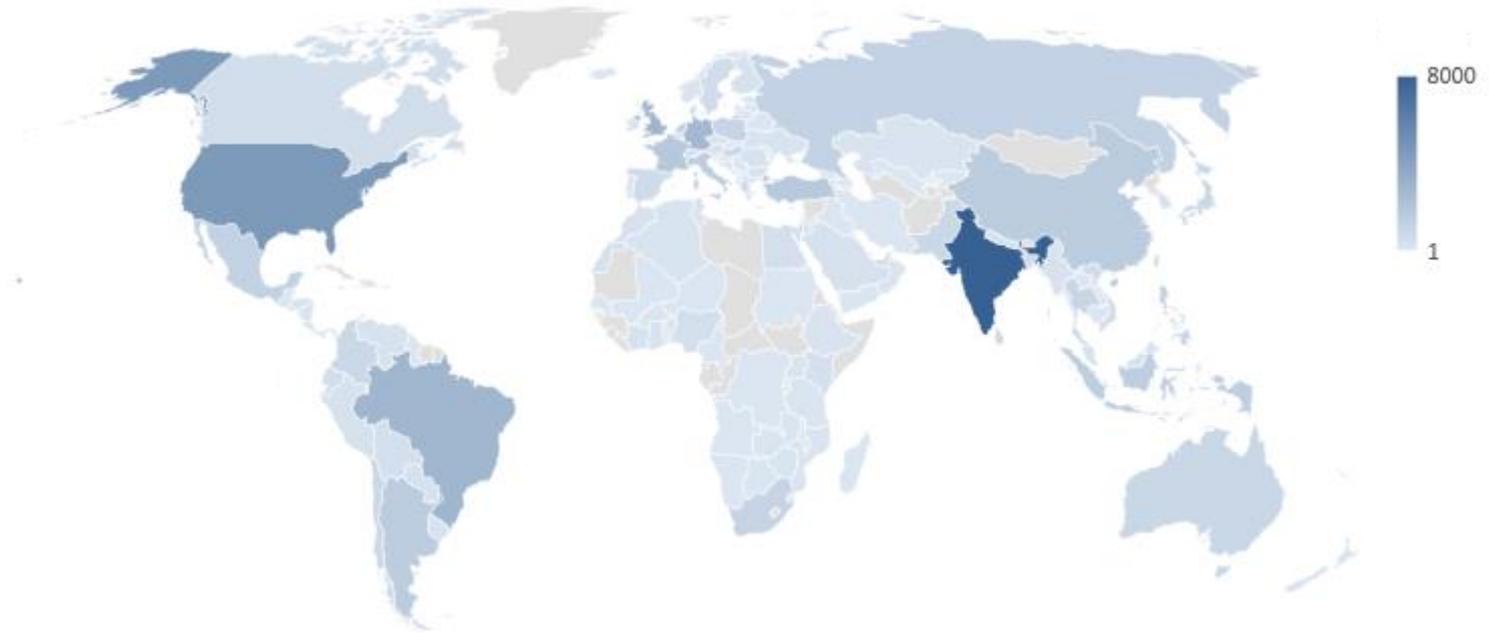


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Suppliers by geography

Total number of suppliers

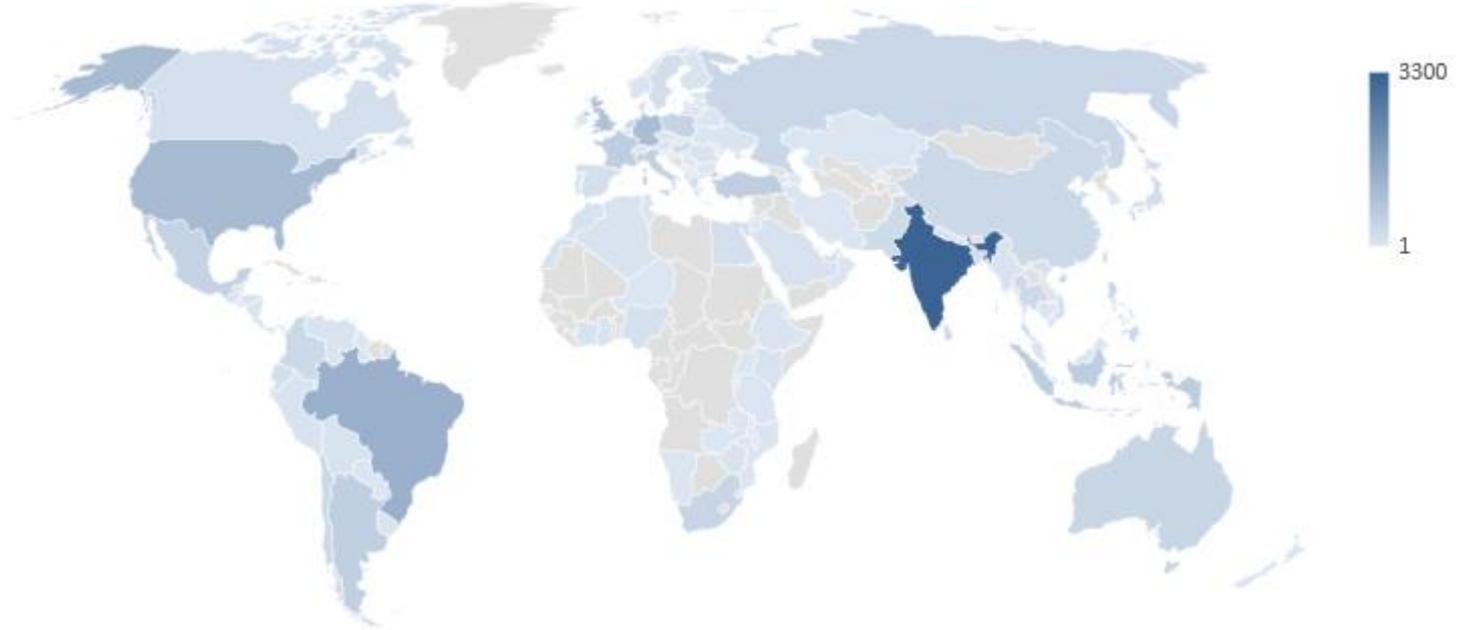
59,800 Suppliers in 161 countries



Suppliers by geography

Logistics & Operations suppliers

Logistics & Operations in 123 Countries



Suppliers by geography

Third Party Manufacturers

3rd Party Manufacturing Suppliers in 79 Countries



Suppliers by geography

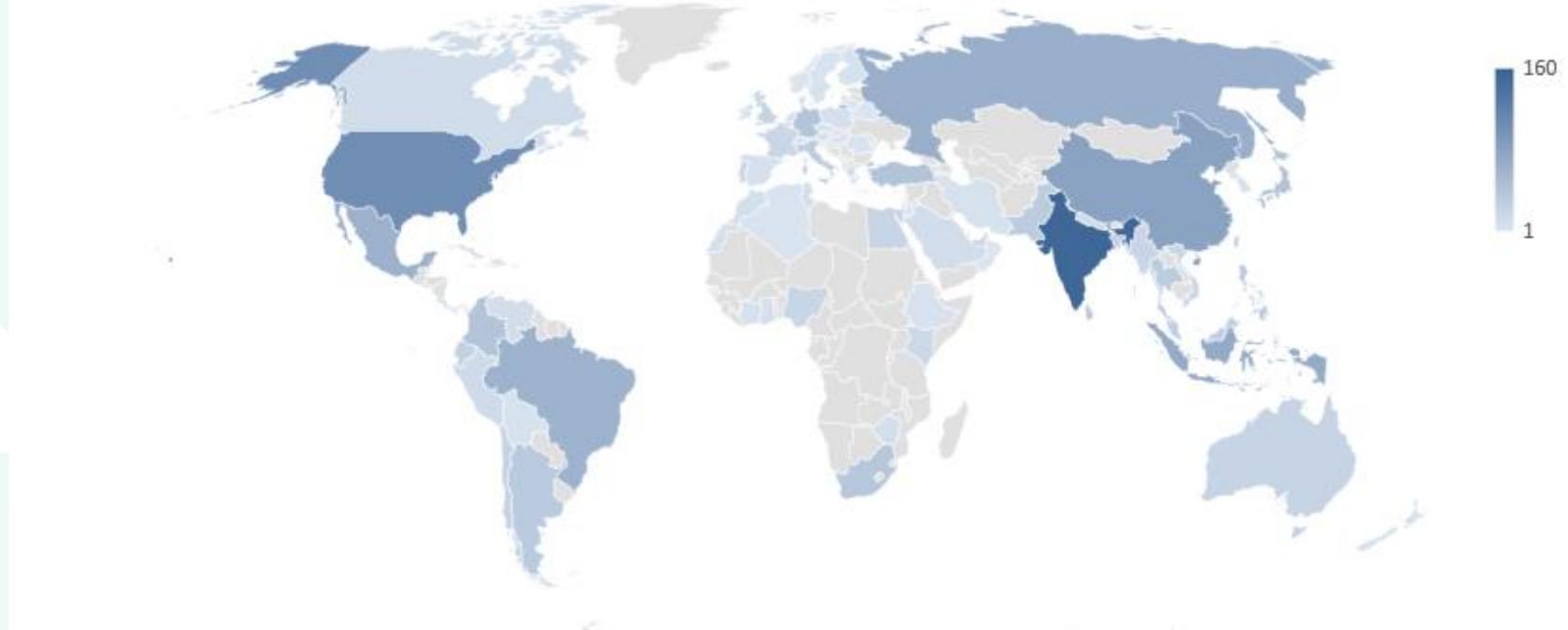
Raw Materials suppliers



Suppliers by geography

Packaging suppliers

Packaging Suppliers in 83 Countries



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

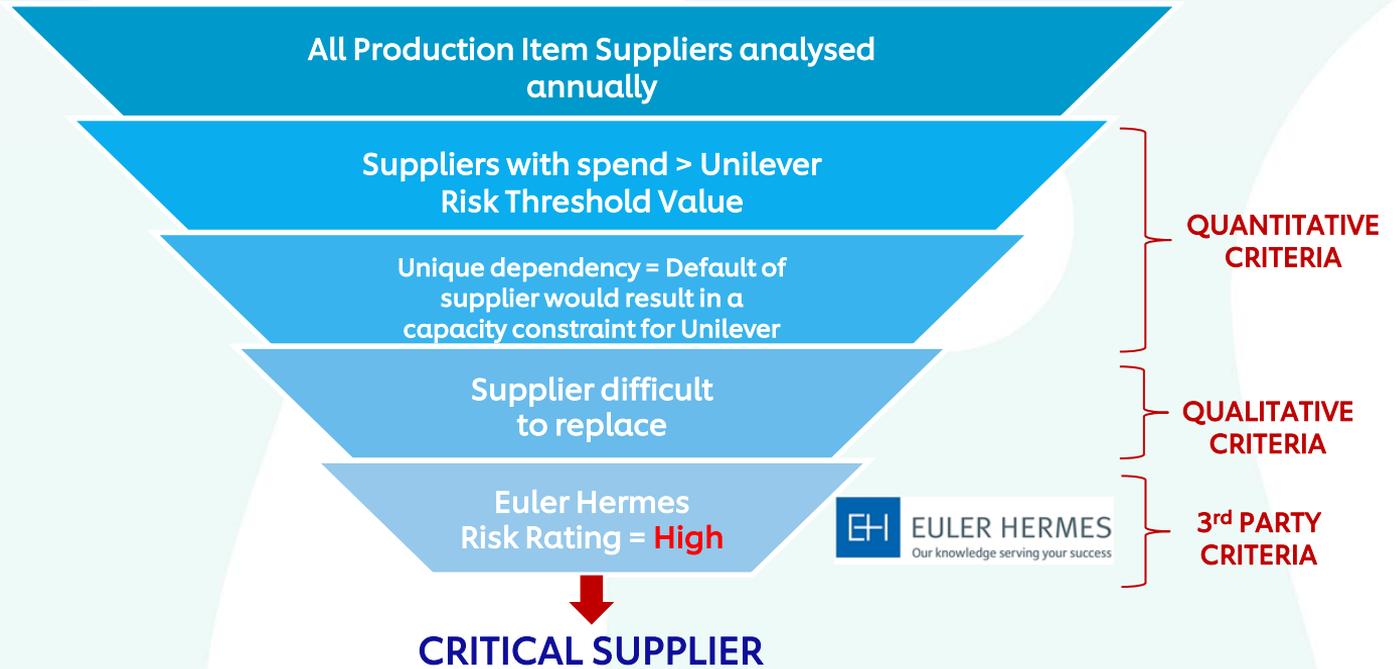
Neither type of supplier is mutually exclusive i.e. a supplier can be both a critical supplier (risk) and critical supplier (opportunity).



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 - OPPORTUNITY

Partner to Win

Partner to Win is our approach to building long-term relationships with selected key strategic supplier partners in order to achieve mutual growth, both for our suppliers and Unilever.

Launched in 2011, Partner to Win is designed to drive closer collaboration with our most strategic suppliers, focusing on five core areas:



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.

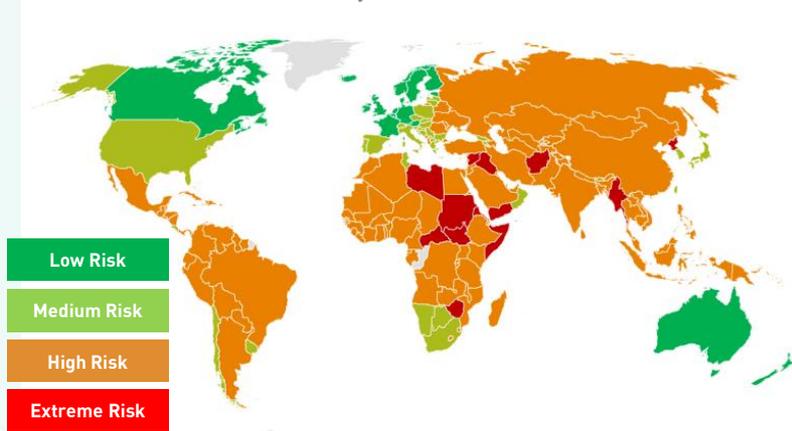
Risk and third-party due diligence



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Due Diligence for Responsible Sourcing

Country Risk Assessment

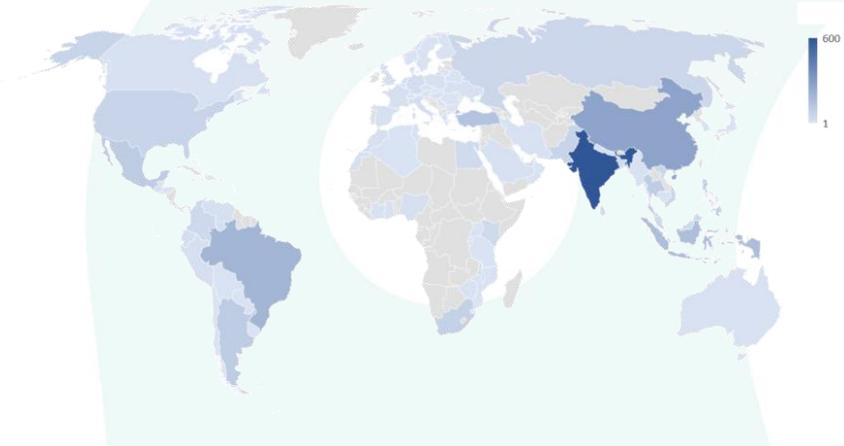


Unilever uses a risk based approach to determine which supplier sites need to undergo additional due diligence, which can include 3rd party audits and/or certification through fully benchmarked standards. The risk based approach uses country risk as one element of the risk assessment.

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	56,848
Number of suppliers classified as High Risk	11,808
Total Responsible Sourcing audits to date	12,995
Total audits of high risk supplier sites in last 3 years	6,942
Total audits at Production Item (PI) Suppliers in last 3 years	5,585
Number of PI supplier sites with identified issues in last 3 years	3,200
Number of PI supplier sites with verified corrective action plans in last 3 years	1,693