Unilever’s supply chain
Published June 2023
Supply chain overview & strategy
Supply chain overview

Total spend: €43.2 billion
Total number of suppliers: 52,000

Figure 1: Suppliers per spend category

Data as at end of 2022
Supply chain overview

Figure 2: Geographic distribution of Suppliers

Data as at end of 2022
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

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agility &amp; resilience</td>
<td>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.</td>
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<tr>
<td>Reshape asset and cost base</td>
<td>We optimise our cost and asset base to drive competitive growth.</td>
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<tr>
<td>Positive for people and planet</td>
<td>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.</td>
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<tr>
<td>Future-fit talent</td>
<td>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.</td>
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<tr>
<td>Digital transformation</td>
<td>We harness the power of data and 4th industrial revolution technologies to transform end to end value chains, creating a sustainable, competitive edge.</td>
</tr>
<tr>
<td>Partner with purpose</td>
<td>We build purpose-led partner ecosystems that fuel market-leading innovations and protect and regenerate nature.</td>
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Supply chain spend analysis
Suppliers by geography
Total number of suppliers

Data as at end of 2022
Suppliers by geography
Logistics & Operations suppliers

Data as at end of 2022
Suppliers by geography
Marketing & Business Services suppliers

Marketing & Business Services in 148 Countries

Series 1
3,000
1

Data as at end of 2022
Suppliers by geography

Contract Manufacturers

Contract Manufacturing Suppliers in 69 Countries

Data as at end of 2022
Suppliers by geography
Raw Materials suppliers

Raw Materials Suppliers in 92 Countries

Data as at end of 2022
Suppliers by geography
Packaging suppliers

Packaging Suppliers in 82 Countries

Data as at end of 2022
Significant suppliers
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
  - Supply Capacity
  - Replenishment lead time
- Sub-Tier/ Tier N Risks
  - Crop risk
  - Feedstock risk
  - Trader risk
- Supplier Health
  - Financial risk
  - Operational risks
- Sourcing Landscape
  - Single source
  - Patented materials
  - Geopolitical risk

**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
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.
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
Due Diligence for Responsible Sourcing

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.

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Country Risk Assessment

Low Risk
Medium Risk
High Risk
Extreme Risk

Audit Sites within last 3 years

Low Risk
Medium Risk
High Risk
Extreme Risk

Data as at end of 2022

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