



Hindustan Unilever Limited

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Supply Chain
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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.

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

- Supply Capacity
- Replenishment lead time

Sub-Tier/ Tier N Risks

- Crop risk
- Feedstock risk
- Trader risk

Supplier Health

- Financial risk¹
- Operational risks

Sourcing Landscape

- 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



[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.

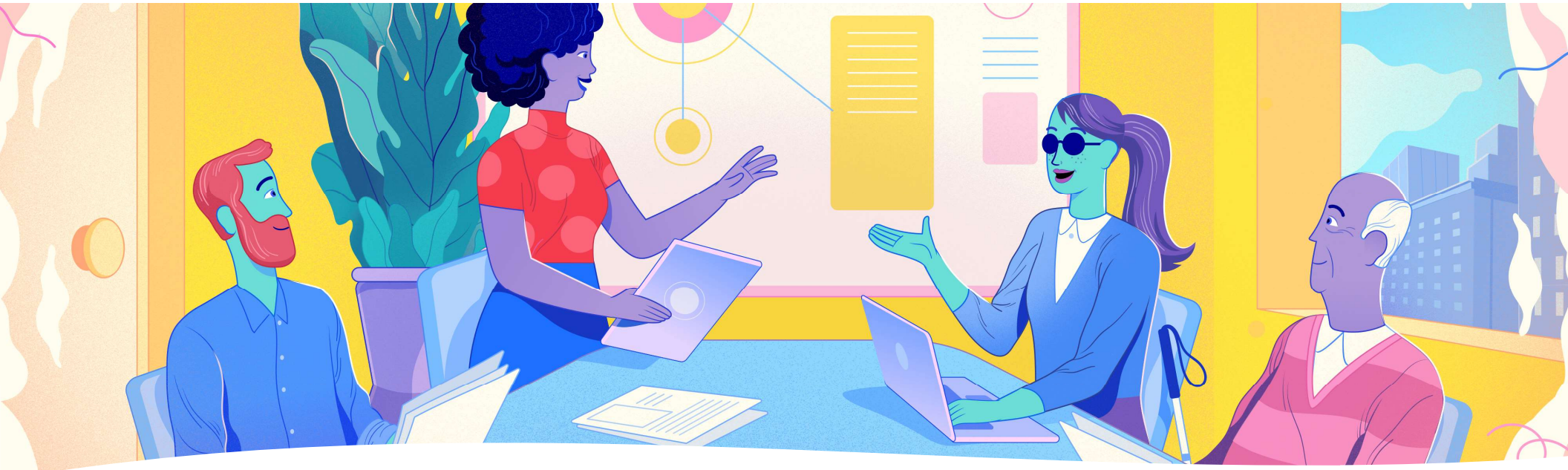
Through our first two promises - The [Supplier Equity, Diversity and Inclusion Promise](#) and the [Living Wage/Living Income Promise](#) - Unilever is inviting supply partners to demonstrate their shared values and commitment to addressing social inequality in our value chains by encouraging partners 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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- Total spend: Rs. 44,434 crore
- Total number of suppliers: 5,896

Supply chain overview

- Tier -1 significant supplier spend: Rs. 22086 crore (49.7%)
- Opportunity: 44 (45% of the spend)
- Risk: 162 (4.7% of the spend)
- Total Tier -1 significant suppliers : 201 (risk: 162 + opportunity: 44, supplier on both lists: 5)

Significant non -Tier -1 Suppliers

- Significant Suppliers in Non-Tier 1 are suppliers of palm oil, paper and board, tea, soy and cocoa because they contribute to more than 65% of Unilever's total impact on land—and are the crops that are most often linked to deforestation and conversion of natural ecosystems to farmland.

**TOTAL NUMBER OF NON-
TIER 1 SIGNIFICANT SUPPLIERS 1,547**



Supplier Assessment

Supplier Assessment

Supplier Assessment	FY 2022-23
Total number of suppliers assessed via desk assessments/ on-site assessments	1,225
% of significant suppliers assessed	70.08
Number of suppliers assessed with substantial actual/ potential negative impacts	152
% of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	76.32
Number of suppliers with substantial actual/potential negative impacts that were terminated	0
Total number of suppliers supported in corrective action plan implementation	116
% of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	76.32

Capacity building programs

CAPACITY BUILDING PROGRAMS		FY 2022-23
Total number of suppliers in capacity building programs		911
% of significant suppliers in capacity building programs		52.12