

HINDUSTAN UNILEVER LIMITED
DIFFERENTIAL REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS (NEDS)

Background

The Members of the Company, at the Annual General Meeting held on 29th June, 2015, had revised the maximum limit of remuneration payable to Non-Executive Directors from the then existing Rs. 150 lakhs to Rs. 300 Lakhs, in aggregate, with effect from 1st April, 2015 for a period of five years. The revision of the maximum limit of remuneration payable was approved by members to enable the Company to adopt Differential Remuneration Policy and for the remuneration to be commensurate with enhanced role and engagement of the Non-Executive Directors of the Company.

Differential Remuneration Policy is a globally accepted and recommended policy of remunerating Non-Executive Directors. Considering the enhanced role and responsibilities of the Independent Directors in the current Corporate Governance regime as also provided under the Companies Act, 2013. The Board of Directors had adopted a Differential Remuneration Policy for Non-Executive Directors which is linked to the attendance at the Board and Committee Meetings, position of Chairman or Member of Committees.

The Company currently follows a policy of fixed remuneration to Non-Executive Independent Directors. As per the current policy, Company pays an annual fixed compensation of Rs. 15 lakhs as a Commission to each of the Independent Director. In addition a sitting fees of Rs. 30,000/- is paid for attending each of the meetings of Board and Committees thereof. The Non-Executive Chairman of the Company does not receive any sitting fees, commission or stock options from the Company.

The criteria and corresponding commission amount as per Differential Remuneration Policy is detailed below:

Particulars	Commission (Rs. Lakhs p.a.)
Base Fixed Commission for Non-Executive Directors	15.00
<u>Additional Variable Fees:</u>	
Corresponding to the percentage of attendance at all the Board and Committee Meeting(s)	5.00
In the capacity of Chairperson of the Committee:	
Audit Committee	2.00
Nomination and Remuneration Committee	2.00
Stakeholder Relationship Committee	2.00
Corporate Social Responsibility Committee	2.00
In the capacity of Member of the Committee:	
Audit Committee	1.00
Nomination and Remuneration Committee	1.00
Stakeholder Relationship Committee	1.00
Corporate Social Responsibility Committee	1.00

The above remuneration will be exclusive of Sitting Fees of Rs. 30,000 paid to NEDs for attending meetings of the Board and Board Committees.