

Report of Board of Directors and Management Discussion and Analysis

Your Board of Directors is pleased to share with you the Business Performance along with the Audited Financial Statements for the financial year ended 31st March, 2021.

THE CHANGING WORLD

We operate in a complex and volatile world. Our strategy is constantly evolving to adapt to the trends and forces shaping our markets and impacting our stakeholders.

Hindustan Unilever Limited is part of the Fast-Moving Consumer Goods (FMCG) industry which continues to be one of the biggest long-term sustainable business opportunities that our country offers. Despite being one of the fastest growing markets globally for FMCG products, India's per capita FMCG consumption is still amongst the lowest in the world, giving the industry a long runway for growth.

2020 was a highly volatile and challenging year. Covid-19 changed almost every aspect of human lives in ways never imagined. The economic toll from the pandemic was unprecedented. Operational challenges mounted due to restricted movement and disrupted supply lines. As the Covid-19 cases continued to rise exponentially, the economy declined sharply. Our focus was on our people's health & safety, ensuring uninterrupted supplies of Covid-19 relevant portfolio, meeting the demand of consumers arising out of changed behaviour and needs, caring for the communities in which we operate, preserving cash and protecting our business model.

As the country navigated through the crisis, the Government and the Reserve Bank of India took effective measures to support a robust economic recovery. The Union Budget 2021 focused on regaining the growth momentum in the economy through several measures including keeping tax rates stable and enhancing investments in infrastructure.

The agriculture sector performed well, leading to a strong performance by rural markets. The impact of Covid-19 was more pronounced in metros and bigger towns, resulting in a slower recovery in urban markets.

Global trade dynamics, volatile commodity cycles and climate concerns continue to create challenges and uncertainties for companies and categories across the spectrum. New technologies are changing the landscape of the consumer goods market, bringing opportunities for brands and consumers alike. Consumers are shopping

through more diverse channels and smaller local brands as well as digital-first brands are increasingly entering the market. In these times, as the consumer and channel landscapes rapidly evolve, we continue to be agile and responsive to leverage market opportunities and deftly navigate through the challenges. By staying close to the consumers and their needs, we ensure that our business continues to grow, while having a positive impact on people and the planet. Our strategy is constantly evolving to adapt to the trends and forces shaping our markets and impacting our multi stakeholders.

A. STAKEHOLDER REVIEW

The Unilever Compass and our business model are designed to create value for our stakeholders. Understanding their changing needs helps us to make informed strategic decisions.

Our multi-stakeholder model

We have identified six stakeholder groups critical to our future success: consumers, our people, customers, suppliers & business partners, planet & society, and shareholders. The stakeholder review on pages 19 to 36 explains how we have worked to create value for each of our stakeholders in 2020-21 as well as how our business benefits from these vital relationships.

In light of our purpose and our strategy to create long-term value as set out on page no. 12, we take steps to understand the needs and priorities of each stakeholder group through a number of mediums, including by direct engagement or via their delegated committees and forums. Here, we provide a high-level summary of the concerns of our stakeholders and how we engaged with them and had regard to their interests when setting our strategy and taking decisions concerning the business in the last year.



Stakeholder	Interests and concerns	How we engaged in FY 2020-21	Considerations and outcomes
 <p>Consumers Changes in consumer behaviour have accelerated, leading to new insights about the way people shop and buy our products</p> <p>➔ For more on consumers see pages 22 to 25</p>	<p>The pandemic has impacted consumer spending habits, particularly for discretionary purchases. Consumers have become more conscious about their health and hygiene as well as being value seeking as they look to protect themselves from the consequences of the pandemic. Digital engagement and online shopping gained prominence as people pivoted to E-everything and a contactless culture.</p>	<p>We have many direct and indirect touchpoints with our consumers. Our People Data Centre combines social listening with traditional consumer research while our Consumer Carelines give us rich insights into the experiences of consumers when using our products. We continue to collaborate with research agencies and household panels to conduct consumer surveys and understand on-ground consumer behaviour patterns, their interests and concerns. We also engaged with consumers through our digital platforms such as Cleanipedia and BeBeautiful. These insights help us in building our understanding of consumer trends, including those that are likely to continue in a post-Covid world.</p>	<p>Our Board and Management Committee members regularly review consumer trends, their concerns and consider these when making decisions. Basis insights on new trends, shaping consumer choices and behaviours during the pandemic, the Management Committee made changes to strategic directions and investments. We focused our innovations to serve health and hygiene needs of our consumers and launched more than 150 Stock Keeping Units (SKU). We also repurposed our brands to make them contextually relevant and drive salience.</p>
 <p>Our People We stepped up engagement with employees significantly to help our people through the pandemic</p> <p>➔ For more on people see pages 26 to 27</p>	<p>Covid-19 has been the overriding concern for our people during the year as the pandemic impacted virtually every part of their lives, especially work arrangements. Through our engagement, we also consistently see that career opportunities, wellbeing, purpose, sustainability and being a more simple and agile business remain important for our people.</p>	<p>Our leadership team members directly engaged with our employees throughout the year on issues of concern. Through empathetic leadership and always on two-way communication, our line-managers across all levels could provide clarity in the time of crisis and strengthen connectedness. With our 'Care to Connect' programme, factory leadership teams connected individually with all our factory employees and their families. We conducted frequent pulse-check surveys throughout the year for instant feedback. Our annual UniVoice survey garnered a participation from 84% of our office-based employees.</p>	<p>Safety and wellbeing of our employees is paramount to us. We operated with stringent safety protocols to protect our people in factories and frontline sales. We transitioned to 100% remote working for all our office-based employees and as the country opened up we resumed our office operations in a calibrated and safe manner wherever possible. Through the year, we built a systemic approach on wellbeing with customised interventions for various employee segments. Our UniVoice survey showed improvements across all dimensions, especially remarkable was that 88% employees felt positive and optimistic, 90% believe that their line manager had supported them to be effective during Covid-19 crisis.</p>

Report of Board of Directors (continued)

Stakeholder	Interests and concerns	How we engaged in FY 2020-21	Considerations and outcomes
 <p>Customers This year e-Commerce grew exponentially, as shifting shopping behaviours affected retailers of all types. General trade also saw a resurgence</p> <p>→ For more on customers see pages 28 to 29</p>	<p>Covid-19 has given a huge fillip to e-Commerce. Our retail partners are working to become more competitive in a world where shoppers move seamlessly between online and offline channels. Traditional trade also saw a resurgence during Covid-19, the small retailers we partner with are increasingly embracing digital solutions like app-based ordering, to speed up the restocking of products.</p>	<p>Our customers play a critical role in our journey to reach consumers. During the peak of crisis, we actively engaged with our retail partners to build a response plan to ensure availability of stocks. We also imparted training on safety and hygiene practices, to help get shoppers into the stores. We are collaborating with e-Commerce and modern trade to capture the shopper trends and design portfolios appropriate for the channel. Shikhar our eB2B ordering app was useful in getting direct feedback from retail stores.</p>	<p>We are investing in building capabilities for channels of the future viz. e-Commerce and modern trade and are co-creating differentiated offerings which are fit for the channel. We are scaling up adoption of Shikhar our eB2B app to create a digitally wired customer ecosystem which will help in optimising space and speed up restocking. Our partnership with the State Bank of India is aimed at solving liquidity issues for small retailers. We continue to empower women through our Shakti programme which now has nearly 1,36,000 Shakti entrepreneurs.</p>
 <p>Suppliers & Business Partners We worked closely with suppliers and partners to overcome unexpected challenges</p> <p>→ For more on suppliers and business partners see page 30</p>	<p>This year has been challenging for our suppliers and partners. Initial lockdowns affecting production and the challenges they had to face to service the surge in demand affected their cash flow. Border restrictions hampered logistics; and new government regulations to protect employees and ensure safe working environments demanded new ways of working, often at very short notice. Our suppliers looked to us for working capital support.</p>	<p>We communicated frequently with our high-risk material suppliers this year, often daily. We leveraged our Unilever global supplier network to source materials from multiple countries. We built a Covid-19 information site for suppliers to share protocols and useful information to help keep them running safely. We ran workshops with key partners (including third-party manufacturers) to explain our new factory tier system, as well as the protocols in place for site cleaning and employee safety.</p>	<p>Dynamically monitoring the on-ground situation, we did a number of interventions to support our suppliers during the pandemic including cashflow relief, early payments to small and medium-sized suppliers. We carved a 'Together We Can' programme with our suppliers to secure availability of essential material and land additional savings to protect our financial model. We also flexed our formulations and onboarded new suppliers as part of our resilience plan.</p>



Stakeholder	Interests and concerns	How we engaged in FY 2020-21	Considerations and outcomes
 <p>Planet & Society People all over the world are speaking up and demanding that business does more for the planet and society</p> <p>➔ For more on the planet and society see pages 31 to 33</p>	<p>Awareness and concerns around the environmental impact of human activity on the planet is growing. NGOs continue to campaign to reduce the impact of plastic packaging and products on the environment as well as for stronger action on climate change, while citizens demand more from companies on these same issues. People increasingly want to know where the products they buy come from, what's in them, how they'll affect the environment and whether they've been tested on animals. Concerns around poverty, inequality and jobs have been heightened by the economic uncertainty. We are seeing real desire for businesses to limit their use of plastic and take bold action on climate.</p>	<p>We focus our external advocacy on the social, environmental, and economic issues most important to your Company and are also guided by our parent Company Unilever Plc on sustainability issues. In response to Covid-19, your Company stood with the nation and committed ₹100 crores to the nation in the fight against Coronavirus. Our Chairman and Managing Director Co-chairs the Advisory Network to the High-Level Panel for a "Sustainable Ocean Economy". We continue to partner with trade associations like FICCI-India Sanitation Coalition on WASH, international organisations like UNDP and Xynteo to drive behavioural change and work together on end-to-end plastic waste management projects. Hindustan Unilever Foundation, the not-for-profit subsidiary of your Company, continued its water conservation efforts across the country while generating livelihoods for the community.</p>	<p>Sustainability issues form part of our Board/Corporate Social Responsibility committee discussions. Cross Functional Leadership Team reports to the Management Committee on the progress of our initiatives. Our new Unilever Compass strategy integrates sustainability into our business strategy reflecting our leadership's focus on doing business responsibly. Unilever's new commitments around Climate, Nature and Society is the next step in our journey of being the leader in sustainable business.</p>
 <p>Shareholders In this eventful year, it's been even more important to keep our shareholders closely informed about our business</p> <p>➔ For more on shareholders see pages 34 to 36</p>	<p>As well as an ongoing interest in our strategy and business performance, our shareholders were interested in our priorities during the Covid-19 pandemic and the potential impact of this on our business. And they continued to be focused on our approach to sustainability, including specific issues such as plastic waste, as well as sustainability targets and reporting.</p>	<p>Your Company has a large shareholder base close to 7.6 lakh shareholders. We speak directly to our shareholders through investor events, meetings and calls, quarterly results broadcasts and investor conference presentations. Our Chairman and Managing Director and Chief Financial Officer speak directly to shareholders at investor meetings on a broad range of strategic imperatives of the business such as business environment, performance, sustainability commitments and more. The Stakeholders Relationship Committee of the Board engages on issues that concern our shareholders and maintains oversight on shareholder queries and grievances. Apart from this, relevant information is hosted on our website: www.hul.co.in. During the year, your Company paid a special dividend of ₹9.50 per equity share, in pursuance to the Scheme of Arrangement for transfer of the balance standing to the credit of the General Reserves to the Profit and Loss Account, resulting in total dividend payout of ₹2,232 crores.</p>	<p>Shareholder feedback – around our strategy, digital journey, merger and acquisitions strategy and sustainability – forms a part of boardroom conversations. After each quarterly market update, our Chairman and Managing Director shares feedback with the Board. A quarterly update is shared with the Management Committee on the investors' questions and feedback.</p>

Report of Board of Directors (continued)

**CONSUMERS****People's concerns around health & hygiene, as well as the planet, continued to grow this year**

As the pandemic unfolded, it reshaped how people lived, worked and shopped. Almost overnight, people's immediate concerns – health, hygiene and immunity became a priority as people sought to protect themselves and their near-ones from Covid-19. With the country going into a lockdown, daily habits changed dramatically: from eating out to eating at home, from shopping in stores to shopping online and from working in offices to working from home. While the immediate focus for many people was to deal with the crisis, however, concerns around waste, water, climate change, social inequality remained relevant for people. People continued to look for convenient, eco-friendly, natural and chemical free products.

Our three Divisions worked to meet these changing consumer needs in a variety of ways viz. serving through product innovations, creating awareness through contextual communication, shifting to new distribution models and connecting with consumers through their brand's purpose-led initiatives.

Beauty & Personal Care**We believe in beauty that cares for people, society, and our planet**

In the Beauty & Personal Care (BPC) division, we operate in categories that play a significant role in consumers' lives and touch a vast majority of Indian households. The categories manifest an excellent opportunity to boost penetration, consumption, and premiumisation, presenting a healthy long-term potential. Leveraging our Winning in Many Indias strategy we offer an extensive portfolio with many products tailored to specific regional preferences. With a product portfolio straddling the price-benefit pyramid, we ensure that our brands are accessible and aspirational for all consumers across the country.

Exhibiting resilience and portfolio strength during Covid-19

Covid-19 has had a varied impact on our categories. The humble bar of soap became people's first line of defence against the risk of catching the infection resulting in an unprecedented demand for Skin Cleansing, especially hand hygiene products. In contrast, categories like

Skin Care, Colour Cosmetics, and Deodorants witnessed a sharp decline as people stayed at home.

We swiftly pivoted to service consumers' needs by expanding our range of hygiene products, focused on supplying essential products, drove relevant innovation designed for channels like e-Commerce and communicated with contextually relevant messaging. Within a short span of 30 days, we launched 15 new SKUs in hand hygiene portfolio primarily through our brand Lifebuoy to ensure the accessibility and availability of our products. During the year, LUX was re-launched with a superior product formulation. In line with our strategic intent to enter fast-growing segments of the future in the premium Beauty & Personal Care category, we completed the acquisition of female intimate hygiene brand VWash and were off to a good start.

In Hair Care, we continued to drive focus on the core brands and drive salience with impactful communication while innovating to meet the emerging consumer needs. TRESemmé launched a successful campaign, "salon at home" to address the beauty-at-home trend while driving innovation with its sulfate-free range and new offerings on serums and masks. Dove brand launched a new campaign highlighting its proposition on hair damage repair.

In Oral Care, Closeup has always stood for confidence to get close, superior freshness and white teeth. The brand has upheld good oral hygiene that helps in building confidence in the youth and it continued to do so with a very relevant in-home contextual messaging during the lockdown.

We continue to strengthen our 'naturals' strategy through the three-pronged approach. While LEVER Ayush, the master brand maintained focus on its key market in southern India, we continued to build specialist brands like Indulekha and Hamam. Your Company expanded the Indulekha franchise with the launch of a new variant-Indulekha Neemraj Oil and Shampoo. Your Company also introduced one of Unilever's brand, Love, Beauty and Planet in India and it has been on its journey of making people more beautiful while giving love to our planet. The third leg of our naturals strategy involves natural variants of our existing brands like TRESemmé Botanique, Glow & Lovely Ayurvedic Care, Lifebuoy Neem and Turmeric, Pears Naturale etc.



Building purpose-led brands

Our brands responded to Covid-19 through product donations, innovations, and communications supporting people's hygiene and wellbeing. Lifebuoy was the first to launch a public service campaign to use any soap for combating Covid-19. Lifebuoy also launched a new campaign 'H for handwashing' when teaching alphabet to children to highlight the importance of hand hygiene.

Across our Beauty & Personal Care portfolio, we are removing the word 'normal' from advertising and packaging. It's one of several commitments your Company is making as part of the new Positive Beauty vision that aims to usher in a new era of beauty that is inclusive, equitable and sustainable. In Skin Care, having successfully changed the proposition of Fair & Lovely to 'HD Glow' at the time of its relaunch in 2019, your Company took the decisive and logical step towards inclusive beauty by renaming this iconic brand to Glow & Lovely in 2020. This was accompanied by purposeful communication, and a massive media outreach to ensure each consumer of the brand is touched. Furthering our commitment towards promoting inclusion, Dove through its #StopTheBeautyTest campaign, is challenging the societal stereotypes and urging people to adopt a more inclusive lens of beauty for women.

Celebrating International Women's Day, our brand Clinic Plus, that reaches 85% Indian households, launched a film under its inspiring #MeriBetiStrong campaign to educate mothers about domestic violence and ignite meaningful conversations around the lessons of strength that need to be imparted to daughters in their developmental years. Your Company has taken an audacious goal to reach over 100,000 women across our ecosystem and educate them on their rights as well as provide resources to speak up against domestic violence.

For more on sustainability refer to Planet & Society on pages 31 to 33

Winning in channels of the future

e-Commerce has gained unprecedented relevance in these times and has been the go-to channel for many of our consumers during physical lockdowns. Your Company has set up the Premium Beauty Business Unit within Beauty & Personal Care organisation to strengthen its play in 'Mass-tige' beauty segment. The unit will work closely with our e-Commerce sales team and lead our entry into niche premium formats like serums, sheet masks, hair masks etc. through existing and new brands.

Technology-driven commerce will continue to grow disproportionately, and we aim to invest in it ahead of the

curve. With new channels, new benefit segments and new brands, we are also focusing on the new marketing models to take our innovations and activations to consumers. We continue to strengthen the content creation with platforms such as 'Be Beautiful' which educates consumers on their Beauty & Personal Care needs. While the pandemic impacted our Colours and Deodorants categories, it also presented an opportunity to leverage technology to get closer to our consumers. The Lakmé Direct to Consumer (D2C) site (www.lakmeindia.com) is a great example of our agility and intent to continue to drive growth.

We continue to strengthen our core by making our bigger brands better, with consistent support and sustained innovation. Given our wide portfolio, we aim to play it to our advantage by reaching up as well as reaching down the pyramid to serve our consumers. Besides designing for e-Commerce, each of our big brands is also ensuring availability in access/recruiter packs in the right channels to continue to grow penetration and increase usage. We are energised with the opportunity of leading market development across categories with very low penetration, through education, sampling and targeted communication.

Home Care

We want to make people's homes a better world, and to make our world a better home.

In financial year 2020-21, the need for a better home further got highlighted due to Covid-19. As people stayed inside their homes more to avoid infection and there was lesser outdoor activity, we witnessed differential impact on our categories. Parts of the business like dish washing and surface cleaning became extremely relevant overnight and on the other side category like laundry got impacted due to reduced usage.

Exhibiting resilience and portfolio strength during Covid-19

Fabric cleaning became less frequent during the year due to reduced mobility. Reverse migration and drop in income levels caused downtrading. With hygiene becoming the topmost concern, consumers are looking for germ-free wash for their clothes. Our biggest brand Surf quickly innovated and launched 'Surf excel Active Hygiene'. We also launched the first Home Care product under Lifebuoy brand the 'Lifebuoy Laundry Sanitiser' and stepped up our focus behind Anti Bac variants of Rin and Comfort. Surf excel introduced smart spray with stain lifting technology, a smart and convenient way to remove stains. Premium portfolio of liquid detergents and fabric conditioner was more resilient during these

Report of Board of Directors (continued)

times, delivering strong performance, and driving our premiumisation journey ahead.

Our dishwasher portfolio benefitted from in-home cooking trend and the need for clean, germ-free dishes. Serving the consumers' needs, Vim launched anti-bacterial variants of dishwasher bars and liquids. Premiumisation opportunity on dishwasher continues to be strong and we are well placed to lead this trend with Vim liquid which pioneers the format upgradation in the country through its large-scale direct contact programme. During the year Vim launched its Vim Matic range targeting dishwasher users. In floor cleaners, we launched Domex with a formulation containing sodium hypochlorite that is proven to destroy Coronavirus in 60 seconds. Domex also rolled out surface cleaner spray and wipes to extend the brand usage.

We also launched Nature Protect, our new brand that caters to the soft hygiene needs of consumers. A neem-based portfolio with the proposition of "Kill germs with nature's superpower", it comprises of surface cleaners, laundry, fruit-and-veggie cleaners and on-the-go cleaner.

Life Essentials category faced severe disruption during the lockdown in the first half of the year. However, during the second half of the year water purifier business picked up momentum to win consumers through value-added innovations and channel differentiating products in e-Commerce. Our Pureit Copper+, innovation inspired by the age-old tradition of storing water in copper vessels, continues to garner consumer appreciation.

Building purpose-led brands

Putting purpose at the heart of every action and communication, our brands continue to drive salience. Domex donated toilet and surface cleaners to community toilets and also partnered with the Municipal Corporation of Greater Mumbai to offer disinfection services for strategic places including public toilets. Domex also partnered Mumbai railways to help disinfect key stations, as train services opened up for general public.

We continued our unabated journey of brand love through purpose filled proposition. Surf excel has been spreading its philosophy of 'Daag Acche Hain' or 'Dirt is Good', on the occasion of Holi this year, Surf excel joined hands with HelpAge India to bring colours of joy to the elderly. Wheel has always valued the husband-wife relationship and has been acknowledging the evolution of this relationship towards a more progressive outlook, given that today's woman performs multiple responsibilities and is the anchor of the family. Through its new social media campaign Vim resolved to bust stereotype and communicated gender equality in performing household chores like dishwashing.

Towards a Clean Future: With a purpose of 'Cleaning up Cleaning'

We know that consumers want sustainable products that perform just as well as conventional ones. In September, Unilever announced Clean Future, an ambitious blueprint for reinventing cleaning and laundry products to give people affordable, high-performing products that are kinder to both them and the environment.

Unilever, globally will be investing €1 billion over ten years in researching and developing new technologies to reduce the carbon footprint, plastic waste and water use, and increase the biodegradable and sustainable ingredients associated with our products. For example, we will be replacing the crude oil and other fossil fuels used to make some of our chemicals with renewable and recycled carbon. We will achieve all of this through partnerships and cutting-edge innovation – applying the latest science and biotechnology at scale to create cleaner, more sustainable products that clean, remove stains, and disinfect at least as well as conventional products. Our aim is to continue to deliver superior products which are better for the planet at affordable costs.

Winning in channels of the future

We continue our journey of growth in e-Commerce and modern trade. We have a strong portfolio of products with the right pack price architecture, exclusively designed for these channels such as Surf excel Matic value pack offers value to the consumers and is economically viable from a last-mile delivery perspective. We are using e-Commerce channel to drive new benefit segments and new formats such as Vim Matic dishwasher range. We are also seeding e-Commerce first brands like Nature Protect to expand our portfolio in this channel.

Cleanipedia, our online platform for housekeeping and cleaning tips, stepped up to create meaningful content to ease consumers' worries around the pandemic and the lockdown. This helped our brands to engage with their consumers while resolving their queries.

Foods & Refreshment

We have a responsibility to make brands that not only taste and feel good, but that are a force for good

Our country faces the challenge of insufficient calories for the poor, unsafe eating out and a diet excessive in carbohydrates but deficient in protein and micronutrients. As one of India's largest Foods & Refreshment businesses, we will help lead the country's processed food revolution by making food healthier, safer, and have less wastage.



Exhibiting resilience and portfolio strength during Covid-19

The need for healthy eating and strong immunity got further accentuated this year as the pandemic enveloped the country. In response to this, we focused on providing healthy in-home eating options through our portfolio of brands.

During 2020-21, we have made significant gains in both market share as well as household penetration of our Tea business. The year saw unprecedented inflation on account of the loss of tea crop led by Covid-19 induced lockdowns and a natural calamity in India's eastern region. We took judicious price increases to partly offset this inflation while maintaining market competitiveness of our brands. In Coffee, we continue to perform well and have launched natural variant of our brand 'BRU Veda'.

Riding on the in-home consumption trends our foods portfolio which includes soups, ketchups, sauces and noodles, performed well. Expanding our portfolio of fortified foods, Hellmann's mayonnaise, a source of good fats was launched nationally. We also launched Kissan Peanut Butter that is made from 100% real peanuts and is an excellent source of protein and zinc.

Our out-of-home portfolio comprising of Ice Cream and Unilever Food Solutions professional business that caters to institutional buyers like hotels and office catering had a challenging year on account of lockdowns. We collaborated with last-mile delivery partners like Swiggy & Zomato to provide home-delivery solution for Ice Creams. In food solutions, we extended our range of products directly to consumers via e-Commerce. As more people stepped out of their homes, we witnessed sequential recovery in our Out-of-home categories quarter on quarter and are well poised for the coming year.

Nutrition – Our journey towards becoming one of India's largest Foods & Refreshment businesses

This year we integrated the Nutrition portfolio which was acquired from GSK CH. The category has low penetration levels and offers huge headroom for growth. We have a clear strategy of improving accessibility and reach, landing impactful innovations, increasing profitability through synergies and investing behind the brands to drive growth. To make our brands more accessible to the consumers your Company introduced new pouch packs and ₹2 sachets for Horlicks and Boost. Your Company has also expanded Boost across India.

We continued to invest in building a future-fit portfolio, looking at the immunity needs of consumers we launched Horlicks with added zinc which is known to boost immunity. We also relaunched "Plus" range from the house of Horlicks making our entry into the high sciences space of Nutrition. Horlicks in its new campaign "When did you grow up" is celebrating the confidence that empowers children.

Purpose-led Brands

As India's largest hot beverages business, we continue to lead the expansion of tea and coffee as a carrier of nutrition and as a beacon of sustainable agriculture practices. Brooke Bond Red Label which has very firmly embedded the brand purpose of "Taste of Togetherness" continued to drive the #unstereotype agenda. It emphasised the importance of compassion during lockdown with a lovely message that 'we can be socially connected even when we are physically distant'. Horlicks led the purpose agenda by donating 2 lakh kilograms of Horlicks' products to essential workers and vulnerable children. In this challenging period, Kwaliti Wall's went out of its way to support people in the extended value chain.

Report of Board of Directors (continued)



OUR PEOPLE

When we take care of our people, our people take care of the business.

2020 was an unusually challenging year for our people. We were all affected by the pandemic in different ways. Even as the national lockdown hit us, the tremendous efforts of our people across our sites enabled us to continue to work safely, whether on factory sites, in the market, in our research & development labs, or from a home office. We quickly scaled up new ways of working – rethinking and reshaping our business.

As we worked with speed and agility to respond to the unexpected events this year, we continued to nurture a culture in which our people can thrive and to prepare our people for the future of work.

Going above and beyond

Consumers across the country were relying on us to produce the household necessities they needed most during the pandemic, so it was essential that we kept our factories and distribution centres operating. We are grateful to our employees and to everyone in our extended value chain at our distributor points, depots and third-party manufacturing sites, who made this happen. We saw many heroes coming to the fore—our people in our factories and frontline sales, going above and beyond their jobs to grow our business, our medical & occupational health teams working very hard to keep our people safe, and many inspiring stories of our people volunteering their time to help communities around our sites.

Working safely and at speed

In the midst of Covid-19, we concentrated on business continuity, making it safe for essential staff, such as factory workers and sales teams, to return to workplace. We did so with extremely strict protocols to protect everyone's safety, such as protective equipment, social distancing regulations and frequent health checks, including on people's mental health.

We seamlessly transitioned to 100% remote working for all our office-based employees. Each person needed the right equipment and systems to perform their roles and the Company provided the necessary support. We rolled out guidelines on working from home and our teams swiftly found their own rhythm and cadence of working effectively.

People presence has been a key unlock to stabilising our operations. Our frontline leadership teams ensured this through focused interventions, dynamically adapting to the challenges. In our factories, each employee's family was mapped to a member of the factory leadership team to support them through this journey. 100% employees were touched with individual connect through this Care to Connect Programme. For our sales teams, we followed a robust tier system to monitor high risk areas supported by standard operating procedures for market work, thereby reducing risk to our people.

HUL has always had a best-in-class medical policy that includes medical cover for our employees and their dependents, extensive tie-ups with hospitals and doctors in all locations, and cashless facilities. Early in the pandemic, we reviewed our medical readiness and resilience, particularly at our factories in remote locations, and ramped up our medical infrastructure with observation and testing facilities and engaged more doctors and medical staff. We also extended a Covid-19 medical insurance to people in our extended value chain.

We are providing support to our employees and their families to accelerate the coverage of the national vaccination programme.

Wellbeing for all

During Covid-19, wellbeing emerged as a key priority for our people and their families. Through the year, we built a systemic approach on wellbeing with customised interventions for various employee segments. We provided our people a range of tools to help them to focus on their wellbeing. In a wider focus on mental health across the business, we are building a network of Mental Health Champions (MHCs) and till now we have more than 500 MHCs in place.

Becoming more agile

We are transforming how we work at HUL by introducing more flexible and agile ways of working. This year has highlighted our agility in many ways, most notably in our response to Covid-19. With the dual objective of protecting livelihoods & resourcing business growth imperatives, we embarked on a holistic programme of redeployment. In a



short span of time, we redeployed a number of people from business areas that were slowing, such as our out-of-home food business, to teams experiencing high demand like those producing personal and home hygiene products.

Preparing for the future of work

We have extensive online learning programmes not only to enable our people to upskill and reskill for their roles at Unilever but also to help them prepare for the changing landscape of work.

a) Building Capabilities for the Future

We continue to build organisational capabilities with clear focus on functional learning priorities to make our people future-fit and purpose-led. Our ambition is to make sure all our people can reskill, upskill, work more flexibly and adapt to the changing world of work.

To prepare our end-to-end value chain for technology-led consumption models, we are investing significantly in our digital transformation programme – 'Reimagine HUL'. A Digital Council comprising cross functional leaders is the Steering Committee for this initiative.

b) Managing Talent and Strengthening our Employer Brand

We continued to build meaningful and deep engagements with students, digitally as well as on campus, to strengthen our brand amongst them and attract the best talent for the Company. Our purpose-led and future-fit vision and culture ensured that we continue to hold our title of 'No. 1 Employer of Choice' for the 12th year in a row.

c) Nurturing our Growth Culture

Our endeavour is to shape a Growth Culture based on three tenets: Human, Purposeful and Accountable. We remain committed to listening to our employees and build these insights into actions. Our annual employee survey 'UniVoice' conducted during the year garnered a participation from 84% of our office-based

employees. The survey showed improvements across all dimensions. Overall engagement stood at 90%, pride to work in HUL at 96%, and 94% of our employees said that they believe we have the right strategy to win. The employee voice through these encouraging scores is testimony to our actions and how our employees experience our Company every day.

d) A Beacon for Diversity

We strive continually to be a diverse and inclusive organisation, thereby enabling our people to bring their real selves to work. Apart from enabling infrastructure such as creche across 19 of our factories, we are making some of our large manufacturing sites accessible for persons with disabilities. In our endeavour to #Unstereotype the workplace, in 2020, we started an inclusive leaders training programme and are kick-starting conversations to sensitise employees on unconscious biases and helping them break limiting stereotypes. We are committed to be gender balanced in our managerial team in the next few years. Another small but important step in our diversity journey has been the recent induction of female shop-floor employees at our Haldia and Kidderpore factories. We want to make sure that people's experience of Unilever is fair for everyone and that we are fully including members of LGBTQI+ communities, persons with disability and other minority groups.

With the alarming rise in domestic violence cases during the lockdown we took the baton to be the first employer in India to formally launch a holistic, gender-neutral policy for survivors of domestic and other abuse. On the occasion of International Women's day, 2021, HUL launched the campaign #UNMUTE, where we are committed to encourage employees to speak up against domestic violence and to support all employees and their families with the education, awareness, and resources around safety. We have taken an audacious aim to reach over 100,000 women across our ecosystem and educate them on their rights as well as access to resources.

Report of Board of Directors (continued)



CUSTOMERS

We are supporting our customers, from e-Commerce partners to small family-owned stores, as they respond to people's rapidly changing ways of shopping.

We sell our products through 8 million retail outlets spread across the country. Through our network of distributors, we reach a diverse universe of retailers from small family-owned shops and value shops to large 'brick & mortar' store partners, online-only retail. As the route to reach consumers, our customers are critical to our business success and our primary aim is to help them grow sustainably alongside HUL. With Covid-19 affecting retailers of all types in unexpected and often very challenging ways, we worked closely with our customers to navigate the challenges and opportunities.

Protecting people in our extended value chain

Our people are our biggest asset and protecting their lives and livelihoods is paramount to us during Covid-19. As the infection started spreading, we implemented strict safety protocols based on global best practices, WHO guidelines, and Government requirements. We setup supply lines to ensure availability of personal protective equipment (PPE) for not only our employees but also for employees of our business partners and customers. We were one of the first companies to provide Covid-19 medical insurance for all the front-end manpower including that of our distributors. Your Company also launched life cover policy for workforce working in the market, to ensure their family's financial needs and children's education is taken care of in case of an unfortunate event.

HUL has proactively partnered with Ministry of Consumer Affairs to drive Suraksha Stores Programme in key states in India. This included providing training to the stores on key safety practices like sanitising the stores at regular interval, social distancing markers, the use of Aarogya Setu app, etc. Our sales team was trained to cascade safety practices to these stores.

Adapting to the changing world of shopping

People's behaviour changed everywhere in response to Covid-19, and this created a surge in demand in some product categories. As retailers worked to keep stocks of household necessities such as hygiene and cleaning items, we supported them in a variety of ways. We offered cash flow relief to our most vulnerable customers. We also

acted quickly to bring in new protective protocols when visiting customers during the months of lockdown, so that we could continue to deliver products and keep shelves stocked. This also meant finding new ways and entering new partnerships with front end logistics specialists to get products to customers. We came up with innovative last mile logistics solutions viz. direct store delivery, hub & spoke model to increase the availability of our products.

We remain focused on competitive growth through actions on execution, coverage, assortment, and high line fill to drive distribution for all our brands. Channelling the robust 'Winning In Many Indias' (WiMI) structure, your Company pin-pointed demand shifts induced by reverse migration, resurgence of neighbourhood stores and growth of e-Commerce. We maximised growth by prioritising these focus areas and ramped up availability of products and brand presence across categories and population strata. Rural economy has become the driver of growth and we have doubled down to capture this opportunity. We continue to empower our Shakti entrepreneurs and now have a network of nearly 1,36,000 covering 18 states across India.

E-everything

During the lockdown in 2020, a large part of people's lives moved online – learning, socialising and most certainly shopping. This increase in online shopping led to emergence of Omni channel and e-Commerce as the fastest growing channels. The digitisation of shopping also brings new opportunities to understand shoppers' preferences and to help our customers meet them. We have renewed our focus on shopper insights to give our customers an edge, expanding the focus of our People Data Centre from helping our brands connect with consumers to helping our customers serve their shoppers better. We are also engaging with our customers to co-create products suitable to the channel. Our focus on building perfect store online and driving everyday great execution has ensured best-in-class online availability and discoverability of our products.



Modern trade stores inside shopping malls were non-operational for a large part of the year, thus posing massive challenges for the retailers. Retailers dialled up their omnichannel initiatives and your Company replicated the learnings from e-Commerce to assist the retailers in this initiative. Besides, key retailers adopted new models to reach out to shoppers viz. grocery-on-wheels, tele-calling etc. and your Company has partnered in these initiatives to help retailers fulfil shopper demand.

Resurgence of neighbourhood grocer

As mobility was restricted due to lockdowns, people relied on their neighbourhood grocer to fulfil their needs of daily essentials. This led to an unexpected increase in footfalls in the small grocery stores and pharma chains. We engaged with the retailers to help them with the right assortment and in ensuring availability of stocks by taking orders through tele-calling. We also partnered with State Bank of India, to make affordable credit accessible for these small stores.

Digitising our customer experience

The events of 2020 fast-forwarded the shift towards digital ordering and fulfilment. Small retail stores are now more convinced to adopt technology and are looking to us to provide digital solutions. The true strength of your Company's prowess in technology and data-driven decision making came to fore during the pandemic, when digital journeys managed to mitigate many of the challenges faced due to physical restrictions amidst strict lockdowns across India. Shikhar our eB2B ordering app enabled hundreds of thousands of retailers to place contactless orders safely and provided them visibility into the fulfilment of these orders through logistics tie-ups and intuitive interfaces. Furthering our journey to create a digital customer ecosystem of connected stores, we have piloted 'Samadhan' our direct-to-trade order-fulfilment platform in Chennai. 'Samadhan' is fully integrated with our digital order capturing platform and aims to deliver speedier and reliable service to the retail outlets through warehouse automation and optimised last mile logistics.

Report of Board of Directors (continued)



SUPPLIERS & BUSINESS PARTNERS

In supporting the resilience and growth of our suppliers and partners around the world, we are helping our business succeed.

Our supplier ecosystem involves lakhs of people in India as well as around the world—from large multinationals to small local producers. We also work with a wide range of business partners to help unlock growth and solve issues for the benefit of our stakeholders. Without our suppliers and partners we can't run our business. And it's through our direct suppliers, who provide us with goods and services such as raw materials, logistics, advertising, professional services and much more, that we can most influence change and help our business grow. We partner with around 1,150 suppliers to innovate our products and support mutual and sustainable growth.

An agile pandemic response

The events of 2020 highlighted the strength and agility of our supply chain. The pandemic resulted in material, and workforce shortages, disruption of supply lines, unanticipated surges and drops in demand for product categories. To ensure business continuity our supply chain team acted fast by prioritising critical portfolio, securing material supplies, onboarding dozens of new suppliers, and flexing formulations. We were able to restore operations with speed after the disruption due to nationwide lockdown. We operated in a dynamic manner, shortening our planning horizon to ensure we responded quickly to the changing environment. We focused on secondary service by dialling up our collaboration with partner ecosystem (Transporters, C&FAs & RSs) to not only normalise our transportation performance but also improve the forecast accuracy at our distributor level by stepping up on digital capabilities.

Our suppliers provided critical operational support as we responded to extraordinary surges in demand – increasing production volumes multiple times for some personal hygiene products such as hand sanitiser. To meet the spike in demand, we re-purposed existing HUL sites and added new capacities with our third-party manufacturers. With both state and national borders shut due to lockdown, we also joined forces with suppliers to ensure supplies of essential goods such as food, hygiene and cleaning products. Our strong relationships with suppliers meant that we were able to quickly shift our procurement of essential materials in response to temporary sourcing issues. We carved out a 'Together We Can' programme with our suppliers and business partners to ensure continuity of supplies and land savings opportunities. We offered cash flow relief to our smallest and most vulnerable suppliers to help them cope with financial liabilities and maintain

livelihoods. We protected employment by, for example, continuing to pay service suppliers – such as cleaners, loaders, canteen staff etc.–for three months despite offices and some operations being closed. We helped to keep our suppliers functioning by providing them with PPE and sharing information on hygiene protocols and guidelines for safe practices in light of Covid-19. Under the 'HUL stands with the Nation' programme, we worked with our suppliers to provide food relief as well as distribute key hygiene products such as our Lifebuoy soap to migrant labour and other affected communities.

Our long-established Safety & Environmental Assurance Centre (SEAC) works with teams across the business to ensure the safety and environmental sustainability of our products, and the processes used to manufacture them. We have responded to the challenge of Covid-19 by introducing more effective ways of working. Onboarding of new materials, supplier partners and manufacturers was done collaboratively through digital change management processes. We also adapted new tools to continuously monitor consumer feedback to respond quickly on issues if any.

Intelligent growth

The need to react quickly to the unexpected, particularly during the early stages of the pandemic, highlighted the increasing importance of technology for an agile and future-fit supplier ecosystem. As we worked alongside suppliers to respond to the surges and falls in demand across different product categories, the value of data insights, smarter sourcing and more real-time visibility of goods and logistics became very clear. This is a critical focus for us—we are using increasingly sophisticated digital tools to identify new potential innovation partners, bring new suppliers on board, audit suppliers virtually, and monitor logistics and supply risk in real time.

Partnering with purpose

The support of our direct suppliers, who are the gateway to the lakhs of people in our wider supply chain, is critical to our progress towards key aims such as reducing carbon emissions, stopping deforestation and improving diversity and inclusion. We can only achieve our ambitious goals by bringing our supply partners with us – in doing so, we believe we are positioning both our business and theirs for growth. Our relaunched Partner for Purpose programme aims to create an open, inclusive ecosystem of supply partners to deliver our innovation, growth and sustainability priorities.



PLANET & SOCIETY

Without natural resources and the hundreds of thousands of people who source, make and sell our products, our business simply can't grow.

The interconnection between a healthy natural world and a thriving society was thrown into sharp focus in 2020. By protecting nature and improving health and livelihoods, the Company will have a positive impact on the planet, on people and, ultimately, on its own business.

Tackling climate change and social inequality have long been at the heart of the Company's sustainability agenda. It was codified by its Unilever Sustainable Living Plan, which set out the Company's ambition of decoupling its growth from its environmental impact, while increasing its positive social impact. Your Company is convinced that the USLP made it a better business for the long-term. Unilever has now set ambitious new targets for improving the health of the planet and contributing to a fairer and more socially inclusive world, with aggressive timelines. The Company is also encouraging others – such as its suppliers and industry peers – to take bold steps, since only through working together can we make sustainable living commonplace.

Improving the health of the planet

The damaging effects of climate change and nature loss are becoming more obvious each year. As one of India's largest Fast Moving Consumer Goods Company with a vision to be the leader in sustainable business, the Company has an opportunity to not just reduce impact on the environment but to also have a more positive one.

Net Zero Emissions

There's no doubt that the world needs to decarbonise, and quickly. Your Company intends to lead this transformation and this year Unilever announced a new target to achieve net zero emissions from sourcing to point of sale, by 2039. This means removing as much carbon from its operations and supply chain as it can, and only offsetting the remaining emissions as a last resort.

In your Company's own manufacturing operations, it has reduced CO₂ emissions per tonne of its production by 91% compared to 2008 baseline. The Company is continuously looking for ways to replace fossil fuel energy with renewable sources and in 2020 it operated its factories with 100% renewable grid electricity.

In September 2020, Unilever announced a transformational Clean Future programme for its cleaning and laundry products that will globally invest an additional €1 billion

over the next ten years to remove all fossil-fuel derived carbon from products by moving to 100% renewable or recycled carbon. The Clean Future strategy has inspired enhanced use of plant-based surfactants (green carbon) in laundry powders and liquids, to reduce our dependence on fossil carbon. The Company will continue to innovate and partner in the area of fossil carbon reduction, water and plastic sustainability for a Clean Future.

A Waste-Free World

Your Company maintained its long-held commitment to send zero non-hazardous waste to landfill from its factories. Total waste generated from its factories reduced by 59% against the 2008 baseline and 100% of the non-hazardous waste generated at its factories was recycled or reused or sent for energy recovery in environment friendly ways.

Your Company has made clear commitments to make 100% of its plastic packaging reusable, recyclable or compostable by 2025. Your Company is working to reduce plastic pollution through targets focused on an absolute reduction, using more recycled and less virgin plastic, improving the recyclability of its plastic and collecting more plastic than it sells. The Company has done significant work in this area and has collected and safely disposed more than 1 lakh tonnes of post-consumer use plastic waste in aggregate since 2018, through collection and disposal partners.

Along with collection and processing, your Company is also progressing towards making plastics packaging circular by eliminating unwanted plastics, using post-consumer recycled plastics (PCR) and recycle ready structures. Working along with partners such as Banyan Nation, your Company's purpose-driven brands such as Surf excel laundry liquid, Sunsilk and TRESemmé are using 25% r-HDPE (High Density Polyethylene). Vim is using 50% r-PET in its liquid bottles. The Company has also eliminated ~1 kilo tonne of plastic by eliminating plastics coating from soap cartons (Dove, Lux, Liril) and Lifebuoy's soap stiffeners and moved shampoo sachet, soap wrapper and Vim bar flow-wrap to recycle ready structure.

Your Company recognises that the plastics problem cannot be solved alone. It is working closely with the Government and other partners such as United Nations Development

Report of Board of Directors (continued)

Programme (UNDP) for end-to-end pilot projects for plastic waste management. So far, the project has reached out to more than 40,000 households, collected more than 4,000 tonnes of plastic waste and onboarded more than 800 Safai Saathis (sanitation workers) in the project.

To advocate and create awareness in the area of waste management, your Company partnered with Xynteo India Private Limited and has developed a curriculum called 'Waste No More' to create awareness and drive behaviour change on waste segregation and recycling among school children and people in housing societies. The programme has reached out to more than 1 lakh students. In partnership with State Bank of India (SBI) and Municipal Corporation of Greater Mumbai, your Company has initiated and operationalised a Dry Waste Collection and Segregation Centre in Mumbai.

Protecting and Regenerating Nature

With a high agricultural footprint, your Company has a responsibility to preserve land for future generations. It is aiming to achieve this through sustainable sourcing of our key commodities, regenerative agriculture practices and a deforestation-free supply chain, enabled by greater transparency.

This year, Unilever announced its aim to reach a deforestation-free supply chain by 2023. Over the years, the Company has made significant progress in sustainable sourcing. In 2020, 93% of tomatoes used in Kissan ketchup continued to be sourced sustainably and over 67% of Tea in India procured for Unilever brands was sourced from sustainable sources. By the end of 2020, 100% of the chicory was sourced sustainably as all the Unilever chicory farmers in India were covered under the Unilever Sustainable Agriculture Code providing farmers knowledge and expertise in sustainable agriculture practices.

Protecting Water

Access to safe water is a basic human right. It's become even more critical this year, with the importance of good hygiene in protecting against Covid-19. And water scarcity and climate change are, of course, inextricably linked. Your Company has made good progress in reducing the water usage (cubic meter per tonne of production) in its manufacturing operations by 54% since 2008.

Your Company is also working to promote good water management, particularly in water-stressed areas. Hindustan Unilever Foundation (HUF) was set up in 2010 to support and amplify scalable solutions that can help address India's water challenges – specifically for rural communities that intersect with agriculture. HUF established its 'Water for Public Good' programme,

anchored in the belief that water is a common good and must be governed by citizen communities. The aim was to catalyse effective solutions to India's water challenges involving government, communities, experts, and mission-based organisations.

Through HUF's initiatives, the cumulative and collective achievements delivered in 2019-20 include a water potential of over 1.3 trillion litres through improved supply and demand water management, over 1 million tonnes of agricultural and biomass production, and over 30 million person-days of employment. To underscore the importance of the water potential created by HUF; one billion litres of water can meet the drinking water needs of over 8 lakh adults for an entire year.

A fairer and more-inclusive world

Your Company's business relies on the hundreds of thousands of people who work in its value chain – including farmers, factory workers, small shop owners, waste recyclers and others. The Company can only create widescale change by giving people opportunities to improve their livelihoods. So, it is working to improve people's health, confidence and wellbeing; to create opportunities for all; and to respect and promote human rights.

Raising Living Standards

Paying all workers fairly for the work they do is a fundamental human right. In January 2021, Unilever announced a goal that everyone who directly provides goods and services to Unilever will earn at least a living wage or a living income by 2030. Your Company will specifically focus on the most vulnerable workers in manufacturing and agriculture, working with stakeholders to raise living standards through supplier selection practices, collaboration and advocacy wherever it operates.

Opportunities for All

To be a truly inclusive business, your Company needs to make sure women, especially women from under-represented groups, have the same access as men to opportunities. The Company continues to invest in women's livelihoods to benefit families and communities, and to grow its business.

Project Shakti, your Company's initiative is aimed at financially empowering and providing livelihood opportunities to women in rural India. The initiative has reached nearly 1,36,000 Shakti Entrepreneurs across 18 States.

Your Company's purpose driven brands such as Glow & Lovely and Dove have developed their brand purpose



around skills and confidence building, particularly focused on women. Glow & Lovely Careers is a mobile platform designed to help women create an identity for themselves by providing them career guidance, skill-based courses and information on job opportunities.

Better health and hygiene

Your Company's purpose driven brands Lifebuoy and Domex have worked extensively to improve hygiene and sanitation of people over the years. The Lifebuoy handwashing behaviour change initiative helps in promoting the benefits of handwashing with soap at key times during the day and encouraging people to adopt and sustain good handwashing behaviour. In fact, from 2010 to end of 2020 it has reached out to over 73 million people in India through the handwashing behaviour change initiatives with life-saving health information.

Swachh Aadat, Swachh Bharat

Your Company's 'Swachh Aadat, Swachh Bharat' (SASB) programme is in line with the Government of India's Swachh Bharat Abhiyan (Clean India Mission) to promote good health and hygiene practices. The Swachh Aadat Curriculum teaches children in classes 1-5 the importance of adopting three clean habits – washing hands with soap, safe drinking water practices and using clean toilets over a 21-day period.

The textbook version of the curriculum has been rolled out in government schools in Bihar, Gujarat, Maharashtra, Uttarakhand and Haryana with a total reach of 2.1 million children. In the absence of in school learning in 2020, and to ensure that learning didn't stop, the Company pivoted its existing model to digital and adapted the WASH curriculum into 21 interactive animated videos.

The Community Hygiene Centre – 'Suvidha' is another important project that ensures health, hygiene and sanitation in urban slums. 'Suvidha' a first-of-its-kind urban water, hygiene and sanitation community centre was first set up at Chiragnagar, Ghatkopar, one of the largest slums in Mumbai. Your Company has now opened four more Suvidha centres in Mumbai in partnership with HSBC to give people access to clean water, sanitation and laundry facilities. This project has saved over 25 million litres of water, via the five existing centres in Mumbai.

Healthier Eating

Your Company continuously works to improve the taste and nutritional quality of its products using globally recognised dietary standards, which are also compliant with applicable Indian regulations.

Your Company's response to Covid-19

As a responsible Company, we took several actions through product donations, supporting healthcare infrastructure, donating food to migrant workers and promoting Covid-19 appropriate behaviour through public awareness campaigns.

Your Company donated over 2 crores soaps and sanitisers, bottles of Domex and packs of Horlicks and other products to the frontline medical professionals, police officials, sanitation workers, migrant population, and vulnerable people of the country, in partnership with the Government and various NGOs. We partnered medical institutions to provide almost 75,000 test kits and medical equipment including over 40 ventilators to hospitals. We had partnered Apollo Hospitals, State Bank of India and others to create isolation facilities. We also created isolation facilities near some of our factory locations for the community. Our factory teams along with Prabhat partners, donated 2 weeks' food ration to close to 1.2 lakh migrant workers' families in over 200 locations. To educate people about Covid-19 appropriate behaviour, your Company created #VirusKiKadiTodo campaign in association with UNICEF that reached 600 million people across small towns and rural India through television and digital platforms.

In order to fight the second wave of the pandemic, your Company is procuring medical equipments including oxygen concentrators that will be distributed in the most affected areas across the country. We will be partnering with Portea Medical and KVN Foundation to make oxygen concentrators available to Covid-19 patients at home through a borrow-use-return mechanism in some of the most impacted cities. In addition to this, to augment the medical infrastructure we are making available ventilators to various hospitals.

Central to our fight against Covid-19 is vaccinating our people. Your Company will be facilitating and covering the cost of Covid-19 vaccinations for 3,00,000 people in our extended ecosystem including suppliers, distributors, salesmen and Shakti Ammas. We will also be organising vaccination camps for our employees and their dependants. Your Company is also working towards amplifying awareness to reduce vaccine hesitancy.

For more information on your Company's response to Covid-19, go to <https://www.hul.co.in/news/news-and-features/2021/covid-19-response-hulstandswiththenation.html>

Detailed information on the progress of your Company's USLP initiatives and CSR activities is available in the Annual Report on CSR and Business Responsibility Report which is appended as Annexure to this Report.

Report of Board of Directors (continued)

**SHAREHOLDERS**

In a volatile and unpredictable year, we have demonstrated our resilience and agility while delivering a strong competitive performance.

This year, we drew on our clear and compelling strategy and our five growth fundamentals to navigate the uncertainty and volatility of the Covid-19 pandemic. Our immediate response to the pandemic was to focus on protecting our people, restoring supplies, responding to new patterns of demand, supporting our communities, and preserving our cash and balance sheet strength.

We demonstrated the resilience of our business and unlocked new levels of agility in responding to the unprecedented fluctuations in demand, coupled with complex challenges in the supply chain. Our focus on execution excellence, repurposing our brands, and portfolio interventions delivered an improvement in competitiveness.

Our Performance in 2020-21

In the early days of the pandemic, we decided the best way to manage our business was to focus on competitive growth and protect our business model by looking at absolute profits and focusing on cash delivery. We have performed well against these objectives with 84% of our business winning volume share in the year ending March 2021 as per Kantar Worldpanel. Our reported turnover growth stood at 18%, domestic consumer business (excluding the impact of the merger of GSK CH and acquisition of 'VWash') grew at 6% led by volume growth of 3%. From a portfolio lens, c.80% of our business addressed the consumer needs of Health, Hygiene and Nutrition, which grew strongly at 12%. Discretionary categories like Skin Care, Deodorants and Colour Cosmetics forming c.15% of our portfolio registered a decline of 15% owing to pressure on household budgets and limited mobility. Out-of-home categories like Ice Cream, Food Solutions which contribute c.5% to our turnover, were disproportionately impacted, thus declining by 26%.

In our divisions, Beauty & Personal Care grew by 4% led by robust double-digit growth in Skin Cleansing, Oral Care and Hair Care. Home Care grew by 2% led by double-digit growth in Household Care and a marginal growth in Fabric Wash due to slowdown in laundry consumption owing to limited mobility. Foods & Refreshment outperformed, delivering 17% growth with a strong performance in Tea. Horlicks and Boost have also performed well, led by strong fundamentals.

Our EBITDA margin at 25% remained healthy, Profit after tax of ₹7,954 crores increased by 18% and our cashflow from operations (after taxes) are up by 23% to ₹8,957 crores. Tea and Palm Oil prices surged to their multi-year highs during 2020, putting significant pressure on our margins. However, a strong savings programme, sharp focus on generating synergies from GSK CH merger and judicious pricing actions helped us navigate these headwinds and deliver profitable growth.

Your Directors are pleased to recommend a final Dividend of ₹17 per equity share of face value of ₹1/- for the year ended 31st March, 2021. The interim Dividend of ₹14.00 per share was paid on 12th November, 2020. The total Dividend for the financial year ended 31st March, 2021 amounts to ₹31.00 per share of face value of ₹1/- each. During the year, special Dividend of ₹9.50 per share was also paid on 17th August, 2020.

Our strategic choices for future success

In early 2021, we set out in detail the Compass strategy to deliver our vision. It guides our decisions and actions in five key areas: portfolio, brands, channels, structure & capabilities, and culture. All of this is underpinned by our focus on creating value through our 4G growth model.

1. Developing our portfolio

We hold leadership position in most categories we operate in. As we strengthen our foundation to deliver long-term superior value, accelerating growth is our top priority.

We are building a future-fit portfolio by strengthening our core brands, creating categories of the future through market development, and driving premiumisation by straddling the price-benefit pyramid. Our focus is to make our bigger brands better by capturing emerging trends and landing impactful innovations to fuel growth. In the underpenetrated categories, we are driving consumer education and recruitment through targeted sampling and by making our products more accessible.

We continue to work towards making our brands more aspirational by understanding the needs of the consumer and scaling new benefit spaces. We have



carved out a separate premium beauty business within Beauty & Personal Care division to foster our play in the fast-growing 'Mass-tige' beauty segment.

2. **Winning with our brands as a force for good, powered by purpose and innovation**

We have a long track record as a leader in sustainability. We are continuing to lead the way in sustainable business—ramping up our commitments on climate, nature and creating a fairer world (see pages 31 to 33 for more). We are embedding these commitments at the heart of our divisional, category, and brand agendas. Our purposeful brands are key to delivering our sustainability ambitions, and they are starting to cut through. Consumers see our brands as purposeful, taking meaningful, tangible action on issues they care deeply about. We are innovating to ensure our brands also excel through their quality and efficacy. See the consumer review on pages 22 to 25 for more examples of brands with purpose and innovation.

3. **Leading in the channels of the future**

We are designing for growth channels like e-Commerce through focused channel teams working to create the right portfolio and execution with strategies based on deep shopper insights. Our e-Commerce focused innovations include smart packaging solutions and right pack price architecture to suit last mile logistics. The right portfolio for e-Commerce must be supported by operations built for this channel, from demand-anticipating algorithms to fast order fulfilment, and we are becoming more agile throughout our supply chain and operations.

Traditional distributive trade is the predominant channel in India with an estimated 10 million outlets contributing to c.80% of the total FMCG market. e-Commerce explosion is also leading to the transformation of traditional trade and bringing new opportunities for our eB2B programmes. Shikhar our eB2B retailer app has now been adopted by more than 5 lakh stores enabling them to place order at their convenience without waiting for the salesmen to visit their stores. We are looking to scale this up and at the same time work at the back end to build next day delivery systems. We are also working to solve capital issues for our retailers through our partnership with State Bank of India (SBI) which will enable easy access to affordable credit.

4. **Build differentiated structures and capabilities**

India is a diverse country with multi-cultural, multi-lingual, and multi-regional ethos. The Indian consumers are also increasingly becoming more diverse. At one end we see the emergence of the more digitally connected, metro, higher socio-economic class consumers; then we have the middle-class consumers trickling from the semi-urban and tier 1-3 cities; to the consumers in rural and rural hinterlands. Within that, your Company operates a complex business with a portfolio that spans across the price pyramid from ₹1 sachet to ₹1,150 and sold through 8 million small and large retail outlets.

In keeping with the heterogenous nature of our country, we have de-averaged India into 15 consumer clusters as part of our Winning in Many Indias (WiMI) strategy and are driving distinctive actions across these clusters to accelerate growth. We have created 16 Country Category business teams (CCBT) which act as mini boards led by young general managers. These nimble and empowered teams have made us more consumer and customer-centric helping us move with speed and agility.

'Reimagine HUL' is our multi-year transformation programme that aims to transform your Company by leveraging the power of data & technology, to thrive in this increasingly heterogenous consumer group and a complex business environment. The vision is to create an '**Intelligent Enterprise**' that helps power growth for the next decade in this new India.

As an '**Intelligent Enterprise**', we are moving from the traditional linear value chain model to an ecosystem approach. We continue to transform the core by building distinctive capabilities across the value chain, where we are making the core business become smarter and more efficient by being data led and machine augmented. At the same time, we are creating bespoke platforms & digital ecosystems that create differentiated consumer & customer value. The work is organised around four ecosystems:

- **Consumer Ecosystem:** Focusing on building superior experiences and products through: **Agile Innovation Hub**, a virtual hub with always-on trend spotting sizing, prototyping, and validating; **Next Gen Media**, real time data & analytics for media attribution to growth, and Interconnected Consumer Platforms, on engagement, trial, and commerce.

Report of Board of Directors (continued)

- **Customer Ecosystem:** A Connected Store programme which entails **Demand Capture** through Shikhar (our eB2B App), **Demand Fulfilment** (including building next day delivery for stores) and a 'My Kirana' and 'Ushop' portal as a B2C for **Demand Generation**.
- **Operations Ecosystem:** An ecosystem across the verticals of **Plan, Source, Make and Deliver** underpinned by digital capabilities for E2E manufacturing & distribution network transformation.
- **Data, Tech and Analytics Ecosystem:** Data is core to our business operations, and we continue to manage it like an enterprise asset. In 2020 we increased the leverage of (external) ecosystem data, and this has helped to optimise operations during lockdowns. We continue to make progress to augment all key decisions with Artificial Intelligence & Machine Learning.

Building a purpose-led, future-fit organisation and growth culture

Our people are key to delivering our strategy, so we are focusing on our capacity, capability and culture. Agile ways of working and digital transformation are enabling us to find new capacity and refocus our people on the highest value work. We are equipping our employees with the skills they'll need to adapt to a changing world of work and continue growing our business.

We strive to be a beacon for diversity, inclusion, and value-based leadership. Apart from our commitment to be gender balanced in the next few years, we are working towards ensuring a fair and inclusive environment for everyone including members of LGBTQI+ communities, person with disability and other minority groups. See pages 26 to 27 for more on our people.

We will continue to demonstrate how sustainable business drives superior performance – building on our strengths that position us well for the consumer and demographic trends of the future, and delivering on our strategic choices to create long-term value for all our stakeholders.

Technology Absorption

Your Company continues to derive sustainable benefit from the strong foundation and long tradition of R&D at Unilever, which differentiates it from others. New products, processes and benefits flow from work done in various Unilever R&D centres across the globe, including in India. The Unilever R&D labs in Mumbai and Bengaluru work closely with the business to create exciting innovations that help us win with our consumers. Effective 1st April, 2020,

your Company added a new R&D facility for the Nutrition business based at Gurgaon, consequent to the merger of GSK CH with the Company. With world-class facilities, and a superior science and technology culture, Unilever attracts the best talent to provide a significant technology differentiation to its products and processes.

The R&D programmes, undertaken by Unilever globally, are focused on the development of breakthrough and proprietary technologies with innovative consumer propositions. The global R&D team comprises highly qualified scientists and technologists working in the areas of Home Care, Beauty & Personal Care, Foods & Refreshment and Water Purification and critical functional capability teams in the areas of Regulatory, Clinicals, Digital R&D, Product & Environment Safety and Open Innovation.

Your Company has an existing Technical Collaboration Agreement (TCA) and a Trade Mark License Agreement (TMLA) with Unilever which were entered into in 2013. Your Company is enjoying the benefits of an increasing stream of new products and innovations, backed by technology and know-how from Unilever. The pace of innovations and the scope of services have expanded over the years. Unilever's global resources are providing greater expertise and superior innovations. This has helped in bringing to the Indian consumers bigger, better and faster innovations. The TCA provides for payment of royalty on net sales of specific products manufactured by your Company, with technical know-how provided by Unilever. The TMLA provides for the payment of trademark royalty as a percentage of net sales on specific brands where Unilever owns the trademark in India including use of 'Unilever Corporate logo'.

Your Company maintains strong and healthy interactions with Unilever through a well-coordinated management exchange programme, which includes setting out governing guidelines pertaining to identifying areas of research, agreeing timelines, resource requirements, scientific research based on hypothesis testing and experimentation. This leads to new, improved and alternative technologies, supporting the development of launch-ready product formulations based on research, and introducing them to markets.

Your Company continuously imports technology from Unilever under the TCA, which is fully absorbed. Your Company also receives continuous support and guidance from Unilever to drive functional excellence in marketing, supply management, media buying and IT, among others, which help your Company build capabilities, remain competitive and further step-up its overall business performance. Unilever is committed to ensuring that the support in terms of new products, innovations,



technologies and services is commensurate with the needs of your Company and enables it to win in the marketplace.

B. OUR RISKS AND OPPORTUNITIES

Our risk appetite and approach to risk management

Risk management is integral to your Company's strategy and to the achievement of HUL's long-term goals. Our success as an organisation depends on our ability to identify and exploit the opportunities generated by our business and the markets we operate in. In doing this we take an embedded approach to risk management which puts risk and opportunity assessment at the core of the Board's agenda, which is where we believe it should be.

HUL's appetite for risk is driven by the following:

- Our growth should be consistent, competitive, profitable, and responsible.
- Our actions on issues such as plastic and climate change must reflect their urgency, and not be constrained by the uncertainty of potential impacts.
- Our behaviours must be in line with our Code of Business Principles and Code Policies.
- Our ambition to continuously improve our operational efficiency and effectiveness.

Our approach to risk management is designed to provide reasonable, but not absolute, assurance that our assets are safeguarded, the risks facing the business are being assessed and mitigated and all information that may be required to be disclosed is reported to HUL's senior management including, where appropriate, the Managing Director and Chief Financial Officer and the Audit Committee and the Board.

For each of our principal risks, we have a risk management framework detailing the controls we have in place and who is responsible for managing both the overall risk and the individual controls mitigating that risk. Our assessment of risk considers both short and long-term risks, including how these risks are changing, together with emerging risk areas. These are reviewed on an ongoing basis, and formally by Risk Management Committee and the Board at least once a year.

Processes

HUL engages in a wide range of processes and activities across all its operations covering strategy, planning, execution and performance management. Risk management is integrated into every stage of this business

cycle. These procedures are formalised and documented and are increasingly being centralised and automated into transactional and other information technology systems.

Risk and Internal Adequacy

The Board advised by the Risk Management Committee, where appropriate, regularly reviews the significant risks and decisions that could have a material impact on HUL. These reviews consider the level of risk that HUL is prepared to take in pursuit of the business strategy and the effectiveness of the management controls in place to mitigate the risk exposure.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors and cover all offices, factories and key business areas. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal controls environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

Principal Risks

In the following pages we have identified the risks that we regard as the most relevant to our business. These are the risks that we see as most material to HUL's business and performance at this time. There may be other risks that could emerge in the future.

Our principal risks have not changed this year. Albeit the Covid-19 pandemic has increased the potential impact and likelihood of some of these risks. Much of our risk mitigation focus during the year has been on managing these risks

The Covid-19 impact was felt in the following risk areas –

1. People health & wellbeing concerns

To ensure, safety and wellbeing of our employees, we acted quickly and took relevant actions such as working from home for office based staff, restrictions on travel, provision of protective equipment for factory workers and changes in working practices to facilitate social distancing. The safety of those who continue to operate in our workplaces as well as the mental and physical wellbeing of employees facing an extended period of working from home continues to be of paramount importance. We also have stringent return to office criteria and revised hygiene protocols to ensure a safe return to the office when possible.

Report of Board of Directors (continued)

2. Future-fit portfolio transformation

As the pandemic evolves, there have been significant shifts in demand across product categories on account of changing consumer behaviours. The heightened concerns on health and safety are reflecting in consumer demand trends in the space of protection and hygiene. We need to continue to develop and deliver consumer relevant innovations.

3. Channel transformation

Social distancing requirements and restriction on individual movements have driven rapid increase in e-everything and online shopping. We continue to invest in developing our capabilities in this area rapidly

4. Supply chain agility

Rapidly changing global landscape required reconfiguration of supply chains and adherence to changing regulations which entails significant management. Operation of logistics network to maintain sources of supply will continue to require ongoing focus and flexibility.

5. IT availability, capability and resilience

The pandemic led change in ways of working has led to increased online transactions. Reliance on IT resilience for conduct of business operations requires keeping the IT infrastructure operating effectively while managing heightened vulnerability to malicious disruptions & information leakages.

While the pandemic has significantly impacted the business this year, it also has characteristics of an emerging risk with uncertainty around how it will unfold in 2021. We regularly review our risk areas and the Company leadership retains the responsibility for determining the nature and extent of significant risks and drawing out commensurate mitigation plans.

As well as identifying the most relevant risks for our business we reflect on whether we think the level of risk associated with each of our principal risks is increasing or decreasing.

We set out below our principal risks, certain mitigating actions that we believe help us to manage our risks and the increase/decrease corresponding to each of the these.

Nature of risk	Management of risk	Level of risk
<p>Brand Preference</p> <p>Our success depends on the value and relevance of our brands to our consumers and on our ability to innovate and remain competitive.</p> <p>Consumer tastes, preferences and behaviours are changing more rapidly than ever before. We see a growing trend for consumers preferring brands which both meet their functional needs and have an explicit social purpose. Under indexation of product portfolio in segments where substantial market is moving to, may lead to loss of market share and long-term competitive disadvantage. Our ability to create innovative products that continue meeting the needs of consumers and deploy the right communication, both in terms of messaging content and medium is critical to the continued strength of our brands.</p> <p>The Covid-19 pandemic has driven significant changes in consumer habits and demands which requires rapid evolution of portfolio and continued innovations to remain relevant and competitive.</p>	<p>Your Company monitors external market trends and collates consumer, customer and shopper insights in order to develop category and brand strategies. We invest in markets and segments where we have built, or are confident that we can build, competitive advantage.</p> <p>Our Research and Development function actively searches for ways in which to translate the trends in consumer preferences and taste into new technologies for incorporation into future products. Our innovation management process converts category strategies into projects which deliver new products to market. We develop product ideas both in house and with selected partners to enable us to respond to rapidly changing consumer trends with speed.</p> <p>Our brand communication strategies are designed to optimise digital communication opportunities. We develop and customise brand messaging content specifically for each of our chosen communication channels (both traditional and digital) to ensure that our brand messages reach our target consumers. Our brand teams are driving social purpose into their brand's proposition and communications.</p>	<p style="text-align: center;">↑ Increased</p>



Nature of risk	Management of risk	Level of risk
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Supply Chain



Our business depends on purchasing materials, efficient manufacturing and the timely distribution of products to our customers.

Our supply chain network is exposed to potentially adverse events such as physical disruptions, environmental and industrial accidents, labour unrest, trade restrictions or disruptions at a key supplier, which could impact our ability to deliver orders to our customers. Covid-19 has challenged and continues to challenge the resilience and continuity of our supply chain. Rapidly changing global landscape and local regulations with enhanced health and safety requirements have called for reconfiguration of supply chains entailing significant management. Maintaining manufacturing and logistics operations will continue to require ongoing focus and flexibility.

The cost of our products can be significantly affected by the cost of the underlying commodities and materials from which they are made. Fluctuations in these costs may negatively impact business especially if such movements are not effectively managed.

We have contingency plans designed to enable us to secure alternative key material supplies at short notice, to transfer or share production between manufacturing sites and to use substitute materials in our product formulations and recipes. We have policies and procedures designed to ensure the health and safety of our employees and the products in our facilities, and to deal with major incidents including business continuity and disaster recovery. Commodity price risk is actively managed through forward buying of traded commodities and other hedging mechanisms. Trends are monitored and modelled regularly and integrated into our forecasting process.

Despite the significant disruption caused by Covid-19, our supply chain teams demonstrated execution prowess and exceptional agility to manage supply of products. Your Company was able to ramp up and recalibrate capacities, ensure safe working conditions with requisite infrastructure and diversify supply chain in terms of availability and sourcing, unlocking flexible alternatives.

We are managing the adverse impact of the pandemic by deploying past learnings and responding proactively with a focused approach to deal with the disruptions that are primarily localised. In order to ensure that our supply chain and front-end sales staff are safe and secure, we have supported vaccination of a large number of these employees and this effort will continue as more vaccines are made available.

Business Transformation



Successful execution of business transformation projects is key to delivering their intended business benefits and avoiding disruption to other business activities.

HUL is continually engaged in major change projects, including acquisitions, disposals, and organisational transformation including digital, to drive continuous improvement in our business and to strengthen our portfolio and capabilities. We have an extensive programme of transformation projects. Ineffective execution of strategic business transformation projects could result in under-delivery of the expected benefits/synergies, inability to unlock growth opportunities and a significant negative impact on the value of the business.

All acquisitions, disposals and transformation projects have steering groups in place led by senior leadership teams. Sound project discipline is followed in all transformation projects and these projects are resourced by dedicated and appropriately qualified personnel. All such projects are monitored through strong governance and reviewed by the Board of the Company for delivery of maximum synergies.

In order to ensure that we seamlessly integrate the Nutrition portfolio of GSK CH into our business we have put in place a dedicated specialist team resourced with representatives from all parts of business to ensure overall business integration, process harmonisation, controls compliance and delivery of synergies.

Report of Board of Directors (continued)

Nature of risk	Management of risk	Level of risk
<p>Plastic Packaging</p> <p>We use a significant amount of plastic to package our products. A reduction in the amount of single use plastic, the use of recycled plastic and an increase in the recyclability of our packaging are critical to our future success.</p> <p>Consumer and customer responses to environmental impact of plastic waste and emerging regulations by Government to restrict the use of certain plastics, requires us to find solutions to reduce the amount of plastic we use; increase recycling post-consumer use; and to source recycled plastic for use in our packaging. Not only is there a risk around finding appropriate replacement materials, due to high demand, the cost of recycled plastic or other alternative packaging materials could significantly increase in the foreseeable future and this could impact our profitability. We could also be exposed to higher costs as a result of taxes or fines if we are unable to comply with plastic regulations which would again impact our profitability and reputation.</p>	<p>We are working on three different streams to address the risk</p> <p>Advocacy: We are working with Government and Industry bodies on packing substitutes, central regulation for all States, framing of EPR regulation framework.</p> <p>Collection and Recovery: We are driving waste management pilots through tie ups with various companies/NGOs deploying mass collection, processing and disposal models.</p> <p>Design and development of alternative packing: We are working on innovative solutions for accelerated development of alternative packaging & associated Supply Chain capability in order to move away from Single Use Plastic.</p>	<p> No Change</p>
<p>Legal & Regulatory</p> <p>Compliance with laws and regulations is an integral part of HUL's business operations.</p> <p>Proliferation and instability in regulatory policies and regime in areas such as direct/indirect taxes, data privacy, corporate laws, listing & disclosure, food quality compliance, labour laws, consumer related regulations, imports among others, frequently leading to diverse compliances on the same subject may lead to avoidable regulatory actions, adverse impact on growth and profitability and increased exposure to civil and/or criminal actions.</p>	<p>HUL is committed to complying with the laws and regulations of the country. In specialist areas the relevant teams are responsible for setting detailed standards and ensuring that all employees are aware of and comply with regulations and laws specific and relevant to their roles. Our legal and regulatory teams are engaged in monitoring and reviewing our practices to provide reasonable assurance that we remain aware of and are in line with all relevant laws and legal obligations. We engage with Regulators with the objective of providing recommendations on emerging & existing regulations that are designed to address Regulator's concerns and also bring about ease of doing business.</p>	<p> No Change</p>



Nature of risk	Management of risk	Level of risk
<h2 style="color: #00AEEF;">Systems & Information</h2>		
<p>Your Company’s operations are increasingly dependent on IT systems and the management of information.</p> <p>The cyber-attack threat of unauthorised access and misuse of sensitive information or disruption to operations continues to increase. Such an attack could inhibit our business operations in a number of ways, including disruption to sales, production and cash flows, ultimately impacting our results.</p> <p>In addition, increasing digital interactions with customers, suppliers and consumers place ever greater emphasis on the need for secure and reliable IT systems and infrastructure including back-up plans and careful management of the information that is in our possession to ensure data privacy.</p> <p>Given the changes in ways of working of all of our employees as well as our customers and suppliers as a result of Covid-19 there has been an increased reliance on certain elements of our IT infrastructure.</p> <p>We are particularly reliant on third party experts in this space and thus the impact of Covid-19 on their operations also poses a risk for us.</p> <p>Accelerated pace of digitisation of our operations also gives rise to the need to detect and mitigate risks arising from technological advancements such as deployment of AI, Robotics Process Automation, Machine Learning</p>	<p>To reduce the impact of external cyber-attacks impacting our business we have firewalls and threat monitoring systems in place, complete with immediate response capabilities to mitigate identified threats. We also maintain a robust system for the control and reporting of access to our critical IT systems. This is supported by an annual programme of testing of access controls.</p> <p>We have policies covering the protection of both business and personal information, as well as the use of IT systems and applications by our employees. Our employees are trained to understand these requirements.</p> <p>We also have a set of IT security standards and closely monitor their operation to protect our systems and information. Hardware that runs and manages core operating data is fully backed up with separate contingency systems to provide real-time backup operations should they ever be required.</p> <p>We have standardised ways of hosting information on our public websites and have systems in place to monitor compliance with appropriate privacy laws and regulations, and with our own policies.</p> <p>We are increasingly putting in place review and monitoring frameworks for new age automations to assess inherent open risks and mitigate the same.</p>	 Increased
<h2 style="color: #00AEEF;">Quality & Safety</h2>		
<p>The quality and safety of our products are of paramount importance for our brands and our reputation.</p> <p>The risk that raw materials are accidentally or maliciously contaminated throughout the supply chain or that other product defects occur due to human error, equipment failure or other factors cannot be excluded. Labelling errors can have potentially serious consequences for both consumer safety and brand reputation. Therefore on-pack labelling needs to provide clear and accurate ingredient information in order that consumers can make informed decisions regarding the products they buy.</p>	<p>Our product quality processes and controls are comprehensive, from product design to customer shelf. Our internal safety and quality norms are constantly reviewed to ensure that our products meet the most stringent norms. HUL has a robust quality inspection process in all manufacturing and warehousing locations to avoid and detect quality and safety issues. Our key suppliers are externally certified, and the quality of material received is regularly monitored to ensure that it meets the rigorous quality standards that our products require. We have processes in place to ensure that the data used to generate on-pack labelling is compliant with applicable regulations and HUL labelling policies in order to provide the clarity and transparency needed for consumers.</p>	 No Change

Report of Board of Directors (continued)

Nature of risk	Management of risk	Level of risk
<h2 style="text-align: center;">People: Safety, Wellbeing and Talent</h2>		
<p>Ensuring employee safety and wellbeing is a key priority for us. A skilled workforce and agile ways of working are essential for the continued success of our business.</p> <p>The safety and wellbeing of our employees is vital to the success of our business. Covid-19 has had a significant impact on people's lives, therefore helping our employees manage this impact and their ability to work effectively require continued focus.</p> <p>With the rapidly changing nature of work and skills, there is a risk that our workforce is not equipped with the skills required for the new environment.</p> <p>Our ability to attract, develop and retain a diverse range of skilled people is critical if we are to compete and grow effectively.</p> <p>The loss of management or other key personnel or the inability to identify, attract and retain qualified personnel could make it difficult to manage the business and could adversely affect operations and financial results.</p>	<p>In light of Covid-19, we have been proactive and swift in ensuring safe working conditions and providing the necessary infrastructure and equipment across all operations to strictly adhere to government guidelines on Covid-19 safety measures.</p> <p>We have proactively evaluated and enhanced our medical safety footprint by sprucing up the medical and occupational health support facilities across sites for employees and extended enterprise.</p> <p>Over the years we have developed a good equity to attract top talent from the markets. We have an integrated management development process which includes regular performance reviews underpinned by a common set of leadership behaviours, skills and competencies. We have development plans to upskill and reskill employees for future roles and will bring in flexible talent to access new skills. We have targeted programmes to attract and retain top and niche talent and we actively monitor our performance in retaining a diverse talent pool within HUL.</p> <p>We regularly review our ways of working to drive speed and simplicity through our business in order to remain agile and responsive to marketplace trends. We are moving to agile ways of working to unlock internal capacity and prioritise work based on growth and impact.</p>	 Increased New risk on people safety and wellbeing
<h2 style="text-align: center;">Ethics</h2>		
<p>HUL's brands and reputation are valuable assets and the way in which we operate, contribute to society and engage with the world around us is always under scrutiny.</p> <p>Acting in an ethical manner, consistent with the expectations of customers, consumers and other stakeholders, is essential for the protection of the reputation of HUL and its brands. Any significant breach to our Code of Business Principles by employees or extended enterprises would lead to damage to HUL's corporate reputation and business results.</p>	<p>Our Code of Business Principles and our Code Policies govern the behaviour of our employees, suppliers, distributors and other third parties who work with us. Our processes for identifying and resolving breaches of our Code of Business Principles and our Code Policies are clearly defined and regularly communicated throughout HUL. Data relating to such breaches is reviewed by HUL Management Committee and by relevant Board Committees that helps to determine the allocation of resources for future policy development, process improvement, training and awareness initiatives. Our Responsible Sourcing Policy and Responsible Business Partners Policy help us improve the lives of the people in our supply chains by ensuring human rights are protected and makes a healthy and safe workplace a mandatory requirement for our suppliers.</p>	 No Change



Nature of risk	Management of risk	Level of risk
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Macro-Economic Instability

Global and local macro-economic factors, further accentuated by the on-going pandemic, may result in reduction in disposable income of consumers, adversely impact consumer confidence and cause a slowdown in FMCG markets. This may impact our growth and profitability adversely.

HUL has a resilient portfolio of product which straddles across the pricing pyramid. Our flexible business model allows us to adapt our portfolio and respond quickly to develop new offerings that suit consumers' and customers' changing needs during economic downturns. We regularly update our forecast of business results and cash flows and, where necessary, dynamically reallocate resources across investment priorities. We believe that many years of exposure to challenging markets have given us experience of operating and developing our business successfully even during periods of economic & political volatility/instability.


Increased

Climate Change

Climate change and governmental actions to reduce such changes may disrupt our operations and/or reduce consumer demand for our products.

Climate change may impact our business in various ways leading to reduced growth and profitability. It could lead to water shortages which would reduce demand for those of our products that require a significant amount of water during consumer use or decrease in sales on account of reduced product efficacy due to water shortage. Uncertainty in timing and severity of summer, winter and monsoon may impact the seasonal swings that we get on our mixes.

Our inability to reduce our carbon footprint and meet conscious consumption agenda across consumer segments may be detrimental to our reputation and growth in the long-term.

As part of our sustainability targets, we monitor climate change and are responding by ensuring that we reduce the environmental impact of our operations to the extent possible. We aim to minimise our contribution to climate change by committing to –

- a. Remove as much carbon from our operations and supply chain as we can
- b. Sustainably source all our key commodities
- c. Ensure deforestation-free supply chain

In order to deal with the water scarcity and quality problems in the country, we are making water saving formulations available for seasonal deployment across portfolios. We also have ongoing plans to de-seasonalise our product portfolios to deal with extreme unfavorable seasonal swings.

We monitor governmental developments around actions to combat climate change and take proactive action to minimise the impact on our operations.


No Change

Report of Board of Directors (continued)

Opportunities

What we are doing to respond to opportunities

Future-fit Portfolio

HUL's strategic investment choices in keeping with changing consumer demographics, aspirations and spending power will bring about an opportunity for growth and improved margins. There is a huge headroom to grow through building our product portfolio in high growth masstige and prestige segments/high potential white spaces.

Our strategy and our business plans are designed to ensure that resources are prioritised towards high growth segments. As an outcome of Covid-19 there has been an upswing in categories like health, hygiene and nutrition. We have a strong pipeline of relevant innovations and are staying close to consumers by proactively spotting consumer insights & capturing potential trends to adapt to the emerging demand patterns in the short-term and prepare for any structural changes in the medium term. We are also focused on making brands aspirational and driving premiumisation across the breadth of the product portfolio. HUL has significantly enhanced brand propositions and marketing investments to increase adoption in under-penetrated categories.

Growing in Channels of the Future

With advent of technology enabled distribution models there has been a hyper fragmentation of channels. Accelerated growth of e-Commerce and Modern Trade has brought about a huge opportunity to tap into these channels and drive business growth. The Covid-19 pandemic has driven rapid increase in online shopping which require us to accelerate development of our e-Commerce and eRTM capabilities.

While HUL continues to drive growth in the traditional trade and route to market, it is also critical to increase its footprint in emerging channels. Covid-19 has accelerated the shift of consumers to online with the trend of e-everything becoming highly discernible. Your Company is working on rapid proliferation of technology enabled distribution models to engage key customers and consumers strategically.

Strategically designed and flawlessly executed transformation would open up a huge opportunity to tap into the new age channels and drive business growth.

Several new initiatives have been piloted which include digitisation of general trade-fast track POS activations, smart demand capture along-with capturing opportunities in Omni channel and B2B2C and collaborating with key players in e-Commerce.

Digital Transformation

Opportunities arising from rapidly emerging digital technologies, analytics and big data present a chance to make meaningful interventions and develop capabilities across the value chain redefining the way we do business.

The ability to keep our operations future fit through building digital capabilities in systems, workforce and business models will help us stay agile and respond in time to evolving consumer, channel, market requirements.

HUL has been a leader in using big data and analytics as a tool to drive sustainable growth. We continue to drive organisation wide digital transformation agenda under the umbrella of "Reimagine HUL" to capture the digital opportunity. Pre-empting the imminent disruption, we have established a sharp digital innovation portfolio in each Function and continue investments in Innovation. These innovations include those around our core ERP platform using Cloud, Artificial Intelligence and other digital technologies. Each day we build new capabilities in Systems, Workforce and Business Models with strong focus on external orientation and partnership across large IT Companies/Industry Bodies. We are also invested to make sure that our talent is digitally enabled and future fit to ride the digital transformation wave.



C. FINANCIAL REVIEW

Results

	(₹ crores)	
	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Sales	45,311	38,273
EBITDA	11,324	9,600
Profit before exceptional items and tax	10,717	9,289
Profit for the year	7,954	6,738

Division Wise Turnover

	For the year ended 31st March, 2021		For the year ended 31st March, 2020	
	Sales	Others*	Sales	Others*
Home Care	13,883	76	13,559	83
Beauty & Personal Care	17,709	255	17,019	327
Foods & Refreshment	13,148	56	7,395	54
Others (including Exports, Infant and Feminine Care)	571	298	300	48
Total	45,311	685	38,273	512

* Others include service income from operations, relevant to the respective businesses.

Summarised Profit and Loss Account

	(₹ crores)	
	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Sale of products	45,311	38,273
Other operational income	685	512
Total Revenue	45,996	38,785
Operating Costs	34,672	29,185
Profit Before Depreciation, Interest, Tax (PBDIT)	11,324	9,600
Depreciation	1,012	938
Profit Before Interest & Tax (PBIT)	10,312	8,662
Other Income (net)	405	627
Profit before exceptional items	10,717	9,289
Exceptional items	(227)	(197)
Profit Before Tax (PBT)	10,490	9,092
Taxation	2,536	2,354
Profit for the year	7,954	6,738
Basic EPS (₹)	33.85	31.13

Key Financial Ratios

Particulars	2020-21	2019-20	2018-19
Return on Net Worth (%)	17.0*	92.0	90.5
Return on Capital Employed (%)	22.9*	128.5	131.2
Basic EPS (after exceptional items) (₹)	33.9	31.1	27.9
Debtors Turnover	30.2*	28.2	26.7
Inventory Turnover	14.0*	15.1	15.8
Interest coverage ratio	95.5	81.7	289.8
Current ratio	1.3	1.3	1.4
Debt Equity ratio	0.4	1.4	1.3
Operating profit margin (%)	22.8	22.6	21.5
Net profit margin (%)	17.6	17.6	16.0

*Opening balances adjusted for GSK CH merger

Return on Net Worth, Return on Capital Employed and Debt Equity ratio have dropped in financial year 2020-21 on account of increase in shareholders' equity pursuant to the merger of GSK CH.

There is no significant change (i.e. change of 25% or more as compared to the financial year 2019-20) in the Key Financial Ratios except the ones mentioned above.

Report of Board of Directors (continued)

Detailed explanation of ratios**(i) Return on Net Worth**

Return on Net Worth (RoNW) is a measure of profitability of a Company expressed in percentage. It is calculated by dividing total comprehensive income for the year by average capital employed during the year.

(ii) Return on Capital Employed

Return on Capital Employed (RoCE) is a financial ratio that measures a Company's profitability and the efficiency with which its capital is used. In other words, the ratio measures how well a Company is generating profits from its capital. It is calculated by dividing profit before exceptional items and tax by average capital employed during the year.

(iii) Basic EPS

Earnings Per Share (EPS) is the portion of a Company's profit allocated to each share. It serves as an indicator of a Company's profitability. It is calculated by dividing Profit for the year by Weighted average number of shares outstanding during the year.

(iv) Debtors Turnover

The above ratio is used to quantify a Company's effectiveness in collecting its receivables or money owed by customers. The ratio shows how well a Company uses and manages the credit it extends to customers and how quickly that short-term debt is collected or is paid. It is calculated by dividing turnover by average trade receivables.

(v) Inventory Turnover

Inventory Turnover is the number of times a Company sells and replaces its inventory during a period. It is calculated by dividing turnover by average inventory.

(vi) Interest Coverage Ratio

The Interest Coverage Ratio measures how many times a Company can cover its current interest payment with its available earnings. It is calculated by dividing PBIT by finance cost.

(vii) Current Ratio

The Current Ratio is a liquidity ratio that measures a Company's ability to pay short-term obligations or those due within one year. It is calculated by dividing the current assets by current liabilities.

(viii) Debt Equity Ratio

The ratio is used to evaluate a Company's financial leverage. It is a measure of the degree to which a Company is financing its operations through debt versus wholly owned funds. It is calculated by dividing a Company's total liabilities by its shareholder's equity.

(ix) Operating Profit Margin (%)

Operating Profit Margin is a profitability or performance ratio used to calculate the percentage of profit a Company produces from its operations. It is calculated by dividing the EBIT by turnover.

(x) Net Profit Margin (%)

The net profit margin is equal to how much net income or profit is generated as a percentage of revenue. It is calculated by dividing the profit for the year by turnover.

Other Financial Disclosures

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which this financial statement relates on the date of this Report

During the financial year, there was no amount proposed to be transferred to the Reserves. Capital Expenditure during the year was at ₹4,051 crores (₹765 crores in the previous year).

During the year, your Company did not accept any public deposits under Chapter V of the Companies Act, 2013.

Your Company manages cash and cash flow processes assiduously, involving all parts of the business. There was a net cash surplus of ₹4,321 crores (financial year 2019-20: ₹5,017 crores), as on 31st March, 2021. The Company's low debt equity ratio provides ample scope for gearing the

Balance Sheet, should the need arise. Foreign Exchange transactions are fully covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time. There are no materially significant uncovered exchange rate risks in the context of Company's imports and exports. The Company accounts for mark-to-market gains or losses every quarter end, are in line with the requirements of Ind AS 21. The details of foreign exchange earnings and outgo as required under Section 134 of the Companies Act, 2013 and Rule 8(3) of Companies (Accounts) Rules, 2014 are mentioned below:

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Foreign Exchange Earnings	247	283
Foreign Exchange outgo	2,635	2,467



Performance of Subsidiaries

The summary of performance of the Subsidiaries of your Company is provided as below:

Unilever India Exports Limited

The Company is a 100% subsidiary of Hindustan Unilever Limited and is engaged in FMCG exports business. The focus of the FMCG exports operation is two-fold: to develop overseas markets by driving distribution of brands, such as Vaseline, Dove, Pears, BRU, Red Label, Lakmé, Horlicks, Boost and to effectively provide cross-border sourcing of FMCG products to other Unilever companies across the world.

The topline growth of the Company was driven by robust growth in Personal Wash, Tea and newly added Nutrition portfolio. Brands like Pears, Dove, Lux, Taj Mahal, Lipton, Brooke Bond have registered healthy growth in the focused markets.

Lakme Lever Private Limited

The Company is a 100% subsidiary of Hindustan Unilever Limited. The Company is engaged in Salons business and also operates a manufacturing unit at Gandhidham which carries out job work operations for your Company by manufacturing toilet soaps, bathing bars and detergent bars.

The Company has over 485 owned/managed and franchisee salons. At Lakmé Salon, safety and wellbeing of our experts and consumers have always been the topmost priority. This is assured by detailed Lakmé SOPs, rigorous training and high-quality products. In order to further enhance hygiene and safety in the post-Covid, the Company modified operations and service protocols to be compliant with the applicable Government guidelines and in collaboration with medical professionals. The extended team comprising the housekeeping staff, experts, salon managers and business partners have been trained in these new methods to ensure complete adherence to protocols. The salons were re-opened after thorough audit and review by an expert team who was responsible to ensure best in class safety standards.

A compelling campaign with client testimonials leveraging social media led to an increase in new customers. This has improved Company's Net Promoter Score significantly to 84% post Covid from 58% pre Covid time. In a study conducted with 2,000 clients, 96.7% found Lakmé Salon was SAFER THAN HOME. Dermalogica, the world's leading professional skincare brand was scaled up to 200 salons and innovations like Face Fit and Eye treatment helped grow the brand.

The profitability for the year has been largely impacted on account of Covid outbreak. After a stringent lock down which disrupted operations in the first half, the Company in the second half of the year has sequentially improved performance to almost previous periods revenue backed by the relaunch of the Runway Rewards programme and a stronger focus on products. With strong focus on safety and quality of operations, better consultation through 'expert' treatments and prudent cost optimisation, the Company continues to be in the attractive beauty services category.

Post the second wave of Covid starting March 2021, salon operations are affected due to lock downs as per government guidelines. The Company is leveraging the digital medium to train our experts and to stay in touch with our clients.

Hindustan Unilever Foundation

The Company is a not-for-profit Company that anchors water management related community development and sustainability initiatives of Hindustan Unilever Limited. The Company operates the 'Water for Public Good' programme, with a specific focus on water conservation, building local community institutions to govern water resources and enhancing farm-based livelihoods through adoption of judicious water practices. The Company's programmes currently reach 11,300 villages* in 59 districts in 10 states and 2 union territories across India in partnership with 19 NGO partners and multiple co-funders. The Company also supports several knowledge initiatives in water conservation, governance and behaviour change.

During the financial year 2020-21, over 400 billion litres# of water saving potential created through improved supply and demand management of water resources.

By the end of 2020, the cumulative and collective achievements through partnered programmes of the Company (independently assured up to financial year 2019-20) include:

Water Conservation: Water conservation estimate stood at 1.3 trillion litres cumulatively.

Crop Yield: Additional agriculture production of over 1 million tonnes has been generated.

Livelihoods: Over 30 million person days of employment have been created through water conservation and increased agriculture production.

*The significant reach and livelihood impact are on account of the Company's support to an MGNREGS programme partnership in West Bengal with PRADAN, a reputed non-profit organisation. This programme reaches out to over 7,000 villages across 54 blocks in 6 districts.

#subject to independent assurance

Report of Board of Directors (continued)

Unilever Nepal Limited

Unilever Nepal Limited (UNL), a subsidiary of your Company had a very challenging year. It was a tale of 2 halves where UNL delivered strong growth in the first 6 months (pre Covid) and a resilient performance in the last 6 months (post Covid). In line with the 4G Growth strategy, UNL grew its revenue from operations during the pre Covid period. This was led by a robust localisation, innovation and distribution plans and the growth was broad based across. With the onset of Covid-19, operations of UNL's factories, vendors as well as customers were severely disrupted.

During these difficult times, UNL ensured protection of everyone in the value chain. Safety and wellbeing of their staff and workers remain top priority during these difficult times. Despite slowdown, UNL's market presence continues to be strong reflecting the competitive growth of its brands. UNL brands continue to be the market leader in all the categories it operates in.

Unilever India Limited

The Company is a 100% subsidiary of Hindustan Unilever Limited incorporated on 7th June, 2020 to leverage the growth opportunities in a fast-changing business in this new environment. Presently, the Company is in the process of setting up its manufacturing facility at Sumerpur, Uttar Pradesh. It is proposed to manufacture spray drying washing powders at this factory.

Other Subsidiaries

Pond's Exports Limited is a subsidiary of your Company which was engaged in leather business and has currently discontinued operations.

Bhavishya Alliance Child Nutrition Initiatives is a not-for-profit subsidiary of your Company and had launched a hand washing behaviour change programme in the state of Bihar that aims to reduce diarrhoea and pneumonia in children under the age of five years. It discontinued operations & a similar handwashing programme is now being driven by your Company directly.

Daverashola Estates Private Limited is a subsidiary of your Company which currently has no business activity. There is an ongoing litigation on the property owned by the Company in Tamil Nadu.

Jamnagar Properties Private Limited is a subsidiary of your Company. The litigation over the land of the Company is now over and accordingly the land has been surrendered to the Government and a Deed of Surrender was signed to this effect.

Levers Associated Trust Limited, Levindra Trust Limited and Hindlever Trust Limited, subsidiaries of your Company, act as trustees of the employee benefits trusts of your Company.

During the year, scheme of merger of Ponds Exports Limited and Jamnagar Properties Private Limited into Unilever India Exports Limited was filed for which the hearing before National Company Law Tribunal (NCLT), Mumbai was held on 1st March, 2021 and the order has been reserved.

During the year, your Company has obtained a certificate from the Statutory Auditors certifying that the Company is in compliance with the FEMA regulations with respect to the downstream investment made in its subsidiary company i.e. Unilever India Limited.

D. OTHERS**Cost Audit**

In terms of the Section 148 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, the cost audit is applicable for following businesses such as Coffee, Drugs and Pharmaceuticals, Insecticides, Milk Powder, Organic Chemicals, Other Machinery, Petroleum Products and Tea. The accounts and records for the above applicable businesses are made and maintained by the Company as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

Employee Stock Option Plan (ESOP)

Details of the shares issued under Employee Stock Option Plan (ESOP), as also the disclosures in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014, are uploaded on the website of the Company www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html. No employee has been issued share options during the year equal to or exceeding one per cent of the issued capital of the Company at the time of grant.

Pursuant to the approval of the Members at the Annual General Meeting held on 23rd July, 2012, the Company adopted the '2012 HUL Performance Share Scheme'. In accordance with the terms of the Performance Share Plan, employees are eligible for award of conditional rights to receive equity shares of the Company at the face value of ₹1/- each. These awards will vest only on the achievement of certain performance criteria measured over a period of three years. The Company confirms that the 2012 HUL Performance Share Scheme complies with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014.



No shares were awarded to employees under the '2012 HUL Performance Share Scheme' in the financial year 2020-21.

The employees of the Company are eligible for Unilever share award plans, namely Performance Share Plan (PSP) and the SHARES plan. Through PSP, all managers are eligible to receive a conditional grant of Unilever shares on an annual basis. The Target PSP share award is equivalent to 50% of the Target Bonus for Managers and 100% of the Target Bonus for Senior Leaders. The actual share grant is determined by the line manager basis the employees' sustained impact, leadership and future-fit talent profile. These shares vest after a 3 year period with vesting being determined by Company performance against metrics.

Under the SHARES Plan, eligible employees can invest in the shares of the Holding Company up to a specified amount and after three years, one share is granted to the employees for every three shares invested, subject to the fulfilment of conditions of the scheme. The Holding Company charges the Company for the grant of shares to the Company's employees based on the market value of the shares on the exercise date.

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules') have been appended as Annexure to this Report. Details of employee remuneration as required under provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) and 5(3) of the Rules are available to any shareholder for inspection on request. Such details are also available on your Company's website at www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html.

Dividend

Your Directors are pleased to recommend a final Dividend of ₹17 per equity share of face value of ₹1/- for the year ended 31st March, 2021. The interim Dividend of ₹14.00 per share was paid on 12th November, 2020. The total Dividend for the financial year ended 31st March, 2021 amounts to ₹31.00 per share of face value of ₹1/- each. During the year, special Dividend of ₹9.50 per share was also paid on 17th August, 2020.

The final Dividend, subject to the approval of Members at the Annual General Meeting on Tuesday, 22nd June, 2021, will be paid on or after Friday, 25th June, 2021, to the Members whose names appear in the Register of Members, as on the Book Closure date i.e. Wednesday, 16th June, 2021 to Tuesday, 22nd June, 2021 (both days inclusive). The total dividend for the financial year,

including the proposed final dividend and the special dividend amounts to ₹40.50/- per equity share and will absorb ₹9,516 crores. In view of the changes made under the Income-tax Act, 1961, by the Finance Act, 2020, dividends paid or distributed by the Company shall be taxable in the hands of the Shareholders. Your Company shall, accordingly, make the payment of the final Dividend after deduction of tax at source.

Unpaid/Unclaimed Dividend

In terms of the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016/Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, ₹10.42 crores of unpaid/unclaimed dividends were transferred during the year to the Investor Education and Protection Fund.

Mergers and Acquisitions

The merger with GSK CH has been in line with the Company's strategy to build a sustainable and profitable Foods & Refreshment (F&R) business in India by leveraging the megatrend of health and wellness. The merger has allowed significant value creation for all stakeholders and enabled us to drive better salience in a local context.

Your Company seamlessly executed one of the largest FMCG acquisitions in India virtually, amidst lockdown in the country. Through the merger, we have successfully integrated large base of vendors, onboarded distributors. We are designing our Go-To-Market plan to ensure that the combined strength of erstwhile GSK CH and HUL is leveraged in the market-place. During the year we also completed the integration of the acquired business into the HUL SAP-ERP platform.

We continue to collaborate with GSK under the consignment selling model to accelerate the growth momentum of the Over the Counter (OTC) – Oral Health Care (OH) business and leverage on HUL's Go-To-Market capabilities. The merger also brought with it a great opportunity for the HUL business to leverage the learnings of medical marketing and engaging with chemist channel for the larger HUL portfolio.

Acquisition of female intimate hygiene wash brand 'VWash'

During the year, your Company completed the acquisition of female intimate hygiene brand VWash. The addition of this brand has further strengthened our position in the fast growing 'health and hygiene' segment. The brand is now fully integrated into our Beauty & Personal Care portfolio and is performing well.

Report of Board of Directors (continued)

Particulars of Loan, Guarantee or Investments

Details of loans, guarantee or investments made by your Company under Section 186 of the Companies Act, 2013, during financial year 2020-21 are appended as an Annexure to this Report.

Governance, Compliance and Business Integrity

The Legal function of the Company continues to be a valued business partner that provides solutions to protect your Company and enable it to win in the volatile, uncertain, complex and ambiguous environment. Through its focus on creating 'value with values', the function provides strategic business partnership in the areas including product claims, mergers and acquisitions, legislative changes, combatting unfair competition, business integrity and governance.

As the markets continue to be disrupted with newer technologies and ever-evolving consumer preferences, the need to have a framework around data security and privacy is paramount. Your Company continues to ensure it has an appropriate framework and safeguards for data privacy of its stakeholders with enhanced legal and security standards. The legal function of your Company continues to embrace newer technologies to make the function future ready to support the growth agenda of the business.

Your Company is of the view that the menace of counterfeits can be effectively addressed if enforcement actions are supplemented with building awareness amongst the consumers of tomorrow. Your Company continued to engage with various stakeholders including e-Commerce Channel Partners, Industry Bodies and Regulators to curb the menace of counterfeiting on the e-Commerce platforms.

One of the key activities undertaken by your Company in this direction is propagating intellectual property awareness, particularly among school students. Your Company believes it is important to educate students on intellectual property and build awareness and understanding of the subject so that students start respecting intellectual property rights from a young age. During the year, we launched a digital version of our intellectual property awareness programme for school students, to enhance reach of the programme.

The Legal function of your Company works with leading industry associations, national and regional regulators and key opinion formers to develop a progressive regulatory environment in the best interest of all stakeholders.

Business Integrity

Our principles and values apply to all our employees through our Code and Code Policies. The focus of your Company is very much on growth in line with our values, not on growth at any cost. During the year, the Code of Business Principles were refreshed to include the provisions of living wage to our employees, ethical data use, transparency and a greater focus on safety and mental wellbeing.

Our employees undertake mandatory annual training on these Policies via online training modules and an annual Business Integrity Pledge. During the year, your Company organised offline training sessions for all blue collared employees across the Company. Our Business Integrity governance framework includes clear processes for dealing with Code breaches.

During the financial year, we closed 66 incidents across all areas of our Code and Code Policies, with 45 confirmed breaches. During the year, we terminated the employment of 10 employees as a consequence of such breaches. Our data around code breaches provides increasing insights into exactly what the issues are, and where-and we are focusing on understanding how to prevent behaviours that lead to such breaches. The Code and Code Policies reflect our desire to fight corruption in all its forms. We are committed to eradicate any practices or behaviours that are not in line with our Code and Code Policies though our zero-tolerance approach to such practices.

Our Responsible Sourcing & Business Partnering Policy helps to give us visibility of our third parties to ensure their business principles are consistent with our own.

Corporate Governance

Maintaining high standards of Corporate Governance has been fundamental to the business of your Company since its inception. A separate report on Corporate Governance is provided together with a Certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Listing Regulations. A Certificate of the CEO and CFO of the Company in terms of Listing Regulations, inter-alia, confirming the correctness of the financial statements and cash flow statements, adequacy of the internal control measures and reporting of matters to the Audit Committee, is also annexed.

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31st March, 2021 is available on the Company's website on <https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html>.



Prevention of Sexual Harassment at Workplace

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('POSH Act') and Rules made thereunder, your Company has constituted Internal Committees (IC). During the year, we expanded the scope of our POSH Policy to make it more inclusive and gender neutral, detailing the governance mechanisms for prevention of sexual harassment issues relating to employees across genders including employees who identify themselves with LGBTQ+ community.

While maintaining the highest governance norms, the Company has appointed external independent persons who have prior experience of in the areas of women empowerment and prevention of sexual harassment, as Chairpersons of each of the Internal Committees. During the year, 5 complaints with allegations of sexual harassment were received by the Company and they were investigated and resolved as per the provisions of the POSH Act. To build awareness in this area, the Company has been conducting induction/refresher programmes in the organisation on a continuous basis. During the year, your Company organised offline training sessions for all blue collared employees across the Company which included POSH as one of the topics of training.

Related Party Transactions

In line with the requirements of the Companies Act, 2013 and the Listing Regulations, your Company has formulated a Policy on Related Party Transactions which is also available on the Company's website at https://www.hul.co.in/Images/policy-on-materiality-of-rpt-and-dealing-with-rpt_tcm1255-547442_1_en.pdf. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and/or entered in the Ordinary Course of Business and are at Arm's Length. All Related Party Transactions are subjected to independent review by a reputed accounting firm to establish compliance with the requirements of Related Party Transactions under the Companies Act, 2013, and Listing Regulations.

All Related Party Transactions entered during the year were in Ordinary Course of the Business and at Arm's Length basis. No Material Related Party Transactions, i.e.

transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statement, were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013, in Form AOC-2 is not applicable.

Board of Directors and Key Managerial Personnel

Mr. Srinivas Phatak, currently Executive Director, Finance & IT and Chief Financial Officer of the Company has been elevated to the position of Executive Vice President, Global Financial Control and Risk Management, Unilever and will be a part of the Unilever's Finance Leadership Executive Team. Based on the recommendation of Nomination and Remuneration Committee and Audit Committee, the Board of the Directors have approved the appointment of Mr. Ritesh Tiwari as an Executive Director, Finance and Chief Financial Officer of the Company. Mr. Ritesh Tiwari will join the Board of Directors of the Company with effect from 1st May, 2021, subject to necessary statutory approvals. The Board places on record its appreciation for the leadership and invaluable contribution made by Mr. Phatak during his tenure as Executive Director, Finance and IT and Chief Financial Officer of the Company.

The Company has sought approval of the Members of the Company through Postal Ballot for appointment of Mr. Ritesh Tiwari as a Whole-time Director of the Company, designated as an Executive Director, Finance and Chief Financial Officer for a period of 5 (five) years with effect from 1st May, 2021, liable to retire by rotation.

As per the provisions of the Act, the Independent Directors are not liable to retire by rotation. The Independent Directors of your Company have given the certificate of independence to your Company stating that they meet the criteria of independence as mentioned under Section 149(6) of the Companies Act, 2013 and the Listing Regulations. All other Directors, except the Managing Director, will retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-election.

The details of training and familiarisation programme and Annual Board Evaluation process for Directors have been provided in the Corporate Governance Report. The policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director, and also remuneration for key managerial personnel and other employees, forms part of the Corporate Governance Report of this Annual Report.

Report of Board of Directors (continued)

During the year, eight meetings of the Board of Directors were held. The details of meetings held and attended by each Director are detailed in the Corporate Governance Report, which forms part of this Annual Report.

Management Committee

The day-to-day management of the Company is vested with the Management Committee, which is subjected to the overall superintendence and control of the Board. The Management Committee is headed by the Chairman and Managing Director and has Functional/Business Heads as its members.

During the year, the Board of Directors approved the appointment of Mr. Ritesh Tiwari as an Executive Director, Finance and Chief Financial Officer and a member of Management Committee with effect from 1st May, 2021, in succession to Mr. Srinivas Phatak, who will cease to be a member of Management Committee, consequent to his elevation to the position of Executive Vice President, Global Financial Control and Risk Management, Unilever.

Auditors

M/s. B S R & Co. LLP, Chartered Accountants were re-appointed as Statutory Auditors of your Company at the Annual General Meeting held on 29th June, 2019, for the second term of five consecutive years. The Auditors have confirmed that they are not disqualified from being re-appointed as Auditors of the Company.

The Report given by the Auditors on the financial statement of the Company is part of this Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report. During the year under review, the Auditors had not reported any matter under Section 143 (12) of the Companies Act, 2013.

M/s. R A & Co., Cost Accountants carried out the cost audit for applicable businesses during the year. The Board of Directors have appointed M/s. R A & Co., Cost Accountants as Cost Auditors for the financial year 2021-22.

The Board of Directors had appointed M/s. S. N. Ananthasubramanian & Co., Company Secretaries to conduct Secretarial Audit for the financial year 2020-21. The Secretarial Audit Report forms part of this Integrated Annual Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Disclosure

The details in relation to the composition of Audit Committee, establishment of Vigil Mechanism for Directors and employees, Internal Financial Controls and Director's

Remuneration Policy of the Company have been given in the Corporate Governance Report forming part of this Annual Report.

No significant or material orders were passed by the Regulators or Courts or Tribunals which impacts the going concern status and Company's operations in future.

Compliance with Secretarial Standards

The Company has complied with all the applicable provisions of Secretarial Standard on Meetings of Board of Directors (SS-1), Revised Secretarial Standard on General Meetings (SS-2), Secretarial Standard on Dividend (SS-3) Secretarial Standard on Report of the Board of Directors (SS-4) respectively issued by Institute of Company Secretaries of India.

Stakeholder Engagement

Our multi-stakeholder model aims to respect the interests of and be responsive towards all stakeholders.

Stakeholder engagement and partnership are essential to grow your Company's business and to reach the ambitious targets set out in the Compass sustainability commitments. The CoBP, which is the statement of values and represents the standard of conduct for everyone associated with your Company, and the Code Policies guide how we interact with our partners, suppliers, customers, employees, shareholders, Government, Non-Governmental Organisations (NGOs), trade associations and industry bodies. Through the underlying standards set in CoBP and Code policies, your Company is committed to transparency, honesty, integrity and openness in all its engagements with the various stakeholders.

Outlook

The year 2020-21 saw unprecedented disruption to lives and livelihoods across the world and India was no exception. The economy declined sharply during first half of the fiscal year as the country grappled with the pandemic, however, effective measures taken by the Government of India and the Reserve Bank of India helped the Indian economy to recover. Rapid rollout of vaccines coupled with Government's efforts on stimulating growth improved consumer sentiments. Notwithstanding these encouraging developments, the Covid-19 pandemic is far from over. The trajectory of the pandemic still remains unpredictable to a very large extent, with country already witnessing a second wave of Covid-19. Our overriding priority remains, therefore, to protect lives and livelihoods. We have already demonstrated our ability to navigate through such a volatile and uncertain external environment and being well



placed to deliver to the needs of our multiple stakeholders. We remain watchful of the situation while focusing on driving volume led competitive growth.

Even though conditions will remain unpredictable and we will be living with the effects of Covid-19 for some time, we remain confident of the medium to long-term growth prospects of the FMCG sector. Our people have shown their resilience and commitment to rise in the most difficult circumstances. With our strong portfolio of trusted brands, industry leading capabilities, resilient workforce and a clear Compass strategy guiding our decisions, we are well placed to deliver consistent, competitive, profitable, and responsible growth.

Responsibility Statement

The Directors confirm that:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- They have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- They have prepared the annual accounts on a going concern basis;
- They have laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively; and
- They have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

Appreciations and Acknowledgements

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment, in particular during this unprecedented year. The Directors place on record their special gratitude toward the front line employees who were working in our factories and in the market to ensure that the Company's products reach to the consumers. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain an industry leader.

Your Directors would also like to acknowledge the excellent contribution by Unilever to your Company in providing the latest innovations, technological improvements and marketing inputs across almost all categories in which it operates. This has enabled the Company to provide higher levels of consumer delight through continuous improvement in existing products, and introduction of new products.

The Board places on record its appreciation for the support and co-operation your Company has been receiving from its suppliers, distributors, retailers, business partners and others associated with it as its trading partners. Your Company looks upon them as partners in its progress and has shared with them the rewards of growth. It will be your Company's endeavour to build and nurture strong links with the trade based on mutuality of benefits, respect for and co-operation with each other, consistent with consumer interests.

Your Directors also take this opportunity to thank all Shareholders, Clients, Vendors, Banks, Stock Exchanges, Government and Regulatory Authorities, both at the Central and State level for their continued support. The co-operation extended by the Government and Regulatory Authorities across the country during this year enabled the Company to serve the consumers with health and hygiene essential products.

On behalf of the Board

Sanjiv Mehta

Chairman and
Managing Director
(DIN: 06699923)

Mumbai, 29th April, 2021

Annexure to the Report of Board of Directors

Statement of Disclosure of Remuneration under Section 197 of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i. Ratio of the remuneration of each Executive Director to the median remuneration of the Employees of the Company for the financial year 2020-21, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and other Executive Director(s) and Company Secretary during the financial year 2020-21.

Sr. No.	Name of Director(s)/KMP	Designation	Ratio of remuneration of each Director to median remuneration of Employees	Percentage increase in Remuneration
1	Sanjiv Mehta	Chairman and Managing Director	122.00	Refer Note iv.
2	Srinivas Phatak	Executive Director, Finance & IT and CFO	56.59	
3	Dev Bajpai	Executive Director, Legal & Corporate Affairs and Company Secretary	43.93	
4	Wilhelmus Uijen	Executive Director, Supply Chain	64.51	

- ii. The percentage increase in the median remuneration of Employees for the financial year was 2.6%.
- iii. The Company has 8,525 permanent Employees on the rolls of Company as on 31st March, 2021.
- iv. Average increase made in the salaries of Employees other than the managerial personnel in the financial year was 3.4%. This has been a challenging year for all our employees, especially those in the frontline and factories, as they have strived hard to serve the nation by ensuring that our production and distribution of essential commodities runs smoothly. While adequate safety precautions and care has been provided by the Company, these employees have displayed exemplary commitment to their jobs. In order to recognise their discretionary effort, a one time special cash award was also granted to the frontline sales force and factory based employees. With respect to Management Committee members, the Company has, after seeking the approval of Nomination and Remuneration Committee of the Board, provided salary increase of 4%.
- v. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

Note:

- a) The Non-Executive Directors of the Company are entitled to sitting fee and commission as per the statutory provisions and within the limits approved by the Members. The remuneration of Non-Executive Directors, details of which are provided in the Corporate Governance Report and is governed by the Differential Remuneration Policy, as detailed in the said Report. The ratio of remuneration and percentage increase for Non-Executive Directors Remuneration is therefore not considered for the purpose above.
- b) Percentage increase in remuneration indicates annual target total compensation increases, as approved by the Nomination and Remuneration Committee of the Company during the financial year 2020-21.
- c) Employees for the purpose above include all employees excluding employees governed under collective bargaining.

On behalf of the Board

Sanjiv Mehta
Chairman and Managing Director
(DIN: 06699923)

Mumbai, 29th April, 2021



Annexure to the Report of Board of Directors

Particulars of Loans, Guarantees or Investments

Details of loans, guarantee or investments made by your Company under Section 186 of the Companies Act, 2013, during the financial year 2020-21 are appended as an Annexure to this report

Amount outstanding as at 31st March, 2021

Particulars	(₹ crores)
	Amount
Loans given	280
Guarantee given	1
Investments made	2,995

Loan, Guarantee and Investments made during the financial year 2020-21

Name of Entity	Relation	Amount (₹ crores)	Particulars of loan, guarantee and investments	Purpose for which the guarantee and investments are proposed to be utilised
Lakme Lever Private Limited	Subsidiary	35	Loan	Business purpose
Unilever India Exports Limited	Subsidiary	145	Loan	Business purpose
Unilever India Limited	Subsidiary	60	Investments	Business purpose
Mutual Funds+T-bills [#]	-	1,435	Investments	Cash Management

[#]For details refer to Note 6 of Notes to the financial statements

On behalf of the Board

Sanjiv Mehta

Chairman and Managing Director
(DIN: 06699923)

Mumbai, 29th April, 2021

Annexure to the Report of Board of Directors

Annual Report on Corporate Social Responsibility Activities (Pursuant to the Companies (Corporate Social Responsibility) Rules, 2014)

1. BRIEF OUTLINE ON CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY OF THE COMPANY, INCLUDING OVERVIEW OF PROJECTS/PROGRAMMES UNDERTAKEN:

A belief that sustainable business drives superior performance lies at the heart of our work at Hindustan Unilever. We seek to deliver long-term sustainable growth while reducing our environmental footprint and increasing our positive social impact.

Over the years we have strived to serve communities through various initiatives. In the last 10 years, through our Unilever Sustainable Living Plan (USLP) we reduced our negative impacts on the environment and made a positive impact to the society in which we operate. The multi-stakeholder model was at the heart of USLP. It has been game-changing for our business and people. However, we need to do much more, considering the pressing challenges facing the world such as climate change and inequality. Businesses need to play a significant role in addressing them.

We need to bridge the divide to a fairer, more socially inclusive world. A world where we all live with, rather than at the expense of, nature and the environment.

Our multi-stakeholder model is being embedded into the business completely, so the business can continue to be a force for good. The Unilever Compass, our sustainable business strategy, is set to help us deliver superior performance by being a purpose-led, future-fit business (<https://www.hul.co.in/planet-and-society/>). It will guide us drive sustainable and responsible growth in the years to come. Within this, there is a comprehensive and ambitious set of commitments and actions to:

- Improve the health of the planet;
- Improve people's health, confidence and wellbeing; and
- Contribute to a fairer, more socially inclusive world.

The Corporate Social Responsibility (CSR) Policy of the Company, as approved by the Board of Directors, is available on the Company's website at <https://www.hul.co.in/investor-relations/corporate-governance/hul-policies/corporate-social-responsibility-policy/>.

A brief overview of your Company's projects is given below. The activities undertaken by the Company are not expected to lead to any additional surplus beyond what would accrue to the Company in the course of normal operations. This report is divided into two parts – Section A provides details of the initiatives that are covered under activities listed in the Schedule VII

of the Companies Act, 2013 and are considered for the purpose of computing prescribed CSR spends. Section B of this Report deals with initiatives that are for societal good but are not included for the purposes of computing CSR spends.

SECTION A:

i. Covid-19 Relief Work

Your Company was one of the first corporates to commit ₹100 crores towards societal work to complement Government's work on dealing with Covid-19. As a responsible Company, we took the following actions:

Product Donations

Over 2 crores soaps and sanitisers, bottles of toilet and surface cleaners, packs of Horlicks and other products to the frontline medical professionals, police officials, sanitation workers, migrant population, innumerable vulnerable and immuno compromised citizens of the country in partnership with the government and various NGO's. These products were delivered to over 100 locations in 20 states from urban slums of Mumbai to tea estates of Assam.

Public Awareness Campaigns

HUL also created #VirusKiKadiTodo (Break the Chain) campaign in association with UNICEF. The campaign reached over 600 million people across India, including small towns and rural areas through television and digital platforms. With a recall of 72%, #VirusKiKadiTodo was a behaviour change campaign in 8 different languages to drive home the simple, positive yet powerful messages of social distancing, generosity, and hand hygiene.

In addition, your Company developed videos that highlighted community response and containment measures in times of Covid-19. The videos were disseminated in partnership with UNICEF to front-line workers, communities, key state departments, volunteer networks to further strengthen the community response in rural India. The campaign reached over 14 lakh individuals across six states in the country.

Healthcare Infrastructure

Your Company supported healthcare infrastructure in India through various interventions. We partnered with medical institutions to provide almost 75,000 test



kits to help ramp up testing. This was done in collaboration with public health authorities near our factories and offices in several states including UP, MP, West Bengal, Assam, Tamil Nadu, Karnataka, Dadra & Nagar Haveli. In Maharashtra last year your company supported with medical equipment and personal protection equipment (PPE) for hospitals in consultation with public health officials which included 29 ventilators and 28 oxygen concentrators, besides other equipment.

We also partnered with Apollo Hospitals, State Bank of India, OYO, Lemon Tree and others to create isolation facilities in metros, equipped with medical supervision, to reduce the burden on hospitals. In addition, together with the local administration the Company helped setup 30-bed isolation facility in Haridwar and Nasik last year.

Your Company also developed exclusive batches of Lifebuoy sanitisers and Zinc supplemented Horlicks. These were donated to front-line medical professionals in more than 50 Covid-19 hospitals in 12 cities PAN India in record time.

Food Donation Drive & Supporting Migrant Workers

Your Company delivered kits of 1 month food ration to families of over 40,000 students to ensure access to a well-balanced meal. In addition, our factory teams helped returning migrants and landless farmers to get job cards and access work in their villages through the Government's flagship program, MGNREGA. Along with Prabhat partners, they also donated 2 weeks food ration to close to 1.2 lakh migrant workers' families in more than 200 locations.

India Protectors Alliance

Your Company established the India Protectors Alliance (IPA) as a founding member in association with Bill & Melinda Gates Foundation and RBL Bank. IPA is a corporate-led alliance established to protect frontline workers including doctors, nurses, sanitation workers who have been the protectors of society amidst the pandemic. Joined by over 25 other private sector leaders including IKEA India and Crompton Greaves.

ii. Water Conservation Programme

Hindustan Unilever Foundation (HUF) is a not-for-profit Company which was set up in 2010 to support and amplify scalable solutions that can help address India's water challenges – specifically for rural communities that intersect with agriculture. HUF established its 'Water for Public Good' programme anchored in the belief that water is a common good and must be governed by citizen communities. The aim was to catalyse effective solutions to India's water challenges involving government, communities, experts, and mission-based organisations. Across diverse river basins and hydrogeological zones, three core pillars define HUF's work with rural communities:

- **Know more:** Build water numeracy to help quantify availability, budget, and allocate water use
- **Save more:** Promote scientific citizen-led water conservation and governance efforts
- **Use less:** Drive behaviour change for responsible water use in agriculture

Through HUF's initiatives, the cumulative and collective achievements delivered in 2019-20 include a water potential of over 1.3 trillion litres through improved supply and demand water management, over 1 million tonnes of agricultural and biomass production, and over 30 million person-days of employment. To underscore the importance of the water potential created by HUF; one billion litres of water can meet the drinking water needs of over 8 lakh adults for an entire year.

Some key projects in 2020-21, under our three core pillars, included:

- **Know More:** Frontline workers in MGNREGS (in Odisha) and agriculture extension workers (in Uttar Pradesh) were trained and equipped with planning tools, digital content, and data systems to help deliver water security to villages at scale in collaboration with our partners.
- **Save More:** Local NGOs working on a large-scale programme for river rejuvenation in West Bengal were supported to effectively leverage MGNREGS resources, train panchayats and field functionaries on scientific watershed

Annexure to the Report of Board of Directors (continued)

plans and monitor progress for timely departmental interventions.

- **Use Less:** Behaviour change in water and input usage among farmers in major cropping systems like paddy in Punjab and sugarcane in eastern Uttar Pradesh.

By 2025, HUF aims to create an additional water potential of 1.5 trillion litres of water in India. This will be done through large scale water conservation programmes in partnership with reputed non-profit organisations and local governments. The Foundation will work with small landholding farmers to help them adopt judicious water use and regenerative practices to reap remunerative returns from agriculture. The foundation will focus on crop systems like rice, wheat, and sugarcane as they account for a significant proportion of India's growing water demand.

Covid-19 Interventions:

HUF also focused on rebuilding lives disrupted because of Covid-19 in the medium to long-term period. Rapid assessment surveys were deployed by HUF's NGO partners to collect data from the communities which allowed us to provide swift and context-specific support. This included food rations for returning migrants, livelihood support through MGNREGS job card registrations, seed provision for small marginal farmers, and access to government entitlements and schemes for vulnerable families.

iii. Swachh Aadat Swachh Bharat

'Swachh Aadat, Swachh Bharat' (SASB) programme is in line with the Government of India's Swachh Bharat Abhiyan (Clean India Mission) to promote good health and hygiene practices. In 2020, the programme continued to promote good health and hygiene practices by stressing the need to adopt three clean habits ('Swachh Aadat') of washing hands five times a day, using a toilet for defecation and adopting safe drinking water practices.

Your Company has also created the Swachh Aadat Curriculum that teaches children in classes 1-5 the importance of adopting three clean habits – washing hands with soap, safe drinking water practices and using clean toilets over a 21-day period.

The textbook version of the curriculum has been rolled out in government schools in Bihar, Gujarat, Maharashtra, Uttarakhand and Haryana with a total reach of 2.1 million children.

In the absence of in-school learning in 2020, and to ensure that learning didn't stop, your Company launched a digital curriculum that was piloted in Chhattisgarh, Maharashtra and Delhi teaching primary school students the importance of hygiene in these unprecedented times in a fun and interesting manner.

The Community Hygiene Centre – 'Suvidha' is another important project by your Company. 'Suvidha' is a first-of-its-kind urban water, hygiene and sanitation community centre, that was first set up at Chiragnagar, Ghatkopar, one of the largest slums in Mumbai. Your Company has now opened four more Suvidha centres in Mumbai in partnership with HSBC to give people access to clean water, sanitation and laundry facilities. There are three more centres in the pipeline. We have cumulatively saved over 25 million litres of water, via the five existing centres in Mumbai.

iv. Project Shakti

Project Shakti is your Company's initiative that aims to financially empower and provide livelihood opportunities to women in rural India. The Shakti Entrepreneurs are given training for familiarisation with your Company's products and basic tenets of distribution management. Your Company has a team of Rural Sales Promoters (RSPs) who coach and help Shakti Entrepreneurs in managing their business. Across 18 States, Project Shakti has nearly 1,36,000 Shakti Entrepreneurs whom we call 'Shakti Ammas'. This programme has helped these women gain selling skills, become self-confident, improve their self-esteem and learn communication skills. Most importantly, our interventions have helped in building and fostering entrepreneurial mindset amongst Shakti Entrepreneurs.

v. Project Prabhat

Project Prabhat is a sustainable community development initiative of your Company, that is linked to the Unilever Compass. It builds on local community needs at a grassroots level, in line with India's development agenda and UN Sustainable Development Goals (SDGs). By doing so, it's contributing to a fairer and more socially and environmentally inclusive



world, while using HUL's scale for good. It ultimately aims to create sustainable communities in and around your Company's sites through focused interventions on Economic Empowerment (skilling, entrepreneurship and value chain), Environmental Sustainability (water conservation, waste management and climate adaptation), Health (nutrition, hygiene, sanitation and WASH) and Education (basic infrastructure).

Project Prabhat has reached out to close to 6 million people across 19 states and two union territories since its inception in 2013. During Covid-19, more than 1.3 million people across the country benefitted from relief kits distribution in 2020, which included Lifebuoy soaps, grocery kits and food packets.

vi. Asha Daan

Asha Daan is a home in Mumbai for abandoned and differently-abled children, HIV-positive patients and destitute people. Since the inception of Asha Daan in 1976, your Company has been looking after the maintenance and upkeep of the premises. At any time, there are over 400 inmates at Asha Daan. The project for redevelopment of Asha Daan is expected to commence as soon as the statutory approvals are obtained for construction.

vii. Nutrition

Nutrition as a focus area for CSR was included in the Company's policy from 1st April, 2020. In the current financial year, the initiatives addressed the nutritional needs of people adversely affected due to Covid-19. Key beneficiaries were women, children, migrant workers and their families, people from vulnerable and low income groups and families of children enrolled in schools with Mid-Day-Meal (MDM) programme. The initiatives were implemented in association with external NGO partners in key locations including manufacturing units. About 93,000 meals kits containing staples, pulses, cooking oil and spices were distributed for use by the families.

viii. Plastic Waste Management

Your Company has made clear commitments to make 100% of its plastic packaging reusable, recyclable or compostable by 2025. Your Company will also help collect and process more plastic packaging than it sells.

Your Company has done significant work in this area. Your Company has collected and safely disposed more than 1.2 lakh tonnes of post-consumer use plastic waste in aggregate since 2018, through collection and disposal partners across India. In 2020, your Company arranged environment friendly plastic waste disposal of over 58,000 tonnes.

Along with collection and processing your Company is also progressing towards making its plastics packaging circular by eliminating unwanted plastics, using post-consumer recycled plastics (PCR) and recycle ready structures. Your Company worked along with start-up Banyan Nation and is using 25% r-HDPE in Surf excel laundry liquid, Sunsilk and TRESemmé black shampoo bottles. Vim is using 50% r-PET in its liquid bottles. Your Company has also eliminated plastics coating from all its soap cartons (Dove, Lux, Liril) and Lifebuoy's soap stiffeners. Your Company has moved its shampoo sachet, soap wrapper and Vim bar flow-wrap to recycle ready structure. Your Company will continue to work towards creating circular economy for plastics through its Less plastics – Better Plastics – No Plastics approach.

Your Company is also working closely with the Government and other partners such as United Nations Development Programme (UNDP) for end-to-end pilot projects for plastic waste management. So far, the project has reached out to more than 40,000 households, collected nearly 4,000 tonnes of plastic waste and onboarded more than 800 Safai Saathis (sanitation workers) in the project.

To, advocate and create awareness in the area of waste management, your Company has partnered with Xynteo India Private Limited. Your Company has developed a curriculum called 'Waste No More' to create awareness and drive behaviour change on waste segregation and recycling among school children. The programme has reached out to more than 1 lakh students. Your Company in partnership with State Bank of India (SBI) and Municipal Corporation of Greater Mumbai, initiated and operationalised a Dry Waste Collection and Segregation Centre in D ward, Mumbai.

Annexure to the Report of Board of Directors (continued)

ix. Ankur

Ankur was set up in 1993 as a centre for special education for children with disabilities at Doom Dooma in Assam. Ankur has provided educational and vocational training to 359 children with disabilities.

x. Sanjeevani

Your Company runs a free mobile medical service camp 'Sanjeevani' for the local community near Doom Dooma factory in Assam. There are two mobile vans dedicated to the project. Each vehicle has one male and one female doctor, two nurses, a medical attendant and a driver. The vans are equipped with basic kits such as diagnostic kit, blood pressure measuring unit, medicines and a mobile stretcher. More than 3,57,828 patients have been treated in these service camps since its inception in 2003.

xi. Developing and maintenance of public areas and Contribution to Technology Business Incubator

Your Company contributed in the area of maintenance and development of road central medians and protection of flora and fauna of the public areas near the Company's Head Office, its Regional Offices and Factory locations along with contribution to Non-Academic Technopark Technology Business Incubator (TBI) not located within an academic Institution but approved and supported by Department of Science and Technology, Government of India and will continue to explore more opportunities towards it.

SECTION B**Improving Health and Wellbeing:****i. Handwashing Behaviour Change Programme**

Around 0.9 million children under the age of five die due to diarrhoeal and respiratory diseases in India*. Handwashing with soap has been cited as one of the most cost-effective solutions to improve health and hygiene and reduce infant mortality. A review of several studies shows that the simple act of handwashing with soap reduces the incidence of diarrhoeal diseases by an average of 30%**. Your Company's Lifebuoy handwashing behaviour change initiative helps in promoting the benefits of handwashing with soap at key times during the day and encouraging people to adopt and sustain good handwashing behaviour. Lifebuoy was one of the first

brands to rise to the occasion and provide hygiene products and relief material to frontline health workers, police force, paramilitary force, various government state bodies, and NGOs. It worked with the BMC (Brihanmumbai Municipal Corporation) to make an awareness film, and also collaborated with NGOs to set up handwashing stations in high footfall areas. From 2010 to end of 2020, your Company has reached out to over 73 million people in India through the handwashing behaviour change initiatives. Your Company has been driving handwashing behaviour change programmes in partnership with Global Alliance for Vaccine Initiative (GAVI), Project Hope, Power of Nutrition, Bharat Scout and Guide, Naman Seva Samiti, NGOs in Uttar Pradesh, Jharkhand, Orissa, Madhya Pradesh and Maharashtra. Through the programmes, the practice of using soap at critical occasions, awareness and knowledge of how visibly clean is not clean is spread across communities, thereby protecting people from infections.

*<https://data.unicef.org/country/ind/>

** <https://www.unicef.org/india/stories>

ii. Wellbeing and Nutrition Initiatives

Your Company continuously works to improve the taste and nutritional quality of its products using globally recognised dietary standards. By 2020, we will double the proportion of our portfolio that meets the highest nutritional standards, based on globally recognised dietary guidelines. By the end of 2020, 51%* of your Company's total food and refreshment portfolio met the highest nutritional standards.

*Independently assured by PwC.

iii. Dove Self-Esteem programme

Globally 8 out of 10 girls* opt out of key life activities when they do not feel good about the way they look. In India, 6 in 10 girls* say they do not have high body esteem. Our mission is to ensure the next generation grows up to enjoy a positive relationship with the way they look to reach their full potential. We are helping young people to build positive body confidence and self-esteem.

Being the largest provider of self-esteem education, this project strives to create a world where young people grow up feeling confident and empowered to love themselves no matter what.

For more than 15 years, we have been helping young people with self-esteem education, reaching over 69 million lives globally in 150 countries. In India, we have



been working with partners such as Fountainhead and WAGGs and have reached out to over 1.7 million young people from 2014 to 2020.

In 2019, at Women Deliver, the largest conference on the Health and Rights of Girl & Women, Dove and UNICEF*** announced their partnership to provide self-esteem education to young people globally with a view to reach 10 million lives across 3 countries (India, Indonesia and Brazil). In India, the body confidence education material is committed to empowering 6.25 million young people across eight states by 2024, out of the 10 million lives.

*Claims are based on research conducted by Edelman Intelligence (2017). n = 5165 girls aged 10-17 across 14 countries

** The 2017 Dove Global Girls Beauty and Confidence Report

*** UNICEF does not endorse any company, brand, product, or service.

iv. Domex Disinfect for Safety Initiative

Domex, your Company's Home and Hygiene brand, expanded beyond toilets to offer clinical disinfection products and services in response to the Covid-19 pandemic. Domex partnered with the Municipal Corporation of Greater Mumbai to offer disinfection services for key strategic places including public toilets. Domex also partnered with Mumbai's railways as they opened up their services to general public to help disinfect key stations like CST, Dadar, Thane, Andheri and Borivali.

Since 2017, Domex Toilet Academy (DTA) moved its focus from 'Access' to 'Usage' through a science-based behaviour change model. DTA had partnered with PSI India to reach out to 0.8 million people in 400 villages in Chittoor, Andhra Pradesh with strategic interventions and communications between 2017-2020. This behaviour change model has shown encouraging results with a sharp increase in toilet usage and cleaning across age groups and gender. The scale-up model has been adopted and is being implemented by the government from their resources across the district in 1,372 villages.

Reducing Environmental Impact:

i. Reducing GHG, Waste, Water in Manufacturing

In 2020, CO₂ emissions per tonne of our production reduced by 91%**. Water usage (cubic meter per tonne of production) in manufacturing operations reduced by 54%**. Total waste generated from the factories reduced by 59%**. Your Company maintained the status of 'zero non-hazardous waste to landfill' in all its factories and offices. 100% of the

non-hazardous waste generated at our factories was recycled or reused or sent for energy recovery in environment friendly ways.

** compared to 2008 baseline

ii. Sustainable Sourcing

In 2020, 93% of tomatoes used in Kissan ketchup continued to be sourced sustainably. In 2020, over 67% of Tea in India procured for Unilever brands was sourced from sustainable sources. By the end of 2020, 100% of the chicory was sourced sustainably as all the Unilever chicory farmers in India were covered under the Unilever Sustainable Agriculture Code providing farmers knowledge and expertise in sustainable agriculture practices.

Enhancing Livelihoods:

i. Glow & Lovely Career Foundation

Glow & Lovely Careers is a mobile platform designed to help women create an identity for themselves by providing them career guidance, skill-based courses and information on job opportunities. The platform addresses multiple skilling barriers that girls and women in India face including limited access to transportation, lack of parental permission, high cost of courses and very few quality local institutes. The platform is powered by a range of high quality education and career guidance partners including established edtech companies like edX, English Edge, Hello English and start-ups such as www.testbook.com and www.idreamcareer.com. Over 1 million users have registered on the platform till 2020 year end. The platform has facilitated over 4,30,000 course enrolments and supported over 3,60,000 users in accessing relevant Career Guidance.

ii. Rin Shine Academy

Rin Shine Academy (erstwhile Rin Career Ready Academy) aims to provide career readiness skills to the youth in India. It focuses on three simple but valuable skills which are English Speaking, Office Dressing and Interview Training. Keeping up with the times, the delivery platform has now changed from IVRS & Website to a Mobile App. So far, over 6,37,178 people have benefitted from this programme.

iii. Kwaliti Wall's Vending Operations

Our Kwaliti Wall's mobile vending initiative, 'I am Wall's', has provided entrepreneurship opportunities to 14,283 people and 153 differently-abled persons across India. This programme has helped vendors become self-sufficient micro-entrepreneurs selling ice

Annexure to the Report of Board of Directors (continued)

creams on the move, helping us reach more consumers on the street. It equips people with skills such as sales, customer service and problem-solving and provides many young people with work experience as they step into the job market.

Your Company's work over the last several years has touched large number of people in India. To scale up your Company's initiatives, partnerships are crucial. Your Company is working in partnership with Governments, NGOs, suppliers and others to help forge alliances and address big societal challenges.

The above is a brief overview of the Corporate Social Responsibility projects undertaken by your Company and the work your Company does under the Compass strategy.

Your Company has shared further progress on the sustainability initiatives and partnerships in the Business Responsibility Report in line with the key principles enunciated in the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' framed by the Ministry of Corporate Affairs. The Business Responsibility Report forms a part of this Annual Report.

2. COMPOSITION OF CSR COMMITTEE:

Please refer page nos. 89 and 91 of the Corporate Governance Report for details on the composition of the CSR Committee, number of CSR Committee Meetings held and attended by the members during the year.

3. WEB-LINK WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY.

The web-links are as follows:

1. Composition of CSR Committee: <https://www.hul.co.in/about/our-leadership/?topics=462598>
2. CSR Policy and CSR Projects approved by the Board of Directors: <https://www.hul.co.in/investor-relations/corporate-governance/hul-policies/corporate-social-responsibility-policy/>

4. DETAILS OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014.

Company has been conducting internal impact assessments to monitor and evaluate its strategic CSR programmes. The Company takes cognizance of sub-rule (3) of rule 8 of the Companies CSR Policy Rules 2014 and shall initiate steps to conduct impact assessment of CSR projects through an independent agency from the financial year 2021-22, for the applicable projects.

5. DETAILS OF THE AMOUNT AVAILABLE FOR SET OFF IN PURSUANCE OF SUB-RULE (3) OF RULE 7 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 AND AMOUNT REQUIRED FOR SET OFF FOR THE FINANCIAL YEAR, IF ANY

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
		Nil	
			(₹ crores)
6.	Average net profit of the Company as per Section 135(5)		8,087
7.	a) Two percent of average net profit of the Company as per Section 135(5):		161.70
	b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years		Nil
	c) Amount required to be set off for the financial year, if any		Nil
	d) Total CSR obligation for the financial year (7a+7b-7c)		161.70

8. a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount Unspent (₹ In crores)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
165.08	Nil	Nil	Nil	Nil	Nil



b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	State	District	Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency CSR Registration number
Nil											

c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act*	Local area (Yes/No)	Location of the project District, State		Amount spent for the project (in ₹)	Mode of implementation Direct (Yes/No)	Name	CSR Registration number
1.	Project Shakti	(ii)	No	PAN India		57.29	Yes	NA	NA
2.	Project SASB	(i) & (iv)	No	PAN India		4.52	Yes	NA	NA
3.	Water Conservation Projects	(iv)	Yes	PAN India		15.72	No	Hindustan Unilever Foundation (HUF)	CSR00001805
4.	Project Prabhat	(ii) & (x)	Yes	PAN India		5.33	No	Please refer Note 2	-
5.	Asha daan	(iii)	Yes	Mumbai, Maharashtra		0.70	Yes	NA	NA
6.	Ankur	(iii)	Yes	Tinsukia, Assam		0.35	Yes	NA	NA
7.	Sanjeevani	(i)	Yes	Tinsukia, Assam		0.61	Yes	NA	NA
8.	Promoting Nutrition & Hygiene	(i)		PAN India		7.68	No	Please refer Note 2	-
9.	Covid-19 Relief Work	(i) to (xii)	Yes	PAN India		61.58	Yes	NA	NA
10.	Road Beautification	(iv)	Yes	Mumbai, Maharashtra		0.60	Yes	NA	NA
11.	Suvidha Sanitation facility	(i) & (iv)	Yes	Mumbai, Maharashtra		4.14	No	United Way	CSR00000762
12.	Plastic Waste Management	(iv)		Mumbai & Nasik Maharashtra		3.67	Yes	NA	NA
Total						162.19			

*Note 1:

- Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently-abled and livelihood enhancement projects.
- promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

Annexure to the Report of Board of Directors (continued)

- iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water, including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- v) Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Biotechnology (DBT), Department of Science and Technology (DST), Ministry of Electronics and Information Technology engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
- vi) Rural development projects.
- vii) Disaster management, including relief, rehabilitation and reconstruction activities.

Note 2:**i) Project Prabhat Implementing Agencies**

Sl. No.	Name of Organisation	CSR Registration number
1	Labour Net Services India Private Limited	N.A.
2	Mann Deshi Foundation	Applied, Awaited
3	Yusuf Meherally Centre (YMC)	To be applied
4	Anudip Foundation	CSR00000060
5	Institute of Livelihood Research and Training	CSR00001484
6	Mooo Farm Pvt. Ltd. (Avteg Pvt. Ltd)	N.A.
7	Foundation for Rural Entrepreneurship Development	To be applied
8	SWAYAMBHU Innovative Solutions Pvt Ltd (Sugam Jagriti)	N.A.

ii) Project Promoting Nutrition & Hygiene Implementing Agencies

Sl. No.	Name of Organisation	CSR Registration number
1	SAKSHI	CSR00000232
2	School Health Annual Report Program	CSR00002238
3	JanKalyan Welfare Society	CSR00003146
8	Akshya Patra	N.A.

iii) List of HUF's Partner Agencies

Advanced Center for Water Resources Development and Management (ACWADAM), Aga Khan Rural Support Programme (India) – AKRSP (I), BAIF-MITTRA, BAIF-SPESD, BAIF Development Research Foundation (BAIF), Center for International Projects Trust (CIPT), Development Support Centre (DSC), DHAN Foundation, Foundation for Ecological Security (FES), Mysore Resettlement and Development Agency (MYRADA), Parmarth Samaj Sevi Sansthan (PSSS), People's Action for National Integration (PANI), Professional Assistance for Development Action (PRADAN), Samaj Pragati Sahayog (SPS), SAMUHA, Sanjeevani Institute for Environment and Development (SIED), Self-Reliant Initiatives through Joint Action (SRIJAN), Vikram Sarabhai Centre for Development Interaction (an activity of Nehru Foundation for Development) (VIKSAT), Villgro Innovations Foundation, Watershed Organisation Trust (WOTR)

Note 3:

During the year, the Company has spent an amount of ₹1,488 lakhs on Glow & Lovely Foundation and ₹60 lakhs on Rin Shine Academy. However, these spends have not been considered for the purpose of computing prescribed CSR spend of two percent of the Average Profits.

d) Amount spent in Administrative Overheads	₹2.89 crores
e) Amount spent on Impact Assessment, if applicable	Nil
f) Total amount spent for the financial year (8b+8c+8d+8e)	₹165.08 crores



g) Excess amount for set off, if any:

Sl. No.	Particular	Amount (₹ crores)
(i)	Two percent of average net profit of the Company as per Section 135(5)	161.70
(ii)	Total amount spent for the financial year	165.08
(iii)	Excess amount spent for the financial year [(ii)-(i)]	3.38
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (₹)	Date of transfer	
Nil							

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project- Completed/ Ongoing
Nil								

10. CREATION OR ACQUISITION OF CAPITAL ASSET, FURNISH THE DETAILS RELATING TO THE ASSET SO CREATED OR ACQUIRED THROUGH CSR SPENT IN THE FINANCIAL YEAR (ASSET-WISE DETAILS)

(a)	Date of creation or acquisition of the capital asset(s).	Nil
(b)	Amount of CSR spent for creation or acquisition of capital asset.	Nil
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	Nil
(d)	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	Nil

11. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SECTION 135(5).

Not Applicable

On behalf of the CSR Committee

Sanjiv Mehta

Chairman & Managing Director
DIN: 06699923

O. P. Bhatt

Chairman CSR Committee
DIN: 00548091

Mumbai, 29th April, 2021

Annexure to the Report of Board of Directors

Business Responsibility Report

SECTION A – GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L15140MH1933PLC002030
2.	Name of the Company	Hindustan Unilever Limited
3.	Registered address	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai-400 099
4.	Website	www.hu.co.in
5.	E-mail id	levercare.shareholder@unilever.com
6.	Financial Year reported	1st April, 2020 to 31st March, 2021
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	<ul style="list-style-type: none"> • 20231 Soaps • 20233 Detergents • 20236 Shampoos • 20235 Toothpastes • 20234 Deodorants • 20237 Cosmetics • 10791 Tea • 10792 Coffee • 10750 Packaged Foods (Including Frozen Desserts) • 27501 Water Purifiers • 28195 Air Purifiers • 10794 Malt based foods
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	<ul style="list-style-type: none"> • Home Care (Fabric Solutions, Home and hygiene and Life Essentials) • Beauty & Personal Care (Skin Cleansing, Skin Care, Hair Care, Oral Care, Colour Cosmetics and Deodorants) • Foods & Refreshment (Culinary products, Foods, Health Food Drinks, Tea, Coffee, Ice cream and Frozen Desserts)
9.	Total number of locations where business activity is undertaken by the Company	
i.	Number of International Locations	None
ii.	Number of National Locations	<ul style="list-style-type: none"> • Registered Office: Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai-400 099 • Research Centre: 64, Main Road, Whitefield P O, Bangalore-560 066 9th Floor, Prestige Shantiniketan, the Business Precinct, Tower-A, Whitefield Main Road, Bangalore-560 048 • Regional Office (East): Brooke House, 9 Shakespeare Sarani, Kolkata-700 071 Unit 208, 2nd floor, Ecospace Campus B (3B), Rajarhat, North 24 Parganas, Kolkata-700 156 • Regional Office (West): Uttara, Plot No. 2, Sector No. 11, CBD Belapur, Navi Mumbai-400 614 6th floor, Part A, Westin building, Oberoi Commerz Garden City, Off Western Express Highway, Goregaon (East), Mumbai-400 068



- **Regional Office (North):**
Block No. A, Plot No. B, South City I, Delhi-Jaipur Highway, Gurgaon-122 001
24 floor, One horizon Center, Golf Course Road, DLF Phase 5, Gurgaon-122 002
Research & Development Centre, Plot No. 67, Sector-32, Gurgaon-122 001, Haryana
Training Centre, EG-1/32, Garden estate, Gurgaon
- **Regional Office (South):**
101, Santhome High Road, Chennai-600 028
6th floor, KRM Towers, No. 1, Harrington Road, Chetpet, Chennai-600 031
- **Regional Office (Central):**
Office Space Number 101, 102, 103, 108 and 109, Shalimar Titanium, Vibhuti
Khand, Gomti Nagar, Lucknow, Uttar Pradesh-226 010
Unit No. 511 To 514, 5th Floor, Princes' Business Skypark, Block No. 22,23,24,
Sch No. 54, Pu-3 Commercial, Opposite Orbit, A. B. Road, Indore-452 001,
Madhya Pradesh

Details of manufacturing locations are provided at page no. 271 of this Report.

10. Markets served by the Company India

SECTION B – FINANCIAL DETAILS OF THE COMPANY

(₹ lakhs)

1. Paid-up Capital	23,496
2. Total Turnover	45,31,115
3. Total profit after taxes	7,95,436
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of average Net profit of the Company for last 3 financial years	16,508
5. List of activities in which expenditure in 4 above has been incurred: Please refer to CSR Annual Report from page nos. 56 to 62 of this Report.	

SECTION C – OTHER DETAILS

1. Does the Company have any Subsidiary Company/Companies?	As on 31st March, 2021, the Company has 12 Subsidiary Companies. Hindustan Unilever Foundation and Bhavishya Alliance Child Nutrition Initiatives-both are not-for-profit Companies incorporated to promote and implement the Corporate Social Responsibility agenda. Both the Companies work in the areas of social, economic and environmental concerns and contribute to the sustainability initiatives of the Company. In addition, Unilever India Exports Limited and Lakme Lever Private Limited also contribute to the sustainability initiatives of the Company.
2. Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) initiatives of the parent company? If yes, then indicate the number of such subsidiary Company(ies)?	
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	Your Company works with stakeholders in its extended value chain through its business responsibility initiatives. Your Company also requires its third-party business partners to adhere to business principles set out in Responsible Sourcing and Business Partnering Policy (RSBPP), which underpin the third-party compliance programme.

Annexure to the Report of Board of Directors (continued)

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

Details of Director/Directors Responsible for BR

The details of members of Corporate Social Responsibility (CSR) Committee and their roles and responsibilities are elaborated in CSR Annual Report and Corporate Governance Report forming part of this Report.

The DIN details of the CSR Committee members are as follows:

Name	Designation	DIN
Mr. O. P. Bhatt*	Independent Director	00548091
Dr. Sanjiv Misra	Independent Director	03075797
Ms. Kalpana Morparia	Independent Director	00046081
Mr. Sanjiv Mehta	Chairman and Managing Director	06699923
Mr. Srinivas Phatak	Executive Director, Finance & IT and Chief Financial Officer	02743340

*Chairman

Details of BR Head:

The Company has a governance mechanism and scorecard to monitor the progress on Unilever Compass sustainability commitments. The Compass leadership team reports the progress to the Chairman and Managing Director and Management Committee on a quarterly basis.

Particulars	Details
DIN Number	06699923
Name	Sanjiv Mehta
Designation	Chairman and Managing Director

PRINCIPLE-WISE (AS PER NVGs) BR POLICY/POLICIES (REPLY IN Y/N)

Respect and Integrity for its people, environment and other businesses have always been at the heart of your Company's Corporate Responsibility. Your Company's Corporate Purpose is to make Sustainable Living Commonplace and it believes that this is the best way to deliver long-term sustainable growth.

This purpose is supported by the Code of Business Principles (CoBP), which describes the standards that everyone at Hindustan Unilever follow. Unilever Compass sustainability commitments are the Company's blueprint for achieving sustainable growth.

CoBP and the Unilever Compass sustainability commitments framework supplement the requirements under the National Guidelines issued by the Ministry of Corporate Affairs and cover principles beyond those enunciated under the National Guidelines.

The National Voluntary Guidelines provide the following nine principles.

Principle 1: Ethics, Transparency and Accountability [P1]	Principle 6: Environment [P6]
Principle 2: Products Lifecycle Sustainability [P2]	Principle 7: Policy Advocacy [P7]
Principle 3: Employees' Wellbeing [P3]	Principle 8: Inclusive Growth [P8]
Principle 4: Stakeholder Engagement [P4]	Principle 9: Customer Value [P9]
Principle 5: Human Rights [P5]	



(a) Details of compliance (Reply in Y/N)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy confirm to any national/international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The CoBP of the Company confirms to the United Nations Global Compact (UNGC) guidelines and International Labour Organisation (ILO) principles.								
4	Has the policy been approved by the Board. If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The CoBP and the Compass sustainability commitments are frameworks adopted by Unilever globally and have been adopted by the Company.								
5	Does the Company have a specified Committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The CoBP is administered under the overall supervision of the Management Committee of the Company, headed by the Chairman and Managing Director. The Audit Committee of the Board reviews the implementation of CoBP. The CSR Committee of the Board reviews the implementation of the Unilever Compass sustainability commitments besides the scope that has been laid out for this Committee under the Companies Act 2013.								
6	Indicate the link for the policy to be viewed online	Unilever Compass sustainability commitments: https://www.hul.co.in/planet-and-society/ CoBP: https://www.hul.co.in/Images/4297-cobp-summary-doc_tcm1255-409220_en.pdf Supplier Code: https://www.hul.co.in/about/purpose-values-principles/Business-Partner-Code/								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	-	Y	Y	Y	Y	-	-	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: **Not Applicable**

GOVERNANCE RELATED TO BR

The Management Committee of the Company reviews complaints, issues and concerns received under the CoBP framework as well as the implementation of the CoBP on a monthly basis. The Audit Committee of the Company reviews the implementation of the CoBP on a quarterly basis. The CSR Committee of the Company comprising a majority of Independent Directors is responsible for formulating, implementing and monitoring the CSR Policy of the Company. The Committee meets at least twice a year to review progress on various sustainability initiatives, including progress under the Unilever Compass sustainability commitments.

Reporting progress to stakeholders on Unilever Compass sustainability commitments forms an important part of the governance procedures of your Company. The Unilever Compass sustainability commitments can be accessed at <https://www.hul.co.in/planet-and-society/>. In line with the requirements of the Companies Act, 2013, your Company has also published the CSR Annual Report which forms part of this Annual Report. The CSR Annual Report and this Business Responsibility Report can be accessed at <https://www.hul.co.in/investor-relations/annual-reports/>.

Annexure to the Report of Board of Directors (continued)

PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY

Businesses should conduct and govern themselves with ethics, transparency and accountability

The standards on ethics, transparency and accountability are stated under the CoBP and Code policies of your Company. CoBP is the statement of values and represents the standard of conduct which everyone associated with your Company is expected to observe in all business endeavours. Your Company also has a Whistle-Blower Policy which allows employees to bring to the attention of the Management, promptly and directly, any unethical behaviour, suspected fraud or irregularity in the Company practices which is not in line with the CoBP. The CoBP and Whistle-Blower Policy and their implementation are explained in detail under the Report of Board of Directors and the Corporate Governance Report.

PRINCIPLE 2: PRODUCTS LIFECYCLE SUSTAINABILITY

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Consumers increasingly prefer responsible brands and responsible businesses. Your Company's brands have integrated responsibility and sustainability into both their purpose and products. For example, your Company's brands such as Pureit (Water), Domex (Sanitation) and Lifebuoy (Hygiene) have driven the water, sanitation and hygiene (WASH) agenda in India. Your Company has reached over 154 million people by end of 2020 through its initiatives in the area of health and Wellbeing and has also contributed to an important national agenda through its Swachh Aadat, Swachh Bharat programme.

Life Cycle Analysis (LCA) is one of several techniques your Company uses. It enables the Company to understand the impact of its products across each stage of their life cycle—from the sourcing of raw materials to product manufacturing, distribution, consumer use and disposal. We use LCA in three main ways:

- 1. New Product Design:** LCA is used to compare the environmental performance of new vs. existing products—helping to guide the choices product developers make. It is also used to communicate the environmental performance of our products to consumers.
- 2. Existing products:** LCA helps the Company identify opportunities to improve the environmental impact of existing products. It can also improve the quality and availability of data used by us and others e.g. it

is used when working with suppliers to reduce the environmental impact of our ingredients.

- 3. Science and Methodology:** Your Company engages with partners to develop and promote the science used for LCA, aiming to improve both the robustness and scope of life cycle-based approaches and assessment. Your Company has contributed to the science of LCA assessment methods in a number of areas including land use, biodiversity and water-related impacts and the challenges of applying a planetary boundary-based approach.

Sustainable purpose, sustainable products

The Company's purpose-driven brands are not limited to being socially relevant but are also environmentally sustainable. Many of your Company's food products are made from sustainably sourced agricultural raw materials. For example, 93% of tomatoes used in our Company's Kissan ketchup are from sustainable sources. This sustainable sourcing is enabled through partnerships with various private and Government bodies. Over 67% of the Tea sourced from India for Unilever brands was from sustainable sources. In 2020, we continued our process of buying RSPO (Roundtable on Sustainable Palm Oil) certified palm oil to achieve the ambition of reaching 100% sustainable sourcing. Your Company has embarked upon a journey to source deforestation-free palm oil by 2023 by working with supply partners. Your Company uses 100% of paper and board in packaging sourced from mills that are certified sustainable by Forest Stewardship Council (FSC). Your Company is also working through its supplier partners with 15,000 smallholder farmers for sustainable farming of gherkins, that are exported to multiple countries for Unilever. This is a part of the innovative Responsible Farming Programme that aims to increase productivity, develop best practices and improve livelihoods.

Your Company had taken an environment-friendly target of eliminating coal usage in its operations by 2020. All coal using boilers will be modified to use Biomass briquettes and other renewable fuels. This will result in substantial reduction in our fossil fuel usage and corresponding reduction in carbon footprint. The same will be extended to the sites acquired upon the merger of erstwhile GSK CH sites also by 2021. Further, your Company shall source 100% of its energy across its operations from renewable sources by 2030.

Product safety

Being responsible also means ensuring that your Company's products are of high quality and completely safe for use by its consumers, employees and the



environment. Unilever has a Safety & Environmental Assurance Centre (SEAC) which assures the safety and environmental sustainability of the products as well as the processes used to manufacture them. Your Company works closely on all safety and environmental assurance aspects with SEAC and releases any new product to the market after a successful product safety assessment from SEAC.

Your Company also follows processes and protocols to ensure that consumers get quality products and their safety is assured during the life cycle of product distribution and usage.

In case consumers face any issues with the products, they can reach the Company through Levercare—an initiative of the Company that allows consumers to register complaints and obtain information regarding the Company's products.

PRINCIPLE 3: EMPLOYEES' WELLBEING

Businesses should promote the Wellbeing of all employees

Your Company's Wellbeing strategy is central to employee experience and productivity. In our endeavour to unlock 'Wellbeing', we implemented a powerful framework — 'Wellbeing for All', that offers customised solutions to employees, including all the blue-collared workforce who have also been benefitted through additional support on medical facilities, mental wellbeing and one-on-one connects with management team members. This has enabled us to create safe psychological spaces within the organisation enabling employees to bring their best selves to work.

Safety Vision – An incident-free organisation

Your Company is committed to become a safe and injury-free organisation. Our purpose in safety is that we deeply care for our people and partners and we do not want anyone to get injured while working with us. During 2020, your Company took focused approach to address key risk of our operation. Your Company deployed stringent safety protocols to ensure safety of its people during Covid-19 pandemic. Your Company continues to review and strengthen its safety systems to ensure continual improvements. Company's safety performance is regularly reviewed by Central Safety, Health and Environment Committee, which consists of all Members of Management Committee and is led by the Chairman and Managing Director.

Employee Wellbeing

Post Covid-19, employee wellbeing emerged as a key priority across Unilever and has been on top of the Company's agenda. During the year, your Company built-

in a systemic approach on wellbeing embedding robust interventions with customised approach. Early in the journey, your Company designed 'What's your Wellbeing Quotient', enabling 2,200+ employees to craft personalised wellbeing plans. Your Company offered curated solutions aligned to its wellbeing framework investing over 13,000 hours in 2020. As a result of the sustained efforts, your Company saw the reflections in internal employees' survey UniVoice—90% score on Unilever cares for my wellbeing, 900 bps improvement on wellbeing scores over last two years. Your Company has built in employee support programmes through Employee Assistance Programme which is not only open for employees but also for their families in 11 languages. Your Company has also created a network of its employees who are trained on mental health to support their peers in the bid to create psychological safety for all. Your Company appreciates that wellbeing is central to employee experience and its people strategy. Your Company is looking at wellbeing through the lens of external trends as well and keen to implement the best industry practices.

Building capabilities for the future

Your Company continue to build organisational capabilities with a clear focus on functional learning priorities to make its people future-fit and purpose-led. To prepare its end-to-end value chain for technology-led consumption models, your Company is investing significantly in its digital transformation programme – 'Reimagine HUL'. A Digital Council comprising of cross functional leaders is the Steering Committee for the initiative. Building niche digital skills of its leaders and upgrading digital skills of the employees are central to this transformation agenda. Your Company is moving from Mass to Precision learning plans for its leaders and teams who are leading and scaling up digital experiments across various parts of its business.

Your Company is building leaders of the future with a growth mindset who are equipped and empowered to thrive in this dynamic environment. As part of the same, all employees will embark on a journey of creating their individual future-fit plans that will have an optimal balance of their purpose, wellbeing, standards of leadership and key focus skills, given the context of their roles. This will be supplemented by a detailed action plan that each leader and employee will create for their own development.

Your Company continues to explore newer channels of learning with platforms like Degreed, Udemy and LinkedIn learning. Your Company has seen a shift in consumption of learning which is now byte-sized modules consumed on the go. This was the year of byte-sized continual learning, where

Annexure to the Report of Board of Directors (continued)

employees invested disproportionately in self-learning and development. Over the year, your Company clocked 1,20,000 leader-led learning hours, with 8,000 employees logging on to online learning platform-Degreed. Through the course of the year, employees completed 1,31,000 pieces of content through online learning. Your Company launched a year-long campaign of integrated learning #HULLearnsTogether which brought us a 300 bps improvement on – 'I can access the learning resources I need to do my job effectively' in UniVoice.

Diversity and inclusion

Your Company continues to place significant importance on diversity and inclusion (D&I) in the workplace. Active steps have been taken over the years to improve gender balance, with a focus on managerial and senior leadership levels. The progress continues on account of enablers such as focusing on hiring top women talent across work levels, providing career development and mentorship opportunities, agile working and parental support. As part of the journey on becoming a balanced organisation in the coming years, your Company took a small step in 2020 by induction of female shop-floor employees at our Haldia factory.

In March 2020, your Company launched the #HULStandsforWomenSafety initiative in partnership with Son Rise and UN Women to encourage each employee to take the HeforShe Pledge. In continuation to this journey your Company has committed to cover 1 lakh+ women in 2021 across its value chain through an education and awareness campaign around safety at home, at workplace and in public spaces.

With the alarming rise in domestic violence cases during the lockdown your Company took the baton to be the first employer in India to formally launch a holistic, gender-neutral policy for survivors of domestic and other abuse providing them access to counselling, special paid leave for relevant appointments with support agencies and solicitors, temporary/permanent changes to working times and patterns etc.

- **Inclusion of Persons with Disability (PWD):** We are committed to including persons with disability into our employment ecosystem and workforce. Your Company allows for Voluntary Self Disclosure and Reasonable Accommodation Policy to enable employees to discreetly disclose their disability and avail support.
- **LGBTQ+ Inclusion:** The Company continues to create awareness about diversity of genders and orientations and build a culture of allyship through

inclusion workshops, trainings, and celebration of game changers from the community. In this journey an acknowledgement of our continued efforts on LGBTQ+ inclusion has been our selection as a "GOLD Employer" by Stonewall India, in the 2020 India Workplace Equality Index (IWEI). Your Company has also ensured provision of all gender inclusive restrooms across its main offices.

Affirmative action and prevention from sexual harassment

Your Company believes in providing Equal Opportunity/Affirmative Action. It has a Policy on Affirmative Action and a Policy on Prevention of Sexual Harassment at Workplace (POSH Policy) to provide a work environment that ensures every person at the workplace is treated with dignity, respect and afforded equal treatment. Sexual harassment cases are dealt with as per the Company's POSH Policy, the CoBP and applicable laws. During the year, the POSH Policy of the Company was made not only gender neutral but also LGBTQ+ inclusive, clearly detailing the governance mechanisms for sexual harassment issues relating to women and other genders/sexual orientations. Communication is sent to all employees on a regular basis on various aspects of Prevention of Sexual Harassment at Workplace through e-articles and other means of communication. During the year 2020-21, five complaints with allegation of sexual harassment were filed with the Company and the same have been handled as per the provisions of the Prevention of Sexual Harassment At Workplace (Prevention, Prohibition and Redressal) Act.

More than 1,500 people were trained on the subject of Prevention of Sexual Harassment at Workplace and related topics. Trainings included:

- Induction sessions for new joiners/trainees/interns/third-party business partners on the subject of Prevention of Sexual Harassment of Women at Workplace.
- Employees across locations were taken through a refresher cascades on appropriate workplace behaviours, gender sensitisation and Prevention of Sexual Harassment at Workplace.

Fair labour practices

Your Company drives fairness in the workplace by advancing human rights across its operations and extended supply chain. Your Company has an excellent record on industrial relations. Your Company currently has over 12,482 blue collar employees and has over 8,400 people employed on contractual/temporary basis as on 31st March, 2021.



Freedom of association, participation and collective bargaining

All workers are free to exercise their right to form and/or join trade unions or to refrain from doing so and to bargain collectively. There are 90+ employee associations across your Company.

More than 10,000 permanent employees are members of these associations. There are over 161 female shop-floor blue collar employees and over 19 permanent shop-floor blue collar employees with disabilities in your Company's factories.

During the last year, your Company entered into long-term settlements with around 6,793 employees across India.

Managing grievances

Your Company's grievance redressal mechanisms ensure that all employees and third parties can raise issues and concerns. The CoBP and Whistle-Blower Policies provide for reporting in confidence of issues like child labour, sexual harassment etc. The Company has established a vigil mechanism for Directors and employees to report their genuine concerns, details of which have been given in the Corporate Governance Report. During the financial year, there have been no complaints alleging child labour, forced labour, involuntary labour and discriminatory employment.

PRINCIPLE 4: STAKEHOLDER ENGAGEMENT

Businesses should respect the interests of, and be responsive towards all stakeholders', especially those who are disadvantaged, vulnerable and marginalised.

Your Company actively engages with stakeholders in its own operations and beyond to bring transformational change.

Internal and external stakeholder engagement and partnership is essential to grow your Company's business and to reach the ambitious targets set out in the sustainability initiatives and sustainability targets. The CoBP and Code Policies guide how your Company interacts with the partners – among other suppliers, customers, Governments, Non-Governmental Organisations (NGOs) and trade associations. Only authorised and appropriately trained employees or representatives can engage with these groups. All engagement must be conducted in a transparent manner with honesty, integrity and openness; in compliance with local and international laws and in accordance with Unilever's values. The Company engages in multiple ways with important stakeholders:

Suppliers

Every day, we work with thousands of suppliers who are helping us achieve success in the market. Our suppliers help us innovate, create value, build capacity and capability, deliver quality and service and drive market transformation. The year 2020 has been a challenging year for our suppliers and partners. Initial lockdowns affected production, and their cash flow. Border restrictions hampered logistics; and new government regulations to protect people and ensure safe working environments demanded new ways of working, often at very short notice. Our suppliers were looking up to us for support in terms of working capital and simple ways to engage so that there is clarity in the ways of working. The Company introduced a number of interventions to support suppliers during the pandemic, including permissions from government for keeping units running, providing cashflow relief, and protected salaries of third-party employees. We started a programme 'Together We Can' with suppliers to secure availability of essential materials and protect our financial model. We continue investing in long-term mutually beneficial relationships with our key suppliers through our Partner with Purpose programme, so we can share capabilities and co-innovate for mutual growth.

Consumers and customers

Your Company has consistently showed resilience and strength of purpose across different stakeholders in its pandemic response, prioritising safety and wellbeing while ensuring availability of your Company's essential products and services to consumers.

- **Following the People:** Channeling the robust 'Winning In Many Indias' (WiMi) structure established in 2016, your Company has successfully pin-pointed demand shifts induced by reverse migration, resurgence of neighbourhood stores over supermarkets and growth of e-Commerce during the Covid-19 pandemic in India. Combining external indicators such as welfare subsidies and mobility data with trends seen in internal sales, your Company has successfully identified focus districts and focus portfolios for driving distribution. By aligning business goals with these focus areas, the Company maximised growth, availability and brand presence across categories and population strata in these focus areas.
- **Working with Technology:** The strength of your Company's prowess in technology and data-driven decision making came to the fore during the last year,

Annexure to the Report of Board of Directors (continued)

when digital journeys managed to mitigate many of the challenges faced due to physical restrictions amidst strict lockdowns across India. Your Company's investment in an eB2B order capturing app-enabled retailers to place contactless orders safely and provided them visibility into the fulfilment of these orders through logistics tie-ups and intuitive interfaces. Your Company has also developed a highly-used One-Stop App platform for distributors, sales officers and managers across HUL to improve engagement and provide actionable MIS on-the-go. During the pandemic, your Company leveraged the platform to deliver critical safety education information, help distributors manage funds and unify all stakeholders in their tracking of business goals through prompt insights and notifications.

- **Protecting Outer Core:** Your Company has shown empathy and solidarity towards not just immediate employees, but also towards the employees of our business partners, customers and retailers, prioritising their safety and welfare. Your Company has ensured distribution of sanitisers, face masks and face shields to all our outer core workers and enforced social distancing and staggered working during periods of high footfall in organised retail, demonstrating our People First culture in market and winning hearts across.
- **Levercare:** Your Company has Levercare, a toll-free number, an e-mail and a postal address where consumers can reach the Company directly. Levercare gives consumers the promise of better service and helps the Company to connect with consumers and understand their needs, expectations and aspirations. It helps consumers voice their queries, grievances and offer suggestions and ideas. Levercare has leveraged technology to deliver personalised service that helps build one-on-one relationships with consumers and customers to delight them. Detailed description of more such initiatives is given in Principle 9 (Customer Value).

Shareholders and investors

Your Company regularly interacts with its shareholders and investors through results announcements, annual report, Company's microsite on digital performance highlights, media releases, Company's website and subject-specific communications. The Annual General Meeting gives the shareholders an opportunity to come in direct communication with the Board of Directors and the Management. During this meeting, the Board engages with shareholders and answers their queries on varied subjects.

Your Company has a designated e-mail address for shareholders. The Investor Service Department regularly engages with the shareholders to resolve queries, grievances, if any, and provides guidance to shareholders for any Company-related matters. The Investor Relations team also interacts regularly with investors and analysts, through quarterly results calls, one-on-one and group meetings, participation at investor conferences.

Government

Your Company co-operates and engages with governments, regulators and legislators, both directly and through trade associations, in the development of proposed legislation and regulation which may affect your business interests.

NGOs

Your Company is building transformational partnerships in collaboration with NGOs and other stakeholders who share the Company's vision for a sustainable future. These partnerships are instrumental in improving the quality of people's lives, achieving the Company's sustainability targets and driving the business growth. Your Company's wholly-owned subsidiary, Hindustan Unilever Foundation, partners with several NGOs for undertaking water conservation programmes. The Company has also partnered with NGOs for implementing the Swachh Aaadat curriculum and conducted projects for waste collection and segregation.

Media

Your Company engages with media to update about the developments in the Company. Regular interactions with print, television and online media take place through press releases, media events and quarterly results announcements. Your Company also ensures timely and appropriate responses to media for any information requests within the stipulated disclosure norms.

Employee engagement

Your Company has several communication processes instituted to ensure a two-way communication channel with its employees. Last year, in the challenging environment of Covid-19, employee engagement took a front seat. To keep employee morale high and institute a regular connect became critical. The communication channels leveraged last year include:



- **Virtual townhalls and employee connects:** A series of townhalls and smaller group chats were held virtually to ensure regular connect with employees.
- **Leadership connect:** In factories and offices managers connected with their teams regularly to ensure their physical and mental wellbeing.
- **Covid-19 updates:** Regular communication updates were disseminated regarding the evolving Covid-19 situation and your Company's policies and initiatives.
- **Quarterly Report Back:** Quarterly performance update was delivered by the Management Committee to all employees.
- **Others:** The Company has other in-house communication channels both digital and offline that help employees to connect, bond, inspire, express and celebrate their achievements.

PRINCIPLE 5: HUMAN RIGHTS

Businesses should respect and promote human rights

Your Company seeks to uphold and promote human rights in its operations, in relationships with business and partners; and by working through external initiatives such as the United Nations Global Compact. Unilever has identified eight human rights issues as priority and is committed to addressing them across its operations globally. The eight priority issues are: discrimination, fair wages, forced labour, freedom of association, harassment, health and safety, land rights and working hours. Unilever's approach to managing these critical human rights issues globally is elaborated on the Unilever website.

The report on human rights released by Unilever in 2015 outlines Unilever's goals not only to respect human rights but to actively advance them across all areas of the business.

In India, your Company fully adheres to Unilever's approach to human rights. In addition to this, your Company's CoBP upholds the principles of human rights and fair treatment. The Code also conforms to the International Labour Organisation (ILO) principles.

The principles of human rights are followed in the same spirit within as well as outside the organisation when engaging with business partners. Your Company's Responsible Sourcing Policy for suppliers reinforces the principles of human rights and labour rights for all suppliers of your Company and is available on Unilever's website. No complaints were received regarding human rights violation during the year.

PRINCIPLE 6: ENVIRONMENT

Businesses should respect, protect and make efforts to restore the environment

In line with Unilever Compass sustainability commitments, your Company's vision is to grow the business whilst decoupling the environmental footprint from growth and increasing the positive social impact.

Your Company has been implementing environmental best practices adopted from Unilever operations across the globe in manufacturing operations and has achieved significant reduction of waste (kg/tonne of production), water usage (m³/tonne of production) and greenhouse gas (CO₂) emission (kg/tonne of production).

The reductions for financial year 2020-21 based on 2008 baseline are:

- CO₂ emissions (kg/tonne of production) reduced by 91%*.
- Water consumption (m³/tonne of production) reduced by 54%*
- Total waste (kg/tonne of production) generated from the factories reduced by 59%*

*compared to 2008 baseline

Your Company also segregates and disposes the waste generated in manufacturing operations in an environmentally friendly manner. All our manufacturing sites have not sent any non-hazardous waste to landfills since 2014. The same will be extended to the sites acquired upon the merger of GSK CH with your Company by 2021. Your Company maintained the status of 'zero non-hazardous waste to landfill' in all its factories and offices. 100% of the non-hazardous waste generated at our factories was recycled or reused or sent for energy recovery in environment friendly ways.

Your Company has undertaken multiple sustainability initiatives, which are elaborated as under:

- **Water:** Major contributors to water usage reduction were rainwater harvesting projects, maximising direct rainwater use in processes and utilities, increase in steam condensate reuse, improving recovery efficiency and maximising use of RO plants, reduction of cooling tower drift losses and boiler blowdown optimisation across manufacturing locations.
- **Waste:** Factories have identified creative reuse opportunities for various waste streams. For example, replacing small bags with reusable jumbo bags, reusing packaging material such as drums after washing and cleaning in collaboration with supplier, developing

Annexure to the Report of Board of Directors (continued)

inhouse composing facility for organic waste, sludge reduction by improving efficiency of cleaning process and by introducing sludge drying facilities. All factories have provided segregation at source facilities to improve recyclability.

- **Energy:** Reduction in total energy footprint through upgradation of equipment is an ongoing activity. During the year some of the key energy optimisation projects carried out are: installation of energy efficient motors, installation of VVFDs (advanced digital drives for motors) and centralisation of vacuum pumps at manufacturing sites. Air compressor efficiency improvement and pressure optimisation project was also undertaken in Bhuj with excellent results.
- **CO₂:** Purchase of IREC for Grid Electricity, Coal elimination in Orai, GRF and Haldia factory, Solar initiatives in Doom Dooma, Khamgaon, Amla, Hosur and Bhuj aided in CO₂ reduction. Reduction in total carbon footprint through upgradation of equipment is continuously ongoing activity.
- The contribution of renewable energy in total energy has increased to 79%*
- **Plastic:** Your Company has done significant work in this area. Your Company has collected and safely disposed more than 1.2 lakh tonnes of post-consumer use plastic waste in aggregate since 2018, through collection and disposal partners across India. In 2020, your Company arranged environment friendly plastic waste disposal of over 58,000 tonnes.

*compared to 2008 baseline

**Data is for Calendar year 2020

Monitoring procedures

The progress on sustainability is monitored at different levels as mentioned below:

- **Compass Sustainability Governing Council:** The top leadership from respective business verticals and functions constitute the Compass Sustainability Governing Council. The Company has a governance mechanism and scorecard to monitor the progress on sustainability commitments. The Council reports the progress to the Chairman and Managing Director and Management Committee on a quarterly basis.
- **Global Environmental Performance Monitoring Portal:** A database is maintained for all Unilever sites where environmental performance data is uploaded monthly on the portal. The 'Group Manufacturing Environment Team' monitors the performance against set targets

and provides feedback as well as management updates. Audits are conducted at sites randomly selected by above team through reputed external auditors (e.g. PwC).

- **Environment Sub-Committee:** The Environment Sub-committee consists of team members from various functions such as Supply Chain, Engineering, Finance, Research and Development, Legal and Corporate SHE. It is led by the Executive Director, Supply Chain and convenes periodically to assess EPR (Extended Procure Responsibility) plan execution, Environmental performance in sites (e.g. reduction in water consumption, reduction in waste generation, improved methods for waste disposal, reduction in electricity usage and CO₂ emission etc.) and initiatives like Rain Water use in operations etc.

Risk Assessment

All the emissions/waste generated by your Company are generally within the permissible limits given by respective state Pollution Control Boards (PCBs).

PRINCIPLE 7: POLICY ADVOCACY

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Your Company's approach to advocacy is guided by the CoBP. The Code provides that any contact by the Company or its business associates with government, legislators, regulators or NGOs must be done with honesty, integrity, openness and in compliance with applicable laws. Only authorised and appropriately trained individuals can interact with these organisations. Prior internal approval is required for initiating any contact between the Company, its representatives and officials, aimed at influencing regulation or legislation.

The Company is represented in key industry and business associations which include Confederation of Indian Industry (CII), Federation of Indian Chamber of Commerce and Industry (FICCI), Associated Chamber of Commerce and Industry of India (ASSOCHAM), Bombay Chamber of Commerce and Industry (BCCI) and Advertising Standards Council of India (ASCI).

Many of the Board and senior leadership team members are associated with several global bodies like the World Economic Forum (WEF), United Nations Global Compact (UNGC), apart from the leading business Chambers in India.

Your Company participates in multi-stakeholder engagements and, when relevant, responds to public



consultations. Some of the key issues on which your Company engaged with the government in 2020-21 include:

- Effective plastic waste management.
- Engagement with Government on 'Ease of Doing Business' initiatives, including simplifying and harmonising State and Central laws and compliances.
- Recommending changes on upcoming e-Commerce policy to mitigate the issue of counterfeits and fakes sold online.
- Recommending changes to Consumer Protection Regulations.
- IPR: Recommending changes in the Trademark Act for more effective enforcement against infringers and counterfeiters, parallel imports and better process for recognition and protection of well-known trademarks.
- Effective changes to the Prevention of Sexual Harassment at Workplace.
- Recommending changes and suggestions under the Labour Codes and relevant rules.
- Recommendations on changes in the Legal Metrology Act and Packaged Commodity Rules on decriminalising offences, easing compliances, etc.
- Recommending changes to the proposed law on Drugs and Magic Remedies.
- Representation to Government on the draft membrane-based water purification system regulations.
- Engaging with the Government on the proposed Data Privacy law and the Non-personal data framework report.

PRINCIPLE 8: INCLUSIVE GROWTH

Businesses should support inclusive growth and equitable development

Your Company's inclusive growth approach focuses on improving the livelihoods of smallholder farmers, supporting small-scale retailers and helping young entrepreneurs. Some of the important initiatives are mentioned below

Improving livelihoods of smallholder farmers

Your Company has been associated with a number of smallholder farmers through its supplier partners, training them on good agricultural practices like drip irrigation, nutrient management, pest and disease management to improve their livelihood. Through these programmes,

smallholder farmers have benefitted by a higher yield, more certain demand and higher incomes.

In Tea, Unilever worked with partners like IDH to start the trustea programme in 2012, which was aligned with Unilever Compass sustainability commitments. The programme has now expanded into a much larger scale in the industry. Through the programme, 6,07,000 plantation workers (56% of them women workers) and 65,000 SHFs (about 30% of India's tea SHFs) have been positively impacted. Over 67% of Tea in India procured for Unilever brands is from sustainable sources.

Over 15,000 smallholder gherkin farmers have benefitted from Unilever's innovative Responsible Farming Programme. The aim of this programme is to increase productivity, develop best practices and improve livelihoods of farmers. The gherkins grown in India are exported globally to other Unilever businesses.

Your Company has worked with its suppliers to partner with smallholder farmers for cultivation of tomatoes. These farmers have also benefitted from similar training initiatives. Till date, your Company has reached out to over 10,000 smallholder farmers who cultivated tomatoes on more than 8,500 acres of land.

Your Company has expanded the sustainable sourcing programme to Chicory farming, where 2000 smallholder farmers benefit from the programme.

Empowering women micro-entrepreneurs

Project Shakti is your Company's initiative to provide livelihood enhancing opportunities to women micro-entrepreneurs in rural India. The Shakti Ammas are given training for familiarisation with your Company's products and basic tenets of distribution management. Currently, there are over 1,36,0000 micro-entrepreneurs as part of Project Shakti.

Empowering communities through Prabhat

Project Prabhat is a community development initiative of your Company, that is linked to Unilever Compass. It builds on local community needs at a grassroots level, in line with India's development agenda and UN Sustainable Development Goals (SDGs). By doing so, it's contributing to a fairer and more socially and environmentally inclusive world, while using HUL's scale for good. It ultimately aims to create sustainable communities in and around HUL sites through focused interventions on Economic Empowerment (skilling, entrepreneurship and value chain), Environmental Sustainability (water conservation, waste management

Annexure to the Report of Board of Directors (continued)

and climate adaptation), Health (nutrition, hygiene, sanitation and WASH) and Education (basic infrastructure).

Project Prabhat has reached out to over 6 million people across 19 states and 2 union territories since its inception in 2013. During Covid-19, more than 1.3 million people across 230 locations benefitted from relief kits distribution in 2020, including lifebuoy soaps, grocery kits and food packets.

Rin Shine Academy

Rin Shine Academy (erstwhile Rin Career Ready Academy), aims to provide career readiness skills to the youth in India. It focuses on three simple but valuable skills which are English Speaking, Office Dressing and Interview Training. Keeping up with the times, the delivery platform has now changed from IVRS & Website to a Mobile App. So far, over 6,37,178 people have benefitted from this programme.

PRINCIPLE 9: CUSTOMER VALUE

Businesses should engage with and provide value to their customers and consumers in a responsible manner

While servicing more than 2 million outlets with an extensive network of customers and business partners, your Company has built a future-fit disruption-proof model evolved in response to learnings over the past year. Some of the key areas where we have taken a leap are:

- **Focus on Omnichannel:** Your Company has created teams exclusively to focus on niche aspects such as search and discoverability in the omnichannel space, acquiring new capabilities like performance marketing and visibility optimisation across platforms and partners in this fast-growing and highly competitive arena. Your Company continues to share this expertise and help channel partners evolve and adapt to suit the changing shopping behaviour insights emerging from our rich data ecosystem.
- **Unlocking Speed and Agility:** Your Company continues to innovate in the space of automation to eliminate redundancy and increase transparency of business processes. Through systems like OneMT Customer Portal, your Company has eliminated mundane manual effort across the value chain and replaced it with tightly governed and highly efficient, scalable systems to enable faster and more empowered customer decision making. Your Company continues to democratise data across employees and build a culture of data-led working with insights for growth.

Responsible marketing and communication

Your Company has four clearly defined principles that guide its communications with consumers:

- Your Company is committed to building trust through responsible practices and through transparent communication – both directly to consumers and indirectly through other key stakeholders.
- It is your Company's responsibility to ensure that its products are safe and that the Company provides clear information on their use and any risks that are associated with their use.
- Your Company fully supports a consumer's right to know what is in the products and is transparent in terms of ingredients, nutrition values and the health and beauty properties of its products.
- Your Company uses a combination of channels, which includes product labels, websites, careline phone numbers and leaflets to communicate openly with its consumers.
- Your Company also supports industry self-regulation and the development of self-regulatory codes for all its marketing and advertising activities and applies these codes across its businesses. Your Company is one of the founder members of Advertising Standards Council of India (ASCI), a self-regulatory body which has developed principles and codes in the area of advertising and marketing. During the year, 28 complaints were filed with ASCI against advertisements made by your Company.
- Your Company has certain legal cases, including those relating to consumer/customer disputes. At the end of the year, there were 67 consumer cases pending.

Labels and Pack Information

All Company products comply with the applicable regulations such as the Consumer Protection Act, Drugs and Cosmetics Act, Legal Metrology Act, Bureau of Indian Standards Specifications, Trademark Act and Copyright Act, Food Safety and Standards Act, Tea Act, Tea Board Regulations for Labels and Pack Information. The food and beverage products also carry a nutritional information table on the back of pack in compliance with local legislation.

As part of Guideline Daily Amounts (GDA) labelling, 100% of your food and beverage products included energy



per portion information on the front of the pack and percentage GDA for five nutrients on the back of the pack*. In addition to national laws and self-regulatory codes in India, your Company also applies Unilever's principles to the marketing and advertising of all its food and beverage products (updated in February 2020) directed at children (below 12 years). These principles require that marketing practices:

(*Where applicable and legally permissible in accordance with local or regional industry agreements)

- Do not convey misleading messages.
- Do not undermine parental influence. Advertisements always show parents as gatekeepers to the product being consumed.
- Do not encourage 'pester power'.
- Do not suggest time/sense of urgency or price minimisation pressure.
- Do not encourage unhealthy dietary habits.
- Do not use broadcast or print media personalities in a way that obscures the distinction between programme or editorial content or commercial promotion.
- Do not direct any Marketing Communications to children under 12 years of age in traditional media like TV and radio, and to under 13 in social media.
- Do not use influencers who are under the age of 12 (twelve).

Your Company is also a signatory of the India Policy on Marketing Communications to Children. In accordance, your Company pledges to advertise products to children under the age of 12 that meet common 'Food & Beverage Alliance of India' nutrition criteria and/or Unilever Highest Nutrition Standards. Where differences in criteria exist, Unilever will apply the strictest criteria across all Marketing Communications directed to children.

On behalf of the Board

Sanjiv Mehta

Chairman and Managing Director

(DIN: 06699923)

Mumbai, 29th April, 2021