



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, 2023

Our fast 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

The FMCG opportunity

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, offering a huge runway for growth.

We operate in 16 FMCG categories and are a market leader in more than 85% of our turnover. A strong talent base, large portfolio of brands that straddle the price-benefit pyramid, unparalleled distribution that reaches around 9 million retail stores, and an agile supply chain, which manufactures over 65 billion units annually—giving us a significant competitive advantage.

We continue to make significant investment towards building future-fit capabilities such as 'Winning in Many Indias' and digital transformation through 'Re-Imagine HUL'—creating strong moats around our business. All these strengths and a clear and compelling strategy place us very well to tap the growth potential that Indian FMCG industry offers.

Given below are some of the key changes that are taking place in the world around us and how we are preparing ourselves to turn them into opportunities.

Rapid digital transformation

India continues to undergo rapid digitisation with new-age technologies transforming the FMCG market, bringing opportunities for brands, consumers, and customers alike. Digital commerce is gaining more relevance as consumers seamlessly move between



online and offline channels of trade. Traditional trade players are reinventing their business models to play a key role in the new digital India.

We are at the forefront of the digitisation journey. Back in 2016, we embarked on 'Re-Imagine HUL', our journey aimed at creating distinctive data and technology led capabilities that help us meet the complexities of the business and the evolving needs of consumers and customers. We are moving from traditional linear value chain to a web of ecosystems viz. Consumer, Customer, and Operations with data and technology at the centre.



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We are one of the first FMCG companies participating in the Open Network for Digital Commerce (ONDC), a pathbreaking initiative by the Government of India to democratise digital commerce in the country. We believe this gives us a unique opportunity to reach out to many more consumers and customers.

Evolving demographics

Evolving demographics such as rising affluence, large young working population, growing nuclear-family structures, urbanisation, and increasing adoption of technology is rapidly changing consumer preferences and their path to purchase. Consumers are increasingly becoming more discerning—looking for superior products, making informed choices, and demanding brands with purpose and a point of view.

We understand the changing needs of the consumers and believe that businesses that help the people and the planet thrive, will continue to succeed in the future. We are continuously developing our purpose-driven brands that associate meaningfully with consumers.

Through technology, we are addressing the needs of the new-age consumer—be it through on-trend innovations, digital marketing, digital commerce, or manufacturing niche products in our nano factories.

We are building capabilities towards mass customisation and precision-marketing to appeal to the consumers. As a business, we are constantly keeping an eye on the future, adapting, and evolving to stay one step ahead.

Sustainable living

The business case for sustainability is being increasingly accepted by consumers, government bodies, and investors looking for businesses to take actions to protect people and the planet. India is charting a path towards sustainable and inclusive growth, and it is expected from all companies to do business responsibly.

We are a Company of brands and people with a clear purpose to make sustainable living commonplace. Our strategy is to deliver 4G growth — growth that is Consistent, Competitive, Profitable, and Responsible.



We have outlined our Environmental, Social and Governance (ESG) Goals (refer page 10 and 11) which are in sync with the challenges that we face as a society. Refer pages 106 to 155 to find more about our ESG reporting.

Operating environment

The operating environment this year continued to remain challenging. Geopolitical conflict in Europe and the global supply chain disruptions led to an unprecedented inflation in food, energy, and commodity prices. Aggressive monetary tightening measures from central banks worldwide led to further pressure on emerging economies. The widespread inflation posed major challenges for the country and for the FMCG industry specifically with prices of several commodities inflating to their decadal highs.

This had a significant impact on FMCG consumption as consumers tried to manage their household budgets by adjusting volumes and prioritising essentials over discretionary categories. FMCG market for the categories in which we operate grew c.8% while volumes declined c.4% year on year. The impact of slowdown was more pronounced in rural markets. Urban markets led growth for FMCG—supported by normalisation in economic activities after a couple of years of COVID-induced disruptions.

The Company's performance for the FY 2022-23 has to be viewed in the context of the aforesaid economic and market environment.

Stakeholder engagement and review

Stakeholders are at the heart of our strategy and business model. Understanding their evolving needs helps us make informed strategic decisions.

Our multi-stakeholder model

We have identified six stakeholder groups that are critical to our success:



The stakeholder review explains how we have worked to create value for each of our stakeholders as well as how our business benefits from these vital relationships. We have provided a high-level summary of how we engaged with stakeholders and considered their interests whilst setting our strategy and taking decisions concerning the business during the year under review.

Stakeholder	Interests and concerns	How we engaged in FY 2022-23
Consumers 9 out of 10 households in India use one or more of our brands. Meeting their evolving needs, delivering superior products, and expanding our consumer franchise are key to our success	<ul style="list-style-type: none"> Superior and sustainable products, offering great value at the right price Responsible and inclusive marketing 	<ul style="list-style-type: none"> We listen extensively to consumer reviews and queries addressed to us through our consumer care helpline – LeverCare as well as through reviews received on digital platforms and content hubs. We directly engage with our consumers through in-person and virtual consumer surveys. We also use consumer research from partners such as Kantar, Nielsen, etc., who we engage through their regular surveys and panels. We undertake market development at scale and engage with millions of households. Our Board and Management Committee members are regularly informed of evolving consumer needs, preferences, and concerns in order to consider these dynamics while making business decisions.
Customers We partner with traditional trade distributors, retailers and digital commerce marketplaces to grow our business and theirs	<ul style="list-style-type: none"> Fair return on investment Leading digital transformation Reliable service and differentiated portfolio 	<ul style="list-style-type: none"> Our distributors have direct channels to us via our Customer Development teams, meeting regularly to discuss a range of topics. They also interact with us through our LeverCare helpline to discuss their concerns. Through these relationships, we work towards maximising mutual benefit. Our joint business plans with customers coupled with customer reviews and dialogues accumulated by our customer development team help us lead category development and our 'Design for Channel' strategy. Shikhar, our e-B2B platform helps us connect with 1.2 million retail partners. Through our Samadhan warehouse project and other digital initiatives, we are working with our customers towards maximising next-day delivery. We have tied up with banking partners to enable affordable credit for our retailers.



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Stakeholder	Interests and concerns	How we engaged in FY 2022-23
Suppliers and business partners We work with suppliers in India and worldwide to source materials and provide critical services for us, while supporting mutual and sustainable growth	<ul style="list-style-type: none"> Fair and ethical business practices Developing mutually beneficial partnerships Swift internal processes to minimise lead times Synergising efficiencies 	<ul style="list-style-type: none"> Regular communications through our Supply Chain and Procurement teams and our regular supplier reviews, audits, awards, etc., help us understand how our suppliers feel about working with us and areas for improvement. Supplier and Service Level Agreements are evaluated at regular intervals basis feedback. Our annual 'Partner with Purpose' survey helps us engage with our suppliers and business partners over a wide range of topics to better our ways of working. We partner with suppliers to identify and realise efficiencies in the end-to-end value chain.
Our people Our purpose-driven and talented people work in our offices, R&D centres and factories to help us achieve our purpose and vision	<ul style="list-style-type: none"> Learning and development Purpose at work Health and wellbeing Sense of belonging Fair compensation 	<ul style="list-style-type: none"> Through our UniVoice survey we engaged with our employees across offices, R&D centres and factories in FY'23 on a number of topics, from employee wellbeing to leadership performance. We also continued our UniPulse questionnaires, asking employees to rate certain aspects of the Company such as culture, work-life balance and development opportunities. The results of our surveys are deeply analysed and the emerging themes are acted upon to improve our processes, maintain the right culture, and make the organisation more agile and inclusive. Regular learning, development and wellbeing initiatives are undertaken across all-work levels to ensure a fulfilling career trajectory. We communicate directly with our employees through virtual and in-person townhalls as well as quarterly results communication by Management Committee.
Planet and society As a responsible business, we strongly believe in creating a positive impact on our communities and our planet	<ul style="list-style-type: none"> Improve the health of the planet Improve people's health, confidence, and wellbeing Contribute to a fairer and more socially inclusive world 	<ul style="list-style-type: none"> Our Compass strategy integrates sustainability within the business. We have an ESG Committee chaired by an Independent Director. With a robust governance process, we are continually working towards our ESG goals to lead change and make a positive difference. As part of our ESG materiality process, we analyse insights to make sure we are focussing on the most important ESG issues. Each factory location maintains a separate register for receiving any grievances raised by members of the local community. These grievances are reviewed jointly by the HR Manager, Safety, Health and Environment Manager, and the Factory Manager. Prabhat, our Sustainable Community Development programme, works across our manufacturing locations to uplift and empower the communities. The factory leadership team forms the local governing body of these programmes and works closely with the implementing partners and communities. The programs run on the thematic pillars of economic empowerment, health and nutrition, and environmental sustainability. We engage with communities through need assessment surveys for key social and environmental projects. This helps us tailor relevant interventions in focused geographies and understand the present ground-level needs in order to generate maximum impact.

Stakeholder	Interests and concerns	How we engaged in FY 2022-23
		<ul style="list-style-type: none"> Since inception, HUF has delivered a cumulative and collective water potential of over 2.6 trillion litres; over 1.7 million tonnes of additional agricultural and biomass production; and over 110 million person-days of employment across 14,000 villages, in 13 States and two Union Territories, with the help of its partners. Suvidha is a first-of-its-kind urban water, hygiene and sanitation community centre, in Mumbai. We have established 12 Suvidha centres. More than 3 lakhs people have access to safe sanitation through the project. Project Shakti is our initiative that aims to financially empower and provide livelihood opportunities to women in rural India. Over 1,90,000 Shakti entrepreneurs have been empowered through the programme.
Shareholders Continuous access to capital, progress on our strategic priorities, and achievement of our purpose and vision are all dependent on the crucial support of our shareholders	<ul style="list-style-type: none"> Long-term value creation Strong Corporate Governance Sustainable business 	<ul style="list-style-type: none"> We speak directly to investors through quarterly results broadcasts and conference presentations, as well as through meetings and calls about aspects of business performance, operating environment, consumer trends and sustainability issues. We hosted Annual General Meeting (AGM) via live webcast for our shareholders. At the AGM, the Chairman shared his thoughts on business performance and strategy and addressed shareholders' questions. We hosted our 'Capital Markets Day' in November 2022 and engaged with over 100 investors/analysts on our strategy and business performance. We engage with our shareholders via email through our investor relations email IDs - levercare.shareholder@unilever.com and Investor.Relations-hul@unilever.com. The Board receives regular briefings regarding investor views on our results, our performance and on any issues raised by shareholders that are relevant to their responsibilities. Our CEO, CFO and Management bring shareholder feedback to Board and Management Committee deliberations. The Stakeholder Relationship Committee of the Company invites shareholders for an interaction during its meeting(s) to get direct feedback on investor service.



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Consumers

9 out of 10 households in India use one or more of our 50+ brands that span 16 categories. This gives us a unique opportunity to help our consumers look good, feel good, and get more out of life.



Trading up and down for value

Inflation was one of the key drivers that impacted consumer demand and behaviour this year. Consumers adjusted volumes and prioritised essentials over discretionary to manage their household budgets. While they continued to choose the brands they love, they were seeking value, and in doing so, they traded up and down among brands and across pack sizes. We continued to focus sharply on delivering superior products at the right price-value equation making our products a clear choice for consumers. In consumer blind tests, our product superiority today stands at twice of what it was three years ago.

2x

Product superiority compared to 3 years ago

Through our 'Winning in Many Indias' strategy we deaverage India into 16 consumer clusters, bringing us closer to the consumers and helping us get granular insights.

We use these insights to curate our marketing strategy and product mixes to cater to specific consumer preferences. For instance, Lux has tailored winning products and propositions by region, helping the brand offer consumer delight.

Force for good

Our consumers continue to be discerning, seeking authentic products that not only deliver superior performance but are also good for people and the planet. We addressed the evolving consumer needs with on-trend innovations.

Our premium Hair Care brand TRESemmé launched its Pro Pure range in the clean beauty space. Love Beauty and Planet expanded its portfolio with new offerings in Vegan and Cruelty-free beauty. Taking its strong ayurvedic credentials to newer formats, Indulekha launched hair serum and mask. Surf excel's latest innovation Matic Power Concentrate helps reduce plastic consumption by halving the per-wash laundry dosage. Expanding our offerings in the positive nutrition space, we introduced Millet Chocolate Horlicks and Kissan Hazelnut Choco Peanut spread.

Over the years, our brands have stood with a social purpose and created an emotional connect with our consumers. Be it the 'Swad apnepan ka' campaign

through which Brooke Bond Red Label aims to break down social barriers or Surf excel's 'Dirt is Good' that urges parents to inculcate values in children or the 'Meri Beti Strong' campaign by Clinic Plus that inspires mothers to raise strong daughters – our brands strive to create a social movement and build brand equity with our consumers. Our dishwash brand Vim's 'Nazariya Badlo, Dekho Bartano Se Aage' campaign won the 'Un-stereotype' award at Kantar's Creative Effectiveness Awards 2022.

8

**of our brands featured in the Kantar BrandZ
2022 India's Most Valuable Brands list**



Creating categories of the future

Urbanisation, increasing nuclear-family structures, and rising affluence is leading to the growth of new demand spaces and the premium segment. Leveraging our proven model of market development, we strive to address real and unmet consumer needs and, at the same time, build our portfolio across several categories. We undertake extensive sampling and consumer education. We reached millions of households to drive awareness, educate consumer about our products, and generate trials. Our efforts in market development, over the last decade, have helped us create new segments. For instance, in Home Care, our liquids portfolio doubled in the last 3 years and crossed ₹3,000 crores turnover. We are de-seasonalising Ice Cream through targeted innovations and activations around festivals. Through Lakmé Fashion Week we continue to build brand salience and drive latest beauty and fashion trends with consumers. As a result, our market development initiatives contributed over ₹10,000 crores to our turnover in FY'23.

Indian consumers are becoming increasingly conscious of holistic health and nutrition. We entered into the fast-growing Health and Wellbeing category through strategic partnerships with two young science-backed brands: 'OZiva', and 'Wellbeing Nutrition'.

Hyperconnected consumers

Today's hyperconnected consumers are increasingly mining information before making a purchase decision. We're facilitating consumers' journey from consideration to purchase by creating an end-to-end experience.

For instance, our content hub 'BeBeautiful' is helping consumers understand the latest trends; platforms such as Lakmé's 'Virtual Try-ons' and 'SmartPick' are helping consumers experience our products; and our Direct-to-Consumer (D2C) websites allow consumers to understand our brand propositions and make the final purchase decision.

To cater to the rapidly evolving needs of these digital natives, we have setup our Agile Innovation Hub that helps in early trend spotting, digital prototyping and deployment, significantly reducing the time from ideation to launch of a new product.

Our new digital-first brand Acne Squad was launched using the Agile Innovation platform to specifically address acne which emerged as one of the top concerns amongst consumers. It includes a range of 11 skincare products and curated regime kits proven to offer best-in-class acne treatment at each stage of acne lifecycle.

We added another brand to our digital Premium Beauty Business Unit using the Agile Innovation Hub platform. The brand 'Find Your Happy Place' offers four mood-transforming experiential bath and body ranges that include moisturising shower gel, bath scrub, bath salts, candles, body lotions, and body butter. Each of the four fragrance families has been specially designed to appeal to Indian sensibilities—all of them rekindling a memory of one's favourite place, person or feeling.

At the same time, we are extensively using digital marketing and influencer campaigns to reach out to our hyperconnected consumers.

>25%

**Digital media contribution
to total media spends**



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Customers

This year has been a time of revival post Covid. While our lives adjusted to the 'new normal', our business and customers experienced a paradigm shift. Each element of our customer development value chain embraced technology, becoming data and digital driven. Today, we are more customer and shopper-centric than ever and help our partners deliver 4G growth—Consistent, Competitive, Profitable and Responsible.

To get our products to consumers across the country, we partner with a diverse set of customers, including traditional distributors, modern trade partners, digital commerce platforms as well as thousands of neighbourhood retailers. Our relationship with our customers is built on strong pillars of trust and mutual interest. In traditional distribution channels, today we foster relationships with even third and fourth generation of families, some of whom have been our customers for 50+ years.

Of the 11 million retail outlets present in the country, we sell our brands through around 9 million outlets. We reach over 2 million outlets directly through our network of 3,500+ traditional distributors.

We have always been at the forefront in understanding emerging channels of future and engaging early with customers to partner and win competitively.

Evolving distribution landscape

Over the last few years, the distribution landscape has undergone significant disruption-led by technology and process changes.

Traditional trade has seen a resurgence with the neighborhood kirana stores back at the forefront of growth.

However, the traditional trade distribution landscape is being altered by e-B2B players and solution providers. At the other end, e-Commerce has seen heightened growth on the back of convenience and wider choice offered to the shoppers. Modern trade players are also expanding into other sectors (pharma, fashion, etc.) while parallelly building a seamless omni-channel experience. As consumers increasingly become more discerning, there is an explosion in offerings across categories, addressing niche opportunities. With this changing landscape, it is imperative that we build a growth-focused, future-fit Customer Development organisation while keeping shoppers and customers at the core of our strategy.

Partnering for growth

Distributor-inclusive digital transformation is one of our key enablers to win in this rapidly evolving distribution



landscape. We are strengthening our distribution advantage and fostering a connected and future-fit ecosystem by building competitive moats across the three pillars of demand capture, demand fulfilment and demand generation, enabled by digitalisation of operations and data driven analytics.

1.2 Mn

Retail outlets use our e-B2B app Shikhar

Shikhar is used by 1.2 million retail outlets allowing them to place orders directly with our distributors anytime. We have partnered with banking and financial institutions to unlock low-cost, no-hassle credit for our retailers. By providing convenience of ordering anytime, choice of assortment, and capital unlock for retailers, Shikhar promotes repeat-orders with assured, reliable, and quick service. This enables our distributors to win in the disruptive e-B2B environment. Leveraging Shikhar's reach in general trade, we are using intelligent models to analyse retailer order history and associated external trends to plan for customised retailer centric activations. Further, Shikhar complements our distributor sales representatives (DSR) ecosystem by unlocking time from routine order capturing activities and enabling them to focus more on market development and innovation agenda.

With the aim to provide best-in-class fulfilment service to the retailers, we are partnering extensively with our customers to enable next day order servicing. Our next generation fulfilment solutions are customised to handle varying complexities of operating environment.

We are adopting the approach of decoupling order capturing and fulfilment actions at distributor points and utilising our technology solutions to drive customer efficiencies and profitable growth. Samadhan and Shikhar together provide end to end seamless purchase journey for our retailers. Further, in medium and small cities, we are using our logistics expertise and excellence to enable our customers to run operations efficiently.

We continue to collaborate with our organised retail and digital commerce customers to create growth plans based on shopper centric innovations and activations. The joint-business planning process enables creation of Design-for-Channel packs, customised activations and shopper-soulmate led market development activities across Modern Trade channel. Our e-Commerce business continued to grow

rapidly led out of customised innovation and strong partnerships with customers. We also focused on creating capability in performance marketing to build and grow our brands digitally.

Our D2C business has grown to 16 brand.com websites and we are serving consumers across more than 19,000 pin codes in the country. Leveraging our multi-brand D2C platform, UShop, we are also actively collaborating as a participant in Indian Government's initiative Open Network for Digital Commerce (ONDC) to democratise digital commerce.

The pharma and beauty channels offer a strategic growth opportunity for operating in the more premium and specialised Health and Beauty segment. We plan to invest in route-to-market and in-store execution interventions in these channels. We continue to engage with medical professionals and build advocacy for our brands through Expert channel. The capabilities we are building in Expert channel will also be utilised to drive synergies in our latest M&A actions in health and wellbeing space.

Selling with purpose

We now empower over 1.9 lakhs women entrepreneurs through our Shakti programme. We not only continue to enhance the livelihoods and promote financial independence of these rural women, but also upskill them on various social and digital outlines to remain future-fit. Our self-ordering retailer app, Shikhar, being used by 50% of Shakti Ammas currently, is a testimonial of the digital advancement made through the upskilling efforts of our Rural Sales Promoters (RSP). Shakti Ammas also act as agents of social change influencing nutrition, waste recycling and hygiene aspects through dedicated trainings on health and nutrition.

Through our Ahilya initiative, we aim to create equal opportunities for women to join our frontline General Trade salesforce. Under this programme, women sales representatives are trained on various sales and promotion aspects to succeed in their jobs. In 2022, we crossed 1,000+ Ahilyas in our Distributor Sales Representatives (DSR) network, uplifting the livelihoods and promoting financial independence of women and their families across the country.



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Suppliers and business partners

Our focus remains on 'Delivering Today and Transforming for Tomorrow' by accelerating digital transformation in end-to-end supply chain to drive Superior Availability, Superior Value, Superior Product, and Superior care for people and planet while ensuring safe operations.



Agile and resilient supply chain

We have an extensive supply chain network of 29 owned factories and 50+ manufacturing partners that manufacture our products using materials and services of over 1,300 key suppliers. In a year, we manufacture over 65 billion units, which are distributed through our 32 distribution centres to over 3,500 redistributors who in turn take our products to around 9 million retail outlets. Over the years, our supply chain has been a source of significant competitive advantage for us be it in terms of ensuring highest standards of quality, providing reliable customer service, leading benchmarks in costs or driving our sustainability agenda forward.

As we continue to navigate through the challenging external environment marked by global supply chain disruptions from two years of pandemic and the geopolitical conflict in Europe, we are also rewiring our supply chain to remain future-fit. Our supply chain is becoming further agile, resilient, and sharply focused on sustainability.

We are investing in capabilities and deploying the most advanced technologies with a vision to make our supply chain 'deliver growth today and transform for tomorrow'.

Our focus is on:



Superior Availability

with end-to-end agile and resilient value chain



Superior Value

to drive competitive and profitable growth



Superior Quality

products for the consumers



Superior Care

for people and planet by making sustainable living commonplace

The end-to-end digital transformation of supply chain and purpose led partnerships will enable us to create a future-fit supply chain.

All figures for HUL including subsidiaries



Superior availability

We continue to strengthen our resilience programme with our suppliers to ensure business continuity and respond faster to rapidly changing consumer needs. While creating strong resilience for high-risk materials, we are also localising sourcing of many of our raw material and packaging materials.

On manufacturing side, we have further increased our production frequency for a quicker response to the changing market demand.

In order to cater to the need for niche premium products, we have setup seven Nano factories—these are fully functioning, mini production lines that house everything we need to produce a batch of final products.

These nano factories enable us to manufacture niche products in a much more agile manner without impacting our cost efficiency. With our latest demand planning and forecasting tools, we now operate in a dynamic manner, significantly shortening planning cycles to respond real time to market demand fluctuations.

Superior value

In this fiscal, FMCG industry witnessed unprecedented and widespread inflation, with prices of many commodities hitting their decadal highs all around the same time. During this period of high inflation and uncertainty, we leveraged Unilever's global scale and expertise, to secure availability whilst driving cost competitiveness.

Further, we drove continuous improvement projects across the width of supply chain by driving better efficiencies and improved utilisation of our assets.

With Nakshatra—our supply chain transformation project—we are creating a more efficient, future-fit manufacturing and distribution network.



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Suppliers and business partners



Superior product

Product superiority has been one of the cornerstones of our strategy to win in the competitive environment.

We have significantly invested in our products, using the best of science and technology to drive product superiority and are getting a good response from our consumers. Our blind tests indicate that we now have 2X more superior products compared to 3 years back.

To remain best-in-class on quality indicators, we have set a holistic quality strategy and are driving robust processes for manufacturing in-house as well as through our co-manufacturers.

We continue to drive insights with our business teams to move further on product superiority, alongside building digital capabilities, end-of-line interventions and predictive quality in manufacturing.

Superior care for people and planet

In 2021, we announced our renewed goals towards improving the health of our planet. We are working towards delivering the transformation needed on Plastics, CO₂ emissions, Water, and Nature. We have collected and processed more plastic than we use in packaging our products in calendar year 2021 and 2022. Further, our aim is to use 100% reusable, recyclable, or compostable plastic packaging by 2025. We are on track to create deforestation-free supply chain for our agriculture inputs. In 2022, 82% of Tomatoes and 69% of tea procured were sustainably sourced. With our Prabhat programme, we reached nearly 9 million people in the last 9 years across our factory locations to improve livelihood, health, nutrition, and environment of communities near our factories.

In our ambition to be a gender-balanced organisation, our factories have embarked on a journey to employ more women on the factory shopfloor.

We have employed over 850 women on the shopfloor and are working towards building a more inclusive culture and infrastructure for women employees working on shopfloor.

All figures for HUL including subsidiaries



Partnering with purpose

Our supply partners are key to us achieving our ambitious goals on protecting nature, reducing carbon emissions, improving diversity and inclusion while staying competitive. Through our Partner with Purpose programme, we are working with thousands of enterprises on a path of mutual growth while doing good for people and planet. For instance, we have partnered with 'Tuticorin Alkali Chemicals and Fertilisers Limited' to source Soda Ash using carbon-capture technology. In case of agricultural products like Tea, Coffee, Tomatoes, Dairy, and Cereals, we are working with thousands of farmers in improving yields, introducing regenerative agriculture practices and improving transparency, that not only would help us in creating capacity for future growth but also have a positive social impact on the farmers. We are also improving our supplier diversity by inviting more women-led and diverse businesses to work with HUL.

Our Responsible Partner Policy (RPP) and its Fundamental Principles embody our commitment to responsible, transparent, and sustainable business. Launched at end of 2022, the RPP replaces both our 2017 Responsible Sourcing Policy (RSP) and our 2017 Responsible Business Partner Policy (RBPP). It is designed to build more resilient businesses by moving beyond a compliance model to a continuous improvement process. We verify alignment to and achievement of our RPP's Mandatory Requirements and Mandatory Management Systems through the use of self-declaration, due diligence scanning, online assessments, and independent verification by third-party audits in high-risk sites. For suppliers of key agricultural materials, our requirements are defined in Unilever's Sustainable Agriculture Code (SAC) and accompanying Rules. We are fully compliant with minimum wage across our network. As a part of RPP, we are working with our partners to progressively transition towards living wages by 2030.

Enabled by digital transformation

Rapid digital transformation in the consumer and customer landscape requires our supply chains to be at the forefront to be able to serve their changing needs. Our supply chain is moving forward on a holistic digitisation journey across plan, source, make, and deliver leveraging the power of data, technology, and analytics.

Our digital planning strategy aims to provide predictability, enable optimisation, and drive agility of our planning decisions in the face of emerging demand fluctuations. In sourcing, we are using digitisation to enable right price discovery, competition analytics for value unlocks, better traceability, and compliance tracking.

We are deploying end-to-end digitisation in our factories. One such example is our factory in Dapada, which became the first manufacturing site in Indian FMCG industry to join the World Economic Forum's (WEF) Global Lighthouse Network as one of the world's most digitally advanced factories. The factory also joined World Economic Forum's (WEF) Sustainability Lighthouse network, becoming the first in India across industries to get this coveted recognition.

We have moved forward significantly on our warehousing digitisation journey. At our Samadhan warehouse in Chennai, the operation is executed in a paperless manner with real time decisions enabled by Internet of Things (IoT) devices and intelligent Warehouse Management Systems.





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Our people

Our people are our biggest asset, and as our business transforms, we will accelerate growth and value-creation by creating a future-ready workforce. Building end-to-end skills will be our biggest differentiator, and we are committed to upskilling 100% of our workforce on capabilities of the future.

Our people are fundamental to our success as an organisation. We believe that building a culture that fosters high performance and engagement, while empowering employees to be the best version of themselves, is key to achieving sustainable and inclusive growth.

Health, wellbeing and safety of our employees, their families and the people in our extended value chain continue to be our topmost priorities. Equally, as an employer, HUL takes the responsibility to proactively invest in capabilities to upskill our people and make them future-fit.

Safety at work

We remain strongly committed to the safety of our people and contractors who work with us at our sites. Our safety and health-management system is based on the principle of plan, do, check, and act. Credible risks are evaluated at every stage of the process, and adequate actions are taken to mitigate the risks. Safety incidents are reported, investigated and lessons learnt are communicated widely within the organisation. This is underpinned by continual improvement objectives and periodic reviews through our safety and health sub-committees, each headed by a Management Committee member.

A robust safety - audit mechanism is in place to verify compliance to internal standards as well as statutory requirements. A safety culture is promoted by undertaking behavioural interventions at all levels and disseminating the importance of safety as a personal value. A comprehensive emergency response plan and related facilities are maintained at all sites, and employees are trained to respond accordingly.

Our Total Recordable Frequency Rate (TRFR)¹ was 0.27 accidents per million hours worked in FY'22-23 as compared to 0.38 in last fiscal year.

¹ Our Lost Time Injury Frequency Rate (LTIFR), that is injuries per million hours worked. It counts all 'lost-time' safety injuries, which means injuries that keep people away from work even for one day. The LTIFR for office-based employees is 0.0 and 0.13 for factory-based employees





Wellbeing for all

Alongside safety at work, supporting our people's physical, mental, and emotional wellbeing has been an organisational priority. We aspire to add healthy years to the lives of our people through targeted interventions.

'Healthier U' is our programme that empowers employees to develop and sustain healthy lifestyle choices.

The programme helps employees look after their physical and emotional health by enabling them to understand their motivations towards a healthier lifestyle, evaluating their health profiles, and planning effective interventions.

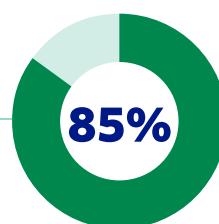
In 2022, we trained 433 employees to act as first responders to their colleagues suffering from mental health issues. We now have over 900 Mental Health

>900

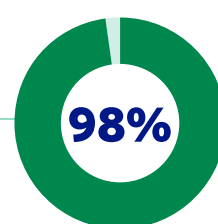
Mental Health Champions trained to act as first responders to their colleagues suffering from mental health issues

Champions to guide our employees to appropriate resources on any mental health-related issue. Our group of experienced and well-trained medical professionals are committed to maintaining a safe and healthy working environment. For instance, all employees can benefit from periodic health evaluations for health issues, access to market-leading medical care, and a host of other support facilities. Company's Employee Assistance Programme (EAP) delivers support 24X7 in local languages and is accessible via telephone, text, or webchat.

Our sustained and focused efforts were reflected in our annual employee survey UniVoice, with 85% office-based employees and 98% factory employees sharing their belief that the Company cares for their wellbeing.



Office-based employees



Factory employees

Employees believe that the Company cares for their wellbeing



Report of Board of Directors and Management Discussion and Analysis

Our people

Employer of choice

We continued to strengthen our employer brand and were once again ranked #1 employer of choice¹ across sectors. We have constantly been rated as the preferred employer for women in 2022 and 2023². We have revamped our employer brand strategy to be more diverse, more digital and more data-led in our selection. We are making conscious shifts in the talent we attract by actively seeking entrepreneurial, digital and STEM (science, technology, engineering, and mathematics) skills.

Our flagship Unilever Future Leaders Programme (UFLP) has been the training ground for many inspiring leaders across HUL and Unilever. It provides extensive cross-functional experience through live projects and assignments.

Driven by the 'leaders build leaders' philosophy; we have sustained an environment where people are empowered with big responsibilities early in their career and are able to constantly experiment with the right guidance and support.

Along with attracting the best talent, we have continued to invest on retaining and ring-fencing our top talent with differentiated careers and rewards. In a resurgent talent market, our voluntary attrition continued to be well below the FMCG industry benchmarks.³

#1

Employer of choice across sectors¹

One of the Best Organisations for women in 2022 and 2023²

1) Based on brand perception study by InsideIIM at target B-schools in Aug-Sep 2022

2) Recognised by the Economic Times as one of the Best Organisations for Women

3) Based on Aon India's 28th Annual Salary Increase Survey 2022-23 Phase

The values indicated above pertain to HUL and its subsidiaries

Future-fit capabilities and leadership edge

We have created a culture of continuous learning and building future fit capabilities for our people. We are making systemic shifts in our skill mix by upskilling our shopfloor employees and moved closer to our ambition of having more than 50% of our shopfloor employees technically skilled. In 2022, we launched SkillUp as the first ever digital future-fit capability and talent development platform for our frontline sales employees. Our 2,000+ frontline workforce completed a holistic skill-assessment on 8 future-fit sales skills through a rigorous online diagnostic.

In addition to raising the bar on digital skills of our own employees, we have initiated industry first practices for creating a wider ecosystem of digital talent with over 300 candidates (including 120 women). For instance, Digi Pivot – an exclusive venture between HUL, Google and ISB is targeted towards upskilling over 100 women on digital marketing. Through our pathbreaking partnership with UpGrad and IIIT Bangalore, we have built a pipeline of expert talent on data science roles. We have also launched an exclusive and aspirational DigiCommerce stream within the UFLP, through differentiated selection process and investments in masterclass simulations. We are also accelerating external immersions and conducted 'Inspire Learning Week' with 10,000+ hours of digital learning.

We have stepped up investments to further strengthen our leadership edge through our 'Leading the Unilever Way' programme. It encourages leaders to live our Standards of Leadership so that we can create a culture that is human, purposeful and accountable. To support our people to unlock their personal purpose, and contribute to work they find meaningful, we launched 'Discover Your Purpose' movement. Over the past 3 years, 16,000+ employees across our offices, factories and salesforce have been part of these workshops which helped them find their purpose.

2,000+

Frontline workforce completed a holistic skill-assessment on 8 future-fit sales skills through a rigorous online diagnostic

16,000+

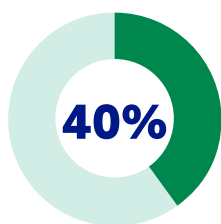
Employees across our offices, factories, and sales have been part of 'Discover Your Purpose' workshops

Equity, diversity and inclusion

We continue to progress on our Equity, Diversity, and Inclusion journey. In 2022, we strengthened our overall engagement in gender diversity. We have been investing in the capabilities of our business leaders and HR practitioners to support equity advocacy, diversity awareness, and psychological safety in their teams. We want to be a workplace where everyone feels they belong and are able to thrive. This means creating an inclusive culture free from the barriers that limit people in reaching their true potential.

Our women representation in the managerial population stands at 40% as on March 2023. Currently, many of our functions such as Marketing, R&D, Legal, and Human Resources are gender-balanced. We have also taken decisive steps to improve gender balance in our frontline sales force and outer-core (3rd party and distributor-led workforce). Through project Ahilya, our focus is to create equal opportunities for women to join frontline sales roles, which have traditionally been a male bastion. Today, the Ahilya community consists of over 1,000 women and is gaining momentum across the country, with the aim to build a truly diverse and inclusive sales frontline.

Equally, we are making progress to improve representation of women on the factory shopfloor with the addition of over 850 women across our factories. We are building our first gender-balanced site in Sumerpur and have made significant progress to build 40% women representation by FY'23. We have built a conducive work culture and made systemic investments on infrastructure such as unlocking 3-shift working, gender-sensitisation workshops, hostels, creche, safe, and hygienic washrooms, to build a truly inclusive frontline in our factories. By 2026, our ambition is to have 10,000 women in our sales outer core and by 2025, we aim to have 1,500 women on shopfloor. In 2022, through the levers of attraction, accessibility, and awareness, we built a base of 70+ People with Disabilities (PWD) talent with the right job mapping, and our ambition is to have 5% of our workforce comprising PWDs by 2025.



Women in managerial population

>1,000
Ahilyas

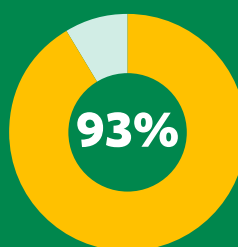
>850
Women on Shopfloor



Future of work

We are transforming how we work at HUL by introducing more flexible and agile ways of working that unlock capacity and help individuals find a meaningful and balanced way of working. Our hybrid ways of working are anchored around the employee context and have flexibility at the heart. We have further strengthened our high engagement levels¹ – 86% in offices and 97% in factories – which places us in the top quartile for employee engagement compared to industry benchmarks.

To have access to diverse skills and talent pools with speed, we are experimenting with new employment models viz. Open2U—for ready access to differentiated skills through a network of 1,000+ expert gig-workers—and U-Work—to enable our employees to flexibly work on assignments through a dip-in-dip-out approach.



Engagement levels across our offices and factories

¹) Data from our Annual Employee Survey - UniVoice



Report of Board of Directors and Management Discussion and Analysis

Planet and society

As a purpose-driven Company, we recognise that a healthy business can only prosper in a healthy planet and society. Sustainability is key to us and the Compass business strategy outlines goals across key pillars of environment, health, and wellbeing and social inclusion.



Climate action

We are committed to taking steps to collectively and positively impact climate change.

To reduce our carbon footprint, we are investing in new technologies, switching to renewable sources, and innovating to transform factory operations. As a result, the total energy consumption per tonne of production from our factories has reduced by 44% over 2008 baseline. At the same time, we increased our renewable energy footprint by installing additional solar plants at Chhindwara, Orai, and Haridwar, and we are adding four windmills in Nashik manufacturing units. The total capacity of solar and wind energy in our factories is now 20MW (megawatts).

Through various decarbonisation initiatives and the introduction of biodiesel in operations, our CO₂ emissions have now reduced by 97% per tonne of production over 2008 baseline. To know more visit <https://www.hul.co.in/planet-and-society/climate-action/>

44%

Reduction in total energy consumption per tonne of production from our factories over 2008 baseline

20 MW

Total solar and wind energy capacity in our factories

97%

Reduction of CO₂ emissions per tonne of production over 2008 baseline

We are committed to achieve net-zero emissions from sourcing to point of sale for all our products and have been taking steps to help reduce greenhouse gas emissions across our value chain.



Structural changes across manufacturing and distribution network ensure higher operational efficiency and fuel-efficient technology usage. We are leveraging the work done by Unilever R&D to provide consumers with sustainable products that reduce carbon footprint.

We have been making efforts towards reducing freshwater abstraction, implementing captive rainwater harvesting, and maximising the use of RO plants. As a result, there has been significant reduction in the use of water in our manufacturing processes.

48%

Reduction in water usage (cubic meter per tonne of production) over 2008 baseline

Protect and regenerate nature

Nature is vital to our business, and we have devised a focused strategy to protect and regenerate the land, forests, and water systems that we rely upon.

Unilever has been at the forefront of driving industry-wide change to ensure a sustainable future for palm oil. It is one of the major raw materials, and we are committed to procuring a sustainable supply of palm oil for our products.

We have a plan to ensure that the palm oil we buy is not only sustainably sourced but deforestation-free. We've committed to achieving a deforestation-free supply chain by 2023.

In 2022, 82% of tomatoes and over 69% of tea were sourced sustainably. By the end of 2022, 100% of the chicory was sourced sustainably, and all the chicory farmers supplying to us were covered under the Unilever Sustainable Agriculture Code. We are working with more than 1,20,000 smallholder farmers in our tea, tomato, and chicory supply chain to impart knowledge and expertise on sustainable agriculture practices.

We realise that businesses need to play an important role not only through their operations but also through strategic interventions for a greater positive impact on the planet. Through Hindustan Unilever Foundation (HUF), our not-for-profit subsidiary that was set up in 2010, we aim to support and amplify scalable solutions that can help address India's water challenges — specifically for rural communities that intersect with agriculture. Till date, HUF, along with its partners, has delivered a cumulative and collective water potential of over 2.6 trillion litres through improved supply and demand water management.

CSR To know more about HUF's initiatives, please refer page 98

Our efforts to protect and regenerate nature will increase our capacity to reduce Greenhouse Gas (GHG) emissions, increase biodiversity, and protect water systems, within and beyond our own value chain.



Report of Board of Directors and Management Discussion and Analysis

Planet and society

Waste-free world

We are committed to create a waste-free future and are already taking preventive measures by implementing the reduce-reuse-recycle model. Significant progress has been made across all our ambitious goals, including reducing use of virgin plastic by rethinking packaging designs, materials, and business models. For more information on how we are creating a waste-free world, visit <https://www.hul.co.in/planet-and-society/waste-free-world/>.

In calendar year 2022, we collected and processed over 1,00,000 tonnes of plastic waste, that is more plastic than we use in packaging our products.

In order to create a plastic waste circular economy, we recognise the imperative need for behaviour change. To advocate and create awareness in the area of waste management, we have partnered with Xynteo India Private Limited and United Nations Development Programme (UNDP). For instance, a curriculum called 'Waste No More' developed by us in partnership with Xynteo, aims to create awareness and drive behaviour change on waste segregation and recycling among school children.

The programme 'Waste No More' has reached out to more than 92 lakhs students through direct school interventions and 27 lakhs children digitally.

Along with UNDP, we have set up end-to-end waste management projects in Mumbai, right from collection to segregation and recycling, including behaviour change. The plastic waste management programme at Swachhta Kendras currently active in four wards in Mumbai, reaches out to more than 1,00,000 households for collecting and segregating dry waste and has onboarded more than 1,000 Safai Saathis.

CSR

For more information on our plastic waste management initiatives, refer page 101

We recognise that there is still a lot more work to do as the challenges faced are industry-wide primarily driven by lack of collection, segregation and recycling infrastructure, and the need for behaviour change.

>1,00,000 Tonnes
plastic waste processed in 2022

All figures for HUL including subsidiaries

As the leading FMCG Company in India, we remain committed to creating a waste free world and are actively working with our partners



Positive nutrition

We believe that everyone, everywhere should have access to nutritious food that is also affordable. We are continuously working to improve our products to help people transition towards healthier diets through foods that deliver positive nutrition. We have doubled the number of products sold that deliver positive nutrition. By the end of 2022, 67%¹ of our portfolio met WHO-aligned nutritional standards and 50% of our Foods portfolio helped consumers reduce their salt intake to no more than 5g per day.

Additionally, 100% of our Ice Cream products have less than 250 kcal and no more than 22g total sugar on a per serve basis.

We have launched products that further bolster our commitment to positive nutrition such as Kissan Hazelnut Choco Peanut spread that is an excellent source of Protein, and Millet Chocolate Horlicks with a unique blend of four millets that are natural sources of Calcium, Iron, Protein, and Fiber.



Health and wellbeing

We recognise the importance of good hygiene and sanitation for people's health and wellbeing. Through our brands, we have been addressing the challenges people face in maintaining health and hygiene.

For instance, our 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 2020, Lifebuoy, launched the award-winning 'H for Handwashing' campaign, and this year, children became the torchbearers of this movement. Children were nominated as H for Handwashing Chief Education Officers who would help create a real impact by teaching handwashing habits to thousands of other school children.

We have been continuously taking steps to improve people's health and wellbeing through strategic initiatives. For instance, our Swasthya Curriculum teaches children in classes 1-5 the importance of adopting four key habits of having a nutrition-rich meal, washing hands with soap, drinking safe water, and using clean toilets, over a 24-day period.

To address the challenges of accessibility to proper sanitation in urban areas, we pioneered the 'Suvidha' centre a first-of-its-kind urban water, hygiene and sanitation community centre. It was first set up at Ghatkopar, one of the largest slums in Mumbai.

Till date, we have established 12 Suvidha centres in Mumbai along with our partners, that provide access to safe sanitation to over 3 lakhs people.

To ensure sustainable impact, we have also been implementing an extensive behaviour change programme around the Suvidha Centres to encourage people to adopt safe hygiene and sanitation habits, and nutritional practices to reduce the scope of illness and create good health outcomes for the families.

CSR Learn more about Suvidha initiative on page 99

¹ Excluding salt business



Report of Board of Directors and Management Discussion and Analysis

Planet and society

Equity, diversity and inclusion

We believe that driving equity, diversity, and inclusion makes the business stronger and helps in building a fairer, more inclusive world. We have made significant progress in improving gender balance in our managerial workforce and are now looking at inclusion across all levels including in the frontline.

Project Shakti that aims to financially empower and provide livelihood opportunities to women in rural India is now over 1.9 lakhs women strong.

We have been imparting continuous training to these Shakti Ammas to become future-fit. In fact, more than half of these women entrepreneurs in deep rural India are now using our e-B2B app, Shikhar to place their orders with us.

CSR Know more about HUL's Shakti initiative on pages 99 and 100

We are also focused on driving equity in communities in which we operate. For instance, this year, we have partnered the renowned cricket-coaching academy, Coaching Beyond to help reduce barriers that come in the way of budding women cricketers and support them to excel in the sport. Through the Kwaliti Wall's mobile-vending initiative 'I am Wall's', we have provided entrepreneurship opportunities to ~12,600 people including 250 persons with disabilities across India. Know more about our initiatives on inclusion here <https://www.hul.co.in/planet-and-society/equity-diversity-and-inclusion/>.

~12,600
people were provided
with entrepreneurship
opportunities



Raise living standards

We strive to ensure fairer wages and access to opportunities to all across our value chain and are focused on providing the right opportunities for talent across the country.

Prabhat, our community-development initiative, since the last nine years has been contributing to a fairer, more socially and environmentally inclusive world through its initiatives. Through Prabhat's 18 livelihood centres, women and youth are trained on vocational skills and entrepreneurship development, making them future-fit. Nearly 1,10,000 people have been imparted skill development and training through Prabhat's livelihood centres and almost 65,000 people have secured employment.

To ensure that rural India has proper access to nutrition education, pre-school activities, and more through anganwadis, we, through Prabhat, support the renovation of infrastructure in anganwadis across locations. To know more about how we are working towards raising living standards, visit <https://www.hul.co.in/planet-and-society/raise-living-standards/>.

~1,10,000

People have been imparted skill
development and training through
Prabhat's livelihood centres

~65,000

People have secured
employment



Human rights

Respecting Human Rights is a non-negotiable for your Company. Our Respect, Dignity, and Fair Treatment Code Policy sets the base for what our employees deserve and what we must do to uphold our culture. Our Code of Business Principles (CoBP) 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. From providing fair wages to eliminating discrimination and harassment to building safe workplaces to reducing excessive working hours, we aim to build the right foundation of a socially inclusive world where everyone matters - right from the smallholder farmers who help source ingredients, to distributors and everyone who works with us. We adhere to Unilever's approach to human rights, and our 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 and outside the organisation when engaging with business partners.

To know more about our policies, visit <https://www.hul.co.in/planet-and-society/respect-human-rights/>.

Future of work

We are taking several actions to ensure a future-ready work space and are committed to reshaping the employment landscape.

For example, the Glow & Lovely Careers online initiative is designed to help women create an identity for themselves by providing them with career guidance, skill-based courses, and information about job opportunities.



Through the Trustea programme, we provide access to small holder farmers on formal training opportunities in sustainable practices focused on the environment, safety, and livelihoods.



Our People

To know how we are reshaping the future of work, refer pages 66 to 67

You can also visit <https://www.hul.co.in/planet-and-society/future-of-work/> to know more.



Report of Board of Directors and Management Discussion and Analysis

Shareholders

Our clear and compelling strategy enables us to deliver consistent, competitive, profitable, and responsible growth, driving long term value creation for our shareholders



Strong outperformance in a challenging environment

We delivered another year of solid all-round performance. Our turnover at ₹58,154 crores grew 16% with an underlying volume growth of 5%. Growth was significantly ahead of the market with more than 75% of the business winning both value - and volume-market shares. On the bottom-line, net profits increased by 13% to ₹9,962 crores. Our Earnings per Share (EPS) at ₹42.4 grew 13%.

In a challenging environment, marked by unprecedented inflation and significant slowdown in market growth, we dynamically managed our business to grow the consumer franchise and protect our business model. We focused sharply on driving savings harder across all lines of the P&L, ensuring right price-value equation for our consumers and investing competitively in our brands and in building future-fit capabilities.

Keeping in view the strong performance, your Directors are pleased to recommend a final dividend of ₹22/- per equity share of face value of ₹1/- for the year ended 31st March, 2023. Together with interim dividend of ₹17/- per share, the total dividend for the financial year ended 31st March, 2023, amounts to ₹39/- per share of face value ₹1/- each, an increase of 15% versus FY'22.

Our strategic priorities for 4G growth

Our consistent, strong all-round performance is a testament to our strategic clarity, strength of our brands and capabilities, our execution prowess, and most importantly, the determination of our talented purpose-driven people.

We continue to make great progress on our strategic priorities – to develop our portfolio, win with our brands, lead in the channels of future, build differentiated structure, and capabilities. This, along with a strong focus on delivering our five Growth Fundamentals, will continue playing a pivotal role in achieving 4G growth, growth which is consistent, competitive, profitable, and responsible.

Developing our portfolio

We have a wide and resilient portfolio that spans across 16 FMCG categories. In more than 85% of our business, we are the market leaders.

We continue to invest in building a future-fit portfolio by strengthening our core, driving premiumisation, and creating categories of the future through market development. In the core part of our portfolio,

we are contemporising our brands through superior products and purposeful communications to grow our consumer franchise. We continue to increase our corporate market share.

We are driving premiumisation and creating categories of the future through our proven model of market development. This year, we reached millions of households through our consumer-connect programme to drive awareness, educate them about our products, and generate trials. Over the years, these efforts have helped us create a significant portfolio, which did not exist a decade ago, and now, contributes over ₹10,000 crores to our turnover in FY'23.

In line with our strategic intent to enter the fast-growing demand spaces, we forayed into the 'Health and Wellbeing' category through strategic investments in two young science-backed brands 'OZiva' and 'Wellbeing Nutrition'. We see immense potential in these brands and are excited to partner them to scale the business further.

During the year, we sold our non-core businesses of atta and salt carried out under the brands 'Annapurna' and 'Captain Cook' to focus on driving our growth agenda in packaged foods business.

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

Consumers are increasingly preferring trusted brands that not only deliver great products but also positively impact planet and society. Through focused initiatives, our brands are taking actions to improve people's health and wellbeing. Lifebuoy continues to build relevance of hygiene through its on-ground activation 'H for Handwashing'. In its second year of 'Stop the Beauty Test', Dove is urging society to look beyond beauty stereotypes and celebrate every girl's individuality and uniqueness. Clinic Plus is encouraging mothers to raise stronger daughters through its 'Meri Beti Strong' campaign.

We leverage world class R&D capabilities of our parent Company 'Unilever'. Over 5,000 R&D professionals work on breakthrough science and technology in our global R&D Centres. Our marketing teams work with Unilever's R&D team to create innovative brands and products for Indian consumers that are superior and sustainable while being cost effective.

During the year, we landed impactful innovations such as the expansion of our premium hair care with products such as hair serums and masks. Similarly, in

Skin Care, we expanded our portfolio into hydration, sun-care, anti-ageing, and holistic glow. We have also launched Novology - a masstige beauty brand in the Derma Therapeutic space. The brand includes clinically proven range of solutions created with experienced dermatologists to solve persistent skin concerns.

Driving our positive-nutrition agenda, we launched Kissan Hazelnut Choco Peanut spread that is an excellent source of Protein, and Millet Chocolate Horlicks with a unique blend of four millets that are natural sources of Calcium, Iron, Protein, and Fiber.

In Home Care, we are making good progress on our ambitious 'Clean Future' journey. We have launched Surf excel Matic concentrate liquid that provides powerful cleaning with half the usual dosage. We are working towards the goal of net-zero emissions from our products, and are exploring opportunities for soda ash, which is a key raw material for our laundry products using carbon capture technology.

We have setup an Agile Innovation Hub that helps us spot consumer trends, translate ideas into prototypes with digital simulations and enables real time consumer feedback. Through this, we have been able to significantly reduce time of our innovation cycles. Our new digital-first brands Acne Squad and Find Your Happy Place were launched using this cutting edge platform.

Leading in the channels of the future

India's retail ecosystem is undergoing a rapid transformation. While traditional *kirana* stores continue to be the largest ecosystem for consumers to access their brands, new-age digital platforms such as e-Commerce, D2C, quick commerce, omni channel and e-B2B are scaling up at a fast pace. We are at the forefront of this retail evolution journey with a clear focus on ensuring that our brands are available wherever our shoppers are.

Leveraging our Design-for-Channel approach we are designing products and organising our business for organised retail by collaborating with our customers and partners.

Our e-B2B app Shikhar, is now used by 1.2 million retailers allowing them to place orders online at their convenience. Shikhar is also making strides in Project Shakti where we tap into rural demand through designated women entrepreneurs in every village called Shakti Ammas. Till date, we have onboarded over 1,00,000 Shakti women on the app who are now able to place orders at their convenience and get HUL products in an easy and reliable way.



Report of Board of Directors and Management Discussion and Analysis

Shareholders

To augment faster demand fulfilment, we are automating our warehouses. Our Samadhan warehouse is a fully automated warehouse, which enables us to maximise next-day delivery.

We continue to partner with our e-Commerce and omni-channel players to expand our digital presence. We have 16 D2C websites for our premium brands giving consumers a unique shopping experience. Through our multi-brand D2C platform USHOP, we are also actively participating in government's Open Network for Digital Commerce (ONDC) initiative.

Building differentiated structure and capabilities

FMCG industry is undergoing rapid transformation led by digitisation in the country. Digital and technology has led to fragmentation of consumer choice, new channel shifts and the creation of service ecosystems. To be at the forefront of this digital transformation journey, we continue to put a big thrust on leveraging technology and data-led decision-making.

A few years back, we embarked on our 'Re-Imagine HUL' journey to create an intelligent enterprise. Our 'Re-Imagine HUL' programme is accelerating our shift from traditional linear value chain to a web of ecosystems across consumer, customer, and operations powered by data, technology, and analytics at the core.

This enables the development of modular inter-connected capabilities that allow us to create a friction-less solution for superior experience while improving agility and responsiveness across the business.

Consumer Ecosystem

Our connected consumer ecosystem is designed to cater to every stage of the consumer journey, from insights to innovation, to deployment, to awareness and to final purchase decision. We are using Agile Innovation Hub to land faster, better innovations, leveraging data-driven tools to optimise our media strategy. Our content hubs (BeBeautiful), consumer trial (Smartpick), and D2C websites partner consumers in their journey from consideration to purchase.

Customer Ecosystem

In our connected customer ecosystem, we have built competitive moats across demand capture, demand fulfilment, and demand generation enabled by digitisation. We now capture 30% of our demand digitally through our future-ready platforms of Shikhar app, e-Commerce, and D2C websites. This also enables us to do demand generation in a disruptive way. Along with the front end, we are wiring up our distribution backend to maximise next day delivery.

Operations Ecosystem

Our supply chain is undergoing end-to-end integration enabled through a Nerve Center approach. Our digital-planning strategy aims to provide predictability, enable optimisation, and drive agility of our planning decisions. We are using digitisation in sourcing to create value unlocks. Our digital factories will enable us to further improve speed, cost efficiencies, and become more sustainable. We have setup 7 nano factories that enable us to manufacture niche products in an agile manner. Collectively, this will result in improved customer service, better efficiencies, and reduced costs.

Data, Tech and Analytics

At HUL, we treat data as an enterprise asset. To democratise data, we have built capabilities such as Chanakya, which combines disparate sets of data from trade, consumers, media, and financial data and helps analyse across multiple business levers. We have also built diagnostic and prescriptive capabilities like Jarvis which combine multiple levers to decode the performance and augment decision-making capabilities. Digital is no longer restricted to each function nor is it an experiment; it has become the way of working in HUL.

'Winning in Many Indias' has been the cornerstone of our strategy. Looking at the diverse nature of our country, we have deaveraged India into 16 consumer clusters. This brings us close to the consumers, allowing us to capture insights at a granular level. With the help of these rich insights, we are able to deploy sharp and tailored marketing strategies and product mixes to suit consumer preferences leading to new pockets of growth.

As we move ahead in our journey towards an intelligent enterprise, we continue to invest in building our future-fit talent and capabilities.

Access to world class Brands, Technology, and Services

HUL had a Royalty and Central Services arrangement with Unilever which was signed in January 2013 for a period of 10 years. This arrangement granted HUL the right to use Unilever-owned trademarks, technology, and corporate logo and gave access to central services provided by Unilever. The effective pay-out for this arrangement for FY'22 was c. 2.65% of HUL's turnover, comprising of (i) Trademark and Technology royalty of c. 1.65% and (ii) Fees for central services of c. 1%.

Over the course of the last decade, we received an increasing stream of benefits which have equipped us to meet emerging consumer needs with agility and win in the marketplace. This is clearly reflected in our strong performance where we have more than doubled our turnover and improved EBITDA margins by around 850 bps.

In view of the current agreement expiring with efflux of time, Unilever had requested for a review of the current arrangement. A detailed evaluation and due diligence led by senior HUL Management was undertaken. The Audit Committee was updated from time to time on the progress of the evaluation and due diligence exercise. The recommendations/suggestions of the Audit Committee were duly noted and acted upon by the senior HUL Management during the course of the exercise. The Non-Executive Chairman and the CEO & Managing Director of the Company recused themselves from all discussions relating to these transactions as they are members of the Unilever Leadership Executive and deemed to be interested in this matter.

Given the related party nature of the transactions, it is important to establish that these transactions are entered into on an arms' length basis. Based on the advice of the Audit Committee, the Company engaged the services of M/s. Deloitte Haskins and Sells LLP for conducting an independent benchmarking exercise of the contract rate of trademark, technology, corporate logo royalty and fees for central services in our industry between unrelated parties. The benchmarking was conducted at an element level i.e., individually for trademark royalty, corporate logo royalty, technology royalty and central service fees by comparing like to like contract rates for each element. The benchmarking exercise showed that the current and proposed rates are competitive (at or below median) within the range

of comparable benchmarks. Further, there was a study done to compare the proposed rates against that of listed Indian FMCG peers, which again demonstrated that HUL's royalty and central services rates are lower than the peer set as well.

After taking into account (i) business requirements of the Company, benefits received by the Company, detailed evaluation and due diligence led by senior HUL Management, (ii) the royalty and central service fee rates paid by similar FMCG peers, (iii) the external consultant's report showing HUL rates are competitive within the benchmark range and (iv) approval and recommendation of the Audit Committee, the new royalty and central services arrangement effective from 1st February, 2023, was duly approved by the Board at its meeting held on 19th January, 2023 and will be in force for a period of 5 years. Overall, the contracts propose a staggered increase over a period of 3 years from c. 2.65% to c.3.45% of Turnover to enable HUL to absorb the increase without affecting investment:

- 45 bps increase in effective cost for February to December 2023
- 25 bps further increase in effective cost for January to December 2024
- 10 bps further increase in effective cost from January 2025

Given that this was a related-party transaction, we ensured that the highest norms of governance were followed in addition to compliance with applicable regulations. In line with the provisions of the Listing Regulations, approval is sought from shareholders with respect to the services-related transactions. For more details, please refer pages 360 to 365.

We remain confident of continuing to deliver Consistent, Competitive, Profitable and Responsible (4C) growth and stay committed to our mid to long term guidance of double-digit EPS growth despite the increase in rates without any impact on our ability to invest in growing our business. The new contracts ensure continued benefits that HUL has been receiving from Unilever in terms of a steady stream faster innovations, superior products and technology, greater expertise, and enhanced services which will equip HUL to continue to win in the marketplace.



Report of Board of Directors and Management Discussion and Analysis

Risks and Opportunities

Our risk appetite and approach to risk management

Risk management is integral to our strategy and to the achievement of our long-term goals. Our success as an organisation depends on our ability to identify and leverage 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 (CoBP) 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 and Board and Board Committees including, where appropriate, the Chief Executive Officer and Managing Director, Chief Financial Officer, Audit Committee, and Risk Management Committee.

For each of our principal risks, we have a risk management framework detailing the internal 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 short and long term as well as internal and external risks, including financial, operational, sectoral, sustainability (particularly Environmental, Social and

Governance related risks), information, cyber security, legal and compliance, and any other risks as may be determined by the Company Leadership teams. How the identified risks are changing as well as emerging risk areas are reviewed on an ongoing basis, and formally by Risk Management Committee and the Board at least twice a year.

Processes

We engage in a wide range of processes and activities across our operations covering strategy, planning, execution, and performance management. Risk management is integrated into every stage of the 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 the Company 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 currently 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. However geopolitical and macro-economic uncertainties, climate change, rapidly evolving business models, and increased vulnerability of systems have accentuated the risks in these areas. Much of our risk mitigation focus during the year has been on managing these risks.

We regularly review our risk areas and the Company's leadership retains the responsibility for determining the nature and extent of significant risks and drawing out commensurate mitigation plans. We identify the most relevant risks for our business and reflect on whether 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 these.

Risk Description	Management of Risk
Brand Preference Our success depends on the value and relevance of our brands and products to our consumers and on our ability to innovate and remain competitive. Consumer tastes, preferences, and behaviours are changing more rapidly than ever before. The increased competitive intensity due to entry of new players may fuel it further. We see a growing trend for consumers preferring brands which meet both their functional needs and have an explicit social or environmental 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, are critical to the continued strength of our brands.	No Change ↔ The 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. Our R&D function actively identifies ways to translate trends in consumer preferences into new technologies for incorporation in 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. 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.
Legal and Regulatory Compliance with laws and regulations is an essential part of HUL's business operations. Proliferation or changes in regulations related to levy of direct/indirect taxes, data privacy, corporate governance, listing and disclosure, food standards compliance, labour laws, consumer communications and advertising, imports, among others, may lead to adverse impact on growth and profitability and increased exposure to civil and/or criminal actions leading to damages, fines, and criminal sanctions against us and/or our employees with possible consequences for our corporate reputation. Changes to laws and regulations could have a material impact on the cost of doing business.	No Change ↔ We are 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 involved in monitoring and reviewing our regulatory practices to provide reasonable assurance that we remain aware of and are in line with all relevant laws and legal obligations. The teams also work with the Industry and Trade Associations in making recommendations on newer and evolving regulations keeping the multi-stakeholder model in mind.



Report of Board of Directors and Management Discussion and Analysis

Risks

Supply chain	No Change ↔
<p>Our business depends on purchasing materials, efficient manufacturing and the timely distribution of products to our customers.</p> <p>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.</p> <p>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.</p> <p>Covid-19 and geopolitical uncertainty around the world has challenged and continues to challenge the resilience and continuity of our supply chain. Maintaining manufacturing and logistics operations will continue to require ongoing focus and flexibility.</p>	<p>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.</p> <p>Commodity price risk is actively managed through forward buying of traded commodities, other hedging mechanisms and product pricing. Trends are monitored and modelled regularly and integrated into our forecasting process.</p> <p>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.</p>
Business transformation	No Change ↔
<p>Successful execution of business transformation projects is key to delivering intended business benefits and avoiding disruption to other business activities.</p> <p>We are continually engaged in major change projects, including acquisitions, disposals, and organisational transformation, 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. Continued digitisation of our business models and processes, together with enhancing data management capabilities, is a critical part of our transformation.</p>	<p>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. The digitisation of our business is led by a dedicated specialist team together with representatives from all parts of the business to ensure an integrated and holistic approach. New ways of working and business models are constantly being explored to manage our business optimally in changing times.</p>
Macro-economic volatility	No Change ↔
<p>Uncertain macro-economic outlook coupled with geopolitical uncertainties may impact consumer demand for our products, disrupt sales operations, and/or impact the profitability of our operations.</p> <p>Prolonged and accentuated inflationary pressure; rise in unemployment, fall in disposable incomes could lead to a demand shock.</p>	<p>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, rebalance investment priorities. We believe that many years of exposure to challenging market conditions have given us experience of operating and developing our business successfully during periods of economic and political instability.</p>

<div>Plastic packaging</div> <div> <p>We use a significant amount of plastic to package our products. A reduction in the amount of virgin plastic we use, 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 tax or ban the use of certain plastics, require 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, but 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> </div>	<div>No Change ↔</div> <div> <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, improving recycling infrastructure for plastics, framing of Extended Producer Responsibility (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. We are also helping consumers to understand waste segregation and disposal methods. Through our partners, we collect and safely dispose more plastic than we use in packaging of our products.</p> <p>Design and development of alternative packaging: We are committed to make 100% of our plastic packaging reusable, recyclable, or compostable by 2025 and are working on innovative solutions for accelerated development of alternative packaging and associated Supply Chain capability in order to reduce usage of virgin plastic.</p> </div>
<div>Systems and information</div> <div> <p>The 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. Increasing digital interactions with customers, suppliers, and consumers place greater emphasis on the need for secure and reliable IT infrastructure and careful management of the information that is in our possession to ensure data privacy. Given the changes in ways of working of all our employees as well as our customers and suppliers, with increased activities online, there has been a greater reliance on certain elements of our IT infrastructure. We are particularly reliant on third party experts in this space and thus the impact of any disruptions on their operations also pose a risk for us. 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> </div>	<div>No Change ↔</div> <div> <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. 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. We also have a set of IT security standards and closely monitor their operation to protect our systems and information. We have moved all systems and data to cloud this year. Robust and scalable system architecture with multi-level redundancy, is built on the cloud that allows real time data replication capability. This ensures system resilience including minimum downtime of the systems and minimum to zero data loss in case of any disaster. 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. We are increasingly putting in place review and monitoring frameworks for new age automations to assess inherent open risks and mitigate the same.</p> </div>



Report of Board of Directors and Management Discussion and Analysis

Risks

Quality and safety	No Change ↔
<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 so 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. We have a robust quality inspection process in all manufacturing and warehousing locations to avoid and detect quality and safety issues. Also, we have a well-defined and periodic sampling and inspection process both at the distributor floor and on the market shelf ensuring quality of delivered product. 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>
Talent	No Change ↔
<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>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. We now work in an interweaving ecosystem of physical and virtual work spaces and our ability to manage hybrid ways of working will be the key to operational effectiveness.</p>	<p>We have always ensured safe working conditions for our employees and are providing the necessary infrastructure and equipment across all operations to strictly adhere to the highest safety measures. We constantly invest in upskilling, reskilling, redeployment, and dynamic allocation of our talent. 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 adopting flexible ways of working to unlock internal capacity and optimise talent deployment.</p> <p>Over the years we have developed a good equity to attract top talent. 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.</p>

Ethics	No Change 
<p>Our 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 by employees or extended enterprises would lead to damage to HUL's corporate reputation and business results.</p>	<p>Our Code 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 and our Code Policies are clearly defined and regularly communicated throughout HUL. Data relating to such breaches is reviewed by Management Committee and by relevant Board Committees that help to determine the allocation of resources for future policy development, process improvement, training, and awareness initiatives. Our Responsible Partner Policy helps 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. We have detailed safety standards and monitor safety incidents at the highest level. Through our Brands with Purpose agenda, a number of our brands are taking action on societal issues such as fairness and equality.</p>
Climate change	Increase 
<p>Climate change and governmental actions to reduce such changes may disrupt our operations and/or reduce consumer demand for our products.</p> <p>Climate change may impact our business in various ways through increased costs or reduced growth and profitability. Physical environment risks such as water scarcity could impact our operations, reduce demand for our products that require water during consumer use or decrease 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.</p> <p>Increased frequency of extreme weather events such as high temperatures, hurricanes, or floods could cause increased incidence of disruption to our supply chain, manufacturing, and distribution network. Market risks associated with the energy transition and rising energy prices could disrupt our operations and increase costs. 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.</p>	<p>As part of our sustainability goals, we monitor climate change and are responding by ensuring that we reduce the environmental impact of our operations to the extent possible.</p> <ul style="list-style-type: none"> Remove as much carbon from our operations and supply chain as we can Sustainably source all our key commodities Ensure deforestation-free supply chain <p>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 unfavourable seasonal swings. We monitor governmental developments around actions to combat climate change and take proactive action to minimise the impact on our operations.</p>



Report of Board of Directors and Management Discussion and Analysis

Opportunities

Opportunities	What we are doing to respond
Growing in channels of future	
With the 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 rapid digitisation of purchase behaviours require us to accelerate development of our e-Commerce and e-RTM (Route-to-market) capabilities. Strategically designed and flawlessly executed e-RTM, B2B solutions, and E2E Supply Chain transformation would open up a huge opportunity to tap into the new age channels and drive business growth.	While we continue to drive growth in the traditional trade and route to market, it is also critical to increase our footprint in emerging channels. We are working on rapid proliferation of technology-enabled distribution models to engage key customers and consumers strategically. Several new initiatives have been piloted which include digitisation of general trade through our e-B2B app Shikhar, smart demand capture, leveraging opportunities in omni channel, B2B2C, and e-Commerce.
Future-fit portfolio	
Our 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 spaces such as masstige, health and hygiene, digital-first brands, naturals, and therapeutics.	Our strategy and our business plans are designed to ensure that resources are prioritised towards high growth segments. We have a strong pipeline of relevant innovations and are staying close to consumers by proactively spotting consumer insights and 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. We have significantly enhanced brand propositions and marketing investments to increase adoption in underpenetrated categories.
Digital transformation	
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 stakeholder requirements.	We have 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 'Re-Imagine HUL' to capture the digital opportunities. Pre-empting the imminent disruption, we have established a sharp digitalisation agenda in each function. These include those around our core Enterprise Resource Planning (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 partnerships 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.
ESG focus	
The effects of climate change, nature loss, and social inequality are becoming ever more apparent and increasingly urgent. Our stakeholders recognise that responsible business practices are critical to generating long-term value. We are committed to operate and grow the business in a responsible way.	<p>We are a frontrunner in sustainable business practices. Through the Compass we have integrated sustainability into business strategies. We aim to demonstrate that robust financial results are not contrary to sustainable business; in fact, they are complementary.</p> <p>We have a strong governance mechanism in place consisting of cross-functional steering committees to action our ESG goals. We are constantly driving advocacy around sustainability and getting broader industry participation to lead the change.</p>

Financial Review

Results

	(₹ in crores)	
	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Turnover	58,154	50,336
EBITDA	13,632	12,503
Profit before exceptional items and tax	13,141	11,773
Profit for the year	9,962	8,818

Division Wise Turnover

	For the year ended 31st March, 2023		For the year ended 31st March, 2022	
	Sales	Others*	Sales	Others*
Home Care	21,103	127	16,470	108
Beauty & Personal Care	21,498	333	19,157	303
Foods and Refreshments	14,744	132	14,020	85
Others (including Exports and consignment sales)	810	397	689	361
Total	58,154	990	50,336	857

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

Summarised Profit and Loss Account

	(₹ in crores)	
	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Turnover	58,154	50,336
Other operational income	990	857
Total Revenue from operations	59,144	51,193
Operating Costs	45,512	38,690
Profit Before Depreciation, Interest, Tax (PBDIT)	13,632	12,503
Depreciation	1,030	1,025
Profit Before Interest & Tax (PBIT)	12,602	11,478
Other Income (net)	539	295
Profit before exceptional items	13,141	11,773
Exceptional items	(62)	(34)
Profit Before Tax (PBT)	13,079	11,739
Taxation	3,117	2,921
Profit for the year	9,962	8,818
Basic EPS (₹)	42.40	37.53

Key Financial Ratios

	2022-23	2021-22
Return on Net Worth (%)	20.1	18.6
Return on Capital Employed (%)	101.9	107.8
Basic Earnings Per Share (EPS) (₹)	42.40	37.53
Debtors Turnover (no. of times)	24.9	28.1
Inventory Turnover (no. of times)	14.7	13.8
Interest Coverage Ratio	143.9	129.2
Debt Service Coverage Ratio	21.8	21.4
Current Ratio	1.4	1.3
Debt Equity Ratio	0.0	0.0
Operating Profit Margin (%)	21.7	22.8
Net Profit Margin (%)	17.1	17.5

Increase in Return on Net Worth is led by PAT growth

There is no significant change (i.e. change of 25% or more as compared to the FY 2021-22) in the other key financial ratios.



Report of Board of Directors and Management Discussion and Analysis

Explanation to Key Financial Ratios

(i) Return on Net Worth (%)

Return on Net Worth is a measure of profitability of a company expressed in percentage. It is calculated by dividing total comprehensive income by average shareholder's equity.

(ii) Return on Capital Employed (%)

Return on Capital Employed indicates the ability of a company's management to generate returns for both the debt holders and the equity holders. It measures a Company's profitability and the efficiency with which its capital is used. It is calculated by dividing profit before exceptional items, interest and tax by capital employed. Capital Employed = tangible net worth + total debt + deferred tax liability.

(iii) Basic EPS

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

Debtors Turnover measures the efficiency at which the firm is managing the receivables. 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 measures the efficiency with which a company utilises or manages its inventory. It establishes the relationship between sales and average inventory held during the period. It is calculated by dividing turnover by average inventory.

(vi) Interest Coverage Ratio

Interest Coverage Ratio measures how many times a company can cover its current interest payment with its available earnings. It is calculated by dividing earnings available for debt service by interest payments.

(vii) Debt Service Coverage Ratio

Debt Service Coverage Ratio is used to analyse the firm's ability to pay-off current interest and instalments. It is calculated by dividing earnings available for debt service by debt service.

(viii) Current Ratio

The Current Ratio indicates a company's overall liquidity position. It 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.

(ix) Debt Equity Ratio

Debt Equity 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 total debt by shareholder's equity.

(x) Operating Profit Margin (%)

Operating Profit Margin is used to calculate the percentage of profit a company produces from its operations. It is calculated by dividing earnings before interest and tax by turnover.

(xi) Net Profit Margin (%)

The Net Profit Margin is equal to how much net profit is generated as a percentage of revenue. It is calculated by dividing net profit by turnover.

Economic Value Added (EVA)

What is EVA ?

Traditional approaches to measuring Shareholder's Value Creation have used parameters such as earnings capitalisation, market capitalisation and present value of estimated future cash flows. Extensive equity research has established that it is not earnings per se, but VALUE that is important. A measure called 'Economic Value Added' (EVA) is increasingly being applied to understand and evaluate financial performance.

EVA = Net Operating Profit after Taxes (NOPAT) - Cost of Capital Employed (COCE), where

NOPAT = Profits after depreciation and taxes but before interest costs. NOPAT thus represents the total pool of profits available on an ungeared basis to provide a return to lenders and shareholders

COCE = Weighted Average Cost of Capital (WACC) x Average Capital Employed.

Cost of Debt is taken at the effective rate of interest applicable to an 'AAA' rated Company like HUL for a short-term debt, net of taxes. We have considered a pre tax rate of 7.85%.

Cost of Equity is the return expected by the investors to compensate them for the variability in returns caused by fluctuating earnings and share prices.

Cost of Equity = Risk free return equivalent to yield on long term Government Bonds + Market risk premium (x) Beta variant for the Company, where Beta is a relative measure of risk associated with the Company's shares as against the market as a whole. Thus HUL's cost of equity = 10.90%.

What does EVA show?

EVA is residual income after charging the company for the cost of capital provided by lenders and Shareholders. It represents the value added to the Shareholders by generating operating profits in excess of the cost of capital employed in the business.

When will EVA increase?

EVA will increase if:

- Operating profits can be made to grow without employing more capital, i.e. greater efficiency.
- Additional capital's invested in projects that return more than the cost of obtaining new capital, i.e. profitable growth.
- Capital is curtailed in activities that do not cover the cost of capital, i.e. liquidate unproductive capital.

EVA in practice at Hindustan Unilever Limited (HUL)

In Hindustan Unilever Limited, the goal of sustainable long term value creation for our shareholders is well understood by all the business groups. Measures to evaluate business performance and to set targets take into account this concept of value creation.

(₹ in crores)

	IGAAP		IND AS							
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Cost of Capital Employed (COCE)										
1. Average Debt	0	0	0	0	0	0	0	0	0	0
2. Average Equity	3,715	4,338	5,664	5,831	6,181	6,668	7,227	46,890	47,156	48,486
3. Average Capital Employed : (1) + (2)	3,715	4,338	5,664	5,831	6,181	6,668	7,227	46,890	47,156	48,486
4. Cost of Debt, post-tax %	6.36	5.56	5.43	4.90	5.21	5.77	5.25	4.70	4.81	5.87
5. Cost of Equity %	11.62	10.91	11.98	12.25	14.19	11.84	9.11	8.86	9.09	10.90
6. Weighted Average Cost of Capital % (WACC)	11.62	10.91	11.98	12.25	14.19	11.84	9.11	8.86	9.09	10.90
7. COCE : (3) x (6)	432	474	679	714	877	789	658	4,153	4,289	5,285
Economic Value Added (EVA)										
8. Profit after tax, before exceptional items	3,555	3,843	4,116	4,247	5,135	6,080	6,743	7,963	8,724	9,720
9. Add : Interest, after taxes	24	11	0	0	0	0	0	0	0	0
10. Net Operating Profits After Taxes (NOPAT)	3,579	3,854	4,117	4,247	5,135	6,080	6,743	7,963	8,724	9,720
11. COCE, as per (7) above	432	474	679	714	877	789	658	4,153	4,289	5,285
12. EVA : (10) - (11)	3,147	3,380	3,438	3,533	4,258	5,291	6,085	3,810	4,435	4,435

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 (FY) to which this financial statement relates on the date of this Integrated Annual Report.

During the Financial Year, there was no amount proposed to be transferred to the Reserves.

Capital Expenditure (including Intangible Assets) during the financial year was at ₹1,042 crores (₹919 crores in the previous financial year).

During the Financial Year, the Company did not accept any public deposits as defined under Chapter V of the Companies Act, 2013 (the Act).

The Company manages cash and cash flow processes assiduously, involving all parts of the business. There was cash and bank balance of ₹4,422 crores (FY 2021-22: ₹3,618 crores), as on 31st March, 2023. 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



Report of Board of Directors and Management Discussion and Analysis

gains or losses every quarter end, are in line with the requirements of Ind AS 21.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of Foreign Exchange Earnings and Outgo as required under Section 134 of the Act and Rule 8(3) of Companies (Accounts) Rules, 2014 are mentioned below:

	(₹ in crores)	
	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Foreign Exchange Earnings	1,574	1,527
Foreign Exchange Outgo	3,695	3,131

Includes all Indian subsidiaries, excludes Unilever Nepal Limited.

PERFORMANCE OF SUBSIDIARIES

The summary of performance of subsidiaries is provided below:

Unilever India Exports Limited

Unilever India Exports Limited is a wholly owned subsidiary of the Company and is engaged in Fast Moving Consumer Goods (FMCG) exports business. The focus of the FMCG exports operation is two-fold: to expand global presence of brands, such as Vaseline, Dove, Pears, Bru, Red Label, Lakmé, Horlicks and Boost, and to effectively provide cross-border sourcing of FMCG products to other Unilever companies across the world.

The top line growth of the company was driven by growth in Skin Care, Health Food Drinks, Instant Tea and Personal Wash Brands like Dove, Horlicks, Vaseline, Pears, Sunsilk, Glow and Lovely, Ponds, Lipton Hot Instant Tea, Lakmé and Lifebuoy. These brands have registered healthy growth in the focused markets.

Lakme Lever Private Limited

Lakme Lever Private Limited is a wholly owned subsidiary of the Company and is engaged in Salon business and also operates a manufacturing unit at Gandhidham which carries out job work operations for the Company by manufacturing toilet soaps, bathing bars and detergent bars.

The company delivered robust top line and bottom line growth led by recovery in the salon business. With focus on safety, quality of operations, expert treatments and prudent cost optimisation, the salon business continues to perform well in the beauty services category. Job work business continued to do well.

The company has over 450 owned / managed and franchisee salons. At Lakmé Salon, safety and wellbeing of our consumers and experts have always been the topmost priority. The company has emerged stronger post the pandemic by strengthening safety, quality and expertise across all touch points in our customer journey. The extended team comprising the housekeeping staff, experts,

salon managers and business partners have been trained and audited continuously to ensure complete adherence to protocols. The company also dialed up expertise by continued investment in training. This has helped maintain the company's Net Promoter Score at 90% plus by ensuring safety and keeping customer satisfaction as focus.

Innovations like Quintessential bridal looks, Luxury body treatments, Cappuccino pedicure/manicure spa and our signature Beautysutra range added excitement to our comprehensive Runway secrets portfolio. Thematic campaigns – Good Hair Day, Happy New You and Skin Investment Plan helped gain new clients and sustain existing ones. Lakmé Salon continues to be a highly preferred option for franchisees in the beauty and wellness category attracting several professionals and entrepreneurs to own their Lakmé Salon.

Hindustan Unilever Foundation

Hindustan Unilever Foundation (HUF) is a not-for-profit company that anchors water management related community development and sustainability initiatives of the Company.

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. It aims to catalyse effective solutions to India's water challenges through a partnership approach involving the Government, communities, experts and mission-based organisations.

The company partners with non-profit organisations in water-stressed regions across the country to support rural communities with water conservation and regenerative agricultural practices amongst farmers. The initiative has delivered a cumulative and collective water potential of over 2.6 trillion litres through improved supply and demand water management, over 1.7 million tonnes of additional agricultural and biomass production, and over 110 million person-days of employment due to project interventions.* Till now, HUF's programmes have reached more than 14,000 villages in 13 States and 2 Union Territories.

Unilever Nepal Limited

Unilever Nepal Limited is a subsidiary of the Company and is engaged in marketing and manufacturing detergents, toilet soaps, personal products and laundry soaps in Nepal.

The company delivered strong double-digit growth with high single digit volume growth. Growth was competitive, supported by localisation and a step up in brand and marketing investments. Recovering from the impact caused by the pandemic, the Nepal economy condition remained challenging with acute liquidity, rising inflation and pressure on foreign reserves. Despite a challenging environment, the company has demonstrated resilience and agility to deliver a strong all-round performance. The company continue to manage our business dynamically by driving savings harder across all lines of P&L, ensuring right

* Assured by an external Independent firm

price-value equation and investing competitively behind our brands leading to a healthy growth in profit margins.

Unilever India Limited

Unilever India Limited is a wholly owned subsidiary of the Company that was incorporated to leverage the growth opportunities in a fast-changing business environment. In July 2022, Unilever India Limited's new Home Care factory was inaugurated in Sumerpur, Uttar Pradesh.

The new unit, a state-of-the-art spray dried detergent factory manufactures Home Care products for the Company. It is designed to make the best use of digital 4th industrial revolution has to offer, guaranteeing world class performance in people safety, product quality, innovation lead times and environmental performance. The site's integrated design allows for an ecosystem of material suppliers, logistic operators, and manufacturing partners to be located at the site for optimal integration of the supply chain.

This unit is firmly on its path to be Unilever's first gender-balanced factory in South Asia and currently has 170 female employees. It is an inspiring example of the path breaking work being done to increase female representation in our shop floors through Project Samavesh.

Zywie Ventures Private Limited

Zywie Ventures Private Limited (ZVPL) is a subsidiary of the Company engaged in the business of Health and Wellbeing products under the brand name of 'OZiva'. The Company acquired 53.34% stake (51.00% on a fully diluted basis) in ZVPL on 10th January, 2023.

OZiva is a plant-based and clean label consumer wellness brand focused on the need spaces such as Lifestyle Protein, Hair & Beauty Supplements and Women's Health. OZiva is a digital-first brand with an omnichannel approach, available on its D2C website, digital marketplaces and a growing offline presence. The company has a strong in-house R&D team comprising Ph.D.s, Phyto-chemists and Biotechnologists.

The investment is in line with the Company's strategy to enter fast evolving growth space of Health and Wellbeing.

Other Subsidiaries

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

Bhavishya Alliance Child Nutrition Initiatives is a not-for-profit subsidiary of the Company and is under voluntary liquidation.

Daverashola Estates Private Limited is a subsidiary of the 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 the Company and currently has no business activity.

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

The Scheme for Merger of Pond's Exports Limited and Jamnagar Properties Private Limited into Unilever India Exports Limited was filed with the Hon'ble National Company Law Tribunal, Mumbai on 1st July, 2021. As on date, the final order on the company petition for merger is awaited.

During the year, the 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 Zywie Ventures Private Limited and Nutritionalab Private Limited.

OTHER STATUTORY INFORMATION

Audit & Auditors

Statutory Auditors

In terms of provisions of Section 139 of the Act, M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No.: 101248W/W-100022) were re-appointed as Statutory Auditors of the Company at the 86th Annual General Meeting (AGM) held on 29th June, 2019, to hold office till the conclusion of 91st AGM of the Company.

The Report given by the Statutory Auditors on the financial statements of the Company is part of this Integrated Annual 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 have not reported any fraud under Section 143(12) of the Act.

Secretarial Auditors

In terms of provisions of Section 204 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board, at its Meeting held on 27th April, 2022 had appointed M/s. S. N. Ananthasubramanian & Co., Company Secretaries (COP No. 1774) to conduct Secretarial Audit for the FY 2022-23.

The Secretarial Audit Report forms part of this Integrated Annual Report and does not contain any qualification, reservation or adverse remark. During the year under review, the Secretarial Auditor has not reported any fraud under Section 143(12) of the Act.

Cost Records and Cost Audit

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



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M/s. RA & Co., Cost Accountants (Firm Registration No. 000242) have carried out the Cost Audit for applicable businesses during the year. During the year under review, the Cost Auditor has not reported any fraud under Section 143(12) of the Act.

The Board of Directors, based on the recommendation of the Audit Committee, have appointed M/s. RA & Co., Cost Accountants as Cost Auditors for the FY 2023-24. M/s. RA & Co., being eligible, have consented to act as the Cost Auditors of the Company for the FY 2023-24. The remuneration of ₹14 lakhs (Rupees Fourteen lakhs only) exclusive of taxes and out-of-pocket expenses incurred in connection with the aforesaid audit, is proposed to be paid to the Cost Auditors, subject to ratification by the Members of the Company at the ensuing AGM.

Internal Financial Controls

The Company has a robust Internal Financial Control framework which is established in accordance with the Committee of Sponsoring Organisation (COSO) framework. The details of Internal Financial Control framework, form a part of the Corporate Governance Report of this Integrated Annual Report.

Employee Stock Option Plan (ESOP)

Pursuant to the approval of the Members at the AGM held on 23rd July, 2012, the Company adopted the '2012 HUL Performance Share Scheme'. In accordance with the terms of the Performance Share Scheme, 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' during the FY 2022-23.*

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 Unilever PLC (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 plan. 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.

Particulars of Employees and Related Disclosures

Disclosures with respect to the remuneration of Directors and employees as required under Section 197(12) of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (Rules) have been appended as an Annexure to this Integrated Annual Report.

The statement containing particulars of employee remuneration as required under provisions of Section 197(12) of the Act and Rule 5(2) and 5(3) of the Rules are available on the Company's website at <https://www.hul.co.in/investor-relations/annual-reports/>.

Dividend

The Directors are pleased to recommend a Final Dividend of ₹22/- per equity share of face value of ₹1/- each for the FY ended 31st March, 2023. The Interim Dividend of ₹17/- per equity share was paid on Thursday, 17th November, 2022.

The Final Dividend, subject to the approval of Members at the AGM on Monday, 26th June, 2023, will be paid on or after Thursday, 29th June, 2023, to the Members whose names appear in the Register of Members, as on the Book Closure date, i.e. from Tuesday, 20th June, 2023, to Monday, 26th June, 2023, (both days inclusive). The Total Dividend for the financial year, including the proposed Final Dividend, amounts to ₹39/- per equity share and will absorb ₹9,163 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. The 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 and Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, ₹13.64 crores of unpaid/unclaimed dividends were transferred during the year to the Investor Education and Protection Fund.

Mergers, Acquisitions & Divestment

Strategic investments in Zywie Ventures Private Limited and Nutritionalab Private Limited

During the year, the Company entered the 'Health & Wellbeing' category with strategic investments completed in Zywie Ventures Private Limited and Nutritionalab Private Limited. These investments strongly align with our mission to improve the health and wellbeing of consumers and empower people to take charge of their health through solutions that they can trust.

Sale of atta and salt business carried out under the brands of 'Annapurna' and 'Captain Cook'

Given the strategic priorities and portfolio choices, during the year, the Company sold the non-core businesses of atta

* As on the date of adoption of the Report by the Board there are no stock options that are either outstanding or exercisable.

and salt carried out under the brands of 'Annapurna' and 'Captain Cook' to Uma Global Foods Pte Limited and Uma Consumer Products Private Limited, affiliates/nominees of CSAW Aqbator Pte Limited.

Particulars of Loan, Guarantee or Investments

Details of loans, guarantee or investments made by the Company under Section 186 of the Companies Act, 2013, during FY 2022-23 are appended as an Annexure to this Integrated Annual Report.

GOVERNANCE, COMPLIANCE AND BUSINESS INTEGRITY

The Legal function of the Company continues to be a valued business partner that provides solutions to protect the Company and enable it to win in the brittle, anxious, non-linear and incomprehensible 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. The function works with the growth enabler mindset.

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. The 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 the Company continues to embrace newer technologies to make the function future ready to support the growth agenda of the business.

We are 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. The Company continued to engage with various stakeholders including e-Commerce Channel Partners, Industry Bodies and Regulators to curb the menace of counterfeiting across channels and markets, including through the import route to the country.

The Legal function of the 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 of Business Principles (CoBP) and Code Policies. Our employees undertake mandatory annual training on these Policies via online learning modules and sign an annual Business Integrity Pledge. Our Business Integrity governance framework includes clear processes for dealing with CoBP breaches.

During the financial year, 79 incidents were reported across all areas of our CoBP and Code Policies, with 36 confirmed breaches. During the year, we terminated employment

of 16 employees and issued 16 warning letters as a consequence of such breaches.

The CoBP and Code Policies reflect our desire to fight corruption in all its forms. We are committed to eradicating any practices or behaviours though our zero-tolerance approach to such practices. The CoBP is periodically refreshed and updated so that it provides a current reflection of the way we do business at Unilever. Our CoBP and Code Policies have been reviewed to align them with the changes in the internal and the external environment.

Our Responsible Partner Policy help 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 our 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). A Certificate of the Chief Executive Officer and Chief Financial Officer 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 to this Integrated Annual Report.

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, the Company has constituted Internal Committees (IC). Our POSH Policy is now 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 LGBTQI+ community.

While maintaining the highest governance norms, the Company has appointed external independent persons who have prior experience in the areas of women empowerment and prevention of sexual harassment, as Chairpersons of each of the Internal Committees. During the year, 7 complaints with allegations of sexual harassment were received by the Company and of which 5 complaints 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 on the topics of Gender Sensitisation and Code Policies including POSH for all office and factory-based employees.

* The Complaints which were pending as on 31st March, 2023 were received on 15th March, 2023 and 29th March, 2023 respectively. One of the Complaints was disposed off at the time of adoption of this Report by Board. The Company endeavours to complete the inquiry process within the stipulated period of 90 days.



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Related Party Transactions

In line with the requirements of the Act and the Listing Regulations, the Company has formulated a Policy on Materiality of Related Party Transaction (RPT) & Dealing with RPT which is also available on the Company's website at <https://www.hul.co.in/investor-relations/corporate-governance/>. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its Related Parties.

All Related Party Transactions and subsequent material modifications are placed before the Audit Committee for its review and approval. Prior omnibus approval is obtained for RPTs 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 RPTs are subjected to independent review by a reputed accounting firm to establish compliance with the requirements of RPTs under the Act, and Listing Regulations.

All RPTs entered during the year were in ordinary course of the business and at arm's length basis. No Material RPTs, as per the materiality threshold adopted by the Board of Directors, were entered during the year by the Company. Accordingly, the disclosure of RPTs as required under Section 134(3)(h) of the Act, in Form AOC-2 is not applicable.

Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return of the Company in Form MGT-7 for FY 2022-23, is available on the Company's website at <https://www.hul.co.in/investor-relations/annual-reports/>.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Change in Directorate

During the year, Mr. Wilhelmus Uijen (DIN: 08614686) stepped down as the Whole-time Director and Member of Management Committee of the Company with effect from 31st August, 2022, consequent to his elevation as the Chief Procurement Officer for Unilever, globally.

The Board places on record its appreciation for the leadership and invaluable contribution made by Mr. Wilhelmus Uijen during his tenure as a Whole-time Director and Member of Management Committee of the Company.

Further, the Board of Directors at its meeting held on 10th March, 2023, based on the recommendation of the Nomination and Remuneration Committee of the Company, approved the following appointments to the Board:

- (a) the appointment of Mr. Rohit Jawa (DIN: 10063590) as an Additional Director - Whole-time Director of the Company with effect from 1st April, 2023 upto 26th June, 2023 and as the Managing Director & Chief Executive Officer (CEO & MD) of the Company for a term of five consecutive years with effect from 27th June, 2023.

- (b) the appointment of Mr. Ranjay Gulati (DIN: 10053369) as an Additional Director - Independent Director of the Company for a term of five consecutive years with effect from 1st April, 2023.

The above-mentioned appointments are subject to approval of the Members at the ensuing AGM of the Company.

Mr. Rohit Jawa will succeed Mr. Sanjiv Mehta (DIN: 06699923) as the CEO & MD and as the head of the Management Committee of the Company with effect from 27th June, 2023. Since, Mr. Rohit Jawa is a Singapore National and has a non-residential status, his appointment as the Whole-time Director and as a CEO & MD of the Company shall also be subject to Central Government approval.

Mr. Sanjiv Mehta will step down as the CEO & MD of the Company with effect from the close of business hours on 26th June, 2023 after a transformational tenure of 10 years at the helm of the Company. During his tenure, the business more than doubled its turnover, significantly improved its profitability and the market capitalisation of the Company increased more than four times from US\$17 billion to US\$75 billion.

The Board places on record its deep sense of appreciation and gratitude to Mr. Sanjiv Mehta for his immense and sustainable contribution to the business as the CEO & MD of the Company, that led in reinforcing HUL as one of India's most valuable businesses.

Retirement by rotation and subsequent re-appointment

Mr. Nitin Paranjpe (DIN: 00045204), Mr. Ritesh Tiwari (DIN: 05349994) and Mr. Dev Bajpai (DIN: 00050516), are liable to retire by rotation at the ensuing AGM and being eligible have offered their candidature for re-appointment.

As per the provisions of the Act, the Independent Directors are not liable to retire by rotation.

Brief resume, nature of expertise, disclosure of relationship between directors inter-se, details of directorships and committee membership held in other companies of the Directors proposed to be appointed/re-appointed, along with their shareholding in the Company, as stipulated under Secretarial Standard-2 and Regulation 36 of the Listing Regulations, is appended as an Annexure to the Notice of the ensuing AGM.

Key Managerial Personnel

Mr. Sanjiv Mehta, CEO & MD, Mr. Ritesh Tiwari, Chief Financial Officer and Mr. Dev Bajpai, Company Secretary are the Key Managerial Personnel of the Company as on 31st March, 2023. During the FY 2022-23, there were no changes to the Key Managerial Personnel of the Company.

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 CEO & MD and has Functional/Business Heads as its members.

During the year, the Board of Directors approved the appointment of Mr. Yogesh Mishra as Executive Director, Supply Chain and a Member of the Management Committee in succession to Mr. Wilhelmus Uijen.

Declaration from Independent Directors

The Company has, inter alia, received the following declarations from all the Independent Directors confirming that:

- they meet the criteria of independence as prescribed under the provisions of the Act, read with the Rules made thereunder and Listing Regulations. There has been no change in the circumstances affecting their status as Independent Directors of the Company;
- they have complied with the Code for Independent Directors prescribed under Schedule IV to the Act; and
- they have registered themselves with the Independent Director's Database maintained by the Indian Institute of Corporate Affairs.

In the opinion of the Board, all Independent Directors possess requisite qualifications, experience, expertise and hold high standards of integrity required to discharge their duties with an objective independent judgment and without any external influence. List of key skills, expertise and core competencies of the Board, including the Independent Directors, forms a part of the Corporate Governance Report of this Integrated Annual Report.

Meetings of the Board, Board Evaluation, Training and Familiarisation Programme & Vigil Mechanism

During the year, eight meetings of the Board of Directors were held.

The details of meetings held and Director's attendance, training and familiarisation programme and Annual Board Evaluation process for Directors, 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, composition of Audit Committee, establishment of Vigil Mechanism for Directors and employees, form a part of the Corporate Governance Report of this Integrated Annual Report.

TECHNOLOGY ABSORPTION

The Company continues to derive sustainable benefit from the strong foundation and long tradition of Research & Development (R&D) at Unilever. New products, technologies, and processes flow to the Company from R&D work done across Unilever's 8 Global R&D Centres of excellence and 10 multi-market R&D hubs, including three in India located at Mumbai, Bengaluru (both Global R&D Centres), and Gurugram. The Unilever R&D labs in India work closely with the HUL business to create exciting innovations that help us win with our consumers every day. We have access to over 20,000 active patents that Unilever holds. With world-class facilities, and a superior science and technology culture, Unilever attracts the best of R&D talent globally to develop breakthrough

and proprietary technologies with innovative consumer propositions. The global R&D team comprises of more than 5,000 highly qualified scientists and technologists working in the areas of Home Care, Beauty & Personal Care, Foods & Refreshment, along with critical R&D functional capability teams in the areas of Regulatory, Clinicals & Digital R&D. We also directly benefit from the Unilever's Safety and Environmental Assurance Centre (SEAC), which assess all our products from the lens of safety impact of our products on People and Environment. Our scientists at SEAC partnering with Unilever R&D Scientists and use internationally recognised safety approaches, and authoritative scientific evidence, to ensure that people are safe when using our products and environmental safety of the ingredients we use is assured. Further, we continue to develop new scientific methods and enhance our approaches, working closely with other external experts to ensure that our products are safe for people and environment. We also derive exceptional benefits and advantage of scale from Unilever R&D's extensive global ecosystem of academia, technology experts and long-term collaborations with large suppliers for material and technologies.

We have a Technical Collaboration Agreement (TCA) and a Trademark License Agreement (TMLA) with Unilever since 2013. We are 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 the 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'.

The 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. The Company continuously imports technology from Unilever under the TCA, which is fully absorbed. Some of the examples of cutting-edge science technologies that have been absorbed include Human Microbiome & Human Biology led technology platforms which cut across Beauty & Personal Care product ranges delivering multitude of consumer benefits, including hygiene, skin glow and protection against sun, pollution, odour among many others.

Similarly for Foods & Refreshment portfolio, set of technologies include fortification, novel processing routes, flavour modulation, plant-based protein delivery, sugar & salt reduction without compromise on taste etc. Lastly, in



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the space of Homecare, Beauty & Personal care a suite of technologies including sustainable palm and Eco-Boost technologies help reduce our environmental footprint while delivering superior product experience at an affordable price for our consumers.

The Company has also benefited from continued global R&D capital investments into critical R&D capabilities and infrastructure in India, including setting up of Agile Innovation Hub and Advanced Manufacturing Centre, product testing & validation capabilities to help unlock speed in innovation by deploying cutting edge data science, technology & automation. These capabilities allow us to identify and lead consumer trends, rapidly design, prototype and test new ideas, products as well as digitally scale up new technologies and products leading to more impactful innovations, faster speed to market as well as significant cost savings for the Company.

The Company also receives continuous support and guidance from Unilever to drive functional excellence in marketing, supply management, media buying and IT, among others, which helps us 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 the Company and enables us to win in the marketplace.

CONSERVATION OF ENERGY

For details on the steps taken by the Company on conservation of energy, water and reduction of waste, please refer to the Business Responsibility and Sustainability Report, which forms part of this Integrated Annual Report.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has generally complied with all the applicable provisions of Secretarial Standard on Meetings of Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2), 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 our business and to reach the ambitious targets set out in the HUL Compass ESG goals. The Code of Business Principles (CoBP), which is the statement of values and represents the standard of conduct for everyone associated with the 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, we are committed to transparency, honesty, integrity and openness in all our engagements with the various stakeholders. Details on stakeholder engagement is provided in the Stakeholder engagement and review section on pages 53 to 77.

OUTLOOK

In the backdrop of a challenging operating environment, we delivered another strong all-round performance led by our focus on growing consumer franchise and protecting our business model.

In the near term, the operating environment is expected to remain volatile with global slowdown risks and weather-related uncertainty. While inflation has moderated, commodities remain elevated vis-à-vis longer-term averages. Looking forward, we expect that the price-volume growth will rebalance. Price growth will tail off due to lapping of higher prices in the base and sequential easing of inflation. Market volumes is expected to recover gradually as consumption habits readjust with a lag.

We remain focused on managing our business with agility and growing our consumer franchise whilst maintaining margins in a healthy range. We stay confident of the medium to long term potential of Indian FMCG sector and HUL's ability to deliver a Consistent, Competitive, Profitable and Responsible growth.

RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Act, the Board of Directors confirm that:

- In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and there are no material departures 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 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 Act and 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.

OTHER DISCLOSURES

During the year under review:

- no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status of the Company and or its operations in future;
- no proceedings are made or pending under the Insolvency and Bankruptcy Code, 2016 and there is no instance of one-time settlement with any Bank or Financial Institution;

- no shares with differential voting rights and sweat equity shares have been issued;
- no public deposits as defined under Chapter V of the Act have been accepted by the Company;
- there has been no change in the nature of business of the Company.

APPRECIATIONS AND ACKNOWLEDGMENTS

The Board places on record its deep appreciation to all employees for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain an industry leader.

The Board would also like to acknowledge the excellent contribution by Unilever to the 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 the Company has been receiving from its suppliers, distributors, retailers, business partners and others associated with it as its trading partners. The Company looks upon them as partners in its progress and has shared with them the rewards of growth. It will be our 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.

The Board also take this opportunity to thank all Shareholders, Business Partners, Government and Regulatory Authorities and Stock Exchanges, for their continued support.

On behalf of the Board

Nitin Paranjpe
Chairman
(DIN: 00045204)

Mumbai, 27th April, 2023



Annexure to the Report of Board of Directors

Statement of Disclosure of Remuneration under Section 197(12) 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 2022-23, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and other Executive Director(s) and Company Secretary during the Financial Year 2022-23.

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	Chief Executive Officer and Managing Director	164.07	Refer note iv.
2.	Ritesh Tiwari	Executive Director, Finance & IT and Chief Financial Officer	54.99	
3.	Dev Bajpai	Executive Director, Legal & Corporate Affairs and Company Secretary	69.44	
4.	Wilhelmus Uijen*	Executive Director, Supply Chain	124.00	

- ii. The percentage increase in the median remuneration of Employees for the Financial Year was 10.73%.
- iii. The Company has 6,697** permanent Employees on the rolls of Company as on 31st March, 2023.
- iv. Average increase made in the salaries of Employees other than the managerial personnel in the Financial Year was 8%. With respect to Management Committee members, the Company, will be placing the increment proposal before the Nomination and Remuneration Committee of the Board, in due course for its consideration.
- v. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

Note:

- (a) The Independent Directors of the Company are entitled to sitting fees and commission as per the statutory provisions and within the limits approved by the Members. The remuneration of Independent 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 Independent 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 2022-23.
- (c) Employees for the purpose above include all employees excluding employees governed under collective bargaining.

On behalf of the Board

Nitin Paranjpe
Chairman
(DIN: 00045204)

Mumbai, 27th April, 2023

* Mr. Wilhelmus Uijen ceased to be the Whole-time Director w.e.f. 31st August, 2022.

** Includes employees working for Hindustan Unilever Limited only. Last year reported number included the employees working with subsidiaries and group companies as well.

Annexure to the Report of Board of Directors

Particulars of Loan, Guarantee or Investments

Details of loans, guarantee or investments made by the Company under Section 186 of the Companies Act, 2013, during the financial year 2022-23 are given below:

AMOUNT OUTSTANDING AS AT 31ST MARCH, 2023

Particulars	(₹ in crores) Amount
Loans given	253
Guarantee given	-
Investments made	3,794

LOAN, GUARANTEE AND INVESTMENTS MADE DURING THE FINANCIAL YEAR 2022-23

Name of Entity	Relation	Amount in ₹ crores	Particulars of loan, guarantee and investments	Purpose for which the loans, guarantee and investments are proposed to be utilised
Unilever India Exports Limited	Subsidiary	349	Loan	Business purpose
Unilever India Limited	Subsidiary	144	Loan	Business purpose
Rudraksh Detergent and Chemicals Private Limited	-	2	Loan	Business purpose
Zywie Ventures Private Limited*	Subsidiary	264	Investments	Business purpose
Nutritionalab Private Limited*	Joint Venture	70	Investments	Business purpose
Mutual Funds and T-bills#	-	(699)	Investments	Cash Management

* Investment in Equity Shares and Compulsorily Convertible Preference Shares

For details refer to Note 6 of Notes to the financial statements

On behalf of the Board

Nitin Paranjpe

Chairman

(DIN: 00045204)

Mumbai, 27th April, 2023



Annexure to the Report of Board of Directors

Annual Report on Corporate Social Responsibility (CSR) Activities

[Pursuant to the Companies (Corporate Social Responsibility) Rules, 2014]

1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY, INCLUDING OVERVIEW OF PROJECTS/ PROGRAMMES UNDERTAKEN

A belief that sustainable business drives superior performance lies at the heart of Hindustan Unilever Limited. We seek to deliver long-term sustainable growth while driving change on important issues like climate and nature, social inequality and health and wellbeing. The Company strives to create a fairer and more inclusive world, where everyone lives with, rather than at the expense of, nature and the environment.

Our Company is guided by Compass, a sustainable growth strategy, that will help deliver growth that is consistent, competitive, profitable and responsible. It lays the pathway for the Company to realise its vision of being the leader in sustainable business. The Compass has time-bound multi-year priorities that cover the full spectrum of the Company's business and wider ecosystem.

Our Compass strategy has a comprehensive and ambitious set of commitments that will help us to:

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

Our Company's sustainable business strategy is in line with India's development agenda and the United Nations Sustainable Development Goals (SDGs). For more details visit <https://www.hul.co.in/planet-and-society/>.

Our Company's CSR is not limited to philanthropy, but encompasses holistic community development, institution-building and sustainability-related initiatives. It aims to provide a dedicated approach to community development in the areas of water conservation, health and hygiene, skill development, education, social advancement, gender equality, women empowerment, and rural development, ensuring environmental sustainability.

The 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-social-responsibility/>.

A brief overview of the Company's CSR projects is given below:

This Report is divided into two parts – Section A provides details of the initiatives that are covered under the Schedule VII of the Companies Act, 2013 (the Act) 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 purpose of computing CSR spends.

SECTION A

i. Water Conservation Programme

Hindustan Unilever Foundation (HUF) is a not-for-profit company that was set up in 2010 to support and amplify scalable solutions that can help address India's water challenges. It focuses on helping rural communities that intersect with agriculture. HUF established its 'Water for Public Good' programme anchored in the belief that water is a common asset and must be governed by citizen communities. The Foundation aims to catalyse effective solutions to India's water challenges through a partnership approach involving the 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; and
- **Use Less:** Drive behaviour change for responsible water use in agriculture.

HUF partners with non-profit organisations in water-stressed regions across the country to support rural communities with water conservation and encourage regenerative agricultural practices amongst farmers.

The initiative, along with its partners, has delivered a cumulative and collective water potential of over 2.6 trillion litres through improved supply and demand water management, over 1.7 million tonnes of additional agricultural and biomass production, and over 110 million person-days of employment due to project interventions¹. To underscore the importance of the water potential created by HUF, 2.6 trillion litres of water is more than the quantity required to meet the drinking water needs of India's population for nearly two years.

Till now, HUF's programmes have reached more than 14,000 villages in 13 States and 2 Union Territories.

The key highlights under HUF's three strategic pillars in 2022-23 are:

- **Know More:** In two districts of northern Gujarat, Banaskantha and Sabarkantha, farmers worked with the local government. They created village - level water scorecards and plans and used technology to identify water infrastructure locations. These scorecards are also encouraging small farmers to take collective action on water-efficient crops and practices.
- **Save More:** In Marathwada, Maharashtra, HUF supported the creation of 100 farm ponds as an alternative to deep well irrigation. The location of these ponds was predicted using satellite-based technology and the natural coagulation properties of black cotton soil created a non-permeable

¹ Assured by an external Independent firm

surface to store rainwater. These ponds are region and climate appropriate and can serve more than 27,000 farmers in Osmanabad.

- **Use Less:** In Punjab, HUF's partner, CIPT (Centres for International Projects Trust), promoted a comprehensive approach towards addressing the state's groundwater crisis. Paddy farmers in the state were encouraged to adopt practices such as Direct Seeding of Rice (DSR), Alternate Wetting and Drying (AWD), varietal shifts from long-duration to short-duration varieties and the use of an IoT-enabled (Internet of Things) soil moisture sensor that tells farmers when to start and stop their pumps. The programme covers 12,000 farmers and 80,000 hectares of land in the state.

In 2022, HUF launched a research study in partnership with Development Support Centre. The study includes a research-driven approach to building informed and scalable water security solutions for Gujarat, based on distinct regional water typologies. The study was conducted with the help of knowledge institutions, ACWADAM (Advanced Center for Water Resources Development and Management) and INREM (India Natural Resource Economics and Management) Foundation.

ii. 'Swachh Aadat, Swachh Bharat' (SASB)

Suvidha – Community Hygiene Centres

Suvidha is a first-of-its-kind urban water, hygiene and sanitation community centre, that was first set up in Ghatkopar, Mumbai. The biggest Suvidha centre is in Dharavi, Mumbai and is one of the largest community toilets in India. In 2023, the Company built five new Suvidha centres.

The Company has established 12 Suvidha centres in Mumbai in partnership with the Brihanmumbai Municipal Corporation, out of which 11 are in partnership with HSBC India. The centres give many people access to clean water, sanitation and laundry facilities.

- Over 3 lakhs people have access to safe sanitation through this public-private partnership
- The centres will cumulatively save over 50 million¹ litres of water every year through rainwater harvesting and wastewater treatment
- 90% users² find Suvidha easy to access and inclusive
- 95% users² report that the toilets are clean and hygienic on all days
- There has been a reduction of 1.4 times² in the incidence of diarrhoea amongst Suvidha users
- Suvidha centres have also had a significantly positive psychological impact, with 7 in 10 Suvidha users² reporting that using Suvidha has improved their self-esteem.

¹ Based on estimations for all 12 Suvidha centres.

² Impact Assessment of Suvidha centre by Research Triangle Institute (RTI) & Ipsos Kantar, 2021.

Swasthya Basti

The Company is implementing an extensive behaviour change programme around its Suvidha centres to encourage people to adopt four simple yet important habits: washing hands with soap; eating nutrition-rich meals; drinking safe water; and using clean toilets to reduce the scope of illness and create good health outcomes for families.

This behaviour change programme is being implemented amongst populous and low-income communities in Dharavi, Kurla, Govandi, Ghatkopar and Malad areas in Mumbai. The programme follows a home-to-home module based on Unilever's five levers of behaviour change principles to nudge people towards the adoption of good health and hygiene habits. The programme reached over 5.3 lakhs people across Mumbai.

Swasthya Curriculum

In line with the Government's Poshan Abhiyaan and Swachh Bharat Abhiyaan missions, the Company created the Swasthya Curriculum that teaches children in classes 1-5 the importance of adopting four key habits: washing hands with soap; eating nutrition-rich meals; drinking safe water; and using clean toilets, over a 24-day period.

Over the years, the textbook version of the curriculum has been rolled out in Government schools in Bihar, Gujarat, Maharashtra, Uttarakhand, Haryana and Uttar Pradesh. In the absence of in-school learning during the COVID-19 pandemic, the Company launched a digital curriculum that was piloted in Chhattisgarh, Maharashtra and Delhi teaching primary school students the importance of hygiene in a fun and interesting manner. Since 2018, 4.2 million children have been educated through the curriculum.

iii. Project Shakti

Project Shakti is the Company's initiative that aims to financially empower and provide livelihood opportunities to women in rural India.

The Company has always believed that:

- (1) For the country to grow, people living in its villages must be empowered with livelihood skills and opportunities
- (2) Women in villages must be empowered if households in villages have to progress

Keeping this in mind, the Company had launched the Shakti programme. The Shakti Entrepreneurs are given training for familiarisation with your Company's products and basic tenets of distribution management. In addition, the Company has a team of Rural Sales Promoters (RSPs) who coach and help Shakti Entrepreneurs in managing their



Annual Report on Corporate Social Responsibility (CSR) Activities

business. Across 18 States, Project Shakti has over 1.9 lakhs Shakti Entrepreneurs whom we call 'Shakti Ammas'. This programme has helped 'Shakti Ammas' become self-confident, improve their self-esteem and learn communication skills. Most importantly, our interventions have helped in building and fostering an entrepreneurial mindset amongst Shakti Entrepreneurs.

The RSPs train Shakti Entrepreneurs in sales and administrative skills, including order taking, book-keeping and digital order placement and payments. With the imparted training, Shakti Entrepreneurs are using the Company's eB2B app Shikhar, to place orders regularly. The training imparted to the Shakti Ammas results in the promotion of education and employment, enhancing livelihoods and vocational skills and women empowerment. These training activities are permitted under Schedule VII of the Act and are treated as part of CSR spends by the Company.

The Company is working towards equipping the Shakti Entrepreneurs with future-fit skills through 'Mera Poshan Mera Gaon' project. In this programme, RSPs conduct sessions on nutrition awareness and enable Shaktis to take the message further to beneficiaries in the village. The Company believes that these training sessions will help Shakti Entrepreneurs drive social change in their communities and continue to make a positive impact on the health and nutrition of their communities.

iv. Prabhat

Prabhat is the community development initiative of the Company that aims to create sustainable and inclusive communities. It contributes to a fairer, more socially and environmentally inclusive world while using HUL's scale for good. In the last 9 years, Prabhat has positively benefitted nearly 9 million lives across 1,100 villages in 21 States and 2 Union Territories. A third-party impact evaluation ranked the overall impact of all programmes combined as 'high' and rated Social Return On Investment (SROI) as 5X¹.

The key pillars of Prabhat include:

Economic Empowerment

Through Prabhat's 18 livelihood centres, women and youth are trained on vocational skills and entrepreneurship development, making them future-fit. Training is provided in areas like graphic designing, cloud computing, para-pharmacist, para-vet, Information Technology, electrical, plumbing, tailoring, beauty and more. Inclusivity is built by involving Persons With Disabilities (PWDs), transgenders and other vulnerable communities. Nearly 1,10,000 people have been imparted skill development and training through Prabhat's livelihood centres and almost 65,000 people have secured employment.

Through farm-based value chain initiatives, Prabhat works with rural women and small and marginal farmers to help improve their income. By organising farmers into Self Help Groups (SHGs), Farmer Interest Groups (FIGs) or Farmer Producer Organisations (FPOs), their produce is linked to markets. It also helps them build entrepreneurship capabilities. Prabhat's 'Project Moov' is helping dairy farmers improve milk yield and productivity through both a mobile application and an on-ground network of Village Level Entrepreneurs and Veterinarians. Through farm-based initiatives, Prabhat has benefitted over 16,000 farmers.

Health and Nutrition

Aligning with the National Nutrition Mission, Prabhat's 'Poshan Saathi' (nutrition buddy) programme focuses on improving the health and nutritional status of women of reproductive age, pregnant and lactating women and adolescent girls as well as children under the age of 5 years. The programme is live in 13 locations, benefitting more than 15 lakhs women and children.

To provide affordable primary healthcare, Prabhat's Telemedicine Centres are being run at 10 locations, reaching out to over 51,000 people. Prabhat Swasthya Seva (mobile medical units) travels from village to village with a doctor, nurse and pharmacist to bring healthcare to the doorstep of communities. The units are live in two locations. Specialised health camps are also conducted based on community needs to provide general, gynaecological, paediatric and orthopaedic health services. Nearly 40,000 people have been treated under this programme.

Environmental Sustainability

Through Prabhat, the Company is making a positive impact on the environment and building resilience in communities. Through a holistic waste management programme, Prabhat aims to create a circular economy wherein household waste will be processed and brought back as value-added products. Village-level door-to-door waste collection mechanisms are implemented to help households segregate wet and dry waste. Collected plastic waste is processed and compressed to make plastic sheets which are then used to manufacture handwashing stations and benches. The programme also works with the community to influence behaviour change in waste management practices. Till now 1,40,000 kilograms of waste have been collected under Prabhat's waste management programme in Haridwar and Pondicherry.

An integrated watershed management approach helps farmers and communities work on water sufficiency and efficiency with a focus on the demand and supply of water. Prabhat is working towards becoming Alliance for Water Stewardship (AWS)-

¹ An evaluation by CSRbox that showed a social return on investment (SROI) of ₹5.20 (for every ₹1 invested).

compliant. Through a partnership with GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit), model eco-villages have been built around factory sites in Uttar Pradesh and Punjab. They provide sustainable solutions to water use, waste collection and carbon-intensive behaviour.

v. 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, the Company has been looking after the maintenance and upkeep of the premises. At any time, there are nearly 350 - 400 inmates at Asha Daan. The re-development of Asha Daan is progressing as planned and all the necessary statutory approvals have been obtained. The home's foundational structure has been partially completed. The redevelopment is expected to be completed within 18 months. The Company has proposed to set up proper drainage and ventilation systems, create additional leisure space for inmates to walk and develop a play area for children.

vi. Nutrition

The Company and the Power of Nutrition, an independent charitable foundation and innovative platform, have initiated a behaviour change programme for hygiene and nutrition using mobile technology to reach women in Gujarat. The partnership features a unique mix of a voice-based mobile service and an on-ground arm that delivers critical nutrition and hygiene information to mothers with children aged 0-5 years living in rural parts of India. In alignment with the Government of India's Poshan Abhiyaan initiative, the programme is addressing undernutrition in the country.

vii. Behaviour Change and Upliftment of Safai Saathis

To advocate and create awareness in the area of waste management, the Company has partnered with international organisation Xynteo. The Company developed a curriculum called 'Waste No More' to create awareness and drive behaviour change on waste segregation and recycling among school children in partnership with Xynteo. The programme has reached out to more than 92 lakhs students through direct school interventions and 27 lakhs children digitally. The Company in partnership with the State Bank of India (SBI), Brihanmumbai Municipal Corporation and Aurangabad Municipal Corporation (AMC) has set up Material Recovery Facilities in Mumbai and Aurangabad with the aim to recycle 5,000 metric tonnes of plastic waste annually and transform behaviour in communities through education and awareness modules to over 5 lakhs individuals.

Our Company has also partnered with the United Nations Development Programme (UNDP) for end-to-end waste management projects in Mumbai, including collection, segregation, recycling and driving behaviour change. The Plastic Waste Management Programme at Swachhta Kendras has been implemented in Mumbai's K-East (Andheri East), H-West (Bandra West), and R-North (Dahisar). It has successfully reached out to more than 100,000 households for collecting and segregating dry waste.

The Company aims to improve the lives of waste pickers (Safai Saathis) by enabling their access to government social protection schemes covering food, health, safety, security and financial inclusion. Through the partnerships, the Company has successfully linked 3,300 Safai Saathis and their families to Government schemes, including Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana, E-SHRAM card, and Jan Dhan account.

To know more about the above initiatives, please visit <https://www.hul.co.in/planet-and-society/>.

viii. 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 free special educational, vocational and rehabilitative training to over 350 physically and mentally challenged children from underprivileged backgrounds.

ix. Sanjeevani

The Company runs a free mobile medical service camp 'Sanjeevani' for the local community near its Doom Dooma factory in Assam. There are two mobile vans dedicated to the project. Each vehicle has one male and one female doctor, one nurse, a medical attendant and a driver. The vans are equipped with basic kits such as a diagnostic kit, blood pressure measuring unit, medicines and a mobile stretcher. Nearly 7,000 camps have been organised in villages so far. More than 3.6 lakhs patients have been treated through these service camps since its inception.

x. Empowering women cricketers

The Company has partnered with leading Cricket academy, Coaching Beyond to help reduce barriers that come in the way of budding women cricketers and support them to excel in the game.

In the pilot phase, following a robust selection process, women cricketers across 20 districts in Andhra Pradesh, Tamil Nadu and Telangana will be chosen and inducted into Coaching Beyond's Junior Athlete Development Program. They will be given access to world-class infrastructure and multi-year



Annual Report on Corporate Social Responsibility (CSR) Activities

holistic cricket coaching to unleash their full potential under the guidance of renowned cricket professionals. The selected young women cricketers will be hosted to play a tournament in Chennai and Hyderabad respectively. After the tournament, 50 young women cricketers will be shortlisted for the HUL scholarship program. In the last phase, training will begin as part of the HUL scholarship, spanning three years.

xi. Future of Work

Guided by the Company's Compass ESG Goals on Future of Work (FoW) which aims to equip 1.5 million young people with essential skills by 2030, the Company has initiated pilots on skilling and entrepreneurship. The pilots also focus on empowering Persons with Disabilities (PWDs). To help upskill the youth, the Company is partnering with the National Institute of Entrepreneurship and Small Business Development (NIESBUD), UNICEF's YuWaah's Passport 2 Earning (P2E) programme, LabourNet, Sarthak Educational Trust and Cheshire Disability Trust.

SECTION B

Improve people's health, confidence and wellbeing

i. Handwashing Behaviour Change Programme

The 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.

In 2020, Lifebuoy launched the award-winning 'H for Handwashing' campaign with the Delhi Government. In 2021, the Ministry of Education endorsed the campaign and issued a letter to departments of education across states. In 2022, children became the torchbearers of this movement. Children were nominated as H for Handwashing Chief Education Officers (CEOs) to help create a real impact by teaching thousands of other school children handwashing habits. India's youngest patent holder NC Vishalini became the face of the campaign and made a public plea to the Ministry of Education to include H for Handwashing in school curriculums.

From 2010 to 2022, the Company has reached out to over 75 million people in India through its handwashing behaviour change initiatives. The Company has been driving handwashing behaviour change programmes in partnership with Global Alliance for Vaccine Initiative (GAVI) and NGO partners. Through the programmes, the practice of using soap at critical occasions and awareness and knowledge of 'how visibly clean is not clean' is spread

across communities, thereby protecting people from infections.

ii. Wellbeing and Nutrition Initiatives

The Company's 'Future Foods' ambition demonstrates our commitment to being a force for good. Our Company is continuously working to improve its products to help people transition towards healthier diets. The Company aims to help people make the transition to healthier eating by providing positive nutrition. Foods that deliver positive nutrition are defined as products containing impactful amounts of vegetables, fruits, proteins, fiber, unsaturated fatty acids or micronutrients such as vitamins, zinc, iron and iodine.

The Company doubled the number of products sold that deliver positive nutrition¹. In line with the Compass ESG Goals, the Company launched Kissan Hazelnut Choco Peanut spread which is packed with flavour and is an excellent source of protein. Additionally, Chocolate Horlicks was relaunched with a unique blend of four millets that are natural sources of calcium, iron, protein and fiber, critical for child growth.

In 2022, the Company partnered with the Zilla Parishad of Pune to participate in the district Government's mid-day meal programme. Our iconic Health Food Drinks (HFD) product, Horlicks will be added to existing take-home rations. These will be provided to children across 4,600 anganwadi centres across the district, covering nearly 1.45 lakhs children (aged 3 to 6).

Improve the health of the planet

The Company has taken several actions in the areas of energy consumption, Greenhouse Gas (GHG) emissions, reduction in waste and water from manufacturing, as well as in sustainable sourcing. The details of these initiatives are covered under Business Responsibility Sustainable Reporting, that forms a part of this Integrated Annual Report.

Contribute to a fairer, more socially inclusive world

i. Dove Self-Esteem programme

Globally 8 out of 10 girls² opt out of key life activities when they do not feel good about the way they look. In India, 6 out of 10 girls² say they do not have high body esteem. Dove's 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

¹ Compared to 2019 baseline.

² Claims are based on research conducted by Edelman Intelligence (2017). n = 5,165 girls aged 10-17 across 14 countries.

confident and empowered to love themselves no matter what. For more than 15 years, Dove has been helping young people with self-esteem education, reaching over 69 million lives globally in 150 countries.

Dove and UNICEF** have partnered to provide self-esteem education to young people globally. In India, the body confidence education material is committed to empowering 6.25 million young people across 8 States by 2024. In 2022, the Dove and UNICEF** partnership in India reached 2.4 million students, of which over 60% were female. Dove's curriculum on self-esteem and body confidence has also been adapted, contextualised, translated and included in the accompanying teacher modules and student comic books.

The partnership funding is being directed to UNICEF India's Life Skills Education programming and their contributions to the Government of India's Samagra Shiksha Abhiyan (SMSA) programme. Under the SMSA programme, the Ministry of Education has a clear mandate to deliver a comprehensive life skills education curriculum. Our partnership is supporting teachers with specific training on self-esteem and body confidence through educational materials, under the agreement with the Government of India.

In addition to ongoing efforts, Dove's #StopTheBeautyTest 2.0 campaign drove awareness about the biggest test Indian girls face in their school years – the beauty test. Almost 80% of school-going girls have been subjected to beauty biases***. Their campaign video urges society to look beyond beauty stereotypes and celebrate every girl's individuality. It received over 46 million views on YouTube since its launch.

ii. Glow & Lovely Careers

Glow & Lovely Careers is a programme designed to help women create an identity for themselves by providing them with 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 Glow&LovelyCareers website offers skill-based courses in partnership with well-known EdTech companies like edX, English Edge, Hello English, start-ups such as www.testbook.com and www.idreamcareer.com and internship opportunities through online training partner Internshala. The Glow & Lovely Careers community on the 'Sheroes' application provides

the opportunity to share and learn from like-minded women, interact with experts and discover career growth opportunities. Over 1.7 million users have registered under the programme till the end of 2022. Till now, the programme has facilitated over 5 lakhs course enrolments and supported over 4 lakhs users in accessing relevant Career Guidance.

iii. Kwaliti Wall's Vending Operations

The Company's Kwaliti Wall's mobile vending initiative, 'I am Wall's', has provided entrepreneurship opportunities to nearly 12,600 people and 250 differently-abled persons across India (based on internal records). This programme has helped vendors become self-sufficient micro-entrepreneurs selling ice cream on the move, helping the Company 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.

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

2. COMPOSITION OF CSR COMMITTEE

Name of the Members	Category of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
O. P. Bhatt – Chairperson	Independent Director	2	2
Sanjiv Misra	Independent Director	2	2
Kalpna Morparia	Independent Director	2	2
Leo Puri	Independent Director	2	2
Sanjiv Mehta	Executive Director	2	2
Ritesh Tiwari	Executive Director	2	2

3. THE 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-link is as follows:

<https://www.hul.co.in/investor-relations/corporate-social-responsibility/>

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

*** Claims are based on research conducted by Hansa Research during December 2020. n=1,057 females across 17 urban cities in India.



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4. THE 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

Reports pertaining to Impact Assessment carried out for Water Conservation Projects, Project Shakti, Project Prabhat and Waste Free World are available on the website at <https://www.hul.co.in/investor-relations/corporate-social-responsibility/>.

A brief outline of the aforesaid Impact Assessments carried during the financial year 2022-23 for the period 1st April, 2021 to 31st March, 2022 is given herein below:-

Water Conservation Projects

Hindustan Unilever Foundation (HUF's) programmes work at the intersection of water and agriculture. The programmes implemented in partnerships with credible NGOs impact rural communities across 8 states and 2 union territories that represent India's varied ground water and rainfall conditions. The Impact Assessment covered the variables resulting in the outcomes generated on key programme indicators. The review of impact indicators for the period of 1st April 2021 to 31st March 2022 substantiated the following outcomes from HUF programmes through its. Programme Implementation Agencies:

- 10,944 - water conservation structures created
- ~16,000 - hectares area covered under plantations
- ~10,700 - villages benefited from programmes
- 3,05,681 - farmers benefited from programmes

Project Shakti

Launched in 2001, Project Shakti is an initiative by the Company which aims to empower underprivileged rural women by creating livelihood opportunities. The Company has trained thousands of Shakti Entrepreneurs (SE) across villages in a bid to develop an entrepreneurial mindset and make them financially independent and more empowered. The Impact Assessment was carried out for the period 1st April, 2021 till 31st March, 2022 and the key outcomes are as follows:

- Over 80% SE reported increased income
- Improvements in social empowerment indicators were observed for 9 out of 10 SE
- 87% can take independent financial decisions
- 89% are able to purchase items they could not afford earlier
- 91% are able to contribute to the decisions related to their children's education
- 90% feel confident in dealing with people as Shakti

Project Prabhat

Prabhat is the community development initiative of the Company that aims to create sustainable and inclusive communities. It contributes to a fairer, more socially and environmentally inclusive world, while using HUL's scale for good. In the last 9 years, the initiative has positively benefited nearly 9 million lives across 21 States and 2 Union Territories. The Impact Assessment was conducted for the period of 1st April, 2021 to 31st March, 2022 for the pillars, Health & Nutrition; Environmental Sustainability and Economic Empowerment. The Impact are as below:

- 71.6% of women are aware about diet diversity
- 3,430 kg of plastic upcycled into hand washing sanitations
- 2,149 kg of plastic waste collected in Ghat cleaning sessions in Haridwar
- 73% addition in individual annual income through Prabhat
- 71% of the Women have the opportunity to avail credit through formal source
- 81% Women initiated savings through formal sources
- 71% Beneficiaries experienced an increase in the dairy income

Waste-free World

In accordance with the Company's Compass ESG Goals and in line with the vision of a Waste-free World, the Company has spearheaded 3 CSR interventions focusing on plastic circularity. The initiatives are being implemented in partnership with State Governments and reputed organisations such as United Nations Development Programme (UNDP) and Xynteo. They include setting up end-to-end waste management models; driving behaviour change on source segregation by citizens; improving livelihoods of sanitation workers. The Impact Assessment was carried out for the period 1st April, 2021 till 31st March, 2022 and the themes of the assessment are as below:

- 3,300 Safai Saathis (out of which 75% are women) have got access to social protection documents and schemes covering food, health, safety, security and financial inclusion
- 72% of the citizens felt waste segregation is a 'very urgent' issue to act upon after watching 'BinBoy' campaign
- 4 out of 5 believed the 'BinBoy' campaign would inspire friends and family to sort waste
- 'Waste No More' curriculum educates children on importance of source segregation and recycling which has been reached out to 3,00,000 students till date

5.	Sr. No.	Particulars	(₹ in crores)
	5a.	Average net profit of the Company as per Section 135(5)	10,263.04
	5b.	Two percent of average net profit of the Company as per Section 135(5)	205.26
	5c.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	Nil
	5d.	Amount required to be set off for the financial year, if any	Nil
	5e.	Total CSR obligation for the financial year (5b+5c-5d)	205.26

6.	Sr. No.	Particulars	(₹ in crores)
	6a.	Amount Spent on CSR Projects – including actual spent (₹199.15 crores) and amount transferred to unspent account for ongoing projects (₹7 crores) (both Ongoing Project and other than Ongoing Project):	206.15
	6b.	Amount spent in Administrative Overheads	1.62
	6c.	Amount spent on Impact Assessment, if applicable	0.55
	6d.	Total amount spent for the financial year (6a + 6b + 6c)	208.32

Note: Amount of ₹201.32 crores was spent during the FY 2022-23 and amount of ₹7 crores was transferred to the unspent CSR Account for the ongoing projects, as per Section 135(6). The total CSR spend during the FY 2022-23 amounts to ₹208.32 crores which includes the amount transferred to unspent CSR account for the ongoing projects.

6e. CSR amount spent or unspent for the financial year:

(₹ in crores)

Total Amount Spent for the financial year	Amount Unspent				
	Total amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso of Section 135(5)		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
201.32	7.00	18th April, 2023	-	NIL	-

6f. Excess amount for set-off, if any :

(₹ in crores)

Sr. No.	Particulars	Amount
(i)	Two percent of average net profit of the Company as per sub-section (5) of Section 135	205.26
(ii)	Total amount spent for the financial year	208.32
(iii)	Excess amount spent for the financial year [(ii)-(i)]	3.06
(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

Note: Amount of ₹201.32 crores was spent during the FY 2022-23 and amount of ₹7 crores was transferred to the unspent CSR Account for the ongoing projects, as per Section 135(6). The total CSR spend during the FY 2022-23 amounts to ₹208.32 crores against an obligation of ₹205.26 crores. Hence, there is an excess spend of ₹3.06 crores for which set-off is not being claimed by the Company.

7. DETAILS OF UNSPENT CSR AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS

(Amount in ₹)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under Section 135(6)	Balance Amount in Unspent CSR Account under Section 135(6)	Amount spent in the Financial Year	Amount transferred to a fund specified under Schedule VII as per second proviso to Section 135(5), if any	Amount remaining to be spent in succeeding Financial Years	Deficiency, if any
					Amount	Date of Transfer	
1.	FY 2021-22	28,14,87,646	10,286	28,14,77,360	NA	10,286	-
2.	FY 2020-21	-	-	-	-	-	-
3.	FY 2019-20	-	-	-	-	-	-

8. WHETHER ANY CAPITAL ASSETS HAVE BEEN CREATED OR ACQUIRED THROUGH CSR AMOUNT SPENT IN THE FINANCIAL YEAR

No

9. 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

O. P. Bhatt
Chairman, CSR Committee
(DIN: 00548091)

Sanjiv Mehta
Chief Executive Officer and
Managing Director
(DIN: 06699923)

Mumbai, 27th April, 2023