



Hindustan Unilever Limited

Policy for Determining Material Subsidiaries & Governance Framework of all Subsidiaries

1. OBJECTIVE

- 1.1. The objective of this Policy is to lay down criteria for determination of Material Subsidiaries and to formulate a governance framework for all Subsidiaries including Material Subsidiaries of Hindustan Unilever Limited ("HUL" or "the Company"). This Policy is adopted by the Board of Directors of the Company pursuant to the SEBI Listing Regulations as amended from time to time.

2. DEFINITIONS

2.1. Subsidiary:

A Subsidiary Company of HUL means a subsidiary company as defined under section 2(87) of the Companies Act, 2013 ("Act") as amended from time to time.

2.2. Material Subsidiary:

A Material Subsidiary shall mean a subsidiary, whose income or net worth exceeds ten percent (10%) of the consolidated income or net worth respectively of HUL and its subsidiaries in the immediately preceding accounting year.

2.3. Significant transactions or arrangements:

Significant transactions or arrangements shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted Subsidiary for the immediately preceding accounting year.

3. GOVERNANCE FRAMEWORK

3.1. All Subsidiaries:

- a) minutes of the Board meetings of all Subsidiary Companies shall be placed before the Board of Directors of HUL on quarterly basis;
- b) a statement of all significant transactions and arrangements entered into by the Subsidiary Companies shall be brought to the attention of the Board of Directors of HUL on an annual basis;
- c) any transaction between HUL and its Subsidiary Company shall be entered into in accordance with Related Party Transaction Policy of the Company.

3.2. Material Subsidiaries:

- a) The list of all Material Subsidiaries shall be placed before the Audit Committee of HUL on an annual basis;
- b) At least one Independent Director on the Board of HUL shall be appointed as a Director on the Board of unlisted Material Subsidiary, whether incorporated in India or not.
(Material Subsidiary herein shall mean a Subsidiary whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of HUL and its subsidiaries in the immediately preceding accounting year)
- c) Company shall not dispose of shares in its Material Subsidiaries resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code, 2016 ('Insolvency Code') such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- d) Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- e) Shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by the company secretary in practice.

4. RESPONSIBILITY & REVIEW:

- 4.1. The Company Secretary shall be responsible for ensuring the compliance of this Policy.
- 4.2. The Policy shall be disclosed on the Company's website and a weblink thereto shall be provided in the Annual Report as prescribed under the SEBI Listing Regulations.
- 4.3. The Audit Committee of the Company shall review the list of Material Subsidiary and make suitable recommendations, including recommendation for appointment of Independent Director on the Board of Material Subsidiary.
- 4.4. All terms mentioned in this Policy shall be read in conjunction with the SEBI Listing Regulations as amended from time to time and any changes to the Act and SEBI Listing Regulations will apply mutatis mutandis to this Policy.
- 4.5. This Policy shall be subject to periodic review as may be deemed necessary by the Board of the Company.

5. ADOPTION & AMENDMENT:

The Policy was approved and adopted by the Board on October 27, 2014 and was reviewed and amended on April 27, 2022.
