



CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

A. CONTEXT:

Hindustan Unilever Limited (HUL/ Company) is committed to operate and grow its business in a socially responsible way. Our purpose is to make sustainable living commonplace. It's the foundation for our relationships and how we choose our resources. It shapes the value we create for all our stakeholders. It governs our business model. We have long held the belief that being a responsible, sustainable business makes a stronger, better business. The Compass Commitments announced by the Company last year puts serving its stakeholders at the heart of everything the business does. We are committed to the Unilever Compass strategy to create a movement in which all our stakeholders will be part of building a better future.

B. COMPANY'S OBJECTIVES AND PHILOSOPHY:

This Corporate Social Responsibility (CSR) Policy of the Company, as recommended by the CSR Committee and approved by the Board of Directors (Board), outlines a clear agenda through which we will continue to contribute to the community at large. The objective of this Policy is to set the direction for the CSR activities of the Company by defining the governance, implementation, and monitoring framework of the activities to ensure effectiveness.

Our multi-stakeholder model is being embedded into the business completely, so the business can continue to be a force for good. Our Compass strategy has a comprehensive and ambitious set of commitments and actions to:

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

To know more about our sustainability strategy, click on the link: <https://www.unilever.com/planet-and-society/>. Apart from the aforesaid initiatives of the Company encompassing sustainability in business, the Company has been actively engaged in various CSR projects involving, *inter-alia*, water conservation, nutrition, health, cleanliness, waste management and environmental sustainability.

C. REGULATORY FRAMEWORK:

The Companies Act, 2013 together with the rules notified thereunder and Schedule VII to the Act and circular(s) and notification(s) issued by the Ministry of Corporate Affairs (MCA), from time to time ('the Act'), provides a framework for companies to define the focus areas in the CSR space. The law also guides companies to apply the scope as defined under Schedule VII to the Act liberally to follow the law in letter and spirit. Further, the Act also provides instructions on agencies eligible for implementation through which the companies may spend its CSR expenditure. HUL's CSR Policy, focus areas and the implementing agencies shall therefore remain within the boundary set by the law. The provisions herein shall be read in consonance with the Act.

D. FOCUS AREAS:

As a responsible corporate citizen, the Company is committed to sustainable development and inclusive growth and has been focusing on a wide range of issues in relation to water conservation, health and hygiene, skill development, education, social advancement, gender equality, empowerment of women, ensuring environmental sustainability and rural development projects.

The Company has following focus areas for undertaking its CSR activities:

S. No.	Focus Areas	Details
1.	Promoting Health & Hygiene and Nutrition	Promoting and encouraging healthy and hygienic habits; focus on nutrition; advocacy for behavior change; sanitation and cleanliness; waste management, collection and segregation; providing necessary medical support through Telemedicine Centres, Mobile Medical Units, Health Camps, etc.
2.	Environmental Sustainability and Water Conservation including drinking water and creating Eco Model Villages	Environmental sustainability, ecological balance, protection of flora and fauna, conservation of natural resources, measures to prevent climate change and creating water positive, zero waste to landfill and carbon neutral villages. Promoting water security, water use efficiency, regenerative agriculture. Supporting awareness generation, innovation and incubation. Supporting implementation for soil and moisture conservation in flagship government programmes including National Rural Employment Guarantee Scheme (MGNREGS).
3.	Rural Development, Skill Development, Entrepreneurship Development and Education	Strengthening rural areas by promoting and enhancing alternate livelihoods, empowering women entrepreneurs, promoting gender equality, economic empowerment etc. Skill development including employment enhancing vocational skills, entrepreneurship development in skilling and in value chains; supporting business incubators. Promoting education through special education and developing infrastructure of aanganwadi centers, primary schools, etc
4.	Disaster Response	Managing and responding to disasters, if any, measures for disaster recovery; undertaking relief, rehabilitation and re-construction measures and activities.

While the Company will primarily engage in the CSR activities specified in the aforesaid focus areas, the Company can support or undertake any of the following activities as per Schedule VII to the Act, as amended, attached as **Annexure A**. The list is illustrative and must be interpreted liberally to capture the essence of the subjects enumerated above.

This CSR Policy issued pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time has been recommended by the CSR Committee of the Board and adopted by the Board. It can be downloaded from our website – <https://www.hul.co.in/investor-relations/corporate-social-responsibility/>

E. SURPLUS FROM THE CSR ACTIVITIES:

The CSR activities undertaken/to be undertaken by the Company are not expected to lead to any additional surplus. However, if any additional surplus is generated, it would be dealt in compliance with the provisions of the Act.

F. GOVERNANCE MECHANISM:

We follow structured governance procedures which comprise of a 3 (three) tier governance mechanism to monitor CSR activities.

I. Board of Directors:

- i. The Board monitors and reviews the performance and impact of the CSR programmes, provides input and guidance and satisfies itself that the CSR funds so disbursed are aligned to the CSR Policy of the Company and have been utilized for the purposes and in the manner as approved by it. Further, the Board of the Company, upon recommendation of the CSR Committee, may proceed to commence any ongoing projects or classify an existing project as an ongoing project in the circumstances beyond the Company's control. If the required amount to be spent by the Company may not be expended in its entirety in the relevant financial year, the Company shall ensure due compliance with the necessary provisions under the Act including reclassification of the project as ongoing project. Ongoing Project(s) shall have the same meaning as provided under the Act read with rules.
- ii. Chief Financial Officer (CFO) of the Company shall certify that the CSR funds so disbursed have been utilized for the purposes and in the manner approved by the Board.

II. CSR Committee of the Board:

The CSR Committee provides oversight and guidance on CSR performance and monitors compliance with the CSR Policy, commitments and the applicable CSR provisions and if required make necessary recommendations to the Board, from time to time. The role and responsibilities of CSR Committee shall be as set out in the Act and the terms of reference of CSR Committee.

III. Periodic Monitoring by Leadership Team:

The Leadership team works with the Management Committee and meets periodically to discuss the progress of our initiatives including implementation, funding etc of the CSR projects.

- G.** Guidance with respect to CSR Obligations, Selection, Implementation and Monitoring of CSR activities is attached as **Annexure B**.

H. LIMITATION AND AMENDMENT:

The Board of the Company may in their discretion and on recommendation of the CSR Committee, make any changes/modifications and/or amendments to this Policy from time to time. In the event of any conflict between the provisions of this Policy and statutory requirements, law shall prevail over and automatically be applicable to this Policy. In the event of any amendment to the Act, this Policy shall be deemed to have been amended accordingly.

List of activities as per Schedule VII of the Act

- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- v. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widow;
- vii. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympics sports;
- viii. Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- ix. (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organization (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);
- x. Rural development projects;
- xi. Slum area development; and
- xii. Disaster management, including relief, rehabilitation and reconstruction activities.

GUIDANCE WITH RESPECT TO CSR OBLIGATIONS, SELECTION, IMPLEMENTATION AND MONITORING OF ACTIVITIES:**a. CSR Obligation:**

HUL is committed to spend 2% of its average net profits made during the 3 (three) immediately preceding financial years. The overall amount to be committed towards CSR will be approved by the Board, upon recommendation of the CSR Committee, as a part of its Annual Action Plan. Further, based on reasonable justification, the Board of the Company can alter the Annual Action Plan at any time based on the recommendation of the CSR Committee.

b. Unspent Amount on CSR Activities:

The Company endeavors to fulfill its CSR obligations in a timely manner. However, in the circumstances beyond the Company's control, if the required amount to be spent by the Company may not be expended in its entirety in the relevant financial year, the Company shall ensure due compliance with the necessary provisions under the Act including reclassification of the project as ongoing project.

c. Acquisition of capital assets:

For ensuring that the CSR projects/ initiatives of the Company, inter alia, including the rural development, environmental sustainability and the water conservation projects/ initiatives are fulfilled with a positive social and economic impact on the community at large, the capital-intensive spending for creation of assets is vital. If CSR contribution made for creation or acquisition of a capital asset in pursuance of its CSR projects/ initiatives, the same shall be held in the manner prescribed under the Act.

d. Selection:**i. Selection of CSR project:**

Any of the following factors can be taken into consideration:

- (a) Alignment of the project with the focus area specified in this CSR Policy;
- (b) Impact on the society/community at large and the environment;
- (c) Inclusive growth;
- (d) Sustainability of the projects to ensure long term impact;
- (e) Timeframe within which the project can be completed;
- (f) Key beneficiaries of the project and the impact on them; and
- (g) Availability of an Exit option

ii. Selection of implementing agency/ PIA:

The CSR activities can be undertaken either directly or through implementing agency. The implementing agency shall meet the statutory eligibility criteria laid down under the Act. Additionally, the Company shall conduct appropriate due diligence before associating with them. Such due diligence may *inter alia* cover aspects of:

- (a) Financial position and credibility;
- (b) History and experience in the relevant area or similar activity;
- (c) Availability of necessary statutory registrations;
- (d) Governance and management standards of the agency;
- (e) Any political connections or dubious affiliations of the agency;

- (f) Any potential conflict of interest; and
- (g) Existing and past litigations.

e. Implementation of CSR activities:

The CSR activities will be undertaken by the Company either directly or implementing agency. Further, the Company may enter Memorandum of Understanding (MOU) with the implementing agencies setting out clear terms and conditions to enable completion of projects in the most efficient manner.

f. Monitoring of CSR activities:

The CSR activities of the Company will be duly monitored. The monitoring process adopted by the Company may include obtaining of reports of different kind, self-declaration, On-site visit, pictures or videos of project sites, etc. Further, the monitoring process may involve (i) periodic reporting; and (ii) periodic review and assurance visits of the CSR projects:

- i. Periodic reporting: The implementing agency/ PIA will be required to submit project fund utilization statement on a periodic basis and the audited financial statement, utilization statement, etc. on a yearly basis
- ii. Periodic review and assurance visits: HUL will be permitted to undertake field visits, review calls, conduct independent assurance or evaluation visits to assess the project implementation including key milestones or key performance indicator, fund utilization and usage of capital assets, etc.

Notwithstanding the aforesaid, HUL may determine any specific review and reporting requirement including third party audits or evaluation by external agencies depending on the nature of implementing agency/ PIA and the project involved. Further, the impact assessment shall be conducted for eligible CSR projects or programs as mentioned under the Act.

g. Annual Action Plan:

All the guiding principles as required to be followed for implementing and monitoring the CSR Activities shall also be followed while formulating the Annual Action Plan. The Annual Action plan shall be simple, action oriented, measurable, relevant and time bound.

h. Disclosure and Transparency:

CSR Policy, composition of the CSR Committee and the projects approved by the Board are displayed on the website of the Company which can be accessed at this link <https://www.hul.co.in/investor-relations/corporate-social-responsibility/>.
