- We assessed key ESG risk topics using a **'Double materiality'** lens of **'Impact on Business'** and **'Importance to Stakeholders'** in the India FMCG context

- Basis our analysis, we identified 23 key topics relating to ESG risks that have been further categorised into 5 Focus Areas.

- Each of these 23 topics have also been detailed out into specific issues pertaining to that topic in India.

- Improving Health & Well-being, Reducing Environmental Impact and Enhancing Livelihoods encompass the three Big Goals of the HUL ESG goals; Most of the Responsible Business Practices and Wider Sustainability issues include topics that are not explicitly part of our goals, but which are relevant to our commitments as a responsible business.

Key ESG Focus Areas

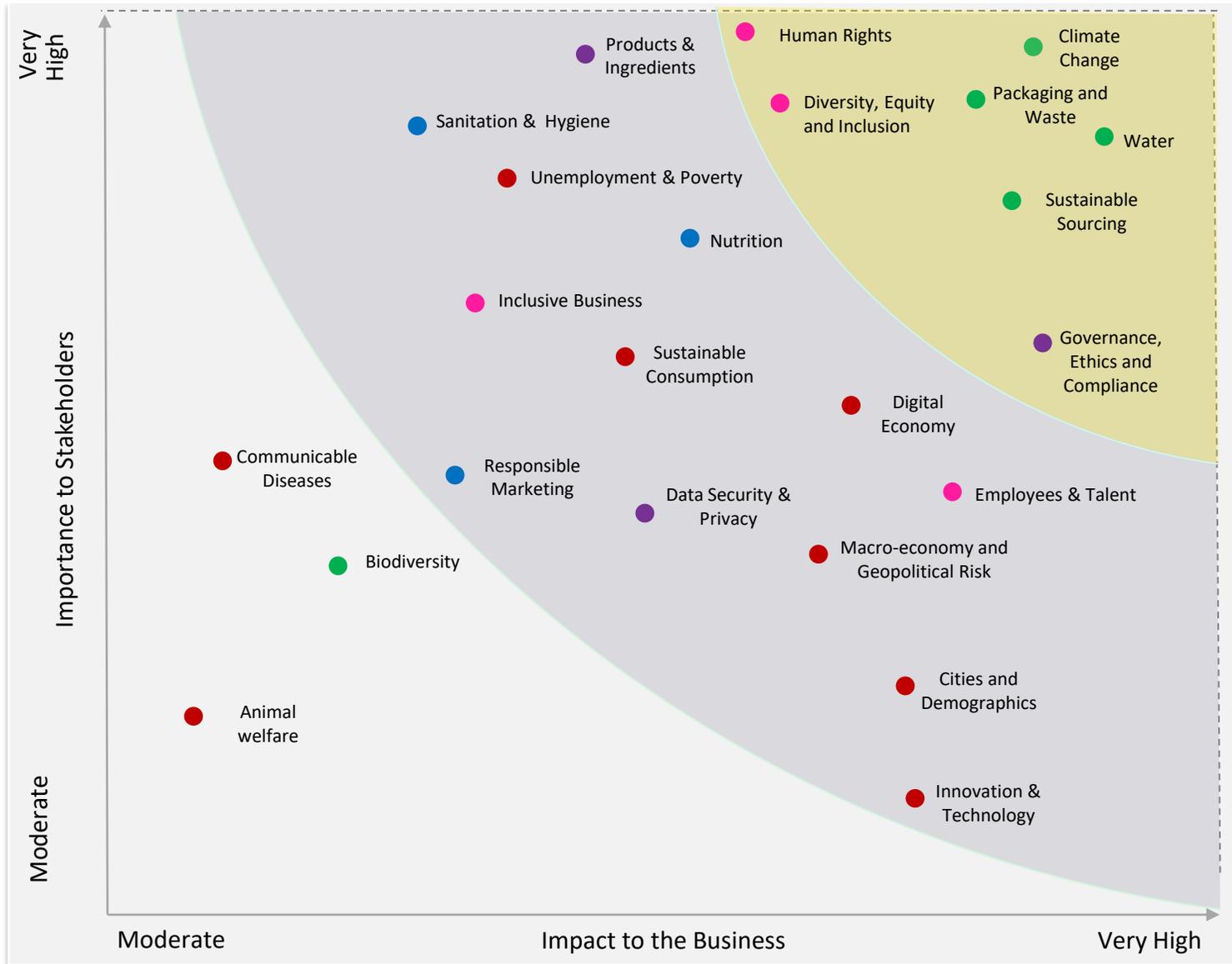Improving Health and Well-being

Reducing Environmental impact

Enhancing Livelihoods

Responsible Business Practices

Wider Sustainability Topics

Hindustan Unilever Limited | ESG Risk Materiality Matrix 2022 | Issues and Topics

Legend:
- 🔵 Improving Health & Well-being
- 🟢 Reducing Environmental Impact
- 🔴 Enhancing Livelihoods
- 🟣 Responsible Business Practices
- 🔴 Wider Sustainability Topics

Matrix axes:
- Y-axis: Importance to Stakeholders (Moderate → Very High)
- X-axis: Impact to the Business (Moderate → Very High)

Plotted topics:
- Human Rights
- Products & Ingredients
- Climate Change
- Diversity, Equity and Inclusion
- Packaging and Waste
- Sanitation & Hygiene
- Water
- Unemployment & Poverty
- Sustainable Sourcing
- Nutrition
- Inclusive Business
- Governance, Ethics and Compliance
- Sustainable Consumption
- Digital Economy
- Communicable Diseases
- Responsible Marketing
- Data Security & Privacy
- Employees & Talent
- Biodiversity
- Macro-economy and Geopolitical Risk
- Cities and Demographics
- Animal welfare
- Innovation & Technology

Hindustan Unilever Limited | ESG Risk Materiality Matrix 2022 | Issues and Topics

Improving Health & Well-being	Reducing Environmental Impact	Enhancing Livelihoods	Responsible Business Practices	Wider Sustainability Topics

Topic	Issue	Priority
Responsible Marketing	• Responsible marketing practices • Marketing to vulnerable groups • Gender and other stereotyping	High
Nutrition	• Diets and lifestyles • Product reformulation • Nutritional labelling and profile • Positive nutrition • Salt content and reduction • Saturated and trans fat • Calories and Obesity • Sugar content and sugar reduction • Consumer behaviour change • Fortification • Access & Affordability • Religious or vegetarian suitability • Meat and dairy-free alternatives	High
Sanitation and hygiene	• Sanitation • Oral health • Handwashing • Hygiene • Behavioural change / awareness programs	High

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Hindustan Unilever Limited | ESG Risk Materiality Matrix 2022 | Issues and Topics

Improving Health & Well-being	Reducing Environmental Impact	Enhancing Livelihoods	Responsible Business Practices	Wider Sustainability Topics

Topic	Issue	Priority
Sustainable Sourcing	• Raw materials • Organic products • Soy and oils • Fruit and vegetables • Cocoa and sugar • Dairy • Palm oil - sustainable and traceable • Paper and board • Traceability & transparency • Biodiversity • Environmental degradation • Smallholder farmers (also part of Enhancing Livelihoods) • Sourcing of non-agricultural materials • Identifying alternates to reduce fossil fuel derivatives	**Very High**
Climate Change	• Air pollution • Direct energy consumption • GHG emissions from own operations and value chain • Transportation • Renewable energy • Alternative energy sources • Hydrofluorocarbons (HFCs) • Refrigerants and Climate change products • Land use changes • Operational eco-efficiency • Access to affordable, reliable and sustainable energy • Algae and bio fuel • Water	**Very High**
Biodiversity	• Flora & fauna • Natural capital	**Moderate**

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Hindustan Unilever Limited | ESG Risk Materiality Matrix 2022 | Issues and Topics

Improving Health & Well-being	Reducing Environmental Impact	Enhancing Livelihoods	Responsible Business Practices	Wider Sustainability Topics

Topic	Issue	Priority
Packaging and Waste	• Biodegradable/bio-based packaging • Recycling / Reuse of packaging • New business models: reusable & refillable packaging • Synthetic plastics and chemical components • Food waste • Circular economy • Marine life & plastic pollution • Consumer views on packaging • Extended producer responsibility • Sachet waste • Effluents from waste • Energy from waste • Manufacturing and office waste • Consumer waste	**Very High**
Water	• Water discharge/quality/pollution • Consumer water use and water use in agriculture • Water-related risks and management • Conflict & competition over water resources • Water abstracted for production • Access to water and water services • Biodegradability: formulation & chemical use in manufacturing and agriculture • Water reuse & recycling • Water availability & security • Water in ecosystem protection & restoration (also water recycling • Safe drinking water	**Very High**

Hindustan Unilever Limited | ESG Risk Materiality Matrix 2022 | Issues and Topics

Improving Health & Well-being **Reducing Environmental Impact** **Enhancing Livelihoods** **Responsible Business Practices** **Wider Sustainability Topics**

Topic	Issue		Priority
Human Rights	• Gender diversity/discrimination/inclusion • Racial diversity/discrimination/inclusion • Sexual orientation diversity/discrimination/inclusion • Other forms of diversity/discrimination/inclusion • Land grabbing • Labour management relations • Rights of indigenous peoples • Equality of opportunity and treatment • Living Wage	• Freedom of association and collective bargaining • Informal labour in value chain • Working hours • Maternity & paternity protection • Migrant workers and trafficking • Modern slavery • Pay differential among employees • Child Labour / Forced Labour • Harassment	**Very High**
Employees & Talent	• Social security • Talent attraction and retention • Training and education • Access to talent	• Quality of employment • Employment culture • Health and well-being • Employee Health Safety • Occupational health and safety	**High**

Improving Health & Well-being	Reducing Environmental Impact	Enhancing Livelihoods	Responsible Business Practices	Wider Sustainability Topics

Topic	Issue	Priority
Inclusive Business	• Socially inclusive business models • Environmentally-sustainable business models • Global partnerships for sustainable development • Corporate Social Responsibility	High
Diversity, Equity and Inclusion	• Women • Gender diversity at Board level • Equal remuneration • Gender equality • Opportunities for women • Safety of women • Training and skills for women • Access to land and resources • Maternal health • Self-esteem	Very High

Hindustan Unilever Limited | ESG Risk Materiality Matrix 2022 | Issues and Topics

Improving Health & Well-being	Reducing Environmental Impact	Enhancing Livelihoods	Responsible Business Practices	Wider Sustainability Topics

Topic	Issue	Priority
Data Security & Privacy	• Cyber security • Data privacy	**High**
Governance, Ethics & Compliance	• Board effectiveness • Accountability to stakeholders • Internal governance and accountability • Compliance • Anti-trust/anti-competitive behaviour • Risk and crisis management • Anti-counterfeiting • Bribery and corruption • Intellectual property • Tax transparency • Public policy and advocacy • Transparency and reporting • Transparency of senior management remuneration • Other regulatory compliances	**Very High**
Products & Ingredients	• Pesticides in consumer foods and beverages • GMOs in food • Food colourants and flavourings • Allergens • Chemical safety • Sugar substitutes • Skin lightening products • Laundry capsules and their safety • Responsible labelling • Chemical compounds in packaging, foods and cosmetics • Food safety • Food security	**High**

Hindustan Unilever Limited | ESG Risk Materiality Matrix 2022 | Issues and Topics

Improving Health & Well-being	Reducing Environmental Impact	Enhancing Livelihoods	Responsible Business Practices	Wider Sustainability Topics

Topic	Issue	Priority
Digital Economy	• Online retail • Data explosion • Ambient intelligence • Smart environments	**High**
Macro-economy and Geopolitical Risk	• Economic growth rates • Economic performance and impact • Globalisation • Foreign exchange risk • Protectionism and legislation • Geopolitical risk • Sanctions • Import-export regulations • Monetary measures by central banks/governments	**High**
Animal welfare	• Animal welfare	**Moderate**

Improving Health & Well-being	Reducing Environmental Impact	Enhancing Livelihoods	Responsible Business Practices	Wider Sustainability Topics

Topic	Issue	Priority
Communicable Diseases	• HIV/AIDS, COVID -19, malaria and other diseases	Moderate
Cities and Demographics	• Changing household structures • Resilient and safe infrastructure and cities • Urbanisation • Growing population	High

Hindustan Unilever Limited | ESG Risk Materiality Matrix 2022 | Issues and Topics

Improving Health & Well-being	Reducing Environmental Impact	Enhancing Livelihoods	Responsible Business Practices	Wider Sustainability Topics

Topic	Issue	Priority
Sustainable Consumption	• Consumer behaviour change	High
Unemployment & Poverty	• Extreme poverty and hunger • Economic inequality in and among countries	High
Innovation & Technology	• Stem cells research • Nanotechnology • Innovation management • New technologies • Responsible use of technologies • Religious, vegetarian or vegan suitability • Artificial intelligence	High