

## Performance-driven culture

At HUL we value a performance-driven culture. Our performance and appraisal process is central to how we manage business and individual performance and development. As mentioned in our Annual Report and Accounts evidence, we are embracing disciplined prioritisation by setting up management through Objectives & Key Results (OKRs) across our Business Groups which are formally reviewed by Leadership Teams. These enterprise level OKRs, together with any other business targets, feed into what line managers and employees set as their flexible goals for the year, recording these in Workday – our Human Capital Management (HCM) system.

We recognise that as a business and as individuals, we need to be able to continuously respond and adapt to the changing environment. Therefore, like our approach on business performance reviews, in our performance management and appraisal process for individuals we have applied a framework of periodic performance checkpoints that take place throughout the year. These checkpoints are a conversation between employees and line managers and cover three topics. Firstly, a check-in on an employee's wellbeing and energy, before reviewing together their current performance against goals – including giving and receiving honest feedback. During the checkpoint conversation an agreement is made whether there needs to be any change to the employee's flexible goals, and finally a review on the employee's skill development to date, identifying any future needs connected to an employee's Future-fit Plan (Unilever's tool to support individual development planning).

At the end of the year, line managers assess an employee's overall performance against criteria of: Individual Impact, Behaviours, and the Context in which they operate; using all the data points and 360-degree feedback collected throughout the year in the quarterly checkpoints. Line managers award a One Performance Signal (OPS), which together with the weighting of their operating unit's business performance, is a key component that determines an individual's bonus pay-out. An employee's OPS may also be discussed at End of Year People Forums, where a group of leaders have a holistic discussion and calibration on their teams' performance.

In 2022, we revised our bonus framework to drive a significantly stronger direct line of sight between individual performance and business performance. Our peoples' bonuses are now more closely linked to the part of the business they contribute to most in their role and the performance of that part of the business.