



Hindustan Unilever Limited

## **CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY**

### **A. CONTEXT**

Hindustan Unilever Limited (HUL) is committed to operate and grow its business in a socially responsible way. Over the years we have strived to serve the communities through various initiatives. In the last 10 years, through Unilever Sustainable Living Plan (USLP) we have made a positive impact on the environment and the society in which we operate. The multi-stakeholder model was at the heart of USLP. It has been game-changing for our business and people. However, we need to do much more, considering the pressing challenges facing the world such as climate change and inequality, businesses need to play a significant role in addressing them.

We need to bridge the divide to a fairer, more socially inclusive world. A world where we all live with, rather than at the expense of, nature and the environment.

### **B. COMPANY'S OBJECTIVES AND PHILOSOPHY:**

This Corporate Social Responsibility (CSR) Policy of the Company, as recommended by the Corporate Social Responsibility Committee (CSR Committee) and approved by the Board of Directors (Board), outlines a clear agenda through which we will continue to contribute to the communities directly. The objective of this policy set the direction for the CSR activities of the Company and defines the governance and monitoring framework for ensuring the effectiveness of the policy.

Our multi-stakeholder model is being embedded into the business completely, so the business can continue to be a force for good. The Unilever Compass, our sustainable business strategy, is set to help us deliver superior performance by being a purpose-led, future-fit business. It will guide us drive sustainable and responsible growth in the years to come. Within this, there is 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.

We have embraced Compass strategy (Link -- <http://www.hul.co.in/planet & society/> which contributes to the health of the planet and the society.

### **C. REGULATORY FRAMEWORK:**

The Companies Act, 2013 together with the rules notified thereunder ('the Act') and Schedule VII to 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 liberally. 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.

### **D. FOCUS AREAS**

The current CSR activities in which Company is engaged with, along with their execution modalities and implementation schedules is appended below as **Annexure A**. Annexure A provides details of the initiatives that are covered under activities listed in the Schedule VII of the Companies Act, 2013 and are considered for the purpose of computing prescribed CSR spends. These activities undertaken by the Company are not expected to lead to any additional surplus beyond what would accrue to the Company in the course of normal operations. The Company may take up other CSR activities as may be appropriate from time to time, in accordance with the approval of the CSR Committee and the Board.

The Policy issued pursuant to the Corporate Social Responsibility Policy Rules, 2013 as amended has been recommended by the CSR Committee of the Board and adopted by the Board of Directors. It can be downloaded from our corporate website – [www.hul.co.in](http://www.hul.co.in).

### **E. GOVERNANCE MECHANISM:**

We follow structured governance procedures to monitor CSR activities. Our CSR Policy is governed by the Board of Directors of the Company. The Board has constituted a CSR Committee of minimum three directors comprising an Independent Chair and a majority of Independent Directors to monitor the Policy and the programmes from time to time.

#### **I. Board of Directors**

- The Board monitors and reviews the performance and impact of the CSR programmes, provides input and course corrections if required 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.
- The CFO shall certify to the fact that CSR funds so disbursed have been utilised for the purposes and in the manner approved by the Board.

## **II. CSR Committee of the Board of Directors**

The CSR Committee provides oversight and guidance on CSR performance and monitors compliance with the CSR Policy, commitments and the applicable CSR provisions. The role & responsibilities of CSR Committee shall be as set out in the Act and the terms of reference of CSR Committee.

## **F. CSR OBLIGATIONS, SELECTION, IMPLEMENTATION AND MONITORING OF ACTIVITIES:**

HUL's CSR Policy is supported by the following principles:

1. We are committed to conducting our operations with integrity and respect, in the interest of our stakeholders, and in line with our Code of Business Principles.
2. We believe growth and environmental sustainability need not be conflicting. Our business model is designed to deliver sustainable growth. The inputs to the model are our brands, our people and our operations. The outputs to the model are sustained growth, lower environmental impact and positive social impact.
3. We collaborate and engage with different stakeholders including Governments, NGOs, IGOs, Suppliers, Farmers, and Distributors to tackle the challenges faced by the society.

### **I. CSR Obligations:**

In accordance with Section 135(5) of the Companies Act, 2013 (the Act), HUL is committed to spend 2% of its average net profits made during the three immediately preceding financial years in some of the identified activities that are listed in Schedule VII (as amended) to the Act. This will include the spends through activities undertaken by Hindustan Unilever Foundation (HUF), our not-for-profit subsidiary Company, aimed at building capacities to conserve water and to further community development initiatives. Such CSR expenditure shall also include all direct and indirect expenditure incurred towards CSR programs as may be admissible under the regulatory framework. The overall amount to be committed towards CSR will be approved by the Board of Directors as a part of its Annual Action Plan. If HUL spends any amount over and above such 2% of average net profits, the same is to be considered as excess CSR expenditure which can be set-off in the immediate succeeding three financial years subject to the conditions as prescribed under the Act.

In order to compute whether HUL has under spent or over spent, the project cost and administrative overheads not exceeding 5% of the total CSR expenditure of the Company for the financial year shall be considered.

### **II. Selection:**

The CSR activities can be undertaken either directly or through an implementing agency. The Implementing Agency should meet the statutory eligibility criteria laid down under the Companies Act, 2013. Additionally, the Company shall conduct appropriate due diligence of the implementation agency before associating the agency. Such due diligence shall interalia cover aspects of financial position of the agency, credibility, history and experience in the relevant area, any potential conflict of interest and existing and past litigations.

### **III. Implementation and Monitoring:**

The CSR activities undertaken by the Company either directly or through an implementing agency shall be periodically monitored. While monitoring, the Company shall ensure the Implementing Agency or the vendor, follow ethical practices and endeavor to ensure all payments made to the Implementing Agency or the vendor to be milestone based. The Monitoring process adopted by the Company may include obtaining of reports of different kind, self-declaration, On-site visit, etc.

The impact assessment shall be conducted for eligible CSR projects or programs as mentioned under the Act.

### **IV. 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.

### **LIMITATION AND AMENDMENT**

The Board of Directors 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 for making suitable amendments for better implementation of the Policy. 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.