

Report of Board of Directors (continued)

C. FINANCIAL REVIEW (STANDALONE)

Results

	(₹ crores)	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Sales	38,273	37,660
EBITDA	9,600	8,637
Profit before exceptional items and tax	9,289	8,749
Profit for the year	6,738	6,036

Division Wise Turnover

	For the year ended 31st March, 2020		For the year ended 31st March, 2019		(₹ crores)
	Sales	Others*	Sales	Others*	
Home Care	13,559	83	12,763	113	
Beauty & Personal Care	17,019	326	17,323	332	
Foods and Refreshment	7,395	55	7,068	65	
Others (including Exports, Infant and Feminine Care)	300	48	506	54	
Total	38,273	512	37,660	564	

* Others include service income from operations, relevant to the respective businesses.

Summarised Profit and Loss Account

	(₹ crores)	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Sale of products	38,273	37,660
Other operational income	512	564
Total Revenue	38,785	38,224
Operating Costs	29,185	29,587
Profit Before Depreciation, Interest, Tax (PBDIT)	9,600	8,637
Depreciation	938	524
Profit Before Interest & Tax (PBIT)	8,662	8,113
Other Income (net)	627	636
Profit before exceptional items	9,289	8,749
Exceptional items	(197)	(227)
Profit Before Tax (PBT)	9,092	8,522
Taxation	2,354	2,486
Profit for the year	6,738	6,036
Basic EPS (₹)	31.13	27.89

Key Financial Ratios:

Particulars	2019-20	2018-19	2017-18
Return on Net Worth (%)	92.0	90.5	84.5
Return on Capital Employed (%)	128.5	131.2	118.9
Basic EPS (after exceptional items) (₹)	31.1	27.9	24.2
Debtors turnover	28.2	26.7	33.4
Inventory turnover	15.1	15.8	14.7
Interest coverage ratio*	81.7	289.8	340.9
Current ratio	1.3	1.4	1.3
Debt equity ratio	1.4	1.3	1.4
Operating profit margin (%)	22.6	21.5	19.6
Net profit margin (%)	17.6	16.0	15.1

*Interest coverage ratio has dropped because of accounting impact of Ind AS 116.

There is no significant change (i.e. change of 25% or more as compared to the immediately previous financial year) in the key financial ratios except Interest coverage ratio.

Detailed explanation of ratios

- (i) **Return on Net Worth**
Return on Net Worth (RONW) is a measure of profitability of a Company expressed in percentage. It is calculated by dividing total comprehensive income for the year by average capital employed during the year.
- (ii) **Return on Capital Employed**
Return on Capital Employed (ROCE) is a financial ratio that measures a Company's profitability and the efficiency with which its capital is used. In other words, the ratio measures how well a Company is generating profits from its capital. It is calculated by dividing profit before exceptional items and tax by average capital employed during the year.
- (iii) **Basic EPS**
Earnings Per Share (EPS) is the portion of a Company's profit allocated to each share. It serves as an indicator of a Company's profitability. It is calculated by dividing Profit for the year by Weighted average number of shares outstanding during the year.
- (iv) **Debtors Turnover**
The above ratio is used to quantify a Company's effectiveness in collecting its receivables or money owed by customers. The ratio shows how well a Company uses and manages the credit it extends to customers and how quickly that short-term debt is collected or is paid. It is calculated by dividing turnover by average trade receivables.
- (v) **Inventory Turnover**
Inventory Turnover is the number of times a Company sells and replaces its inventory during a period. It is calculated by dividing turnover by average inventory.
- (vi) **Interest Coverage Ratio**
The Interest Coverage Ratio measures how many times a Company can cover its current interest payment with its available earnings. It is calculated by dividing PBIT by finance cost.
- (vii) **Current Ratio**
The Current Ratio is a liquidity ratio that measures a Company's ability to pay short-term obligations or those due within one year. It is calculated by dividing the current assets by current liabilities.
- (viii) **Debt Equity Ratio**
The ratio is used to evaluate a Company's financial leverage. It is a measure of the degree to which a Company is financing its operations through debt versus wholly owned funds. It is calculated by dividing a Company's total liabilities by its shareholder's equity.
- (ix) **Operating Profit Margin (%)**
Operating Profit Margin is a profitability or performance ratio used to calculate the percentage of profit a Company produces from its operations. It is calculated by dividing the EBIT by turnover.
- (x) **Net Profit Margin (%)**
The net profit margin is equal to how much net income or profit is generated as a percentage of revenue. It is calculated by dividing the profit for the year by turnover.

Other Financial Disclosures

There has been a material change and commitment affecting the financial position of the Company which occurred between the end of the financial year to which this financial statement relates and the date of this Report. The Board at its meeting held on 1st April, 2020, declared the Scheme of Amalgamation between GSK CH and the Company and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 ('Scheme') effective.

During the financial year, there was no amount proposed to be transferred to the Reserves.

Capital Expenditure during the year was at ₹ 765 crores (₹ 728 crores in the previous year).

During the year, your Company did not accept any public deposits under Chapter V of the Companies Act, 2013.

Your Company manages cash and cash flow processes assiduously, involving all parts of the business. There was a net cash surplus of

₹ 5,017 crores (FY 2018-19: ₹ 3,688 crores), as on 31st March, 2020. The Company's low debt equity ratio provides ample scope for gearing the Balance Sheet, should the need arise. Foreign Exchange transactions are fully covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time. There are no materially significant uncovered exchange rate risks in the context of Company's imports and exports. The Company accounts for mark-to-market gains or losses every quarter end, are in line with the requirements of Ind AS 21. The details of foreign exchange earnings and outgo as required under Section 134 of the Companies Act, 2013 and Rule 8(3) of Companies (Accounts) Rules, 2014 are mentioned below:

	(₹ crores)	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Foreign Exchange earnings	283	324
Foreign Exchange outgo	1,565	1,382

Report of Board of Directors (continued)

Performance of Subsidiaries

The summary of performance of the Subsidiaries of your Company is provided as below:

Unilever India Exports Limited

Unilever India Exports Limited (UIEL) is a 100% subsidiary of your Company and is engaged in FMCG exports business. The focus of the FMCG exports operation is two-fold: to develop overseas markets by driving distribution of brands, such as Vaseline, Dove, Pears, BRU, Red Label, Lakmé and to effectively provide cross-border sourcing of FMCG products to other Unilever companies across the world. This was a challenging year for UIEL in view of localisation in some of the markets, which led to drop in export demand.

Lakme Lever Private Limited

Lakme Lever Private Limited (LLPL) is a 100% subsidiary of your Company. LLPL is engaged in Salons business and also operates a manufacturing unit at Gandhidham which carries out job work operations for your Company manufacturing toilet soaps, bathing bars and detergent bars.

LLPL has over 485 owned / managed and franchisee salons. LLPL has continued to expand its salons business across markets with 102 new salons in the year. The 'Lakmé Salon Blockbuster Brides collection' inspired by Bollywood brides and the 'Garam Masala Hair' colour collection inspired by rich Indian spices were launched at Lakmé Fashion Week in collaboration with leading designers. The 'Runway Rewards' customer club re-launch with new attractive benefits was received well. Compelling thematic campaigns like Good Hair Day, Happy New You and BFF - Best Face Forward helped drive growth. Dermalogica the world's leading professional skincare brand was launched in over 100 salons. Some of the customer delight metrics such as Net Promoter Score and Magic Moments during the year. LLPL continues to derive support from your Company to drive growth in this attractive market opportunity.

Hindustan Unilever Foundation

Hindustan Unilever Foundation (HUF) is a not-for-profit Company that anchors water management related community development and sustainability initiatives of your Company.

HUF operates the 'Water for Public Good' programme, with a specific focus on water conservation, building local community institutions to govern water resources and enhancing farm-based livelihoods through adoption of judicious water practices. HUF's programmes reached out to over 4,300 villages cumulatively in 53 districts, 10 states and 2 union territories across India in partnership through 23 NGO partners and multiple co-funders. HUF also supports several knowledge initiatives in water conservation and governance.

By the end of 2019, the cumulative and collective achievements through partnered programmes HUL (independently assured up to financial year 2018-19) include:

Water Conservation: Over 980 billion litres of water saving potential created through improved supply and demand management of water resources. Till financial year 2019-20, HUF's water conservation estimate stood at 1,200 billion litres* cumulatively.

*pending independent assurance

Crop Yield: Additional agriculture production of over 0.95 million tonnes has been generated.

Livelihoods: Over 10 million person days of employment have been created though water conservation and increased agriculture production.

Unilever Nepal Limited

Unilever Nepal Limited (UNL), a subsidiary of your Company and is engaged in manufacturing, marketing and sale of detergents, foods and refreshment products, toilet soaps, personal products and laundry soaps in Nepal.

During the year, UNL enhanced its growth trajectory which was broad based across all categories. UNL has maintained its bottom-line performance, driven by mix, judicious price management and by leveraging the current manufacturing capability. Transformation programmes such as Distributor Management System with Central Bill Monitoring System (CBMS) capability, SAP migration and leveraging 3 tier model to standardised processes are helping in faster decision-making, localised and swifter innovation delivery and increased speed-to market, which has helped in driving business performance.

Other Subsidiaries

Pond's Exports Limited is a subsidiary of your Company which was engaged in leather business and has currently discontinued operations.

Bhavishya Alliance Child Nutrition Initiatives is a subsidiary of your Company which is not-for-profit subsidiary of your Company and had launched a hand washing behaviour change programme in the state of Bihar that aims to reduce diarrhoea and pneumonia in children under the age of five years. It discontinued operations & a similar handwashing programme is now being driven by your Company directly.

Daverashola Estates Private Limited is a subsidiary of your Company which has been exploring opportunities to enter into appropriate business activities.

Jamnagar Properties Private Limited is a subsidiary of your Company. The litigation over the land of the Company is now over and accordingly the land has been surrendered to the Government and a Deed of Surrender was signed to this effect.

Levers Associated Trust Limited, Levindra Trust Limited and Hindlever Trust Limited, subsidiaries of your Company, act as trustees of the employee benefits trusts of your Company.

Your Company has not made any downstream investments in subsidiaries.

D. OTHERS

Cost Audit

In terms of the Section 148 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, the cost audit is applicable for following businesses such as Coffee, Drugs and Pharmaceuticals, Insecticides, Milk Powder, Organic Chemicals, Other Machinery, Petroleum Products and Tea. The accounts and records for the above applicable businesses are made and

maintained by the Company as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

Employee Stock Option Plan (ESOP)

Details of the shares issued under Employee Stock Option Plan (ESOP), as also the disclosures in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014, are uploaded on the website of the Company <https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html>. No employee has been issued share options during the year equal to or exceeding one per cent of the issued capital of the Company at the time of grant.

Pursuant to the approval of the Members at the Annual General Meeting held on July 23, 2012, the Company adopted the '2012 HUL Performance Share Scheme'. In accordance with, the terms of the Performance Share Plan, employees are eligible for award of conditional rights to receive equity shares of the Company at the face value of ₹ 1/- each. These awards will vest only on the achievement of certain performance criteria measured over a period of three years. The Company confirms that the 2012 HUL Performance Share Scheme complies with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014.

No shares were awarded to employees under the '2012 HUL Performance Share Scheme' in the financial year 2019-20.

The employees of the Company are eligible for Unilever PLC (the 'Holding Company') share awards namely, the Management Co-Investment Plan (MCIP) and the SHARES Plan. The MCIP scheme has two sets of eligibilities – for Managers, it allows eligible employees to invest up to 20% of their annual bonus and for eligible senior leaders to invest up to 100% of their annual bonus in the shares of the Holding Company and to receive a corresponding award of performance related shares. The awards under the MCIP plan vests after 4 years between 0-200% of grant level, depending on the satisfaction of the performance metrics. Under the SHARES Plan, eligible employees can invest in the shares of the Holding Company upto a specified amount and after three years, one share is granted to the employees for every three shares invested, subject to the fulfilment of conditions of the scheme. The Holding Company charges the Company for the grant of shares to the Company's employees based on the market value of the shares on the exercise date.

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules') have been appended as Annexure to this Report. Details of employee remuneration as required under provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) and 5(3) of the Rules are available to any shareholder for inspection on request. Such details are also available on your Company's website at <https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html>.

Unilever Sustainable Living Plan (USLP)

Your Company's vision is to accelerate growth in the business, while reducing environmental footprint and increasing positive social impact. This vision has been codified in the USLP launched in

2010, which is your Company's blueprint for achieving sustainable growth. By spurring innovation, strengthening the supply chain, lowering costs, reducing risks and building trust, sustainability is creating value for your Company as well as the society.

Your Company has made good progress on the three USLP big goals to be achieved globally: to help more than a billion people improve their health and well-being, to halve the environmental footprint of our products and to source 100% of our agricultural raw materials sustainably and enhance the livelihoods of people across our value chain.

Detailed information on the progress of your Company's USLP initiatives and CSR activities are available in the Annual Report on CSR and Business Responsibility Report which is appended as an Annexure to this Report.

Dividend

Your Directors are pleased to recommend a Final Dividend of ₹ 14/- per equity share of face value of ₹ 1/- each for the year ended 31st March, 2020. The Interim Dividend of ₹ 11/- per equity share was paid on Tuesday, 5th November, 2019.

The Final Dividend, subject to the approval of Members at the Annual General Meeting on Tuesday, 30th June, 2020, will be paid on or after Friday, 3rd July, 2020, to the Members whose names appear in the Register of Members, as on the Book Closure date, i.e. from Thursday, 23rd June, 2020, to Tuesday 30th June, 2020, (both days inclusive). The total dividend for the financial year, including the proposed Final Dividend, amounts to ₹ 25/- per equity share and will absorb ₹ 6,141 crores (including Dividend Distribution Tax of ₹ 470 crores on Interim Dividend). In view of the changes made under the Income-tax Act, 1961, by the Finance Act, 2020, dividends paid or distributed by the Company shall be taxable in the hands of the Shareholders. Your Company shall, accordingly, make the payment of the Final Dividend after deduction of tax at source.

Unpaid / Unclaimed Dividend

In terms of the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 / Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, ₹ 13.83 crores of unpaid / unclaimed dividends were transferred during the year to the Investor Education and Protection Fund.

Mergers and Acquisitions

Your Company completed the merger of GSK CH on 1st April, 2020. The merger is in line with Company's strategy to build a sustainable and profitable Foods and Refreshment (F&R) business in India by leveraging the megatrend of health and wellness. GSK CH is the undisputed leader in the Health Food Drinks category, with iconic brands such as Horlicks and Boost, and a product portfolio supported by strong nutritional claims. This merger will bolster your Company's focus to build a profitable and sustainable Nutrition business in India. This is one of the largest deals in the FMCG sector in recent times and will lead to significant value creation for all stakeholders.

The approval of the Scheme of amalgamation of GSK CH with your Company was announced on 3rd December, 2018 which was

Report of Board of Directors (continued)

subject to obtaining necessary statutory approval and sanction of the Scheme by the Mumbai and the Chandigarh benches of the National Company Law Tribunal (NCLT). The Scheme was approved by Members and Creditors of the Company with an overwhelming majority in June, 2019. The Scheme was approved by the Mumbai bench of the NCLT in September, 2019 and by the Chandigarh bench of the NCLT on 26th February, 2020. With the competition of the requisite statutory filings and completion of conditions precedent under the Scheme, the Board of Directors of your Company declared the Scheme effective from 1st April, 2020.

The Board of Directors of your Company at its meeting held on 1st April, 2020 approved the proposal for acquiring Horlicks Brand for India from GlaxoSmithKline (GSK) exercising the option available in the original agreement made between Unilever and GSK. This will enable your Company to utilise cash on its balance sheet and create value for shareholders. In addition, it will enable your Company to drive better salience in a local context. The other brands which were under the ownership of GSK CH like Boost, Maltova and Viva come to your Company's brand portfolio by virtue of the merger.

In accordance with the Scheme, your Company has issued and allotted 18,46,23,812 Equity Shares of ₹ 1/- each to the eligible shareholders of the now amalgamated GSK CH who were holding shares of GSK CH as on the Record Date i.e. 17th April, 2020 in the ratio of 4.39 shares of the Company for every one share held in GSK CH. Consequent to the Scheme, the Authorised Share Capital of your Company stood increased to 2,85,00,00,000 equity shares of ₹ 1/- each.

In order to ensure seamless integration of the acquired GSK CH business, your Company had constituted a dedicated Integration team with cross functional representation under the direct supervision of the Chairman and Managing Director and members of the Management Committee. The Integration team was responsible for a seamless transition with minimal disruption to the existing business, focusing on growth and value creation. The integration team was also responsible for seamless onboarding of the incoming employees and leverage their capabilities. These principles of integration shall help your Company in creating value for the organisation, allowing all the stakeholders to be part of the growth story of this merger.

Your Company will be partnering with GSK (via a consignment selling arrangement) to distribute brands of the GSK family in India. This partnership, with world-class brands from GSK (like Eno, Crocin, Sensodyne etc.) and your Company's distribution strength, will help build further the Company's go-to-market capabilities.

Acquisition of female intimate hygiene wash brand 'VWash'

During the year, your Company entered into an agreement with Glenmark Pharmaceuticals Limited to acquire its intimate hygiene brand VWash. The deal involved acquisition of intellectual property rights including trademarks, design and know-how related to VWash brand. The proposed acquisition is in line with the Company's strategic intent to enter fast-growing segments of the future in the premium Beauty & Personal Care Category.

Particulars of Loan, Guarantee or Investments

Details of loans, guarantee or investments made by your Company under Section 186 of the Companies Act, 2013, during financial year 2019-20 are appended as an Annexure to this Report.

Governance, Compliance and Business Integrity

The Legal function of the Company continues to be a valued business partner that provides solutions to protect your Company and enable it to win in the volatile, uncertain, complex and ambiguous environment. Through its focus on creating 'value with values', the function provides strategic business partnership in the areas including product claims, mergers and acquisitions, legislative changes, combatting unfair competition, business integrity and governance.

As the markets continue to be disrupted with newer technologies and ever-evolving consumer preferences, the need to have a framework around data security and privacy is paramount. Your Company continues to ensure it has an appropriate framework and safeguards for data privacy of its stakeholders with enhanced legal and security standards. The legal function of your Company continues to embrace newer technologies to make the function future ready to support the growth agenda of the business.

Your Company is of the view that the menace of counterfeits can be effectively addressed if enforcement actions are supplemented with building awareness amongst the consumers of tomorrow. Your Company continued to engage with various stakeholders including e-Commerce Channel Partners, Industry Bodies and Regulators to curb the menace of counterfeiting on the e-Commerce platforms.

One of the key activities undertaken by your Company in this direction is propagating intellectual property awareness, particularly among school students. Your Company believes it is important to educate students on intellectual property and build awareness and understanding of the subject so that students start respecting intellectual property rights from a young age.

The Legal function of your Company works with leading industry associations, national and regional regulators and key opinion formers to develop a progressive regulatory environment in the best interest of all stakeholders.

Business Integrity

Our principles and values apply to all our employees through our Code and Code Policies. Our employees undertake mandatory annual training on these Policies via online training modules and an annual business integrity pledge. Our Business with Integrity governance framework includes clear processes for dealing Code breaches.

During the financial year, we closed 222 incidents across all areas of our Code and Code Policies, with 119 confirmed breaches. During the year, we terminated the employment of 15 employees as a consequence of such breaches. The Code and Code Policies reflect our desire to fight corruption in all its forms. We are committed to eradicating any practices or behaviours though our zero-tolerance approach to such practices. The Code of Business Principles is periodically refreshed and updated so that it provides a current

reflection of the way we do business at Unilever. Our Code and associated policies were re-visited recently to align them with the changes in the internal and the external environment. Without changing the substance, the Code of Business Principles have been refreshed.

Our Responsible Sourcing Policy and Responsible Business Partner Policy help to give us visibility of our third parties to ensure their business principles are consistent with our own.

Corporate Governance

Maintaining high standards of Corporate Governance has been fundamental to the business of your Company since its inception. A separate report on Corporate Governance is provided together with a Certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Listing Regulations. A Certificate of the CEO and CFO of the Company in terms of Listing Regulations, *inter-alia*, confirming the correctness of the financial statements and cash flow statements, adequacy of the internal control measures and reporting of matters to the Audit Committee, is also annexed.

The extract of annual return in Form MGT-9 as required under Section 92(3) of the Companies Act and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an Annexure to this Report and also available on the Company's website at <https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html>.

Prevention of Sexual Harassment at Workplace

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('POSH Act') and Rules made thereunder, your Company has constituted Internal Committees (IC). While maintaining the highest governance norms, the Company have appointed external independent persons who worked in this area and have the requisite experience in handling such matters, as Chairpersons of each of the Committees. During the year, 3 complaints with allegations of sexual harassment were received by the Company and they were investigated and resolved as per the provisions of the POSH Act. To build awareness in this area, the Company has been conducting induction / refresher programmes in the organisation on a continuous basis. Your Company has also engaged with Government Authority and made suggestions to make POSH Act more enabling and easier to administer so that matters under this Act can be dealt with more efficiently.

Update on Kodaikanal Soil Remediation

Your Company had informed the Members that soil remediation trials had been concluded. Pursuant to which the authorities permitted the Company to commence full scale soil remediation work on the premises of the former factory of your Company as per the approved up-scaling plan. In the meantime, the permission granted for soil remediation and the Site-Specific Target Level specified by the authorities was challenged before the National Green Tribunal. The National Green Tribunal after hearing the petition that was filed and ordered that the remediation be carried out as per the approval granted by the authorities. The decision of the National Green Tribunal was challenged before the Supreme

Court of India; the Supreme Court of India dismissed the petition and has allowed the soil remediation to go ahead. The Company is taking steps to commence full-scale soil remediation at the factory site at the earliest.

Related Party Transactions

In line with the requirements of the Companies Act, 2013 and amendment to the Listing Regulations, your Company has formulated a revised Policy on Related Party Transactions which is also available on the Company's website at https://www.hul.co.in/Images/policy-on-materiality-of-rpt-and-dealing-with-rpt_tcm1255-547442_1_en.pdf. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the Ordinary Course of Business and are at Arm's Length. All Related Party Transactions are subjected to independent review by a reputed accounting firm to establish compliance with the requirements of Related Party Transactions under the Companies Act, 2013, and Listing Regulations.

All Related Party Transactions entered during the year were in Ordinary Course of the Business and at Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statement, were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013, in Form AOC-2 is not applicable.

Board of Directors and Key Managerial Personnel

During the year, Mr. Pradeep Banerjee, Whole-time Director designated as an Executive Director, Supply Chain stepped down from the Board as his contract of service came to an end on 31st December, 2019. The Board places on record its deep sense of gratitude and appreciation for Mr. Banerjee's immense contribution, strategic guidance provided during his tenure as a Whole-time Director of the Company.

During the year, on the recommendation of Nomination and Remuneration Committee, the Board appointed Mr. Wilhelmus Uijen as a Whole-time Director of the Company, designated as an Executive Director, Supply Chain for a period of 5 (five) years with effect from 1st January, 2020, liable to retire by rotation and the appointment of Mr. Uijen has been approved by the Shareholders of the Company by approving the ordinary resolution conducted through Postal Ballot dated 18th March, 2020. As the appointment of Mr. Uijen requires the approval of the Central Government, the Company has made application to the Central Government in this regard.

During the year, based on the recommendation of Nomination and Remuneration Committee, the Board of Directors appointed Dr. Ashish Gupta as an Additional Director with effect from 31st January, 2020, to hold office up to the date of the forthcoming Annual General Meeting. The Board considered the

Annexure to the Report of Board of Directors (Continued)

III. PARTICULARS OF HOLDING, SUBSIDIARY COMPANIES

Sr. No.	Name and address of the Company	CIN / GLN	% of shares held
Holding Company [Section 2(46)]			
1	Unilever PLC Port Sunlight, Wirral, Merseyside CH624ZD	N.A.	51.48
2	Brooke Bond Group Limited#	N.A.	4.93
3	Unilever Overseas Holdings AG Hinterbergstrasse 28, Postfach 5364, 6330 Cham 2, Switzerland	N.A.	3.18
4	Unilever UK & CN Holdings Limited#	N.A.	2.78
5	Brooke Bond South India Estates Limited#	N.A.	2.44
6	Brooke Bond Assam Estates Limited#	N.A.	1.52
7	Unilever Overseas Holdings B. V.#	N.A.	0.87
Subsidiary Companies [Section 2(87)(ii)]			
1	Unilever India Exports Limited*	U51900MH1963PLC012667	100
2	Pond's Exports Limited*	U24246MH1981PLC261125	90
3	Lakme Lever Private Limited*	U24247MH2008PTC188539	100
4	Unilever Nepal Limited Basamadi V.D.C. - 5, P. O. Box-11, Hetauda, District Makwanpur, Nepal	N.A.	80
5	Daverashola Estates Private Limited*	U15200MH2004PTC149035	100
6	Jamnagar Properties Private Limited*	U70101MH2006PTC165144	100
7	Levers Associated Trust Limited*	U74999MH1946PLC005403	100
8	Levindra Trust Limited*	U67120MH1946PLC005402	100
9	Hindlever Trust Limited*	U65990MH1958PLC011060	100
10	Hindustan Unilever Foundation*	U93090MH2010NPL201468	76
11	Bhavishya Alliance Child Nutrition Initiatives*	U93090MH2010NPL208544	100

Registered Office at Unilever House, 100 Victoria, Embankment, London EC4Y0DY

* Registered Office at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099

IV. SHARE HOLDING PATTERN (Equity Share capital breakup as percentage of total equity)

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian	-	-	-	-	-	-	-	-	-
2. Foreign	-	-	-	-	-	-	-	-	-
- Bodies Corporates	1,45,44,12,858	-	1,45,44,12,858	67.19	1,45,44,12,858	-	1,45,44,12,858	67.18	(0.01)
Total Promoter Shareholding (A)	1,45,44,12,858	-	1,45,44,12,858	67.19	1,45,44,12,858	-	1,45,44,12,858	67.18	(0.01)
B. Public Shareholding									
1. Institutions									
- Mutual Funds	4,62,00,855	38,744	4,62,39,599	2.14	6,19,85,369	38,744	6,20,24,113	2.87	0.73
- Alternate Investment Funds	7,46,444	-	7,46,444	0.03	11,11,658	-	11,11,658	0.05	0.02
- Banks / Financial Institutions	1,19,46,627	1,29,110	1,20,75,737	0.56	78,01,118	1,27,600	79,28,718	0.36	(0.20)
- State Government	-	20	20	-	-	20	20	-	-
- Insurance Companies	9,31,76,602	9,500	9,31,86,102	4.30	7,32,99,749	9,500	7,33,09,249	3.39	(0.91)
- Foreign Institutional Investors	25,60,42,230	27,340	25,60,69,570	11.83	26,19,11,568	27,340	26,19,38,908	12.10	0.27
Sub-total (B)(1):-	40,81,12,758	2,04,714	40,83,17,472	18.86	40,61,09,462	2,03,204	40,63,12,666	18.77	(0.09)
2. Non-Institutions									
- Bodies Corporates									
i) Indian	3,75,15,690	2,89,020	3,78,04,710	1.75	1,17,38,882	2,43,780	1,19,82,662	0.55	(1.20)
ii) Overseas	500	-	500	-	-	-	-	-	-
- Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	20,58,78,659	3,28,98,424	23,87,77,083	11.03	20,59,09,288	2,68,76,238	23,27,85,526	10.75	(0.28)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	34,96,284	7,10,350	42,06,634	0.18	38,93,303	7,10,350	46,03,653	0.21	0.03
- Others									
i) Trust	59,95,013	-	59,95,013	0.28	80,40,996	-	80,40,996	0.37	0.09
ii) Non Resident Indians	97,78,534	3,61,170	1,01,39,704	0.47	1,06,18,817	3,35,900	1,09,54,717	0.51	0.04
iii) Foreign Nationals	12,259	120	12,379	-	12,019	120	12,139	-	-
iv) Foreign Banks	6,220	-	6,220	-	6,220	-	6,220	-	-
v) Directors & their Relatives	1,11,547	-	1,11,547	0.01	59,397	-	59,397	-	(0.01)
vi) Clearing Members	14,20,306	-	14,20,306	0.07	13,79,238	-	13,79,238	0.06	(0.01)
vii) Qualified Foreign Investors	24,391	-	24,391	-	-	-	-	-	-
viii) IEPF	34,75,588	-	34,75,588	0.16	43,47,592	-	43,47,592	0.20	0.04
vix) Qualified Institutional Buyer	-	-	-	-	2,99,46,523	-	2,99,46,523	1.38	1.38
Sub-total (B)(2):-	26,77,14,991	3,42,59,084	30,19,74,075	13.95	27,59,52,275	2,81,66,388	30,41,18,663	14.05	0.10
Total Public Shareholding (B)=(B)(1)+(B)(2)	66,88,52,346	4,12,63,573	71,01,15,919	32.81	68,20,61,737	2,83,69,592	71,04,31,329	32.82	0.01
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	2,13,02,40,607	3,44,63,798	2,16,47,04,405	100.00	2,13,64,74,595	2,83,69,592	2,16,48,44,187	100.00	-

Annexure to the Report of Board of Directors (Continued)

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in the shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ Encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ Encumbered to total Shares	
1	Unilever PLC	1,11,43,70,148	51.48	-	1,11,43,70,148	51.48	-	-
2	Brooke Bond Group Limited	10,67,39,460	4.93	-	10,67,39,460	4.93	-	-
3	Unilever Overseas Holdings AG	6,87,84,320	3.18	-	6,87,84,320	3.18	-	-
4	Unilever UK & CN Holdings Limited	6,00,86,250	2.78	-	6,00,86,250	2.78	-	-
5	Brooke Bond South India Estates Limited	5,27,47,200	2.44	-	5,27,47,200	2.44	-	-
6	Brooke Bond Assam Estates Limited	3,28,20,480	1.52	-	3,28,20,480	1.52	-	-
7	Unilever Overseas Holdings B. V.	1,88,65,000	0.87	-	1,88,65,000	0.87	-	-
	Total	1,45,44,12,858	67.19*	-	1,45,44,12,858	67.18*	-	-

*Percentage rounded off

iii) Change in Promoters' Shareholding

There are no changes in the Promoter's shareholding during the financial year 2019 -20.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31st March, 2020

Sr. No.	Name of Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Life Insurance Corporation of India				
	At the beginning of the year	7,02,07,020	3.24	7,02,07,020	3.24
	Bought during the year	-	-	7,02,07,020	3.24
	Sold during the year	1,41,87,679	0.65	5,60,19,341	2.59
	At the end of the year	5,60,19,341	2.59	5,60,19,341	2.59
2	Vanguard Total International Stock Index Fund				
	At the beginning of the year	1,10,32,659	0.51	1,10,32,659	0.51
	Bought during the year	18,61,924	0.08	1,28,94,583	0.59
	Sold during the year	5,04,020	0.02	1,23,90,563	0.57
	At the end of the year	1,23,90,563	0.57	1,23,90,563	0.57
3	ICICI Prudential Life Insurance Company Limited				
	At the beginning of the year	79,61,971	0.37	79,61,971	0.37
	Bought during the year	63,09,502	0.29	1,42,71,473	0.66
	Sold during the year	36,80,194	0.17	1,05,91,279	0.49
	At the end of the year	1,05,91,279	0.49	1,05,91,279	0.49
4	SBI-ETF NIFTY 50				
	At the beginning of the year	78,45,230	0.36	78,45,230	0.36
	Bought during the year	27,55,184	0.13	1,06,00,414	0.49
	Sold during the year	48,030	-	1,05,52,384	0.49
	At the end of the year	1,05,52,384	0.49	1,05,52,384	0.49
5	Vanguard Emerging Markets Stock Index Fund, A Series				
	At the beginning of the year	1,11,16,432	0.51	1,11,16,432	0.51
	Bought during the year	1,55,222	0.01	1,12,71,654	0.52
	Sold during the year	8,79,549	0.04	1,03,92,105	0.48
	At the end of the year	1,03,92,105	0.48	1,03,92,105	0.48

Sr. No.	Name of Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
6	Government of Singapore				
	At the beginning of the year	68,90,086	0.32	68,90,086	0.32
	Bought during the year	48,05,262	0.22	1,16,95,348	0.54
	Sold during the year	20,01,037	0.09	96,94,311	0.45
	At the end of the year	96,94,311	0.45	96,94,311	0.45
7	General Insurance Corporation of India				
	At the beginning of the year	83,95,698	0.39	83,95,698	0.39
	Bought during the year	1,29,242	0.01	85,24,940	0.40
	Sold during the year	9,80,961	0.05	75,43,979	0.35
	At the end of the year	75,43,979	0.35	75,43,979	0.35
8	The New India Assurance Company Limited				
	At the beginning of the year	98,00,673	0.45	98,00,673	0.45
	Bought during the year	1,00,000	0.01	99,00,673	0.46
	Sold during the year	25,23,780	0.12	73,76,893	0.34
	At the end of the year	73,76,893	0.34	73,76,893	0.34
9	Government Pension Fund Global				
	At the beginning of the year	55,71,104	0.26	55,71,104	0.26
	Bought during the year	22,05,050	0.10	77,76,154	0.36
	Sold during the year	5,86,031	0.03	71,90,123	0.33
	At the end of the year	71,90,123	0.33	71,90,123	0.33
10	People's Bank of China				
	At the beginning of the year	56,00,381	0.26	56,00,381	0.26
	Bought during the year	18,48,177	0.08	74,48,558	0.34
	Sold during the year	2,99,096	0.01	71,49,462	0.33
	At the end of the year	71,49,462	0.33	71,49,462	0.33

Notes:

- The above information is based on the weekly beneficiary position received from Depositories.
- The date wise increase or decrease in shareholding of the top ten shareholders is available on the website of the Company at <https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html>

v) Shareholding of Directors and Key Managerial Personnel (KMP)

Sr. No.	Name of Directors / KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
1	Mr. Sanjiv Mehta				
	At the beginning of the year	10	-	10	-
	Bought during the year	-	-	10	-
	Sold during the year	-	-	10	-
	At the end of the year	10	-	10	-
2	Mr. Srinivas Phatak				
	At the beginning of the year	10,208	-	10,208	-
	Bought during the year	-	-	10,208	-
	Sold during the year	-	-	10,208	-
	At the end of the year	10,208	-	10,208	-

Annexure to the Report of Board of Directors

Annual Report on Corporate Social Responsibility

(Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014)

1. BRIEF OUTLINE OF THE COMPANY'S CSR POLICY, INCLUDING OVERVIEW OF PROJECTS / PROGRAMMES UNDERTAKEN:

Your Company has a clear purpose – to make sustainable living commonplace. Your Company believes this is the best way to deliver long-term sustainable growth, while reducing its environmental footprint and increasing its positive social impact.

That is why Unilever Sustainable Living Plan (USLP) (<http://www.hul.co.in/sustainable-living>) is at the heart of your Company's business model. The USLP has three global goals, namely:

- (i) help more than a billion people take action to improve their health and well-being;
- (ii) halve the environmental footprint in the making and use of products; and
- (iii) enhance the livelihoods of millions of people while growing the business.

These goals contribute to and are covered by activities listed in the Schedule VII of Section 135 of the Companies Act, 2013. USLP commits to a value chain approach which is integrated across your Company's brands and operations. Your Company also contributes to achieving United Nation's Sustainable Development Goals through its initiatives.

The Corporate Social Responsibility (CSR) Policy of the Company, as approved by the Board of Directors, is available on the Company's website at <https://www.hul.co.in/investor-relations/corporate-governance/hul-policies/corporate-social-responsibility-policy/>.

A brief overview of your Company's projects is given below. This report is divided into two parts – Section 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. Section B of this Report deals with USLP and other initiatives for societal good but are not included for the purposes of computing CSR spends.

SECTION A

i. Water Conservation Project(s)

Hindustan Unilever Foundation (HUF) is a not-for-profit Company that anchors water management related community development and sustainability initiatives of Hindustan Unilever Limited. The Foundation supports reputed NGOs in the country to scale up solutions that can help address India's water challenges – specifically for rural communities that intersect with agriculture.

HUF operates the 'Water for Public Good' programme, with specific focus on empowering local community institutions to govern water resources and enhancing farm-based livelihoods through adoption of judicious water management practices.

Through HUF's initiatives, we have created a water saving potential of over 980 billion litres, generating over 9,60,000 tonnes of additional agriculture and biomass production and over 10 million person days of employment (as assured till end of March 2019). In financial year 2019-20, HUF's water conservation capacity stood at 1,200 billion litres* cumulatively. To underscore the importance of the water potential created by HUF; one billion litres of water can meet the drinking water needs of over 8 lakhs adults for an entire year.

Some of the key projects initiated in 2019-20 were in partnership with Foundation for Ecological Security (FES) in Odisha, People's Action for National Integration (PANI) in Eastern UP, PRADAN in West Bengal and Development Support Centre (DSC) in Gujarat.

By 2024, HUF aims to create an additional water potential of 1 trillion litres of water for India.

ii. Swachh Aadat Swachh Bharat

'Swachh Aadat, Swachh Bharat' (SASB) programme is in line with the Government of India's Swachh Bharat Abhiyan (Clean India Mission) to promote good health and hygiene practices. In 2019, the programme continued to promote good health and hygiene practices by stressing the need to adopt three clean habits ('Swachh Aadat') of washing hands five times a day, using a toilet for defecation and adopting safe drinking water practices.

A part of SASB, Swachhata Doot (Messenger of Cleanliness) is a volunteering programme that enables any person to become a change agent in his / her community. More than 4,000 of the Company's employees across our 25 factories in India have embraced a new role as agents of change (Swachhata Doot). They educate and motivate their communities to adopt better Water, Sanitation & Hygiene (WASH) habits. Since its inception in 2015, the Programme has reached out to 21 million people.

Your Company also contributes to the Chief Minister of Maharashtra's Village Social Transformation Mission (VSTM). In this regard, it has also created Swachhata Curriculum that teaches students the importance of adopting three clean habits – washing hands with soap, safe drinking water practices and using clean toilets over a 21-day period.

The Community Hygiene Centre – 'Suvidha' is another important project by our Company that contributes to SASB. 'Suvidha' is a first-of-its-kind urban water, hygiene and sanitation community centre, that was first set up at Chiragnagar, Ghatkopar, one of the largest slums in Mumbai. This year, we opened two more Suvidha centres in Mumbai in partnership with HSBC to give people access to clean water, sanitation and

*pending independent assurance

laundry facilities bringing the total to three, with two more under development.

In December 2018, your Company launched the campaign, 'Start a little good' to urge consumers to take small actions in the areas of water conservation, plastic waste management, and teaching good hygiene habits. The campaign has reached out to around 149 million households by end of March, 2020.

iii. Project Shakti

Project Shakti is your Company's initiative that aims to financially empower and provide livelihood opportunities to women in rural India. The Shakti Entrepreneurs are given training for familiarisation with your Company's products and basic tenets of distribution management. Your Company has a team of Rural Sales Promoters (RSPs) who coach and help Shakti Entrepreneurs in managing their business. Across 18 States, Project Shakti has nearly 1,20,000 Shakti Entrepreneurs whom we call 'Shakti Ammas'. This programme has helped Shakti Entrepreneurs gain selling skills, become self-confident, improve their self-esteem and learn communication skills. Most importantly, our interventions have helped in building and fostering entrepreneurial mindset amongst Shakti Entrepreneurs.

iv. Handwashing Behaviour Change Programme

Around 0.9 million children under the age of five die due to diarrhoeal and respiratory diseases in India*. Handwashing with soap has been cited as one of the most cost-effective solutions to improve health & hygiene and reduce infant mortality. A review of several studies shows that the simple act of handwashing with soap reduces the incidence of diarrhoeal diseases by an average of 30%**. Your Company's Lifebuoy handwashing behaviour change initiative helps in promoting the benefits of handwashing with soap at key times during the day and encouraging people to adopt and sustain good handwashing behaviour. From 2010 to 31st March, 2020, your Company has reached out to over 72 million people in India through the handwashing behaviour change initiatives. Your Company has been driving handwashing behaviour change programmes in partnership with Global Alliance for Vaccine Initiative (GAVI) Plan, World Association of Girl Guides & Girl Scouts (WAGGGS), Naman Seva Samiti, NGOs in Uttar Pradesh, Jharkhand, Orissa, Madhya Pradesh and Maharashtra. Through the programmes, the practice of using soap at critical occasions every day is spread across communities, thereby protecting people from infections.

* <https://data.unicef.org/country/ind/>

** <https://www.unicef.org/india/stories>

v. Plastic Waste Management

Your Company has made clear commitments to make 100% of its plastic packaging reusable, recyclable or compostable by 2025. Further, 25% of all the plastic we use is expected to come from recycled sources by 2025. Unilever has committed to halve the use of virgin plastic, by reducing their absolute use of plastic packaging by more than 1,00,000 tonnes and accelerate the use of recycled plastic. Unilever will also help collect and process more plastic packaging than it sells.

Your Company has done significant work in this area. Your Company has collected and safely disposed more than 59,000 tonnes of post-consumer use plastic laminates waste in aggregate since 2018, through collection and disposal partners in more than 50 cities across India. In 2019, your Company arranged environment friendly disposal of over 39,000 tonnes.

Your Company is also working closely with the Government and other partners such as United Nations Development Programme (UNDP) for end-to-end pilot projects for plastic waste management. So far, the project has reached out to 32,616 households, collected 2,262 tonnes of plastic waste and onboarded 385 Safai Saathis (sanitation workers) in the project.

To, advocate and create awareness in the area of waste management, your Company has partnered with Xynteo India Private Limited. Your Company has developed a curriculum called 'Plastic Safari' to create awareness and drive behaviour change on waste segregation and recycling among school children and people in housing societies. The programme has reached out to more than 80,000 students and 2,000 households. Your Company in partnership with State Bank of India (SBI) and Municipal Corporation of Greater Mumbai, initiated and operationalised a Dry Waste Collection and Segregation Centre in D ward, Mumbai. The centre is collecting an average of 700-900 kg of dry waste per day, with a target to increase to 5 MT by 2020.

vi. Project Prabhat

'Prabhat' is your Company's USLP-linked programme which contributes to the development of local communities around key sites including our manufacturing locations. Prabhat is building on the local community needs at grassroot level through targeted pillars of enhancing livelihoods, water conservation and 'health and well-being' awareness. Project Prabhat is live in over 26 locations across the country. It has directly benefited over 4.5 million people across 12 states and two union territories in India through partnerships with over 20 NGOs. More than 5,000 HUL employee volunteers participated in the volunteering activities under Project Prabhat in the last seven years.

Annexure to the Report of Board of Directors (Continued)

In 2019, Prabhat launched a first-of-its kind centre in Kolkata wherein PwDs (Persons with Disability) will be trained to become e-Commerce professionals. By linking artisans to the digital world of e-Commerce through our trained Prabhat beneficiaries, the centre in Kolkata will help enhance livelihoods. In our Chhindwara Livelihood Centre, we are promoting community collectives and value chain interventions to enhance employability and income of local communities, especially women. Prabhat also aligns with the National Nutrition Mission through the newly launched Poshan Saathis programme, where young girls and women reach out to people around the HUL factories, demystifying nutrition for women, especially pregnant and lactating.

To encourage sustainable waste management, Prabhat is enabling waste segregation at household level and create community bio-gas plant for powering streetlights in Haridwar.

vii. Domex Toilet Academy

Domex Toilet Academy (DTA), launched by the Company in 2014, is a unique market-based entrepreneurial model to support Government of India's Swachh Bharat Mission and improve sanitation coverage across the country by achieving the goal of open-defecation free (ODF) India. Since then, DTA programme has trained 600 micro-entrepreneurs and masons to help build and maintain toilets; provide access to micro-financing and create demand for toilets in low-income households impacting over one million people.

In 2017, DTA moved focus from 'Access' to 'Usage' through a science-based behaviour change model. DTA has partnered with PSI India to reach out to more than 0.7 million people in 300 villages in Chittoor, Andhra Pradesh with strategic interventions and communications. This behaviour change model has shown early encouraging results with a sharp increase in toilet usage and cleaning across age groups and gender.

In 2019, we partnered with the Swachh Bharat Mission – Grameen team from the Jal Shakti Ministry (erstwhile Ministry of Drinking Water and Sanitation) to create awareness driving campaigns for Swachh Survekshan Grameen and furthering the agenda on sustaining Open defecation free status.

viii. Asha Daan

Asha Daan is a home in Mumbai for abandoned and differently-abled children, HIV-positive patients and destitute people. Since the inception of Asha Daan in 1976, your Company has been looking after the maintenance and upkeep of the premises. At any time, there are about over 400 inmates at Asha Daan. During the year, the project for re-development of Asha Daan was initiated and the re-development work is expected to commence as soon as the statutory approvals are obtained for construction.

ix. Sanjeevani

Your Company runs a free mobile medical service camp 'Sanjeevani' for the local community near Doom Dooma factory in Assam. There are two mobile vans dedicated to the project. Each vehicle has one male and one female doctor, two nurses, a medical attendant and a driver. The vans are equipped with basic kits such as diagnostic kit, blood pressure measuring unit, medicines and a mobile stretcher. More than 3,42,000 patients have been treated in these service camps since its inception in 2003. In 2019 alone, nearly 12,000 patients were treated through this programme.

x. Ankur

Ankur was set up in 1993 as a centre for special education for children with disabilities at Doom Dooma in Assam. Ankur has provided educational and vocational training to 359 children with disabilities.

xi. COVID-19 Relief Work

Your Company was one of the first corporates to commit ₹ 100 crores towards societal work to complement Government's work on dealing with COVID-19. During the challenging phase of COVID-19, your Company stands united with the Nation.

As a responsible Company, we have amplified our efforts to ensure that we tackle this global health crisis. Some of the steps initiated are as follows:

We are supporting hospitals in Maharashtra, West Bengal and Tamil Nadu and several other areas by donating soaps, handwash, sanitisers, floor and bathroom cleaners. We are also distributing health kits, including health and hygiene products and food items for patients, health officials and low-income families. To ensure that our products reach low-income families, we are working with social organisations like the United Way and the United Nations Development Programme.

We are supporting hospitals in Maharashtra, West Bengal, Tamil Nadu, Uttar Pradesh, Assam and several other areas by donating Lifebuoy soaps, handwash, sanitisers, Domex floor and bathroom cleaners. We have also donated Lifebuoy sanitisers to the local administration including the police in cities such as Delhi, Mumbai, Kolkata, Lucknow, Chennai, Indore and Bangalore.

In partnership with United Nations Development Programme we are distributing sanitation and hygiene products to Sanitation Workers across 15 cities in India including Mumbai.

The Company is supporting Government hospitals to upgrade medical infrastructures in hospital by providing them with medical equipments and Personal Protection Equipment (PPE), in collaboration with public health authorities, near our factories and offices in Uttar Pradesh, Madhya Pradesh, Maharashtra, Tamil Nadu, Karnataka, Dadra & Nagar Haveli. In

Maharashtra, we are supporting the hospitals with medical equipments and PPE worth of ₹ 5 crores in consultation with public health officials.

Your Company has tied up with Apollo Hospitals, State Bank of India, OYO, Lemon Tree and others to create isolation facilities in metros that are equipped with medical supervision. This will help reduce the burden on hospitals while providing acute care for the patients in need.

Together with the local administration in Haridwar, Uttarakhand, the Company has helped setup a 30-bed isolation facility in record time of three days to help fight curb the spread of COVID-19.

Through Project Prabhat, our sustainable community development initiative, we are supporting 1,00,000 migrant labour families by donating food kits and essential hygiene products. We are also distributing soaps to 5,00,000 families in communities around our factory sites.

The Company has donated Horlicks biscuits and sachets to 5 lakhs vulnerable children in the age group of 3 years to 10 years in New Delhi worth ₹ 1 crore. These are being distributed through 10 Government centres and shared as part of ration to less privileged families.

Your Company is implementing mass communication to drive the message of social distancing and the importance of personal hygiene among citizens. The Company has partnered with Municipal Corporation of Greater Mumbai (MCGM) to create public awareness campaign on COVID-19.

Your Company has also partnered with UNICEF to create a large scale awareness campaign on social distancing and handwashing to prevent spread of COVID-19. The mass media campaign, titled '#BreakTheChain' / '#VirusKiKadiTodo' has simple yet powerful five and 15-second informative assets to empower the general public with prevention strategies.

xii. New Areas of CSR activity

Your Company during the year expanded its CSR policy to include contribution in the area of maintenance and development of road central medians and protection of flora and fauna of the public areas near the Company's Head Office, its Regional Offices and Factory locations along with contribution to Non Academic Technopark Technology Business Incubator (TBI) not located within an academic Institution but approved and supported by Department of Science and Technology, Government of India.

xiii. Nutrition Business

The CSR committee in its meeting held on 30th April, 2020, consequent to the amalgamation of the GSK CH business with your Company effective from 1st April, 2020, approved inclusion of projects pertaining to nutrition business in the Company's CSR policy which

inter-alia included support in COVID-19 relief response, distribution of meals and ration kits to COVID-19 effected people, addressing nutrition needs of migrant communities and initiatives around Company's manufacturing facilities.

SECTION B

Improving Health and Well-being:

i. Well-Being and Nutrition Initiatives

Your Company continuously works to improve the taste and nutritional quality of its products using globally recognised dietary standards, which are also compliant with applicable Indian regulations. As per USLP commitment, by 2020, we will double the proportion of our portfolio that meets the highest nutritional standards, based on globally recognised dietary guidelines. In 2019, in India 50% of your Company's total food and refreshment portfolio met the highest nutritional standards.

ii. Dove Self-Esteem programme

In India, 6 in 10 girls say they do not have high body esteem*. Dove's mission is to ensure that the next generation grows up enjoying a positive relationship with the way they look and helping young people raise their self-esteem and realise their full potential.

Your Company is working with partners such as Fountainhead and World Association of Girl Guides & Girl Scouts (WAGGGS) to reach out to two million girls by 2020 and work towards enhancing their self-esteem.

Reducing Environmental Impact:

i. Reducing GHG, Waste, Water in Manufacturing

In 2019, CO₂ emissions per tonne of our production reduced by 85%**. Water usage (cubic meter per tonne of production) in manufacturing operations reduced by 58%**. Total waste generated from the factories reduced by 63%**. Your Company maintained the status of 'zero non-hazardous waste to landfill' in all its factories and offices. 100% of the non-hazardous waste generated at our factories was recycled in environment friendly ways.

ii. Sustainable Sourcing

In 2019, 76% of tomatoes used in Kissan ketchup continued to be sourced sustainably. In 2019 over 78% of tea in India procured for Unilever brands was sourced from sustainable sources. By the end of 2019, 100% of the chicory was sourced sustainably as all the Unilever chicory farmers in India were covered under the Unilever Sustainable Agriculture Code providing farmers knowledge and expertise in sustainable agriculture practices

Enhancing Livelihoods:

i. Fair & Lovely Career Foundation

Fair & Lovely Career Foundation is a mobile platform designed to help women create an identity for themselves

* The 2017 Dove Global Girls Beauty and Confidence Report

** compared to 2008 baseline

Annexure to the Report of Board of Directors (Continued)

by providing them career guidance, skill-based courses and training for job opportunities. The platform addresses multiple educational barriers that girls and women in India face including limited access to transportation, lack of parental permission, high cost of courses and very few local institutes. The Foundation is powered by a range of high quality education and career guidance partners including established edtech companies like NIIT, edX, English Edge and start-ups such as www.testbook.com and www.idreamcareer.com. Over 1 million users have registered on the platform. The platform has facilitated over 4,30,000 course enrollments and supported over 3,60,000 users in accessing relevant Career Guidance.

ii. Rin Shine Academy

Rin Shine Academy (erstwhile Rin Career Ready Academy), aims to provide career readiness skills to the youth in India. It focuses on three simple but valuable skills which are English Speaking, Office Dressing and Interview Training. Keeping up with the times, the delivery platform has now changed from IVRS & Website to a Mobile App. So far, over 5,57,000 people have benefitted from this programme.

iii. Kwaliti Wall's Vending Operations

Our Kwaliti Wall's mobile vending initiative, 'I am Wall's', has provided entrepreneurship opportunities to 15,285 people and 153 differently abled persons across India. This programme has helped vendors become self-sufficient

micro-entrepreneurs selling ice creams on the move helping us reach more consumers on the street. It equips people with skills such as sales, customer service and problem-solving and provides many young people with work experience as they step into the job market.

Your Company's work over the last several years has touched large number of people in India. To scale up your Company's initiatives, partnerships are crucial. Your Company is working in partnership with Governments, NGOs, suppliers and others to help forge alliances and address big societal challenges.

The above is a brief overview of the Corporate Social Responsibility projects undertaken by your Company and the work your Company does under the USLP.

Your Company has shared further progress on the sustainability initiatives and partnerships in the Business Responsibility Report in line with the key principles enunciated in the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' framed by the Ministry of Corporate Affairs. The Business Responsibility Report forms a part of this Annual Report.

2. COMPOSITION OF THE CSR COMMITTEE:

Please refer to the Corporate Governance Report for the composition of the CSR Committee.

3. DETAILS OF CSR SPEND

		(₹ lakhs)
1	Average Net Profit of the Company for last 3 financial years:	7,10,988
2	Prescribed CSR Expenditure	14,220
3	Details of CSR spends during the FY 2019-20:	
a.	Total amount to be spent for the financial year (2% of Average Net Profit for the last 3 financial years)	14,220
b.	Total amount spent during the financial year	14,374
c.	Amount unspent, if any	-

d. Manner in which the amount was spent during the financial year is detailed below:

		(₹ lakhs)						
Sr. No.	CSR project / activity identified	Relevant Section of Schedule VII in which the project is covered (Note 1)	Projects/ Programmes Coverage	Amount outlay (budget) project	Amount spent on the project/programme		Cumulative expenditure up to 31st March, 2020	Amount spent: Direct / through implementing agency
					Direct expenditure	Overheads		
1	Project Shakti	(ii)	PAN India	5,340	5,340	-	5,340	Direct
2	Swachh Aadat Swachh Bharat	(i)	PAN India	4,134	4,134	-	4,134	Direct
3	Water Conservation Project	(iv)	PAN India	2,980	2,620	360	2,980	Implementing Agencies (Multiple NGOs) (Note 2 [ii])
4	Asha Daan	(iii)	Mumbai	720	720	-	720	Implementing Agencies (Missionaries of Charity)

		(₹ lakhs)						
Sr. No.	CSR project / activity identified	Relevant Section of Schedule VII in which the project is covered (Note 1)	Projects/ Programmes Coverage	Amount outlay (budget) project	Amount spent on the project/programme		Cumulative expenditure up to 31st March, 2020	Amount spent: Direct / through implementing agency
					Direct expenditure	Overheads		
5	Project Prabhat	(x)	PAN India	724	707	17	724	Implementing Agencies (Note 2 [ii])
6	Sanjeevani	(i)	Assam	66	66	-	66	Direct
7	Ankur	(iii)	Assam	37	37	-	37	Direct
8	Fani Cyclone Relief	(xii)	Orissa	250	250	-	250	Direct
9	Development and Maintenance of public areas	(iv)	Mumbai	92	92	-	92	Direct
10	Contribution to Technology Business Incubator	(ix)	PAN India	15	15	-	15	Direct
11	Relief activities towards COVID-19	(xii)	PAN India	16	16	-	16	Direct
TOTAL				14,374	13,997	377	14,374	

Note 1:

- (i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swachh 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.
- (ix) contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Biotechnology (DBT), Department of Science and Technology (DST), Ministry of Electronics and Information Technology engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
- (x) rural development projects
- (xii) disaster management, including relief, rehabilitation and reconstruction activities.

Note 2:

- (i) **List of HUF's Implementing Agencies**
People's Action for National Integration (PANI), Center for International Projects Trust (CIPT), Vikram Sarabai Centre for Development Interaction (an activity of Nehru Foundation for Development), Self-Reliant Initiatives through Joint Action (Srijan), BAIF Development Research Foundation, Parmarth Samaj Sevi Sansthan, Mysore Resettlement and Development Agency (MYRADA), Advanced Center for Water Resources Development and Management (ACWADAM), VILLGRO, DHAN FOUNDATION, Professional Assistance for Development Action (PRADAN), Samaj Pragati Sahayog, SAMUHA, Foundation for Ecological Security, Development Support Centre India, Aga Khan Rural Support Programme (India) - AKRSP, Watershed Organisation Trust (WOTR), Sahjeevan.
- (ii) **Project Prabhat Implementing Agencies**
Labour Net Services India Private Limited, Mann Deshi Foundation, Development Alternatives, Yusuf Meherally Centre (YMC), Uday (AVTEG Pvt. Ltd.) & ConnectED Technologies.

Note 3:

During the year, the Company has spent an amount of ₹ 1,488 lakhs on Fair & Lovely Foundation and ₹ 60 lakhs on Rin Shine Academy. However, these spends have not been considered for the purpose of computing prescribed CSR spend of two percent of the Average Profits.

4. RESPONSIBILITY STATEMENT

This is to confirm that the implementation and monitoring of the CSR Policy, is in compliance with CSR Objectives and CSR Policy of the Company.

On behalf of the CSR Committee

Sanjiv Mehta **O. P. Bhatt**

Chairman and Managing Director **Chairman, CSR Committee**

Mumbai, 30th April, 2020 (DIN : 06699923) (DIN : 00548091)

Annexure to the Report of Board of Directors

Business Responsibility Report

SECTION A – GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company	L15140MH1933PLC002030
2. Name of the Company	Hindustan Unilever Limited
3. Registered address	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099
4. Website	www.hul.co.in
5. E-mail id	levercare.shareholder@unilever.com
6. Financial Year reported	1st April, 2019 to 31st March, 2020
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	<ul style="list-style-type: none"> 20231 Soaps 20233 Detergents 20236 Shampoos 20235 Toothpastes 20234 Deodorants 20237 Cosmetics 10791 Tea 10792 Coffee 10750 Packaged Foods (Including Frozen Desserts) 27501 Water Purifiers 28195 Air Purifiers
8. List three key products / services that the Company manufactures / provides (as in balance sheet)	<ul style="list-style-type: none"> Home Care (Fabric Solutions, Home and hygiene and Life Essentials) Beauty & Personal Care (Skin Cleansing, Skin Care, Hair Care, Oral Care, Colour Cosmetics and Deodorants) Foods & Refreshment (Culinary products, Foods, Tea, Coffee, Ice cream and Frozen Desserts)
9. Total number of locations where business activity is undertaken by the Company	None
i. Number of International Locations	
ii. Number of National Locations	<ul style="list-style-type: none"> Registered Office: Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099 Research Centre: 64, Main Road, Whitefield P O, Bangalore - 560 066 9th floor, Prestige Shantiniketan, the Business Precinct, Tower - A, Whitefield Main Road, Bangalore - 560 048 Regional Office (East): Brooke House, 9 Shakespeare Sarani, Kolkata - 700 071 Unit 208, 2nd floor, Ecospace Campus B (3B), Rajarhat, North 24 Parganas, Kolkata 700 156 Regional Office (West): Uttara, Plot No. 2, Sector No. 11, CBD Belapur, Navi Mumbai - 400 614 6th floor, Part A, Westin building, Oberoi Commerz Garden City, Off Western Express Highway, Goregaon E, Mumbai - 400 068 Regional Office (North): Block No. A, Plot No. B, South City I, Delhi - Jaipur Highway, Gurgaon - 122 001 24 floor, One horizon Center, Golf Course Road, DLF Phase 5, Gurgaon - 122 002 Research & Development Centre, Plot No. 67, Sector-32, Gurgaon-122 001, Haryana Training Centre, EG-1/32, Garden estate, Gurgaon Regional Office (South): 101, Santhome High Road, Chennai - 600 028 6th floor, KRM Towers, No. 1, Harrington Road, Chetpet, Chennai - 600 031 Regional Office (Central): Office Space Number 101, 102, 103, 108 and 109, Shalimar Titanium, Vibhuti Khand, Gomti Nagar, Lucknow, Uttar Pradesh - 226 010 Unit No. 511 To 514, 5th floor, Princes' Business Skypark, Block No. 22,23,24, Sch No. 54, Pu-3 Commercial, Opposite Orbit, A. B. Road, Indore - 452 001, Madhya Pradesh
10. Markets served by the Company	Details of manufacturing locations is provided at page no. 217 of this Report. India

SECTION B – FINANCIAL DETAILS OF THE COMPANY

	(₹ lakhs)
1. Paid up Capital:	21,648
2. Total Turnover:	38,27,313
3. Total profit after taxes:	6,73,799
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of average Net profit of the Company for last 3 Financial Years:	2.02% (₹ 14,374 lakhs)
5. List of activities in which expenditure in 4 above has been incurred: Please refer to CSR Annual Report from page nos. 54 to 59 of this Report.	

SECTION C – OTHER DETAILS

1. Does the Company have any Subsidiary Company / Companies?	As on 31st March, 2020, the Company has 11 Subsidiary Companies. Hindustan Unilever Foundation and Bhavishya Alliance Child Nutrition Initiatives - both are not-for-profit Companies incorporated to promote and implement the Corporate Social Responsibility agenda. Both the Companies work in the areas of social, economic and environmental concerns and contribute to the sustainability initiatives of the Company. In addition, Unilever India Exports Limited and Lakme Lever Private Limited also contribute to the sustainability initiatives of the Company.
2. Do the Subsidiary Company / Companies participate in the Business Responsibility (BR) initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(ies)?	Your Company works with stakeholders in its extended value chain through its business responsibility initiatives.
3. Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	Your Company also requires its third-party business partners to adhere to business principles set out in Responsible Sourcing Policy (RSP) and Responsible Business Partner Policy (RBPP), which underpin the third-party compliance programme.

SECTION D – BUSINESS RESPONSIBILITY (BR) INFORMATION

Details of Director / Directors Responsible for BR

The details of members of Corporate Social Responsibility (CSR) Committee and their roles and responsibilities are elaborated in CSR Annual Report and Corporate Governance Report forming part of the Annual Report.

The DIN details of the CSR Committee members are as follows:

Name	Designation	DIN
Mr. O. P. Bhatt*	Independent Director	00548091
Mr. Aditya Narayan	Independent Director	00012084
Dr. Sanjiv Misra	Independent Director	03075797
Ms. Kalpana Morparia	Independent Director	00046081
Mr. Sanjiv Mehta	Chairman and Managing Director	06699923
Mr. Srinivas Phatak	Executive Director, Finance & IT and Chief Financial Officer	02743340

*Chairman of the Committee

Details of BR Head:

The Company has a governance mechanism and scorecard to monitor the progress on USLP commitments. The Council reports the progress to the Chairman and Managing Director and Management Committee on a quarterly basis.

Particulars	Details
DIN Number	06699923
Name	Sanjiv Mehta
Designation	Chairman and Managing Director

PRINCIPLE-WISE (AS PER NVGs) BR POLICY / POLICIES (REPLY IN Y/N)

Respect and Integrity for its people, environment and other businesses have always been at the heart of your Company's Corporate Responsibility. Your Company's Corporate Purpose is to make Sustainable Living Commonplace and it believes that this is the best way to deliver long-term sustainable growth.

Annexure to the Report of Board of Directors (Continued)

This purpose is supported by the Code of Business Principles (CoBP), which describes the standards that everyone at HUL follow. Unilever Sustainable Living Plan (USLP) is the Company's blueprint for achieving sustainable growth.

CoBP and the USLP framework supplement the requirements under the National Voluntary Guidelines and cover principles beyond those enunciated under the National Voluntary Guidelines.

The National Voluntary Guidelines provide the following nine principles.

Principle 1: Ethics, Transparency and Accountability [P1]	Principle 6: Environment [P6]
Principle 2: Products Lifecycle Sustainability [P2]	Principle 7: Policy Advocacy [P7]
Principle 3: Employees' Well-being [P3]	Principle 8: Inclusive Growth [P8]
Principle 4: Stakeholder Engagement [P4]	Principle 9: Customer Value [P9]
Principle 5: Human Rights [P5]	

(a) Details of compliance (Reply in Y/N)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy / policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The CoBP of the Company confirms to the United Nations Global Compact (UNGC) guidelines and International Labour Organisation (ILO) principles.								
		The USLP Progress Report conforms to Global Reporting Initiative (GRI) indicators.								
4	Has the policy been approved by the Board. If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The CoBP and the USLP are frameworks adopted by Unilever globally and have been adopted by the Company.								
5	Does the Company have a specified Committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The CoBP is administered under the overall supervision of the Management Committee of the Company, headed by the Chairman and Managing Director. The Audit Committee of the Board reviews the implementation of CoBP. The CSR Committee of the Board reviews the implementation of the USLP besides the scope that has been laid out for this Committee under the Companies Act 2013.								
6	Indicate the link for the policy to be viewed online	USLP: https://www.hul.co.in/sustainable-living/								
		CoBP: https://www.hul.co.in/Images/4297-cobp-summary-doc_tcm1255-409220_en.pdf								
		Supplier Code: https://www.hul.co.in/about/who-we-are/purpose-and-principles/Business-Partner-Code/								
7	Has the policy been formally communicated to all relevant internal and external stakeholders'?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	-	Y	Y	Y	Y	-	-	Y
10	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: **Not Applicable**

GOVERNANCE RELATED TO BR

The Management Committee of the Company reviews complaints, issues and concerns received under the CoBP framework as well as the implementation of the CoBP on a monthly basis. The Audit Committee of the Company reviews the implementation of the CoBP on a quarterly basis. The CSR Committee of the Company comprising a majority of Independent Directors is responsible for formulating, implementing and monitoring the CSR Policy of the Company. The Committee meets at least twice a year to review progress on various sustainability initiatives, including progress under the USLP.

Reporting progress to stakeholders on USLP targets forms an important part of the governance procedures of your Company. Your Company publishes an update on progress in India under USLP every year. The USLP India Progress Report can be accessed at https://www.hul.co.in/Images/unilever-sustainable-living-plan--hul-summary-of-progress-2019_tcm1255-551089_1_en.pdf. In line with the requirements of the Companies Act, 2013, your Company has also published the CSR Annual Report which forms part of this Report. The CSR Annual Report and this Business Responsibility Report can also be accessed at <https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html>.

PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY

BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

The standards on ethics, transparency and accountability are stated under the CoBP and Code policies of your Company. CoBP is the statement of values and represents the standard of conduct which everyone associated with your Company is expected to observe in all business endeavours. Your Company also has a Whistle Blower Policy which allows employees to bring to the attention of the Management, promptly and directly, any unethical behaviour, suspected fraud or irregularity in the Company practices which is not in line with the CoBP. The CoBP and Whistle Blower Policy and their implementation are explained in detail under the Report of Board of Directors and the Corporate Governance Report.

PRINCIPLE 2: PRODUCTS LIFECYCLE SUSTAINABILITY

BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

Consumers increasingly prefer responsible brands and responsible businesses. Your Company's brands have integrated responsibility and sustainability into both their purpose and products. For example, your Company's brands such as Pureit (Water), Domex (Sanitation) and Lifebuoy (Hygiene) have driven the water, sanitation and hygiene (WASH) agenda in India. Your Company has reached over 152 million people by end of 2019 through its initiatives in the area of health and well-being and has also contributed to an important national agenda through its Swachh Aaadat, Swachh Bharat programme.

Understanding and managing the environmental impact of your Company's products is crucial to achieving the USLP goals.

Life Cycle Analysis (LCA) is one of several techniques your Company uses. It enables the Company to understand the impact of its products across each stage of their life cycle – from the sourcing of raw materials to product manufacture, distribution, consumer use and disposal. We use LCA in three main ways:

- New Product Design:** LCA is used to compare the environmental performance of new vs. existing products - helping to guide the choices product developers make. It is also used to communicate the environmental performance of our products to consumers.
- Existing products:** LCA helps the Company identify opportunities to improve the environmental impact of existing products. It can also improve the quality and availability of data used by us and others e.g. it is used when working with suppliers to reduce the environmental impact of our ingredients.
- Science and Methodology:** Your Company engages with partners to develop and promote the science used for LCA, aiming to improve both the robustness and scope of life cycle-based approaches and assessment. Your Company has contributed to the science of LCA assessment methods in a number of areas including land use, biodiversity and water-related impacts and the challenges of applying a planetary boundary-based approach.

Sustainable purpose, sustainable products

These purpose-driven brands are not limited to being socially relevant, but are also environmentally sustainable. Many of your Company's food products are made from sustainably sourced agricultural raw materials. For example, 76% of tomatoes used in your Company's Kissan ketchup are from sustainable sources. This sustainable sourcing is enabled through partnerships with various private and Government bodies. 78% of the tea sourced from India for Unilever brands was from sustainable sources. In 2019, we continued our process of buying RSPO (Roundtable on Sustainable Palm Oil) certified palm oil to achieve the ambition of reaching 100% sustainable sourcing. 100% of paper and board used by your Company in packaging are sourced from mills that are certified sustainable by Forest Stewardship Council (FSC). Your Company is also working through its supplier partners with 15,000 smallholder farmers for sustainable farming of gherkins, that are exported to multiple countries for Unilever. This is a part of the innovative Responsible Farming Programme that aims to increase productivity, develop best practices and improve livelihoods.

Your Company has taken an environment friendly target of eliminating coal usage in its operations by 2020. All coal using boilers will be modified to use Biomass briquettes and other renewable fuels. This will result in substantial reduction in our fossil fuel usage and corresponding reduction in carbon footprint. The same will be extended to the sites acquired upon the merger of GSK CH with your Company by 2021. Further, your Company shall source 100% of its energy across its operations from renewable sources by 2030.

Annexure to the Report of Board of Directors (Continued)

Product safety

Being responsible also means ensuring that your Company's products are of high quality and completely safe for use by its consumers. Unilever has a Safety & Environmental Assurance Centre (SEAC) which assures the safety and environmental sustainability of the products as well as the processes used to manufacture them. Your Company works closely on all safety and environmental assurance aspects with SEAC and releases any new product to market only after clearance from SEAC.

Your Company also prescribes processes and protocols to ensure that consumers get promised quality of product and its safety is assured during the life cycle of product distribution and usage.

In case consumers face any issues with the products, they can reach the Company through Levercare - an initiative of the Company that allows consumers to register complaints and obtain information regarding the Company's products.

PRINCIPLE 3: EMPLOYEES' WELL-BEING

BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES

Your Company's well-being strategy aims to create a working environment that is supportive of employees' personal lives, while meeting your Company's business needs.

Safety Vision – An incident-free organisation

Your Company is committed to become a safe and injury-free organisation. We have been able to consistently reduce workplace injury rates or Total Recordable Frequency Rate (TRFR) year on year. During 2019, WCM (World Class Manufacturing) Safety approach was deployed across all factory sites so that the low TRFR can be sustained and injury severity can be reduced further. Company Safety performance is regularly reviewed by Central Safety, Health and Environment Committee, which consists of all Members of Management Committee and is led by the Chairman and Managing Director.

Holistic well-being

Your Company's focus is on physical, mental and emotional well-being:

- **Physical Health:** In India, as part of Lamplighter Program, the Company measures the Personal Vitality of individual employees by calculation of the Vitality Index*.
- Your Company uses ekinicare as a well-being resource. This is a technology enabled holistic tool that offers Medical digitisation. It also offers a variety of other services that support self-care and goal-setting, challenges and competitions over a wide range of resources for improving health and well-being.
- **Mental Health:** Your Company's aim is to build a World Class Mental Health Support system. Your Company launched the Employee Assistance Programme - ReachOut for its employees in 2016. On World Mental Health Day 2019, your Company touched 6,433 employees across locations promoting mental

health awareness through floor-walks, webinars and focused mental health sessions led by experts and industry speakers.

Capability building

Apart from physical, mental and emotional well-being your Company focuses on continuous learning and building organisational capabilities of its people:

- Your Company has helped over 3,800 white collar employees and over 8,000 blue collar workers to be part of a customised 'Discover your Purpose' workshop. This is a unique format for sharing life stories to help employees discover their 'true north' to be their best selves and unlock & realise their potential.
- **Sparkle:** It is a technology tool designed for capability management of shop-floor Blue collar employees. Your Company has invested in 2,63,508 training man hours in Blue Collar employee training across units. These have primarily been across the areas of safety & First-aid, electrical & emergency response, knowledge for effective machine & system orientation, World Class Manufacturing, Process Safety and Risk Analysis, among others.
- **70:20:10 Capability Building:** Your Company follows the 70:20:10 capability building approach with 70% capability built on the job through live assignments, short-term projects and exposures 20% through coaching and 10% through classroom, virtual and e-learning.
- Over 1,50,000 training hours were invested in white collar employee trainings. Over 30% of this investment was via online learning that is a key enabler to moving towards a connected and sustained learning model as we scale our business. These trainings were conducted across functions, upskilling on specific skills that include quality, manufacturing process, sales and marketing process, new ages skills including digital and data analytics as well leadership sessions in line with Unilever Standards of Leadership.
- **Unilever Future Leaders Programme (UFLP):** Your Company identifies talent early and invests in building capability through its flagship UFLP programme.
- **People Planning Processes:** Leaders at each level review and assess talent on both, the 'What' and the 'How' of performance through an objective process. Capability building and career plans for talent form an integral part of this process.
- **Growth through Diversity of Experience:** Job rotation and diversity of experiences are integrated at all stages of the individual's career.

Diversity and inclusion

Your Company continues to place significant importance on diversity and inclusion (D&I) in the workplace. Active steps have been taken over the years to improve gender balance, with a focus on managerial and senior leadership levels. The Company achieved 41.43% gender balance at the managerial level (WL2+) in March 2020 vs 39.94% in March 2019. The Gender Balance for senior leadership positions (WL4+) improved from 19.05% in March 2019 to 33.33% in March 2020. The progress continues on

account of enablers such as focusing on hiring top women talent across work levels, providing career development and mentorship opportunities, agile working and parental support.

In March 2020, your Company launched the #HULStandsforWomenSafety initiative in partnership with Son Rise and UN Women to encourage each employee to take the HeforShe Pledge. Your Company is committed to cover 1 lakh+ women through an awareness programme on safety in 2020 and pay it forward by encouraging other like minded organisations to join the movement.

In 2019, your Company launched a host of enablers to improve gender inclusion in the workplace. In addition to the head office, the Company this year rolled out at various offices of the Company state of the art day care facilities and also rolled out site crèches in 15 of its factory sites this year.

Your Company continues to provide agile / flexible working arrangements, a formal career break policy and parental support to employees of all genders and orientations. Career by Choice continues to be your Company's flagship 'back to work' programme for women returning from a career break by giving them a platform to transition back to mainstream work.

- **Inclusion of Persons with Disability (PwD):** We are committed to including persons with disability into our employment ecosystem and workforce. Additionally, we are building an accessible workplace for persons with disability with over 17 of our sites already audited and work underway to convert them. In 2019, the Company launched Voluntary Self Disclosure and Reasonable Accommodation Policy to enable employees to discreetly disclose their disability and avail support.
- **LGBTQ+ Inclusion:** The Company conducted its first PRIDE celebration in 2019 to create awareness about diversity of genders and orientations and build a culture of allyship through theatre based inclusion workshops, screening of India's first internationally acclaimed LGBTQ+ movie Sisak and celebration of game changers from the community. Your Company has ensured provision of 22 all Gender Inclusive Restrooms across its main offices in 2019.

Affirmative action and prevention from sexual harassment

Your Company believes in providing Equal Opportunity / Affirmative Action. It has a Policy on Affirmative Action and a Policy on Prevention of Sexual Harassment at Workplace (POSH Policy) to provide a work environment that ensures every person at the workplace is treated with dignity, respect and afforded equal treatment. Sexual harassment cases are dealt with as per the Company's POSH Policy, the CoBP and applicable laws. Communication is sent to all employees on a regular basis on various aspects of Prevention of Sexual Harassment at Workplace through e-articles and other means of communication. During the financial year 2019-20, three complaints with allegation of sexual harassment were filed with the Company and the same

have been handled as per the provisions of the Prevention of Sexual Harassment Act. More than 1500 people were trained on Prevention of Sexual Harassment at Workplace and related topics. Trainings included:

- Induction sessions for New Joiners / Trainees / Interns / Third-party business partners on the subject of Prevention of Sexual Harassment of Women at Workplace.
- Employees across locations were taken through refresher cascades on Appropriate Workplace Behaviours, Gender Sensitisation and Prevention of Sexual Harassment at Workplace.
- Inside offices, women employees are discouraged from working beyond 8.30 p.m. Any instances of late working are detected by the attendance card reader and sent to the employee's Line Manager automatically. In circumstances where late working becomes unavoidable, women employees are required to (i) Take a drop home from a Company approved car vendor only; (ii) Be escorted by a male colleague back home; (iii) Inform their Line Managers upon reaching home that they have reached safely.

Fair labour practices

Your Company drives fairness in the workplace by advancing human rights across its operations and extended supply chain. Your Company has an excellent record on industrial relations. Since 2015, it has maintained a record of near-zero loss of man-days due to industrial unrest. Your Company currently has over 7,159 employees (excluding workmen) and has over 5,000 people employed on contractual / temporary basis as on 31st March, 2020.

Freedom of association, participation and collective bargaining

All workers are free to exercise their right to form and / or join trade unions or to refrain from doing so and to bargain collectively. There are 90+ employee associations across your Company.

More than 10,000 permanent employees are members of these associations. There are over 95 female shop-floor Blue collar employees and over 16 permanent shop-floor Blue collar employees with disabilities in your Company's factories.

During the last year, your Company entered into long-term settlements with around 725 employees across India.

Managing grievances

Your Company's grievance redressal mechanisms ensure that all employees and third parties can raise issues and concerns. The CoBP and Whistle Blower Policy provide for reporting in confidence of issues like child labour, sexual harassment etc. The Company has established a vigil mechanism for Directors and employees to report their genuine concerns, details of which have been given in the Corporate Governance Report. During the financial year, there have been no complaints alleging child labour, forced labour, involuntary labour and discriminatory employment.

*comprising of 4 health parameters i. e. Blood Pressure, Body Mass Index, Blood Cholesterol Levels & Blood Glucose Levels

Annexure to the Report of Board of Directors (Continued)

PRINCIPLE 4: STAKEHOLDER ENGAGEMENT

BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS', ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED.

Your Company actively engages with stakeholders in its own operations and beyond to bring transformational change.

Internal and external stakeholder engagement and partnership is essential to grow your Company's business and to reach the ambitious targets set out in the USLP. The CoBP and Code Policies guide how your Company interacts with the partners – among other suppliers, customers, Governments, Non-Governmental Organisations (NGOs) and trade associations. Only authorised and appropriately trained employees or representatives can engage with these groups. All engagement must be conducted in a transparent manner with honesty, integrity and openness; in compliance with local and international laws and in accordance with Unilever's values. The Company engages in multiple ways with specific important stakeholders:

Suppliers

Every day, we work with thousands of suppliers who are helping us achieve success in the market. Our suppliers help us innovate, create value, build capacity and capability, deliver quality and service and drive market transformation. We invest in long-term mutually beneficial relationships with our key suppliers through our Partner to Win programme, so we can share capabilities and co-innovate for shared growth.

Consumers and customers

Your Company constantly seeks to understand the needs of the consumers and brings in technology to ensure that the consumers are kept informed and engaged on your Company's products and services.

- **Winning In Many Indias:** Your Company consolidated the ambitious transformation agenda of 'Winning In Many Indias' (WiMi) in 2016. Since then, it has been a journey strengthening the WiMi thinking across markets, end-to-end planning and ways of working. This has helped the Company to differentially deploy local media outreach and tailored models of demand fulfilment to deal with complexity across different geographies. By also leveraging macro-economic data and insights of local fairs and festivals, your Company has been able to improve physical and mental reach measures across categories and population strata.
- **Dial Up The Big Q:** Your Company has been a pioneer in the area of big data and analytics to generate insights leading to execution improvement and intelligent shopper targeting. Using billions of transactions of sales billing and shopper transactions data, your Company has built a strong Data Lake that marries information across the entire journey of demand generation, capture and fulfilment - leading to sharper, timelier and more precise actionables. These have been deployed with greater visibility on-the-go and have in turn driven up on-shelf availability of packs in stores. Your Company will continue to

invest in the power of knowledge and big data to enhance the impact and effectiveness of execution.

- **Building Brands In Store:** Investments made by your Company in building brands in stores in the Modern Trade channel has delivered good results. Your Company saw strong growth across all key modern trade retail partners, driven by technological interventions leading to increased focus on in-store execution. Your Company's position in FMCG as market leader coupled with the early investments in the e-Commerce channel has helped your Company take the lead in developing this channel with key online and offline retailers.
- **Levercare:** Your Company has Levercare, a toll-free number, e-mail and a postal address where consumers can reach the Company directly. Levercare gives consumers the promise of better service and helps the Company to connect with consumers and understand their needs, expectations and aspirations. It helps consumers voice their queries, grievances and offer suggestions / ideas. Levercare has leveraged technology to deliver personalised service that helps build one-on-one relationships with consumers and customers to delight them. Detailed description of more such initiatives is given in Principle 9 (Customer Value).

Shareholders and investors

Your Company regularly interacts with its shareholders and investors through results announcements, annual report, Company's microsite on digital performance highlights, media releases, Company's website and subject-specific communications. The Annual General Meeting gives the shareholders an opportunity to come in direct communication with the Board of Directors and the Management. During this meeting, the Board engages with shareholders and answers their queries on varied subjects.

Your Company has a designated e-mail address for shareholders. The Investor Service Department regularly engages with the shareholders to resolve queries, grievances, if any, and provides guidance to shareholders for any Company-related matters. The Investor Relations team also interacts regularly with investors and analysts, through quarterly results calls, one-on-one and group meetings, participation at investor conferences and the annual investors meet.

Government

Your Company co-operates and engages with Governments, regulators and legislators, both directly and through trade associations, in the development of proposed legislation and regulation which may affect your business interests.

NGOs

Your Company is building transformational partnerships in collaboration with NGOs and other stakeholders who share the Company's vision for a sustainable future. These partnerships are instrumental in improving the quality of people's lives, achieving the Company's USLP targets and driving the business growth. Your Company's wholly-owned subsidiary, Hindustan Unilever Foundation, partners with several NGOs for undertaking water conservation programme. The Company has also partnered

with NGOs for implementing the Swachh Aadat curriculum and conducted pilot projects for waste collection and segregation.

Media

Your Company engages with media to update about the developments in the Company. Regular interactions with print, television and online media take place through press releases, media events and quarterly results announcements. Your Company also ensures timely and appropriate responses to media for any information requests within the stipulated disclosure norms.

Employee engagement

Your Company has several communication processes instituted to ensure a two-way communication channel with its employees. These include:

- **Quarterly Report Back:** Quarterly performance update delivered by the Management Committee to all employees.
- **Annual Review:** All employees are invited to the Annual Review by the Chairman and Managing Director which is webcast from the Head Office across all HUL locations and sites.
- **Others:** The Company has other in-house communication channels both digital and offline that help employees to connect, bond, inspire, express and celebrate their achievements.

PRINCIPLE 5: HUMAN RIGHTS

BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Your Company seeks to uphold and promote human rights in its operations, in relationships with business and partners; and by working through external initiatives such as the United Nations Global Compact. Unilever has identified eight human rights issues as priority and is committed to addressing them across its operations globally. The eight priority issues are: discrimination, fair wages, forced labour, freedom of association, harassment, health and safety, land rights and working hours. Unilever's approach to managing these critical human rights issues globally is elaborated on the Unilever website.

The report on human rights released by Unilever in 2015 outlines Unilever's goals not only to respect human rights but to actively advance them across all areas of the business.

In India, your Company fully adheres to Unilever's approach to human rights. In addition to this, your Company's CoBP upholds the principles of human rights and fair treatment. The Code also conforms to the International Labour Organisation (ILO) principles.

The principles of human rights are followed in the same spirit within as well as outside the organisation when engaging with business partners. Your Company's Responsible Sourcing Policy for suppliers reinforces the principles of human rights and labour rights for all suppliers of your Company and is available on Unilever's website. No complaints were received regarding human rights violation during the year.

PRINCIPLE 6: ENVIRONMENT

BUSINESSES SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

In line with USLP commitment, your Company's vision is to grow the business whilst decoupling the environmental footprint from growth and increasing the positive social impact.

Your Company has been implementing environmental best practices adopted from Unilever operations across the globe in manufacturing operations and has achieved significant reduction of waste (kg / tonne of production), water usage (m³ / tonne of production) and greenhouse gas (CO₂) emission (kg / tonne of production).

The reductions for financial year 2019-20 based on 2008 baseline are:

- CO₂ emissions (kg / tonne of production) reduced by 85%.
- Water consumption (m³ / tonne of production) reduced by 58%.
- Total waste (kg / tonne of production) generated from the factories reduced by 63%.

Your Company also segregates and disposes the waste generated in manufacturing operations in an environmentally friendly manner. All our manufacturing sites have not sent any non-hazardous waste to landfills since 2014. The Company has also progressing Unilever's global target of ensuring that all of its plastic packaging is fully reusable, recyclable or compostable by 2025.

Your Company has undertaken multiple sustainability initiatives, which are elaborated as under:

- **Water** - Major contributors to water usage reduction were rainwater harvesting projects in Chhindwara & Khamgaon, direct rainwater use in processes and utilities, increase in steam condensate reuse, improving recovery efficiency and maximising use of RO plants, reduction of cooling tower drift losses and boiler blowdown optimisation.
- **Waste** - Factories have identified creative reuse opportunities for various waste streams. For example, Nashik factory developed an innovative cleaning and handling arrangement in collaboration with supplier and are now able to reuse RM drums and buckets multiple times. This scheme is being replicated across sites. All factories have provided segregation at source facilities to improve recyclability.
- **Energy** - Reduction in total energy footprint through upgradation of equipment is an ongoing activity. During the year, installation of energy efficient pumps and motors was carried out in Haridwar, Barotiwala & Rajpura besides installation of VVFDs (advanced digital drives for motors). A boiler efficiency improvement project was also undertaken in Rajpura with excellent results.
- **CO₂** - Purchase of IREC for Grid Electricity, Coal elimination in Khamgaon factory, Modification in Thermic Fluid Heater (TFH) in Bhuj to use residue in TFH and use of biomass briquette in FBC boiler, Solar initiatives in Chiplun & Nashik aided in

Annexure to the Report of Board of Directors (Continued)

CO₂ reduction. This is in addition to the ongoing coal usage elimination projects as described above.

- The contribution of renewable energy in total energy has increased to 71%.
- **Plastic** - In partnership with a waste to electricity installation we have been able to process ~12000 tonnes of plastic waste and convert it into electricity which is fed to the Grid. In addition to this ~27000 tonnes of plastic waste was collected with the help of NGOs and EPR partners and sent for energy recovery via co-processing in cement kilns in 2019.

Monitoring procedures

The progress on sustainability is monitored at different levels as mentioned below:

- **Sustainability Governing Council:** The top leadership from respective business verticals and functions constitute the Sustainability Governing Council. The Company has a governance mechanism and scorecard to monitor the progress on USLP commitments. The Council reports the progress to the Chairman and Managing Director and Management Committee on a quarterly basis.
- **Global Environmental Performance Monitoring Portal:** A global level database is maintained for all Unilever sites. Environmental performance data is uploaded monthly on the portal by all sites. The 'Group Manufacturing Environment Team' monitors the performance against set targets and provides feedback as well as management updates. Audits are conducted at sites randomly selected by above team through reputed external auditors (e.g. PwC).
- **Environment Sub-Committee:** The Environment Sub-committee consists of team members from various functions such as Supply Chain, Engineering, Finance, Research and Development, Legal and Corporate SHE. It is led by the Executive Director, Supply Chain and convenes periodically to assess EPR (Extended Procure Responsibility) plan execution, Environmental performance in sites (e.g. reduction in water consumption, reduction in waste generation, improved methods for waste disposal, reduction in electricity usage and CO₂ emission etc.) and initiatives like Rain Water use in operations etc.

Risk Assessment

All the emissions / waste generated by your Company are generally within the permissible limits given by respective state Pollution Control Boards (PCBs).

Your Company had informed the Members that soil remediation trials had been concluded. Pursuant to which the authorities permitted the Company to commence full scale soil remediation work on the premises of the former factory of your Company as per the approved up-scaling plan. In the meantime, the permission granted for soil remediation and the Site-Specific Target Level specified by the authorities was challenged before the National Green Tribunal. The National Green Tribunal after hearing the petition that was filed and ordered that the remediation be carried

out as per the approval granted by the authorities. The decision of the National Green Tribunal was challenged before the Supreme Court of India; the Supreme Court of India dismissed the petition and has allowed the soil remediation to go ahead. The Company is taking steps to commence full-scale soil remediation at the factory site at the earliest.

PRINCIPLE 7: POLICY ADVOCACY

BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

Your Company's approach to advocacy is guided by the CoBP. The Code provides that any contact by the Company or its business associates with Government, legislators, regulators or NGOs must be done with honesty, integrity, openness and in compliance with applicable laws. Only authorised and appropriately trained individuals can interact with these organisations. Prior internal approval is required for initiating any contact between the Company, its representatives and officials, aimed at influencing regulation or legislation.

The Company is represented in key industry and business associations which include Confederation of Indian Industry (CII), Federation of Indian Chamber of Commerce and Industry (FICCI), Associated Chamber of Commerce and Industry of India (ASSOCHAM), Bombay Chamber of Commerce and Industry (BCCI) and Advertising Standards Council of India (ASCI).

Many of the Board and senior leadership team members are associated with several global bodies like the World Economic Forum (WEF), United Nations Global Compact (UNGC), apart from the leading business Chambers in India.

Your Company participates in multi-stakeholder engagements and, when relevant, responds to public consultations. Some of the key issues on which your Company engaged with the Government in 2019-20 include:

- Effective plastic waste management.
- Engagement with Government on 'Ease of Doing Business' initiatives.
- Recommending changes on upcoming e-Commerce policy to mitigate the issue of counterfeits and fakes sold online.
- Recommending changes to Consumer Protection law.
- Engagement with Government on fiscal issues including Goods and Services Tax (GST).
- IPR: Right Holders recommending changes in policy framework and adoption of practices to mitigate the menace of counterfeits; seeking action against parallel imports of goods in the country.
- Effective changes to the Prevention of Sexual Harassment at Workplace.
- Recommending changes and suggestions under the Labour Codes.

- Engagement with the Government on changes in the Legal Metrology Act and Packaged Commodity Rules.
- Recommending changes to the proposed law on Drugs and Magic Remedies.
- Engagement with the Government to drive changes in the Drugs and Cosmetics Act and Rules.
- Engaging with the Government on the proposed Data Privacy law.
- Engagement with the Government on Company Law issues ranging from National Company Law Tribunal Merger approvals to requirement of obtaining the Central Government's approval under the Section 196 of the Companies Act.

PRINCIPLE 8: INCLUSIVE GROWTH

BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Your Company's inclusive growth approach focuses on improving the livelihoods of smallholder farmers, supporting small-scale retailers and helping young entrepreneurs. Some of the important initiatives are mentioned below:

Improving livelihoods of smallholder farmers

Your Company has been associated with a number of smallholder farmers through its supplier partners, training them on good agricultural practices like drip irrigation, nutrient management, pest and disease management to improve their livelihood. Through these programs, smallholder farmers have benefitted by a higher yield, more certain demand and higher incomes.

In Tea, Unilever worked with partners like IDH to start the Trustea Programme in 2012, which was aligned with USLP. The Programme has now expanded into a much larger scale in the industry. Through the programme, 620k plantation workers (56% of them women workers) and 55.6k SHFs have been positively impacted. 78% of tea in India procured for Unilever brands is from sustainable sources.

Over 15,000 smallholder gherkin farmers have benefitted from Unilever's innovative Responsible Farming Programme. The aim of this programme is to increase productivity, develop best practices and improve livelihoods of farmers. The gherkins grown in India are exported globally to other Unilever businesses.

Your Company has worked with its suppliers to partner with smallholder farmers for cultivation of tomatoes. These farmers have also benefitted from similar training initiatives. Till date, your Company has reached out to over 8,000 smallholder farmers who cultivated tomatoes on more than 11,000 acres of land.

Your Company has expanded the sustainable sourcing programme to Chicory farming, where 1,300 smallholder farmers benefit from the programme.

Empowering women micro-entrepreneurs

Project Shakti is your Company's initiative to provide livelihood enhancing opportunities to women micro entrepreneurs in rural India. The Shakti Ammas are given training for familiarisation with your Company's products and basic tenets

of distribution management. Currently, there are nearly 1,20,000 micro-entrepreneurs as part of Project Shakti.

Empowering communities through Prabhat

Project Prabhat is a community development initiative of your Company, that is linked to Unilever Sustainable Living Plan (USLP). It builds on local community needs at a grassroots level, in line with India's development agenda. By doing so, it's contributing to a fairer and more socially and environmentally inclusive world, while using HUL's scale for good. It ultimately aims to create sustainable communities in and around HUL sites through focused interventions on Livelihood, Water Conservation, Nutrition and Health & Hygiene.

Project Prabhat has reached out to over 4.5 million people across 12 states and 2 union territories. More than 5,000 employee volunteers of the Company participated in the volunteering activities under Project Prabhat in the last six years.

Rin Shine Academy

Rin Shine Academy (erstwhile Rin Career Ready Academy) aims to inspire, educate and equip the youth from modest backgrounds by helping them develop soft-skills to progress in their careers. Three popular skills on the platform are English Speaking, Interview Training & Office Dressing. So far, over 5.57 lakhs people have benefitted from this programme.

PRINCIPLE 9: CUSTOMER VALUE

BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

Your Company's strong distribution network comprises millions of outlets serviced by 4,500 distributors and associates who help deliver Company's products. Your Company has undertaken some important initiatives to become more customer-centric and win in the marketplace. These initiatives include:

- **Beyond call centres:** Apart from the call centres set up for retailers, the Company also has a direct outreach through or eB2B app which have helped many of your Company's traditional trade customers reach out directly to the Company and improve demand capture of orders. The feedback received from retail outlets provide useful into the demand and purchasing patterns of these retailers and enable your Company to serve them better with targeted promotions and attractive offers.
- **Partner of choice:** Your Company registered strong growth across all key modern trade retail partners, driven by strong joint business plans. Your Company made significant investment in capability building in e-Commerce. An efficient team with diverse talent combined with the best global practices is a competitive advantage for your Company in area of e-Commerce.

Responsible marketing and communication

Your Company has four clearly defined principles that guide its communications with consumers:

Annexure to the Report of Board of Directors (Continued)

- Your Company is committed to building trust through responsible practices and through transparent communication – both directly to consumers and indirectly through other key stakeholders.
 - It is your Company's responsibility to ensure that its products are safe and that the Company provides clear information on their use and any risks that are associated with their use.
 - Your Company fully supports a consumer's right to know what is in the products and is transparent in terms of ingredients, nutrition values and the health and beauty properties of its products.
 - Your Company uses a combination of channels, which includes product labels, websites, careline phone numbers and leaflets to communicate openly with its consumers.
 - Your Company also supports industry self-regulation and the development of self-regulatory codes for all its marketing and advertising activities and applies these codes across its businesses. Your Company is one of the founder members of Advertising Standards Council of India (ASCI), a self-regulatory body which has developed principles and codes in the area of advertising and marketing. During the year, 60 complaints were filed with ASCI against advertisements made by your Company.
 - Your Company has certain legal cases, including those relating to consumer / customer disputes. At the end of the year, there were 62 consumer cases pending.
- nutrients on the back of the pack*. In addition to national laws and self-regulatory codes in India, your Company also applies Unilever's principles to the marketing and advertising of all its food and beverage products directed at children (below 12 years). These principles require that marketing practices:
- Do not convey misleading messages
 - Do not undermine parental influence. Advertisements always show parents as gatekeepers to the product being consumed
 - Do not encourage 'pester power'
 - Do not suggest time / sense of urgency or price minimisation pressure
 - Do not encourage unhealthy dietary habits
 - Do not use broadcast or print media personalities in a way that obscures the distinction between programme or editorial content or commercial promotion
- All Marketing Communications directed to children between six (6) and twelve (12) years of age meets Unilever's Highest Nutritional Standards and / or where applicable, nutrition criteria agreed as signatories to India Pledge or any binding criteria set by public authorities.
- Your Company is also a signatory of the India Policy on Marketing Communications to Children. In accordance, your Company pledges to advertise products to children under the age of 12 that meet common 'Food & Beverage Alliance of India' nutrition criteria and / or Unilever Highest Nutrition Standards. Where differences in criteria exist, Unilever will apply the strictest criteria across all Marketing Communications directed to children.

Labels and Pack Information

All Company products comply with the applicable regulations such as the Drugs and Cosmetics Act, Legal Metrology Act, Bureau of Indian Standards Specifications, Trademark Act and Copyright Act, Food Safety and Standards Act, Tea Act, Tea Board Regulations for Labels and Pack Information. The food and beverage products also carry a nutritional information table on the back of pack in compliance with local legislation.

As part of Guideline Daily Amounts (GDA) labelling, 100% of your food and beverage products included energy per portion information on the front of the pack and percentage GDA for five

Mumbai, 30th April, 2020

On behalf of the Board

Sanjiv Mehta

Chairman and Managing Director
(DIN : 06699923)

*Where applicable and legally permissible in accordance with local or regional industry agreements

Corporate Governance

"I believe that nothing can be greater than a business, however small it may be, that is governed by conscience; and that nothing can be meaner or more petty than a business, however large, governed without honesty and without brotherhood.

– William Hesketh Lever

COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY THE BOARD OF DIRECTORS

The principles of Corporate Governance are based on transparency, accountability and focus on the sustainable success of the Company over the long-term. At Hindustan Unilever Limited, we feel proud to belong to a Company whose visionary founders laid the foundation stone for good governance long back and made it an integral principle of the business, as demonstrated in the words above.

Responsible corporate conduct is integral to the way we do our business. Our actions are governed by our values and principles, which are reinforced at all levels within the Company. At Hindustan Unilever, we are committed to doing things the right way which means taking business decisions and acting in a way that is ethical and is in compliance with applicable legislation. Our Code of Business Principles ('the Code') is an extension of our values and reflects our continued commitment to ethical business practices across our operations. We acknowledge our individual and collective responsibilities to manage our business activities with integrity. Our Code inspires us to set standards which not only meet applicable legislation but go beyond in many areas of our functioning.

To succeed, we believe, requires highest standards of corporate behaviour towards everyone we work with, the communities we touch and the environment on which we have an impact. This is our road to consistent, competitive, profitable and responsible growth and creating long-term value for our shareholders, our people and our business partners. The above principles have been the guiding force for whatever we do and shall continue to be so in the years to come.

The Board of Directors ('the Board') are responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long-term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous review and benchmark ourselves to best practices across the globe.

In recognition of its governance practices, your Company was conferred upon a Certificate of Recognition at the ICSI National Awards for Excellence in Corporate Governance for the year 2017 and 2018 by the Institute of Company Secretaries of India. In the year 2011, the Company had been bestowed with the National Award for Excellence in Corporate Governance.

Also, your Company was recognised on Top 10 scores of the S&P BSE Index constituents in the 'Leadership Category' for the Corporate Governance Scorecard which is a joint initiative of the International Finance Corporation (IFC) and the Bombay Stock Exchange Limited.

The Board of Directors have ultimate responsibility for the management, general affairs, direction, performance and long-term success of business as a whole. The Board has delegated the operational conduct of the business to the Chairman and Managing Director of the Company. The Management Committee of the Company is headed by the Chairman and Managing Director and has business / functional heads as its members, which look after the management of the day-to-day affairs of the Company.

Composition

The Board of your Company has a good and diverse mix of Executive and Non-Executive Directors with majority of the Board Members comprising Independent Directors and the same is also in line with the applicable provisions of Companies Act, 2013 ('the Act') and Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). As on date of this Report, the Board consists of ten Directors comprising one Executive Chairman, six Independent Directors and three Executive Directors. The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business.

The Board as part of its succession planning exercise periodically reviews its composition to ensure that the same is closely aligned with the strategy and long-term needs of the Company. During the year, Mr. Wilhelmus Uijen was appointed as a Whole-time Director of the Company designated as Executive Director, Supply Chain with effect from 1st January, 2020 and Dr. Ashish Gupta was appointed as an Independent Director with effect from 31st January, 2020. Mr. Sanjiv Mehta, Chairman and Managing Director was appointed as Chairman of the Company with effect from 30th June, 2018. As per the Listing Regulations, top 500 Companies by market capitalisation need to have separate positions for Chairman and Managing Director effective April 2022. The Company shall ensure compliance of this requirement of separation of position of Chairman and Managing Director on or before the due date.

Mr. Pradeep Banerjee, Whole-time Director designated as an Executive Director, Supply Chain stepped down from the Board as his contract of service came to an end on 31st December, 2019. Mr. Banerjee had superannuated and was on a contract of service for a period of one year after 38 years of service with the Company. The Board places on record its deep sense of gratitude and appreciation for Mr. Banerjee's immense contribution, strategic guidance provided during his tenure as a Whole-time Director of the Company.

Confirmation and Certification

On an annual basis, the Company obtains from each Director, details of the Board and Board Committee positions he / she occupies in other Companies, and changes if any regarding their Directorships. The Company has obtained a certificate from M/s. S. N. Ananthasubramanian & Company, Company Secretaries,