

REPORT OF BOARD OF DIRECTORS

and Management Discussion and Analysis

Against the backdrop of the external environment discussed earlier, our value creation model and our strategy, your Board of Directors is pleased to share with you the Business Performance under each of its strategic pillars along with the Audited Financial Statements for the financial year ended 31st March, 2019.

WINNING WITH BRANDS AND INNOVATION

Our consumers are at the heart of our value creation model and strategy. We meet the needs of our consumers through our three divisions spanning 40 brands, most of which are household names.

₹ 2,000+ CRORE BRANDS

₹ 1,000+ CRORE BRANDS

₹ 500+ CRORE BRANDS



We meet the constantly changing needs of consumers by harnessing our global scale and local expertise. From nutritionally balanced foods and refreshments, to affordable soaps that combat disease, innovation is the key to creating great products that consumers love.

The focus areas for your Company under this strategic pillar of Winning with Brands and Innovation are building brands with purpose, innovating across the portfolio and market development.

Beauty & Personal Care (BPC)

Your Company continued to focus on key areas - strengthening core brands, accelerating premiumisation of the portfolio, driving market development at scale, entering into white spaces and scaling up play in naturals. The penetration and consumption of the categories in which your Company operates, have a healthy headroom to grow, indicating the long-term potential in the BPC market. The business registered a robust growth led by premiumisation during the year.

Skin Care saw accelerated growth across segments including face care, face cleansing and hand and body. Growth in core portfolio of Skin Care was driven by good momentum in Fair & Lovely and strong growth in Pond's and the premium part of the portfolio. All the value packs launched in the moisturiser range in Pond's, Vaseline and Vaseline Petroleum Jelly, Lakmé Aloe range and Lakmé Lip Love did well during the year. The talc

business grew strongly with the launch of Pond's Starlight Talc variant. The facial cleansing business also saw strong growth during the year.

Lakmé continued its dream run, growing across the portfolio (Core, 9to5, Absolute), after entering the list of your Company's ₹ 1,000+ crore brands last year. Launch of consumer-focussed innovations such as the Kareena Kapoor Khan collection - a bold and beautiful premium range of makeup, helped the brand deliver stellar results. Lakmé Fashion Week, the most digitally followed fashion event in the world, which has been a marquee event for the brand, continued to gain in size and scale and helped enhance the brand equity with consumers. The e-commerce channel is emerging as a key growth driver for the category and your Company continues its focus on this opportunity.

Skin Cleansing growth was led by the premium part of the portfolio- Dove, Pears and Hamam. The freshness variants within Lifebuoy, Lux and Liril did well.

Lux hosted the 3rd edition of the Lux Golden Rose Awards (LGRA) to celebrate the best women actors in Bollywood that coincided with the brand's 90th Anniversary. One of the highest rated award shows of 2018, LGRA further helped build the equity of Lux as the 'Beauty Soap of the Stars' with consumers.

In Haircare, your Company sustained its strong growth momentum with new launches and activations throughout the year. The performance was further boosted by robust growth

in TRESemmé, Dove and Indulekha. TRESemmé, on its fifth anniversary in India, was relaunched with new packaging and a more fragrant formulation. TRESemmé was also the official hair partner of the Lakmé Fashion Week, re-establishing its credential as the choice of professionals. During the year, Dove became India's No.1 hair care brand. Dove shampoo and conditioner range was relaunched with increased level of Keratin Actives for damage repair. Indulekha entered the shampoo category and led the charge in the naturals segment in Haircare. Brylcreem launched an exclusive range of men's grooming products for hair and beard - a first for the Company. The range was co-created with Amazon, leveraging new digital business models in e-commerce.

Your Company's sustained efforts helped getting some momentum back in the Oral Care category. Your Company relaunched CloseUp and Pepsodent with a refreshed proposition and communication. With the launch of LEVER ayush and natural variants in CloseUp, your Company continued to build its credentials into the growing Oral Care naturals segment. The year saw the relaunch of Pepsodent Germicheck toothpaste and Pepsodent Clove and Salt toothpaste with natural clay activated formula using proprietary germ fighting technology for long lasting germ protection. Pepsodent Expert Protection Complete, Germ care and Whitening variants were also relaunched.

Deodorants performed well with innovations and market development driving the growth. Axe Ticket - a pocket sized perfume pack through its contextual, digital and moment marketing activations continued to build the consumer franchise. Rexona, our leading anti-perspirant brand, delivered great results in select geographies and has now been rolled out nationally.

Your Company further strengthened its 'naturals' strategy through its three-pronged approach. The master brand LEVER ayush launched across multiple categories like oral care, haircare, skin care, skin cleansing continued to perform well in south India. The second leg of the strategy is building specialist brands like Indulekha. Indulekha has delivered impressive performance in both oil and shampoos, with a unique product formulation and distinctive packaging. The third leg of the 'naturals' strategy involves supporting various natural variants within our existing portfolio of products like Lakmé aloe vera range, Lifebouy neem and turmeric, Fair & Lovely Ayurveda etc.

Home Care

Your Company's Home Care business sustained its volume driven, profitable growth during the year. The fabric wash business delivered a strong performance on the back of continuing premiumisation with Surf excel and Rin, whilst regaining growth in the mass segment led by Wheel. In the market development segments of machines and fabric conditioning, Surf excel matic liquid and Comfort fabric conditioner continued their growth trajectory. During the year, flexible packs were introduced in detergent liquids and fabric conditioners to make them more affordable for the consumers and further drive consumption and penetration.

In Household Care, Vim led the market development for dishwasher by driving category adoption of Vim bar in rural India and upgrading existing bar consumers to the liquid format in urban India. Vim liquid performed well by increasing penetration through introduction of access packs. Domex Toilet cleaner was relaunched with a long-lasting freshness proposition and new user friendly packaging. The low cost Domex powder, designed for squat toilets, was extended to selected geographies in India.

Your Company is sharpening its strategy for the Pureit portfolio in line with the evolving needs of consumers. The brand will focus on the electric purifier product range and phase out the gravity filter range while continuing to win with consumers through value added innovations. Based on its new strategy, this year, Pureit launched Pureit Copper+, an innovation inspired by the age-old tradition of storing water in Copper vessels, which adds goodness of copper to RO purified water.

Foods & Refreshment

During the year, the Company integrated Foods and Refreshments categories with an objective of making the business simpler, more focussed and agile. The Foods & Refreshment division delivered strong growth across categories. The Foods business of your Company is home to trusted brands like Kissan, Knorr and Annapurna and plays across different product segments. In Foods, we continued to grow steadily in the core portfolio of Jams and Ketchups while investing in market development to drive penetration in nascent categories. During the year, Kissan launched a range of international sauces - Schetzwan, Manchurian, Pizza Pasta and Mexican Salsa.

The Refreshment business of your Company, comprising of the iconic brands like Taj Mahal, Brooke Bond Red Label, Lipton, BRU and Kwality Wall's, had a good year. The business delivered strong volume-led growth across Tea, Ice Creams and Frozen Desserts. The business continued to drive reach by increasing direct distribution and leveraging our WiMi strategy. Tea continued to deliver robust, volume-led growth as all the key brands - Brooke Bond Red Label, 3 Roses, Taaza and Taj Mahal - continued to grow and delight millions of consumers with their superior products at the right price. The relaunched Brooke Bond Taj Mahal continued to strengthen its franchise. Your Company launched two new premium variants of Taj Mahal for gifting on the e-commerce channel. Taaza continued to upgrade consumers along the quality pyramid by offering superior value.

Brooke Bond Red Label and 3 Roses Natural Care Tea, with its differentiated immunity benefit from ayurvedic ingredients, continued to delight consumers. Lipton green tea accelerated its proposition on how exercise, when supplemented with green tea, can work wonders for weight loss.

During the year, your Company launched a new variant of BRU Coffee in select geographies. It continues to leverage state-of-the-art roasting and extraction technologies to deliver superior instant coffee products. For the first time, your Company launched beaten coffee and new masala tea premix in the Out-of-Home vending channel.

During the year, the Ice Cream and Frozen Desserts business delivered strong, volume-led growth on the back of innovations and geography expansion. Your Company rolled out globally

successful innovations – UniCornetto, Sandwich and Magnum Hazelnut as well as local innovations – Cloud Bite with twin flavours and access packs in Choco Cone, Orange Bar and Rajwadi Bite. Your Company also launched several co-branded innovations – Cornetto Oreo, Gems Cup and Oreo Tubs. During the year, your Company acquired Adityaa Milk Ice creams brand and distribution business which has provided an entry into complementary markets and also bolstered the product portfolio.

Brands With Purpose

Our sustainable living brands are those that take action to make sustainable living commonplace in a way that is relevant to the product, good for society and motivating to consumers.

Lifebuoy continued its behaviour change initiatives that promote the benefits of handwashing with soap. By 2018, Lifebuoy, with its partners, reached 68 million people. Dove was relaunched with an enhanced formulation and new communication which carries the 'No-digital distortion mark' reaffirming the brand's commitment to portrayal of 'real beauty'.

Through the Rexona Confidence Academy that guides job seeking youth on how to prepare for job interviews, we reached out to over 2.2 lakh college students in West Bengal.

The Fair & Lovely (FAL) Career Foundation is a mobile platform that was launched in 2017 to help women overcome barriers and create their own identity through online courses and career guidance. In September 2018, the brand ran a campaign called Pehli Tankhwa or *First Salary* which received good response. During the year, the brand launched job opportunities on the Foundation platform starting with Lakmé Beauty Advisory. FAL also launched internship opportunities on the platform with Internshala. Till date more than 500,000 women have registered on the FAL platform.

Closeup launched the #FreeToLove campaign to promote inclusivity in society. The campaign, which features the stories of real couples who have broken through the barriers of age, caste and gender, received positive response on social media. This is yet another example of the differentiated and socially relevant marketing campaigns of our brands that focus on driving social change.

Domex believes that cleaning a toilet is a vital part of the sanitation agenda in India. It is just as normal and acceptable as any other chore and there is no shame associated with cleaning a toilet. To remove this taboo, Domex launched the campaign 'Why the Shame? Pick Up The Brush!'.

Surf excel has consistently brought alive its purpose of 'Daag Acche Hain' or 'Dirt is Good' over the past decade through its various campaigns, by showing kids getting dirty while demonstrating good values. This is also true of the latest campaign #RangLaayeSang, which is set in the context of Holi. It embodies the brand's 'Daag Acche Hain' philosophy and captures how the colours of Holi can be a force for good, melting differences and bringing people together.

Our laundry brand Wheel has always valued the husband-wife relationship and has been acknowledging the evolution of this

relationship towards a more progressive outlook, given that today's woman undertakes multiple responsibilities and is the anchor of the family. The new communication with this objective has been launched through the message 'jab kapde fresh tab soch bhi'.

Brooke Bond remained true to its purpose of 'Breaking Barriers' and took a step ahead in impactful advertising. The 'Ganpati film' and the '2 Blends film' were very well received on digital platforms. The Brooke Bond Red Label '6 Pack Band 2.0', featuring six teenagers with autism, released five songs and reached 90 million people with their message of inclusiveness.

Our purpose-driven brand Kissan, continued to source 100% of the tomatoes used in its ketchup sustainably.

WINNING IN THE MARKETPLACE

The Customer Development eco-system of your Company encompasses demand capture, demand fulfilment and demand generation. On demand capture, we are focussed on driving high quality direct coverage and increasing the assortment sold in each store using technology and a data-centric analytical approach. Your Company continued to be a thought leader and deployed cutting edge technology in the front end to drive performance and execution. On demand fulfilment, your Company introduced various processes and technology interventions to enable customers to serve the trade effectively. Our endeavour was to drive both visibility and efficiency of how our distributors service the trade. On demand-generation, the strategy of your Company encompassed winning in traditional trade in both open and closed formats, winning in 'route to market' as well as winning in emerging channels like Modern Trade and e-commerce.

In traditional trade, we are focussed on optimal servicing with appropriate beat lengths and improving the in-store visibility and competitiveness. In 'route to market', your Company continued to build its distribution through differentiated investments. We continued to derive the benefits of tailor-made consumer and customer plans across categories as part of the 'Winning in Many Indias' strategy through a strong understanding of the interconnected ecosystem of customers, consumers and shoppers. This will continue to be our source of competitive advantage.

The foundation of your Company's success in Modern Trade is underpinned by strong collaboration with key customers across all aspects of the business. Your Company continued to invest in 'assisted selling' and 'visibility' in Modern Trade whilst improving execution. 'Building Brands in Store' remained a key thrust in this channel and yielded good results across the portfolio.

The e-commerce channel continued on its exponential growth trajectory on the back of strong thought leadership and exemplary execution. A dedicated expertise team is working closely with all key e-commerce partners to create competitive advantage for the business and scaling up at a rapid pace in line with the overall channel growth.

Your Company continued to focus and drive 'Project Shakti', the initiative for driving social responsibility and sustainability, aimed at enhancing livelihoods and building opportunities for

small scale entrepreneurs in rural India. Your Company now has over 1 lakh Shakti Entrepreneurs (Shakti Ammas) across India who make a respectable living by distributing your Company products.

In a rapidly changing world, leveraging technology and data led decision making continues to be a big thrust for your Company. Your Company continued to invest and experiment in this dynamic space to retain its competitive edge in the marketplace. Your Company believes such investments ahead of the curve will be a source of competitive advantage in the days to come.

WINNING THROUGH CONTINUOUS IMPROVEMENT

Under the strategic pillar of Winning through Continuous Improvement, your Company continues to deliver profitable growth and delighting consumers by improving service, quality and processes.

Your Company's Supply Chain is continuously upgrading itself with future ready technologies that support the entire value chain. New technologies like machine learning, artificial intelligence, uberisation of trucks, robotics and automation are important ingredients of this transition. Smart use of these technologies is driving efficiency in the Supply Chain by delivering cost savings, better customer service through enhanced availability and opportunities for strategic partnerships.

While continuously evolving and being future fit, your Company's Supply Chain agenda remains focussed on building competitiveness through consumer and customer centricity, creating value through cost saving, customer service excellence, 'partner to win' programme with suppliers and driving the USLP agenda in manufacturing.

Your Company continues to improve the on-shelf quality of its products to enhance consumer experience. Our belief remains firmly embedded in 'Delighting consumers Everyday'. During the year on-shelf quality was improved by 30% over the previous year.

Your Company continued its journey of delivering cost savings by using 'Zero Based Budgeting' and 'World Class Manufacturing' (WCM) principles and applying it to every element of cost in the end-to-end supply chain. The WCM programme is being expanded to cover most of the manufacturing sites and all sites have been consistently delivering savings through elimination of non-value added activities. Cash flows were improved through rigorous use of IT tools which enabled cutting of excess and optimising stocks throughout the value chain. Your Company has brought down inventory by an additional three days.

Continuing its journey of Segmentation, your Company delivered Customer-Case-Filled-on-Time (CCFOT) upwards of 95%. The key thrust area in customer service continues to be ensuring enhanced availability to retailers from our customers with shorter lead times which will help improve On-Shelf-Availability.

The introduction of GST has led to flexibility in shaping the Supply Chain network. Your Company is focused on unlocking value in this area by redesigning the supply chain to create demand

focussed network. We continue our journey of consolidating distribution centres spread across the country and building an agile and efficient manufacturing footprint which is closer to demand clusters.

In line with the USLP commitments, your Company has increased its renewable energy share to 43%. This was achieved by converting agricultural process waste from our operations into fuel, besides increasing the utilisation of bio-fuels like agri-waste. Your Company continues to expand installation of specialised burners to utilise heavy vegetable oil residue from operations as fuel, substituting furnace oil. This increase in renewable energy usage and reduction in specific energy consumption has also contributed to CO₂ reduction in your Company's operations by 59% as compared to 2008 baseline. All factories and warehouses continue to maintain 'zero non-hazardous waste to landfill sites' status. Your Company continues to maximise reuse of waste generated in the manufacturing units, reduction at source, waste segregation and pre-processing facilities provided at all locations for improving recyclability has resulted in total waste reduction by 58% as compared to 2008 baseline. Captive rainwater harvesting and its utilisation in processes, reuse of treated effluent water, reduction of water losses in utilities and operations, process water requirement optimisations, improving efficiencies and maximising use of RO plants have contributed to reduction of water usage in manufacturing by 55% compared to 2008 baseline.

During the year, through a partnership with 'waste to electricity installation', your Company has been able to process approximately 15,000 tonnes of plastic waste and convert it into electricity. In addition to this, approximately 5,000 tonnes of post-consumer use plastic waste was collected with the help of NGOs and EPR partners and sent for energy recovery.

For further details on the steps taken by your Company on conservation of energy, water and reduction of waste, please refer to the Business Responsibility Report, which forms part of this Annual Report.

Technology Absorption

Your Company continues to derive sustainable benefit from the strong foundation and long tradition of R&D at Unilever, which differentiates it from others. New products, processes and benefits flow from work done in various Unilever R&D centres across the globe, including in India. The Unilever R&D labs in Mumbai and Bengaluru work closely with the business to create exciting innovations that help us win with our consumers. With world-class facilities, and a superior science and technology culture, Unilever attracts the best talent to provide a significant technology differentiation to its products and processes.

The R&D programmes, undertaken by Unilever globally, are focussed on the development of breakthrough and proprietary technologies with innovative consumer propositions. The global R&D team comprises highly qualified scientists and technologists working in the areas of Home Care, Beauty & Personal Care, Foods & Refreshment and Water Purification and critical functional capability teams in the areas of Regulatory, Clinicals, Digital R&D, Product & Environment Safety and Open Innovation.

Your Company has an existing Technical Collaboration Agreement (TCA) and a Trade Mark License Agreement (TMLA) with Unilever which was entered into in 2013. Your Company is enjoying the benefits of an increasing stream of new products and innovations, backed by technology and know-how from Unilever. The pace of innovations and the scope of services have expanded over the years. Unilever's global resources are providing greater expertise and superior innovations. This has helped in bringing to the Indian consumers bigger, better and faster innovations.

The TCA provides for payment of royalty on net sales of specific products manufactured by your Company, with technical know-how provided by Unilever. The TMLA provides for the payment of trademark royalty as a percentage of net sales on specific brands where Unilever owns the trademark in India including use of 'Unilever Corporate logo'.

Your Company maintains strong and healthy interactions with Unilever through a well-coordinated management exchange programme, which includes setting out governing guidelines pertaining to identifying areas of research, agreeing timelines, resource requirements, scientific research based on hypothesis testing and experimentation. This leads to new, improved and alternative technologies, supporting the development of launch-ready product formulations based on research, and introducing them to markets. Your Company continuously imports technology from Unilever under the TCA, which is fully absorbed. The benefits derived by your Company through technology absorption and R&D have been detailed in the section Winning with Brands and Innovation earlier in this report.

Your Company also receives continuous support and guidance from Unilever to drive functional excellence in marketing, supply management, media buying and IT, among others, which help your Company build capabilities, remain competitive and further step-up its overall business performance. Unilever is committed to ensuring that the support in terms of new products, innovations, technologies and services is commensurate with the needs of your Company and enables it to win in the marketplace.

The details of expenditure on R&D at the Company's in-house facilities, eligible for a weighted deduction under Section 35(2AB) of the Income Tax Act, 1961, for the year ended 31st March, 2019, are as follows:

Capital Expenditure : ₹ 2 crores

Revenue Expenditure : ₹ 20 crores

Finance & IT

The Finance Function of your Company has made a stellar contribution by leading and supporting the business through the course of the year with a compelling strategy of 'Winning Business', 'Leading Capabilities' and 'Amazing People'.

Through the Finance function, business performance was supported by a gamut of interventions, be it in accelerating growth opportunities or making tough resource allocation choices. The cost saving programme of your Company delivered another year of significant savings, providing fuel for growth and aiding margin expansion. Your Company demonstrated resilience under challenging circumstances that involved commodity

volatility, currency devaluation, competitive pressures and evolving regulatory environment.

Your Company made significant interventions in building data and digital capabilities. The projects span across areas of intelligent automation, data analytics, controls and predictive capabilities. Risk-based and analytics supported internal audit approach of your Company is helping strengthen controls whilst enhancing processes and driving efficiencies in the value chain.

The finance function of your Company continued to build a strong purpose led team which is leading with impact. The key focus during the year was upskilling talent on digital skills. The function also setup a 'Digi Club' – a team of highly talented finance and IT resources to drive digital projects with focus and upskill everyone across the function on digital skills.

Your Company continues to invest in technology capabilities that drive efficiency and speed in warehousing, logistics and factory operations. Your Company is increasingly leveraging Cloud capabilities for speed and scale. During the year, the Information Technology function has continued to play a key role in both the growth and efficiency programs. We are investing in Data Driven Marketing Technology capabilities that will enable the Company to strengthen one to one connection with our consumers while continuing to invest in technology that secures consumer data.

The pace of technology change continues to increase and is a good opportunity to 'Re-imagine HUL'. Your Company continues to create a culture of Innovation, Learning and Agility to enable the digital transformation journey. With increasing digitisation of consumer interactions, consumer data privacy and data protection continue to be a focus area.

WINNING WITH PEOPLE

Great Brands and Great People have always been Hindustan Unilever's biggest assets. Sustainable, profitable growth can only be achieved in an organisation which focuses on performance culture and where employees are engaged and empowered to be the best they can be.

Our constant endeavour is to work towards making an organisation that is simpler, diverse and agile and therefore will move faster, innovate better and leverage Unilever's global scale. Your Company's Connected 4 Growth (C4G) business transformation programme has been designed to create an organisation that is more consumer and customer-centric, as well as future ready. The imperatives for this have come from the need to be able to compete in a fast-changing world characterised by digitisation and increased competition. To propel the C4G transformation, your Company has identified new behaviours as key to winning in the market – Empowerment, Collaboration & Experimentation. We are creating an organisation and culture where employees are empowered to act like entrepreneurs and business owners. To support this culture of experimentation, there is an additional focus on digital transformation of the business with a Digital Council which is now fully empowered to spearhead this agenda, developing niche digital skills in our leaders and upgrading the digital skills footprint of our employees at large. While quality of talent has been your Company's strength, there has been an impetus on building future ready leadership that is equipped and empowered to thrive in this dynamic environment.

HUL continues its title of 'No. 1 Employer of Choice' in the industry for the past 10 years. The 'Unilever Diaries' social media presence on Facebook and Instagram has over five lakh followers and helps us deepen our engagement with students, as well strengthens our brand image amongst them.

Driven by the 'leaders build leaders' philosophy, we have created an environment where people get big responsibilities early in their career and are also able to constantly experiment. Your Company's flagship management trainee programme, the Unilever Future Leaders Programme (UFLP), has been the training ground for many inspiring leaders across HUL and Unilever, and provides extensive cross-functional experience through live projects and assignments.

Our vision is to make HUL an inclusive organisation that celebrates diversity and helps people bring their best selves to work. Apart from enabling infrastructure and work practices such as parental support programme, flexible work arrangements, there is an increased focus on hosting conversations to sensitise employees on unconscious biases and helping them break limiting stereotypes. We have taken our focus beyond gender balance, which we are committed to achieving in the near future, to inclusion of Persons with Disability and LGBTQ in our organisation and ecosystem.

Employee well-being is integral to your Company's Winning with People agenda and we continue our focus on all four aspects of well-being i.e. Physical, Mental, Emotional and Purposeful. The first step is on building awareness by employee contact programs and sensitising our managers, setting up health support eco-systems and bringing a sharper understanding of the health of our employees. An Employee Assistance Programme called 'Reach Out' - a telephonic counselling and work-life programme with round-the-clock access, has provided timely help for several employees and their family members. The underlying mission is to bring a shift from reactive healthcare to proactive wellbeing. This year, your Company has taken conscious steps to confront the stigma of Mental Well-Being and created awareness to deal with this stigma.

Your Company, believes that people with purpose thrive and that purpose is at the heart of what energises people. In line with this thinking, we have commenced the Discover Your Purpose (DYP) journey with an intent to ignite passion and purpose in our employees. We have ignited this spark in over 10,000 employees and our ambition is to ensure that every employee finds their purpose.

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 23rd July, 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.

Under this plan, eligible Managers were given Conditional Performance Grant of shares of Unilever and the Company in the ratio of 67:33, to mirror your Company's shareholding, where Unilever held 67% shareholding. During the year, 15 employees were awarded conditional rights to receive 4,650 equity shares at the face value of ₹ 1/- each. It comprises conditional grants made to eligible managers covering performance period from 2018 to 2021.

The employees of the Company are eligible for Unilever PLC (the 'Holding Company') share awards namely, the Management Co-Investment Plan (MCIP), the Global Performance Share Plan (GPSP) and the SHARES Plan. The MCIP scheme has two sets of eligibilities - for Managers, it allows eligible employees to invest up to 50% 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. Under GPSP, eligible employees receive annual awards of the Holding Company's shares. The awards under GPSP and MCIP plans vest after 3-4 years up to 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 for 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 Act 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 at the Registered Office of the Company during working hours, 21 days before the Annual General Meeting and shall be made available to any shareholder on request. Such details are also available on your Company's website <https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html>.

PERFORMANCE OF SUBSIDIARIES

The summary of performance of the subsidiaries is provided as below:

Unilever India Exports Limited

The Company is a 100% subsidiary of HUL and is engaged in FMCG Exports business. The focus of the FMCG operations is to become a cross border sourcing hub of FMCG products for Unilever Companies across the world and to drive distribution

of ethnic brands in key overseas markets. Due to continued disruption in key exports markets and increased competitive pressures, the Company has sharpened its focus on the distribution business of key brands in strategic markets only.

Lakme Lever Private Limited

Lakme Lever Private Limited (LLPL), is a 100% subsidiary of the Company and has over 430 owned / managed and franchisee salons.

LLPL continued to expand its salons business across markets with close to 100 new salons in the year. The Lakmé Salon Showstopping bridal collection was launched at Lakmé Fashion Week in collaboration with leading designer Ms. Payal Singhal with the Shaadi anthem by acclaimed musician Raftaar. The 'Runway Rewards' club was relaunched with attractive benefits for members across tiers. Compelling thematic campaigns like Good Hair Day, Happy New You and BFF - Best Face Forward helped drive growth. Customer delight, as measured by the Net Promoter Score and Magic Moments, improved significantly over the previous year. Your Company will continue to support LLPL to drive growth in this attractive market opportunity.

LLPL also operates a manufacturing unit at Gandhidham which carries out job work operations for your Company manufacturing toilet soaps, bathing bars and detergent bars.

Unilever Nepal Limited

Unilever Nepal Limited (UNL), a subsidiary of your Company, is engaged in manufacturing, marketing and sale of detergents, toilet soaps, personal products and laundry soaps in Nepal. In 2018, UNL has ventured into Foods and Refreshment category with manufacturing of Tea under the Red Label brand.

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. In 2018, UNL implemented SAP as its ERP system which will significantly improve the financial and operational controls in the Company.

Hindustan Unilever Foundation

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

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. The Foundation's programs have till date reached out to over 5,000 villages cumulatively in 51 districts, 10 states and 2 union territories across India in partnership through 20 NGO partners and multiple co-funders. HUF also supports several knowledge initiatives in water conservation and governance.

By the end of financial year 2018, the cumulative and collective achievements through partnered programmes of HUF include:

- **Water Conservation:** We have created water saving potential of over 700 billion litres through improved supply and

demand management of water resources. Till financial year 2018-19, HUF's water conservation capacity stood at 900 billion litres* cumulatively.

- **Crop Yield:** Additional agriculture production of over 0.8 million tonnes has been generated.
- **Livelihoods:** More than 7.5 million person days of employment have been created through water conservation and increased agriculture production.

The cumulative impact of HUF supported projects has been independently assured.

Other Subsidiaries

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

Bhavishya Alliance Child Nutrition Initiatives is a not-for-profit subsidiary of the 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. We discontinued operations and a similar handwashing programme is now being driven by your Company directly.

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

Jamnagar Properties Private Limited is a subsidiary of the Company. The litigation over the land of the Company is now over and accordingly the land has been surrendered to the Government.

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

Your Company has not made any downstream investments in subsidiaries.

RISKS AND OPPORTUNITIES

Our approach to Risk Management:

Your Company operates in an increasingly volatile, uncertain, complex and ambiguous (VUCA) world with rapid changes in all domains potentially impacting your Company. These changes bring in new opportunities for your Company but also bring about multi-dimensional risks, which need to be judiciously managed.

Risk Management is, thus, an integral part of your Company's strategy. We proactively identify potential risks and accordingly devise our short-term and long-term actions to mitigate any risk which could materially impact your Company's long-term goals.

Governance

The Risk Management Committee of your Company identifies, monitors and manages risks. Our approach to risk management is designed to provide reasonable assurance that our assets are safeguarded, the risks facing the business are being assessed and mitigated and all information that may be required to be

*pending independent assurance

disclosed is reported to your Company's Audit Committee and Board.

Your Company has access to global resources in the Risk Management domain through Unilever PLC., and various partner agencies which helps in proactively identifying possible financial as well as operational risks and take mitigating actions even before the risk materialises. Technology has been a key enabler and operational risks are being monitored through advanced capability on an agreed frequency.

Processes

Your Company operates a wide range of processes and activities across all its operations covering Strategy, Planning execution and Performance management. Controls are built into every stage of business process and are formalised and documented. We are leveraging advances in technology to help centralise and automate several controls into the transactional Information Technology systems.

Risk and Internal Adequacy

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors and cover all offices, factories and key business areas. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the

Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

Risk Assessment

Business risk assessment is an annual cross functional exercise involving leadership across the organisation to identify, update and mitigate business risks. Each risk is assessed basis its probability of occurrence and the severity of impact. Basis this assessment, your Company classifies various risks into three major heads and accordingly decides the strategies to monitor, manage and mitigate such risks – 1) High risk exposure requiring immediate attention; 2) Moderate risk exposure requiring close monitoring; and 3) Acceptable risk exposure. This comprehensive exercise ensures an effective risk culture across the organisation and an embedded approach to risk management. The Risk Management Committee reviews the findings of the risk assessment exercise and the effectiveness of the management controls in place to mitigate the risk exposure. Your Company's Board of Directors, through the Audit Committee, also reviews the assessment of risks, internal controls and disclosure controls and procedures in operation within your Company.

Some of the key identified risks along with the steps taken and opportunities for the business of your Company to mitigate them are presented below.

DESCRIPTION OF RISK	WHAT ARE WE DOING TO MANAGE THE RISK	CAPITALS IMPACTED
BRAND PREFERENCE As a branded goods business, your Company's success depends on the value and relevance of our brands and products to consumers and our ability to innovate and remain competitive. Consumer tastes, preferences and behaviours are changing more rapidly than ever before. We are dependent on creating innovative products that continue to meet the needs of our consumers and getting these new products to market with speed. If we are unable to innovate effectively, our sales or margins could be adversely affected. With the changing technological landscape, our ability to develop and deploy the right communication in tune with consumer preferences, both in terms of messaging content and medium is critical to the continued strength of our brands.	<p>Your Company monitors external market trends and collates consumer, customer and shopper insights leveraging People Data Centre and other external sources in order to develop category and brand strategies.</p> <p>Our R&D function actively looks for ways in which to translate the trends in consumer preference and taste into new technologies for incorporation into future products. Our innovation management process converts category strategies into projects which deliver new products to market. We develop product ideas both in-house and with selected partners to enable us to respond to rapidly changing consumer trends with speed.</p> <p>Your Company has access to Unilever's global resources that provide greater expertise and superior innovations, backed by technology and know-how from Unilever. This helps your Company bring bigger, better and faster innovations to its consumers.</p> <p>Your Company also has the benefit of a large portfolio that straddles the economic pyramid with brands that have a strong presence across the mass, popular and premium segments in most categories. Our varied brands enable us to address the needs and preferences of different consumers.</p> <p>Our brand communication strategies are designed to optimise digital communication opportunities. We develop and customise brand messaging content specifically for each of our chosen communication channels (both traditional and digital) to ensure that our brand messages reach our target consumers.</p>	Intellectual Capital, Financial Capital and Social Capital

DESCRIPTION OF RISK	WHAT ARE WE DOING TO MANAGE THE RISK	CAPITALS IMPACTED
<p>SUPPLY CHAIN</p> <p>Our business depends on purchasing materials, efficient manufacturing and the timely distribution of products to our customers.</p> <p>The cost of our products can be significantly affected by the cost of the underlying commodities and raw materials as well as currency movements given import of a number of raw materials.</p> <p>Our supply chain network is exposed to potentially adverse events such as physical disruptions, environmental and industrial accidents, trade restrictions or disruptions at a key supplier, which could impact our ability to deliver orders to our customers.</p>	<p>Commodity price and foreign exchange risks are actively managed by expert teams. Trends are closely monitored and modelled regularly and integrated into our commodity and foreign currency management strategies. Your Company endeavours to drive efficiencies in all aspects of the supply chain cost elements before passing on the pricing to the consumer. In all cases, the price-value equation for the customer is maintained.</p> <p>Your Company has contingency plans designed to enable us to secure alternative key material supplies at short notice, to transfer or share production between manufacturing sites and to use substitute materials in our product formulations and recipes.</p> <p>Your Company has policies and procedures designed to ensure the health and safety of our employees and the products in our facilities, and to deal with major incidents including business continuity and disaster recovery.</p>	Financial Capital, Manufactured Capital, Human Capital, Social and Natural Capital
<p>BUSINESS TRANSFORMATION</p> <p>Successful execution of business transformation projects is key to delivering their intended business benefits and avoiding disruption to other business activities.</p> <p>Your Company is continually engaged in major change projects, including acquisitions, disposals, supply chain restructuring and business transformation, to drive continuous improvement in our business and to strengthen our portfolio and capabilities. Failure to execute such initiatives successfully could result in under-delivery of the expected benefits.</p>	<p>Sound project discipline is followed in evaluation of all acquisitions, disposals, business transformation and restructuring projects. These projects are led by senior executives and staffed with dedicated and appropriately qualified personnel. All such projects have strong governance and is regularly reviewed by the Board of your Company.</p>	All Capitals
<p>PLASTIC PACKAGING</p> <p>A reduction in the amount of plastic and an increase in the use of recyclable content in our packaging is critical to our future success.</p> <p>Both consumer and customer responses to the environmental impact of plastic waste and emerging regulation by different state governments to ban the use of certain plastics, requires us to find solutions to reduce the amount of plastic we use; increase recycling post-consumer use; and to source recycled plastic for use in our packaging.</p>	<p>We believe in a well-rounded approach across the value chain based on the 4R's: 'Reduce, Reuse, Recycle and Recover.'</p> <p>In accordance with this principle, we have initiated systematic efforts with strategic partners to reduce our factory and packaging waste while helping us find scalable solutions. The Company has been partnering with think-tanks to drive circular economy.</p> <p>Your Company has initiated several projects to collect, segregate and safely dispose of plastic waste, in collaboration with partners and social entrepreneurs in several cities. We have strategic partnership for conversion of waste to electricity and have converted 15,000+ tons of plastic waste to energy in the first year. Your Company has made clear commitments to make 100% of our 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.</p> <p>In achieving these commitments, your Company has access to Unilever's expertise which enables us to identify alternative packaging materials / substrates or technologies.</p>	Manufactured Capital, Social Capital, and Natural Capital

DESCRIPTION OF RISK	WHAT ARE WE DOING TO MANAGE THE RISK	CAPITALS IMPACTED
<p>LEGAL & REGULATORY</p> <p>Compliance with laws and regulations is an essential part of your Company's business operations.</p> <p>We are subject to laws and regulations in diverse areas such as product safety, product claims, trademarks, copyright, patents, competition, employee health and safety, the environment, corporate governance, listing and disclosure, employment and taxes.</p> <p>Failure to comply with laws and regulations could expose your Company to legal consequences and damage corporate reputation.</p> <p>Frequent changes in legal and regulatory regime and introduction of newer regulations with multiple authorities regulating same areas leads to complexity in compliance.</p>	<p>We are committed to complying with all applicable laws and regulations. The relevant teams are responsible for setting detailed standards and ensuring that all employees are aware of and comply with regulations and laws specific and relevant to their roles.</p> <p>Our legal and regulatory specialists are closely engaged in monitoring and reviewing our practices to provide reasonable assurance that we remain aware of and in line with all relevant laws and legal obligations.</p> <p>Your Company has institutionalised the mechanism to monitor changes in legislation, both existing and proposed. The Company proactively engages with the government, regulators and various industry bodies to develop a regulatory framework which is in the best interest of the consumers and other stakeholders including industry.</p>	Financial Capital, Manufactured Capital, Social Capital and Human Capital
<p>SYSTEMS AND INFORMATION</p> <p>Your Company's operations are increasingly dependent on IT systems and the management of information.</p> <p>Increasing digital interactions with customers, suppliers and consumers place even greater emphasis on the need for secure and reliable IT systems and infrastructure, and careful management of the information that is in our possession to ensure data privacy.</p> <p>The cyber-attack threat of unauthorised access and misuse of sensitive information or disruption to operations continue to increase. Such an attack could inhibit our business operations in a number of ways, including disruption to sales, production and cash flows, ultimately impacting our results.</p>	<p>To reduce the impact of external cyber-attacks on our business we have firewalls and threat monitoring systems in place, with immediate response capabilities to mitigate identified threats. We also maintain a global system for the control and reporting of access to our critical IT systems. This is supported by an annual programme of testing of access controls.</p> <p>We have policies covering the protection of both business and personal information, as well as the use of IT systems and Applications by our employees. Our employees are trained to understand these requirements. We also have a set of IT security standards and closely monitor their operation to protect our systems and information.</p> <p>Hardware that runs and manages core operating data is fully backed up with separate contingency systems to provide real-time backup operations should they ever be required.</p> <p>We have standardised ways of hosting information on our public websites and have systems in place to monitor compliance with appropriate privacy laws and regulations, as well as with our own policies.</p>	Financial Capital, Manufactured Capital, Human Capital and Social Capital

DESCRIPTION OF RISK	WHAT ARE WE DOING TO MANAGE THE RISK	CAPITALS IMPACTED
<p>QUALITY AND SAFETY</p> <p>The quality and safety of our products are of paramount importance for our brands and our reputation.</p> <p>HUL's brands, product quality and safety are valuable assets and hence, the risk that raw materials are accidentally or maliciously contaminated throughout the supply chain or that other product defects occur due to human error, equipment failure or other factors cannot be excluded.</p>	<p>Your Company is committed to complying with all applicable and relevant external standards to maintain a robust quality and safety inspection process across all manufacturing and warehousing locations. We assess the security and usage risk for key third parties, suppliers, customers and empower employees and third parties through the necessary training and communication on policies and procedures.</p> <p>Our product quality processes and controls are comprehensive, from product design to customer shelf. The processes are reviewed annually, and controls regularly monitored through performance indicators that drive improvement activities. Our key suppliers are externally certified, and the quality of material received is regularly monitored to ensure that it meets the rigorous quality standards that our products require. In the event of an incident relating to the safety of our consumers or the quality of our products, incident management teams are activated in the affected markets under the direction of our product quality, science and communications experts, to ensure timely and effective marketplace action.</p>	Financial Capital, Manufactured Capital, Intellectual Social Capital and Human Capital
<p>TALENT</p> <p>A skilled workforce and agile ways of working are essential for the continued success of our business.</p> <p>Our ability to attract, develop and retain the right number of appropriately qualified people is critical if we are to compete and grow effectively. The loss of management or other key personnel could make it difficult to manage the business and could adversely affect operations and financial results.</p>	<p>We have targeted programmes to attract and retain top talent and we actively monitor our performance in retaining talent within HUL.</p> <p>Resource committees have been established and implemented throughout our business. These committees have responsibility for identifying future skills and capability needs, developing career paths and identifying the key talent and leaders of the future. We have an integrated management development process which includes regular performance reviews underpinned by a common set of leadership behaviours, skills and competencies. We regularly review our ways of working to drive speed and simplicity through our business in order to remain agile and responsive to marketplace trends.</p>	Human Capital
<p>ETHICAL</p> <p>Acting in an ethical manner, consistent with the expectations of customers, consumers and other stakeholders, is essential for the protection of the reputation of HUL and its brands.</p> <p>Despite our commitment to ethical business and the steps we take to adhere to this commitment, there remains a risk that activities or events may cause us to fall short of our desired standard, resulting in damage to HUL's corporate reputation and business results.</p>	<p>Our Code of Business Principles and our Code Policies govern the behaviour of our employees, suppliers, distributors and other third parties who work with us.</p> <p>Our processes for identifying and resolving breaches of our Code of Business Principles and our Code Policies are clearly defined and regularly communicated. Data relating to such breaches is reviewed by the HUL Management Committee and by relevant Board Committees and helps to determine the allocation of resources for future policy development, process improvement, training and awareness initiatives.</p>	Intellectual Capital, Financial Capital, Human Capital and Social Capital

OPPORTUNITY	WHAT WE ARE DOING TO RESPOND TO OPPORTUNITIES
<p>WINNING IN THE MARKETPLACE</p> <p>GROWING IN CHANNELS OF THE FUTURE</p> <p>With the rapid expansion of alternate channels like e-commerce and Modern Trade, there is huge opportunity to tap into these channels to drive the growth of our business.</p>	<p>Winning in traditional trade and 'route-to-market' continues to be important for your Company. However, winning in emerging channels like e-commerce and Modern Trade will be a key differentiator. Hence, your Company continues to put thrust on investments in strengthening our capabilities in the channels of the future while digitising our distribution in the traditional trade. We collaborate and partner with various e-commerce and Modern Trade companies to further our strategic priorities.</p>
<p>WINNING WITH BRANDS AND INNOVATION</p> <p>PREMIUMISATION AND MARKET DEVELOPMENT</p> <p>With changing population demographics, urbanisation, higher spending capacity of consumers, rising aspirations of consumers and wider reach of products, there is a huge headroom to grow for premium and under penetrated categories.</p>	<p>Your Company has a large portfolio spanning the mass, popular and premium segments in most categories. We have an exciting range of premium brands to address the rising aspirations of our consumers. We also have a robust pipeline of innovations designed to meet the trend of premiumisation.</p> <p>Your Company is constantly focusing on creating the categories of the future by investing in market development activities aimed to increase the adoption in under-penetrated categories. Various initiatives are undertaken to educate the consumers through sampling and product demonstrations.</p>
<p>WINNING THROUGH CONTINUOUS IMPROVEMENT</p> <p>DIGITAL TRANSFORMATION</p> <p>With the rapid evolution of technology, analytics and big data, the way different functions operate is changing. The digital and technological revolution presents an opportunity to make meaningful interventions across the value chain thereby redefining the way we work and the way we do business in future</p>	<p>Your Company has been a leader in using big data and analytics as a tool to drive sustainable growth. Your Company continues to drive organisation-wide digital transformation agenda under the umbrella 'Re-imagining HUL' to capture the digital opportunity.</p> <p>Keeping these dynamics in mind, we are pre-empting the imminent disruption through a holistic intervention across our value chain by experimenting with different technologies that will change the way we work in future. Collectively, these initiatives will give us a competitive edge. Some examples of these interventions include:</p> <ul style="list-style-type: none"> - 'Live Wire' which provides the Company with granular Data Analysis and also democratises enterprise data across cross-functional teams to aid in faster and more responsive decision-making. - 'People Data Centre (PDC)' which enables real time listening that involves using data to unearth underlying currents that shape the changing consumer behaviour and deciphering the impact of these trends on our brands. By using a simple model of capture-analyse-leverage, along with Media and Commerce, PDC plays a critical role in developing personalised relationships by engaging in meaningful and relevant dialogue. <p>These investments in digital in all aspects of the business are helping your Company in its journey from mass marketing to mass customisation.</p>
<p>WINNING THROUGH CONTINUOUS IMPROVEMENT</p> <p>SUPPLY CHAIN NETWORK OPTIMISATION</p> <p>The introduction of GST provides a unique opportunity to redesign the supply chain to win in the future.</p>	<p>Your Company is leveraging this structural reform to optimise its supply chain network spanning across its manufacturing locations, sourcing points and distribution centres.</p> <p>We are on a path of consolidation of distribution centres to create demand focussed network design for faster and more efficient demand fulfilment. Your Company is also investing in building an agile and efficient manufacturing network comprising of a mix of own factories and third party manufacturers. By moving our supply chain closer to the demand clusters, these restructuring projects will drive supply chain efficiencies.</p>

OPPORTUNITY	WHAT WE ARE DOING TO RESPOND TO OPPORTUNITIES
WINNING WITH PEOPLE IMPROVING DIGITAL SKILL FOOTPRINT <p>The world of work is rapidly changing. Automation, big data, advanced analytics, flexible resourcing and new business models are revolutionising our business and workforce.</p> <p>The digital transformation of work is bringing both great disruption, but also a great opportunity to become a simpler, more agile and efficient organisation with a strong data moat.</p>	<p>Your Company's vision of 'Re-imagining HUL' incorporates a thrust on building the firm of the future with talent equipped and empowered to successfully ride the tidal wave of digital transformation. Your Company has established a Digital Council as a forefront for developing the niche digital skills and capabilities of leaders as well as employees at large. The leadership of your Company is actively invested in driving the organisation-wide agenda of inspiring and enabling people to be future-fit by improving the digital skill footprint.</p>

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.

FINANCIAL REVIEW (STANDALONE)

Results

(₹ crores)

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Sales	37,660	34,619
EBITDA	8,637	7,276
Profit before exceptional items and tax	8,749	7,347
Profit for the year	6,036	5,237

Division Wise Turnover

(₹ crores)

	For the year ended 31st March, 2019		For the year ended 31st March, 2018	
	Sales	Others*	Sales	Others*
Home Care	12,763	113	11,464	165
Beauty & Personal Care	17,323	332	16,132	332
Foods & Refreshment	7,068	65	6,425	62
Others (including Exports, Infant and Feminine Care)	506	54	598	26
TOTAL	37,660	564	34,619	585

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

Summarised Profit and Loss Account

(₹ crores)

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Sale of products (including excise duty)	37,660	34,619
Other operational income	564	599
REVENUE FROM OPERATIONS	38,224	35,218
Operating Costs	29,587	27,942
Profit Before Depreciation, Interest, Tax (PBDIT)	8,637	7,276
Depreciation	524	478
Profit Before Interest & Tax (PBIT)	8,113	6,798
Other Income (net of finance cost)	636	549
Profit before exceptional items	8,749	7,347
Exceptional items	(227)	(62)
Profit Before Tax (PBT)	8,522	7,285
Taxation	2,486	2,048
Profit for the year	6,036	5,237
Basic EPS (₹)	27.89	24.20

Key Financial Ratios

Particulars	2018-19	2017-18	2016-17
Return on Net Worth (%)	90.5	84.5	76.7
Return on Capital Employed (%)	131.2	118.9	105.9
Basic EPS (after exceptional items) (₹)	27.9	24.2	20.8
Debtors Turnover	26.7	33.4	34.0
Inventory Turnover	15.8	14.7	13.9
Interest coverage ratio	289.8	340.9	256.9
Current ratio	1.4	1.3	1.3
Debt Equity ratio	1.3	1.4	1.3
Operating profit margin (%)	21.5	19.6	16.7
Net profit margin (%)	16.0	15.1	13.3

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.

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 were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which this financial statement relates on the date of this report.

Capital Expenditure during the year was at ₹ 728 crores (₹ 853 crores in the previous year).

During the year, your Company did not accept any public deposits under Chapter V of 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 ₹ 3,688 crores [2017-18: ₹ 3,373 crores], as on 31st March, 2019. 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, 2019	For the year ended 31st March, 2018
Foreign Exchange earnings	324	387
Foreign Exchange outgo	1,382	1,285

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 Liquid Detergents and Powders, Petroleum Jelly Products, Tea, Milk Powder, Insecticides, Machinery and Mechanical Appliances Drugs and Pharmaceuticals. 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.

Dividend

Your Directors are pleased to recommend a Final Dividend of ₹ 13/- per equity share of face value of ₹ 1/- each for the year ended 31st March, 2019. The Interim Dividend of ₹ 9/- per equity share was paid on 1st November, 2018.

The Final Dividend, subject to the approval of Members at the Annual General Meeting on Saturday, 29th June, 2019 will be paid on or after 4th July, 2019 to the Members whose names appear in the Register of Members, as on the Book Closure

dates, i.e. from Saturday, 22nd June, 2019, to Saturday, 29th June, 2019 (both days inclusive). The total dividend for the financial year, including the proposed Final Dividend, amounts to ₹ 22/- per equity share and will absorb ₹ 5,719 crores, including Dividend Distribution Tax of ₹ 957 crores.

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, ₹ 5.95 crores of unpaid / unclaimed dividends were transferred during the year to the Investor Education and Protection Fund.

Mergers and Acquisitions

During the year, your Company entered into an agreement with Vijaykanta Dairy and Food Products Limited (VDFPL) and its group companies, acquiring its Ice cream and frozen desserts business consisting of its flagship brand 'Adityaa Milk' and front-end distribution network across geographies. The proposed acquisition was in line with the Company's strategic intent to strengthen its position in the rapidly growing Ice cream and frozen desserts market in India.

During the year, the Board of Directors of your Company approved a Scheme of Amalgamation between the Company and GlaxoSmithKline Consumer Healthcare Limited (GSK CH India) to acquire the business of GSK CH India, subject to obtaining requisite approvals from statutory authorities and shareholders. The proposed transaction is an all equity merger, under which on the Scheme becoming effective, 4.39 shares of the Company will be allotted for every share of GSK CH India.

The acquisition is in line with your Company's strategy to build a sustainable and profitable Foods & Refreshment business in India by leveraging the mega trend of health and wellness. GSK CH India is the market leader in the Health Food Drinks (HFD) category, with iconic brands such as Horlicks and Boost, and a product portfolio supported by strong nutritional claims.

The Competition Commission of India has vide its order dated 18th February, 2019, accorded its approval for the amalgamation of GSK CH India with the Company. The Company has obtained No Objection Letters dated 15th February, 2019 from BSE Limited and National Stock Exchange of India Limited for the proposed Scheme of Amalgamation. The Company had filed the Scheme with the National Company Law Tribunal (NCLT) for its sanction and the same is pending. The Mumbai Bench of National Company Law Tribunal vide its order dated 2nd May, 2019, has directed the Company to convene meeting of Equity Shareholders and Unsecured creditors on 29th June, 2019.

Scheme of Arrangement

The Members of the Company, had, at the Court Convened Meeting held on 30th June, 2016, approved the Scheme of Arrangement for transfer of the balance of ₹ 2,187 crores standing to the credit of the General Reserves to the Profit and Loss Account. The Company had accordingly filed the petition

for sanction of the Scheme of Arrangement with the Hon'ble High Court of Mumbai [jurisdiction later changed to National Company Law Tribunal (NCLT)]. The Hon'ble National Company Law Tribunal, Mumbai Bench, vide its order dated 30th August, 2018, has sanctioned the aforesaid Scheme of Arrangement. With Scheme becoming effective, the balance of ₹ 2,187 crores standing to the credit of the General Reserves has been transferred to the Profit and Loss Account.

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 the financial year 2018-19 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, combating 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. The menace of counterfeiting is also seen in the channels of the future like e-commerce. 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 Integrity guidelines include clear processes for managing Code breaches.

During the year, we closed 147 incidents across all areas of our Code and Code Policies, with 97 confirmed breaches. During the year, we terminated the employment of 11 employees on account of such breaches. The Code and Code Policies reflect our commitment to fight corruption in all its forms. We are committed to eradicating any practices or behaviours through our zero-tolerance policy.

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, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an Annexure to this Annual Report and also available on the website of the Company 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 has 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, four 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 soil remediation up-scaling plan and the Site-Specific Target Level specified by the authorities was challenged before the National Green Tribunal. The National Green Tribunal dismissed the petition that was filed and ordered that the remediation be carried out as per the approved upscaling plan. 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 after obtaining the requisite local approvals.

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_tcm1255-537139_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, the Board of Directors appointed Mr. Leo Puri as an Additional Director with effect from 12th October, 2018, to hold office up to the date of the forthcoming Annual General Meeting. Being eligible, Mr. Leo Puri has offered himself to be appointed as the Independent Director of your Company.

During the year, Mr. Sanjiv Mehta, Chairman and Managing

Director of the Company was elevated as President, South Asia and Member of Unilever Leadership Executive effective from 1st May, 2019.

In terms of the requirements of the Companies Act, 2013, the Independent Directors of the Company were appointed for a period of five years on 30th June, 2014. Such term of appointment of the Independent Directors shall come to an end on 29th June, 2019. In view of the same, the Board of Directors have basis the recommendation of the Nomination and Remuneration Committee proposed to re-appoint Mr. Aditya Narayan, Mr. O. P. Bhatt, Dr. Sanjiv Misra and Ms. Kalpana Morparia as the Independent Directors of the Company for a second term. A resolution proposing re-appointment of Independent Directors of the Company for the second term pursuant to Section 149(6) of the Companies Act, 2013 forms part of the Notice of Annual General Meeting. Dr. Sanjiv Misra and Ms. Kalpana Morparia shall attain age of 75 years during the proposed second term. A resolution proposing their continuation of term on attaining age of 75 years during their second term pursuant to Section 149(6) of the Companies Act, 2013 forms part of the Notice of Annual General Meeting.

Mr. S. Ramadorai, Independent Director of the Company, did not offer his candidature for re-appointment by shareholders in the forthcoming Annual General Meeting. Consequently, he will resign from the position of an Independent Director with effect from 30th June, 2019 after serving of about 17 years in the Company. The Board places on record its deep sense of gratitude and appreciation for Mr. Ramadorai's immense contribution, strategic guidance provided during his tenure as an Independent Director and as the Chairperson of the Nomination and Remuneration Committee of the Company.

The Independent Directors of your Company have given the certificate of independence to your Company stating that they meet the criteria of independence as mentioned under Section 149(6) of the Companies Act, 2013. Mr. Sanjiv Mehta, Chairman and Managing Director have been appointed for a term of five years in accordance with the relevant provisions of Companies Act, 2013, and is not eligible to retire by rotation.

The details of training and familiarisation programme and Annual Board Evaluation process for Directors have been provided under the Corporate Governance Report. The policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director, and also remuneration for key managerial personnel and other employees, forms part of the Corporate Governance Report of this Annual Report.

MANAGEMENT COMMITTEE

The day-to-day management of the Company is vested with the Management Committee, which is subjected to the overall superintendence and control of the Board. The Management Committee is headed by the Managing Director and has Functional / Business Heads as its members. During the year, Ms. Geetu Verma, Executive Director, Foods and a Member of Management Committee was appointed as Global Vice President-Nutrition & Natural Platforms, Unilever. In view

of the integration of the Foods and Refreshments categories Mr. Sudhir Sitapati, Executive Director, Refreshments was re-designated as an Executive Director, Foods & Refreshment.

The Board of Directors based on the recommendation of the Nomination and Remuneration Committee held on 3rd May, 2019 appointed Ms. Anuradha Razdan as Executive Director, Human Resource in place of Mr. B. P. Biddappa and Dr. Vibhav Sanzgiri was appointed as Executive Director, Research and Development effective 1st June, 2019.

AUDITORS

M/s. BSR & Co. LLP, Chartered Accountants were appointed as Statutory Auditors of your Company at the Annual General Meeting held on 30th June, 2014, for a term of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the firm of Statutory Auditors can be re-appointed for a further period of five years.

A resolution proposing re-appointment of M/s. BSR & Co. LLP as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013 forms part of the Notice of Annual General Meeting.

The Report given by the Auditors on the financial statement of the Company is part of this Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

M/s. RA & Co., Cost Accountants carried out the cost audit for applicable businesses during the year. The Board of Directors have appointed M/s. RA & Co., Cost Accountants as Cost Auditors for the financial year 2019-20.

STAKEHOLDER ENGAGEMENT

Our multi-stakeholder model aims to respect the interests of and be responsive towards all stakeholders.

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, which is the statement of values and represents the standard of conduct for everyone associated with your Company, and the Code Policies guide how we interact with the partners, suppliers, customers, employees, shareholders, government, Non-Governmental Organisations (NGOs), trade associations and industry bodies. Through the underlined standards set in CoBP and Code policies, your Company is committed to transparency, honesty, integrity and openness in all its engagements with the various stakeholders.

OUTLOOK

From a medium to long-term perspective, FMCG markets continue to offer sizeable headroom for growth by increasing consumption and penetration. Secular trends of young population, growing affluence, rising urbanisation and burgeoning digital connectivity will increase awareness, drive premiumisation and enhance spending patterns of consumers.

India continues to be one of the fastest growing economies in the world and this is expected to continue in the financial year 2019-20. The demand trends in the markets is stable and the government initiatives such as increases to Minimum Support Price (MSP), provision of health insurance, direct income

distribution etc. will lend further impetus to the rural economy. Inclusive GDP growth will augur well for the overall economy. Commodity inflation, potential disruptions due to global events and a below normal monsoon this year are possible headwinds which the business will need to navigate with caution.

Your Company, with its brands, talent and investment in digital capabilities, is well placed to leverage the FMCG opportunity. Your Company's strategy to lead premiumisation, market development, build channels of the future whilst keeping the sustainable living plan at its core, will enable it to create long-term value for all stakeholders.

Your Company will continue to focus on being Purpose-led and Future fit.

RESPONSIBILITY STATEMENT

The Directors confirm that:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- They have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- They have prepared the annual accounts on ongoing concern basis;
- They have laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively; and

- They have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

APPRECIATIONS AND ACKNOWLEDGMENTS

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain an industry leader.

Your Directors would also like to acknowledge the excellent contribution by Unilever to your Company in providing the latest innovations, technological improvements and marketing inputs across almost all categories in which it operates. This has enabled the Company to provide higher levels of consumer delight through continuous improvement in existing products, and introduction of new products.

The Board places on record its appreciation for the support and co-operation your Company has been receiving from its suppliers, distributors, retailers, business partners and others associated with it as its trading partners. Your Company looks upon them as partners in its progress and has shared with them the rewards of growth. It will be your Company's endeavour to build and nurture strong links with the trade based on mutuality of benefits, respect for and co-operation with each other, consistent with consumer interests.

Your Directors also take this opportunity to thank all Shareholders, Clients, Vendors, Banks, Government and Regulatory Authorities and Stock Exchanges, for their continued support.

On behalf of the Board

Sanjiv Mehta

Chairman and
Managing Director
(DIN: 06699923)

Mumbai, 3rd May, 2019

Annexure to the Report of Board of Directors

Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i. Ratio of the remuneration of each Executive Director to the median remuneration of the Employees of the Company for the financial year 2018-19, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and other Executive Director(s) and Company Secretary during the financial year 2018-19.

Sr. No	Name of Director(s) / KMP	Designation	Ratio of remuneration of each Director to median remuneration of Employees	Percentage increase in Remuneration
1	Sanjiv Mehta	Chairman and Managing Director	194.00	} Refer Note iv.
2	Srinivas Phatak	Executive Director, Finance & IT and CFO	51.00	
3	Pradeep Banerjee	Executive Director, Supply Chain	82.00	
4	Dev Bajpai	Executive Director, Legal and Corporate Affairs and Company Secretary	70.00	

- ii. The percentage increase in the median remuneration of Employees for the financial year was 4.2%.
- iii. The Company has 5,645 permanent Employees on the rolls of Company as on 31st March, 2019.
- iv. Average increase made in the salaries of Employees other than the managerial personnel in the financial year was 7% whereas the target increase in the managerial remuneration was 6%. The average increases every year is an outcome of Company's market competitiveness as against its peer group companies. In keeping with our reward philosophy and benchmarking results, the increases this year reflect the market practice.
- v. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

Note:

- a) The Non-Executive Directors of the Company are entitled for sitting fees and commission as per the statutory provisions and within the limits approved by the Members. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report and is governed by the Differential Remuneration Policy, as detailed in the said report. The ratio of remuneration and percentage increase for Non-Executive Directors Remuneration is therefore not considered for the purpose above.
- b) Percentage increase in remuneration indicates annual target total compensation increases, as approved by the Nomination and Remuneration Committee of the Company during the financial year 2018-19.
- c) Employees for the purpose above includes all employees excluding employees governed under collective bargaining.

Particulars of Loans, Guarantees or Investments

AMOUNT OUTSTANDING AS AT 31ST MARCH, 2019

(₹ crores)

Particulars	Amount
Loans given	191
Guarantee given	8
Investments made	2,949

LOAN, GUARANTEE AND INVESTMENTS MADE DURING THE FINANCIAL YEAR 2018-19

Name of the Entity	Relation	Amount (In crores)	Particulars of loan, guarantee and investments	Purpose for which the guarantee and investments are proposed to be utilised
Lakme Lever Private Limited	Subsidiary	78	Loan	Business purpose
Unilever India Exports Limited	Subsidiary	170	Loan	Business purpose
Mutual Funds [#]	-	-17	Investments	Cash Management

[#]For details refer to Note 6 of Notes to the financial statements

Mumbai, 3rd May, 2019

On behalf of the Board

Sanjiv Mehta
Chairman and Managing Director
(DIN: 06699923)

Annexure to the Report of Board of Directors

Extract of Annual Return

Form No. MGT-9

(As on the Financial Year ended on 31st March, 2019)
[Pursuant to Section 92(3) of the Companies Act, 2013 and
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	L15140MH1933PLC002030
ii)	Registration Date	:	17th October, 1933
iii)	Name of the Company	:	Hindustan Unilever Limited
iv)	Category / Sub-Category of the Company	:	Public Company / Subsidiary of Foreign Company limited by shares
v)	Address of the Registered Office and contact details	:	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099. Tel : 022 39832285/39832452 E-mail : levercare.shareholder@unilever.com Website : www.hul.co.in
vi)	Whether listed company	:	Yes
vii)	Name, Address and contact details of Registrar and Transfer Agent, if any	:	M/s. Karvy Fintech Private Limited, (Formerly known as Karvy Computershare Private Limited), Unit : Hindustan Unilever Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad - 500 032 Phone : +91 - 40 - 67161500, 67162222 Fax : +91 - 40 - 23431551 Toll Free no.: 1800-345-4001 E-mail : einward.ris@karvy.com Website : www.karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (Activities contributing 10% or more of the turnover)

Sr. No.	Name and Description of Products	NIC Code of the Product	% to total turnover of the Company
1	Soaps	20231	28.4 %
2	Detergents	20233	20.8 %
3	Cosmetics & Toiletries	20237	16.8 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE 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, Dist. 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 Share holding

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	67.19	-
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	67.19	-
B. Public Shareholding									
1. Institutions									
- Mutual Funds	3,54,84,654	39,244	3,55,23,898	1.64	4,62,00,855	38,744	4,62,39,599	2.14	0.50
- Alternate Investment Funds	5,48,333	-	5,48,333	0.03	7,46,444	-	7,46,444	0.03	-
- Banks / Financial Institutions	1,59,47,050	1,28,190	1,60,75,240	0.74	1,19,46,627	1,29,110	1,20,75,737	0.56	-0.18
- State Government	-	20	20	-	-	20	20	-	-
- Insurance Companies	9,60,91,021	9,500	9,61,00,521	4.44	9,31,76,602	9,500	9,31,86,102	4.30	-0.14
- Foreign Institutional Investors	27,19,32,775	28,460	27,19,61,235	12.56	25,60,42,230	27,340	25,60,69,570	11.83	-0.73
Sub-total (B)(1):-	42,00,03,833	2,05,414	42,02,09,247	19.41	40,81,12,758	2,04,714	40,83,17,472	18.86	-0.55
2. Non-Institutions									
- Bodies Corporates									
i) Indian	2,52,30,800	3,42,730	2,55,73,530	1.18	3,75,15,690	2,89,020	3,78,04,710	1.75	0.57
ii) Overseas	500	-	500	-	500	-	500	-	-
- Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	20,16,67,651	3,96,20,319	24,12,87,970	11.15	20,58,78,659	3,28,98,424	23,87,77,083	11.03	-0.12
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	39,95,743	7,10,350	47,06,093	0.22	34,96,284	7,10,350	42,06,634	0.18	-0.04
- Others									
i) Trust	51,98,117	-	51,98,117	0.24	59,95,013	-	59,95,013	0.28	0.04
ii) Non Resident Indians	84,74,763	3,84,640	88,59,403	0.41	97,78,534	3,61,170	1,01,39,704	0.47	0.06
iii) Foreign Nationals	35,669	120	35,789	-	12,259	120	12,379	-	-
iv) Foreign Banks	6,220	-	6,220	-	6,220	-	6,220	-	-
v) Directors & their Relatives	1,25,178	-	1,25,178	0.01	1,11,547	-	1,11,547	0.01	-
vi) Clearing Members	10,21,418	0	10,21,418	0.05	14,20,306	-	14,20,306	0.07	0.02
vii) Qualified Foreign Investor	10,868	-	10,868	-	24,391	-	24,391	-	-
viii) IEPF	30,81,586	-	30,81,586	0.14	34,75,588	-	34,75,588	0.16	0.02
Sub-total (B)(2):-	24,88,48,513	4,10,58,159	28,99,06,672	13.39	26,77,14,991	3,42,59,084	30,19,74,075	13.95	0.55
TOTAL PUBLIC SHAREHOLDING (B)=(B)(1) + (B)(2)	66,88,52,346	4,12,63,573	71,01,15,919	32.81	66,88,52,346	4,12,63,573	71,01,15,919	32.81	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B+C)	212,32,65,204	4,12,63,573	216,45,28,777	100.00	213,02,40,607	3,44,63,798	216,47,04,405	100.00	-

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 Shares total of the Company	% of Shares Pledged/ Encumbered to total shares	No. of Shares	% of Shares total 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 BV	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	67.19*	-	-

*Percentage rounded off

iii) Change in Promoters' Shareholding

There are no changes in the Promoter's shareholding during the Financial Year 2018-19.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31st March, 2019:

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	6,67,50,072	3.08	6,67,50,072	3.08
	Bought during the year	1,32,39,625	0.61	7,99,89,697	3.69
	Sold during the year	97,82,677	0.45	7,02,07,020	3.24
	At the end of the year	7,02,07,020	3.24	7,02,07,020	3.24
2	Nomura India Investment Fund Mother Fund				
	At the beginning of the year	1,26,92,465	0.59	1,26,92,465	0.59
	Bought during the year	3,01,843	0.01	1,29,94,308	0.60
	Sold during the year	1,00,000	0.00	1,28,94,308	0.60
	At the end of the year	1,28,94,308	0.60	1,28,94,308	0.60
3	Vanguard Emerging Markets Stock Index Fund, A Series				
	At the beginning of the year	1,17,96,203	0.54	1,17,96,203	0.54
	Bought during the year	4,33,197	0.02	1,22,29,400	0.56
	Sold during the year	11,12,968	0.05	1,11,16,432	0.51
	At the end of the year	1,11,16,432	0.51	1,11,16,432	0.51
4	Vanguard Total International Stock Index Fund				
	At the beginning of the year	95,07,725	0.44	95,07,725	0.44
	Bought during the year	16,00,598	0.07	1,11,08,323	0.51
	Sold during the year	75,664	0.00	1,10,32,659	0.51
	At the end of the year	1,10,32,659	0.51	1,10,32,659	0.51
5	Life Insurance Corporation of India P & GS Fund				
	At the beginning of the year	1,41,52,133	0.65	1,41,52,133	0.65
	Bought during the year	10,28,713	0.05	1,51,80,846	0.70
	Sold during the year	50,77,637	0.23	1,01,03,209	0.47
	At the end of the year	1,01,03,209	0.47	1,01,03,209	0.47

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	The New India Assurance Company Limited				
	At the beginning of the year	1,16,94,518	0.54	1,16,94,518	0.54
	Bought during the year	0,00	0.00	1,16,94,518	0.54
	Sold during the year	18,93,845	0.09	98,00,673	0.45
	At the end of the year	98,00,673	0.45	98,00,673	0.45
7	General Insurance Corporation of India				
	At the beginning of the year	91,60,940	0.42	91,60,940	0.42
	Bought during the year	0,00	0.00	91,60,940	0.42
	Sold during the year	7,65,242	0.03	83,95,698	0.39
	At the end of the year	83,95,698	0.39	83,95,698	0.39
8	ICICI Prudential Life Insurance Company Limited				
	At the beginning of the year	11,06,713	0.05	11,06,713	0.05
	Bought during the year	79,37,087	0.37	90,43,800	0.42
	Sold during the year	10,81,829	0.05	79,61,971	0.37
	At the end of the year	79,61,971	0.37	79,61,971	0.37
9	SBI-ETF NIFTY 50				
	At the beginning of the year	56,02,793	0.26	56,02,793	0.26
	Bought during the year	22,85,593	0.10	78,88,386	0.36
	Sold during the year	43,156	0.00	78,45,230	0.36
	At the end of the year	78,45,230	0.36	78,45,230	0.36
10	Government of Singapore				
	At the beginning of the year	53,38,577	0.25	53,38,577	0.25
	Bought during the year	30,00,337	0.14	83,38,914	0.39
	Sold during the year	14,48,828	0.07	68,90,086	0.32
	At the end of the year	68,90,086	0.32	68,90,086	0.32

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:

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	-
3	Mr. Pradeep Banerjee				
	At the beginning of the year	52,886	-	52,886	-
	Bought during the year	2,591*	-	55,477	-
	Sold during the year	-	-	55,477	-
	At the end of the year	55,477	-	55,477	-

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
4	Mr. S. Ramadorai				
	At the beginning of the year	35	-	35	-
	Bought during the year	-	-	35	-
	Sold during the year	-	-	35	-
	At the end of the year	35	-	35	-
5	Mr. Dev Bajpai				
	At the beginning of the year	39,909	-	39,909	-
	Bought during the year	5,908*	-	45,817	-
	Sold during the year	-	-	45,817	-
	At the end of the year	45,817	-	45,817	-

*Shares allotted under ESOP.

Notes :

1. Mr. Aditya Narayan, Mr. O. P. Bhatt, Dr. Sanjiv Misra, Ms. Kalpana Morparia and Mr. Leo Puri (appointed as an Independent Director of the Company w.e.f. 12th October, 2018) did not hold any shares of the Company during the financial year 2018-19.
2. Mr. Harish Manwani ceased to be the Non-Executive Chairman of the Company w.e.f. 30th June, 2018. His shareholding in the Company at the beginning of the year and at the time of cessation as Non-Executive Chairman of the Company was 22,130 shares.

V. INDEBTEDNESS

The Company had no indebtedness with respect to secured or Unsecured Loans or Deposits during the financial year 2018-19.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and Key Managerial Personnel:

Sr. No.	Particulars of Remuneration	NAME OF THE MD / WTD / KMP				Total Amount
		Sanjiv Mehta	Srinivas Phatak	Pradeep Banerjee	Dev Bajpai	
		Chairman and Managing Director	Executive Director, Finance and IT & Chief Financial Officer	Executive Director, Supply Chain	Executive Director, Legal and Corporate Affairs & Company Secretary	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	880	219	240	223	1,562
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	113	1	-	1	115
	(c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	273	189	29	159	650
2.	Stock Option	579	43	171	252	1,045
3.	Sweat Equity	-	-	-	-	-
4.	Commission	-	-	-	-	-
5.	Others (Contribution to PF, Superannuation and Consultancy fees)	43	40	145*	40	268
	TOTAL (A)	1,888	492	585	675	3,640
	Ceiling as per the Act	₹ 84,568 lakhs (being 10% of Net Profits of the Company has calculated as per Section 198 of the Companies Act, 2013)				

* Consultancy fees paid to Pradeep Banerjee Associates LLP.

B. Remuneration to other Directors:

Particulars of Remuneration	Name of other Directors							(₹ lakhs)
	Chairman*	Independent Directors						Total Amount
	Harish Manwani	Aditya Narayan	S. Ramadorai	O.P. Bhatt	Sanjiv Misra	Kalpna Morparia	Leo Puri [§]	
- Fee for attending Board / Committee meetings	-	7.20	6.30	7.80	7.20	2.10	2.70	33.30
- Commission [#]	25.50 [*]	24.00	32.77 [^]	26.00	23.00	19.50	14.50 ^{**}	165.27
TOTAL (B)	25.50	31.20	39.07	33.80	30.20	21.60	17.20	198.57
Ceiling as per the Act	₹ 8,457 lakhs (being 1% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)							
TOTAL MANAGERIAL REMUNERATION = (A+B)								
Overall Ceiling as per the Act	₹ 93,025 lakhs (being 11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)							

* Mr. Harish Manwani, ceased to be a Non-Executive Non-Independent Director of the Company w.e.f. 30th June, 2018. The commission for 1st April, 2018 to 29th June, 2018 will be paid, subject to deduction of tax, after adoption of accounts by the members at the AGM to be held on Saturday, 29th June, 2019. The Commission mentioned includes ₹ 10 lakhs paid to Mr. Harish Manwani, as one time commission at the time of stepping down from the Board of the Company in accordance with the Remuneration Policy applicable to Non-Executive Directors.

[#] The commission for the Financial year ended 31st March, 2019 will be paid after adoption of accounts by the shareholders at the AGM to be held on 29th June, 2019.

[§] Mr. Leo Puri appointed as a member of Audit Committee and Nomination and Remuneration Committee w.e.f. 12th October, 2018.

[^] Includes ₹ 10 lakhs to be paid to Mr. S. Ramadorai, as one time commission at the time of stepping down from the Board of the Company in accordance with the Remuneration Policy applicable to Non-Executive Directors.

^{**} Pro-rata annual commission

VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of Companies Act against the Company or its Directors or other officers in default, if any, during the year.

On behalf of the Board

Sanjiv Mehta
Chairman and Managing Director
(DIN: 06699923)

Mumbai, 3rd May, 2019

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 of 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 <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

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 water conservation and farm-based livelihood initiatives, cumulatively we have created water saving potential of over 700 billion litres, generating over 0.80 million tonnes of additional agriculture production and over 7.5 million person days of employment till financial year 2017-18. In financial year 2018-19, HUF's water conservation capacity stood at 900 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 lakh adults for an entire year.

ii. Swachh Aaad Swachh Bharat

'Swachh Aaad, 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 2018, the programme continued to promote good health and hygiene practices by stressing the need to adopt three clean habits ('Swachh Aaad') of washing hands five times a day, using a toilet for defecation and adopting safe drinking water practices.

A part of SASB, Swachhata Doot is a volunteering programme that enables any person to become a change agent in his / her community. During 2018, through more than 2,000 employees working at the Company's factories, we reached out to six million people through this programme. Till date 13.5 million people have been reached through the Swachhata Doot programme.

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 your Company that contributes to SASB. 'Suvidha' is a first-of-its-kind urban water, hygiene and sanitation community centre in one of the largest slums in Mumbai. The community centre provides drinking water, sanitation, handwashing, shower facilities and laundry services at an affordable cost. Your Company has entered into partnership with HSBC to set-up four more Suvidha centres.

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

*pending independent assurance

has reached out to 1.1 million people by end of March 2019.

iii. Project Shakti

Project Shakti is your Company's initiative which 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 1,09,100 Shakti Entrepreneurs whom we call 'Shakti Ammas'. This programme has helped Shakti Entrepreneurs gain selling skills, become self-confident, improve their self-esteem, learn negotiating and 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 India¹. 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 per cent². 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 till date, your Company has reached out to over 68 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.

v. Plastic Waste Management

Your Company has made clear commitments to make 100% of our 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.

Your Company has done significant work in this area. In 2018, your Company has collected a total of about 20,000 tonnes of plastics in partnership

with NGOs and start-ups in more than 20 cities across India. During the year, through a partnership with 'waste to electricity installation', your Company has been able to process approximately 15,000 tonnes of plastic waste and convert it into electricity. The balance has been used for co-processing in Cement Kilns. The 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. To identify, advocate and create awareness in the area of waste management, your Company has partnered with Xynteo India Private Limited to create 'India 2022 Coalition' which is a purpose-driven coalition facilitated by reputed Indian and multi-national companies. The mission of this coalition is to leverage the power of collaboration to unlock future-fit growth opportunities. Your Company has also 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.

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 30 locations across the country. It has directly benefited over 2.9 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 five years.

In 2018, under the pillar of enhancing livelihoods, Prabhat launched a unique initiative 'Project Moo' in partnership with Uday (AVTEG Pvt Ltd) to improve milk productivity in cattle and enhance farmers' income through an app-based dairy farming solution. Prabhat also launched the School Contact Programme (SCP) on Nutrition last year wherein HUL employees volunteered as Nutrition Ambassadors explaining the importance of healthy eating and healthy living to school children. Through the project, we have reached out to more than 46,000 school children during last year.

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

¹<https://data.unicef.org/country/ind/>

²<http://unicef.in/story/129/fast-facts-and-figures-about-handwashing>

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 0.28 million people in 101 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.

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 350-400 inmates at Asha Daan. During the year, your Company contributed to the Project for re-development of Asha Daan with the objective of taking better care of the inmates by providing them better facilities.

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 3,30,000 patients have been treated in these service camps since its inception in 2003. In 2018 alone, nearly 16,297 patients were treated through this programme.

x. Ankur

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

xi. Kerala Flood Relief

Your Company has always been at the forefront while responding to a call for national duty and has contributed generous amounts for upliftment of communities hit by natural disasters. Last year during Kerala floods, your Company contributed ₹ 1 crore towards the Chief Minister's Distress Relief Fund and provided essential products such as Pureit water purifier, soap, sanitizer, toothpaste, Atta and more as immediate relief during floods. Your Company is also contributing towards rebuilding homes in the affected areas.

xii. Supporting Healthcare

Your Company also contributed towards the Breach Candy Hospital Trust for upgradation of infrastructure and the Cancer Society and other medical institutions to support healthcare.

Section B

Improving Health and Well-being:

i. Safe Drinking Water

Your Company's Pureit water purifier provides safe drinking water without the hassles of boiling or continuous tap water supply. This enables complete protection from all water-borne diseases. In India, Pureit has provided over 89 billion litres of safe drinking water till date.

ii. Nutrition and Well-being 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 2018, in India 46% of your Company's total food and refreshment portfolio met the highest nutritional standards.

iii. Dove Self-Esteem programme

In India, 6 in 10 girls say they do not have high body esteem¹. Dove's mission is to ensure that the next generation grows up enjoying a positive relationship with the way they look 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 2018, CO₂ emissions per tonne of our production reduced by 59%*. There was an increase in share of renewable energy at your Company's sites to 43%*. Water usage (cubic meter per tonne of production) in manufacturing operations reduced by 55%*. Total waste generated from the factories reduced by 58%*. 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

Your Company has a clear roadmap to achieve the bold commitment to source 100% of agricultural raw materials sustainably by 2020. In 2018, 100%

* compared to 2008 baseline.

¹The 2017 Dove Global Girls Beauty and Confidence Report

of tomatoes used in Kissan ketchup continued to be sourced sustainably. In 2018, over 65% of tea in India procured for Unilever brands was sourced from sustainable sources.

Enhancing Livelihoods:

i. Fair & Lovely Career Foundation

Fair & Lovely Career Foundation is a mobile platform designed to help women create an identity for themselves 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 inadequate availability of 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 600,000 women have enrolled to date on the platform and approximately 200,000 women have accessed career guidance resources and online courses, and 50,000 women have opted for job-oriented tests and profile builder.

ii. Clinic Plus Scholarship

The scholarship is an opportunity for mothers to help their daughters of class 5th to 12th complete secondary education and fulfil their daughter's dreams by supporting their education. In 2018, over 124 girls were awarded a scholarship of ₹ 6,000 each.

iii. Rin Career Ready Academy

Rin Career Ready Academy aims to inspire, educate and equip the youth from modest backgrounds with

skills in English training, delivered step-by-step online or through mobile phone. The academy offers a 'Tele-Conferencing' module where students can speak to a 'real' teacher instead of an automated voice. We also have a web course available on www.rin.in. So far, over 5,20,000 people have benefitted from this programme.

iv. Kwaliti Wall's Vending Operations

Our Kwaliti Wall's mobile vending initiative 'I am Wall's', has provided entrepreneurship opportunities to 14,566 people across India. This programme has helped vendors become self-sufficient micro-entrepreneurs selling ice creams on the move.

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:	6,20,971
2 Prescribed CSR Expenditure	12,419
3 Details of CSR spends during the financial year 2018-19:	
a. Total amount to be spent for the financial year (2% of Average Net Profit for the last 3 financial years)	12,419
b. Total amount spent during the financial year	12,645
c. Amount unspent, if any	Nil

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)	Amount spent on the project/programme		Cumulative expenditure up to 31st March, 2019	Amount spent Direct / through implementing agency
					Direct expenditure	Overheads		
1	Project Shakti	(ii)	PAN India	4,335	4,335	0	4,335	Direct
2	Swachh Aadat Swachh Bharat	(i)	PAN India	4,781	4,781	0	4,781	Direct
3	Water Conservation Project	(iv)	PAN India	895	570	325	895	Implementing Agencies (Multiple NGOs) (Note 2 [i])
4	Asha Daan	(iii)	Mumbai	1,475	1,475	0	1,475	Implementing Agencies (Missionaries of Charity)
5	Project Prabhat	(x)	PAN India	608	600	8	608	Implementing Agencies (Note 2 [ii])
6	Sanjeevani	(i)	Assam	68	68	0	68	Direct
7	Ankur	(iii)	Assam	33	33	0	33	Direct
8	CM Relief Fund	(iii)	Kerala	100	100	0	100	Direct
9	Contribution to Medical Institutions	(i)	PAN India	350	350	0	350	Direct
TOTAL				12,645	12,312	333	12,645	

Note 1:

- (i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water, including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- (x) rural development projects

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.

Note 2 (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 ₹ 394.66 lakhs on Fair & Lovely Foundation and ₹ 60 lakhs on Rin Career Ready Academy in accordance with the CSR Policy of the Company. However, these spends have not been considered for the purpose of computing prescribed CSR spend of two percent of the Average Net Profits.

On behalf of the CSR Committee

Sanjiv Mehta

Chairman and Managing Director
(DIN : 06699923)

O. P. Bhatt

Chairman, CSR Committee
(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 - 400099
4. Website	www.hul.co.in
5. E-mail id	levercare.shareholder@unilever.com
6. Financial Year reported	1st April, 2018 to 31st March, 2019
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 Wash, Household Care and Water Business) • Beauty & Personal Care (Personal Wash, 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	
i. Number of International Locations	None
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 • Regional Office (West): Uttara, Plot No. 2, Sector No. 11, CBD Belapur, Navi Mumbai - 400 614 • Regional Office (North): Block No. A, Plot No. B, South City I, Delhi - Jaipur Highway, Gurgaon - 122 001 • Regional Office (South): 101, Santhome High Road, Chennai - 600 028 • Regional Office (Central): Office Space Number 101, 102, 103, 108 and 109, Shalimar Titanium, Vibhuti Khand, Gomti Nagar, Lucknow - 226 010 Uttar Pradesh • 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 - 452001, Madhya Pradesh <p>Details of manufacturing locations forms part of this Report.</p>
10. Markets served by the Company	India

SECTION B – FINANCIAL DETAILS OF THE COMPANY

	(lakhs)
1. Paid up Capital	21,647
2. Total Turnover	3,765,998
3. Total profit after taxes	603,616
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of average Net profit of the company for last 3 financial years:	2.04% (₹ 12,645 lakhs)
5. List of activities in which expenditure in 4 above has been incurred : Please refer to CSR Annual Report which forms part of this Annual Report.	

SECTION C – OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?	As on 31st March, 2019, 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)?	
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 works with stakeholders in its extended value chain through its business responsibility initiatives. 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 this 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

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.

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 2: Products Lifecycle Sustainability [P2]

Principle 3: Employees' Well-being [P3]

Principle 4: Stakeholder Engagement [P4]

Principle 5: Human Rights [P5]

Principle 6: Environment [P6]

Principle 7: Policy Advocacy [P7]

Principle 8: Inclusive Growth [P8]

Principle 9: Customer Value [P9]

(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 conforms 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 Unilever Sustainable Living Plan (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/sustainable-living/india-sustainability-initiatives/>. In line with the requirements of the Companies Act, 2013, your Company has also published the CSR Annual Report which forms part of this Annual Report. The CSR Annual Report and this Business Responsibility Report can be accessed at <https://www.hul.co.in/investor-relations/annual-reports/>.

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 LIFECYCLE

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 supported the water, sanitation and hygiene (WASH) agenda in India. Your Company has reached over 150 million people by end of 2018 through its initiatives in the area of health and well-being and has also contributed to an important national agenda through its Swachh Aadat, Swachh Bharat programme. For further details on our brands with purpose refer to the Report of Board of Directors.

Understanding and managing the environmental impact of your Company's products is crucial to achieving the Unilever Sustainable Living plan 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:

1. **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.
2. **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.
3. **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, 100% of tomatoes used in your Company's Kissan ketchup are from sustainable sources. This sustainable sourcing is enabled through partnerships with various private and Govt bodies. 65% of the tea sourced from India for Unilever brands was from sustainable sources. In 2018, 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 19,000 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 audacious target of eliminating coal from its energy mix by 2020. This will result in substantial reduction in our carbon footprint. Further, your Company shall source 100% of its energy across its operations from renewable sources by 2030.

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 & 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's safety vision is to become an incident-free organisation. The Company sustained consistently low workplace injury rates or Total Recordable Frequency Rate (TRFR) in 2018. During 2018, WCM Safety approach was deployed across all factory sites so that the low TRFR can be sustained and injury severity can be reduced further. Your Company has a Central Safety, Health and Environment Sub-Committee, which is led by the Chairman and Managing Director.

Holistic well-being

Your Company's well-being agenda encompasses four pillars of well-being – physical, mental, emotional and purposeful. Lamplighter is your Company's framework for addressing employee health and well-being and is targeted at improving the health of our people through sharp focus on prevention using analytics through digitised health information and rigorous follow-ups by our dedicated team of medical professionals. In 2018, your Company continued to roll out well-being workshops and health awareness sessions for employees that were attended by over 5,600 employees. It also conducted purpose workshops for over 10,000 employees.

Your Company is successfully running the toll-free helpline in nine languages for its employees to reach out and speak to a counsellor and seek advice on physical and mental health. Your Company has also collaborated with well-being experts to share their insights on holistic well-being. Your Company has also expanded this facility to include face-to-face orientation sessions and street plays to break the stigma around mental health across all our locations in India over the last three years. We offer targeted programs on stress management for

our employees and leaders, and special workshops on mental health support were run for 120 managers.

Your Company also conducted regular workshops on improving nutrition where we invited experts to demonstrate ways of healthy cooking. Along with partners and experts, the Company implemented habit changing interventions that focussed on healthier nutrition, better hydration habits and encouraged increased physical activity through in-house competitions.

Capability building

Apart from physical and mental health, your Company focuses on continuous learning and building organisational capabilities of its people:

- **Sparkle:** It is a technology tool designed for capability management of shop-floor Blue collar employees.
- **Unilever Future Leaders Programme (UFLP):** Your Company identifies talent early and invests to build capability through this flagship programme.
- **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, 20% through coaching, short-term projects and exposures and 10% through classroom, virtual and e-learning.
- **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 ensure we move towards a gender balanced organisation. Two additional pillars of inclusion of LGBT and persons with disability have also been incorporated into the D&I charter for the Company.

Your Company has a Diversity and Inclusion Leadership Team comprising of senior leaders across functions championing the D&I agenda both internally as well as externally.

- **Gender Balance:** In 2018, women comprised more than 40% of our managers. The progress continues on account of enablers such as focusing on hiring top women talent through both UFLP and mid-career recruits, providing career development and mentorship opportunities, agile working and parental support arrangements, etc. The Company's onsite Day-Care Centre in Mumbai is an award winning one, providing child care support to parents on site.
- **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 15 of our sites already audited and work underway to convert them.

- **LGBT Inclusion:** The Company is taking first steps towards inclusion of LGBT employees through inclusive policies and benefits, converting infrastructure and a powerful awareness and culture campaign to nudge the culture towards pride and allyship.

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 to ensure a harassment-free workspace for the employees. Sexual harassment cases are dealt with as per the Company Policy on Prevention of Sexual Harassment and the CoBP and applicable laws. Communication is sent to all employees on a regular basis on various aspects of prevention of sexual harassment at work through e-articles and other means of communication. During the year 2018-19, four complaints with allegation of sexual harassment were filed with the Company and the same has been handled as per the provisions of the Prevention of Sexual Harassment Act. More than 1500 people were trained on preventing sexual harassment and related topics. Training included:

- New Joiners / Trainees / Interns / Third-party business partners were inducted on the subject of Prevention of Sexual Harassment of Women at Workplace.
- Employees across locations were taken through a refresher programme on 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 5,645 employees (excluding workmen), over 5,000 employees are employed on contractual / temporary basis as on 31st March, 2019.

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 105+ employee associations across your Company.

More than 10,000 permanent employees are members of these associations. There are over 104 female shop-floor Blue collar employees and over 15 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 more than 1900 employees across India.

Managing grievances

Your Company's grievance redressal mechanisms ensure that all employees 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 year, there have been no complaints alleging child labour, forced labour, involuntary labour and discriminatory employment.

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

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. 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 move the needle on quality of servicing and in-market execution by getting closer to the customers, shoppers and consumers. This approach has strengthened your Company's connect with them across geographical clusters, and will be a source of competitive advantage for years to come.

- **Dial Up The Big Q:** Your Company has been a pioneer in the area of big data and analytics as a tool to drive sustainable growth. Using more than millions of transactions captured every month, your Company uses intelligent analytics at the back-end, to deliver better on-shelf availability 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 strong joint business plans. 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, media releases, Company's website and subject-specific communications. The Annual General Meeting gives the shareholders an opportunity to engage directly 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 Services Department regularly engages with the shareholders to resolve queries, grievances, if any, and provides guidance to shareholders for any Company-related matter. 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 Aaad 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 managers are invited to the Annual Review by the Chairman and Managing Director which is conducted across four metros.
- **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, your Company's vision is to grow the business whilst decoupling the environmental footprint from growth and increasing the positive social impact. To achieve this goal, your Company has taken up ambitious targets of specific reductions in the areas of waste (kg/tonne of production), water (m³/tonne of production) and greenhouse gas emission (kg/tonne of production). The reductions for financial year 2018 based on 2008 baseline are:

- CO₂ emissions (kg/tonne of production) reduced by 59%.
- Water consumption (m³/tonne of production) reduced by 55%.
- Total waste (kg/tonne of production) generated from the factories reduced by 58%.

Your Company also recycles and disposes the waste generated during the manufacturing operations in an environmentally friendly manner. All our manufacturing sites have sustained zero non-hazardous waste to landfills status since 2014. The Company has also embraced 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 reduction were captive rainwater harvesting and use in processes and utilities make-up, increase in condensate recoveries, improving efficiency and maximising use of RO plants, reduction of water losses from cooling tower blowdowns.
- **Waste** - Factories have identified reuse opportunities for various non-hazardous waste streams for examples Installation of composting machine in GRF to use canteen

and garden waste. Reduction at source and waste segregation and pre-processing are some of the ongoing practices. All factories are provided with pre-processing facilities to improve recyclability.

- **Energy** - Reduction in total energy footprint through various capital projects ranging from installation of energy efficient pumps, installation of VVFDs, condensate recoveries in Mysore, air compressor heat recovery systems, steam expanders in Rajpura & Dapada.
- **CO₂** - Conversion of TF heater from FO to biofuel in Puducherry, Modification in Thermic fluid heater in Bhuj to use residue in TFH and use of biomass briquette in FBC boiler, Solar initiatives in Chhindwara aided in CO₂ reduction. This is in addition to the increase in renewable energy share.
- The contribution of renewable energy in total energy has increased to 43%.
- **Plastic** - In partnership with a waste to electricity installation we have been able to process ~15000 tonnes of plastic waste and convert it into electricity which is fed to the Grid in 2018. In addition to this ~ 5,000 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 2018.

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 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).

During the year, your Company continued to make significant progress on the matter of its former factory in Kodaikanal. An update on this issue forms part of the Report of Board of Directors.

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 CoBP and Code Policies provide 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 trained officials can interact with these organisations.

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 2018-19 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.

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 program in 2012, which was aligned with USLP. The program has now expanded into a much larger scale in the industry. Through the program, 546k plantation workers (56% of them women workers) and 48.3k SHFs have been positively impacted. 65% of tea in India procured for Unilever brands is from sustainable sources.

Over 19,000 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 1,000 smallholder farmers benefit from the program.

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 more than 1,09,100 micro-entrepreneurs as a part of Project Shakti.

Empowering communities through Prabhat

Project Prabhat is the 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. It aims to create sustainable communities in and around HUL sites through focussed interventions on Livelihood, Water Conservation, Nutrition and Health & Hygiene.

Project Prabhat has directly impacted over 2.9 million people across 30 locations. More than 5,000 employee volunteers of the Company participated in the volunteering activities under Project Prabhat in the last five years.

Rin Career Ready Academy

Rin Career Ready Academy aims to inspire, educate and equip the youth from modest backgrounds with skills in English speaking, office dressing and interview preparation. So far, over 5.2 lakh 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 3,500 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:

- **Call centres:** The call centres setup for retailers have helped many of your Company's traditional trade customers reach out directly to the Company. The calls received from retail outlets provide useful insights and help the Company understand issues and opportunities in the marketplace better and address them effectively.
- **Partner of choice:** Your Company registered strong growth across all key modern trade 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 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, nutritional values and the health and beauty properties of its products.
- Your Company uses a combination of channels, which include 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, 61 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 56 consumer cases pending.

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 the Company's food and beverage product includes energy per portion information on the front of the pack and percentage GDA for five 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.

On behalf of the Board

Sanjiv Mehta

Chairman and Managing Director
(DIN: 06699923)

Mumbai, 3rd May, 2019