



Hindustan Unilever Limited

MAKING
SUSTAINABLE LIVING
COMMONPLACE

**BUSINESS
RESPONSIBILITY
REPORT 2015-16**

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MAKING SUSTAINABLE LIVING COMMONPLACE

HINDUSTAN UNILEVER BELIEVES THAT BUSINESSES THAT ARE DRIVEN BY A DEEPER SENSE OF PURPOSE CREATE MORE VALUE FOR SHAREHOLDERS.

The simple purpose of your Company is to make sustainable living commonplace. To achieve this purpose your Company embraced the Unilever Sustainable Living Plan (USLP) which is its blueprint for sustainable business. The Plan has three goals of improving health and well-being, reducing environmental impact and enhancing livelihoods. The USLP is helping your Company to decouple its growth from the environmental impact while increasing the positive social impact, driving profitable growth for your Company's brands, saving costs and fueling innovation.

USLP provides the bedrock on which the sustainability initiatives of your Company are built around the three goals mentioned above. USLP also contributes to activities listed in the 'National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business (NVGs)' notified by the Ministry of Corporate Affairs, Government of India as well as activities listed in Schedule VII of Section 135 of the Companies Act, 2013.

This report describes activities of the Company under each of the nine principles as outlined in the NVGs.



SECTION A – GENERAL INFORMATION ABOUT THE COMPANY	
1. Corporate Identity Number (CIN) of the Company	L15140MH1933PLC002030
2. Name of the Company	Hindustan Unilever Limited
3. Registered address	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099
4. Website	www.hul.co.in
5. E-mail id	levercare.shareholder@unilever.com
6. Financial Year reported	1st April, 2015 to 31st March, 2016.
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
8. List three key products/services that the Company manufactures/provides (as in balance sheet)	<ul style="list-style-type: none"> • Soaps & Detergents (including Skin Cleansing, Laundry and Household Care) • Personal Products (including Skin care, Hair care, Oral care, Deodorants and Colour Cosmetics) • Beverages (including Tea and Coffee)
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 • Regional Office (East): Brooke House, 9 Shakespere 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, Vibhut iKhand, Gomti Nagar, Lucknow, Uttar Pradesh - 226010 <p>For details of manufacturing locations, please refer to the page no. 201 and 202 of the Annual Report 2015-16.</p>
10. Markets served by the Company	India

(Rs. Lakhs)

SECTION B – FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (Rs.):	21,639
2.	Total Turnover (Rs.):	31,42,527
3.	Total profit after taxes (Rs.):	4,08,237
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of average Net profit of the company for last 3 financial years:	2.00% (Rs. 9,212 Lakhs)

5. List of activities in which expenditure in 4 above has been incurred

(Rs. 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 upto 31st March, 2016	Amount spent Direct / through implementing agency
					Direct expenditure	Overheads		
1	Project Shakti	(ii)	PAN India	4,342	4,342	-	4,342	Direct
2	Swachh Aadat Swachh Bharat	(i)	PAN India	1,847	1,847	-	1,847	Direct
3	Water Conservation Project	(iv)	PAN India	2,125	1,773	352	2,125	Implementing Agencies (Multiple NGOs) (Note 2 [i])
4	Ashadaan	(iii)	Mumbai	172	172	-	172	Implementing Agency (Missionaries of Charity)
5	Project Prabhat	(x)	PAN India	508	484	24	508	Implementing Agency (Note 2 [ii])
6	Sanjivani	(i)	Assam	70	70	-	70	Direct
7	Ankur	(iii)	Assam	22	22	-	22	Direct
8	Solidaridad - Sustainability (Tea Procurement)	(iv)	PAN India	126	126	-	126	Implementing Agency (SREC)
TOTAL				9,212	8,836	376	9,212	

Note 1:

- (i) eradicating hunger, poverty and malnutrition; promoting health care including preventive health care and sanitation including contribution to the 'Swachh Bharat Kosh' set up by the Central Government for the promotion of sanitation and making available safe drinking water;
- (ii) promoting education, including special education and employment enhancing vocational 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 centers 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] :

Foundation for Ecological Society, Mysore Resettlement and Development Agency, Society for Promotion of Eco Friendly Sustainable Development, Development Support Centre, Aga Khan Rural Support Programme (India), DHRUVA, Maharashtra Institute of Technology Transfer for Rural Areas (Khamgaon), Maharashtra Institute of Technology Transfer for Rural Areas (Nashik), Solidaridad Regional Expertise Centre, Watershed Organisation Trust (WOTR), Sanjeevani Institute for Empowerment and Development, Parmarth Samaj Sevi Sansthan, People's Action for National Integration, Professional Assistance for Development Action, International Finance Corporation, Samuha, Baif Institute for Rural Development, Parmarth Samaj Sevi Sansthan- Sumerpur, Sahjeevan, Integrated Rural Development Trust, Samaj Pragati Sahayog.

Note 2 [ii]:

Labournet Services India, Mann Deshi Foundation, TARA International.

SECTION C – OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?	As on 31st March, 2016, the Company has 11 Subsidiary Companies. Hindustan Unilever Foundation and Bhavishya Alliance Child Nutrition Initiatives - both not-for-profit companies are engaged in promoting and implementing the Corporate Social Responsibility agenda and to 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 also contributes 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%]	The Code of Business Principles (CoBP) and the Code Policies set out the standards required from all the employees. Your Company also requires its third-party business partners to adhere to business principles consistent with the Company. These expectation are set out in Responsible Sourcing Policy and Responsible Business Partner Policy, which underpin the third-party compliance programme.

SECTION D – BUSINESS RESPONSIBILITY (BR) INFORMATION

DETAILS OF DIRECTOR/DIRECTORS RESPONSIBLE FOR BR

The Corporate Social Responsibility Committee comprises Mr. O. P. Bhatt as the Chairman and Mr. Aditya Narayan, Dr. Sanjiv Misra, Ms. Kalpana Morparia, Mr. Sanjiv Mehta and Mr. P. B. Balaji as members of the Committee.

The role of Corporate Social Responsibility Committee is as follows:

- formulating and recommending to the Board the CSR Policy and activities to be undertaken by the Company;
- recommending the amount of expenditure to be incurred on CSR activities of the Company;
- reviewing the performance of the Company in area of CSR;
- providing external and independent oversight and guidance on the environmental and social impact of how the Company conducts its business;
- monitoring CSR Policy of the Company from time to time;
- monitoring the implementation of the CSR projects or programmes or activities undertaken by the Company;

The Committee is responsible for the implementation of the CSR Policy of the Company. The details of the 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	Chief Executive Officer & Managing Director	06699923
Mr. P. B. Balaji	Executive Director, Finance & IT and Chief Financial Officer	02762983

*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 states that to succeed requires "the highest standards of corporate behaviour towards everyone we work with, the communities we touch, and the environment on which we have an impact."

This purpose is supported by the Code of Business Principles (CoBP) of the Company which describes the operational standards that everyone at Hindustan Unilever Limited follows.

The COBP and USLP framework supplement the requirements under the National Voluntary Guidelines and cover principles beyond the principles enunciated under the National Voluntary Guidelines.

The National Voluntary Guidelines provide the following nine principles.

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

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 Company seek to apply UN Guiding Principles on Business and Human Rights to underpin our own high standards of corporate behaviour. Unilever globally is a founding signatory of the United Nations Global Compact.									
	The USLP Progress Report conforms to Global Reporting Initiative (GRI) indicators.									
4	Has the policy been approved by the Board. If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	The CoBP and the USLP are frameworks adopted by Unilever globally and have been adopted by the Company.									
5	Does the Company have a specified Committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	The CoBP is administered under the overall supervision of the Management Committee of the Company, headed by the Chief Executive Officer 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/about/who-we-are/purpose-and-principles/ 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

GOVERNANCE RELATED TO BR

The Management Committee of the Company reviews complaints, issues and concerns received under the CoBP framework as also 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 Corporate Social Responsibility (CSR) Committee of the Company comprising a

majority of Independent Directors is responsible for formulating, implementing and monitoring the CSR Policy of the Company under the guidance of the Board. The Committee meets at least twice a year to review progress on various sustainability initiatives, including progress under the USLP.

Your Company publishes an update on progress in India under USLP, every year. The USLP India Progress Report 2015

shall be available at

<https://www.unilever.com/sustainable-living/>

In line with the requirements of the Companies Act, 2013, your Company has also published the CSR Annual Report, which forms part of the Directors' Report of the Company.

PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY

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

Your Company has always believed in doing well by doing good. Your Company's founders were businessmen with social conscience addressing the social issues of their days. They laid a strong corporate governance foundation for your Company. Your Company has always lived upto this legacy and is committed to achieve the highest standards of corporate behaviour towards everyone your Company works with, the communities it touches and the environment on which it has an impact.

These standards are captured in your Company's CoBP, Responsible Sourcing Policy and Responsible Business Partner Policy. Everyone associated with your Company has to follow these principles in letter and spirit.

CODE OF BUSINESS PRINCIPLES

The Code of Business Principles comprises of thirteen principles covering business integrity and responsibilities relating to employees, consumers and the environment. All employees, suppliers, distributors and other third parties who work with your Company are expected to observe the CoBP. The copy of the CoBP is available on the website of the Company <https://www.hul.co.in/about/who-we-are/purpose-and-principles/>

Compliance with these principles is an essential element in your Company's business success. The Chief Executive Officer (CEO) through the Management Committee and Business / Unit Heads is responsible for ensuring that the Code is understood and implemented throughout the Company. Your Company periodically cascades the principles embodied under CoBP across the organisation.

Complaints, issues and concerns received under the CoBP framework are duly dealt with and reviewed by the CoBP Committee(s). During 2015-16, a total of 119 grievances and issues from employees and business partners were reported under the CoBP framework and the same were investigated and dealt with in accordance with the CoBP protocols of the Company.

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. Your Company has provided dedicated e-mail addresses - whistleblowing.hul@unilever.com and cobp.hul@unilever.com for reporting such grievances. Alternatively, employees

can also send written communication to the Company. Employees are encouraged to raise any concerns by way of whistle blowing without any fear or threat of being victimised.

The Company Secretary is the designated officer for effective implementation of the Policy and dealing with the complaints registered under the Policy. All cases registered under the CoBP and the Whistle Blower Policy of the Company are reported to the members of the Management Committee and are subject to review by the Audit Committee.

ALL EMPLOYEES, SUPPLIERS, DISTRIBUTORS AND OTHER THIRD PARTIES WHO WORK WITH YOUR COMPANY ARE EXPECTED TO OBSERVE THE CODE OF BUSINESS PRINCIPLES.

PRINCIPLE 2: PRODUCTS LIFECYCLE SUSTAINABILITY

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

It is important for your Company to manage the impacts of its product lifecycle for the success of USLP. The lifecycle of a product covers the entire value chain from sourcing of raw materials, to product manufacture, distribution, consumer use and disposal.

LIFECYCLE ASSESSMENT

Lifecycle assessment (LCA) is one of the many techniques your Company uses to understand the impacts of its products on the environment. Your Company uses LCA in three ways:

1. New product design

When designing new products your Company routinely uses LCA to compare new and existing products and to measure the differences in their respective environmental profiles.

2. Existing product assessment

Your Company conducts LCA on the existing products and ingredients to help identify improvement opportunities, to improve data quality and relevance to the Company's studies and also to support external communications.

3. Science and methodological development

Your Company works on an ongoing basis with partners to develop scientific approaches for LCA. It actively engages in, and promotes the development of new science to improve both the robustness and scope of lifecycle-based approaches and assessment.

Useful information from LCAs is then embedded into the brand communication and used to inform consumers of the social and environmental benefits of the products. In many ways, LCA is the first step to create socially relevant brands.

SOCIALLY RELEVANT BRANDS

Your Company's brands are crafted with a purpose to make a positive difference to the society. These brands not just create

consumer value but are the brands that consumers really value.

Brands such as Lifebuoy, Pureit and Domex have helped to improve health by promoting better health and hygiene habits. Lifebuoy runs one of the largest handwashing programmes in India and has scaled up its programmes year on year with around 65 million people benefiting from it since 2010. Pureit, your Company's innovative water purifier, helps prevent disease, ultimately helping to save lives. It has made purifiers more affordable to low-income consumers.

Your Company's recent 'Swachh Aadat, Swachh Bharat' programme is another example of how brands can play a role in the societal progress. The programme is in line with Government of India's Swachh Bharat Abhiyan (Clean India Mission) to promote good health and hygiene practices. Given the scale of challenges that India faces in the areas of WASH (water, sanitation and hygiene), this programme is an effort to help India realise the goals of Clean India Mission by 2019. It is a first-of-its-kind programme synergising the efforts of your Company's leading brands Lifebuoy, Domex and Pureit in the area of WASH. This programme promotes good health and hygiene practice by stressing the need to adopt three simple good habits ('Swachh Aadat') – washing hands five times a day,

using a toilet for defecation and adopting safe drinking water practices.

Another socially relevant initiative is the Rin Career Academy led by your Company's detergent brand - Rin. The programme aims to inspire, educate and equip the youth from modest backgrounds with skills in English training, office dressing and interviewing. Read more about it in Principle 8 (Inclusive Growth).

For more information about such initiatives by your Company's brands visit <https://www.hul.co.in/brands/brand-stories/> and read the Unilever Sustainable Living Plan India Progress Report 2015 shall be available on <https://www.hul.co.in/sustainable-living>

SUSTAINABLE SOURCING

While being socially relevant, the brands also have to be environmentally sustainable. Your Company has adopted sustainable farming as it is good for the environment and communities as well as your Company's products. It increases yields considerably, mitigates the effects of climate change and provides economic and social benefits to smallholder farmers and rural communities. It helps secure your Company's supplies, reduces risk and volatility in its raw material supply chain.



Your Company sourced 100% of tomatoes used in Kissan ketchup from sustainable sources in 2015. Till date, your Company has reached out to over 5,000 smallholder farmers who grow tomatoes on more than 7,000 acres of land. In 2015 alone, your Company reached out to 3,000 smallholder farmers who grew tomatoes on 4,000 acres of land. Your Company also shared knowledge and expertise with the farmers in sustainable agriculture practices in tomato cultivation which included latest agricultural techniques, irrigation practices and recommendation of the right type of seeds. Execution of good agricultural practices and adoption of drip irrigation systems saw farmers make significant savings in water, labour, pesticide and fertiliser, limiting any negative impact on the environment.

100% OF TOMATOES USED IN KISSAN KETCHUP WERE FROM SUSTAINABLE SOURCES IN 2015.

MANAGING PACKAGING WASTE

In 2015, your Company implemented innovative ways of reducing the resources used for the products' packaging. The focus was on using lighter, stronger and better materials that have a lower environmental impact. This led to over 10,000 tonnes of paper and board waste reduction; and over 840 tonnes of polymer waste reduction. Your Company has also been successful in reducing glass wastage in Foods packaging and wooden stick wastage in Ice Creams. Your Company is exploring alternative to plastic in packaging and also preparing modalities for collection of plastic waste in terms of the requirements of the Plastic Waste Management Rules, 2016.

PRODUCT SAFETY

It is your Company's endeavour to provide consumers and their families with products that are safe and of high quality. All of your Company's products are designed and manufactured to be safe for their intended use.

CoBP of the Company sets out the commitment to provide products and services which are safe and to innovate on the basis of sound science and technology

and applying rigorous standards of product safety.

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 issues with SEAC. Your Company follows stringent guidelines on product quality and rigorous systems and processes are put in place to monitor and control quality of raw materials and products before finished goods are released to the market for consumer use.

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 including selection of products among the range of offerings, product benefit, direction for use and safety of ingredients used in the products.

