

# Purpose-led, future-fit



Hindustan Unilever Limited

Integrated Annual Report 2022-23



# About the report

The terms ‘HUL’, ‘the Company’, ‘your Company’, ‘we’, ‘our’, and ‘us’ refer to Hindustan Unilever Limited. Our Integrated Annual Report encompassing the Statutory Reports contains information about us, how we create value for our stakeholders, and how we run our business. It includes our strategy, business model, market outlook, and key performance indicators. The Report of Board of Directors and the Management Discussion and Analysis include details of our performance as well as our approach to sustainability and risk management. Our Corporate Governance Report that forms a part of the Report of Board of Directors contains an analysis of steps taken in the area of Corporate Governance, including information as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). The Integrated Annual Report, Statutory Reports, and Financial Statements have been approved by the Board of Directors.

### Reporting Standards and Frameworks

This Integrated Annual Report is aligned to:

- a. Integrated Reporting Framework recommended by the International Integrated Reporting Council (IIRC);
- b. the Companies Act, 2013 (and the Rules made thereunder);
- c. Listing Regulations;
- d. Indian Accounting Standards (IND AS);
- e. Secretarial Standards issued by the Institute of Company Secretaries of India;
- f. National Guidelines on Responsible Business Conduct (NGRBC);
- g. United Nations Sustainable Development Goals (UN SDGs)

### Reporting Boundary and Period

This Integrated Annual Report extends beyond financial reporting and includes non-financial performance, opportunities, risks, and outcomes attributable to or associated with our key stakeholders, which have a significant influence on our ability to create value. All the information presented in this report pertains to standalone operations of Hindustan Unilever Limited (unless specifically mentioned otherwise).

The Integrated Annual Report including the Statutory Reports and Audited Financial Statements covers financial and non-financial performance of the Company’s operations for the period from 1st April, 2022 to 31st March, 2023 (unless specifically mentioned otherwise).

### Accountability Statement

To ensure the integrity of facts and information, the Board of Directors and Management of the Company have reviewed the Integrated Annual Report. Further, the Board of Directors confirms that the Integrated Annual Report, taken as a whole, is fair, balanced and provides necessary information to stakeholders on the Company’s performance, business model, and strategy, together with a description of the material risks and opportunities.

### Forward-looking Statement

Statements in this Integrated Annual Report, particularly those that relate to the Management Discussion and Analysis, describing the Company’s objectives, projections, estimates and expectations, generally identified by words such as ‘may’, ‘believe’, ‘outlook’, ‘plan’, ‘anticipate’, ‘continue’, ‘estimate’, and ‘expect’, may constitute forward-looking statements within the meaning of applicable laws and regulations. Such statements are necessarily dependent on projection and trends and constitute our current expectations based on reasonable assumptions. However, the actual results might differ from those expressed or implied in such forward-looking statements due to risks, uncertainties, and other external factors.

Reporting Element	Status of Assurance
Financial Information - Standalone and Consolidated Financial Statements	Audited by Independent Auditors M/s. B S R & Co. LLP, Chartered Accountants
Non-Financial Performance	
(a) Business Responsibility and Sustainability Report (BRSR)	Our key non-financial indicators have been assured by Price Waterhouse Chartered Accountants LLP in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information and ISAE 3410 Assurance Engagements, issued by the International Auditing and Assurance Standards Board (IAASB). The scope and basis of assurance have been described in the Assurance Statement issued by Price Waterhouse Chartered Accountants LLP which forms a part of the BRSR.
(b) HUL Compass ESG Goals	Our Compass sustainability performance is a subset of Unilever PLC’s reported Compass sustainability performance, in respect of which independent limited assurance on certain metrics has been provided by PricewaterhouseCoopers LLP, in accordance with ISAE 3000 (Revised), ISAE 3410 and Institute of Chartered Accountants in England & Wales Code of Ethics as applicable.  Details are available at <a href="https://www.unilever.com/planet-and-society/sustainability-reporting-centre/independent-assurance/">https://www.unilever.com/planet-and-society/sustainability-reporting-centre/independent-assurance/</a>
(c) Compliance with conditions of Corporate Governance as stipulated under the Listing Regulations	Certificate from M/s. B S R & Co., LLP, Chartered Accountants, Statutory Auditors
(d) Compliance with the Companies Act, 2013 applicable Rules made under the Act and Listing Regulations	Certificate from M/s. S. N. Ananthasubramanian & Co., Company Secretaries, Secretarial Auditors
Other non-financial performance information	Internally reviewed and assured by the Management of the Company.

### Materiality Determination

This Integrated Annual Report provides fair and balanced information about the relevant matters that substantively affect the Company’s ability to create value both positively and negatively, including risks and opportunities and favourable and unfavourable performance or prospects. To identify material information or matters, we have taken a holistic perspective by regularly engaging with the various key stakeholders.

### Note:

You can find more information about Hindustan Unilever Limited at [www.hul.co.in](http://www.hul.co.in).  
Find more information about HUL Compass ESG Goals: <https://www.hul.co.in/planet-and-society/>  
Integrated Annual Report along with other related documents can be downloaded: <https://www.hul.co.in/investor-relations/annual-reports/>

# Contents

02	Our Stakeholders
04	Corporate Overview
06	Our History
08	Purpose and Vision
10	HUL Compass ESG Goals
12	Our Value Creation Model
14	Our Wide and Resilient Portfolio
16	Our Geographic Footprint
17	Performance Overview
18	Chairman’s Statement
20	Chief Executive Officer and Managing Director’s Statement
22	Our Financial Highlights
24	Segment Performance
24	Home Care
28	Beauty and Personal Care
32	Foods and Refreshment
36	ESG Highlights
40	Awards and Recognitions
42	Governance Overview
43	Governance Philosophy and Framework
46	Board of Directors and Management Committee
48	Governance Highlights
50	Statutory Reports
50	Report of Board of Directors and Management Discussion and Analysis
51	Our Fast-changing World
53	Stakeholder Engagement and Review
78	Risks and Opportunities
85	Financial Review and Other Statutory Information
98	Annual Report on Corporate Social Responsibility
106	Business Responsibility and Sustainability Report
156	Corporate Governance Report
182	Secretarial Audit Report
185	Financial Statements
186	Standalone Financial Statements
264	Consolidated Financial Statements
346	Subsidiary Companies’ Financial Highlights
348	Notice of Annual General Meeting
348	Notice
366	Profile of Directors
372	Corporate Information







## Consumers

9/10

Households in India use one or more of our brands

&gt;75%

Business winning market shares<sup>1</sup>

19

Brands with turnover exceeding ₹ 1,000 crores per annum



## Customers

~9 Mn

Retailers reached

1.2 Mn

Retailers use our e-B2B app - Shikhar

30%

Digitised demand capture



## Suppliers and business partners

&gt;1,300

Key suppliers

&gt;₹31,000 cr

Material spends

&gt;65 Bn

Units manufactured<sup>2</sup>

1) March'23 MAT Business winning report based on Nielsen market data (HUL relevant categories)

2) HUL including subsidiaries



## Our people

#1

Employer of choice<sup>1</sup>

40%

Gender balance<sup>2</sup>

One of the Best

Organisations for women in 2022 and 2023<sup>3</sup>

## Planet and society

&gt;2.6 Tn litres

Water potential created<sup>4</sup>

97% ↓

Reduction in CO<sub>2</sub> emissions per tonne of production<sup>5</sup>

~9 Mn

People reached through our community development initiative - Prabhat



## Shareholders

₹58,154 cr

Turnover

16% YoY Growth

₹9,962 cr

Profit after tax

13% YoY Growth

₹39

Dividend per share

15% YoY Growth

1) Based on brand perception study by InsideIIM at target B-schools in Aug-Sep 2022

2) HUL including subsidiaries

3) Recognised by the Economic Times as one of the Best Organisations for Women

4) Cumulative and collective water potential created by Hindustan Unilever Foundation along with its partners

5) Compared to 2008 baseline



# Corporate Overview

## About Us

Hindustan Unilever Limited is India's largest Fast Moving Consumer Goods (FMCG) Company with a 90-year heritage in the country. We are a Company of brands and people driven by our purpose of making sustainable living commonplace. Nine out of ten Indian households use one or more of our brands to look good, feel good and get more out of life.

We have a wide and resilient portfolio of 50+ brands, spanning 16 FMCG categories, which are a part of everyday life of millions of consumers across India. We manufacture over 65 billion units annually, that are made available to our consumers through nine million retail outlets and many digital commerce platforms.

Our Compass business strategy integrates sustainability across business operations, enabling us to deliver 4G growth, growth that is consistent, competitive, profitable and responsible. In a rapidly evolving world, where digitisation and sustainability have taken centre stage, we are steadfastly progressing on our purpose-led and future-fit journey.



## Our history

### 90 years of doing well by doing good

It was **1888** when Calcutta harbour received a consignment of crates of 'Sunlight', which marked the beginning of India's largest FMCG company's journey.

On 17th October, **1933**, the Company was incorporated in India and has travelled the past nine decades alongside the country, working towards creating a better future every day, helping people look good, feel good, and get more out of life.



### 1930s

Lever Brothers India Limited incorporated in India — established its first soap factory in Sewri, Bombay.

### 1940s

Company acquired own sales force and agencies in Bombay, Calcutta, and Madras.

### 1950s

Lever Brothers India Limited, Hindustan Vanaspati Manufacturing Company Limited, and United Traders Limited merged in 1956 to form Hindustan Lever Limited (HLL), with 10% Indian equity participation. The issue was oversubscribed nearly six times, and 21,623 Indians came to own a part of the then Hindustan Lever Limited.

### 1960s

India's first research centre in FMCG industry opened in Mumbai in 1967.

### 1970s

The Integrated Rural Development programme began in Etah, Uttar Pradesh, with five villages. It grew to cover over 200 villages within 10 years.

A home for the destitute inaugurated in Byculla, Mumbai along with the Missionaries of Charity, aptly named Asha Daan, a Gift of Hope.



Mr. Morarji Desai, who was then Deputy Prime Minister, inscribes his name on the concrete plaque at the inauguration of the Hindustan Lever Research Center in 1967.



### 1990s

Tata Oil Mills Limited merged with HLL, in the largest M&A in Indian corporate history at the time in 1994.

Brooke Bond Lipton India Limited merged with HLL in 1996.

Lakme Lever Private Limited was formed in 1996.

### 2000s

With the goal of improving hygiene, fighting disease, and generating income for rural women, Project Shakti launched as a pilot in Andhra Pradesh.

The Company's name was changed to Hindustan Unilever Limited (HUL) retaining continued commitment towards its local roots while leveraging the global scale and reputation of Unilever.



### 2010s

HUL embraced the Unilever Sustainable Living Plan (USLP) — committing towards sustainable growth and time-bound targets aimed at positively impacting society and environment.

Hindustan Unilever Foundation (HUF) set-up to support national priorities for socio-economic development by addressing water challenges.

Project 'Prabhat' launched to engage with and contribute to the development of local communities around our manufacturing sites.

The 'Winning in Many Indias' (WiMI) operating framework launched. Three new sales offices setup in Lucknow, Indore, and Bengaluru in addition to the existing sales offices in Delhi, Kolkata, Mumbai, and Chennai.

Re-Imagine HUL launched with an aim to leverage data, harness latest technologies, and emerging business models in order to redefine how HUL engages with consumers, customers, and the way the business operates.



### 2020s

GSK Consumer Healthcare merged with HUL marking the largest M&A deal in Indian FMCG industry. Iconic health food drink brands — Horlicks and Boost became part of HUL's portfolio.

New Compass strategy was announced that fully integrated sustainability across our business operations. At the heart of Compass is our purpose to make sustainable living commonplace.





# Purpose and Vision



## Our Vision

Our vision is to deliver winning performance by being the leader in sustainable business. We will demonstrate how our purpose-led, future-fit business model drives superior performance delivering consistent, competitive, profitable, and responsible growth.

## Our strategic priorities

### Developing our portfolio

Growing the Core

Accelerating Market Development

Driving Premiumisation

### Win with our brands as a force for good, powered by purpose and innovation

Improve the health of the planet

Improve people's health, confidence and wellbeing

Contribute to a fairer, more socially inclusive world

Win with differentiated science and technology

### Lead in the channels of the future

Accelerate pure-play and omni-channel e-Commerce

Strengthen e-B2B presence

Drive category leadership through shopper insight

### Build differentiated structures and capabilities

Empowered Business Units

Winning in Many Indias (WIMI)

Digital transformation (Re-Imagine HUL)

## Our enablers

### Operational excellence through the 5 growth fundamentals

Purposeful Brands

Improved Penetration

Impactful Innovation

Design for Channel

Fuel for Growth

### Leader in sustainable business

Drive climate action to reach net zero

Reduce plastic as part of waste-free world

Regenerate nature and agriculture

Contribute to creating water potential at scale in India

Raise living standards in our value chain

### A growth-focused and purpose-led organisation and culture

Unlock speed and agility of a digitally enabled organisation

Be a beacon for equity, diversity, and inclusion

Leverage power of Unilever-wide capabilities

## Underpinned by our values



### Integrity

We do the right thing in every decision we make, supporting our long term success



### Responsibility

We take care of the people we serve and the world in which we operate



### Respect

We treat people with dignity, honesty and fairness, and celebrate the diversity of people



### Pioneering

We have a passion for leading our industry, winning in the market, and intelligent risk-taking

## For the benefit of our stakeholders



### Consumers



### Customers



### Suppliers and business partners



### Our people



### Planet and society




### Shareholders





# HUL Compass ESG Goals



Win with our brands as a force for good, powered by purpose and innovation.

Improve the health of the planet			Improve people's health, confidence and wellbeing
Climate action	Protect and regenerate nature	Waste-free world	Positive nutrition
<p>Net zero emissions for all our products from sourcing to point of sale by 2039</p> <p>Halve greenhouse gas impact of our products across the lifecycle by 2030</p> <p>Zero emissions in our operations by 2030</p> <p>Replace fossil-fuel derived carbon with renewable or recycled carbon in all our cleaning and laundry product formulations by 2030</p> <p>Communicate a carbon footprint for every product we sell</p>	<p>Deforestation-free supply chain in palm oil, paper and board, tea, soy, and cocoa by 2023</p> <p>Help protect and regenerate land, forests, and oceans by 2030</p> <p>100% sustainable sourcing of our key agricultural crops</p> <p>Empower farmers and smallholders to protect and regenerate farm environments</p> <p>Contribute to 3 trillion litres of water potential in India through HUF by 2025</p> <p>Implement water stewardship programmes in 12 locations in water stressed areas by 2030</p> <p>100% of our ingredients will be biodegradable by 2030</p>	<p>Collect and process more plastic than we sell</p> <p>100% reusable, recyclable or compostable plastic packaging by 2025</p> <p>15% recycled plastic by 2025</p> <p>Halve food waste in our operations by 2025</p> <p>Maintain zero non-hazardous waste to landfill in our factories</p>	<p>Double the number of products sold that deliver positive nutrition by 2025</p> <p>70% of our portfolio to meet WHO-aligned nutritional standards by 2022*</p> <p>95% of packaged ice cream to contain no more than 22g total sugar per serving by 2025</p> <p>95% of packaged ice cream to contain no more than 250 kcal per serving by 2025</p> <p>85% of our Foods portfolio to help consumers reduce their salt intake to no more than 5g per day by 2022*</p>
			<p><small>*From 2023, these commitments will be replaced with a new target to ensure that 85% of our servings meet new Unilever Science-based Nutrition Criteria (USNC) by 2028.</small></p>

### Respect human rights

Respect and promote human rights and the effective implementation of the UN Guiding Principles, and ensure compliance with our Responsible Partner Policy.



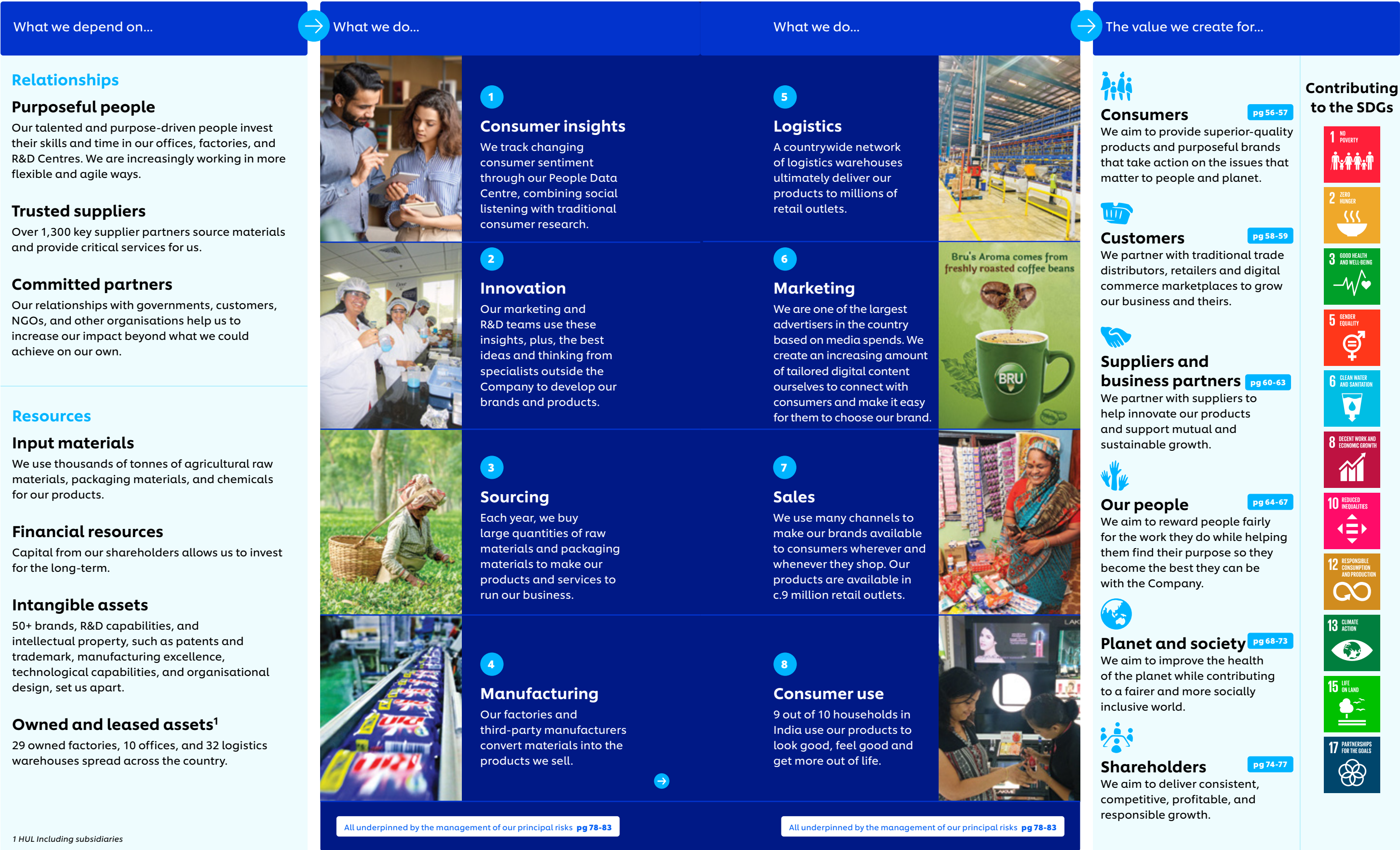
Improve people's health, confidence and wellbeing	Contribute to a fairer, more socially inclusive world		
Health and wellbeing	Equity, diversity and inclusion	Raise living standards	Future of work
<p>Take action through our brands to improve health and wellbeing and advance equity and inclusion</p> <p>We will focus on:</p> <ul style="list-style-type: none"><li>• Gender equity</li><li>• Body confidence and self-esteem</li><li>• Mental wellbeing</li><li>• Hand hygiene</li><li>• Sanitation</li><li>• Oral health</li><li>• Skin health and healing</li></ul>	<p>Achieve an equitable and inclusive culture by eliminating any bias and discrimination in our practices and policies</p> <p>Accelerate diverse representation at all levels of leadership</p> <p>5% of our workforce to be made up of people with disabilities by 2025</p> <p>Spend ₹2,000 crores annually with diverse businesses by 2025</p> <p>Increase representation of diverse groups in our advertising</p>	<p>Ensure that everyone who directly provides goods and services to HUL will earn at least a living wage or income by 2030</p> <p>Help 2 million small and medium-sized enterprises grow their business by 2025</p>	<p>Help equip 1.5 million young people with essential skills by 2030</p> <p>Pioneer new employment models and provide access to flexible working practices to our employees by 2030</p> <p>Reskill or upskill our employees with future-fit skills by 2025</p>
			

### Our responsible business fundamentals

Business integrity	Safeguarding data
Safety at work	Responsible advertising and marketing
Employee wellbeing	Engaging with stakeholders
Product safety and quality	Responsible taxpayer
Responsible innovation	Committed to transparency



A belief that sustainable business drives superior performance lies at the heart of our Compass.





## Our wide and resilient portfolio



Value  
Creation

Corporate  
Overview

Performance  
Overview

Governance  
Overview

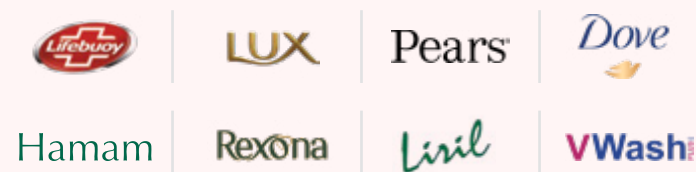
Statutory  
Reports

Financial  
Statements



### Beauty and Personal Care

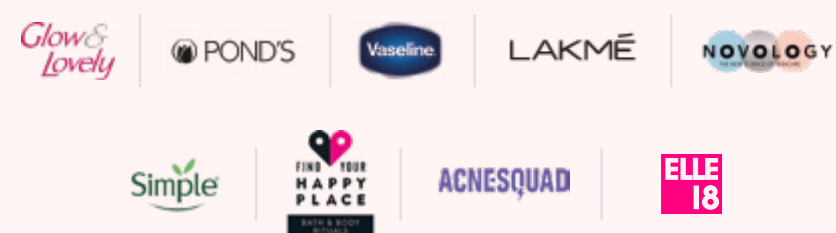
#### Skin Cleansing



#### Hair Care



#### Skin Care & Colour Cosmetics



#### Oral



#### Deodorant and Male Toiletries



#### Health and Wellbeing



### Home Care

#### Fabric Care



#### Household Care



#### Water Purifier



### Foods and Refreshment

#### Beverages



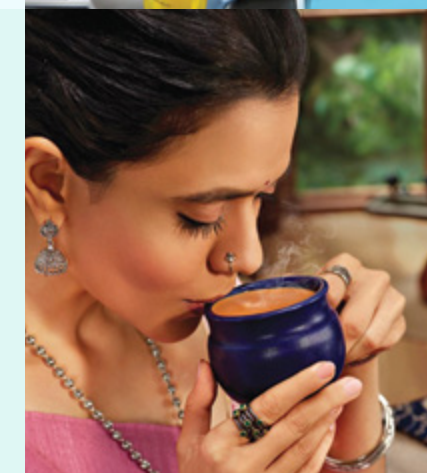
#### Health Food Drinks



#### Ice Cream



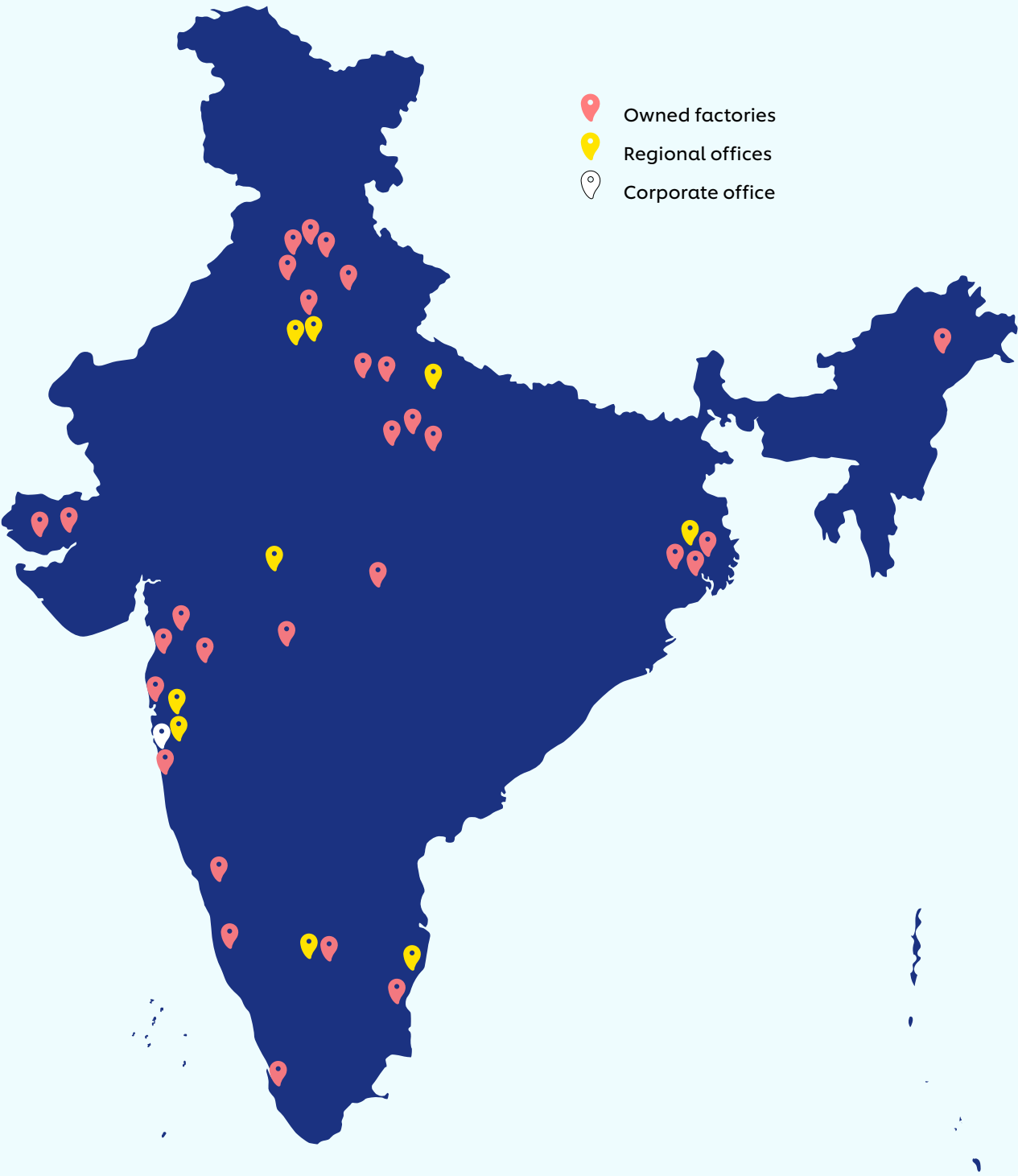
#### Foods







# Our geographic footprint



**9/10 households**  
in India use one or more  
of our brands

**c.9 million**  
Retail outlets  
reached

**>3,500**  
Distributors

**30%**  
Digitised demand capture

**29**  
Owned factories

**32**  
Depots

HUL including subsidiaries

Map not to scale. For illustrative purposes only.

# Performance Overview