

HINDUSTAN UNILEVER LIMITED

REWARD POLICY

The Reward philosophy of the Company is to provide market competitive total reward opportunity that has a strong linkage to and reinforces the performance culture of the Company. This philosophy is set forth into practice by various policies governing the different elements of total reward. The intent of all these policies is to ensure that the principles of Reward philosophy are followed in entirety, thereby facilitating the Company to recruit and retain the best talent. The ultimate objective is to gain competitive advantage by creating a reward proposition that inspires employees to deliver Company's promise to consumers and achieve superior operational results.

The guiding principles for Company's reward policies/practices are as follows:

1. Open, Fair and Consistent: increase transparency and ensure fairness and consistency in reward framework;
2. Insight and Engagement: make reward truly relevant to the employees by using leading edge tools that help the Company 'hear' how employees feel about their reward;
3. Innovation: continuously improve Company's reward through innovations based on insight, analytics and Unilever's expertise;
4. Simplicity, Speed and Accuracy: simplify reward plans and processes and deliver the information employees need quickly, clearly and efficiently;
5. Business Results: Company's business results are the ultimate test of whether reward solutions are effective and sustainable.

The appointment of Executive Directors, Key Managerial Personnel, Management Committee Members and other employees are by virtue of their employment/contract of service with the Company as management employees and therefore, their terms of employment vis-a-vis salary, variable pay, service contract, notice period and severance fee, if any, are governed by the applicable policies at the relevant point in time. The total reward for Executive Directors, Key Managerial Personnel and Management Committee Members are reviewed and approved by the Nomination and Remuneration Committee annually, taking into account external benchmarks within the context of group and individual performance.

A fair portion of Executive Directors total reward is linked to Company's performance. This creates alignment with the strategy and business priorities to enhance shareholder value. Long-term incentives, in the form of Performance Share Plan, seek to reward Executive Directors, Management Committee Members and other eligible employees by aligning their deliverables to business results.

In line with the Evaluation Policy of the Company, the Nomination and Remuneration Committee considers the outcome of the annual Evaluation before recommending the

changes in the remuneration of the Executive Directors and appointment/re-appointment of Directors.

Non-Executive Independent Directors are eligible for sitting fees and commission not exceeding the limits prescribed under the Act. The remuneration payable to Non-Executive Directors is decided by the Board of Directors subject to the approval of Members of the Company.

Independent Directors are currently paid sitting fees of ₹30,000/- for attending every meeting of the Board or Committee thereof. In line with the globally accepted governance practices, the Board of Directors adopted a 'Differential Remuneration Policy' for Non-Executive Directors remuneration which is available on the Company's website at <https://www.hul.co.in/investor-relations/corporate-governance/>.

As per the Differential Remuneration Policy, Non-Executive Independent Directors are entitled to fixed commission on profits at the rate of ₹15 lakhs for each financial year. In addition, Non-Executive Independent Directors are entitled to a remuneration linked to their attendance at the meetings of the Board or Committees thereof and also on the basis of their position in various Committees of the Board, whether that of a Chairman or a Member of the Committee(s). The remuneration payable to the Independent Directors under the Differential Remuneration Policy is within the overall limit of Rs. ₹300 lakhs, as approved by the Members at the Annual General Meeting held on 29th June, 2015. The criteria adopted by the Company for Differential Remuneration Policy is as under:

(₹ Lakhs)

Particulars	Commission (p.a.)
Fixed Commission:	
Base Fixed Commission for Independent Directors	15.00
Additional Variable Commission:	
Corresponding to the percentage of attendance at all the Board and Committee Meeting(s)	5.00
In the capacity of Chairperson of the Committee(s)*	2.00
In the capacity of Member of the Committee(s)*	1.00

*Committee includes Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee.

The Non-Executive Directors, who continuously serve minimum two terms of five years each, are also entitled to one time commission of ₹10 lakhs at the time of stepping down from the Board.
