Hindustan Unilever Limited

MAKING SUSTAINABLE LIVING COMMONPLACE

BUSINESS RESPONSIBILITY REPORT 2014-15

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MAKING SUSTAINABLE LIVING COMMONPLACE

HINDUSTAN UNILEVER LIMITED IS COMMITTED TO OPERATE AND GROW ITS BUSINESS IN A SOCIALLY RESPONSIBLE WAY. YOUR COMPANY HAS A SIMPLE PURPOSE – TO MAKE SUSTAINABLE LIVING COMMONPLACE.

Sustainability enshrined in this purpose builds future resilience of the business and ensures that your Company creates a long-term value for its stakeholders. It also enables your Company to achieve the ambitious Unilever Sustainable Living Plan (USLP) which spans across the value chain of its operations.

The Company's vision is to double the size of the business whilst reducing the environmental footprint and increasing its positive social impact. Your Company has embraced the Unilever Sustainable Living Plan (USLP) since the year 2010 and has made good progress on the goals set by the Plan.

Through USLP your Company has committed to help more than a billion people take action to improve their health and well-being, halve the environmental footprint of the making and use of the products and enhance the livelihoods of millions while growing the business – and your Company has set tough targets to make sure that it delivers. For more information on the USLP, visit www.hul.co.in.

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 400099
4.	Website	www.hul.co.in
5.	E-mail id	levercare.shareholder@unilever.com
6.	Financial Year reported	1st April 2014 to 31st March 2015
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	• 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)	• Soaps & Detergents • Personal Products [including Skin care, Hair care, Oral care, Deodorants and Colour Cosmetics] • Beverages & Packaged Foods [including Tea, Coffee, Packaged Foods, Frozen Desserts, Ice Cream and Bakery Products]
9.	Total number of locations where business activity is undertaken by the Company	
	i. Number of International Locations (Provide details of major 5)	None
	ii. Number of National Locations	• 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 (Lucknow): Office Space Number 101, 102, 103, 108 and 109, Shalimar Titanium Vibhuti Khand, Gomti Nagar, Lucknow, Uttar Pradesh 226010 *(For details of Plant Locations, please refer to the Annual Report 2014-15.)*
10.	Markets served by the Company	India

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR):	21,634.65 Lakhs
2.	Total Turnover (INR)	30,17,050 Lakhs
3.	Total profit after taxes (INR)	4,31,526 Lakhs
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of average Net profit of the company for last 3 financial years	2.1% (INR 8,235 Lakhs)

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

(Rs. lakhs)

Sr. No.	CSR Project	Relevant Section of Schedule VII in which the Project is covered (Note 1)	Projects/ Programmes coverage	Amount outlay (budget)	Amount spent on the project/programs		Cumulative expenditure upto 31st March, 2015	Amount spent Direct / through implementing agency*
					Direct expenditure	Overheads		
1	Handwashing Behaviour Change Programme	(i)	Bihar	60	60	-	60	CIFF
2	Safe Drinking Water	(i)	West Bengal	200	199	-	199	Population Services International (PSI)
3	Domex Toilet Academy	(i)	Chindwara, UP and Orissa	106	106	-	106	eKutir
4	Ashadaan	(iii)	Mumbai	67	88	-	88	Direct
5	Sanjivani	(i)	Assam	70	66	-	66	Direct
6	Water Conservation Projects	(iv)	PAN India	2,200	1,890	222	2,112	Implementing Agencies (Note 2)
7	Environment & Sustainability - Supply Chain	(iv)	PAN India	263	263	-	263	Direct
8	Solidaridad - Sustainability (Tea Procurement)	(iv)	PAN India	126	126	-	126	Solidaridad Regional Expertise Centre
9	Project Shakti	(iii)	PAN India	4,651	4,651	-	4,651	Direct
10	Fair & Lovely Foundation	(ii)	PAN India	300	100	154	254	Direct
11	Livelihood Programme - Prabhat	(ii)	PAN India	150	147	-	147	Labour Net and TARA Livelihood Academy
12	Ankur School	(iii)	Assam	30	22	-	22	Direct
13	Project Sunlight	(iv)	PAN India	105	105	-	105	Direct
14	Relief Funds / Save the Children - Donation	(iii)	Delhi	31	31	-	31	Direct
15	Good Life Club - Scholarship (Hot Tea Shop)	(ii)	Chennai	5	5	-	5	Direct
	TOTAL			**8,364**	**7,859**	**376**	**8,235**	

Note 1:

(i) eradicating hunger, poverty and malnutrition, promoting preventive health care and 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;

Note 2:

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

SECTION C : OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	As on 31st March, 2015, your Company has 11 subsidiary companies. Hindustan Unilever Foundation and Bhavishya Alliance Child Nutrition Initiatives - both not-for-profit companies incorporated to promote and implement the Corporate Social Responsibility agenda and work in the areas of social, economical and environmental concerns and contribute to the sustainability initiatives of the Company. In addition, Unilever India Exports Limited and Pond's Exports 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(s)	
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 and Business Partner Code are applicable to all the business partners of the Company. The business partners of the Company are required to follow these codes in their business endeavours.

SECTION D : BUSINESS RESPONSIBILITY (BR) INFORMATION

DETAILS OF DIRECTOR/DIRECTORS RESPONSIBLE FOR BR

The Corporate Social Responsibility Committee comprises of 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 the 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 the 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 programs 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)

Your Company conducts its business with integrity and with respect for all those associated with its activities. These values are an asset to the Company, just as its people and brands.

To maintain these values and the reputation created from it, your Company requires the highest standards of behaviour – consistently observed by all associated with it. The Code of Business Principles (CoBP) sets out these standards. CoBP is the guiding principle on the basis of which various policies of the Company are formed.

USLP is a time bound plan with specific goals and targets that commits us to deliver sustainable growth.

The CoBP and the USLP also imbibe the requirements enunciated in the National Voluntary Guidelines.

The National Voluntary Guidelines provides 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 Code of Business Principles (CoBP) of the Company confirms to the United Nations Global Compact (UNGC) guidelines and International Labour Organisation (ILO) principles. The Unilever Sustainable Living Plan 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 Code of Business Principles and 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: www.hul.co.in/sustainable-living-2015/ CoBP: www.hul.co.in/aboutus/purposeandprinciples/ourprinciples/ Supplier Code: www.hul.co.in/aboutus/purposeandprinciples/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 on a monthly basis reviews complaints, issues and concerns received under the CoBP framework as also the implementation of the CoBP. The Audit Committee of the Company on a quarterly basis reviews the implementation of the CoBP.

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 reviews progress on various sustainability initiatives, including progress under the USLP.

The Company publishes an update on progress in India under Unilever Sustainable Living Plan, every year. The USLP India Progress Report 2014 can be accessed at www.hul.co.in

In line with the requirements of the Companies Act, 2013, your Company has also published the Annual Report on CSR activities, 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

HUL has always believed that good corporate governance is the foundation of a sustainable business. The Company was built on this foundation and today has a proud legacy of more than 100 years of operating in the country with integrity, ethics, transparency and accountability.

The seeds of good governance were sown by the visionary founders William Hesketh Lever and Samuel van den Bergh of the Company right from the inception of the business. Our founders did not just create some of the world's first consumer brands; they also built a business with strong values and a mission to act as agents of social change. Today, the Company continues on this journey, keeping the values and principles at the heart of everything it does.

These values and the commitment to ethical business practices are reflected in the Code of Business Principles (CoBP). The Code inspires the Company to set standards which not only meet the requirements of applicable legislations but go beyond in many areas of it's functioning.

CODE OF BUSINESS PRINCIPLES

The Code of Business Principles describes the operational standards the Company follows. It also supports its approach to governance and corporate responsibility.

All employees, suppliers, distributors and other third parties who work with the Company are expected to observe the Code of Business Principles.

The Code along with its associated Code Policies provides for mandatory requirements covering, but not limited to, the following areas:

- accurate records
- reporting and accounting
- anti-bribery
- anti-competition
- avoiding conflicts of interest
- gifts and entertainment
- preventing insider trading
- political activities and political donations
- contact with government
- regulators and non-governmental organisations
- respect, dignity and fair treatment
- and external communications (the media, investors and analysts)

The copy of the Code of Business Principles is available on the website of the Company www.hul.co.in/aboutus/purposeandprinciples/ourprinciples/

The processes of identifying and resolving complaints, issues and concerns received under the CoBP framework are clearly defined and regularly communicated throughout the Company. During the financial year 2014-15, a total of 120 complaints 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.

Complaints, issues and concerns received under the CoBP framework are duly investigated and reviewed by the CoBP Committee(s). Appropriate actions are taken after completion of investigation. 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. The Company periodically cascades the principles embodied under CoBP across the organisation.

The 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 abrasion or irregularity in the Company practices which is not in line with the Code of Business Principles. The Company has provided dedicated e-mail addresses whistleblowing.hul@unilever.com and cobp.hul@unilever.com for reporting such complaints. 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 Code of Business Principles and the Whistle Blower Policy of the Company are reported to the Committee of Executive Directors and are subject to review by the Audit Committee.

PRINCIPLE 2: PRODUCTS LIFECYCLE SUSTAINABILITY

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

Your Company's product lifecycle approach spans the entire value chain – from sourcing of raw materials to the way consumers use its products. It is crucial to manage and understand this product lifecycle to achieve the ambitious targets of the Unilever Sustainable Living Plan.

The Company has progressed well in making its product lifecycle sustainable within its direct operations. However, managing product lifecycle sustainability at the consumer end is proving to be challenging. The Company tries to combat this challenge through product innovations and use of technology. New products are being innovated like Comfort One Rinse: which saves two buckets of water per wash.

BRANDS WITH A PURPOSE

Innovation is at the heart of your Company's ambition to grow sustainably. Your Company carefully evaluates social and environmental concerns, risks and opportunities while designing our brands.

Lifebuoy has embraced a social mission to spread importance of good handwashing habits in people. Lifebuoy handwashing behavior change programmes have reached out to 63 million people since 2010 and has led to improved health & hygiene standards in lives of millions of people who buy Lifebuoy products each year.

Pureit, the in-home water purifier, has partnered with microfinance institutions (MFIs) to provide safe drinking water to low income families through easy installments. This self-sustaining business model has led to protecting over three lakh low income households, in the last few years in urban slums and remote rural areas with Pureit devices. Pureit has cumulatively, provided 65 billion litres of safe drinking water globally. In India, Pureit has provided 55 billion litres of water as of end of 2014.

Kissan through its Kissanpur campaign motivated children to get off gadgets and enjoy 'real' nature. Kissan launched a special pack with Pogo that helped kids get creative with empty ketchup bottles helping in cutting down waste. These efforts helped Kissan Ketchup deepen its connect with consumers and outpace market growth.

Through the Fair & Lovely Foundation, the brand has been empowering Indian women. This year, the Foundation also provided scholarships to young women for vocational training and starts-ups.

You can read more on similar initiatives by brands in the section 'Brands In Action' on the website www.hul.co.in and can also download our Unilever Sustainable Living Plan India Progress Report 2014 from the company website.

SUSTAINABLE SOURCING

Sourcing sustainably helps secure the supplies, reduces risk and volatility in the raw material supply chains. A dedicated team is responsible for HUL's procurement programme, including agricultural raw materials. In 2014 the Company rolled out the Responsible Sourcing Policy (RSP) as part of its commitment to business integrity, openness, respect for universal human rights and core labour principles.

Sustainable sourcing also opens up opportunities for innovation and partnerships. The Company sources 100% of palm oil and a large part of tea, vegetables and fruits from sustainable sources. To read some of the important sourcing initiatives, please refer to the online USLP India Report 2014 available on www.hul.co.in

LIFECYCLE ASSESSMENT

Your Company's brands are making a difference to millions of lives. To know their impact across the value chain, your Company has adopted the Lifecycle Assessment (LCA) process of Unilever. LCA works in three ways:

- **New product design**
  When designing new products LCAs are routinely used to compare new and existing products and to measure the differences in their respective environmental profiles. This information is used to help guide product developers during the

innovation process and may be used to inform consumers of the environmental performance of your Company's products in the future.

- **Existing product assessment**
  LCAs are conducted on the existing products and ingredients to help identify improvement opportunities, to improve data quality and relevance to the studies and also to support external communications.

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

PRODUCT SAFETY

Product safety is another crucial parameter of product lifecycle. All of your Company's products and processes are designed to be safe for their intended consumer or customer end use.

The Code of Business Principles of the Company sets out the commitment to provide products and services which are safe for their intended use and to innovate on the basis of sound science 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. Stringent guidelines are followed 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 our 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. This may include selection of products among the range of offerings, product benefit, direction for use and safety of ingredients used in the products.

MANAGING PACKAGING WASTE

Your Company has set ambitious goal to reduce waste associated with packaging its products. Reducing the weight of packaging through a number of innovative techniques helps manage the environmental risk better and leads to significant reduction in costs.

Initiatives like using light weight materials, optimising structural and material design, developing concentrated versions of products and eliminating unnecessary packaging, have resulted in significant reduction of over 700 tonnes of plastic and around 4,900 tonnes of paper in 2014.

A ZERO NON-HAZARDOUS WASTE TO LANDFILL ORGANISATION

All the factories of your Company are zero non-hazardous waste to landfill sites. Waste generation across units is minimised through the principles of 3R's - reduce, reuse and recycle. Co-processing of wastes in cement kilns, composting of biomass boiler ash, converting ETP (Effluent Treatment Plant) sludge into fuel gas generation, reduction of process waste generation through improvement in extraction systems were the major initiatives that led to waste reduction during the year. Recyclable wastes such as packaging materials, empty raw material containers and project scrap were segregated at source and were re-used.

LIFEBUOY 'STICKS' TO GOOD WASTE MANAGEMENT PRACTICE

Packaging is vital part of a product's lifecycle. It increases product's shelf life and ensures that the product quality is not compromised. This is true for products across all our brands and categories.

However, packaging has a major pitfall. It increases the waste generated through the usage of products. Reduction in the packaging will ensure less waste going to the landfills, more cost savings are generated in materials, energy, transport and disposal. The more we can design in the spirit of the circular economy, the more value we can create for the company and for others.

In 2014, your Company challenged the status quo existing for last two decades in packing its Lifebuoy soaps. The Company introduced the application of Hot Melt (a polymeric coating material) Adhesive for sealing Lifebuoy soap bar wrappers.

The process was further optimised by applying Hot Melt Adhesive only on the end panels and belly areas of the wrapper instead of the entire wrapper.

This is expected to result in annual polymer savings of 300 tonnes for Lifebuoy alone. Your Company is in the process of extending this technology to other soap brands as well.

PRINCIPLE 3: EMPLOYEES' WELL-BEING

BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES

Employee well-being is a continuous process at HUL, enabling employees to feel good, live healthy and work safely. Your Company believes that employee health, nutrition and well-being are imperative to achieve a profitable growth. Your Company is always trying to create an organisation which promotes the well-being of all its employees while giving them ample opportunities to perform.

Your Company is known for its efforts to build capability and leadership among the employees and attracting some of the best talent in the marketplace.

THE "LEADERSHIP FACTORY"

Your Company's strong employer value proposition is rooted in its unique positioning as a "Leadership Factory" – offering big jobs early on in career to groom for functional and business leadership responsibilities. Over 200 managers of HUL, currently serve Unilever globally in leadership roles across markets and functions with the numbers increasing over the last few years. Your Company is often referred to as a "CEO Factory" having contributed over 400 CEOs within the corporate world.

CAPABILITY BUILDING AND TRAINING

- **Unilever Future Leaders Programme:** With its robust talent systems and processes, your Company identifies talent early and invest to build capability. HUL's flagship Unilever Future Leaders Programme (UFLP) is a highly sought after programme by fresh recruits. In 2014, HUL celebrated 60 years of UFLP. The programme has emerged as an established foundation for many inspiring leaders across and beyond Unilever.

- **70:20:10 Capability Building:** HUL's holistic 70:20:10 capability building approach ensures blended learning 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. Over and above these, there are leadership programs led by leaders through the year to build functional capabilities.

- **People Planning Processes:** Your Company has a rigorous and transparent people planning process which is owned by leaders at each level who 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:** Your Company has a clearly defined career philosophy which revolves around job rotation and diversity of experiences at all stages of the individual's career. Internationalisation is also built-in and currently around 200 managers of the Company have been expatriated to other Unilever countries.

SHARPENING SKILLS AT THE SHOP FLOOR

Your Company keeps a sharp focus on proactive and employee centric shop floor practices. It has undertaken a host of programmes in the space of capability building on the shop floor.

HR FOR FACTORIES

In the manufacturing units, your Company has taken a huge leap in its capability agenda for shop floor employees by launching HR for Factories and World Class Manufacturing (WCM) to focus on skill enhancement and career progression.

The Front Line Leadership Development Programme (FLDP), designed especially for the supply chain supervisors to develop the right competencies essential to lead the shop floor was launched last year.

SPARKLE AT SHOP FLOOR

The Shop floor Skill Upgradation programme, 'Sparkle', a centrally hosted intranet based tool, supports skill mapping, skill assessment, performance assessment and gap analysis for the shop floor employees. 'Stepping into One' (SIO), a capability intervention, supports building the talent pipeline for all shop floor employees into potential executives

DIVERSITY AT THE SHOP FLOOR

A total of 100 female employees now work on our shop floors. In 2014, over 50 women were recruited to work on shop floors, who went through a structured induction programme to enhance the required skill sets for working in factories. They were trained on aspects related to quality, gender sensitisation, industrial skills etc. After completion of training, they were posted in various departments including Quality Assurance, Commercial Operations and Safety.

BUILDING THE EMPLOYER BRAND

For the fourth year in a row, the Company was recognised as the 'No. 1 Employer of Choice' among students on campus in the Nielsen survey. In addition, your Company retained the 'Dream Employer' status for the fourth consecutive year and continued to be the top company considered for application by B-School students.

The Facebook 'Unilever Diaries' page has over 5,00,000 fans and helps the Company to deepen its engagement with the extended student community. This in turn helps strengthen the brand image among students. The Alumni Facebook group that engages ex-employees crossed the 1,000 member mark in 2014.

OCCUPATIONAL HEALTH, SAFETY AND WELL-BEING

Occupational Health & Safety is considered one of the prime responsibilities of the Company. The entire line management is responsible for driving physical, mental and emotional well-being with ample support from a well qualified medical team. The CEO heads the Central Safety, Health & Environment Committee, which reviews the health & safety performance of the Company.

By end of 2014, the Company had achieved 76% reduction in Total Recordable Frequency Rate (TRFR) compared to 2008 baseline for accidents in factories and offices.

Please refer the online USLP India Report 2014 available at www.hul.co.in to read more on employee well-being initiatives.

CREATING A GENDER-BALANCED WORKPLACE

Diversity and inclusion is at the centre of the Company's talent agenda. The aim is to be a gender balanced organisation in all parts of the organisation and we refer to this as Winning Balance. At the managerial level, one third of the employees are women. This has been achieved in a systematic manner through senior leadership commitment, balanced hiring practices, enabling infrastructure and work practices like daycare centres, agile and flexible work arrangements. The thrust is to further build an inclusive organisation which acknowledges and appreciates differences and leverages the diversity.

Your Company's initiatives to achieve a winning balance are elaborated in the online USLP India Report 2014.

AFFIRMATIVE ACTION AND PREVENTION FROM SEXUAL HARASSMENT

We have a policy on affirmative action and a policy on prevention of sexual harassment to ensure a harassment free workspace for all our employees.

- All the Company's employees and the employees from subsidiaries are communicated on the various aspects of prevention of sexual harassment at work through e-mailer articles and other means of communication regularly.
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 (the Act) requires companies to constitute Internal Complaints Committee (ICC), consisting of at least one external member and 50% women members. As per the requirement of the said Act, your Company has constituted Internal Complaints Committees. It has designated the external independent member as a Chairperson for each of the Committees which is beyond the requirements of law.
- During the year, two complaints with allegations of sexual harassment were filed with the Company and the same were investigated and resolved as per the provisions of the Act.
- More than 26 gender sensitivity workshops were conducted in the last one year covering approximately 900 employees across the country.
- In addition to this, a web based training module on Gender Sensitisation / Prevention of Sexual Harassment of Women at Workplace has been assigned as a mandatory training for employees. As part of induction to new employees, Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and its consequences have been shared with employees.

FREEDOM OF ASSOCIATION, PARTICIPATION AND COLLECTIVE BARGAINING

Your Company follows the principle of freedom of association and right to negotiate. The human rights practices assure respect for the right of employees to freedom of association and recognition of employees' rights to collective bargaining, where allowed by law. There are 103 employee associations in HUL. Nearly 10,000 permanent employees are members of these associations. During the last year, we entered into long term settlements with around 1,000 employees covering four factories / branches across India.

There are over 100 permanent female blue collar employees in our factories and over 20 permanent blue collar employees with disabilities in our factories.

FAIR LABOUR PRACTICES

Your Company has an excellent record on industrial relations and since 2008 has maintained a record of near-zero loss of man days due to industrial unrest. We currently have around 3,800 employees who are employed on contractual / temporary basis.

GRIEVANCE REDRESSAL

The CoBP and Whistle Blower Policies provide for reporting in confidence of issues like child labour, sexual harassment etc. Your Company has provided a dedicated e-mail address and a 24 hour hotline to which all whistle blower complaints can be sent. The identity of the complainant is always protected. Systems and mechanisms have been put in place to ensure non-retaliation and non-victimisation of the complainant.

All complaints, including complaints of sexual harassment, received are dealt as per the CoBP protocols. The total number of complaints received have been reported under Principle 1. 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.

To achieve the big goals of the Unilever Sustainable Living Plan, your Company partners with many people and organisations that have a stake in its business. Engaging with stakeholders is essential in understanding stakeholder concerns and expectations to create a sustainable business.

Your Company actively engages with several stakeholders through a number of dedicated platforms.

CONSUMERS AT THE HEART OF OUR BUSINESS

Nine out of 10 households in India use HUL products. As a business your Company's first responsibility is to its consumers. Being consumer centric also helps the Company to create sustained prosperity for its shareholders. Therefore, your Company has taken a number of steps to raise the levels of consumer engagement.

- **Winning In Many Indias:** Last year, acknowledging the homogeneity in the diversity of India, your Company segmented the market into 14 consumer clusters. The attempt at ushering in this new wave of segmented marketing was christened 'Winning in Many Indias' (WIMI).This project entailed moving the organisation from a four sales branch structure to 14 distinct consumer clusters under five sales branches with no disruption to operations. The 14 clusters enable to understand better, the changing preferences drilled down to the interiors and multiple consumer segments. This empowers the Company to respond appropriately and swiftly to market conditions.

- **Dial Up the Big Q:** Your Company introduced Dial Up the Big Q to improve quality in every interface with the consumer from storage to store level by helping distributors and traders manage inventory and stocks. In line with the Dial Up the Big Q agenda, the sales system focused on some key initiatives like driving higher throughput per store to harness the power of the significant coverage expansion done in previous years. The number of stores were increased which positively impacted the growth. Your Company also focused on over 100,000 select high throughput stores, and significantly increased its presence and impact in these.

- **Building Brands in Store:** Your Company focused on Building Brands in Store, especially in Modern Trade. The aim was to design and deploy plans that help build brand equities through in-store execution.

- **Levercare:** In another endeavour to connect with its Consumers and provide them with better service, your Company has Levercare - a toll free number, email and a postal address where Consumers can reach the Company directly. Levercare is a win-win for both, the Consumer and the Company. It gives consumers the promise of better service and provides the Company the opportunity to connect with consumers directly and understand their needs, expectations and aspirations. It helps consumers voice their queries, grievances, praise and offer suggestions / ideas. The helpline provides a single view of the consumer and subsequent insights to positively impact the Company.

- **Project Sunlight:** It is your Company's initiative to involve its consumers to build a world where everyone lives well and lives sustainably. It allows people to contribute in form of volunteering, spreading the message on social media, preaching and practicing behaviour changing habits or by just watching and sharing our videos. In 2014, your Company took up two issues that are important for India to create a brighter future – first, to stop littering and second to reduce water wastage. Children were the key influencers for both the initiatives.

CUSTOMERS

Your Company has undertaken some important initiatives during the year to become more customer centric and win in the marketplace. These initiatives include:

- **Call centres:** Establishing dedicated call centres for distributors as well as retailers to reach out to the Company. The call centres set up for retailers have helped many of the traditional trade customers reach out directly to the Company. The Company receives more than 3,000 calls every month from distributors and retailers. The

calls received from retail outlets provide useful insights and help the Company to understand issues and opportunities in the marketplace better and address them effectively.

- **Partner of choice:** Your Company is now the preferred supplier to the leading Modern Trade customers and is a partner of choice on all new initiatives. Your Company believes in long term win-win partnerships with its business partners.

- **Joint Business Planning:** Your Company works with Joint Business Planning (JBP) at the core, which captures the business from not just a manufacturer's perspective but also brings in the voice of the shopper and the retailer into the planning horizon.

  A testimony to the success of this win-win partnership with the retailer is evident from winning the 'Best Supplier' award from customers such as Aditya Birla Retail Limited and Shoppers Stop in 2014. These awards have been conferred for your Company's consistent approach on building long term sustainable partnerships.

  Your Company has taken the initiative of appointing an Ombudsman for resolving Consumer and Customer grievances and disputes. The details of the Ombudsman scheme are provided under Principle 9.

SHAREHOLDERS AND INVESTORS

The value of a business does not lie in its balance sheet but in its shareholders. Your Company regularly interacts with shareholders through a number of methods of engagement like results announcement, annual report, media releases, Company's website and subject specific communications.

The Annual General Meeting of shareholders is an important annual event where the shareholders of the Company come in direct communication with the Board of Directors and the management. The Board engages with shareholders and answers their queries on varied subjects.

The Investor Service Department regularly engages with the shareholders to resolve queries and grievances, if any, and provide guidance for shares / shareholder related matters. We have a designated e-mail id for shareholders, levercare.shareholder@unilever.com

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. Your Company's Investor Relations philosophy is focused on delivering quality Investor Relations practices built on a strong foundation of transparency and sound governance.

- **Launch of Investor Relations App:** Your Company has launched a Mobile Investor Relations App, for android as well as iOS platforms, for smart phones and tablets. Investors can now access details such as share price information, quarterly results, presentations, press releases and annual reports on the click of a button.

- **Online Annual Report:** Your Company has introduced an interactive Online Annual Report which provides flexibility to readers to customise the report. They can include only the pages that interest them and also download the Balance Sheet, P&L account, and notes to accounts in pdf and excel versions. Investors also have the option to save pages of their interest to a briefcase, and download them later.

  Your Company has continued to maintain high standards on Investor Relations and has in recent years been recognised on various counts. In 2014, the HUL Online Annual Report Microsite won the Silver Award making it the best microsite among participant companies since no Gold was awarded at the Designomics Awards 2014 edition under the category on Digital. Your Company has also been recognised at previously held editions of the Investor Relations Global Rankings (IRGR).

GOVERNMENT

All interactions with the Government, legislators and regulators are done by duly authorised and appropriately trained individuals with honesty, integrity, openness and in compliance with local laws and in accordance with the Code of Business Principles and Policy.

NGOs

Your Company engages with a number of NGOs through Hindustan Unilever Foundation (HUF). HUF is working with implementing partners such as IFC, Solidaridad, DHAN, BAIF and MITTRA on 18 projects in more than 4,000 villages of 82 districts in 13 states located across 13 river basins in India. The water conservation programme undertaken by your Company through collective action and in partnership with several NGOs, communities, other co-funders and partners across India has created cumulative and collective potential of nearly 100 billion litres.

MEDIA

Regular interactions with the electronic, print, television and online media take place through press releases, media events and during the financial results announcements. We engage with media to keep our stakeholders updated about the developments in the company.

EMPLOYEE ENGAGEMENT

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

- **Global People Survey (GPS):** Global People Survey (GPS) measures the level of engagement of all employees. Employee Engagement for India showed a 300 bps improvement in 2014 over 2013.

- **CEO Report back:** Quarterly performance update from the CEO to all employees.

- **Annual Review:** All managers are invited to the Annual Review which is conducted in four major metros.

- **Others:** The Company has other inhouse communication channels, which help employees to connect, bond, inspire, express and celebrate their achievements.

OTHER KEY OPINION FORMERS

Every year, your Company organises an event and provides an update on the progress of the Unilever Sustainable Living Plan to various Key Opinion Formers (KOFs). In May 2015, KOFs representing various stakeholder groups such as NGOs, IGOs, Government bodies, industry bodies and consumer organisations attended the Unilever Sustainable Living Plan event at New Delhi.

PRINCIPLE 5: HUMAN RIGHTS

BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Your Company's commitment to human rights and fair treatment is set in its Code of Business Principles.

The Code provides to conduct the operations with honesty, integrity and openness with respect for human rights and interests of employees. Your Company's approach is to uphold and promote human rights in three ways:

- in its operations by upholding its values and standards
- in its relationships with the suppliers and other business partners, and
- by working through external initiatives, such as the United Nations Global Compact.

The Unilever's Supplier Code reinforces the principles of Human Rights and Labour Rights for all suppliers of the Company. In accordance with the Company policy, all suppliers are expected to respect the principles of the Supplier Code and adopt practices that are consistent with that of the Company. The Unilever Supplier Code is available on your Company's website and can be accessed at www.hul.co.in/aboutus/purposeandprinciples/businesspartnercode

Unilever globally is a signatory to the United Nations Global Compact Programme and is fully committed to the principles of the UN Global Compact which cover human rights, labour practices, environment commitment and prevention of corruption in business organisations. The UN Global Compact is a symbol of leadership in a complex business world and provides a forward looking forum in which the United Nations, companies and civil society organisations can come together in an open and transparent dialogue. The Company's CoBP mechanism upholds these principles in all aspects of its business operations.

PRINCIPLE 6: ENVIRONMENT

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

Your Company's approach to reduce, reuse and recycle has helped to minimise its environmental impact across the value chain. Your Company has significantly reduced its environmental footprint in areas of CO_2 emissions, water and waste across its manufacturing locations and has also made good progress in sustainable sourcing. Details on the progress are elaborated in the USLP India Progress Report 2014.

Considering that India is a water scarce region and the water availability is expected to go down significantly in the near future, your Company has identified water as a key area of intervention. The Company is focusing in this area by creating capacities in conserving water through significant investments in partnership with relevant stakeholders with the objective of water conservation. Hindustan Unilever Foundation (HUF), a wholly-owned subsidiary of HUL is engaged in the community projects to conserve water for public good.

HUF CREATES POTENTIAL TO SAVE 100 BILLION LITRES OF WATER

Future demand for water resources will increase significantly as population, economies and consumption rates grow. Estimates tell us that by 2030, the supply of water in India will be half its demand[1]. The impact of climate change on agriculture would further compound the linkages between food, energy and livelihoods in the country. To understand and partake in meeting this challenge, HUF was formed in 2010.

HUF along with its partners has initiated 18 projects in more than 4,000 villages of 82 districts in 13 states located across 13 river basins in India since inception. The water conservation programme undertaken by your Company through collective action and in partnership with several NGOs, communities, other co-funders and partners across India has achieved the following in 2014:

- Water conservation: HUF has created cumulative and collective potential of nearly 100 billion litres.
- Crop yield: Your Company's projects have generated cumulative agriculture production of 23,000 tonnes.
- Person days: The projects have generated 7 lakh person days of employment.
- Capacity building: Over 30,000 people have been trained in water conservation activities, better agricultural practices and other related issues.
- Partners: Your Company has been working with 18 implementing partners such as IFC, Solidaridad, DHAN, BAIF and MITTRA
- Your Company has launched the National Advisory Committee that advises HUF on important matters related to water conservation projects, selection of partners and other related activities.
- The 13 states and union territories where the projects have been executed include Gujarat, Maharashtra, Tamil Nadu, Odisha, Dadra and Nagar Haveli.
- The 13 river basins where the projects have been executed include Ganga, Tapi, Godavari, Cauvery among others.

The collective actions are expected to generate the following impacts by 2020:

- Water conservation potential of 500 billion litres in a cumulative and collective way.
- Employment of more than 1 million person-days.
- Annual additional agricultural production of 0.1 million tonnes on a cumulative basis.

[1] Charting Our Water Future, 2030 Water Resources Group

- **Greenhouse gases:** Our CO_2 emissions per tonne of production in 2014 reduced by 37%[2] compared to the 2008 baseline.

- **Water:** Water usage (cubic meter per tonne of production) in our manufacturing operations reduced by 44%[3] compared to 2008 baseline.

- **Waste:** We achieved 88% reduction in total waste generation (kg per tonne of production) in 2014 over 2008 baseline.

- **Sustainable sourcing:** Under the Unilever Sustainable Living Plan, your Company has committed to source 100% of agricultural raw materials sustainably by 2020. Details are listed in the section on Sustainable Sourcing under Principle 2.

For more details on your Company's environment initiatives, please refer to the online USLP India Progress Report 2014 available at www.hul.co.in

MONITORING PROGRESS

Your Company monitors progress on sustainability at different levels as mentioned below:

- Sustainability Governing Council: The top leadership from respective business verticals and functions constitute the Governing Council. The Company has a governance mechanism and score card to monitor the progress on USLP commitments. The Council reports the progress to the Management Committee and CEO on a quarterly basis.
- Environment Sub-Committee: This is led by the Executive Director, Supply Chain, and has members from various departments like Safety and Environment, Finance, Engineering, R&D and Legal. The team engages every two months to review environment performance and define the implementation strategy.

RISK ASSESSMENT

All manufacturing sites have implemented Unilever's Environment Care Framework Standards. The framework is modeled on ISO-14001 and OHSAS-18001 and is externally verified every three years.

All the emissions / waste generated by us are within the permissible limits given by CPCB (Central Pollution Control Board) / SPCB (State Pollution Control Board).

Your Company continues to deal with a matter that is currently sub-judice and relates to allegations of breach of environmental operating guidelines at the Company's erstwhile thermometer factory at Kodaikanal in Tamil Nadu state. Your Company has acted in an absolutely transparent and responsible manner since the issue was first brought to its notice in March 2001 by local NGOs. Your Company immediately closed the factory on its own and launched an investigation. There were no adverse impacts on the health of employees or the environment. There was limited impact on the soil at some spots within the factory premises which required remediation. This has been confirmed by many independent studies. Over the years, your Company has taken several actions for ensuring appropriate remediation. Only soil remediation work is remaining. The soil remediation work will commence at the factory site once the decision on the clean-up standard has been taken and consent given by the Tamil Nadu Pollution Control Board.

Your Company will continue to present facts to the authorities and the public as it has always done in this case. The details on this matter are available on our website in the interest of transparency and to keep our stakeholders updated on the progress in this matter.

Link: www.hul.co.in/Images/Update-on-Erstwhile-Kodaikanal-Factory_tcm114-195572.pdf

[2] Period of reporting is Q4 2013 to Q3 2014 for this data
[3] Period of reporting is Q4 2013 to Q3 2014 for this data
[4] The period of reporting is Q4 2013 to Q3 2014. This includes only reduction in disposed waste.

PRINCIPLE 7: POLICY ADVOCACY

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

Your Company believes that a lot can be achieved if it works together with the Government, legislators, regulators or NGOs to create positive social and environmental outcomes.

Your Company's approach to advocacy is guided by the Code of Business Principles. The Code provides that any contact by the Company or its agents with Government, legislators, regulators or NGOs must be done with honesty, integrity, openness and in compliance with applicable laws. Only authorised and appropriately trained individuals can make interactions with the bodies mentioned above. Prior internal approval is required for initiating any contact between the Company, its representatives and officials, aimed at influencing regulation or legislation.

Your Company tries to create a positive impact in the business eco-system and communities by practicing pro-active advocacy. Its purpose is not just lobbying the Government for securing certain benefits for industry, but is also about advocating certain best practices for the benefit of society at large.

Your Company engages with industry bodies and associations to influence public and regulatory policy in a responsible manner. Many of your Company's 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 is represented in key industry and business associations which include the Confederation of Indian Industry (CII), the Federation of Indian Chamber of Commerce and Industry (FICCI), the Associated Chamber of Commerce and Industry of India (ASSOCHAM), the Bombay Chamber of Commerce and Industry (BCCI) and the Advertising Standards Council of India (ASCI). Your Company participates in multi-stakeholder debates and, when relevant, responds to public consultations.

Some of the key issues on which your Company has engaged with the Government in 2014 include:

- Plastic waste management and recycling.
- Building greater awareness of handwashing practices to reduce diarrhoea and pneumonia incidences.
- Seeking Government support for incentivising more businesses to adopt sustainable procurement, manufacturing and selling practices.
- Seeking action against counterfeiting and parallel imports of goods in the country.
- Seeking interventions to lay down pesticide usage guidelines for tea.
- Seeking creation of an equitable and a judicious policy on usage of bio-diversity resources.
- Seeking less time consuming procedures for effecting related party transactions.
- Seeking enforcement and prosecution against violation of our registered trademarks.
- Seeking formation of an equitable GST legislation.
- Offering partnerships to the Government in taking forward the agenda of Swachh Bharat Abhiyaan (Clean India campaign).
- Engaging with the Ministry of Corporate Affairs in bringing into effect the Companies Act, 2013 and with the Securities and Exchange Board of India on the capital market regulations in India.

PRINCIPLE 8: INCLUSIVE GROWTH

BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Inclusive business for the Company means creating economic well-being through employment, skill improvement and access to markets for the community we operate in. The USLP aims to enhance the livelihoods of millions of people as we grow our business by working with agricultural suppliers, smallholder farmers, small-scale distributors and retailers including young entrepreneurs.

IMPROVE LIVELIHOODS OF SMALLHOLDER FARMERS

Your Company works with a number of small holder farmers across India to drive sustainable farm practices and enable farmers to become more competitive. Your Company has supported and encouraged farmers to adopt advanced technologies for better yields with regular training programmes and field-monitoring. Further, your Company has educated farmers on good agricultural practices like drip irrigation, nutrient management, pest and disease management.

EXPAND OPPORTUNITIES IN OUR VALUE CHAIN

Project Shakti empowered over 70,000 Shakti Entrepreneurs (Shakti Ammas) who reached out to over 4 million households across 1,65,000 villages, by the end of 2014. These Shakti Ammas are complemented by 48,000 Shaktimaans, who are typically the husbands or brothers of the Shakti Ammas. They sell the products of your Company on bicycles in surrounding villages, covering a larger area than Shakti Ammas can cover on foot.

Read more on Project Shakti and other initiatives for small-scale retailers in our online USLP India Progress Report 2014 available at www.hul.co.in.

RINGING IN A NEW DAWN FOR OUR COMMUNITIES THROUGH 'PRABHAT'

'Prabhat' (Dawn) is a USLP linked programme to engage with and contribute to the development of local communities around our manufacturing sites. As part of Prabhat your Company implements health & hygiene, water conservation and livelihood initiatives which are fully aligned to the USLP priorities. The health & hygiene programme is led by the brands like Lifebuoy, Domex and Pepsodent whereas water conservation initiative are spearheaded by Hindustan Unilever Foundation.

Prabhat's livelihood programme aims to transform youth and women in identified communities by equipping them with employable skills and competencies, thereby enhancing their livelihoods by setting up livelihood skill development centres.

Seven new centres were launched in 2014 taking the total number of centres to 13 and candidate enrolments to over 3,000. Twelve of the Company's Skill Development Centres are running in collaboration with LabourNet, a training partner of the National Skill Development Corporation (NSDC). More than 1,500 people have already been certified through the programme and over 500 of them either have a job or have been up-skilled or are self employed. Development Alternative's TARA Livelihood Academy, the training and capability wing of Society for Technology and Action for Rural Advancement (TARA) is implementing the livelihood programme at Sumerpur for the Company.

In 2014, Sunsilk partnered with Prabhat's Livelihood programme to promote women empowerment. As a part of this initiative all certified students of the Beauty and Hair Care course at our livelihood centres were given the 'Sunsilk Life Starter Kit' which was instrumental in helping them train & start offering their own beauty services immediately post certification. The training programme is aligned to the curriculum set up by Government of India's apex skill development authority -- National Skill Development Corporation, and covers theoretical as well as practical training on all the technical and soft skills required to start one's career as a beautician.

PRINCIPLE 9: CUSTOMER VALUE

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

Your Company immensely values and carefully nurtures its customer relationships and works closely with its customers to pioneer new products, categories and concepts. Your Company's strong distribution network comprises millions of outlets serviced by over 2,500 stockists. It has a strong customer base of over 2,000 suppliers and associates who help create and deliver world class products.

REACHING CUSTOMERS WITH THREE MILLION STORES

Expansion of distribution reach across urban and rural markets was one of the key thrust areas for your Company during the year. This resulted in the addition of one million stores to the existing network. A new low cost distribution model has been developed to leverage the increasing penetration of mobile phones among the bottom-of-the-pyramid retailers. Taking orders through tele-calling saves time and leads to a significant reduction in front-end distribution cost. Reduction in servicing cost enabled your Company to reach more shoppers who purchase from those marginal outlets outside the purview of the traditional distribution model.

PARTNER TO WIN 2020

The 'Partner to Win' initiative is a strategic programme focused on building relationships with selected key supplier partners in order to achieve mutual growth. It aims at developing a business plan with suppliers and business partners in order to reduce lead time, procurement cost, improve reliability and new innovation delivery.

The big development in 2014 has been the launch of Unilever's 'Partner To Win' 2020 programme to create a supplier ecosystem where partners work with each other and the Company to create breakthroughs in products or packaging to deliver the capacity, innovation and sustainable solutions to meet our growth ambition.

PROCURE TO PAY

The 'Procure to Pay' project ensured sustained world class levels of payment efficiency and purchase order compliance. Excellence in the 'Record to Report' helped your Company rank among the top three companies in manufacturing sector for Best Presented Accounts by the Institute of Chartered Accountants of India, for the second consecutive year. 'Project My Business Information' tapped into the potential of big data through professional analytics, state- of- the -art forecasting tools and real-time data warehouse. This enabled marketers to understand the consumers better and as a result deploy the right marketing mix.

STREAMLINING OPERATIONS

Your Company continued to improve customer service. Customer Casefill-on-Time (CCFOT) increased to 94% and on-shelf-availability in modern trade touched an all time high of over 95%. The customers acknowledged this and declared the Company 'the best supplier of the year'. Your Company continued to strengthen the Sales and Operation Planning Process (S&OP) and Innovation Process Management (IPM) in order to proactively drive competitive growth as well as to respond to market demands with speed and agility. Due to the focus on improving product quality through better product designs and various quality improvement programmes, there has been 50% reduction in consumer complaints over last year.

BEYOND BUSINESS

Your Company and one of its modern trade customers, METRO, celebrated the World Environment Day through a tree plantation drive. Saplings were planted through this joint sapling planting activity by METRO and HUL employees. In addition to this, 3,000 saplings supplied by your Company were distributed to the traders and customers of METRO over a 15-day period. As part of the celebration, employees of both the companies also participated together in the 10 km Run in Bengaluru for World Environment Day. Collectively more than 240 km were run between employees of the two teams showing their support behind sustainable ways of living.

In another initiative, HUL and Tesco launched 'India's Favourites' initiative in partnership with Smile Foundation in September 2014. Five per cent of sales from the participating HUL brands like Surf Matic, Lipton Tea bags, Dove Shampoo and conditioner, Vaseline Body lotions and Bru Gold Coffee were donated to charity with an equal contribution from Tesco.

RESPONSIBLE MARKETING AND COMMUNICATION

Your Company has strict responsible marketing policies with clearly defined principles which guide marketing communications. Your Company recognises the influence of marketing and advertising on consumers and takes the responsibility seriously to ensure that all the claims made in advertising are backed by sound scientific substantiation and that all such communication passes the test of being 'legal, decent and honest'.

Your Company also supports the development of self-regulatory codes for all its marketing and advertising activities and applies these codes across the business. Your Company is one of the founder members of the 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, complaints filed with ASCI against advertisements made by us were 32, all of which were closed and no complaints were pending at the end of the year.

OMBUDSMAN

Dispute redressal is an important aspect of a healthy customer relationship. Your Company has a well structured alternative disputes redressal mechanism for solving consumer and customer disputes and grievances. Four retired Judges of different High Courts were appointed, one in each region, to act as Ombudsman to hear the Company's consumers and customers in a bid to resolve long pending disputes. The Ombudsman independently reviews the merits of the complaint and decides on the issue. Your Company has taken the view that the decisions arrived at such dispute resolution meetings, while being fully binding on the Company, may not be binding on its consumers and customers and if they choose to continue with litigation, they are free to do so.

Your Company has been impleaded in certain legal cases, including those relating to consumer / customer disputes. At the end of the year, there were 76 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 etc. for Labels and Pack Information.

Food and beverage products also carry a nutritional information table on the back of pack in compliance with local legislation.

Your Company has initiated Guideline Daily Amount (GDA) labelling on its packs in 2014[5].

In addition to national laws and self-regulatory codes in India, we also apply Unilever's principles to the marketing and advertising of all the food and beverage products directed at children. 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 or price pressure
- do not encourage unhealthy dietary habits
- do not blur the boundary between promotion and content.

Your Company does not advertise food and beverage products to children under 12 years and does not make communication related to food and beverage products in primary schools, except for products which fulfill specific nutrition criteria that are based on accepted scientific evidence and/or applicable under national and international dietary guidelines.

[5] Where applicable and legally allowed in accordance with local or regional industry agreements.

NOTES

Hindustan Unilever Limited

Produced by Hindustan Unilever Limited.
Creative Consultants: AICL Communications Limited (info@aicl.in) | Printed at Burda Druck India Pvt. Ltd.

FOR FURTHER INFORMATION ON OUR ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCE, PLEASE VISIT OUR WEBSITE:

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