



ESG AS A COMPETITIVE ADVANTAGE

SANJIV MEHTA

October 2023

World faces big challenges

CLIMATE CHANGE



INEQUALITY



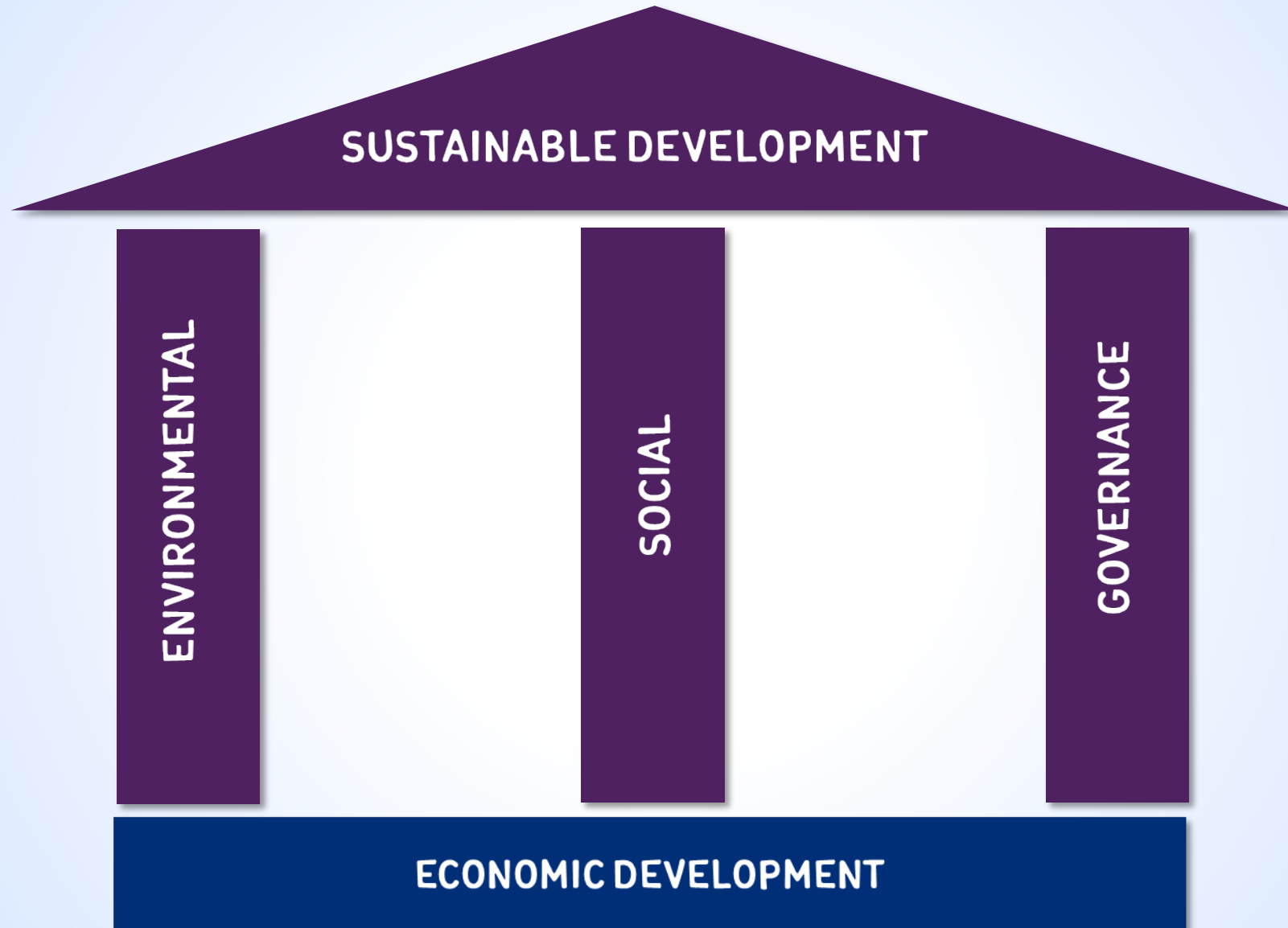
HEALTH CRISIS



TRUST DEFICIT



ESG – Pillars for sustainable development



SOME PRINCIPLES TO GUIDE ESG JOURNEY



Hindustan Unilever Limited

1. Business and Brands have to be a force for good

स्वाद अपनेपन का

HAPPINESS IS ESSENTIAL

Baalon ki tareef na ho, toh tyohar ki feel nahi aati.

25% OFF

Beauty Fest

Lifebuoy

HELP A CHILD REACH 5

Pledge now on www.facebook.com/lifebuoy

Vim

Ab waqt hai pehchaan bananeka

WHEN DID YOU GROW UP?

MILK | WHEAT | VITAMINS

A CHILDREN'S DAY SPECIAL

Kissan PRESENTS

#RealTogetherness

A heart warming story of friendship between a child and his grandfather

Watch the film on: /kissanindia

Share your moments of #RealTogetherness on: /kissanindia

Glow & Lovely Foundation

POWERED WITH 100% ECO-FRIENDLY BIODEGRADABLE ACTIVES TO REMOVE TOUGH STAINS

WITH 100% BIODEGRADABLE ACTIVES

Surf excel

daag achhe hain

Mahak was not pretty enough for her would be in-laws. To us, she is beautiful.

Dove

#StopTheBeautyTest

Mahak, Delhi

Domex

DOMEX IS PROVEN TO DESTROY CORONAVIRUS* IN JUST 60 SECONDS!

KILLS ALL GERMS DEAD!

Rin SHINE ACADEMY

Learn English on the go

DOWNLOAD NOW FOR FREE

pureit

NEW PUREIT copper*ro

Immunity boosting Copper and removal of harmful viruses

UNIQUE FEATURES

- Ultra-pure water of Copper infused
- Chlorine of RO water
- Automatic Copper Infusion

LAKMÉ

PETA APPROVED

Global Animal Test Policy

INDIA'S #1 MAKEUP BRAND* IS PETA APPROVED

Knorr supports WFP

Food lovers. Stop posting. Start sharing.

#ShareTheMeal #Knorr

2. Business has to be driven by purpose & values

A ROBUST STRUCTURE



55% of the Board consists of Independent Directors



5 out of 6 Committees are led by Independent Directors



100% independent Nomination & Remuneration and Audit Committees



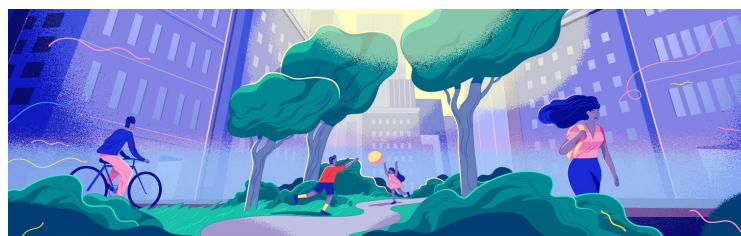
Integrity

NON-NEGOTIABLE CODE

100% employees trained on Code of Business Principles (CoBP)



CoBP defines **our values**, making clear what is expected from our people



Unilever Code of Business Principles and Code Policies



Responsibility

TREATING EVERYONE EQUALLY



Stakeholder Relationship committee ensures that **every shareholder is treated equally**



Dedicated contact and redressal mechanism for any kind of shareholder grievance



Respect

Pioneering

THE UNILEVER COMPASS



Our Vision

is to be a 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.

Improve the health of the planet

Climate action

Protect and regenerate nature

Waste-free world

Improve people's health, confidence and wellbeing

Positive nutrition

Health and wellbeing

Contribute to a fairer, more socially inclusive world

Equity, diversity and inclusion

Raise living standards

Future of work



ETHICS IN EVERY CONDUCT

Corporate Governance Code



- Acts as a **comprehensive framework** within which the Company

Gender Neutral POSH Policy



- Ensure that **everyone is treated with dignity**, respect and equally

Whistle Blower Policy



- Spirit of the policy is to foster a sense of **collective responsibility** in safeguarding the business interest

Supporting Survivors of Abuse



- **1st company** in India to formally launch a holistic, gender neutral policy on domestic abuse.

Policy on Related Party Transactions



- Ensures that all related party transactions are carried out as per **arm's length** parameters

OUR ROBUST GOVERNANCE STRUCTURE

OUR CORPORATE GOVERNANCE STRUCTURE



OUR ESG STRUCTURE



3. ESG is a journey and not a destination

1890s

- ✓ Purpose driven beginning of Unilever's Founder



2000s

- ✓ A bold vision for growth in the new millennium

- Responsible Advertising
- Watershed Management
- Pollution control
- Empowerment of Women
- Integrated Rural Development

From our 2002 Annual Report

2010s

- ✓ Unilever's global plan to make sustainable living commonplace



2020s

- ✓ To deliver superior performance by being global leader in sustainable business



4. Have a multi stakeholder model

CONSUMERS



- ✓ **9 out of 10** households use one or more of its brands
- ✓ Resilient portfolio of **50+ purposeful brands** across 15 categories

CUSTOMERS



- ✓ HUL reaches **>9Mn retailers** via a network of **3500+ distributors**
- ✓ Directly reach **>1.2Mn retailers** via Shikhar eB2B app
- ✓ Easy **access to credit** for Retailers via Shikhar

SUPPLIERS



- ✓ We partner with **1300+ suppliers** from **small local producers** to large MNCs
- ✓ Our **Responsible Partner Policy (RPP)** sets our commitment to conduct business with integrity

PEOPLE



- ✓ **'#1 Employer of Choice'** across industries
- ✓ **20,000+** purpose-driven people with **330K** in outer-core
- ✓ **Gender diversity of 46%** across HUL Managerial Level

SHAREHOLDERS



- ✓ **38% stake** held by Minority shareholders.
- ✓ It is trusted by **>1Mn individual investors**
- ✓ It treat's **all shareholders equally** and our actions are in the interest of everyone

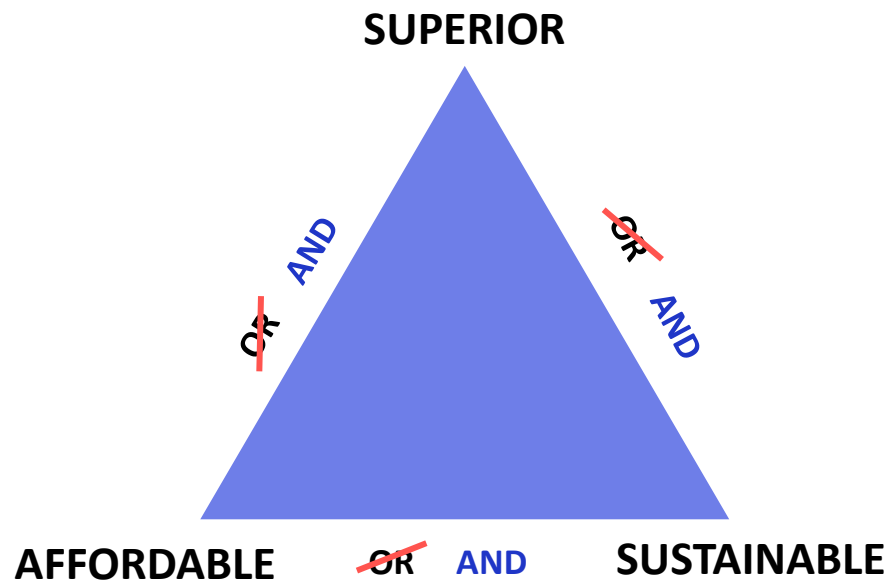
PLANET AND SOCIETY

5. What gets measured gets improved

Improve the health of the planet			Improve people's health, confidence and wellbeing	Improve people's health, confidence and wellbeing	Contribute to a fairer, more socially inclusive world		
Climate action	Protect and regenerate nature	Waste-free world	Positive nutrition	Health and wellbeing	Equity, diversity and inclusion	Raise living standards	Future of work
<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>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"> • Gender equity • Body confidence and self-esteem • Mental wellbeing • Hand hygiene • Sanitation • Oral health • Skin health and healing 	<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>
<p><i>*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.</i></p>							

6. Sustainability needs continuous innovations

MINDSET OF 'AND'



SUPERIOR AND SUSTAINABLE AND AFFORDABLE



Water Saving Technology



Smart Fill



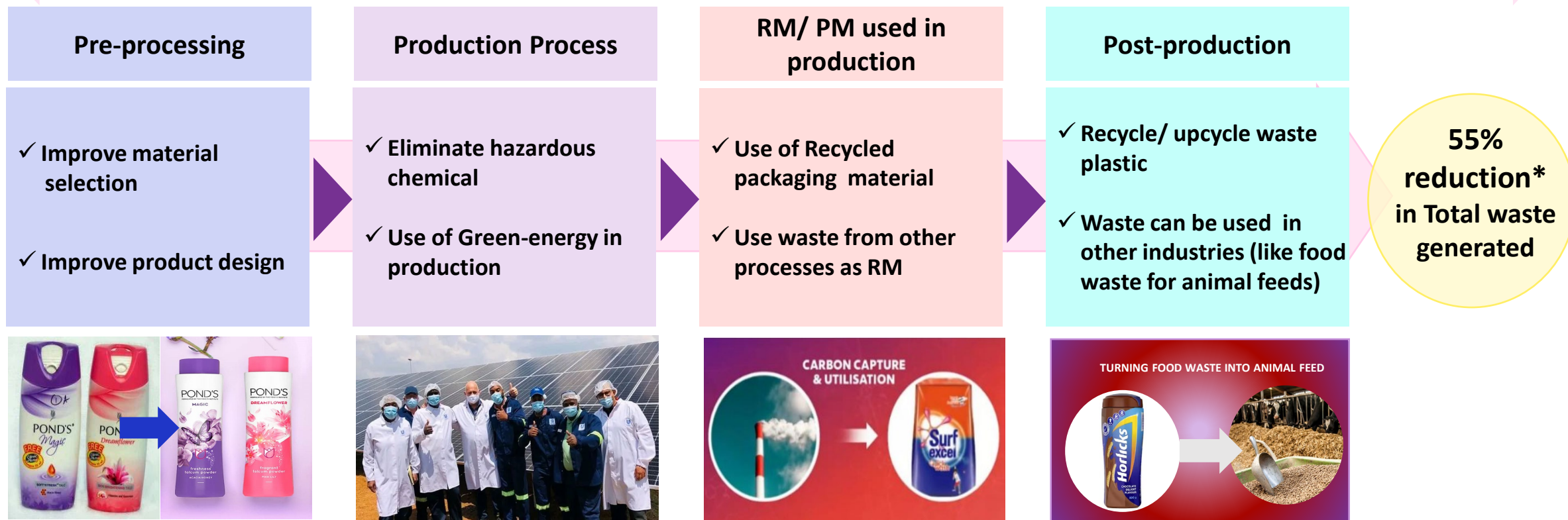
Compostable Plant based Tea bag



Lifebuoy Concentrate Handwash

7. Adopt a value chain approach

Sustainable practices throughout the Value chain



*per tonne of production in FY 22-23 as compared to FY 2008 baseline




8. Build capabilities in the entire eco-system

OUR JOURNEY IN RECYCLED PLASTIC

2017 HUL started working with Banyan Nation in the space of recycled plastic

2017 - 2019 HUL provided technical knowledge
Leveraged our network to build world class recycling unit

2019 onwards We launched first bottle in India to have recycled plastic (PCR)

~25% PCR ~100% PCR

HOW IT HAS CONTRIBUTED TO THE ECOSYSTEM

Pre-emptive use of PCR
and making India future ready

Help India's commitments and goals from COP26 (EPR compliance, 2022)

Create an ecosystem in India which can be leveraged by our peer companies

Optimise the cost of PCR via building demand & capability across the value chain

9. Create bespoke India models

RURAL OPPORTUNITY



Large Consumer base



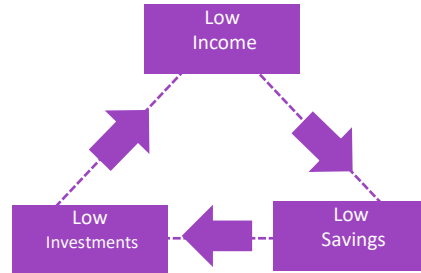
Low per capita consumption



Resilient Growth

CHALLENGES

Challenges for Rural Community



Vicious cycle of poverty

Lack of access to hygiene products

Challenges for Corporate



Reach



Communication



Influence

CREATING SHARED VALUES 190K+ SHAKTI MICRO ENTREPRENEURS



- Enhancing livelihood
- Provide under privileged women with capital to invest
- Improving health & hygiene




- Reach in untapped villages
- Brand awareness in media dark geographies
- Profitable model for deeper rural expansion

10. Build sustainability into managerial remuneration




Competitiveness

% of Business Winning Market Share




Cash Flow

Cumulative Free Cash Flow from operative activities



Return

Return On Invested Capital (ROIC) at exit year %




Sustainability

Unilever Sustainability Progress Index (Compass) (SPI)

Eight KPIs of SPI



Climate Action



Protect and regenerate nature




Waste-free world




Health and wellbeing




Positive nutrition



Raise living standards



Equity, diversity and inclusion



Future of work

Why should corporates focus on ESG?



ENHANCED VALUE CREATION



PRODUCTIVITY UPLIFT

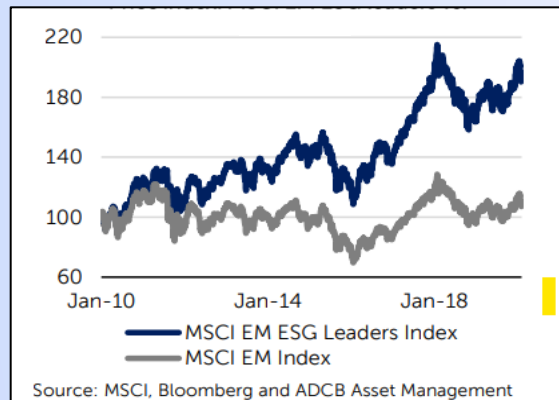


COST REDUCTION



TRUST & TRANSPARENCY

MSCI Emerging Market (EM) ESG Leaders vs MSCI EM Index



ESG Leaders outperformed the market over the same period

- Strong ESG proposition can help companies **attract quality talent** and boost motivation[^]
- It also instils a sense of **purpose**, and increases **productivity**

- Lower energy, water and resource consumption **decreases overall cost**
- Sustainable sourcing of agri-products **improves yield and reduces cost**

- A focus on **ESG improves transparency** and reduces risks
- **89% Investors** would like mandatory ESG reporting*

CONSUMERS PREFER BRANDS WITH SOCIAL & ENVIRONMENTAL PURPOSE

HUL: Leads by example

76

HUL ESG Score

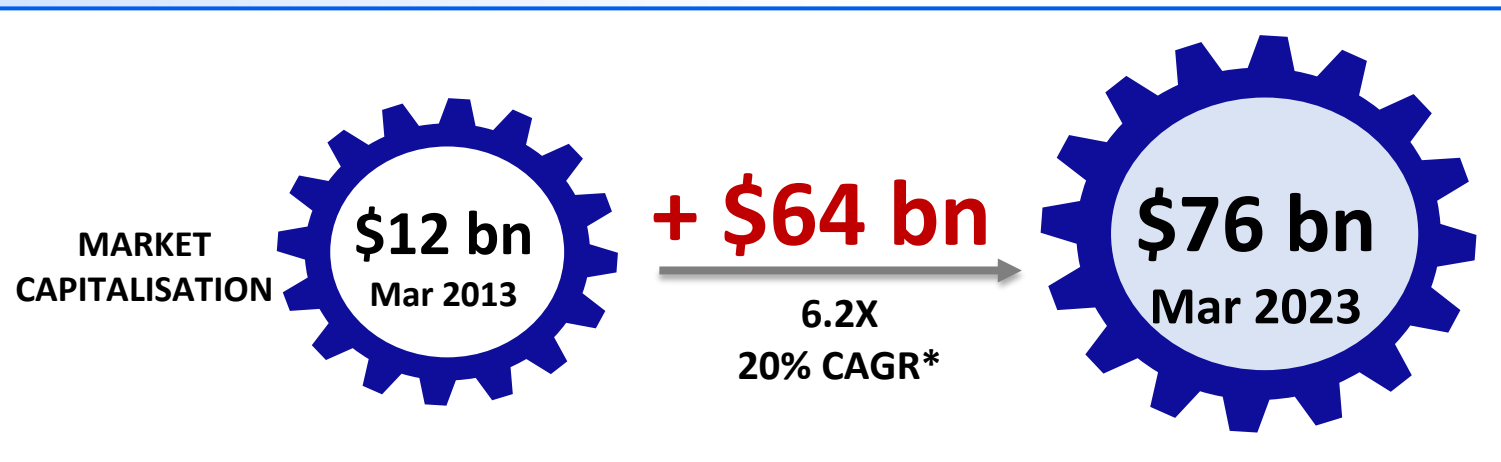
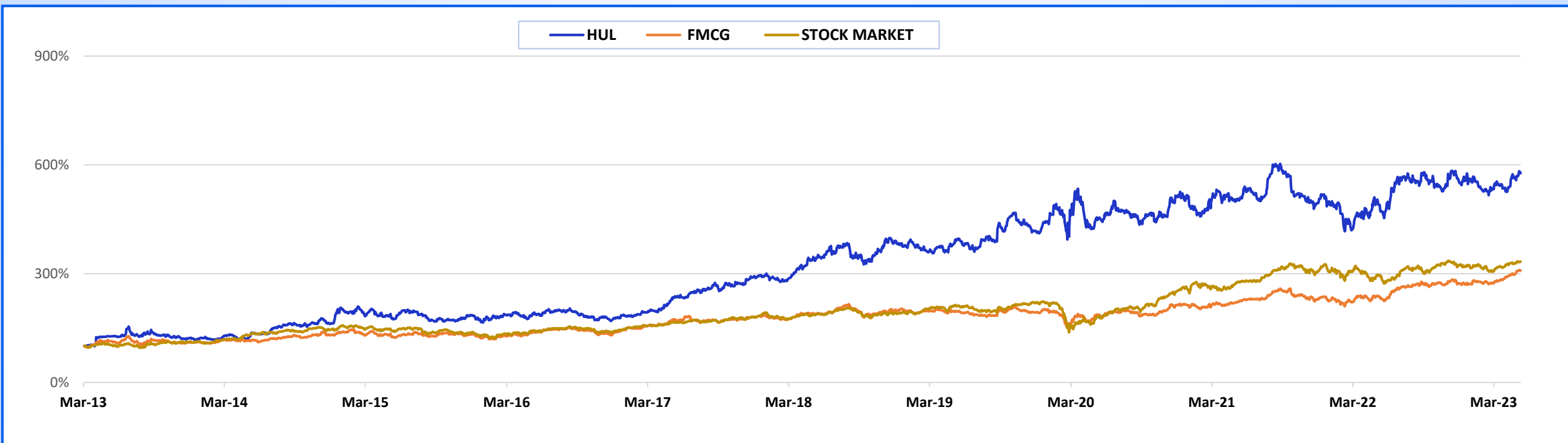


Dow Jones
Sustainability Indexes

Ranked #1 in DJSI ESG
Score in FMCG industry in India



Markets put a premium on ESG



Thank You



Hindustan Unilever Limited