

Independent Assurance Statement

To,
The Management and Board of Directors
Hindustan Unilever Foundation,
Mumbai, India

Ernst & Young Associates LLP (herewith to be referred as 'EY') was engaged by Hindustan Unilever Foundation ('HUF') to provide independent assurance to specific Key Performance Indicators ('KPIs', as listed in Annexure 2) pertaining to various community initiatives ('Projects'), supported by co-funders and executed through various Project Implementation Agencies ('PIAs', as listed in Annexure 1), to be presented in the 'HUL Subsidiary Annual Report FY 2020-21' (herewith to be referred as 'Report').

Responsibility of HUF and the PIA(s)

We have been informed by HUF that:

- ▶ HUF reports cumulative and collective KPI values on the basis of projects carried out in particular geography through respective PIA wherein the project may or may not be solely supported by HUF through its finances. These KPI reported are thus representative of the aggregated contribution of intervention supported by HUF and multiple co-funders who agreed to work with a particular PIA;
- ▶ The KPI values are presented in the report capturing individual and consolidated performance of the 22 projects implemented through different PIAs;
- ▶ HUF confirms that the KPI outputs are not only due to its financial and allied support but also include support from co-funders. HUF will use appropriate disclosure channels to inform all co-funders of their representations in the report;
- ▶ HUF has provided the architecture of principles, defined KPIs and developed Standard Operating Procedures (SOPs) for each KPIs.
- ▶ The PIAs are encouraged to modify SOPs to suit their local needs, albeit with appropriate performance management systems and internal control frameworks that serve as the basis for their implementation and reporting on KPIs to HUF.
- ▶ Performance data against the KPIs submitted by respective PIAs is compiled and reviewed by HUF and thereafter represented for external independent assurance.

Accordingly, the management of HUF is responsible for defining principles, KPIs and SOPs. The PIAs are responsible for performance as per the defined methodology against individual KPIs in accordance with the criteria mentioned in their respective SOPs. Their responsibility also includes designing, conceptualizing, writing and presenting facts in 'HUL Subsidiary Annual Report FY 2020-21'

EY's responsibility, as agreed with the Management of HUF, is to provide 'Limited Assurance' in accordance with International Standard on Assurance Engagements 3000 ('ISAE 3000') and Accountability's AA1000 Assurance Standard ('AA1000 AS') Type 1, Moderate. Our responsibility in performing our assurance activities is to the Management of HUF only and in accordance with the terms of reference agreed with HUF. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. The assurance statement should not be taken as a basis for interpreting HUF's overall performance, except for the aspects mentioned in the scope below.

Scope of Assurance

Our scope of work as agreed with HUF is as follows:

- ▶ Limited Assurance as per 'ISAE 3000' and 'AA1000 AS' for the selected KPIs listed in Annexure 2.
- ▶ Review of information and data on sample basis through desktop reviews of 22 projects as listed in Annexure 1.

Limitations of our review

Our assurance scope excludes:

- ▶ Data and information outside the defined reporting period i.e. 1st April 2019 to 31st March 2020.
- ▶ Investigation or forensic exercise as part of this engagement.

What we did to form our conclusions

In order to form our conclusions, we undertook the following key steps:

- ▶ Test of data, analytical procedures, review of records and review of documentations on a sample basis, as submitted by respective PIAs, to arrive at the KPI values for FY 2019-20.
- ▶ Consultations with select external and internal stakeholders, covering HUF and PIAs, inclusive of communities, village level institutions and other relevant parties, whom we considered necessary for the purpose of our review.
- ▶ We have relied upon the information, documents, records and explanations provided by respective disclosing entity for the purpose of our review. Representations, supporting documentation and certain empirical estimates were provided by the representatives of HUF or PIAs for the selected samples subjected to review.

Our Observations

- ▶ There is scope to further build capability of certain PIAs on calculation of water saving potential using the tools and methods developed by HUF.
- ▶ Areas of further improvement wherever identified have been brought before the attention of the management of HUF. Project specific observations and recommendations have been provided in the management letter which has been submitted to HUF separately.

Our Conclusion

As per ISAE 3000 Limited Assurance:

On the basis of our review nothing has come to our attention that would cause us not to believe that HUF has reported the specified KPI values fairly, in line with SOPs adopted by PIAs developed in guidance of HUF.

As per AA 1000 AS - Type 1, Moderate:

- ▶ Inclusivity - As per the information provided to us, we are not aware of any matter that would lead us to conclude that the criteria related to the inclusivity

principle has not been applied for the key stakeholders for whom the Projects are meant.

- ▶ Materiality - As per the information provided to us, we are not aware of any matter that would lead us to conclude that HUF and the PIA(s) have not applied the criteria related to or identified the issues that are material to the impacted stakeholders covered under the Projects.
- ▶ Responsiveness - Based on our review, nothing has come to our attention that causes us to believe that HUF has not demonstrated its commitment to understand stakeholders concerns, as evident from its various stakeholder consultation engagement mechanisms which have been applied at select projects.
- ▶ Impact - As per the information provided to us, we are not aware of any matter that would lead us to conclude that the criteria related to the impact principle has not been applied for the key stakeholders for whom the projects are meant.

Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our climate change and sustainability network and undertakes similar engagements with a number of significant Indian and international businesses. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics¹ for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

For Ernst & Young Associates LLP

Chaitanya Kalia

Partner

25.03.2021



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Licensed Assurance Provider
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¹ International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. This Code establishes ethical requirements for professional accountants. The guidance related to network firms was updated in July 2006.

Annexure 1: Information of Projects and respective PIAs covered under the scope of Assurance

Review conducted through Desktop Review*			
Name of PIA	Project Title	Name of PIA	Project Title
Foundation for Ecological Security (FES)	Water Commons - Influencing Practice and Policy	BAIF- Maharashtra Institute of Technology Transfer for Rural Areas (MITTRA) Igatpuri	Barsingve Watershed Development Project in Igatpuri Taluka of Nashik District
DHAN Foundation (Madurai)	Improved (Demand) Measures on Productivity of Agricultural Crops with Tank Systems (IMPACT)	BAIF Development Research Foundation (MITTRA) Surgana	Establish a model for drought resilience and drinking water security in tribal communities through a comprehensive hydrogeological approach for rainwater harvesting
Samaj Pragati Sahayog (SPS)	Towards water and livelihood security in tribal drylands of Central India	Self-Reliant Initiatives through Joint Action (SRIJAN)	Reviving Bundelkhand's traditional tanks through community-led action to stabilize agricultural livelihoods in a region vulnerable to chronic water distress
SAMUHA	Optimizing agriculture returns and enhancing climate adaptation through water conservation as a national model for canal-irrigated paddy cultivation	Vikram Sarabhai Centre for Development Interaction (VIKSAT)	Transforming water security and agricultural potential for small tribal farmers in dry arid districts of Northern Gujarat
Watershed Organisation Trust (WOTR)	Securing water and livelihoods in the changing climate through community-led Watershed development in Drought Prone Regions of India	Mysore Resettlement and Development Agency (MYRADA)	Breakthrough Solutions for efficient water use in agriculture in Hosur, Tamil Nadu and Pondicherry
People's Action for National Integration (PANI)	Promoting sustainable livelihood practices and strengthening livelihood portfolio through water efficient agricultural practices in eastern region of Uttar Pradesh	Centers for International Project Trust (CIPT)	Solutions for Responsible water use and long-term viability of agriculture in Punjab
Development Support Center (DSC)	Water Resource Management and Conjunctive use of water in the command area of Water scarce irrigation systems of North Gujarat	Aga Khan Rural Support Programme (AKRSP), India	Water for Public Good - Influencing Practice and Policy
People's Action for National Integration (PANI)	Sustainable solutions for water efficient; economically rewarding agriculture for small farmers in East UP	BAIF Development Research Foundation (BAIF)	Breakthrough Solutions for Efficient Water Use in Agriculture in Khamgaon, Buldhana district Maharashtra, Silvassa, UT of Dadra and Nagar Haveli & Gandhidham, Kutch district in Gujarat.
Professional Assistance for Development Action (PRADAN)-UM	Betterment of Lives & Ecology Through Strengthening Systems (BLESS Ushar Mukti)	Society for Proposition of Eco-Friendly Sustainable Development (SPESD)	Integrated Watershed Management Programme (IWMP)
Parmarth Samaj Seva Sansthan (PSSS)-Etah, Chhindwara, Sumerpur	Breakthrough solutions for efficient water use in agriculture in Etah, Sumerpur-Hamirpur districts in UP & Chhindwara district in Madhya Pradesh	Sanjeevani Institute for Empowerment and Development (SIED)	Regeneration of natural resource Base through participatory watershed development in Dhule and Nandurbar districts, Maharashtra, India
Professional Assistance for Development Action (PRADAN)	Securing Food and Livelihood through in situ soil and moisture conservation in Chhotanagpur plateau	Parmarth Samaj Seva Sansthan (PSSS) - Sumerpur	Jal Samruddhi Project

* Desktop reviews were conducted on account of Covid Pandemic Situation

Annexure 2
Key Performance Indicators (KPIs) covered under the scope of Assurance
(Consolidated for all 22 projects – with financial support from co-funders)

S. No.	Key Performance Indicator (KPI)	Unit	Assured KPI values for FY 2019-20	Cumulative & Collective KPI Values as reported by HUF (till FY 2018-19)		Cumulative & Collective KPI Values as reported by HUF (till FY 2019-20)	
			Limited (ISAE 3000) & Type -1. Moderate (AA1000AS)	Reasonable (ISAE 3000) & Type -1. High (AA1000AS)	Limited (ISAE 3000) & Type -1. Moderate (AA1000AS)	Reasonable (ISAE 3000) & Type -1. High (AA1000AS)	
1	Program based Performance Principle of "Quantity of Water"						
1.1	Water Availability (cumulative and collective contribution)						
1.1.1	Supply Side						
1.1.1.1	Water potential through the Project(s) - Due to rejuvenation of water bodies and/or Due to new water harvesting and/or Due to soil and water conservation measures (which has been subjected to monsoon rainfall)	Billion Litre	168.883	-	480.455	-	649.338
1.1.1.2	Water potential through the Project(s) - Due to rejuvenation of water bodies and/or Due to new water harvesting and/or Due to soil and water conservation measures (which are yet to be subjected to monsoon rainfall)	Billion Litre	32.226	0.520	19.106	0.520	51.332
1.1.2	Demand Side						
1.1.2.1	Water savings potential due to various management interventions adopted (Demand Side)	Billion Litre	201.257	-	485.356	-	686.613
2	Program based Performance Principle of "Benefits to the Community"						
2.1	Person Days Generated						
2.1.1	Person days generated due to the project works	Number	17647794.500	26,41,532.000	4282822.754	26,41,532.000	21930617.250
2.1.2	Person days generated due to enhanced water availability/ adoption of improved agriculture practices and/or allied activities	Number	2719728.730	155.000	3970409.014	155.000	6690137.744
2.2	Additional Agriculture and Biomass Production (annual)						
2.2.1	Additional annual Agricultural and Biomass Production achieved (due to improved availability of water and/or due to improved agricultural practices)	Tonne	122692.860	8,405.000	959654.956	8,405.000	1082347.816

Note:

Cumulative KPI values till FY 2018-19 are as provided by HUF. These values include values assured (whether under Limited or Reasonable Assurance) by previous assurance providers and have been relied upon in arriving at cumulative and collective KPI values till FY 2019-20. Assurance Statement for FY 2018-19 and before, can be accessed from HUF.