

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 report on 'Water for Public Good - Journey Report FY 2018-19'.

Responsibility of HUF and the PIA(s)

We have been informed by HUF that:

- ▶ HUF claims KPI values on the basis of projects carried out in a particular geography through respective PIA wherein the project may or may not be solely supported by HUF through its finances. These KPI claims are thus representative of the aggregated contribution of intervention supported by multiple co-funders who agreed to work with a particular PIA;
- ▶ HUF has prepared report on 'Water for Public Good - Journey Report FY 2018-19' capturing individual and consolidated performance of the 19 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 'Water for Public Good - Journey Report FY 2018-19';
- ▶ 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 'Water for Public Good - Journey Report FY 2018-19'.

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 field visits of 7 projects and desktop reviews of 12 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 2018 to 31st March 2019.
- ▶ 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 2018-19.
- ▶ 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 regarding the 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 presented 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.

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

31 January 2020



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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 by Field Visit	
Name of PIA	Project Title
Foundation for Ecological Security (FES)	Water Commons - Influencing Practice and Policy
DHAN Foundation (Madurai)	Improved (Demand) Measures on Productivity of Agricultural Crops with Tank Systems (IMPACT): Phase -I & II
Samaj Pragati Sahayog (SPS)	Towards water and livelihood security in tribal drylands of Central India
SAMUHA	Optimizing agriculture returns and enhancing climate adaptation through water conservation as a national model for canal-irrigated paddy cultivation
Watershed Organisation Trust (WOTR)	"Securing water and livelihoods in the changing climate through community-led Watershed development in Drought Prone Regions of India"
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
Development Support Center (DSC)	Water Resource Management and Conjunctive use of water in the command area of Water scarce irrigation systems of North Gujarat

Review conducted by Desktop Review	
Name of PIA	Project Title
Maharashtra Institute of Technology Transfer for Rural Areas (MITTRA) Nashik	Barsingve watershed development project in Igatpuri taluka of Nashik District
Maharashtra Institute of Technology Transfer for Rural Areas (MITTRA) Khamgaon	Water conservation for community development around HUL Unit, Khamgaon
BAIF Institute for Rural Development (BIRD)	Jal Samridhi Project
Parmarth Samaj Seva Sansthan (PSSS) - Orai	Reducing the vulnerability of the community by securing water management through community's participation in Jalaun district of Bundelkhand region in UP
DHAN Foundation (Puducherry)	'Addressing the sea water intrusion issues in Pondicherry Region with ensured water security through Rehabilitation of the ponds'
SAHJEEVAN	Strengthening local governance and people's institutions for sustainable rain-fed agriculture and livestock economy in Kutch district of Gujarat - Jalprabandh
Aga Khan Rural Support Programme (AKRSP)	'Water for Public Good - Influencing Practice and Policy'
Society for Proposition of Eco-Friendly Sustainable Development (SPESD)	Integrated Watershed Management Programme (IWMP) No. 5 & 6
Sanjeevani Institute for Empowerment and Development (SIED)	Regeneration of natural resource Base through participatory watershed development in Dhule and Nandurbar districts, Maharashtra, India
Dharampur Utthan Vahini (DHRUVA) Lachhakadi	Integrated Water Conservation Project in Union territory of Dadara and Nagar Haveli
Parmarth Samaj Seva Sansthan (PSSS) - Sumerpur	Ensuring the livelihood and yearlong food security of target community through promotion of soil and water conservation techniques and sustainable agriculture practices
Professional Assistance for Development Action (PRADAN)	Securing Food and Livelihood through in situ soil and moisture conservation in Chhota Nagpur plateau

Annexure 2
Key Performance Indicators (KPIs) covered under the scope of Assurance
(Consolidated for all 19 projects - with financial support from co-funders)

S. No.	Key Performance Indicator (KPI)	Unit	Assured KPI values for FY 2018-19	Cumulative & Collective KPI Values as reported by HUF (till FY 2017-18)		Cumulative & Collective KPI Values as reported by HUF (till FY 2018-19)	
			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)	Limited (ISAE 3000) & Type -1. Moderate (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	112.324	-	368.131	-	480.455
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	2.132	0.520	16.974	0.520	19.106
1.1.2	Demand Side						
1.1.2.1	Water savings potential due to various management interventions adopted (Demand Side)	Billion Litre	147.286	-	338.070	-	485.356
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	1849984.610	26,41,532.000	24,32,837.144	26,41,532.000	4282822.754
2.1.2	Person days generated due to enhanced water availability/ adoption of improved agriculture practices and/or allied activities	Number	1289487.094	155.000	26,80,921.920	155.000	3970409.014
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	155131.887	8,405.000	8,04,522.069	8,405.000	959654.956

Note:

Cumulative KPI values till FY 2017-18 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 2018-19. Assurance Statement for FY 2017-18 and before, can be accessed from HUF website.