

Independent Assurance Statement

On the performance of community initiatives for Hindustan Unilever Limited through Hindustan Unilever Foundation for the Assurance Cycle 2016-17

To,

The Board of Directors,
Hindustan Unilever Foundation,
Mumbai,
Maharashtra,
India.

Broad Objective of the Engagement

Hindustan Unilever Foundation (herein referred to as "HUF") is 'undertaking various community initiatives (supported by co-funders in some projects) [herein referred to as "Project(s)"], as indicated in Appendix 1, referred as "Water for Public Good", through participating Project Implementing Agencies [herein referred to as "PIA(s)"], covering various non-governmental organizations and other agencies. We have been requested by the management of HUF to carry out a review and issue an independent assurance statement on the performance of select Projects, as submitted to us for review.

Responsibility of HUF and the PIA(s)

We have been informed by HUF that:

- HUF claims KPI values on the basis of interventions 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 agencies (co-funders) who have agreed to work with a particular PIA
- HUF prepares Journey Report on an annual basis capturing performance of 22 projects (some of which are supported through co-funders) implemented through different PIAs
- HUF confirms that the KPI outputs are not the sole performance of its financial and allied supports to various projects operationalised through respective PIAs and it will use appropriate disclosure channels to inform all co-funders of such representations in the Journey Report
- It encourages PIA(s) to develop working arrangements and identify opportunities of convergence with relevant stakeholders, including co-funders for Projects.

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- It has provided the architecture of principles and laid out Key Performance Indicators (KPIs) and has developed a Standard Operating Protocol¹ (SOP) for each KPI being reported with a view to encourage the PIAs to develop their own SOPs.
- The PIAs have developed their own SOPs along with appropriate performance management systems and internal control frameworks that serve as the basis for their implementation and reporting on KPIs to HUF. The PIAs have made efforts to contextualise this to local needs and community involvement
- A consolidation of performance against KPIs of 22 projects gets captured in the HUF Journey Report, thus democratising, collective thinking and action.
- Performance data against the KPIs submitted by respective PIAs is validated by HUF and represented for external assurance

Accordingly, the management of HUF is responsible for the architecture of principles, definition of KPIs and also the SOPs. The respective PIAs are responsible for estimation methodology and performance data against individual KPIs in accordance with the criteria mentioned in respective SOPs (collectively called as “allied documents”) that is free from material misstatement after selecting and applying appropriate reporting policies using measurement methods and estimates that are reasonable and appropriate in the project circumstances. Their responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the respective PIA annual report(s). HUF has extracted information from these reports and included in the Journey Report.

While HUF has encouraged PIAs to explore for convergence with other stakeholders, the PIA management has made choices including the way in which representations have been made for projects executed alone or jointly with other funding agencies and the reporting of KPIs as part of such investments are fair and reasonable.

Our Responsibility

This Assurance Statement is solely to HUF, in accordance with the terms of our engagement. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone, other than the management of HUF for our work or for the opinion that we have formed on the basis of work carried out by us. We have no duty of care or any liability to any third party and cannot accept any responsibility for reliance by them, in acting or refraining from acting on the contents of our Assurance Statement.

Scope of Work

The scope of work included issuance of Assurance Statement for consolidated KPI values reported in HUF Journey Report, in accordance with the following standards:

- Limited Assurance as per the International Standard on Assurance Engagement 3000 (Revised) (herein referred as “ISAE 3000”), issued by the International Federation of Accountants (herein referred as “the IFAC”)



¹ Standard Operating Protocol (SOP) as developed by PIAs serves as guidance document for monitoring and evaluation of each of the KPI(s) being reported.

- Type-1 Moderate Assurance as per AccountAbility 1000 Assurance Standard (2008) (herein referred as “AA1000AS”)

Our Approach and Methodology

We have engaged an appropriate multi-disciplinary team to perform the assurance engagement and to obtain information and explanations that we deemed necessary to collect sufficient evidence to support our opinion on the engagement.

We conducted this engagement in accordance with ISAE 3000 (Revised) (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and AA1000AS. Our opinion is based on following procedures (on a sample basis) for select Projects (11 projects identified in Appendix 1):

- Test of data, analytical procedures, review of records and review of relevant documentations submitted by respective PIA(s), to arrive at the KPI values for FY 2016-17
- Consultations with select external and internal stakeholders, covering HUF and select PIA(s), inclusive of communities, village level institutions and other relevant parties, whom we considered necessary for the purpose of our review
- Cumulative values were arrived at after applying deviation from select projects across the total population of 22 projects. We have relied on the KPI values provided by HUF for projects other than sample of 11 projects.
- Desk review of documents for non-visited projects (represented in Appendix 3)

We have relied on the information, documents, records and explanations provided by respective PIA(s) / HUF for the purpose of our review. Representations, supporting documentation, recall surveys, photographs and certain empirical estimates were provided to us by the representatives of HUF and the PIAs for certain projects. We have not provided assurance to SOP and “tools & methods” used for populating KPIs

We have not carried out investigation or forensic exercise as part of this engagement².

Our Observation and Recommendation

Observation:

- There are opportunities of enhancing project level SOPs for two projects through inclusion of project specific details for the following KPIs
 - KPI 1.1.2.1 on “Water savings potential due to various management interventions adopted”
 - KPI 2.2.1 on “Additional agricultural and biomass production”

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² HUF ensures that the Assurance Statement(s)/ Annual Reports/Journey Report are always released in their entirety with page numbering clearly indicating the total number of pages and the individual page numbering out of those total and that the “Notice” attached in Appendix 5 of the executed engagement letter between HUF and DHIS, appears legibly at the start of the Annual Reports/Journey Report

Recommendation:

- Process of review of project level SOPs should be strengthened to ensure that across all projects it reflects actual practice being adopted by respective PIAs while maintaining adherence to methodologies defined in HUF level SOP

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 shall be submitted to HUF separately.

Conclusions

Based on our discussions with relevant internal and external stakeholders of HUF and select PIA(s); the documents and records that were made available to us for our review and according to the information and explanations provided to us by HUF, the PIA(s) and the impacted communities consulted in connection to the review of the Projects for the assurance cycle 2016-17, for performances presented by select PIAs in their Project Annual Reports, we believe our work for the aforesaid scope of work, provides an appropriate basis for our opinion for select Projects.

Reviews carried out in line with "Limited Assurance Engagement as per ISAE 3000" and "Type 1 Moderate, as per AA1000AS":

As per AA1000AS:

- Inclusivity - As per the information provided by HUF we are not aware of any matter that would lead us to conclude that HUF has not applied the inclusivity principle for its key stakeholder groups
- Materiality - Based on the documents and records that were made available to us and examined, as aforesaid and according to the information and explanations provided to us, nothing has come to our attention that causes us to believe that the performance against the KPIs for the assurance cycle 2016-17 as presented in Appendix 2 by HUF are materially misstated
- 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 Project sites.

As per ISAE 3000, Limited Assurance:

Nothing has come to our attention that causes us to believe that the select KPIs performances presented are materially misstated.

Our Independence and Competencies in Providing Assurance

Our team included professionals having required experience in providing assurance in corporate social responsibility and sustainability related performance indicators. We have complied with independence policies of Deloitte Haskins & Sells LLP, which address the requirements of the IFAC Code of Ethics for Professional Accountants in the role as independent auditors. We also confirm that we have maintained our independence in the Report and there were no events or prohibited services related to the Assurance Engagement which could impair our independence.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(ICAI Reg. No. 117366W / W-100018)



Neeta N. Shah
Partner
ICAI Membership No. 25846



Place: Mumbai
Date: March 5, 2018

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Appendix-1: Information of Projects visited

Sr. No.	PIA	Project Title	Location(s) visited as part of site visit	Names of key stakeholders consulted including PRI members, Govt. officials *
1	Professional Assistance for Development Action (PRADAN)	Securing Food and Livelihoods through in situ soil and moisture conservation in Chhotanagpur Plateau	Villages – Lagadori, and Nercha	Ms. Mampi Mondal, Ms. Mukhi Murmu, Ms. Rekha Rani, Ms. Lotika Sodhdhar, Ms. Fuleshwari Basra, community data collectors, and others Mr. Sudipto Porel, Deputy Secretary, Department of Panchayat and Rural Development, Government of West Bengal.
2	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 [Farmers action for sustainable agro based livelihoods – FASAL - II]	Villages – Maholi, Saraimugal, and Devari Kheda	Ms. Radha, Ms. Chaveeraji, Ms. Ramavati, Ms. Nirmala, Mr. Ram Kumar, Mr. Kripanand Tiwari, Ms. Gayatri Devi, Mr. Jagram, Community Resource Personnel, Members of Water User Groups, and others. Mr. Rakesh Singh – representative of TATA Trust
3	Foundation for Ecological Security (FES)	Water Commons-Influencing Practice and Policy'	Villages – Lambadabra, Motadhamnia, Surpur, Khataro Ki Bhain (Pratapgarh district)	Mr. Laxman, Mr. Shyamlal, Mr. Ramlalji, Mr. Dharam Chand, Mr. Udaylal, Mr. Shankarlalji, members of water management committee and others.
4	Development Support Center India (DSC)	Promoting Integrated Water Resource Management and Conjunctive Use of Water in the Command Area of Water Scarce Irrigation Systems of North Gujarat"	Villages – Ransipur (Visnagar Cluster), Dedhrota (Himmatnagar Cluster)	Jeetendra Bhai, Govind Bhai, Sujal Samiti members and others.
5	Maharashtra Institute of Technology Transfer for Rural Areas (MITTRA), Nashik	Barsingve Integrated Watershed Development Programme in Igatpuri Taluka of Nashik District	Villages – Sonushi and Barsingave villages (Nashik District)	Mr. Madan, Mr. Shankar Laxman, Mr. Mahindra Lahange, Ms. Kavita Borhane, Mr. Datta Chothe, Mr. Govindrao Lahamge, and others. Mr. Atul Vedpathak, DDM, Nashik Region, NABARD

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Sr. No.	PIA	Project Title	Location(s) visited as part of site visit	Names of key stakeholders consulted including PRU members, Govt. officials *
6	Watershed Organization Trust (WOTR 1)	Securing Water and Livelihoods through Community-Led Watershed Development in SemiArid, Drought Prone Region of Maharashtra.	Village – Khedgaon	Mr. Avinash Wani, Mr. Godhse, Mr. Ganesh Tarachand Gusinge, Ravindra Dawkar, Rojgar Sevak from Chinchekheda Cluster, and others. Mr. Santosh Rathod, Assistant Programme Officer (APO), Ambad Mr. Sunil Pitore, Sarpanch, Vadilasura Mr. Ramesh Balgaj, Technical Officer from Panchayat Office
7	Sanjeevani Institute for Empowerment and Development (SIED)	Regeneration of the Natural Resource base through Participatory Watershed Development in Dhule & Nandurbar Districts, Maharashtra, India	Villages - Domkani, Jamki and Washhedi (Dhule district)	Mr. Sudham Pawar, Nimba Kunwar, Vijay Jadhav, Meena Dilip and others. Mr. Suhas B Nair from Karl Kubel Stiftung (KKS).
8	Mysore Resettlement and Development Agency (MYRADA)	Community-Led sustainable management of water resources for promotion of livelihoods and secured natural resources base	Villages – Nehru Colony, Arehalli (Chitradurga district)	Ms. Bhrathamma, members of watershed management committee, Ms. Gulshira Begum, Ms. Nagaratna, Guntamma, members of Laxmi self-help group,
9	Development of Humane Action (DHAN), Madurai	Improved (Demand) Measures on Productivity of Agricultural Crops with Tank Systems (IMPACT) (Accelerating "Climate SMART" Community Water Initiatives in Water hotspots of South India)	Villages – Jambulapuram, (Sedapatti Block) Manavarayansthal, Meenakshipuram (Thiruchuli block).	Ms. Kaushalya, Ms. Rajalaxmi, Mr. Jayaraman, Mr. Ilanchelian, members of water user group and others.
10	Dharampur Utthan Vahini (DHRUVA)	Integrated Water Conservation Project , Silvassa	Villages – Vandsa, Dudhani, and Karchond in Silvassa (Dadra and Nagar Haveli)	Mr. Dasma Bhai Nakre, Mr. Manabhai Vajre, Ms. Sanjekar Nakre, Mr. Pavlesh Nakre, Members of Vikas Water User Group, Members of Jalbindu Water User Group, Members of Women Self-help groups and others.

18

Sr. No.	PIA	Project Title	Location(s) visited as part of site visit	Names of key stakeholders consulted including PRI members, Govt. officials *
11	Sahjeevan	Strengthening the local governance and peoples institutions for sustainable rain-fed agriculture and livestock economic in Kutch district of Gujarat.	Villages – Bhimasar, Pasuda, Tappar, Varshana, Padana and Ajapar in Anjar and Gandhidham talukas in Kutch district of Gujarat	Ms. Neeru Ben, Ms. Jayasu Ben, Mr. Ramesh Bhai, Mr. Mukesh Bhai, Mr. Shaanti Bhai, Mr. Narayan Bhai, Ms. Shilpa Ben, directors at the Upaj Companies, and others.

* Note: Representatives from HUF and respective PIAs have also been consulted during the assurance process.

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Appendix – 2: Key Performance Indicators – In Accordance with Limited Assurance Procedures (Consolidated for 22 Projects- With financial support from co-funders)

Sr No.	Key Performance Indicator	Unit	Assured KPI Values for FY 2016-17	Cumulative & Collective KPI Values as reported by HUF (till FY 2015-16) ²		Cumulative & Collective KPI Values as reported by HUF (till FY 2016-17) ³	
			Limited (ISAE 3000) & Type-I, Moderate (AA1000AS)	Reasonable (ISAE 3000) & Type-I, High (AA1000AS)	Limited (ISAE 3000) & Type-I, Moderate (AA1000AS)	Reasonable (ISAE 3000) & Type-I, High (AA1000AS)	Limited (ISAE 3000) & Type-I, 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	103.79	0.00	142.73	0.00	246.52
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	2.96	0.52	12.15	0.52	15.11
1.1.2	Demand Side						

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Sr No.	Key Performance Indicator	Unit	Assured KPI Values for FY 2016-17	Cumulative & Collective KPI Values as reported by HUF (till FY 2015-16) ²		Cumulative & Collective KPI Values as reported by HUF (till FY 2016-17) ³	
			Limited (ISAE 3000) & Type-I, Moderate (AA1000AS)	Reasonable (ISAE 3000) & Type-I, High (AA1000AS)	Limited (ISAE 3000) & Type-I, Moderate (AA1000AS)	Reasonable (ISAE 3000) & Type-I, High (AA1000AS)	Limited (ISAE 3000) & Type-I, Moderate (AA1000AS)
1.1.2.1	Water savings potential due to various management interventions adopted (Demand Side) ²	billion litre	53.55	0.00	139.92	0.00	193.47
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	11,69,052	26,41,532	3,17,478	26,41,532	14,86,530
2.1.2	Person days generated due to enhanced water availability/ adoption of improved agriculture practices and/or allied activities	Number	3,96,364	155	7,84,374	155	11,80,738
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	80,695.86	8,405.00	5,92,538.00	8,405.00	6,73,233.86

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Notes pertaining to assurance cycle 2016-17:	
Note#	Description
1	Select Projects, as mentioned in Appendix 1 are in line with the following items of Schedule VII of the Companies Act 2013, in conjunction with CSR Rules, notified by the Govt. of India: <ul style="list-style-type: none"> • Items # (ii) of amended Sch. VII – Promoting education and livelihood enhancement projects; • Item # (iv) of amended Sch. VII - Ensuring environmental sustainability, ecological balance; conservation of natural resources • Item # (x) of amended Sch. VII – Rural development projects
2	Cumulative KPI values till FY 2015-16 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 KPI values till FY 2016-17 under Limited Assurance. Assurance Statement for FY 2015-16 can be accessed from HUL/HUF website upon submission of required credentials.
3	Cumulative KPI values till FY 2016-17 have been arrived at by adding assured values (as per Limited Assurance) for FY 2016-17 to Cumulative KPI values till 2015-16 (falling under Limited Assurance). Cumulative values for FY 2016-17 falling under Reasonable Assurance has not been assured and has been relied upon as provided by HUF.
4	Following changes in data coverage and reporting has been brought in 2016-17 in some KPIs: <ul style="list-style-type: none"> • KPI 2.2.1 (Additional annual Agricultural and Biomass Production achieved) has been redefined to cover fodder, green manure in addition to food grains and vegetables • Indicator on “Water Harvested due to Rain” has been omitted, since its value is covered under KPI 1.1.1.1 (Water potential through the Projects) • For KPI 1.1.2.1 (Water savings potential due to various management interventions adopted), until previous year, value was reported in a range (Based on theoretical computation to practice based i.e. monitored data). However, for FY 2016-17 only practice based data has been adopted
General Note	<ul style="list-style-type: none"> • Previous year’s assured values have been regrouped / reclassified where necessary • Co-funding organisations/ schemes in HUF Projects associated with respective PIAs have been enlisted below: <ul style="list-style-type: none"> ○ WOTR - Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) ○ FES – MGNREGS; National Bank for Agriculture and Rural Development (NABARD) ○ MYRADA - NABARD ○ DHAN Foundation; Madurai- NABARD; Life Insurance Corporation of India, Insurance company; Banks like IDBI and Corporation Bank and other CSR partners like Bharat Petroleum Corporation Limited (BPCL) ○ DSC – Gujarat Land Development Corporation (GLDC); Water Resources Department (WRD); MGNREGS; The Royal Bank of Scotland (RBS) Foundation ○ PRADAN - CFT(Dept. Panchayat & Rural Development, GoWB); Integrated Watershed Management Programme (IWMP), GoWB; Mahila Kisan Sasaktikaran Pariyojna (MKSP); Ministry of Rural Development (MoRD), HIVOS - Revitalising Rainfed Agriculture (RRA), WBPRD - Rural Development Department (Anadadhara Program); Agriculture Dept., GoWB (ATMA) ○ MITTRA (Nashik) – NABARD ○ SIED- KKS, Germany ○ PANI- TATA Trust ○ DHRUVA did not have co-funders as these Projects are under RABHAT initiative of HUL ○ Sahjeevan- Coastal Salinity Prevention Cell (CSPC) provides technical support to Sahjeevan but no co-funding is provided.

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Appendix-3: Projects not selected for site visit

Sr. No.	PIA	Project Title
1	Society for Promotion of Eco-friendly Sustainable Development (SPESD)	Integrated watershed management project
2	Olam Agro India Ltd.	Water Efficiency in Sugarcane
3	Parmarth (PSSS)	Jal - Samrudhi - Reducing the vulnerability of community by securing water management through community participation
4	BAIF Development Research Foundation (BIRD)	Jal – Samrudhi “Integrated Water conservation project “Jal Samridhi” in Kasganj District of Uttar Pradesh”
5	Parmarth -Sumerpur	Ensuring the livelihood and yearlong food security of target community through promotion of soil and water conservation techniques and sustainable agriculture practices
6	SAMUHA	The HUF-SAMUHA Partnership: Optimizing agriculture returns and enhancing climate adaptation.
7	Aga Khan Rural Support Programme (AKRSP)	Water for Public good – Influencing Practice and Policy
8	Maharashtra Institute of Technology Transfer for Rural Areas (MITTRA) - Khamgaon	Water conservation for community development around HUL, Khamgaon Unit
9	Watershed Organization Trust (WOTR 2)	Knowledge Acquisition And Capacity Building For Scale: An Integrated Action Research Project To Assess And Address The Impacts Of Climatic And Non-Climatic Drivers Of Change In Rainfed Landscapes Of Maharashtra And Telangana
10	Samaj Pragati Sahayog (SPS)	Towards Water and Livelihood Security in Tribal Drylands of Central India
11	Development of Humane Action (DHAN) – Pondicherry	Addressing Sea water intrusion issues in Puducherry region with ensured water security through rehabilitation of the ponds.

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