

Hi and good afternoon everyone,

I have had a look at your agenda and I do hope you had meaningful discussions around varied subjects such as the future of the beauty industry and the regulatory landscape amongst others. Thank you for inviting me to share my thoughts on a subject which we are very passionate about and that is 'sustainable future'. The very word 'sustainable' does refer to 'enduring'. So first and foremost we have to ensure that the businesses that we run or work in are enduring. At a stage when the average life span of an S&P 500 company is less than 15 years this is no mean task. This necessarily means that as a business we have to re-invent ourselves every few years.

We at HUL have been doing this by:

- Ensuring we remain purpose driven and values led...true to the philosophy of our founding fathers
- Second, by embracing technology and inclusive innovation that meets the needs of consumers across the socio-economic pyramid.
- Third, by developing future ready talent and building capabilities which are distinctive and hard to replicate.
- Fourth, by building an agile, diverse and inclusive culture
- Fifth, committing to sustainable and responsible growth across our value chain

However, when we refer to 'sustainable future' we refer to sustainability beyond that of an individual corporation. Though our ability to contribute to a sustainable future will not exist if we do not sustain ourselves as a business.

Let me now move on and look at our country. We in India are at a very exciting juncture. Our economy is one of the fastest growing economies in the world and where 40% of the population is less than 20 years of age; and then when you look at it from the lens of A's i.e. affluence, awareness, aspirations, attitudes and accessibility, clearly big growth opportunity beckons the beauty industry.

It indeed is a great time for us in India and for our industry with predictions that our country may well be in the top 3 large economies by 2020 on absolute GDP basis. And though this makes me immensely happy, I am at times also concerned to look into the future.

I am concerned because even today 1 out of 6 Indians goes to bed hungry every year and 1 out of 4 Indians still does not have easy access to safe and sustainable water. In fact the per capita water availability in India in 2030 is going to be half of what it is today. Every year, more than 6 lakh children die before they reach the age of 5 due to diarrhoea and pneumonia, a staggering 44% of them in the first 28 days of birth.

For us to reap the benefit of demographic dividend and not let it become a drag we have to create a million jobs every month and we are nowhere close to this task.

It pains me to even think that while we talk about growth and economic prosperity, there are people fighting for the very basic necessities like a clean toilet or safe drinking water or getting a source of livelihood.

The latest Oxfam report tells us that 1% of the world's richest people own more wealth than the other 99% or that 62 of the richest individuals in the world have more wealth than the bottom 3.6 billion people!!

My question to you today – Can we truly enjoy the fruits of growth while India ranks 135 / 187 in UNDP's Human Development Index?

Apart from the socio-economic impact, the rising inequality cannot be good for businesses either. The experience world over has been that economic growth goes hand in hand with social development. At the bottom end of the spectrum, small incomes reduce the financing of effective consumer demand. A fall in demand reduces the incentive for investment, the key initiator of growth.

This disparity is also giving rise to lack of trust in businesses. Society is beginning to question - Is business, more so a Big Business, self-serving, directing its energies and resources to narrow purposes that have little to do with the well-being of society and the environment?

So how do businesses bridge the trust deficit? But before answering this question we should ask ourselves ... Are we as big businesses playing the role we were meant to play when we started?

Let me share with you an example of my company, Unilever. Let's go back a 100 years. The story begins in the late 1890's when William Hesketh Lever, to be later known as Lord Leverhulme, gave Victorian England the Sunlight Soap, a revolutionary new product that helped popularise cleanliness and hygiene. Lord Leverhulme envisioned a business that was based on social good. To take soap to the mass market was one way of doing that, giving everyone the opportunity to better health and hygiene. While our business is about selling products, it's also about improving the quality of people's lives and value-driven leadership.

As Lord Leverhulme put it eloquently: "I believe that nothing can be greater than a business, however small it may be, that is governed by conscience; and that nothing can be meaner or more petty than a business, however large, governed without honesty and without brotherhood."

Little has changed for us since then. To the usual 3G model of growth--consistent, competitive, profitable--we have added a 4th G—we have no intention of competing with Reliance...our 4th G is 'responsible growth'. We recognize that to create value for society – it is 4Gs or no Gs. In fact, our purpose has never been clearer than now – to make sustainable living commonplace.

In 2010, we unveiled the Unilever Sustainable Living Plan (USLP). The Unilever Sustainable Living Plan combines growth with sustainability. The Plan calls for doubling of business, while de-coupling it with our environmental footprint and re-coupling it with our positive social impact.

By 2020, the Plan aspires to deliver 3 big goals:

- To help a billion people take action to improve their health and well-being;
- To halve the environmental impact of our products; and
- To enhance livelihoods of millions of people as we grow our business.

The model encompasses all brands, categories and countries. It also takes co-responsibility for the total value chain. It's a virtuous cycle: As we grow our business and as we increase our positive social impacts, more consumers will embrace us, leading to an even greater positive social impact.

It's now more than 5 years since we launched the Unilever Sustainable Living Plan. Before you ask, let me tell you that it has been a great journey – not just because we have made millions smile across the value chain or with our products that promise health and hygiene – but even our shareholders have had good reason to smile!

According to the Havas Media report of 2013, meaningful brands outperform the stock market by 120%. At Unilever, our purpose drive brands have grown twice the Unilever average rate. In India, moving to sustainably sourced tomatoes has helped propel Kissan tomato ketchup to #1 in its category.

Let me take this opportunity to take you through some of our purpose driven brands and the initiatives that I am so proud of. Lifebuoy is our greatest example of how sustainable brands capture the hearts and imagination of people beyond their immediate utility. Lifebuoy launched the “#helpachildreach5” campaign with a mission that is simple but yet so impactful: to create a hand washing culture which would, by 2020, change the hand washing behaviour of a billion plus people.

How does hand washing change lives you may ask? Well, many of you might well remember that the campaign, launched in 2013, began with Thesgora village, in Madhya Pradesh, a village with one of the highest rates of diarrhoea in India. With Lifebuoy's intervention, the incidence of diarrhoea in Thesgora dropped by 86%. Through its various initiatives and campaign, Lifebuoy has brought the awareness of handwashing to 250 million people across the world. In India, the handwashing programme has impacted 63 million people since 2010.

Then there is Domex, our toilet cleaner brand that aims to help eradicate open defecation by providing access to improved sanitation by helping build toilets for local communities through the DTA programme. Similarly, our unique innovation Pureit has catapulted us to the forefront of technology that makes safe water accessible and affordable to millions. Cumulatively speaking, Pureit has made possible 65 billion litres of safe drinking water globally and in India 55 billion litres of water. Yet, as I speak, many millions—perhaps, even a billion—have no access to drinking water. And the situation is expected to get worse.

At HUL, we dare to hope for a better brighter future. A few years back, we identified water as a key focus area and set up a subsidiary - Hindustan Unilever Foundation (HUF) that would help create capacities to conserve water. Since inception, HUF along with its partners -- NGOs, communities, other co-funders, and partners -- has initiated 18 projects in more than 4,000 villages of 82 districts in 13 states located across 13 river basins in India.

Some of its key achievements:

- We have created water conservation potential of 200 billion litres; with a plan to reach 500 billion litres by 2020
- Helped increase more than 150 thousand tonnes of crop yield
- Helped generate 2 million man days of employment

We believe that the challenges that our country faces cannot be overcome by private entities alone. We need partnerships to drive scale and impact. Govt's Swachh Bharat campaign is an incredible example to help tackle WASH issues. We are proud to tell you that this has been a key focus area of HUL for many years.

We recently launched the 'Swachh Aadat, Swachh Bharat' programme that promotes good health and hygiene practices. This is a first-of-its-kind multi-brand behaviour change programme synergising the efforts of HUL's leading brands Lifebuoy, Domex and Pureit. The programme complements the Government of India's 'Swachh Bharat Abhiyan' (Clean India Mission).

The 'Swachh Aadat, Swachh Bharat' programme has two key thrusts:

Swachh Aadat: A mass media campaign to drive engagement and awareness.

And Swachh Basti: An on-ground behaviour change model in slums of Mumbai and Delhi - through school contacts, home to home contacts, static messaging in doctors clinics and community toilets and a neonatal programme.

This programme encourages people to adopt three 'Swachh Aadat' or 'Clean Habits' – Washing hands 5 times a day, using a clean toilet for defecation and adopting safe drinking water practices.

As we deal with these challenges, there are new set of challenges that will confront us. The World Economic Forum at its recent conclave in Davos talked about the 4th industrial revolution. Like previous ones, this too would not be painless. While technology will help us to address some of the challenges that we face today, it is also very likely that millions of jobs would be lost to it. In India, we should not lose sight of the millions without jobs and struggling for livelihoods. This means we will need to find inclusive ways of growing our business.

Let me tell you the story of the Shakti Ammas that highlights HUL's initiative in enhancing livelihoods and women empowerment. In 2001 HUL stepped in to help empower rural women in the villages through our bold and innovative Shakti programme. By leveraging the women's self-help groups, and by building on the micro-lending facilities, we helped women become entrepreneurs by inviting them to become our direct-to-consumer sales distributors in their villages. Shakti contributes by creating profitable micro-enterprise opportunities for rural women. Armed with microcredit, rural women become Shakti Ammas. What began as a pilot has now grown to over 70,000 Shakti Ammas across 165000 villages in India.

But you may ask...does sustainability drive business growth? Let me tell you global spending on responsible consumption (RC) products is \$400 billion. In the US, RC products have grown about 9% annually in the past three years. A study by Nielsen indicated that 55% of consumers said they were prepared to pay more for ethical brands.

In 2015, a relatively small company like Tesla which produces electric cars had around half the market capitalisation of giant, GM motors, as markets recognised the value of its potential growth in a world of finite resources.

Another good example is that of Kenco Coffee. Kenco had been differentiated through its ethics for many years, and this had fuelled significant, profitable growth. However, sales started to falter. This compelled them to think differently. The Company through a video showcased a compelling human story that was directly relevant to the brand. Kenco's Coffee vs. Gangs video was conceived to give young Hondurans a way out of gang life and into coffee farming. Needless to say, this translated into a 50% sales growth in 12 months for the brand.

What would have happened if Kenco did not realise this need to turn to Sustainability to drive business growth? According to the UN Global Compact – Accenture CEO Study, 97% of CEOs see sustainability as important for the future success of their business, 78% see sustainability as an opportunity for growth and innovation.

This is the leadership of tomorrow - a new kind of leadership that is values-led and purpose-driven and leaders who can redefine the role of business in society. To be values-led is more than simply putting your values down on a piece of paper. It is about living and breathing those values every day. As a business leader, it is about having a true north – an internal compass with non-negotiables. It is also about being clear what those non-negotiables are, and most importantly, it is about sticking to them in good times and in adversity.

Having a set of non-negotiables also helps us attract the right talent. In fact, millennials are most likely to pick employers based on values and purpose (PWC). Half of graduate entrants to Unilever cite our ethical and sustainability policies as the primary reason for wanting to join the Company.

The purpose and passion in the youth of today, makes me strongly believe that the time is now ripe to erect a monument to sustainable behaviour. Perhaps it is time for Holocaust survivor Viktor Frankl's dream to become a reality. Viktor had long ago mentioned in his book how freedom is arbitrary, meaningless, unless it is backed by responsibility. He had said that the statue of liberty on the east coast should be supplemented by the statue of responsibility on the west coast!

The same way, I strongly believe that the freedom to grow our businesses must be balanced by our responsibility towards addressing the needs and aspirations of consumers as well as the other co-creations on our planet, human and non-human, living and non-living.

We are at a turning point in history, a point when change is needed for the sake of our planet, where the cost of inaction is exceeding the cost of action. The world needs a new business model with sustainability at its core. We've proved, in decent measure, that it is possible to grow sustainably, to survive and thrive.

I dream of a beautiful future. You are the stalwarts and will easily understand that true beauty is more than skin deep. When I say beautiful, I mean beautiful for everyone – companies, shareholders, our society and yes... nature. I look for beauty in the hearts of people. And it is up to us to create this beauty – with our attitude, with our behaviour and with our actions.

It is now time to come together to realise this dream and make a big difference to the generations to come.

Thank you!