



Hindustan Unilever Limited

Hindustan Unilever Limited
Unilever House
8 D Sawant Marg
Chakala, Andheri East
Mumbai 400 099

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Web: www.hul.co.in

23rd August, 2013

Stock Code: BSE: 500696
NSE: HINDUNILVR
ISIN: INE030A01027

BSE Limited,
Corporate Relationship Department,
2nd Floor, New Trading Wing,
Rotunda Building, P.J. Towers,
Dalal Street,
Mumbai – 400 001

✓ National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra – Kurla Complex,
Bandra (E),
Mumbai – 400 05

Dear Sir,

Sub: Minutes of the Annual General Meeting

We are pleased to enclose herewith copy of the Minutes of the proceedings of the Annual General Meeting held on 26th July, 2013.

Request you to take this on your records.

Thanking you,

Yours faithfully,
For Hindustan Unilever Limited

Dev Bajpal
Executive Director – Legal & Corporate Affairs
and Company Secretary

CC: National Securities Depository Limited
Central Depository Services (India) Limited

HINDUSTAN UNILEVER LIMITED

MINUTES OF THE 80TH ANNUAL GENERAL MEETING OF THE MEMBERS OF HINDUSTAN UNILEVER LIMITED HELD AT THE REGISTERED OFFICE OF THE COMPANY AT UNILEVER HOUSE, B. D. SAWANT MARG, CHAKALA, ANDHERI EAST, MUMBAI 400 099, ON FRIDAY, 26TH JULY, 2013, AT 3.30 P.M.

Present:

Mr. Harish Manwani	Non-Executive Chairman of the Board of Directors and as a member of the Company Also, as an Authorised Representative of Unilever PLC, Brooke Bond Group Limited, Brooke Bond Assam Estates Limited, Brooke Bond South India Estates Limited, Unilever Overseas Holdings AG., Unilever Overseas Holdings B.V. and Unilever UK & CN Holdings Limited and a proxy for 3 Members
Mr. Nitin Paranjpe	Managing Director & CEO and as a member of the Company and a proxy for 4 Members
Mr. Aditya Narayan	Independent Director Also, as the Chairman of the Audit Committee of the Company
Mr. S. Ramadorai	Independent Director and as a member of the Company Also, as the Chairman of the Nomination and Remuneration Committee of the Company
Dr. R. A. Mashelkar	Independent Director
Mr. O. P. Bhatt	Independent Director Also, as the Chairman of the Stakeholders' Relationship Committee and Corporate Social Responsibility Committee of the Company
Dr. Sanjiv Misra	Independent Director



Mr. Sridhar Ramamurthy	Executive Director - Finance & IT and CFO and as a member of the Company
Mr. Pradeep Banerjee	Executive Director - Supply Chain and as a member of the Company
Mr. B. P. Biddappa	Executive Director - Human Resources and as a member of the Company
Mr. Hemant Bakshi	Executive Director – Home & Personal Care and as a member of the Company
Ms. Geetu Verma	Executive Director - Foods
Mr. Manish Tiwari	Executive Director - Customer Development and as a member of the Company
Mr. Dev Bajpai	Executive Director - Legal & Corporate Affairs and Company Secretary and as a member of the Company

1. Mr. Sanjay Buch, Partner of M/s. Crawford Bayley & Co., the Solicitors of the Company and Mr. Pradip Kanakia, Audit Partner of M/s. Lovelock & Lewes, Auditors of the Company were present by invitation.
2. In aggregate, 1244 Members were present in person and 63 Members were represented by their proxies.
3. In accordance with Article 82 of the Articles of Association, Mr. Harish Manwani, Chairman of the Board of Directors took the Chair.
4. The following documents and Registers were placed on the table:
 - (i) Directors' Report for the financial year ended 31st March, 2013.
 - (ii) The Audited Accounts and Auditors' Report thereon for financial year ended 31st March, 2013.
 - (iii) The Proxy Register with 245 valid proxies lodged with the Company in connection with the 80th Annual General Meeting (remained open for inspection during the meeting).
 - (iv) The Register of Directors' shareholdings (remained open for inspection during the meeting).



- (v) Auditors' Certificate in respect of Employees' Stock Option Plan of the Company (remained open for inspection during the meeting).
5. Ms. Anthea Miranda, Manager, Employee Services made the Members aware about the safety arrangements inside the meeting hall, in case of any emergency.
 6. At 3.30 P.M., the Chairman commenced the meeting by welcoming the Members to the 80th Annual General Meeting. The Chairman announced that the requisite quorum being present, the meeting was called to order.
 7. The Chairman introduced the Members of the Board of Directors, Members of the Management Committee and other Invitees present on the dais. The Chairman welcomed Dr. Sanjiv Misra, who was proposed to be appointed as a Director on the Board with the consent of the Members present upon his appointment as an Additional Director coming to an end at the conclusion of this meeting.
 8. The Chairman informed the Members that Dr. R. A. Mashelkar, Non-Executive Independent Director of the Company had attained the age of seventy years and therefore, in line with Company Policy, will not be offering himself for re-appointment at the ensuing Annual General Meeting. The Chairman stated that it was Company's privilege to have an eminent Scientist of the stature of Dr. Mashelkar on the Board and that the Company had immensely benefited from the contribution made by him. The Chairman placed on record, the deep appreciation for the distinguished service rendered by Dr. Mashelkar.
 9. Before commencing the formal proceedings of the Annual General Meeting, the Chairman informed the members that Mr. Nitin Paranjpe, the present Managing Director and CEO of the Company was elevated as President, Home Care, Unilever, with effect from 1st October, 2013 and will join the Unilever Leadership Executive. The Chairman stated that the Company had made substantial progress under Mr. Paranjpe's leadership over the last five years that he served as the Managing Director and CEO of the Company. The Chairman congratulated Mr. Nitin Paranjpe on his elevation.
 10. The Chairman further stated that the Board of Directors, at their meeting held prior to the AGM, had approved the appointment of Mr. Sanjiv Mehta as the Managing Director and CEO of the Company with effect from 1st October, 2013 to succeed Mr. Nitin Paranjpe. The Chairman further informed that Mr. Sanjiv Mehta has served as the Chairman of Unilever in North Africa and Middle East, leading an organisation spanning 20 countries. Mr. Sanjiv Mehta had been associated with Unilever for the last 21 years, serving different roles within the Unilever Organisation. The Chairman welcomed the appointment of Mr. Sanjiv Mehta. It was stated that the announcement on change in management was made prior to the commencement of the Annual General Meeting and the Stock Exchanges had also been notified of the change.



11. Thereafter the Chairman commenced the formal agenda of the Annual General meeting and with the consent of the Members present, the Notice convening the meeting, the Directors' Report and the Annual Accounts for the financial year ended 31st March, 2013 were taken as read.
12. The Chairman then announced that until 48 hours before the time of the commencement of the Annual General Meeting, 245 valid proxies covering 18,95,54,059 (Eighteen Crores Ninety Five Lakhs Fifty Four Thousand Fifty Nine) equity shares of Re.1/- each and 8 (Eight) representations under Section 187 of the Companies Act, 1956 from bodies corporate, including Unilever PLC and its Affiliates, covering total of 113,48,51,912 (One Hundred Thirteen Crores Forty Eight Lakhs Fifty One Thousand Nine Hundred Twelve) equity shares of Re.1/- each, had been received and the same were laid on the table along with the Register of Proxies, the Register of Directors' Shareholdings and Certificate from the Auditors, confirming the implementation of the Employees Stock Option Scheme in accordance with the SEBI guidelines, were open for inspection.
13. The Chairman then requested Mr. Dev Bajpai, Executive Director, Legal & Corporate Affairs and Company Secretary to read the Auditors' Report on the Accounts for the financial year ended 31st March, 2013. Mr. Dev Bajpai then read the Auditors' Report. The annexure to the Auditors' Report was taken as read with the permission of the Members.
14. The Chairman then shared his views on a subject that was relevant in the current environment for the Company and read excerpts from his speech titled **"Leadership in a VUCA World"**. A copy of excerpts from the speech is attached as Annexure 1.
15. The Chairman then took up the official business of the meeting.

ADOPTION OF ANNUAL REPORT AND ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2013

16. The Chairman took up the first agenda item and requested Mr. Dev Bajpai to read the Ordinary Resolution for adoption of Reports and Accounts for the financial year ended 31st March, 2013. Mr. Bajpai read the Ordinary Resolution set at item no. 1 of the Notice as follows:

"RESOLVED THAT the Audited Profit and Loss Account for the financial year ended 31st March, 2013, the Balance Sheet as on that date, the Auditor's Report and the Directors' Report as circulated to the shareholders and laid before the meeting, be received, considered and adopted."

17. Mr. Harshad Keshruwala proposed and Mr. S. H. Jain seconded the resolution.



18. After the above resolution was moved and seconded, but before it was put to the vote, the Chairman invited Members (other than those present by proxy) to make comments, offer suggestions and seek clarifications. The following Members spoke on various items of the Notice and Annual Accounts for the year and sought clarifications.

Mr. Harshad Kesharuwala, Mr. B. V. Joshi, Mr. Bimal R. Bhatt, Mr. Seshan Krishnamoorthy, Mr. Kaushik Shahukar, Mr. K. L. Makhija, Mr. Gunapala Shetty, Mr. Adi K. Nalladaru, Mr. Manish Shah, Mr. S. A. Khanolkar, Mr. Dinesh Kotecha, Mr. S. Ramadas, Mr. Prabhakar Kuvalekar, Mr. K. R. Meenakshi Sundaram, Mr. Gautam Tiwari, Mr. Damodaran Ramaswami, Mr. P. V. Nathan, Mr. Dinesh G. Bhatia, Mr. Vinitkumar Parikh, Mr. Aditya Mahajan, Mr. Manoj Jha, Mr. Kirti Shah, Mr. P. Sharma, Mr. Hariram Chaudhary, Mrs. H. Patel, Mr. Naishadh Pandhi.

- (i) The following were some of the comments from the Members:

- Appreciated Mr. Nitin Paranjpe for his enormous contribution to the Company.
- Appreciated Mr. O P Bhatt and Mr. S. Ramadorai for their engagement in shareholder related issues like providing unclaimed dividend to shareholders of different companies.
- Appreciated Dr. Mashelkar for his contribution to the Company.
- Appreciated the excellent arrangement of the venue and overall preparation for the AGM.
- Appreciated the quality of Annual Report.
- Appreciated timely posting of Annual Report and services offered by Investor Service Department.
- Appreciated improvement in quality of advertisements.
- Appreciated taking up unique challenge of providing clean drinking water through Pureit.
- Appreciated measures taken to provide health & hygiene living.
- Compliments on paying interim, special and final dividend.
- Compliments for excellent results.
- Appreciated bus facility provided to shareholders.
- Appreciated growth in volume.
- Appreciated increase in market capitalisation.
- Appreciated winning various awards.



- (ii) Some of the Members gave following feedback/ suggestions:

- Suggested reporting on pollution and waste disposal.
- Suggested increase in payment to Independent Directors up to Rs. 2.5 crore.

- Suggested that Current Assets to Current Liabilities ratio should be improved.
- Suggested reduction in number of days for book closure.
- Suggested inclusion of Debt-Equity ratio in highlights.
- Suggested inclusion of Book value in 10 year Financial Performance in the Annual Report

(iii) Some of the queries from Members were as follows:

- Enquired on where the Company stands on triple bottom line.
- Query on decrease in reserves compared to last year.
- Enquired on amount of legal expenses incurred during the year.
- Enquired on Founder's Day of the Company.
- Enquired why Dividend payout is more than EPS.
- Enquired on global and domestic revenue earned by the Company.
- Enquired why the Company decided to sell Hindustan Field Services, in spite of it being a profitable subsidiary.
- Enquired on the idea and purpose behind the Open Offer made by Unilever.
- Enquired on 5 to 10 year plan of the Company for water business.
- Enquired on the reason for addition of Rs. 15 crore to Trademark under Tangible Asset.
- Enquired on loss incurred at Haridwar factory due to recent natural calamity.
- Enquired on the total amount spent on CSR activities.
- Enquired about the products of TATA Teleservices marketed by the Company in rural India.

19. The Chairman thanked the Members for the kind words and appreciation and stated that the suggestions and feedback would be evaluated. The Chairman responded as follows to the queries raised by Members present at the Meeting.
20. The Chairman informed the Members that the details on the operational highlights in sustainability, are given separately in the Business Responsibility Report.
21. The Chairman informed the members that decrease in reserves during the year under consideration was due to Special Dividend paid to the shareholders of the Company.
22. The Chairman stated that the legal expenses incurred during the year amounted to Rs. 16.7 crores.
23. The Chairman clarified that the Founder's Day of the Company is the Date of Incorporation of the Company which is 17th October, 1933.



24. The Chairman informed that the Company has a strong dividend payout record and it rewards the shareholders through interim and final dividends and special dividends subject to performance of the Company.
25. The Chairman informed that approximately 90% of the revenue is earned locally and remaining 10% is earned globally.
26. The Chairman briefed the members present about Hindustan Field Services Private Limited (HFS), an erstwhile subsidiary of the Company, and stated that HFS was a Joint Venture (JV) Company with Smollan Holdings (Pty) Limited of South Africa. The Chairman informed that as per the JV Agreement with the JV Partner, it was agreed that the Company will divest its shareholding in HFS in phased manner. Therefore due to the said dilution of the shareholding, HFS was no longer a subsidiary of the Company.
27. The Chairman stated that the recent Open Offer made by Unilever PLC was a proposal of Unilever and the Company has no comments to make on this.
28. The Chairman informed that the Company had patented technology on water purification and that the Company holds position of market leader in non-auto fill segment of the market.
29. The Chairman clarified that addition of Rs. 15 crores to Trademark under Tangible Asset was due to addition of Brylcreem.
30. The Chairman clarified that no loss was incurred at the Haridwar factory due to recent natural calamity.
31. The Chairman briefly talked about Company's policy on CSR and stated that around 2% is spent on CSR activities and the details were reported in the Business Responsibility Report of the Company.
32. The Chairman clarified that the Company markets TATA Docomo SIM cards in rural market and that the Company receives payment for the distribution service rendered.
33. After all the queries of shareholders were answered and before putting the resolution to vote, the Chairman reminded that proxies were not eligible to vote on show of hands.
34. The resolution for the adoption of the Reports and Accounts was put to vote by show of hands and was carried nem con.



DECLARATION OF DIVIDEND

35. The Chairman informed the members that the Board of Directors at their meeting held on 26th October, 2012 paid Interim Dividend and Special Dividend of Rs. 4.50 and Rs. 8.00 respectively, for Equity Share of Re. 1/- each. Further, the Board at their meeting held on 29th April, 2013 had proposed Final Dividend of Rs. 6.00 for every Equity Share of Re. 1/- each for the financial year ended 31st March, 2013. The Chairman requested Mr. Dev Bajpai to read the Resolution no. 2.
36. Mr. Bajpai read the Ordinary Resolution set at item no. 2 of the Notice as follows:

"RESOLVED THAT the interim dividend of Rs. 4.50 and special dividend of Rs. 8.00 for every Equity Share of face value of Re. 1/- each, paid to the shareholders for the financial year ended 31st March, 2013, as per the Resolution passed by the Board of Directors at their meeting held on 26th October, 2012 be and is hereby noted and confirmed.

RESOLVED FURTHER THAT the final dividend of Rs. 6.00 for every Equity Share of face value of Re. 1/- each for the financial year ended 31st March, 2013 as recommended by the Board of Directors at their meeting held on 29th April, 2013 be and is hereby declared."

37. The resolution was proposed by Mr. Kirti Shah and seconded by Mr. Tukaram. The resolution was put to vote by show of hands and was passed with requisite majority.

RE-ELECTION OF DIRECTORS

38. The Chairman stated that as per the Articles of Association of the Company, all the Directors other than the Managing Director would retire at this Annual General Meeting.
39. The Chairman stated that as informed earlier Dr. R. A. Mashelkar would step down from the Board of the Company as he had attained the age of seventy years and as per Company policy, would retire at the conclusion of the Annual General Meeting by not offering himself for re-appointment.
40. The Chairman stated that accordingly, Mr. Aditya Narayan, Mr. S. Ramadorai, Mr. O. P. Bhatt, Mr. Sridhar Ramamurthy, Mr. Pradeep Banerjee and himself would retire in accordance with Article 124 of the Articles of Association of the Company and being eligible, offered themselves for re-election.

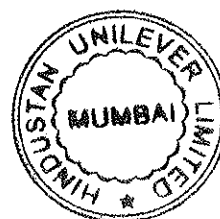


41. The Chairman proposed to have separate resolutions for the re-appointment of Directors, who were retiring at the meeting, subject to the consent of the Members present at the meeting.
42. At this point of time, some of the Members proposed to pass a single resolution for re-election of all the six directors, instead of six separate resolutions being moved, seconded and voted upon individually. The Members present also agreed to elect all the retiring directors by a single resolution.
43. Being an interested person for the purpose of next resolution, Mr. Harish Manwani stepped down as Chairman and requested Mr. Nitin Paranjpe to be the Chairman for the next agenda item. Mr. Nitin Paranjpe then requested Mr. Dev Bajpai to read the resolution for re-appointment of all the six retiring Directors by a single resolution. Mr. Bajpai read the resolution as follows:

"RESOLVED THAT the re-election of all other Directors be approved by a single resolution."
44. The resolution was proposed by Mr. Bharat Shah and seconded by Mr. Tinkesh Punjabi, put to the vote on show of hands and was carried nem con.
45. Mr. Dev Bajpai then read the Ordinary Resolution, set at item no. 3 of the Notice pertaining to re-election of Directors, as follows:
46. "RESOLVED THAT Mr. Harish Manwani, Mr. Aditya Narayan, Mr. S. Ramadorai, Mr. O. P. Bhatt, Mr. Sridhar Ramamurthy and Mr. Pradeep Banerjee be and are hereby re-elected as Directors of the Company."
47. The Resolution was proposed by Mr. Manish Shah and seconded by Mr. Gautam Tiwari, put to vote on show of hands and was carried nem con.
48. Mr. Nitin Paranjpe then requested Mr. Harish Manwani, to resume as the Chairman for the remaining business of the meeting.

APPOINTMENT OF AUDITORS AND TO FIX THEIR REMUNERATION

49. The Chairman then took up item no. 4 relating to the appointment of M/s. Lovelock & Lewes, Chartered Accountants, Mumbai as the Statutory Auditors for the period commencing from this Annual General Meeting until the conclusion of the next Annual General Meeting, and to fix their remuneration.



50. The Chairman informed the Members that in view of the improvements and capabilities built around accounting, reporting and controls by the Company supported by the auditors, it was proposed to reduce the remuneration of the auditors for the next financial year 2013-14 from Rs. 250 Lakhs to Rs. 160 Lakhs.
51. With the consent of the Members present, the Ordinary Resolution set at item no. 4 of the Notice pertaining to the appointment of Auditors and their remuneration was taken as read.
52. The Resolution set at item no. 4 of the Notice was as follows:
- “RESOLVED THAT M/s. Lovelock & Lewes, Chartered Accountants, Mumbai, having firm registration number 301056E, be and are hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and that their remuneration as Statutory Auditors of the Company for the year ending 31st March, 2014 be fixed at Rs. 160 Lakhs (Rupees One Hundred Sixty Lakhs Only) plus applicable taxes and reimbursement of travelling and out of pocket expenses incurred in connection with the audit, payable in a manner as decided by the management.”
53. The resolution was proposed by Mr. Hariram Chaudhary and seconded by Mrs. Homa Pouredehi. The resolution was put to the vote by show of hands and was carried nem con.

APPOINTMENT OF DR. SANJIV MISRA AS DIRECTOR OF THE COMPANY

54. The Chairman then took up item no. 5 relating to the appointment of Dr. Sanjiv Misra as a Director of the Company, liable to retire by rotation, in terms of provisions of the Articles of Association of the Company.
55. The Chairman informed the Members that Dr. Sanjiv Misra was appointed as an Additional Director of the Company, pursuant to the provisions of Section 260 of the Companies Act, 1956 on 8th April, 2013.
56. With the consent of the Members present, the Ordinary Resolution as at item no. 5 of the Notice for appointment of Dr. Sanjiv Misra as Director of the Company was taken as read.
57. The Resolution set at item no. 5 of the Notice was as follows:



"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Dr. Sanjiv Misra, who was appointed as an Additional Director on the Board of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director on the Board of the Company, liable to retire by rotation, in terms of the provisions of the Articles of Association of the Company."

58. The resolution was proposed by Mr. Stanislaus Montero and seconded by Mr. Gautam Tiwari. The resolution was put to vote by show of hands and was carried nem con.

REVISION IN OVERALL LIMITS OF REMUNERATION OF NON-EXECUTIVE DIRECTORS

59. The Chairman then took up item no. 6 relating to revision in overall limits of remuneration of Non-Executive Directors.
60. The Chairman informed the shareholders that the Members of the Company at the Annual General Meeting of the Company held on 27th July, 2010 had approved the payment of remuneration by way of commission on profits to Non - Executive Directors of the Company upto a maximum of Rs. 90 lakhs in aggregate for a period of five years with effect from 1st January, 2011. The Chairman further informed that in line with the said approval, till the financial year 2011-12, a payment of Commission at the rate of Rs. 10 lakhs per annum was made to all Independent Directors.
61. The Chairman informed that in accordance with the existing approval of members, the Board of Directors had approved the increase in yearly remuneration payable to Non - Executive Independent Directors from Rs. 10 lakhs to Rs. 15 lakhs, effective from financial year 2012-13.
62. The Chairman informed that with the changes in the Corporate Governance norms, the role of Non - Executive Independent Directors and the level of their engagement had undergone significant qualitative changes over a period of time. Further, in order to be consistent with the globally accepted governance practices, it was proposed to adopt a 'Differential Remuneration Policy' for the Non-Executive Directors. As per the proposed Differential Remuneration Policy, the Non-Executive Directors would be paid remuneration linked to their attendance at the meetings of the Board or Committees thereof and depending upon their position in various Committees of the Board, whether that of the Chairman or Member of the Committees.
63. The Chairman informed that to adopt the new policy and for the remuneration to be commensurate with enhanced role and engagement of the Non-Executive Directors of the Company, it was proposed to revise the maximum limit of remuneration payable to Non-Executive Directors from Rs. 90 lakhs to Rs. 150 lakhs.



64. With the consent of the Members present, the Special Resolution as at item no. 6 of the Notice for revision in overall limits of remuneration of Non-Executive Directors was taken as read.
65. The Special Resolution set at item no. 6 of the Notice was as follows:
- “RESOLVED THAT in supersession of the resolution passed by the Members at the Annual General Meeting held on 27th July, 2010 and pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 and Article 114 of the Articles of Association, the Company be and is hereby authorised to pay to its Directors (other than the Managing Director(s) and Wholetime Directors of the Company), for a period of five years commencing 1st April 2013, such sum by way of commission as the Board and / or a Committee thereof may, from time to time determine, not exceeding 1% (one percent) or such other percentage of the Net Profits of the Company in any financial year as may be specified under the Companies Act, 1956 from time to time and computed in the manner provided in Section 198(1) of the Companies Act, 1956 or Rs. 150 lakhs in aggregate whichever is lower.”
66. The resolution was proposed by Mr. Bharat Shah and seconded by Mr. Dinesh Bhatia. The resolution was put to vote by show of hands and was carried nem con.
67. The meeting concluded at 8.00 p.m. with a vote of thanks to the Chair from the floor.

Place: Mumbai

Dated this 23rd day of August, 2013



Sd/-
(Harish Manwani)
CHAIRMAN

Leadership in a VUCA World

Introduction

We are living in a world where volatility and uncertainty have become the New Normal. The Arab Spring saw a change of government in countries like Tunisia, Egypt, Libya and Yemen. Once powerful countries in Europe are now fighting bankruptcy. We have taken growth in the developing part of the world for granted, but economic growth in China and India – growth engines for the world economy – has begun to slow.

Companies that were synonymous with their product categories just a few years ago are now no longer in existence. Kodak, the inventor of the digital camera had to wind up its operations. HMV, the British entertainment retailing company and Borders, once the second largest US bookstore, have shut down due to their inability to evolve their business models with the changing times.

A VUCA World

What does this all mean for business and for a company like Unilever?

The dynamic and fast-changing nature of our world today is best described by VUCA, a term coined by the US Army War College. VUCA stands for Volatility, Uncertainty, Complexity and Ambiguity.

A few years ago the Lebanese American scholar Nicholas Taleb introduced the concept of black swans - events that are difficult to predict because they are low probability outliers so the past provides no reliable precedent. And yet these black swan events have a huge and profound impact. Think of the September 11 terrorist attacks or the rise of the Internet.

We live now in a VUCA world surrounded by black swans. This is the New Normal. But even within this unpredictably changing world, there are a few important underlying megatrends that will shape our future.

Megatrends

Digitisation

The first of these megatrends is digitisation.

It is worthwhile to step back and look at the recent history of human invention. The first telegraph machine was invented in 1838. Forty years later Alexander Graham Bell invented the telephone. It took over another forty years for us to invent the television and yet another forty to invent the silicon integrated circuit chip in the 1960s.

But it has taken less than forty years since the silicon chip to put all of those things – a telegraph, a telephone, a television, a computer chip, and much, much more – into one device that fits into the palm of our hand, the smart phone.



As a high school student in 1969, I remember listening on the radio (Yes, radio!) as Neil Armstrong took the first step on the moon. One small step for a man, a giant leap for mankind. I remember thinking to myself then, how amazing it was to be able to put a man on the moon! The height of human technological accomplishment.

But today, NASA's own website says, "Your cell phone has more computing power than the computers used during the Apollo era."

Today, there are almost as many mobile phones in the world as there are people. More than one-third of the world is online – a fivefold increase over the last decade. Facebook now has more than 1 billion active users; YouTube gets more than 100 hours of video content added every minute; and over 175 million tweets are added to Twitter timelines every single day. Interestingly enough, Facebook, YouTube and Twitter did not exist a decade ago!

We are increasingly living in an interconnected world and this has changed how we interact with each other, and with governments and companies. Supported by social media, our Dove Sketches campaign in 2013 became the most viewed video advertising of all time with more than 200 million views on YouTube in just one month. At a societal level, this connectivity has also brought dramatic changes. Wael Ghonim, the Egyptian Internet activist & Google ex-employee described the Egyptian Revolution in 2011, saying: "We used Facebook to schedule the protests, Twitter to coordinate them and YouTube to show the world".

Digitisation is now advancing even more rapidly and fundamentally changing the way business and society works. It presents both opportunities and challenges and the companies that adapt to this reality will succeed in the future.

Rise of the developing world

At the same time, there is another megatrend happening. The world order is changing as economic power shifts from West to East. According to a 2012 McKinsey study, it took Britain more than 100 years to double its economic output per person during its industrial revolution and the US later took more than 50 years to do the same. More than a century later, China and India have doubled their GDP per capita in 12 and 16 years respectively. Significantly, China and India accomplished this while having about 100 times the population base as the US and Britain did during their industrial revolutions. The report goes on to state that "the two leading emerging economies are experiencing roughly ten times the economic acceleration of the Industrial Revolution, on 100 times the scale – resulting in an economic force that is over 1,000 times as big." And we are just at the beginning of this massive transformation.

For the last century, the developing world produced for the developed world to consume. But by 2020, emerging Asia will become the world's largest consuming block, overtaking North America. This changing balance of power is redefining the world of business. China is poised to be the world's largest market for luxury cars and luxury goods. At the same time, Asian multinational companies, including several from India, are expanding outside of their traditional markets and bringing innovations for bottom-of-the-pyramid consumers from the developing world to consumers in the developed world.



Narayana Hrudayalaya Hospital right here in India is a great example of these trends. It is the largest heart surgery hospital in the world, doing 6,000 operations a year. Its efficiency and innovations allow it to perform world-class heart surgeries for \$2,000 - a fraction of what it would cost in the US, yet at the same levels of safety. Now it is looking to export its expertise and business model to serve American patients by opening a hospital in the Cayman Islands – a one hour flight from Miami.

This megatrend also presents both opportunities and risks to business. Companies reorganizing their resources and leadership development towards the new economic centre of gravity will benefit. Others will fall behind.

Sustainability

The third megatrend is the changing relationship between humanity and the planet we inhabit. Scientific evidence has proven beyond any doubt that today we are living beyond our means. Living beyond our means not just in a financial sense (which has already led to the 2008 financial crisis), but also in an environmental sense. You can see the impact already in the loss of bio-diversity, unpredictable weather patterns and natural disasters.

Today, according to the World Wildlife Fund, we are consuming the resources of 1.5 planets. The human population took more than 250,000 years to reach the 1 billion mark in the 1800s. It took a century more to reach 2 billion in 1927. It then took us only 32 years to reach 3 billion around 1960 and only 50 years since then to add another 4 billion to reach 7 billion in 2011. By 2050, there will be another 2.3 billion more people on earth sharing the same space we have today. Almost all of them will be in the developing world.

If the developing world consumed in the future at the rate the developed world consumes today, we would need somewhere between 3-5 planets. Obviously, that is not sustainable.

Role of Business in Society

Fundamentally, the confluence of these megatrends raises the bigger question of the rightful role of business in society. Even as over two billion more people become more connected and economically active consuming the scarce resources of our planet, we still have one billion people going to bed hungry every night, 2.8 billion people short of water and 2.3 billion people living without access to basic sanitation.

These are huge challenges that can only be addressed by rewriting the social contract between business and society so that we align business growth with socio-economic progress in a sustainable way. The path forward is a new paradigm for growth called responsible growth.

Businesses have traditionally focused on shareholder value and delivering the 3Gs of growth: consistent, competitive and profitable growth. By adding this fourth G of responsible growth, the new business model looks beyond shareholder value towards creating shared value.



Michael Porter talks about creating shared value as different from sharing created value. Creating shared value is "creating economic value in a way that also creates value for society by addressing its needs and challenges".

For Unilever and Hindustan Unilever Limited (HUL), this is the key differentiating factor.

To be clear, business still needs to deliver the 3Gs of growth – consistent, competitive and profitable growth. The 3Gs are important because without these, a business cannot create any value. But in this New Normal, these alone are not sufficient. The fourth G recognizes that it is the role of business to not just create economic value but also social value, and to do this in a sustainable way.

Winning in a VUCA World

Putting the four dimensions of growth together is the key to unlocking not just how business can win in a VUCA world, but also to rediscovering its true role in society. To do this, businesses need to first put in place the right hardware.

Foresight and agility: Winning in a VUCA world requires the ability to simultaneously manage both the short-term and the long-term goals of a business. In turbulent and fast-changing times, businesses need to be anchored in a long-term destination while also dynamically managing the short-term.

The role of leadership is to have a clear point of view about the future and build an organisation that can navigate towards that destination through good times, and importantly, also in bad times.

Consumer centricity: As the world changes, consumers are also changing. There is an emerging poor in the developed world and an emerging affluent in the developing world. The way people shop and consume is also changing. More than ever, businesses must have an insight into the changing needs and aspirations of their consumers to be successful.

Unilever has long embedded a culture of putting consumers at the heart of our business. Employees across the business are encouraged to constantly engage with consumers and customers to understand their needs and preferences. This consumer centricity has allowed us to build new markets and categories. The success of HUL in serving low-income consumers and leading market development has come from a simple consumer insight of making our brands accessible through low unit-priced formats and a business model of reverse engineering our costs to support the price that consumers are willing to pay. This helped us pioneer the shift from laundry bars to powders in the Detergents category and from soaps to shampoos in the Hair-care category through single dose low-priced sachets. A similar approach of consumer centricity is allowing us to lead the development of categories of tomorrow like hair conditioners, deodorants and packaged foods.

Think local and act global: To consistently succeed in the VUCA world, one also needs to be globally leveraged and locally relevant. A very common phrase used by multinationals is 'Think Global, Act Local'. At Unilever, we believe the reality is the reverse because there is no such thing as a global consumer. Our mantra is to think



local but act global. At Unilever, we begin by understanding what local consumers and customers need or want. Then we leverage our global understanding, technology and knowledge to provide the best solutions to meet these local needs. Our strength is our ability to combine global scale with locally tailored solutions. The success of our global brands like Dove, TRESemmé and Knorr are just a few examples of this approach. Organisations of tomorrow need to be neither hopelessly local nor mindlessly global.

Attracting great talent: The ability to attract, develop and retain the best talent is what makes businesses successful in the long-term. Increasingly, young men and women want to work for a company that reflects their own values. If they believe in a common vision and the larger corporate purpose, they are motivated to deliver great performance. It is no longer enough to be working for a business that is doing well if it is not also doing good.

Many talented young people join us for this reason. In Unilever, we have always believed that we do not just sell soap and soup. Instead, we are committed to helping our consumers enhance their standard of living through our brands and improving the livelihoods of millions of people engaged across our value chain.

An example is Lifebuoy. Lifebuoy is more than a bar of soap. It has a profound impact on raising the hygiene standards of millions of people and helps save lives. Similarly, our food brands provide nutrition and fortification to millions across the world. That is how we make a difference in the lives of more than 2 billion people every day across more than 190 countries. Equally, our value chain provides a huge opportunity for uplifting lives by bringing indirect benefits, including to hundreds of thousands of smallholder farmers, suppliers and small retailers. For example, an independent NGO study in Indonesia showed that beyond the 5,000 people directly employed in the business, our value chain indirectly provides the equivalent of full-time employment to 300,000 others.

This is the reason why we attract some of the finest talent from around the world. Unilever is among the Top 3 Employer Brands in 37 countries. We are now the No.1 Employer in 21 countries, and this figure continues to increase. For us, building an Employer Brand is as important a driver of business as any of the financial measures. Successful global leaders of tomorrow must build commitment from their employees rather than just demand blind loyalty. This is only possible if businesses take a long-term and holistic view of our role in society.

Leadership in a VUCA World

However, winning in a VUCA world is not just about the hardware. It is also about having new software – 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.



More than 100 years ago, William Hesketh Lever captured the essence of what it means to be values-led and it continues to define how we at Unilever do business today. He said: "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."

Today at Unilever, we are anchored in this VUCA world by much the same values that he espoused - values of integrity, responsibility, respect and a pioneering spirit. These are non-negotiables in Unilever.

Being values-led is about the foundation that underpins the Company. Being purpose-driven is about the common objective we work towards that is larger than the Company itself.

At Unilever, we are unified by a shared belief in the purpose of our business. Our purpose is very simple – "To make sustainable living commonplace. We work to create a better future every day, with brands and services that help people to feel good, look good and get more out of life."

This common purpose has remained largely the same since the 1890s and it unites all our employees across the Company so that no matter which part of the world we work in, we are working towards a common goal. From the worker on the assembly line making Lifebuoy soap or Pureit water purifiers, to our marketers and brand managers, from our newest recruits to our most experienced business leaders, this is the invisible glue that holds the Company together.

We continue to invest in leadership development and building a pipeline of values-led and purpose-driven leaders to help us navigate through the VUCA world. In June 2013, we opened Four Acres in Singapore, our first-ever global leadership development centre outside the UK. This investment represents Unilever's commitment to leadership development and building the next generation of leaders from the developing and emerging markets. It will double our capacity to train our pipeline of talent and bring our global curriculum to this part of the world. We are similarly investing here in India where we built a new state-of-the-art Learning Centre at the HUL campus in Andheri last year.

Unilever Sustainable Living Plan

The two ideas I've touched on – to be values-led and to be purpose-driven, are vital ingredients for leadership in this new world. They are the anchor that grounds us and the compass that helps us navigate the VUCA world.

In late 2010, we launched the Unilever Sustainable Living Plan which embodies our values and purpose and underscores our commitment to grow our business responsibly. We have committed to doubling the size of our business while reducing our environmental footprint and increasing our positive social impact. Specifically, by 2020, we have committed to halving the environmental impact of our products across the value chain, to sourcing 100% of our agricultural raw materials sustainably and to helping more than 1 billion people take action to improve their health and well-being.



We are proud that two years in, we have made significant progress towards achieving our targets.

Let me give just a few concrete examples.

Our progress in sustainable sourcing has been strong. We are concentrating first on our top ten agricultural raw material groups, which account for two-thirds of our volumes, and we are on track on these. By the end of 2012, 36% of agricultural raw materials across Unilever were sustainably sourced while HUL sourced more than 69% of agricultural raw materials sustainably. In palm oil for instance, 100% of our palm oil across Unilever is now from sustainable sources, which is three years ahead of schedule.

We have also tied up with partners across our value chain, including smallholder farmers, entrepreneurs and governments to ensure sustainable production and responsible growth. By the end of 2012, through our supply partnerships, we have helped train 450,000 tea farmers in sustainable practices globally. In India, we have also expanded our network of Shakti ammas to 48,000 entrepreneurs covering 3.3 million households in over 135,000 Indian villages. This is the embodiment of our philosophy of doing well by doing good.

Ultimately, our brands have to be agents at the forefront of social change. Diarrhoea alone claims the lives of 3,000 children below the age of five every day. Clinical trials show this is preventable. If we can persuade people to wash their hands with soap at key moments, we can make a big difference to reducing diarrhoeal disease and thus save lives. That is exactly what Lifebuoy soap aims to do. The Lifebuoy hand-washing education programme has already reached more than 119 million people in India and other developing countries. In addition, we have provided safe drinking water for 45 million people in India and globally through Pureit. India accounted for the largest part of the additional 10 million people that we provided safe drinking water to in 2012. Together, we aim to help more than a billion people to improve their hygiene habits and bring safe drinking water to 500 million people by 2020.

Conclusion:

We are clearly living in a new reality characterised by Volatility, Uncertainty, Complexity and Ambiguity, and this new world is here to stay. For businesses to succeed in the future, leaders need to redefine the rightful role of business in society by pursuing responsible growth.

At Unilever and at Hindustan Unilever Limited, we have a clear point of view about where we need to go and how to get there. We are building leaders who combine strategic foresight with agility; leaders who put consumers at the heart of the business; leaders with the ability to think local and act global; leaders who invest in building commitment in the organisation and developing others. Most important of all, we are building leaders who are guided by a shared set of values and sense of purpose. With these leaders in place, I am confident that we can overcome the challenges and seize the opportunities to win in this VUCA world. Together, we can fulfill our responsibility in society and in the words of Mahatma Gandhi, "be the change you wish to see in the world".



