



**SUSTAINABILITY
REPORT
2015 - 2016
INDIA OPERATIONS**

Godrej | CONSUMER PRODUCTS

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A MESSAGE FROM OUR MANAGING DIRECTOR



I am very pleased to share with you, our first Corporate Sustainability Report for Godrej Consumer Products Limited. Through this report, we will provide you with an overview of our commitment to sustainability as well as our performance against triple bottom line targets.

This is a very exciting time for our company. We want to build GCPL into an emerging markets FMCG leader. Our strategy is to drive growth in the categories where we are leaders and have a competitive advantage. We follow a 3 by 3 approach to international expansion - a focus on 3 categories (home care, hair care, personal care) in 3 geographies (Asia, Africa, Latin America). Today, we rank among the largest household insecticide and hair care players in emerging markets. In household insecticides, we are the leader in India, the second largest player in Indonesia and are expanding our footprint in Africa. We are the leader in hair extensions in Africa, the number one player in hair colour in India and Sub-Saharan Africa, and among the leading players in Latin America.

“We have crafted a vision for playing our part in creating a more inclusive and greener India, called ‘Godrej Good & Green’. As part of Good & Green by 2020, we will aspire to train 1 million youth in skilled employment, create a greener India and innovate for good and green products.”

We rank number two in soaps in India and are the number one player in air fresheners and wet tissues in Indonesia. We are also a leading player in hand sanitisers and female deodorants in the UK.

We are driving a relentless focus on our strategy, and investing strategically in creating new growth vectors for the future. We believe that there are significant opportunities for growth in our core geographies and categories. In order to leverage this tremendous potential, we will need to become more agile and future ready as a company. So, we are building on the strong leadership positions of our brands, investing heavily in innovation, looking for ways to capitalise on the potential of our international businesses and ramping up our sales, supply chain and manufacturing systems. We are also ensuring that we have the right talent on board to lead all these efforts. Our performance reflects a great deal of resilience, in terms of how we adapt to and capitalise on changes in the environment. This will hold us in very good stead in the years ahead.

For us, it has always been most important that besides our strong financial performance and innovative, much-loved products, we remain a ‘good’ company. As a Group, we have always actively championed social responsibility. 24 per cent of our holding company is held in a trust. This invests in the environment, health and education. We are now exploring ways to further this commitment through ‘shared value’ initiatives. This concept was pioneered by Professor Michael Porter of the Harvard Business School and Mark Kramer, of FSG, a social impact consulting firm. Shared value is different from social responsibility or philanthropy. It makes social progress a core part of the strategy, not just a peripheral consideration. The idea is to link business success with social progress; find ways to create economic value that also creates value for society.

We have crafted a vision for playing our part in creating a more inclusive and greener India, called ‘Godrej Good & Green’. As part of Good & Green by 2020, we will aspire to train 1 million

rural and urban youth in skilled employment, create a greener India and innovate for good and green products. We have crafted our targets in line with global objectives like the United Nations Millennium Development Goals and national policies like the National Action Plan on Climate Change.

GCPL plays a key role in Good & Green. Employability is high on our agenda and we are working towards empowering our communities through skill enhancement programmes. We have introduced different programmes to achieve our goals, that are delivering good results. These include beautician training for low income women, training in channel sales, rural entrepreneurship training for women and sales training in general trade. As of today, we have trained over 1,30,000 youth in skills that will help them enhance their earning potential and negotiate their rights. To manage scale, we have built infrastructure to measure impact, enhance partner and programme capabilities and invested in technology solutions.

We are deeply committed to strengthening our approach to make environmental sustainability a key part of our manufacturing processes. We want to achieve zero waste to landfill, carbon neutrality and a positive water balance, while reducing specific energy consumption and optimising the use of renewable energy. We have implemented several initiatives to reduce specific energy and water consumption across all our manufacturing locations. We have also set targets for improvement on environmental aspects for the near term, including energy and water consumption and greenhouse gas emissions. These are regularly monitored to ensure progress. Our Green software helps us map, understand and analyse our environmental footprint, from raw materials to finished goods, across all factories. Global strategic sourcing has also contributed significantly to our bottom-line. We are working closely with our team members and partners in different geographies to find ways to ramp up these efforts.

Our teams are also exploring ways of developing products that are 'good' and 'green'. A great example of this, is Good knight Fast Card, our paper-based mosquito repellent. Malaria is a serious concern in India. 95 per cent of our population residing in malaria prone areas. To add to this, in rural India, the penetration of household insecticides is very low because current products are either expensive or require electricity. So, to tackle this

problem, we created Fast Card, which is available at just one rupee, breaks the price barrier, works instantly and does not require electricity. Fast Card has been a runaway success. It became a 100 crore rupee brand in less than a year, which was a landmark for an FMCG product. We want to make similar great quality solutions available at more affordable prices, across other emerging markets.

Given how we are evolving, it has become increasingly important for us to become more global and diverse. To be able to win today, we need to cultivate a much more inclusive mindset. This means creating much more awareness and appreciation for diversity, training in and embracing what it means to be inclusive and understanding how and where this ties in with our business imperatives. We are building in diversity in different ways - through the businesses we acquire in new geographies, the openly inclusive stance we have on issues like gender and LGBT rights, the new skills and backgrounds that we are hiring for like Design, Research & Development and Innovation.

At Godrej, we believe that we are only as good as what we do next. Given how intrinsically sustainability is linked, not just to our legacy and values, but also our growth strategy and aspirations, we strongly believe there is much more that we need to do. And that we need to do it much more quickly. So, we are looking for ways to extend our sustainability efforts beyond our manufacturing

plants, to impact the entire life cycle of our products. We are building capabilities to make our overall manufacturing approach more future ready. Furthering our sustainable palm oil sourcing efforts, is another big area of focus for us. We are exploring different technologies to significantly increase our renewable energy portfolio. We are also codifying our efforts and detailing policies on human rights, biodiversity, sustainable palm oil sourcing and water, among others.

We look forward to your comments, suggestions and partnership, as we to lead Godrej into a more inspiring and sustainable tomorrow.

Yours sincerely,

Vivek Gambhir
Managing Director

GCPL BUSINESS PROFILE

Godrej Group at a glance:

- Turnover crossed US\$ 4.1 billion
- 25,000+ people
- 7 major businesses
- Global operations in 18 countries
- 100+ manufacturing locations in India and abroad

GCPL India FY16 performance:

- 23% YOY growth in net profit
- 9% YOY growth in sales
- 18% YOY growth in EBITDA
- Market leader in most of our core categories
- We are leaders in hair colour, household insecticides and liquid detergents and the number two player in soaps

Godrej Consumer Products is a leading emerging markets company. As part of the 119-year young Godrej Group, we are fortunate to have a proud legacy built on the strong values of trust, integrity and respect for others. At the same time, we are growing fast and have exciting, ambitious aspirations.

Today, our Group enjoys the patronage of 1.1 billion consumers globally, across different businesses. In line with our 3 by 3 approach to international expansion at Godrej Consumer Products, we are building a presence in 3 emerging markets (Asia, Africa, Latin America) across 3 categories (home care, personal wash, hair care). We rank among the largest household insecticide and hair care players in emerging markets. In household insecticides, we are the leader in India, the second largest player in Indonesia and are expanding our footprint in Africa. We are the leader in serving the hair care needs of women of African descent, the number one player in hair colour in India and Sub-Saharan Africa, and among the leading players in Latin America.

Our vision for 2020



Be one of the most trusted and innovative Indian brands



Foster an inspiring place to work



Create shared value through Godrej Good and Green



Grow 10 times in the next 10 years

We rank number two in soaps in India and are the number one player in air fresheners and wet tissues in Indonesia. However for us, it is very important that besides our strong financial performance and innovative, much-loved products, we remain a good company. 24 per cent of the holding company of our Group is held in a trust that invests in the environment, health and education. We are also bringing together our passion and purpose to make a difference through our 'Good & Green' approach to create a more inclusive and greener India.

At the heart of all of this, is our talented team. We take much pride in fostering an inspiring workplace, with an agile and high performance culture. We are also deeply committed to recognising and valuing diversity across our teams.

GCPL is listed on the Bombay Stock Exchange (BSE) and National Stock Exchange of India Limited (NSE). 63.28% shares of the Company are held by promoters (Godrej & Boyce Manufacturing Company Limited, Godrej Industries Limited and

Godrej family members), while 28.56% shares are held by Foreign Institutional Investors. The remaining shares are held by the Indian public, insurance companies, private corporate bodies, etc.

Global presence

Over the years, the Company has extended its business beyond India and today, our products are available in over 80 countries.

In 2010, we acquired the Indonesia based Megasari group, a leader in household insecticides, air fresheners and baby care. With the acquisition of Rapidol, Kinky and Frika in South Africa, and the Darling Group, a leading pan-Africa hair care company, we have a strong presence in the fast growing African hair care market. We acquired the Issue and Argencos groups in Argentina, leaders in hair colour, in 2010, and expanded our footprint to Chile through the acquisition of Cosmetica Nacional. The UK based Keyline Brands, which we acquired in 2005, plays in hair and personal care. We also have a business in the Middle East and

a strong presence across SAARC countries.

Our operations in India

GCPL is headquartered in Mumbai, India. GCPL has 17 manufacturing units across Assam, Goa, Himachal Pradesh, Jammu & Kashmir, Madhya Pradesh, Meghalaya, Puducherry, Sikkim, and Tamil Nadu. During the past year, GCPL has commissioned new units in the Northeast region. This is in line with the business strategy as well as our sustainability objective of creating new employment opportunities. Within the currently operational units, product portfolios have been re-assigned based on market demand and prevalent operational scenarios.

Primary brands, products and services

Our brands include favourites like Good knight, Cinthol, Godrej No.1, Godrej Expert, Hit, aer and Ezee. We are leaders in hair colour, household insecticides and liquid detergents and the number two player in soaps.

Household
Insecticides



Personal Care



Hair Care



Air Care



PRODUCT INNOVATION



India alone sees 1.5 new million cases of malaria each year, with 95 per cent of our population residing in malaria prone areas. Good knight Fast Card, our new revolutionary product is effective, economical, easy and safe to use

Design driven innovation is the centrepiece of our strategy. We recently introduced a slew of new products and renovated existing brands across our India and international businesses. In our product pipeline, innovation entails developing 'good' and/or 'green' products, which are environmentally sustainable or aim to address a critical social need of individuals at the Base Of the Pyramid (BOP). GCPL defines "environmentally sustainable products" as those which consume fewer resources (e.g. energy, water), emit fewer greenhouse gases, and include 100% recyclable, renewable, and/or natural materials.

The social needs we identified, have been adapted from the UN Millennium Development Goals and include disease prevention, access to safe drinking water, sanitation and quality education, access to affordable housing, and alleviation of poverty through improved income levels. A critical feature of 'good' products is their affordability by the BOP.



Delighting our customers with innovation

Research and development activities are an integral component of our success and growth strategy. Consumer feedback on existing and new products is relayed to our R&D team, who constantly modify the variety and aesthetic aspects of our products as well as improve ancillaries, such as packaging, with special emphasis on enhanced safety and improved imagery.

Innovation

In line with our 2020 vision, New Product Development (NPD) & innovation has been identified as a key enabler of our success. Innovation is a key focus area for GCPL. In the last year, we have introduced several product innovations in the market. Since the numbers of innovations we launch are growing, our expectations from NPD have also grown manifold.

Our new products have been very well received in the market. In fact, close to 40 per cent of our growth in India now comes from new products and renovations. GCPL was ranked number 26, on Forbes' list of *The World's 100 Most Innovative Growth Companies 2016*.

REPORT PROFILE AND SCOPE

The report is in accordance with the Core Guidelines of the latest Global Reporting Initiative (GRI) Sustainability Reporting – GRI G4 Guidelines

Our reporting journey on triple bottom line i.e. economic, environment and social performance has commenced with release of our first corporate sustainability report for the financial year 2015-16. GCPL has adopted the financial year reporting cycle to prepare its sustainability reports. The report covers the company's performance for the financial year starting from April, 1, 2015 to March, 31, 2016.

The Economic performance reported here is from the Company's Annual Report which is prepared in accordance with Companies Act, 1956 and has been audited by independent

external auditor. The data on environment and social parameters is based on the actual performance of the company.

GCPL will continuously make progress in terms of expanding the reporting scope, developing a greater understanding of stakeholders, innovating new modes of engagement and defining a clear path forward in line with our sustainability strategy.

Report Boundary:

This report is India-centric and includes our plants in Assam, Himachal Pradesh, Jammu & Kashmir, Madhya Pradesh,

Meghalaya, Puducherry, Sikkim, and Tamil Nadu. Other subsidiaries, joint ventures & contract manufacturing facilities are excluded. There have been no significant organisational changes during the reporting period.

Standard & Guideline used to develop the report:

This report is developed based on GRI G4 sustainability reporting guidelines. As this is a maiden report, GCPL has opted 'In accordance - Core' guidelines of GRI G4. The Company's material matrix has been prepared to identify key issues to be responded as a part of the corporate strategy. The report explores how we fulfil stakeholder and environment responsibilities through a combination of forward-looking strategy, robust processes. The report represents the balanced and reasonable presentation of our contributions in the area of sustainability. This sustainability report aims to provide information on our performance for FY 2015-16.

The appropriate aspects and indicators were selected based on its significance on economic,

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Good & Green

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and social performance of the organisation and its substantial influence on the assessment and decision of stakeholders.

- World Business Council for Sustainable Development's Focus Areas
- Sustainability challenges facing our business identified through our risk management processes
- Business Responsibility Reporting, SEBI
- Godrej's Core Values and internal management systems

Corporate Sustainability Reports of the Company will be made public and available on the Company Website (www.godrejcp.com).

Relevant information and data of economic, environmental and social aspects for this report has been collected from the concerned departments and reported by all manufacturing facilities located in India. The data presented is verified through regular internal audits.

GCPL is eager to constantly improve its reporting and has made the best effort to include the most material issues for its stakeholders. It welcomes feedback, clarifications, or suggestions on this report. The contact person of the Company is, Prasad Jakkaraju, General Manager, Greener India, Corporate Good & Green. His contact details for any related communication/ feedback mentioned on the side.

KEY HIGHLIGHTS

Economic Performance

#1 Sales grew by 9% to INR 4,748 crore

#2 Net profit grew by 13% to INR 740 crore

#3 Consistent growth for all brands

Environmental Performance

#1 Specific energy consumption reduced by 31%

#2 Specific GHG emission reduced by 27%

#3 Specific water consumption reduced by 21%

#4 Specific waste sent to landfill reduced by 9%

#5 Share of renewable energy increased to 15.5%

Social Performance

#1 Gender diversity at above 13%

#2 Trained over 130,000 youth in skills that will help enhance their earning potential

#3 Signed WASH pledge of WBCSD in 2015

CORPORATE GOVERNANCE

GCPL's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations and in all its interactions with its stakeholders including shareholders, team members, lenders and the Government. We are committed to achieve and maintain the highest standards of Corporate Governance. We believe that all our actions must serve the underlying goal of enhancing overall stakeholder value over a sustained period of time.

We continue to enjoy a corporate governance rating of CGR2+ and Stakeholder Value Creation and Governance Rating of SVG1 assigned by ICRA. The CGR2 rating is on a rating scale of CGR1 to CGR6 where CGR1 denotes the highest rating. The CGR2+ rating implies that in ICRA's current opinion, we have adopted and follow practices, conventions and codes to provide our financial stakeholders a high level of assurance on the quality of corporate governance.

At Godrej, we value stakeholders as partners in our success

and we remain committed to maximise stakeholder value. Our sustainability vision of Good & Green has benefited our range of customers with high quality products, lesser environmental impacts that are delivered at highly competitive prices.

The SVG1 rating is on a rating scale of SVG1 to SVG6 where SVG1 denotes the highest rating. The SVG1 rating implies that in ICRA's current opinion, we belong to the highest category on the composite parameters of stakeholder value creation and management as also corporate governance practices. The stability of our senior management, low attrition rate across various levels and substantially higher employee productivity levels than most of our peers demonstrate the employee satisfaction and loyalty levels towards GCPL.

Board of Directors

GCPL currently has a 12 member Board, with 6 Independent directors. The independent directors are eminent professionals from diverse fields such as finance, information systems, marketing

and corporate strategy. None of the independent directors have had any material association with the Godrej group in the past. GCPL's Board has a lead independent director, Bharat Doshi, in line with accepted best practices, to strengthen the focus and quality of discussion at the Board level.

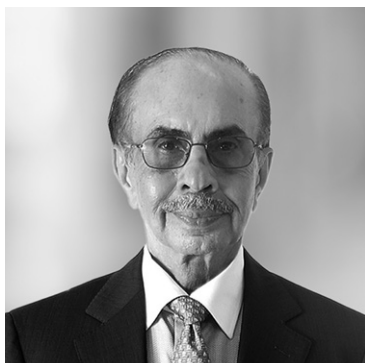
Frequency of Board meeting

The Board meets at least once in a quarter to review the quarterly performance and financial results. The Board periodically reviews compliance reports in respect of laws and regulations applicable to the Company.

We have held at least one Board meeting every quarter. Last year, we held four Board meetings.

We believe strong governance is central to creating value on a sustainable basis. We not only adhere to the prescribed corporate governance practices as per Clause 49 of the listing agreement with stock exchanges but also go beyond and adopt emerging best practices worldwide.

BOARD OF DIRECTORS



Mr. Adi Godrej
Chairman, Godrej Group



Mr. Vivek Gambhir
Managing Director



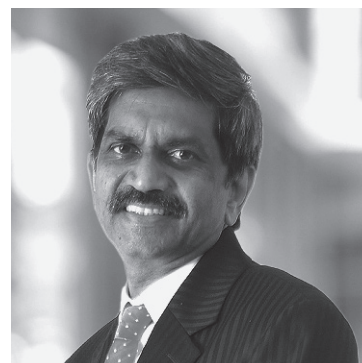
Ms. Nisaba Godrej
Executive Director



Mr. Aman Mehta
Independent Director



Mr. Bharat Doshi
Independent Director



Mr. D Shivakumar
Independent Director



Mr. Nadir Godrej
Non-Executive Director



Mr. Jamshyd N Godrej
Non-Executive Director



Ms. Tanya Dubash
Non-Executive Director



Ms. Ireena Vittal
Independent Director



Mr. Narendra Ambwani
Independent Director



Mr. Omkar Goswami
Independent Director

The Board has constituted five committees to provide direction and facilitate the decision-making process at the meetings of the Board in an informed and efficient manner.

- 1 Audit Committee
- 2 Human Resources and Compensation Committee
- 3 Nomination Committee
- 4 Stakeholders' Relationship Committee
- 3 CSR Committee

The Company has set up an Audit Committee in accordance with Section 292A of the Companies Act, 1956 and clause 49 of the listing agreement with the Stock Exchanges. The Stakeholder Committee formed in accordance with clause 49 of the listing agreement inter alia looks into investor grievances. Besides, we have also formed two non-mandatory committees, Nomination Committee and HR and Compensation Committee.

Audit Committee

The Audit Committee, constituted by the Board of Directors at its meeting held on April 28, 2001, in accordance with Section 292A of the Companies Act, 1956 and clause 49 of the listing agreement with the stock exchanges, was last reconstituted on April 30, 2013.

Human Resources and Compensation Committee

Setting up of a remuneration committee for determining the Company's policy on remuneration packages for Executive Directors

constitutes provision of Clause 49 of the listing agreement with stock exchanges.

Nomination Committee

The terms of reference of the Nomination Committee are:

- Identify and nominate for the Board's approval, suitable candidates to fill Board vacancies as and when they arise
- Drawing up selection criteria and appointment procedures for Directors.
- Periodically review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes.
- Board Evaluation

Stakeholders Relationship Committee

The terms of reference of the Shareholders Committee include looking into redressing of shareholder complaints like transfer of shares, non-receipt of balance sheet and non-receipt of declared dividends, as required in clause 49 of the Listing Agreement.

CSR Committee

CSR committee is composed of board members and has been constituted as per the requirements of Companies Act, 2013. The committee is responsible for overseeing the CSR activities and ensuring compliance to mandatory requirements.

Conflict Resolution

The Business Code of Conduct mentions incidences where conflict can arise and how it should be addressed by team members.

In case any conflict is unresolved; the following approach is adopted by the Company:

- Analyse or review the situation of conflict
- Organise meeting jointly with the concerned parties to know their perspective
- Resolve through the involvement of senior executives

However, no such cases occurred during this financial year.

Sustainability Governance Structure

The company has formulated a Greener India team that looks after the economic, environmental and social performance of the company.

POLICIES

HR policies like flexible work hours, work from home arrangements and part-time work, to name a few, go a long way in ensuring that our team members successfully strike a work-life balance.

GCPL prides itself on being a great place to work, a fact recognised and acknowledged externally as well. This is evident in GCPL's consistent ranking as the best FMCG Company to work for in India, in the Great Place to Work 12 years in a row. We have also featured among the top 25 best employers in Asia, in the Aon Hewitt Best Employers in India 2016.

Remuneration policy

The components of the total compensation vary for different grades and are governed by industry norms, qualifications and experience of the employee,

responsibilities handled and individual performance of the employee.

Policy to Prevent Sexual Harassment at the work place

We are committed to creating and maintaining an atmosphere in which our team members can work together, without fear of sexual harassment, exploitation or intimidation. We have ensured compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. We have constituted an Internal Complaints Committee in accordance with the act and updated the group's

policy to ensure that women are protected against sexual harassment at the workplace. Every team member is made aware that the Group is strongly opposed to sexual harassment and that such behaviour is prohibited both by law and the Group policy. We take all necessary action(s) required to prevent and correct behaviour that violates this policy.

Whistle Blower Policy

The Board of Directors has adopted a Whistle Blower Policy. The purpose of the whistle blower Policy is to allow the stakeholders to raise concerns about unacceptable, improper or unethical practices being followed in the organisation, without necessarily informing your superior.

Maternity and Paternity Leave and Benefits Policy

We provide a fully paid 6 months' maternity leave and benefits and a flexi work arrangement for 6 months, from the date one resumes work. We also provide 3 months' adoption leave and benefits, besides a paternity leave and benefits options.

Late Night Cab Facility and Uber for Business:

We care deeply about the safety and well-being of all Godrejites. We recently launched a late night cab facility for our Mumbai based team members for their safe travel from work to home when working late in the office. Our team members can avail this facility by

logging on to the GCPL internal portal. The Company also provides Uber for Business service, which can be availed by employees travelling for Company related work.

Careers 2.0 programme:

A recent initiative from the Group is the Careers 2.0 programme, which provides a transition platform for women professionals who have taken a career break, and wish to return to work. Women with previous professional experience of at least 2 years, who have taken a continuous career break of 6 months or more, can apply. The objective of this initiative is to tap the leaking talent pipeline of high potential performers and facilitate their re-entry into the corporate world. The participants are offered attractive project stipends to work on live business projects on a flexi/part time basis.

We have rolled out four projects under this initiative. Each intern is assigned a project guide/manager for the duration of the project, in addition to access to various employee resource groups such as the Godrej Women's Leadership Network (GWLN) and Godrej Alliance for Parents (GAP), for networking and training opportunities.

Sustenance Allowance Policy

We also offer sustenance allowance to our specially abled team members. This financial support is provided to our team members who require additional

infrastructure and safe travel from home to work. This policy is applicable for all our team members at GCPL. The objective is to improve the living conditions and provide better opportunities and sustenance to specially abled employees.

Code of Conduct

Compliance with the law

We comply with all domestic and international laws, rules, regulations, and statutory requirements applicable to our business and the countries where we operate.

Customers

We are a customer centric company and greatly value the trust, satisfaction and loyalty of our customers across the world. Our primary focus is on delighting our customers, both external and internal.

Diversity and Anti-Discrimination

We do not tolerate any form of discrimination on the basis of colour, gender, race, caste, age, marital status, sexual orientation or disability and will allow for equal opportunities for all team members.

Good and Green

We are a socially responsible organisation. We identify shared value opportunities, which imply addressing social and environmental problems, while at the same time strengthening our

drivers of competitiveness.

Integrity

We uphold integrity in all our interactions and associations both within the company and also with external stakeholders, be it with regard to financial or intellectual or any other issue.

Safety and Health

We remain committed to protecting and building a safe and healthy workplace. We provide all information, training and supervision needed for this purpose.

Furthermore, we are committed to the health and well-being of our team members and have an onsite medical centre, hospital and children's day care facility within the Godrej Vikhroli campus.

ETHICS AND TRANSPARENCY

The Board of Directors and Senior Management at GCPL comply with the following Code of Conduct:

- 1 Demonstrate the highest standards of integrity, business ethics, and corporate governance
- 2 Perform their roles with competence, diligence, in good faith and in the best interests of the Company
- 3 Provide expertise and experience in their areas of specialization and share learnings at Board meetings with the best interests of the Company and its stakeholders in mind. They should point the company's management in the 'right' direction based on their experience and judgement.
- 4 Give careful and independent consideration to the affairs of the company and all documents placed before them to satisfy themselves with the soundness of key decisions taken by the Management. They should call for additional information, where necessary, for making such judgements.
- 5 Not engage in any business, relationship or activity which detrimentally conflicts with the interest of the Company /

Godrej Group or bring discredit to it. Any situation that creates a conflict of interest between personal interests and the Company and its stakeholders' interests must be avoided at all costs.

- 6 Follow all the guidelines put forth in the Insider Trading Code of Conduct
- 7 Not disclose any confidential/ privileged information of the Company and should direct any media queries or approaches to the appropriate spokesperson within the Company

Applicability of Code of Conduct

This Code of Conduct (Code) applies to Directors of GCPL, senior management of the company i.e. one level below the executive directors, and all functional heads.

For the Subsidiaries and Joint Ventures, the code is applicable in line with the local requirements prevailing in the country of operation. The Company encourages its Business Partners to follow the code. GCPL, as a part of the corporate wide policy does not make any political

contributions whether monetary or in-kind.

Employee Code of Conduct

We focus on ensuring the well-being of all our team members. The safety and health of our team members is extremely important to us and we are committed to building and maintaining a safe and healthy workplace. Ensuring diversity, zero discrimination, safety, health and other attributes essential to a healthy and good working environment, are part of our Code of Conduct. All team members who join GCPL demonstrate their commitment to follow the Code of Ethics by signing in their acceptance. The Code of Conduct is also available on the internal employee portal.

Associations, Partnerships and Memberships

Godrej Consumer Private Limited is the member of following associations:

- Confederation of Indian Industries (CII)
- Associated Chambers of Commerce and Industry of India (ASSOCHAM)

BUSINESS STRATEGY, RISKS & OPPORTUNITY

3x3 strategy for international expansion

We are building a presence in 3 emerging markets (Asia, Africa, Latin America) across 3 categories (home care, personal wash, hair care)

The world economic environment continues to be uncertain. Competitive intensity also remains high. At the same time, the fundamental drivers of growth still are quite intact and so, we need to balance our focus on delivering strong results, while building capabilities for the future. As we get larger and more global, we will need to make sure that we remain agile. We also need to be more innovative in everything that we do. And we need to remain prudent while we navigate the uncertainties.

3x3 strategy

We rank among the largest household insecticide and hair care players in emerging markets. In household insecticides, we are the leader in India, the second largest player in Indonesia and are expanding our footprint in Africa. We are the leader in serving the hair care needs of women of African descent, the number one player in hair colour in India and Sub-Saharan Africa, and among the leading players in Latin America. We rank number two in soaps in India and are the number one player in air fresheners and wet tissues in Indonesia.

Pillars of our strategy



Extending leadership in our core categories and geographies



Accelerating innovation and renovation



Building a future ready sales system

With a presence across three continents - Asia, Africa and Latin America - we are exposed to risks that can adversely impact our operating performance, cash flows, financial performance, management performance and overall sustainability. We have an active risk management strategy in place. Additionally, we have a Risk Committee, whose role is to identify potential risks, create mitigation strategies and monitor the occurrence of risk.

Risk Management Strategy

GCPL has a strong risk management framework in place that enables active monitoring of business activities for identification, assessment and mitigation of potential internal or external risks along with a strong monitoring system at the Board and senior management levels.

The Risk Management framework concentrates on formalising a process to deal with most relevant risks, building on existing management practices, knowledge and structures. We have put in place established processes and guidelines under this existing

management framework. We ensure regular risk management education for our non-executive directors. Training sessions on Enterprise Risk Management is organised throughout the year for our team members at all levels. Inputs on risk definition, risk identification, risk rating, risk classification, risk prioritization, risk mitigation, control and review is imparted to participants.

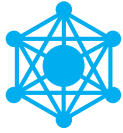
Emerging Risks

The risks that may affect us include, but are not limited to:

- 1 Economic conditions
- 2 Inflationary pressures and other factors affecting demand for our products
- 3 Increasing costs of raw material, transport and storage
- 4 Supplier and distributor relationships, and the retention of distribution channels
- 5 Competitive market conditions and new entrants to the market
- 6 Labour shortages and attrition of key staff
- 7 Exchange rate fluctuation and arbitrage risk
- 8 Integration risks for acquired companies

- 8 Compliance and regulatory pressures including changes to tax laws
- 9 Seasonal fluctuations
- 10 Political risks associated with unrest and instability in countries where we have a presence or operations

Apart from domestic operations, the exercise of risk assessment is now getting extended to international geographies. The Risk Committee meets on a quarterly basis to review the status of risks, any new risks that may have emerged, as well as mitigation plans.



Making our supply chain best in class



Building an agile and high performance culture



Beyond business-Good & Green

Opportunities and threats

We believe that there are significant medium and long-term growth prospects in India and our other emerging markets in the rest of Asia, South America and Africa. Today, emerging markets account for around 80 per cent of the world's population. They are also growing fast, with a relatively young working age population. This, combined with an emerging middle class, ensures that a majority of the increase in global consumption in the years ahead, will come from these markets. The fundamentals of the sector remain strong and there is still significant growth potential, given the low penetration and consumption rates for many FMCG categories.

In terms of threats, the key threats are compliance and regulatory pressures including changes to tax law, seasonal fluctuations and unrest and instability in countries where we have a presence or operation.

STAKEHOLDER ENGAGEMENT



We carried out a Community Needs Assessment across our priority factory locations to streamline our community development programmes

As part of the FMCG sector, we play multiple roles and acknowledge that stakeholder engagement is crucial to our business. Our key focus is to gain an understanding of the needs and expectations of the various stakeholder groups within and outside the organisation. We have an extensive value chain and we interact with a wide range of stakeholders. To engage meaningfully with our stakeholders, we aim for the following aspects:

Completeness: Attaining thorough understanding of the needs and expectations of the stakeholders and representing their views along with practices and performance of the organisation in an unbiased, thorough and balanced manner.

Materiality: Engaging with key stakeholders to assess the significance of issues perceived by them and aligning them with the business vision.

Responsiveness: Involving, responding, and providing access to information on management decisions. Our stakeholder engagement meets the AccountAbility Principle Standards.

Stakeholders play a vital role in our growth and transformation and we strive to achieve periodic and meaningful interaction with them. Sustainability issues are identified through the challenges we face, peer reviews and interactions with all key stakeholder groups. The issues identified are evaluated for their relevance and their impact on economic, environmental and social aspects.

In order to align our community development programmes to UN's sustainable development goals, in 2015 we carried out a detailed community needs assessment in five of our priority plant locations. We invited a third party external

agency, Ethica Strategy, to carry out the assessment. The team followed a three-step approach, where they connected with our plant and corporate office, held extensive field based assessments, backed by thorough secondary research to validate key facts and add on additional information available from official sources. The result is a comprehensive report of the community, their needs, gaps in the system and our way forward. We are now in the process of designing a framework to streamline our activities and implement high impact community development programmes. As a result, we have identified and prioritised key stakeholders

with whom we engage to find sustainable solutions.

The stakeholder engagement process consists of a variety of activities from stakeholder identification, consultation, prioritisation, collaboration and reporting. We collaborate with them through various mechanisms such as, consultations with local communities, supplier/vendor meets, customer/employee satisfaction surveys and investor forums. Every year we review our stakeholder universe and add a few more groups. The feedback obtained during our interactions helps us in prioritising the report content and its completeness.

Stakeholder engagement

Stakeholder	Mode of Engagement	Frequency	Topics discussed/ Stakeholder concerns
Customer	Customer meets, sales visits to customers, customer satisfaction surveys	Yearly, When required	Product quality, delivery compliance and customer satisfaction, complaints and resolution
Suppliers	Meetings with suppliers, seminars, email communication, phone calls	Monthly, Quarterly, Yearly	Quality, Cost, Capacity Building, Supplier Satisfaction
Government/ Regulators	Meetings, Industry Associations meets and events, Email and telephone calls	Monthly	Revenue and tax distribution, profitability, safe working and environment compliance
Community	Visits, community meetings, interaction with doctors on health issues, camps	Monthly	Education, welfare measures, medical facilities, sanitation, quality of life
Media	Press conference, telephonic and email communication, interviews	Daily	Strategy, outlook, future plans, announcement of achievements
Team members	Meetings, newsletters, email and facebook at work, quarterly updates, Vcast, trainings, surveys	Weekly, Monthly, Quarterly, Yearly, When required	Workplace satisfaction, company progress update, skill development, policy updates, employee engagement, volunteering
Non-profit organisations	Telephonic and email communication, site visits, MIS reporting, NGO <i>mela</i>	Monthly, When required	Livelihood programmes, environment sustainability, evaluation of employability and environmental programmes

Investor Meet

We organise a quarterly conference call for investors and analysts to engage with our senior management to discuss near term performance. We also organise an annual investor and analysts meet which is attended by our Chairman, Managing Director, and most of the senior management.

The objective of this annual meet is to update our investors with our overall strategy, future plans and provide them with a platform to interact with our senior management in person. The event also helps analysts/investors go deeper into micro aspects of country-by-country and category-by-category performance through various case studies.

Employee Engagement

Engagement Forums:

There are multiple touch points for the leadership team to interact with our team members through forums like the long range plan, annual operating plan cascades and updates, open houses, town halls, focus groups around engagement surveys, HR connect sessions, and skip level meetings by senior leadership. Every quarter, our Managing Director and the senior leadership team provides updates via V Cast, an interactive, evolving platform to provide an overview of our business performance to our team members. More recently, we moved our updates to Facebook at Work. This will help us gain transparency in information sharing

and improve interaction among our team members.

We also engage our team members with employee opinion surveys such as, the In-tune survey organised by Aon Hewitt, feedback survey on reviews and the Great Place to Work survey organised by the Great Place to Work Institute, India. We practice Bedhadak Bolo as a philosophy that salutes the spirit of expression and innovation at Godrej. This encourages people to Bedhadak Bolo to speak and express openly and fearlessly. Bedhadak Bolo has resulted in team members coming forward and speaking, which has translated into numerous changes and innovations within the organisation. It has also resulted in better team dynamics and an incredibly more open work environment.

InTune

We carry out our employee engagement survey periodically, which presents our team members with opportunity to communicate and put forward their thoughts. We focus this exercise on three engagement behaviours namely; Say, Stay and Strive. There has also been a consistent rise across all behaviours.

Open House with Senior Leaders

In order to strengthen communication and align people with organisational objectives, Open House sessions are conducted across functions and locations. At the open house,

respective heads share business highlights with team members across all levels.

Vendor Engagement

We organise an annual vendor meet at the beginning of every financial year. All of our vendors and operations team are a part of this meet. Our Managing Director shares the business plans, our perspectives and the way forward for the year. We also acknowledge and award the efforts of our best performing suppliers at the meet. The meet is a means to align our vendors to our growth plans and bring about a spirit of partnership with the vendors.

Customer Engagement

We are a customer centric company and greatly value the trust, satisfaction and loyalty of our customers across the world. Our primary focus is on delighting our internal and external customers. Customer centricity is part of our Code of Conduct. We strive to ensure that customer needs are satisfied and that our products and services offer value to customers.

Our customer focus does not only extend to external customers alone, but includes internal customers as well. We firmly believe that external customer satisfaction can be attained only if internal customers' needs and reasonable expectations are met and our team members are strongly encouraged to act in accordance with this principle.

High	Unemployment	Skill Development	Climate Change	Customer Satisfaction
	Economic Contribution	Diversity and Equal Opportunity	Energy Efficiency	Value Added Products
Importance to shareholders		Environmental Incidents	Waste Management	Talent Retention
			Renewables	Sustainable Livelihood
Low	Urbanisation	Air pollution	Women Empowerment	
	Public Policy	Legal Compliance	Asset Utilisation	Health & Safety
			Green Procurement	Supply Chain Management
			Human rights in Supply Chain	Supplier Assessment
	Low	Importance to business		High

Godrej Group's sustainability strategy is in line with the Materiality Matrix

We conduct surveys periodically to gauge the satisfaction levels of our distributors. Our most recent results have shown the result to be 4.5 on a scale of 1-5. The scores have been consistently high for the past years as well.

Materiality Assessment

The materiality of specific topics and indicators has been determined by using internal and external conventions, including United Nations Global Compact Principles on Environment, Human Rights and Corruption, World Business Council for Sustainable Development's focus areas, Godrej's core values and internal management systems, and sustainability challenges facing our business identified through our risk management processes.

The aspects in the materiality matrix are important for the business as well as our stakeholders. For all of the material aspects, reporting boundary is limited to GCPL operations. In line with the identified material aspects, we have defined, Good & Green, our sustainability strategy based building a more inclusive and greener India.

ECONOMIC PERFORMANCE

Macroeconomic Environment

Over the last year, the government has launched a series of initiatives to revive the Indian economy, including building infrastructure in roads and railways, improving the ease of business, creating a more investor-friendly FDI policy regime, introducing banking reforms and targeting inflation.

Consequently, our macroeconomic indicators have started to look better, with GDP growth increasing to 7.6 per cent in fiscal year 2016, from 7.2 per cent in fiscal year 2015. Inflation is largely under control. The Consumer Price Index is expected to fall within the range of 5-6 per cent and Wholesale

Price Index, virtually nil. Our Current Account Deficit is also under control. The implementation of transformative structural reforms such as the Goods and Services Tax, however, is imperative to fast track economic growth and boost consumer confidence.

FMCG Sector

We are seeing signs of a recovery in consumer demand in the FMCG industry. While the progress has been subdued, we expect demand to pick up pace in fiscal year 2017. Pro-growth initiatives by the government, such as the passing of the Goods and Services Tax Bill, will be greatly beneficial for this. The fundamentals of the industry remain strong and there

is still significant growth potential, given the low penetration and consumption rates for many FMCG categories.

Our business has delivered strong and profitable growth, despite the challenges in the environment. Overall, we continue to outperform both the FMCG industry and the home and personal care categories that we participate in. We are driving a relentless focus on our strategy, and investing strategically in creating new growth vectors for the future, while continuing to drive our core to full potential, enhancing our go-to-market infrastructure and driving execution excellence.

Economic Performance

Economic performance in INR crore	2013-14	2014-15	2015-16
Net sales	4024.74	4369.25	4748.19
Total income from operations	4079.84	4429.80	4811.57
Total Expenses other than Depreciation and Finance Cost	3326.87	3590.13	3828.66
Profit from Operations before Other Income, Finance Cost, Exceptional Items and Depreciation	752.97	839.67	982.91
Profit Before Tax	712.99	827.19	941.21
Net Profit	564.84	654.45	739.72

ENVIRONMENTAL PERFORMANCE

Greener India

As part of Greener India, we aspire to achieve - zero waste to landfill, carbon neutrality, positive water balance, 30% reduction in specific energy consumption and source 30% of our energy from renewable sources

Godrej Good & Green

Good & Green, our sustainability strategy is driven by the desire to build a more inclusive and greener India. Good & Green is based on shared value, a principle that aligns business competitiveness and growth with social and environmental impact. At its root lies the idea that companies can help solve critical social issues while strengthening their competitive advantage.

These goals are supplemented by Brighter Giving, a structured volunteering platform through which our team members can offer their time and skills to help address a non-profit organisation's needs. This report highlights our sustainability initiatives for the year 2015-16.

Greener India

We are making environmental sustainability a key part of our businesses' manufacturing process and value chain. We have adopted and implemented several sustainability strategies aimed at to meet our business and sustainability objectives.



Our Strategies:

Carbon sequestration

Carbon sequestration is the intake and storage of the element carbon. We are calculating the CO2 sequestered in the existing tree coverage at our plantations and sites.

Renewable energy projects

We are adopting renewable energy technologies like solar, wind and biomass within our manufacturing operations.

Procuring green power

We will purchase clean and green power instead of fossil fuel based electricity, under different schemes available in the Electricity Act, 2003.

Green House Gas mitigation projects

We are registering projects that are eligible for carbon credits under globally accepted protocols to offset our Carbon footprint.

Energy conservation and efficiency

We are reducing the amount of energy consumed in a process or system, by efficient energy use, eliminating wastage, retrofits and replacements and implementing latest technologies in our processes.

Process re-engineering

We are redesigning existing operations in order to enhance production output with similar energy inputs.

Water conservation

We are reducing the amount of water consumed in a process or system by implementing the 3R strategy (reduce, reuse, recycle), retrofits and replacements and the latest technologies.

Rainwater harvesting

We are exploring rainwater harvesting techniques that will help us collect, store and use rainwater for landscape irrigation or to channel it back to the ground to increase water table level.

Waste water treatment

We are reducing our dependency on raw water consumption through the latest technologies like Reverse Osmosis and Multi Effect Evaporators.

Watershed development

We are promoting drainage basins or catchment areas to restore the ecological balance through harnessing, conserving and regenerating degraded natural resources such as soil, vegetative cover and water.

Waste reduction

We are reducing the amount of waste consumed in a process or system by adopting a 3R strategy (reduce, reuse and recycle). products and renovations.

Picture: Inside GCPL's largest soap manufacturing facility at Malanpur

Environmental performance indicators

Materials

We are one of the largest manufacturers and marketers of toilet soaps in the country. We are also leaders in hair colour and household insecticides. Packaging materials such as, paper and plastics, form the majority of our raw materials, followed by inorganic chemicals, metals and organic chemicals. All our units are making conscious efforts to minimise the packaging consumption. This includes reusing corrugated boxes, returning packaging materials to factories and sending the used packaging content to recyclers.

We have been taking steps to ensure that corrugated boxes are recycled to the maximum extent in the factories and at the consumers end. We have established monitoring mechanisms for tracking material consumption and

this has enabled us to reduce to the consumption year-on-year. There has been a continuous emphasis on sourcing raw materials that are renewable in nature. Most of the renewable material we source is in the form of paper and corrugated boxes. We are also replacing non-renewable oil and fats with oils procured from renewable sources.

Energy Conservation

At GCPL, we have a strong commitment to energy efficiency and improving energy productivity. Our flagship manufacturing facility at Malanpur, Madhya Pradesh, produces soap noodles. As a result, the plant is a major energy consumer.

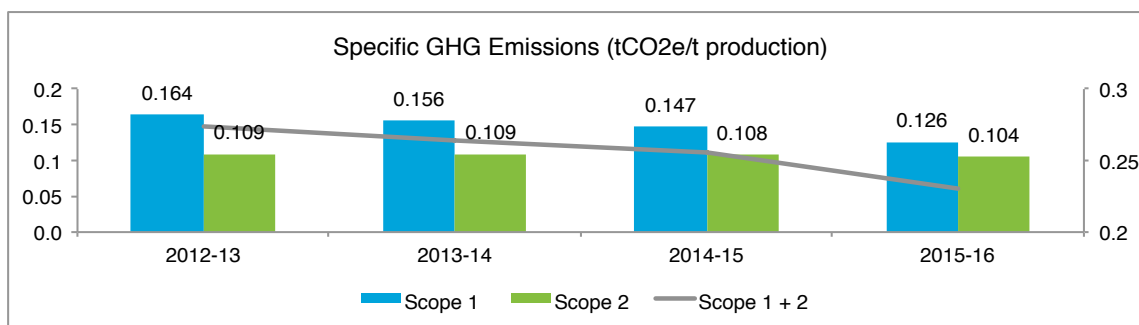
With continuous efforts to monitor and improve the efficiency through process and technological interventions, Malanpur plant is now among the most energy efficient units in GCPL. Several

initiatives were taken up to conserve energy such as, air preheater for boilers allows heating up of combustion air deriving heat from hot waste gases. Air preheating unit has shown good potential and we have been able to significantly improve the boiler efficiency.

We have operationalised several initiatives focused at improving the energy efficiency at our Coil manufacturing units. Renewables integration is another key area for us and all our units are taking efforts to adopt renewable energy sources. Many units are in advanced stages of deploying photovoltaic solar systems.

Other initiatives such as, retrofitting of fluorescent lamps with LEDs and incandescent lamps with CFLs are undertaken at all our manufacturing units. Many of the factories have also initiated setting up of advanced solar powered lamps for roadside illumination.

Energy Mix (Mwh)	2012-13	2013-14	2014-15	2015-16
Grid Electricity	38,003	36,224	41,333	43,960
Natural Gas	140,825	130,972	129,583	126,296
HSD	9,815	11,176	8,764	9,188
LPG	141	132	143	153
Furnace oil	10,986	6,227	14,279	22,141
Coal	20,904	16,949	15,089	740
Pet Coke	14,161	14,015	18,623	17,833
Pitch	1,830	1,210	2,434	6,057
Wood (biomass)	22,054	16,471	18,869	19,559
Husk	-	127.5	3.6	28.3
Briquette	-	-	3,558	14,266



Specific GHG emissions

In 4 years, we have reduced our specific GHG emissions by 15%

Specific Scope 1 emissions

Our specific Scope 1 emissions have reduced by 23%

GHG Emissions:

Our GHG emissions have been on a continual rise since the baseline year of 2010-11. This is due to the addition of several manufacturing units, expansion of our product portfolio and increase in the annual production over the past four years. Carbon sequestration is the intake and storage of the element carbon. We are calculating the CO₂ sequestered in the existing tree coverage at our plantations and sites.

The environmental commitment of GCPL is visible in the fact that there has been a year-on-year reduction in the amount of GHG

emissions per ton of production. This has been achieved through several initiatives and interventions including efficiency improvement, modernisation of equipment, and sourcing of energy from carbon neutral fuels. By decreasing the dependence on conventional fuels such as natural gas, diesel, LDO and coal, our manufacturing units have been able to steadily bring down the specific GHG emissions.

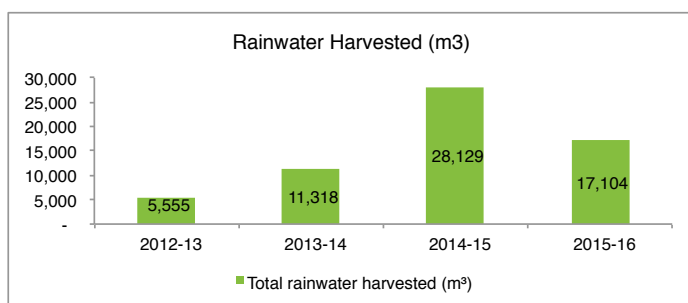
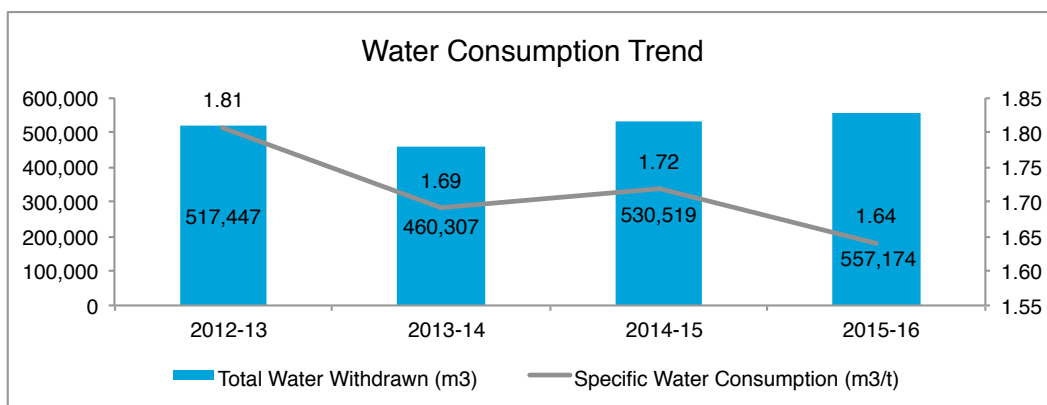
The GCPL Malanpur unit manufactures over 150,000 tonnes of soap noodles annually. The plant is a major contributor to our GHG scope 1 and scope 2 emissions.

However, Malanpur's specific GHG emission is lower than specific GHG emission for GCPL. The sites with high specific GHG emissions have smaller operations and minimal contribution to the overall GHG emissions.

Several initiatives have been planned and currently being implemented for reducing GHG emissions. These include improvements in the boilers, installation of Variable Frequency Drives (VFDs) and proper maintenance to reduce steam losses. Several units have also installed solar LED panel for street lighting.

We are also taking up several initiatives at the supply chain level to reduce our scope 3 GHG emissions. Scope 3 emissions reported include the outbound transport of our finished products from factories to different warehouses.

All energy calculations have been made using calorific values published by IPCC. For coal, biomass, husk and briquette, site-specific calorific values have been used. Emission factors as given in IPCC have been used for all fuels. Scope 3 emission calculations are based on emissions factors as per WBCSD.



Malanpur, Thana, Katha and MM Nagar manufacturing plants. Several other locations are now in various stages of setting up rainwater-harvesting systems to help us offset our freshwater demand.

All of our manufacturing units have installed advanced wastewater treatment technologies. As a result, we do not discharge water outside our plant boundaries. The treated effluent and sewage water is used for gardening, irrigation and landscape development.

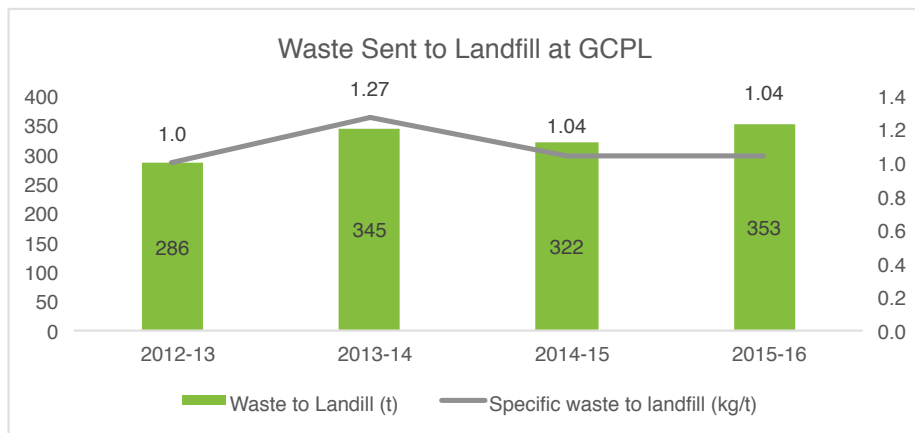
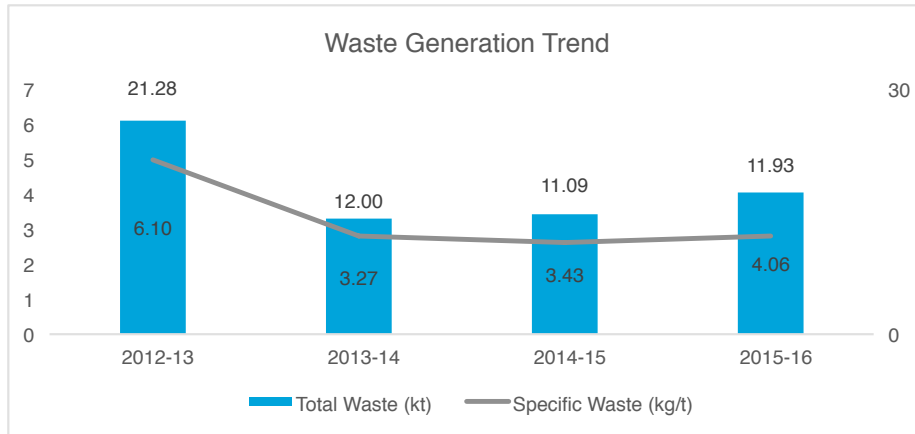
Water Conservation

Soap manufacturing is water intensive in nature as compared to our other operations. However, all the units are implementing initiatives to ensure that the water resources are conserved to the best extent possible. As a result, we have been able to bring down the water consumption significantly at our manufacturing units.

Major source of water for our manufacturing locations is ground water as is shown in the figure. None of our manufacturing locations are posing any threat to the local water bodies. In addition, all the manufacturing plants are

in various developmental stages of deploying rainwater-harvesting systems. This will further bring down our dependence on ground as well as purchased water. We have installed water treatment facilities at several of our factories. These Effluent Treatment Plants (ETP), treat and process waste water and water from sewage treatment plants. The treated water is used for landscape development. We are also setting up Reverse Osmosis plants for treating effluent discharge so that the treated water can be used for process consumption.

We have setup rainwater-harvesting systems at our



Waste Management

Waste generated at our plants includes MS drums, plastics drums and containers, empty noodle bags, soap scrap, iron scrap, corrugated boxes, wood waste, wrappers and stiffeners among others. A major chunk of these wastes are sold to authorised recycler. Hazardous waste generated includes spent oil, batteries and e-waste, empty chemical containers, ETP sludge, spent catalyst and oil soaked filters. All our manufacturing units ensure the hazardous waste generated is disposed of as per the rules laid down by the pollution control boards.

In line with our Greener India goal of zero waste to landfill, we have initiated several interventions to ensure that minimum amount of waste is sent to landfills.

The soap manufacturing units at Katha, Thana and Malanpur along with Coil 11 unit contribute to nearly 90% of the total waste generated at GCPL.

In order to reduce the waste generation, all the units have taken up measures such as reusing and recycling of corrugated boxes and proper maintenance, which has led to significant reduction in the amount of waste generation.

Some of the other key waste management initiatives include:

- Empty containers of hazardous chemicals are being decontaminated and returned to suppliers/third parties
- Used oil/lubricating oils are being recycled through authorized recyclers
- Used batteries are being returned to original suppliers
- Only 20% of plants now transport waste to authorized landfills; this is mainly sludge generated from effluent treatment plants.

SUPPLY CHAIN

Having a best-in-class global supply chain is a core focus for GCPL. We have set up centers of excellence, are engaging in strategic sourcing and improving cost efficiencies. This will significantly benefit us, given the ongoing volatility in the macro-economic environment. Following the acquisition of the Darling Group in Africa, we leveraged synergies in the market and streamlined regional operations. We have centralised production for South Africa and Mozambique at our Mozambican facility and this has helped us acquire significant purchasing and manufacturing synergies.

In India, our Demand Driven Supply Chain has led to mutually beneficial relationships with our suppliers and dealers. We have extended this to include partnerships with key Modern Trade players. In line with our SAP integration from last year, we have started deploying SAP in most of our subsidiary units and are currently integrating them into one SAP ERP system. We have established a sourcing system that covers all consumer products globally and utilises

practices such as, the Theory of Constraints, Demand Driven Supply Chain, Total Productive Maintenance and Six Sigma. This initiative is designed to lower costs by reducing purchase and freight costs and wastage and improving manufacturing yields.

We have always laid emphasis on procuring raw materials in a responsible manner. There has been an increasing trend in the amount of sustainably sourced palm oil that is used in place of crude oil derived products. As a best practice, our procurement team not only looks at the initial cost but also the life cycle cost. Among the available alternatives, we prefer the one with the lowest life cycle cost for procurement.

We work closely with suppliers and manufacturing team to explore and implement recycle and reuse programmes that are beneficial to the environment and create value addition to our stakeholders. For example, our sourcing and procurement team worked with the supplier to reuse the packing boxes. The used packing boxes that are imported are given to the local supplier to pack their

components and supply. The same boxes are reused four times, thus reducing the environmental impact by 1/5th of the original impact. Similarly, cartons and bags used for packing are reused multiple times.

We aim at making our value chain environmental friendly and responsible. We are committed to comply with the requirements of local environment laws and regulations in countries and regions we operate and source any material, product or services.

In order to extend our Good & Green commitment to our vendors and to encourage them to contribute towards supply chain sustainability we have developed a Sustainable Procurement Policy this year, which is an extension of our values and is applicable to all GCPL suppliers.

The Policy goes beyond mere compliance with the law by drawing upon internationally recognised standards in order to

identify and define best practices from across the globe. The Policy outlines our expectations with regards to ethics, business integrity, human rights, health and safety, environment, the local community and quality of product and operations. We have communicated the Policy to our entire over 700 local suppliers in India. 80 of our major suppliers have come on board and have committed to adhere to our Policy.

We will periodically review the policy to ensure that it continues to help us move towards our vision. The suppliers will be encouraged to monitor their performance against the four pillars of the policy – ethically driven, socially focused, green inspired and quality centered supply chain. You can view the detailed policy at www.godrejcp.com/codes-and-policies.aspx

Sustainable Procurement Policy



Supplier Risk Assessment

Assessment	Analysing and Reporting
One-to-one meetings with key stakeholders within Godrej and suppliers	Analyse the data
Collection of Data	Validating the data as per GCPL Supplier code
Visit supplier sites and carries out audit	Profile the suppliers into risk categories
Assess the risk	Rank the suppliers as per risk prepare and present report

Supplier Spend Analysis

We have categorised all the materials we procure into 42 categories. We conduct spend analysis for following categories; oil, raw materials, packaging and principle to principle purchase (finished goods from third party, suppliers who have marketing logo rights with agreed conversion cost). Spend analysis is conducted on monthly basis for 100% of our procurement. A detailed spend analysis is conducted by strategic sourcing team which has the dedicated responsibility for this activity. There is monthly review of spends and performance is tracked against budgeted price with drill down upto material level. Long Range Planning and Annual Operating Plan are the macro and micro plans that are prepared with inputs from finance and forex department. We also analyse economic factors, forex rates, regulatory factors, non-economic factors such as monsoon.

Good & Green Sourcing Philosophy

GCPL Sourcing and Procurement practices are consistent with our

sustainability goals:

- Focus on greener India and inclusive social growth
- Emphasis on long-term sustainable business that will have positive impact on the environment and society
- Collaborate with stakeholders and society to derive optimal solutions leading to meaningful and long lasting relationships
- Consistently raise the bar of performance and explore opportunities for improvement. Share the benefits to maintain a win-win partnership with vendors

85% of our sourcing is from local suppliers in India, and we import the remaining 15%. We source from more than 700 vendors spread across India with majority of sourcing from southern part of country with total spends close to INR 1700 crores.

We work closely with our suppliers, sub contractors and manufacturing team to explore and implement recycling/reuse programmes that will help benefit the environment and create value to our stakeholders.

Supplier Risk Assessment

GCPL has a structured approach for supplier risk assessment. We categorise critical suppliers on the basis of criteria such as monopoly of supplier which may result out of our dependence or supplier being a single source or supplier having a proprietary product. We also systematically analyse our product value chain to identify those suppliers who may be supplying in small quantities but the disruption can have a major cascading effect on the product value chain.

The assessment is conducted for key suppliers by a third party covering social, environmental, and financial performances. Quality of products, transport and logistics, insurance, ethics and behaviour, labour practices, corruption and bribery, discrimination policy, freedom of association, practices and environmental practices are assessed by the third party agency. During 2015-16, we audited 68 out of our 90 tier 1 suppliers. We determined 25% to be high-risk suppliers on the basis of evaluation parameters mentioned earlier.



Supplier Capacity Building

Some of the supplier capacity building initiatives include:

- Annual vendors – business partners meet (overall business plan discussed)
- Star vendor award
- Technology day celebration where vendors showcase their innovations
- Support in improving manufacturing practices
- Quality Circle (QC) participation encouragement
- QC chapter formed by GCPL at factory locations
- Value engineering exercise for efficiency improvement of our suppliers

Supplier Incentives

We incentivise our distributors in the form of payout against their performance. The performance is evaluated on the basis of parameters such as secondary sales value, new product development value and percentage of productivity. Periodic payout and reward programmes for our urban and rural distributors help us keep the motivation high and encourage top performers.

Some of the other incentives are:

- Audits are done at cost of GCPL with no financial liability for suppliers
- Vendor meet conference expenses for participants are covered by GCPL
- We offer subsidised development consultancy during GMP audit
- Increasing Share of Business for vendors through assured business for relocating close to our plant
- Reallocation of the business for consolidation of vendors

Supply Chain Initiatives

We have successfully replaced corrugated boxes with plastic crates for local material movement (from supplier to the manufacturing units). This has allowed us to drastically bring down the waste boxes that are generated during material movement. Also, due to strong plastic crates, material handling has become easier with less risk of damage.

The solvent transportation was changed from barrels to tankers resulting in the eliminating of barrel use. This has simplified the

solvent handling process reducing handling risks, wastage of solvent and empty barrels that need to be sent to authorised recycler.

Picture: Inside GCPL's manufacturing facility at Conso

PRODUCT RESPONSIBILITY



Ezee, our improved, environment friendly, safe and effective liquid cleaning detergent. It is a phosphate-free, pH neutral formulation that doesn't cause any adverse reaction in the ecosystem.

Godrej Group's Good & Green vision supports the development of products that are environmentally sustainable. As part of the vision, we aspire to develop products that consume fewer resources (energy, water), emit fewer greenhouse gases and include a hundred percent of recyclable, renewable, and/or natural materials.

Good & Green products

Innovation in our product pipeline entails developing 'good' and/or 'green' products, which aim to address a critical social need of individuals at the base of the pyramid (BOP) or are environmentally sustainable. All our products go through rigorous testing procedures to ensure that they do not cause any health and safety related problem. We take utmost care to ensure that even the raw materials sourced from suppliers do not contain traces of any contaminants.

Sustainable sourcing

We source close to 60% of our purchase sustainably. Palm oil constitutes 35% of spends and is sourced from sustainable sources. Perfume constitutes 7% of spends and is IFRA compliant. All rigid plastics are recyclable and constitute 8% of our sourcing. Master cartons/shippers and primary cartons are made from agro/recycled waste paper, constitutes 10% of our sourcing.

We have taken various steps to procure goods and services from local and small producers, including communities surrounding their place of work. All agri-based bulk materials, shippers and plastic components are produced locally, closer to the plants. These vendors are given priority payments and also technology and quality systems up-gradation support.

Waste such as, wrapper, stiffener and packaging material like bottles, corrugated boxes are disposed to the vendors who recycle it. Spent lubricating oil is also disposed to recyclers. We recycle waste soap and the balance is disposed to small-scale manufacturers. All of our major units are certified for environment management system as per ISO- 14001.

Sustainable packaging

We believe that sustainable packaging should be designed to have the minimum net impact on the environment, specifically in term of waste, water, energy and emissions, while also fully preserving the integrity of the product it contains. GCPL is aligned with the concept of Reduce, Reuse and Recycle and the same is demonstrated in the business value chain. We have

taken various initiatives to reduce, reuse and recycle.

Reduce initiatives

- We have reduced the solvent content in perfumes and dye consumption in coils
- We have reformulated our perfumes to improve performance and reduce dosage
- We have installed hot runner molds for certain plastics and reduced our specific energy consumption
- We have eliminated Sodium Silicate on corrugated boxes

Reuse initiatives

Our sourcing and procurement team worked with the supplier to reuse packing boxes. The used packing boxes from overseas supplier were given to the local supplier to pack their components.

Reduce Initiatives

Project 1:	Project 2:	Project 3:
Reduce packaging material in soap wrappers	Weight reduction of PET bottle	Reduction in packaging material of Duplex Board
We reduce the thickness of PET from 10 micron to 8 micron. The focused efforts have resulted in savings of 130 MT of PET per year. We also reduced the Hot Melt Adhesive (HMA) consumption from 15 to 10 gsm. This has helped us improve our yield by 6% and reduced 276 MT of HMA per year.	We have reduced the weight of PET bottle by 1 gsm. This has helped us reduce our annual PET consumption by over 180 MT	In our Active+ cartons, we have removed the flaps. This has helped save us 80 MT of Duplex Board. We have also redesigned packaging material that has saved 27 MT of Duplex Board, 87 kg of PET per year.

The same boxes were then reused for 4 times thus reducing the environmental impact to one 1/5th of the original impact. We have adapted to plastic crates instead of corrugated boxes for local material movement (from supplier to the manufacturing units). The initiative has helped us to save around 35 MT of craft paper per year. This is equal to saving 570 trees, 2.34 Lac gallon of water and 1.33 lac KW of power.

- Oil transportation from Kandla port to our Malanpur factory was converted from tanker to train transportation (for 70% of the volume). This has resulted in huge reductions in the carbon footprint as rail transportation is close to 4 times more efficient than road transportation.

Replace initiatives

- The entire range of PVC bottle is replaced with environmentally friendly PET bottles. In volume terms this turns out to be around 1800 MT per month.
- We have replaced barrels to transport solvents. We now use tankers and this has helped us save close to 10500 nos. of barrels or around 150 MT of fresh PVC.

Replace Initiatives

Product	Change	Unit of saving	Saving for 2015-16	Target for 2015-16
Good knight Fast Card laminate	GSM reduction from 60 GSM to 50 GSM	Film in kg	19,200	20,000
Good knight Activ+ Refill carton	Removal of Metpet from the carton	Metpet in kg	77,000	75,000
Good knight Activ+ Combi pack	Changing the bottom closing from RTI to CLB	Paperboard in kg	12,262	10,000
Aer click PP carton	Size reduction	PP in kg	7,430	10,000

SOCIAL PERFORMANCE



'Breaking Free', hosted at our head office, brought together India Inc. and activists to talk about creating a welcoming work environment for all

People

We take much pride in fostering an inspiring workplace with an agile and high performance culture to attract, develop and retain the best global talent. As part of the over 115-year young Godrej Group, we are fortunate to have a proud legacy built on the strong values of trust, integrity and respect for others. We are very proud to be ranked number 9 among the top 25 Best Workplaces in Asia 2016 by the Great Place to Work institute. This is the second time in a row that we have featured on the list.

Diversity and anti-discrimination

We recognise merit and perseverance and encourage diversity in our company. We do not tolerate any form of discrimination on the basis of colour, gender, race, caste, nationality, age, marital status, sexual orientation or disability and will allow for equal opportunities for all our team members.



Diversity and equal opportunities

We value diversity and are committed to offering equal opportunities in employment. We will not discriminate against any team member or applicant for employment on the basis of nationality, race, colour, religion, caste, gender, gender identity/ expression, sexual orientation, disability, age, or marital status. GCPL also subscribes to the CII- ASSOCHAM Code of Conduct for Affirmative Action.

HR policies like flexible working hours, work from home arrangements, part-time work, leave and benefits, adoption leave and benefits, extended maternity leave and benefits, paternity leave and benefits – to name a few – go a long way in ensuring that our team members successfully strike a work-life balance. We are committed to the health and well-being of our team members and have an onsite medical centre, hospital and children's day care facility within the Godrej Vikhroli campus.

Prevention of sexual harassment

We are committed to creating and maintaining an atmosphere in which our team members can work together, without fear of sexual harassment, exploitation or intimidation. We have ensured compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. We have constituted an Internal Complaints Committee in accordance with the act and updated the group's policy to ensure that women are protected against sexual harassment at the workplace. Every team member is made aware that the Group is strongly opposed to sexual harassment and that such behaviour is prohibited both by law and the Group policy. We take all necessary action(s) required to prevent and correct behaviour that violates this policy.

Human Rights

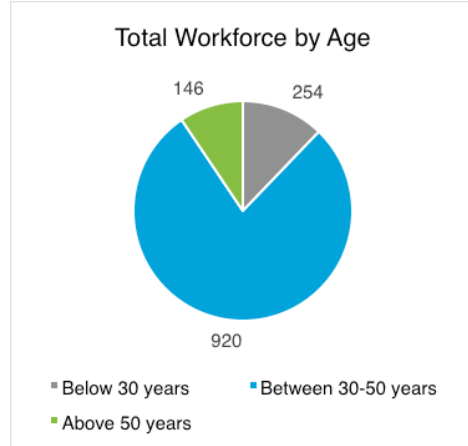
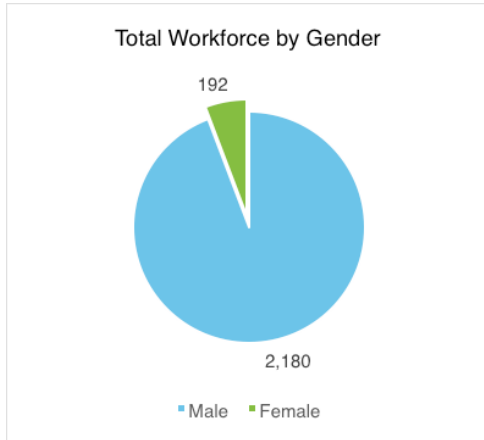
GCPL respects and promotes human rights for all individuals. We do not discriminate against any team member or applicant for employment on the basis of nationality, race, colour, religion,

caste, gender, gender identity/ expression, sexual orientation, disability, age, or marital status.

At Godrej, we are committed to conducting business in an ethical manner and upholding the fundamental rights of the person. During the past year, we have not received any complaints towards incidents of discrimination. Within Godrej's operation, there are no areas where right to freedom of association is at risk.

At all our operations, we have taken several precautions to prevent risk for incidents of child labour. We adopt a stringent review process during hiring to verify the age of the employees. The security personnel have been trained to observe the employees and associates while entering the facilities and report any cases of underage workers.

Picture: Vivek Gambhir, MD, GCPL, and Pirojsha Godrej, MD, Godrej Properties, discuss the role of men in the gender equality journey



Our sustainable procurement policy especially lays emphasis on prohibiting the use of child labour at any stage of business process and also provides that suppliers should comply with applicable wage and hour laws, regulations and mandatory industry standards.

The employment contract at Godrej for workers is based on employee's voluntary agreement. We also monitor and assess the operations periodically to prevent the risk of forced labour. Deployment of security personnel at all our operations is carried out following a rigorous process. We also sensitise security personnel to make sure that at no point in time are we violating the fundamental rights of any person.

Human Resource Development

Our workforce

We employ 508 people in sales roles while 812 people are assigned non-sales role. The non-sales team members are further based in HO, North, North-East, South and West and Central Cluster. In the past

year, GCPL hired 44 new white-collar employees of which 26 were male employees while 18 were female employees. A major percentage of these hires are below 30 years of age and further adds to the youthful energy of the organisation. In terms of turnover, 157 employees separated from the organisation in the past year. We have an employee association that is recognised by the management and approximately 40% our permanent employees are members of this recognised employee association across all units.

Recruitment

Recruitment of candidates from the scheduled caste/scheduled tribe and physically challenged (SC/ST and PC) categories has been taken up as one of the major performance measures of the central recruitment process owner. We participate in government fairs for recruiting candidates from underprivileged communities. We have also partnered with non-profits to provide employment opportunities and counselling to people that fall in one of those categories.

The policy on communicating our team members about significant operational changes has been designed after due consultations with the employees and workers. We have established notice-period of 90 days for any significant operational changes.

Key highlights

1. To sustain Affirmative Action in GCPL, every SC/ST/PC candidate applying for a job is interviewed by the Unit Head before the final decision is taken. This is done to remove individual biases of managers against these categories of candidates, if any. The recruitment of SC/ST/PC candidates has been taken up as one of the performance measures of central recruitment process owner.
2. Our employee referral policy promotes referrals of SC/ST/PC candidates by offering higher referral amounts.
3. For PC candidates, we identify appropriate jobs and also install the necessary infrastructural facilities for them, depending on the nature of their disability.



4. The HR function keeps a regular track of the progress of Affirmative Action in the organisation and takes necessary corrective actions, if needed. Adherence to and proactive involvement in Affirmative Action has been added to the performance targets of many of our team members.
5. GCPL has set aside a dedicated budget towards Affirmative Action
6. A special provision has been incorporated in all purchase order and vendor agreements. The provision reads as under: "You must take affirmative actions to provide an equal opportunity to SC/ ST & Physically Challenged (PC) people in employment, entrepreneurship etc. as per our guidelines".
7. To improve employability for the employees of these cadres, they are given equal opportunity in training and development.
8. In order to give a first-hand learning experience to students who have completed some sort of technical

education, GCPL gives employment opportunity to such students and retains them as apprentices. While providing employment GCPL gives thrust to those students who belong to SC/ ST & PC. This year 15 SC/ST and 2 PC people have been recruited as trainees.

9. We ensure that we provide maximum employment to SC/ ST & PC people under contractor's rolls as well.

Training and learning

Our philosophy on learning is based on the '70-20-10' principle – 70% of the learning happens on the job, 20% through feedback, coaching and mentoring and 10% through training, executive programmes, books and online learning. Supervisors play a critical role in facilitating learning and development.

We provide continuous skill up-gradation and learning opportunities through structured career discussions and individual development plans. We invest in functional training for all team members in line with their current

and future career aspirations. The learning suite encompasses functional training, leadership development programmes and behavioural training geared towards leading self, leading others and leading business. We also nominate managers for MDP programs at premier business schools like ISB, IIM-C, IIM-A, IIM-I et al.

Godrej Capability Factors

Godrej Capability Factors (GCF) are the critical capabilities and expected behaviours for each level in the organisation. GCF are a set of key capabilities which the organisation has defined towards its journey to brighter and future-ready GCPL, in line with our vision. The pillars that define leadership capabilities at Godrej are:

- Leading Self: Is about being self-aware and self-driven
- Leading Others: Is about collaborating with and developing people
- Leading Business: Is about acting strategically to deliver results

Picture: Our Learning & Development team hosts the 'Leading Self workshop' series

Employee benefits

At GCPL, we believe that all our team members are part of one extended family. We provide medical benefit scheme along with hospitalisation to support team members and their dependents during time of medical emergencies. All managers and officers are covered under group term insurance scheme. Apart from curative healthcare, which includes unlimited sick leave, dispensary facilities and reimbursement of hospitalisation bills, we also ensure preventive healthcare for Godrejites by providing regular health checkups and subsidised gym and sports facilities.

We understand our team members play multiple roles and our policies like flexi-time working hours, work from home and part time working for women post maternity enable them to do so. Last year, 20 new parents availed maternity and paternity leave option. Of these, 17 Godrejites have returned to work with us. Our on campus crèche ensures that team members are never too far away from their children.

Family Initiatives

- Our team members can avail the Godrej Udyachal School facility for their children. The high school was recently awarded a British Council accreditation.
- We gift a congratulatory letter and a cheque to the children of our team members on successful completion of their board exams. Our team

members of Executive and below grade are eligible for an education grant for on child.

- GCPL Baby's Day/Family Day is organised every year, where all Godrejites get their children to office for full day

On-campus facility

- Subsidised meals: The canteen provides breakfast, lunch and snacks to all team members against Sodexo coupons from 8.30 a.m. to 8.30 p.m.
- Conveyance support: A bus service is provided from the company premises to Vikhroli Station and back every hour on the clock. There are special services to Vikhroli - West for Godrej Colony residents as well.
- Banking Facility: The Head Office premise has ICICI Bank ATM and a Canara Bank Extension Counter.
- Travel Help: GCPL has a tie up with 'At your price' an online portal for any kind of travel help and bookings for our team members in areas of visa, air and train travel bookings (personal and organisational). We also have partners for train and car bookings for smooth travel arrangements.
- Vodafone: We have a corporate tie up with Vodafone and Vodafone personnel are available every day at the canteen for any new connections or queries. Team members can join the corporate plan and this service is extended to their family as well. Mobile bills for official purposes are reimbursed.

Discount on all Godrej products

Apart from easy availability and discount on the GILAC products at the sales shop. Our team members also get a 20% discount on all Godrej & Boyce Products. These are high value items like television sets, fridges, washing machines etc. Hence a 20% discount works out to a significant saving of the members. Discount can be availed at any Godrej & Boyce shop across the country.

Housing colony and allied facilities

- There is a Housing Colony in Pirojshahnagar, Vikhroli – Hill Side, with more than 150 flats and a few bungalows.
- Housing Colony accommodation is also available for team members of the Malanpur factory in Gwalior. Apart from the housing colony we also have transit quarters inside the Malanpur factory premises.
- The Godrej Hillside Club provides facilities like a state-of-the-art fitness centre, swimming pool, badminton, billiards, table tennis, jogging track, reading room and cafeteria. All permanent team members of the Godrej Group companies are eligible to become members of the Club. Dependent family members, residing with the Club members, can also avail of the facilities.

Health and Safety performance

Manhours worked	2,956,495	Total Incident Rate	51.412
Reportable Incidents	1	Reportable Incident Rate	0.006
Total Incidents	151	Reportable Incident Frequency Rate	0.338
Near Miss	343	Reportable Incident Severity Rate	0

Employee Stocks Benefits Plan

The shareholders of the Company have approved the setting up of the Godrej Consumer Products Ltd. Employee Stock Option Plan (GCPL ESOP) for the benefit of its eligible team members where by the Company can grant 4,500,000 Stock Options convertible into 4,500,000 equity shares of the nominal value Re 1 each to the eligible employees / Directors of the Company and of the Company's subsidiaries.

The ESOP Scheme is administered by an independent ESOP Trust created with IL&FS Trust Company Limited which acquires by subscription / purchase or otherwise, the Company's shares equivalent to the number of Options proposed to be granted by the participating companies, as approved by the Compensation Committee.

Health and Safety Performance:

In January 2014, we established a new and comprehensive health and safety monitoring and reporting mechanism. This has been rolled out across all our facilities and we are now monitoring key health and safety indicators on monthly basis. Going forward, we intend to expand the scope to include contract manufacturing units as well.



Partnership & Initiatives for Affirmative Action:

GCPL Malanpur

GCPL, Malanpur is in close coordination with Ambedkar Institute for Handicapped, Kanpur for training, and recruitment of physically challenged (PC) persons. We have identified and tied-up with two non-profits who are rendering their services for the SC/ ST and PC children residing in and around Gwalior. Among them, Snehalaya cares for those SC/ ST children who are mostly orphans and suffering from mental retardation, whereas Vivekananda Nidam runs a hostel for the tribal children who have been picked up from the nearby forest areas.

We encourage our team members to volunteer their time and skills for the upliftment of the underprivileged and needy children of our partner NGOs. To explore new avenues to help them we buy responsibly produced products from these NGOs and support their cause.

GCPL Katha and Thana

At GCPL Katha and Thana we have identified three schools. The Katha Unit has adopted one school (The Govt. Primary School, Judi Kalan Katha) and the Thana unit has adopted two schools (Govt. Middle School, Thana and S.K. Public School).

We work closely with our local government schools and engage children through sports, storytelling, and awareness sessions. We have organised events to promote teamwork among students, build positive behavioural attitude, and practice discipline. We also organised health and hygiene awareness programmes. To encourage academic performance, we recognised and awarded meritorious SC/ST students. We also organise Children's Day activities, celebrate World Environment Day for the children and rewarded the winners. We also provide support to physical challenged students with the help of Saket Orthopaedic Hospital (Govt. Approved Institute for Physically Challenged).

GCPL have identified the disadvantaged, vulnerable and marginalized stakeholders and have taken up special initiatives to engage with them.

Corporate Social Responsibility

The Godrej Group has been at the forefront of philanthropy in India. Twenty-four per cent of the shares of the Godrej Group's holding company, Godrej & Boyce, are held in a trust that supports initiatives in the fields of education, healthcare and environmental sustainability. GCPL has a dedicated CSR department termed 'Good and Green' to have a focused approach on these projects and initiatives. In addition to its long-standing tradition of philanthropy and corporate social responsibility, Godrej has developed a sustainability strategy, called Good & Green. By 2020, the Group aspires to create a more employable Indian workforce, build a greener India, and innovate for 'good' and 'green' products.

Picture: We own and care for the largest privately managed belt of mangroves in Mumbai



Ensuring employability

We work in collaboration with non-profit and social enterprises to design and run a number of employability training programmes. GCPL has a dedicated programme manager who manages all our programmes. An on-field team helps roll out initiatives with our NGO partners. The Godrej Industries' Corporate team also supports the programme manager to help scale the programme, monitor progress, and carry out impact assessment.

Beauty training

Our flagship programme, Godrej Saloni trains young girls and housewives in beauty and hair care. More than 26,000 candidates have graduated from this programme in fiscal year 2015-16. Of this, over 8,200 were part of the school programme. Since the inception of the programme in 2011, we helped 61,975 girls and women, gain employable skills and become financially independent.

We run the Saloni programme in 221 centres across India. Our in-house programme of 3 months has

been built to skill the candidates in basic beauty, skin, and hair care. The Saloni course curriculum has been recognised by industry peers and we are affiliated to the Beauty & Wellness Sector Skill Council that is promoted and supported by the Confederation of Indian Industry and the National Skill Development Council, respectively. Our training module is now part of the national training curriculum.

We have developed an audio-visual demonstrative learning video of the entire curriculum. The module creates simulations of a salon, helps in learning, and improves comprehension and understanding of work-place safety guidelines and hygiene standards. We have also designed an app-based tablet version of it for easy sharing of our curriculum. Separate modules on enterprise development and employment readiness have also been developed for the beneficiaries of all employability programmes to set them up for success early in their career. We have recently introduced a life skills approach in our module, to equip our graduates with basic soft skills to enhance their employment prospects.

Through our partnerships, we have been able to help 60 per cent of our graduates find jobs in salons and recognised parlour chains. Nearly 40 per cent of our graduates work as freelancers or micro entrepreneurs using their new skills to generate income.

The school girls' programme in beauty and wellness is offered in standard 9 as an elective subject. The programme is offered from standard 9 to 12. An after-school programme was also started to enrol students of standard 10.

Sales and distribution training

As FMCG and other similar industries expand in India, a ready pipeline of skilled talent for sales, particularly in rural areas, will be an essential enabler for growth. The industry currently records high attrition of entry-level sales representatives. This can be partly attributed to the lack of requisite skills, leading to an inability to meet targets and manage pressure at work.

Picture: Godrej Saloni, our beautician training programme for low income women in India



Godrej Vijay, our training programme in channel sales, helps skill unemployed youth and build a talent pipeline for the industry. The programme has trained 61,000 youths across 44 locations in channel sales. The participants undergo 40 hours of training; one-half is spent in the classroom and the other half in experiential learning. The programme has been specially designed for the purpose of training distributor sales resources. Graduates of the programme may be placed with any of the Godrej companies or even other Company distributors in the vicinity of the training centre. More than 75 per cent of our Vijay graduates have been placed in the FMCG sector.

Godrej Prerna is our retail management training programme. The programme helps retail shop owners and in-shop associates build skills relevant to General Trade. It aims at equipping the small retailers with skills to compete against the organised retail stores. The programme for in-shop retail associates involves training in stock, shelf management and customer interaction. It helps

shop owners know their products and understand the growth drivers of the business. It also covers general trends in retail and self-service stores. This year, 3,500 people graduated from the programme.

Volunteering

Our sustainability goals are supplemented by Brighter Giving, a structured volunteering platform through which our team members can offer their time and skills to help address a non-profit organisation's needs. Through Brighter Giving, Godrejites can donate their time, knowledge, and skills to help address a non-profit organisation's specific needs, on a project basis.

Brighter Giving also serves as a channel through which our team members can connect with and learn more about Good & Green. The programme takes a long-term view, seeking to enable and drive meaningful impact for our non-profit partners and/ or their beneficiaries. The programme was launched in July 2013 with 2 partner organisations that are helping us connect our team

members to relevant projects as per their time and convenience. 52 of our GCPL team members are a part of Brighter Giving.

We also organise short-term volunteering activities. The annual Godrej Global Volunteering Day is one such platform for our team members to connect with our communities more meaningfully. In 2015, over 700 of our GCPL team members across 9 countries volunteered in schools to spread the message on health, hygiene, and sanitation and engaged with over 7,000 children.

Furthermore, our team members are voluntarily opting out of the LPG subsidy in support of the nationwide GiveItUp campaign. We are also encouraging Godrejites to enrol anyone with limited access to social security under the Pradhan Mantri Suraksha Bima Yojana, a low-cost personal accident insurance scheme. As part of our disaster support, all our team members contributed their day's basic salary to the Nepal earthquake relief and the Chennai flood relief and rehabilitation.

Picture: Godrejites volunteer to spread the message on health, hygiene and sanitation in local school

ASSURANCE STATEMENT

Independent Third Party Assurance Statement



Godrej Consumer Products Limited (GCPL)

Scope and Approach

Godrej Consumer Products Limited ("GCPL") has commissioned TÜV NORD CERT GmbH ("TN") to provide independent assurance of the GCPL Sustainability Report 2015 (the "Report") for the year 2015.

The engagement by GCPL has been performed using AccountAbility's AA1000AS (2008) assurance standard. We planned and executed our work to meet the AA1000AS Type I (moderate level of assurance) requirements. The geographical boundaries of the engagement were limited to the territory of India.

The assurance statement is intended to be used by the management and stakeholders of GCPL.

Statement of Independence

The sole responsibility for the preparation and content of the report lies with GCPL. TÜV NORD CERT GmbH did not interact with GCPL or its stakeholders in any prior engagements, which could impair the impartiality of the results and recommendations made in this statement.

Assurance objectives

The objective of the engagement was to ensure GCPL's compliance with the AA1000 AccountAbility Principles (inclusivity, materiality, responsiveness) using a reasonable sample of reported sustainability data, functionality of management processes and communication.

Approach and limitations

The engagement has been subject to the work of several of qualified professionals, allowing for a verification of GCPL's relevant sustainability issues. The scope of testing comprised of the assessment of reported data (log sheets, sustainability performance monitoring tool (SoFi) and processes along with exhaustive interviews with members of management, Green team including green champions (persons responsible for data collection and processing). The interviews have been conducted in person and via telephone.

At current state, the report covers GCPL's operations in India only. An audit of all the system related to sustainability performance assessment, data records and interview with the responsible team at head quarter in Mumbai was performed by the verification team, and wherever required, a telephonic interview concerned ground staff of GCPL's various plants were also performed to cross verify the information presented in the report). Data and documents have been provided to the verification team, which are being maintained and recorded in the SoFi software and assessed to be well consistent with the GCPL Annual Report of 2014-15. Facts and figures included in the report are consistent with GCPL's verified annual report of 2014-15 and a draft version of 2015-16 annual reports. The GCPL's official website www.godrejcp.com was also verified in order to ensure that the information (data and figures) provided in the sustainability report is in conformity.

Conclusions/Findings

Considering the aforementioned limitations, the present report displays a reliable and fair image of GCPL's CSR-related practices. The AA1000 AccountAbility Principles are put into practice via different policies, processes and practices.

- **Inclusivity:** The report describes a structured approach for stakeholder (SH) engagement. GCPL has identified its most important internal and external SH groups. The process for SH engagement and involvement is translated into business practice.
- **Materiality:** For its first sustainability report GCPL opted to use GRI G4 sustainability guidelines to perform a holistic assessment of its sustainability performance. Indicator selection has been conducted using renowned focus areas and SH dialogue, which presents the focal point in determining the significance of different sustainability issues.
- **Responsiveness:** Responsiveness is integrated into the SH engagement process. Key stakeholders (internal and external) have been identified and are consulted through various mechanisms and in defined time frames. Further the report states GCPL's determination to continue and expand its SH engagement to enable the achievement of future goals.

Conclusively it can be stated that in the course of the TN assurance engagement nothing came to our attention that GCPL's efforts regarding its sustainability performance including policies, processes and mechanisms are not in adherence with the AA1000 AccountAbility Principles. Sampling and review of relevant data and documents have shown to be consistent with the statements of the report and assurance audit observation during the interviews with the concerned personnel.

Recommendations

Based on the assessment of the sustainability report, data reporting process including data processing for assessing sustainability performance, responsible personnel interviews, and assessment of a third party system software (SoFi; a Sustainability Performance Monitoring Tool), it can be concluded that, the quality and processing of data and system to monitor the sustainability performance is deemed appropriate.

Essen, 2016-06-13



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(Verifier)



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GRI INDEX

General Standard Disclosers

Indicators	Description	Page number	External assurance
Strategy and analysis			
G4-1	Statement from the most senior decision-maker of the organization.	1-3	49-50
Organisational profile			
G4-3	Name of the organization.	4	49-50
G4-4	Primary brands, products, and/or services.	5	49-50
G4-5	Location of organization's headquarters.	5	49-50
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	5	49-50
G4-7	Nature of ownership and legal form.	5	49-50
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	5	49-50
G4-9	Scale of the reporting organization.	5	49-50
G4-10	The total number of employees by employment contract and gender	42	49-50
G4-11	The percentage of total employees covered by collective bargaining agreements	42	49-50
G4-12	The organization's supply chain	33-36	49-50
G4-13	Significant changes during the reporting period regarding size, structure, or ownership.	9	49-50
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	16-17	49-50
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	9-10	49-50
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations	18	49-50

General Standard Disclosers

Indicators	Description	Page number	External assurance
Identified material aspects and boundaries			
G4-17	All entities included in the organization's consolidated financial statements or equivalent documents	4	49-50
G4-18	The process for defining the report content and the Aspect Boundaries	9	49-50
G4-19	All the material Aspects identified in the process for defining report content	22-25	49-50
G4-20	For each material aspect, whether the Aspect is material within the organization	22-25	49-50
G4-21	For each material aspect, whether the Aspect is material outside the organization	22-25	49-50
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	No restatement	49-50
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	First report	49-50
Stakeholder engagement			
G4-24	List of stakeholder groups engaged by the organization	22	49-50
G4-25	Basis for identification and selection of stakeholders with whom to engage	22-25	49-50
G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group,	22-25	49-50
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	22-25	49-50
Report profile			
G4-28	Reporting period (such as fiscal or calendar year) for information provided	9	49-50
G4-29	Date of most recent previous report (if any)	9	49-50
G4-30	Reporting cycle (such as annual, biennial)	9	49-50
G4-31	The contact point for questions regarding the report or its contents	10	49-50
G4-32	The 'in accordance' option the organization has chosen, the GRI Content Index for the chosen option, the reference to the External Assurance Report, if the report has been externally assured	9	49-50
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report	9	49-50
Governance			
G4-34	The governance structure of the organization, including committees of the highest governance body	12-15	49-50
Ethics and integrity			
G4-56	The organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	16-18	49-50

General Specific Disclosures

Indicators	Description	Page number	External assurance	Omissions
Environment				
Material Aspect: Energy				
DMA	Disclosure on Management Approach	27-29	49-50	-
EN3	Energy consumption within the organisation	29	49-50	-
EN5	Energy intensity	11, 29	49-50	-
Material Aspect: Water				
DMA	Disclosure on Management Approach	27,31	49-50	-
EN8	Total water withdrawal by source.	31	49-50	-
Material Aspect: Emissions				
DMA	Disclosure on Management Approach	27,30	49-50	-
EN15	Direct greenhouse gas emissions (Scope 1)	30	49-50	-
EN16	Energy indirect greenhouse gas emissions (Scope 2)	30	49-50	-
EN17	Other indirect greenhouse gas emissions (Scope 3)	30	49-50	-
EN18	GHG emissions intensity	30	49-50	-
Material Aspect: Effluents and Waste				
DMA	Disclosure on Management Approach	29,32	49-50	-
EN23	Total weight of waste by type and disposal method.	32	49-50	-
Material Aspect: Products and Services				
DMA	Disclosure on Management Approach	7, 37	49-50	-
EN27	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	7, 37	49-50	-
Labour Practices and Decent Work				
Material Aspect: Employment				
DMA	Disclosure on Management Approach	40	49-50	-
LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	42-43	49-50	-
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	44	49-50	-

General Specific Disclosures

Indicators	Description	Page number	External assurance	Omissions
Material Aspect: Occupational Health and Safety				
DMA	Disclosure on Management Approach	7, 45	49-50	-
LA6	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and gender.	45	49-50	-
Material Aspect: Training and Education				
DMA	Disclosure on Management Approach	43	49-50	-
LA9	Average hours of training per year per employee by gender and by employee category.	42-43	49-50	-
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	40-44	49-50	-
Society				
Material Aspect: Local Communities				
DMA	Disclosure on Management Approach	46-48	49-50	-
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	46-48	49-50	-
Product responsibility				
Material Aspect: Customer Health and Safety				
DMA	Disclosure on Management Approach	37-29	49-50	-
PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	37-39	49-50	-
Material Aspect: Product and Service Labelling				
DMA	Disclosure on Management Approach	7-8	49-50	-
PR5	Results of surveys measuring customer satisfaction.	7,23	49-50	-

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