



SUSTAINABILITY REPORT 2016-17

Our commitment towards a more inclusive and greener world

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A Message from our Managing Director



Vivek Gambhir
Managing Director

Dear Readers,

I am very pleased to share with you, the second Sustainability Report for Godrej Consumer Products Limited. Through this report, we will share with you, an overview of our performance during the year and how, as a company, we are reinforcing our commitment to sustainability.

As a group, Godrej has always actively championed social responsibility. We are also deeply committed to driving the social progress of the communities that our businesses operate in. We have a 'shared value' approach to business growth and innovation. The idea is to link business success with social progress. At GCPL, we are trying to best leverage this as we grow 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). We are looking for ways to drive longer-term inclusive and sustainable growth in these markets.

We delivered a resilient and reasonably good performance last year. The environment was challenging across most of our operating geographies and consumer demand was sluggish. However, we continued to outperform the market and sustained

market share across our categories. We expanded our gross margins and operating margins, while investing competitively to further strengthen our brands. Our company has also become stronger in many areas; this will enable us to deliver a more robust performance as the macroeconomic environment in many of our operating geographies improves.

We adapted well to the changing dynamics in the Indian environment. In particular, we navigated the adverse impact of demonetisation relatively well. We outperformed the market and delivered robust growth in profits. Our focus on premiumisation and cost optimisation helped ensure that our EBITDA growth was ahead of sales growth. We sustained or extended our market share in our core categories. We invested competitively in strengthening our brands. We also continued to make our go-to-market approach more robust. In the latter half of the year, we launched some exciting innovations such as the range of Goodknight personal repellents, the bathroom air freshener aer pocket, HIT Gel Stick and the *BBLUNT* Salon Secret crème hair colour.

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

₹9,548 Cr

Net sales

35%

Reduction in greenhouse gas
emission intensity

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. Last year we ventured into hair colour in Indonesia and we will continue to scale this up. The acquisition of Strength of Nature in the USA, a leading player in ethnic hair care, catapulted us to become one of the largest players globally, serving the hair care needs of women of African descent. It will, over time, also provide a platform for us to further build and drive global leadership. We rank number two in soaps in India. We are leaders in air fresheners in India and Indonesia and this has evolved into a core category for us globally.

'Godrej Good & Green', is our Group's vision for playing our part in creating a more inclusive and environmentally sustainable world. As part of Good & Green by 2020, we will aspire to train 1 million rural and urban youth in skilled employment, work towards environmental sustainability, and innovate for good and green products. Over the years, we have aligned our targets in line with global objectives like the United Nations Sustainable Development Goals, as well as regional priorities in the geographies we operate in.

As part of our environmental goals, we have set ourselves targets around carbon neutrality, water stewardship, zero waste to landfill, energy conservation, and increased renewable energy. As of March 2017, in India, compared to our baseline performance of fiscal year 2011, we have achieved a 35 per cent reduction in greenhouse gas emission intensity, 27 per cent reduction in specific energy consumption, 15 per cent

reduction in specific water consumption, 58 per cent reduction in specific waste to landfill, and have obtained 25 per cent of our energy from renewable sources at our India operations. We are also exploring ways in which we can extend our sustainability efforts to impact the entire life-cycle of the products. So, we have initiated life-cycle assessments of our manufacturing processes and are developing strategies to mitigate the impacts identified. I am happy to share that we have incorporated over 30 initiatives on clean technology, energy efficiency and renewable energy, across our manufacturing facilities in India. Our environmental efforts have been consistently recognised by industry peers. We ranked on the CDP India Climate Disclosure Leadership Index for the second time in a row in 2016. Our flagship manufacturing unit in Malanpur was rated 'GreenCo Gold' for consistent environmental performance by the CII-Sohrabji Godrej Green Business Center. Highlights of these, along with our initiatives across other locations, are detailed in subsequent sections of this report.

Since 2015, we have been expanding our environmental sustainability portfolio to gradually include our international operations, starting with a baseline evaluation. While we are in the process of streamlining green initiatives, we have made significant progress in several locations. For example, in Ghana we have reduced our specific water consumption by 64 per cent and reduced our Greenhouse Gas (GHG) emission intensity by 14 per cent. In Indonesia, we have reduced our energy and emission intensity by 18 per cent and reduced specific water consumption by 29 per cent.

187,000

Youth trained across India and Kenya

3,500,000

People reached out to as part of the EMBED programme

In Nigeria, we have reduced our specific water and energy consumption by 25 and 23 per cent respectively. We are committed to keep investing in green technologies and achieve performance of global standards for all our manufacturing units.

We are also working closely with all our partners, suppliers and vendors to drive sustainable practices across their operations as well. For example, all our suppliers are required to align with the [Sustainable Procurement Policy](#) that we introduced in 2015-16. This policy draws from internationally recognised standards and details our partnership expectations around aspects like integrity, human rights, health and safety, environmental sustainability and community development.

Climate change is a matter of great concern, globally. Among its other effects, changes in weather patterns impacts the livelihood of many people. We are partnering with National Bank for Agricultural and Rural Development (NABARD) in India, to help mitigate the risk of climate change for local farmers. We are also creating renewable energy ecosystems in parts of rural India and making local youth more aware about the potential of renewable energy to meet their energy needs. Additionally, to tackle the serious challenge of solid waste management, we have extended our commitment to send zero waste to landfill beyond our manufacturing plants to include local communities. We are working with non-profit organisations, colleges, and local municipalities to segregate and process waste in an environmentally friendly manner, which otherwise would end up in landfills.

A focal point of our sustainability strategy, is creating shared value in the communities where we operate. We initiated the Elimination of Vector Borne Endemic Diseases (EMBED) programme with the aim to reduce morbidity and mortality due to malaria and dengue in regions reporting high Annual Parasitic Index (API). In the first phase, we are working in Madhya Pradesh, a state with one of the highest malaria burdens in India. We have collaborated with non-profit organisations and the state government to run intensive behavior change programmes for vulnerable and marginalised groups. The programme currently addresses 36 per cent of the malaria burden of the state and has reached out to over 35,00,000 people. As a result of our efforts, we were awarded the Porter Prize 2016 for creating shared value impact.

By improving access to the labour market through vocational training, we can help increase incomes and strengthen social networks for youth from under-privileged communities. Such access can also be a powerful tool for poverty reduction. So, skilling youth is high on our agenda. We are working towards building a pipeline of talent and simultaneously addressing the cause of livelihood creation in these areas. Since 2011, we have trained more than 1,87,000 youth in India and Kenya in skills that will enhance their earning potential. We collaborate with non-profit organisations and social enterprises to run these programmes. Our flagship programme in India, Godrej Salon-i, a beauty and wellness programme, has been recognised by industry peers such as the Beauty & Wellness Sector Skill Council. In Kenya, we are training young girls and young

#12

In Asia's Best Workplaces 2017

1,000

Godrejites volunteer every year
during Godrej Global
Volunteering Day

mothers from underprivileged backgrounds in hair care and beauty skills. Since 2012, the Darling Hair and Beauty centers have trained over 1,700 women across Nairobi and Kisii, Migori and Machakos Counties, enabling them to increase their earning potential.

Being an employer of choice is a very important part of our overall ambition of being a leading global FMCG player. We take much pride in creating a supportive, enabling work environment with stretch roles and great career opportunities to help people learn and grow. Attracting and developing top women talent, to have a robust pipeline of potential leadership, is a key priority for us. So, we are reviewing policies and infrastructure to ensure that we provide the support that women require to thrive at work. We are also very fortunate to be able to build on the strong Godrej legacy of trust, integrity and respect for others. GCPL has consistently been ranked as the best FMCG Company to work for in India, 13 years in a row, in the Great Place to Work Study (most recently in 2016).

We encourage our team members to volunteer their time and skills for their communities. One of our initiatives is the Godrej Global Volunteering Day, our annual day of community service, and is celebrated across all our locations worldwide. Over 1,000 of our team members volunteer every year in schools and local education institutes and spend a day coaching students.

For us at Godrej, it has always been most important that besides our strong financial performance and innovative, much-loved products, we remain a 'good' company. This has held us in very good stead for over 120 years now. We believe that together with your

partnership and support, we will continue to further this commitment to sustainability and use the tremendous opportunity and responsibility we have, to address some of the biggest socio-economic problems of our times.

Yours sincerely,

Vivek Gambhir
Managing Director

Good & Green: Our Sustainability Vision

The Godrej Group has been at the forefront of philanthropic and social activities for several decades. Approximately 23 per cent of the promoter holding in the Godrej Group is held in trusts that invest in the environment, health, and education.

Sustainability is an integral part of our business and value chain and helps us provide high-quality, affordable goods for 1.1 billion people globally who use our products on any given day. At the Godrej Group, our Corporate Social Responsibility and Sustainability vision, Good & Green, is to create a more inclusive and greener India.

As part of this initiative, by the year 2020, the Group aspires to create a more employable Indian workforce, a greener India, and innovative good and green products considering fiscal year 2010-11 as the baseline.

Good & Green goals by 2020

Ensuring Employability

- To train one million youth in skills that will enhance their earning potential

Greener Planet

- Become carbon neutral
- Have a positive water balance
- Have zero waste to landfill
- Reduce specific energy consumption by 30%
- Increase renewable energy consumption by 30%

Product Innovation

- Develop 'good' and/or 'green' products through innovation in product pipelines

Key highlights



Economic

- 48 per cent of our consolidated sales in fiscal year 2016-17 are from international sales
- Goodknight liquid vapouriser crosses ₹1,000 crore and achieves its highest ever market share
- Ranked number 1 in household care in the Economic Times: Brand Equity Most Trusted Brands Survey 2016



Environmental

- 35 per cent reduction in our GHG intensity compared with fiscal year 2010-11 baseline
- 58 per cent reduction in specific waste to landfill compared with fiscal year 2010-11 baseline
- 27 per cent reduction in specific energy consumption compared with fiscal year 2010-11 baseline
- 25 per cent of total energy consumption from renewable resources compared with fiscal year 2010-11 baseline



Social

- Providing decentralised, off-grid renewable energy systems through community-level installations in 62 energy dark villages in India
- Developed more than 3,300 hectares under the integrated watershed management programme
- The EMBED programme reached out to over 3,500,000 people

Report Profile

At GCPL, it is our constant endeavour to transparently and effectively communicate our initiatives and performance with all our stakeholders. We are pleased to present to you our second annual sustainability report for fiscal year 2016-17. Through this report, we present to you an unabridged view of our activities and performance that have resulted in creating a long-term value for our business and stakeholders.

While the report of fiscal year 2015-16 covered only our Indian operations, this year's report covers our global operations and describes all activities and initiatives conducted during April 2016–March 2017 (we have excluded data from Zambia and Savannah as their operations have only begun in January 2017). We have made all performance comparisons against our baseline performance of fiscal year 2010-11 that covered only our India operations. We have crafted the report in conformance to the GRI – G4 Guidelines – 'In Accordance' – Core option. There have been no restatements from the previous reporting period.

We strive to be leaders in the FMCG sector and are relentlessly working to strengthen our performance along the triple bottom line of economic, environmental, and social parameters. We have detailed our initiatives in relevant chapters and are committed to sustainability within our manufacturing operations and the communities where we operate.

The disclosures provided are also aligned with the material issues we have identified after consultation with

our internal and external stakeholders. As a responsible corporate citizen, we are also committed to the progress of our nation in line with the sustainable development goals (SDGs), and we have aligned our initiatives to relevant SDGs.

Stakeholder Engagement

Regular and meaningful conversations build the foundation for convergence. It not only helps our business to be more efficient but also improves on-ground outcomes and builds winning strategies. Our comprehensive approach to stakeholder engagement has helped us identify key drivers that are strategic to our business in the long term. We interacted with functional heads and members of the sustainability committee as well as internal and external stakeholders at various circles to get an understanding of their needs and concerns.

Assurance

To obtain an objective view of our data management processes, identify gaps, and showcase areas of improvement, we have sought external assurance for our report. The BSI Group has provided assurance for our sustainability report for fiscal year 2016-17. The BSI Group is a third party with whom we have no relation except for employing professional services for the assurance of this report. For more details, please refer to [Assurance Statement](#) enclosed in Annexures.

For any suggestions or feedback regarding this report, please contact:

Karunakar Avuram, Manager – Sustainability (Green)

Email: karunakar.avuram@godrejcp.com



As part of the Godrej Group, we enjoy the patronage of 1.1 billion consumers globally who use our products on any given day.

Our Company

120

Years of Godrej Group legacy

2020

Vision of the Godrej Group includes
creating a shared value through
Good & Green

Godrej Consumer Products is an emerging markets FMCG leader. As a part of the 120-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. Our Group's vision for 2020 is as follows:

- To be one of the most trusted and innovative Indian brands
- To foster an inspiring place to work
- To create a shared value through Godrej Good & Green
- To grow 10 times in the next 10 years

This vision is strengthened by our values of integrity, trust, and respect for others that are integral across all our operations, functions, and business activities.

It is very important that in addition to our strong financial performance and innovative products, we remain a responsible company. We are also bringing together our passion and purpose to make a difference through our sustainability approach of 'Good & Green', to create a more inclusive and greener India.

We have embarked upon a journey of reaching out to markets and economies globally. Thus far, we have established ourselves in three major emerging economies of Asia, Africa, and Latin America, with our products tapping markets in over 80 countries. We have diversified immensely offering a wide range of

products in the home care, personal wash, and hair care categories.

These breakthroughs have culminated in creating a long-term economic value for GCPL. We have kept our aspirations strong by continuously benchmarking ourselves with the best practices in the industry.

Growth and Global Presence

At GCPL, our strategy is to follow a 3 by 3 approach to international expansion. We are building a presence in 3 categories (home care, hair care, and personal care) in 3 geographies (Asia, Africa, and Latin America). We rank among the largest household insecticide and hair care players in emerging markets and are looking for ways to drive long-term inclusive and sustainable growth in these markets.

Our acquisitions in this fiscal year has helped us take a significant leap upward. One of the most significant acquisitions includes that of Strength of Nature (SON). SON is a US-based company with leading hair care brands and a presence in 50 countries. This acquisition further accelerates our global 3 by 3 strategy and scales up our presence in Africa by being at the forefront of serving the hair care needs of the women of African descent.

In line with our commitment to scale up our presence in Africa, we also acquired a majority stake in Canon Chemicals Limited, a Kenya-based home and personal care company. We have further increased our stake from 51 to 100 per cent in Hair Credentials Zambia and similarly increased our equity stake in Charm Industries Limited and Weave Senegal Limited (hair and skin care companies in Senegal). These advancements have strengthened our market share in Africa. Due to the decline in currencies and other global market challenges, our economic growth suffered in countries such as South Africa and Nigeria. However, our relentless efforts did pay off as we achieved a constant currency sales growth of 22 per cent.



In 2016, we acquired a majority stake in Canon Chemicals Limited, Kenya. Canon manufactures and distributes products in the personal and home care categories and is serving consumers in Kenya for over 40 years

In Indonesia, we are the number one player in air fresheners and wet tissues, and the second largest player in household insecticides. This year, we launched Stella, an air freshener brand, and NYU crème hair colour in sachet format for the Indonesian market. Although the household insecticides business did not fare very well, the remaining products grew in sales in Indonesia.

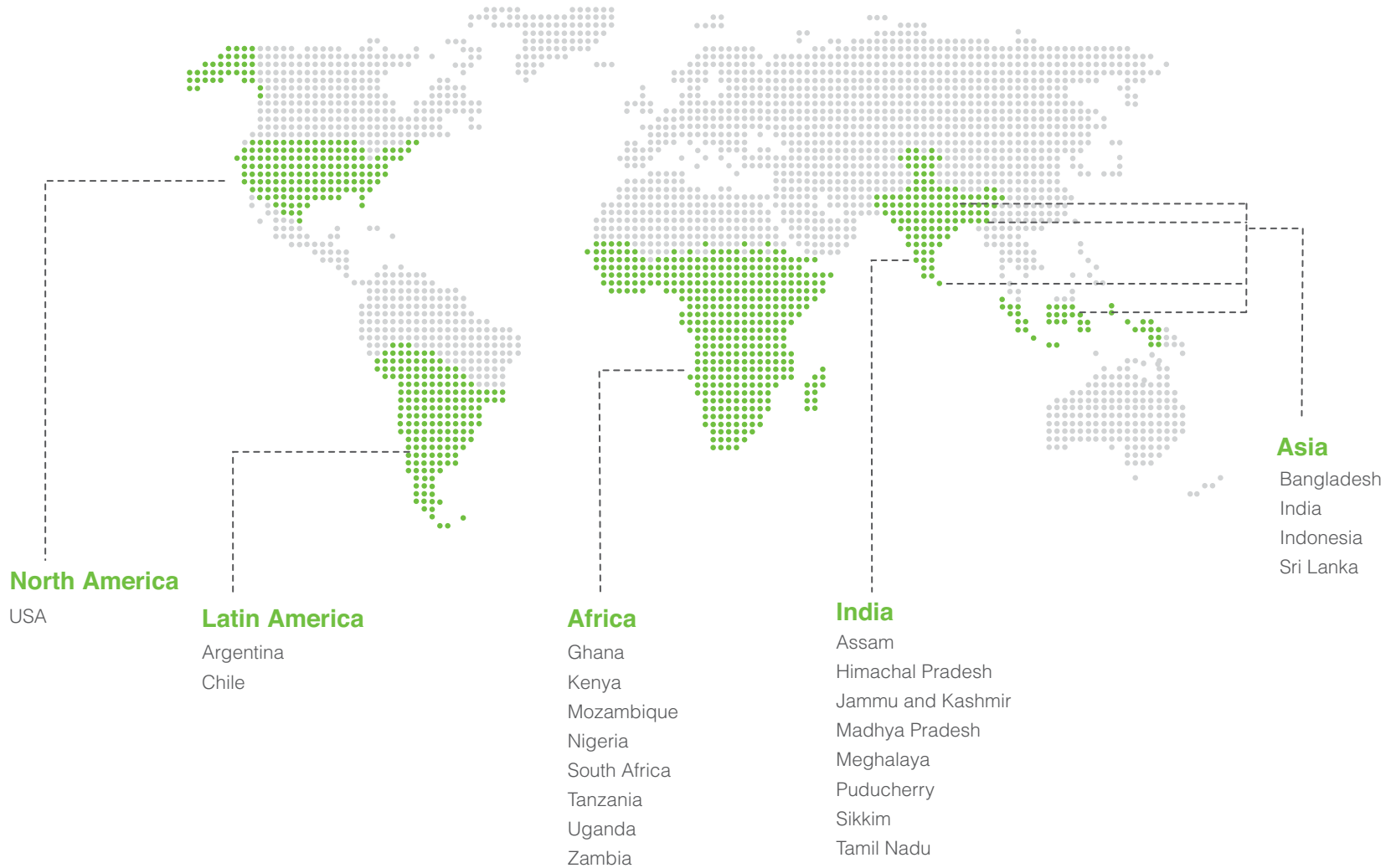
In Latin America, we are among the leading players in hair colour and hair styling products. While the business

faced similar currency and global market challenges, our Latin America business portfolio proved to be resilient and grew business by 19 per cent.

In the UK, we have focused our efforts specifically on innovation and effective communication campaigns to further our market share in products across the categories of skin care, sanitisers, sun care, and female deodorants.

Our Manufacturing Presence

We have four manufacturing clusters in India, and internationally, we have our operations spanning in 15 countries, spread across four continents.



Product Portfolio

At GCPL, we offer multiple brands to retail customers under the categories of home care, personal care, and hair care across different markets.



Personal Care Products

Godrej No. 1, Cinthol, and Godrej protekt are brands that appeal to a huge customer base. We rank second in the Indian soap business where we are known for innovation in design and incorporation of international fragrances.

Godrej is a brand of choice for many, and our quality products are preferred by millions of people on a daily basis. Meticulous efforts in assessing the quality of



Hair Care Products

We are industry leaders in hair colour with our Godrej Expert brand alone catering to over 40 million consumers. BBLUNT is an exclusive and award-winning brand of shampoos, conditioners, hair styling products, hair extensions, and temporary hair colours.

our products, reasonable pricing, and product innovation are few of the prime reasons our products are a favourite across continents.



Home Care Products

We offer the most well-known brands in the home care sector. Goodnight is the market leader in household insecticides with 78 million consumers. Our other most renowned products are Godrej aer pocket, Ezee, and HIT brand of products.



In Indonesia, our HIT, Stella, and Mitu brands are leaders in the categories of home insecticides, air fresheners, and wet wipes

Here is a list of our products offered in India and other markets:

| Markets | Brands |
|-----------|--|
| India | Cinthol, Godrej No. 1, Godrej protekt, Godrej Expert, <u>BBLUNT</u> , Goodknight, HIT, Godrej aer pocket, Ezee |
| Indonesia | HIT, Stella, Mitu |
| Africa | Darling, MegaGrowth, TCB, Valon, Inecto, Renew |
| Argentina | Issue, Roby |

| Markets | Brands |
|------------------------------|--|
| Chile | Ilicit, Millefiori, Pamela Grant |
| UK | <i>Pro:Voke Touch of Silver, Pro:Voke Liquid Blonde, Cuticura, Soft & Gentle</i> |
| Bangladesh, Sri Lanka, Nepal | Goodknight, HIT, Expert, Abha, Stella |
| Middle East | Godrej aer pocket, Cinthol, Godrej Expert, Nupur, Abha |



CORPORATE GOVERNANCE

Godrej One is our global headquarter at Vikhroli, Mumbai. Godrej One, with 750,000 square feet of open and flexible space, is also LEED® Platinum certified and globally recognised as having the highest rating of sustainable design.

Corporate Governance

At GCPL, we are equipped with a robust framework of corporate governance that takes into account the interest of every stakeholder as we operate with a commitment to ethics, integrity, and accountability. The framework lays down procedures and mechanisms for enhancing leadership for smooth administration and productive collaboration among employees, value chain, community, investors, and the government.

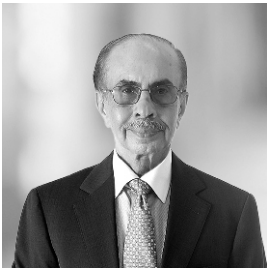
Board of Directors and committees

Our Board of Directors, committees, and senior management steer the organisation through strategic decisions and incorporate significant factors that create economic and societal value for all our stakeholders.

The Board remains steadfast to our core values of ethics, transparency, integrity, and accountability that helps us minimise risks and seize opportunities.

Board of Directors

Non-Independent Directors



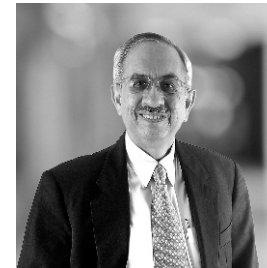
Adi Godrej
Chairman, Godrej Group



Nisaba Godrej
Executive Chairperson



Vivek Gambhir
Managing Director & CEO



Nadir Godrej
Non-Executive Director



Jamshyd Godrej
Non-Executive Director



Tanya Dubash
Non-Executive Director



Pirojsha Godrej
Additional Director

Independent Directors



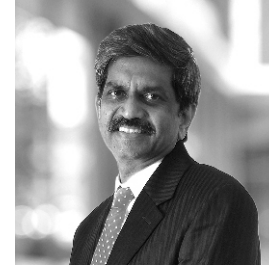
Ndidi Nwuneli
Additional Director



Aman Mehta
Independent Director



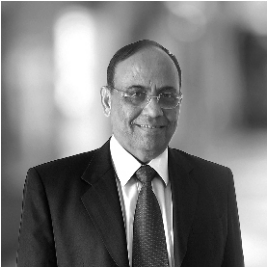
Bharat Doshi
Independent Director



D Shivakumar
Independent Director



Ireena Vittal
Independent Director



Narendra Ambwani
Independent Director



Omkar Goswami
Independent Director

Committees

To maintain a systematic framework for the various facets of the organisation and enhance decision-making and their functionalities, the Board has established five committees, namely

Nomination and Remuneration Committee, Human Resources Committee, Audit Committee, CSR Committee, and Stakeholder Relationship Committee.

The Corporate Governance framework at GCPL is driven by the Nomination and Remuneration Committee, and the Audit Committee. Their roles and responsibilities are the guiding principles and values that we adhere to in our business practices. The proceedings of these committees and the decisions made help us in accomplishing our objectives related to the well-being of our team members, climate action, and our economic

bottomline. On the other hand, the CSR Committee and the Stakeholder Relationship Committee help us address the needs and concerns of our external stakeholders. These committees ensure a spirit of compliance and responsibility, one that prevails throughout the organisation and helps us strengthen our image as a responsible organisation.

The Nomination and Remuneration Committee

Members of this committee identify and nominate eligible and suitable candidates for vacancies in the Board. They are then presented to the rest of the Board for their approval. The committee has set up stringent selection criteria and appointment procedures for Directors. They assure that the Board has an appropriate mix of expertise, knowledge, and skills and they provide relevant recommendations to the Board. They are also responsible for Board evaluation.

The Human Resources Committee

The committee was formed to drive the company policy on remuneration package for Executive Directors as per listing obligations. In addition, the committee takes a close look at matters pertaining to Human Resources.

The Audit Committee

Members of the audit committee primarily address matters related to financial reporting and the audit approach and review.

The CSR Committee

We at GCPL take efforts to ensure that CSR is not only a listing obligation but also goes beyond compliance to engage with our communities. Our CSR initiatives are guided, assessed, and reviewed by the Board members through our CSR Committee.

The Stakeholder Relationship Committee

Members of this committee answer matters related to investor or shareholder grievances, such as the transfer of shares, nonreceipt of balance sheet, and nonreceipt of declared dividends, as required in clause 49 of the Listing Agreement.

Values and Policies

We are proud to be a part of the 120-year Godrej group and are fortunate to have a legacy built on the strong values of trust, integrity, and respect for others. Our Group's policies provide a framework for all our team members to understand and uphold the Godrej values in our business operations.

At GCPL, sustainability is a core part of our business vision. Our business strategies embody sustainability at every stage of operations, and in addition to that, we have also established a Greener India team that takes up initiatives to give an impetus to outreach programmes.

The major initiatives undertaken include ensuring employability, greener India, product innovation, waste management, and several volunteering initiatives.

Our Group's Sustainability Journey

1974



Small steps towards a larger goal. We began by protecting mangroves near our headquarters in Mumbai.

2011



Laid the foundation for our sustainability vision of Good & Green that guides us to respond to our social and environmental priorities of our communities.

2013



GCPL and other companies under the Godrej Group publish their CSR and Business Responsibility Reports in the public domain. We also developed a CSR policy for each of our businesses.

2015



The Group furthers its sustainability commitment through 'shared value' initiatives that create both social and business benefits.

2016



GCPL and other Group companies guided by the Good & Green sustainability vision align their programmes with the UN's Sustainable Development Goals, national priorities, and needs of the community.

Contribution to Sustainable Development Goals

Approximately 23 per cent of the shares of our Group's holding company, Godrej & Boyce, are held in a trust that invests back in initiatives that support environment, education, and health care. These, along with our CSR programmes, are aligned with SDGs and national priorities.

Education, Growth, and Prosperity

Poverty alleviation is one of India's key adaptation strategies under the Sustainable Development Goals. We partner with several NGOs to run employability programmes for skilling and upskilling underprivileged youth in India and Kenya, especially focused on women from marginalised communities, to help them earn a decent livelihood.

In addition, we promote education through the Godrej Udayachal School, support Teach for India, and run structured corporate volunteering programmes under Brighter Giving to ensure support to schools and educational institutions in and around our factories and offices around the world.



People Approach

We are against discrimination based on sex or sexual orientation. Our HR Policies provide benefits, such as extended maternity leave, and paternity leave, to promote a healthy work-life balance. We have strict

policies against Sexual Harassment, protection of Human Rights, Whistle Blower Policy, Health and Safety Policy, and a Code of Conduct for guidance regarding ethics and integrity.

Further, extending our commitment to diversity, as a part of our CSR initiatives, we have initiated an employability programme called Salon-i, which is a beautician training programme for women from underprivileged communities in urban and peri-urban settlements in India. Similarly, we have a hair skills training course in Kenya for women from poor communities who are trained under the Darling Hair & Beauty Training Centres.



Planet Sustainability

Various ecosystems and microhabitats form the very essence of life on earth. We at GCPL respect these natural surroundings and diligently strive towards protecting them. Mangroves are one such coastal niche that hosts an excess of organisms and forms an intrinsic part of bio-geocycles. We are proud owners and protectors of the largest privately managed belt of mangroves in Mumbai. This initiative is supported by the Soonabai Pirojsha Godrej Foundation. Moreover, it has been our constant effort to support the conservation activities of World Wildlife Fund (India).

We are cognizant of our depleting water resources and have initiated the integrated watershed development programme for recharging water levels in the drought-prone area of Siddipet district, Telangana. We have also

installed waste water treatment and effluent treatment plants at our facilities to reduce our water consumption. Waste is a pressing concern all over the world as the total plastic waste reaches as high as 8.3 billion tonnes¹. We take the onus of the waste produced in our processes and operations and have therefore implemented the 3R (Reduce, Reuse, and Recycle) strategy in our processes, products, and innovations. Under the Swachh Bharat mission, we are partnering with local municipalities and education institutes for a solid waste management project.

In adherence to SDG 12, we have also published reports in the public domain on our business and corporate social responsibility in this reporting cycle. We regularly monitor our GHG emissions and have taken initiative for carbon sequestration. We are promoting rural electrification projects to address the shortage of energy supply. Our green goals include carbon neutrality, water positivity, zero waste to landfill, reducing specific energy consumption, and increasing use of renewables. Our policies on sustainable procurement, CSR, etc. also lead the way in achieving these goals.



¹ Mathew Taylor, The Guardian, 19th July, 2017
<https://www.theguardian.com/environment/2017/jul/19/plastic-pollution-risks-near-permanent-contamination-of-natural-environment>

Ethics and Integrity

Employee Code of Conduct

The culture of integrity and honesty is not limited to only the decision makers and top management but also percolates through all levels of our business operations. We at GCPL are committed to promote well-being at the workplace and accordingly have robust mechanisms to ensure strict measures against discrimination and harassment while also encouraging diversity, inclusion, and a safe work environment. All team members are required to sign the Godrej Code of Ethics, and it is also available on the internal employee portal to view and download anytime.

Our Affiliations

Our memberships in industrial associations help us stay abreast with the latest trends and market scenarios while also allowing us to leverage our position and bring about a change in the industry for the good of the community at large. These memberships encourage and aid us in becoming more competitive in the sector and also act as our voice when discussing government policies and regulatory changes. They also provide us with opportunities, such as networking and training, as well as conferences that help in both obtaining and promoting best practices. We currently have memberships with

- Confederation of Indian Industries (CII)
- Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- Indian Beauty & Hygiene Association (IBHA)
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- World Business Council for Sustainable Development



We rank among the best employers in India in the 'Aon Hewitt Best Employers Survey 2017'.



RISK AND OPPORTUNITY

One of the ways through which we address our business risk is by innovation in our product line, marketing, and supply chain.

Risks and Opportunities

For a company as large and widespread as ours, the emergence of fast-evolving digital technologies, increased regulatory pressure, and global economic uncertainties are key factors in the landscape of current risks. We prioritise risks related to increase in operational costs, occupational health & safety, and environmental protection among others. On a case-to-case basis, we also address the macroeconomic factors, including economic and political developments and natural calamities that affect the industrial sector generally. Other risks such as legislative changes resulting in a change in taxes, duties, and levies, whether local or central, that impact business performance and relative competitiveness of the businesses are also majorly focused on.

Expanding our market reach will eventually also result in exposing ourselves to an increasing degree of risk due to climate change, which can impact our operational performance, financial performance, and overall sustainability. Our Board level risk management committee is in place under the chairmanship of an independent director. The role of this committee is to identify potential risks and develop mitigation strategies. The Board and Senior Management keep an eagle-eye view on business activities to identify probable risks that might arise and are actively involved in developing strategies to mitigate them. Additionally, we have procedures in place for guidance in risk management and to conduct regular trainings on Enterprise Risk Management to create awareness in the organisation as

a whole. We provide insights into risk definition, risk identification, risk rating, risk classification, risk prioritisation, risk mitigation, control, and review during these training sessions.

Business risks

Some of the major business risks we face are as follows:

- Competition from retailers through their private label offerings and extended promotional activity
- Expanding international operations leading to various regulatory, economic and political risks
- Operational risk resulting from disruption by labour unions, strikes, and work stoppages
- E-commerce, emerging as a new distribution channel, may increase fraud risks in supply chain (in areas such as counterfeiting)
- Outsourcing risk with increasing reliance on third parties for key business functions such as manufacturing, sales, and R&D
- Risks associated with product liability, and recalls, resulting in legal proceeding and tarnishing brand name
- Reliance on the performance of certain flagship products
- Increasing consumer activism through social media may hamper brand positioning and reputation, thereby driving the sales down
- Risks related to the infringement of intellectual property rights as a company may be unable to protect current and future brands and products

- Increased product safety and quality concerns owing to the artificiality of ingredients and, contamination and deficiency in products
- Major upheavals, such as loss of facilities, diseases, strikes, and other natural disasters, which can affect national as well as international operations.

Addressing business risks

We respond to the instability that we encounter in the global markets, the sluggish growth rates, and market fluctuations, through judicious cost-control and commodity tailwinds. We launched new products such as, Godrej No. 1 Germ Protection soap, and a natural platform under the range of products in Goodknight to name a few. We backed our efforts by competitive media investments, consumer engagement initiatives, activation programmes, and communication campaigns to drive growth. In certain markets, we also adopted practices such as lower contractual advertisement and promotion spends.

Other market specific strategies include launch of cost saving projects, such as Project Symphony in Chile. Our go-to-market approach has been resilient and dynamic, and we are driving growth across all our businesses. Furthermore, we ensure that none of the products we sell are banned in the markets that we cater to. Our efforts were driven towards increase market penetration in emerging markets through innovative launches, awareness campaigns, and activations driven by robust margin

G4-14

expansion and improving consumer demand in rural India.

Along with business risks, here are some of the sustainability risks we face as a consumer goods manufacturer and our approach to address them.

Supply chain risks

With a vast and extensive supply network comes the additional responsibility of ensuring every member of the value chain is carrying out business activities in the most efficient manner possible. It becomes imperative for us to evaluate and select our suppliers keeping in mind their environmental performance among others because failure to do so may result in adverse effects.

Addressing supply chain risks

Our Supplier Risk Assessment helps to identify and mitigate risks that could come up along our value chain. Critical suppliers are segregated based on their monopoly as well as those that could have a huge impact on our overall business. We carry out our own assessments as well as employ the services of a third party to assess their quality, economic, social, and environmental performance. The key risks identified are then mitigated through various approaches. We also build the competency of suppliers through our training and capacity building programmes. As a method of motivating and means of positive reinforcement, we recognise and award our suppliers and distributors that demonstrate exemplary performance. We have also developed a [Sustainable Procurement Policy](#) that includes recognised international standards and is applicable to all our suppliers. We are working closely with our suppliers to monitor and better their sustainability performance.

Environmental performance

With a call to action by major nations and Governments alike to reduce the impact of industries on the environment, we must run our operations in the most efficient manner either by improving processes or by employing newer and cleaner technologies. The costs associated with non-compliance and side-stepping local laws and regulations carry significant monetary fines as well as reputational damage.

Addressing environmental risks

We focus on energy and water conservation, GHG mitigation, waste minimisation, and use of renewable energy to tackle climate change. We have a dedicated environmental sustainability team, and they are dedicated to studying and identifying risks and opportunities for our manufacturing facilities spread across the globe. After identifying risks and opportunities, the team proposes necessary action to be taken. This has been working successfully, and several measures proposed by the team have been implemented and yielded excellent benefits.

Natural resources

Dependence on natural resources is a long-term economic threat as well as a threat to the environment considering their limited availability. There is an additional pressure to source raw materials from suppliers who meet sustainable agriculture and environmental guidelines. Water management is another similar issue that affects not only the rate of growth of production, but also the local communities in which we operate.

Addressing natural resources challenges

As a part of our efforts to sustainably source natural

resources, we strongly promote and develop materials that are not energy and water intensive and opt for materials that emit lesser GHGs. We are progressing towards looking at our value chain in a cyclical manner by focusing on lifecycle costs and preferring 100 per cent recyclable and renewable alternatives. We understand the problems caused by shortage of water and have invested in an integrated watershed development project in the drought prone region of Siddepet district, Telengana, India, to help restore the ecological balance of the region.

Community unrest

Being a resource-heavy industry, we must be especially aware of our consumption and production patterns keeping in mind the communities that work around our factories. Our business activities must not come in the way of their ability to live a healthy life. Failure to do so may result in agitations and unrest, along with regulatory sanctions.

Addressing community unrest

To better understand our community stakeholders, we carry out a detailed community needs assessment at our plant locations. We work closely with the community members to understand their priorities and work towards the overall development of the region where we operate in. As a result, we have streamlined our development activities and run a number of community initiatives to address the immediate needs of the communities we operate in across our locations in India. We primarily invest in education, water, sanitation and skill building initiatives in villages in and around our manufacturing facilities.

Opportunities

3×3

Strategy is our business approach

80

Countries where GCPL has a prominent presence

We believe that every impending risk works like an opportunity turned inside out. The 3×3 strategy of building presence in the emerging markets of Asia, Africa, and Latin America across 3 product categories (home care, personal wash, and hair care) in itself presents great opportunities. We have been persistently expanding our businesses and market reach in these regions building upon short-term and long-term growth opportunities. Emerging markets account for a majority of the world population with a growing section of upper-class income families. These consumers are interested in purchasing consumer products previously unavailable in the region. As a leading consumer goods company, this scenario presents a great potential to acquire a significant share of this growing market. The FMCG sector in itself has not reached emerging markets. We constantly adopt better tools and strategies for market penetration to explore these economies.

Although climate change imposes great threat on businesses world over, it has been the key driving force towards our sustainability approach in business. We are cognizant of the fact that this shift in business practices and lifestyles at large also presents a sea of opportunities for product innovation and access to newer markets. We understand the pulse of this movement and are actively tapping markets with products that address these needs and incumbent pressures. As one of the risk mitigation initiatives on both climate change and operating costs, we replaced existing fossil-fuel based boilers with biomass briquette-based boilers at our manufacturing unit located at Malanpur, Madhya Pradesh, in 2016.

This not only reduced operating costs but also increased the dependency on renewable energy while reducing our carbon footprint to a large extent.

The National Mission on Enhanced Energy Efficiency (one of the 8 missions of National Action Plan on Climate Change) targets various energy-intensive industries, such as steel, cement, chemical, and pulp and paper etc., to achieve higher levels of energy efficiency. While the consumer products (FMCG) sector does not yet fall under the purview of this programme, there is a probability that this programme would be extended to the FMCG sector and hence is a potential opportunity for GCPL. The existing regulation for energy-intensive sectors is called Performance Achieve and Trade (PAT) mechanism. Under this mechanism, baseline energy intensity levels of companies within the industrial sector are assessed. Based on the industry average, the Bureau of Energy Efficiency (BEE), a regulatory body, sets a target. If a company exceeds the set target, they can sell in the form of credits, and if they fail to achieve the target, they have to buy the credits. We are prepared for this, and our performance is improving year after year. Our major manufacturing facility located at Malanpur has also been awarded CII–GreenCo Gold certification for its overall performance on environmental sustainability indicators.



STAKEHOLDER ENGAGEMENT

To understand the priority needs of the communities in which we operate, we interact with key stakeholders around our manufacturing locations.

Stakeholder Engagement

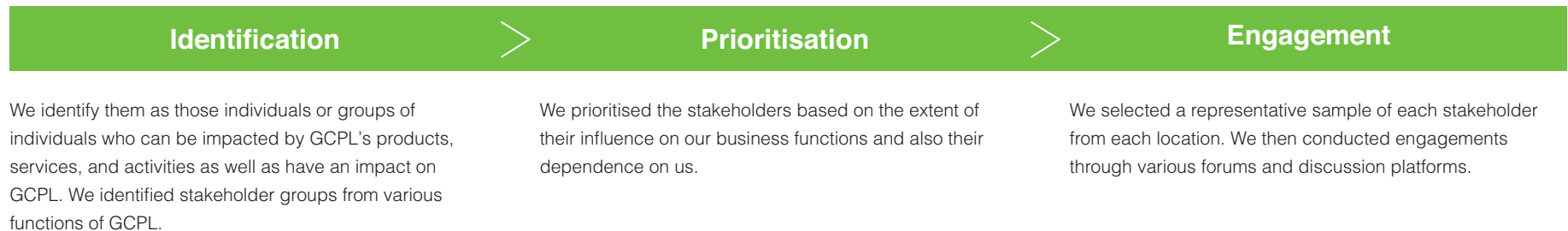
The Stakeholder Engagement Process

Collating the results from different business functions, we categorised the list of the most relevant stakeholders across those who needed to be consulted, to be kept informed of the latest activities, to be kept informed/engaged on a regular level, and to collaborate/empower.

For each stakeholder group identified as critical to GCPL's business, we obtained the modes and frequency of engagement to gauge their level of engagement with GCPL. We also conducted stakeholder engagement workshops to understand their perceptions and obtain feedback

regarding the performance of GCPL. We engaged with those stakeholders who were selected based on the prioritisation performed by various business functions considering their importance and feasibility of engagement.

Our Approach



Stakeholder Prioritisation

Collaborate/Empower



We fully engage with these stakeholders and collaborate to find solutions to issues and make the greatest efforts to keep them satisfied. We understand how important it is to invest well in an engagement process to understand their key concerns.

Consult/Evolve



We keep these stakeholders adequately informed and constantly engaged, when needed, to ensure that no issues arise. We honour our commitments through company policy, industry best practices, and applicable regulations.

Inform/Engage



We ensure that these stakeholders' concerns are proactively addressed as they may have influence over other stakeholders who may have significance.

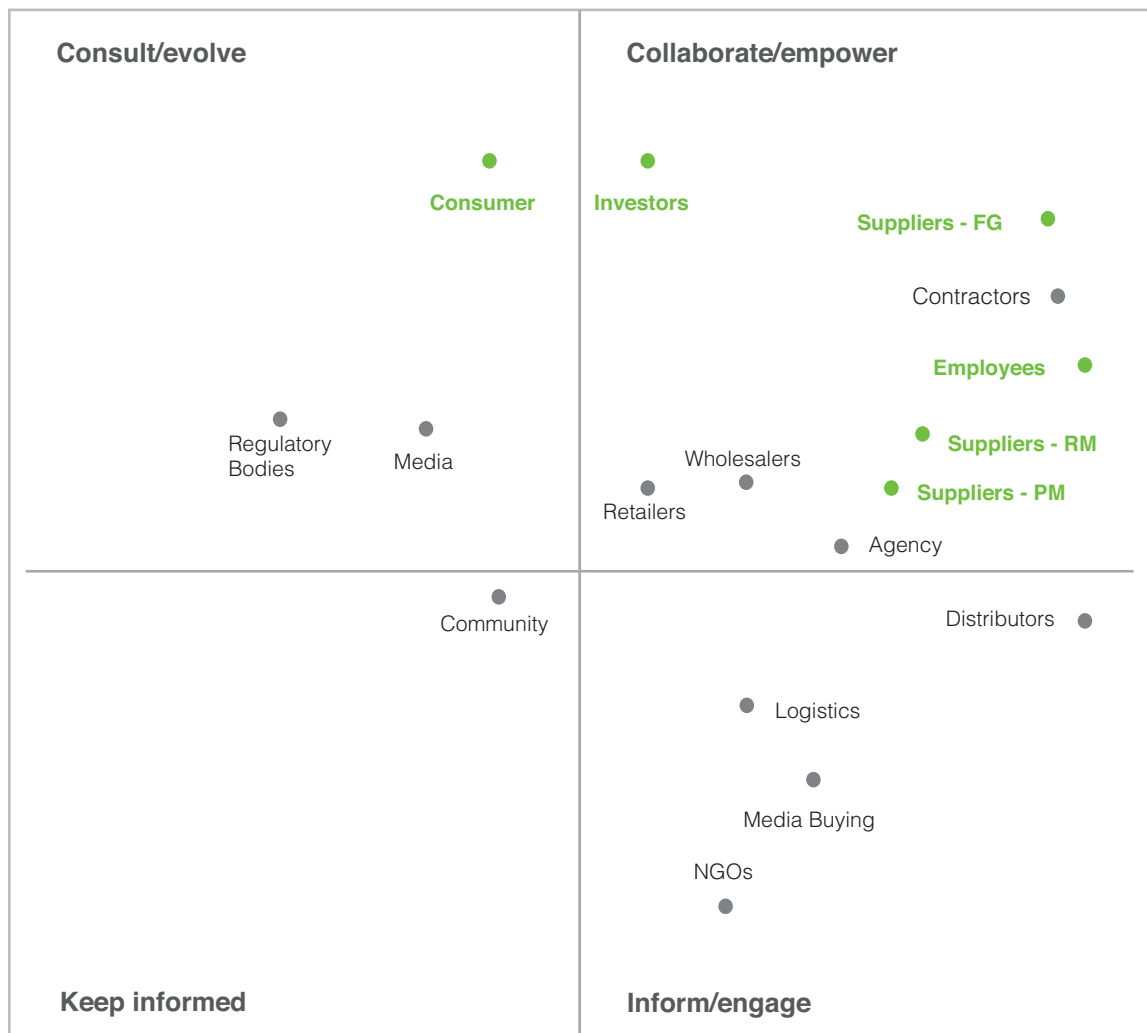
Keep Informed



We periodically keep these stakeholders informed as they have moderate influence on our business operations.

G4-25, G4-27

Stakeholder Prioritisation Matrix



| Sr No. | Stakeholder Group | Frequency of interaction | Mode of interaction | Key Concerns |
|--------|-------------------|--------------------------|----------------------------|--|
| 1 | Employees | Ongoing | Internal surveys | Company's development strategies, Skill upgradation |
| 2 | Consumers | Ongoing | Customer feedback channels | Product quality, Safety of product |
| 3 | Investors | Quarterly | Analyst meets | Macroeconomic performance in a rapidly changing global environment |
| 4 | Suppliers | Need-based | Supplier meets, audits | Long-term business commitments |



MATERIALITY

As a part of our annual suppliers meet, we engage with our partners to work together towards achieving greater efficiency and sustainability in our operations.

Materiality

Determining Materiality

We performed the process of arriving at material issues concurrently with the stakeholder engagement process. After evaluating the material issues reported among peers in the FMCG sector as well as after consultation with sector guidelines for the retail sector and our management, we identified and presented a broad list of

material issues. After a thorough assessment, we reduced the list to the most important and relevant material issues. Our stakeholder groups (i.e. our team members, consumers, distributors/retailers, investors, and suppliers) then ranked each of the 37 material issues presented to them on the basis of their

perception of how critical that issue was to GCPL. Once all scores were obtained, we then collated them to determine the top issues, ranked by importance.

Our Approach

Identification



Prioritisation



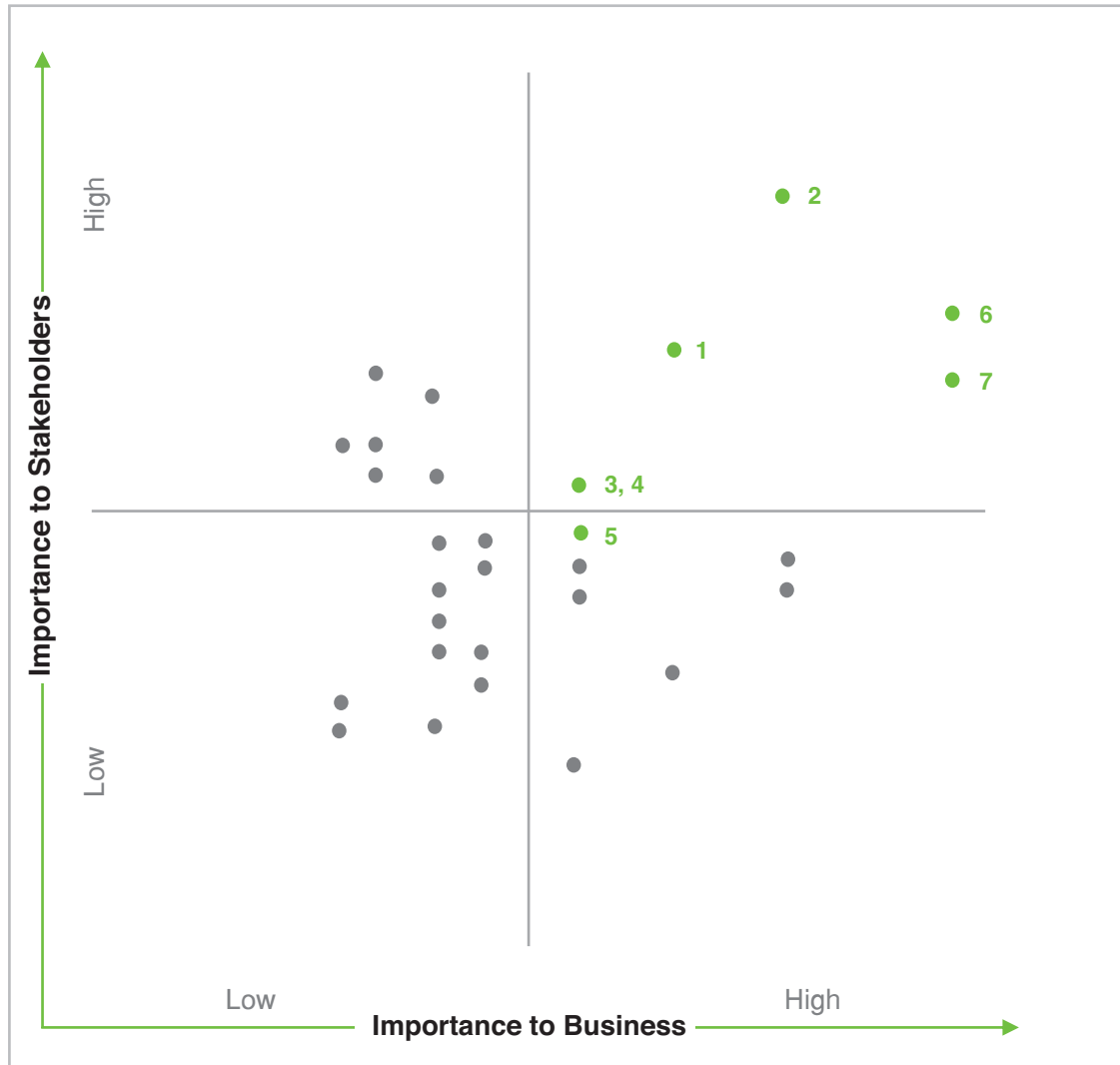
Engagement

We identified a comprehensive list of issues based on peer review, recent trends in financial sectors, and GRI sector guidelines.

We shortlisted issues relevant to GCPL as an organisation and based on their impact on internal and external stakeholders.

The internal and external stakeholders then evaluated and ranked the most relevant material issues.

Material Issues



The top material issues identified were as follows:

| Sr No. | Material Issues | What we mean by this? |
|--------|--|---|
| 1 | Product Safety and Quality | Standards adopted for ensuring safe and high-quality products for end users |
| 2 | Health and Safety | Safety measures at all plant and office locations and ensuring healthy working conditions |
| 3 | Natural resource stewardship and resource efficiency | Extraction of resources, responsible sourcing, and resource optimisation |
| 4 | Climate change | Global warming and impact of climate change on business and methods to mitigate it |
| 5 | Commodity Prices | Fluctuating commodity prices |
| 6 | Women empowerment and gender equality | Supporting gender equality at work, measures to combat sexual harassment at workplace and grievance mechanism, and ensuring progress for women within the company and in communities that the company works with. |
| 7 | Water Stewardship | Water sources and usage, waste-water management, recycling and re-use, rainwater harvesting, and products that require less water |

Based on the material issues identified by our stakeholders and examined by the management, we have reported seven issues.

The GRI indicators and boundaries considered for each material aspect are as follows:

| Sr No. | Material Issues | Material Aspects | GRI Indicators | Boundary |
|--------|--|---------------------------------|----------------|----------|
| 1 | Product safety and quality | Marketing communication | PR1, PR2, PR6 | Outside |
| 2 | Health and safety | Occupational health and safety | LA5, LA6, LA7 | Inside |
| 3 | Natural resource stewardship and resource efficiency | Energy consumption | EN3 | Inside |
| | | Materials | EN1 | Inside |
| | | Emissions | EN15, EN16 | Inside |
| 4 | Climate Change | Waste and effluents | EN23 | Inside |
| | | Energy | EN3 | Inside |
| 5 | Commodity prices | Economic performance | EC1 | Inside |
| 6 | Women empowerment and gender equality | Diversity and equal opportunity | LA12 | Inside |
| 7 | Water Stewardship | Water | EN8 | Inside |



ECONOMIC PERFORMANCE

We have adapted well to the changing dynamics in the Indian environment and continued to sustain or extend our market share in our core categories.

Economic Performance

As a leader in hair colour and household insecticides, we constantly strive to innovate our products and improve their functionality, and packaging. Our global presence enables us to create value in multiple geographies across the multiple strata of society through our diverse product portfolio.

While Indonesia saw a relatively stable GDP growth at five per cent in the fiscal year 2017, growth in our Sub-Saharan African markets was weak. South Africa's GDP remained largely flat year-on-year; Nigeria's GDP declined. Moreover, we faced challenges of currency depreciation, particularly in Nigeria, Mozambique, and Argentina, where currency depreciated by 35-60 per cent, along with double-digit inflation. In India, economic reforms in the form of demonetisation and introduction of a nationwide Goods and Service Tax (GST) suggest streamlining and revival of the economy in the near-future. This can suggest smoother supply chain management, as a result of which there will be a cost reduction in terms of transportation and storage of goods. In the midst of such macroeconomic fluctuations, our product pricing needs to remain relevant to maintain the attractiveness of our products while also promoting our business growth.

Our focus on new approaches and strategic investment in new growth vectors for the future have helped us weather the challenging macroeconomic conditions across our global operations and thus outperform markets in our core categories.

Through our constant product innovations, we are confident of delivering a higher economic value in the coming years, while also reducing our impact on the environment.

Our debt/equity ratio was 0.64 as on March 31, 2017. Refer page 322 of our Annual Report for further information on our global economic performance.

For further information on our economic performance, you may please refer to our [Annual Report](#).

Economic value generated, retained, and distributed by GCPL

| In ₹ Crore | FY16-17 | FY15-16 | FY14-15 |
|---|---------|---------|---------|
| (A) Economic value generated | 9,684 | 8,836 | 8,368 |
| Operating cost (less employee wages) | 7,010 | 6,393 | 6,325 |
| Employee wages & benefits | 988 | 944 | 777 |
| Dividend paid | 196 | 187 | 178 |
| Corporate income tax | 369 | 327 | 286 |
| Community investment (CSR) | 17 | 15 | 16 |
| (B) Economic value distributed (which is the sum of above expenses) | 8,580 | 7,866 | 7,582 |
| Economic value retained - Difference of (A) and (B) | 1,104 | 970 | 786 |

The economic value generated and economic value distributed are calculated based on the definition provided in the [Global Reporting Initiative guidelines](#) page 69

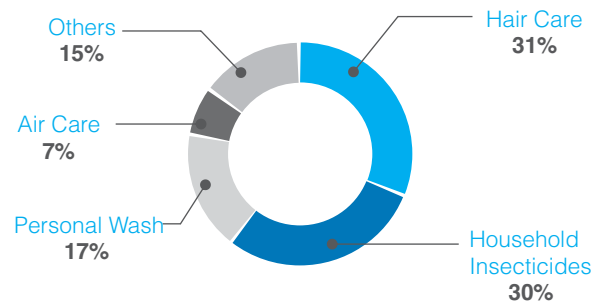
Economic Highlights



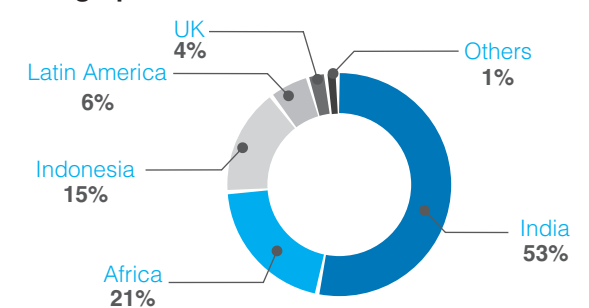
Economic Parameters

| | Fiscal year 10-11 (INR Crores) | Fiscal year 16-17 (INR Crores) |
|------------|--------------------------------------|--------------------------------------|
| Net Profit | 482 | 1298 |
| Net Sales | 3676 | 9584 |
| EBITDA | 653 | 1913 |

Product Portfolio



Geographic Presence





ENVIRONMENTAL PERFORMANCE

We continue to make environmental sustainability a key part of our manufacturing process. We are constantly working to optimise inputs, reduce emissions, and ensure safety of our products.

Environmental Performance

We are constantly trying to change our business-as-usual outlook and have embedded sustainability in our long-term business strategy. We believe in creating a win-win situation where everyone, including our communities, benefit. We have a legacy of environmental responsibility that began from the conservation of mangroves in Mumbai and is now ingrained in all our processes and operations and the initiatives we undertake for community development. Looking back at the efforts we have undertaken to create a meaningful positive environmental impact motivates us to explore even more possibilities to continually improve.

The Godrej Group has defined our green goals in our Good & Green sustainability vision. All manufacturing plants at Godrej strive to achieve these goals by the fiscal year 2020. At GCPL, the environmental performance of our plants is as important as our business processes and operations. The performance is guided by the sustainability team at the corporate level and driven by plant heads and personnel at each of our manufacturing locations. Godrej Good & Green is a team that oversees environmental sustainability and corporate social responsibility at GCPL. It has established five

environmental sustainability goals called 'Greener India Targets' to be achieved by fiscal year 2020.

The standards, methodologies, and assumptions used for the purpose of our calculations were obtained from IPCC Guidelines for National Greenhouse Gas Inventories, 2006, and the IPCC AR4 Fourth Assessment Report. Our emissions and data calculations are performed for all the locations in which we have 100 per cent operational control.



Become carbon neutral



Become water positive



Achieve zero waste to landfill



Reduce energy intensity by 30%



Increase renewable energy to at least 30%

We have carved out short-term goals that will help us reach our greener India goals in steps. Extensive discussions are held with all the relevant departments on priorities for the year, and budget requirements and anticipated benefits are discussed. The annual operating plan is cascaded from top to bottom, and the key performance parameters of individuals are aligned with the annual plan. Sustainability goals are a part of the manufacturing head's annual KPIs. The Greener India Governing Council led by the Managing Director of Godrej Industries and the GCPL Board of Directors reviews the environmental progress on a quarterly basis. Our sustainability monitoring tool records the performance of individual manufacturing units and analyses the data on a periodic basis. Key parameters,

such as production, materials, water and energy consumed, and waste generated, both hazardous and non-hazardous are accounted for and recorded. This tool is also capable of calculating the respective carbon footprint as per the set GHG protocols. In addition to environmental parameters, we also obtain health and safety data through this application. The monthly reports generated are analysed on the various pillars of sustainability. A strategic action plan is devised for underperforming units post discussion with the factory heads for improving our sustainability performance. We regularly share the best practices across the Godrej group so as to be replicated across all our manufacturing sites.

Our Approach

- Enhancing energy efficiency in our operations
- Replacement of fossil fuels with renewable biomass
- Innovation of new products
- Replacing part of grid electricity with solar-based electricity by entering into a power purchase agreement
- Implementation of carbon and water offsetting projects
- Diversion of waste from landfill
- Co-processing in our major manufacturing plants

Compliance

We are compliant with all the relevant environmental laws and regulations in the regions in which we operate. We make it a point to follow all the rules of the land and be a responsible organisation across the globe. A majority of our manufacturing facilities are ISO 14001 and ISO 9001 compliant.

| Greener India Goal 2020 | Our Efforts | Our Performance as of March 2017* |
|---|--|--|
| Become carbon neutral | Embrace cleaner fuels such as biomass | 35% reduction in greenhouse gas emission intensity |
| Have a positive water balance | Innovative water management systems and technological improvements | 15% reduction in specific water consumption |
| Have zero waste to landfill | Judicious and innovative use of materials including re-use and recycling | 58% reduction in specific waste to landfill |
| Reduce specific energy consumption by 30% | Improvements in processes and increase in efficiency of systems | 27% reduction in specific energy consumption |
| Increase renewable energy sources by 30% | Improve the energy mix by gradual shifting to renewable energy | 25% of total energy consumption from renewable resources |

* The performance is as against the baseline in fiscal year 2010-11

Energy & Emissions

Target for 2020:

30% reduction in specific energy consumption

27%

Reduction in specific energy consumption as of March 2017

Target for 2020:

30% Increase in renewable energy sources

25%

Of total energy consumption is from renewable sources as of March 2017

We have designed and implemented initiatives and programmes to meet our goals for 2020 and are switching to clean energy sources by utilising renewables such as biomass in boilers, biomass briquettes instead of coal, recovery and utilisation of flue gas heat, procurement of renewable energy, and installation of energy-efficient equipment.

In this fiscal year, we implemented more than 30 initiatives across our manufacturing facilities in India. These initiatives pertain to the use of clean technology, energy efficiency, and renewable energy.

- Installation of a heat exchanger: We installed a heat exchanger for pre-heating the steam generator feed water with waste heat from FADP 3, resulting in annual savings of 1336 GJ

- Installation of energy-efficient vacuum systems to reduce our thermal energy consumption – 3351 GJ of energy
- Installation of a micro-turbine: A micro-turbine of 150 kW was installed. It powers a significant number of auxiliaries in the plant. This project converts pressure loss into power generation. This initiative has helped us save 2037 GJ of energy.

We have also assigned a dedicated budget to implement energy efficiency technologies and projects. These schemes collectively have the potential to substantially cut down our energy consumption and thereby reduce carbon emissions. We estimated the annual carbon savings that would result from our energy efficiency and renewable energy initiatives. The estimates are as follows:

| Activity type | Details | Estimated annual CO ₂ e savings (metric tonnes CO ₂ e) |
|--------------------------------|--|--|
| Low carbon energy installation | Installation of a biomass boiler: A biomass boiler of 14 tph was installed and commissioned, replacing existing furnace oil-fired boilers | 5917 |
| Low carbon energy purchase | Purchased renewable energy through open access | 3076 |
| | Installation of an energy-efficient water jet vacuum at Malanpur manufacturing facility. | 151 |
| Energy efficiency: Processes | Installed a heat exchanger for pre-heating of steam generator feed water with waste heat from FADP 3 by raising temp of 30°C | 60 |
| | Optimisation of steam consumption, installation of energy-efficient LED lighting, optimisation of pumps, and installation of low HP motors | 1651 |
| | Total | 10,855 |

G4-DMA

18%

Reduction in energy and emission intensity at Indonesia operations

23%

Reduction in specific energy consumption at Nigeria

Few of our initiatives across our locations

In Indonesia, we installed a new heater for burning gas and diesel, which resulted in 27 per cent reduction of CO2 emissions and a cost saving of 22 per cent.

Replacing the glue type binding machine with stapling machines for the binding of HIT Magic resulted in savings of approximately 17,750 kWh of electricity per year in Indonesia.

In Nigeria, our various efforts have brought about savings in materials and energy as well as waste management. These have been achieved by reducing the fibre wastage through elimination in first combing, and energy savings due to the installation of solar tubes.

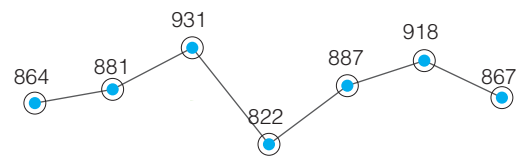
Together, our initiatives helped us save close to USD 150,000 for fiscal year 2016-17.



Energy-efficient heater installed at our Susemi manufacturing unit in Indonesia

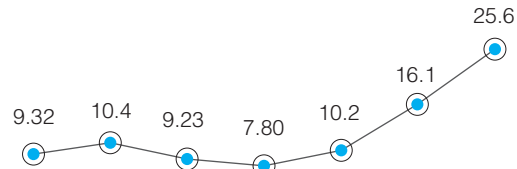
Our Performance Parameters

Total Energy Consumption (TJ) - India*



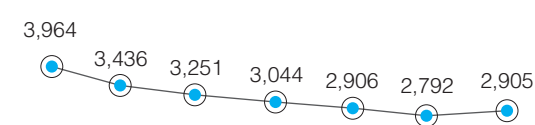
FY11 FY12 FY13 FY14 FY15 FY16 FY17

Share of Renewable Energy in Energy Mix (%) - India*



FY11 FY12 FY13 FY14 FY15 FY16 FY17

Specific Energy Consumption (MJ/tonne) - India*



FY11 FY12 FY13 FY14 FY15 FY16 FY17

Energy consumption mix in India

| | Fiscal Year 16-17 |
|------------------------|-------------------|
| Natural Gas [TJ] | 493.27 |
| HSD [TJ] | 0.032 |
| LPG [TJ] | 0.504 |
| Furnace oil [TJ] | 16.37 |
| Pet Coke [TJ] | 62.80 |
| Pitch [TJ] | 4 |
| Solar Electricity [MJ] | 166 |
| Wood (biomass) [TJ] | 70.18 |
| Briquette Energy [TJ] | 125.11 |

Energy consumption across our global locations for fiscal year 2016-17

| Country | Total Energy [TJ] | Specific Energy [TJ/t] | Production Output (t) |
|--------------|-------------------|------------------------|-----------------------|
| Indonesia | 64.195 | 0.001106 | 58,030 |
| South Africa | 23.510 | 0.003316 | 7,091 |
| Kenya | 20.500 | 0.004711 | 9,038 |
| Chile | 2.962 | 0.00106 | 2,795 |
| Bangladesh | 10.938 | 0.008679 | 1,260 |
| Ghana | 4.145 | 0.002533 | 1,637 |
| Argentina | 5.579 | 0.000844 | 6,608 |
| Nigeria | 13.729 | 0.001519 | 9,036 |

* Operational boundary excludes third-party operations.

G4-EN3, G4-EN5

Success Story

Energy-Responsive Mechanisms at Malanpur

The Malanpur plant in Madhya Pradesh is our flagship manufacturing facility, representing 60 per cent of our overall energy consumption.

The plant's huge production capacity for soap noodles and finished soap makes it an energy-intensive manufacturing unit. The re-engineering and revamping of certain processes with technological innovations have given an impetus to the Group's energy performance. In the last five years, the plant has achieved a 30 per cent reduction in specific energy consumption. We reduced the amount of energy consumed in our processes by efficiently using energy, eliminating wastage, retrofits, and replacements, and implementing the latest technologies. Our robust internal monitoring and verification system and energy cell evaluate our progress. Our sustainability performance is audited and assured by an independent third-party consultant.

Key initiatives include the installation of a microsteam turbine, a water jet vacuum system, and an oil preheater and the shifting of our oil tanks for better operational efficiency. We also signed a power purchase agreement to purchase solar-based renewable energy for the factory. We started receiving the renewable power from May 2016. Approximately 35 per cent of the plant's energy requirement is now met by renewable energy.



Our flagship manufacturing unit in Malanpur is leading our energy conservation portfolio

Our Accomplishments

- Our production was 156,684 metric tonnes in 2011-12 and 199,148 metric tonnes in 2015-16. Our specific energy consumption has reduced by 30 per cent since 2011
- Besides the business sense in reducing energy consumption, our initiatives have also helped us reduce carbon emissions.
- Along with the efficient use of energy, we are using renewable sources of energy. In addition, we are

- adopting offset measures, such as carbon sequestration through plantation projects, to reduce carbon emissions.
- Our efforts have won us peer appreciation. Over the last several years, the Malanpur plant has been awarded for its energy efficient measures; notable among them is the Efficiency in Energy Usage in Chemicals Sector award at the FICCI Chemicals and Petrochemicals Awards 2015 and the CII GreenCo Gold Rating in 2017.

Target 2020
Become carbon neutral

35%

Reduction in GHG emission intensity



Our annual GHG savings are equivalent to mitigating carbon emissions from consumption of approximately 72,000 barrels of oil*

We have incorporated our carbon goals for 2020 in our business strategy and operations, and we aspire to become carbon neutral by 2020.

We have reduced GHG emissions through various initiatives such, as the use of renewable biomass, power purchase agreements, and energy efficiency.

Among others are initiatives like improvements in the boilers, installation of variable frequency drives (VFDs), and proper maintenance to reduce steam losses. Several units have also installed solar LED panels for street lighting. In addition, we are taking up several initiatives at the supply chain level, including the outbound transport of our finished products from factories to different warehouses, to reduce our Scope 3 GHG emissions.

The Scope 1 (direct) and Scope 2 (indirect) emissions have been estimated as per ISO 14064, and we strive for carbon neutrality by 2020 (baseline taken as fiscal year 2010-11). The emissions result from our energy consumption, and we are therefore looking to improve our share of renewable energy usage to limit the same. We aim to offset total Scope 1 and Scope 2 emissions in order to become carbon neutral by 2020. Our emission intensity has gone down from 0.311 tCO₂e per tonne of production (base year) to 0.201 tCO₂e per tonne of production, which corresponds to a 35 per cent reduction in emission intensity. Our achievement is in line with our long-term goal and annual target. We also have a robust monitoring mechanism for energy consumption at our manufacturing facilities.

| Indian operations | FY15-16 | FY16-17 |
|------------------------------------|---|--|
| Total emissions (Scope 1+ Scope 2) | 78,656 tCO ₂ e | 59,979 tCO ₂ e |
| Specific GHG | 0.231 tCO ₂ /tonne of production | 0.201 tCO ₂ e/tonne of production |

Our biogenic emission for Indian operations was 14,012 tonnes during the reporting year. The gases considered for emissions include only CO₂ and hydrofluorocarbons. The total emissions during the reporting year decreased by 24 per cent. This is mainly due to the implementation of emission reduction projects and decrease in production.

Local sourcing too has curtailed our carbon footprint by reducing the travel distance by more than 19,466 km, thus saving significant indirect emissions.

* Equivalencies have been calculated based on the specific savings of Co₂ in comparison to the baseline.
<http://www.cea.nic.in/tpeandce.html> CDM CO₂ Baseline Database

Our Performance Parameters

Total emissions and specific emissions - India

| | Total Emissions (tCO2e) | | Specific Emissions (tonne CO2/tonne of production) | |
|------|-------------------------|---------|--|---------|
| | Scope 1 | Scope 2 | Scope 1 | Scope 2 |
| FY11 | 42299 | 25550 | 0.194 | 0.117 |
| FY12 | 41525 | 28717 | 0.162 | 0.112 |
| FY13 | 46242 | 31364 | 0.161 | 0.109 |
| FY14 | 40233 | 29102 | 0.149 | 0.108 |
| FY15 | 42047 | 33045 | 0.138 | 0.108 |
| FY16 | 38783 | 34701 | 0.118 | 0.106 |
| FY17 | 32400 | 27578 | 0.108 | 0.092 |

Total emissions and specific emissions - International

| | Total Emissions (tCO2e) | | Specific Emissions (tonne CO2/tonne of production) |
|--------------|-------------------------|---------|--|
| | Scope 1 | Scope 2 | Scope 1 + Scope 2 |
| Indonesia | 1254 | 9981 | 0.19 |
| South Africa | 0 | 6112 | 0.86 |
| Kenya | 138 | 2470 | 0.27 |
| Chile | 62 | 361 | 0.15 |
| Bangladesh | 529 | 289 | 0.65 |
| Ghana | 79 | 462 | 0.33 |
| Argentina | 0 | 742 | 0.11 |
| Nigeria | 823 | 414 | 0.14 |

G4-EN15, G4-EN16

14%

Reduction in GHG emission intensity
at Ghana



Since 2015, we started implementing green initiatives at our Ghana manufacturing facility in Accra, and we have achieved significant reductions in our energy use and emission intensity.

29%

Reduction in GHG emission intensity
at Nigeria

In the light of the climate change agenda, the crucial effects of rising GHG emissions and volatility on conventional energy prices, and energy efficient mechanisms present a challenging opportunity. Aligning ourselves with energy efficient strategies, we at GCPL have endorsed the 'Alliance to Save Energy' under the Global Alliance for Energy Productivity.

Energy conservation and efficiency are an integral part of our Good & Green goals, whereby we target a reduction in our specific energy consumption and aim to boost the platform for renewable energy. We have taken up the Greener India goal to reduce specific energy consumption by 30 per cent and increase dependence on renewable energy sources by 30 per cent by 2020.

Water Stewardship

Target 2020

Have a positive water balance

15%

Reduction in specific water consumption in India



Our annual water saving is equivalent to providing water to approximately 2500 people for a year*

Water is an essential shared resource that calls for collective action from corporates and communities alike. With regard to depleting fresh water resources, we have developed a strategy to achieve a positive water balance by 2020.

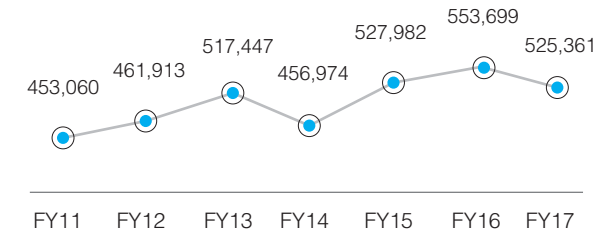
This goal is achieved through our comprehensive checklists that emphasise on improving productivity and plant utilisation to reduce the specific consumption of water. We are in the process of deploying a rainwater harvesting system in all manufacturing plants. We have setup rain water harvesting systems at our Malanpur, Thana, Katha, and MM Nagar manufacturing plants in India. This will further bring down our dependence on ground and purchased water and help us offset our freshwater demand. Our factories have installed water treatment facilities that treat and process wastewater and water from sewage treatment plants. The treated water is used for landscape development. The specific water consumption has gone up during fiscal year 2014-15 due to expansion activities and the introduction of new products, such as Expert Crème, which has a higher water intensity.

Community Projects

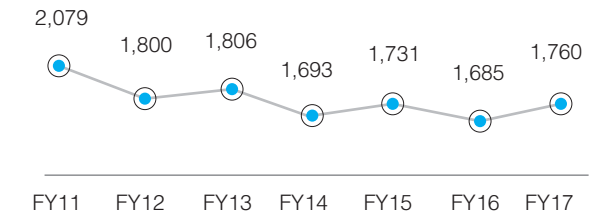
At GCPL, we understand that climate change has the potential to damage the water cycle. In response, for a positive climate action, we conceptualised an integrated watershed management programme for the water-stressed Siddipet district in Telengana state of India, which covers over 3,300 hectares of land, to help restore the ecological balance of the region.

* Equivalencies have been calculated based on the specific savings of water in comparison to the baseline.
https://www.kpmg.de/docs/Water_sector_in_India.pdf

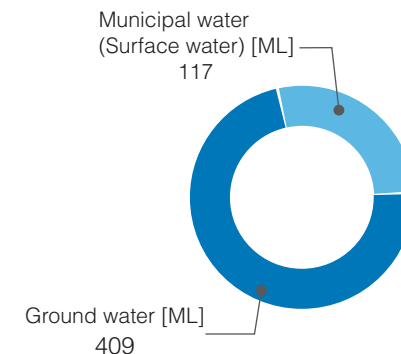
Total Water Withdrawal (kL) - India



Specific Water Withdrawal (L/tonne) - India



Sources of water consumption - India



64%

Reduction in specific water consumption at Ghana

30%

Reduction in specific water consumption at Johannesburg

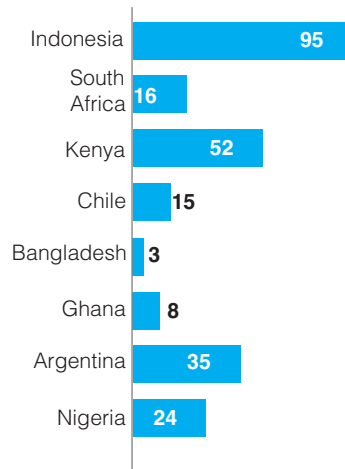
29%

Reduction in specific water consumption at Indonesia



We installed a rainwater harvesting unit at our Indonesia manufacturing facility.

Water consumption across our global locations in ML



We have set up a rainwater harvesting facility in Indonesia along with pipelines and a sump with a submersible pump. This has resulted in the reduction of ground water use since approximately 106 KL of collected rainwater is used per month.

Through these initiatives, we achieved a 29 per cent reduction in specific water consumption in Indonesia.

Waste

Target 2020

Have zero waste to landfill

58%

Reduction in specific waste to landfill



In our manufacturing facilities in Kenya, we implemented a new design of bobbin stand that has resulted in a significant reduction in the waste generated.

As a responsible corporate citizen, we aspire to nullify our waste to landfill, closing the end-of-life loop and finding value in the waste material generated. We strive to achieve our Greener India Goal of zero waste to landfill by 2020.

Waste generated at the manufacturing facilities comprises plastic scrap, iron scrap, MS drums, glass, debris, noodle bags, soap scrap, corrugated boxes, fibre waste, etc. There is tremendous potential in recycled materials, and we are determined to incorporate the 3R (Reduce, Reuse, and Recycle) strategy wherever an opportunity presents itself. We reuse empty soap noodle bags that are received from our manufacturing sites in Jammu. We are also in the process of identifying methods to increase the percentage of recyclable content in packaging material. We are collaborating with Bhabha Atomic Research Centre to develop sustainable materials for packaging. As of 2016-17, 0.15 kg of packaging material is used

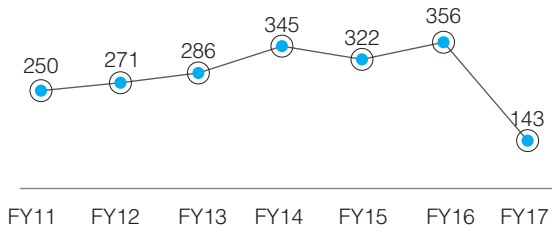
per kg of product. Under our zero waste to landfill goal, we have started diverting our waste from landfill to co-processing units; this has resulted in a significant drop in our waste sent to landfill. In this fiscal, a certified party landfilled 84 tonnes of debris. We monitor the amount of waste that is sent to landfill every month and record it on the sustainability tool. Hazardous waste generated includes ETP sludge, spent catalyst, spent oil, batteries and e-waste, empty chemical containers, etc. All manufacturing sites are compliant with the Hazardous and Other Waste (Management and Transboundary Movement) Amendment Rules, 2016, and Plastic Waste Management Rules, 2016, and the rules laid down by the Pollution Control Boards. We ensure that all waste generated is disposed through right channels and through vendors approved by local governments or those who are experts in their disposal.

In Kenya, we implemented a new design of bobbin stand, which resulted in low wastage due to a single cut.

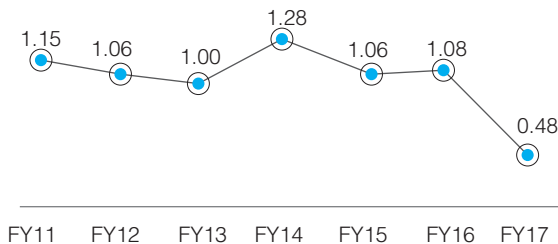
G4-EN28, G4-DMA

In our factory in Ghana, the manual feeding of PVC roll in the punching machine resulted in the formation of a gap between two bags, which resulted in higher wastage. To overcome this situation, we completely re-designed the process to make it automated. Pneumatic controls were installed to ensure that the gap between the bags was constant, thus reducing the wastage. As a result, we have brought down the PVC wastage from 15 to 9 per cent, and this initiative is scheduled to be implemented in other locations as well.

Waste sent to landfill (tonne) - India



Specific Waste sent to landfill (Kg/tonne) - India



The main contributors to hazardous waste were skimmed oil from ETP and ETP sludge.

The total non-hazardous waste generated in India was 2,524 tonnes. The main contributors were corrugated folding boxes, PVC drums, empty noodle bags, paper waste, and laminate scrap, among others.

Some of the major sources of waste in our locations in India in fiscal year 2016-17 were as follows:

| Waste | Quantity |
|---------------------------------|----------|
| Paper Waste [tonnes] | 132 |
| PVC drums/plastics [unit] | 181,622 |
| Corrugated folding box [tonnes] | 1,003 |
| Empty noodle bags [tonnes] | 288 |
| Laminate- Scrap [tonnes] | 217 |
| Biomass Ash [tonnes] | 785.18 |

Classification of waste

| Values in tonnes | Hazardous waste | Nonhazardous waste | Landfilled | Recycled | Incinerated |
|------------------|-----------------|--------------------|------------|----------|-------------|
| India | 336.19 | 3309.45 | 143.02 | 3,201.68 | 300.94 |
| International | 327.81 | 2,629.54 | 731.52 | 1,953.67 | 272.18 |

Community Projects

In line with the Swachh Bharat Mission, we have initiated several community waste management projects across India by involving colleges and local municipalities. In addition to taking measures to reduce, reuse, and recycle waste at our manufacturing plants, these community waste management projects aim to divert waste from landfills. Currently, we have a project in Hyderabad in partnership with the local municipalities and one in Mumbai in partnership with 25 colleges where we aim to make college students more aware of the criticality of solid waste management and champions of change. Altogether, through these projects, we aim to process approximately 10,000 tonnes of waste per annum in an environment friendly manner, which otherwise would end up in landfills.

Product Innovation and Responsibility

At GCPL, we value our customers, and product safety and quality are of vital importance to the legacy that we carry under the Godrej umbrella. Product development and innovation with special focus on green chemistry has enabled us to gain a competitive advantage.

We ensure that all ingredients used in hair and personal care categories are formulated using ingredients in accordance with FDA and BIS regulations, namely IS 4707 Part 1 & 2. These are tested in accordance to requirements as laid out in IS 4011 for product safety. We commercialise these products once they receive a regulatory approval from FDA. We understand the concern with respect to our products in the insecticide range. Household insecticides belong to a highly regulated product category that need adequate regulatory approvals before launch. Toxicity data, including monitoring of human health, are submitted and securitised by regulators before these products get approvals. There were no regulatory compliance issues as far as product safety is concerned. However, there were 131 customer complaints, which have been addressed and resolved appropriately.

We have been working on our naturals platform and have launched Goodknight Neem Activ+ Liquid Vaporiser, Goodknight Neem Fast Card, and Goodknight Neem Activ+ Coil LUP pack.

Our environmentally benign product range includes Ezee, which is free of all formulations of nitrogen and phosphorous, hence making it a eutrophic-free formulation.

Among others is our Darling Hair Booth, a one of a kind mobile app and the first in Nigeria and Africa at large. It is a real-time hairdo app for trying out different hairstyles and hair colours virtually. It reiterates our emphasis on uniqueness and innovation.



Our phosphate-free formulation for our pH neutral liquid detergent, Ezee, does not cause any adverse reaction in the ecosystem

G4-PR1, G4-PR2, G4-DMA

Materials

300

Tonnes of annual material saving



We recycled runner components that are generated while moulding the covers of our Goodknight Activ+ LMD machines. This has resulted in reducing the PCTA usage by more than 11.5 tonnes.

Material sustainability is the essence of product stewardship, and it is pertinent to our performance and customer satisfaction. Under the umbrella of our environment conscious efforts, we strongly promote and develop materials that are not energy and water intensive and opt for materials that emit lesser GHGs. We are progressing towards looking at our value chain in a cyclical manner by focusing on lifecycle costs and preferring 100 per cent recyclable and renewable alternatives. The strategy also incorporates the 3R approach (Reduce, Reuse, and Recycle) and collection system through reverse logistics, which has resulted in 300 tonnes of annual material saving. We also reduced our consumption by re-engineering products from CFBs to laminates to rigid plastic. Our material consumption data excludes third-party units where we do not have operational control.

Consumption of materials across the globe

| Materials Used | Weight in tonnes (International operations) | Weight in tonnes (Indian Operations) |
|-------------------------|---|--------------------------------------|
| Total materials | 161,726 | 272,176 |
| Non renewable materials | 84,338 | 114,444 |
| Plastics group | 28,066 | 8,000 |
| Renewable materials | 77,338 | 157,732 |
| Paper group | 15,647 | 24,342 |

G4-DMA, G4-EN1

Sustainable Packaging Development

17%

Reduction in packaging material of Expert Hair Powder

At GCPL, we continuously focus on optimising the packaging materials by utilising cutting-edge technologies. This helps us in reducing the size of materials and also in optimising sizes. To illustrate this more clearly, the wrapper consumption in soaps have been continuously reduced to the tune of approximately 20 per cent over the last 10 years. We achieved this by upgrading technologies and adapting to those technologies in the most optimised manner.

Over a period of time, we moved from a 10-micron PET/45 gsm paper/20gsm hotmelt adhesive wrapper to the current 8-micron PET/40gsm paper/10gsm hotmelt adhesive wrapper in 'No 1' soaps. This was made possible by innovations that have taken place in paper manufacturing, PET film manufacturing, and the coating industry and the commercial availability of low-gauge materials. The hotmelt coating has gone through several technical improvements, moving from a coat weight of 20 gsm to 15 gsm, to 12 gsm, and is currently at 10gsm. Our dedication to further reduce the coat weight is never ending, and work is still on to achieve the same.

While there are significant improvements in available materials, the manufacturing team has also updated their skill set and adapted to the modern materials to ensure a smooth transition and successfully implement them on wrapping machines.

To illustrate another example, we have also optimised the laminate structure of 'Expert Hair Powder' 3g sachet, resulting in a material reduction of 17 per cent over the previous packaging. This is an on-going process in all categories, and the effort is to optimise material usage without compromising on functional performance.

Currently, we are working on a weight optimisation project for a bottle, which if materialises, has the potential to reduce plastic consumption by 400 tonnes per annum.



We optimised packaging in our Godrej No1 range of products



SUPPLY CHAIN

At our annual Business Partners Meet at Ho Chi Minh City, Vietnam. We are committed to ensure sustainable sourcing of the raw materials we use and work closely with our suppliers to drive sustainable practices across their operations as well.

Supply Chain

80%

Of the materials we source from our suppliers have been evaluated under supplier assessment this reporting year

Importance of sustainability in the supply chain

While it is generally seen that sustainability in the supply chain is the most difficult aspect, it is also seen as the most important for a business. This importance stems from the effect that the supply chain has on the environment and the overall well-being of society. By working closely with our suppliers, we have an opportunity to reduce the environmental and social impact of our activities and position ourselves better to handle situations of uncertainty.

We have focused on the long-term sustainability of our vendor base by actively involving them in programmes related to sustainability initiatives and practices. Our collaborative approach with key partners in the areas of training, research and development, new product development, and innovation has provided the vendors opportunities to partner with and be a part of our growth in domestic as well as global business. These collaborations have also helped us establish a formidable vendor base, which in turn has helped us grow our business at a rapid pace, introduce new and cutting-edge products into the market, and position ourselves as an innovation-driven company. Our sustained efforts over the years have resulted in recognition on the global stage as we received the 'Platinum Level International TOC Excellence Award 2015' from the Theory of Constraints International Certification Organisation (TOCICO) at their International Conference in Cape Town, South Africa.

Measures taken to improve our performance

Focused strategic sourcing functions for the business – Domestic sourcing and international sourcing to improve business focus and profitability

We have rapidly expanded our business across multiple geographies and continents, and as a result, we now have a presence in Asia, Africa, Latin America, and the UK.

To supplement manufacturing activities, many of the strategic and key suppliers are now located in the vicinity of the manufacturing plants. We have also undertaken many initiatives, such as Master Data Online (MDO), Supplier Relationship Management (SRM), Automated PO generation and dispatch, and direct transfer of Funds via RTGS, to improve the working relationship with our suppliers.

Matured and robust strategic sourcing department - optimise the sourcing spends and value creation in sourcing opportunities

Strategic sourcing has enabled us to have a disciplined and systematic process towards optimising the total costs of externally purchased materials. With time, the sourcing function has matured with robust sourcing strategies that have helped even the global subsidiaries in finding sustainable sources of materials, low cost country (LCC) sourcing, and aggregation of global demand to generate value to the business. As a logical extension

G4-12, G4-13

of this initiative, strategic sourcing initiatives have been fully extended to the international business to replicate the success in domestic business in a focused way.

Expansion of the vendor base for long-term strategic benefits

GCPL has a very strong presence in the household insecticide market, and this is a key focus area for growth. To ensure the long-term sustainability of this business, it is essential to have cost-effective active ingredients coupled with ease of availability. In line with this requirement, we have developed several new low-cost suppliers for active ingredients. This has significantly reduced the cost and dependency on any one vendor.

Vendor selection/vendor qualification and vendor upgradation process benchmarked to the best in the industry

We have put in place a well-structured vendor qualification and continuous evaluation process. This process has been developed and rigorously implemented by the product integrity team. The vendor qualification process is well-documented to ensure that the ultimate delivery of products to our customer is the best in quality. The selection of vendors is based on an objective evaluation matrix, wherein the vendors are rated based on certain key criteria. This process also involves visits by cross-functional teams consisting of research and development, quality assurance, packaging development and procurement teams to not just qualify the vendor for initial supplies but also for continuous sustainability of quality levels. Thus far, around 90 vendors have been evaluated and another 20

vendors have been re-evaluated with significant inputs for the improvement of quality.

Strategic vendor collaboration initiatives and practices at GCPL

Another way for us to foster healthy relationships is by entering into core listing agreements with select perfume vendors for a duration of 3 years. These core listing arrangements enable us to have a very strategic approach to the perfume category where business is awarded to a select list of vendors. It is based on a very objective evaluation of their capabilities, which results in long-term mutual benefits.

Encouraging vendors to adopt best practices and partnering with them

We always strive to improve the performance of our vendors and urge them to adopt our best-in-class supplier management practices, some of which are enlisted below:

- Good Manufacturing Practice (GMP) audits: All our units have a periodic GMP audit and a structured scoring mechanism to ensure that high GMP levels are maintained in our manufacturing locations. We have also extended the GMP practices to our key vendors and ensured that the high levels of GMP are obtained.
- Total Productivity Management (TPM)/Total Quality Management (TQM): Through our regular vendor visits and audits, we have ensured that the vendors are educated in TPM and TQM practices.
- Quality Circles: We have extended quality circle initiatives to suppliers to involve workers from supplier units to improve their quality and create a culture of continuous improvements.

Release of sustainable procurement policy along with guidelines and purchase manager's guide

We circulated a [Sustainable Procurement Policy](#) among our business partners during the month of January 2016 through a formal event held in Mumbai. This policy, which is to be adopted and absorbed in a phased manner over a period of time, shall become the ethos of doing business for GCPL. To improve the compliance of the vendors to policy, a benchmarking exercise is currently in progress, based on which targets will be set and strategy on the way forward will be decided.

Currently, this policy is extended to those key vendors who supply to our business in India.

Ensuring business continuity through sustainability audits and risk mitigation plans

To ensure business continuity, we have started analysing various business risks associated with our vendors and have begun developing plans to mitigate the same.

While this helps us work out an action plan to de-risk our supply issues, it also provides useful inputs to vendors to understand the potential risks as perceived by us and work out mitigation plans to ensure continued business with GCPL. The exercise is conducted through structured audits, which involve questionnaires, visits to the manufacturing plants of suppliers, interactions with their teams, and analysis of their strengths and shortcomings. Twenty-two vendors have been audited during the reporting period, and action has been taken to mitigate the risks identified during the audit.

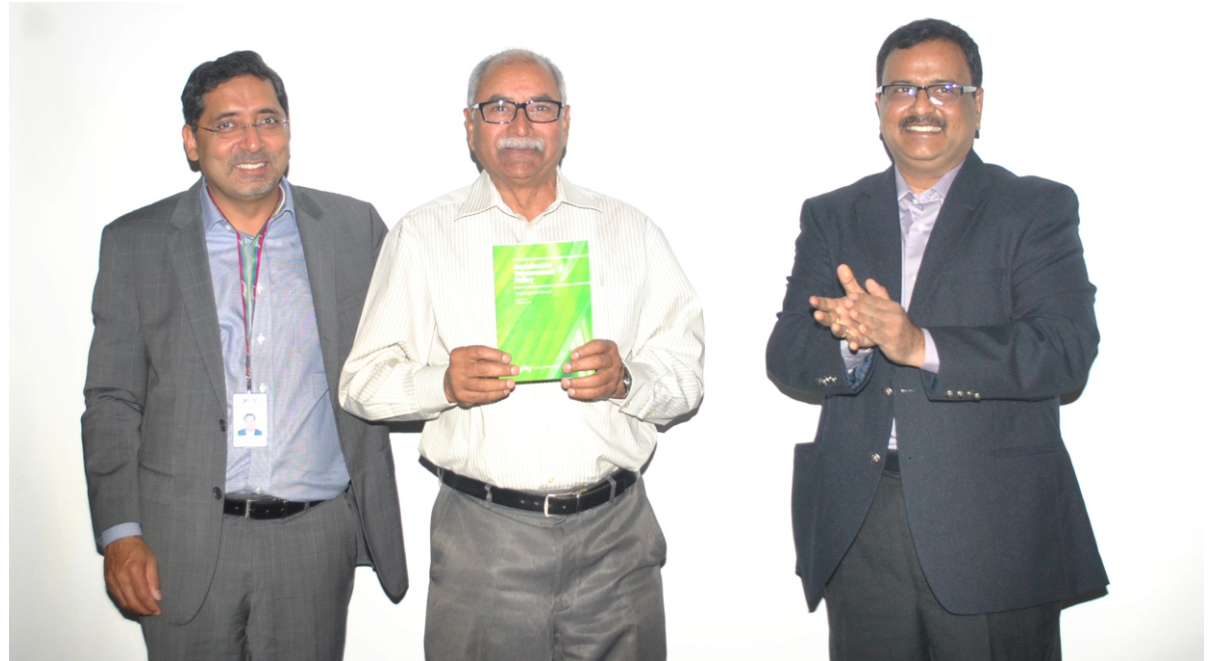
Sustainable Procurement Policy

With our increasing presence in emerging markets, it becomes important for us to work with our suppliers to stress upon the significance of sustainability in the supply chain and use it to drive competitive advantage. Price and delivery benefit are no longer the cornerstone of sourcing philosophies, as more importance is placed on the ethical, social, green, and quality performance of a business partner. In light of this, we have developed a Sustainable Procurement Policy, the first of its kind in the Indian FMCG sector, which addresses multiple areas of social parameters, environmental factors, and commitment to quality.

Our [Sustainable Procurement Policy](#) has four focus areas that can be viewed on our website.

To prepare this policy, we shared a detailed questionnaire with our vendors to collect responses in the present scenario. Based on the responses received, the baseline parameters of the policy were achieved. Using these parameters, vendors were assessed, and a composite score was achieved, which was then communicated to the vendors. The adherence score in the policy will guide our future sourcing philosophy, thereby promoting higher buying from vendors who adopt sustainable business practices.

As a part of our supplier assessment for the year, we have evaluated 115 vendors (including raw material vendors, packaging material vendors, and finished good vendors). These were evaluated according to our extensive questionnaire, covering topics from the four focus areas as per the policy. To assess the performance of the vendors post implementation of the



We rolled out the policy in January 2016 at our HO with our suppliers and senior management

policy, we have vendor audits currently underway in Q2, fiscal year 2017-18.

The assessment of our suppliers involved scoring them across multiple parameters such as management approach, public disclosure, and environmental performance, among others. The questions were both qualitative and quantitative in nature. The questions asked were on the lines of

- Compliance to human rights parameters such as
 - Forced and child labour
 - Compensation and working hours
 - Nondiscrimination
- Employee health and safety

- Approach towards reducing carbon emissions and water consumption
- Handling and disposal of toxic or hazardous waste
- Initiatives towards green practices
- Disclosures on commitment/performance towards
 - Bribery and corruption
 - Conflict of interest
 - Anticompetitive and restrictive trade practices

A composite score was developed on the basis of the responses to the questionnaire, and category-wise targets were set for each participating supplier, so as to improve their performance and strive for complete adherence to the policy.



WORKFORCE

Being inclusive is becoming increasingly important for us. We are building diversity in different ways, such as through the businesses we acquire in new geographies, our open stance on issues, such as gender and LGBT rights, and the new skills and backgrounds that we are hiring.

Workforce

At GCPL, we have policies in place to protect the rights of our employees and uphold their dignity. Our human rights policy amended in June 2017 is guided by international covenants such as the International Bill of Human Rights (i.e. the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights) and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. We adhere to all applicable human rights laws wherever we operate. However, due to the global nature of our business, where those laws and international human rights standards vary, we follow the higher standard. Wherever they differ, we adhere to the law of the land while seeking ways to respect international human rights to the greatest extent possible. We support the rights of our employees to voice their opinion and raise their concerns in a collective manner. As on date, 78 per cent of our employees in India are covered by collective bargaining agreements.

Our Workforce

We are a global organisation, and our workforce is spread across several countries, including India, Indonesia, Argentina, Nigeria, the United Kingdom, and Kenya.

| Country | Global Leadership (level 4) | AVP and GM (level 3) | DGM and Managers (level 2) | AM and Below (level 1) | Supervisor | Contractual staff | Total | Female | Male |
|--------------|-----------------------------|----------------------|----------------------------|------------------------|------------|-------------------|-------|--------|------|
| Indonesia | 6 | 15 | 111 | 124 | 368 | 1435 | 2059 | 744 | 1315 |
| UAE | 1 | 0 | 3 | 7 | 0 | 1 | 12 | 1 | 11 |
| Argentina | 2 | 3 | 20 | 140 | 0 | 43 | 208 | 83 | 125 |
| Chile | 0 | 2 | 16 | 88 | 0 | 25 | 131 | 78 | 53 |
| UK | 1 | 7 | 32 | 18 | 0 | 0 | 58 | 29 | 29 |
| South Africa | 1 | 4 | 32 | 42 | 0 | 35 | 114 | 51 | 63 |
| Nigeria | 1 | 3 | 9 | 40 | 0 | 116 | 169 | 73 | 96 |
| Ghana | 0 | 1 | 6 | 11 | 0 | 64 | 82 | 27 | 55 |
| Mozambique | 0 | 1 | 10 | 11 | 0 | 39 | 61 | 19 | 42 |
| Kenya | 3 | 8 | 22 | 142 | 0 | 102 | 277 | 130 | 147 |
| Tanzania | 0 | 0 | 5 | 4 | 0 | 74 | 83 | 48 | 35 |
| India | 32 | 83 | 222 | 1083 | 238 | 728 | 2386 | 238 | 2152 |
| Total | 47 | 127 | 488 | 1710 | 606 | 2662 | 5640 | 1521 | 4123 |

G4-10, G4-11, G4-15, G4-DMA, G4-LA1

India

New hires as per age

| Sr. No. | Age Group (in years) | Number of new hires |
|---------|----------------------|---------------------|
| 1 | Up to 30 | 137 |
| 2 | Between 31 to 50 | 103 |
| 3 | 50 and above | 1 |
| 4 | Total | 241 |

New hires as per gender

| Sr. No. | Gender | Number of new hires |
|---------|--------|---------------------|
| 1 | Male | 183 |
| 4 | Female | 58 |



Sunil Kataria, Business Head – India & SAARC, ideating with our young managers

Attrition as per gender during fiscal year 2017

| | Female | Male | Grand Total |
|-------------------|--------|------|-------------|
| Global Leadership | 0 | 2 | 2 |
| GM & AVP | 2 | 9 | 11 |
| Manager to DGM | 11 | 30 | 41 |
| Officer to AM | 16 | 160 | 176 |
| Grand Total | 29 | 201 | 230 |

The new hires and attrition in our global operations are as follows:

NIGERIA

Workforce turnover by gender (Fiscal year 2016-17)

| Category | Male | Female |
|-------------------|------|--------|
| AVP and GM | 2 | 1 |
| DGM and Managers | 3 | 1 |
| AM and Below | 10 | 7 |
| Supervisor | 12 | 12 |
| Contractual staff | 10 | 2 |
| Total | 37 | 23 |

Workforce turnover by age (Fiscal year 2016-17)

| Category | Less than 30 years | 30 to 50 years | Above 50 years |
|-------------------|--------------------|----------------|----------------|
| AVP and GM | 0 | 3 | 0 |
| DGM and Managers | 0 | 3 | 1 |
| AM and Below | 0 | 17 | 0 |
| Supervisor | 5 | 19 | 0 |
| Contractual staff | 1 | 11 | 0 |
| Total | 6 | 53 | 1 |



Our Darling Nigeria team members

New hires by gender (Fiscal year 2016-17)

| Category | Male | Female |
|-------------------|------|--------|
| AM and Below | 7 | 10 |
| Contractual staff | 6 | 5 |
| Total | 13 | 15 |

New hires by age (Fiscal year 2016-17)

| Category | Less than 30 years | 30 to 50 years |
|-------------------|--------------------|----------------|
| AM and Below | 6 | 11 |
| Contractual staff | 3 | 8 |
| Total | 9 | 19 |

SOUTH AFRICA

Workforce turnover by gender (Fiscal year 2016-17)

| Category | Male | Female |
|------------------|------|--------|
| DGM and Managers | 2 | 0 |
| AM and Below | 4 | 1 |
| Supervisor | 2 | 1 |
| Blue collar | 220 | 422 |
| Total | 228 | 424 |

Workforce turnover by age (Fiscal year 2016-17)

| Category | Less than 30 years | 30 to 50 years |
|------------------|--------------------|----------------|
| DGM and Managers | 0 | 2 |
| AM and Below | 0 | 5 |
| Supervisor | 0 | 1 |
| Blue collar | 592 | 51 |
| Total | 592 | 59 |



Our South Africa team members celebrating the Nelson Mandela Day

New hires by gender (Fiscal year 2016-17)

| Category | Male | Female |
|-------------|------|--------|
| Blue collar | 219 | 653 |

New hires by age (Fiscal year 2016-17)

| Category | Less than 30 years | 30 to 50 years | more than 50 years |
|-------------|--------------------|----------------|--------------------|
| Blue collar | 824 | 46 | 1 |

INDONESIA

Workforce turnover by gender (Fiscal year 2016-17)

| Category | Male | Female |
|-------------------|------|--------|
| Global Leadership | 1 | 0 |
| AVP and GM | 1 | 1 |
| DGM and Managers | 13 | 10 |
| AM and Below | 17 | 5 |
| Supervisor | 49 | 11 |
| Contractual staff | 132 | 80 |
| Total | 213 | 107 |

Workforce turnover by age (Fiscal year 2016-17)

| Category | Less than 30 years | 30 to 50 years | Above 50 years |
|-------------------|--------------------|----------------|----------------|
| Global Leadership | 0 | 1 | 0 |
| AVP and GM | 0 | 1 | 1 |
| DGM and Managers | 1 | 20 | 2 |
| AM and Below | 9 | 9 | 4 |
| Supervisor | 17 | 41 | 2 |
| Contractual staff | 128 | 83 | 1 |
| Total | 155 | 155 | 10 |



Our Indonesia team members celebrating Serko Day, when Godrejites from across teams become salespersons for a day

New hires by gender (Fiscal year 2016-17)

| Category | Male | Female |
|-------------------|------|--------|
| Global Leadership | 1 | 0 |
| AVP and GM | 2 | 1 |
| DGM and Managers | 14 | 13 |
| AM and Below | 7 | 2 |
| Supervisor | 39 | 10 |
| Contractual staff | 107 | 105 |
| Total | 170 | 131 |

New hires by age (Fiscal year 2016-17)

| Category | Less than 30 years | 30 to 50 years | Above 50 years |
|-------------------|--------------------|----------------|----------------|
| Global Leadership | 0 | 1 | 0 |
| AVP and GM | 0 | 3 | 0 |
| DGM and Managers | 4 | 22 | 1 |
| AM and Below | 4 | 5 | 0 |
| Supervisor | 27 | 21 | 1 |
| Contractual staff | 160 | 52 | 0 |
| Total | 195 | 104 | 2 |

GHANA

Workforce turnover by gender (Fiscal year 2016-17)

| Category | Male | Female |
|------------------|------|--------|
| DGM and Managers | 2 | 0 |
| AM and Below | 20 | 25 |
| Total | 22 | 25 |

Workforce turnover by age (Fiscal year 2016-17)

| Category | Less than 30 years | 30 to 50 years | Above 50 years |
|------------------|--------------------|----------------|----------------|
| DGM and Managers | 0 | 2 | 0 |
| AM and Below | 34 | 13 | 0 |
| Total | 34 | 15 | 0 |



Our Ghana team members after completing their run at the Accra International Marathon

New hires by gender (Fiscal year 2016-17)

| Category | Male | Female |
|------------------|------|--------|
| DGM and Managers | 1 | 1 |
| AM and Below | 57 | 40 |
| Total | 58 | 41 |

New hires by age (Fiscal year 2016-17)

| Category | Less than 30 years | 30 to 50 years | Above 50 years |
|------------------|--------------------|----------------|----------------|
| DGM and Managers | 0 | 2 | 0 |
| AM and Below | 0 | 42 | 1 |
| Total | 0 | 44 | 1 |

ARGENTINA & URUGUAY

Workforce turnover by gender (Fiscal year 2016-17)

| Category | Male | Female |
|-------------------|------|--------|
| Global Leadership | 0 | 0 |
| AVP and GM | 1 | 0 |
| DGM and Managers | 2 | 4 |
| AM and Below | 6 | 6 |
| Supervisor | 8 | 5 |
| Blue Collars | 24 | 11 |
| Total | 41 | 26 |

Workforce turnover by age (Fiscal year 2016-17)

| Category | Less than 30 years | 30 to 50 years | Above 50 years |
|-------------------|--------------------|----------------|----------------|
| Global Leadership | 0 | 0 | 0 |
| AVP and GM | 0 | 1 | 0 |
| DGM and Managers | 0 | 5 | 1 |
| AM and Below | 3 | 6 | 3 |
| Supervisor | 0 | 11 | 2 |
| Blue Collars | 8 | 24 | 3 |
| Total | 11 | 47 | 9 |



Our Argentina team members at the opening of the new cafeteria at our Buenos Aires office

New hires by gender (Fiscal year 2016-17)

| Category | Male | Female |
|-------------------|------|--------|
| Global Leadership | 0 | 0 |
| AVP and GM | 0 | 0 |
| DGM and Managers | 1 | 0 |
| AM and Below | 12 | 20 |
| Supervisor | 3 | 1 |
| Blue Collars | 7 | 0 |
| Total | 23 | 21 |

New hires by age (Fiscal year 2016-17)

| Category | Less than 30 years | 30 to 50 years | Above 50 years |
|-------------------|--------------------|----------------|----------------|
| Global Leadership | 0 | 0 | 0 |
| AVP and GM | 0 | 0 | 0 |
| DGM and Managers | 0 | 1 | 0 |
| AM and Below | 13 | 29 | 0 |
| Supervisor | 1 | 3 | 0 |
| Blue Collars | 0 | 0 | 0 |
| Total | 14 | 33 | 0 |

UK

Workforce turnover by gender (Fiscal year 2016-17)

| Category | Male | Female |
|------------------|------|--------|
| DGM and Managers | 2 | 7 |
| AM and Below | 7 | 7 |
| Total | 9 | 14 |

Workforce turnover by age (Fiscal year 2016-17)

| Category | Less than 30 years | 30 to 50 years | Above 50 years |
|------------------|--------------------|----------------|----------------|
| DGM and Managers | 2 | 7 | 0 |
| AM and Below | 6 | 7 | 1 |
| Total | 8 | 14 | 1 |



Our UK team members at the annual company offsite

New hires by gender (Fiscal year 2016-17)

| Category | Male | Female |
|-------------------|------|--------|
| AVP and GM | 0 | 2 |
| DGM and Managers | 8 | 3 |
| AM and Below | 5 | 4 |
| Contractual staff | 0 | 2 |
| Total | 13 | 11 |

New hires by age (Fiscal year 2016-17)

| Category | Less than 30 years | 30 to 50 years | Above 50 years |
|-------------------|--------------------|----------------|----------------|
| AVP and GM | 0 | 1 | 1 |
| DGM and Managers | 2 | 5 | 4 |
| AM and Below | 5 | 5 | 0 |
| Contractual staff | 1 | 1 | 0 |
| Total | 0 | 12 | 5 |

Diversity in the workplace

27%

Of our team members are females

At GCPL, we believe that all individuals have different viewpoints and ideas, and their approach to problems differ. It is this diversity in thought that enables better problem solving, leading to superior decision-making, which consequently leads to better performance. We celebrate gender diversity across our global locations, and 27 per cent of our global workforce is female. There were no incidents of discrimination reported in the fiscal year, and we are committed to maintain our stand on antidiscrimination policies.

We emphasise on strict adherence to human rights policies and include training on human rights in online modules. The total number of training hours through these e-learning modules in the reporting year was 55 with approximately 30 minutes invested by each employee. We have trained 7.6 per cent of our employees through this medium.

Some of the novel initiatives we have in place for our employees are as follows:

Careers 2.0

The Careers 2.0 programme is targeted towards women professionals in an attempt to ease their transition back into the workforce post a break in their career. This programme is available for women having an experience of at least two years and have taken a continuous career break of six or more months. We recognise the difficulty in re-joining the workforce post a lengthy break and offer various live business projects on a flexi/part-time basis to aid employees in re-finding their footing in the organisation. In doing so, we hope to retain skilled talent while also being considerate of their personal needs and responsibilities.

Sustenance allowance

We provide financial support in the form of sustenance allowance to employees with special needs or requirements along with need-specific infrastructure and safe travel options to and from the workplace. Our policy on sustenance allowance is applicable to all the members of GCPL, and it is our aim to maintain a workplace that is accessible and approachable to all our employees.

Feedback 30-60-90

A smooth transition for all our new Godrejites is a priority at GCPL, and Feedback 30-60-90 engages with them to ensure this. Under this feedback, we gauge the employee's on-boarding experience, areas for improvement, experience of the employee in the first three months, and the feedback on the entire transition in a new organisation and or role.

360 Degree Feedback

At GCPL, all managers and above are appraised through the 360 Degree Feedback Process. This feedback process enhances leadership behaviour by providing a tool to define and communicate key leadership traits that the company values and to directly link employee behaviour with the values of the organisation. It helps an employee assess his/her strengths and weaknesses so that developmental plans can be identified to address the gaps in leadership behaviour.

Our Speaking Philosophy

Apart from the feedback mechanism, we engage with Godrejites on multiple forums under Our Speaking Philosophy. These forums align our employees towards GCPL's vision and objectives and highlights expectations from the employees.

G4-HR2, G4-LA12, G4-DMA

InTUNE employee engagement study

Employee engagement is assessed by a third party annually to improve employee engagement practices. As a part of the InTUNE study, select focus group discussions are also conducted organisation wide with various homogeneous demographic groups. This is a great opportunity for employees to voice their views, provide feedback, share concerns, and encourage initiatives, which are doing well.

VOTE

We conduct open-ended discussions with individuals at the factory through the factory HR team to garner feedback of our team members working in the manufacturing plants.

Grievance Redressal Committee at factories

At GCPL factories, we encourage our employees to highlight issues to their immediate supervisor, who in turn discusses the issues raised with the 'Grievance Redressal Committee'. Members are also made aware that they can share their concerns directly with any member of the committee in case of sensitive issues that they would not want to share with their supervisor.

GCPL PULSE

This is an employee vulnerability tracker where the HR Partner predicts employee vulnerability through a one-on-one meeting. The interventions are prioritised for talent retention, listing future talent, and driving engagement.

Quality Circles at GCPL

Quality Circle (QC) and the way it is practiced at GCPL have been one of the most significant initiatives that has



Employee engagement activities carried out in Argentina

given employees a platform to showcase their ideas and solutions to the management and has brought about a transformation across our factories. At Malanpur, approximately 400 employees (93 per cent) of the total strength are part of QC. A total of 40 QC's

are working continuously, and an annual saving of approximately ₹ 1.74 Cr was achieved from the same. Fourteen QC's have also participated and won various regional and national awards.

Rewards and recognition

Godrejites personify our core values, and at GCPL, we believe in instilling confidence in our people and thanking our team members for their tireless efforts.

Positive employee recognition is exercised through a gamut of awarding schemes such as Team Awards, Godrej Awards, How Wow Now Superstar Awards,

GCPL Awards, Brighter Bank-Spot recognition, and Functional Awards (manufacturing and sales).

Team Awards

Top performing teams are recognised for their teamwork and collaboration and awarded annually.

Godrej Awards

The Godrej awards are conducted to award and recognise outstanding performances across the group companies.

How Wow Now Superstar Awards

It serves to highlight the excellence that exists in all functions across the organisation. This is the highest level of award that exists at GCPL, making it most exclusive, elite, and aspirational for our members.

GCPL Awards

GCPL Awards is a common reward and recognition platform across all GCPL businesses globally.

Brighter Bank - Spot Recognition

Brighter bank is an internal and online rewarding system. Here, employees are allotted bank accounts, wherein the currency is in the form of icons representing the Brighter Godrej Values – Expression, Progression, Empathy, and Experience.

Building Capability

True to our brand, we not only acquire the best from the talent pool in the country but also provide an intellectually stimulating environment to our employees. We create long-duration leadership development programmes under the Talent Conversation Programme for our people managers to equip them to lead and manage large teams to consistently deliver results. The 100 leaders programme integrates leadership development framework, builds leadership and functional capabilities, and develops a pool of engaged leaders with global skills and mindsets, relevant in a business environment with increasing complexity.

The Learning Management System is the latest addition to our learning architecture and serves as a platform that follows the philosophy of on-demand, self-paced learning. The purpose of the platform is to provide any-time access to relevant information and training on behaviour or functional aspects to employees across levels and functions.

The leadership pyramid is dispersed across just four levels. We have a rigorous and structured selection process for vertical movement. While we carefully select our future team leaders, we ensure we equip them with the required knowledge, skills, and capabilities to excel in their roles as they grow within the organisation.



TQM training carried out in Indonesia every month for around 800 personnel

Trainings per year per employee by gender

| Gender | Average No. of Hours |
|--------|----------------------|
| Male | 6.0 |
| Female | 7.0 |

Trainings per year per employee by employee category

| Employee Category: | Average No. of Hours |
|--------------------|----------------------|
| AM and Below | 5.2 |
| DGM and Managers | 7.9 |
| AVP and GM | 14.9 |
| Global Leadership | 2.9 |

G4-DMA

Effectiveness of learning interventions

It is imperative to show a return on investment when it comes to understanding the effectiveness of learning interventions. The ROI is in terms of an engaged workforce and future-ready pipeline for critical roles within the organisation. The effectiveness metrics for every intervention are defined during the design phase of the intervention itself. We follow the Kirk Patrick model for measuring effectiveness, where the levels of effectiveness are reaction, learning, and change in behaviour.

Employee benefits

- Part-time work
- Support post maternity/adoption
- Work from home and flexible working
- Uncapped sick leave
- Maternity/adoption and paternity scheme
- Day care centre
- Health and wellness facilities
- Medical benefits



Our trade marketing team in Chile at one of their training sessions at a popular retail chain.

Health and Safety

All Godrejites are at the centre of our performance and commitments. We value their efforts, and their safety is of prime importance to us. We have established a comprehensive health and safety monitoring system in all our operating locations. On a monthly basis, we have been monitoring health and safety indicators, and we intend to extend these practices to our contractual employees as well. In the reporting period, there were no cases of workers with a high incidence or a high risk of diseases related to their occupation.

Quality, Environment & Occupational Health and Safety Policy

Our policy at various global facilities serves as a constant reminder to conduct work in a manner that causes minimal harm to self and the environment. Through a culture of proactive and preventive behaviour, we ensure that smart performance targets are set with respect to resource utilisation, waste minimisation, training and skill upgradations, and zero injury at the workplace. We continuously review our policy from time to time to keep them in line with current requirements and local needs.



Training our team members on safety in the India South cluster.

Percentage of total workforce represented in formal joint management: worker health and safety committee

| Safety committee name | Level of the safety committee | Units | Number of members for FY16-17 | | Percentage of total workforce |
|-----------------------|-------------------------------|-------|-------------------------------|------------|-------------------------------|
| | | | Non-Management | Management | |
| Central | | | | | |
| Safety Committee | Plant level | 7 | 230 | 5 | 51% |
| North-East | | | | | |
| Safety Committee | Plant level | | 95 | 95 | 8% |
| North Cluster | | | | | |
| Safety Committee | Plant level | | 39 | 40 | 20% |

G4-LA5, G4-LA6, G4-LA7, G4-DMA

Zero

Fatalities during the reporting year

Indicators for measuring safety performance

Lagging indicators are some of the traditional safety metrics we use to indicate progress towards compliance with safety rules. These are the bottom-line

numbers that evaluate the overall effectiveness of safety at our facilities. Our metrics across lagging indicators are as below.

Type of injury and rates of injury, occupational diseases, lost days, absenteeism, and total number of work-related fatalities (as recorded based on IS-3786 guidelines):

| Category | Indonesia | Kenya | Chile | India |
|------------------------------|-----------|-----------|-----------|------------|
| Fatality [Nos] | 0 | 0 | 0 | 0 |
| Disabling Incident [Nos] | 0 | 4 | 1 | 0 |
| Away from Duty [day] | 1 | 10 | 0 | 4 |
| First Aid/Medical Only [Nos] | 11 | 147 | 1 | 173 |
| Man-hours Lost [hours] | 136 | 320 | 16 | 2,256 |
| Injury Rate [%] | 0.38 | 2.94 | 2.22 | 1.47 |
| Man-hours Worked [hours] | 5,461,116 | 1,082,526 | 8,293,824 | 17,780,209 |

Our initiatives in Indonesia

In our factory in Indonesia, we provided exhaust systems on the shop floor area where electric machines were employed for making HIT Magic liquid. This has significantly improved the removal of fumes generated during soldering activities, resulting in a comfortable and safer working environment.



Exhaust systems on the shop floor area in our Indonesia factory



SOCIAL PERFORMANCE

We are committed to drive the socioeconomic progress of the communities in which we operate. We have a shared value approach that links business success with social progress.

Social Performance

CSR as a practice is woven into the Godrej Group's DNA. As a Group, we have always actively championed social responsibility. Twenty-three per cent of the shares of our Group's holding company, Godrej & Boyce, are held in a trust that invests back in initiatives that support environment, education, and healthcare. While we reach out to people through our products with the aim of improving their lifestyle, it is our constant endeavour to go over and above the necessities of our business to reach out to the less fortunate members of society through our various interventions.

Over the years, we have championed several initiatives across the globe, bolstering our desire to be one of the most socially and environmentally responsible organisations. Our [CSR policy](#) outlines our focus areas and defines the scope of our activities. It also serves to guide us on the execution and monitoring of all our projects. Our policy focuses on addressing critical social, environmental, and economic needs of the marginalised/underprivileged sections of the society by adopting a shared value approach that helps solve problems while strengthening our competitive advantage.

Our CSR initiatives are guided by the Godrej Group's sustainability vision of Good & Green. Over the years, we have aligned our CSR efforts with the UN's Sustainable Development Goals, national priorities, and the needs of our local communities to deliver high-impact programmes that are easy to scale.



Our Elimination of Vector Borne Endemic Diseases (EMBED) programme currently addresses 36% of the malaria burden of Madhya Pradesh, India.

We also undertake various additional activities to support education, relief funds for natural disasters, rural development, research and technology, etc. Details of our contributions towards all the initiatives

under Schedule VII, Section 135 of the Companies Act, 2013 are provided in the Directors Report section of our [Annual Report](#).

Enhancing livelihoods

Target 2020

The Godrej Group is committed to train 1 million unemployed and under-employed youth

187,000

People trained by GCPL in India and Kenya (Fiscal year 2011 -17)

The International Monetary Fund suggests that about a quarter of the projected increase in global population aged 15-64 years between 2010 and 2040 will occur in India, making it the largest contributor to the global workforce over the next three decades¹.

In the next decade, economic growth in India is likely to create 500 million jobs, 75 per cent of which will be skill-based. Sadly today, workers with vocational education make up only two to four per cent of India's trained workforce. In fact, eight out of ten new entrants to the workforce have never had any opportunity for skills training².

Youth employability is therefore a bigger concern in this country than unemployment. Addressing the skill gap not only ensures a pipeline of talent for Indian industry but also better enables the nation to truly leverage its demographic dividend. It is with this view of supporting inclusive growth that the Godrej Group has committed to train one million unemployed and underemployed youth in skills that will enhance their income earning potential.

Our responsibility to communities is beyond charitable donations and focuses on enabling these communities to earn a decent livelihood for themselves. At GCPL, we collaborate with nonprofit organisations to design and run skill, training programmes in beauty and hair care, life skills, and entrepreneurship development. The trainings build core domain skills, focus on entrepreneurship and life skills education, and provide post-training support. As of March 2017, we have trained over 187,000 people in India and Kenya in skills that will enhance their earning potential.

¹ Aiyar, S., & Mody, A., The Demographic Dividend: Evidence from the Indian States, International Monetary Fund Working Paper, 2011.

Salon-i, our beauty and hair care training programme

GCPL's Salon-i vocational training programme is uniquely designed to provide basic skills of beauty, skin, hair care, and mehendi application to young women along with life skills and entrepreneurship development modules. This enables our trainees to take up jobs or pursue self-employment. The 500-hour programme curriculum has audio-visual modules, life skills, and entrepreneurship training tools that have been designed and created either entirely in-house or co-created with partners. It is aimed at women between the ages of 18 to 30 years living in urban and per-urban settlements and belonging to socioeconomically weaker sections of society. As of March 2017, we have trained more than 87,975 young women in collaboration with more than 31 nonprofit partners in 23 Indian states.

Addressing gender inequality is not only the right thing to do but is also important for our future growth. By promoting formal and active participation of women in the economy, we aim to build their lives, families, communities, and the economy. Our Salon-i skill training programme works with the women and community to enhance their domain skills while creating social and political awareness that helps them voice their opinions, negotiate their rights, and make their own decisions. We believe that more employable women will enable economic empowerment and add to the development of the nation.

² A Skilled Workforce for Strong, Sustainable and Balanced Growth, p 17, International Labour Office, 2010.

Our Training Approach

We are working with some of the most vulnerable women communities across India. Most women we worked with were first-generation semi-formal workers, and as a result, our trainees often become the first women in their families/communities to step out of the home to learn a skill. For many of our trainees, even coming to the training centre for few hours needed negotiations with their families. Through our programme, we envisioned to establish a safe space of sharing and learning and instilling in them a sense of hope and vigour to stand up for what they believe in. There is a sorority and sisterhood among our trainees through shared life experiences and this connects them together.

We also integrate our trainees to gender resource groups in their community. Resource centres provide access to public schemes and documents, and the physical space is a point of convergence, ideation, and dissemination of youth, especially young women in the community.

In addition, we are building a community with our alumni who have become champions of change in their communities, especially on women's socioeconomic empowerment issues. We have several case studies of young women who have not only started their own micro enterprises but have also become role models in their communities. Now we have brought them formally into our programme umbrella to become training partners as a part of our Beauty-preneur initiative.

The Beauty-preneur programme builds the capacity of our alumni to become trainers and run neighbourhood salons. We are supporting women entrepreneurs to start training local girls in beauty and wellness in addition to



The Salon-i beautypreneur initiative supports enterprising women in the salon industry to start training other girls in their region in addition to their regular business

further scaling their businesses through a rigorous year-long handholding process, which involved upskilling them as well as one on entrepreneurial support to grow their business.

Impact assessment for Salon-i

A third-party impact assessment has shown that approximately 40 per cent take up full-time or part-time

jobs, while the rest prefer to work from home due to a range of socioeconomic issues. Those who work from home earn between ₹ 1000 and ₹ 5000 per month whereas those in jobs earn between ₹ 5000 and ₹ 10,000 per month. It must be noted that for most of our alumni, this is their first skill-based income source.

Darling hair & beauty skills training in Kenya

Over the last five years, the Darling Hair & Beauty Training Centres have expanded across the country. A total of 1730 girls have been trained to date in five training centres in Nairobi, Rongo, Kitui, Machakos, and Kitale.

In addition to these, an additional six training centres were established through a public private partnership model with three county governments to provide vocational skills in hair dressing and beauty therapy to youth. These vocational training centres are in Kisii County (Nyaore and Keumbu Vocational Training Centres), Migori County (Ngisiru and Awendo-Marindi Vocational Training Centres) and, Machakos County (Yatta and Athi River Vocational Training Centres). With the support from public and nongovernmental partners, we aim to train 1200+ girls every year going forward.



A shampooing training in a session at the Likoni centre, Kenya.

Life skills education

During the course of the last five years, we have made certain observations about vocational skill training programmes and their efficiency. Many skills needed to get by in today's world do not involve academic knowledge; instead, they involve the ability to handle the events that occur on a day-to-day basis at home, at work, and in the community. Unfortunately, few of these functional life skills are actually addressed in schools and training institutes. We are working on the issue of unemployment through our skill training programmes, but not only with providing domain skills but also providing life skills education. The importance of life skills education is too high to leave them to chance, especially for youth belonging to traditionally underprivileged communities and groups.

These are the topics we currently cover under life skill education:

- Financial literacy: Bank accounts; insurance; relevant government schemes; identification papers; and bills payment
- Health and well-being: Managing stress (both work and personal) managing life changes and coping mechanisms; and dealing with anxiety and depression
- Personal well-being and growth: Self-improvement; self-esteem; goal setting; life purpose and life-long learning; critical thinking, and decision making
- Work readiness: General job skills and finding a job; recognising job duties and responsibilities; and team work and learning to exhibit appropriate work habits
- Community involvement: Citizenship; community awareness and learning to reflect and forming opinions on sociopolitical issues



Over the years, life skills have become a core component of our training programmes that help build critical soft skills of our trainees.

Our life skills programme is customised for various target audiences across multiple geographies and is now a core part of our skill training programme. We have developed interactive games and tools to provide an experiential learning environment in the classroom. Through life skills, we aim that our trainees will also gain

confidence and leadership skills to make decisions in their family, community, and work life in order to negotiate for what they aspire to achieve in their own life and create their own identity in society.

Elimination of Vector-Borne Endemic Diseases (EMBED)

We initiated the EMBED programme in 2015 to reduce morbidity and mortality due to malaria and dengue in regions reporting a high API. In the first phase, we are working in Madhya Pradesh, a state with one of the highest malaria burdens in India. We have collaborated with nonprofit organisations and the state government to run intensive behaviour change programmes in 9 districts of Madhya Pradesh. We are working with the vulnerable and marginalised groups living in tribal, hilly, and hard-to-reach areas. The programme currently addresses 36 per cent of the malaria burden of the state.

This initiative began in 2015. The vulnerable and marginalised groups in tribal, hilly, and hard-to-reach areas of Madhya Pradesh with annual income as low as ₹17745 and literacy rate of 11 per cent were identified. These areas are also susceptible to mosquito-borne diseases such as malaria and dengue. The initiative focused on creating awareness within these communities through behaviour change communication campaigns and ensuring access to affordable mosquito repellent products and services.

We engaged with the local government health machinery and collaborated with them on exiting initiatives. By understanding the local situation, relying on local resources, and strengthening existing health infrastructure, we have attempted to build bridges between people's requirements and available government services through behaviour change communication (BCC) campaigns. Furthermore, this programme has opened up new markets for our



The EMBED programme aims to reduce morbidity and mortality due to malaria and dengue in regions reporting a high annual parasitic index (API).

business as well as laid the foundation for collaboration with the government on the Swachh Bharat and VBD campaigns.

We mapped high-burden states and districts and product dark areas to ensure that our project areas are relevant for both the community and business. Being market leaders in the household insecticide category in India, we felt a responsibility to cater to the bottom of the pyramid users, who disproportionately suffer from mosquito-related diseases. We have solutions that can protect a significant proportion of India's population from these diseases and therefore contribute to their overall health and well-being. Thus, we designed a programme that would embody the spirit of shared value: finding a business opportunity in a relevant social problem that India facing today.

The feasibility study included the identification of high-disease burden states that were also of strategic importance to the business for us to pilot the project. We

performed a communication needs assessment (CNA) to determine the knowledge and resource gaps, which became the basis for our communication strategy for information and education. We identified and trained local NGO workers to execute the BCC campaigns and support trainings of health workers. This ensured that the programme was linked not only to an assessment of the local health situation and services on the ground but also our potential for business growth in the area.

Fortune Change the World List ranked Godrej Consumer Products at number 48 and acknowledged our contribution in product innovation in Fast Card, our easy to use, inexpensive, mosquito-repellent. Revenue from our Good & Green portfolio has grown 140 per cent annually for the past five years.

Community waste management

We have conceptualised two major projects in Hyderabad and Guwahati to manage waste in the two municipalities. We are working with the Greater Hyderabad Municipal Corporation (GHMC) in a multi-stakeholder project, which includes the Resident Welfare Associations of Hyderabad to establish 10 Swachh centres for segregating wet and dry waste. The wet waste will be turned into compost, the plastic waste will be recycled into granules, and the nonrecyclable plastic waste will be converted into poly fuel through thermal depolymerisation. The project will also manufacture briquettes from other waste for use as a fuel source. The project aims to divert more than 25 tonnes of municipal solid waste per day from landfills with the aim to become a zero waste to landfill project over time. In Guwahati, Assam, we are running a plastic waste management project. It aims to collect the non-recyclable multilayered plastic waste and convert it into poly fuel through pyrolysis. We aim to process more than 2 tonnes of plastic waste per day from industrial units and housing societies in the Guwahati municipality and its surrounding areas.

In addition, we are working with the youth in 25 colleges in Mumbai. The aim is to build awareness about the criticality of solid waste management and convert the youth into champions of change in society. We have built composting pits in these colleges to help convert organic waste into compost and recycle the dry waste. With this initiative, we aim to process close to 400 tonnes of waste per annum, which otherwise would have ended up in landfill.



One of our Swachh centers in Hyderabad where dry waste is segregated and processed and diverted from landfill.

Integrated watershed management

Our watershed development programme addresses all components of sustainable development from natural resource management, water management, conservation of habitats, and sustaining livelihoods of communities. The watershed project at Siddipet, Telengana, covers over 3,300 hectares of land and aims to restore the ecological balance of the region. Through this intervention, we aspire to improve the livelihoods of approximately 1,400 farmer households. The project ensures adoption of sustainable farming practices by local farmers, further contributing to water and soil regeneration. Groundwater recharge would result in improved agricultural yield, which in turn will help generate local employment, reduce migration, and increase household income. Off-farm activities, such as dairy and poultry farming, will also be positively impacted through our animal husbandry programmes. Going ahead, we will integrate animal husbandry training programme in the watershed project implementation.

The process of setting up a watershed project is done in a participatory manner through the formation of a Village Watershed Committee. The committee is required to represent all sections of the community with at least 30 per cent participation by women. The committee members are also provided access to finance from formal financial sources. This results in women getting opportunities to have a say in the management of their community's natural resources. The large number of women participating in watershed development will help



Working with the local panchayat and community members in Mandapur village, Siddepet, Telengana

in the formation of credit-linked women SHGs. Secondary impact, such as improvement in education, health, and housing, will enable holistic development of the watershed region.

Rural electrification

To address the shortfall of electricity, we are working to create renewable energy ecosystems in rural India. We provide decentralised, off-grid renewable energy systems through community level installations. We are installing these mini and micro-grids in 62 energy dark villages in Andhra Pradesh, Madhya Pradesh, and Uttarakhand. In addition, installation and commissioning of micro-grids generate the employment both for unskilled and skilled labour. The unskilled people were employed for mechanical and civil works, such as erection of module mounting structures, solar modules, and civil foundation. Moreover, we trained select people on the installation and commissioning of the micro-grids. The trained professions will be responsible for carrying out regular maintenance of the micro-grids and also train other youth in their communities.



One of the 460 households in Andhra Pradesh connected to the solar micro-grid and now fully electrified.

Community development initiatives

To better understand our stakeholders and implement high-impact programmes, we carried out a detailed community needs assessment at our plant locations. As a result, we have streamlined our activities, and we run a number of community development initiatives to address the immediate needs of the communities we operate in across four locations around India. We have primarily invested in education, water, sanitation, and skill building initiatives across eight villages in and around our manufacturing facilities.

Singwari village near Malanpur plant

At Singwari village near Malanpur plant, a needs assessment demonstrated that water availability was a need that was evident, and it was an urgent priority of the community. In consultation with the local panchayat and the community, we revived a dysfunctional hand pump and built an overhead water storage tank having a capacity of 10,000 litres near the Government Middle School, Singwari. This facility provides water access to more than 250 people of the village, and they now do not have to travel to get water. We worked in partnership with the panchayat and the people of the village. This approach helped us to build accountability and ensure the long-term impact of the project. Now, the villagers have taken the responsibility of maintaining the water storage tank. In line with this initiative, our team members volunteered on Godrej Global Volunteering Day, December 5, at the primary and middle school in Singwari to spread the message of



We revived a defunct hand pump and constructed an overhead water storage tank that caters to the drinking water needs of over 250 people at Singwari village near our Malanpur plant.

water conservation, health, hygiene, and sanitation. More than 50 of our team members organised various interactive activities for the school children.

Volunteering

Our multi-faceted volunteering platform is structured and provides a range of opportunities for Godrejites to contribute towards community activities. Our team members proactively invest their time and skills in these initiatives that instils a sense of satisfaction of being able to support those less privileged around us. Our volunteers have worked on projects ranging from developing a marketing strategy for an NGO to mentoring a child from a low-income background to raising funds for an organisation. Additionally, we facilitate event-based volunteering activities, online volunteering, and fundraising for natural disasters.

Brighter Giving

Through Brighter Giving, we provide Godrejites with long-term volunteering opportunities to help them make a meaningful impact in our communities. Every year, our volunteers take up projects that address the needs of a nonprofit. We partner with Mentor Me India and iVolunteer to scope and source these projects. The projects range from mentoring an underprivileged child to building an NGO's marketing plan to helping them revamp their websites as well as recruit talent for their leadership roles.

Besides the long-term volunteering commitment, our volunteers conduct short workshops for NGOs and CBOs on digital marketing, HR practices, legal issues, etc. Godrejites have helped SHG women groups to better market and sell their products, trained young students on soft skills and computer applications, and worked with our nonprofit partners to improve their communication and presentation skills.



Our Godrej UK team members volunteering in Greece.

Our Godrej UK team members, Sarah Selwood and Harriet Walsh, have been taking time off to volunteer with refugee camps in Greece. Since June 2016, both Sarah and Harriet have made three volunteer trips to work with Syrian refugee children and spend time with them while they rebuild their lives.

Godrej Global Volunteering Day

The Godrej Global Volunteering Day is our annual day of community service. In 2016, over 1,030 of our team members volunteered their time to improve teaching-learning experience in 36 schools and institutions. Our team members conducted engaging activities and reached out to over 13,450 children. Our volunteers held film screenings, conducted interactive games, initiated cleanliness drives, and provided career counselling and sports coaching to engage with students in the communities we work in.

World Environment Day

We are committed to building a Greener India, and every year, on World Environment Day, our employees help bring us one step closer to our 2020 goals through volunteering. Our team members drive the celebrations and spread awareness about the effects of our actions on the environment. Godrejites organise tree plantation drives around the communities of our manufacturing plants, cleanliness drives in collaboration with local panchayat and municipal corporations, and awareness sessions in local schools among other activities. In 2017, over 500 of our team members participated and helped take us one step closer to achieving our sustainability goals.

Joy of Giving Week

Under the Joy of Giving Week, several volunteering activities are organised. This fiscal, we organised a khichdi drive at our Mumbai head office in partnership with ISKCON Food Relief Foundation to raise awareness and funds for mid-day meals for underprivileged children in government schools. In



Our Guwahati manufacturing team partnered with the local schools to plant trees and spread awareness about environmental sustainability.

Pune, our team members organised a sandwich drive with our nonprofit partner, iVolunteer, to provide meals to children from disadvantaged communities.

Disaster relief

As a part of our disaster relief efforts, we provide support to areas affected by natural disasters. With contributions made by Godrejites and matching grants from the Godrej group of companies, we provide relief and rehabilitation support. In 2017, we provided support for the Assam flood relief and the Gujarat flood relief efforts. In the past, we have contributed towards the Nepal earthquake relief

and the Chennai flood relief fund.

Mumbai Marathon

Our team members also participated in the Standard Chartered Mumbai Marathon in support of Teach for India. In January 2017, 15 of our team members completed the marathon and raised over ₹7,00,000 to bring quality education to children from low-income group families across India. The Godrej Group was one of the top three corporate fundraisers at the Standard Chartered Mumbai Marathon 2017.

Assurance Statement

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INDEPENDENT ASSURANCE OPINION STATEMENT

Statement No: **SRA-IND-682369-1**

Godrej Consumer Products Limited (GCPL) Sustainability Report 2016-17

The British Standards Institution is independent to Godrej Consumer Products Limited (GCPL) (hereafter referred to as "GCPL" in this statement) and has no financial interest in the operation of GCPL other than for the assessment and assurance of this report.

This independent assurance opinion statement has been prepared for GCPL only for the purposes of assuring its statements relating to its sustainability report, more particularly described in the Scope, below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read. This statement is intended to be used by stakeholders & management of GCPL.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by GCPL. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to GCPL only.

Scope

The scope of engagement agreed upon with GCPL includes the following:

1. The assurance covers the whole Sustainability Report 2016 of GCPL prepared "in accordance" with GRI-G4 Guideline – Core option, and focuses on systems and activities of GCPL and offers brands under the categories of home care, personal care and hair care categories across the different markets in India and overseas during the period from 1st April 2016 to 31st March 2017.

2. The AA1000 Assurance Standard, AA1000AS (2008) Type 1 engagement evaluates the nature and extent of GCPL's adherence to all three AA1000 AccountAbility Principles:

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Inclusivity, Materiality and Responsiveness. The specified sustainability performance information/data disclosed in the report has been evaluated.

Opinion Statement

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000 Assurance standard, AA1000AS (2008) and GRI-G4 Guidelines. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that GCPL's description of their self-declaration of compliance with the GRI-G4 Guidelines were fairly stated.

We conclude that the GCPL Sustainability Report 2016 Review provides a fair view of the GCPL's CSR programmes and performances during 2016. We believe that the 2016 economic, social and environment performance disclosures are fairly represented. The sustainability performance disclosures disclosed in the report demonstrate GCPL's efforts recognized by its stakeholders.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- A top level review of issues raised by external parties that could be relevant to GCPL's policies to provide a check on the appropriateness of statements made in the report
- Discussion with senior executives on GCPL's approach to stakeholder engagement. We had no direct contact with external stakeholders
- Interview with staff involved in sustainability management, report preparation and provision of report information were carried out
- Review of key organizational developments
- Review of supporting evidence for claims made in the reports
- An assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality and Responsiveness as described in the AA1000 AccountAbility Principles Standard (2008)

Conclusions

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness and the GRI-G4 Guideline is set out below:

Inclusivity

This report has reflected a fact that GCPL is seeking the engagement of its stakeholders through numerous channels such as client feedback review reports, internal surveys, supplier meets and analysts meets. GCPL product portfolio encompasses personal care products, hair care products and home care products. In this Sustainability Report, material data disclosed is primarily restricted to the 18 manufacturing units of India along with the manufacturing units spread over other 13 countries. This report covers the stakeholder issue together with fair reporting and disclosures for economic, social and environmental information. In our professional opinion, the report covers the GCPL's inclusivity issues.

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Materiality

GCPL publishes sustainability information that enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion the report covers GCPL's material issues by using GCPL's materiality matrix and boundary mapping. Our view of an area for improvement for the report was adopted by GCPL before issue of this opinion statement.

Responsiveness

GCPL has implemented the practice to respond to the expectations and perceptions of its stakeholders. It includes client survey and different feedback mechanisms to external stakeholders and internal stakeholders. In our professional opinion the report covers GCPL's responsiveness issues, however, the future report should be further enhanced by the following areas:

- Provide further information regarding responsiveness mechanism to different stakeholders

GRI-reporting

GCPL provided us with their self-declaration of compliance GRI-G4 Guideline and the classification to align with "In accordance" - Core.

Based on our verification review, we are able to confirm that social responsibility and sustainable development disclosures in all 3 categories (Environmental, Social and Economic) are reported with reference to "In accordance" with the GRI G4 Guideline – Core option.

In our professional opinion the self-declaration covers GCPL's social responsibility and sustainability issues, however, the future report could be improved the through the involvement and consultation of a larger group of the identified stakeholders than the current levels.

Competency and Independence

The assurance team was composed of Lead auditors experienced in industrial sector, and trained in a range of sustainability, environmental and social standards including GRI-G4 and GRI Standard, AA1000, ISO10002, ISO 14001, OHSAS 18001, and ISO 9001, etc. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

Assurance Level

The moderate level of assurance provided is in accordance with AA1000 Assurance standard, AA1000AS (2008) in our review as defined by the scope and methodology described in this statement.

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Responsibility

It is the responsibility of GCPL's senior management to ensure the information presented in the Sustainability Report is accurate. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

For and on behalf of BSI:

Kumaraswamy Chandrashekara
Head - Sustainability, BSI Group India

Mr Wilfred Chan
Head of Operations, BSI Asia Pacific
25 Sep 2017

New Delhi, India



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Our Achievements

Carbon Disclosure Project (CDP) India's Climate Disclosure Leadership Index

GCPL has featured on CDP India's Climate Disclosure Leadership Category for the second time in a row. We are among the top 12 companies in India that address environmental issues mostly effectively.

Porter Prize 2016

GCPL has been awarded the Porter Prize 2016 for Creating Shared Value impact at the 5th Porter Prize award ceremony organised by the Institute for Competitiveness, India, in New Delhi. The award recognises the impact we have created by reconceiving products and markets, redefining value chain productivity, enabling community development, and creating societal and economic progress.



GCPL awarded the Porter Prize 2016 for Creating Shared Value impact.

GCPL Malanpur GreenCo Gold

The Malanpur plant was awarded Gold rating in their first Green Company Rating assessment by the Confederation of Indian Industry - Sohrabji Godrej Green Business Centre. The rating assesses the environmental impact of a company's activities or operations. It follows a performance-based approach where points are assigned for each rating parameter after site assessment.

GCPL CMO Award

GCPL won the 'Women Empowerment' award at the 6th Asia Best CSR Practices Awards 2016 by CMO Asia. Salon-i, our beauty and hair care training programme, weaves life skills and entrepreneurship modules to help young girls become financially independent and better negotiate their rights at home and in the community. The programme has helped over 95,000 young women with skills that will improve their earning potential.

**We are proud to present to you the list of
GCPL's achievements in the fiscal year
2016-17**

- Cinthol Deostick, 3x long lasting than ordinary deodorant sprays and gentle on skin, won the 'Best Deodorant' at the Amazon Beauty Awards 2016.
- Cinthol ranked 47th overall in the Economic Times – Brand Equity Most Trusted Brands Survey 2016.
- Godrej protekt won the 'Best Integrated Marketing Communications (Airlines & Airport Category)' at the Asian Customer Engagement Forum 2016.
- BBLUNT High Definition Curl Defining Leave-In Cream won the 'Best for Curly Hair' at the Amazon Beauty Awards 2016.
- BBLUNT Back to Life Dry Shampoo won 'The Best of Haircare and Hairstyling' at Vogue Beauty Awards 2016
- Subah bolo Goodknight, an awareness building and habit changing campaign, won at Effies 2017.
- Goodknight ranked 1st in Household Care in the Economic Times – Brand Equity Most Trusted Brands Survey 2016.
- HIT Flying Insect Killer integrated marketing campaigns won Silver Effies 2016.
- HIT ranked 8th in Household Care in the Economic Times – Brand Equity Most Trusted Brands Survey 2016.
- Ezee ranked 9th in Fabric Care in the Economic Times – Brand Equity Most Trusted Brands Survey 2016.
- GCPL was ranked number 12 on the 'Great Place to Work – Best Workplaces in Asia 2017' list and among the top 19 Best Employers in India in the 'Aon Hewitt Best Employers 2017' survey.

GRI Index

GENERAL STANDARD DISCLOSURES

| General Standard Disclosures | Description of the indicator | Omissions and reason | Page No. |
|-------------------------------|--|--|----------|
| STRATEGY AND ANALYSIS | | | |
| G4-1 | Statement from the most senior decision-maker of the organisation. | | 1 |
| ORGANISATIONAL PROFILE | | | |
| G4-3 | The name of the organisation. | | 1,9 |
| G4-4 | Primary brands, products, and services. | | 12 |
| G4-5 | Location of organisation's headquarters. | | 10 |
| G4-6 | Number of countries in which the organisation operates. | | 10 |
| G4-7 | Nature of ownership and legal form. | | 9 |
| G4-8 | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries). | | 12,13 |
| G4-9 | Scale of the reporting organisation. | | 33 |
| G4-10 | Total number of employees by employment contract and gender. | No gender/region-wise breakup available for supervisors. | 57 |
| G4-11 | Report the percentage of total employees covered by collective bargaining agreements. | Information not available for international operations. | 57 |
| G4-12 | Describe the organisation's supply chain. | | 53 |
| G4-13 | Significant changes during the reporting period regarding size, structure, ownership, or supply chain. | | 10, 53 |
| G4-14 | Explanation of whether and how the precautionary approach or principle is addressed by the organisation. | | 19, 22 |

G4-32

| General Standard Disclosures | Description of the indicator | Omissions and reason | Page No. |
|---|---|----------------------|----------|
| G4-15 | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses. | | 57 |
| G4-16 | Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation. | | 20 |
| IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES | | | |
| G4-17 | All entities included in the organisation's consolidated financial statements and if any of these are not covered in the report. | | 7 |
| G4-18 | Process for defining report content and aspect boundaries and how the organisation implemented the reporting principles for defining report content. | | 29 |
| G4-19 | Material aspects identified in the process for defining report content. | | 31 |
| G4-20 | For each material aspect, report the boundary within the organisation: | | 31 |
| G4-21 | For each material aspect, report aspect the boundary outside the organisation. | | 31 |
| G4-22 | Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements. | | 7 |
| G4-23 | Report significant changes from previous reporting periods in the scope and aspect boundaries. | | 7 |
| STAKEHOLDER ENGAGEMENT | | | |
| G4-24 | Provide a list of stakeholder groups engaged by the organisation. | | 27 |
| G4-25 | Basis for identification and selection of stakeholders with whom to engage. | | 26 |
| G4-26 | Approaches to stakeholder engagement, including the frequency of engagement by type and by stakeholder group. | | 27 |

| General Standard Disclosures | Description of the indicator | Omissions and reason | Page No. |
|------------------------------|---|----------------------|----------|
| G4-27 | Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. | | 26,27 |
| REPORT PROFILE | | | |
| G4-28 | Reporting period (e.g. fiscal/calendar year) for information provided. | | 7 |
| G4-29 | Date of the most recent previous report (if any). | | 7 |
| G4-30 | Reporting cycle (such as annual, biennial, etc.). | | 7 |
| G4-31 | Contact point for questions regarding the report or its contents. | | 7 |
| G4-32 | Table identifying the location of the standard disclosures in the report. | | 89-95 |
| G4-33 | Policy and current practice with regard to seeking external assurance for the report. | | 7 |
| GOVERNANCE | | | |
| G4-34 | Government structure of the organisation, including committees of the highest governance body responsible for decision making on economic, environmental, and social impacts. | | 15-16 |
| ETHICS AND INTEGRITY | | | |
| G4-56 | The organisation's values, principles, standards, and norms of behaviour, such as codes of conduct and codes of ethics. | | 18 |

G4-32

SPECIFIC STANDARD DISCLOSURES

CATEGORY: ECONOMIC

| Specific Standard Disclosures | Description of the indicator | Omissions and reason. | Page No. |
|--------------------------------------|-------------------------------------|------------------------------|-----------------|
|--------------------------------------|-------------------------------------|------------------------------|-----------------|

MATERIAL ASPECT: ECONOMIC PERFORMANCE

| | | | |
|--------|-----------------------------------|--|----|
| G4-DMA | Disclosure on Management Approach | | 33 |
|--------|-----------------------------------|--|----|

| | | | |
|--------|---|--|----|
| G4-EC1 | Direct economic value generated and distributed | | 33 |
|--------|---|--|----|

CATEGORY: ENVIRONMENTAL

MATERIAL ASPECT: MATERIALS

| | | | |
|--------|-----------------------------------|--|----|
| G4-DMA | Disclosure on Management Approach | | 50 |
|--------|-----------------------------------|--|----|

| | | | |
|--------|-----------------------------------|--|----|
| G4-EN1 | Material used by weight or volume | | 50 |
|--------|-----------------------------------|--|----|

MATERIAL ASPECT: ENERGY

| | | | |
|--------|-----------------------------------|--|----|
| G4-DMA | Disclosure on Management Approach | | 38 |
|--------|-----------------------------------|--|----|

| | | | |
|--------|--|--|----|
| G4-EN3 | Energy consumption within the organisation | | 40 |
|--------|--|--|----|

| | | | |
|--------|------------------|--|----|
| G4-EN5 | Energy intensity | | 40 |
|--------|------------------|--|----|

G4-32

| Specific Standard Disclosures | Description of the indicator | Omissions and reason | Page No. |
|---|---|----------------------|----------|
| MATERIAL ASPECT: WATER | | | |
| G4-DMA | Disclosure on Management Approach | | 45 |
| G4-EN8 | Total water withdrawal by source | | 45 |
| MATERIAL ASPECT: EMISSIONS | | | |
| G4-DMA | Disclosure on Management Approach | | 38 |
| G4-EN15 | Direct greenhouse gas (GHG) emissions (Scope 1) | | 42,43 |
| G4-EN16 | Energy Indirect greenhouse gas (GHG) emissions (Scope 2) | | 42,43 |
| MATERIAL ASPECT: EFFLUENTS AND WASTE | | | |
| G4-DMA | Disclosure on Management Approach | | 47 |
| G4-EN23 | Total weight of waste by type and disposal method | | 48 |
| G4-EN28 | Percentage of products sold and their packaging materials that are reclaimed by category | | 47 |
| MATERIAL ASPECT: COMPLIANCE | | | |
| G4-DMA | Disclosure on Management Approach | | 37 |
| G4-EN29 | Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with environmental laws and regulations | | 37 |

| Specific Standard Disclosures | Description of the indicator | Omissions and reason | Page No. |
|---|--|---|----------|
| CATEGORY: SOCIAL | | | |
| SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK | | | |
| MATERIAL ASPECT: EMPLOYMENT | | | |
| G4-DMA | Disclosure on Management Approach | | 57 |
| G4-LA1 | Total number and rates of new employee hires and employee turnover by age group, gender, and region | | 57 |
| MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY | | | |
| G4-DMA | Disclosure on Management Approach | | 70 |
| G4-LA5 | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes | Data not available for international operations | 70 |
| G4-LA6 | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender | Breakup for staff categories not available | 70 |
| G4-LA7 | Workers with a high incidence or a high risk of diseases related to their occupation | | 70 |
| MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY | | | |
| G4-DMA | Disclosure on Management Approach | | 65 |
| G4-LA12 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity | | 65 |

| Specific Standard Disclosures | Description of the indicator | Omissions and reason | Page No |
|--|---|----------------------|---------|
| SUB-CATEGORY: PRODUCT RESPONSIBILITY | | | |
| MATERIAL ASPECT: CUSTOMER HEALTH & SAFETY | | | |
| G4-DMA | Disclosure on Management Approach | | 49 |
| G4-PR1 | Percentage of significant product and service categories for which health and safety impacts are assessed for improvement | | 49 |
| G4-PR2 | Total number of incidents of noncompliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle by the type of outcomes | | 49 |
| SUB-CATEGORY: PRODUCT RESPONSIBILITY | | | |
| MATERIAL ASPECT: MARKETING COMMUNICATION | | | |
| G4-PR6 | Sale of banned or disputed products | | 23 |
| SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK | | | |
| MATERIAL ASPECT: INVESTMENT | | | |
| G4-DMA | Disclosure on Management Approach | | 65 |
| G4-HR2 | Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained | | 65 |



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