Integrated Reporting

At Godrej Consumer Products Limited (GCPL), we have been publishing a statutory annual report, in line with the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015; Companies Act, 2013; and Secretarial Standards. This is our second Annual and Integrated Report, aligned with the principles of the International Integrated Reporting Framework (referred to as the <IR> framework) developed by the International Integrated Reporting Council (IIRC). In addition, this report is aligned with the Global Reporting Initiative (GRI) standards required by the Sustainability Reporting Guidelines of GRI and the Business Responsibility Report (BRR) requirements of SEBI.

Content of the report

Through integrated reporting, we aim to share an overview of our financial and non-financial performance that has helped create short-term and long-term values for our stakeholders.
This report provides insights on:
- Material issues and our operating context
- Governance structure
- Our key strategies
- Our approach to value creation within each of the capitals
- Our performance against identified key performance indicators (KPIs)
- Interconnectedness between our material issues, strategies, performance, and value creation
- Financial and statutory reports

Reporting period

All information, financial and non-financial, is reported for the period from April 1, 2019 to March 31, 2020. For our performance on sustainability, we have also incorporated comparative figures for the previous year (fiscal year 2019) and baseline year (fiscal year 2011, except for statutory financials) for a holistic overview.

Godrej Protekt mr. magic - a first of its kind powder-to-liquid handwash - is our innovative, sustainable new solution to cleaner hands

Scope and boundary

This report is for GCPL, including GCPL manufacturing plants in India, Africa, Indonesia, Latin America, and USA. The data and content are consolidated for the business, unless otherwise specified.

Management committee endorsement and assurance

The GCPL Management Committee remains committed to high levels of disclosure and transparency in communication with all stakeholders. The Committee has been involved in the process of drafting this report and fully endorses its contents.

Materiality

Approach to materiality

We approach materiality from a strategic and value-creation perspective. Material issues are identified by engaging in conversations with our stakeholders and monitoring broad trends in the industry. Performance on material issues forms the core content of this Annual and Integrated Report. In fiscal year 2020, we conducted an extensive materiality exercise, which involved engaging an external partner and enabling a thorough understanding of the relationship of the material issues with our business risks, objectives, and value creation.

The process of determining materiality at GCPL is compliant with the prescriptions of the IIRC and draws from the six capitals of integrated reporting.

Methodology

Materiality analysis was performed through identification and prioritisation. A systematic step-wise process was followed. First, relevant insights were collected through primary and secondary research and, then, necessary calculations were performed to obtain the materiality matrix. Primary inputs were obtained through direct stakeholder engagement, through discussions on material issues with various stakeholder groups. Furthermore, surveys were conducted to reach out to employees and gather information at scale.

Overview of the methodology

Identify issues across six capitals (Issue identification)	Engage with 450+ key stakeholders on material issues (Stakeholder engagement)	Develop materiality matrix using specialised tool (Issue prioritisation)
• GCPL sustainability reports • Peer analysis • Sector trends • Internal team consultation	• Leadership team • Employees • Investors • Suppliers • Distributors • NGO partners • Consumers • Beneficiaries • Industry associates	• Stakeholder responses • External requirements • Significant assessment • Internal team consultation

Stakeholder engagement

The secondary research primarily involved analysis of various sector trends, sustainability reports and select peer analysis. These aspects were further rated based on the level of importance ascertained by us and our stakeholders.

Upon identifying a broad list of material issues, interactions were initiated with each key stakeholder group. Each material issue was assessed for its relative importance with respect to different stakeholder groups and aggregated. Stakeholder analysis was performed by identifying key stakeholders and administering tailored questionnaires to each of them.

To develop the materiality matrix, it was necessary to collate stakeholder responses. Because not all stakeholders are equally important in the organisational context, they were rated based on two parameters: ability to influence GCPL and extent of influence due to GCPL. Stakeholders were then assigned weightages on the basis of these two parameters.

Stakeholder prioritisation

Stakeholder group	Ability of stakeholder to strongly influence GCPL's performance and operations	Extent of influence on stakeholder due to GCPL's performance and operations
Leadership Team	High	High
Employees	Medium	High
Suppliers	Medium	Medium
Distributors	Medium	Medium
Consumers	Medium	Medium
Investors	Medium	High
NGO Partners	Low	Medium
Beneficiaries	Low	Medium
Industrial Associations	Low	Medium

Feedback from stakeholders determined our top material issues, which are all within our boundary of operations. Our material issues are linked to our strategic pillars.

Top material issues	Link to our strategic pillars
1. Sustainable packaging	• Accelerating innovation and building purposeful brands: Integrating sustainability into our brand purpose through sustainable packaging • Enhancing go-to-market: Differentiating our products and exploring new market segments • Building a more inclusive and greener world: Driving responsible consumption by reducing post-consumer footprint of packaging material
2. Research and development (R&D)	• Accelerating innovation and building purposeful brands: Developing products with natural ingredients to differentiate our products from those already available in the market and improve market position • Making our supply chain best in class: Integrating sustainable materials into our supply chain for rapid innovation and product development • Building a more inclusive and greener world: Reducing the overall footprint of our product penetration
3. Responsible marketing and communication	• Extending leadership in core categories and geographies: Differentiating our brands through facilitating responsible communication and improving penetration in existing markets • Accelerating innovation and building purposeful brands: Communicating the brand purpose to targeted markets to build product relevance • Leveraging digital: Connecting directly with consumers to build trust and brand loyalty

| Top material issues	Link to our strategic pillars
4. Building inclusive and prosperous communities	• Making our supply chain best in class: Improving the environmental footprint of our entire supply chain • Building a more inclusive and greener world: Improving social relationships through CSR interventions in local communities
5. Governance and accountability	• Making our supply chain best in class: Improving the performance of our entire value chain through governance, codes, policies and audits • Fostering an inclusive, agile, and high-performance culture: Harnessing our company purpose to build greater engagement with team members and drive agility and innovation
6. Occupational health and safety	• Making our supply chain best in class: Ensuring best practices are followed to improve overall performance across the value chain • Fostering an inclusive, agile, and high-performance culture: Building greater engagement with team members by focusing on their safety and well-being
7. Skill development and training	• Extending leadership in core categories and geographies • Leveraging digital: Achieving improved growth and market penetration by developing the skills (including digital skills) of team members • Fostering an inclusive, agile, and high-performance culture: Enhancing skills of team members to build capabilities and improve engagement

The following figure maps out the entire universe of material issues and stakeholder input and its significance in our business.

GCPL Materiality Matrix

GCPL Materiality Matrix

Number	Material issues
1	Greater market penetration
2	Robust revenue growth
3	Ensuring reliable access to capital
4	Asset utilization
5	Capacity expansion
6	Product safety and quality
7	Research and development
8	Enhancing digital capabilities
9	Human rights across value chain
10	Employee engagement
11	Diversity and inclusion
12	Occupational health & safety
13	Developing leadership capabilities
14	Skill development & training
15	Governance and accountability
16	Regulatory compliance
17	Responsible marketing & communication
18	Responsible supply chain
19	High customer service level
20	Building inclusive and prosperous communities
21	Conservation of biodiversity
22	Responsibly sourced / Certified raw materials
23	Renewable energy
24	Energy efficiency
25	Water recycle and reuse
26	Waste management and circular economy
27	Reduction of GHG emissions
28	Sustainable packaging
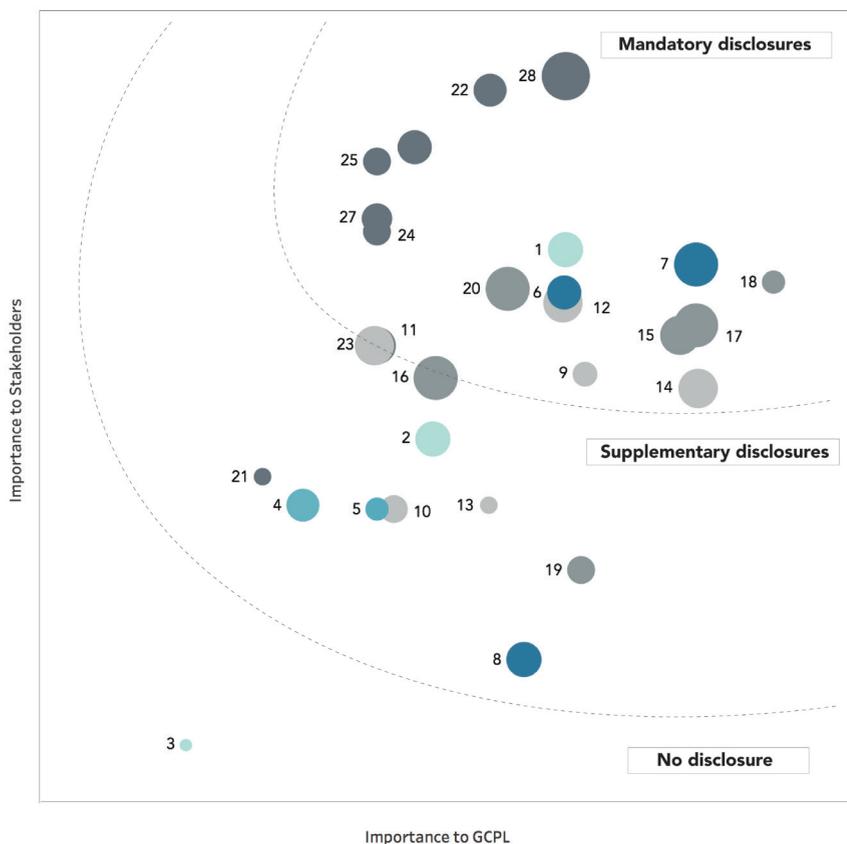
A note on COVID-19

The novel coronavirus outbreak in the last quarter of fiscal year 2020 has significantly affected the consumer goods industry. However, at the time of this materiality exercise, the outbreak did not have a noteworthy impact. From the risk management perspective, we are monitoring and acting against the outbreak in line with our internal crisis management plan, which is overseen by the Global Risk Committee. More details regarding our response can be found in the 'Risks and Opportunities' section and the message from our Chairperson.

From the perspective of this materiality analysis, the outbreak has been treated as a singular event which occurred towards the end of the reporting cycle, rather than as a long-term and substantial risk to the business. During the reporting cycle, the pandemic was still developing and there was a high degree of uncertainty regarding its nature and progression. The materiality of this pandemic will be revaluated in the next reporting year in terms of the global and national response to the outbreak, the level of impact on our business and supply chains, and the likelihood of such events recurring in the future.