

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 fourth 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.

Our Research & Development team leads
new product development in India



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 and long-term value 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

Scope and boundary

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

Reporting period

All information, financial and non-financial, is reported for the period from April 1, 2021 to March 31, 2022. For a holistic overview of our performance on sustainability, we have also incorporated comparative figures for the previous year (fiscal year 2021) and baseline year (fiscal year 2011, except for statutory financials).

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.

In addition, GCPL has commissioned TUV India Private Limited to conduct an independent external assurance of non-financial information disclosed in GCPL's Integrated Report for the period April 1, 2021 to March 31, 2022. It is a 'limited assurance' report of GCPL's sustainability information for the applied reporting period. This assurance statement is based on the principles of IIRC Integrated Reporting, GRI standards, and the ISAE 3000 standard.



Read TUV India's assurance statement of GCPL's ESG and non-financial information

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 2021, 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 6 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, that is, 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

<p>Identify issues across 6 capitals (Issue identification)</p> <ul style="list-style-type: none">• GCPL sustainability reports• Peer analysis• Sector trends• Internal team consultation	<p>Engage with 450+ key stakeholders on material issues (Stakeholder engagement)</p> <ul style="list-style-type: none">• Leadership team• Employees• Investors• Suppliers• Distributors• NGO partners• Consumers• Beneficiaries• Industry associates	<p>Develop a materiality matrix using a specialised tool (Issue prioritisation)</p> <ul style="list-style-type: none">• Stakeholder responses• External requirements• Significant assessment• Internal team consultation
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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 2 parameters: ability to influence GCPL and extent of influence due to GCPL. Stakeholders were then assigned weightages on the basis of these 2 parameters.

Stakeholder prioritisation

Stakeholder group	Ability of a stakeholder to strongly influence GCPL's performance and operations	Extent of influence on a 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
Industry associates	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

1. Accelerating innovation and building purposeful brands: Integrating sustainability into our brand purpose through sustainable packaging
2. Enhancing go-to-market: Differentiating our products and exploring new market segments
3. Building a more inclusive and greener world: Driving responsible consumption by reducing post-consumer footprint of packaging material

2. Research and development (R&D)

1. 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
2. Making our supply chain best-in-class: Integrating sustainable materials into our supply chain for rapid innovation and product development
3. Building a more inclusive and greener world: Reducing the overall footprint of our product penetration

3. Responsible marketing and communication

1. 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
2. Making our supply chain best-in-class: Integrating sustainable materials into our supply chain for rapid innovation and product development
3. Building a more inclusive and greener world: Reducing the overall footprint of our product penetration

Top material issues

Link to our strategic pillars

4. Building inclusive and prosperous communities

1. Making our supply chain best-in-class: Improving the environmental footprint of our entire supply chain
2. Building a more inclusive and greener world: Improving social relationships through CSR interventions in local communities

5. Governance and accountability

1. Making our supply chain best-in-class: Improving the performance of our entire value chain through governance, codes, policies, and audits
2. 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

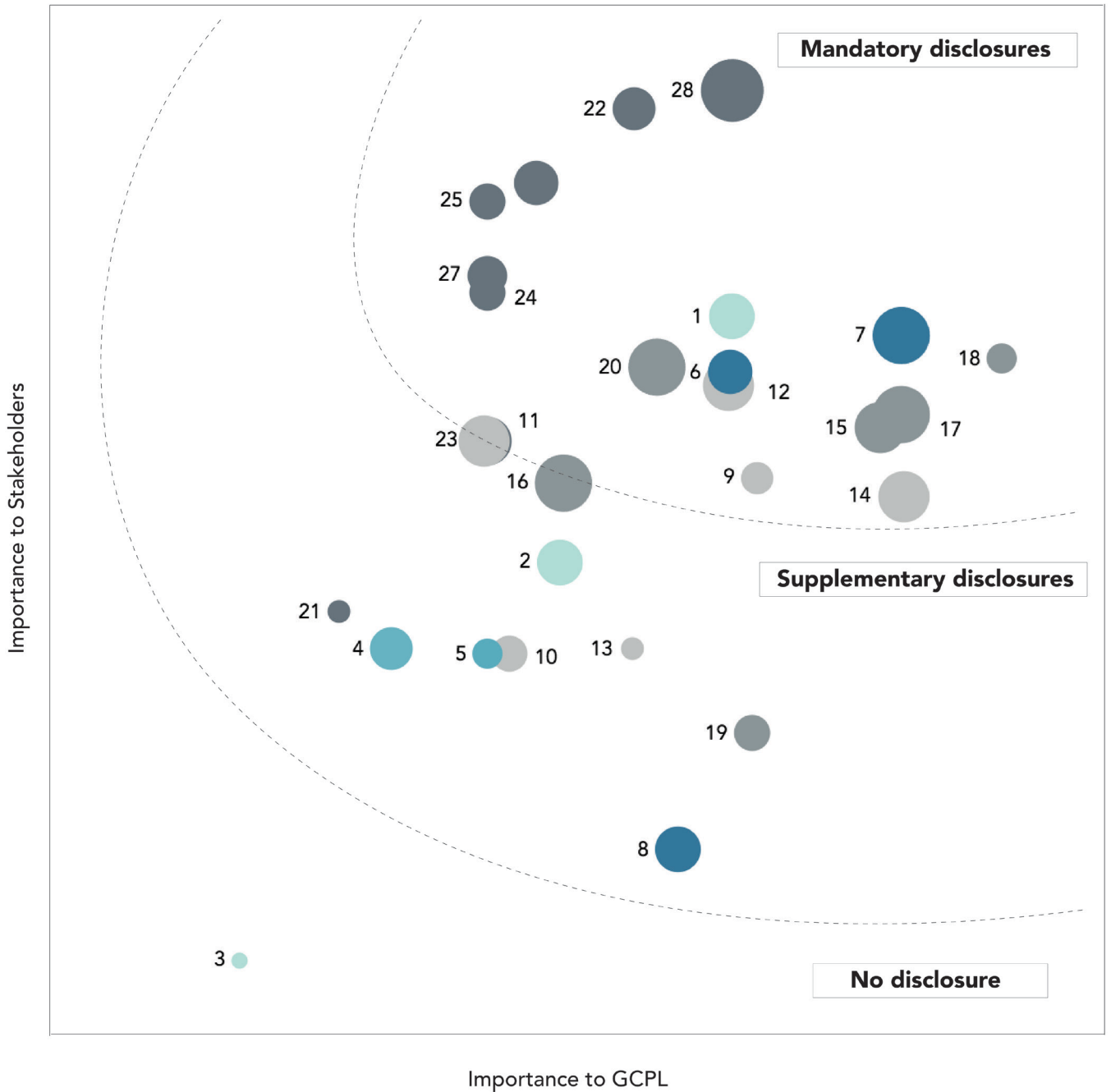
1. Making our supply chain best-in-class: Ensuring best practices are followed to improve overall performance across the value chain
2. Fostering an inclusive, agile, and high-performance culture: Building greater engagement with team members by focusing on their safety and well-being

7. Skill development and training

1. Extending leadership in core categories and geographies
2. Leveraging digital: Achieving improved growth and market penetration by developing the skills (including digital skills) of team members
3. Fostering an inclusive, agile, and high-performance culture: Enhancing the 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.

Number	Material issues
1	Greater market penetration
2	Robust revenue growth
3	Ensuring reliable access to capital
4	Asset utilisation
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 and safety
13	Developing leadership capabilities
14	Skill development and training
15	Governance and accountability
16	Regulatory compliance
17	Responsible marketing and 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

In fiscal year 2020-21, the COVID-19 pandemic had a multi-fold impact on our business. We experienced a similar impact in the first two quarters of fiscal year 2021-22, with the second and third waves of the pandemic. However, towards the end of this fiscal, we witnessed a gradual recovery in business and a return to normal operations.

The impact, mitigation, and recovery are discussed in detail in our leadership messages and our 7 strategic pillars.

We engage with all our stakeholders on a regular basis to foster and nurture strong relationships, which in turn help us improve our strategy

and decision-making and grow our business. In a crisis like the COVID-19 pandemic, our partnerships with our stakeholders became even more important.

The table below provides an overview of our stakeholder engagement process and the steps we take to understand the needs and priorities of each stakeholder group.

Stakeholders and their significance**Frequency and manner of stakeholder engagement**

Consumers

- 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

Investors and shareholders

- Investor meets
- Investor calls
- Roadshows and grievance forums for shareholders and investors

Employees

- Weekly/monthly reviews
- HR forums
- Town halls
- Small group discussions
- Employee engagement surveys
- 360-degree feedback

Sustainability and other concerns

- Product safety and quality
- Waste management and circular economy

Our engagement approach

- Providing high-quality, safe products that delight consumers
- Understanding short and long-term needs
- Ensuring responsible consumer engagement

- Profitability and growth
- Focus on carbon emission, renewable and clean energy, and air pollution
- Technology, product, and process innovation
- Embed sustainability in supply chain

- Communicating progress transparently

- Health, safety, and mental well-being
- Skill development and learning
- Circular economy principles
- Water recycling and reuse
- Sustainable packaging

- Ensuring a safe and productive place to work where employees can be their whole selves
- Prioritising learning and development
- Highlighting employee feedback mechanisms through a variety of channels
- Enabling medical facilities for employees and their families

**Stakeholders and their
significance**

**Frequency and manner of
stakeholder engagement**

Suppliers

- Sustainable procurement initiative
 - Supplier meets
 - Audits
 - Annual suppliers conference
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Customers

- Customer meets
 - Customer surveys
 - Feedback calls
 - Direct visits
-

**NGO partners and
community**

- Project planning and review meetings
 - Need assessment surveys
 - Field visits
 - Feedback surveys
-

**Government and
regulatory bodies**

- One-on-one meetings
- Meetings in industry forums

Sustainability and other concerns

Our engagement approach

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- Product safety and quality
 - Responsible supply chain
 - Reducing environmental footprint
 - Waste management and circular economy
 - Sustainable packaging

- Supporting and enhancing their capabilities through skill development, growth opportunities, and safe operations

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- Greater market penetration
 - Responsible marketing and communication

- Using technology to assess and respond in an agile manner
- Providing high-quality, safe products that delight consumers
- Ensuring responsible consumer engagement

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- Building inclusive and prosperous communities

- Responding to the COVID-19 crisis by supporting communities with immediate relief kits and medical supplies and longer term livelihood revival
- Creating and scaling up programmes that meet the needs of communities in terms of livelihoods, public health, waste management, and water conservation

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- Carbon emission, energy efficiency, and waste management
 - Building inclusive and prosperous communities

- Committing to meet and exceed compliance and regulatory mandates
- Collaborating on national agendas to build inclusive and prosperous communities