



Godrej | CONSUMER PRODUCTS

Annual & Integrated Report 2021-22



Visit our
Annual and Integrated
Report microsite

Contents

Integrated Reporting	04
Our Company	16
Board of Directors	20
A Letter to Our Shareholders	23
In Conversation with Sudhir Sitapati	31

Management Discussion and Analysis

Our Business Model	44
Risks and Opportunities	46
Other Disclosures	60
Our Strategic Pillars	62

Statutory Reports

Board's Report	218
Report on Corporate Governance	255

Financial Statements

Standalone	279
Consolidated	364
Notice of the AGM	460

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

Identify issues across 6 capitals (Issue identification)

- GCPL sustainability reports
- Peer analysis
- Sector trends
- Internal team consultation

Engage with 450+ key stakeholders on material issues (Stakeholder engagement)

- Leadership team
- Employees
- Investors
- Suppliers
- Distributors
- NGO partners
- Consumers
- Beneficiaries
- Industry associates

Develop a materiality matrix using a specialised tool (Issue prioritisation)

- 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 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	<ol style="list-style-type: none"> 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)	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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