

SUSTAINABILITY STRATEGY

Making a responsible portfolio

One of our strongest beliefs is in the importance of balancing progress with sustainability. In conjunction with our sustainability approach and the vision for 'brighter living', we have developed a long-term plan to play a key role in creating a more inclusive and greener India.



Creating a greener India

Our manufacturing plants maintain a relentless focus on environmental sustainability along with productivity. Our strategy to achieve our sustainability goals spans initiatives involving energy efficiency, water conservation, waste management, reduction of greenhouse gases and the promotion of certified green buildings, factories and products.

40%
reduction in energy and water consumption

30%
renewable energy use

Zero
waste to landfill

+ive
water balance



Good & Green products

We strive to deliver the greatest possible customer benefit through our products and services while following the highest safety standards, with minimal adverse environmental impact and by generating optimum social compatibility. One of the pillars of our Good & Green vision is to 'Innovate for Good & Green' products and services. The overarching focus for both Good & Green products is the health, safety and well-being of the planet and its people. In line with this vision, the G&B businesses innovate and adopt better technological platforms that not only reduce the amount of impact on the environment during the production cycle, but also aim to significantly reduce the overall lifetime impact of a product. The Good products address critical social issues, such as health, sanitation and disease prevention for individuals at the bottom of the income pyramid.

Target of 1/3
of our total revenues from Good & Green products & services



Ensuring employability

Conducting regular health camps for women, ensuring 100% immunisation, improving infrastructure in primary health centres, reducing water-borne diseases from polluted potable water and development of community-based solid waste management systems.

Target of 2,00,000
trainings to bridge the employability gap



Community employment

We are constantly working towards building sustainable communities by enabling the collective growth of all our stakeholders. This is achieved by enhancing community's livelihood opportunities, education and healthcare ecosystem along with empowering them through institution building, resulting in the beneficiaries taking ownership of their development.

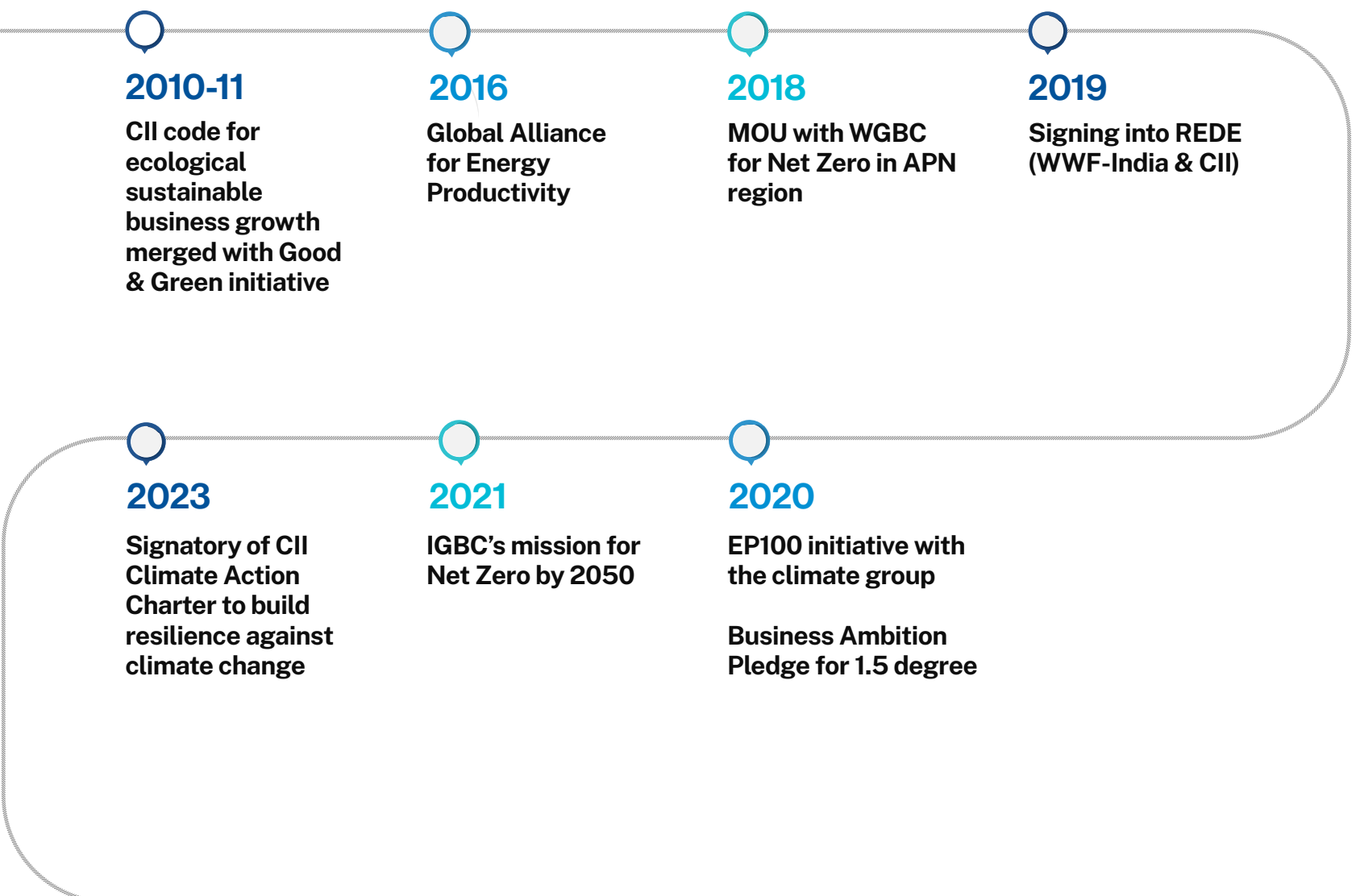
Focus areas for community development

**Education
Environment
Health & sanitation
Livelihood**

While the 'Good & Green' vision lays the foundation for our long-term vision and sets time-bound commitments, significant actions are also being taken to embed sustainability principles across business operations and supply chain. All done with the aim of positive outcomes and long-term value creation for society at large. We have been actively championing the cause of environmental sustainability at the national and international level and have been chief contributors to global movements

like the CII Mission on Sustainable Growth, Global Alliance for Energy Productivity, World Green Building Council Net Zero Building Mission, EP100, Business Ambition for 1.5 degree, Renewable Energy Demand Enhancement (REDE) and IGBC's Mission on Net Zero. We have announced specific targets in support of our commitment towards Environmentally Sustainable and Climate Responsive business, with the intent of embedding our goals deeper within the day-to-day processes.

Our climate action journey





BY 2032

60% reduction in carbon intensity

100% recyclable packaging material

50% revenue from Good & Green products

2x water positive

18x social return on investment

STAKEHOLDER ENGAGEMENT

Investing in relationships to deepen trust

We maintain an integrated approach to stakeholder engagement and are committed to ensuring that every interaction is transparent, inclusive and constructive.



As a forward-looking, socially responsible organisation, we acknowledge our responsibility of meeting stakeholder expectations in today's fast-changing consumer and business landscape. For this, we invest in targeted engagement with stakeholder groups, recognising their unique needs, so that we may continue to

create larger societal value. Transparent and regular engagement with all our stakeholders is essential to building a sustainable business, and a planned system of engagement exists to ensure the timely communication of accurate and relevant information to, and interaction with, each stakeholder group, in a consistent manner.

Stakeholder	Key priorities	Engagement mechanisms and frequency
Investors	<ul style="list-style-type: none"> Understand concerns and expectations, communicate our strategy, performance and governance to create higher shared value 	<ul style="list-style-type: none"> Regular dissemination of financial performance through published reports
Suppliers and dealers	<ul style="list-style-type: none"> Sharing of mutual expectations and needs with regard to quality, cost and timely delivery Sharing of knowledge, best practices and infrastructure support Sharing of the Company's future priorities and growth plans 	<ul style="list-style-type: none"> Periodic one-to-one interactions with key suppliers and dealers Periodic supplier and dealer meets Pre-agreement negotiations Procurement agreements
Customers	<ul style="list-style-type: none"> Build and maintain relationships of trust Anticipate and understand short and long-term needs and concerns 	<ul style="list-style-type: none"> Periodic one-to-one interactions with key customers Interactions at customer touchpoints Annual customer satisfaction surveys Personalised loyalty programme
Employees	<ul style="list-style-type: none"> Understand their expectations, job satisfaction parameters, provide a conducive environment and support career growth Share the Company's vision, short-term and long-term goals, workplace needs and expectations 	<ul style="list-style-type: none"> Structured appraisals, career path guidance, training programmes, employee rewards, recognition and development programmes Let's Talk annual employee feedback survey
Local community	<ul style="list-style-type: none"> Developing and supporting local economies and communities for greater well-being and better livelihoods 	<ul style="list-style-type: none"> Structured CSR initiatives based on social need assessment surveys Focussed group discussions with the community Impact assessment studies
Industry associations	<ul style="list-style-type: none"> Policy advocacy and leadership on future regulations, policies and implementation plans 	<ul style="list-style-type: none"> Memberships in leading industry association Participation of senior management in key forums and events
Government	<ul style="list-style-type: none"> Understand compliance and applicable regulations Collaborate in nation building and integrate business activities with national goals 	<ul style="list-style-type: none"> Submission of relevant compliance documents Participation in industry forums

MATERIALITY

Making a responsible portfolio

Our long-term success depends on our understanding of the environment and issues that will impact the future of the Company and its ability to create value.



37% of revenue generation is from Good & Green products

Building a stronger business that is focused on future-readiness.

Our material issues are what matter most to our business and to our stakeholders. It is important to correctly identify them so that we remain competitive, better manage risks and ensure cohesion with the external environment. We continually monitor relevant business developments, risks and opportunities, sustainability trends, changes in legislation and the perspectives and needs of our stakeholders.

A detailed materiality assessment exercise was conducted in 2019-20. At that time, the outcomes were expected to remain valid for three-to-five years. However, given the upheaval caused by the Covid-19 pandemic and the need to comply with the revised GRI

Universal Standards 2021, a revalidation deemed necessary. The materiality refresh was recently concluded in 2023, and we are now sharing the detailed results with you. Three new material issues were added: business disruption, product stewardship and innovative products and services. The final list of material issues totaled 28, and responses were collected from General Management Council members.

The revalidation exercise intentionally had a smaller universe of respondents, as the reorientation was deemed necessary primarily from the 'impact on business' perspective.

Materiality assessment process

Identification of universe of material topics

An in-depth study was conducted to understand the megatrends, sustainability priorities for the sectors applicable to G&B's BUs and industry best practices.

Risk assessment

In consultation with the Company's senior management, each issue was reviewed through the lens of mitigation of key business risks.

Stakeholder interactions

Focused engagement with the following stakeholder groups:

- Senior management
- Employees
- Suppliers
- Dealers
- Customers
- Industry associations

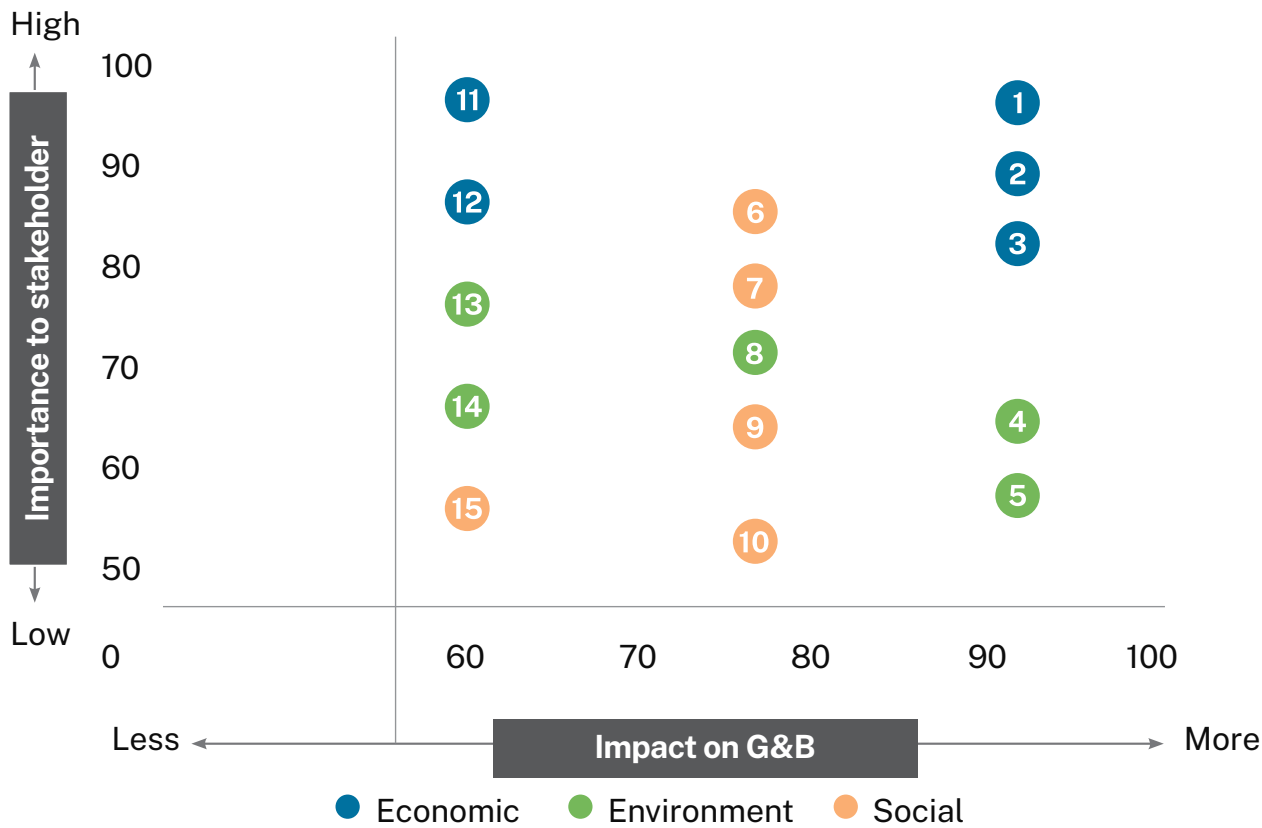
Identification and prioritisation of material topics

Consolidation of stakeholder inputs, followed by analysis of their business and stakeholder relevance to arrive at the materiality matrix.

Materiality matrix

The materiality matrix that emerged after the revalidation exercise showed a clustering of all 28 material issues in the top right-hand quadrant, with high significance for both the business and stakeholder groups. For better alignment

with global sustainability themes and ease of communication and deployment of strategies across the value chain, the 28 material issues were clubbed to arrive at 15 broad material themes.



- 1 Sustainable supply chain
- 2 Business disruption
- 3 Innovative products and services
- 4 Product stewardship
- 5 Decarbonisation
- 6 Community engagement
- 7 Capability development
- 8 Water security
- 9 Ethical business working
- 10 Diversity and inclusion
- 11 Management controls
- 12 Compliances management
- 13 Pollution control
- 14 Biodiversity conservation
- 15 Safe work environment

These 15 material themes were then prioritised through the lens of severity, irremediable character, likelihood and process maturity drawing on guidance from GRI Standards 2021 and our ERM framework. The final outcome, shared below, is segregated into three separate quadrants of very high, high and medium priority. This prioritisation of issues helps to determine G&B’s approach in tackling them – which will range from very high involvement to keeping a close vigilance. There is considerable change in the issues of highest material importance for the organisation over the last and current materiality matrices. Business disruption,

innovative products and services and product stewardship take the topmost spots in the current one, supplanting the earlier predominant issues of community engagement, safe work environment and ethical business. The aftermath of the Covid-19 related disruptions, accelerating climate change and growing geopolitical uncertainties perhaps find reflection in this changing outlook towards building a stronger business that is focused on future-readiness. The importance of building a sustainable supply chain and decarbonisation retain their dominant position across both the earlier and the current materiality matrices.



A range of ergonomically designed chairs by Godrej Interio

Economic



Sustainable supply chain



Business disruption



Innovative products and services



Management controls



Compliances management

IDENTIFIED MATERIAL TOPICS

Incorporation of supplier environmental and socio-economic practices into the supplier assessment process. Evaluate local suppliers basis the extent of negative impact emerging from procurement activities.

Comprehensive evaluation of processes / operations on various parameters like risk, digitisation, cyber security, customer privacy measures, alternate supplier base, raw material security etc.

Development of products and services linked to SDGs, other national priorities

Key economic performance parameters of the company, covering the direct economic value generated and distributed.

Overall compliance record, along with compliance with specific laws/ regulations covering social, economic and the environment.

SIGNIFICANT IMPACT

Within and outside G&B

Within and outside G&B

Within and outside G&B

Within and outside G&B

Within and outside G&B

STAKEHOLDERS AFFECTED

- Suppliers
- Customers

- Employees
- Suppliers
- Local community
- Customers
- Investors

- Local community
- Customers
- Investors

- Investors
- Employees
- Suppliers

- Local community
- Investors
- Suppliers
- Government bodies



Over 100 endemic plant species revived at the Naoroji Godrej Centre for Plant Research

Environmental



Product stewardship



Decarbonisation



Water security



Pollution control



Biodiversity conservation

IDENTIFIED MATERIAL TOPICS

Product circularity, materials efficiency, material of concern, sustainable packaging, transport optimisation, product life extension, product recycling etc.

Energy management, energy use efficiency, renewable energy use.

Water management in the organisation, water use efficiency, recycling and harvesting.

Management and control of emissions (liquid) and solid waste generated from operations.

Prevention, management, remediation of damage to natural habitats.

SIGNIFICANT IMPACT

Within and outside G&B

Within and outside G&B

Within and outside G&B

Within and outside G&B

Within and outside G&B

STAKEHOLDERS AFFECTED

- Suppliers
- Investors
- Local community
- Government bodies
- Customers

- Employees
- Local community
- Investors

- Employees
- Local community

- Employees
- Local community
- Government bodies

- Employees
- Local community



Enhancing livelihood through entrepreneurship programmes at Shirwal

Social



Community engagement



Capability development



Ethical business working



Diversity and inclusion



Safe work environment

IDENTIFIED MATERIAL TOPICS

Direct and indirect impact of business-related activities and investments on the community including improved infrastructure, enhanced livelihoods and economic development.

Skill upgradation, continuous learning and performance review for the workforce, talent attraction and retention initiatives.

Prevent discrimination at work, remove corruption, promote process of fair wages and working conditions determination, combat forced, compulsory and child labour.

Organisation actively reviews its operations and decisions, to promote diversity, eliminate gender bias and support equal opportunity.

Active, periodic reviews of operations and decisions, in order to promote diversity, eliminate gender bias, and support equal opportunity, with applicability across recruitment, remuneration and diversity of educational backgrounds.

SIGNIFICANT IMPACT

Outside G&B

Within G&B

Within and outside G&B

Within G&B

Within G&B

STAKEHOLDERS AFFECTED

- Local community
- Government bodies

- Employees

- Employees
- Suppliers
- Local community

- Employees

- Employees