# Guiding with prudence and foresight

Business integrity and accountability lie at the plinth of our organisational culture. Our efficient risk management framework ensures that we can navigate market vagaries smoothly while our strong governance practices guarantee effective internal control over processes and reliable reporting of our performance.

Our culture of corporate governance goes long back. We have always focused on meeting our strategic goals responsibly and transparently, while remaining accountable to our stakeholders. The principles and beliefs that ensure good governance are entrenched at a fundamental level within the organisation, and are distinctly visible across our businesses. We engage openly and transparently with all stakeholders and conduct our business fairly. A robust Board, transparent management and best practices guide our operations.

### Board's role

I-Build" is a 15-month leadership development program aimed at grooming mid and senior-level leaders. It focuses on Godrej's leadership competencies through group interventions and emphasizes individual development plans with action learning projects. Learning is reinforced through peer collaboration, team sharing, and webinars.

### Diverse expertise

The company nurtures young talent and provides sponsorship courses in leadership and technical areas through Great Lakes Institute of Management, IIM Kolkata, BITS-Pilani, CII-Visionary Leadership Programmes for Manufacturing (VLFM) etc. The focus is on building managerial and leadership capabilities for individuals to take up enhanced leadership roles in the future.

### Board committees

Customised learning programmes with industry experts for sharing of best practices. The focus areas are the leadership competencies of Godrej eg. Being strategic, driving results, leveraging technology, agility, innovation etc.

# Policies and standards

## Code of conduct

We have a long history of conducting business responsibly, continuing to comply fully with all the relevant laws and regulations.
The Code covers diverse areas of day to day business namely:

- Zero Tolerance towards Bribery and Corruption

- Conflict of Interest

- Protection of Human rights

- Equal opportunities employer

- Affirmative action

- Health and safety

- Confidentiality of information

Public representation of the company With a view to provide a mechanism for its employees to raise concerns on any violations of the Code, the company has formulated detailed policies and process for:

- Whistle Blower Policy

- Fraud Investigation Guideline

- Prevention of sexual harassment and exploitation

To know more about polices, please refer - godrej.com/godrejandboyce/corporate-policies

We have also detailed out the Anti-Bribery & Anti-Corruption (ABAC) policy to ensure that employees act professionally, fairly and honestly in all their business dealings and relationships.

The policies are disseminated to stakeholders like employees and suppliers through workshops, e-mailers and e-learning programmes. These policy documents are also available on our website and our external business partners and third parties can easily refer to it. There were no reported incidents of corruption, nor any contributions made to political parties, politicians, related institutions by the Company during 2019-23.

## Responsible tax governance

The Company considers payment of tax as an integral element of our corporate responsibility and is committed to being tax compliant. Our responsible tax strategy consists of ensuring compliance with applicable tax laws in India and the countries in that it operates, thereby avoiding tax risks. This strategy is aligned with the Company's corporate governance practice and value system. The Company is present in multiple geographies and through its operations contributes to the community via various direct and indirect taxes and levies. Details of individual jurisdictions' tax positions are made available in the country-by-country reporting as required and communicated by the concerned tax authorities.

## Policy on prevention of sexual harassment at the workplace

The Company is committed to creating and maintaining a work environment where every employee is treated with dignity, respect and afforded equitable treatment. Employees are offered an ecosystem that is conducive to their growth and one that actively promotes equal opportunities to all. Environment that is conducive to the professional growth of its employees and encouraging equality of opportunities is the Company's responsibility. The company does not tolerate any form of sexual harassment and is committed to take all necessary steps to ensure that its employees are not subjected to any form of harassment.

## Environmental compliance

The company has a robust environmental compliance management system. Compliance submission reports are periodically tracked through an online, in-house, legal compliance tool. Processes for environmental compliance-related activities are mapped under regular process management. Corporate audit and Environmental Engineering Services teams check compliances at regular intervals and work on improvement areas identified (if any). No cases of non-compliance with environmental laws and/or regulations were reported during the reporting period.

## Socio-economic compliance

Godrej & Boyce has developed comprehensive policies, principles and processes to help ensure human rights are respected and protected, at the workplace. Aligned with Indian laws, we embrace responsible workplace practices and uphold the principles of human rights throughout our operations. During the reporting period, no instances of non-compliance with laws and regulations in the social and economic area were reported. The Company does not employ children at the workplaces. We also do not use or support any forms of modern slavery or forced labour in our business operations.

Additionally, no legal actions were pending against the Company during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation.

## Public policy

The Company is actively involved in various committees that decide on future regulations, policies and implementation plans applicable in the public domain. Our senior executives are active members of various industry bodies and participate in the development of public policy addressing issues affecting industry, business, products and customers.

# Public policy and advocacy approach

Our businesses are members of several industry associations that share common goals. Senior management of our businesses routinely work with these associations to advance public policies that are of interest to us and also the industry

| | |
|---|---|
| **Aerospace** | Society of Indian Aerospace Technologies and Industries |
| **Appliances** | Consumer Electronics and Appliances Manufacturers Association |
| | Refrigeration and Airconditioning Manufactures Association |
| | Bureau of Energy Efficiency |
| | Confederation of Indian Industry |
| **Construction** | Maharashtra Chamber of Housing Industry |
| | RMC Manufacturers Association |
| | Practicing Engineering Architects & Town Planners Association |
| **Electricals and Electronics** | CII National Power Committee |
| | Indian Electrical and Electronics Manufacturers Association |
| | ISHRAE (Indian Society of Heating, Refrigerating and Air Conditioning Engineers) |
| | Bureau of Energy Efficiency |
| | Indian Green building council |
| **Interio** | Business and Institutional Furniture Manufacturers Association |
| | Institute of Indian Interior Designers |
| | Furniture and Fitting skill council |
| | Bureau of Indian Standards – Furniture committee |
| | Association of Furniture Manufacturers of India |
| | Retail Association of India |
| **Material Handling Equipment** | BIS (Bureau of Indian Standards) |
| | ARAI (Automotive Research Association of India) |
| | SIMHEM (Society of Indian Material Handling Equipment Manufacturers) |
| **Precision Engineering** | Indian Atomic Industry Forum |
| | Indian Nuclear Society |
| | National Defence Committees, Confederation of Indian Industry |
| | National Defence Committees, Federation of Indian Chambers of Commerce & Industry |
| | Strategic Manufacturing Sector Skill Council, Confederation of Indian Industry |
| | Indian ASME Chapter II Working Group, American Society of Mechanical Engineers |
| | TPM Club of India |
| | National HRD Network |
| | Society of Defence Manufacturers |
| **Process Equipment Division (PED)** | The Indian Institute of Welding |
| **Storage Solutions (SSG)** | National Safety Council |
| | TPM Club of India |
| | Institute of Logistics |
| | Directorate of Industrial Safety and Health, Tamil Nadu Pollution Control Board |
| **Storage & Security Division (SSD)** | BIS, Security Equipment Sectional Committee |
| | Society of energy engineers & managers |
| **Tooling** | Tool and Gauge Manufacturers Association of India |

# Board of Directors

## Board demographics

### Board experience

**1**
1-5 years

**2**
5-10 years

**4**
10-20 years

**4**
20+ years

### Board diversity

**8**
Male

**3**
Female

27%
Female representation in board

9+
Years average tenure of current independent directors

- ● Audit Committee
- ● Stakeholder's Relationship Committee
- ● Nomination and Remuneration Committee
- ● Corporate Social Responsibility
- **C** Chairman
- **M** Member

## MANAGING DIRECTOR

**Jamshyd N. Godrej**
Chairman & Managing Director
Ⓜ

## EXECUTIVE DIRECTORS

**Nyrika Holkar**
Executive Director
Ⓒ

**Anil G. Verma**
Executive Director & CEO
Ⓜ

## NON-EXECUTIVE DIRECTORS

**Navroze J. Godrej**
Non-Executive Director

**Nadir Godrej**
Non-Executive Director

**Adi B. Godrej**
Non-Executive Director

**Freyan Crishna Bieri**
Non-Executive Director

## INDEPENDENT DIRECTORS

**Kavas Petigara**
Independent Director
Ⓒ Ⓜ Ⓜ

**Pradip Shah**
Independent Director
Ⓜ

**Anita Ramachandran**
Independent Director
Ⓒ Ⓜ Ⓜ

**Keki Elavia**
Independent Director
Ⓒ Ⓜ Ⓜ Ⓜ

**RISK MANAGEMENT**

# Balancing risks and opportunities to generate sustained value

The Company recognises that Enterprise Risk Management (ERM) is an integral part of business management and is committed to manage risks in a structured manner. The Company understands the effective ERM is essential to achieve strategic business objectives and long term sustainable growth. The Company has documented ERM policy which lays down the framework of Risk Management giving guidelines for proactive approach of identifying, assessing, prioritising and mitigating the risks associated with business.

The Company has a sound and structured ERM framework to address and manage the volatility and complexity of external environment associated with its business by alignment of strategy, processes, people, technology and knowledge. The current ERM framework is in line with global ERM standards which is aimed at creating a culture of Risk Enabled Performance Management(REPM) which integrates the ERM framework with strategy and planning process. The framework for ERM and the Risk management policy is reviewed by the Audit Committee and approved by the Board. The Company has created risk infrastructure by setting up an ERM Executive Committee as the apex committee, headed by the Chairman & Managing Director of the Company. The committee periodically reviews the Risk Management framework and ensures the same is working effectively. It also reviews the risks and mitigation plans drawn by various businesses and functional risk teams to avoid unforeseen events. The individual

Businesses/Functions are responsible for risk identification and mitigation plan, who as risk owners review and monitor the key risks to avoid undue deviations and adverse events and thus create value for the business.

## Identification of top entity level risks have been driven by the following:

- Bottom up approach – assessing the risks identified by businesses to identify critical risk having impact at entity level.
- Top down approach – assessing risks emanating from long term planning.
- Assessing and identifying risks which need mitigation at central level.

For each of the risks identified, the risk owner, policies and procedures are put in place for monitoring, mitigating and reporting of the risks on a periodic basis. The ERM Executive Committee also helps to prioritise these entity-wide risks identified and steer mitigation efforts in line with the Company's risk capacity and appetite which in turn are reported to the Audit Committee and the Board. The entire process is independently reviewed by Internal Audit Department to ensure that the risk management framework is operating effectively.

## STRATEGIC RISK

**Availability of talent**
Ineffectiveness/not being able to attract and retain talent will impact the company's ability to compete and sustain growth, profitability and achieve its long term vision.

**Succession planning**
Inadequate succession planning can hinder continuity of operations and implementation of business strategies in case of an unforeseen event.

**Innovation**
Sluggish/slow progress in innovation in products, services, solutions, processes and business models as well as delay in infusion of appropriate manufacturing/digital technologies will lead to consumer and customer alienation.

## PREVENTABLE RISK

**Brand equity & preference**
Dilution of brand salience can lead to shift (away) in customer preferences leading to drop in market shares and poor business performance.

**IT resilience cybersecurity**
Inadequate IT enablement and cybersecurity measures can severely impact business operations.

**Sustainable profitability of all businesses**
Inability to generate profits by any business can lead to inadequate investments in the business and impact its sustainable operations.