

CHAIRMAN'S MESSAGE

# A legacy of goodness, for more than 125 years...

**Dear Stakeholders,**

I am pleased to present to you our Sustainability Report, which presents the fine balance between our economic, environmental and social performance, playing out all 3 dimensions in perfect harmony. This is how we build 'sustainability' in the true sense and work to our purpose to 'Pioneer progress for Generations'.



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

This significant milestone in our history of 125+ years is an opportunity to look back on the vast expanse of all that has been achieved in our journey. It gives me immense pride to note that it has been one of organic growth, fueled by a passionate desire for self-reliance and enhancing the quality of life for our customers. Additionally, and particular to the nature of our company, has been our commitment to creating a positive impact on our planet. 126 years strong, our commitment to being conscious of our duty towards the planet and its people continues to drive our innovative spirit and is reflected in our offerings to our customers.

At Godrej & Boyce, we have always recognised sustainability as one of the biggest economic opportunities of all time. This continues to shape our choices as we innovate with advanced solutions that provide for our present and future needs, through processes and products that use fewer resources and conserve natural capital. Our primary mission towards sustainable economic growth is to address the climate crisis through meaningful action. To enable this, we continue to engage in insightful dialogues and collaborative work on climate-action with stakeholders at both the national and global level.

To give you some examples, we have doubled our energy productivity over the last decade and have taken an equivalent stretch for the decade ahead. This was achieved through a holistic energy management process which focused on

enhancing operational efficiency and deploying greener technologies using real-time data and analytics. Our 'Good & Green' portfolio demonstrates the vast possibilities that exist for leveraging innovation, technology and, out-of-the-box thinking for a climate challenged world. Today, over 30% of our revenues are generated from such products and solutions.

Our 'Beyond Sourcing' initiative has been launched with the objective of creating a more accountable, efficient and resilient supply chain, and is aligned to our vision of 'Building a Greener India'.

It gives me much pleasure to recognise that in addition to being a ₹12,000 Cr company with 14 diverse businesses spread across continents, we continue to enjoy partnerships with various stakeholders that span generations and decades!

These last few years have been atypical ones. Businesses have been forced to recognise that the external world is, and will remain increasingly volatile, ambiguous and conflict-ridden – both due to nature's unpredictability, driven by climate change and changing geopolitical dynamics. Customer preferences have changed quickly too, veering towards always-connectedness; need for greater flexibility and a movement towards conscious living, better health and well-being.

The times that we are living through are also uniquely favourable for India. The government is strongly incentivising technology adaptation and localisation, building India as a manufacturing hub.



Increasing our manufacturing capacity by over 4x with the launch of the new Khalapur facility

We are well-positioned to make the most of this emerging situation given the strength of our indigenous R&D, our legacy of adapting and indigenising technology and our extremely diverse manufacturing capabilities which can be effectively leveraged in the ‘Nation Building Spaces’! This puts us in an ideal position to grow faster than the rest!

In pursuit of our journey of building resilient businesses through sustainable practices, a “Reset” of the Good & Green targets has been actioned for the decade ahead, building on the foundation that we have laid over the years. We are scaling up our sustainability targets, which will demonstrate our firm commitment to ‘climate action’ and ‘societal development’.

I firmly believe that Godrej & Boyce’s greatest strength lies in its legacy of goodness, and its DNA for doing things right

and being responsible to both the planet and its people. We have been running a responsible business from the very start, much before ‘looking beyond profit’ became a buzzword. That legacy of goodness prepares us better to face up to the challenges of the new world and to deliver in a manner that matters – making the world a better place for all!

Warm regards,

**JAMSHYD N. GODREJ**

Chairman

Godrej & Boyce Mfg. Co. Ltd.

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# CEO'S Q&A

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

**Q Over its 126-year journey, Godrej & Boyce has been a pioneer in many ways. That journey of rediscovery continues even today. What are the values, leadership qualities and capabilities that have helped the Company remain a market leader?**

We have stayed true to our purpose of pioneering progress for generations. With a strong vision for a self-reliant India, our founders worked tirelessly on indigenous innovations for India. In line with this vision,

we were the first to introduce products like refrigerators, typewriters, forklift trucks, green air-conditioners, etc. to Indian households and businesses.

Passionately following this purpose has helped us remain relevant in a dynamic, globalised market.

Through changing times, our values of integrity, trust and respect have kept us grounded. Other things that have helped us along our journey and will continue to stand us in good stead as we march boldly

into the future are:

- Our commitment to customer centricity. We are always improving our efforts to understand our customers' needs and aspirations so that we can offer them insight-based solutions that are both delightful and convenient to use.
- Our stakeholder relationships and the value we attach to them. Many of our dealers are now in the third or fourth generation of their families, while our bankers have been with us for a very long time. The depth of these relationships is something that we have nurtured over time and is a source of our resilience, especially in the tumultuous times that we have all grappled with in the past three years. Such relationships are our insurance in a VUCA world.
- We are committed to environmental sustainability and community development.

**Q What are some key risks that you would like to prepare the Company for?**

In today's uncertain times, it is becoming increasingly difficult to predict risk events. In the last three years, we have witnessed how unpredictable our future can be – from supply chain disruptions, geopolitical tensions to climate change impacts. What matters more is how to approach risk management in a way that builds resilience. We follow a three-step approach. The first step is about sensing the environment through the monitoring of high-frequency economic indicators. Then, once we have sensed the challenge, we focus on adapting. If a risk is going to impact business in the

short-term, we have to pivot very quickly. Finally, we ensure that our people, especially at the frontline, are empowered to take decisions. This helps to build and nurture a bias for action.

**Q There's been considerable progress in terms of sustainability. What more remains to be done?**

As a Company, we are making sure that we limit our emissions in terms of Scope 1, Scope 2 and Scope 3. In Scope 3, our focus areas are both inbound and outbound logistics and would require a lot of engagement, collaboration and hand-holding with our supply chain partners. Doubling energy productivity is another area of focus, where we have a lot of ambition. We are a signatory to EP100 and have set internal goals for doubling energy productivity over the next 10 years on the base of 2017. There are also huge opportunities to reduce the carbon footprint of our entire supply chain. We operate in an ecosystem where we have strategic partnerships with vendors, dealers and other business partners and are working with them to help them become more competitive, more productive, more environmentally aware and adopt safer work practices.

**Q The Indian government is giving a lot of importance to Production Linked Incentives and localisation. Godrej & Boyce has a long legacy of building indigenous capabilities. How is that helping the business? Also, how are you recalibrating your strategic priorities?**

Through import substitution and by producing in India we are, at one level, saving on our import bill. The greater win, however, is building Indian industries by augmenting the Indian suppliers' base and our ecosystems' capacities and capabilities. During the pandemic, the industry witnessed a crisis owing to disrupted supply chains. Robust domestic supply chains with proximate suppliers will make us more confident, as our largest market is India. The other aspect is about development. Every time someone sets up a factory, everyone gains. Manufacturing has a multiplier societal impact. With employment there will be demand that will, with affordability, spur consumption, creating a virtuous cycle. If I step back and think about the Godrej mindset and what is unique to us, it would be the fact that we love and take pride in grappling and solving some of the most complex technological challenges that need to be solved locally. If you look at the technologies we have absorbed, assimilated or indigenously developed at our Industrial business, we have done stuff that gives immense satisfaction. We do recognise that in order to develop indigenous capabilities, one requires immense commitment and

sufficient patience for the employed capital to generate financial returns.

Building a strong and self-reliant India has always been a strategic priority for Godrej – one that does not need any recalibration.

**Q Is there any message that you have for your stakeholders and readers?**

The last century has been one of the most dynamic times in our nation's history. We are grateful to have received the patronage of our customers and the trust of our wider set of stakeholders, especially our employees. Let's build on this strong foundation and rapidly embrace modern technologies to make Godrej & Boyce a company that continues to pioneer progress, for India and for our planet, for generations to come.

From ensuring that one-third of our revenues are generated from Good & Green products, to preserving hundreds of acres of mangroves and driving employability, we believe that growth must be sustainable and inclusive.