

**BUSINESS**  
RESPONSIBILITY  
STATEMENT





## BUSINESS RESPONSIBILITY STATEMENT

### Part A – Basic information about the business.

#### Section A-1

##### Basic details about the business

The Company is promoted by Godrej & Boyce Manufacturing Company Limited, Godrej Industries Limited and Godrej family members. The shareholding of promoter/promoter group constitute 63.97% of the paid up capital of the Company as at March 31, 2012.

The Consumer Products business was part of the erstwhile Godrej Soaps Limited (GSL) and was demerged into Godrej Consumer Products Limited in April 2001, pursuant to a scheme of demerger approved by the Hon'ble High Court of Judicature, Mumbai, dated March 14, 2001. Subsequently, Godrej Soaps Limited was renamed as "Godrej Industries Limited". We are listed on the BSE and the NSE since 2001.

With effect from April 2010 Godrej Household Products Limited was merged into GCPL pursuant to a scheme of arrangement sanctioned by the High Court of Judicature at Bombay.

GCPL is a leader among India's Fast Moving Consumer Goods (FMCG) companies, with leading Household and Personal Care Products.

Our brands, which include Goodknight, Cinthol, Godrej No. 1, Expert, Hit, Jet, Fairglow, Ezee, Protekt and Snuggly, among others, are

household names across the country. We are one of the largest marketers of toilet soaps in the country and are also leaders in hair colours and household insecticides. Three of our brands have been placed in 100 most trusted brands in the country.

We are driven by our mission to continuously enhance the quality of life of consumers in high-growth markets with superior-quality and affordable home care, personal care and hygiene products.

We also have a strong emerging presence in markets outside India.

As part of increasing our global footprint, we recently acquired 51% rights in the Darling group in Africa.

With acquisitions of Tura, a leading medicated brand in West Africa, Megasari Group, a leading household care company in Indonesia and Issue Group and Argencos, two leading hair colorant companies in Argentina, Keyline Brands in the United Kingdom, Rapidol and Kinky Group, South Africa and Godrej Global Mideast FZE, we own international brands and trademarks in Asia (ex. India), Latam, Africa, Europe, Australia,

Canada and the Middle East.

Further details about the business is provided in the Management Discussion and Analysis section of the Directors Report, which forms a part of this Annual Report.

#### Details of People in Top Management:

Name	Designation	Qualification
Adi Godrej	Chairman	B.S, M.S, Massachusetts Institute of Technology, U.S.A
A Mahendran	Managing Director	ACA
Rakesh Sinha	COO (Global Supply Chain, Manufacturing & IT)	B.Tech (Mech) P.G.D.I.E. A I C W A, CFA
Shashank Sinha	President (International Business)	BE, MBA
P Ganesh	Executive Vice President (Finance & Commercial) & Company Secretary	B.Com, ACA, ACS, Grad CWA
Rahul Gama	Executive Vice President (HR)	MBA
Sundar Nurani Mahadevan	Executive Vice President (R & D)	PHDM, MSC, BSC
Sunil Kataria	Executive Vice President (Sales & Marketing)	MBA

#### Economic and financial data as on 31 March, 2012:

A summary of the financial data is given in the Director's Report and Management Discussion and Analysis which is a part of the Annual Report.

#### Factories in India

- **Assam** - Village Sila, Guwahati; Bamauni Maidan, Guwahati; Kalapahar, Guwahati ; Lokhara, Guwahati
- **Goa** - Bardez; Corlim
- **Himachal Pradesh** - Thana, Baddi; Katha, Baddi
- **Jammu & Kashmir** - Kathua
- **Madhya Pradesh** - Malanpur, Dist Bhand
- **Meghalaya** - Burnihat, Rebhoi District
- **Pondicherry** - Kattukuppam Manpet Post; Mannadipet Commune
- **Sikkim** - Namchi
- **Tamil Nadu** - Nedungadu Commune, Karaikal; Thirunallar Commune, Karaikal; Maraimalainagar

#### Branches in India

- Chennai
- Delhi
- Kolkata
- Mumbai

#### International Operations

- **Africa:** South Africa, Nigeria, Mozambique
- **Asia:** Indonesia, Bangladesh, Sri Lanka
- **Europe:** United Kingdom
- **Latin America:** Argentina, Uruguay, Brazil
- **Middle East:** UAE

### Section A-2

The Godrej Group has been at the forefront of philanthropic and social activities for several decades. 25% of the shares of the Godrej Group's holding company Godrej & Boyce are held in a trust that invests back in initiatives that support the environment, and improve the quality and availability of healthcare and education. Through the investment and oversight by the trust, a large tract of mangrove forests in Mumbai

have been protected, developed and maintained for several years and have served as a second set of lungs for the city. The Godrej Group has supported education for all through its support of the Udayachal pre-primary and primary schools which focus on all round development of children.

Additionally, the Godrej Group has supported initiatives in healthcare, through its Godrej Memorial Hospital (GMH), which aims to provide quality healthcare at affordable costs. One such initiative is GMH's partnership with a US based NGO 'Smile Train' which helps in performing corrective cleft lip and palate surgeries for low income children. GMH offers surgery and hospitalization to the patients free of cost.

Through active employee engagement and involvement, the Group continues to support the Indian chapter of "Table for Two", which it initiated at the World Economic Forum India Summit in December 2009. The initiative is targeted at addressing hunger and malnutrition in the developing world by combining our organization's tradition of serving society and individual involvement.

The Godrej Group also continues to support Heroes AIDS Project (HAP). HAP is nationwide HIV/AIDS initiative launched in July 2004 to work with media organizations and societal leaders in India. It seeks to develop coordinated campaigns to address the spread of HIV/AIDs and reduce stigma and discrimination by influencing public perception and policy through two platforms, advocacy and communications.

## Godrej Good & Green



In conjunction with our vision for "brighter living" for all stakeholders, we have developed a long-term vision for playing an active part in creating a more inclusive and greener India. This vision has been named "Godrej Good & Green".

Good & Green is founded on shared value initiatives. The concept of shared value is defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. As part of Good & Green, the Group aspires by 2020, to create a more employable Indian workforce, a greener India and innovate for good and green products.

Specifically, our goals at the Group level for 2020 as part of this vision are:

- Training 1 million rural and urban youth in skilled employment
- Achieving zero waste, carbon neutrality, positive water balance along with reducing our specific energy consumption and increasing proportion of renewable energy resources
- Having a third of our portfolio revenues comprising good and/or green products and services – defined as products that are environmentally superior or addresses a critical social issue (e.g., health, sanitation, disease prevention) for consumers at the bottom of the income pyramid

## Part B

As per the Business Responsibility guidelines established by the Ministry of Corporate Affairs, following are updates on each of the Principles as stated in the Guidelines.

### **Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

GCPL currently has a 12 member Board. Since GCPL Board has an executive Chairman, atleast 50% of the Board should comprise of independent directors as per the requirement of Clause 49 of the Listing agreement. Out of the 12 directors in the GCPL Board, there are six independent directors and hence the composition of the independent directors in the GCPL Board meets with the corporate governance requirement as envisaged in Clause 49 of the Listing Agreement.

The independent directors are eminent professionals from diverse fields such as finance, information systems, marketing and corporate strategy. None of the independent directors have been associated with the Godrej group in the past. GCPL's Board has a lead independent director, in line with accepted best practices, to strengthen the focus and quality of discussion at the Board level.

The Board meets at least once in a quarter to review the quarterly performance and financial results. Board meetings are governed with a structured agenda. The Board periodically reviews compliance reports in respect of laws and regulations applicable to the Company. Before the commencement of the Audit Committee meeting, the members of the Audit Committee which consists entirely of independent directors have discussion with the statutory auditor without

the management team or whole time directors being present in that meeting. For all major items, discussed at the Board meeting, comprehensive background information is provided to the Board to enable them to take an informed decision. Once in a year, the Board members participate in a strategy meeting in which it also interacts with the management teams of the Company. During the strategy meeting process, the independent directors also have a meeting amongst themselves after which they provide their valuable insight to the entire Board and the management team. The full details of the Board composition, details of meetings held and attendance record is given in the corporate governance section of the annual report.

### **Code of Conduct for the Board of Directors & Senior Management –**

The Board of Directors and Senior Management of Godrej Consumer Products Ltd. (GCPL) should:

- Demonstrate the highest standards of integrity, business ethics, and corporate governance.
- Perform their roles with competence, diligence, in good faith and in the best interests of the Company.
- Provide expertise and experience in their areas of specialization and share learnings at Board meetings with the best interests of the Company and its stakeholders in mind. They should point the Company's management in the 'right' direction based on their experience and judgement.
- Give careful and independent consideration to the affairs of the company and all documents placed before them to satisfy themselves with the soundness of key decisions taken

by the Management. They should call for additional information, where necessary, for making such judgements.

- Not engage in any business, relationship or activity which detrimentally conflicts with the interest of the Company/Godrej Group or bring discredit to it. Any situation that creates a conflict of interest between personal interests and the Company and its stakeholders' interests must be avoided at all costs.
- Follow all the guidelines put forth in the Insider Trading Code of Conduct.
- Not disclose any confidential/privileged information of the Company and should direct any media queries or approaches to the appropriate spokesperson within the Company.

#### **Applicability of the Code of Conduct:**

This Code of Conduct (Code) applies to Directors of Godrej Consumer Products Ltd. (GCPL). It also applies to the senior management of the company.

An annual confirmation affirming compliance with the code of conduct is obtained from Board Members and senior management every year and the same has been obtained for the year ended March 2012.

#### **Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

Our Good & Green vision supports the development of goods which are environmentally sustainable. As part of our vision, we aspire to develop products which consume fewer resources (energy, water), emit fewer greenhouse gases and include a hundred per cent of recyclable, renewable, and/or natural materials. Additionally,

we're also working towards reduction of any toxic materials such as polyvinyl chloride (PVC) from our packaging materials.

GCPL has moved from PVC packaging of its GoodKnight Active+ refill to the more environmentally sustainable PET (Polyethylene terephthalate) packaging. The result has been the replacement of 620 tons of PVC polymers with recyclable PET. Additionally, in order to reduce waste following consumption we have consciously reduced the grammage of refill caps and coil stands as well as the amount of metal in aerosol cans. The spray through cap for HIT Aerosol was also redesigned to reduce polymer consumption by over ten per cent.

Through product re-engineering the diameter of the thermistor pill in Good Knight liquid vaporizers was reduced from 8 mm to 5 mm resulting in lower consumption of energy at the consumer's home and supporting our goal of ensuring that our products are more environmentally sustainable.

#### **Principle 3: Businesses should promote the well being of all employees**

GCPL focuses on ensuring well being of all employees. Safety and health of employees is extremely important to the Company and GCPL is committed to building and maintaining a safe and healthy workplace and providing a safe and healthy working environment, equipment and systems of work for all employees.

Ensuring diversity, zero discrimination, safety and health and other attributes essential to a healthy and good working environment are part of our Code of Conduct and employees in the organization are committed to this code. Examples of a few of these codes are listed below.

Diversity and Anti-discrimination: We recognize

merit and perseverance and encourage diversity in our company. We do not tolerate any form of discrimination on the basis of colour, gender, race, caste, nationality, age, marital status, sexual orientation or disability and will allow for equal opportunities for all team members.

**Diversity and equal opportunities:** We value diversity within the Godrej Group and are committed to offering equal opportunities in employment. We will not discriminate against any team member or applicant for employment on the basis of nationality, race, colour, religion, caste, gender, gender identity/expression, sexual orientation, disability, age, or marital status. GCPL also subscribes to the CII-ASSOCHAM Code of Conduct for Affirmative Action.

**Prevention of sexual harassment:** The Company is committed to creating and maintaining an atmosphere in which our team members can work together, without fear of sexual harassment, exploitation or intimidation. Every team member is made aware that the Godrej Group is strongly opposed to sexual harassment and that such behavior is prohibited both by law and the Group policy. We will take all necessary action(s) required to prevent, correct and if necessary, discipline behavior which violates this policy.

The Good & Green office launched the Good & Green policy through a launch carnival in September 2011 whereby the employees were made aware of the Good & Green goals for 2020 and also encouraged to participate in achieving them. Constant communication during and after the event, raised the awareness of environmental issues among the employees and also equipped them with ways to make sustainable choices in their lives. The employees interacted with various NGOs (Non Governmental Organizations) that

work in the space of employability or environmental issues and took back concrete ways to make their lifestyle at home and work 'good & green'.

The Good & Green office also conducted a 'Children's Day' event in November 2011 for the children of employees. The participating children learnt how to make their homes and classrooms 'good & green'.

Various other Human Resource policies – flexible working hours, work from home arrangements, part-time work, leave and benefits, adoption leave and benefits, maternity leave and benefits, paternity leave and benefits – to name a few – go a long way in ensuring that the employees successfully strike a work-life balance.

**Principle 4: Businesses should respect the interests of, and be responsive, towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**

Recruitment of candidates from the Scheduled Caste/Scheduled Tribe and Physically Challenged categories has been taken up as one of the major performance measures of central recruitment process owner. GCPL participates in government fairs for recruiting candidates from the categories of Scheduled Caste/Scheduled Tribe and Physically Challenged. GCPL has also partnered with NGOs to provide employment opportunities and counseling to people that fall in one of those categories.

11 per cent of our domestic manpower belongs to the Scheduled Caste/Scheduled Tribe and Physically Challenged categories. As part of our employee referral policy, referrals of Scheduled Class/Scheduled Tribe/Physically Challenged candidates are offered higher referral amounts than that offered to the general category candidates.

While partnering with contractors GCPL actively looks for candidates which belong to one of these categories. In our Thana and Katha plants, 40% of the contract workers are from the Scheduled Caste and Scheduled Tribe categories.

GCPL provides apprentice opportunities to students who have completed some form of technical education. In the past fiscal year, 40% of apprentices hired were from the Scheduled Caste and Scheduled Tribe categories.

GCPL also provides scholarships and awards to meritorious Schedule Caste/ Scheduled Tribe/ Physically Challenged students in the schools identified near our manufacturing units.

**Principle 5: Businesses should respect and promote human rights**

GCPL respects and promotes human rights for all individuals. No violations in this regard have occurred.

**Principle 6: Businesses should respect, protect and make efforts to restore the environment**

GCPL is a signatory to the Confederation of Indian Industry's (CII) Mission of Sustainable Growth, which proposes to promote and champion conservation of natural resources in Indian industry without compromising on high and accelerated growth.

Under our Good & Green vision, we have made a commitment to create a "Greener India". Our business is striving towards reducing specific energy consumption, utilizing a higher proportion of renewable energy sources, becoming carbon neutral and water positive and eliminating solid waste sent to landfills.

A number of initiatives have been undertaken at GCPL on Greener India. For energy consumption,

power factor improvements, use of variable frequency drives and more energy efficient motors combined with initiatives on process re-engineering have all been initiated. The GCPL plant at Malanpur has also put in several initiatives to save and recycle water including collection of backwash water of reverse osmosis plant for gardening purposes and collection of condensate for additional processes.

In order to control levels of waste, segregation of chemical and biological sludge has been undertaken at plants. Through active work on packaging, amount of wrapper and stiffener wastage has been reduced.

Going forward ensuring a "Greener India" is a key area of focus for GCPL along with the rest of the Godrej Group.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

For any policy advocacy, GCPL ensures that it does so with the highest degree of responsible and ethical behaviour and also works with collective platforms such as trade and industry chambers and associations to raise matters of importance to the industry with the relevant government bodies.

**Principle 8: Businesses should support inclusive growth and equitable development**

GCPL recognizes the importance of diversity in the workplace. As a result, it continues to endeavour to provide opportunities to socially and economically underprivileged persons, including those belonging to Scheduled Castes, Scheduled Tribes and other physically challenged individuals. Recruitment drives for prospective employees from each of the above mentioned categories were conducted in the last year. We

have also partnered with the Ambedkar Institute for handicapped in Kanpur for recruiting physically challenged individuals and have organized workshops at the Institute on industrial practices for skills development.

Since 2007, our Malanpur factory has adopted a neighboring village “Singwari”, which is predominantly inhabited by people belonging to scheduled castes and scheduled tribes. The adoption started with assisting a school by granting scholarships, providing computers, and organizing an eye-check up in the school. The focus has continued with education and health care support for the village, including running a dispensary with regular doctor visits, free distribution of medicines, and an annual “Health Check-up camp” with assistance from the Government Block Health Centre. The development and welfare of Singwari village has become integral to the employees of GCPL Malanpur and they have undertaken self motivated initiatives including conducting sports and cultural activities in the school as well as training teachers on the use of computers. In order to promote the economic status of youth and women in Singwari, the Malanpur factory organizes an annual “Entrepreneur Development Program” in association with Central Board for Workers Education.

Our other factories are also actively involved in improving the quality of life in surrounding communities through initiatives such as educational scholarships for underprivileged students and health and hygiene awareness drives.

Youth un-employability is a bigger crisis than unemployment. 57% of India’s youth suffers from some degree of un-employability. 90% of

employment opportunities require vocational skills whereas 90% of school/college output is not relevant to these opportunities. On the one hand, there is higher unemployment amongst the educated and on the other, employers are complaining of lack of skilled manpower. The responsibility to address this mismatch is as much of the education system as it of the industry which needs the skilled manpower. With this idea of shared commitment and benefit of shared value, the Godrej Group has committed to skill 1 million rural and urban youth by 2020.

Employability has to do with knowledge and skills, be they in terms of basic skills (e.g. numeracy, literacy etc.) or subject and occupation specific knowledge at different levels. These skills alone however do not result in an increase in Employability. Personal attributes and attitudes, ranging from basic levels of reliability, common sense, attitude to work and integrity etc. are just as important to seek employment, maintain such employment and upgrade oneself while in the job.

We have started with the assumption that employability of an individual can be captured through his/her earning potential and it is this metric that we will be using to measure the impact of our skilling interventions.

One of the first employability programs that has been piloted and is now being scaled up is Godrej SALONi. It is a program to skill young girls and middle-aged housewives in the skills of Beauty & Hair Care. Almost, 350 candidates are undergoing the program and will be graduating in early FY13. An in-house program of 200 hours has been built to skill the candidates in basic beauty and hair care skills. The training makes use of GCPL products, which will also be made available to the graduates after the program at

a considerable discount. Currently 10 SALONI training centres are operational in Maharashtra and Karnataka. These women are provided with a start-up kit at the end of the training, for them to operate as mobile beauticians. Separate modules on 'enterprise development program' and an 'employment readiness program' too have been developed for the beneficiaries of all employability programs to set them up for success early in their career.

Another program 'VIJAY' was piloted this year, to train rural youth in Channel Sales. This program has till now seen three batches in Raisen (MP), Abhanpur (Chattisgarh) and Cuttack (Odisha) respectively and will also be ramped up in FY13. The youth are trained over 22 full days to take up a job as a salesperson, post the training. The program includes 12 days of soft skills training, 5 days of sales training, 2 days of assessment and certification processes and 5 days of On-the-job-training. The program has been specially designed for the purpose of training DSRs (Distributor Sales Resources.) This initiative is helping us create a pipeline of skilled persons that will be available for all Godrej distributors to choose their DSRs from. The graduates of the program may be placed with any of the Godrej companies or even other company distributors in the vicinity of the training program.

In the next year these programs are likely to be scaled up to benefit many more rural and urban

underprivileged youth and create value for the Godrej businesses as well.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

We are a customer centric company and greatly value the trust, satisfaction and loyalty of our customers across the world. Our primary focus is delighting our customers, both external and internal. Customer centricity is part of Godrej Group's 'Code of Conduct'. We strive to ensure that customer needs are satisfied and that our products and services offer value to the customer.

HIT, a leader in the home insecticide aerosol market, kicked off a multi-city crusade named 'HIT Kill Malaria'. The campaign focused on spreading awareness about malaria and preventive action against it. The campaign was also active on social media with ₹ 2 donated for every person joining the viral campaign. The collective sum was used for awareness campaigns in slums and for fumigation and clean-up drives.

Our customer focus does not only extend to external customers alone, but includes internal customers as well. We firmly believe that external customer satisfaction can be attained only if internal customers' needs and reasonable expectations are met and our employees are strongly encouraged to act in accordance with this principle.