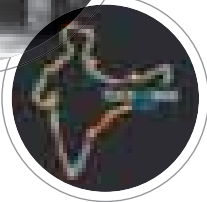


We make a LIVING  
by what we get,  
We make a LIFE  
by what WE GIVE  
- Sir Winston Churchill



## Annexure “B”

Forming Part of the Directors’ Report

### BUSINESS RESPONSIBILITY REPORT FOR GODREJ INDUSTRIES LIMITED

#### PART A: GODREJ INDUSTRIES LIMITED OVERVIEW

The Godrej Group, is one of the India’s foremost business groups which began almost 118 years ago. Godrej Industries Limited [GIL], is a part of the diversified conglomerate and is in the businesses of Oleo-chemicals, surfactants, finance & investments and estate management.

The Company operates from its factories at the following locations.

#### Locations of Operations :

- Ambarnath, Maharashtra
- Valia, Gujarat
- Wadala, Maharashtra

Godrej & Boyce Manufacturing Company Limited

and Godrej Family members are the Promoters of the Company and the shareholding of promoter/promoter group constitutes 74.83% of the paid up capital of the Company as at March 31, 2015.

#### Financial data for GIL Standalone:

<b>FY 2014-15</b>	<b>₹ Crore</b>
Total Income	1691.87
Net Profit after taxes	148.81
Total assets	4270.77
Paid up Capital	33.59
Market capitalization (as on March 31, 2015)	11601.36



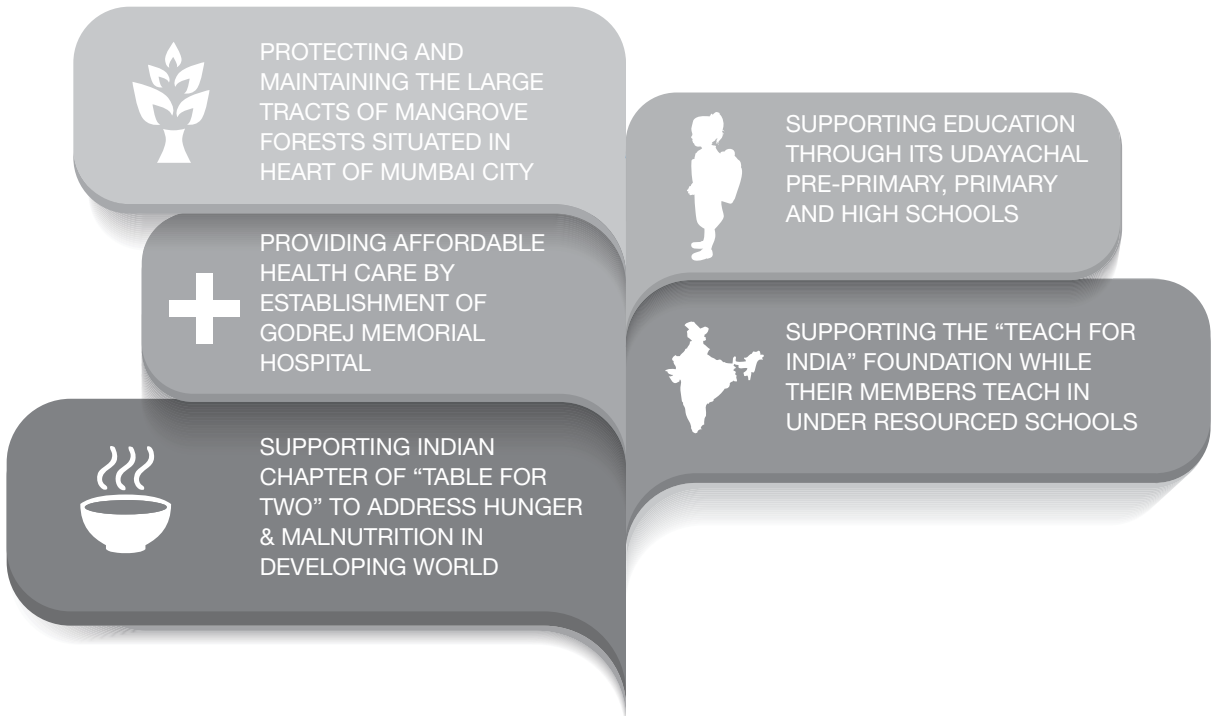
## SUSTAINABILITY EFFORTS BY THE GODREJ GROUP

*“We make a LIVING by what we get, We make a LIFE by what WE GIVE.”*

- Sir Winston Churchill

The Godrej Group has always been at the forefront of philanthropic and social activities for several decades. At Godrej, the belief is that as organization grows in size and scale they must play an active role in public welfare and look beyond business interests and support the well-being of the society at large. 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 improves the quality and availability of healthcare and education.

We are proud to be part of the Godrej group which strongly believes in sustainability and social initiatives. We take this opportunity to pen down a few of the Group’s achievements as they continue to take considerable efforts in

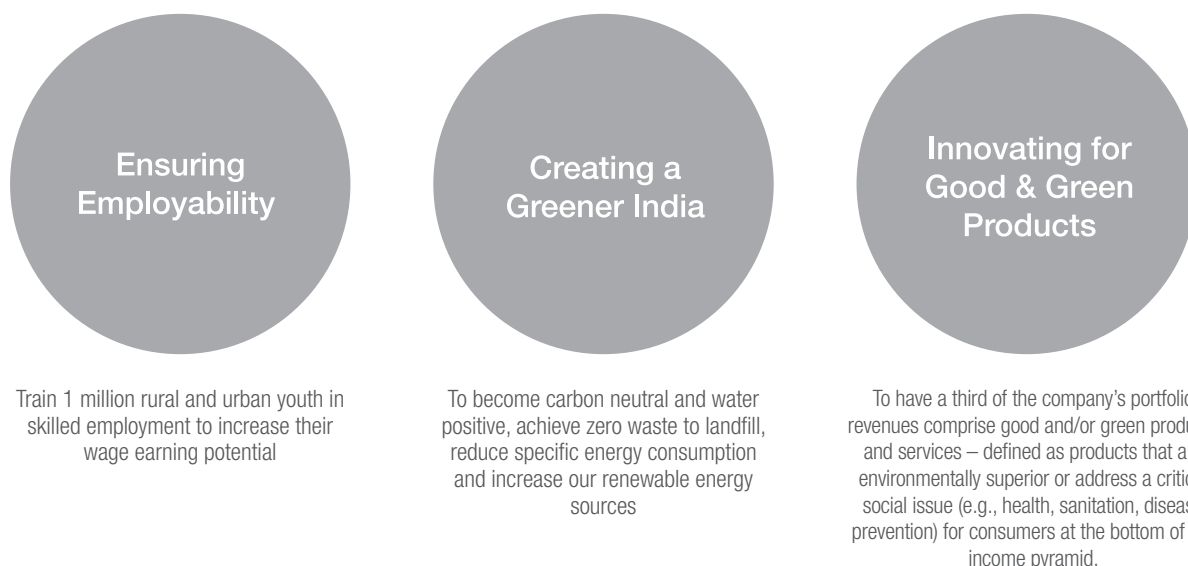


Godrej Industries Limited, part of the larger Godrej Group shares the group’s environmental, philanthropic and social ideologies and has been successfully able to *VISUALIZE, STRATEGISE AND ACTUALIZE* its sustainability and social initiative.

## VISUALIZING & STRATEGISING SUSTAINABILITY IN ITS CORE VISION



The Groups desire and commitment to subserve the social and environmental needs of the country made them go a step ahead in the year 2011 when they embedded the “Godrej Good & Green Initiative” as a part of group’s 2020 Vision and Strategy. This vision is founded on shared value initiatives and aims to create societal value by



## Our journey



We are proud to share that Godrej Industries was appreciated for its varied initiatives on creating shared value by being awarded the Porter Prize in October 2013. The Porter Prize named after the renowned thinker and Father of the modern strategic field Professor Michael E. Porter recognizes the strategic acumen of corporates and leaders who have epitomized the spirit of corporate governance, and stood apart by creating value.

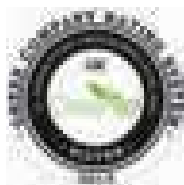
The central premise behind creating shared value is that the competitiveness of a company and the health of the communities around it are mutually dependent. Recognizing and capitalizing on these connections between societal and economic progress has the power to unleash the next wave of global growth and to redefine capitalism.

## ACTUALIZING THE VISION

With utmost humility and continued desire to tread on the same path, we pen down a few of our social and environmental achievements for the year that helped us actualize our good and green vision

**Commissioned two biomass boilers at Valia targeting to reduce our GHG emissions by 24K tons per annum**

**Sponsored India's First Environment Based Reality Show Godrej Green Champion in association with NDTV**



**Valia Factory achieved CII GreenCo- Silver Rating**

**Won the FICCI Award for Efficiency in Energy Usage in Chemicals Sector - 2014**



**Won the CII Mission Energy Challenge Award 2014**

**Celebrated Energy Conservation week across company's premises**

**Employees of GIL planted around 4000 trees on the World Environment Day**

**GILAC has so far trained more than 1 lakh youth in varied skills to increase their wage and earning potential.**

## Part B: BUSINESS RESPONSIBILITY INITIATIVES BY GODREJ INDUSTRIES LIMITED

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

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

The Company pursues good Corporate Governance by ensuring regulatory compliance, transparency in disclosures, efficient operational practices, strong internal controls, risk management systems, and by engaging and operating with fairness and integrity with all its stakeholders namely shareholders, customers, employees, suppliers, regulatory authorities and general public.

### Organization Structure

At the Apex is the Board of Directors headed by a non-executive Chairman. The Board provides guidance and support to the management in terms of broad strategy, direction, governance and compliance.

The Company's Board of Directors has six committees of which the first five are statutory

- Audit Committee
- Nomination & Compensation Committee
- Stakeholders Relationship / Shareholders Committee
- CSR Committee
- Risk Management Committee
- Management Committee

They monitor and provide direction to the senior leadership team. This ensures greater focus on specific aspects of Corporate Governance and expeditious resolution of issues of governance as and when they arise.

These Committees have clearly defined areas of

operation and they operate as empowered by the Board.

### CSR Committee

At Godrej we have established a CSR Committee in accordance with Section 135 of the Companies Act 2013 which is spearheaded by Mr. N. B. Godrej as its Chairman. The CSR committee of the Board of Directors is responsible for the CSR projects undertaken. The committee will report to the Board of Directors.

The CSR Committee comprises of the following members:

1. Mr. N. B. Godrej
2. Ms. T. A. Dubash
3. Mr. K. N. Petigara
4. Mr. A. B. Choudhury

The CSR Policy made in accordance with the CSR guidelines focuses on addressing critical social, environmental and economic needs of the marginalized/underprivileged sections of the society. Through this policy, we align our CSR strategy with the Godrej group's Good & Green vision and goals. We adopt an approach that integrates the solutions to these problems into the strategies of the company to benefit the communities at large and create social and environmental impact.

CSR Requirements as per Section 135 is NIL for the current year. Consequently, no spends have been tagged and reported as CSR spends.

### Code of Conduct

The Board of Directors and Senior Management of the Company comply with the Code of Conduct. 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 2015.

The Company also has a code of conduct which is applicable to all individuals working in the company. The Company encourages its Business Partners also to follow the code.

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

Godrej Group's Good & Green vision supports the development of goods which are environmentally sustainable. As part of the vision, the Company aspires to develop products which consume fewer resources (energy, water), emit fewer greenhouse gases and include a hundred percent of recyclable, renewable, and/or natural materials.

### Sustainable Sourcing

GIL's Chemicals is the first Indian entity to become a member of the Roundtable on Sustainable Palm Oil (RSPO), a worldwide alliance of stake holders in the palm oil industry. Its aim is to prevent deforestation and to encourage sustainable oil palm plantations. Godrej Industries participates actively at the RSPO and sources palm products from suppliers who are themselves active members of the Roundtable. Additionally, biodegradable vegetable oils are used as the raw material for the manufacture of fatty acids, glycerin, fatty alcohols and surfactants.

### Ensuring Better Yields

The Research & Development team at Godrej's agricultural business has worked towards enhancing the agricultural productivity by focusing on improving fresh fruit bunch yields on per seed and per hectare basis. The R&D Team also provides customized suggestions to try to improve farmer's fresh fruit bunch yields by analysing soil and leaf samples from farmers' crops.

### Principle 3: Promoting the well-being of all employees

Your Company has made concerted efforts towards creating learning and development opportunities that continually enhance the employee value in line with the organizational objectives.

Your Company focuses on ensuring well-being of all its employees. Safety and health of employees is extremely important to the Company and we are committed to building and maintaining a safe and healthy workplace. The following are essential parts of the Code of Conduct

## Diversity & Zero discrimination - Health & Safety - Good working environment

All employees who join the company demonstrate their commitment to follow the code of ethics by signing in their acceptance to adhere to the same. Examples of a few of the principles of this code of conduct are listed below.

### Diversity and equal opportunities:

We value diversity within the Godrej Group and are committed to offering equal opportunities in employment. We do 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 and always allow for equal opportunities for all team members.

Diversity & Inclusion initiatives are taken care of at the Corporate level by the Diversity & Inclusion Department, and is supported by the Diversity Council comprising of business leaders and HR representatives from across businesses in the GILAC group.

Some of the initiatives taken by our Diversity & Inclusion Team includes the following;

- Godrej Women's Leadership Network  
A special group named Godrej Women's Leadership Network was created to give an opportunity to women across different group companies to discuss various women related issues ranging from career growth to maternity leaves and voice their views on the same. The object is to provide a platform where new issues and ideas can be discussed and wherever appropriate pragmatic solutions are incorporated as part of HR Strategies.
- Godrej Alliance for Parents [GAP]  
GAP is a platform to discuss issues that matter to working mothers and fathers to discuss parenting issues at Godrej ranging from child care to children education and their own work life balance. It is also a great place to interact with other parents in the Group and share the experiences.

GAP successfully organized the first ever parenting workshop at Godrej - "Quality Time with Children" which was conducted by Anupama Easwaran- a psychologist and counsellor from In Harmony.

- Policy for prevention of sexual harassment:  
The Company is committed to creating and maintaining an atmosphere in which all employees can work together, without fear of sexual harassment, exploitation or intimidation. A gender- neutral policy on prevention of sexual harassment has been in place for years. The existing policy was further strengthened by adoption of the Policy on Sexual Harassment of Women at Workplace Act, 2013 (also known as the Vishaka Guidelines).  
A Complaints Committee has been formed to redress any complaints of sexual harassment, This committee is headed by Tanya Dubash, Executive Director.

### Health & Safety

- On-campus Facilities:  
We have a canteen facility at all company premises, where food and refreshments are provided to ensure that hygienic and healthy food is available at the premises.

We also have an onsite medical center, hospital and children's day care facility within the Godrej Vikhroli campus.

All company premises are non-smoking zones. Smoking is strictly prohibited in the campus.

- Health Check-up  
The Company has initiated a policy for health check up of employees who are above the age of 40 years, wherein they can have the health checkup done at designated hospitals, once in two years.
- Self-defence workshop for Women Employees  
A self-defence workshop for women employees was organized at the Godrej Campus on 13th and 14th November 2014. The workshop was conducted by **Invictus**

## Survival Sciences.

This workshop focused on mental conditioning, physical training and character discipline making it a transformational experience. Following were the areas that were covered at the workshop:

- Threat Detection & Prevention
- Principle of Defense & Attack
- Defense Against Unarmed Attacks
- Defense Against Armed Attacks
- Defense Against Sexual Assaults

We are proud to share that a total of 19 GIL women employees underwent the training.

## Good Working Environment

- Progressive Human Resource policies

Your Company prides itself as a great place to work, a fact recognized and acknowledged externally as well. HR policies like flexible working hours, work from home arrangements, part-time work, leave and benefits, adoption leave and benefits, extended 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.

- Engagement Forums

There are multiple touch points for leadership team to interact with employees through forums like open houses, town halls, the long range plan and annual operating plan cascades, focus groups around engagement surveys, HR connect sessions, skip level meetings by senior leadership etc. The organization invests in functional training for all employees in line with their current and future career aspirations.

The learning suite encompasses functional training, leadership development programs and behavioral training geared towards leading self, leading others and leading business. The company also nominates managers for MDP

programs at premier Business Schools like ISB, IIMC, IIMA, IIMI etc.

- Whistle Blower Policy

The purpose of the Whistleblower Policy is to allow employees to raise concerns about unacceptable, improper or unethical practices being followed in the organization, without necessarily informing their supervisors. A Whistleblowing Officer has been designated for the purpose of receiving and recording any complaints under this policy.

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

Godrej Industries continues its engagement with various stakeholders through various mechanisms such as consultations with local communities, supplier/vendor meets, customer/employee satisfaction surveys, investor forums etc.

- COMMUNITY DEVELOPMENT

We have directed our special efforts towards the less privileged in the society through various ways. 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 the central recruitment process owner.

➤ Your Company participates in government fairs for recruiting candidates from the categories of Scheduled Caste/Scheduled Tribe and Physically Challenged. We have also partnered with NGOs to provide employment opportunities and counselling to people that fall in one of these categories.

➤ As part of the 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.

- We have interactions with NGO's like NSAEOH, ADAPT who work for the differently abled people.
- Godrej Industries also provides apprentice opportunities to students who have completed some form of technical education. In the past fiscal year, it offered job specific training to 36 Scheduled Caste/ Scheduled Tribe trainees making them employable. Industrial visits and training of ITI students to the Valia factory also helped them understand the chemical industry. Our employees – experts in fields like electrical, mechanical and safety deliver lectures at local ITI institutes.

The Valia factory in Gujarat is located in Kanerao village which has population predominantly from the underprivileged section. We have been contributing towards the development of the village by donating funds for repair of schools, digging wells and certain other needs of the village.

### Donations & Sponsorship

- During the year 2014-15 the company made donations to several organizations. Our charitable donations span a wide range of good causes. The company also sponsors a lot of events to promote social causes.
- Employees at Godrej Industries and its associated companies have also taken various initiatives to provide support to the disadvantaged in the society.
- 7 employees of the company ran the Standard Chartered Mumbai Marathon in January 2015 in support of Teach for India by spreading awareness about the movement and also raising funds.

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

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

Our Code of Conduct covers aspects like Diversity, Anti-Discrimination, equal opportunity, compliance with the law and integrity which all contribute to respecting and promoting human rights. We also have policies like Whistleblower, Prevention of Sexual Harassment that encourage respect and promotion of human rights. Any violation of the Code of Conduct can result in stern disciplinary action including termination of employment and / or other appropriate actions as permissible under the law.

The Company has a policy which is applicable to all employees. The Company encourages its Business Partners to follow the policy.

We have an initiative called 'Bedhadak Bolo' whereby any employee can express his/her ideas and suggestions without any hesitation and fear. Another initiative called "Ask HR" is being practiced where an HR member meets employees on 1 to 1 basis to understand their concerns, ideas and suggestions.

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

*A society is defined not only by what it CREATES, But also by what it refuses to DESTROY*

Godrej as a group believes in conserving the various resources of the mother earth. As part of its Good & Green vision there is a specific commitment at Godrej 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.

Our efforts for energy conservation in all our units have resulted in reduction of specific energy and reduction in specific water consumption and Green House Gas (GHG) emissions.



## Reducing specific energy consumption

### • Signatory to CII

Godrej Industries 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. Godrej Industries has put initiatives in place at its factories in order to meet the codes.

### • Specific Efforts Energy Conservation

The specific energy consumption is on a decreasing trend since FY 10-11. Both Valia and Ambarnath Plants have considerably implemented energy conservation projects through the following activities;

- Using energy efficient equipment and replacing less efficient equipment with more efficient equipment.
- Installation of variable frequency drives
- Optimization of Pumping System
- Natural gas conservation activities in boilers
- Optimization of compressed air network
- Optimization of cooling tower operations
- Minimizing the losses in blowers
- Use of heat Pump to preheat boiler water.
- Use of LED lighting and Astronomical timers

### • Energy Conservation Week Celebration:

This year, on the occasion of Energy Conservation Day (14th December) and Energy Conservation Week (11th to 16th December), we have initiated our awareness campaign of energy conservation/efficiency. We started this activity with "Train the trainer" activity.

Besides these trainings, various other programs like "Energy pledge", "Steam leakage identification", "Fuel leakage identification", "Energy efficiency quiz", "Posters and slogans completions" etc. were organized seeking maximum participation of Company Employees.

### • Mission Energy:

Mission energy is collective efforts by CII along with Grundfos towards creating energy awareness and challenge for period of 2 month in which industries have to implement the various energy initiatives and saving to be published as a result of activity done for 2 months.

Your Company has saved substantial energy by implementing the various innovative projects at site during this mission energy challenge. We received the appreciation certificate for the efforts taken towards such energy saving.

### Utilizing a higher proportion of renewable energy sources

- Implementation of biomass briquette base boiler

**Renewable Energy used as a percentage of Overall Energy used, has increased substantially over the years and was more than 15% of the total energy consumed in FY 2014-15.**

This was achieved through installation of two biomass briquette based boilers at our Valia factory. These initiatives reduce the dependency on Natural gas substantially and also results in reduction of Greenhouse gas emissions as Biomass is a carbon neutral fuel.



## Becoming carbon neutral and water positive

- Reducing Carbon footprint through Manufacturing Processes (Valia and Ambernath)

The specific GHG emission has been reduced substantially. This was achieved through various environment friendly project like replacing fossil fuel from biomass fuel for boilers, various energy conservation projects, LED lights, astronomical timers etc.

- Reducing carbon footprint through other initiatives (Valia Plant)

We have reduced our GHG emission by shifting our transport from road to rail and minimizing the distance of travel. We continue to focus on optimizing the distance travel, increasing loading ability of our products and improve truck utilization to reduce GHG emission.

- Water Conservation through Wastewater treatment plant

Specific water consumption of the company has reduced significantly over the years. Moreover, the Valia factory in Gujarat implemented Wastewater treatment RO plant with a capacity of 500 m<sup>3</sup>/day. This plant treats the ETP wastewater into fresh water and reduces dependency on fresh water consumption.

## Reducing Waste to Landfill

We segregate Biological and Chemical waste from ETP which has reduced amount of waste going to landfill substantially.

## Awards & Accolades

- **FICCI Award for Efficiency in Energy Usage in chemical sector**

We are proud to share that the Valia Plant was recognized for its effort toward energy efficiency and received “FICCI award for efficiency in energy usage in chemical sector 2014”. FICCI chemical and petro chemical

awards, scheme was introduced to encourage sustainability in industry and recognize companies with commendable achievement in the fields of chemicals and petrochemicals.

- **Green Co: Green Company Rating System**

This year CII- Godrej GBC certified the Valia Unit with “GreenCo Silver” under the Green Company Rating System.

Valia Plant is the first Oleochemical manufacturer to receive this rating. The rating is based on nine parameters of energy efficiency, water conservation, renewable energy, greenhouse gas emissions, waste management, material conservation, green supply chain, product stewardship and lifecycle assessment.

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

For any policy advocacy, Godrej Industries 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.

As mentioned in Principles 6 in the report, Godrej Industries is a signatory to the Confederation of Indian Industry’s (CII) Mission of Sustainable Growth and the CII-ASSOCHAM Code of Conduct for Affirmative Action respectively.

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

Our “Good & Green” vision inspires each one of us at Godrej to continue to work towards building a brighter, greener and more inclusive India.

## **Godrej Saksham Program**

Your Company has partnered with institutes such as the Industrial Training Institutes (ITI), which focus on skills based education in order to improve overall levels of employability.

In January 2013 the Chemicals division launched **Saksham**, its skill development program for students of Industrial Training Institutes (ITI). The program aims to teach relevant skills to students in Attendant Operator Chemical Plant (AOCP) and Maintenance Mechanic Chemical Plant trades (MMCP). The program gives an industry perspective to the ITI student. Till now, 135 students have been successfully trained in Ankaleshwar area.

### Godrej Kushal

GOI Skill India Mission have recently launched a Technical Training program under GOI Reward Scheme for the benefit of masses. The said courses is as per the National Occupation Standards (NOS) as defined by FICCI in association with Department of Heavy Industries GOI. The program targets skill building in Fitter, welder, Machinist & Plumber trade, and in turn creates employability.

So far 500 trainees have been trained across three trades – Fitter, Welder and Machinist. We have supported this trainings by sponsoring part payment of their fees.

### **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 our 'Code of Conduct'. We strive to ensure that customer needs are satisfied and that our products and services offer value to the customer.

Our customer focus does not only extend to external customers alone, but includes internal customers as well.

We continue to invest significantly in R&D to develop newer products or variants to suit the needs of the customers.

The Valia factory which operates on Distributed Control System is ISO 9001 & ISO 14001 certified

and has been Kosher certified for manufacturing Fatty Acids, Fatty Alcohols and Glycerin and is well equipped to deliver the products of superior quality, in time and at competitive price.

### Product Safety:

Godrej is a member of fatty alcohol consortium which was formed as per ECHA/REACH guidelines. REACH stands for Regulation for Evaluation, Authorization & Registration of all substances entering into Europe. As per REACH and GHS requirement we have developed MSDS where all the characteristics of the product are clearly stated with instructions how to handle and use the product safely.