



marico
make a difference

EVERY
ACTION
MAKES A
DIFFERENCE
SUSTAINABILITY
REPORT 2016-17



EVERY ACTION MAKES A DIFFERENCE

If the world today is moving, slowly but consistently, towards conscious and responsible action, it's because of one simple idea: everyone can be a change-maker. The single-minded resolve of one man to clear a public beach of garbage; the decision of school children to renounce firecrackers – examples of individual actions triggering social change are manifold and inspiring.

It's a precept Marico has believed in for years. In every layer of our organization, and in the DNA of every member, is embedded a desire to make a difference; to adopt every possible measure, big or small, that will take us further along the road to sustainability. Can a product design be modified to prevent wastage? Can our supply chain be made more fuel-efficient? Can we reach beyond our boundaries, and help suppliers, vendors and partners achieve sustainable growth?

We can, and we do make a difference. We see it not only in bottom lines and awards, but also in enhanced relationships, a safer, cleaner environment and a corporate ethos that has sustainability embedded in its very core.

Looking back and looking forward, we see a path of enormous potential. Made up of small, significant steps and actions.



OUR SUSTAINABILITY JOURNEY



KEY MILESTONES*



63,000

farmers benefited over the last 4 years



32%

reduction in energy intensity from baseline year**



22%

reduction in specific water consumption over the last 4 years



54%

reduction in GHG emission intensity from baseline year**



86%

fuel used is agro-waste, up from 38% in baseline year**



43,542

consumers took the Saffolalife healthy lifestyle test.



80%

reduction in use of fossil fuels from baseline year**



74%

of energy is through renewable sources, up from 33% in baseline year**



Our Baddi unit in North India secured a Gold Certification under the GreenCo Rating system, accredited by the Confederation of Indian Industry (CII).

* Achievements in last 5 years

** Baseline year FY 12-13



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CHAIRMAN'S MESSAGE



Dear Stakeholders,

Developing a sustainable ecosystem is a constant, dynamic goal at Marico, with every year bringing in its own challenges and achievements. 2016-17 has seen us achieve many milestones that we can truly be proud of. We have broadened and deepened our engagement with the government and social agencies on the issue of food safety. Responding to the needs of farmers, we have worked closely with the agricultural sector to improve farmer remuneration. Promoting social innovation is an on-going commitment at Marico and we have had substantial success in this.

And of course, we can never forget our responsibility to the needs of the community: supporting education for the under-privileged and other community welfare programmes reinforces Marico's core commitment to sustainable growth – for the company, for its members, for society and for our country.

A handwritten signature in black ink, appearing to read "Harsh Mariwala".

Harsh Mariwala

“ We have broadened and deepened our engagement with the government and social agencies on the issue of food safety.





MD AND CEO'S MESSAGE

Dear Stakeholders,

I am happy to present to you Marico's journey in sustainability during 2016-17. As a responsible corporate, we aim to integrate sustainable practices into our core business strategy. Through this we ensure that every action makes a difference, taking us that much closer to achieving our long-term goals, ensuring value for all our stakeholders and also gaining competitive advantages.

Our approach to sustainability therefore embraces all its many dimensions. Our initiatives span responsible sourcing, empowering our suppliers and business associates, conserving natural resources and ensuring supplies for the future, striving for minimal environmental

impact in our processes, and monitoring corporate governance to encourage an open, transparent culture and foster the growth of future leaders. With a holistic long-term vision that aligns our business, social and environmental objectives, we aim to be a future-ready corporate, committed to delivering sustainable profitable growth and societal value creation. Because true sustainability means growth for all.

A handwritten signature in black ink, appearing to read "Saugata Gupta".

Saugata Gupta

“As a responsible corporate, we aim to integrate sustainable practices into our core business strategy.”



REPORTING SCOPE

We have adopted the GRI Framework to disclose our performance, following GRI G4 guidelines. The GRI index at the end contains the definition of each reported disclosure.



**REPORTING PERIOD
FOR THIS REPORT:
FY 16-17 (APRIL 1, 2016
TO MARCH 31, 2017)**



**REPORTING CYCLE:
ANNUAL BASIS**



**IN ACCORDANCE
CRITERIA:
GRI G4 - CORE**



**REPORTING BOUNDARY:
MARICO LIMITED INDIA OPERATIONS***

Please send your feedback to: sustainability@marico.com

*No other entities, such as subsidiaries, associates, joint ventures, vendors etc. are within the reporting boundary.





ABOUT MARICO



ABOUT MARICO

Marico Limited is one of India's leading consumer products companies operating in the beauty and wellness space. Empowered with freedom and opportunity, we work to make a difference to the lives of all our stakeholders - members, associates, consumers, investors and the society at large. Currently present in 25 countries across emerging markets of Asia and Africa, Marico has nurtured multiple brands in the categories of hair care, skin care, edible oils, health foods, male grooming and fabric care.

Charting an annual turnover of INR 59 billion (Financial Year 2016 - 2017) across our portfolio, Marico's sustainable growth story rests on an empowering work culture that encourages our members to take complete ownership and make a difference to the entire business ecosystem.

WITH A PRESENCE IN OVER
25 COUNTRIES, MARICO IS EXPANDING IN EMERGING MARKETS ACROSS ASIA & AFRICA.



CORE VALUES

Our values form the base of the unique culture we have at Marico. It is the guiding force behind our actions.



Boundarylessness

Seeking support and influencing others beyond the function and organisation to achieve a better outcome/ decision without diluting one's accountability.



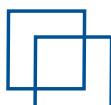
Opportunity Seeking

Identifying early opportunity signals in the environment to generate growth options.



Innovation

Experimentation and calculated risk taking to increase success probability of radical/pioneering ideas to get quantum results.



Transparency & Openness

Allowing diversity of opinion by listening without bias, giving, and receiving critique, with mutual respect and trust for the other.



Consumer Centric

Keeping consumer as the focus and a partner in creating and delivering solutions.



Bias For Action

Preference for quick thoughtful action as opposed to delayed action through analysis.



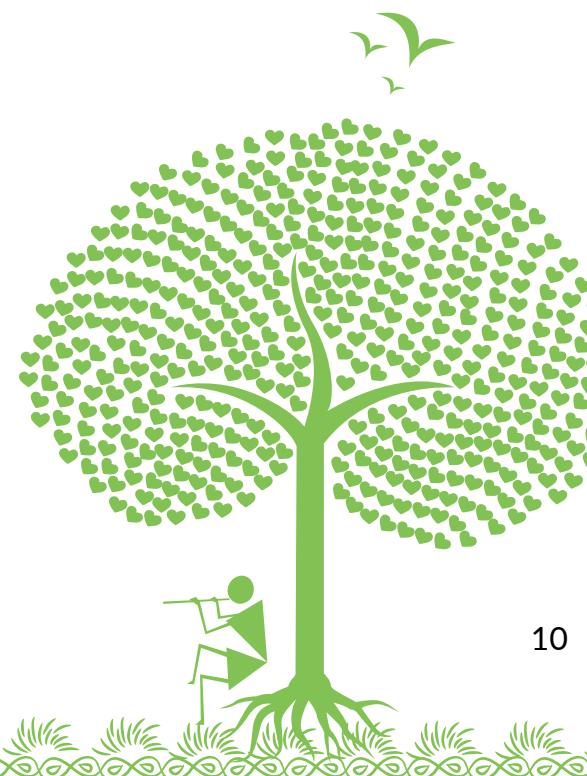
Excellence

Continuous improvement of performance standards and capability building for sustained long-term success.



Global Outlook

Sensitivity and adaptability to cultural diversity and learning from different cultures.



PRODUCT PORTFOLIO

Entering deeply into the lives and lifestyles of our consumers, Marico's multiple brands are well established in the categories of hair care, skin care, edible oils, health foods, male grooming and fabric care. In India, Marico touches the lives of one in every three Indians, as the company's portfolio features a gamut of household brands: Parachute, Parachute Advansed, Saffola, Hair & Care, Nihar, Nihar Naturals, Livon, Set Wet, Mediker and Revive.

In the international market, Marico is represented by brands like Parachute, HairCode, Fiancée, Caivil, Hercules, Black Chic, Code 10, Ingwe, X-Men and Thuan Phat. These are localised to fulfil the lifestyle needs of our international consumers.

Hair Oil

- ◆ Nihar Naturals Sarson Kesh Tel
- ◆ Nihar Naturals Shanti Amla Badam Hair Oil
- ◆ Parachute Advansed Deep Conditioning Hot Oil
- ◆ Parachute Advansed Aloe Vera Enriched Coconut Hair Oil
- ◆ Parachute Advansed Coconut Hair Oil
- ◆ Parachute Advansed Jasmine Hair Oil
- ◆ Hair & Care Fruit Oils
- ◆ Nihar Naturals Coconut Hair Oil



Coconut Oil

- ◆ Parachute Coconut Oil
- ◆ Nihar Naturals Coconut Oil
- ◆ Nihar Naturals Uttam Coconut Oil



Anti-Hairfall

- ◆ Livon Hair Gain Tonic
- ◆ Parachute Advansed Ayurvedic Hair Oil
- ◆ Parachute Advansed Ayurvedic Gold Hair Oil
- ◆ Parachute Advansed Scalp Therapie Hair Oil





Hair Serum

- ◆ Livon Silky Potion Hair Serum
- ◆ Hair & Care Silk n Shine Hair Serum



Skincare

- ◆ Parachute Advansed Body Lotion

Male Grooming & Styling

- ◆ Parachute Advansed Men's Hair Cream
- ◆ Range
- ◆ Set Wet Beard Styling Gel
- ◆ Set Wet Deodorants
- ◆ Set Wet Styling Gel





SUSTAINABILITY @ MARICO



SUSTAINABILITY @ MARICO

Climate change, sustainable development and ecological consciousness are global concerns, inspiring significant policy decisions by world leaders as well as the United Nations. As a responsible corporate, Marico is committed to the global agenda of Sustainable Development Goals, with a specific and focused framework for achieving them within the parameters of our business operations.

Our maiden sustainability report in FY 2015-16 (http://marico.com/investorspdf/Sustainability_Report_2016.pdf) outlined our sustainability policy, our overall commitment and 10 focus areas (refer table) that we believed would be significant in enhancing our company's sustainability performance. In this reporting year, our intensive effort in these focus areas has resulted in specific, well-executed projects to raise the sustainability standards of our company.

1. Creation of good climate by reduction in life cycle GHG emissions of our products



Improving energy efficiency



Becoming a responsible consumer of renewable energy

2. Optimisation of earth's resources



Becoming a water positive organisation



Resource optimisation



Sustainable procurement

3. Responsible corporate citizenship



Improving well being of society through healthy lifestyles



Capability building of stakeholders



Education of underprivileged children



Advocating green practices



Promoting gender diversity

Stakeholder Engagement and Materiality Assessment

Engaging our diverse stakeholders in an ongoing, long-term dialogue is a core component of our business and sustainability strategies, our annual reporting process and our global operations. We are committed to being responsive and responsible members of the communities in which we live and work, to creating a cohesive, integrated social fabric that will promote growth and prosperity for all.

Our approach is rooted in our principles of accountability and holistic growth – understanding that varied groups and interests are affected by the operational footprint of our business, we seek to bring together the expertise, knowledge and passion of these organizations and individuals to work together towards risk mitigation, conflict resolution, compliance management, market development, innovation and strategy. We firmly believe that genuine and consistent stakeholder engagement initiatives offer multiple benefits in terms of collaboration and long-term growth, and have a significant positive impact on our business and sustainability goals.

In the course of the previous year (2015-16), we undertook a comprehensive exercise in stakeholder engagement and materiality assessment. By proactively interacting with key stakeholders like customers, members, suppliers, community

organisations and NGOs, policy makers and regulatory agencies, we created a platform to promote transparent communication, identify and recognize needs and concerns and address important issues through collaboration. During the stakeholder engagement exercise, we mapped stakeholders' concerns with respect to their expectations and business concerns and arrived at a pool of 29 material issues, which was announced in our previous sustainability report.

(http://marico.com/investorspdf/Sustainability_Report_2016.pdf)

As technological advancement, digitization, automation, regulation changes, raw material availability, compliance, transportation and other issues dynamically affect business priorities, Marico recognizes the need for a bird's eye-view on the changing needs of the time and the openness to accept new challenges as opportunities.

In the reporting period, we have focused on the previously identified pool of material issues and delved into it for the most relevant material issues in today's context. Through a series of interactions with most of the key stakeholders, we targeted 6 material areas which are very critical to our business as of now. These are sustainable procurement, product responsibility, future-ready capability building, energy management, waste management and water management.



“We must commit to exercising environmental stewardship at every level of the value chain. At Marico, our efforts are always to source our key raw materials through responsible, sustainable and inclusive sourcing policies. Within our operational control, we strive for green manufacturing by maintaining a constant check on greenhouse gas emissions, energy efficiency and waste reduction. Overall, every step should lead to a better future for all.

Jitendra Mahajan,
Chief Supply Chain Officer and Business Responsibility Head





1. Sustainable Procurement

As Marico's material and service requirements are varied, sustainable procurement becomes critical for the business. It can help save money, reduce waste, improve competitiveness and reduce business risk. We lay emphasis on procuring raw materials which are not just cost effective but responsible in nature too. We aim to procure goods which are economically viable and which benefit the organization, customers, society and the environment.



2. Energy Management

As a responsible corporate, we aim to reduce our energy consumption and adopt environmental-friendly production technologies. We are committed to make every effort to invest in efficient usage of renewable and non-renewable energy.



3. Water Management

Availability of water is a global challenge today and as a part of our ongoing sustainability commitment we aim to set new benchmarks in this material area of our business. We aim to become a water-positive business and focus on the direct requirements which can make an immediate impact.



4. Waste Management

Waste management is an area of high relevance to our business and managing generated waste is critical for us. We are committed to reducing our waste on a year-on-year basis and having a robust waste recycling and reusing mechanism in place.



5. Product Responsibility

The products we manufacture are used by people every day, and our consumers expect our products to be environmentally and socially responsive. Therefore, we aim to provide products that are safe in nature and do not impact the environment and community adversely while maintaining high quality standards. We are committed to investing in recyclable and renewable materials in our product manufacturing.



6. Future-ready capability building

Building competencies is a progressive process; in a dynamic environment it becomes critical to build future-ready capabilities for business and individual growth.



FOCUS AREAS AND TARGETS

At Marico, we believe in pursuing our sustainability agenda with the same innovative leadership, strategic depth and accountability that we bring to our other business plans. Consequently, our sustainability goals are set with measurable targets, to be achieved by 2022. These are:



MAKE OPERATIONS WATER POSITIVE



REDUCE GHG EMISSIONS BY 75%*



REDUCE ENERGY INTENSITY BY 50%*



INCREASE FARMER BENEFICIARIES YEAR ON YEAR BY 5%*



CERTIFY 20% OF CRITICAL SUPPLIERS FOR LEVEL 1 CRITERIA OF MARICO'S RESPONSIBLE SOURCING GUIDELINE

* Against a baseline year of FY 12-13

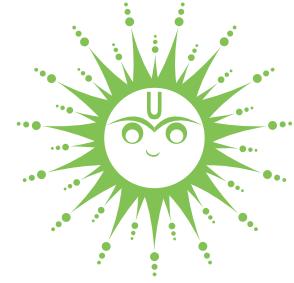




CORPORATE GOVERNANCE



CORPORATE GOVERNANCE



Corporate governance founded on professional excellence and uncompromising integrity, has always been the cornerstone of Marico's management process. With a decision-making model based on decentralization, empowerment and meritocracy, the management is committed to its fundamental objective of maximizing shareholder value. Every aspect of corporate governance at Marico, from our vision and philosophy to processes to our adherence to best practices, is imbued with this objective.

Marico's Board of Directors envisions the company as the 'best in class organization', surpassing the expectations of all stakeholders. The Board and the management team together ensure that with a robust framework and the highest standards of corporate governance, Marico will enjoy a sustainable competitive advantage well into the future.



BOARD OF DIRECTORS

Drawing from the best global practices for a high-performing Board of Directors, Marico is privileged to have a truly diverse Board, whose wisdom and strength can be leveraged to enhance corporate governance and maximize value for stakeholders. An optimum combination of executive and non-executive directors, with more than half of the Board comprising independent directors, Marico's Board brings together a wealth of knowledge, perspective, professionalism, divergent thinking and experience. The Board is recognized for its unique ability to balance several deliverables, achieve sound corporate governance objectives in a promoter-owned organization and act as a catalyst in the creation of stakeholder value.



The composition of the Board and the details of its meetings during the period April 1, 2016 to March 31, 2017 are as follows:

| Name of the Director | Category | No. of Board Meetings | | Attendance at last AGM held on August 5, 2016 |
|--------------------------|-------------------------------------|-----------------------|----------|---|
| | | Held | Attended | |
| Mr. Harsh Mariwala | Chairman and Non-Executive Director | 5 | 5 | Yes |
| Mr. Saugata Gupta | Managing Director and CEO | 5 | 5 | Yes |
| Mr. Anand Kripalu | Independent Director | 5 | 3 | No |
| Mr. Atul Choksey* | Independent Director | 5 | 4 | No |
| Mr. Ananth Narayan** | Additional (Independent) Director | - | - | - |
| Mr. B.S. Nagesh | Independent Director | 5 | 4 | Yes |
| Ms. Hema Ravichandar | Independent Director | 5 | 4 | Yes |
| Mr. Nikhil Khattau | Independent Director | 5 | 5 | Yes |
| Mr. Rajeev Bakshi | Independent Director | 5 | 4 | No |
| Mr. Rajen Mariwala | Non-Executive Director | 5 | 5 | No |
| Mr. Rishabh Mariwala *** | Additional (Non-Executive) Director | - | - | - |

* ceased to be an Independent Director of the Company w.e.f. April 1, 2017.

**appointed as an Additional (Independent) Director w.e.f. June 26, 2017.

***appointed as an Additional (Non-Executive) Director w.e.f. May 2, 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed Management Discussion and Analysis forms an integral part of a company's performance review. Inter-alia, it offers an update on macro-economic Indicators and the FMCG industry, opportunities and threats, risks and concerns, internal control systems and their adequacy, financial and operational performance, segment-wise performance and human capital initiatives.



Committees

Marico's Board has constituted the following committees to aid effective supervision and governance. These committees deal with matters concerning accounts, controls, risks, human capital, shareholders, corporate social responsibilities, etc.



AUDIT COMMITTEE



STAKEHOLDER RELATIONSHIP COMMITTEE



RISK MANAGEMENT COMMITTEE



CSR COMMITTEE



BUSINESS RESPONSIBILITY COMMITTEE



CORPORATE GOVERNANCE COMMITTEE : THE CGC ACTS AS THE NOMINATION AND REMUNERATION COMMITTEE



OTHER COMMITTEES : ADMINISTRATIVE COMMITTEE, INVESTMENT AND BORROWING COMMITTEE, SECURITIES ISSUE COMMITTEE, SHARE TRANSFER COMMITTEE

For more information about the Corporate Governance, Board, Board Committee etc., please refer to our Annual Report (http://marico.com/investorspdf/Annual_Report_2017.pdf)
For Sustainability governance structure, please refer to Sustainability policy (http://marico.com/investorspdf/Sustainability_Policy.pdf)



ECONOMIC PERFORMANCE



ECONOMIC PERFORMANCE

As per the Central Statistics Organization (CSO) and International Monetary Fund (IMF), India has emerged as the fastest growing major economy in the world over the last five years. In 2017, India's GDP grew by 7.1%, a tad lower compared to 2016. The capital formulation was lower than expected. Moreover, demonetization brought a liquidity crunch impacting demand in H2 FY17. However, India's economic fundamentals remain robust. As on 31st March 2017, the Forex Reserves were healthy at 383 billion USD up from 295 billion USD five years ago. The fiscal deficit at 3.5% of GDP for FY17 was down from 3.9% five years ago. Consumer Price Inflation (CPI) is low and hovers around 3.8%. The country is marching towards power sufficiency across various states while the pace of constructing roads improved to approx. 22 km per day. The Goods & Services Tax (GST), one of the biggest regulatory reforms since independence, is finally a reality. Notwithstanding the short term hiccups, over the medium term, it should simplify the indirect tax administration and compliance, further control inflation, improve tax revenues and create a level playing field for compliant industry players. These fundamentals augur well for India's future.

FMCG Sector

India's FMCG sector at USD 41.1 billion is one of the largest sectors in India. Over the last five years, the sector has grown at a compounded annual growth rate of 9.3%, ahead of the GDP growth. During the year under review, the growth has tapered off mainly due to deflation and the impact of demonetization. While sentiment appears to have improved, it has not yet translated to tangible improvement in consumption across the sector. However, there is a silver lining. Apart from the good monsoons, other factors expected to drive the recovery are a stronger GDP growth (leading to investments in various sectors, which eventually results in employment generation); moderate consumer inflation; enabling policy framework; Goods and Services Tax (GST); Direct Benefit Transfer Scheme (DBT); One Rank One Pension (OROP) for ex-Military servicemen; and increased pay-outs to government employees consequent to implementation of 7th Pay Commission recommendations.

Economic Value Generated, Distributed & Retained

Marico India achieved a turnover of INR 4,579 Crores (USD 683 million) in FY17, a decline of 2% over last year. While it recorded a volume growth for FY17 at 4%, its value growth diminished owing to price reductions in the coconut oil portfolio. Demonetization in Q3FY17 acted as a dampener on the overall annual volume growths due to liquidity crunch in India's informal economy. The operating margin for the India business was healthy at 24.3% before corporate allocations. Higher operating margins can be attributed mainly to gross margin expansion led by softer input costs.

In addition to Marico India, the standalone business includes exports to adjacent markets such as Nepal, Bhutan, Sri Lanka and Indian diaspora markets across the globe. The business contributed ~USD 10 million to FY17 revenues and has been growing steadily.



| | (in crore) | | | |
|--|--------------|----------|----------|----------|
| | FY 13-14 | FY 14-15 | FY 15-16 | FY 16-17 |
| Economic Value Generated (A) | 3,917 | 4,822 | 5,051 | 5,113 |
| Economic Value Distributed (B) | 3,606 | 4,520 | 4,908 | 4,824 |
| Operating Costs | 2,952 | 3,822 | 3,803 | 3,643 |
| Employee Benefits and Wages | 171 | 197 | 228 | 251 |
| Payment to Providers of Capital | 256 | 178 | 451 | 464 |
| Payments to Government (Indian) | 181 | 257 | 347 | 387 |
| Community investments (CSR expenses, Horticulture (Green belts within premises and in the vicinity of the plants)) | NA | 11 | 10 | 15 |
| Others - Depreciation, amortisation and impairment | 46 | 55 | 69 | 64 |
| Economic Value Retained (A-B) | 311 | 302 | 144 | 289 |
| Year-on-Year change (%) | NA | (3%) | (52%) | 101% |

Note 1:

All numbers are calculated for Marico Limited (Standalone Entity).

Note 2:

FY16 and FY17 numbers are as per IND - AS and hence not comparable with earlier years which were as per I-GAAP.

Note 3:

While calculating dividend payment to providers of capital, Dividend Distribution Tax has been excluded since it has been included in the Payments to Government.

Note 4:

As Excise Duty and Sales Tax/VAT have been netted off from Economic Value Generated, hence they have also been excluded from Payments to Government under the Economic Value Distributed workings.

Note 5:

The legal requirement to disclose CSR spends started in FY 2014-15 and hence the amount of CSR spends for FY 2013-14 is not available.

Dividends Paid

With steady increase in operating cash flows, focus on organic growth and in an endeavor to maximize returns to its shareholders, the Company increased its dividend payout in FY17 to 350% vis-à-vis 337.5% during FY16.

The overall dividend payout ratio was 64% of PAT compared to 70% during FY16. Subject to its fund requirements towards inorganic growth, working capital, and capacity creation the Company shall endeavor to maintain a dividend payout ratio at ~ 60-65% in the medium term.

(in crore)

| | FY 13-14 | FY 14-15 | FY 15-16 | FY 16-17 |
|--|----------|----------|----------|----------|
| Equity Dividend (A) | 226 | 161 | 435 | 452 |
| Tax on Equity Dividend (B) | 4 | 13 | 65 | 57 |
| Total Dividend Pay-out (C= A+B) | 230 | 175 | 501 | 509 |
| Consolidated Profit after Tax (PAT) (D) | 485 | 573 | 711 | 799 |
| Dividend Pay-out ratio (C/D) (%) | 47% | 30% | 70% | 64% |

Note 1:

FY16 and FY17 PAT numbers are as per IND - AS and hence not comparable with earlier years which were as per I-GAAP.

Note 2:

The Company declared a one-time Silver Jubilee Third Interim Dividend of 175% and a total dividend of 350% in FY14. Excluding the one-time dividend, the payout ratio for FY14 is 24%.



BUSINESS-WISE PERFORMANCE

Coconut Oil

Parachute's rigid portfolio (packs in blue bottles) recorded a volume growth of 4% for FY17 over FY16. Going forward, the volume growth in Parachute rigid is likely to remain in the range of 5-7%. Moreover, Marico aimed to protect the consumer franchise and maintain the volume momentum over maintaining short-term margins. Thus, the Company restricted the price increase in March 2017 to 8% in response to an inflation of 18% in commodity prices in H2FY17. For the full year, copra prices were down 12% corresponding to 14% price deflation in the coconut oil category. During the year under review, Marico's coconut oil portfolio achieved a volume and value market share at 58% and 59% on MAT basis respectively.

Foods: Super premium refined edible oils and oat cereals

The Saffola refined edible oils clocked an 8% growth in volume terms during FY17 over FY16. The brand gained market share of 283 bps and further strengthened its leadership position in the premium refined edible oils segment to 66% during the 12 months ended March 2017. The near-term outlook for the blended oil franchise is positive with robust volume growth prospects.

Saffola's foray into healthy foods, Saffola Oats continues to consolidate its strong second position in the oats category with a value market share of 27%. Saffola Oats is the highest distributed oats brand in the country. Focus on value-added



oats offerings in the oats segment has enabled the Company to capture 69% value share in the flavoured oats market on a MAT basis.

Value-Added Hair Oils

Marico's value-added hair oil brands managed to register a volume growth of 4% during the year, despite declining by 12% in Q3FY17 due to demonetisation. Marico continues to grow faster than the value added hair oils market of INR 6,500 crore (USD 970 million). During the year, the Company further strengthened its market leadership in the segment by 150 bps to 33% volume share (for 12 months ended March 2017) and with a value share gain of 100 bps to 26% for the same period. The Company will continue to focus on premiumisation to drive growth in the category. The Company's value added hair oils portfolio crossed INR 1,250 crore (USD 187 million) landmark this year with a bouquet of four strong brands. Value-added hair oils portfolio has grown at a 10-year CAGR

of more than 20% and now accounts for 21% of the Company's business in India.

Youth Portfolio

The youth brands portfolio plays in following categories i.e., hair gels, deodorants, hair gain tonic and leave-in serums. For the full year, the franchise grew by 5% in value terms. The value market share of Set Wet gel has grown by 391 bps in last 12 months and currently stands at 58%. The gels now comprise more than 40% of total youth portfolio. The Set Wet deodorants portfolio achieved a volume market share of about 3.3% for the 12 months ended March 2017 in the deodorants category (MAT March '16: 2.6%).



Member Benefits

Marico has established policies to benefit its members. Benefits other than the regular salary information are provided below:



“

Building a sustainable business is our responsibility towards future generations and we are striving towards leaving behind a stellar legacy. Continuous improvement is our endeavour and we request feedback from our shareholders to help us get better each year.

**Vivek Karve,
Chief Financial Officer**

| | 31-03-2014 | 31-03-2015 | 31-03-2016 | AS ON 31-03-2017 |
|---|------------|------------|------------|---------------------|
| PF (in ₹ Crore) | | | | |
| Liability at the end of the year | 81.83 | 82.31 | 94.42 | 117.45 |
| Fair value of plan assets at the end of the year | 82.59 | 85.80 | 98.59 | 122.01 |
| Unrecognized past service Cost | (0.76) | (3.49) | (4.17) | (4.56) |
| Present value of benefit obligation as at the end of the year | - | - | - | - |
| Gratuity (in ₹ Crore) | | | | |
| Liability at the end of the year | 14.40 | 17.67 | 19.98 | 23.41 |
| Fair value of plan assets at the end of the year | 13.14 | 15.06 | 17.30 | 20.46 |
| Liability recognised in the Balance Sheet | 1.26 | 2.61 | 2.68 | 2.95 |



CHARTERS & COALITIONS

Marico is actively engaged with several industry and government associations in India to bring about a positive impact on the business ecosystem at large. The company aims to gain from mutual learning and facilitate dialogue for a common cause. A few of these associations are listed below -



Federation of Indian Chambers of Commerce and Industry (FICCI)



Indian Beauty & Hygiene Association (IBHA)



Tamil Nadu Agricultural University (TNAU)



Indian Agricultural Research Institute (IARI)



Solvent Extractors' association (SEA)



Global Reporting Initiative



Consumer Guidelines Society of India (CGSI)



Social Accountability 8000



Confederation of Indian Industry (CII)



International Organisation for Standardization



Indian Merchant Chambers (IMC)



ACCOLADES

Our consistent pursuit of our corporate goals reflects in delighted consumers, members and stakeholders. Industry awards and accolades indicate that our peers recognise us, too.

★ Awards for quality

- ◆ The IMC Ramkrishna Bajaj National Quality Award for Marico's Baddi unit
- ◆ The best end-to-end consumer solutions award and a ranking among the 50 most impactful quality professionals, at the World Quality Congress

★ Awards for human resource development

- ◆ Ranked among the 100 Best Companies for Women to work in India, in a study conducted by AVTAR and Working Mother Media in 2016
- ◆ Ranked among the Top 50 of India's Best Companies to Work For in the Economic Times and Great Place to Work Institute's India 2017 study.

★ Awards for sustainability

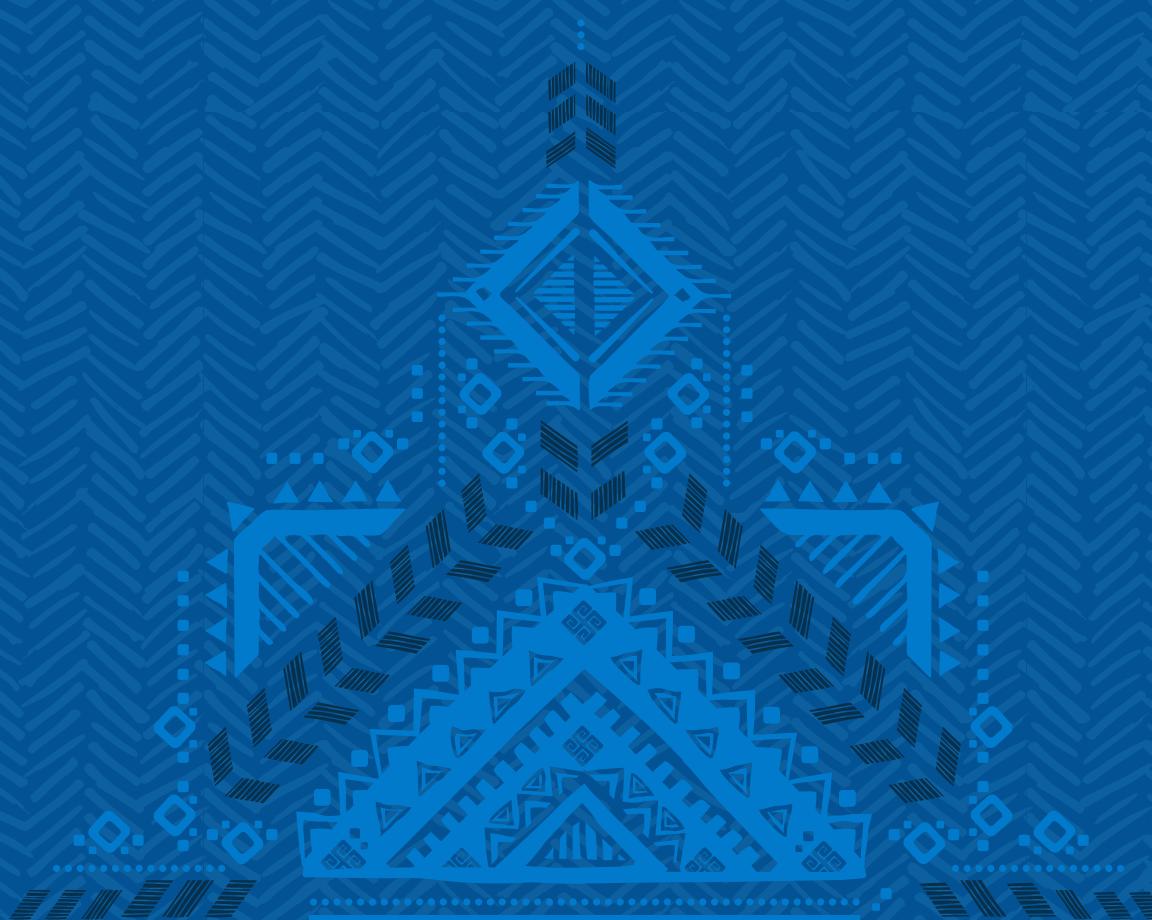
- ◆ CII GreenCo Gold certificate awarded to Marico's Baddi unit
- ◆ IGBC Green Building Certification for innovative and efficient use of energy and water, facility management and health standards, awarded to Marico's R&D center.

*Refer Annual Report FY 16-17, page 44, for accolades in the categories of Corporate, Management and Marketing.





OPERATIONAL PERFORMANCE



OPERATIONS

Procurement, supply chain and manufacturing form the bedrock of our operations; our endeavor has been to effect better synergy between these functions and to enhance sustainability within them, to significantly impact the company's overall sustainability performance and also yield long-term benefits. The key pillars are:

- ◆ Sustainable Sourcing
- ◆ Material Management
- ◆ Environmental Performance

Sustainable sourcing

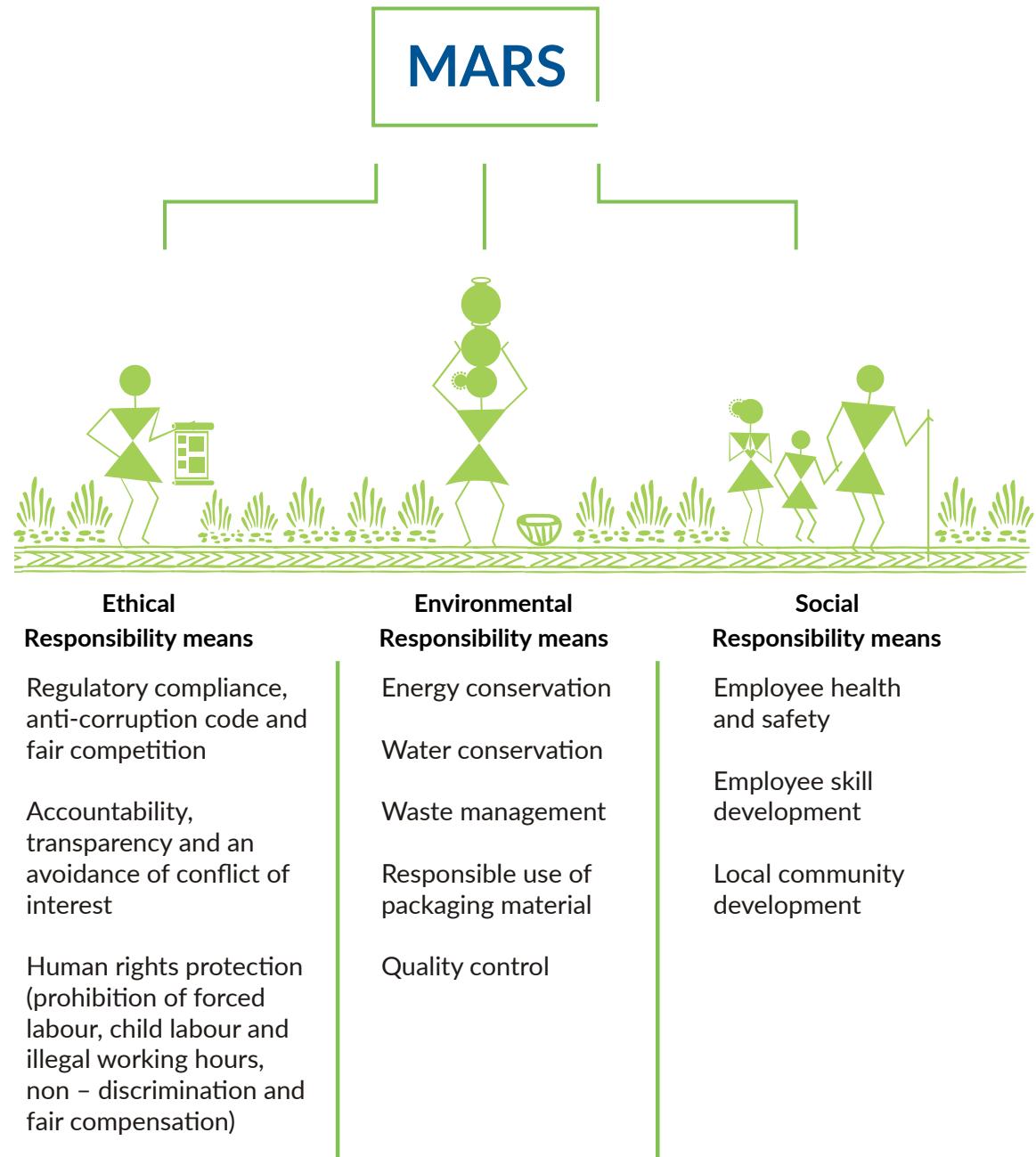
The business strategy that spread sustainability to farmers, suppliers and associates.

Responsible Sourcing Framework

Marico's Responsible Sourcing (MARS) guidelines form the tenets of our supply and procurement policy: an inflexible code that ensures we assimilate sustainability in all our procurement processes, by procuring our supplies ethically and without impacting the environment or society adversely.

A sourcing process imbued with ethical and environmental sensitivity, naturally has an influence on almost everyone we do business with. Engaging with our suppliers and sharing our vision with them, has helped widen our drive towards sustainable growth and seeded the values of ethics, green operations and product responsibility among our associates too.

MARS rests on 3 pillars of responsible sourcing, which ensure that our products are ethically, socially and environmentally responsible. Every supplier is required to adhere to these principles.



Of course, we at Marico understand that merely complying with guidelines isn't enough. Truly sustainable growth comes only when our benchmarks are raised with every challenge, and when we can carry our business associates along with us on the journey.

We have instituted a 3-level programme of engagement, designed to educate, evaluate and involve. We aim to have 20% of our critical material suppliers certified for Level 1 by the year 2022.

Level 1 **EDUCATE**

Sustainability policy & MCOBE
Self declaration



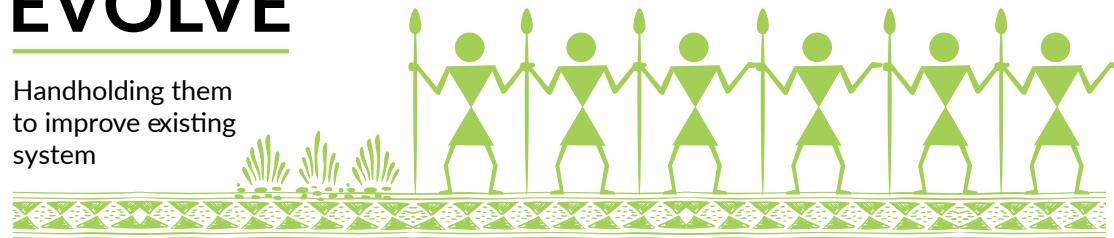
Level 2 **EVALUATE**

Disclose goals & KPIs
Identifying gaps & closure



Level 3 **EVOLVE**

Handholding them to improve existing system



Varied platforms for meaningful engagement

Our vendors, suppliers and business associates are diverse in scale and complexity; in response, Marico has developed a range of platforms that provide periodic touchpoints, helping us collaborate with our partners in technology, systems, processes and environment initiatives.

Farmer First – Empowering farmers for the future

Agricultural produce is critical to Marico, forming the essential raw materials for all our products. Our close, interdependent relationship with farmers demands that we make every effort for their prosperity.

Our Farmer First programme was launched a few years ago, with the aim of solving immediate issues and empowering farmers for the future. We realized that most of our agricultural raw material was rain-dependent, and grown in some of the country's most moisture-stressed regions. Productivity was low, and consequently, so was yield and income. The initiatives begun under Farmer First have helped to strengthen agricultural productivity and multiply yields on a sustainable basis.



Business Associate Engagement



Samyut
(Suppliers)

EnCon
(Converters)

KBC
(Warehouse partners)

SIT
(Business associates)

Farmer First
(Agri partners)

**63,000
FARMERS
BENEFITED
OVER THE
LAST 4 YEARS**

Safflower: Increased productivity + secure livelihoods = sustainable future

Safflower is considered a minor crop; therefore it lacks research and other support from publicly funded organisations. Naturally, the safflower farmer's crop has been neither as productive nor as profitable as other traditional crops.

As a responsible stakeholder in the safflower value chain, Marico stepped in to help, with its Safflower Extension Programme. The plan was multi-faceted, aimed at improving various aspects of the value chain.



Seed Development and Propagation

Marico replaced ungraded commercially available seeds with packed, true certified seeds, working with a reputed seed company. Making good quality seeds available to farmers at affordable prices, Marico helped to enhance the incomes of farmers.

Popularizing high-yielding seed varieties

Marico works with the Indian Institute of Oilseeds Research (IIOR) and its affiliated Safflower research centres, funding research in high-yielding varieties of safflower.

Testing and propagation of yield-enhancing agricultural inputs

Marico works to identify growth promoting inputs for safflower, like biochar, and makes them available to safflower farmers.

Extension classes in benchmark practices to improve yields

Across six Indian states, Marico conducts pre-sowing interactive training classes for safflower farmers, training them in the best practices to improve yield, so that they can benefit from their implementation in the field.

Price security through contract farming

Engaging in contract farming in some areas, Marico procures raw material directly and with transparency from farmers, offering them price security and enhancing their income.

Coconut: Boosting tradition with technology

As the market leader in coconut oil, Marico has always been committed to safeguarding coconut cultivation. Realising that farmers' knowledge did not extend far beyond the traditional agricultural practices, Marico engaged in training them in the gamut of agricultural management, including nutrient management, pest management, disease management, water management and intercultural operations.

The first initiative focused on inculcating awareness of coconut hybrid seedlings and scientific farm management practices. Thanjavur on the east coast of Tamil Nadu and Malapuram in Kerala, both in South India, were identified as the key focus areas to run the prototype.

A professor from Tamil Nadu Agricultural University, and agricultural officers from Kerala, conducted the initial training sessions. A separate technical team of 6 agricultural graduates conducted training sessions and guided the implementation of management practices in Tanjore district. Interesting PowerPoint presentations brought alive the sessions, visually depicting symptoms of pest and disease attacks, nutrient deficiencies and their management practices, while the value of hybrids and their benefits was also explained.

No. of beneficiaries over 4,500 coconut farmers

With long-term growth objectives firmly in mind, Marico encouraged farmers to enroll with the technical experts after the training session, to help in implementing the recommendations. Experts had one-on-one sessions with each farmer, recording relevant information like the number of trees on his farm, the type of irrigation system, the latest yield and more. A personal visit to each farm helped the expert identify the farmer's individual challenges, and provide technical solutions for the most pressing ones.

The experts maintained a regular monthly schedule of visits, recommendations and implementation, recording every important detail for review. Over 2 years, Marico is proud to have conducted 150 sessions, training more than 4500 farmers, and enrolling more than 500 farmers for a scientific implementation of practices.

| FY | No of trainings | THANJAVUR | | Kerala | |
|---------|-----------------|-----------------|------------------|------------------|-----------------|
| | | Farmers trained | Farmers enrolled | No. of trainings | Farmers trained |
| 2015-16 | 51 | 1948 | 120 | 25 | 1646 |
| 2016-17 | 71 | 882 | 416 | 3 | 256 |
| TOTAL | 122 | 2830 | 536 | 28 | 1902 |

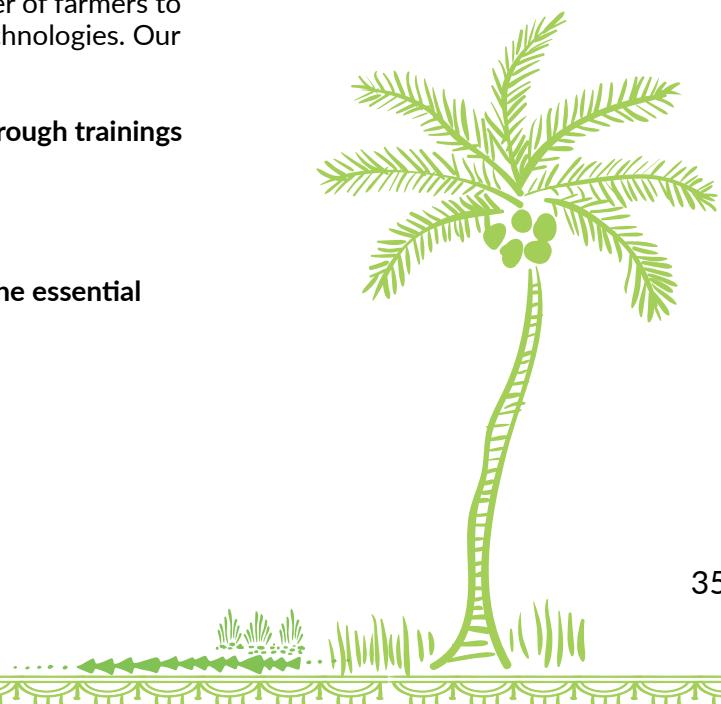
Plan for Next year (FY17-18)

We will continue working on all the aforementioned programs and reach out to more number of farmers. Along with training, we will work towards enrolling more number of farmers to follow the practices and also implement technologies. Our plans include -

To reach out to additional 4000 farmers through trainings and demo sessions

To enrol additional 1000 farmers

Development of model farms in which all the essential activities are carried out



Samyut: Taking sustainability to suppliers

Samyut, which means a coming together of minds, is Marico's flagship program for engaging with suppliers and business associates. Launched in 2014 and continued annually, Samyut has proved to be a valuable platform for us to interact with and motivate our suppliers and for them to understand our business needs in depth.

Intensifying the degree and scope of our engagement every year, we have been able to involve our suppliers too in our sustainability journey, with approximately 150 of them participating in the program.

In 2016-17, Samyut hosted a panel discussion, bringing together key personnel from Galaxy Surfactants, Jain Irrigation, Paharpur and ITC. In a wide-ranging and in-depth discussion, the panelists explained their sustainability goals, watershed programs, resource optimization during manufacturing, life cycle assessment of products, community development initiatives and innovations like recyclable packaging. When the panelists proudly outlined their achievements and business growth as a result of investing in sustainability projects and initiatives, it was indeed a heartwarming moment for Marico.



Kaun Banega Champion (KBC) (Who wants to be the Champion): Quality Improvement

Taking our business associates with us along the growth path is intrinsic to Marico's relationships; towards this goal, we designed and implemented a unique Quality & Safety model for depots and warehouses, encompassing FSSAI schedule IV requirements & ISO22000 compliance. Dubbed Kaun Banega Champion, the Depot (Warehouse) Certification Model set out parameters for training and audits. This process was then extended to the distributor chain as well. With the enthusiastic participation of our associates, the initiative brought a higher level of quality consciousness into the value chain and significantly improved the safety and quality of material storage conditions of our depots and distributors.

Marico also encouraged warehouses to apply for the Ramkrishna Bajaj National Quality Award, which would earn them recognition from external sources. We were very proud when the Raipur depot received the prestigious award in 2016-17.



Energy Conservation: Our associates show the way

Ameya Foods, a valued Marico business associate involved in food products, responded with inspired zeal to our overtures in sustainability. The Ameya Foods team ideated, innovated and implemented a series of excellent measures, which have succeeded in embedding sustainability in their manufacturing process and bringing down their carbon footprint in outbound logistics.

- ◆ A controlled air-conditioned environment is a pre-requisite in the production of our portfolio of food products. However, the Ameya Foods team invented the ECO plug - a smart temperature controller device for smaller air-conditioners, which monitors the compressor operations according to the heat load in the room. For air-conditioners of 3.5 MT and higher capacities, the Arctic Master was invented – mounted on the unit, it helps regulate the refrigerant flow to reduce the overall energy consumption. These devices reduced power consumption by 14% to 16%.
- ◆ Outbound logistics leads to a high carbon foot print in food products. But the team's innovation of a stiffer paper board ply increased the load carrying capacity of the food grade boxes and the stack height. This maximized the loading per truck without altering any of the existing parameters, packaging specifications or packaging formats. The trucks were able to carry multi-axle containers, which accommodate almost double the load of the earlier single-axle containers, successfully reducing the carbon foot print.

Skill Improvement Training (SIT): Because enhanced skills mean enhanced business

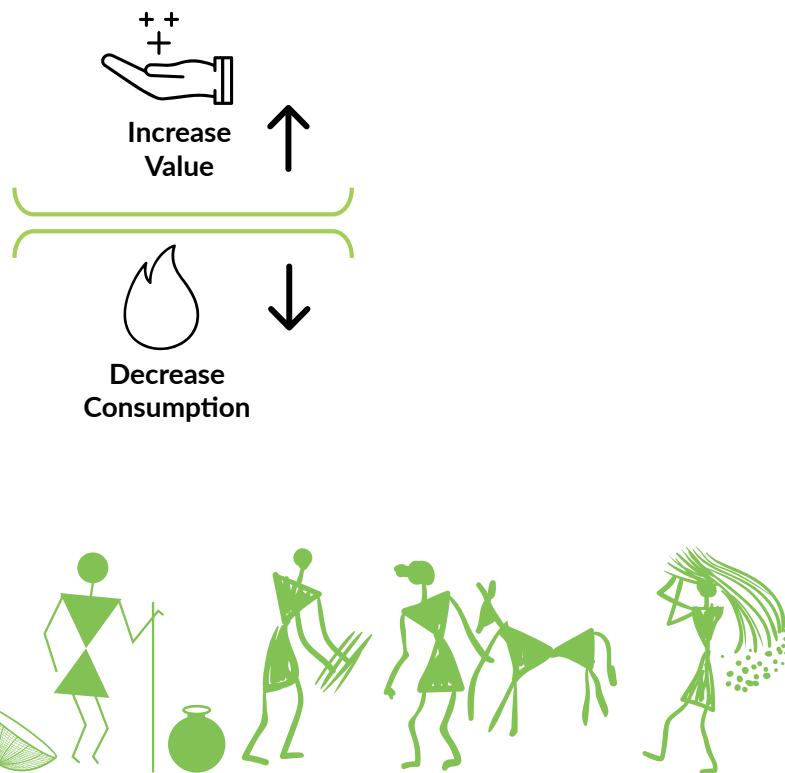
- ◆ With the goal of enhancing the technical competency of the operating personnel of Marico's business associates, we launched a skill improvement program (SIT) in 2015. The training program includes 90 virtual modules for specific roles like packaging, mechanical, electrical, hydraulics, instrumentation, grinding and pneumatics. The first phase included a 30-day in-house pilot program, in collaboration with NTTF (Nettur Technical Training Foundation), during which we trained 18 members from our third party associates in the Coconut Oil cluster. Encouraged by the response, we implemented a second phase, training 18 members from Pondicherry for PLC, Power Instrumentation & Electronics.
- ◆ The results were highly gratifying: SIT helped in reducing the cost of production and improving product quality. Marico now has even more ambitious plans for phase 3 – to associate with experts in each field, collaborate with core technical teaching institutes and extend the program to unit heads and owners as well.



MATERIAL MANAGEMENT

Initiatives that reduce consumption and increase value

With agri-based materials contributing significantly to our raw materials requirements, our relationships with farmers are high priority at Marico. As part of our long-term projects with them, we try to procure materials that do not impact the environment or the community adversely, help increase farmer productivity and empower them for the future.



| Natural Raw Materials (MT) | Quantity |
|--|----------|
| Edible oils, oil seeds and oats | 200965 |
| Natural extracts & seasonings | 1487 |
| Other raw materials (MT) | Quantity |
| Other raw material (not from natural resources) | 37005 |

| Recyclable packing material (MT) | Quantity |
|--|----------|
| Polymer based packing material (MT) | 20021 |
| Paper based packing material (MT) | 15771 |
| Other (Multi-material) based packing | 1007 |
| Non-recyclable packing material (MT) | Quantity |
| Non-recyclable packing material (MT) | 789 |

CONSERVING MATERIAL, CREATING VALUE

Our Marico Value Enhancement (MarVal) program was developed to coordinate the value creation efforts of the different functions within the company - projects which directly impact the bottom-line and top-line. Over periodic, structured ideation sessions, new avenues for generating value are explored, leveraging spend optimization, new technologies, network optimization and internal/ external benchmarking. FY 2017 saw the fifth wave of MarVal, which implemented more than 180 ideas worth Rs. 100+ cr globally. These included several initiatives for material conservation and transportation.

MarVal ideas generate significant benefits for the company, which in turn fund further initiatives for growth. Building an invaluable culture of value creation, continuous improvement and efficiency, that assures Marico of sustainable growth in an increasingly challenging world.



Material Conservation



Bottle weight reduction

Increase no. of bottles in Shrink wrap

CFC redesign (partition removal & strengthening)

Scrap % reduction in HDPE/ PP

Revive bottle weight reduction

Pack size optimization

Polypropylene PP reusable CFC box for injection molding

Transportation



Reduced vehicle & material movement through increased oil storage capacity at plants

Vehicle usage optimization by quifers software In west region

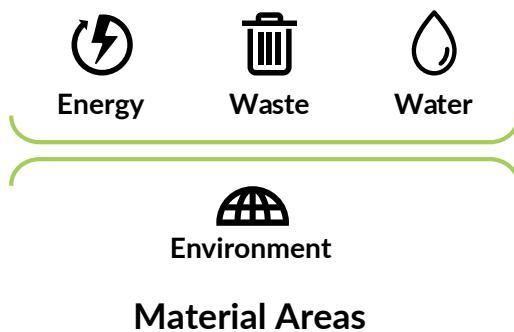
Change in loading pattern on truck

ENVIRONMENTAL PERFORMANCE

Helping to reduce India's carbon footprint - one step at a time

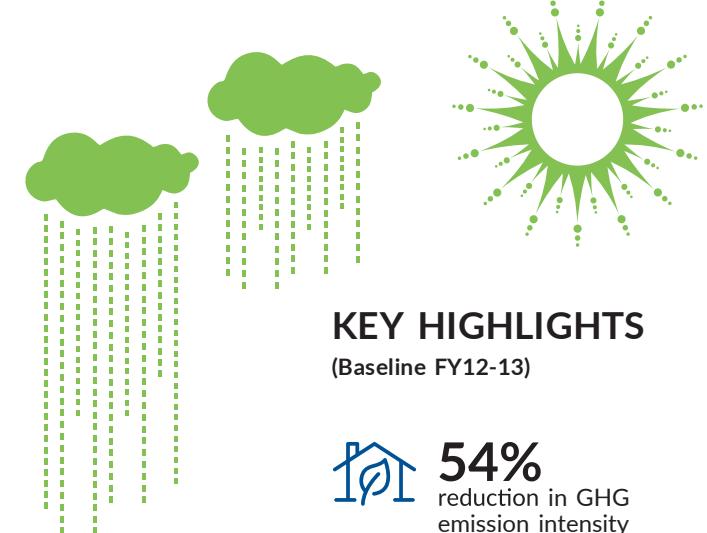
The world has been witnessing, with increasing alarm, the visible effects of climate change. Protecting the environment from further harm and preserving our natural resources is therefore the need of the hour. At Marico, we aim to go a step further – to create an environment so secure, it won't need protection from human action.

Green Manufacturing is the vision that is at the heart of our environmental stewardship – a holistic approach that encompasses energy efficiency, reduced water consumption, waste management, renewable energy and greener manufacturing processes and technologies.



Our commitment is focused and goal-oriented; to ensure its effectiveness and improve our performance, we conduct environmental audits through external authorized agencies periodically. All Marico manufacturing units are **ISO 140001 and OSHAS 18801 certified**. Our Baddi plant, which has the highest energy consumption, has ISO 50001 certification. While a range of measures like the installation of a heat exchanger for waste heat recovery, steam turbines, energy efficient motors in compressors and process changes have helped us achieve high energy efficiency.

Our vision to create a secure environment, however, demands more – that every member of Marico is imbued with the spirit of sustainability and the genuine desire to protect and preserve nature. Marico's awareness drives towards this goal include quizzes, training sessions, Kaizenthalon (Race for improvement) and many more interactive events.



KEY HIGHLIGHTS

(Baseline FY12-13)

54%
reduction in GHG emission intensity

80%
reduction in use of Fossil Fuels

32%
reduction in energy intensity

86%
fuel used is agro-waste

74%
of energy is through renewable sources

22%
reduction in specific water consumption in last 4 years

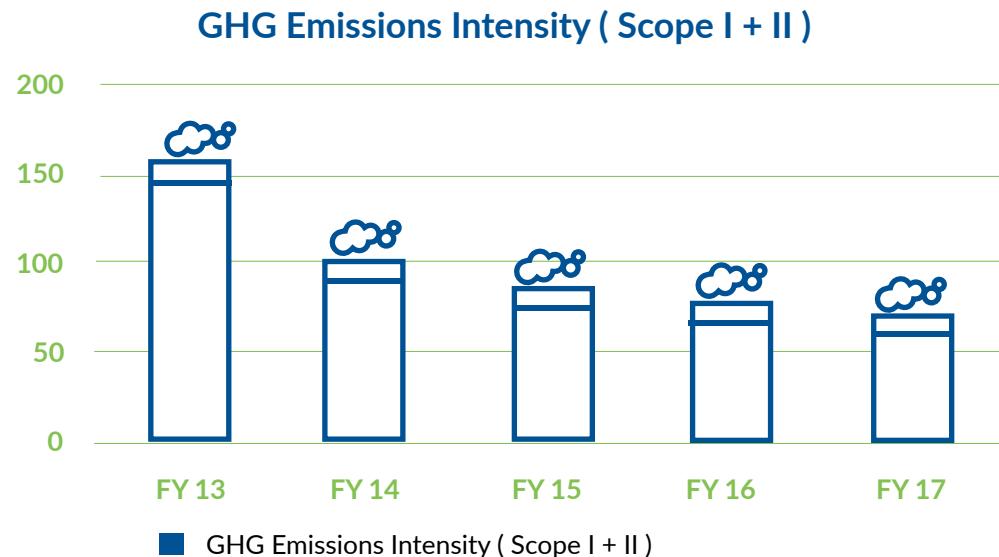


ENERGY AND EMISSIONS

Emissions

As the fourth largest sector in the Indian economy, the FMCG sector bears a heavy responsibility for the country's escalating carbon footprint. With India's pledge to the U.N. to reduce carbon emission by around 35% by 2030, it is every corporate's duty to contribute to this goal. Marico strongly believes this can be achieved by optimizing energy resources, switching to greener sources and adopting low-carbon technologies.

Our investment in greener and renewable sources of energy in our operations has resulted in 54% reduction of GHG emissions intensity with respect to baseline year FY 2012-13 and 10% reduction from the last reporting year.



Total GHG Emissions (Direct & Indirect) (in tCO2)

| UNITS | FY 12-13 | FY 13-14 | FY 14-15 | FY 15-16 | FY 16-17 |
|-----------------|----------|----------|----------|----------|----------|
| Total Scope 1+2 | 23170 | 14455 | 15504 | 16174 | 15028 |
| Scope 1 | 13684 | 4990 | 3379 | 3182 | 2762 |
| Scope 2 | 9486 | 9464 | 12125 | 12992 | 12266 |

Energy Intensity

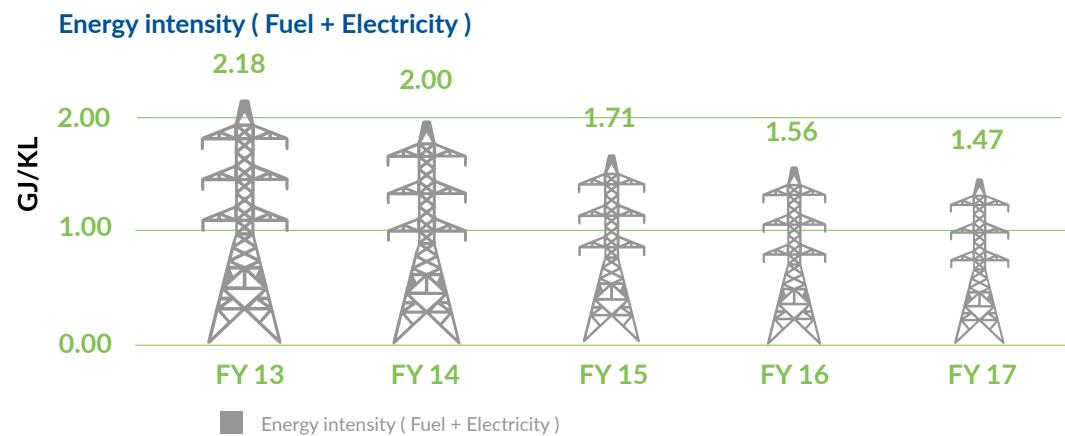
The energy intensity usage per unit of production, at our manufacturing units, has been reduced by almost 6% from last year, which enhanced our energy productivity.

Energy Conservation

To optimize our energy consumption mix and actualize our vision of Green Manufacturing, we focused on two key areas- Renewable energy and Energy conservation.

Two years ago, we launched our Energy Conservation (ENCON) program, driven by the urgent need to optimize energy consumption, given that the consumer goods industry in which Marico operates is an energy intensive one. With 'produce more with less' as our goal, we took well-researched and planned measures to eliminate existing oversights and reduce specific power and fuel consumption. These were:

- ◆ Team Formation - Asset Care Forum (Creating a platform for technical interventions)
- ◆ Baseline data collection & gap analysis – previous 3 years' data on specific power and specific fuel consumption
- ◆ Identification & prioritization of initiatives
- ◆ Outside in knowledge: Sharing of the latest technology by vendors
- ◆ Implementation of ideas
- ◆ Capability development – development of an in-house training manual on energy



The ENCON program was rolled out across our manufacturing sites - Baddi, Jalgaon, Pondicherry, Kanzikode, Perundurai and some units of our key business associates. 24 ENCON initiatives were successfully implemented, leading to potential savings of 802 tCO₂e and INR 1.68 Crore in monetary terms. (Each unit of power or KWH saved is equivalent to 0.98 Kg of CO₂ saved.)

Setting new, energy-friendly benchmarks for processes, process design and equipment selection was also an important part of the ENCON program. Consequently, energy mapping was conducted to identify low efficiency areas, and followed up with energy efficiency solutions- an effort that resulted in a 8% reduction in energy consumption over the last year.





Renewable Energy

One of Marico's biggest successes in sustainability is our Perundurai unit in South India, our Green Manufacturing Unit which uses only green energy sources - wind energy for power consumption and agro-based fuel in boilers. Looking at frequent power cuts as an opportunity rather than a problem, we took the decision to shift from electricity to wind energy, following the group captive model.

A move that helped us achieve annual savings of INR 16 lacs and a reduction in GHG emissions of 1,700 tons of CO₂e/year. Similarly, the Marico team believed that converting the boiler operation from liquid fuel to solid agro-waste fuel would bring the company significant results. It certainly did: a capacity increase from 0.75 TPH to 2 TPH, fuel savings of 280 kl per year and carbon emission reduction of 869tCO₂/year.

Fuel Consumption

Marico's operations use approximately 316 TJ of energy, which is a mix of purchased electricity and thermal energy through fuels. We substituted some of this with agro-waste fuels for generating process heat. As a result, we recorded a substantial reduction of 5.9% in energy intensity from last year, and a 2.86% increase in our production.

The contribution of biomass (renewable fuel) to our total thermal energy consumption is increasing year on year - this year, 86.3% of the thermal energy used in manufacturing our products came from renewable sources.



PERUNDURAI OPERATES ON 100% RENEWABLE ENERGY

THERMIC FLUID (TF) HEATER AT JALGAON AND A SHELL AND TUBE HEAT EXCHANGER IN THE REFINERY FOR PROCESS HEAT RECOVERY SAVED 245 KG/MT FUEL OVER 2016-17. THROUGHPUT IMPROVEMENT IN THE REFINERY AND UPGRADING TO HIGH-SPEED ENERGY EFFICIENT PACKAGING MACHINES ALSO LED TO SUBSTANTIAL POWER AND FUEL SAVINGS, WITH ABOUT 38.73 KWH/MT POWER SAVED.



Fuel quantity

| UNITS | FY 12-13 | FY 13-14 | FY 14-15 | FY 15-16 | FY 16-17 |
|---|----------|----------|----------|----------|----------|
|  Diesel (kl) | 1048 | 815 | 358 | 295 | 250 |
|  Biomass Briquette (ton) | 3978 | 12136 | 18443 | 19350 | 19194 |
|  Sugarcane Bagasse (Ton) | 5307 | 4081 | 0 | 0 | 0 |
|  Furnace Oil (Ton) | 3491 | 908 | 778 | 762 | 672 |

Energy contribution by Biomass % (in GJ)

| UNITS | FY 12-13 | FY 13-14 | FY 14-15 | FY 15-16 | FY 16-17 |
|--|----------|----------|----------|----------|----------|
|  Biomass (GJ) | 109557 | 191363 | 217626 | 228335 | 226488 |
|  Total Direct Energy – fuel | 287996 | 257116 | 261837 | 269963 | 262564 |
|  % Biomass | 38.0% | 74.4% | 83.1% | 84.6% | 86.3% |

Total Indirect Energy Consumption (in GJ)

| UNITS | FY 13-14 | FY 14-15 | FY 15-16 | FY 16-17 |
|---|----------|----------|----------|----------|
|  Electricity | 41551 | 53233 | 57037 | 53851 |
|  Renewable electrical energy | 0 | 1526 | 550 | 8416 |
|  Total | 41551 | 54759 | 57587 | 62267 |

SMALL STEPS TO BEING WATER POSITIVE



Becoming a water-positive organization is a key goalpost for Marico, as water is a critical material area for our business. Our first initiatives focused on reducing specific water consumption at our plants, successfully achieving a 21% reduction at our Baddi plant in North India (from 1.61KL/MT in 2015-16 to 1.27 KL/MT in 2016-17) and a 3% reduction in our total water consumption. Water intensity has also gone down from 1.02 m3/ kl last year to 0.96 m3/ kl in 2016-17. Widening our effort, we contributed towards water conservation in the villages around our plants in Pondicherry (Sanyassikuppam village) and Baddi (Trirla Village in Nalagarh Taluka), helping with infrastructure development which benefited around 3,000 people.

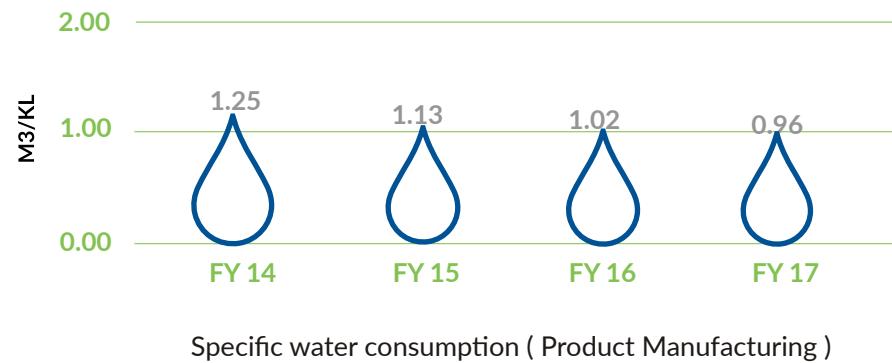


Marico focuses on optimising the usage of scarce resources, raw and packing materials and reducing waste by focusing on “Value Management” opportunities continuously. By usage of Solar power and other efficient energy management practices using technology, we are contributing significantly to the sustainability journey



Mukesh Kripalani,
Chief – Business Process
Transformation & IT

Specific water consumption (Product Manufacturing)



Specific water consumption (Product Manufacturing)



WASTE MANAGEMENT

Our ISO 14001 certification attests to Marico's stringent processes in waste management. Solid, liquid and hazardous waste is segregated and stored separately and given to the authorized waste processing agencies for further treatment. Our waste disposal for 2016-17 was as follows:

- ◆ Our investment of INR 11.7 million on environment protection and conservation measures over 2016-17 not only stands testimony to our commitment, but has also generated substantial results in fuel, power and material savings, and reduced carbon emissions.
- ◆ Marico's unwavering resolve is to repair, restore and keep the environment safe for the next generations.

| No. | Categories | UOM | Quantity |
|-----|---------------------|-----|----------|
| 1 | Hazardous Waste | MT | 645 |
| 2 | Non Hazardous Waste | MT | 6143 |

(in Lac)

| UNITS | FY 12-13 | FY 13-14 | FY 14-15 | FY 15-16 | FY 16-17 |
|-------------------------------|----------|----------|----------|----------|----------|
| Emissions treatment cost | 2 | 4 | 5 | 13 | 6 |
| Remediation cost | 3 | 3 | 4 | 6 | 5 |
| Prevention cost | 40 | 42 | 64 | 61 | 88 |
| Environmental management cost | 20 | 20 | 20 | 27 | 19 |
| Total expenditure | 65 | 68 | 94 | 107 | 117 |



CII GreenCo certification for Baddi

Our Baddi unit in North India secured a Gold Certification under the GreenCo Rating system, accredited by the Confederation of Indian industry (CII). Formerly known as the Green Company Rating System, this provides a holistic framework to assess and evaluate the performance of a company in its pursuit of ecologically sustainable growth. We are proud to be the first company in Himachal Pradesh to have bagged a Gold certification.



“ As business and environment are inseparable, we as a conscious consumer goods company, ensure that the impact of our products is minimized throughout its life cycle by a robust product design process. ”

Dr Sudhakar Mhaskar,
Chief Technology Officer



SUSTAINABLE PEOPLE MANAGEMENT



SUSTAINABLE PEOPLE MANAGEMENT

Listening. Investing. Recognizing & Rewarding

Every person who joins Marico becomes a member & not an employee, empowered with opportunities to participate in the company's growth journey.

Membership confers value on every individual, recognizing his or her importance to the company. Our members are empowered, given responsibility and encouraged to take complete ownership, inspiring them to rise beyond just job definitions and make a real difference.

Marico's genuine investment in the development and growth of members, has created a unique work culture – stimulating members to broaden their professional and personal horizons, absorb the company's values as their own and emerge as outstanding leaders for the future.

How future leaders are grown at Marico.

ILEARN

Marico's e-learning program makes valuable behavioural and functional content accessible to all its members worldwide. It ensures that every member can be responsible for his or her own development, by having access to learning anytime and anywhere.

700+

**MEMBERS HAVE TAKEN
COURSES ON ILEARN, WHICH HAS
SUPPORTED THEIR DEVELOPMENTAL GROWTH.**

Marico's Young Board

Marico's Young Board has been constituted to harness the tremendous game-changing potential of young members. Every year sees the formation of a new Board, bringing together members from different functions and geographies. Our young leaders deploy their fresh perspectives and strong risk appetites to good effect, spotting new business opportunities, identifying potential pitfalls and working on select, high-impact organization-building initiatives.

Since the inception of the Young Board in 2015, the Board members have made a significant contribution to Marico by

developing new business ideas and models, identifying opportunities across business units, recommending initiatives to strengthen the culture at Marico and proposing ideas for the future of the organization.

In turn, the platform enriches our young leaders immeasurably – exposing them to senior leadership, helping them develop a broader, more holistic business perspective, and an organizational mindset, going well beyond a limited individual or functional approach.

THE YOUNG BOARDS' ACHIEVEMENTS: THE LAUNCH OF THE SAFFOLA MASALA OATS DISPENSER, SAFFOLA FIT FOODIE'S ASSOCIATION WITH HOLACHEF, THE FORMATION OF THE GROWTH HACKING TEAM AND CREATING THE HANGOUT ZONE IN MARICO'S CORPORATE OFFICE.



Bottom's-up: Marico's reverse mentoring initiative

Marico's membership spans three generations; of these, Gen X and millennials comprise more than 40%. With the aim of fostering interaction between the generations for a cohesive work culture, Marico launched a new reverse mentoring initiative called Bottom's Up.

Aim

The program aims to help young members grow into the leaders of tomorrow, with strong leadership skills and cross functional exposure. It also aims to make senior leaders comfortable with the digital world and conversant with the dynamics of millennials. Reverse mentoring has helped create an environment that benefits the organisation, the mentors and the mentees in various ways:

Contemporary skill development for senior members.

Leadership Development for young members.

Sensitisation to generational diversity and varied perspectives of other generations at work.

Bottom's-Up invigorates the organization, making it younger in ways and mature in style. With the entire senior leadership experiencing the program and profiting from its learnings, Bottom's Up has now been extended to the next level of leadership.



This is a meaningful program. I think we are learning from each other. It has prompted me to think in certain areas which otherwise were not on my radar.

It has been an enriching and enlightening experience.

Mentees



I was really surprised with the openness and the willingness to learn from the mentees."

"He dedicated a whole lot of time in counselling me about my career - something that lifted my confidence and gave me clarity of thought.

I think I gained more than I was able to give.

Mentors



Members snapshot - FY 16-17

| | FY 14-15 | FY 15-16 | FY 16-17 |
|---|----------|----------|----------|
| Total Workforce – Marico Ltd. | 1422 | 1463 | 1421 |
| Workforce by Gender | | | |
| Male | 1266 | 1298 | 1238 |
| Female | 156 | 165 | 183 |
| Workforce by Age Group (Officers only) | | | |
| <30 years | 472 | 469 | 487 |
| 30-50 years | 895 | 943 | 888 |
| >50 years | 55 | 51 | 46 |
| New Hires by Gender | | | |
| Male | 186 | 269 | 312 |
| Female | 21 | 34 | 42 |
| New Hires by Age Group <30 years | | | |
| <30 years | 91 | 168 | 243 |
| 30-50 years | 117 | 138 | 111 |
| >50 years | 1 | 1 | 0 |



Training Snapshot

| Member category | No of participants | Man-hours |
|-------------------|--------------------|-----------|
| Senior management | 83 | 797 |
| Middle management | 1593 | 8159 |
| Lower management | 794 | 5498 |
| Trainees | 0 | 0 |
| Workers | 63 | 51 |
| Contract Labor | 701 | 554 |



Industrial Relations and Human Rights

Marico's Code of Conduct policy includes guidelines on human rights. The policy applies to all members of Marico and is also shared with associates through various fora. Members and associates are encouraged to report any violations of the Code without fear, or share their concerns confidentially through a toll-free number, email, website helpline or complaint drop box. They can also access the members of various committees set up under the Code of Conduct. With a commitment to transparency and good relationships with all our members and associates, Marico has well-entrenched guidelines and policies for the redressal of grievances. Formal mechanisms are administered through committees set up for the review of grievances (including those that involve allegations of breach of conduct and/or sexual harassment). There are also informal avenues such as ethics helplines, open house sessions and anonymous modes of raising grievances.

We always strive to redress grievances through discreet or formal investigation, dialogue and appropriate remedial actions. Detailed guidelines for this are also incorporated in the Code of Conduct. Marico is happy that industrial relations have been good through the reporting period and all concerns have been resolved amicably through bilateral discussions.

Safety

Safety - of our members, our products and our business – is a basic pre-requisite for sustainability. Our safety parameters are established at every level. Several checks ensure that the products we manufacture are safe to consume. Rigorous systems

and processes ensure the safety of our members at work, designed to create a safe work environment with zero fatalities and injuries.

Marico has a Safety, Health & Environment (SHE) Council, responsible for safe practices at each manufacturing site. Council members review processes and performance on a periodic basis. Most of our sites are OHSAS 18001 and ISO 14001 certified. With several additional initiatives like awareness campaigns, training and audits, we have worked to embed a safety culture in all members and associates. We are happy that our safety framework and performance resulted in zero fatalities during the reporting period.

WE DO NOT EMPLOY CHILDREN AT WORKPLACES AND DO NOT USE FORCED LABOUR IN ANY FORM. DURING THE YEAR THERE WERE NO INSTANCES OF REPORTED HUMAN RIGHTS VIOLATIONS OR GENDER DISCRIMINATION.



“

No business indicator can remain green unless the business internalises green practices within its DNA. Marico's commitment to protect the environment permeates within and extends to its stakeholders too.

”

**Suresh Jagirdar,
Chief Legal Counsel**

**OHSAS
18001
CERTIFIED SITES**

**4092
MEMBERS ATTENDED
SAFETY TRAININGS**

**FATALITY
FREE
YEAR**





Culture building

- National Safety Week
- Safety pledge by members
- Vehicle & Road safety trainings
- Quizzes
- PPE exhibition

Training

- Emergency preparedness
- Mock Drill
- First Aid
- Fire Fighting
- LOTO

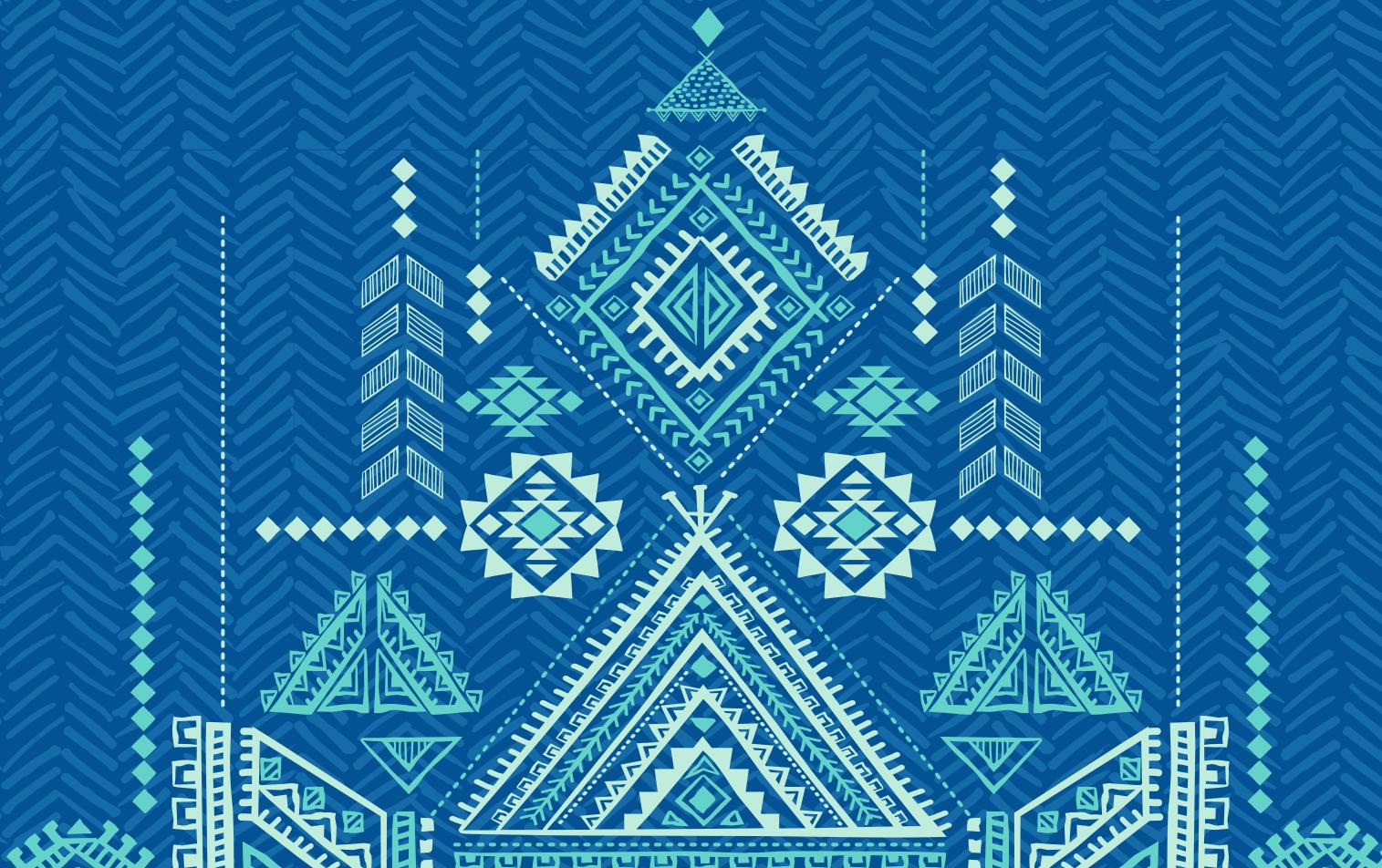
Projects

- Upgradation of fire management @ Depots
- Robust work permit system





PRODUCT PERFORMANCE

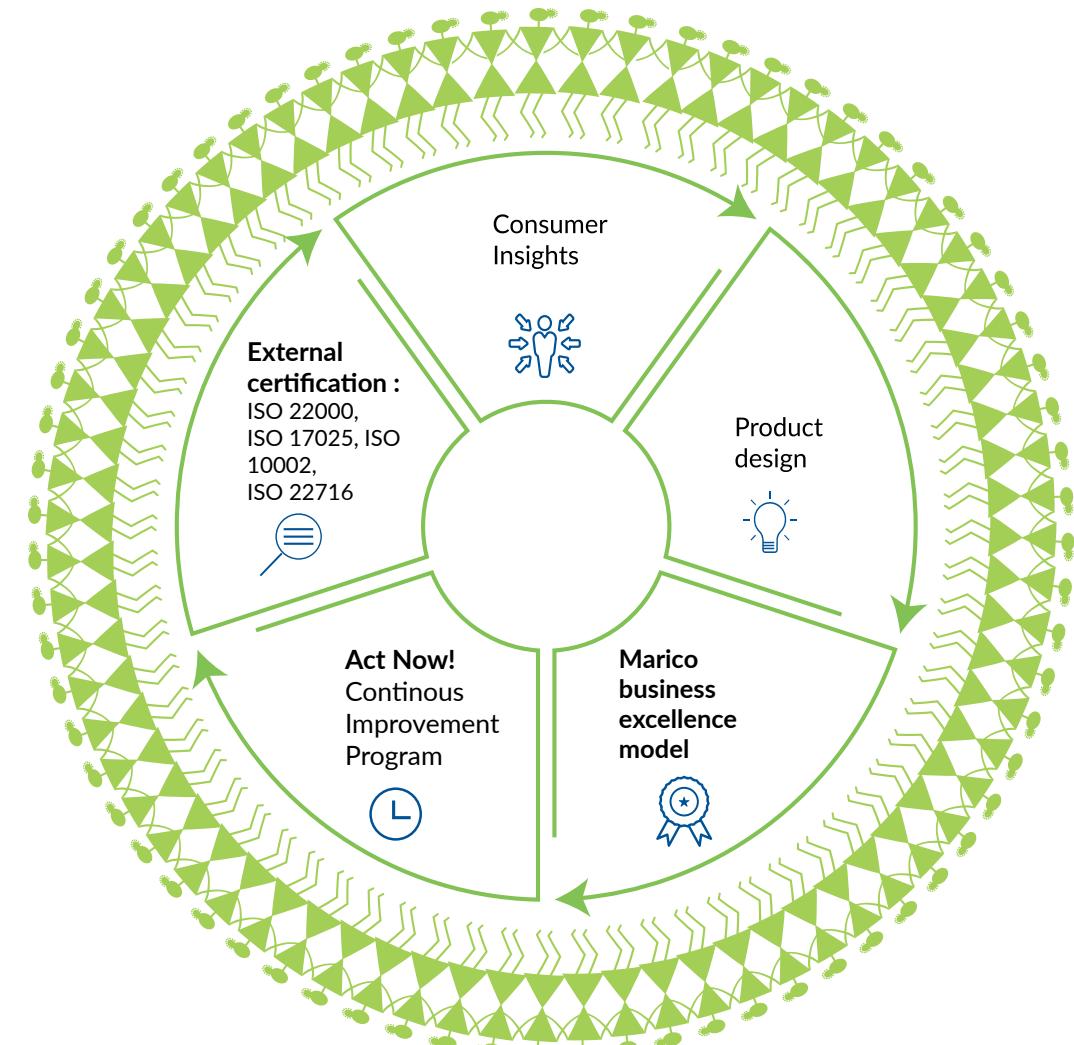


PRODUCT PERFORMANCE

Marico adopts stringent quality systems, good manufacturing practices and robust food safety mechanisms for its products across the value chain.

All raw material and packaging material is subjected to stringent food safety and quality control checks. All the RM/PM vendors are periodically audited for compliance to specifications and quality and food safety systems.

All our foods and edible oils units are FSSC 22000 certified for food safety systems including ISO 22000:2005, ISO/TS 22002-1 and additional FSSC 22000 requirements. Our manufacturing plants are designed in line with international standards of GMP and food safety and are also ISO 9001, 14000, 18000, 22716 GMP certified. Every unit has a sophisticated state-of-the-art analytical and testing laboratory certified by NABL (National Accreditation Board for Testing & Calibration Laboratories). Each batch of final product undergoes stringent testing and complies with all applicable laws and our own high standards of quality and safety. Even our Consumer Cell is ISO 10002 certified, with a quality management system for consumer response.



MARICO HAS RECEIVED THE PRESTIGIOUS IMC RAMAKRISHNA BAJAJ NATIONAL QUALITY AWARD, THE INTERNATIONAL ASIA PACIFIC QUALITY AWARD AND THE RAJIV GANDHI NATIONAL QUALITY AWARD FOR SOME OF ITS MANUFACTURING UNITS AND BUSINESS ASSOCIATES.



LIFE CYCLE ASSESSMENT (LCA)

Marico's sustainability policy advocates integrating sustainability considerations throughout the product life cycle, by institutionalizing innovation within the organization and its stakeholders. In the reporting period, Marico conducted a life cycle assessment of one of our most popular products, Saffola Gold (a refined blended edible oil). Thinkstep Sustainability Solutions Pvt Limited, a subsidiary of thinkstep AG, Germany, was entrusted to carry out the life cycle assessment for packaged edible oil as per the ISO 14040/44. The study has helped us understand the global warming potential of our product and has provided opportunities for projects to reduce this impact at various stages of product life. Having identified the challenges, we are working on the next steps.

Contributing to the Food safety agenda of the country

Over the past 8 years, Marico has been working with government agencies like the Food Safety and Standards Authority of India (FSSAI) to contribute to its food safety agenda. In the course of this period, Marico's team has trained 8000 government officials in 84 programs. In the year 2017 alone, 8 training programs were conducted for them. Marico has published 4 books (authored by the TRA team) which have been distributed free to members. We have also developed 2 technical manuals for capacity development: a manual for oils and fat and a manual for retail and general manufacturing.

Marico has also initiated programs for food safety, including Project Bhog - FSMS for Temples, a traditional food directory and a school food safety program.

Participation in CODEX Committee meeting

Codex Alimentarius is a collection of food standards, guidelines and codes of practice recognized by the World Trade Organization as the benchmark standards for national food safety regulations. These are science-based standards which are adopted through global consensus, forming the basis for the international food trade. Marico participated in the 24th Codex committee meeting in Malaysia. Marico is also a part of the Codex India team, contributing to larger issues that affect India, for instance, Crude Rice Bran Oil.

Innovation – Creating value for one and all

As one of India's leading consumer products and services companies in the global beauty and wellness space, innovation is a pre-requisite for sustained growth. Consumer focus and innovation, therefore, are the twin forces that drive the business culture at Marico.

Think Consumer to be big:
This motto is promoted vigorously across the organization through workshops, processes, recognition and rewards oriented towards value.

- ◆ A comprehensive consumer insight process helps us understand unmet consumer needs and expectations in clear actionable terms.
- ◆ A 5-stage new product development process, with gates at the end of each stage, ensures the continuous flow of experimentation and development without losing focus on business
- ◆ An agile Consumer Response Management System is in place
- ◆ Marico constantly imbibes world-class manufacturing processes to help shop floor members understand consumer needs better, so that they can improve the quality and reliability of the product offering.
- ◆ External certifications such as ISO 22000 ensure that food safety in manufacturing plants and the distribution chain is maintained according to standards.

Consumer Insight Process & New Product Development

Quality conscious consumers demand innovative product solutions, and Marico's R&D and Marketing play a critical role in providing these. Intensive techniques are used to understand consumer needs and meet them with the application of science. These techniques include:

- ◆ A consumer insight process
- ◆ An innovation cell to incubate new ideas
- ◆ The Value of Innovation (Driving innovations across layers)
- ◆ The QFD (Quality function deployment) approach for optimization of product delivery once design needs are identified
- ◆ Strong knowledge sharing with designers, to help them understand consumer needs and feedback

As a strategy, Marico always looks for opportunities to Connect & Develop, through tie-ups with leading research institutions in India and abroad, in order to bring faster and better solutions into business.

The new product journey in Marico starts with the consumer insight process. Key consumer requirements are mapped, product features and product delivery mechanisms are modified and refined. Stringent scientific methods are deployed to ensure that product benefits claims are demonstrable in laboratory tests, consumer studies and clinical studies.

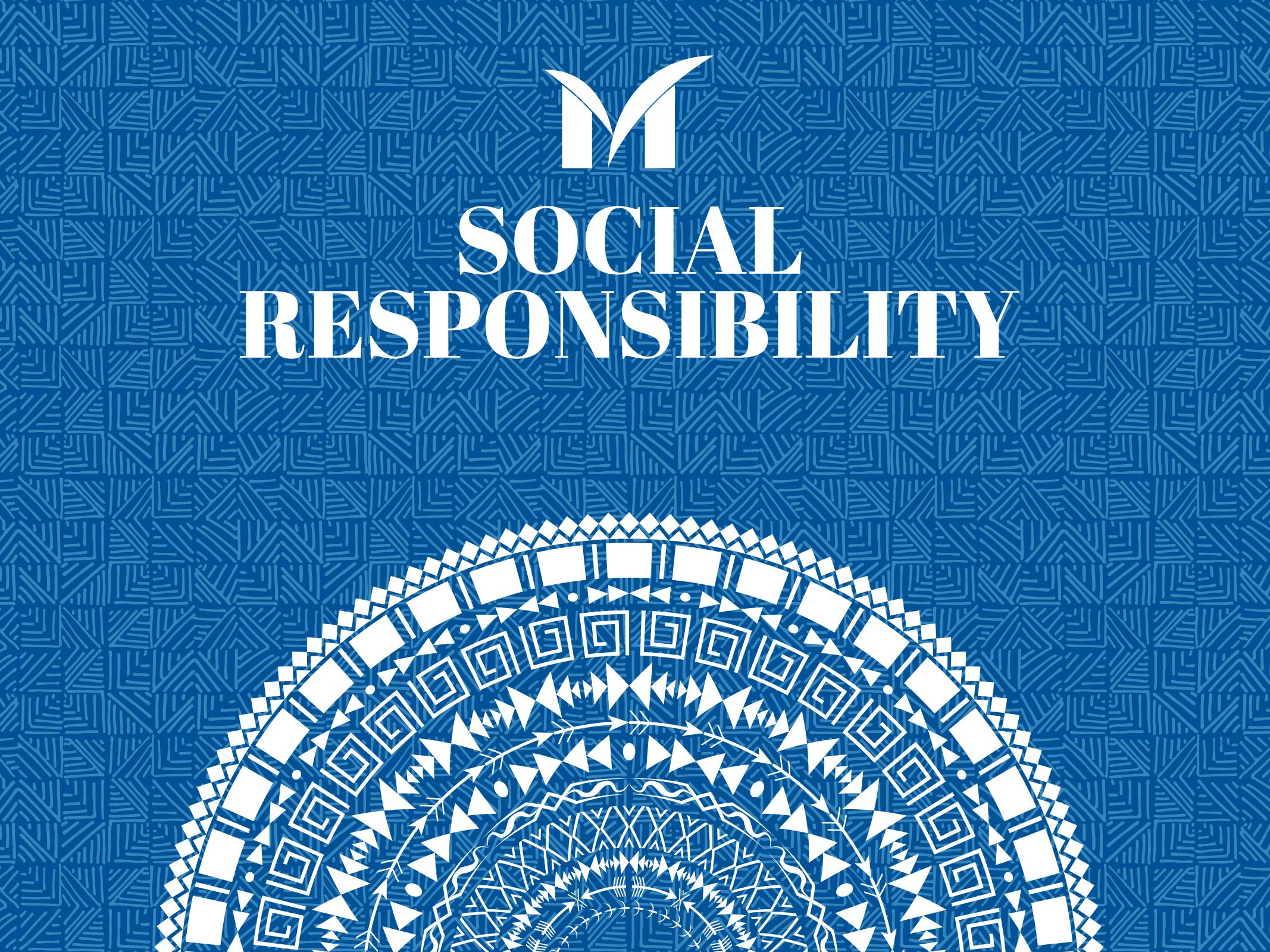
Tamper-proof flip-top coconut oil bottles, a wide-mouthed jar that dispenses coconut oil more easily in winter, a bottle heater that can dispense warm oil quickly at any time, functional foods that help manage cholesterol and blood sugar to help maintain a healthy heart, are sterling examples of Marico products that have been designed to improve the quality of life for consumers.



At Marico, it's our endeavour to delight consumers with value added products while maintaining a least footprint on earth's resources.

Sanjay Mishra,
Chief Operating Officer (COO)





**SOCIAL
RESPONSIBILITY**

SOCIAL RESPONSIBILITY

Small community programs or large economic transformation: Marico takes on the mantle

At Marico, the idea of social responsibility is virtually limitless. Viewing it from the perspective of moral and ethical duty rather than an obligation, we explore our commitment to 'Make a difference' across the spectrum, from initiatives that enhance lives in our immediate neighbourhoods, to ambitious programs that propel business growth and impact the economy.

Marico's CSR initiatives are organized in 3 categories: Marico Innovation Foundation (MIF), a wholly owned subsidiary, Brands with a Purpose and community support.



Marico Innovation Foundation

Marico Innovation Foundation (MIF) is a wholly owned subsidiary of the company, incorporated under Section 25 of the Companies Act, 1956. Founded on the belief that innovation is the critical lever that will catapult India into transformative development, in the economic and social spheres, the Foundation has been nurturing innovation since 2003. A not-for-profit institution, MIF acts as a catalyst for innovators with breakthrough ideas, which have the potential to bring change and add immense value to the nation's overall growth.

MARICO'S CSR VISION IS ANCHORED IN ITS CORE PURPOSE, I.E. TO "MAKE A DIFFERENCE" TO THE LIVES OF ALL ITS STAKEHOLDERS TO HELP THEM ACHIEVE THEIR FULL POTENTIAL.



THE MIF SCALE UP PROGRAM

Through the Scale Up Program, MIF helps to unlock the potential of 'For Profit' and 'Not for Profit' organisations in India. The program focusses on the innovative idea, the critical business challenges and the impact the organization wishes to achieve. Through in-depth intervention and mentoring, MIF helps the organization achieve scale faster, creating a sustainable impact on the social ecosystem.

Unique inputs. Implementable ideas. Thorough follow-up.

An enviable mentor pool of over 90 internal mentors and more than 30 external mentors, which include ex-CEOs, industry veterans and management consultants, offers emerging organisations an unparalleled opportunity to benefit from proven business expertise. Besides, mentorship with MIF is encoded in Marico's HR Policy as the 'Marico Mentor Program', which means that internal mentors devote valuable business hours to the Scale Up Program rather than treating it as charity work.

About 40 students from premier management schools have also been involved with the program. Linking theory to practical problems they help play a catalytic role in executing key projects.

Following a hands-on engagement process, the Program goes beyond the limitations of theoretical solutions to offer on-ground implementable strategies. The duration of the intervention is determined by the project scope at the beginning of the engagement.

Resolving the challenge and establishing the organisation's growth path concludes the intensive mentoring stage. However, exited organizations are reviewed periodically even after the engagement ends, to ensure that they have, in fact, been able to scale up and move ahead.

Case Study: Zaya Labs

How a few lessons in business helped an education software company

With the goal of supporting and enriching the education process, Zaya developed a learning software platform for schools, after-school centers, and vocational training centers, that runs online or on devices called Class Cloud. It promotes very affordable, personalized learning for students, where customers are able to subscribe to content or create their own. Zaya also provides teacher training and academic support, helping customers integrate personalized learning into their schools and centers. Additionally, Zaya has a free mobile application called English Duniya, which teaches written and spoken English in the form of a game.



The Challenges

Supply chain and reverse logistics

Zaya's vendors were very unreliable, leading to delays of up to 6 months in the procurement of devices. Besides, the defect rate was as high as 20%.

Marketing and sales

Zaya Labs was juggling with too many conflicting brand positioning directions, and could not craft a clear single-minded value proposition. They also needed help in creating their below-the-line campaign collaterals.

KPIs and Dash boarding

Being a start-up, Zaya did not know how to effectively manage their KPIs – which are critical to track, report and identify business deviations.

The Solutions

Supply chain and reverse logistics:

MIF partnered Zaya in evaluating multiple vendors, and were successful in identifying one who would deliver product cost savings of about 10%, reduce defect rates from 20% to 2%, reduce lead time by 34%, bear reverse logistics costs and conduct software testing.

Working with a reliable vendor led to a decrease in the number of defective products from 85% before the engagement to about 0.33% (i.e. 1 in 300 units), in turn leading to larger savings in product costs and returns costs, and substantially heightening Zaya's reputation for reliability.

MIF's intervention in choosing the right logistics partner also helped reduce Zaya's costs per Class Cloud, from INR 500 to approximately INR 55 per Class Cloud - savings of approximately 89%.

Marketing and Sales

MIF conducted a 2-day value proposition workshop with Zaya, helping the organisation to streamline its thoughts, develop consensus around a single idea and craft the accompanying communication strategy. With One teacher per child emerging as the core proposition, MIF also helped Zaya develop below-the-line collaterals to communicate with consumers.

KPIs and Dash boarding

The important metrics (KPIs) that should be tracked to improve Zaya's efficiency were identified and streamlined through intensive workshops, with MIF helping Zaya to link the KPIs in a manner that would allow the dashboard to identify deviations.

Testimonial



Over the past 2 years, MIF has helped us across multiple intervention areas like Supply chain management, Marketing strategy and Sales and KPI Management. Earlier the return rate of our box on account of damage was as high as 85%, but through the MIF intervention on the supply chain management, the return rate has now dropped to less than 1%. This has resulted in Zaya having a better fulfilment rate for its orders.

I realized the importance of KPI management after the mentoring sessions with MIF. Now with the new KPIs in place, I was able to look at the key parameters that influenced my business and take decisions in an effective manner. MIF's intervention in streamlining our HR processes has enabled Zaya to retain the right kind of talent that now shares the vision towards educating children in India.

I am thankful to MIF team and their expert mentors who really helped us by giving critical business insights in how to solve the challenges that we were facing.

Neil,
Founder, Zaya Labs



MIF SCALE UP PROGRAM ORGANIZATIONS (EXITED ORGANIZATIONS)

a) Tara Livelihood

TARA Livelihood Academy (TLA) was established in 2007 by the Development Alternatives Group (DAG) as a vehicle to promote sustainable development, by providing skills to youth, women and community groups. TLA exited MIF's portfolio in March 2017.

MIF helped TLA in the following ways:

- ◆ The creation of an asset light model of operations
- ◆ Streamlining the process and reducing the cost of recruitment of potential candidates
- ◆ The right GTM Strategy – identifying the right markets for TLA to offer their training services
- ◆ Providing the pivot from training to livelihood – ensuring that trained youth are connected to appropriate livelihood opportunities.
- ◆ The creation of SOPs - standardized SOPs were created for 4 prototypes for TLA to use as templates during scale-up to new geographies

b) Fractal Microspin

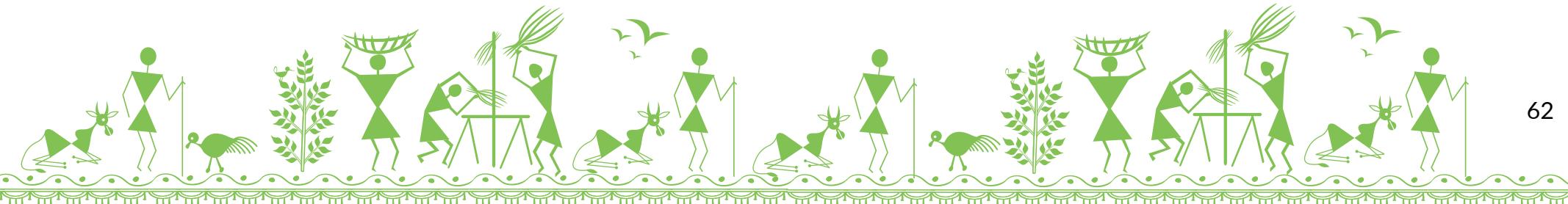
Microspin Machine Work was established by Fractal Foundation in 2011, to offer farmers a way to move up the cotton value chain. Microspin is a machine that can be installed easily in a farmer's backyard, and it converts raw cotton into yards of fabric mechanically. The company was mentored by

Mr. Pramod Gothi, Ex-Managing Director, Morarjee Mills. Microspin exited MIF's mentorship in January 2017. The company was impacted by MIF in the following ways:

1. Established networks and ecosystems with leading apparel manufacturers were leveraged for the acceptance and adoption of crafted yarn
2. MIF helped in the creation of communication tools that aid Microspin in selling its concept to garment corporates.

c) Yuva Parivartan

Yuva Parivartan was set up primarily to provide out-of-school youth with a sustaining livelihood or self-employment opportunities, through vocational training. The organization exited the MIF cohort in March 2017.



MIF's intervention areas included:

1. Helping Yuva Parivartan improve the operational efficacy of its field staff
2. Assisting in the creation of a mobile app for overall monitoring and tracking
3. Getting Yuva Parivartan to benchmark best practices in sales, by allowing their personnel to shadow Marico's sales team.

d) I-Solarlite

I-Solarlite is working to overcome the challenge of unreliable electricity in the rural areas of developing countries. The company provides state-of-the-art solar products, including solar room lights, solar home lights and solar lamps. MIF has been happy to help the company in their sales and distribution effort.

e) Educate Girls

Established in 2007, Educate Girls aims to address the root cause of gender inequality in India, by strongly tackling the issues around girls' education. The organization has helped to ensure over 90% enrolment and significantly higher attendance for all girls in the area in which it operates, and also improved school infrastructure, the quality of education and learning outcomes for all children. MIF helped the organisation save an estimated cost of around INR 30 Lakhs in FY 2017, and also assisted them in public relations and advocacy.



Actively Engaged Organisations

Green Salute

Green Salute has created a waterless car wash solution that also provides a cleaning service – an innovation that saves a considerable amount of water that would otherwise be wasted. MIF is currently helping the company to shape its business model.

Atomberg

Atomberg has developed India's most energy-efficient ceiling fan, the Gorilla fan. MIF is helping Atomberg build a manufacturing and supply chain and also with marketing solutions for the B2C segment.

Falcon Labs

Falcon Labs is an integrated end-to-end technology provider for smart water management, with a device that can detect and track water leakage in real time. MIF is helping the company to define and execute their marketing plan.

Krishi Star

Krishi Star is a Mumbai-based agri-business start-up focusing on processed tomato products. The company is committed to improving the incomes of small farmers in India. MIF is helping Krishi Star to establish key quality control processes and guiding them on standardising output at each factory.

HelpUsGreen

HelpusGreen recycles flower waste from the river Ganga, creating patented lifestyle products with the material, and providing 1200 rural families with a livelihood. MIF is helping them develop a strong marketing strategy, communication plan and distribution network.

Express Bike Works (EBW)

In 2013, EBW developed India's first and fastest automatic motorcycle wash machine, capable of washing the dirtiest motorcycle within 2-5 minutes, and handling up to 250 motorcycles in 10 hours. Green processes are the basis of the design, which incorporates an in-built water recycling unit and is energy-efficient as well. MIF is helping EBW evaluate its business model and build a customer base.



THE PATH AHEAD

MIF is strengthening the Scale-Up Program by focusing on the following:

Creating more partnerships and connections with incubators, accelerators, investors and Government Bodies, in order to provide solutions in areas that MIF cannot add value

Showcasing success stories and case studies, so that the benefits of this program attract innovative organisations

Expanding the external mentor pool to add diverse expertise and cater to a larger number of organisations

Project Incubation:

Marico has long been a zealous proponent of preventative and facilitative healthcare in India. Aiming to promote the cause of healthcare through innovation, MIF, in association with Villgro, incubated Yostra Labs Private Limited, a healthcare technology firm pioneering smart innovations to make healthcare more effective and affordable. Yostra is the winner of MIF Hackathon 2015 (partnered by Camtech). Yostra has developed two products to enable mass screening and treatment of diabetic patients at primary and secondary healthcare centres and resource-poor locations, making treatment accessible to all.

MIF Talkies - Web Series:

MIF programs are sector agnostic and strive to cultivate innovations that impact daily lives. MIF Talkies, a web series created by MIF, works towards this goal by sharing some of the outstanding Indian innovations that are transforming communities, businesses and lives. The amplified awareness that MIF Talkies provides, has led to tangible benefits for the featured innovations. The video for Bakeys Edible Cutlery, for instance, featured in the first season of MIF Talkies (in collaboration with The Better India), went viral with 100 million views across 20 countries and resulted in pre-orders worth INR 6 Crores. The cutlery is an excellent alternative to harmful disposable cutlery, being an edible item enriched with flavourful nutritious ingredients, as well as environment-friendly. Its success enhanced sales for farmers, whose produce was the raw material for the cutlery, and also enhanced employment opportunities for the women who made it. Even more importantly, it reduced the usage of plastic spoons, helping to protect the environment.

In the second season of MIF Talkies, a video on Atomberg's Gorilla fan was released. The fan uses a unique motor mechanism to reduce urban India's electricity consumption, freeing up electricity for towns and villages. The online sales of these fans shot up by 20% after the release of the video. The mantra of Impact, Inspire, Involve is what drives the Marico Innovation Foundation, shaping its ethos and providing the impetus for its growth.



BRANDS WITH A PURPOSE

Marico's brands are closely connected with people's daily lives and health; extending their scope to materially improve the well-being of consumers and the community is, therefore, a responsibility we take seriously. Our brands take up socially relevant causes, contributing in their own way to long-term sustainability.

Saffolalife: Chhote Kadam – Dil ke Bade Kaam ke (Small steps to go a long way for heart)

Research for the Saffola World Heart Day campaign in 2017 revealed that staying active, eating better and being happy can keep the heart up to 50% healthier. The creative idea of Chhote Kadam – dil ke bade kaam ke was developed to drive home this point. The campaign explained how just a small effort and minimal alteration in daily habits could improve heart health by 50%. Supporting the campaign, A.C. Nielsen and SRL Labs conducted a Saffolalife Research Study among consumers across metros, revealing insights on the country's physical activity levels, eating habits and stress levels. 43,542 consumers took the test online in the course of the year. India's Healthy Lifestyle Score was found to be 68.

Nihar Shanti Amla: Chhote Kadam Pragati Ke Aur (Small Steps\towards Progress)

Nihar Shanti Amla's initiative Chotte Kadam Pragati ke Aur supports the education of underprivileged children. In 2017, one of the program's priorities is improving learning outcomes within the age group of 4-14 years, in partnership with other organisations impacting around 1,05,307 children. Educate Girls initiatives were mounted in Udaipur and Jalore district of Rajasthan. A Sesame India workshop was also conducted in Farrukabad, Shahjahanpur and Kannauj districts of Uttar Pradesh, and in North India.



“ Marico has always believed in finding a natural fit between its brands and a cause, and ensuring that the cause can drive discernable change— one that goes beyond just selling products. We continue to try and build purposeful brands which make positive contribution to the society while delighting consumers with our product offerings. ”

Anuradha Aggarwal,
Chief Marketing Officer

COMMUNITY SUPPORT



Building a sustainable ecosystem is an important goal in Marico's CSR policy. All our manufacturing facilities reach out to help and support their immediate communities, contributing to a culture of goodwill.

Sakshar Beti: Empowering the girl child

With the intention of encouraging school-going girls to pursue their aspirations in life, the Sakshar Beti (Literate Daughter) program was conducted for the girls of Govt. Inter College, Selaqui, Dehradun and Govt. Sr. Secondary School, Majhra, Paonta Sahib, both in North India. Career orientation sessions and the distribution of stationery kits to around 240 girl students were a part of the program.

Health checkups at plants

Members working at our plants as well as the communities nearby benefit from Marico's numerous health camps, which have reached out to around 580 people. The camps focus on women's health, dental and eye check-ups, oral hygiene and blood donation.

Case Study - Teach Little Minds

Aim: To awaken and nurture young minds by inculcating in them the importance of 'quality practices' in daily life.

Action: Teams visit primary schools and engage students in innovative and interactive activities, teaching Good Hygiene, Safety, Food Habits, Behaviour and Manners. This initiative has also drawn in teams from our manufacturing and business verticals, who have started engaging with schools directly.

Outcome: The program has reached out to almost 1,300+ students across India, and has been gaining momentum progressively since its launch.

Educating vulnerable children in South Africa and Bangladesh today. So that they grow into the empowered citizens of tomorrow.

Marico's commitment to being a responsible corporate extends beyond India's boundaries. Reaching out to disadvantaged communities in our overseas markets, we have launched initiatives for the most vulnerable sections – the children – with innovative education programs.

Just for Baby - Creating a culture of children's rights

Our brand Just for Baby launched an initiative in partnership with Childline South Africa, an effective non-profit organization that works to protect children from violence and create a culture of children's rights in South Africa.

Visiting pre-schools and daycare centres in the most vulnerable areas of Gauteng and KwaZulu Natal provinces, we engaged children between 3 and 6 years and imparted information on abuse and safety precautions through an entertaining puppet show. Friendly dialogue in a secure ambience encouraged disclosures of abuse from child victims. Trained, professional Childline volunteers immediately provided them with the necessary support and counseling services. The program offered crucial emotional support to a disadvantaged community, and also established Just for Baby as a brand that cares.



The Marico Community Learning Center in Dhaka: Providing quality primary education

Melandah, a sub-district of Jamalpur in Dhaka, is an area prone to natural disasters due to river erosion. It has a very low literacy rate of 38.4%, and a high rate of child labour and child marriage. The disadvantaged community of Melandah could not be reached through traditional education services, so Marico in collaboration with Dhaka Ahsania Mission set up Community Learning Centers for them in 2014, with the aim of providing quality primary education for 3,000 out-of-school children.

Reading for Children (RFC) centers were also set up to encourage reading among mothers, adolescents and young children.

With 75 centers offering education, life and social skills, the Center has enrolled 3113 children, mainstreamed 863 children in formal schools and also created awareness of child rights and the social evils of child marriage and dowry.



“ Marico's initiatives in South Africa are a true reflection of our quest to make a difference through social impact, transforming the lives of young children, one child at a time. **”**

Ashish Joshi,
COO- South East Asia, Middle East & Africa (SEAMEA), International Business



GRI INDEX



GRI INDEX

| No. | Description of Indicator | Pg No. | Additonal Information |
|------------------------------|--|--------|---|
| GENERAL STANDARD DISCLOSURES | | | |
| Strategy & Analysis | | | |
| G4-1 | Statement from the most senior decision-maker of the organisation. | 5,6 | |
| Organisational Profile | | | |
| G4-3 | Name of the organisation. | 9 | |
| G4-4 | Primary brands, products, and/or services. | 11,12 | |
| G4-5 | Location of organisation's headquarters. | 7 | |
| G4-6 | Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. | 9 | |
| G4-7 | Nature of ownership and legal form. | | Refer annual report 2016-17 |
| G4-8 | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries). | 9 | |
| G4-9 | Scale of the reporting organisation. | | Refer annual report 2016-17 |
| G4-10 | The total number of employees by employment contract and gender. | 51 | |
| G4-12 | The organisation's supply chain. | 31-39 | We have considered Procurement, Supplier Engagement and Development, Farmer Development etc as the main components of the supply chain. |
| G4-13 | Significant changes during the reporting period regarding size, structure, or ownership. | | There were no significant changes to the organization's size, structure, ownership, or supply chain during the reporting period. |
| G4-14 | Whether and how the precautionary approach or principle is addressed by the organisation. | 31 | |

| | | | |
|---|---|-------|--|
| G4-15 | Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses. | 28 | |
| G4-16 | Memberships of associations (such as industry associations) and national or international advocacy organisations. | 28 | |
| Identified Material Aspects & Boundaries | | | |
| G4-17 | All entities included in the organisation's consolidated financial statements or equivalent documents. | | Refer annual report 2016-17 |
| G4-18 | The process for defining the report content and the Aspect Boundaries. | 7 | |
| G4-19 | All the material Aspects identified in the process for defining report content. | 15,16 | |
| G4-20 | For each material aspect, whether the Aspect is material within the organisation. | | The Aspect boundary for the material aspects will be identified and reported in the next reporting cycle |
| G4-21 | For each material aspect, whether the Aspect is material outside the organisation. | | The Aspect boundary for the material aspects will be identified and reported in the next reporting cycle |
| G4-22 | The effect of any restatements of information provided in previous reports, and the reasons for such restatements. | | No major restatement of information occurred during the reporting period. |
| G4-23 | Significant changes from previous reporting periods in the Scope and Aspect Boundaries. | | There is no change in the reporting scope and aspect boundaries from the previous report |
| Stakeholder Engagement | | | |
| G4-24 | List of stakeholder groups engaged by the organisation. | 15,16 | |
| G4-25 | Basis for identification and selection of stakeholders with whom to engage. | 15,16 | |
| G4-26 | Organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group. | 15,16 | |
| G4-27 | Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. | 15,17 | |

| Report Profile | | | |
|--|---|-------|---|
| G4-28 | Reporting period (such as fiscal or calendar year) for information provided. | 7 | |
| G4-29 | Date of most recent previous report (if any). | | This is our second report as per GRI standards. Our maiden report covered our sustainability performance till March 31, 2016. |
| G4-30 | Reporting cycle (such as annual, biennial). | 7 | |
| G4-31 | The contact point for questions regarding the report or its contents. | 7 | |
| G4-32 | The 'in accordance' option the organisation has chosen, the GRI Content Index for the chosen option, the reference to the External Assurance Report, if the report has been externally assured. | 7 | |
| G4-33 | Organisation's policy and current practice with regard to seeking external assurance for the report. | | This report is not externally assured. |
| Ethics & Integrity | | | |
| G4-56 | The organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics. | | Refer annual report 2016-17 |
| G4-57 | The internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity. | | Refer annual report 2016-17 |
| G4-58 | The internal and external mechanisms for reporting concerns about unethical or unlawful behaviour and matters related to organisational integrity. | | Refer annual report 2016-17 |
| SPECIFIC STANDARD DISCLOSURES - MATERIAL ASPECTS | | | |
| Economic | | | |
| Economic Performance | | | |
| G4-DMA Economic Performance | Disclosure on Management Approach. | 23-27 | |
| G4-EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | 23-27 | |

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| G4-EC3 | Coverage of the organisation's defined benefit plan obligations. | 23-27 | |
| G4-EC8 | Significant indirect economic impacts, including the extent of impacts. | 23-27 | |
| Environment | | | |
| Materials | | | |
| G4-DMA Materials | Disclosure on Management Approach. | 38-39 | |
| G4-EN1 | Materials used by weight or volume. | 38 | |
| G4-EN2 | Percentage of materials used that are recycled input materials. | 38 | |
| Energy | | | |
| G4-DMA Energy | Disclosure on Management Approach. | 40-44 | |
| G4-EN3 | Energy consumption within the organisation. | 40-44 | |
| G4-EN5 | Energy intensity. | 40-44 | |
| G4-EN6 | Reduction of energy consumption | 40-44 | |
| G4-EN7 | Reductions in energy requirements of products and services. | 40-44 | |
| Water | | | |
| G4-DMA Water | Disclosure on Management Approach. | 45 | |
| G4-EN8 | Total water withdrawal by source. | 45 | |
| Emissions | | | |
| G4-DMA Emissions | Disclosure on Management Approach. | 40-44 | |
| G4-EN15 | Direct greenhouse gas emissions (Scope 1). | 40-44 | |
| G4-EN16 | Energy indirect greenhouse gas emissions (Scope 2). | 40-44 | |
| G4-EN18 | GHG emissions intensity. | 40-44 | |
| G4-EN19 | Reduction of GHG emissions. | 40-44 | |

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| Effluents and Waste | | | |
| G4-DMA Effluents and Waste | Disclosure on Management Approach. | 46 | |
| G4-EN23 | Total weight of waste by type and disposal method. | 46 | |
| Social | | | |
| Labour Practices and Decent Work | | | |
| Employment | | | |
| G4-DMA Employment | Disclosure on Management Approach. | 49-53 | |
| G4-LA1 | Total number and rates of new employee hires and employee turnover by age group, gender and region. | 51 | |
| Labour/Management Relations | | | |
| G4-DMA Labour/Management Relations | Disclosure on Management Approach. | 49-53 | |
| Occupational Health and Safety | | | |
| G4-DMA Occupational Health and Safety | Disclosure on Management Approach. | 49-53 | |
| Training and Education | | | |
| G4-DMA Training and Education | Disclosure on Management Approach. | 49-53 | |
| G4-LA9 | Average hours of training per year per employee by gender and by employee category. | 51 | |
| Diversity and Equal Opportunity | | | |
| G4-DMA Diversity and Equal Opportunity | Disclosure on Management Approach. | 49-53 | |

| Labour Practices Grievance Mechanisms | | | |
|--|--|-------|-----------------------------|
| G4-DMA Labour Practices Grievance Mechanisms | Disclosure on Management Approach. | | Refer annual report 2016-17 |
| G4-LA16 | Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms. | | Refer annual report 2016-17 |
| Human Rights | | | |
| Investment | | | |
| G4-DMA Investment | Disclosure on Management Approach. | | Refer annual report 2016-17 |
| Non-discrimination | | | |
| G4-DMA Non-discrimination | Disclosure on Management Approach. | 49-53 | |
| G4-HR3 | Total number of incidents of discrimination and corrective actions taken. | | Refer annual report 2016-17 |
| Child Labour | | | |
| G4-DMA Child Labour | Disclosure on Management Approach. | 48-52 | |
| Forced and Compulsory Labour | | | |
| G4-DMA Forced and Compulsory labour | Disclosure on Management Approach. | 48-52 | |
| Human Rights Grievance Mechanisms | | | |
| G4-DMA Human Rights Grievance Mechanisms | Disclosure on Management Approach. | 49-53 | |
| G4-HR12 | Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms. | | Refer annual report 2016-17 |

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| Society | | | |
| Local Communities | | | |
| G4-DMA Local Communities | Disclosure on Management Approach. | 59 | |
| Anti-Corruption | | | |
| G4-DMA Anti-Corruption | Disclosure on Management Approach. | | Refer annual report 2016-17 |
| G4-SO4 | Communication and training on anticorruption policies and procedures. | | Refer annual report 2016-17 |
| G4-SO5 | Confirmed incidents of corruption and actions taken. | | Refer annual report 2016-17 |
| Product Responsibility | | | |
| Customer Health and Safety | | | |
| G4-DMA Customer Health and Safety | Disclosure on Management Approach. | 55 | |
| G4-PR1 | Percentage of significant product and service categories for which health and safety impacts are assessed for improvement. | 55-57 | |
| Product and Service Labelling | | | |
| G4-DMA Product and Service Labelling | Disclosure on Management Approach. | | Refer annual report 2016-17 |

