RIGHT FROM THE ROOTS
Sustainability Report 2017 - 2018
RIGHT FROM
THE ROOTS
Roots symbolize deep ties that are layered with a rich history. With many lessons to learn from the roots of the past, and many leaps to make in the years to come, Marico is determined to make a difference every day. We have laid a strong foundation for all our stakeholders and draw inspiration from our rich legacy to drive sustainability in all that we do.

‘Right from the roots’ has a dual purpose. It communicates our solidity and reliability which are part of our heritage and which determines the path we choose. Simultaneously, it establishes our intention to do right by all our stakeholders under all circumstances. This really means that we start right at the roots – at the communities where our actions will make the maximum difference. Our founders came together to create an organization that embedded sustainability in its DNA.

Today, be it our engagement with the farming communities or our work in educating underprivileged girls in the hinterlands of India our approach has been a holistic one where we start right at the roots – to understand the true needs of the communities and then resolve to make a real difference to their lives. From our numerous initiatives that are aimed at the community to our triple bottomline aspects – economic, environment and social, sustainability is a way of life at Marico. Our vision towards responsible corporate citizenship echoes our desire to merge business and sustainability. As we journey forward, right from the roots, we intend to inclusively grow our business.
SUSTAINABILITY HIGHLIGHTS
FY2017-2018

**ECONOMIC**
- INR 4,969 crores revenue from India operations, a growth of 9% from last year
- 24% & 16% bottom-line and top-line CAGR since the inception
- 78% highest ever dividend payout by the company so far
- 177 value enhancement ideas implemented globally, worth INR 79 crores

**ENVIRONMENT**
- 80% equivalent of water consumed in our operations offset through conservation capacities created
- 72% of the total energy consumed in our operations is from renewable sources
- 54% reduction in GHG Emission Intensity from the base year FY2012-13
- 31% reduction in Energy Intensity from the base year FY2012-13

**SOCIAL**
- 1,75,000+ children influenced to learn under our Nihar Mobile Pathshala initiative
- 88,773 girls benefited through the Educate Girls program
- 2,681 coconut farmers enrolled under the Kalpavriksha program launched this year
- 50% of Marico’s global talent in consumer facing functions are women
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MARICO’S SUSTAINABILITY PHILOSOPHY IS TO ENSURE VALUE FOR ALL OF OUR STAKEHOLDERS WHILE WE GROW RESPONSIBLY
Our sustainability approach is a long term commitment and a way of life at Marico. Over the years, we have drawn our inspiration right from our roots with a strong focus on environmental stewardship and driving social progress of the communities that we operate in. We have a ‘shared value’ approach to sustainable growth and work with all our stakeholders to create a more secure, sustainable and inclusive future.

**OUR SUSTAINABILITY PHILOSOPHY**

The world is now moving towards the “Circular Economy”, a concept that requires businesses to use resources in a more sustainable way. The findings of the World Economic Forum (WEF) study on adopting circular economy pathway are compelling – projecting annual benefits of 840 lakh crores ($624 billion) by 2050 – equivalent to 30% of India’s current GDP. As a responsible corporate, our vision is to make inroads on this path, supported with actions benefitting both the environment and the economy. For us, the zeal to effect this change comes from our stated purpose of making a difference – to transform in a sustainable manner, the lives of those we touch, by nurturing and empowering them to maximise their true potential.

Marico’s sustainability philosophy is to ensure value for all of our stakeholders while we grow responsibly. We have charted our path with dynamic and challenging objectives as milestones. To that end, we’ve met a few challenges this year and attempted to make a significant impact in several spheres.

Through our flagship program ‘Kalpavriksha’, we’ve reached out to those who are the country’s backbone – the farmer community. Our multiple programs aimed at the farming community have been successful in safeguarding farmers’ interests while ensuring the sustainability of their farming systems.

Water, without a doubt, is a precious shared resource which is coming under increasing pressure in many parts of the world. With our water stewardship initiatives we’re working towards water conservation and harvesting water supporting the irrigation requirement of farmers for agriculture and livestock and benefitting the local community.

**CREATING SHARED VALUE**

For Marico, it has always been important that alongside achieving strong economic progress, we also create sustainable and inclusive growth for all our stakeholders. The Marico Innovation Foundation (MIF), a not-for-profit arm of Marico continues to act as a catalyst for innovators helping them accelerate growth, an initiative which is close to my heart. Additionally, with the MIF Scale-Up programme, we have created a platform for innovators to be mentored by domain experts. The mentors devote their time and experience in developing an implementable plan and the entire process is monitored through pre-determined milestones. Some of these mentors are our members. We have also instituted the MIF Awards to recognise and award unheralded innovations in the country.

We are deeply committed to creating a sustainable ecosystem and are constantly on the lookout for innovative and disruptive ideas which will turn the virtuous flywheel of the “circular economy”, the thought I began with. Our approach towards sustainable development is strongly anchored under the themes of climate change, earth resource optimization and responsible corporate citizenship. A representation of our initiatives, impact and the way ahead is shared by Mr. Saugata Gupta, the MD and CEO in his message and in more details further in the report. Beyond that, it is imperative to point out that all our stakeholders have contributed and partnered with us most ardently in our journey towards sustainability, a thought that fills us with gratitude and excitement for our next steps.

HARSH MARIWALA
Chairman
“SAFEGUARDING ENVIRONMENT IS AT THE FOREFRONT OF MARICO’S SUSTAINABILITY MANIFESTO”
MD & CEO’S MESSAGE

It is with great pleasure that I present to you our sustainability story. Having evolved from robust roots, we’ve always striven to build an inclusive ecosystem at Marico. Over the years, sustainability has been embedded across our value chain, transforming our business DNA. Our sustainability report “Right from the Roots” for the year 2017-2018 outlines our many successful endeavours aimed at creating a sustainable tomorrow. We have made the transition in our disclosure from GRI G4 to GRI SRS Standards this year.

OUR SUSTAINABILITY IMPERATIVES

At Marico, we have outlined our sustainability journey under the themes of climate change, earth resource optimization and responsible corporate citizenship. Our efforts in this space are also aligned with UN’s Sustainable Development Goals (SDGs). Advancing on these themes we have identified six focus areas – responsible resource consumption, climate change, sustainable supply chain, product responsibility, community development and future ready capability building. Aligned with these focus areas, we had set 2022 sustainability target against 2012-13 baseline to reduce energy intensity, reduce GHG emissions intensity, offset our water consumption, increase farmer beneficiaries and certify critical material suppliers on responsible sourcing. This year, we have also expanded our 2022 commitment to include education as an imperative with a target to influence 2,00,000 children.

MAKING A DIFFERENCE TO THE FARMERS COMMUNITY

A majority of our input material comes from agricultural produce. Hence safeguarding farmers and farming interest is a core aspect of our existence. With a strong desire to make a measurable difference to the lives of these farmers, we established the “KALPAVRIKSHA” initiative on World Coconut Day (2nd September) last year. The programme, aimed at increasing yield and boosting the coconut farmer’s income, touched the lives of 3000 farmer families and resulted in 18% increase in productivity in the initial phase.

ENVIRONMENTAL STEWARDSHIP

Safeguarding environment is at the forefront of Marico’s sustainability manifesto. All our business operations contribute to our environmental agenda of heading forward on the low-carbon growth path. We constantly innovate and adopt efficient technologies to ensure a positive impact of our existence. Currently 72% of Marico’s total energy requirement is met from renewable sources, an achievement we are pleased to talk about. This fiscal year also marked significant savings in fuel and energy derived from our ENCON (Energy Conservation) projects. Through these initiatives and efforts, we are glad to report that we reduced our energy intensity and GHG emission intensity by 31% and 54% respectively from the FY2012-13 baseline year.

Water crisis is one of the top risks that plague the world today. With a strong desire to make Marico a water steward organization, this year we undertook initiatives like constructing farm ponds, dam desilting and community check dams. Through these initiatives, capacities were created to preserve about 18 crore litres of water, offsetting 80% of our water consumption. This has benefitted the farmers and the local communities by reducing vulnerability to droughts and creating water availability even during the water-stressed months.

CREATING ENDURING PARTNERSHIPS

We understand the impact our supply chain has and its role in our sustainability journey. To raise the sustainability standards within our supply chain, last year we had instituted the responsible sourcing policy. The policy reflects Marico’s commitment to source supplies in a responsible and sustainable manner.

Moving ahead on this commitment, this year we engaged with our critical material suppliers to educate them on our sustainability values and principles. In the coming years, we aim to certify 20% of our critical material suppliers on level 1 requirements of our responsible sourcing policy.
Our supplier engagement programmes, initiatives for our warehouse partners, skills improvement training for business associates, farmers’ engagement programmes like Kalpavriksha and Safflower Extension schemes all assimilate sustainability into our value chain.

GOOD GOVERNANCE
Over the years, Marico has built a high-governance culture across the organisation with appropriate policies, processes and controls. Marico has invested in compliance systems and processes to ensure that all our functions and units are aware of the laws and regulations to comply with and have put in place an adequate monitoring mechanism to ensure compliance. We are proud to be ranked in the list of Top 10 companies in Corporate Governance among 100 companies in S&P BSE Index, as per a joint study conducted by International Finance Corporation (IFC), Institutional Investor Advisory Services India Limited, and Bombay Stock Exchange Limited (BSE), with the financial support of the Govt. of Japan.

NEXT GENERATION HEALTH AND WELLNESS PLATFORMS
Factors like rising healthcare awareness, willingness to explore better health options and changing mindsets are fuelling the trend in the consumable products segment. Over the years, Marico, through ‘Saffola’, has championed a proactive and healthy lifestyle. We have pledged to support the ‘Eat Right’ movement through our pack communication, advertising and other marketing initiatives. By 2020, we pledge to reduce salt by 15% for our new products.

SUSTAINABLE PEOPLE PRACTICES
Our sustainability agenda is housed in a warm environment where passionate people pave the future for Marico’s sustainability success every day. We strive to create a workplace that has an informal and open culture which encourages members to pursue challenges, innovate beyond the boundaries of the box and inspires them to give their best. We are ranked in the Top 50 of India’s Best Companies to Work For in 2018 (ranked 32, up 8 places from previous year) and ranked 8th Best Workplace in Manufacturing in India, as per studies conducted by Great Place to Work Institute. We are proudly among the 100 Best Companies for Women and Working Mothers to Work in India.

RESPONSIBLE CITIZENSHIP
Building a sustainable ecosystem is an important agenda in Marico’s corporate social responsibility framework. Our defined focus areas encompass education, healthcare, and community sustenance. Our education initiatives such as Educate Girls, Mobile Pathshala (Mobile School), Teach Little Minds, and Sakshar Beti (Literate Girl Child) continue to drive learning for a brighter future. Through the “Nihar Mobile Pathshala” also known as “Pathshala Funwala” this year, we have influenced over 1,75,000 children to pursue education. Furthermore, Saffolalife continues to realise its vision to create a “Heart Healthy India”. This year the programme reached to over 200 schools in urban and rural India to teach them the various aspects of nutrition and food safety, and reached out to more than 18,000 students in the process.

We are proud of what we have been able to accomplish in each of the areas of our sustainability focus, and are excited about the opportunities we have to “Make a Difference”. We look forward to your continued engagement in our journey towards a sustainable future.

SAUGATA GUPTA
MD & CEO
Marico's foundation rests on reliable roots. We dig deep to do better and strive to make our journey an inclusive one. All our stakeholders are part of our sustainability undertaking as we advance with our aim on the triple bottom-line aspects of economic, social and environmental progress. The revelations in the report are aligned with material issues that were agreed upon with key internal and external stakeholders. This report sheds light on our sustainability journey and its outcomes.

Our body of findings have been compiled here for the benefit of our stakeholders. Since the new GRI reporting framework has been introduced, we have transitioned from GRI G4 to prepare this report in alignment with “GRI Standards: Core option”. No significant changes from the previous year have emerged as far as the reporting boundary is concerned. There is one restatement in the renewable energy calculation for the previous years, as it has undergone changes in measurement method. The reference and explanation of the change is given in the Natural Capital chapter.

Today, our humble but significant steps are producing a landscape that is right from the roots. Ours is an effort that is authentic to its legacy. We’re drawing on our learnings to create a sustainable future done right.

ALL OUR STAKEHOLDERS ARE PART OF OUR SUSTAINABILITY UNDERTAKING AS WE ADVANCE WITH OUR AIM ON THE TRIPLE BOTTOM-LINE ASPECTS OF ECONOMIC, SOCIAL AND ENVIRONMENTAL PROGRESS
NAME OF ORGANIZATION
Marico Limited

LOCATION OF HEADQUARTER
Mumbai, India

REPORTING CYCLE
Annual

REPORTING PERIOD
1st April 2017 to 31st March 2018

REPORTING BOUNDARY
Marico Limited India Operations

FOR SUGGESTIONS & FEEDBACK
sustainability@marico.com

*Other entities of Marico such as subsidiaries, associates, joint ventures, international locations are not included in the reporting boundary
** For raw and packaging material consumption, we have included own as well as contract manufacturing units
*** One of the manufacturing unit was closed in the reporting year and not considered in the boundary
ABOUT MARICO

Built on a strong foundation, Marico Limited has made a notable impact in the beauty and wellness space in India. A leading consumer products company, Marico has striven to add value for the past 25 years. We cater to consumers in more than 25 countries across the emerging markets of Asia and Africa. With multiple brands under the umbrella, our products span haircare, skincare, edible oil, health foods, male grooming and fabric care. Marico’s priority is to use our widespread presence as an impetus to ‘make a difference’. Inspired by our powerful history, Marico is taking steps to walk into a brighter tomorrow shaped today.

- 25+ years of rich experience
- USD 6.5 billion market capitalisation as of March 31, 2018
- 1 out of every 3 Indians’ lives have been touched by Marico
- 95% of the portfolio enjoys market leading (No.1 or No. 2) status
GEOGRAPHICAL PRESENCE

INTERNATIONAL MARKET

PRESENCE IN

25+

COUNTRIES ACROSS THE EMERGING MARKETS OF ASIA AND AFRICA

North Africa & Middle East

South Asia

South-East Asia

South and Sub-Saharan Africa
INDIA MARKET

- Head Office
- Manufacturing Units

DEPOTS

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REDISTRIBUTION CENTRES

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OUR VALUES

Our company rests on values that we have resolved to pursue with integrity. These ethos show us the way forward as they leave a trail of light in their wake. They maintain the harmony, and are aligned with our common goal of ensuring the growth and success of the organization.

**BOUNDARYLESSNESS**
Seeking support and influencing others beyond the function and organization to achieve a better outcome/decision without diluting one’s accountability.

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

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

**BIAS FOR ACTION**
Preference for quick thoughtful action as opposed to delayed action through analysis.

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

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

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

**GLOBAL OUTLOOK**
Sensitivity and adaptability to cultural diversity and learning from different cultures.
Marico is a household name in India. Over the years, our products have nurtured not only lifestyles but also strengthened relationships. Brands such as Parachute, Parachute Advansed, Saffola, Hair & Care, Nihar, Nihar Naturals, Livon, Set Wet, Mediker and Revive have lined the shelves of Indian homes with pride. In the international markets, Marico is represented by the brands Parachute, HairCode, Fiancéé, Caivil, Hercules, Black Chic, Code 10, Ingwe, X-Men and Thuan Phat. These products together form our connection to the world.

**PRODUCT PORTFOLIO**

**PARACHUTE IS THE WORLD’S LARGEST COCONUT OIL BRAND**

**NIHAR NATURALS SHANTI AMLA BADAM IS NOW VOLUME MARKET LEADER IN AMLA HAIR OILS**

**1 OUT OF EVERY 10 COCONUTS GROWN IN INDIA IS USED BY MARICO**

**MORE THAN 90% OF THE PORTFOLIO POSTED MARKET SHARE GAINS DURING THE YEAR ON MAT BASIS**

**INDIA PORTFOLIO**

**COCONUT OIL**
- Parachute Coconut Oil
- Nihar Naturals Coconut Oil
- Nihar Naturals Uttam Coconut Oil

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

**ANTI-HAIRFALL**
- Livon Hair Gain Tonic
- Parachute Advansed Ayurvedic Hair Oil
- Parachute Advansed Scalp Therapie Hair Oil

**HAIR SERUM**
- Livon Hair Serum
- Hair & Care Silk n Shine Leave-In Hair Conditioner

**SKINCARE**
- Parachute Advansed Body Lotion

**MALE GROOMING & STYLING**
- Parachute Advansed Men Aftershower Hair Cream
- Set Wet Hair Gels
- Set Wet Beard Gels and Creams
- Set Wet Deodorants
- Set Wet Blast Deodorants
- Set Wet Hair Waxes
- Set Wet Studio X Range

**HEALTHY FOODS**
- Saffola Refined Edible Oils
- Saffola Aura – Olive & Flaxseed Oil
- Saffola Masala Oats
- Saffola Multigrain Flakes
- Saffola Active Soups
- Saffola Active Slimming Nutri Shakes
Marico places significant emphasis on good Corporate Governance practices. With an intent to be true to our roots, we endeavour to ensure that best practices are followed at all levels across the organisation. For us, effective corporate governance is more than a mere legal obligation. Instead, it is about creating a framework for meeting the organization objectives while balancing the interests of all our stakeholders. Marico continues to embrace the best practices of corporate governance and continuously reviews them to benchmark with the highest standards across the globe. The various awards and recognitions received in the space of corporate governance is a testimony to the acknowledgment bestowed upon us by the outside world.

MARICO’S CORPORATE GOVERNANCE PRACTICES ARE BASED ON THE FOLLOWING CORNERSTONE PHILOSOPHIES

- Generative transparency and openness in information sharing
- Constructive separation of ownership and management
- Accountability
- Responsibility
- Discipline
- Fairness
- Social Awareness
- Value-adding checks and balances
The Board at Marico is responsible for determining the company's strategic aims, providing the leadership to put them into effect, supervising the management of the Company and reporting to shareholders on their stewardship. Together, the Board and the Management ensures that Marico remains a company of uncompromised integrity and excellence.

We actively seek to adopt best global practices to ascertain effective functioning and a truly diverse Board whose wisdom and strength can be leveraged for earning higher returns for our stakeholders. Marico's Board is an ideal mix of knowledge, perspective, professionalism, divergent thinking and experience. The Board’s distinctiveness lies in the fact that the Board balances several deliverables, achieves sound corporate governance objectives and acts as a catalyst to create stakeholder value.

As of 31st March 2018, the Board comprised 9 Directors, of whom 5 were Independent Directors, 3 were Non-Executive Directors and 1 Managing Director & Chief Executive Officer.

**MARICO’S BOARD IS AN IDEAL MIX OF KNOWLEDGE, PERSPECTIVE, PROFESSIONALISM, DIVERGENT THINKING & EXPERIENCE**

*appointed as an Additional Director (Independent) w.e.f June 26, 2017
**appointed as an Additional Director (Non-Executive) w.e.f May 2, 2017
The Committees of the Board play a crucial role in Marico’s governance structure and have been constituted to deal with specific areas and activities which need a closer review. Each committee has a defined charter which helps them undertake their responsibilities. All proceedings of the Board are logically segregated and matters are delegated to the committees.

**AUDIT COMMITTEE**
oversees approval of related party transactions, review of internal controls and audit systems, oversight on risk management systems, financial reporting, compliance issues and vigil mechanism, appointment and remuneration to various auditors of the company and their scope, shareholders’ grievances etc.

**CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**
recommends, reviews and monitors the CSR initiatives taken by the Company

**ADMINISTRATIVE COMMITTEE**
approves routine transactional/operational matters.

**CORPORATE GOVERNANCE COMMITTEE (CGC)**
approves remuneration of the Directors, Key Managerial Personnel and Senior Management Personnel. The CGC also acts as the Compensation Committee for the purpose of administration. The CGC is also entrusted with the responsibility of evaluating the performance of each Director of the Board and ensuring Board effectiveness.

**INVESTMENT AND BORROWING COMMITTEE**
supervises the management of funds.

**SECURITIES ISSUE COMMITTEE**
approves the issuing and allotment of securities and allied matters.

**STAKEHOLDER’S RELATIONSHIP COMMITTEE**
supervises the redressal of stakeholders’ grievances.

**SHARE TRANSFER COMMITTEE**
approves transfer formalities and other share-related procedures.

**RISK MANAGEMENT COMMITTEE**
assists the Board in monitoring and reviewing the risk management plan as well as implementation of the risk management framework of the company.

**SUSTAINABILITY COMMITTEE**
steers the sustainability initiatives of the company and ensures sufficient assistance to the Business Responsibility Report Head from time to time.
RISK MANAGEMENT

Risks are an integral part of any business environment and it is essential that we create structures that are capable of identifying and mitigating the risks in a continuous and vibrant manner. At Marico, we foresee risks holistically, spanning both, the external environment and the internal processes. Marico's Risk Management processes ensure that all significant activities are analysed across the value chain keeping in mind the following types of risks:

On the basis of their potential impact, risks are analysed by the relevant functions in the company. This process is followed by tracking progress and reporting status on the mitigation plans for periodic management reviews. This is aimed at ensuring that adequate checks and balances are in place with reference to each significant risk.

The Risk Management Committee assists the Board in monitoring and reviewing the risk management plan and in implementing the risk management framework of the company. At defined intervals, the Board also reviews plans for mitigating top risks that Marico is exposed to.

RISK MANAGEMENT COMMITTEE

Framing and monitoring the risk management plan for the company
Risk Assessment and Mitigation Procedures
Implementation of Risk Management Systems and Framework

Furthermore, we have an internal audit system appropriate for the size of the company and the nature of our business. The Audit Committee of the Board has the authority and responsibility to select, evaluate and where appropriate, replace the Independent Internal Auditor in accordance with the law. All possible measures are taken by the Audit Committee to ensure the objectivity and independence of the Internal Auditor. The Audit Committee, independent of management, holds periodic one to one discussions with the Internal Auditors to review the audit’s scope and findings and to ensure adequacy of the internal audit system in the company. The Audit Committee reviews the internal audit plan for every year and approves it in consultation with the top management and the Internal Auditor. We believe that this framework ensures a unified and comprehensive perspective.
ETHICS AND INTEGRITY

Marico is committed to the highest standards of ethics and integrity. We observe an ethical code in our dealings with all our stakeholders. We have implemented the “Code of Conduct (COC)” and “Marico Code of Business Ethics (MCOBE)” with the underlying belief of conducting business in a principled manner. This facilitates an ecosystem that is conducive to the company’s members and associates. The Codes sets out principle guidelines to be followed by all employees and associates of Marico.

The COC policy provides guidelines on important issues such as ethics, bribery, equal work opportunity, harassment free workplace, abuse, discrimination and more. These are to be observed by all the members of the group. It is mandatory for all of our members to undergo the COC course. The MCOBE policy provides guidelines on ethics, bribery and corruption that is to be sincerely followed by the associates. The guidelines are communicated to our key associates like vendors/suppliers and it is expected that they will follow it during their interactions with Marico.
Marico has a robust vigil mechanism which enables employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Code. This mechanism adequately protects employees who avail of the mechanism from victimization and also provides direct access to the Chairman of the Audit Committee in exceptional cases. The guidelines are meant for all members of the company from the day they join and are designed so that they may raise any specific concerns about value adherence without any fear of being punished for raising that concern. The guidelines also cover our associates who partner with us in our organizational objectives.

To encourage employees to report any concerns and to maintain anonymity, we have provided a toll free helpline number and a website wherein the grievances/ concerns can reach the company. For administration and governance of the Code, a committee called the “Code of Conduct Committee” (“CCC”) is constituted. The CCC has the following sub-Committees namely:

HR Committee – with an objective to appoint investigation team for investigation of HR related concerns / complaints.

IT Committee – with an objective of implementing the IT policy and resolution of IT related concerns / complaints under the Code.

Prevention of Sexual Harassment Committee (PoSH Committee) – with an objective to ensure a harassment free work environment including but not limited to the appointment of a team for investigating sexual harassment concerns/complaints.

The Board, the Audit Committee and the Corporate Governance Committee are informed periodically on the matters reported to CCC and the status of resolution in cases. We affirm that no personnel have been denied access to the Audit Committee.

THE GUIDELINES ARE MEANT FOR ALL MEMBERS OF THE COMPANY FROM THE DAY THEY JOIN AND ARE DESIGNED SO THAT THEY MAY RAISE ANY SPECIFIC CONCERNS ABOUT VALUE ADHERENCE WITHOUT ANY FEAR OF BEING PUNISHED FOR RAISING THAT CONCERN
As a leading consumer products company, we continually engage with the industry, government and regulatory authorities. We aim to gain from mutual learning and facilitate dialogue for common cause. Following are some of the key industry associations with whom we are actively involved:

- **AIFPA**
  All India Food Processors Association

- **AFSTI**
  Association of Food Scientists & Technologists, India

- **FICCI / CIFTI**
  Federation of Indian Chambers of Commerce & Industry / Confederation of Indian Food Trade & Industry

- **NSI**
  Nutrition Society of India
  Mysore & Mumbai chapter

- **AIAI**
  All India Association of Industries

- **ISCC**
  Indian Society of Cosmetics Chemists

- **ADMA**
  Ayurvedic Drug Manufacturers Association

- **IHPCIA**
  India Home & Personal Care Industry Association

- **CFTRI**
  Central Food Technological Research Institute
NIN  
National Institute of Nutrition

DSIR  
Department of Scientific & Industrial Research

ICT  
Institute of Chemical Technology

PFNDAI  
Protein Foods and Nutrition Development Association of India

IBHA  
Indian Beauty & Hygiene Association

TNAU  
Tamil Nadu Agricultural University

IARI  
Indian Agricultural Research Institute

SEA  
Solvent Extractors’ association

CGSI  
Consumer guidelines society of India

IMC  
Indian Merchant Chambers

CII  
Confederation of Indian Industry

IMA  
International Market Assessment India Private Limited
SUSTAINABILITY AT MARICO

Our commitment to sustainability has been embedded in our business approach since we were a mere sapling. It forms an indispensable aspect of our strategy. At Marico, we view sustainability as a business approach to create long-term stakeholder value through managing risks and embracing opportunities. The core values that define our corporate culture also uphold our commitment to sustainability, making Marico a place where the environment and social ecosystem comes first.

WE VALUE AND BALANCE THE INTERESTS OF ALL OUR STAKEHOLDERS INCLUDING

- SHAREHOLDERS
- CONSUMERS
- ASSOCIATES
- EMPLOYEES
- GOVERNMENT
- SOCIETY

EMBARKING THE JOURNEY ON SUSTAINABILITY HAS ENSURED THAT WE MOVE FORWARD TOGETHER RESPONSIBLY AND SUSTAINABLY
Marico's stated purpose is to “Make a Difference”. This is reiterated through our sustainability policy by incorporating environmental, social and ethical principles into our business. Our board approved sustainability policy provides guidelines and a comprehensive framework to ensure this assimilation.

The policy guides our relationship with each of our key stakeholders, helps establish our governance structure and aids in establishing the targets to be achieved. Further, our implementation plan and monitoring framework goes hand in hand with our sustainability policy as we devise our action plan. It reminds us that we belong to an interdependent ecosystem, one that requires us to add value as we advance.

**OUR COMMITMENTS**

- Operate business in an efficient and financially sustainable manner while satisfying our customers and creating value for stakeholders
- Ensure good governance, ethics and transparency in stakeholder engagements while promoting and advocating responsible business practices
- Compliance with all applicable legal, environmental and social requirements
- Promote sustainable consumption while enhancing the nutrition, well-being and beauty of our consumers
- Reduce the green-house gas emissions, enhance energy efficiency, promote renewable energy use and reduce wastes from our operations
- Integrate sustainability considerations throughout the product life cycle by institutionalizing innovation within organisation and stakeholders
- Foster health, safety and well-being of employees, and inculcate a culture of empowerment and enrichment
- Collaborate with communities towards social interventions in the identified thrust areas
- Develop sustainability Key Performance Indicators, set definitive targets and establish monitoring mechanism for continual improvement
At Marico, our governance plays a crucial role in putting our sustainable step forward. The board bears the responsibility of the company's sustainability performance. The Business Responsibility Reporting (BRR) Committee or the Sustainability Committee has been instituted by the Board of Directors. This committee assists the Managing Director and CEO to execute the sustainability activities of the company.

The committee is headed by the Chief Supply Chain Officer (CSCO), who reviews the sustainability and business responsibility performance of the company annually. The committee is supported by the Sustainability Core Team and has members in roles such as Operations Excellence & Sustainability Head, Investor Relations Manager and Sustainability Manager. The core team ensures effective formulation of policies, implementation of strategy, stakeholder engagement, identification of sustainability projects and review of targets.
The core team periodically reports the progress to the committee. Additionally, the Operations Excellence and Sustainability Head acts as the Sustainability Convener who is accountable for implementing projects, identifying risks, preparing mitigation plans and reviewing goals. Moreover, there are co-ordinators identified across various corporate functions as well as plant level functions who contribute towards the achievement of our various sustainability goals.
STAKEHOLDER’S ENGAGEMENT

Our stakeholders are an integral part of our business ecosystem. We believe that mutual growth is necessary for holistic progress. As a responsible company, we are committed to creating and sustaining a positive impact on all our stakeholders. We continue to interact and engage with our stakeholders and ensure that they partner with us in our sustainability journey.

We engage with a broad spectrum of stakeholders, both internal and external. We strive to create an upward trajectory for all, which is a core component of the operational footprint of our business. Our approach is rooted in our principles of accountability and inclusive growth. We firmly believe that a genuine and consistent stakeholder engagement offers multiple benefits in terms of collaboration and long-term development. To create this positive ecosystem, diverse communication platforms are established with each stakeholder group with an objective to work together towards certain goals. These are risk mitigation, conflict resolution, compliance management, market development, innovation and strategy. To this end, we believe that our many stakeholders embody the various roots embedded in our Marico soil. Together, we are planting and raising an ecosystem that continues to give back tenfold.

TO CREATE THIS POSITIVE ECOSYSTEM, DIVERSE COMMUNICATION PLATFORMS ARE ESTABLISHED WITH EACH STAKEHOLDER GROUP WITH AN OBJECTIVE TO WORK TOGETHER TOWARDS CERTAIN GOALS
ABOUT
MATERIALITY

For Marico, we make it a primary concern to understand the sustainability aspects at various stages of our value chain. The first step in this process is to identify key stakeholders followed by focused engagement with each stakeholder. This helps us understand our key stakeholder needs and consequently, helps us improve our policies and evolve in our disclosure.

WHAT DEFINES MATERIALITY FOR MARICO

THE SCALE TO WHICH THE ISSUE IS ALIGNED WITH ORGANIZATION’S GOALS AND PURPOSE

THE LEVEL OF INFLUENCE WE HAVE ON THE ISSUE

A SIGNIFICANT IMPACT ON OUR KEY STAKEHOLDERS

A POTENTIAL IMPACT ON OUR SERVICES, OR ON OUR SOURCING AND CONSUMERS

Materiality Assessment is an important tool for Marico to identify and prioritize issues that are of prime importance to our business as well as to our stakeholders. In this manner, we ensure that our long-term objectives are given as much significance as our short and medium term targets.

We conduct materiality assessment exercise on a periodic basis to keep pace with the rapidly changing scenarios in economic, environmental and social realm. In the fiscal year 2015-16, we outlined our overall commitment and isolated 10 focus areas which we believed would be momentous in enhancing our overall sustainability performance. As a result, we undertook a comprehensive exercise of materiality assessment by proactively interacting with key stakeholders internally and externally and arrived at a pool of crucial aspects that are critical to our business and to our stakeholders. To gain further insights on this exercise, please refer to http://marico.com/investorspdf/Sustainability_Report_2016.pdf. In FY2016-17, by means of a series of interactions, we targeted 6 material focus areas and our sustainability goals were set with measurable targets to be achieved by 2022.

WE ENSURE THAT OUR LONG-TERM OBJECTIVES ARE GIVEN AS MUCH SIGNIFICANCE AS OUR SHORT & MEDIUM TERM TARGETS
With the recent changes in the business landscape alongside other social and environmental aspects, we opted to revisit our materiality exercise this year again. This exercise has resulted in closure alignment of our business strategy, performance management and reporting.

We shortlisted a wide range of topics that are soundly important for us and at the same time reflect the organization's economic, environmental and social impact. These topics may have a direct or indirect material impact on our ability to generate, sustain or maintain economic, environmental, and social value for ourselves and for our stakeholders. In this process, we identified the critical stakeholders whose activities can impact our business and are in turn affected by our operations. We engaged with this group during the materiality exercise to maximize our mutual potential.

KEY STAKEHOLDERS ENGAGED IN MATERIALITY ASSESSMENT EXERCISE

EXTERNAL

INVESTORS

GOVERNMENT & REGULATORY BODIES

THIRD PARTY MANUFACTURERS

SUPPLY CHAIN PARTNERS

LOCAL COMMUNITY

NGO'S

WE IDENTIFIED THE CRITICAL STAKEHOLDERS WHOSE ACTIVITIES CAN IMPACT OUR BUSINESS & ARE IN TURN AFFECTED BY OUR OPERATIONS

INTERNAL

SENIOR MANAGEMENT

MIDDLE MANAGEMENT

JUNIOR MANAGEMENT & WORKERS
Each stakeholder group brought with them their unique perspective which helped us in obtaining a broader view of material issues across our triple bottom lines. All the opinions were collected in the form of survey questionnaires collated via e-mails, face-to-face discussions and online surveys. The stakeholders ranked each topic on a scale of high, medium and low against key business parameters. These were further compiled at an organizational level to obtain a consolidated outcome. What emerged as a plethora of issues was then further sieved by the level of importance to our business and to our stakeholders. Consequently, we arrived at our material focus areas with the issues ranked high on business and stakeholder’s importance.

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**TOP QUARTILE MATERIAL ISSUES**

**BUSINESS**
- Business Growth and Profitability
- Future-ready Capability Building

**ENVIRONMENT**
- Responsible Resource Consumption (Materials, Energy and Water)
- Climate Change (Emissions and Waste)

**SOCIAL**
- Product Responsibility
- Community Development
- Sustainable Supply Chain
# MARICO MATERIAL TOPICS

<table>
<thead>
<tr>
<th>Sustainability Dimension</th>
<th>Material Issue Emerged</th>
<th>Material Topic (as per GRI Standards)</th>
<th>GRI Indicator</th>
<th>Impact Boundary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic</strong></td>
<td>Business Growth and Profitability</td>
<td>Economic Performance</td>
<td>201-1, 201-3</td>
<td>Within Marico</td>
</tr>
<tr>
<td></td>
<td>Future-ready Capability Building</td>
<td>Not available</td>
<td>Not available</td>
<td>Within Marico</td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td>Materials</td>
<td>301-1</td>
<td>Within and Outside Marico</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Energy</td>
<td>302-1, 302-3, 302-4, 302-5</td>
<td>Within Marico</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Water</td>
<td>303-1, 303-2</td>
<td>Within and Outside Marico</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Emissions</td>
<td>305-1, 305-2, 305-4, 305-5</td>
<td>Within and Outside Marico</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Effluent and Waste</td>
<td>306-2, 306-3, 306-4</td>
<td>Within and Outside Marico</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sustainable Supply Chain</td>
<td>Procurement Practice</td>
<td>204-1</td>
<td>Within and Outside Marico</td>
</tr>
<tr>
<td><strong>Social</strong></td>
<td>Community Development</td>
<td>Local Communities</td>
<td>413-1</td>
<td>Within and Outside Marico</td>
</tr>
<tr>
<td></td>
<td>Product Responsibility</td>
<td>Customer Health and Safety</td>
<td>416-1, 416-2</td>
<td>Within and Outside Marico</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Marketing and Labelling</td>
<td>417-1</td>
<td>Within and Outside Marico</td>
</tr>
</tbody>
</table>
Marico’s Sustainability Vision 2022 sets forth the ambitious targets that we intend to achieve by 2022. This acts as our comprehensive dashboard to develop strategy, report and mitigate the impact of the key material issues on our business and wider supply chain.

**STRATEGY**
Develop a business approach which is aligned with our sustainability goals

**REPORTING**
Prepare a detailed report that enhances the communication and engagement strategies & reflects our priorities & the accounting needs of key stakeholders

**MITIGATION**
Understand the gaps in current systems and develop strategies for mitigating future concerns

To understand the importance of the material issues identified from an internal business perspective, our team collaboratively worked with different functional heads to arrive at the 2022 targets. The focus areas and targets defined last year still remains a priority and has been aligned with the present focus areas and targets.
# MARICO SUSTAINABILITY 2022 GOALS

<table>
<thead>
<tr>
<th>FOCUS AREAS</th>
<th>GOALS</th>
<th>BASELINE</th>
<th>TARGET</th>
<th>STATUS</th>
<th>(AS ON FY2017-18) ACHIEVEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RESPONSIBLE RESOURCE CONSUMPTION</strong></td>
<td>Reduce Energy Intensity (Fuel + Electricity) [GJ / KL of Product Manufactured]</td>
<td>FY 2012-13</td>
<td>50%</td>
<td>On Track</td>
<td>31%</td>
</tr>
<tr>
<td></td>
<td>Achieve Water Stewardship by offsetting water consumption in Operations</td>
<td>Continuous</td>
<td>100%</td>
<td>On Track</td>
<td>80%</td>
</tr>
<tr>
<td><strong>CLIMATE CHANGE</strong></td>
<td>Reduce GHG Emission Intensity (Scope I + Scope II) [tCO2e / KL of Product Manufactured]</td>
<td>FY 2012-13</td>
<td>75%</td>
<td>On Track</td>
<td>54%</td>
</tr>
<tr>
<td><strong>SUSTAINABLE SUPPLY CHAIN</strong></td>
<td>Certify critical material suppliers for Level 1 criteria of Marico Responsible Sourcing (MARS) Guideline</td>
<td>FY 2017-18</td>
<td>20%</td>
<td>Initiated</td>
<td>Identified critical material suppliers comprising Procurement, Manufacturing, Logistics and Depot</td>
</tr>
<tr>
<td><strong>COMMUNITY DEVELOPMENT</strong></td>
<td>Increase number of farmers beneficiaries year-on-year</td>
<td>FY 2017-18</td>
<td>5%</td>
<td>Initiated</td>
<td>Enrolled 2,681 coconut farmers under the “KALPAVRIKSHA” program</td>
</tr>
<tr>
<td></td>
<td>No. of children influenced for learning</td>
<td>FY 2017-18</td>
<td>2,00,000</td>
<td>Initiated</td>
<td>Influenced over 1,75,000 children for learning under our Nihar Mobile Paathshala initiative</td>
</tr>
<tr>
<td><strong>PRODUCT RESPONSIBILITY</strong></td>
<td>Ensure adherence to all consumer health and safety standards and compliance</td>
<td>Continuous</td>
<td>100%</td>
<td>On Track</td>
<td>We continue to adhere all regulatory compliance and standards of consumer health and safety</td>
</tr>
<tr>
<td><strong>FUTURE-READY CAPABILITY BUILDING</strong></td>
<td>Drive competency building programs based on the current needs</td>
<td>Continuous</td>
<td>Internal target</td>
<td>On Track</td>
<td>-</td>
</tr>
</tbody>
</table>
MACRO-ECONOMIC ENVIRONMENT

As the implementation of Goods and Services Tax (GST) rose to take its place in the new Indian economic landscape of FY18, the transitory headwinds slowed India's GDP growth to 6.6%. Nevertheless, GST has paved the way for a more integrated and efficient national economy with bolstered competitiveness in manufacturing and a wider tax base. Fiscal consolidation slowed with the central government revising up its fiscal deficit from a target equal to 3.2% of GDP to 3.5%, unchanged from the last year’s outcome. The Indian rupee remains stable with strong capital flow. Meanwhile, India’s reserve holdings have increased by $50 billion in FY2017-18 to exceed $420 billion. Through this fiscal journey, India saw its inflation ease. On the other hand, the current account deficit widened but remained modest.

GST HAS PAVED THE WAY FOR A MORE INTEGRATED & EFFICIENT NATIONAL ECONOMY WITH BOLSTERED COMPETITIVENESS IN MANUFACTURING AND A WIDER TAX BASE

As far as the future is concerned, India’s economy is slated to bounce back with zeal. After two years of moderating growth, the economy is projected to rebound on stronger domestic demand. Measures to spur rural incomes, a modest uptick in investment as firms and banks strive to improve their balance sheets and an improvement in business environment are additional variables that are likely to aid the economy as it strengthens. As per the latest estimates by Asian Development Bank (ADB), India’s economy has bottomed out from the deceleration caused by one-time policy events and is expected to re-emerge as the fastest growing economy in Asia. The Indian economy is predicted to clock in a 7.3 per cent rise in GDP in the current fiscal year and further accelerate to 7.6 per cent in FY20. As the present adjusts to the recent economic changes, the near future is expected to witness a growth story with a solid foundation in Indian roots.

AS FAR AS THE FUTURE IS CONCERNED, INDIA’S ECONOMY IS SLATED TO BOUNCE BACK WITH ZEAL
Fast Moving Consumer Goods (FMCG) is the 4th largest sector in the Indian economy. The FMCG market in India is expected to grow at a CAGR of 20.6 per cent and is expected to reach US$ 104 billion by FY21 from US$ 49 billion in FY17. Rising incomes and growing youth population have been key growth drivers of the sector. Additionally, brand consciousness has also aided demand. Moreover, rural India accounts for 60 per cent of the total FMCG market.

As income levels are rising, there is also a clear uptrend in the share of non-food expenditure in rural India. Demand for quality goods and services have been going up in rural areas of India owing to the advent of improved distribution channels of manufacturing and FMCG companies.

Growth of consumer goods retailed through the newer channels is now outpacing the progression of FMCG products in general trade. Tier II and Tier III are witnessing a fast growth in the modern trade segment.

Lastly, the implementation of the Goods and Services Tax (GST) from 1 July 2017 is seen to be positive for the sector. Over time, the implementation of a single tax regime is expected to benefit the FMCG sector immensely by reducing the overall incidence of taxation. GST has already reduced the cascading effect by replacing a multitude of indirect taxes. Moreover, FMCG companies are now able to optimize logistics and distribution costs in the GST era.

THE IMPLEMENTATION OF A SINGLE TAX REGIME IS EXPECTED TO BENEFIT THE FMCG SECTOR IMMENSELY BY REDUCING THE OVERALL INCIDENCE OF TAXATION

FACTORS ATTRACTING CONSUMERS TO THE NEWER CHANNELS IN A BIG WAY: COMFORT, CONVENIENCE, RISING TRUST FACTOR, MODERN STORE EXPERIENCE, ACCESS TO A WIDE VARIETY OF CATEGORIES & BRANDS UNDER A SINGLE ROOF AND COMPELLING VALUE-FOR-MONEY DEALS

^According to a report by The Associated Chambers of Commerce of India (ASSOCHAM), an all-india industry association and MRSS India, a market research agency.
BUSINESS-WISE PERFORMANCE

COCONUT OIL

Parachute’s rigid portfolio (packs in blue bottles) recorded a volume growth of 2% in FY18, lower than the medium term expectation. This was on account of one-off volume declines in Q1, when the trade destocked in anticipation of the GST implementation, and in Q4, after 15% volume spikes in the post-demonetization base quarter (Q4FY17). Furthermore, the preceding quarter (Q3FY18) coupled with trade inventory reduction owing to a temporary blip in copra prices during the quarter and relatively concentrated price increases in H2FY18 resulted in the figure. However, volumes grew 5% in H2FY18, as trade began to stabilize post the GST implementation. During the year under review, Marico’s Coconut Oil portfolio improved its volume market share to ~59%, up 90 bps on a MAT basis.

SAFFOLA: SUPER PREMIUM RENSED EDIBLE OILS & HEALTHY FOODS

The Saffola refined edible oils franchise declined 1% in volume terms during FY18. The franchise encountered multiple short term headwinds during the year. These included a slowdown in orders from CSD due to rationalization of turnover limits imposed by the Ministry of Defense and sluggishness in the super premium end of the edible oils market, while mid and mass segments of the market witnessed growth. Also, the Company passed on the benefits, accruing on account of GST, to the consumers by cutting retail prices by ~3.5% on a weighted average basis. Despite the headwinds, the brand gained market share of 324 bps and further strengthened its leadership position in the super premium refined edible oils segment to ~69% during the 12 months ended March 2018.

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 28%. Saffola Masala Oats (SMO) maintained its momentum, on the back of focused inputs and a renewed promotional campaign, which led to a consolidation in its value share to 70% (March 2018 MAT) in the flavoured oats category. Saffola Active Slimming Nutri-Shake and Saffola Active Soups were introduced during the year. Overall, the Healthy Foods franchise clocked a topline of ~INR 125 crores in FY18. The Company aspires to grow the healthy foods franchise to an INR 450-500 crore level over the next 4-5 years, on the back of continuous innovations in this space.
**LEAVE-IN HAIR NOURISHMENT**

The leave-in hair nourishment portfolio of the Company has two sub-segments: Value added hair oils and Leave-in serums.

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**VALUE-ADDED HAIR OILS**

Marico’s value added hair oil brands registered a volume growth of 4% during the year, despite declining by 8% in Q1FY18 due to destocking in trade prior to GST implementation. The Company passed on the benefits, accruing on account of GST, to the consumers by cutting retail prices by ~5% on a weighted average basis. The Company further strengthened its market leadership by 70 bps to 34% volume share on a MAT basis, with a value share of 26% for the same period. The Company will continue to focus on premiumization to drive growth in the category.

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**LEAVE-IN SERUMS**

The leave-in serums portfolio of Livon and Hair & Care Silk n Shine grew by 13% in value terms during the year, on a comparable basis. Marico’s efforts in relevance building and reach have started yielding positive results. The portfolio was seen gaining further traction in H2FY18. Being the market leader with a volume share of ~82% (March 2018 MAT) in Post wash Leave-in Serums, the Company will focus on driving category growth through innovation and consumer engagement. The Company cut retail prices in the Leave-in Serums portfolio commensurate to the reduction in GST rates announced in November 2017, to pass on the benefits to the consumers.

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**MALE GROOMING**

Male Grooming (Set Wet Gels/Waxes/Deos and Parachute Advansed Men Hair Creams) declined 4% in value terms during the year on a comparable basis. The portfolio witnessed a healthy growth of 21% in H2FY18 in value terms on a comparable basis, signaling a positive growth trajectory ahead. The value market share of Set Wet Hair Gels was maintained at 58% (March 2018 MAT). The Company cut retail prices in the Male Grooming portfolio commensurate to the reduction in GST rates announced in November 2017, to pass on the benefits to the consumers.

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*Note: The erstwhile Youth portfolio comprised the following categories: Hair Gels, Deodorants, Hair Gain Tonic and Leave-in Serums. From FY18, the communication with respect to the portfolio has been split accordingly in view of the different business dynamics of the segments.*
Marico India, the domestic business, achieved a turnover of INR 4,969 Crores (USD 770 million) in FY18, a growth of 9% over last year. Volume growth for the year was at 1.5%. The value growth was higher owing to price increases taken in the Coconut Oil portfolio. Annual volume growth this year was dampened by destocking in trade prior to GST implementation which led to a sharp volume decline across portfolios in Q1FY18, and a subdued year for Saffola Edible Oils. The operating margin for the India business was at 21.3% (before corporate allocations) vs. 24.3% in FY17. Lower operating margins can be attributed mainly to the gross margin contraction on account of the severe input cost push during the year. 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 generated ~USD 11 million in revenues this year and has been growing steadily.

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>FY 15</th>
<th>FY 16</th>
<th>FY 17</th>
<th>FY 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECONOMIC VALUE GENERATED (A)</td>
<td>4,822</td>
<td>5,051</td>
<td>5,113</td>
<td>5,388</td>
</tr>
<tr>
<td>ECONOMIC VALUE DISTRIBUTED (B)</td>
<td>4,520</td>
<td>4,908</td>
<td>4,824</td>
<td>5,224</td>
</tr>
<tr>
<td>OPERATING COSTS</td>
<td>3,822</td>
<td>3,803</td>
<td>3,643</td>
<td>3,981</td>
</tr>
<tr>
<td>EMPLOYEE BENEFITS AND WAGES</td>
<td>197</td>
<td>228</td>
<td>251</td>
<td>274</td>
</tr>
<tr>
<td>PAYMENT TO PROVIDERS OF CAPITAL</td>
<td>178</td>
<td>451</td>
<td>464</td>
<td>556</td>
</tr>
<tr>
<td>PAYMENTS TO GOVERNMENT (INDIAN)</td>
<td>257</td>
<td>347</td>
<td>387</td>
<td>329</td>
</tr>
<tr>
<td>COMMUNITY INVESTMENTS</td>
<td>11</td>
<td>10</td>
<td>15</td>
<td>17</td>
</tr>
<tr>
<td>OTHERS - DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</td>
<td>55</td>
<td>69</td>
<td>64</td>
<td>67</td>
</tr>
<tr>
<td>ECONOMIC VALUE RETAINED (A-B)</td>
<td>302</td>
<td>144</td>
<td>289</td>
<td>163</td>
</tr>
<tr>
<td>YEAR-ON-YEAR CHANGE (%)</td>
<td>(3%)</td>
<td>(52%)</td>
<td>101%</td>
<td>(43%)</td>
</tr>
</tbody>
</table>

SHAREHOLDING PATTERN (AS ON MARCH 31ST 2018)

- **Promoters**: 59.71%
- **FIs**: 27.42%
- **Individuals and HUF**: 3.65%
- **Life Insurance Corporation**: 3.61%
- **Others**: 3.33%
- **Mutual Funds and UTI**: 2.31%

Note 1: All numbers are calculated for Marico Limited (Standalone Entity).
Note 2: FY16, FY17 and FY18 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, Sales Tax/VAT and GST have been netted off from Economic Value Generated, hence they have also been excluded from Payments to Government under the Economic Value Distributed workings.
MARICO VALUE ENHANCEMENT (MarVal)

Value generation through cost optimization has always been engrained in the cultural DNA of Marico. Whether it has been in the form of Total Cost Management (TCM) or Total Value Management (TVM) practices, generating value is a matter of importance for Marico. A definitive structure to the whole process was established with the conceptualization of Marico Value Enhancement (MarVal) Program. Instituted in the year FY2012-13, MarVal encompasses generating new ideas as well as managing project execution through established program management practices. The program ensures the sustenance of the implemented projects by tracking accruals out of them. The benefits derived are ploughed back into initiatives which can fund future growth and, therefore, creating a sustainable platform to drive efficiency.

SINCE INCEPTION, MARVAL HAS BEEN ABLE TO CONTRIBUTE VALUE EQUIVALENT TO HEALTHY 10% OF THE BOTTOM-LINE OF THE COMPANY

MarVal Team:
Co-ordinates amongst different functions to identify, Plan and Execute projects

Periodic ideation sessions conducted to keep replenishing the list of ideas

Discussion levers:
- Spend Optimization,
- New Technology,
- Network Optimization
- Internal/external Benchmarking

A DEFINITIVE STRUCTURE TO THE WHOLE PROCESS WAS ESTABLISHED WITH THE CONCEPTUALIZATION OF MARICO VALUE ENHANCEMENT (MARVAL) PROGRAM
VALUE DRIVERS

MarVal covers Marico’s entire value chain – from the procurement of raw materials till the time the product is delivered to the customer. One specific platform leveraged repeatedly over years is the P2P (Path to Profitability) exercise which focuses on a particular brand’s value chain to improve its profitability. The impact areas of various functions are summarized in the table below:

<table>
<thead>
<tr>
<th>VERTICAL</th>
<th>IMPACT AREAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROCUREMENT</td>
<td>Procurement network optimization, backward integration, price discoveries through calendared RFQ’s, onboarding new cost effective alternatives available in market</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Packaging optimizations, leveraging new technologies for reducing material consumption &amp; wastages, shelf life improvement to reduce obsolescence</td>
</tr>
<tr>
<td>MANUFACTURING</td>
<td>Manufacturing network optimization, line OEE improvements, wastage reductions, energy saving initiatives, byproduct value enhancement</td>
</tr>
<tr>
<td>LOGISTICS &amp; WAREHOUSING</td>
<td>Warehouse network optimization, warehouse operations – process improvements and automation, logistics cost optimization through price discoveries, vehicle utilization improvement etc.</td>
</tr>
<tr>
<td>SALES &amp; MARKETING</td>
<td>Media spend effectiveness, sales program effectiveness, bundling cost optimization, formulation optimization, integrated sales route optimization (ISRO)</td>
</tr>
<tr>
<td>FINANCE, ADMIN, IT</td>
<td>Tax optimization opportunities, margin optimizations through benchmarking, overheads reduction, COPQ reduction</td>
</tr>
</tbody>
</table>
MarVal JOURNEY

Since its inception, the program has flourished with evolved processes. Its roots have dug deep in Marico’s soil with an expanding knowledge repository which has enabled continuous improvement in identification and implementation of new opportunities. The program is run with an internally constituted team and is coordinated centrally with close supervision by senior leadership.

<table>
<thead>
<tr>
<th>MarVal year</th>
<th>VALUE ENHANCED</th>
<th>NO. OF IDEAS IMPLEMENTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>MarVal 1st - FY2012-13</td>
<td>53</td>
<td>69</td>
</tr>
<tr>
<td>MarVal 2nd - FY2013-14</td>
<td>84</td>
<td>154</td>
</tr>
<tr>
<td>MarVal 3 - FY2014-15</td>
<td>56</td>
<td>133</td>
</tr>
<tr>
<td>MarVal 4 - FY2015-16</td>
<td>55</td>
<td>143</td>
</tr>
<tr>
<td>MarVal 5 - FY2016-17</td>
<td>83</td>
<td>184</td>
</tr>
<tr>
<td>MarVal 6 - FY2017-18</td>
<td>79</td>
<td>177</td>
</tr>
</tbody>
</table>

FY2017-18 SAW THE SIXTH WAVE OF MARVAL AND IMPLEMENTED 177 IDEAS WORTH INR 79 CRORES GLOBALLY.

FY2017-18 KEY PROJECTS IMPLEMENTED

<table>
<thead>
<tr>
<th>FUNCTIONS</th>
<th>PROJECT AREAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROCUREMENT</td>
<td>Alternate vendor development, price discovery – packaging material, network optimization – foods raw material procurement</td>
</tr>
<tr>
<td>LOGISTICS &amp; WAREHOUSE</td>
<td>Primary freight – price discovery &amp; business share restructure</td>
</tr>
<tr>
<td>MANUFACTURING</td>
<td>Manufacturing network optimization, process chemicals cost optimization</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Packaging materials specification optimization</td>
</tr>
<tr>
<td>SALES</td>
<td>Corrugated box specification, configuration changes</td>
</tr>
</tbody>
</table>
INTEGRATED SALES ROUTE OPTIMIZATION (ISRO)

The objective of the ISRO project was to optimize route engineering in the existing order taking process using historical data and algorithm based scientific solutions customized to Marico requirements. Route optimization is carried out by computer algorithms and advanced heuristics which can speedily narrow down the options to provide the best possible result in a way that is impossible to do manually. Project ISRO takes into consideration all parameters and computes each and every beat for the sales force in a scientific manner using complex algorithms. This has helped the sales representatives across 75 Marico distributors to cover outlets in the most optimized way. In turn, this process carries with it a monetary benefit of ~ INR 1.2 Cr to the Company.
DIVIDENDS PAID

In an endeavor to maximize the returns to its shareholders, with a steady increase in operating cash flows, the company increased its dividend payout during the year to 425% as compared to 350% during FY17. The overall dividend payout ratio was 78% of PAT as compared to 64% during FY17. Subject to its fund requirements towards inorganic growth, working capital and capacity creation, the company will strive to maintain a dividend payout ratio at ~60-65% in the medium term.

<table>
<thead>
<tr>
<th>PARTICULARS (in ₹ crores)</th>
<th>FY 15</th>
<th>FY 16</th>
<th>FY 17</th>
<th>FY 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>EQUITY DIVIDEND (A)</td>
<td>161</td>
<td>435</td>
<td>452</td>
<td>549</td>
</tr>
<tr>
<td>TAX ON EQUITY DIVIDEND (B)</td>
<td>13</td>
<td>65</td>
<td>57</td>
<td>87</td>
</tr>
<tr>
<td>TOTAL DIVIDEND PAY-OUT (C= A+B)</td>
<td>175</td>
<td>501</td>
<td>509</td>
<td>636</td>
</tr>
<tr>
<td>CONSOLIDATED PROFIT AFTER TAX (PAT) (D)</td>
<td>573</td>
<td>711</td>
<td>799</td>
<td>814</td>
</tr>
<tr>
<td>DIVIDEND PAY-OUT RATIO (C/D) (%)</td>
<td>30%</td>
<td>70%</td>
<td>64%</td>
<td>78%</td>
</tr>
</tbody>
</table>

Note 1: FY16, FY17 and FY18 PAT numbers are as per IND - AS and hence not comparable with earlier years which were as per I-GAAP.

THE OVERALL DIVIDEND PAYOUT RATIO WAS 78% OF PAT AS COMPARED TO 64% DURING FY17
Marico has established policies to benefit its members. Benefits besides the regular salary information are provided below:

<table>
<thead>
<tr>
<th></th>
<th>AS ON 31-03-2015</th>
<th>AS ON 31-03-2016</th>
<th>AS ON 31-03-2017</th>
<th>AS ON 31-03-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PROVIDENT FUND (in crores)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Present value of benefit obligation as at the end of the year</td>
<td>82.31</td>
<td>94.42</td>
<td>117.45</td>
<td>136.65</td>
</tr>
<tr>
<td>Fair value of plan assets at the end of the year</td>
<td>85.80</td>
<td>98.59</td>
<td>122.01</td>
<td>140.94</td>
</tr>
<tr>
<td>Unrecognized past service cost</td>
<td>3.49</td>
<td>4.17</td>
<td>4.56</td>
<td>4.29</td>
</tr>
<tr>
<td><strong>GRATUITY (in crores)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Present value of benefit obligation as at the end of the year</td>
<td>17.67</td>
<td>19.98</td>
<td>23.42</td>
<td>28.22</td>
</tr>
<tr>
<td>Fair value of plan assets at the end of the year</td>
<td>15.06</td>
<td>17.30</td>
<td>20.47</td>
<td>24.40</td>
</tr>
<tr>
<td>Liability recognized in the Balance Sheet</td>
<td>2.61</td>
<td>2.68</td>
<td>2.95</td>
<td>3.82</td>
</tr>
</tbody>
</table>
We strongly believe that synergy within functions like procurement, supply chain and manufacturing positively impact our organization's overall sustainability performance. We endeavour to enhance this performance to create long-term benefits for our organization. With sustainability rooted in our intent, all our operational actions translate into sustainable results.

**WE ENDEAVOUR TO ENHANCE THIS PERFORMANCE TO CREATE LONG-TERM BENEFITS FOR OUR ORGANIZATION**
Category management in procurement of various materials has helped us map the value chain of each category as well as aided us in creating and deploying tailor made strategies. We have developed a range of platforms that provide periodic touch points, enabling collaboration with our suppliers in the realm of technology, systems, processes and sustainability initiatives. Various Centre of Excellences (CoE) have been created to facilitate seamless exchange of ideas, cross pollination of best practices across various geographies and drive cross-country and cross-functional projects efficiently.

The raw material requirement at Marico is varied and diversified. We lay emphasis on procuring materials that are cost effective along with being safe and responsible in nature. We procure goods that are economically viable as well as benefit the organization, customers, society and environment.
OUR OPERATIONS COMPRIZE MANUFACTURING CONSUMER PRODUCTS INCLUDING: COCONUT OIL, VALUE ADDED HAIR OILS, PREMIUM Refined edible oils, anti-lice treatments, fabric care, functional and other processed foods, hair creams & gels, hair serums, shampoos, shower gels, hair relaxers & straighteners, deodorants and similar consumer products.

We understand the impact of our value chain and its role in our sustainability strategy. This comprehensive insight urges us to engage with our suppliers & business associates on various sustainability interventions.

KEY ENGAGEMENT PLATFORMS

MARICO BUSINESS ASSOCIATES ENGAGEMENT

- **KALPAVRIKSHA** (Agri Partners) for coconut producing community to improve agri practices.
- **SAMYUT** (Suppliers) for Suppliers to share business vision and operations improvements.
- **ENCON** (Converters) for vendors to reduce energy consumption.
- **KBC** (Warehouse Partners) for warehouse partners to improve operational controls & efficiencies.
- **SIT** (Business Associates) for skill development program for associates.
रेत शाला (HARITSHALA)

Empowering our suppliers and engaging with them in relevance to green initiatives is critical for propagating best sustainable practices across Marico’s supply chain. The “रेत शाला” program provides classroom training on green business practices. The program was launched this year to educate & promote the agenda of green supply chain amongst our suppliers.

Held at our Baddi unit, the workshop included over 80% of our packing material vendors. The program’s objective was to share Marico’s sustainability journey, encourage suppliers to partake in green initiatives and recognise leading practises of suppliers.

TOTAL 30 PARTICIPANTS FROM 16 SUPPLIER COMPANIES INCLUDING BLOW MOULDERS, CFC’s, LABEL, EDGE BOARDS AND MASTER BATCH

Through Hara Mohalla, a knowledge sharing session, suppliers also exchanged their best green initiative strategies to facilitate mutual growth. Five suppliers presented their Green Projects during this knowledge sharing session followed by an open discussion. The program was a green thumbed success that resulted in recognising ITC Haridwar and PPL Baddi for the ‘Best Green Initiative’ award.
LOCAL SOURCING

Procurement is a strategic function at Marico to help improve profitability. We source materials (comprising raw material and packaging material) for our operations from India as well as international markets. Our manufacturing units across India source materials from different hubs of the country. These units in turn promote the local industry and community. Marico believes in driving the growth of the local economy. Our objective is to promote local procurement, reduce logistic complexities and minimise transportation. In FY2017-18, we sourced 91% of our materials from suppliers based in India, a figure that reflects our intent to go local. We continue to work with the local supply chain partners as well as industry experts in assessing, evaluating and implementing sustainable supply chain practices.

WE SOURCED 91% OF OUR MATERIALS FROM SUPPLIERS BASED IN INDIA, A FIGURE THAT REFLECTS OUR INTENT TO GO LOCAL
RESPONSIBLE SOURCING

Responsible Sourcing at Marico is perceived as a business strategy to embed sustainability across our collaborations with farmers, suppliers and associates. We believe that extending sustainability to our supply chain can have a noteworthy impact on the company’s performance in the long run. As we move forward, the integration of sustainability can help avoid business disruptions, meet evolving consumer preferences, foster innovation and protect the company’s reputation and brand value.

Moreover, to ensure thorough practice, all purchasing and sourcing activities are carried out in accordance with the Marico Code of Business Ethics (MCoBE). All Marico vendors/suppliers are required to adhere to the principles of MCoBE. Additionally, Marico’s Responsible Sourcing (MARS) guideline, instituted a year ago, forms the tenet of our supply and procurement policy. The guideline ensures that we assimilate sustainability in our procurement process by procuring supplies ethically and also without impacting the environment or society adversely. Our policy goes beyond mere compliance with laws and further reflects Marico’s commitment to national and international standards.

THE MARS GUIDELINES RESTS ON 3 PILLARS OF RESPONSIBLE SOURCING - ETHICAL, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY. EVERY SUPPLIER OF MARICO IS REQUIRED TO ADHERE TO THESE PRINCIPLES.

ETHICAL RESPONSIBILITY
- Legal & Regulatory Compliance
- Transparency & Accountability
- Anti-corruption & Anti-bribery
- Anti-competitive Behavior
- Conflict of Interest
- Human Rights

ENVIRONMENTAL RESPONSIBILITY
- Energy Conservation
- Water Conservation
- Waste Management
- Responsible use of packaging material
- Quality Control

SOCIAL RESPONSIBILITY
- Employee Health & Safety
- Employee Skill Development
- Local Community Development
IN THIS JOURNEY SET FORTH BY MARICO, THE ENGAGEMENT WITH THE SUPPLIERS IS DESIGNED AT 3 LEVELS – EDUCATE, EVALUATE AND EVOLVE.

**EDUCATE**

Communicate & create awareness amongst suppliers on the MARS requirement. The suppliers are expected to give their consent to and self-declare the compliance and/or non-compliance to level 1 questionnaire.

**EVALUATE**

Marico intends to evaluate the performance of suppliers against set KPIs & goals. The suppliers are expected to retain adequate documentation for review and audit as per level 2 questionnaire forms.

**EVOLVE**

Marico in consensus with the supplier will undertake joint projects and share technical know-how to improve processes and practices. The aim is to build a robust, strong and sustainable nexus towards a common objective.

This year we have been successful in carrying out an exclusive exercise to identify critical material supplier categories comprising manufacturing, procurement, logistics and depots, based on the monetary value and operational impact criteria. Owing to the outcome of the study, the level 1 questionnaire framework was developed with general and material specific requirements. In 2019, we aspire to begin engagement with these critical material suppliers, so that we achieve a targeted goal of 20% level 1 certification by 2022.

**IN 2019, WE ASPIRE TO BEGIN ENGAGEMENT WITH THESE CRITICAL MATERIAL SUPPLIERS, SO THAT WE ACHIEVE A TARGETED GOAL OF 20% LEVEL 1 CERTIFICATION BY 2022**

**AIM TO HAVE 20% OF OUR CRITICAL SUPPLIERS CERTIFIED FOR LEVEL 1 BY 2022**
At Marico, we seek to create a supply chain that is agile, cost competitive and sustainable. Our logistics team drives various initiatives at each node to ensure that the distribution network is constantly evolving on three vital fronts.

In order to deliver excellence on the three aspects, we monitor the 'fuel consumed per tonne shipped' as a metric that represents the amount of fuel consumed by the logistics network to deliver one tonne of goods to the customer. There are various levers through which the logistics team drives the fuel efficiency at Marico. The impact chart is designed to enable continuous improvement in the logistics fuel efficiency rate. Two broad features that impact logistics fuel efficiency are distance travelled per trip and the number of trips made to deliver the stock to the customers. Our team constantly focuses on optimizing both to ensure continuous improvement. As a result, service, cost and sustainability are held at high standards.

**THERE ARE VARIOUS LEVERS THROUGH WHICH THE LOGISTICS TEAM DRIVES THE FUEL EFFICIENCY AT MARICO**
Going forward, we aspire to reduce our fuel consumption by exploring opportunities in the vehicle upsizing and usage of technology to improve efficiency.
Agricultural commodities are indispensable to Marico’s products. They are the Marico’s core raw materials and as a result, we place prime focus on these commodities in the supply chain. Our intervention in this domain alongside supporting the farmer community have not only encouraged sustainable agricultural practices but also contributed towards creating livelihoods for the farmer community. Owing to our business initiative and effort, we have been able to forge a steadfast relationship with our farmers.

This relationship was built due to Marico’s effort towards ensuring ethical practices with farmers. In order to provide fair pricing and a transparent buying process for farmers, we operate more than 60 buying centres across the states of Kerala, Tamil Nadu, Karnataka, Maharashtra, Telangana and Chhattisgarh. Programs such as “Kalpavriksha” and “Safflower Extension” have been initiated to educate farmers on scientific farm management practices which help drive productivity. Ultimately, our programs lead to a higher income for farmers with more crop per acre. We also work with leading research institutions like the Indian Institute of Oil Research (IIOR) and Agriculture Research Universities to develop improved crop varieties. This innovation helps provide a higher income to farmers as well as a higher yield.
COCONUT FARMERS

Marico’s flagship program “KALPAVRIKSHA – Double Coconut Farmer Income” was launched this year on World Coconut Day (2nd September). The program aims to create a positive impact on coconut farmers’ incomes and make a noticeable difference to the quality of their lives.

IN HINDU MYTHOLOGY, THE COCONUT TREE IS REFERRED TO AS A “KALPAVRIKSHA”. THEY'RE DEEMED TO BE WISH-FULFILLING AND DIVINE. OUR INITIATIVE TRANSLATED THIS SYMBOLIC MEANING WITH AN INTENT TO CREATE AN IMPACTFUL FUTURE FOR THE COCONUT FARMING COMMUNITY.

This program was first piloted in FY2015 in the Tanjore District of southern India. Here we provided training on scientific management practices. To further support farmers, we visited their farms to identify and address specific issues through Kalpavriksha.

THE PROGRAM AIMS TO CREATE A POSITIVE IMPACT ON COCONUT FARMERS’ INCOMES AND MAKE A NOTICEABLE DIFFERENCE TO THE QUALITY OF THEIR LIVES

CHALLENGES FACED BY COCONUT FARMERS

- LOWER CROP YIELDS
- INCORRECT FARM PRACTICES FOLLOWED
- PRECISION FARMING NOT EXECUTED
- SCOPE OF INTERCROPPING REMAINS LARGELY UNEXPLORED

Kalpavriksha was established to aid coconut farmers increase their earnings by

- Enabling sustainable and higher crop yield
- Training farmers to handle their farms independently
- Transforming myth based farming into scientific based farming
MARICO INTERVENTION

The pilot program’s effectiveness, research and impact encouraged us to launch an expanded version to include a larger population of coconut farmers. Kalpavriksha grew to include and impact larger numbers. Our efforts in this direction are straight from Marico’s deep rooted ideology of making a difference.

KALPAVRIKSHA MODEL

Evaluate outcome leading to increased farm yield and farm input optimization

Conduct training & awareness programmes to propagate scientific farm practices on nutrient, disease and water management

Regular interaction and monitoring of farm care and performance

Enroll farmers into the program and provide on-field support for implementing right farming practices
DEPLOYMENT STRATEGY

Kalpavriksha aims at touching the life of every coconut farmer in India by assisting them in accruing better incomes. To ensure this, it was crucial to start focussing on areas that have a higher density of coconut farmers so that maximum farmers reap the benefit of the program.

Agronomists were deployed to interact with farmers on-ground while helping them through the process of the program and enrollment. Their purpose was also to visit their fields for providing on-field support.

Mass training to farmers was conducted through the modules consisting of scientific farm practise for nutrient & disease management.

Agricultural experts travelled across interior villages in jeeps to create awareness about the program.

35 videos were developed across 5 languages to educate farmers. These videos were displayed at various Agri Expos across India.

A toll free care centre was set up for farmers to call in and seek support from agri experts on any farm issues.

A mobile app was developed and launched to oversee all queries related to coconut farming.

Program telecasted on local TV channels at dedicated time slots.

The program received acclamation from various sources. Coconut farmers have accepted the program and have benefitted greatly. Regular monitoring of farm diagnosis and enthusiastic participation by farmers has resulted in 2681 happy farmer families. Such results drive us forward. We work harder to do better so that such communities may have a better quality of life.

IMPACT CREATED

Conducted 100+ trainings impacting 7500+ coconut farmers

2681 farmers enrolled under the program in FY2018

Farmers experienced 18% increase in crop productivity

Program reached to over 1.3 lakh farmers through digital channels
SAFFLOWER FARMERS

Safflower is privy to little attention for leading research organizations since it's a minor oil seed. This lack of attention affects the sowing seed availability, its quality, new variety development and propagation of scientific crop management practices.

Marico works closely with the seed companies, scientists and farmer community. Through these initiatives, Marico has reached more than 60000+ farmers in 5 states in India, a feat that's strengthened our value and encouraged our intent.

TO ADDRESS THIS CHALLENGE, MARICO HAS IMPLEMENTED VARIOUS PROGRAMS LIKE SEED DEVELOPMENT AND PROPAGATION, PROMOTING HIGH YIELDING VARIETIES, FIELD DEMONSTRATION OF SCIENTIFIC FARMING TECHNIQUES, KISAAN MELA (FARMER CONGREGATIONS), JEEP CAMPAIGNS, PRE-SOWING FARMER TRAINING WORKSHOPS IN ORDER TO PROMOTE SAFFLOWER CULTIVATION AND AID PRODUCTIVITY IMPROVEMENT
As the world moves forward, climate change is becoming a serious environmental concern. It is primarily caused due to the accumulation of Greenhouse Gases (GHGs) in the atmosphere. Protecting the environment from further harm and preserving natural resources is the pressing need of the hour. Therefore, as an environment-conscious company, Marico’s environmental agenda aims to maximize resource efficiency and mitigate the negative impact of our operations on the ecology. For us, innovation and use of technologies play a key role in achieving this objective. Monitoring our environmental performance continues to be our key focus area. We have determined goals around energy, emission and water to be achieved by 2022. All our manufacturing units contribute to these goals. The performance is closely monitored by the Sustainability Committee at the board.

Our performance in the fiscal year 2017-18 displays that we have reduced our operations’ energy intensity and GHG emission intensity by 31% and 54% respectively from the baseline year FY2012-13. Furthermore, our specific water consumption was reduced by 21% from FY2013-14. In comparison to our performance last year, we were able to maintain our GHG emission intensity at the same level while the energy intensity and specific water consumption have leaned upward by 2% and 3% respectively. The increase is attributed mainly to the changes in our manufacturing process arising from variations in raw material and product mix. However, as a forward looking company, we have already initiated projects around renewable energy, energy efficient technologies, water recycling and harvesting. We are certain that by making persistent efforts in these areas we will be able to enhance our sustainability footprint over the coming years and contribute to a greener society. In order to achieve best standards, it is imperative that we have robust systems in place. Hence, all Marico manufacturing units undergo continuous certification of ISO: 14001 Environment Management System and OSHAS: 18001 Health & Safety Management System. Our largest manufacturing unit at Baddi has been certified as per ISO: 50001 Energy Management System. Baddi unit has also secured Gold Certification under the GreenCo Rating system, accredited by the Confederation of Indian industry (CII). Moreover, we strive not only to ensure compliance to all environmental laws and regulations while following the rule of the land but also go beyond and adopt best environmental practices within the paradigm of our operations.
ABOUT MATERIALS

Agro-based materials contribute significantly to our raw materials portfolio. The farmer community plays a key role in our agro-materials supply chain. As part of our business initiatives, we have been able to forge strong and long-lasting relationships with the farming community in an effort to procure the agro-materials that do not impact the environment or the community adversely.

84% OF THE RAW MATERIALS CONSUMED IN OUR PRODUCT MANUFACTURING ARE AGRO-BASED (RENEWABLE)

For the other input and packaging materials used, we meticulously conserve as well as strive to increase value. This also forms the essence of our product stewardship. The process begins at the R&D stage, and is followed throughout the life cycle of our products.

<table>
<thead>
<tr>
<th>RAW MATERIALS CONSUMED (MT)</th>
<th>RENEWABLE / NON-RENEWABLE</th>
<th>FY2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGRO BASED</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Edible oils</td>
<td>Renewable</td>
<td>240438</td>
</tr>
<tr>
<td>Natural extracts</td>
<td>Renewable</td>
<td>575</td>
</tr>
<tr>
<td>NON-AGRO BASED</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additives and Mineral Oil</td>
<td>Non-renewable</td>
<td>44427</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PACKAGING MATERIAL CONSUMED (MT)</th>
<th>RENEWABLE / NON-RENEWABLE</th>
<th>FY2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper based</td>
<td>Renewable</td>
<td>13762</td>
</tr>
<tr>
<td>Polymer based</td>
<td>Non-renewable</td>
<td>19765</td>
</tr>
<tr>
<td>Other multi-materials, Glass and Tin</td>
<td>Non-renewable</td>
<td>1085</td>
</tr>
<tr>
<td>Laminates and Labels</td>
<td>Non-renewable</td>
<td>2258</td>
</tr>
</tbody>
</table>

¹Details of our engagement initiatives with the farmers are given in the operational performance section.
SUSTAINABLE PACKAGING

For more than two decades, we at Marico have been delighting Indian consumers through distinct packaging for our products in Beauty and Wellness space. Our packaging designs create a signature identity for our brands. Being cognizant of the environmental consequences of the packaging materials used, we constantly evaluate materials and processes that can improve and promote sustainability profile in our packaging. We have employed the 3R (Reduce, Reuse and Recycle) approach under the levers encompassing – optimize volume and weight of the packaging material, replace with environmentally conscious material, improve recyclability and increase use of recycled polymer content. The initiatives taken in the last five years through Finite Element Analysis and Competitive Benchmarking have resulted in a reduction of plastic packaging consumption by over 500MT cumulatively.

Through innovative effort coupled with modern techniques of computer simulation, we have lowered the polymer consumption by reducing the packaging weight per ml. Our Parachute Coconut Oil and Value Added Hair Oil bottles are proof of this approach. Our modelling methods in laminates have allowed us to create the optimum barrier for edible oil packaging. These packs are not only the lowest in weight with respect to gm/ml of bottle but stand out in shelf due to their pearlised bottle and screen printing. Furthermore, we have partnered with our suppliers and initiated projects to reduce the laminate usage by 3%-5% (about 40 MT per annum) w.r.t alternate structures.

OUR PARACHUTE COCONUT OIL HDPE BOTTLES AND HAIR OILS PET BOTTLES ARE ONE OF THE LOWEST IN WEIGHT (BOTTLE AND CAP INCLUDED) IN FMCG

500MT OF PLASTICS SAVED IN LAST FIVE YEARS AVOIDING GHG EMISSIONS BY 800 tCO₂e APPROXIMATELY
With a continued focus on environmental stewardship, we have made steady progress towards PVC free packaging. We are committed towards minimizing the use of PVC in our packaging portfolio. At present, the PVC consumption is less than 1% of the total packaging material used.

We strive to deliver innovative packaging designs that meet consumer expectations and ensure product quality and integrity. Our recyclable packaging portfolio is increasing each year. As of FY2017-18, approximately 93% of our packaging material is recyclable by weight.

To continue our endeavour, we exert our time in finding greener alternatives. Since the best way to avoid virgin polymer is by using recycled polymer, we have begun using Recycled PET in secondary packaging for one of our value added hair oil products. The packaging is made from sheets that have 70% recycled content, without compromising the quality. At the same time, these are available at a lower price than earlier.

IN FY2017-18, AN INITIATIVE WAS UNDERTAKEN TO REPLACE PVC WITH PET IN ONE OF OUR HAIR OIL PRODUCTS, LEADING TO ~ 181 MT OF PVC BEING REPLACED
ABOUT ENERGY

At Marico, we primarily depend on energy in three forms: energy purchased as electricity from utilities, energy from renewable sources (biomass, wind and solar) and energy from non-renewable sources (furnace oil and diesel). In FY2017-18, the total energy consumption accounted to 3,44,685 GJ across our operations.

ENERGY CONSUMPTION PORTFOLIO

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel – Biomass</td>
<td>GJ</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>109557</td>
<td>191363</td>
<td>217626</td>
<td>228335</td>
<td>226488</td>
<td>239976</td>
</tr>
<tr>
<td>Fuel – Diesel</td>
<td>GJ</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>37395</td>
<td>29072</td>
<td>12760</td>
<td>10525</td>
<td>8908</td>
<td>10023</td>
</tr>
<tr>
<td>Fuel – Furnace Oil</td>
<td>GJ</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>141044</td>
<td>36681</td>
<td>31451</td>
<td>30783</td>
<td>27150</td>
<td>30391</td>
</tr>
<tr>
<td>Electricity – from utilities</td>
<td>GJ</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td>41645</td>
<td>41551</td>
<td>53233</td>
<td>57037</td>
<td>53851</td>
<td>56305</td>
</tr>
<tr>
<td>Electricity – from renewable</td>
<td>GJ</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>0</td>
<td>0</td>
<td>1526</td>
<td>170*</td>
<td>6936*</td>
<td>7990</td>
</tr>
<tr>
<td>Total Energy</td>
<td>GJ</td>
<td></td>
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<tr>
<td></td>
<td>329641</td>
<td>298667</td>
<td>316595</td>
<td>327149</td>
<td>323332</td>
<td>344685</td>
</tr>
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* The biomass consumption in the turbines is removed for FY16 and FY17 and stands corrected to avoid double accounting

344685 GJ ENERGY CONSUMPTION IN FISCAL YEAR 2017-18

31% REDUCTION IN ENERGY INTENSITY AGAINST FY2012-13 BASELINE
ENERGY MIX % BREAK-UP (%) FY2017-18

72% Energy from renewable sources
16% Energy purchased from utilities
12% Energy from fossil fuels

RENEWABLE ENERGY BREAK-UP (%)

97% BIOMASS
3% WIND POWER

FOSSIL FUEL BREAK-UP (%)

75% FO
25% HSD

ENERGY INTENSITY (FUEL + ELECTRICITY)

2.18  2.00  1.71  1.56  1.47  1.50

Increasing the share of renewable energy source in our overall energy portfolio continues to be an area of focus for Marico.
In-line with our energy strategy, our focus is strategically targeting at enhancing our renewable source share and reducing the dependency on fossil fuels. Of the overall energy consumption, 72% of the requirement was met through the renewable energy source in FY2017-18. Our manufacturing units at Baddi, Jalgaon, Perundurai and Puducherry mainly depend on biomass to meet thermal energy demands. The contribution of biomass to our total thermal energy consumption is increasing. In FY2017-18, over 85% of thermal energy used came from renewable sources, an increase of 125% from FY2012-13.

72% OF TOTAL ENERGY CONSUMPTION IS FROM RENEWABLE SOURCES
BIOMASS CONTRIBUTION TO THERMAL ENERGY

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<tbody>
<tr>
<td>BIOMASS</td>
<td>GJ</td>
<td>109557</td>
<td>191363</td>
<td>217626</td>
<td>228335</td>
<td>226488</td>
</tr>
<tr>
<td>TOTAL DIRECT ENERGY – FUEL</td>
<td>GJ</td>
<td>287996</td>
<td>257116</td>
<td>261837</td>
<td>269941</td>
<td>262545</td>
</tr>
<tr>
<td>% BIOMASS</td>
<td>%</td>
<td>38.0%</td>
<td>74.4%</td>
<td>83.1%</td>
<td>84.6%</td>
<td>86.3%</td>
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</table>

AT OUR JALGAON UNIT, 91% THERMAL ENERGY DEMAND IS MET THROUGH RENEWABLE SOURCES

Simultaneously, we constantly work to reduce the dependency on non-renewable sources. To this end, the use of diesel and furnace oil at our operations has reduced by 76% from FY2012-13, which reiterates our focus to shift from fossil to clean fuel.

The Energy Conservation (EnCon) program, launched three years ago, continues to contribute to our goal to ‘produce more with less’. Substantial improvements in electricity and fuel consumption were achieved across all our units through implementation of various conservation measures identified by internal teams and audits. These initiatives pertain to automation, replacement, retrofitting and optimization.

- Installation of VFD pumps, eco plugs air conditioners, air regulators for PLF operation
- Replacement of low efficiency pumps with 13 motors, reciprocating compressors with screw compressors, florescent/CFL lamps with LED lights
- Automation through boiler effimax leading to run time reduction in FD fan and ID fan
- Refurbishment of Flash vessels in Pressure Powered Pump Package (PPPP) Unit
- Optimization of cooker blower through closed loop operations

1840 GJ ENERGY SAVINGS FROM ENCON INITIATIVES; 420 tCO₂e EMISSION REDUCTION

As a result of these conservation measures, a total saving of 5.11 lakh units of electricity and 827 MT of fuel savings was achieved in fiscal year 2017-18. Further details of the measures taken are mentioned in the Annexure to the Director’s report in FY2017-18 Annual report.
ABOUT
EMISSIONS

At Marico, we understand the potential consequences of climate change caused by the emission of Greenhouse Gases (GHGs). We are earnest in our attempt to reduce our carbon footprint at the operational level. Our operations carbon footprint is closely linked to the energy consumption and the source of energy. In the fiscal year 2017-18, the overall GHG emission for Marico stood at 15,919 tCO₂e. The shift from fossil fuels to renewable fuels has resulted in reducing our scope I emission by 77% from FY2012-13. Further in the fiscal year 2017-18, we have achieved a reduction in the GHG emission intensity of 54% as compared to the baseline fiscal year 2012-13.

GHG EMISSIONS PERFORMANCE (tCO₂e)

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<tbody>
<tr>
<td>EMISSIONS (SCOPE I)</td>
<td>tCO₂e</td>
<td>13684</td>
<td>4990</td>
<td>3379</td>
<td>3180</td>
<td>2761</td>
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<tr>
<td>EMISSIONS (SCOPE II)</td>
<td>tCO₂e</td>
<td>9486</td>
<td>9464</td>
<td>12125</td>
<td>12992</td>
<td>12266</td>
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<tr>
<td>TOTAL EMISSIONS</td>
<td>tCO₂e</td>
<td>23170</td>
<td>14455</td>
<td>15504</td>
<td>16172</td>
<td>15027</td>
</tr>
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GHG EMISSION INTENSITY (SCOPE I + II)

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<tbody>
<tr>
<td>tCO₂e/KL</td>
<td>0.153</td>
<td>0.097</td>
<td>0.084</td>
<td>0.070</td>
<td>0.070</td>
<td>0.070</td>
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</table>
Our exercise to reduce GHG emissions from our operations can be categorised into a three-fold approach:

**APPROACH TO REDUCE GHG EMISSIONS**

- Build awareness amongst Marico members and associates
- Invest in low-carbon technologies
- Enhance process energy efficiency

We believe this approach will contribute significantly to our journey of achieving the emission reduction target. Over the years, a focused drive to improve the efficiency of our operations alongside tapping renewable energy sources has resulted in well managed emissions. Beyond that, we are implementing systems to account for scope III emissions (outside the organization boundary). Presently, systems are being created to capture data encompassing our employee business travels, logistics and specific associates in-house emissions. We plan to progressively expand the boundary over the years, based on deepened engagement with our business associates.
ABOUT WATER AND EFFLUENTS

Water crisis is one of the top risks that plague the world today. For Marico, with a host of agro based products, water availability is critical. This is a core thrust area for Marico sustainability agenda and our pursuit is to achieve water stewardship by offsetting 100% of our water consumption in operations by 2022. We aim to achieve this by bringing efficiency within our operations water consumption as well as undertaking external conservation initiatives for larger community benefits.

In the fiscal year 2017-18, a host of community initiatives like constructing farm ponds, check dams and dam de-silting works were undertaken by Marico. Through these initiatives, we created capacities to conserve about 18 crore litres of water, equalising 80% of our water consumption in operations. Further additional opportunities are explored and we aim to reach the target of offsetting 100% of the water used in operations much before the target fiscal year 2022.

80% OF OUR WATER CONSUMPTION IN OPERATIONS IS OFFSET BY COMMUNITY CONSERVATION PROJECTS

**BENEFITS TO FARMERS**
- Additional Income due to multi cropping and better yields
- Better cropping systems due to water availability in stressed months
- Reduced vulnerability to climate change and droughts

**BENEFITS TO RURAL ECONOMY**
- Improved income leading to virtuous cycle in rural community
- Reduced distress migration and improved livelihood security
- Improved market linkages due to assured crop yields

**BENEFITS TO MARICO**
- Vision towards water stewardship organization
- Strengthened relationship with farmers community
- Brand Value enhancement
DAM DE-SILTING

With a focus on infrastructural development, this year Marico began work on de-silting the Yeldari dam on river Purna in Jintur taluka of Parbhani district in the state of Maharashtra, India. It is the second largest dam in Marathwada region. The objective of de-silting was to create capacity for storing rain water and to avoid water shortage in the future. Aside from creating access to farmers for meeting agricultural water demand, the initiative also helped in providing water for domestic consumption and in improving livelihood in the area.

CHECK DAM & POND CREATION

We are conserving water through community programs at our operating locations to improve the ground water table and water availability for the local community. Two check dams were constructed at Baddi with a volume of 10 lakh litres and 22 lakh litres capacity respectively. The project has improved the ground water table and has supported the water required for irrigation by the farmers while in turn, impacting 1500+ beneficiaries. Furthermore, a revival of a village pond at Sanyasikuppam, Pondicherry led to an increase in the water table and helped local livelihoods. The community was aided with better water availability for agriculture needs and livestock rearing. Additionally pond renovation and development work was undertaken at Puduserry Panchayat, Kanjikode benefitting over 150+ local community members.

TWO CHECK DAMS WERE CONSTRUCTED AT BADDI WITH A VOLUME OF 10 LAKH LITRES AND 22 LAKH LITRES CAPACITY RESPECTIVELY
REINFORCING WATER STEWARDSHIP THROUGH COMMUNITY FARM PONDS

For the farming community, water is an indispensable resource. With a continuous decline in ground water and observable disruptions in rainfall patterns, the challenges surrounding water availability and quality are increasing acutely. The severe droughts in the country have caused distress in more than 250 districts across 11 states, affecting about 330 million people. According to the Indian industry lobby group ASSOCHAM, the drought may have cost the country about $97 billion. Over 40% of food produced in the country depends on an adequate and timely rainfall. Therefore, it is imperative to explore ways to make farming sustainable by reducing its dependency on an uncertain rainfall.

For Marico, a majority of our raw materials are derived from agricultural produce and farmers play a vital role in our supply chain. We understand that farmers are often unable to meet the agricultural water requirement. After several brainstorming sessions backed by ground work, we concluded that constructing farm ponds to store and manage water resource could be an ideal solution for the farmers.

To that end, Marico this year executed the construction of 60 farm ponds with a capacity of 17.5 crore litre in the state of Karnataka in a three-way arrangement between – Marico, an NGO named Deshpande Foundation and the farming community. Through this initiative we were able to store about 35 crore litres of water in the FY 2017-18. As a result, the initiative provided farmers with an availability of water even during Rabi Season when water is scarce. The farm ponds constructed help the farmers fight droughts while also enhancing their nutritional intake. Moreover, it has also successfully created avenues for the farmers to be able to earn an extra income around the year.
THROUGH THIS INITIATIVE WE WERE ABLE TO STORE ABOUT 35 CRORE LITRES OF WATER IN THE FY 2017-18
To meet the water requirement for our operations, we consume water from various sources. These include the municipal source, ground water and other sources including tankers. In order to closely monitor our monthly water consumption across all manufacturing units, we’ve established certain systems. Through the information accrued from the monitoring, we’ve found that in the fiscal year 2017-18, the total water intake of our operations was 22.5 crore litres.

**WATER CONSUMPTION PATTERN FY2017-18**

- **48%** Ground Water
- **33%** Municipal Water
- **19%** Other

**WATER INTENSITY (PRODUCT MANUFACTURING)**

Additionally, we have installed water treatment facilities in our manufacturing units to process wastewater. We monitor the treated wastewater by volume and quality on a monthly basis. The treated water is primarily used for landscape development and domestic purposes. We are focusing on reducing our fresh water intake by identifying the potential to use the treated water in the process itself. Moreover, we are also deploying rainwater harvesting systems at our manufacturing units. These initiatives will further reduce our dependency on ground water and municipal water while also helping us offset the freshwater demand.
JALGAON UNIT – VAPOUR EVAPORATION & RECYCLING SYSTEM

Marico’s Jalgaon unit in Maharashtra is one of our oldest refinery plants. The treated effluent at the unit is primarily used for gardening purposes. A system was developed to reduce the load on Effluent treatment plant downstream processes as well as to create an opportunity to reuse this water for process within the plant. The objective was to replace a certain percentage of fresh water being used in the process.

To arrive at an efficient solution, we used the principle of ‘water when heated under vacuum evaporates at a much lesser temperature’ by implementing a Vacuum Evaporation System (VES). The system helped to improve water quality, making it suitable for reuse in other applications.

With this solution, the Jalgaon unit has been able to reduce fresh water consumption by 100MT, thereby making it available for other purposes. This efficient solution was developed by in-house experts. It also provides an opportunity to adopt this system in other areas of water/effluent management and further reduce dependence on fresh water.
ABOUT WASTE

When it comes to waste management, Marico’s unswerving resolve is to restore and guard the environment for the following generations. We make focused efforts within the boundary of our operations to facilitate proper waste segregation and resource conservation by minimizing waste generation. All waste generated within Marico units are segregated at source and stored separately. Plant personnel are educated on handling hazardous and non-hazardous waste responsively.

During the fiscal year 2017-18, Marico generated 7,077 MT of non-hazardous and 704 MT of hazardous waste. Of the total waste generated at our manufacturing units, only 9% can be categorised as hazardous waste as per the Hazardous and Other Waste Rules, 2016.

<table>
<thead>
<tr>
<th>WASTE GENERATED (MT)</th>
<th>FY 2017-18</th>
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<tbody>
<tr>
<td>Hazardous Waste</td>
<td>704</td>
</tr>
<tr>
<td>Non-Hazardous Waste</td>
<td>7077</td>
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</table>

At Marico, we take great care while segregating the waste generated at the source and store it separately. All the waste is disposed through appropriate channels and approved vendors. All Marico units have established systems and procedures to verify the relevant authorisations and licenses of agencies used for transporting and disposing hazardous waste in compliance with applicable regulations. **We do not export, import or treat hazardous waste at Marico’s units.** Furthermore, there have been no significant spills during the reporting period. The corporate SHE team periodically confirms the compliance of each unit to all the mentioned aspects.

As a responsible corporate, we manage waste within our operations and go beyond to contribute to the larger environmental cause. We are fully aware of the impact plastic waste can have on the environment and the aquatic life. In an attempt to lay down roots of a better tomorrow, we initiated a program along with Rudra Environmental Solution (India) Limited and Keshav Sita Memorial Foundation Trust. Together, we collected plastic waste from communities and provided end of life treatment. The project was piloted for a month and we were able to collect 12.5MT of plastic waste from the communities in and around Pune. The waste collected was processed through Thermo Catalytic De-polymerization (TCD) technology and converted to fuel. The drive successfully provided end of life solution while creating a notable impact on the environment.

**AS A RESPONSIBLE CORPORATE, WE MANAGE WASTE WITHIN OUR OPERATIONS AND GO BEYOND TO CONTRIBUTE TO THE LARGER ENVIRONMENTAL CAUSE**
PLASTIC WASTE TO FUEL: END OF LIFE SOLUTION

Inhabitants of earth now have a longstanding affair with plastic. It is an undeniable reality that we are all surrounded by insurmountable amounts of plastic waste. India generates more than 25MT of plastic waste per day. As a responsible FMCG company, we successfully converted the post-consumer plastic waste to fuel with intent to provide end of life solution.

In alignment with the national mission of Swachh Bharat, we piloted a project in Pune to collect and convert post-consumer plastic waste into fuel. We have partnered with Rudra Environmental Solution and Keshav Sita Memorial Foundation Trust (registered charitable trust) to execute the project. Keshav Sita was responsible for the collection and transportation of the post-consumer waste to Rudra Environmental Solutions, where the waste plastic was converted into fuel using Thermo Catalytic De-Polymerization (TCD). The technology effectively reverses the plastic production process; where the TCD process cracks the long chains of polymer to produce useable fuel.

As part of this pilot initiative, we have collected 12.5 ton of post-consumer plastic and generated 2000 litres of Polyfuel which has been carefully transported to a general purpose machinery manufacturer. Due to the project, an equivalent quantity of plastic waste did not arrive at the landfill or have to be incinerated. It resulted in a reduction of approximately 18.5tCO₂e emissions and a step forward in the battle against plastic.

WE HAVE COLLECTED 12.5 TON OF POST-CONSUMER PLASTIC AND GENERATED 2000 LITRES OF POLYFUEL
The responsibility to provide high standard products to our consumers is of a central concern at Marico. This is reflected in the efforts we make constantly to ensure health, safety and quality performance of our products. From product inception to the end use, we are conscious of the footprint it leaves behind. Through sourcing, development, manufacturing, usage and disposal, we display our commitment to deliver safe and high quality products that our consumers can trust.

THIS IS REFLECTED IN THE EFFORTS WE MAKE CONSTANTLY TO ENSURE HEALTH, SAFETY AND QUALITY PERFORMANCE OF OUR PRODUCTS
PRODUCT LIFE CYCLE ASSESSMENT (LCA)

One of the key components of Marico's sustainability strategy is to integrate sustainability consideration throughout the products' life cycle. We believe this will lead to a holistic improvement of the product's sustainability performance. Marico initiated life cycle assessment (LCA) study in FY2015-16, with an objective to evaluate impact as well as to identify opportunities within the product value chain.

We have completed LCA study as per ISO 14040/44 for selected product categories under edible oils – Saffola Gold, Saffola Total and Saffola Tasty. The study helped us understand product impact at various stages of its life from cultivation to usage. It also helped us identify opportunities for improvement within as well as beyond Marico's boundary. Basis the outcome of the assessment, we are working on efficient packaging designs, agricultural practices, logistical efficiencies as well as reduction in energy usage and GHG emissions to improve the product's sustainability performance. We have also initiated LCA study for “Parachute” brand.

MARICO INITIATED LIFE CYCLE ASSESSMENT (LCA) STUDY IN FY2015-16, WITH AN OBJECTIVE TO EVALUATE IMPACT AS WELL AS TO IDENTIFY OPPORTUNITIES WITHIN THE PRODUCT VALUE CHAIN
PRODUCT SAFETY

Marico has well-defined mechanism to assess the health and safety impact of our products, right from the design stage. Innovation supplemented with state-of-the-art manufacturing facilities and stringent quality processes, help us deliver world class products to our consumers. Our manufacturing units undergo continuous certification of FSSC-22000, HACCP and ISO 14001 & ISO 18001. Our best-in-class R&D facility ensures that every product meets the highest standards of quality and complies with all applicable regulation. In order to prove efficacy, we also conduct scientific research and clinical trials on our products. We ensure that all the ingredients used in our products are formulated in accordance with Food & Drug Administration (FDA), Bureau of Indian Standards (BIS), AGMARK and Food Safety & Standards Authority of India (FSSAI). Marico products are tested at the laboratories conforming to ISO/IEC 17025 and are certified by National Accreditation Board for Testing and Calibration Laboratories (NABL).

Further a detailed risk assessment is conducted across the value chain. This encompasses procurement, manufacturing and delivery to identify potential risk with regard to product safety and appropriate control measures are implemented.

OUR BEST-IN-CLASS R&D FACILITY ENSURES THAT EVERY PRODUCT MEETS THE HIGHEST STANDARDS OF QUALITY AND COMPLIES WITH ALL APPLICABLE REGULATION
Marico has established systems and review mechanisms to ensure all product labels comply with country laws. We provide fact based information on packages to help consumer make informed dietary choices. Our product label and pack information confirms to the Drugs and Cosmetics Act, Legal Metrology Act, AGMARK, Food Safety and Standards Act. The labels accurately depict the statutory mandates. This includes the list of ingredients and nutrition information on the back panel which is comprehensive to the consumer.

Compliance is ensured through a rigorous process routed through our Artwork Management System. The system establishes that relevant stakeholders are accountable for approval of the artwork prior to final release for printing. The system also guarantees all critical compliance measures are met and further opportunities are explored. Additionally, the Artwork Management System ensures speed to market delivery with minimum re-work on labels. To manage the dynamic nature of regulations, the standard operating procedures of Marico help with the regulatory nuances around varying situations. Our thorough process enables accurate labels are seen on shelf and products are a true depiction of their contents.
CONSUMER WELLBEING

One of the key values of Marico is “Consumer Centricity”. This value makes certain that we keep consumers at the heart of everything we do and partner with them in creating and delivering solutions. It is our continuous endeavour to educate consumers on healthy lifestyle. We work constantly alongside consumers, the government and private agencies to create awareness about food safety and hygiene practices.

Furthermore, through our “Saffola” brand, we promote weight management and encourage consumers to begin their journey towards fitness & healthier lifestyles at a young age. The effort involves providing useful and practical tips and information about food safety and nutrition that Indian households need on a daily basis.

With an objective to align with the government’s agenda of spreading awareness on food safety, we work closely with FSSAI in a school outreach program in urban and rural India.

“SAFFOLALIFE” CONTINUES TO REALISE ITS VISION OF CREATING A “HEART HEALTHY INDIA”. THIS YEAR THE PROGRAM REACHED OVER 200 SCHOOLS IN URBAN AND RURAL INDIA TO TEACH YOUNG MINDS THE VARIOUS ASPECTS OF NUTRITION AND FOOD SAFETY, IMPACTING 18,000+ STUDENTS.

WE HAVE BEEN WORKING WITH FOOD SAFETY AND STANDARDS AUTHORITY OF INDIA (FSSAI) FOR 11 YEARS AND PARTNERED WITH THEM ON FOOD SAFETY TRAINING & CERTIFICATION (FOSTAC), A PROGRAM THAT WORKS TOWARDS THE CAPABILITY DEVELOPMENT OF GOVERNMENT OFFICIALS. IN THE SPAN OF 11 YEARS, WE HAVE CONDUCTED 95 PROGRAMS AND TRAINED OVER 6000 OFFICERS.
CONSUMER CONNECTIONS

The consumer's opinion, concern and feedback are valuable inputs for us. They act as the necessary guiding voice on our product quality & service. Marico’s Corporate Quality team consciously makes efforts to cater to all consumer needs. The Quality team is certified for Customer Compliant Management System ISO 10002. The accreditation has equipped us with a systematic approach to consumer issues.

We have created several touch points so that our consumers can connect with us easily. Surveys are conducted at regular frequencies to understand the consumer’s perspective first-hand. To facilitate consumer interactions, we have a dedicated Consumer Service Cell (CSC). Consumer contact mechanisms are mentioned on all our product packs. Consumers can register their queries, grievances, suggestions on our toll free number, e-mail or through mail. All of these feedbacks are processed by our consumer services cell so that they may be resolved appropriately. During the fiscal year, there were 3 consumer cases pending as on 31st Mar 2018. No grievances were registered with respect to unfair trade practice or anti-competitive behaviour during the year of reporting. Our thorough team makes sure that cases are dealt with suitably and with due diligence.

Over the years, our Quality team has made many leaps in an effort to improve the effectiveness of the consumer grievance redressal process.

Some of them include virtual redressal of complaints through video calls, personal visits to consumers, an automatic call-back process for abandoned calls, auto-SMS sent to the individual reassuring consumers of a call back in case of missed calls and automatic replies for non-working hours. We passionately champion consumer connections and believe in creating a Marico that consumers can comfortably rely on. Our efforts in this direction have resulted in Marico bagging several recognitions and appreciations. Most importantly, it has strengthened our relationship with our consumers.

OVER THE YEARS, OUR QUALITY TEAM HAS MADE MANY LEAPS IN AN EFFORT TO IMPROVE THE EFFECTIVENESS OF THE CONSUMER GRIEVANCE REDRESSAL PROCESS
OUR MEMBERS

Marico is built by its members. As an organization we believe in 'membership' rather than 'employeeship'. When we hire members, there is an immediate emotional connection that helps encourage a feeling of belongingness among them. In our foliage, we all work together to form the Marico ecosystem. We strive to create an environment that has an informal and open culture which inspires our members to innovate and pursue challenges. We entrust our members with responsibility early on. This enables them to grow as individuals as they dedicate their capacities for the organization’s growth.

“WE HAVE MEMBERS, NOT EMPLOYEES”
Our values form the base of our unique culture and is the guiding force behind our actions. Our value system in 3 simple words - “Make A Difference”

We drive behaviours through our core values. On an organizational level, our core values have guided us forward across geographies. These values have been crafted on the principle of ‘involvement builds commitment’. Our open offices enable informal and open communication exchanges. An Organization Communication (OC) exercise is conducted across all geographies in Marico where leaders present strategic thrust areas, business performance information and respond to questions from members through an open house session. Each year, conscious efforts are made by every function and business unit to refresh and reinforce the understanding of values not only among new entrants but also in the existing workforce. We conduct value education workshops, conversations with leaders and value sessions to build a common interpretation of Marico values and resolve value related dilemmas. We acknowledge the effort made in this space through various Value Awards.

Marico focuses on five areas of transformation where it seeks to develop leading processes and capacities. These focus areas are:

**Key Areas of Transformation**

- **Innovation**
- **Go To Market Strategy**
- **Talent Value Proposition & Culture**
- **IT and Analytics**
- **Value Management**
TALENT AND CULTURE

Talent and culture are among the 5 key transformational areas that make Marico future ready. It is an important pivot for Marico as we scale our business and create a future ready organization. We grow with our team while retaining our focus on preserving our founder’s deep rooted ideology.

Our focus over the coming years will be on the following strategic areas:

CAPABILITY BUILDING

Capability Building is an important pillar of business sustainability. To strengthen this pillar, Marico embarked on a journey of competency based talent development. The initiative was undertaken with the objective of building capability for business enhancement and providing career opportunities to members.

We have institutionalized functional and behavioural competencies as anchors for our talent development initiatives. Our competency framework outlines the skill level required for a successful performance in various roles. We have a Competency Discussion Process which enables members to create a focused Personal Development Plan (PDP). This process helps them accentuate their strengths and address the capability gaps after receiving holistic feedback on all competencies mapped to the role. A robust talent review then follows to enable informed talent decisions, assess the depth of talent across functions and businesses and to identify critical areas for competency development.
ACCELERATED LEARNING (AL)

In order to strengthen the development of our members, we have adopted innovative Accelerated Learning (AL) techniques. Accelerated learning (AL) is the most advanced teaching and learning method available today. It’s a rounded system for speeding and enhancing learning processes. Accelerated Learning techniques enable better and faster on-the-job application post-training. Leveraging AL, we have designed and deployed signature learning modules across the organization on topics such as shopper marketing, category management and safety.

PROFESSIONAL DEVELOPMENT

In our endeavour to make Marico future ready, we’ve implemented progressive practices like Experiential Rewards & Disconnect to Connect. In an effort to involve our members, we crowdsourced these ideas through Innovation Jam (Idea sharing platform), where Marico members had a say in the learning curve.

Experiential Rewards is part of Maricognize, our social recognition program. The coveted CXO rewards were recently added to Maricognize 2.0. Through this program, CXOs appreciate and reward members for innovative ideas and exemplary performances on a quarterly basis.

Disconnect to Connect @Marico is a program that helps members disconnect from their mobile phones and other devices during pivotal meetings. The program resulted in enhanced productivity and meaningful conversations as a result of the absence of devices.

The initiatives and efforts over the last few years, have won us quite a few accolades. We are proud to share that:

- **Marico is among the Top 50 India’s best companies to work for in the Economic Times and Great Place to Work Institute’s India’s 2017 Study (Rank 40 across industries)**
- **Marico is ranked No. 8 in the Manufacturing Industry in the 2018 Great Place to Work Study**
- **Marico is among top 100 best companies for women and working mothers as per 2017 study conducted by Working Media & AVTAR**

WORKPLACE @ FACEBOOK

We have gone beyond conventional ways of communication. Workplace by Facebook is one of our key internal communication channels which is empowering, inclusive and easy to use. Mariconians share, collaborate and bond with each other within and across functions and geographies.
MEMBER WELLNESS

At Marico, we are cognizant of the fact that individuals bring their whole selves to work - their talents and skills as well as their fears and anxieties. A downward curve in aspect of the members' life can affect productivity as well as further drive down their emotional state. In order to break this cycle, we have a strong member wellness program that works towards improving our members' overall wellness. The intervention(s) emphasizes on 4 areas.

FOUR WELLNESS FOCUS AREAS

EMOTIONAL WELLNESS

COMMUNITY WELLNESS

HEALTH WELLNESS

FINANCIAL WELLNESS

EMOTIONAL WELLNESS

The emotional wellness programs aid members in living a stress-free life. They are also designed with the intent to enrich the members' coping mechanisms. The specific interventions include:

- Member Assistance Program (MAP)
- Wellbeing sessions
- Corporate Spa
- Heartfulness Meditation

HEALTH WELLNESS

Our health wellness program adopts healthy habits that impact their overall physical fitness levels and health. Moreover, these have been designed to function as ‘on-the-go’ programs. This design ascertains that they do not require too much time off-work and yet, have a significant impact. Some of the activities we conduct include:

- Yoga by the Bay Session
- Nutrition Consultation
- Health Check-ups
- Participation in Marathon and Pinkathon
FINANCIAL WELLNESS

The financial wellness program is offered in the form of a video series that educates members on various aspects of finance. This includes how to better manage finances and achieve financial security, among other relevant topics. These videos are jointly designed by a financial planning expert and the internal team at Marico in order to make it relatable for our members. These short videos are released periodically on our very own Workplace platform.

COMMUNITY WELLNESS

The community wellness program offers members a platform to get involved in community work across a variety of causes such as education, women empowerment and disabilities. Involvement is in the form of time contribution and/or monetary contribution. The specific activities are:

Monetary Contribution
We partner with Give India Foundation, a fund-raising platform for NGOs.

Daan Utsav Week
During this week, we focus on building a deeper awareness on various social issues. A variety of activities are conducted during this week, ranging from distribution drives, collection drives, awareness drives amongst others.

TRAINING SNAPSHOT (FY2017-18)

<table>
<thead>
<tr>
<th>TRAINING BY GENDER</th>
<th>TRAINING-HOURS</th>
<th>AVERAGE TRAINING HOURS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>18578</td>
<td>14.20</td>
</tr>
<tr>
<td>Female</td>
<td>1613</td>
<td>8.45</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MEMBER CATEGORY</th>
<th>TRAINING-HOURS</th>
<th>AVERAGE TRAINING HOURS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior management</td>
<td>738</td>
<td>7.94</td>
</tr>
<tr>
<td>Middle management</td>
<td>5553</td>
<td>18.63</td>
</tr>
<tr>
<td>Lower management</td>
<td>13900</td>
<td>12.55</td>
</tr>
</tbody>
</table>
# Members Snapshot

<table>
<thead>
<tr>
<th></th>
<th>FY 15-16</th>
<th>FY 16-17</th>
<th>FY 17-18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Workforce – Marico Ltd.</strong></td>
<td>1463</td>
<td>1421</td>
<td>1499</td>
</tr>
<tr>
<td><strong>Workforce by Gender</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>1298</td>
<td>1238</td>
<td>1308</td>
</tr>
<tr>
<td>Female</td>
<td>165</td>
<td>183</td>
<td>191</td>
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<tr>
<td><strong>Workforce by Age Group</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>&lt;30 years</td>
<td>469</td>
<td>487</td>
<td>558</td>
</tr>
<tr>
<td>30-50 years</td>
<td>943</td>
<td>888</td>
<td>904</td>
</tr>
<tr>
<td>&gt;50 years</td>
<td>51</td>
<td>46</td>
<td>37</td>
</tr>
<tr>
<td><strong>Employee Turnover by Gender</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Male employee leaving</td>
<td>191</td>
<td>200</td>
<td>228</td>
</tr>
<tr>
<td>Female employee leaving</td>
<td>19</td>
<td>25</td>
<td>37</td>
</tr>
<tr>
<td><strong>New Hires by Gender</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>269</td>
<td>312</td>
<td>275</td>
</tr>
<tr>
<td>Female</td>
<td>34</td>
<td>42</td>
<td>41</td>
</tr>
<tr>
<td><strong>New Hires by Age Group</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;30 years</td>
<td>211</td>
<td>243</td>
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<tr>
<td>30-50 years</td>
<td>91</td>
<td>111</td>
<td>104</td>
</tr>
<tr>
<td>&gt;50 years</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

*Employee headcount is excluding the workers at our Jalgaon and Kanjikode unit*
Marico’s approach is all-inclusive. We believe in preserving the rights of each individual. To this end, Marico’s Code of Conduct policy includes guidelines on Human Rights. The policy applies to all members of Marico. 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, web-site helpline or complaint drop box. They also have access to the committees set up under the Code of Conduct to pursue a complaint.

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. Other informal avenues set up include as ethics helplines, open house sessions and anonymous modes of raising grievances. There are no human rights and sexual harassment cases reported during the year. Furthermore, 10% of our members are part of the recognized employee associations.
PARENTAL PAMPERING

Child birth is an event that is of great importance to both the parents. The “Parental Leave” policy at Marico is designed in a way that provides both our male and female members an opportunity to experience this joy, while integrating their work and careers more effectively.

The male members at Marico are entitled to avail Paternity Leave of 15 continuous calendar days, immediately following the birth of child. For the female members, we recognize the importance of the special phase of “motherhood” and aspire to provide an enabling and supportive environment to the “to be” and “new mothers”. The female members are entitled to avail Maternity leave with full pay for 26 weeks (i.e. 6 months), which is in-line with the statutory leave governed in India under The Maternity Benefit (Amendment) Act, 2017. Since parenthood is a major milestone and a beginning of the most beautiful journey for all mothers in their lives, Marico believes in celebrating this occasion for all its female members with great pride and celebration package.

FLEXI WORKING HOURS

Flexi work options are provided to enable a Marico mother transition back to work (post maternity) into their roles smoothly, with support from the organization.

WELLNESS PACKAGE FOR THE MOTHERS

- Transport expenses (to & fro between work & home)
- Fitness or Yoga Classes during/after pregnancy
- Meditation or Mental Fitness classes
- Reading material on emotional well-being
- Reading material on good parenting
- Counselling sessions on parenthood
- Lactation / Nutrition sessions

CRÈCHE/ DAY CARE FACILITY

At Marico, we support our members to balance their work and life as new mothers.
SAFETY MANAGEMENT

At Marico, topics of safety, health & environment are anchored in our roots and we firmly believe in building safe & healthy workplaces. Every incident endangers the well-being of the workforce and it is also a fact that by eliminating insecurities related to health & safety, the efficiency of the organization on the whole gets a boost. We aspire to make our workplaces free from harm and thereby minimize the accidents & health burdens on our workforce. During the past year, one of the major developments was standardization of safety across all units which was achieved by the development of internal safety, health and environment standards. The Integrated SHE manual, developed by incorporating the prevalent best practices in the industries as well as the requirements of national and international statues/codes, was rolled out across all factories. With this, all factories have aligned themselves and have a similar management structure for safety. We believe we are in the journey of transforming safety & health at Marico.
SAFETY TRAININGS

Training plays an important role in building robust safety, health & environment management systems, which will help us transform our operations and attitude of the workforce towards safety. We have developed a training competency matrix in the field of Safety, Health & Environment (SHE) and our focus is to train the workforce extensively.

All employees actively participate and are provided regular training on health, safety and emergency preparedness. We have provided safety training for 3926 man-hours in FY2017-18.

SAFETY TRAINING DETAILS (FY2017-18)

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>NUMBER COVERED</th>
<th>MAN-HOURS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marico Members</td>
<td>700</td>
<td>2012</td>
</tr>
<tr>
<td>Contractual Workforce</td>
<td>2066</td>
<td>1914</td>
</tr>
</tbody>
</table>

During the year, we also launched an online Safety Quiz wherein, every day when a member switches on his/her laptop/computer has to mandatorily answer one question on safety, health & environment.
ACCIDENT PERFORMANCE

At Marico, we treat every incident as a learning to better our systems. With this belief, we capture each incident and put in efforts to investigate them. The intent is to come out with meaningful insights which would help us better our system. Each factory has set-up systems to record loss time injury, restricted work case, medical treatment case, first aid case and near miss cases for all permanent and contractual employees. During the year of reporting, no fatalities were reported. In the past year, two Loss time Injuries\(^1\) have been reported.

\(^1\)We consider loss time injury when a person does not report for duty for two consecutive shifts.

0

ZERO FATALITY YEAR

AUDIT AND INSPECTION

We diligently focus on Internal and External Audits and Inspection of our manufacturing sites. We have developed systems of cross functional internal audits. The audit findings are discussed during the monthly plant SHE management meetings and the way ahead is decided.

To ensure a sustainable tomorrow, we’re building durable roots for our members to rely on. It is through means of safety, amongst others, that we continue to have a work environment where members look forward to beginning their day safely.
At Marico, we are driven by our stated purpose to ‘Make a Difference’ and shape our strategy to suit this purpose. To make a substantial difference, we have embedded this value right into our roots and action it through every step we take. We have always believed that we exist to benefit the entire ecosystem of which we are an integral part. To that end, we believe that we have a commitment to do right by our shareholders, consumers, associates, employees, the government, environment and society. Marico’s CSR Policy is anchored on the core purpose of “Make a Difference” to the lives of all its stakeholders to help them achieve their full potential. The policy can be accessed on http://marico.com/india/investors/documentation/corporate-governance. Our defined CSR focus areas are education, healthcare, community sustenance, innovation and national emergency and disaster relief. With these embedded deeply in our vision, we move forward with a systematic approach.

**EDUCATION**

Education plays a decisive role for the society to achieve self – sustainable and equitable development. Marico works to solve the problems prevalent in the Indian education system, thereby contributing to the growth of the nation.

**HEALTHCARE**

Marico is a keen proponent of Healthy and active lifestyle and hence hopes to innovatively create impact in this sector. It aims to work towards identifying the root causes of the preventative as well as facilitative health care of India’s populace and work towards facilitating a healthy and fit India.

**COMMUNITY SUSTENANCE**

Community Sustenance refers to Marico’s belief of giving back to the society where we operate, by working in a sustainable manner. Marico also believes that we will be able to truly Make a Difference in the life of the Farmers by enhancing their livelihood and providing the farmers with a sustainable lifestyle.

**INNOVATION - SCALABILITY OF SOCIAL ORGANIZATION**

Marico believes in unlocking the potential of social enterprises in India through its intervention to aid them scale faster and thus create a sustainable and equitable impact on the social ecosystem. Marico will strive to foster this value through innovation and other means to deliver scale and direct impact.

**NATIONAL EMERGENCY & DISASTER RELIEF**

Wherever appropriate, Marico will make contributions either through donations or otherwise during national emergencies arising out of external aggression (defence of India), or major disruptions of social and communal harmony or natural disasters or humanitarian relief.

All our manufacturing facilities channel their efforts to support their immediate communities encompassing our CSR focus areas. Glimpses of our community development projects are mentioned below:
INFLUENCING EDUCATION

Marico believes that one of the most relevant indicators of social progress is education. It plays a decisive role in achieving self-sustainable and equitable development. With an increasing global realization of how the business community can and should contribute to social objectives, education deserves a higher level of corporate involvement.

To support underprivileged children in their endeavour for education, Marico launched a programme called “Chotte Kadam Pragati ke Aur” in 2012. Under the brand name of our hair oil Nihar Shanti Amla, the program identified three priority education interventions. These were retention, learning outcomes and soft skills training within those aged between 4-14 years.

Two broad areas of operation:

**EDUCATE GIRLS**

Educate Girls is an NGO which provides quality education for all underserved and marginalized girls by mobilizing public, private and community resources. They work towards improving access to education and achieving behavioural, social and economic transformation for all girls in India’s gender gap districts. Thereby they strive to create an India where all children have equal opportunity to access quality education.

**MOBILE PAATHSHALA**

Nihar Mobile Paathshala (NMP) also called “Paathshala Funwala” is a Platform property which houses quality content that is designed with leading educationist organization Pratham. Paathshala Funwala is available via a toll free number and provides IVR lead learning opportunities free-of-cost in a fun and engaging manner. The content and tonality is tailored to make quality learning accessible while also improving the eventual learning outcome. Paathshala Funwala also uses Radio in the state of UP, MP and Rajasthan to further the reach and strengthen mobile learning.

**TOTAL NUMBER OF CHILDREN BENEFITED FROM THE EDUCATE GIRLS PROGRAM IN FY 2017-18 IS 88,773**

**THE RESPONSE HAS BEEN OVERWHELMING. IN THE FIRST FEW MONTHS OF ITS LAUNCH, THE ENGAGEMENT RATES HAVE GONE UP FROM 1.2 MINS TO 16 MINS PER CALLER AND CONTINUE TO SKYROCKET**
TEACH LITTLE MINDS

Realizing the importance and relevance of education in our society, our Corporate quality assurance team launched the initiative “Teach Little Minds”. The aim of this initiative was to nurture young minds and create awareness among students by teaching them the importance of “quality practices” in their daily life. The team visited primary schools where students were educated on maintaining a healthy hygiene, safe food habits, behaviour and manner in innovative ways.

This successful initiative has cascaded to various teams companywide and has inspired them to engage with various schools and children. We hope the effort will result in making children responsible citizens in the future. The initiative is a step forward in Marico's journey of playing a noteworthy social role and in making a difference in the lives of school children.

“I was really puzzled about how kids will understand ‘Quality’ at such a small age, but you have done it wonderfully. Kids loved it”
- Mrs Bharati Iyer,
Pradyma Bodhini School

“A wonderful initiative. It should be extended to all schools in Thane”
- Principal,
Smt Gunjana High School,
Thane

1300+ STUDENTS HAVE BEEN IMPACTED ACROSS INDIA. TEACH LITTLE MINDS WAS RECOGNISED AT THE WORLD QUALITY CONGRESS AND WON THE QUALITY EXCELLENCE AWARD FOR BEST CSR PRACTICE 2016
Marico has extended support towards enhancing educational standards in government schools and more specifically, promoted girl child education widely. During FY2017-18, over 2,234 children benefitted through Marico interventions like career counselling, financial literacy camp, access to education stationary material and school infrastructure development. Our flagship program of “Sakshar Beti”, a Hindi iteration of the phrase Literate Daughter, for girls of Government Schools in Paonta, North India has been one such successful undertaking. In FY2017-18, the program benefitted around 234 girl students through career counselling and note book distribution. Also, considering the girls’ economic struggle for stationary, we provided stationary support to 540 girls under this program in Dehradun. Our efforts in the direction of educating women cause a ripple effect. Each empowered women has an impact on many and Marico is determined to help create this chain of value.
HEALTH AND HYGIENE

SAFFOLALIFE

“Saffolalife” is the non-profit arm of our Saffola brand, which remains committed to its vision of creating a Heart Healthy India. The brand has led many initiatives consistently over the years, to educate consumers on the importance of taking care of their heart.

SAFE AND NUTRITIOUS FOOD (SNF)

Children are the powerful change agents. Messages delivered to, and through children, have the potential to usher in behavioural changes and a culture of safe and wholesome food. To that end, we devised a school outreach program - 'Safe and Nutritious Food at Home'.

It is an initiative by Food Safety and Standards Authority of India (FSSAI) in association with Food and Drug Administration (FDA) and supported by Marico’s Saffolalife. The initiative involves a nationwide campaign to help citizens eat safe, eat right and be smart food consumers.

We work closely with FSSAI in a school contact program in urban and rural India, to spread awareness on food safety. This is also relevant to Saffola’s purpose of fighting against obesity and inspiring consumers to begin their journey towards fitness and health at a young age. The program provides practical tips and information on food safety and nutrition that are pertinent to Indian households.

CREATE RESOURCES ON SAFE AND NUTRITIOUS FOOD
DISSEMINATE KNOWLEDGE ON SAFE AND NUTRITIOUS FOOD THROUGH COMMUNITY OUTREACH
PROVIDE TRAINING ON FOOD SAFETY AND NUTRITION

WITH THE E-LEARNING MODULE FOR FSSAI ON SNF, WE HAVE REACHED OUT TO 200 SCHOOLS IMPACTING OVER 18000 STUDENTS

We began with a prototype in Mumbai and Jalgaon where we carried out on ground activation in schools. We also supported FSSAI through the creation of content videos and marketing collaterals. Moreover, we have launched Maharashtra’s first ‘safe and nutritious’ food drive during Udaan Edufest on 29th October 2017 while simultaneously the FSSAI also launched ‘The Pink Book’: Your Guide For Safe and Nutritious Food at Home’ by Dr. Pallavi Darade, Commissioner, FDA Maharashtra.
SKILL DEVELOPMENT
MOBILE REPAIRING AT PAONTA SAHIB UNT

Around 23 youths from 13 villages were enrolled
5 trainees have been successfully employed in Mobile Shoppes

TREE PLANTATION
AT PONDICHERRY

200 indigenous species of trees about 8ft. tall
were planted across the area

TUITION CENTER
AT PONDICHERRY

60 students benefited

EYE CAMP
AT PONDICHERRY

260 members were benefited

CAREER COUNSELLING

234 female students were benefited
WOMEN HYGIENE

There is a pressing need for awareness of scientific and healthy hygienic practices for women in rural areas. To endorse a healthy state of mind for women in rural regions, Marico started an awareness camp for best practices in Feminine hygiene alongside a consultation drive. These were conducted in the outskirt villages of our Paonta unit. In terms of measurable outreach, more than 415 rural women and adolescent girls have been impacted through this initiative. To address the issue through interactive means, a documentary show followed by a general consultation and discussion with a senior gynaecologist was also arranged. Most importantly, practices that have perpetuated for many years and have had adverse effects on these women were rooted out and replaced with healthy hygiene practices.

MORE THAN 415 RURAL WOMEN AND ADOLESCENT GIRLS HAVE BEEN IMPACTED THROUGH THIS INITIATIVE
Marico Innovation Foundation (MIF), the CSR arm of Marico Limited, aims to nurture innovation in India across business and social sectors alike. Through its sector agnostic programs, the foundation works closely with organizations that are innovative and have the potential to add to the holistic growth of the nation.

“Our (MIF) vision encompasses the innovation ecosystem in India. MIF believes that Innovation can spur creation and sustenance of successful & enduring Indian brands. That will enable India to reposition itself as a global economic superpower.”

- Harsh Mariwala
Founder, Marico Innovation Foundation

**INSPIRE. IMPACT. INVOLVE.**

These words truly encapsulate the very ethos that makes MIF what it is. All the programs are reviewed with the lens of the 3-I Framework.

**INSPIRE**
Showcase innovations in order to propel their impact and awaken a new generation of innovators

**IMPACT**
Induce sustainable impact as the outcome of deep rooted interventions across domains

**INVOLVE**
Create a hub of free flowing ideas on innovation for India to engage with, both online and offline

**NEED**
Entrepreneurs need support for scaling their innovations

**MIF’s STRENGTHS**
Pool of mentors, ecosystem, network, Awards as a platform

**SWEET SPOT**
Capitalize strengths to bridge the gap and thereby be a companion in the innovation journey

Over the last 15 years, the Foundation has gone through a metamorphosis that has played an important role in creating the MIF we know today.
Marico Innovation Foundation (MIF) was set up in 2003 with the intention of ‘fuelling’ innovation in India at a time when innovation was not considered vital to business. Mr Harsh Mariwala felt the need to create a body that plays a catalytic role in ‘fuelling’ true innovation in the country.

In 2009, MIF launched a book titled ‘Making Breakthrough Innovations Happen’ authored by Porus Munshi. Even though the era of innovations has evolved, the book continues to remain a benchmark for ‘Innovation’. The book has sold more than 75,000 copies so far and is a bestseller in the genre.

The MIF team worked closely with the cohort to facilitate innovation. The effectiveness and efficiency of the engagement continued to evolve over the years. It was clear that: The organisation not only needs to articulate WHAT the challenge at hand is, but also needs to know HOW to solve for this challenge. Inspired by the lessons, towards the end of 2014, SIAP was restructured into the current, evolved version of the MIF Scale-Up Program.

Exhaustive research was conducted to evaluate the journey of various organizations in business and social sectors alike. These organizations were struggling to survive but managed to scale up by innovating. While these exceptional innovations displayed potential, there were no platforms to showcase them to the right audience. Hence, the ‘MIF Awards’ was set-up in 2006 with an aim to acknowledge outstanding innovations in India.

With an objective of creating awareness about some of the best ideas, innovations and innovators in the country, InnoWin magazine was launched so that innovation can spur change in everyday life for many individuals. Over the course of time, the content of InnoWin has evolved from the magazine that it used to be to MIF’s weekly online newsletter, now a contemporary digital read. Also Social Innovation Acceleration Program or SIAP (now known as ‘MIF Scale-Up Program’) was set-up in 2011, the first innovation-based acceleration program in India.
MIF TODAY: BUILDING ENTERPRISING INNOVATIONS THROUGH MIF SCALE-UP

Through MIF SCALE UP PROGRAM the Foundation has tackled:

**25+ BUSINESS CHALLENGES**
resolved by innovating and thereby achieving scale

**13+ SECTORS**
Across agriculture, foods, medical technology and sustainability sectors

With the support of:

**105+ MARICO MENTORS**
Specialized in various facets of business, dedicating working hours to scale innovation

**30+ EXTERNAL MENTORS**
Includes CXOs and Management Consultants - each of whom is a subject matter expert in their respective fields

MIF takes pride in the impact measured on conclusion of interventions; some of our success stories are:

**ATOMBERG TECHNOLOGIES**
has created an energy efficient ceiling fan called ‘Gorilla Fan’ using high quality super-efficient BLDC motors. It is India’s most energy efficient ceiling fan, consuming just 25W, as compared to majority which consumes 75W, thereby cutting down your electricity bill by 65%.

MIF engaged with a senior Marico Member (under the Marico Mentor Program) to create frugal yet effective implementable prototypes to achieve a sustained increase in their online sales. The successful prototype was then replicated on a larger scale to impact the sales numbers by an upside of a whopping 300%.

**ZAYA**
has created a wireless device which gives access to content and a personalized learning platform at a fraction of the cost of using broadband internet.

With the mentoring of a Marico Member, the organisation managed to restructure the same through optimisation of costs for reverse logistics and cloud deployment. This led to a sharp drop in the return rates to only 1 in 300 pieces.
INSPIRING A NEW GENERATION OF INNOVATORS WITH MIF AWARDS 2018

MIF Awards 2018 lived up to expectations with outstanding applications and exceptional impact leaders. This year, we received 550 entries as compared to the 483 in 2016 due to an extensive outreach program. These applications were reviewed by two rounds of jury, with 43 innovations presented in the first round and 23 adjudicated in the second. The process of identifying winning innovations is a robust one with a drive to achieve excellence.

WINNERS OF MIF AWARDS 2018
8 path-breaking Indian innovations, each disrupting their respective industries.

IDEAForge
A pioneer in drone manufacturing with drones customized for India’s diverse terrain

Rivigo Logistics
Developed Rivigo ‘driver relay’ model for truck drivers leading to reduction in lead time of delivery by a 40-50 percent. This has significantly improved truck drivers personal time with families as opposed to staying away for 25 days in a month.

Tonbo Imaging
Designs and builds high-tech cameras and imaging systems that are used by the defense industry currently

Ecolibrium Energy
Provides predictive maintenance of huge machinery in factories; helping factories plan downtime in advance as well as improving productivity.

Forus Health
Has built an extremely light, portable device to detect ROP (retinopathy) in pre-mature babies.

Incredible Devices
The only Catheter Reprocessing System in the world that cleans and makes catheters suitable for re-use with 100 percent accuracy.

India Stack (Global Game Changer)
Set of APIs that allows governments, businesses, start-ups and developers to utilize a unique digital Infrastructure to provide a presence-less, paperless, and cashless service delivery.

Reliance Jio (Global Game Changer)
Has significantly brought down prices of domestic calls and mobile data packs across India.
HARNESSING THE POWER OF DIGITAL MEDIA THROUGH MIF INVOLVE

In 2016, MIF decided to foray into the digital space in order to engage individuals and organizations. The intent is to facilitate an interaction between and various ideas and updates in the field of innovation. Through MIF INVOLVE, MIF aims to create awareness about some of the best ideas, innovations and innovators in the country that are truly transforming lives, communities, businesses and more. Therefore, we launched 2 platforms to ensure that a maximum number are able to infuse innovation into their lives.

MIF TALKIES

This is a series of short online videos that showcase ground-breaking innovations that are making a significant difference. This series is aimed at bringing to light unknown feats and has proven to amplify awareness for the featured innovations.

MIF INNOWIN

Committed to creating a culture of innovation in India, highlights of the journey of successful innovators form the crux of InnoWin. The platform showcases revolutionary Indian innovations and shares insights from industry stalwarts that can be used by entrepreneurs and corporates alike to innovate in their respective fields.

MIF AIMS TO CREATE AWARENESS ABOUT SOME OF THE BEST IDEAS, INNOVATIONS & INNOVATORS IN THE COUNTRY THAT ARE TRULY TRANSFORMING LIVES, COMMUNITIES, BUSINESSES AND MORE
## GENERAL DISCLOSURES

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<th>GRI STANDARD</th>
<th>DISCLOSURE</th>
<th>PAGE NO.(S) &amp; / OR URL(S)</th>
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<td>102-1 Name of the organization</td>
<td>08</td>
<td>Report Profile</td>
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<td></td>
<td>102-2 Activities, brands, products, and services</td>
<td>15 - 16</td>
<td>Business Profile</td>
</tr>
<tr>
<td></td>
<td>102-3 Location of headquarters</td>
<td>08</td>
<td>Report Profile</td>
</tr>
<tr>
<td></td>
<td>102-4 Location of operations</td>
<td>12 - 13</td>
<td>Business Profile</td>
</tr>
<tr>
<td></td>
<td>102-5 Ownership and legal form</td>
<td>11 - 13</td>
<td>Business Profile</td>
</tr>
<tr>
<td></td>
<td>102-6 Markets served</td>
<td>12 - 13</td>
<td>Business Profile</td>
</tr>
<tr>
<td></td>
<td>102-7 Scale of the organization</td>
<td>11 - 13</td>
<td>Business Profile</td>
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<tr>
<td></td>
<td>102-8 Information on employees and other workers</td>
<td>109</td>
<td>Human Capital</td>
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<tr>
<td></td>
<td>102-9 Supply chain</td>
<td>58 - 71</td>
<td>Operational Performance</td>
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<tr>
<td></td>
<td>102-10 Significant changes to the organization and its supply chain</td>
<td>07 - 08</td>
<td>Report Profile</td>
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<tr>
<td></td>
<td>102-11 Precautionary Principle or approach</td>
<td>20 - 24</td>
<td>Corporate Governance</td>
</tr>
<tr>
<td></td>
<td>102-12 External initiatives</td>
<td>25 - 26</td>
<td>Corporate Governance</td>
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<tr>
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<td>102-13 Membership of associations</td>
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## Specific Topic Disclosure

**Material Aspect Identified:** Business Growth and Profitability

**Material Topic:** Economic Performance

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**Material Aspect Identified:** Responsible Resource Consumption

**Material Topic:** Materials

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**MATERIAL ASPECT IDENTIFIED:** Sustainable Supply Chain

**MATERIAL TOPIC:** Procurement Practice

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**MATERIAL TOPIC:** Customer Health and Safety

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<td>Business Responsibility Reporting</td>
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<td>CAGR</td>
<td>Compounded Annual Growth Rate</td>
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<td>CEO</td>
<td>Chief Executive Officer</td>
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<tr>
<td>CII</td>
<td>Confederation of Indian industry</td>
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<td>COC</td>
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<td>Giga Joule</td>
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<td>Personal Development Plan</td>
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PURPOSE STATEMENT

TO TRANSFORM IN A SUSTAINABLE MANNER, THE LIVES OF THOSE WE TOUCH, BY NURTURING AND EMPOWERING THEM TO MAXIMISE THEIR TRUE POTENTIAL