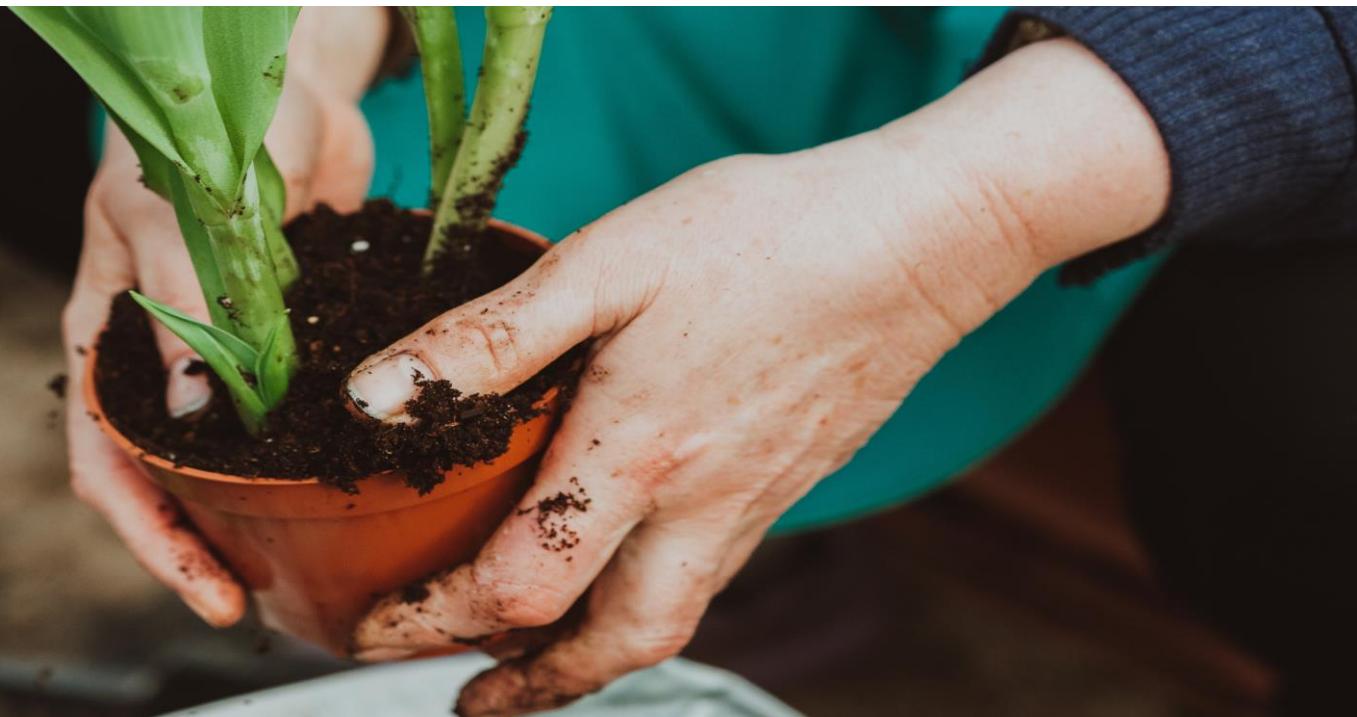




# **Analysis of Business Sustainability Report - Marico**



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## Executive Summary

This report provides a comprehensive analysis of Marico Ltd.'s business sustainability efforts, focusing on its strategies, performance, and future directions. Marico, a leading Indian consumer goods company, is committed to integrating sustainability into its core business operations, with a particular emphasis on innovation, employee empowerment, and responsible sourcing.

**1. Overview of Marico:** Marico operates in the Fast-Moving Consumer Goods (FMCG) sector, focusing on personal care, health foods, and edible oils, with a strong brand portfolio including Parachute, Saffola, and Hair & Care. In FY23, Marico recorded a revenue of ₹8,700 crore and a net profit of ₹1,300 crore. The company has a significant domestic presence and international operations in regions like Bangladesh, the Middle East, and South Africa, supported by a workforce of approximately 2,000 employees.

**2. Sustainability Risks and Opportunities:** Marico's sustainability strategy addresses both internal and external stakeholder needs. Internally, the company focuses on improving employee well-being, management's role in driving sustainability, and long-term shareholder value. Externally, Marico's commitment to sustainability enhances customer loyalty, strengthens supplier partnerships, and meets regulatory requirements, while also addressing environmental and social impacts in local communities.

**3. Competitive Analysis:** Marico's sustainability efforts are benchmarked against competitors like Unilever, P&G, and Dabur, which are leaders in integrating sustainability into their business models. Marico is making strides in areas like climate action, sustainable agriculture, and responsible sourcing, which are crucial for maintaining competitiveness in the FMCG industry.

**4. Sustainability Vision and Mission:** Marico's sustainability vision for 2030 focuses on exploring new market opportunities, addressing climate-related risks, and promoting stakeholder trust through an ESG-driven strategy. The company has set ambitious goals, including achieving net-zero emissions, becoming water-neutral, and ensuring 100% recyclable packaging by 2025.

**5. Integration of Sustainability Across Functions:** Marico has integrated sustainability across key business functions, including finance, operations, marketing, and HR. The company's initiatives in water stewardship, climate change mitigation, and circular economy practices demonstrate its commitment to reducing environmental impact. Additionally, Marico is fostering diversity and inclusion within its workforce and promoting sustainable agriculture through programs like the Parachute Kalpvriksha initiative.

**6. Assessment of Sustainability Reporting:** Marico adheres to global and Indian sustainability reporting standards, including the GRI Standards and BRSR guidelines. The company's reporting reflects a strong commitment to transparency, with third-party assurance ensuring the accuracy of financial and non-financial performance data.

**7. Recommendations:** To further enhance business value through sustainability, it is recommended that Marico focus on achieving net-zero emissions, implementing comprehensive water stewardship, adopting a circular economy approach, ensuring responsible sourcing, and promoting purpose-driven brands. These strategies will not only drive long-term profitability but also reinforce Marico's position as a sustainability leader in the FMCG industry.

# 1. Overview of Organization

Marico Ltd. is a leading consumer goods company based in India, known for its strong portfolio of brands in the beauty and wellness segments. Founded in 1990, the company has emerged as a prominent player in the fast-moving consumer goods (FMCG) sector, focusing on products that enhance the well-being of consumers. Marico's core philosophy revolves around innovation, sustainability, and delivering value to its consumers through high-quality products. The company's vision is to transform the lives of consumers by providing products that meet their evolving needs in personal care, health, and wellness.

## 1.1 Industry/Domains

Marico operates within the FMCG industry, with a focus on personal care, health foods, and edible oils. The company is committed to addressing the diverse needs of its consumers by offering products that are trusted for their quality and effectiveness. Some of its key brands include:

- **Parachute:** A household name in hair care, known for its coconut oil products.
- **Saffola:** A brand recognized for its edible oils and health food products, emphasizing heart health and well-being.
- **Hair & Care:** A popular hair oil brand targeting younger consumers.
- **Nihar Naturals:** A hair care brand focused on natural ingredients.

The company's portfolio extends beyond these well-known brands, as it also offers products in categories like male grooming, skincare, and premium hair nourishment. Marico has increasingly focused on the digital transformation of its business, adapting to consumer preferences through e-commerce and expanding its direct-to-consumer channels.

## 1.2 Sales/Profits

Marico's financial performance reflects its strong market presence and efficient operational strategies. In the fiscal year 2023, the company recorded revenue of ₹8,700 crore and a net profit of ₹1,300 crore. These numbers highlight the company's ability to sustain growth in a competitive market, driven by consumer demand, innovation, and operational efficiency.

Over the years, Marico has shown resilience in the face of market challenges, such as fluctuating commodity prices and increasing competition. The company's consistent focus on cost optimization, brand building, and expanding its premium product lines has contributed to its profitability and shareholder value.

## 1.3 Locations/Countries

Marico has a strong domestic presence in India and has established itself in key international markets. The company operates manufacturing facilities in India in locations such as Pondicherry, Perundurai, Jalgaon, Saswad, Guwahati, and Baddi. Each facility is equipped with state-of-the-art technology to ensure the highest quality standards.

Internationally, Marico has expanded its footprint across various regions, with significant operations in:

- **Bangladesh:** Marico's subsidiary in Bangladesh has become one of the leading FMCG companies in the country.
- **Middle East:** The company caters to the beauty and wellness needs of consumers across several countries in the Middle East.
- **South Africa:** Marico has a presence in South Africa, where it offers a range of personal care products.
- **Southeast Asia:** Marico operates in markets such as Malaysia and Vietnam, leveraging its product expertise to cater to local preferences.

Marico's international strategy focuses on localizing its product offerings while maintaining the core brand essence that has driven its success in India. This approach has enabled the company to build strong consumer loyalty in diverse markets.

#### 1.4 Employees

With a workforce of approximately 2,000 employees, Marico is known for fostering a culture of innovation and empowerment. The company places a strong emphasis on employee development, offering various training and leadership programs to ensure that its workforce is equipped to drive the company's growth. Marico's talent strategy focuses on attracting and retaining top talent, fostering a collaborative work environment, and promoting diversity and inclusion.

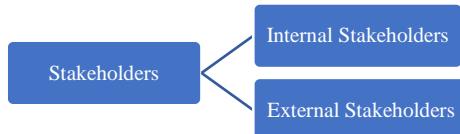
The company's HR policies emphasize work-life balance, employee well-being, and continuous learning, making Marico a preferred employer in the FMCG industry.

#### 1.5 Supply Chain

Marico's supply chain is a critical component of its business operations, ensuring that its products reach consumers efficiently and sustainably. The company has built a robust supply chain network that includes:

- **Raw Material Suppliers:** Marico primarily sources raw materials from within India, with a focus on supporting local economies. The company ensures that its suppliers adhere to high-quality standards and sustainable practices.
- **Packaging Suppliers:** Marico is committed to sustainable packaging solutions, working with suppliers who align with its environmental goals. The company has made strides in reducing its environmental footprint by adopting eco-friendly packaging materials and promoting recycling initiatives.
- **Logistics Partners:** The company collaborates with logistics partners to ensure timely and efficient transportation and distribution of its products. Marico leverages technology to optimize its supply chain operations, ensuring that products are available to consumers across various channels.
- **Manufacturing:** Marico utilizes a mix of in-house manufacturing facilities and third-party manufacturers to optimize production capabilities. The company's manufacturing operations are aligned with global best practices, ensuring quality and efficiency at every stage of production.

## 2. Analysis of Sustainability Risk and Opportunities



### 2.1 Internal Stakeholders:

**Employees:** Employees are directly affected by the company's sustainability practices. Initiatives such as reducing waste, using eco-friendly materials, and improving energy efficiency can create a healthier and safer work environment. Training programs focused on sustainability can also enhance employees' skills, making them more valuable assets to the company.

**Management:** The management team plays a crucial role in implementing sustainability practices. Their decisions can shape the company's strategy, ensuring that Marico remains competitive while also being environmentally responsible. Effective management of sustainability initiatives can also enhance the company's reputation and financial performance.

**Shareholders:** Shareholders are concerned with the financial health of the company. Marico's commitment to sustainability can lead to long-term financial gains by attracting environmentally conscious consumers and investors. However, there might be short-term costs associated with implementing sustainable practices, which could impact profits.

### 2.2 External Stakeholders:

**Customers:** Modern consumers are increasingly aware of environmental issues and prefer to purchase from companies that demonstrate a commitment to sustainability. Marico's efforts to produce eco-friendly products and reduce its carbon footprint can enhance customer loyalty and attract new customers.

**Suppliers:** Suppliers are affected by Marico's sustainability requirements, such as the demand for responsibly sourced materials. This can lead to stronger partnerships with suppliers who share Marico's values, but it may also create challenges for those unable to meet these standards.

**Local Communities:** Marico's operations can have a significant impact on the communities where it operates. Sustainability practices like reducing emissions, minimizing waste, and engaging in community development projects can improve the quality of life for local residents and strengthen the company's relationship with these communities.

**Government and Regulatory Bodies:** Governments and regulatory agencies are interested in ensuring that companies comply with environmental laws and regulations. Marico's proactive approach to sustainability can help the company stay ahead of regulatory requirements, avoid fines, and receive favorable treatment from regulators.

**NGOs and Environmental Groups:** Non-Governmental Organizations (NGOs) and environmental groups monitor corporate activities to ensure they are not harming the environment. Marico's sustainability initiatives can help build positive relationships with these groups, reducing the risk of negative publicity and potential boycotts.

**Investors:** Investors, particularly those focused on socially responsible investing, are increasingly looking for companies with strong sustainability practices. Marico's commitment to sustainability can attract such investors, leading to potential increases in stock value and overall financial stability.

## 2.3 Competitive Analysis from the Lens of Triple Bottom Line

In the FMCG industry, competition is intense. Companies are increasingly integrating sustainability into their business models to differentiate themselves and meet consumer expectations. For instance:

### 2.3.1 Unilever



- **Sustainability Initiatives:** Unilever is a pioneer in sustainability with its **Sustainable Living Plan**, which has driven the company to reduce its environmental footprint while increasing positive social impact. Unilever has achieved a **31% reduction in CO2 emissions** from energy use per tonne of production since 2008.
- **Market Position:** Unilever's revenue in 2022 was approximately **€60 billion** with significant contributions from sustainable brands, which grew **69%** faster than the rest of the business and accounted for **75% of the company's growth**.
- **Edge in Sustainability:** Unilever's commitment to using **100% renewable electricity (Scope 2)** across its global operations and its target to have 100% of its plastic packaging reusable, recyclable, or compostable by 2025 gives it a competitive edge. This commitment resonates well with consumers and investors, enhancing its brand loyalty and market position.

### 2.3.2 P&G



- **Sustainability Initiatives:** P&G's **Ambition 2030** goals focus on enabling and inspiring responsible consumption, including reducing its carbon footprint and increasing the use of recycled materials. P&G has committed to achieving **net zero greenhouse gas emissions** across its operations by **2040** and ensuring that **100% of its packaging** is recyclable or reusable by 2030.
- **Market Position:** P&G's revenue for FY 2023 was approximately **\$82 billion**. The company's sustainable products, such as those under its Tide and Ariel brands, are designed to clean in cold water and help reduce household energy use.

**Edge in Sustainability:** P&G focuses on product innovation, like its **waterless shampoo** and **conditioner bars**, reducing packaging waste and meeting consumer demand for sustainable products. This innovation helps P&G differentiate itself in a crowded market and align with the environmental values of its customers.

### 2.3.3 Dabur



- **Sustainability Initiatives:** Dabur has emphasized the use of **natural** and **herbal** ingredients in its products, aligning with consumer preferences for eco-friendly options. The company has also launched initiatives like **Project Jagruti**, which focuses on promoting **sustainable farming practices** among farmers who supply raw materials.
- **Market Position:** Dabur's revenue for FY 2023 was approximately **₹11,530 crore** (~\$1.55 billion). The company's focus on sustainability and natural products has allowed it to capture a significant share of the Indian market, particularly in the rural sector, which accounts for **45% of its revenue**.
- **Edge in Sustainability:** Dabur's strong emphasis on sustainability through its supply chain, particularly in promoting **organic farming and reducing carbon emissions**, gives it a distinct advantage in the domestic market. The company's commitment to **achieving plastic neutrality** by recycling more plastic than it uses by 2030 further strengthens its position.



### 2.4 Impact and Implication of 17 Sustainability Megaforces (KPMG)

**Marico's Coverage of Megaforces:** Among these Marico covers several of these 17 goals.

**Climate Change:** Marico is mitigating climate risks by transitioning to renewable energy and reducing greenhouse gas emissions. The company has set ambitious targets to achieve **net-zero emissions** across its global operations.

**Water Scarcity:** Marico's water stewardship programs are addressing the challenge of water scarcity by ensuring that all operations are water-neutral. The company's efforts have led to the creation of significant water conservation potential.

**Resource Scarcity and Waste:** Marico's circular economy initiatives focus on minimizing plastic waste and increasing the use of recyclable materials. The company is on track to achieve **100% recyclable or reusable plastic packaging** by 2030.

**Population Growth and Urbanization:** By promoting sustainable agricultural practices, Marico is addressing the food security challenges posed by a growing global population. The company's efforts support the livelihoods of over **81,000 farmers**.

## 2.5 Growth Risks & Opportunities Given UN SDGs 2030

The United Nations Sustainable Development Goals (SDGs) for 2030 provide a framework for global sustainability efforts. Marico's alignment with these goals presents both growth opportunities and risks:

### 2.5.1 Opportunities

<b>SDG 6(Clean Water and Sanitation):</b>	Marico's water-neutral operations contribute to this goal creating opportunities for enhanced community relations and regulatory support. The company's water conservation efforts are crucial in water-scarce regions.
<b>SDG 7(Affordable and Clean Energy):</b>	With <b>66% of its energy</b> already sourced from renewable resources Marico is well-positioned to capitalize on global trends toward clean energy. This not only reduces operational costs but also enhances the company's green credentials.
<b>SDG 12(Responsible Consumption and Production):</b>	Marico's initiatives in sustainable sourcing and the circular economy align with this goal potentially leading to innovations in product design and packaging that meet consumer demands for sustainability.
<b>SDG 13(Climate Action):</b>	Marico's proactive efforts to reduce its carbon footprint contribute to global climate action goals opening doors to partnerships and investment opportunities in green technologies.

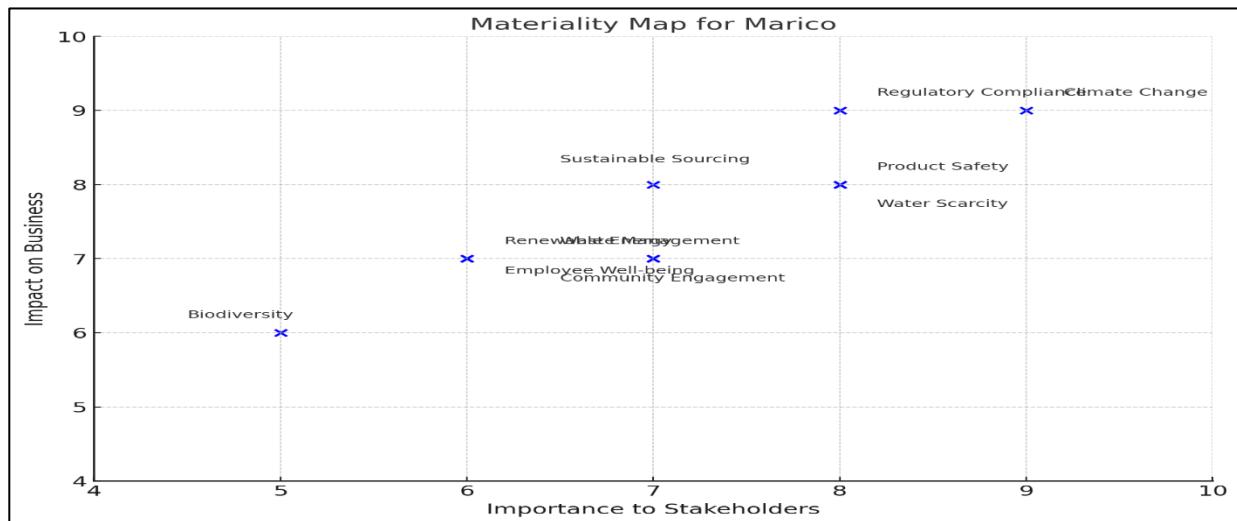
### 2.5.2 Risks

<b>1. Supply Chain Vulnerabilities:</b> Achieving sustainable sourcing goals may be challenging, particularly if suppliers fail to meet Marico's stringent sustainability standards. This could lead to disruptions in the supply chain, affecting product availability.
<b>2. Regulatory Risks:</b> As governments tighten regulations around sustainability, Marico may face increased compliance costs. However, its proactive approach to ESG issues mitigates this risk, positioning the company as a leader in sustainability.
<b>3. Market Shifts:</b> While there is growing demand for sustainable products, the risk remains that competitors could outpace Marico in innovation. To mitigate this, Marico must continue to invest in R&D and stay ahead of market trends.

## 2.6 Materiality Mapping of Marico

We have prepared a custom materiality mapping and generated the graph using Autocad.

This portrays the SDG and their relative importance on stakeholders.



### 3. Review of Sustainability Vision and Mission

#### 3.1 Origins of sustainability

Marico began its sustainability journey 27 years after its incorporation, launching a 5-year roadmap in 2017 that emphasized stakeholder capitalism, social inclusion, and responsible production. The plan included renewable wind energy sourcing and the Parachute Kalpvriksha Program for coconut tree planting. In 2018, they launched the Jalashay, Upcycle, and Samyut programs for sustainable packaging. By 2019, Marico achieved its first carbon-neutral plant certification and installed its first solar plant the following year. Exceeding their ESG targets by FY22, Marico has now embarked on ESG 2.0.

#### 3.2 The Corporate Sustainability Vision & Mission

On June 5, 2022 they launched ESG 2.0 stating their 2030's 8 sustainability goals.

##### 3.2.1 Vision 2030

Explore new market opportunities and expand into existing ones, leading to access to capital, new revenue streams, and increased stakeholder trust, contributing to higher top-line growth through ESG Proposition

- Addressing physical and transition risks related to climate change leads to cost optimisation.
- Unlocking investment opportunities that leverage technology to drive innovation and optimise assets across operational foot print.
- Retaining and attracting talent, as well as boosting employee productivity due to the opportunities for impact creation
- Going beyond compliance to set an example.

#### 3.3 Top Management Commitment

MD & CEO of Marico, Saugata Gupta, says in their FY23 annual report “Our approach based on conscious capitalism has been one of the guiding pillars of Marico towards being a responsible business organisation”

MD & CEO is the Director responsible for ensuring the business responsibility/ sustainability activities of the Company. Marico has a “Sustainability committee” constituted by board responsible for strategy and decision making on sustainability related issues. The Sustainability Committee is chaired by the Chief Legal Officer & Group General Counsel and comprises three more senior officials, who assist the MD & CEO in driving the sustainability agenda.

#### 3.4 Comparison of Sustainability mission with key Competition

Marico	Dabur India
<b>Climate Change</b> Achieve “Net Zero emissions” in global operations (own manufacturing facilities) and mitigate value chain climate impact in-line with the 1.50 scenario	<b>Climate Change</b> Achieve Net Zero in the entire value chain by 2045; Eliminate coal across own manufacturing units by FY 2024-25; Achieve >60% Scope 1 and Scope 2 energy from renewable and cleaner sources by FY 2025-26

<b>Water Stewardship</b> Become a ‘water steward’ organisation by creating water availability to the community and ensuring neutral operations	<b>Water Stewardship</b> Reduce Water Intensity in operations by 30% by FY 2025-26; Become Water Positive in own operations and communities by 2030
<b>Sustainable Agriculture</b> Boost economic self-sufficiency of farmers by improving the productivity of their farms	<b>Social Impact</b> Transform the lives of 2.5 million people by 2023 and 5 million by 2030 in a sustainable manner; Sustainably cultivate medicinal and aromatic plants in 15,000 acres by 2030; Enhance the livelihood of more than 13,500 farmers’ families by 2030
<b>Purposeful Brands</b> Make a difference to our stakeholders by driving 5 purposeful brand programs	<b>Product Responsibility</b> Progressively Reduce added sugar content in juices
<b>Responsible Sourcing (Samyut):</b> Promotion & adoption of responsible practices throughout the supply chain through certification for critical suppliers: 100% for Level-1 and 50% for Level-2	<b>Responsible Sourcing</b>  Ensure zero deforestation due to high-risk materials by FY 2025-26 through 100% sustainable sourcing
<b>Circular Economy</b> Minimise the environmental impact of plastics throughout their life cycle through 100% recyclable or reusable plastic and usage of PCR	<b>Circular Economy</b> Shift from Plastic Waste Neutrality in 2021-22 to Plastic Waste Positivity in 2022-23; aim for 80% reusable, recyclable, or compostable packaging by 2028; incorporate 30%, 10%, and 5% recycled content in non-food grade plastic packaging for Category I, II, and III plastics, respectively, by FY 2025-26; promote circularity in the value chain.
<b>Governance &amp; Ethics</b> Ensuring corporate governance by practicing ethical business practices and robust risk mitigation measure	<b>Governance</b> No specific goal mentioned
<b>Diversity &amp; Inclusion</b> Create an inclusive & diverse culture and work environment	<b>Diversity &amp; Inclusion</b> 18% gender diversity at managerial level by 2028
	<b>Biodiversity</b> Ensure own manufacturing operations outside Bio Endangered/protected biodiversity zones; Ensure 100% Afforestation equivalent to sourced critically endangered herbs by FY 2025-26

Marico’s sustainability goals are broad and community-focused, while Dabur’s goals are more specific with clear, measurable targets, particularly in energy, water, and sourcing.

## 3.5 Goals and Progress

### Climate Change (UN SDG 13: Climate Action)

- Reduction in GHG emissions intensity: 77% (Against FY13 baseline)
- Renewable energy share: 66% (UN SDG 7: Affordable and Clean Energy)
- Carbon neutral units: 01
- Green building: 04

### Water Stewardship (UN SDG 6: Clean Water and Sanitation)

- Operational water footprint offset through rain-water potential creation: 100%
- Rain-water conservation potential created: 292 Cr Litre
- Rainwater collected and used in operations: 5410 KL
- Recycling and usage of effluent in operations: 100%

### Circular Economy (UN SDG 12: Responsible Consumption and Production)

- Recyclable packaging material share: 94%
- Recycled plastic (PCR): 2 Successful projects with 10% - 20% PCR
- EPR compliance: 100%

### Responsible Sourcing (UN SDG 8: Decent Work and Economic Growth)

- Critical business associates certified for Level 1: 68%
- Critical business associates certified for Level 2: 8%

### Brands with Purpose

- Parachute brand is committed to driving sustainable agriculture and helping coconut farmers with scientific farming practices to improve productivity. (UN SDG 2: Zero Hunger)
- Nihar is committed to helping underprivileged children in education and has benefited 11 Lac children and 2.74 Lac teachers. (UN SDG 4: Quality Education)

### Inclusion and Diversity (UN SDG 5: Gender Equality)

- Diversity: 26.8%
- Inclusion index: 82.5%

### Sustainable Agriculture

- No. of farmers enrolled: 81,000 (UN SDG 2: Zero Hunger)

### Corporate Governance (UN SDG 16: Peace, Justice, and Strong Institutions)

- Code of conduct certification (employees): 100%
- Critical vendors awareness creation about "Code of business ethics": 100% (Material procurement)4. Evaluation of Integration of Sustainability across Key Functions

## 4. Evaluation of Integration of Sustainability across Key Functions

### 4.1 Sustainability Integration Plan/Commitment

The company's Sustainability 2.0 Strategy is built around eight critical focus areas, each aimed at fostering sustainable growth while minimizing environmental impact. Each of these areas aligns with Marico's overarching vision to create long-term value for its stakeholders, including employees, customers, suppliers, and the communities in which it operates.

#### 4.1.1 Water Stewardship

Marico aims to achieve water neutrality by reducing water consumption, recycling wastewater, and promoting rainwater harvesting. The '**Jalashay**' program exemplifies Marico's commitment to supporting water storage projects in communities, helping to mitigate water scarcity and improve local water management practices.

- **Water Consumption:** In FY23, Marico consumed a total of 128,831.2 kilolitres of water, of which 114,662.2 kilolitres were used for utilities and operations.
- **Water Savings:** Achieved a 3.4% reduction in total water consumption compared to the previous fiscal year.
- **Zero Liquid Discharge (ZLD):** All manufacturing units operate on ZLD principles, ensuring zero wastewater discharge, by recycling the entire volume of industrial effluents within operational boundaries, significantly reducing water pollution.
- **Rainwater Harvesting:** Marico has installed rainwater harvesting systems across its facilities, contributing to its water stewardship goals.

#### 4.1.2 Climate Change

Marico's commitment to addressing climate change is evident in its climate-first business agenda. The company has set ambitious targets to reduce its carbon footprint, including achieving carbon neutrality in its operations.

- **Energy Consumption:** Marico's total energy consumption in FY23 was 175,885.2 gigajoules (GJ).
- **Renewable Energy:** 66.49% of Marico's total energy consumption comes from renewable sources, significantly reducing its carbon footprint.
- **GHG Emissions:** The company reported Scope 1 GHG emissions of 779.9 metric tons of CO<sub>2</sub> equivalent and Scope 2 GHG emissions of 11,775.8 metric tons of CO<sub>2</sub> equivalent in FY23. Marico's efforts have resulted in significant reductions in GHG emissions, with a ~12% reduction in Scope 3 emissions intensity compared to the base year FY19.
- **Carbon Management:** Marico has committed to achieving net-zero emissions in its Indian operations by 2030, targeting a 93% reduction in Scope 1 and Scope 2 emissions and offsetting the remaining 7% through carbon sequestration and offsets. The Perundurai manufacturing unit operates entirely on renewable energy, making it a carbon-neutral facility.

#### 4.1.3 Circular Economy

The company's 'Upcycle program' is a key initiative. This involves using recycled materials, reducing packaging waste, and adopting the 3R (Reduce, Reuse, Recycle) approach to waste

management. These efforts not only help in minimizing environmental impact but also cater to consumer demand for sustainable packaging solutions.

- **Packaging Material:** In FY23, Marico consumed 45,917.4 metric tons of packaging material.
- **Recycled Content:** 0.58% of Marico's plastic packaging is made from recycled materials, with a goal to achieve 100% recyclable packaging by 2025.
- **Recyclability:** Currently, 94.5% of Marico's packaging is recyclable.

#### 4.1.4 Diversity and Inclusion

Marico is committed to creating a work environment that respects and values individual differences, promotes equal opportunities, and fosters innovation. The company has established gender-neutral pay policies and actively works to increase the representation of women in leadership and technical roles. Marico believes that a diverse and inclusive workforce drives better business decisions and enhances organizational performance

- **Workforce Diversity:** Women constitute 27.55% of all management positions, 28.4% of junior management positions, 25% of top management positions, and 32.08% of management positions in revenue-generating functions.
- **Training and Development:** Marico provides an average of 2.67 hours of training per employee per year, with a total of 4,882 man-hours of health and safety training conducted in FY23.

#### 4.1.5 Purposeful Brands

- **Brand Alignment with UN SDGs:** Marico aligns its brand strategies with the UN Sustainable Development Goals (SDGs). By 2030, Marico aims to ensure that its brands contribute to sustainable value creation by focusing on health, well-being, and environmental sustainability
- **Sustainability Impact Disclosure:** The company regularly discloses the sustainability impacts of its brands, ensuring transparent communication with stakeholders.

#### 4.1.6 Sustainable Agriculture

- **Farmer Training:** Marico's Parachute Kalpavriksha program has trained over 100 agronomists, who in turn educate small-scale farmers on sustainable farming practices.
- **Agricultural Impact:** These initiatives not only secure a stable supply of high-quality raw materials but also enhances the resilience of coconut cultivation, improve farmer livelihoods, and support biodiversity conservation.

#### 4.1.7 Responsible Sourcing

- **Supplier Assessment:** Marico's 'Samyut' framework covers all critical Tier 1 suppliers, who are assessed on environmental, social, and ethical criteria. It conducts regular assessments of its significant suppliers to monitor compliance and promote continuous improvement
- **Local Sourcing:** 94% of Marico's procurement by spend is from within India, with 37% sourced directly from local districts.

#### 4.1.8 Corporate Governance

The company upholds the highest standards of ethics, transparency, and accountability in its operations. Marico's governance framework is designed to ensure compliance with legal and regulatory requirements while integrating social and environmental considerations into decision-making processes.

- **Governance Structure:** Marico's governance framework includes a Sustainability Committee chaired by the Chief Legal Officer & Group General Counsel, supporting the Managing Director & CEO in driving the sustainability agenda.
- **Transparency and Compliance:** Marico prioritizes compliance with laws and regulations, with no reported incidents of environmental or social non-compliance in FY23.

### 4.2 Marico's Sustainability Initiatives Across Business Functions.

#### 4.2.1 Finance

- **Investment in Renewable Energy:** Marico has allocated significant resources towards renewable energy projects, such as the solar power installations at its manufacturing units. This investment supports Marico's goal of sourcing 66.49% of its energy consumption from renewable sources, which reduces dependency on fossil fuels and mitigates the financial risks associated with volatile energy prices.
- **Climate Risk Assessment:** The finance team integrates climate risk assessments into its strategic planning, evaluating potential financial impacts from climate-related events such as extreme weather, regulatory changes, and shifts in consumer preferences. This proactive approach helps Marico manage financial risks and ensures resilience against climate-related disruptions.

#### 4.2.2 Operations/Supply Chain

- **Energy Efficiency Measures:** Marico has implemented energy-efficient technologies across its manufacturing units, resulting in a 3.19% reduction in total energy consumption compared to the previous year. This includes the installation of energy-efficient lighting, optimization of production processes, and regular energy audits to identify and address inefficiencies.
- **Sustainable Sourcing Practices:** Through its 'Samyut' framework, Marico ensures that its suppliers adhere to high standards of environmental and social responsibility. The company conducts regular assessments of its Tier 1 suppliers, focusing on those with the highest procurement share or unique products. By promoting sustainable sourcing, Marico reduces supply chain risks and supports the development of a responsible and resilient supply network.
- **Water Conservation:** Marico's commitment to water neutrality is reflected in its adoption of water-saving technologies and practices, such as Zero Liquid Discharge (ZLD) systems and rainwater harvesting. These initiatives have led to a 3.4% reduction in water consumption in FY23, demonstrating Marico's leadership in water stewardship.

#### 4.2.3 Marketing

- **Saffola's Healthy Living Campaign:** Saffola, is positioned as a health-focused brand that promotes heart health and wellness. The brand's marketing campaigns emphasize the health

benefits of its products, such as cholesterol management and weight control, aligning with the UN SDG 3 (Good Health and Well-being). Saffola actively engages with consumers through initiatives like Saffola FitFoodie, which offers healthy recipes and lifestyle tips. This approach not only drives brand loyalty but also educates consumers on the importance of a healthy diet and lifestyle.

- **Parachute's Sustainability Initiatives:** Parachute, Marico's leading coconut oil brand, supports sustainable coconut farming practices. Through the Parachute Kalpvriksha program, Marico trains small-scale farmers in sustainable farming techniques.
- **Sustainable Packaging Messaging:** Brands like Parachute and Saffola emphasize the use of recyclable materials and sustainable packaging solutions in their marketing materials.
- **Digital Campaigns for Purpose-Driven Brands:** Marico utilizes digital platforms to run targeted campaigns that highlight the sustainability aspects of its brands. For example, the #SaffolaStrong initiative on social media promotes healthy living and sustainable consumption patterns, encouraging consumers to make informed choices. These campaigns are designed to create awareness and engage consumers in meaningful conversations about sustainability.

#### 4.2.4 Human Resource Development/Organizational Behavior (HRD/OB)

- **Diversity and Inclusion Initiatives:** Marico is committed to increasing diversity in its workforce, particularly in leadership roles. Women currently hold 27.55% of all management positions, with targeted initiatives to further increase this representation. Marico's inclusive policies ensure that all employees have equal opportunities to succeed, fostering a culture of respect and collaboration.
- **Employee Training Programs:** Marico invests in training and development programs to enhance employee skills and competencies. In FY23, Marico provided an average of 2.67 hours of training per employee, totalling 4,882 man-hours focused on health and safety. These programs not only improve employee performance but also support Marico's sustainability goals by promoting a culture of continuous learning and innovation.

## 5. Assessment of Sustainability Reporting

Marico's sustainability reporting adheres closely to internationally recognized frameworks, particularly the **Global Reporting Initiative (GRI) Standards** and the **International Integrated Reporting (IR) Framework**. These frameworks provide a comprehensive approach to sustainability reporting, ensuring that the disclosures are transparent, consistent, and comparable with other global reports.

### 5.1 Assessment of Reporting Parameters

#### 5.1.1 GRI Standards (Core Option)

The GRI Standards require organizations to report on a range of sustainability impacts, including economic, environmental, and social aspects. Marico's report reflects these standards by providing data on key performance indicators (KPIs) such as:

- **Economic Performance:** Marico reported a consolidated turnover of ₹9,764 crores for FY23, indicating its strong market presence. The recurring consolidated net profit after tax stood at ₹1,280 crores.
- **Environmental Stewardship:** The company reported a 66.5% reliance on renewable energy sources within its manufacturing operations and achieved a 12% reduction in Scope 3 GHG emission intensity from the FY19 baseline.
- **Social Impact:** Marico's social initiatives, such as the Parachute Kalpvriksha program, enrolled 18,000 farmers and improved their productivity by 16%.

#### 5.1.2 Integrated Reporting (IR) Framework

This framework emphasizes the interconnectedness between financial and non-financial performance. Marico's report integrates sustainability into its business strategy, illustrating how sustainable practices drive long-term value creation. The company's Sustainability 2.0 framework, launched in FY23, aligns with its strategic pillars, such as **diversification, digital transformation, and responsible sourcing**, ensuring that sustainability is embedded across all operations.

The report highlights Marico's efforts in **water stewardship**. The company has created 292.52 crore litres of water conservation capacity, particularly in regions around its manufacturing sites. This initiative not only addresses local water scarcity but also contributes to the company's broader goal of achieving **certified water-neutral operations** by 2030.

### 5.2 Assessment of Reporting Parameters as per Indian Guidelines (BRSR, CSR)

Marico's sustainability reporting is aligned with key Indian regulatory frameworks, including the **Business Responsibility and Sustainability Report (BRSR)** and the **Corporate Social Responsibility (CSR)** guidelines as mandated by the Companies Act, 2013.

#### 5.2.1 Business Responsibility and Sustainability Report (BRSR)

Marico's report is in line with the National Guidelines on Responsible Business Conduct (NGRBC), which are designed to encourage Indian businesses to adopt responsible and sustainable practices. The BRSR section of the report focuses on:

- **Ethical Conduct:** Marico ensures 100% compliance with its Code of Business Ethics across its operations and among critical suppliers.

- **Employee Rights and Welfare:** The report emphasizes Marico's efforts to enhance gender diversity within its workforce, targeting a 30% female representation and a 5% inclusion of differently-abled employees by 2030. The current **Inclusion Index** stands at 82.5%, reflecting a positive work environment.
- **Environmental Sustainability:** The company's commitment to **net-zero emissions** by 2030 for its domestic operations is a significant milestone, demonstrating leadership in environmental stewardship.

#### 5.2.2 Corporate Social Responsibility (CSR)

Marico's CSR initiatives are designed to create a positive impact on society, focusing on areas like education, sustainable agriculture, and community development. In FY23, Marico spent ₹22.69 crores on CSR activities, which include:

- **Nihar Shanti Pathshala Funshala Program:** This initiative has benefitted over 11 lakh children and trained 2.74 lakh teachers in government schools, significantly contributing to educational outcomes in rural India.
- **Sustainable Agriculture:** The Parachute Kalpvriksha program has been instrumental in improving the livelihoods of small-scale farmers. Through scientific farming practices, the program has increased the yield by 16% across 3.11 lakh acres of farmland.

#### 5.3 Economic Performance & Progress

- **Financial Performance:** The company achieved a **consolidated turnover of ₹9,764 crores**, with a recurring consolidated net profit after tax of ₹1,280 crores. This financial stability is supported by a strong **return on capital employed (ROCE)** of 44%, indicating efficient use of capital resources. Additionally, the **earnings per share (EPS)** for FY23 was ₹10.1, reflecting the company's profitability and shareholder value creation.
- **Portfolio Diversification:** Marico's strategy of diversifying its product portfolio has been a key driver of economic performance. The company's **Foods portfolio**, which includes brands like Saffola, has shown significant growth, aiming to reach ₹850 crores in revenue by FY24. The Premium Personal Care and Digital-First portfolios, led by brands like Beardo and Just Herbs, are also expected to contribute substantially, with an anticipated exit run rate of ₹400 crores.
- **Operational Efficiency:** Marico's focus on cost optimization and efficient supply chain management has helped maintain an **operating margin of 18.5%**. The company continues to invest in digital transformation, leveraging advanced analytics to streamline operations and enhance customer engagement.

#### 5.4 Social Performance & Progress

Marico's social performance is underpinned by its commitment to inclusivity, employee welfare, and community development. The company's efforts in these areas are reflected in both qualitative and quantitative metrics.

- **Employee Welfare and Diversity:** Marico places a strong emphasis on creating an inclusive work environment. As of FY23, the **Inclusion Index** is at 82.5%, and the company has achieved **26.8% diversity** within its workforce. Marico's goal is to increase female representation to 30% and include 5% differently-abled employees by 2030. Additionally, the company has implemented rigorous **health and safety** training, resulting in a **Lost Time Injury Frequency Rate (LTIFR)** of 0.425, with zero fatalities reported.

- **Community Development:** Through its CSR initiatives, Marico has made significant contributions to society, particularly in the fields of education and agriculture. The **Nihar Shanti Pathshala Funshala Program** has been a cornerstone of Marico's social impact strategy, reaching over **11 lakh children and 2.74 lakh teachers**. This program not only enhances literacy but also empowers educators with the tools they need to succeed.
- **Farmer Empowerment:** Marico's Parachute Kalpvriksha initiative is a prime example of its commitment to sustainable agriculture. By enrolling **18,000 farmers** and improving productivity by 16%, Marico is helping to build a more resilient agricultural sector. The program has expanded its reach to **3.11 lakh acres of farmland**, significantly enhancing the livelihoods of participating farmers.

## 5.5 Environmental Performance & Progress

Marico's environmental initiatives are integral to its Sustainability 2.0 framework, which aims to address the pressing environmental challenges facing the world today.

- **Carbon Emissions and Energy Use:** Marico has set an ambitious target of achieving **net-zero emissions** in its domestic operations by 2030 and in its global operations by 2040. In FY23, the company's GHG emission intensity was **1.76 tCO2e per unit crore revenue**, and Scope 3 emissions for India operations stood at **5,47,126 tCO2e**, reflecting a 12% reduction from the FY19 baseline. The company also reported that **66.5% of its energy consumption** comes from renewable sources, demonstrating a significant shift towards sustainability.
- **Water Stewardship:** Recognizing the critical importance of water in its operations, Marico has implemented extensive water conservation measures. In FY23, the company achieved a **water intensity of 16.06 litres per unit turnover** and created **292.52 crore litres** of water conservation capacity through initiatives such as farm ponds. These efforts contribute to Marico's goal of achieving certified water-neutral operations by 2030.
- **Waste Management and Circular Economy:** Marico is committed to reducing its environmental footprint through sustainable packaging and waste management. The company reported that **94.5% of its packaging** is now recyclable, with ongoing efforts to phase out PVCs from its packaging materials. Additionally, Marico's extended producer responsibility (EPR) initiatives ensure compliance with India's Plastic Waste Management Rules, furthering its commitment to a circular economy.

## 5.6 Overview of Third-Party Assurance

Marico's commitment to transparency and accuracy in its sustainability reporting is reinforced by third-party assurance of key data points.

- **Financial Assurance:** The financial statements presented in the report have been audited by **BSR & Co. LLP**, ensuring that the financial data is accurate, reliable, and compliant with the Indian Accounting Standards and SEBI regulations.
- **Non-Financial Assurance:** Marico has also engaged **DNV GL Business Assurance Pvt. Ltd.** to verify selected non-financial performance metrics, including energy usage, water conservation, and GHG emissions. This third-party verification provides stakeholders with confidence in the integrity of Marico's sustainability disclosures.
- **Management Responsibility:** The report includes a statement from Marico's management, acknowledging their responsibility for ensuring the accuracy and transparency of the information presented. This commitment to high standards of corporate governance underscores Marico's dedication to sustainable and ethical business practices.

## 6. Recommendations for Building Business Value through Sustainability

To build business value through sustainability at Marico, we propose the following recommendations:

### 1. Achieve Net Zero Emissions

- **Goal:** Reach net zero emissions in domestic operations by 2030 and globally by 2040.
- **Action:** Invest in renewable energy, adopt low-carbon technologies, and phase out fossil fuels. Initiate carbon offset projects like carbon forestry.
- **Value:** Enhances brand reputation and aligns with global environmental standards, appealing to eco-conscious consumers and investors.

### 2. Implement Water Stewardship

- **Goal:** Attain water-neutral operations across all manufacturing facilities.
- **Action:** Execute water conservation projects, particularly around key sourcing and manufacturing areas, through programs like "Jalashay."
- **Value:** Ensures long-term availability of water resources, reduces operational risks, and strengthens community relations.

### 3. Adopt a Circular Economy Approach

- **Goal:** Achieve 100% recyclable packaging by 2025 and eliminate hazardous materials like PVCs.
- **Action:** Increase the use of recycled materials in packaging and meet Extended Producers' Responsibility (EPR) targets for waste management.
- **Value:** Meets consumer demand for sustainable products, enhances brand loyalty, and prepares for compliance with environmental regulations.

### 4. Ensure Responsible Sourcing

- **Goal:** Certify 100% of critical suppliers in responsible sourcing by 2030.
- **Action:** Implement the "SAMYUT" framework for environmental, ethical, and social governance in the supply chain.
- **Value:** Reduces supply chain risks, improves product quality, and builds trust with consumers and partners.

### 5. Promote Purpose-Driven Brands

- **Goal:** Align the top five brands with the United Nations Sustainable Development Goals (UN SDGs) by 2030.
- **Action:** Integrate sustainability into brand messaging and regularly disclose the impacts of these initiatives.
- **Value:** Strengthens brand loyalty, allows premium pricing, and differentiates Marico in a competitive market.

## **6. Enhance Diversity and Inclusion**

- **Goal:** Increase gender diversity to 30% and include 5% differently-abled employees by 2030.
- **Action:** Develop a socially inclusive workplace that values diversity and promotes policies that support these goals.
- **Value:** Drives innovation, improves employee satisfaction and retention, and enhances organizational resilience.

## **7. Promote Sustainable Agriculture**

- **Goal:** Enhance sustainable agriculture practices over more than 4 lakh acres by 2025.
- **Action:** Expand initiatives like the "Parachute Kalpvriksha" program to improve farmer productivity and climate resilience.
- **Value:** Secures a stable and ethical supply chain, reduces environmental impact, and fosters strong community relationships.

By focusing on these areas, Marico can drive long-term business value, ensuring both profitability and sustainability in its operations.