

Risks and Opportunities

We have a comprehensive and structured approach for risk management at GCPL. Across our geographies, we have integrated our risk management practices into the operating framework and

Risks

Supply chain risks are related to the following:

- Potential disruption of operations due to geo-medical risks
- Labour-intensive product portfolios in some geographies
- Inadequate planning in procuring raw material
- Inability to deliver material to the customer as per agreed delivery dates

Opportunities

Our manufacturing and supply chain focus is on becoming future-ready. We have initiated projects on Industry 4.0 and are making future-ready investments to ramp up our different processes. We have seen encouraging results in improved productivity, greater accuracy, safety, and efficiency. We will continue to introduce best practices across geographies and are trying to become more agile in responding to constantly changing consumer needs.

The core to our approach is how we build win-win relationships with all our partners. We partner closely to ensure capability development and alignment with our core values. Our ongoing engagement with partners has helped us identify emerging issues and adequately respond to them in a timely manner. We have also adopted a sustainable procurement policy that helps us work more closely with our partners to make their operations more sustainable, and build a robust supply chain.

Environmental risks and dependence on natural resources

As a Group, we have always actively championed social and environmental responsibility. As part of our Good & Green vision, we have five environmental sustainability goals to be achieved by fiscal year 2021 to reduce our environmental footprint. We have made good progress against these goals and have analysed areas where we need to ramp up our efforts in the future. We are also exploring a life-cycle analysis of our products and brands and value engineering our products.

reporting channels of our business. From Board level oversight to a dedicated Risk Committee, as a cross-functional team within GCPL, we routinely assess risks across our company and geographies.

While there is a range of risks that are routinely managed in the course of regular operations, the third-party materiality assessment carried out in 2019 highlighted a few risks related to primary

material aspects of our business. These, along with the opportunities and mitigation plan, have been described in the subsequent section.

Strategic Pillar Alignment

- Making our supply chain best-in-class

- Building a more inclusive and greener world

Risks and Opportunities

Risks

Competitive risk from:

- Dependency on a few product categories to drive sales
- Product pricing strategy
- Greater aggression by competitors
- Competitive market conditions and new entrants
- New online, offline and omni-channel go-to-market models and channels
- Nimble e-commerce/digital-first brands

Opportunities

We have centered our growth strategy around emerging markets and the emergent consuming class in them. As incomes rise, purchasing power will improve and these markets will mature; new distribution systems and the digital economy are enabling greater reach. To be able to leverage this, we are ramping up our go-to-market and digital strategies and reach to go deeper and improve penetration. Our product ranges across home care, hair care and personal care include household insecticides, hair colour, soaps, air fresheners, liquid detergents, hair extensions, hair care, personal wash, styling in mass and professional markets, skin care, sanitisers, sun care and female deodorants. We are the leaders in most categories in the markets we operate. We are constantly innovating to create superior quality products that have a positive impact on the environment throughout their life cycle, at affordable prices.

Political economy in geographies of operation as follows:

- Political instability
- Macroeconomic risks
- Exchange rate volatility
- Devaluation of local currency
- Inflation
- Impact of economic environments on consumer behaviour

Our globalisation strategy (named '3 by 3') has been very deliberate. Guided by this, over the last decade, we have created significant value through M&A and established strong beachheads. Our focus is to build leadership in three categories (home care, hair care, and personal care) in three emerging geographies (Asia, Africa, and Latin America). Our Risk Committee, along with regional business and finance teams, closely monitors the political economy of each geography to respond and adapt to emerging situations.

Strategic Pillar Alignment

- Extending leadership in our core categories and geographies
- Accelerating innovation and building purposeful brands
- Leveraging digital
- Enhancing go-to-market

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Risks

Labour risks due to the following:

- Shortages due to industrial disputes and attrition of key staff
- Health and safety-related risks in manufacturing operations and frontline distribution teams

Social risks arising from the following:

- Community unrest
- Repercussions of natural and man-made disasters

Compliance, regulatory changes, and emerging regulations

Opportunities

The safety of our team members is of paramount importance to us. Our people are key to building a strong safety culture, and we regularly train them to enable this. We take much pride in fostering an inspiring workplace with an agile and high-performance culture to attract, develop, and retain the best global talent. We have adopted best-in-class, globally-acclaimed people, policies, and processes, which celebrate diversity and inclusion.

We are now exploring ways to further our commitment through shared value initiatives that create value for both society and business. Our business continuity plans are in place to address any man-made or natural disasters and ensure seamless running of business as usual.

We have the highest levels of statutory compliance and ensure adherence to all regulations and laws of the land. Furthermore, our Legal and Audit teams are in constant communication with key government departments and industry bodies to keep track of new and emerging regulations, including environmental, social, and governance (ESG) risks in our operations and supply chain. They routinely assess and analyse regulations to assess how these will impact business to mitigate for the same.

Strategic Pillar Alignment

- Fostering an inclusive, agile, and high-performance culture
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- Building a more inclusive and greener world
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- Extending leadership in our core categories and geographies
 - Making our supply chain best-in-class
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