

Offering a variety of automated warehouse storage solutions for efficient intralogistics needs of diverse industries.



SUPPLY CHAIN MANAGEMENT

Expanding competencies, creating synergies

The company places the highest priority on developing a sustainable and well-integrated supply chain and views it as a crucial aspect of its business competitiveness. A sustainable supply chain has been identified as the most important aspect, as per the recently concluded materiality assessment exercise.



Tube bending machine for aircraft engine applications

We have been focusing on driving growth by creating a more accountable, efficient, resilient, and sustainable supply chain. While doing so, some of the formidable challenges faced in the business landscape that we operate in are extreme costs, a leaner workforce, shorter product life-cycles and demand for higher quality. While safeguarding the organisation of such challenges, it is also important for us to stay committed to our sustainability goals, thus ensuring a more efficient and sustainable business operation. Our sustainability goals too must be driven through our supply chain to ensure lasting impact.

Aspects like material circularity, localisation of inputs, and emissions control directly involve our supply chains. We meet these multiple objectives by following stringent selection policies and quality control processes, close engagement, integration and positive intervention with our suppliers.

Supplier classification

Our suppliers provide us with different inputs like raw materials, finished and semi-finished components, and finished traded goods. The company uses the Kraljic Portfolio Purchasing Model to segregate suppliers and decide the type and level of engagement with them.

In the Kraljic Portfolio Purchasing Model, category spend is mapped against two key dimensions: criticality of resource and complexity of supply, with a specific management strategy aligned for each. In addition, other criteria are also applied for segmenting suppliers.

9000+ cr

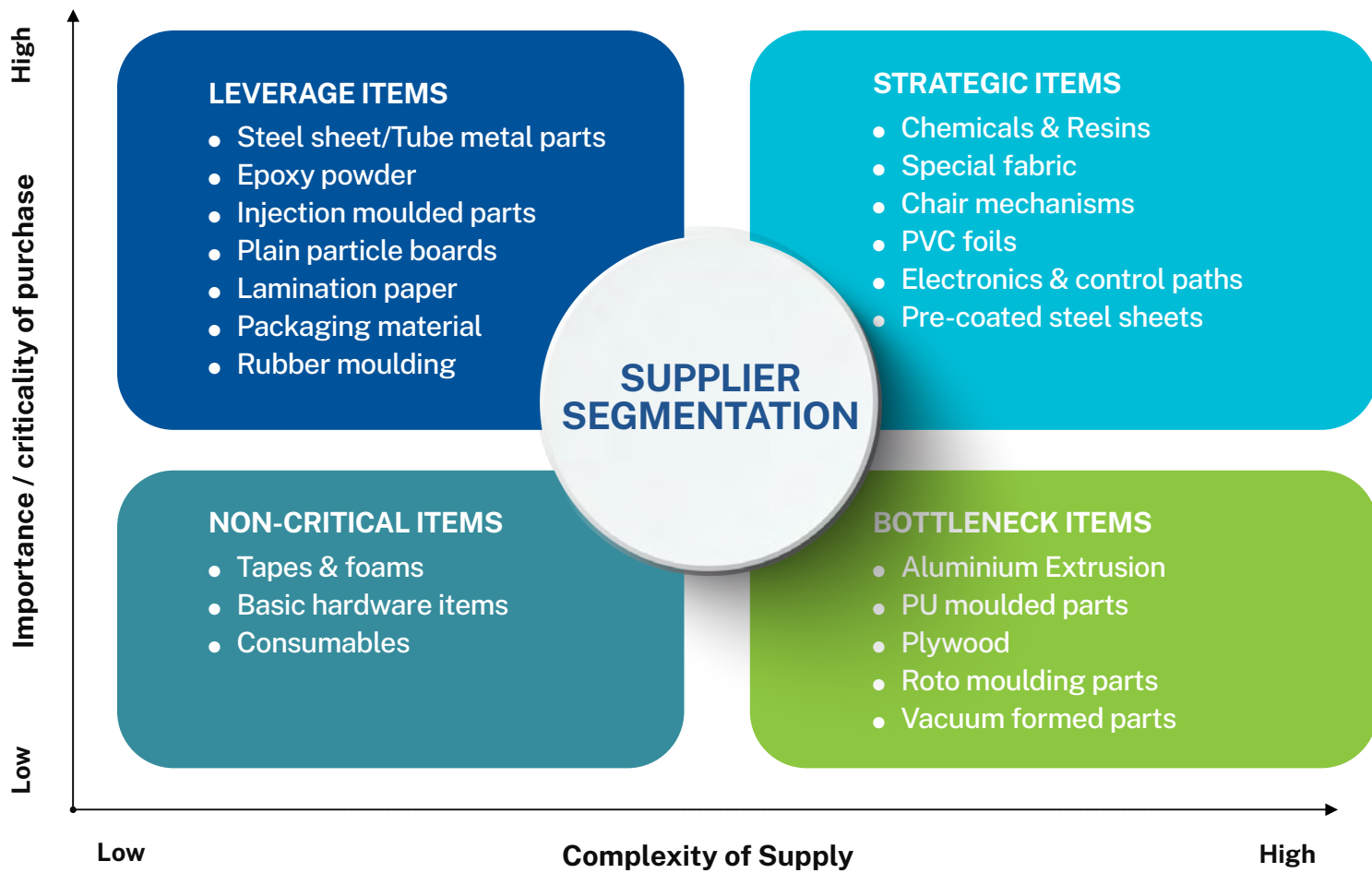
annual purchase value

750+
suppliers

80%
purchase from
domestic suppliers

20%
from imports

Kralijic model



Supplier Code of Conduct

We follow rigorous processes when it comes to on-boarding of any business partner. We ensure that suppliers keep delivering in the most efficient and quality conscious manner. The Supplier Code of Conduct or SCOC followed by Godrej & Boyce, is a very good example of this. The SCOC sets expectations with suppliers with respect to ethical conduct, social, communal, environmental and even governance responsibilities. This is how G&B helps raise standards within our larger value chain and promotes greater all-round equity.

THE KEY COMPONENTS OF SCOC ARE:

People

Sexual harassment, forced labour, child labour, discrimination, compensation, regular working hours and safe conditions of work, health & safety, freedom of association & collective bargaining, learning and development.

Environment

Treatment of industrial effluents and waste; minimise waste and promote recycling; preserve biodiversity

Community

Community engagement and development.

Corporate governance, business conduct & ethics

Corruption and bribery, Conflict of Interest, protection of technology and intellectual property, international trade controls

Supplier Quality System Assessment (SQSA)

G&B is committed to achieving global quality and has exacting standards for the suppliers that it chooses to work with. The SQSA is our standard assessment procedure, and encapsulates the processes used for supplier selection and audit. For each individual BU, their Sourcing, Supplier improvement and Quality teams conduct the supplier audits as per the Standard Operating Procedure (SOP) and only those

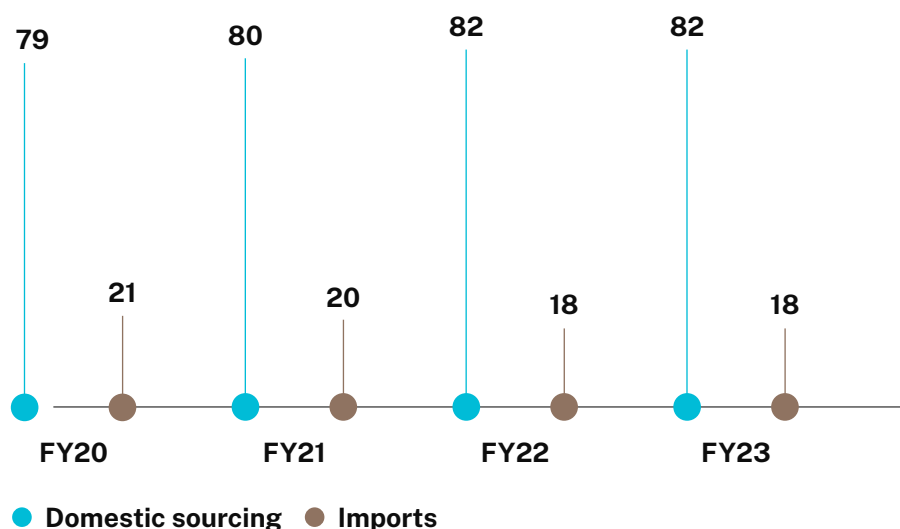
suppliers that pass these processes are approved for onboarding. The SQSA is followed for both existing suppliers and new entrants. Frequency of audits is fixed and strictly adhered, with the environmental and social performance of suppliers and their progress on various improvement projects also being assessed. This helps to incentivise improvements.

Driving greater localisation

To create greater supply chain resilience, reduce cost volatility and promote local economies and indigenous skill development, G&B has been consciously promoting 'Make in India' by developing

suppliers who can replace imports. Currently, our share of domestically sourced inputs to imported ones stands at 80:20 and the share is increasing year-on-year.

SHARE OF DOMESTIC SOURCING TO IMPORTS (%)



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Godrej Edge Neo, one of India's most energy efficient refrigerator, reinforces our commitment towards sustainability and technological advancement

OPTIMISING MATERIAL USE FOR BETTER ENERGY EFFICIENCY

Godrej Appliances was manufacturing refrigerators with capacities ranging from 100 litres to 255 litres using big-size compressors known as JUMBO that weigh between 8.5 to 8.9 kg. There was a need to optimise material use and costs by creating a series of lightweight mini compressors that could be used in smaller capacity, high-volume refrigerator product lines.

To achieve this, Godrej Appliances adopted a two-pronged strategy including standardisation of parts for JUMBO and mini compressors, and local production of parts. Consequently, Godrej Appliances achieved a 20% decrease in weight for components like the housing of the compressors, shell and shell cover. It also successfully created

a mini fixed-speed compressor with 33% less weight, that had similar cooling capacity but with greater energy efficiency ratio. Not only were material costs saved, but the smaller compressor sizes also increased the throughput of despatch quantities. All these new components are being developed in association with local suppliers.

The examples given here are few among the many Indianisation and localisation attempts underway within the G&B production universe.

Localisation has very significant benefits for the company and the nation – including reducing the import bill, securing supplies against unforeseen disruptions, better control over product design and input costs, business agility and highly reduced inventory cycles.



Khutale Engineering Pvt. Ltd., Satara, Supplier to G&B

LOCALISATION EFFORTS WITH EXISTING SUPPLIERS AND EXTENT OF IMPACT ON OPERATIONS

Full import substitution after design modification

Product / RM / Component	Import Vendor country	Process fully developed at domestic vendor	Inventory Reduced if any (DOH)
PCB for Washing Machines	China	Local PCB Mfg facility for consumer appliances and Auto sector	49 DOH to 10 DOH*
EVA end caps for ACs	China	Design changed	45 DOH to 15 DOH
Pre-coloured ABS Metallic Red compound	Korea	Glitter effect processing	60 DOH to 15 DOH
Pre-coloured ABS Metallic Grey compound	Korea	Glitter effect processing	60 DOH to 15 DOH

Full import substitution without any design change

On/ Off Switch (Viroshield)	UK	NA	45 DOH to 15 DOH
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* Days of Inventory on Hand

Supplier engagement

Structured supplier engagement programs help us to integrate our suppliers and make them active participants. Different BU's have set up special supplier improvement/development teams, who work closely with suppliers at their facilities, striving to increase efficiencies, solve problems and develop new solutions. The company's

cluster programs and Kaizen projects with suppliers help with improving capabilities and driving the competitiveness of suppliers. We also extend need-based working capital to suppliers. This kind of positive engagement has improved the performance of our suppliers holistically.

THE COMPANY USES VARIOUS SUPPLIER ENGAGEMENT PLATFORMS TO BUILD AND NURTURE CRUCIAL SUPPLIER RELATIONSHIPS. THESE PLATFORMS INCLUDE:

Engagement Platform	Type of Suppliers Covered	Objective	Frequency / Duration
Annual Supplier Conference	Strategic, Bottleneck & Leverage	<ul style="list-style-type: none"> To share pervious year Business performance To share future business plans Reward & recognise best suppliers and improve business relationships with key suppliers 	Anually
Supplier Satisfaction Survey	Strategic, Bottleneck & Leverage	<ul style="list-style-type: none"> Measure supplier partner satisfaction levels at regular intervals Benchmark Godrej Appliances sourcing practices with other Appliance Industry manufacturers in India 	Anually
Supplier Cluster Program	Strategic, Leverage & Routine suppliers	<ul style="list-style-type: none"> Inculcate culture of Operational excellence through implementation of concepts of Lean Manufacturing 	Bi-anually
CII GreenCo rating	Strategic Bottleneck &Leverage Suppliers	<ul style="list-style-type: none"> Promote Green movement Reduce Resource Intensity Prepare supply partners to meet future environmental regulations and mitigate risks 	Anually
Supplier Performance Review Meet	All suppliers	<ul style="list-style-type: none"> Review monthly quality performance & action plans Discuss future product quality improvement plans and provide inputs for improvement 	Monthly
CFT Visits	All suppliers	<ul style="list-style-type: none"> Visit suppliers to address chronic quality issues in CTQ (Critical to Quality) parts / products 	As & when required

Supplier cluster programmes

G&B's Supplier Cluster Programme is inspired by lean management principles that support SME suppliers to achieve operational excellence. Each BU has dedicated supplier capacity development teams that work with defined set of critical suppliers to inculcate manufacturing excellence practices in day-to-day operations of the suppliers through various structured cluster programmes.

A specific roadmap has been designed to suit local SME suppliers, with an emphasis on handholding apart from training and development of their employees. Initially,

the roadmap comprised four main modules: 5S, My Machine, Quality, and Productivity Improvement.

In line with the strategy to expand its circle of influence for Green practices, G&B added a new module – Green Practices. For each of these modules, there are specific deliverables to be achieved within a defined time frame.

Over the last 10 years, more than 150 SME suppliers have been covered under various supplier cluster programs of various G&B BUs.

Sustainable and well-integrated supply chain is crucial to our business competitiveness.

Our highest priority is to develop a sustainable and well-integrated supply chain. It is a crucial aspect of business competitiveness.

TAKING CLUSTER APPROACH TO CREATE WIN-WIN FOR SUPPLIER AND G&B

The company is proud to be associated with suppliers like M/s Sandhar Automotives. The supplier has done exemplary work on environment management whereby it was able to achieve zero discharge of contaminants into the environment, and full compliance with all applicable environmental laws. Some of the noteworthy initiatives are:

FOR REDUCTION IN WATER USE

- Rainwater harvesting system implemented
- Zero wastewater discharge through implementation of STP/ETP and water recycling

FOR REDUCTION IN WASTE

- Greater adoption of digitalisation and reduction in paper use
- Replacement of all oxygen cylinders used for production, oxygen generator installed

FOR REDUCTION IN ENERGY USE

Installation of
250 kWp
rooftop solar

Installation of
LED lights
and VFD in compressors,
blowers and pumps

INTRODUCING OUR SUPPLIERS TO GREEN MANUFACTURING PROCESSES

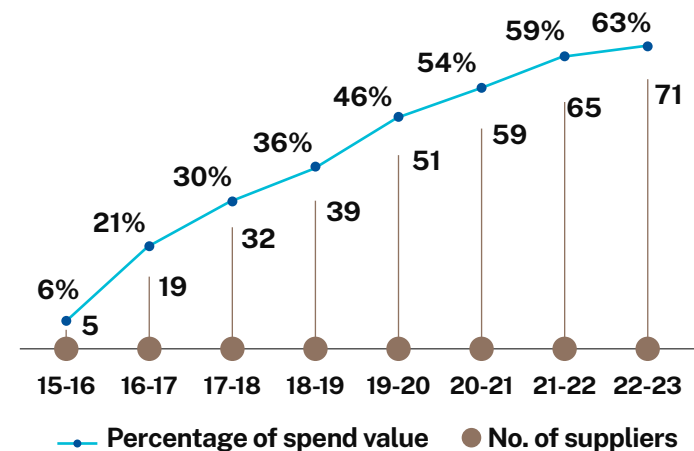
G&B has been an early pioneer of green manufacturing practices in India and the Godrej Appliances plant at Shirwal was the first CII GreenCo Platinum certified manufacturing plant in India. Since then, eleven of our factories have become GreenCo rated, of which five are 'Platinum' rated belonging to businesses like Godrej Appliances, Godrej Interio, Godrej Lawkim & Godrej Precision engineering. We are partnering with our suppliers to implement the Green Company Rating System (GreenCo) and catalyze green industry growth in India.

To promote inclusive green manufacturing in the country we reached out to include our suppliers, with the objectives of:

- Preparing suppliers to meet future environmental regulations and mitigate future environmental risks
- Conserve natural resources and reduce resource use
- Create a culture for sustainability

Our GreenCo-related work with suppliers encompasses training on how the system works and various modules on subjects like energy efficiency, water conservation, renewable energy, GHG emissions, waste management, material conservation, recycling and recyclables, green supply chain and green infrastructure and ecology. To ensure that our suppliers complete the certification process successfully, support is provided all through the assessment, certification and implementation stages.

GREENCO CERTIFIED SUPPLIERS



Support provided during COVID to suppliers

G&B was devoted to aiding its supplier collaborators in securing their health and safety throughout the COVID-19 pandemic. Our horizontal endeavours included: dispersing safety protocols over supplier factories; communicating information on COVID-related suggestions and making sure suppliers assimilate it to implement at their end; relocating or reconfiguring workstations, as well as putting in barriers between workstations for sustaining social distancing during the pandemic; teaching supplier personnel about how to use PPE such as masks, shields, sanitisers, et cetera;

building up flexible working hours (e.g. alternate day operating, staggered shifts etc).

We also organised vaccine camps for suppliers in our factory premises, allowing them to take vaccinations during the drive. We assisted our supply partners with obtaining an uninterrupted supply of PPEs at affordable prices; and facilitated early payments through a supplier financing facility, as well as utilised virtual platforms (such as Microsoft Teams and Zoom) for holding meetings and capacity-building programs.