



GODFREY PHILLIPS  
—INDIA LIMITED—

# Annual Sustainability & Integrated Report

## 2022-2023

# TOGETHER FOR A BETTER TOMORROW



# Together For A Better Tomorrow

Godfrey Phillips India Limited (GPIL) proudly presents its first Sustainability & Integrated Report for the fiscal year 2022-23. With the theme "Together For A Better Tomorrow," this report signifies the Company's unwavering commitment to a sustainable future. At GPIL, we firmly believe that true progress can only be achieved through unified teamwork and collaboration, driven by our core philosophy of 'People First.' Through active collaboration with stakeholders and the wider community, GPIL endeavours to pursue common goals that bring about positive change across social, economic, and commercial domains. By leveraging the unique strengths of stakeholders, we can develop innovative solutions that deliver tangible impact and foster sustainability.

Our responsibility extends beyond people and the environment. We prioritise responsible business practices and transparent reporting. This report exemplifies our commitment to accountability and showcases the progress we have made towards building a brighter, more sustainable future for all. We cordially invite all stakeholders to join us on this transformative journey, as Together, we will shape a Better Tomorrow.

With our three-pillar approach of Empowering Collective Action, Collaborating for Change, and Inspiring Innovative Solutions that Drive Sustainable Progress, we stand ready to forge ahead, hand in hand with our stakeholders, to create a future where social, economic, and environmental well-being flourish in perfect harmony.



Three-pillar approach of Empowering Collective Action

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# Introduction

## About the Report

### Purpose of the Report

This Sustainability & Integrated Report aims to provide a comprehensive overview of the Company's financial and non-financial performance, strategy, and value creation model, encompassing environmental, social, and governance considerations. It demonstrates our ability to generate sustainable value over the short, medium, and long term through transparent reporting that integrates E, S, and G information. By utilising diverse forms of capital, including human, intellectual, natural, social, relationship, manufactured, and financial capital, we showcase our responsible approach to value creation. Aligned with the International Integrated Reporting Council (IIRC) framework, our report aims to foster trust, inspire confidence, and promote long-term resilience while advancing environmental stewardship, social impact, and strong governance practices, thereby contributing to shared prosperity.

### Reporting Guidelines and Frameworks

The preparation of GPIL's first Sustainability & Integrated Report follows the International Integrated Reporting Framework established by the International Integrated Reporting Council (IIRC). The Company's performance on the key ESG indicators and material topics is disclosed in accordance with the Global Reporting Initiative (GRI) standards, and the report also aligns with the United Nations Sustainable Development Goals.

### Reporting Scope and Boundary

The scope of the report encompasses GPIL's business operations, which include tobacco manufacturing and trading, confectionary, as well as 24SEVEN retail stores. The report provides a consolidated overview of the Company's financials, including 24SEVEN and confectionery division. For all data except financial performance, figures for 24SEVEN and confectionery are not included.

### Materiality

The content of the report focuses on the key material themes of the Company, which have been identified through in-depth exploration and analysis of topics that have a significant impact on the business and stakeholders. These material themes are carefully considered in relation to their utilisation in the Company's strategy, business model, and their effects on stakeholders.

To ensure comprehensive coverage, the report encompasses all significant topics that have a substantial bearing on the value-generation process and are of utmost importance to key stakeholders. This inclusive approach fosters transparency and relevance in the reporting.

In line with the Company's commitment to stakeholder engagement and providing value, a comprehensive

materiality evaluation was recently completed, engaging both internal and external stakeholders. This evaluation process enabled the identification and prioritisation of a set of material topics that hold critical importance to the business and stakeholders. These material topics serve as the focal point of the report, providing in-depth insights and analysis to ensure transparent and relevant reporting.

By aligning the reporting with material themes and addressing the identified significant topics, the Company strives to deliver an Sustainability & Integrated Report that exemplifies its dedication to stakeholder engagement and value creation. Through transparent and comprehensive reporting, the aim is to foster trust, inspire confidence, and promote the long-term resilience of the business.

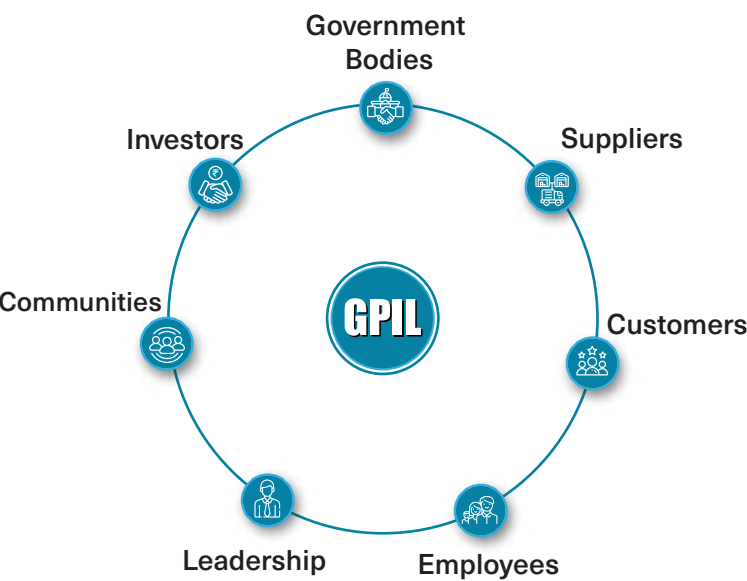
### Statement from the Board

The Board Members understand that GPIL's Sustainability & Integrated Report for fiscal year 2022–2023 adequately addresses key issues and opportunities of the Company's strategy and ability to create long-term value. The Board Members also appreciate the feedback and valuable information provided by senior management and the main functional teams in the compilation of the report.

### Reporting Period

The report contains insight into the Company's performance in FY 2022-23.

## Our Stakeholders



## Our Capitals

	Financial Capital
	Human Capital
	Manufactured Capital
	Natural Capital
	Intellectual Capital
	Social and Relationship Capital

## About Godfrey phillips India Limited



GPIL is one of the largest FMCG companies in India with renowned brands in the category of tobacco, confectionary, and retail. Headquartered in New Delhi, India, the Company's operations primarily span the country with prominence in northern and western India, with some of the most popular cigarette brands like Four Square, Red and White, Cavanders, Stellar and Focus. GPIL also manufactures and distributes the iconic brand Marlboro under a license agreement with Philip Morris International.

GPIL also has footprint in the international markets with its International Business Division and Business associations with various players in the international tobacco industry to export its own cigarette brands, cut & blended tobacco, and unmanufactured tobacco leaf. Many countries from the Middle East, Africa, Asia, Europe, Australia, and Latin America are a part of its portfolio.

In addition to its core business, GPIL is also involved in confectionary and operates a chain of retail stores under the brand name "24SEVEN". They are modern and convenient stores mostly located in Delhi NCR and are designed to provide a premium retail experience to customers.

The Company's strength lies in its state-of-the-art manufacturing facilities, process-driven mindset and extensive pan India distribution network comprising over 800 distributors and approximately 800,000 retail outlets.

However, it is the Company's 'People First' philosophy that sets it apart and it stands tall today as it places people at the centre of all its business decisions.

This people-centricity has led to GPIL's certification as a Great Place to Work® for 5 years in a row. With commitment to sustainability, responsible business practices, ethical sourcing, and social responsibility, GPIL is a well-established and respected Indian Company with a diversified portfolio of businesses. The Company is well positioned to continue driving growth and creating value for all its stakeholders.





## Leadership Messages



### Message from Chairperson, Dr. Bina Modi

“Our journey towards sustainability is driven by our people-first philosophy and responsible governance that serve as the foundation for creating long-term value and building trust with our stakeholders”

#### Dear Stakeholders,

I hope my message finds you in good health and wellbeing. I'm delighted to share that the last financial year has been remarkable for Godfrey Phillips India.

As the global community emerges from the pandemic, we are observing a notable revival in economic activity. There has been a strong rebound in the global GDP, and in India, our economy has demonstrated resilience with the GDP expanding to mark a significant recovery, after a difficult period of contraction in the preceding fiscal year.

Geopolitical tensions and related trade disturbances present challenges for businesses, including our own, as they can disrupt supply chains, impact market conditions, and introduce uncertainties. We are actively monitoring these geopolitical developments and their potential consequences for our operations and have quickly adapted to and mitigated any associated risks. With our advanced forecasting tools, we have ensured the resilience of our supply chains. We are maintaining transparent communication channels with stakeholders to effectively navigate any future challenges that may emerge. Throughout, our focus has remained steadfast on our vision for a sustainable future.

In the tobacco industry, we are witnessing evolving customer preferences and regulatory changes. As a responsible player in the market, we are actively adapting to these trends and aligning our strategies to meet changing consumer demands. We continue to focus on delivering high-quality products, ensuring compliance with regulations, and delivering optimum value to every stakeholder in the value chain.

#### Navigating Challenges, Delivering Results: A Strong Financial Performance

I am pleased to share that GPIL has delivered a commendable financial performance in the FY 2022-23. Our unwavering commitment to operational excellence, innovation, and customer-centricity has enabled us to

generate robust financial returns.

During the year, we implemented strategic initiatives to strengthen our market position and drive sustainable growth. These include initiatives such as product enhancements, market expansion, and innovation efforts, which have contributed to our continued success. We will remain agile and adaptive, embrace opportunities for growth and enhance our competitiveness in the market.

Despite the challenging operating environment, we have demonstrated resilience, agility, and adaptability, enabling us to deliver outstanding results. Our profit before tax reached Rs. 790 Crores, reflecting 41% growth compared to the previous year. We achieved remarkable growth with total operating revenue of Rs. 4,258 crores representing a 32% increase year on year. Additionally, we expanded our retail presence, increasing the count of our 24SEVEN stores to 146 stores.

As a responsible corporate citizen, we remain committed to sustainability and social responsibility. We strive to minimize our environmental impact, promote employee well-being, and actively contribute to the communities in which we operate.

#### Environmental Stewardship | Preserving Our Planet: A Year of Environmental Excellence:

GPIL sustainability strategy is firmly rooted in its commitment to environmental stewardship. We understand the importance of minimizing our environmental impact for a sustainable future. In this fiscal year, we successfully reduced energy consumption by 5% compared to FY 2018-19, contributing to a more energy-efficient operation.

Moreover, we achieved significant progress in reducing particulate matter emissions, which decreased by 50% compared to FY 2018-19. Our commitment to responsible water management is evident from 26% reduction in water consumption compared to FY 2018-19.



In line with our sustainability goals, this year we have developed another 8-acre park in Andhra Pradesh, promoting biodiversity. These parks currently house over 9000 trees of various local species, and we will be actively developing more land to further preserve biodiversity.

To ensure responsible water management, we plan to have fully functional Effluent Treatment Plants (ETP) in manufacturing facilities. Our Rabale plant is equipped with a SCADA system, enabling efficient control of wastewater discharge. We are successfully using the water treated in the ETP for non-potable functions such as gardening and washing, resulting in consistent reduction of water usage. Guldhar plant will have a SCADA system by year end along with implementation of rain water harvesting facilities. With this, our Company aims to reduce its dependence on water from external sources. We have proactively adopted sustainable sourcing practices, utilizing bio-degradable Biaxially-Oriented Polypropylene (BOPP) for cigarette packaging and other environmentally friendly materials for our products.

By 2030, we aim to become carbon neutral and achieve zero waste to landfill across our manufacturing operations. Sustainable sourcing and zero deforestation in the supply chain of paper used in cigarettes are key objectives. Additionally, we strive to replenish 30% of the water consumed by 2030.

**People First: Building Strong Relationships, Creating Lasting Social Value**

At GPIL, our sustainability strategy is deeply rooted in our philosophy of People First. We are committed to enhancing the lives of all stakeholders, including our employees and the communities we operate in. To further reinforce our commitment, we have integrated our People First approach and the concept of ‘Together for A Better Tomorrow’ into our sustainability strategy. By fostering a culture of collaboration and inclusion, we promote a sense of togetherness and a shared purpose amongst our workforce. This shared vision inspires our team to strive for better outcomes and make a positive impact on society.

Throughout this fiscal year, we made significant progress in fostering a positive social impact.

We provided extensive training on health and safety measures, benefitting 72% of our staff and 92% of our workers. Our commitment to career development and performance reviews resulted in 91% of our staff and 100% of our workers receiving the necessary support and guidance.

GPIL has been certified as a Great Place to Work® for the fifth consecutive year. This recognition validates our philosophy of placing people at the centre of all our business decisions. Our comprehensive learning and development programs, benefits, focus on well-being, work-life balance, and family-like culture reflect this philosophy.

GPIL takes its responsibility towards the community seriously, and we strive to balance societal and business objectives. Through our CSR initiatives, we have made a positive impact on farmers and other communities. Our projects focus on improving livelihoods, health, and hygiene, promoting education, pride, and sustained success.

With regards to social stewardship, our goals include providing safe & clean drinking water in close vicinity for 100% of our contracted Burley tobacco farmers by 2030. We are committed to maintaining a zero-accident record in our factories and offices, ensuring safe working environment for all employees and contracted farmers. We will continue to be an equal-opportunity employer, invest in learning and development, and be a Great Place to Work.

**Governance Excellence | Governance for the Future: Setting New Benchmarks**

We uphold governance excellence as the cornerstone of our sustainable practices. We are committed to conducting our business with the utmost ethics and transparency, aligning ourselves with the best industry practices, while upholding our statutory obligations. Our governance framework encompasses robust mechanisms for grievance redressal, ensuring that the concerns of all stakeholders are addressed effectively.

We have a board-level ESG committee to emphasise the importance of environmental, social, and governance factors. Our policies, which firmly establish our zero-tolerance stance on unethical practises, will further encourage our employees and suppliers to adhere to these standards.

We prioritize compliance with applicable laws and regulations, and our commitment to information security is demonstrated by our ISO 27001 certification.

Our targets with respect to strong governance encompass obtaining ISO 26001 certification for social responsibility and maintaining year-on-year compliance with ISO 27001 certification for information security. We reiterate our zero-tolerance policy for violations and remain committed to upholding the highest standards of corporate governance.

**Paving the Path Ahead:**

In conclusion, I express my heartfelt gratitude to all our stakeholders for their continued support, trust, and partnership. We firmly believe that sustainability is not just a catchphrase, but a vital responsibility. Our commitment to sustainable practices will drive our growth and success in the long run.

Looking ahead, we are cautiously optimistic about the future. With a strong foundation, a talented workforce, and an unwavering commitment to our values, Godfrey Phillips India is well-positioned to capitalize on opportunities, navigate challenges, and create sustainable value for our shareholders.

I am pleased to present our first Sustainability & Integrated Report of GPIL for FY 2022-23. This report highlights our journey towards sustainability, responsible business practices, and our unwavering commitment to creating long-term value for all our stakeholders.

I extend my sincere gratitude to our dedicated employees, esteemed shareholders, and valued stakeholders for their unwavering support on our journey of growth and success.

Warm regards,  
**Dr. Bina Modi,**  
Chairperson and Managing Director





### Message from Functional Chief Executive Officer, Sharad Aggarwal

“Our passion for winning compels us to constantly improve and outperform our competition. We foster innovation through learning and entrepreneurship, encouraging risk-taking and empowering our teams”

#### Dear Stakeholders,

It is with great pleasure and a sense of accomplishment that I present to you our first Sustainability & Integrated Report. I invite you to discover the key environment, social and governance initiatives that we have already instituted and the journey we are commencing on, to respond to the current and future sustainability opportunities and challenges.

In today's fast-paced and interconnected world, stakeholders seek a comprehensive understanding of a Company's performance beyond just financial numbers. This report serves as a platform to integrate financial and non-financial reporting, providing a holistic view of our activities and outcomes. Our aim is to enhance transparency, build trust, and demonstrate our commitment to responsible business practices.

We have a rich legacy of care where we take our commitment to our 'People-First' philosophy to the absolute grassroots to ensure that all our stakeholders – farmers and their communities along with shareholders, investors, and employees – are engaged meaningfully with the Company. We firmly believe that success lies not only in financial achievements but also in creating sustainable value for all our stakeholders. With this guiding principle, we have achieved significant milestones and made noteworthy progress in various areas.

#### Remarkable Financial Performance - A Testament to Dedication and Trust

Let me begin by sharing our remarkable financial performance. In the fiscal year under review, GPIL recorded a Gross Sales Income of Rs. 9,409 Crores, representing a remarkable YoY increase of 28.5%. This growth is a testament to our dedication, market resilience, and customer trust. Our Gross Profit reached Rs. 1,780 Crores, reflecting a 22.8% YoY increase, while our Net Profit stood at Rs. 608 Crores, marking a substantial YoY growth of 40.7%.

Furthermore, our retail business, 24SEVEN, witnessed significant growth with Gross Sales amounting to Rs. 483 Crores, a notable YoY increase of 19%. We take immense pride in the fact that our CSR initiatives have positively impacted the lives of over 70,000 beneficiaries. In addition, we conducted numerous awareness programs for our value chain partners, fostering collaboration and promoting responsible business practices.

#### Nurturing Our Greatest Asset: Our People

As a testament to our People-First philosophy, this year we celebrate our certification as a Great Place to Work® for the fifth year in a row. Even as we are recovering from pandemic-related challenges and market instability this year, we adhered to our strong fundamentals of people-centric, sustainable, and responsible growth by inculcating values like togetherness, stability, and inclusivity. This has led to exceptional progress, both commercially and socially. With the objective of creating a positive social footprint for a holistic impact, sustainability has always been a strong metric in all our procurement, operations, production, and distribution operations.

#### Preserving Our Planet: Championing Environmental Sustainability

On the environmental front, all our facilities comply with the highest environmental standards. Our commitment to environmental sustainability is evident in our efforts to reduce emissions, conserve energy, manage our natural resources responsibly, and is further validated by our relevant ISO accreditations. We have successfully reduced emissions by 5,567.92 MTCO2E (28% reduction compared to the base year) and achieved a 5% reduction in energy consumption compared to the base year, amounting to 5.89 TJ. Furthermore, we have reduced particulate matter emissions by 5,923.5 Kg (50% reduction compared to the base year) and water consumption by 25,559.7 KL (26% reduction compared to the base year), all materials used in our cigarette manufacturing operations are completely biodegradable, sans cigarette filters – including cigarette packaging and the films used to wrap cigarette packets. These achievements and initiatives highlight our unwavering dedication to environmental stewardship.





Delivering the best value to even the first stakeholder of our value chain, we provide a structured process for our Burley Tobacco farmers that enables them to integrate Good Agriculture practices, eliminate instances of child labour, acquire necessary knowledge and equipment to reduce environmental impact, maintain their health and well-being to name a few. Furthermore, as part of our commitment to responsible procurement practices, we consistently review and enhance our Company's procurement policy. We place significant emphasis on giving due consideration to local suppliers, not only to support the local economy but also to reduce emissions resulting from procurement practices. By sourcing locally, we minimize transportation-related carbon emissions and promote sustainable supply chain management.

**Fostering Strong and Sustainable Partnerships**

Partnerships play a pivotal role in our success, and we value the relationships we have built with our supply chain partners, community members, farmers, retailers, and other stakeholders. These collaborations enable us to achieve mutual growth and create shared value. We are committed to fostering strong and sustainable partnerships that contribute to the growth of all stakeholders. In addition, we prioritize engaging with socially responsible vendors and partners. Our comprehensive background checks and rigorous evaluation processes ensure that we collaborate only with those organisations that share our values and commitment to ethical business practices. By doing so, we uphold our responsibility to work with suppliers who uphold high social and environmental standards.

Along with our business processes, we have also redefined our Corporate Social Responsibility (CSR) programs to better integrate them with our ESG strategy. This has enabled a sustained and committed focus towards our ESG goals. With the objective of sustainable production, our CSR projects have clearly defined short-term and long terms activities and goals around the positive impact on the environment and the well-being of Burley tobacco farmers and their communities. Some of our landmark CSR initiatives that focus on the big picture & long-term benefits include mitigation of climate change risks through environment conservation including development of biodiversity parks, harvesting rainwater through construction of check dams, borewell recharges, tank/pond development, and sustainable agricultural practices. These are complemented with direct impact initiatives like community water plants and health camps among other initiatives to benefit vulnerable and marginalized communities.

**Proactive Risk Management and Corporate Governance**

As an organisation, we recognise and address various risks that may affect our strategic, operational, statutory, financial, and IT aspects. We maintain a robust risk management framework to identify, assess and mitigate these risks proactively. Our commitment to sound corporate governance is reinforced through our various committees, ensuring transparency, accountability, and ethical practices at every level.

As a socially responsible corporate citizen, we are committed to compliance with applicable laws and upholding the highest standards of corporate governance. We actively work towards resolution of social and environmental concerns and encourage our employees to be proactive in identifying and addressing them.



**Driven by Organisational Values and Expectations**

While these big strides in various ESG segments showcase our strong intentions of building a better tomorrow, there are some areas where the Company is ramping up efforts to deliver even better, more sustainable results. This report gives a holistic insight into both our current performance and our preparation for sustainable and responsible business practices in the coming years. I would like to thank all our stakeholders for their inputs and feedback that helps transform GPIL into an organisation that not only strives for commercial success but also upholds high standards of environmental and social responsibility.

As we move forward, we remain driven by our organisational values and expectations. Our passion for winning compels us to constantly improve and outperform our competition. We foster innovation through learning and entrepreneurship, encouraging risk-taking and empowering our teams. Building enduring relationships and winning trust internally and externally is of paramount importance to us. We strive to have a global mindset, benchmarking ourselves against the best in the world and creating opportunities through our extensive network.

**Gratitude to Shareholders, Employees, and Stakeholders**

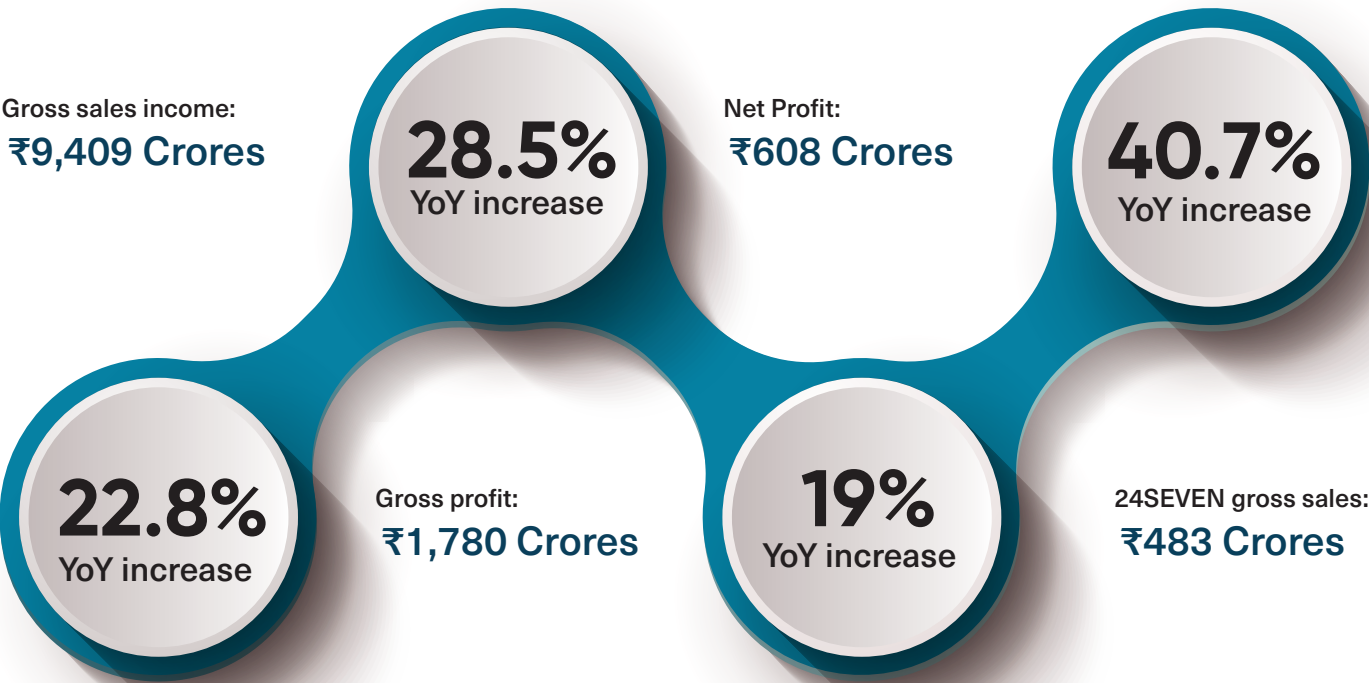
I extend my gratitude to our shareholders, employees, and all our stakeholders for their unwavering support and trust. Together, let us embark on the next phase of our journey, gearing towards achieving our goals while creating sustainable value for all. We own our responsibility of creating a Better Tomorrow.

Warm regards,  
**Sharad Aggarwal**  
Functional Chief Executive Officer

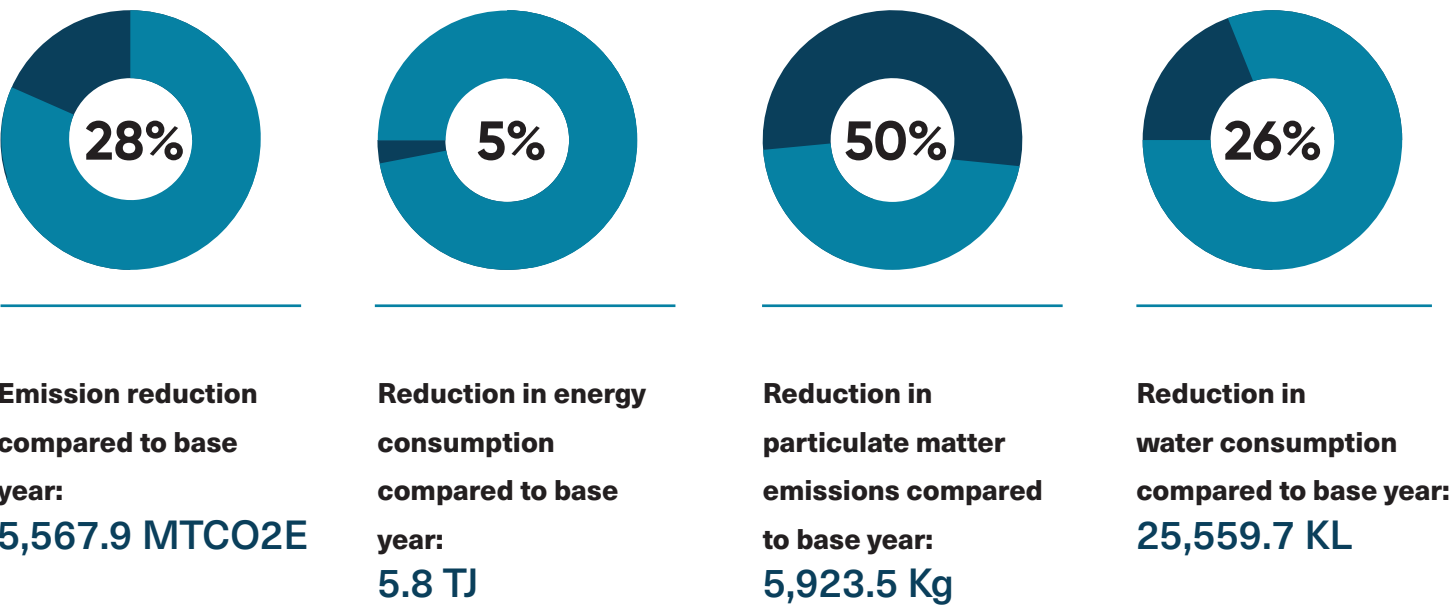


# GPIL at a Glance: Key Highlights from FY 2022-23

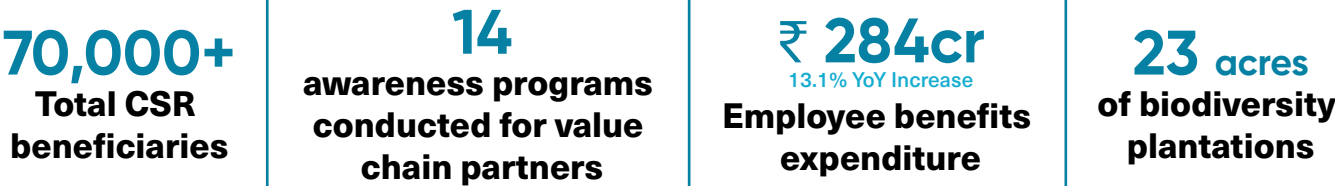
## Financial Performance



## Environmental Performance



## Social Performance



## Governance Highlights



# Governance Structure: Board of Directors and Board Committees

## Executive & Non-Independent Directors

Dr. Bina Modi  
Mr. Samir Kumaar Modi  
Mr. Sharad Aggarwal  
(Also Functional Chief Executive Officer)

## Non-Executive & Independent Directors

Dr. Lalit Bhasin  
Mr. Atul Kumar Gupta  
Mrs. Nirmala Bagri  
Mr. Sumant Bharadwaj  
Mr. Subramanian Lakshminarayanan  
Mr. Ajay Vohra (wef 1<sup>st</sup> July 2023)

## Board Committees

Committees	Members	Function
Audit Committee	<b>Dr. Lalit Bhasin</b> Chairman, Non-Executive, Independent <b>Dr. Bina Modi</b> Executive & Non-Independent <b>Mr. Atul Kumar Gupta,</b> Non-Executive, Independent <b>Mrs. Nirmala Bagri,</b> Non-Executive, Independent	In accordance with Section 177 of the Companies Act of 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established an audit committee, which performs various functions pertaining to: <ol style="list-style-type: none"> <li>1. Monitoring the process of financial reporting</li> <li>2. Assessing the financial reports prior to submitting them to the Board for approval.</li> <li>3. Evaluating internal control systems and procedures.</li> <li>4. Recommending terms for appointment, remuneration and nomination of auditors and directors and the authorizing of payment to statutory auditors for any additional services provided by statutory auditors.</li> <li>5. Such other functions as specified under section 177 of the Companies Act, 2013 as well as those specified in Part C of Schedule II to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</li> </ol>

## CSR Committee

### Dr. Bina Modi

Chairperson, Executive & Non-Independent

### Dr. Lalit Bhasin

Non-Executive, Independent

### Mrs. Nirmala Bagri,

Non-Executive, Independent

In compliance with Section 135 of the Companies Act of 2013 and the Companies (Corporate Social Responsibility Policy) Rules of 2014, the Company has established a CSR Committee of the Board. The purpose and role of the CSR committee is as follows:

1. Formulation of the Corporate Social Responsibility Policy and recommend it to the Board of Directors. This policy will outline the initiatives the Company will undertake in accordance with Schedule VII of the Companies Act of 2013.
2. Suggestion and recommendation on how much revenue should be spent on each of these initiatives/programs.
3. Regular checks on the Company's CSR initiatives and programs.
4. Perform any other tasks that the Board may occasionally delegate.

## Nomination and Remuneration Committee

### Dr. Lalit Bhasin

Chairman, Non-Executive, Independent

### Mr. Sumant Bharadwaj

Non-Executive & Independent

### Mrs. Nirmala Bagri,

Non-Executive, Independent

In accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established the Nomination and Remuneration Committee of the Board of Directors. The purpose of the Nomination and Remuneration committee is as follows:

1. Determining the eligibility of a person to be a director and who might be assigned to senior management and suggest their appointment and removal to the board of directors.
2. Evaluating each director's performance.
3. Developing the standards for judging a director's credentials, virtues, and independence.
4. Proposing a policy governing the compensation of directors, key management personnel, and senior management staff to the board.
5. Providing suggestions to the Board on any or all senior management compensation, in whatever form.

Committees	Members	Function
Risk Management Committee	<b>Dr. Lalit Bhasin</b> Chairman, Non-Executive, Independent <b>Mr. Atul Kumar Gupta</b> Non-Executive, Independent <b>Mr. Sharad Aggarwal</b> Executive, Non-Independent <b>Mr. Kusumakar Pandey</b> Senior Management	<p>As a long-standing organisation, the Company has internal control systems in place for evaluating the risk environment and taking the appropriate actions to successfully mitigate the risks that are detected. The functional heads are largely conscious of this aspect in their daily operations. However, the Company has developed a Risk Profile and Risk Register for listing different risks, risk mitigating factors, and risk mitigation plans. The Company has established a Risk Management Committee for effective risk mitigation and the purpose of which is as follows:</p> <ol style="list-style-type: none"> <li>1. To periodically examine the Company's risk registers and risk profile regarding different business/functions, including cyber security.</li> <li>2. To carry out any other duties that the Board may occasionally delegate.</li> </ol>

ESG Committee	<b>Mr. Sharad Aggarwal</b> Chairman, Executive, Non-Independent <b>Dr. Lalit Bhasin</b> Non-Executive, Independent <b>Mr. Atul Kumar Gupta</b> Non-Executive, Independent <b>Mr. Subramanian Lakshminarayanan</b> Non-Executive, Independent	<p>The organisation has an ESG Committee under the leadership of Functional CEO Mr. Sharad Aggarwal. By contributing to the envisioning, path, and targets, the Committee facilitates the integration of ESG into business. The Committee will also guide and monitor ESG investments over the long term to propel the organisation toward a sustainable future.</p>
Stakeholders Relationship Committee	<b>Dr. Lalit Bhasin</b> Chairman, Non-Executive, Independent <b>Mr. Atul Kumar Gupta</b> Non-Executive, Independent <b>Dr. Bina Modi</b> Executive & Non-Independent	<p>In addition to approving share transfers/transmissions and other connected matters, this Committee also investigates various elements of complaints from shareholders and other investors. Further role of the Committee has been specified in Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p>









# Value Creation Model

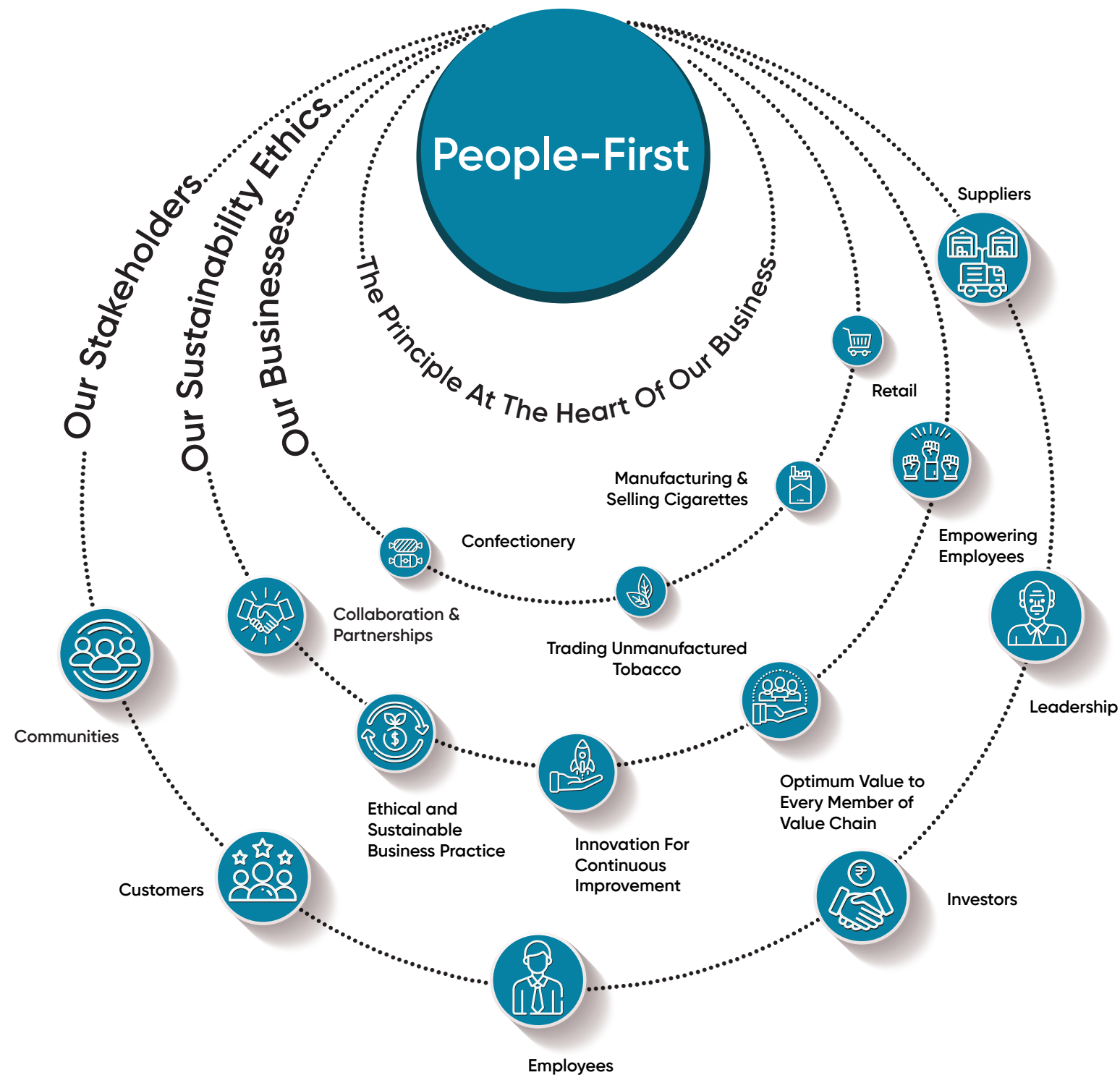
## INPUTS

## VALUE CREATION PROCESS AND STRATEGY

## OUTPUTS

## OUTCOMES

	<b>Financial Capital</b>
Net Worth: ₹3,188.4 Crores	
Current Assets: ₹1,334.7 Crores	
Capex ₹83.1 Crores	
	<b>Human Capital</b>
Permanent Employees & Workers: 1111	
Employee Benefits Expenditure: ₹284 Crores	
Workers Covered Under Health and Safety Trainings: 92%	
	<b>Natural Capital</b>
Total Energy Consumption: 107 TJ	
Total Water Withdrawal: 74,017 KL	
Renewable Energy Consumed: 18.39 TJ	
	<b>Intellectual Capital</b>
R&D Expenditure for: ₹12.1 Crores	
NABL: ISO 17025 certified	
	<b>Social &amp; Relationship Capital</b>
Total Number of Community Initiatives: 9 projects	
Total CSR Expenditure: ₹5.4 crores	
	<b>Manufactured Capital</b>
Number of Offices: 9	
Number of Plants: 3	
24SEVEN Stores: 146	



### VALUE GENERATED FOR STAKEHOLDERS

**₹9,409 Crores** Gross Sales

**₹36 Crores** Revenue Generated from Confectionery Division

**₹483 Crores** Revenue Generated from 24SEVEN Convenience Stores

**70,000+** Total Number of CSR Beneficiaries

**25,621 hours** Total Training Hours

**1,163 million** domestic cigarettes per month


**21,807.2 KL** Water Discharged with treatment


**35** Check dams built


**50** Community RO Plants


**2** Biodiversity Parks Setup


**5** Great Place to Work® certifications


 Positive Financial Returns to Investors


 Long Term Sustainability of Business Operations

 Contribution to Economy through Timely Payment of Taxes, Employment Generation

 Positive Social and Environmental impact through CSR Initiatives

 Strong Relationships with Customers, Suppliers & Other Stakeholders

 Continual Innovation and Improvement of Products and Services

 High levels of employee engagement

# Strategic Overview: Business Outlook of GPIL

The business outlook of GPIL provides a forward-looking perspective on the Company's strategic direction, key elements, and areas of focus. It serves as a crucial roadmap for the future, outlining the Company's vision and plans for sustained growth, innovation, and market leadership. By anticipating industry trends, consumer preferences, and emerging opportunities, the Business Outlook ensures that GPIL remains agile, competitive, and responsive to evolving market dynamics. With a strong emphasis on innovation, operational excellence, and customer-centricity, the Business Outlook sets the stage for GPIL's continued success and value creation in the years ahead.



The strategic focus areas of GPIL are derived from its business vision, mission, and values, as well as the valuable inputs provided by internal and external stakeholders. These areas play a crucial role in guiding business strategy and facilitating resource allocation based on priority. By aligning the Company's plans with these focus areas, GPIL ensures a strategic approach that addresses the needs and expectations of all stakeholders involved.

# Opportunities

## Fortifying Market Position through Strategic Partnerships

Strategic partnerships have the potential to fortify GPIL's market position. Collaborating with key stakeholders, including retailers, distributors, and suppliers, can optimize distribution networks, streamline operations, and establish mutually beneficial relationships. Additionally, forging industry collaborations can unlock new avenues for GPIL's advancement and foster innovation through knowledge sharing and shared resources.

## Diversifying Revenue through Exploration of Export Markets

Exploring export markets holds significant promise for revenue diversification. By strategically targeting international markets, GPIL can tap into newer customer segments, expand its global footprint, and leverage the growing global demand for tobacco products. This expansion not only broadens the Company's customer base but also enhances its resilience in the face of market fluctuations.

## Commitment to Responsible Practices and Socio-Economic Impact

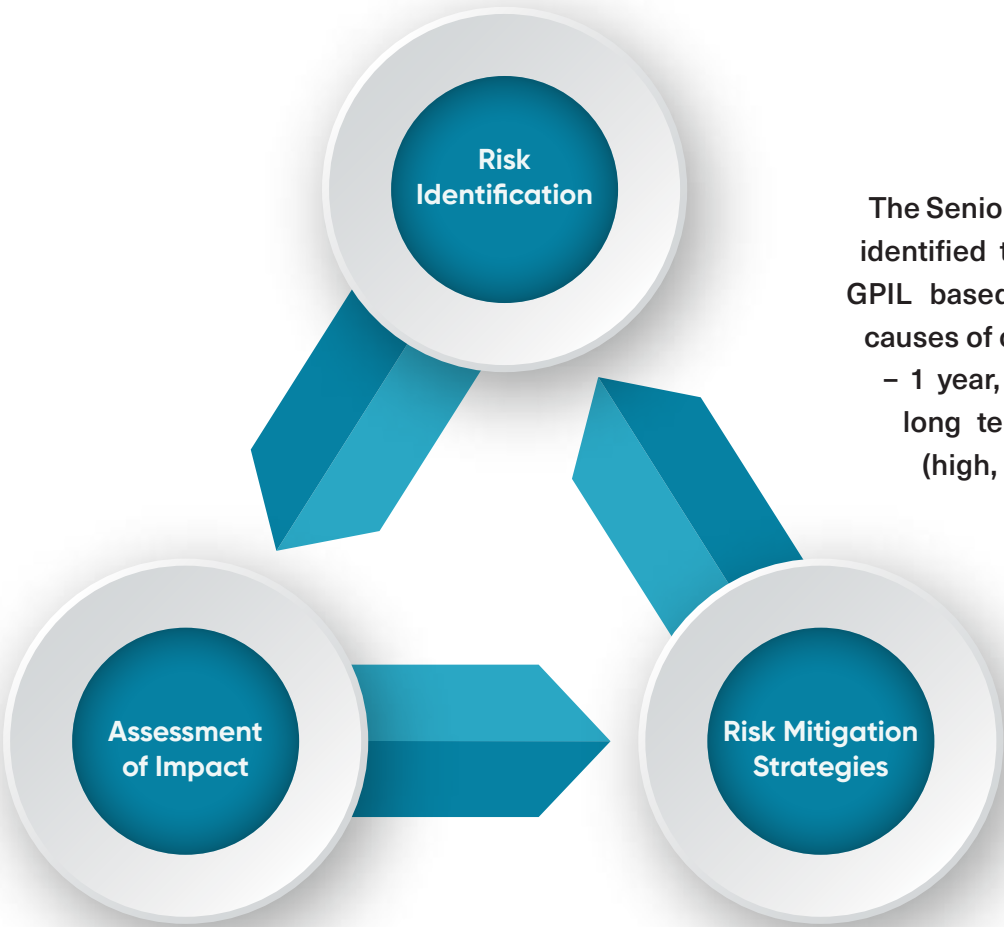
By investing in sustainable agriculture practices, supporting local farmers, and engaging in impactful CSR initiatives, the Company makes a positive difference in the communities it serves. This commitment to responsible practices strengthen GPIL's brand reputation and fosters socio-economic progress, aligning the Company's growth with the betterment of society.

Overall, GPIL's forward-thinking approach, coupled with strategic opportunities, positions the Company to thrive in the ever-evolving business landscape while making a meaningful impact on stakeholders and society at large.



# Risk Assessment and Management at GPIL

A crucial component of business continuity is recognising, mitigating, and managing the Company's risk. GPIL places the responsibility of risk assessment and management on the Risk Assessment Committee. The Company realises that risk assessment is an integral part of GPIL's business operations and ensures that it takes proper steps to manage all risks proactively. The Company has also put in place well-formulated risk profiles and risk registers that list various risks, mitigation factors, and mitigation plans, which are periodically reviewed by the Company.



The Senior Management of the Company has identified the most important risk areas for GPIL based on 3 parameters: probability / causes of occurrence, time frame (short term – 1 year, medium term – 1 to 3 years, and long term - >3 years), and risk severity (high, medium, or low).

These risks are broadly detailed in the table below:

<div></div> <div><b>Strategic Risks</b></div> <div>Strategic risks are potential threats that can impact the Company's abilities to achieve its business goals and strategic objectives. They pertain to the overall direction and future business plans of the Company. Strategic risks are medium probability events as regulatory and competitive developments can impact business, also, impact is medium as suitable measures exist in the business model to mitigate such risks.</div> <div><b>Mitigation Plans and Actions</b></div> <div>Development of a robust business model which has in built business continuity elements</div>	<div></div> <div><b>Operational Risks</b></div> <div>Operational risks refer to potential risks that arise from the internal operations of the Company. New business models, new service offerings, and growing volume of operations can lead to risks related to delivery and adherence of service level agreements. The probability of operational risks is low as most internal operational risks have adequate mitigation plans (alternative plants, uniform operations, etc.) and the impact of these risks is medium and that too in short term as business continuity measures will immediately commence once risk is identified.</div> <div><b>Mitigation Plans and Actions</b></div> <div>Vendor and supplier onboarding assessments to reduce risks in the supply chain Careful charting of new business models to ensure risk avoidance</div>
<div></div> <div><b>Statutory Risks</b></div> <div>As GPIL expands its operations geographically, the Company is subjected to several local regulations and legal obligations. Such expansions can lead to statutory risks in the form of non-compliance or delays in compliance with statutory requirements. These risks are high impact events with periodic tax and regulatory events that have high probability of occurrence.</div> <div><b>Mitigation Plans and Actions</b></div> <div>Proper adherence to regulatory guidelines and Regularly updating Company practices to keep up with any statutory changes</div>	<div></div> <div><b>Financial Risks</b></div> <div>Financial risks are associated with several factors that can impact the Company's business, like market conditions, credit risks, liquidity, foreign exchange fluctuations, etc. Probability and impact of financial risks are low as Company has healthy financials with no debt; business lines are also secured with almost nil credit.</div> <div><b>Mitigation Plans and Actions</b></div> <div>Development of a well-functioning financial strategy to ensure that financial risks can be properly mitigated</div>



## Information Technology and Cybersecurity

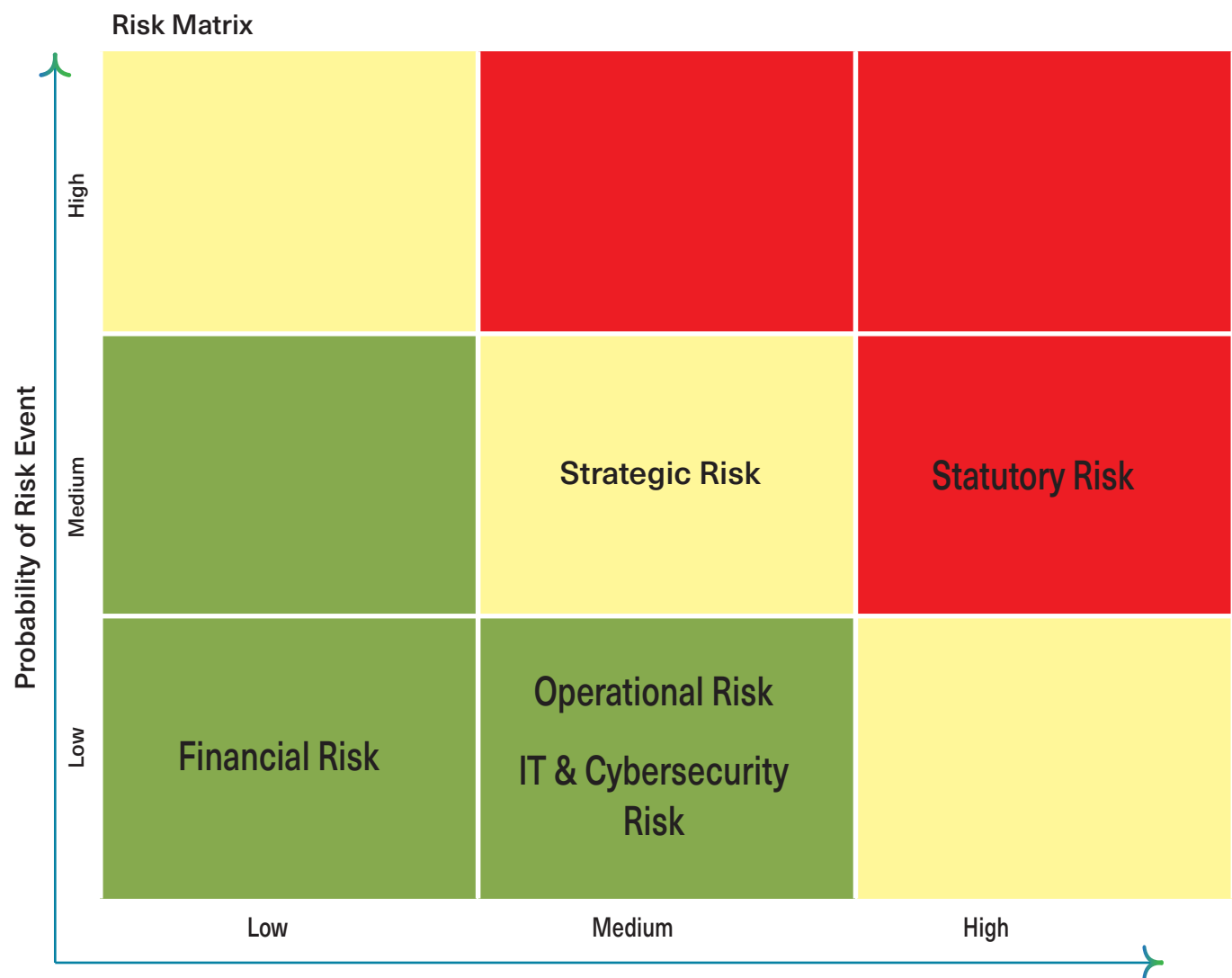


With increasing digitalisation across all business operations and increasing use of Information Technology, there is potential for data privacy and cyber security risks arising due to outdated software, hacker attacks, etc. The probability for IT and Cybersecurity risks is low as most processes are internal to the Company; impact is medium as there is potential to disrupt the continuity of daily operations.

### Mitigation Plans and Actions

Updated firewalls in the network system

The Company is moving towards advanced security measures in phases



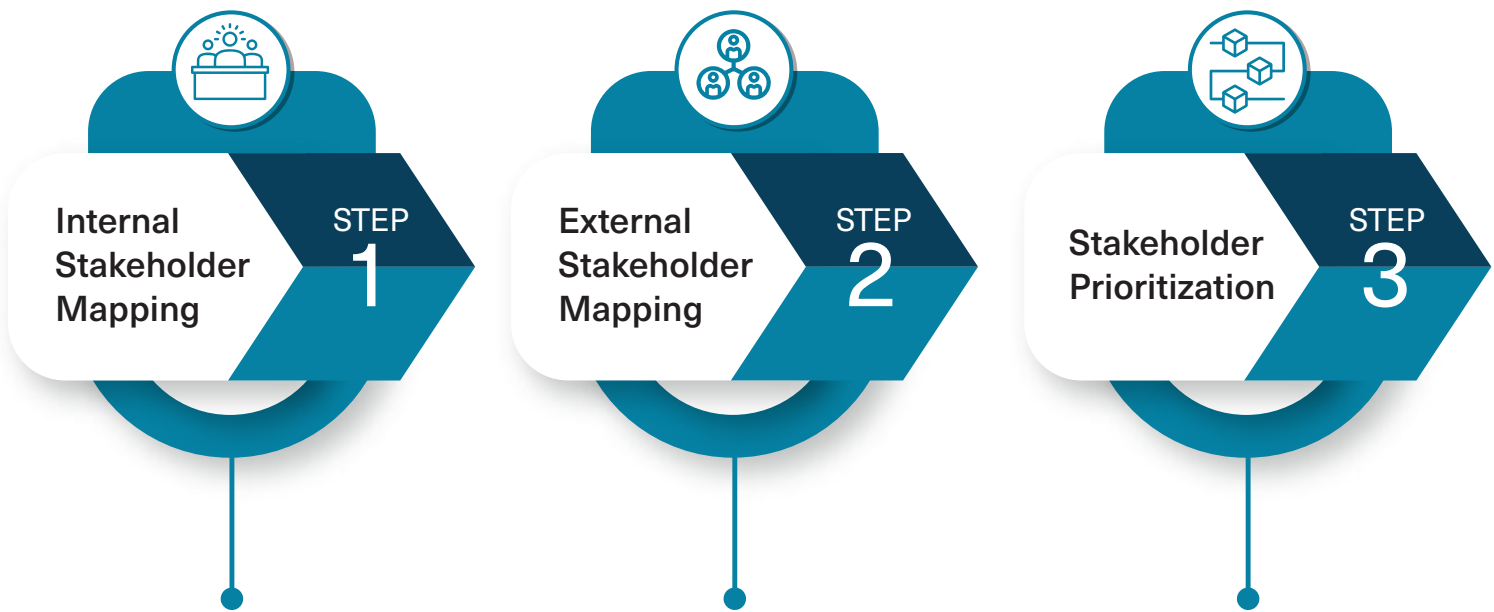
**GPIL is of the belief that while risks are not entirely avoidable, their impact on the business can be reduced by the following practices:**

- > Transferring the risk by buying an insurance policy or entering into a forward contract
- > Sharing the risk by following the right strategy to own and transfer the risks, and
- > Retaining the risk by owning the risk and reducing their impact by implementing effective internal controls.

# Stakeholder Engagement & Materiality Assessment

GPIL views its stakeholders as partners in the creation of long-term value. Hence, effective and ongoing stakeholder engagement is essential to attaining the Company's strategic goals. GPIL seeks to balance the needs, interests, and expectations of the business with those of its stakeholders through an inclusive and integrated process. The Company's stakeholder engagement process has been carefully knit from continuous inputs from employees, board members, leadership team, and external consultations.

### Stakeholder Engagement Process:

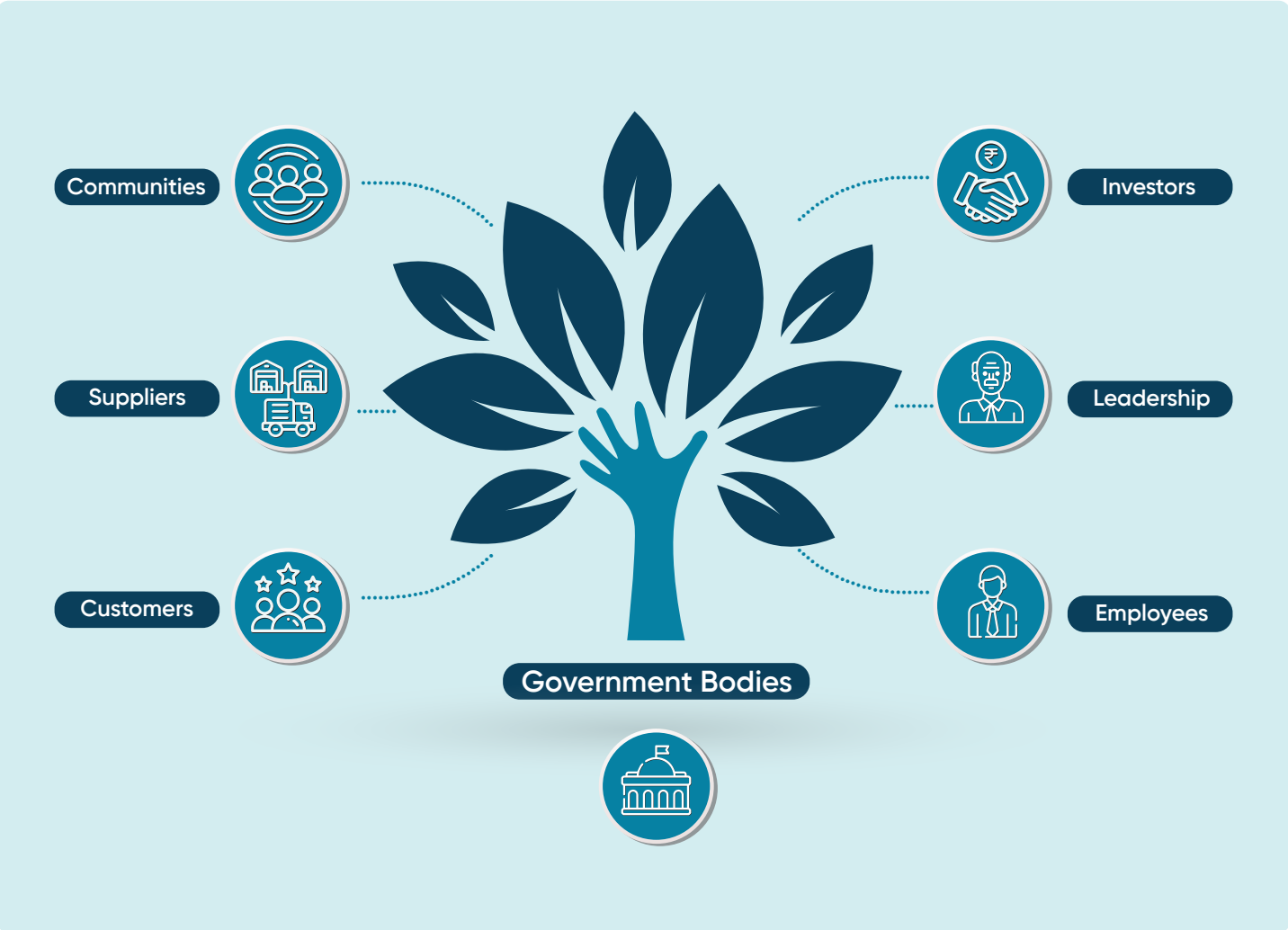


To identify and classify groups or individuals within the organisation who are a part of the important organisational functions and have a direct relationship with external stakeholders, the Company conducts internal stakeholder mapping exercise periodically.

Post the internal stakeholder mapping, the Company carries out an external stakeholder mapping effort to identify and classify outside organisations or individuals with an interest in or influence over our sustainability initiatives. Customers, suppliers, banks, investors, and communities that include farmers, retailers and Integrated Production System (IPS) farmers are the main groups.

The Company then prioritizes the stakeholders based on their degree of influence and impact on the Company as well as the level of impact that business activities has on them after the stakeholders have been identified. This aids the Company in identifying from the most important to the most vulnerable and marginalised stakeholders.

By interacting with the appropriate group of stakeholders in a transparent and accountable manner, the Company hopes to ensure that it is prioritising and tackling the most significant sustainability challenges and capitalising on the opportunities that are identified for the organisation. Based on the stakeholder analysis exercise conducted this year; the following key stakeholders were identified:



Investors



**Significance:** Investors provide GPIL with much needed capital that is essential for the continued operations of the Company.

GPIL engages with its investors on a quarterly/annual basis through various mediums like website, annual general meetings, annual reports, mailers etc. GPIL's investors expect the Company to provide a consistent growth of ROI, create competitive advantage, comply with regulatory guidelines, maintain good reputation, and adopt robust and forward-looking corporate governance frameworks.

The Company aims to meet the expectations of the investors by continually monitoring and improving its performance in relevant areas to provide optimal returns.

Suppliers



**Significance:** Suppliers form an important part of GPIL's operations. They deliver products to the Company on time and enable the Company to keep its operations sustainable and, affordable, and meet the quality requirements, while adhering to timelines.

GPIL engages with its suppliers continuously through one-on-one sessions, supplier surveys, supplier onboarding assessments and trainings. GPIL's suppliers expect processes and best practices, long-term supply commitments, timely payments and continuity of orders along with good governance.

To meet the suppliers's expectations, GPIL continually reviews its procurement policy, processes, and ensures that preference is given to best-in-class suppliers who maintain a high standard of quality. Moreover, the Company undertakes periodic supplier assessments to ensure that its suppliers are operating in the most sustainable manner possible.

Customers



**Significance:** For GPIL to attain and maintain market leadership in particular industries, customers provide the Company the chance to build enduring, mutually beneficial collaborations. Additionally, they support business continuity and actively participate in creating responses to contemporary issues.

The Company continually engages with its customers through e-mails, townhalls, conferences, events, and surveys. GPIL's customers expect high quality products, fair pricing, a diverse range of products, and enhanced customer experience.

GPIL pays utmost priority to customer satisfaction and strives to develop diverse product catalogues as per customer demand. Additionally, the Company ensures a sustained level of high-quality products, and delivers a varied product range, in line with market demands & customer expectations.



## Leadership



### Significance:

The Company's leadership brings much needed experience and expertise to GPIL along with a wealth of knowledge and skills. Moreover, they mentor and guide other employees and help them develop professionally, which is of great value to the organisation.

The Company engages with its senior management and leadership team on a continuous basis through events, meetings, team building and leadership sessions, employee surveys, townhalls and one-on-one sessions with HR/leadership.

This group of stakeholders expects the Company to provide meaningful responsibilities along with professional growth, transparency, competitive remuneration and relevant benefits, a strong and positive work culture, recognition, appreciation and work-life balance. GPIL provides value to its leadership and top management by continually investing in their professional development, offering them career advancement opportunities, and ensuring that they get competitive pay and benefits.

## Community (Hawkers, Farmers and Retailers)



### Significance:

GPIL's retailers, farmers, and hawkers support the Company's wide supply and distribution channel. IPS farmers provide the Company with best quality tobacco leaves used for export and operations. Hawkers and retailers help the Company access and penetrate different segments of the market, represent the organisation at grassroot level and enable revenue generation.

The Company engages with its community on a continuous basis through telecalls, surveys, trainings, workshops and field visits. Retailers expect high quality products, competitive pricing, trade offers, strong customer service and timely delivery of goods from the Company. Tobacco farmers are provided Good Agriculture Practices (GAP) trainings, safety trainings and other support to ensure better quality produce. To meet the farmer community's expectations, GPIL also has a strong CSR program with initiatives aimed at meeting community needs and uplifting their standard of living.

## Employees



### Significance:

Employees form the backbone of GPIL. Their work is crucial for meeting Company's objectives and maintaining business operations.

The Company engages with its employees on a continuous basis through conferences, events, team building, trainings, employee surveys, townhalls, and one-on-one sessions with HR/leadership. Employees expect the Company to provide adequate learning & growth opportunities, career progression, upskilling, delegation and empowerment, attractive compensation & benefits, a positive work culture, recognition and appreciation, work-life balance, well-being, and occupational health & safety.

GPIL ensures a safe and secure working environment for all its employees. The Company makes sure that employees receive adequate opportunities to learn & grow. There is open merit-based compensation & rewards, timely payments & recognition for exceptional work. GPIL also offers a wide range of e-Learning and development programs to build organizational & people capabilities.

Moreover, the Company organises various wellness sessions to maintain the employees' mental and physical well-being.

## Government Bodies



### Significance:

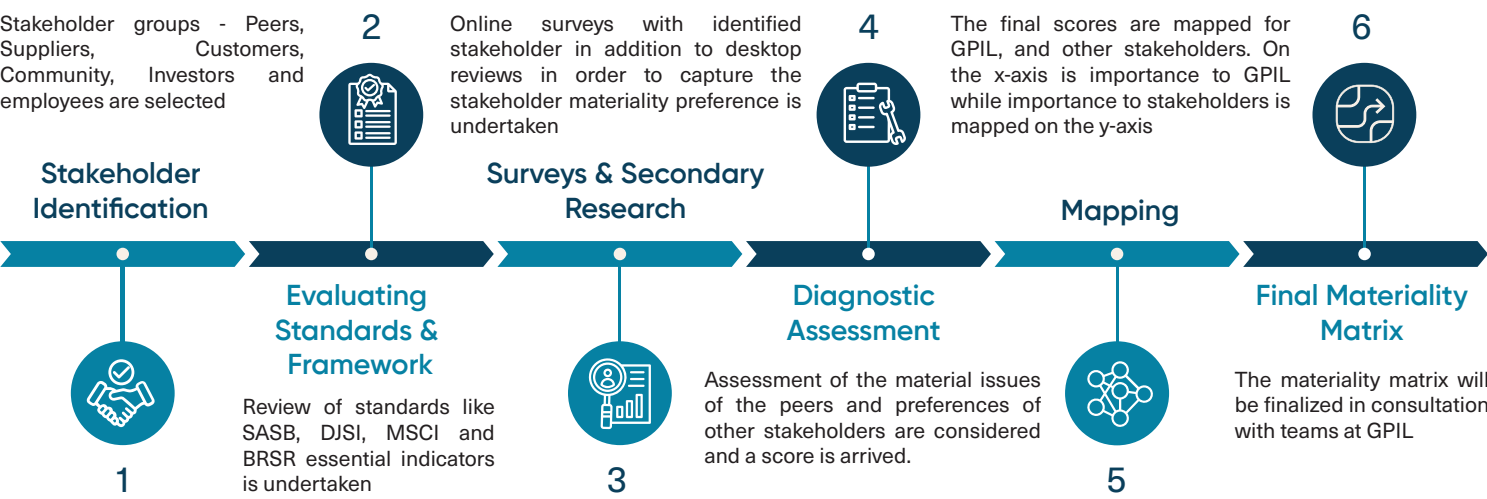
Government bodies draft policies and regulations that drive overall market outlook and also provides necessary guidelines to ensure that the Company functions in a smooth manner. Governmental bodies also enable GPIL to maintain ethical and responsible business practices by conducting periodic checks with regards to pollution, waste, water, energy, etc.

GPIL engages with the government through evidence and data-based advocacy, directly or through industry bodies. The Company adheres to all regulations and guidelines by governmental bodies and ensures timely payment of all taxes.

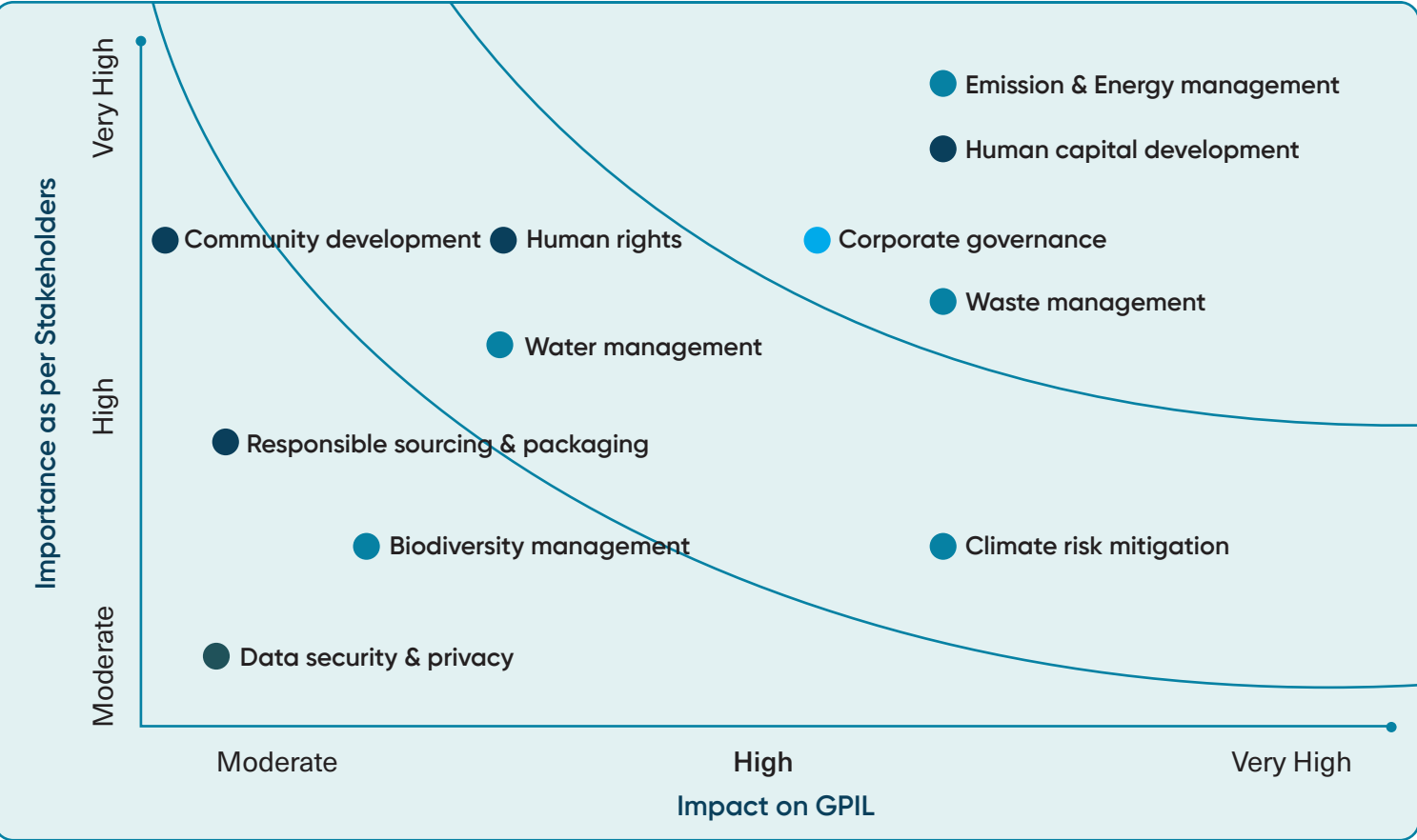


# Materiality Assessment

The Company has identified the issues that are significant to its business and stakeholders based on ESG considerations. The materiality assessment exercise was in accordance with the Global Reporting Initiative (GRI) standards which followed the six-step approach that is detailed below to choose the topics that would be relevant to the Company's operations:



The Company's continued delivery and improvement efforts will be concentrated on the ESG priorities that were determined by the outcomes of the materiality exercise. Customers, investors (shareholders), supply chain partners, employees and community representatives all contributed to the compilation of the findings, which are indicative of all potential business opportunities and risks and opportunities. The material topics for GPIL are plotted in the materiality matrix below:



Materiality Matrix, FY 2022-23

E S G

Rank	Material topics	Rank	Material topics
1	Emission & Energy management	7	Waste management
2	Human capital development	8	Responsible sourcing & packaging
3	Corporate governance	9	Climate risk mitigation
4	Water management	10	Biodiversity management
5	Human rights	11	Data security & privacy
6	Community development		



The findings of this materiality assessment exercise are categorised into 3 levels of importance for GPIL and its stakeholders: Very high, high, and moderate. The list of material topics further mapped with GRI indicators and UNSDGs is charted below:

Material topics	UNSDGs Alignment	Initiatives Taken by GPIL
Emissions and Energy Management		<ul style="list-style-type: none"> <li>• Use of energy efficient technology</li> </ul>
Human Capital Development		<ul style="list-style-type: none"> <li>• Skilling, upskilling and training programs</li> <li>• Community development programs</li> </ul>
Corporate Governance		<ul style="list-style-type: none"> <li>• Developed a robust corporate governance framework</li> </ul>
Water Management		<ul style="list-style-type: none"> <li>• Installation of rainwater harvesting in facilities</li> <li>• ETP for recycling and reusing waste water</li> <li>• Installation of check dams, tank development and other water recharge methods</li> <li>• Provision of Community RO Water Plants</li> </ul>
Human Rights	 	<ul style="list-style-type: none"> <li>• Health and safety measures at all offices and plants</li> <li>• Provision of PPE to Burley tobacco farmers</li> <li>• Provision of masks, earplugs, gloves, etc. as per requirement</li> <li>• Safe and discrimination free working environment, DEI initiatives, strong policies</li> </ul>

Material topics	UNSDGs Alignment	Initiatives Taken by GPIL
Community Development	  	<ul style="list-style-type: none"> <li>• CSR initiatives for WASH, education, livelihood, environment conservation</li> <li>• Community capacity building, awareness and engagement programs</li> </ul>
Waste Management		<ul style="list-style-type: none"> <li>• Reuse of tobacco, material like carton, plastic, paper in production</li> <li>• Use of biodegradable material</li> <li>• Reduction in generation of waste</li> </ul>
Responsible Sourcing and Packaging		<ul style="list-style-type: none"> <li>• Engagement with best-in-class suppliers with strong policies and practices on sustainability</li> <li>• Vendor assessments and audits</li> <li>• Use of biodegradable packaging</li> </ul>
Climate Risk Mitigation		<ul style="list-style-type: none"> <li>• Air quality monitoring</li> <li>• Climate change risk mitigation initiatives</li> </ul>
Biodiversity Management		<ul style="list-style-type: none"> <li>• Setting up of biodiversity parks</li> <li>• Forestations &amp; planting of trees</li> </ul>
Data Security and Privacy		<ul style="list-style-type: none"> <li>• Regular monitoring of data privacy measures</li> <li>• Updated information security and data retention policy</li> </ul>



# Strategic Focus: The 6 Capitals

## Financial Capital

Investing Towards a Better Tomorrow

Financial Capital lays down the foundation for the growth of the organisation and by opening up new growth opportunities. GPIL believes that finding and investing in new possibilities that have the potential to generate profits will help the Company to build long-term value for stakeholders and prudently utilise capital across the businesses to constantly improve the Company's financial performance.



### Financial Highlights FY 2022-23

**₹9,409 Crores**

(28.52% increase from previous FY)  
Gross Sales Value

**₹1,780 Crores**

(22.8% increase from  
previous FY) Gross Profits

**₹44**

Dividend Per Share

**₹483 Crores**

(19.0% improvement from previous  
FY) Gross Sales from 24SEVEN

**₹955 Crores**

69.5% growth from previous  
year International Gross  
Sales Value

**22.5%**

EBITDA

**₹802 Crores**

(27.9% increase from previous FY)  
EBITDA

**₹608 Crores**

(40.7% improvement  
from previous FY)  
Net Profits

**₹36 Crores**

Gross Sales of  
Confectionery Division

## Linkages with other Capitals

### Natural Capital:

The Company prioritizes investments in environmental stewardship, such as sustainable sourcing and reducing waste, to preserve and enhance natural resources.

### Social and Relationship Capital:

Strategic investments in CSR initiatives foster community well-being and strengthen relationships with stakeholders, creating shared value.

### Manufactured Capital:

Continuous investment in manufacturing facilities and processes ensure improved efficiency, product quality, and competitiveness in the market.

### Human Capital:

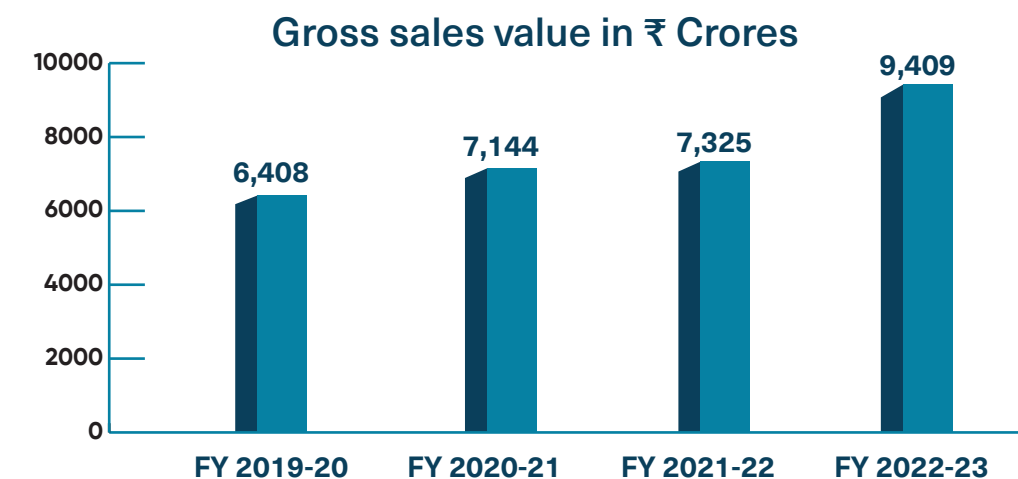
The Company investments in employee development and benefits empower its workforce and drives innovation, productivity, and long-term success.

## SDG Linkages



## Financial Performance – FY 2022-23

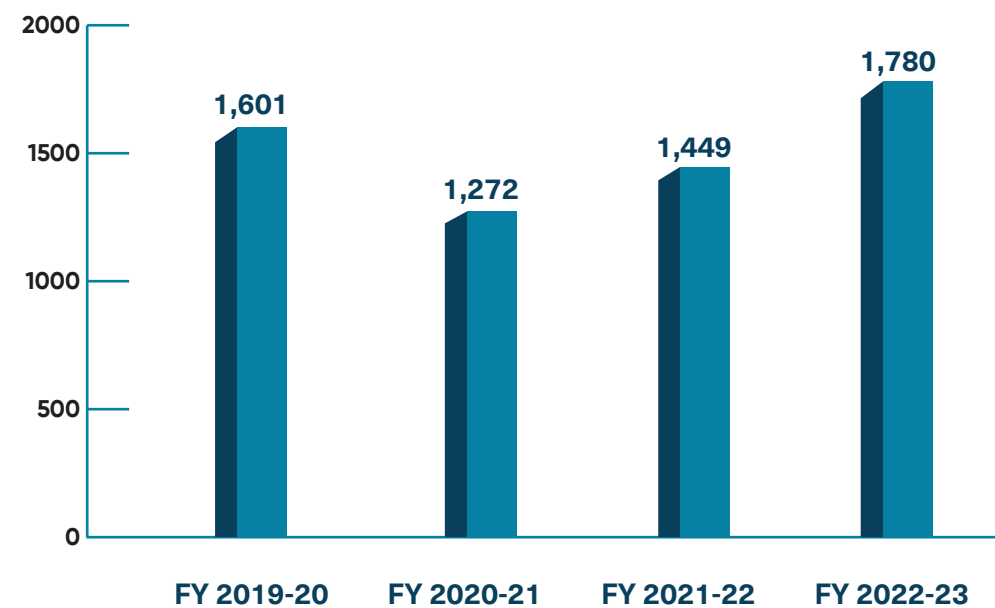
In terms of financial indicators, GPIL performed exceptionally in the fiscal year 2022-23. Keeping the momentum going from last year, the Company reported Gross Sales of Rs. 9,409 Crores and Net Profit of Rs. 608 Crores, representing increases of 28.5% and 40.7%, respectively, over the previous year. Our EBITDA (operating) margin has remained consistent at 22.5%. The Company's focused approach and improvements in the external environment have aided the Company in achieving these results.



Recovering from the pandemic phase, with the demand for the Company's products increasing, the Company was able to break previous years' ceilings with its exceptional gross sales figure of Rs. 9,409 Crores.



## Gross profit in ₹ Crores



Stemming from an increase in revenue, the gross profits for FY 2022-23 also showed an overall improvement of 23% from the previous FY. GPIL achieved net sales of Rs. 4,228 Crores in FY 2022-23. Out of the total figure, domestic tobacco sales, international tobacco sales, and non-tobacco sales constituted 67%, 23%, and 10% of the total net sales respectively.

## Growth Priorities of GPIL

GPIL aims to expand its market presence and boost profitability through strategic initiatives. The objective is to sustain growth momentum across all domestic and international markets to prepare a base for a quantum jump. The domestic business offers ample opportunities for which plans are in place to capitalize on internal capabilities and deliver growth. On the international business aspect, the Company plans to build on its existing contract manufactured cigarette export markets by strengthening relationships with international partners and exploring new market opportunities. Simultaneously, GPIL intends to augment its unmanufactured tobacco business. Through these multifaceted approaches, the Company is confident in its ability to drive growth and increase profitability in both the domestic and international markets.

## Investment into Learning & Development

The Company provided various training and skill development sessions to ensure the professional and personal development of all employees and workers. A detailed overview of these initiatives can be found in the 'Human Capital' Section.

## Investment in Environmental Initiatives

The Company has routinely invested into energy efficiency and energy conservation measures. A detailed financial overview of investments into such energy efficiency and energy conservation technology is listed below:

Technology	Cost Incurred (Rs. lacs) INR
Waste Heat Recovery System on Screw Vacuum Pumps	7.5
New Air Handling Unit (AHU) in Secondary Manufacturing Department (SMD), Heating, Ventilation & Air Conditioning (HVAC)	77.4
Substitution of Conventional Motors	8.4
Pneumatic (PN) Feed Blower Controlling	2.2
Auto Shut Off Valve	2.3
Replacement of Lead Acid Batteries	234.5

## Investing in the Community

GPIL's People-First philosophy continually drives the Company's investments into its people and the communities associated with it. The Company makes efficient use of its CSR expenditure pool and invests in various community development initiatives over the period of the financial year. An overview of the percentage utilisation of CSR funds is provided below.

### Percentage utilisation of CSR Funds across various initiatives.

Initiative	Fund %
Check Dams	39.0
Biodiversity Parks	28.3
Community RO Water Plant	11.6
Desilting of Community Ponds	6.0
Child Labour Elimination Program	5.2
Water Tank Management	2.4
Community Sheds for Agri-produce	1.9
Health Camps	1.7

A detailed overview of these community initiatives can be found in the Social and Relationship Capital.

# Human Capital

Putting People First

GPIL's philosophy of 'People-First' is intrinsic to its business activities. Resonating with its theme of 'Together For A Better Tomorrow' GPIL works in close collaboration with all its stakeholders for continued, sustainable development. This is achieved by fostering an environment that is innovative, inclusive, promotes health and wellbeing, and ensures safety for all. We are an equal opportunity employer, the Company focuses on promoting merit, prioritises learning, reskilling and upskilling as a part of growth and development for all its employees.

## Targets and Goals

Continuous endeavour to maintain zero accident record at factories and office premises (YoY)	100% of contracted farmers associated with us to be trained on safe working environment ( Use of PPE during CPA application and also while handling wet green tobacco.	With FY23 as baseline, 20% increase in learning manhours by FY25 and sustain thereafter
Continue to be an equal opportunity employer (YoY)	Zero tolerance for violation of Company's Code of Conduct and train 100% of the employees on Code of Conduct	Continue to be a 'Great Place to Work' organisation (YoY)

PPE denotes personal Protective Equipment; CPA denotes Crop Protection Agents

## Key Highlights

<b>1046</b> Total Employees	<b>57</b> Women Employees	<b>0</b> Number of complaints on working conditions/ health & safety
<b>65</b> Total Workers	<b>0</b> recordable work-related injuries/No. of Fatalities	<b>25,621</b> Hours of Training
<b>Robust Health and Safety Mechanisms</b>	<b>951</b> Number of employees that underwent performance evaluation	<b>Awarded with “Great Place to Work” – 5 years in a row</b>

## Key Material Topics Under Human Capital

- Human Capital Development

## Linkages with other Capitals

### Intellectual Capital:

Human Capital includes all the knowledge and experience of employees within the organisation that helps in innovating processes and implementing best practices.

### Financial Capital:

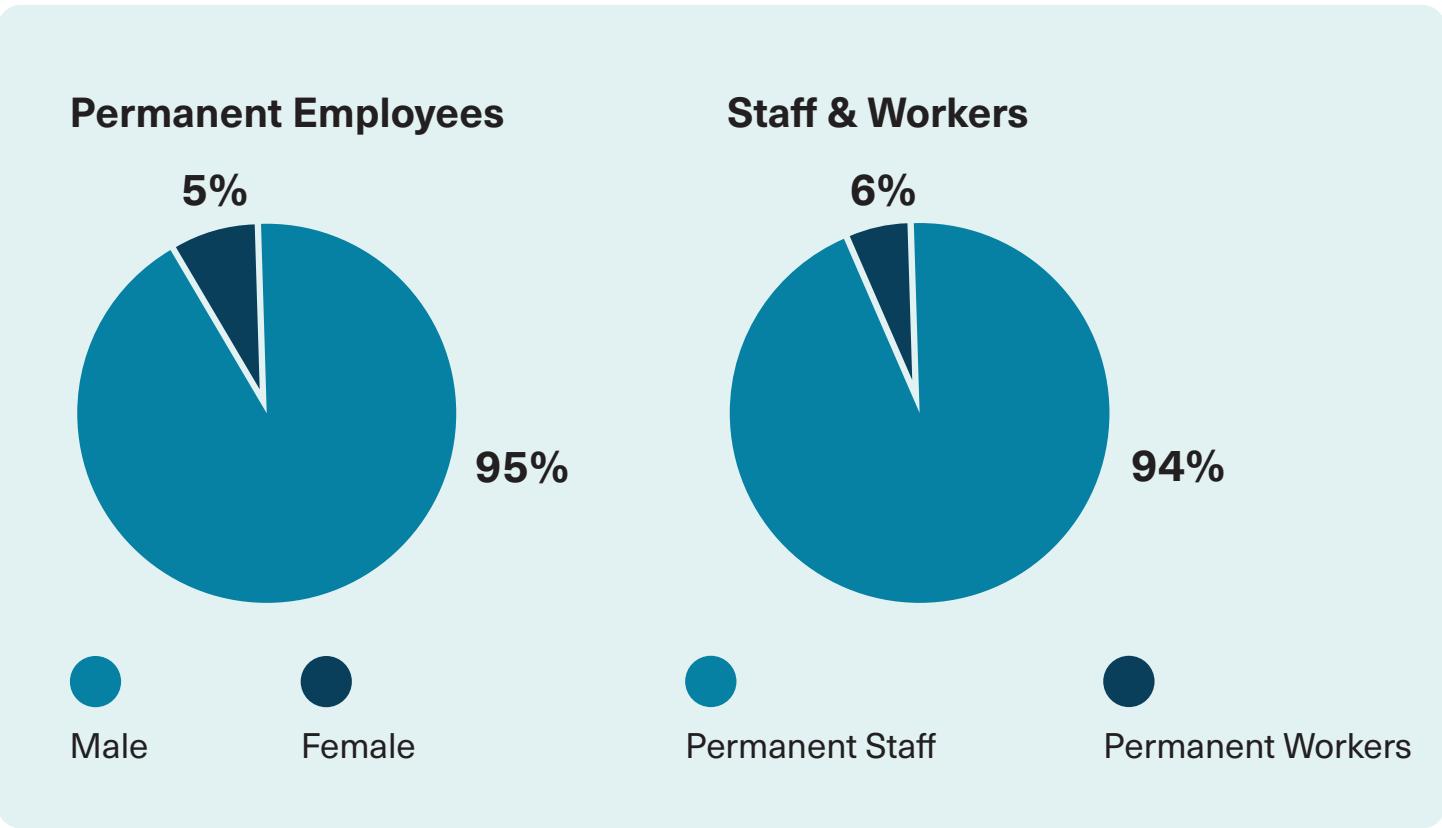
The investment in Human Capital shows the ability of a Company to create Financial Capital in the future.

## SDG Linkages



## Workforce Composition and Development

The Company follows its promoter, late KK Modi's wise words – 'Bet On People, Not Strategies'. The Company has demonstrated its commitment to promoting the well-being and development of all employees through a variety of initiatives and programs. GPIL has a total of 1,046 employees, out of which 989 are males and 57 are females. The Company also has 65 male workers.



\*Differently Abled Employees: Of the total employees, one employee is differently abled.



Building Employee Capabilities

Learning is vital in today's fast-paced, highly competitive environment. GPIL's Human Resources Department works collaboratively with business teams to build employee and functional capabilities for medium to long-term durations.

The purpose of GPIL's learning policy is to:

- Enhance the capabilities of its professionals
- Improve the business literacy and competence of all associates
- Aim for best in class execution of key business processes
- Develop best-in-class leaders/managers.



The HR department supports the learning culture by identifying training needs, post discussion with line managers, developing training content, and conducting/facilitating training programs/learning interventions.

Trainings at GPIL (Number of Trainings)



A Brief List of the Training Programs Conducted in FY 2022-23	
Software Trainings	Soft Skill Trainings
Cybersecurity Trainings	Business Operation Trainings
Food Safety and Management Trainings	Health and Safety Trainings
Environment Management Trainings	Awareness on POSH and Human Rights
Fire Safety Trainings	ESG & Sustainability Trainings
GCSD (Sales & Distribution) Function Related Trainings	

Aside from the various training and skill development sessions, the Company has many avenues for overall development of its employees. These initiatives are detailed below:

Education Assistance Policy:

The purpose of this policy is to provide GPIL employees an opportunity to pursue higher education relevant to their employment at GPIL by providing financial assistance for professional advancement and growth. The program of study must be directly related to employment at GPIL and with GPIL business objectives. Programs covered under this policy are those long-term higher academic or professional courses resulting in a degree or diploma. There are two cases of Higher Education Assistance in FY 2022-23, for which the Company provided financial assistance.

Employee Testimonials on Education Assistance Policy:

**S Rahul**  
I have been a GPIte for over 4 years. While I appreciate all the benefits and perks, I receive from GPIL, it is the culture of care and commitment towards employees and its associated people that I most admire. I have career ambitions and aspirations that I felt free to share with my Manager and HR and they not just listened, they helped me plan it. They suggested various trainings and courses that could enable my growth plan and basis my choice they aided with funds. It was as simple as that. I am proud to be a part of such an organisation!

**Harshit Gupta**  
I have been with GPI for more than 10 years as part of the operations team at Guldhar. The business environment is changing rapidly and more so in the production space. The evolving nature of operations gives us an opportunity to not only look at innovative methods but actually force us to relook at our regular practices. I was already an engineering graduate, but I realized that this was my opportunity to pick new skill sets & knowledge and provide value to my organization. I shared it with my manager and HR; I received both encouragement and support. I pursued AEDC (Advanced Engineering Diploma) course of ISHRAE in HVAC which I have completed successfully and now I take pride in what I bring to the table. If you want to learn, GPI is the organization for you!



**Career Planning:**

The focus of career planning at GPIL is to map skills & competencies of employees, their career & growth aspirations to opportunities within the organization. GPIL also aims to ensure that there is an optimum fit between a person's competencies and potential, organisation culture, and job requirements to the best extent possible and provides learning & development support to bridge competency gap, if any.

**Succession Planning:**

Succession planning helps to ensure the smooth transition of employees in critical positions that fall vacant due to retirement, resignation or any other reasons. Along with career planning, succession planning ensures continuity of dependable and capable leadership. It also allows for skill, knowledge, and experience to be imparted along with fresh perspective. Therefore, both these systems are iterative and work closely with one another. The Company endeavours to plan succession and continuity with rigour in identification, evaluation, knowledge transfer, training, and promotion plans for deserving employees.

**Occupational Health and Safety at GPIL**

GPIL has a well documented Environment, Health and Safety Policy. The Company also has an ISO 45001: 2018 accredited management system for occupational health and safety. Certified External Auditors conduct audits of this system annually. Over and above, the Company organizes health screenings, vaccination drives, sessions on fitness and well-being, and maintains a safe and hygienic work environment.

All incident information is captured through near miss reporting and safety tickets. Detailed investigations are carried out on all accidents, however minor, and corrective & preventive measures are taken based on the findings. The learnings from the accidents and near miss scenarios are disseminated across the organisation at periodic intervals and compliances are periodically updated. In the expansion of reporting incident information, the Company has a Hazard Identification and Risk assessment process of ISO, ASPECT IMPACT, OCP, and Training and Awareness programs to cater to the risks. Furthermore, GPIL has processes for workers to report work-related hazards and to remove themselves from such risks. The Company encourages workers to report hazards and their issues in both the central department and safety committee meetings. At relevant Company locations, emergency response procedures are also in place.

Additionally, the Company also has an EHS risk management framework. This framework entails a set of processes for continual risk identification, assessment, and mitigation, with the active participation of the workforce in each of its facilities. Shop floor processes in this regard include hazard-spotting tours, suggestion schemes, daily briefings, and periodic EHS committee meetings in which employees also participate.

[Click here to see Company's EHS Policy.](#)

**Work-life Balance and Employee Well-being at GPIL**

Working hours and casual hours need to reflect an adequate balance of the quality of work life of all employees. It is recognised that for certain categories of employees' business-related work may transcend the routine office timings; whilst for other categories business may be purely confined to the work hours and timings.

- Individual locations can decide on work timings; holidays and weekly offs subject to the broad guidelines given in the policy.
- All the employees are provided with minimum 9 days of scheduled holidays in a year, with 2 more holidays in a year out of the restricted list, at their choice.



**Diversity, Equity and Inclusion at GPIL**

GPIL consistently endeavours to establish an inclusive and equitable environment where all employees feel valued and respected. The Company has Equal Opportunity Policy in place and does not discriminate on the grounds of age, ethnicity, colour, gender, marital status, disability, religion or religious beliefs, caste, or orientation. All employees and potential employees are treated with respect and dignity and provided equal opportunities for development and career progression; opportunities are based on merit, performance, ability and potential consistent with business requirements.

Furthermore, the Equal Opportunity Policy of GPIL complies with the Rights of Persons with Disabilities Act 2016, which ensures that individuals with disabilities are not discriminated against in any form and are provided adequate support. GPIL understands how critical it is to make sure that employees and visitors, especially those with disabilities, are able utilize its facilities. The Company has also undertaken steps to provide adequate accessibility facilities to its employees and persons with disabilities wherever and whenever required and will continue to make efforts towards creating an inclusive workplace.

Moreover, women representation, involvement and gender equality are recognised by GPIL at all organisational levels. To enable growth of women employees, GPIL has introduced initiatives such as flexible work schedules for new mothers, special work related travel entitlements, training and development, networking, and mentorship opportunities. An Internal Complaints Committee (ICC) has also been established by the Company as per regulations to guarantee a secure work environment for all women employees.

## Employee Engagement and Benefits

GPIL has various programs to boost productivity, attract, engage & retain talent, and maintain a good working culture. With a robust communication framework, recognition and reward programs, team building meets, informal events, coaching, forums for learning and sharing knowledge, the Company consistently focuses on short and long-term plans for employee engagement.

The Company also promotes work-life balance by encouraging employees to take regular leaves or breaks to support their personal and family needs to foster a healthy and productive work environment. The Company offers various types of leaves including Earned Leave, Sick Leave, Casual Leave, and Maternity Leave.

Going the extra mile, the Company also provides the following benefits:
Housing Loan Scheme
Vehicle Loan Scheme
Laptop Loan Scheme
Leave Travel Assistance
Employee Health Schemes and Insurance Plans
Rewards Scheme



GPIL believes that the medical support offered by the Company is among the best in class. The Company's medical support policy takes care of the medical needs of its employees.

The Company also has Group Accident policy (GPA), and Group Term Life Insurance (GTLI) which provide cover of varying degree to various employees.

Apart from the benefits stated above, all the employees are provided with the statutory and retirement benefits.

## Labour Relations and Positive Employee Relations

GPIL has been certified as a Great Place to Work consecutively for the 5th year. The Company has succeeded in fostering a high-trust, high-performance culture for all its employees in all five dimensions of credibility, respect, fairness, pride, and camaraderie. GPIL was recognised as a Great Place to Work through an objective and rigorous workplace culture assessment process; Company's excellence in upholding its values and behaviour by ensuring exceptional care and support for the employees, even during a challenging period of the COVID pandemic, was highly appreciated.

GPIL believes that its employees' experience can be continuously enhanced and pursues it through the following practices:



The Company strongly believes that employee growth is directly correlated with business growth; as a result, GPIL is committed to establishing and maintaining an environment at work where everyone feels safe, healthy, happy, heard, appreciated, and respected, regardless of their ethnicity, gender, region, religious beliefs, or physical capabilities. The Company has aptly named this spirit of togetherness, respect, and bond beyond business as “One GPI”.

The Company also has robust labour relations, with some workers proudly associated over generations. The Company has an effective communication framework to ensure open and transparent discussion of issues, appreciation and recognition, collective bargaining and a redressal system. The Grievance Redressal Mechanism in place is available to all employees, workers and associates, and it aims to ensure that the grievance is handled in a timebound, objective, fair & just manner and ensuring swift redressal while adhering to the Company's standards. Before meeting with senior management, employees and workers are encouraged to first discuss their concerns with their immediate superior and attempt a resolution. Additionally, GPIL has a Whistle-blower Policy through which employees can raise any concerns. The policy is also displayed in regional languages at facilities to ensure awareness. The presence of Whistle-blower policy gives confidence to employees to report any undesired behaviour/practice and helps uphold Company ethics & values on the one hand and business interests on the other hand.

[Click here to read Company's Whistleblower Policy.](#)



# Intellectual Capital

## Innovating for a Better Tomorrow

The Company's promoter, late Mr. KK Modi believed in re-inventing oneself because he equated stagnation to dying. GPIL continues to follow and thrive on his words of wisdom. The Company is cognizant of the changing market trends and is constantly broadening its scope for research and innovation to deliver the best value to its consumers and other stakeholders. With an in-depth knowledge of consumer trends and expertise in forecasting market needs, GPIL puts great emphasis on product development and makes methodical investments in R&D and technology to further improve innovation in products and processes.

### Key Highlights FY 2022-23



ISO 17025 certified

₹12.1 crores

R&D Expenditure

0

Number of complaints  
related to data privacy

### Key Material Topics Linked to Intellectual Capital

- Data Security & Privacy
- Emission & Energy Management

### Linkages with other Capitals

#### Manufactured Capital:

Intellectual capital enables better use of Manufactured Capital. Through process innovations, efficiency is improved.

#### Social and Relationship Capital:

Interpersonal relationship enables people to express ideas, share information, resources, innovation, and opportunities.

#### Natural Capital:

Intellectual capital is linked with natural capital as the process of innovations, energy efficiency measures are a result of the intellectual capital.

### SDG Linkages



### Technological Innovation at GPIL

GPIL has made significant strides in enhancing energy efficiency and conserving energy within its manufacturing operations through the implementation of innovative technologies and measures. The 'Natural Capital' and 'Manufactured Capital' sections discuss these initiatives in detail. Other initiatives like the installation of a fume extraction system in-line, with a fume hood to arrest chemical fumes from chemical racks in the QA lab, also contribute towards a better environment. On the digital front, GPIL has taken efforts to digitalize training feedback forms, VQI system, and a stationery management system through modernized IT applications.

### Product Innovations and Development

Diversification of the portfolio and strengthening core offerings hold equal importance for GPIL. To introduce a variety of new products with distinctive USPs and enhance existing products, GPIL continues to work on product development. The Company has a sophisticated and modern ISO 17025 recognised laboratory, where novel analytical testing techniques are implemented to measure numerous product-specific parameters to assist the teams in the development of new products. The knowledge library is constantly updated with easily retrievable information about new advancements which is critical for constant innovation to match evolving consumer tastes. GPIL takes immense pride in its in-house development of various product components.

GPIL uses alternative raw materials, improved processes for increased efficiency, and waste minimization initiatives, to produce alternate mixes for each category of products. This helps in cost optimization while maintaining required quality requirements. The R&D department also forecasts future market requirements along with potential upgrades in regulatory standards. GPIL emphasises the importance of providing the R&D Department with the capacity to test novel components and chemicals. Monitoring processes are in place for regular assessment of the Company's progress in product development, cost reduction, and workflow effectiveness.

### Investing in R&D and Capex on Environmental Measures

The Company implements several strategies including energy conservation, technological absorption, adoption, and innovation, in their research and development. The organisation has an energy management system (EnMS), and it has outlined the tasks that must be completed for equipment operation and maintenance, as well as the improvements that must be made in these areas to Identify Significant Aspects and Hazards concerning air, water, and resource depletion. Dedicated to environmental excellence, GPIL maintained its commitment to enhancing the proportion of renewable energy and improving energy efficiency across all its locations.

GPIL employs novel techniques, experiments, and testing methodologies to develop environmentally friendly processes and products. The Company strives to reduce its environmental impact and minimize exposure of the environment to dangerous chemicals by leveraging technology and processes, as well as gradual investments in machinery and equipment that help lessen social and environmental repercussions. GPIL's ability to gauge the quality and shelf life of raw materials helps reduce waste and is good for business as well.

### Leveraging Information Technology

In today's fast-paced digital world, maintaining robust IT systems and prioritizing data privacy are vital for uninterrupted business operations and customer satisfaction. To achieve this goal, GPIL's IT team has implemented a range of initiatives aimed at transforming, modernizing, and automating the Company's



business practices. These initiatives not only enhance operational efficiency but also align the organisation with the latest technological advancements. By staying at the forefront of digital innovation, GPIL ensures its ability to adapt to changing market dynamics while safeguarding sensitive information and delivering exceptional customer experiences. These initiatives are highlighted in the table below:

KEY INITIATIVES	PURPOSE	BENEFITS
Cloud Migration	The core IT applications at GPIL have been migrated to a multi-cloud environment to ensure seamless availability and disaster recovery if needed.	The benefits of cloud migration range from provision of risk mitigation, business agility, to ensuring up to date and sustainable IT practices.
SSO Enabled OneConnect Portal	OneConnect portal is a new age Identity Governance & Administration (IGA) portal to enable employee self-service including employee on-boarding/de-boarding, cascading other employee centric information such as Corporate Events, IT policies, HR training module etc.	This portal enables the security of digital identities for all users, applications, and data. Moreover, secure access of all information is given to employees at all times.
Invoice Anywhere	This initiative allows submission and approvals of invoices for goods and services in a digitalized work flow thus enabling environmental sustainability by reducing paper waste.	This results in faster turnaround times and greater accuracy with minimum human intervention.
Digitization of Supply Chain using O9 Platform	End to end supply chain process digitization to improve visibility across inventory, stock on hand and aligning supply with demand patterns.	Digitization of supply chain helps in increasing resilience to supply chain fluctuations and leads to better productivity.
Smart Factory Setup	Plants have been automated using IoT and integrated ITOT setup.	Automation of plants helps with faster decision making through real time visibility of KPIs, and improvement of operational efficiencies.

GPIL is also ISO 27001 accredited and continuously adopts latest technologies to minimise IT risks.

Case Studies:

**Digital Initiatives at Leaf:** The Leaf Division of GPIL at Andhra Pradesh has introduced certain digital and technological initiatives to modernise their practices. A brief overview of the systems used at Leaf is given below:

**Farm digitization:** Farm digitization aims at 100% digitalisation of operations at farms and with farmers. It offers real-time data forecasting, makes Sustainable Tobacco Production (STP) deployment easier, offers traceability, and reduces the need for manual data collection on hard paper. Crop, social, and environmental data are currently being collected. On the social front, data on minimum wage and farm, for agricultural labour practices is done to eradicate child labour and other forms of labour abuse on the farms where GPI sources its tobacco. The collected data is available in different output formats as per end user convenience. Through data analysis, GPIL pinpoints risk factors and develops action/improvement strategies for the problems identified.

**Green Leaf Traceability System:** To guarantee the tobacco's dependability and traceability, the system stores source tracing data. It makes it possible to track tobacco leaf bales from their purchase until shipment. When buying and processing the bale, all of its details are recorded using a hand-held terminal (HHT), and the data is then transferred to a cloud server.

Intellectual Capital Protection:

GPIL's Information Security Policy provides a broad framework for implementation of the Information Security Management to ensure complete data privacy and cybersecurity. The policy includes a Cyber Crisis Management Plan to effectively address cyber-attacks and cyber-terrorism. This plan outlines a coordinated and multi-disciplinary framework for rapid identification, information exchange, swift response, and remedial actions. It aims to mitigate and recover from malicious cyber incidents that may impact critical business functions and processes. The plan ensures a broad-based approach, enabling GPIL to quickly and efficiently counter cyber threats, safeguarding the organisation's operations, and protecting sensitive information.

## Manufactured Capital

### A Manufacturing Legacy of Excellence, Quality and Sustainability

Manufactured capital refers to tangible assets which are acquired by the Company for the purpose of generating value for its stakeholders and achieving its business and strategic objectives. These are typically man-made and include components like buildings, machinery, vehicles, and other types of physical infrastructure that are used in the production of goods. GPIL constantly improves upon the type of machines in terms of energy efficiency and production capabilities and brings in infrastructure that is aimed at reducing fuel consumption.

## Key Highlights of Manufactured Capital FY 2022-23

<b>16,386</b> Million units Total Production	<b>48,660</b> Tons Leaf Processing	<b>146</b> Number of 24SEVEN Stores
<b>3</b> Total Number of Plants	<b>9</b> Total Number of Offices	<b>1,163</b> Million per Month Domestic Cigarettes Volume

## Key Material Topics under Manufactured Capital

- Emissions Management
- Water Management
- Waste Management

## Linkages with other Capitals

### Financial Capital:

Innovations in manufactured capital enable financial growth through adoption of more efficient methods of manufacturing.

### Natural Capital:

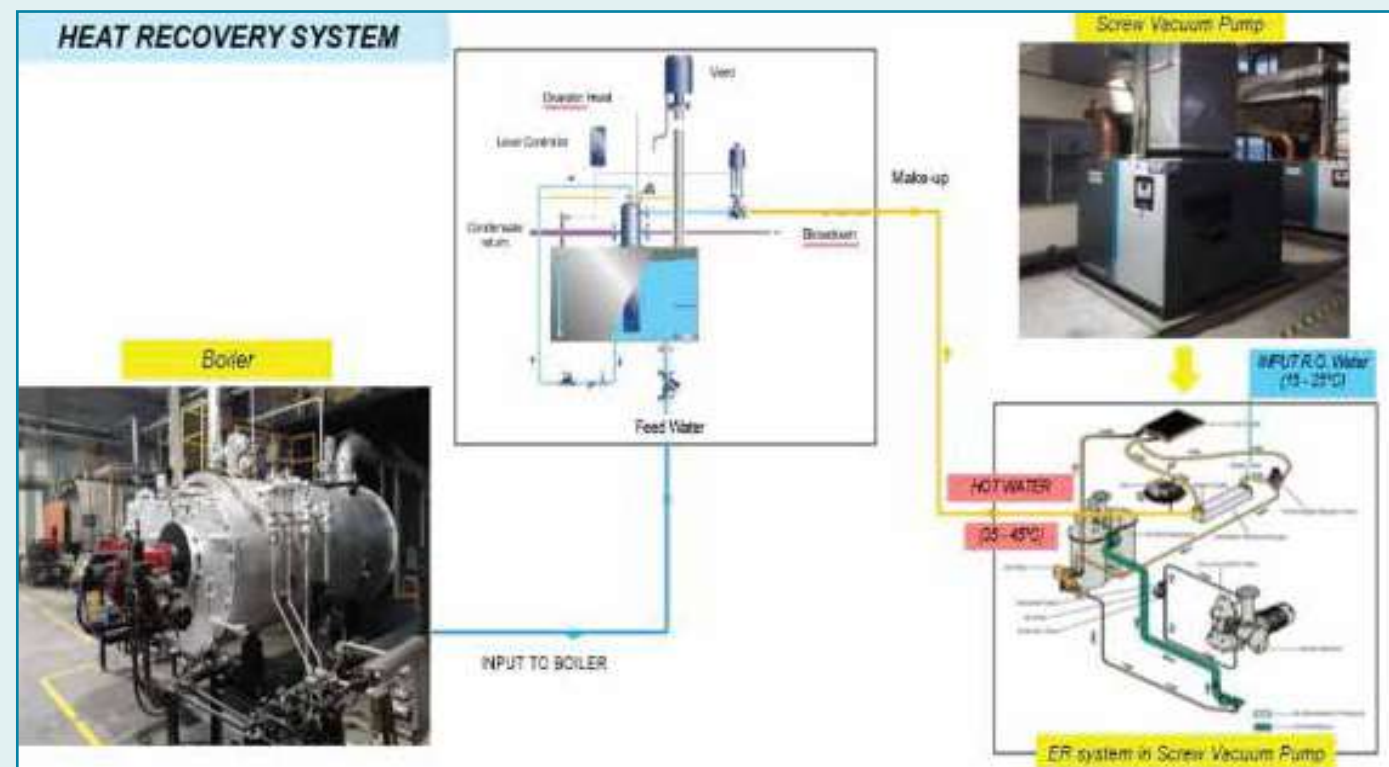
Implementation of energy efficient machines play an important role in reducing emissions.

## SDG LINKAGES



## Conservation of Energy through Technology

- Through the years, the Company has continually invested in technologies that help to cut down on fuel use and increase energy efficiency of operations.
- The Company explored the feasibility of a waste heat recovery system and implemented screw vacuum pumps for heating of feed water that goes into boilers.



GPL installed new and upgraded air handling units in the SMD (Secondary Manufacturing Department). Latest technology was adopted and energy efficient plug type fans with temperature based VFD control and revised air flow layout were implemented. The company replaced traditional induction motors in utilities and manufacturing equipment with IE-2 and IE-3 class energy efficient motors, which reduced core and iron losses.



For shop floor exits, the company installed high-speed automated doors to increase air conditioning efficiency and lower energy consumption. As a result, the air filtration load has decreased.

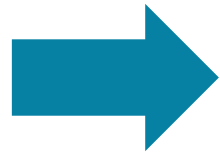


The Company has made investments in PLC-based feed blower control based on loading feedback, which has led to significant energy savings.

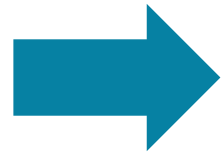




Sensor for machine loading feedback



PLC Programming for logic required



Command to drive for motor controlling

#### Programmable Logic Controllers (PLC) Based Controlling

To cut down on electricity waste, the Company installed an auto shut off valve in the compressed air line.



Auto shut off valves on individual machine input of compressed air

Finally, the Company replaced lead acid batteries of UPS technology with energy efficient Li-Ion batteries, which have a longer life and longer discharge time which leads to energy efficiency.

## Natural Capital

### Embracing Sustainable Progress, Together for Nature

Businesses are at risk from climate change, environmental degradation, and resource shortages. GPIL has an agricultural product at the core of its business and operations. Right from growing and sourcing tobacco leaves, to the usage of water in production operations to key materials of its products, natural resources are an important factor for the business. The Company has identified several environmental material topics which are focused on the conservation of the environment, strengthening ecosystems, and adequately managing climate change risk by taking measures, both in its supply chain and its operations. GPIL is also committed to environmental stewardship and has laid out a roadmap to attain its environmental goals and objectives.

#### Goals and Targets Pertaining to Natural Capital



##### Zero deforestation

in tobacco leaf buying and supply chain of paper used in cigarette manufacturing operations (sourced in India) by 2030



##### 30%

reduction in GHG emissions per unit of production in cigarette and reconstituted tobacco manufacturing plants by 2030



Become **carbon neutral** by 2030



##### 50%

of total energy consumed in across organisation to be from renewable sources by 2030



##### 5%

reduction in water consumption per unit of production in cigarette manufacturing by 2030



##### Replenish 30%

of water consumed by 2030



##### Zero waste

to landfill across manufacturing plants by 2030.



By 2028, **100%** of the tobacco purchased from GPI contracted farmers will not use highly hazardous pesticides (HHPs) as defined by FAO and WHO guidelines



## Key Highlights: Natural Capital

**18,386,971 MJ**

(17% increment over last year)

Total energy consumed from renewable sources

Implemented

**Biodegradable Packaging**

for Products – Including Cartons and Biaxially oriented polypropylene

**12.7%** of Value Chain Partners Assessed for Environmental Impact

**₹ 218.9 lakhs**

R&D and Capex on reducing Environmental and Social Impact of Operations:

### Rainwater Harvesting:

The Company has ensured water management through installation of rainwater harvesting units at various plant locations which also contributes to effective reuse of water

### Development of Biodiversity Parks in FY 2022-23:

1. 7-acre park at Darsi Region
2. 7-acre park at Kurichedu Region

Plan to set up

**solar energy infrastructure.**

## Key Material Topics under Natural Capital

- Energy and Emissions Management
- Water Management
- Waste Management
- Biodiversity Management

## Linkages with other Capitals

### Social and Relationship Capital:

GPIL's CSR activities have had a positive environmental impact. Setting up of biodiversity parks is one of the examples.

### Manufactured Capital:

GPIL aims to make all operations energy efficient, to reduce emissions and energy consumption. The Company continually invests in energy efficient machines and technology to reduce its environmental footprint.

### Financial Capital:

The Company continually makes financial investments into initiatives and practices environmental stewardship.

## SDG Linkages



## GPIL's Environmental Performance

**(14001:2015)**

Environmental Management System

**(50001:2018)**

Energy Management System

**ISO 9001**

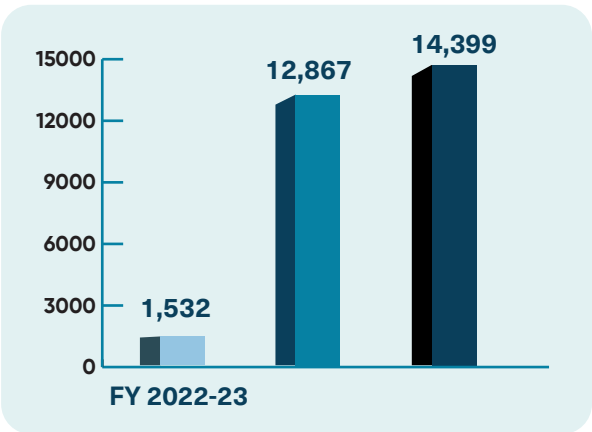
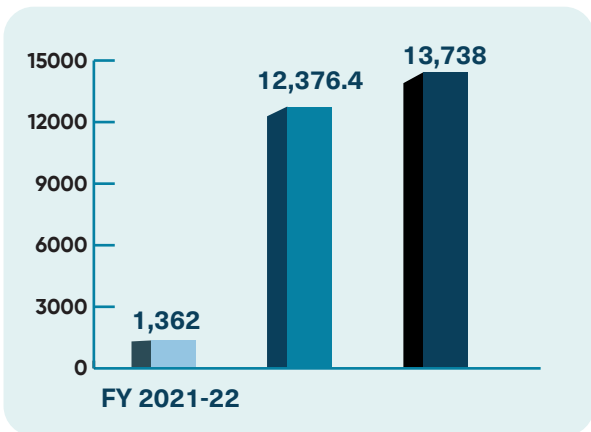
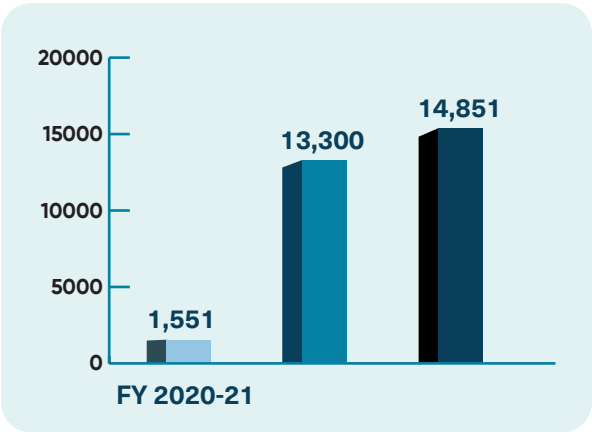
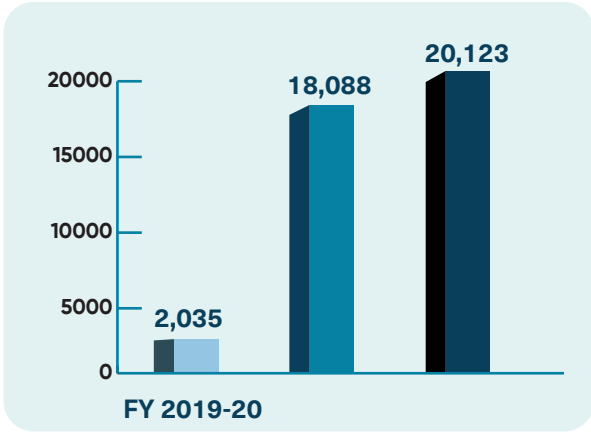
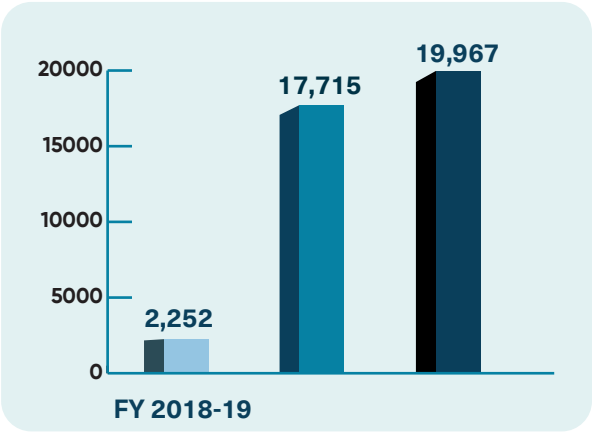
**ISO 45001**

## Emissions Profile

GPIL practices quantifying and accurate reporting of emissions that arise from business operations annually. Scope 1 and Scope 2 emissions are monitored at the Company's facilities, corporate office, and other units.

The Company expects to be able to monitor and disclose Scope 3 emissions in the coming financial years. An overview of scope 1 and scope 2 emissions is provided in the image below:

### Scope 1 and Scope 2 Emissions (Mtco2e)



Scope 1

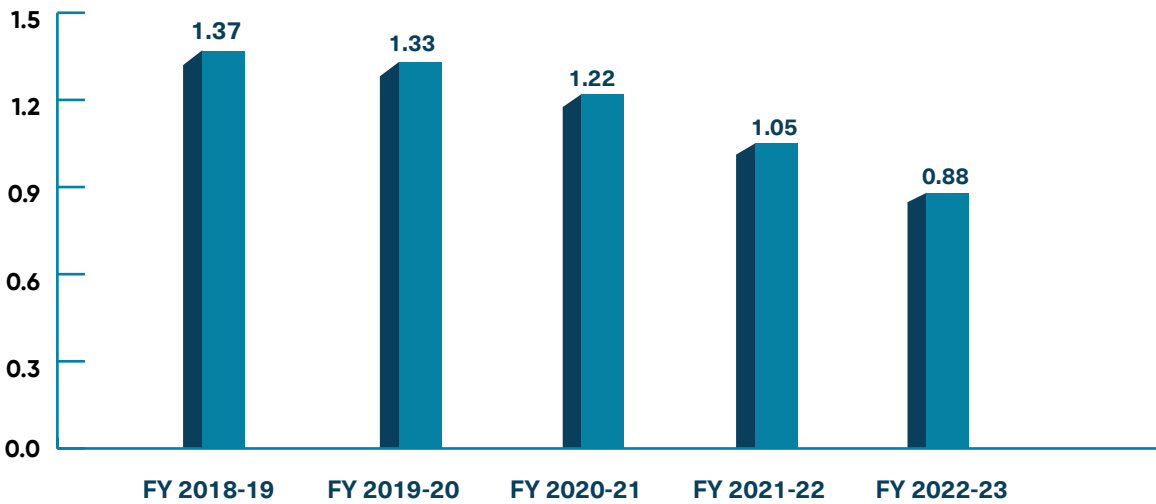
Scope 2

Total

### Total Emissions Reduction in Comparison to Base Year

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Emissions Reduction in Comparison to Base Year (MTCO2e)	(156)	5,116	6,228.5	5,567.9
Percentage reduction in emissions in comparison to base year	-1%	26%	32%	28%

### Emissions Intensity (Mtco2e/Million Units)

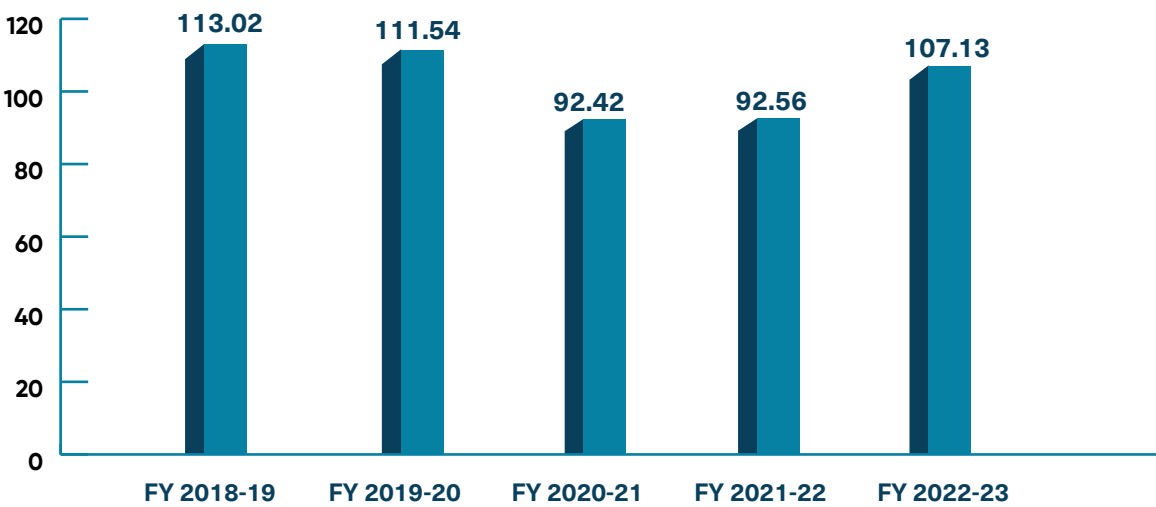


The Company portrayed an improved performance in the three years leading from FY 2019-20. FY 2020-21 and FY 2021-22 saw emission reduction percentages of 26% and 31% compared to the base year of FY 2018-19, partly due to decreased production operations owing to the pandemic. Additionally, to improve environmental performance and reduce emissions, the Company has implemented several energy efficiency measures which have led to continued reduction in total emissions from the base year. Compared to the base year, the emissions in FY 2022-23 were reduced by 28%. GPIL aims to continue its exceptional performance when it comes to emissions reduction, and eventually reach its target of 30% reduction in GHG emissions per unit of production in cigarette and reconstituted tobacco manufacturing plants by 2030. Moreover, the emissions intensity also shows a downward trend since the base year, which highlights the improvement in the efficiency of production practices implemented at GPIL.

### Energy Profile

The Company diligently monitors all energy consumption, since achieving the Company's goals related to reducing energy consumption and emissions are highly dependent on accurate monitoring of energy usage from all sources. By optimising energy use and implementing energy saving measures, the Company has been able to gradually reduce its overall energy consumption.

### Total Energy Consumption In TJ

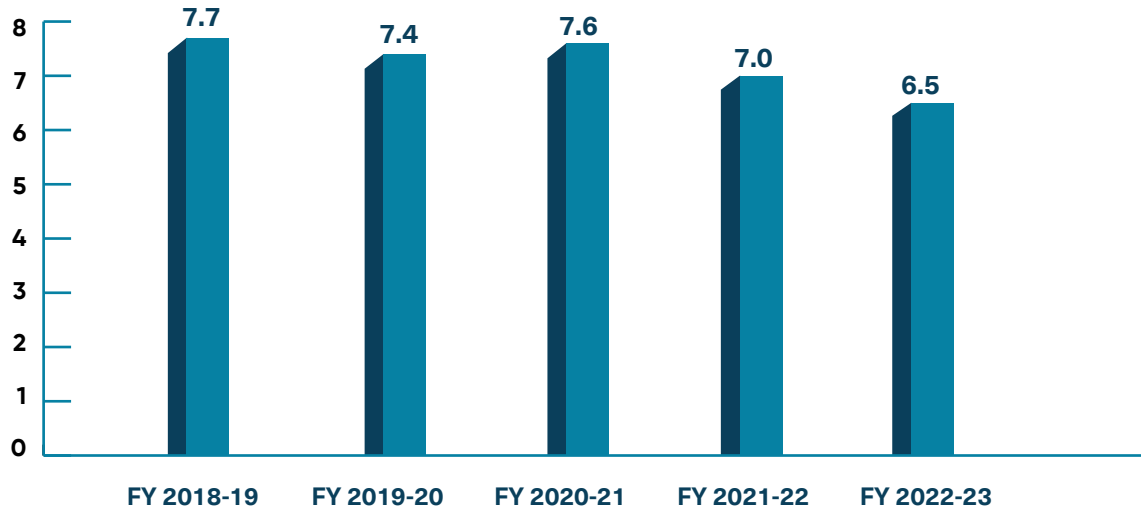




Reduction in Total Energy Consumption Compared to Base Year

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Energy Consumption Reduction in comparison to Base Year (TJ)	1.48	20.60	20.46	5.89
Percentage reduction in energy consumption in comparison to base year	1%	18%	18%	5%

Energy Intensity (GJ/Million Units)



In FY 2020-21 and FY 2021-22, the energy consumption reduced by approximately 18% when compared to the base year FY 2018-19, since production was impacted due to the global pandemic. However, the Company continues to maintain a positive trend when it comes to reducing energy consumption, and in the current year, energy consumption reduced by 5%, compared to the base year.

The reduction in energy consumption stems from the various efforts initiated by GPIL for energy efficiency. While the of percentage energy reduction compared to the previous two years is lesser, the energy intensity per million units of domestically produced units also improved, due to optimisation of energy use and energy conservation measures.

To reduce GHG and energy consumption, GPIL has taken several initiatives, specifically focusing on energy efficiency by investing in new technologies. The Company has set up automation in tube cleaning system of Heating, Ventilation and Air Conditioning (HVAC) plant and installed energy efficient equipment such as chillers, AHUs, motors, fans, pumps and agitators. Additionally, the Company has also installed a dual fuel kit in the DG set of 1250 KVA which runs on 70 % gas & 30 % HSD, hence reducing the emissions of greenhouse gases.

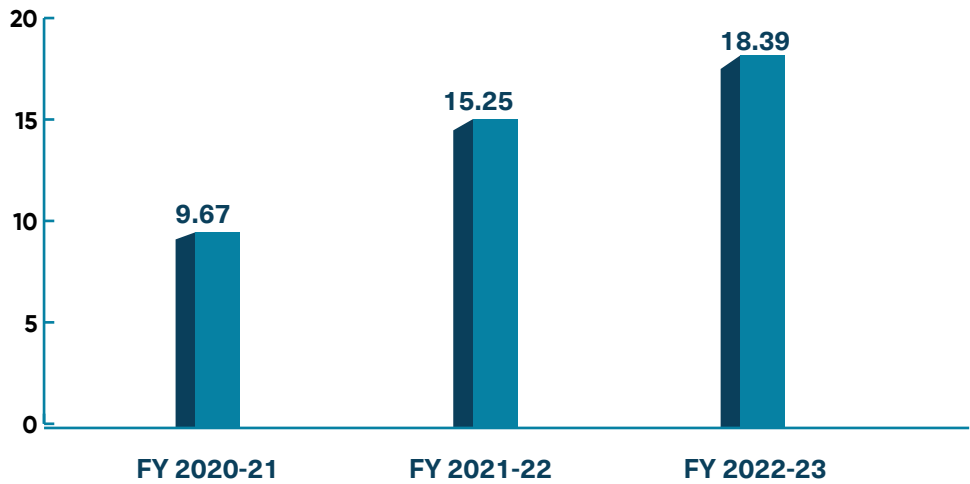
The details of these initiatives are detailed in the table below:

Initiative	Savings
Heat Recovery System and Screw Vacuum Pumps	5,500 standard cubic meters of PNG per annum
New AHUs in HVAC	85,000 units of electricity per annum
Upgradation of induction motors in production machines	66,000 units of electricity per annum
Feed Blower Controlling by Progtammable Logic Controllers (PLC) System	27,000 units of electricity per annum
Auto Shut Off Valve	29,000 units of electricity per annum
Usage of Li-Ion Batteries	21,000 units of electricity per annum

Renewable Energy Consumption

With regards to renewable energy consumption, GPIL has the goal of achieving 50% of total energy consumed in its own manufacturing to be from renewable sources by 2030. To this end, the Company has increased its renewable energy consumption year on year, starting from 2020-21.

Renewable Energy Consumption in Terajoule (TJ)



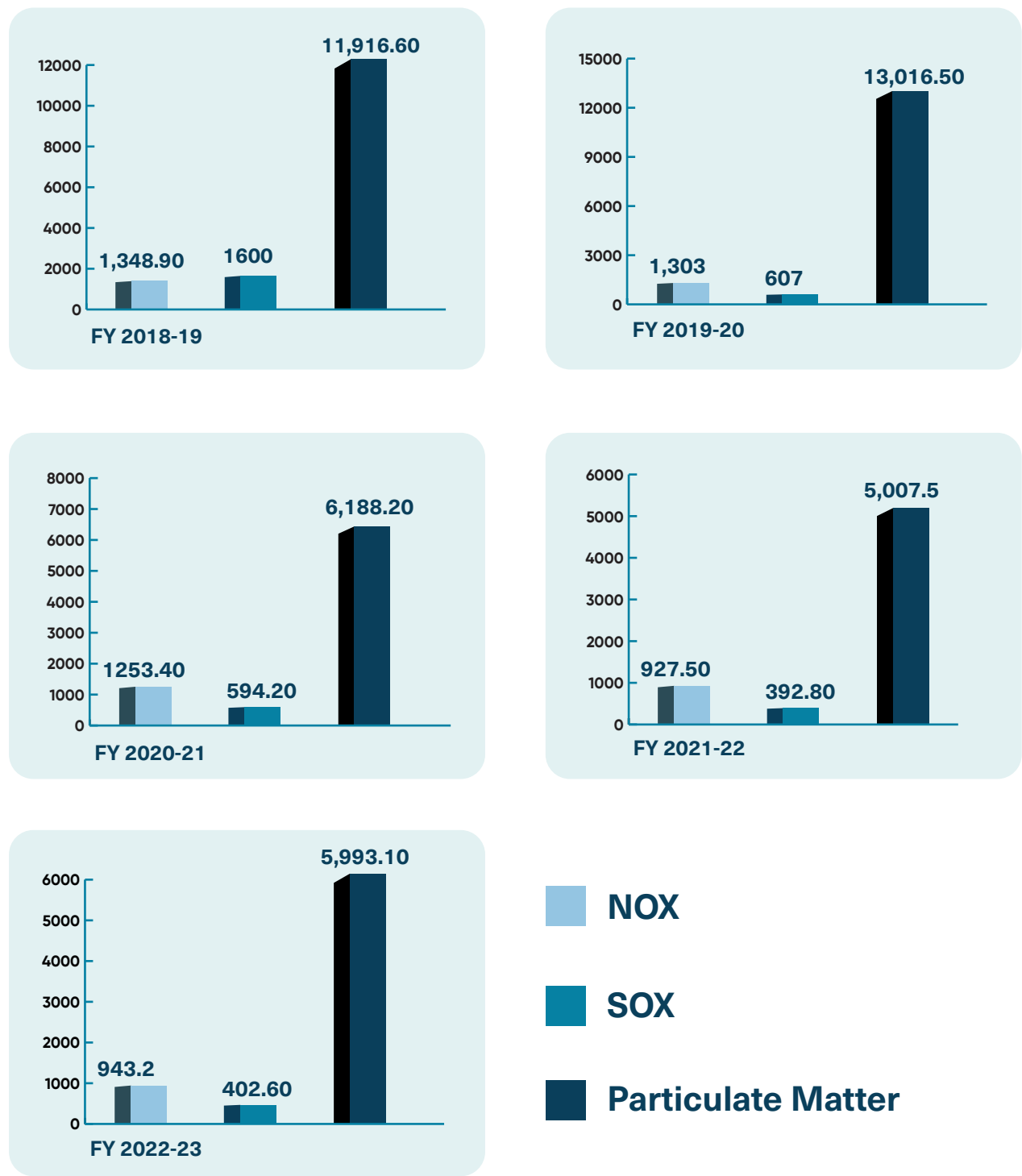
	FY 2020-21	FY 2021-22	FY 2022-23
Percentage of Renewable Energy Consumption in Comparison to Total Energy Consumption	10%	16%	17%

There has been an overall increase in the share of renewable energy use in comparison to total energy use. GPIL expects to scale up its renewable energy consumption percentage over the years to achieve its goals.

## Other Emissions

GPIL complies with all governmental and regulatory guidelines and ensures that all air emissions fall within the limits permitted by the governing bodies. The below chart highlights other air emissions (NOX, SOX, and particulate matter) over the past four years.

### Other Air Emissions (In Kg)

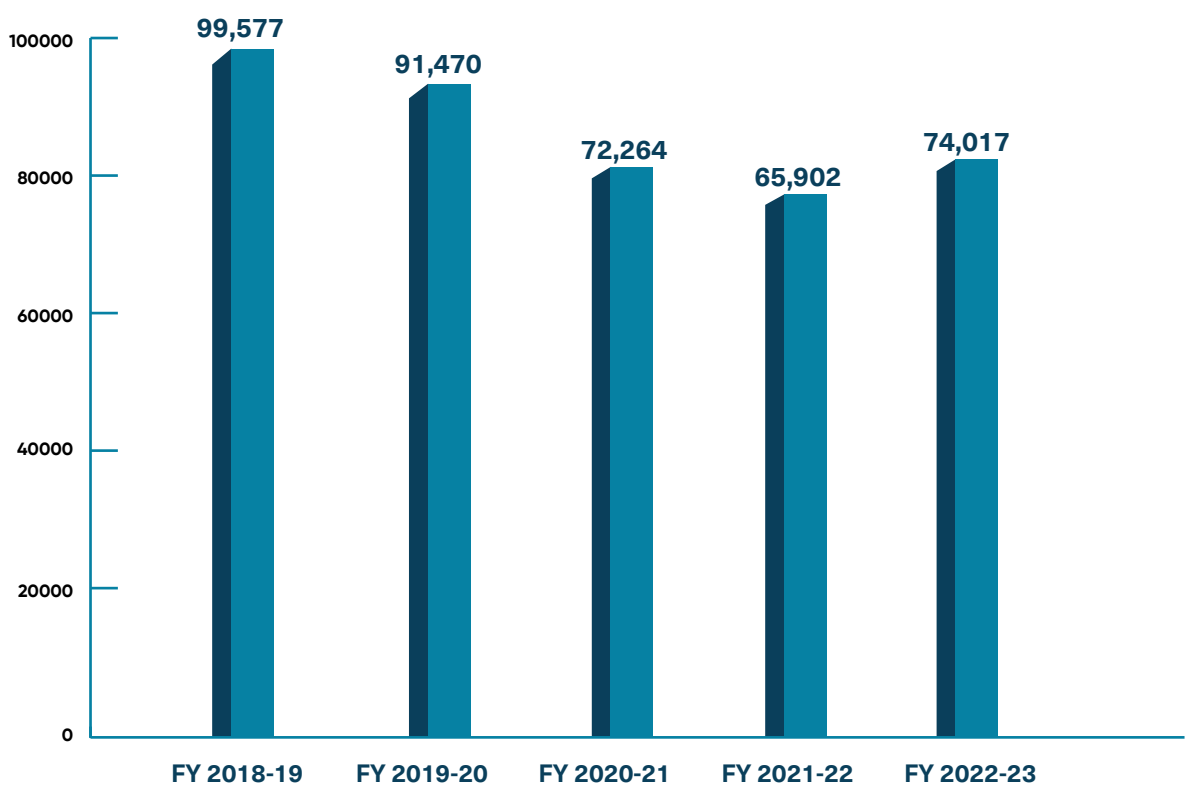


Year on year, there has been a reduction in NOX, SOX, and particulate matter emissions. Specifically for particulate matter, in FY 2022-23, the Company was able to reduce its emissions by 50% (compared to the base year 2018-19). This reduction is owed to the installation of air filters and dust bags at the Rabale unit in FY 2020-21.

## Water Stewardship

Water is an important component in the production of GPIL's products. Water is used in agriculture to grow tobacco, is used extensively in processing tobacco leaves and in day-to-day activities across all offices and facilities. The Company has set goals to replenish 30% of water consumed by 2030 and reduce water consumption by 5% per unit of production in cigarette manufacturing by 2030.

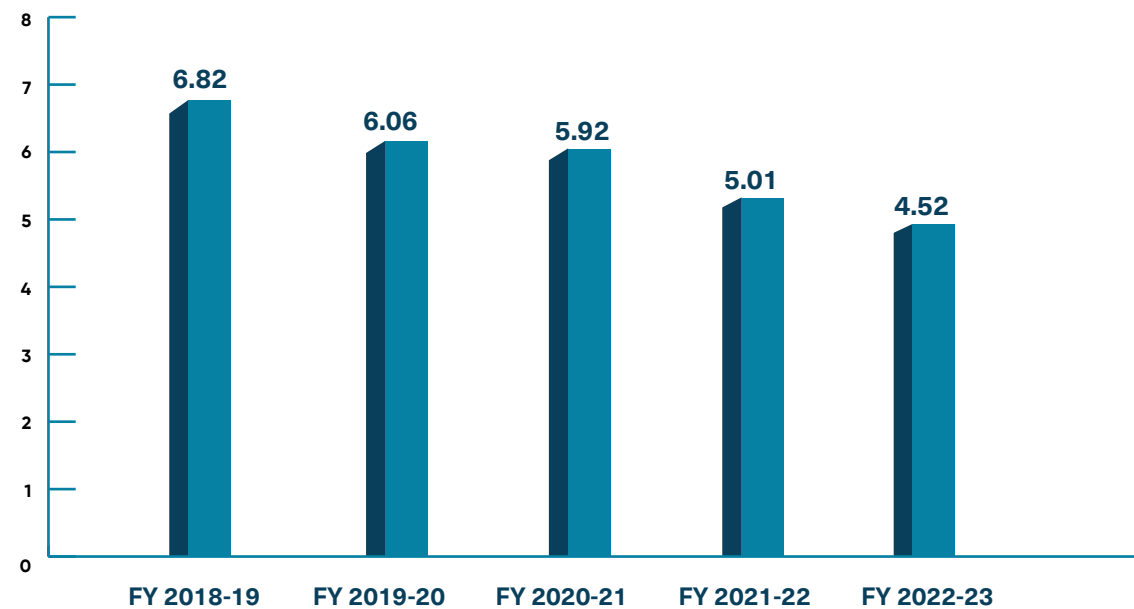
### Water Consumption in KL



	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Water consumptionl reduction in comparison to base year (KL)	8,106.7	27,312.7	33,674.7	25,559.7
Percentage reduction in water consumption in comparison to base year	8%	27%	34%	26%



## Water Intensity (KL/Million Units)



Over the years, there has been a reduction in water consumption compared to the base year. GPIL has strengthened its water conservation initiatives and thereby, successfully declined its water consumption. The Company eventually aims to reduce its dependence on water sourced from external sources and harvest water to the best of its abilities. The water intensity also shows a positive trend, owing to various water reuse, conservation, and efficiency initiatives.

Water conservation initiatives at GPIL are listed in the table below:

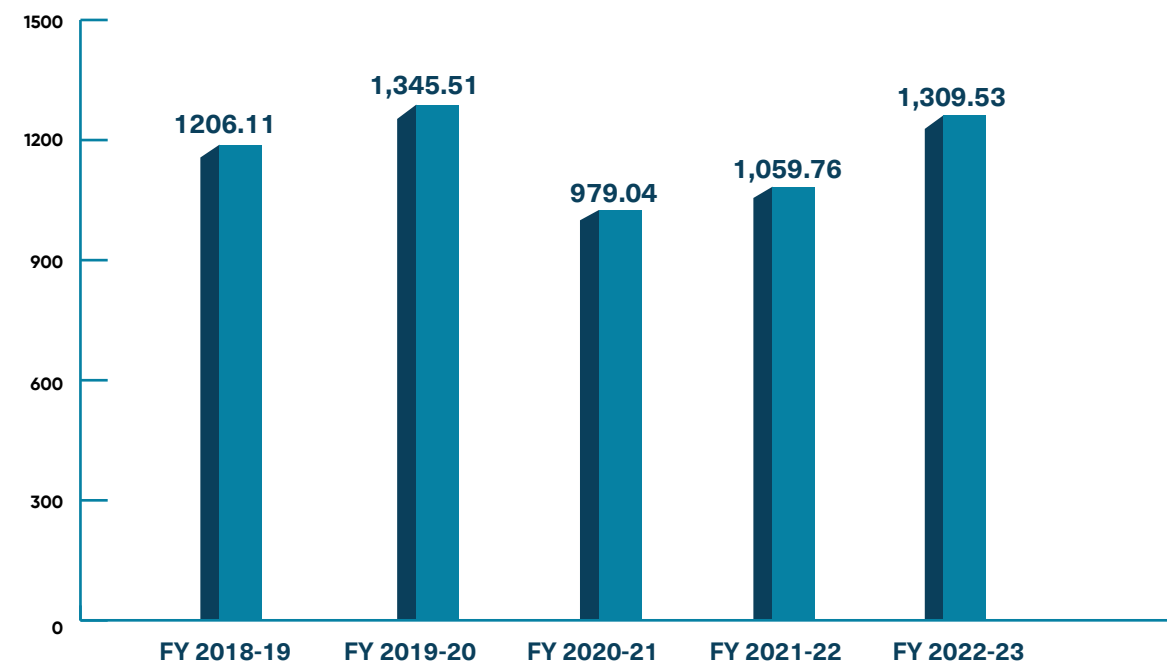
<ul style="list-style-type: none"> <li>• Section-wise monitoring of water consumption</li> <li>• Online metering of installed borewells on real time basis</li> <li>• Technology based monitoring of groundwater levels</li> <li>• Adoption of water efficient technology</li> <li>• Storage and use of condensate water from AHU units</li> <li>• Upkeep and maintenance of rainwater harvesting system</li> <li>• Upgradation of plumbing system</li> <li>• Two-way SCADA with three-way valve to avoid water discharge</li> </ul>	<ul style="list-style-type: none"> <li>• Controlling overflow from overhead storage tanks</li> <li>• Renovation of underground tanks</li> <li>• Replacement of conventional taps with sensor-based taps, foot operated taps, and push type taps</li> <li>• Usage of high-pressure pumps for filter cleaning</li> <li>• Use of ETP treated water for flushing and horticulture</li> <li>• Identification of areas to replace fresh water and raw water with ETP treated water</li> </ul>
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## Waste Management at GPIL

The Company's waste management approach focuses on reducing waste generation and promoting a circular economy by reusing and recycling waste. Several initiatives have been introduced by GPIL to manage waste in an efficient manner. GPIL now uses biodegradable packaging and wrapping materials for cigarettes and tobacco. The Company also partners with various third parties for waste collection and disposal. GPIL has

entered into agreements with Central Pollution Control Board (CPCB) approved recyclers and trash disposal entities to ensure the safe disposal of materials like plastics, hazardous waste, and e-waste. Additionally, some waste is collected and disposed of by authorized incinerators. Moreover, the Company fully complies with Extended Producer Responsibility (EPR) norms and the Plastic Waste Management Rules (2016) and follows all the regulations of CPCB. Owing to the efficient waste management and waste generation practices that GPIL follows, the Company has seen a consistent trend in waste generation, even with increase in business output.

## Waste Generation in Metric Tonnes (MT)



	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Increase/reduction in waste generation in comparison to base year (MT)	(139.40)	227.07	146.35	(103.42)
Percentage increase/reduction in waste generation in comparison to base year	(12%)	19%	12%	(9%)

GPIL is on target to implement its zero waste to landfill goals. Moreover, GPIL is also conscious about recycling waste and has significantly increased the amount of waste recycled from 9.50 metric tons in 2019-20 to 76.64 metric tons in 2022-23.

GPIL continually inspects manufacturing facilities for any hazardous waste and has developed procedures to manage the waste within the legally permitted limits. To achieve waste minimization, the Company has implemented procedures such as source based waste separation and installed automatically controlled scrubbers and Dust Recovery Filters (DRF) across all its facilities. Additionally, GPIL is ISO: 14001:2015 and IGBC accredited for turning wastepaper and filters into alternative boiler fuel.

**Case Study:** Biodiversity Conservation GPIL

Biodiversity and its impact on soil, water and deforestation is important to the operations of GPIL since the Company is directly dependent on tobacco plants, core of its primary product. To conserve biodiversity and ensure that GPIL’s activities do not have an adverse impact on biodiversity, none of the Company’s facilities operate around ecologically sensitive areas; all the Company’s facilities are constructed in industrial estates or business districts. The farmers in the value chain of GPIL are also encouraged to not use native plant species or forest trees for related activities and plant eucalyptus plantations for utilisation and to also achieve carbon sequestration.

The Company continually improves the green cover in the surrounding areas of its operations. GPIL has developed a green area around their manufacturing facilities and has planted more than 350 trees to enable green cover.

Biodiversity parks have emerged as unique landscapes that showcase the utility of green cover, propagate the necessity of reviving native and endangered species while promoting community collaboration on protecting environment. These parks have not only come to serve as crucial tools in achieving three primary objectives: conservation, sustainability and resource sharing but also highlight the need for green cover as recreation and collaborative learning spaces for the local community. The biodiversity parks are utilised by local schools to educate children on various species while the communities also use the parks for various recreational activities while taking responsibility for cleanliness and safety of the parks.

During the 2018-2019 period, GPIL established its first Biodiversity Conservation Park in Darsi, in Vinukonda area of Andhra Pradesh. Encouraged by its success, the Company has continued to develop biodiversity parks each year. Followed by one in Kurichedu in 2021-22, a pilot project of Miyawaki technique was also adopted to create a small forest with 300 saplings within the main park. This was followed by the third 8 acre park in Parchur, Bapatla district, Andhra Pradesh in 2022-2023. These parks are significant as they reflect the commitment of the Company to safeguard and sustain the local species of the region along with the environment. Collectively, the three parks—Darsi, Kurichedu, and Parchur, encompassing an expansive area of over 23 acres have over 9000 trees and 28 variety of species.

Through this initiative, GPIL’s aim is to promote sustainable practices, protect biodiversity and ensure the sharing of resources for a better and more equitable future. GPIL also tracks carbon sequestration through these biodiversity parks. Carbon sequestration involves capturing and storing atmospheric carbon dioxide and is recognised as an effective method for mitigating climate change.

In the context of Darsi Biodiversity Park, spanning an area of 7.25 acres successfully sequestered 20.3 tons of carbon dioxide in the year 2022. Similarly, the neighbouring Biodiversity Park in Kurichedu, covering 8 acres sequestered 12.4 tons of carbon dioxide in the same year.

# Social and Relationship Capital

## Connections for a Better Tomorrow

Developing relations with employees, communities and suppliers is one of the key areas of focus for all organisations. These connections are vital in propelling businesses forward. The Company has identified the vulnerable communities associated with it and is constantly working towards improvement of the socio-economic status of these stakeholders.

### Targets and Goals

To ensure 100% of GPIL contracted IPS farmers have access to clean drinking water in close vicinity by 2030.	Continuous endeavour to maintain zero accident at factories and office premises (YoY)	Continue to be an equal opportunity employer (YoY)
Continue to be a ‘Great Place to Work’ organisation (YoY)	Ensure zero child labour and no forced labour across the organisation (YoY)	

### Key Highlights for FY 2022-23

<b>9</b> Total Number of CSR Initiatives	<b>5</b> Number of Community RO Water Plants Installed	<b>70,000+</b> Number of Beneficiaries
<b>7</b> Number of Check Dams Built	<b>9</b> Number of Tanks and Ponds De-Silted	<b>23.25 acres</b> Area of Biodiversity Parks Developed





Key Material Topics Under Social & Relationship Capital:

- Community Development
- Human Rights

Linkages with other Capitals

- Natural Capital - The Company ensures environmental conservation and preservation of soil and water resources through its CSR initiatives
- Financial Capital - Investment in CSR projects for community welfare
- Human Capital - The Company promotes wellbeing of its people and communities through various health, education and livelihood initiatives which ensures empowerment of marginalized communities and improves their quality of life

SDG Linkages



CSR Impact and Benefits - An Overview

ECONOMIC GROWTH	BETTER HEALTH	IMPROVED QUALITY OF LIFE
Economic growth of the communities associated with GPIL is owed to better yield and quality of crops. Moreover, the mechanisation of farming practices and trainings on agricultural management has enabled farmers to prosper. GPIL's agri-shed development also enables farmers to store their produce safely for sale, thereby reducing any unpredictable risks.	GPIL strives for better health among its community through establishment of community reverse osmosis (RO) water plants. Moreover, medical health camps organised by the Company also enable members of the community to access free healthcare and consultations.	The Company's initiatives around increasing access to water for the community has led to a direct improvement in quality of life, majorly through check dams. Moreover, awareness campaigns on child labour, encouraging education, and capacity building, all have contributed to a better quality of life.

Together For Better- Community Development Initiatives

The Company with a focus on Sustainable Tobacco Production (STP) has designed a CSR program that ensures sustainable livelihoods through sustainable tobacco farming. By closely adhering to ethical business practices, best practices and environmentally friendly production system, GPIL further exhibits its goodwill and equity with the tobacco growers by extending support for the communities it operates in with welfare initiatives that impact their life. The Company has always had a legacy of care and humanity-oriented decision and has been consistently investing in CSR initiatives. GPIL continues to be committed to it.

The present CSR program has 4 districts of Andhra Pradesh in its ambit. Primarily a Burley tobacco growing area, the region is drought prone with declining groundwater along with deforestation and soil erosion. Other challenges of the region are high fluoride contamination in potable water impacting health, marginalized tobacco growing farmers with low acreage of farmland, lack of other skills besides basic farming, prevalent child labour and high school dropout. Merging the community issues with its focus on sustainable business, the Company has undertaken several initiatives towards community development and welfare, focusing on ensuring improved and sustainable livelihoods for the Burley tobacco producing farmers of Andhra Pradesh. GPIL has been collaborating with the farmers through various programs focusing on providing the farmers, their families and the larger community with access to clean drinking water, access to water for agricultural and domestic use, access to quality education, healthcare, elimination of child labour and providing sustainable livelihood through skill upgradation, training in best practices of agriculture, support in environment friendly methods, mitigating climate change risk, to name a few. The Company has identified over 290 villages for community development in the long term and has created a positive impact on more than 200,000 direct and indirect beneficiaries across 89 villages in the past 7 years.

In the last seven years, the Company has harvested rainwater through the construction of over 36 check dams, agricultural ponds, desilting projects, tank development and borewell recharges. The Company has also built biodiversity parks covering over 23.25 acres with over 28 species of trees. Over 50 community RO water plants have been constructed to provide access to safe drinking water, over 70 schools have been repaired and restored with toilets, playground landscapes, fencing, safe drinking water, programs to encourage continuing education and reduce dropout, over 70 child labour elimination awareness initiatives every year along with collectivisation of farmers under a society to safeguard them, health camps, capacity building camps, etc.

CSR Projects with Long-lasting Impact - An Overview

GPIL is committed to ensuring community well-being and has implemented several projects covering various issues of health, education, water scarcity and environmental conservation. The Company has focused on creating an impact on the communities including those who belong to marginalised groups, with limited access to facilities.

This section provides an overview of the projects and the lives which were impacted by these initiatives, resulting in a better future and quality of life for the communities.

## Creating a Positive Social and Environmental Impact through CSR

### Together for Environment

The Company has undertaken various initiatives during the year to ensure environmental conservation and preservation of natural resources. Some of the key initiatives include:

#### Water Conservation

**Check Dams:** In recent years, India has been facing a looming water crisis with estimates suggesting that the country will have only half the water it needs by 2030 if current consumption rates continue. This crisis is particularly evident in the critical groundwater situation, as 60% of India's districts have been declared as having scarce or poor-quality groundwater. The severity of the water scarcity issue is expected to cause a 6% loss in India's GDP.

Amidst these challenges, GPIL has made notable efforts in ensuring the conservation of water in the water-stressed and drought-prone districts of Guntur, Vinukonda, and Prakasam in Andhra Pradesh. The Company has ensured the harvesting of rainwater to restore groundwater levels through the construction of check dams which reduce water velocity and prevent run-off, stop soil erosion, and improve the water holding capacity of the soil.

The check dams have boosted the groundwater levels and have helped the communities with better access to water for various purposes; today many farmers have easier access to water for crop irrigation and growing a second crop which was once an obstacle. The communities also have other uses for water like livestock maintenance, for domestic and recreation purposes.



Year on year Company is continuing to build check dams to harvest rainwater and recharge groundwater. In the year 2022-23, the project saw construction of 7 check dams. More than 17,900 people have benefitted from this initiative and 7-8% of the beneficiaries belong to marginalized and vulnerable groups.

**De-Silting:** De-siltation is also essential to water conservation in drought-prone, arid and semi-arid regions. De-siltation is undertaken to retain soil moisture capacity, increase the ground water table and the storage capacity, while improving the percolation process and the quality of soil. The deposits are also highly fertile and are spread over the farms to increase the fertility of the soils thus impacting yield. This initiative benefitted more than 1,800 people out of which 8% people belonged to vulnerable and marginalized communities.

**Tank/Pond Management Program:** Without accesses to enough water, structures such as ponds become of essential service to allow for agriculture to be sustained in areas of water scarcity. As a part of the water conservation program, GPIL is also looking at reviving community ponds and developing them with de-siltation, cleaning and levelling, repair of bunds and rehabilitation through plantation, fencing etc. 650 farmers directly benefitted with the de-siltation soil that they utilised on their farms. The benefits of this initiative besides the recharging of groundwater include provision of water for livestock and villagers' daily domestic needs. 15–16% of beneficiaries were from marginalised and vulnerable groups.

**Installation of Community RO Plants:** GPIL is committed to provide access to safe drinking water for the Burley tobacco farmers and their community. Ground water in this area is contaminated with fluorine deposits with fluoride concentration ranging from 3.28 to 4.27 mg/lit. This contamination can have major health impact like dental fluorosis or skeletal fluorosis, which can damage bones and joints. GPIL is consistently installing community RO water plants and a total of 5 water plants were installed in the year 2022-23. The water is available at absolute minimal cost for the entire community. The plants have benefitted a population of more than 14,500 people. Approximately 20% to 22% of all direct beneficiaries belong to vulnerable and marginalized groups.

**Borewell Recharge for RO Plants:** The Company ensures sustainability of its community RO water plants by replenishment of groundwater levels and reusing the waste water. The recharge installation is a mandate with all community ROs.

### Together for Quality Education

**Child Labour Elimination and After School Program:** There has been an upward trend of older children getting involved in cropping and other farm activities due to closure and disruption of schools and lack of labourers leading to initiation of light labour work to help their families manage harvesting. GPIL has a stringent no child labour policy for its value chain. To ensure elimination of child labour, there has been a continuous awareness program running in villages, schools and targeted community members. A two-pronged approach has been designed.

A set of capacity development programs were designed to raise awareness about the dangers and consequences of child labour and empower parents, teachers, community leaders, and children themselves to recognise the importance of education. The programs ensured that instances or potential for child labour were stopped at the root through vigilance. The members were trained to recognise, identify, and stem the issue right at the beginning through dialogue and understanding and having the confidence to refuse or protest.



Secondly, a mass communication program was started, and it was clubbed with reward program for children who stayed in school and had high attendance. The reward and recognition program aims to make education and staying in school attractive for children.

This initiative benefitted more than 3,986 farmers and 4,670 children directly.

## Other Community Initiatives

**Health Camps:** The Company organized health camps in 10 villages to ensure the underprivileged communities have access to adequate healthcare services. The total number of beneficiaries of the health camps stood at 4,370 people, and among these people, 60-61 percent belonged to vulnerable and marginalized communities.

**Agri Sheds:** The marginalized farmers do not have any storage facilities or access to godowns, sheds etc. for drying, segregating, or protecting their produce. The period after harvesting the produce is especially vulnerable. As most of the famers are in tobacco, chilli, cotton, pulses, farming etc, natural disasters cause great losses. GPIL has set up Community Agri Produce Sheds in villages to help small and marginal farmers to dry and store their crops and increase holding capacity. The storage sheds are also trying to ensure reduced cutting of wood. Community awareness efforts are being undertaken around reducing deforestation and not cutting forest wood. This initiative has benefitted 483 farmers, out of which 2-3% of the farmers belong to vulnerable and marginalized groups.

## Stories of Empowerment



Mallikarjun Reddy, a farmer residing in Gangadevipalli Village has been associated with GPIL for over a decade. He and his family have seen the change and benefited from the initiatives of the Company. Reddy and his family hold check dams as the most impactful initiative that has helped him have easy access to water for irrigation. His wife is happy as now their cattle can go to the check dam area and lie in the water and mud. She laughs at how they are giving more milk as they are happy. Earlier they just stayed tied up. Reddy's children wait for the After School Program during harvesting time. The schools were all painted, toilets are new and plenty and there is a place to play now. Reddy's son shyly shares that the painting of Abdul Kalam is what he loves most on the wall. Reddy and his wife are happy that the kids are learning, playing, and enjoying school. They don't need to worry about rushing back home to check if the kids are in school.

Sridhar Reddy from Gangadonakonda Village calls himself a GPI farmer now. Associated for 11 years with GPIL as a tobacco farmer, Sridhar thought life could get better only marginally. His knowledge of tobacco farming has passed on from generations, but he says that his first training on agri-best practices, on how other farmers across the world are doing, and many things that could be done differently stunned him. Since then, he has only grown. He credits GPI for increase in earnings and a better life.

When the RO water plant was first planned in their village, Sridhar did not think it would make such a huge difference. He used to go quite a distance to pick water. Now it's something that is available next door and much cheaper than the market price. Children's health is better, and it shows. Best of all, they like the taste now. The villagers hope to save enough money to put in a refrigerator in the RO Plant so that they can get cold water in the summers. They heard another village has done that. Sridhar says he gets to learn a lot from these community cluster meets they have. He shares how glad he is that they are all in step now with the many changes that are happening around.



### Case Study: Edugunlapadu, a Model Village

GPIL developed a model village called Edugunlapadu, as a part of its CSR initiatives and sustainability interventions. Officially recognised by the Government of Andhra Pradesh, the village became the first open defecation free village with 100% coverage of toilets in the area. The village also became open garbage free and 100% of the residents got access to clean drinking water through community RO water plant. The Company also constructed permanent drains to improve sewage flow in drains and reduce stagnant water, water pipelines were provided in the areas for easy access, plantation drives were conducted to improve greenery and beautification and periodic health camps were organized. The primary schools in the village were fully revamped with fresh coat of paint, playground, fencing, study material and separate toilets were constructed for boys and girls. Scholarships were provided to meritorious children of poor families. Groups of women were trained to maintain the village with community cleaning schedule, committees for repair and maintenance. SHGs were formed for small loans and enterprise after training women in tailoring, grocery shop and snack shops.



# Godfrey Phillips' model village Edugundlapadu gets govt recognition

PHS ONGOLE

In recognition to its sustainable intervention with enduring impact on livelihood, Edugundlapadu, a model village developed by Godfrey Phillips India (GPI), was officially recognised by the Government of Andhra Pradesh, and awarded a Certificate of Merit by Prakasam District Collector and District Magistrate Dr V Vinay Chand on the Republic Day. The village has been developed under the community development programme of GPI. The company works in two districts Prakasam and Guntur and reaches out to over two lakh beneficiaries across 65 plus

villages. Dr Chand lauded the contributions of GPI in creating an enabling environment through its interventions in the areas of women empowerment, child education, access to safe drinking water, sanitation and community health.

"This recognition is heartening and it reaffirms our belief of ensuring growth and progress for the communities we work with. Our commitment to the all-round welfare of the communities and their holistic growth has translated into the village acquiring status of a model village in terms of sustainable development goals," said Harmanjit Singh, Vice-President and Head of

Corporate Affairs, GPI.

Edugundlapadu is a model village that is open defecation free with 100% toilets built, is also open garbage free and has access to safe drinking water. "We have constructed permanent drains to remove all stagnant sewage water, conducted tree plantation for greenery, beautification and conduct regular health camps for healthy community. The primary schools have been fully overhauled, restored and painted with separate toilets for girls and boys. There is an adequate provision of playground and all study material to ensure retention of children in school and eliminate child labour," said Harmanjit Singh.



Harmanjit Singh, Vice-President and Head of Corporate Affairs, Veithal De, CSR Head of Godfrey Phillips India, receiving the certificate from Prakasam District Collector Dr V Vinay Chand in Ongole

## Supply Chain Sustainability

The Agriculture Labour Practices (ALP) are standards defining sustainable tobacco farming that have provisions for human rights, labour practices, child labour, health, and safety management to name a few. A part of the overarching STP, this code is adhered to throughout the tobacco supply chain and the Company has a structured process and systems to monitor the same. The Leaf team has on-ground field technicians, supervisors, and managers who oversee and ensure the necessary steps to function following the code. Regular training, awareness camps, and meetings are held to create awareness and understanding of the expectations and the benefits of the practice. For tobacco farmers, GPIL also conducts assessments on the working conditions, and health and safety regulations in local communities. Some of the health risks linked to the tobacco value chain include exposure to Green Tobacco sickness (GTS) and exposure to pesticide and fertiliser use. GPIL regularly educates, monitors, and ensures that strict procedures are followed on safety by the farmers and workers; for example, using GTS kits, during harvesting and PPE while using pesticides, masks while grading etc., and safe disposal of hazardous materials, used PPE, pesticide cans etc. GPIL endeavours to significantly minimise and eliminate impact on the health and safety of farmers and labourers.

Monitoring is carried out during four key stages of production to ensure effective implementation of agriculture labor practices. Action plans are drawn for the issues identified during monitoring in consultation with farmers and agronomy team. Unresolved issues are brought to the notice of steering committee for further course of action. The farmers who are found consistently violating ALP code are not awarded contracts during the upcoming season.

Mobile vans are used to communicate with the farming community in the villages on the key subject of child labour elimination during the peak season. Impact assessment of this program is carried through number of

child labour incidents recorded in the villages.

As a part of SDG goals, to achieve decent standard of living, farmers are encouraged to take up diversification (grow more than one crop) to mitigate the risk of dependency on sole crop and also earn additional income. Accordingly, all IPS farmers were able to achieve decent living income as defined by Anker study.

Women empowerment program has been carried out in the selected villages of GPI where the women have been trained in 6 phases and provided with requisite assistance to take up micro enterprises in the areas of their interest. This program not only aims at generating additional income but also empowers women for their personal and economic development. This is being done in collaboration with PMI and implementing partner is NGO. Till date, 445 women have benefited through this project.

Mechanization has been introduced in the growing region with the objective to reduce dependency on labour and ensure timely agricultural operations. This has resulted in yield increase, improve quality and maximize farmer profitability. This also aims at reduction in cost of production, helps in achieving minimum wage and benefits in increasing the living income standards. 100% of our contacted farmers are meeting with Minimum wage standards. With intervention of mechanization there is an overall cost saving by 30% and time saving by 50%.

ALP has helped growers to improve labour working conditions and grow economically and socially. External assessments of the ALP on the parameters of various human rights issues such as sexual harassment, discrimination, child labour, forced and involuntary labour, health, safety, working conditions and wages have been conducted.

Additionally, the Company only works with vendors who are compliant with relevant legislation. Through an internal control mechanism, GPIL makes sure all relevant checks and balances are in place and that employee statutory dues are paid by service providers on time and in full. When processing invoices for payment for services availed from third party contractors, the Company obtains a copy of the challan indicating the deposit of PF and ESI. By the contractors in relation to employees and workers hired by them.

The Company plans to create a complete evaluation process for all value chain partners in the future that considers relevant ESG elements like assessments of working and health conditions. If these evaluations reveal any dangers or problems, the required steps are taken. Additionally, vendors operating from the close vicinity to the plant location are given preference as it helps save on transportation and inventory carrying costs and ultimately reduces indirect emissions.





## Our Commitment to Human Rights at GPIL

Respecting human rights and labour rights is very crucial for responsible business conduct at GPIL. The Company believes in ensuring equal opportunity, access to a safe workplace and health and safety of all its employees. The Company is committed to respecting the UN Guiding Principles on Business and Human Rights and ensures the same through its Human Rights Policy which outlines the commitment of the Company towards adhering to labour rights across its value chain for responsible tobacco production.

The Company has been following Agricultural Labour Practices (ALP) since 2013 as a commitment to ensuring ethical sourcing of tobacco and promoting sustainable livelihoods and labour rights of the farmer communities. The Code outlines 7 principles that are adhered to by Company, and it encourages the farmers to follow the standards governing it.



## Awards and Recognitions

**Gold Award at the National Awards for Manufacturing Competitiveness won by the Guldhar factory:** A two-day audit was conducted as part of NAMC's highly credible rating process, which was put in place by the International Research Institute for Manufacturing (IRIM) in 2013 to assess the Guldhar facility's capacity to develop the ideal competitive strategy and our ability to put it into action. Being chosen for the top prize out of a pool of more than 100 of the best industry names from the FMCG, pharmaceutical, consumer durables, oil and gas, infrastructural and other sectors is an honour for GPIL.

**GPIL recognised as a top 10 Company in supply chain practices by MeitY-NASSCOM Centre of Excellence and Alden Global Value Advisors.**

**Great Place to Work:** 5th year in a row: GPIL celebrates an outstanding achievement - receiving the Great Place to Work recognition for the 5th consecutive year. This underscores GPIL's commitment towards creating a culture of inclusivity, collaboration, and continuous growth.

## Concluding Comments

As the report comes to a close, the Company reflects on its sustainability journey. Throughout the report, GPIL has attempted to provide a transparent and comprehensive account of business activities, environmental performance, social initiatives and financial performance. The report also highlights the Company's achievements and challenges in different areas. Looking ahead, the Company remains dedicated to its responsibility to meet the needs of its stakeholders and contribute positively towards socio-economic growth. GPIL's integrated approach ensures that social responsibility remains at the core of the business strategy and the changing landscape of the economy.

With a streamlined approach to driving positive change, GPIL is confident in its ability to create positive value for all its stakeholders while making optimum use of all opportunities presented to it.



## Global Reporting Initiative (GRI) Content Index

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	Annual report / Pg 47
	2-2 Entities included in the organization's sustainability reporting	Sustainability & Integrated Report / Reporting boundary / Pg 2 Annual report / BRSR / Pg 50
	2-4 Restatements of information	No restatements
	2-6 Activities, value chain and other business relationships	"Sustainability & Integrated Report / SEMA / Pg 15
	2-7 Employees	Annual report / BRSR / Pg 77"
	2-8 Workers who are not employees	Annual report / BRSR / Pg 52
	2-10 Nomination and selection of the highest governance body	Annual report / BRSR / Pg 52
	2-11 Chair of the highest governance body	Annual report / Directors' report / Pg 12 Annual report / Report on corporate governance / Pg 30
	2-12 Role of the highest governance body in overseeing the management of impacts	Annual report / Report on corporate governance / Pg 30
	2-15 Conflicts of interest	Annual report / BRSR / Pg 67
	2-17 Collective knowledge of the highest governance body	Annual report / BRSR / Pg 65
	2-18 Evaluation of the performance of the highest governance body	Annual report / Report on corporate governance / Pg 38
	2-19 Remuneration policies	Annual report / Pg 12
	2-21 Annual total compensation ratio	Annual report / Directors' report / Pg 5
	2-22 Statement on sustainable development strategy	Annual report / BRSR / Pg 67
	2-25 Processes to remediate negative impacts	Sustainability & Integrated Report / SEMA / Pg 15 Annual report / BRSR / Pg 77
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GRI STANDARD	DISCLOSURE	LOCATION
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability & Integrated Report / SEMA / Pg 15
	3-2 List of material topics	Sustainability & Integrated Report / SEMA / Pg 17
	3-3 Management of material topics	Sustainability & Integrated Report / SEMA / Pg 17 Annual report / BRSR / Pg 77
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Sustainability & Integrated Report / Social and relationship capital / Pg 34
	203-2 Significant indirect economic impacts	Sustainability & Integrated Report / Social and relationship capital / Pg 34
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Annual report / BRSR / Pg 66
	205-2 Communication and training about anti-corruption policies and procedures	Annual report / BRSR / Pg 66
	205-3 Confirmed incidents of corruption and actions taken	Annual report / BRSR / Pg 66
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Annual report / BRSR / Pg 90
GRI 301: Materials 2016	301-3 Reclaimed products and their packaging materials	Annual report / BRSR / Pg 70
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Sustainability & Integrated Report / Natural Capital / Pg 30 Annual report / BRSR / Pg 82
	302-3 Energy intensity	Sustainability & Integrated Report / Natural Capital / Pg 31 Annual report / BRSR / Pg 82
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GRI 303: Water and Effluents 2018	303-3 Water withdrawal	Annual report / BRSR / Pg 80, 86
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	303-5 Water consumption	Sustainability & Integrated Report / Natural capital / Pg 32 Annual report / BRSR / Pg 83, 87
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Annual report / BRSR / Pg 85
	304-3 Habitats protected or restored	Sustainability & Integrated Report / Natural capital / Pg 34

GRI STANDARD	DISCLOSURE	LOCATION
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Sustainability & Integrated Report / Natural capital / Pg 30 Annual report / BRSR / Pg 84
	305-2 Energy indirect (Scope 2) GHG emissions	Sustainability & Integrated Report / Natural capital / Pg 30 Annual report / BRSR / Pg 84
	305-4 GHG emissions intensity	Sustainability & Integrated Report / Natural capital / Pg 30 Annual report / BRSR / Pg 84
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	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Annual report / BRSR / Pg 83
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Sustainability & Integrated Report / Natural capital / Pg 33 Annual report / BRSR / Pg 84
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GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Annual report / BRSR / Pg 73
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	403-10 Work-related ill health	Annual report / BRSR / Pg 74
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Sustainability & Integrated Report / Human capital / Pg 22
	404-3 Percentage of employees receiving regular performance and career development reviews	Annual report / BRSR / Pg 73

GRI STANDARD	DISCLOSURE	LOCATION
GRI 405: Diversity and Equal Opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	Annual report / BRSR / Pg 79
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Annual report / BRSR / Pg 80
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Annual report / BRSR / Pg 82
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Annual report / BRSR / Pg 82
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Annual report / BRSR / Pg 82
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Sustainability & Integrated Report / Social and relationship capital / Pg 35
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	Annual report / BRSR / Pg 94
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GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Annual report / BRSR / Pg 94





**GODFREY PHILLIPS**  
—INDIA LIMITED—

# **GODFREY PHILLIPS INDIA LIMITED**

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