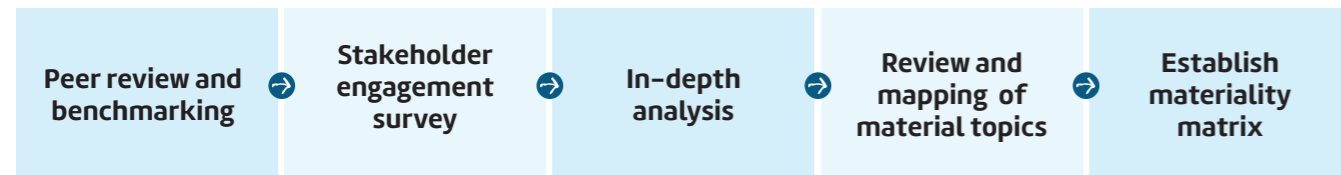


# Drawing Priorities

To achieve long-term success as a responsible and sustainable business, it is important to understand the most important matters that can influence our value-creation.

The material matters support our strategy development, reporting approach, governance and strategy development. Each focus area impacts the Company's ability to create value in the short, medium, and long term. We believe that effectively managing our material issues is crucial to attaining our strategic objectives and meeting stakeholder expectations.

## Assessment Process



### PEER REVIEW AND BENCHMARKING

We began by identifying potential list of topics based on peer review and our individual businesses. We extended our benchmarking by following the GRI standards, IIRC framework, SASB, DJSI, Sustainalytics and CDP. The topics were prioritised that represented most significant impacts on the economy, environment, people and governance of a company.

### STAKEHOLDER ENGAGEMENT SURVEY

We engaged with different set of stakeholders. We designed an online questionnaire for internal and external inputs. We used a rating methodology for seeking views on potential topics. The topics were ranked under each environmental, social, governance, and economic category. This survey also helped to identify the emerging issues for us.

### IN-DEPTH ANALYSIS

We carried out analysis based on the responses to identify issues of critical importance for our internal and external stakeholders by following the rating criteria. We built the list of prioritised material issues for each stakeholder group.

### REVIEW AND MAPPING OF MATERIAL TOPICS

In this step, our senior leadership was involved and validated the identified material topics. More inputs were given by the senior management and discussions were made to map out the material topics in fine manner.

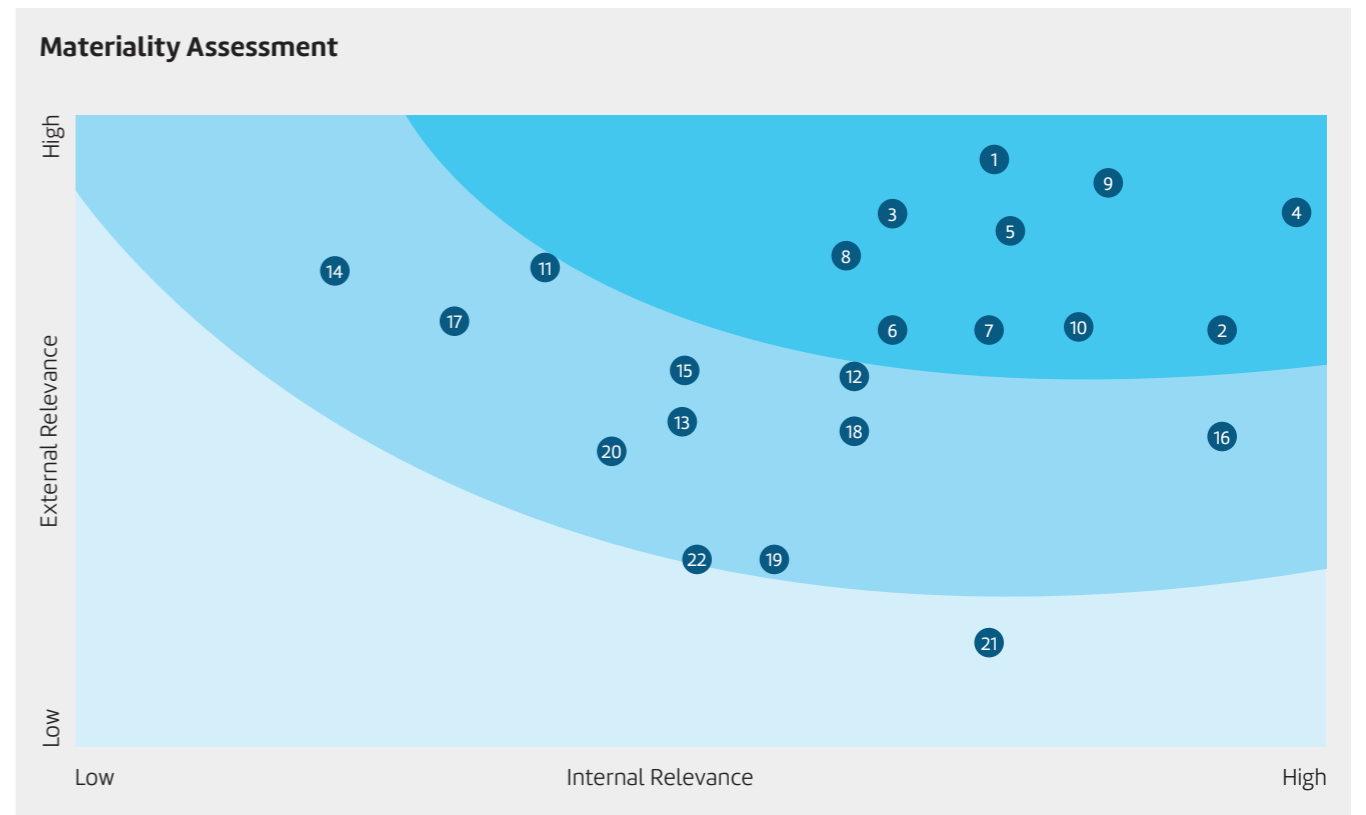
### ESTABLISH MATERIALITY MATRIX

The identified topics are mapped out on the matrix reflecting the priority of the stakeholders and the management.

Recognising the significant influence of the industry on the environment and society, we place great importance on environmental and social protection. To stay abreast of industry trends, advancements, and evolving stakeholder expectations, we regularly reassess our priorities. Consequently, our material issues undergo revisions. Upon comparing the identified material topics for FY22 with those for FY23, we have observed that certain aspects have gained increased importance. Furthermore, we have consolidated some of these issues under more comprehensive categories to avoid duplication.

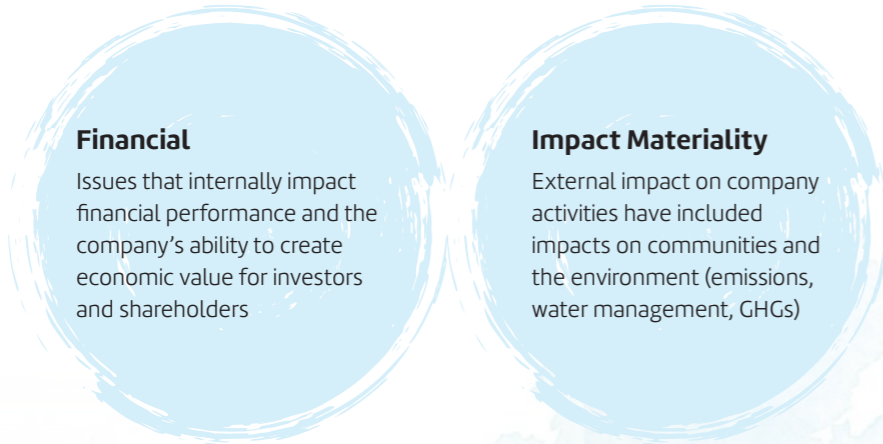
These revised material issues are depicted below with a revised materiality matrix. The prioritisation of the material issues is being determined in consultation with the senior management of the organisation.

High-High	High-Medium	Medium-Low
1 Energy consumption and GHG emissions	11 Air and soil pollution	21 Employee training and skill development
2 Water and effluents	12 Biodiversity and land use	22 Organisational resilience
3 Waste management	13 Customer health and safety	
4 Climate change adaptation	14 Diversity inclusion	
5 Product stewardship	15 Empowering communities	
6 Resource efficiency	16 Quality and customer satisfaction	
7 Occupational health and safety	17 Digitalisation, data privacy and security	
8 Human rights	18 Financial performance	
9 Responsible supply chain	19 Business ethics and compliance	
10 Innovation and R&D	20 Stakeholder engagement	



## Double Materiality

### Financial Implication + Impact Materiality



#### Financial

Issues that internally impact financial performance and the company's ability to create economic value for investors and shareholders

#### Impact Materiality

External impact on company activities have included impacts on communities and the environment (emissions, water management, GHGs)

In the recent years, there has been an emphasis on double materiality in sustainability reporting. As a result, organisations are increasingly expected to report on their sustainability performance through a double materiality lens.

At Grasim, we recognise the importance of the double materiality approach to sustainability reporting and consider the potential impacts of our business on the wider world, thereby identifying and addressing any risks or opportunities that may arise. Our robust sustainability reporting framework considers both the internal and external impacts of our activities. Our sustainability indicators include reports on the Environmental, Social, and Governance (ESG) metrics.

#### FINANCIAL VERSUS NON-FINANCIAL MATERIALITY

While sustainability and environmental, social, and governance factors are typically seen as non-financial, they can still have an indirect influence on a company's finances. For example, ethical misconduct or product recalls can lead

to financial penalties, and disruptions caused by pandemics or extreme weather events can hamper our manufacturing operations. These issues eventually find their way into our financial statements. However, the impact of such events on our finances can be complex and may take time to become apparent. That's why it is essential for us to take a proactive approach in assessing the potential ramifications of ESG topics.

#### Our double material topics have financial and non-financial implications:

1. Energy consumption & GHG emissions management
2. Water and effluents
3. Waste management
4. Climate change action
5. Product stewardship
6. Responsible supply chain
7. Innovation and R&D

We are actively working towards addressing our double material topics, focusing on minimising our impact and developing a management action plan for future progress. We are committed to implementing strategies and initiatives that reduce our environmental footprint and enhance our social responsibility. By prioritising sustainability in our operations, we aim to create a positive and lasting impact on both the environment and society. Through careful planning and dedicated efforts, we are determined to make meaningful strides toward our goals.

## Mapping of Strategic Priorities with Material Issues

Strategic Priorities	FY23 Material Aspects	Capitals impacted	SDGs
<p><b>Leadership Across Businesses</b></p> <ul style="list-style-type: none"> <li>Employee Training and Skill Development</li> <li>Quality and Customer Satisfaction</li> <li>Customer Health and Safety</li> <li>Business Ethics and Compliance</li> <li>Diversity Inclusion</li> </ul>			
<p><b>Innovation</b></p> <ul style="list-style-type: none"> <li>Product Stewardship</li> <li>Innovation and R&amp;D</li> <li>Digitalisation, Data Privacy and Security</li> </ul>			
<p><b>Sustainability &amp; Social Responsibility</b></p> <ul style="list-style-type: none"> <li>Air and Soil Pollution</li> <li>Energy Consumption &amp; GHG Emissions Management</li> <li>Water and Effluents</li> <li>Waste Management</li> <li>Climate Change Adaptation</li> <li>Human Rights</li> <li>Occupational Health, Safety and Well-being</li> <li>Biodiversity and Land Use</li> </ul>			
<p><b>Capital Allocation</b></p> <ul style="list-style-type: none"> <li>Organisational Resilience</li> <li>Empowering Communities</li> <li>Financial Performance</li> </ul>			
<p><b>Cost Leadership</b></p> <ul style="list-style-type: none"> <li>Resource Efficiency</li> <li>Responsible Supply Chain</li> <li>Stakeholder Engagement</li> </ul>			