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.

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**

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**Establish materiality matrix**

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.

**Materiality Assessment**

<table>
<thead>
<tr>
<th>High–High</th>
<th>High–Medium</th>
<th>Medium–Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Energy consumption and GHG emissions</td>
<td>1. Air and soil pollution</td>
<td>1. Employee training and skill development</td>
</tr>
<tr>
<td>2. Water and effluents</td>
<td>2. Biodiversity and land use</td>
<td>2. Organisational resilience</td>
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</table>
In 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.

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