Double Materiality*

Where Impact Meets Business

At Grasim, sustainability is built on trust, anchoring our commitment to responsible growth, environmental stewardship, and inclusive progress. This year we carried out a comprehensive Double Materiality Assessment (DMA) to deepen our understanding of the sustainability matters that are most significant to both our stakeholders and our business. At Grasim, we view this exercise as an integral component of our governance and strategic planning processes, enabling us to assess not only the impacts of our operations on society and the environment, but also the sustainability-related risks and opportunities that can influence our long-term value creation. Drawing upon a structured and evidence-based methodology, the assessment incorporated extensive stakeholder engagement, sectoral insights, and evolving regulatory and market expectations to identify and prioritise material topics across our businesses. The process was enriched by the perspectives of employees, customers, investors, communities, industry associations, and subject-matter experts, ensuring that our priorities reflect both current realities and emerging trends.

"Double materiality enables us to look beyond disclosure and understand where our impacts intersect with the risks and opportunities shaping our businesses. The insights derived from our DMA are being embedded into Grasim's sustainability strategy, risk management, performance monitoring and decision-making processes. By identifying the ESG issues most material to our stakeholders and long-term value creation, the assessment provides a stronger foundation for navigating emerging risks and opportunities, enhancing resilience, improving resource efficiency and supporting informed capital allocation. As a diversified and purpose-driven organisation, we remain committed to translating these insights into meaningful action across climate stewardship, circularity, natural resource management, responsible value chains and inclusive growth, creating sustainable long-term value for shareholders, society and the environment."

Surya Valluri,
Chief Sustainability Officer

During the reporting period, Grasim refined its Double Materiality Assessment to capture 18 specific priority topics tailored to its updated ESG risk landscape. While 'Corporate Governance', 'Risk Management', and 'Customer Centricity' did not appear on the final matrix due to scoring methodology, they were designated as Tier 1 priorities. This classification aligns with the EFRAG-ESRS emphasis on foundational governance and customer accountability, which Grasim maintains through established policies and functional oversight.

This refreshed cycle specifically sharpened the dual lens of impact and financial materiality across the value chain. It mapped out how emerging ESG factors explicitly translate into financial implications, such as revenue, cost, business continuity and access to capital. Furthermore, this exercise strengthened direct alignment with the Enterprise Risk Management (ERM) framework, shifting the materiality process from a traditional reporting exercise into an actionable strategic tool.

Double Materiality Assessment Process*

1 Identification of topic universe

- Existing material topics
- Sectoral peers and industry disclosures
- Emerging ESG risks and industry trends
- Investor expectations and market signals
- Regulatory developments
- Business strategy and priorities

63+ comprehensive topic universe identified

2 Assessment across the value chain

- Manufacturing operations
- Sourcing and supply chain
- Workforce practices
- Customer and product responsibility
- Community engagement

Impact areas mapped across the value chain

3 Stakeholder consultation

- Leadership and senior management
- Employees and workers
- Customers
- Suppliers
- Investors and shareholders
- Communities, NGOs, and industry associations

214 responses from critical internal and external stakeholders

4 Materiality assessment and scoring

- Evaluation of impact and financial materiality
- Application of defined assessment parameters
- Classification of topics into Critical, Significant and Important

18 Material topics identified

5 Validation and finalisation

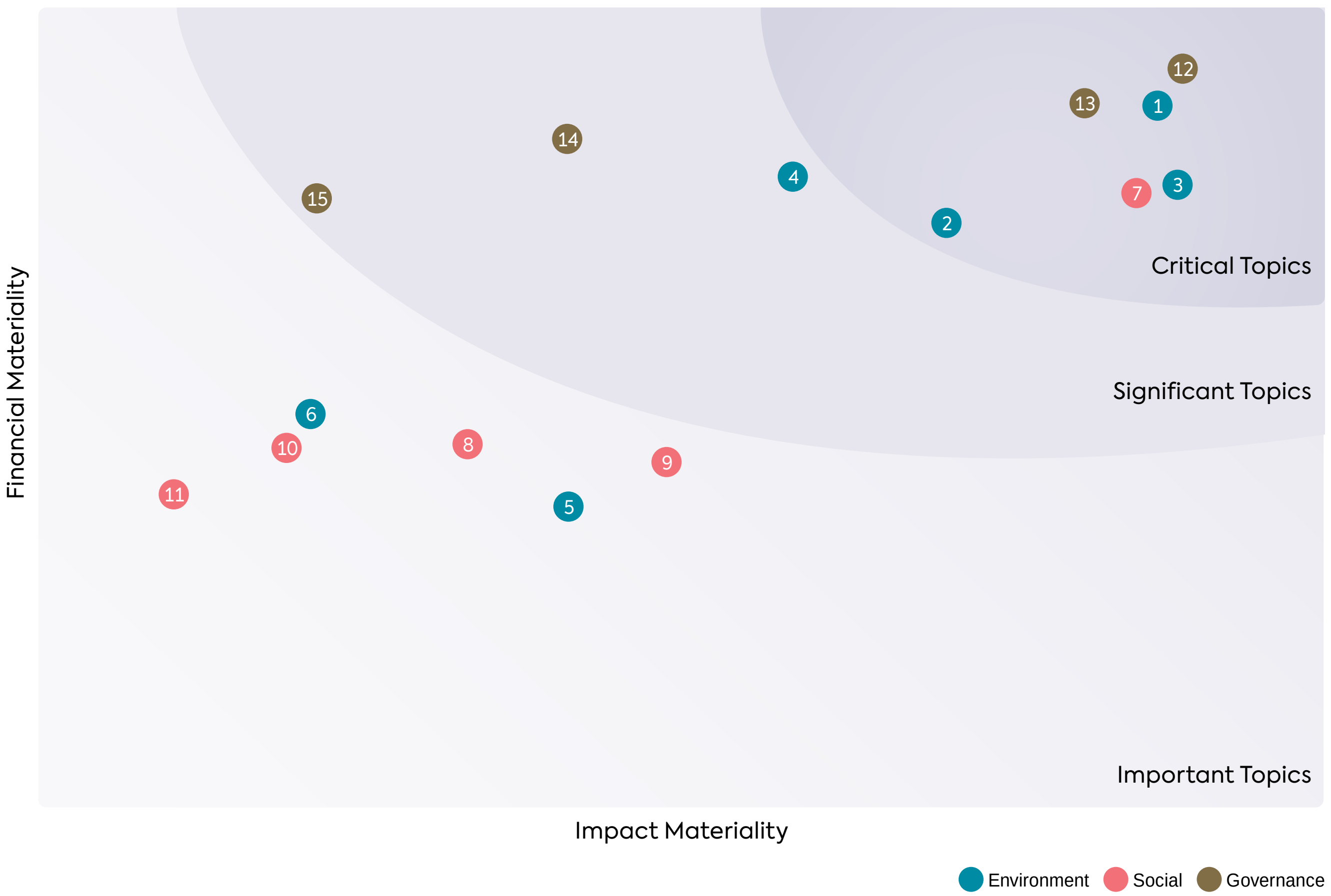
- Internal cross-functional review
- Senior management validation
- Board / Committee oversight
- Alignment with risk management and strategy

Materiality matrix validated and approved

***GRI 2-22:** Statement on sustainable development strategy

***GRI 3-1:** Process to determine material topics

Double Materiality Matrix#



Critical (High Priority)
Immediate business impact and heightened stakeholder relevance

1 Climate Change
2 Waste and Circular Economy
3 Water Stewardship
7 Occupational Health and Safety
12 Supply Chain Resilience
13 Data & Digital Ecosystem

Significant (Strategic Focus)
Important for ongoing management attention and decision-making

4 Energy Management
14 Product Stewardship
15 Partnerships, Collaborations & Recognitions

Important (Monitor and Evaluate)
Relevant for long-term planning and continuous tracking

5 Biodiversity
6 Resource Efficiency
8 Workforce Capability & Wellbeing
9 Human Rights
10 Community Engagement
11 Diversity, Equity & Inclusion

16 Corporate Governance* 17 Risk Management* 18 Customer Centricity*

*Topics have been identified as inherently critical to the organisation and hence not included in the materiality matrix.

#GRI 3-2: List of material topics

Critical Double Material Topics*

Supply Chain Resilience

BUSINESS CASE

Supply chain resilience is essential for ensuring continuity of operations and maintaining stakeholder confidence in sourcing practices. Increasing complexity and dependence on multi-tiered and geographically diverse supplier networks can expose the organisations to disruptions, price volatility, and compliance-related risks. Such gaps may affect procurement costs, timelines, and lead to reputational risks. Strengthening visibility across the value chain and diversifying sourcing channels are therefore critical to reducing vulnerabilities and enhancing operational stability.

MANAGEMENT APPROACH

Supply chain risks are managed through a structured and proactive approach focussed on diversification, visibility, and responsibility. The organisation is strengthening traceability across supplier networks to improve transparency and enable more effective risk identification. Procurement decisions prioritise suppliers that meet defined sustainability, quality, and compliance standards, ensuring alignment with responsible sourcing expectations. This is supported by risk-based supplier ESG assessments and audits, where required, which enhance oversight and promote adherence to established standards. Ongoing evaluation of supplier performance, combined with risk-based segmentation, enables timely identification of potential disruptions and supports more resilient sourcing decisions.

Climate Change

BUSINESS CASE

Operating in energy-intensive sectors makes climate change a critical business consideration. Evolving carbon pricing mechanisms and trade-related measures such as Carbon Border Adjustment Mechanism (CBAM), where applicable, influence cost structures and market access, while investor expectations increasingly favour credible decarbonisation pathways. Progress in renewable energy adoption and improvement in emission intensity support regulatory alignment, energy cost optimisation and long-term competitiveness.

MANAGEMENT APPROACH

Our decarbonisation roadmap involves a gradual increase in renewable energy use and continued improvements in energy efficiency. Process enhancements and adoption of cleaner technologies help reduce energy intensity, supported by initiatives such as waste heat recovery and fuel optimisation. Energy management systems enable continuous monitoring and optimisation of consumption across operations. Renewable energy sourcing is being scaled through a mix of captive generation and external procurement, supporting a gradual transition towards lower-carbon operations.

Water Stewardship

BUSINESS CASE

Water is a critical operational input across several processes, making efficient management essential for business continuity. Dependence on freshwater sources, along with regulatory and compliance requirements, can pose operational and financial risks. Improving water efficiency through recycling, reuse, and process optimisation helps reduce reliance on natural water sources, enhances resource efficiency, and supports long-term water security.

MANAGEMENT APPROACH

Water management is driven through a combination of recycling systems, process optimisation, and responsible use practices. Wastewater treatment enables recovery and reuse, reducing dependence on freshwater sources. Zero Liquid Discharge (ZLD) practices minimise discharge and support efficient water utilisation, while the use of desalinated seawater supplements supply and strengthens resilience. Regular monitoring of water consumption and discharge quality supports effective management and compliance.

Risk Opportunity FINANCIAL IMPLICATION → Positive Negative

*GRI 3-3: Management of material topics , *GRI 201-2: Financial implications and other risks and opportunities due to climate change

Occupational Health and Safety

BUSINESS CASE
Occupational health and safety is critical to maintaining operational continuity and workforce productivity. Workplace incidents can disrupt operations, affect workforce availability, and lead to regulatory and financial implications. Consistent safety performance therefore supports stable operations, ensures compliance with regulatory requirements, and enables reliable execution across business units.

MANAGEMENT APPROACH
Safety is managed through defined safety systems, standard operating procedures, and structured training programmes across operations. Regular assessments and audits help identify potential risks and enable timely corrective action. Focus areas include strengthening on-ground practices, monitoring high-risk activities, and improving contractor safety management. Safety processes and certifications are reviewed periodically to ensure alignment with established standards and to support safe working conditions across units.

Data and Digital Ecosystem

BUSINESS CASE
Digital systems are central to improving operational efficiency and enabling data-driven decision-making. The use of automation and integrated platforms supports process consistency, strengthens compliance monitoring, and improves visibility across operations. A well-developed digital ecosystem also enhances responsiveness to operational needs and provides better control over performance, supporting overall business effectiveness.

MANAGEMENT APPROACH
Digital capabilities are being strengthened through ongoing system upgrades and improvements in data governance. Efforts focus on improving platform integration and maintaining data quality to support reliable decision-making. Cybersecurity measures and periodic system assessments are designed to protect critical systems and information. Continuous improvements in digital processes support operational efficiency and alignment with evolving regulatory and compliance requirements.

Waste and Circular Economy

BUSINESS CASE
Effective waste management and circular practices are important for maintaining operational efficiency and controlling costs. Inefficient handling of waste can increase disposal requirements and compliance risks, while increasing regulatory expectations are driving the need for more sustainable practices. Adopting circular approaches such as reducing waste generation and improving material recovery, better resource utilisation, enhances process efficiency, and strengthens overall cost performance.

MANAGEMENT APPROACH
Waste management at Grasim is guided by the 3R philosophy – Reduce, Reuse and Recycle. Efforts focus on minimising waste generation, strengthening segregation at source, and improving recovery of materials and by-products. Eligible waste streams are increasingly integrated into processes to enhance material efficiency and reduce disposal requirements. Continuous improvements in waste handling and utilisation practices support more efficient resource management and reinforce circularity across operations.

Corporate Governance

BUSINESS CASE
Corporate governance establishes the framework through which an organisation is directed and overseen. It shapes how decisions are made, ensures alignment with regulatory expectations, and defines accountability across the organisation. Weak or inconsistently applied governance can lead to regulatory non-compliance and reputational risks. Conversely, a well-defined governance structure strengthens clarity in roles, enhances oversight, and supports sustainable business performance.

MANAGEMENT APPROACH
We operate within a structured governance framework with oversight at both the Board and management levels. Code of Conduct, ethics, compliance and related policies define expectations around conduct and compliance, supported by formal review mechanisms and internal controls. Regular assessments support consistent implementation across the organisation, while governance practices are periodically reviewed to remain aligned with regulatory requirements and evolving business needs. Key matters are escalated through established reporting structures to ensure timely and informed decision-making.

Risk Management

BUSINESS CASE
Risk management supports the identification and evaluation of uncertainties that may impact operations and performance. It provides visibility into potential exposures, allowing the organisation to respond effectively to changing conditions and maintain business continuity. Inadequate risk assessment or response can lead to operational disruptions, financial losses, and stakeholder concerns. A structured approach strengthens informed decision-making and improves organisational resilience.

MANAGEMENT APPROACH
We manage risks through a structured framework that identifies and evaluates exposures across key business areas. Risk considerations are integrated into planning and decision-making processes, with regular reviews to monitor changes in risk profiles. Clear reporting lines ensure visibility of key risks, with escalations to management and the Board as where required. The framework is periodically reviewed to align with evolving business conditions and regulatory requirements, supporting its continued effectiveness.

Customer Centricity

BUSINESS CASE
Customer centricity is fundamental to sustaining demand, maintaining market relevance and driving long-term business growth. Evolving customer expectations around quality, transparency, product performance and responsible practices are shaping purchasing decisions across markets. A clear focus on customer requirements enables better product alignment and consistent demand across business segments.

MANAGEMENT APPROACH
Customer requirements are integrated into product development, service delivery and business planning processes. Regular engagement through feedback mechanisms, interactions and market assessments informs product improvements and innovation. Dedicated teams address application-specific requirements to ensure alignment between product performance and end-use needs. Continuous monitoring of customer feedback and service outcomes enables timely improvements and builds long-term customer relationships.

Risk Opportunity FINANCIAL IMPLICATION → Positive Negative