Resilient Business

FOCUS AREAS

- G1 Governance and Business Integrity
- G2 Supply Chain and Sustainable Sourcing
- G3 Product Quality and Innovation

UN SDGs Linkage

Guided Responsibly

At Grasim, governance is a guiding thread that quietly runs through every decision, every action, and every milestone in our journey. It is what shapes how we lead, how we make decisions and how we build trust with our stakeholders. Over the years, as the organisation has grown and evolved, this deep-rooted commitment to integrity, transparency, and accountability has remained constant, providing a steady foundation.

Today, as we continue to scale with purpose, governance plays an even greater role. It goes beyond oversight to enable responsible growth. Every system, every policy, and every framework, from grievance redressal to supply chain responsibility, comes together to create a structure that is both robust and responsive. At the same time, we are consciously strengthening our ability to anticipate and manage emerging risks, whether they arise from technology disruptions, cybersecurity challenges, or an increasingly complex business environment. This is complemented by the Board's continuous review of our ESG journey, ensuring alignment with our sustainability vision and evolving stakeholder expectations.

Beyond the organisation, our approach to governance extends into the larger ecosystem which we operate in. Through partnerships and industry engagement, we actively contribute to shaping responsible practices across the value chain. In doing so, governance becomes more than an internal discipline; it becomes a shared commitment to building a future that is resilient, responsible, and trusted.

What Matters Most to Our Stakeholders

Material Topics	Employees and Workers	Local Communities	Investors and Shareholders	Customers	Suppliers	Government, Regulators and Industry Associations	Media	NGOs and Developmental Partners
Data and Digital Ecosystem	High	Low	Low	High	Medium	Low	Medium	Low
Supply Chain Resilience	Medium	Medium	Low	Medium	High	Medium	Low	Medium
Product Stewardship	Medium	Low	Low	High	Low	Low	Low	Low
Partnerships, Collaborations and Recognitions	Medium	Medium	Medium	Medium	Low	Medium	Medium	Medium

Employees and Workers, Local Communities, Investors and Shareholders, Customers, Suppliers, Government, Regulators and Industry Associations, Media, NGOs and Developmental Partners

High Impact, Medium Impact, Low Impact

Consistent Governance Builds Trust

One instance is not enough to build trust. It needs years of consistent actions, transparent leadership and a commitment to doing what is right. This belief passed through many a challenging time and only emerged stronger in every instance.

In FY 2016-17, Grasim announced a major recast by merging with Aditya Birla Nuvo and the subsequent demerger and listing of its financial services business, Aditya Birla Financial Services, which was rechristened as Aditya Birla Capital.

The proposal invited considerable scrutiny, with investors and proxy advisory firms questioning its structure and implications for minority shareholders. Grasim leaned on independent valuations, fairness opinions, regulatory reviews and transparent communications. Not even a decade since the restructuring, Aditya Birla Capital stands at a market valuation of more than ₹1,00,000 crore, and Grasim sees its newer ventures like Birla Opus and Birla Pivot making big strides, while creating enduring value for shareholders.

The same governance discipline shaped a very different milestone in March 2024, when Grasim secured ₹1,250 crore from its first Sustainability-Linked NCD from the International Finance Corporation (IFC) to expand Birla Opus. Unlike conventional financing, the instrument tied capital directly to measurable commitments in renewable energy and water stewardship.

The Group's disciplined governance grew stronger with every success and kept building on its robust foundation of trust.

FOCUS AREA G1

Governance and Business Integrity

Inside this section → **Sustainability Governance, Policy Advocacy, Cyber and Information Security**

As a responsible enterprise, we have deployed sound governance practices that ensure ethical, transparent decision-making and strong regulatory compliance. Our proactive policy advocacy aligns our position with evolving regulations. We have built a cyber and data security framework which translates stakeholder confidence in us.

Key Milestones Achieved

Independent Chair of Risk Management and Sustainability Committee (RMSC)

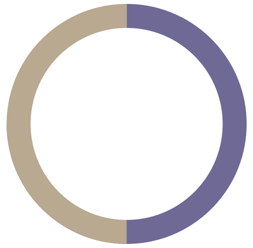
100%
Manufacturing sites covered under IMS Certification

Zero
Data breaches

Strategic Enablers

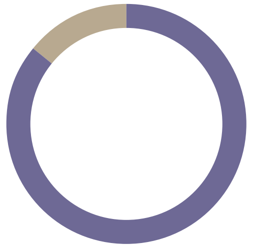
- ESG governance and oversight structures
- ESG integration across business functions
- Collaboration with industry associations and regulators

Performance Overview



RMSC independence (%)

Independent	50
Non-Independent	50



Board skill set (%)

ESG & Social Skills	86
Other Skills	14

Forward-looking Priorities

- Deepening sustainability linkages with capital allocation and risk oversight
- Enhancing policy framework and implementation
- Strengthening ESG related KPIs into performance evaluation and incentive structures

Sustainability Governance*

Ensuring Accountability, Transparency and Resilience

At Grasim, sustainability is ingrained into the way we govern, set our strategy, mitigate risks, and create long-term value. Sustainability considerations are integrated into business planning, capital allocation, risk management, and operational decision-making, ensuring that environmental, social, and governance priorities remain closely linked to business objectives.

Sustainability Governance Framework

Board of Directors

Risk Management and Sustainability Committee

- Overseeing the ESG strategy, including KPIs related to climate risks and opportunities, water, waste, emissions, energy, and the overall sustainability framework
- Monitoring and reviewing ESG-related risks, opportunities, targets and performance
- Ensuring integration of sustainability in business planning and growth
- Providing insights to enhance ESG governance
- Supporting cross -functional alignment and oversight

Chief Sustainability Officer (Role & Responsibilities)

- Board extends it support in formulating the ESG strategy
- Coordinating cross -functional ESG initiatives
- Managing sustainability -related risks and performance metrics

Group Sustainability Cell
Looks after the Group sustainability initiatives and challenges

Business Heads

Cellulosic Fibres | Chemicals | Building Materials | Other Businesses

- Setting, reviewing, and driving ESG targets such as emissions reduction, water and waste management, and energy efficiency, ensuring alignment with corporate sustainability goals
- Work with the sustainability team to allocate resources such as personnel, budget, and tools and ensure smooth execution across all business units

Business SPOCS (Role & Responsibilities)

- Driving implementation of sustainability initiatives within the business unit
- Track ESG KPIs, identify risks and opportunities, and report performance to the CSO
- Ensuring alignment of business level strategies with Grasim's overall ESG goals

Unit Heads

Functional Heads

Operations | Finance and accounts | Marketing | Supply chain and logistics | Environmental sustainability | Occupational health and safety | Human Resources | Corporate social responsibility | Engineering

- Unit Heads facilitate monthly sustainability reviews to assess progress against ESG targets and ensure alignment with organisational sustainability objectives
- Functional Heads oversee ESG related KPIs, ensuring timely data collection, reporting, and departmental alignment with the Company's broader ESG goals

Unit SPOCS (Role & Responsibilities)

- Executing the sustainability strategy at the unit level
- Tracking ESG performance against set goals
- Ensuring alignment with corporate ESG objectives
- Conducting monthly reviews to assess progress and address issues
- Escalating significant matters to higher-level governance for timely decision-making

***GRI 2-12:** Role of the highest governance body in overseeing the management of impacts, ***GRI 2-13:** Delegation of responsibility for managing impacts, ***GRI 2-14:** Role of the highest governance body in sustainability reporting

Policy Advocacy*

Balancing Business Priorities with Industry Preferences

We engage in policy advocacy in a transparent and responsible manner through recognised industry bodies and lawful consultation mechanisms, carefully balancing our business priorities with industry, stakeholder and public policy considerations.

This engagement forms an important part of our efforts to contribute to progressive, balanced, and sustainable regulatory frameworks across its operations. Through active participation in international, national, and state-level industry associations and forums, the Company representatives contribute constructively to policy advocacy by sharing industry insights, market intelligence, and practical recommendations with policymakers, regulators, and other stakeholders. Effective execution of advocacy activities across the organisation is supported by defined roles, responsibilities, and collaboration among relevant teams.

Participation in organisations such as the Global Cement and Concrete Association, the Sustainable Apparel Coalition, the Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), and Textile Exchange places us within broader industry efforts to strengthen credible sustainability standards and encourage collaborative action. In particular, our involvement with Textile Exchange keeps us closely connected to evolving global best practices, and supports dialogue on the wider adoption of environmentally responsible materials and processes.

Our public policy engagement recognises the close link between long-term business resilience and broader economic, environmental, and societal priorities. Participation in industry associations and collaborative forums enables the Company to contribute perspectives aligned with climate and sustainability ambitions, including the Paris Agreement and India's net-zero emissions target for 2070. These platforms provide opportunities to share industry experience and contribute to discussions on responsible growth, operational efficiency, innovation, and long-term value creation.

The Company does not undertake lobbying activities, either directly or indirectly, and ensures that all policy engagements are conducted in a manner consistent with applicable laws, regulatory expectations, and the highest standards of corporate governance. Integrity remains central to all stakeholder interactions, with zero tolerance for bribery, corruption, or unethical influence. Supported by a robust anti-bribery and anti-corruption framework, internal controls, and compliance mechanisms, the Company upholds transparency, accountability, and ethical conduct in all its engagements, reinforcing stakeholder trust.

Grasim engaged with policymakers on the draft Greenhouse Gas Emission Intensity Target Rules, 2025, under India's Carbon Credit Trading Scheme (CCTS).

***GRI 2-28:** Membership associations

Cyber and Information Security

Protecting Trust in a Connected World

Cyber security and data privacy are crucial in safeguarding operations, protecting data, and complying with legal and regulatory guidelines. We have a three-tier governance model for cybersecurity with a dual approach to implement IT security systems and procedures.

The Risk Management Committee provides strategic oversight, while business leadership translates it into operational control. This approach combines strong oversight with flexibility.

The framework is supported by the Information Security Policy, which sets clear expectations for secure asset usage, access controls, data sharing, backup and recovery, and system usage, pre-empting cyber threats.

Operational Controls and Assurance

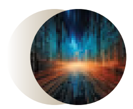
Our cybersecurity environment is supported by access controls and encryption, wherever applicable, regular data backups, and system monitoring. Business continuity and contingency planning are part of our regular operations. The Information Security Management Systems (ISMS) are assessed through periodic vulnerability assessments.

Data Awareness Drives Automation

We impart mandatory trainings that are tailored to business contexts and roll out awareness initiatives on data privacy, cybersecurity, responsible use of AI, and phishing. These are part of our efforts to drive digital transformation through various programmes in automation, analytics, and integrated platforms.

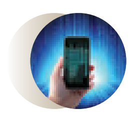
Key Initiatives

Enterprise Data Platform and Analytics
A unified, cloud-based enterprise data platform built on the lake house architecture. It supports scalable analytics and offers insight into business dashboards.



AI-led Automation and Customer Interaction
AI-driven voice bots with advanced language models, intent recognition, and contextual understanding to automate customer interactions. It enabled efficient handling of incoming queries.

GenAI-enabled Sales and Visualisation Tools
A GenAI application to transform site images into photorealistic painted outputs for customers, accelerating decision-making and raising lead conversions.



Digital Platforms for Partner Ecosystem (Opus ID)
The Opus ID digital platform helps contractors and painters to access loyalty programmes, track incentives, and manage projects.

FOCUS AREA G2

Supply Chain and Sustainable Sourcing*

Inside this Section → Responsible and Sustainable Supply Chain

Sustainable sourcing and responsible supply chain management are an important part of our sustainability strategy. We are committed to the responsible procurement of raw materials, with a strong emphasis on traceability and ethical sourcing practices. By fostering deeper collaboration with suppliers and embedding robust risk assessment and management frameworks, we strengthen supply chain resilience, enhance operational continuity, and mitigate potential environmental and social risks. This approach not only supports accountability and transparency across the value chain but also reinforces our commitment to sustainable business practices.

Key Milestones Achieved

37%
Inputs sourced sustainably

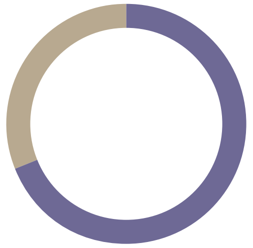
~200
Awareness programs held for suppliers

~98%
Pulp sourced from FSC# certified forests

Strategic Enablers

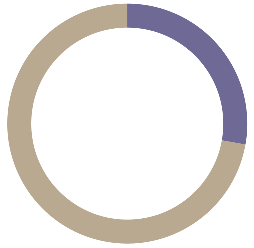
- Responsible sourcing guided by governance in procurement decisions
- Supply continuity through management of critical inventory and logistics
- Collaboration with suppliers driven by ESG considerations

Performance Overview



Procurement by region (%)

Within India	69
Others	31



Procurement by source type (%)

MSMEs /small producers	28
Others	72

Forward-looking Priorities

- Expanding supplier assessment coverage and strengthen responsible sourcing
- Digital enablement through unified platforms for tracking and assessment
- Advancing circularity through collaborative supplier partnerships

#FSC – Forest Stewardship Council

***GRI 204-1:** Proportion of spending on local suppliers

Responsible and Sustainable Supply Chain*

Reliability Intact from Origin to Destination

Grasim's supply chain management strategy guides all stages of supplier engagement. Suppliers play an important role in supporting the scale and continuity of operations and are viewed as key partners in our value chain. Partnerships are built around shared commitments to quality, responsible practices, and operational discipline, with engagement driven through defined processes and periodic interactions.

As part of this engagement, suppliers are onboarded and screened against defined operational, financial, and compliance criteria. Expectations for ethical conduct, safety, labour practices, and environmental responsibility are defined through the Suppliers Code of Conduct, while the Responsible Supply Chain Policy guides transparent sourcing, risk management, and consistent engagement. Supplier ESG programmes enable regular assessment, ongoing dialogue, and capability development, bringing ESG considerations into day-to-day operations and aligning them with responsible sourcing expectations.

Supplier Onboarding and Screening

1. **Supplier classification:** Suppliers are categorised into Tier-1 and non-Tier-1 based on engagement levels and procurement spend, enabling a risk-based approach to oversight.
2. **Registration and documentation:** Prospective suppliers submit required documentation and compliance declarations, supported by initial eligibility and alignment checks.
3. **Comprehensive evaluation:** Suppliers are assessed on technical capability, financial stability, certifications, and past performance, with ESG risks reviewed through desk-based assessments considering geography, sector, and product category.
4. **ESG integration:** ESG considerations are embedded into evaluations, with emphasis on environmental performance, occupational health and safety, and overall workforce well-being to support responsible supplier selection.
5. **Expectations and compliance:** Suppliers are required to maintain compliance with the Supplier Code of Conduct and defined standards, with corrective actions addressed and disengagement considered in cases of persistent non-compliance.

***GRI 308-1:** New suppliers that were screened using environmental criteria, ***GRI 414-1:** New suppliers that were screened using social criteria

Supply Chain Governance

Grasim's responsible procurement framework is anchored in a clear governance structure, guided by the Supplier Code of Conduct and the Responsible Supply Chain Policy, which together define how we engage with suppliers across the value chain.

The Supplier Code of Conduct aligns with responsible business principles and sets standards on health and safety, environmental performance, business integrity, and labour practices, including fair wages, safe working conditions, reasonable working hours, and respect for freedom of association. These requirements are reinforced through the Responsible Supply Chain Policy, which promotes transparent sourcing, risk-based oversight, and supplier capability development.

The framework also supports broader goals such as strengthening local sourcing, engaging MSMEs, and encouraging participation from under-represented groups. Suppliers are expected to operate in line with these standards, supported by internal reviews and governance mechanisms to ensure consistent implementation across businesses.

Supplier Assessments

Periodic supplier assessments are conducted through a combination of internal reviews and contracted consultants (2nd party and 3rd party) to identify key partners, track performance, and assess ESG risks across key supplier categories. During onboarding, 100% of tier-1 suppliers undergo on-site assessments in alignment with relevant standards and methodologies such as ISO certifications, SA8000, etc, as applicable. Supplier performance is supported through regular engagement, targeted training, and accessible grievance mechanisms. This feedback process enhances accountability, builds supplier capabilities, and drives ongoing improvement.

Supplier ESG Programme

Governance

Our ESG programme is overseen by Chief Sustainability Officer, who in turn appraises the Risk Management and Sustainability Committee.

Engagement

We conduct workshops and training for suppliers, contractors, and employees on key topics such as climate, resource efficiency, human rights, and diversity.

Enablement

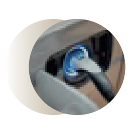
These engagements help identify operational challenges and inform targeted support. Technical guidance is provided to strengthen supplier capabilities and improve ESG performance.

Key Initiatives

PositiivPlus
Supplier ESG assessments are being digitised through the PositiivPlus platform, deployed via Utopiic as a SaaS solution to improve data capture, standardise evaluation criteria and enable consistent monitoring of supplier ESG performance.

E-Conformity
The Chemicals business has implemented E-Conformity software for tracking of vehicle fitness, reduction of manual processes and generation of deviation reports and improved monitoring and digitisation of compliance.

Supplier ESG Training
Training programmes were conducted for MSMEs and local suppliers, covering ESG fundamentals, organisational expectations and management practices.



Technology Enabled Logistics
The use of electric vehicles (EVs) for downstream transportation, including pilots conducted for customer-related e-mobility. Additionally, geo-tracking systems for outbound vehicles have been implemented to enhance monitoring and reduce driver fatigue.

FOCUS AREA G3

Product Quality and Innovation

Inside this section → Product Stewardship

Innovation is integrated into product development, with a focus on advancing solutions that incorporate sustainability considerations and enhanced traceability. Quality standards are applied across production processes to support product performance and consistency. Product stewardship efforts extend across the value chain, encompassing responsible sourcing, safe material handling, and considerations for end-of-life management.

Key Milestones Achieved

268
R&D team members

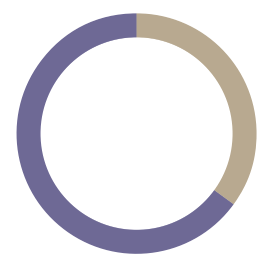
53
Active patent application

9
R&D facilities

Strategic Enablers

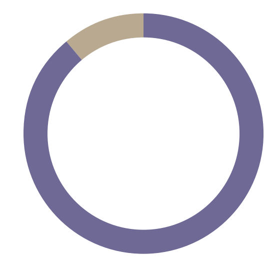
- Responsible product management across the product lifecycle
- Specialised R&D capabilities supported by capital allocation and market expansion strategies
- Collaboration-led innovation through partnerships and knowledge sharing

Performance Overview



R&D spend by initiative (%)

Environmental & Social	35
Others	65



Total capex break-up (%)

Environmental & Social	11
Others	89

Forward-looking Priorities

- Accelerate innovation for high-performance sustainable product
- Expand lifecycle assessment coverage across product portfolio
- Strengthen collaboration with customers to co-develop sustainable products

Product Stewardship

Thoughtful By Design

Innovation and R&D

Product innovation builds on our product stewardship approach, enabling solutions that balance performance, quality, and sustainability considerations. Innovation priorities are shaped by market insights, customer engagement, and operational learnings, guiding decisions across product design, process improvements, and material selection. This ensures responsiveness to evolving expectations while maintaining quality, safety, and performance expectations.

This innovation is supported by a well-established network of research and development (R&D) facilities across five key locations (Taloja, Kharach, Vilayat, Nagda and Harihar) in India, complemented by strong technical expertise. Our advanced R&D infrastructure enables continuous innovation, rigorous testing, and efficient scale-up of solutions with improved performance, safety and sustainability attributes across businesses.

- Reducing water and energy use across plants
- Closed-loop processes and waste recovery
- Green chemistry and safe processes
- Circular materials and recycling initiatives
- Reducing water and energy use across plants

Areas for Innovation

Innovation initiatives are governed through structured review mechanisms that assess technical feasibility, scalability, safety, regulatory readiness, and performance outcomes, ensuring disciplined decision-making and effective transition from development to deployment. These initiatives progress through a structured innovation process that guides ideas from initial evaluation to commercial application, with each stage aligned to business priorities, technical readiness, and sustainability considerations. The process spans priority setting and ideation, development and validation through R&D-led testing and cross-functional collaboration, followed by scale-up and deployment leveraging existing infrastructure, and culminates in continuous performance review and learning, enabling consistent, scalable, and outcome-driven innovation.

Our R&D Infrastructure

- Aditya Birla Science and Technology Company Pvt. Ltd. (ABSTC)
- Paints R&D Lab and Pilot Plant
- Pulp & Fibre Innovation Centre (PFIC)
- Performance Material Research Centre (PMRC)
- Fibre Research Centre (FRC)
- Textile Research Application and Development Centre (TRADC)
- Aditya Birla Water Application and Product Development Centre
- Next Generation Fibre Research Centre (NGFRC)
- Clonal Production Centre (CPC)

CASE STUDY

Moving Beyond PAC: Building Application-led Treatment Solutions

Overview

Water scarcity and tightening environmental regulations are shaping the need for more effective wastewater treatment. While Poly Aluminium Chloride (PAC) remains widely used across many applications, variations in effluent characteristics require application-specific solutions to achieve consistent treatment outcomes. This created a need to move beyond a single-product offering and develop solutions suited to varied industrial and municipal requirements, leading to the creation of Vytal as a specialised portfolio of water and wastewater treatment formulations.

Solution

The initiative involved analysing wastewater samples from different industries and identifying suitable treatment combinations for each use case. Based on these studies, specialised coagulants, flocculants and decolouring agents were developed for applications such as textile effluents, refinery streams, sewage treatment and fluoride removal. Pilot trials were conducted at customer sites to validate performance under actual operating conditions. Learnings from these trials were translated into defined treatment protocols covering dosage, sequencing and process control, supported by laboratory evaluation and field validation.

Impact

Treatment outcomes became more consistent across varied wastewater streams, with clearer guidance on chemical selection and dosage. Improved removal of colour, suspended solids and impurities led to more stable discharge quality and better suitability for reuse in several applications. The shift to application-specific treatment solutions improved customer acceptance and led to repeat use across multiple industrial segments.

Future Outlook

Work will continue on expanding the range of formulations for complex effluents and improving performance under varied operating conditions. Ongoing efforts will focus on refining treatment protocols, developing additional products for niche applications and deepening application knowledge through field engagement and testing.

Product Responsibility

Grasim extends product responsibility across key stages of the product lifecycle, from raw material selection to manufacturing, use, and end-of-life considerations. Environmental and safety aspects are integrated into product development and operational decision-making.

Product quality, safety, and reliability are central to this approach, with internal reviews, customer feedback, and performance insights informing improvements in design, processes, and material selection. These efforts are supported by defined review mechanisms and cross-functional oversight to ensure consistency across businesses. Collaboration across the value chain further strengthens stewardship, with engagement across suppliers, customers, and industry forums promoting responsible sourcing, safe product use, and alignment with evolving regulatory requirements.

Life Cycle Assessments (LCA) are conducted for selected products to evaluate environmental impacts and identify improvement opportunities. Insights from these assessments guide actions on resource efficiency, waste reduction, and material optimisation, while supporting informed decision making and continuous improvement.