

Focusing on What Matters Most

Materiality Assessment Process

1 Creating a Pool of Material Issues

Identifying material issues in alignment with national and international frameworks and standards, and assessing trends presented by peers

Identification of internal and external stakeholders

2 Materiality Assessment Process

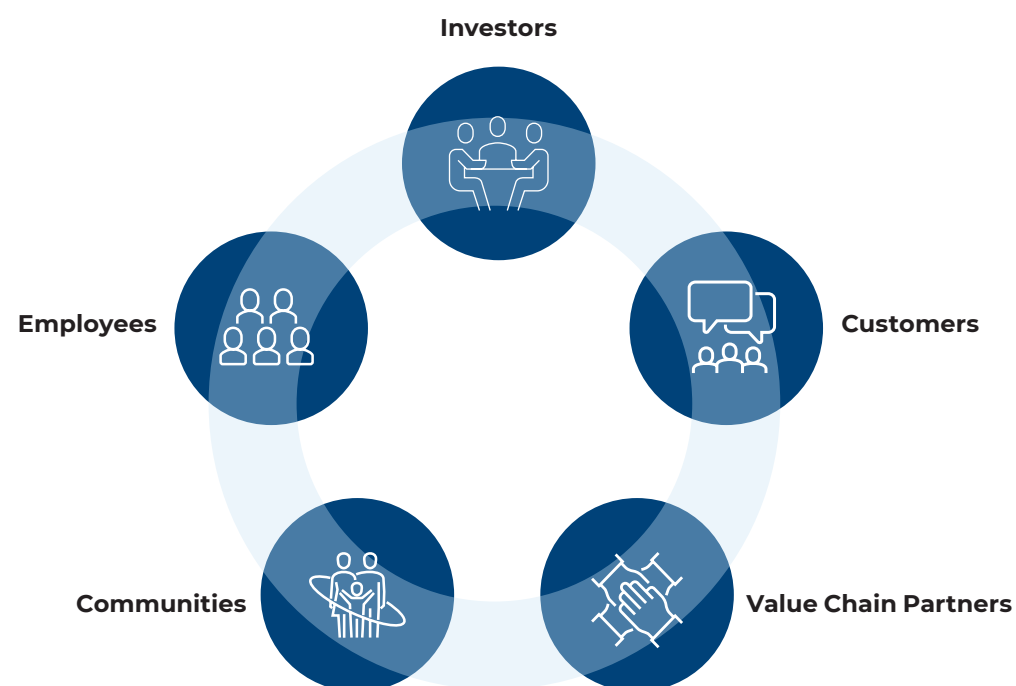
Referring to international standards, including SASB and GRI, specifically for the Chemicals, Biotechnology, and Pharmaceuticals sectors

- Benchmarking of peers
- Internal data review
- Stakeholder survey
- Media analysis for understanding trends / issues

3 Prioritise Material Topics

Finalised 20 material topics by focusing on common themes from industry peers and pressing ESG issues relevant to our, business aligned with SASB and GRI standards

Stakeholders Considered



In 2021-22, we conducted a comprehensive materiality assessment to identify the most significant ESG issues across our operations and value chain. The process helped us to identify emerging risks and opportunities, align our strategic priorities with stakeholder expectations, and guide effective resource allocation. Each issue was assessed for its impact on our business and its broader implications for the environment, society, and communities.

Materiality Matrix



Environment

1 Energy Efficiency and Carbon Emissions

Why Its Material/Risk and Opportunity

It poses both risks and opportunities. Inaction to curb emissions can result in regulatory penalties and reputational harm. Proactive efforts to reduce emissions and increase efficiency can enhance our brand reputation, boost competitiveness, and lower costs.

Strategic Initiatives

- Optimisation of production processes to enhance efficiency
- Upgradation of equipment and machinery to minimise energy wastage
- Power Purchase Agreements with solar power developers
- Signing agreements for hybrid renewable energy project

Stakeholders Impacted



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2 Air Pollution

Why Its Material/Risk and Opportunity

Air pollution invites regulatory pressures, fines, and reputational damage. Reducing emissions offers opportunities to enhance brand value, attract eco-conscious customers, increases competitiveness, and support environmental commitments.

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Strategic Initiatives

- Real-time monitoring of emissions
- Using advanced technologies to reduce emissions at the source
- Engaging approved laboratories to conduct regular air quality assessments

Stakeholders Impacted



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3 Waste Management

Why Its Material/Risk and Opportunity

Inadequate waste management can cause environmental damage, health hazards, and regulatory non-compliance, potentially resulting in penalties and reputational damage.

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Strategic Initiatives

- Adhering to the R3 principle of waste management
- Handing over e-waste and plastic waste to authorised recyclers
- Disposing of hazardous waste responsibly

Stakeholders Impacted



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4 Water and Effluent Management

Why Its Material/Risk and Opportunity

Insufficient water availability can disrupt operations, increase costs. Effective water management offers financial and environmental benefits.

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Strategic Initiatives

- Implementing Zero Liquid Discharge (ZLD) systems
- Enhancing steam recovery processes to improve water efficiency
- Operating Effluent Treatment Plants (ETPs) at all manufacturing facilities

Stakeholders Impacted



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5 Green Chemistry

Why Its Material/Risk and Opportunity

Embracing green chemistry opens doors to new markets and reduces risks associated with hazardous substances.

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Strategic Initiatives

- Incorporating green chemistry across product development
- Investing in safe and responsible operations
- Collaborating with industry partners to drive green chemistry innovations

Stakeholders Impacted



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Social

7 Diversity, Inclusion and Equal Opportunities

Why Its Material/Risk and Opportunity

Diversity and inclusion present a key opportunity, driving innovation, widening talent pools, boosting engagement, and enhancing reputation, thereby contributing to long-term success.

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Strategic Initiatives

- Empowering women through dedicated platforms
- Ensuring merit-based promotions
- Hosting the Hikal Women's Forum to support women

Stakeholder Impacted



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8 Employee Well-being, Benefits and Retention

Why Its Material/Risk and Opportunity

Focusing on employee well-being and benefits enhances satisfaction and retention, increases engagement, and drives productivity.

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Strategic Initiatives

- Conducting training programmes
- Offering various employee benefit schemes
- Hosting employee wellness programmes
- Providing medical health camps

Stakeholder Impacted



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9 Employee Training and Skill Development

Why Its Material/Risk and Opportunity

Training and skill development increases the employee satisfaction level, attracts top talent, and supports talent retention, contributing to long-term success.

Strategic Initiatives

- Organising regular town hall meetings
- Conducting training programmes for employee upskilling
- Targeted training for skill development

Stakeholder Impacted



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10 Occupational Health and Safety

Why Its Material/Risk and Opportunity

Neglecting OHS compliance can lead to accidents, injuries, and illnesses, affecting employee well-being and can attract legal liabilities and reputational damage.

Strategic Initiatives

- Implementing proactive safety measures
- Conducting regular HIRA assessments
- Deploying dedicated EHS teams at all sites

Stakeholder Impacted



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11 Human Rights and Community Relations

Why Its Material/Risk and Opportunity

Respecting human rights and addressing grievances are crucial. Community development initiatives, such as education and skills training, enhance reputation and foster community support.

Strategic Initiatives

- Conducting human rights due diligence with support from an independent agency
- Establishing a formal grievance redressal mechanism
- Organising awareness sessions on human rights for employees

Stakeholder Impacted



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Governance

12 Ethical Business Practices and Governance

Why Its Material/Risk and Opportunity

Ethical business practices build trust, enhance reputation, ensure compliance, and promotes stakeholders trust leading to accountable growth.

Strategic Initiatives

- Training for employees on business ethics
- Ensuring board independence
- Implementing the Code of Conduct, Whistle-blower Policy, and other governance policies

Stakeholder Impacted



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13 Risk Management and Business Continuity

Why Its Material/Risk and Opportunity

Poor risk management may result in operational disruptions. Risk assessment, and management increases resilience reduces incidents, and loss. Efficient business continuity planning ensures long term growth.

Strategic Initiatives

- Dedicated Risk Management Committee
- Regularly assessing key risks
- Developing and monitoring risk mitigation plans

Stakeholder Impacted



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14 Sustainable Supply Chain

Why Its Material/Risk and Opportunity

Prioritising supply chain sustainability boosts competitiveness, meets consumer demand, cuts environmental impact, ensures compliance, and builds long-term supplier partnerships.

Strategic Initiatives

- Implementing a Green Supply Chain Policy across our value chain
- Evaluating suppliers based on ESG performance criteria
- Prioritising local procurement

Stakeholders Impacted



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15 Data Integrity and Security

Why Its Material/Risk and Opportunity

Protecting data integrity and security is critical to safeguarding assets and trust. Breaches can lead to financial losses, reputational damage, and legal issues.

Strategic Initiatives

- Implementing multi-layered cybersecurity solutions across IT systems
- Providing data security training to employees

Stakeholders Impacted



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16 Product Quality, Safety and Labelling

Why Its Material/Risk and Opportunity

Ensuring product quality, safety, and labelling prevents defects, legal risks, and reputational harm while building compliance and consumer trust.

Strategic Initiatives

- Labelling all products with detailed, accurate information
- Providing comprehensive product information
- Training employees on product safety

Stakeholder Impacted



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17 Sustainable Financial Performance

Why Its Material/Risk and Opportunity

Integrating sustainability into financial strategies offers reputation enhancement, and investor attraction. It ensures long-term viability competitiveness while creating value for stakeholders.

Strategic Initiatives

- Investing in clean energy solutions
- Identifying opportunities to reduce environmental impact and investing in them

Stakeholder Impacted



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18 Research and Innovation

Why Its Material/Risk and Opportunity

Regulatory compliance avoids legal risks and penalties, while enhancing trust, operational stability, market access, and long-term sustainable business growth.

Strategic Initiatives

- Aligning with national and international standards, laws, and regulations
- Partnering with government bodies to support regulatory initiatives

Stakeholders Impacted



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19 Regulatory Compliance

Why Its Material/Risk and Opportunity

Regulatory compliance mitigates legal risks and penalties, while enhancing trust, operational stability, market access, and long-term sustainable business growth.

Strategic Initiatives

- Aligning with national and international standards, laws, and regulations
- Partnering with government bodies to support regulatory initiatives

Stakeholders Impacted



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20 Customer Satisfaction

Why Its Material/Risk and Opportunity

Failing to meet customer expectations can result in loss of business and credibility. Meeting their expectations strengthens trust, drives growth, and builds long-term strategic partnerships.

Strategic Initiatives

- Maintaining open communication with customers
- Adapting to evolving customer needs
- Collecting regular customer feedback for improvement

Stakeholder Impacted



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