

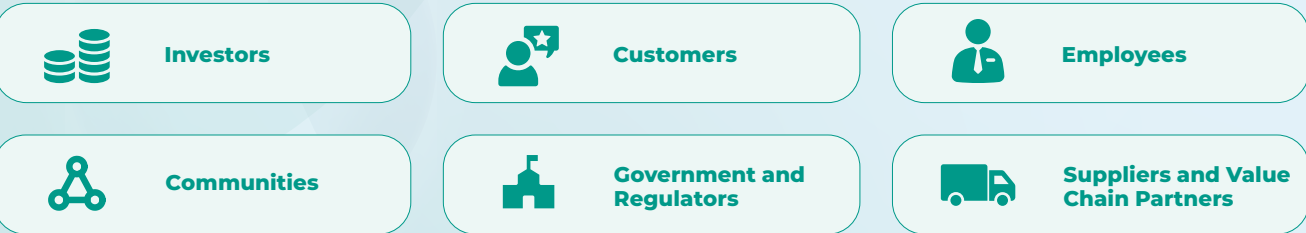
Assessing Stakeholder Priorities

We conducted a comprehensive materiality assessment in 2023-24 to identify the ESG issues most significant to our operations and value chain. Each issue was evaluated for its impact on our business, as well as its broader implications for the environment, society, and communities. The assessment also enabled us to identify emerging risks and opportunities, align strategic priorities with stakeholder expectations, and support effective resource allocation.

Materiality Assessment Process



Stakeholders Considered



Materiality Matrix



- 1- Energy efficiency and carbon emissions

2- Air pollution

3- Waste management

4- Water and effluent management

5- Biodiversity protection

6- Green chemistry

7- Diversity, inclusion, and equal opportunities

8- Employee well-being, benefits and retention

9- Occupational Health and Safety

10- Skill development
- 11- Human rights and community relations

12- Ethical business practices and governance

13- Risk management and business continuity

14- Sustainable supply chain

15- Data integrity and security

16- Product quality, safety, and labelling

17- Sustainable financial performance

18- Research and innovation

19- Regulatory compliance

20- Customer engagement

**Environment**

Why it's Material	Strategic Initiatives	Stakeholder Impacted
Energy Efficiency and Carbon Emissions		
It poses both risks and opportunities. Inaction to reduce emissions can lead to regulatory penalties and reputational harm, while proactive efforts to reduce emission and increase efficiency can enhance our brand reputation, increase competitiveness, reduce costs.	- 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	UN SDGs 7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION

MATERIALITY ASSESSMENT

Environment

Why it's Material	Strategic Initiatives	Stakeholder Impacted
Air Pollution		
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.	- Using advanced technologies to reduce emissions at the source - Engaging approved laboratories to conduct regular air quality assessments	 UN SDGs 
Waste Management		
Inadequate waste management can cause environmental damage, health hazards, and regulatory non-compliance, leading to penalties and reputational harm.	- Adhering to the R3 principle of waste management - Handing over e-waste & plastic waste to authorised recyclers - Disposing of hazardous waste responsibly - High calorific value incinerable hazardous waste diverted to co-processing and pre-processing	 UN SDGs 
Water and Effluent Management		
Insufficient water availability can disrupt our operations, increase costs. Effective water management offers financial and environmental benefits.	- Implementing Zero Liquid Discharge (ZLD) systems - Enhancing steam recovery processes to improve water efficiency - Operating Effluent Treatment Plants (ETPs) at all manufacturing facilities	 UN SDGs 

Why it's Material	Strategic Initiatives	Stakeholder Impacted
Green Chemistry		
Reduce the environment foot print of the product sustainable product. Embracing green chemistry opens doors to new markets, reduces risks associated with hazardous substances.	- Incorporating green chemistry across product development - Investing in safe and responsible operations - Collaborating with industry partners to drive green chemistry innovations	 UN SDGs 

Social

Diversity, Inclusion and Equal Opportunities		
Diversity and inclusion present a key opportunity, driving innovation, widening talent pools, boosting engagement, and enhancing reputation, leading to long-term success.	- Empowering women through dedicated platforms - Ensuring merit-based promotions - Hosting the Hikal Women's Forum to support women	 UN SDGs 
Employee Well-being, Benefits and Retention		
Focusing on employee well-being, benefits, enhances satisfaction, retention, increases the engagement and drives productivity.	- Conducting training programmes - Offering various employee benefit schemes - Hosting employee wellness programmes - Providing medical health camps	 UN SDGs 

MATERIALITY ASSESSMENT

Governance

Why it's Material	Strategic Initiatives	Stakeholder Impacted
Data Integrity and Security		
Protecting data integrity and security is critical to safeguarding assets and trust. Breaches can lead to financial losses, reputation damage, and legal issues.	- Implementing multi-layered cybersecurity solutions across IT systems - Providing data security training to employees	 UN SDGs  
Product Quality, Safety and Labelling		
Ensuring product quality, safety, and labelling prevents defects, legal risks, and reputational harm while building compliance and consumer trust.	- Labelling all products with detailed, accurate information - Providing comprehensive product information - Training employees on product safety	 UN SDGs  
Sustainable Financial Performance		
Integrating sustainability into financial strategies offers reputation enhancement, and investor attraction. It ensures long-term viability competitiveness while creating value for stakeholders.	- Investing in clean energy solutions - Identifying opportunities to reduce environmental impact and investing in them	 UN SDG 

Why it's Material	Strategic Initiatives	Stakeholder Impacted
Research and Innovation		
Investing in research and innovation boosts efficiency, creates business opportunities, enhances our technological edge, and meets evolving market demands.	- Integrating research and innovation to develop sustainable products - Focusing on environmentally sustainable practices - Incorporating green chemistry in product and process development	 UN SDG 
Regulatory Compliance		
Regulatory compliance avoids legal risks and penalties, while enhancing trust, operational stability, market access, and long-term sustainable business growth.	- Aligning with national and international standards, laws, and regulations - Partnering with government bodies to support regulatory initiatives	 UN SDGs  
Customer Satisfaction		
Failing to meet customer expectations risks loss of business and reputation. Meeting their expectations strengthens trust, drives growth, and builds long-term strategic partnerships.	- Maintaining open communication with customers - Adapting to evolving customer needs - Collecting regular customer feedback for improvement	 UN SDGs   