MATERIALITY ASSESSMENT

We recognise that identifying and focusing on the most relevant environmental, social, and governance (ESG) topics is essential to driving sustainable business performance and long-term stakeholder value. Our materiality assessment is a critical part of this effort as it helps us determine which issues matter the most to our stakeholders and to the future success of our business.

We have been conducting detailed materiality assessment every two years, with review from management on annual basis, to identify and prioritise key stakeholder concerns. The previous materiality assessment exercise was conducted in FY 2022-23, supported by the insights of our stakeholders and guided by the GRI Standards 2021.

In FY 2024-25, we carried out a detailed materiality assessment in alignment with the concept of double materiality, through a structured stakeholder consultation. The assessment considered best-in-class international practices, aligned with globally recognised frameworks and standards, including Global Reporting Initiative (GRI) Standards 2021, European Sustainability Reporting Standards (ESRS), Sustainability Accounting Standards Board (SASB), World Economic Forum (WEF) ESG Framework, MSCI ESG Ratings, and sector-specific insights from the Aluminium Stewardship Initiative (ASI). The double materiality approach comprises two aspects:

Impact Materiality

Determined by the scale, scope, and irreversible nature of the impact, this factor considers the effects on both people and the environment.

Financial Materiality

Determined by the risks and opportunities, this factor considers the impact on the organisation's financials.

We followed a seven-step approach to determine our material topics as prioritised by internal and external stakeholders:

Define Scope, Approach and Boundary

 + Analyse business activities, model, products, services, value chain, and geographic locations.

Review and Finalise Material Topics

 Finalise and get signoffs on material topics from the Board of Directors.

Identify and Prioritise Stakeholders

- Identify both internal and external stakeholders through a stakeholder mapping exercise.
- Categorise stakeholders based on their level of influence on our operations and decisions.

Analyse responses to Identify & Prioritise Material Topics

 Prioritise material topics based on their significance to stakeholders and business in the form of materiality matrix.

Map Potential Topics

 Identify potential material topics, benchmark against peer reports, global standards, rating agencies and expert opinions.

Engage with Stakeholders for Impact Assessment

- Assess the significance of the impacts through quantitative and qualitative analysis.
- Consider the scope, scale, likelihood, and irremediability for impact materiality; and magnitude and likelihood of risks and opportunities for financial materiality.

Identify Impacts, Risks and Opportunities (IRO)

 Identify and review relevant impacts, risks, and opportunities.

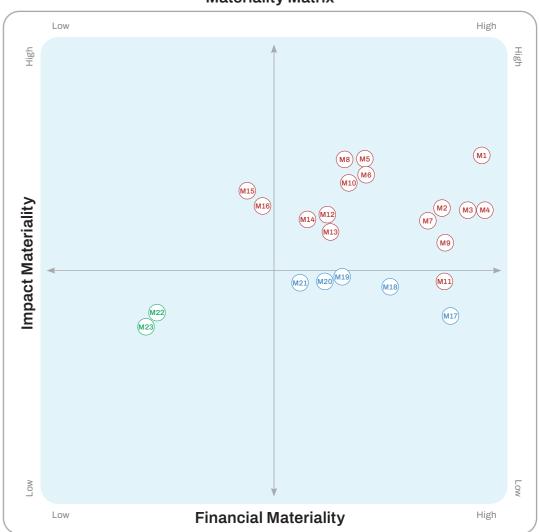
Outcome of Materiality Assessment

Following a comprehensive assessment of impact and financial materiality, we developed a materiality matrix that categorised 16 topics as crucial, 5 as significant, and 2 as

low significance. The materiality matrix has been evaluated and signed off by our Board. These topics are integrated into our ERM framework, which is also aligned with the Global Risks Report of

World Economic Forum (WEF) as well as requirements of Intergovernmental Panel on Climate Change (IPCC) and World Business Council on Sustainable Development (WBCSD).

Materiality Matrix



Crucial

M1: Energy & GHG Emissions

M2: Circular Economy & End- of- Recycling

M3: Health & Safety

M4: Economic Performance & Market Growth

 ${\it M5: Biodiversity \& Land Use Change}$

M6: Water & Effluents

M7: Community Development & Relations

M8: Air Emissions

M9: Supply Chain Management

M10: Business Ethics & Integrity

M11: Digitalisation & Cybersecurity

M12: Solid Waste & Mineral Waste Management

M13: Tailings Management (Bauxite Residue)

M14: Mine Closure & Land Rehabilitation

M15: ESG Transparency & Disclosures

M16: Diversity, Equity & Inclusion

Significant

M17: Macro Economic Fluctuations

M18: Indigenous People & Land
Connected People

M19: Human Rights & Security Practices

M20: Training & Development

M21: Labour Relations

Low Significance

M22: Pandemic Response & Preparedness
M23: Artisanal And Small-scale Mining (ASM)

Hindalco Industries Limited

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