



# RESPONSIBLE **STAKEHOLDER ENGAGEMENT** **AND MATERIALITY ASSESSMENT**

2019-20

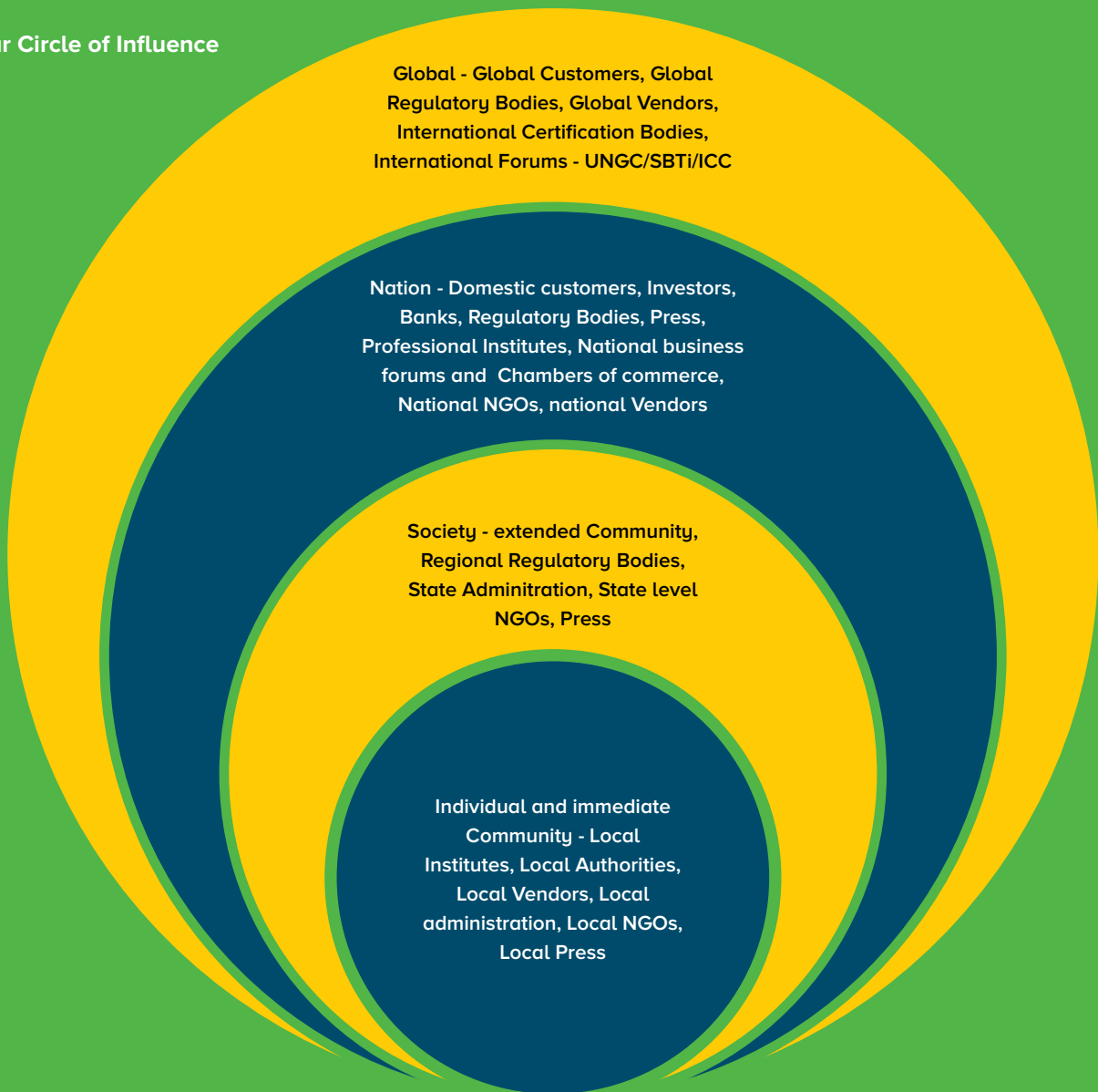


# Responsible Stakeholder Engagement and Materiality Assessment

Stakeholder engagement is an important aspect in formulating our business strategy for achieving the triple bottom line objectives of ensuring Responsible Growth which is Secure, Sustainable, Green.

It is important for us to understand all our stakeholders and their expectations in order to achieve an agreement around solutions on complex issues and large projects. Our aim is to achieve outcomes that are beneficial for stakeholders across the business spectrum. Our continuous interactions, communication and consultations with stakeholders enable exchange of opinions and views, helping us in creating shared value and positive outcomes. To further strengthen our relationships, we participate in CSR activities, community development projects and viable environmental initiatives through various social platforms to foster effective communication and better engagement with stakeholders. Additionally, we have a Stakeholders Relationship Committee to address any complaints or grievances.

## Our Circle of Influence



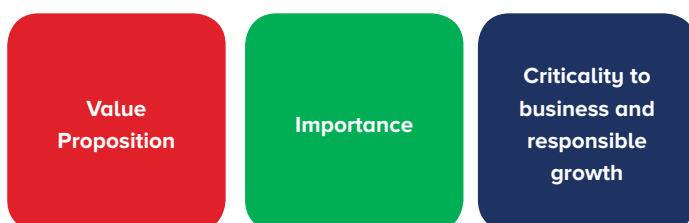


## Our Principles of Stakeholder Engagement



## Our Approach to Stakeholder Engagement

We have identified our stakeholders based on the following aspects:

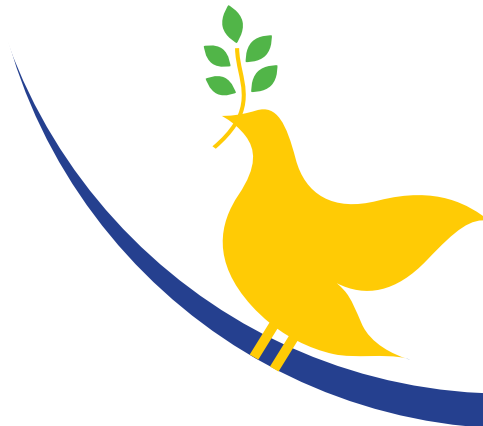


# Responsible Stakeholder Engagement and Materiality Assessment

In an endeavour to conduct our business in a transparent and ethical manner, we have established a robust and all-inclusive stakeholder engagement process which helps us to develop a long-term mutually gainful relationship. Our identified stakeholders and mode of engagement and frequency are presented in the table below:

## Stakeholder Engagement Details

| Stakeholders             | Value Proposition                                                                                                                                                                                             | Why are they important to us                                                                                                                                                          | How do we engage with them and frequency                                                                                                                                                                                                                                                                                                                    | Key Topics & Concerns raised                                                                                                                                                                                                                         |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investors / Shareholders | <ul style="list-style-type: none"> <li>Return on Investment</li> <li>Growth in portfolio, customer base and geography for sustained profitable business</li> </ul>                                            | <ul style="list-style-type: none"> <li>Funding and capital investment</li> </ul>                                                                                                      | <ul style="list-style-type: none"> <li>Investor meetings – Quarterly</li> <li>General Meetings – Annual</li> <li>Annual Report - Annual</li> <li>Press Briefings – As and When required</li> </ul>                                                                                                                                                          | <ul style="list-style-type: none"> <li>Climate change</li> <li>Health and Environment protection</li> <li>Technology and product innovation</li> <li>Fair business practices</li> <li>New Product Launch</li> <li>New Capital Investments</li> </ul> |
| Customers                | <ul style="list-style-type: none"> <li>Strong Brand</li> <li>Quality products</li> <li>Competitive Price</li> <li>On time Delivery</li> <li>Technical services</li> <li>Required Product offerings</li> </ul> | <ul style="list-style-type: none"> <li>Helps to increase market share</li> <li>Revenue growth</li> </ul>                                                                              | <ul style="list-style-type: none"> <li>Customer visits by Sales and Marketing team - Regular</li> <li>Technical support interaction - Regular</li> <li>Conferences – As per schedule</li> <li>Trade fairs – As per schedule</li> <li>Product brochures and website - Regular</li> </ul>                                                                     | <ul style="list-style-type: none"> <li>Sustainability in Supply Chain and green chemistry</li> <li>Health and Environment protection</li> <li>Safety at workplace</li> <li>New Products</li> <li>Product Quality</li> </ul>                          |
| Suppliers                | <ul style="list-style-type: none"> <li>Business continuity</li> <li>Capability Building</li> </ul>                                                                                                            | <ul style="list-style-type: none"> <li>Cost optimization</li> <li>Operational leverage</li> <li>Lean Manufacturing</li> </ul>                                                         | <ul style="list-style-type: none"> <li>Vendor Satisfaction surveys - Annual</li> <li>Vendor meetings - Annual</li> <li>Vendor capability webinars - Regular</li> </ul>                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>Sustainable procurement</li> <li>Ethical Business practices</li> <li>Health, safety and human rights</li> <li>Environment footprint</li> <li>Secured Business</li> <li>Fair Payment Terms</li> </ul>          |
| Employees                | <ul style="list-style-type: none"> <li>Fair Wages</li> <li>Trustworthy relationship</li> <li>Well – being</li> </ul>                                                                                          | <ul style="list-style-type: none"> <li>Engaged and Empower employees drive business by achieving targets set for them</li> <li>Right Talent gives us competitive advantage</li> </ul> | <ul style="list-style-type: none"> <li>CEO talk - Monthly</li> <li>Employee Surveys – Annual</li> <li>Joint Committee forums - Monthly</li> <li>Company In-House Magazine – Bi-annual</li> <li>Let's Talk and Stay interviews - Monthly</li> <li>E-mail Communication - Monthly</li> <li>HR Buddy - Continuous</li> <li>Ethics Line - Continuous</li> </ul> | <ul style="list-style-type: none"> <li>Talent Retention</li> <li>Local Labour market</li> <li>Welfare practices regarding wellness facilities</li> <li>Job Security</li> <li>Career Growth &amp; Development</li> <li>Fair Treatment</li> </ul>      |



| Stakeholders                     | Value Proposition                                                                                                         | Why are they important to us                                                                                                                                                                                                                                               | How do we engage with them and frequency                                                                                                                                                                                                                                                                                             | Key Topics & Concerns raised                                                                                                                                                                                              |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Community                        | <ul style="list-style-type: none"> <li>Development and lasting betterment to communities around our operations</li> </ul> | <ul style="list-style-type: none"> <li>Engages community is, in a way, our social license to operate and depends on creating lasting value for the community</li> </ul>                                                                                                    | <ul style="list-style-type: none"> <li>Public Hearing – When required</li> <li>Community meeting with Community leaders – Regular</li> <li>CSR Cell engagement with community - Regular</li> <li>Community Development programmes and events – As per Plan</li> <li>Community Development Newsletter – Once in Two months</li> </ul> | <ul style="list-style-type: none"> <li>Water availability</li> <li>Environment protection</li> <li>Pollution Prevention</li> <li>Employment generation</li> </ul>                                                         |
| Regulatory and Government Bodies | <ul style="list-style-type: none"> <li>Policy Formulation resulting in shaping future business growth</li> </ul>          | <ul style="list-style-type: none"> <li>To ensure business continuity we need to comply with regulations</li> <li>In regulated markets we have to comply with the same</li> </ul>                                                                                           | <ul style="list-style-type: none"> <li>Participation in Seminars and events organized by the Regulatory Bodies – As and when invited</li> <li>Making representations whenever required</li> </ul>                                                                                                                                    | <ul style="list-style-type: none"> <li>Pollution Control</li> <li>Emission and waste management</li> <li>Energy efficiency</li> <li>Community development</li> <li>Compliance</li> <li>Transparent Disclosures</li> </ul> |
| Industry Bodies and Media        | <ul style="list-style-type: none"> <li>Sharing of best practices</li> <li>Benchmarking</li> <li>Collaboration</li> </ul>  | <ul style="list-style-type: none"> <li>Understand trends in the industry and future trends</li> <li>Engage with industry colleagues to discuss matters of mutual interest including regulatory trends.</li> <li>Appropriate media coverage and company branding</li> </ul> | <ul style="list-style-type: none"> <li>Press Conferences</li> <li>Regional and national conferences and seminars of Industry Bodies</li> <li>Memberships</li> </ul>                                                                                                                                                                  | <ul style="list-style-type: none"> <li>Transparent Disclosures and information sharing on emission, water, safety, welfare and other social accountability matters</li> <li>Opportunity for Participation</li> </ul>      |
| Educational Institutes           | <ul style="list-style-type: none"> <li>Future talent supply</li> <li>R&amp;D</li> </ul>                                   | <ul style="list-style-type: none"> <li>Fulfil present and future talent requirement</li> <li>Intellectual partnerships to undertake R&amp;D of product and technology</li> </ul>                                                                                           | <ul style="list-style-type: none"> <li>Campus engagement - Annual</li> <li>Senior Management Lectures - Annual</li> <li>MOU</li> </ul>                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>Employment opportunity</li> <li>Community involvement</li> </ul>                                                                                                                   |

# Responsible Stakeholder Engagement and Materiality Assessment

## Responsibility for Engaging Stakeholder

Engaging with our stakeholders is an important part of our daily work and the responsibility matrix is well defined:

| Stakeholder Group         | Responsibility for engagement                                                                     |
|---------------------------|---------------------------------------------------------------------------------------------------|
| Employees                 | Business Heads/ Location Heads/ HR Function                                                       |
| Customers                 | Business Heads/ Sales and Marketing Heads                                                         |
| Vendors/Suppliers         | Business Heads/ Commercial Head/Logistic Head/ Procurement Head/ Buyers                           |
| Investors and Lenders     | Director – Finance/ Head – Banking/ CFO                                                           |
| Industry Associations     | Location Heads/ Location HR Head/Location HSEF Heads/Business Heads/ Corporate HR Head            |
| Regulatory Agencies       | Location Heads/ Location HR Head/Location HSEF Heads/Business Heads/ Corporate HR Head            |
| Civil Society (NGO/Media) | Head – Secretarial and Legal/ Location HR Heads/ Corporate HR Head/ Head – Product Communication. |

## Material Topics

A universe of 21 material topics was identified by us based on the following secondary research and consultations:

- 1) Study of reports by various companies in the chemical and polymer manufacturing sector to understand which topics they have considered as material;
- 2) Study of topics identified by our global customers and their past audit issues;
- 3) Regulations relevant to our Industry;
- 4) Interaction with industry experts to understand current state of sustainability within the Company and our outlook for sustainability;
- 5) Top Management discussions;
- 6) Study of sustainability topics defined by global frameworks, including GRI Standards and the SASB Materiality Map.

Based on the above study, the following topics were identified as Material under the three pillars of Planet, People and Profit:

### Material Topics for GFCL

| Planet (Environment)           | People (Social)                                                | Profit (Economic)          |
|--------------------------------|----------------------------------------------------------------|----------------------------|
| Emissions, Effluents and Waste | Process Safety and Emergency Preparedness                      | Anti- Corruption           |
| Water                          | Occupational Health and Safety                                 | Economic Performance       |
| Environmental Compliance       | Product Safety and Stewardship                                 | Market Presence            |
| Energy                         | Employment Practices                                           | Anti-Competitive Behaviour |
| Climate Change                 | Marketing and Product Labelling                                | Procurement Practices      |
| Materials                      | Local Communities                                              | Indirect Economic Impact   |
| Biodiversity                   | Product Design for Use-Phase Efficiency<br>Supplier Assessment |                            |

## Stakeholder Engagement Undertaken to define GFCL's Materiality Matrix

We undertook a structured and independent stakeholder engagement by drafting the services of Ernst & Young (EY) as a consultant and to create a Materiality Matrix with an independent and objective view.

This detailed materiality assessment exercise was undertaken with the following objectives:

|                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>1) Input for GFCL's sustainability strategy:</b></p> <ul style="list-style-type: none"><li>• Outcome of this exercise will help in identifying key focus areas and adjusting commitments, targets and resource allocation with respect to sustainability activities;</li><li>• It will provide more information about the enablers and possible obstacles in attaining sustainable growth, enabling a realignment of the focus areas.</li></ul> | <p><b>2) Enhanced stakeholder engagement:</b></p> <ul style="list-style-type: none"><li>• It will provide insights into the evolving expectations and perception among the different stakeholder groups, thereby enabling effective stakeholder management;</li><li>• The assessment will also help in better understanding of the differences and similarities in the expectation and priorities among various stakeholder groups.</li></ul> | <p><b>3) Strengthen external disclosures and certifications:</b></p> <ul style="list-style-type: none"><li>• It will guide the development of the Company's external disclosures such as Integrated Report and Sustainability Report, making them more robust and relevant to stakeholders' information needs;</li><li>• The assessment will strengthen and streamline the adoption of other sustainability principles and certifications such as SA 8000, ISO 26000, UNGC, SDG, etc.</li></ul> |
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## Methodology of the Stakeholder Engagement Survey

A survey was developed to objectively capture the opinion of all stakeholder groups on the importance of each of the topics in the universe of material issues. The questions in the survey were self-explanatory and in a language that could be understood by all the stakeholders. The survey questionnaire was finalized with the help of our core sustainability team and was rolled out to about 230 individuals across the different stakeholder groups mentioned above, including those within and outside the Company. Out of these, a total of 128 individuals responded by giving a rating against each of topic based on their view about its importance.



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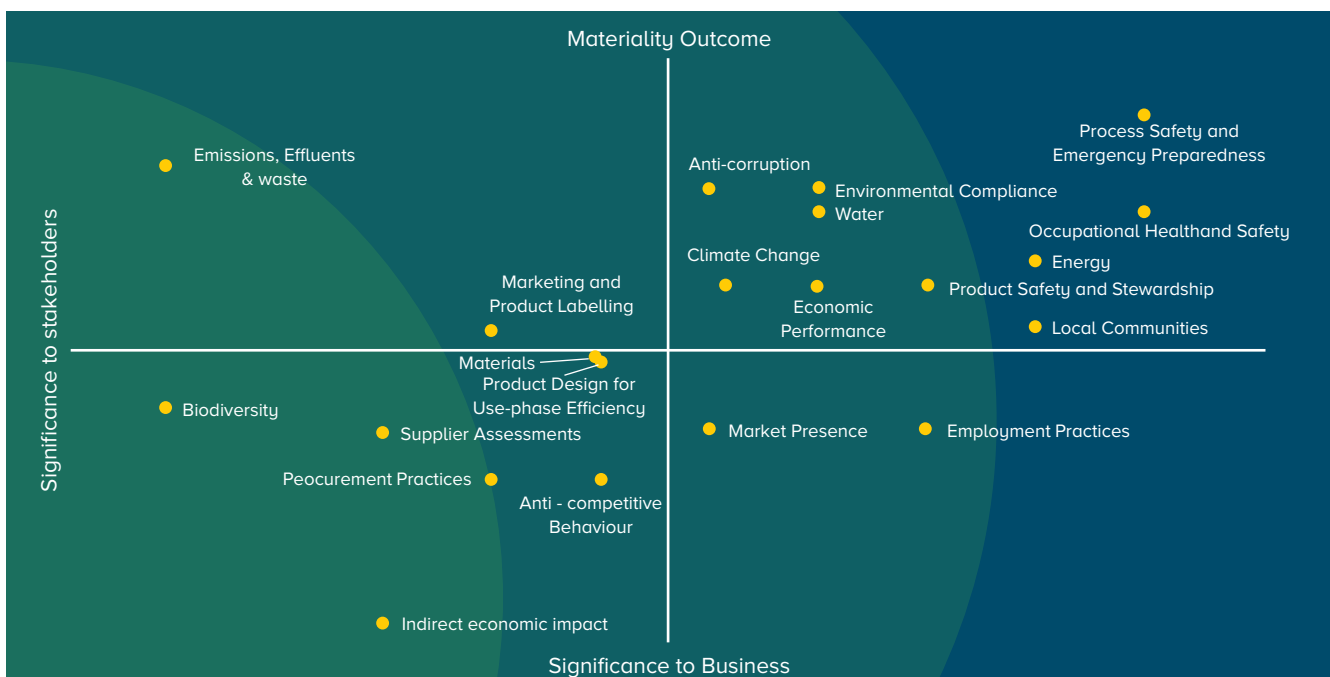
## Materiality Matrix

The topic-wise scores were calculated across all the survey respondents. A final materiality matrix was developed after analysis and discussion of the survey outcome with our core sustainability team. In this matrix, the response received from senior management is represented on the X-axis and response from the other stakeholders is represented on the Y-axis. This approach conveys the prioritization of material topics for GFCL from the business perspective v/s the stakeholder perspective.

The top right quadrant of the matrix contains topics which are of high priority from both the business and stakeholder perspectives. These priority topics and their impact boundaries are presented in the table below (in alphabetical order):

| Sr. No. | Priority Material Topics                | Impact Boundary                |
|---------|-----------------------------------------|--------------------------------|
| 1       | Anti-corruption                         | Within the Company             |
| 2       | Climate Change                          | Within and outside the Company |
| 3       | Economic Performance                    | Within and outside the Company |
| 4       | Energy                                  | Within the Company             |
| 5       | Environmental Compliance                | Within the Company             |
| 6       | Local Communities                       | Outside the Company            |
| 7       | Occupational Health & Safety            | Within the Company             |
| 8       | Process Safety & Emergency Preparedness | Within and outside the Company |
| 9       | Product Safety & Stewardship            | Within and outside the Company |
| 10      | Water                                   | Within and outside the Company |

The above Materiality Matrix forms the basis of our strategy for Responsible Growth – Secure, Sustainable, Green. The subsequent sections of this Sustainability Report describe our approach, performance and commitments on the above material topics with a view to adequately address the information needs of all stakeholders.









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