

# **Double Materiality Assessment**

**for**

**Mahindra Lifespaces**

**‘Identification of key material issues’**

**FY 2023-24**

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# Double Materiality Assessment

The term “material” comes from financial world – meaning topics that have a bearing on an organisation’s finances. The concept of double materiality focuses on the impact driven by the organization on the environmental, social, and governance aspects, and the impact driven by the environmental, social, and governance aspects on the organization.

At Mahindra Lifespaces, ‘First Time Right’ has always been our credo. Customers, employees, investors, and partners across the value chain are increasingly prioritizing greater transparency from large corporations like Mahindra Lifespaces regarding our commitment to various themes encompassed by Environment, Social, and Governance (ESG) considerations. In FY 2023-24, we adopted the approach of Double Materiality in line with GRI Standards’ 2021 guiding principle, which builds on our last materiality assessment which focused on the impact of material issues on business and the importance to stakeholders. The outcomes have helped shape our 2030 sustainability or planet positive roadmap.

## A. Impact Materiality

Impact materiality refers to critical aspects that determines actual or potential impacts of a Mahindra Lifespaces’ activities on environmental, social, and governance aspects.

## B. Financial Materiality

Financial materiality refers to critical aspects that determines actual or potential impacts of environmental, social, and governance aspects on Mahindra Lifespaces (financial performance).

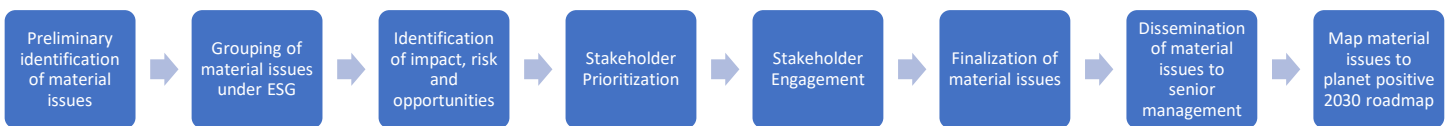
By understanding the relationship between Impact and Financial Materiality, we and our stakeholders can make informed decisions to drive our business sustainability while ensuring financial stability and growth for our stakeholders.

## C. Frequency

The frequency of reviewing or conduction our materiality assessment is at least once every 3 years.

## D. Our Double Materiality Approach

Mahindra Lifespaces’ approach to double materiality goes beyond compliance requirement and reflects our Mahindra ethos of #RiseTogether with purpose and long-term vision. Our double materiality assessment process is as follows:



**Figure 1.** Process to determine key material topics for the company using ‘Double Materiality’.

### 1. Preliminary identification of material issues

We developed a preliminary list of material topics based on peer review, last material assessment, and industry specific material topics.

## 2. Grouping of material issues under ESG

Material topics identified from preliminary research were grouped under Environmental, Social, and Governance (ESG) aspects, and further into Environmental, Customer, Employee, Community well-being, Economic performance, Governance and compliance, and Supply chain management as it allows us to understand the interconnectedness of various financial and non-financial issues and their overall impact on the company.

Environment	Social	Governance
1. Climate Change	10. Human Resources	20. Business Ethics
2. Carbon Emissions	11. Local Communities	21. Corporate Governance
3. Energy & Energy Efficiency	12. Human Rights	22. Accountability & Transparency
4. Water & Effluents	13. Diversity, Inclusion, & Equal Opportunity	23. Supply Chain
5. Biodiversity	14. Occupational Health & Safety	24. Economic Performance
6. Waste	15. Stakeholder Engagement	25. Customer Privacy
7. Pollution	16. Brand Management	26. Land Remediation
8. Circularity	17. Customer Health & Safety	
9. Land and Land-Use Change	18. Training & Development	
	19. Resettlement of displaced population	

Table 1. Preliminary material topics identified through peer review and industry specific topics.

Environmental well-being	Customer well-being	Employee well-being
1. Climate Change	17. Customer Health & Safety	10. Human Resources
2. Carbon Emissions	25. Customer Privacy	12. Human Rights
3. Energy & Energy Efficiency	26. Land Remediation	13. Diversity, Inclusion, & Equal Opportunity
4. Water & Effluents	<b>Economic performance</b>	14. Occupational Health & Safety
5. Biodiversity	24. Economic Performance	18. Training & Development
6. Waste	<b>Governance and compliance</b>	<b>Supply chain management</b>
7. Pollution	16. Brand Management	12. Human Rights
8. Circularity	20. Business Ethics	15. Stakeholder Engagement
9. Land and Land-Use Change	21. Corporate Governance	23. Supply Chain
<b>Community well-being</b>	22. Accountability & Transparency	
11. Local Communities		
12. Human Rights		
19. Resettlement of displaced population		

Table 2. Grouping of preliminary material topics under ESG.

**3. Identification of impact, risk, and opportunities**

Material Topic	Risk	Opportunity	Positive Impact (Actual & Potential)	Negative Impact (Actual & Potential)
Economic Performance	<ul style="list-style-type: none"> <li>▪ Changing Consumer preferences and lifestyle</li> <li>▪ Increased peer competition in emerging markets</li> </ul>	<ul style="list-style-type: none"> <li>▪ Leadership in green buildings</li> </ul>	<ul style="list-style-type: none"> <li>▪ Attract investment</li> <li>▪ Attract and retain talent</li> </ul>	<ul style="list-style-type: none"> <li>▪ Business continuity risk - being outpaced in emerging markets leading to revenue loss</li> <li>▪ Changing customer preferences or lifestyles leading to revenue loss</li> </ul>
Supply Chain Management	<ul style="list-style-type: none"> <li>▪ Higher scope 3 emission</li> <li>▪ Work stoppage due to unethical or illegal operation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Align with company strategy and policies and with Science Based Targets</li> <li>▪ Reduce cost of construction</li> </ul>	<ul style="list-style-type: none"> <li>▪ Aligned suppliers with company sustainability strategy &amp; successful implementation benefitting both.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Higher Scope 3 (Supply chain) greenhouse gas emissions, irresponsible mining/sourcing by suppliers</li> </ul>
Governance and Compliance	<ul style="list-style-type: none"> <li>▪ Lack of knowledge, skill or capability of governance team constrains ESG risk management.</li> <li>▪ Non-compliance to green building commitments</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improve current governance to Gold Standard</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improves capital flow</li> <li>▪ Boosts corporate reputation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lack of knowledge, skill or capability of the board members constraining ESG risk management</li> <li>▪ Loss of shareholder trust &amp; confidence</li> </ul>
Environmental well-being	<ul style="list-style-type: none"> <li>▪ Dependence on non-renewable sources of energy</li> <li>▪ Heavy Groundwater extraction</li> <li>▪ Improper Waste Disposal - Diversion to Landfill</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improve environmental quality, and working conditions</li> <li>▪ Innovation in operations and regional priority (using local products)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Flood prone site - Flood Risk mitigation measures integrated into product design &amp; development leading to better sales</li> <li>▪ Reduced cost of construction owing to efficient use of resource</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increased sea levels causes structural damage to buildings due to flooding - leading to reduced sales</li> <li>▪ Inefficient energy use increase the cost of construction</li> </ul>
Customer well-being	<ul style="list-style-type: none"> <li>▪ Risk to Customer health and safety (toxic elements)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improve Customer Health and well-being</li> </ul>	<ul style="list-style-type: none"> <li>▪ Gain trust of consumers</li> <li>▪ Business growth - increased brand repute</li> </ul>	<ul style="list-style-type: none"> <li>▪ Unhealthy and unsafe products for customers due to tight construction</li> </ul>

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	<ul style="list-style-type: none"> <li>present in the brownfield land)</li> <li>Customer Litigation for non-compliance to green building commitments</li> </ul>	<ul style="list-style-type: none"> <li>with quality products.</li> <li>Preserve natural habitat</li> </ul>		<ul style="list-style-type: none"> <li>schedules hits the bottom line</li> <li>Loss of brand reputation due to impact on customer health and safety</li> </ul>
Employee well-being	<ul style="list-style-type: none"> <li>Lack of investment in employee training leading to higher costs associated with new recruitment.</li> <li>High attrition rate translates to higher cost for recruiting and training new associates</li> </ul>	<ul style="list-style-type: none"> <li>Build human capital through trainings and skill upgradation</li> <li>Attract talent for the benefit of the company</li> </ul>	<ul style="list-style-type: none"> <li>Bringing in best talents for the benefit of the company - Increase brand reputation</li> <li>Skilled &amp; talented workforce - benefits the company - provides competitive advantage</li> </ul>	<ul style="list-style-type: none"> <li>Loosing talent to competitors</li> <li>Lack of equal opportunity may lead to talented people choose not to join the firm.</li> </ul>
Community well-being	<ul style="list-style-type: none"> <li>Risk to Brand Image Business continuity risk</li> </ul>	<ul style="list-style-type: none"> <li>Create healthy competition leading to innovation</li> </ul>	<ul style="list-style-type: none"> <li>Social license to operate Increased positive brand awareness</li> </ul>	<ul style="list-style-type: none"> <li>Brand Image - Social license to operate can be put at risk if social impacts and/or community relations are not well managed (e.g., air, water pollution, &amp; improper waste disposal)</li> </ul>

**Table 3.** Preliminary material topics – aligned risk and opportunities, actual and potential (positive and negative) impact.

### 4. Stakeholder Prioritization

To determine the key material issues for the company, inputs from both internal and external stakeholders is a must at Mahindra Lifespaces. Before going to the varied stakeholders across our value chain comprising of Employees, Investors, Customers, Suppliers, Community, Partners/Think Tanks, Media, Government, and the likes, we wanted to hear the critical voices by prioritizing the varied stakeholder groups. For this, we used the Analytic Hierarchy Process (AHP) with our internal senior management employees from across business functions aligned to each of the stakeholder group to determine their decision priority through a workshop. AHP provides a structured approach to complex decision-making by hierarchically organizing choices into goals, criteria, sub-criteria, and alternatives through pairwise comparisons using a defined scale. AHP helped determine the priority factor which was used to find the sample size of each stakeholder group to be engaged with to determine the material issues.

### 5. Stakeholder Engagement

For Mahindra Lifespaces, engaging with stakeholders, including employees, customers, investors, communities, and others is crucial for Mahindra Lifespaces. Through discussion and feedback, we gain

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insights into our stakeholders' expectations, concerns, and aspirations. This engagement process ensures that our strategies align with their needs, enhancing trust and collaboration. We engaged with both our internal (employees) and external stakeholders (investors, customers, community, media, government, partners/think tanks).

Post assessment of the risk and opportunities, and impact mapped to the preliminary list of material issues, we engaged with the internal stakeholders by conducting a workshop wherein the risks, opportunities, and impact of preliminary material topics was communicated to understand their concerns. In addition to internal stakeholders, we also engaged with our external stakeholders to rate and score various issues on Impact Materiality and to rate Financial Materiality of each issue. This scoring was done with the help of MS Forms. The scored were collated and then the inputs were analyzed. The rating criteria is defined below:

Impact Materiality		Financial Materiality		Impact * Financial	
None	0	Minimal	0 to 1	Minimal	0 to 1
Limited	0 to 1	Low	>1 to 3	Low	>1 to 3
Concentrated	>1 to 3	Informative	>3 to 5	Informative	>3 to 15
Medium	>3 to 5	Important	>5 to 7	Important	>15 to 35
Widespread	>5 to 7	Significant	>7 to 9	Significant	>35 to 63
Global/Total	>7	Critical	>9	Critical	>63

**Table 4.** Rating criteria to determine impact and financial material topics.

### 6. Finalization of material issues

Post inputs or rating from all stakeholders as per the derived sample size, we calculated an average score of Financial and Impact materiality. The threshold used to prioritize material issues based on Impact Materiality was that the issues were Global (i.e., score >7) and for Financial Materiality is Critical (i.e., score >9). For calculating the key material issues, we multiplied the Financial and Impact Materiality scores and ranked them, the combined threshold was selected by multiplying impact score of 7 and financial score of 9 i.e., 63. All issues, which were above threshold of 63 were the key material issues. We used our leadership responses by using the same process to validate these identified key material issues and then came out with the final material issues. The Financial and Impact Materiality values were plotted in a 2\*2 matrix form and key material issues were finalized above the threshold of 63. The ranking of material issues is shown below:

## Double Materiality | FY 2024

Material Topic	Impact of MLDL on ESG aspect	Impact of ESG aspect on MLDL	Impact * Financial	Ranking
	Impact Materiality	Financial Materiality		
Water & Effluents	8.38	8.48	71.02	1
Customer Health & Safety	8.21	8.30	68.10	2
Occupational Health & Safety	8.23	8.26	68.03	3
Energy & Energy Efficiency	8.11	8.27	67.11	4
Pollution	8.14	8.22	66.90	5
Local Communities	8.16	8.18	66.76	6
Corporate Governance	8.06	8.28	66.75	7
Brand Management	8.06	8.23	66.34	8
Business Ethics	7.93	8.35	66.23	9
Waste	8.06	8.05	64.89	10
Human Rights	8.07	8.03	64.75	11
Diversity, Inclusion, & Equal Opportunity	8.23	7.79	64.16	12
Carbon Emissions	8.06	7.95	64.07	13
Climate Change	8.11	7.86	63.78	14
Stakeholder Engagement	8.01	7.94	63.59	15
Accountability & Transparency	7.90	8.05	63.58	16
Biodiversity	8.13	7.80	63.43	17
Training & Development	7.91	8.02	63.38	18
Customer Privacy	7.84	8.06	63.17	19
Land and Land-Use Change	7.97	7.89	62.91	20
Economic Performance	7.69	7.98	61.41	21
Supply Chain	7.62	8.03	61.12	22
Human Resources	7.57	8.05	60.97	23
Land Remediation	7.83	7.75	60.69	24
Resettlement of displaced population	7.68	7.70	59.17	25
Circularity	7.60	7.78	59.10	26

**Table 5.** Impact and Financial materiality rating post stakeholder engagement and assessment of material topics to find key material topics for MLDL.



# Double Materiality | FY 2024

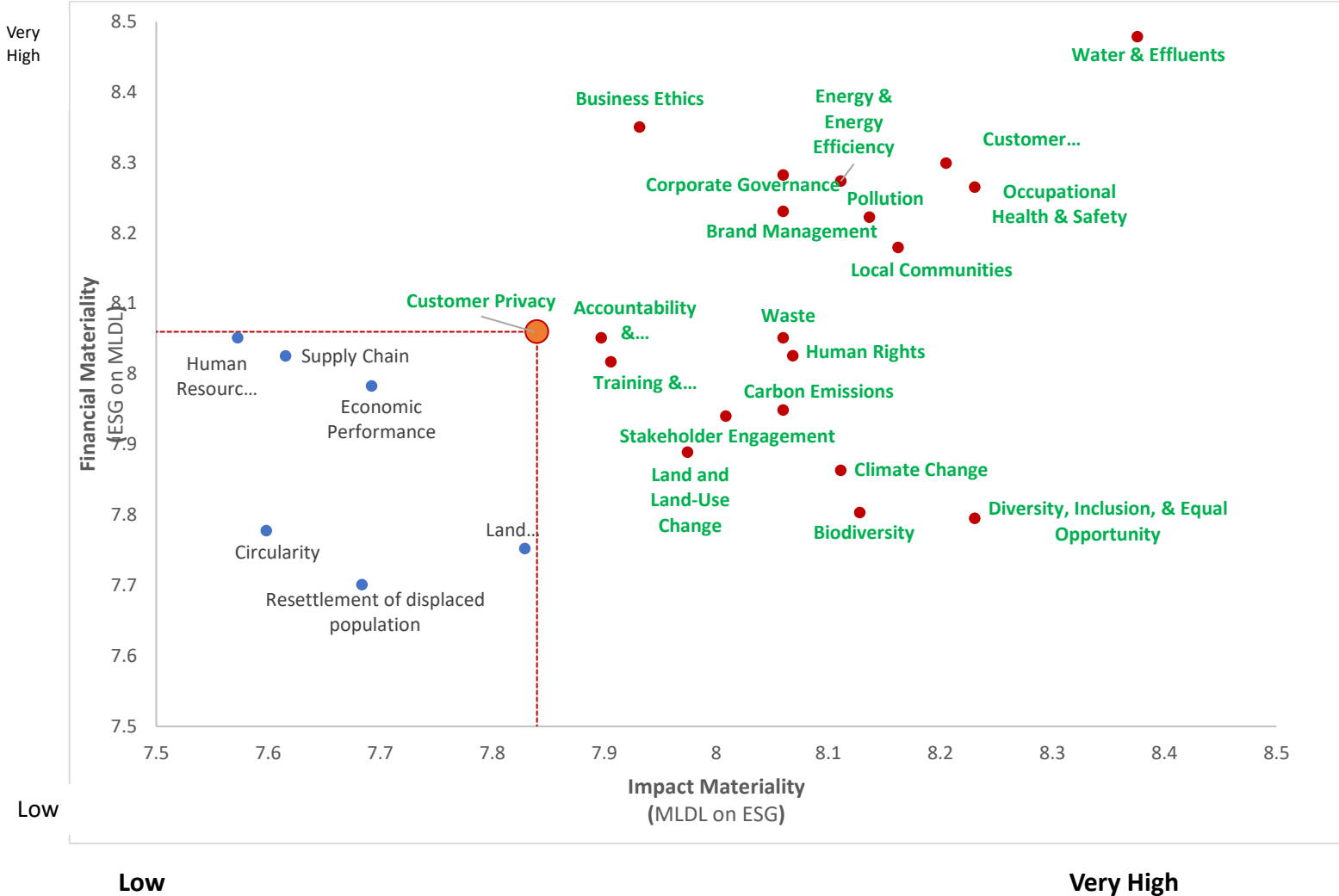


Figure 2. Double Materiality matrix – Key Material issues for MLDL highlighted in green.

<b>Environmental well-being</b> 1. Pollution 2. Biodiversity 3. Water & Effluents 4. Waste 5. Carbon Emissions 6. Energy & Energy Efficiency 7. Land and Land-use change 8. Climate Change	<b>Customer well-being</b> 1. Customer Health & Safety 2. Customer Privacy	<b>Employee well-being</b> 1. Occupational Health & Safety 2. Training & Development 3. Human Rights 4. Diversity, Inclusion, and equal opportunity
<b>Community well-being</b> 1. Local Communities	<b>Governance and compliance</b> 1. Corporate Governance 2. Accountability & Transparency 3. Business Ethics 4. Brand Management	<b>Supply chain management</b> 1. Human Rights 2. Stakeholder Engagement

Table 6. Key Material issues for MLDL in 2024 using double materiality.

**7. Dissemination of material issues to stakeholders**

Dissemination of the identified key material issues will happen in first half of FY 25 as we finalize the planet positive roadmap for both residential and IC & IC business.

**8. Map material issues to planet positive 2030 roadmap**

Post dissemination of material issues to senior management, we will map the material issues to the planet positive roadmap and action plan for residential and IC & IC business.

**9. Changes in material issues from 2021**

2021	2024
<b>Environmental well-being</b>	<b>Environmental well-being</b>
Water	Water & Effluents
Effluents and Waste Management	Waste
Emissions	Carbon Emissions
Energy	Energy & Energy Efficiency
<b>Sustainable Construction (Green Buildings)</b>	
	<b>Pollution</b>
	<b>Land and Land use change</b>
	<b>Climate Change</b>
	<b>Biodiversity</b>
<b>Customer well-being</b>	<b>Customer well-being</b>
Customer Health & Safety	Customer Health & Safety
<b>Customer Satisfaction</b>	
<b>Land remediation</b>	
	<b>Customer Privacy</b>
<b>Employee well-being</b>	<b>Employee well-being</b>
Occupational Health & Safety	Occupational Health & Safety
Training & Education	Training & Development
Human Rights	Human Rights
<b>Employment</b>	
<b>Non-discrimination</b>	
	<b>Diversity, Inclusion, and equal opportunity</b>
<b>Community well-being</b>	<b>Community well-being</b>
Local Communities	Local Communities
<b>Resettlement of displaced population</b>	
<b>Anti-competitive behaviour</b>	
<b>Governance and compliance</b>	<b>Governance and compliance</b>
Statutory Compliance	Corporate Governance
Socio-economic compliance	Accountability & Transparency
	<b>Business Ethics</b>
	<b>Brand Management</b>
<b>Supply chain management</b>	<b>Supply chain management</b>
Supply Chain Management	
	<b>Stakeholder Engagement</b>
	<b>Human Rights</b>
<b>Economic performance</b>	
<b>Economic performance (revenue)</b>	

Table 7. Change in key material issues from FY 2021

- Non-Material in 2024 (highlighted in red) and New material issues identified in 2024 (highlighted in green)

### 10. Material Topics, Impact, Actions, Commitment, and Progress

Refer the excel sheet.



FY 24 - Material  
Issues, Impact, Actions