

## Materiality

# Sustainability at Core

At JSW Cement, we recognise that integrating sustainability into core business strategy is key to long-term value creation. To this end, we undertook our first comprehensive double materiality assessment in FY 2024-25, aligning with global standards such as SASB, GRI, AA 1000 and stakeholder expectations. The double materiality process enables us to identify, prioritise, and act on the sustainability topics that matter the most – both in terms of our impact on the world and how sustainability trends affect our business performance, ensuring a resilient and forward-looking strategy.

## UNDERSTANDING DOUBLE MATERIALITY

Historically, our assessments focussed on impact materiality, i.e., understanding how our operations affect the environment and society, positively and negatively. The first materiality assessment was undertaken in FY 2021-22. Subsequently, it was reviewed internally on an annual basis. In 2024-25, we expanded this approach to include financial materiality, which considers how sustainability issues pose risks or create opportunities for JSW Cement. This holistic view – termed double materiality – helps us identify climate-related financial risks (e.g., carbon pricing, carbon credits trading scheme, cost-intensive new technologies), emerging opportunities (e.g., low carbon demand, Green Finance), making our strategy more resilient and forward-looking.



## DOUBLE MATERIALITY ASSESSMENT PROCESS

Our double materiality assessment followed a structured and inclusive methodology:

1

### Defining Scope and Stakeholder Universe

The assessment covered all JSW Cement operations across geographies. Key stakeholder groups – both internal and external – were identified to reflect the breadth of our ecosystem. Internal stakeholders included permanent employees, senior management, and the sustainability team. Our external stakeholders encompassed investors and shareholders, community partners, NGOs, customers and dealers, regulatory authorities, industrial associations, and lending institutions.



2

### Identifying Potential Topics

We mapped our entire value chain to identify critical ESG themes, informed by:

- Global frameworks (GRI, SASB, TCFD, UN SDGs)
- ESG rating agency criteria
- Peer benchmarking
- Emerging industry trends



3

### Stakeholder Engagement

We employed a wide array of methods to gather a mix of qualitative and quantitative data. This included designed tailored surveys, one-on-one discussions, environmental impact analyses and benchmarking against industry standards. Our stakeholder engagement was based on Accountability Principles derived from AA1000 for achieving strategic and operational outcomes. These principles include:

**Inclusivity:** Engaging a diverse range of stakeholders to ensure a comprehensive and strategic response to sustainability.

**Materiality:** Identifying issues of highest relevance and significance to both the organisation and its stakeholders.

**Responsiveness:** Addressing stakeholder concerns through deliberate actions and transparent communication.

The feedback of external stakeholders, including dealers, customers, suppliers, local communities, NGOs, regulators, government bodies and investors, provided a market-facing view of material sustainability issues. Internal stakeholders included leadership and cross-functional teams from various business units, who participated in in-depth interviews and digital surveys.



4

### Response Analysis

Data from all sources was consolidated and analysed to:

- Identify actual and potential environmental and social impacts
- Assess financial risks and opportunities across operations
- Understand perception gaps (multiple categories of stakeholders)



5

### Prioritisation of Material Topics

All identified topics were evaluated against two dimensions:

- Impact on the environment and society
- Impact on business performance (financial materiality)
- The results were reviewed and validated by senior management including board committee members to ensure alignment with JSW cement's strategic priorities



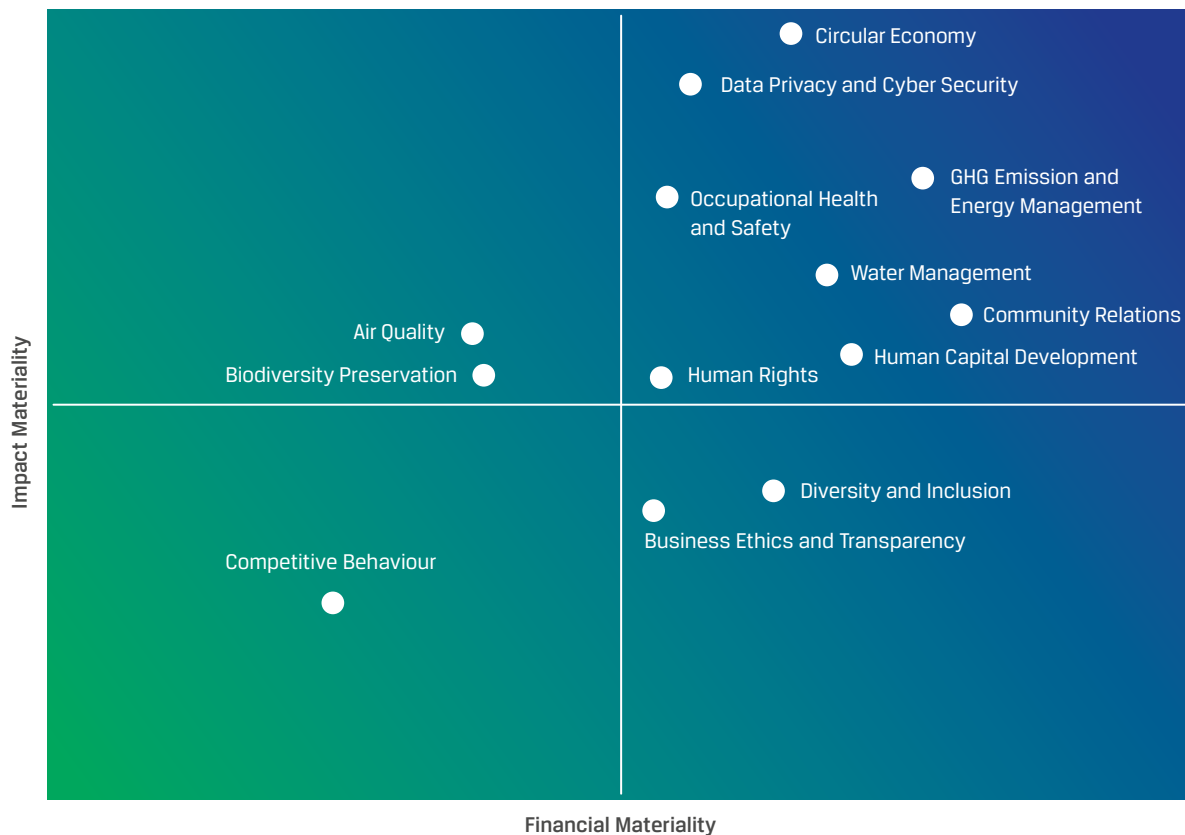
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### Establishing the Materiality Matrix

The output of the assessment was visualised in a Materiality Matrix, highlighting topics of high significance to both stakeholders and the Company. This tool is foundational for our ESG roadmap and integrated strategy going forward.

The material topics are prioritised in a materiality matrix as depicted below

### FINAL MATERIALITY MATRIX




### ADDRESSING HIGH MATERIAL ISSUES

We are committed to taking informed and impactful action on high-priority topics identified through the materiality process. Each key issue is linked to the relevant capitals (financial, manufactured, intellectual, human, social & relationship, and natural) and integrated into our risk management and sustainability strategies. While each material topic presents some risks and opportunities, but the scale and impact varies which we have explained in BRSR section. We have also detailed our efforts and initiatives on each material topic in respective chapters and sections.

### KEY MATERIAL TOPICS

	Material Topics	Risks	Opportunities
Environmental	<b>GHG Emissions and Energy Management</b> 	<ul style="list-style-type: none"> <li>Fossil fuel dependency</li> <li>Volatile fuel costs</li> <li>Operational inefficiency</li> <li>Possible supply chain disruptions</li> </ul>	<ul style="list-style-type: none"> <li>Renewable energy transition</li> <li>Energy security</li> <li>Circular economy contribution</li> <li>Market positioning and visibility</li> <li>Innovation and optimisation</li> </ul>
	<b>Circular Economy</b> 	<ul style="list-style-type: none"> <li>Compliance and legal risks</li> <li>Operational inefficiencies</li> <li>Negative impacts on land resources</li> <li>Technological obsolescence</li> </ul>	<ul style="list-style-type: none"> <li>Innovative waste-to-resource strategies</li> <li>Sustainable supply chain</li> <li>Regulatory incentives and partnerships</li> <li>Resource efficiency</li> </ul>
	<b>Water Management</b> 	<ul style="list-style-type: none"> <li>Treatment costs</li> <li>Operational complexity</li> <li>Regulatory compliance</li> <li>Public perception</li> <li>Technical risks of habitat restoration</li> </ul>	<ul style="list-style-type: none"> <li>Cost reduction and efficiency</li> <li>Market differentiation</li> <li>Regulatory advantage</li> <li>Community and resource security</li> <li>Sustainability leadership</li> </ul>



	Material Topics	Risks	Opportunities
Social	<b>Human Capital Development</b> 	<ul style="list-style-type: none"> <li>Attrition and turnover</li> <li>Decreased morale and productivity</li> <li>Innovation stagnation</li> </ul>	<ul style="list-style-type: none"> <li>Skilled &amp; motivated workforce</li> <li>Improved performance and retention</li> <li>Employee productivity</li> </ul>
	<b>Community Relations</b> 	<ul style="list-style-type: none"> <li>Socio-economic imbalances</li> <li>Displacement of local priorities</li> <li>Concerns on environment &amp; health hazards</li> </ul>	<ul style="list-style-type: none"> <li>Economic empowerment</li> <li>Improved infrastructure</li> <li>Community capacity building</li> <li>Inclusive growth</li> </ul>
	<b>Occupational Health and Safety</b> 	<ul style="list-style-type: none"> <li>Supply chain vulnerability</li> <li>Legal liabilities</li> <li>Compliance risks</li> <li>Damage to Reputation</li> </ul>	<ul style="list-style-type: none"> <li>Increased productivity and efficiency</li> <li>Regulatory compliance and reduced legal risk</li> </ul>
	<b>Human Rights</b> 	<ul style="list-style-type: none"> <li>Financial and legal liabilities</li> <li>Reputational damage</li> <li>Operational disruptions</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced brand value and trust</li> <li>Improved stakeholder relations</li> <li>Operational resilience</li> </ul>
	Material Topics	Risks	Opportunities
Governance	<b>Data Privacy and Cybersecurity</b> 	<ul style="list-style-type: none"> <li>Legal and financial consequences</li> <li>Data breaches</li> <li>Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Leveraging technology</li> <li>Employee training and awareness</li> <li>Implement effective management system</li> <li>Stakeholder confidence</li> </ul>