# Stakeholder Engagement Framework

We have developed a comprehensive Stakeholder Engagement Framework that is effectively implemented across all our local operations and integrated into our supply chain activities. This strategy empowers us to identify affected communities and a broad range of local stakeholders, including local communities. As part of this program, we perform Social Impact Assessments for all new projects, enabling us to conduct thorough assessments of local stakeholder and community impacts, helping to identify and mitigate potential negative effects on local communities.

The framework directs the company in establishing a systematic approach to identify and prioritize stakeholders. This process involves recognizing both direct and indirect stakeholders affected by our site or project, as well as verifying their representatives. We explicitly identify vulnerable groups, such as marginalized and disadvantaged individuals, indigenous populations, and local tribes during this phase to ensure their unique needs and concerns are addressed. Our local stakeholders include community members and representatives, self-help groups, district government authorities, NGOs, and Panchayati Raj Institutions (PRIs). Additionally, we consider local communities specifically those impacted by any adverse environmental or social repercussions stemming from our operations.

We ensure regular engagement with local stakeholders as part of our comprehensive engagement strategy. To facilitate open communication, we conduct periodic meetings with surrounding communities to address their needs, concerns, and emerging issues. Additionally, we hold regular surveys and reviews to gauge local stakeholders' perceptions regarding our engagement strategy, allowing for necessary adjustments and improvements.

Our governance structure features a strong grievance mechanism that provides local stakeholders with clear communication channels to voice their concerns. They are encouraged to reach out via email to our community relations team, either at the corporate office or at specific plant locations, to report their grievances. Our defined escalation process ensures that grievances are tracked effectively; notably, we have received zero complaints from local communities in the past reporting year.

If the standard grievance mechanism is not accessible, stakeholders can approach the CSR offices located at each site. This dedicated channel allows local stakeholders to communicate their grievances to the CSR department responsible for Stakeholder Engagement. Our systematic approach enables us to comprehend the grievances raised by local communities and maintain a comprehensive register of all documented concerns.

Moreover, we are committed to capacity building for local stakeholders, establishing programs that empower them to participate fully in dialogue with the company. This approach underscores our dedication to fostering open lines of communication and ensuring that our stakeholder engagement programs apply consistently across all local operations and throughout our supply chain.

Overall, our Stakeholder Engagement Framework is designed to ensure that we maintain robust engagement with all local stakeholders, identify vulnerable groups, provide mechanisms for grievance resolution, and foster transparency in our operations.

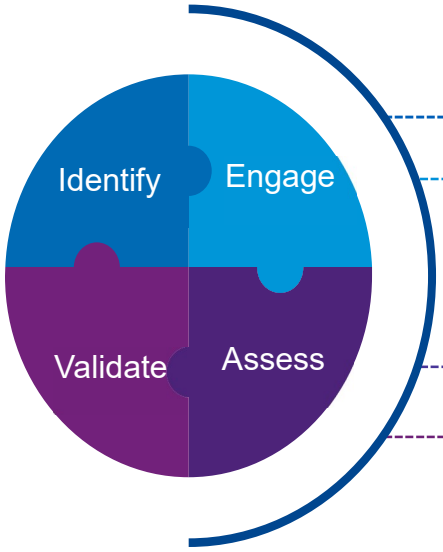
# Double Materiality Assessment

At JSW Cement, our stakeholder engagement and materiality assessment are closely tied together to understand the key Environmental, Social and Governance (ESG) issues that have the ability to impact our business strategy, activities, and capability to create and preserve value. We review our materiality assessment every year to ensure our sustainability efforts are aligned with the strategic priorities, stakeholder expectations and evolving ESG trends.

In FY 2024-25, we conducted a double materiality assessment in alignment to the global standards such as GRI and SASB. Guided by AA1000 Accountability Principles, the assessment incorporated inputs from both internal and external stakeholders, ensuring a holistic understanding of our ESG performance and impact. We employed wide array of methods to gather a mix of quantitative and qualitative data. This approach encompassed stakeholder surveys, one-on-one discussions, environmental impact analyses, and benchmarking against industry standards.

By integrating double materiality into our operations, we aim to make informed decisions that promote sustainable practices, mitigate risks associated with environmental and social challenges, and capitalize on opportunities. It serves as a strategic tool for fostering trust and cascading responsible business practices. The results of this assessment shall be integrated into our Enterprise Risk Management (ERM) process, ensuring that materiality is considered throughout our operations.

## Process




Identify actual / potential, positive / negative impacts along with risks and opportunities by understanding the business activities, sustainability context, relationships, and stakeholders.

Identify, prioritize, and engage with external and internal stakeholders in order to determine key impacts, risks, and opportunities in accordance with their expectations and perspective.

Assess the significance of each impact by analyzing their scale, scope, irremediability and likelihood. The likelihood of occurrence and the potential financial impact of the risk and opportunity were considered to identify the financial impacts. Set quantitative threshold to prioritize the impacts.

Refine our final reviewed material topics in consultation with the Board of Directors, senior management and industry practices.

## Top Material Topics Identified

- Emissions and Energy Management
- Circular Economy
- Occupational Health and Safety

| Impact Identification | | | | | | |
|---|---|---|---|---|---|---|
| **Material Topic** | **Impact Identified** | **Description of Impact** | **Type of Impact** | | **Risk or Opportunity** | |
| | | | **Actual/ Potential** | **Positive/ Negative** | **Risk** | **Opportunity** |
| Emissions and Energy Management | Contribution towards Climate Change due to Increased Greenhouse Gas (GHG) Emissions | Cement operations contribute to climate change primarily through greenhouse gas (GHG) emissions associated with cement production. Examples include fuel combustion , chemical process of clinker production, fuel combustion, transportation emissions. | Actual | Negative | • Regulatory & Market Pressures<br>• Partnership Obligations<br>• Reputational Damage<br>• Litigation Risks<br>• Operational Disruptions | • Innovation and Market Leadership<br>• Operational Efficiencies<br>• Enhanced Brand Value and Competitive Advantage<br>• Access to Green Financing |
| | Climate Change mitigation by reducing the GHG emission | Climate change mitigation efforts include investing in renewable energy and improving production efficiency, like using industrial by-products and low-carbon technologies, to meet decarbonization goals. Given cement production's high energy consumption and its contribution to around 8% of global CO2 emissions, there is increasing pressure from societal and | Actual | Positive | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | regulatory bodies to enhance efficiency and using alternative fuels. | | | | |
| | Enhanced energy security and reduced dependency on fossil fuels | Enhancing energy security by integrating renewable energy sources into its operations. The company has made significant investments in solar and other renewable technologies, which not only reduce reliance on fossil fuels, but also contribute to a more sustainable energy landscape. | Potential | Positive | • Fossil fuel dependency<br>• Volatile fuel costs<br>• Operational Inefficiency<br>• Possible Supply Chain Disruptions | • Renewable energy transition<br>• Energy Security<br>• Circular Economy Contribution<br>• Market Positioning and Visibility<br>• Innovation and optimization |
| Circular Economy | Increased optimization of raw material to enhance eco-efficiency and contribute to circular economy | Improving operational eco-efficiency through raw material conservation such as incorporating consumption of fly ash/slag/pozzolana. Use of alternatives of fuels like biomass, waste derived fuels. | Actual | Positive | • Compliance and Legal risks<br>• Operational Inefficiencies<br>• Negative impacts on land resources<br>• Technological Obsolescence | • Innovative waste-to-resource strategies<br>• Sustainable Supply Chain<br>• Regulatory Incentives and Partnerships<br>• Resource Efficiency |
| Occupational Health and Safety | Increased injury and health issues for workers and employees due to exposure to hazards and accidents at workplace | The cement industry involves heavy machinery, high temperatures and use of potentially hazardous materials which increase the risk of accidents. Repetitive task and heavy lifting can lead to musculoskeletal disorders as well. | Potential | Negative | • Supply Chain Vulnerability<br>• Legal liabilities<br>• Compliance risks<br>• Damage to Reputation | • Increased productivity and efficiency<br>• Regulatory compliance and reduced legal risk |

We measure output as well as Impact metrics for our top material topics that are identified. We have also taken targets for the top material topics, and we measure and report our performance through our Annual Report.

| *Material topic* | *Associated Target* | *Output Metric* | *Impact Metric* |
|---|---|---|---|
| **GHG Emissions and Energy Management** | • Reduce Scope 1 and Scope 2 GHG emissions intensity by 32.9% by FY 2034-35 from a FY 2023-24 base year of 274 kg/T.<br>• Net zero emissions by 2050<br>• 60% green power by 2030 | • Reduction of emission intensity from base year<br>• % Clean energy portfolio<br>• Emissions avoided due to clean energy consumption | • *% Low carbon cement production* |
| **Circular Economy** | • Waste derived resources used (MMT) every year<br>• TSR rate of 30% by 2030 | • % alternative raw material consumption<br>• | • Reduction of $CO_2$ emissions reduction & shift from fossil fuels by use of alternative materials |
| **Occupational Health and Safety** | • Zero fatalities across our operations every year. | • Number of fatalities<br>• Lost time injury frequency rate (LTIFR) | • Number of days without injury<br>• Number of facilities with zero injury |

**Executive Compensation:**

At JSW Cement, sustainability-linked incentives are embedded across all levels of leadership to promote accountability and accelerate progress toward our ESG goals. Approximately 10% of the total monetary incentives for C-suite and Board-level executives at JSW Cement are tied to sustainability priorities, with a strong emphasis on, safety performance, $CO_2$ emissions reduction levers and other strategic levers that support climate action and operational excellence. Key members of the Executive Committee have KPIs that directly or indirectly influence climate performance, including energy efficiency, thermal substitution rate, waste heat recovery for power generation, increased use of renewable energy, adoption of LNG and EV trucks, and growth in sales of low-carbon cementitious products. Safety is treated as a critical pillar of sustainability at JSW Cement, forming an integral part of performance evaluation across roles and functions..

For example, the Chief Manufacturing Officer (CMO) have KPIs related to the use of alternative raw materials and fuels, increasing slag-based products, and enhancing energy efficiency, renewable energy portfolios and ensuring safe operations. The CMO is rewarded through annual salary increments based on progress toward these targets, while the Chief Sustainability Officer (CSO) is incentivized through performance against sustainability indices and increased investment in environmental R&D and innovation. Business Unit Managers receive salary hikes

and fixed bonuses linked to achieving environmental goals, improving resource efficiency, and reducing energy consumption. By integrating these KPIs into both short-term incentive plans and annual contractual bonuses, JSW Cement ensures that sustainability is a core leadership responsibility, reinforcing its commitment to sustainable growth.