

Shree Cement Limited

Environmental, Social and Governance (ESG) Databook

FY 2024-25

Governance

Board Accountability

We ensure accountability within our Board of Directors and align their responsibilities with the long-term interests of our shareholders. We adhere to the Companies Act, 2013 for the selection and appointment of our Board members. As per Section 196(2) of the Act, the tenure of our executive directors—including managing and whole-time directors—is typically up to five years per term, with reappointment subject to Board and shareholder approval. In accordance with Section 149, our independent directors may hold office for up to five consecutive years and are eligible for reappointment upon passing a special resolution and disclosing the appointment in the Board's report. We also comply with Section 14 of the Companies Act, 2013, whereby any alteration to our Articles of Association is effected only through a special resolution passed at a general meeting of shareholders, following prior approval by our Board. In line with Clause 178 of our Articles of Association, which governs indemnity and director responsibility, and pursuant to Regulation 25(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended effective December 31, 2024), we have Directors & Officers Liability Insurance for our Independent Directors. This coverage is tailored to the nature and extent of risks as assessed by our Board, ensuring appropriate protection and governance standards.

ESG Governance Oversight

At Shree Cement Limited (SCL), we entrust our Board of Directors with the overall responsibility of guiding and overseeing ESG-related matters. Our CSR and Sustainability Committee at the Board level provides strategic oversight on ESG issues, including climate-related risks and opportunities. At the executive level, our ESG Committee, comprising senior management, including the Managing Director monitors ESG performance by setting clear goals and targets. This committee deliberates on key ESG recommendations and presents them to the CSR and Sustainability Committee for further review. Each Functional Head is accountable for regularly managing and reviewing ESG-related matters within their respective domains.

Policy Advocacy

Contributions and other spending

	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Trade associations or tax- exempt groups	₹ Lacs	289.40	268.11	231.93	129.44

Over the past four years, Shree Cement has not contributed to lobbying or any interest representations or other spendings.

We contributed ₹112.14 lacs towards Cement Manufacturers' Association (CMA), Delhi wherein we are supporting to create cement sector low carbon emission roadmap of India. We contributed towards providing technical inputs by sharing our experiences and based on our knowledge. In addition to this, we also provide inputs on waste utilisation (AFR, fly ash, slag), environment law related to water, emissions, environment clearance etc.

We also contributed ₹8.5 lacs towards Federation of Indian Chamber of Commerce & Industry, Delhi. The membership helps with policy influence, networking, global exposure, market insights, and cost-effective operational support.

In addition to this, some of the other contribution that we made during the year were ₹5.50 lac to Climate Group- TCCO India Projects Private Limited and ₹3.30 lac to Confederation of Indian Industry.

Strengthening Supplier Partnerships

At SCL, we have developed a Supply Chain ESG Framework with the objective of enhancing ESG compliance and sustainability across the value chain through awareness, monitoring, screening, assessments, and the adoption of global management systems. They are evaluated on various parameters including environmental, social, governance and business relevance. The framework guides us in incorporating sustainability principles in alignment with Shree Cement's Sustainable Procurement Policy and Supplier Code of Conduct.

All new suppliers are required to complete a self-assessment based on the questionnaire provided to them, which evaluates their ESG maturity. Based on the results, a supplier engagement plan is developed. If corrective actions are recommended during the screening process and the supplier fails to implement them, we reserve the right to exclude the supplier from contracting. Preference is given to suppliers with stronger ESG performance during contract awarding.

Our supplier assessment includes either a desk-based or site-based evaluation for identified suppliers each financial year. Upon completion, suppliers receive an assessment report with an ESG score, highlighting good practices and areas for improvement. In cases of low ESG scores, corrective action plans are provided. If these actions are not implemented within an acceptable timeframe, we may terminate the business relationship. Depending on ESG scores, we determine the type of reassessment: either desk-based or on-site. We also conduct third-party assurance.

We provide training to all significant suppliers and internal stakeholders involved in supplier screening and assessment. All new suppliers undergo screening to ensure effective business risk management.

Suppliers are classified as significant when they are essential to our operations, such as those providing high-volume products, critical components, or non-substitutable materials. In the reporting year, our total Tier-1 suppliers numbered 2,943, of which 31 were significant. These significant Tier-1 suppliers contributed to 6% of total spend. We are also in the process of tracking details of non-Tier-1 suppliers.

Each year, we conduct ESG assessments of our Tier-1 suppliers to ensure their practices align with our sustainability expectations. During the reporting year, we targeted and achieved 100% assessment of significant Tier-1 suppliers. 91.82% of our supply chain partners underwent desktop assessments to evaluate environmental and human rights impacts, including health and safety, working conditions, child labour, forced labour, sexual harassment, discrimination, and wage inequality. No significant negative social or environmental risks were identified within our supply chain during this period.

Additionally, we conducted capacity-building programs for 244 value chain partners during the reporting year. The training topics included climate change, India NDCs, SDGs, ethics,

transparency and accountability, supply chain sustainability, environment management and human right.

Risk Management

We have identified climate change as one of our top risks and linked executive compensation to key performance indicators (KPIs) that reflect our climate commitments. These KPIs included reductions in energy and emissions intensity, and increased use of alternative fuels. Occupational health and safety, another risk area, was also integrated into our executive remuneration framework. Safety-related KPIs such as the number of fatalities and Lost Time Injury Frequency Rate (LTIFR) were included to ensure accountability and continuous improvement in our safety performance.

Information Security Governance

We prioritize the safeguarding of our IT infrastructure and data through a robust Information Security Policy, which is overseen by our Board-level Risk Management Committee. The Chief Information Security Officer (CISO) is responsible for the cybersecurity practices and initiatives and reports to the Chief Digital and Information Officer (CDIO).

Social

Labour Practices

Gender Diversity

Diversity Indicator	Total %
Women in total workforce* (as % of total workforce)	1.33
Women in all management positions, including junior, middle and top management (as % of total management positions)	1.36
Women in junior management positions, i.e., first level of management (as % of total junior management positions)	1.42
Women in top management positions, i.e., maximum two levels away from the CEO or comparable positions (as % of total top management positions)	0
Women in management positions in revenue-generating functions (e.g., sales) as % of all such managers (i.e., excluding support functions such as HR, IT, Legal, etc.)	1.76**
Women in STEM-related positions (as % of total STEM positions)	0.94

*Total workforce includes contractual workforce.

** Data on 'Women in management positions in revenue-generating functions' was misrepresented in SCL's Integrated Annual Report owing to a typological error. This number has been updated from 1.36 to 1.76 for FY 2024-25 in the ESG Databook.

We have taken a target of achieving 5% by 2030 for women in all management positions including junior, middle and top management.

Gender Pay

Employee Level	Average Women Salary (in lacs)	Average Men Salary (in lacs)
Executive level (base salary only) – Joint President & Above	0	414.60
Executive level (base salary + other cash incentives)	0	448.61
Management level (base salary only) – Asst Manager to Below Joint President	25.30	23.81
Management level (base salary + other cash incentives)	26.45	24.81
Non-management level (base salary only) – Below Assistant Manager & Wage Board	5.06	5.64

Human Rights

Human Rights Due Diligence Process

Our human rights due diligence process is anchored in both legal compliance and ethical responsibility. It begins with identifying risks across our own operations, where we assess working conditions, labor rights, and workplace practices. We extend this risk identification to our broader

value chain and other business activities, including suppliers, contractors, and service providers, to ensure that issues such as forced labour, child labour, human trafficking, discrimination, and violations of collective bargaining rights are proactively addressed. We evaluate human rights risks in all new business relationships including mergers, acquisitions, and joint ventures through pre-engagement assessments and integration planning.

We undertake systematic and periodic reviews of our risk mapping process to proactively identify, assess, and address potential human rights and labour-related issues across our operations. These evaluations are designed to ensure that our practices remain aligned with ethical standards and international frameworks. Our assessments are inclusive, covering all categories of our workforce, permanent and non-permanent employees, women, children, migrant workers, human trafficking, indigenous people, and local communities along with other relevant stakeholders. This comprehensive approach enables us to uphold our commitment to equity, dignity, and responsible business conduct throughout our value chain.

Human Rights Assessment

Category	A % of total assessed in last three years	B % of total assessed (column A) where risks have been identified	C % of risk (column B) with mitigation actions taken
Own Operations (including Joint Ventures where the company has management control)	100	0	0
Contractors and Tier I Suppliers (as a % of contractors or Tier I Suppliers)	100	0	0
Joint Ventures (including stakes above 10%) (as a % of joint ventures)	NA	NA	NA

Human capital Management

Employee Development Program

We empower employee development through structured learning methods such as coaching, mentorship, and targeted training programs, all guided by formal Training Needs Assessments. In addition to technical and behavioral development, we offer programs in cultural education to foster inclusive workplace practices. Shree Cement fosters a culturally inclusive workplace by organizing a variety of events throughout the year. These include religious and regional celebrations such as temple functions, Dandia nights, Onam, Pongal, Ramayan recitals, Holi Milan gatherings, and Navratri festivities featuring cultural dress competitions. These initiatives

promote employee engagement, cross-cultural understanding, and a sense of community within the organization.

Our "STEP UP" program trained approximately 600 sales employees with the help of external faculty, focusing on motivation and overall well-being. A strategic partnership with XLRI enables middle and senior-level sales personnel to prepare for leadership roles and adapt to evolving market dynamics and brand repositioning. These programs contribute to workforce readiness, succession planning, and improved employee morale. Our in-house leadership framework, built around eight core traits, enables employees to lead with confidence and impact. Groups formed around shared interests or experiences offer employees a space to exchange ideas, broaden their exposure beyond immediate roles, and build meaningful connections. These interactions often spark innovation and naturally cultivate leadership and collaboration skills through active participation. We are committed to empowering our workforce to confidently navigate digital change by equipping them with the tools and knowledge needed to thrive in a tech-enabled environment. This ensures our people remain agile and aligned with the organization's transformation journey.

Shree Cement extends its training and development initiatives to contractual and part-time employees. This includes safety training, toolbox talks, and medical/first aid sessions. We categorize our labour into unskilled, semi-skilled, and skilled groups, with tailored training provided to each segment to enhance competencies and ensure workplace safety. As part of our regular toolbox talks, we also provide training to contractual employees, workers on climate change risks to enhance awareness and promote responsible practices. To ensure our workforce remains resilient and future-ready, we offer comprehensive training and reskilling initiatives tailored to evolving industrial and climate-related transitions. These programs empower both employees and contractors to navigate change confidently and contribute to sustainable growth.

To support employees transitioning out of the workforce, Shree Cement offers training sessions focused on managing retirement funds and financial corpus. Additionally, the company provides guidance on post-retirement engagement, particularly around maintaining medical and emotional well-being.

Our employee development initiatives enabled strategic workforce mobility to emerging markets such as Guntur and Nawalgarh. Through targeted training programs, employees were equipped to operate effectively in these new locations. This capability enhancement enabled a successful expansion into emerging markets, directly contributing to an increase in cement sales revenue of approximately ₹113 crore. The measurable revenue growth underscores the tangible business impact of Shree Cement's investment in employee development.

Hiring

From FY 2024–25, we have updated our approach to calculating internal hiring. Earlier, we included all internal transfers in the count. Now, we consider movements through the Internal Job Posting (IJP) process. Therefore, the positions filled by internal hiring for the current year stand at **0.8%**, while it was **0%** for the last three years.

Employee Support Programmes

We are committed to fostering a supportive and inclusive work environment through a comprehensive range of employee benefits. Our initiatives include workplace stress management programs and sport and health activities that promote overall well-being.

We provide paid 'All Purpose Leaves' to all our employees that can also be availed for half day in our efforts towards part time working option in case of any personal exigency. We have recently introduced WFH arrangement policy for all female employees.

We conduct stress management awareness programs and trainings across our operations for the employees to manage their mental wellbeing in a better way. We have doctors at our manufacturing locations to guide them, in case of any kind of support.

Flexible working hours are also provided to corporate office employees. In addition to this, we have sports facilities for resident colonies and also conduct tournaments at regular intervals. Our female workforce (permanent and other than permanent employees and workers) are covered under maternity benefits and day care facilities, as per applicable regulatory requirements. Our plants and units have childcare facilities for our employees and workers as per the statutory requirements and we have Creche facility, at our manufacturing units, which are equipped with breast-feeding/lactation facilities depending upon our female workforce. We are also in process to partner with some Creche providers for our corporate office.

We offer comprehensive paid leaves policies to support our employees through key life stages and caregiving responsibilities. For primary caregivers, we provide 26 weeks of paid parental leave, ensuring adequate time for bonding and recovery. These policies reflect our commitment to employee well-being, work-life balance, and inclusive support systems.

Type of Performance Appraisal

We follow an agile performance management approach that emphasizes regular, collaborative conversations and continuous feedback throughout the year. This approach supports ongoing development by revisiting goals and proactively addressing performance barriers, rather than relying solely on annual reviews or ratings. Formal feedback and performance discussions are conducted twice a year. We have also introduced the "Check-ins" feature in Darwin box Tool to facilitate these conversations more effectively.

By incorporating diverse viewpoints, we aim to foster transparency, encourage continuous development, and support a culture of accountability and growth across all levels of the organization.

Trend of Employee Well-being

We conduct regular employee well-being surveys that assess multiple dimensions of workplace experience. These include job satisfaction, where we evaluate how fulfilled employees feel in their roles helping us identify areas for improvement in recognition, career growth, and role clarity. We also measure sense of purpose, asking whether employees feel their work contributes meaningfully to broader goals, which informs our efforts to align individual roles with organizational impact. Happiness at work is tracked which helps in guiding initiatives such as flexible work arrangements, wellness programs, and team-building activities. We also monitor stress levels and respond with targeted interventions such as mental health support,

workload balancing, and manager training. Based on survey insights, we've introduced initiatives like employee assistance programs (EAPs), mindfulness workshops, and regular check-ins to foster a healthier, more supportive work environment.

As part of our commitment to fostering a positive workplace culture, we conduct the **Great Place To Work® Trust Index® Survey**, a globally recognized tool for assessing employee experience. This comprehensive survey includes targeted questions that address critical dimensions of employee well-being. **Job satisfaction** is evaluated through questions about access to resources, training, fair compensation, and long-term commitment (e.g., "I am given the resources and equipment to do my job" and "I want to work here for a long time"). **Purpose** is captured through statements like "My work has special meaning: this is not 'just a job'" and "I feel I make a difference here", reflecting internal motivation. **Happiness** is assessed via questions such as "People look forward to coming to work here" and "This is a fun place to work", while **stress** is addressed through items like "This is a psychologically and emotionally healthy place to work" and "People are encouraged to balance their work life and their personal life". These insights help us continuously improve our workplace environment and align with best practices in employee engagement.

We had set a target of achieving an employee engagement score of 95% for FY 2024-25. Through focused efforts, we achieved a score of 80%, and we remain committed to building on this momentum to drive even greater engagement across the organization.

Occupational Health & Safety

OHS Programs

We have systematically integrated OHS criteria into our procurement processes and contractual frameworks, ensuring that safety considerations extend beyond our direct operations to encompass our entire supply chain. Supplier agreements and vendor contracts include provisions mandating adherence to OHS standards. To reinforce accountability, we conduct supplier assessments and audits to evaluate compliance with these requirements, supported by monitoring mechanisms and periodic reviews.

Community Relations

Stakeholder Engagement Programme

We actively conduct local stakeholder and community impact assessments to understand and address the social, environmental, and economic implications of our operations. These assessments help us identify potential risks and opportunities, ensuring that our activities are aligned with the expectations and well-being of surrounding communities. In addition, we implement stakeholder engagement programs across all our local operations, fostering transparent communication, mutual respect, and long-term partnerships with community members and other relevant stakeholders.

Environment

ISO Certification

Guntur Plant became operational on April'24. Since then, it is under the process of certification. All other eligible plants are certified by ISO 14001.

Energy Management

Energy Conservation is at the heart of our sustainability agenda. We have continuously overachieved our targets in PAT Cycles and has been honoured with the 'Best Performer' award for achieving the highest number of energy-saving certificates in both PAT Cycle I and PAT Cycle II by the Bureau of Energy Efficiency. PAT VII & PAT VIII targets are shown in table below.

DC	Baseline Year	Assessment Year	% Target reduction
PAT Cycle VII			
Beawar	FY 2018-19	FY 2024-25	0%
Ras	FY 2018-19	FY 2024-25	0%
SRCP	FY 2019-20	FY 2024-25	0%
SMP	FY 2018-19	FY 2024-25	0%
Kodla	2019-20, 2020-21	FY 2024-25	5.30%
PAT Cycle VIII			
SGU	2019-20, 2020-21, 2021-22	FY 2025-26	5.13%
SJHGU	2019-20, 2020-21, 2021-22	FY 2025-26	7.74%

Innovation

Innovation fosters growth by inculcating efficacy and enhancing productivity. At Shree, we continue to innovate and have patents to our accords.

Our patent for improved system for efficient power generation using hot gases of low temperature from waste heat recovery unit and a process has resulted in energy savings. It is a unique process to capture waste heat of low temperature by hot air recirculating in cooler to improve efficiency of waste heat recovery unit for power generation leading to:

- Gain in secondary & tertiary air temperature by about 10-20 degC.
- Gain in AQC inlet temperature by 40 degC.

Additionally, we also have a patent for a multi dynamic separator for cement mill to improve production and quality leading to enhanced energy efficiency. It comprises of a dynamic separator connected in parallel with another separator. The reject from first separator is fed into the second separator for further processing through the cyclonic separators using cyclonic motion there within. Fine fraction from both separator is stored into storage i.e., cement silo and the reject from the second separator are further fed into the ball mill.

Return on Environmental Investments (in INR)

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Capital Investments	3,67,100,000	4,25,463,000	18,98,700,000	1,76,35,00,000
Operating Expenses	2,09,213,441	2,77,173,194	2,99,727,993	36,96,97,042
Total Expenses	5,76,313,441	7,02,636,194	21,98,427,993	2,13,31,97,042
(= Capital Investment + Operating Expenses)	2,15,900,000	2,80,940,000	6,02,500,000	53,43,00,000

Environmental Targets

Parameter	UoM	Target FY'25
Total direct GHG emissions (Scope 1)	MtCO _{2e}	2,08,71,441
Indirect Greenhouse Gas Emissions (Scope 2)	MtCO ₂	2,13,075
Indirect Greenhouse Gas Emissions (Scope 3)	MtCO _{2e}	3,04,390
NOX emissions	MT	27,617
SOX emissions	MT	3,790
Direct Mercury Emissions	MT	2
Dust Emissions (Particulate matter)	MT	1,137
Total non-renewable energy consumption	MWh	2,77,80,822
Total Waste Disposed	MT	1.01
Total Net Fresh Water Consumption	ML	7,087
Total net freshwater consumption in water-stressed areas (Total water withdrawals – Total water discharges)	ML	3,366

*Our Targets for Scope 1 emissions have been derived based on SBTi and covers our cement operations and Shree Mega Power. Due to our water stewardship and water conservation initiatives, SCL is more than 8 times water positive.

Measuring our Carbon Footprint: Emission Management

Our net specific Scope 1 emission stood at 534 kg CO_{2e} / tonne of cementitious material and specific Scope 2 emissions were at 12 kg CO₂ / tonne of cementitious material during the reporting year.

Further, net specific scope 1+2 GHG emissions have decreased by 7% from the baseline year 2019.

Zero Waste to Landfill

During the year FY 2024-25, we generated and disposed 1.01 MT of Biomedical waste which accounts to less than 0.005% of total waste. While all other waste types are re-used or recycled, biomedical waste is incinerated by authorised third party, as per regulatory requirements. We endeavor to achieve Zero Waste to Landfill.

No Net Loss

We avoid any negative impact on the natural ecosystem and evaluate alternate pathways for setting our projects. In case of projects where tree felling is done, required efforts for compensatory afforestation are carried out. Further we ensure timely restorative measures are carried out to ensure minimal effect on the biodiversity of the region, in compliance with the applicatory regulatory requirement.

Sustainable Revenues

We are engaged in the manufacturing of cement, with revenue from sustainable product portfolio aligned with the European Union (EU) Taxonomy. Through the production of a diverse range of blended cement products including Portland Pozzolana Cement (PPC), Portland Slag Cement (PSC), and Composite Cement (CC), the company actively contributes to the conservation of natural resources and the reduction of greenhouse gas (GHG) emissions.

Our blended cement products demonstrate a lower carbon footprint compared to conventional Ordinary Portland Cement (OPC), conserving critical raw materials like Limestone, and incorporate industrial by-products such as fly ash and slag, thereby promoting resource efficiency.

The net specific GHG emission (Scope 1+ Scope 2) intensity associated with low-carbon cement stands at 0.445 tCO₂e per tonne of cement production.

Furthermore, this product portfolio aligns with Shree Cement's broader sustainability objectives and has been recognized with the GreenPro Ecolabel by the Confederation of Indian Industry (CII), reflecting the company's commitment to advancing sustainable development within the construction materials sector.

Category	FY 21-22	FY22-23	FY23-24	FY24-25
Revenue from blended cement (Rs. In Crore)	9,870.564	11,562.92	12,109.93	10,918.34

Climate Related Financial Risks and Opportunities

At Shree Cement Limited, we have strategically identified both climate-related risks and opportunities with material financial implications.

On the risk front, water stress driven by rainfall variability and groundwater dependence, poses a significant financial exposure of ₹259.6 crore over the next five years at our water stress plants. To mitigate this, we are investing ₹24.57 crore in establishing municipal STP-treated water pipelines to ensure long-term water security.

Shree Cement is part of the Perform Achieve and Trade (PAT) scheme under India's National Mission for Enhanced Energy Efficiency, which sets specific energy consumption (SEC) reduction targets over a three-year cycle. Two grinding units: Suratgarh and Jharkhand are enrolled in PAT Cycle VII with a target year of FY 2025–26. Failure to meet targets may result in penalties and the need to purchase energy-saving certificates (ESCerts), posing an estimated financial risk of

₹0.90 crore. To mitigate this, Shree Cement has invested ₹3.60 crore in energy-efficient technologies and process optimization under PAT Cycle VIII.

On the opportunity side, we have proactively invested ₹176.35 crore in energy-efficient (EE) initiatives, including deployment of EE equipment, EE lighting, equipment modification, process optimization, and renewable energy projects of 49.6 MW. These efforts have yielded annual financial savings of ₹53.43 crore, demonstrating the tangible value of sustainability-driven innovation and operational efficiency.

Tree Plantation

In our commitment to climate action, we have implemented plantation efforts across 16 operational sites, covering a total of 1,340.99 hectares. Of this, 454.84 hectares, approximately 33.92%, are under plantation. These green zones play a vital role in carbon sequestration, helping offset emissions from industrial activity and contributing to India's broader climate goals. Locations like Beawar, Raipur, and Khuskhera have over 36% plantation coverage, enhancing local carbon sinks. These plantations not only absorb atmospheric CO₂ but also improve biodiversity, soil health, and microclimate resilience, making them a strategic asset in Shree Cement's sustainability roadmap.

Characteristics of Building Materials

Our wide range of blended cement varieties help cater to varied customer needs. Use of blended cement reduces the consumption of natural resources like Limestone and fuels, thus lowering greenhouse gas emissions. We ensure procurement of locally sourced raw material such as Limestone. We pioneer in manufacture of Synthetic Gypsum in house using low grade Limestone and spent acid (waste from other industries).

Further, our product packaging is made from category II (flexible plastic), which is 100% recyclable and durable.