



Environmental, Social and Governance (ESG) Data book

FY 2023-24

Shree Cement Limited

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Governance

Materiality Assessment

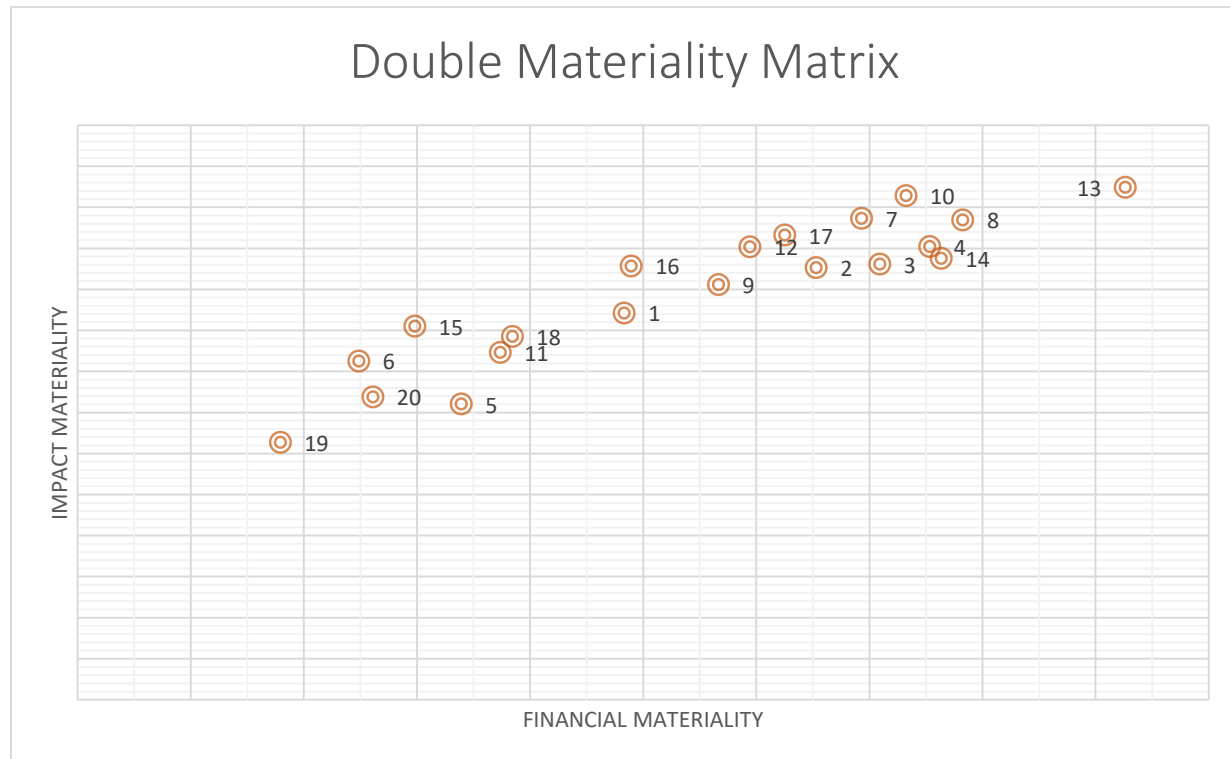
Materiality assessment exercise helps in identifying the topics that are critical to our business. The assessment starts with identification of the impacts of our operations on economy, environment, and people. This is done through rigorous evaluation to prioritise key topics that shape our business and resonate deeply with our stakeholders.

Our material topics are reviewed annually to assess their significance and relevance in the dynamic business environment. We have incorporated the concept of double materiality which takes into consideration internal impact on the business as well as external impact on society and the environment.

The actual / potential, positive / negative impacts of our operations on the environment and people including impacts on human rights were identified. To gauge the significance of each impact, we analyzed the impacts on scale, scope, irremediability and likelihood, consulting closely with relevant internal and external stakeholders and a quantitative threshold was set to prioritise the impacts. The impacts were scored by internal stakeholders such as employees and senior management and our external stakeholders which included suppliers, customers, community, media and others in alignment with the GRI Standards 2021. Further, the likelihood of occurrence and the potential financial impact of the risk and opportunity were considered to identify the financial impacts.

The material topics are integrated into our Enterprise Risk Management (ERM) framework to support in identification of business risks and mitigation actions. The details of ERM framework and corresponding risks are disclosed in Risk Management section of our Integrated Annual report. As part of Business Responsibility and Sustainability Report (BRSR) and ESG updates, the material topics were presented to the Board of Directors and were approved.

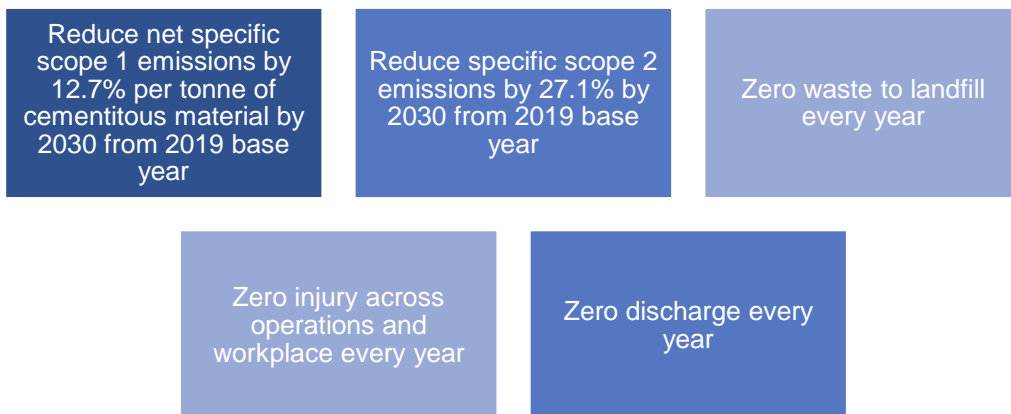
The outcome of the assessment has been plotted in the matrix below.



The top five material topics as per the matrix are climate change, waste management and circular economy, occupational health and safety, energy and emissions management and business performance.

S. No.	Material Topics
1	Regulatory Compliance
2	Cybersecurity
3	Governance and Ethics
4	Business Performance
5	Supply chain, Raw material procurement & Procurement Practice
6	Indirect economic impact
7	Risk management
8	Waste Management and circular economy
9	Water
10	Energy and Emissions management
11	Biodiversity
12	Low carbon products
13	Climate Change
14	Occupational health and safety
15	Employee Relation
16	Training and development
17	Customer satisfaction
18	Community development
19	Resettlement and rehabilitation
20	Human rights and Non-discrimination

Targets and Commitment



Information Security

We proactively and effectively manage our cybersecurity framework to protect our digital assets, ensuring business continuity and upholding the trust of our customers and other stakeholders. Our robust Information Security policy aims to maintain the security and confidentiality of our information assets. The Risk Management Committee at the Board level oversees the cybersecurity strategy at Shree Cement. The Chief Information Security Officer (CISO) is responsible for the cybersecurity practices and initiatives and reports to the Chief Digital and Information Officer (CDIO). We regularly conduct awareness sessions and induction programs to ensure that new and existing employees understand their role in protecting the company's confidential information and intellectual property of the Company. In case of a breach of data, potential disciplinary action is taken against that employee. We have a well-defined incident reporting mechanism through a dedicated email i.e., infosec@shreecement.com / alerts@shreecement.com, which employees can use in case they may want to report something suspicious.

Incidents reported are monitored by the Infosec team at Shree Cement and supported by a third party - Security Operation Center (SOC). The critical infrastructure logs are received by SOC analysts and alerts are reported on real real-time basis to Shree Cement, followed by a consolidated daily report. Further, SOC provides daily advisories on the latest threats.

We have implemented processes such as business continuity and incident response procedures to prevent IT system interruptions. We test our incident response procedures at least annually to ensure they are effective and up-to-date. We have implemented a comprehensive cyber-security framework, focused on people, processes and technologies. As a part of the framework, we assess the IT infrastructure and applications through a third party to identify, classify and prioritize vulnerabilities in computer systems, applications and network infrastructures. We also simulate potential attacks on our users/systems up to a certain level to further strengthen our defenses.

Recently we initiated the process of certifying our entire information security management system with ISO 27001.

Code of Conduct

We create value through ethical practices built on the foundation of transparency and accountability. This is guided by our Code of Conduct that serves as a cornerstone for our business conduct. The Code acts as a guiding document and outlines the principles and standards for the Board of Directors, executives, and all other employees. The Code has detailed guidelines laid for Conflict of Interest, Personal and Workplace Conduct and Conduct with external stakeholders. Ensuring accountability to the Code, the responsibilities, accountabilities and reporting lines are systemically defined in all divisions from plant level to corporate. It is mandatory for each of the employees and senior management personnel to affirm compliance with the Code on an annual basis. Further, the Directors are required to disclose to the Board on annual basis the name of the entities in which they are having any interest.

The implementation of policies including the Policy on Ethics, Transparency and Accountability Policy (code of conduct) is certified by a third party.

Contributions and other spending

	Unit	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Trade associations or tax-exempt groups	₹ Lacs	176.90	289.40	268.11	231.93

We contributed ₹119.49 lac to World Economic Forum (WEF), Switzerland wherein we were supporting responsible business conduct. By participating in WEF events, projects and initiatives, we gain unique opportunities to contribute to sustainable development, participate to address global challenges, gain access to expert knowledge and forge strategic partnerships. The forum also acts as a knowledge sharing platform wherein, we exchange ideas and inputs to improve performance. We also contributed ₹97.44 lac 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. In addition to this, some of the other contribution that we made during the year were ₹7 lac towards Federation of Indian Chamber of Commerce & Industry, Delhi, ₹5 lac to Climate Group- TCCO India Projects Private Limited and ₹3 lac to Confederation of Indian Industry, Jaipur.

Social

Gender Diversity

Diversity Indicator	Total %
Women in total workforce (as % of total workforce)*	1.21%
Women in all management positions, including junior, middle and top management (as % of total management positions)	0.86%
Women in junior management positions, i.e., first level of management (as % of total junior management positions)	0.76%
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.)	0.96%
Women in STEM-related positions (as % of total STEM positions)	0.47%

*Total workforce includes contractual workforce

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

Gender Pay

Currently, we do not have any females at Executive level.

Employee Level	Average Women Salary (₹lacs)	Average Men Salary (₹lacs)
Executive level (base salary only) – Joint President & Above	-	421.32
Executive level (base salary + other cash incentives)	-	421.32
Management level (base salary only) – Asst Manager to Below Joint President	27.25	26.10
Management level (base salary + other cash incentives)	27.25	26.10
Non-management level (base salary only) – Below Assistant Manager & Wage Board	4.71	5.81

The annual remuneration including payment of commission based on the company's performance (such as performance on ESG, sustainability, strategic metrics and financial KPIs) for CEO is recommended by the Board of Directors and approved by the members of the Company. The Board is further authorized to decide on annual increments and approving variation in the terms & conditions of the remuneration.

Employee Development Program

Manufacturing Meet: We conducted a two-day program for senior management including all manufacturing functions with the aim to share current performance, best practices and setting up of management objectives with clear action plans going forward. The program is devised to enable improvement in productivity and reduction in errors. This program resulted in knowledge sharing and improved learning of the practices across the units and the plants, further helping in improved operational efficiency. We also achieved cost savings through implementation of this program. In terms

of soft skills, the employees were able to collaborate better and enhance their problem-solving skills. The number of Full Time Employee (FTE) participation in the manufacturing meet was 3%.

WeLead: We had initiated this program with the objective to gather innovate ideas which can contribute towards process improvement and innovations. Some of the benefits of the program that we observed were reduced operational costs, improved product quality, enhanced productivity and efficiency, increased employee engagement and retention and enhanced safety and compliance. We also measured the quantitative impacts that were opitmisation of time and improved production. The number of Full Time Employee (FTE) participation in the WeLead program was 10%.

HR Parameters	Unit	FY 2023-24
Percentage of open positions filled by internal candidates (internal hires)	%	45
Operating Expenses	₹	17,100.99 Cr.
Total Employee Related Expenses	₹	937.94 Cr.
Human Capital Return on Investment (HC ROI)	-	3.64

We had kept a target of 95 as the employee engagement score for FY 2023-24.

Employee Support programs

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 they need any kind of support.

We provide paid 'All Purpose Leaves' to all our employees that can also be availed for half day (part time working option) in case of any personal exigency. Flexible working hours are also provided to corporate office employees. Our plants and units have childcare facilities for our employees and workers as per the statutory requirements. 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) is covered under maternity benefits and day care facilities, as per applicable regulatory requirements.

Environment

ISO 14001

At Shree Cement we are committed to uphold the highest standards for environmental performance. All our manufacturing plants including grinding units and integrated units are certified by ISO 14001. In addition to the ISO certification, plants undergo environment management audit through various regulatory agencies.

Our plant at Nawalgarh became operational in the December'23. It is under process of ISO 14001 certification.

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 (₹Cr.)

	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Capital Investments	117.94	36.71	42.55	189.87
Operating Expenses	18.04	20.92	27.72	29.97
Total Expenses (= Capital Investment + Operating Expenses)	135.98	57.63	70.27	219.84
Savings, cost avoidance, income, tax incentives, etc.	29.17	21.59	28.09	60.25

Environmental Targets

Parameter	Units	Target FY'23
Total direct GHG emissions (Scope 1)	MT	21,296,232 *
Indirect Greenhouse Gas Emissions (Scope 2)	MT	2,21,273
NOX emissions	MT	25,316
SOX emissions	MT	3,399
Direct Mercury Emissions	MT	1.70
Dust Emissions	MT	1,020
Total non-renewable energy consumption	MWh	2,88,18,360
Total Waste Disposed	MT	0.73
Total Net Fresh Water Consumption	ML	5,248.7
Total net freshwater consumption in water-stressed areas (Total water withdrawals – Total water discharges)	ML	2,983.1

*Our Targets for Scope 1 emissions have been derived based on SBTi targets and covers our cement operations and Shree Mega Power.

Zero Waste to Landfill

During the year FY 2023-24, we generated and disposed 0.7 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 annually.

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 requirements.

Water Related Incidents

There has been no water related incidents (operation interruptions/plant closures etc.) and revenue loss in FY 2023-24 and previous three fiscal years. Due to our water stewardship and water conservation initiatives, Shree Cement is more than 7 times water positive.

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 fuel, 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.