

## ESG Rating Rationale

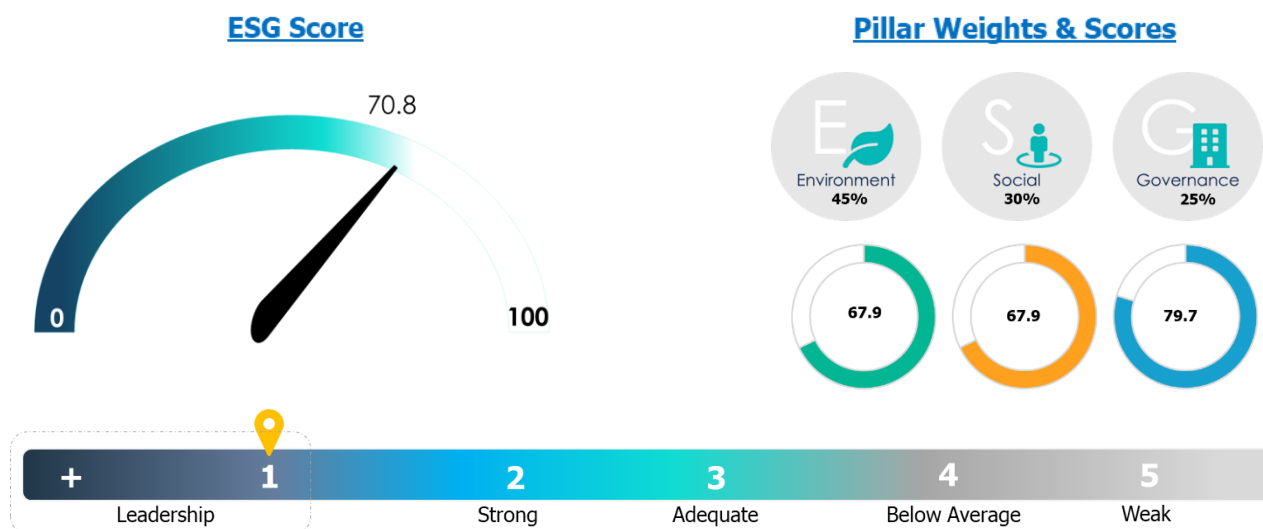
May 15, 2025

### Shree Cement Limited

SCL	Rating Score	Rating Symbol*	Rating Action
ESG Rating	70.8	CareEdge-ESG 1	Assigned

\* Please refer [www.careedgeesg.com](http://www.careedgeesg.com) for detailed understanding of CareEdge-ESG's rating symbols and definitions.

**Leadership** position in managing ESG Risk through **best-in-class** disclosures, policies, and performance



Please note: all scores mention in this document are on the scale of 0 – 100

## Rating Rationale

The rating assigned to Shree Cement Limited (SCL) reflects its position at the leadership stage of ESG stewardship, taking into consideration the company's strong and proactive initiatives towards sustainability performance. The company's cement production capacity stands at 62.8 million tonnes per annum (MTPA), along with power generation capacity of 1024.64 MW including green power generation capacity of 521.64 MW. SCL integrates sustainability across its operations with a strong focus on key areas including efficient water management, emissions reduction, biodiversity conservation, and energy efficiency.

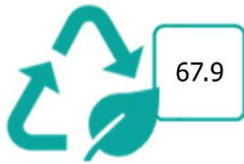
SCL's environmental score is strengthened by water stewardship initiatives where SCL has achieved seven times water positivity based on water withdrawal and more than eight times based on

freshwater consumption by recycling 100% wastewater, rainwater harvesting, and utilizing treated sewage water, thereby reducing its reliance on natural freshwater resources. SCL's measures towards enforcing rigorous emissions controls, establishing waste heat recovery system (WHRS), minimizing fugitive dust from transportation, and deploying sizeable battery energy storage system, installing railway sidings, using electric trucks, and implementing reverse logistics further bolster its sustainability score. As part of its biodiversity management efforts, the company conducts Environmental Impact Assessments (EIA), utilizes the World-Wide Fund's (WWF) Risk Filter assessments, and implements mitigation hierarchy, thereby counteracting the negative environmental footprint impact created by cement production operations.

SCL's leadership social score is driven by its consistent commitment to community support, upholding human rights, ensuring consumer protection, and maintaining the highest standards of product safety and quality. SCL's social is augmented by more than mandated CSR expenditure in the past three years. The company has taken multiple initiatives towards community development, including healthcare and hygiene, skill development, improved educational access through infrastructure development, and green drives while nurturing a strong safety culture through the Steps learning platform, daily safety officer rotations and joint committees.

SCL reflects its robust governance practices across Business Ethics, Oversight on ESG, and Reporting, Filing and Disclosures. This is showcased through its board-level ESG committee, management-level sustainability team, ESG policies adhered with majority of Business Responsibility and Sustainability Reporting (BRSR) principles and an independent third-party review of its ESG policies. The company has implemented a robust Enterprise Risk Management (ERM) framework and also utilising Team Lease RegTech system. Overall, SCL's ESG rating of 70.8 reflects the company's leadership position in managing ESG risk through best-in-class disclosures, policies, and performance.

However, the rating is constrained by factors such as increase in intensity due to the commissioning of two new plants at Nawalgarh and Guntur where renewable energy is yet to be incorporated, lack of long-term targets on environmental parameters such as reduction of air pollutant emissions, waste generation, overall water consumption, water consumption in water stress areas, and energy consumption, lack of comprehensive training programmes for employees and suppliers, and absence of paternity leave. The company is yet to implement targeted gender diversity programs and workshops within the workforce. Further, there is considerable scope to enhance diversity across the board and senior management to further strengthen its ESG leadership.

**Environment Score**

The cement sector exerts a significant environmental footprint, driven by high carbon emissions, considerable waste generation, and intensive energy and water consumption, making it one of the most ecologically significant industrial activities. Consequently, this pillar carries a substantial weight of 45% for the sector. With an environmental score of

67.9, SCL ranks in the top quartile among its industry peers, demonstrating strong performance across key environmental areas. These include carbon and other emissions, biodiversity, water usage and management, and energy efficiency, which together contribute to more than 75% of the overall weightage given to this pillar.

SCL held the leadership position amongst its peers with a score of 75.8 in water stewardship. This reflects the company's holistic approach to water management emphasizing consumption optimization, wastewater treatment and recycling, and rainwater harvesting. The company has achieved zero liquid discharge across all its manufacturing locations. The company has undertaken various initiatives to minimize its water consumption like installing air-cooled condensers in its thermal power plants, using non-operational mine pits for collecting rainwater, recycling and reusing 100% wastewater within plant operations, and utilizing treated sewage water from municipalities at several water-stressed areas. In FY25, SCL demonstrated leadership performance with overall water consumption intensity stood at 0.08 KL per tonne of cement (Industry median: 0.21 KL) whereas its water consumption intensity in water stressed areas stood at par with industry median at 0.04 KL per tonne of cement.

SCL ranks in the top quartile among its peers with a score of 63.7 in the theme of Emissions. To reduce air emissions across its operations, the company has implemented several measures, including bag houses and electrostatic precipitators to control particulate matter, a de-NOx system that reduces nitrogen oxide emissions without ammonia use, a limestone slurry-based flue gas desulphurization unit, and waste heat recover system to capture hot gas. SCL's total air emissions intensity (comprising NOx, SOx, PM, POP, and VOC) stood at 0.0005 tonne/tonne of cement (Industry median: 0.0007 tonne) in FY25. However, its air emissions intensity per tonne of cement rose by 25% in FY25 compared to FY24. This increase is primarily due to the commissioning of two new plants at Nawalgarh and Guntur, coupled with a decline in cement production resulting from reduced market demand.

SCL has aligned its Scope 1 and Scope 2 emissions reduction targets with the Science Based Targets initiative (SBTi), aiming to reduce Scope 1 emissions by 12.7% and Scope 2 emissions by 27.1% by 2030, compared to the 2019 baseline. The company has also taken significant measures to mitigate its carbon footprint across its operations, including installing railway sidings at various plants to cut down on fuel-based truck usage, planning to deploy 1MW battery energy storage system to store and use solar power beyond daylight hours, using electric trucks for transporting clinker between units at one of the locations, constructing cemented roads to reduce fugitive dust from transportation, and implementing reverse logistics by utilizing return trips of trucks for transportation, thereby improving fleet efficiency and reducing fuel consumption and associated emissions. Its Scope 1 emissions stem from sources such as kiln fuel, fuels used for drying mineral components, non-kiln fuels, and diesel consumption. SCL's Scope 1 emission intensity stood at par with industry median at 0.6 tCO<sub>2</sub>e per tonne of cement in FY25. SCL exhibited an improved transition in its Scope 1 intensity emanating from a 2% reduction from FY24 to FY25. This is primarily attributed to a 3% reduction in absolute emission albeit reduced cement production in FY25 (declining by 1.3% compared to FY24). SCL's Scope 2 emissions intensity stood at 0.01 tCO<sub>2</sub>e per tonne of cement in FY25 (Industry median: 0.02 tCO<sub>2</sub>e). However, SCL's Scope 2 emissions intensity per tonne of cement increased by 18% in FY25 as compared to FY24. This increase is attributed to the commissioning of the two new plants at Nawalgarh and Guntur, which led to higher grid electricity consumption, predominantly because of absence of alternative power sources such as solar and wind power. SCL's Scope 3 emissions intensity (per tonne of cement) increased by 12.5% in FY24 as compared to FY23, primarily due to the upstream and downstream activities associated with higher production levels. Its Scope 3 emissions intensity, however, remains below the industry median. The company is in the process of calculating its Scope 3 emissions for FY25.

The company's renewable energy consumption as a percentage of total energy consumed decreased from 6.0% in FY24 to 5.8% in FY25 (Industry median: 6.3%), indicating potential for improvement. Further, clinker-to-cement ratio is the proportion of clinker used in cement production, indicating the extent of clinker substitution with supplementary materials to reduce carbon intensity. The company's clinker to cement ratio stood at 64.7% in FY24 (Industry median: 65.3%). SCL's specific thermal energy consumption decreased from 751 kcal/ kg of clinker in FY23 to 735 kcal/ kg of clinker in FY24 (Industry median: 735.9 kcal/ kg of clinker), which is due to the implementation various energy efficient initiatives. Its specific electricity consumption increased from 64.93 kwh/ tonne of cement in FY23 to 65.41 kwh/ tonne of cement in FY24 (Industry median: 71.2 kwh/ tonne of cement). The rise

in specific electricity consumption is primarily due to an 11.2% increase in total power usage coupled with a 14.4% rise in clinker production in FY24 compared to FY23, driven by higher demand for Ordinary Portland Cement (OPC) in FY24.

In the theme of Biodiversity Management, SCL has scored 63.3, outperforming the industry median of 49.4, reflecting its strong commitment to ecological preservation and responsible land use practices. The company showcases its dedication to minimize its environmental impact through the implementation of measures, such as planting trees on non-operational mine sites, constructing artificial ponds to support local wildlife, performing EIAs for all of its project, using WWF's Biodiversity Risk Filter to assess all operational sites for biodiversity-related risks, and implementing targeted mitigation strategies to minimize its impact on ecosystems and natural habitats. Additionally, the company is engaged in tree planting on non-operational mine sites and the construction of artificial ponds to support local wildlife.

The score is further accentuated by the company's performance in energy efficiency. In FY25, SCL's energy intensity stood at 3.1 GJ per tonne of cement (Industry median: 2.7 GJ). Its energy intensity per tonne of cement decreased by 2.2% in FY25 as compared to FY24. This decrease is attributed to the reduction in total energy consumption and decline in cement production, coupled with various energy efficiency initiatives implemented at manufacturing sites. The company has implemented a range of energy efficiency measures, including the installation of computational fluid dynamics (CFD) software to analyze heat transfer processes, utilization of waste heat recovery system, energy-efficient turbo blowers, and low-pressure compressors for fly ash unloading. The company is working towards replacing 100% of coal with biofuel in all grinding units, increasing biomass use in its energy mix, enhancing thermal substitution using alternative fuel sources, and establishing WHRS to capture and reuse excess heat from operations to improve energy efficiency and reduce fuel consumption. It also utilizes preheater tower heat in its WHRS and has implemented hot air recirculation (HAR) in all coolers. Notably, 39% of its production power is sourced from WHRS, reflecting its strong focus on energy optimization. Further, the thermal substitution rate (TSR) is the percentage of conventional thermal energy replaced by alternative fuels in industrial processes. The company's TSR slightly increased from 2.37% in FY24 to 2.41% in FY25 (Industry median: 6.3%), which is attributed to the higher consumption of alternative fuel. SCL's use of alternative raw materials as % of total raw materials consumption increased from 24.41% in the FY24 to 26.36% in the FY25 (Industry median: 20.85%).

**Social Score**

The Social pillar, carrying a 30% weight for the cement sector, reflects a company's performance across areas such as employee well-being, community development, and supply chain responsibility. SCL has demonstrated strong performance under this pillar, attaining a score of 67.9—well above the industry median and the highest in the sector. This

underscores the company's robust social practices, stakeholder engagement, and commitment to inclusive and sustainable development. SCL has consistently exceeded its mandated CSR allocations over the past three years. In FY24, it invested Rs 51.3 crore in impactful CSR initiatives and allocated Rs 38.3 lakhs specifically to projects in Aspirational Districts. The company's efforts focus on sustainable development and inclusive growth, addressing fundamental needs such as women empowerment, healthcare, clean drinking water, skill development, livelihood enhancement, rural sports, senior citizen welfare, and educational infrastructure. Initiatives such as Project Naman for martyred soldiers' families, green drives, and the presence of a dedicated Samaj Seva team at every plant underscore the company's deep-rooted community engagement.

SCL also supports a learning culture internally through platforms like *Steps*, which promotes continuous learning and professional growth. Its "One Day Safety Officer" initiative instils shared ownership of workplace safety and has contributed to the development of a strong safety culture. Additionally, safety committees with equal representation from management and non-management exist at all manufacturing sites. SCL's Lost Time Injury Frequency Rate (LTIFR) of workers improved significantly from 0.1 in FY24 to 0.05 in FY25 (Industry median: 0.095). Its high-consequence work-related injuries among employees decreased from 2 in FY24 to 0 in FY25, while among workers decreased from 4 in FY24 to 2 in FY25.

However, there are notable gaps that limit SCL's overall social performance. The company currently does not provide paid paternity leave and has no permanent female workers. It provides training to its employees on POSH guidelines, however, records of training attendance have not been maintained. Its worker fatalities increased from 1 in FY24 to 5 in FY25. While SCL has begun efforts to improve gender diversity—targeting up to 25% female hires through university recruitment—it has yet to implement gender-specific training and broader diversity programs.



**Governance Score**

The Governance pillar carries a weight of 25% for the sector. With a governance score of 79.7, ranks in the top quartile among its industry peers, reflecting its strong governance practices and effective integration of ESG considerations at the highest levels of decision-making. Key aspects such as Business Ethics, Oversight on ESG, and Reporting, Filing

and Disclosures together contribute to more than 75% of the overall weightage given to this pillar.

SCL secured a leadership position among its peers with a score of 86.3 in the theme of Business Ethics, reflecting its strong commitment to ethical governance and responsible business practices. This is demonstrated through a board-approved CoC, along with robust whistleblower, anti-bribery, and anti-corruption policies. SCL extends these ethical standards to its supply chain through a comprehensive Supplier Code of Conduct, which addresses key areas such as labour and human rights, health and safety, ethics and integrity, and environmental impact.

The company also maintains a Grievance Redressal Mechanism for investors and shareholders and conducts training for employees on its Code of Conduct, anti-bribery, and anti-corruption policies to ensure continued awareness and compliance. However, it does not maintain records of employee participation in these trainings. The company does not extend these training programs to its suppliers and does not provide training on its whistleblower protection policy to employees and suppliers.

SCL ranks in top quartile among its peers with a score of 82.2 in ESG Governance and Oversight. The company ensures a well-defined and transparent approach to sustainability, guided by a Board-level ESG Committee that oversees the ESG strategy, supported by a comprehensive set of Board-approved ESG policies aligned with most BRSR principles. A management-level Sustainability team oversees the effective implementation of ESG principles and sustainability initiatives across operations. Through extensive stakeholder engagement, SCL has identified its key ESG risks and, in alignment with the industry's best practices, has conducted a third-party review of its ESG policies.

Reinforcing its commitment to sustainable growth, the company has allocated 4.6% of its total R&D budget and 53.6% of its capital expenditure toward sustainable solutions that improve the environmental and social performance of its products and processes. SCL conducts an annual review of its performance and compliance with the BRSR principles, ensuring that these principles are effectively implemented and approved by the Board. SCL's head of power management has expertise on environment and climate related parameters such as energy conservation, renewable energy, PAT scheme, voluntary carbon market, and Carbon Credit Trading Scheme. Its 2 independent directors possess expertise in social-related matters, backed by extensive experience in CSR and active

involvement with various social organizations. The company has also established an ESG materiality assessment framework and developed a materiality matrix to prioritize the most critical issues, providing a structured approach to driving continuous improvement in its ESG performance. Further, SCL currently meets only the minimum requirement by having one woman director on its board and has not exceeded the threshold by appointing additional women directors (Industry median: 2). Moreover, women's representation in company's senior management is 0% (Industry best: 27%). SCL has established a comprehensive ERM framework, aligning its processes with both regulatory and business requirements. To ensure effective implementation, the company has formed risk management governance structure that promotes strong oversight. The company conducts regular risk assessments to identify new and emerging threats to its operations. SCL utilizes a Team Lease RegTech system solution to efficiently monitor and document compliance.

## Strengths

### **Leading initiatives towards development of low carbon cement with reduced emissions up to 40%**

SCL has developed Limestone Calcined Clay Cement (LC3) at lab scale, using clay from mining deposits at its RAS unit in Rajasthan, with a production potential of 3 to 4 MTPA. This low-carbon cement alternative can reduce CO<sub>2</sub> emissions by up to 40% compared to Ordinary Portland Cement (OPC). This initiative has been undertaken in collaboration with Technology and Action for Rural Advancement (TARA) and the Indian Institute of Technology (IIT) Delhi to strengthen R&D efforts. LC3 is a ternary blend composed of clinker, calcined clay, limestone, and gypsum. The interaction between calcined clay and limestone enables a reduced clinker factor, resulting in a less porous cement with strength comparable to conventional types.

### **Multiple initiatives leading to efficient management towards water consumption reduction across operations**

SCL implemented robust water management measures to minimize its water consumption across operations, including installation of Air-Cooled Condensers in its thermal power plants and using non-operational mine pits for collecting rainwater. All its manufacturing facilities are zero liquid discharge. 100% of its wastewater is recycled within plant operations and utilized in horticulture activities, mill spray, synthetic gypsum plant, dust suppression etc. Further, rainwater harvesting structures



constructed by the company around all its operating facilities and within the community to capture rainwater and recharge ground water aquifers. The company has installed Sewage Treatment Plants at all locations for treating domestic wastewater, conducting regular water audits, installing water-efficient fixtures, and drip irrigation systems. The company has utilized treated sewage water from municipalities at several water stress locations, which is used for manufacturing operations and other purposes. Further, SCL also conducts water risk assessment study through third party, covering the impact of our operations on the stakeholders as well as other activities in the area, availability of water for future use and dependency related water risks.

### **Reduced reliance on groundwater extraction by significant actions towards water stewardship**

SCL has increased its water positivity index from 6.5 in the FY24 to 6.9 in the FY25 (calculated upon water withdrawal) and from 7.2 in the FY24 to 8.5 in the FY25 (calculated upon fresh water consumption), through its comprehensive water conservation efforts, which include optimizing water consumption, treating and recycling wastewater, and enhancing the availability of usable water through rainwater harvesting and groundwater recharge initiatives. These initiatives help increase water availability and reduce dependence on natural fresh water sources including ground water. The company also uses treated municipal sewage water at several water-stressed locations to support its manufacturing operations and other activities.

### **Comprehensive impact assessments and initiatives towards biodiversity mitigation and conservation**

SCL is deeply committed to conserving biodiversity, actively working to safeguard local wildlife and maintain the ecological balance of the environments surrounding its operations. SCL conducts EIA, which covers various environmental aspects including biodiversity, before commencement/ expansion of new/ existing project. The assessment is location specific and includes areas adjacent to its operations (~10 km radius). SCL has identified the presence of Schedule-I species at four of its operational sites, for which Wildlife Conservation Plans have been devised. There are no operational sites owned, leased or managed in or adjacent to protected areas or areas of high biodiversity value. Further, the company has undertaken a desktop study based on WWF Risk Biodiversity Filter and assessed 100% operational locations for dependency and impact related biodiversity risks. Based on the assessment study, SCL's operations fall under low to medium physical risks. The company has

also implemented a comprehensive mitigation hierarchy to minimize the negative impacts of projects and operations on biodiversity and ecosystem services.

### **Detailed Life Cycle Assessment (LCA) leading to impact quantification of environmental footprint across all product categories**

SCL has undertaken LCA for its products i.e., OPC, PPC, PSC and CC by an external agency. These cement products contributed 84.5% of total revenue for the FY24. The study was conducted to quantify specific environmental impacts per tonne of cement across each product category, within a cradle-to-gate system boundary. This assessment enabled the identification of environmental impacts at different stages of the product life cycle, highlighting key hotspots within business operations where improvement efforts can be focused and future investments strategically planned. The LCA identified abiotic resource depletion and climate change due to GHG emissions as key risks associated with the products. To mitigate these risks, the company has outlined measures such as increasing the use of alternative fuels and raw materials, enhancing renewable energy consumption, and modifying the product mix and its constituents.

### **Demonstrated strong commitment to community development and social responsibility through impactful CSR initiatives**

SCL has utilized more than 100% of its CSR allocations in the past three years. In FY 2023-24, SCL invested Rs 51.3 Crore in effective CSR initiatives focused on sustainable development and inclusive growth, prioritizing the fulfilment of the fundamental needs of local communities. Key areas included women empowerment and skill development, healthcare and hygiene, clean drinking water access, sustainable livelihoods, support for senior citizens, promotion of rural sports, and social welfare through cultural initiatives. The company also supported martyred soldiers' families through Project Naman, enhanced community infrastructure, and improved educational access through infrastructure development and vocational training. Environmental efforts included plantation drives and green initiatives in schools and communities. Furthermore, in FY24, the company allocated Rs 38.3 lakhs towards CSR projects in Aspirational Districts.

## Weaknesses

### **Absence of long-term targets on environmental parameters resulting in a lack of methodological approach towards climate risk transition**

SCL is yet to establish clear science-based targets for critical environmental areas, such as reduction of air pollutant emissions, waste generation, water consumption, water consumption in water stress areas, and energy consumption for FY25-26. Setting realistic targets with a well-defined baseline is crucial for effective for establishing clear and measurable performance benchmarks. In addition, effective systems must be established to monitor and evaluate progress toward each target. The lack of well-defined environmental goals may limit the company's ability to drive systematic improvements in sustainability performance and may impede progress toward implementing more targeted and efficient sustainability initiatives.

### **Increase in the emission intensities on account of commissioning of new plants where renewable energy is yet to be incorporated**

SCL's scope 1 emissions intensity per tonne of cement reduced by 2% from FY24 to FY25, primarily due to a decline in cement production. However, SCL's Scope 1 emissions intensity remains above the industry median, indicating potential for further improvement. Further, SCL's scope 2 emissions intensity per tonne of production increased 18% in FY25 as compared to FY24. The increase is primarily due to the operation of new plants at Nawalgarh and Guntur during FY24-25, which led to higher grid electricity consumption, predominantly because of absence of alternative power sources such as solar and wind power. Also, the company is in the process of assessing Scope 3 emissions for FY25, however, the Scope 3 emissions intensity per tonne of cement increased 12.5% in FY24 as compared to FY23, primarily due to upstream and downstream activities associated with higher production levels. SCL's Scope 3 emissions intensity remains below the industry median. Furthermore, SCL's total air emissions (NO<sub>x</sub>, SO<sub>x</sub>, PM, POP, VOC) intensity per tonne of cement increased 25% in FY25 as compared to FY24. The rise in emissions is attributed to the commissioning of two new plants at Nawalgarh and Guntur, coupled with a decrease in cement production attributed to a reduction in market demand.

**Initial strides through setting measurable target towards increasing female workforce thereby mitigating continued absence of initiatives towards diversity, equity, and inclusion**

The company has yet to implement targeted programs and workshops that promote gender diversity within the workforce. Specifically, there have been no gender-specific training initiatives aimed at supporting the professional growth of female employees. This limited emphasis on inclusive practices could impede the development of a balanced and equitable workplace culture. Further, women representation in senior management at SCL is currently at 0%, but leading peers in the industry have achieved up to 27% representation in their senior leadership teams. However, SCL has initiated efforts to improve gender diversity by focusing on university recruitment to ensure up to 25% of hires are female.

**Lack of comprehensive training programs for employees and suppliers**

SCL provides training to its employees on POSH guidelines, its Code of Conduct, and anti-corruption or anti-bribery policies, however, records of training attendance have not been maintained. The company does not extend these training programs to its suppliers and does not provide trainings to employees and suppliers on its whistleblower protection policy. Further, no formal training programs have been conducted by the company to sensitize the suppliers on environmental issues and no value chain partners have been trained on BRSR principles. These essential training programs are crucial for fostering awareness. The absence of comprehensive training increases the risk of regulatory non-compliance, ethical breaches, and workplace risks, potentially impacting its reputation and operational effectiveness.

## Key ESG Parameters of SCL

Parameters	Unit	FY2025	Industry Median
<b>Environment</b>			
Scope 1 intensity	tCO <sub>2</sub> equivalent/tonne of cement	0.64	0.61
Scope 2 intensity	tCO <sub>2</sub> equivalent/tonne of cement	0.01	0.02
Specific electrical energy	kWh/tonne of cement	65.4*	71.2
Specific thermal energy	kcal/kg of clinker	734.8*	735.9
Clinker to cement ratio	%	64.7%*	65.3%
Thermal substitution rate	%	2.4%	6.3%
Renewable energy contribution	% (of total energy consumed)	5.8%	6.3%
Air emission intensity	kg/tonne of cement	0.5	0.7
Power consumption mix	Thermal:WHRS:Renewable	44%:38%:18%	-
Energy intensity	GJ/tonne of cement	3.1	2.7
Water intensity	litre/tonne of cement	100	200
Water positivity	Water harvested/Water withdrawal	6.9	0.57
Waste intensity	kg/tonne of cement	0.7	4
<b>Social</b>			
CSR expenditure %	Total 3 yrs spent/total 3 yrs obligation	1.2%*	1.0%
Employee turnover	%	19.5%	17.8%
Female to male employees' ratio	Per 1000 male employees	10	30
Female to male median pay	Rs. Per 100 Rupees	121.7*	83.5
Workforce Fatality rate	fatalities/10,000 workforce	2	1**
POSH complaints resolved/ reported	X/Y	0/0	0/0
<b>Governance</b>			
No. of Females in board	#	1	2
No. of Females in SMPs	#	Nil	Nil
% board trained on any BRSR principle	%	100.0%	86%**
% KMPs trained on any BRSR principle	%	100.0%	86%**
Board meeting attendance rate	%	71%	-
Income gap ratio (CMD to median pay)	X:Y	291:1*	94.2

Data source: company, public sources, CareEdge-ESG research & analysis

Industry median based on FY24 data

\*FY24 data

\*\*Industry mean used instead of industry median

tCO<sub>2</sub> – tonnes of CO<sub>2</sub> | kWh – kilowatt-hour | WHRS – Waste Heat Recovery System | kcal – kilocalorie | GJ – Gigajoules | kg – kilogram |

CSR – Corporate Social Responsibility | SMP – Senior Management Personnel | KMP – Key Managerial Personnel |

CMD – Chairman & Managing Director | BRSR – Business Responsibility and Sustainability Reporting

## Rating Sensitivities

### Positive factors

- Decrease in Scope 2 and 3 emissions
- Reduction in air pollutant emission
- Increase in the proportion of renewable energy within total energy consumption
- Decrease in waste intensity
- Decrease in water intensity and water recycling rate
- Increment in female-to-male median pay ratio
- Assurance of ESG data
- Enhanced training programs

### Negative factors

- Increase in energy intensity
- Rise in Scope 1 emissions
- Decline in water positivity level
- Decrease in CSR budget utilization
- Reduction in expenditure on employee wellbeing

### Analytical approach:

**Rating boundary:** CareEdge-ESG has considered standalone data of SCL for assessment. The same is in line with their disclosure in BRSR.

**Methodology/Criteria:** For detailed understanding on the criteria and methodology used by CareEdge-ESG, please refer to the methodology document available on the company's website [www.careedgeesg.com](http://www.careedgeesg.com)

### About the Company and industry

Shree Cement Limited (SCL), established in 1979, is one of India's leading cement manufacturers. Headquartered in Kolkata, the company operates a diversified portfolio spanning cement and power generation, with its cement business contributing the majority of its revenues. SCL ranks among the top three cement producers in India with a cement production capacity exceeding 50 million tonnes per annum (MTPA), spread across facilities in Bihar, Chhattisgarh, Haryana, Jharkhand, Karnataka, Maharashtra, Odisha, Rajasthan, Uttar Pradesh, Uttarakhand, West Bengal and Andhra Pradesh.



With a pan-India presence and growing footprints in eastern and southern markets, the company has maintained a strong financial track record, delivering consistent revenue growth over the years. In FY24, Shree Cement reported revenues of Rs. 19,585.53 Cr, supported by stable demand from infrastructure and housing sectors. The company's market capitalization stands at approximately Rs. 92,741.05 Cr, reflecting its solid position in the cement industry.

SCL is committed to sustainability and low-carbon growth, with a target to reduce its Scope 1 emissions by 12.7% and scope 2 emissions by 27.1%, both by 2030 from its FY19 baseline. It is one of the most energy-efficient cement producers globally, with best-in-class thermal and electrical energy consumption benchmarks. The company operates waste heat recovery systems (WHRS) and is actively expanding its renewable energy capacity through solar and wind projects to meet its energy needs sustainably. On the social responsibility front, SCL undertakes numerous CSR initiatives in areas such as education, healthcare, women empowerment, agriculture and animal husbandry, infrastructure development. The company has a structured CSR policy and regularly conducts impact assessments to measure the effectiveness of its development programs.

## Industry Classification

### Exhibit 1



## Source of information

While assigning the ratings, CareEdge-ESG has considered publicly available information such as annual reports of the company and other policies, sustainability reports, certifications, BRSR reports, additional information and comments provided by the company.

**Status of non-cooperation with previous ERP:** Not applicable

## Rating history for the last three years:

Sr. No.	Name of Product	Current Rating		Rating history		
		Rating	Score	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1	ESG Rating	CareEdge-ESG 1	70.8	-	-	-

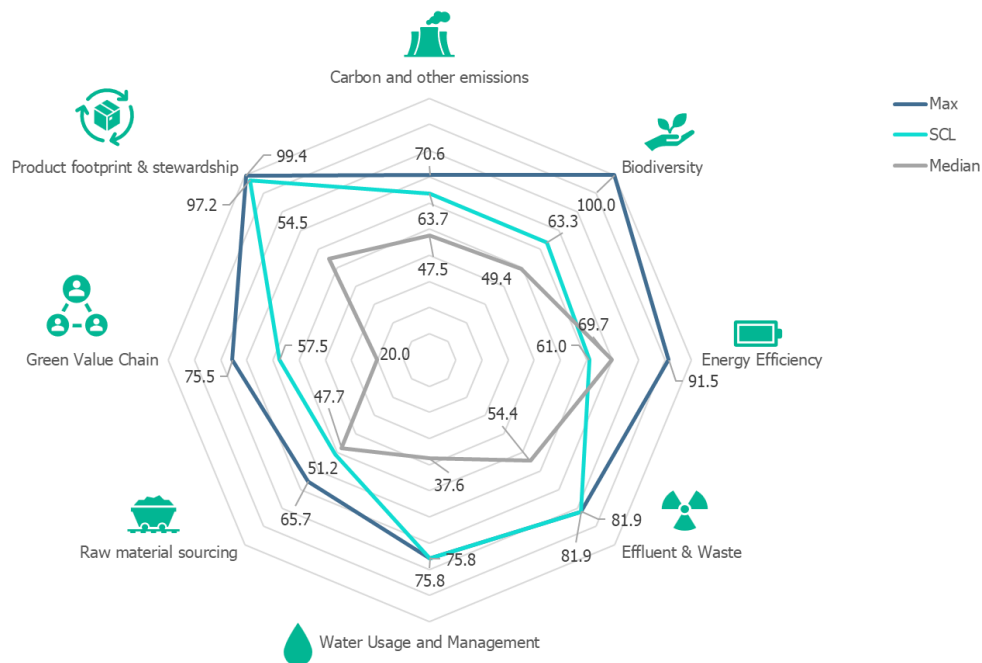
## Annexure: Graphical summary of key rating drivers<sup>1</sup>

**Hierarchy:** While arriving at pillar level scores for SCL, CareEdge-ESG has assigned theme weights based on relative importance and sectoral hierarchy as depicted in the exhibit below.

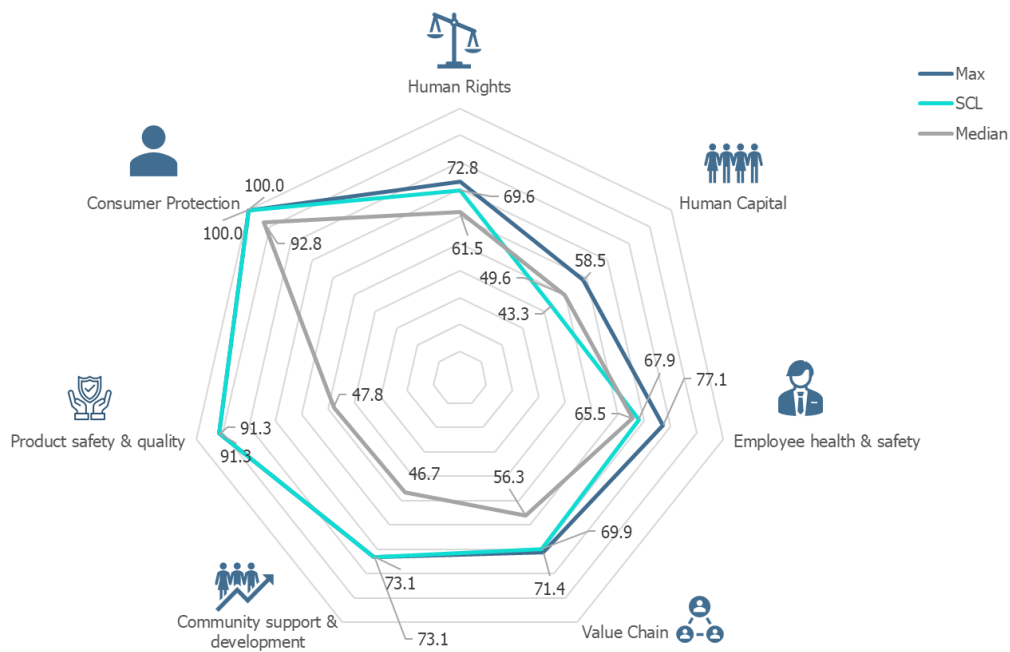
Materiality	Environment	Social	Governance
H I G H	 Carbon and other emissions	 Employee health & safety	 Oversight on ESG
	 Biodiversity	 Community support & development	 Business Ethics
M E D I U M	 Effluent & waste	 Human Capital	 Board composition
	 Water usage & management	 Human rights	
	 Energy Efficiency		
L O W	 Product footprint & stewardship	 Value Chain	 Board functioning
	 Raw material sourcing	 Product Safety & Quality	
	 Green Value Chain	 Consumer Protection	 Remuneration

<sup>1</sup> Comprehensive analytical insights, inferences and benchmarking is provided in CareEdge-ESG's detailed ESG Report

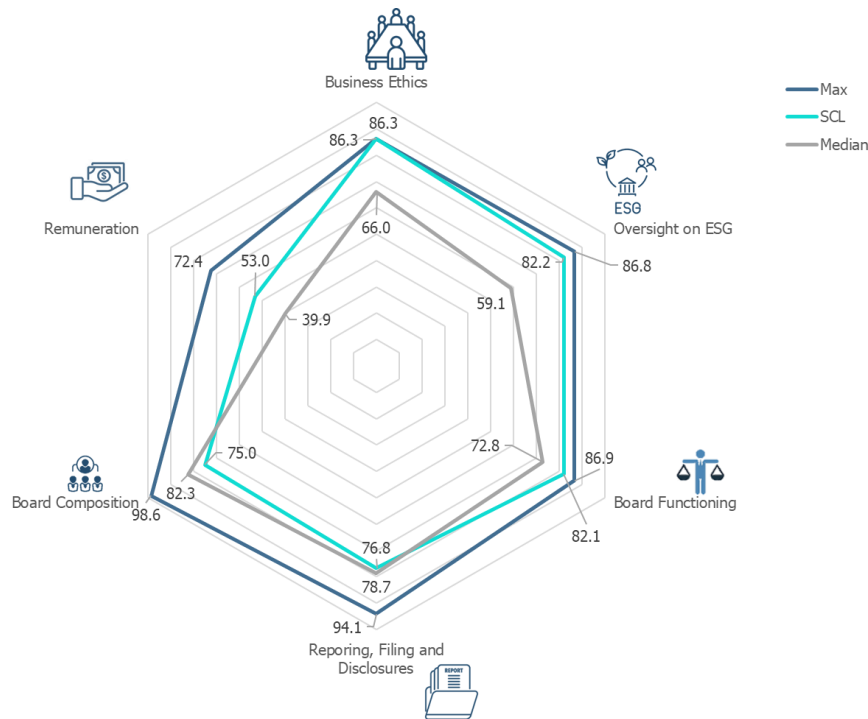
## Environment Pillar



## Social Pillar



## Governance Pillar



## Summary Pillars and Theme Scores

Theme	SCL	Industry Median
Biodiversity	63.3	49.4
Carbon and other emissions	63.7	47.5
Effluent & waste	81.9	54.4
Energy Efficiency	61.0	69.7
Raw material sourcing	51.2	47.7
Green Value Chain	57.5	20.0
Product footprint & stewardship	97.2	54.5
Water usage & management	75.8	37.6
<b>Total Environment Score</b>	<b>67.9</b>	<b>49.5</b>
Human Rights	71.8	64.5
Human Capital	43.3	49.6
Employee health & safety	67.9	65.5
Value Chain	69.9	56.3
Product safety & quality	91.3	47.8
Consumer Protection	100.0	92.8
Community support & development	73.1	46.7
<b>Total Social Score</b>	<b>67.9</b>	<b>57.2</b>
Reporting, Filing and Disclosures	76.8	78.7
Remuneration	53.0	39.9
Business Ethics	86.3	66.0
Board Functioning	82.1	72.8
Board Composition	75.0	82.3
Oversight on ESG	82.2	59.1
<b>Total Governance Score</b>	<b>79.7</b>	<b>64.6</b>

## Contact

Nikunj Dube	Director & Head – ESG Ratings	Nikunj.dube@careedge.in	+91 – 72191 09995
Mausam Raj	Primary Analyst	Mausam.Raj@careedge.in	+91 – 22 – 6837 4400
Sohini Majumdar	Analyst	Sohini.majumdar@careedge.in	+91 – 22 – 6837 4400

## Media Contact

Mradul Mishra	Director – Corporate & Marketing Communications	Mradul.mishra@careedge.in	+91 – 22 – 6754 3596
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## CARE ESG Ratings Limited

Corporate Office: A Wing – 1102 / 1103, Kanakia Wall Street, Andheri Kurla Road, Chakala, Andheri (East), Mumbai – 400 093  
Phone: +91 - 22 - 6837 4400 | CIN: U66190MH2016PLC285575

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