

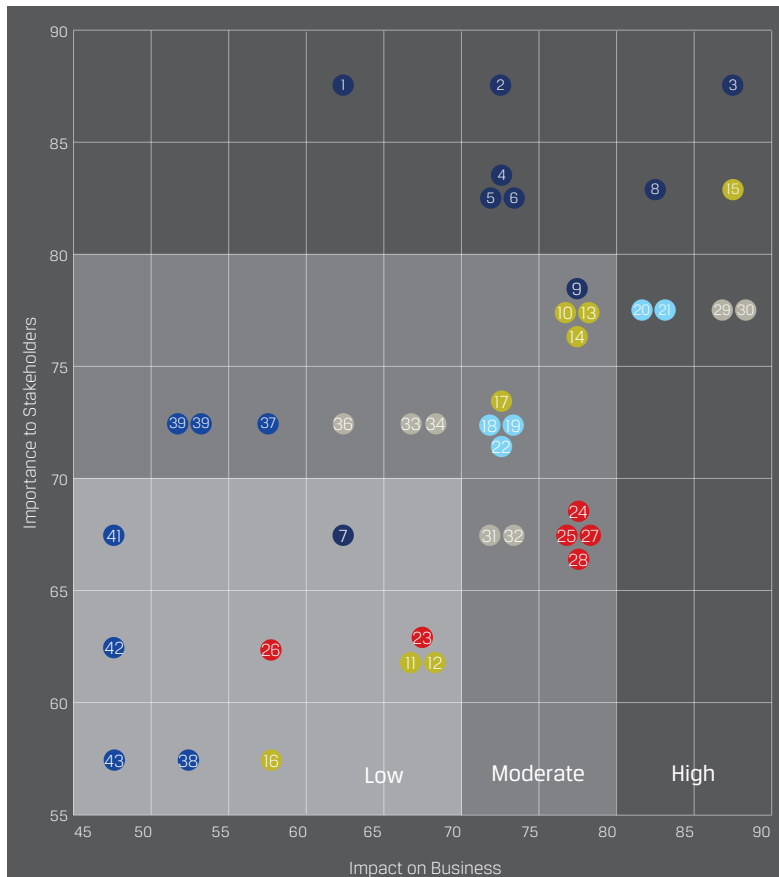
UNDERSTANDING WHAT MATTERS MOST TO STAKEHOLDERS OF JSW ENERGY

To manage risk effectively and to operate with the support of our stakeholders, we need to understand the issues that matter. During the year, we undertook a materiality survey and analysis to understand the issues that are most significant and relevant to our stakeholders and the company.

In determining these issues, we considered how important they were to stakeholders and how significant they were in terms of JSW Energy's economic, environmental and social impacts. This assessment considers a series of relevant issues determined from international reporting requirements including GRI and SASB; and comparing our approach with that of peer companies. We then classified these issues (as 'low', 'moderate'; and 'high') to indicate their importance to JSW Energy and both our internal and external stakeholders. The survey participants were invited to be canvassed for their knowledge of our business; the industry we participate in; and their understanding of the interplay between our industry and socio-environmental factors at large. On the internal side within our business, the respondents included central procurement, finance and human resource functions, as well as senior employees and management leaders within the company and the JSW Group. On the external side, the respondents included institutional investors, sector analysts, industry associations and NGOs.

The issues we have identified as material to both stakeholders (External) and JSW Energy (Internal) are shown in the materiality matrix below. This matrix represents the positioning of the issues in terms of 'importance to stakeholders', in line with feedback gathered.

Materiality Matrix

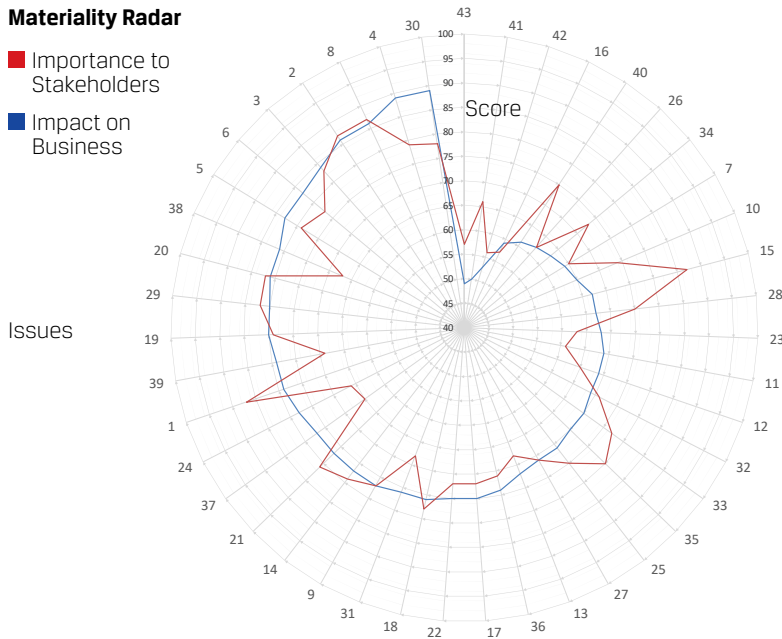


Issue	Material Issue	Read More
ENVIRONMENT		
1	Climate Change Mitigation & Adoption	66
2	Air Pollution Control & Toxic Emission Management	40, 66
3	Energy Management & Renewable Energy Usage	40, 68
4	Water Management	40, 56
5	Effluent/Waste Water Management	56, 66
6	Fuel Waste Management	56
7	Biodiversity Management	40
8	Environment Compliance	BRR*
9	Natural Resources Conservation (soil, air and water)	BRR*
SOCIAL CAPITAL		
10	Human Rights	BRR*
11	Customer Privacy	BRR*
12	Data Security	68
13	Access & Affordability	23, 35, 73
14	Product Quality & Safety	90
15	Customer Welfare	98
16	Charitable Giving	40, 62
17	Social Development & Community Involvement	40, 62
HUMAN CAPITAL		
18	Labour Practice & Employment	40, 58
19	Training and Skill Development	58
20	Employee Health & Safety	90
21	Staff Succession Planning	60, 88
22	Employee Engagement, Diversity & Inclusion	58, BRR*
BUSINESS MODEL & INNOVATION		
23	Product Design & Lifecycle Management	BRR*
24	Business Model Resilience	95
25	Access to Capital (customers & business)	98
26	Supply Chain Management	86
27	Material Sourcing Efficiency	BRR*
28	Long Term management of Assets	68, 95, 96
LEADERSHIP & GOVERNANCE		
29	Business Ethics, Integrity, Transparency & Corruption	143
30	Renewable Energy Generation	94
31	Competitive Behaviour	BRR*
32	Management of the Legal Regulatory Environment	BRR*
33	Risk Management	85, 106
34	Grievance Redressal of Stakeholders	143, BRR*
35	Responsible investment	BRR*
36	Reputation, Communications and Awareness	62, 34, BRR*
ECONOMY		
37	Commodity price volatility	72
38	Economic/financial crises	72
39	Economic/Pandemic crisis	86
40	Capital Values	54, 81
41	Employment trends/diversification	BRR*
42	Revenue Account surplus	66
43	Political change and uncertainty	72

*BRR - Please refer to the Business Responsibility Report in the investors section of the Company's website.

Materiality Radar

- Importance to Stakeholders
- Impact on Business










The Materiality Radar, also commonly known as a 'spider diagram', presents the results of our materiality process in an alternative way. The red and blue lines show the external stakeholder and the business view respectively and demonstrate the synergy for most of issues surveyed, where views of our stakeholders broadly align with our own business view. Areas where there is some divergence required to be studied further by the management, in particular where they appear to be more important to external stakeholders than they are to the business. We intend to refine our materiality assessment process each year as it becomes more mature and welcome continuous quantitative and qualitative feedback from our stakeholders.

How we are Responding

Top material issues	Why this matters to our stakeholders	How we are responding
ENVIRONMENT: 1, 2, 3, 4, 5, 6, 8		
Climate Change Mitigation & Adoption 	1. Climate change is one of the world's most pressing challenges. Human emissions of greenhouse gases – carbon dioxide (CO2), nitrous oxide, methane, and others – have increased global temperatures by around 1°C since pre-industrial times	During the year, all our plants maintained the generation of emissions and waste within the permissible levels. We monitor our carbon footprints on an annual basis and undertake their assessment across all our sites. See Pages 66 BRR*
Air Pollution Control & Toxic Emission Management 	2. Good outdoor air quality is fundamental to our well-being. On average, a person inhales about 14,000 litres of air every day, and the presence of contaminants in this air can adversely affect people's health. Electricity producing power plants burning coal or oil generally release toxic chemicals. Such toxic releases especially from coal fired power plants include compounds of several listed metals, organics, inorganic chemicals and other materials. Excess emissions of such toxic chemicals and hazardous materials, in conjunction with inadequate disposal systems can cause long-term damage to the environment and the quality of air that all living creatures breathe.	We prevent and minimise the creation of air emissions proactively through improved efficiency, use of new technologies and process improvements. We also explore opportunities to prevent creation of polluting air emissions at our sites. See Pages 40, 66
Energy Management & Renewable Energy Usage 	3. Energy management is the means for controlling and reducing an organisation's energy consumption so that one can reduce costs – this is becoming increasingly important as energy costs rise. Energy efficiency also brings a variety of other environmental benefits: reducing greenhouse gas emissions, reducing demand for energy imports, and lowering costs on a household and economy-wide level.	During the year, we focused on improving our processes for conservation of energy through the reduction in auxiliary power consumption, start-up oil consumption, and coal consumption. We are committed to generating electricity in a manner that ensures energy efficiency and legal compliance. See Pages 40, 68
Water Management 	Water conservation and management encompasses the policies, strategies and activities made to manage water as a sustainable resource, to protect the water environment, and to meet current and future human demand. Reducing our use of water reduces the energy required to process and deliver it to homes, business, farms, and communities, which in turn helps to reduce pollution and conserve fuel resources.	We continuously explore various alternative sources of water, which will reduce the negative impact of our water demands on the wider community. We regularly monitor the volumes of water we are consuming to see how we are progressing. Moreover, we aim to minimise water demand by maximising the efficiency of water use within processes. See Pages 40, 56

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Top material issues	Why this matters to our stakeholders	How we are responding
Effluent/Waste Water Management  	5. Coal-based power plants generate over a third of the planet's electricity. The combustion of coal in these facilities produces a flue gas that is emitted to the atmosphere. Many power plants are required to remove SOx emissions from the flue gas using FGD systems. The leading FGD technology used globally is wet scrubbing. With the treatment of flue gas desulphurisation, waste-waters are normally produced at coal-fired power plants. Low cost and environmentally favourable reuse of this wastewater stream has become an important topic with the respective national and local regulatory bodies stipulating minimum treatment levels and standards.	We take maximum efforts by selecting the type of coal based on its least negative impact post combustion. We comply with prescribed permissible limits as per Central Pollution Control Board (CPCB), State Pollution Control Board (SPCB) for air emissions, effluent quality and discharge, solid and hazardous waste generation and disposal. All our plants strive to achieve zero discharge of effluent water. See Pages 56, 66
Fuel Waste Management 	6. Coal power generation results in millions tonnes of solid waste residue called fly ash being produced annually. Fly ash is a problem anywhere in the world where coal is burnt, and is particularly so in India because its low-grade coal has up to 40% inorganic residue that turns into ash on combustion. Fly ash is made of very fine particles that are corrosive and abrasive, containing many toxic metals and soluble salts, which leach into the environment, polluting surface and ground water. Research has shown that the huge dumps of waste fly ash at power stations can be turned into value-added products. This has the twin benefits of creating new and useful products while also reducing its harmful environmental effects.	We ensure 100% fly ash utilisation by undertaking assessment of the solid waste produced across all our sites to determine where the different wastes are coming from. See Page 56
Biodiversity Management 	8. Biodiversity is the variety and variability of life on Earth. It is typically a measure of variation at the genetic, species, and ecosystem level. An Ecosystem is a biological community of interacting organisms and their physical environment. Rapid environmental changes can cause mass extinctions to an ecosystem's biodiversity. Biosecurity consists of procedures or measures designed to protect the population against such threats that are harmful biological or biochemical substances.	We monitor, on a regular basis, the nature and scale of both the positive and negative impacts of our activities on biodiversity. We have defined and shared a Code of Practice, which lists the expectations we have from our suppliers and business partners in relation to the protection and enhancement of biodiversity. See Page 47
SOCIAL CAPITAL: 14, 15		
Product Quality & Safety 	14. Good power quality saves money and energy. Direct savings to consumers come from lower energy cost. Indirect savings are gained by avoiding circumstances such as damage and premature ageing of equipment, loss of production or loss of data and work. The basis for prioritising possible future harm to workers are framed in light of a number of common issues prevalent within the electricity supply industry, notably: Plant – ageing assets, new technology uptake; Processes – proliferation of different working procedures and interfaces within the workforce; and People – skills management, workforce experience, and competence for absorbing new technologies.	We focus on energy efficient technologies that are economically viable, use of recyclable materials and also promote sustainable practices in the value chain. We have set Health and Safety metrics as indicators of safety excellence journey, and we continuously monitor progress and performance improvements. See Page 90
Customer Welfare 	15. Consumer welfare refers to the individual benefits derived from the consumption of goods and services. In theory, individual welfare is defined by an individual's own assessment of his/her satisfaction, given prices and income. Power generators typically interface with B2B customers, such as transmission and distribution companies. Their interaction with end consumers tends to be limited. They do however have to cater to the welfare of their B2B clients.	We focus on developing exceptional solutions directed towards customer service and initiatives that support zero-carbon transformation. We are determined to maintain the quality and continuity of our power supply. Our ability to provide flexible thermal generation through our existing core business is essential to implementing the low-carbon transition. See Page 98

Top material issues	Why this matters to our stakeholders	How we are responding
HUMAN CAPITAL: 20, 21		
Employee Health & Safety 	<p>20. Maintaining employee health and safety in power producing utilities is an essential obligation of the management. The areas of concern may include issues as having formal asbestos management policies; preventing allergic occupational asthma from materials being burnt; educating workers on the dangers of alcohol and drug abuse; prevention of electrical burns from electrically induced accidents; minimising exposure to power frequency Electric and Magnetic Fields; undertaking formal fitness tests for work health assessments; maintaining medical record confidentiality; and prevention of noise induced hearing damage caused by proximity to turbines for example.</p>	<p>Striving for Safety Excellence is now an important part of the work culture across all the JSW Energy plants. We ensure safety as the condition of employment for all employees including associates and contractors. We have a proper safety organisation structure, well defined safety systems supported by an efficient safety training protocol and most importantly a willing team of employees who have imbibed all the safety systems as part of their work systems.</p> <p>See Page 90</p>
Staff Succession Planning   	<p>21. Succession planning focuses on identifying and growing talent to fill leadership and business-critical positions in the future. In the face of skills shortages, succession planning has gained popularity, and is now carried out in both large and smaller organisations. The management of companies need to understand the relationship between succession planning and talent management programmes, investigating the balance needed when recruiting 'insiders' and 'outsiders', and the process of nurturing internal talent. Companies need to also look at ways of identifying successors, activities used in succession planning, and the role of people professionals in the process.</p>	<p>We have several initiatives directed towards the skill enhancement and overall development of our employees. Through our employee training programs and workshops, we prepare our workforce to be ready for the challenging responsibilities of our new business interventions.</p> <p>See Pages 60, 88</p>
LEADERSHIP & GOVERNANCE: 29, 30		
Business Ethics, Integrity, Transparency & Corruption 	<p>29. A sizeable and growing body of evidence has provided clear indication that, at the aggregate level, corruption is bad for business. There is a symbiotic relationship between market and firm performance: aggregate growth and firm performance is lower in highly corrupt settings, while markets perform poorly when corporate corruption becomes commonplace compared to markets in which firms typically refrain from corrupt behaviour. Companies with anti-corruption programmes and strong ethical guidelines are found to suffer up to 50% fewer incidents of corruption than those without such programmes, indicating integrity programmes are an effective means of minimising losses, which can be incurred as a result of corruption, especially where it is detected.</p>	<p>Our Board provides us with mentorship and oversight, an effective leadership team setting the tone at the top, competent professionals across the organisation to implement and execute the governance goals. We adhere to the highest standard of business ethics, compliance with statutory and legal requirements and commitment to transparency in all our business dealings. No corruption case was reported against the company in FY2020.</p> <p>See Page 143</p>
Renewable Energy Generation  	<p>30. Renewable electricity generation is on the rise and expected to continue to grow—buoyed by government policies, a growing investment pool, consumer preferences, and lowered costs. Resources such as wind and solar now account for the majority of new electricity generation capacity being built. Policy is playing a role: India is committed to cutting greenhouse gas emissions and utilities are required to have a significant percent of electricity from renewables by 2030. On the investment front, globally a growing pool of capital is backing "clean" or "green" electricity options. Finally, the price of renewable electricity continues to fall: in several geographies, wind and solar are already competitive and are expected to be the cheapest source of electricity within the next decade.</p>	<p>Sustainability is at the core of our strategy and our values, and forms the foundation for all our activities. We are committed to continually accelerate our transition towards renewable energy, for both our shareholders and our planet. Our strategy is to provide sustainable and purposeful energy solutions that meet the growing power demand of India.</p> <p>See Page 94</p>