

Proactively managing externalities

Success in a challenging and dynamic external environment is largely dependent on an organisation's ability to be agile and respond to changes quickly and effectively. This forms the basis of the risk management process at JSW Steel, which is well geared to identify, assess and manage traditional as well as new-age risks, thereby protecting stakeholder interests, achieving business objectives and enabling sustainable growth. JSW Steel follows the globally recognised Committee of Sponsoring Organisations of the Treadway Commission (COSO) framework for risk management. The Company has constituted a sub-committee of Directors to oversee the Enterprise Risk Management framework. It monitors risks related to performance, operations, compliance, incidents, processes and systems and tracks their mitigation plan till their closure.

Overview of the risk management process

Risk ownership

There are three main aspects of risk management process, i.e., risk identification, risk assessment and risk response (e.g., avoid, mitigate or retain). Identification, assessment, response and tracking of risks under their control are ensured by the risk owners (HODs) at respective locations.

Plant-level risk identification

Risk is identified by the risk owners at the plant level, which is reviewed at respective plant-level risk committees, headed by the plant head.

Corporate risks

All the plant-level risks and risks of corporate functions as well as organisational risks requiring review of the macro environment, policies and processes are discussed at the corporate meetings. The corporate risk committee is headed by the JMD.




Board of Directors

Key risks identified and presented by all plants, and corporate updates on risk mitigation action status on a half-yearly basis are reviewed by the Board of Directors.














All these activities are coordinated by the Chief Risk Officer.

Strategic risks				
Risk type	Strategic response	Stakeholders impacted	Capitals impacted	Linkage of material topics
Ability to market increasing volumes	<ul style="list-style-type: none"> Expanding market share and customer retention Leveraging channel financing for providing additional liquidity Continued focus on cost across cycles 	<ul style="list-style-type: none"> Customers Suppliers Employees Investors 	  	<ul style="list-style-type: none"> Economic performance Innovation
Raw material security	<ul style="list-style-type: none"> Focusing on commissioning acquired mines Diversifying sourcing across geographies Buying on Annual Rate Contract where price is linked to TSI and PLATTS index 	<ul style="list-style-type: none"> Suppliers Government 	  	<ul style="list-style-type: none"> Raw materials Procurement practices
Safeguarding against exchange and interest rate fluctuation	<ul style="list-style-type: none"> Board-approved hedging policy Hedging through a judicious mix of forwards and options Ensuring appropriate mix of rupee and foreign currency denominated debt, fixed and floating interest rates and debt of deferral tenure 	<ul style="list-style-type: none"> Government Investors 		<ul style="list-style-type: none"> Economic performance
Mergers and Acquisitions M&As	<ul style="list-style-type: none"> Appropriate due diligence process followed before M&A Transaction structuring to optimise value while complying with regulatory framework Proactive planning for post merger integration 	<ul style="list-style-type: none"> Investors Employees Government 	   	<ul style="list-style-type: none"> Economic performance Employment




Strategic risks

Risk type	Strategic response	Stakeholders impacted	Capitals impacted	Linkage of material topics
Infrastructure and logistics	<ul style="list-style-type: none"> Procurement of higher capacity barges Extension of internal rail track Additional gates for vehicular traffic and dedicated gate for project equipment Improving infrastructure at jetties Construction of additional storage yards 	<ul style="list-style-type: none"> Suppliers Customers 	  	<ul style="list-style-type: none"> Indirect economic impacts Procurement practices

Operational risks

Risk type	Strategic response	Stakeholders impacted	Capitals impacted	Linkage of material topics
Energy security	<ul style="list-style-type: none"> Ensuring maximum utilisation of waste gases Enhancing power transmission capacity 	<ul style="list-style-type: none"> Investors Suppliers 	  	<ul style="list-style-type: none"> Energy Emissions
Environment protection	<ul style="list-style-type: none"> Complying with all applicable norms through use of best-in-class technology Enhancing readiness to comply with future norms Embedding the concept of circular economy in operations Developing products that are safe and have better environmental performance throughout their lifecycle 	<ul style="list-style-type: none"> Community and civil society Suppliers Customers 	 	<ul style="list-style-type: none"> Environmental compliance Innovation
Water security	<ul style="list-style-type: none"> Enhancing water storage Enhancing efficiency of water management 	<ul style="list-style-type: none"> Government Community and civil society 	  	<ul style="list-style-type: none"> Water Effluents and waste
Talent management	<ul style="list-style-type: none"> Robust policies to become preferred employer Strong performance management and reward systems Opportunities for skill enhancement and career development for all levels Enhancing gender diversity Platforms for greater interaction between employees and senior leaders Long-term succession planning 	<ul style="list-style-type: none"> Employees 	 	<ul style="list-style-type: none"> Employment Training and education
IT enablement	<ul style="list-style-type: none"> Conducting periodic audits of security systems Continuously monitoring new threats and developing responses Incorporating cybersecurity into everyday decision-making 	<ul style="list-style-type: none"> Investors Employees 	  	<ul style="list-style-type: none"> Innovation

Compliance risks

Risk type	Strategic response	Stakeholders impacted	Capitals impacted	Linkage of material topics
Occupational health and safety	<ul style="list-style-type: none"> Roll-out of DuPont safety standard Periodic safety trainings and mandatory use of Personal Protective Equipment (PPE) Monthly apex safety meetings to review safety performance Medical facilities and health insurance for all employees Incorporation of safety performance as a component in the variable pay for all employees 	<ul style="list-style-type: none"> Employees Community 	  	<ul style="list-style-type: none"> Occupational health and safety Employment