# SOLID STRENGTH. Can take care of liquidity.



Keeping a tab on the daily liquidity scenario

entory cyc

Inventory cycles expedited for faster capital conversion



Capital channelised on quick return projects



COVID-19 presented a multi-pronged challenge. Generating and protecting cash was one of them.

Working capital woes could potentially impact business continuity, if not resolved expediently. We got to work, with urgency, and a solution-centric approach.

With little time on hand, meant action had to happen at the speed of thought.

We quickly developed a cash dashboard that allowed us to track daily liquidity scenarios. Next, we initiated steps to shorten inventory cycles and rigorously followed up on payments. By doing this daily, and repeatedly, we were able to achieve faster cash conversion and reduce our daily sales outstanding. At the same time, our treasury function moved to deploy cash in highly secured instruments to protect investments. Lastly, the capex plan was reoriented to focus on critical and quick payback projects. AMBUJA CEMENT'S ROBUST LIQUIDITY POSITION WAS BY DESIGN AND NOT CHANCE. IT IS THE RESULT OF DAILY APPLICATION OF THE / CAN. SPIRIT – GOING THE EXTRA MILE, AND IDENTIFYING OPPORTUNITIES, ESPECIALLY IN A CRISIS.





# FINANCIAL Capital

We strive to optimise returns for providers of our financial capital. We invest our surplus in attractive growth opportunities in our core market. Financial capital is generated annually from surplus arising from current business operations and through financing activities, including raising debt and equity aligned with market conditions and internal strategic planning.

We ensure that the regular operations are at an optimum level. Our operational KPIs are compared with internal and external benchmarks to achieve, higher productivity and yields. Our innovative marketing initiatives and various ongoing digital programmes provide better customer connect and reach, and higher realisations. This operational efficiency enables us to generate positive cash flows from operations. We have a robust financial planning process that assesses the requirement of funds for sustainable business operations as well as for investments towards present and future business sustainability and growth opportunities.

During 2020, we performed exceedingly well on most parameters. We streamlined our operations to achieve better efficiencies and moderated our operating costs. The benefits thus accrued have been deployed in relevant growth areas.

### **SDGs** impacted





# 2020 Highlights: Strengthening fundamentals, enhancing returns



# **Financial capital**

### **Overview**

Despite the challenges posed by COVID-19 resulting in a decline in topline, Ambuja Cement strengthened its profitability and cash flow from operations.

# **Balance sheet analysis**

Our balance sheet continues to be strong with a net worth of ₹20,316 crores. Our cash and cash equivalent amounted to ₹2,717 crores as on December 31, 2020 vis-à-vis ₹4,512 crores in 2019.

Our effective utilisation of capital and strong EBITDA helped us post 200 basis points increase in return on capital employed over 2019.



Cash and cash equivalents\* (₹ crores)



\*In 2020 cash and cash equivalents decreased, mainly on account of interim dividend given @ ₹17 per share





# **P&L** analysis

Ambuja Cement reported a 2% decline in sales from ₹11,353 crores in 2019 to ₹11,175 crores in 2020. The decline was largely owing to the loss of sales during the last weeks of March and the entire month of April owing to the lockdown imposed by the government to contain the COVID-19 spread in the country.

However, in the subsequent months, our sales picked up substantially, led by strong rural housing construction activities. We reported 23% growth in EBITDA and 17% growth in Net Profit over 2019, owing to lower input cost as well as stringent cost-management initiatives. As a result, our EBITDA margin and PAT margins improved by 480 basis points and 260 basis points, respectively over 2019.

The post-lockdown period saw the firming of cement prices, resulting in a per tonne realisation of ₹4,930 in 2020 against ₹4,718 in 2019 (including special products). The realisation strengthened across regions with North India witnessing significant growth.

Cost control was our primary focus area and total cost per tonne of cement produced reported 3% decrease during the year. This was driven primarily by stringent cost-management initiatives as well as lower input costs.

Our power and fuel cost, comprising 24% of the total cost, reduced 8% per tonne for the full year largely due to

favourable market trends and efficiency gains. Our Master Supply Agreement (MSA) with ACC has started providing many benefits for Ambuja Cement and logistics was one part of it.

Freight and forwarding cost per tonne reduced by 2% over 2019, owing to better logistics efficiency and results of the MSA. The use of wet fly ash, lower cost and better raw material mix helped us save 7% in raw material cost over 2019. Other expenses per tonne also dipped by 8% for the year due to constant focus on fixed cost optimisation and operating leverage.

GRI 201, 202, 203



# **Operating EBITDA** (₹ crores)









Earnings per share



Dividend per share  $(\vec{\mathbf{x}})$ 



Cost break up as a percentage of total cost

2020		2020		2019	
		₹ in crores	%	₹ in crores	%
	<ul> <li>Cost of materials consumed</li> </ul>	875	9	994	10
	Purchases of traded goods	197	2	88	1
	<ul> <li>Employee benefit expenses</li> </ul>	669	7	673	7
2019	<ul> <li>Depreciation and amortisation expenses</li> </ul>	521	6	544	5
	Power and fuel	2,252	24	2,586	25
	<ul> <li>Freight and forwarding expenses</li> </ul>	2,855	31	3,094	31
	Other expenses	1,878	20	2,083	20
	Finance cost	83	1	84	1

# **Cash flow analysis**

To counter the adverse impact of the pandemic and maintain liquidity, we ensured cash conservation was a part of our strategic priority.

Our cash flow from operating activities increased to ₹2,606 crores vis-à-vis ₹2,484 crores in the previous year.

Cash used in investing activities declined to ₹641 crores (2019: ₹737 crores).

Net cash balance decreased by ₹1,796 crores, mainly on account of a interim dividend (@ ₹17 per share) given to all shareholders (in 2019, there was an increase in net cash by ₹1,359 crores).

# PUNCH ABOVE YOUR WEIGHT. WHEN STAKES ARE HIGH.



Modernised equipment Ш

Zero operational

bottlenecks



Strategic and locational advantage



Ambuja Cement's Sankrail plant enjoys a strategic locational advantage in eastern India, with a home market radius of ~150 km. It is a highly productive and profitable plant. But could it produce more than its historical average of 1.6-1.8 lakh tonnes per month, given that cement demand in the region was very high post lockdown? Could we ramp up production to over 2 lakh tonne a month?

Despite an upgrade and expansion in 2015, the overall equipment reliability was low. The management challenged the plant team to get production up to 100% rated capacity, i.e., 2.4 million tonnes, nearly 25% more than the 2019 figures.

The team got to work. They came up with a twopronged strategy – minor repairs and modifications for immediate ramp-up and a de-bottlenecking solution for the longer term, involving a minor capex. Also, an increased collaboration with internal teams (marketing and logistics) ensured faster despatch of materials and regular availability of silo.

In the first month after rollout, the Sankrail plant produced and despatched 2.35 lakh tonnes, and is now capable of meeting the management's challenge of 2.4 million tonne production. It won the 'Best Supporting Plant' award in 2020; followed by several records in operational efficiency, cost parameters, and further improvements in plant operations. FULLY COMMITTING TO THE ) CAN SPIRIT INVIGORATES EVERYONE. THE CHALLENGE BROUGHT ABOUT A NEW SPRING IN THE TEAM'S STEP, AND EACH WAS INSPIRED ENOUGH TO WIN. AGAINST THEMSELVES.





# MANUFACTURED CAPITAL

Our value-added portfolio is underpinned by our strong manufacturing capabilities and the integration of various aspects of our supply chain.





Numbers for the year 2020





With a cumulative 29.65 MTPA manufacturing capacity across five integrated units and eight grinding units, Ambuja Cement is one of India's most trusted cement manufacturing companies.

Our state-of-the-art manufacturing operations are backed by coal and limestone mining leases, captive power plants and port terminals, helping it maintain cost-competitiveness and production efficiencies

# 2020 Highlights: Optimising consumption, reducing carbon footprint



# Manufactured capital

# Development and efficiency capex

At Ambuja Cement, we undertake a host of expansion projects to strengthen our market positioning and evolve a more efficient, cost-effective, reliable and environment-friendly business model.

Though the pandemic temporarily halted the expansion project, we restarted the projects with all the necessary guidelines prescribed by the government.

### **Ongoing projects**

- We are setting up a greenfield integrated plant with a capacity of 3.0 MTPA clinker, 1.8 MTPA cement grinding and waste heat recovery system at Marwar Mundwa in Nagaur District of Rajasthan with a total investment of ~₹2,350 crores
- With a view to secure fuel resources for long-term, we acquired a coal block at Gare-Palma sector IV/8 in Chhattisgarh through an e-auction. Open cast mining has commenced commercial production from October 2018. It is expected that underground mining will commence by Q3 2021
- To secure long-term limestone requirement for Bhatapara plant, we acquired a new limestone mining lease at Maldi Mopar. We have already received the environmental clearances and other required approvals for the lease. The project is expected to be commissioned by Q3 2021. The project entails a total investment of ~₹200 crores
- To strengthen our logistical capability and to efficiently reach out to customers, a new railway siding project is in progress at the Rabriyawas unit in Rajasthan at an investment of ~₹210 crores. The project is expected to be completed by Q3 2021
- To secure the long-term limestone requirement for the Ambujanagar plant in Gujarat, we acquired a

new mining lease at Lodhva. The environmental clearance and other required approvals for the mining lease have already been obtained. The land acquisition process is in progress, along with the development and infrastructure works

- With an aim to minimise power cost and enhance use of green power, we are setting up waste heat recovery-based power plant at Darlaghat and Bhatapara plants at a total investment of ~₹400 crores. The projects are expected to be completed by 2022
- To meet the limestone requirement, we have invested ₹20 crores to purchase land at Ambujanagar

# Upcoming capacities and investments

- To secure long-term limestone requirements of Maratha Cement Works plant in Chandrapur, Maharashtra, we have acquired a new mining lease at the Nandgaon Ekodi mine. Environmental clearance and other required approvals for mining are in progress
- In continuation of the power cost reduction journey and usage of green power, we have initiated a plan to set up a waste heat recovery-based power plant at the Ambujanagar and Maratha plants, in Gujarat and Maharashtra, respectively
- To ensure adequate availability of dry fly ash, we have planned to set up fly ash dryers/hot air generators at Ropar and Bathinda (Punjab), Nalagarh (Himachal Pradesh), Dadri (Uttar Pradesh), Roorkee (Uttarakhand) and Rabriyawas (Rajasthan) for an estimated investment of ₹100 crores

# Manufacturing performance

Despite operating challenges during the year under review in the wake of COVID-19, we, at Ambuja Cement, stepped up our manufacturing excellence. We inculcated a strong sense of discipline among our employees, which helped us to recover quickly after the lockdown was lifted.

We achieved close to 75% capacity utilisation within just 30-45 days after restarting our operations after the lockdown, with all relevant government regulations in place.

We adopt best practices in manufacturing. Our parent, LafargeHolcim has developed a 'Cement Industrial Framework, which defines the systemic approach towards manufacturing in its entirety, including people and processes. This framework is the guiding principle for all manufacturing activities at Ambuja Cement.

# The year's highlights

- Enhanced Plant Net Availability index by 5% over 2019
- 8.2 million tonnes of waste derived resources used in production process conserving huge amount of depleting natural resources
- Overall operating cost per tonne decrease by 3% versus 2019, despite drop in volume by 6% over 2019



# **Cement production**





# **Efficiency improvement**

Over the years, we have implemented continuous improvement strategies as part of our manufacturing excellence journey, focusing on areas such as clinker factor reduction, energy efficiency improvements, raw mix and fuel mix optimisation, and higher usage of alternative fuels and raw materials.

### **Cement blending**

We are among the early industry players to opt for blended cement products; and ~90% of our production falls under the blended category. We are continuously working on improving this mix. This is part of our continuous journey towards ensuring the sustainability of the environment and we continue to work on new products.

### Cost optimisation

Robust operating systems and continuous debottlenecking projects, including efficiency and reliability improvement, are key to improving capacity utilisation and cost optimisation.

During 2020, we initiated a unique, all-encompassing cost leadership initiative to bridge the cost gap with competitors, providing the best products and services. The initiatives will include manufacturing as well as logistics areas of the Company.

Technical tie-up with LafargeHolcim We continue to implement LafargeHolcim's 'Plants for Tomorrow' programme, which puts more emphasis on the enhanced use of advanced technology to improve efficiencies and optimise manufacturing cost.

# Product Quality Management (PQM)

Ambuja Cement is respected in the industry for its industry-leading quality and service commitment. We continuously review and analyse a set of quality parameters, more stringent than the defined standards, for overall product quality improvement to generate better Product Quality Index (PQI).

The product quality monitoring strategy include daily testing of approved quality parameters; three-day and 28-day measurement of coefficient of variations, clinker quality assessment; customer satisfaction, bi-monthly product benchmarking, bi-monthly application-oriented product testing, monthly testing of random market samples and monthly assessment of bag quality index.

Ambuja Cement is compliant with all the statutory requirements mandated by the Bureau of Indian Standards (BIS) as well as all weights and measures norms. As a statutory compliance, our bags display the contact details for customers to communicate any complaint, observation and query. The PQM team also tests cement bags from all regions every month for quality and quarterly benchmarking. GRI 617

In order to ensure that our results are consistent, we follow the round robin test methodology to identify issues and improve upon the same.



# Manufactured capital

# Supply chain and logistics

India Procurement Organisation (IPO), a dedicated business unit of Ambuja Cement, takes care of large-scale procurements, whereas the unit-level procurement teams take care of day-to-day purchase requirements at respective locations.

Logistics remains one of the most critical parts of the supply chain. We have initiated digitisation to enhance efficiency of our logistics management, resulting in greater control across the entire logistics value-chain. We have set up the Transport Analytics Center (TAC) to enhance operational efficiencies and distribution safety. TAC helps in real-time monitoring of the in-vehicle management system, helping us in improving customer servicing.

Ambuja Cement's pioneering sea-based cement transportation helps us in servicing far-away markets like Surat, Mumbai, Mangaluru and Kochi with ease and helps reduce our carbon footprint. The sea-based operations, conducted through a fleet of five jetties and 10 self-unloading cement carriers, are tailormade to our needs, operating out of our five Bulk Cement Terminals (BCTs).

To promote excellence in warehousing, the warehouses in each region were awarded for creating the best 'model warehouse'. The Standard and Operating Procedures (S&OP) tool provides the flexibility of switching between rail and road modes to quickly respond to demand fluctuations and ensure smooth supply, minimising overstocking or shortages.

To drive digitalisation, we implemented Blue Yonder Luminate Planning. This will help transform our supply chain. The platform helps improve S&OP with integrated planning and execution by gaining visibility of daily demand, production and dispatch plans. The objective is to effectively predict demand fluctuation, scheduled maintenance, improve logistics and transportation capabilities.

# Performance in 2020

- ~23% of the supply was transported through rail
- ~12% of the supply was carried by sea
- Freight and forwarding cost per tonne reduced by 2%
- Use of technology and real-time visibility of analytics through TAC enabled us to reduce our cost consistently

### GRI 204, 308, 409, 414

Logistics as a proportion of total cost (%)



# Model warehouse programme

We initiated the Model warehouse programme in 2016 and over the years, a total of 207 model warehouses have been developed across various parts of the country. All warehouses were reviewed for their practices during 2020. The model warehouse implements a seven-point mandatory checklist, including maintaining good housekeeping, infrastructure, stacking safety, marking and signage, and providing good basic amenities to the workmen and the drivers. We continued Behaviour Based Safety (BBS) workshops with Clearing & Forwarding (C&F) agent and logistics team, and warehouse owners at the regional levels. The continued success of the model reinforces our commitment to excellence.

# **Captive power generation**

We operate in an energy intensive industry and to mitigate the risks associated with energy requirements, we have undertaken strategic initiatives in our value chain for energy sourcing and also in developing our in-house capacity to cater to this need. Use of alternative fuels, Waste Heat Recovery (WHR) and use of renewable energy like biomass, wind and solar, implementation of energy management system (ISO 50001:2011) further strengthens our energy management landscape. We consumed a major portion of the total power requirement from captive power plants at four integrated plants and one grinding unit.

# Mining

Mining is an integral part of our operations as it provides us long-term resource security as well as cost advantage. At Ambuja Cement, we source limestone from captive mines located close to our integrated plants. We ensure the well-being of the community around our mining sites and protect the environment using innovative technology sustainably. The optimum utilisation of mining resources is attained through the following:

- Use of alternative and waste derived materials in the process reduces the use of natural resources and maximises the life of limestone and coal quarries
- Effective and efficient mining and extraction processes do not disturb the ecological balance
- Use of limestone beneficiation end extraction ensures waste minimisation

Progressive mine closure plans are available as per the statute for all locations. Concurrent rehabilitation plans are available for the working mines in Gujarat.



Our Group policy prohibits operations in the immediate vicinity of specific biodiversity zones, world heritage sites or IUCN category I-IV protected areas. We also commit not to open new sites or explorations within such areas. We have protected areas like the Majathal Sanctuary and Darlaghat **Conservation Reserve situated** within 10 km of our mining or plant operations at Darlaghat; Gir Sanctuary lies within 10 km of the Sugala mining site at Ambujanagar. We adhere to the LafargeHolcim Group Quarry Rehabilitation and Biodiversity Directive, requiring us to prepare a Biodiversity Action Plan (BAP) for sensitive sites.

For more details about our biodiversity management, please refer to **PAGE 69** 





\*GIS - Geographic Information Systems \*GPS - Global Positioning Systems

# WE TRAVELLED LESS. AND REACHED FAR.



Real-time inputs through TAC enable distribution safety, cost optimisation and efficiency improvement



Relevant corrections made in logistic workflow



Decline in freight cost translate to ₹175 lakhs benefit



Our team figured out better ways of serving our markets, and keeping transportation safe and costs low. They had their eyes trained on every route, every kilometre, and every rupee being spent.

To leverage the power of analytics in logistics planning, we launched the Transport Analytics Center (TAC) in March 2020. The new dashboard was piloted at Maratha Cement Works (MCW) with agreed KPIs, allowing operational teams to be armed with real-time data on distribution safety, cost optimisation and efficiency improvement.

It led to a slew of actions. Verification of 3,500 routes, and corrections implemented in nearly 40% of them, for better cost Per Tonne Per Kilometre (PTPK). Based on PTPK data across locations, we identified outliers and renegotiated contracts for over 460 destinations. We were also able to implement safety and behavioural training for drivers based on data.

The result: Our safe kilometres shot up from 62% to 78% and savings of ₹1.75 crores on freight cost. Based on the success, TAC is now implemented across Ambuja Cement.

INTELLIGENT CONFLUENCE OF TECHNOLOGY AND TEAMWORK HELPED US TRAVEL LESS AND REACH FAR. THE DEEP ENGAGEMENT OF ALL STAKEHOLDERS IMBUED WITH THE / CAN. SPIRIT - CASCADING FROM THE LEADERSHIP TO EMPLOYEES DOWN THE LINE - HAS LED TO THE SUCCESSFUL IMPLEMENTATION OF TAC ACROSS AMBUJA CEMENT.





# INTELLECTUAL CAPITAL

Over the years, we have enriched our experience and sharpened our expertise to gain market share and strengthen our brand recall. Our brands and in-house technologies and processes comprise our intellectual capital.

**ONE** SPECIALISED PRODUCTS Ambuja Kawach (PPC) **33** less carbon

Less carbon footprint of Kawach compared to OPCs (%)

**SDGs** impacted





We leverage the rich experience of our parent company to identify the specific challenges faced by our customers and offer targeted solutions, helping gain their trust. We also leverage our intellectual capital on introducing measures that enhance efficiencies of our processes and systems.

# 2020 Highlights: Leveraging knowhow and expertise, increasing efficiency

### **Key inputs Key outcomes** Identifying the latent needs of • customers, developing and scaling of new solutions IMPROVEMENT Technical support from LafargeHolcim Group In operational efficiency Deep business knowhow; internal experts and thought leaders Strong goodwill TECH-ENABLED • ~30 Business-IT initiatives during 2020 implemented as compared to **Business processes** eight initiatives in 2019 • ~₹8 crores spent on strengthening information/cyber security Impact on other capitals **Human capital Financial capital Manufactured capital** Digital adoption driving Investment towards Enhanced efficiency human productivity innovation through innovative processes INTELLECTUAL CAPITAL R **Relationship capital Social capital** Natural capital Innovative and Improved initiatives Technological improvements in operations, value-added products around community development activities minimising waste, resource and emission **Stakeholders impacted** Material issues addressed Key risks addressed Stakeholders and investors Maintaining market position Customer satisfaction • Dealers Sustainable construction Resource availability and price • Suppliers Economic performance Cyber security • ٠ Customers • Employees • Community and NGOs Government and regulatory • authorities

- Construction professionals
- Industry associations

# Integrated Annual Report 2020 57

# Intellectual capital

### Sustainable construction

We fulfil the requirements of our clients while caring for the environment.

We take proactive initiatives to help reduce our carbon footprint, while enhancing product quality and brand promise. Our products and services help our customers and construction professionals reduce their carbon footprint, manage maintenance requirements and cost of operations, making the projects greener and cleaner with lower environmental footprint.

### GRI 102-2

Sustainability integrated customer initiatives						
↓						
Products	Services and solutions	Knowledge and skill building	Rural housing and developmental projects			
J.	<b>↓</b>	<b>↓</b>	Ų			
<ul> <li>Fly ash and slag based cements (Portland Pozzolana Cement, Composite Cement)</li> <li>Value-added products</li> <li>Concrete brick/ products</li> </ul>	<ul> <li>Modular curing solutions</li> <li>Concrete-mix proportions</li> <li>Rainwater harvesting</li> </ul>	<ul> <li>Skill-building (masons/ contractors)</li> <li>Knowledge sharing (professionals)</li> </ul>	<ul> <li>Rural housing</li> <li>Watershed management projects</li> <li>Community projects</li> </ul>			
Sustainability	<ul> <li>Conserving natural resources (water, minerals, soil)</li> </ul>	<ul> <li>Improving efficiency and capacity building</li> <li>Imparting knowledge</li> </ul>	Advantage			
	<ul> <li>Consumption of waste materials (fly ash, slag, waste gypsum etc.)</li> </ul>	on the best practices in materials and — technology				
	Influencing     construction practices	<ul> <li>Building robust and durable structures</li> </ul>				
	Optimising resource     utilisation					

# Responsible and sustainable products

For us, the key to achieve sustainable construction lie in responsible product design and development, sustainable fuel mix, innovative product development and resource efficiency through efficient waste management. As part of our extended product responsibility, we have conducted a life cycle assessment and have developed the Environmental Product Declaration (EPDs) of all the PPC and Compocem products. This is also available on the international B2B portal 'Environdec'. We are India's first cement company to work out EPD after detailed life cycle assessment.

Besides identifying and reducing the environmental impact of our product process/technology, these also aid in addressing the health and safety aspects related to the use of construction products.

Our research and innovation team works continuously on introducing products which are not only innovative in nature but are also responsible and sustainable. Continuing this trend, we launched Kawach, a water-repellent cement, during 2020. This product has 33% less carbon footprint in comparison to OPC products.

This premium quality solution has been developed through our in-house manufacturing and product innovation efforts. Kawach is specially formulated to prevent water seepage in the most effective manner, resulting in improved durability and lifespan of house.

GRI 416, GRI 305-4, 416, 417

During the year under review, our Technical Services team provided the following:

- Engineers provided technical guidance and supervision for slab casting to 14,478 customers through video conferencing during lockdown
- Concrete mix proportions at 14,721 sites
- Modular curing solutions at 2,391 sites
- Rainwater harvesting at 268 sites
- Preparing to apply for Eco Label for our products (except OPC)

The three initiatives (Concrete Mix proportions, Modular Curing, and Rainwater Harvesting) helped us in saving ~70 million litres of water, a robust step towards sustainable construction initiative.

During the year, we conducted various skill-building workshops engaging about 12,500 contractors, masons,

**PROSUSTAIN** 

Certification received for PPC product from Darlaghat plant and other construction professionals (architects and engineers) through class-room and virtual training sessions, workshops and webinars spanning over 39,000 man-hours for skill-building.

Our PPC product from Darlaghat plant (Himachal Pradesh) received the 'ProSustain' certification from the global certification body, DNV Business Assurance, reflecting our promotion of the adoption of responsible and cost-effective measures for incorporating sustainability into product design, development, production, and supply chain management.

# **New products**

At Ambuja Cement, our continued focus on IHBs and customer needs has been the foundation for introducing innovative products and solutions. We work closely with our consumers in understanding their needs. We have identified that even newly-constructed residential buildings face issues like seepage, dampness and leakages at a very early age.

These are largely due to:

- Persistent warm or high temperatures
- A tropical wet and dry climate
- Extreme weather conditions like heavy rains and very hot summer
- Shallow water table
- Improper and ineffective drainage systems causing waterlogging

We took this challenge and under the umbrella of Ambuja Certified Technology, launched new water-repellent cement product – Ambuja Kawach.

Since the launch, this product has gained strong traction. Driven by its premium positioning, it is driving the overall net selling price of Ambuja Cement.

**1.80** Sales of Kawach cement in 2020 (lakh mt) 33

Less carbon footprint of Kawach compared to OPCs (%)



# Intellectual capital

# THINK OF Building a house, Think Ambuja

**Strength for core** 



# **Strength for decor**



# **Digital transformation**

The digital transformation journey is part of our strategic planning. Digitalisation has been initiated in the following areas—operational excellence, controls and compliance, and culture. The key focus of the year was on implementing digital tools in various parts of operations. We strongly feel that digitalisation will not just help in providing competitive advantage but would also help in creating a sustainable growth journey in the coming years.

We turned this pandemic into an opportunity and helped the organisation emerge as digital savvy.

As a part of operational excellence, we focused on three major areas enhancing asset optimising, improving logistical efficiency and increasing sales and marketing effectiveness.

# **Enhancing asset optimisation**

In line with the LafargeHolcim's Plants of Tomorrow, we focused on implementing digital tools that helped in better asset optimisation and ensuring higher plant availability. We have implemented tools like Distributed Control System (DCS), Tool Location System (TLS) and Supervisory Control and Data Acquisition (SCADA) which are expected to enhance plant efficiency and increase uptime.

We have introduced Internet of Things (IoT) across the manufacturing value chain and are using artificial intelligence and machine learning under the project EDGE to facilitate rapid deployment of predictive models and seamless connectivity with plant data sources.

We have picked up multiple initiatives on predictive quality (cement fineness, cement quality) and predictive maintenance (VRM failure, refractory life). This will help us in optimising energy consumption per tonne of cement and enable us to save cost.

We are conceptualising Digital Eye to digitally monitor factory and plant operations (through drone and video analytics) to operate effectively and enhance safety.

# Increasing logistics efficiency

Logistics account for a substantial part of the total operating cost in the cement manufacturing value chain. Hence, it requires effective fleet management to rationalise cost. We are leveraging various software packages to enhance efficiency.

# Enhancing sales force efficiency

We have implemented sales force automation for our sales team. This helps us in getting better intelligence related to market dynamics and better pricing of our products.

We have also rolled out a contractor loyalty programme application where more than 48,000 contractors are enrolled with over 50% of them being active every month. This influencer engagement initiative helps us in strengthening the pull for our premium products.

# Share of revenue from sustainable products and solutions



# 33

Invested to digitally strengthen our sales and marketing team (₹ lakhs)

# ~90

Share of revenues derived from products used is sustainable building design and construction (%)



# BEING NEGATIVE IS POSITIVE. WHEN IT COMES TO PLASTIC.



Being 'plastic negative' is a priority for all Co-processed ~83,000 tonnes of plastic waste in the kilns in 2020



Consumed ~8.2 million tonnes of waste-derived resources in 2020 Plastic pollution is one of the most pressing global environmental challenges of our time, afflicting life on land as well as under water.

Single-use plastics ending up in landfills and oceans pose existential challenges to the natural ecosystem. We asked ourselves, how could we join the global efforts in tackling the menace?

With sustainability being culturally ingrained in our thought process and by instilling state-of-the-art technology, we started co-processing plastic waste in our kilns to offset the negative impact of plastics used in our packaging material. In 2020, we co-processed ~83,000 tonnes of plastic waste, making us a ~2.5 times 'Plastic Negative' company.

The co-processing technology helped substitute fuels and eliminate waste, alongside delivering reduced environmental footprint.

It has also enabled us to scientifically dispose waste that cannot be recycled or reused. We also utilise waste from different industrial, agricultural, and municipal sources as Alternative Fuels and Raw Material (AFR), which enables us to reduce our conventional fuel consumption and brings us closer to our sustainable development ambition of consuming 13.5 million tonnes of waste-derived resources by 2030.

# THE ACHIEVEMENT PERSONIFIES THE / CAN. SPIRT OF CONDUCTING BUSINESS RESPONSIBLY AND CREATING A FAR-REACHING, POSITIVE IMPACT.



# NATURAL CAPITAL

Cement manufacturing is a resource- and energy-intensive process. As a responsible business, we diligently work towards extending our environmental stewardship much beyond complying with applicable laws and regulations for resource conservation and energy efficiency. Three out of four pillars of our Sustainable Action Ambition 2030 contribute to protect natural capital. These are climate and energy, circular economy and environment (water and nature).

We optimise our consumption of natural resources in a sustainable manner. Embedding circular economy in the process has helped us in optimising resource requirements. Moreover, integrating resource efficiency into our system also helps in optimisation and extends the life of our limestone and coal quarries.

We are also incrementally utilising waste derived raw materials like fly ash, slag, and waste gypsum etc. in our manufacturing process resulting in further lowering of our clinker factor rate. We have optimised our process for use of low-grade limestone and waste derived alternative fuels. The result is ~90% of our production comprised PPC and composite cement and ~32% of the raw materials were derived from alternative sources (i.e. sources which are not natural).

In 2020, we participated in a project on Natural Capital Accounting and Valuation of Ecosystem Services-Business Accounting Pilot Case (NCAVES) with UN Statistics Division (UNSD) and supported by the European Union.

We continue to invest in improving our environmental performance, which results in significant cost savings. During 2020, we spent ~₹31 crores towards climate change resilience, including environmental protection, energy efficiency, compliance management, etc., which led to savings of ₹5 crores.

SDGs impacted





At the end of 2020, three cases involving environment-related issues were pending in different courts. No significant fines or penalties (>\$10,000) were incurred in 2020. No formal grievance about environmental impact had been filed

through the various grievance mechanisms during the reporting period. Ambuja Cement intends to integrate climate change measures into national policies, strategies, and planning.

# 2020 Highlights: Reducing and reusing waste, protecting the environment

# Key inputs

# Key outcomes

• Operational water consumption: 125 I/tonne of cement

- Operational freshwater withdrawal: 77 l/tonne of cement
- Total heat consumption: 63,827 TJ
- Alternative fuels utilised: 2,818 TJ
- Quarries are assessed for biodiversity baseline condition every three years using biodiversity indicator and reporting system

**3,42,398** Total waste generated (tonnes)

**1,34,05,629** Absolute Gross Scope-1 for cement and onsite power generation (tonnes of CO<sub>2</sub>)

# 4

Specific SOx emission (g/tonne of cementitious materials) **3,42,374** Waste recycled (tonnes)

Specific NOx emission (g/tonne of cementitious materials)

# 23

Specific dust emission (g/tonne of cementitious materials)

# 24 Waste used for landfill (tonnes)

**15** Water recycled (%)

# BX

Water positive

### Impact on other capitals



# Human capital

Contributing to environment-protection initiatives drives higher sense of organisational ownership

4

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# Allocation of resources towards generation of green energy, environmental protection and climate change resilience

### ری، Manufactured capital

- Installation of pollution control equipment
- Increased use of AFR resulting change in resource-mix

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# 1

# Q<sup>Q2</sup>3

# Relationship capital

- Greater opportunity for customers to save resources
- Improved product acceptance for environmentally responsible constructions

# Social capital

 Improved health and well-being owing to reduced pollution

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- Enhanced water security
- Cleaner environment due to lower carbon and other emissions

# Intellectual capital

- Innovation to drive resource optimisation and circular economy
- Responsible product and solution development and green labelling

# Stakeholders impacted

- Dealers Suppliers
- SuppliersEmployees
- Community and NGO
- Government and
- regulatory authorities

### Material issues addressed

- Biodiversity
- Sourcing of water
- Land acquisition for mines and new operations
- Relocation and rehabilitation (post mine closure)
- Circular economy
- CSR
- Sustainable supply chain
- Compliance with
- regulatory requirements
- Customer satisfaction
- Energy efficiency
- Greenhouse Gas (GHG) emissions and climate change
- Other air emissions
- Waste management

# Key risks addressed

 Environment and sustainability

# Natural capital

# Climate and energy

### **Carbon emission**

The cement manufacturing industry accounts for 7-8% of world's greenhouse gas emissions (CO<sub>2</sub>), which contribute significantly to global warming. With a focus on achieving carbon neutrality and contributing to the fight against climate change, cement manufacturers are undertaking focused initiatives - from improving energy and process efficiency to using lower-carbon fuels, and reducing clinker-to-cement ratio to deploying innovative technology for resource optimisation.

At Ambuja Cement, we have undertaken four key initiatives to reduce our carbon emissions:

- Reduce clinker factor through incremental use of alternative materials like fly ash, slag, and waste gypsum
- Improve energy efficiency (thermal and electrical) and process technology
- · Waste heat recovery and use of Renewable Energy (RE)
- Optimise fuel composition, along with the use of waste as alternative fuel

These initiatives helped our operations avoid release of ~6.5 million tonnes of CO<sub>2</sub> into the environment during 2020.

By 2020, the estimated financial implications of the climate change related risks before taking action are projected to be ~₹3,128 million; and the cost of mitigation action is projected at ~₹10,380 million.

# GRI 201-2

# ~6.5

Of CO, emissions avoided in 2020 (million tonnes)

Estimated financial implication of climate change related risks (₹ crores)

# 1.038

Estimated cost of mitigation of climate change related risks (₹ crores)

We monitor and report CO<sub>2</sub> emissions from all manufacturing locations, including integrated cement plants, mines, grinding units, and bulk cement terminals, aligned with the WBCSD CSI Cement CO, and Energy Protocol. At Ambuja Cement, we estimate and disclose our environmental performance as per CSI and GRI guidelines and annually in the Carbon Disclosure Project (CDP) and Dow Jones Sustainability Index (DJSI). The GHG inventory includes:

Scope-1: It covers direct emissions from owned or controlled sources including emissions due to fuel combustion in kilns, fuel combustion other than in kilns like onsite energy generation and during clinker production (calcination of raw materials, bypass dust and cement kiln dust, among others).

Scope-2: It covers emissions associated with purchased electricity from arid.

Scope-3: It includes other indirect GHG emissions including emissions from purchased products and services (category-1); fuel and energy-related activities (category-3); upstream and downstream transportation and distribution (category-4 & 9); waste generated in operations (category-5); business travel (category-6); and employee commuting (category-7).

### Performance in 2020

Specific net CO<sub>2</sub> per tonne of cementitious product was 531 kg, down 31% (taking 1990 levels as the baseline) and 94% of our 2020 targets







# Specific Scope-1 emission

(kg CO<sub>2</sub>/tonne of cement)





### Other emissions

Our manufacturing process does not emit any Ozone-Depleting Substances (ODS). The ODS data covers the core processes only and not the administrative facilities (office buildings, staff quarters among others) at the plants and offices. We have installed Continuous Emission Monitoring



Systems (CEMS) to continuously

matters and any other significant emissions from all our nine kilns/

in real-time on the website of the

regulatory agencies. The emissions

are load calculated and reported. It

excludes captive power plants and

emission minimisation is reflected in

other stacks. Our commitment to

Non-Catalytic Reduction (SNCR)

Precipitators (ESPs) and bag house

We have undertaken various strategic

initiatives to reduce our energy intensity

our investments in Selective

systems, new Electro-Static

modifications, among others.

across the cement value chain. The implementation of ISO 50001:2011 standards speaks volumes about our sustained efforts towards augmenting our energy management system. We focus on increasing the share of renewables such as solar, biomass, and wind. We are using AFR and waste heat recovery. In the process, we

**Energy management** 

GRI 305 (6,7)

monitor SO<sub>3</sub>, NOx, dust/particulate

raw mill stacks. The data is displayed

have been constantly setting industry benchmarks in energy efficiency.

### GRI 302 (4,5)

## Performance in 2020

concentration

2017

68% during 2019

2018

2019

(per tonne of cement)

 Energy accounted for 24% of total operating costs vis-à-vis 25% in 2019

Average SOx specific

A detailed list of various energy efficiency measures taken are enlisted in the Annexure – VI (Page 142), available on the link: <u>ambujacement.</u> <u>com/investors/annual-reports</u>.



# Captive sources accounted for 66% Renew of power requirements vis-à-vis RE ren

2020

- Thermal energy efficiency stood at 3,218 MJ/tonne clinker as against 3.221 MJ/tonne clinker
- Electrical energy consumption stood at 77.05 kWh/tonne of cement versus 77.27 kWh/tonne
- Alternative Fuel (AF) in the kilns achieved a Thermal Substitution Rate (TSR) of 4.2% of the total thermal energy vis-à-vis 5.4%

# Specific thermal energy consumption





# **Renewable Energy (RE)**

RE remains one of the key focus areas for us to minimise carbon footprint.

### Performance in 2020

- Renewable sources contributed 12% to total power generation against 7.9% in 2019
- Reduced ~92,659 tonnes and 32,695 tonnes of CO<sub>2</sub> through use of RE and WHRS, respectively, vis-à-vis 60,757 tonnes and 32,222 tonnes in 2019
- 5.14 MW solar-based station at Rabriyawas, Rajasthan (commenced in 2020)
- Dadri, Uttar Pradesh started sourcing solar-based power through Power Purchase Agreement (PPA) from November 2020 (project capacity of ~14 MW)

# Natural capital

Our other renewable energy portfolio in operation are:

- 30 MW coal and biomass-based power plant at Ropar, Punjab
- 7.5 MW wind power station in Kutch, Gujarat
- 330 KV solar power station at Bhatapara, Chhattisgarh
- 55.14 kWp rooftop solar PV project at the Gurgaon office, NCR
- 6.5 MW waste heat recoverybased power generation system at Rabriyawas plant, Rajasthan

Our captive power plants also use biomass. Along with the earned renewable energy certificates, the power cost optimisation strategy helps us in adding value to power sourcing and be compliant in renewable purchase obligations.

# Renewable energy generation (MWh)



Power generated from waste heat recovery (million units)



### Thermal energy from alternative fuels (TJ)



# Water and nature

# Water

Water is an essential constituent of environment – one of the four pillars of our Sustainable Development Ambition 2030 with specific targets.

Though we use the dry process of cement production, which requires significantly less water than other processes, we have implemented water efficiency measures, which enabled us to become 8 times water positive in 2020. At the plant level, we focus on using recycled water, treated in sewage/effluent treatment plants as well as reverse osmosis plants. The recycled water is used for dust suppression and gardening, along with other purposes. Majority of our plants do not discharge water or wastewater into natural bodies. At the community level, we have undertaken water conservation and harvesting projects under the aegis of the Ambuja Cement Foundation (ACF), our CSR arm.

For more on the water-related projects at the community level, please refer to page 76 of this report.

## GRI 303 (1, 3), GRI 306 (1, 5)

### Performance in 2020

- Total volume of water withdrawn for all our operations reduced 11% to 5.8 million cubic metres (million m<sup>3</sup>) from 6.5 million m<sup>3</sup> in 2019 corresponding to a 7% reduction in cement production
- Freshwater withdrawal was increased by 13% from 2019 levels owing to increased use of water for

sanitisation and cleaning purposes during the pandemic

- ~15% of our total water withdrawal was recycled
- Few locations discharge wastewater through septic tank soak-pit but total discharge (48,830 m<sup>3</sup>) is less than 1% of our total water withdrawal

# 77 litres

Freshwater withdrawal per tonne of cement produced in 2020

# A-

Ambuja Cement's rating in Carbon Disclosure Project (CDP) Water Security Performance in 2020

# Surface water consumption (million m<sup>3</sup>)



### Harvested rainwater consumption (million m<sup>3</sup>)



# Groundwater consumption (million m<sup>3</sup>)





Our water sustainability risk assessment framework, developed in association with International Union for Conservation of Nature (IUCN) takes into account business/company risks as well as the basin risk, covering various risk aspects and identifying units with water stress.

This assessment also uses the World Business Council for Sustainable Development (WBCSD) Global Water Tool. Scenario analysis that identifies the potential impact on operations were also conducted. Four of our plants are in water scarce regions but, overall, we comply with all regulatory requirements on water. True Value assessment for water interventions in 2019 indicated a contribution of ₹1,781 crores.

### **Biodiversity**

Our biodiversity policy is enshrined in the Group's Quarry Rehabilitation and Biodiversity Directive. We commit to Indian national regulations. We recognise the importance of conservation and management of biological diversity as a business and societal issue. This is reflected in our 'Sustainable Development Ambitions 2030' commitment to achieve 'Positive Change in 'Biodiversity' (net positive impact) by 2030. We carefully classify our ecological assets and maintain a biodiversity inventory for all our sites. We are a signatory to the India Business and Biodiversity Initiative (IBBI) of the Confederation of Indian Industry (CII) and Deutsche Gesellschaft für Internationale

Zusammenarbeit (GIZ), and also partner with organisations/industry associations like GCCA for biodiversity-related policy management, assessment and reporting guidelines.

We classify our ecological assets and maintain a biodiversity inventory for all our sites. Further, we assess the net positive impact through set KPIs every three years. We also implemented a new baseline biodiversity assessment of our sites through a Biodiversity Indicator and Reporting System (BIRS) developed by IUCN experts. The BIRS assessments were conducted in 2017, 2019 and 2020.

# GRI 304

### **BIRS** scores

(Site Biodiversity Index on a scale of 1-4)

Units	2019-20	2016-17
Ambujanagar, Gujarat	1.9	1.7
Darlaghat, Himachal Pradesh	2.1	2.1
Rabriyawas, Rajasthan	2.3	2.1
Maratha Cement Works, Maharashtra	2.1	2.0
Bhatapara, Chhattisgarh	1.9	1.7



# Natural capital

We are in the process of implementing mitigation hierarchy for our biodiversity management and conservation efforts which includes three key elements: avoid, minimise and restore. We avoid undertaking operations near any of the World Heritage Sites and IUCN Category I-IV protected areas. We continuously monitor biodiversity and set protection and action priorities for species like IUCN red data list and regional threatened species list. Our operating sites are not located adjacent to indigenous peoples' territories. Local community issues revolved around land acquisition and dust emission. Concerns of the community are addressed through a consultative process. Land is purchased through negotiations. There were no strikes or lockouts at our mines during the reporting period.

We conduct periodic ecological study on the species and habitats through our local partners like the Gujarat Institute of Desert Ecology (GUIDE), university experts and research institutions to identify the causes of decline in species and take corrective measures. Besides, we work towards minimising the negative impacts of mining by developing green belt in those areas.

Trees are planted on the overburden and around the mines and at the mine lease boundaries, helping us in reducing dust pollution, absorbing carbon emissions and preserving regional biodiversity. We regularly train our team members working closely on the ground with communities to ensure minimal impact on the biodiversity. Our overburden/interburden or waste material was disposed of separately in non-mineralised zones through an excavator-dumper-dozer combination as per the approved mine plan. Progressive mine closure plans are available as per statute for all locations.

Key aspects of our biodiversity management:

 Partnering with local experts and forest department to develop the biodiversity action plans and act on the outcomes of our assessment

- Formulating comprehensive biodiversity action plans containing regional measurable targets across sites
- Improving degraded habitats across sites through targeted habitat management plans
- Working closely with the community to adequately manage the planted and rehabilitated areas and partnering with the management of any other adjoining offset areas
- Turning regenerated areas into natural habitats by adopting new forestry practices
- Carrying out mining operations and raw material transportation only during the daytime near the protected areas
- Providing the mine tippers with a multi-cap covering system to avoid spillage of material during transportation

### **Ongoing initiatives**

- Familiarising our employees on biodiversity through in-house developed e-learning module on biodiversity protection
- Conducting regular events to sensitise our employees, school children and the community on the importance of biodiversity protection and conservation
- Organising vaccination and health camps through ACF for cattle and the forest community in villages surrounding the Gir Sanctuary, in coordination with the Forest Department, to prevent the Gir wildlife from picking up diseases from local cattle
- Undertaking several livelihood supporting activities through ACF throughout the year in villages around the Gir and Majathal sanctuaries (Gujarat and Himachal Pradesh, respectively), and around other plants



# RESTORING NATURAL HABITAT

With an objective to convert regenerated areas into natural habitats, we undertook mangrove plantation in Gujarat across 150 hectares with the help of the Gujarat Ecology Commission. The project helped in restoring the natural ecosystem in the region with the site becoming a good nesting and breeding place for migratory and local avifauna.

### Protected areas

Protected areas like the Majathal Sanctuary and Darlaghat Conservation Reserve (both in Himachal Pradesh) are situated within 10 km of our mining/ plant operations at Darlaghat; the Gir sanctuary lies within 10 km of a mining site at Ambujanagar, Gujarat. We have also prepared a wildlife conservation plan for key species, approved by the state government, for Darlaghat. Biodiversity Action Plan (BAP) for all our five plants with mining sites is being implemented.

# **Circular economy**

There are significant opportunities for waste recycling in the cement industry and we are one of the pioneers in the industry for waste management solutions. It is carried out through cement kiln-based co-processing, offered through Geocycle, a LafargeHolcim Group brand and waste management unit of Ambuja Cement.

Geocycle India started operations in India more than a decade back and is part of the global Geocycle network. It has four dedicated pre-processing facilities with installations for blending liquids, shredding solids and sludge and homogenising waste before it is co-processed sustainably at five locations. This helps us in promoting circular economy with consistent supply of AFR for our cement production. Geocycle has already developed 14 co-processing facilities across India around AFR storage areas, feeding arrangement, and laboratories, that support both ACC and Ambuja Cement.

Through Geocycle, we co-process industrial wastes from other industries in our kilns as alternative fuel. This helps us in reducing the use of coal, resulting in natural resources conservation as well as greenhouse gas mitigation. During the year under review, we co-processed ~2.8 lakh tonnes of alternative fuels substituting 4.2% of total thermal energy.

### Performance in 2020

 We consumed ~1.9 lakh tonnes of Alternative Fuels (AF) in the kilns and ~0.9 lakh tonnes of AF in our captive power plants against 2.2 lakh tonnes and 0.8 lakh tonnes in 2019, respectively. This resulted in a Thermal Substitution Rate (TSR) of 4.2% of the total thermal energy against 5.4% in 2019

# 19.4

Of blended cement produced in 2020 against 21.29 in 2019 (million MT)

# 8.2

Waste-derived resources used as alternative raw materials and fuels in our production process 2020 (million tonnes)

Waste management Conservation of natural resources For a zero-waste future

- We consumed ~8 million tonnes of waste-derived alternative raw materials (AR) like fly ash, slag, phosphogypsum in the manufacturing process vis-à-vis 8.4 million tonnes in 2019
- Our incremental use of fly ash; water harvesting and recharge projects; agro-based livelihood creation; and use of AFR resulted in net positive contribution to the environment and society to the tune of ~₹2,000 crores in 2019 as compared to ~₹750 crores in 2012

# GRI 301-3

### PLASTIC NEGATIVE

Plastic waste co-processing remains one of the key focus areas for Ambuja Cement as we use HDPE and bio-degradable paper packs for cement packaging. During the year, we co-processed 83,138 tonnes of plastic in our kilns to offset 33,368 tonnes of plastic waste generated. This reflects 2.5x of total HDPE bags used during 2020 and makes us plastic negative.

# CONTAINING HRI



Sakhis ensure stringent adherence of precautions



Farakka becomes epicentre of women empowerment



Continued services towards ACF's Maternal Child Health Programme

Many villagers from Farakka in West Bengal travel to the nearest city of Kolkata in search of better livelihood opportunities.

The lockdown imposed in the wake of COVID-19 outbreak led to job loss. They had no option but to take a gruelling journey back. However, it wasn't just dashed hopes they were carrying home, but possibly the virus.

Chinu Mandal and Rakhi Singha, both trained health volunteers (Sakhis) at ACF, realised the heightened risk and absence of proper infrastructure during initial days of the outbreak.

The nearest testing centre was 282 km away. There were no isolation wards, either. So, the Sakhis took it upon themselves to track down potential spreaders, and informed the health authorities to enforce quarantine.

They also kept a close watch for any visible symptoms and conducted regular temperature checks. And those who refused to co-operate were reported to the local police. With whole-hearted support from their family members, Chinu and Rakhi have inspired many to play their own part in fighting the virus.

# THE SAKHIS EMBODY THE ) CAN SPIRIT OF COURAGE, GRIT AND DETERMINATION TO OVERCOME UNPRECEDENTED ADVERSITIES AND MAKE A POSITIVE DIFFERENCE.



# SOCIAL CAPITAL

Community well-being is deeply ingrained in our culture and integrates us with the wider world. We have institutionalised the stakeholder engagement model to understand the core requirements and concerns of our communities and undertake concrete steps for their overall development.

53.97

Money spent on CSR activities (₹ crores) L,**781** 

Net Positive contribution through water interventions derived by True Value assessment-2019 (₹ crores)





**SDGs** impacted

The impact of interventions is mapped and assessed with the help of third-party agencies to ensure accountability and transparency.

Ambuja Cement Foundation (ACF), the CSR arm of the Company, was set up in 1993 to spearhead our community initiatives.

We continued to extend our community initiatives during 2020 and undertook additional initiatives during the outbreak of COVID-19. Over the last almost three decades, we have touched the lives of more than 2.7 million people across locations through key interventions in water conservation, education, skill development, agriculture, women empowerment and health.

### **GRI 413**

# 2020 Highlights: Contributing to social causes, impacting lives

### **Key inputs Key outcomes** • ₹53.97 crores spent on CSR activities From 1 crop to 2-3 crops Participation and ownership Stakeholder engagement per year of the communities across programme across sites development programmes 2.7+ People positively impacted through CSR activities (million) Impact on other capitals Stakeholders impacted Community and NGOs Financial capital Manufactured capital Intellectual capital Support from communities Ability to invest in projects Integration of community Material issues addressed around operational around communities needs in planning to CSR leveraging the trust that promote social enterprise areas increases project Health and safety the brand has created viability, resulting in better structure in the activities Human rights • financing terms of ACF. Encouraging social Code of conduct entrepreneurship thought Transparency and process in community. corporate governance Indirect economic impact Public policy and advocacy SOCIAL CAPITAL Key risks addressed Environment and

- sustainability
- Maintaining market position
- Water availability
- Licence to operate



acceptance

Better employee engagement through increasing voluntary participation from the employees

- well-being owing to reduced pollution
- Enhanced water security through community engagement
- Cleaner environment due to lower carbon and other emissions
## Social capital

#### CSR governance at Ambuja Cement

As per section 135 of the Companies Act, 2013 which pertains to the CSR law for the companies, we have constituted a Board-level CSR & Sustainability Committee with Independent Directors. We have also formulated a CSR policy which clearly mentions the CSR activities carried out as per Schedule VII of the Companies Act, 2013.

We primarily allocate our CSR implementation through our social development arm the Ambuja Cement Foundation (ACF) working mainly with communities around the manufacturing sites across 11 states. We also run five English medium schools under our Ambuja Vidya Niketan Trust providing quality education to benefit local communities around the plant areas. We also maintain a multi-speciality hospital in Ambujanagar (Kodinar), Gujarat through the Ambuja Hospital Trust to provide quality health treatment to the local communities.

The major focus of our CSR spend is invested in the host communities impacted around the manufacturing sites with thorough needs assessment conducted with the communities. Based on the need assessment and to largely enhance prosperity, six verticals have been identified: water resource management, livelihoods (agro-based and skill and entrepreneurship development), health and sanitation, women empowerment and quality education. We ensure people's participation by creating village-level institutions with capacity building invested for these institutions so that projects carried out by the people are self-sustaining.

ACF has formed a data management and research cell to monitor all ongoing projects with mid-course evaluation to ensure strategic social investment. All mature projects are subject to evaluation and impact assessment. External consultants and institutions support in carrying impact assessment of critical projects.

#### Key community intervention areas

Over the years, ACF has helped formalise the structure for our interventions (through farmers' clubs, farmer producers' organisations, women's federations, water user groups, among others). The Foundation has also created village-level leaders to coordinate the programmes effectively and holistically help households thrive.

#### Water

Water has been the key focus area for Ambuja Cement since the beginning. India is faced with unprecedented water crisis where demand has outstripped supply. The primary aim of ACF is to address the water scarcity issues faced by the community by way of promoting water harvesting and conservation, river interlinking, safe and adequate drinking water availability and judicial water use. The water resource management programme has grown in dimension, in keeping with local needs across locations. ACF also focuses on water-saving techniques through promotion of sprinkler and micro irrigation system for efficient usage of water.

ACF carries out its water conservation efforts with the support and active participation of relevant government bodies, NGOs and the community itself. Our efforts have been instrumental in bringing positive changes in people's lives and biodiversity across regions of our operations, especially in water starved areas. We ensure that no water source or protected area (nationally or internationally) is disturbed for water withdrawal. We encourage sustainable withdrawals, water efficiency, responsible water harvesting and groundwater recharges to ensure continuous supply to address water scarcity; and bring down the number of people affected by water scarcity considerably.

GRI 303-2

### 34

Beneficiaries from COVID-19 related interventions (lakh) We have developed water sustainability risk assessment framework in association with IUCN to account business/Company risks as well as the basin risk, covering various risk aspects and identifying units with water stress. This assessment also uses the WBCSD Global Water Tool. Two of our plants are in water scarce regions but overall, we comply with all regulatory requirements on water.

#### Performance in 2020

- Developed and revived 83 water harvesting and recharge structures and 14 dams, amounting to storage capacity of 0.60 million m<sup>3</sup>, taking the total count to 14,060 water harvesting and recharge structures, 458 check dams and 59.24 million m<sup>3</sup>, respectively
- Developed 3,134 Ha of watershed through water and soil conservation
- Three river lift irrigation projects were undertaken resulting in 125 Ha of area under double crop
- Installed and revived 318 hand pumps across locations

#### Agri-based livelihood initiatives

Agro-based livelihood generation remains a major focus area for ACF to improve the productivity of agricultural lands for improved yields and economic prosperity. This is done by building capacities of farmers and introducing scientific farm practices with greater use of technology for sustainable production. Agro-based livelihood initiatives are being implemented in 17 locations across nine states covering more than 2 million farmers. The initiatives besides working for enhanced practices for sustainable agriculture, comprises other allied initiatives such as animal husbandry projects, including dairy, poultry, aquaculture and goat rearing.

#### Performance in 2020

- Animal husbandry projects were extended to 15 locations covering 8,500 families
- 154 low-cost polyhouses built in Sankrail to help enhance income
- ~1,079 Ha of area covered under micro irrigation

39.29

2019-20

49.28

2018-19

- 3 new farmer-producer organisations were formed during the year, taking the total to 14, covering 2.1 lakh farmers
- More than 30,000 women farmers • participated in various training initiatives conducted by the Foundation
- Better Cotton Initiative (BCI) was • extended to 1,418 more villages during the year, benefiting 1.69 lakh farmers

#### PROTECTING THE CLIMATE

We have promoted community-based farmers' organisations, registered as Farmer Producer Organisation (FPOs). These FPOs help in sourcing, processing and delivering biomass from member farmers as well as educating other farmers about the environmental impacts of crop waste residue burning. During 2020, among other businesses, the FPOs supplied 26,242 metric tonnes of biomass from Rabriyawas (Rajasthan), Ambujanagar (Gujarat), Ropar (Punjab) and Chandrapur (Maharashtra).

#### **BCI growth rate** (%) 180,000 160,000 Number of farmers 140,000 120,000 81.55 100,000 80,000 71.81

82.13

2012-13

53.10

2011-12

#### **Skill-based livelihood initiatives**

2010-11

60,000

40,000

20,000 0

To contribute to nation-building ACF set up the Skill and Entrepreneurship Development Institute (SEDI) to provide meaningful alternative employment opportunities to the country's youth. More than 33 SEDI centres are operational across 10 states in the country, with more than 65,000 people placed in various roles. ACF has partnered with other corporates to widen the scope of training as well as provide placement opportunities.

#### Performance in 2020

51.58

2015-16

Years

75.66

2014-15

37.70

2013-14

A new SEDI centre was initiated in Ajmer, Rajasthan

2016-17

2017-18

- More than 65,000 people were • trained during the years with 74% of the graduates placed in different organisations. Women made up 42% of the total number of candidates against 41% in 2019
- Inspite of lockdown, SEDI centres ٠ still continued training the rural youth using innovative distance and virtual technologies



## Social capital

- Capacity building of trainees and improving their skills led to more placements, increase in retention rate and better job delivery, despite COVID-19
- During the national lockdown, Kodinar (Gujarat), Chandrapur (Maharashtra) and Roorkee (Uttarakhand) SEDIs were recognised for providing their General Duty Assistant trainees to hospitals in urgent requirement of staff
- SEDIs were also able to train 4,743 students and ensure job placements to 3,472 students during the lockdown

#### Health and sanitation

Communities residing in secluded and distant regions around our plants lack access to basic healthcare facilities. Besides, it impacts our plant workforce as the majority of our workforce come from the nearby communities. Hence it is imperative to ensure the well-being of communities and the neighbourhood around our plants. The healthcare interventions by ACF helps in ensuring appropriate healthcare for our neighbourhood communities.

#### Performance in 2020

- Our village health functionaries (Sakhis) helped in expanding our Maternal and Child Healthcare (MCH) interventions in villages, reducing maternal deaths, neo-natal mortality, still births and reached institutionalised delivery of 87% in our impact villages. The MCH interventions reached additional 15 villages covering 28,573 families
- Community clinics supported by village panchayats and village development committees were initiated in seven more villages during the year. A total of 1,260 patients were treated through each of the nine clinics in nine villages during the year
- ACF was among the first to initiate HIV/AIDS prevention measures for truckers through its Health Care Centres (HCC) and reach 33,471 truckers during 2020 across four locations. More than 4,591 truckers

were counselled through four integrated counselling and testing centres. Around 377 Sexually Transmitted Infection (STI) and 12 HIV cases were identified during the year. We initiated condom distribution to educate and prevent incidences of STI

 With evidence that rural India is badly impacted by non-communicable diseases, especially hypertension and diabetes, a focused programme using village leadership has been initiated to address this issue

#### Women empowerment

Women are the central agents in rural development for Ambuja Cement. Key programmes such as health and animal husbandry were strengthened owing to the increasing participation of women. Key projects around the areas of drinking water supply and health and sanitation are aimed at empowering rural women and engaging them in social and economic activities to ensure overall rural prosperity. Past studies conducted by the Foundation in the areas of maternal and child health or allied agriculture interventions highlighted that irrespective of programmes, engagement of women in development activities results in a higher level of confidence among them and an aspiration to do better.

#### Performance in 2020

- ACF promotes women-led Self-Help Groups (SHGs) to build capacity in managing accounts, credit rotation and income generation. The Foundation is supporting more than 2,413 SHGs, with 26,513 members managing a total corpus of ₹20.46 crores
- Currently, there are five women federations which are formed as an apex body to help women achieve financial independence while training them to address mainstream issues like linking to various government schemes, sanitation and domestic violence
- With financial institutions releasing schemes for women, ACF assisted 525 SHGs apply for the COVID

Sahay Loan to receive ₹4.26 crores as livelihood support. Women trained in tailoring under the livelihood enhancement programme have made 4,52,000 face masks and sold to health authorities, medical stores and even to Ambuja Cement

• Under the livelihood generation programme, 500 women in Sankrail, West Bengal and Punjab were involved in the opportunity of vegetable cultivation in kitchen gardens during lockdown with produce being procured by local traders and sold in local markets

#### Education

At Ambuja Cement, education intervention goes beyond contributing to infrastructure development in schools and colleges. It covers programmes which help in the holistic development of education systems in the locations where we operate. It involves infrastructure development as well as introduction of teaching aids and building capabilities for students and teachers alike. In a period of three years, 42 schools are now graded 'A' Category as compared to just 12 in 2016, reflecting a 350% jump. These improvements underline the success of ACF's education programme.

One key initiative is the Ambuja Manovikas Kendra (AMK), a school for specially-abled students, catering to 126 children. In 2020, 99 of them are enrolled under regular schooling,

## Community investments (₹ crores)



10 under home-based rehabilitation and 17 at the skill development centre. The project aims to train and rehabilitate 50 specially-abled youths by 2021.

We consider sports as one of the key factors driving the holistic development of students and introduced 'Make India Play' as a pilot in 10 schools. The programme is gaining increasing popularity among students and school authorities alike. Water, sanitation and hygiene (WASH) is one of the priority areas of the Foundation. Its initiatives include provisions of safe drinking water, hand pump/submersibles, toilets and wash basins, among others.

#### Performance in 2020

Introduced smart classes in 10 schools

## Extending support to communities during COVID-19

The outbreak of COVID-19 and the subsequent lockdown had deep impact

on the community. We, at Ambuja Cement, initiated a host of initiatives through ACF. The initiatives included awareness creation, Information, Education and Communication (IEC) material distribution, emergency services, basic healthcare services, creation of a dedicated Single Point Of Contact (SPOC) in every village and enhanced engagement with the health systems. These steps resulted in responsible behaviour in the community.

#### Strategic interventions

Awareness creation	IEC material distribution	Emergency services	Basic healthcare services	Creation of SPOCs	Engagement with health systems
<ul> <li>Education on COVID-19 spread, prevention measures</li> <li>Informed panchayats and villages on movement restriction</li> <li>Demos on social distancing, use of face mask and handwashing</li> <li>Managing isolation of returning migrants and others</li> </ul>	<ul> <li>Created posters, banners, hoardings and pamphlets</li> <li>Information posters for village and panchayat distribution</li> <li>WhatsApp update messages for truckers for COVID-19 and lockdown</li> </ul>	<ul> <li>For private and government health centres around villages</li> <li>Provided oxygen, ventilators and ambulance services</li> <li>Initiated sanitation and fumigation in villages</li> <li>Distributed safety kits, PPE and hand sanitisers</li> </ul>	<ul> <li>Contacts shared for COVID centres, testing, treatment and facilities</li> <li>Directory of toll-free numbers and essential services, including PDS, shared with the community</li> </ul>	<ul> <li>A SPOC created in every village</li> <li>Dissemination of digital content through SPOCs</li> <li>Connect in the community through WhatsApp</li> </ul>	<ul> <li>Sakhi engagement with health system</li> <li>Monitoring home-quarantined migrants and suspect or confirmed COVID-19 affected people and families</li> </ul>

#### **Support initiatives**

- Assisted 14,770+ families, returned migrants and labourers in the villages with ration kits
- Contributed 15 ventilators, 14 oxygen concentrators and five oxygen cylinders for COVID care centres
- Provided PPE kits, pulse oximeters, medical and infrastructural equipment
- Created livelihood opportunities 4.5 lakh+ masks made and sold by women, a livelihood fund created for different locations, provided ₹4.26 crores loan to 526 SHGs applying for COVID-Sahay loans
- Participated in government campaigns in Gujarat and Rajasthan
- 183+ staff participated across locations for online training programme on COVID-19
- Online mental health training session covering 3,300+ people

As a step ahead, ACF is working on measures to aid government's COVID-19 vaccination programme. It has initiated vaccination awareness programmes across villages and is liaising with respective health departments for behaviour change communication interventions and helping the frontline workers in the vaccination process.

# RELATIONSHIPS **CAN STAY** STRONG. **EVEN WHEN** THE THREAD **IS VIRTUAL**



Relationships thrive on the power to drive change individually and collectively with strength and confidence Ambuja KAWACH becomes first product to be launched virtually

Tech advancements becoming instant hit at several construction sites Agile adaptation is the new competitive edge in a fast-changing world.

When we were unable to reach customers physically, we decided to go the digital route to address their seepage woes amid the raging pandemic. We launched Ambuja Kawach, a water-repellent cement, virtually, the first time in our history. It was launched successively across several markets, reaching out to ~5,000 dealers and selling 53,611 tonnes in 2020.

However, the launch brought a major challenge to the fore. Most of our customers had suspended construction work due to COVID-related restrictions. And when they restarted, there were no engineers onsite to guide the construction workers.

An engineer from the Technical Services team quickly came up with an innovative idea – to provide engineering services remotely through video calls, and rallied the entire team into action. Digital banners were put up to create awareness of the site supervision service. It became the most sought at several construction sites. THE SUCCESSFUL LAUNCH AND OUTREACH TO CUSTOMERS AMID THE TRYING TIMES IS A TRUE REFLECTION OF THE / CAN. SPIRIT OF PUSHING THE BOUNDARIES WITH A 'NEVER SAY NO' MINDSET.





## RELATIONSHIP CAPITAL

We foster strong partnerships with our key stakeholders, a major component of them being our consumers, suppliers and contractors. We believe, the benefits of our business should accrue as much to the Company as to these crucial segments of the value chain.

Our diverse range of environment-friendly products reach our intended customers through a robust retail network backed by superior logistics management.

7,681 Active vendors and contractors



82 Ambuja Cements Limited



#### 2020 Highlights: Nurturing relationships, ensuring higher stakeholder retention



## **Relationship capital**

## Strong product and solution offerings

Over the years, we have created a strong product portfolio for our consumers. Along with robust quality, these products are environmentally-responsible and help our consumers in saving construction cost as well as time. Our stringent quality control measures ensure that we do not compromise on raw material quality and process integrity. Our access to best practices of LafargeHolcim helps us in bringing in globally benchmarked processes in India, resulting in superior outputs. Our wide product portfolio includes differentiated products for diverse climatic conditions, along with other sustainable and innovative building materials and solutions.

Amongst the key consumer segments, we have been focusing on IHBs; we customise our product mix based on construction segment needs selectively by optimising our revenue.

Considering their busy lifestyle, our customers barely have enough time to be involved in the construction process and mostly rely on contractors. We were among the early players to notice this reliance and started focusing on the contractors. Within the span of a year, ~46,000 contractors were actively working with us.

We also introduced Ambuja Certified Technology. It is a holistic customer-way solution, designed to assist the customer in choosing the right contractor, right products, and right construction methods to build a strong and durable home. In addition to offering best quality sustainable products, it also provides a complete package of building solutions like zero water curing, concrete mix proportioning, rainwater harvesting solutions, skill up-gradation of mason and contractors and knowledge-sharing with professionals.

**Customer support and satisfaction** The customer remains one of our most important stakeholders, and we have always made concerted efforts to ensure high level of customer satisfaction. We systematically measure customer satisfaction through our engrained channels and continuously transform our services to help them build structures that are more resilient, resource-efficient and cost-effective. We measure brand equity by conducting brand health studies on individual customers. The satisfaction level of dealers is evaluated using the Net Promoter Score (NPS) methodology.

Net Promoter survey helps us to get the views of Ambuja Cement's advocates (promoters) rather than its critics (detractors).

While an NPS score above 70 is considered to be top quartile

and suggests a high number of recommenders of our brand, we received a score of 79, demonstrating the high satisfaction level among customers.

Product quality complaints are managed through a customer complaint handling system accessed through a toll-free number (1800 22 3010), printed on all cement bags.

#### GRI 102, 417-2, 418-1

#### Performance in 2020

- 9,500+ dealer network in 2020
- 35,000+ retailer network in 2020

#### Landmark projects where Ambuja Cement products were used

Project	Products
Mumbai Trans Harbour Link Project	Ambuja Cement and Alccofine
Mumbai Metro Project	Ambuja Cement, Alccofine, along with concrete mix design services
CLC Bridge across Govind Sagar Reservoir, Himachal Pradesh	Ambuja Plus Premium, Alccofine
Mumbai Nagpur Samruddhi Express Highway (13-16)	Ambuja Cement, along with concrete trials conducted at site lab
Oberoi Sky City, Mumbai	Ambuja Cement, along with services of HolcimHeat, Methylene Blue and Concrete Trail
Bagodara to Vasad Highway Project (Gujarat)	Ambuja Cement
Bhayla to Bagodara Highway Project–NH 47 (Gujarat)	Ambuja Cement
Baroda Kim Express Highway (Gujarat)	Ambuja Cement
Chhara Kodinar Jetty work (Gujarat)	Ambuja Cement
AIIMS Bilaspur (Chhattisgarh)	Ambuja Cement

**Strengthening our market reach** At Ambuja Cement, we focus on deepening our distribution reach to capitalise on the burgeoning retail cement market in India. More than 81% of our sale is derived from retail customers. Keeping this in mind, we have consistently strengthened our market reach by deepening our presence in the existing markets and expanding to newer markets.

We enjoy a significant footprint across the western, eastern and northern markets of India, with customers ranging from IHBs to national (private and government undertakings) and international construction firms. We have a network of more than 35,000 retail stockists servicing our customers across markets. We plan to enter Bihar, Madhya Pradesh, and Eastern Uttar Pradesh to increase our presence and have appointed ~600 dealers in these three markets. We initiated various ATL and BTL activities and digital marketing campaigns to strengthen brand visibility and boosted sales in these markets through various schemes.

Our focus on premiumisation saw strong traction during 2020, driven by both push and pull effects. To take forward this premiumisation journey, we added Kawach, a water-repellent cement, and Ambuja Plus, a higher strength cement, to our portfolio. We are ensuring lower lead time to drive the sale of premium products, along with higher profitability and 24x7 availability of technical services for our channel partners. These were backed by multiple ATL and BTL activities and digital marketing to create the pull effect.

#### **Engaging with suppliers**

Our initiatives of engaging with suppliers include, but are not limited to, health and safety, contractor safety management, sustainable procurement, anti-bribery and anti-corruption directive, third-party due diligence and automation in SAP-Ariba. Vendors are expected and encouraged to demonstrate good corporate citizenship and sustainable development. As part of our Sustainable Procurement Initiative (SPI) we assess our suppliers, who are allocated with a sustainability risk rating based on the methodology defined in our SPI manual. Through the SPI guidelines, our suppliers are mapped for high, medium or low risks.

In 2020, we engaged with 7,681 Tier-I suppliers and prioritised the potential high-risk suppliers based on three categories – Anti-Bribery and Corruption (ABC), sustainable development and contractor health and safety. The suppliers consisting of 80% of the total spend were classified as critical. We identified 1,660 critical suppliers for sustainability assessment out of the total Tier-I suppliers. The top three categories of critical suppliers include production services providers (including manpower contractors), facilities service providers and logistics service providers.

New suppliers are made aware of and provided with a copy of the Code of Business Conduct for Suppliers or commonly known as Supplier Code of Conduct (SCC), and their consent to follow the SCC is obtained. The SCC provides a summary of our expectation from its suppliers/contractors in all procurement dealings. The SCC covers the standards specified in Social Accountability Standard SA 8000 and EMS ISO 14001.



## 1.4

Growth in sales volume of Ambuja Cement from 2016- 2020 (% CAGR)



## **Relationship capital**



#### **Relationship management**

One of the key attributes of maintaining good supplier relationship is fairness and transparency. Our supportive system, ethical way of handling situations and continuous efforts at building on our relationship with partners has given us an edge in the competition.

To strengthen the bond with our dealers and vendors, we include the following initiatives in our Ambuja Parivar family engagement events and contests:

- Annual Gruhalaxmi Conference
   events
- Ambuja Ke Star Kalakar singing competition
- Region-wise relevant festival events like Holi Milan, Diwali Milan etc.
- Annual excursions for dealers and their families
- Ambuja Kawach Mediclaim Health Insurance Policy

- Ambuja Aasman Award winning loyalty programme for our channel partners
- Annual scholarship for children of Ambuja Parivar members

We have developed various digital platforms to engage our stakeholders, including Ambuja Dealer Connect for our channel partners, My World for customer services; Ambuja Abhimaan for our contractors, One Channel for our sales force and Ambuja Foundation for our professionals (AEC community).

#### **Brand development**

Over the years, we, have delivered the promise of 'giant compressive strength' through our differentiated products and solutions for diverse customer segments. Driven by engaging communication, superior product quality, and strong technical support to consumers, we have consistently scored 5+ in Nielsen's Brand Equity study for the last 10 years. Our innovative and interactive communication techniques have bagged us the tag 'The Master of Humble Brags'.

#### Customer engagement initiatives

During 2020, we launched Ambuja Abhimaan, a unique digital loyalty programme for our key influencers contractors—who play a crucial role in the decision-making journey of the IHB segment. This programme aims to empower the contractors by encouraging them to gain knowledge and certification, offering them rewards for promoting sustainable construction practices and engaging them in different types of relationship-building activities.

During lockdown we also conducted few digital engagement events like Ambuja Ke Kalakar, a competition engaging the entire family in painting, cooking and photography, among others.

#### AMBUJA PARIVAR KE STAR SINGER

In a bid to keep our channel partners strong and motivated during the COVID-19 pandemic, our MD and CEO, Mr. Neeraj Akhoury, came up with the idea of connecting the dealers by organising a talent hunt competition on the digital platform— 'Ambuja Parivar Ke Star Singer'.

The event saw numerous entries from dealers and their family members, who registered through Facebook, WhatsApp and other social media. Apart from singing, there were other competitions, such as Bollywood quiz, Sangeet Sandhya, drawing contest, cooking recipe-sharing contest, among others that allowed them to show off their talents.

The Grand Finale was judged by star singer, Shaan, who enthralled the audience with his performance as well as humour and charm. The finalists got a chance to sing with him, interact with him and got some quick tips on how to improve their singing.



## PAISE **N**R BRAHE



Surat plant made special arrangements to commence production and dispatch during the lockdown



Surat plant dispatched 22,000 tonnes of cement in April 2020 Ambuja maintains compliances and manages workers as per guidelines

() | | | Is it possible to resume operations in a COVID-19 hotspot even with necessary permissions?

Is it feasible to produce and dispatch cement from an area under complete lockdown by following all government directives and without compromising on the health and safety of our people?

Faced with such unprecedented challenges, our Surat team rose above the ordinary to create a conducive environment to restore business.

The first challenge was to make arrangements for workers to live inside the plant. So, they converted the training hall and canteen into lodging facilities. Food was arranged for all within the premises. Truck drivers were also accommodated. The site was sanitised twice a day and medical check-up was conducted for all manpower.

The team worked tirelessly to create awareness on COVID-19 and alerted family members on the necessary precautions. Surat thus became our first plant to restart production on April 13, 2020 and dispatched 20,000 tonnes of cement during the month, securing around 65% market share. That's not all. Local authorities after visiting the plant highlighted its compliant operations as a model for others to emulate. THE EXEMPLARY EFFORTS OF OUR SURAT TEAM ARE A PERFECT EMBODIMENT OF THE / CAN. SPIRIT - RISING ABOVE THE ORDINARY AND DELIVERING WHEN THE ODDS ARE STACKED AGAINST.



## HUMAN CAPITAL

Our diverse team of skilled, accountable and engaged employees play a critical role for the sustainable growth of our organisation. We pivoted our human resource focus to provide an enabling, supportive and safe environment for our employees in this period of significant change, uncertainty and stress. Also, we prioritised keeping our people engaged, connected and well-informed.

5,046



Iraining programmes imparted in 2020





Our human resource strategy focuses on the home grown 'I Can' philosophy, which empowers our people to set and achieve their own targets. This results in a highly motivated workspace and increased sense of ownership.

#### 2020 Highlights: Prioritising health and safety, developing capabilities

Key inputs		Key outcomes		
<ul> <li>5,046 total employees male and 125 female</li> <li>142 new employees h 2020</li> <li>36,2 million man-hour</li> </ul>	; 4,921 ired during s of work	<b>14.28</b> Reduction in tota onsite recordabl injuries (%)	al Reduction in total e injury frequency (%)	<b>30.3</b> Reduction in lost time injury frequency (%)
<ul> <li>₹669 crores spent on benefit expenditure</li> <li>Employee expertise, s and integrity</li> <li>~11 man-hours of trair imparted per employee</li> </ul>	employee kill-sets ning re	ZERO Onsite fatalities	<b>444</b> Improvement in retention rate (basis points)	STABLE And constructive industrial relations
<ul> <li>Robust health and saft management system</li> <li>Health and safety aud groups, plants and cross-functional opera</li> <li>100% of workers reprote safety committee</li> <li>Robust policies and p</li> </ul>	ety it for ations esented by rocedures	<b>2.0</b> Women in total workforce (%) <b>3.4</b> Women in revenu generating roles (%)	<b>J.J</b> Women in management positions (%)	4 Women in junior management (%)
Impact on other capitals				Stakeholders impacted <ul> <li>Employees</li> </ul>
<ul> <li>Financial capital</li> <li>Investment in knowledge and skill development of employees</li> <li>Employee welfare expenses</li> </ul>	inancial capital Investment in knowledge and skill development of employees Employee welfare expenses		ellectual capital Increased participation in driving innovation Operational readiness and transfer	Material issues addressed <ul> <li>Health and safety</li> <li>Employee training</li> <li>Gender equity</li> <li>Labour issues</li> <li>Attrition and retention rate</li> <li>Code of conduct</li> </ul>
	HUMAN (	CAPITAL		Key risks addressed
↓ ???	<b>↓</b>	X		<ul> <li>retention</li> <li>Health and safety</li> </ul>
Social capital Enhanced employee experience through voluntary participation in community development initiatives	Relationship cap Provide superior experience for co	bital Na Inc onsumers and res to d	tural capital reased awareness d initiatives towards cource conservation and ensure sustainability	

## Human capital

#### Human resource management

Our HR management philosophy revolves around empowering the employees to make them more productive, efficient and integral to the organisation. We aim to strike a balance between the achievement of business goals and nurturing the talent pool available to strengthen the organisation's competitive advantage.

We maintain a collaborative, inclusive, non-discriminative and safe work culture, and provide equal opportunities to all employees. We have a 'Zero Tolerance' policy towards sexual harassment at the workplace based on the applicable law. Our Codes of Business Conduct lays down acceptable professional behaviour expected from our internal and external stakeholders.

#### **Employee benefits**

Contribution to Superannuation Fund, Provident Fund (PF), Employees' State Insurance Corporation and Labour Welfare Fund form our defined contribution plan towards employee benefits. Retirement benefits such as gratuity, is considered as defined benefit obligations; they are provided based on actuarial valuation, using the projected unit credit method. Postretirement medical benefit is now completely funded by beneficiaries. Death and disability benefit is as per the insurance policy. For most of the employees, the Provident Fund is managed by the Employees Provident Fund Organisation (EPFO). Some employees are part of the exempted PF trust of Ambuja. Healthcare, disability, invalidity coverage, life insurance, and medical benefits are available to employees. Superannuation is not available to some categories of Full-time employees (FTEs). All these benefits are offered irrespective of location. Women employees are entitled to maternity leave as per The Maternity Benefit (Amendment) Act, 2017. An employee can avail of maternity leave for a continuous period of 26 weeks, or opt for two 13 week segments, divided between the pre-natal and post-natal period as per her convenience. This benefit can be availed of up to a maximum of two children. In 2020, seven women

employees availed maternity leave; six of them remained employed for the rest of the year after resuming work, and one is still on leave. A minimum of one month notice is provided to employees and their elected representatives prior to the implementation of significant operational changes that could substantially affect them. This is specified in the Industrial Relations Act, 1947.

Employees who spend more than a decade with the organisation are felicitated with 'Long Service Awards'.

Local minimum wage rules are followed, and employees are paid above the local minimum wages. The ratio of the standard entry-level wage as compared to the local minimum wage at significant locations that include all our operating plants is 1:1. Merit is the main parameter for recruitment, but preference is given to local hiring. We are an equal opportunity employer providing equal remuneration for women and men. The ratio of the average basic and total salary of women to men is 1.17:1 and 1.14:1, respectively management level roles and 1:1 for the entry level average total salary, considering all locations of our operations.

We have recognised trade unions affiliated to INTUC/AITUC/BMS, representing blue collar employees at different locations. Ambuja Cement respects freedom of association and allows its employees to join an independent trade union. Out of our total permanent workforce ~30% employees are covered by collective bargaining agreement.

#### Effective talent acquisition

We have in place campus hiring programmes to recruit engineers and management trainees to ensure a talent pipeline that can be developed further to accelerate our growth. During the year, we recruited 142 new employees, of which 9% are women.

#### GRI 404-2

#### Learning and development

We try to constantly improve employee learning and development activities. The training needs and performance gaps identified during the appraisal process serve as the basis for

#### Total employees (Number)



formulating training and development programmes for employees.

The ACC ACL Leadership Academy (AALA)—a joint academy of ACC and Ambuja Cement, started in 2012 and Techport (for technical trainings) provide leadership as well as functional trainings to employees for developing capability and competence. Apart from classroom and on-the-job trainings, we also focus on virtual e-learning trainings and webinars for a wider coverage on different topics while enabling employees to learn at their own pace and place.

Being part of the LafargeHolcim Group, we provide our employees with international exposure through short-term projects and long-term assignments.

#### Initiatives in 2020

Owing to the pandemic, the learning programmes in 2020 were designed around the use of digital technology. Learning became an essential tool of employee engagement and we partnered with various internal experts and functional heads to deliver these.

The learning programmes were delivered through a three-pronged approach:

 A total of 702 training programmes were conducted during 2020 including physical and virtual sessions on functional skill development, soft skill development and other modules relevant for management and personal development  Other organisation-specific learning programmes driven by the function heads

These sessions utilised the online meeting platform, along with the in-house learning experience platform, Super Assisted Intelligent Learning (SAIL). SAIL is an application which works not only as a repository for programmes conducted, but also for content creation, curation and e-learning.

As per the business and training need analysis, we are running certification programme, role-based programmes and expert development initiatives:

#### Plant-specific programmes

We run some specific programmes to achieve consistent operations, standard maintenance within the plant and across the plants between operators, engineers and technicians in order to achieve sustainable high performance.

#### **Programme objective**

- Consistently achieve operational and maintenance targets by having reliable operators, engineers and managers who perform well and in a safe manner
- Achieve sustainable high performance in our plants
- Standardised maintenance operation within LafargeHolcim Group standards on operation and safety

The following programmes were initiated:

- Control room operator certification
- · Walk-by inspector certification
- Process engineer certification
- Preventive maintenance engineer certification
- Expert development initiative on critical skills
- Leveraging technology—remote troubleshooting and training



## 

#### **Talent management**

Our focus on nurturing talent with care and a fair remuneration policy has helped in developing a strong sense of ownership among our employees. Structured talent reviews, supported with Individual Development Plans (IDPs) and cross-functional and cross-location assignments have resulted in a healthy talent intake. We introduced a new performance structure that defines Profit & Loss Accountability.

We initiate continuous dialogues with our employees for their feedback on deliverables, resulting in better performance management. Our dynamic objective setting, which periodically translates the business objectives into team and individual contributions, helps in driving better employee productivity. Together with our periodic inputs that incite merit increase, and bonus benefits, we are helping strengthen our employee output.

#### GRI 404-3

**People for Tomorrow** is our LafargeHolcim Group initiative to identify leading talent at our plants, close competency gaps and manage succession. It helps to ensure that we have the right people, in the right role, with the right competencies, at our industrial sites.

#### Shaping behaviour at work

We follow the Kirk Patrick evaluation methodology for findings the results of our training programmes, which enables us to assess and shape employee behaviour along three levels— Level 1: Reaction, Level 2: Learning, Level 3: Behaviour change, and Level 4: Results of the training (applied for few trainings).

Level 1 and Level 2 behaviour were assessed through knowledge-based programmes, largely in the large webinar category. For Level 3 assessment, action learning projects were conducted to assess whether employees can convert their learning into action. Level 3 evaluation was initiated for a host of programmes, including successor development programme, health and safety and technical trainings. The method helped us measure how a training has influenced behaviour and how this is applied on-the-job. We used this method to assess dealers following the completion of the 'New Dealer Appointment' training.





702

Training programmes imparted in 2020 (Physical and Online)

## Human capital

#### Developing a leadership pipeline

We invest proactively in training initiatives for leadership development to create a robust leadership pipeline to drive the long-term growth objective of Ambuja Cement. We focused our leadership development initiatives during the year around our Strategy 2022. We directed our leadership programmes on health, cash and cost to combat the change in the business environment. The focus was on the following:

- Build own resilience in managing the pandemic: Our focus areas were working with emotional intelligence, managing team motivation and managing dealer relationships during the lockdown
- Build resilience as a team: Grooming dealers, appointing new dealers, honing cross-functional skills, working and developing stronger customer relations were part of this initiative
- Build resilience as a business: Negotiating with cash and cost, lean thinking, reducing cost of power and fuel, working with net zero mandates were some of the topics discussed
- Others: First time managerial skill development initiative was also taken up as an extension of the leadership development programme

#### **Succession planning**

Key senior positions at Ambuja Cement are now being increasingly filled internally. Our Sustainable Talent for Enhanced Performance (STEP) programme duly complements our talent management model for succession planning of senior management.

We have created a structured talent review and succession planning process that assesses people on defined matrices and plots them in a nine-box performance and potential matrix. Based on the outcome of the matrix, the high-potential (HiPo) candidates are assessed on their preparedness and readiness to take on higher-level roles.

The identified successors undergo customised development programmes to prepare them for the higher-level roles in the organisation.

We have a pool of ready successors who will drive our growth strategy over the next three to five years.

#### Industrial relations

At Ambuja Cement, we believe that the interests of our employees and those of the Company are inseparable. With this principle in mind, we engage with our employee unions. On almost all the occasions, a negotiated settlement/ understanding is reached in a win-win manner.

#### Occupational health and safety

Health and safety (H&S) remains one of our core focus areas and we have worked to make health and safety improvement a way of life at Ambuja Cement. The year 2020 was the final year of our three-year H&S Strategy in order to take our performance in this function to a new level. We had put in place the right systems where they were needed and focused on better implementation rather than introducing new initiatives. Our H&S improvement deliverables for 2020 were built around the theme, 'Consolidate and Strengthen As Is'.

Despite the onset of the pandemic, we were able to achieve a year of zero onsite and offsite fatality with 30.3% reduction in LTIFR. Road injuries also reduced by 56.5%.

#### Key challenges to H&S in 2020

The biggest challenge to operations in 2020 was the pandemic. We moved with speed and learnt to operate in a COVID-19 environment, where we had to take this as one of the risks without losing focus.

Some of our key focus areas are the following:

- Institutionalising operational discipline on the frontline, especially with regard to compliance of rules that govern safe behaviours
- Ensuring a robust permit to work system across locations
- Implementing our fatality elimination controls on the ground
- Maintaining our medical emergency response capability at the required level continuously, especially at remote locations
- Ensuring acceptable driving behaviours and compliance with minimum vehicle specifications in our logistics chain to reduce both incidents and injuries

GRI 102-41, GRI 201-3, GRI 202 (1, 2), GRI 401 (2, 3), 402-1, GRI 405-2



#### We focused on five pillars in our H&S process

Onsite fatality elimination	Zero harm culture	Systems and processes	Control of health risks	Road fatality reduction
<ul> <li>Zero tolerance for non-compliance</li> <li>Focus on leading indicators</li> <li>Minimise repeat incidents</li> <li>Strengthening job risk management – HIRA, PTW and MOC</li> <li>Implement mobile FEC</li> <li>Establish DSCQP baseline and implement Group process</li> <li>Ensure silo cleaning capability and process compliance</li> </ul>	<ul> <li>Greater leadership visibility in the field – Boots on Ground</li> <li>Sustain 'We Care' through focus on 'two minutes and three behaviours' and behaviour- based safety</li> <li>H&amp;S leadership workshop for cluster and unit top leadership</li> <li>Step up H&amp;S competencies at all levels</li> <li>Improve incident investigation capability and capacity</li> <li>HSMS implementation – Marwar Mundwa and underground mine in coal block</li> </ul>	<ul> <li>Digital transformation – integration with iCare 2.0</li> <li>Strengthen assurance around permit to work system, HSIP implementation at unit level, action closure for cross- and intra-plant audits</li> <li>Raise process safety management awareness and competency – pilot programme for Ambuja Cement</li> <li>Pre-start up safety review implementation</li> <li>Review and revitalise railway safety</li> <li>Emergency response</li> </ul>	<ul> <li>Establish in-house baseline and complete survey for remaining units</li> <li>Reduce dust exposure through control of fugitive emissions, review of efficacy of existing hierarchy of controls at packing plants and better housekeeping</li> <li>Noise-specific control plan</li> <li>Health surveillance digitisation</li> <li>Reduction of manual handling at warehouses</li> </ul>	<ul> <li>95% controlled fleet through monitored iVMS</li> <li>90% controlled fleet drivers trained in Incab</li> <li>Effective implementation of rewards and recognition and consequence management</li> <li>Minimum vehicle specification</li> </ul>

iVMS - In-Vehicle Monitoring System, HIRA - Hazard Identification and Risk Assessment, PTW - Permit To Work, MOC - Management of Change, FEC - Fatality Elimination Control, DSCQP - Design Safety and Construction Quality Programme, HSMS - Health & Safety Management System, HSIP - Health & Safety Improvement Plan

### Human capital

This plan was supported throughout the year by:

- Compliance through visible frontline leadership – Boots on Ground
- Strong mitigating measures against COVID-19, including medical emergency response
- Monthly performance monitoring at unit and corporate level
- Remote audits and self assessments on HSMS implementation at all units
- Campaigns/waves on:
  - Housekeeping
  - Permit to work
  - Machine guarding
  - Working at height
- Sharing and replication of best practices
- Timely closure of actions from audits, process safety related self-assessments and structural inspections

#### Achievements in 2020

Our cohesive efforts across all sites on operational discipline, systems and processes, learning from incidents, and more visible leadership presence in the field (Boots on Ground) have helped deliver stupendous results in 2020. We even registered a 2% increase in man-hours from 2019.

Highlights of our onsite H&S performance:

- Completed the year with zero harm in six units Surat (Gujarat), Dadri (Uttar Pradesh), Kochi (Kerala), Roorkee (Uttarakhand), Dirk India Private Limited (DIPL) and coal block
- Achieved more than six years of Lost Time Injury (LTI) free in two units (Surat and Dadri)
- Recorded a year of LTI free in 13 other manufacturing units
- Reported 14.28% reduction in total onsite recordable injuries compared with 2019

#### **Road safety**

We have also progressed well on road safety, despite the impact of COVID-19, especially on counselling drivers and practical trainings. Key achievements during the year in this space are as follows:

- Reported 8.5% drop in logistics related incidents
- Completed 1,891 Incab assessments (practical on the road) covering truck drivers and company-owned four wheeler drivers
- Installed 853 iVMS and 567 voice boxes in controlled fleet trucks for better coverage of driving behaviours
- Achieved 10% increase in share of safe km by two wheelers in marketing vis-à-vis 2019

## 28,650

Man-hours of safety training imparted in 2020

treatment injury



Near miss mapping

2017

2018

2019

2020



Lost time injury and medical







#### **Conflict management**

Our operating mining sites are not located adjacent to indigenous peoples' territories. We address issues revolving around local communities (land acquisition and dust emission) through a consultative process and purchase land through negotiations. There were no strikes or lockouts at our mines during the reporting period.

#### Protecting human rights

We have stipulated our human rights policy in our Code of Conduct and Business Ethics applicable to all employees, vendors and suppliers. We also stringently follow the LafargeHolcim Group's Directive on Human Rights. Our commitment to human rights is also reinforced by our Group's participation in the UN Global Compact (UNGC), support for the Code of Business Conduct for Suppliers, and our CSR Policy. A proactive comprehensive risk assessment is undertaken across our operations through Site Specific Impact Assessments (SSIA), wherein each operational site is assessed at least once in a three-year cycle for potential human rights risks and opportunities.

During 2020, SSIA could not be conducted on site to avoid exposure of employees and other stakeholders with potential health hazards. Besides, we continued to review the process of the human rights compliance of our plants, joint ventures and subsidiaries remotely. Our JVs and subsidiaries provided us with a declaration of their compliance to our policies and regulations on human rights protection.

We ensured that our contractual labour is covered by the Contract Labour (Regulation and Abolition) Act, along with mechanisms to monitor the compliance and report any violations. We have a Supplier Code of Conduct (SCC) that covers various human rights aspects. We continued to sensitise our employees and security personnel on human rights and possible associated issues.

The total number of incidents, complaints or grievances of human rights violations, along with the backlog of earlier incidents is zero. No complaints were received, nor are any pending cases of child labour, forced/ involuntary labour, sexual harassment and discriminatory employment.

GRI 413-1

**LEKU** Complaints received by Ambuja Cement for violation of human rights

### Governance framework

## STAYING VIGILANT AND ACCOUNTABLE

At Ambuja Cement, the Board plays a pivotal role in embedding and sustaining a culture of responsibility.

We maintain the highest level of governance standards backed by superior values, ethics and policies. Our corporate governance framework sets on course the principles of responsibility, accountability and transparency in the way we conduct our operations.



## Board competence and responsibilities

Ambuja Cement's Board comprises 15 Directors, 1 Executive and 14 Non-executive Directors, including 5 Independent Directors, 1 Non-Executive, Non-Independent Female Director and 1 Non-Executive, Independent Female Director (Institutional Nominee), with vast experience in the fields of building products, finance and accounting, strategy, information technology, human resource management, banking and insurance, law and regulations and capital markets, among others.

The Board actively supervises performance with regard to the key strategies of Ambuja Cement, along with other key aspects of operations, including risk management, sustainability and stakeholder relationship, among others. Regular meetings are conducted for the Board to review these practices. Active involvement of the Board is reflected in the average Board meeting attendance of 93% during 2020.

We are among the first corporate organisations in the country to involve Board-level participation for compliance, having formed a committee chaired by one of the Independent Directors.

The Board is regularly updated on the key topics that impact our business. A special meeting is arranged every year with the Board members to review and approve the business plan for the subsequent year, and the Board's feedback is incorporated in the final plan. The Audit Committee and the Board also review and approve every related-party transaction. Approval of the shareholders is sought wherever needed.

More than 40% of the Board members have been associated with the Company for five years or more, and the average tenure of the Board during 2020 was nine years.

The Directors are regularly familiarised with business processes and updates. The Company initiates interaction with the management of LafargeHolcim to keep the Directors updated about the best practices and key events at the Group level. Details about the familiarisation programme can be accessed on the Company website at <u>www.ambujacement.com/Upload/</u> <u>PDF/Familiarisation-Programme-for-Independent-Directors-Jan2021.pdf</u>.

One of the key issues of business sustainability is succession planning. The Nomination and Remuneration Committee under the aegis of the Board, is engaged in driving succession planning of Ambuja Cement.

All related-party transactions are entered into on an arm's length basis and are compliant with the applicable provisions of the Companies Act, 2013 and the Listing Agreement. No materially significant related party transactions, having potential conflict with the interests of the Company at large, have been made by our Promoters, Directors and key managerial personnel among others.

Details of the process to manage related-party transactions are provided on page 138 and the details of the transactions with related parties are provided in the financial statements, forming part of the Annual Report 2020.

The Board takes active interest in Environment, Social and Governance (ESG) issues under various Board committees and takes regular updates on the functioning of each project and specific updates.

#### Values, ethics and integrity

The Board has laid out a holistic Ethical View Policy (EVP) (akin to the Whistleblower Policy) and Anti-Bribery and Corruption Directive (ABCD) as an extension of its Code of Business Conduct and Ethics, covering the Directors, employees and relevant stakeholders of Ambuja Cement. Our 'Zero Tolerance' towards corruption and bribery ensures fair and transparent business dealings and these policies play a pivotal role in eradicating the risks of fraud, corruption and unethical business practices across our business value chain

The implementation and maintenance of ABCD are monitored stringently by

the Audit and Compliance Committees of Directors and are periodically reviewed by the Board.

During 2020, we received 37 complaints, of which 19 complaints were pre-assessed, but did not warrant further investigation. About 17 complaints were investigated and concluded and 1 complaint is still under investigation. The investigated cases were mainly of the nature of kickbacks/favours from vendors (9%), violation of Code of Conduct (53%) and non-Code of Conduct-related (38%). The financial impact of these cases was insignificant and caused no damage to Ambuja Cement.

We have a vigil mechanism for disclosure and for avoiding conflict of interest in all our dealings, covering the Board of Directors and all employees across levels.

A more detailed review can be found in the Corporate Governance Report, forming part of this Integrated Report.

GRI 102 (16, 17, 25), 205 (1, 2, 3)

#### Prevention of Sexual Harassment (POSH)

We have laid out a comprehensive POSH policy in the organisation, headed by the Chief Financial Officer (CFO) and have 'Zero Tolerance' towards any misconduct. Any reported incident is investigated with due importance and appropriate decisions are taken based on the outcome of the investigation. During the year under review, we received two POSH related complaints and both have been resolved.

#### **Investor grievance**

The Stakeholder's Relationship Committee is responsible for managing investor grievances, along with the registrar and share transfer agent of Ambuja Cement. We had no pending complaints at the beginning of the year; and received 21 new complaints during the year. At the end of the reporting period, all complaints were addressed. Based on the nature of the queries/ complaints, we usually take seven days to a month to resolve investors' complaints.

### Awards and recognition

## ACKNOWLEDGED For excellence

#### AWARDS

- Conferred with the prestigious 'Best Customer Service Initiative' award at the Customer FEST Leadership Awards 2020
- The Rabriyawas plant was awarded the top slot in the prestigious Energy Conservation Award under the Industries Category (Cement)
- Our Chief Internal Auditor Prabhakar Mukhopadhyay was bestowed the 'Internal Auditor of the Year' award at the IIA India National Awards for Excellence in Internal Audit
- We were presented the coveted 'Best Loyalty Program in B2B Sector' award at the Customer FEST Leadership Awards 2020
- Our Gare Palma Coal Block in Chhattisgarh earned the second position amongst Open Cast Coal Mines' overall performance,

while securing the first and second spots in Dump Management and General Working categories, at the 'Coal Mines Annual Safety Fortnight', celebrated under the aegis of Directorate General Of Mines Safety (Raigarh Region and South Eastern Coalfields Limited, respectively.

- ACF was conferred with the silver category award at the 'CSR Health Impact Awards 2020' for its holistic initiative in Maternal Child Health and Non-Communicable Diseases in rural India.
- Ambuja Cement Foundation (ACF) has been conferred an award in the 'Best Industry for CSR activities' category at the prestigious '2nd National Water Awards'

- Conferred with the internationally acclaimed 'LACP Annual Report Competition - 2019 Vision Awards' for innovatively and effectively preparing the Annual Report 2019
  - At CII-ITC awards, Maratha Cement Works (Maharashtra) and Ambujanagar (Gujarat) units were awarded for 'Excellence in Environment Management' while Bhatapara (Chhattisgarh) unit won 'Commendation for Significant Achievement in Environment Management'. In addition, Bhatapara unit was honoured for 'Excellence in Corporate Social Responsibility' while Maratha Cement Works, and Farakka (West Bengal) units were recognised with 'Commendation for Significant Achievement in Corporate Social Responsibility'.







#### RECOGNITION

- Ranked 5<sup>th</sup> globally in the Dow Jones Sustainability Indices Worldwide in Construction Materials category, the only Indian Cement Company to achieve this feat
- Based on Dow Jones Sustainability Indices, Ambuja Cement is included in The Sustainability Yearbook 2021 Worldwide Rankings and also received the Bronze Class distinction for its excellent sustainability performance.

We are among the world's highest performing sustainable companies as declared by Dow Jones Sustainability Indices (SAM ESG Research)

- Ranked at 6th position across industries in India for positively contributing towards achieving Sustainable Development Goals in the 6th edition of Responsible Business Rankings by Futurescape
- Ambuja True Value case study has been picked up by several business schools for teaching during 2020 such as IESE Business School (Spain), College of Commerce, National Chengchi University (Taiwan), Centrale de Cas et de Médias Pédagogiques (France) in addition to Harvard Business School (USA) and Ivey Business School (Canada)





Sustainability Award Bronze Class 2021

S&P Global

## GRI indicators: Sustainability Performance (2017-2020)

		GRI Std / GCCA KPIs	SDG Target	Assurance	2017	2018	2019	2020	Target 2020
Economic Performance & Value Creation					2017	2018	2019	2020	Target 2020
Turnover or Net Sales	₹ crores	201-1	8.1,8.2		10,250	10,977	11,353	11,175	
Direct Economic value generated	₹ crores	201-1			12,342	11,602	12,094	11,744	
Payments to providers of capital	₹ crores	201-1			822	380	381	3,657	
Payments / Benefit to governments (taxes)	₹ crores	201-1			2,332	473	906	975	
Direct economic value distributed	₹ crores	201-1			11,827	10,403	10,895	13,448	
Economic Value Retained (=Economic Value generated - Economic value distributed)	₹ crores	201-1			515	1,199	1,199	(1,704)	
Operating costs	₹ crores	201-1			7,969	8,834	8,882	8,093	
Suppliers			9.1.2, 9.3.32, 12.7.1, 10.7	✓	2017	2018	2019	2020	Target 2020
Number of Suppliers				$\checkmark$	8,004	7,874	8,359	7,681	
Number of local (Indian) suppliers		204-1		✓	7,902	7,792	8,260	7,597	
Number of foreign suppliers				✓	102	82	99	84	
% of suppliers identified as "High Risk" (for sustainability criteria aligned with Supplier Code of Conduct)		308-1, 308-2, 414-1, 414-2		V	5%	7%	6%	7%	
Number of Suppliers screened through Self Assessment Questionnaire (social & environmental aspects)				V	329	553	518	518	
Total suppliers assessed during the year				√	373	767	1548	1547	
No. of Suppliers with non-compliance				√			96	116	
No. of suppliers with action plan				✓			72	62	
No. of suppliers showed performance improvement				$\checkmark$			58	56	
Monetary value of payments made to suppliers	₹ crores			$\checkmark$	7,966	9,395	9,479	8,708	
Proportion of spending on local suppliers	%			$\checkmark$	93	96	98	92	
Expenditure on Raw Materials					-	-	-	-	
Imported	%			✓	1%	3%	6%	3%	
Indian	%			✓	99%	97%	94%	97%	
Expenditure on Spares					-	-	-	-	
Imported	%			$\checkmark$	11%	11%	18%	32%	
Indian	%			✓	89%	89%	82%	68%	
Government relations				√	2017	2018	2019	2020	Target 2020
Political contribution	₹ crores	415-1, 201-1			Nil	Nil	Nil	Nil	
Total monetary value of financial assistance received from governments (grants, tax, reliefs and other finance benefits)	₹ crores	201-4 (a)	)		199	234	208	50	

		GRI Std / GCCA KPIs	SDG Target	Assurance	2017	2018	2019	2020	Target 2020
Customer Satisfaction					2017	2018	2019	2020	Target 2020
Overall Net Promoter Score (NPS)	%			✓	54	54	59	79	
Data coverage (e.g. as % of revenues, customers, etc.):	%			~	7%	NA	30%	65	
Environmental Performance					2017	2018	2019	2020	Target 2020
Number of plants (Cement and grinding plants)	#			✓	13	13	13	13	
Plants certified by 3 <sup>rd</sup> party for ISO:14001 EMS	#			~	13	13	13	13	
Environmental investments	₹ crores	307-1		✓	51	102	118	31	
Capital Investments	₹ crores			√	32	66	86	15	
Operating Expenses	₹ crores			✓	19	36	32	16	
Savings, cost avoidance, income, tax incentives, etc.	₹ crores			✓	29	153	31	5	
Number of plants/quarries reporting noncompliance cases	#			~	Nil	Nil	Nil	Nil	
Fines or penalties paid for environmental noncompliances	₹				0	0	0	0	
Clinker Production Raw Materials			8.4.1, 12.2	✓	2017	2018	2019	2020	Target 2020
Clinker Produced	tonnes			✓	15,520,490	15,675,998	15,316,910	14,158,685	
Clinker Consumed	tonnes			✓	15,259,273	15,808,639	15,529,918	14,377,385	
Limestone-Own mines	tonnes			✓	21,681,972	22,412,489	22,049,486	20,084,455	
Limestone Purchased	tonnes			✓	944864	1,277,31	568,709	6,81,933	
Total Limestone	tonnes			✓	22,626,836	23,689,620	22,618,195	20,766,388	
Clay & Shale	tonnes			✓	551,041	534,998	570,698	616,836	
Silica corrective (Sandstone, Silica sand, Bed Material, China Clay)	tonnes			~	196,902	146,371	84,074	82,335	
Gypsum used in Kiln (SO3- provider)	tonnes			~	5,876	12,113	1,272	11,081	
Iron correctives (Iron ore, Iron scales, Laterite, Blue dust, Mill scales, LD Sludge, Tailing Waste)	tonnes			✓	189,791	212,172	224,672	165,588	
Alumina correctives (Bauxite, Fly ash, Red ochre, Brown ochre, Low silica laterite)	tonnes			✓	101,637	156,880	212,648	196,682	
Bottom/Bed ash	tonnes			✓	44,641	27,293	13,599	18,703	
Cement Production Raw Materials					2017	2018	2019	2020	Target 2020
Cementitious Materials produced	tonnes			✓	23,225,872	24,192,935	23,712,206	22,052,855	
Cement Produced	tonnes			✓	22,964,656	24,325,576	23,925,304	22,271,555	
OPC	tonnes			✓	2,271,452	2,427,930	2,628,100	2,287,536	
Blended (PPC and Composite)	tonnes		9.4, 9.5, 12.2, 12.4	$\checkmark$	20,693,204	21,897,646	21,297,204	19,984,019	
Share of Sustainable Products	%			✓	90%	90%	89%	90%	
Revenue from Sustainable Products	%			~	92	92	89	90	
Sustainable Solutions Provided									
Instant Mix Proportion	No. of sites			~		36,647	43,433	14,721	
Rain Water Harvesting System	No. of sites			✓		282	893	253	
Modular Curing System	No. of sites			$\checkmark$		9,078	7,714	2,391	

## GRI indicators: Sustainability Performance (2017-2020)

		GRI Std / GCCA KPIs	SDG Target	Assurance	2017	2018	2019	2020	Target 2020
Total Gypsum	tonnes			√	1,126,959	1,144,383	1,282,712	1,382,839	
Natural Gypsum	tonnes			✓	741,616	709,570	795,359	961,902	
Synthetic & Phosphogypsum	tonnes			✓	385,343	434,813	487,353	420,937	
Fly ash/Chemical Additives	tonnes		9.3,9.4	✓	6,551,408	6,152,996	6,917,638	6,314,501	
Total Raw Materials Used	tonnes	301-2		✓	54,021,927	55,766,446	54,543,703	50,321,341	
Total Recycled Raw Materials used	tonnes		12.5.1	✓	7,272,820	6,984,154	7,855,910	7,116,411	
% of Materials used that are Recycled Input Materials	%		12.5.1	$\checkmark$	13.46%	12.52%	14.40%	14.14%	
Alternative Material Rate	%			✓	30.2	31.6	31.7	31.5	
Clinker factor (average % of clinker in cement)	· %			✓	66.45	64.99	64.91	64.55	
CO <sub>2</sub> emissions			9.4.1, 12.2.2, 13.1	✓	2017	2018	2019	2020	Target 2020
Total Scope 1 Direct emissions (Absolute gross: cement & onsite power generation)	tonnes of $CO_2$	305-1, GCCA		✓	14,711,549	14,849,220	14,523,738	13,405,629	13,865,036
Total Scope 2 Indirect Emissions from Imported Electricity	tonnes of $CO_2$			√	474,479	539,597	551,219	537,403	510,000
Total Scope 3 emissions	tonnes of $CO_2$	305-3		√	2,327,684	1,932,218	1,973,623	1,755,911	
Number of Plants included in Scope-3 emissions				√	13 of 13	13 of 13	16 of 16	16 of 16	
CO <sub>2</sub> from Alternate Fossil Fuel									
Biomass (kiln & non-kiln fuels)	tonnes of $CO_2$			✓	162,362	176,348	156,599	126,038	
Other Alternate Fossil Fuels	tonnes of $CO_2$			√	116,693	152,876	167,498	142,687	
Specific Gross CO <sub>2</sub> emissions (Scope-1)	(kg CO <sub>2</sub> /t cement)	305-4, GCCA		√	555	536	538	536	
Specific Net CO <sub>2</sub> emissions (Scope-1)	(kg CO <sub>2</sub> /t cement)	GCCA		✓	550	530	531	531	
Reduction in Net $CO_2$ per tonne of cementitious product (Scope-1) relative to base year 1990	%	305-5		✓	29%	31%	31%	31%	
Specific Net CO <sub>2</sub> emissions (Scope-2)	(kg CO <sub>2</sub> /t cement)			~	20	22	23	24	
Other atmospheric emissions		305-7		√	2017	2018	2019	2020	Target 2020
Number of kilns reporting				$\checkmark$	9	9	9	9	
Coverage rate of CEMS (for dust, NOx, SOx)		GCCA		$\checkmark$	98.6	98	99	99	
SOx emissions	tonnes	GCCA		$\checkmark$	3,239	1,029	1,031	974	1,200
NOx emissions	tonnes	GCCA		$\checkmark$	28,619	26,886	20,150	17,888	25000
Dust emissions	tonnes	GCCA	11.6.2	$\checkmark$	782	530	371	507	500
Average Mercury (Hg) emissions	tonnes			$\checkmark$	0.015	0.014	0.014	0.019	0.015
Cementitious materials defined	tonnes			✓	23,225,872	24,192,935	23,712,206	22,052,855	
Average SOx specific concentration	g/tonne cement			~	139.4	42.5	43	44	
Average NOx specific concentration	g/tonne cement			✓	1,232.2	1,111.3	850	811	
Average Dust specific concentration	g/tonne cement			~	33.7	21.9	16	23	

		GRI Std / GCCA KPIs	SDG Target	Assurance	2017	2018	2019	2020	Target 2020
Energy					2017	2018	2019	2020	Target 2020
Direct /Thermal Energy Consumption		302-1	12.2						
Kiln Fuel Consumption									
Coal	TJ			✓	16,871	14,439	15,869	18,261	
Petrol coke	TJ			✓	30,259	32,534	30,741	25,323	
Diesel oil	TJ		7.1,7.2	✓	86	81	83	78	
Alternative fossil and mixed fuels	TJ		7.1,7.2	✓	1,426	1,904	2,032	1,494	
Biomass fuels	TJ			✓	657	895	613	406	
Non-Kiln Fuel Consumption									
Coal	TJ			✓	13,495	13,395	14,823	14,402	
Petrol coke	TJ			✓	3,117	3,296	1,658	1,295	
(Ultra) heavy fuel, bitumen	TJ			✓	54	40	35	82	
Diesel oil	TJ			✓	705	713	678	611	
Alternative biomass fuels	TJ		7.1, 7.2	✓	832	748	834	917	
Total Energy consumption from	TJ			✓	67,502	68,044	67,368	63,827	
Fossil and other fuels	MWh			✓	18,750,571	18,901,043	18,713,323	17,729,736	
Direct Energy Consumed from Wind & Solar Power Generation	Unit (KWh) Crore			$\checkmark$	1.04	0.94	0.97	1.76	
	TJ			✓	37	34	35	63	
	MWh			√	10,408	9,400	9,700	17,581	
Electricity Purchased/Imported (Indirect Energy) (excl. Corp &	Unit (KWh) Crore			$\checkmark$	49	59	60	58	
mktg offices)	TJ			✓	1,761	2,107	2,157	2,103	
	MWh			✓	489,153	585,278	599,151	584,100	565,200
Total Direct & Indirect Energy	TJ			✓	69,300	70,185	69,560	65,993	
Consumption from all sources	MWh			✓	19,250,015	19,495,718	19,322,188	18,331,484	
Total Power Generation	MWh				1,449,759	1,338,100	1,273,007	1,143,871	
Total Renewable Energy Generation	MWh		7.2, 7.3	$\checkmark$	107,580	95,005	101,064	136,255	
Renewable Energy Certificates Purchased	MWh			$\checkmark$	68,921	0	65,506	0	
Total Renewable Energy Purchased or Generated.	MWh			$\checkmark$	176,501	95,005	166,570	136,255	
% of RE generation in total power generation	%			$\checkmark$	7.4%	7.1%	7.9%	11.9%	
RE Consumed as a % of total energy consumed	%			$\checkmark$	0.9%	0.5%	0.9%	0.7%	
Total installed RE capacity	MWh		7.3, 13.2	$\checkmark$	29.39	29.39	29.39	34.53	
Power and fuel expenses	₹ crores			~	2,234	2,550	2,586	2,252	
Thermal energy efficiency	MJ/ton clinker	302-3	7.3, 9.4, 13.2	$\checkmark$	3178	3180	3221	3218	
Thermal energy efficiency	kcal			✓	759,560	760,038	769,836	769,121	
Electrical energy efficiency	KWh/ton cement	302-3	7.3, 9.4, 13.2	$\checkmark$	77.65	76.63	77	77	
Energy intensity based on turnover	MWh/Cr			✓	1878	1776	1702	1641	
LDO consumption	(l/tonne of Clinker)			✓	0.15	0.15	0.15	0.16	
Coal & other Fuels (Industry Norms-800)	kcal/Kg of Clinker			✓	755	756	779	793	

## GRI indicators: Sustainability Performance (2017-2020)

		GRI Std / GCCA KP <u>Is</u>	SDG Target	Assurance	2017	2018	2019	2020	Target 2020
Co-processed Waste (AF used)	tonnes in lakhs		12.5	~	2.58	2.9	3.1	2.8	
Thermal Substitution Rate (% thermal energy from alternative fuels)	%	301-2		✓	4.22	5.61	5.36	4.17	
Biodiversity and resources conservation			15.1.1, 15.2.1, 15.5.1	✓	2017	2018	2019	2020	Target 2020
Total number of limestone quarries			15.3.1	✓	10	10	10	10	
Total land disturbed	На	304 (1,3). MM1	•	$\checkmark$	1,542	1,607	1,618	1,719	
Total rehabilitated area	Ha			✓	155	154	164	169	
Total land disturbed but not yet rehabilitated as presently used for working	На			~	1,387	832	716	1,550	
Approved mining plans of local authorities (% sites)	%	304-1		✓	100	100	100	100	
% of sites with quarry rehabilitation plans in place	%	"304-3, GCCA"		√	100	100	100	100	
Number of biodiversity-sensitive sites				√	2	2	2	2	
Number of biodiversity-sensitive sites with Biodiversity Action Plans in place		GCCA		✓	2	2	2	2	
Number of IUCN Red List species at Ambujanagar and Darlaghat	Critically Endangered			$\checkmark$	1	1	1	1	
sites	Endangered			✓	1	1	1	1	
	Vulnerable			✓	3	3	4	4	
	Near Threatened			$\checkmark$	4	4	21	23	
	Of Least Concern			✓	218	175	175	175	
Water					2017	2018	2019	2020	Target 2020
Specific Operational Fresh Water withdrawal	lit/t cement			✓	68	63	68	77	
% of sites in water stressed area	%			✓	60	23	30.7	39	
Outbound Logistics / Dispatches					2017	2018	2019	2020	Target 2020
Sea (Bulk Cement Ships)	million tonnes			✓	3	3	3	3	
Railways (railway/Rake)	million tonnes			✓	6	6	6	5	
Road (Trucks & Bulkers)	million tonnes			✓	14	15	15	15	
Total	million tonnes			✓	23	24	24	23	
Sea	%			✓	13%	12%	13%	12%	
Rail	%			✓	25%	25%	24%	23%	
Road	%			V	62%	63%	63%	65%	
Road direct dispatch	%			V	60%	57%	55%	60%	
Lead distance	km			✓	281	283	276	278	<b>T</b>
waste management and recycling					2017	2018	2019	2020	larget 2020
Hazardous waste generated	tonnes	306-2	12.4.2	✓	575	511	646	326	
Non-hazardous waste generated	tonnes			✓	362,479	383,200	414,287	342,071	
Total Waste disposed	tonnes		11.6.1	$\checkmark$	133.12	73	45	24	100

		GRI Std / GCCA KPIs	SDG Target	Assurance	2017	2018	2019	2020	Target 2020
Waste reused/recycled/sold				✓	362,920.88	383,638	414,888	342,374	
Waste Mgmt System Data Coverage (%)	%			~	100	100	100	100	
Co-processed Waste (AF used)	tonnes in lacs			✓	2.58	2.9	3.1	2.8	
Plastic Wastes Co-processed	tonnes			✓	52,454	69,082	94,570	83,138	
HDPE Plastic bags used for cement packaging	tonnes			~	37,588	32,008	34,839	33,368	
Plastic Negative Index = Plastic Wastes Co-processed/Plastic packaging bags				✓	1.4	2.2	2.7	2.5	
Total Waste Derived Resource consumed (Fly ash, slag, AF, AR, Syn/phosphogypsum)	million tonnes			~	7.5	7.9	8.7	8.2	
Social Performance					2017	2018	2019	2020	Target 2020
Employment practices			9.2.2	√	2017	2018	2019	2020	Target 2020
Number of Total Employees		102-8		√	5,427	5,058	5,068	5,046	
Management staff				✓	3,728	3,536	3,562	3,548	
Non-Management staff				✓	1,699	1,522	1,506	1,498	
Male				✓	5,296	4,940	4,943	4,921	
Under 30 years of age				✓	484	452	415	442	
30-50 years of age				✓	3,757	3,486	3,248	3,047	
>50 years of age				✓	1,055	1,002	1,280	1,432	
Female		405-1		✓	131	118	125	125	
Under 30 years of age				✓	40	36	36	39	
30-50 years of age				✓	73	72	78	73	
>50 years of age				✓	18	10	11	13	
Female-Top management level			5.1.2	✓	2	2	3	3	
Female-Senior management level				✓	2	3	1	1	
Female-Middle management level				✓	23	22	21	22	
Number of temporary/contractual/ casual Employees		102-8		√	6,818	5,995	6,392	6,057	
Male				✓	6,785	5,972	6,364	6,030	
Female				✓	33	23	28	27	
Number of Employees with Disability		405		✓	21	21	6	11	
New employee hires		401-1	8.3, 8.9	$\checkmark$	340	376	555	142	
Male < 30 years				✓	144	189	243	48	
Male 30-50 years				✓	169	159	265	72	
Male >50 years				✓	5	11	13	9	
Female < 30 years				✓	14	13	19	7	
Female 30-50 years				✓	8	4	15	6	
Female >50 years				✓	0	0	0	0	
Employee turnover (%)		401-1		✓	6	12.36	10.8	6.36	
Notice given for operational changes				~	1 Month	1 Month	1 Month	1 Month	
Employee Engagement Score				~	87%	NA	NA	NA	
Employee grievance procedures in place				$\checkmark$	Yes	Yes	Yes	Yes	
Anonymous grievances submission				$\checkmark$	Yes	Yes	Yes	Yes	

## GRI indicators: Sustainability Performance (2017-2020)

		GRI Std / GCCA KPIs	SDG Target	Assurance	2017	2018	2019	2020	Target 2020
No. of training programs conducted									
Top Management Level				✓	26	68	16	30	
Senior Management Level				✓	81	956	105	150	
Middle Management Level				✓	125	5,457	164	238	
Other org. levels [First Management Level (FML) & Wage Board]				~	172	5,615	172	284	
Total				$\checkmark$	404	12,096	457	702	
Hours of training per employee		404-1			-	-	-	-	
Top Management Level				√	10	3	7	5	
Senior Management Level				√	23	5	14	13	
Middle Management Level				✓	19	4	17	13	
Other organizational levels (First Management Level (FML) & Wage Board)				~	31	6	4	11	
Average of all levels				✓	21	18	6	11	
Ratio of % increase in annual total compensation for the highest-paid individual to the median % increase in annual total compensation for all employees				V	9.6(*)	17.85	-1.36	Highest paid employee did not get any rise in Compen- sation.	
Number of employees who opted for parental leave		401-3		√	3	7	8	7	
Number of employees who resumed office after parental leave				√	3	6	6	6	
Number of employees who are still on parental leave				√	0	1	2	1	
Health and Safety			8.1,8.2	✓	2017	2018	2019	2020	Target 2020
% of workforce represented by committees.	%	403-1		✓	100	100	100	100	
% Plants with joint health and safety committees	%	403-1		√	100	100	100	100	
Plants certified with OHSAS 18000				✓	All	All	All	All	
No. of Safety trainings programs conducted				✓			93,409	71,726	
Directly Employed (own and subcontractors)				✓			9,657	9,482	
Indirectly employed (3 <sup>rd</sup> party service providers)				√			11,506	19,168	
Drivers			3.6, 11.2	√			72,246	43,706	
Number of Fatalities		403-2			-	-	-	-	
Directly Employed (own and subcontractors Onsite)				√	3	2	1	0	
Indirectly employed (3 <sup>rd</sup> party service providers Onsite)				√	0	0	0	0	
Others (Offsite)				✓	2	3	3	0	
Total fatalities				✓	5	5	4	0	
Lost-time injury frequency rate	#/million Hrs.	403-2		~	0.93	0.58	0.4	0.28	

		GRI Std / GCCA KPIs	SDG Target	Assurance	2017	2018	2019	2020	Target 2020
Directly employed (Own & subcontractors onsite)				√	0.86	0.64	0.52	0.33	
Indirectly employed (3 <sup>rd</sup> party service providers on site)				√	0.97	0.54	0.34	0.25	
LTISR				✓	97.17	44.09	13.21	10.75	
LTI & MTI				✓	76	56	36	26	
Occupational Diseased	Nos.	403-2		✓	0	0	0	0	
Occupational Illness Frequency Rate (OIFR)	number/ million work hrs.			~	0	0	0	0	
Community involvement					2017	2018	2019	2020	Target 2020
Community investments or Benefit to communities	₹ crores	201-1		$\checkmark$	58.79	53.46	62.57	53.97	
Health & Sanitation Development	%		3.2	✓	16	23	17	17	
Rural Infrastructure Development	%		1.3,1.5, 9.1, 11.1	✓	16	18	23	16	
Water Resource Development	%		6.1	✓	10	14	14	11	
Skill Based Livelihood	%		4.3,4.4, 8.6	✓	14	15	18	14	
Agro Based Livelihood	%		2.3	✓	10	11	12	11	
Overheads	%			✓	2	3	3	9	
Women Development	%		1.4, 2.2,2.5, 5.1, 5.5, 6.2, 10.3	✓	3	3	3	3	
Education Development	%		4.1, 4.2, 4.3, 4.6	✓	19	12	9	14	
Others (Sports, Donations, Flood relief)	%		2.4	√	9	1	0	5	
Net New Direct Beneficiaries in the year	Number			✓	257,272	307,997	16,6967	11,3301	
Total number of benificiaries in the year	Million	203-1 413-1	11.2	✓	2	2.4	2.6	2.7	
Stakeholder engagement at local level:-Stakeholder dialogues, Need assessment. Stakeholder involvement in CSR planning, Community advisory panels, Community engagement plan.	% of sites	SO1		✓	100	100	100	100	
Employee Volunteering									
Total Hours	Hrs			$\checkmark$	2102	1832	1044	229	
Paid Working Hours	Hrs			✓	1366	1035	788	181	
Monetary value of Paid Working Hours	₹ million			✓	0.73	0.29	0.22	0.05	
Public Policy					2017	2018	2019	2020	Target 2020
Contribution/spending to trade/ commerce/industry associations and initiatives	₹ million				2.7	1.9	1.1	0.73	

# All figures include Ambuja's Standalone financial results. For some environmental parameters, offices & cement transportation terminals are not covered.

Service

Assurance

Sustainability

### Assurance statement



## Independent Assurance Statement

#### Introduction and Engagement

Ambuja Cements Limited (hereafter 'ACL' or 'the Company') engaged TUV India Private Limited (TUVI) to conduct the independent Non-Financial assurance of Integrated Report (hereinafter 'the Report'), which includes "reasonable assurance" of ACL Sustainability information for the applied reporting period, 1st January to 31st December 2020. The remote verification was conducted in January 2021.

#### Scope, Boundary and Limitations of Assurance

The scope of the Sustainability assurance includes following

- Verification of the application of the Report content, and principles as mentioned in the Global Reporting Initiative (GRI) Standards, and the quality of information presented in the Report over the reporting period;
- Review of the policies, initiatives, practices and performance described in the Report;
- Review of the non-financial disclosures made in the Report against the requirements of the GRI Standards
- Verification of the reliability of the GRI Standards Disclosure on environmental and social topics
   Specified information was selected based on the materiality determination and needs to be meaningful to the intended users;
- · Confirmation of the fulfilment of the GRI Standards, in accordance with the "Comprehensive" option;

The reporting boundary is based on the internal and external materiality assessment. All the manufacturing plants of ACL are part of this assurance. The reporting aspect boundaries are set out in the Report covering the sustainability performance of the ACL encompassing below sites.

Integrated Cement Plants with limestone mines: 1. Ambujanagar (Gujarat) 2. Darlaghat (Himachal Pradesh) 3. Maratha Cement Works (Maharashtra) 4. Rabriyawas (Rajasthan) 5. Bhatapara (Chhattisgarh) Grinding Stations: 1. Roopnagar (Ropar) (Punjab) 2. Bathinda (Punjab) 3. Sankrail (West Bengal) 4.

Roorkee (Uttarakhand) 5. Farakka (West Bengal) 6. Dadri (Uttar Pradesh) 7. Nalagarh (Himachal Pradesh) 8. Magdalla (Surat) (Gujarat).

Bulk Transportation Terminals: 1. Muldwarka (Gujarat), 2. Surat (Gujarat), 3. Panvel (Maharashtra), 4. Mangalore (Karnataka), and 5. Kochi (Kerala)

During the assurance process, TUVI did not identify any limitations to the scope of the agreed assurance engagement. No external stakeholders were interviewed as a part of the Sustainability Verification.

#### Verification Methodology

The Report was evaluated against the following criteria:

- Adherence to the principles of Stakeholder inclusiveness, Materiality, Responsiveness, Completeness, Neutrality, Relevance, Sustainability context, Accuracy, Reliability, Comparability, Clarity and Timeliness; as prescribed in the GRI Standards and AA1000AS Version 3 along with AA1000 AP (2018);
- Application of the principles and requirements of the GRI Standards, in accordance with the "Comprehensive" option;

During the assurance engagement, TUVI adopted a risk-based approach, concentrating on verification efforts on the issues of high material relevance to ACL business and its stakeholders. TUVI has verified the statements and claims made in the Report and assessed the robustness of the underlying data management system, information flows and controls. In doing so:

TUVI reviewed the approach adopted by ACL for the stakeholder engagement and materiality

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determination process. TUVI performed the interviews of internal stakeholder engagement to verify the qualitative statements made in the Report;

- TUVI verified the Sustainability-related statements and claims made in the Report and assessed the robustness of the data management system, information flow and controls;
- TUVI examined and reviewed the documents, data and other information made available by Ambuja Cements Limited for the reported disclosures including the disclosure on Management Approach and performance disclosures;
- TUVI conducted interviews with key representatives including data owners and decision-makers from different functions of the ACL during the remote assessments
- TUVI performed sample-based reviews of the mechanisms for implementing the sustainability related policies, as described in ACL Report;
- TUVI verified sample-based checks of the processes for generating, gathering and managing the quantitative data and qualitative information included in the Report for the reporting period.

#### Opportunities for Improvement

The following is an extract from the observations and opportunities for improvement reported to the management of ACL and are considered in drawing our conclusions on the Report; however, they are generally consistent with the Management's objectives. Opportunities are as follows:

- The existing supplier assessment Manual can be calibrated with the contemporary best practices example ISO 20400
- ACL can complete the study of water stress analysis and disclose more robust disclosures following GRI Disclosure 303-3 Water withdrawal
- SBTi Target evaluation following sectoral de-carbonization approach or absolute based targets
  or economic approach may be performed and present targets can be calibrated accordingly
- Organization can accelerate the application of renewable energy at each site to increase the share of renewable energy
- ACL may develop online tool to evaluate the sustainability performance on monthly basis.
- ACL may induct parameter "% diversion of waste from landfill" as one of the reporting disclosures.
- ACL may apply the SROI outcomes to prioritize the CSR projects

#### Conclusions

In our opinion, based on the scope of this assurance engagement, the disclosures on Sustainability performance reported in the Report along with the referenced information provides a fair representation of the material topics, related strategies, and performance disclosures, and meets the general content and quality requirements of the GRI Standards Comprehensive option.

Disclosures: TUVI is of the opinion that the reported disclosures generally meet the GRI Standards reporting requirements for in accordance with the "Comprehensive" option. ACL refers to general disclosure to report contextual information about ACL while the Management Approach is discussed to report the management approach for each material topic.

Universal Standard: ACL followed GRI 101: Reporting Principles for defining report content and quality, GRI 102: General Disclosures were followed when reporting information about an Organization's profile, strategy, ethics and integrity, governance, stakeholder engagement practices, and reporting process. Furthermore, GRI 103 was selected for Management's Approach on reporting information about how an organization manages a material topic. TUVI is of the opinion that the reported specific disclosures for each material topic generally meet the GRI Standards reporting requirements in accordance with the "Comprehensive" option; .

Topic Specific Standard: 200 series (Economic topics), 300 series (Environmental topics) and 400 series (Social topics); These Topic-specific Standards were used to report information on the organization's impacts related to environmental and social topics. *TUVI is of the opinion that the reported material topics and Topic-specific Standards that ACL used to prepare its Report are appropriately identified and addressed.* 

On the basis of the procedures we have performed, nothing has come to our altention that causes us to believe that the information subject to the Type 2 moderate level assurance engagement was not prepared, in all material topics, in accordance with the "Comprehensive" option. Sustainability reporting guidelines, or that the Sustainability information is not reliable in all material respects, with regards to

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## Assurance statement



the reporting criteria.

ACL procedures on the prospective information, such as targets, expectations and ambitions, disclosed in the Sustainability Information are at discretion of organization. This assurance statement has been prepared in accordance with the terms of our engagement. Type 2 moderate level assurance engagement with respect to sustainability related data involves performing procedures to obtain evidence about the sustainability information. TUVI has evaluated below requirements in context of GRI Standards along with assurance of the scope 1, 2, 3, GHG emission of ACL.

Inclusivity: Stakeholder identification and engagement is carried out by ACL on a periodic basis to bring out key stakeholder concerns as material topics of significant stakeholders. In our view, the Report meets the requirements.

Materiality: The materiality assessment process has been carried out, based on the requirements of the GRI Standards, considering topics that are internal and external to the ACL range of businesses. The Report fairly brings out the aspects and topics and its respective boundaries of the diverse operations of ACL. In our view, the Report meets the requirements.

Responsiveness: TUVI believes that the responses to the material aspects are fairly articulated in the report, i.e. disclosures on ACL policies and management systems including governance. In our view, the Report meets the requirements.

Impact: ACL communicates its sustainability performance through regular, transparent internal and external reporting throughout the year, aligned with LafargeHolcim (LH) Guidelines, GRI, WBCSD Cement Protocol, GCCA, CDP and DJSI as part of its, policy framework that include Environmental Policy, Sustainability Policy, Climate Change Mitigation Policy, Corporate Social Responsibility Policy etc. ACL reports on sustainability performance to Board of Directors, who oversees and monitors the implementation and performance of objectives, as well as progress against goals and targets for addressing sustainability related issues. ACL has established non-financial KPIs aligning with LH Targets, CDP, DJSI, GCCA and WBCSD. ACL completed the process of establishing contemporary goals and targets against which performance will be monitored and disclosed periodically.

TUVI expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement. The intended users of this assurance statement are the management of ACL. The management of the ACL is responsible for the information provided in the Report as well as the process of collecting, analyzing and reporting the information presented in web-based and printed Reports, including website maintenance and its integrity. TUVI's responsibility regarding this verification is in accordance with the agreed scope of work which includes non-financial quantitative and qualitative information (Sustainability Performance) disclosed by ACL in the Report. This assurance engagement is based on the assumption that the data and the information provided to TUVI by ACL are complete and true.

## TUV's Competence and Independence

TUVI is an independent, neutral, third-party providing Sustainability services, with qualified environmental and social assurance specialists. TUVI states its independence and impartiality with regard to this assurance engagement. In the reporting year, TUVI did not work with ACL on any engagement that could compromise the independence or impartiality of our findings, conclusions and recommendations. TUVI was not involved in the preparation of any content or data included in the Report, with the exception of this Assurance Statement. TUVI maintains complete impartiality toward any people interviewed during the assurance engagement.

For and on behalf of TUV India Private Limited



Manojkumar Borekar Project Manager and Reviewer Head – Sustainability Assurance Service



Date: 23/02/2021 Place: Mumbai, India Project Reference No: 8118826310 www.tuv-nord.com/in

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