Ambuja Cement

Ambuja Cements Limited

SUSTAINABLE DEVELOPMENT REPORT 2018

GRI Standards

Comprehensive

Compliant

Head office:
Elegant Business Park,
Behind Kotak Mahindra Bank
MIDC Cross Road 'B',
Off Andheri - Kurla Road,
Andheri (E), Mumbai 400 059.

Tel.: 022 6616 7000 / 4066 7000

www.ambujacement.com

VISION

To be the most sustainable and competitive company in our industry.

MISSION

To create value for all

- Delighted Customers
- Inspired Employees
- Enlightened Partners
- Energised Society
- Loyal Shareholders
- Healthy Environment

Sustainable Focus 2018

CIRCULAR ECONOMY

Contents

Message from the Chairman 04

Message from the MD & CEO 05

Promoting Circular Economy 06

Sustainability — The essence of our existence 10-25

Organisation Profile 11
Report Profile, Material Aspects and Boundaries 14
Stakeholder Engagement 16
Key Impacts, Risks and Opportunities 19
Business Risk Management 20
Sustainability Strategy 22
Corporate Governance 23

Business — Moving past the blocks 26-33

Economic Performance 27
Product Quality Management 28
Sustainable Construction 29
Responsible and Sustainable Products 30
Customer Support and Satisfaction 30
Sustainable Supply Chain 31

Environment— Being Future ready 34-47

A Green Footprint 35
Energy Management 36
Natural Resource Management 37
Water Management 38
Carbon and Other Emissions 40
Responsible Mining 43
Biodiversity Management 45
Circular Economy- 'Waste as Wealth' 46

Society — Co-creating True Value 48-76

Empowering Communities 49
Employees.....Our Strategic Asset 58
Towards 'Zero Harm' 62
Respecting Human Rights 64
Compliance Management 65
SDG Mapping 66
Sustainability Performance (2015-2018) 68
Independent Assurance Statement 73
Awards and Accolades 76

Chairman's Message

In recent years, there has been an upsurge on awareness and action on environment issues and hence, sustainability too. Businesses have been playing a significant role in working around these issues to ensure sustainability. Indeed, the world is becoming increasingly circular now.

Closer home, Ambuja Cement has ever since its inception focused on creating engaged, content communities with enhanced livelihood, environmental protection, sustainable construction solution and more efficient utilization of resources like water, land, energy and minerals. 'Circular Economy' in our production processes has always been prevalent – from utilizing waste material and fuel to replacing our energy requirement practices. It was clear that virgin resources are to be utilized to a bare minimum.

In this context, I am delighted to present our 12th Sustainable Development Report (in accordance with Global Reporting Initiative (GRI) Standards: Comprehensive) for the year 2018 themed on 'Circular Economy', one of the four pillars of our **Sustainable Development Ambitions 2020-2030**. The other pillars are **Climate and Energy, Environment and Community**. The Board of Ambuja Cement has been continuously delving on these aspects to implement better practices and solutions so as to make the Company agile on its sustainability path. Board level CSR and Sustainability Committee are also instrumental in monitoring of sustainability progress from time to time.

Reflecting the country's economic sentiment, the cement sector displayed impressive growth of about 9% in 2018 on the back of infrastructure (roads and metros, in particular) and construction projects and the government's "Housing for All" program (rural and urban). Implementation of the Real Estate (Regulation and Development) Act, 2016 too brought a paradigm shift in the construction sector by making the sector transparent. Robust demand was reflected in the fact that capacity utilization in 2018 improved by 2-3% as compared to the previous year despite expansion. Ambuja Cement's production increased by about 6% to 24.34 million tonnes, domestic cement sales volume increased by 5.4% to 24.18 million tonnes and the net sales increased by 7.1% to ₹ 10,977 crores in 2018. The Master Supply Agreement, a maiden initiative by Ambuja and its subsidiary ACC, helped unlock mutual benefits from various areas of synergies for both companies.

In the last one year, through our group's **Strategy 2022 - "Building for Growth"**, we have focussed on all four value drivers (Growth, Simplification & Performance, Financial Strength, Vision & People). This strategy has enabled us to shift gears and grasp every opportunity to grow both our top and bottom line which we want to take forward in 2019.

It is very gratifying that Ambuja is increasingly gaining global recognition as a Sustainable company – the latest feather in our cap is being ranked # 5 amongst the top 10 companies in the internationally renowned Dow Jones Sustainability Index 2018 assessment in the Construction Material category- an improvement of two notches from the previous year.

It gives me immense satisfaction that our CSR arm, the Ambuja Cement Foundation (ACF), has in last 26 years of its operations, expanded to 30 locations spread across 11 states on issues ranging from Water Resource Development, Agricultural Livelihoods, Skill and Entrepreneurship Development, Community Health and Sanitation, Women Empowerment to Education, with projects suiting the needs of the geography and community. These programmes are implemented in partnership with different government agencies, development agencies and corporates. Today, ACF is reaching out to over 950 villages and a population of about 2.4 million people in the country. In 2018, we spent INR 53.46 crore on CSR which is over 4% of the average net profit of the last three years.

On behalf of the Board, I thank all our valued stakeholders whose suggestions and feedback further strengthened our resolve – to be a sustainable company.

N. S. Sekhsaria
Chairman

MD & CEO's Message

Megatrends of population growth, urbanization and aspiration for higher living standards offer unprecedented opportunities for growth to cement industry. However, these trends also challenge our planet through increased carbon emissions, depletion of natural resources and an increase of waste. As India develops, solutions for sustainable prosperity are needed.

At Ambuja, we are committed to make meaningful contribution towards sustainable progress along the entire value chain. Our 2030 Sustainable Development vision for environment is built on four strategic drivers: **Climate and Energy, Circular Economy, Environment and Community.**

We are proud of being the most carbon efficient in India's cement industry. Net carbon emissions have reduced to 529.6 kg CO2/tonne of cement (31.4% lower as compared to our 1990 baseline) and also reduced clinker-to-cement ratio which indicates less consumption per tonne of product that was done by using alternative fuels, raw materials and improving efficiency in our processes.

Ambuja provides waste management solutions under the brand Geocycle. In 2018, we fed 0.3 million tonnes of waste into our kilns as alternative fuels and attained a Thermal Substitution Rate (TSR) of 5.6%, higher by 33% over previous year. We also co-processed a whopping 69,000 tonnes of plastic waste in our kilns – twice the total plastic used in cement bags thus offsetting our plastic use. Moreover, about 8 million tonnes of waste derived raw materials such as fly ash and slag generated by power stations and steel plants were used – thus bringing down our Clinker Factor to as low as 65% in the production of low carbon Pozzolana Cement (PPC) and composite cement. As a result, a considerable amount of fossil fuel and natural raw materials were saved in our production process.

In the last two years, we have reduced fresh water withdrawal in our cement plants by around 14% or 11 litres per tonne of cementitious material. We have taken initiatives to increased awareness on water usage and also refined our measurement methodologies to focus on our total impact on water resources in communities where we operate, particularly in water-scarce areas. These measurements are expected to enhance our focus on the most vulnerable areas. We already have a net positive water impact and **Ambuja Cement is now six times water positive.**

Our CSR arm, the Ambuja Cement Foundation (ACF) has focused on economic wellbeing, women empowerment, skill development and environmental issues, creating meaningful impact on the communities surrounding the operations of Ambuja Cements. The implementation engine of ACF is so strong that every village touched by its activities has seen an improvement in crop yield, water conservation, reduction in infant mortality and enhanced economic and social engagement of women.

On health and safety, our commitment is reflected in two plants that accomplished 'Zero Harm' and seven sites recorded 'Zero Lost Time Injury' (LTI). We achieved 34% reduction in total onsite injuries, 31% reduction in Total Injury Frequency Rate (TIFR) and 37% in Lost Time Injury Frequency Rate (LTIFR). Unfortunately, there were two on-site fatalities in 2018. Absolute 'Zero Fatality' remains our biggest resolve and we hope to achieve this soon.

Ambuja continually innovates to fulfill significant unmet needs of its customers in a more environmentally favourable manner. Our new products and solutions - Ambuja Compocem (composite cement), Ambuja Cool Walls (environment-friendly blocks), Ambuja Modular Curing Solution (a water-saving green alternative for curing), Rooftop Rainwater Harvesting (for water conservation and storage) and Ambuja Pura Sand (manufactured sand for plastering) - play the dual role of fulfilling important customer needs and significantly conserve natural resources.

It was a proud moment when Ambuja was ranked #5 on the Dow Jones Sustainability Index (DJSI) Corporate Sustainability Assessment 2018, in the Construction Material category - clearly a testimony to our focus on sustainable development.

Without doubt, we are still on the journey to realise our vision as the most sustainable cement company in India and globally. We will continue to test and challenge our own performance each year and commit to set even higher benchmarks for the industry. I look forward to receiving valuable feedback and suggestions from all our stakeholders. I also take this opportunity to thank you all for the continued trust and support bestowed on us.

Bimlendra Jha
MD & CEO

> From plastic to agricultural waste, multiple sources are gathered and sustainably recycled in our cement plants.

Promoting Circular Economy

As a cement company we are committed to support constructive building; that includes building a greener future. We want to make a difference by tackling the increasing waste and pollution on the planet.

Under the aegis of our Geocycle brand, we offer sustainable long term waste management solutions through cement kiln-based co-processing.

The waste that would have ended up in landfills and forests goes into a circular economy instead. From plastic to agricultural waste, multiple sources are gathered and sustainably recycled in our cement plants.

The substitution helps conserve natural resources, while improving the area's carbon footprint.

Globally, LafargeHolcim Group has a vision for a more sustainable future by 2030.

Waste will be used as a source of fuel and concrete will be recycled for use as a raw material aggregate in the building process. The Group extracts value from waste and provides sustainable waste management solutions to the surrounding communities in which it operates.

Ambuja Cement follows the same ethos. We offer long term sustainable solutions to industry and intend substantially to reduce waste generation through recovery, recycling and reuse.

> The group will aim to use waste as a source of fuel and to recycle concrete for use as a raw material aggregate in the building process.

> We co-processed ~69,000 tonnes of plastic waste from the market making Ambuja Cement two times plastic negative.

Since inception, Ambuja Cements Ltd has incorporated the concept of resource conservation and efficiency as well as waste minimisation in manufacturing.

Over the course of the year we focused on encouraging circular economy usage, renewable energy and sustainable product solutions.

Our product portfolio includes more than 90% low carbon cement. The clinker in our final cement products is substituted with alternative mineral components such as fly ash from the power industry and blast furnace slag from the iron and steel industry. This has helped us reduce the carbon intensity of the cement and develop a range of sustainable products and solutions.

7.1%

Renewable energy generated of the total energy generation

0.3 million tonnes

Of Alternative Fuels used in our manufacturing process of the total 8 million tonnes of alternative fuels and raw materials used by the Company

~31% reduction

In net specific CO_2, over the base year 1990 and 4% less than 2017 level

We have set ourselves sustainable development targets for 2030 with intermediate targets for 2020.

We aspire to be a leader in sustainability and set new standards for the construction industry. Our targets take into consideration the needs and aspirations of all our stakeholders. Business growth is assured with a promise to create at the same time a robust, greener environment.

Circular Economy

2020

We will use 9 million tonnes of waste derived resources per year

2030

We will use 13.5 million tonnes of waste derived resources per year

Sustainability

The essence of our existence.

> Ambuja Cements Ltd aims to improve its economic, environmental and social performance with a focus on circular economy in the entire value chain of the business.

ORGANISATION PROFILE GRI-102, SDG-8, 9

Ambuja Cements Limited (ACL), established in 1986, is one of India's leading cement manufacturing companies. Our product portfolio includes low carbon Pozzolana Portland Cement (PPC) and Pozzolana Composite Cement (PCC). Our other new products are AAC Cool Blocks and M-Sand. The Company has a significant footprint across the western, eastern and northern markets of India, with customers ranging from individual house builders (IHBs) to national (private and Government undertakings) and international construction firms. In line with its long term sustainable development targets, Ambuja Cements Ltd aims to improve its economic, environmental and social performance with a focus on circular economy in the entire value chain of the business. The total cement production for 2018 was 24.30 MT against the annual capacity of 29.65 million tonnes per annum (MTPA). Our employee strength stood at 5,058.

5058
Employee strength

Nature of Company Ownership

Ambuja Cements Limited (ACL) is a public limited company listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, the majority shareholder being Switzerland-based LafargeHolcim Limited. The GDRs issued by the Company are listed on the Luxembourg Stock Exchange. Further details on the shareholding pattern are provided in the Annual Report 2018 on pages 85 and 144. The link to the online Report on the Company website is https://www.ambujacement.com/investors/annual-reports.

ACL Footprints: Pan India

Integrated Cement Plants

1. Ambujanagar, Gujarat
2. Darlaghat, Himachal Pradesh
3. Maratha Cement Works, Maharashtra
4. Rabriyawas, Rajasthan
5. Bhatapara, Chhattisgarh.

Grinding Units

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, Gujarat.

Bulk Cement Terminals

1. Muldwarka, Gujarat
2. Panvel, Maharashtra
3. Kochi, Kerala
4. Surat, Gujarat
5. Mangalore, Karnataka

Head/Corporate Office:
Ambuja Cements Limited, 'Elegant Business Park', MIDC Cross Road – 'B', Andheri-Kurla Road, Andheri (East), Mumbai – 400 059.

Registered Address:
P.O. Ambujanagar, Taluka Kodinar, District Gir Somnath, Gujarat – 362 715.

LafargeHolcim (LH) Ltd.

With global presence and a focus on cement, aggregates and concrete, LafargeHolcim (SIX Swiss Exchange, Euronext Paris: LHN, www.lafargeholcim.com) is the world leader in the building materials industry. With a commitment to drive sustainable solutions in the resource-intensive cement manufacturing industry, the Group is best positioned with its circular and green economy model to meet the challenges of increasing urbanisation.

Ambuja Cement Foundation (ACF)

Ambuja Cement Foundation is the corporate social responsibility (CSR) arm of Ambuja Cements Limited, and was formally registered in 1993. ACF works with the communities surrounding Ambuja Cement's existing and proposed manufacturing locations. As of today ACF has a well-established network across 11 states covering 21 locations in India.

Techport

Techport is the regional manufacturing support organisation (RMSO) for South Asia, including ACC and Ambuja Cements Limited in India, and LafargeHolcim in Bangladesh. It provides technical support services and solutions to both ACC and Ambuja Cements Limited in India with a well-equipped team of qualified technical experts.

Holdings, JVs and Joint Ventures and Subsidiaries

As on 31st December 2018, the Company had one holding company, two joint ventures and six subsidiary companies. Except for our subsidiary ACC Limited, the business activities of the other subsidiaries are not material in relation to our business activities. For more details on holdings, subsidiaries and associate companies, please refer to page 84 of our Annual Report 2018. The link to the online Report on the Company website is https://www.ambujacement.com/investors/annual-reports GRI 102-45, SDG-9

External Engagement, Memberships and Partnerships SDG-17

We work closely with different business chambers for advocating good practices in the industry and policy interventions in environment, governance and administration, inclusive development policies (such as implementation of SDGs), climate change, water and energy security and sustainable business principles. Ambuja Cements Ltd is an active member of the 'SDG Agenda 2030 South Asia Initiative' of Global Reporting Initiative (GRI) South Asia and CII. We are also associated with the 'Global Cement Sustainability Initiative (CSI) Forum on Sustainable Development Goals (SDGs)' and the 'CEOs' Round Table on SDGs' by the World Business Council for Sustainable Development (WBCSD), as one of the co-chairs of the 'SDG Road Map for the Cement Industry' under the aegis of the CSI. During 2018, Ambuja also became a corporate member of the 'CII-NITI Ayog Partnership on SDGs' initiative to enhance reporting and actions on SDGs in the Indian corporate sector.

The Company is a member of the following industry associations: GRI 102-13, SDG- 9, 11

- Confederation of Indian Industry (CII)
- The Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- Bombay Management Association (BMA)
- Indian Merchants' Chamber (IMC)
- Bombay Chamber of Commerce and Industry (BCCI).

The Company also endorses various economic, environmental and social charters, principles, or other initiatives, some of which include: GRI-102-12

- Cement Sustainability Initiative (CSI) of World Business Council for Sustainable Development (WBCSD)
- Indian Business Biodiversity Initiative (IBBI)
- Leaders for Nature (LfN) India
- Global Compact Network India (GCNI) of UN Global Compact (UNGC)

The main objectives of the above associations are knowledge sharing, and providing consultative and representative services to the organisation. These forums operate through multi-lateral Councils.

There is no spending by the Company towards lobbying or influencing public policies. No sugar taxes are paid. However, we incur expenditure towards membership of these organisations, sponsorship and participation (but not individual training) fees for workshops/conferences etc. (refer to the table at the end for the total expenditure). The expenditure incurred includes the following organizations - CII (INR 14,24,452), WBCSD (INR 4,20,367) and BCCI (INR 88,500).

> "Ambuja Cements Ltd. is an active member of the 'SDG Agenda 2030 South Asia Initiative'"

REPORT PROFILE, MATERIAL ASPECTS AND BOUNDARIES

Report Profile GRI 102-46 to 102-56

This is our 12th Sustainable Development Report conforming to GRI Standards 'In Accordance – Comprehensive' criteria. The Report reflects our continual and structured efforts towards improving disclosure of our triple bottom-line performance aimed at further enriching stakeholder relationships during the annual reporting cycle for this Report, i.e. January to December 2018. Our Sustainability Performance Data and Independent Assurance Statement are provided at the end of the Report. The previous Sustainable Development Report 2017 was released in June 2018, conforming to GRI Standards 'In Accordance – Comprehensive' criteria and as per established practice, assured by a third party. The Sustainable Development Report is brought out in addition to the Annual Financial Report and Ambuja Cement Foundation's Annual Report. We continued to include a chapter on 'Integrated Report' in our Annual Report for the year 2018 also. The economic performance reported is in line with the Company's audited annual results prepared in accordance with the Companies Act, 1956. The Company has not included subsidiaries and their performance indicators. We have a robust mechanism for reporting performance in all three areas of evaluation, i.e. economic, environmental and social. Preparation of the Sustainability Report is reviewed by Top Management through Corporate Sustainability Steering Committee (CSSC) meetings. This Committee reports to the Board-level 'CSR & Sustainability Committee' for an apex-level review of all sustainable development-related activities undertaken by the Company. Ambuja Cements Ltd follows systems incorporated by LafargeHolcim and reports data yearly through online mechanisms or standard information carrier sheets. LafargeHolcim Accounting and Reporting Practices (LHARP) are used for all financial information; and iCare for performance on various environmental, social, human resource and stakeholder aspects.

This Report is externally assured by M/S TUV India Private Limited as per AA 1000 Assurance Standard and the Assurance Statement is a part of this Report. There is no relationship between the organisation/employees and the assurance providers. All concerned departments and functions participated in the report assurance process.

Contact Person for your suggestions/feedback GRI 102-53

Mr. Sandeep Shrivastava, Head — Corporate Environment and Sustainability, Ambuja Cements Ltd., 228, Udyog Vihar Phase-I, Gurgaon (Haryana) – 122016. Phone: 0124-4565311. E-mail: sustainability@ambujacement.com

Report Content and Boundary GRI 102-46

An extensive stakeholder engagement and due diligence exercise was carried out during early 2018 to understand the material issues faced by the organisation. The engagement exercise included stakeholder groups over a period of two months and the topic boundary was defined with high importance material topics. We engaged carefully with all our stakeholders in the value chain of the business while compiling the information on actions and projects undertaken to address our material issues. However, we welcome our readers' valuable feedback to further enrich the quality of our Report.

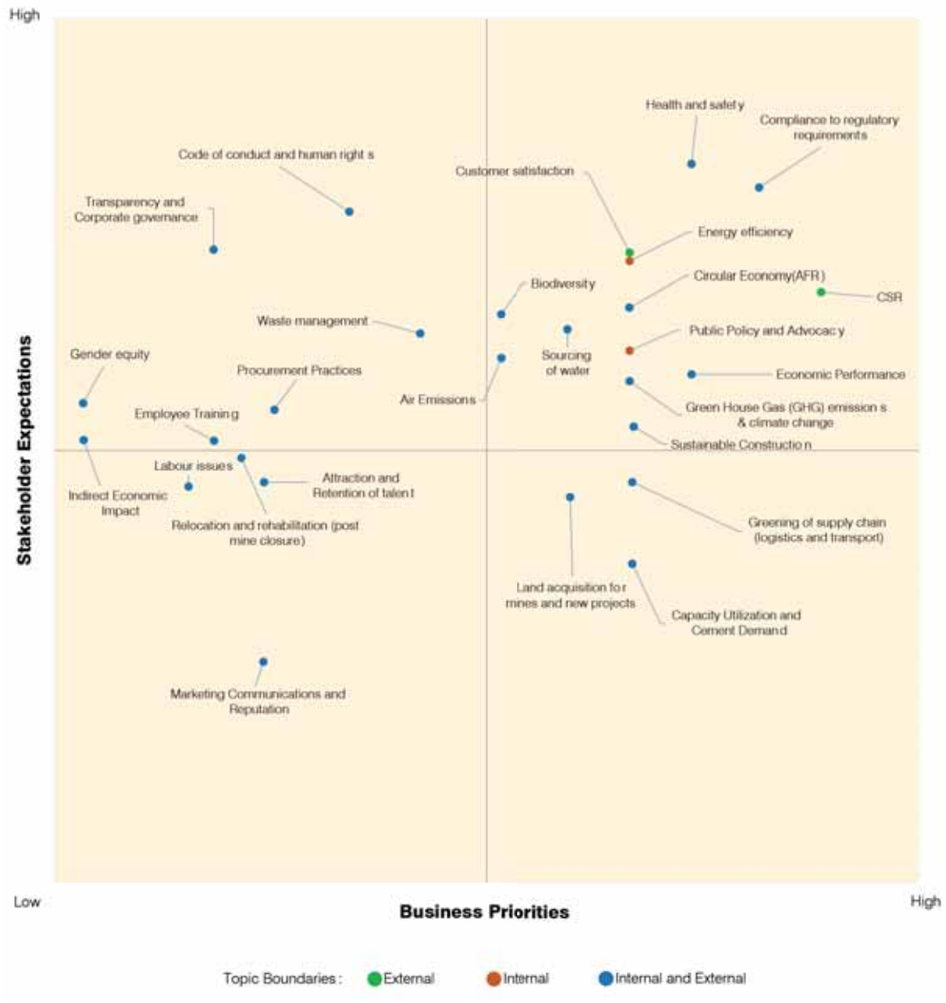
The aspect boundaries and content have been defined using reporting principles prescribed in the GRI Standards. The Report covers all operations and businesses of the Company that fall under its direct operational control; it excludes subsidiaries, JVs, associate companies and channel partner/ dealer networks which are beyond its direct operational control. The detailed financial disclosures of the Company are covered in our Annual Report 2018, available on the Company website. The material aspects that have been covered in the Report are result of a comprehensive materiality assessment carried out in 2017. The Disclosure on Management Approach (DMA) in the Report describes the Company's approach to the relevant subjects; and the indicators provide the trend of performance on the specific subjects. Wherever appropriate, references of other publications and web links are provided to maintain the consistency and comparability of the data.

The Company value chain includes all cement plants, bulk cement terminals, limestone mines, sales and marketing offices, channel partners, suppliers, and product design processes. There are no significant changes from the previous reporting periods in the scope and aspect boundaries and supply chain. There were no changes in the Company ownership during the year. For all the aspects, a detailed perception study was conducted, and all our key stakeholder groups have been included in the topic boundary. GRI 102-9, 102-10

Material Topics GRI 102-47

In early 2018, a comprehensive stakeholder engagement exercise was carried out, based on a well-defined, closed-loop approach which included identification of stakeholders, prioritisation, engagement strategy development, preparation and implementation of the action plan that completed the feedback loop of the system. The principles of completeness, responsiveness, transparency, collaboration, inclusiveness and integrity were addressed in alignment with the Company values.

The boundaries of all material topics which are under the purview of direct operational control of Ambuja Cements Limited (ACL) but not those of its subsidiaries have been identified. However, we also focus on the overall impact from the operations of our subsidiaries in order to drive positive change towards sustainability across the value chain. There are no restatements of information provided in previous reports or any effect thereon. There are no mergers or acquisitions, or change of base years/periods, nature of the business, or measurement methods. In terms of the size of the Company, there were no significant changes.
GRI 102-45, 102-48, 102-49, 103-1, SDG-17



STAKEHOLDER ENGAGEMENT

Ambuja Cement Limited's mission is to create value for all its stakeholders. The Company has a structured framework to engage with different types of stakeholders and address their key concerns.

Approach to Stakeholder Engagement (Frequency by Type) GRI 102-40,102-43, SDG-17

Stakeholder	Mechanism of Engagement	Frequency
Shareholders and investors	Annual General Meeting, Investor Grievance Cell, Board meetings/communications, Annual Report	Annual
Dealers and suppliers	Channel Satisfaction Survey, Grihalakshmi Conference, annual meeting, marketing meetings	Once in two years Annual Continuous process
Customers	*Technical Services team camps, workshops, seminars, site visits	Spread across the year
Employees	Employee Engagement Survey	Once in two years
	Department-specific meetings and newsletters	Continuous process
	Magazines — I CAN, I SIGHT	Quarterly/monthly
	Townhall, functions & programmes	Continuous process
Community and NGOs	*Ambuja Cement Foundation, Community Advisory Panel, Site-Specific Impact Assessment#	Continuous process
Government and regulatory authorities	Compliance with laws, representations regarding proposed legislations	Continuous process
Media	Press briefings/invitation to events, Site Specific Impact Assessment#	As and when basis
Construction professionals	*Foundations: Ambuja Knowledge Centres, Ambuja Technical Literature Series	Continuous process
Industry associations	Committee meetings, policy papers, tele-cons, delegation	As and when basis

** Dedicated vehicles of engagement*

Site Specific Impact Assessment (SSIA) conducted by the ACL-ACF team is a site specific systematic stakeholder-inclusive approach to obtain a comprehensive overview of the plants' impacts by capturing the perceptions of all stakeholders at the local level; it helps to identify risks and opportunities. The assessment includes both internal and external stakeholders of the site. Interviews and focused group discussions are conducted, involving the plant management team, employees, contract workers, trade unions, truckers, community members, contractors and local authorities. SSIA enables the Company to develop the necessary action plans and address potential risks. The progress of these action plans are discussed at the site during the Unit Sustainability Steering Committee meetings and also at the Corporate Sustainability Steering Committee meetings. Apex-level monitoring is carried out by the Executive Committee and the Board-level CSR & Sustainability Committee.

Basis for Identification and Prioritization of Stakeholders GRI 102-42, SDG-17

Key stakeholders were identified and prioritised on the basis of the following attributes:

- Stakeholders directly/indirectly impacted or influenced by the business activities
- Stakeholder inclusivity
- Business dependency and criticality of the stakeholder
- Identification by Senior Management from different functional areas
- Peer companies' stakeholders

Through the above approach, the following key stakeholders were identified in accordance with GRI and were engaged as a part of the Report preparation process. Key topics/concerns raised by different stakeholder groups during the engagement process along with the Company's approach towards these issues are presented in the table below. GRI 102-44, SDG-17

Stakeholder Group / Key Topics	Short Description	Company Response
Customers • Affordable product • Brand image • Customer satisfaction • Greenhouse gases (GHG) and climate change	• Affordable branded products. • Customer satisfaction and retention amidst emerging competition. • Company's climate strategy to reduce products' environmental impacts. • Product use knowledge to save resources with less impact on the environment.	• ACL is developing sustainable products and services that reduce the consumption of energy and other resources for the customer. This will also lead to increased customer satisfaction & retention and enhanced brand image. • Our knowledge sharing initiatives create great value for our customers and end users.
Investors • Economic performance • Reputation	• Apprehension to invest in the cement sector since supply is more than demand. • Public advocacy on green cement. • Cost savings and optimum utilisation of existing resources.	• Collaborating with different stakeholders to promote sustainable products. • Positive vibrations in the Indian economy and Government initiatives like 'Make in India' and 'Smart Cities' are increasing the demand for cement. • Deploying innovative approaches such as sea transportation to encourage cost savings.
Employees • Health and safety • Regulatory compliance	• Health & safety at workplace. • Employee leadership and development programmes.	• Various safety awareness programmes are in place. 'Zero Harm' is one of our topmost priorities and a part of our mission statement.
• Training and development	• Regulatory compliance is getting stringent over time.	• Training programmes conducted by external institutes to nurture leadership at all levels. • Transformational initiatives like 'Founder's Mentality' and 'I Can' drives the right mindset in the Company's leadership.

Stakeholder Group / Key Topics	Short Description	Company Response
Community and NGOs • Social projects • Sustainable mining practices • Health and safety (H&S) • Water consumption • Relocation and rehabilitation	• Continued positive engagement in the existing CSR programmes. • Sustainable mining, water conservation and land reclamation practices. • Health and safety of stakeholders in operations and logistics.	• Ambuja Cement Foundation (ACF), our CSR arm, attends to the needs of the community. • Our Skill and Entrepreneurship Development Institutes (SEDIs) foster self-employment and livelihood development. • Water conservation projects, land reclamation and biodiversity action plans are in place. • Social Return on Investment (SROI) study conducted for our water resource management projects revealed returns in the range of 5 to 13 times the investment in Kodinar (Gujarat), Rabriyawas (Rajasthan), and Darlaghat (Himachal Pradesh) regions. • In-cab training provided to limestone vehicle drivers resulted in a drop of injuries by 70% and 20% at Ambujanagar and Darlaghat respectively.
Suppliers • Supply chain management • Certification of suppliers • Suppliers' knowledge programmes to reduce their risks Addressing supplier grievances	• As a strong brand, procurement standards followed by ACL are very transparent and helpful to improve their capacity utilisation in lean seasons.	• Systematic efforts are made to build and maintain long term relations with suppliers. • Regular focused group approach is followed to strengthen supplier relationships, listen to and address transporters' concerns. • Handholding is provided for vendor development through our supplier assessment practice.
Dealers • Reputation • Suppliers' and dealers' network • Customer satisfaction	• Brand reputation plays a key role in earning customer satisfaction. • High level of customer satisfaction fosters the business.	• Various engagement activities and feedback mechanisms are conducted to measure and monitor channel partner satisfaction (NPS, Satmetrix, etc...).
Government and regulatory agencies • Regulatory requirements and compliance • Product innovation and standards	• Product innovation that leads to resource efficiency. • Environmental norms are getting more stringent by the day. The Company must ensure that it meets all future requirements, howsoever stringent.	• ACL ensured compliance in all areas. • New emission control equipment is installed to comply with standards for the cement sector in India. • Product innovation and BIS certification are proactively followed.

KEY IMPACTS, RISKS AND OPPORTUNITIES

Imbibing sustainable development in operations planning addresses risks that may adversely impact our business, and also helps to identify opportunities in the challenges. Our approach to risk and strategy focuses on issues that we have identified as most material to our business. This analysis helps us assess our overall risk exposure and supports the strategic decision-making process to maximise the opportunities. The outcome is a result of a detailed materiality assessment done in 2018 with our various stakeholders.

Risks and/or Opportunities	Company Initiatives
Energy: Energy cost is the major contributor to the total cost of cement manufacture. Coal and petcoke price escalations, stressed supplies and faltering quality continue to remain major areas of concern.	We are constantly working towards reducing energy consumption through measures such as process improvements, greener fuels and increased production of blended cements. The Company seeks to protect itself from the risk of energy price inflation by diversifying fuel sources, including the use of alternative fuels, and by negotiating long term supply contracts
Water Availability: Availability of water has become a significant risk area, considering the mounting pressure on the available water resources. Our operations require water for use in cooling, dust suppression, and domestic needs. Non-availability of ready and continued water supply at manufacturing sites owing to unpredictable weather patterns, coupled with increase in costs for water procurement, may pose risks to our operations.	ACL has been a leader in water conservation, utilisation and harvesting. All our plants track fresh water withdrawal, consumption and efficiency through monthly Water Management Reports (WMRs). Performance of Water KPIs is discussed by the Sustainability Committee and executive committees of the Top Management. ACL's SD 2030 Plan lays down a target to reduce specific fresh water withdrawal by 15% by 2030.
Sustainable Construction/Green Building: Sustainability is assuming a greater importance in the construction business. It means ensuring optimum resource utilisation and minimising environmental impact of various materials. Projects are increasingly being evaluated in terms of the impact on the environment and society. There is a likelihood of strong regulatory measures to promote the use of environment-friendly materials. This is also a great opportunity to launch innovative products that add value and provide environmental benefits during downstream use.	ACL has placed very high priority on sustainable construction with internal product development, R&D and technical services to consumers. We are trying to address sustainability issues in the construction sector through Ambuja Knowledge Centre for Sustainable Construction (29 centres). More than 90% of our product portfolio is low carbon fly ash-based PPC. We also produce composite cement. Other products like PuraSand and AAC Cool Wall Blocks increase our portfolio of green products by using fly ash, slag and other industrial wastes.
Logistics: Increasing logistics expense is another area of concern for the industry and distribution cost is one of the major costs. Rail is a preferred mode of transport for distances above 250 km; however, rail transport has always been plagued by the short supply of wagons, particularly during the peak period. Policies of the Railways (preference to food and power companies) have been hampering the planned movement of cement to the consumption centres, adversely impacting the production schedule and increasing the overall transportation cost of cement.	With ACL leading the way, the Indian cement industry has witnessed a rise in the movement of cement through the sea route to optimise distribution costs. We are continuously working towards strengthening our distribution network along the country's coastline. At the same time we are trying to bring down the distribution and logistics costs by enhancing transportation through the rail network by collaborating with Indian Railways in terms of long term freight revenue commitment and assurance of the supply of wagons.

Risks and/or Opportunities	Company Initiatives
Mining: Limestone and fuel mining are core to cement manufacture. The key challenges associated with mining operations are land acquisition, mineral distribution, mineral quality, biodiversity, ground water table intersection and mine rehabilitation.	The Company extracts limestone from its own captive mines which allow better operational control from the quarry to the finished product with better quality enhancement. State-of-the-art mining techniques, environment-friendly and safe mining ensure minimal disturbance to the people, land and environment. Surface miners which cut limestone without drilling and blasting, and the latest controlled blasting technique which allows mineral extraction with minimal noise and vibration are deployed. We use overland belt conveyor (OLBC) systems for transportation of limestone from the mines to the plant stockpile. Post mining, mine rehabilitation and biodiversity protection are very important aspects in our mines planning and operations. Moreover, ACL is a signatory to the India Business and Biodiversity Initiative (IBBI) of the Confederation of Indian Industry (CII) and GIZ and a member of Leaders for Nature (LfN) program of IUCN.
Local Communities: The Company has manufacturing sites in rural areas of the country. The rural communities are plagued with widespread income inequalities, which often present a source of discontent and social unrest. In addition, there are demographic changes in the society owing to the large inflow of migrant populations, the arrival of truck drivers in the area etc. The communities therefore have high aspirations from the Company. Contented communities help in the smooth running of business.	Ambuja Cement Foundation has institutionalised the process of community engagement over the years. A Community Advisory Panel established in our locations comprises Company and community leaders. It is a platform to discuss issues faced by the community and arrive at a consensus to implement programmes for them. All programmes are rigorously monitored through the Social Engagement Scorecard which maintains a score on activities and programmes of the Foundation through detailed group discussions and interviews with community representatives.
Regulatory Changes: Changes in regulations take place with the growth of the nation, in different areas like environment, tax, competition etc. Non-compliance with these regulations can lead to serious reputational and financial consequences, while compliance too comes at a cost for innovation, alternatives, transformation, and upgradation etc.	Compliance in all areas not only brings business benefits but also makes business sense to ensure continual improvement. New emission control systems have been installed to comply with the new national emission standards for cement industry.

Emerging Risk (long term 3-5 years)

Risks and/or Opportunities	Company Initiatives
Scarcity of Natural Resources: The cement industry is dependent on uninterrupted supply of natural resources like limestone, coal and minerals as raw material and fuel (HSD / LDO) at an optimum cost and quality. Due to the depletion of reserves, this has been a challenging aspect in recent years. Factors such as new regulations, availability, price, currency exchange rate volatility, and depletion of reserves etc have led to a steady increase in cost of raw materials, power and fuel (e.g. from 2010, average cost of grid power has almost doubled and LDO / HSD cost per litre has increased by more than 60%)	ACL recognizes the pressure on natural resources arising out of its nature of business and hence has evolved its portfolio and processes with products and solutions that reduce the risk of unsustainable consumption of natural resources like limestone, fossil fuel and water. Our circular economy model helps us address certain concerns arising from scarcity of natural resources by utilizing waste derived resources. In 2018, ACL consumed 7.9 million tonnes of waste derived resources and plans to increase this to upto 9 million tonnes by 2020 and 13.5 million tonnes by 2030.
Climate Change: Being an energy and resource-intensive industry, climate change poses risks which are evident in our operations and their mitigation represents a key aspect of our sustainability strategy. From the physical risk perspective, increase in frequency and intensity of precipitation / extreme weather events (e.g. cyclones) can lead to floods and submergence that can potentially disrupt our supply chains and operations. From the transitional risk perspective, we face regulatory risks such as increase in carbon tax on coal, RPO (Renewable Purchase Obligations), volatility in fossil fuel prices (e.g. coal) and also increase in prices of Alternative Fuel and Raw Materials (AFR) due to growing demand in the market.	We have identified four focus areas to have low carbon in our operations, namely: reduction in clinker factor; improving thermal energy efficiency and process technology; waste heat recovery; and optimising fuel composition, including the use of wastes as fuel. With focus on the production of fly ash-based PPC as our major product for several years, we have also embarked on fly ash and slag based composite cement production. We are also investing in developing onsite R.E projects at our plant locations. Through these measures, the Company was able to reduce its specific net carbon footprint by 31.4% in 2018 compared to 1990 levels. We are monitoring and reporting GHG emissions as per the WBCSD CSI Protocol. Our climate change risk assessment based on TCFD guidelines, also helped us to identify the action plans to address the risks and opportunities. The estimates opportunities are to the tune of 7% of EBITDA (2017).

BUSINESS RISK MANAGEMENT

GRI 102-11, 102-28 to 102-34, SDG-8, 11

We have a comprehensive Business Risk Management (BRM) Policy that defines two types of risks: corporate risks, covering the macro environment, legal matters and regulations, financial considerations, business support, planning and image; and business segment risks which focus on cement industry-specific areas such as the market, projects, CSR, HR, sustainable environment performance, better cost management (BCM), product management and innovation (PMI), etc. The Board of the Company is responsible for framing, implementing and monitoring the risk management plan. The Risk Management Committee of the Board lays down the procedures to inform the Board about identification, assessment, monitoring and mitigation of various risks faced by the business. Risk management forms an integral part of the Company's mid-term planning (MTP) cycle. The charter and responsibilities of the committee at the Board level are clearly described in the Annual Report 2018, available on the Company website.

The BRM process identifies risks and opportunities at the corporate as well as operational levels, considering social, economic and environmental risks to help improve awareness and management of the Company's risk exposure. Our Risk Assessment and Management Policy supports a sustainable business module for increased profitability by integrating risk mitigation into business strategies. Management is provided with relevant data to identify emerging issues. It allows us to consider emerging risk areas and look for opportunities presented by risks that are not always quantified by other analytical and systems-driven approaches. Emerging sustainability issues in our industry include climate change, social inclusion, depletion of non-renewable resources, brand damage (including boycotts), shareholder actions related to sustainability issues and disclosure of historic environmental liabilities.

Our holistic approach helped us in sound management of financial, non-financial, and sustainability-related risks associated with our operations. At Ambuja Cements Ltd, we address many aspects of sustainability, improving business efficiency and ultimately boosting profits. Efficient productivity implies reducing material requirements and energy for production, lowering emissions, improving recyclability, improving the durability and reliability of products, and maximising the use of renewable resources.

Our steps toward implementing risk mitigation action plans include assessment of risks/opportunities in terms of importance to our stakeholders and to the Company. These risks/opportunities are then prioritised and action plans formulated in the form of projects.

SUSTAINABILITY STRATEGY

In order to realise our business vision: 'To be the most Sustainable and Competitive Company in our Industry', we strive to excel in triple bottom-line parameters. Our strategy to enhance our triple bottom-line performance revolves around four pillars i.e. cost leadership; an asset-light approach; commercial transformation; and sustainability. The key enablers underpinning the strategy are health & safety, people and digital. ACL sharpens its strategy on six 'C's: Cost, Customer, Community, Competition, Capability and Conduct.

Value creation for Stakeholders

Our business mission is to create value for all those who are associated with our business operations. Our success is dependent on and is a subset of the quality of relationships we share with our stakeholders. Our integrated value creation is the reflection of our management approach and relentless efforts, the results of which are discussed in the 'Integrated Reporting' chapter provided in our Annual Report 2018 on page 29, available on the Company website at https://www.ambujacement.com/investors/annual-reports.

We continued evaluating our environmental and social profit and loss in monetary terms through True Value Assessment year-on-year since 2012. The net true value has seen an incremental change over the years due to our sustainable environmental and social practices complemented by our economic strength. For 2018, our net positive contribution to the environment and society was about ₹ 1,490 crore as compared to about ₹ 2,240 crore in 2017 and about ₹ 750 crore in 2012. Most of this value creation was achieved through fly ash utilisation, water harvesting and recharge projects, agro-based livelihood creation and use of alternative fuels and raw materials (AFR).

₹ 1490 crore
Net contribution towards Environment and Society

Sustainable Development Ambitions 2020-2030

Our sustainable development ambitions for 2030 with intermediate targets for 2020 reflect our alignment with our Group strategies and our aspiration to be a leader in sustainability. Our sustainable development targets have been developed with consideration towards our internal and external stakeholders and are also inspired by the Sustainable Development Goals (SDGs) of the UN.

Sustainability Pillars	CLIMATE AND ENERGY	CIRCULAR ECONOMY	ENVIRONMENT	COMMUNITY
Objective	Reduction of CO_2 emissions	Increased reuse of waste-derived resources	Reduction of freshwater withdrawal	Creation of shared value
Lead Metric	CO_2 emitted (kg CO_2/t cementitious)	Quantity of waste reused (M tonnes)	Freshwater withdrawn (liters freshwater/tonne cementitious)	Number of total beneficiaries per year (M new beneficiaries over 2018)
Performance 2018	529.6	7.9	63	2.4
Target 2020	516	9	83	2.5 (0.1 M new)
Target 2030	463	13.5	77	3 (0.6 M new)

GOVERNANCE GRI 102-18, SDG-17

Good corporate governance is the foundation of sound management practices, adhering to the highest standards of transparency and business ethics. Governance at Ambuja is a three-phase multimodal mechanism.

1. Company's Philosophy on Corporate Governance:

The Company places great emphasis on values such as empowerment and integrity of its employees; safety of the employees and communities surrounding our plants; transparency in the decision making process; fair and ethical dealings with all; a pollution-free clean environment; and last but not the least, accountability to all the stakeholders.

2. The Governance Structure:

Ambuja Cement Limited's governance structure is based on the principles of freedom to the Executive Management within a given framework to ensure that the powers vested in it are exercised with due care and responsibility so as to meet the expectation of all the stakeholders. In line with these principles, the Company has formed three tiers of corporate governance structure, viz.:

2.1. The Board of Directors (BoD): The primary role of the Board is to protect the interest and enhance value for all the stakeholders. It conducts overall strategic supervision and control by setting goals and targets, policies, governance standards, reporting mechanisms and accountability and decision making processes to be followed.

2.2. Committees of Directors: The committees of the Board such as the Audit Committee, Compliance Committee, Nomination and Remuneration Committee, CSR and Sustainability Committee, Risk Management Committee, and other committees of directors are focused on financial reporting, audit and internal controls, compliance issues, appointment and remuneration of directors and senior management employees, implementation and monitoring of CSR and sustainable development activities, the risk management framework, and any other business aspect that needs spearheading from the Board.

2.3. Executive Management: The entire business including support services is managed with clearly demarcated responsibilities and authorities at different levels.

a. The Executive Committee (ExCo): The Executive Committee is headed by the Managing Director and CEO. The CFO and the heads of Manufacturing, Marketing, Logistics, Corporate Affairs and HR are its other members. Heads of Technical and Procurement are the permanent invitees. This Committee is a brain storming committee, which meets once in a month, wherein all important business issues are discussed and decisions taken. This Committee reviews and monitors monthly performances, addresses challenges faced by the business, draws strategies and policies and keeps the Board informed about important developments that have bearing on the operational and financial performance of the Company. Additionally, the Committee also reviews the health and safety, environmental and sustainability initiatives of the Company.

b. Managing Director & CEO: The Managing Director and CEO is responsible for achieving the Company's vision and mission, business strategies, project execution, mergers and acquisition, significant policy decisions and all critical issues having significant business and financial implications. He is also responsible for the overall performance and growth of the Company and ensures implementation of the decisions of the Board of Directors and its various committees. He reports to the Board of Directors.

3. The Compliance Framework:

The Company has a robust and effective framework for monitoring compliances with applicable laws within the organisation and to provide updates to Senior Management and the Board on a periodic basis. The Audit, Risk and Compliance Committee of Directors and the Board periodically review the status of compliances with applicable laws and provide valuable guidance to the Management team wherever necessary.

Appropriate details on the composition and management of the Board of Directors (BoD), description of the committees, their compositions, meeting frequencies, responsibilities etc. are provided in our Annual Report 2018 on page 117. The Report is available on the company website at http://www.ambujacement.com/investors/annual-reports.

The Nomination and Remuneration Committee has approved a policy for the selection, appointment and remuneration of directors. The Committee assists the Board in the identification and selection of directors, who shall be of high integrity with relevant expertise and experience and make up a diverse Board. The abstract of the said policy forms part of the Directors' Report and is also available on our website.

Section 149 (4) of the Companies Act, 2013 requires companies to 'have at least one-third of the total number of directors as independent director', that is 33%. However, ACL exceeds the independence requirement and 42% of our Board is comprised of independent directors. Section

149 (1) of the same Act requires certain companies to have at least one woman director. ACL has a woman as Non-Executive, Non-Independent Director (Institutional Nominee) as part of its Board from April, 2014. The minimum attendance requirement for all members is at least one meeting in a year. For the year ended 31st December 2018, the average Board attendance was 79% and the average tenure of the Board was nine years. The Board generally meets five times during the year and the maximum interval between any two meetings did not exceed 120 days. GRI 102-22 to 102-24, SDG- 5, 8, 10

The familiarisation programme aims to provide independent directors with the cement industry scenario, the socio-economic environment in which the Company operates, the business model, the operational and financial performance of the Company, and other significant developments so as to enable them to take timely and well-informed decisions. They are briefed about their roles, responsibilities, rights and duties under the Companies Act and other statutes. Details about the familiarisation programme can be accessed on the Company website at http://www.ambujacement.com/Upload/PDF/Familiarisation-Programme-for-Independent-Directors.pdf.

The Company engages outside experts or consultants when dealing with matters of specialised nature and for making zero level policies and risk mitigation plans at Board level and during Committee meetings on an ongoing basis. The directors are provided with quarterly updates on relevant statutory changes, judicial pronouncements and important amendments. Sustainability KPIs and major sustainability initiatives/achievements are reported to the Board on a quarterly basis. GRI 102-27, SDG-17

In compliance with the Companies Act, 2013, and Clause 49 of the Listing Agreement, the Board adopted a formal mechanism for evaluating its own performance and effectiveness, and also that of its committees and individual directors, including the Chairman of the Board. The existing board evaluation process was reviewed and found satisfactory by an external consultant with additional recommendation towards re-organization of the evaluation templates and the rating matrix coupled with the inclusion of new evaluation criteria. To enhance confidentiality and ease of doing evaluation, this years' exercise was carried out online using secured web based application. The entire process of Board evaluation followed in 2018 is clearly defined in our Annual Report 2018, available on the Company website. As per the 2030 SDG targets, Ambuja Cements Ltd aims to enhance the policy coherence for sustainable development. GRI 102-28, SDG-17

Remuneration and Incentives

The Company has a Board-level approved remuneration policy for directors and senior management employees (available in Annual Report 2018). The remuneration of the MD & CEO is based on the Company's size, industry practice, current trend and the overall performance of the Company. The non-executive directors are paid applicable sitting fees per meeting for attending the Board and other committee meetings except those of the Share Transfer Committee, for which no sitting fees are paid. In addition to the sitting fees, the Company also pays the non-executive directors a uniform commission for their overall engagement and contribution towards the Company's business, to reinforce the principle of collective responsibility.

The variable compensation of the MD & CEO has been linked not only to KRAs pertaining to internal financial success metrics (such as cash flows, EBIT, revenues etc.) but also consider his individual performance. The weightage was 90% (Company performance parameters) and 10% (individual performance). Company performance indicators included EBITDA, Specific Actual Cost of Cement (SACC), Fixed Cost, Free Cash Flow (FCF), Strict Net Working Capital (SNWC), Sustainability and LTIFR."

The Company provides additional commission to each of the non-executive member-directors of the Audit and Compliance Committees in view of the level of accountability and the complexities of the issues handled by them. However, the maximum commission payable to each non-executive director has been capped. None of the directors holds any convertible instruments. Appointment of the MD & CEO is governed by a service contract for a period of five years and a notice period of three months. GRI 102 (35 to 39), SDG-17

Values, Ethics and Integrity GRI 102 (16, 17, 25), 205 (1,2,3), SDG- 5, 8, 10, 11, 16

In view of the risks of fraud, corruption and unethical business practices arising due to the rapid growth and geographical spread of our operations, the Company has laid down a comprehensive Ethical View Reporting Policy, akin to a vigilance mechanism or the Whistleblower Policy.

More details about this policy are given in the Corporate Governance Report, which forms part of the Annual Report. The Ethical View Reporting Policy can also be accessed on the Company website: www.ambujacement.com . An Ethical View Reporting Committee (EVC) oversees the effective implementation of the Policy. The EVC comprises very senior executives/directors. The Company Secretary acts as the Response Manager and Secretary to the Committee.

In line with the Company's philosophy of conducting business in an honest, transparent and ethical manner, the Board has laid down an Anti-Bribery and Corruption Directive (ABCD) as part of its Code of Business Conduct and Ethics. The ABCD directive covers the directors, employees and relevant stakeholders of the Company. The Whistleblower Policy covers the directors, employees, vendors and customers of the Company. Our 'Zero Tolerance' approach to bribery and corruption in any form ensures professionalism and fairness in all our business dealings. Employee training and awareness workshops are conducted regularly across the organisation to ensure employee and stakeholder awareness on our ABCD directive. The above directive and its implementation are closely monitored by the Audit and Compliance Committees of Directors and are periodically reviewed by the Board. The Company received 31 complaints during the year 2018 out of which eight complaints were pre-assessed by the EVC Committee but did not warrant further investigation. Eighteen complaints were investigated and concluded whereas five complaints are still under investigation. The cases investigated were mainly of the nature of kickbacks/ favours from vendors (16%), violation of Code of Conduct (49%) and non Code of Conduct-related (35%). The financial impact of these cases was insignificant and caused no damage to the Company.

ACL has a vigil mechanism for disclosure and avoiding Conflict of Interest in all its dealings covering all its employees and the Board of Directors, at all levels. 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 interest of the Company at large, have been made by promoters, directors, key managerial personnel, etc. Details of the process to manage related party transactions are provided in the Annual Report 2018, and the details of the transactions with related parties are provided in the financial statements.

The total monetary value of financial and in-kind political contributions made directly and indirectly by ACL was zero. There has been no expense towards political donations, campaigns or related spending. Corporate Social Responsibility (CSR) expenditure in 2018 was ₹ 53.46 crore i.e. 4.2% of the average net profit of the last three years (exceeding the prescribed 2%), pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Companies Act, 2013. For more information on our CSR expenditure, please refer to our Annual Report 2018 (Annexure II to the Director's Report). In addition, one-time sponsorships and donations to the tune of ₹ 1.33 crore was made towards community-related activities (across all sites) in the financial year based on requirements in the communities that we operate in. In line with our Code of Business Conduct and Ethics, all the one-time sponsorships and donations were thoroughly vetted by the Compliance team and were not made in order to secure any kind of business advantage or for any improper purpose such as bribes/self-enrichment. GRI 415-1, SDG-16, 17.

For more information on corporate governance, please refer to 'Report on Corporate Governance' in our Annual Report 2018 on page 117 at (https://www.ambujacement.com/investors/annual-reports).

> "In line with the Company's philosophy of conducting business in an honest, transparent and ethical manner, the Board has laid down an Anti-Bribery and Corruption Directive (ABCD) as part of its Code of Business Conduct and Ethics"

Business
Accelerating to New Heights

> Ambuja aims to achieve higher level of economic productivity through diversification, technological upgradation and innovation, with a focus on value-added products and services with sustainable human capital deployment.

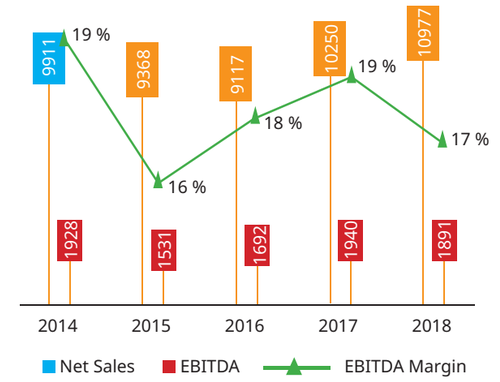
ECONOMIC PERFORMANCE
GRI 201, 202, 203, SDG-8

The Indian economy began its recovery in 2018 as the macro-economic policies and structural reforms, along with improved consumer sentiments, strengthened economic growth post the temporary disruption caused due to demonetisation and the Goods and Services Tax (GST).

Reflecting the country's economic sentiment, the cement sector too displayed impressive growth of approximately 9% in 2018 on the back of faster execution of stalled infrastructure and construction projects. Infrastructure (roads and metros, in particular) and the Government's 'Housing for All' programme (rural and urban), remained the key demand drivers. Implementation of the Real Estate (Regulation and Development) Act, 2016 (RERA) too brought a paradigm shift in the construction sector by making the sector transparent. With robust demand, capacity utilisation in 2018 improved by 2–3% as compared to 2017, despite capacity expansion during the year.

Ambuja Cements Ltd aims to sustain its per capita economic growth in accordance with the national thrust, and contribute to achieving at least 7% GDP growth per annum which should enable it to achieve its 2030 SDG targets.

Net Sales, EBITDA, EBITDA Margin



Performance in 2018

Parameter	Performance	Growth over 2016
Volume	24.3 Mil. Tonne	6%
Net Sales	₹ 10977 Cr	7.1%
EBITDA	₹ 1891 Cr	(2)%
PBT	₹ 1636 Cr	1%
Net Profit	₹ 1487 Cr	18%

Cost Leadership

On the cost front, the Company witnessed significant pressure over the course of the year due to increase in various input costs. These increases were caused largely due to external factors and also affected many other industries. Crude prices, raw material costs and even fuel costs saw a significant rise. To limit the impact of such cost increases, the Company improved its efficiency, fuel mix optimisation and strategic sourcing. Such internal initiatives and measures helped restrict the costs from rising to even higher levels. Major raw material costs increased by 6% compared to the previous year on account of rising input costs such as fly ash and gypsum. Per tonne increase of 8% in the cost of major raw materials was mitigated through optimal sourcing and a judicious change in the gypsum mix. The cost of fuel used in the kilns and in the captive power plants (CPPs) increased mainly due to an increase in the price of coal and petcoke. We sustained our efforts to increase the amount of alternative fuels in the CPPs by 2% through a dynamic fuel mix strategy to restrict the impact. Furthermore, the Company consumed almost 70% of the total power requirement from captive sources, including increased usage of waste heat. As a result, this helped in limiting the power and fuel cost increase to just 8% over the previous year. Freight cost increased due higher diesel prices over 2017; and availability of rakes during peak months was also a challenge impacting production schedule and increasing the overall transportation cost. However, various initiatives were undertaken to optimise the geo mix and the mode mix which included reduction of rail transport by 7 km and availing of long term tariff contract benefits with Indian Railways as well as axle load benefits with transporters.

More details on cost developments, expansion projects and new investments undertaken during 2018 are discussed in our Annual Report 2018 on page 54. The Report is available on the Company web site at https://www.ambujacement.com/investors/annual-reports.

70%
of the total power requirement from captive sources

PRODUCT QUALITY MANAGEMENT

Customer satisfaction relies to a large extent on product quality. At ACL, a comprehensive set of parameters like customer satisfaction, product benchmarking, internal specifications, application-oriented testing and manufacturing quality KPIs are monitored, measured and reviewed at various levels of management. The results of these parameters integrate into a product quality index (PQI) which analyses manufacturing performance according to ISO 9001 requirements. Our Quality Committee, comprising regional marketing and sales teams, customer support service teams and the manufacturing team assists us in this process. Periodic reviews of the market situation, customer feedback, product benchmarking and manufacturing issues are conducted. Daily testing of approved quality parameters; 3-day and 28-day measurement of coefficient of variations; clinker quality; customer satisfaction; bi-monthly product benchmarking; bi-monthly application-oriented product testing; monthly testing of random market samples; and the monthly assessment of bag quality index are also part of the PQM monitoring strategy.

Ambuja Cements Ltd realises its responsibilities of being a responsible corporate entity and makes all efforts to set the benchmark for the quality of cement, with focus on responsible product design, efficient use of raw materials, sustainable fuel mix and innovative product development. SDG – 9, 11, 12

The Company complies with all statutory requirements mandated by the Bureau of Indian Standards (BIS), Weights and Measures norms. As per the mandate of the Bureau, product information is displayed on the bag. No other information beyond what is mandated is displayed. After registering Environment Product Declaration (EPD) for PPC and composite cement to the global platform 'Environdec', ACL is also exploring displaying of the EPD logo on its cement bags in coordination and compliance with the BIS regulations to communicate the environmental footprint of its product transparently and educate customers to make an informed purchase decision. 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, SDG-16

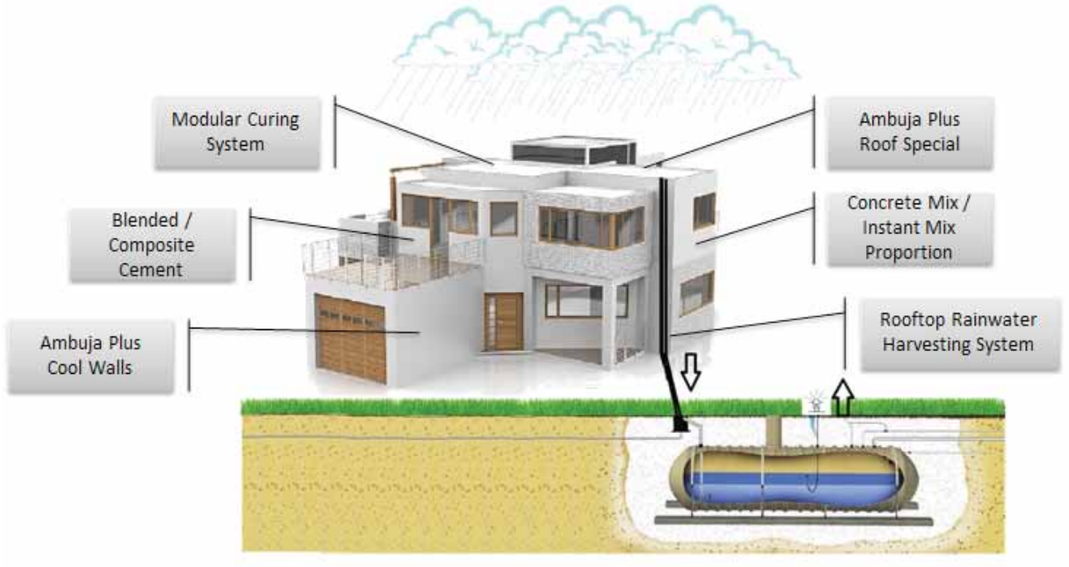
> "The Company complies with all statutory requirements mandated by the Bureau of Indian Standards (BIS), Weights and Measures norms"

SUSTAINABLE CONSTRUCTION

GRI 102-2, SDG-11

Ambuja Cements Ltd has continued its approach of discovering latent customer needs, and developing and scaling up solutions at the marketplace with a systematic go-to-market platform developed with support from our parent Company, LafargeHolcim. Our new products not only fulfil important customer needs, but also help in significantly reducing our carbon footprint while enhancing consumer trust on product quality, brand promise and other beneficial features extended to consumers.

Sustainable Products and Services/Solution Portfolio



From initiatives aimed at capacity-building and knowledge sharing, to rain water harvesting and concrete quality improvement support – Ambuja Cement's sustainability initiatives have been key differentiators for the company.

Ambuja Cement's sustainable construction related services have been a key differentiator for the company and helped build the brand's reputation for long-lasting and durable structures. The initiatives are aligned with Ambuja Cement's objective of inspiring increased usage and the encouragement of innovative ways to use concrete. From initiatives aimed at capacity-building and knowledge enhancement, to rain water harvesting and concrete quality improvement support – these value-added services have helped the company better address the needs of its customers and cement its image as a concerned corporate citizen.

RESPONSIBLE AND SUSTAINABLE PRODUCTS

The construction sector consumes a substantial amount of extracted natural resources and their transformation into building products has huge energy demand. Therefore, we are focusing on building end-of-life scenarios, responsible product design and development, sustainable fuel mix, innovative product development and resource efficiency (by way of waste minimisation, recycling and reuse) as our contribution towards sustainable construction. These efforts have enabled us to reduce the environmental impact of our product process/ technology over the years. Health and safety aspects related to the use of construction products are also very important. It is difficult to obtain use-oriented figures, since cement is a commodity. More information is available in the 'Sustainable Construction' section of this Report. GRI 305-4, 416, 417, SDG-12

As part of our extended product responsibility towards our customers, during 2018, ACL developed the Environmental Product Declaration (EPDs) of all its PPC and Compocem products across India. Third party externally-verified EPDs are also uploaded on the international B2B portal 'Environdec'.

The Company uses HDPE and bio-degradable paper bags for packing cement. Since it is difficult to collect back the bags from our consumers, we have addressed the issue of plastic consumption by co-processing more plastic waste from other sources than the quantity used in our HDPE bags. In 2018, we co-processed around 69,000 tonnes of plastic waste in our kilns, which is about two times the total plastic sent to the market as packing bags for our cement, making us a 'plastic negative' company. GRI 301-3, SDG-7, 12, 13

As part of our sustainable and innovative product solutions, Ambuja Cements Ltd also achieved sale of about 3.4 lakh metric tonnes of composite cement during 2018, optimising the usage of fly ash and slag. The company successfully launched new products with added focus on sustainable products and scaled up sales of sustainable products by 38% on a Y-o-Y basis. These products include AmbujaPlus Roof Special with 27% Y-o-Y growth-and Ambuja Compocem with 125% Y-o-Y growth.

Ambuja Cements Ltd also made conscious efforts towards substituting its power requirements and in the process, sourced 7.1% of total generated power from renewable sources.

In 2018, our Technical Services team provided 36,647 concrete mix proportions, 9,078 modular curing solutions (MCS) and 282 rain water harvesting solutions, thus saving a total of 198.32 million litres of water, an exemplary achievement in the area of sustainable construction. We also provided 8129 architectural design and cost estimates (AD) and 7619 concrete cube testing services (CCTS) at customer sites in the year.

An estimated over 90% of the total revenue earned by ACL in 2018 was from products that can be used for recognised credits in sustainable building design and construction certificates that have been externally developed (e.g. LEED, Green Star, BREEAM, BEAM, and EEWH etc.)

During 2018 we conducted various skill-building workshops and engaged over 30,000 contractors, masons, and

construction professionals (architects and engineers) over 1,60,000 man-hours of training and skill-building workshops. ACL influencers are given access to quarterly magazines in six regional languages and allowed ACL plant visits.

In October, 2018 we also launched a new product, 'PuraSand', which is a premium quality sand for plastering applications. We sold about 1.16 lakh bags during the year. Aggregate is the most important natural resource for making mortar and concrete in construction. Continuous depletion of natural resources like river sand has become a challenge for consumers as well as for the entire construction industry. This aspect was considered in the manufacture of PuraSand which provides 100% purity (free from impurities), perfect grading, zero-wastage and guaranteed weight. The initial response to this product is very encouraging and the Company is planning to expand its reach to all its important markets.

CUSTOMER SUPPORT AND SATISFACTION

'Customer Orientation' is one of our core values and has always driven our approach to achieve absolute customer satisfaction. World-class manufacturing practices are followed under the flagship of our Group Company LafargeHolcim to create high-quality products and solutions that not only deliver complete value but also enrich the experience of our customers. We have devised various modes of engagement for feedback and measurement of satisfaction from consumers and channel partners. Brand equity is measured by conducting brand health studies on individual customers. The satisfaction level of dealers is gauged using Net Promoter Score (NPS) methodology. The last Net Promoter Survey (NPS) was carried out in 2017; it covered customers in trade as well as the building and infra segments. It was conducted through LafargeHolcim's global partner in NPS — Satmetrix, a leading global player of customer experience management software. ACL obtained a score of 54. During 2018, the Company has been developing an online tool for measuring satisfaction across all its customers. The online satisfaction survey is planned to be carried out in 2019.

We engage with individual house builders (IHBs) through our dealers and retailers; regular engagement with institutional buyers is done through our dealers and our Key Account Management (KAM) group. B2B segments comprising small and large builders and contractors, and the Government are also engaged through various customised programmes. While the Company's team stands by the dealer network when it needs them the most, we have also developed a digital platform called 'Brahmaand' to engage with consumers and influencers across the country. In addition, ACL has also launched multiple web-based mobile applications ('myWorld' for technical service engineers, 'Estimator' for customised estimates of fund requirements for construction projects, 'Gruhrachna' for architectural and Vastu tips) to help the construction professionals in knowledge sharing and support services. Various loyalty and support programmes are conducted to engage and motivate our channel partners to deliver better results for both ACL as well as themselves. We regularly obtain feedback from our dealers, channel partners, construction industry professionals (contractors, engineers, architects, masons etc.) through various modes of engagements (e.g. online through Ambuja Digital Brahmaand and offline through various business meet and loyalty programs) which helps us increase our market presence.

Complaints about product quality are managed by a customer complaint handling system that is accessed through a toll-free number (1800 22 3010) that is printed on all cement bags. In 2018, 896 queries/complaints were received; all of them were addressed, and no customer complaint was pending at the end of the year. There were 11 consumer cases pending before different forums at the beginning of the year. During the year, six consumer cases were filed and two cases were disposed of, leaving a balance of 15 pending cases as at the end of financial year 2018. ACL does not/has not sold products that are banned in certain markets or are the subject of debate. There are no received or pending complaints about breaches of customer privacy and/or loss of customer data. GRI 102, 417-2, 418-1, SDG-9, 16

BRAND DEVELOPMENT AND PROMOTION

For over 30 years now, Ambuja Cement has consistently built its brand around the promise of 'giant compressive strength'. Today, Ambuja Cement has become synonymous with strength. Even the social media is filled with numerous memes around this theme of strength. With engaging communication, superior product quality, and strong technical support to the consumer, Ambuja Cement has consistently scored 5+ in Nielsen's Brand Equity study for the last 10 years. It is our innovative and interactive communication techniques that have bagged us the tag 'The Master of Humble Brags'.

5+
in Nielsen's Brand Equity study

SUSTAINABLE SUPPLY CHAIN

GRI 204, 308, 409, 414, SDG-1, 5, 8, 10, 11, 13

A dedicated business unit, India Procurement Organisation (IPO), is responsible for procurement within the Company. Suppliers are our business partners in a spirit of working together as one extended family to achieve mutually beneficial results. Our initiatives include but are not restricted to health and safety, Contractor Safety Management, Sustainable Procurement, Anti-Bribery and Anti-Corruption Directive, Third Party Due Diligence and Automation in SAP-Ariba.

Preferred vendors are those who demonstrate good corporate citizenship and promote sustainable development. They are spread across the country and include reputed manufacturers and trusted brand names; usually, they are the leading 3–4 vendors of their particular industry segment. Local procurement teams take care of day-to-day purchase requirements, while India Procurement Organisation (IPO) at our head office manages high-value purchase of commodities. Individual units communicate their requirements to IPO and purchases are made centrally. All suppliers operating within Indian Territory are termed as local or national suppliers.

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 this process, we have mapped our suppliers as having high, medium or low risk. In 2018, we engaged with 8,162 tier – 1 suppliers and we prioritized the potential high-risk suppliers based on three categories – anti bribery and corruption (ABC), sustainable development and contractor health & safety. Ambuja Cements includes two elements/criteria to define and identify its critical suppliers - High risk suppliers and % of total Spend (We classify suppliers who represent the top 80% of spend as critical). During 2018, out of 8,162 tier-1 suppliers 1113 were identified as critical to our operations (critical suppliers). The top three categories of critical suppliers include production services providers (includes manpower contractors), facilities service providers and logistics service providers.

The prioritization criteria for suppliers as per ABC requirements are – regional corruption perception index, annual spend, supplier policies / systems on etc. ABC High-risk-suppliers at the regional level, across all areas of operation, are trained on aspects of ethics, anti-corruption and anti-bribery. The prioritization of suppliers based on sustainable development risks includes parameters like product / service categories, human rights, environment, health & safety, quantity of transactions and yearly total spend. Lastly prioritization criteria of contractor safety risk levels are based on "Contractors Categories" as per group health & safety definitions.

In order to strengthen our supply chain assessment and monitoring, we have engaged a third party, global consultant Avetta (PICS) to help us manage and take corrective action on identified risks through an assessment tool. Through Avetta, the IPO team is able to evaluate the performance of suppliers on the prioritization criteria of ABC, sustainable development and contractor health and safety, as defined in the Supplier Code of Conduct (SCC) and group Sustainable Procurement Manual (SPM). This exercise in 2018 covered about 50% (553) of

the critical suppliers (high-risk-high-spend suppliers/vendors) who accounted for about 40% of procurement value excluding Government spends. The 553 critical suppliers assessed includes 210 new suppliers and 343 existing suppliers. Also, the critical suppliers assessed includes 363 sustainable development (sustainability) high risk suppliers. Our '2030 PLAN' aims to have 100% of high-risk suppliers assessed with a consequence management plan.

We also undertake comprehensive assessments of certain high-risk suppliers (e.g. logistic service providers, labour contractors, alternative fuel vendors) through various methods whose results determine the on-boarding / retention of these suppliers [e.g. journey risk management and logistic safety checks through Visual Personal Commitment (VPCs) on health & safety, contract labour management and waste qualifying testing for hazardous waste]. In 2018 we undertook assessments of about 160 of logistic services providers and about 54 alternative fuel vendors.

In addition to curb risks associated with the logistics operations e-passport document is issued to the transporter. This document includes all details of the driver (trainings, license etc.) and details of the vehicle (pollution check, insurance, etc.) that is checked every time the trucker or the vehicle enters the plant to ensure logistics safety. The controlled fleets are also fitted with GPS enabled trackers to monitor the vehicle safety en-route the transportation. Various facilities like resting shed, canteen, washing area are provided for the truckers at all plants for stress relief as part of our journey risk management system. Various documents such as waste manifest, authorization certificates and sample testing reports are checked before contracting with the hazardous waste vendors to minimise environmental risk in our circular economy model. The manpower contracts are closely monitored for aspects like working hours, overtime payment, and adherence of Long Time Settlement (LTS) agreements between the contractual workers and contractors.

Our procurement policy includes a code of practice that encourages fair, open and transparent competition.

Category of Material	Number of Vendors	Total Spend
LOGISTICS SERVICES	831	31%
ENERGY	111	25%
RAW MATERIALS	234	8%
CEMENT AND CLINKER	14	6%
PACKAGING AND DIESEL	103	6%
OUT OF SCOPE (Union Fees etc.)	162	4%
PRODUCTION SERVICES	826	4%
EQUIPMENT AND CONSUM	977	4%
FACILITY SERVICES	2545	3%
GENERAL SERVICES	1126	3%
MINING	251	2%
NOT ASSIGNED (Direct FI transactions)	288	2%
CORPORATE SERVICES	694	1%
Total	8,162	100% (INR 9,395 Cr.)

Contractual Agreement of Compliance

GRI 308-2, 414-1, 414-2, SDG - 8

We ensure that all our purchase orders and agreements incorporate clauses related to occupational health and safety (OH&S), environment management, labour standards and social responsibility. New suppliers are informed of our expectations, provided with a copy of the Supplier Code of Conduct (SCC), and their consent to follow the SCC is obtained. The SCC provides a summary of the Company's 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. The Company ensures that no worker under the legal working age of 18 is employed directly or indirectly by our contractors.

We have a system of self-declaration in which vendors answer basic questions about their compliance with these aspects and standards. All suppliers must complete the Supplier CSR and OH&S management system questionnaire as a condition for eligibility.

Logistics

Ambuja pioneered cement transportation through sea routes. This innovative method of supplying cement in bulk from its mother plant at Ambujanagar to as far away as Surat, Mumbai, Mangalore and Cochin is carried out through its dedicated fleet of ships specially designed for cement transportation. Today, the backbone of this operation is a fleet of five jetties and 10 self-unloading cement carriers tailor-made to the Company's needs, operating out of our five bulk cement terminals (BCTs). The above network of ports, bulk cement terminals and captive ships establishes our strong market position in the western markets of Mumbai and Surat; and has helped in expanding the Company's footprint in the southern region through its BCTs at Mangalore and Cochin. Sales and operation planning (S&OP) was strengthened through cross-functional meetings. The optimiser tool output was used for contribution maximisation vs. cost minimisation and mode vs. source planning vs. decisions. The S&OP has helped the Company to optimise costs. With a view to promoting excellence in warehousing, the top warehouses in each region were awarded for creating the best 'model warehouse'. The S&OP tool enables the Company quickly to switch between the rail/road option to respond to demand fluctuations in a timely manner, as well as ensure smooth supply to our customers, thus minimising undesirable cases of overstocking or shortages due to unexpected demand fluctuations.

In 2018, about 12% of our cement supply to the markets was through the environment-friendly sea route using 10 captive and one chartered ship. About 25% of the transport was through rail and 63% through road. We adhered to our logistics KPIs such as direct dispatches, yard firing ratio, reduced lead distance and improved home market sales. Increased demand in the eastern markets required adjustment to existing logistics planning and hence the logistics KPIs could not meet the projected targets for 2018.

Key performance Indicator	2017	2018	Target 2018	Target 2021
Lead (in KMs)	281	283	279	276
Road Direct Dispatch	60%	57%	62%	65%

12% cement supply

To markets is through environmental friendly sea route

Model Warehouse Program

About 176 model warehouses have been developed in different regions across ACL, each implementing a seven-point mandatory checklist by maintaining good housekeeping, infrastructure, stacking safety, marking & signage, and providing good basic amenities to the workmen and the drivers. 'Behaviour Basis Safety' (BBS) workshops with C&F and logistics team, safety workshops with C&F and warehouse owners at regional and RSO levels were also conducted. Plant teams were involved to ensure implementation of model warehouse standards and checklists through training. Reward & recognition schemes were launched for warehouses for the entire team and workmen at the national and regional levels. The successful implementation reinforced our spirit of 'I Can' and 'We Care'.

Environment

Being Future Ready

> Our systems and operations aim to leave minimal or no trace of our operations on environment and nature

A GREEN FOOTPRINT

Since inception, Ambuja Cements Ltd has always placed high focus on environmental protection, energy efficiency and conservation, emission reduction and safety.

Our Sustainability Policy, Environment Policy, Climate Change Mitigation Policy and Green Procurement Policy enshrine our commitment to address these issues and take our operational performance beyond statutory compliance to proactive improvement. All our manufacturing locations have a professional environment team and laboratory & monitoring facilities for various environment parameters. The Group's directives and protocols on water, alternative fuels and raw materials (AFR), quarry rehabilitation and biodiversity, asbestos, emission monitoring and reporting, and the Cement Industrial Performance Policy are all implemented. All Ambuja Cement plants are Environment Management System ISO 14001 certified. We participate in the LafargeHolcim Group's internal annual environment performance assessment through the iCare system for the annual monitoring and benchmarking of hundreds of plants within the Group globally. The assessment is based on a detailed and standardised online questionnaire that covers a range of performance indicators like ISO 14001 compliance; atmospheric emissions; energy and material consumption; water; waste management; biodiversity; and quarry management. It provides us with a huge opportunity for learning and improvement.

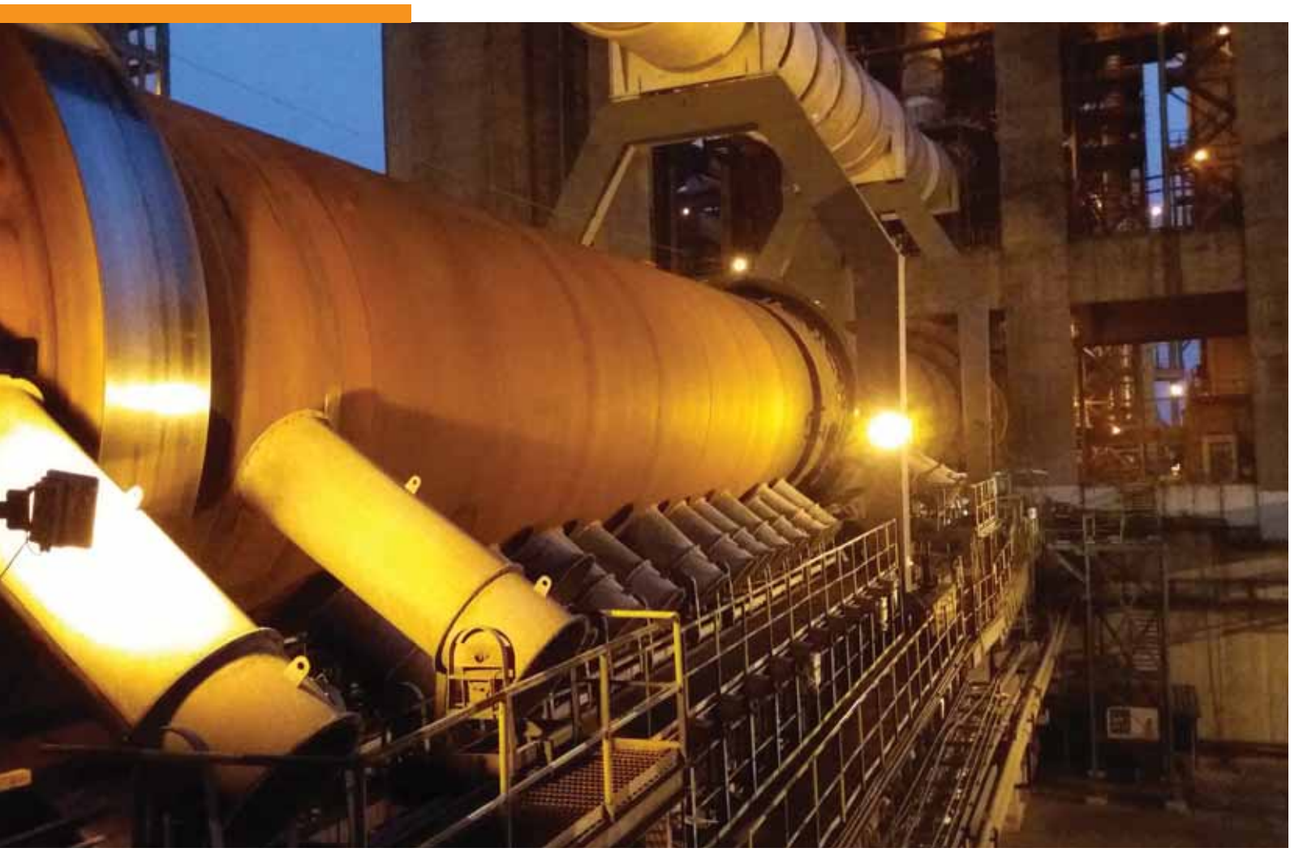
> All our manufacturing locations have a professional environment team and laboratory and monitoring facilities for various environment parameters.

All our plants are equipped with highly advanced pollution control equipment, continuous ambient air quality monitoring systems (CAAQMS) and continuous emission monitoring systems (CEMS), with 95% availability over the year, at all our nine kilns. Vital pollution parameters are monitored in real time and uploaded onto the websites of regulatory authorities.

We continued our investments on air, water and noise pollution control and monitoring equipment; waste management systems; dust suppression systems; monitoring and laboratory equipment; rainwater harvesting systems; green belt development; fire management; drainage and wastewater management; environmental training and awareness programmes; and compliance methodologies for certifications. The Company incurred an expenditure of over ₹ 102.4 crores in environmental protection during the year.

At the end of 2018, three cases involving environment-related issues are pending in different courts. No significant fines (>USD $ 10,000) were incurred in 2018. No formal grievance about environmental impact had been filed through the various grievance mechanisms during the reporting period. Ambuja Cements Ltd intends to integrate climate change measures into national policies, strategies and planning. GRI 307-1, SDG-13

₹ 102.4 crores
Spent towards environment protection



ENERGY MANAGEMENT

GRI 302(4, 5), SDG- 7, 9, 11, 12, 15

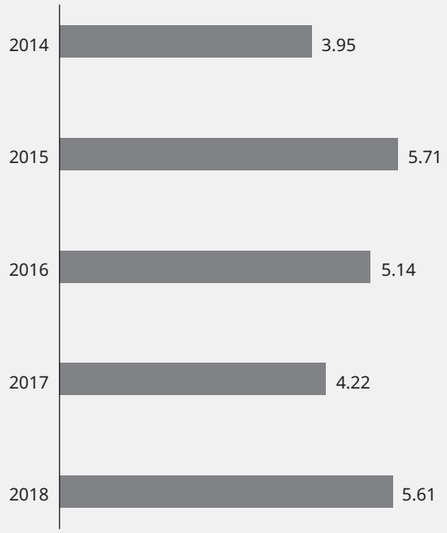
To mitigate the risks associated with the dynamic fuel market, the Company has developed the ability to switch to the most economical fuel mix. Use of AFR, waste heat recovery (WHR) and use of renewable energy like biomass are given priority. The international standard ISO 50001:2011 is implemented in five integrated and six grinding plants to further strengthen our energy management system. Energy efficient equipment, drives and systems are procured for new and replacement installations to reduce energy and power consumption in processes and/or infrastructure (please refer to Annexure-VII, Page-111 of our Annual Report 2018 on our website).

Improvement of energy efficiency at all stages of consumption of coal and other fuels is an ongoing effort. This has led to increased focus on the use of low-cost waste materials like petcoke as fuel. As a long term solution to energy security, we have invested in the construction of new state-of-the-art storage and pre-processing platforms at our four integrated plants to increase the use of alternative fuels and raw materials (AFR); we are therefore able to use cost-efficient and sustainable fuel, thereby reducing our energy costs and carbon footprint (more in the section on 'Waste'). Coal and petcoke have contributed 39% and 51% respectively of the total energy consumption in 2018.

During 2018, our thermal energy efficiency was marginally higher at 3,180 MJ/tonne clinker. Electrical energy consumption remained around 76.63 KWh/tonne cement. Power and fuel costs accounted for 25% of our total expense in 2018. Consumption of alternative fuel (AF) in the kilns was 2.2 lakh tonnes in 2018, achieving a thermal substitution rate (TSR) of 5.61% of the total thermal energy which would otherwise have been obtained from fossil fuels. In addition, about 72,000 tonnes of alternative fuels (AF) were used in our captive power plants, taking the total consumption of AF to 2.9 lakh tonnes across all our plants .During the year, we co-processed around 69,082 tonnes of plastic waste in our kilns, which is more than two times the total HDPE plastic sent to the market as packing bags for our cement making us a 'plastic negative' company.

72,000 tonnes
Of alternative fuels used in captive power plants

% Of Thermal Energy from Alternative Fuels (TSR)



Constant efforts are made to reduce the power, LDO, coal and other fuels consumed per unit of cement produced. Ambuja Cements Ltd will always strive to adopt best practices. Currently no industry standards exist for energy consumed in the use of cement at the user level.

Renewable Energy (RE) Performance

Of the total energy generated, 7.1% was from renewable energy sources during 2018. Our renewable energy portfolio consists of a 15 MW biomass-based power plant at Ropar (established in 2005); a 7.5 MW wind power station in Kutch (2011); a 330 KV solar power station at Bhatapara (2012); a 55.14 kWp rooftop solar PV project at the Gurgaon office (2014); and a 6.5 MW waste heat recovery-based power generation system at our Rajasthan plant (commissioned in 2015). Ambuja Cement's captive power plants also use biomass. The renewable energy certificates that we earned, and the power-mix cost optimisation at our plants added value to our power sourcing strategy and RPO compliance. RE and WHRS projects enabled us to reduce about 64,214 and 35,780 tonnes of CO2 respectively.

About 1 lakh tonnes
Of CO_2 emission avoided by RE & WHR

NATURAL RESOURCE MANAGEMENT

We recognise the global pressure on natural resources and place great emphasis on best practices in material management. Use of alternative fuels and raw materials has been made a strategic priority to reduce the consumption of natural resources and extend the life of the quarries. Waste materials such as chemical and marine gypsum are used as additives; fly ash from thermal power plants and slag from steel plants are used for blending to make Portland Pozzolana Cement (PPC) and composite cement. Low grade limestone and synthetic gypsum waste from other industries are utilised as raw material. A full-fledged testing facility for alternative fuel was commissioned at Ambujanagar. New state-of-the-art storage, pre-processing platforms and feeding systems have been commissioned at our four integrated plants to increase the use of alternative fuels and raw materials (AFR). Our sustainability initiative of increasing the use of AFR, biomass, fly ash and slag, and reducing that of limestone has lowered our clinker factor. This strategy has helped us produce over 90% Portland Pozzolana Cement (PPC) out of our overall production. About 13% of the total raw material used is recycled input material.

13%
Recycled materials in total raw material

WATER MANAGEMENT

Since the inception of the Company, we have been at the forefront of water conservation as part of our sustainable development strategies. Water conservation and management in the surrounding communities and water-efficient operations at plants ensure that our facilities and the communities are safe from the potential threats of water scarcity in light of climate change. Furthermore, our dry process of cement production uses minimal water.

The total volume of water withdrawn for all our operations in 2018 was about 6.2 million cubic metres (Mm3) as against 6.9 Mm3 in 2017. We reused/recycled about 1 Mm3 of water during the year, which amounted to about 14% of our total water withdrawal. The recycled water was treated in sewage or effluent treatment plants and reverse osmosis plants and used for dust suppression, gardening and other purposes. Most of our plants do not discharge water or wastewater into natural sources. In 2018, the total water discharged by a few of our plants was 51,872 m3, which is about 1% of our total water withdrawal. No water bodies or related habitats were affected by water discharge. GRI 303(1, 3), GRI 306(1, 5), SDG-6, 11, 12, 15.

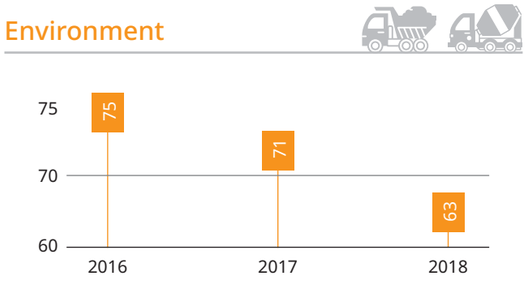
The Company's efforts on water resource management with active participation by the Local Government, other NGOs and the community have been appreciated. Our efforts have actually impacted the biodiversity positively in some areas. No water source or protected area (nationally or internationally) is disturbed for water withdrawal. Ambuja Cement takes pride in declaring that we were able to achieve our 2020 Sustainable Development Water Positive Index target in 2018 itself; and we are committed constantly to improve our performance. Our long term 2030 Sustainable Development target is to increase water-use efficiency substantially across all sectors; ensure sustainable withdrawals and supply of freshwater to address water scarcity; and bring down the number of people affected by water scarcity considerably. GRI 303-2, SDG-6, 11, 12

Water harvesting from mined-out pits for the use of the Company and nearby communities as well as groundwater recharge at the mines form part of our major initiatives. A check dam has been constructed at the Rabriyawas mine to channelize storm water for groundwater recharge.

1 Mm^3
of water recycled at our facilities

We have a water sustainability risk assessment framework in place, developed in association with International Union for Conservation of Nature (IUCN). The framework 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 WBCSD Global Water Tool. The assessment takes into account the impact of eight individual risks: water withdrawal, water discharge, water efficiency, water management practices, basin water scarcity, ecological sensitivity, regulatory and finance, and stakeholder pressure. It also includes a scenario analysis that identifies the potential impact on operations. Two of our plants are in water scarce regions. We comply with regulatory requirements on water.

Environment



Specific freshwater consumption in liters per tonne of cementitious materials

Trend 2016/2018 -14.2%

> Pre-monsoon water quality testing was completed in 236 water sources in147 villages with sensitisation and awareness about water that was unfit for drinking purposes

Water Resource Management in the Community

With water availability as its focus in 2018, Ambuja Cement's CSR arm, Ambuja Cement Foundation (ACF), created 736 roof rainwater harvesting structures and 132 other structures like hand pumps, village ponds and filtration systems to ensure drinking water availability throughout the year in project villages. These efforts helped more than 8,000 households to obtain water near their houses. Pre-monsoon water quality testing was completed in 236 water sources in147 villages with sensitisation and awareness about water that was unfit for drinking purposes.

This year ACF created/revived 58 water harvesting and recharge structures including 22 check dams, 9 ponds, 3 khadins and 18 farm ponds to increase water for agriculture. These structures created additional storage capacity of 1.66 million cubic metres of water. ACF also focuses on water saving through promotion of sprinkler and micro irrigation to increase water application efficiencies. These efforts brought 404 hectares of land under micro irrigation.

Various types of soil moisture conservation activities were implemented in 962 hectares of rain-fed agricultural land in the core villages and watershed projects of Darlaghat. These efforts had a direct benefit on the farming community. They resulted in an increase in the water table, better grass production and better plant survival in the catchment areas. Additionally, our conversation activities increased the productivity of crops for farmers; resulted in diversification of cash crops and high value crops; and increased plantation survival rates to increase crop intensity.

True value assessment for water interventions in 2018 indicated positive contribution of about ₹ 1600 crore.

8,000 house-holds
Received water supply near their homes under our project village

CARBON AND OTHER EMISSIONS

Our sustainability and climate change mitigation policies and strategies reflect our commitment to address global warming; they ensure a carbon footprint-conscious growth path through efforts in four key facets of our operations:

- Reduction in clinker factor by use of appropriate materials like fly ash and slag;
- Improving thermal energy efficiency and process technology;
- Waste heat recovery; and
- Optimising fuel composition, including the use of wastes as alternative fuels.

Related environmental risks are regularly assessed and addressed through various actions in these areas. Composite cement production, which was started in 2017, picked up a higher volume in 2018, thus reducing carbon emissions through the use of fly ash and slag. Conventional fuel use is reduced through renewable energy projects (wind, solar); waste heat recovery; AFR; and use of biomass in kilns and CPPs. We significantly reduced our GHG emissions by co-processing industrial and other wastes in our kilns as alternative fuel. This has reduced our dependence on natural resources like coal. We used about six million tonnes of fly ash in cement manufacture, due to which over 90% of our overall cement production consisted of PPC. Our 6.5 MW WHR project which was registered in 2015 under the Clean Development Mechanism (CDM) project for generating 35,000 Certified Emission Reductions (CERs) per year helped us to reduce 35,780 tonnes of CO2 in 2018. All these measures together helped us to prevent release of more than 6 million tonnes of CO2 during 2018.

Ambuja Cements Ltd has been part of the Cement Sustainability Initiative (CSI) of the World Business Council on Sustainable Development (WBCSD) working group on development and implementation of a 'Low Carbon Technology Road Map for the Indian Cement Industry'. As part of this partnership, we voluntarily share our performance with regard to selection of parameters (CSI dashboard) that define key aspects of sustainable development. GRI 201-2, SDG-7, 12, 13

CO_2 6.2 million tonnes
Of overall CO_2 emissions prevented

Monitoring and Transparency Disclosures

We estimate and disclose our environmental performance as per CSI and GRI guidelines. The major greenhouse gas (GHG) in cement manufacture is CO2; the Company monitors and reports CO2 emissions from all manufacturing locations, including integrated cement plants; mines; grinding units; and bulk cement terminals as per the WBCSD CSI Cement CO2 and Energy Protocol.

GHG Inventory includes:

Scope-1
Emissions due to fuel combustion in kilns; emissions due to fuel combustion other than in kilns (e.g. on-site energy generation); and emissions due to calcination of raw materials, bypass dust and cement kiln dust etc. during clinker production.

Scope-2
Emissions associated with purchased electricity from grid.

Scope-3
(other indirect GHG emissions): 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).

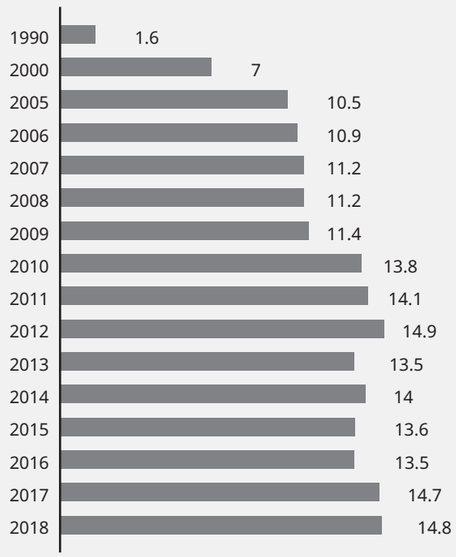
Our low carbon sustainable products and services, as part of our commitment to promote sustainable construction in the industry, help our consumers and construction professionals in reducing their energy, maintenance, and raw material costs while at the same time making the construction project greener with a lower environmental footprint.

The Company's emissions and strategies to address climate risks are disclosed annually in the Carbon Disclosure Project (CDP). In 2018, Ambuja signed up with CDP to endorse science-based targets (SBTs). We are currently developing our SBTs based on our sustainable development targets for 2020 and 2030.

The specific net CO2 per tonne of cementitious product is 529.6 kg, down by over 31% in 2018, using 1990 levels as the baseline. The total Scope-1 (direct absolute gross CO2 emissions, including CO2 from onsite power generation) increased marginally. GRI 305-5, SDG- 7, 12, 13

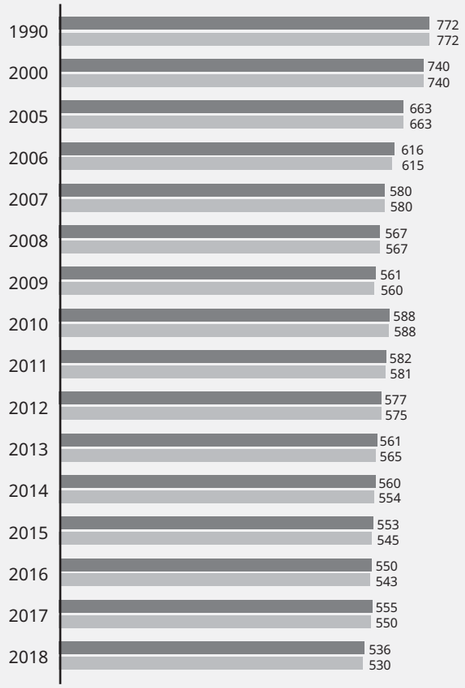
Scope-1

Absolute Gross CO2 Emissions including on-site power generation (Million tonnes CO2) – GRI 305-1



Specific Emission Scope-1

(kg CO2/Tonne of Cement) – GRI 305-4



Ambuja in the top five 'Most Sustainable Companies' of 2018.

With a big pat on the back, Ambuja Cements Ltd made it to the top five 'most sustainable companies' in the construction materials sector in annual Dow Jones Sustainability Index Corporate Sustainability Assessment 2018. Our constant efforts in the field of holistic sustainable development paid off not only by making us one of the most sustainable companies globally, but also the only Indian cement company to achieve this feat.

Other Emissions

Ozone-depleting substances (ODS) are not emitted in our processes. SO2, NOx, dust/particulate matter and any significant emissions from all our nine kilns/raw mill stacks are monitored by continuous emission monitoring systems (CEMS) and displayed in real-time on the website of the regulatory agencies. The emissions are load calculated and reported, excluding captive power plants and other stacks. The load was not calculated on days when CEMS was not operational. The total and specific emission values are given in the table at the end of this Report. We initiated upgrading of pollution control systems to control NOx, SOx and dust by installing selective non-catalytic reduction (SNCR) systems, new electro-static precipitators (ESPs) etc. and also undertaking better operation and maintenance to control these emissions. The total investment is estimated at approximately Rs 125 crores. GRI 305 (6, 7), SDG-7, 12, 13

We have identified climate change-related risks and their potential impact. Our True Value calculation of environmental and societal externalities and their effect on our EBITDA considered CO2, SO2, NOX and volatile organic compound (VOC) emissions; water extraction; land disturbances; waste generated etc. CO2 emissions arising as a direct result of our operations remain the most significant climate change risk. Our calculations take into account the cost of all environmental and water withdrawal risks when considering the financial implications. By 2020, the estimated financial implications of the risks before taking action are projected to be about ₹ 3,128 million; and the cost of mitigation action is projected at about ₹ 10,380 million.

Our climate change risk assessment reflected the following as the top five risks and opportunity areas for Ambuja Cements Ltd:	1.	2.	3.	4.	5.
	Promotion of light weight, sustainable materials with enhanced service life and focus on competing materials.	Volatility of energy and raw material prices; demand-supply disturbance; and failure of major raw material supply.	Rapid depletion of natural resources and availability of raw materials and additives.	Energy/fuel/carbon taxes.	Product efficiency regulations and standards.

GRI 201-2, SDG-7, 12, 13

> At COP21 in December 2015 our parent Company, LafargeHolcim, declared the Group's mission to cut net CO_2 emissions by 40% per tonne of cement by 2030 (against 1990 levels).

At COP21 in December 2015 our parent Company, LafargeHolcim, declared the Group's mission to cut net specific CO2 emissions by 40% per tonne of cement by 2030 (against 1990 levels). This is in addition to collective sectoral action towards meeting the 2°C threshold. Besides adhering to Group-level targets, Ambuja Cements Ltd has defined its own target of specific CO2 emission reduction as 33% per tonne of cement (against 1990 levels) by 2020 and 40% by 2030. Efforts are on to reduce energy consumption and CO2 emissions at all stages of production through process excellence, energy efficiency measures, reduction of clinker content in cement and use of alternative energy sources. In the captive power plants, our carbon footprint is sought to be lowered by fuel mix optimisation with alternative/low-cost fuels, thermal efficiency, station heat rate (SHR) improvement, reduction in auxiliary electrical energy consumption, and better capacity utilisation.

RESPONSIBLE MINING

Limestone is sourced from our captive mines in the vicinity of our integrated plants. Our sustainable extraction and innovative operational practices at mining sites balance environmental protection and the social well-being of the community. A blast-free eco-friendly surface miner technique, suitable for soft to moderately hard limestone, is used in Ambujanagar (Gujarat). It replaces drilling, blasting and primary crushing with zero ground vibration and minimal noise and dust. At our other mines, controlled blasting techniques are employed using high precision electronic detonators that improve blasting, minimise generation of fly rock, reduce vibration, and are safe in extraneous electric environments. There is practically no disturbance to the community. Blasting is always supervised by competent persons. The ground vibration of each blast is measured and the results compared with the permissible vibration standards of the Directorate General of Mines Safety (DGMS). These scientific mining technologies are employed to ensure conservation of minerals. Drilling is done with a drill that has an in-built water sprinkler for dust suppression and a separate dust extraction system, making the technique practically dust-free. Haul roads within the mines are maintained with compactors and graders. They are regularly sprinkled with water to reduce fugitive dust emission. Limestone beneficiation and extraction techniques are used to ensure minimum waste.

The Bhatapara mine has installed two safety devices: an operators' fatigue monitoring sensor installed in front of the operator, that monitors characteristics linked to fatigue; and a proximity sensor in heavy earth moving machinery (HEMM) and dumpers, that detects and sends a signal to the operator's cabin about the presence of any other equipment within a 20 m radius. The latter is very useful in the event of low visibility. A modular design fugitive dust suppression system checks fugitive dust on haul roads at the Maratha mine. It creates a mist of raw water called 'road fog' that is sprayed through a mist gun to settle the airborne dust. A washing arrangement

Migratory birds visiting Sugala mines, Ambujanagar

for crawler-mounted equipment and a fire-fighting gun make it a multipurpose vehicle. At Ambujanagar, a mechanical system for covered tippers has been developed in-house to eliminate spillage and dust emission, since the limestone is transported from the mine to the plant through a public road. Required health and safety measures are practiced in all our mines. GRI 413-2, SDG-6, 9, 12, 15

None of our sites operates in the immediate vicinity of specific biodiversity zones, World Heritage sites or IUCN category I-IV protected areas. Protected areas like the Majathal Sanctuary and Darlaghat Conservation Reserve are 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. Flora and fauna studies have been conducted by third parties for all our mining areas. We follow the LafargeHolcim Group Biodiversity Directive that requires us to prepare a biodiversity action plan (BAP) for sensitive sites. This has been implemented and completed for Ambujanagar and Darlaghat. Other non-sensitive sites like Rabriyawas, Maratha and Bhatapara have also developed BAPs in 2018 for protection and enhancement of biodiversity. MM2

The excavated soil is stored and utilised for pastureland development or plantation. The dumps are designed with a predefined slope angle for maximum stability. At Bhatapara and MCW, the slopes have been stabilised by coir matting and plantation. No associated risks have been identified so far.

In 2018, about 5.7 million tonnes of overburden/interburden or waste material was generated with no tailings or sludge. It was disposed of separately in non-mineralised zones through an excavator-dumper-dozer combination as per the approved mine plan. MM3

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. ACF undertakes programmes for community welfare and progress. We do not have artisanal and small-scale mining sites. Land is purchased through negotiations. Progressive mine closure plans are available as per statute for all locations. Concurrent rehabilitation plans are available for the working mines in Gujarat. There were no strikes or lockouts at our mines during the reporting period. MM5 to MM10, SO2

We use state-of-the-art, computer-based long and short-term planning tools to ensure a steady supply of raw materials. Blending material of different grades and qualities helps in maximising mine life and conserving natural resources, minimising waste generation and reducing environment management and mine closure costs. The techniques used in our mines include QuarryMaster software for better blending and pile planning; GIS-GPS techniques to control production levels; controlled blasting by I-Kon (E-det system) and PGNAA technology for online analysis of crushed ROM; PGNAA and screening plant for blending of sub-grade material; primary rock breaker for excavation of thin band high grade limestone; reverse camera system fitted in the dumpers; rock breaker for first bench boulder formation; backhoe (excavator) for below-water level limestone excavation; terminator to break the material near a village boundary; and mineral conservation through a wobbler and screen plant. MM11

> We use state-of-the-art, computer-based long and short-term planning tools to ensure a steady supply of raw materials.

Peafowl in one of our plants

BIODIVERSITY MANAGEMENT

All our biodiversity management initiatives stem from our commitments enlisted in the Environment Policy that is available on the company website.

We proactively implement measures at our plants and mining sites to ensure that the local biodiversity is not disturbed. We have initiated a water positive programme around our mining sites to minimise the water requirement from natural resources. Trees are planted on the overburden around the mines and at the mine lease boundaries. Green belts in and around the plant and mine areas, achieved after years of hard work, have transformed the land around our sites to greener habitats. The green belt counteracts the negative impact of mining by reducing dust pollution and absorbing carbon emissions. Ambuja Cements Ltd connects with the local people through community welfare programmes. Check dams that conserve water in the rainy season help in recharging the ground water table; the increased availability of water enables people in the water-scarce regions of Gujarat and Rajasthan to grow multiple crops during a longer period of the year, increasing their livelihood. It also preserves the biodiversity of the region. Use of local agricultural fodder as biomass for power generation helps in minimising greenhouse gas emission and provides additional income to the farmers from the sale of biomass to the Company.

All operating sites of Ambuja Cements Ltd have been assessed for environment impact and systems are put in place to prevent the occurrence of adverse impacts. Protected areas like the Majathal Sanctuary and Darlaghat Conservation Reserve are situated within 10 km of our mining or plant operations at Darlaghat; Gir Sanctuary lies within 10 km of a mining site at Ambujanagar. For Darlaghat, the Company has prepared a wildlife conservation plan for key species; the plan has been approved by the State Government. We also initiated implementation of a comprehensive biodiversity action plan (BAP) prepared for our Ambujanagar site. Our Rabriyawas plant has initiated 'natural capital profile assessment' under the guidance of the Indian Business Biodiversity Initiative (IBBI). Non-sensitive sites like Rabriyawas, Maratha and Bhatapara also prepared BAPs in 2018 for protection and enhancement of biodiversity.

Our operations do not significantly impact the biodiversity of all our five sites. The total number of IUCN Red List species and National Conservation List species with habitats in areas affected by our operations are given in the Sustainability Performance table at the end of this Report.

Sustainable mining practices protect and enhance the landscape and biodiversity value of the area around our mines. Such practices include use of surface miners, controlled blasting to minimise dust and noise, covered transportation of raw material, development of water bodies and pasture land, plantation of native species, and land rehabilitation. Some of our sites have become good nesting and breeding habitats for migratory and local avifauna. In Gujarat, we undertook mangrove plantation in about 150 hectares with the help of the Gujarat Ecology Commission. Mining operations and transportation of raw materials are carried out only during the day time near the protected areas. All mine tippers are provided with a multi-cap covering system to avoid spillage of material during transportation. Haul roads are continuously swept and sprinkled with water to prevent dust from getting airborne. All sites have developed green belts in and around the mine lease and plant areas. By 2020, Ambuja Cements Ltd aims to integrate its ecosystem and biodiversity values into national, local planning and development processes. GRI 304, SDG - 14, 15

Ambuja Cements Ltd is a signatory to the India Business and Biodiversity Initiative (IBBI) of Confederation of Indian Industry (CII) and GIZ. Ambuja also partners with other organisations like the 'Leaders for Nature' programme of IUCN India and other industry associations for biodiversity related policy management, assessment and reporting guidelines.

An e-learning online course was launched in 2018 for all ACL employees to sensitise them about biodiversity protection. The course was well-received by the employees and was also shared with our parent Company, to be launched in other countries in the LafargeHolcim group. A webinar on biodiversity action plan implementation was organised this year for biodiversity managers from the environment, mining, and horticulture functions of our mining sites. Various other events to sensitise our employees, school children and the community on the importance of biodiversity protection and conservation are conducted throughout the year. ACF organises vaccination and health camps 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. ACF has undertaken several livelihood supporting activities in villages around the Gir and Majathal sanctuaries (Gujarat and Himachal Pradesh respectively), and around other plants. The programmes include afforestation; fodder development; animal husbandry; distribution of smokeless cooking stoves; biogas plants; demos and training on agriculture and allied activities though Krishi Vigyan Kendras (KVKs); composting units in villages; and organic farming with minimal use of fertilizers and pesticides.

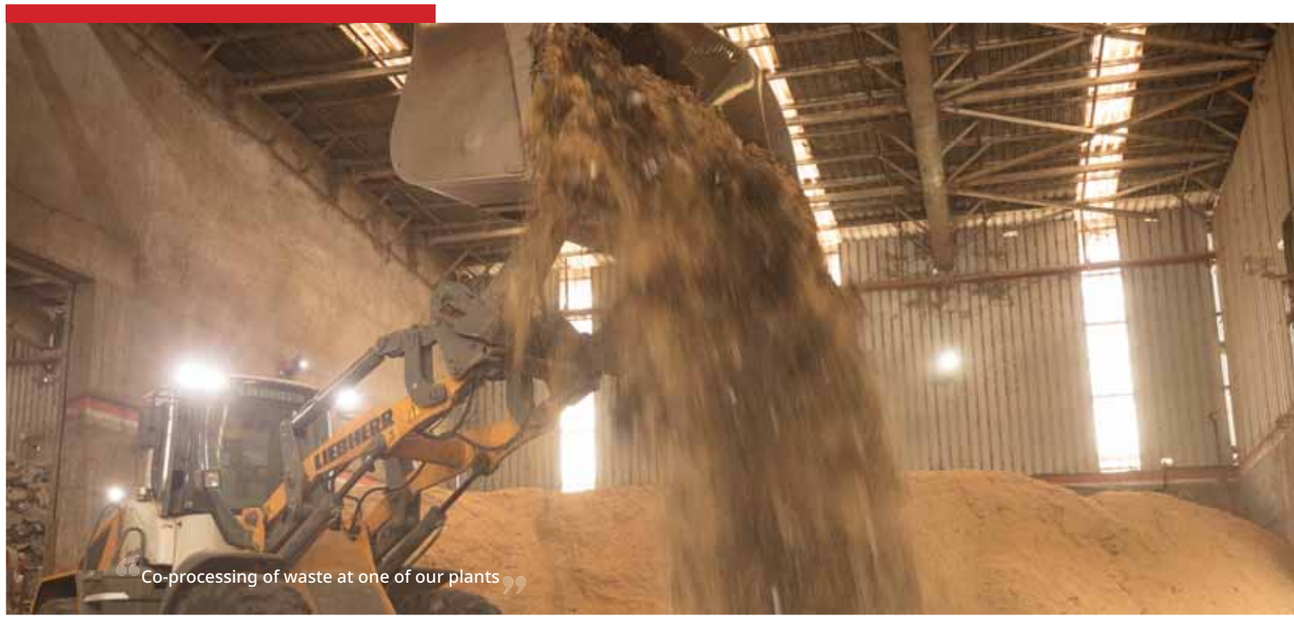
We are presently focusing on applying mitigation hierarchy as part of our biodiversity management and conservation efforts which is reflected in our "Sustainable Development Ambitions 2030" commitment to achieve 'Positive Change in Biodiversity' (net positive impact) by 2030. These commitments are aligned with LafargeHolcim's new Quarry Rehabilitation and Biodiversity Directive. To track our progress on this target, we initiated a new baseline biodiversity assessment of our sites through a Biodiversity Indicator and Reporting System (BIRS) developed by IUCN experts. BIRS is a simple system for assessing the overall biodiversity suitability of a defined site having different habitat types, expressed as 'site condition class'. It takes into account the area of every habitat type on a site, the ecological condition of these habitats (including enhancements and threats), and the uniqueness and ecological importance of each habitat in the regional context. As per our biennial frequency, we conducted BIRS assessment at all sites in 2017. Baseline site biodiversity index on a scale of 1 to 4 for our sites were Ambujanagar (1.7), Darlaghat (2.1), Rabriyawas (2.5), MCW (2.0), and Bhatapara (1.7). We will conduct this assessment again during 2019, covering all the sites.

CIRCULAR ECONOMY — WEALTH OUT OF WASTE GRI 306 (3, 4), SDG-7, 9, 11, 12, 13

We are at the forefront in India in offering sustainable, long term waste management solutions through cement kiln-based co-processing. This is offered through our Group brand 'Geocycle' for managing the ever-increasing waste volumes in industries and other sources. Co-processing technology is accepted as a cost efficient, environmentally safe option for disposal of a variety of wastes ranging from industrial hazardous and non-hazardous waste such as sludge, waste solvents, packaging waste, date-expired medicines, trade rejects, etc. to previously unmanageable agricultural residues and segregated combustible fractions of municipal waste. Thus we are contributing significantly towards reducing the volume of waste that goes into land-fills in India. Due to high temperature and long residence time, co-processing in cement kilns guarantees complete destruction of the waste. State-of-the-art technology, tailored processes and in-depth expertise enable us to provide sustainable, safe and reliable solutions by utilising existing facilities in the cement industry. Ambuja Cements Ltd has set up state-of-the-art infrastructure and pre-processing facilities for sustainably managing large waste quantities at our four integrated plants for blending liquids, shredding solids and sludge and homogenising waste prior to its co-processing.

We have the best possible safety arrangements to ensure safe operations during co-processing. Our operations are assessed by Geocycle Risk Assessment Methodology. 'Health and safety' is included as a key responsibility in line management and business performance. Additionally, to ensure the highest safety standards across the value chain, we have initiated our logistics safety programme to achieve 'Goal Zero', meaning zero accidents, zero harm to people and zero damage to the environment. The initiative focuses on implementing technology, processes and programmes across the entire range of Geocycle logistics operations.

About 8 million tonnes
of waste-derived alternative fuels and raw materials (AFR) used in 2018



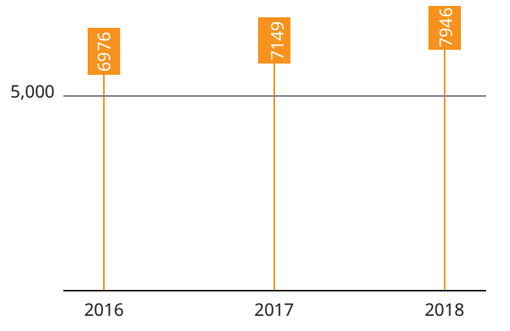
Co-processing of waste at one of our plants

Forging ahead in a circular economy, we focussed, over the year, on encouraging alternative fuel and raw material (AFR) usage, renewable energy and sustainable product solutions. We were able to achieve higher consumption of alternative fuels (AF), amounting to about 2.2 lakh tonnes in the kilns and about 72,000 tonnes in our captive power plants, taking the total consumption of AF to 2.9 lakh tonnes across all our plants. This way we achieved a thermal substitution rate (TSR) of 5.61% of the total thermal energy which would otherwise have been obtained from conventional fossil fuels. In addition, we used 7.6 million tonnes of waste-derived alternative raw materials (AR) like fly ash, gypsum, slag etc. in the Company's circular economy portfolio. This helped in reducing the clinker factor to as low as 64.99% in our low carbon cement production; and this very significantly reduces the requirement of natural material like limestone. Thus, altogether, we were able to use about 8 million tonnes of waste-derived alternative fuels and raw materials (AFR) in 2018. During the year, we co-processed around 69,082 tonnes of plastic waste in our kilns, which is more than two times the total HDPE plastic sent to the market as packing bags for our cement, making us a 'plastic negative' company.

As part of our sustainable and innovative product solutions, Ambuja Cements Ltd was able to optimise the utilisation of fly ash and slag to achieve sales of about 3.4 lakh metric tonnes of composite cement during 2018. Our net positive contribution to the environment and society in 2018 was about ₹ 1490 crore as compared to about ₹ 2,240 crore in 2017, and about ₹ 750 crore in 2012. Most of this value creation was achieved through fly ash utilisation; water harvesting and recharge projects; agro-based livelihood creation; and use of alternative fuels and raw materials (AFR). By 2030, we intend substantially to reduce waste generation through prevention, reduction, recycling and reuse.

The Company tracks significant spills as part of the Environment Management Systems implemented at all our sites and through iCare questionnaire. No incidents of significant oil spills were recorded in the reporting period. No hazardous waste was transported to/from locations abroad.

Circular Economy



Thousand tonnes of waste derived resources used

Trend 2016/2018 ▲13.9%

Society

Co-creating True Value

> Over a period of time, we have improved our approach and refined our strategies towards engaging with different stakeholders

EMPOWERING COMMUNITIES

GRI 413, SDG-1, 2, 3, 4, 5, 6, 8, 11, 16

Ambuja Cements Limited's Corporate Social Responsibility (CSR) journey has witnessed a lot of accomplishments and success stories that make a meaningful difference in the livelihoods of the communities around whom we operate. Over a period of time, we have improved our approach and refined our strategies towards engaging with different stakeholders. We have been working relentlessly for more than two decades with different teams and groups to engage with customers, community, employees and others. As part of our founding principle, we take measures to empower communities and achieve integrated development of the surrounding population in the areas of water resource development, agricultural livelihoods, skill and entrepreneurship development (SEDI), community health and sanitation, women's empowerment and education. We aim to bring about continuous change and sustainable practices in our areas of operation.

The founders of the Company have always believed that it was imperative for the surrounding communities and stakeholders to progress with the Company. Thus, Ambuja Cement Foundation (ACF), the CSR arm of the Company, was formed in 1993. The Foundation works with a mission to 'energise, involve and enable' communities and a vision of a 'sustainable, prosperous society, built on long term partnerships'. For several years, even before the Companies Act 2013 came into force, the company has been spending more than 2% of its earnings on CSR. The initiative which began in a small way in villages around the Kodinar plant, today reaches about 2.4 million people in 30 locations spread across 11 states in the country.

> ACF Vision : 'Sustainable, prosperous society, built on long term partnerships'

2.4 million people
Benefited from our CSR initiatives

STAKEHOLDER ENGAGEMENT

GRI 413 (1, 2), SDG- 1, 2, 3, 4, 5, 10

The community is one of the critical stakeholders for Ambuja Cements Ltd. The engagement with the community begins at a very preliminary stage of the planning of CSR programmes. All our CSR programmes evolve on the basis of the felt need of the community. Systematic exercises include a needs assessment through review of existing data, reflection as well as a baseline survey; they may also include participatory rural appraisals depending upon the context. The exercise is conducted during the preparatory phase of the project and also periodically during implementation. In 2018 a needs assessment was carried out at Bathinda and Ropar in Punjab for a project on 'Non Communicable Disease'; and at Raipur, Chhattisgarh, for a livelihood project.

Besides the community, our engagement with external stakeholders includes the Government and other organisations. All stakeholders are encouraged to have regular dialogue with the Company through a structured formal engagement process. ACF is continuously attempting to make this engagement more productive with new initiatives. One such example is the establishment of 'Community Advisory Panels' (CAPs) which exist across all Ambuja locations.

This year the CAP in Darlaghat, Himachal Pradesh, handled a critical safety issue with a community-based OLBS conveyor belt initiative. Considering our commitment to achieve 'Zero Harm' and our strong emphasis on health and safety, it was pertinent to educate the community on the risk and dissuade

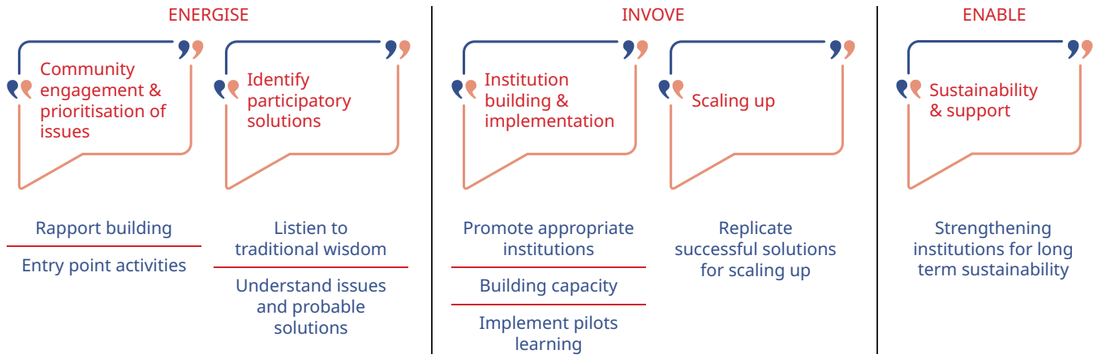
people from using the pathway adjoining the conveyor belt. The CAP members proactively got involved in creating awareness among the community. In other locations, CAP members from Bhatapara, Chhattisgarh, got involved in a review of the existing community infrastructure and planning of future projects.

A 'Social Engagement Scorecard' (SES) was planned and administered across locations during the period September–December 2018. Critical inputs emerging from the scorecard were taken into account while creating budgets for the following year. The stakeholders disclosed that the process provided them with an opportunity to revisit the relevance of various initiatives.

Governance Structure for Stakeholder Engagement

Stakeholder Engagement is led by MD&CEO/CMO/Exco at the corporate level. At the unit level, Plant Head chairs the stakeholder engagement committee and leads various engagement processes like CAP, SES, action planning for SSIA, as described above. Members from relevant functions like environment, CSR, mining, HR and commercial etc. are involved. Issues, findings, and proposed action plan covering different stakeholders at the site are discussed in Unit Sustainability Steering Committee. Implementation of the Stakeholder engagement at all plants is monitored at corporate level by Corporate Sustainability Steering Committee (CSSC) and Executive Committee headed by MD&CEO. At an organizational level there is an effort to improve the level of engagement of stakeholders across the processes undertaken.

ACF Model



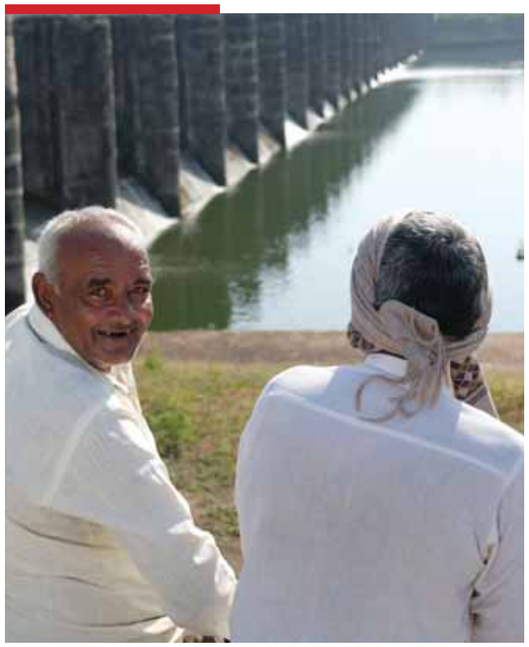
WATER RESOURCE MANAGEMENT

Water is critical to our business and a priority at Ambuja. Therefore, ACF works closely with community and other stakeholders for water resource management (more information on page-39).

Punjab has good water availability with its extensive canal network. This season we successfully introduced seven drip systems in Bathinda. This resulted in the average farmer getting additional production of 100 to 500 kilograms of cotton from one acre of land. Water availability in West Bengal is low due to shallow water tables. We installed two lift irrigation systems in Farakka, covering an area of 30 hectares and catering to 153 farmers. These efforts ensured that tail end farmers are also assured regular supply of water.

ACF took up a pilot project for drinking water security in the Kesarpura village of Rajasthan, under which focused development activities were undertaken on all aspects of water resource management. Community members were encouraged to take ownership of the initiative and make it sustainable. During 2018, ACF achieved 100% drinking water security in the village. We plan to replicate these efforts to address similar problems faced by other villages.

100% water security
Achieved in a village of Rajasthan through ACF efforts



AGRO-BASED LIVELIHOOD INITIATIVES

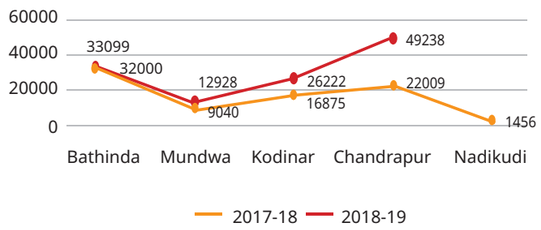
Promoting livelihoods is a critical thematic area for Ambuja under its CSR. ACF was able to reach out to almost 1.75 lakh farmers, more than 85% of them belonging to marginalised and small farmers' groups.

During 2018, our 'Better Cotton Initiative' (BCI) project grew by 49% and we reached out to 1.21 lakh farmers. The region-wise growth is given in the graph.

Activities in allied sectors like animal husbandry, goat rearing and aquaculture are getting established. Our aquaculture programme took a 60% leap compared to 2017 and ended up with 1,704 beneficiaries; and our milch cattle sector programme recorded a 68% growth compared to 2017,with 2,533 beneficiaries. However, our goat rearing project took a dip of 63% due to closure of the Bali project; the current beneficiaries number 2,707. Over 6000 farmers benefited through our vegetable and fruit cultivation programme.

> 6000 farmers benefited through our vegetable and fruit cultivation programme

Locationwise growth in BCI project



> In 2018, the cumulative business of 11 FPOs stood at ₹ 13.13 crore

During this season, efforts by farmer producer organisations (FPOs) focused on marketing activities, with the Ambujanagar FPO leading the way in channelling cotton through MCX. Other FPOs have also made significant progress.

- The FPO at Ropar got a mandi license and procured wheat and paddy from farmers on behalf of PUNSUP and Punjab Agro. They got 2.5% as commission charges for the total transaction.
- The newly established FPO at Roorkee, created to support organic and milk producers of the region, has also done good business of more than ₹ 35 lakh.
- On similar lines the FPO in Darlaghat has established a small milk chilling plant with capacity of 2,000 litres per day.

In 2018, the cumulative business of 11 FPOs stood at ₹ 13.13 crore. Our efforts ensure social and financial sustainability of the agricultural livelihoods of the people, promoted through community-based organisations.

High-Tech Intervention

For the first time, green house technology was used in Sankrail with support from the Department of Horticulture and NABARD. As many as five low cost poly-houses were installed which are helping farmers to earn additional benefit of 7–8%, as compared to rain shelters; the benefit will be as high as 20–25% when compared to open cultivation.

Partnering With Farmers To Reduce CO2 Emissions

The 'Sustainable Development Ambition 2030' of the Company provides a broad framework for the Company's strategies to meet the challenges in four broad thematic areas: Climate & Energy, Circular Economy, Environment, and Community. As part of the ambition to promote a circular economy, the Company aims to use 9 million tonnes of waste resources by 2020, and 13.5 million tonnes by 2030. Agricultural waste residue that comes from farmers around the plant is considered as biomass. Biomass collection is channelled through farmer producer companies created and strengthened by ACF. In 2018, Chandrapur, Rabriyawas, Ambujanagar and Ropar together facilitated procurement of over 46,641 MT of biomass. It included bio-wastes like sugarcane trash, cotton stalk, wheat straw, juliflora mustard husk, wood-chips and other crop residues that were used to replace conventional fuels. Besides adding value by providing alternative fuel and as a source of livelihood for the farmers, the effort has strengthened business linkages in the community.

46,641 MT of biomass
Procured from 4 districts in 2018

SKILL-BASED LIVELIHOOD INITIATIVES

The challenge for most companies is to deal with the livelihood demands of the host communities. Looking at the unemployment scenario of rural India, Ambuja Cements Ltd has been focusing on promotion of skill development since 2006 by way of its CSR activities. At present ACF runs 30 skill development centres in 10 states under the brand name of Skill and Entrepreneurship Development Institute (SEDI).

In 2018, SEDIs trained about 6,853 youth with an average placement rate of over 70%.

Gender inclusion in skill training was promoted by training over 43% female youth in different trades with good placement and gainful employment.

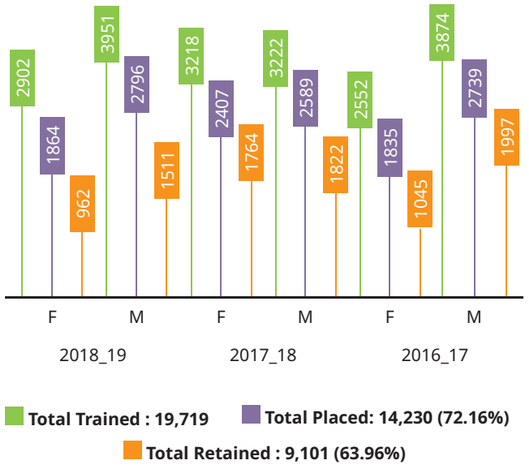
In 2018 ACF started seven new SEDI centres in four states. Of those, six centres, namely Jaipur, Agoocha, Dariba (Rajasthan), Bhatinda (Punjab) Bhatapara-ATI (Chhattisgarh), and Hooghly (West Bengal) were started with 100% funding partnerships. The Surat (Gujarat) centre was started with a cost sharing-partnership.

Placement Partners' Meet

Based on past experience and feedback from placement partners, the placement partners' meet is a very effective tool for exploring placement opportunities and to develop rapport with markets/industries.

- Four placement meets were held across five SEDIs.
- Participants included 156 representatives from 145 industries.
- In addition, 43 Government representatives attended.
- A total of 2,246 placement leads/demands were received.

Trained / Placed / Retained



Total Trained : 19,719 **Total Placed: 14,230 (72.16%)**
Total Retained : 9,101 (63.96%)

Capacity Building of SEDI Staff

Continuous capacity building of the SEDI training team becomes necessary to keep up with the changing macro environment with respect to industry focus and skill demands. In 2018, we conducted four-day residential training programmes for respectively for SEDI mobilisers and SEDI placement officers. Around 109 identified facilitators from 19 SEDIs attended the 'training of trainers' (TOT). Significant benefits were apparent after the training. Almost all SEDIs continuously conducted training batches with more than 20 trainees without a gap. The placement rate also went up and the track record over the last three years is shown below:

An SROI study was conducted for SEDIs of Kodinar (Gujarat) and Chandrapur (Maharashtra) for the year 2015-2018. The study concluded a social return of INR 5.07 from SEDI Kodinar and INR 4.08 from SEDI Chandrapur for every rupee invested.

PROMOTING HEALTH AND SANITATION IN THE COMMUNITY

A healthy business thrives in a healthy community; a lot of our work would amount to nothing without the good health and wellbeing of the community. As part of its sustainability development ambition, Ambuja Cements Ltd focuses on health and sanitation through ACF. It endeavours to bring about long-term, sustainable changes in the health and wellbeing of the communities surrounding our sites.

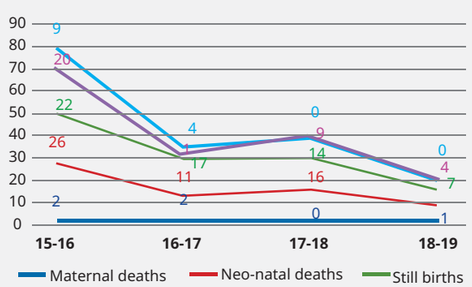
The need for intervention is felt mainly in maternal and child health (MCH); adolescent healthcare; non communicable and communicable diseases; curative healthcare; and community-led total sanitation. Curative healthcare services are provided through a mobile medical van, community clinics, speciality camps and diagnostic centres. ACF has mobilised the community to develop community-based institutions like a village health sanitation and nutrition committee, village development committee etc.

Over the years our MCH interventions have reduced maternal deaths, neonatal mortality, child deaths and still-birth cases in the core geographies of our CSR areas. There has been significant increase in institutional deliveries. Our trained sakhis or village health functionaries contributed significantly to this change.

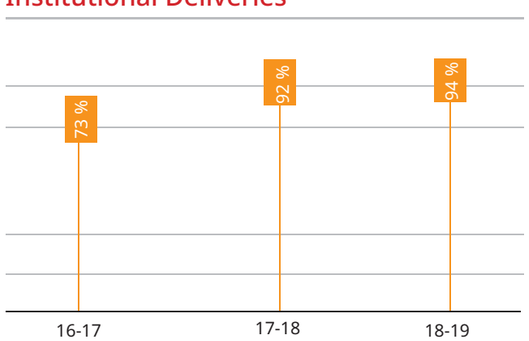
Macro Impact in Health:

- *356 sakhis trained.*
- *111 sakhis absorbed as ASHA workers.*
- *92% institutional deliveries recorded.*
- *100% toilet coverage in 146 villages.*
- *54,759 beneficiaries in 125 villages.*

Critical MCH Indicators- Trend in 4 years



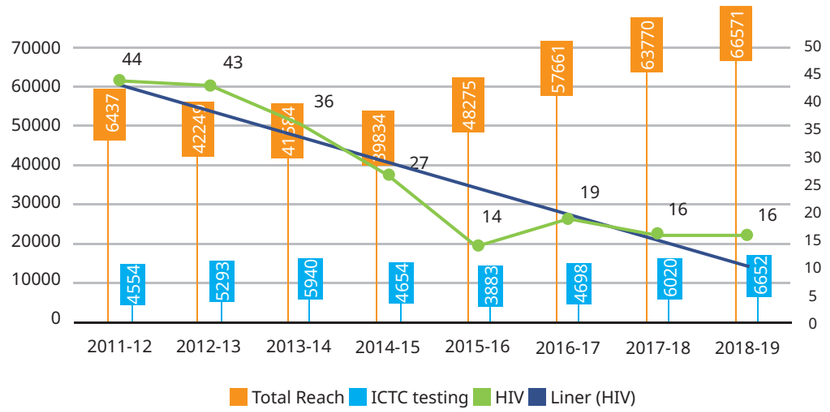
Increase in Institutional Deliveries



Truckers are an important stakeholder group for the Company. They are a large number of individuals, vulnerable due to the mobile nature of their work. ACF engages with truckers on a regular basis with awareness messages as well as clinical services. ACF, in collaboration with Apollo Tyres Foundation, runs healthcare centres for truckers at Surat, Sankrail, Nalagarh and Farakka. The services at these locations have been going on for truckers since 2009, addressing STIs, HIV, common ailments, lifestyle diseases, vision problems and overall safety behaviour. The cases of STI have gradually reduced along with an increase in the clinical cases.As highlighted in the graph, since 2011-12 the outreach for awareness increased from 46,372 to about 66,571 within the targeted population; referrals to the Integrated Counselling and Testing Centres (ICTCs) increased marginally, but incidences of HIV/AIDs reduced over a period of time from 44 in 2011-12 to about 16 in 2018.

> ACF, in collaboration with Apollo Tyres Foundation, runs healthcare centres for truckers at Surat, Sankrail, Nalagarh and Farakka

Reduction In HIV Positive



EMPOWERING WOMEN

Gender inclusion promoted by the Company also percolates into our CSR approaches. ACF believes that for inclusive development of society, women need to be an integral part of programme implementation. ACF endeavours to ensure participation of women in programmes through a variety of approaches such as training, promoting learning groups, and encouraging them to be members of farmer producer organisations. In Darlaghat, we established a 'women only' cooperative society that works on animal husbandry and dairy-related services. ACF continues to promote self help groups (SHGs), which serve as a platform for rural women to initiate their journey towards socioeconomic empowerment. These groups are supported to build capacity for managing accounts, credit rotation and income generation. SHGs in Chandrapur are supported in the formation of an Ekta Mahila Federation as their apex organisation. Over the years, this organisation has worked extensively in the social, economic and political sphere.

The Federation managed a revolving fund of ₹ 30 lakh and supported the construction of 563 toilet blocks for its members on a loan basis. Seventeen of the Federation members were recognised as brand ambassadors for sanitation by the district administration. Some of the members contested the Gram Panchayat election; 73 women were elected as members. The Federation supported its members to start income generation activities as well as leverage financial resources from Government schemes.

As a part of its Women's Empowerment Programme, ACF formed 1,915 SHGs with 22,968 members and a total corpus of INR 14.44 crore. At various locations these SHGs have come together to organise themselves into seven women's federations. It is a matter of pride that women carry the ACF banner in all our programmes in their communities.

A study conducted in 2017 which focused on the growth trajectory of the Sorath Women's Cooperative, Kodinar, highlights the growth of the Federation in the economic and social aspects of life and the value created for women members. This study recommended that ACF build further capacity among the members of the Federation on legal rights for women and governance issues.

1,915 SHGs

22,968 members

EDUCATION

An educated and healthy neighbourhood can become an asset for the Company. Through ACF, the Company contributes to SDG Goal 4 for Quality Education by working closely with state governments. ACF is focusing on education mainly in the Chandrapur, Darlaghat and Ropar locations. At Roorkee and Haridwar, ACF works in schools on a project that reaches 20 villages, in collaboration with HDFC who is the funding partner for the project.

ACF is working with 130 schools including primary and secondary schools with a cluster-based approach. The Foundation is supporting schools in various aspects like training of teachers and school management committees (SMCs), material support like BaLa paintings, sanitation facilities, smart learning like digital classrooms or e-leaning aids through various activities like Bal Melas, summer camps, sports and cultural events.

A Sports initiative called 'Make India Play' was introduced in 10 schools of Darlaghat, Himachal Pradesh, with knowledge partners CII and Art of Play. Regular meetings with eight school management committees and parents helped in creating awareness about sports education and its importance.

Ambuja Manovikas Kendra (AMK), a school for specially-abled children, caters to 121 special children, of whom 93 are enrolled under regular schooling, 13 under home-based rehabilitation and 15 at the skill development centre. AMK also works on the academic programme of these special children. This year, the second batch of four students appeared for the class-X exam of the National Institute of Open Schooling (NIOS) and passed with more than 60% marks.

At the skill development centre, the first batch of 17 trainees graduated in three trades — artificial jewellery making, pottery and baking, in August 2018. This year, 15 students are engaged in self- employment activities and are creating products for sale either independently or in some cases with the help of their parents.

130
schools including primary and secondary schools

1975
Self Help Groups

22835
Members

5
Women Federations

₹10.45 Crore
Total Corpus Created

>100000
Women reached through Internet Saathi program

₹4.9 Million
Revolving fund with federations for Toilet Construction

Knowledge Events organized by ACF

ACF has a strong belief in the power of sharing – sharing learnings, sharing ideas, sharing expertise. In keeping with the initiative by ACF to commemorate its 25th year, ACF organized four major events in 2018. Participatory dialogue, "Farm to Market" organized in collaboration with CII at Chandigarh explored existing opportunities in developing a sustainable agriculture model and strengthening the value chain for small and large farmers. The event, "Investing in Water Today & the Future" organized by ACF in collaboration with Samhita at Mumbai recognized the severity of the water issues and solutions for tackling India's water crisis. A report was also released, titled 'Making the Case for Corporate Action in Water'. A Symposium on Models to Non Communicable Diseases (NCDs) at Mumbai was held in partnership with Harvard Chan School of Public Health which focused on sharing models implemented globally for the control of NCDs and how to develop a strategy for the Indian context. At Pune, ACF organized a Skilling Round-table in collaboration with Idobro for the 5th consecutive year. Discussion points focused on reducing unemployment through skilling, and increasing employability in construction, retail and hospitality sectors.

> A report titled 'Making the Case for Corporate Action in Water' was released

EMPLOYEES.....OUR STRATEGIC ASSET

Human Resource (HR) Management at Ambuja Cements Ltd ensures achievement of business goals with sustainable talent management and nurturing to strengthen the competitive advantage of the organisation. The Company's people policy, strategy, systems and processes, and welfare measures are designed to enhance all aspects of the 'employment experience' for overall effectiveness while making Ambuja Cements Ltd an employer of choice. With an outside-in perspective, HR offers unique information, insights and recommendations on talent (workforce and human capital), capability (culture, systems and processes), and leadership to deliver a competitive advantage.

We ensure an enabling work environment with efficient recruitment and retention practices to optimise human capital. Both management and non-management employees are offered continuous learning opportunities for growth and development. The Company provides a collaborative working atmosphere, free from discrimination and harassment including sexual harassment, along with equal employment opportunities to all its employees. Ambuja Cements Ltd has a Zero Tolerance Policy towards sexual harassment at the workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules therein. This extends to permanent employees, contractual and temporary staff as well as trainees. An Internal Complaints Committee has been set up to redress complaints about sexual harassment. Females form over 2% of the total workforce, while about 4% at the senior management level and about 3.8% in management positions (as a percentage of the total management workforce). The company has taken a diversity target to increase share of women across all management positions to 10% by 2020.

Our 'I Can' philosophy encourages employees to take challenges and responsibilities. Our performance culture is underpinned by our values of trust and integrity, and a commitment to the health and safety of one another and our partner organisations. Our commitment is to drive these values through everything we do.

TALENT MANAGEMENT

The Company maintains its competitive edge by honing talent and carving out leaders through various initiatives for developing and retaining superior talent. Leadership skills are developed through structured talent reviews, supported by individual development plans (IDPs) and cross-functional and cross-location assignments. These initiatives have begun to show results. While we maintain a healthy external talent intake, senior positions are now increasingly being filled internally. Succession planning has created a talent pipeline for key positions and a growth avenue for our developing leaders. Our core values stipulate the need to develop and build leaders who will keep the organisation on the path of high performance. With this in mind, the STEP (Sustainable Talent for Enhanced Performance) programme has been institutionalised along with other talent management initiatives. The objective of STEP is to develop a sustainable pool of leaders with essential leadership skills and the capacity to be internal coaches. The training includes formal, informal and interactive components that hone coaching skills and bring about greater engagement. The STEP-I programme was completed successfully by 96 managers in 2014, out of which 35 became 'people coaches' for STEP-II participants launched in 2015. We focused on multi-skilling and skill development of employees to ensure that workmen and employees get regular training (technical, sales and leadership), to perform better. A batch of 60 participants was selected for the STEP-III programme and is now part of this learning journey. We nurture and develop high potential; 65 graduate engineer trainees were recruited through campus-hiring in 2018.

> Our core values stipulate the need to develop and build leaders who will keep the organisation on the path of high performance

We have implemented a talent management model for succession planning of senior management. Through this process high potential successors are identified by mapping their sustained performance (on a different scale from performance appraisal rating over a three year time period) and learning agility (ability and willingness to learn from experience and apply learning to perform in new conditions). This model assists in addressing the key concerns of identifying and managing available and required talent in the organization.

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, post-retirement medical benefits and death and disability benefit are considered as defined benefit obligations; they are provided on the basis of actuarial valuation, using the projected unit credit method. Contribution to PF is managed by a trust set up by the Company. Healthcare, disability, invalidity coverage, life insurance, and medical benefits are available to employees. Superannuation is not available to some categories of 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 thirteen-week segments, divided between the pre-natal and post-natal period as per her convenience. This benefit can be availed of upto a maximum of two children. In 2018, seven women employees availed of maternity leave; six of them remained employed for the rest of the year after resuming work, and one is still on maternity leave. A minimum of three weeks' 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. For more details, please refer to the Annual Report.

Exemplary work was recognised in 2018. Five hundred and forty employees from across locations and functions received various categories of awards and won accolades under our Rewards and Recognition Programme.

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 about 2.57:1. 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.

However, due to the low number of women employees in a manufacturing industry like ours, the ratio of the basic salary of women to men is 0.98:1 for entry level management roles, considering all locations of our operations.

We have recognised trade unions affiliated to INTUC/AITUC/BMS, representing blue collar employees at different locations. About 30% of our permanent employees are members of a recognised employee association. GRI 102-41, GRI 201-3, GRI 202 (1, 2), GRI 401 (2, 3), 402-1, GRI 405-2, SDG- 5, 8, 10,16.

EMPLOYEE LEARNING AND DEVELOPMENT GRI 404-2, SDG-11, 17

Our workforce development is focused on strengthening our workers and ensuring their safety. As part of this initiative, productivity and quality training was provided to our workers. The ACC ACL Leadership Academy (AALA), a joint academy of ACC and Ambuja Cement, started in 2012 and provides leadership, procurement, sales and marketing training for employees and the field force in order to build organisational capability and competence. The objectives of AALA are envisaged to be fulfilled by best-in-class training through innovative training methodologies and modern learning and development approaches. Technical training is conceptualised and implemented by Techport. AALA and Techport partner with some of the best management and technical institutes like Indian School of Business, IIM Indore, Centre for Research and Industrial Staff Performance, ESAB and others to build competence in identified areas. Training is aligned to the business needs. A variety of robust training modules emphasising quality and effective application at the workplace have been developed. About 50% of staff time at the academy is spent in understanding and inculcating strong work practices during training. We spent about ₹ 3.65 crore on employee training covering about 60,561 man-hours.

We have started implementing the Kirkpatrick Model to assess effectiveness of training programmes at three levels: (1) reaction of employees; (2) learning; and (3) behavioural change. In 2018 we carried out evaluation up to level 3. For level 3 assessment, action learning projects were conducted to assess whether employees are able to convert their learning into action. During 2018, we conducted evaluation of one technical training programme and one leadership development programme. The technical programme, 'Process Engineer Certification Course', was evaluated for quantitative benefits like reduction of specific electrical consumption in a raw mill by 0.26 kWh/t of material, and improving the throughput of the mill by 20 TPH through various operational efficiency measures. The 'Advanced Leadership Programme (ALP)' was conducted in partnership with Indian School of Business to strengthen future leadership capabilities needed for individual and organisational growth by drawing on leadership research and practices tailored to contribute to our strategic roadmap for achieving 20% reduction in cost and 10% improvement in network quality.

ENHANCED EMPLOYEE ENGAGEMENT

We focus on building a culture of merit and appreciation. Our Rewards and Recognition (R&R) Programme recognises efforts and rewards employees' achievements. The awards are decided by awards panels, with spot awards, monthly awards, quarterly awards and annual awards in individual and team categories; they take the form of appreciation letters, certificates, gift vouchers, hall of fame photographs, and sponsored stays at resorts. The exemplary work of 540 employees from different locations and functions got recognised in 2018 for various categories of awards under the R&R Programme. Employees who spend more than a decade with the organisation are felicitated with 'Long Service Awards'. Focused group discussions (FGDs) across various locations are held to determine the level of employee engagement, gauge employees' perceptions on various organisation and work-related matters and to draw up a meaningful action plan to improve employee engagement. A team of internal facilitators with varied functional expertise assists in open and participative FGDs at different locations.

Employee engagement also takes place through functions, celebrations, functional meets, gate meetings, town halls, etc. In 2018, five town hall meetings were held in Mumbai and simultaneously broadcasted across different locations where top management engaged with employees on issues related to Company performance, future focus areas, health and safety, etc.

All eligible employees received a timely and regular performance and career development review during the year. Annual objective setting for 2018, individual development plans (IDPs), mid-year review, and performance assessment were completed online on the Workday system. Increased focus on the setting of team objectives, periodic reviews and frequent individual dialogue between managers and employees is encouraged. These discussions enhance alignment with Company objectives, explain clearly our business direction and aid in individual target achievement. The new performance management system (PMS) is designed to involve managers and employees and together raise levels of performance through collective ownership and responsibility. This aspect was further highlighted at the FGDs. The Board reviews the performance of the senior management (ExCo) employees through the Nomination and Remuneration Committee; and the ExCo reviews the performance and development of the other executives as per the process followed by HR. GRI 404-3, SDG-17

Employee volunteered for community involvement and contributed 1832 hours out of which 1035 hours were contributed during paid working hours which amounted to Rs. 2.9 lakhs during the year 2018. In-kind giving (contributions of products, equipment, services and other non-cash items from the company to the community) have not been accounted.

> "Employee volunteered for community involvement and contributed 1832 hours out of which 1035 hours were contributed during paid working hours which amounted to Rs. 2.9 lakhs during the year 2018"

OUR JOURNEY TOWARDS ZERO HARM

Health & Safety (H&S) as a core value has been translated in simplistic terms to all our people, i.e. at the bare minimum level of compliance we need continuously to work to make H&S improvement a way of life. This message, coupled with initiatives aimed at generating greater personal ownership as also accountability around H&S at all levels of leadership, has helped us deliver continuous improvement year-on-year. In 2018, the AMBUJA Parivaar faced all H&S challenges with resolution and the team worked in unison to ensure that we are compliant with the required H&S standards in all our sites/ operations, whether they be our plants, offices, warehouses or road/rail transportation.

H&S Challenges and our Strategy

Over the years, we have developed in-depth understanding of the challenges that we face in our operations. Our H&S strategies/initiatives focus on reducing the risk from these challenges. Our strategy in 2018 was to look at our H&S Improvement Plan and strengthen our basics. We executed this strategy under five pillars: Onsite Fatality Elimination; Zero Harm Culture: Systems and Processes; Control of Health Risks; and Road Fatality Reduction.

> Health & Safety (H&S) as a core value has been translated in simplistic terms to all our people, i.e. at the bare minimum level of compliance we need continuously work to make H&S improvement a way of life

Our overall achievements for the year 2018 are as listed below:

Key Initiatives

H&S Communications

- H&S Mobile Application launched for all employees
- New Visitor Indication module rolled out across all sites
- Special Waves - Lifting & Supporting Loads, Road Safety, Energy Isolation and Work at Heights

Better Assurance - One Group / Cross OpCo/Intraplant audit per unit

Frontline Safety - Behaviour Based Safety - framework developed and stabilised at Bhatapara

Road Safety

- Defensive driving training (theory and practical launched in line with international standards
- In Vehicle Monitoring System and Personal Protective Equipment introduced for two wheelers
- Transport Control Tower integrated with Unit Driving Management Centres

Contractor Safety Management - Contractors optimized by 38% and development programs initiated

Competency Development

- HFACS Root cause analysis tool rolled out with effect Sept'18
- H&S training for top leadership and supervisors integrated with Cement Industrial Framework and rolled out
- Certification Industrial Hygiene training conducted for 18 H&S personnel

Lagging Indicators

- 34% reduction in total onsite injuries (124 in 2018 Vs 189 in 2017)
- 31% reduction in Total Incident Frequency Rate (TIFR) and 37% reduction in Lost Time Injury Frequency Rate (LTIFR)

H&S Performance

Our concerted efforts on systems and processes, incident learning and more boots on the ground along with greater focus on frontline safety helped in delivering good results in 2018. Our entire management team invested significant time to interact with employees/workers on the shop floor and understand their H&S challenges with the aim to support best practices. The H&S mobile application was also launched for all employees to ensure better awareness about H&S requirements, guidelines and learnings from incidents.

All these efforts have resulted in better H&S performance in different areas. We reduced onsite injuries from about 800 in 2013 to 124 in 2018; this underlines the effectiveness of the initiatives that are being implemented in this area. Our road safety figures have also shown a significant reduction of 20% in the number of incidents. Two of our plants i.e. Surat and Farakka have accomplished 'Zero Harm' in 2018; and seven sites (Rabriyawas, Nalagarh, Dadri, Bathinda, Roorkee, Dirk and Marwar Mundwa) recorded 'Zero Lost Time Injury' (LTI).

Road and Logistics Safety

In line with its commitment to LafargeHolcim's 'Zero Harm' Policy, Ambuja has taken long strides in improving distribution safety in its end-to-end logistics operations. Technology-enabled real-time monitoring of safety KPIs resulted in substantial improvement in safe KM from 53% in 2017 to 80% in 2018. During the year, an 'In Vehicle Monitoring System' (IVMS) was fitted in over 3,089 vehicles and 32,000 e-passports distributed across all plants. One thousand two hundred and seventy nine drivers were trained in defensive driving through a structured training process involving both theory as also practical assessment, in line with stringent global standards.

Zero
Lost Time Injury
At our seven sites

RESPECTING HUMAN RIGHTS

GRI 413-1, SDG-16, 17

Our Human Rights Policy is specified in our Code of Conduct and Business Ethics. We also follow the LafargeHolcim Group's Directive on Human Rights. These policies and directives enlist all our commitments towards protecting and promoting human rights in our operations and value chain. We prohibit undesirable practices and do not conduct business with any individual or company that violates human rights, i.e. exploitation of children including child labour; physical punishment; gender-based violence; forced or compulsory labour; unlawful discrimination in employment and hiring practices; provision of unsafe working conditions; salary payments (or deductions) below minimum wage; and illegal overtime regulations. Our commitment to human rights is reinforced by our Group's participation in the UN Global Compact (UNGC), support of the Universal Declaration of Human Rights, the company's Code of Conduct and Business Ethics and Code of Business Conduct for Suppliers, and our CSR Policy. Ambuja Cements Ltd is an active life member of The Global Compact Network India (GCNI), the Indian arm of the UNGC. Our Group has developed a Human Rights Management System (HRMS), a tool that identifies business risks with respect to human rights. The system examines our own behaviour as well as the value chain, in particular, the supply side and third-party service contractors. Any incidence of failure to comply with the rules or other concerns can be shared with our local human resources representative. HRMS is based on country-wise human rights risk assessment and classification and is carried out using Freedom House (an international NGO) and UN human development indices. Issues within a specific country are taken into account; India has been classified as high risk in the context of human rights.

We undertake a **Site Specific Impact Assessment (SSIA)** for identifying business related human rights issues at 100% of our own operations and joint ventures once every three years. Through SSIA we capture the perceptions of all our stakeholders who are directly affected by our site operations and then address potential risks (perception of negative impacts) to ensure fair practices in the areas of human rights, labour rights, occupational health & safety, community grievances, etc. Representatives of the identified stakeholders interact with the assessment team through focused group discussions and/or field interviews. The aspects covered in the assessment include child labour, forced labour, freedom of association, no-discrimination, working conditions, minimum wages, health and safety, contract workers, community impact, security guards, land management, bribery and corruption, armed actors, grievance mechanism and any other issue important to the specific site. All the consultations are documented. Based on the findings of these consultations potential risk and opportunities are mapped using the prioritisation tool. The assessment mandates creation of an action plan where high and medium risks are identified. The action plan is prepared in consultation with the unit head and the senior team to mitigate the identified risks. Implementation of the approach is monitored through the annual LafargeHolcim questionnaire on stakeholder engagement; and performance is duly reviewed at the unit as well corporate level by the Executive Committee. Our structured approach enables systematic identification of social risks attributed to these areas and expeditious mitigation of the same in line with sustainability best practices.

The first round of Site Specific Impact Assessment began in 2012 and was completed for all 13 manufacturing locations in 2015. The second cycle started in 2016. The action plan for each site is being implemented. In 2017, our sites at Rabriyawas, Chandrapur (MCW), Cochin and Mangalore underwent this assessment. During 2018, SSIAs were conducted at Surat, Panvel, Ropar and Nalagarh units and Counto Microfine Products Pvt Ltd, Goa, which is a joint venture of Ambuja Cements Ltd. The assessments conducted revealed that these plants operate in absolute accordance with the standards of the ILO core conventions as well as with national legal minimum wage regulations. No instance of perceived or actual non-compliance with these standards was mentioned by any stakeholder in any of the consultations. No high risks were identified. However medium risks were identified in the area of health and safety, and the need for further improvement in the working conditions of employees and contract workers. With regard to identified medium risks, a stakeholder engagement action plan was created to further improve the future performance of the respective plants. For example, issues that emerged in one of the SSIAs were fugitive dust emission, condition of the public road approaching the plant, drinking water facility in a section of the truck yard, etc. A corrective action plan has been implemented and concrete measures such as installation of new bag filters, preventive maintenance to reduce fugitive dust emissions, road repairs and provision of drinking water dispensers were completed in 2018.

During 2018, we initiated a review process of the human rights compliance of our joint ventures and subsidiaries. Our JVs and subsidiaries provided us with a declaration of their compliance to ACL policies and regulations on human right protection.

We also have systems to ensure that the labour engaged by our contractors is covered by the Contract Labour (Regulation and Abolition) Act along with mechanisms to report any violations. The responsibility for implementing the Group's human rights approach rests with the CSR or SD Coordinator along with line and functional management. About 30% of our permanent employees are members of a recognised independent employee trade union or association. ACL encourages collective bargaining for harmonious industrial relations. Discussions are held periodically, and issues resolved with employees' representatives. They are also inducted into various committees constituted for their welfare. No instances of violation of employee rights of association or collective bargaining were reported, nor were there any reports of suppliers indulging in child labour or forced or compulsory labour.

We have also launched an e-learning course on human rights which is repeated every year to increase the coverage of the employees and provide refresher training. They are also trained and sensitised on human rights through initiatives on sustainable procurement, CSR and labour practices. Although the Company does not monitor training hours of security personnel, they are sensitised about human rights through initiatives on labour practices. 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 of child labour, forced/involuntary labour, sexual harassment and discriminatory employment. ACL promotes equality and diversity and there were no incidents of discrimination in the reporting period.

COMPLIANCE MANAGEMENT

GRI 205, 206, 416-2, 417(2, 3), 419, SDG-10, 16

Being one of our top priorities, compliance is monitored by the Board Committee. Compliance Week is celebrated every year since June 2014 at all plants, regional and corporate offices, reaffirming our strong commitment towards compliance with all laws, rules, regulations, internal policies, procedures and codes of conduct. It also demonstrates to our stakeholders the importance we place on ethics and awareness not just of specific rules and regulations, but on creating a culture of compliance within the organisation.

There were no incidents of non-compliance with regulations and voluntary codes concerning products and services with respect to information and labelling, health and safety impacts, provision and use, and marketing communications, including advertising, promotion, and sponsorship.

The Competition Commission of India (CCI) passed an order dated 31st August, 2016, imposing a penalty on certain cement manufacturers including Ambuja Cements Ltd about alleged contravention of the provisions of the Competition Act, 2002. The penalty levied on the Company is ₹ 1,163.91 crore. The Company filed an appeal against the order of the Competition Commission of India before the Competition Appellate Tribunal. The Tribunal, vide its order dated 21st November, 2016 stayed the operation of the Commission's order, subject to a deposit of 10% penalty in the form of a fixed deposit of six months' duration. However, it was also ordered that if the Appeal is dismissed, then the balance amount of the penalty shall have to be deposited with interest @ 12% per annum from the date of CCI's Order, i.e. 31st August 2016. The Appeal was dismissed by the National Company Law Appellate Tribunal (NCLAT) on 25th July, 2018. The Company went in appeal to the Supreme Court against the judgment passed by NCLAT. On 5th October 2018, the Supreme Court admitted the Appeal and ordered continuation of interim orders passed by the Tribunal. The deposit therefore continues @10%.

In a separate matter, pursuant to the reference filed by the Director, Supplies and Disposals, State of Haryana, the CCI, vide its order dated 19th January, 2017, had imposed a penalty of ₹ 29.84 crore for alleged contravention of the provisions of the Competition Act, 2002 by the Company. After the Company filed an appeal together with an application for an interim stay against payment of penalty, COMPAT has stayed the penalty pending hearing of the application. The matter is listed before the NCLAT for hearing.

> Our JVs & subsidiaries provided us with a declaration of their compliance to ACL policies & regulations on human right protection

MAPPING AMBUJA'S SUSTAINABILITY PERFORMANCE TO UN' SDGs

GRI INDICATORS : SUSTAINABILITY PERFORMANCE (2015-2018)

		GRI Std / CSI Ref	SDG Target	Assurance	2015	2016	2017	2018	TARGET 2018
ECONOMIC PERFORMANCE & VALUE CREATION									
Turnover or Net sales	Crore Rs	201-1	8.1,8.2		9368	9117	10250	**10977**	
Direct Economic value generated	Crore Rs				11122.15	11114.38	12341.98	**11601.79**	
Wages and benefits to employees	Crore Rs				583.87	570.16	644.76	**662.38**	
Payments to providers of capital	Crore Rs				526.32	558.06	822.02	**380.18**	
Payments / Benefit to governments (taxes)	Crore Rs				2,081.67	2165.29	2332.41	**472.62**	
Benefit to communities/community investments	Crore Rs				40.75	61.7	58.24	**53.46**	
Direct economic value distributed	Crore Rs				10706	10678	11827	**10403.04**	
Economic Value Retained (=Economic Value generated - Economic value distributed)	Crore Rs				416.32	436.88	515.46	**1198.75**	
Sales of cement	Million tonnes				21.53	21.1	22.98	**24.3**	
Operating costs	Crore Rs				7473.22	8436.98	7969.09	**8,833.81**	
EBITDA	Crore Rs				1531	1692	1940	**1891**	
Net Profit After Tax (PAT)	Crore Rs		17.1,17.3		808	932	1250	**1487**	
SUPPLIERS			9.1.2, 9.3.32, 12.7.1, 10.7	Assurance	2015	2016	2017	**2018**	**TARGET 2018**
Number of Suppliers				✓	9521	8644	8004	**7874**	
Number of local (Indian) suppliers		204-1		✓	9399	8536	7902	**7792**	
Number of foreign suppliers				✓	122	108	102	**82**	
% of suppliers identified as "High Risk" (for sustainability criteria aligned with Supplier Code of Conduct)		308-1, 308-2, 414-1, 414-2		✓	5%	5%	5%	**7%**	
Number of Suppliers screened through Self Assessment Questionnaire (socials, environmental aspects)				✓	490	450	329	**553**	
Monetary value of payments made to suppliers	Crore Rs			✓	7344	6821	7966	**9395**	
Proportion of spending on local suppliers	%			✓	90	96	93	**96**	
Expenditure on Raw Materials									
Imported	%			✓	8%	3%	1%	**3%**	
Indian	%			✓	92%	97%	99%	**97%**	
Expenditure on Spares									
Imported	%			✓	12%	13%	11%	**11%**	
Indian	%			✓	88%	87%	89%	**89%**	
GOVERNMENT RELATIONS				Assurance	2015	2016	2017	**2018**	**TARGET 2018**
Political contribution	Crore Rs	415-1			Nil	Nil	Nil	**Nil**	
Sales Tax Exemption	Crore Rs				172.5	168.73	115.41	**206.99**	
Excise Subsidy	Crore Rs				136.62	77.9	83.53	**27.22**	
Freight Subsidy	Crore Rs				7.14	0	0	**0**	
Capital investment subsidy	Crore Rs				0	0	0	**0**	
Revenue subsidy (Dispensary grant)	Crore Rs				0.05	0	0.06	**0**	
Total monetary value of financial assistance received from governments (grants, tax, reliefs and other finance benefits)	Crore Rs	201-4			316.31	246.63	199	**234.22**	
CUSTOMER SATISFACTION				Assurance	2015	2016	2017	**2018**	**TARGET 2018**
Overall Net Promoter Score (NPS)	%			✓	91 (Different method by 3rd party)	56	54	NA	
Data coverage (e.g. as % of revenues, customers, etc.):				✓		11%	7%	NA	
ENVIRONMENTAL PERFORMANCE				Assurance	2015	2016	2017	**2018**	**TARGET 2018**
Number of plants (Cement and grinding plants)				✓	13	13	13	13	
Plants certified by 3rd party for ISO:14001 EMS				✓	13	13	13	13	
Environmental investments	Crore Rs	307-1		✓	49.3	69.9	50.6	**102.4**	
Capital Investments	Rs			✓	34.30	54.70	31.97	**66.43**	
Operating Expenses	Rs			✓	14.90	15.20	18.62	**35.97**	
Savings, cost avoidance, income, tax incentives, etc.	Rs			✓	27	22	28.69	**20.5**	
Number of plants/quarries reporting noncompliance cases				✓	Nil	Nil	Nil	**Nil**	

CLINKER PRODUCTION RAW MATERIALS			8.4.1, 12.2	Assurance	2015	2016	2017	**2018**	**TARGET 2018**
Limestone Purchased	tonnes			✓	801498	515298	944864	1277131	
Total Limestone	tonnes			✓	21079055	21107509	22626836	**23689620**	
Clay & Shale	tonnes			✓	548714	484332	551041	**534998**	
Silica corrective (Sandstone, Silica sand, Bed Material, China Clay)	tonnes			✓	216322	186491	196902	**146371.00**	
Gypsum used in Kiln (SO3-provider)	tonnes			✓	0	2833	5876	**12113.00**	
Iron correctives (Iron ore, Iron scales, Laterite, Blue dust, Mill scales, LD Sludge, Tailing Waste)	tonnes			✓	184912	169470	189791	**212171.59**	
Alumina correctives (Bauxite, Flyash, Red ocre, Brown ocre, Low silica laterite)	tonnes			✓	185231	158551	101637	**156880.017**	
Bottom/Bed ash	tonnes			✓	33688	45022	44641	**27293.297**	
CEMENT PRODUCTION RAW MATERIALS				Assurance	2015	2016	2017	**2018**	**TARGET 2018**
Natural Gypsum	tonnes			✓	746606	627292	741616	709570	
Synthetic Gypsum	tonnes			✓	265386	359967	385343	434813	
Flyash/Chemical Additives	tonnes		9.3,9.4	✓	5064894	5721675	6551408	**6152996**	
Total Raw Materials Used	tonnes	301-2		✓	49403862	49970649	54021927	**55766446**	
Total Recycled Raw Materials used	tonnes		12.5.1	✓	5734111	6454684	7272820	**6984154**	
% of Materials used that are Recycled Input Materials	%		12.5.1	✓	11.60%	12.90%	13.46%	**12.52%**	
Clinker factor (average % of clinker in cement)	%			✓	66.57	65.92	66.45	**64.99**	
CO_2 EMISSIONS			9.4.1, 12.2.2, 13.1	Assurance	2015	2016	2017	**2018**	**TARGET 2018**
Total Scope 1 Direct emissions (Absolute gross: cement & onsite power generation)	tonnes of CO2	305-1, CSI		✓	13585987	13543643	14711549	14849220	**13865036**
Scope 2 Indirect Emissions from Imported Electricity	tonnes of CO2			✓	547813	507082	474479	539597	**510000**
Total Scope 3 emissions	tonnes of CO2	305-3		✓	1528250	2075625	2327684	1932218	
Number of Integrated Plants included in Scope-3 emissions				✓	5 of 5	13 of 13	13 of 13	13 of 13	
CO2 from Combustion of Biomass (kiln & non-kiln fuels including biomass content of mixed fuels)	tonnes of CO2			✓	103860	112466	162362	176348.4	
Specific Gross CO2 emissions (Scope-1)	kg CO2/t cementitious material	305-4, CSI		✓	553	550	555	536	
Specific Net CO2 emissions (Scope-1 & Scope-2)	kg CO2/t cementitious material	CSI		✓	545	543	550	529.6	
Reduction in Net CO2 per tonne of cementitious product (Scope-1)	% relative to base yr. 1990	305-5		✓	29.40%	29.70%	28.80%	31.40%	
OTHER ATMOSPHERIC EMISSIONS		305-7		Assurance	2015	2016	2017	**2018**	**TARGET 2018**
Number of kilns reporting				✓	9	9	9	9	
Coverage rate of CEMS (for dust, NOx, SOx)		CSI		✓	98	99	98.6	**98**	**100**
SOx emissions	tonnes	CSI		✓	3783	4466	3239	**1029**	**1220**
NOx emissions	tonnes	CSI		✓	27299	27635	28619	**26886**	**27200**
Dust emissions	tonnes	CSI	11.6.2	✓	468	579	782	**530**	**670**
Average Mercury (Hg) emissions	tonnes			✓	0.006	0.01	0.015	**0.014**	**0.01**
cementitious materials defined	tonnes			✓	21591625	21547071	23225872	**24192935**	
Average SOx specific concentration	g/tonne cementitious materials			✓	175	207	139.4	**42.5**	
Average NOx specific concentration	g/tonne cementitious materials			✓	1264	1283	1232.2	**1111.3**	
Average Dust specific concentration	g/tonne cementitious materials			✓	22	27	33.7	**21.9**	
ENERGY				Assurance	2015	2016	2017	**2018**	**TARGET 2018**
Direct /Thermal Energy Consumption		302-1	12.2						
Kiln Fuel Consumption									
Coal	TJ			✓	21218	14613	16871	**14439.1**	
Petrol coke	TJ			✓	21216	28088	30259	**32533.8**	
Diesel oil	TJ		7.1,7.2	✓	78	81.8	86.3	**80.7**	

Alternative fossil and mixed fuels	TJ		7.1,7.2	✓	2328	1922.2	1425.8	**1903.9**	
ENERGY (Contd.)				Assurance	2015	2016	2017	**2018**	**TARGET 2018**
Biomass fuels	TJ			✓	245	396.1	656.8	**894.5**	
Non-Kiln Fuel Consumption									
Coal	TJ			✓	14576	13825	13494.8	**13394.8**	
Petrol coke	TJ			✓	2448	3802	3117.3	**3295.8**	
(Ultra) heavy fuel, bitumen	TJ			✓	47	61	54.2	**40.2**	
Diesel oil	TJ			✓	20	24	704.9	**713.4**	
Alternative biomass fuels	TJ		7.1, 7.2	✓	700	628	831.9	**747.5**	
Total Energy consumption from Fossil and other fuels	TJ			✓	62876	63440	67502	**68043.7**	
	MWh			✓	17465495	17622354	18750571	**18901042.9**	
Direct Energy Consumed from Wind & Solar Power Generation	Unit (Kwh) Crore			✓	1.04	0.97	1.04	**0.94**	
	TJ			✓	37.44	34.92	37.44	**33.84**	
	MWh			✓	10400	9700	10408	**9400**	
Indirect Energy Purchased/Imported Electricity (excl. Corp & mktg offices)	Unit (Kwh) Crore			✓	58.27	52.28	48.92	**58.52**	**56.52**
	TJ			✓	2,098	1,882	1,761	**2,107**	
	MWh			✓	5,82,700	5,22,800	4,89,153	**5,85,278**	**5,65,200**
Total Direct & Indirect Energy Consumption from all sources	TJ			✓	65011	65357	69300	**70,185**	
	MWh			✓	18058595	18154855	19250015	**19495718**	
Total Power Generation	MWh			✓		1337270	1449759	**1338100**	**1375700**
Total Renewable Energy Generation	MWh		7.2	✓	59080	86320	107580	**95005**	
% of RE in total power generation	%			✓	4.6	6.5	7.4	**7.1**	
Renewable Energy Certificates Purchased	MWh			✓	24324	26310	68921	**No**	
Power and fuel expenses	Crore Rs			✓	2053	1832	2234.2	**2549.69**	
Thermal energy efficiency	MJ/ton clinker	302-3	7.3, 9.4	✓	3132	3152	3178	**3180**	
Electrical energy efficiency	Kwh/ton cement	302-3	7.3, 9.4	✓	77	77.36	77.65	**76.63**	
LDO consumption	(Ltr/T of Clinker)			✓	0.2	0.15	0.15	**0.15**	
Coal & other Fuels (Industry Norms-800)	K.Cal/Kg of Clinker			✓	747	753	755.06	**756.07**	
Co-processed Waste (AFR used)	tonnes in lakhs		12.5	✓	2.6	2.6	2.58	**2.9**	
Thermal substitution rate (% thermal energy from alternative fuels)	%	301-2		✓	5.71	5.14	4.22	**5.61**	
BIODIVERSITY AND RESOURCES CONSERVATION			15.1.1, 15.2.1, 15.5.1	Assurance	2015	2016	2017	**2018**	**TARGET 2018**
Total number of quarries			15.3.1	✓	10	10	10	**10**	
Total land disturbed	Ha	304 (1,3), MM1		✓	1346.5	1479.252	1542.05	**1607**	
Total rehabilitated area	Ha			✓	155.5	208.0962	155.31	**154**	
Total land disturbed but not yet rehabilitated as presently used for working	Ha			✓	1191	1271.156	1386.74	**832**	
Approved mining plans of local authorities (% sites)	%	304-1		✓	100	100	100	**100**	
% of sites with quarry rehabilitation plans in place	%	304-3		✓	100	100	100	**100**	
Number of biodiversity-sensitive sites				✓	2	2	2	**2**	
Number of biodiversity-sensitive sites with Biodiversity Action Plans in place				✓	2	2	2	**2**	
Number of IUCN Red List species at Ambujanagar and Darlaghat sites	Critically Endangered			✓	1	1	1	**1**	
	Endangered			✓	1	1	1	**1**	
	Vulnerable			✓	3	3	3	**3**	
	Near Threatened			✓	4	4	4	**4**	
	Of Least Concern			✓	218	218	218	**175**	
WATER				Assurance	2015	2016	2017	**2018**	**TARGET 2018**
Water Withdrawal		303-1	6.1,6.3, 6.6						
From groundwater	m3			✓	2330522	2149627	2389793	**2308324**	**2318100**
From surface water	m3			✓	1778346	1640150	1737806	**1780853**	**1750000**
From harvested rainwater	m3			✓	1759806	1873591	2087741	**1464778**	
3rd party purchase/municipal water	m3			✓	819609	954363	694856	**702667**	**730000**

Total Water Withdrawn	**m3**			✓	**6688283**	**6617731**	**6910196**	**6256622**	
WATER (Contd.)				Assurance	2015	2016	2017	**2018**	**TARGET 2018**
Recycled Water (from STP/ETP/RO Reject etc.)	m3	303-3	6.3,14.1.1	✓	920055	894001	886400	**920043**	
% of water recycled	%			✓	13.8	13.5	12.8	**13.7**	
Total water discharge (m3)	m3	306-1		✓	35154	40689	65072	**51872**	
Water Balance Index				✓	4	5.5	6.1	**6.2**	
Specific Fresh Water withdrawal	lit/t cement			✓	90	82	68	**63**	
OUTBOUND LOGISTICS / DISPATCHES				Assurance	2015	2016	2017	**2018**	**TARGET 2018**
Sea (Bulk Cement Ships)	Mil. Tonnes			✓	3.06	2.90	3.04	**2.85**	
Railways (railway/Rake)	Mil. Tonnes			✓	5.22	5.14	5.78	**6.09**	
Road (Trucks & Bulkers)	Mil. Tonnes			✓	13.23	13.12	14.10	**15.28**	
Total	**Mil. Tonnes**			✓	**21.51**	**21.16**	**22.93**	**24.22**	
Sea	%			✓	0.14	0.14	0.13	**12%**	
Rail	%			✓	0.24	0.24	0.25	**25%**	
Road	%			✓	0.62	0.62	0.62	**63%**	
WASTE MANAGEMENT AND RECYCLING				Assurance	2015	2016	2017	**2018**	**TARGET 2018**
Total hazardous waste generated	tonnes	306-2	12.4.2	✓	389	507	575	**511**	
Total non-hazardous waste generated	tonnes			✓	309970	314942	362479	**383200**	
Total Waste disposed	tonnes		11.6.1	✓	122.09	103.72	133.12	**73**	**100**
General waste mgmt. system (%)				✓	100	100	100	**100**	
Co-processed Waste (AFR used)	tonnes in lacs			✓	2.6	2.6	2.58	**2.9**	
Plastic Wastes Co-processed	tonnes			✓	60545	51405	52454	**69000**	
HDPE Plastic bags used for cement packaging	tonnes			✓	33304	33425	37588		
Plastic Positive Index				✓	1.8	1.5	1.4	**2**	
Resource Utilization from Waste(Flyash, slag, AF,AR,Syn/phospho gypsum)	million tonnes			✓	6	6.7	7.5	**7.9**	
SOCIAL PERFORMANCE									
EMPLOYMENT PRACTICES			9.2.2	Assurance	2015	2016	2017	**2018**	**TARGET 2018**
Number of Permanent Employees		**102-8**		✓	**5622**	**5472**	**5427**	**5058**	
Male				✓	5491	5344	5296	**4940**	
Under 30 years of age				✓	667	522	484	**452**	
30-50 years of age				✓	3913	3636	3757	**3486**	
>50 years of age				✓	911	1186	1055	**1002**	
Female		405-1		✓	131	128	131	**118**	
Under 30 years of age				✓	44	34	40	**36**	
30-50 years of age				✓	69	72	73	**72**	
>50 years of age				✓	18	22	18	**10**	
Female-Top management level			5.1.2	✓	2	2	2	**2**	
Female-Senior management level				✓	2	2	2	**3**	
Female-Middle management level				✓	21	25	23	**22**	
Number of temporary/contractual/casual Employees		102-8		✓	11334	6467	6818	**5995**	
Male				✓	11284	6436	6785	**5972**	
Female				✓	50	31	33	**23**	
Number of Employees with Disability		405		✓	25	25	21	**21**	
New employee hires		**401-1**	**8.3, 8.9**						
Male < 30 years				✓	75	124	144	**189**	
Male 30-50 years				✓	91	99	169	**159**	
Male >50 years				✓	9	6	5	**11**	
Female < 30 years				✓	3	8	14	**13**	
Female 30-50 years				✓	1	8	8	**4**	
Female >50 years				✓	0	0	0	**0**	
Employee turnover (%)		401-1		✓	9.6	6.3	6	**12.36**	
Notice given for operational changes				✓	3 weeks	3 weeks	3 Weeks	**3 weeks**	
Employee Engagement Score				✓	81% (Aon Hewitt survey)	87%	87%	**NA**	
EMPLOYMENT PRACTICES			9.2.2	Assurance	2015	2016	2017	**2018**	**TARGET 2018**
Employee grievance procedures in place				✓	Yes	Yes	Yes	**Yes**	
Anonymous grievances submission				✓	Yes	Yes	Yes	**Yes**	
No. of training programs conducted									
Top Management Level				✓	1	12	26	**68**	
Senior Management Level				✓	32	97	81	**956**	
Middle Management Level				✓	103				

EMPLOYMENT PRACTICES (Contd.)			9.2.2	Assurance	2015	2016	2017	2018	TARGET 2018
Other org. levels (FML & Wage Board)				✓	246	285	172	**5615**	
Total				✓	**382**	**613**	**404**	**12096**	
Hours of training per employee		**404-1**							
Top Management Level				✓	7	11	10	**2.68**	
Senior Management Level				✓	17	17	23	**5.44**	
Middle Management Level				✓	25	28	19	**4.28**	
Other organizational levels (FML & Wage Board)				✓	17	18	31	**5.65**	
Average of all levels				✓	17	19	21	**18.05**	
Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees				✓	120.6	101.01(excl bonus of MD*)	154.38	**176.33**	
Ratio of % increase in annual total compensation for the highest-paid individual to the median % increase in annual total compensation for all employees				✓	1.6	-2.6	9.6(*)	**17.85**	
Employee benefits expense (also refer Annual Report for details)	Crore Rs	201-3		✓	589.5	593.72	661.37	**679.57**	
OCCUPATIONAL HEALTH AND SAFETY			8.1,8.2	Assurance	2015	2016	2017	2018	TARGET 2018
% 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**	
Number of Fatalities		**403-2**		✓					
Directly Employed (own and subcontractors Onsite)				✓	0	0	3	**2**	
Indirectly employed (3rd party service providers Onsite)				✓	1	2	0	**0**	
Others (Offsite)				✓	5	11	2	**3**	
Total fatalities				✓	6	13	5	**5**	**0**
Lost-time injury frequency rate (LTIFR)	#/million Hrs.	403-2		✓	1.07	1.97	0.93	**0.58**	
Directly employed (Own & subcontractors onsite)				✓	1.07	1.29	0.86	**0.64**	
Indirectly employed (3rd party service providers on site)				✓	1.31	2.43	0.97	**0.54**	
LTISR				✓	91.92	112.94	97.17	**44.09**	
LTI & MTI				✓	94	191	76	**56**	
Occupational Diseased	Nos.	403-2		✓	0	0	0	**0**	
Occupational Illness Frequency Rate(OIFR)	number/million work hrs.			✓	0	0	0	**0**	
COMMUNITY INVOLVEMENT				Assurance	2015	2016	2017	2018	TARGET 2018
Community spending total	Crore Rs	201-1		✓	40.98	59.37	58.79	**53.46**	
Health & Sanitation Development	%		3.2	✓	22	18	16	**23**	
Rural Infrastructure Development	%		1.3,1.5, 9.1, 11.1	✓	20	11	16	**18**	
Water Resource Development	%		6.1	✓	19	11	10	**14**	
Skill Based Livelihood	%		4.3,4.4, 8.6	✓	17	8	14	**15**	
Agro Based Livelihood	%		2.3	✓	12	9	10	**11**	
Overheads	%			✓	4	2	2	**3**	
Women Development	%		1.4, 2.2,2.5, 5.1, 5.5, 6.2, 10.3	✓	3	2	3	**3**	
Education Development	%		4.1,4.2,4.3,4.6	✓	2	40	19	**12**	
Others (Sports, Donations, Flood relief)	%		2.4	✓	1	0	9	**1**	
Total Lives touched / beneficiaries through community or CSR initiatives	Millions	203-1 413-1	11.2	✓	1.5	1.8	2	**2.4**	
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**	
PUBLIC POLICY				Assurance	2015	2016	2017	2018	TARGET 2018
Contribution/spending to trade/commerce/ industry associations and initiatives	Million INR			✓	1.9	7.2	2.7	1.9	

All figures include ACL's Stand-alone financial results. For some environmental parameters, offices & cement transportation terminals are not covered.

ASSURANCE STATEMENT

TUV INDIA
TUV NORD GROUP

Independent Assurance Statement

Sustainability Assurance Service

Introduction and Engagement

Ambuja Cements Limited (hereafter 'ACL') commissioned TUV India Private Limited (TUVI) to conduct the independent external assurance of ACL's sustainability report (hereinafter 'the Report'), which includes "reasonable assurance" of ACL's sustainability information for the applied reporting period. This assurance engagement was conducted against the Global Reporting Initiative Standards and AA1000AS (2008) Protocol (Type 2, Moderate Level) for verification of the Report. The onsite verification was conducted at Rabriyawas ACL plant (Rajasthan) in the month of April 2019. Further verification continued in the month of May 2019 at ACL, Head Office, Mumbai, together with a desk review carried out for all other ACL sites within the reporting boundary. The Report covers ACL's sustainability information for the period 01 January 2018 to 31 December 2018.

Management's Responsibility

The ACL's management is responsible for the accurate preparation of the Report in accordance with the criteria stated in the GRI Standards. This responsibility includes selection and application of appropriate methods to prepare the report as well as the usage of reasonable assumptions and estimates for individual sustainability disclosures. Furthermore, the responsibility also includes designing, implementing and maintaining systems and processes relevant for the preparation of the report in a way that it is free of intended or unintended – material misstatements.

Scope, Boundary and Limitations of Assurance

The scope of the assurance includes the verification of sustainability performance as per the "Comprehensive" option given in GRI Standards. Assurance Engagement includes the following:

- Verification of the application of the Report content, and principles as mentioned in the 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 disclosures made in the Report against the requirements of the GRI Standards;
- Verification of the reliability of the GRI Standards Disclosure on economic, environmental and social;
- 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, as declared by the management of ACL

The reporting boundary is based on the internal and external materiality assessment. The reporting topic boundaries are set out in the Report covering the sustainability performance of all operating units of ACL (encompassing 05 Integrated Cement Plants, 08 Grinding Units and 05 bulk cement terminals). Our engagement did not include an assessment of the adequacy or the effectiveness of ACL's strategy or management of sustainability-related issues. During the assurance process, TUVI did not come across the limitations to the scope of the agreed assurance engagement.

Verification Methodology

This assurance engagement was planned and carried out in accordance with the GRI Standards and AA1000AS (2008). 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 (2008);
- Application of the principles and requirements of the GRI Standards in accordance with "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's business and its stakeholders. In doing so:

- TUVI reviewed the approach adopted by ACL for the stakeholder engagement and materiality determination process.
- TUVI performed limited internal and external stakeholder engagement to verify the qualitative statements made in the Report. TUVI conducted interviews with key representatives including data owners and decision-makers from different functions of the ACL during the site visit. No external stakeholders were interviewed except the community members in the villages Rabriyawas as a part of this engagement;
- 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 ACL for the reported disclosures including the Disclosure on Management Approach and performance disclosures;
- TUVI performed sample-based reviews of the mechanisms for implementing the sustainability-related policies, as described in ACL's Sustainability 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;
- Reviewing the outcomes of ACL's materiality analysis and stakeholder engagement activities in 2018;
- Assessing the disclosure and presentation of the selected information to ensure consistency with assured information; and
- Evaluating ACL's public disclosures against the GRI Standards.

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:

- A robust mechanism of capturing the data of training needs to be established;
- Frequency of action plan review after Site Specific Impact Assessment can be increased;
- Presently targets are limited to reduction of the Scope 1 and 2 GHG emissions. ACL can take a target for reduction in the Scope 3 GHG emission intensity;
- ACL can report progress on emission reduction targets following the "Science-Based Targets" methodology (sectoral de-carbonization approach or absolute based targets or economic approach);
- ACL is extending various support functions in the development of vendors, subsidiaries and JV's. ACL may report the same into its Sustainability Report;
- ACL uses "Kirkpatrick model" to assess financial impacts (ROI) of the training conducted at corporate training academy, which can also be extended to the training imparted at plant level.

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 disclosures, and meets the general content and quality requirements of the GRI Standards "Comprehensive option".

Universal Standards: 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 disclosures generally meet the GRI Standards reporting requirements for in accordance with "Comprehensive" reporting.

Topic-specific Standards: 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 attention 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 GRI Standards "Comprehensive" option sustainability reporting guidelines, or that the sustainability information is not reliable in all material respects, with regards to the reporting criteria.

TUVI did not perform any assurance of procedures on the prospective information, such as targets, expectations, and ambitions, disclosed in the sustainability information. Consequently, TUVI draws no conclusion on the prospective information. This assurance statement has been prepared in accordance

with the terms of our engagement. TUVI has evaluated below requirements in the context of GRI Standards.

Stakeholder Inclusiveness: 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's 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 topics are fairly articulated in the report, i.e. disclosures on ACL's policies and management systems including governance. In our view, the Report meets the requirements.

Completeness: The Report has fairly disclosed the General and Specific Standard Disclosures, including the Disclosure on Management Approach, covering the sustainability strategy, management approach, monitoring systems, and corresponding disclosures against the GRI Standards, 'in accordance 'with the "Comprehensive" option. In our view, the Report meets the requirements.

Reliability: The majority of the data and information was verified by TUVI's assurance team at ACL's office on the factory's premises and found to be fairly accurate. Further desk review of web-based data was carried out for all other sites mentioned above. Some inaccuracies in the data identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors and these errors have been corrected. Therefore, in accordance with the GRI Standards and AA1000AS (2008) for a Type 2, moderate level assurance engagement, TUVI concludes that the sustainability data and information presented in the Report is fairly reliable and acceptable. In our view, the Report meets the requirements.

Neutrality: The disclosures related to sustainability issues and performances are reported in a neutral tone, in terms of content and presentation. In our view, the Report meets the requirements.

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.

TUVI'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 and confirm that there is "No Conflict of Interest"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 towards any individuals interviewed during the assurance engagement.

For and on behalf of TUV India Private Limited

Manojkumar Borekar
Project Manager and Reviewer
Head – Sustainability Assurance Service
TUV India Private Limited

Date: 19/06/2019
Place: Mumbai, India
Project Reference No: 8116966348
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AWARDS AND RECOGNITIONS

Awards

- Won "Commendation for Significant Achievement" for Corporate Excellence in "CII-ITC Sustainability Award 2018" as also 7 Domain excellence awards in Environment Management and CSR to four of our plants.
- Ambuja Cement Foundation won the prestigious "ICSI CSR Excellence Award" as the Best Corporate (Large Category) by the Institute of Company Secretaries of India (ICSI).
- Ambuja Cement Foundation bagged the prestigious Gujarat CSR Authority Award 2018 for the category "Strategic and Cohesive CSR Partnership Project".
- "Best Compliance In-house legal Team of the Year" award for 2017-2018 at the 7th National GenNext Business and Law Congress.

Recognitions

- Ranked 5th globally in the Construction Material category in the internationally renowned Dow Jones Sustainability Index Corporate Sustainability Assessment, 2018.
- Ranked 2nd in Responsible Business Ranking 2018 – India's top companies for Sustainability and CSR 2018.
- Internal Audit department receives ISO 9001:2015 certification.
- Case study on True Value Calculation at Ambuja was published in the book "BALANCE – Responsible Business For The Digital Age" in 2018

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