

Sustainable
Development Report
2019

As per GRI Standards (Comprehensive)

**Ambuja Cements
Limited**

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

Value
Creation

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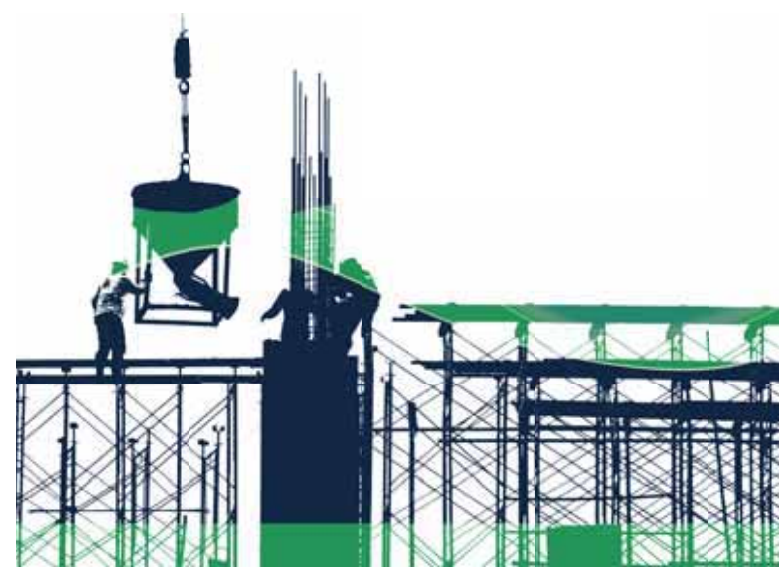
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Message from the Chairman

Dear Stakeholders,

It gives me great pleasure to present Ambuja Cement's 13th Sustainable Development Report for the year 2019.

In recent times, we have observed the transition in the global market from the traditional business leadership framework to a company's sensitivity towards the ecosystem it exists in. This implies a shift in focus from mere product and service offerings to delivering value and ensuring sustainability.

Themed 'Value Creation' – our report this year, reflects this sentiment.

Ever since its inception, Ambuja adopted the quintessential "I CAN" philosophy that focused on creating value for our stakeholders. This vision reverberates in the Sustainable Development Plan 2020-2030 that incorporates the interests of all our stakeholders ranging from customers, channel partners, suppliers, contractors, employees, shareholders, communities and regulatory bodies, among others.

Our intent to create more value for our customer base in new and existing markets led to the creation of "Strategy 2022" under which various application-based innovative products and solutions were launched. This is being further modified to enhance the experience. Meanwhile, advocacy on sustainable development continues with our endorsement of public policies and active participation with industry associations.

In 2019, we witnessed a challenging environment with slow GDP growth rate (5%) due to factors like NBFC crisis leading to capital market volatility and low participation of private sector in construction. Meanwhile, a staggered monsoon, slowdown in construction projects, and shortage in raw materials translated to low per capita cement consumption.

One major concern in the Indian cement sector is the balance between capacity utilization rate and the commissioning of new capacity. Even as the government has rolled out the necessary reforms and regulations to boost infrastructure development projects like affordable housing and smart cities, we are cautiously optimistic on the sector and its growth.

It is very gratifying that Ambuja is increasingly gaining global recognition as a Sustainable company. Being ranked # 4 in the Dow Jones Sustainability Index 2019 and declared eight times 'Water Positive', where Ambuja is the only Indian cement company to accomplish this feat, are accolades that help reinforce our resolve to strive and further improve our performance.

Meanwhile, our CSR arm, the Ambuja Cement Foundation (ACF), has expanded its social programs to 32 districts spread across 11 states on issues ranging from water resource development, agricultural livelihoods, skill and entrepreneurship development, community health and sanitation, women empowerment and education. These projects are being implemented in partnership with various government bodies, development agencies, corporates and community members. Today, ACF works in 2,431 villages and effectively touches the lives of over 26 lakh people. In 2019, we spent ₹ 62.57 crore on CSR which is about 5% of the average net profit of Ambuja for the last three years.

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

N.S. Sekhsaria

Chairman



Message from the MD & CEO

Dear Stakeholders,

I am proud to be part of an organization whose unwavering focus on sustainability since the past three decades has made a significant contribution to our country. This consistent contribution by a few companies including Ambuja Cement has helped to meet the economic, social and environment needs, thus positively impacting the lives of communities we operate in.

In India, over 95% of the cement production capacity is shouldered by the private sector. With the present government's push for infrastructure development and construction, there exists huge potential for growth of cement companies. And thus, the responsibility to ensure sustainability in their operations rests heavily on them.

As compared to 2018, although Ambuja cement sales volume decreased by 0.9% (to 23.96 million tonnes), our net sales increased by about 3.4%. Total operating expenses for the year 2019 were almost at the same level and our EBITDA increased by 13.6%. Net Profit (adjusted) was up by 19% at ₹1,426 crores. With additional focus on both - application based and product based offerings – as well as launch of innovative products and solutions, internal efficiency measures (that partially negated and neutralized the impact of increased costs) have all collectively led to an improved top line as well as the triple bottom line.

Inspired by the United Nation's Sustainable Development Goals (SDGs), Ambuja built its 2030 Sustainable Development vision around four strategic drivers: Climate and Energy, Circular Economy, Environment and Community. And this has also shaped all our capacity expansion plans where we have ensured minimal adverse impact on environment and society. In 2019, our specific net CO2 emissions was 530.7 kg per tonne of cement (31.3% lower

than our 1990 baseline). The launch of green products in 2019, helped the company deliver a greater value proposition to its end-customers that also helped our sales value.

On the Circular Economy front, through our waste management solutions brand Geocycle, we fed 0.3 million tonnes of waste into our kilns and captive power plants (CPP) as alternative fuels and attained a Thermal Substitution Rate (TSR) of 5.4%. We also co-processed a whopping 94,570 tonnes of plastic waste in our kilns which offset the total plastic used as packaging bags, multiple times. In addition, 8.7 million tonnes of waste derived raw materials such as fly ash, slag etc generated by power stations and steel plants were used – thus bringing down our Clinker Factor to as low as 64.9% in the production of low carbon Pozzolana Cement (PPC) and composite cement.

These initiatives translated to the saving of a considerable amount of fossil fuels and natural raw materials in our production process thus resulting in huge cut in CO2 emissions.

We have had a couple of very proud moments – our hard work was endorsed and celebrated with two prestigious recognitions. Our initiatives on water conservation in plant operations and water harvesting for the community through our CSR arm, the Ambuja Cement Foundation (ACF) have led us to become eight times Water Positive in 2019 as verified by an independent 3rd party.

We also achieved the #4 rank on the Dow Jones Sustainability Index (DJSI) Corporate Sustainability Assessment 2019 in the Construction Material category - clearly a testimony to our focus on sustainable development. This worldwide assessment of companies in various sectors is based on performance in a large basket of parameters in social, environmental, economic and governance areas.

Meanwhile, Health and Safety remains our top priority. Our commitment is reflected in the performance where four plants accomplished 'Zero Harm' and three sites recorded more than five 'Zero Lost Time Injury' (LTI) years. We achieved 27.6% reduction in total onsite injuries. Unfortunately, there was one on-site fatality in 2019. Absolute 'Zero Fatality' remains our biggest resolve and we hope to achieve this through our sustained efforts.

Operationally, the company has witnessed transition towards more technology driven operations in areas such as logistics, customer /channel connect, digital learning platforms and artificial intelligence driven sales assistance etc. We are also working towards digitising the brand experience and increasing our eCommerce marketplace presence.

We understand the journey ahead will be tough for constant improvement and we will continue to deliver exemplary performances and out-of-the-box thinking to realize our vision "to be the most sustainable and competitive company in our industry". I look forward to receiving your valuable feedback and suggestions. I also take this opportunity to thank you all for the continued trust and support bestowed on us.

Neeraj Akhoury

MD & CEO

Value Creation

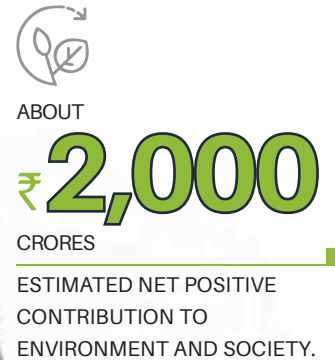
We strive to create value for all our stakeholders through our integrated thinking and business decisions. Our value creation focusses on optimising both financial and non-financial returns to our stakeholders. Our systems and processes have evolved over three decades to achieve this.

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 ‘Geocycle’, our group brand and waste management unit of Ambuja Cement,

managing the ever-increasing waste volumes in other industries and sources. Geocycle India is a part of the global Geocycle network and has been in operation in the country for more than a decade.

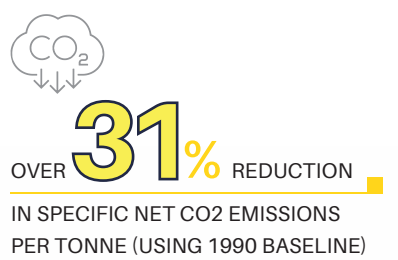
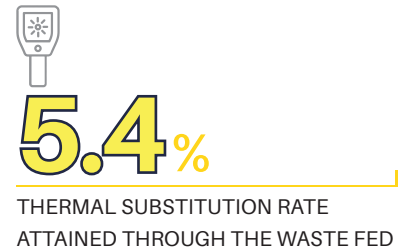
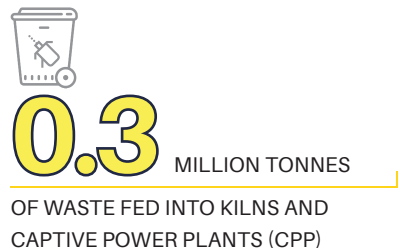
Monitoring, estimating and measuring our value creation has evolved over the years. In 2012, we initiated to quantify our overall value creation performance including environmental and social value in addition to economic value in terms of what we call **“True Value”**, an integrated Profit and Loss Assessment of an organization which made

Ambuja as one of the few companies in the world to do so. True valuation supports in; quantification of non-financial parameters and externalities; effective monitoring that improves our social, environmental and economic performance by internalizing externalities; and strengthening our business strategy by making informed decisions. Most of this value creation is achieved through reuse of resources like fly ash, water harvesting and recharge projects, agro-based livelihood creation and use of alternative fuels and raw materials (AFR).




Environmental Footprint

We have been very conscious about reducing environmental footprint of our facilities and enabling compliance with new regulatory requirements.



Sustainable Construction

Ambuja launched 14 new products and services in 2019 which include eight types of Ready Mix Concrete (RMX) and plaster application based products, five décor and leakage proofing and tile adhesive application based solution products, and one PPC cement product with high strength and water shielding properties. This way our R&D extends the benefit of not only quality products but also sustainable construction to our customers. These products help reduce the resource consumption intensity of the structure and also earn green building credits for using sustainable products like our PPC and Composite Cements.



89%

OF TOTAL REVENUE EARNED

IS FROM PRODUCTS THAT CAN BE
RECOGNISED AS LOW CARBON PRODUCTS.

Water Management

Positive Social footprint of our CSR arm, Ambuja Cement Foundation (ACF) is now covering over 2.6 million people across residing in 2431 villages across 11 States in India. Although our dry process of cement production uses minimal water, water conservation and its sustainable management is included as one of the pillars in our 2030 Sustainable Development Plan.



8 TIMES

WATER POSITIVE COMPANY IN 2019



ONLY **1%**

TOTAL WATER DISCHARGED
OF THE TOTAL WATER WITHDRAWAL



9,028

WATER HARVESTING AND RECHARGE
STRUCTURES DEVELOPED AND
REVIVED TILL DATE

Sustainability: Strong Foundation is the Key

Ambuja Cements Ltd aims to
create and share value
with stakeholders at every
link in the value chain of the business.



~81%
CAPACITY UTILISATION IN 2019

Integrated Cement Plants

- Ambujanagar, Gujarat
- Darlaghat, Himachal Pradesh
- Maratha Cement Works, Maharashtra
- Rabriyawas, Rajasthan
- Bhatapara, Chhattisgarh

Grinding Stations

- Roopnagar (Ropar), Punjab
- Bathinda, Punjab
- Sankrail, West Bengal
- Roorkee, Uttarakhand
- Farakka, West Bengal
- Dadri, Uttar Pradesh
- Nalagarh, Himachal Pradesh
- Surat, Gujarat

Bulk Cement Terminals

- Muldwarka, Gujarat
- Panvel, Maharashtra
- Kochi, Kerala
- Surat, Gujarat
- Mangalore, Karnataka

Organisation Profile



Ambuja Cements Limited (ACL), established in 1986, is one of India's leading cement manufacturing companies. Our product portfolio largely revolves around cementitious products such as Ordinary Portland Cement (OPC), Pozzolana Portland Cement (PPC), and Pozzolana Composite Cement (PCC). However, the Company has launched various products and services over the years, specifically in 2019 in pursuit of promoting sustainable construction and extending its benefits to our customers. 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 create and share value with stakeholders at every link in the value chain of the business. The total cement production for 2019 was 23.93 MT, as against the annual capacity of 29.65 million tonnes per annum (MTPA). Our employee strength stood at 5,068.

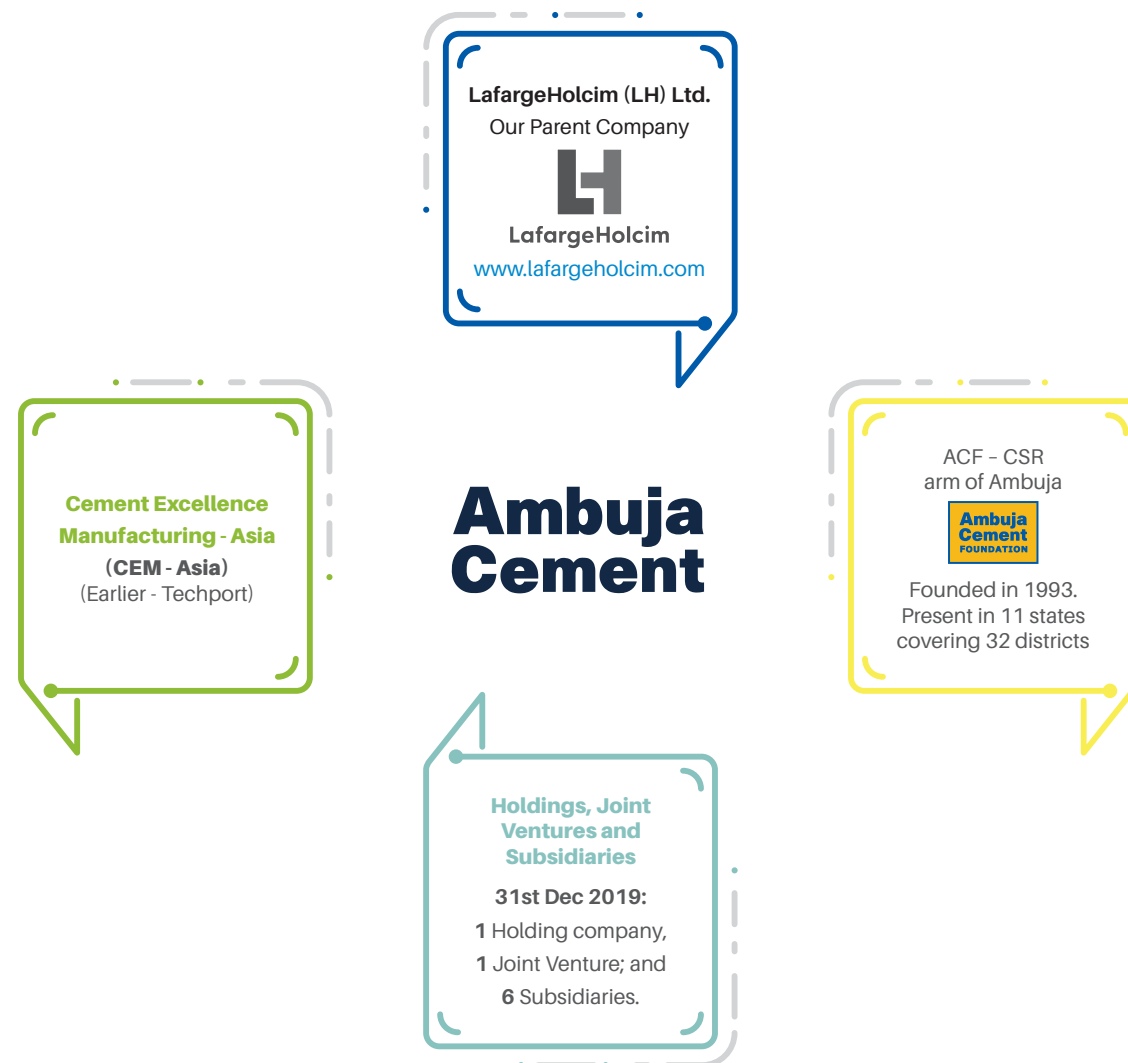
Nature of Company Ownership

Ambuja Cements Limited (ACL) is a public limited company listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, with 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 2019 on page no. 84 and 131. The link to the online Report on the Company website is <https://www.ambujacement.com/investors/annual-reports>.

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

The diagram below is a summary on association of various entities in the ownership and operations of Ambuja Cements Limited.



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 **205** of our **Annual Report 2019**.



The link to the online Report on the Company website is <https://www.ambujacement.com/investors/annual-reports>



The Company is a member of the following industry associations:



GRI 102-13

1. Confederation of Indian Industry (CII)
2. The Associated Chambers of Commerce and Industry of India (ASSOCHAM)
3. Bombay Management Association (BMA)
4. Indian Merchants' Chamber (IMC)
5. 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

1. Cement Sustainability Initiative (CSI) of World Business Council for Sustainable Development (WBCSD)
2. Indian Business Biodiversity Initiative (IBBI)
3. Global Compact Network India (GCNI) of UN Global Compact (UNGC)
4. NITI Ayog-CII Partnership on SDGs

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, sponsorships, and participation (but not individual training) fees for workshops/conferences, among others (refer to the table at the end). References of these organisations are available in our Annual Report, but the expenses are not shown separately.



Report Profile, Material Aspect and Boundaries

Report Profile GRI 102-46 to 102-56

- 13th Sustainable Development Report
- Conforming to GRI Standards 'In Accordance – Comprehensive' criteria
- Reporting cycle – January to December 2019
- Independently Assured by a 3rd party

- Economic performance in accordance with the Companies Act, 1956
- Externally assured as per AA 1000 Assurance Standard
- Assurance Statement is a part of this Report
- The organisation/employees and the assurance providers are independent agencies.

Exclusion - The subsidiaries and JVs, and channel partner/dealer networks beyond our direct operational control.

Top Management reviews the development of Sustainable Development Report directly through the Corporate Sustainability Steering Committee (CSSC). This Committee updates the Board-level 'CSR & Sustainability Committee' on apex-level sustainable development-related activities undertaken by the Company.

The Sustainable Development Report is brought out in addition to the separate Annual Reports of the Company and its CSR arm the Ambuja Cement Foundation. We continued including a chapter on 'Integrated Report' in our Annual Report for the year 2019 also.

Development and external assurance of this annual Sustainable Development Report for the reporting year 2019 was a cross functional collaborated effort of data collation and analysis. LafargeHolcim Accounting and Reporting Practices (LHARP) are used for all financial information and iCare (internal Sustainable Development performance reporting tool) was used for performance on various environmental, social, human resource and stakeholder aspects, in addition to one-to-one departmental data collection.

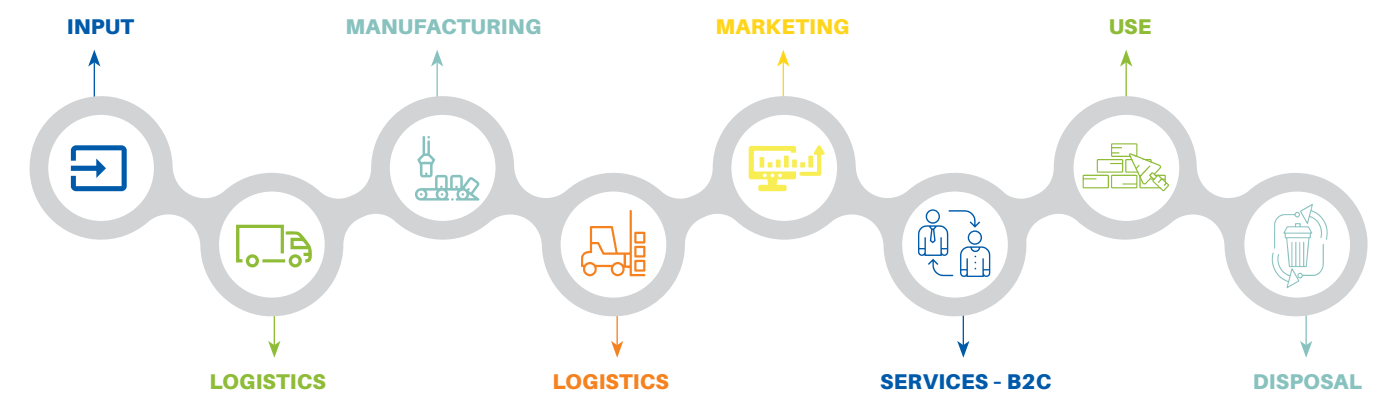


Report Content and Boundary GRI 102-46

The Report contains detailed reference to sustainability initiatives undertaken by the Company to address the material issues identified in an extensive stakeholder engagement and due diligence exercise carried out during early 2018. The engagement exercise included all relevant stakeholder groups and the topic boundary was defined with high importance material topics. 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. However, we welcome our readers' valuable feedback to further enrich the quality of our Report.

A detailed financial disclosure of the Company is covered in our Annual Report 2019, and the non-financial disclosures are provided in the "Integrated Reporting" chapter in our Annual Report 2019, available on the Company website. 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 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:



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

At Ambuja, we engage in a comprehensive stakeholder engagement exercise, based on a well-defined, closed-loop approach, including identification of stakeholders, prioritisation, engagement strategy development, preparation and implementation of the action plan to complete the feedback loop of the system. The principles of completeness, responsiveness, transparency, collaboration, inclusiveness, and integrity are 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) have been identified but not those of its subsidiaries. However, we also focused on the overall impact from the operations of our subsidiaries to drive positive change towards sustainability across the value chain. There were no restatements of information provided in previous reports or any effect thereon. There were 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.

Contact Person for your suggestions/feedback GRI 102-53

Mr. Sanjay K. Singh
General Manager, Corporate
Environment and Sustainability

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GRI 102-45, 102-48, 102-49, 103-1



Material Topics under the Three Pillars of Sustainability

Topic Boundaries: EXTERNAL INTERNAL INTERNAL AND EXTERNAL



- COMPLIANCE TO REGULATORY REQUIREMENTS

CUSTOMER SATISFACTION

PUBLIC POLICY AND ADVOCACY

ECONOMIC PERFORMANCE

SUSTAINABLE CONSTRUCTIONS

Code of Conduct

Transparency and Corporate Governance

Procurement Practices

Indirect Economic Impact

Sustainable Supply Chain

Marketing Communication & Reputation

Capacity Utilization and Current Demand

- ENERGY EFFICIENCY

CIRCULAR ECONOMY (AFR)

BIODIVERSITY

SOURCING OF WATER

AIR EMISSIONS

GREEN HOUSE GAS (GHG) EMISSIONS AND CLIMATE CHANGE

Waste Management

Relocation and Rehabilitation (post mine closure)

Green Supply Chain (logistics and transport)

- HEALTH & SAFETY

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Human Rights

Employee Training

Gender Equity

Labour Issues

Attraction and Retention of Talent

Land Acquisition for Mines and New Operations

H - HIGH PRIORITY FOR BUSINESS AND STAKEHOLDERS

Stakeholder Engagement

Our mission is to create value for all our 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

Stakeholder	Mechanism of Engagement	Frequency
Shareholders and Investors	Annual General Meeting,	Annual
	Investor Grievance Cell,	
	Board Meetings/Communications,	
	Annual Report	
Dealers and Suppliers	Channel Satisfaction Survey	Annual
	Grihalakshmi Conference, Annual Meeting,	Annual
	Marketing Meetings	Continuous process
Customers	Technical Services Team* Camps, Workshops, Seminars, Site Visits	Spread across the year
Employees	Employee Engagement Survey	Once in two years
	Function-specific Meetings and Newsletters	Continuous process
	Magazines — I CAN, I SIGHT	Quarterly/monthly
	Townhall, Functions and Programmes	Continuous process
Community and NGOs	Ambuja Cement Foundation*, Community Advisory Panel, Site Specific Impact Assessment**	Continuous process
Government and Regulatory Authorities	Meetings, Communications on proposed legislations,	Continuous process
Media	Press Briefings/Invitation to Events, Site Specific Impact Assessment* *	As and when basis
Construction Professionals	Ambuja Knowledge Centres*	Continuous process
Industry Associations	Meetings, Policy Papers, Tele-cons, Delegation	As and when basis

* Dedicated vehicles of engagement

** Site Specific Impact Assessment (SSIA) is a location-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 is discussed at the site during the Unit Sustainability Steering Committee meetings and at the Corporate Sustainability Steering Committee meetings. Apex-level monitoring is carried out by the Executive Committee and the Board-level CSR and Sustainability Committee.



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,



Basis for Identification and Prioritisation of Stakeholders

GRI 102-42



Key stakeholders were identified and prioritised based on the following attributes:

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



1	2	3
Stakeholder Group / Key Topics	Short Description	Company Response
Customers <ul style="list-style-type: none"> Affordable product Brand image Customer satisfaction Greenhouse gases (GHG) and climate change 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 and retention and enhanced brand image. Our knowledge sharing initiatives create great value for our customers and end-users.
Investors <ul style="list-style-type: none"> Economic performance Reputation 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> Health and safety Regulatory compliance Training and development 	<ul style="list-style-type: none"> Health and safety at workplace Employee leadership and development programmes Regulatory compliance is getting stringent over time 	<ul style="list-style-type: none"> Various safety awareness programmes are in place. 'Zero Harm' is one of our topmost priorities and a part of our mission statement 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
Community and NGOs <ul style="list-style-type: none"> Social projects Sustainable mining practices Health & safety (H&S) Water consumption Relocation and rehabilitation 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 SEDI projects revealed returns in the range of 4 to 8 times the investment in Kodinar (Gujarat), Nagpur and Chandrapur (Maharashtra), Sankrail (West Bengal), Chirawa (Rajasthan) 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 <ul style="list-style-type: none"> Supply chain management Certification of suppliers Suppliers' knowledge programmes to reduce their risks Addressing supplier grievances 	<ul style="list-style-type: none"> As a strong brand, procurement standards followed by ACL are very transparent and helpful to improve their capacity utilisation in lean seasons. 	<ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> Reputation Suppliers' and dealers' network Customer satisfaction 	<ul style="list-style-type: none"> Brand reputation plays a key role in earning customer satisfaction. High level of customer satisfaction fosters the business. 	<ul style="list-style-type: none"> Various engagement activities and feedback mechanisms are conducted to measure and monitor channel partner satisfaction (NPS, Satmetrix, among others).
Government and regulatory agencies <ul style="list-style-type: none"> Regulatory requirements and compliance Product innovation and standards 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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

While imbibing sustainable development in operations, 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 arising opportunities out of challenges.

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 mix/ sources, coal block acquisition, 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 freshwater 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 freshwater 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 a 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). Almost 90% of our product portfolio is low carbon fly ash based PPC and Composite Cement. Other products like PuraSand, AAC Cool Wall Blocks, Ambuja Kawach, Ambuja Roof Plus, Composite Plus increase our portfolio of green products by using fly ash, slag, and other industrial wastes.
Logistics: Increasing logistics expense and distribution cost are area of concern for the industry. 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 posed challenge in movement of cement to the consumption centres, adversely impacting the production schedule and increasing the overall transportation cost.	With ACL leading the way, the Indian cement industry witnessed 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.
Mining: Limestone and fuel mining are core to cement manufacture. The key challenges associated with mining operations are land acquisition, mineral distribution, mineral quality, mine rehabilitation, biodiversity, and ground water table intersection.	The Company extracts limestone from its 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 key 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 implements IUCN guidance.



Risks and/or Opportunities	Company Initiatives
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 workers /truck drivers, among others, in the area. The communities have high expectations/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. Community Advisory Panels established in our locations comprise of representatives from the Company and community to discuss community issues 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 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, and competition, among others. 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, among others.	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 emission standards for cement industry.
Emerging Risk (long term 3-5 years)	
Scarcity of Natural Resources: The cement industry is dependent on uninterrupted supply of natural resources like limestone, coal and other minerals as raw material and fuel (HSD/LDO) at an optimum cost and quality. Due to depleting reserves, new regulations, availability, price, and currency exchange rate volatility, among others, have led to a steady increase in cost of raw materials, power and fuel (e.g. from 2010, average cost of grid power and LDO / HSD cost per litre has increased significantly)	ACL recognises 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 like coal and other resources like water. Our circular economy model helps us address certain concerns arising from scarcity of natural resources by utilizing waste derived resources. In 2019, ACL consumed 8.7 million tonnes of waste derived resources and plans to increase this to up to 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 including our sea transport terminals. From the transitional risk perspective, we face regulatory risks such as increase in carbon tax on coal, Renewable Purchase Obligations (RPO), 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 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 renewable energy projects at our plant locations. Through these measures, the Company was able to reduce its specific net carbon footprint by 31.26% in 2019 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.



Business Risk Management

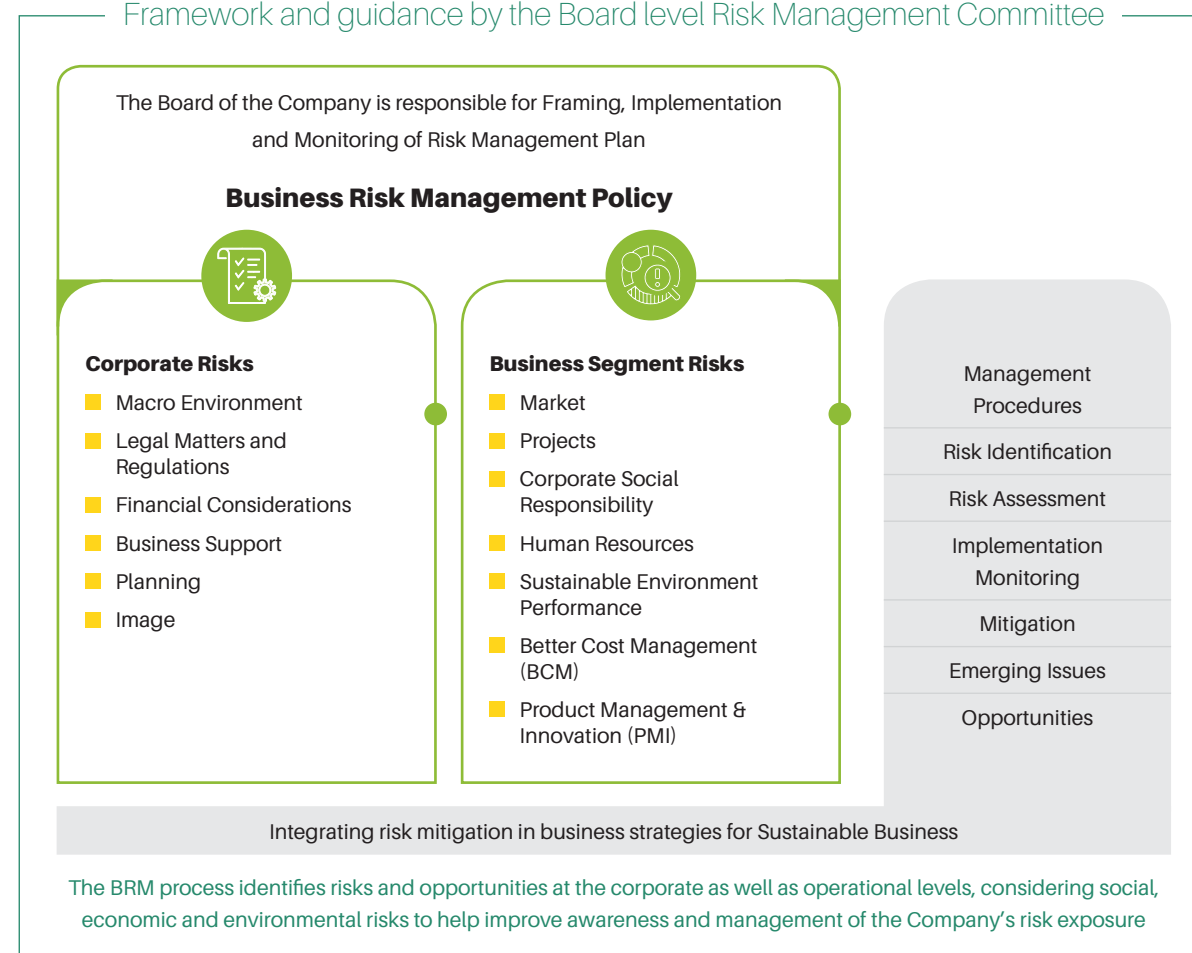
GRI-102-11, 102-28 to 102-34



Risk management forms an integral part of the Company's mid-term planning (MTP) cycle. 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. A regular stock of identified emerging issues is presented to the management, which allows us to consider emerging risk areas and look for opportunities presented by risks that may not always be quantified. Our holistic approach helps us in efficiently managing financial, non-financial, and sustainability-related risks associated with our operations. The charter and responsibilities of the Risk Management Committee at the Board level are clearly described in the Annual Report 2019, available on the Company website.



Framework and guidance by the Board level Risk Management Committee



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. Efficient productivity improves recyclability, and reduces material requirements, energy demand, and emissions; thereby improving the durability and reliability of products and optimising the use of resources.

Sustainability Strategy

Cost leadership; Asset-light approach; Commercial transformation; and Sustainability are the four corner stones to enhance our business strategies to excel in triple bottom-line parameters, in order to realise our business vision: 'To be the most Sustainable and Competitive Company in our Industry'. 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

We create value for all 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 2019 on page-23, available on the Company website at <https://www.ambujacement.com/investors/annual-reports>.

Ambuja evaluates its 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. During 2019, our net positive contribution to the environment and society stood over ₹ 2,000 Crores as compared to about ₹ 750 Crores in 2012. Our significant value creation levers are fly ash utilisation, water harvesting and recharge projects, agro-based livelihood creation and use of alternative fuels and raw materials (AFR).

Sustainable Development Ambitions 2020-2030

Our sustainable development ambitions for 2030 with intermediate targets for 2020 were 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 & ENERGY	CIRCULAR ECONOMY	ENVIRONMENT	COMMUNITY
LEAD METRICS	CO ₂ Reduced [kg CO ₂ / t cem]	WASTE Re-used [Million tonnes]	WATER Saved [Fresh water consumption: L / t cem]	VALUE Shared [Million new beneficiaries]
PERFORMANCE 2019	530.7	8.7	68	0.2
TARGET 2020	516	9	<80	0.2
TARGET 2030	463	13.5	<75	0.8

Note: Reference year 2015, if not specifically mentioned

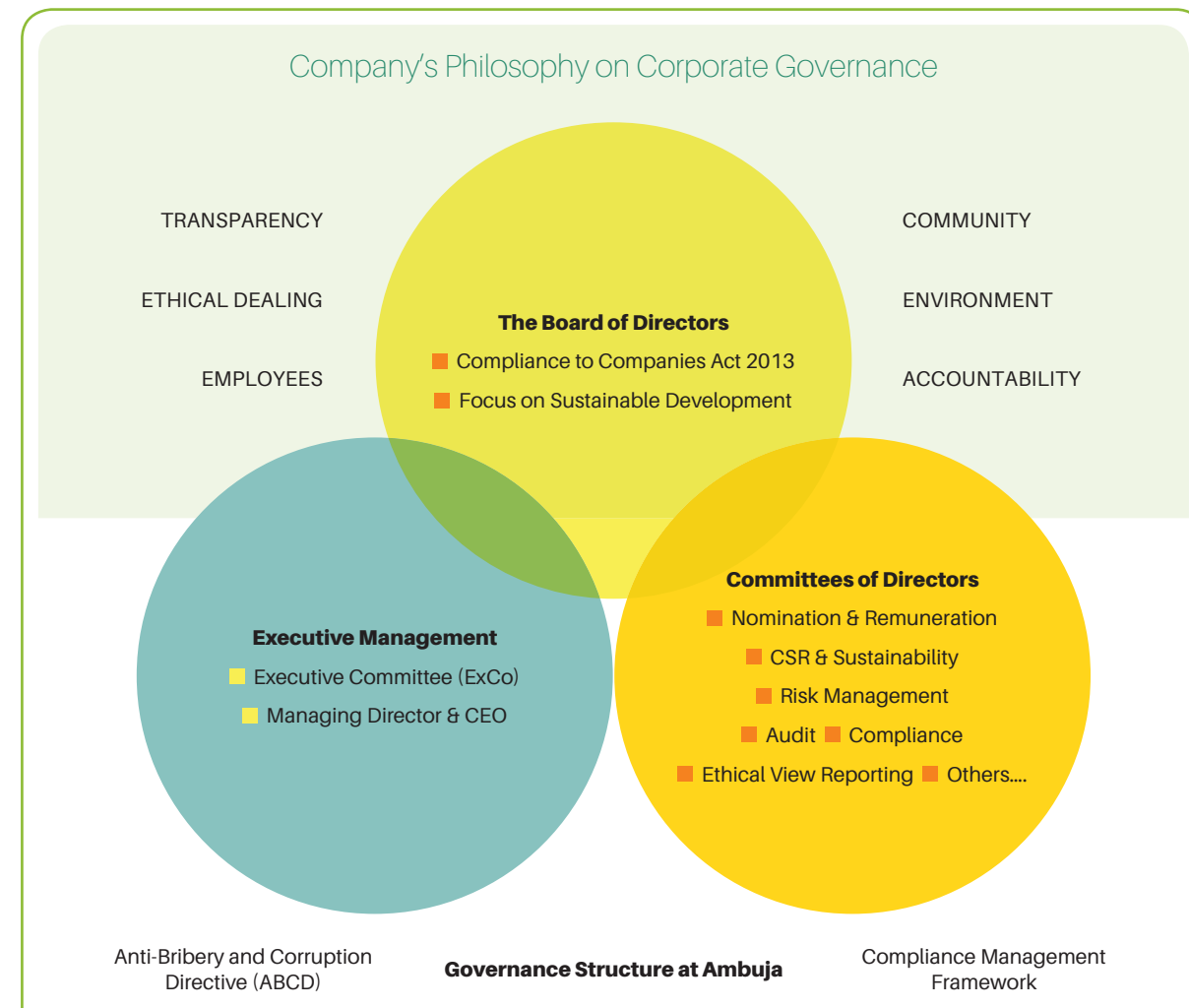
Corporate Governance



GRI 102-18

Good Corporate Governance is the foundation of sound management practices, adhering to the highest standards of transparency and business ethics. A summary and illustration below provide a glimpse of the Governance structure, philosophy, and framework followed at Ambuja.

For more information on Corporate Governance including appointment, composition, remuneration and management of the Board of Directors (BoD), description of the Board Committees, their compositions, meeting frequencies, and responsibilities, among others, please refer to 'Report on Corporate Governance' in our Annual Report 2019 at page 110. Links to all the policies that are in effect to practice efficient Corporate Governance at ACL are provided on page 134. The Report is available on the Company website <https://www.ambujacement.com/investors/annual-reports>.



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', and ACL currently complies with this requirement with 33% Independent Directors on the Board. Section 149(1) of the same Act requires certain companies to have at least one woman Director. ACL has one Non-Executive, Non-Independent Female Director and one Non-Executive, Independent Female Director (Institutional Nominee) as part of its Board. The minimum attendance requirement for all members is at least one meeting in a year. For the year ended 31st December, 2019, the average Board attendance was 89% and the average tenure of the Board was seven 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

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 <https://www.ambujacement.com/Upload/PDF/Familiarisation-Programme-2020.pdf>.

The Company engages outside experts or consultants when dealing with matters of specialised nature, 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

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 that of its Committees and individual Directors, including the Chairman of the Board. The existing board evaluation process was reviewed in 2018 and found satisfactory by an external consultant, with additional recommendation towards re-organisation of the evaluation templates and the rating matrix coupled with the inclusion of new evaluation criteria. We have implemented these recommendations and intend to conduct the Independent assessment on a periodic basis. This years' exercise was carried out online using secured web based application, to enhance confidentiality and ease of doing evaluation. The entire process of Board evaluation followed in 2019 is clearly defined in our Annual Report 2019, available on the Company website. As per the 2030 SD targets, Ambuja Cements Ltd aims to enhance the policy coherence for Sustainable Development.



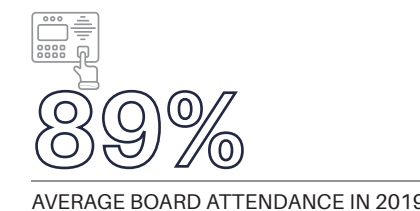
GRI 102-28

Remuneration and Incentives

The Company has a Board-level approved remuneration policy for Directors and senior management employees. The details of the remuneration policy and the remuneration paid to key officials are detailed in the Annual Report 2019, on page 121, which is available on the Company website <http://www.ambujacement.com/investors/annual-reports>. 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, and revenues, among others) but also to his individual performance. The weightage was 85% (Company performance parameters) and 15% (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



GRI 102 (35 to 39)



Values, Ethics, and Integrity

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



To eliminate the risks of fraud, corruption and unethical business practices, across our business value chain, 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 a part of the Annual Report. The chapter describes the complete system, its objective, communication modes, and composition of the responsible committee, on page 125. 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.

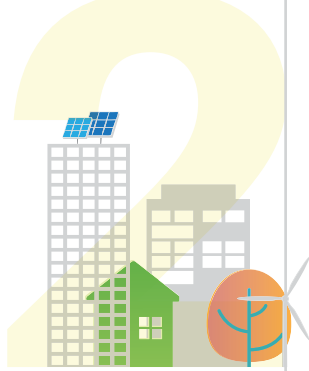
In addition, to conduct business in an honest, transparent, and ethical manner, the Board has laid down an Anti-Bribery and Corruption Directive (ABCD) as part of its Code of Business Conduct and Ethics. This directive covers the directors, employees, and relevant stakeholders of the Company. The Whistleblower 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. 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 51 complaints during the year 2019, out of which, 11 complaints were pre-assessed by the EVC Committee but did not warrant further investigation. 34 complaints were investigated and concluded whereas 6 complaints are still under investigation. The cases investigated were mainly of the nature of kickbacks/favours from vendors (9%), violation of Code of Conduct (53%) and Non-Code of Conduct-related (38%). The financial impact of these cases was insignificant and caused no damage to 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, and key managerial personnel, among others. Details of the process to manage related party transactions are provided in the Annual Report 2019, 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 the financial year was ₹ 62.57 i.e. 4.68% 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 VIII of the Companies Act, 2013. For more information on our CSR expenditure, please refer to our Annual Report 2019 (Annexure II to the Director's Report). In addition, one-time sponsorships, and donations to the tune of ₹ 1.59 Crores 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





Business: Sustainable Growth Trajectory

The Indian economy witnessed a challenging environment in 2019, owing to the global headwinds and the domestic volatility in the capital markets, partially due to the domino effect of the NBFC crisis.



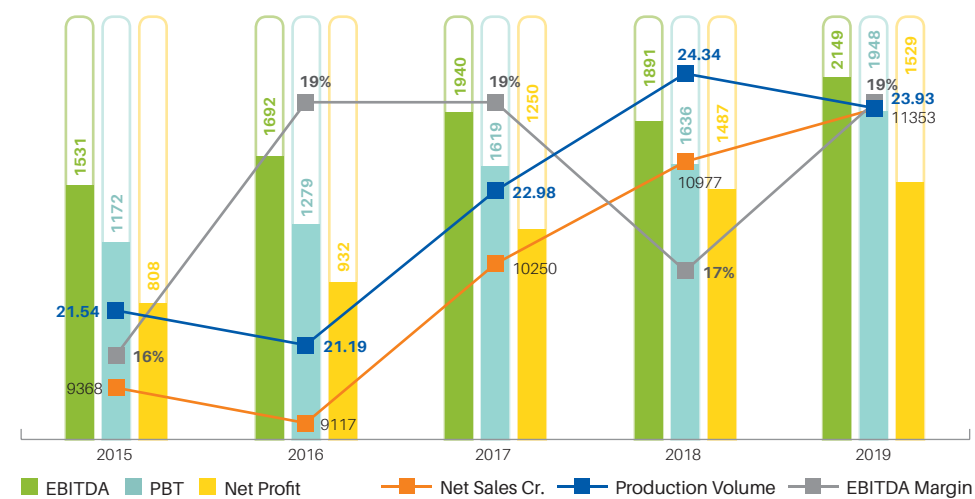
Economic Performance

GRI-201, 202, 203



Cement sector growth in 2019 remained subdued at 2-3%, amid low infrastructure spend and muted private sector participation in the construction space, including housing. The year also witnessed necessary reforms, regulations and preventive measures enacted by the regulatory bodies to prevent the economy from the aftershocks of such macro-economic dynamics. However, the Company's workforce, despite the fundamental challenges in the business environment, successfully demonstrated "I CAN" spirit in working together and enhancing the effectiveness. With a volatile demand scenario, cement sales volume in 2019 dropped by 0.9% as compared to 2018, but, our financial performance, in terms of EBITDA and Net Profit after tax, increased by 13.6% and 2.8%, respectively, making Ambuja stand stronger in the times of volatile and slow market.

Financial Performance - 2019



Product Quality Management

Quality Control and Assurance ensures quality product. Matched by best in class service delivery, customer satisfaction is enhanced. At ACL, we review and analyse a set of parameters for better product quality to generate a product quality index (PQI) following ISO 9001 principles and cement industry standards. Our cross-functional and cross-hierarchical Quality Committee assists in periodic reviews of the market situation, customer feedback, product benchmarking, and manufacturing issues. 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 part of the PQM monitoring strategy. The Company has been persistent with all its 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.



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 BIS, product information is displayed on the bag. No other information, beyond what is mandated, is displayed. 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

Our cross-functional and cross-hierarchical Quality Committee assists in periodic reviews of the market situation, customer feedback, product benchmarking, and manufacturing issues.

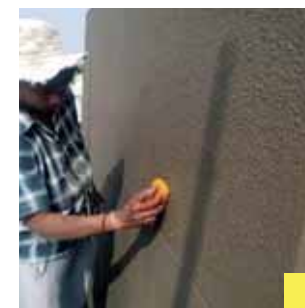
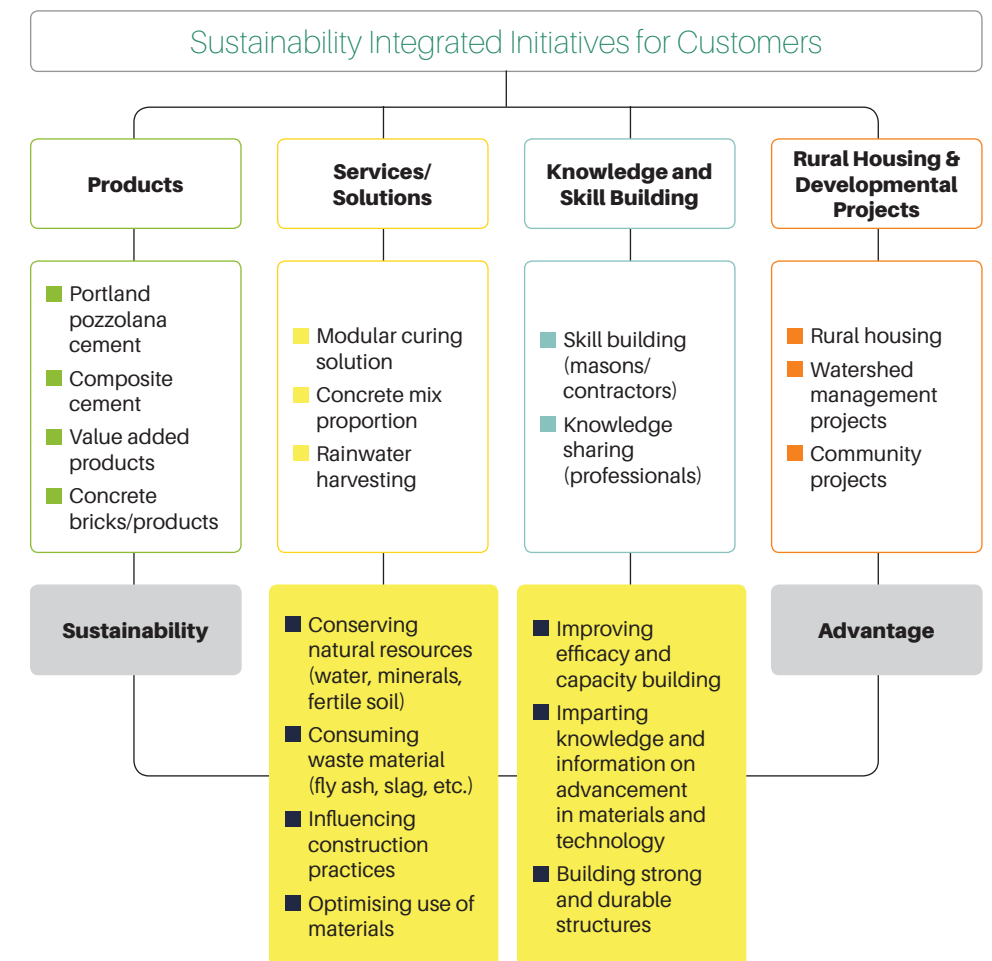


Sustainable Construction



GRI 102-2

Sustainable construction through sustainable products and services is a need for long term sustenance of the cement industry and fulfilment of customer needs, while also shouldering environmental responsibilities. Ambuja continues to launch and promote products and solutions that not only fulfil important customer needs, but also help in significantly reducing carbon footprint, while enhancing consumer trust on product quality, brand promise and other beneficial features extended to consumers.



A detailed description of our product and service solutions, along with value additions to customers are provided on our website (<https://www.ambujacement.com/product-and-services/sustainable-construction>). 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.

Responsible and Sustainable Products

As part of our sustainable products portfolio, the Company launched a series of new products and solutions in October 2019. Always standing for 'Giant Strength' in construction, we introduced 4 new products that add to the core and décor of the home – Ambuja Tilocol (Tile adhesive), ColorSave (wall putty), Ambuja Plazto (Readymix plaster) and Ambuja SeelanSeal (Integral water-proofing compound). In addition, as part of the renewed approach towards optimal product-mix, we introduced 'Ambuja Kawach', which is a premium water-proof cement. With the rollout of these latest green products, Ambuja Cement extends its superior strength to make the structure strong, look beautiful and elegant, thus moving a step forward in delivering better and greater value to customers. The introduction of these products reflects the relentless pursuit of responsible and sustainable product development, apart from opening the market for further growth.



Responsible product design and development, sustainable fuel mix, innovative product development and resource efficiency (by efficient waste management) have continued to support us in promoting sustainable construction. As part of our extended product responsibility, ACL has conducted Life Cycle Assessment and has developed the Environmental Product Declaration (EPDs) of all its PPC and Compecem products, which are also available on the international B2B portal 'Environdec'.

These efforts enable us to identify and reduce the environmental impact of our product, process, and technology. They also aid in addressing the Health and safety aspects related to the use of construction products. However, 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.



Ambuja uses HDPE and biodegradable paper bags for packing cement. Hence, the Company continued with its initiative to co-process waste plastic in the kilns to offset the plastic waste it generates in the packaging material. In 2019, we co-processed 94,570 tonnes of plastic waste in our kilns, which is 2.7 times the use of HDPE bags (34,850 tonnes) for cement packaging, Thus making us Plastic Negative Company.



As part of our sustainable portfolio, about 89% of the total revenue in 2019 was from products and solutions 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 EEW, among others). The Company made conscious efforts to substitute conventional power by renewable sources (7.9% of our total power generation).

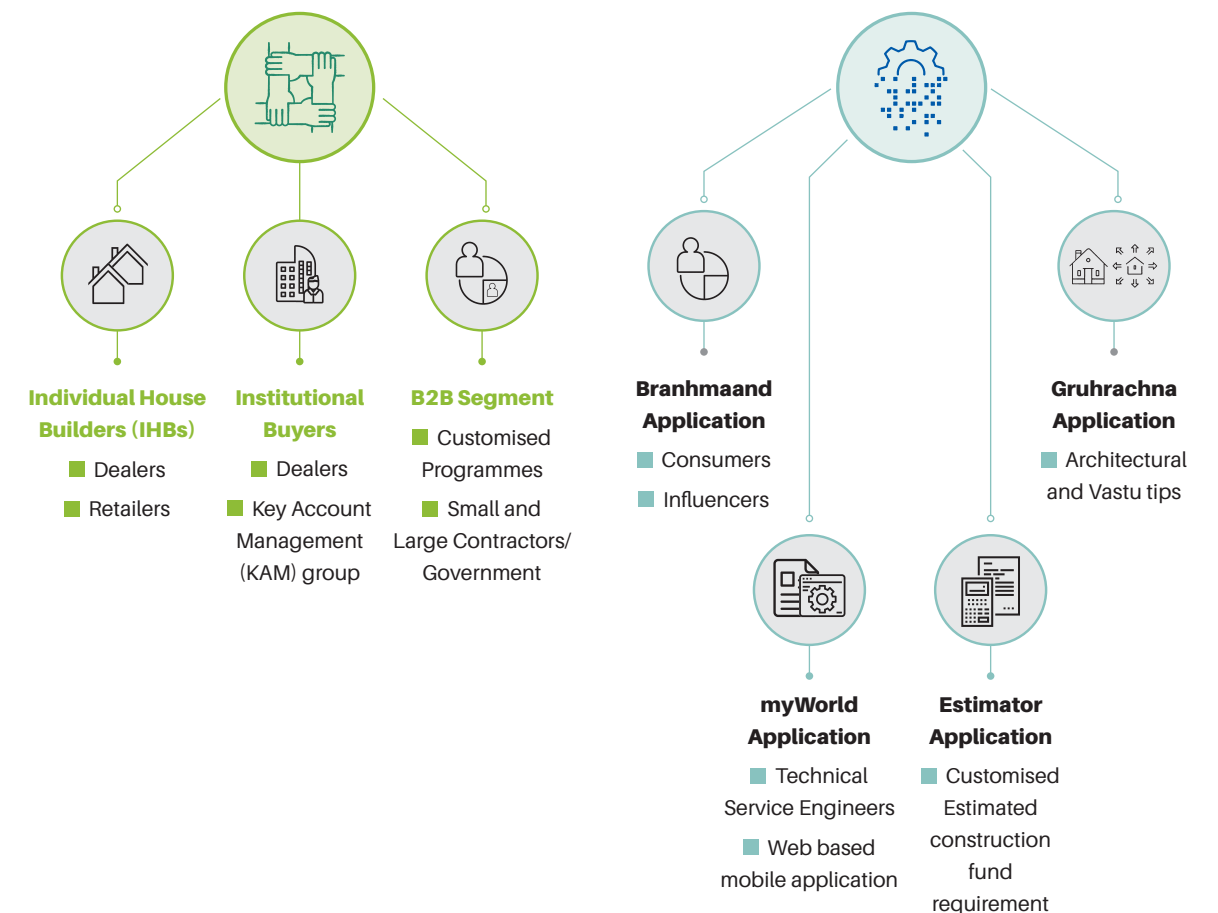
In 2019, our Technical Services team provided different customer services; concrete mix proportions (43,433 sites), modular curing solutions (7,714 sites) and rain water harvesting (893 sites), thus saving a total of about 222.76 million litres of water, a significant achievement in the area of sustainable construction. We also provided 7,411 architectural design and cost estimates (AD) in rural areas and 7,601 concrete cube testing services (CCTS) at customer sites in the year.

During 2019, we conducted various skill-building workshops and engaged over 14,551 contractors, masons, and construction professionals (architects and engineers) to provide over 1,61,000 man-hours of training. Key professionals and Contractors were taken for ACL plant visit to witness the manufacturing of Cement and Quality at Ambuja.



Customer Support and Satisfaction

'Customer' is one of our most important stakeholders and we have always driven our approach to achieve absolute customer satisfaction. We systematically measure customer satisfaction through our engrained channels and continuously transform our services to help customers build structures that are more resilient, resource-efficient, and cost-effective. 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. We conducted the NPS survey in 2019 covering our customers in trade segment. It was conducted through our loyalty program portal "Aasman Portal". ACL obtained a score of 59.



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 2019, we received 1,012 queries/complaints; all of them were addressed, and no customer complaint was pending at the end of the year. There were 20 consumer cases pending before different forums at the beginning of the year. During the year, 4 consumer cases were filed, and 1 case was disposed of, leaving a balance of 23 pending cases as at the end of calendar year 2019. ACL does not sell/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.



Brand Development and Promotion

For over 3 decades, Ambuja Cement has delivered the promise of 'giant compressive strength' through its products and solutions offered to its different customer segments. As a result, Ambuja stands strong as a credible and applauded brand in the market that has become synonymous with strength. With engaging communication, superior product quality, and strong technical support to consumers, 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'. Our digital platform Ambuja Brahmaand won two prestigious awards, "Best Customer Relationship Platform" and "Best Marketing Technology Stack" at the MarTech Leadership Awards 2019.

Sustainable Supply Chain

GRI 204, 308, 409, 414



Our procurement policy includes a code of practice that encourages fair, open, and transparent competition. India Procurement Organisation (IPO), a dedicated business unit, takes care of procurement for the Company. Our initiatives of engaging with suppliers include but are not limited to health and safety, Contractor Safety Management, Sustainable Procurement, Anti-Bribery and Anti-Corruption Directive, Third Party Due Diligence and Automation in SAP-Ariba. Vendors are expected and encouraged to demonstrate good corporate citizenship and sustainable development practices. Unit level procurement teams take care of day-to-day purchase requirements at their respective locations, while IPO manages high-value purchases at corporate level. 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. Individual units communicate their requirements to IPO, are encouraged to opt for sustainable alternatives and suppliers providing such products/solutions. Through the SPI guidelines, we map our suppliers with high, medium, or low risk. In 2019, we engaged with 8,359 tier-1 suppliers and we prioritised 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 percentage of total spend. We classify suppliers who represent the top 80% of spend as critical. During 2019, out of 7,841 critical tier-1 suppliers, 518 were engaged for sustainability assessment. The top three categories of critical suppliers include production services providers (includes manpower contractors), facilities service providers and logistics service providers.

The prioritisation criteria for suppliers as per ABC requirements are: regional corruption perception index, annual spend, and supplier policies/systems, among others. 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 prioritisation 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, prioritisation criteria of contractor safety risk levels are based on 'Contractors Categories' as per group health & safety definitions.

Our third-party global consultant Avetta (PICS) helps us to identify risks in our supply chain and manage them by taking corrective action on identified risks through an assessment tool. Through Avetta, IPO team evaluates the performance of suppliers against various prioritisation criteria of integrity, sustainability, health and safety, human rights, among others, as defined in our Supplier Code of Conduct (SCC) and group Sustainable Procurement Manual (SPM). Based on the results of this assessment, corrective action plans are prepared, which are periodically monitored to review improvement in supplier performance. This exercise in 2019 covered about 46.5% (518) of the critical suppliers (high-risk-high-spend suppliers/vendors) who accounted for about 22% of procurement value excluding Government spends. The 518 critical suppliers which are also sustainable development (sustainability) high risk suppliers, were assessed during the year which included 155 new suppliers and 363 existing 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 visible personal commitment (VPCs), contract labour management and waste qualifying testing for hazardous waste. In 2019 we undertook comprehensive assessments of about 175 of logistic services providers, 409 labour contractors and 465 alternative fuel vendors.

In addition to curb risks associated with the logistics operations e-passport document are issued to the transporters. This document includes all details of the driver (trainings and license, among others) and details of the vehicle (pollution check and insurance, among others) 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 enroute 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, authorisation 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, migrant worker conditions, overtime payment, and adherence of Long Time Settlement (LTS) agreements between the contractual workers and contractors.

Category of Material	Number of Vendors	Total Spend
Logistics Services	873	42%
Energy	85	18%
Out of Scope	164	7%
Packaging and Diesel	112	6%
Facility Services	2484	6%
Production Services	902	5%
Equipment and Consumables	929	4%
General Services	1415	4%
Raw Materials	161	3%
Mining	230	2%
Not Assigned (Direct Invoicing)	306	2%
Cement and Clinker	12	1%
Corporate Services	686	1%
Total	8359	100% (₹9,479 Cr.)

Contractual Agreement of Compliance



GRI 308-2, 414-1, 414-2

New suppliers are made aware of and 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. All purchase orders and agreements incorporate clauses related to occupational health and safety (OH&S), environment management, labour standards, and social responsibility.

We have a system based 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

The Company has embarked upon a journey to digitise the entire supply chain in order to render quality customer services at optimal cost and enhance visibility. This has enabled end-to-end control, right from the planning to the execution stage. Transport Analytics Centre (TAC) set up to improve operational efficiencies and distribution safety, is yielding positive returns. To make a difference in customer servicing, real-time inputs of in-vehicle management system (IVMS) are used, through TAC.

Internal re-structuring within the logistics department has benefitted both the inbound and outbound logistics. Structured recruitment process of young and talented professionals and training under LafargeHolcim Logistics Excellence Process is enabling the Company to create a pipeline for future leadership positions.



The manpower contracts are closely monitored for aspects like working hours, migrant worker conditions, overtime payment, and adherence of Long Time Settlement (LTS) agreements between the contractual workers and contractors.

4.7% YOY
REDUCTION IN LOGISTIC COST IN 2019



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). This 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.

Sales and operation planning (S&OP) were 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 2019, about 13% of our cement supply to the markets was through the environment-friendly sea route using 10 captive and one chartered ship. About 24% 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.

Key performance Indicator	2017	2018	2019	Target 2021
Lead (in KMs)	281	283	276	276
Road Direct Dispatch	60%	57%	55%	65%

The decrease in lead was on account of strategic decisions taken by ACL, with a focus to reduce Logistic Cost. Logistics Total Distribution Cost (TDC) was reduced by 4.7% in 2019.

Model Warehouse Program

Spearheading our Model Warehouse Program, a total of 217 model warehouses have been developed in different regions across ACL by the end of 2019, each implementing a seven-point mandatory checklist by maintaining good housekeeping, infrastructure, stacking safety, marking and signage, and providing good basic amenities to the workmen and the drivers. Continuity of ‘Behaviour Basis Safety’ (BBS) workshops with C&F and logistics team, and warehouse owners at regional level was maintained. Three warehouses were recognised and rewarded under the reward and recognition schemes to enhance the culture and embed safety in our value chain. The success of these warehouses to demonstrate complete commitment for excellence reinforces our spirit of ‘I Can’ and ‘We Care’.





Environment:

Future Proofing Resources

We accord environmental protection, energy efficiency and conservation, emission reduction and safety; importance over and above compliance to stay ahead of the curve and ensure efficiency and effectiveness in our operations.



A Green Footprint

We accord environmental protection, energy efficiency and conservation, emission reduction and safety; importance over and above compliance to stay ahead of the curve and ensure efficiency and effectiveness in our operations. We believe we will leave behind our best mark if we leave minimal or no trace of our operations. Our environment management gamut is showcased from the following illustrations:



₹117.9 CRORES
SPENT ON ENVIRONMENTAL PROTECTION

₹30.8 CRORES
SAVINGS FROM IMPROVED EFFICIENCY



We continued to identify avenues where we can improve our environment performance by various projects and initiatives. The Company incurred an expenditure of over ₹ 117.9 Crores in environmental protection during the year which helped in generating savings from improved efficiency to the tune of ₹ 30.8 Crores.

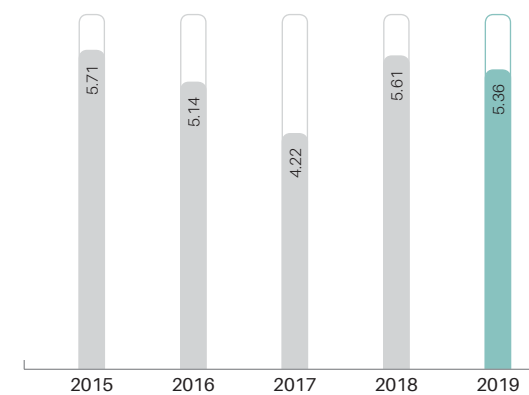
At the end of 2019, three cases involving environment-related issues were pending in different courts. No significant fines or penalties (>USD 10,000) were incurred in 2019. No formal grievance about environmental impact had been filed through the various grievance mechanisms during the reporting period. Ambuja Cements Ltd intends to integrate climate change measures into national policies, strategies, and planning.



Waste generated from our premises are mostly non-hazardous. Hazardous waste generation quantity is not significant, but these are managed in an environmentally sound manner. No hazardous waste was transported to/from locations abroad. 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.

Coal and other fuels constituted to more than 75% of our total cost of power and fuels.

% of Thermal Energy from Alternative Fuels



Constant efforts are made to achieve best practices in reducing power consumption, LDO, coal and other fuels consumed per unit of cement produced. Currently no industry standards exist for energy consumed in the use of cement at the user level.

Energy Management

GRI 302(4, 5)



We operate in an energy intensive industry and to mitigate the risks associated with energy requirements, we have undertaken strategic initiatives in our value chain for energy sourcing and also in developing our in-house capacity to cater to that demand. Use of alternative fuels, waste heat recovery (WHR) and use of renewable energy like biomass, wind and solar, implementation of energy management system (ISO 50001:2011) further strengthen our energy management landscape. A detailed list of various energy efficiency measures taken are enlisted in the Annexure - VII (Page no. 105) to the Director's Report in our Annual Report 2019, available on the link <http://ambujacement.com/investors/annual-reports>.

Coal and other fuels constituted to more than 75% of our total cost of power and fuels. Furthermore, the Company consumed 68% of the total power requirement from captive sources, including an increased usage of Waste Heat Recovery System. Hence, improving energy efficiency and ensuring long term energy security plays more importance. Switching focus on the use of low-cost waste materials, investing in state-of-the-art storage and pre-processing platforms to increase the use of alternative fuels (AF); has provided us cost-efficient and sustainable lever for fuel.

Our thermal energy efficiency in 2019 stood at 3,221 MJ/tonne clinker. Electrical energy consumption remained around 77.27 KWh/tonne cement. Energy cost accounted for around 20% of our total expense in 2019. Consumption of alternative fuel (AF) in the kilns achieved a thermal substitution rate (TSR) of 5.36% of the total thermal energy.

Renewable Energy (RE) Performance

Of the total energy generated, 7.9% was from renewable energy sources during 2019. Our renewable energy portfolio comprises 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. The Company purchased RE certificates equivalent to 65,506 million units (MUS) of non-solar power in 2019. RE and WHRS projects enabled us to reduce about 60,757 and 32,222 tonnes of CO₂ respectively.

In 2019, we completed a solar power project in Rabriyawas (Rajasthan) (7.14 MW Onsite). We are in process of setting up of more Solar power projects at Bhatapara (11.5 MW Offsite), Dadri (14 MW Offsite), Ambujanagar (Gujarat) (14 MW Onsite). We are also planning to set up WHR projects at Darlaghat (Himachal Pradesh) (22 MW by 2021), Bhatapara (Chhatisgarh) (17 MW by 2021). In next phase, we will set up WHR projects at Maratha (Maharashtra) and Ambujanagar (Gujarat).

68%

OF THE TOTAL POWER REQUIREMENT MET FROM CAPTIVE SOURCES

31.26%

REDUCTION IN CO₂ FROM 1990 LEVEL

Natural Resource Management

With the given rate of development and growth in the sector, requirement and competition for natural resources required for cement sector will grow in the coming years. We want to be able to maintain our requirement and consumption at the most optimum and sustainable level. We are embedding circular economy and resource efficiency at every level of our operations to reduce the consumption of natural resources and extend the life of the quarries for limestone and coal, among others. We also sensitize our stakeholders on natural resources management and everyday growing pressure on these finite resources. Waste derived raw material resources like fly ash and slag for blending to make Portland Pozzolana Cement (PPC) and composite cement and chemical/phospho gypsum have seen sustainable and steady increment in our manufacturing process. Low grade limestone, synthetic gypsum, waste derived fuel uses are optimized. Our sustainability initiative of increasing the use of AFR, biomass, fly ash and slag, and reducing that of limestone has further lowered our clinker factor during 2019 over 2018. This strategy has helped us produce about 90% Portland Pozzolana Cement (PPC) and Composite Cement out of our overall production. About 31.7% alternative raw materials (which are not derived from natural sources) are used in our cement production.

31.7%
OF TOTAL RAW MATERIAL
USED IS RECYCLED INPUT
MATERIAL



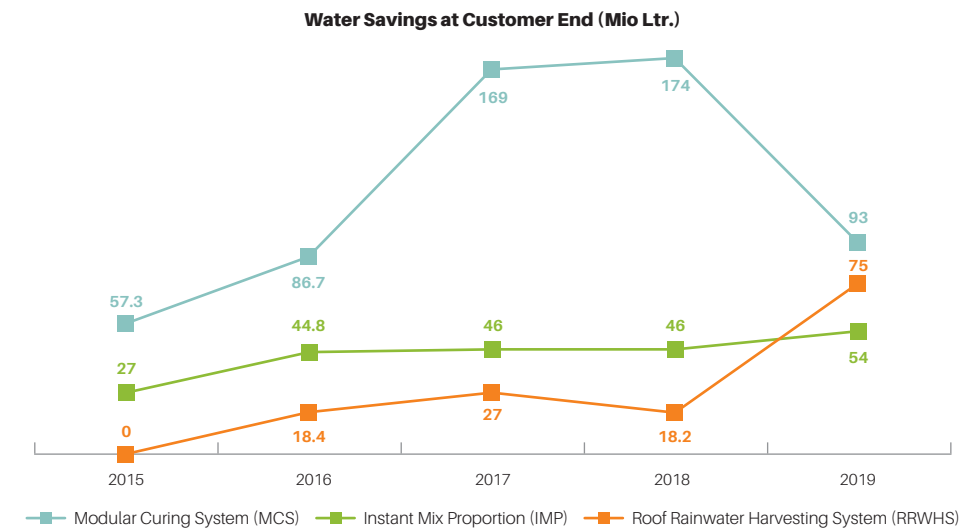
Water Management

Although our dry process of cement production uses minimal water, water conservation and its sustainable management is included as one of the pillars in our Sustainable Development plan with aspirational targets for 2020 and 2030. Initiatives on water conservation plant operations and water harvesting in community beyond our fence through our CSR arm, the Ambuja Cement Foundation (ACF) has led us to become 8 times Water Positive Company in 2019 as verified by an independent third party. Water resource management is also one of the major focus areas of our social engagement strategy (see more in social section of this report).

The total volume of water withdrawn for all our operations in 2019 was about 6.5 million cubic metres (Mm3) as against 6.2 Mm3 in 2018. Although our total water withdrawal increased by about 4%, there was about 3% reduction in total freshwater withdrawal as compared to 2018 because a part of withdrawal was from non-fresh sources. Our operational freshwater withdrawal was 68 litres per tonne of cement. We reused/recycled about 1 Mm3 of water during the year, which amounted to about 15% 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 2019, the total water discharged by a few of our plants was 63,939 m3, which is about 1% of our total water withdrawal. No water bodies or related habitats were affected by water discharge.

15%
OF WATER REQUIREMENT
MET THROUGH RECYCLING
AND REUSE OF WATER

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



Water continues to remain a critical priority for our communities as well as our business. Water harvesting and conservation, safe drinking water and judicious use of water are the three broad segments of water works done by ACF. The water resource management programs have grown in length and breadth considering the local needs across locations.

- Till date, ACF has developed and revived 9028 water harvesting and recharge structures across locations including 443 check dams. These structures created an additional storage capacity of 56.50 MCM of water. About 26,225 Ha of watershed development through soil and water conservation was created. ACF also focuses on water saving techniques through promotion of sprinkler and micro irrigation to increase water application efficiencies. Further, we have a target to create additional water storage capacity of 5.8 MCM and, increase the area under watershed and micro irrigation to 30,000Ha and 12,500 Ha respectively, in the next three years.
- Till date, 77,300 households have benefitted under ACF's safe drinking water program and we target to cover additional 36,000 households in the next three years.
- Critical additions during 2019 include:
 - Two river lift irrigation projects in Farakka (West Bengal) which helped farmers cultivate mustard to earn additional profits upto 33%.
 - ACF is implementing watershed projects under which 2018 and 2019 saw treatment of over 655Ha and 917Ha, respectively.
 - Total of 257 water structures reviving old and installation of new hand pumps /tube wells were taken up in the villages. It encouraged community participation in installation and maintenance of drinking water and filtration systems.

We will continue our efforts on water resource management with active support and participation by the Local Government, other NGOs, and the community. We are delighted that our efforts have brought positive impact and changes to the life of people and biodiversity in some areas across our plant locations. We continue to ensure that no water source or protected area (nationally or internationally) is disturbed for water withdrawal. We care for sustainable withdrawals, water efficiency, responsible water harvesting and ground water recharges to return water to natural systems to address water scarcity; and bring down the number of people affected by water scarcity considerably.



Our water sustainability risk assessment framework, developed in association with International Union for Conservation of Nature (IUCN) takes into account business/Company risks as well as the basin risk, covering various risk aspects and identifying units with water stress. This assessment also uses the WBCSD Global Water Tool. A scenario analysis that identifies the potential impact on operations was also conducted for one of our plants in 2019. Four of our plants are in water scarce regions but, overall, we comply with all regulatory requirements on water.

True value assessment for water interventions in 2019 indicated positive contribution of about ₹ 1,890 Crores.

“Water harvesting and conservation, safe drinking water and judicious use of water are the three broad segments of water works done by ACF.”

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

Carbon and Other Emissions

Our strategy for climate change mitigation stands on four key levers:

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

Climate change related financial and non-financial risks are regularly assessed and addressed through various actions in relevant areas. Various actions on above mentioned four levers helped us to prevent release of more than 6.8 million tonnes of CO₂ during 2019. The SD performance index table at the end of this Report shares quantified details of emissions from our operations and in the value chain.

By 2020, the estimated financial implications of the climate change related 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.



GRI 201-2

Ambuja Cements Ltd was 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 shared our performance regarding selection of parameters (CSI dashboard) that define key aspects of sustainable development.



GRI 201-2

Ambuja estimates and discloses its environmental performance as per CSI and GRI guidelines and annually in the Carbon Disclosure Project (CDP). The major greenhouse gas (GHG) in cement manufacturing 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, among others, during clinker production.

Scope-2: Emissions associated with purchased electricity from grid.

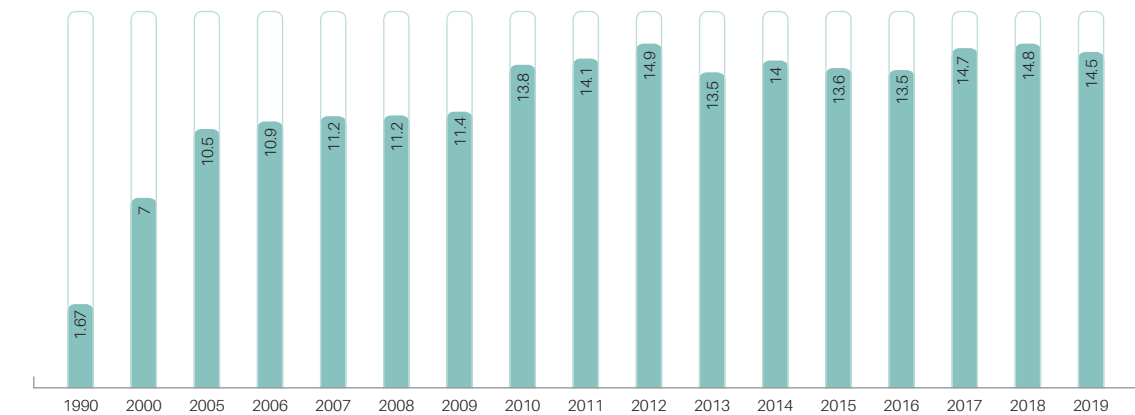
Scope-3: (other indirect GHG emissions): We measure emissions for Scope 3 categories which are relevant for cement sector. This includes emission from purchased products and services (category-1); fuel and energy-related activities (category-3); upstream and downstream transportation and distribution (category-4 and 9); waste generated in operations (category-5); business travel (category-6); and employee commuting (category-7).

The specific net CO₂ per tonne of cementitious product is 530.7 kg, down by over 31% in 2019, using 1990 levels as the baseline. The total Scope-1 (direct absolute gross CO₂ emissions, including CO₂ from onsite power generation) also decreased by about 2% as compared to 2018.

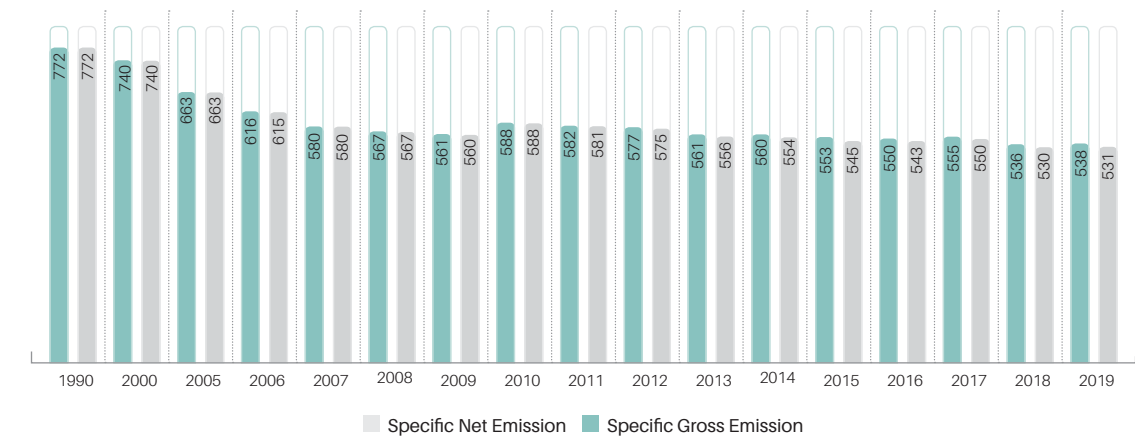


GRI 305-5

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

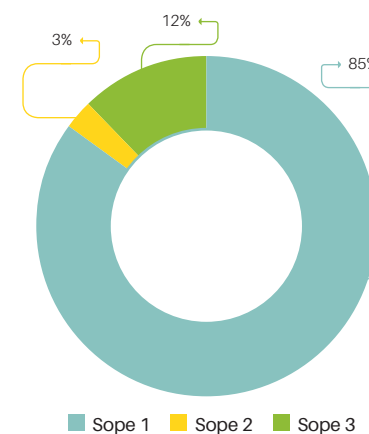


Specific Emission Scope-1 (kg CO₂ / Tonne of Cement) - GRI 305-4



Besides adhering to our Group-level Science Based Targets (SBTs), the Company has defined its own target of specific CO₂ emission reduction by 33% per tonne of cement (against 1990 levels) by 2020 and 40% by 2030.

Total Emission of ACL during 2019



OVER **6.8** MILLION TONNES

OF CO₂ PREVENTED FROM RELEASING IN THE ENVIRONMENT

Other Emissions

Ozone-depleting substances (ODS) are not emitted in our processes. The boundary of ODS date covers only the core processes involved in cement manufacturing. It does not cover the administrative facilities (office building, staff quarters etc.) at the plants and offices. SO₂, NO_x, 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 have upgraded the pollution control systems to control NO_x, SO_x and dust by installing selective non-catalytic reduction (SNCR) systems, new electro-static precipitators (ESPs) and bag house modifications, among others, and also undertaking better operation and maintenance to control these emissions.

GRI 305 (6, 7)

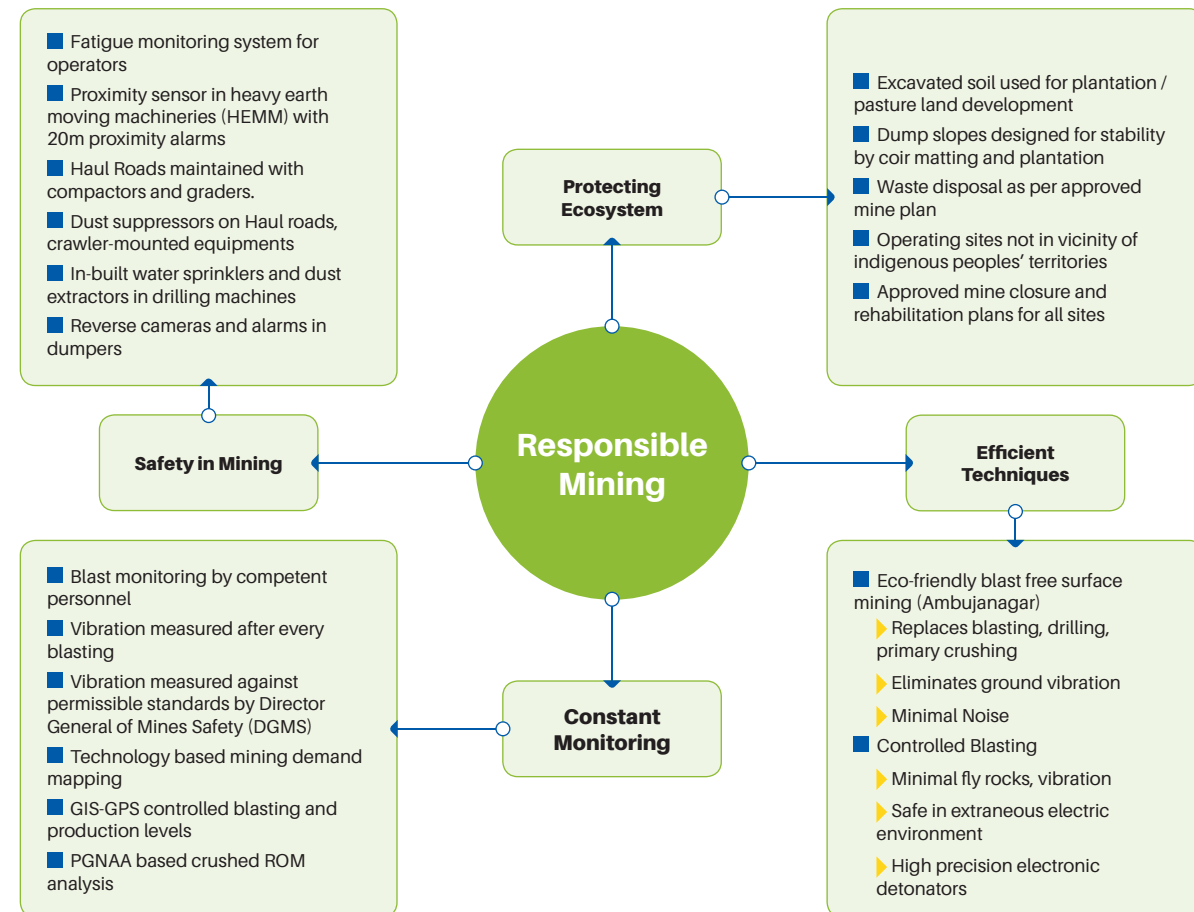


Ambuja in the top four '**Most Sustainable Companies**' of 2019.

Ambuja Cements Ltd made it to the top four 'Most Sustainable Companies' in the construction materials sector in annual Dow Jones Sustainability Index Corporate Sustainability Assessment 2019. Recognising us as one of the most sustainable companies globally and also the only Indian cement company to achieve this feat.

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 with environmental protection and the social well-being of the community. Our sustainability initiative to use waste derived alternative material resources helps us to reduce consumption of limestone, thus extending the life of our mines and reducing disturbance of land for extraction. Various efficient and effective ways are used for mining and extraction activities that do not disturb ecological balance. Limestone beneficiation and extraction techniques are used to ensure minimum waste. Various new tools/ latest softwares are used to optimize the material requirement for blending the sub grade / low grade materials. For estimation of limestone resources, software (SURPAC) is used.



None of our sites operates in the immediate vicinity of specific biodiversity zones, World Heritage sites or IUCN category I-IV protected areas and we commit not to open new sites or explorations within such areas as per group policy. 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 Quarry Rehabilitation and 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 for protection and enhancement of biodiversity.

In 2019, about 4.4 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-dozor combination as per the approved mine plan. Progressive mine closure plans are available as per statute for all locations. Concurrent rehabilitation plans are available for the working mines in Gujarat.

Our operating sites are not located adjacent to indigenous peoples' territories. Local community issues revolved around land acquisition and dust emission. Concerns of the community are addressed through a consultative process. Land is purchased through negotiations. There were no strikes or lockouts at our mines during the reporting period.

GRI 413

Biodiversity Management

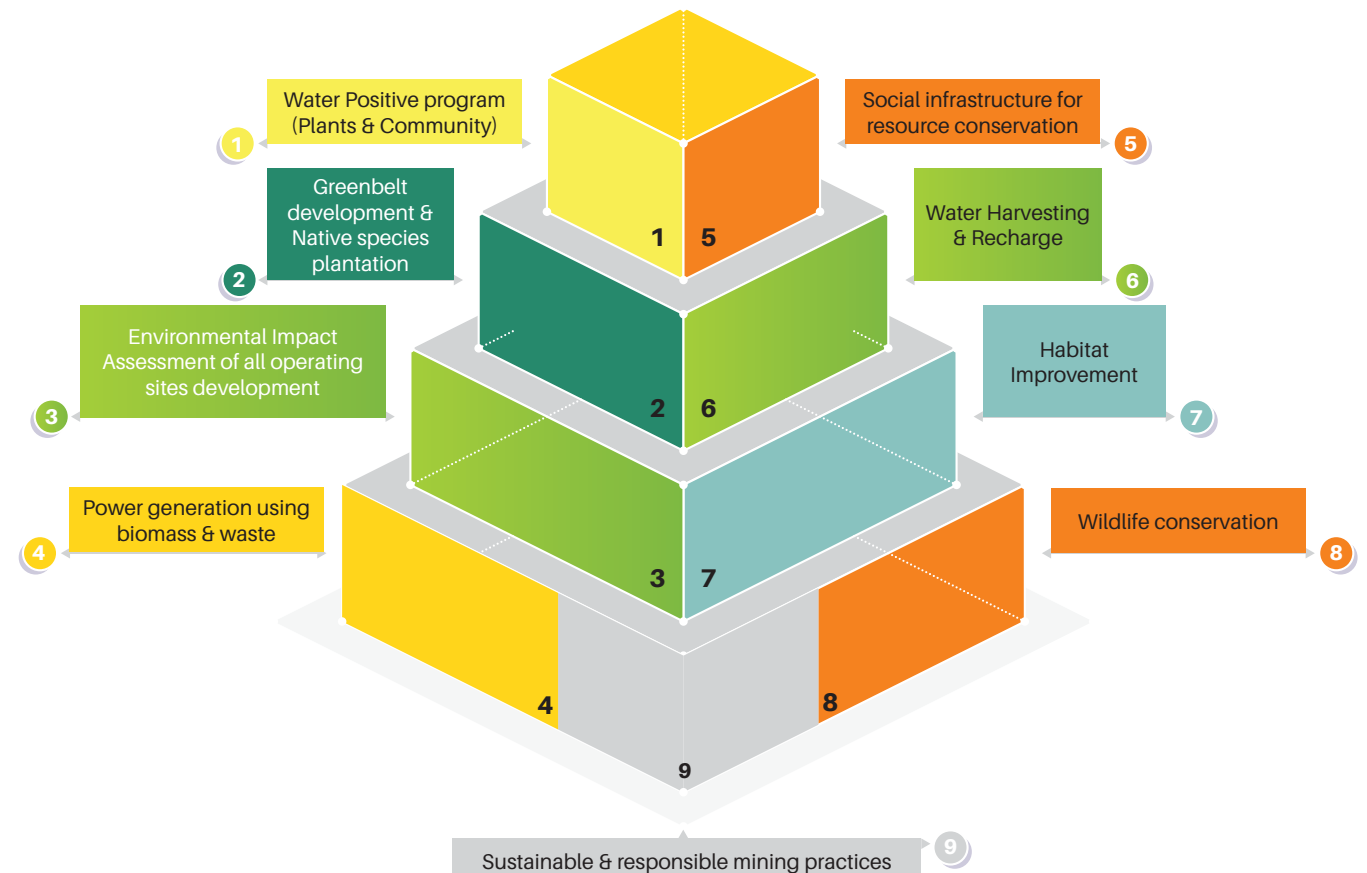


GRI 304



Our biodiversity policy is enshrined in group's Quarry Rehabilitation and Biodiversity Directive. We commit to Indian national regulations. We recognize the importance of conservation and management of biological diversity as a business and societal issue. This is reflected in our "Sustainable Development Ambitions 2030" commitment to achieve 'Positive Change in Biodiversity' (net positive impact) by 2030. We carefully classify our ecological assets and maintain a biodiversity inventory for all our sites. Further, we have set KPIs that are monitored on every two year to understand the net positive value that we generate. 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 conducted this assessment again during 2019 for our site at Bhatapara (1.9) and Ambujanagar (1.9) where index improved a bit. Three more sites will be assessed in 2020.

We are currently focusing on applying mitigation hierarchy as part of our biodiversity management and conservation efforts. Our mitigation hierarchy essentially includes three major elements: avoid, minimize and restore. We proactively implement various measures at our plants and mining sites to avoid disturbance to local biodiversity. To avoid damage to biodiversity, we currently do not operate in any of the World Heritage areas and IUCN Category I-IV protected areas. We also monitor biodiversity and set protection and action priorities for species e.g. IUCN red data list and regional threatened species list and conduct ecological study on the species and habitats through our local partners like Gujarat Institute of Desert Ecology (GUIDE), university experts and research institutions.



This helps us in identifying the causes of species declines and take necessary corrective measures. Additionally, we proactively minimize the negative impact of mining by undertaking development of green belt in the mining areas. Trees are planted on the overburden around the mines and at the mine lease boundaries, thereby reducing dust pollution, absorbing carbon emissions and preserving biodiversity of the region. We also conduct periodic training for staff that works closely on ground with communities to ensure we have minimal impact on the biodiversity.

We partner with local experts and forest department to develop the biodiversity action plans and act on the outcomes of our assessment. All our sites have comprehensive biodiversity action plans that contain regional measurable targets. All our sites have very targeted habit management plans to improve degraded habitats. We adequately manage the planted rehabilitated areas and by working closely with community, try to include the management of any other adjoining offset areas. By adopting new forestry practices, we also try to ensure that regenerated areas turn into natural habitats. Towards this objective, we undertook mangrove plantation in Gujarat spanning across 150 hectares with the help of the Gujarat Ecology Commission. The efforts have helped in restoring the natural ecosystem, and the site has become a good nesting and breeding habitat for migratory and local avifauna. 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. By 2020, Ambuja Cements Ltd aims to integrate its ecosystem and biodiversity values into national, local planning and development processes.

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. Biodiversity Action Plan (BAP) have been prepared for all our five plants with mining sites and are under implementation. 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.

Ambuja Cements Ltd is a signatory to the India Business and Biodiversity Initiative (IBBI) of Confederation of Indian Industry (CII) and GIZ and also partners with other organisations/industry associations for biodiversity related policy management, assessment and reporting guidelines. We have continued to familiarize our employees on biodiversity through our in-house developed e-learning on biodiversity protection. 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 through Krishi Vigyan Kendras (KVKs); composting units in villages; and organic farming with minimal use of fertilizers and pesticides.



Circular Economy: Wealth Out of Waste



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 'Geocycle', our group brand and waste management unit of Ambuja Cement, managing the ever-increasing waste volumes in other industries and sources. Geocycle India is a part of the global Geocycle network and has been in operation in the country for more than a decade. Ambuja has 4 dedicated pre-processing facilities with installations for blending liquids, shredding solids and sludge and homogenizing waste prior to its co-processing at 5 locations to sustainably co-process different kind of wastes. This helps in promoting circular economy with steady supply of Alternative Fuels and Raw materials (AFR) for our cement production.

Stringent safety arrangements are ensured for safe operations during co-processing which are assessed by Geocycle Risk Assessment Methodology. 'Health & Safety' is included as a key responsibility in line management and business performance. Our logistics safety programme to achieve 'Goal Zero', meaning zero accidents, zero harm to people and zero damage to the environment helps in embedding safety in the behaviour of our workers that leads to safe working culture. The initiative ensures implementing technology, processes and programmes across the entire range of Geocycle logistics operations.

As part of our circular economy, we consumed about 2.2 lakh tonnes of alternative fuels (AF), in the kilns and about 84,000 tonnes of AF in our captive power plants, taking the total consumption of AF to 3.1 lakh tonnes across all our plants. This helped us to achieve a thermal substitution rate (TSR) of 5.36% of the total thermal energy. In manufacturing process, we consumed 8.4 million tonnes of waste-derived alternative raw materials (AR) like fly ash, slag, phospho gypsum, among others, which helped us to achieve a clinker factor of 64.9%. Thus altogether, about 8.7 million tonnes of waste-derived alternative fuels and raw materials (AFR) were consumed in 2019. We also co-processed 94,570 tonnes of plastic waste in our kilns, which is 2.7 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, we were able to optimise the utilisation of fly ash and slag to achieve production of about 7 lakh metric tonnes of composite cement during 2019. Our net positive contribution to the environment and society in 2019 was over ₹ 2,000 Crores as compared to about ₹ 1,490 Crores in 2018, and about ₹ 750 Crores 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.

As part of our circular economy, we consumed about 2.2 lakh tonnes of alternative fuels (AF), in the kilns and about 84,000 tonnes of AF in our captive power plants, taking the total consumption of AF to 3.1 lakh tonnes across all our plants.



8.7
MILLION TONNES
OF WASTE-DERIVED ALTERNATIVE
FUELS AND RAW MATERIALS (AFR)
CONSUMED ACROSS PLANTS

94,570
TONNES
OF PLASTIC WASTE
CO-PROCESSED IN OUR KILNS

“ CASE STUDY 1:

Sustainable Solutions for Expired FMCG Products

One of the biggest FMCG companies, producing and distributing health, hygiene and home products in the country was looking for a complaint partner for sustainably disposing their expired products returned from the market. We offered to cater to their requirement at our Bhatapara Plant which included transportation, unloading and co-processing from the FMCG company's warehouse. We currently handle almost 1000 metric tons of their market returns. In 2019, Ambuja disposed 606 MT at all our Plants. Moving forward, we will be extending additional service for their expired pharma based and plastic waste management for their Extended Product Responsibility compliance.

”

“ CASE STUDY 2:

Geocycle India has also started new end to end services under EPR (Extended Producer Liability). Considering a solution to the growing hazard of plastic waste, EPR was introduced in the Plastic Waste Management Rules (PWM) 2016, where in producers, importers and brand owners who introduce products in the market were asked to take primary responsibility for collection of used multi-layered plastic sachets or pouches or packaging.

Geocycle India extended support to various FMCG companies for complete solution of non-recyclable plastic and are the only one among companies to provide such complete service under EPR.

Major highlights are:

- 4290 MT non-recyclable plastic segregated, collected and co-processed at ACL plants
- Collection done from 19 cities in India
- Approx. 400 rag pickers involved for segregation work providing means of livelihood
- 8115 MT additional quantity co-processed at ACL plants under EPR for other PROs

”





Society: Coherent Co-Existence

Corporate Social Responsibility through Ambuja Cement Foundation (ACF) has been an integral part of our growth story at Ambuja.



Empowering Communities Through CSR Initiatives of ACF



Over two and a half decades of continuous meaningful engagement with stakeholders has paved the way for prosperity of the host communities around the plant. ACF now has a positive footprint of over 2.6 million people across residing in 2,431 villages across 11 States in India. Water Resource Management continues to remain the focus of ACF along with livelihood promotion. Human development aspects including Community Health, Women Empowerment and Education remain an integral part of the holistic development strategy adopted by ACF. Engagement of stakeholders, especially the community and collaboration with the government, have been critical factors contributing to the positive change in our communities.

2.6 MILLION
PEOPLE BENEFITED

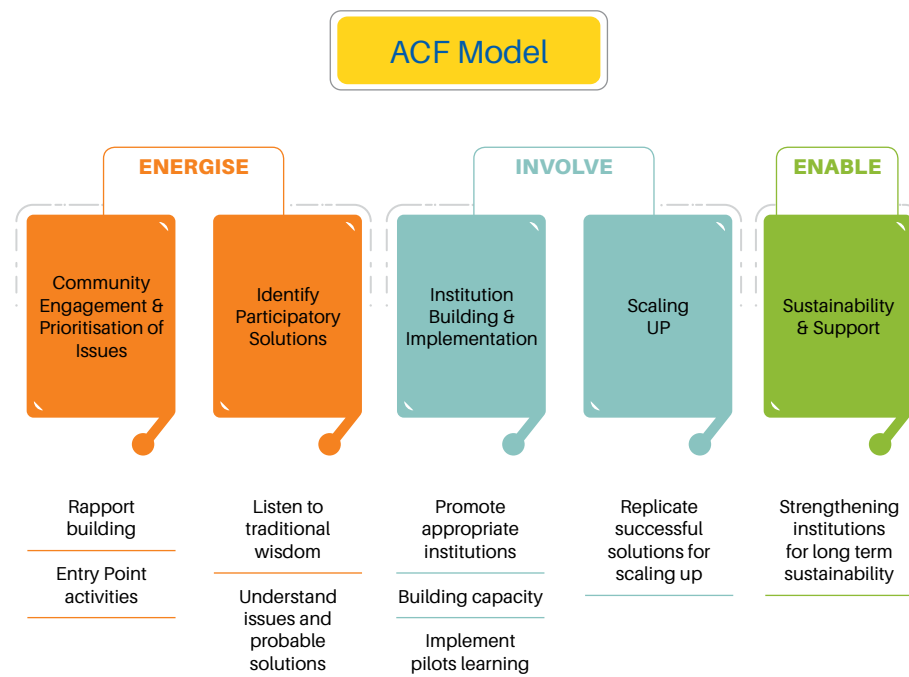
Ensuring Sustainability through Stakeholder Engagement



All our operations are implemented with local community engagement, impact assessment and/or development programs. ACF follows a participatory approach to development which ensures sustainability of the initiatives due to higher ownership from among varied stakeholders critical to Ambuja.

- Need assessment using Participatory Rural Appraisal (PRA) contributes to development of a plan for projects being initiated. Water resource management projects at Vishakhapatnam and Alwar underwent a detail need assessment based on which a project plan was proposed.
- A new centre of skill development is established after a detailed need assessment. Its focus is to understand interest and inclination of local youth, industry demand for skills and already existing vocational training centres in the vicinity. In the year 2019, such assessments were conducted at Dariba and Agocha in Rajasthan.
- Varied stakeholders are engaged across different stages of the programs for effective implementation. Besides community, critical stakeholders include local institutions, government, and other development organisations. Community Advisory Panel (CAP) is a representation of varied stakeholders of Ambuja, from around the community, who formally meet minimum thrice a year and develop an action plan around critical issues of the community. The CAP organised at Bathinda during 2019, focused on water resource management and the implementation of the plan improved water situation in and around the plant. These efforts helped community in improved access to water and Ambuja Bathinda plant to reach water positive status by multiple times. Similarly, Ambujanagar focused on making the CAP members aware of the concept of zero budget agriculture and reduced use of pesticide and fertilizers. The CAP members in turn got proactively involved in creating awareness among the community.
- A 'Social Engagement Scorecard' (SES) was planned and administered across locations during the period September-December 2019. 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 program initiatives.

“Varied stakeholders are engaged across different stages of the programs for effective implementation.”



- Site Specific Impact Assessment (SSIA) is conducted once in three years. The exercise provides an opportunity for the assessment team to engage with internal as well as external stakeholders of the plant. Individual interviews, focused group discussions and on the spot visits were some of the techniques used in engaging with stakeholders. The focus is to understand potential risks and opportunities contributing to the long terms performance of the plant. In the year 2019, SSIA was conducted at six plants (two integrated Plants, four grinding units). The interactions are tabulated using a defined web based excel tool highlighting possible risk areas. Based on the perception of the critical stakeholder some of the risk areas emerged in the assessment during 2019, were health and safety around the plant area and mainly with third party workers. Additionally, working conditions also emerged as an opportunity for improvement in few cases. An action plan is created by the respective plant team around the critical findings which is submitted to the corporate office. Executive Committee (Exco) at Ambuja is updated once a year. The assessment process has helped organisation perform better every year with defined action points.

Governance Structure for Stakeholder Engagement

Stakeholder Engagement is led by MD&CEO/CMO/Exco at the corporate level. At the unit level, Unit Head of the plant chairs the stakeholder engagement committee and leads various engagement processes like CAP, SES, and action planning for SSIA, as described above. Members from relevant functions like Environment, CSR, Mining, HR and Commercial, among others, 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 and CEO. At an organisational level there is an effort to improve the level of engagement of stakeholders across the processes undertaken.

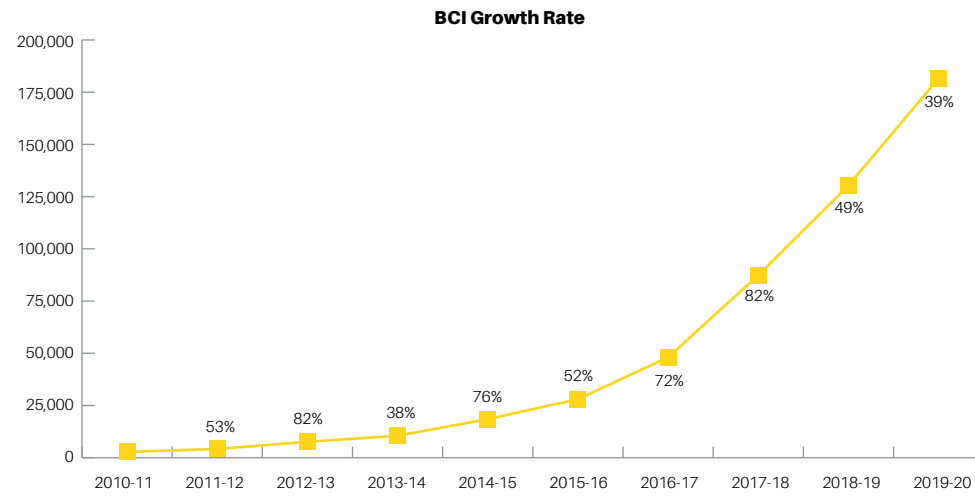
Agro-Based Livelihood Initiatives

Livelihoods is the largest program umbrella at ACF and agriculture-based livelihood forms a significant part of it. The broad objective is in terms of improving productivity of agricultural land for improved yields by building capacities of farmers and with introduction of development in the area of science and technology for sustainable production.

- Agriculture-based livelihood programs are in implementation at 17 locations across nine states, covering over 2 lakh farmers. ACF aims to reach about 3.1 lakh farmers by 2022.
- Animal husbandry includes projects on dairy, poultry, and goat rearing (expanded in 10 locations covering 3353 households).
- Five low cost poly-houses at Sankrail with support from NABARD helped farmers earn additional benefit of 7-8%, as compared to rain shelters resulted in members earning income of around ₹15,000 to 20,000 in three months.
- Additional 1,081 farmers adopted micro irrigation during 2019. Based on the learning of 2018, Bathinda pilot of drip has increased four times more in area this year with an additional 11 new farmers. Farmers witnessed average 8% reduction in the cost of cultivation and increase in yield is about 19% compared with control plot.
- Keeping to ACF's participatory approach towards sustainability of the project, community-based organisations such as Farmer Producer Organisations (FPOs) are formed and nurtured. Till date, ACF has promoted 12 Farmer producer organisations with 6,197 farmer members with a total Turnover of ₹8.10 Crores.
- Over past few years, ACF has taken a focused approach to engage women farmers across all processes of agriculture interventions. About 56,470 women farmers participating in various trainings conducted was reflected across locations.
- Better Cotton Initiative (BCI) is the largest project in terms of coverage. During the year 2019, the project was implemented with 1.69 lakh farmers, with more than 80% adoption of better practices reaching out to 1,421 villages across 4 locations in the year 2019. In 2020, the reach will increase to 2.5 lakh farmers.
- A 'CSR Journal Excellence Awards 2018-19 - Runners Up' was awarded to the BCI project for its work in Agricultural and Rural development.



“Stakeholder Engagement is led by MD&CEO/CMO/Exco at the corporate level. At the unit level, Unit Head of the plant chairs the stakeholder engagement committee and leads various engagement processes like CAP, SES, and action planning for SSIA.”



Community Based Organisations (CBOs) contributing to sustainable development agenda

- Promotion of alternative fuel helps in Ambuja's 'Sustainable Development Ambition 2030' and it is in that direction ACF began to engage with local communities. The dual benefit is in terms of reducing CO2 emissions from burning of crop residue and converting the same into an additional livelihood source for farmers. ACF promoted community-based organisations registered as Farmer Producer Organisations (FPOs) which source, process and deliver the biomass from member farmers. The year 2019 witnessed about 35,000 tonnes of biomass supplied by FPOs across locations. Low rainfall translating into relatively low volume of crop this year especially in Vidarbha impacted our higher target achievement. Till date, FPOs have supplied 210,669 tonnes of biomass and target to supply additional 120,000 tonnes in the next three years.
- In recent times, North India has faced increased pollution levels due to burning of agriculture waste residue that has emerged as a critical environmental as well as social concern. The major contributors are states around Delhi. CBOs promoted by Ambuja have taken a significant step addressing the issue. The Punjab team took a lead in spreading awareness among local farmers against burning of agriculture waste. The ACF team in Bathinda, Punjab was able to reduce crop burning in 600 villages by 70% whereas Ropar was able to reduce the same in 20 villages by 80%. The village near Bathinda also received an appreciation letter for 'No pollution village' from the agriculture department and Krishi Vigyan Kendra (KVK).

Skill-Based Livelihood Initiatives

- India holds the maximum youth population, hence, the pressure to provide alternate meaningful employment opportunities is enormous. On one hand we have a major gap in terms of skilled workforce, and on the other hand the need for institutes to provide skill training to youth especially the unreached population in interior and remote geographies. ACF has implemented a focused strategy to address this gap through its Skill and Entrepreneurship Development Institute (SEDI).
- ACF expanded to 33 skill development institutes in the year 2019. Six new SEDI centres in four states were initiated at Morbi and Mahuva (Gujarat), Dariba and Agoocha (Rajasthan), Govardhan (Uttar Pradesh), and Hooghly (West Bengal).
 - By the end of 2019, a total of 62,921 youths were been trained in 35 accredited courses, with 9,709 rural youth in 2019 alone, against the target of 10,000 youth. Female candidates constituted 41% of the total trained youths. The placement record improved to 75% during 2019 (70% during 2018). We further target to promote gainful livelihood for around 25,000 rural youth through SEDI skill training in the next three years.



- Support for enterprise development was a focus in 2019 and about 17,742 trained candidates started their own enterprises during this year.
- In 2019, a two-day 'training of trainers' (TOT) program for SEDI mobilisers and SEDI placement officers benefitted a total of 176 trainers and 208 facilitators from 20 SEDIs.
- Placement verification by a third-party agency is part of our students follow up strategy. In the year 2019, the placement verification of the students from three SEDI centres; Bhatapara, Surat and Gaziabad, was conducted. A total of 1,400 ex-trainees, trained during April 2016 to March 2019, were part of this study. About 56% of these students could be traced during the study. Their feedback helps in developing the future strategy of SEDI.
- A two-year intensive SROI study on 6 SEDIs was conducted by Sustainable Square India during 2018-20 considering the data from 2015-2018. The aim of the study was to understand the socio-economic value creation of SEDIs. The Social Value International SROI framework was chosen for the study which is standardised by the United Kingdom's SROI Network. The study design, methodology, data analysis and findings are reviewed by Prof. Kasturirangan, faculty of Harvard Business School. The results confirmed objective evidence of broader community impact with an average SROI across six centres of ₹ 5.56 for every ₹ 1 invested. This provided ACF with the quantitative confidence to continue expansion of this valuable program across rural communities. The resultant social return for every ₹ 1 invested by ACF for each location was:

Average SROI	Chandrapur	Kodinar	Dadri	Sankrail	Chirawa	Nagaur
5.56	4.08	5.07	4.62	7.38	5.17	6.28

Promoting Health and Sanitation in Community

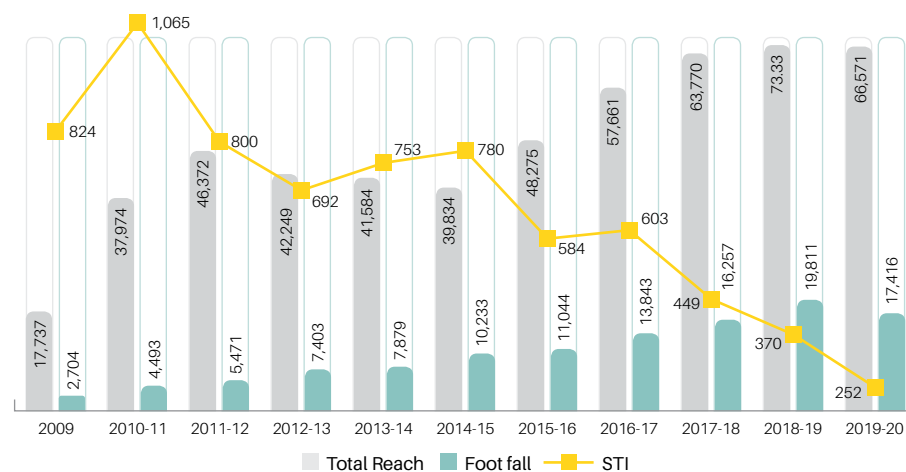
Interventions programs were developed as part of the intense need assessment carried out with active participation of the local communities. Many communities around our plants are in extremely remote and marginalised areas that lack basic access to healthcare facilities, a need for overall well-being and improved livelihood. Considering much of our plants' workforce reside in the neighbouring communities, it contributes to a healthy workforce and neighbourhood. Our health and sanitation program has hence grown to take care of varied healthcare needs across these geographies.

- Over the years, our Maternal and Child Health (MCH) interventions have reduced maternal deaths, neonatal mortality, child deaths and still-birth cases. It has brought significant increase in institutional deliveries (to 94%) through our trained Sakhis or village health functionaries. During 2019, the MCH project impacted lives of 9,583 households in 74 villages across 4 locations.
- During 2019, a study was conducted on Menstrual Hygiene Practices amongst rural women and adolescents at all ACF locations.
- ACF continued Tobacco Control interventions across 3 locations; Ambujanagar, Farakka and Chirawa, reaching out to a population of 37,833 in 55 villages and 54 schools.
- Community clinics have been promoted in 3 villages at Chandrapur, with participation from panchayat and village development committees.
- There are 203 Swachta Doots spreading awareness in 146 villages.
- Through ACF Health Care Centers (HCC) for prevention of HIV/AIDS, about 59,357 truckers were reached across different locations. Over 10,800 truckers were counselled with 4,553 Integrated Counselling and Testing Centres (ICTC). Thus, 196 STI and 17 HIV cases were identified. Initiatives such as condom distribution were undertaken as education and prevention to curb these incidences.



“Our Maternal and Child Health program has brought significant increase in institutional deliveries (to 94%) through our trained Sakhis or village health functionaries.”

Increase in footfall Vs STI reduction



- During 2019, ACF initiated a pilot project focusing on Chronic Obstructive Pulmonary Disease (COPD) and Asthma under Non-Communicable Diseases (NCD), at Chandrapur, by demonstrating a model by linking with SAKHIs, expanding to 7 locations and 142 villages.
- A field action research study has been initiated at Bathinda, Punjab, in partnership with Harvard TH Chan School of Public Health, Harvard University, focusing on 12 villages for 2 years to demonstrate a model on NCD reaching out to 216,108 beneficiaries.

Empowering Women

Many programs of ACF, including health and animal husbandry, developed, grew, and got strengthened with active participation of local women. Past studies conducted in the areas of Maternal and Child Health or allied agriculture interventions such as Pashu Swasthya Sevika highlighted the fact that irrespective of programs, engagement of women in development activities translate in higher level of confidence and aspiration to do better. Hence, women participation is an integral part and women empowerment is an approach across all programs of ACF.

- ACF continues to promote self-help groups (SHGs) of women. SHGs are supported to build capacity in managing accounts, credit rotation and income generation. Till date there are 2,697 SHGs with 30,683 members managing a total corpus of ₹ 11.51 Crores. At various locations, these SHGs have come together to organise themselves into seven women's federations.
- 120 SHGs at Chandrapur with 1,352 women members have joined to form Ekta Mahila Federation with a turnover reaching to ₹ 66 lakhs.
- Amrit Dhara Milk Cooperative at Darlaghat installed a bulk chilling machine with a storage capacity of 2000 Litres of milk to support dairy business growth.
- Local women are trained as paramedical professionals and field facilitators in several programs including 196 Pashu Swasthya Sevikas and 356 Sakhis across locations, who continue to regularly connect with women on ground to understand their need and feedback for the existing efforts.
- A women 'Shayogi' project was initiated by Ambuja across 5 locations. Local women with interest in entrepreneurial activities are trained to be on ground sales force to sell cement to retail buyers at micro sites. The project is currently in the initial stages of implementation.
- ACF will help the SHGs formed at Bhatapara and Roorkee in a 4-year project to join/avail the schemes under the Linkages of SHGs with National Rural Livelihood Mission.



Providing Access to Quality Education

ACF continues its efforts towards better quality of education by supporting and enabling the local government run schools in communities through infrastructure development, introduction of teaching aids and capacity building of students and teachers.

- A new initiative 'Make India Play' introduced for sports on a pilot basis in 10 schools at Darlaghat through Sattva sports, is showing increased acceptance among students and school authorities. The objective is to promote the role of sports education and its importance, especially for children in growing years.
- Haridwar project in partnership with HDFC saw smart classrooms being introduced in 12 schools.
- While ensuring good infrastructure in schools, Water, Sanitation & Hygiene (WASH) is kept as one priority which includes safe drinking water, Hand pump/submersibles, toilets, and wash basins, among others.
- Our school for specially abled children, Ambuja Manovikas Kendra (AMK), caters 137 special children, of which, 99 are enrolled under regular schooling, 13 under home-based rehabilitation and 25 at the skill development centre. After the successful completion of one year of training in making artificial jewellery, six trainees have started their self-employment at home. The project aims to train and rehabilitate 50 differently abled youth by 2021.

"Ramanadeep Kaur, a SEDI trainee at AMK was felicitated with Punjab State Government Award 2019 for being the Best Self-Employed person with disabilities (Female Category)."

Knowledge Dissemination by ACF

CSR at Ambuja is two and a half decades old and ACF is an implementing foundation which focuses on holistic approach to development of communities. Some models to address critical issue such as water and livelihoods were developed and proved very effective. ACF strongly believes in networking for sharing, learning, collaborating, and replicating successful models for the larger benefit of the society. In the year 2019, ACF organised the following events:

- ACF 'CSR Café' is a forum for the lead influencers in CSR. In 2019, three CSR Cafes were organised on topics of stakeholder engagement, operationalising CSR and strengthening execution and scaling impact. By providing an open platform for CSR leaders, the effort was also made to bring in domain expertise in each of the above mentioned areas and hence each session had one or two experts who strengthened the perspective and then discussion around the subject.
- "Participatory Dialogue on Gender Parity: Achieving SDGs" focusing on role and potential of gender integration across all development initiatives was attended by diverse stakeholders including government, NGOs, Corporates, and academia. Initiatives and its reporting especially from contribution to SDGs was discussed.



Sorath Women's Federation at Ambujanagar (Gujarat) continues to grow as an apex organisation, of 525 SHGs with 6,825 members. The positive influence of their work in the social, economic, and political sphere benefits local women. Initiatives including actions for mainstreaming the widows and providing them with financial assistance, linking the community to various government schemes, providing counselling and legal aid to the needy, working towards awareness on tobacco or alcohol consumption, financial assistance to needy women in case of emergencies, skilling women and providing loans to set up their own enterprises, among others, go a long way in reaching the unreached in critical times. The federation received a loan of ₹ 21 lakhs for income generation activity from Gujarat Livelihood Mission which was distributed to 21 needy women SHG members from 21 villages who invested this amount in income generation projects of manufacturing disposable paper plates and bowls.



Past studies conducted in the areas of Maternal and Child Health or allied agriculture interventions such as Pashu Swasthya Sevika highlighted the fact that irrespective of programs, engagement of women in development activities translate in higher level of confidence and aspiration to do better.

Employees - Our Strategic Asset

Human Resource (HR) Management is one of the most valuable aspect in an organisation, as it empowers 'employees', the most significant asset of an organisation and has the ability to make it more productive, efficient and integral to the organisation. The Company maintains a balance between achievement of business goals and nurturing the talent pool available to strengthen the competitive advantage of the organisation. The HR vertical bridges the gap between manpower, management, systems, processes, and productivity; without leaving behind the alignment between individual development objectives and corporate development objectives.

The Company provides a collaborative working atmosphere, free from discrimination and harassment along with equal employment opportunities to all its employees. The Company 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 about 2.5% of the total workforce, while about 10% at the senior management level and about 3.4% in management positions (as a percentage of the total management workforce). The Company had earlier taken a diversity target to increase share of women across all management positions to 10% by 2020 but the same is likely to be missed.

Talent Management

A company is as good as its employees, and that motivates Ambuja to honing talent and carving out leaders through various initiatives for developing and retaining superior talent. Structured talent reviews supported with individual development plans (IDPs) and cross-functional and cross-location assignments have resulted in maintaining a healthy external talent intake. To build greater empowerment leading to higher accountability and performance culture in the organisation, a new performance structure has been introduced that clearly defines Profit & Loss (P&L) Accountability. As part of this new way of functioning, senior leadership at regional level and unit levels have been assigned specific roles linking to this new P&L structure. The new P&L structure consists of P&L Leaders at the Regional level and Plant level, responsible to improve profitability of plants and its linked markets.

In the Senior Leaders Meet held in Davos, Switzerland, in early 2019, key levers to move further towards the implementation of strategy 2022 were discussed. In this context the leaders felt a need to enhance collaboration, manage and influence across various functions and take challenging calls in the interests of business. To support our P&L leaders in this journey, in partnership with The Indian School of Business (ISB); a program was conducted towards transformational leadership which aimed at giving opportunity and exposure to our leaders so that they may effectively handle P&L responsibilities and lead strategy 2022 in their regions.

Senior positions are now increasingly being filled internally and succession planning has created a talent pipeline for key positions and a growth avenue for our developing leaders. Our STEP (Sustainable Talent for Enhanced Performance) programme duly complements our talent management model for succession planning of senior management. Through this process the key concerns of identifying and managing available and required talent in the organisation is effectively addressed and high potential successors are identified and groomed.

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

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 based on 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 13 week segments, divided between the pre-natal and post-natal period as per her convenience. This benefit can be availed of up to a maximum of two children. In 2019, eight women employees availed of maternity leave; six of them remained employed for the rest of the year after resuming work, and two were 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.

Total 589 employees from across locations and functions received various categories of awards and won accolades under our Rewards and Recognition Programme for exemplary work in 2019. Employees who spend more than a decade with the organisation are felicitated with 'Long Service Awards'.

Local minimum wage rules are followed, and employees are paid above the local minimum wages. The ratio of the standard entry level wage as compared to the local minimum wage at significant locations that include all our operating plants is 1.7:1. Merit is the main parameter for recruitment, but preference is given to local hiring. We are an equal opportunity employer providing equal remuneration for women and men. The ratio of the basic salary of women to men is 1.01:1 for management level roles, considering all locations of our operations.

We have recognised trade unions affiliated to INTUC/AITUC/BMS, representing blue collar employees at different locations. Ambuja respects freedom of association and allows its employees to join an independent trade union. Out of our total permanent workforce of 5,068, about 30% employees are covered by collective bargaining agreement, and about 50% are represented by an independent trade union.

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



Employee Learning and Development

GRI 404-2



Improvement is a constant effort and our continual journey is aimed at enhancing value adding activities in a given task to make it more efficient and productive. This thought process has driven the learning and development activities at Ambuja that focuses on strengthening workers and ensuring their safety. The ACC ACL Leadership Academy (AALA) (a joint academy of ACC and Ambuja Cement, started in 2012) and Techport (for technical trainings) provide leadership as well as functional trainings for employees to develop capability and competence. Apart from classroom and on the job trainings, focus is also on virtual e-learning trainings and webinars for wider coverage on different topics while facilitating employees to learn at their own pace and place. AALA and Techport partner with some of the best management and technical institutes to build competence in identified areas. Training is identified and aligned to business needs. About 50% of staff time at the academy is spent in understanding and inculcating strong work practices during training. We spent about ₹ 1.64 Crores on employee training.

An Internal Complaints Committee has been set up to redress complaints about sexual harassment. Females form about 2.5% of the total workforce, while about 10% at the senior management level and about 3.4% in management positions (as a percentage of the total management workforce).



Women employees are entitled to maternity leave as per The Maternity Benefit (Amendment) Act, 2017. An employee can avail of maternity leave for a continuous period of 26 weeks, or opt for two 13 week segments, divided between the pre-natal and post-natal period as per her convenience.

Five Steps of Learning and Development Strategy



Virtual Learning for Sales Force

16 Virtual Classroom training sessions in addition to classroom programs were conducted to cover a larger population of sales force. This goes a long way in ensuring that field force is comfortable using technology and continues to work in the field. Virtual Learning ensures that salespeople have a greater understanding of their responsibilities within their role, and in turn build their confidence. This confidence will enhance their overall performance, and this can only benefit the Company.

Impact: A program for Plant Heads

For Plant Heads, a unique program was conducted to:

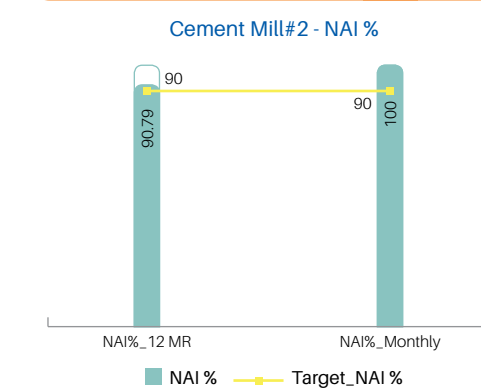
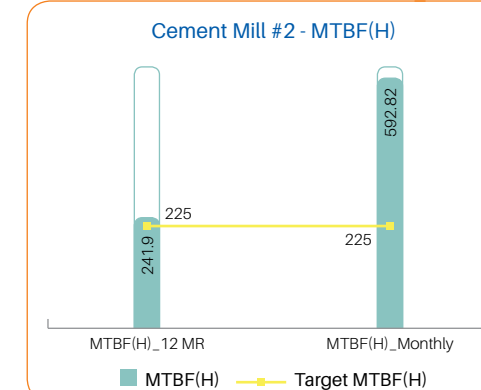
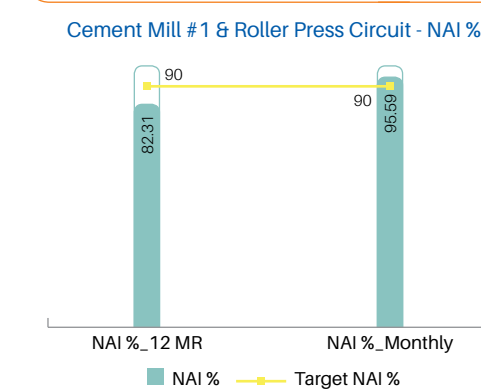
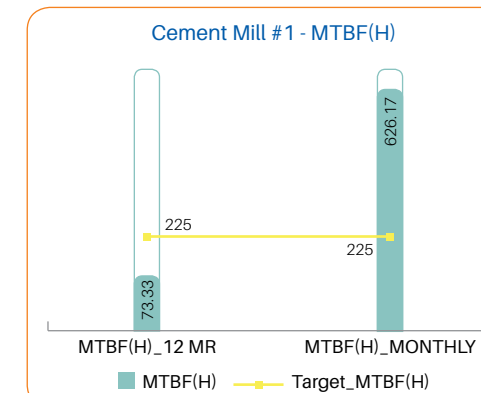
- Develop strategic thinking, planning and execution skills
- Translate global strategy into local actions
- Take quality decisions in high-stake and ambiguous conditions
- Manage communication channels
- See what it takes to lead a team with conflicting priorities

We implement the Kirkpatrick Model to assess effectiveness of training programmes at three levels: (1) reaction of employees; (2) learning; (3) behavioural change; and (4) Results of the training (applied for few trainings). For level 3 assessment, action learning projects were conducted to assess whether employees can convert their learning into action. Evaluation for a technical training **“Walk by inspector Certification program”** revealed the quantified benefits in improvement of Mean Time Between Failure (MTBF).



“We implement the Kirkpatrick Model to assess effectiveness of training programmes.”

Improvement in MTBF (H) & NAI % - 12 MR & Monthly trend's (12 MR & Nov. 2019) after RCFA Action Implementation



1,044 HOURS
EMPLOYEE VOLUNTEERING FOR CSR

SAIL (Super Assisted Intelligent Learning)

As on-demand learning becomes popular, we have introduced digital learning platform by using micro learning for effective training. SAIL intends to reach out to maximum learners, creating new learning opportunities for everyone, available on both Web as well as Mobile. This method proves useful for acquiring skills, as grasping concepts becomes easier when employees can follow the momentum on a device of their choice. SAIL focuses on inclusive learning, ensuring maximum people get learning opportunity, through curated content delivered online at their workplace. Over 80% employees started using digital platform for learning. SAIL platform hosts more than 80 e-learning modules. Over 3,000 employees started, total time spent by them on the leaning platform was 1,032 hours. A total of 6,401 content views showed that learners are adopting to this digital learning platform.

Enhanced Employee Engagement

At Ambuja, the leadership believes in engaging directly with employees to understand the issues impacting them. A total of 12 engagement sessions, named Ambuja Connect, were conducted in 2019. These sessions were led by MD & CEO and members of the Company leadership team were in attendance. The sessions were hosted from different locations of the Company viz corporate office, regional headquarters, or plants. Employees from all remaining locations and all functions connected to the host location electronically. On an average about 80% of the employees were in attendance and for remaining videos were made available on our intranet. Team members/employees were encouraged to transparently and objectively share concerns which impact performance (Company and individual), health and safety, productivity, and morale. For example, employees talked about certain benefits, policies, and bonus schemes, among others. As a result of this connect, some key policies, like Company-provided accommodation (in plants) and travel policy for sales field teams were revised/renewed. Bonus scheme, with clear linkage to certain performance parameters for each of the individual locations/functions was designed and communicated. The Company's new mission statement was communicated and how individual contributions can be made to deliver it were explained. All of the above helped in delivering one of the best performance years for the Company in the recent past. Other modes of employee engagement were functions, celebrations, functional meets, and gate meetings, among others.

All eligible employees received a timely and regular performance and career development review during the year. An incentive scheme was also introduced to infuse business and sales development by encouraging every employee to participate in their own capacity and develop and acquire market and orders for the Company. Under the scheme, many employees earned a motivating sum against the sales target achievements. A total of ₹ 27.4 lakhs was provided as incentive to 184 employees to show exemplary efforts in boosting sales and motivating other employees.

Annual objective setting for 2019, 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, clearly explain our business direction and aid in individual target achievement. The Performance Management System (PMS) is designed to enhance collaboration and 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

Employee volunteered for community involvement and contributed 1,044 hours out of which 788 hours were contributed during paid working hours which amounted to ₹ 2,21,492 during the year 2019. In-kind giving (contributions of products, equipment, services, and other non-cash items from the Company to the community) have not been accounted.

Our Journey Towards Zero Harm

Health & Safety (H&S) is a core value for all our people, who continuously need to work to make H&S improvement, a way of life. Greater personal ownership, accountability, and initiatives around H&S at all levels of leadership have helped us deliver continuous improvement year-on-year. Facing all H&S challenges with resolution, the team worked in unison to ensure that we are compliant with the required H&S standards in all our sites/operations, plants, offices, warehouses, or road/rail transportation.

Step Up In H&S Performance

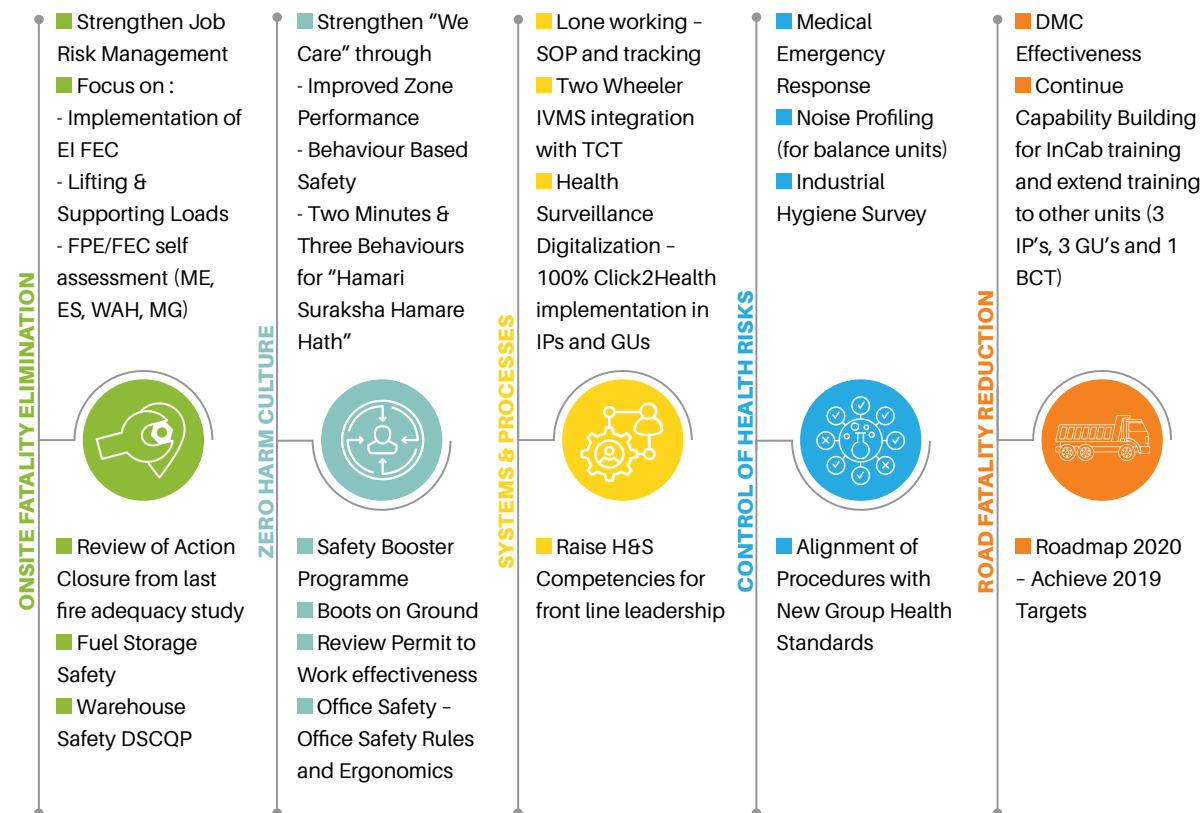
In our relentless pursuit of Zero Harm, we took 2019 as an opportunity to build on the 2018 base. We reviewed our systems, processes, procedures and worked on the identified gaps without losing sight of our central theme i.e. 'Improving Frontline Safety'. 2019 has also seen us rise to face each H&S challenge in a manner that demonstrates 'Safety First'.

Challenges and Strategy 2019

We started the year with identification of the following challenges:

- Operational discipline on the frontline, especially in respect to compliance of rules that govern safe behaviours
- Ensuring a robust permit to work system at all locations
- Better implementation of our Fatality Elimination Controls on ground
- Maintaining our medical emergency response capability to the required level at all times, especially at remote locations
- Driving behaviours and compliance to minimum vehicle specifications in our logistics chain to reduce both incidents and injuries

Our strategy in 2019 was to work on the challenges without compromising on our fundamentals. We executed this strategy under five pillars i.e. Onsite Fatality Elimination, Zero Harm Culture, Systems and Processes, Control of Health Risks and Road Fatality Reduction as given below:



Contractor Partnerships

<ul style="list-style-type: none"> Implementation of Risk Matrix tool at IPO Development of Contractors for following high risk activities <ul style="list-style-type: none"> Silo Cleaning Kiln Refractory work Lifting and Supporting Loads more than 1 MT Painting on high Structures Scaffolding more than 20 Mtr Sheet replacement and cleaning on height 	<ul style="list-style-type: none"> Implementation of Contractor Safety Management RASIC (Responsibility, accountability support information and consultation) matrix 	<ul style="list-style-type: none"> H&S Implementation plan for all high risk activities Project Safety - Marwar Mundwa and Coal block
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This plan was supported throughout the year by:

- Monthly performance monitoring at unit and corporate level
- Greater focus on learning from incidents and action closures
- Campaigns/waves/self-assessments on:
 - Minimum Safe Behaviours
 - Don't Walk Past
 - Lifting & Supporting Loads
 - Permit to Work
 - Mandatory Safety release

What We Achieved:

Our commitment to 'Safety First' as a core value was underlined by our performance, wherein, despite the setback of one very unfortunate onsite fatal incident, we stepped up or improved in all our leading and lagging indicators. The year 2019 gathered momentum in our journey towards 'Zero Harm' demonstrated by a year-on-year improvement through 35% and 31% reduction in Total Incident Frequency Rate (TIFR) and Lost Time Injury Frequency Rate (LTIFR), respectively.

Our concerted efforts across all sites on operational discipline, systems and processes, learning from incidents, and more visible leadership presence in the field (boots on ground) has helped in delivering good results in 2019. Highlights of our onsite H&S performance was as below:

- Four units successfully completed the year with zero harm (Surat, Dadri, Panvel and Mangalore)
- Three units (Surat, Dadri and Mangalore) achieved more than 5 years LTI free
- 13 other manufacturing units were LTI free through the year
- 27.65% reduction in total onsite recordable injuries, including first aid
- 19.40% increase in leading indicators as compared to 2018

On Road Safety also there has been significant progress made, wherein, better use of technology and data analysis, coupled with practical driver assessment, has resulted in a 39% drop in incidents with a corresponding reduction in injuries by 46%. There was significant improvement with a 9% drop in number of offsite road related incidents. Key achievements in road safety are:

- 5,025 in-cab assessments (practical on the road) completed - truck drivers and Company-owned four wheeler drivers;
- More than 9,000 vehicles are plying with in-vehicle management system (IVMS) technology on-board. 2188 IVMS installed in controlled fleet trucks for wider monitoring of driving behaviours when our loads are being carried. Total 506 IVMS installed for two wheelers of marketing personnel and integrated with Transport Analytics center for analysis of driving behaviours.
- 6,000 drivers extensively trained for distribution safety.



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Respecting Human Rights

GRI 413-1



Human Rights Policy of the Company is clearly specified in our Code of Conduct and Business Ethics, which is applicable to all employees, vendors and suppliers. As per this policy, we are committed to respect and uphold human rights in accordance with United Nations Universal Declaration of Human Rights and the International Labour Organizations (ILO) Core Conventions on Labour Standards. We also follow the LafargeHolcim Group's Directive on Human Rights. 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. These policies and directives enlist all our commitments towards protecting and promoting human rights in our operations and value chain. Ambuja Cement 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 behavior as well as that of the stakeholders in our 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. A set of issues specific to the country are taken into account, wherein India has been classified as high risk in the context of human rights. The tool helps in assessing the potential risk and opportunities of those issues across our operations and the value chain, by assessing their severity and likelihood of occurrence. Based on this assessment, the identified potential risks are rated and prioritized for devising risk management plans. The identified potential risks are periodically reviewed.

Subsequently, a proactive comprehensive risk assessment is undertaken across our operations through Site Specific Impact Assessments (SSIA), wherein each operational site is assessed at least once in three year cycle. The exercise provides an opportunity for the assessment team to engage with internal as well as external stakeholders of the plant to capture their perception around multiple human rights related issues. Individual interviews, focused group discussions and on the spot visits are some of the techniques used in engaging with stakeholders. 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. The focus is to understand potential risks and opportunities contributing to the long-term performance of the plant. In addition, the assessment enables us to identify 'risk hot spots' or areas where potential human rights issues can occur in our operations and value chain, as well as the target group of stakeholders i.e. groups most vulnerable to the identified risks. Further, it helps in setting priorities for risk management and devising appropriate action plans for risk remediation or mitigation, which are then periodically reviewed. The action plans are created by the respective plant team to address the critical findings, which are submitted to the corporate office. Implementation of the approach is monitored through an annual questionnaire on stakeholder engagement, and performance is duly reviewed at the unit as well as at the corporate level by the Executive Committee. The assessment process has helped the organization perform better every year with defined action points.



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In the year 2019, SSIA was conducted at 6 manufacturing plants. Assessments revealed that the 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. Additionally, a 'Social Engagement Scorecard' (SES) was administered across locations during the period September - December 2019. Critical inputs emerging from the scorecard were taken into account. The stakeholders disclosed that the process provided them with an opportunity to revisit the relevance of programs and initiatives.

Three (3) sites out of six assessed indicated some risks and remediation or mitigation plans have been prepared for all these three sites to ensure timely addressal of the risks. Mitigation plan also includes interaction and communication with the respective stakeholders who have perceived these risks. The identified risks were mainly around health and safety and the need for further improvement in the working conditions of employees, contract workers and truckers. Few of the identified issues included negligence by truckers in wearing safety gears while present in the truck yard premises, absence of seatbelts in trucks, need for improved housekeeping of truckyards at certain sites, negligence by workers in wearing personal protective equipment (PPE) in packaging plant, over-congestion of the public road approaching the plant, need for maintenance of rest rooms and sanitation facilities etc. Corrective action plans have been prepared for each identified issue. Further, prompt action was taken to address several of these issues, such as regular counselling and sensitization of truckers and contractors on safety precautions, along with surprise visits to the truck yards by plant team members to monitor adherence; initiation of maintenance and repair work to improve working conditions such as renovation of toilets and rest rooms, installation of new bag filters, monitoring round the clock operation of sweeping machines in packaging plants and measures to enhance ventilation; road repairs etc. Each of the implemented measures are regularly monitored.

During 2019, we continued to 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. Although the Company does not monitor training hours of security personnel, they are sensitised about human rights through initiatives on labour practices.

The Company has a Supplier Code of Conduct (SCC) that covers various human rights aspects; all our suppliers are required to provide certain compliance evidences as a condition for eligibility. In addition, the suppliers are required to provide a self-declaration to comply with all the sustainability performance requirements under various policies of Ambuja. All procurement agreements of the Company include conditions pertaining to labour standards and occupational health and safety. Currently, significant investment agreements do not include human rights clauses.

We continued to sensitise our employees and security personnel on human rights and possible associated issues. This sensitisation was carried through our in-house developed e-learning course on human rights, which is repeated every year to increase the coverage of the employees.

The total number of incidents, complaints, or grievances of human rights violations, along with the backlog of earlier incidents were 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.



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Compliance Management

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



Compliance is monitored at apex level by one of the Board Committee. Compliance Week is celebrated every year since June 2014, at all plants, and regional and corporate offices. It 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. Regular online and offline new and refresher trainings are provided to employees on different aspects of compliance.

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 was ₹ 1,163.91 Crores. 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%.

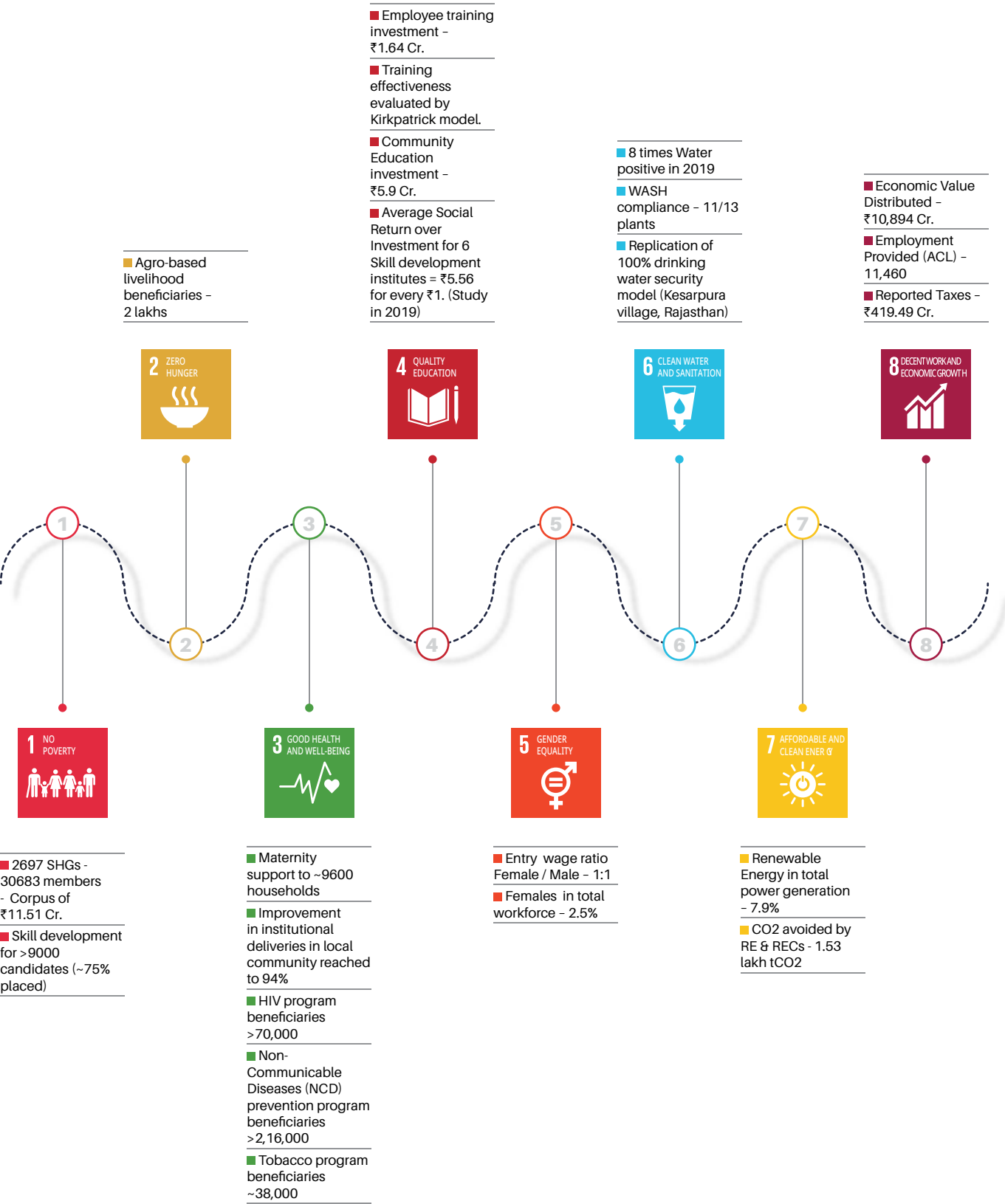
In a separate matter, pursuant to the reference filed by the Director, Supplies and Disposals, State of Haryana, the CCI, vide its order dated 19th January, 2017, had imposed a penalty of ₹ 29.84 Crores for alleged contravention of the provisions of the Competition Act, 2002, by the Company. After the 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.

“Regular online and offline new and refresher trainings are provided to employees on different aspects of compliance.”

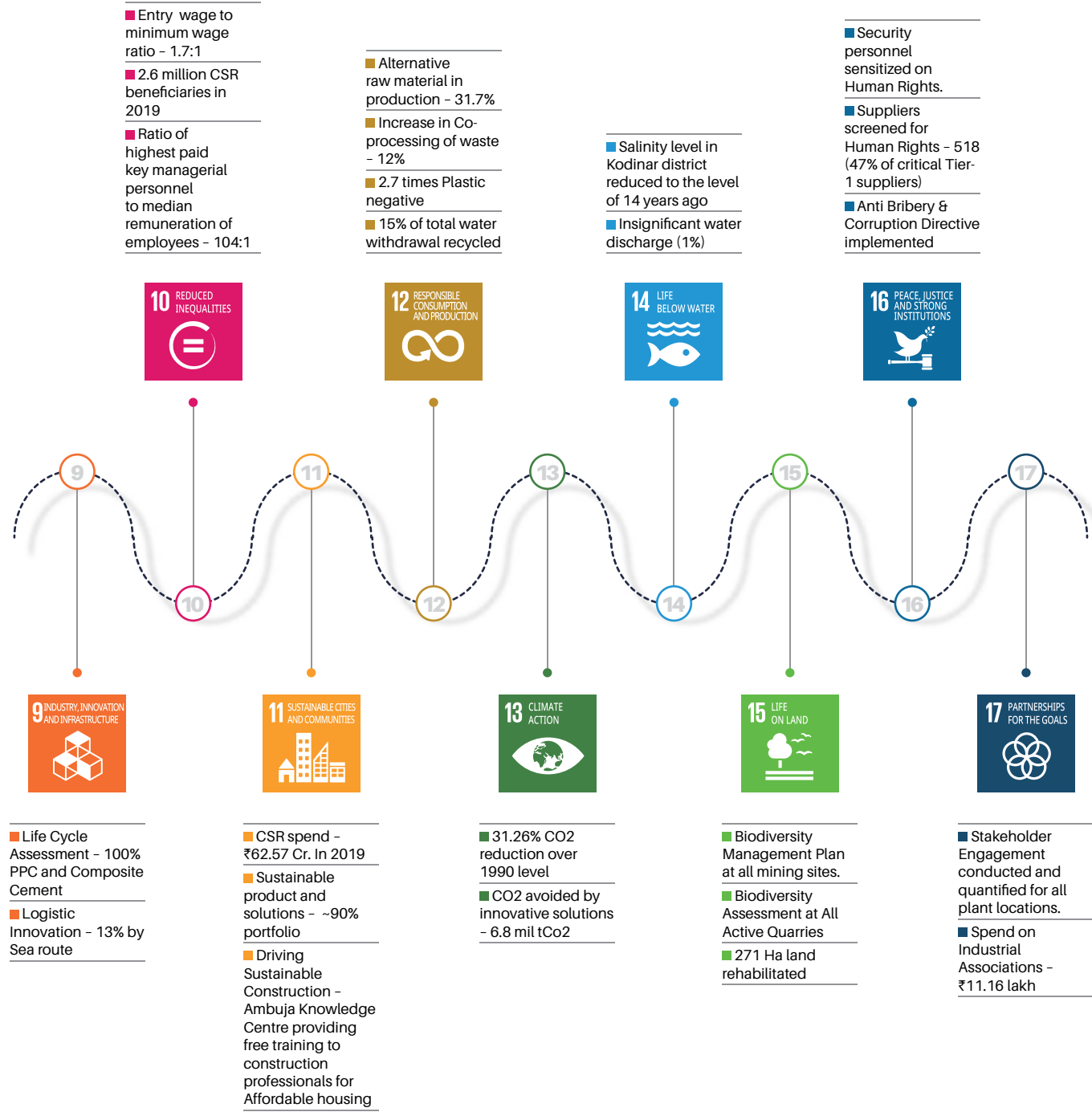


Mapping Ambuja’s Sustainability Performance to UN SDGs

Ambuja Cement is working in different areas of United Nations Sustainable Development Goals (SDGs). This report includes a comprehensive mapping of our work to achieve different goals and targets under the SDGs given in different sections, whereas our performance is given in the table. ACL represented the cement sector’s approach towards achieving SDGs and was cited in the WBCSD-CSI Report Released in June 2019, by the CEO, NITI Ayog. Ambuja is member of the UN India Business Forum (UNIBF) platform, that promotes the integration of SDGs in the business operations.



Our CSR arm, the Ambuja Cement Foundation, organised a workshop on ‘Participatory Dialogue on Gender Parity: Achieving SDGs, focusing on role and potential of gender integration across all development initiatives, which was attended by diverse stakeholders including government, NGOs, Corporates, and academia. Initiatives and its reporting, especially from contribution to SDGs, was discussed.



GRI Disclosures :

Sustainability Performance (2015-2019)

		GRI Std / CSI Ref	SDG Target	Assurance	2015	2016	2017	2018	2019	TARGET 2019
ECONOMIC PERFORMANCE & VALUE CREATION										
Turnover or Net sales	Crore ₹	201-1	8.1,8.2		9368	9117	10250	10977	11353	
Direct Economic value generated	Crore ₹				11122.15	11114.38	12341.98	11601.79	11667.88	
Wages and benefits to employees	Crore ₹				583.87	570.16	644.76	662.38	672.09	
Payments to providers of capital	Crore ₹				526.32	558.06	822.02	380.18	381.37	
Payments / Benefit to governments (taxes)	Crore ₹				2,081.67	2165.29	2332.41	472.62	80.65	
Benefit to communities/community investments	Crore ₹				40.75	61.7	58.24	53.46	62.57	
Direct economic value distributed	Crore ₹				10706	10678	11827	10403.04	10894.37	
Economic Value Retained (=Economic Value generated - Economic value distributed)	Crore ₹				416.32	436.88	515.46	1198.75	3534.96	
Sales of cement	Million tons				21.53	21.1	22.98	24.3	23.96	
Operating costs	Crore ₹				7473.22	8436.98	7969.09	8,833.81	8,880.94	
EBITDA	Crore ₹				1531	1692	1940	1891	2148.85	
Net Profit After Tax (PAT)	Crore ₹		17.1,17.3		808	932	1250	1487	1528.54	
SUPPLIERS			9.1.2, 9.3.32, 12.7.1, 10.7	Assurance	2015	2016	2017	2018	2019	TARGET 2019
Number of Suppliers					9521	8644	8004	7874	8359	
Number of local (Indian) suppliers		204-1			9399	8536	7902	7792	8260	
Number of foreign suppliers					122	108	102	82	99	
% 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%	6%	
Number of Suppliers screened through Self Assessment Questionnaire (socials, environmental aspects)					490	450	329	553	518	
Monetary value of payments made to suppliers	Crore ₹				7344	6821	7966	9395	9479	
Proportion of spending on local suppliers	%				90	96	93	96	98	
Expenditure on Raw Materials					-	-	-	-	-	
Imported	%				8%	3%	1%	3%	6%	
Indian	%				92%	97%	99%	97%	94%	
Expenditure on Spares					-	-	-	-	-	
Imported	%				12%	13%	11%	11%	18%	
Indian	%				88%	87%	89%	89%	82%	
GOVERNMENT RELATIONS				Assurance	2015	2016	2017	2018	2019	TARGET 2019
Political contribution	Crore ₹	415-1			Nil	Nil	Nil	Nil	Nil	
Sales Tax Exemption	Crore ₹				172.5	168.73	115.41	206.99	183.81	
Excise Subsidy	Crore ₹				136.62	77.9	83.53	27.22	21.35	
Freight Subsidy	Crore ₹				7.14	0	0	0	0	
Capital investment subsidy	Crore ₹				0	0	0	0	0	
Revenue subsidy (Dispensary grant)	Crore ₹				0.05	0	0.06	0	0	
Total monetary value of financial assistance received from governments (grants, tax, reliefs and other finance benefits)	Crore ₹	201-4			316.31	246.63	199	234.22	205.16	
CUSTOMER SATISFACTION				Assurance	2015	2016	2017	2018	2019	TARGET 2019
Overall Net Promoter Score (NPS)	%				91 (Different method by 3rd party)	56	54	54	59	
Data coverage (e.g. as % of revenues, customers, etc.):						11%	7%	7%	30%	
ENVIRONMENTAL PERFORMANCE				Assurance	2015	2016	2017	2018	2019	TARGET 2019
Number of plants (Cement and grinding plants)				✓	13	13	13	13	13	
Plants certified by 3rd party for ISO:14001 EMS					13	13	13	13	13	
Environmental investments	Crore ₹	307-1			49.3	69.9	50.6	102.4	117.9	
Capital Investments	Crore ₹				34.30	54.70	31.97	66.43	85.50	
Operating Expenses	Crore ₹				14.90	15.20	18.62	35.97	32.40	
Savings, cost avoidance, income, tax incentives, etc.	Crore ₹				27	22	28.69	153.47	30.8	
Number of plants/quarries reporting noncompliance cases					Nil	Nil	Nil	Nil	Nil	
CLINKER PRODUCTION RAW MATERIALS			8.4.1, 12.2	Assurance	2015	2016	2017	2018	2019	TARGET 2019
Limestone Own mines	tons				20277557	20592211	21681972	22412489	22049486	
Limestone Purchased	tons				801498	515298	944864	1277131	568709	
Total Limestone	tons			✓	21079055	21107509	22626836	23689620	22618195	
Clay & Shale	tons			✓	548714	484332	551041	534998	570698	
Silica corrective (Sandstone, Silica sand, Bed Material, China Clay)	tons			✓	216322	186491	186902	146371	84074	
Gypsum used in Kiln (SO3-provider)	tons			✓	0	2833	5876	12113	1272	
Iron correctives (Iron ore, Iron scales, Laterite, Blue dust, Mill scales, LD Sludge, Tailing Waste)	tons			✓	184912	169470	189791	212172	224672	

		GRI Std / CSI Ref	SDG Target	Assurance	2015	2016	2017	2018	2019	TARGET 2019
Alumina correctives (Bauxite, Flyash, Red ocre, Brown ocre, Low silica laterite)	tons			✓	185231	158551	101637	156880	212648	
Bottom/Bed ash	tons			✓	33688	45022	44641	27293	13599	
CEMENT PRODUCTION RAW MATERIALS				Assurance	2015	2016	2017	2018	2019	TARGET 2019
Natural Gypsum	tons				746606	627292	741616	709570	795359	
Synthetic & Phospho Gypsum	tons				265386	359967	385343	434813	487353	
Total Gypsum	tons			✓	1011992	987259	1126959	1144383	1282712	
Flyash/Chemical Additives	tons		9.3,9.4	✓	5064894	5721675	6551408	6152996	6917638	
Total Raw Materials Used	tons	301-2		✓	49403862	49970649	54021927	55766446	54543703	
Total Recycled Raw Materials used	tons		12.5.1	✓	5734111	6454684	7272820	6984154	7855910	
% of Materials used that are Recycled Input Materials	%		12.5.1	✓	11.60%	12.90%	13.46%	12.52%	14.40%	
Clinker factor (average % of clinker in cement)	%			✓	66.57	65.92	66.45	64.99	64.91	
CO2 EMISSIONS			9.4.1, 12.2.2, 13.1	Assurance	2015	2016	2017	2018	2019	TARGET 2019
Total Scope 1 Direct emissions (Absolute gross: cement & onsite power generation)	tons of CO2	305-1, CSI		✓	13585987	13543643	14711549	14849220	14523738	13865036
Scope 2 Indirect Emissions from Imported Electricity	tons of CO2			✓	547813	507082	474479	539597	551219	510000
Total Scope 3 emissions	tons of CO2	305-3		✓	1528250	2075625	2327684	1932218	1973623	
Number of Plants included in Scope-3 emissions				✓	5 of 5	13 of 13	13 of 13	13 of 13	16 of 16	
CO2 from Combustion of Biomass (kiln & non-kiln fuels including biomass content of mixed fuels)	tons of CO2			✓	103860	112466	162362	176348	156599	
Specific Gross CO2 emissions (Scope-1)	(kg CO2/t cement)	305-4, CSI		✓	553	550	555	536	538	
Specific Net CO2 emissions (Scope-1)	(kg CO2/t cement)	CSI		✓	545	543	550	529.6	530.7	
Reduction in Net CO2 per tonne of cementitious product (Scope-1) relative to base year 1990	%	305-5		✓	29.40%	29.70%	28.80%	31.40%	31.26%	
OTHER ATMOSPHERIC EMISSIONS		305-7		Assurance	2015	2016	2017	2018	2019	TARGET 2019
Number of kilns reporting				✓	9	9	9	9	9	
Coverage rate of CEMS (for dust, NOx, SOx)		CSI		✓	98	99	98.6	98	99	
SOx emissions	tonnes	CSI		✓	3783	4466	3239	1029	1031	1200
NOx emissions	tonnes	CSI		✓	27299	27635	28619	26886	20150	25000
Dust emissions	tonnes	CSI	11.6.2	✓	468	579	782	530	371	500
Average Mercury (Hg) emissions	tonnes				0.006	0.01	0.015	0.014	0.014	0.015
ceementitious materials defined	tonnes			✓	21591625	21547071	23225872	24192935	23712206	
Average SOx specific concentration	g/tonne cement			✓	175	207	139.4	42.5	43	
Average NOx specific concentration	g/tonne cement			✓	1264	1283	1232.2	1111.3	850	
Average Dust specific concentration	g/tonne cement			✓	22	27	33.7	21.9	16	
ENERGY				Assurance	2015	2016	2017	2018	2019	TARGET 2019
Direct /Thermal Energy Consumption		302-1	12.2		-	-	-	-	-	
Kiln Fuel Consumption					-	-	-	-	-	
Coal	TJ			✓	21218	14613	16871	14439.1	15869.4	
Petrol coke	TJ			✓	21216	28088	30259	32533.8	30741.4	
Diesel oil	TJ		7.1,7.2	✓	78	81.8	86.3	80.7	83.4	
Alternative fossil and mixed fuels	TJ		7.1,7.2	✓	2328	1922.2	1425.8	1903.9	2032.4	
Biomass fuels	TJ			✓	245	396.1	656.8	894.5	612.9	
Non-Kiln Fuel Consumption					-	-	-	-	-	
Coal	TJ			✓	14576	13825	13494.8	13394.8	14822.5	
Petrol coke	TJ			✓	2448	3802	3117.3	3295.8	1658.5	
(Ultra) heavy fuel, bitumen	TJ			✓	47	61	54.2	40.2	35.4	
Diesel oil	TJ			✓	20	24	704.9	713.4	678.1	
Alternative biomass fuels	TJ		7.1, 7.2	✓	700	628	831.9	747.5	833.9	
Total Energy consumption from Fossil and other fuels	TJ			✓	62876	63440	67502	68043.7	67367.9	
Direct Energy Consumed from Wind & Solar Power Generation	MWh Unit (Kwh) Crore			✓	17465495	17622354	18750571	18901043	18713323	
				✓	1.04	0.97	1.04	0.94	0.97	
	TJ			✓	37.44	34.92	37.44	33.84	34.97	
Indirect Energy Purchased/Imported Electricity (excl. Corp & mktg offices)	MWh			✓	10400	9700	10408	9400	9700	
	Unit (Kwh) Crore			✓	58.27	52.28	48.92	58.52	59.92	
	TJ			✓	2,098	1,882	1,761	2,107	2,157	
	MWh			✓	582700	522800	489153	585278	599151	565200
Total Direct & Indirect Energy Consumption from all sources	TJ			✓	65011	65357	69300	70,185	69,560	
	MWh			✓	18058595	18154855	19250015	19495718	19322188	
Total Power Generation	MWh				1337270	1449759		1338100	1273007	
Total Renewable Energy Generation	MWh		7.2	✓	59080	86320	107580	95005	101064	
Renewable Energy Certificates Purchased	MWh			✓	24324	26310	68921	0	65506	
Total Renewable Energy Purchased or Generated	MWh			✓	83404	112630	176501	95005	166570	
% of RE generation in total power generation	%			✓	4.6	6.5	7.4	7.1	7.9	
Power and fuel expenses	Crore ₹			✓	2053	1832	2234.2	2549.69	2586.42	
Thermal energy efficiency	MJ/ton clinker	302-3	7.3, 9.4	✓	3132	3152	3178	3180	3221	

		GRI Std / CSI Ref	SDG Target	Assurance	2015	2016	2017	2018	2019	TARGET 2019
Electrical energy efficiency	Kwh/ton cement	302-3	7.3, 9.4	✓	77	77.36	77.65	76.63	77	
LDO consumption	(Ltr/T of Clinker)			✓	0.2	0.15	0.15	0.15	0.15	
Coal & other Fuels (Industry Norms-800)	K Cal/Kg of Clinker			✓	747	753	755.06	756.07	779.49	
Co-processed Waste (AF used)	tonnes in lakhs		12.5	✓	2.6	2.6	2.58	2.9	3.1	
Thermal Substitution Rate (% thermal energy from alternative fuels)	%	301-2		✓	5.71	5.14	4.22	5.61	5.36	
BIODIVERSITY AND RESOURCES CONSERVATION			15.1.1,15.2.1, 15.5.1	Assurance	2015	2016	2017	2018	2019	TARGET 2019
Total number of quarries			15.3.1		10	10	10	10	10	
Total land disturbed	Ha	304 (1,3), MM1		✓	1346.5	1479.252	1542.05	1607	1618	
Total rehabilitated area	Ha				155.5	208.0962	155.31	154	271	
Total land disturbed but not yet rehabilitated as presently used for working	Ha				1191	1271.156	1386.74	832	716	
Approved mining plans of local authorities (% sites)	%	304-1		✓	100	100	100	100	100	
% of sites with quarry rehabilitation plans in place	%	304-3		✓	100	100	100	100	100	
Number of biodiversity-sensitive sites					2	2	2	2	2	
Number of biodiversity-sensitive sites with Biodiversity Action Plans in place					2	2	2	2	2	
Number of IUCN Red List species at Ambujanagar and Darlaghat sites	Critically Endangered				1	1	1	1	1	
	Endangered				1	1	1	1	1	
	Vulnerable				3	3	3	3	4	
	Near Threatened				4	4	4	4	21	
	Of Least Concern				218	218	218	175	175	
WATER				Assurance	2015	2016	2017	2018	2019	TARGET 2019
Water Withdrawal		303-1	6.1,6.3, 6.6		-	-	-	-	-	
From groundwater	m3			✓	2330522	2149627	2389793	2308324	2133706	2300000
From surface water	m3			✓	1778346	1640150	1737806	1780853	1922975	1750000
From harvested rainwater	m3			✓	1759806	1873591	2087741	1464778	1828799	
3rd party purchase/municipal water	m3			✓	819609	954363	694856	702667	627449	700000
Total Water Withdrawn	m3			✓	6688283	6617731	6910196	6256622	6512930	
Recycled Water (from STP/ETP/RO Reject etc.)	m3	303-3	6.3,14.1.1	✓	920055	894001	886400	920043	974101	
% of water recycled	%			✓	13.8	13.5	12.8	13.7	15	
Total water discharge (m3)	m3	306-1		✓	35154	40689	65072	51872	63939	
Water Balance Index				✓	4	5.5	6.1	6.2	8	
Specific Operational Fresh Water withdrawal	lit/t cement				90	82	68	63	68	
OUTBOUND LOGISTICS / DISPATCHES				Assurance	2015	2016	2017	2018	2019	TARGET 2019
Sea (Bulk Cement Ships)	Mil. Tons				3.06	2.90	3.04	2.85	3.21	
Railways (railway/Rake)	Mil. Tons				5.22	5.14	5.78	6.09	5.74	
Road (Trucks & Bulkers)	Mil. Tons				13.23	13.12	14.10	15.28	15.08	
Total	Mil. Tons				21.51	21.16	22.93	24.22	24.03	
Sea	%				14%	14%	13%	12%	13%	
Rail	%				24%	24%	25%	25%	24%	
Road	%				62%	62%	62%	63%	63%	
WASTE MANAGEMENT AND RECYCLING				Assurance	2015	2016	2017	2018	2019	TARGET 2019
Hazardous waste generated	tonnes	306-2	12.4.2	✓	389	507	575	511	646	
Non-hazardous waste generated	tonnes			✓	309970	314942	362479	383200	414287	
Total Waste disposed	tonnes		11.6.1	✓	122.09	103.72	133.12	73	45	100
Waste reused/recycled/sold					310236.91	315345.28	362920.88	383638	414888	
Waste Mgmt System Data Coverage (%)				✓	100	100	100	100	100	
Co-processed Waste (AF used)	tonnes in lacs			✓	2.6	2.6	2.58	2.9	3.1	
Plastic Wastes Co-processed	tonnes			✓	60545	51405	52454	69082	94570	
HDPE Plastic bags used for cement packaging	tonnes			✓	33304	33425	37588	32008	34839	
Plastic Positive Index =Plastic Wastes Coprocessed/Plastic packaging bags				✓	1.8	1.5	1.4	2.2	2.7	
Resource Utilization from Waste(Flyash, slag, AF,AR,Syn/phospho gypsum)	million tonnes			✓	6	6.7	7.5	7.9	8.7	

SOCIAL PERFORMANCE										
EMPLOYMENT PRACTICES			9.2.2	Assurance	2015	2016	2017	2018	2019	TARGET 2019
Number of Permanent Employees		102-8		✓	5622	5472	5427	5058	5068	
Male				✓	5491	5344	5296	4940	4943	
Under 30 years of age				✓	667	522	484	452	415	
30-50 years of age				✓	3913	3636	3757	3486	3248	
>50 years of age				✓	911	1186	1055	1002	1280	
Female		405-1		✓	131	128	131	118	125	
Under 30 years of age				✓	44	34	40	36	36	
30-50 years of age				✓	69	72	73	72	78	
>50 years of age				✓	18	22	18	10	11	
Female-Top management level			5.1.2	✓	2	2	2	2	3	
Female-Senior management level				✓	2	2	2	3	1	
Female-Middle management level				✓	21	25	23	22	21	
Number of temporary/contractual/casual Employees		102-8		✓	11334	6467	6818	5995	6392	

		GRI Std / CSI Ref	SDG Target	Assurance	2015	2016	2017	2018	2019	TARGET 2019
Male				✓	11284	6436	6785	5972	6364	
Female				✓	50	31	33	23	28	
Number of Employees with Disability		405		✓	25	25	21	21	6	
New employee hires		401-1	8.3, 8.9	✓	-	-	-	-	-	
Male < 30 years				✓	75	124	144	189	243	
Male 30-50 years				✓	91	99	169	159	265	
Male >50 years				✓	9	6	5	11	13	
Female < 30 years				✓	3	8	14	13	19	
Female 30-50 years				✓	1	8	8	4	15	
Female >50 years				✓	0	0	0	0	0	
Employee turnover (%)		401-1		✓	9.6	6.3	6	12.36	10.8	
Notice given for operational changes				✓	3 weeks	3 weeks	3 Weeks	3 weeks	3 weeks	
Employee Engagement Score					81% (Aon Hewitt survey)	87%	87%	NA	NA	

Employee grievance procedures in place				✓	Yes	Yes	Yes	Yes	Yes	
Anonymous grievances submission				✓	Yes	Yes	Yes	Yes	Yes	
No. of training programs conducted				✓	-	-	-	-	-	
Top Management Level				✓	1	12	26	68	16	
Senior Management Level				✓	32	97	81	956	105	
Middle Management Level				✓	103	219	125	5457	164	
Other org. levels (FML & Wage Board)				✓	246	285	172	5615	172	
Total				✓	382	613	404	12096	457	
Hours of training per employee		404-1		✓	-	-	-	-	-	
Top Management Level				✓	7	11	10	2.68	7	
Senior Management Level				✓	17	17	23	5.44	14	
Middle Management Level				✓	25	28	19	4.28	17	
Other organizational levels (FML & Wage Board)				✓	17	18	31	5.65	4	
Average of all levels				✓	17	19	21	18.05	6.3	
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	104.01	
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	-1.36	
Employee benefits expense (also refer Annual Report for details)	Crore ₹	201-3			589.5	593.72	661.37	679.57	672.63	

HEALTH AND SAFETY			8.1,8.2	Assurance	2015	2016	2017	2018	2019	TARGET 2019
% of workforce represented by committees.	%	403-1			100	100	100	100	100	
% Plants with joint health and safety committees	%	403-1			100	100	100	100	100	
Plants certified with OHSAS 18000					All	All	All	All	All	
Number of Fatalities		403-2		✓	-	-	-	-	-	
Directly Employed (own and subcontractors Onsite)				✓	0	0	3	2	1	
Indirectly employed (3rd party service providers Onsite)				✓	1	2	0	0	0	
Others (Offsite)				✓	5	11	2	3	3	
Total fatalities				✓	6	13	5	5	4	
Last-time injury frequency rate (LTIFR)	#/million Hrs.	403-2		✓	1.07	1.97	0.93	0.58	0.4	
Directly employed (Own & subcontractors onsite)				✓	1.07	1.29	0.86	0.64	0.52	
Indirectly employed (3rd party service providers on site)				✓	1.31	2.43	0.97	0.54	0.34	
LTISR				✓	91.92	112.94	97.17	44.09	13.21	
LTI & MTI				✓	94	191	76	56	36	
Occupational Diseased	Nos.	403-2		✓	0	0	0	0	0	
Occupational Illness Frequency Rate(OIFR)	number/ million work hrs.			✓	0	0	0	0	0	

COMMUNITY INVOLVEMENT				Assurance	2015	2016	2017	2018	2019	TARGET 2019
Community spending total	Crore ₹	201-1			40.98	59.37	58.79	53.46	62.57	
Health & Sanitation Development	%		3.2		22	18	16	23	17	
Rural Infrastructure Development	%		1.3,1.5, 9.1, 11.1		20	11	16	18	23	
Water Resource Development	%		6.1		19	11	10	14	14	
Skill Based Livelihood	%		4.3,4.4, 8.6		17	8	14	15	18	
Agro Based Livelihood	%		2.3		12	9	10	11	12	
Overheads	%				4	2	2	3	3	
Women Development	%		1.4, 2.2,2.5, 5.1, 5.5, 6.2, 10.3, 4.1,4.2,4.3,4.6		3	2	3	3	3	
Education Development	%				2	40	19	12	9	
Others (Sports, Donations, Flood relief)	%		2.4		1	0	9	1	0	
Total Lives touched / beneficiaries through community or CSR initiatives	Millions	"203-1 413-1"	11.2		1.5	1.8	2	2.4	2.6	
Stakeholder engagement at local level:- Stakeholder dialogues, Need assessment. Stakeholder involvement in CSR planning. Community advisory panels, Community engagement plan.	% of sites	413-1		✓	100	100	100	100	100	
PUBLIC POLICY				Assurance	2015	2016	2017	2018	2019	TARGET 2019
Contribution/spending to trade/commerce/ industry associations and initiatives	Million ₹				1.9	7.2	2.7	1.9	1.1	

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

Independent Assurance Statement



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Independent Limited Assurance Statement to Ambuja Cements Limited on non-financial disclosures in the Sustainability Report for the year 2019

To

The Management of Ambuja Cements Limited,
Elegant Business Park, Off Andheri-Kurla Link Road, MIDC Cross Road 'B',
Andheri (East), Mumbai-400059.

Introduction

We ('KPMG Assurance and Consulting Services LLP', or 'KPMG') have been engaged by Ambuja Cements Limited ('ACL' or 'the Company') for the purpose of providing an independent limited assurance on the non-financial disclosures presented in the Sustainability Report ('the Report') for the reporting period covering 1st January 2019 to 31st December 2019 ("the Year" of "the Reporting Period"). Our responsibility was to provide limited assurance on the Report content as described in the scope, boundary and limitations.

Reporting Criteria

Ambuja Cements Limited applies non-financial performance criteria derived from the following:

- Global Reporting Initiative (GRI) Standards¹ in accordance – Comprehensive option.
- World Business Council for Sustainable Development (WBCSD) Cement Sustainability Initiative's Cement CO₂ and Energy Protocol.

Assurance Standards Used

We conducted our assurance in accordance with

- Limited Assurance requirements of International Federation of Accountants' (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information.
 - Under this standard, we have reviewed the information presented in the Report against the characteristics of relevance, completeness, reliability, neutrality and understandability.
 - Limited assurance consists primarily of enquiries and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement.
- Type-2, moderate level assurance as per AccountAbility 1000 Assurance Standard (AA1000AS) 2008.
 - Under this standard, we have reviewed the nature and extent of adherence to the AA1000AS principles mentioned below:
 - The Principle of Inclusivity:** Participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.
 - The Principle of Materiality:** Relevance and significance of an issue to an organization and its stakeholders.
 - The Principle of Responsiveness:** Response to stakeholder issues that affect organizational sustainability performance.



Scope, Boundary and Limitations

- The scope of assurance covers the non-financial (Sustainability) disclosures of Ambuja Cements Limited for the period from 01 January 2019 to 31 December 2019.
- The boundary of the Report covers Ambuja Cements Limited's operations in India, which includes 5 Integrated Cement Plants, 8 Grinding stations, and 5 Bulk Cement Terminals.
- Our site review of the sustainability performance data was limited to the following locations:
 - Integrated Cement Plant at Ambujanagar, Gujarat;
 - Grinding station at Roopnagar (Ropar), Punjab; and
 - Corporate Office in Mumbai.

The non-financial disclosures subjected to limited assurance are as follows:

General Disclosures	
<ul style="list-style-type: none">Organizational Profile: 102-8Stakeholder Engagement: 102-40, 102-42, 102-43, 102-44, 102-47	
Universal Standards	
<ul style="list-style-type: none">Management Approach: 103-1, 103-2, 103-3	
Topic Specific Standards	
Environmental	Social
<ul style="list-style-type: none">Materials: 301-1, 301-2, 301-3Energy: 302-1, 302-3,Water and Effluents: 303-1, 303-3, 303-4Biodiversity: 304-1, 304-3, 304-4Emissions: 305-1, 305-2, 305-3*, 305-4, 305-5, 305-6, 305-7Effluents and Waste: 306-1, 306-2, 306-3	<ul style="list-style-type: none">Employment: 401-1, 401-2,Labour / Management relations: 402-1Occupational Health and Safety: 403-1, 403-2, 403-5, 403-9Training and Education: 404-1Diversity and Equal Opportunity: 405-1,Local Communities: 413-1

The data for 305-3 (Scope 3 GHG emissions) is restricted to the categories - Purchased goods and services, Fuel- and energy-related activities, Upstream Transportation of Products, Waste generated in operations, Business travel, Employee commuting, and Downstream transportation & Distribution.

Limitations

The assurance scope excludes following:

- Data related to Company's financial performance.
- Data and information outside the defined reporting period.
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim to future intention provided by the Company and assertions related to Intellectual Property Rights and other competitive issues.
- Data review outside the manufacturing units as mentioned in the boundary above.
- Strategy and other related linkages expressed in the Report.
- Mapping of the Report with other reporting frameworks.
- Aspects of the Report other than those mentioned under the scope above.

Assurance Procedures



Our assurance process involves performing procedures to obtain evidence about the reliability of specified disclosures. The nature, timing and extent of procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the selected sustainability disclosures whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to the preparation of the Report in order to design assurance procedures that are appropriate in the circumstances.

Our assurance procedures also included:

- Assessment of Ambuja Cements Limited's reporting procedures regarding their consistency with the application of GRI Standards.
- Evaluating the appropriateness of the quantification methods used to arrive at the sustainability disclosures presented in the Report.
- Review of systems and procedures used for quantification, collation, and analysis of sustainability disclosures included in the Report.
- Understanding the appropriateness of various assumptions, estimations and materiality thresholds used by Ambuja Cements Limited for data analysis.
- Discussions with the personnel responsible for the evaluation of competence required to ensure reliability of data and information presented in the Report.
- Assessment of data reliability and accuracy.
- The reviews of data and information of plants located at Ambujanagar, Ropar and the corporate office in Mumbai were carried out remotely with the help of screen sharing tools.

Appropriate documentary evidences were obtained to support our conclusions on the information and data verified. Where such documentary evidence could not be collected due to sensitive nature of the information, our team reviewed the same with the relevant authority at the respective site, and at the corporate office.

Conclusions

We have reviewed selected non-financial disclosures in Sustainability report of Ambuja Cements Limited for the year 2019. Based on our limited review and procedures performed, nothing has come to our attention that causes us not to believe that, the non-financial (sustainability) data and information as per the scope of assurance mentioned above, presented in the Report is appropriately stated, in material aspects and in line with the reporting principles of GRI Standards.

We have provided our observations to the Company in a separate management letter. These, do not, however, affect our conclusions regarding the Report.

As per AA1000 AS 2008 principles:

- **Principle of Inclusivity:** We are not aware of any matter that would lead us to conclude that the Company has not applied principle of inclusivity while engaging with key stakeholder groups. The company may increase the participation of selected prioritized stakeholder groups across its operations to have balanced representation and inclusion.
- **Principle of Materiality:** The materiality assessment of the company was carried out in 2018. Nothing has come to our attention that causes us to believe that material topics so identified have been excluded by the company. The company may determine a periodic frequency for materiality assessment taking into account the changes in reporting frameworks, emerging regulations, and risks.
- **Principle of Responsiveness:** We are not aware of any matter that causes us to believe that the Company has not applied principle of responsiveness while engaging with stakeholders covering its



environmental and social performance. The Company may consider setting up of goals and targets specific to its Key Performance Indicators (KPIs) and disclose the performance to its stakeholders.

Reliability: Ambuja Cements Limited monitors sustainability data performance across all its operations mentioned in its boundary of the Report. Data representation and calculation related errors were detected but the same were resolved during the assurance process.

There is a scope for enhancing the understanding of the performance disclosures among the data owners. The monitoring mechanism can further be strengthened by development and implementation of standard operating protocols for each of the sustainability key performance indicator.

Independence

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in as per requirements of ISAE 3000 (Revised) standard and AA1000AS (2008) standards.

Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) be independent of the assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies ISQC 1 and the practitioner complies with the applicable independence and other ethical requirements of the IESBA code.

Responsibilities

Ambuja Cements Limited is responsible for developing the Report contents. The Company is also responsible for identification of material sustainability topics, establishing and maintaining appropriate performance management and internal control systems and derivation of performance data reported. This statement is made solely to the Management of Ambuja Cements Limited in accordance with the terms of our engagement and as per scope of assurance. Our work has been undertaken so that we might state to the Company those matters for which we have been engaged to state in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work, for this report, or for the conclusions expressed in this independent assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. Our report is released to Ambuja Cements Limited on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.

Prathmesh Raichura

Executive Director

KPMG Assurance and Consulting Services LLP

07-August-2020



Recognition and Awards

Recognition

- Ranked 4th globally in the construction material category in the internationally renowned Dow Jones Sustainability Index Corporate Sustainability Assessment, 2019
- Ranked 6th in "Responsible Business Ranking 2019" report
- Ambuja topped India's list in the Forbes Asia's Best Over a Billion List in the sector

Awards

- Seven (7) Domain excellence awards in Environment Management and CSR to four of our plants at the CII-ITC Sustainability Award 2019
- MCW Chandrapur plant won the prestigious Vasundhara Award 2019 from the Maharashtra Government for Embedding Best Environmental Practices
- Our Nalagarh plant won the coveted CII National Award 2019 as Energy Efficient Unit
- Ambuja Cement Foundation received award for its focus on drinking water, water harvesting and water use efficiency interventions in the Gir Somnath district of Gujarat and Pali and Nagpur district of Rajasthan.
- Best in Class Logistics Safety award at the 13th Express Logistics and Supply Chain conclave
- Warehouse and Logistics Excellence – Manufacturing Company of the Year 2019 award
- Our integrated digital platform 'Ambuja Brahmaand' won two prestigious awards, Best Customer Relationship Platform and Best Marketing Technology Stack at the MarTech Leadership Awards 2019





Ambuja Cement

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