

Ambuja Cements Limited

Environmental, Social, and Governance (ESG) Databook

FY 2022-23

(01-April-2022 to 31-March-2023)

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Ambuja Cements Limited

Ambuja Cements Limited, a part of the diversified Adani Group, is among India's leading cement companies, renowned for its hassle-free, homebuilding solutions. Unique products tailor-made for Indian climatic conditions, sustainable operations and initiatives that advance the Company's philosophy of contributing to the larger good of the society, have made it the most trusted cement brand in India. The Company has been certified 8 times water-positive, a feat achieved through conservation efforts and increasing water efficiency in plants.

Reporting Period: The reporting period for the disclosures in the data book is from 1st April 2022- 31st March 2023

Our Values

Courage	Trust	Commitment
We shall embrace new ideas and businesses	We shall believe in our employee and other stakeholders	We shall stand by our promises and adhere to high standards of business

Key Highlights

6 Integrated Cement Plants	8 Grinding Units	5 Cement Bulk Terminals	31.45 MTPA Cumulative Manufacturing Capacity
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Sustainable Development Plan 2030

	Climate and Energy	Circular Economy	Water & Nature	People & Communities
KPI	Net specific CO ₂ emissions (Kg/cementitious material)	Use of waste derived resources in Million Tonnes	(Fresh water consumption Litres/t of Cementitious material)	Number of new beneficiaries of CSR Projects (In million)
2030 Target	453	21	62	3.5

Environment

Environmental Investments

At ACL, we track financial data related to environmental projects and programs at the corporate level to track returns on environmental investments and their impact on business growth. The table below illustrates our environmental investments for the past four fiscal years:

Parameter	FY 2019	FY 2020	FY 2021	FY 2022
Capital Investments (in INR)	855,000,000	153,187,415	140,000,000	462,741,000
Operating Expenses (in INR)	324,000,000	157,044,521	1,400,000,000	835,809,373
Total Expenses in INR (= Capital Investment + Operating Expenses)	1,179,000,000	310,231,936	1,540,000,000	1,298,550,373
Savings, cost avoidance, income, tax incentives (in INR)	308,000,000	48,350,383	210,000,000	427,000,000

Emissions Management

For ACL, the Scope 3 emissions include other indirect GHG emissions, including emissions from purchased products and services, fuel and energy-related activities, upstream and downstream transportation and distribution, waste generated in operations, business travel and employee commuting among others. We are aware of the cement industry's contribution in GHG emissions globally and have undertaken multiple initiatives to reduce our emissions. The scope 3 emissions for the reporting period have been disclosed below.

Scope 3 Category	Emissions (tCO ₂ e)	Emissions calculation methodology and exclusions
Purchased goods and services	211,065.60	<ul style="list-style-type: none"> Scope 3 emissions from purchased goods and services calculated according to cement sector Scope 3 GHG Accounting and Reporting guidelines developed by WBCSD Cement Sustainability Initiative. Fuel based and distance-based method were used for calculation
Fuel-and-energy-related activities	1,552,704	<ul style="list-style-type: none"> Emission factors are considered as per GaBi database and the quantity considered are from the purchased invoice. Distance for transportation considered from the point of shipping to various plants Fuel based and distance-based method were used for calculation
Upstream transportation and distribution	750,884	<ul style="list-style-type: none"> Emission factors are considered as per GABI data database and the quantity considered are from the purchased invoice. Distance for transportation considered from the point of shipping to various plants Fuel based and distance-based method were used for calculation
Business	1,023.51	<ul style="list-style-type: none"> Travel details were taken from the central travel desk.

travel		Emissions were calculated by multiplying the emission factor for each type of travel (Air and Rail) and with their distance.
Employee commuting	10,205.60	<ul style="list-style-type: none"> Calculated from internal transportation details by multiplying the distance from residence to office location with emission factor corresponding to the mode of transport.
Downstream transportation and distribution	367,572	<ul style="list-style-type: none"> Calculated from the ACC's Transport Analytics center data each vehicular movement is captured from the moment it leaves the factory gate till it reaches the customer site to arrive at the lead distance. Based on the type of vehicles, the emission factor is used to calculate the CO₂ emission, cement operations, and RMX operation.

The cement industry has assessed its Scope 3 emissions according to the material categories of the WBCSD Cement Sustainability Initiative's guidance. This guidance does not require the inclusion of emissions from capital goods, waste generated in operations, upstream leased assets, processing of sold products, end-of-life treatment of sold products, downstream leased assets, franchises, and investments, as these emissions are small and insignificant.

Water Management

We define areas to be "Stressed areas" if water availability is less than 1,700 cubic meters per person per year. We used the WRI Aquaduct-based India Water Tool for a first-level screening of water risks across all our 14 sites and through this exercise we observed that baseline water stress category was extremely high for 6 of our sites, high for 4 sites, medium for 1 site and low for 3 sites. We further undertook a more detailed analysis at a local level by analyzing the ground and surface water availability by engaging each of our sites through which we were able to determine that only 4 of our sites (Maratha, Rabariyawas, Ropar, Dadri) are in water stressed areas. Impact of these 4 sites is low based on the criteria of substantive impact.

Our Maratha plant gets maximum water from a dam reservoir from the state irrigation department. Rabariyawas plant, located in a water scarce area is part of a desert, has taken various water efficiency and conservation measures. As we focus on improving efficiency in these 4 sites, we expect this to decrease in the future. Similarly, Bhatapara plant draws water from rainwater collected in limestone mine pits and only minimum water is drawn from ground water for drinking and such other domestic purposes.

Parameter	Unit	FY 2021	FY 2022
Water consumption in areas with water stress	Million m ³	2.268	2.227

Climate Change Governance

The Corporate Sustainability Committee was renamed as Corporate Responsibility Committee. The Committee is constituted by Board of Directors and looks after the sustainability and ESG related performance of the company including climate issues. CRC

committee met twice during the year under review. The minutes of CRC meetings are reviewed by the Board at its subsequent meetings. Climate Governance at management level is overseen by the Chief Sustainability Officer who looks after matters related to the ESG, Sustainability and other Climate-related issues.

At ACL, we have provisions for climate related management incentives (both monetary and non-monetary) for our Executive Officers, Business Unit Managers (plant heads) and employees. The monetary incentives are given as bonus. The Incentives are linked to various performance indicators which includes target achievement (energy consumption, emission reduction), operational efficiency, disclosures, company performance against sustainability indices and others. Ambuja also provides non-monetary rewards in terms of recognizing plant heads that demonstrate top performance in attainment of their climate change targets at offsite meeting of top and senior management. Endeavors in climate mitigation activities are recognized in terms of announcements of best performing units on energy efficiency, fly ash absorption, use of alternative fuels, and increase in thermal substitution rate (TSR).

We have KPIs related to climate change linked to the executive management's monetary as well as the plant heads incentive. The Chief Executive Officers (CEO) KPIs include reduction in carbon emissions, increasing share of green power, increasing use of alternative fuel in the operations, improving energy efficiency and others. The Chief Operating Officer (COO) and the Chief Sustainability Officer (CSO) also has predefined climate change related metrics that include projects related to solar and waste heat recovery, achieving target for use of fly ash and improving the specific thermal energy consumption. In addition to this, our plant heads also have direct KPIs on climate change related issues that include CO₂ emissions reductions, clinker/cement substitution, use of alternative fuels, and energy efficiency.

Climate Risk Management

ACL has a Climate Risk Management process that is integrated in our centralised enterprise risk management system. The risk assessment covers our own operations and includes risks in the short-, medium- and long-term time horizons. The types of risk included are:

- Current Regulation
- Emerging Regulation
- Technology Risk
- Legal Risk
- Market Risk
- Acute Physical Risk
- Chronic Physical Risk

We conducted a comprehensive study as per the TCFD guidelines, involving relevant stakeholders & senior management from various pulse points of the operations starting

from raw materials to customer engagement. A bucket list of various risks and opportunities was identified because of various engagements and discussions with these stakeholders.

(a) Process of assessing the risk and opportunity:

Climate related risk assessment is carried out to identify and demonstrate how ACL deals with risks and how resilient the company's business model is, regarding the expected transition to a low carbon economy. There are two types of Risks:

- Physical - represents chronic and acute physical changes in climate which impact the firm.
- Transition - represents markets, technology shifts, reputation, regulations (current, emerging), and legal.

The study covers a set of 34 risks identified across physical and transitional risk categories following the TCFD guidelines. The parameters for each of the risk were identified as under the following:

- Probability/likelihood
- Duration
- Area of influence
- Magnitude/scale of impact
- Preparedness for mitigation
- Financial Impacts

An impact would be considered as substantive as soon as it has High or Very high financial impact on our EBITDA.

(b) Process of managing and responding to the risk and opportunity:

We have robust sustainability & carbon governance up to the Board level helping us in effectively responding to the climate change risks, develop strategies and targets for continual improvement. Based on their score for the magnitude of impact on the company's financials and operations, the risks have been prioritized and strategic action plans are developed to eliminate or minimize the impact and convert these risks into opportunities for the business. The action plans are further quantified as ambitious targets segregated in short-, medium- and long-term time frame and are put under the regular monitoring and review process followed for the regular operations management.

Climate change related risks identified: Volatility of energy prices, availability of alternative fuels, sustainable materials, new clinker technologies, Energy/Fuel/ Carbon taxes, Renewable energy regulation, Product certification, Product efficiency regulations and standards, Rapid depletion of natural resources and availability of raw materials & additives, Reduction in waste generation & circular economy, Reputation, Increase in operation cost, water scarcity, Local community pressure, lack of customer awareness, Enhanced durability, long service life of building, pavements, and mass migration.

Climate Scenario Analysis

At ACL, we have used various physical and transition scenarios to assess physical and transition risks.

Transition Risk

For assessing transition risk, we used IEA B2DS scenario for 2°C and below 2°C scenario. As a signatory to development of Cement Sustainability Initiative-WBCSD led Low-Carbon Technology Roadmap for India on scenario testing, ACL has also considered various references which includes:

- i) The Reference Technology Scenario (RTS)
- ii) Nationally determined contributions (NDCs)
- iii) IEA 2DS scenario
- (iv) High and low cement demand scenarios.

In our scenario analysis, we considered three-time horizons; up to 2025, up to 2030 and up to 2050 which were deemed relevant to us from our Risk Management & Sustainability aspects and aligning with international climate targets time frame.

We considered the following parameters in scenario analysis:

- i) Supply chain: Risks of business interruption due to changes in climate and precipitation.
- ii) Waste Management: Availability of waste derived resources
- (iii) Evolving regulatory landscape
- iv) Procurement: increasing price of traditional fuels & alternative binders, leading to a need to secure these sources for the time horizons considered.

The results of the scenario analysis highlighted that ACL must set out a robust pathway to Net-Zero and higher emissions reduction, energy improvements, & business strategy for low-carbon products/solutions.

Physical Risk

For physical risk analysis, we use customized publicly available physical scenario, with a temperature alignment of 1.6°C -2°C

For physical climate risks, scenario Analysis Inputs took into consideration our facility locations & production capacity. Our scenario-based climate change risk assessment included acute physical conditions like sea level rise around our four bulk cement sea terminals and one integrated plant in coastal regions of Kerala, Karnataka, Maharashtra and Gujarat; and temperature rise around our plants in Rajasthan, Maharashtra, Gujarat, etc.

The assumptions considered in the scenario analysis included:

- Sea level will rise by 10 meters by 205
- Energy use will remain stable until 2050
- migration/non-availability of labour due to climate change was considered.

The analytical methods used for physical risk assessments included applying sea level rise on all facilities and categorizing the life cycle stages of products. We considered a range of areas within our organization as part of the scenario analysis to assess potential impacts, risks and opportunities including Supply chain risks of business interruption due to changes in climate and precipitation.

Physical climate risk adaptation

Based on the climate risk assessment undertaken by ACL, we have set up an overall plan to adapt to the identified physical climate risks. The plan includes various measures to mitigate the impact of climate related risks identified in our operations. We have also set targets to implement adaptation measures within a timeline of 5-10 years. The

adaptation measures were devised based on anticipating the adverse effects of climate change and to take appropriate action to prevent or minimize the damage it can cause. We also identified new business opportunities and identified the cost of materialising them for our business growth. Based on climate risk assessment conducted, 14 high impact risks were identified.

The risk adaptation measures include the following:

- **Emission Reduction:** In 2021, we developed and got validated our Science Based Targets through the Sectoral Decarbonization Approach (SDA) aligned with the Well-Below 2 Degree Scenario (WB2DS). ACL has committed to reduce scope 1 and scope 2 GHG emissions by 21% per ton of cementitious materials by 2030 from a 2020 base year. With this target ACL commits to reduce scope 1 GHG emissions by 20% per ton of cementitious material and scope 2 GHG emissions by 43% per ton of cementitious materials in this timeframe.
- **Increasing share of blended cement:** We are gradually increasing the share of blended cement in our product portfolio. This will help us cater to the growing market requirements for green products and accelerate customer shift for low carbon building materials. This will mitigate the risk related to increasing promotion of sustainable materials that are light weight with enhanced service life lower carbon footprint.
- **We have set a target to increase the use of waste derived resources in our operations.** This will help us minimise the risk posed by volatility of energy and raw material prices, demand supply disturbance and failure of major raw material supply. Our current is to increase the share of waste derived resources to 21 million tonnes by 2030.

Low Carbon Products

At ACL, 86% share of our products are blended cement.

Type and description of product	% of Total Revenue from the products/services	Estimated total emissions avoided (tCo ₂ e)	Remarks
Low Carbon Product – Blended Cements	88	7,362,819	Total avoided emissions is calculated by subtracting current emissions as per existing portfolio (14% OPC and 86% blended cement) from total emissions that would have emitted if all products were conventional type (OPC)
Avoided emissions for third-parties – Waste Management	1	195,797	The credits for indirect savings from the use of Alternate Fuels reflect the CO ₂ emission reductions achieved at landfills and incineration plants, where these wastes would otherwise be disposed.

Biodiversity Exposure and Assessment

We have 14 operating locations (cement and grinding plants) across India, with the latest one started function in 2021. Our biodiversity policy is enshrined in the Group's Quarry Rehabilitation and Biodiversity Directive. We adhere to Indian national regulations and are a signatory to the India Business and Biodiversity Initiative (IBBI) of the Confederation of Indian Industry (CII), and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

None of our sites operate 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.

For all our sites, we carefully classify our ecological assets and maintain a biodiversity inventory. We also assess the net positive impact through set KPIs every three years. We have implemented a new baseline biodiversity assessment at our sites through a Biodiversity Indicator and Reporting System (BIRS) developed by experts from the International Union for Conservation of Nature (IUCN). BIRS assessments were conducted in 2017, 2019 and 2020. Two sites (Ambujanagar and Darlaghat) are in close proximity to critical biodiversity. Protected areas like the Majathal Sanctuary and Darlaghat Conservation Reserve (both in Himachal Pradesh) are situated within 10 km of our mining/ plant operations at Darlaghat; the Gir sanctuary lies within 10 km of Sugala mining site at Ambujanagar, Gujarat. We have also prepared a wildlife conservation plan for key species, approved by the state government, for Darlaghat. Biodiversity Action Plan (BAP) for all our five plants with mining sites is being implemented.

Indicator	No of sites	Area in Ha
No. of operational sites for which biodiversity impact assessments were conducted	6	6360
No. of operational sites with significant biodiversity impact	2	886.3
No. of operational sites with significant biodiversity impact and management plan	2	886.3

Biodiversity Mitigating Actions

ACL has taken various biodiversity impact mitigating actions in our operations that consider the well-being of nature. These include the following:

Action	Description	Example (Implemented location)
Avoid	Avoidance measures which prevent impact or dependency from happening in the first place and eliminate the impact entirely.	We avoid undertaking operations near any of the World Heritage Sites and IUCN Category I-IV protected areas. Our operating sites are not located adjacent to indigenous peoples' territories.
Reduce	Reduction measures undertaken which minimized impacts, but without	Carrying out mining operations and raw material transportation only during the daytime near protected areas

	necessarily eliminating them.	Providing mine tippers with a multi-cap covering system to avoid spillage of material during transportation
Regenerate	Regeneration measures undertaken which improved existing processes' biophysical function and productivity of an ecosystem or its components	Turning regenerated areas into natural habitats by adopting new forestry practices.
Restore	Restoration measures which initiated or accelerated the recovery of an ecosystem with respect to its health, integrity, and sustainability, with a focus on permanent changes in state	Improving degraded habitats across sites through targeted habitat management plans
Transform	Transformation measures that take actions contributing to system-wide change, notably to alter the drivers of natural loss.	We guide farmers to adapt environment-friendly approaches by using solar pumps for irrigation, promoting micro-irrigation, responsible use of pesticides, and enhancing soil health and biodiversity.

TCFD Disclosure

We are in the process of integrating the TCFD framework into the management of climate-related risks and opportunities. At the Board level, the Corporate Responsibility Committee has oversight of climate-related risks and opportunities, which is overseen by the Chief Sustainability Officer at the management level. We have identified climate-related risks and opportunities in the short, medium, and long term and the impacts of the same on our business, strategy, and financial planning were identified. We have also developed an overall plan to adapt to potential physical climate risks. The plan includes targets to be achieved within set time frames. We use various matrices to assess climate-related risks and opportunities in line with its strategy and risk management process. We have disclosed Scope 1, 2, and 3 emissions and set SBTi-approved emission reduction targets as well.

Social

Diversity and Inclusion

At Ambuja Cements we are committed to diversity across our organisation. We don't discriminate on the basis of caste, creed, religion, gender, sexual orientation etc. As we operate in India, 100% of our workforce is Indian.

Gender Diversity at Ambuja Cements

Diversity Indicator	Proportion
Share of women in the total workforce	2.51%
Share of women in all management positions, including junior, middle, and top management	3.64%
Share of women in junior management positions	4.04%
Share of women in top management positions	5.13%
Share of women in management positions in revenue-generating functions	3.01%
Share of women in STEM-related positions	3.39%

Gender Pay Indicators

Employee Level	Average Women Salary (INR)	Average Men Salary (INR)
Executive level (base salary only)	14,951,946	8,537,746
Executive level (base salary + other cash incentives)	17,545,944	10,196,531
Management level (base salary only)	1,026,717	1,246,303
Management level (base salary + other cash incentives)	1,119,532	1,364,967
Non-management level	605,849	597,436

Human Rights

Ambuja Cements is committed to upholding of fundamental human rights in their operations in line with the legitimate role of the business.

We have developed a due diligence process to proactively identify and assess potential impacts and risks related to respecting human rights which covers our own operations, value chain, or other activities related to our business.

The due diligence process consists of an exhaustive list of Human Rights related issues that include but is not limited to health and safety, working conditions, forced labour, human trafficking, child labour freedom of association, right to collective bargaining, equal remuneration, non-discrimination, dust and other emissions, security related abuses and violations, and climate change.

The groups covered as part of our assessment are our own employees, women, children, indigenous people, migrant workers, third-party contract labours, local communities, etc.

On the basis, of these assessments mitigation and remediation actions are implemented at each site as and when the assessment is carried out. To mitigate any human rights risk the Human Rights Approach is implemented. The approach includes following our policy

commitment, identifying risks and impacts, addressing the adverse impacts (if any), monitoring the effectiveness of our response and providing remedies where appropriate. Appropriate remediation and preventative actions are taken including but not limited to stricter compliance, behavioural and policy changes, and infrastructure development.

Hiring and Retaining Our Workforce

At Ambuja Cements, we are committed to helping our employees grow. 490 new employees were hired in FY 2022-23, while 547 positions were filled internally by our own employees. We have placed special emphasis on hiring, in FY 2022-23, the average amount spent per employee on hiring is INR. 33,492. The total employee turnover rate in FY 2023 was 13.4%, out of which the voluntary turnover rate was 9.85%.

Total Employee Turnover Rate FY 2022-23

	Male	Female	Grand Total
<30	42.55%	52.38%	43.83%
30-50	9.61%	35.19%	10.11%
>50	12.79%	15.38%	12.81%
Grand Total	12.73%	39.45%	13.40%

We have implemented several initiatives to support and retain our employees. We have established several wellbeing programs for our employees including sports and mental health initiatives for our employees. At Ambuja Cements, we provide non-monetary benefits for employees that include, parental leaves and day-care facilities. As per the regulations, 26 weeks of maternity leave and 1 week of paternity leave are provided to all entitled employees. We also provide flexible working hours for our employees and require employees' presence for the core working hours, allowing them to start their day 1 hour prior to or after the standard time.

A Gallup engagement survey was conducted between April and May 2022 which saw >90% participation. We achieved an engagement rate of 4.03 out of 5. The survey covered various topics including but not limited to employee well-being, happiness and satisfaction at the workplace, fulfillment in the job role, and work-related stress.

Employee Development

During the reporting year 2022-23, we conducted several trainings for all our employees and workers and provided 4.8 hours of training on average. We spent an average of INR 917 per employee on training and development, which includes training on health and safety, environment and sustainability, anti-corruption, Information technology, and operational and technical-related training. Our training program High Impact Leadership Programme for Regional Sales Managers covered all 30 of our RSMs, that cover 0.7% of FTEs.

Hours of training per employee	Male	Female
Top Management Level	2	2
Senior Management Level	5	10
Middle Management Level	3	2

*The above table includes the data breakdown only for the management level staff

Performance Development

At Ambuja Cements Limited we provide support to our employees to accelerate their career progression through our performance management system. 100% eligible employees receive regular performance and career development reviews, and our performance management appraisals are based on Management by Objectives and conducted biannually. Additionally, we focus on active conversations. Employee Manager feedback is shared as and when required, throughout the year. The feedback sessions focused on receiving feedback on achievements, developmental needs, re-addressing the objectives, barriers to performance, shortfalls, and ways to bridge the gaps. The sessions were conducted at the discretion of the manager or the employee. At Ambuja, we believe in maintaining the highest safety and it is the responsibility of the respective teams at each site. As part of our performance management system, we have set team goals for each plant to ensure that there are zero fatalities at the site. In case this target is not achieved at the site, all employees at the site are assessed as a team, and the variable pay is impacted for each team member at the site.

Stakeholder Engagement

We have a strong Stakeholder Engagement Framework in line with our Stakeholder Engagement Policy which applies to all our operations. We have created a Community Advisory Panel (CAP) which continues positive engagement with communities. The CAP consists of representatives from all local stakeholder groups and members of our CSR team. It serves as a dedicated channel to voice their grievances to the CSR team responsible for Stakeholder Engagement. The CAP helps the team decide on the methods of engagement with the stakeholders and allows us to mitigate any stakeholder engagement risks that may arise. The CAP meetings are used to communicate the results of the stakeholder engagement activities.

Governance

Corporate Governance

Board Attendance

We adhere to the minimum attendance criteria as per the Companies Act, 2013. In accordance with Section 167-1 (b) of Companies Act, 2013, the Directors are required to attend a minimum of one meeting conducted during the year. In FY 2022-23, the Board met eleven times and each director of the company followed the said requirement and the average board meeting attendance of directors in Board meetings of the Company stood at 83.4%.

CEO Compensation - Success Metrics

The Success metrics for CEO compensation is based on the targets set for Cash Flow, RoC and EBITDA. The Performance period for variable compensation is 1 year.

Materiality

Materiality assessment was carried out in FY 2020-21. The process was carried out by interacting with the relevant stakeholders and their feedback was incorporated in the assessment. From the exercise, the topics which had the most impact on the business continuity was identified. Below are the top material issues and some of their impacts identified that have been disclosed.

Circular Economy

The alternative raw materials, i.e. the waste generated from the nearby industries, will have two folds positive impacts resulting in reducing the load on the landfills for waste disposal and secondly conserve the natural resources by replacing them with the industrial waste.

Value creation of waste from various other industries. The reuse of waste as by-products reduce the amount of waste sent to landfill.

Health and Safety

Reduction in lost time injury has a positive and long-term impact, however, it is dependent on leadership, investments and initiatives that we undertake towards building stronger OHS culture.

Increased costs associated with accidents and incidents are actual negative impact as accidents involve loss of life and damage to assets. We are committed to achieving the goal of zero harm and an injury-free and healthy workplace for employees and contractors.

Risk Governance

Until September 2022, Ms. Rajani Keshari, CFO was the highest-ranking person with dedicated risk management responsibility on an operational level and from Sept 2022 onwards, Mr. Vinod Bahety, CFO took charge, and he reports to the CEO and members of the Risk Committee on matters relating to risk management.

Mr. Prabhakar Mukhopadhyay was the highest-ranking person with responsibility for monitoring and auditing risk management performance on an operational level till September 2022, Mr. Mithilesh Satija took charge post change in management and reports to the Audit committee of the Board.

With reference to managing cybersecurity risks, we have appointed Chief Information Security Officer CISO, who is responsible for overseeing cybersecurity and information security risks within the company.

Risk Management Process

Effective risk and crisis management are vital for business continuity. To bring in the best practices, our Risk Management Policy has been formally framed to identify and assess the key risks and monitor and report compliance and effectiveness of the policy and procedure in line with the regulatory requirements. A Risk Management Committee under the chairmanship of Mr. Ameet Desai, Non-Executive Independent Director, has been constituted to oversee the risk management process in the Company. BRM exercise supports management in the strategic decision-making process and is an integral part of the management reporting cycle. A well-defined risk management mechanism covering analysis, risk exposure, potential impact and risk mitigation process has been laid down by the Company.

Potential risks are identified on 3X3 matrix of severity (High, Medium and Low) and probability. The overall risk exposure is assessed from both top-down and bottom-up, which is then consolidated/calibrated to get a panoramic view. The risks are prioritised based on their risk score and then translated into a Risk Heat Map representation consisting of three zones: Red, Amber, and Green. Based on a detailed review and considering the current and future circumstances, the risks have been broadly classified into phases due to the uniqueness of risks considering – Transition Phase Risks and High Growth Phase Risks.

Emerging Risks

(i) Climate proofing against future disasters

Severe weather events or natural disasters could affect business continuity or the external environment in which we operate. Subsequently, failure to adopt, implement and invest in climate change adaptation and mitigation can lead to disruption in the business operation.

The increasing effects of the global rise in temperature are leading to disruptions in operations and supply chain. Some sites will also be prone to heat waves in the long term. Companies that fail to meet stakeholder expectations regarding decarbonization may face challenges than peers following a similar path. This can impact product demand, profits and market capitalization.

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

We also ensure overseeing regulatory and policy risks including taking into consideration the evolving regulatory landscape related to climate change, and review of state and Central policies.

(ii) Deterioration of ecological community

Ambuja recognizes the pressure on natural resources (depleting) due to rising demand and volatile prices. To ensure business continuity, availability of these resources (coal, water, limestone, fossil fuel etc.) at competitive cost and quality is essential.

Business continuity and cost of operation both are impacted due to stressed climate and energy. Operational and financial impact are therefore expected due to physical and transitional risks related to climate change and energy.

Aware of the cement industry's contribution in GHG emissions globally, we have undertaken a four-pronged strategy to reduce our carbon emission: Use of alternative materials to reduce clinker factor, Improve energy efficiency (thermal and electrical) and process technology, Waste heat recovery and use of Renewable Energy (RE), Optimise fuel composition, along with the use of waste as alternative fuel (For more details please refer to Annual Report Pg. 40, and 82-84)

We have also developed a Science-Based Targets initiative (SBTi) aligned with the carbon emissions reduction by 2030 to limit global warming below 2°C. It has also signed the Business Ambition for 1.5°C pledge and joined the campaign of the UN Framework Convention on Climate Change. We have announced plans to install WHRS capacity of 42 MW, provision to utilise 50% AFR and increase the share of renewables.

Contributions and Spending

Name of organization	FY 2022-23 in INR
Cement Manufacturers Association (CMA)	78,05,700
BIMCO	77,825

The total capital expenditure for the Ambuja Cement Limited during the reporting year (1st April 2022 to 31st March 2023) was INR 1047.5 crores.

Supplier ESG Program

The Chief Procurement Officer, oversees the implementation of the Supplier ESG Program.

We carry out on-site evaluation of vendors on the criteria of health and safety and compliance to the labour laws such as minimum wages, child labour, freedom of association etc. We also screen our vendors based on their country of operations. We have categorized these countries based on the probable risks that might arise.

We continuously review and ensure alignment to Supplier Code of Conduct of our suppliers against ESG requirements.