



I CAN.

**Ambuja
Cements Limited**

**Sustainable Development
Report 2016**

As per
GRI Standards (Comprehensive)



**Exceeding the Gold standard:
Ambuja receives the Sustainable
Plus Platinum Label.**

Sustainable Plus is India's first and only corporate sustainability label, that is based on a comprehensive Environment, Social and Governance analysis of companies. This year, Ambuja improved upon the Gold standard previously conferred upon the company, to the rare Platinum status.

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**At Ambuja
we are committed
to pursuing
goals beyond
financial gain.**

**We aim
to be the most
sustainable company
in our industry.
And so each of our
practices and
processes align with
environmental goals.**

**But it is the
I Can spirit that
drives our people
to continually
improve them.**

Chairman’s Message



The safety of our people has always been our top priority. At Ambuja, we consider Health and Safety to be an integral part of our social outlook. While environmental practices constitute the greater part of our sustainable focus, the spectrum of employee welfare is equally significant. And that’s why this year’s overarching theme is Health and Safety.

I am delighted to present Ambuja Cements’ 10th special edition Sustainable Development Report for 2016. Based on the latest GRI Standards of the Global Reporting Initiative (GRI), this report celebrates a decade of innovative sustainable development business practices, around the philosophy of sustainable growth. By looking back over the past decade, we can chart our journey of sustainability, and how it has been integrated into the operations and functions of the company.

We constantly strive to evolve and address our stakeholder concerns and meet their expectations. However, we have always maintained that growth is not only measured through the economic value we generate but also through the value and gains that we create for society. I take great pleasure and a sense of pride that our CSR arm, Ambuja Cement Foundation (ACF), has consistently gone beyond the legal mandate of 2% average profit spend on community initiatives.

With a portfolio of various projects in the field of education, skill and infrastructure development, health and sanitation, agro/skill based livelihood etc., the company has been able to reach out to over 1.8 million people across 21 locations in 11 states. Thus positively contributing to their lives since the day we embarked upon this journey “to energise, involve and enable communities to realise their potential”.

Managing and developing operations in the second biggest cement market of the world requires a clear thought process and determination towards responsible use of resources (both natural or man-made), and we are proud to have made significant progress on that front. In a time when water scarcity is a critical issue, we improved upon our status of being 4 times Water Positive to become over 5 times Water Positive, and aim to raise those numbers even higher in 2017. Ambuja Cements has always maintained the rigour to learn and implement new technologies and innovative process improvements to produce sustainable product solutions.

The commitment to drive sustainable solutions for better building and infrastructure, and to contribute to a higher quality of life, has positioned the Group to meet the challenges of increasing urbanisation. With our enduring focus on safety, sustainability, efficiency, quality, along with the support of several Government of India’s initiatives like Make in India, Housing for All, and Digital India, coupled with our people’s ‘I Can’ spirit, I am confident our company will scale new heights and set a global benchmark for the industry.

I invite valuable feedback from our readers, for us to achieve even higher standards in different areas of sustainable development. On behalf of the Board and the employees of our company, I would like to take this opportunity to thank all our valued stakeholders for their generous support and encouragement.

N-S. Sekhsaria

N. S. Sekhsaria
Chairman

MD & CEO’s Message



The past few years have seen an increased focus on sustainable development in the cement industry. For Ambuja, sustainability is the core of our vision statement, of which Health and Safety is an integral part.

Our 10th Sustainable Development Report is a testimony to our committed efforts in making Ambuja Cement the industry benchmark for best practices in sustainability. This report presents our performance in 2016 on the four pillars of sustainability, namely, social, economic, environmental, and business governance.

While the theme of this year’s report is Health and Safety, it has always remained a core value for our business. At Ambuja, we are committed to providing a healthy and safe working environment for all our employees, partners, and customers, by adopting a journey of continuous improvement. Enhancing our H&S standards requires a multi-pronged approach. We have increased our focus on sensitising our people on safe behaviour, training, capability building on risk assessment, as well as rewards and recognition. In 2016, our overall safety performance improved, with the number of onsite injuries significantly reducing. But our primary goal is zero incidents and injuries, and we working towards achieving it.

When speaking of sustainability, it becomes imperative for industry to address climate change and biodiversity impact. Companies can no longer ignore their social impact. Ambuja has adapted to society’s evolving needs, and we are working hard to contribute to responsible development, that will carry forward well into the future.

We are proud to have continued our community commitments. A dedicated and diverse team of over 400 development professionals from the Ambuja Cement Foundation (ACF), implemented various successful initiatives and set new milestones in our social performance. By the end of 2016, ACF established 17 Skill and Entrepreneurial Development Institutes (SEDI) in 10 states and trained over 30,000 rural youth successfully, placing 74% of them in various trades. In 2016, ACF supported 6107 households for toilet construction, covering over 12,000 households and 176 schools under its sanitation initiative. As a result of these efforts, 89 villages associated with ACF have achieved 100% toilet coverage as a contribution to the Government’s Swachh Bharat Abhiyan.

Our renewable energy portfolio in wind, biomass, WHRS (Waste Heat Recovery) and solar contributed about 6.5% of our total power generation through STGs (Steam Turbine Generator). Maintaining our consistent record of reducing environmental impact, we reduced the net CO2 of our cementitious materials by 29.7% (from 1990 levels).

Our product portfolio continues to focus on sustainable products, with more than 90% products fly ash based cement (Portland Pozzalana Cement). We have provided sustainable solutions, pioneering the co-processing of waste materials, and developing innovative and tailored industrial and municipal waste management services. In 2016, we reduced 0.24 million tons of waste by using them as alternative fuels and raw materials.

We have also been making significant progress in partnering with 20 other organisations in CII’s India Business and Biodiversity Initiative (IBBI) for developing new standards and policies for biodiversity conservation, while also partnering with IUCN experts in conducting biodiversity assessments.

Our score improved in the Dow Jones Sustainability Index (DJSI) for Emerging Markets in 2016 and we were benchmarked with the leading companies in the sector. Apart from DJSI reporting, we continued our consistent reporting of carbon emissions in the Carbon Disclosure Project (CDP) Climate Change, since 2010. One of our key achievements in 2016, was winning the CII-ITC Sustainability Award.

As a company, we have aligned our sustainability targets with the ‘LafargeHolcim Sustainable Development 2030 Plan’, covering Climate, Circular Economy, Water & Nature, and People & Communities, which integrates with the UN Sustainable Development Goals (SDGs). Our True Value approach is helping us strategise and prioritise our decisions on sustainability.

Our employees have always been the foundation of our success, and the company’s achievements have only strengthened our people’s ‘I CAN’ spirit to continue the journey towards sustainability. I would like to thank all our stakeholders for their continued support in this shared journey, and would welcome your valuable feedback and suggestions.

Ajay Kapur
MD & CEO

We protect our interests. Which happens to be our people.

Health and Safety has always been an overarching value for Ambuja. The company believes that a safe workplace is a basic necessity for all workers. However, creating a healthy and safe environment is a transformational journey, on which we have made significant progress. Through the overarching program of 'We Care', Ambuja covers all stakeholders and drives H&S improvements. This program is encapsulated in a single-minded goal of 'Zero Harm'.

We Care

'We Care' is an umbrella initiative which covers all stakeholders and continues to drive H&S improvements since 2014, and its impact on-ground has shown visible results. The program has played a pivotal role in transforming Ambuja Cement's operations as well as attitudes towards Health and Safety.

Zero Harm

To achieve the goal of Zero Harm, we focused on participation, involvement and engagement of our people. Greater emphasis was given to sensitising people on safe behaviour, training, capability building on risk assessment and reward and recognition schemes to encourage teams as well as individuals for their contribution in H&S improvements.

As part of developing an effective **Health & Safety Improvement Plan (HSIP)** for 2016, six strategic objectives were identified: Fatality Prevention Control, Lead to Create a Healthy and Safe Environment, H&S Management Systems, People Capability, Effective Execution, and Road Safety. This strategy has enabled the company to establish systems and processes to clearly understand risks, implement risk mitigation processes, learn from previous incidents, and encourage safe behavior.

In order to set the bar increasingly higher, all the manufacturing units of Ambuja are certified as per the OHSAS 18001 World Standard.

We have zero tolerance, when it comes to accidents.

How does
a cement company
improve
safety standards?

By building
upon a foundation.

For a safe workplace, it is imperative to build on people's health and safety competencies. Ambuja implemented various training frameworks, and initiatives to promote improved safety performance among workers.

In 2016, Ambuja organised various technical and behaviour-basd programs for our personnel, covering about 4,57,989 man-hours of safety trainings.	Hazard Identification and Risk Assessment (HIRA) workshops were conducted for senior management teams. This workshop was later extended to over 900 line managers. Around 9000 front line employees were trained on 'Dos and Don'ts' for critical operations.	NEBOSH & IOSH are internationally recognised Health and Safety certification programs.Our entire Health & Safety organisation has undergone NEBOSH & IOSH certification training.
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The best way
to prevent accidents
is to spot them.

Before they happen.

When it comes to accidents, practice makes perfect - safe practices, that is. A number of initiatives have been introduced to cover various aspects of Health and Safety:

Senior leaders of the company practice Visible Felt Leadership (VFL), by making regular safety visits, where they observe employees at work and discuss operational as well as safety issues with them.	Behavior Based Safety (BBS) programs include Hazards Identification and Risk Assessment, helping improve hazard identification and risk awareness, and encouraging employees to take personal responsibility for managing and mitigating risks.	Safety extends beyond the plants. With a renewed focus towards on-ground implementation, 'Road & Warehouse Safety 2020' roadmap has been prepared with clear milestones. Vehicle & Traffic Safety has become a focus area in overall safety management. Every driver has been given a Defensive Driving Course (DDC) that comprehensively covers on-road risk assessment. This has been further reinforced with a new company policy called – 'No DDC, No Load'.
In 2016, the Model Warehouses program was kick-started, with the senior leadership team taking the lead by adopting one warehouse each. So far, over 2500 warehouse workers have been trained and sensitised on safety processes.	Ambuja introduced 'Safety Heroes', to acknowledge outstanding contributions by individuals in safety and health activities. Around 200 individuals and 30 teams were named Safety Heroes in 2016.	Other notable programs focus on industrial hygiene sampling, and risk based annual health assessment of all employees.

□ Our people □ didn't
keep □ a □ single
daily check on □
workplace □ conditions.
□ They kept □ 9.



Too often, accidents are attributed to people's actions. When it's the conditions of the work space that should be under the scanner. A study of the workplace by our team at the Bhatapara plant, revealed that the assumption of safety was the real danger.

Rather than check just once before commencement, it was decided that a senior member would examine the work space every day, before providing the Permit to Work (PTW). And the criteria extended to 9 Key Performance Indicators that had to be fully satisfied.

They were wide-ranging, from the lock system to the personal protective equipment. This detailed and daily check showed instant results. They visibly reduced unsafe acts and conditions on the shop floor. It also helped collaboration and trust between teams, line managers and workmen. And the end result was not just a safer workplace but also a more productive one. The plant's success also made it easy to replicate it across all operations. Proving that the best way to keep a check on accidents, was to check on them ahead of time.

How did we keep our people away from



danger? With a proximity sensor.



To prepare the cement bags for transportation, every Ambuja plant makes use of a loading machine. As an automated device, the free swinging loading arm moves rapidly back and forth, requiring two people to handle it. While one operates the panel, the other stacks the bags. With a certain chance of misjudgement, the operation contained an element of risk. And any amount of risk was not acceptable to our team.

But with thousands of cement bags being processed daily, any change to the system couldn't afford to slow it down.

A slowdown could result in a massive loss of supply. Our engineers took up the task, and rather than change the mechanism, they removed the risk involved.

By installing a sensor on the swinging loading arm itself, the system could detect anything in its path, and stop immediately. Eliminating the off chance that a person could come in harm's way. Which goes to show that whenever there's a person's safety at stake, our people quickly swing into action.

As expected, the management safeguarded those at the top.

Working at a height is one of the most hazardous activities. The high amount of risks is compounded with a lack of proper safety norms. Almost all work at a height in India is carried out with ladders and scaffolding. And yet the problems are many, including: (1) No use of railings for ladders. (2) Manual handling of ladders. (3) A lack of competent people for erecting scaffolding and inspection. (4) Building and dismantling of scaffolding are time consuming and risky activities.

There was no avoiding the problem, as working at heights is a part of routine activities in the plants. What was needed instead, was a solution to the process. The 'We Care' Engineering Solution Group stepped in to

lend their expertise. What they proposed was an entire overhaul of the system, by using an elevated work platform instead. This eliminated the need for a worker to scale to the height, cutting out the risk of falling.

While the principal benefit of worker safety was immediately met, the process had additional positive outcomes. The absence of scaffolding reduced the amount of man power and time to erect it, and increased productivity. Initially piloted in Surat, the move was so successful that it has been replicated in every Ambuja plant. When it comes to safety our people will go to any lengths, and heights.



Sustainability.

The essence of our existence.

Organisation Profile *GRI 102*

Ambuja Cements Limited is India's leading cement company. It commenced cement production in 1986. Ambuja Cement is a premier cement brand in India for Ordinary Portland Cement (OPC) and Pozzolana Portland Cement (PPC), with a significant footprint across the western, eastern and northern markets of India. Our customers range from individual house builders (IHBs) to governments to global construction firms. For 2016, the total cement capacity was 29.65 million tonnes per annum (MTPA); our production was 21.19 MT cement; and the total number of permanent employees 5183.

Nature of Company Ownership:

Ambuja Cements Limited is a public limited company listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The GDRs issued by the Company are listed on the Luxembourg Stock Exchange. LafargeHolcim Limited, Switzerland, is the majority shareholder. For the detailed shareholding pattern please see the Annual Report on our website: www.ambujacement.com.

Integrated Cement Plants:

1. Ambujanagar, Taluka Kodinar District Gir Somnath, Gujarat
2. Darlaghat, District Solan, Himachal Pradesh
3. Maratha Cement Works, District Chandrapur, Maharashtra
4. Rabriyawas, District Pali, Rajasthan
5. Bhatapara, District Raipur, Chhattisgarh

Grinding Stations:

1. Roopnagar (Ropar), Punjab
2. Bathinda, Punjab
3. Sankrail, District Howrah, West Bengal
4. Roorkee, District Haridwar, Uttarakhand
5. Farakka, District Murshidabad, West Bengal
6. Dadri, District Gautam Budh Nagar, Uttar Pradesh
7. Nalagarh, District Solan, Himachal Pradesh
8. Magdalla, District Surat, Gujarat

Bulk Cement Terminals

1. Muldwarka, District Gir Somnath, Gujarat
2. Panvel, District Raigad, Maharashtra
3. Cochin, Kerala
4. Surat, Gujarat
5. Mangalore, Karnataka

Head/Corporate Office

Ambuja Cements Limited, 'Elegant Business Park', MIDC Cross Road – 'B', Andheri – Kurla Road, Andheri (East), Mumbai – 400 059.

Registered Address

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

LafargeHolcim (LH) Ltd.

With a well-balanced presence in 90 countries and a focus on cement, aggregates and concrete, LafargeHolcim (SIX Swiss Exchange, Euronext Paris: LHN) is the world leader in the building materials industry. The Group has 1,00,000 employees around the world and had combined net sales of CHF 29.5 billion in 2015. LafargeHolcim is the cement industry's benchmark for R&D. It has a very wide range of value-adding products, innovative services and comprehensive building solutions. Its customer-reach spans individual homebuilders to the largest and most complex projects. With a commitment to drive sustainable solutions for better building and infrastructure and to contribute to a higher quality of life, the Group is best positioned to meet the challenges of increasing urbanisation. More information is available on www.lafargeholcim.com

Ambuja Cement Foundation (ACF)

Ambuja Cement Foundation is the corporate social responsibility (CSR) arm of Ambuja Cements Limited, which was formally registered in 1993. ACF works with the rural communities surrounding Ambuja Cement's existing and proposed manufacturing locations. Today ACF is functional across 11 states covering 21 locations in India.

Techport

Techport is the regional manufacturing support organisation (RMSO) for South Asia, including ACC and Ambuja Cements Limited in India, and LafargeHolcim Bangladesh. Techport was established as a centre of excellence to provide technical support services and solutions to both ACC and Ambuja Cements Limited in India; it is well equipped with a team of qualified technical experts for dedicated support and service.



As on 31 December 2016, the Company had six subsidiary companies. During the year, a listed company, ACC Limited, became a subsidiary of the Company and another, Kakinada Cements Limited, was voluntarily wound up. Out of our six subsidiary companies, three do not carry out any business operations. Except for ACC Limited, the business activities of the remaining subsidiary companies are not material in relation to our business activities. For more details, please refer to our Annual Report 2015. *GRI 102-45*

Holdings

1. Holderind Investments Limited, Mauritius

Joint Ventures

1. Counto Microfine Products Private Limited
2. Wardha Valley Coal Field Private Limited

Subsidiaries

1. ACC Limited;
2. M.G.T. Cements Private Limited, India;
3. Chemical Limes Mundwa Private Limited, India;
4. Dang Cement Industries Private Limited, Nepal;
5. Dirk India Private Limited, India;
6. OneIndia BSC Pvt Limited.

External Engagement and Memberships

The Company subscribes to or endorses the following externally developed economic, environmental and social charters, principles, or other initiatives (not exhaustive): *GRI-102-12, 415-1*

1. Cement Sustainability Initiative (CSI) of World Business Council for Sustainable Development (WBCSD);
2. Indian Business Biodiversity Initiative (IBBI);
3. Leaders for Nature (Lfn) India of IUCN;
4. The Global Compact Network India (GCNI).

The Company is a member of the following industry associations: **GRI 102-13**

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

The principal objectives of the above associations are to provide information, consultative and representative services to the organisation. Our Company operates

through national / regional / state and zonal councils. We continue to work closely with CII and FICCI for advocating good sustainability practices in the Industry.

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 etc. (refer to the table at the end). References of these organisations are available in our Annual Report, but the expenses are not shown separately. There is no expense towards political donations, campaigns or related spending.

Report Profile, Material Aspects and Boundaries

Report Profile **GRI 102-49 to 102-56**

This is Ambuja Cement Limited's 10th Corporate Sustainability Report about the Company's continual and structured efforts towards improved disclosure of triple bottom-line performance and enriching stakeholder relationships. The annual reporting cycle covered for this report is January to December 2016. The contents of the report are in accordance with the latest requirements of the 'GRI Standards'. Our Sustainability Performance Data, Independent Assurance Statement and the contact point for queries regarding the content in this Report are provided at the end of the Report.

The previous Sustainability Report 2015 was released in June 2016. The Report conformed to GRI G4 'In Accordance – Comprehensive' criteria and was assured by a third party. The Sustainability Report is brought out in addition to the Annual Financial Report and Ambuja Cement Foundation's Annual Report. The economic performance reported is in line with the Company's audited annual results prepared in accordance with the Companies Act, 1956. The Company has not included subsidiaries and their performance indicators. We have a robust mechanism for reporting performance in all three areas of evaluation, i.e., economic, environmental and social. The Sustainability Report/preparation is reviewed by Top Management through Corporate Sustainability Steering Committee (CSSC) meetings. Ambuja Cement follows systems incorporated by LafargeHolcim and reports data yearly through online mechanisms or standard information carrier sheets. LafargeHolcim Accounting and Reporting Practices

(LHARP) is used for all financial information; and iCare for performance on various environment, social, human resources and stakeholder aspects. There are other evaluation sheets for (i) costing and variance from the budget; (ii) occupational health and safety (OH&S) performance; (iii) energy consumption; and (iv) CO2 emission. HR-related parameters are captured in SAP.

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

Report Content and Boundary **GRI 102-46**

Preparation of this Report has been an in-house effort led by our Corporate Environment and Sustainability team, with responses from the various departments/functions collected and considered for this purpose. The Report, including all its content, is an outcome of the combined efforts of all respondents. While we have taken due care in preparation of a comprehensive, transparent and accurate Sustainability Report, we acknowledge that we might have missed certain topics of relevance for our esteemed stakeholders. We welcome feedback and suggestions on such topics.

The aspect boundaries and content have been defined using reporting principles prescribed in the GRI Standards. While the report covers all operations

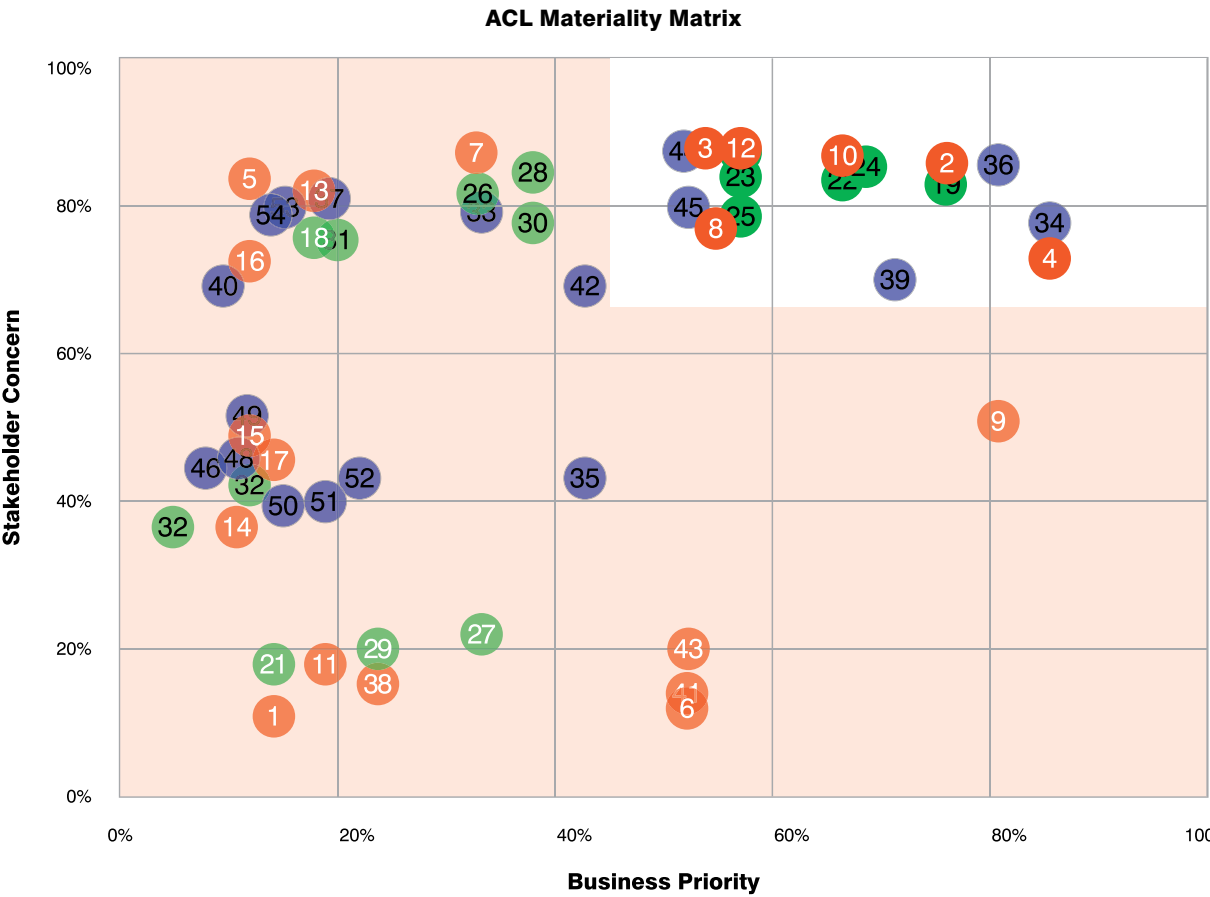
and businesses of the Company that fall under its direct operational control, it excludes subsidiaries, JVs, associate companies and channel partner/dealer networks as the Company has no operational control over them. Integrated cement plants with mines, grinding plants, bulk cement terminals (offshore activities), Corporate Office and marketing offices are covered in the Report. The Company has operations only in India; all its geographical locations have been considered as one region for the reporting. The detailed financial disclosures of the Company are given in the Annual Report 2016 available on the Company website. This Report has been prepared as per GRI Standards. In designing its content, the Company followed the approach described in the GRI Standards. The material aspects that have been covered in the Report are clearly brought out in the materiality matrix. In the Report, the DMA (Disclosure on Management Approach) describes the Company's approach to the subjects relevant to it and the indicators provide details of performance on the specific subjects.

The Company value chain includes all cement plants, bulk cement terminals, limestone mines, sales and marketing offices, channel partners, suppliers, and product design processes. There are no significant changes from the previous reporting periods in the scope and aspect boundaries and supply chain.

There were no changes in the Company ownership during the year. For all the aspects, a detailed perception study was conducted and all our key stakeholder groups have been included in the aspect boundary. **GRI 102-9, 102-10**

Material Aspects **GRI 102-47**

In 2015, we carried out a comprehensive stakeholder (internal and external) engagement exercise to facilitate understanding of our obligations to our stakeholders; this was consistent with our commitment towards corporate responsibility and also identified the material issues for the preparation of the GRI-based Report. It generated transparent communication, providing an opportunity for the Company to identify and address the stakeholders' interests with respect to the operational footprint of our business. Different stakeholders found an opportunity to comment and give inputs on material issues that would directly or indirectly affect them or the Company. GRI guidelines on stakeholder engagement were followed and engagement was designed with the objective of issue-based, proactive, learning-oriented implementation to help achieve tangible outcomes in alignment with the Company's targets. It was based on a well-defined closed loop approach inclusive of engagement strategy development, stakeholder mapping, prioritisation,



preparation and implementation of an action plan that completed the feedback loop of the system. The principles of completeness, responsiveness, transparency, collaboration, inclusiveness and integrity were addressed in alignment with Company values. The stakeholder engagement programme was deployed in phases, focusing on each identified external/ internal stakeholder group separately. Gap analysis was conducted to revise the engagement strategy and include the emerging materiality issues into its business sustainability agenda.

All material aspects are material within the organisation. The aspect boundary includes all operations of Ambuja

Cements Limited but not those of its subsidiaries for which aspects are not material. Aspects are not material outside of the organisation. We acknowledge, however, that irrespective of whether or not we have direct control over certain identified material issues, we need to focus on their impact across our value chain to drive positive change towards sustainability across the value chain. There are no restatements of information provided in previous reports or any effect thereon. There are no mergers or acquisitions, or change of base years/ periods, nature of business, or measurement methods. In terms of size of the Company, there were no significant changes. *GRI 102-45, 48,49, 103-1*

SUSTAINABILITY ISSUES IDENTIFIED DURING THE STAKEHOLDER ENGAGEMENT TOTAL-54, HIGH MATERIAL ASPECTS-17		
ECONOMIC ASPECTS	ENVIRONMENTAL ASPECTS	SOCIAL ASPECTS
1 Demand generation of cement	18 Resource availability (Limestone, Flyash, Sand, Additives)	32 Gender diversity
2 Competition	19 Selection and characterization of AFR	33 Training and development of employees
3 Technological upgradation for environmental regulations (capex)	20 Limestonnesse quality	34 Customer/Supplier Education
4 Land acquisition	21 Green House Gases	35 Safety
5 Suppliers' and dealers' network	22 Energy Efficiency	36 Warehouse infrastructure and labour safety in warehouse
6. Product specifications by BIS	23 Water Consumption	37 Solution selling beyond cement
7 Transparency, corporate governance, and ethics in business	24 Air Emissions	38 Value added services
8 R&D and Innovation Management	25 Waste Management	39 Employee Volunteering
9 Cost savings	26 Biodiversity	40 knowledge management
10 Regulatory requirements and compliance	27 Sustainable mining practices	41 Talent retention
11 Indirect economic impacts	28 Grievance mechanisms	42 Manpower productivity
12 Logistics and distribution cost	29 Sustainable Procurement	43 Brand image
13 Consistency in raw material procurement	30 Logistics (inbound and outbound)	44 Customer Satisfaction
14 Support provided to suppliers to reduce the risks	31 Environmental friendly practices at supplier facilities	45 CSR
15 Supplier/vendor profitability		46 Brand and certification of suppliers
16 On time delivery by suppliers		47 Addressing supplier grievances
17 Product development strategy and innovation for sustainable construction		48 Skills level and retention of talents by the suppliers
		49 Training of suppliers
		50 Health and safety of suppliers
		51 Quality of supplier's products/ services
		52 Supplier satisfaction
		53 Relocation and rehabilitation
		54 Human rights and non-discrimination

Sustainable Development Ambitions 2020-2030

Our parent company, LafargeHolcim, has set an aspiration '2030 Plan' to be a leader in sustainability and set new standards for the construction industry. In order to achieve this, a set of targets that cascade down to the Group and regional level companies have been designed. Inspired by this challenge, Ambuja Cement has designed its own 2030 targets in line with the regional level targets. The 2030 plan has been developed with consideration towards our internal and external stakeholders. It is designed to ensure business growth along with increased commitment towards corporate sustainable development.

	2020	2030
Climate	<ul style="list-style-type: none">• Reduce net specific CO2 emissions from cement plants by 33% (Vs. 1990)	<ul style="list-style-type: none">• Reduce net specific CO2 emissions from cement plants by 40% (Vs. 1990)
Circular Economy	<ul style="list-style-type: none">• Use 9 million tonnes of waste-derived resources per year	<ul style="list-style-type: none">• Use 13.5 million tonnes of waste-derived resources per year
Water & Nature	<ul style="list-style-type: none">• Reduce freshwater withdrawal in cement operations by 7%• Implement WASH pledge on all sites• Improve our water balance index to 5• Have a Biodiversity Indicator Reporting System (BIRS) in place at all Active Quarries	<ul style="list-style-type: none">• Reduce freshwater withdrawal in cement operations by 15%• Improve our water balance index to 6• Show positive change for Biodiversity
People & Communities	<ul style="list-style-type: none">• Have zero onsite fatalities• Reduce LTI FR<0.50• Reduce TIFR by 30%• Develop social programs to benefit 1.8 million people• Complete Human Rights assessment at all plant locations• Stakeholder engagement plan at all cement sites	<ul style="list-style-type: none">• Have zero onsite fatalities• Reduce LTI FR<0.20• Reduce TIFR by 50%• Have 100% of high-risk active suppliers assessed and consequence management in place

Stakeholder Engagement

Ambuja Cement Limited’s mission is to create value for all its stakeholders. The Company tries its best towards achieving these objectives. In about 30 years of our existence, we have engaged with varied groups of stakeholders at different levels to understand their expectations and to make them partners in our journey towards sustainable development. Our stakeholders are our strong pillars of support at all times. Recognising their value, we have created dedicated engagement vehicles for some of our stakeholder groups.

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

Stakeholder	Modes of Engagement	Frequency
Shareholder & Investors	Annual General Meeting, Investor Grievance Cell, Board Meetings/Communications, Annual Report	Annual
Dealers & Suppliers	Grihalaxmi Conference, Annual Meet Marketing Meets Channel Satisfaction Survey	Annual Continuous Process Once in two years
Customers	*Technical Services team Camps, Workshops, Seminars, Site Visits	Spread accross the year
Employees	Employee Engagement Survey Magazines - I CAN, I SIGHT Department Specific Meets & newsletters Townhall, functions & programs	Once in two years Quarterly/Monthly Continuous Process Continuous Process
Community & NGOs	*Ambuja Cement Foundation, Community Advisory Panel, Site-specific Impact Assessment	Continuous Process
Government & Regulatory Authority	Compliance to Laws, Representations to proposed legislations	Continuous Process
Media	Press Briefing/Invitation to Events	As & when basis
Construction Professionals	*Foundations: Ambuja Knowledge Initiative, Ambuja Technical Literature Series	Continuous Process
Industry Associations	Committee meetings, Policy Papers, Telecons, Delegation	As & when basis

**Dedicated Vehicles of Engagement*

Basis for Identification and Prioritisation of Stakeholders *GRI 102-42*

A collaborative process of research, debate and discussion from multiple perspectives was used to determine a list of key stakeholders across the entire stakeholder spectrum. Key stakeholders were determined on the basis of three attributes:

- Peer companies' stakeholders
- Relevant stakeholders for Ambuja Cement
- Interactions with Senior Management

Criteria for Stakeholder Mapping

Stakeholder	Contribution	Legitimacy	Willingness to Engage	Influence	Necessity of Involvement
Rating based on:	Does the stakeholder have information, counsel, or expertise on the issue that could be helpful to the Company?	How directly affected by the Company's activity?	How keen is the stakeholder to engage?	What is the stakeholder's sphere of impact?	How critical is their inclusion in the engagement process?

Through the above approach, the following key stakeholders were identified in accordance with GRI guidelines: Senior Management, employees, investors, suppliers, contractors and transporters, dealers, customers, community, regulatory bodies, policy-makers, government and research institutes, and NGOs. Stakeholders are prioritised based on their importance to the organisation. The major criteria in prioritising stakeholders are their criticality to business growth, their power to influence, the Company's influence on them, stakeholder dependency, their potential for cooperation and those who can pose a threat. In this manner, the importance of each stakeholder is defined and the Company is clear about

the manner in which it should engage with them. Engagement with key stakeholders was undertaken specifically as part of the Report preparation process. Based on their level of interaction with Senior Management and their impact on the business, stakeholders were prioritised as follows: customers, investors, employees, the community, suppliers, contractors and transporters, dealers, policy-makers, government and research institutes, and NGOs.

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*

Stakeholder Group/ Key Topics	Short Description	Ambuja's Response
Customer <ul style="list-style-type: none">• Affordable product• Brand image• Customer satisfaction• Customer education• Greenhouse gases	<ul style="list-style-type: none">• They would prefer to purchase an affordable product based on its brand image.• They would like to know how a product can be used in a better manner to save resources with less impact on the environment.• Customers are satisfied at the moment. However, keeping them satisfied is a challenge considering the new players in the market.	<ul style="list-style-type: none">• Ambuja had built its brand through best quality and affordable products. In order to produce affordable products and enhance customer satisfaction, the Company is working on low carbon cement and other innovative products that reduce the consumption of energy and other resources. This will lead to affordable products, increased customer satisfaction and enhance the brand image. Thus, we ensure that all key issues flagged by customers are addressed.

Investors <ul style="list-style-type: none">• Profitability• Demand generation• Brand image• Land acquisition• Cost savings	<ul style="list-style-type: none">• Since supply is more than demand, investors are apprehensive about investing in the cement sector.• Public advocacy on green cement is the need of the hour.• Land acquisition is very important as investors would like to know how production can be increased without the availability of land and material.	<ul style="list-style-type: none">• Ambuja Cement is collaborating with different stakeholders for the promotion of innovative products such as blended cement, composite cement etc.• Increased positive vibrations in the Indian economy and government initiatives like 'Make in India' and 'Smart Cities' are increasing the demand for cement.
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Stakeholder Group/ Key Topics	Short Description	Ambuja's Response
	<ul style="list-style-type: none">Cost savings are important as it leads to optimum utilisation of existing resources.	<ul style="list-style-type: none">Ambuja Cement has been engaging with the community in and around its plants (and elsewhere) since long. Their faith in the Company should provide a softer platform to acquire land for limestone.We are already following innovative approaches such as sea transportation to encourage cost savings.
Employees <ul style="list-style-type: none">Health and safetyManpower productivityCost savingsTraining and developmentRegulatory complianceTechnological up-gradationR&D and innovation	<ul style="list-style-type: none">Health and safety at work is important for employees.Employee productivity plays a vital role in enhancing business growth.They opined that regulatory compliance is getting stringent.Lot of equipment needs to be upgraded to ensure future environmental complianceR&D of new products plays a paramount role in the sustainable growth of the firm.	<ul style="list-style-type: none">Various programmes to increase the awareness and implementation of safety are in place. 'Zero Harm' is one of topmost priorities for Ambuja.Ambuja's target is to increase training hours per employee. Further, Ambuja has in place training programmes that will be conducted by external institutes to groom its future leaders.The Company has been working on increasing the use of alternative fuels and materials, along with innovative cement products.
Community and NGOs <ul style="list-style-type: none">CSRShared valueSustainable mining practicesQuality of supplier products/servicesHealth and safety (H&S)Water consumptionRelocation and rehabilitation	<ul style="list-style-type: none">The community is satisfied with the current CSR practices and would like them to be continued.Shared value is another expectation from the community.Sustainable mining practices, water conservation and land reclamation are important for the community.CSR provides a social license to run a business. Hence, for ACL, CSR and shared value are vital to grow sustainably.Health and safety of employees and stakeholders are important as the business requires huge transportation of raw materials and produced cement.More emphasis is needed on H&S.	<ul style="list-style-type: none">Ambuja Cement Foundation (ACF), our CSR arm, attends to the needs of the community.The Company has established Skill and Entrepreneurship Development Institutes to promote self-employment and create shared value.Water conservation projects, land reclamation and biodiversity action plans are in place.Ambuja Cement has been working with many NGOs through ACF. It plans to expand its outreach with the support of NGOs to implement its community engagement plans.ACF is working on H&S improvement with the communities around our plants.
Suppliers <ul style="list-style-type: none">Supplier/vendor profitabilityBrand and certification of suppliersLogistics & distribution costsSupport to suppliers as part of corporate sustainability to reduce their risksAddressing supplier grievances by ACL	<ul style="list-style-type: none">For suppliers profitability is important.They are happy with the Ambuja brand. They believe that procurement standards followed by Ambuja are very helpful to them to improve their business and brand.Transporters are concerned about idle time during the lean season.	<ul style="list-style-type: none">Ambuja is following sustainable procurement practices.An external agency to foster robust sustainability practices at the suppliers' end is recommended.Integrated procurement is in place with our partners.Transporters' concerns are regularly discussed and addressed.

Stakeholder Group/ Key Topics	Short Description	Ambuja's Response
Dealers <ul style="list-style-type: none">Brand imageSafetySuppliers' and dealers' networkCustomer satisfaction	<ul style="list-style-type: none">Ambuja Cement's brand image plays a vital part in promoting the product and earning customers' trust. At the moment our brand image is good. However, the challenge is to maintain it, considering the other existing and new players in the future.High level of customer satisfaction fosters the business.	<ul style="list-style-type: none">Regular meetings take place with dealers.The Company's customer support group works in tandem with dealers and customers. It conducts regular meetings with them to ensure that they are satisfied and their concerns addressed.
Government and regulatory agencies <ul style="list-style-type: none">Knowledge managementHealth and safetyProduct innovationRegulatory requirements and compliance	<ul style="list-style-type: none">Policy-makers felt that Ambuja is doing well in terms of sustainability through its True Value project and other initiatives. They felt that knowledge management between the different functions of Ambuja would help run operations more efficiently.Product innovation that leads to resource efficiency is the need of the hour.Environmental norms are getting more stringent by the day. Ambuja must ensure that it meets all the future stringent requirements.	<ul style="list-style-type: none">Ambuja will relook at its knowledge management practices and prepare a framework to enhance the synergy between the different functions to encourage the efficiency of its operations.The Company will upgrade its environmental management and control systems to meet future compliance requirements.

Site Specific Impact Assessment (SSIA), conducted by ACF, obtains a systematic and comprehensive overview of the plant's impacts at the local level and helps to identify risks and opportunities. The assessment is done through consultations with internal and external stakeholders. Interviews and focus group discussions are conducted, involving the plant management team, employees, contract workers, trade unions, truckers, community members, contractors and local authorities. A proactive plan is made to mitigate any risks. SSIA captures the perceptions of all stakeholders at sites and enables the Company to address potential risks.

Guru Speak

If you go in and take a helicopter view of some of the better companies, you will find that they have their CSR programmes which fall into three theatres. Theatre one is by and large like philanthropy. Theatre two CSR is more like shared value. I am going to be environmentally responsible by using alternative fuels rather than fossil fuels. That sort of thing. The third theatre is transforming the business. It is like Manila Water. It is like saying I am going to do a completely different business formula. The company will have all the three theatres operating at the same time. How can they improve their CSR strategies? You have to first look at each of these silos, whatever programme is in the silo has got some kind of a connection to the business purpose. The second thing which is the biggest drawback of companies whether international or Indian, the philanthropic CSR programmes are usually run by their community affairs director or the CSR manager or the foundation head. The operation stuff is usually run by the line managers, the factory head, the functional manager etc. And 'change the business' is run by the executive committee of the CEO. These three rarely talk to each other on CSR. When the three talk to each other, a CSR strategy emerges. That is what Ambuja Cement has done. They have a Foundation that does very good community development work. The mining managers work with local managers. They think in terms of water usage because they produce cement which needs water. They are thinking in terms of how they can give water back to the farms. The CEO is thinking in terms of how they can sustain the mining activity. They put together a process where the CEO, the operational manager and the Foundation started talking to each other. The CSR strategy emerged from that. Now the company has a CSR strategy where they are saying that we have to be a sustainable business where we should put in more into the environment than we take from it. They are now 3X water positive, in that they put three times the water back than the water they consume.

– Prof. V. Kasturi Rangan, Harvard Business School

Key Impacts, Risks and Opportunities

The Company perceives different risks in its operations that could have impact on its business. It is our constant endeavour to seek an opportunity in every risk. We have taken positive steps to respond to these risks, converting them into opportunities.

Risks and/or Opportunities	Ambuja's Initiatives
Energy: Energy is one of the major expense baskets in the cement industry. Coal price escalations, stressed supplies and faltering quality continue to remain a major area of concern.	We are constantly working towards reducing traditional energy consumption through measures such as use of greener fuels and increased production of blended cements.
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.	Water conservation remains a key element of our sustainability agenda. As in previous years, we have maintained our focus on water sustainability. ACL is committed to conserve and use water resources in a responsible manner. All our plants track water withdrawal and consumption. Plants send monthly Water Management Reports (WMRs) to Corporate Office for information and discussion in regional as well as national executive committees of Top Management. Water KPI (key performance indicator) is used to compare the performance of different plants and also track their improvement over past performance.
Climate Change: Being an energy-intensive industry, climate change poses risks which are evident in our operations and their mitigation represents a key aspect of our sustainability strategy. Our facilities around coastal regions that are exposed to the ensuing physical risks due to rise in sea levels may include one large manufacturing facility as well as five bulk cement terminals used to transport cement in bulk through the sea route. The Company also has two large manufacturing facilities in a water-scarce region. Water availability issues in the region due to climate change may put plant operations at risk. <i>(GRI 201-2)</i>	We continue to focus on the four levers in our operations to address the challenges of climate change, namely, reduction in clinker factor, improving thermal energy efficiency and process technology, waste heat recovery and optimising fuel composition, including the use of wastes as fuel. We have continued to focus on the production of fly ash-based PPC as our major product. Through these measures, the Company reduced its specific net carbon footprint by almost 29.7% in 2016 compared to 1990 levels. Currently we are monitoring and reporting GHG emissions as per the WBCSD CSI Protocol.
Logistics: Increasing logistics expense is another area of concern for the industry and distribution cost is one of the major costs for the industry.	The industry has witnessed a rise in the movement of cement through the sea route to optimise distribution costs. Ambuja is continuously working towards strengthening its distribution network along the country's coastline, while at the same time trying to bring down distribution and logistics costs.
Mining: Our operations include mining activities. The key challenges associated with mining operations are land acquisition, mineral distribution, ground water table intersection and mine rehabilitation.	The Company extracts limestone from its captive mines. These mines, being captive, allow better operational control from the quarry to the finished product, which supports quality enhancement. It continues to adopt state-of-the-art mining techniques with due regard to pollution control, environment preservation and safe mining. All mining activity at ACL mining sites is environment friendly.

Risks and/or Opportunities	Ambuja's Initiatives
	We employ the best available technologies focusing on minimal disturbance. The technologies employed include surface miners which cut limestone without blasting; and the latest controlled blasting technique which allows mineral extraction with minimal noise and vibration. As a responsible corporate, ACL uses over land belt conveyor (OLBC) systems for transportation of limestone from mines to the cement plant stockpile. Mine rehabilitation is an important environmental aspect and the company takes it seriously. In order to prevent degradation of mined-out areas, the Company has meticulous plans for their rehabilitation and post mining use.
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. The communities therefore have high aspirations from the Company. In addition, there are changes in society owing to large inflow of migrant populations, truck force in the area etc. Contented communities help in smooth running of business.	Ambuja Cement Foundation has institutionalised the process of community engagement over the years. The Community Advisory Panel established in our locations comprises Company and community leaders. It is a platform to discuss issues faced by the community and achieve a consensus to implement programmes for them. All programmes are rigorously monitored through the Social Engagement Scorecard which maintains a score on activities and programmes of the Foundation through detailed group discussions and interviews with community representatives.

Business Risk Management *GRI 102-11, 102-28 to 102-34*

The Company has a Business Risk Management (BRM) Policy that defines two types of risks: corporate risks, covering the macro environment, legal matters and regulations, financial considerations, business support, planning and image; and business segment risks which focus on cement industry-specific areas such as the market, projects, CSR, HR, sustainable environment performance, better cost management (BCM), product management and innovation (PMI), etc. The Board of the Company is responsible for framing, implementing and monitoring the risk management plan. The Risk Management Committee of the Board lays down the procedures to inform the Board about identification, assessment, monitoring and mitigation of various risks faced by the business. Risk management forms an integral part of the Company's mid-term planning (MTP) cycle. The Committee reviewed the risk trends, exposure and potential impact analysis carried out by the Management. MD & CEO as well as CFO

specifically confirmed to the Committee that mitigation plans were finalised and up-to-date, owners identified, and the progress of mitigation actions monitored. The Committee met once during the year.

The directors of the Board are also part of various committees such as the Risk Management Committee, CSR Committee, Compliance Committee, etc. This enables them to engage effectively with the process of risk management. The BRM process identifies risks and opportunities at the corporate as well as operational levels, taking into account social, economic and environmental risks. The objective of the BRM process is to improve awareness and manage the Company's risk exposure. Our risk assessment and management policy support a sustainable business module for increased profitability. Management is provided with relevant data to identify emerging issues. This approach helps us to develop new and better products

and processes that protect our corporate reputation and improve shareholder value. The sustainable business module prompts us to look at risks in a broader framework, moving away from the traditional economic, strategic and operational considerations towards social and environmental issues. It allows us to consider emerging risk areas and look for opportunities presented by risks that are overlooked by other analytical and systems-driven approaches. Emerging sustainability issues in our industry include climate change, social inclusion, depletion of non-renewable resources, brand damage (including boycotts), shareholder actions related to sustainability issues and disclosure of historic environmental liabilities.

Sustainability risk management requires the evaluation of many aspects of the operation that are not part of most current corporate programmes, such as energy consumption, emission of greenhouse gases, water use, waste management, alternative fuels and raw materials (AFR), etc. A holistic point of view assures sound financial management, ethical corporate

governance and transparency with respect to our stakeholders. At Ambuja Cement, we address many aspects of sustainability, improving business efficiency and ultimately boosting profits. Efficient productivity implies reducing material requirements and energy for production, lowering emissions, improving recyclability, improving the durability and reliability of products, and maximising the use of renewable resources.

Implementation of our sustainability programme starts with an understanding of the corporate and regional principles and values that unify our work, people and actions. These are based on our historic ideals, our reputation today and our quest to continue in like manner. The first step towards implementation is assessment of risks/opportunities; all the possible risks/opportunities are identified and mapped on a matrix to identify sustainable development issues of importance to our stakeholders and to the Company. These risks/opportunities are then prioritised and action plans formulated in the form of projects.

Corporate Governance

Company's Philosophy on Corporate Governance *GRI 102-18*

Good corporate governance has been an integral part of our business since inception. We have been implementing sound management practices in compliance with the laws, adhering to the highest standards of transparency and business ethics. These are the drivers that will create value for all our stakeholders, and reinforce our vision to be the most sustainable and competitive company in our industry.

We engage meaningfully with the local communities through our corporate social responsibility initiatives. The Company places high emphasis on empowerment and integrity of employees, their safety and the safety of the communities surrounding our plants. Transparency in the decision making process, fair and ethical dealings with all, responsibility for a clean environment and accountability to all our stakeholders form an important part of our philosophy. It is these practices, inculcated since our inception, that have contributed to our sustained growth. The Company believes that scarce natural resources should be used optimally in its operations in order to promote sustainable development.

The Company's governance structure is based on the principle that the Executive Management should be given the freedom, within a given framework, to exercise the powers vested in it with due care and responsibility, in order to meet the expectations of all stakeholders. The Company has created a three-tiered corporate governance structure that is in line with this principle:

- 1. The Board of Directors (BoD):** The primary role of the Board is to protect the interest of and enhance value for all our stakeholders. It conducts overall strategic supervision and control by setting goals and targets, policies, governance standards, reporting mechanisms and accountability and decision making processes that are to be followed.
- 2. Committees of Directors:** The committees of the Board such as Audit Committee, Compliance Committee, Nomination and Remuneration Committee, CSR Committee, Risk Management Committee, etc. are focused on financial reporting, audit and internal controls, compliance issues, appointment and remuneration of directors and senior management employees, and implementation and monitoring of CSR activities and the risk management framework.

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

a. The Executive Committee (ExCo):
The Executive Committee is headed by the Managing Director & CEO. The CFO and the Heads of Manufacturing, Marketing and HR are its other members and the heads of Technical and Procurement are permanent invitees. This is a brainstorming committee where all important business issues are discussed and decisions taken. The ExCo reviews and monitors monthly performances, addresses challenges faced by the business, draws strategies and policies and keeps the Board informed about important developments that have bearing on the operational and financial performance of the Company. The Committee members report to the Managing Director & CEO.

b. Managing Director & CEO: MD & CEO reports to the Board and is responsible for the entire operations of all the regions, achieving business strategies, project execution, overall performance and growth, achieving the Company's vision and mission, mergers and acquisitions, significant policy decisions and all critical issues having significant business and financial implications. He provides strategic direction, policy guidelines and extends support to the Executive Committee members and other functional heads. He also ensures implementation of the decisions of the Board and its various committees.

The Board of Directors (BoD) has a very balanced structure, and primarily takes care of the business needs and stakeholders' interests. The composition of the Board complies with the provisions of the Companies Act, 1956 and the Listing Agreement. At the end of corporate financial year 2015, the total Board strength was twelve, which included five independent, six non-independent non-executive members including the Chairman, and one non-independent executive (MD & CEO). The Board has eleven males and one female member. No member is under 30 years of age.

For more information, please refer to our Annual Report, 2016 at <http://www.ambujacement.com/investors/annual-reports>

The Nomination and Remuneration Committee has approved a policy for the selection, appointment and remuneration of directors. The Committee assists the

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

The directors are appointed or re-appointed with the approval of the shareholders and shall remain in office in accordance with the provisions of the law and the retirement policy laid down by the Board from time to time. The current retirement age for the directors is 75 years. The independent directors are appointed for a fixed term of five years. The Managing Director is also appointed for a term of five years. However, he and all other non-executive directors (except independent directors) are liable to retire by rotation and are eligible for reappointment, unless otherwise specifically provided for under the Articles of Association or under any statute. As required under Regulation 46(2)(b) of the Listing Regulations, the Company has issued formal letters of appointment to the independent directors. The terms and conditions of their appointment are posted on the Company's website and can be accessed at www.ambujacement.com.

The non-executive directors including independent directors are experienced, competent and highly renowned persons in their respective fields. They take active part at Board and Committee meetings and play a critical role with regard to strategic issues. Their participation enhances transparency and adds value in the decision making process of the Board of Directors. According to the Company's policy on Board diversity, there will be no discrimination or bias on grounds of age, ethnicity, gender, religion or other socio-cultural factors; the endeavour is to have a group of individuals with a diverse set of personalities and demographics, representing a wide cross-section of industries, professions, backgrounds, occupations and functions, and possessing a blend of skills, domain and functional knowledge, experience and educational qualifications, both individually and collectively. *GRI 102-22 to 102-24*

On appointment, the concerned director is issued a letter of appointment, setting out in detail the terms of appointment, duties, responsibilities and expected time commitment. Each newly appointed independent director is taken through a formal induction programme including a presentation from the MD & CEO on the Company's manufacturing, marketing, finance and other important aspects. The Company Secretary briefs the director about her/his legal and regulatory responsibilities. The induction programme includes interactive sessions with ExCo members and functional heads, visits to manufacturing sites, etc.

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 by clicking on the investor tab on the Company website at http://www.ambujacement.com/Upload/PDF/familirisation_programme_for-independent_directordec2015.pdf

The Company engages outside experts or consultants when dealing with matters of specialised nature. They hold discussions and make presentations to the Board members. Presentations on health & safety, sustainability, performance updates of the Company, the industry scenario, business strategy, internal controls, risks involved and the mitigation plan are made at Board and Committee meetings on an ongoing basis. The Directors are provided with quarterly updates on relevant statutory changes, judicial pronouncements and important amendments. Performance of the Sustainability KPIs and major sustainability initiatives/ achievements during the quarter are reported to the Board. **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 also that of its committees and individual directors, including the Chairman of the Board. For the Board and its committees, the exercise was carried out through a structured evaluation process covering various aspects of the Board's functioning such as the composition of the Board and committees,

experience and competencies, performance of specific duties and obligations, governance issues, etc. In case of evaluation of the individual directors, each director had one-to-one meetings with the Chairman of the Board and the Chairman of the Nomination and Remuneration Committee. The directors were satisfied with the evaluation results, which reflected the overall engagement and effectiveness of the Board and its committees. **GRI 102-28**

Board Committees

The following committees have been formed with specific objectives for controlling various operations within the system:

- 1. Audit Committee:** The Audit Committee comprises all non-executive directors; majority of them, including the Chairman, are independent directors. The terms of reference of this Committee broadly include:
 - a. Approval of the annual internal audit plan;
 - b. Review of financial reporting systems;
 - c. Review of internal control systems;
 - d. Discussions on quarterly, half-yearly and annual financial results;
 - e. Interaction with statutory, internal and cost auditors;
 - f. Recommendations for appointment of statutory and cost auditors and their remuneration;
 - g. Overseeing the risk management framework concerning critical operations of the Company.
- 2. Compliance Committee:** The rapid growth of the business, its rising complexity and the increasing number of regulatory compliances necessitated the setting up of a 'zero non-compliance' regime to ensure sustainable business operations. The Board established a structured

mechanism to ascertain full compliance with statutes, rules and regulations, and constituted a 'Compliance Committee' comprising three independent and three non-independent directors including MD. The Chairman of the Compliance Committee is an independent director.

3. Corporate Social Responsibility (CSR) and Sustainability Committee:

The CSR Committee of the Board, constituted as required under section 135 of the Companies Act, 2013, is headed by the Board Chairman and has two independent directors and four non-independent directors including MD & CEO as its members. The terms of reference of the CSR Committee are:

- a. To frame the CSR policy and review it from time to time;
- b. To ensure effective implementation and monitoring of CSR activities as per the approved policy, plans, and budget;
- c. To ensure compliance with the laws, rules and regulations governing CSR and periodically report to the Board of Directors.

Ambuja Cement Foundation (ACF) holds consultations with community stakeholders. The outcome of such consultations is reported to the highest governance body by MD & CEO as well as Director – ACF through the CSR Committee. The Board held a meeting on 28 April 2017, wherein it approved the expansion of the scope and mandate of the CSR Committee to work as a CSR and Sustainability Committee. All aspects of sustainability, including health & safety, environment (climate change, water, biodiversity, etc), energy, product innovation and development will now be part of this committee's new mandate, in addition to its responsibility for the Company's CSR work. **GRI 102-21**

4. Nomination and Remuneration Committee:

This Committee and the BoD approve the remuneration policy for directors and senior management employees. More information is provided in the ACL Annual Report 2015. **GRI 102-21, 102-22**

5. Stakeholders' Relationship Committee (Share Allotment and Investor Grievance Committee):

This committee is responsible for transfer/ transmission of shares and satisfactory redressal of Investors' complaints. It recommends measures for overall improvement in the quality of investor services. **GRI 102-21, 102-22**

6. Other Committees of Directors:

In addition to the above committees which are mandatory under the Companies Act, the Listing Regulations and

the SEBI Guidelines, the Board has constituted the Capex Committee and Management Committee to look into various business matters.

Although the Company has not appointed dedicated executive-level positions that report directly to the highest governance body on economic, environmental and social topics, these matters are channelized through the CSR Committee and Corporate Sustainability Steering Committee (CSSC) of the Board. Until the Board expanded the scope of the CSR Committee recently, it was responsible for sustainability issues; an update on sustainability performance is part of the agenda of every Board meeting. MD & CEO is the common factor in the Board, the CSR Committee and the CSSC. The CSSC monitors the sustainability endeavours of the Company at the corporate level.

It reports to MD & CEO and comprises three permanent members who are Head - Corporate Environment and Sustainability (the convener), Head - CSR and Head - Health and Safety. In addition, corporate functional heads are invited whenever required. The CSSC reviews and approves the Sustainability Report and ensures that all material aspects are covered. It is in touch with the Unit Sustainability Steering Committee (USSC) at each plant location. ACF carries out site specific impact assessments and holds consultations with the communities in and around the plant locations. **GRI 102 (19 to 21, 26, 32, 33)**

Remuneration and Incentives

The Company has a remuneration policy for directors and senior management employees (available in Annual Report 2016). The policy is approved by the Nomination and Remuneration Committee and the Board. The remuneration of the MD & CEO is based on the Company's size, industry practice, current trend and the overall performance of the Company. The Nomination and Remuneration Committee submits its recommendation to the Board, which after due consideration approves the remuneration (including annual increments and performance bonus) payable to the MD & CEO within the overall limits prescribed under the Companies Act, 1956. Shareholders' approval is obtained wherever required. The non-executive directors are paid applicable sitting fees per meeting for attending the Board and other committee meetings except those of the Share Transfer Committee, for which no sitting fees are paid. In addition to the sitting fees, the Company also pays the non-executive directors a uniform commission for their overall engagement and contribution towards the Company's business, to reinforce the principle of collective responsibility.

The Company provides additional commission to each of the non-executive member-directors of the



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

GRI 102 (35 to 39)

Values, Ethics and Integrity

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

Managing the Risks of Fraud, Corruption and Unethical Business Practices:

In view of the potential risk of fraud, corruption and unethical behaviour arising due to the rapid growth and geographical spread of our operations, the Company lays great emphasis on addressing these risks. To meet this objective, a comprehensive Ethical View Reporting Policy, akin to a vigilance mechanism or the Whistleblower Policy, has been laid down. More details about this policy are given in the Corporate Governance Report, which forms part of the Annual Report. The Ethical View Reporting Policy can be accessed on the Company website: **www.ambujacement.com**. All our operations are assessed for risks related to corruption. In addition, the Audit Committee has constituted an Ethical View Reporting Committee (EVC) that oversees the effective implementation of the Policy. The EVC comprises very senior executives/directors. The Company Secretary acts as the Response Manager and Secretary to the Committee.

In line with the Company's philosophy of conducting business in an honest, transparent and ethical manner, the Board has laid down an Anti-Bribery and Corruption Directive (ABCD) as part of its Code of Business Conduct and Ethics. The policy, relating to ethics, bribery and corruption, covers the directors and employees of the Company. The Whistleblower Policy covers the directors, employees, vendors and customers of the Company. We take a zero-tolerance approach to bribery and corruption in any form and are committed to act professionally and fairly in all our business dealings. To spread awareness about the Company's commitment to conduct business professionally, fairly and without bribery or corruption, employee training and awareness workshops were conducted across the organisation during 2015. As part of continuous education on ABCD to the employees, mandatory online training through a web-based application tool was imparted to approximately 4,000 employees. The above policies and their implementation are closely monitored by the Audit and Compliance Committees of Directors and are periodically reviewed by the Board. The

Company received 34 complaints during 2016. Of these, five were pre-assessed by the EVC Committee and did not warrant further investigation. Twenty eight complaints were investigated and concluded. One complaint is still under investigation. The cases investigated were mainly of the nature of bribery/kickbacks, theft, violation of Code of Conduct, etc. The financial impact of these cases was insignificant and caused no damage to the Company.

Ambuja Cements Limited requires that business decisions be made with the aim of performing jobs effectively and fairly in the best interests of the Company, and not based on personal interests. A conflict of interest may arise when personal interests interfere, or are perceived as interfering.

Anyone engaged with Ambuja Cements Limited is required to avoid any relationship or activity that might impair, or be seen to impair our ability to make objective and fair decisions when performing business on behalf of the Company. When such relationships or activities cannot be avoided, they must be disclosed promptly to the local compliance officer. Similarly, any personal interest that could be perceived as having a connection with the execution of professional duties must be disclosed. Property or information of the Group is not to be used for personal gain or to take personal advantage of any opportunity that arises in the course of any work for the Company. 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 which may have potential conflict with the interest of the Company at large have been made by promoters, directors, key managerial personnel, etc. All related party transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions. The statement is supported by a certificate from MD & CEO and CFO. The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website. 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 was no expense towards political donations, campaigns or related spending. *GRI 415-1*

For more information on Corporate Governance, please refer to our Annual Report, 2016 (<http://www.ambujacement.com/investors/annual-reports>).

Business. Moving past the blocks.

Economic Performance *GRI 201, 202, 203*

India's GDP recorded a steady growth of over 7.5% in 2015. This growth was aided by the Government's efforts to implement policy reforms, RBI's focus on containing inflation, global commodity prices and a good monsoon.

The first half of 2016 saw an 8.5% growth in the demand for cement, accelerated by the Government's policy initiatives and the implementation of the Seventh Pay Commission recommendations. The demand was subdued during the second half due to heavy monsoon conditions across the country. Another major factor for the diminished demand was the Government's demonetisation drive in November that affected the construction cycle. This brought the yearly demand in 2016 to 5% above that in 2015.

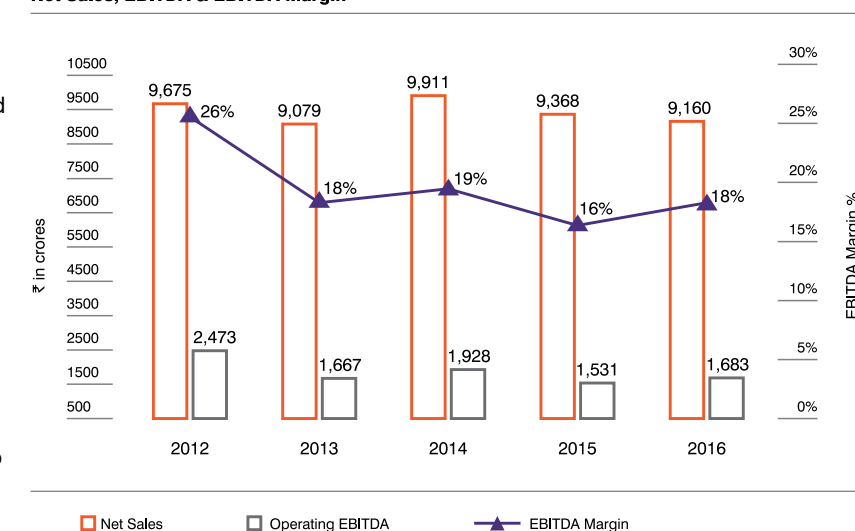
The Company's cement production in 2016 was 21.20 million tonnes. This was a marginal decrease of 0.3% against 2015 production. Net sales decreased by 2% compared to the previous year, down from ₹ 9,368 crore to ₹ 9,160 crore. However, we were able to optimise our fixed costs and reduce our operating expenses marginally compared to the previous year, and thereby post absolute EBITDA of ₹ 1,683 crore, an increase of 10% over the 2015 EBITDA of ₹ 1,531 crore. Profit before tax at ₹ 1,337 crore was up by 14% over the corresponding PBT of ₹ 1,172 crore in 2015.

Likewise, at ₹ 970 crore, our net profit was up by 20% over the corresponding value of ₹ 808 crore in 2015.

We continued our efforts at cost competitiveness by reducing costs, optimising the supply chain and boosting the productivity of our plants. Our EBITDA and net profit are testimony to our success, despite the minor drop in production.

Major raw material costs reduced by 5% compared to the previous year; despite the 6% increase in fly ash prices, the cost of consumption of gypsum fell by 10%, further mitigated by the use of alternative raw materials. The cost of fuel used in the kilns and in the captive power plants reduced by 16% and 14% respectively, mainly due to the use of petcoke and other low cost fuels. Alternative fuels accounted for 5% of the total

Net Sales, EBITDA & EBITDA Margin





Waste heat recovery at Rabriyawas

thermal energy consumption in 2016. The use of captive power, 13% cheaper than that in the previous year, mitigated the cost of grid power that increased by 4% on a per unit basis. Seventy per cent of our total power used was procured from captive sources, and increased use was made of the waste heat recovery system. This helped reduce our overall electricity cost by 7%. The Company's initiatives to optimise its fuel mix, and the increased use of captive power brought down our power and fuel costs by 12% compared to last year on a per tonne basis. Power and fuel costs account for approximately 22% of our total expenses.

Increased use of green fuel helped reduce our energy costs and our carbon footprint. Our initiatives to enhance fly ash consumption in PPC continued. Our ability to switch to the most economical fuel mix helped us reduce the risks of the dynamic fuel market. A new e-mill for grinding petcoke was commissioned at Darlaghat. This increased the petcoke consumption in the Suli kiln. A limestone feeding system was initiated in the captive

power plant boilers at Rabriyawas and Bhatapara, to increase the petcoke consumption and maintain the SOx limit. At Bhatapara, a waste liquid feeding system increased the use of alternative fuel. Carbon black usage was increased through the commissioning of a carbon black bulk unloading system.

The decrease in PP granule prices brought down the cost of packing bags by 9% over the previous year. This, along with our fixed cost optimisation programme, restricted the increase of the 23% share of 'other expenses', by just 1%. Although diesel costs went up by 5% over the previous year, our freight and forwarding costs, which constitute 29% of our total costs, rose by a mere 1% due to our logistics optimisation efforts. The ongoing railway siding project at Rabriyawas, that connects the plant with the nearest railway junction, is part of this initiative. A brown-field expansion project of master packer and auto wagon loading, that will enhance dispatch capacity by 1.8 million tonnes, has been commissioned at Sankrail.

Product Quality Management

Product Quality Management (PQM) ensures 'assured quality' of cement. At Ambuja, PQM involves a comprehensive set of tools that are used to control and manage product quality. These tools help in monitoring five parameters: 1. Customer satisfaction; 2. Product benchmarking; 3. Internal product specification; 4. Application oriented product testing; and 5. Targets and key performance indicators for manufacturing quality. The results are integrated into a product quality index (PQI) which analyses manufacturing performance according to ISO 9001 requirements.

PQM starts with customer requirements, reviews all the intermediate processes to ensure that the final product has the right quality, and ends with evaluation of customer satisfaction. ACL has constituted a Quality Committee comprising regional marketing and sales teams, customer support service teams and manufacturing teams. The Committee ensures that there is continuous alignment between the manufacturing, customer support and marketing functions. It periodically reviews the market situation, customer feedback, product benchmarking and

manufacturing issues. PQM monitoring strategies include 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 monthly assessment of bag quality index.

As a trusted cement manufacturer, Ambuja Cements Limited strives 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. In 2015, the Company completed the Environmental Product Declaration (EPD) for the Darlaghat plant. A pilot life cycle assessment (LCA) as per ISO 14040 and ISO 14044 requirements as well as Cement Product Category Rules (PCR) UN CPC 3744 was carried out. This was extended to all plants in 2016. The LCA and EPD outcomes with all scenario testing analysis for all

plants were completed in April 2017. The assessment aims to quantify the environmental impact over the complete life cycle of the product, adopting a cradle-to-gate approach that includes raw material acquisition, transport, manufacturing, packaging, outbound transport, use and disposal.

The Company complies with all statutory requirements mandated by the Bureau of Indian Standards (BIS), Weights and Measures norms. As per the mandate of the bureau, product information is displayed on the bag. No other information beyond what is mandated is displayed. The PPC packaging bags from our Suli plant display the ProSustain® logo, since the third party product sustainability audit has been successfully completed. The test reports are available and can be produced on demand. Customers are free to contact us on a toll-free number that is displayed on all cement bags, in case of any complaints or queries. The PQM team also tests cement bags from all regions every month for quality and quarterly benchmarking. **GRI 617**

Customer Support and Satisfaction

Our focus has always been on giving our customers the maximum value. We constantly undertake efforts to maximise product quality, marketing strategies and technical support. We engage with our stakeholders through awareness, training and skill development programmes, knowledge sharing and site visits. Customised programmes are conducted for individual house builders (IHBs) through our dealers and retailers; institutional buyers who are directly serviced by our Key Account Management (KAM) group; B2B segments comprising small and large builders and contractors; and the Government.

In 2016 our Technical Services Team engaged with 330 construction supervisors, 345 masons, 2,844 construction professionals and 18,974 contractors over 25,668 man-days. Contractors are helped to upgrade their technical as well as project management skills through a skill upgradation platform called 'Neev Abhiyaan'. The initiative comprises six training modules: project management; steel estimation and detailing; estimation and costing; repair and water-proofing; earthquake resistant structures; and the most recent, applicator module for rain water harvesting, launched in 2016. Ambuja influencers are given access to quarterly magazines in six regional languages and allowed ACL plant visits.

Value Added Products and Services **GRI 102-2**

Our value added products and services are available in all markets across the country. Brahmand, the integrated Ambuja digital platform, was rolled out in April 2016. The integrated platform connects four contractor applications, a technical services executives' portal and a brand development executives' portal, all of which were launched in 2016. Two new Ambuja Knowledge Centres (AKCs) were added to the existing



Instant mix proportioning

25. Eight Ambuja Concrete Future Laboratories (CFLs), covering all our business regions, offer services and solutions to concrete users with locally available materials. Five of these conform to ISO/IEC 17025:2005 requirements and are accredited by the National Accreditation Board for Testing and Calibration of Laboratories (NABL), Government. of India. This year our Technical Services team provided 28,809 concrete mix proportions, 7,092 modular curing solutions (MCS) and 105 rain water harvesting solutions, thus saving 1,65,400 cubic metres of water, an example of sustainable construction. We also provided 5,694 architectural design and cost estimates (AD) and 12,100 concrete cube testing services (CCTS) at customer sites.

Our portfolio of value added products includes Ambuja Plus, a high performance PPC with special performance enhancers (SPEs) that give higher initial strength, better cohesiveness and low water demand in concrete; Alccofine 1100 micro-fine cement that is used for grouting; Alccofine 1200 micro-fine slag for high strength high performance concrete grades M35 to M100; and classified fly ash (Dirk brand) that is available in grades P40 to P100.

Brand Development and Promotion

For over 30 years now, Ambuja Cement has consistently built its brand around the promise of ‘giant compressive strength’. Today, Ambuja Cement has become synonymous with strength. To the extent that it has become a part of common vocabulary. Even social media is filled with numerous memes around this theme of strength. With engaging communication, superior product quality, and strong technical support

to the consumer, Ambuja has consistently scored 5+ in Nielsen’s Brand Equity study for the last 10 years. Ambuja’s recent TV commercial featuring ‘Khali’ won the Golden Lion at Cannes, the world’s most prestigious advertising award.

Customer Satisfaction

Various formal and informal methods are used to measure satisfaction levels and garner feedback from consumers and channel partners. Brand equity is measured by conducting brand health studies on individual customers. The satisfaction level of dealers is gauged using Net Promoter Score (NPS) methodology. Our offerings are fine tuned on the basis of these scores. All our surveys comply with global standards. Complaints on product quality are managed by a customer complaints handling system that is accessed through a toll-free number (1 800 22 3010) that is printed on all cement bags. In 2016, 401 queries/ complaints were received; all of them were addressed, and no customer complaint was pending at the end of the year. There were 17 consumer cases pending before different forums at the beginning of the year. Four were added during the year; five cases were disposed, leaving sixteen pending cases. ACL does not/has not sold products that are banned in certain markets, or are the subject of debate. There are no received or pending complaints about breaches of customer privacy and/or loss of customer data. *GRI 102, 417-2, 418-1*

Ambuja also runs various loyalty and support programmes for its channel partners to engage and motivate them in realising better results for both Ambuja as well as themselves.

Sustainable Supply Chain *GRI 204, 409, 414*

Our procurement operations are well connected with our manufacturing as well as sales units spread across the country. Local procurement teams take care of day-to-day purchase requirements, while India Procurement Organisation (IPO) at our head office manages high value purchase of commodities. Individual units communicate their requirements to IPO and purchases are made centrally. Preferred vendors are those who demonstrate good corporate citizenship and promote sustainable development. They meet our quality and delivery specifications. They are spread across the country and include reputed manufacturers and trusted

brand names; usually they are the leading 3-4 vendors of their particular industry segment. All suppliers operating within Indian Territory are termed as local or national suppliers. Our management approach towards the supply chain has been to identify various risks involved and convert them into opportunities to ensure the sustainability of our supply chain. As part of our Sustainable Procurement Initiative (SPI) we assess our suppliers who are allocated with a sustainability risk rating based on the methodology defined in our SPI manual. Through this process we have mapped our suppliers as having a high, medium

Number of suppliers currently engaged and value of payments made to suppliers

Description	Number	Value (₹)
Head Office	1406	25,461,808,666
Regional Office	32	420,990,380
Sales Offices	3164	5,591,429,154
Western Cluster	1513	13,197,943,855
Northern Cluster	990	10,909,324,314
Southern Cluster	643	4,838,956,580
Central Cluster	511	4,653,373,537
Eastern Cluster	385	3,139,155,919
Total	8644	68,212,982,404

or low risk. Our ‘2030 PLAN’ aims to have 100% of high-risk active suppliers assessed and consequence managed by 2030. In order to strengthen our supply chain assessment and monitoring, we have engaged a third party, global consultant Avetta (PICS) to help us manage and take corrective action on identified risks through an assessment tool. Avetta helps to qualify existing and new vendors on the basis of their performance in health and safety, human rights, legal, environmental and ethical issues as defined in the Supplier Code of Conduct (SSC). The exercise in 2016 covered 4% of existing high-risk-high-spend suppliers/ vendors who accounted for about 40% of procurement value excluding Government spends. High-risk-high-spend suppliers at the regional level, across all areas of operation, are trained on aspects of ethics, anti-corruption and anti-bribery. In 2016 we engaged with 8,644 tier 1 suppliers of which 715 were identified as critical to our operations. The payments made to suppliers in 2016 amounted to about ₹ 6,821 crore.

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

Contractual Agreement of Compliance *GRI 308-2, 414-1, 414-2*

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

Number of suppliers currently engaged and value of payments made to suppliers

Classification	Number	Value (₹)
Logistics Services	1124	30,315,978,905
Energy	132	14,518,904,830
Out of scope	59	3,357,590,427
Raw Materials	170	3,177,688,248
General Services	1344	3,086,198,139
Packaging	57	3,062,470,188
Production Services	824	2,948,444,028
Equipments & Consumables	1018	2,747,289,086
Mining	368	2,298,147,278
Facility and Corporate Services	3548	2,700,271,277
Total	8644	68,212,982,404

our expectations, provided with a copy of the Supplier Code of Conduct (SSC), and their consent to follow the SSC obtained. The SSC provides a summary of the Company’s expectation from its suppliers/contractors in all procurement dealings. It lists out nine standards that suppliers must adhere to, besides complying with local and national statutes: OH&S; Working Conditions; Freedom of Association and Non-retaliation; Forced Labour; Child Labour; Non-discrimination; Environmental Regulatory Compliance; Management of Environmental Impact; and Bribery and Corruption. The SSC covers the standards specified in SA 8000 and ISO 14000. It is the Company’s practice to only employ staff having a minimum age of 18 years. Those below 18 years of age are not allowed to enter into the plants. ACL also ensures that its contractors strictly comply with these guidelines.

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

Environmental Principles in Procurement *GRI 308*

All agreements with suppliers have the suppliers’ signed consent to comply with SA8000, environmental management and legal requirements. About 5% of our new suppliers have been screened using environmental criteria.

Logistics

Our focus remained on cost, service and safety in operations. Despite a 7% increase in diesel rates, our total distribution cost per tonne was at par with that in 2015. We adhered to our logistics KPIs such as direct dispatches, yard firing ratio, reduced lead distance and improved home market sales.

Sales and operation planning (S&OP) was strengthened through cross functional meetings. The optimiser tool output was used for contribution maximisation vs. cost minimisation and mode vs. source planning vs. decisions. Forty nine model warehouses were created in compliance with a seven-point checklist including hygiene, and health & safety of contract labourers working in the warehouses. The top warehouses in each region were awarded for creating the best 'model warehouse'.

Demonetisation provided us with the opportunity to go cashless in our logistics operations including education and awareness of transporters, C&F agents and warehouse operators. Labourers and drivers were given assistance to open Jan Dhan accounts. Transporters were encouraged to use petro cards and fast tags.

Use of global positioning system (GPS) and radio frequency identification (RFID) improved visibility across the organisation. Project E-passport was piloted and rolled out at Bhatapara in December 2016. It provides information about vehicle and traffic safety data trends, which in turn enables monitoring of trucks and drivers and expedites action to improve safety compliance. Project E-pod was piloted at Darlaghat, through which trucks can be monitored in real time through mobile-enabled software.

About 14% of our cement supply to the markets was through the environment-friendly sea route using ten captive and one chartered ship. About 24% of the transport was through rail.

Our Health and Safety Improvement Plan (HSIP) for 2017 was rolled out with clear action points that emphasise driver safety, driver management centre (DMC), journey risk management (JRM) and overall safety in logistics operations. Our Vision 2020 Roadmap on HSIP has been approved. This will make ACL a world class organisation in logistics safety.



Model Warehouse

Environment. Being future-ready.

A Green Footprint

Since our inception in 1986, Ambuja Cements Ltd. has placed high priority on environment protection, energy conservation, efficiency, emission reduction and safety. We have a number of firsts to our credit in sustainable practices: introduction of a surface miner for environment-friendly mining of limestone in the early '90's; using the environment-friendly sea route for cement transport in 1993; and the first cement company to get ISO 9001 certification in 1993. These initiatives got us the National Award for Pollution Control/Environment Excellence from the Ministry of Environment and Forests in 1993. We also began using an overland belt conveyer (OLBC) for transport of limestone across hilly terrain in 1995. Our first Corporate Sustainability Development Report was published in 2007 as per GRI guidelines. Our systems and practices aim to leave no or low trace of our operations.

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

The Company has proactively taken steps to meet the newer and tighter environmental standards in India. Our Corporate Environment Policy is likely to be revised soon to cover new thrust areas. Our Corporate Sustainability Policy, Climate Change Mitigation Policy and Green Procurement Policy enshrine the Company's approach towards these issues. All our manufacturing locations have a professional environment team and laboratory or monitoring facilities. Ambuja Cement participates in LafargeHolcim's group internal

annual environment performance assessment through the iCare system for the annual monitoring and benchmarking of hundreds of plants within the Group globally. The assessment is based on a detailed and standardised online questionnaire that covers a range of performance indicators like ISO 14001 compliance; atmospheric emissions; energy and material consumption; water; waste management; biodiversity; and quarry management. It provides us with a huge opportunity for learning and improvement. The Group's policies and directives for monitoring and reporting environmental parameters are followed carefully. These include CO2 emissions; directives on water, AFR, quarry rehabilitation and biodiversity, asbestos, and PCB; the Environment Monitoring and Reporting Protocol; and the Cement Industrial Performance Policy. These parameters differentiate our environmental performance.

All Ambuja Cement plants are Environment Management System ISO 14001 certified. Risk assessment for the business and the environment is carried out annually through a structured process across the organisation.

We have invested significantly in energy- efficiency measures and upgraded our pollution control equipment. Our investment covered air, water and noise pollution equipment; waste management systems; dust suppression systems; monitoring and laboratory equipment; rainwater harvesting systems; green belt development; fire management; drainage and wastewater management; environmental training and awareness programmes; and compliance methodology for certifications. The Company incurred an expenditure of over ₹699 million in environment protection during the year.

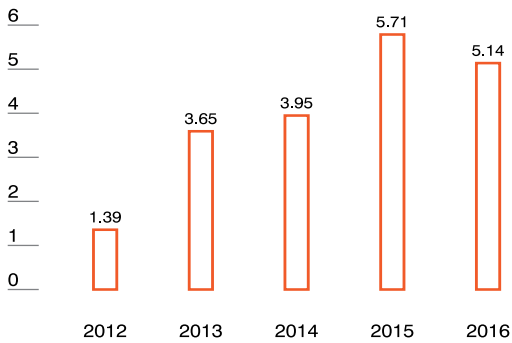
At the end of 2016, six cases involving environment related issues are pending in different courts. No formal grievance about environmental impact had been filed

through the various grievance mechanisms during the reporting period. **GRI 307-1**

Energy Management **GRI-302**

Depleting coal reserves and volatility in the Indian rupee has been escalating concerns about coal. To mitigate risks associated with the dynamic fuel market, the Company has developed the ability to switch to the most economical fuel mix. Improvement of energy efficiency at all stages of consumption of coal and other fuels is an ongoing crusade. This has led to increased focus on the use of low-cost waste material like petcoke as fuel. Our ‘Geo 20’ initiative to use cost-efficient and sustainable green fuel has been going on successfully, reducing our energy costs and carbon footprint. As a long term solution to energy security, we have invested in the construction of new state-of-the-art storage and pre-processing platforms at or integrated plants to increase the use of alternative fuels and raw materials (AFR).

% of Thermal Energy from Alternative Fuels (TSR)



Great value is placed on use of AFR, waste heat recovery (WHR) and use of renewable energy like biomass. The international standard ISO 50001:2011 is implemented in three integrated and six grinding plants to further strengthen our energy management system. At Maratha Cement Works, the MP turbine has been replaced by an HP turbine, resulting in improved efficiency and lower power generation cost. Voltage variable frequency drives (VVFDs) have been replaced to reduce power consumption. A separate fly ash grinding and blending unit has been commissioned at Ambujanagar to produce consistent, high quality cement and reduce power consumption.

During 2015-16, our thermal energy efficiency remained between 3,107–3,152 MJ/tonne clinker. Electrical energy consumption remained around 77 KWh/tonne cement. Power and fuel costs account for about 21% of our total expense. The cost increase was offset by substituting high cost coal with petcoke in our kilns. Consumption of AFR in the kilns increased to 1.8 lakh tonnes, achieving a thermal substitution rate (TSR) of 5.14% of the total thermal energy which would otherwise have been obtained from fossil fuels. As a result, our coal requirement reduced by about 77,000 tonnes. In addition, 75,000 tonnes of alternative fuels (AF) were used in our captive power plants, taking the total consumption of AF to 2.55 lakh tonnes across all our plants. During the year, 51,405 tonnes of plastic waste were co-processed in our kilns. This was 1.54 times the plastic used in our cement packing bags, making us plastic positive. Ambujanagar led the way by becoming 6.6 times plastic positive; Maratha Cement Works achieved a value of 2.3. The total energy generated from renewable sources stood at 6.5% in 2016, compared to 4.6% in 2015

Renewable Energy (RE) Performance.

Of the total energy generated, 6.5% was from renewable energy sources, compared to 4.6% in 2015. Our renewable energy portfolio consists of a 15 MW biomass-based power plant at Ropar (established in 2005); a 7.5 MW wind power station in Kutch (established in 2011); a 330 KV solar power station at Bhatapara (established in 2012); a 55.14 kWp rooftop solar PV project at the Gurgaon office (established in 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 Ropar unit produced about 47% of its energy from biomass this year. 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 21.66 million units (MUs) of non-solar power and 4.65 MUs of solar power in 2016. RE and WHRS projects enabled us to reduce about 65,441 and 26,924 tonnes of CO2 respectively in 2016.

Constant efforts are made to reduce the power, LDO, coal and other fuels consumed per unit of cement produced. Although currently there are no industry

standards for energy requirements for the use of cement at the user level, Ambuja Cement will always strive to adopt best practices. **GRI 302 (4, 5)**

Natural Resource Management **GRI-301**

As a responsible company, Ambuja Cements Ltd. recognises the global pressure on natural resources and lays great emphasis on better material management. Use of alternative raw materials has been made a strategic priority to reduce the consumption of natural resources and extend the life of the quarries. Waste materials such as chemical and marine gypsum are used as additives; fly ash from thermal power plants is used for blending. Low grade limestone, synthetic gypsum waste from other industries and waste materials are used as fuel. A full-fledged testing facility for alternative fuel was commissioned at Ambujanagar. New state-of-the-art storage, pre-processing platforms and feeding systems have been commissioned at our integrated plants to increase the use of alternative fuels and raw materials (AFR).

Our sustainability initiative of increasing the use of AFR, biomass and fly ash, and reducing that of limestone has

lowered our clinker factor. This strategy has helped us produce over 91% Portland Pozzolana Cement (PPC) out of our overall production. About 13% of the total raw material used is recycled input material.



Water Management **GRI-303, 306**

Water conservation has been at the forefront of our sustainability initiatives since our inception. Ambuja Cement is conscious of the importance of the water resources in our operational geographies. Water scarcity affects a large number of stakeholders and is considered as a risk. Our CSR arm, Ambuja Cement Foundation (ACF), has worked extensively in and around the Company's operational areas to manage water quality in close partnership with the local communities, government bodies and NGOs. Their multidimensional approach includes water harvesting; enhancement of water sources; creation of a distribution system for potable water; installation of percolation wells, check dams and roof rain water harvesting structures (RRWHS); and low water-intensive crop farming.

Over four lakh people in the dry, arid territories of Rajasthan, the hilly regions of Darlaghat and the water-scarce state of Andhra Pradesh have benefitted

from renovation of traditional water reservoirs, pond deepening, RRWHS and reverse osmosis plants. In the drought-prone region of Kodinar, ACF has worked for over two decades to mitigate the threat of salinity on the livelihood of the people. The objective is to create sustainable access to clean water for drinking and irrigation. More important, ACF engages proactively with the communities to bring about an attitudinal change towards conserving their precious resources. Water User Associations (WUAs) have been established to ensure equitable distribution of water and maintenance of equipment and structures. Farmers are trained in better farming techniques and water management practices such as micro and drip irrigation and systematic rice intensification (SRI) to improve the sustainability of their land. As a result of ACF's intervention, the farmers of Kodinar and Rabriyawas now reap up to three crops a year.

Ambuja Cement is now 5.5 times ‘Water Positive’

We completed an independent third party assurance recently for our 2016 water data wherein Ambuja Cement was certified to be 5.5 times water positive. The total water credit for 2016 was about 37,884,835 cubic metres through water harvesting, groundwater recharge, water saving through water-efficient agro-practices (drip/sprinkler irrigation/systematic rice intensification) and water saving at the customers' end in construction. Our aim is to become six times water positive by 2030.

The total volume of water withdrawn for all our operations in 2016 was about 6.6 million cubic metres (Mm3) as against 6.7 Mm3 in 2015. We reused/recycled about 1 Mm3 of water during the year, which amounted to about 13.5% of our total water withdrawal. The recycled water was treated in sewage or effluent treatment and reverse osmosis plants and used for dust suppression, gardening and other purposes. **GRI 303 (1, 3)**

Most of our plants do not discharge water or wastewater into natural resources. In 2016, the total water discharged by a few of our plants was 40,689 m3, which is about 0.6% of our total water withdrawal. No water bodies or related habitats were affected by water discharge. **GRI 306(1, 5)**

Our water resource management efforts that include judicious use of water, setting up of water harvesting structures and recharging water bodies around and beyond our plants has had a positive impact on local water bodies. No public water body has been affected by our operations. The Company's efforts on water resource management with active participation by the Local Government, other NGOs and the community have been appreciated. Our efforts have actually impacted the biodiversity positively in some areas. No water source or protected area (nationally or internationally) is disturbed for water withdrawal. **GRI 303-2**

In addition to compliance with regulatory requirements, a water resource estimation study is conducted to assess ground or surface water conservation. Water risk assessment is conducted to understand the possible impact on operations. The Group's water risk assessment methodology, developed in association with International Union for Conservation of Nature (IUCN), takes business/ Company risks as well as the basin risk into account, covering various risk aspects and identifying units with water stress. This assessment also uses the WBCSD Global Water Tool. The assessment takes into account the impact of eight individual risks: water withdrawal, water discharge, water efficiency, water management practices, basin water scarcity, ecological sensitivity, regulatory and finance, and stakeholder pressure. It also includes a scenario analysis that identifies the potential impact on operations.

More information is available in the 'Society' section of this Report.



Carbon and Other Emissions **GRI-305**

Our operations place strong focus on clean technology, energy efficiency and renewable energy. The Company's sustainability and climate change mitigation policies reflect its commitment to sustainable development. Strategies are in place to address global warming and ensure a low carbon growth path. Environmental risks are regularly assessed and addressed. We strive to achieve carbon footprint-conscious growth through efforts in four key facets of our operations:

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

Fly ash-based PPC is our main product and remains a priority. We have also started producing composite cement which uses both fly ash and slag. Our renewable energy portfolio has been performing well and helping us reduce our carbon footprint. It includes a 15 MW biomass-based power plant at Ropar, established in 2005; a 7.5 MW wind power station in Kutch, commissioned in 2011; and a 330 KV solar power station at Bhatapara, established in 2012. The 6.5 MW WHR-based power generation system at Rajasthan, commissioned in 2015, has helped us reduce our fossil fuel-based power generation and also lessen our carbon footprint. It has been registered under the Clean Development Mechanism (CDM) of the UNFCCC to accrue 35,000 Certified Emission Reductions (CERs) per year for the next 10 years. RE and WHRS projects enabled us to reduce about 65,441 and 26,924 tonnes of CO2 respectively in 2016. Ambuja Cements Ltd. had participated in the first CDM project on the use of biomass for power generation at the Ropar plant in 2011, for which the Company earned 17,727 CERs, and a revenue of ₹1.60 crore. We have reduced our greenhouse gas emissions by co-processing industrial and other wastes in our kilns as alternative fuel. This has reduced our dependence on

natural resources like coal. We used about six million tonnes of fly ash in cement manufacture due to which over 91% of our overall cement production consisted of PPC.

Ambuja Cements Ltd. has been part of the Cement Sustainability Initiative (CSI) of the World Business Council on Sustainable Development (WBCSD) working group on development and implementation of a 'Low Carbon Technology Road Map for the Indian Cement Industry'. The technical aspects mentioned in the roadmap were piloted at our Ambujanagar plant with the help of CII in 2015. The focus was on energy efficiency opportunities in the operations. As part of this partnership, we voluntarily share our performance in CSI Dashboard with regard to a selection of parameters that define the aspects of sustainable development. **GRI 201-2**

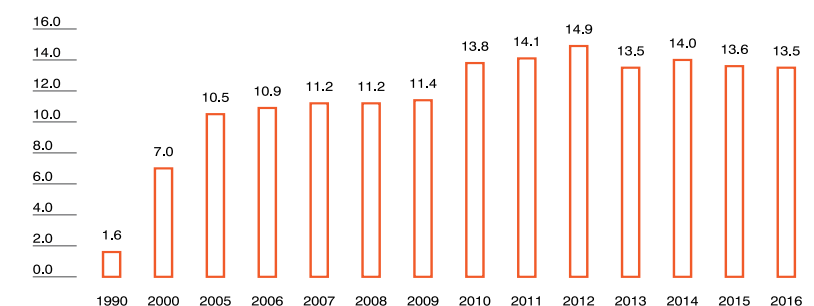
Monitoring and Transparency Disclosures

We proactively disclose our environmental performance in accordance with CSI and GRI guidelines. The major greenhouse gas (GHG) in cement manufacture is CO2; the Company monitors and reports CO2 emissions from all manufacturing locations, including integrated cement plants, mines, and grinding units, as per the WBCSD CSI Cement CO2 and Energy Protocol (Ver3.1). Emissions from bulk cement terminals, corporate and marketing offices are insignificant and are hence excluded.

GHG Inventory includes: Scope-1: Emissions due to fuel combustion in kilns, emissions due to fuel combustion other than in kilns (e.g. on-site energy generation) and emissions due to calcination of raw materials, bypass dust and cement kiln dust etc. during clinker production; Scope-2: Emissions associated with purchased electricity from grid and emissions associated with inbound clinker.

Estimation of Scope-3 (other indirect GHG emissions) which was undertaken for all integrated plants in 2015

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



has now been extended to all grinding units also, thus covering all plants. Scope-3 covers emissions from purchased products and services (category-1), fuel and energy related activities (category-3), upstream and downstream transportation and distribution (category-4 & -9), waste generated in operations (category-5), business travel (category-6), and employee commuting (category-7).

The Company offers value added services like concrete mix design and modular curing services; they reduce the water usage at construction sites, bringing down the water transportation and treatment costs. Entrepreneurs are provided with technical support to manufacture and use fly ash-based bricks that consume less energy during manufacture. Ambuja Cement promotes the insulated wall concept which reduces the requirement of energy-intensive baked bricks and mortar. The Company encourages the use of manufactured sand (M-sand) and crushed sand (C-sand) to reduce the customers' GHG emissions.

The Company's emissions and strategies to address climate risks are disclosed annually in the Carbon Disclosure Project (CDP). The specific net CO2 per tonne of cementitious product reduced to 543 kg, down 29.6% compared to 29.4% in 2015, using 1990 levels as the baseline. The total Scope-1 (direct absolute gross CO2 emissions, including CO2 from onsite power generation) was almost static. *GRI 305-5*

At COP21 in December 2015 our parent LafargeHolcim declared the Group's mission to cut net CO2 emissions by 40% per tonne of cement by 2030 (against 1990 levels). This is in addition to collective sectoral action towards meeting the 2°C threshold. Besides adhering to Group-level targets, Ambuja Cement has defined its own target of CO2 emission reduction as 33% per tonne of cement (against 1990 levels) by 2020 and 40% by 2030. Efforts are on to reduce energy consumption and CO2 emissions at all stages of production through process mastery, energy efficiency measures, reduction

of clinker content in cement and use of alternative energy sources.

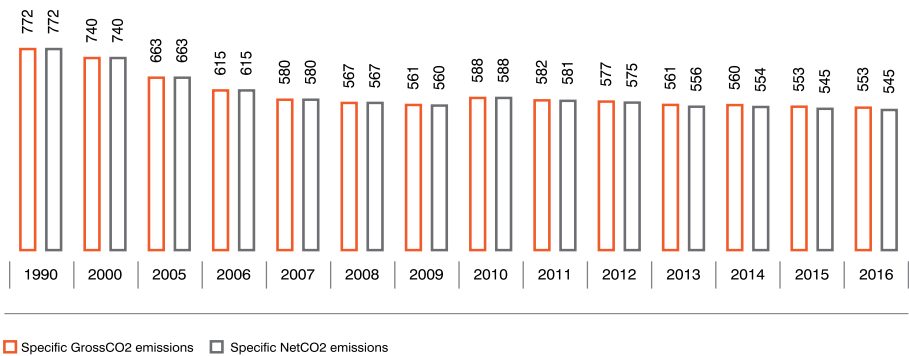
In the captive power plants, our carbon footprint is sought to be lowered by fuel mix optimisation with alternative/low cost fuels, thermal efficiency, station heat rate (SHR) improvement, reduction in auxiliary electrical energy consumption, and better capacity utilisation.

Other Emissions

Cement production does not emit ozone-depleting substances (ODS). SO2, NOx, dust/particulate matter and other significant emissions from all our nine kilns/ raw mill stacks are monitored by continuous emission monitoring systems (CEMS). 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. In 2016, the total and specific dust and SOX emissions increased, while NOX emissions remained almost static. Ambuja Cement has initiated upgrading of pollution control systems and better operation and maintenance to control these emissions. *GRI 305 (6, 7)*

We have identified climate change related risks and their potential impact. Our True Value calculation of environmental and societal externalities and their effect on our EBITDA considered CO2, SO2, NOX and volatile organic compound (VOC) emissions; water extraction; land disturbances; waste generated; etc. CO2 emissions arising as a direct result of our operations remain the most significant climate change risk. Our calculations take into account the cost of all environmental and water withdrawal risks when considering the financial implications. By 2020, the estimated financial implications of the risks before taking action are projected to be about ₹ 3,128 million; and the cost of mitigation action is projected at about ₹ 10,380 million. *GRI 201-2*

Specific CO2 Emissions (KgCO2/Tonne cement)



Responsible Mining

Limestone is sourced through our captive mines in the vicinity of our integrated cement plants. Sustainable extraction and innovative operational practices at our mining sites balance environment protection and social well-being with long term economic growth. At Darlaghat, a seemingly impossible 3.5 km conveyor belt was installed in 1995 through three hills. This reduced the distance between the mine and the plant; it also protected the environment from road traffic and emissions. The limestone is excavated by highly mechanised, modern, open-cast mining technology which takes into account the geography and geology of the area, the occurrence of the deposit, the physical and chemical characteristics of the mineral, and the quantum of waste material or soil to be removed.



A blast-free surface miner technique, suitable for soft to moderately hard limestone, is used in Gujarat. It replaces drilling, blasting and primary crushing with zero ground vibration and minimal noise and dust. At other mines, controlled blasting techniques are employed using high precision electronic detonators that improve blasting, minimise generation of fly rock, reduce vibration, and are safe in extraneous electric environments. Such detonators may also require a smaller amount of explosive. The latest electronic detonators are used at Bhatapara and Darlaghat. There is practically no disturbance to the community. At Bhatapara, a primary rock breaker (terminator impact hammer), that can excavate up to a three metre depth, is used to excavate limestone in areas nearer to habitation. It generates very low vibration and noise. Broken material can be fed directly to the crusher through excavators and dumpers. Blasting is always supervised by competent Ambuja Cement persons. The ground vibration of each blast is measured and the results compared with the permissible vibration standards of the Directorate General of Mines Safety (DGMS). These scientific mining technologies are employed to ensure conservation of minerals.

Drilling is done with a drill having an in-built water sprinkler for dust suppression and a separate dust extraction system, making the technique practically dust-free. Haul roads within the mines are maintained with compactors and graders. They are regularly sprinkled with water to reduce fugitive dust emission. Limestone beneficiation and extraction techniques are used to ensure minimum waste.

Water harvesting from mined-out pits for the use of the Company and nearby communities and groundwater recharge at Ambuja Cement mines are our major sustainable development initiatives. At the Rabriyawas mine, a check dam has been constructed to channelize storm water for groundwater recharge.



The Bhatapara mine has installed two safety devices: an operators' fatigue monitoring sensor installed in front of the operator, that monitors characteristics linked to fatigue; and a proximity sensor in heavy earth moving machinery (HEMM) and dumpers, that detects and sends a signal to the operator's cabin about the presence of any other equipment within a 20 m radius. The latter is very useful in case of low visibility. A modular design fugitive dust suppression system checks fugitive dust on haul roads at the Maratha mine. It creates a mist of raw water called road fog that is sprayed through a mist gun with a radial throw of 30-40 metres to settle airborne dust. A washing arrangement for crawler-mounted equipment and fire-fighting gun make it a multipurpose vehicle. At Ambujanagar, a mechanical system for covered tippers has been developed in-house to eliminate spillage and dust emission, since the limestone is transported from the mine to the plant through a public road. Required health and safety measures are practiced in all our mines.

GRI 413-2

None of our sites operates in the immediate vicinity of specific biodiversity zones. Biodiversity (flora and fauna) studies have been conducted by third parties

for almost all mining areas. Ambuja Cements Ltd. follows the Group Biodiversity Directive that requires it to prepare a biodiversity action plan (BAP) for sensitive sites. This has been completed for Ambujanagar and Darlaghat where it is being implemented. *MM2*

In 2016, about 42,88,148 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. The excavated soil is stored and utilised for pastureland development or plantation. The dumps are designed with a predefined slope angle for maximum stability. At Bhatapara and MCW, the slopes have been stabilised by coir matting and plantation. No associated risks have been identified so far. *MM3*

Our operating sites are not located adjacent to indigenous peoples' territories. Local community issues revolved around land acquisition and dust emission. Concerns of the community are addressed through a consultative process. ACF undertakes programmes for community welfare and progress. We do not have artisanal and small-scale mining sites. Land is purchased through negotiations. Progressive mine closure plans are available as per statute for all locations. Concurrent rehabilitation plans are available for the working mines in

Gujarat. There were no strikes or lockouts at our mines in the reporting period. *MM5 to MM10*

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

Biodiversity Management

This year Ambuja Cements Ltd. joined the Leader for Nature (LfN) membership of IUCN, India. The Company partners with other organisations and industry associations for biodiversity related policy management, assessment and reporting guidelines. Our environment and sustainability managers from the plants and corporate office were trained in Biodiversity Indicator and Reporting System (BIRS) assessment on the field 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' on a scale of 1-10. 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. It does not assign an absolute value to the biodiversity, but can be used as a tool to measure its relative progress or degradation. In 2016, we completed baseline BIRS assessment for our Darlaghat site. We plan to complete BIRS assessment for all our integrated plants with mining sites in 2017 and achieve 'Positive Change in Biodiversity by

2030', aligned with our Group's commitment towards sustainability. We are aligned with LafargeHolcim's new Quarry Rehabilitation and Biodiversity Directive as well as LafargeHolcim Sustainable Development Ambitions 2030 that obligate us to increase our focus on biodiversity protection initiatives.

Ambuja Cements Ltd. is a signatory to the India Business and Biodiversity Initiative (IBBI) of Confederation of Indian Industry (CII) and GIZ. We voluntarily reported our biodiversity performance in 2016 (comprehensive) towards our IBBI Declaration commitments. The report included our biodiversity mapping; the relevance of our biodiversity and ecosystem services in various phases of our value chain (own operations, suppliers, use phase, end-of-life, transport); training and awareness activities for biodiversity protection; risks, opportunities and impact; etc.

The Company is partnering with various organisations and industry associations in India for biodiversity-related policy development, biodiversity assessment

and reporting guidelines. We invited IUCN experts this year to conduct BIRS training for our environment and sustainability managers. Various events are conducted annually to sensitise our employees, school children and the community to the importance of biodiversity protection and conservation. Local NGOs are supported in creating awareness in the villages surrounding our plants. We supported an NGO in Gujarat to organise training to protect the sea turtle. Every 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 and 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 around 10,000 smokeless cooking stoves; biogas plants; demo and training on agriculture and allied activities through Krishi Vigyan Kendra (KVK); composting units in villages; and organic farming with minimal use of fertilizers and pesticides.

Ambuja Cements Ltd. proactively implements measures at its integrated cement plants and mining sites to ensure that the local biodiversity is not disturbed. We have initiated a water positive programme around mining sites to minimise the water requirement from natural resources. Trees are planted on the overburden on the mines and at the mine lease boundaries.

Green belts in and around the plant and mine areas, achieved after years of hard work, have transformed the land around our sites to greener habitats. The green belt counteracts the negative impact of mining by reducing dust pollution and absorbing carbon emissions. Ambuja Cement connects with the local people through community welfare programmes. Check dams that conserve water in the rainy season help in recharging the ground water table; the increased availability of water enables people in the water-scarce regions of Gujarat and Rajasthan to grow multiple crops during a longer period of the year, increasing their livelihood. It also preserves the biodiversity of the region. Use of local agricultural fodder as biomass for power generation helps in minimising greenhouse gas emission and provides additional income to the farmers from the sale of biomass to the Company.

All operating sites of Ambuja Cement have been assessed for environment impact and systems are put in place to prevent the occurrence of adverse impacts. Protected areas like the Majathal Sanctuary and Darlaghat Conservation Reserve are situated within 10 km of our mining or plant operations at Darlaghat; Gir Sanctuary lies within 10 km of a mining

site at Ambujanagar. For Darlaghat, the Company has prepared a wildlife conservation plan for key species; the plan has been approved by the State Government. We contributed ₹ 97.5 lakh in 2015 and about ₹ 58 lakh in 2016 to the state exchequer for the implementation of this plan. We also initiated implementation of a comprehensive biodiversity action plan (BAP) prepared for our Ambujanagar site. Our Rabriyawas plant has initiated 'natural capital profile assessment' under the guidance of the Indian Business Biodiversity Initiative (IBBI). Our operations do not significantly impact the biodiversity of these sites. The total number of IUCN Red List species and National Conservation List species with habitats in areas affected by our operations are given in the Sustainability Performance table at the end of this Report.

Sustainable mining practices protect and enhance the landscape and biodiversity value of the area around our mines. Such practices include use of surface miners, controlled blasting to minimise dust and noise, covered transportation of raw material, development of water bodies and pastureland, plantation of native species, and land rehabilitation. Some of our sites have become good nesting and breeding habitats for migratory and local avifauna. In Gujarat, we undertook mangrove plantation in about 150 hectares with the help of the Gujarat Ecology Commission. Since 2007, the Company has constructed parapet walls around 1,320 open wells in 17 villages around the Gir Sanctuary, covering 100 square km, in association with the Forest Department, to prevent wild animals from accidentally falling and drowning in the wells. Mining operations and transportation of raw materials are carried out only during the day near the protected areas. All mine tippers are provided with a multi-cap covering system to avoid spillage of material during transportation. Haul roads are continuously swept and sprinkled with water to prevent dust from getting airborne. All sites have developed green belts in and around the mine lease and plant areas.



Biodiversity Assessment through BIRS at Darlaghat.

Waste as Wealth GRI-306

Waste poses a major challenge which can be solved through innovative thinking and concerted efforts. We use our raw materials judiciously to minimise waste generation and ensure that a large part of our waste is recycled for productive use. For example, fly ash generated from our captive power plants is used for blending cement. Apart from managing our own waste in an environmentally responsible manner, Ambuja Cement provides state-of-the-art sustainable waste management services to other industries and waste generators under the umbrella of our Geocycle brand. We co-process waste from the agricultural, industrial and public/municipal sectors. We have also provided solutions for sorting municipal waste. While offering waste management solutions to various industries, we also pay attention towards developing safe and efficient solutions for the country's enormous municipal solid waste challenge. We have increased co-processing of refuse-derived fuel (RDF) and segregated the non-recyclable combustible fraction of municipal solid waste in our facilities. Rigorous efforts have been made to identify various sources, establish a robust supply chain, and co-process the refuse in our plants. The range of waste streams in our co-processing services increased significantly with the entry of new customers and industry segments. With higher usage of alternative fuels and raw materials, Geocycle has made a significant contribution to replacing traditional non-renewable fuels like coal. By reducing its reliance on natural resources, the Company reduces the impact of the waste on the environment and also lowers its overall ecological footprint. The year 2015 marked the stepping up of our waste management operations through fully operational pre-processing facilities in four locations.

Due to our aggressive emphasis on co-processing, we have gone a long way in replacing natural resources used in cement manufacturing. This has been facilitated through large scale investments in R&D for and upgradation of pre- and co-processing infrastructure in our plants. Our efforts to achieve greater technical and legal traction for co-processing technology have borne fruit. In the recent changes to the Indian waste legislations in 2016, co-processing has been recognised as a preferred technology for waste management.



In the year 2016 we co-processed about 1.8 lakh tonnes of alternative fuels (AF) in our kilns with a thermal substitution rate (TSR) of 5.14%. This was lower than the 5.71% in 2015, due to sourcing constraints. Additionally, 56,423 tonnes of AF were utilised in our captive power plants, taking the total consumption of AF to 2.6 lakh tonnes.

Health and safety (H&S) is one of the core values of our co-processing business. H&S is integrated with our business processes spanning people, processes, systems, technologies and facilities. H&S is driven through Top Management commitment and visible leadership across all levels. We recognise that the health and safety of our employees, subcontractors, third parties and visitors is vital to our business success. ACert, our internal risk and safety assessment and certification programme for AFR installations, strengthens this commitment. Our H&S Policy has been rolled out across all operations and included as a key responsibility in line management and business performance. Organisational accountability is supported by a robust programme of training, communication and risk management. Any risks involved in our operations are proactively managed.

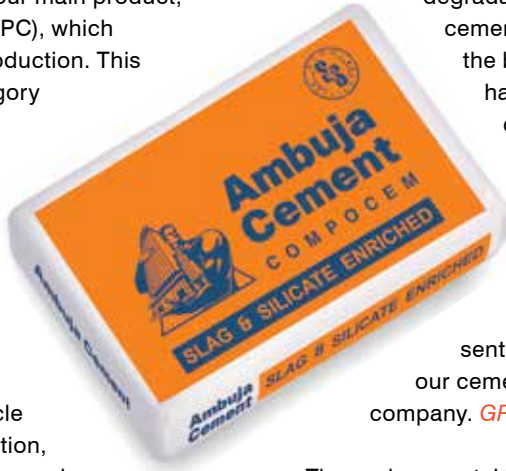
The Company tracks significant spills through its iCare system, which is an online data collection tool. There were no incidents of significant oil spills recorded in the reporting period. No hazardous waste transportation involved shipment to/from locations abroad.

GRI 306 (3, 4)

Responsible Products GRI-416, 417

Ambuja Cement has set the benchmark for the quality of cement. The main focus is on responsible product design, efficient use of raw materials, sustainable fuel mix and innovative product development. These efforts have enabled us to reduce the environmental impact of our product process/technology over the years. It is difficult to share the use-oriented figures, since cement is a commodity.

Ambuja Cements Ltd. has become the first cement company in India to complete a Life Cycle Analysis (LCA) and develop the Environment Product Declaration (EPD) across all our plants (five integrated units, eight grinding units) for our main product, Portland Pozzolana Cement (PPC), which constitutes over 91% of our production. This is in line with the product category rule CPC 3744 developed by Cement Sustainability initiative (CSI) of World Business Council for Sustainable Development (WBCSD). LCA helps in assessing, evaluating and reducing the environmental burden associated with the product during its entire lifecycle which includes mining, production, transportation, end use and disposal phases. EPD is a type of eco-label which provides information and quantifies the environmental impact of a product, analogous to the nutritional label on a box of cereal. It is being increasingly sought by the business-to-business (B2B) customer segment and green building developers all over the world. It is shortly expected to become a mandatory requirement for business needs in India. The prestigious building rating system LEED (version4) has added new criteria in their evaluation for building product disclosures and optimisation through EPD. EPD is used as a marketing tool by many good building material companies and even other sectors globally. It is a core element of green building certification and is expected to lead to better comparability in future. As a next step, we plan to get our self-declared EPDs certified by an independent third party verifier for publishing on a public website.



Implementation of LCA and EPD brought to our attention areas that require further action to maintain our leadership in sustainable mining and production. The findings form the basis of short and medium term strategies to introduce environmentally sensitive and technically evolved control mechanisms. Primary 2016 data from all units that conform to ISO 14040/44 was used for the LCA. Using the results of the study, we have prepared a central repository of critical information that can be used in knowledge building and sharing of best practices.

The Company uses HDPE and bio-degradable paper bags for packing cement. Since it is difficult to recollect the bags from our consumers, we have addressed the issue of plastic consumption by co-processing more plastic waste from other sources than the quantity used in our HDPE bags. In 2016, we burnt 51,405 tonnes of plastic waste in our kilns, which is about 1.54 times the total plastic sent to the market as packing bags for our cement, making us a 'plastic positive' company. GRI 301-3

The environmental impact of transporting products and other goods, materials and people has reduced over the years (refer to EN18). Bulk cement is being transported through the sea route since 1993. Today the Company owns 10 ships and hires others for transportation of materials. With about 14% of dispatches sent via the sea route and over 24% by rail, more than one third of our outbound logistics is managed in an environment-friendly way. Ambuja Cement initiated Scope-3 emissions estimation for one plant in Rajasthan in 2014. In 2015, the Scope-3 emissions were estimated for all integrated plants. The Scope-3 emission estimation continued in 2016; the scope was extended to include all our integrated plants and grinding units.

In 2016, we have also initiated production of composite cement which is a sustainable product using fly ash and slag in a definite proportion as per BIS norms.

Empowering Communities

Ambuja Cement Limited’s corporate social responsibility (CSR) journey has been one of sustainable development. Since inception, we have been conscious of the vulnerability of our natural surroundings. We have taken decided measures to preserve our geographies. Our aim is to ‘leave no trace of our existence’.

Ambuja Cement Limited’s CSR efforts began at its inception in 1993, when it established its CSR arm, Ambuja Cement Foundation (ACF). For several years, the Company had been spending more than 2% of its earnings on corporate social responsibility programmes. Hence when the Companies Act 2013 made it mandatory for companies like Ambuja Cement to constitute a CSR committee and ensure that at least 2% of its average net profits over the three immediately preceding financial years would be spent on CSR under Section 135, we were already compliant.

Ambuja Cement Foundation operates in 21 locations in 11 states. It works towards empowering communities in the areas of water resource management, agro- and skill-based livelihoods, comprehensive healthcare, education and women’s empowerment. ACF’s programmes are tailor-made for the specific geography and conditions of each location where it works. It adopts a participatory approach towards all its stakeholders, be they Government, non-government, corporate entities or the community. Its mission is to ‘energise, involve and engage’. It

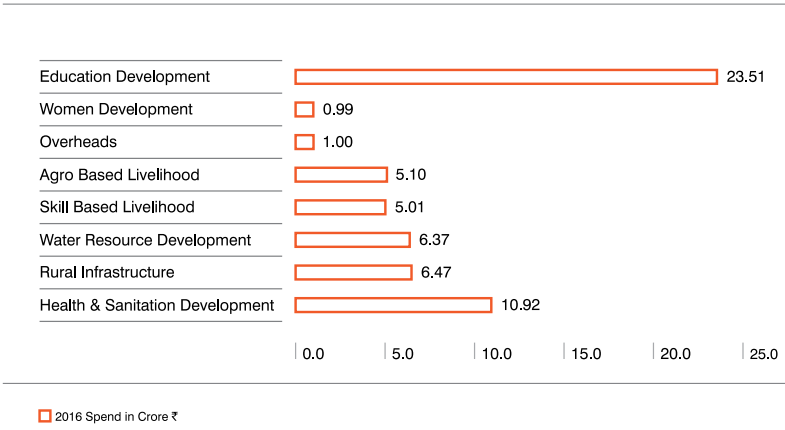
also works in partnership with other organisations who share our dream of working with the communities at our various locations.

ACF currently reaches out to over 1.8 million people across our 21 sites. When a plant is contemplated at a location, ACF first conducts a needs assessment of the prospective project affected persons in the area. Only after that has been done satisfactorily does Ambuja Cement enter the location to construct the plant. This creates confidence about our intentions among the people, and gives us the social license to operate there along with the people’s participation in our projects.

GRI 413 (1, 2)

Before commencing any programme with the community, ACF conducts ‘Participatory Rural Appraisals’ (PRAs). All stakeholders are included in open discussions with the Company through various forums where projects are planned and development

CSR Expenditure in 2016 : ₹ 59.37 Crore



initiatives reviewed. They provide a platform to address stakeholder concerns and develop a proactive plan of action for enhanced business sustainability. ‘Community Advisory Panels’ (CAPs) function at all Ambuja Cement sites. They comprise community and Company members who meet regularly to discuss and address the community’s concerns about our operations.

The Company’s CSR initiatives across all locations are rated through the ‘Social Engagement Scorecard’ (SES). Detailed group discussions and interviews give us feedback about the work done. ACF prepares annual ‘Community Engagement Plans’ (CEPs) in close consultation with the community and the relevant plant teams; the plans are based on the concerns raised during the CAP and other stakeholder meetings. They integrate the people’s needs with our business. ‘Site Specific Impact Assessments’ (SSIAs) are conducted cyclically at all sites to understand the needs and concerns of all the stakeholders. They cover human rights, labour rights and stakeholder conduct. The first SSIA cycle was completed in 2015; the second cycle was initiated in September 2016. The SSIAs enable systematic reduction of risk and ensure sustainability in our operations. GRI 413-1

Water Resource Management

Water is the most critical and vulnerable resource in all our geographies. ACF’s initial work in 1993 began with water sustainability for our communities. Taking into account the needs of the community, the programme began with salinity management in Gujarat. It gradually expanded to other locations, always striving to give back more water than that used in its operations. ACF’s strategies and programmes are tailor-made to the specific topography of the region and the needs of the people. It tackles problems holistically, building infrastructure for mass water harvesting, mobilising and collectivising farmers, and promoting drinking water solutions to ensure sufficient drinking water for the community. ACF’s community based water projects have at least one of the following objectives:

- To increase the availability of water through harvesting and recharging of water bodies.
- To revive and protect local traditional water bodies.
- To stop salinity ingress into fresh groundwater in coastal areas.
- To create awareness about the judicious utilisation of precious water.

During the year, an independent study was carried out by Sustainable Square India Pvt. Ltd. to assess the social return on investment (SROI) of ACF’s water resource management initiatives.

The study showed a social return of thirteen times in Kodinar and five times in Rabriyawas.

The SROI study measured social, environmental and economic outcomes achieved as a ripple effect of ACF’s work, translated into monetary value.

ACF’s water resource management model focuses on three areas: water harvesting and conservation (check dams, interlinking of rivers, watershed development, etc.); drinking water (roof rain water harvesting structures, pond-deepening, in-village distribution systems, water quality surveillance, etc.); and optimum utilisation (water user associations, participatory irrigation management and promotion of micro irrigation).

Water management projects are planned and executed in consultation with community institutions like water user associations (WUAs) or pani samitis. These groups take charge of post project repair and maintenance of structures.

In May 2016, the ACF team conducted a situational assessment of water availability in the villages around our Kodinar plant. The results showed that while other villages were labelled as ‘severe drought affected’, ACF’s villages were able to cope with the water shortage, reap three crops, and have sufficient fodder for cattle due to efficient water resource management interventions. Where ACF had no presence, normal life was greatly disrupted, with the farmers unable to reap more than one crop and having to purchase fodder.

Our work on water resource management has had a ripple effect on the lives of the people. Assured water in homes has significantly reduced the drudgery of women and children who would earlier spend most of their productive hours carrying water for drinking and agricultural purposes. The availability of drinking water has been sustained through various state-specific water conservation programmes that are carried out in collaboration with the state governments, local NGOs and academic institutions. In recognition of its work,



Community water structures

Ambuja Cements Limited received an assurance of being 5.5 times water positive from DNV-GL in 2016, making it the only water positive cement company in India. Our efforts also won us the FICCI CSR Award in December 2016.

Promoting Agro-based Livelihoods

Agriculture is the main source of livelihood and the primary occupation of our rural communities. Ambuja Cement Foundation endeavours to make it profitable by introducing a scientific package of agricultural practices and building the collective capacity of the farmers. Its agro-based livelihood programme promotes end-to-end solutions through a holistic approach. The interventions are aimed at bridging the gap between traditional farming practices and preferred, scientific practices. Farmers in Kodinar and Rajasthan are now able to grow more than one crop in their fields. The drip and sprinkler method of irrigation, replacing flood irrigation, has ensured optimal utilisation of water in the fields. More than one lakh farmers have benefitted from our multi-pronged approach to improve agro-based livelihoods.

'Better Cotton Initiative' (BCI) is a global initiative for sustainable cotton production. ACF has introduced BCI to more than 44,000 cotton farmers, covering over 53,000 ha of land. Our efforts have improved the work ethics of the farmers on their farms, ensured the health of the soil, brought in higher profit margins and established safe environment practices. The BCI project began with 2,500 farmers in 2010; that number rose to over 44,000 farmers in 2016, the highest number among BCI-implementing agencies in India. In 2016, BCI farmers recorded a significant 22% increase in their net income across locations, arising out of a 24% reduction in the input of pesticides and fertilizers and 17% reduction in the use of water, realising a 14% reduction in the cost of cultivation. These efforts have brought us recognition on the global stage.

In 2016, Ambuja Cement Foundation was elected as a member of BCI's Global Council and will now play an instrumental role in setting strategic direction for achieving better cotton and empowering farmers.

ACF undertakes location-specific programmes to ensure geographic suitability. Programmes like organic farming in the north & 'systematic rice intensification' (SRI) in the east have led to better production. SRI achieves a better yield of rice with limited water use. It has given positive results in Bhatapara, Sankrail and Farakka. Our SRI intervention began with around 174 farmers in 2009; to date it has reached out to over 10,200 farmers cumulatively.



Better Cotton Initiative

It was observed that in Sankrail and Farakka, many ponds were lying without use since water was available in plenty. To make good use of this water, ACF promoted fish culture among farmers in the eastern regions. This proved to be a good alternative source of income for the farmers.

Similarly, animal husbandry is an important alternative source of income for many rural families. ACF's animal husbandry programme for the community strives to keep their cattle healthy. Regular health camps are held for the cattle, coupled with training of farmers on the importance of green fodder and animal feed. In Darlaghat, village women were trained as para-vets, known locally as pashu swasthya sevikas (PSS's), to provide animal care in their villages. Currently there are 23 PSS's servicing 45 villages in Darlaghat.

ACF also focuses on building the collective bargaining power of the farmers by creating farmer producer organisations (FPOs). Currently there are 13 FPOs that are procuring inputs at a lower cost and providing them to the farmers in remote areas at reasonable prices. They are gradually ascending to the next step of the agricultural value chain by building market supply linkages. By the end of 2016 there were 49 such linkages.

Most Ambuja Cement plants are located in rural geographies, with agricultural fields neighbouring the plant areas. Over the years it was observed that in the absence of any other mechanism, farmers would often burn crop residue in their fields, generating significant amounts of CO2 emissions and also depriving their own farm soil of its essential nutrients. This was realised as a business opportunity wherein farmers were invited to supply this crop residue as fuel in Company kilns, in return for a competent market price. FPOs in Ropar, Rabriyawas, Darlaghat, Chandrapur and Kodinar partnered with Ambuja Cement for the use of biomass as an alternative fuel resource (AFR). Under the project, The Company procures biomass directly from the FPOs. Farmer groups are paid to provide bio-wastes like sugarcane trash, cotton stalk, wheat straw and

other crop residues which are then used to replace conventional fuels in Ambuja Cement kilns. This is an example of the symbiotic relationship between the Company and the community that aids the former in its drive to remain the most sustainable company in the industry, and augments the income of the farmers. In the year 2016, 16,292 MT of biomass has been supplied to Ambuja Cement kilns to replace traditional fuels, through the farmers associated with ACF. The FPOs at Rabriyawas and Ropar earned whopping profits of ₹ 1,94,300 and ₹ 1,56,023, respectively during the year. The collective profits of the FPOs in this venture were ₹ 4,20,000 in 2016.

Promoting Skill-based Livelihoods

ACF primarily operates in rural locations, where agriculture is the main source of income for most families. With increasing population, there has been pressure on the land to increase its productivity over the years. ACF introduced Skill and Entrepreneurship Development Institutes (SEDIs) in 2006, to provide vocational training to rural youth to obtain gainful employment and aid their household incomes, easing the strain on agriculture. Skill training has now become part of the national agenda, with the Prime Minister's call to make India the 'skill capital of the world'.

By the end of 2016, ACF established 17 SEDIs in 10 states and successfully trained over 30,000 rural youth. Seventy four per cent of them were placed in various industries such as hospitality; driving; nursing; security; retail; automobile; electrical; construction; carpentry; beauty; garment making; fitting and welding; and computer training. ACF prepares the rural youth to face the challenges of the professional world by developing their vocational skills. SEDI graduates are assisted in starting their own businesses; 2,915 enterprises have been formed till date.

Besides providing training in different trades, the SEDI students are tutored in computer operation, English and soft skills. Many SEDI courses are government-affiliated. To further its skill training agenda, ACF works



in partnership with various institutions, depending upon the feasibility of their locations. These may be government institutions such as National Skill Development Corporation (NSDC) and Industrial Training Institutes (ITIs); non government institutions such as Sadvichar Parivar and Vishwa Yuva Kendra; and corporate houses such as the Taj Group of Hotels and ADOR Welding Academy. *One such partnership is that with Schneider Electrical Foundation. Schneider, an energy management company, partners with 14 of our SEDIs not just with a monetary contribution, but also by using its expertise to set up electrical labs. These labs are used to train students as electricians.*

Safety being an overarching value in Ambuja Cement, the SEDIs collaborate with the Company's Health and Safety department to make sure that regular and thorough safety training is provided to all trainees. Personal protective equipment (PPE) is mandatory for all trainees during practical sessions in specific trades such as welding and electrical training. The SEDIs' endeavour is to make safety an integral part of the trainees' lives so that they value their own safety as well as that of others.

The SEDIs also help the Company's employees and contract staff to upgrade their skills and get certification.

Comprehensive Healthcare

It is important for us to impart our overarching values of health and safety to the communities with whom we work. We are working sincerely to develop a healthy and thriving community around all our sites. Our Initial activities addressed the immediate clinical needs of the people through curative care. Gradually, the programme developed to promote health, prevent disease and provide preventive and curative care. ACF works extensively to promote comprehensive healthcare among its communities.

ACF's health projects are implemented in close coordination with the public health departments, panchayats and village development committees; they are led by a cadre of ACF-trained voluntary health workers called 'sakhis'. *In 2016, ACF undertook a study in collaboration with a reputed research agency to test the knowledge and skill of our sakhis in comparison with accredited social health activists (ASHAs). The study clearly demonstrated better knowledge and skill sets amongst the sakhis who were trained by ACF.*

ACF works extensively towards the prevention of HIV and AIDS in and around Ambuja Cement plants. Efforts are made to reduce the stigma on persons affected by the disease. Several projects are implemented in

collaboration with state-level AIDS control societies and corporate partners to reach out to over 1,15,000 vulnerable people. Ambuja Cement employees volunteer as master trainers to reach out to truck drivers (one of the most vulnerable groups), contract workers and other employees who are an integral part of the Company's operations.

Ambuja Cement is aligned with the national agenda of promoting sanitation among the people; we are mobilising our communities to build clean and healthy villages. ACF facilitated the formation of village development committees (VDCs) who spearhead the cause of sanitation. We have instituted a 'Community-led Total Sanitation' (CLTS) project, through which the entire community participates in better sanitation practices. The objective of the project is to engage with the community beyond the construction and repair of toilets, and bring about behavioural changes in their sanitation habits. These behavioural changes are largely steered by women and children, who have become the frontrunners of our sanitation drive. Women's federations in Chandrapur and Kodinar, with 490 self help groups (SHGs) and over 6,100 members, have played an instrumental role in encouraging people to construct toilets and adopt hygienic practices in their households.

ACF has covered over 12,000 households and 177 schools under its sanitation initiative. In 2016, we supported 6,107 households in toilet construction.

ACF works towards strengthening village level institutions and health systems like ASHA, anganwadis, ANMs, VHSNCs, and PRIs to make the villagers self-reliant.

In 2014, ACF conducted a baseline survey in 232 core villages in 15 locations. The survey showed that only 57% of households had toilet facilities, several of which were unused. Today, more than 70% of the households in villages around Ambuja Cement plants have toilets. Seventy three villages have achieved total sanitation with a toilet for every household.

Women's Empowerment

Our women's empowerment programme is an independent entity; yet it is woven into all our other programmes. Our initiatives include giving women assured access to water, developing a cadre that can provide the community with health and education, training them in various skills, and providing them with opportunities to demonstrate leadership. Many women now have access to finance and run their own small businesses. This has boosted their confidence immensely.

In Kodinar, Chandrapur, Darlaghat and Rabriyawas, small SHG groups of 15-20 women have expanded to form women's federations. The Sorath Mahila Sahkari Mandali in Kodinar has opened a retail outlet and runs a stitching course for its members in order to promote entrepreneurship. Its members are provided with support in times of emergency. Their work has been recognised by the Government who has offered them an insurance scheme.

These initiatives have played a critical role in elevating the status of women in their respective communities. Since ACF has always adopted a participatory approach, the changes have been internalised by the community and are irreversible. The work of the women's federations is aligned with the national Swachhata Mission. They carry out sanitation programmes and manage a revolving fund that helps needy families purchase material for the construction of toilet blocks.



Promoting Education

Many of the workers serving Ambuja Cement are migrants from other regions. Their children need a good education. ACF promotes education through various programmes across its locations. Its programmes involve innovative teaching and learning methodologies in schools, coupled with teacher-training. This makes the subjects interesting and easy for the children to understand. ACF also trained children to become *balmitras*, who support their peers in Maths and Science. Infrastructural support like establishment of science centres, libraries, etc. is provided by the Company. ACF also runs non-formal education (NFE) centres that provide basic literacy in areas with a high number of out of school children. Such children are given opportunities to enter the formal education system.

Ambuja Manovikas Kendra (AMK) is the only facility for special children in the entire district of Ropar. Its student strength is about 100 trainees, all of whom



are mentally challenged. They are often sidelined by society and treated as a liability. AMK provides them with an environment that is conducive to their individual needs. Our experience shows that with early intervention and intensive training, most of them can be rehabilitated. Systematic therapies and regular training combined with counselling for both the students and their families have yielded encouraging results.

AMK children have responded so well to our interventions that many of them have gained recognition on national and international platforms. They have displayed special inclination and talent

towards sports and the arts, and have won several accolades. Seven AMK children, in the last three cycles, have won medals at the World Special Olympics. The AMK team has been winning the championship trophy at the Punjab State Special Olympics for the last 11 years. These results have served as a benchmark for other AMK trainees to emulate, overcoming the prejudice that the differently-abled often have to encounter.

Making Internal Monitoring Robust

The Company has set up a separate internal programme monitoring and research cell which focuses on data management and impact assessment of our CSR programmes. The programmes are monitored on a quarterly and annual basis using a systematic monitoring framework used by 17 locations to report their processes and achievements. Systematic assessments, research studies and evaluation are conducted to develop need-based programmes and make mid-course corrections to existing programmes.

For more information on our CSR activities please visit: www.ambujacementfoundation.org

Employees....Our Building Blocks

Human Resources (HR) at Ambuja Cement plays a vital role in realising business objectives by coordinating organisational change, fostering innovation and mobilising talent to sustain the organisation's competitive edge. Our HR function has undergone a paradigm shift from being a support function to a strategic business partner that is often the game-changer. The philosophy of our HR function is that people are the foremost factor in the success of an organisation; as a result, it constantly evolves and transforms itself to remain in tune with the changing world.

The Company's people strategy, systems and processes aim to make Ambuja Cements Limited an employer of choice. Its HR policies and other welfare measures are designed to enhance all aspects of the 'employment experience', integrating all HR processes for overall organisational effectiveness.

Efforts to provide a congenial work environment with innovative recruitment and retention practices continue. Both management and non-management

employees are offered continuous learning opportunities for growth and development. The Company provides a congenial working atmosphere, free from discrimination and harassment including sexual harassment, along with equal employment opportunities to all its employees. Ambuja Cement 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.

In 2015 we moved from a region-based organisational structure to a function-centric structure to enable faster and expertise-led decision-making at all levels and reduce our response time to external environmental challenges. The new structure achieved better functional excellence and resource mobilisation. Our manpower productivity improved by 19% in 2015 over that in 2014. In 2016, our core manufacturing

productivity improvement went up by 16% while our overall productivity improvement rose by 9%.

Building Culture

The spirit and practice of 'I Can' is the core philosophy of Ambuja Cements Limited. We believe that culture-building is a continuous process; to this end, several awareness workshops were conducted across locations to familiarise all our employees with LafargeHolcim's new values: CRISP (Customers, Results, Integrity, Sustainability, People); and ACE (Agility, Collaboration, Empowerment). Both these philosophies have a strong connect with our 'I Can' values. Employees were encouraged to internalise these values through continuous communication that helped create common understanding. ACE has four strategic pillars: commercial transformation, cost leadership, asset-light approach and sustainability. ACE also reflects LafargeHolcim's new vision that our work should make a difference, 'so the world builds better'. The four behavioural pillars that have been identified to make this possible are: agility and simplicity; collaboration and trust; and empowerment, accountability and transparency.

Talent Management

The Company upholds its competitive edge by honing talent and carving out leaders through various initiatives for managing, developing and retaining superior talent. Leadership skills are developed through structured talent reviews supported by individual development plans (IDPs) and cross-functional and cross-location assignments. These initiatives have begun to show results. While we maintain a healthy external talent intake, senior positions are now increasingly being filled internally. Succession planning has created a talent pipeline for key positions and a growth avenue for our developing leaders.

Ambuja Cement Limited's core values stipulate the need to develop and build leaders who will keep



the organisation on the path of high performance. With this in mind, the STEP (Sustainable Talent for Enhanced Performance) programme was institutionalised in 2012 along with other talent management initiatives. The prime objective of STEP is to develop a sustainable pool of leaders with essential leadership skills and the capacity to be internal coaches. The training includes formal, informal and interactive components that hone coaching skills and bring about greater engagement. The STEP-I programme was completed successfully by 96 managers in 2014. Thirty five of the top certified participants from STEP-I became effective 'people coaches'. STEP-II was launched in January 2015 for more than 60 managers and concluded in 2016. Besides creating a fresh pool of 'people coaches', Step-II ensured that the Step-I coaches were able to apply their learning skills on employees across the organisation.

Employee Benefits

Employee benefits in the form of contribution to Superannuation Fund, Provident Fund managed by government authorities, Employees' State Insurance Corporation and Labour Welfare Fund form our defined contribution plan. Retirement benefits such as gratuity, post-retirement medical benefits and death and disability benefit are considered as defined benefit obligations; they are provided on the basis of actuarial valuation, using the projected unit credit method. Contribution to Provident Fund is managed by a trust set up by the Company. For more details please refer to the Annual Report. [GRI 201-3](#)

Local minimum wages rules are followed and employees are paid above the local minimum wages. The ratio of the standard entry level wage as compared to the local minimum wage at significant locations that include all our operating plants is about 1.57. Merit is the main parameter for recruitment, but preference is given to local hiring. [GRI 202 \(1, 2\)](#)

There is only a marginal difference in few of the benefits for full-time employees (FTEs) and temporary or part-time employees (PTEs). Healthcare, disability and invalidity coverage are available to both categories, unlike life insurance, parental leave and stock ownership. Retirement provisions are almost similar, barring a few schemes like superannuation which is not available to some categories of FTEs and all PTEs. Medical benefits are standard for full-time employees but are not provided to temporary or part-time employees. All these benefits are irrespective of location. Women employees are entitled to maternity leave. In 2016, one women employee availed of maternity leave. She remained employed for the rest

of the year after resuming work. 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. [GRI 401 \(2, 3\), 402-1](#)

We are an equal opportunity employer providing equal remuneration for women and men. However, due to the low number of women employees in a manufacturing industry like ours, the ratio of the basic salary of women to men falls in the range of less than 1 to about 2 in different management grades, considering all locations of our operations. [GRI 405-2](#)

We have recognised trade unions, representing blue collar employees, affiliated to INTUC/AITUC/BMS at different locations. About 25% of our permanent employees are members of a recognised employee association. [GRI 102-41](#)

Employee Learning and Development

Workforce development is vital for strengthening our workmen and ensuring safety; as part of this initiative, productivity and quality training was provided to our workmen. The ACC ACL Leadership Academy (AALA), a joint academy of ACC and Ambuja Cements Limited, was started in February 2012 to provide technical, leadership, procurement, sales and marketing training for employees and the field force of both companies in order to build capability and competence. Robust training modules emphasising quality and effective application at the workplace have been developed. About 50% of staff time at the academy is spent in understanding and inculcating strong work practices during training. AALA aims at using innovative training methodologies to deliver best-in-class quality training and partners with reputed management and technical institutes like the Indian School of Business (ISB) and IIM – Indore to build competence in areas where internal expertise support is required. Every effort is made to make these programmes engaging and effective. Training is aligned to the business needs of the Company. In 2016, AALA was transformed into a full-fledged technical training organisation to align with India Manufacturing Transformation (IMT) and to leverage our training infrastructure and standardise our approach to technical training and capability building. [GRI 404-2](#)

Enhanced Employee Engagement

Ambuja Cements Limited strives to build a culture of merit and appreciation. We have a Rewards and Recognition (R&R) programme that recognises efforts and rewards employees' achievements. Awards are

decided by awards panels, with spot awards, monthly awards, quarterly awards and annual awards in individual and team categories; they take the form of appreciation letters, certificates, gift vouchers, hall of fame photographs, and sponsored stays at resorts. In 2016 we had 509 employee nominations under various categories of awards; 365 employees from across locations and functions were rewarded under the programme. Employees who spent more than a decade with the organisation are felicitated with 'Long Service Awards'.

A new initiative in 2016 was the setting up of 'focused group discussions' (FGDs) across various locations to determine the level of employee engagement, gauge employees' perceptions on various organisation- and work-related matters and to draw up a meaningful action plan to improve employee engagement. A team of internal facilitators with varied functional expertise assisted in open and participative FGDs at 12 locations.

Our people strategy, systems and processes are aimed towards making us an employer of choice with sustainable talent and concrete action plans to enhance employee engagement. In 2015 Ambuja Cements Limited achieved an employee engagement score of 81% compared to the average benchmark of about 60% and best employer benchmark of 80% (based on the Aon Hewitt model). The response rate for the employee engagement survey was 96.5%. The previous model followed since 2009 was the Gallup model. Our employees also participated in LafargeHolcim's Group-wide Pulse Survey Wave 2 in November 2016. The survey throws light on how they feel about the Company and their work. The survey was undertaken online through Mercer.

Employee engagement takes place through functions, celebrations, functional meets, gate meetings, town halls, etc. In 2016 four town hall meetings were held across different locations where Top Management engaged with employees on issues related to Company performance, future focus areas, health and safety, etc.

All eligible employees received a timely and regular performance and career development review during the reporting period. In 2016 we launched a new Performance Management System (PMS) which places increased focus on setting of team objectives and periodic reviews. Frequent individual dialogue between managers and employees is encouraged. These discussions enhance alignment with Company objectives, explain clearly our business direction and aid in individual target achievement. The new PMS is designed to involve managers and employees and together raise levels of performance through

collective ownership and responsibility. This aspect was further highlighted at the FGDs. The Board reviews the performance of the senior management (ExCo) employees through the Nomination and Remuneration Committee; and the ExCo reviews the performance and development of the other executives as per the process followed by HR. Our mandatory key results areas (KRAs) for all categories of employees give health & safety 30% weightage and commercial transformation 25% weightage. **GRI 404-3**

The year 2016 saw the Company forge ahead on its HR transformation journey with the setting up of the new shared services centre, OneIndia BSC. We adopted the new model; all high-transactional HR processes were

moved to OneIndia BSC. This shift will help us focus on strategic areas and improve our overall work efficiency with real-time solutions. Improved or new technologies for employee-related services empowered employees to espouse a self-service culture.

Along with HR transformation, we have also embraced digital transformation. A big step towards this is the 'Workday' system, which is a cloud-based global HR system, initiated by LafargeHolcim. 'Workday' supports effective talent management through an online real-time master data source. Our parent company, LafargeHolcim has put in place many global and local initiatives to build the Group.

Towards 'Zero Harm'

Health and Safety (H&S) continues to be the overarching value for Ambuja Cement and is top priority for all of us. Providing a safe and healthy workplace assumes maximum importance in our agenda. We have made significant progress in our H&S transformation journey through our 'We Care' initiative that was launched across the Company in 2014. 'We Care' is an umbrella initiative which covers all stakeholders. It has made a visible impact on the ground as it drives H&S improvements in all areas of our operations. It has transformed not only operations but also attitudes towards safety.

The 'We Care' initiative has led the way in training and capability building, and is spearheading the Company's efforts to achieve 'Zero Harm'. Our focus was on participation, involvement and sensitisation of our people. Individuals and teams were encouraged to contribute to H&S improvements through sensitisation about safe behaviour, training, building capability about risk assessment and reward & recognition schemes.

All our manufacturing units are certified as per OHSAS 18001 world standard.

H&S is reviewed monthly at ExCo level and quarterly by the Board. Any onsite fatality is critically reviewed by the Group Company ExCo, followed by root cause analysis (RCA) and preventive action. Management is mandated to undertake a specified minimum number of safety observation tours (SOTs) each year to demonstrate its 'visible felt leadership' (VFL) commitment. Each function has a specific H&S KRA linked to an employee's individual performance appraisal; H&S is given 25% weightage in their overall performance.



The data consolidated at the corporate level includes: (i) monthly Lead Indicators Reports covering SOTs, hazards identified and near misses; (ii) monthly General Management Report (GMR) which includes all the H&S incident data; and (iii) Online H&S data management system (Click2Safety) having 14 modules on various aspects of H&S. Incidents are classified into various categories like lost time injury (LTI), medical treatment injury (MTI), critical incident, etc. Experiences from different plants across the Group are shared with employees. The Ambuja Cement safety management system was integrated with that of LafargeHolcim during the second half of 2016, for greater synergy and better management.

The leadership team developed an effective Health and Safety Improvement Plan (HSIP) for 2016. The plan included five strategic objectives and one mandatory objectives of fatality elimination control:

- (i) Lead to create a healthy and safe environment;
- (ii) H&S management systems;
- (iii) People capability;
- (iv) Effective execution; and
- (v) Road safety.
- (vi) Electrical earthing assessment

This strategy has enabled us to establish systems and processes to understand risks clearly, implement risk mitigation processes, learn from previous incidents and encourage appropriate behaviour. Efforts were made to develop a system of leading indicators to proactively detect inconsistencies as well as potential incidents.

The VFL safety visits of senior leaders and managers add impetus to the safety culture within the Company. The managers observe the employees at work, and discuss operational as well as safety issues with them.

Behaviour-based safety (BBS) programmes and HIRA (Hazards Identification and Risk Assessment) have helped us to improve hazard identification and risk awareness, and encourage employees to take personal responsibility for managing and mitigating these risks.

Yet, we have some distance to travel before we reach our goals of Zero Injury and Zero Harm. The immediate focus for 2016 was on fleets which are under our control (in-plant movement, truck yards and dedicated fleets). Risk assessment capability at all levels and road safety also continued to remain focus areas.

For a safer workplace, it is imperative to build on the health and safety competencies of people. We initiated and implemented training frameworks to improve the safety performance of workers. In 2016, we spent 4,57,989 man-hours in safety training for our personnel that included various technical and behaviour-based programmes. Hazard Identification and Risk Assessment (HIRA) workshops were organised for Senior Management to enhance competency. The training helped them recognise the hazards associated with different tasks, identify risks, and assess their likelihood and consequence. Later, these workshops were extended to more than 900 line managers across plants and offices. Sixty four Health and Safety team members attended NEBOSH (National Examination Board in Occupational Safety and Health) training. Twenty seven of them also participated in IOSH (Institution of Occupational Safety and Health) training. Both NEBOSH and IOSH are internationally recognised certification programmes

which will help Health and Safety professionals deal with H&S aspects by seeking out effective solutions in their day-to-day functioning. Around 9000 front line employees were trained through tool box talks on the do's and don'ts of critical operations such as working at a height, vehicle and traffic safety, electrical safety and lockout procedures.

We have adopted the 'Safety Hero' concept to acknowledge outstanding contributions by individuals in establishing and maintaining high standards of safety and health. The Safety Leadership award is conferred on individuals to recognise and encourage their efforts to sustain or improve safety standards and culture at the plant and business levels. In 2016 about 200 'Safety Heroes' and 30 teams were recognised for their performance.

After a good performance run of 13 months, two unfortunate onsite fatalities occurred in 2016. One occurred in a plant and the other in a cement warehouse. From ten onsite fatalities in 2013, our onsite performance improved significantly. This improvement can be attributed to 'We Care' that changed the mindset of our people and transformed H&S into a line responsibility from a functional obligation, with standardised processes and increased involvement of people on the ground.

We are also focussing on industrial hygiene sampling and risk-based health assessment of all employees.

Workers in cement packing and loading sections have a relatively higher risk of occupational health issues. We have launched drives such as 'Clean Packing Plant' to impart training about the use of personal protective equipment (PPE), technology upgradation, automation, better housekeeping, etc. Formal agreements with local trade unions cover health and safety at all locations. The focus on safety aspects, especially traffic and third party safety issues, initiated by the India Chapter of the Cement Sustainability Initiative (CSI) of World Business Council for Sustainable Development (WBCSD), of which Ambuja Cements Limited is a part, will address the challenges facing the cement industry.

GRI 403 (3, 4)

Logistics Safety

Vehicular and traffic (V&T) safety are a concern especially in offsite areas where we do not have much control. We have improved our performance within the plants. Our overall safety management places strong focus on offsite V&T incidents. Drivers have to undergo a 'defensive driving course' (DDC) that examines and encourages them to alter their behaviour. The new Company motto is 'No DDC, No Load'. It is being

implemented in a phased manner, with initial focus on controlled fleets. Presently around 44,000 drivers are covered by it. Eventually, emphasis will shift to all outbound movement, culminating with attention to vehicles. Implementation of 'We Care' in marketing and logistics progressed well in 2016. Sensitisation, BBS workshops, DDC and reward and recognition programmes for controlled fleet drivers as well as model warehouses were conducted under the initiative. A paper on 'Logistics Safety Vision - 2020' that takes a hard look at on-the-ground implementation, replete with a roadmap and milestones, has been prepared and circulated. Other initiatives such as GPS installation and e-passports were also implemented in 2016. Over 400 drivers were recognised with 'Safety Hero' and on-the-spot awards; over 1,000 sales force employees were trained in DDC with practical on-road evaluation.

Safety workshops were conducted for over 6,200 personnel of our warehouses and branches. During the year, the Model Warehouses project was kick-started to convert 50 warehouses. Our senior leadership team has taken ownership of the project; each team member owns one warehouse. Over 2,500 warehouse workers have been sensitised through tool box talks. More than 1,000 school children from nearby communities were also sensitised through the Road Safety Awareness programme. We are working on having seat belts fitted in all Company and contract vehicles.

2016: Key H&S Performance, People Engagement, Capability Building Based on the 2016 Focus Areas of H&S

1. Lead to create a healthy and safe environment:

- a. About 240 individuals and 30 teams rewarded;
- b. Uniform reward and recognition scheme for drivers;
- c. More than 690 VFL/SOT conducted by leadership team;
- d. A total of 77 consequences initiated against 156 onsite applicable incidents to date;
- e. About 2,800 consequences initiated against V&TS violations to date.

2. H&S management systems:

- a. Alignment with LafargeHolcim's H&S management systems and e-learning modules;
- b. Sensitisation workshops for line managers: 6,000 people connected;
- c. Simplification of work permit / standardisation of PPE's done;
- d. Animated training modules: isolation and lockout animation HSIP: developed do's and don'ts for isolation and lockout, working at a height, lifting and supporting loads, electrical safety and V&TS;

- e. H&S review modalities and cross assessment plan: audit protocol developed and peer reviews conducted.

3. People capability:

- a. IOSH(27) and NEBOSH(65) training completed;
- b. HIRA training for more than 840 people including more than 85 senior leaders;
- c. Function-specific KRAs (25% H&S) prepared and communicated with all ExCo members, unit and function heads, and HR;
- d. Organised workshop for Ambuja Cement doctors to clarify roles and responsibilities in accordance with LafargeHolcim incident reporting, classification and investigation standards.

4. Effective execution:

- a. FPE Implementation — action taken on level-1 assessment observations;
- b. Critical findings of electrical safety audit, fire adequacy survey, lightening arrester study, rail safety audit addressed;
- c. MSR (hot meal handling) — 95.7% points were attended to and closed;
- d. HSIP: improved implementation of electrical safety FPE by better earthing of electrical installations at five ACL plants in 2016.

5. Road Safety:

- a. Around 700 Safety Ambassadors covered through two days' Behaviour Based Safety (BBS) training programme;
- b. More than 45,000 drivers covered through Defensive Driving Course/standalone modules. Implemented 'No DDC No Load' policy from September 2016;
- c. Implemented Driver reward and recognition (R&R): 203 drivers rewarded as Safety Heroes and 330 spot awards distributed under this scheme for drivers and transporters across Ambuja Cement;
- d. Developed 30 in-house trainers to deliver DDC training;
- e. Completed DDC training with on-road practical assessment of 1010 (93%) for sales/marketing/technical services people;
- f. More than 6,200 branch and warehouse workers engaged through sensitisation workshop;
- g. Initiated Model Warehouse Programme at 25 warehouses (each sponsored by a top management leader);
- h. Clean Branch and Clean Warehouse drive launched and self-assessment started.

Respecting Human Rights *GRI 406-412*

Our human rights policy is specified in Ambuja Cement Limited's Code of Conduct and Business Ethics. We also follow the LafargeHolcim Group's Directive on Human Rights. We prohibit the following practices and will not knowingly do business with any individual or company that participates in: exploitation of children including child labour; physical punishment; gender-based violence; forced or compulsory labour; unlawful discrimination in employment and hiring practices; provision of unsafe working conditions; salary payments (or deductions) below minimum wage; and illegal overtime regulations. Our commitment to human rights is reinforced by our Group's participation in the UN Global Compact (UNGC), support of the Universal Declaration of Human Rights and our CSR Policy. Ambuja Cements Limited 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) that is mandatory for all our stakeholders. The system examines our own behaviour as well as the value chain, in particular the supply side and third party service contractors. Any incidence of failure to comply with the rules, or other concerns can be shared with our local human resources representative. HRMS is based on country-wise human rights risk assessment and classification and is carried out using Freedom House (an international NGO) and UN human development indices. Issues within a specific country are taken into account; India has been classified as high risk in the context of human rights. Belonging to a high risk country, Ambuja Cements Limited is expected to conduct full-fledged human rights assessments. We undertake a Site Specific Impact Assessment (SSIA) at each of our sites every three years, capturing the perceptions of all our stakeholders and addressing potential risks. Representatives of all our stakeholders interact with the assessment team through focus group discussions. The final report rates our performance on the basis of health and safety; security excesses; grievance mechanisms; community impact; ethics; land management and adherence to ILO core conventions. At the end of the assessment, an action plan is prepared in consultation with the unit head and the senior team to mitigate the identified risks. Implementation of the approach is monitored through the annual CSR Questionnaire. The first round of SSIA began in 2012 and was completed for all 13 manufacturing locations in 2015. The second cycle started in 2016. The action plan for each site is being implemented.

We place strong emphasis on the rights of women; preventing child labour or any other forms of forced labour; and non-discrimination across our operations

and supply chain. We have systems to ensure that the labour engaged by our contractors is covered by the Contract Labour (R&A) 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.

The Company has a Supplier Code of Conduct (SCC) that covers various human rights aspects; all our suppliers are required to complete the Supplier CSR and OH&S Management System Questionnaires as a condition for eligibility. The self-declaration covers employee safety, occupational health, corporate social responsibility and environment management. 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. Although Ambuja Cement does not monitor training hours or the number of employees trained in human rights, our employees are trained and sensitised about human rights through initiatives on sustainable procurement, CSR and labour practices. We plan to roll out a Company-wide e-learning module on human rights in 2017.

Ambuja Cements Limited encourages collective bargaining for harmonious industrial relations. Discussions are periodically held and issues resolved with employees' representatives. They are also inducted into various committees constituted for their welfare. No instances or suppliers were reported where violation of employee rights of association or collective bargaining were observed, nor were there any reports of instances of suppliers indulging in child labour, 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 total number of incidents, complaints or grievances of human rights violations along with the backlog of earlier incidents is zero. No complaints were received, nor are any pending of child labour, forced/involuntary labour, sexual harassment and discriminatory employment. Ambuja Cement promotes equality and diversity and there were no incidents of discrimination in the reporting period.

Compliance Management Gri 205, 206, 416-2, 417 (2, 3), 419

Compliance is one of our top priorities and is monitored by the Board Committee. Compliance Week is celebrated every year since June 2014 at all plants, regional and corporate offices. This reaffirms our strong commitment towards compliance with all laws, rules, regulations, internal policies, procedures and codes of conduct. 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.

We have a formal system of receiving customer complaints through a toll-free number. We received 401 customer queries/complaints on this number during 2016; all of them have been resolved and no complaints were pending at the end of the year. Seventeen consumer cases were pending before different forums/commissions/courts at the beginning of the year. Four more were filed during 2016 and five disposed of, leaving a balance of 16 pending cases at the end of the year.

The Competition Commission of India (CCI) passed an Order dated 31st August, 2016, imposing a penalty on certain cement manufacturers including Ambuja Cement about alleged contravention of the provisions of the Competition Act, 2002. The penalty levied on the Company is ₹ 1,163.91 crore. The Company appealed against the CCI Order before the Competition Appellate

Tribunal. The Tribunal has stayed the CCI Order, subject to laying down of a 10% penalty in the form of a six month fixed deposit. It also ruled that if the Appeal is dismissed, then the balance amount of the penalty shall be deposited with interest @ 12% per annum from the date of the CCI Order, i.e. 31 August 2016. The Company has complied with the Tribunal's Order dated 21 November 2016; the Appeal is now pending for the final hearing.

The state of Haryana has filed a complaint alleging cartelisation of tenders for supply of cement by some cement companies including Ambuja Cements Limited. The CCI, vide its Order dated 19 January 2017, has held some cement companies including Ambuja Cements Limited guilty of violating the provisions of the Competition Act and has imposed a penalty of 0.3% of the annual turnover of the last three financial years. This amounts to ₹ 29.84 crore for the Company. The Company will go on appeal against the CCI Order before the Competition Appellate Tribunal within the stipulated time period.

There are 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.

Mapping our activities with Sustainable Development Goals (SDGs).

Initiatives at Ambuja Cement vis-à-vis SDGs

Currently 123 targets are addressed by Ambuja [Business/Core activities (**) – 27, CSR activities (*) – 31, Both activities – 65]. We hope to continue enhancing our sustainability performance and cover the remaining targets in near future.

1NO POVERTY
SEDI*;
Women Emp*;
Agribusiness &
Better Cotton Initiative*

2NO HUNGER
SEDI*;
Sustainable farming
practice*;

3GOOD HEALTH
SAKHIS*;
APEKSHA*;
AASHAs*;
HCCs*

4QUALITY EDUCATION
SEDI*;
School Support*;
AMK*;
Trainings**;

5GENDER QUALITY
SEDI*;
Women Emp*;
APEKSHA*;
Workplace equality**

6CLEAN WATER AND SANITATION
Water resource
infrastructures*;
WASH Initiative**
Sanitation facilities
in community*

7RENEWABLE ENERGY
Smokeless stoves*;
Biomass*;
Solar**;
WHR**;
AFR**

8GOOD JOBS &ECONOMIC GROWTH
SEDI*;
Village Instts*;

9INNOVATION AND INFRASTRUCTURE
Rural infrastructure*;
AFR**;
Fly Ash**

10REDUCED INEQUALITIES
SEDI*;
Women Emp*;
Workplace equality**;
Suppliers Code of
Conduct**

11SUSTAINABLE CITIES AND COMMUNITIES
CSR activities*;
Road Safety targets**
RRWHS*

12RESPONSIBLE CONSUMPTION
Resource
Optimisation**;
AFR**;
Fly Ash**;

13CLIMATE ACTION
Plantations*;
GHG Reduction**;
AFR**;
Blending**;
Energy Efficiency**;
Sea/Rail Logistics**

14LIFE BELOW WATER

15LIFE ON THE LAND
Green belt
development*;
Biodiversity
Management**

16PEACE AND JUSTICE
SSIA**
ABCD**;
Ethical code
of conduct**

17PARTNERSHIP FOR THE GOALS
Part. in CSR*;
Customer Excellence**;
Stakeholder
Engagement**


THE GLOBAL GOALS
For Sustainable Development

Initiatives at Ambuja	Activity Type	Relevant SDG	Relevant Target
Co-processing of Industrial Waste	CSR;	1	1.a
	Business	7	7.a
		9	7.b
		12	9.2
			12.2
Roof Rainwater Harvesting System	CSR;	1	1.5
	Business	6	6.4
		9	6.a
		10	6.b
		11	9.1
		15	10.3
			11.5
			15.4
Ambuja Knowledge Centre	CSR;	9	9.b
	Business	17	17.7
Site Specific Impact Assessment	CSR;	16	16.7
	Business	17	17.17
Anti Bribery and Corruption Directive	CSR;	1	1.4
	Business		
Green Belt Development	CSR;	2	2.5
	Business	15	15.1
			15.2
			15.3
			15.9
Road Safety Vision			15.a
			15.b
	CSR;	3	3.6
	Business	11	11.2
Ethical Code of Conduct	CSR;	5	5.1
	Business	8	5.2
		10	8.8
		16	10.4
			16.6
Affordable Housing Solution	CSR;	9	9.1
	Business		9.b
Membership with Industrial Association	CSR;	1	1.b
	Business	7	7.a
			7.b
Workforce Equality	CSR;	1	1.1
	Business	10	1.2
		16	1.4
			10.2
			10.3
Medical Checkup			16.b
	CSR;	2	2.2
	Business	3	3.5
			3.8
			3.c
Water Positivity Initiative			3.d
	CSR;	6	6.1
	Business	12	6.4
			6.5
			12.2
Water KPIs	CSR;	6	6.4
	Business		6.5
Mine Rehabilitation	CSR;	6	6.5
	Business		
Low Carbon Technology	CSR;	7	7.a
	Business		7.b
Use of Controlled Blasting	CSR;	9	9.2
	Business		9.4
Use of Surface Mining	CSR;	9	9.2
	Business		9.4
Biomass	CSR;	12	12.2
	Business		

Initiatives at Ambuja	Activity Type	Relevant SDG	Relevant Target
ACF Annual Rerport	CSR;	12	12.6
	Business		
Annual Sustainability Report	CSR;	12	12.6
	Business		
Biodiversity Action Plan	CSR;	15	15.1
	Business		15.2
			15.9
Wildlife Conservation Plan			15.b
	CSR;	15	15.1
	Business		15.2
			15.9
			15.b
Contribution to State Government Exchequer	CSR;	15	15.a
	Business		
Natural Capital Profile Assessment	CSR;	15	15.1
	Business		15.2
			15.9
			15.b
Soil and Water Conservation	CSR;	2	2.4
	Business		
Road construction	CSR;	2	2.
	Business		
Substance abuse prevention	CSR;	3	3.5
	Business	8	3.d
			8.8
Ground water recharging	CSR;	6	6.6
	Business		
AFR	Business	1	1.5
		7	7.a
		9	7.b
		12	9.2
			9.4
			12.2
Reducing Clinker Factor	Business	9	9.2
			9.4
Renewable Energy	Business	7	7.1
		12	7.a
			7.a
			12.2
Energy Efficiency	Business	7	7.a
			7.b
Flyash	Business	1	1.5
		9	9.2
		12	9.4
			12.2
ISO 50001	Business	7	7.a
			7.b
Environmental Impact Assessment	Business	2	2.3
		15	2.4
			15.1
			15.2
			15.9
			15.b
Modular Curing Method	Business	1	1.5
Sustainable Supply Chain	Business	1	1.a
Waste Heat Recovery	Business	7	7.a
			7.b
Waste Water Management	Business	6	6.3
		7	6.4
		12	6.5
		15	6.a
			7.a
			7.b
			12.2
			15.1

Initiatives at Ambuja	Activity Type	Relevant SDG	Relevant Target
Supplier Code of Conduct	Business	1	1.3
		5	5.2
		10	5.3
			10.4
Sea/Rail Logistics	Business	9	9.2
		13	9.4
			13.2
Defensive Driver Training	Business	3	3.6
Low Grade Limestone	Business	12	12.2
Synthetic Gypsum	Business	12	12.2
AALA	Business	4	4.3
SAKHIS	CSR	3	3.1
			3.2
APEKSHA	CSR	2	2.2
		3	3.3
			3.4
SEDI	CSR	1	1.1
		4	1.2
		9	1.b
		10	4.3
			9.3
			10.2
SHGs	CSR		10.3
		1	1.1
		2	1.4
		9	1.b
		10	2.3
		17	9.3
			10.2
			10.3
			17.7
Better Cotton Initiative	CSR	2	2.3
			2.4
Ambuja Manovikas Kendra	CSR	4	4.1
		5	4.2
			4.5
			4.6
			4.7
			4.a
			4.b
			5.1
Non Formal Education Centre	CSR	4	4.1
		5	4.2
			4.5
			4.6
			4.a
			4.b
			5.1
Smokeless Stoves	CSR	7	7.1
Mangrove Plantation	CSR	6	6.6
		15	6.b
			15.1
			15.2
			15.3
			15.9
			15.a
			15.b
Rural Infrastructure	CSR	2	2.a
Helath Care Centre	CSR	3	3.8
			3.b

Initiatives at Ambuja	Activity Type	Relevant SDG	Relevant Target
Water Resource Infrastructure	CSR	1	1.5
		2	2.4
		6	2.a
		9	6.4
		10	6.5
		11	6.6
		15	6.a
			6.b
			9.1
			10.2
			10.3
			11.5
			15.1
Better productivity agricultural practices	CSR	10	10.2
		15	10.3
			15.2
			15.3
			15.9
			15.a
Promoting low water intensive crop	CSR		15.b
		2	2.4
Seed production program	CSR	2	2.5
Check dam construction	CSR	1	1.5
		2	2.a
		6	6.4
		9	6.5
		10	6.6
		11	6.a
		15	6.b
			9.1
			10.2
			10.3
Better sanitation facility in schools	CSR		11.5
			15.1
		2	2.2
		6	2.a
			6.b
Supplying Teaching and Learning Resources	CSR	4	4.c
Drinking Water Projects	CSR	6	6.1
Well recharging	CSR	6	6.4
		9	6.5
		11	6.6
		15	6.a
			6.b
			9.1
River Linking	CSR		11.5
			15.1
		6	6.4
		9	6.5
		10	6.6
		11	6.a
		15	6.b
			9.1
			10.2
			10.3
			11.5
			15.1

SUSTAINABILITY PERFORMANCE (WITH GRI & CSI INDICATORS) (2013-2016)

		GRI Std/ CSI Ref	2013	2014	2015	2016	TARGET 2016
ECONOMIC PERFORMANCE & VALUE CREATION							
Turnover or Net sales (Crore ₹)	Crore ₹	201-1	9079	9311	9368	9960	
Direct Economic value generated	Crore ₹		10795.15	11666.54	11122.15	11114.38	
Wages and benefits to employees	Crore ₹		499.3	562.16	583.87	570.16	
Payments to providers of capital	Crore ₹		621.4	839.09	526.32	558.06	
Payments / Benefit to governments (taxes)	Crore ₹		1684.3	1941.13	2,081.67	2165.29	
Benefit to communities/ commnity investments	Crore ₹		48.9	34.02	40.75	61.7	
Direct economic value distributed	Crore ₹		40398	42281	10706	10678	
Economic Value Retained (=Economic Value generated - Economic value distributed)	Crore ₹		741.1	756.0	416.32	436.88	
Sales of cement	million tons		21.6	22.15	21.53	21.1	
Operating costs	Crore ₹		7200.0	7534.14	7473.22	8436.98	
EBITDA	Crore ₹		1667	1928	1531	1683	
Net Profit After Tax (PAT)	Crore ₹		1295	1496	808	970	
Suppliers							
Number of suppliers			9937	9976	9521	8644	
Number of local (Indian) suppliers		204-1	9822	9868	9399	8536	
Number of foreign Suppliers			115	108	122	108	
% of suppliers identified as High Risk (for sustainability criteria aligned with supplier Code of Conduct)		308-1, 308-2, 414-1, 414-2	NA	5%	5%	5%	
Number of suppliers screened through Self Assessment Questionnaire (socials, environmental aspects)			NA	600	490	450	
Monetary value of payments made to suppliers	Crore ₹		7440	7740	7344	6821	
Proportion of spending on local suppliers	%		91.26	92.63	90.36	96	
Expenditure on Raw Materials							
Imported	%		4.17%	5.27%	7.61%	2.75%	
Indian	%		95.83%	94.73%	92.39%	97.25%	
Expenditure on Spares							
Imported	%		13.87%	6.06%	11.68%	12.74%	
Indian	%		86.13%	93.94%	88.32%	87.26%	
Government Relations							
Political contribution (Crores)	Crore ₹	415-1	Nil	Nil	Nil	Nil	
Sales Tax Exemption	Crore ₹		189.4	194.4	172.5	168.73	
Excise Subsidy	Crore ₹		165.2	195.7	136.62	77.9	
Freight Subsidy	Crore ₹		30.4	29.7	7.14	0	
Capital investment subsidy	Crore ₹		0	0.1	0	0	
Revenue subsidy (Dispensary grant)	Crore ₹		0	0	0.05	0	
Total monetary value of financial assistance received from governments (grants, tax, reliefs and other finance benefits (Crores)	Crore ₹	201-4	385	419.9	316.31	246.63	
Customer Satisfaction							
Overall Net Promoter Score (NPS)	%		20	56	91 (Different method by 3rd party)	56	
Data coverage (e.g. as % of revenues, customers, etc.):			16%	44%		11%	

		GRI Std/ CSI Ref	2013	2014	2015	2016	TARGET 2016
ENVIRONMENTAL PERFORMANCE							
Number of plants (Cement and grinding plants)			13	13	13	13	
Plants certified by 3rd party for ISO:14001 EMS			13	13	13	13	
Environmental investments	Crore ₹	307-1	50.9	232.6	49.3	69.9	
Capital Investments	₹		381220647	2168267426	343279208	546509607	
Operating Expenses	₹		127556881	157894910	149418618	152379935	
Savings, cost avoidance, income, tax incentives, etc	₹		67314037	131208486	269307517	222176870	
Number of plants/quarries reporting noncompliance cases			1	Nil	Nil	Nil	
Clinker Production Raw Materials							
Limestone-Own mines	tons		20504281	20810230	20277557	20592211	
Limestone Purchased	tons		229987	651124	801498	515298	
Total Limestone	tons		20734268	21461354	21079055	21107509	
Clay & Shale	tons		532338	562355	548714	484332	
Silica corrective (Sandstone, Silica sand, Bed Material, China Clay)	tons		186813	225392	216322	186490.959	
Gypsum used in Kiln (SO3-provider)	tons		17695	300	0	2833	
Iron correctives (Iron ore, Iron scales, Laterite, Blue dust, Mill scales, LD Sludge, Tailing Waste)	tons		199879	220326	184912	169470	
Alumina correctives (Bauxite, Flyash, Red ocre, Brown ocre, Low silica laterite)	tons		200552	231011	185231	158551	
Bottom/Bed ash	tons		48010	34152	33688	45022	
Cement Production Raw Materials							
Natural Gypsum	tons		686883	822033	746606	627292	
Synthetic Gypsum	tons		172499	221673	265386	359967	
Flyash/Chemical Additives	tons		5715098	5964584	5064894	5721675	
Total Recycled Raw Materials used	tons		6336038	6671746	5734111	6454684	
% of Materials used that are Recycled Input Materials	%		12.9%	13.0%	11.6%	12.9%	
Clinker factor (average % of clinker in cement)	%		67.7	66.7	66.57	65.92	
CO ₂ Emissions							
Total Scope 1 Direct emissions (Absolute gross: cement & onsite power generation)	tons of CO2	305-1, CSI	13476725	13997274	13585987	13543643	13865036
Total Scope 2 Indirect emissions	tons of CO2	305-2	634759	794347	888778	883894	
Indirect Emissions from Imported Electricity	tons of CO2		536782	707362	547813	507082	510000
Indirect emissions from inbound clinker	tons of CO2		97977	86985	340966	376812	
Total Scope 3 emissions	tons of CO2	305-3	Not estimated		1528250	2075625	
Number of Integrated Plants included in Scope-3 emissions			NA	1 of 5	5 of 5	13 Of 13	
CO2 from Combustion of Biomass (kiln & non-kiln fuels including biomass content of mixed fuels)	tons of CO2		104466	85193	103860	112466	
Specific Gross CO2 emissions (Scope-1 & Scope-2)	kg CO2/t cementitious material	305-4, CSI	561	560	553	550	
Specific Net CO2 emissions (Scope-1 & Scope-2)	kg CO2/t cementitious material	CSI	556	554	545	543	

		GRI Std/ CSI Ref	2013	2014	2015	2016	TARGET 2016
Reduction in Net CO2 per tonne of cementitious product (Scope-1 & Scope-2)	% relative to base year 1990	305-5	28.0%	28.3%	29.4%	29.7%	
Other Atmospheric Emissions		305-7					
Number of kilns reporting			9	9	9	9	
SOx emissions	tonnes	CSI	3806	4114	3783	4466	3500
NOx emissions	tonnes	CSI	34442	29579	27299	27635	25609
Dust emissions	tonnes	CSI	731	957	468	579	737
VOC emissions	tonnes		679	745	901	807	850
Average Mercury (Hg) emissions	tonnes		0.012	0.006	0.006	0.01	0.01
Cementitious materials defined	tonnes		21038420	21978300	21591625	21547071	
Average SOx specific concentration	g/tonne cementitious materials	CSI	181	187	175	207	
Average NOx specific concentration	g/tonne cementitious materials	CSI	1637	1346	1264	1283	
Average Dust specific concentration	g/tonne cementitious materials	CSI	35	44	22	27	
Energy							
Direct /Thermal Energy Consumption		302-1					
Kiln Fuel Consumption							
Coal	TJ		24075	23,885	21218	14613	
Petrol coke	TJ		18180	20,326	21216	28088	
Diesel oil	TJ		79	87	78	81.8	
Alternative fossil and mixed fuels	TJ		1234	1682	2328	1922.2	
Biomass fuels	TJ		370	139	245	396.1	
Non-Kiln Fuel Consumption							
Coal	TJ		15517	15180	14576	13825	
Petrol coke	TJ		1863	2,238	2448	3802	
(Ultra) heavy fuel, bitumen	TJ		106	97	47	61	
Diesel oil	TJ		21	118	20	24	
Alternative biomass fuels	TJ		623	636	700	628	
Total Energy consumption from Fossil fuels	TJ		62068	64388	62876	63440	
	MWh		17241124.9	17241124.9	17241124.9	17241124.9	
Direct Energy Consumed from Wind & Solar Power Generation	Unit (Kwh) Crores		0.99	1.01	1.04	0.97	
	TJ		35.64	36.36	37.44	37.44	
	MWh		9900	10100	10400	9700	
Indirect Energy Purchased/Imported Electricity (excl.Corp & mktg offices)	Unit (Kwh) Crores		57.01	58.59	58.27	52.28	
	TJ		2052	2,109	2,098	1,882	
	MWh		5,70,100	5,85,900	5,82,700	5,22,800	3,50,269
Total Direct & Indirect Energy Consumption from all sources	TJ		64156	66533	65011	65360	
	MWh		17821025	18481504	18058595	18155555	
Total Power Generation	MWh					1337270	
Total Renewable Energy Generation	MWh		58845	60232	59080	86320	
% of RE in total power generation	%				4.6	6.5	
Renewable Energy Certificates Purchased	MWh				24324	26310	
Power and fuel expenses	Creore ₹		2063	2265	2053	1832	
Thermal energy efficiency	MJ/ton clinker	302-3	3079	3107	3132	3152	
Electrical energy efficiency	Kwh/ton cement	302-3	79.0	79.2	77	77.36	

		GRI Std/ CSI Ref	2013	2014	2015	2016	TARGET 2016
LDO consumption	(Ltr/T of Clinker)		0.16	0.20	0.20	0.15	
Co-processed Waste (AFR used)	tonnes in lakhs		1.74	1.78	2.6	2.6	
Thermal substitution rate (% thermal energy from alternative fuels)	%	301-2	3.65	3.95	5.71	5.14	
Biodiversity Conservation							
Total number of quarries			10	9	10	10	
Total land disburbed	Ha	304 (1,3), MM1	1233	1048.7765	1346.5	1479.2523	
Total rehabilitated area	Ha		185	28.8517	155.5	208.0962	
Total land disturbed but not yet rehabili-tated as presently used for working	Ha		1049	1109.31	1191	1271.1561	
Approved mining plans of local authori-ties (% sites)	%	304-1	100	100	100	100	
% of sites with quarry rehabilitation plans in place	%	304-3	100	100	100	100	
Number of biodiversity-sensitive sites			2	2	2	2	
Number of biodiversity-sensitive sites with Biodiversity Action Plans in place			2	2	2	2	
Number of IUCN Red List species at Ambujanagar and Darlaghat sites	Critically Endangered		1	1	1	1	
	Endangered		1	1	1	1	
	Vulnerable		3	3	3	3	
	Near Threatened		4	4	4	4	
	Of Least Concern		218	218	218	218	
Water							
Water Withdrawal		303-1					
From groundwater	m3		2325752	2227519	2330522	2149627	2250000
From surface water	m3		1304648	1785546	1778346	1640150	1750000
From harvested rainwater	m3		1765165	1980832	1759806	1873591	
3rd party purchase/municipal water	m3		840710	818043	819609	954363	900000
Total Water Withdrawn	m3	CSI	6236275	6811940	6688283	6617731	
Recycled Water (from STP/ETP/RO Reject etc)	m3	303-3	1035032	1081607	920055	894001	
% of water recycled	%	CSI	16.60	15.88	13.8	13.5	
Total water discharge (m³)	m3	306-1	12759	31570	35154	40689	
Outbound Logistics / Dispatches							
Sea (Bulk Cement Ships)	tons		2876677	3087282	3064623	2896962	
Railways (railway/Rake)	tons		4864089	5282606	5223192	5143614	
Road (Trucks & Bulkers)	tons		13235115	13087179	13225191	13115527	
Total	tons		20975881	21457067	21513006	21156103	
Sea	%		13.7%	14.4%	14.3%	13.70%	
Rail	%		23.2%	24.6%	24.3%	24.30%	
Road	%		63.1%	61.0%	61.5%	62%	
Waste Management and Recycling							
Total hazardous waste generated	tonnes	306-2	469	315	389	507	
Total non-hazardous waste generated	tonnes		312992	324839	309970	314942	
Total Waste disposed	tonnes		38.8	45.55	122.09	103.72	100
General waste mgt system (%)			100	100	100	100	
Co-processed Waste (AFR used)	tonnes in lacs		1.74	1.78	2.6	2.6	
Plastic Wastes Co-processed	tonnes		36876	34876	60545	51405	
HDPE Plastic bags used for cement packaging	tonnes		32877	34270	33304	33425	
Plastic Positive Index			1.1	1.0	1.8	1.5	

	GRI Std/ CSI Ref	2013	2014	2015	2016	TARGET 2016
SOCIAL PERFORMANCE						
Employment Practices						
Number of Permanent Employees	102-8	6073	5857	5622	5472	
Male		5900	5703	5491	5344	
Under 30 years of age			678	667	522	
30-50 years of age			3951	3913	3636	
>50 years of age			1074	911	1186	
Female	405-1	173	154	131	128	
Under 30 years of age			56	44	34	
30-50 years of age			77	69	72	
>50 years of age			21	18	22	
Female-Top management level		0	2	2	2	
Female-Senior management level		0	4	2	2	
Female-Middle management level		4	18	21	25	
Number of temporary/ contractual/casual Employees	102-8			11334	6067	
Male			8949	11284		
Female			59	50		
Number of Employees with Disability	405	21	22	25	25	
New employee hires	401-1					
Male < 30 years				75	124	
Male 30-50 years				91	99	
Male >50 years				9	6	
Female < 30 years				3	8	
Female 30-50 years				1	8	
Female >50 years				0	0	
Employee turnover (%)	401-1	7.9	7.7	9.6	6.29	
Notice given for operational changes		3 weeks	3 weeks	3 weeks	3 weeks	
Employee Engagement Score		54th percen- tile (Gallup)	NA	81% (Aon Hewitt survey)	87%	
Employee grievance procedures in place		Yes	Yes	Yes	Yes	
Anonymous grievances submission		Yes	Yes	Yes	Yes	
No of training programs conducted						
Top Management Level		64	28	1	12	
Senior Management Level		190	219	32	97	
Middie Management Level		404	419	103	219	
Other org. levels (FML & Wage Board)		441	657	246	285	
Total		1099	1323	382	613	
Hours of training per employee	404-1					
Top Management Level		62	11	7	<1	
Senior Management Level		48	29	17	<1	
Middie Management Level		36	33	25	4	
Other organizational levels (FML & Wage Board)		26	23	17	11	
Average of all levels		43	24	17	15	
Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees		NA	NA	120.6	101.01 (excl bonus of MD*)	
Ratio of % increase in annual total com- pensation for the highest-paid individual to the median % increase in annual total compensation for all employees		NA	NA	1.6	-2.6	
Employee benefits expense (also refer Annual Report for details)	Crore ₹	201-3	502.41	581.58	589.5	593.72

	GRI Std/ CSI Ref	2013	2014	2015	2016	TARGET 2016
Occupational health and safety						
% of workforce represented by committees.	%	403-1	100	100	100	100
% Plants with joint health and safety committees	%	403-1	100	100	100	100
Plants certified with OHSAS 18000		All	All	All	All	
Number of Fatalities	403-2, CSI					
Directly Employed (own and subcon- tractors Onsite)	CSI	5	2	0	0	
Indirectly employed (3rd party service providers Onsite)	CSI	5	4	1	2	
Others (Offsite)		2	5	5	11	
Total fatalities	CSI	12	11*	6	13	0
Lost-time injury frequency rate (LTIFR)	403-2, CSI	0.91	0.8	1.07	1.97	
Directly employed (Own & subcontrac- tors onsite)	CSI	1.01	0.86	1.07	1.29	
Indirectly employed (3rd party service providers on site)		1.19	0.76	1.31	2.43	
LTISR		89.6	72	91.92	112.94	
LTI & MTI		204	98	94	191	
Occupational Illness Frequency Rate(OIFR)	number/mil- lion work hrs	0	0	0	0	
Community involvement						
Community spending total (Crore ₹)	Crore ₹	201-1	52.57	38.4	40.98	59.37
Health & Sanitation Development	%		9	7	22.1	18.4
Rural Infrastructure Development	%		18	21	19.5	10.9
Water Resource Development	%		11	19	19.0	10.7
Skill Based Livelihood	%		NA	11	16.7	8.4
Agro Based Livelihood	%		8	20	12.4	8.6
Overheads	%		14	10	3.8	1.7
Women Development	%		1	2	3.4	1.7
Education Development	%		32	9	2.2	39.6
Others (Sports, Donations, Flood relief)	%		7	1	0.9	0
Stakeholder engagement at local level:-Stakeholder dialogues, Need assessment. Stakeholder involvement in CSR planning, Community advisory panels, Community engagement plan.	% of sites	SO1	100	100	100	100
Public Policy						
Contribution/spending to trade/ commerce/industry associations and initiatives	Rs.	869102	2014968	1930659	7155922	

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



Independent Assurance Statement

Introduction

Ambuja Cements Limited (ACL) engaged Emergent Ventures India Pvt. Ltd. (EVI) to undertake an independent assurance of its Corporate Sustainability Report (Sustainability Report) for the year 2016. The assurance process has been conducted in accordance with requirements of standard AA1000AS (2008). Adherence to the principles laid out in AA1000AS (2008) and GRI Sustainability Reporting Standards 2016 have been used as criteria to evaluate the report.

The intended users of this assurance statement are the readers of ACL's Sustainability Report. The management of ACL is responsible for engagement with stakeholders, identification of material issues; and the collection and presentation of the information contained in the report.

Date and Version

Date: 07/June/2017; Version 1.0

Scope of Assurance

EVI has been engaged to provide Type 2 Moderate level of assurance covering the following scope:

1. Evaluate the adherence to the Foundation Principle of Inclusivity, the Principle of Materiality and the Principle of Responsiveness laid out in AA1000AS (2008).
2. Evaluate the adherence to the principles of accuracy, balance, clarity, comparability, reliability and timeliness laid out in the "In Accordance- Comprehensive" reporting requirements of the GRI Standards
3. Evaluate reliability of specified sustainability performance data for the reporting period from January 2016 to December 2016.

Our Approach

The assurance process has been conducted based on physical site visits, interaction with respective departments, review of processes & practices for identification and collation of relevant information, report content and performance data.

The following key steps are undertaken during the assurance process:

1. **Review of ACL's Sustainability Report 2016:** A review of the draft Sustainability report is conducted to check alignment of reported data reported against respective economic, environment & social topics mentioned in GRI Standards. In addition, mapping along the principles of AA1000AS (2008) is carried out.
2. **Site Visits:** Assurance team visited representative sites of ACL comprising of an integrated cement plant (Chandrapur, Maharashtra), a cement grinding unit (Roorkee, Uttarakhand) and corporate head quarter (Mumbai) to evaluate the sources of data.
3. **Data Verification:** Assurance team verified the robustness of data management, information flow & controls and performed sample based review of mechanisms for implementing the company's sustainability related policies and plans, as described in the report. The information disclosed under different topics is verified by checking with different sources of the information & documents e.g. SAP reports, General Management Report (GMR), Annual Technical Report (ATR), Management Information System (MIS) reports, reports submitted to regulatory bodies, utility bills, inter departmental communication, purchase orders etc supported by on-site inspection.

Statement of Independence, Impartiality and Competence

Emergent Ventures India (EVI) is an independent professional services company that specialises in various facets of sustainability and climate change services in providing independence assurance services. No member of our team has any sort of business relationship with the ACL. EVI is cautiously maintaining high ethical standards among their day to day business activities and is particularly vigilant in the prevention of any conflict of interest. The assurance exercise is conducted independently with no conflict of interest.

Conclusion

Based on the Moderate Level 2 Assurance procedures conducted and evidence obtained, nothing has come to our attention that causes us to believe that, in all material respects the ACL's Sustainability Report is not in conformance with the reporting requirements of GRI Standards and AA1000 AS.

Emergent Ventures India Pvt. Ltd.,
11th Floor, Vatika Professional Point, Golf Course Ex. Road, Sector 66, Gurgaon, Haryana, India, 122001.



The observations on the adherence of the three principles under AA1000AS (2008) are as follows:

Foundation Principle of Inclusivity: No material evidence is found to suggest that ACL has not applied the principle of inclusivity in engaging with its stakeholders. Different departments engage regularly with their relevant stakeholders through multiple engagement channels.

Principle of Materiality: ACL has followed a structured process of materiality determination. It is found that no material aspect of sustainability performance has been excluded from the report.

Principle of Responsiveness: ACL has applied the principle of responsiveness with respect to its stakeholders. No material evidence is found to suggest that responsiveness principle is not being applied in dealing with the stakeholders.

Observations and Recommendations

Without affecting the overall conclusions on the sustainability report, the following observations and recommendations are made:

- Initiatives to enhance awareness level of onsite personnel towards sustainability and GRI Standards may be further strengthened.
- ACL has proactively initiated several steps to ensure the overall sustainability of its supply chain. Enhanced disclosure level towards the outcome and effectiveness of these initiatives in the future reports may be considered.
- Reporting on challenges and potential impacts on sustainability due to changes in parent group Lafarge-Holcim and Integration of processes with them might be considered.

Limitations and Exclusions

1. Scope of assurance is limited to the boundary defined in the report and the period of 1st January 2016 to 31st December 2016.
2. Assurance is subject to no physical verification of items like inventory of material consumed, waste generated, emissions and effluents etc. Assurance relied solely on the documentation maintained and provided by the company.
3. The scope of assurance does not cover the statements in the report that describe companies approach, strategy, aim, expectation, aspiration or beliefs or intentions.

ACL's responsibility

ACL is responsible for preparing the SD Report in accordance with the reporting requirements of GRI Standards and for maintaining effective internal controls over the data and information disclosed.

Verifier's responsibility

In performing the assurance activities, EVI's responsibility is to the management of ACL only in accordance with the terms of reference agreed between EVI and ACL. EVI do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. The assurance report should not be taken as a basis for interpreting the Company's overall performance.

For Emergent Ventures India Private Ltd.

Atul Sanghal
Business Head – Sustainability & Climate Change
Emergent Ventures India Private Ltd.
Gurgaon, Haryana – 122 001



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11th Floor, Vatika Professional Point, Golf Course Ex. Road, Sector 66, Gurgaon, Haryana, India, 122001.

Awards and Accolades

CII-ITC Sustainability Award 2016 in Corporate Excellence - Outstanding Accomplishment category wherein our Bhatapara and Chandrapur units also bagged awards in the domains of Environment Management & CSR.

FICCI CSR Award 2016 for Ambuja's exemplary Water Resource Management program.

Golden Lion at Cannes, the world's most prestigious advertising award for Ambuja's recent TV commercial featuring 'Khali'.

Rajasthan Energy Conservation Award 2016 for the Rabriyawas Plant.

Bombay Chamber Civic Award for Social Development.

Sustainable Energy Development Award from Chattisgarh State Renewable Energy Development Agency.

Gold Award at the 16th Annual Greentech Safety Awards 2016.

Winner - Best Channel Loyalty Programme for Ambuja Cement's Aasman programme in the 9th Loyalty Summit.

Electrical Safety Award for the Maratha Cement Works plant.

The Institute of Internal Auditors' Excellence Award for Application of Internal Audit Technology.



Contact Person for your suggestions/feedback:

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