



Ambuja
Cements Limited
SUSTAINABLE DEVELOPMENT
REPORT 2017

GRI Standards
Comprehensive
Compliant

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 and social goals.

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

Sustainable Focus 2017:

SUSTAINABLE
CONSTRUCTION

CONTENTS

• Chairman's Message	04
• MD & CEO's Message	05
• Sustainable Approach at Ambuja	08

SUSTAINABILITY

– The essence of our existence

• Organisation Profile	16
• Report Profile, Material Aspects and Boundaries	18
• Stakeholder Engagement	20
• Key Impacts, Risks and Opportunities	23
• Business Risk Management	26
• Sustainability Strategy	26
• Governance	29

BUSINESS

– Moving past the blocks

• Economic Performance	34
• Product Quality Management	35
• Sustainable Construction	36
• Customer Support and Satisfaction	41
• Sustainable Supply Chain	42

ENVIRONMENT

– Being Future ready

• A Green Footprint	45
• Energy Management	46
• Natural Resource Management	47
• Water Management	48
• Carbon and Other Emissions	50
• Responsible Mining	52
• Biodiversity Management	53
• Wealth Out Of Waste	55

SOCIETY

– Co-creating True Value

• Empowering Communities	56
• Employees.....our Strategic Assets	62
• Towards 'Zero Harm'	65
• Respecting Human Rights	68
• Compliance Management	69
• SDG Mapping	70
• Increasing Our True Value	73
• Sustainability Performance (2013-2017)	74
• Independent Assurance Statement	81
• Awards and Accolades	84

CHAIRMAN'S MESSAGE



I am delighted to present our Sustainable Development Report for 2017 on the theme of 'Sustainable Construction'.

While the subject of this report deals with sustainability, it is also important to understand the social, economic, and market influences surrounding operations.

The year 2017 was momentous, with path-breaking reforms undertaken by the Government. The implementation of GST encouraged financial discipline, while the Fiscal Responsibility and Budget Management Act strengthened India's institutional framework.

The cement sector's growth has been led largely by the continued support from government backed infrastructural projects, as well as by the facilitation of the flexible interstate movement of cement. The total cement sales for Ambuja in 2017 grew by 9% to 23 million tonnes. On the cost front, the company witnessed significant pressure during the course of the year due to increments in various input costs. However, with typical 'I Can' spirit, our people rallied to limit its impact, by significantly improving efficiency, fuel mix optimisation and strategic sourcing.

India is marching towards urbanisation at an unprecedented pace, driven by a consistently growing national economy, government schemes and infrastructure development. It is imperative that this rapid urbanisation is balanced with the availability of sustainable building materials at the right prices and, more importantly, produced through sustainable development practices.

Sustainable construction-related products and services have been a key differentiator for us. Our two latest product launches not only fulfilled important customer needs, but also the environment's. Compocem (a composite cement) and Ambuja Plus Cool Walls

significantly reduced our carbon footprint, both in manufacturing and at the consumer level.

This year has witnessed some major initiatives on sustainability. The most significant one being the expansion of the scope and mandate of the erstwhile Board level CSR committee to the 'CSR and Sustainability Committee'. We also developed an Integrated Report as per IIRC framework along with our Annual Report.

As a result of our relentless efforts to become one of the most sustainable companies in our sector, I am proud to announce that Ambuja Cement ranked at No.7 amongst the top 10 companies in the Global Dow Jones Sustainability Index (DJSI) 2017 in the Construction Material category. In addition, we were conferred 'Outstanding Accomplishment for Corporate Excellence' and won six prestigious accolades at the Sustainability Awards 2017 organised by CII.

Our progress on corporate sustainable development goals, as defined in 'The Plan 2030, Building for Tomorrow', from our group company LafargeHolcim, shows that we are on course to meet our intermediate 2020 targets. We are completely committed to stepping up our efforts to surpass these targets, year upon year. To further endorse the principles of the Sustainable Development Goals (SDGs) and Corporate Citizenship, Ambuja became a member of the 'SDG Agenda 2030 South Asia', as part of the Global Reporting Initiative (GRI).

Another notable milestone is the completion of 25 years of our CSR arm, Ambuja Cement Foundation. It is incredible to look back at our journey in building social partnerships. Today ACF reaches out to over 950 villages and a population of about 2.4 million people.

On behalf of the Board and the employees of our company, I would like to thank all our valued stakeholders and invite valuable suggestions from readers to enable us to achieve even higher standards and benchmarks in different areas of sustainable development.

N. S. Sekhsaria

N. S. Sekhsaria
Chairman

MD & CEO'S MESSAGE



As India's leading cement company, we believe that we must lead by example, through sustainable practices. Sustainability ultimately leads to competitiveness, provided we have the right lens and business strategy. Our 11th Sustainable Development Report with the theme of 'Sustainable Construction', truly reflects the strong credentials on our journey to introduce and make available sustainable products and services to better serve our customers, while also balancing the needs of our other stakeholders.

This report presents our performance in 2017, on the four pillars of sustainability, namely Climate Change, Circular Economy, Water & Nature, and People & Community. It also describes how we are future proofing our business as well as embedding across policies, processes and products to ensure sustainable and inclusive growth. Our sustainability strategy guided by the LafargeHolcim 2030 Plan is going beyond climate change mitigation to generate positive impacts not only on our operations but also beyond the boundaries of our plants.

Ambuja Knowledge Centres (AKC) have been designed to foster product innovation and sustainable construction across the country by closely working with architects, engineers and construction professionals.

The company has now been accredited a 5.5 times Water Positive status - the only company in the Indian cement industry to have achieved this feat. Our renewable energy portfolio in wind, biomass, waste heat recovery and solar consists of more than 7% of our total thermal power generation. About 0.3 million tons of waste was utilised as alternative fuel and raw material, thus achieving a notable thermal substitution rate (TSR) of over 4% despite market limitations.

The net CO₂ of our cementitious materials was lowered significantly, bringing us closer to our 2020 target, while also recording a significant clinker factor reduction.

The recently released global listing of the League Table of the Carbon Disclosure Project (CDP), of the world's top 13 cement companies added yet another feather in our cap. Ambuja Cement stands at #2 on various attributes of the rating. We have been ranked #1 in climate governance and strategy. We assessed and quantified the environmental impacts of all our products, considering the entire value chain, using the life cycle assessment approach. This further led us to develop Environment Product Declaration (EPD) for PPC and Compocem - our low carbon cement products.

The policies of Health & Safety (H&S), an indelible part of our core values, have been driving robust improvement programs including behavior-based safety initiatives. On the safety performance side, all our concerted efforts reduced overall onsite incidents as compared to the same period last year. It makes me feel proud that one of our grinding units in Nalagarh has led the way to achieve 'Zero Harm' in 2017, setting the trend for others to follow.

This year marks the completion of our CSR arm Ambuja Cement Foundation's silver jubilee year. This is a significant milestone as our work with the communities has helped us build strong ties and nurture rural communities represented by millions of people across 22 sites. Supported by our comprehensive sustainability agenda, ACF has today become the most respected foundation in the country and is greatly admired and acknowledged. On this occasion, let me extend my gratitude to our key partners without whom the journey would not have been the same.

As a vibrant company with a truly diverse workplace, we believe that our greatest assets and most important resources are our people. Our employees are nurtured and empowered to transform them as the leaders of tomorrow through bespoke initiatives.

Ambuja Cement's business accomplishments have further bolstered our 'I Can' spirit and stood us in good stead. I would like to thank all our stakeholders for their unwavering trust, confidence and support during this journey, while encouraging them to read on to fully appreciate our endeavours and progress in sustainable solutions.

A stylized black ink signature of Ajay Kapur.

Ajay Kapur
MD & CEO

**SUSTAINABLE CONSTRUCTION
IS THE FUTURE.**

AND THE FUTURE IS NOW.

The environment is in a critical state. Governments, corporations, and individuals need to decide whether they're going to contribute to the planet's health or decline. At Ambuja we have always followed the path of sustainability, and a vital part of this plan involves the future of sustainable construction.

As a core value for Ambuja, sustainability is also aligned with the vision of our group company LafargeHolcim. For us it's not a matter of choice, but of necessity.

THE 2030 PLAN:

A ROADMAP TO A GREENER FUTURE.

The LafargeHolcim 2030 Plan is a roadmap for making our operations more sustainable and to come up with innovative, sustainable solutions for better building and infrastructure.

It defines the required steps for the company along four fields of action:

- Climate
- Circular Economy
- Water and Nature
- People and Communities

The plan also sets quantitative targets related to both direct and indirect environmental impact.



2030 SOLUTIONS:

A HOLISTIC PLAN FOR THE GLOBE.

Even the best plans need to be converted into action. '2030 Solutions' is the overarching target of the 2030 Plan. Essentially the aim is by 2030, to generate 1/3 of the company's turnover from enhanced sustainability performance.

The 2030 Solutions covers the entire construction lifecycle. By encouraging a holistic positive impact, we reach out to our customers by providing innovative products, services and solutions, creating an overall sustainable construction system.

HELPING SAVE THE PLANET

BY PLANTING SEEDS OF HOPE.

The LafargeHolcim Foundation for Sustainable Construction is a key initiative to promote sustainable construction in both design and practice around the world. In addition, it conducts the LafargeHolcim Awards - the world's most significant competition for sustainable design. Thus encouraging sustainable construction around the globe and making it an international movement. After all, different nations still share the same planet.

Sustainable construction
improves the life cycle of a building.
**AND BY EXTENSION,
THE ENVIRONMENT'S.**

SUSTAINABLE CONSTRUCTION AT AMBUJA.

The construction sector consumes a substantial amount of natural resources and has huge energy demands. Thus the main objective of sustainable construction is to avoid resource depletion of energy, water, and raw materials.

It requires an integrated approach - from design and building all the way through to deconstruction.

With increasing urbanisation, sustainable construction is more relevant than ever before. In India, 70% of cement consumption occurs in small towns and rural areas, underlining the importance of sustainable construction knowledge and practices.



PRODUCE, PROMOTE AND SHARE:

A THREE-FOLD APPROACH TO SUSTAINABILITY.

At Ambuja, our people have always strived to create innovative products and services as well as provide solutions to sustainability challenges. This has essentially been tackled in 3 main categories in order to provide a holistic approach:

1

**SUSTAINABLE
PRODUCTS**

2

**SUSTAINABLE
SERVICES**

3

**KNOWLEDGE SHARING
AND SKILL DEVELOPMENT**

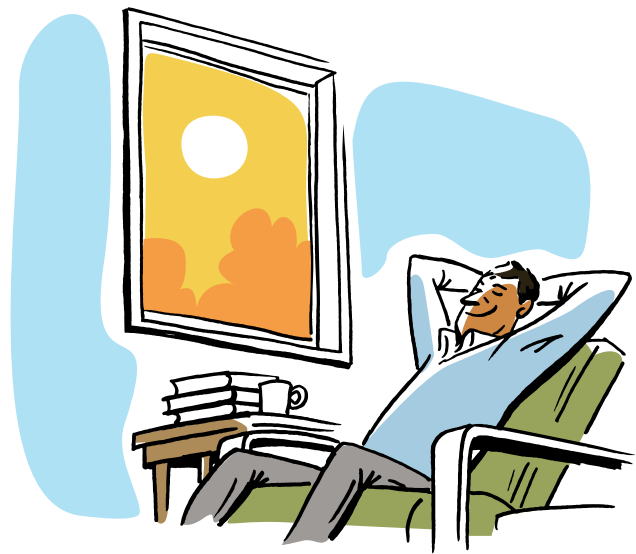
SUSTAINABLE PRODUCTS

At Ambuja we've always looked to create the strongest cement, with the lightest carbon footprint.

By creating an innovative product line, Ambuja is bringing sustainability to people's homes.

THE PLANET'S HEATING UP.

SO WE MADE
COOLER CEMENT.



An Ambuja study in Gujarat revealed that home owners were looking for an alternative to constructing with traditional clay bricks. Because while clay keeps the home cool, it lacks strength. Our engineers were given the task of creating an entirely new category of cement. They went a step ahead, by creating cement so strong, it even withstood the heat. The product's revolutionary 'Heat Barrier Technology' maintains the indoor temperature difference by at least 5° C, no matter how hot or cold the external temperature is. Ambuja Cool Walls was a hit, resulting in major footfalls at our dealers. At the same time it also reduced our carbon footprint, since cooler homes require less electricity to combat the heat. With no water required for curing, it also conserved precious liquid resources.

COMPOSITE CEMENT

A CEMENT THAT'S LIGHTER IN COLOUR.

AND LIGHTER ON
THE ENVIRONMENT.

In February 2017, Ambuja became the first cement company in India to launch Portland Composite Cement (PCC). The uniqueness of this product was a formula that contained an optimum combination of fly ash and slag – both waste products. This allowed the substitution of natural materials. It was the result of over 18 months of R&D on cement quality. Yet it began with a challenge, to create a unique cement that was lighter in colour without compromising on strength. And the result was a premium product, Compocem, that was successfully launched in the eastern markets of India.

WE GOT TOUGH ON EMISSIONS.

BY MAKING
TOUGHER CEMENT.

The introduction of Portland Pozzolana Cement (PPC), a blended cement, significantly reduced our carbon footprint. This cement utilises the waste fly ash from power plants to proportionately replace limestone in cement production, thus conserving precious natural resources. While at the same time effectively disposing of fly ash that would have otherwise harmed the environment. In 2017, Ambuja used around 6.5 million tonnes of flyash in its production process. PPC has proved to be such an environmentally friendly product, that it now makes up for 92% of Ambuja's cement production. The fact that PPC provides additional strength, making the structure more durable, is another added advantage.

SUSTAINABLE SERVICES AND SOLUTIONS

Sustainable construction requires that the final product is implemented correctly. Through a series of innovative services and solutions, Ambuja has ensured that there are no roadblocks, from purchase to application.

THE RAINS ARE
SELF-SUSTAINING.

AND SO ARE
THE COMMUNITIES
THAT HARVEST
RAINWATER.



With many areas facing water scarcity, our people recognised that measuring rainwater collection is more critical than measuring the rainfall. Rainwater harvesting helps in giving back the water extracted from ground water resources and more importantly gives the power in the hands of the individual house owners. Our people devised a rainwater harvesting solution that customers could easily integrate into their homes from the roof, while the home was being constructed. This simple insight was implemented at 214 sites and currently conserves over 27 million litres of water per annum.

HOME OWNERS DIDN'T KNOW
THE RIGHT MIX PROPORTIONS
FOR CEMENT.

SO WE TOOK
OUR EXPERTISE TO
THEIR HOMES.

One of the most critical parts of construction is the correct mix proportion while preparing the cement. However, individual home builders lacked adequate knowledge in the area, and used to incorrectly mix the cement, causing cracks. So our people developed a scientific, transportable method for deriving the correct proportion on the site itself - Instant Mix Proportioning. With this portable kit tool not only was the concrete quality enhanced, but it also saved 46 million litres of water per annum.

OUR PEOPLE SAVED 169 MILLION
LITRES OF WATER IN A YEAR.

BY FLOATING
A NEW IDEA FOR
PREPARING CEMENT.

During construction, the preparatory curing of cement needs to be carried out using water for 7 days. This traditional process proved not only tedious for customers but occasionally ineffective. In order to help reduce the pain of construction on the house builder, our people sought an alternative to this tedious method. The simple insight was to prevent evaporation of water. Thus the Modular Curing Solution was created - which used specialised plastic sheets to prevent evaporation and the blocking of capillary pores. This simple method helped save over 169 million litres of water onsite during 2017. And the best part, it also improved the strength and durability of the home.

KNOWLEDGE SHARING & SKILL DEVELOPMENT

The only thing as important as practicing sustainability today, is preparing the coming generation to continue the same path. That's why our people have made it their mission to pass on their knowledge and skill through a number of initiatives.

THE BEST WAY TO COMBAT ENVIRONMENTAL SETBACKS IS JOINING HANDS. AND MINDS.

The Ambuja Knowledge Centre (AKC) functions as an experience centre that promotes and offers solutions for cement and concrete applications in construction. But most importantly, it promotes sustainable construction in the market. By bringing together thousands of professionals in the construction industry, this network provides opportunities for disseminating relevant information. At present Ambuja has 29 AKCs spread across the country. By 2018-19 our people plan to expand the scope of these centres for promoting sustainable construction. From competitions for green building to tie-ups with renowned institutions such as the India Green Building Council, the industry is coming together to bring about lasting change.



AMBUJA'S CONCRETE
FUTURE LABS WERE SET UP
FOR CUSTOMERS.

BUT THEY BUILT UP OUR REPUTATION IN SUSTAINABILITY AS WELL.

Spread across 8 cities, the Concrete Future Labs form a vital part in research, as well as quality testing for the final stage of concrete mixing. The labs were opened to usher in new standards of construction. They proved so successful that they even made an impression on the government, with 5 labs achieving NABL accreditation - a first for an Indian cement company. But the highest approval ratings came from our customers. The labs enabled them to test and understand pioneering methods of construction, promoting a greener approach to product selection and concrete building.

TO BUILD GREENER HOMES,

WE FIRST BUILT BETTER RELATIONSHIPS WITH MASONS AND CONTRACTORS.

The Neev Abhiyan was an initiative to upgrade the technical and project management skills of the mason and contractor. At present Ambuja runs six training modules, which range from cost estimation to rainwater harvesting techniques. The Neev Abhiyan has helped address the social and economic growth of the construction community, who lack access to the training they require. By imbibing knowledge of green technologies, they carry forward the implementation of sustainability at the ground level.

Sustainability

The essence of our existence.

Organisation Profile *GRI-102, SDG-8, 9*

Ambuja Cements Limited (ACL), started in 1986, is India's leading Cement Company. Ambuja Cement is the premier cement brand in India for Ordinary Portland Cement (OPC), and low carbon products such as Pozzolana Portland Cement (PPC) and Pozzolana Composite Cement (PCC) having significant footprints across the Western, Eastern and Northern markets of India. Our customers range from Individual House Builders (IHBs) to governments to global construction firms. The total cement production for 2017 was 22.98 MT against the annual capacity of 29.65 million tonnes per annum (MTPA). Our employee strength stood at 5,328. In line with the 2030 SDG targets, Ambuja aims to achieve higher level of economic productivity through diversification, technological upgradation and innovation, with a focus on value-added products and services with sustainable human capital deployment.

Nature of Company Ownership

Ambuja Cements Limited (ACL) is a public limited company listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The 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. Kochi, Kerala;
4. Surat, Gujarat;
5. Mangalore, Karnataka.

Head/Corporate Office

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

Registered Address

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

LafargeHolcim (LH) Ltd.

With a presence in 90 countries and a focus on cement, aggregates and concrete, LafargeHolcim (Six Swiss Exchange, Euronext Paris: LHN, www.lafargeholcim.com) is the world leader in the building materials industry. The Group has more than 81,000 employees around the world and had combined net sales of CHF 26.1 billion in 2017. 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. It's 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 urbanization.

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 22 locations.

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 services.

Holdings, Joint Ventures and Subsidiaries

As on 31st December 2017, 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 2017. [GRI 102-45](#), [SDG-9](#)

Holdings

1. Holderind Investments Limited, Switzerland.

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, Memberships and Partnerships

Ambuja collaborates with various stakeholders, industry associations and other organisations for the cause of sustainability. The Global Cement Sustainability Initiative (CSI) forum and CEOs Round Table on Sustainable Development Goals (SDGs) by the World Business Council for Sustainable Development (WBCSD) were some of the prominent forums in which the company deliberated and contributed significantly. Besides policy dialogue, Ambuja participated in several training and awareness programmes conducted by these agencies on the environment, health & safety and sustainability topics to enhance the capability of managers for responsible corporate operations. The Company subscribes to or endorses the following externally developed economic, environmental and social charters, principles, or other initiatives (not exhaustive): [GRI-102-12](#)

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

The Company is a member of the following industry associations: [GRI 102-13](#), [SDG- 9](#), [11](#), [17](#)

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 & Industry (BCCI).

We are also part of various expert committees of these associations. 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 102-46 to 102-56

Ambuja Cement Limited's 11th Sustainable Development Report conforming to GRI Standards 'In Accordance – Comprehensive' describes the Company's continual and structured efforts towards improved disclosure of triple bottom-line performance aimed at further enriching stakeholder relationships. The annual reporting cycle covered for this report is January to December 2017. Our Sustainability Performance Data and Independent Assurance Statement is provided at the end of the Report. The previous Sustainable Development Report 2016 was released in June 2017 conforming to GRI Standards 'In Accordance – Comprehensive' criteria and as per established practice, assured by third party. The Sustainable Development Report is brought out in addition to the Annual Financial Report and Ambuja Cement Foundation's Annual Report. For the first time, Annual Report of this year has a chapter on 'Integrated 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. The Board-level oversight on sustainability is achieved through 'CSR & Sustainability Committee'. 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) are used for all financial information; and iCare for performance on various environmental, social, human resources and stakeholder aspects.

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

Contact Person for your suggestions/feedback:

GRI 102-53

Mr. Sandeep Shrivastava

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

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

Ambuja's Sustainable Development Report 2017, has been an outcome of extensive stakeholder engagements across the value chain at multiple locations, and due diligence carried out by designated groups led by the Corporate Environment and Sustainability team. Efforts have been put in for the preparation of a comprehensive, transparent and accurate report. However, there may be areas of improvement in this report and we welcome feedback and suggestions from our esteemed stakeholders for further enriching our reporting practice.

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. The detailed financial disclosures of the Company are covered in our Annual Report 2017 available on the Company website. The material aspects that have been covered in the Report are clearly brought out in the materiality matrix. The Disclosure on Management Approach (DMA) in the report describes the Company's approach to the relevant subjects and the indicators provide the trend of performance on the specific subjects.

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

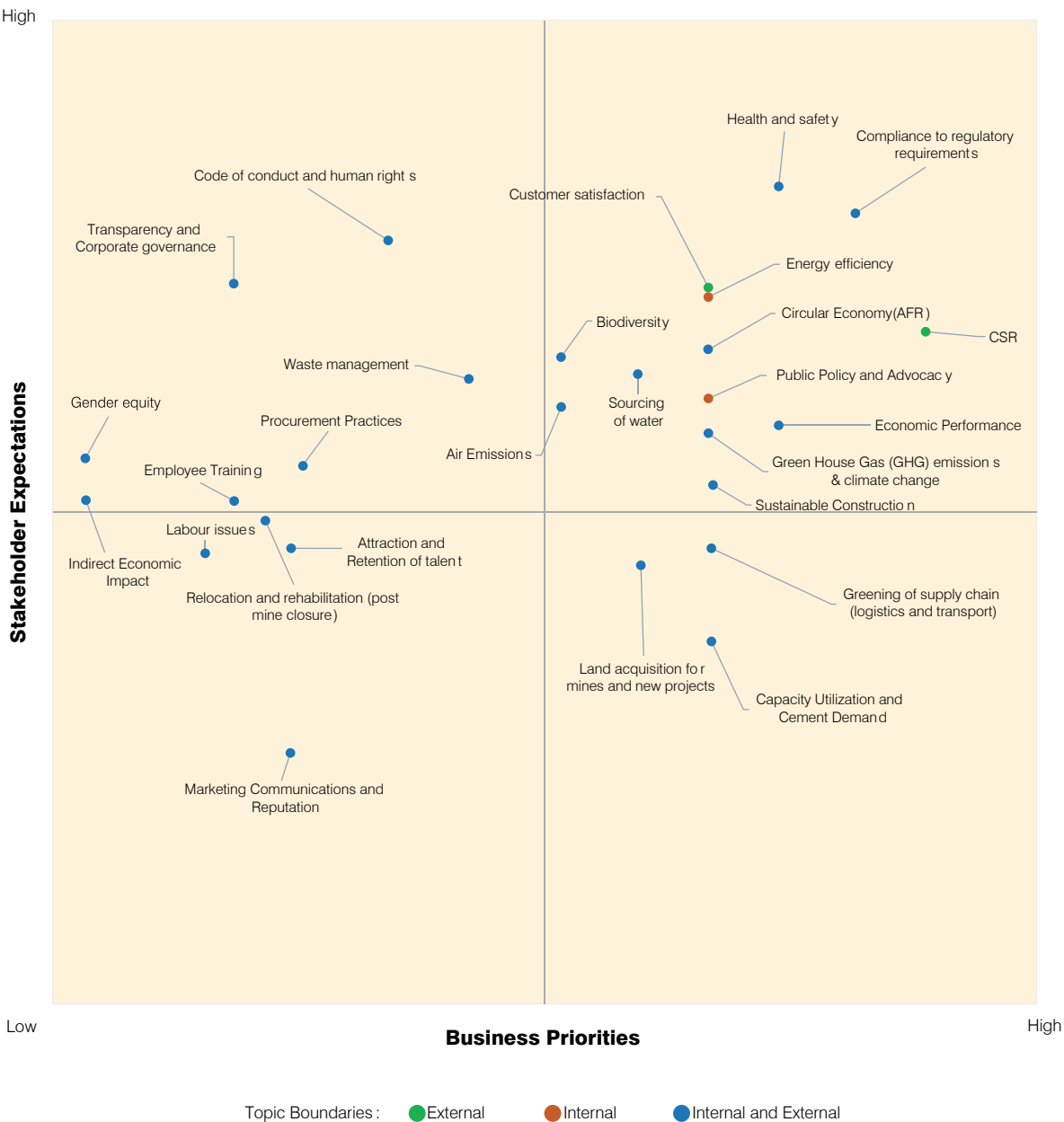
Material Topics **GRI 102-47**

In early 2018, a comprehensive stakeholder engagement exercise was carried out to understand the expectations of our stakeholders (internal and external) and identify the material topics for the preparation of this report. This exercise also gave us an opportunity to identify concerns amongst various stakeholder groups, fostering transparency and building confidence for their desired satisfaction. The stakeholder engagement exercise was based on a well-defined closed-loop approach which included identification of stakeholders, prioritization, engagement strategy development, preparation and implementation of the action plan that completed the feedback loop of the system. The principles of completeness, responsiveness, transparency,

collaboration, inclusiveness and integrity were addressed in alignment with the Company values.

The boundaries of all material topics are also identified which include all operations of Ambuja Cements Limited (ACL) and our value chain but not those of our

subsidiaries. There are no restatements of information provided in previous reports or any effect thereon. There are no mergers or acquisitions, or change of base years/periods, nature of the business, or measurement methods. In terms of the size of the Company, there were no significant changes. *GRI 102-45, 102-48, 102-49, 103-1*



Stakeholder Engagement

Ambuja Cement Limited's mission is to create value for all its stakeholders. The Company has a structured framework to engage with different types of stakeholders and address their key concerns. The framework is based upon established long-term relationships and experience with these stakeholders. With the firm belief that stakeholder engagement is an integral part of enriching and enduring partnerships, Ambuja has institutionalized these processes marked by transparency and accountability as well as created dedicated engagement vehicles for some of our stakeholder groups.

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

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

* Dedicated vehicles of engagement

#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.

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

An integrated approach of research, inclusivity and discussion from multiple perspectives was used to determine a list of key stakeholders across the entire stakeholder spectrum. Key stakeholders were identified and prioritized on the basis of following attributes:

- Stakeholder directly/indirectly impacted or influenced by the business activities
- Stakeholder Inclusivity
- Business Dependency and Criticality of the Stakeholder
- Identification by Senior Management from different functional areas
- Peer companies' stakeholders

Through the above approach, the following key stakeholders were identified in accordance with GRI guidelines which included Shareholders and investors, Dealers and Suppliers, Customers, Employees, Community and NGOs, Government and Regulatory Authorities, Media, Construction Professionals and Industry Associations. Stakeholders were prioritized based on their importance to the organization. Engagements with key stakeholders were undertaken specifically as a part of the report preparation process.

Key topics/concerns raised by different stakeholder groups during the engagement process along with the Company's approach towards these issues are presented in the table below. *GRI 102-44, SDG-17*

Stakeholder Group /Key Topics	Short Description	Company Response
Customers <ul style="list-style-type: none">• Affordable product• Brand Reputation• Customer satisfaction• Greenhouse gases (GHG) and Climate Change	<ul style="list-style-type: none">• Prefer to purchase an affordable product from a reputed company• Customers are satisfied, however, it could be a challenge as new players are entering the market.• ACL's climate change strategy to reduce product's impacts to environment• How a product can be used in a better manner to save resources with less impact on the environment.	<ul style="list-style-type: none">• Ambuja had built its reputation through best quality and affordable products. In order to further make the products affordable, reduce the GHG impacts 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.• Through various initiatives like knowledge management, Ambuja Concrete Future Laboratories (CFL), Neev Abhiyan, Modular Curing Solutions, Concrete Mix Proportions / Instant Mix Proportion, we ensure value creation for our customers.
Investors <ul style="list-style-type: none">• Economic Performance• Reputation	<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• Cost savings are important as they lead to optimum utilisation of existing resources.	<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.• We are already following innovative approaches such as sea transportation to encourage cost savings.

Stakeholder Group /Key Topics	Short Description	Company Response
Employees <ul style="list-style-type: none"> • Health and safety • Regulatory compliance • Training and development 	<ul style="list-style-type: none"> • Health and safety at work is important for employees. • Regulatory compliance is getting stringent over time. • Employee leadership and development programs. 	<ul style="list-style-type: none"> • Various programmes to increase the awareness and implementation of safety are in place. 'Zero Harm' is one of our topmost priorities and is a part of mission statement. • We already have in place training programmes that will be conducted by external institutes to groom our future leaders. HR transformation initiatives like Founder's Mentality and I CAN spirit has resulted in the right mindset in the company's leadership
Community and NGOs <ul style="list-style-type: none"> • Social Projects • Sustainable mining practices • Health and safety (H&S) • Water consumption • Relocation and rehabilitation 	<ul style="list-style-type: none"> • Community is positively engaged and satisfied with the current corporate social practices and expect the continuity • Sustainable mining practices, water conservation and harvesting, land reclamation are other expectations • Health and safety stakeholders is very critical massive transportation of raw materials and products takes place 	<ul style="list-style-type: none"> • Ambuja Cement Foundation (ACF), our CSR arm, attends to the needs of the community. • Established Skill and Entrepreneurship Development Institutes (SEDIs) to promote self-employment and development • Water conservation projects, land reclamation and biodiversity action plans are in place. • A study conducted on social return on investment (SROI) of our community water projects revealed returns in the ranges of 5 to 13 times the investment in Kodinar (Gujarat), Rabriyawas (Rajasthan) and Darlaghat (Himachal Pradesh) regions. Plant specific HSIP (Health and Safety Improvement Plan) led to 100% compliance to HSIP target for 2017
Suppliers <ul style="list-style-type: none"> • Supply chain management • Certification of suppliers • Supplier's knowledge programs to reduce their risks • Addressing Supplier grievances 	<ul style="list-style-type: none"> • Ambuja is a very strong brand and procurement standards are very transparent and help them improve better capacity utilization in the lean seasons 	<ul style="list-style-type: none"> • Suppliers are our business partners and systematic efforts are made towards building long term relationship with them • Strong engagement activities are undertaken like Procurement Partnership Summit focused on strengthening supplier relationship Transporters' concerns are regularly discussed and addressed.

Stakeholder Group /Key Topics	Short Description	Company Response
Dealers <ul style="list-style-type: none"> • Reputation • Suppliers' and dealers' network • Customer satisfaction 	<ul style="list-style-type: none"> • Ambuja Cement's reputation plays a key role in earning customers' trust. • High level of customer satisfaction fosters the business. 	<ul style="list-style-type: none"> • Various formal and informal methods are used to measure satisfaction levels and garner feedback from channel partners. • The satisfaction level of dealers is gauged using Net Promoter Score (NPS) methodology. • Our offerings are fine-tuned on the basis of these scores.
Government and Regulatory Agencies <ul style="list-style-type: none"> • Regulatory requirements and compliance • Product Innovation and Standards 	<ul style="list-style-type: none"> • Product innovation that leads to resource efficiency Environmental norms are getting more stringent. The Company must ensure that it meets all future requirements, howsoever stringent. 	<ul style="list-style-type: none"> • ACL gives prime importance to ensure compliance in all the areas • Huge investments in new emission control equipments to comply with the new emission standards for cement industry in India is allocated • New Product Development and BIS Certifications are proactively practiced.

Key Impacts, Risks and Opportunities

The Company evaluates different risks in its operations that could have impact on its business. Our main strategic opportunities and risks lie in the areas of energy, water availability, climate change, logistics, mining, scarcity of raw materials, change in regulations, cyber security and communities. We have therefore developed policies and strategies to minimize the risks and maximize the opportunities.

Risks and/or Opportunities	Company Initiatives
Energy: Cement manufacturing is an energy intensive process and energy cost is the major contributor to the total operating cost of company. Coal and pet coke price escalations, stressed supplies and faltering quality continue to remain as major areas of concern.	We are constantly working towards reducing energy consumption through measures such as process improvements, greener fuels and increased production of blended cements. The company seeks to protect itself from the risk of energy price inflation by diversifying fuel sources, including the use of alternative fuels, and by negotiating long-term supply contracts.
Water Availability: Access to water has become a significant risk area, considering the rapid depletion of available water resources. Our operations require water for use in cooling, dust suppression, and domestic needs. Non-availability of fresh water at manufacturing sites owing to unpredictable weather patterns, coupled with increase in costs for water procurement, may pose risks to our operations.	ACL has been a leader in water conservation, utilization and harvesting. All our plants track fresh water withdrawal, consumption and efficiency through monthly Water Management Reports (WMRs). Performance of Water KPIs are discussed in sustainability committee and executive committees of the top Management. ACL's SD 2030 Plan lays down a target to reduce specific fresh water withdrawal by 15% by 2030.

Risks and/or Opportunities

Company Initiatives

Sustainable Construction/Green Building:

Sustainability is assuming a greater importance in the construction business. It means ensuring optimum resource utilization and minimising environmental impacts of various materials. Projects are increasingly being evaluated in terms of the impact on the environment and society. There is a likelihood of strong regulatory measures to prevent environmentally unfriendly materials from use. This is also a great opportunity to launch innovative products creating value and providing environmental benefits, during use stage in the downstream.

ACL has given a very high priority to Sustainable Construction with internal product development, R&D and technical services to consumers. We are trying to address sustainability issues in the construction sector through Ambuja Knowledge Centre for Sustainable Construction (29 centres). More than 90% of our product portfolio is low carbon flyash based PPC and we are the first to launch a Composite Cement in 2017 which will conserve clinker by 10% compared to PPC and will increase the portfolio of green products by using fly ash and slag – both industrial wastes. This year, we conducted Life Cycle Assessment of our PPC product foreseeing the trends from Green Building Certification Ratings.

Logistics: Logistics and distribution cost is another major operating cost. Rail is a preferred mode of transport for distances above 200 km, however, has always been plagued by the short supply of wagons, particularly during the peak period. Policies of the railways (preference to food and power companies) have been hampering the planned movement of cement to the consumption centres, adversely impacting the production schedule and increasing the overall transportation cost of cement.

Ambuja was the first company in India to introduce cement transportation through sea routes. This pioneering initiative is completing 25 years now. Over the years, the industry has witnessed a rise in the movement of cement through the sea route to optimise distribution costs. We are continuously working towards strengthening our distribution network along the country's coastline, while at the same time trying to bring down the distribution and logistics costs with focus on enhancing the transportation through rail network by collaborating with Indian Railways in terms of long term freight revenue commitment and the assurance of the supply of wagons.

Mining: Limestone and fuel mining is core to cement manufacturing. The key challenges associated with mining operations are land acquisition, mineral distribution, mineral quality, biodiversity, ground water table intersection and mine rehabilitation.

The Company extracts limestone from own captive mines which allow better operational control from the quarry to the finished product with better quality enhancement. State-of-the-art mining techniques, environment friendly and safe mining ensures minimal disturbance to the people, land and environment. Surface miners which cut limestone without drilling and blasting, latest controlled blasting technique which allows mineral extraction with minimal noise and vibration, are deployed. We use overland belt conveyor (OLBC) systems for transportation of limestone from mines to the plant stockpile. Post mining use, mine rehabilitation and biodiversity protection are very important aspects in our mines planning and operations. Moreover, Ambuja is a signatory to the India Business and Biodiversity Initiative (IBBI) of Confederation of Indian Industry (CII) and GIZ.

Local Communities: The Company has manufacturing sites in rural and remote areas of the country. The rural communities are plagued with widespread income inequalities, which often present a source of discontent and social unrest.

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

Risks and/or Opportunities	Company Initiatives
<p>In addition, there are demographic changes in the society owing to the large inflow of migrant populations, the arrival of truck drivers in the area etc. The communities therefore have high aspirations from the Company. Contented communities help in the smooth running of business.</p>	<p>the Social Engagement Scorecard which maintains a score on activities and programmes of the Foundation through detailed group discussions and interviews with community representatives.</p>
<p>Regulatory Changes: Changes in regulations take place with the growth of the nation, in different areas like environment, tax, competition etc. Non-compliance to these regulations can lead to serious reputational and financial consequences, while compliance too comes at a cost for innovation, alternatives, transformation, and upgradation etc.</p>	<p>ACL gives prime importance to ensure compliance in all the areas. We are making huge investments in new emission control equipments to comply with the new emission standards for cement industry in India.</p>
<p>Emerging Risk (long term 3-5 years)</p>	
<p>Scarcity of natural resources: The cement industry is dependent on uninterrupted supply of natural resources like limestone, coal and minerals as raw material and fuel at an optimum cost and quality. Due to the depletion of reserves, this is becoming challenging with recent years.</p>	<p>The MMDRA Act's new notification (2015) requires that the renewal and grant of Mining Lease and Composite Licenses (PL-cum-ML) will happen through auctions. For continuous operation, there is a need to secure limestone with a minimum reserve of ~50 years and to ensure continuous supply of coal and other minerals. ACL continuously looks for arising opportunities.</p>
<p>Climate Change: Being a resource-intensive industry, climate change poses risks which are evident in our operations and their mitigation represents a key aspect of our sustainability strategy. From the physical risk perspective, our facilities around coastal regions are exposed to rise in sea levels. This includes one large manufacturing facility as well as five bulk cement terminals used to transport cement in bulk through the sea route. We have two large manufacturing facilities in water-scarce region which may put plant operations at risk. From the transitional risk perspectives, we face regulatory risks due to international agreements on climate change, market based risks and technological risks. (GRI 201-2)</p>	<p>We have identified four focus areas of having low carbon in our operations, namely: reduction in clinker factor; improving thermal energy efficiency and process technology; waste heat recovery; and optimising fuel composition, including the use of wastes as fuel. With focus on the production of fly ash-based PPC as our major product, we have also embarked on composite cement production. Through these measures, the Company reduced its specific net carbon footprint by almost 29 % in 2017 compared to 1990 levels with a target to reduce by 40% by 2030. We are monitoring and reporting GHG emissions as per the WBCSD CSI Protocol. We undertook a climate change risk assessment based on TCFD guidelines, that considered various physical and transitional risks. The overall potential financial impacts of the risks in the next four to five years to the company was estimated to be up to 10% of operating EBIDTA.</p>

Business Risk Management

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

The Company has a comprehensive framework of 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 and Sustainability 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, considering 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 operations 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 prioritized and action plans formulated in the form of projects.

Sustainability Strategy

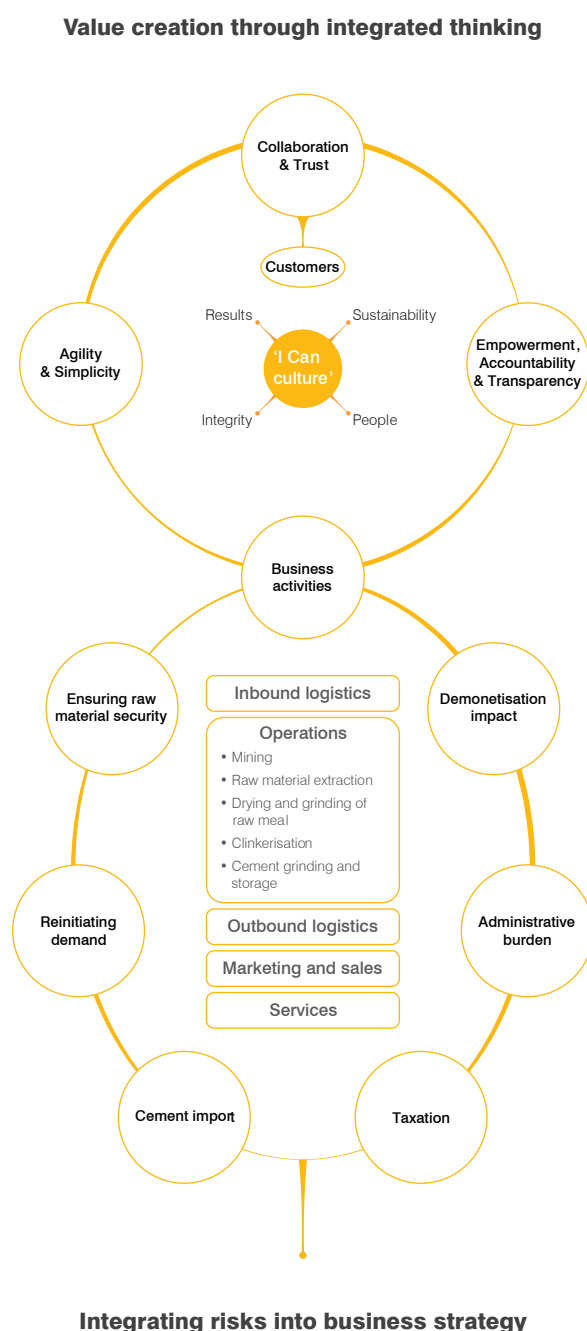
In line with our Vision 'To be the most Sustainable and Competitive Company in our Industry', we strive to excel in triple bottom line parameters. We developed our strategy across four pillars i.e. Cost Leadership, An asset-light approach, Commercial Transformation and Sustainability. The key enablers underpinning the strategy are Health & Safety, People and Digital. ACL sharpens its strategy on Six 'C's- Cost, Customer, Community, Competition, Capability and Conduct.



Value creation for Stakeholders

We believe that an organisation's performance is essentially influenced by the availability of resources and the quality of relationship it shares with its stakeholders. While our operations work towards achieving excellence in all aspects, there is also a great thrust on the empowerment of our human capital as well. We work relentlessly towards driving technological disruptions to

ensure sustainable business growth that reduces our operational footprint. Our efficient utilisation of assets helps us gain a competitive advantage while also uplifting the communities that we operate in. Our integrated thinking is reflected through our approach of creating value for our stakeholders.



Value created for our stakeholders

Shareholders & investors

- Increased market capitalisation
- Elevated EBITDA margin
- Rise in operating cash flow
- Increased revenue from operations

Customers

- Sustainable and cost saving products
- Increased customer satisfaction

Employees

- Increased employee satisfaction
- Enhanced gender diversity in workforce
- Employee mentored and trained for leadership role
- Increased employee retention
- Reduction in LTIFR

Communities

- Lives positively impacted in a year
- Youth skill trained through SEDI (Including gender sensitive reporting)
- Local institutions promoted created/ strengthened
- Drinking water solutions provided
- Livelihoods promoted through Better Cotton Initiative (BCI) with details on reduced inputs including water, increased outputs and social value created

Sustainable Development Ambitions 2020-2030

In line with our parent company, LafargeHolcim's Sustainability '2030 Plan', we have set our Sustainable Development ambitions for 2030 with intermediate targets for 2020 with an aspiration to be a leader in sustainability and set new standards for the construction industry.

A set of targets has been developed with consideration towards our internal and external stakeholders. It is designed to ensure business growth along with increased commitment towards sustainable development.

	2020	2030
Climate	<ul style="list-style-type: none"> • Reduce net specific CO₂ emissions from cement plants by 33% (Vs. 1990) and by 5% (Vs. 2015) from CPP per ton of cement 	<ul style="list-style-type: none"> • Reduce net specific CO₂ emissions from cement plants by 40% (Vs. 1990) and by 12% (Vs. 2015) from CPP per ton of cement
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 programme 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



Governance

Company's Philosophy on Corporate Governance *GRI 102-18, SDG-16, 17*

Good corporate governance has been an integral part of Ambuja Cement, implementing sound management practices in compliance with the laws, adhering to the highest standards of transparency and business ethics. We engage with the local communities through our CSR initiatives. The Company places high emphasis on empowerment, integrity and safety of employees as well as safety of the communities around 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 forms an important part of our philosophy. It is these practices, inculcated since our inception, that have contributed to our sustained growth.

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 and Sustainability 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 and Sustainable Development 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.

The Executive Committee (ExCo): The Executive Committee is headed by the Managing Director & CEO. The CFO and the Heads of Manufacturing, Marketing, Logistics, Corporate Affairs and HR are its other members. Heads of Technical and Procurement are the Permanent Invitees. This committee is a brain storming

committee, which meets once in a month, wherein all important business issues are discussed and decisions are taken. This Committee reviews and monitors monthly performances, addresses challenges faced by the business, draws strategies and policies and keep the Board informed about important developments having bearing on the operational and financial performance of the Company. Additionally, the Committee also reviews Health & Safety, Environment and Sustainability initiatives of the Company.

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 2017, 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 male members and one female member. No member is under 30 years of age. For more information, please refer to our Annual Report, 2017 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 an 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 endeavor 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. Section 149 (4) of the Companies Act, 2013 requires companies to 'have at least one-third of the total number of directors as independent director', that is 33%. However ACL exceed the independence requirement and 42% of our Board is comprised of Independent Directors. Section 149 (1) of the same Act requires certain companies to have at least one women director, ACL has a women as Non-Executive, Non-Independent Director (Institutional Nominee) as part of its board from April, 2014. The minimum attendance requirement for all members is at least one meeting in a year. As of year ended on 31st December 2017, the average board attendance was 85% and the average tenure of the board was 9 years. The Board generally meets 5 times during the year and the

maximum interval between any two meetings did not exceed 120 days. **GRI 102-22 to 102-24, SDG- 5, 8, 10**

On appointment, the concerned director has 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 familiarization 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 familiarization programme can be accessed by clicking on the investor tab on the Company website at:- **<http://www.ambujacement.com/Upload/PDF/Familiarisation-Programme-for-Independent-Directors.pdf>**

The Company engages outside experts or consultants when dealing with matters of specialized 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. Sustainability KPIs and major sustainability

initiatives/achievements are reported to the Board on quarterly basis. *GRI 102-27, SDG-16, 17*

In compliance with the Companies Act, 2013, and Clause 49 of the Listing Agreement, the Board adopted a formal mechanism for evaluating its own performance and effectiveness, and also that of its committees and individual directors, including the Chairman of the Board. 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. As per the 2030 SDG targets, Ambuja aims to enhance the policy coherence for sustainable development. *GRI 102-28, SDG-17*

In addition to the regular self-assessment of the board performance carried out internally, it has been decided to move a proposal to the Board of Directors through the Nomination & Remuneration Committee at its upcoming meeting in July, 2018 for an independent third party assessment of the Board's performance in 2018.

Board Committees

The following committees have been constituted with specific objectives for addressing key areas of governance.

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. CSR and Sustainability Committee: The Board in its meeting held on 28 April 2017 approved the expansion of the scope and mandate of the CSR Committee to work as a CSR and Sustainability Committee. The Committee comprises of Board Members and a permanent invitee. This Committee conducts quarterly meetings, evaluates the progress on sustainability and CSR outreach efforts of the firm along with discussions on sustainability issues that are presented to the Committee by the Management level Corporate Sustainability Steering Committee (CSSC). All aspects of sustainability, including health & safety, environment (climate change, water, biodiversity, etc), energy, product innovation and development is a part of this committee's new mandate. The Committee will continue to shoulder its responsibility of the erstwhile CSR Committee of the Board, constituted as required under section 135 of the Companies Act, 2013. The terms of reference of the Committee as regards CSR activities include framing and reviewing of the CSR policy, ensuring effective implementation and monitoring of CSR activities and ensuring compliance with the laws, rules and regulations governing CSR and periodically report to the Board of Directors.

The CSSC monitors the sustainability endeavors 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-Manufacturing Excellence. 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

Ambuja Cement Foundation (ACF) holds consultations with community stakeholders. ACF carries out site specific impact assessments and holds consultations with the communities in and around the plant locations. The outcome of such consultations and impact assessments are reported to the highest governance bodies i.e. Director – ACF, MD & CEO and CSR & Sustainability Committee.

GRI 102 (19 to 21, 26, 32, 33), SDG-11, 16

- 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 2017. *GRI 102-21, 102-22, SDG-16, 17*
- 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, SDG-16, 17*
- 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.

Remuneration and Incentives

The Company has a remuneration policy for directors and senior management employees (available in Annual Report 2017). 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.

Our intention is to inculcate an integrated operating model throughout Ambuja. To ensure this, the variable compensation of the MD & CEO has been linked not only to KRAs pertaining to internal financial success metrics (such as cash flows, EBIT, revenues etc.) but also consider external financial success metrics (such as perception metrics, environmental metrics, social figures etc.). While 60% of the MD & CEO's variable compensation is determined by the financial performance of the company which includes EBITDA, Net Working Capital etc, 40% depends on the relative financial and non-financial performance metrics including growth, health & safety, sustainability (including CO2

performance), customer excellence and excellence in operations etc.

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 hold any convertible instruments. Appointment of the MD & CEO is governed by a service contract for a period of five years and a notice period of three months. *GRI 102 (35 to 39), SDG-16, 17*

Values, Ethics and Integrity

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

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, employees and relevant stakeholders 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 2017. As part of continuous education on ABCD to the employees, mandatory online training through a web-based application tool was imparted to approximately 3,000 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 30 complaints during the year 2017 out of which 7 complaints were pre-assessed by the EVC Committee but did not warrant further investigation. 19 complaints were investigated and concluded whereas 4 complaints are still under investigation. The cases investigated were mainly of the nature of kickbacks / favours from vendor (23%), violation of Code of Conduct (50%) and Non – Code of Conduct related (27%). The financial impact of these cases was insignificant and caused no damage to the Company.

ACL requires that business decisions are to 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 ACL 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, having

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 is no expense towards political donations, campaigns or related spending. *GRI 415-1, SDG-16, 17*

For more information on Corporate Governance, please refer to our Annual Report, 2017 (<http://www.ambujacement.com/investors/annual-reports>).



The Executive Committee (ExCo)

Business

Moving Past the Blocks.

Economic Performance *GRI 201, 202, 203, SDG-8*

Over the course of the year, the Government focused on rural development (increased outlay), infrastructure and affordable housing. 'Bharatmala Project,' was undertaken to construct cement concrete roads and highways, as well as initiatives to develop the economic corridor, the coastal and port connectivity roads, the international connectivity road, expressways and so on. Ambuja Cement is well placed to harness the emerging opportunities as it has the penetration of a distribution network deep in rural areas in its core states which results in almost 70% of Ambuja's retail sales coming from small towns and villages.

Growth in 2017

Parameter	Performance	Growth over 2016
Volume	23 Million Tonnes	9%
Net Sales	₹ 10240 Cr	12%
EBITDA	₹ 1940 Cr	15%
PBT	₹ 1619 Cr	26%
Net Profit	₹ 1250 Cr	34%

The cement sector's growth in 2017 was an outcome of this continued support from Government backed infrastructural and constructional initiatives, as well as by the facilitation of the flexible interstate movement of cement. The overall demand for cement in 2017 grew steadily at 6%. We leveraged our brand equity along with strong operational focus that ramped up our capacity utilization and overall top-line. Our micro market approach and faster implementation of 'Country Marketing Plan' in Retail and Building & Infrastructure segments also facilitated the delivery of strong performance, better than the industry on sales volume. The 'I CAN' spirit was fueled by interventions in manufacturing **excellence**, like Wave & Dream Run and

roll out of **Roll out of Cement Industrial Framework (CIF)** during the year.

Performance Excellence Enablers

Wave & Dream Run Approach 2017 - The focus in 2017 was to re-Energize the plant teams with the proven "People Power Wave -Our Way Of Life" through structured approach to run high impact waves and improve the plant Performance. Manufacturing team thoroughly studied the status of 166 waves that were run during 2012-14 for improvement opportunities. More than 30 consolidated waves were identified to address efficiency improvement in 5-7 KPIs during each dream run distributed in Q2, Q3 & Q4. Overcoming challenges, 54 plant KPIs were improved across the locations. Plant Management and teams demonstrated their team work by achieving best manufacturing KPIs in different areas like fuel mix, energy, TSR, and other operational parameters towards clinker & cement production and dispatches.

Roll out of Cement Industrial Framework (CIF)-

CIF journey was started in October 2017 with an objective to achieve our ambition and ACE Strategic Pillars by integrating international best practices in our processes. CIF is derived from more than 900 best practices, standards, procedures and tools from LafargeHolcim group shaped into 29 key topics describing how to best operate a plant. This is a Global framework, however, to be owned & managed by local management. It is organized around four pillars viz. Performance Management, People, Process and Plant (Raw Materials, Manufacturing Process, Quality, & Maintenance). It aims at transforming the plant into '4S' - Safe, Self-sufficient, Successful and Sustainable unit.

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

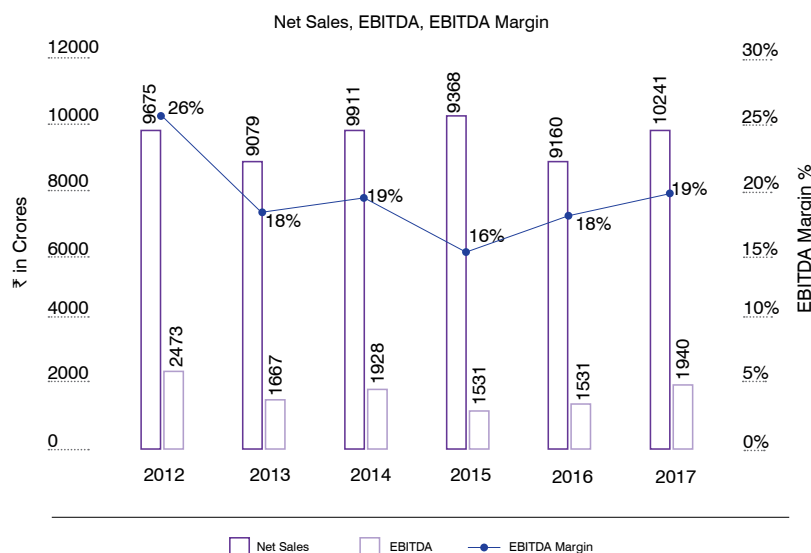
Cost Leadership

ACL has embarked on a set of Transformational Strategies to retain our cost competitiveness by reducing costs, optimising the supply chain and boosting the productivity of our plants. Major raw material costs increased by 8% compared to the previous year on account of rising input costs such as fly ash and gypsum. Per tonne increase of 8% in the cost of major raw materials mitigated through optimal sourcing and a judicious change in the gypsum mix. The cost of fuel used in the kilns and in the captive power plants (CPP) increased by 14% mainly due to increase in price of coal and pet coke. We sustained our efforts to increase the

amount of alternate fuels in CPP by 1% and dynamic fuel mix strategy to restrict the impact. Furthermore, the company consumed 70% of the total power requirement from captive sources, including an increased usage of Waste Heat Recovery. As a result, this helped in limiting the power and fuel cost increase to just 12% over the previous year.

Freight and forwarding cost increased from ₹ 2473Cr in 2016 to ₹ 2872 Cr in 2017, an increase of 16%. Freight cost increased due to higher diesel prices, lead, incoterms and rake availability constraints. However, various initiatives were undertaken to optimize geo mix and mode mix which included direct dispatch by road and long-term traffic contract signed with Railways for 3 years. We took up initiatives like improvement in yard despatches by 1% and higher road direct despatches by 2% as compared to the previous year.

Financial Performance



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 key product parameters like customer satisfaction, benchmarking, internal specification, application oriented testing and manufacturing quality KPIs. 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

Product Quality Measurement

- Customer satisfaction
- Product benchmarking
- Internal product specification
- Application oriented product testing
- Manufacturing quality KPIs

quality, and ends with an evaluation of customer satisfaction. ACL has constituted a Quality Committee comprising of 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 the 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 from the cradle-to-grave perspective. This was extended to all plants in 2016. The LCA and

EPD outcomes 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-grave approach that includes raw material acquisition, transport, manufacturing, packaging, outbound transport, use and disposal. Ten new products were developed in 2017, leading to an increase in the market share by 20%.

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, SDG-16*

Sustainable Construction *GRI 102-2, SDG-9, 11*

We have constantly endeavored to come up with innovative products and services to provide various solutions to sustainability challenges in the cement and construction industry, for example:

- Controlled extraction of natural resources;
- Reuse of wastes like Fly ash, Slag, Alternative Fuels and Raw Materials (AFR) to provide climate friendly products with lower CO2 footprints.
- Water conservation in construction
- Reduced energy consumption
- High strength and faster construction speed with specialized products

Our wide portfolio of sustainable construction products and solution services which creates value for our customers can be categorized as:

Products	Services / Solution	Knowledge & Skill
Blended Cement	Modular Curing Solutions	Ambuja Knowledge Centre
Composite Cement	Concrete Mix Proportions	Concrete Future Laboratory
Ambuja Plus Cool Walls	Rain Water Harvesting	Neev Abhiyaan

In 2017, our Technical Services team provided 37,306 concrete mix proportions, 10,559 modular curing solutions (MCS) and 214 rain water harvesting solutions, thus saving about 243 million litres of water, an exemplary achievement in the area 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 value added services (VAS) are suitably placed for different stages of construction and geographical areas.

These products and solutions are adding in our efforts to take Sustainable Construction to new height in India. Some examples of our products and services are described below.

Post	Rural/Semi	Urban	Main / Metro city
During	<ul style="list-style-type: none"> • Rainwater harvesting • Concrete Mix Proportion 	<ul style="list-style-type: none"> • Rainwater harvesting • Concrete Mix Proportion • Modular Curing Solution • Cover Blocks 	<ul style="list-style-type: none"> • CHS Repairs • Slab service • Concrete Mix Design • Instant Mix Proportion • Customized Concrete
Pre-construction	<ul style="list-style-type: none"> • Architectural design & cost estimates 		



Responsible and Sustainable Products

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

We are 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 90% of our production and the new product 'Compocem'. EPD for these products is verified by Independent 3rd Party and registered as per international standards. 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. 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. 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 2017 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 2017, we used 37,588 tonnes of HDPE bags for packaging and co-processed 52,454 tonnes of plastic waste in our kilns, which is about 1.4 times the total plastic sent to the market as packing bags for our cement, making us a 'plastic positive' company. [GRI 301-3, SDG-7, 9, 12, 13](#)

As part of our sustainable and innovative product solutions, Ambuja also achieved the production of 1.55 lakh metric tonnes of composite cement during 2017 optimizing utilisation of flyash and slag.

Ambuja also made conscious efforts towards substituting its power requirements and in the process, sourced 7.4% of total power generation through renewable sources. Our net positive contribution to the environment and society in 2017 was about ₹ 2,240 crore as compared to about ₹ 1,660 crore in 2016 and about ₹ 750 crore in 2012. Most of this value creation was achieved through fly ash utilisation, water harvesting and recharge projects, agro-based livelihood creation and use of alternative fuels and raw materials (AFR). By 2030, we intend to substantially reduce waste generation through prevention, reduction, recycling and reuse.

The environmental impact of transporting products and other goods, materials and people has reduced over the years (refer to emissions section). Scope-3 emission estimation continued in 2017 covering all our integrated plants, grinding units and BCT's.

Sustainable Products Portfolio

Blended Cement: Ambuja Cement Ltd (ACL) has been constantly striving to reduce carbon foot print by production of blended cement. Our Portland Pozzolana Cement (PPC) is an environment friendly product. More than 90% of our production consists of PPC. In 2017, Ambuja used around 6.5 million tonnes of flyash in its production process. Major advantages derived from PPC over traditional Ordinary Portland Cement (OPC) is that it facilitates secondary hydration to generate additional strength thus making the structure more durable in the long term as compared to the ordinary cement product.

Composite Cement: Ambuja is First in India to launch Portland Composite Cement (PCC) in February 2017 under the new Standard (IS: 16415, 2015) developed by the Bureau of Indian Standards. Inspired by the intrinsic value of the new cement and over 18 months of product development R&D on cement quality, high strength (specialty hallmark of any Ambuja product) and optimum combination of fly ash and slag, the premium product 'Compocem' was launched in the eastern markets of India. The benefits are – (a) Saving about 10 % clinker compared to PPC thus conserving the natural resource like limestone. (b) Increasing our portfolio of green products by using fly ash and slag – both industrial wastes. (c) Enhancing equity of our brand in the fast-growing markets of eastern India. During 2017, we sold about 1.5 million tonnes of Compocem.

Ambuja Plus Cool Walls: We launched an innovative green building product for Individual Home Builders (IHBs) in Gujarat in 2017– Ambuja Plus Cool Walls'. Following the excellent response to Ambuja Plus Cool

Walls in Gujarat, the product has now been launched in Punjab and Himachal Pradesh. In the next few months, it will also be introduced in different markets across the country.

The revolutionary product with 'Heat Barrier Technology' ensures to maintain at least 5° C temperature difference indoors providing thermal insulation.

Green Benefits:

- Thermal Insulation – Reduces Energy consumption
- Manufactured using by-product / waste – Fly Ash
- Replaces clay bricks made up of using fertile soil
- No water required for curing

Spread of Cool Walls in 2017:

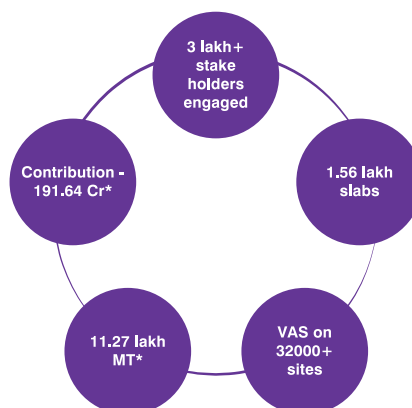
- Dealers selling cool walls (Nos.) : 430
- Quantity sold to dealers (m3) : 11484

Ambuja Plus Roof Special: This is a special product for providing strength and durability for roof construction.

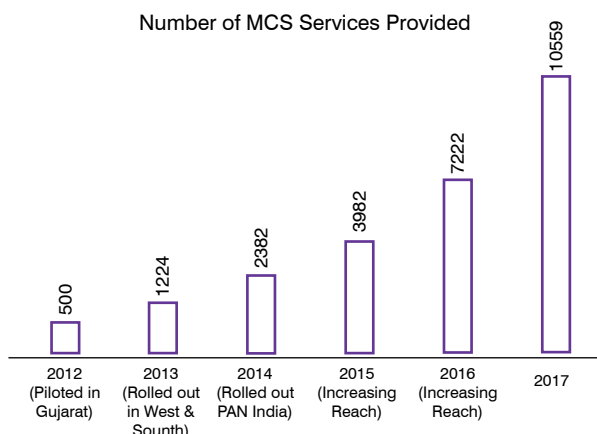
Sustainable Services / Solutions Portfolio **SDG-15**

Modular Curing Solutions (MCS): Ambuja identified opportunity to help the house builder / developer in saving significant amount of water by developing an alternative to traditional water curing, which is very effective, hassle free and requiring less water consumption. "Modular Curing Solution" (MCS) aims at Enhancing the hydration process by preventing Water / Moisture evaporation & blocking capillary pores. Sustainable benefits derived from this service are:

- Consistent Curing till seven days
- Preventing Plastic Shrinkage Cracks
- Ensuring Strength and Durability
- Saving about 12000 litres of water required for curing of 1000 square feet of slab surface.



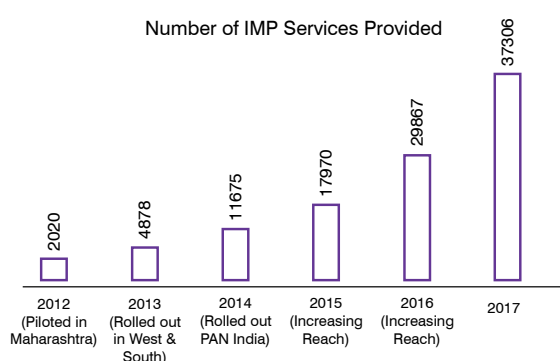
We saved over 169 million liters of water onsite during 2017 through MCS.



Concrete Mix Proportions / Instant Mix Proportion (IMP)

Ambuja has developed a scientific method for deriving Concrete Mix proportion on site – Instant Mix Proportioning, with which Concrete quality is enhanced along with significant saving in water required for mix. The value it creates for our stakeholder is that it empowers the officer onsite for positioning oneself as a concrete expert and provides better concrete for the construction activities. The sustainable advantages from this service are:

- A scientific tool-based methodology for better resource utilisation
- Simple and quick method
- Handy method which can be used in rural locations also



Rain Water Harvesting Solutions

Ambuja RWH Method is derived from reference codes, manuals, and research reports. This method helps in collecting filtered rain water through channel in to the storage tank and allows ground water recharge by overflowing water through percolation pit. The solution helps in capturing the rain runoff water from the roof top, which can be directly used to recharge the ground

water table or stored for later use. The solution helps the customer because it delivers value and benefit even after the construction is completed. Major sustainable benefits derived from the solution are:

Parameter	RWH Coverage 2017
No. of centres/locations covered	1633
No. of IHBs Covered for RWH Communication	36499
No. of Contractors participated in RWH Module	11216
No. of Customers identified/shown interest	1369
No. of sites where RWHS implementation is under progress	415
No. of sites where RWHS is implemented	214

RWH Solutions implemented at 214 sites is estimated to conserve over 27 million litre of rain water per annum.

Knowledge Sharing & skill Development

Ambuja Knowledge Centre (AKC) for Sustainable Construction: AKC is the physical interactive resource for customer engagement and delivering our ambition to promote sustainable construction in the market. It aims to function as an experience centre that promotes and offers solutions for cement and concrete applications in construction. It serves as a professional's interface between a market provider and an ideation partner for concrete techniques and technologies. In essence the AKC aims to provide the target audience of Architects, Engineers & Contractors (AEC) professionals the following services: Material Library, Reference portal, Professional Support / guide availability, Allows a hands-on experience of cement /concrete, Inspires usage of product /material, Allows a broader understanding of opportunities and resources, and One stop shop for construction ideas.

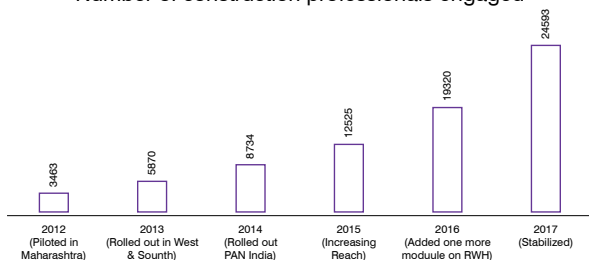
AKC has a salient feature that is its connectivity with several thousand professionals in the construction industry, and this network provides various opportunities



to Ambuja for disseminating relevant information, techniques and allows us for a widespread knowledge sharing. Following are some of the activities carried out at AKCs:

- **Technical Talks:** Advancement in Concrete Materials / technology, Sustainability in Construction, Structural Engineering
- **Training Workshops:** Advanced Concrete Mix design, Durability of Concrete, Material & Concrete testing, Showcasing New Products / Technologies, Monitoring Ready Mix Concrete quality through sensors, Recycling fresh concrete, New formwork technology
- **Discussion Forums / Panel Discussions:** Manufacture Sand, Concrete Specification, Appraising large construction projects through audio visual (case studies like Millau Viaduct, Burj Dubai, Petronas Towers)
- **Reference portal / Library:** Knowledge bank for architects and engineers community. At present Ambuja has 29 AKCs across our locations. Given the geographical spread and the number of professionals connected to AKCs, Ambuja has developed various engagement mediums for better utilization of this vast network including a mobile application for professional engagement, called “Ambuja Foundation” and also initiated an information journal for these professionals, called “Ambuja Technical Journal” published quarterly, containing technical articles on different civil engineering topics. Internal as well as external professionals share their knowledge in the form of technical articles and this journal is being circulated to ~8000 professionals across India in Tier II & III cities.

Number of construction professionals engaged



AKCs are being positioned as knowledge centres for Sustainable Construction practices encompassing the whole value chain. For 2018-19, we are planning to have the following new initiatives:

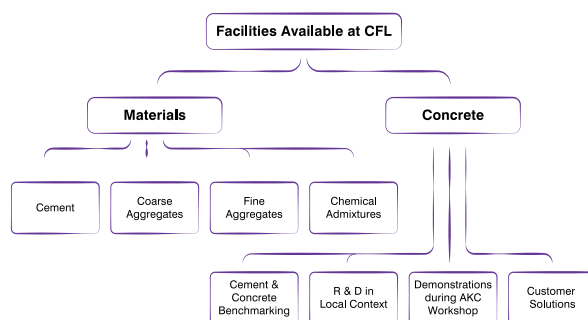
- Dust control & preventing pollution at construction sites
- Scaling up sustainable construction products / solutions
- Tie up with Indian Green Building Council (IGBC) & related institutions
- Launching competition for Green building construction from the platform of AKC
- Training & certification programs on Sustainable construction practices jointly with IGBC / other institutions
- Running modules on life cycle design, recycled concrete aggregates for structural concrete and use of industrial & agricultural waste in concrete.

Ambuja Concrete Future Laboratories (CFL):

Ambuja has a total of 8 CFLs, out of which 5 are accredited by National Accreditation Board for Testing and Calibration Laboratories (NABL) an autonomous body under the aegis of Department of Science & Technology, Government of India. Following solutions are offered to customers at CFLs:

- Help Customer Choosing quality concrete ingredients
- Concrete Mix Design
- Admixture compatibility
- Mortar Concrete Benchmarking
- Performance evaluation of Value Added Products
- Testing of Manufactured Sand (M-Sand)
- Trials for Self Compacting Concrete
- Help Customer in Producing high strength concretes using PPC (with and without use of mineral components)
- High strength concrete using Alccofine

In order to provide quality services and reliable results from various tests and trials, our CFLs are equipped with advance testing facilities.



NEEV Abhiyaan

This is an initiative to upgrade mason / contractor's technical skills as well as project management skills which will help them in their day to day work. At present Ambuja is running six Training Modules for mason and contractors under Neev Abhiyaan, namely:

- Project Management Workshop
- Steel Estimation & Detailing workshop
- Estimation & Costing Workshop
- Repair & Water Proofing Workshop

- Earthquake Resisting Structure
- Rain Water Harvesting

Neev Abhiyaan, helps in addressing many social and economic growth aspects related to the construction community, such as:

- Masons / contractors aspire to grow - But lack of formal training & certification
- Formal training and skill building for masons / contractors
- Add value to the life of masons / contractors and becoming partner in their growth
- Creating sustainable impact by skill building programs
- Customized modules for Construction workers / Mason/ Contractors training
- Rolled out independently / association with NGO / Government support

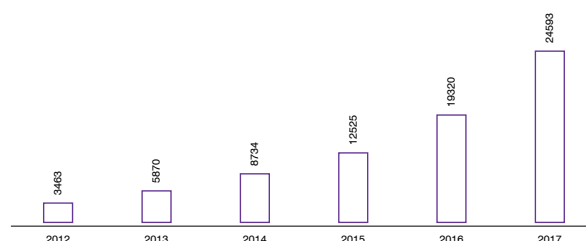
Salient features of engagement and skill development activities under Neev Abhiyaan include:

- Separate modules for mason / contractor
- Duration varies from one day to 30 days
- Modules are designed keeping in mind needs of the

relevant stakeholders

- Workshop involves class room as well as field sessions
- More focus on application of knowledge

In 2017, our Technical Services Team organized skill building workshops engaging with 23608 contractors,



and 955 masons. We also engaged with 2324 construction professionals (Architects & Engineers). Apart from this, technical sessions/lectures were organized for professionals covering a total of 27833 professionals. Ambuja influencers are given access to quarterly magazines in six regional languages and allowed ACL plant visits.

Customer Support and Satisfaction *GRI 102-2, SDG-11*

Customer satisfaction is a fundamental pre-requisite for our company's long-term success. ACL has adopted a customer-centric approach to meet the future challenges of customers' expectations, producing innovative products contributing to improvement in environment and social aspects. We embed **world-class manufacturing** practices to create high-quality products while ensuring an **enriched buying experience** for customers. 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.

We constantly make efforts to give our customers the maximum value with best product quality, technical support, and engagement with relevant 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. While the company's team stands by the dealer network when it needs them the most, we have also developed a digital platform called "Brahmaand" to engage with consumers and influencers across the country.

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.

Complaints about product quality are managed by a customer complaint handling system that is accessed through a toll-free number (1800 22 3010) that is printed on all cement bags. In 2017, 689 queries/complaints were received; all of them were addressed, and no customer complaint was pending at the end of the year. There were 19 consumer cases pending before different forums at the beginning of the year. During the year, one consumer

case was filed and 7 cases were disposed-off leaving a balance of 13 pending cases as on end of the financial year 2017. ACL does not/has not sold products that are banned in certain markets or are the subject of debate. There are no received or pending complaints about breaches of customer privacy and/or loss of customer data. *GRI 102, 417-2, 418-1, SDG-16*

Brand Development and Promotion

For over 30 years now, Ambuja Cement has consistently built its brand around the promise of 'giant compressive strength'. Today, Ambuja Cement has become synonymous with strength. Even 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. To build lasting engagement with consumers, the team used social media platforms to launch an interactive campaign named Whatsup-on-your-Chhat. Two films were launched under this banner. Both received record-breaking views. So far, more than 5000 viewers have shared their own stories about their Chhats.

Sustainable Supply Chain *GRI 204, 409, 414, SDG-1, 5, 8, 10, 11, 12*

India Procurement Organisation (IPO) is responsible for procurement within the Company. Suppliers are our business partners and systematic efforts are made towards building long term relationship with them. There is a spirit of working together as one extended family to achieve mutually beneficial results. Automation has been at the core of procurement function. Strong engagement activities are undertaken like Procurement Partnership Summit focused on strengthening supplier relationship. Other initiatives include health and safety- Contractor Safety Management, Sustainable Procurement, Anti-Bribery and Anti - Corruption Directive, Third Party Due Diligence and Automation in SAP-Ariba.

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

All suppliers operating within Indian Territory are termed as local or national suppliers. 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 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 (SCC). The exercise in 2017 covered about 5% 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 2017, we engaged with 7,902 tier-1 suppliers of which 1104 were identified as critical to our operations. The payments made to suppliers in 2017 amounted to about Rs 7,965 crore. A total of 373 suppliers were assessed to human rights assessments in 2017. By 2030, Ambuja aims to provide access to safe, affordable, accessible and sustainable transportation systems for all, improving road safety, notably by expanding public transport with special attention to the needs of those in vulnerable situation.

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

Number of suppliers engaged and value of payments made to suppliers (2017)		
Classification	Number	Value (~₹ Crore's)
Cement and clinker	14	486
Corporate services	296	57
Energy	73	2035
Equipment and consum	884	273
Facility services	2860	285
General services	1152	335
Logistics services	970	2234
Mining	318	174
Not assigned (direct fi transactions)	197	207
Out of scope (union fees etc)	123	353
Packaging and diesel	86	497
Production services	718	285
Raw materials	211	745
Grand Total	7902	7966

Contractual Agreement of Compliance *GRI 308-2, 414-1, 414-2, SDG - 8*

All our purchase orders and agreements incorporate clauses related to occupational health and safety (OH&S), environment management, labour standards and social responsibility. New suppliers are informed of our expectations, provided with a copy of the Supplier Code of Conduct (SCC), and their consent to follow the SCC is obtained. The SCC provides a summary of the Company's expectation from its suppliers/contractors in all procurement dealings. It lists out 9 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 SCC covers the standards specified in Social Accountability Standard SA 8000 and EMS 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.

India Procurement Organisation (IPO) organised the Procurement Partnership Summit on Sept 7, 2017 with over 50 attendees representing more than 32 key Suppliers, focused on strengthening Supplier Relationship. Various initiatives for Suppliers (including Health & Safety, Contractor Safety Management, Sustainable Procurement, Anti-Bribery and Corruption Directive, Third-Party Due Diligence and Automation in SAP - Ariba) were discussed. Six of the key Suppliers presented an overview of their business, initiatives they had undertaken during the year using Total Cost of Ownership (TCO) approach; many of these cases were industry-leading best practices. Summit formed an excellent opportunity for Suppliers to share their expectations, pain points and the future opportunities.

Environmental Principles in Procurement *GRI 308, SDG-8, 11, 13*

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

Ambuja was the first company in India to introduce cement transportation through sea routes. This pioneering initiative is completing 25 years now. This innovative method of supplying cement in bulk from its mother plant at Ambujanagar to as far away as Surat, Mumbai, Mangalore and Cochin through its dedicated fleet of ships specially designed for cement transportation. Started with one ship, one loading terminal and one discharge terminal with a capacity of 0.3 Million tons, this operation has now expanded to 5 jetties and 10 self-unloading cement carriers tailor-made to the company's needs. The above network of ports, bulk cement terminals (BCT) and captive ships has supported a sustainable and strong market position in the western market of Mumbai & Surat and has helped in expanding the company's footprints in the southern region through its BCTs at Mangalore and Cochin.

To ensure the sustainability and the improvement of its evacuation strategy, the company entered into a long-term tariff contract (3 years) with Indian Railways. The main objective of this policy was to ensure collaboration with Indian Railways in terms of long-term freight revenue commitment and the assurance of the supply of wagons. The company took up various logistical initiatives such as the improvement in yard despatches by 1% and higher volumes of direct despatches by 2% as compared to the previous year.

Sales and operation planning (S&OP) was strengthened through cross-functional meetings. The optimiser tool output was used for contribution maximisation vs. cost minimisation and mode vs. source planning vs. decisions. The S&OP has helped the company to optimise costs, with a view to promote the excellence in warehousing, the top warehouses in each region were awarded for creating the best 'model warehouse'. S&OP tool enables the company to quickly switch between the rail-road-mix to respond to demand fluctuations in a timely manner, as well as ensure smooth supply to our customers thus minimizing the undesirable scenarios of overstocking or shortages due to unexpected demand fluctuations.

About 13.3% of our cement supply to the markets was through the environment-friendly sea route using ten captives and one chartered ship. About 25.2% of the transport was through rail and 61.5% through road. 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. Our focus remained on cost, service and safety in operations. Freight cost increased due to higher diesel prices, lead, inco-terms and rake availability. We adhered to our

logistics KPIs such as direct despatches and reduced lead distance etc. As of FY 2017-18 our lead was 281 KM and we aim to reduce primary lead by 2 KM in 2018 and by 5 KM in the Medium term (2021). Increase in road direct despatch helps us improve our service levels in core markets and reduce handling costs at warehouses and secondary freight movement. On an average a 1% increase in road direct despatch reduces our cost by Rs one crore. We have taken targets to increase road direct despatch from 60% in 2017 to 62% in 2018 and to 65% by 2021.

Model Warehouse Program

We have developed 100 Model warehouses across ACL each implementing 7-point mandatory checklist by maintaining good housekeeping, infrastructure, stacking safety, marking & signages, and providing good basic amenities to the workmen and the drivers. Significant efforts have been put in to overcome the key challenge of changing the mind-set of workmen and our C&F agents. Senior leadership members were made sponsors of model warehouse which ensured ownership. Behaviour Bases Safety (BBS) workshops with C&F and logistics team were conducted. Regular safety workshops with C&F and warehouse owners at Regional and RSO level were also conducted. Plant teams were involved to visit nearby warehouses and implement model warehouse standards and checklists through training. Reward & Recognition schemes were launched for warehouses for the entire team and workmen. With a view to assess the effectiveness of the overall implementation, model warehouse assessment was carried out and winners at national and regional level were recognized by senior leadership. The successful implementation reinforced our spirit of 'I CAN' and 'We Care'.

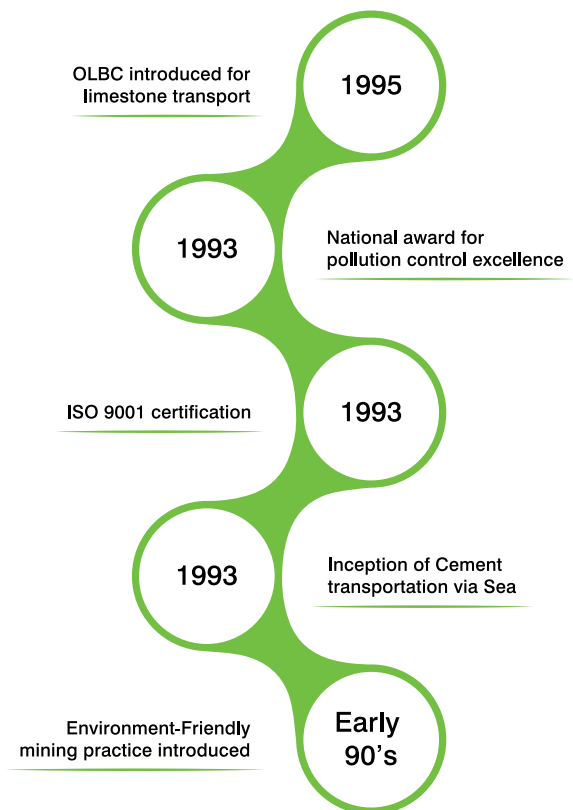


Environment Being Future Ready

A Green Footprint *GRI 201, 202, 203, SDG-8, 13*

Our operational processes are associated with environmental impacts and our endeavour is to minimize the same through a system of effective environmental management. Since inception, we have given a high priority on environmental protection, energy efficiency & conservation, emission reduction and safety. Our systems and practices aim to leave a minimal trace of our operations. 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 and use of overland belt conveyer (OLBC) for transport of limestone across the hilly terrain in 1995 etc. These initiatives placed us in one of the most sustainable companies, exemplified with National Award for Pollution Control/Environment Excellence from the Ministry of Environment and Forests in 1993.

We have taken steps to meet the newer and tighter environmental standards in India. Our Sustainability Policy, Environment Policy, Climate Change Mitigation Policy and Green Procurement Policy enshrine our commitment towards addressing these issues. All our manufacturing locations have a professional environment team and laboratory or monitoring facilities. 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 participate in Lafarge Holcim group's internal annual environment performance assessment through the iCare system for the annual monitoring and benchmarking of hundreds of plants within the Group globally. The assessment is based on a detailed and standardised online questionnaire that covers a range of performance indicators like ISO 14001 compliance; atmospheric emissions; energy and material consumption; water; waste management; biodiversity; and quarry management. It provides us with a huge opportunity for learning and improvement.

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.

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 ₹ 506 million in environmental protection during the year.

At the end of 2017, six cases involving environment-related issues are pending in different courts. No significant fines (> USD \$ 10,000) were incurred in 2017. No formal grievance about environmental impact had been filed through the various grievance mechanisms during the reporting period. Ambuja intends to integrate climate change measures into national policies, strategies and planning. *GRI 307-1, SDG-13*

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

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. Use of AFR, waste heat recovery (WHR) and use of renewable energy like biomass are in our focus. The international standard ISO 50001:2011 is implemented in five integrated and six grinding plants to further strengthen our energy management system. Energy efficient equipments, drives and systems are procured for new and replacement installations to reduce energy and power consumption in process or infrastructure (please refer Annexure-VI, Page-103 of our Annual Report 2017 on website).

Improvement of energy efficiency at all stages of consumption of coal and other fuels is an ongoing effort. This has led to increased focus on the use of low-cost waste material like petcoke as fuel. As a long-term solution to energy security, we have invested in the construction of new state-of-the-art storage and pre-processing platforms at our four integrated plants to

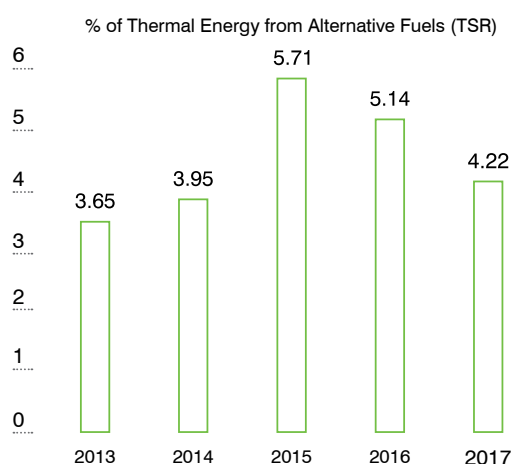


Energy Highlights at Units

- Installed Smart Load Shedding System (Bhatapara)
- Installation of VFD drive for HP pump of RO plant (TPP) & Main & PC firing PD blowers (Bhatapara),
- Replacement of ball mill first chamber liner (Farakka) Power factor improvement from 0.98 to 0.99 for optimization of maximum demand. (Sankrail)
- Two Fan system for Cooler CIS, instead of one big fan (Darla).
- Complete replacement of coal with low rank fuel (Petcoke) (Suli-Darla).
- Limestone size reduction (< 50 mm) from Crusher to have positive impact on specific power of grinding (Darlaghat)
- Installation of Fly Ash unloading near to the feed bins instead of transferring it by compressed air (Dense Phase System) covering a distance of 500 m (Ropar)
- Installation of two MV VVVF drive in Boiler Feed pump (Ambujanagar).
- Reduction in total sp. Electrical energy consumption of raw mill by 0.7 kWh/t cem by reducing feed size, nozzle ring area blind plates pattern, and feed chute modified. Nozzle ring optimization and gas flow and dust load optimization (Maratha).
- Optimized grinding media pattern in cement mill- 1 to reduced sp. electrical energy consumption by 2 kWh/t cem (Maratha)

increase the use of alternative fuels and raw materials (AFR) to use cost-efficient and sustainable fuel reducing our energy costs and carbon footprint (more in section on 'Waste'). Coal and Petcoke have contributed 45% and 50% of the total energy consumption respectively in 2017.

During 2017, our thermal energy efficiency was marginally higher at 3,178 MJ/tonne clinker. Electrical energy consumption remained around 77.7 KWh/tonne cement. Contribution of Power and fuel costs to total expense increased from 21% in 2016 to 28% in 2017. Consumption of AFR in the kilns was 1.8 lakh tonnes in 2017, achieving a thermal substitution rate (TSR) of 4.22% of the total thermal energy which would otherwise have been obtained from fossil fuels. In addition, of 75,344 tonnes of alternative fuels (AF) were used in our captive power plants, taking the total consumption of AF to 2.56 lakh tonnes across all our plants. Market dynamics like AFR availability, cost and regulatory environment during



2017 resulted in a bit lower TSR. In 2017, we also co-processed 52,454 tonnes of plastic waste in our kilns, which is about 1.4 times the total HDPE plastic sent to the market as packing bags for our cement (37,588 tonnes), making us a 'plastic positive' company.

Constant efforts are made to reduce the power, light diesel oil (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.

Renewable Energy (RE) Performance

Of the total energy generated, 7.4% was from renewable energy sources, compared to 6.5% in 2016 and 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 (2011); a 330 KV solar power station at Bhatapara (2012); a 55.14 kWp rooftop solar PV project at the Gurgaon office (2014); and a 6.5 MW waste heat recovery based power generation system at our Rajasthan plant (commissioned in 2015). Ambuja Cement's captive power plants also use biomass. The renewable energy certificates that we earned, and the power-mix cost optimisation at our plants added value to our power sourcing strategy and RPO compliance. The Company purchased RE certificates equivalent to 59.76 million units (MUs) of non-solar power and 9.16 MUs of solar power in 2017. RE and WHRS projects enabled us to reduce about 78,332 and 34,390 tonnes of CO₂ respectively.



Natural Resource Management



We recognize the global pressure on natural resources and lay emphasis on better material management. Use of alternative fuels and raw materials has been made a strategic priority to reduce the consumption of natural resources and extend the life of the quarries. Waste materials such as chemical and marine gypsum are used as additives; fly ash from thermal power plants and slag from steel plants are used for blending to make Portland Pozzolana Cement (PPC) and composite cement. Low-grade limestone, synthetic gypsum waste from other

industries are utilized. 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 four integrated plants to increase the use of alternative fuels and raw materials (AFR). Our sustainability initiative of

increasing the use of AFR, biomass, fly ash and slag, and reducing that of limestone has lowered our clinker factor. This strategy has helped us produce over 90% Portland Pozzolana Cement (PPC) out of our overall production. About 13.5 % of the total raw material used is recycled input material.

Water Management

Water is one of the biggest Material issues for industries, societies and the countries today. Since inception of the Company, we have been at the forefront of water conservation which has been much appreciated in various quarters of sustainability. We are not only conscious of water-efficiency in our plant operations (although our dry process of cement production uses minimum water) but also water conservation and management in surrounding areas for the benefit of community.

The total volume of water withdrawn for all our operations in 2017 was about 6.9 million cubic metres (Mm3) as against 6.6 Mm3 in 2016. We reused/recycled about 1 Mm3 of water during the year, which amounted to about 12.8% 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. Most of our plants do not discharge water or wastewater into natural resources. In 2017, the total water discharged by a few of our plants was 65,072 m3, which is about 0.6% of our total water withdrawal. No water bodies or related habitats were affected by water discharge. *GRI 303(1, 3), GRI 306(1, 5), SDG-6, 11, 12, 15.*

Our water resource management efforts that include judicious use of water, setting up of water harvesting structures and recharging water bodies around and

Ambuja Cement is about 6 times ‘Water Positive’

We completed an independent third-party assurance for our 2016 water data wherein Ambuja Cement was certified to be 5.5 times water positive. Internal assessment of 2017 water indicates that we are about 6 times water positive. That means, our total water credit achieved 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 is about six times the 'Water debit or total consumption' by the Company. Thus, we have achieved our aim to remain six times water positive by 2030. Now, our focus will be to sustain this in coming years.



beyond our plants have 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. By 2030, Ambuja aims to substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity. *GRI 303-2, SDG-6, 11, 12*

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. Two of our plants are in the water scarce regions.

Managing water resources for communities

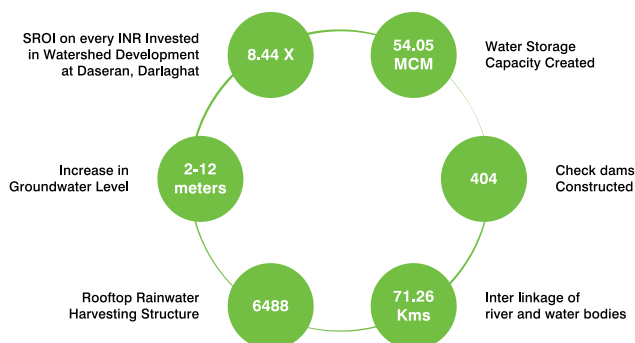
Our CSR arm, Ambuja Cement Foundation (ACF), has worked extensively in and around the Company's operational areas to manage water availability and quality in close partnership with the local communities, government bodies and NGOs. ACF's had taken initiative way back in 1993 for water sustainability for our communities. ACF undertakes an area specific intervention focusing on needs of the geography, under three thrust areas: 1. Water Harvesting & Conservation (check dams, interlinking canals and streams, watershed development, etc.), 2. Drinking Water (Roof Rain Water Harvesting Structures, pond deepening, in-village distribution system, water quality surveillance, etc.) and 3. Optimum Utilisation (Water User Association, Participatory Irrigation Management (PIM), Promotion of Micro Irrigation).

Water Resource Management has been a major focus area in Gujarat, where the projects have evolved from harvesting and conservation stage, to drinking water supply; and currently, the main area of focus is optimum utilization of the water conserved, through large scale promotion of micro-irrigation and PIM.

Water management projects are planned and executed in consultation with community institutions like water user associations (WUAs) or pani samitis and Village Watershed Committee (VWC) which play significant roles in sustainability of the impact created by the programmes. They are also trained and empowered to take charge of post-project repair and maintenance of water structures created. Stakeholders play a critical role in scaling the initiatives and improving the quality of work. Community support is obtained by way of contribution in-kind as well as by way of labour donation (shramdan). Other organisations that have joined hands are Sardar Sarovar Narmada Nigam Ltd., Sir Ratan Tata Trust, WASMO, NABARD, HDFC Bank, and State Governments (Rajasthan, Maharashtra).

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. ACF has been able to bring about an attitudinal change towards conserving water resources. 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.

In 2017, ACF completed construction of 25 check dams, 1.06 Kms of interlinking canals and 282 Roof Rainwater Harvesting Structures (RRWHS), which along with other projects created a water storage capacity of 0.32 million cubic meter (MCM), across all locations. The cumulative impact created by our community water programme till 2017 is as follows:



Result of true value assessment done for water interventions in 2017 indicated positive contribution of about ₹ 1810 Crores.

Carbon And Other Emissions

Our sustainability and climate change mitigation policies reflect our 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.

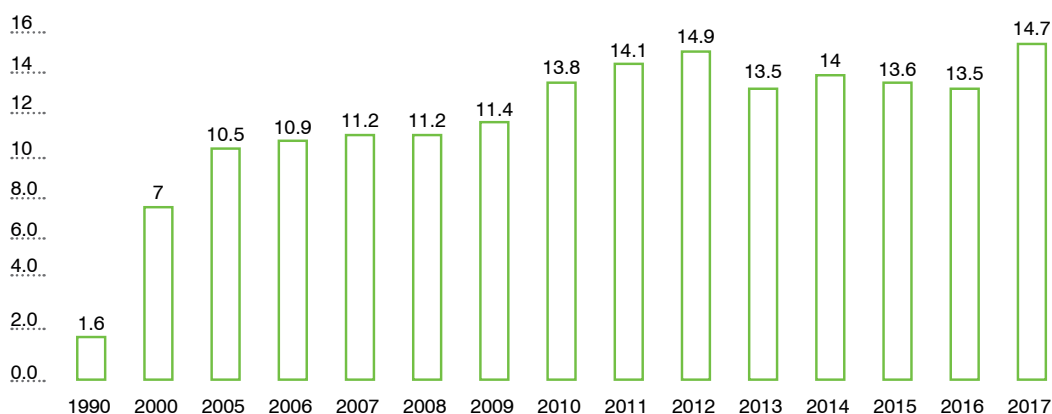
Clean technology, energy efficiency and renewable energy help in containing our GHG footprint. Fly ash-based GHG efficient PPC is our main product and remains a priority. In 2017, we started producing composite cement which uses both fly ash and slag. Conventional fuel use is reduced due to renewable energy projects (wind, solar), waste heat recovery plant, kiln and CPPs using biomass and AFR etc. RE and WHRS projects enabled us to reduce about 78,332 and 34,390 tonnes of CO₂ respectively.

We 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 90% of our overall cement production consisted of PPC. Another registered (2015) CDM project relates to 6.5MW WHR project for generating 35000 CERs per year.

Although we have identified climate change as a material emerging risk for medium to long term, the uncertainty associated with its potential impacts on our business and operations possess a huge challenge. In order to incorporate these potential impacts in our climate strategy and business risk management process, we have engaged in the Cement Sustainability Initiative (CSI-WBCSD) led Low Carbon Technology Road Map which is supported by International Energy Agency (IEA) and with the local partners- Confederation of Indian Industry (CII) and National Council for Cement and Building Materials (NCBM) on scenario testing. This roadmap provides an outline of the potential emissions reduction, pricing and CO₂ abatement in the Indian cement industry from the 6DS to the 2DS, the ambitious yet necessary scenario the cement industry is aiming towards low carbon economy. As a strategic initiative, based on the 2DS and 6DS scenario studies outlined in the roadmap, ACL has developed a Low Carbon Roadmap and Dashboard for taking effective decisions on operational investments for a low carbon growth path as well as long term CAPEX planning. We are incorporating Sustainability Key Performance Indicators (KPIs) that have been identified for monitoring progress, namely; Energy Efficiency, Renewable Energy, Biomass, GHG Intensity, Use of Waste Materials to reduce Clinker Factor, Thermal Substitution Rate through Waste Co-Processing and 'Water Positive' in line with the scenarios

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



Ambuja in the Global listing of Carbon Disclosure Project (CDP) for 2017.

Another proud moment for us has been in recently released League Table of Carbon Disclosure Project (CDP) of world's 13 cement companies. Ambuja stands at #2 on various attributes of the rating. We are #1 in climate governance and strategy in the league table of CDP.

to identify technology, shape our policy and choose pricing options needed to reach specific targets at the lowest cost. Moreover, we also have aligned our 2020 and 2030 climate-related targets to the low carbon roadmap. *GRI 201-2, SDG-7, 12, 13*

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

We offer value-added services like concrete mix design and modular curing services; which 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.

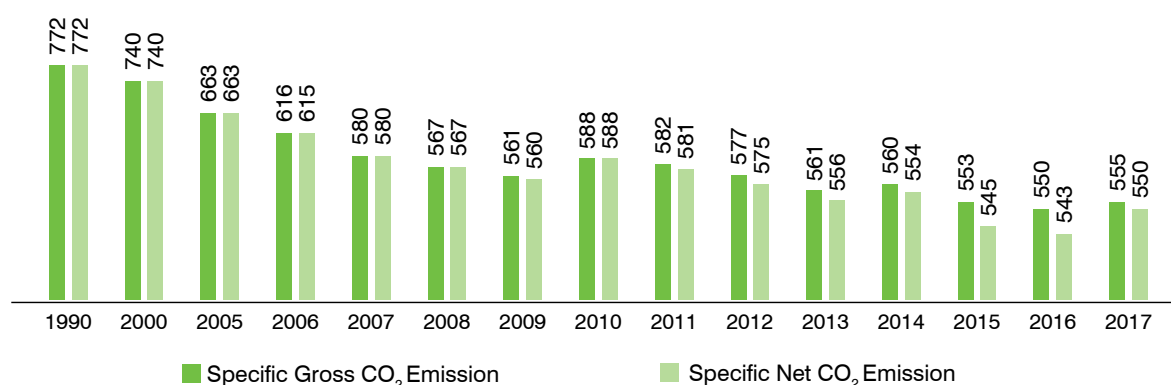
The Company's emissions and strategies to address climate risks are disclosed annually in the Carbon Disclosure Project (CDP). The specific net CO₂ per tonne of cementitious product is 550 kg, down about 29 in 2017, using 1990 levels as the baseline. The total Scope-1 (direct absolute gross CO₂ emissions, including CO₂ from onsite power generation) marginally increased. *GRI 305-5, SDG- 7, 12, 13*

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 excellence, energy efficiency measures, reduction of clinker content in cement and use of alternative energy sources. In the captive power plants, our carbon footprint is sought to be lowered by fuel mix optimisation with alternative/low-cost fuels, thermal efficiency, station heat rate (SHR) improvement, reduction in auxiliary electrical energy consumption, and better capacity utilization.

Other Emissions

No ozone-depleting substances (ODS) are emitted in the process. SO₂, NO_x, dust/particulate matter and other significant emissions from all our nine kilns/raw mill stacks are monitored by continuous emission monitoring systems (CEMS) and displayed on real-time basis on website of regulatory agencies. The emissions are load calculated and reported, excluding captive power plants and other stacks. The load was not calculated on days when CEMS was not operational. The total and specific emission values are given in the end table. We initiated upgrading of pollution control systems to control NO_x (by installing SNCR) and dust (by new ESPs) as also undertaking better operation and maintenance to control these emissions. *GRI 305 (6, 7), SDG-7, 12, 13*

Specific CO₂ Emissions (kg CO₂/tonne Cement) *GRI 305-4*



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, NO_x 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, SDG-7, 12, 13*

Responsible Mining

Limestone is sourced from our captive mines in the vicinity of our integrated plants. Our sustainable extraction and innovative operational practices at our mining sites balance environmental protection and social well-being of the community. Zero ground vibration and minimal noise and dust is ensured by using blast-free surface miner technique, suitable for soft to moderately hard limestone, is used in Gujarat. 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. There is practically no disturbance to the community. Blasting is always supervised by competent persons. The ground vibration of each blast is measured and the results compared with the permissible vibration standards of the Directorate General of Mines Safety (DGMS). These scientific mining technologies are employed to ensure conservation of minerals. Drilling is done with a drill 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 mines are our major 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

to settle the 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, SDG-6, 9, 12, 15*

None of our sites operates in the immediate vicinity of specific biodiversity zones, World Heritage sites and IUCN category I-IV protected areas. Protected areas like the Majathal Sanctuary and Darlaghat Conservation Reserve are situated within 10 km of our mining or plant operations at Darlaghat; Gir Sanctuary lies within 10 km of Sugala mining site at Ambujanagar. Flora and fauna studies have been conducted by third parties for all mining areas. We follow LafargeHolcim Group Biodiversity Directive that requires it to prepare a biodiversity action plan (BAP) for sensitive sites. This has been implemented and completed for Ambujanagar and Darlaghat. *MM2*

The excavated soil is stored and utilised for pastureland development or plantation. The dumps are designed with a predefined slope angle for maximum stability. At Bhatapara and MCW, the slopes have been stabilised by coir matting and plantation. No associated risks have been identified so far. In 2017, about 4.2 million tonnes of overburden/interburden or waste material was generated with no tailings or sludge. It was disposed of separately in non-mineralised zones through an excavator-dumper-dumper combination as per the approved mine plan. *MM3, SDG-15*

Our operating sites are not located adjacent to indigenous peoples' territories. Local community issues revolved around land acquisition and dust emission. Concerns of the community are addressed through a consultative process. ACF undertakes programmes for community welfare and progress. We do not have

artisanal and small-scale mining sites. Land is purchased through negotiations. Progressive mine closure plans are available as per statute for all locations. Concurrent rehabilitation plans are available for the working mines in Gujarat. There were no strikes or lockouts at our mines during the reporting period. *MM5 to MM10, SO2*

We use state-of-the-art computer-based long and short-term planning tools to ensure a steady supply of raw materials. Blending material of different grades and qualities helps in maximising mine life and conserving natural resources, minimising waste generation and reducing environment management and mine closure

costs. The techniques used in our mines include QuarryMaster software for better blending and pile planning; GIS-GPS techniques to control production levels; controlled blasting by advanced technologies; online analysis of crushed ROM; screening plant for blending of sub-grade material; primary rock breaker for excavation of thin band high grade limestone; reverse camera system fitted in the dumpers; rock breaker for first bench boulder formation; backhoe (excavator) for below-water level limestone excavation; terminator to break the material near a village boundary; and mineral conservation through a wobbler and screen plant. *MM11*

Biodiversity Management

One of our target in 'Water and Nature' pillar of Sustainable Development Ambitions 2030 is to achieve **'Positive Change in Biodiversity by 2030'**, which is aligned with LafargeHolcim's new Quarry Rehabilitation and Biodiversity Directive. To track our progress on this target, we initiated a new baseline biodiversity assessment of our sites through Biodiversity Indicator and Reporting System (BIRS) developed by IUCN experts. BIRS is a simple system for assessing the overall biodiversity suitability of a defined site having different habitat types, expressed as 'site condition class'. It takes into account the area of every habitat type on a site, the ecological condition of these habitats (including enhancements and threats), and the uniqueness and ecological importance of each habitat in the regional

context. It does not assign an absolute value to the biodiversity, but can be used as a tool to measure its relative progress or degradation. Started with the baseline BIRS assessment for our Darlaghat site in 2016, we completed BIRS assessment for all our integrated plants with mining sites in 2017. We are progressing well against the above target.

We proactively implement measures at our plants and mining sites to ensure that the local biodiversity is not disturbed. We have initiated a water positive programme around 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. By 2020, Ambuja aims to integrate ecosystem and biodiversity values into national, local planning and development processes. *GRI 304, SDG - 14, 15*

Ambuja Cements Ltd is a signatory to the India Business and Biodiversity Initiative (IBBI) of Confederation of Indian Industry (CII) and GIZ. We voluntarily reported our biodiversity performance for 2015 and 2017 (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. In 2017, we joined the Leader for Nature (LfN) membership of IUCN, India. The Company also partners with other organisations and industry associations for biodiversity related policy management, assessment and reporting guidelines.

In 2016, we invited IUCN experts to conduct BIRS training for our environment and sustainability managers. Two of these trained managers facilitated BIRS training in Canada for LafargeHolcim employees from USA, Canada and other countries from South America. An e-learning online training is being developed to be launched for all employees in ACL to sensitise them on biodiversity protection. 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. 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 livelihoods 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.

Wealth Out Of Waste **GRI 306 (3, 4), SDG-7, 9, 11, 12, 13**

At Ambuja, our stride towards sustainability has been strengthened by our efforts towards providing solutions for managing the ever-increasing waste volumes. Under the aegis of the brand Geocycle, we are offering sustainable long-term waste management solutions through cement kiln-based co-processing. Co-processing technology is recognized as a practical, cost efficient, safe and environmentally preferred option for disposal of a variety of wastes ranging from industrial hazardous and non-hazardous waste such as sludge, waste solvents, packaging waste, date-expired medicines, trade rejects, etc to previously unmanageable agricultural residues and segregated combustible fraction of municipal waste. By doing so we are contributing significantly towards reducing the volume of waste that is landfilled in India. Due to high temperature and long residence time, co-processing in cement kiln guarantees complete destruction of the waste. State-of-the-art technology, tailored processes and in-depth expertise enable us to provide sustainable, safe and reliable solutions utilizing existing facilities in the cement industry. Ambuja has set up state-of-the-art infrastructure and pre-processing facilities for sustainably managing large waste quantum at our four integrated plants for blending liquids, shredding solids & sludges and homogenizing waste prior to its co-processing.

We have the best possible safety arrangements to ensure safe operations in co-processing which is assessed with Geocycle risk assessment methodology 'ACert'. Health and safety is included as a key responsibility in line management and business performance. Additionally, to ensure highest safety standards across the value chain, we have initiated our logistics safety program named,

Sarathi. This project has been launched to achieve "Goal Zero", meaning zero accidents, zero harm to people and zero damage to the environment. The initiative focuses on implementing technology, processes and programs, across the entire range of Geocycle logistics operations.

Taking further steps in Circular Economy, over the course of the year, we focused on encouraging circular economy usage, renewable energy and sustainable product solutions. A total of 3.32 lakh tonnes of Alternate Fuel & Raw Material (AFR) that yielded a Thermal Substitution Rate (TSR) of 4.22% were consumed. In all, 7.28 million tonnes of waste derived raw-materials were used in the company's circular economy portfolio. This also contributed to lowering the clinker factor to as low as 66.45%.

As part of our sustainable and innovative product solutions, Ambuja also achieved the production of 1.55 lakh metric tonnes of composite cement during 2017 optimizing utilisation of flyash and slag. Our net positive contribution to the environment and society in 2017 was about ₹ 2,240 crore as compared to about ₹ 1,660 crore in 2016 and about ₹ 750 crore in 2012. Most of this value creation was achieved through fly ash utilisation, water harvesting and recharge projects, agro-based livelihood creation and use of alternative fuels and raw materials (AFR).

The Company tracks significant spills through group performance reporting system (iCare). No incidents of significant oil spills were recorded in the reporting period. No hazardous waste was transported to/from locations abroad.



Society

Co-creating True Value

Empowering Communities **GRI 413, SDG-1, 2, 3, 4, 5, 6, 8, 11, 16, 17**

Ambuja Cement Limited's corporate social responsibility (CSR) journey has been a rather satisfying and fulfilling journey of making a meaningful difference in the lives of our community where we operate. This has been a journey of responsibility and care marked by adding True Value to Society, our key stakeholder. We have been working relentlessly for more than two decades empowering communities and to achieve integrated development of the surrounding population through measures in the areas of Water Resource Development, Agricultural Livelihoods, Skill and Entrepreneurship Development, Community Health and Sanitation, Women Empowerment and Education. We aim to leave ever growing developmental footprints in our areas of operations.

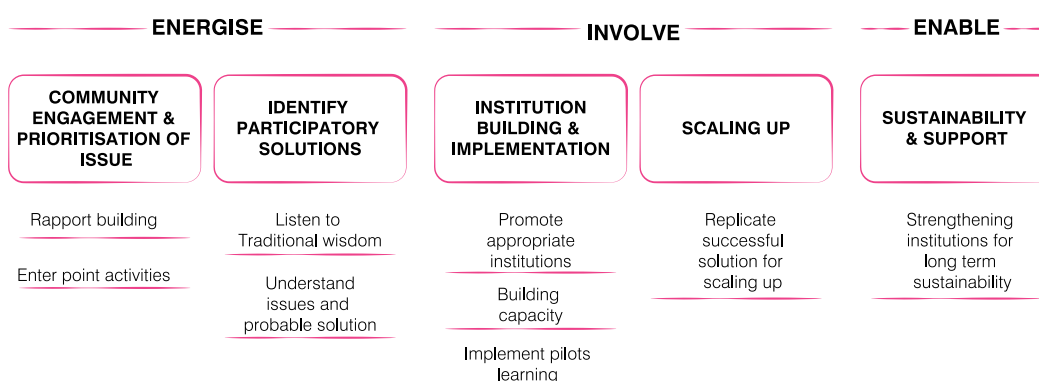
Creating shared value and promoting inclusive growth has been the core paradigm of our founders and thus, Ambuja Cement Foundation (ACF), the CSR arm of the Company was established in 1993 itself, the year of the inception of the Company. The Foundation works with a

mission to 'energize, involve and enable' communities and a vision of 'sustainable, prosperous society, built on long term partnerships'. The company had been spending more than 2% of its earnings on CSR programs much before the Companies Act 2013 which made it mandatory for companies to constitute a Board level 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 had been beyond compliance all these years. Today the Foundation serves the society across 22 locations spread in 11 states and covering about 2.4 million people in the country.

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

Our CSR programs at each location have evolved based on the needs of the region and its stakeholders. The need assessment is carried out systematically using relevant assessment tools. Engagement with

ACF MODEL



community happens at multiple levels. ACF conducts 'Participatory Rural Appraisals' (PRAs) before commencing any program with the community. All stakeholders are included in open discussions with the Company through various forums where projects are planned, and development initiatives reviewed. The community is engaged in assessing the implementation of the development initiatives. The **Social Engagement Scorecard (SES)**, an exercise conducted annually, rates CSR initiatives across locations. The methodology used, is to collect information and review the work done through detailed group discussions and interviews with stakeholders. A scorecard is generated as a result of the discussions held and relevant inputs are considered during the future program planning process. It ensures that the programs introduced are relevant and dynamic. **Community Advisory Panel (CAP)** is yet another forum which is created at each location. CAP is an advisory body, representing community leaders, local administration, NGOs, and the Company. It is a platform for exchange of information and views, hearing out community concerns about our plant operations and CSR program implementation, and deciding about future programs. The CAPs are held three times a year. In an effort to strengthen the CAPs in the year 2018, Ambuja will develop and implement capacity development module enabling stakeholders to participate for higher engagement, and thus improve the functioning of CAPs. The pilot will be implemented in three locations this year. The findings of the CAP and SES feed into the Annual Community Engagement Plans (CEP) for each location. The CEP is the defining document for budgeting and undertaking all CSR programs at each location. Site Specific Impact Assessments (SSIA) are conducted cyclically to have insights on felt needs of all the stakeholders at plant locations, related to human rights, labor rights, and stakeholder conduct (also see human rights section in this report). Each site undergoes an assessment every three years. In 2017, our sites at Rabriyawas, Chandrapur (MCW), Cochin and Mangalore underwent this assessment. The action plans for necessary sites have been prepared and its implementation is in progress. The structured approach enables systematic identification of social risks attributed to these areas and mitigation of the same. Ambuja aims to focus on joint development programs that create



decent jobs, pay at a minimum living wage, empower people and restore the environment. **GRI 413-1, SDG-16, 17**

Raigarh, Chhattisgarh is a newly commissioned location (coal block) where we have initiated community work. Based on needs assessment carried out in 2016-17, Agricultural Livelihoods, Education and Skill training emerged as a need. Hence programs, were planned and initiated in 2017. Another example is that of engagement with Siddi Community in Gir-Somnath District, Gujarat. Ambujanagar is our oldest location where we have been active for over 25 years. Siddis are an impoverished tribal group of the African descent living in village clusters, about 50 kms from our Ambujanagar plant. From the neighbouring villages we had some Siddi youth enrolled for skill training at SEDI. It is then that ACF felt the need to systematically review the potential in the group to think of livelihood options. Hence, in 2017, ACF conducted a study of 'Livelihood Status and Aspirations of Siddi Youth' to understand broader needs for possible interventions with the group. The findings of the study will create possible background for future programs initiatives with the Siddi community in 2018.

CAP Member Testimonial

The Biomass initiative, which has been successfully implemented at Rabriyawas Unit, has been possible only because of the Community Advisory Panel. Because of the CAP members' involvement and understanding about AFR, it has been very smooth to procure biomass from the communities and also run the AFR platform successfully. This has helped us in meeting our TSR targets and in the overall Sustainability performance of the Company.-- Satish Saini, Environment Department, Rabriyawas

Governance Structure for Stakeholder Engagement

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

Promoting Agro-based Livelihoods

Agriculture being the main source of livelihood for our rural communities, ACF strives to maximize the agricultural production by bringing in scientific agricultural best practices and capability building of the farmers. To support farmers' capacity building, ACF organizes them into learner groups, producer groups and ultimately into producer organizations, to build a collective bargaining power for procurement of inputs and marketing of produce. Agro-based livelihood programme promotes end-to-end solutions through a holistic approach. The interventions are aimed at bridging the gaps between traditional farming practices and preferred scientific practices. Farmers in Kodinar and Rajasthan are now able to grow more than one crop. The drip and sprinkler method of irrigation, replacing flood irrigation, has ensured optimal utilization of water in the fields.



ACF also promotes supplementary options such as aquaculture and animal husbandry. Bali in Rajasthan was the first location to take up a focused programme on Goatery, and a total of 4117 marginal farmers have adopted the practice by 2017. Inspired from this tremendous growth, there has been a significant rise in number of individual farmers adopting similar new techniques at Bhatapara, Sankrail, Ambujanagar, Darlaghat, Nalagarh, Chandrapur, Mundwa, Rabriyawas, Roorkee and Raigarh, during the year.

Collaboration to Add True Value to Farmers

Bathinda in Punjab is one of our major locations, implementing BCI. While the biggest challenge in the program is to address the overuse of agro chemicals, Bathinda witnessed a miraculous increase in use of homemade neem-based pesticide in 2017. Punjab has been grappling with a major Whitefly infestation since 2015-16, which could not be contained by most pesticides available in the market and needed burning down of standing crops. By 2017, with promotion of neem as pesticide, ACF's BCI farmers have been able to retain 80% of their crops, while rest of the cotton growers in the state could not even retain 20%.

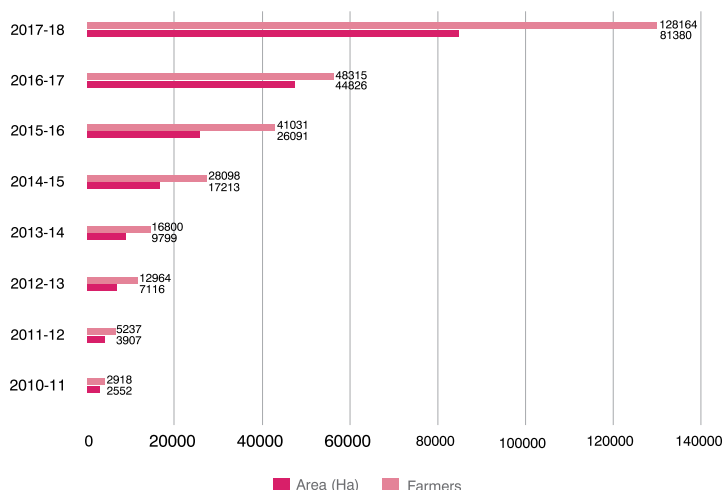
In 2017, ACF reached out to about 1,30,000 farmers through different agricultural livelihoods programs. Our major partners in the programme are IDH- Sustainable Trade Initiative, Indian Council of Agricultural Research, NABARD, State Agriculture Departments, State Agricultural Universities and Tata Trust.

The Better Cotton Initiative (BCI) has been institutionalized to enhance global cotton production in an environmental friendly manner to improve the future of the sector by developing Better Cotton as a sustainable mainstream commodity. The program engages with farmers, right from the seed sowing stage to marketing of the final product, about improving the package of practice and streamlining the actual efforts that need to be made on the field, and handholds them year after year in graduating from one level to another. In many locations that ACF works in, majority farmers are cotton growers.; and therefore, ACF undertook BCI in 2010 with 2500 farmers which has now expanded to 81380 farmers in 2017 (a whopping 85% growth over 44000 in 2016). Area coverage has expanded from 2900 hectare to 1.28 lakh hectare in a short span of 7 years. Increase in the income of BCI farmers in 2017 attributable to ACL was about ₹ 267 Crores.

Agricultural Livelihoods Projects

- Better Cotton Initiative (BCI)
- System of Rice Intensification (SRI)
- Salinity Ingress Mitigation
- Organic Farming
- Wadi Development
- Fruit and Vegetable Cultivation
- Animal Husbandry
- Aquaculture

Systematic monitoring and periodic impact assessment improves the effectiveness of the program. We conducted a study to review the effectiveness and adoption of Integrated Crop Management (ICM) among farmers of Kodinar. The study findings show that ACF has reached out to 4277 farmers from 19 villages of Kodinar with inputs in ICM. Extension Volunteers (EV's) of ACF were the main source of information for 86% farmers. Around 60% of the farmers had received training on soil health management, water management, farmyard manure and bio-fertilizers. A comparison of the % of trainees adopting techniques imparted in the common trainings showed that adoption of techniques was higher (>70%) for "farm yard manure decomposition", "water management", and "soil health management", medium (50% -69%) for "preparation of jivanamrut" and "zero-budget farming" and least (<50%) for "use of micronutrient" and "analysis of demonstration plot".



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 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 2017, there were 49 such linkages.

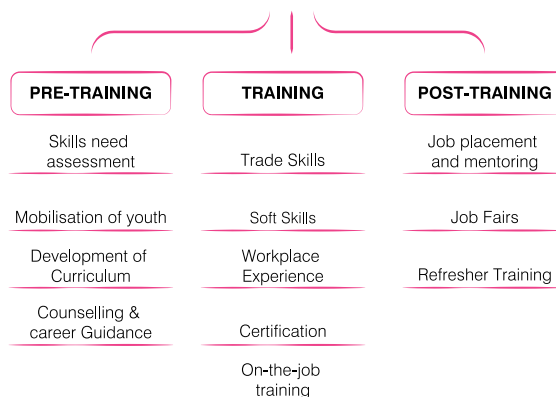
Promoting Skill-based Livelihoods

With a view to address rising unemployment of the youth and their plight in a holistic manner, ACF introduced Skill

and Entrepreneurship Development Institutes (SEDI) 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'. ACF prepares the youth to face the challenges of the professional world by developing their vocational skills.

ACF now runs 22 SEDIs in 10 states and has successfully trained over 38,000 rural youth by the end of 2017 which includes 6300 students who graduated this year. So far 74% of them were placed in various industries like hospitality, driving, nursing, security, retail, automobile, electrical, construction, carpentry, beauty, garment making, fitting & welding and computer training. SEDI graduates are assisted in starting their own businesses and a total of 3,010 enterprises have been formed to date.

SKILL AND ENTREPRENEURSHIP DEVELOPMENT INSTITUTE (SEDI)



A particular initiative that took off tremendously in 2017 is Recognition of Prior Learning (RPL) for masons addressing our very own construction sector. Masons

In 2014, Dhamjit Zade owned a tobacco stall in Bailampur village of Chandrapur, earning ₹ 3000/- a month and the rest of his family would work as daily laborers. Today he works as a Welder with Kinder India Pvt. Ltd earning a monthly income of ₹ 16000/-. His sister is currently studying Bachelor of Social Work at Chandrapur and his old parents have rightfully retired. This transformation is due to the ACF impact. Mobilizers from SEDI, Gadchandur, spotted him at Dhamjit's stall and learnt about his education and family conditions and informed him about skilling courses at SEDI. It was unimaginable for him that a 6-month course could get him a job, but, with much persuasion and exposure, he finally enrolled into the welder training course. Upon graduation, he was placed with a salary of ₹ 8000/-. After a couple of years' experience, he moved to his current job with almost 100% raise. He in turn persuaded his sister to give up wage labor and concentrate on studies. The SEDI impact got multiplied. Dhamjit's story is very similar to that of many other passing students from SEDI every year.

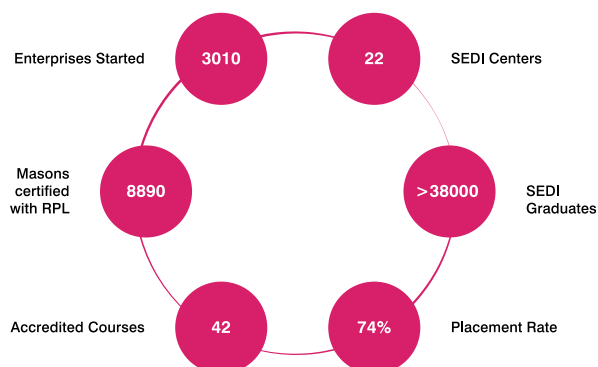


are the end consumers of our cement, yet remain the most marginalized and unrecognized stakeholders. As construction sector is expected to grow more, SEDI in collaboration with NSDC is facilitating government's agenda to assess and certify existing masons in the industry; which helps them leverage their skills better and receive a higher pay scale compared to their non-certified colleagues. In 2017 alone, 8890 such masons were certified across locations.

Studies were carried out in 2017 with the purpose of verification of placements for the SEDI trainees from Sankrail and Farakka (both in West Bengal), Bhatapara (Chhattisgarh) and Chhindwara (MP). The effort was to track employment generation through placement after training for the period of three years. The studies highlight that in Sankrail highest wage employment is in automobile (71%) and Retail (62%).

In case of self-employment, Bhatapara shows highest self-employed trainees in Beautician (71%) and Electrical (63%). In Farakka SEDI trainees pay of over ₹ 10000/-pm are highest (56%) in Computer Hardware and Networking. And in Chhindwara about 50 Masons are earning over ₹ 10000/-pm.

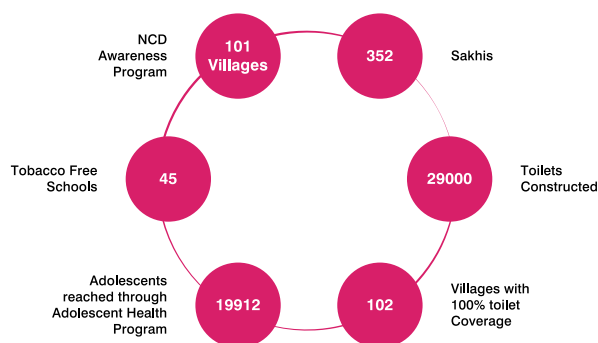
Besides providing training in different trades, the SEDI students are tutored in computer operation, English and soft skills. Many SEDI courses are government-affiliated. To further its skill training agenda, ACF works in partnership with various institutions, depending upon the feasibility of their 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 Corporates. Partnership in skill development is growing and some of the lead corporates we had in the year 2017 were ADOR Welding, APM Terminals, Taj Group of Hotels, Castrol India, Cipla Foundation, Gruh Finance, Godrej Consumer Products, Schneider Electric and Tech Mahindra 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.

Promoting Health and Sanitation in Community

A healthy business thrives in a healthy community; and while health is not everything, a lot that we do would be nothing, without good health.



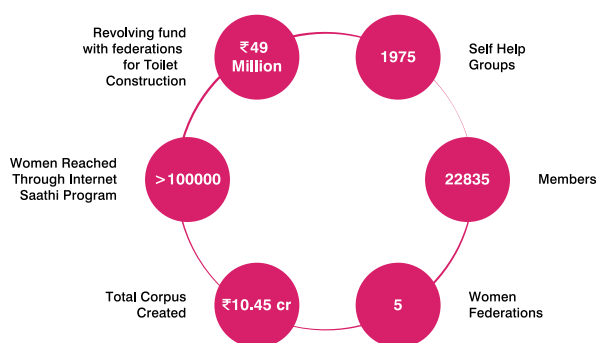
ACF endeavours to bring about long-term, sustainable changes in the area of health and wellbeing of the communities surrounding our sites. The program works under the thrust areas of Maternal, Child and Adolescent Health, Communicable and Non-Communicable Diseases, Total Sanitation and Curative Health. The Foundation works on clinical, preventive and curative healthcare through mobile medicare units, community health clinics, diagnostic centers and specialized health camps. The health projects are implemented in close coordination with the Public Health Departments, panchayats, Village Development Committees, APEKSHA (Adolescent Peer for Enhancement of Knowledge, Skill and Healthy Associations) and are led on the ground by a cadre of voluntary health workers such as "Sakhis" and "Swacchta Doots" in the villages.

ACF also engages with truckers who are large yet vulnerable group of Stakeholders for Ambuja Cement. ACF in collaboration with Apollo Tyres Foundation runs Health Care Centres for truckers at Surat, Sankrail, Nalagarh and Farakka. In 2017, these centres reached out to 59900 truckers, addressing STIs, HIV, common ailments, lifestyle diseases, vision problems and overall safety behaviour.

Empowering Women

Women, our choice agents of change in the community, are a special focus of all ACF programmes. In agriculture we focus on women being agricultural extension

volunteers, in animal husbandry we train them to be para veterinary volunteers called Pashu Swasthya Sevikas, in health they are trained to be village health functionaries called Sakhis. Through the Women Empowerment programme they form self help groups (SHGs), undertake income generation activities, federate into apex institutions, and promote community led Total Sanitation and become the voice against injustice to women. The ultimate objective of the programme is for women to realise their social capital and to support each other, to make incredible things happen. Sorath Mahila Mandali, a Women's federation in Kodinar, Gujarat has been fighting against social segregation of widows, domestic violence, illicit alcohol and other social ills. The federation, began with coming together of SHGs in the region, has been engaged in income generation activity such as garment making, procurement of groundnuts and financial activities such as facilitation for government pension schemes and crop insurances. As a final step in its maturity, the federation members have raised the cause of social justice for their own kind and in various causes have even challenged government officials and community leaders for upholding justice for women.



As a part of the Women Empowerment programme, ACF has formed 1975 SHGs with total 22835 members and a total corpus of ₹ 10.45 crore. At various locations these SHGs have come together to federate themselves into 5 Women Federations. It is a matter of pride that women carry ACF's banner for all its programmes in their communities.

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

Education

Ambuja Manovikas Kendra (AMK) is a special facility for intellectually challenged children in Ropar, Punjab and the center has earned a reputation of being one

of the best schools for special children in the vicinity. Currently 90 students are attending AMK apart from 11 students under home-based rehabilitation. In 2017, for the first time, 6 students from AMK attempted the NIOS Standard 10th exam with independent coaching from the AMK teachers. With great endurance, these special children accomplished the task and all 6 of them passed the exam with a First Class, in the very first attempt. A step further into rehabilitation of the specially abled students, AMK started a Skill Development Centre in 2017 which provides training in Bakery, Pottery and Artificial Jewellery making to about 20 students. Through this center, we aim to make these special children skilled and confident enough to work in marketable trades and with our facilitation of market linkages become positive contributors to the society.

ACF is also working with 118 government schools to support the infrastructure, to strength school management committees, to provide e-learning and other teaching and learning aids. In 2017, ACF conducted an Evaluation of School Support Program with the support from Shikshangan Education Initiatives, which recommended adoption of cluster level initiatives rather than support for scattered schools. Based on this recommendation ACF adopted a cluster level approach at Chandrapur and started working with the Govt of Maharashtra for cluster based approach in 4 clusters.

Partnering with Farmers to reduce CO2 Emissions

Most of our plants are located in rural geographies. 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 (biomass) as fuel in Company kilns and power plants, in return for a competitive 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). 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 to replace conventional fuels. This symbiotic relationship with the community aids the Company in its drive to remain the most sustainable company in the industry and at the same time augments the income of the farmers. In the year 2017, about 46,360 MT of biomass has been procured from the farmers associated with ACF for use in kilns/CPPs to replace traditional fuels. The collective revenue of the four FPOs in this venture was about ₹ 9.12 Crores in 2017.

Knowledge Events to mark 25 Years of ACF

As ACF entered into its 25th year, the organisation

undertook a very unique way to celebrate the Silver Jubilee of its establishment. The foundation organized 5 public events to bring together experts from various stakeholder groups such as NGOs, Government, Academia, and Corporates, to discuss the research findings of the organisation and help synergize for the path to be undertaken for the future. These events were:

- Participatory Dialogue on Maternal and Child Health (31 March 2017, Mumbai)
- Skill India – enhancing capabilities, empowering lives (15 Sept, 2017, Kolkata)
- Roundtable on Agricultural Livelihoods- Solutions & Partnerships (16 Nov, 2017, Mumbai)
- Creating Synergies on Sustainable Agricultural Production & Marketing Linkages (23 Nov, 2017, New Delhi)
- Multi Stakeholder Consultation on Non-Communicable Diseases (24 Nov, 2017, New Delhi)
- Co-creating Water Positive Communities: A Participatory Dialogue (15 Dec, 2017, Jaipur)



Employees...Our Strategic Assets

Human Resources (HR) at Ambuja Cement is the key enabler to the achievement of business goals and objectives by nurturing talent to sustain and strengthen the competitive advantage of the organization. Our HR function is a strategic business function based on the philosophy that people are the foremost factor in the success of an organization. Accordingly, our HR function is constantly evolving and reinventing to ensure the desired deliverables. The Company's people policy & strategy, systems and processes, and welfare measures etc. are designed to enhance all aspects of the 'employment experience' and for the overall organisational effectiveness while making Ambuja Cement an employer of choice. With an outside-in perspective, HR offers unique information, insights and recommendations on talent (workforce and human capital), capability (culture, systems and processes) and leadership to deliver a competitive advantage.

We strive to provide an enabling work environment with innovative recruitment and retention practices to maximize the human capital. Both management and non-management employees are offered continuous learning opportunities for growth and development. The Company provides a collaborative working atmosphere, free from discrimination and harassment including sexual harassment, along with equal employment opportunities to all its employees. Ambuja 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. There are 2.5% female in total employee population and 3.5% females in the management positions (as % of total management workforce).

We have a function-centric organizational 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. A big step towards the company's digital transformation was the introduction of the 'Workday' system, a cloud based global HR platform that was launched in the first quarter of 2017. The system provides the company with a state-of-the-art platform to support more agile, efficient and consistent HR processes across the Group.

Building Culture

The spirit and practice of 'I CAN' is our core philosophy which resonates well with LafargeHolcim's values: CRISP (Customers, Results, Integrity, Sustainability and People); and ACE (Agility, Collaboration, and Empowerment). Employees are encouraged to internalise these values through continuous communication that has helped to 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. At the beginning of 2017, the plant teams were energized with our proven "People Power Wave -Our Way of Life" concept & establish its structured approach to run high Impact waves and improve the plant performance. This resulted in achieving best manufacturing KPI performance on fuel mix, energy, TSR, Clinker & Cement Production and dispatches etc.

Talent Management

We focus on home grown managers to take up all critical and senior level positions thereby ensuring upward career mobility to all talented employees. Structured programs are in place to prepare the freshers for the new roles. We follow a standard process of Talent Review & Succession Planning duly certified by global HR consulting firm Korn & Ferry. All talents got slotted to a 9-box matrix which serves as basis for their development and upward career movement. This exercise is done on platform called Workday for better access and transparency. There is a strong focus on values and behaviors across all HR processes (recruitment, training, assessments, developments etc) that act as glue to bind people across functions and geographies. Ambuja follows a unique home grown philosophy called I CAN, that gives people the authority to set their own targets and the freedom to achieve their goals. Honing talent and carving out leaders through various initiatives helps in 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. While we maintain a healthy external talent intake, senior positions are now increasingly being filled internally. Succession planning has created a talent pipeline for key positions and a growth avenue for our developing leaders. Our core values stipulate the need to develop and build leaders who will keep the organisation on the path of high performance. With this in mind, the STEP (Sustainable Talent for Enhanced Performance) programme has been institutionalized along with other talent management initiatives. The objective of STEP is to develop a sustainable pool of leaders with essential leadership skills and the capacity to be internal coaches. The training includes formal, informal and interactive components that hone coaching skills and bring about greater engagement. The STEP-I programme was completed successfully by 96 managers in 2014 out of which 35 became 'people coaches' for STEP-II participants launched in 2015. We focused on multi-skilling and skill development of employees to ensure that workmen and employees get regular training (technical, sales and leadership) to perform better. This year, 60 participants of STEP-II graduated as certified People Coaches with coaching and leadership skills & competencies. We nurture and develop high potential talent by sponsoring their Executive Education Programs at premier Business Schools. Management Trainees who joined in 2017 underwent a 6 month customized induction program.

Employee Benefits

Employee benefits in the form of contribution to Superannuation Fund, Provident Fund (PF), 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 PF is managed by a trust set up by the Company. 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. Maternity Leave entitlement will be as per The Maternity Benefit (Amendment) Act, 2017. An employee can avail the leave for a continuous period of 26 weeks, or opt for two thirteen-weeks leave- divided between pre natal and post

natal- as per her convenience. It can be availed upto a maximum of 2 children. In 2017, three woman employees availed of maternity leave. They 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. For more details please refer to the Annual Report.

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. 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.

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

Employee Learning and Development

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 Cement, started in 2012, provides leadership, procurement, sales and marketing training for employees and the field force in order to build organizational capability and competence. AALA intends to work as a change catalyst for our employees to meet the future challenges and intends to leverage the rich heritage of the two reputed organizations towards strengthening the ACE i.e. Agility, Collaboration & Empowerment among employees. The objectives of AALA are envisaged to be fulfilled by best-in-class training through innovative training methodologies and modern Learning & Development approaches. AALA also partners with some of the best management and technical institutes to roll out customized management, leadership and technical programs. Every effort is made to make these programmes engaging and effective. Training is aligned to the business needs. Techport provides the technical training to our workforce. Both AALA & Techport leverage our training infrastructure to fullest advantage. A variety of robust training modules

emphasising quality and effective application at the workplace have been developed. About 50% of staff time at the academy is spent in understanding and inculcating strong work practices during training. We spent about ₹ 2.4 crore on employee training covering about 63627 man-hours. At Ambuja we have also begun using the Kirkpatrick model for measuring the effectiveness of the training conducted. We have been utilising the first three levels of the model, namely Reaction, Learning and Behavior. At Level 1 "Reaction" the "What" part of the training module is identified, as in "What is the training intended for?". At Level 2 "Learning" the "How" part of the training is identified, as in "How will the training learning be implemented?" and "How will be the achievements measured?". At Level 3 "Behavior" the "Actual achievements" are measured. The outcomes from implementing the learning are observed. *GRI 404-2, SDG-11, 17*

Learning & Development (Technical) 2017

- Workshop for HoDs & Section In Charges at 15 locations with emphasis for line Managers to take responsibility & ownership on training needs & capability building for people associated.
- E- Library created to promote "Moving from teaching to Self Development" & teaching by peers. Self Study completed by 198 people.
- People identified for specialized training and development across locations.
- Environment management program at 7 Locations.

Enhanced Employee Engagement

We strive to build a culture of merit and appreciation. We have a system to provides financial incentives to employees who make special contributions to recognize & reward their performance. Rewards and Recognition (R&R) programme 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 2017 we had 1097 employee nominations under various categories of awards; 863 employees from across locations and functions were rewarded under the program. Employees who spent more than a decade with the organisation are felicitated with 'Long Service Awards'. Focused group discussions' (FGDs) across various locations are held to determine the level of employee engagement, gauge employees' perceptions on the 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 assist in open and participative FGDs at different locations. Our employees participated in an online survey (conducted by Mercer) of 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. We achieved an employee engagement score of 87%.

Employee engagement also takes place through functions, celebrations, functional meets, gate meetings, town halls, etc. In 2017, five 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, 25 years of ACF, etc.

Robust performance management process is in place to differentiate talents based on merit. Financial Rewards like annual increments and performance bonus and non-financial rewards like promotions or developments are differentiated to create a strong performance culture. All eligible employees received a timely and regular performance and career development review during the reporting period. With the launch of new HR Information system "Workday" in February 2017, annual objective

setting for 2017, Individual Development Plans (IDPs), mid-year review and Performance Management system (PMS) was done in Workday system. Increased focus on the setting of team objectives, periodic reviews and frequent individual dialogue between managers and employees is encouraged. These discussions enhance alignment with Company objectives, explain clearly our business direction and aid in individual target achievement. The new 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. In 2017, our mandatory key results areas (KRAs) for all categories of employees gave health & safety 30% weightage and commercial transformation 25% weightage. *GRI 404-3, SDG-17*

Total 386 of our employees volunteered for community involvement spending 2102 hours including 1366 hours of paid working hours to support 14 community projects which benefited about 21268 beneficiaries.

Towards 'Zero Harm'

Health & Safety (H&S) is our Core Value and it is Priority No 1. "We Care" – Our Health & Safety transformation journey has been guided by the true iCAN spirit of all Ambujaites, which has helped our H&S performance & culture to move to the next Level. This has allowed

Ambuja to overcome many challenges faced along the way towards a robust H&S performance across our operations – at our plants, warehouses as well as in transportation.



H&S Challenges and Our Strategy:

Over the years, we have developed in-depth understanding of the challenges, which are captured below.

We have a clear strategy to deal with these challenges based on 05 Pillars with specific actions outlined below.

Two Different Worlds

- *Safety Perception Inside the Plants and Just Outside the Plant Gate is very much different -making it difficult for our People to just switch over.*
- *Large number of semi skilled & untrained workmen from local villages and most of them are normally expected to stay with us for life.*
- *Society traditionally, tends to reward Risk taking behavior – a significant cultural change challenge*

Sharing boundaries increases opportunity

- *Encroachment / commuting in mines, truck parking yards. Plants are near by local villagers – have to co-exist & has always a significant residual risk due to Industrial & multiple mining operations, material transport and Water bodies created in mines*
- *Less Automation of Operations – more people expose to hazards*

Road Safety

- *Large road transport requirement which is one of the most unsafe sector in India due to cultural, Infrastructure and many other limitations.*
- *Industry Practices – Need more collaborative approach with Industry -single hand not enough*
- *Unsafe Drivers – Lack of Pride, skill, inadequate law enforcement*

Health Impact

- *Entire Cement Distribution business model & network in the Country has significant in built H&S risks -Significant dust generation during packing and handling due to plastic and porous bags*
- *Manual handling of 50Kg bags, large population of Floating /unskilled warehouse workmen, Poor & unsafe Road / Rail Infrastructure*

Onsite Fatality Elimination

- Revitalize job risk management process
- Implement mandatory fatality elimination controls for main killers
- Embed H&S into all management of change decisions

Zero Harm Culture

- Continue “We care” as driving force to engage people
- Insert H&S in selection, performance and onboarding
- Raise H&S competencies including leadership
- Measure and drive the zero-harm culture mindset

ACE Global Solutions

- Replicate good practices and trainings with pride
- Optimize process for small sites
- Simplify standards, processes and tools

Control of health risks

- Assesses and control occupational health risk
- Monitoring of health risk hazards
- Reduce handling of cement bags
- Reduce cement dust and noise exposure

Road Fatality Reduction

- Implement DMC at all locations
- Implement journey management systems
- Define and implement minimum standards for drivers, vehicles and transporters

Contractor Partnerships

Select, monitor and improve the right contractors

Implement minimum standard for permanent contractors on critical tasks

Ensure adequate systematic supervision of contractors

H&S Performance

We have made significant efforts over the years to achieve best in class H&S Culture and Performance. This year we took a new initiative to strengthen 'We Care' by "More boots on the Ground" – this means our entire management team invested significant time to interact with employees on shop floor and understand their H&S challenges. Over 600 Visible Personal Commitment

(VPCs) tours were conducted by top 60 leaders. All these efforts resulted in a better H&S performance in different aspects. We reduced onsite injuries through significant cultural transformation and it shows that our operations are becoming safer with each passing day. Compared to 2016, we have reduced overall onsite injuries by 45% and reduced Lost Time Incidents (LTIs) by 63%. Our Nalagarh plant made us proud by achieving 'Zero Injury' in 2017.

As a part of health & Safety Improvement Plan (HSIP) 2017, we identified 07 strategic objectives to make a step change in our H&S Performance and culture and achieved 100% objectives.

Performance Highlights	Focus on People Engagement & Capability building	Road & Warehouse safety road map 2020 - Well on Track
<ul style="list-style-type: none">Nalagarh & Cochin continued with Zero harm journey since last 13 months63% reduction in LTI (Onsite)45% reduction in Onsite Total injury75% reduction in critical incidents100% compliance to HSIP 2017 targetPlant specific HSIP well on trackImplemented "NO DDC No Riding" policy for marketing	<ul style="list-style-type: none">396 Safety hero and 32 team awards408 drivers awarded Safety hero's and 1033 Drivers given Spot awards. Also 28 transporter supervisors awarded safety champion for conducting DDCTotal 621 VPC conducted by Top leaders in 2017Safety booster program for employees who need safety counselling or mentoringCompetency development program completed for 130 senior leadership46 internal auditors developed05 full day workshop conducted with Warehouse C&F and Secondary Transporters	<ul style="list-style-type: none">55,972 drivers trained in defensive driver course (DDC) course~90% compliance on 07-point checklist for warehouseFull DMC (Driver management Centre) started at all 16 locationsIn Vehicle Monitoring System Update :<ul style="list-style-type: none">2127 INMS installed in outbound vehicles. 50% controlled fleet vehicles equipped with IVMS317 IVMS installed in inbound vehicles. 97% controlled fleet equipped with IVMSJRM (Journey Risk Management) - 136 routes, about 15,000 KM distance coveredE-Passport for drivers - implemented at 07 locations (Bhatapara, Maratha, Darlaghat, Panvel, Dadri, Bhatinda and Sankrail)Developed 100 model warehouses in 2017. Assessment of the same completedCompleted Clean RSO/Branch assessment for 2017

"Hazard Identification and Risk Assessment (HIRA) workshops cum trainings were conducted for 910 management and 2059 junior level / front line employees."

Road & Logistics Safety:

Road and Logistics safety continues to be an area of high priority in our "We Care" journey. During 2017 path breaking changes have been initiated in this area through a comprehensive Road Map Vision 2020. Ambuja identified three critical safety factors – the driver, the vehicle and the infrastructure. In-vehicle Monitoring System (IVMS), a new GPS-based technology, has now been installed in more than 5000 trucks to enable greater

visibility and control of driving behaviour. Certification of drivers and vehicles through a thorough system of tests, including electronic vehicle checking and the setting up of the Transport Control Tower for back end analytics of IVMS data, has helped moving towards zero harm. E-passport has been implemented at 07 locations (Bhatapara, Maratha, Darlaghat, Sankrail, Dadri, Bhatinda, Panvel) which will help us in managing driver's data and also tracking their safety performance.

Driver Management Centers (DMCs), set up at all our manufacturing plants, work as counselling centres for changing driving behaviour and improving skills. In 2017, we trained over 55,000 drivers in Defensive Driving Course (DDC), rewarded over 1450 drivers for their safe behaviour, covered over 14,000 drivers in health camps, conducted tool box talks for over 55,000 drivers, completed journey Risk Management for 136 routes which covered over 15,000 km, conducted 194 meetings with transporters and rewarded 35 transporter supervisors for their outstanding performance. ACL is conducting in-cab assessment of the drivers that will help us in improving safe driving Km's with a goal to reduce incidents and fatalities. Currently our assessments cover a safe driving km's of 33% and we target to reach 75% in next one year and cover almost 90% by 2021.



'We Care' was extended to sales, marketing and technical services functions. 'No DDC - No Driving' policy was implemented, hence 1200 sales officers went through DDC and also gone through on road assessment.

Respecting Human Rights

Our human rights policy is specified in our Code of Conduct and Business Ethics. We also follow the LafargeHolcim Group's Directive on Human Rights. We prohibit the undesirable practices and do not conduct business with any individual or company that violates Human Rights i.e. exploitation of children including child labour; physical punishment; gender-based violence; forced or compulsory labour; unlawful discrimination in employment and hiring practices; provision of unsafe working conditions; salary payments (or deductions) below minimum wage; and illegal overtime regulations. Our commitment to human rights is reinforced by our Group's participation in the UN Global Compact (UNGC), support of the Universal Declaration of Human Rights and our CSR Policy. Ambuja Cement 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.

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 to ensure fair practices in the areas of

human rights, labor rights, and stakeholder conduct etc. 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. In 2017, our sites at Rabriyawas, Chandrapur (MCW), Cochin and Mangalore underwent this assessment. The action plans for the sites have been prepared and their implementation is in progress. The structured approach enables systematic identification of social risks attributed to these areas and expeditious mitigation of the same in line with sustainability best practices. No major incidents / grievances related to human rights were found, minor complaints / issues were reported. For example in Rabriyawas, issues related to welfare amenities such as transportation facility for pickup and drop facility for employees, shortage in availability of medical personnel were reported. Ambuja is taking concrete steps to resolve these complaints / issues through measures such as provision of bus facility for employees and recruitment of additional medical personnel.

We also 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. About 30% of our permanent employees are members of a recognized independent employee or trade unions or associations. ACL 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 were reported where the 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 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 environmental 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. In 2017, we launched an e-learning course on human rights which was completed by more than 50% of the employees. They are also trained and sensitized on human rights through initiatives on sustainable procurement, CSR and labour practices.

The total number of incidents, complaints or grievances of human rights violations along with the backlog of earlier incidents is zero. No complaints were received, nor are any pending of child labour, forced/involuntary labour, sexual harassment and discriminatory employment. ACL promotes equality and diversity and there were no incidents of discrimination in the reporting period.

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

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.

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 has filed appeal against the Order of Competition Commission of India before the Competition Appellate Tribunal. The Tribunal, vide Order dated 21st November, 2016 has stayed the operation of the Commission's Order, subject to deposit of 10% penalty in the form of Fixed Deposit of six month's duration. However, it was also ordered that if the Appeal is dismissed, then the balance amount of penalty shall have to be deposited with interest @ 12% per annum from the date of CCI's Order i.e. 31st August 2016. The arguments have been heard by the NCLAT and the final order is reserved.

The state of Haryana has filed a complaint alleging cartelisation of tenders for supply of cement by some cement companies including Ambuja Cements Limited. CCI vide Order dated 19th January 2017 has

held cement companies including Ambuja Cements Ltd. guilty of violating provisions of the Competition Act and imposed penalty to the tune of 0.3% of the average turnover of last three financial years. Accordingly, the penalty on Ambuja works out to ₹ 29.84 Crores. The company has appealed against CCI's order and the same has been stayed. Final hearings are being held.

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 Ambuja's Sustainability Performance to UN' SDGs

Our Triple Bottom Line initiatives and performance contribute to various Sustainable Development Goals (SDGs) in the following ways.



- 1.1 Human Rights Policies, Fair share of Tax Payments, CSR initiatives for livelihood generation.
- 1.2 Extensive focus on Employment generation, job security, fair wages, flexible working hours, safe work environment, women friendly work conditions, equal opportunity in employment, supplier code of conduct.
- 1.3 Employee and Family insurance cover, access to microfinance and other financial services via CSR initiatives
- 1.4 Positive influence and impact on Local communities
- 1.5 Focused on addressing issues on climate change, environmental protection, improving resilience towards environmental hazards, resources management, and Disclosing GHG emissions and material (climate) risk information.



- 2.1 Mobilizing resources to address hunger, malnutrition, deprivation of land rights and discrimination
- 2.2 Workplace awareness building programs for employee health dealing about nutrition
- 2.3 Active Stakeholder engagement programs to support and develop agro initiatives and natural resources sustainability e.g. Better Cotton Initiative
- 2.4 Focused on addressing issues on climate change, environmental protection, improving resilience towards environmental hazards, resources management, and Disclosing GHG emissions and material (climate) risk information.



- 3.1 Prenatal care for Pregnant Women
- 3.2 Health care & Parental leave employee benefits
- 3.3 Focus on Occupational Health and Safety, access to workers & value chain partners to free and voluntary HIV Testing
- 3.4 Smoke-free workplaces; implementation of no-alcohol policy, public awareness through community projects
- 3.5 Employee & Community awareness training on effects of drugs, narcotics and alcohol
- 3.6 Training on road safety for employees, drivers and community
- 3.9 Reduction targets on GHG/air emissions, effluents, hazardous and solid wastes



- 4.1 Supporting children's access to education, and supporting employee education
- 4.2 Providing access to employee childcare through on-site daycare and flexible work options.
- 4.3 Providing non-discriminative and open access to employees to (vocational) training, internship programs and further education.
- 4.4 Engaging with educational institutions for continuing education.

5 GENDER EQUALITY 	<p>5.1 Fostering women empowerment across the workplace, marketplace and community; including non-discrimination clauses in supplier code of conduct policies and supporting suppliers in advancing gender equality and women empowerment.</p> <p>5.2 Zero-tolerance policy towards all forms of violence and sexual harassment.</p> <p>5.5 Ensuring all workers - women and men have an equal voice in workplace, including grievance mechanisms.</p>
6 CLEAN WATER AND SANITATION 	<p>6.1 Responsible water accounting and 'water positive' program; WASH implementation across plants and offices; multiple CSR initiatives on water harvesting, conservation, and sanitation.</p> <p>6.2 Separate toilet facility for women at workplace.</p> <p>6.3 Minimizing negative impact on water quality through water treatment, reuse/recycling and zero discharge.</p> <p>6.6 Protecting and restoring water-related ecosystems, habitats and biodiversity.</p>
7 AFFORDABLE AND CLEAN ENERGY 	<p>7.1 Implementation of clean and renewable energy projects (WHR, wind, solar); Use of non-fossil waste materials (AFR) and biomass as energy source.</p> <p>7.3 Reporting energy usage, reduction and intensity; Reducing operational energy consumption and fuel-efficient vehicles; energy-efficient buildings, sustainability certification for buildings; Use of waste materials and waste heat as an energy source.</p>
8 DECENT WORK AND ECONOMIC GROWTH 	<p>8.1 Direct economic value generated and distributed; Contribution to Government Exchequer-responsible tax payment;</p> <p>8.4 Being resource efficient (use of energy, water, (raw) materials and other resources); Driving responsible consumer influence alongside promoting sustainable construction through product development and services; sustainable procurement.</p> <p>8.5 Promoting equality among employees, operations and supply chain; Zero-tolerance policy towards all forms of violence in the workplace and preventing sexual harassment; grievance redressal mechanism to anonymously report of adverse human rights impacts.</p> <p>8.6 Ensuring equal opportunities for all employees, job-oriented training programs, skills management programs and (lifelong) vocational education and training, entrepreneurship development initiatives.</p> <p>8.7 No to child labour, forced labour, modern slavery and human trafficking in operations and the supply chain; Anonymous hotlines to identify incidences, with corrective and remediation processes in place.</p>
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	<p>9.1 Resource efficiency and sustainability in transport and buildings etc.</p> <p>9.3 Local purchasing and supplier linkages.</p> <p>9.4 Promoting environmentally friendly technologies through improved product design, material efficiency and reuse of materials, manufacturing processes (Compocem, Synthetic Sand, Use of waste-derived resources like alternative fuels and raw materials)</p> <p>9.5 Innovation, Sustainability training to employees; Our solutions for sustainable and efficient infrastructure i.e. Knowledge sharing, Concrete Future Laboratories (CFL), Modular Curing Solutions, Concrete Mix Proportions etc.</p>
10 REDUCED INEQUALITIES 	<p>10.1 Equal remuneration for men and women.</p> <p>10.3 Non-discrimination across business operations including remuneration and benefits</p> <p>10.4 Fostering entrepreneurial capabilities and providing financial support or business opportunities to vulnerable communities through our partner NGOs.</p>
11 SUSTAINABLE CITIES AND COMMUNITIES 	<p>11.1 Impact assessments across the whole lifecycle of buildings, especially in regards to the supply chain choices and interactions with stakeholders; promoting affordable housing opportunities.</p> <p>11.2 Investing in infrastructure and supporting services, mitigating significant environmental impacts of transporting materials and products, focus on road safety, CSR initiatives on community infrastructure, water projects etc.</p>



- 12.1 Circular models for products (AFRs, flyash, slag, renewable energy); Investing in improvement of environmental performance and training program in core business strategy, operations, and throughout the supply chain.
- 12.2 Resource efficiency in operations, products and services, supply chain.
- 12.4 Assessing the impact of product after the first cycle and implementing circular business models;
- 12.5 Reporting waste generated by type, treatment and disposal destination; Implementing circular business models such as using renewable, bio-based or fully recyclable inputs, recovering resources.
- 12.6 Transparent Reporting of sustainability and impacts.



- 13.1 Disclosing GHG emissions (Scope-1,2,3), energy consumption, climate risks and opportunities; Setting science-based GHG reduction targets in line with the goals of the Paris Agreement, CDP Reporting
- 13.2 Collaborating with government, customers, suppliers etc. for positive action.
- 13.3 Raising awareness among clients, investors and employees about climate change and natural disaster reduction.



- 14.1 Waste water treatment, reuse of treated water and zero discharge;
- 14.3 Reductions in air emissions



- 15.1 Biodiversity protection initiatives, green belt development
- 15.2 Rehabilitating lands impacted by business operations.
- 15.3 Protecting soil from degradation, limiting erosion and avoiding deforestation for sustainable use of natural resources.
- 15.5 Protecting natural habitats and biodiversity through land remediation and rehabilitation, habitat protection and restoration.



- 16.1 Human Rights Policies across the company and value chain, Multiple stakeholders and community engagement; policies on workplace violence, discrimination and/or harassment: whistleblowing helplines to report offences, as well as remediation processes; training security personnel on human rights
- 16.2 Child Labour abolition
- 16.3 No anti-competitive behaviour and violation of anti-trust and monopoly legislation
- 16.5 Anti Bribery and Corruption Directive
- 16.7 Governance and decision making with stakeholders' consultation;
- 16.10 Human right to freedom of expression and information, robust complaint system or grievance mechanism; customer privacy mechanism




- 17.1 Paying fair share of tax timely and responsibly.
- 17.3 Mobilizing private capital towards supporting sustainable development/CSR.
- 17.16 Best practices sharing and public-private partnerships.
- 17.17 Supporting joint development initiatives and/or international cooperative mechanisms and working with governmental and non-governmental partners, civil society and international organizations (World Business Council on Sustainable Development, Cement Sustainability Initiative, Confederation of Indian Industries, Federation of Indian Chambers of Commerce and Industry etc);
- 17.19 Publicly disclosing sustainability information.

Increasing our True Value

We continued evaluating our true value year on year since 2012 which has increased over the year due to our sustainable environmental and social practices as also added by economic strength. For 2017, our net positive contribution to the environment and society was about ₹ 2,240 crore as compared to about ₹ 1,660 crore in 2016 and about ₹ 750 crore in 2012. Most of this value creation was achieved through fly ash utilisation, water harvesting and recharge projects, agro-based livelihood creation and use of alternative fuels and raw materials (AFR).

It is heartening that Harvard Business School published a case study “Measuring True Value at Ambuja Cement” for which they engaged with us on our practices in different aspects of sustainability.


HARVARD BUSINESS SCHOOL
N1-518-063
REV. JANUARY 22, 2018

V. KASTURI RANGAN
SURA SREENIVASAN
NAMEETA ARORA

Measuring True Value at Ambuja Cement

Times have changed but most companies haven't. In the modern world, it is important that a company broadens its view on the value it brings to the world.

— Ajay Kapur, Managing Director and Chief Executive Officer, Ambuja Cement

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

— Ambuja Vision Statement

Introduction

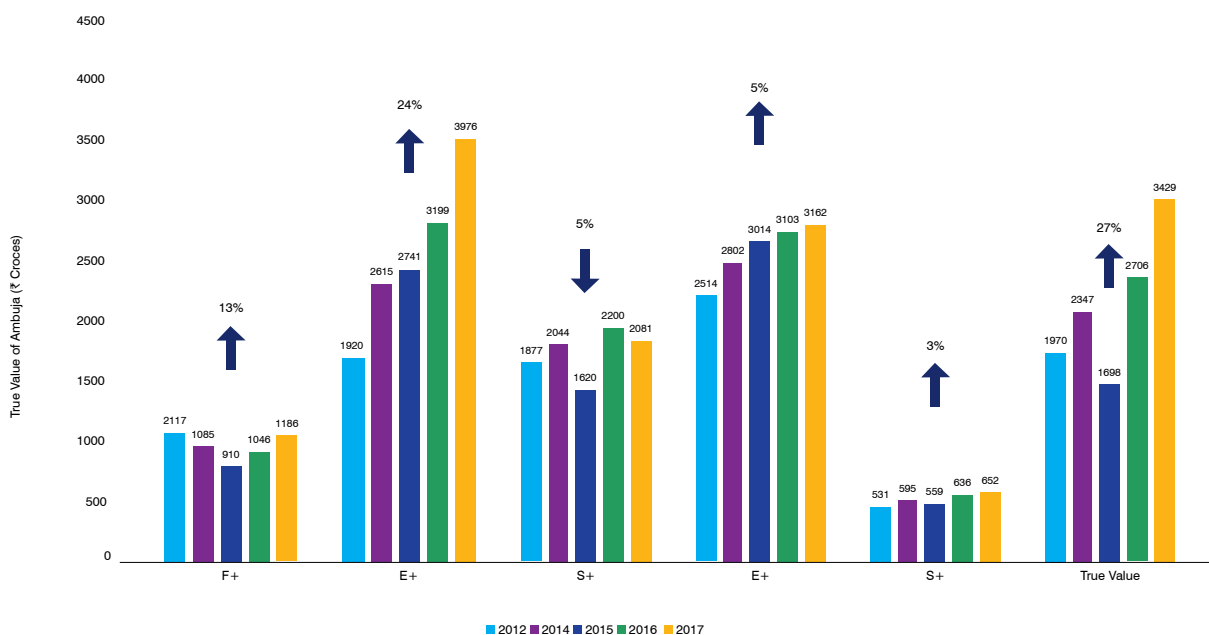
On a humid summer afternoon in May 2016, Ajay Kapur, Managing Director and Chief Executive Officer of Ambuja Cement Limited (Ambuja), closely scrutinized a copy of the company's 2015 True Value Report at company headquarters in Mumbai, India. Ambuja, a subsidiary of the Lafarge Holcim Group, was India's third-largest cement manufacturer. Along with impressive financial growth, the company had demonstrated a longstanding commitment to supporting social and environmental initiatives. The Ambuja Cement Foundation (ACF)—the Corporate Social Responsibility (CSR) arm of Ambuja—was considered a CSR pioneer in India.

Starting in 2012, Ambuja had begun quantifying its social and environmental impact in order to improve its understanding of resource use, climate protection, and community engagement. In Kapur's view, "To create a responsible future, it was important we broadened our view on the value we brought to the world. The value of Ambuja was more than just the financials alone. The true picture was revealed by the sum of our actions in economic, environmental, and social areas."

Following the 'True Value' methodology, developed by the international audit and consulting firm KPMG, Ambuja had identified the social and environmental impact of its activities, classified them as positive or negative, and applied a financial value to these externalities. Once the impact was quantified, the company's 'True Value' would be its real earnings if all its significant externalities were internalized. Furthermore, stakeholders could see where the company was creating value for society and reducing negative externalities. Often likened to a 'Social and Environmental profit and loss statement,' True Value was adopted by Ambuja in 2012 and the company published its first internal

Professors V. Kasturi Rangan and Sura Sreenivasan and Associate Director Nameeta Arora (India Research Center) prepared this case. It was reviewed and approved before publication by a company designate. Funding for the development of this case was provided by Harvard Business School and not by the company. The citation review for this case has not yet been completed. HBS cases are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

Copyright © 2017 President and Fellows of Harvard College. To order copies or request permission to reproduce materials, call 1-800-945-7683, write Harvard Business School Publishing, Boston, MA 02163, or go to www.hbsp.harvard.edu. This publication may not be digitized, photocopied, or otherwise reproduced, posted, or transmitted, without the permission of Harvard Business School.



Sustainability Performance Including GRI Content Index (3rd Party Assured)

		GRI Std/ SDG Target CSI Ref	2013	2014	2015	2016	2017	TARGET 2017
ECONOMIC PERFORMANCE & VALUE CREATION								
Turnover or Net sales (₹ Crores)		201-1 8.1, 8.2	9079	9911	9368	9160	10241	
Direct Economic value generated	₹ Crore		10795.15	11666.54	11122.15	11114.38	12341.98	
Wages and benefits to employees	₹ Crore	1.3,3.2	499.3	562.16	583.87	570.16	644.76	
Payments to providers of capital	₹ Crore		621.4	839.09	526.32	558.06	822.02	
Payments / Benefit to governments (taxes)	₹ Crore	1.1, 8.1, 17.1	1684.3	1941.13	2,081.67	2165.29	2332.41	
Benefit to communities / community investments	₹ Crore		48.9	34.02	40.75	61.7	58.24	
Direct economic value distributed	₹ Crore	8.1	40398	42281	10706	10678	11827	
Economic Value Retained (=Economic Value generated - Economic value distributed)	₹ Crore		741.1	756	416.32	436.88	515.46	
Sales of cement	million tons		21.6	22.15	21.53	21.1	22.98	
Operating costs	₹ Crore	9.1	7200	7534.14	7473.22	8436.98	7969.09	
EBITDA	₹ Crore		1667	1928	1531	1692	1940	
Net Profit After Tax (PAT)	₹ Crore		1295	1496	808	932	1250	
Suppliers								
Number of Suppliers			9937	9976	9521	8644	8004	
Number of local (Indian) suppliers		204-1 9.3	9822	9868	9399	8536	7902	
Number of foreign suppliers			115	108	122	108	102	
% of suppliers identified as “High Risk” (for sustainability criteria aligned with Supplier Code of Conduct)		308-1, 308-2, 414-1, 414-2 12.7	NA	5%	5%	5%	5%	
Number of Suppliers screened through Self Assessment Questionnaire (socials, environmental aspects)		1.1, 8.4, 12.7	NA	600	490	450	329	
Monetary value of payments made to suppliers	Crore ₹		7440	7740	7344	6821	7965.63	
Proportion of spending on local suppliers	%	9.3	91.26	92.63	90.36	96	92.86	
Expenditure on Raw Materials								
Imported	%		4.17%	5.27%	7.61%	2.75%	1.30%	
Indian	%		95.83%	94.73%	92.39%	97.25%	98.70%	
Expenditure on Spares								
Imported	%		13.87%	6.06%	11.68%	12.74%	11%	
Indian	%		86.13%	93.94%	88.32%	87.26%	89%	
Government relations								
Political contribution (Crores)	₹ Crore	415-1	Nil	Nil	Nil	Nil	Nil	
Sales Tax Exemption	₹ Crore		189.4	194.4	172.5	168.73	115.41	
Excise Subsidy	₹ Crore		165.2	195.7	136.62	77.9	83.53	
Freight Subsidy	₹ Crore		30.4	29.7	7.14	0	0	
Capital investment subsidy	₹ Crore		0	0.1	0	0	0	
Revenue subsidy (Dispensary grant)	₹ Crore		0	0	0.05	0	0.06	

Total monetary value of financial assistance received from governments (grants, tax, reliefs and other finance benefits (Crores))	₹ Crores	201-4		385	419.9	316.31	246.63	199
Customer Satisfaction								
Overall Net Promoter Score (NPS)	%			20	56	91 (Different method by 3rd party)	56	54
Data coverage (e.g. as % of revenues, customers, etc.):				16%	44%		11%	7%
ENVIRONMENTAL PERFORMANCE				2013	2014	2015	2016	2017 TARGET 2017
Number of plants (Cement and grinding plants)				13	13	13	13	13
Plants certified by 3 rd party for ISO:14001 EMS			12.2	13	13	13	13	13
Environmental investments	₹ Crores	307-1	13.3	50.9	232.6	49.3	69.9	50.6
Capital Investments	₹		13.3	381220647	2168267426	343279208	546509607	319700875
Operating Expenses	₹		13.3	127556881	157894910	149418618	152379935	186272108
Savings, cost avoidance, income, tax incentives, etc	₹			67314037	131208486.3	269307517	222176870	286954747
Number of plants / quarries reporting noncompliance cases				1	Nil	Nil	Nil	Nil
Clinker Production Raw Materials			8.4, 12.2	2013	2014	2015	2016	2017 TARGET 2017
Limestone-Own mines	tons			20504281	20810230	20277557	20592211	21681972
Limestone Purchased	tons			229987	651124	801498	515298	944864
Total Limestone	tons			20734268	21461354	21079055	21107509	22626836
Clay & Shale	tons			532338	562355	548714	484332	551041
Silica corrective (Sandstone, Silica sand, Bed Material, China Clay)	tons			186813	225392	216322	186491	196902
Gypsum used in Kiln (SO3-provider)	tons			17695	300	0	2833	5876
Iron correctives (Iron ore, Iron scales, Laterite, Blue dust, Mill scales, LD Sludge, Tailing Waste)	tons			199879	220326	184912	169470	189791
Alumina correctives (Bauxite, Flyash, Red ocre, Brown ocre, Low silica laterite)	tons			200552	231011	185231	158551	101637
Bottom / Bed ash	tons			48010	34152	33688	45022	44641
Cement Production Raw Materials								
Natural Gypsum	tons			686883	822033	746606	627292	741616
Synthetic Gypsum	tons			172499	221673	265386	359967	385343
Flyash / Chemical Additives	tons		9.4	5715098	5964584	5064894	5721675	6551408
Total Raw Materials Used	tons	301-2		49228302	51204534	49403862	49970649	54021927
Total Recycled Raw Materials used	tons		9.1,12.1, 12.2	6336038	6671746	5734111	6454684	7272820
% of Materials used that are Recycled Input Materials	%		8.4,12.5	12.90%	13.00%	11.60%	12.90%	13.46%
Clinker factor (average % of clinker in cement)	%			67.7	66.7	66.57	65.92	66.45
CO₂ emissions			1.5,2.4,3.9, 9.4,12.4, 13.1,13.2			14474765	14427537	15606230

Total Scope 1 Direct emissions (Absolute gross: cement & onsite power generation)	tons of CO ₂	305-1, CSI		13476725	13997274	13585987	13543643	14711549	13865036
Total Scope 2 Indirect emissions	tons of CO ₂	305-2		634759	794347	888778	883894	894681	
Indirect Emissions from Imported Electricity	tons of CO ₂			536782	707362	547813	507082	474479	510000
Indirect emissions from inbound clinker	tons of CO ₂			97977	86985	340966	376812	420202	
Total Scope 3 emissions	tons of CO ₂	305-3	9.1	Not estimated	167674.3897	1528250	2075625	2327684	
Number of Integrated Plants included in Scope-3 emissions				NA	1 of 5	5 of 5	13 of 13	13 of 13	
CO₂ from Combustion of Biomass (kiln & non-kiln fuels including biomass content of mixed fuels)	tons of CO ₂			104466	85193	103860	112466	162362	
Specific Gross CO₂ emissions (Scope-1)	kg CO ₂ / t cementitious material	305-4, CSI		561	560	553	550	555	
Specific Net CO₂ emissions	kg CO ₂ / t cementitious material	CSI		556	554	545	543	550	
Reduction in Net CO₂ per tonne of cementitious product	% relative to base yr 1990	305-5		28.00%	28.30%	29.40%	29.70%	28.80%	
Other atmospheric emissions		305-7	3.9, 11.6, 12.4, 14.3	2013	2014	2015	2016	2017	TARGET 2017
Number of kilns reporting				9	9	9	9	9	
Coverage rate of CEMS (for dust, NOx, Sox)		CSI			98	98	99	98.6	100
SOx emissions	tonnes	CSI		3806	4114	3783	4466	3239	4435
NOx emissions	tonnes	CSI		34442	29579	27299	27635	28619	24491
Dust emissions	tonnes	CSI		731	957	468	579	782	756
VOC emissions	tonnes			679	745	901	807	802	850
Average Mercury (Hg) emissions	tonnes			0.012	0.006	0.006	0.01	0.015	0.01
cementitious materials defined	tonnes			21038420	21978300	21591625	21547071	23225872	2358279
Average SOx specific concentration	g / tonne cementitious materials			181	187	175	207	139.4	
Average NOx specific concentration	g / tonne cementitious materials			1637	1346	1264	1283	1232.2	
Average Dust specific concentration	g / tonne cementitious materials			35	44	22	27	33.7	
Energy			7.1,7.2, 7.3,8.4	2013	2014	2015	2016	2017	TARGET 2017
Direct / Thermal Energy Consumption		302-1	12.2						
Kiln Fuel Consumption									
Coal	TJ			24075	23,885	21218	14613	16871	
Petrol coke	TJ			18180	20,326	21216	28088	30259	
Diesel oil	TJ			79	87	78	81.8	86.3	
Alternative fossil and mixed fuels	TJ			1234	1682	2328	1922.2	1425.8	
Biomass fuels	TJ			370	139	245	396.1	656.8	
Non-Kiln Fuel Consumption									
Coal	TJ			15517	15180	14576	13825	13494.8	
Petrol coke	TJ			1863	2,238	2448	3802	3117.3	

(Ultra) heavy fuel, bitumen	TJ		106	97	47	61	54.2
Diesel oil	TJ		21	118	20	24	704.9
Alternative biomass fuels	TJ		623	636	700	628	831.9
Total Energy consumption from Fossil fuels	TJ		62068	64388	62876	63440	67502
	MWh		17241124.9	17885569.86	17465495	17622354	18750571
Direct Energy Consumed from Wind & Solar Power Generation	Unit (Kwh) Crores		0.99	1.01	1.04	0.97	1.04
	TJ		35.64	36.36	37.44	34.92	37.44
	MWh		9900	10100	10400	9700	10408
Indirect Energy Purchased / Imported Electricity (excl.Corp & mktg offices)	Unit (Kwh) Crores		57.01	58.59	58.27	52.28	48.92
	TJ		2052	2,109	2,098	1,882	1,761
	MWh		570,100	585,900	582,700	522,800	489,153
350,269							
Total Direct & Indirect Energy Consumption from all sources	TJ		64156	66533	65011	65357	69300
	MWh		17821025	18481504	18058595	18154855	19250015
Total Power Generation	MWh					1337270	1449759
1428805							
Total Renewable Energy Generation	MWh		58845	60232	59080	86320	107580
% of RE in total power generation	%				4.6	6.5	7.4
Renewable Energy Certificates Purchased	MWh				24324	26310	68921
Power and fuel expenses	₹ Crores		2063	2265	2053	1832	2234.2
Thermal energy efficiency	MJ / ton clinker	302-3	3079	3107	3132	3152	3178
Electrical energy efficiency	Kwh / ton cement	302-3	79	79.2	77	77.36	77.65
LDO consumption	(Ltr / T of Clinker)		0.16	0.2	0.2	0.15	0.15
Coal & other Fuels (Industry Norms-800)	K.Cal / Kg of Clinker		735	741	747	753	755.06
Co-processed Waste (AFR used)	tonnes in lakhs	7.1,7.3,9.4, 12.1	1.74	1.78	2.6	2.6	2.58
Thermal substitution rate (% thermal energy from alternative fuels)	%	301-2	3.65	3.95	5.71	5.14	4.22
Biodiversity and resources conservation		6.6,15.1, 15.2, 15.3, 15.5	2013	2014	2015	2016	2017
2017							TARGET 2017
Total number of quarries			10	9	10	10	10
Total land disburbed	Ha	304 (1,3), MM1	1233	1048.7765	1346.5	1479.252	1542.05
Total rehabilitated area	Ha		185	28.8517	155.5	208.0962	155.31
Total land disturbed but not yet rehabilitated as presently used for working	Ha		1049	1109.31	1191	1271.156	1386.74
Approved mining plans of local authorities (% sites)	%	304-1	100	100	100	100	100
% of sites with quarry rehabilitation plans in place	%	304-3	100	100	100	100	100
Number of biodiversity- sensitive sites			2	2	2	2	2
Number of biodiversity- sensitive sites with Biodiversity Action Plans in place			2	2	2	2	2

Number of IUCN Red List species at Ambujanagar and Darlaghat sites	Critically Endangered		1	1	1	1	1	
	Endangered		1	1	1	1	1	
	Vulnerable		3	3	3	3	3	
	Near Threatened		4	4	4	4	4	
	Of Least Concern		218	218	218	218	218	
Water		6.1,6.3, 6.4	2013	2014	2015	2016	2017	TARGET 2017
Water Withdrawal		303-1						
From groundwater	m3		2325752	2227519	2330522	2149627	2389793	2250000
From surface water	m3		1304648	1785546	1778346	1640150	1737806	1750000
From harvested rainwater	m3		1765165	1980832	1759806	1873591	2087741	
3rd party purchase / municipal water	m3		840710	818043	819609	954363	694856	900000
Total Water Withdrawn	m3		6236275	6811940	6688283	6617731	6910196	
Recycled Water (from STP / ETP / RO Reject etc)	m3	303-3	14.1	1035032	1081607	920055	894001	886400
% of water recycled	%		14.1	16.6	15.88	13.8	13.5	12.8
Total water discharge (m3)	m3	306-1	14.1	12759	31570	35154	40689	65072
Water Balance Index			6.4		4	4	5.5	6.1
Specific Fresh Water withdrawal	lit / t cement				90	82	68	
Outbound Logistics / Dispatches								
Sea (Bulk Cement Ships)	Tons		2876677	3087282	3064623	2896962	3,044,919	
Railways (railway / Rake)	Tons		4864089	5282606	5223192	5143614	5,783,530	
Road (Trucks & Bulkers)	Tons		13235115	13087179	13225191	13115527	14,101,787	
Total	Tons		20975881	21457067	21513006	21156103	22,930,236	
Sea	%	9.1,11.2	13.70%	14.40%	14.30%	13.70%	13.30%	
Rail	%	9.1,11.2	23.20%	24.60%	24.30%	24.30%	25.20%	
Road	%		63.10%	61.00%	61.50%	62%	61.50%	
Waste management and recycling		3.9,12.4, 12.5	2013	2014	2015	2016	2017	TARGET 2017
Total hazardous waste generated	tonnes	306-2	469	315	389	507	575	
Total non-hazardous waste generated	tonnes		312992	324839	309970	314942	362479	
Total Waste disposed	tonnes	11.6	38.8	45.55	122.09	103.72	133.12	100
General waste mgt system (%)			100	100	100	100	100	
Co-processed Waste (AFR used)	tonnes in lacs	7.1,7.3,9.4, 12.1	1.74	1.78	2.6	2.6	2.58	
Plastic Wastes Co-processed	tonnes	12.1	36876	34876	60545	51405	52454	
HDPE Plastic bags used for cement packaging	tonnes		32877	34270	33304	33425	37588	
Plastic Positive Index			1.1	1	1.8	1.5	1.4	
Resource Utilization from Waste (Flyash, slag, AF,AR,Syn / phopho gypsum)	million tonnes		6.5	6.8	6	6.7	7.5	
SOCIAL PERFORMANCE								
Employment practices		8.5,8.6	2013	2014	2015	2016	2017	TARGET 2017
Number of Permanent Employees		102-8	6073	5857	5622	5472	5328	
Male			5900	5703	5491	5344	5197	
Under 30 years of age				678	667	522	458	

30-50 years of age		3951	3913	3636	3693		
>50 years of age		1074	911	1186	1046		
Female	405-1	173	154	131	128	131	
Under 30 years of age		56	44	34	40		
30-50 years of age		77	69	72	73		
>50 years of age		21	18	22	18		
Female-Top management level	5.1, 5.5	0	2	2	2	2	
Female-Senior management level		0	4	2	2	2	
Female-Middle management level		4	18	21	25	23	
Number of temporary / contractual / casual Employees	102-8			11334	6467	6818	
Male		8949	11284	6436	6785		
Female		59	50	31	33		
Number of Employees with Disability	405	21	22	25	25	21	
New employee hires	401-1	2013	2014	2015	2016	2017	TARGET 2017
Male < 30 years				75	124	144	
Male 30-50 years				91	99	169	
Male >50 years				9	6	5	
Female < 30 years				3	8	14	
Female 30-50 years				1	8	8	
Female >50 years				0	0	0	
Employee turnover (%)	401-1	7.9	7.7	9.6	6.3	6.1	
Notice given for operational changes		3 weeks	3 weeks	3 weeks	3 weeks	3 Weeks	
Employee Engagement Score		54 th percentile (Gallup)	NA	81% (Aon Hewitt survey)	87%	87%	
Employee grievance procedures in place		Yes	Yes	Yes	Yes	Yes	
Anonymous grievances submission		Yes	Yes	Yes	Yes	Yes	
No of training programs conducted	4.3, 4.4, 8.5, 13.3	2013	2014	2015	2016	2017	TARGET 2017
Top Management Level		64	28	1	12	26	
Senior Management Level		190	219	32	97	81	
Middie Management Level		404	419	103	219	125	
Other org. levels (FML & Wage Board)		441	657	246	285	172	
Total		1099	1323	382	613	404	
Hours of training per employee	404-1						
Top Management Level		62	11	7	11	10	
Senior Management Level		48	29	17	17	23	
Middie Management Level		36	33	25	28	19	
Other organizational levels (FML & Wage Board)		26	23	17	18	31	
Average of all levels		43	24	17	19	21	
Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees	16.7	NA	NA	120.6	101.01(excl bonus of MD*)	154.38	

Ratio of % increase in annual total compensation for the highest-paid individual to the median % increase in annual total compensation for all employees		16.7	NA	NA	1.6	-2.6	9.6(*)	
Employee benefits expense (also refer Annual Report for details)	₹ Crores	201-3	8.5	502.41	581.58	589.5	593.72	661.37
Occupational health and safety		3.3, 3.6, 8.8	2013	2014	2015	2016	2017	TARGET 2017
% of workforce represented by committees.	%	403-1	100	100	100	100	100	
% Plants with joint health and safety committees	%	403-1	100	100	100	100	100	
Plants certified with OHSAS 18000			All	All	All	All	All	
Number of Fatalities		403-2						
Directly Employed (own and subcontractors Onsite)			5	2	0	0	3	
Indirectly employed (3rd party service providers Onsite)			5	4	1	2	0	
Others (Offsite)			2	5	5	11	2	
Total fatalities			12	11*	6	13	5	0
Lost-time injury frequency rate (LTIFR)	# / million Hrs	403-2	0.91	0.8	1.07	1.97	0.93	
Directly employed (Own & subcontractors onsite)			1.01	0.86	1.07	1.29	0.86	
Indirectly employed (3rd party service providers on site)			1.19	0.76	1.31	2.43	0.97	
LTISR			89.6	72	91.92	112.94	97.17	
LTI & MTI			204	98	94	191	76	
Occupational Illness Frequency Rate(OIFR)	number / million work hrs		0	0	0	0	0	
Community involvement			2013	2014	2015	2016	2017	TARGET 2017
Community spending total (₹ Crores)	₹ Crore	201-1	52.57	38.4	40.98	59.37	58.79	
Health & Sanitation Development	%	3.1 to 3.4, 3.8, 6.1, 6.2	9	7	22	18	16	
Rural Infrastructure Development	%	1.4, 10.4, 17.3	18	21	20	11	16	
Water Resource Development	%	1.4, 17.3	11	19	19	11	10	
Skill Based Livelihood	%	1.2, 1.4, 6.1, 10.4, 17.3	NA	11	17	8	14	
Agro Based Livelihood	%	2.3, 10.4, 17.3	8	20	12	9	10	
Overheads	%		14	10	4	2	2	
Women Development	%	1.4, 2.2, 3.1, 5.1, 6.2, 10.2	1	2	3	2	3	
Education Development	%	4.1,4.2,4.4	32	9	2	40	19	
Others (Sports, Donations, Flood relief)	%	2.4, 17.7	7	1	1	0	9	
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	100	
Public Policy								
Contribution / spending to trade / commerce / industry associations and initiatives	₹		869102	2014968	1930659	7155922	2744749	
# All figures include ACL's Stand-alone financial results. For some environmental parameters, offices & cement transportation terminals are not covered								

Independent Assurance Statement

Sustainability Assurance Service



Independent Assurance Statement

Introduction and Engagement

Ambuja Cements Limited (hereafter 'ACL' or 'the Company') commissioned TUV India Private Limited (TUVI) to conduct the independent assurance of ACL's sustainability report (hereinafter 'the Report'), which includes "reasonable assurance" of ACL's sustainability information for the applied reporting period. This assurance engagement was conducted against the Global Reporting Initiative Standards and AA1000AS (2008) Protocol (Type 2, Moderate Level) for verification of the Sustainability Report. The onsite verification was conducted in April 2018 at Bhatapara, District Raipur, Chhattisgarh (Integrated Cement Plant) and Head office Ambuja Cements Limited, Mumbai. In addition desk review was carried out for other sites which are parts of report boundary. ACL opted for external assurance for the 2017 calendar year. The Report covers ACL's sustainability information for the period 1 January 2017 to 31 December 2017.

Scope, Boundary and Limitations of Assurance

The scope of the sustainability assurance includes following:

- Verification of the application of the Report content, and principles as mentioned in the GRI Standards, and the quality of information presented in the Report over the reporting period;
- Review of the policies, initiatives, practices and performance described in the Report;
- Review of the disclosures made in the Report against the requirements of the GRI Standards
- Verification of the reliability of the GRI Standards Disclosure on economic, environmental and social
- Specified information was selected based on the materiality determination and needs to be meaningful to the intended users;
- Confirmation of the fulfilment of the GRI Standards; 'in accordance' with the Comprehensive criteria, as declared by the management of ACL.

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

Integrated Cement Plants: 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

Our engagement did not include an assessment of the adequacy or the effectiveness of ACL's strategy or management of sustainability related issues. During the assurance process, TUVI did not come across the limitations to the scope of the agreed assurance engagement. No external stakeholders were interviewed as a part of the sustainability engagement.

Verification Methodology

The Report was evaluated against the following criteria:

- Adherence to the principles of Stakeholder inclusiveness, Materiality, Responsiveness, Completeness, Neutrality, Relevance, Sustainability context, Accuracy, Reliability, Comparability, Clarity and Timeliness; as prescribed in the GRI Standards and AA1000AS (2008);
- Application of the principles and requirements of the GRI Standards for its "in accordance Comprehensive" criteria.

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

TÜV®



- TUVI reviewed the approach adopted by ACL for the stakeholder engagement and materiality determination process. TUVI performed limited internal stakeholder engagement to verify the qualitative statements made in the Report;
- TUVI verified the sustainability-related statements and claims made in the Report and assessed the robustness of the data management system, information flow and controls;
- TUVI examined and reviewed the documents, data and other information made available by ACL for the reported disclosures including the Disclosure on Management Approach and performance indicators;
- TUVI conducted interviews with key representatives including data owners and decision-makers from different functions of the ACL during the site visit;
- TUVI performed sample-based reviews of the mechanisms for implementing the sustainability related policies, as described in ACL's Sustainability Report;
- TUVI verified sample-based checks of the processes for generating, gathering and managing the quantitative data and qualitative information included in the Report for the reporting period.

Opportunities for Improvement

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

Opportunities are as follows:

- ACL can undertake assessment of present emission targets following the "Science Based Targets" methodology (sectoral de-carbonization approach or absolute based targets or economic approach)
- ACL can strategize an ESG risk heat map for linkage to Enterprise Risk Management
- Appropriate programs needs to be derived to ensure maximum availability of Alternative fuel and its utilization in kiln, which will in turn reduction in GHG emission intensity
- Benchmarking at micro level esp. electricity, water, diesel shall be established for all locations
- Though several initiatives are implemented for safety, ACL can further focus on the functional and behavioural safety. ACL can employ targeted measures to improve technical and organizational safety standards and make people more aware of workplace safety issues with focus on its own employees, external parties and third parties. ACL can deploy more trainings on process and functional safety

Conclusions

The Sustainability Report was prepared based on the GRI Standards Reporting Principles and Standard Disclosures 'in accordance' with the GRI Standards Comprehensive option. In our opinion, based on the scope of this assurance engagement, the disclosures on sustainability performance reported in the Report along with the referenced information provides a fair representation of the material aspects, related strategies, and performance indicators, and meets the general content and quality requirements of the GRI Standards Comprehensive option.

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

Topic Specific Standard: TUVI is of the opinion that the reported specific disclosures for each material topic generally meet the GRI Standards reporting requirements for 'in accordance'- Comprehensive reporting criteria. The requirements of all material aspect were verified by the assurance team during on site visit.

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

TUVI did not perform any assurance of procedures on the prospective information, such as targets, expectations and ambitions, disclosed in the sustainability information. Consequently, TUVI draws no conclusion on the prospective information. This assurance statement has been prepared in accordance with the terms of our engagement. Type 2 moderate level assurance engagement with respect to sustainability related data involves performing procedures to obtain evidence about the sustainability



information, TUV also assured the scope 1, 2, 3, GHG emission of ACL. TUVI has evaluated below requirements in context of GRI Standards.

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

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

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

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

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

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

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

TUV's Competence and Independence

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

For and on behalf of TUV India Private Limited

Manojkumar Borekar
Project Manager and Reviewer
Head – Sustainability Assurance Service

Date: 18/05/2018
Place: Mumbai, India
Project Reference No: 8115687670
www.tuv-nord.com/in



AA1000
Licensed Assurance Provider
000-138

TÜV®

Awards and Recognitions

Awards

- **CII-ITC Sustainability Award 2017** in Corporate Excellence - Outstanding Accomplishment in Corporate Excellence" seventh time in a row in its various categories.
- "YES Bank Natural Capital Award – 2017" in the "Eco Corporate" category under "Manufacturing Sector"-- recognised by YES Bank and The Energy Research institute (TERI) for various initiatives
- **NCB National award** for Environment Excellence.
- **NMDC Social awareness award** by FMI
- **CII National award** for Excellence in Energy Management, Water Management, 'Environmental Best Practices' in Waste Management.
- **ICAI awards 2017** for CA CFO Awards in the manufacturing sector.
- 'Platinum' rating in the CII Sustainability Plus for the NSE listed companies



Recognitions

- 7th position in the DJSI Global Ranking in the COM category. Regarding the Climate Change Disclosure (CDM) project, the company received a B+ rating for the second time in a row.
- Ambuja stands at #2 in recently released League Table/Global listing of Carbon Disclosure Project (CDP) for 2017 on various attributes for world's 13 cement companies. We are #1 in climate governance and strategy in the league table.
- Certified 5.5 times water positive by external certification body DNV-GL - the only cement entity in India with such a high water positive footprint.
- Ambuja ranked as India's 'Most Respected Companies' by Business World.
- Listed amongst top 40 brands in Interbrand 'Best Indian Brands 2017'.
- Ranked amongst India's '50 Biggest Non-Financial Companies' by Business World.

Ambuja Cement

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

Tel.: 022 6616 7000 / 4066 7000.

www.ambujacement.com