

Logistics Safety

Road Safety continued to be the Company's focus area in 2020 as most of the Company's products are transported by road. ACC excelled in the road safety journey in 2020, despite the countrywide lockdown due to COVID-19, which stopped road safety interventions for six (6) months. ACC's road safety performance has improved to zero employee road fatality in 2020 against five (5) in 2019, amounting to a 50% reduction in the fatality rate over 2019. Some of the achievements on road safety in 2020, which were remarkable in the pandemic environment are as follows:

- Over achieved both HSIP KPIs (% Km by iVMS and % Km by trained drivers), despite COVID-19 impacts
- One of the first companies in the industry to achieve 'Full Compliance' status
- Full implementation of 'Consequence management' in 2020. Group verification of data since January 2020 completed
- In Cab programme restarted with COVID measures
- Plant-wise virtual engagement of transporters started in Q3
- Employee iVMS App successfully piloted and made ready for roll-out in 2021

HUMAN RESOURCES

This has been the most eventful year, given the challenges and unpredictability, and yet the people of India have shown sheer grit and resilience. ACC has always believed that its employees are its opportunity multipliers. Through the combined efforts of its employees, ACC was able to continue its focus on its business priorities, and to protect the people and communities with best possible actions. Despite the paradigm shift in running the organisation during the year, ACC was able to collaborate at all levels and create a performance-driven productive environment by engaging and communicating with all employees.

Engaging and communicating with the ACC Parivaar

The Company was quick to establish Business Resilience Teams ('BRT') to keep the health and safety of its employees at the forefront. BRT aimed to provide continued focus on H&S measures through regular monitoring, feedback and training. ACC supported overall employee well-being by strengthening its partnership with the flagship programme 'Spارش', while reaching out to all of its employees and their families. Multiple virtual sessions were conducted for employees across various locations and functions.

The Company kept its communication channel open and provided continuous and credible communication through multiple small group sessions for open and two-way conversations. These candid sessions were led by the

MD & CEO and the Company reached out to all employees, conversing on topics ranging from business to personal life.

Undeterred by the challenges posed by the pandemic, ACC has been diligent in curating various employee engagement activities to boost the spirit of its employees and their families. Through several innovative initiatives, ACC has been extending moral support and offering ways to boost psychological and emotional well-being amidst the challenging times. 'Pratibha Ke Rang, ACC Ke Sang' was one such platform for all its employees and their family members to showcase their diverse talents in photography, drawing and the performing arts to a wider audience. Embracing the use of digital technology, the spectacular event was flawlessly executed and showcased enthralling performances. The engaging and immersive experience brought the entire ACC Parivaar together virtually from the safety of their homes. The event was a first-of-its-kind mega event broadcast live to all locations and witnessed by employees across India on December 5, 2020.

HEALTH, COST AND CASH



Short-term focus areas

The Company continually engaged with its employees through development programmes and designed unique programmes and initiatives to enhance employees' skills and competencies, leveraging technology and functional expertise. ACC was agile enough to provide business-specific training and development through multiple learning formats. With 'Health, Cost and Cash' as the nodal points around which all efforts were centred, ACC partnered and aligned seamlessly with people from different functions and levels to develop and implement an unprecedented climate and programme of learning.

The lockdown presented the perfect opportunity: the learner had the time and the team was ready with technology. The content was presented as a buffet designed to suit the individual palette. To appeal to a cross-section of people, the programmes provided a mix of technical skill-building opportunity as well as leadership skills in customised settings.

- ACC leveraged the knowledge and expertise of its senior leaders to conduct webinars on a wide range of themes – from technical ones on fundamentals of cement,

cash & cost negotiations to leadership during crisis. To support the psychological and emotional well-being of employees and their families, programmes on nutrition and diet as well as building emotional and mental well-being were also offered.

- The lockdown was the perfect opportunity to engage, re-skill and up-skill the Company's Sales team as well as its dealers and contractors. Armed with the awareness that small groups of employees were interested in honing specific skill-sets, the Company developed short virtual courses in areas like Sales & Marketing centering on themes such as strengthening channel relationships, grooming dealers for future businesses, communicating effectively, and managing conflict as well as technical ones that gave insight into manufacturing concrete and effective construction practices. Several leadership courses were also on offer across all levels of the organisation – from Managing Motivation in Difficult Times and Working with Emotional Intelligence, to Honing Assertion Skills.
- Technical skills are the mainstay of a manufacturing unit and it is critical that technical skills training continue without pause. An example is the LOTOTO Champion Certification Programme which is a mandatory H&S programme typically run face-to-face with practical demonstrations. The programme was adapted and rolled out as a virtual series replete with pre-assessments, pre-work on the learning platform, virtual classrooms, demonstrations, teach-back sessions, individual development feedback to enhance the participants' teaching skills and was topped by an e-graduation ceremony.

With better digital tools, improved user experience and perseverance, ACC brought about a shift that culminated in behavioural transformation.

- Learning technology has brought more learners into the fold of organisational learning, enabling democratisation of learning, which allows both learners and trainers to nominate and volunteer
- Voluntary rather than mandatory attendance fosters development ownership in learners
- Wide range of topics offered something for everyone – consequently an astounding 90% of the employees attended at least one programme

Building for the future

Sustainable and profitable growth can only be achieved in an organisation that focuses on performance culture and where employees are engaged and empowered to be the best they can be. The Company's results even during this year of crisis are a testament to the performance culture which keeps on reinforcing accountability and ownership in teams.

ACC's Talent Review and Succession Planning processes are the backbone of the Company's people development agenda. These processes have enabled the Company to develop a leadership pipeline for its future business ambitions. Some of those identified as future leaders, based on their readiness level, undergo an immersive successor development programme to prepare them better for future roles.




Industrial relations

The Company enjoys harmonious and healthy industrial relations due to its vibrant work culture and believes in a collaborative approach at work. ACC's employee relation practices ensure that it creates a win-win situation for both employees and the organisation. This mutual trust and caring spirit together goes a long way in maintaining a harmonious environment across all business units. ACC continues to get full support from its workers' unions in ensuring all BRT guidelines are met and adhered to.

Prevention of sexual harassment of women at the workplace

For details pertaining to sexual harassment of women at workplace.

 Please refer to the Board's Report 107

BUSINESS RISKS AND OPPORTUNITIES

The Company's governance structure has well-defined roles and responsibilities, which enable and empower the management to identify, assess and leverage business opportunities and manage risks effectively. There is also a comprehensive framework for strategic planning, implementation and performance monitoring of the business plan, which, *inter alia*, includes a well-structured Business Risk Management ('BRM') process. To systematically identify risks and opportunities and monitor their movement, a heat map has been designed comprising two parameters: a) likelihood of the event and b) the impact it is expected to have on the Company's operations and performance.

The risks that fall under the purview of high likelihood and high impact are identified as key risks. This structured process in identifying risks supports the Executive Committee in strategic decision-making and in the development of detailed mitigation plans. The identified risks are then integrated into the Company's planning cycle, which is a rolling process to, *inter alia*, periodically review the movement of the risks on the heat map and the effectiveness of the mitigation plan. The key business risks and their mitigation plans are described herein:

Raw material risk

During pandemic, availability of dry fly ash was significantly reduced due to power demand contracted & PLF reduced to all time low, with PLF going down which was mitigated by absorption of Wet Fly ash. Similarly, slow and delayed revival of Blast Furnace Steel production during pandemic resulted in imbalance of demand-supply of slag and consequent hardening of slag prices in H2-2020. However, steel production has shown considerable improvement in early 2021 and we would watch for the demand-supply equation to evolve and balance out before the Company evaluates alternative sourcing options like coastal movement from West Coast to Eastern or import of slag for port-proximity plants as well as switching to composite variety of cement. Likewise, mineral gypsum is being substituted by chemical gypsum as well as other variants so as to conserve natural resources to bring in cost economics and improve sustainable manufacturing of cement.

Fuel: Coal and pet coke are the primary fuels used in kilns to produce clinker and power plants to generate electricity. Fuels contribute to a major share of the cost of cement.

In H1-2020, the market witnessed a sharp drop in international coal and Petcoke prices on account of uncertainty of consumption during the COVID-19 pandemic. However, the steep increase in Petcoke prices in H2-2020 and early 2021 have crossed the highest price levels ever due to uncertainty over production and switching to sweet crude by many global refineries, including in India. This has led to less availability of Petcoke in the market and switching to coal by most industries, thanks to domestic availability of coal from Coal India through auctions. In 2020, the Company has been able to kick-start the journey to reduce the cost of power and fuels through optimum blend of available domestic and import options while recognising the importance/action on fuel flexibility, besides adopting more sustainable and efficient modes of transport options.

Limestone: Limestone is among the primary raw materials used in the manufacture of cement, making it imperative for the Company to ensure its uninterrupted long-term availability.

According to the Mines and Minerals (Development and Regulation) Amendment Act, 2015 ('MMDR Act'), mining leases granted before the commencement of the Act for captive use are extended up to a period ending on March 31, 2030, or till the completion of their existing period of renewal, whichever is later. New mining leases would henceforth be allotted for a period of 50 years through fresh auctions.

Most of the Company's mining leases extend up to March 31, 2030, thereby ensuring adequate limestone reserves to cater to the requirements of its plants till the said date, after which the Company will have to participate in auctions. As per the provisions of the MMDR Act, wherever a Company has been issued a Letter of Intent ('LOI') for the grant of a mining lease, such LOI should be converted into a mining lease.

Wherever the Company is of the view that it had an LOI, it has taken up the matter in the respective High Court, seeking a direction to issue the mining lease. Currently, these matters are *sub-judice*. The Company is also participating in auctions to secure new mining leases for its existing plants as well as for its expansions at different locations.

As limestone is a gradually depleting natural resource, to ensure prudent usage of the mineral in cement manufacturing, a higher percentage of additives are added. This helps to make use of the low-grade limestone without compromising on quality, thereby conserving the mineral and increasing the life of the mine.

Environmental clearance, forest and wild life clearances are a pre-requisite for mining activities wherever applicable. Besides, land acquisition is also becoming more challenging and expensive. The management is taking adequate steps to put in place robust processes for obtaining fresh environmental clearances, wherever necessary.

Market competition

The cement industry is witnessing an imbalance in installed capacity and its utilisation. Despite excess production volumes in the industry, expansion programmes continue, resulting in intense competition and adverse impact on the Company's market share, sales volume and profitability. Efforts are also being made by the Company to widen its product portfolio by increasing the share of its premium products in the retail segment, application-based products, value-added products and services to the B2B segment.

Cyber security

In the last few years, technology has evolved manifold and so have the risks attached to it. The proliferation of business data beyond our data centres to the cloud, social media and digital platforms for B2B and B2C connect have forced us

to change the way we deal with cyber security. In addition to data loss, cyber-attacks can impact business operations, machinery and human assets, also resulting in legal and regulatory liabilities.

Recognising cyber risks, the Government of India has introduced tighter cyber security laws. The responsibility has been entrusted to the Directors of the Company under the Act to take appropriate steps to ensure cyber security. In addition, the India Data Protection Bill is being analysed by the Joint Parliamentary Committee and is expected to get approved in 2021.

In view of the above priorities, appropriate controls (technology and governance) are implemented and planned as ACC's business landscape presents a large area for a possible attack in view of its vast and disparate network spanning many remote locations, with complex Information Technology (IT) and Operational Technology (OT) environment.

Adequate perimeter security is in place and business continuity plans are tested every year. The impact assessment of most of the hardware and software has been mapped. The Company's cyber security management framework aligns with industry standards and regulations. A global Security Operations Centre (SOC) keeps track and prevents any potential attack in LafargeHolcim IT landscape, of which the Company's IT landscape is a part. YoY cyber security maturity assessments are conducted, and improvement is tracked and measured regularly.

The Risk Management Committee of the Board is apprised of steps taken to mitigate cyber security risks.

Legal risks

Since the Company's business is dependent upon various approvals, consents, licences, permits and other such items, the Company is exposed to various legal, regulatory and litigation risks. The Company has a process of regularly reviewing key legal cases in terms of the demands involved, and the probability of receiving any adverse orders or matters where there may be financial or reputational impact on the Company.

The Company engages Legal Counsel depending on the nature of legal risk and strategy. The Company has implemented a Litigation Management Digital Tool wherein the entire litigation database has been created and the management can access the same from a single portal.

The Company organises regular Fair Competition training sessions on Competition Law for relevant employees,

with special focus on functions like Sales, Marketing and Procurement, among others. The purpose of this training is to create awareness on the various facts of Competition Law compliance, the 'Dos' and 'Don't's that form part of risk mitigation.

Apart from the face-to-face training sessions, e-learning modules are also rolled out to ensure better understanding of Competition Law compliance. The Company has also implemented various policies of the LafargeHolcim Group, including the Commercial Documentation Directive on Competition Law, to ensure awareness and review as part of the risk mitigation strategy. The Company undertakes both internal and external audit of the process to identify gaps, if any, and accordingly, corrective actions are taken.

Climate risk



Aligning with TCFD recommendations, ACC has assessed its potential impacts on climate-related risks and opportunities which also get embedded in the Company-level risk management process. These risks include transition risks such as a) Policy and regulatory changes with respect to PAT/RPO regulations (b) Market risks due to change in consumer preferences & demand over sustainable products (c) reputational risks due to the stakeholder's perception towards the sector as one of the biggest CO₂ emitters and d) technological risks due to its high cost. Under physical risks, while impact of climate change (such as flooding, changes in precipitation patterns or extreme variability in weather patterns) may impact our operations due to disruptions in supply chain and logistics, water scarcity (chronic risks) may also affect few of our site's operations in future. In the process, we have also identified the opportunities which include achieving resource efficiency, optimising our energy resources, developing sustainable and low carbon products etc. Our responses to mitigate the above-mentioned risks and our efforts towards leveraging the opportunities are described in the report in relevant sections. We have a Board-level CSR and Sustainability Committee to oversee the governance mechanisms, strategise our efforts and to monitor our progress against this very important topic.



For more details, refer to Sustainability section pages 40