



# ***Dalmia*** ***Bharat Cement***

## Communication on Progress (COP)

DALMIA CEMENT (BHARAT) LIMITED

## ABOUT DALMIA CEMENT (BHARAT) LIMITED

Dalmia Cement (Bharat) Limited, a subsidiary of listed company Dalmia Bharat Limited, has been a pioneer in cement manufacturing business since 1939. It is a multi-spectrum player with a diverse product bouquet spanning super speciality cements used for oil wells, railway sleepers, air strips and construction in harsh conditions like in coastal areas. The Company is headquartered in New Delhi with manufacturing locations distributed across India and the group produces one of the lowest carbon footprint cement globally. The Company primarily caters to the Indian market and to the neighbouring countries of Sri Lanka, Nepal, Bhutan, Myanmar and Maldives. Apart from the cement business, the Group has interests in sugar, refractory and power business segments.

## STATEMENT OF CONTINUED SUPPORT FROM GROUP CHIEF EXECUTIVE OFFICER

Dalmia Bharat reaffirms continued support to the Ten Principles of the United Nations Global Compact (UNGC) in the areas of Human Rights, Labour, Environment and Anti-corruption. Our corporate vision *“To be a leader in building materials that evoke pride in all stakeholders through customer-centricity, innovation, sustainability and our values* guides us to support our organisation & society towards sustainability in all areas with focus on Sustainable Development Goals (SDGs)”. Integrating this vision into the business model has helped in adding value to our Manufacturing Capital, Social and Relationship capital, Natural capital, Human capital, Intellectual capital and Financial capital. Our management systems are aimed at building a work culture that is driven by happiness, synergy and support while keeping a strong focus on safety, human rights, labour practices, environmental protection and anti-corruption. Participations in global forums, working with meaningful associations, annual disclosures and reports are a way to connect to our stakeholders and reassuring them of our pledge to advance on the Ten Principles of UNGC as well as the Sustainable Development Goals (SDGs) within our sphere of influence with a primary business objective of increasing the shareholder value & proving right that *“Clean is green is profitable & sustainable”*.

Mahendra Singhi

Group CEO, Dalmia Cement (Bharat) Limited

## APPROACH TO BUSINESS

At Dalmia, we are committed to contribute to the intrinsic growth and development of our nation and create shared value for all our stakeholders - employees, investors, suppliers, customers, consumers, regulatory bodies and communities. We maintain a strong focus on operational excellence to manage our business in a safe, efficient and cost effective manner. This enables us to sustain profitable growth even in a challenging environment. Our compliance to national laws and regulations and effective collaboration with stakeholders helps us in exploring opportunities. We aim to be the best version of ourselves while delivering valuable returns to our shareholders.

With Government investing in infrastructure projects and rural low cost housing, the nation is building more than ever before and we, at Dalmia, see this as an opportunity through which we can create value. Our accelerated capacity enhancement has augmented our competitiveness by leveraging economies of different scales, geographic spread, market leadership, resource linkage and efficient

distribution system. We have kept our options for further expansion corresponding to the growing demand in the east due to housing and infrastructure development.

A comprehensive risk management framework ensures that our business model is tuned towards identifying and addressing the material aspects on priority. The risks are prioritized based on their impact and probability of materialisation and then a mitigation strategy is formulated. National as well as regional risks mitigation strategies are devised considering all types of risks and emerging concerns that could impact the Company over short, medium and long term.

With customers at the heart and employees as the bedrock of our business, we strive to deliver quality products and services with minimum impact on the environment. Our research enables us to be responsive to market needs while addressing organization's commitment to climate change mitigation and affordable housing by focussing on low-carbon solutions. Such continuous consumer engagement, innovation, capacity building of our people and a robust value chain have helped in creating a sustainable business case.

At Dalmia, we believe that communication to stakeholders represents the foundation of our governance. As an extension of this commitment, we report extensively on our operations in the annual reports highlighting our vision, commitment and achievements. The same can be accessed at <https://www.dalmiabl.com/financial-report-presentation.html>. As a forward looking company, Dalmia is coming out with its first Integrated Report prepared in accordance with the IIRC framework and following the GRI Standards. Also, to ensure credibility and reassure readers that the information we publish is accurate and material, we have engaged professional assurance providers to provide independent assurance on the information presented in the report.

## HUMAN RIGHTS

**PRINCIPLE 1:** Businesses should support and respect the protection of internationally proclaimed human rights.

**PRINCIPLE 2:** Businesses should make sure that they are not complicit in human rights abuses.

DCBL respects and promotes human rights of all its stakeholders within and beyond the boundaries of its business operations. We believe that respectful and productive business dealings can only be achieved through integrity and strong organizational values. The Company avoids complicity with human rights abuse by third parties as well. We are committed to ensuring that the people are treated with dignity and respect. We strive to identify, assess and manage human rights impacts within operations and amongst identified suppliers considered to have significant risks for following viz. respect for human rights including non-discrimination, prohibition of child and enforced labour, freedom of association and the right to engage in collective bargaining.

The Human Resources and the Legal & Compliance department, in collaboration with other functions, ensures that the human rights are upheld and reinforced from time to time at the operational level. We work proactively with our suppliers and other stakeholders within the value chain to ensure that they are aware of and respect the rights of the individuals and communities that we operate in. Dalmia

Ethics Helpline, a third party managed service, offers a safe and confidential tool for employees and stakeholders to 'Blow the Whistle' or report any human rights violation, among others. The stakeholders can report in case of malpractices which have taken place or are suspected to take place as per the guidelines in the Whistle Blower Policy of the Company. We have an Internal Complaints Committee(s) formed as per the Charter against Sexual Harassment at workplace that looks into building awareness and addressing grievances regarding sexual harassment.

We engage with our stakeholders regularly through various communication channels in day-to-day operations. The findings of the stakeholder engagement aids in our decision making process and helps in building transparency, preventing potential conflicts and establishing mechanism to resolve concerns.

Through our Corporate Responsibility Programs we address social challenges such as unemployment, lack of education and skills, lack of health and sanitation facilities etc. In this regard, we conducted an independent third party assessment to estimate the social return of our investment exercise for the initiatives and interventions taken through our Corporate Responsibility arm – Dalmia Bharat Foundation. The assessment enabled us to evaluate and strengthen our programs thus aiding us to create more value for our internal as well as external stakeholders.

The Group has identified disadvantaged, vulnerable and marginalized stakeholders through collaboration with NGOs, academic and research institutions, trusts, hospitals and other avenues of similar intent. We regularly engage with them through various initiatives aimed at building awareness of their rights and empowering them towards growth and development.

## LABOUR

**PRINCIPLE 3.** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

**PRINCIPLE 4.** Businesses should uphold the elimination of all forms of forced and compulsory labour.

**PRINCIPLE 5.** Businesses should uphold the effective abolition of child labour.

**PRINCIPLE 6.** Businesses should uphold the elimination of discrimination in respect of employment and occupation.

We strongly believe that progressive, smart and healthy organizations are built by employees who feel valued. At Dalmia, we foster an environment of communication, fairness, respect, and trust - while creating opportunities for our people to grow as individuals. The senior management regularly reviews and addresses concerns and needs of the employees. We take utmost care in maintaining a safe and healthy workplace for all our employees. Majority of our plants are certified to OHSAS-18001 management system and the new plants are in process of achieving the same.

Responsibility and accountability for labour rights is managed by the Human Resources and Industrial Relations Department. We are committed to providing equal opportunity and a conducive

environment free from any form of discrimination based on gender, race, caste or creed and always strive to create employment opportunities for the local communities. Also, we ensure that no one is forced to perform any work that could be dangerous or detrimental to their health and well-being.

We neither engage nor support forced labour and it is ensured that all employees work voluntarily. Regular inspections are held at the plant level wherein contractual workers are screened and suppliers are encouraged to practice zero tolerance towards child and enforced labour, discrimination and sexual harassment. Our Company hires people who are 18 and above and the hiring process requires the representation of government-issued identification. This process also extends to the contractor labour suppliers.

The Learning and Development (L&D) Department is responsible for identifying training needs and planning the training program to develop required functional expertise of the workforce. Through robust L&D trainings, we wish to strengthen innovation and facilitate lateral thinking in our organization. Our L&D department has designed a myriad of powerfully incisive and thoughtfully customized programs aimed at physical, mental and emotional enrichment of an employee. Our quarterly in-house magazine "Pragati" and monthly e-zine "Insider" highlights organizational initiatives and aids in building awareness among the employees. Further, various initiatives like Lead with Synergy, Anandam, Saksham, Prerna, Jagriti and Roshni facilitate better work life balance, emotional wellbeing and enhanced engagement with the families of our employees. Our programs are so designed as to create a meaningful connection between the employees and our organization's vision and values.

We acknowledge and promote employees' right to freedom of association and awareness programs covering topics on social challenges as well as employees' rights on freedom of association, collective bargaining, etc. are conducted on regular basis. Many of our employees are associated with recognised trade unions (constituted as per the Trade Union Act). In units, where there are no trade unions, periodic engagement with the employees is ensured through the Works Committee.

Continuous monitoring and reporting of incidents and hazards ensures that corrective interventions are implemented and our goal of zero harm is materialised. As a result of our continuous and committed efforts, we have been able to make significant improvement in the Lost Time Injury Frequency Rate (LTIFR). We also improved on our passion and happiness quotient among our employees.

## ENVIRONMENT

**PRINCIPLE 7.** Businesses should support a precautionary approach to environmental challenges.

**PRINCIPLE 8.** Businesses should undertake initiatives to promote greater environmental responsibility.

**PRINCIPLE 9.** Businesses should encourage the development and diffusion of environmentally friendly technologies.

We, at Dalmia, recognize the significance of nurturing the environment and are committed to minimizing our ecological footprint through operational efficiency and comprehensive utilization of resources. In an attempt to minimize any adverse impacts, we follow a precautionary approach and have environmental management systems which ensure that impacts on environment and society are mitigated.

Our commitment to forums like RE100 (Renewable Energy) and EP100 (Energy Productivity) is a demonstration of our intent to transition to a low-carbon economy while catering to the needs of the industry and the society through environment friendly building materials of reliable quality and affordable cost. We have also joined Carbon Pricing Leadership Coalition (CPLC), an initiative by the World Bank, to support carbon pricing through market based mechanisms.

Under the aegis of World Business Council for Sustainable Development – Cement Sustainability Initiative (WBCSD-CSI), the Indian Cement majors have outlined a low-carbon growth pathway towards reducing carbon intensity. Through increased clinker substitution, alternative fuel use, energy efficiency, and implementation of cleaner technologies, we aspire to mitigate our impacts on the environment while addressing issues of climate change, diminishing raw materials and fossil fuel reserves. Today, > 80% of our cement production is blended cement with either slag (a waste from steel plant) or fly ash (a waste from power plant waste). We have commissioned 8 MW Solar PV Plants and a 9.2 MW fossil free electricity project based on Waste Heat Recovery is under commissioning to increase clean energy portfolio. Digitalization of the supply chain through extensive use of mobile application, Geographic Information System (GIS) fusion mapping and other interventions have led to real time decision making which in turn has optimized fuel and other costs.

In the upcoming years we would be focusing on increasing the use of alternative fuels, improving quality of cement through the use of high performance chemicals, re-orienting the raw design mix and increasing fly ash and slag absorption in the manufacture of Portland Pozzolana Cement (PPC) and Portland Slag Cement (PSC) varieties respectively.

Our L&D team ensures that employees are sensitized towards environment related issues through awareness-building and environmental stewardship trainings. Collaboration with the industries, academic institutions and an extensive dialogue with our stakeholders have enabled us to become responsive to market changes. Going forward, we intend to invest in collaborative research on LC3 (Limestone Calcined Clay Cement), photo catalytic binders besides several others. As a responsible group it is our endeavour to develop, implement and disseminate good mining practices leading to conservation of biodiversity and protection of natural capital.

We aim at doubling our energy productivity and achieve a fourfold increase in the percentage of renewable energy in our electricity consumption by 2030 as compared to 2015. While transitioning to a greener low carbon economy, we attained water neutrality across our business operations. We achieved water neutrality at two more plants during FY 17 raising the total count to three. Through our CSR associate (DBF) we are adding significant water harvesting capacities to improve water availability and the boost social development.

We monitor and communicate our progress on environmental parameters following international disclosure requirements such as WBCSD-CSI, GRI G4 and IIRC. Our integrated report, developed as per IIRC Framework and GRI Guidelines for FY 2015-16 and FY 2016-17, is under third party assurance

process and would be made available at the company website. Our listed company Dalmia Bharat Limited (DBL) reports consolidated annual Climate Changed disclosure to CDP and received “B” rating in 2017 CDP scores under material sector<sup>1</sup>.

## ANTI-CORRUPTION

**PRINCIPLE 10.** Businesses should work against corruption in all its forms, including extortion and bribery.

Our governance team adheres to the highest levels of transparency and ensures that adequate disclosures are made at the right time to the designated stakeholders. The Code of Conduct for Directors and Senior Management, Whistle Blower Policy and Vigil Mechanism, Related Party Transactions Policy, Code of Conduct for Insider Trading and Dalmia Way of Life, among others, serve as guiding principles for all our employees and other stakeholders and help in instilling a strong and responsible culture within the workforce. All our policies and guidelines embed the essence of ethical decision making, accountability and transparency and establish our commitment to anti-corruption.

The Corporate and Legal team, in collaboration with other verticals, ensure that all employees and allied partners are made aware of their responsibility and are held accountable for their actions. We have zero tolerance for bribery in any form. The Code of Conduct provides clarity on the Group’s stand against bribery & corruption. The policy lists tenets on ethical business conduct and the framework for reporting concerns. Dalmia Ethics Helpline is a third party managed service that serves as an avenue for the employees to ‘Blow the Whistle’ if they come across any unethical or fraudulent activity happening in the organisation.

We regularly review our existing communication channels to ensure that the desired corporate culture is practiced across different strata of our organization. Our core values are our guiding principle – leading us to a path of growth and development in the most ethical, professional and transparent manner. To keep everyone upbeat with our values, ethics and expectations, we ensure the same is conveyed through various communication channels as well. We practice strict adherence to the laws of the land and believe that proactive risk management and robust internal systems enable us to monitor, analyse and ensure compliance.

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<sup>1</sup> <https://b8f65cb373b1b7b15feb-c70d8ead6ced550b4d987d7c03fcdd1d.ssl.cf3.rackcdn.com/cms/reports/documents/000/002/763/original/India-edition-climate-change-report-2017.pdf?1508746120>

## ANNEXURE 1: Taking action in support of Sustainable Development Goals

The Sustainable Development Goals	UNGC Principles	Initiatives by Dalmia
	<b>Human Rights</b>	
<p><b>Goal 1:</b> No Poverty</p> <p><b>Goal 3:</b> Good Health and Wellbeing</p> <p><b>Goal 4:</b> Quality Education</p> <p><b>Goal 8:</b> Decent Work and Economic Growth</p> <p><b>Goal 10:</b> Reduced Inequalities</p> <p><b>Goal 17:</b> Partnerships</p>	<p><b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed Human Rights.</p> <p><b>Principle 2:</b> Businesses should make sure that they are not complicit in Human Rights abuses</p>	<ul style="list-style-type: none"> <li>• Significant employer in the remote areas of India providing employment regardless of the age, sex, ethnicity, religion and any affiliations.</li> <li>• Reaching out to people through preventive health services and providing clean drinking water.</li> <li>• Ensuring quality education and skill development through schools and technical institutions in the remote areas.</li> </ul>
	<b>Labour</b>	
<p><b>Goal 5:</b> Gender Inequality</p> <p><b>Goal 8:</b> Decent Work and Economic Growth</p> <p><b>Goal 10:</b> Reduced Inequalities</p> <p><b>Goal 17:</b> Partnerships</p>	<p><b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</p> <p><b>Principle 4:</b> Businesses should uphold the elimination of all forms of forced and compulsory labour</p> <p><b>Principle 5:</b> Effective abolition of child labour</p> <p><b>Principle 6:</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation</p>	<ul style="list-style-type: none"> <li>• Equal opportunity employer.</li> <li>• Implementing women empowerment programmes and promoting Self-Help Groups (SHGs).</li> <li>• Providing wages in accordance to the rules and regulations of Government of India.</li> <li>• A well-established code of conduct policy and a reputed third party managed Ethics Helpline Service.</li> <li>• Significant thrust to the local sourcing.</li> </ul>
	<b>Environment</b>	
<p><b>Goal 6:</b> Clean Water and Sanitation</p>	<p><b>Principle 7:</b> Businesses should support a</p>	<ul style="list-style-type: none"> <li>• Committed to Safe Drinking Water, Sanitation and Hygiene at the</li> </ul>



<p><b>Goal 7:</b> Affordable and Clean Energy</p> <p><b>Goal 12:</b> Responsible Consumption and Production</p> <p><b>Goal 13:</b> Climate Action</p> <p><b>Goal 14:</b> Life Below Water</p> <p><b>Goal 15:</b> Life on Land</p> <p><b>Goal 17:</b> Partnerships</p>	<p>precautionary approach to environmental challenges.</p> <p><b>Principle 8:</b> Businesses should undertake initiatives to promote greater environmental responsibility.</p> <p><b>Principle 9:</b> Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>	<p>Workplace through WASH Pledge of WBCSD.</p> <ul style="list-style-type: none"> <li>• Provide clean energy solutions like fuel efficient cook stoves and solar lighting in homes through Energy conservation and Climate change mitigation programme.</li> <li>• Waste from Thermal Power Plants (fly ash) and Steel Industry (Slag) used in cement production.</li> <li>• Alternative fuels replace the fossil fuels in kilns.</li> <li>• Probably the least carbon footprint cement company globally.</li> <li>• Top management participation in the international events for climate action.</li> <li>• Major raw materials are locally sourced leading to the minimum impacts on marine biodiversity</li> <li>• Zero liquid discharge cement plants.</li> <li>• Promotion of rain water harvesting and biodiversity conservation in plants by creating artificial lakes and ponds and planting native species in cement plants and mining areas.</li> </ul>
<b>Anti-Corruption</b>		
<p><b>Goal 16:</b> Peace, Justice and Strong Institutions</p> <p><b>Goal 17:</b> Partnerships</p>	<p><b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<ul style="list-style-type: none"> <li>• Code of Conduct policy implemented across the operations of Dalmia Bharat Group to ensure honest and ethical conduct, no conflict of interest and compliance laws, rules and regulations.</li> </ul>