



True Value (Social Environmental Profit & Loss(S E P&L)) at Ambuja

Disclaimer: The Social and Environmental Profit and Loss statement (SEP&L) is intended to raise awareness of externalities that may or may not affect Holcim's business, and to assess their relative importance. It contains preliminary considerations which may be subject to change. Furthermore, the SEP&L may also change, for example, as valuation techniques and methodologies evolve. It should be considered as indicative and it does neither represent any final factual conclusions nor is it intended to assert any factual admission by any person regarding the impact of Holcim or any of its related parties on environment or society.



Why is True Value relevant?

Business as usual is no option:

- exceeding planetary boundaries
- range of social issues

Companies have negative (-) and positive (+) environmental and social impacts (*externalities*)

Understanding the True Value of your business is the basis for protecting and capturing business value, while creating socio-environmental value

What are externalities? Example of a factory by a river

An **externality** is the cost or benefit that affects a party who did not choose to incur that *cost* or *benefit*¹. Externalities can thus be positive or negative. *The examples below are not related to Ambuja.*

Environment – positive externalities

- Factory recycles food waste as input for production process



Society – positive externalities

- Factory invests in training;



Environment – negative externalities

- Factory pollutes the nearby river with warm cooling water



Society – negative externalities

- Factory produces noise



What do we mean with True Value (S E P&L)?

Financial P&L



- Core competence private sector
- Accounting rules 100+ years

Environmental P&L



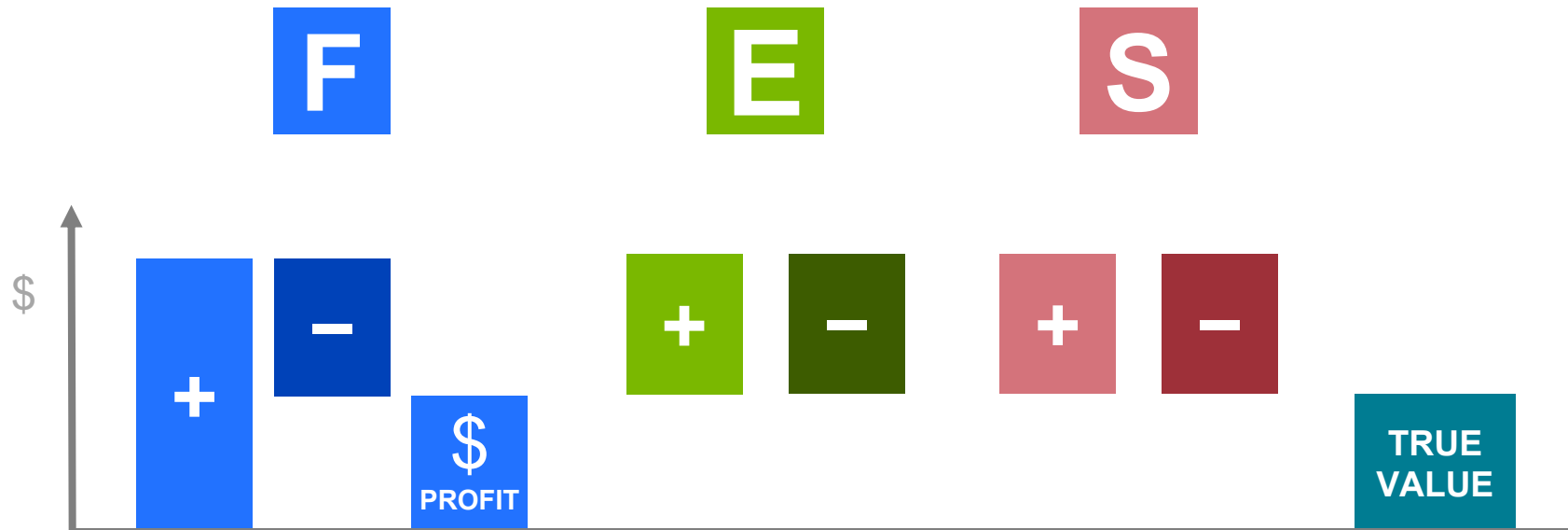
- First-ever E P&L in 1990 by IT company BSO/Origin (Eckart Wintzen)
- Followed by Puma (Jochen Zeitz) in 2010
- Gaining traction

Social P&L

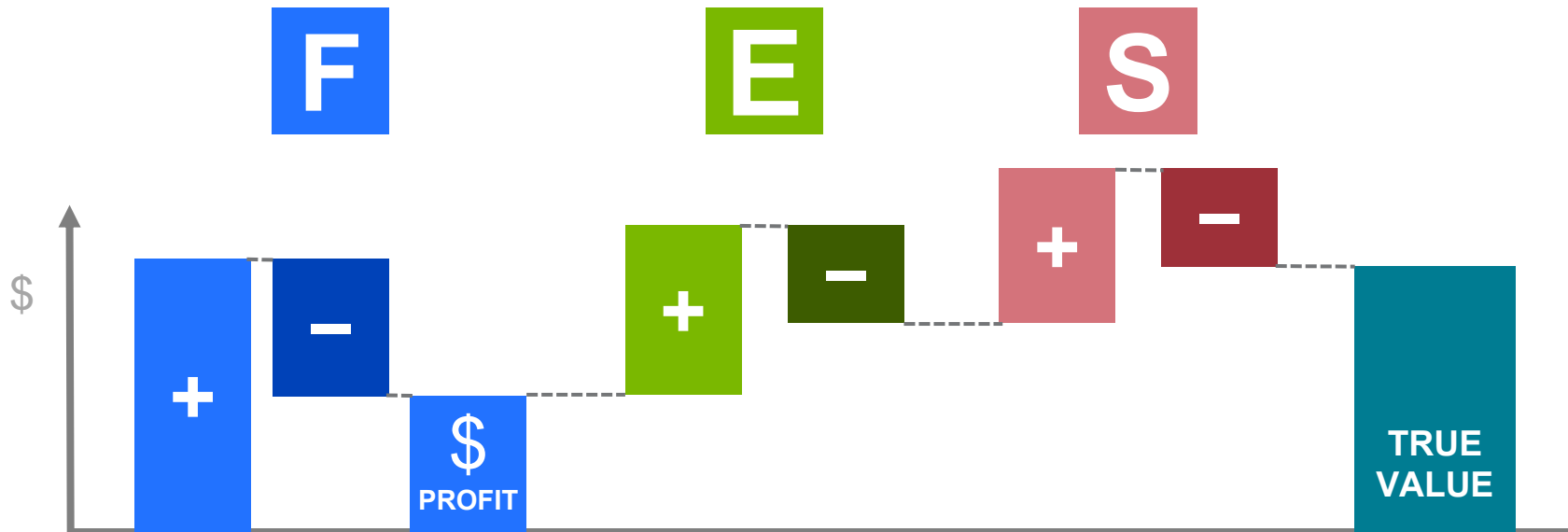


- Increasingly debated
- Territory of Social Return on Investment (SROI)

True Value represents the societal value of a company



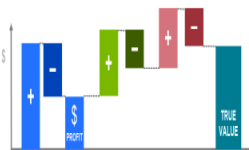
Growing True Value (increasing positives & decreasing negatives)



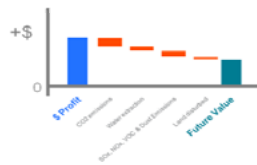
Why this True Value project at Ambuja?



Translate our vision into action



Understand our impact on the society and the environment



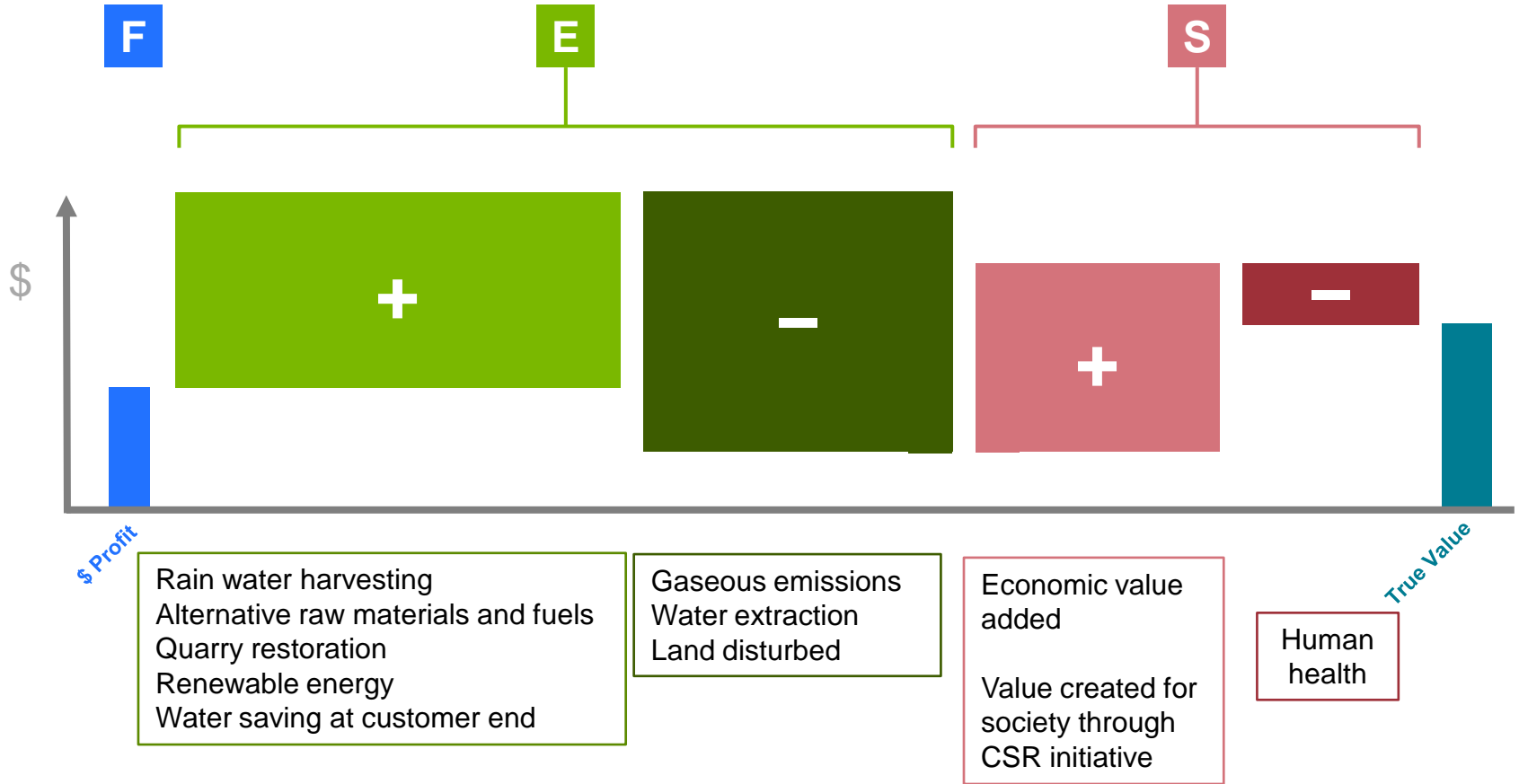
Demonstrate sustainable development business case



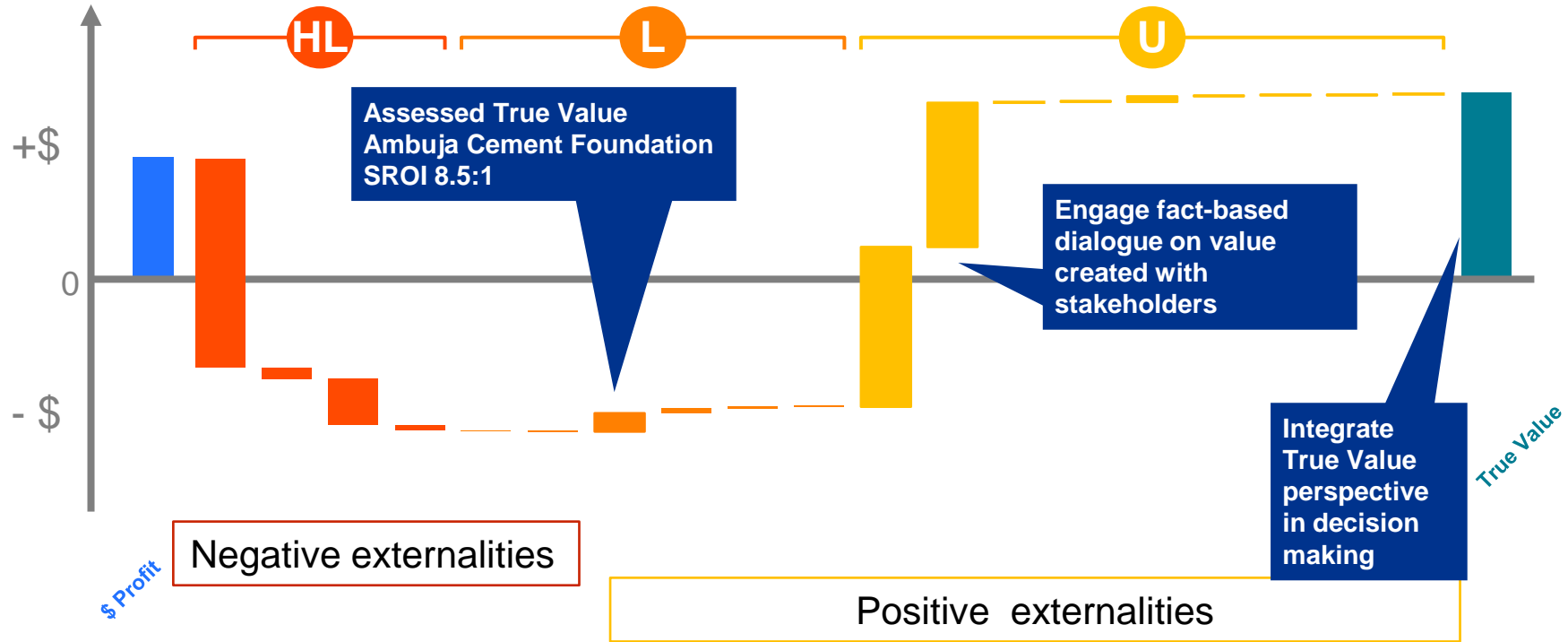
Holcim pilot: defining long term sustainable development ambitions



Ambuja creates significant societal value



True value calculation (S E P&L) triggered other strategic initiatives



- Negative externalities more likely to be internalized
- Harder to capture positive externalities
- Business as usual would impact EBITA.
- Strategic initiatives identified to maximize positives, reduce negatives thereby creating positive impact on EBITA

Key learnings

- Assessing impact is **critical for long term success** and **living our vision**
- True Value methodology (S E P&L) TRULY helped to:
 - Continue **reducing negatives** (positive NPV projects)
 - **Understand and measure our performance**
 - **Demonstrates business case**
 - **Prioritise CAPEX**
- Increase return on S / E spent, **creating more positive value** to maximize True Value by proactively working on:
 - Water resource management,
 - Skill development of people from the community,
 - Promoting modern irrigation & cultivation practices,
 - Reducing water requirements at customer sites
- Create Comparative advantage by minimizing negative impact of some of the externalities getting internalized by proactively working on
 - reducing clinker factor,
 - going for more of alternative and renewable energy,
 - bringing in energy efficiency,

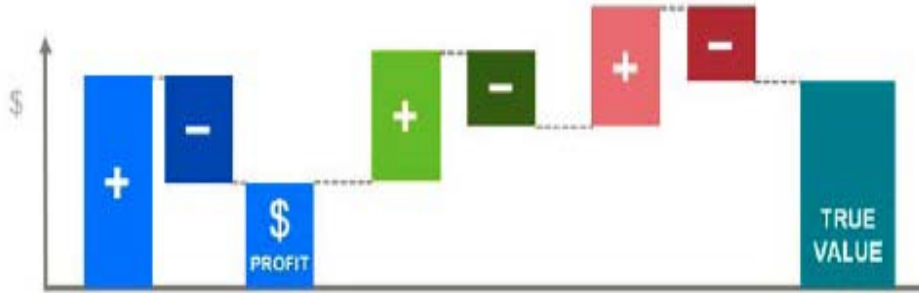
Next Steps

- **Engage with stakeholders** in creation and recognition of True Value (S+/E+)
- **Communicate key results** true value project externally

Last but not Least

- Support and promote with others the development of common methodology (S E P&L)

Cautionary Note



- True Value calculations (S E P&L) is journey
- Intends to raise awareness
- Indication of magnitude - not accurate figures
- Scope and assumptions can be debated
- Certainly not the final answer
- More (standardization) work to be done!

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Q&A

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