

## 4 Corporate Governance

ACC's organization structure was reviewed and reorganized into three autonomous regions with profit accountability and decentralised decision-making. The new structure also incorporated stronger support functions at the corporate level including some in new areas such as corporate social responsibility and knowledge advancement.

ACC had systems in place for effective strategic planning and processes, risk management, human resources development and succession planning, years before Corporate Governance guidelines became applicable and mandatory for listed companies. The Audit Committee in ACC was constituted as far back as in 1986; the Shareholders-Investors Grievance Committee was formed in 1962 and the Compensation Committee was convened in 1993. The Company's core values are based on integrity, respect for the law and strict compliance thereof, emphasis on product quality and a caring spirit. A Compliance Committee has recently been constituted

to review and evaluate the company's compliance with its legal obligations, the adequacy of its relevant policies, controls and regulatory requirements. In particular the committee will advise the company on matters pertaining to the Competition law.

ACC is a professionally managed Company with an optimal mix of independent Directors. The Board of Directors has always consisted of persons who are outstanding professionals in their respective fields and with unquestionable integrity and reputation. The role, responsibility and accountability of the Board of Directors are clearly defined.

The Board of Directors has clearly stated standards of corporate behaviour and endeavours to achieve the highest standards of good governance through the adoption of a strategic planning process, succession planning for attracting and energizing human resources, identification and management of major risks, an effective communication policy and integrity of Company's internal control systems. The

Board is constantly looking at ways and means to ensure the most effective use of financial resources and that management and employees have the freedom to take the Company forward within the framework of effective accountability.

The Annual Reports, press releases and other communication make full disclosures on various facets of importance to stakeholders, particularly with regard to information relating to financial matters, operations and stock movements. The Managing Director addresses a quarterly letter to all shareholders apprising them with an update on the Company's achievements, progress and key concerns.

Annual general meetings of ACC are conducted at a fixed venue with the dates and agenda circulated well in advance. ACC's annual report is an exhaustive document which is appreciated for its high level of disclosure and detail. A major part of the annual general meeting is dedicated to shareholders who wish to voice opinions or seek clarifications.

**S&P ESG India Index :** ACC is one of 50 companies included in this index. In January 2008, the consortium of Standard & Poor's, CRISIL and KLD Research & Analytics, mandated by the International Finance Corporation (IFC), announced the launch of the S&P ESG India Index, comprising 50 out of 500 leading Indian companies and ranked on the basis of their environmental, social and corporate performance in terms of certain specified criteria.

The universe from which the S&P ESG India index constituents are derived is the top 500 Indian companies, by total market capitalization listed on the National Stock Exchange of India Limited. The index is meant to serve as a yardstick to assess companies whose business strategies and performance demonstrate a high level of commitment to meeting environmental, social and governance (ESG) standards.