



Towards
a Smart World

ACC LIMITED
Sustainable Development
Report 2015



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1.1 | Chairman's Message

ACC has completed 80 years of its incorporation. We salute the countless stakeholders who built this company to what it represents today. Its remarkable heritage and unrelenting tradition of good governance makes ACC stand out as a gem of Indian industry. Maintaining this singular distinction is the challenge that guides us in steering the organization's affairs.

We are mindful of what the nation and our stakeholders expect from us and we work to achieve meaningful stakeholder engagement.

The government has ambitious plans to advance the national economy ahead of other nations. The commissioning of the Jamul integrated cement project makes us ready to participate in this growth, with quality cement and concrete needed to build new infrastructure, mass housing, industrial and commercial projects.

With customers placed in the forefront of our vision, customer excellence is the key driver of our business. An energetic sales force and efficient channel partners work to meet a charter that defines service as a key differentiator.

The community in which we operate represents an important group of stakeholders and it is a privilege to be of service to them. Last year we touched more than 4 lakh lives in 156 villages. There is more to be done in this respect and we have plans.

It is a matter of pride that ACC has led the industry in producing environment-friendly blended cements that utilize waste by-products from steel plants and thermal power stations. It is befitting that the company also retains the distinction of having among the lowest carbon footprints as compared to its global peers.

The opening of twenty five Green Building Centres in small towns and rural markets, amid plans to launch many more, makes for a unique initiative that embodies the principles of sustainable construction with its compelling mix of societal, economic and environmental benefits.

Maintaining a well-concerted reduction in water consumption and with two major plants already self-reliant in water, the company is moving ahead towards achieving a zero waste water discharge status.

Embellished with these and other measures, the company's sustainable development agenda is well on track, in pursuit of which we have been adjudged as one of "India's Most Sustainable" companies.

ACC is fortunate to have a dedicated and dynamic workforce that is ready to make all of this happen.

Following the global merger of Holcim and Lafarge, we are now part of LafargeHolcim – the world's largest building materials supplier. This offers us an enormous advantage of benchmarking with global standards and imbibing best practices – particularly in the areas of Health & Safety and the interdependent facets of sustainable development.

On behalf of the Board of Directors of the company, I reaffirm our commitment to create measurable value for our stakeholders while pursuing the responsible business practices of a good corporate citizen who is a member of a global community.



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It is a privilege to be of service to the community in which we operate. Last year we touched more than 4 lakh lives in 156 villages.

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Narotam Sekhsaria

1.2 | Foreword



Dear Stakeholder,

Cement plays an important role in our lives; so important that it is not only the most widely used building material but also the most widely consumed substance per capita after water. Cement is the most sustainable building material with no better or more viable substitute in the near horizon. Cement is a pre-requisite for durable construction; as a core sector industry, cement represents the bedrock on which the very foundation of economic growth is laid. Being a significant participant in such a business is a privilege for ACC.

MILESTONES

2015 was by itself an eventful year. The year closed with two accolades we received which affirmed and summed up our continuous effort and commitment to the cause of Sustainable Development across all parameters. We were felicitated with the prestigious CII-ITC Sustainability Award 2015 for “Outstanding Accomplishment”, perhaps one of the country’s top awards in the field. Thereafter came the “CII Sustainable Plus Platinum 2015” label conferred on us as one of ten companies singled out as India’s Most Sustainable and the only one in construction.

This is a milestone year when we can look back at ACC’s history with satisfaction as a company that has remained true to its mission over the last eight decades, performing unwaveringly in the same business as only a few others have done. ACC has contributed meaningfully to the growth of the nation, providing quality cement and disseminating good construction practices to build homes and valuable infrastructure. In these 80 years, the name ACC and cement have become intertwined and synonymous.

LAFARGEHOLCIM LIMITED

Another major milestone of the year 2015 was the global merger of two of the world’s largest cement companies, Holcim of Switzerland and Lafarge of France, which came together in a ‘merger of equals’ to create LafargeHolcim Limited. The new entity emerged matchlessly as world leader in the cement and building materials industry with vast operations that span 90 countries comprise 1500 ready mixed concrete plants and 200 cement plants whose combined capacity of 374 million tonnes per annum rivals the size of the Indian cement industry. As one of the largest companies in the group operating in the world’s second largest and fastest growing cement market, ACC occupies a strategic position in LafargeHolcim’s global footprint. The global merger has no immediate impact on ACC other than the opportunities it gives us to benefit from the group’s pool of enhanced experience and best practices in a multitude of functional areas including Safety and Sustainable Development.

MACRO-ECONOMY IN 2015

The country’s macro-economic circumstances in 2015 were better than what prevailed in many other large countries. GDP in 2015 grew at about 7.5%. Industrial production and the rate of inflation compared favourably with 2014, aided by a slump in global oil and coal prices. Only two trends flawed the picture - one, a second consecutive weak monsoon led to a subdued rural economy; second, construction and cement consumption did not respond as usual to the spurt in GDP growth. The core pillars of cement consumption viz. infrastructure and housing did not pick up as envisaged. As a result overall demand registered a dull rate of growth of 2% which, coupled with a large surplus capacity, made the market competitive throughout the year. The industry faced more constraints from policy and regulatory shifts, especially in the areas of limestone lease renewals and coal linkages.



We were felicitated with the prestigious CII-ITC Sustainability Award 2015 for “Outstanding Accomplishment”

SUSTAINABILITY PERFORMANCE HIGHLIGHTS

INDIA'S MOST SUSTAINABLE		
ENVIRONMENTAL	SOCIETAL	ECONOMIC
<ul style="list-style-type: none"> • Best-in-class status of CO₂ Emissions maintained • Share of Blended Cements maintained at 85% best-in-class • Water consumption cut by 8% as water meters installed at all plants • Two plants now self-reliant in water • High score of 98/100 in Carbon Disclosure Project • Premier position in promoting AFR • 29 million units of wind energy • 52 million kwh generated by waste heat recovery • Continuous Ambient Air Quality Monitoring systems at two plants • CII-ITC Sustainability Award 2015 • CII Sustainable Plus Platinum Label • India Pavilion at Paris COP 21 meet displayed ACC brand • Bio-diversity assessed at five mines 	<ul style="list-style-type: none"> • Health & Safety of employees and stakeholders exalted as our overarching value • India Manufacturing Transformation launched to enrich work culture • Served 4 lakh people in ~156 villages • CSR expenditure at ₹ 31.16 Crore exceeds statutory requirement • CSR policy aligned with Indian Companies Act 2013 • 35,000 students benefit from Education initiatives • Health & Nutrition initiatives serve 58,000 • 200 Self-Help Groups created • 8000 children nurtured in anganwadis • ACC-ki-Ladli touches 1500 girl children • 1800 unemployed youth trained • #SaveKidsLives campaign reaches 35,000 people • ACC's CSR agenda ranked 12th by an independent national study 	<ul style="list-style-type: none"> • Operating EBITDA and margin improve • Cement realization improves by 2% • Sale of Premium cement products increases by 10% • Concrete business consistently grows in volumes and realizations • Concrete value-added products and solutions grow • Cost management efforts yield results • Power and fuel costs reduced by 2 % • 7% cut in cost of materials consumed • Green building centres spread to rural markets with 25 units to promote affordable constructions • Logistics thrust maintained • Use of eco-friendly and cost-effective Petcoke expanded • ICAI Silver Award for Annual Report 2014 recognizes ACC for excellence in financial reporting • Employee costs brought down by ~3%

CEMENT BUSINESS

Our sales volume dipped by 2% as compared to the previous year mainly because of lower production at Chaibasa and Bargarh plants where limestone mining operations were suspended in the first half of the year due to regulatory issues, although both plants were restarted later in the year. Several other companies faced similar suspension of operations of old mining leases under deemed renewal basis which was hitherto permitted by law, but were later required by a subsequent change in law to seek fresh mining approvals for second and subsequent renewals of leases. With the resumption of mining operations and improved market conditions, the second half of the year fared better. Despite these challenges, the Company managed to achieve an overall cement capacity utilization of 77% during the year, which was 4% higher than the industry average.



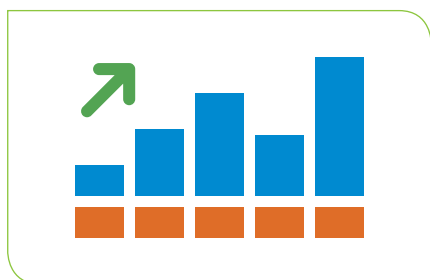
1.2 | Foreword

A strong focus on managing production and logistics costs, promoting premium products and enhancing customer service enabled better operating performance and realizations. Taking advantage of lower global energy prices, the company increased its consumption of petcoke thereby initiating a reduction in the overall cost of fuel. Rail tariffs increased but we made proactive efforts to bring down the cost of road transport on the back of the decline in diesel prices.



READY MIXED CONCRETE

This business has performed consistently in the last four years, improving both sales volumes and realizations. Its countrywide spread of plants (50 by year end) has been catering to the demand of infrastructure, industrial and housing segments comprising projects as diverse as factories, high-rise buildings, roads, flyovers, bridges and metro railway. Success came from vigorous customer services, promotion of a wide range of value-added products and solutions, improved logistics and cost management. The progress of urbanization and mega projects like SMART cities will unfold increasingly larger growth opportunities for Concrete business.



FINANCIAL PERFORMANCE

Overall the company performed in line with its industry peers. While net Sales at ₹ 11433 crores were marginally lower than in 2014, sales realizations improved by 1% and EBITDA by 2%. PAT was lower by 49% for two reasons – one, because of an additional depreciation charge of ₹ 164.45 crore provided in respect of fixed assets with no remaining useful life pursuant to the provisions of Schedule II of the Companies Act. The second reason for the variance in PAT was that in the year 2014 there were certain conservative provisions of ₹ 309.23 crore that were subsequently not required because of favourable Tax assessments and were hence written back; whereas no such opportunity for write back arose in 2015.

ORGANIZATION STRUCTURE

A new functional organization structure was put in place in April 2015 which seamlessly phased out the earlier regional-based structure. The new configuration has already proved to be more amenable in leveraging and pooling internal functional expertise while enhancing collaboration, speeding up decision-making and implementing strategy. We believe the functional structure is a better arrangement to enhance stakeholder value.

HEALTH & SAFETY

During the year, Health and Safety (H&S) of employees and all stakeholders was underscored as an overarching value. The H&S Policy and H&S Rules were restated to be aligned with the Group's vision in a manner that moves towards attainment of a true safety culture in which H&S is embedded in all aspects and interfaces of the Company and its people. In a significant new vein, the policy reminds employees of their individual responsibility to demonstrate safe behaviour that prevents incidents that can lead to injury or fatality. The policy and rules were widely communicated to employees as well as contractor workmen. A new approach was adopted to promote Fatality Prevention Elements thereby ensuring "Zero harm to people".

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The expenditure on CSR was ₹ 31.16 crore, higher than the statutory requirement of 2% of average profits in the last three years

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CLIMATE CHANGE

New policies were adopted for sustainable development, environment management and energy conservation.

We maintained a firm grip on restricting carbon dioxide and other emissions. Our approach was seen by the Government of India as being emblematic of the national effort to mitigate the adverse effects of Climate Change. This was evident from the prominent display of the brand “ACC” in the India Pavilion at the COP 21 (Conference of Parties) meet in Paris in December 2015 organized by the United Nations Framework Convention on Climate Change.

With a high score of 98 points out of 100 as per CDP’s independently assessed methodology, ACC is one of the leading business houses in India identified for the transparency and quality of its disclosure in the Carbon Disclosure Project (CDP), the global initiative that encourages sharing of climate change related information to help drive global carbon reduction strategies.

The Company maintained its best-in-class position in terms of carbon footprint with specific CO₂ emissions per tonne of cement at 533 kg CO₂/tonne in 2015. This was possible mainly by maintaining a share of Blended Cements as high as 85% of our product portfolio.

Other enablers included the co-processing of hazardous and non-hazardous industrial and municipal wastes as alternative fuels and resources (AFR) in cement manufacture in order to reduce dependence on fossil fuel. We expect to see added momentum in thermal substitution rates further in the coming year with the stabilization of our new pre-processing facilities at two major plants to enable safe handling of varied types and volumes of waste streams.

On the water management front, we are progressing fast on the road towards a zero waste water discharge status. In 2015 we achieved reduction in specific water consumption per tonne of cement by 7.6% as compared to the previous year. Two major plants are already self-reliant in water.



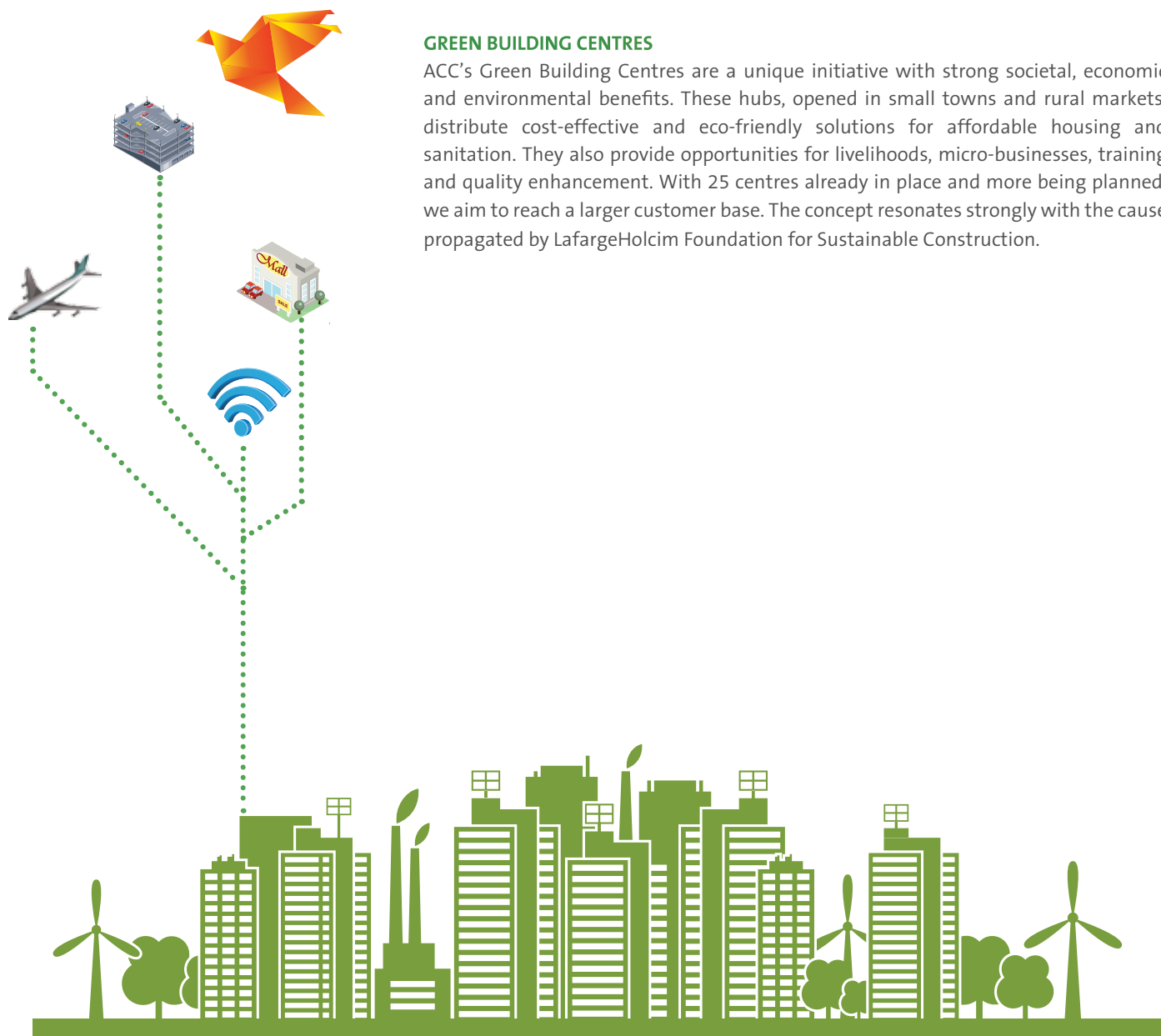
1.2 | Foreword

CSR PROGRAMMES

Our community programmes touched the lives of over 4 lakh people in 156 villages across India focusing on Livelihoods, Education, Water, Health and Sanitation. The expenditure on CSR was ₹ 31.16 crore, higher than the statutory requirement of 2% of average profits in the last three years. During the year, the Company's CSR Policy was re-stated to make it wide-ranging and compliant with both the Companies Act 2013 and the United Nation's Sustainable Development Goals. Our approach to CSR and key initiatives were endorsed by a team of independent social auditors that was chaired by the Executive Director, Global Compact Network of India. In a study done by IIM Udaipur and Economic Times, our CSR engagement was ranked twelfth among the top 100 listed companies and first in the Cement Sector. We remain committed to this cause and have firm plans to expand and enrich our national footprint.

GREEN BUILDING CENTRES

ACC's Green Building Centres are a unique initiative with strong societal, economic and environmental benefits. These hubs, opened in small towns and rural markets, distribute cost-effective and eco-friendly solutions for affordable housing and sanitation. They also provide opportunities for livelihoods, micro-businesses, training and quality enhancement. With 25 centres already in place and more being planned, we aim to reach a larger customer base. The concept resonates strongly with the cause propagated by LafargeHolcim Foundation for Sustainable Construction.



OUTLOOK

Most forecasts point to India as one of the world's fastest growing economies. We are excited with the prospect and the vast opportunities it unfolds for the building materials industry. It augurs well for India's per capita consumption of cement to grow beyond its current level of 207 kg and move closer to the world average of 540 kg. Linked as closely as it is to the country's macroeconomic growth, we are confident that the future holds forth good prospects for the cement industry arising from the construction activity foreseen in urban transformation, infrastructure expansion, housing, sanitation and transportation. On this basis, we expect cement demand to grow at a compounded annual growth rate of 7-8% in the next 3-5 years.

The new kiln of the Jamul project was lit up in May 2016 and trial production of clinker has commenced. This project adds clinkering capacity of 2.8 mtpa with the new cement grinding units at Jamul and Sindri also expected to be commissioned shortly.

ACC is well-honed to participate in this unfolding phase of national growth, with our enhanced capability to deliver quality building products and services. In this we are backed by the formidable advantage we can derive from our close ties with LafargeHolcim in leveraging their global expertise.

CONCLUSION

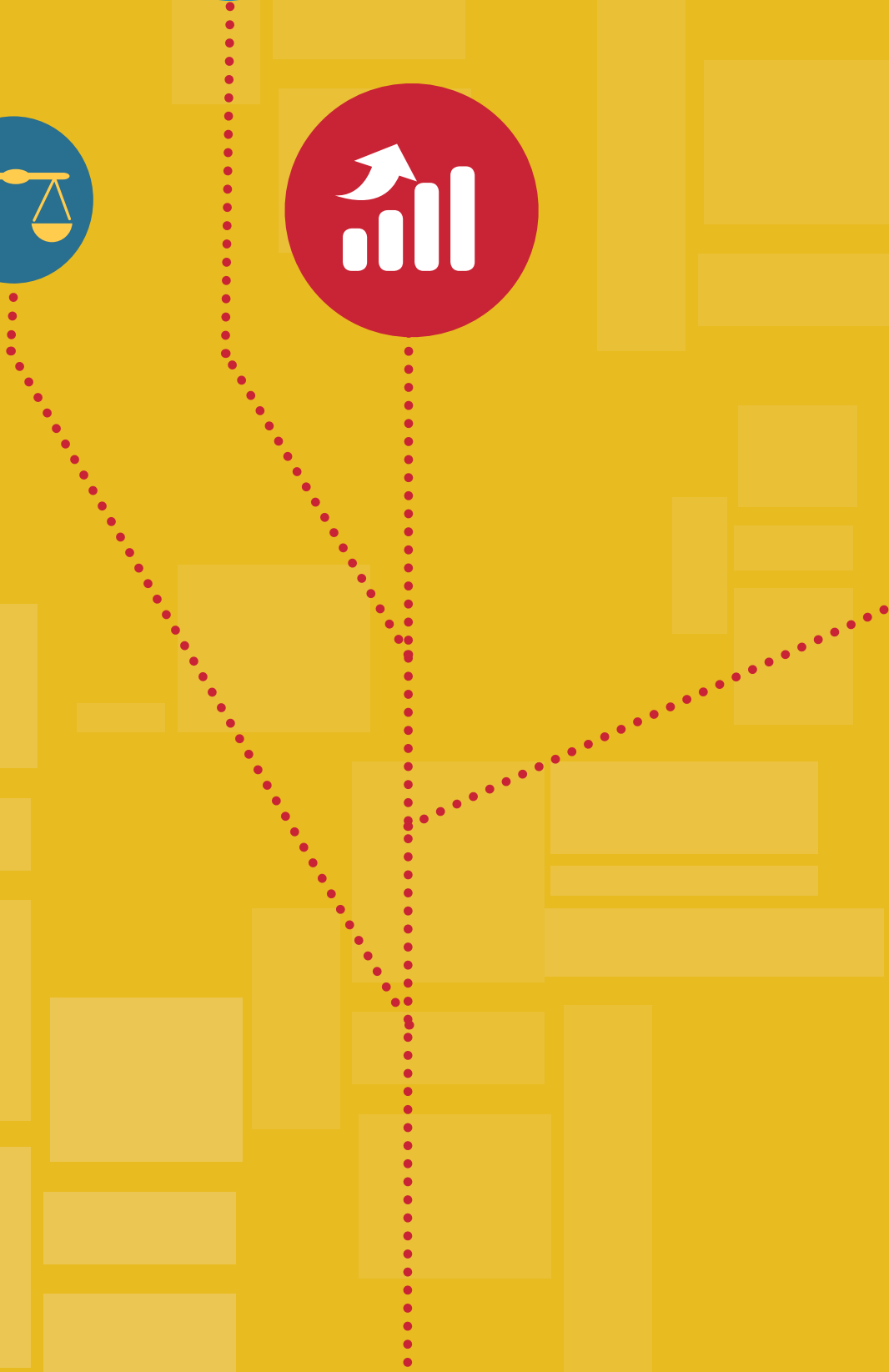
More details of these achievements, particularly those relating to our sustainability performance and outlook, are presented in subsequent pages of this Sustainable Development Report. The report is prepared in accordance with the comprehensive option of the Global Reporting Initiative's G4 guidelines and externally assured. An electronic version is available on our website www.accclimited.com

Thank you,

Harish Badami

“ACC is well-honed to participate in this unfolding phase of national growth, with our enhanced capability to deliver quality building products and services.”







2 10-33 Organization & Strategy

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2.1 | Organization Profile

80 years of Nation Building

This is an organization with extraordinary beginnings that has crossed and created many milestones, some interlinked with national events. Incorporated in 1936 as The Associated Cement Companies Limited, its roots point to a historic amalgamation of ten cement companies belonging to the four leading Indian business houses of Tatas, Killick Nixons, Khataus and FE Dinshaw who decided to merge their cement activities into one entity. In 2006, the company's name was abridged to the acronym ACC Limited in 2006. The story of ACC is told in three books published to mark its silver, gold and platinum anniversaries.

NATIONWIDE FOOTPRINT

Headquartered in Mumbai, the company has a nationwide reach with 17 cement plants, 50 Ready Mixed Concrete plants, a large technical services campus with a learning academy, a bulk cement handling terminal, 21 sales offices and several zonal offices. ACC had a permanent workforce of 8368 at the close of the year. The company's family extends to embrace a vast distribution network made up of around 9000 dealers and 50,000 retailers who reach out to lakhs of customers in cities, towns and villages.

TRUSTED BRAND

From the start, ACC is a name that has enjoyed a high level of equity in the Indian market. Flagged as one of the country's most trusted brands, the company has touched the lives of millions of Indians, setting unmatched benchmarks and a trail of ground-breaking trends in the world of cement and concrete. Every region of the country has iconic and enduring masterpieces built with ACC cement - Mumbai's iconic Marine Drive, the mighty Bhakra Dam, Kolkata's Second Hooghly Bridge and Chennai's LIC Building, the city's first high-rise. It is also a preferred brand of cement and concrete used to construct mega contemporary industrial, commercial and infrastructural projects. Millions of houses dotted across the country stand testimony to the trust the brand has earned from generations of satisfied customers.

LINEAGE

In 1999, the house of Tatas, one of the groups that founded ACC, sold all 14.45% of its shareholding in the company to the Ambuja Cement Group (then Gujarat Ambuja) who in turn divested their holding to Holcim Limited of Switzerland in 2005. Thus ACC became a subsidiary of Holcim (India) Private Limited; at the close of 2015 it held 50.3% of the company's equity. In another significant development, Holcim Limited and Lafarge S.A. came together in a global merger on July 15, 2015 to create a new company called LafargeHolcim to emerge as a world leader in the building materials industry. The global merger has no immediate impact on ACC.

ORGANIZATION

The organization's structure was revised with effect from April 1, 2015 from a geographical arrangement made up of three autonomous regions to a conventional functional style with overall management headed at the corporate level by the Chief Executive Officer and Managing Director. Some key functions such as manufacturing, sales, logistics, human resources and finance are also overseen at regional level with their respective cluster heads reporting to the functional head at the corporate office.



GOVERNANCE

ACC's founders were large business groups of repute that practiced high standards of governance. Those rich traditions continue to be maintained. The Company's core values are based on integrity, respect for the law, deep commitment to product quality, customer excellence and concern for the planet and its people. ACC is professionally managed with a majority of its Directors being Independent Directors. Mr N S Sekhsaria is the Chairman of the Board of Directors and a Non-Executive and an Independent Director. Mr Harish Badami, Chief Executive Officer & Managing Director, oversees day-to-day working and operations of the Company. Both held office during the entire period of the year 2015. Mr Bernard Terver, who served as Deputy Chairman during the year 2015, was succeeded by Mr Eric Olsen as Deputy Chairman in February 2016.

TRENDSETTER

ACC led the industry in producing environment-friendly blended cements that utilize waste by-products from steel plants and thermal power stations. Its innovations in R&D have enabled several breakthroughs in cement and concrete. ACC Chaibasa in Jharkhand was India's first indigenously built cement plant; ACC was first to offer Bulk cement and Ready Mixed Concrete, two value additions that have enhanced the quality and pace of large constructions in the country. The Jamul plant was first to install air pollution control equipment years before it was mandatory to do so. In 2011, the world's largest clinkering plant was commissioned at Wadi in Karnataka. ACC was first to introduce GPS and RFID technologies to modernize logistics in cement industry. A new clinkering plant is on the verge of completion at Jamul in Chhattisgarh with grinding stations in Jamul and Sindri.

GREEN PRACTICES

A deep concern for the planet made ACC among the first companies in India to include environment conservation as a corporate objective. ACC is recognized as a company that has one of the lowest carbon footprints as compared to its global peers. Concern for conservation of natural resources is integrated into all activities of its value chain from mining to sales. The company has numerous planet-friendly practices - from

“Concern for conservation of natural resources is integrated into all activities of its value chain from mining to sales”



2.1 | Organization Profile

“ACC undertook social volunteering decades before the term corporate social responsibility was coined”

rehabilitating used mines into forests or water bodies, to promoting renewable energy sources and pursuing alternative fuels and resources. Under the Geocycle umbrella, ACC offers effective solutions for management of industrial, agricultural and municipal wastes through co-processing in its spread of cement kilns. A champion of sustainable construction in India, the company's headquarters, Cement House, was the first renovated building in India to win the Green building LEED Gold certification. Two other Green buildings are showpieces of its planet-friendly agenda.

CORPORATE CITIZENSHIP

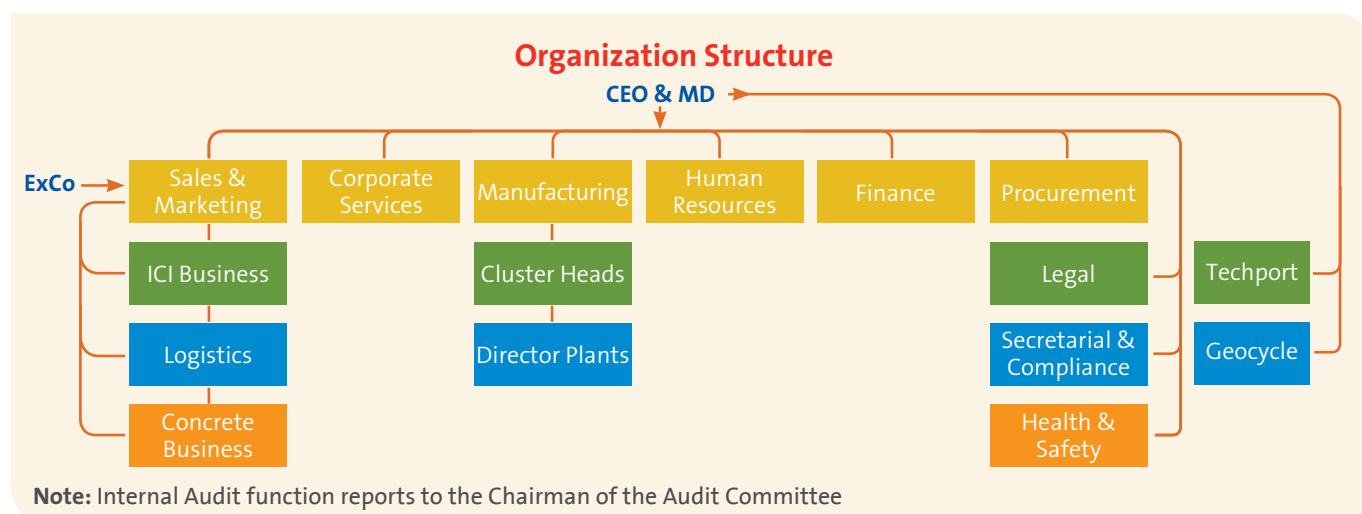
ACC undertook social volunteering decades before the term corporate social responsibility was coined. The rural communities around the company's operations are among its key stakeholders and the company partners with them to improve the quality of their lives. In 2015, more than 4 lakh residents of 156 villages across the country benefited from ACC's CSR programmes in the fields of Livelihood, Education, Water, Health, and Sanitation. Notable ongoing contributions include two world-class treatment centres for patients of HIV/AIDS, two company-managed technical institutes and assistance to seven government-run technical schools for students from remote places.

COAL BLOCKS

In 2014 the Supreme Court had cancelled allocations of four coal blocks of the Madhya Pradesh State Mining Corporation Limited (MPSCMC) with whom ACC had a Joint Venture Agreement for its wholly owned subsidiary company ACC Mineral Resources Limited (AMRL). The auction of one of these blocks was completed in February 2015 and it was allotted to the successful bidder. The process of auction and allocation of the other three coal blocks is yet to be carried out by the Ministry of Coal, Government of India. The expenses incurred on development of the coal blocks have also not yet been reimbursed.

THANE CAMPUS

The company's campus in Thane houses several key activities including Environment & Energy Conservation Cell, Quality, Ready Mixed Concrete, Raw Materials and Mines Planning. Also located here is the Techport group that provides a range of technical services to both ACC and its group company Ambuja Cements Limited. Geocycle India, the waste management group is also here along with the ACC-ACL Leadership Academy which integrates learning and development initiatives of ACC and ACL.



Awards

GENERAL

- CII-ITC Sustainability Award 2015 for Corporate Excellence in the category “Outstanding Accomplishment”
- Association of Business Communicators of India Award to ACC Parivar, CSR Newsletter, Together for Communities, Sustainable Development Report 2013, and Holcim Forum brochure



ECONOMIC

- Institute of Chartered Accountants of India (ICAI) Silver award for Excellence in Financial Reporting for Annual Report 2014
- Institute of Chartered Accountants of India Gold Shield to ACC Annual Report 2013 for excellence in financial reporting
- Reader's Digest Trusted Brand Gold Award in Cement category
- Manufacturing Supply Chain award to ACC in the Category “Supply Chain Technology Advancement / Solution Implementation”
- Rajasthan Energy Conservation Award 2015 to ACC Lakheri
- ASSOCHAM ICT Implementation in Transportation Award 2015 for ACC's Logistics initiatives in deploying GPS and RFID technologies
- CII 16th National Award for Excellence in Energy Management 2015 to ACC Chanda, Kymore and Lakheri
- Green Manufacturing Excellence Award by Frost & Sullivan to ACC Sindri
- Indian Merchants' Chamber IT Award 2015 for excellence in the use of Information Technology in the Manufacturing sector
- CII Supply Chain & Logistics Excellence Awards(SCALE) 2015 in Excellent category



ENVIRONMENT

- CSR Impact Awards to ACC Madukkarai for Solid Waste Management project in the Environment category and to ACC Gagal for the HIV/AIDS project.
- CII Safety, Health & Environment Excellence Award for 2014-15 to ACC Damodhar
- India Green Manufacturing Challenge 2014 award in Gold category to ACC Chanda by International Research Institute for Manufacturing
- Greentech Environment Award 2014 by Greentech Foundation to ACC Bargarh and in Gold category to ACC Tikaria



SOCIAL

- Maruti Road Safety Award for 2015 in the category India Road Safety Mission
- National Safety Council, India Safety Award for 2014 to ACC Sindri



2.2 | Corporate Governance



The Board of Directors endeavours to ensure that the company conducts itself in a manner that is consistent with the organizational vision and maximizes shareholder value



ACC has a long tradition of model corporate governance with many processes and practices that have proved to be far ahead of their time. In subsequent years, several of these came to be prescribed as mandatory guidelines for large and listed companies. These included practices of disclosures, systems for strategic planning, risk management, human resources development and succession planning.

BOARD OF DIRECTORS

ACC is a professionally managed Company. Its Governance structure is made up of the Board of Directors and various Committees of the Board at its apex level and the Management structure at the operational level. A majority of the Board comprises Independent Directors, including the Chairman and an Independent lady Director as required by the Companies Act, 2013. The Chief Executive Officer and Managing Director of the company is the only whole-time executive Director. All the Directors are distinguished professionals in their respective fields that have some relevance to the company. They come with credentials that assure their competence to offer advice on matters concerning economic, environment and social aspects and those of organizational strategy. The Board sets high standards for itself.

BOARD OF DIRECTORS - (as on June 1, 2016)

Mr N. S. Sekhsaria
Chairman

Mr Eric Olsen
Deputy Chairman

Mr Harish Badami
CEO & MD

Mr Shailesh Haribhakti
Mr Sushil Kumar Roongta

Mr Ashwin Dani

Mr Farrokh K. Kavarana

Mr Vijay Kumar Sharma

Mr Arunkumar Ramanlal Gandhi

Mrs Falguni Nayar

Mr Christof Hassig

Mr Martin Kriegner

The Board of Directors is entrusted to maintain the tradition of demonstrating highest standards of Corporate Governance. Their role, responsibility and accountability is well-defined and they exercise unfettered freedom to express their views on all matters concerning the company and its operations that are placed before them. Letters of appointment of individual Directors are available on the company's website at www.acclimited.com/ir/corporate_governance outlining their duties, responsibilities, tenure and remuneration.

The Board of Directors endeavours to ensure that the company conducts itself in a manner that is consistent with the organizational vision and maximizes shareholder value. The Board of Directors also looks at ways and means of ensuring that the most effective and optimum use is made of the resources available to the company, responding appropriately to risks and opportunities and dealing equitably with stakeholders so as to achieve all-round progress – all this is done within a framework of effective accountability to internal control systems and demonstrating good corporate citizenship. The Board acts as a watchdog to ensure corporate behaviour and compliance with laws and regulations. The Board is assisted by the formation of various thematic committees, each with a specific mandate and terms of reference.



Our Vision

To be one of the most respected companies in India; recognized for challenging conventions and delivering on our promises.

AUDIT COMMITTEE

The Audit Committee, constituted as far back as 1986, is made up of five directors, all of who are conversant in financial matters. Its chairman is an Independent Director as are three others. They act as a link between statutory auditors, internal auditors and the Board of Directors. The committee assists the Board in monitoring financial reporting processes, reviewing systems and processes for internal financial controls, governance, statutory and internal audit activities. The committee has a process of self-appraisal. Matters relating to sustainable development do not form part of this committee's routine agenda except in the event of any compliance issues that are brought to the attention of the Compliance Committee or the Board.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Formerly the "Shareholders'/Investors' Grievance Committee", this committee dates back to 1962. It has three members who review and address the redressal of complaints and grievances raised by investors and holders of securities in matters such as issue of duplicate/new share certificates, approve dematerialization of shares and grant Employee Stock Options pursuant to approved Employees' Stock Option Schemes if any.

NOMINATION AND REMUNERATION COMMITTEE

Founded in 1993 as the "Compensation Committee", this six member committee is governed by a charter with terms of reference that inter alia includes the identification and selection of candidates for appointment as Directors, independent Directors, key managerial personnel and other senior management positions as also their succession planning. The committee formulates and reviews policies for such selection and appointment; it reviews the performance of Directors and senior management based on criteria that are approved by the Board.



2.2 | Corporate Governance

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Seemingly substantive non-compliance issues relating to sustainability and environmental matters are also referred to the Compliance Committee and/or the Board.

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The committee also reviews the overall remuneration of the Board of Directors and Senior Management. The remuneration has some direct or indirect bearing with Key Result Areas in respect of environmental and social objectives. The CEO & MD's remuneration requires approval of shareholders. The remuneration of Non executive Directors is as approved by the Board based on recommendation of the Nomination & Remuneration Committee. Details of these are mentioned in the Annual reports of the company for the information of shareholders and others.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

This committee has five Directors. It is governed by a Charter with terms of reference that broadly comprises review of the CSR Policy so as to make it more comprehensive to indicate activities to be undertaken as specified in Schedule VII of the Companies Act, 2013. The committee provides guidance on various CSR activities undertaken by the Company and monitors the progress thereof.

RISK MANAGEMENT COMMITTEE

Constituted in 2014, this Committee presides over an annual process that is meant to identify, monitor and minimize business risks. It assists the Board in assessing various kinds of risk to which the company is exposed, including risks relating to aspects concerning sustainable development. The committee oversees risk management as performed by the management to ensure that the process conforms to legal requirements and SEBI guidelines, while also identifying business opportunities. The committee has four members.

COMPLIANCE COMMITTEE

This committee is not a mandatory initiative but plays an invaluable part in reviewing the status of significant legal cases filed by and against the Company and ensuring compliance with various laws and regulation in a manner that eschews any form or measure of non-compliance. The committee regularly reviews compliance with provisions of the Competition Law with all its applicable statutes, rules and regulations. It routinely monitors and assesses the legal environment to comprehend the implications of any major legislative and regulatory developments and their interpretation by Courts that may significantly affect the Company. Seemingly substantive non-compliance issues relating to sustainability and environmental matters are also referred to the Compliance Committee and/or the Board.



CAPEX COMMITTEE

This is another non-mandatory group that was constituted essentially to review and monitor the technical and financial viability of large projects; in particular the Jamul Project which is now on the verge of completion. The committee meets whenever needed to examine proposals involving major capital expenditure that are referred to it.

RELATED PARTY TRANSACTIONS

The Board has approved a policy for Related Party Transactions which is uploaded on the Company's website at www.acclimited.com/assets/new/pdf/CG/PolicyonRPT.pdf. A manual describing Standard Operating Procedures helps to identify, monitor and deal with such transactions. Any such transactions are referred to the Audit Committee and Board for approval. All transactions entered into with Related Parties as defined under the Companies Act, 2013 and SEBI Regulations during the financial year were in the ordinary course of business and on an arms' length pricing basis and did not attract the relevant provisions of the Companies Act, 2013. There were also no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company.

INTERNAL AUDIT

ACC has a robust Internal Audit process. The Internal Audit department is empowered to function independent of the executive management. The Chief Internal Auditor reports directly to the Chairman of the Audit Committee of the Board of Directors.

INTERNAL CONTROLS

The Internal Control System is commensurate with the size, scale and complexity of its operations. The Company has a formal system of internal control testing which examines both the design effectiveness and operational effectiveness to ensure reliability of financial and operational information and all statutory /regulatory compliances. The business processes are on SAP-ERP and SAP-HR platforms and are accompanied by a reliable monitoring and reporting process which ensures financial discipline and accountability.

CORPORATE POLICIES

The company has well-defined policies concerning key areas of business support management and employees to demonstrate conduct that is in keeping with the company's vision and goals and aligned with policies of our promoter group. These are reviewed from time to time and revised to reflect changes in contemporary practices. The approved policies are widely communicated to employees and to the external public and stakeholders. An umbrella policy on Sustainable Development is presented here. Policies on Health & Safety (H&S) and Corporate Social Responsibility are reproduced elsewhere in the report. Similarly there are policies in place for Alternative Fuels and Raw Materials (AFR) and Quality.

MANAGING SUSTAINABILITY

The CEO & MD, who is an executive Director of the Board, heads the function of Sustainable Development. Substantive issues or matters in this regard are brought to the attention of the Compliance Committee and/or the Board. The CEO & MD chairs a Sustainable Development Council (SD Council) which has cross-functional representatives and drives the company's sustainability agenda. Selected aspects of this agenda are reviewed periodically. SD Council members engage with key stakeholders in their respective functions and share the stakeholders' concerns on sustainability issues with the Council from time to time. A core group of the council advises it on broad

CORPORATE SUSTAINABILITY POLICY

ACC Limited is committed to practice sustainable development to create value for all our stakeholders and offer sustainable products and services which have a positive contribution on environment and society.

To achieve this goal, we are proactively committed to:

- Conduct all our operations in an environmentally responsible manner that is better than statutory environment compliances and applicable standards.
- Make continuous effort to increase the use of non carbonaceous raw material, renewable energy and fuels, co-processing wastes to reduce our greenhouse gases (GHG) footprint as part of our Climate Change mitigation initiative.
- Adopt most energy efficient technologies in manufacturing process, improve the energy efficiency of equipment and recover waste heat from the process to reduce energy intensity.
- Invest in research and development of environmentally sustainable products which have a low ecological footprint.
- Make continuous efforts to reduce water intensity and fresh water usage by increased use of harvested and recycled water in our operations.
- Assess biodiversity quality in all our extraction sites and strive to create positive impact.
- Work with local communities with a focus on holistic development of host communities and create social, environmental and economic value to the society.
- Ensure no harm anywhere to any one in our entire operations as part of our commitment towards health and safety of all people involved by providing proper working conditions, equipment, information and training.
- Being a Strong value driven, people oriented and accountable organization by maintaining good working conditions that provide fair and equal employment opportunity for all employees to maximize their career growth with enhanced skills and to create a favorable environment to work as an effective team.
- Enforce and ensure business integrity by implementing appropriate internal codes of governance and organizational procedures.
- Establish and strengthen relations with customers and suppliers based on transparent exchange of information and shared commitments.
- Continuously strive to improve the quality of products, processes and services.
- Monitor and report the performance of all sustainability indicators to all stakeholders.



Harish Badami
CEO & Managing Director

February 03, 2015

2.2 | Corporate Governance

target setting and reporting, including review of the annual sustainable development report. There are teams at plant level who help to monitor implementation of unit level goals.

Each of the material aspects and related processes are assigned to specific functional departments. Wherever possible, these have been integrated into the performance management system that extends to individual job descriptions and targets in a manner that ensures accountability and thus makes for good sustainable practices.

During the year 2015 issues of significance in respect of sustainability were reported to the Board through the respective committees or functional heads for review and guidance. These largely related to aspects concerning the Competition Law, Mining operations, environmental issues, CAPEX, coal blocks, and certain Corporate Governance matters.

ORGANIZATION STRUCTURE

In April 2015, the organization structure was revised to a conventional functional arrangement replacing the earlier model of autonomous geographical regions. Day to day management of the company is entrusted to the Chief Executive Officer & Managing Director (CEO & MD) who ensures that the decisions and advice of the Board of Directors and its various committees are implemented. He issues strategic directions and makes policy guidelines assisted by respective functional heads of manufacturing, marketing, finance, human resources, procurement, H&S, energy and environment, legal, CSR, concrete and communications.

Executive Committee (ExCo) – The Executive Committee supports the CEO & MD in overseeing implementation of key business processes and day-to-day operations of the company within the strategic policies as laid down by the Board. The ExCo meets monthly when it conducts monthly performance reviews, annual planning & budgeting and deliberates on the resolution of important business issues.

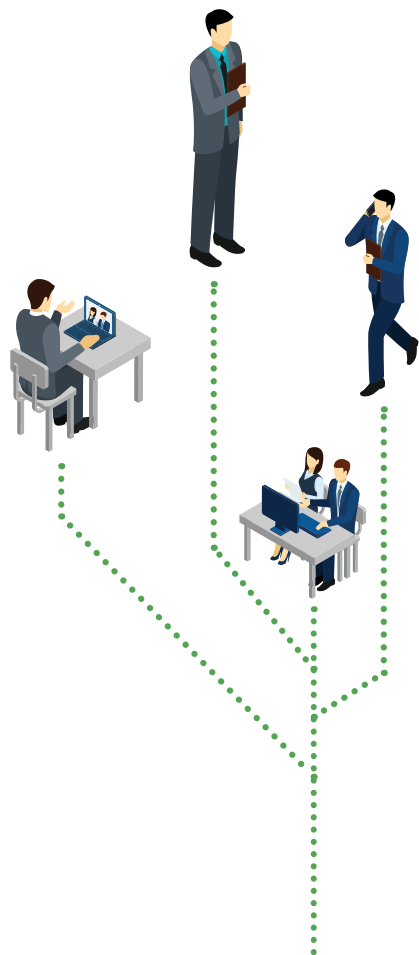
Cluster Heads and Director Plant – Cement plants have been divided into regional clusters with a cluster head in place for ease of administration and supervision. Each cement plant and cement grinding unit is headed by a Director Plant who is responsible for operation and maintenance and day-to-day management of the plant, including local issues and compliances as applicable. The Director Plant reports to the Cluster Head who in turn reports to the Chief Manufacturing Officer.

Ready Mixed Concrete – This business is led by a Chief Executive who reports to the Chief Marketing Officer. It is arranged into four different regions organized to oversee plant operations and the sale of concrete.

Corporate Governance practices, structure and policies are described in detail on the company's website at www.acclimited.com and in the chapter on Corporate Governance on page 74 of the company's Annual Report 2015.

CODE OF CONDUCT

The Board of Directors has approved a Code of Business Conduct which is applicable to the Members of the Board and all employees. In pursuit of a policy of "Zero Tolerance" for bribery and corruption in any form, the Board has also issued the "Anti Bribery & Corruption Directive" (ABCD) which has been posted on the Company's website www.acclimited.com. The Code lays down the standard of conduct expected to be followed



by Directors and designated employees in their business dealings; particularly on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. The Code gives guidance through examples on the expected behaviour from an employee in a given situation and the reporting structure. All Board members and Senior Management personnel have confirmed compliance with the Code of Conduct. All Management Staff were required to complete an e-learning module in this regard.

VALUE CREATION IN COMPETITIVE ENVIRONMENT (VCCE)

The VCCE programme was introduced in 2008. Since that period the Company has conducted periodic and extensive training sessions to spread awareness among the relevant employees about the importance of conducting business in a fair manner and upholding the interest of consumers.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The EthicalView Reporting Policy addresses the incidence of fraud and mismanagement. Complainants are assured that all such instances, if any, are dealt with in utmost confidentiality and in a spirit of impartiality and non-discrimination. In terms of the policy, a dedicated helpline “ACC Ethics Helpline” has been set up which is managed by an independent professional organization. The Ethics Helpline is open to anyone who wishes to report any suspected or confirmed incident of fraud / misconduct. A high level Committee then examines the complaints and sends its report to the Audit Committee and the Board.

INSIDER TRADING

The company’s Code of Conduct for Prevention of Insider Trading seeks to regulate trading in securities by Directors and designated employees. This Code requires pre-clearance for dealing in the Company’s shares and prohibits their purchase or sale while the Directors and designated employees are in possession of any unpublished price-sensitive information concerning the Company and also during the period when the Trading Window is closed. The code is implemented by the Company Secretary & Head Compliance. All Board Directors and designated employees have confirmed compliance with the Code.

“All Board members and Senior Management personnel have confirmed compliance with the Code of Conduct. All Management Staff were required to complete an e-learning module in this regard.”



2.3 | Business Risks & Opportunities

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As a key thrust area, the H&S agenda involves frequent safety assessments and training that are conducted with unwavering regularity on behaviour based safety and Visible Safety Leadership programmes. These are meant to keep a continuous focus on imbining a proactive safety culture.

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The Company has a comprehensive approach to address business risks such that these may be identified and anticipated in a timely manner so as to be acted upon appropriately, thereby enhancing the Company's competitive advantage.

A Business Risk Management Committee is in place and functioning as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. Chaired by an Independent Director of the Board, the Committee met twice during 2015. Details of its terms of reference and functioning are described in the Corporate Governance section on page 90 of the Annual Report 2015 and may be read on our website at the following link http://www.acclimited.com/newsite/annual_report_16/CorporateGovernanceReport.pdf.

A specially developed and structured Business Risk Management framework is used for the purpose that maps risks in terms of their likelihood and potential impacts while also looking for threats and opportunities. Essentially the process aims to identify, understand, evaluate and treat risks and their drivers systematically in a manner that enhances transparency about the risk exposure within the organization. The Company's Mid-Term Planning cycle defines separate approaches for each of the two main business segments of cement and concrete. Some important risks identified in this way relate to the availability and cost of raw materials, increased competition and safety.

RAW MATERIALS RISKS

Limestone is the principal raw material for Portland Cement. Certain provisions of the new Mines and Minerals (Development and Regulation) Amendment Act, 2015 may impact both the availability and cost of this mineral which is of critical importance to the company. Among one of the ways to mitigate this risk, is increasing the consumption of petcoke and additives which enable the company to use lower grade limestone which would then not only help conserve mineral resources but also increase the life of the plant.

COMPETITION RISKS

India's Cement Industry has been among the most competitive in the world arena, with capacity addition coming from the expansion of existing plants as well as an ever increasing number of new entrants. In the face of this competition, the company's response is to seek ways of increasing all-round operational efficiencies, identifying strategies that enhance its competitive advantage, by managing risks and pursuing opportunities for profitable growth all done with a view to maximize long-term value for its shareholders.

As a means of maintaining its market share and strengthening its competitive edge, the Company aims to leverage on its veteran expertise and capacity additions expected from its Jamul and Sindri projects that are expected to be commissioned in Q2'16. This is complemented by the on-going measures to deepen its reach, broaden its product portfolio and services and enhance brand equity. Simultaneously a close watch is kept on managing costs so as to be more competitive.

SAFETY CULTURE

In line with the Group vision, Health & Safety of employees and workmen is singled out as an overarching value. As a key thrust area, the H&S agenda involves

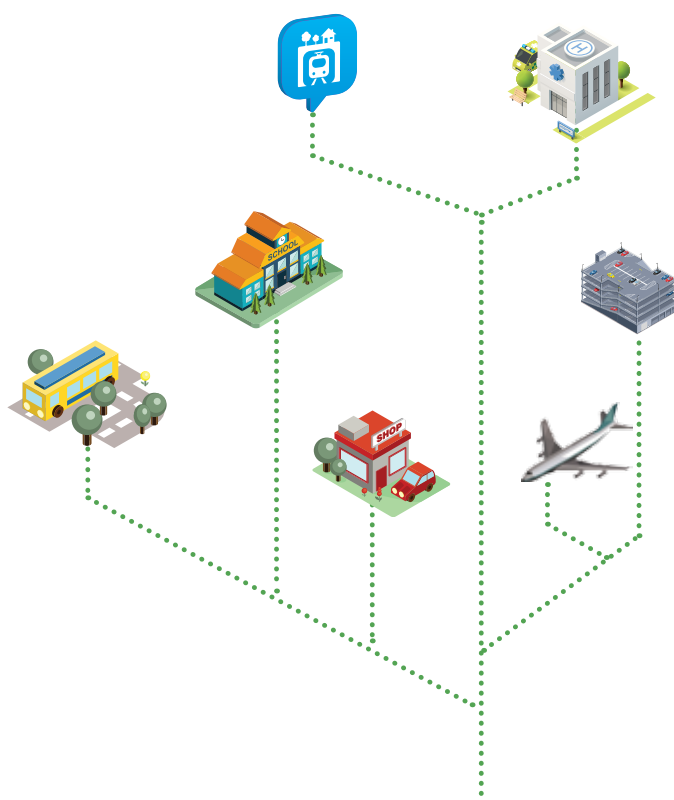
frequent safety assessments and training that are conducted with unwavering regularity on behaviour based safety and Visible Safety Leadership programmes. These are meant to keep a continuous focus on imbibing a proactive safety culture. The job descriptions of all Management Staff have Health & Safety competencies integrated into them in a way that reinforces accountability.

Road Safety is another risk identified as having critical importance, particularly because more than half of the company's despatches are made by road. Safety on national highways and roads is dependent on many external and uncontrollable factors which include their condition and maintenance, density of traffic and general observance of road traffic laws. However the company's Logistics team has made proactive efforts to mitigate risks to all its stakeholders through well-structured initiatives that address issues such as vehicle inspection for road-worthiness, simulator-based driver training and the deployment of Global Positioning Systems and RFID technologies to monitor both in-plant and outbound movement of cement right up to the end user.

“The Company routinely looks for potential business opportunities presented by situations involving risks”

OPPORTUNITIES

Also pertinent to note is that nearly every risk faced at the operational level often brings with it an opportunity which, when analyzed strategically, has the potential to create fresh business value. The Company routinely looks for potential business opportunities presented by situations involving risks – some such possibilities may be in the areas of raw materials and their availability and sourcing, energy efficiency, logistics, quality and product development, research-based market segmentation, benchmarking best practices in manufacturing and productivity improvement.



2.4 | About the report

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The company's performance refers to all of its operations namely, limestone mines, cement plants and ready mixed concrete plants and all their related processes.

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This is the company's 9th Sustainable Development report which is a review of its sustainability performance in the financial year 2015 (January to December). As with the Report for 2014, this one is also compiled on the basis of G4 guidelines of the Global Reporting Initiative (GRI) and is in accordance with the “Comprehensive” option. While the company's leadership has been steadfastly confident about our approach to sustainability, it has nevertheless seen the merit in seeking external endorsement of its soundness. External assurance of the Report is provided by an independent agency M/s Emergent Ventures India (EVI) as per AA 1000 assurance standard and their Assurance Statement is a part of this report.

The company's performance refers to all of its operations namely, limestone mines, cement plants and ready mixed concrete plants and all their related processes. However, five of the company's subsidiary companies, which together have little financial impact on overall operations, are excluded from the ambit of this report. Bulk Cement Corporation (India) Limited manages a bulk cement distribution terminal in Mumbai, another subsidiary ACC Mineral Resources Limited was set up for the development of coal blocks but remained inactive in 2015 following the cancellation of coal blocks by the Supreme Court; the remaining three subsidiaries viz. Lucky Minmat Limited, National Limestone Company Private Limited and Singhania Minerals Private Limited, are limestone deposit companies with no operations during the year.

Materiality assessment was conducted afresh for the purpose of this reporting period including the identification of key stakeholder groups. A detailed account of this process and the outcome are presented in a subsequent chapter together with the new materiality matrix.

During the year, there were only two developments that may be considered as being of some significance to the organization. The first of these was a new organization structure that came into force from April 1, 2015 when the company was reorganized into a conventional functional structure to replace the earlier geographical arrangement. The second was a change in our promoter group with the creation of LafargeHolcim as a result of the merger of Holcim Limited and Lafarge S.A.

Unlike the previous year, this report follows a more conventional layout. Both reports have similar introductory chapters. But thereafter instead of individual chapters on each key material aspect, the format adopted here follows a standard sequence with the aspect chapters arranged in three categories of Economic, Environmental and Societal & Other Aspects.

A core in-house team comprising members of the company's Environment & Energy Conservation Cell (EECC) and Corporate Communications Department (CCD) conceived, developed and drafted this report without engaging any external consultant or advisory service provider. All information, inputs and data presented in this report were collated and compiled by the core team while CCD undertook developing, editing and production of the finished report. The core team thanks all divisions/departments, particularly the concerned executives, for their inputs. Wherever possible, the company's Annual Report for 2015 was used as a valuable and ready resource. Images, tables and charts are obtained from internal sources wherever they were readily available. As before, the report is designed by Wyatt Communications and printed at New Thacker's Press, Mumbai on recyclable paper.



ACC's financial reporting has been severally recognized for excellence in presentation, disclosures and conformity with statutory requirements. In preparing this report the core reporting team has been mindful of maintaining this tradition of demonstrating a dedication to providing sustainability communication to stakeholders in a way that is user-friendly and provides information which is reliable, transparent and of value to the shareholder.

Any queries about this Report or about the company's sustainability agenda may be sent by email to corporate.communications@acclimited.com.

“The core team thanks all divisions/ departments, particularly the concerned executives, for their inputs. Wherever possible, the company's Annual Report for 2015 was used as a valuable and ready resource.”



2.5 | Stakeholder Engagement

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Much of the company's growth and innovative achievements was enabled in a large measure by stakeholder perspectives on issues concerning the company's operations.

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Stakeholder engagement at ACC is not a new practice. The company's founders acknowledged and demonstrated a belief in inter-dependence with all elements of its eco-system; it is this conviction that encouraged cooperation notably with the communities around its operations, its employees, customers, trade partners and other associates. Over the years, ACC has built constructive relationships with its principal stakeholders, creating and enjoying shared business value. Much of the company's growth and innovative achievements was enabled in a large measure by stakeholder perspectives on issues concerning the company's operations.

STAKEHOLDER ANALYSIS

As a company that is an industry leader with a vast country-wide footprint and linked as it is to a global group, the population of stakeholders is equally large and diverse. In many instances, the diversity is so high that the only similarity is the association with ACC. In the preparation for this reporting process, we went back to basics to perform a detailed exercise of first identifying our stakeholders, understanding and mapping their interface and influence and prioritizing them.

The chart given below is an exhaustive list of our stakeholder groups, from employees who comprise the group nearest to us to future stakeholders. The groups are mapped according to their interactions and proximity to us including their interest in us vis-a-vis their impact and influence on us. We acknowledge that this represents a present day snapshot and that these stakeholder relationships and their needs are subject to change depending on various factors such as those relating to the environment in which we operate, technological developments, economic progress, changes in demography or even structural shifts in our own organization. It then becomes necessary to manage and monitor stakeholder relationships in a dynamic context, where unexpected or tectonic events may change the nature of the relationship or even bring new groups in to the fray.



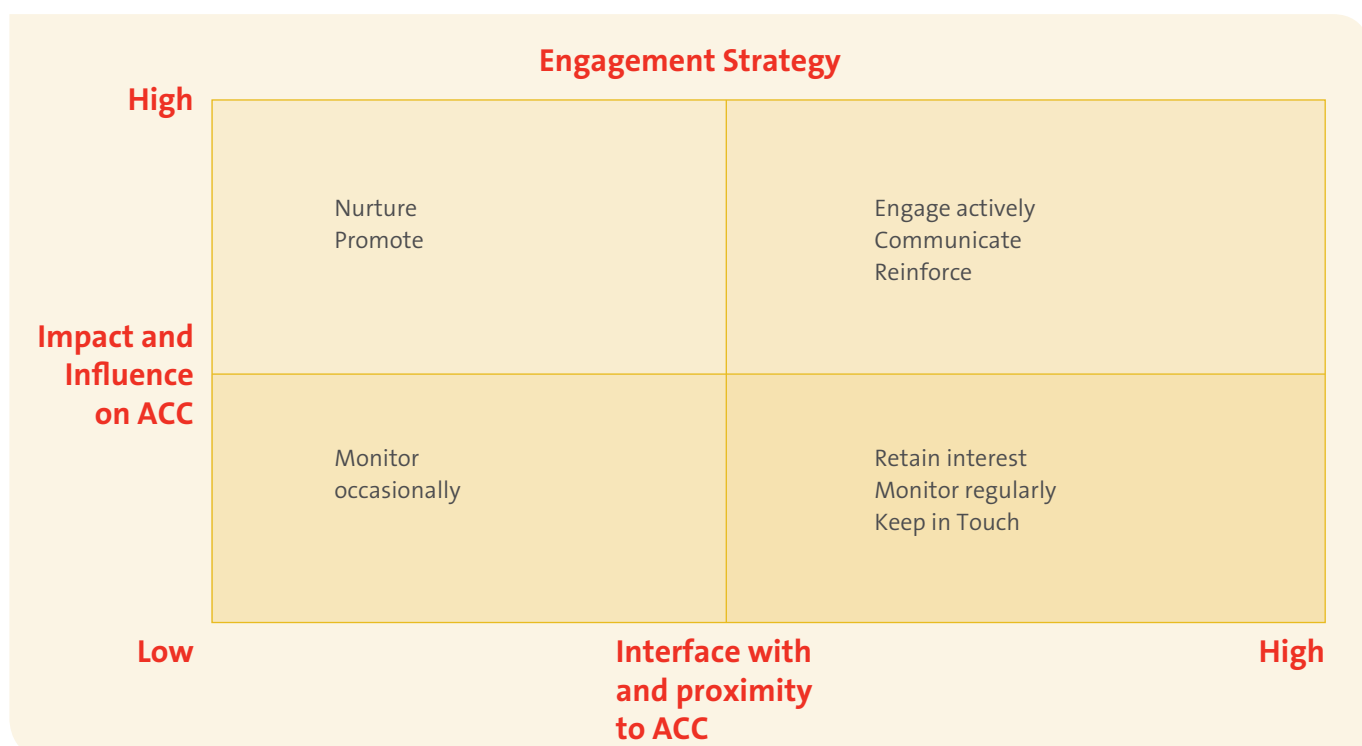
EFFECTIVE ENGAGEMENT

We engage closely with stakeholders across all functions and at different levels depending on the stakeholder group. Our engagement strategy is depicted in the chart given below. Communication is an important part of the engagement using direct and indirect means. Importance is also attached to seeking feedback and suggestions for improvements in the quality of our engagement and services. Sustainability reporting itself was established in the organization to foster greater accountability to our stakeholders.

These engagements were useful in flagging some key stakeholder concerns for which we were able to find effective remedy. Here are a few instances. Interactions with dealers as part of the Net Promoter Score exercise highlighted their problems with delayed deliveries and accounting issues. These were resolved by convening camps under the *Samadhan Shivir* programme. Similarly various interactions with local communities pointed to grave health concerns as a result of the shortage of adequate sanitation facilities. This inspired the company's *Sampoorna Swachhta* initiative which envisages provision of affordable sanitation and toilets. Similarly concerns about sustainable livelihoods and unemployment were the trigger for setting up re-training and vocational guidance through schemes like DISHA. Access to quality and affordable education was addressed by various scholarship schemes.

Employees: Our workforce comprising permanent employees, contract and third party workers and trade unions. ACC's workforce remains motivated. We have regular and meaningful interactions with employees at all levels and with trade unions. This is done in a host of ways using different channels and platforms on a wide-ranging topics concerning the workplace, work practices, organizational

“Sustainability reporting itself was established in the organization to foster greater accountability to our stakeholders”



2.5 | Stakeholder Engagement

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Our value chain is characterized by the quality of the relationships we enjoy with our channel partners namely, dealers, retailers, transporters and warehouse operators

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priorities, opportunities for learning and development and to imbibe best practices. Safety of employees and all our stakeholders is recognized as being of overarching importance. At every plant the local leadership meets with workers at monthly gate meetings where H&S drills are conducted and manufacturing best practices are shared. The intranet portal has an interactive section that encourages open discussion on any issue. The CEO & MD addresses employees routinely in townhalls and over interactive webcasts. Effective engagement also includes interactions outside the work sphere. All our townships promote regular recreation and cultural pursuits, celebrating festivals, national and local events and others of importance to the company. In addition, employee volunteering is encouraged particularly in the fields of education, cleanliness and plantation.

Community: The communities living around our operations are of critical importance. The group includes original owners of the land that houses our operations. Many of them play different roles with us other than being neighbours; some are employees, transporters and vendors in different capacities. Beyond these roles, we engage with the local communities in a participative manner in collaboration with NGOs to offer a variety of development schemes designed to upgrade their lives and secure their future. In this we are supported by Community Advisory Panels (CAP) made up of respected members of local communities who help identify, implement and evaluate the schemes. Our CSR personnel informally engage with communities very frequently and almost on a daily basis. Any grievances received by our plants from local communities on matters related to environmental and social aspects are duly recorded and examined by the plant leadership, environment management and CSR incharge for appropriate redressal and resolution at the plant level itself. In this way we together reach out to positively influence the lives of lakhs of people each year.

Channel Partners: Our value chain is characterized by the quality of the relationships we enjoy with our channel partners namely, dealers, retailers, transporters and warehouse operators. These groups form a large part of our interface with the end customer and hence influence our success in achieving customer excellence. Engagements with these groups are also regular and very frequent.

Influencers: This is a broad nomenclature which embraces people who impact us either directly or indirectly. It includes the categories of builders, architects, civil engineers, masons, experts or others who may wield some influence on the decision-making of our other stakeholders. Engagements with influencers are through regular meetings with our sales and technical teams, mailers and through technical meets and seminars conducted from time to time.

Competitors: The Indian cement industry is very fragmented made up of a large number of players, with only a handful that have comparable operations on a national scale. Other than vigorous but healthy competition in the market place, there is no significant interaction with this group other than as corporate peers in chambers of commerce and all-industry platforms.

Our engagements with the other major stakeholder groups, namely Customers, Vendors and Promoters are described in detail elsewhere in this report.

APPROACH TO SUSTAINABILITY

The company's approach to achieve sustainable development comprises the resolve to engage with stakeholders to advance simultaneously on all three dimensions of the Triple Bottom Line. On the economic front, the main focus is on pursuing improvements in the area of customer excellence with effective measures to strengthen financial management. The thrust on the environmental front remains the vigorous pursuit of the low carbon technology roadmap with its five levers of mineral conservation through clinker substitution, energy conservation, new green technologies, waste heat recovery and the use of alternative fuels and raw materials. The aim on the societal front is led by ensuring the safety of our employees and all stakeholders followed by working with local communities to provide sustainable livelihoods and to improve the quality of their lives.

The success of our business strategy lies in how best we are able to align and energize the organization through engagement with principal stakeholder groups.

CHARTERS AND MEMBERSHIPS

In pursuance of its agenda for sustainable development, the company is also guided by certain universally accepted charters and principles to which it is a signatory or member which include the Cement Sustainability Initiative (CSI), United Nations Global Compact (UNGC), Leaders for Nature (LfN) of the International Union for Conservation of Nature (IUCN) and India Business & Biodiversity Initiative (IBBI) of Confederation of Indian Industry (CII).

At the national level, ACC is a member of leading chambers of commerce, trade and other associations. The company benefits severally from these memberships by way of learning from reference to a vast data base of knowledge and best practices, opportunities for networking and partnerships, access to decision-makers and experts, better understanding of global and national trends, gaining insights into Government policies and their impact on business and getting access to platforms to promote our products, services and best practices.

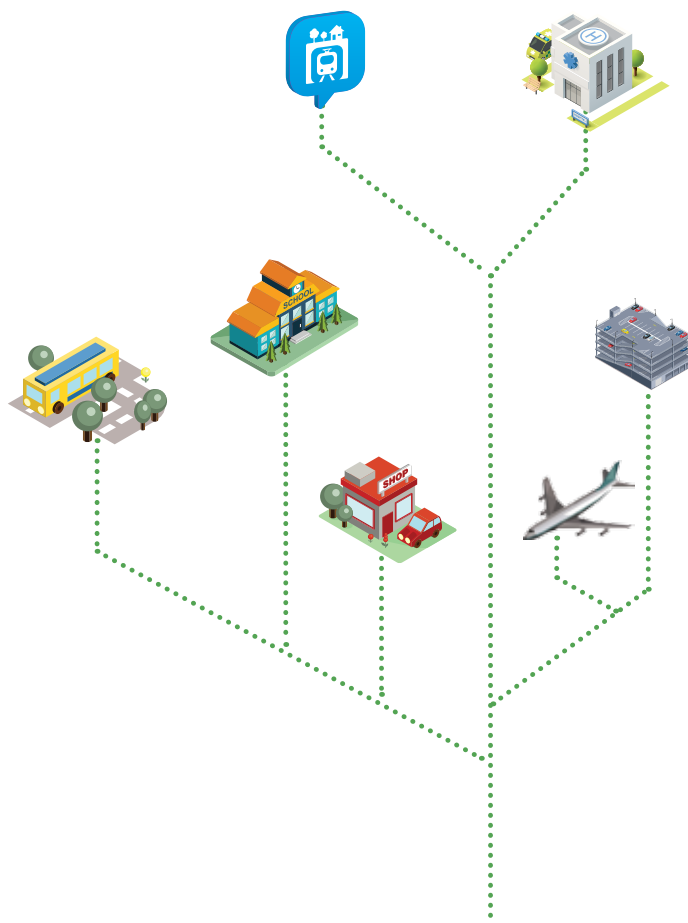
“The aim on the societal front is led by ensuring the safety of our employees and all stakeholders followed by working with local communities to provide sustainable livelihoods and to improve the quality of their lives”



List of Memberships

Name of the Organization	Issues of our interest addressed in the year	Benefits to us from this membership
National Safety Council (NSC)	<ol style="list-style-type: none"> 1. Quarterly newsletter on Safety, safety posters on topics of interest to us. 2. Specialized safety trainings at plants. 3. Participating in Awards 	<ol style="list-style-type: none"> 1. Learnings on best safety practices 2. Concessions offered for trainings, posters etc
Bombay Chamber of Commerce & Industry	Awards, Exposure in OH&S, Sustainable Development, Taxation, Communication, Seminars.	As a reputed chamber, this membership helps in sharing issues of common interest with industry, learning best practices and current trends, opportunity to use as platform to present issues before Govt. and projecting ACC's Corporate Image.
Indian Merchants' Chamber	Awards and seminars	As above
Confederation of Indian Industry (CII)	Seminars and Conference on Cement and Concrete	A premier institution that assists in espousing causes of Industry before State/Central Govts. and other platforms. Useful in promoting concrete roads and advancing Corporate Image.
Federation of Indian Chambers of Commerce & Industry (FICCI)	Seminars and Conferences on industry related issues	A premier institution that assists in espousing causes of Industry before State/Central Govts. And other platforms. Useful for projecting ACC's Corporate Image.
PHDCCI, Delhi	Awards, use of venue	Common platform for members to take up various issues
Council for Fair Business Practices	Awards	To support the cause of fair business practices and project ACC positively
The Institute of Company Secretaries of India - centre for Research & Training	Workshops/ seminars on Company Law	To receive important publications/journals on matters relating to Corporate laws
Bombay First	Visibility as a leading organization in Mumbai	This body's vision related to construction and development of Mumbai.
Employers' Federation of India	Issue of common interest.	Employee related issues
Bombay Management Association	Seminars, workshops, papers	Learn contemporary trends in Management
Indian Roads Congress	Promotion of concrete roads	Platform for promoting the use of concrete roads
Indian Geological Congress	Issues related to mining	Latest development in the field of Geology

Name of the Organization	Issues of our interest addressed in the year	Benefits to us from this membership
Federation of Indian Mineral Industries	Issues related to mining	Interface between Government and mining companies. Regular feedback on recent amendments in law/policy
Swiss Indian Chamber of Commerce, India	Opportunity to project ACC Concrete at their event on construction machinery suppliers	Useful platform for information
Indian Green Buildings Council	Issues relating to Green Buildings & Sustainability	Useful platform for information
Association of Business Communicators of India	Awards and training programmes	Useful platform for benchmarking SD Reports and other company publications
Indo -German Chamber of Commerce	Visit of German Students and faculty members	Useful platform for exchange of information and sharing of best practices



2.6 | Materiality & Organizational Strategy

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The objective was clearly understood – which was to ascertain the concerns, level of interest and views of our stakeholders in identifying the aspects

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Materiality was last conducted while compiling the report for 2013. We did a fresh materiality assessment for this reporting period. The whole exercise was conducted using internal resources entirely as an internal exercise without retaining any external consultant or agency.

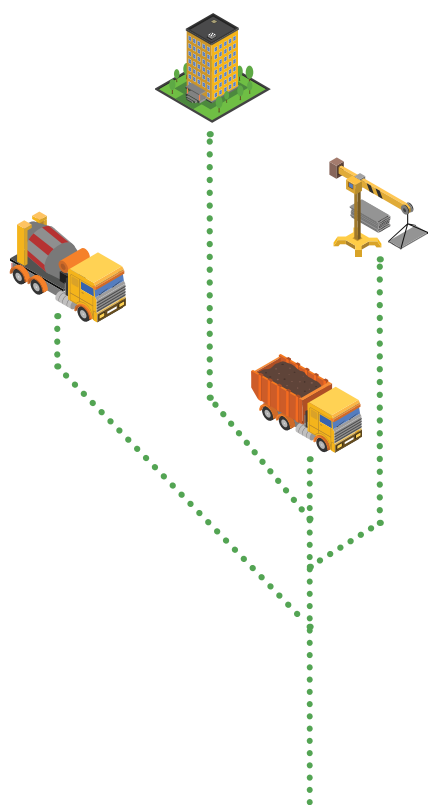
The process began with nomination of a small but deliberative team of the company's executives who were chosen to be representative of different functions, geographies and mindsets. This team identified the key stakeholders de novo (as explained in the previous chapter) and then went on to prioritize them in terms of their influence on the organization and hence their importance.

The objective was clearly understood – which was to ascertain the concerns, level of interest and views of our stakeholders in identifying the aspects they feel reflect the company's significant economic, environmental and social impacts or those that may influence the stakeholders' decision-making with regard to their relationship with the company. The team prepared an exhaustive questionnaire for this purpose. Care was taken to ensure it was worded simply. All aspects covered in the preceding year were listed in the questionnaire including a few new ones that the core team felt was relevant to our areas of business. Two notable ones in this regard are the economic aspect of logistics and the other is the use of alternative fuels and resources relating to our waste management services. In previous exercises, it was felt that these two aspects which are of vital significance to ACC did not get addressed adequately in terms of the list of aspects suggested in G4 guidelines.

The stakeholder interactions in this regard was performed with a shortlist of major groups as per the prioritization and agreement on the desired sample size we felt would be representative of each group. The priority stakeholders chosen for this survey were mainly those with whom our engagement is regular, whether direct or indirect, and occurring in key stages of our value chain; namely activities performed in the course of sourcing, producing and delivering products and services to customers and stakeholders. All of these groups are entities that are referred in some way or other in the company's consolidated financial statements and other published documents. Stakeholders' views were sought in different ways depending on speed and convenience.

Thus employees were sent an email communication from the CEO&MD inviting their views and suggestions while forwarding a link to an online survey. Stakeholders who are internet-conversant also received an email communication with a link to an online survey which was sent and followed up by their principal contact person in the respective functional area of the company. These included major customers, vendors, analysts, NGOs, media and government among many. Others who are not computer-literate such as many community members and dealers were met face-to-face or interviewed over telephone to ascertain their concerns and views. This approach was also used for some senior internal and external executives in the interest of time management.

The core team separately interviewed members of top management and functional heads to examine the significance and relative priority of the organization's economic, environmental and societal impacts. In doing this they were reminded to consider factors such as the company's current and future challenges, risks and opportunities, organizational vision, promoter's priorities and regulatory issues. Weightage was assigned to each stakeholder group in order to arrive at a single list of concerns.



These insights thus gathered were analyzed together with the aggregated list of stakeholders' concerns to arrive at a fresh assessment of issues of material concern for the organization. Accordingly this analysis is reproduced here to produce a fresh focus of key issues based on the new materiality matrix.

As compared to the previous year, the matrix developed here has a few significant differences. In the previous matrix material aspects were prioritized as a synthesis of those that were of common concern to external and internal stakeholders. In this exercise we rated aspects in terms of those that were of concern to stakeholders and thus influence their decision-making versus the significance of the aspects to the organization in terms of economic, environmental and societal impacts. Certain other changes that occurred in priorities are described here.

Public Policy has not received priority. Hence we have not addressed this aspect separately in this report. Nevertheless it did play an important role with all the activities listed in the report for 2014 continuing to be pursued in earnest. These include promoting good concrete practices, promoting the use of concrete as a good road building material, advocacy and promotion of our approach to waste management services and highlighting the need to support climate change mitigation initiatives.

Conversely some aspects have been upgraded in priority. These include products & services.

Several interesting suggestions were made by both internal and external stakeholders to include new themes as material aspects in view of their significant impact on the company's sustainability performance. The noteworthy aspects among these were:

Materiality Matrix (ranked as priority of Aspect)		
Stakeholder Concern	High	Low
	High	Low
	Respecting Human & Indigenous Rights Biodiversity Grievance Mechanism Diversity & Equal Opportunity Investment Agreements Equal Remuneration for Women Customer Health & Safety Security Practices	Compliance Health & Safety Emissions Energy Materials Anti-corruption Economic Performance Market presence Transport
	Water Community Development Products & Services Employment Practices Effluents & Wastes Labour Relations Training Co-processing of Wastes	Expenses on environment Customer Privacy Public Policy
	Anti-competitive behaviour Indirect economic impacts Supplier assessment Marketing communications	
	Low	High
	Impact and Influence on ACC	

2.6 | Materiality & Organizational Strategy

“

In the book ‘Profit at the Bottom of the Ladder’, the author Dr Jody Heymann writes “ACC has fared well in this regard. Its reputation for investing in community health and education has made it a welcome partner throughout much of India, facilitating expansion to new locations”

”

Research & Development: ACC had a strong R&D facility which was responsible for several pioneering breakthroughs in product developments and process improvements. It was suggested that research will have to play a bigger role in many areas beyond these to address issues such as clinker substitution, new low-carbon less energy-intensive varieties of cement and concrete and energy conservation to name a few. This topic merits inclusion as an independent aspect as it does not readily fall into any of the existing ones.

Land Acquisition and Rehabilitation & Resettlement: With limestone as a principal raw material, cement plants need land for mining and to meet their growth needs. This is a complex issue that calls for equitable dealing on both sides. It is well worth singling out and will increase in importance in coming days. In the book ‘Profit at the Bottom of the Ladder’, the author Dr Jody Heymann writes “ACC has fared well in this regard. Its reputation for investing in community health and education has made it a welcome partner throughout much of India, facilitating expansion to new locations. What made ACC’s land transfers unique was the company’s ongoing commitment to developing the community by building better educational and health supports while providing long-lasting economic opportunities.”

Contract workers: These are typically unskilled workers invariably belonging to the economically weaker groups. Industry is able to use their services to meet increases in seasonal workloads when they may otherwise have remained unemployed. Generally they are paid minimum statutory wages and in several instances also receive higher wages for skilled work such as in our organization, but the issue is still vexed and oscillates between demands for job security and higher wages that result in litigation. We were able to address one such long-pending issue with success during the year. We do not feel this theme needs to be addressed as an independent aspect; it is relevant to the aspect of Labour relations.

Work-life Balance: This subject was raised mostly by employees based in our plants where longer working hours and living in a campus away from the bustle of big cities can be a source of ennui. All our plants offer opportunities for sports, recreation and cultural activities that city based employees do not enjoy. The workload factor is invariably a localized issue as a result of working styles of individual team-leaders and not prescribed by the organization. We feel this need not be addressed as an independent aspect as it forms part of employment practices.

Communication: Though marketing communication is singled out as an aspect, several stakeholders were of the view that communications should be listed broadly. Communications is vital in building gainful relationships with all stakeholder groups.



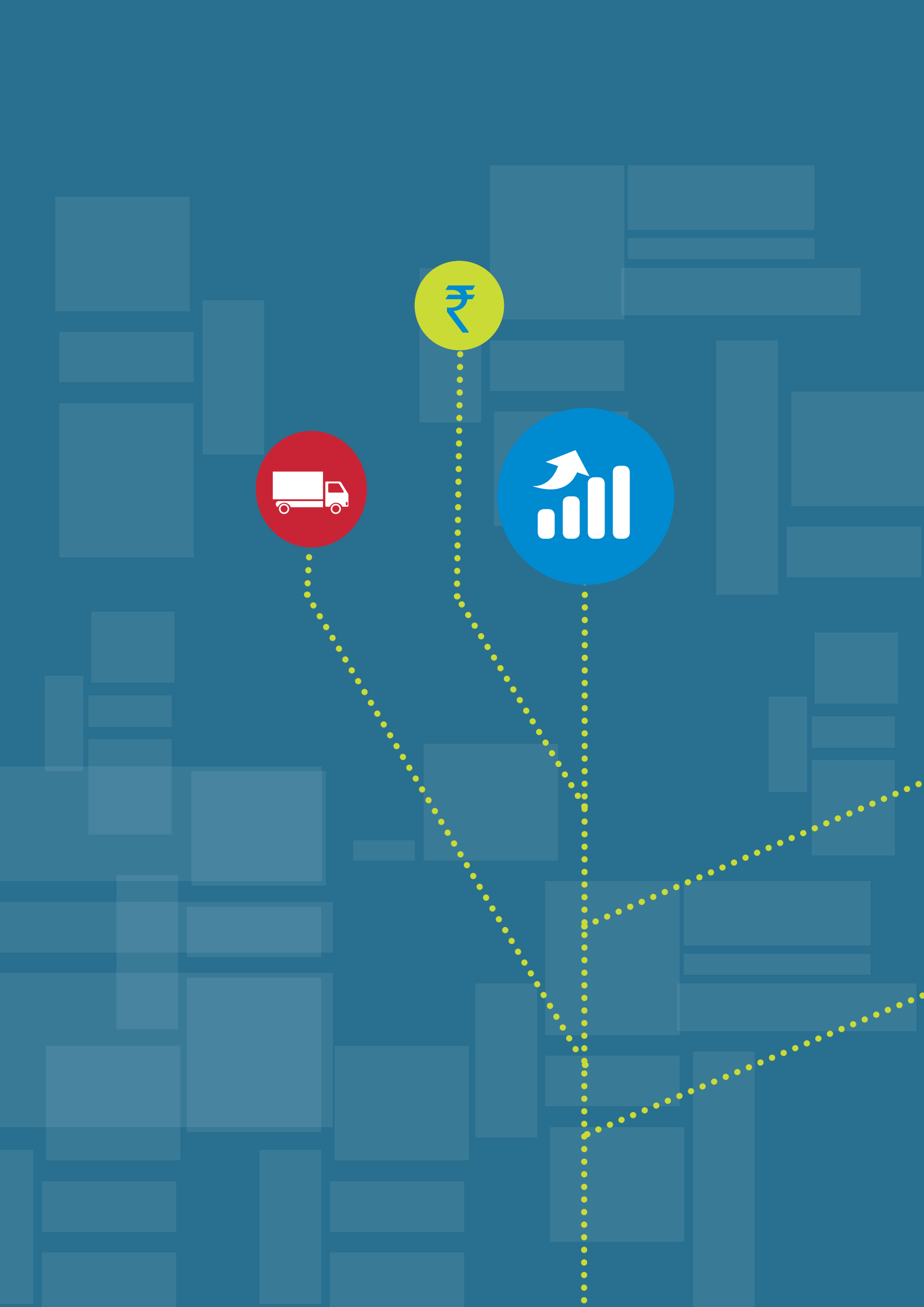
ASPECT BOUNDARIES	
Aspect	Where Impacts Occur
Economic Performance	Internal & External
Procurement Practices	Internal & External
Market Presence	Internal & External
Indirect Economic Impacts	Internal & External
Transport Cost	Internal
Materials	Internal
Energy	Internal
Water	Internal & External
Biodiversity	Internal & External
Emissions	Internal & External
Effluents and Waste	Internal & External
Products and Services	Internal & External
Compliance	Internal & External
Transport – Environment	External
Overall (Expenditure on Environmental aspects)	Internal
Supplier Assessment	Internal & External
Grievance Mechanisms	Internal & External
Co-processing of Waste	Internal & External
Employment Practices	Internal
Labour/Management Relations	Internal & External
Health and Safety	Internal & External
Training and Education	Internal
Diversity and Equal Opportunity	Internal
Equal Remuneration for Women and Men	Internal
Investment Agreements	Internal & External
Respecting Human Rights	Internal & External
Respecting Indigenous Rights	External
Security Practices	Internal
Community Development	Internal & External
Anti-corruption	Internal & External
Public Policy	Internal & External
Anti-competitive Behavior	Internal & External
Customer Health and Safety	External
Product and Service Labeling	Internal & External
Marketing Communications	External
Customer Privacy	Internal External

The Most Viable Building Material

The terms cement and concrete are often used interchangeably though they are different. Portland Cement is a binding material used in construction. Concrete, the world's most widely used building material, is a carefully proportioned combination of Portland cement, water and mineral aggregates with certain additives and steel reinforcements to enhance its physical properties. It is said that concrete is the second most consumed product per capita by mankind after water.

Cement is produced in a continuous energy intensive process. The principal raw material is limestone large quantities of which are mined, finely powdered and burnt at very high temperatures using coal in a gigantic rotating kiln to yield clinker, an intermediate product, which when ground with gypsum makes Ordinary Portland Cement (OPC). When inter-ground with fly ash or slag, it makes blended cements.

Concrete is recognized as the most sustainably viable building material, with no comparable substitute emerging in the near horizon. India's cement industry, the world's second largest, leads its global peers with the lowest carbon footprint. The cement industry is among the largest organized industrial sectors in the country making sizeable contributions to the national economy by way of taxes, duties and royalties as well as being a large customer of sectors like railways, energy, coal and road transport.





B 36-51 Economic Aspects

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3.1 | Performance Highlights

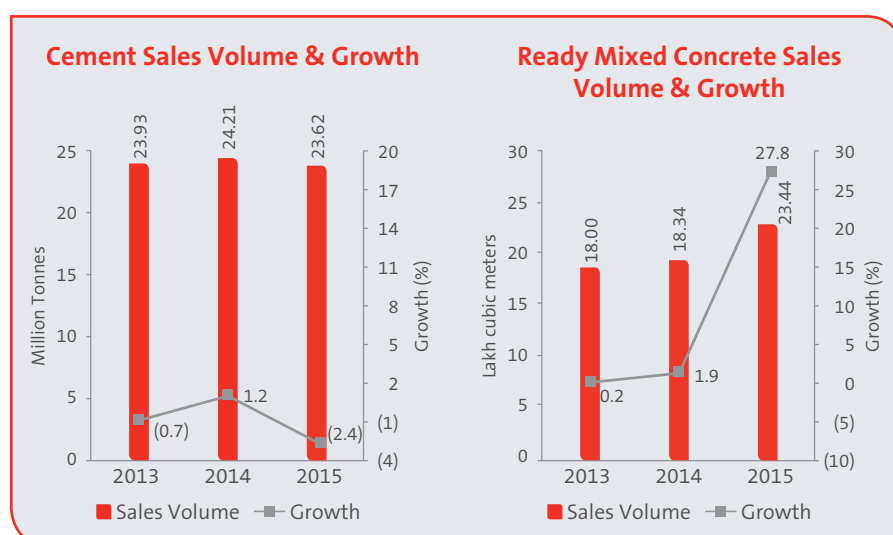
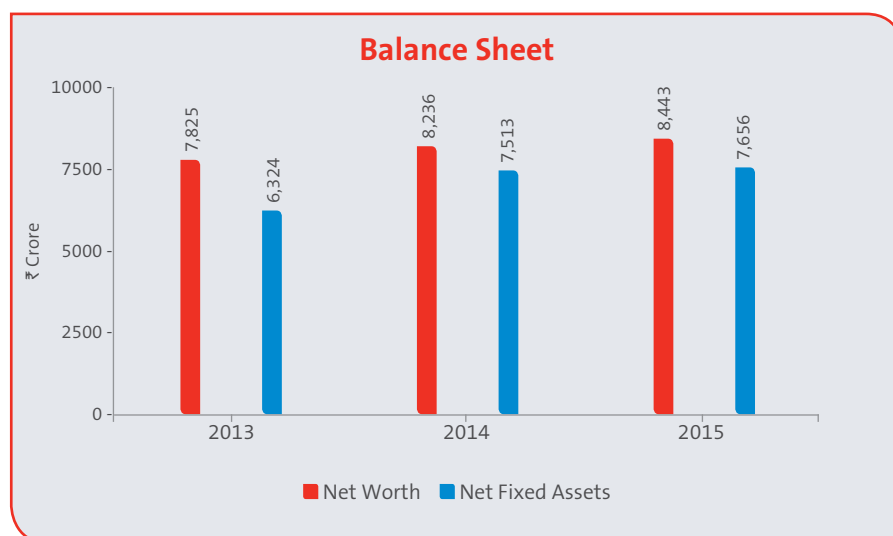
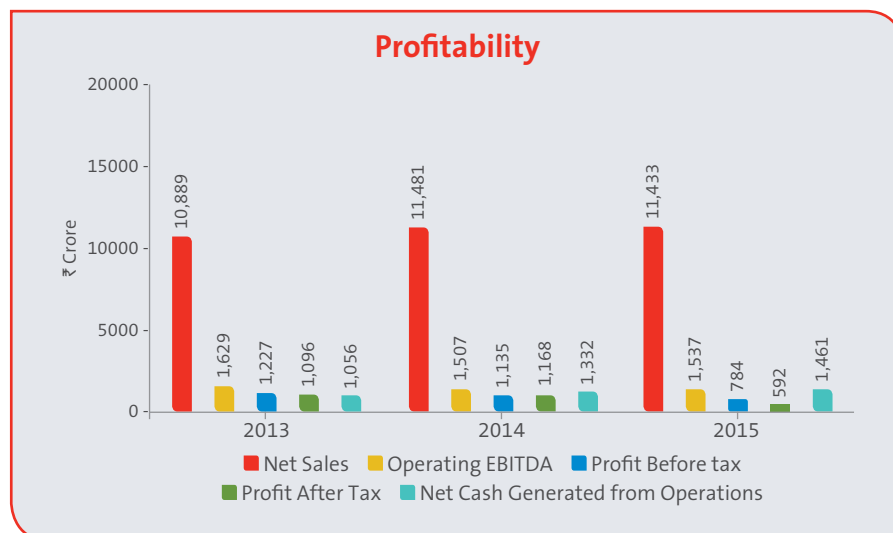
ACC performed on par with its industry peers during the year. Though Net Sales at ₹ 11,433 crore was marginally lower than that in 2014, sales realizations improved by 1 % and EBITDA by 2 %. The reduction of 49% in PAT was mainly on account of an additional depreciation charge of ₹ 164.45 crore provided in respect of fixed assets with no remaining useful life pursuant to the provisions of Schedule II of the Companies Act. A second reason for the variance in PAT was that in 2014 certain conservative provisions of ₹ 309.23 crore were made that were subsequently not required because of favourable Tax assessments and were hence written back; whereas no such opportunity for write back arose in 2015. The Company's Annual Report was appreciated by shareholders at its 80th Annual General Meeting for its level of disclosure and presentation style. In 2015, the company's Annual Report for 2014 was felicitated by the Institute of Chartered Accountants of India (ICAI) with the Silver award for Excellence in Financial Reporting.

FINANCIAL ASSISTANCE

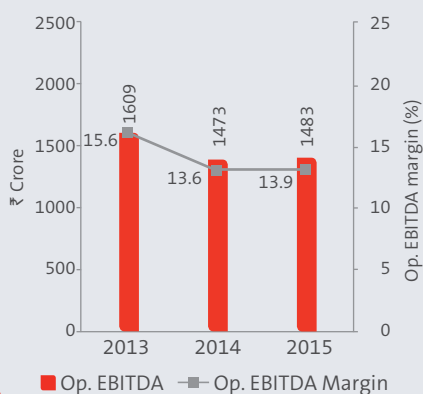
In 2015, the company received total financial incentives and subsidies amounting to ₹ 214.54 crores against ₹ 96.92 crores in the preceding year and ₹ 140.73 crores in 2013 (refer pages 137 and 153 of the company's Annual Report 2015).

	Amount (₹ Cr.)
80IA Power	57.85
80IA Rail	64.69
Sales tax subsidy, being capital in nature	214.00
Royalty incentive	33.00
Excise duty exemption, being capital in nature*	173.89

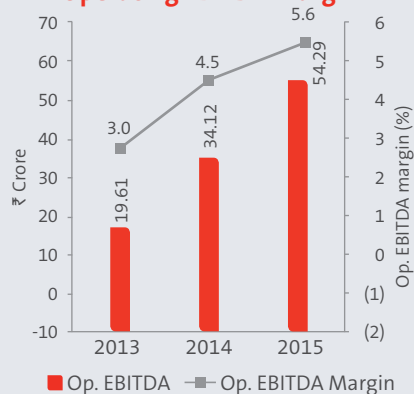
* Excise duty has been notionally computed.



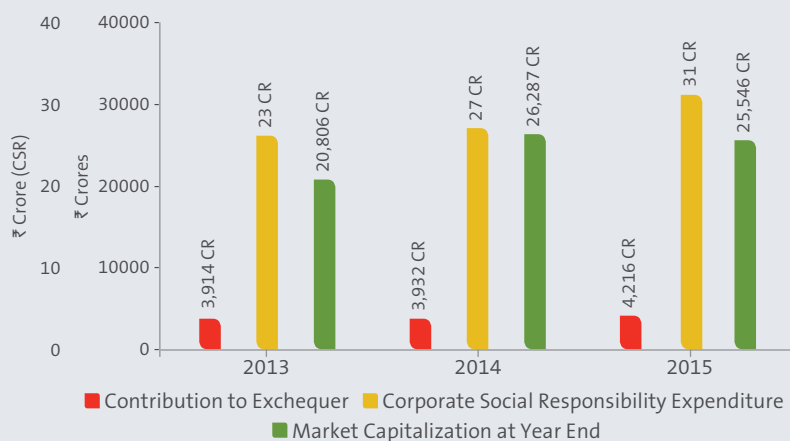
Cement Operating EBITDA & Operating EBITDA Margin



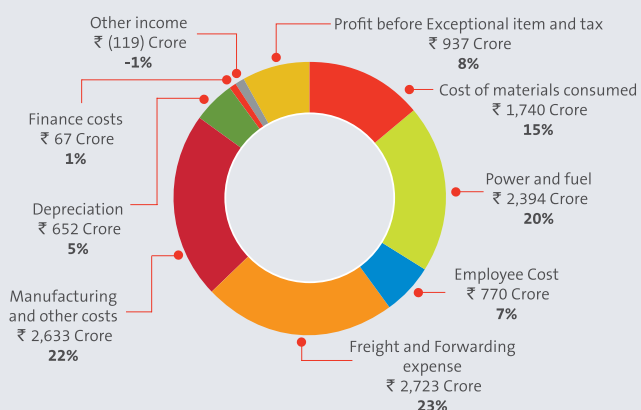
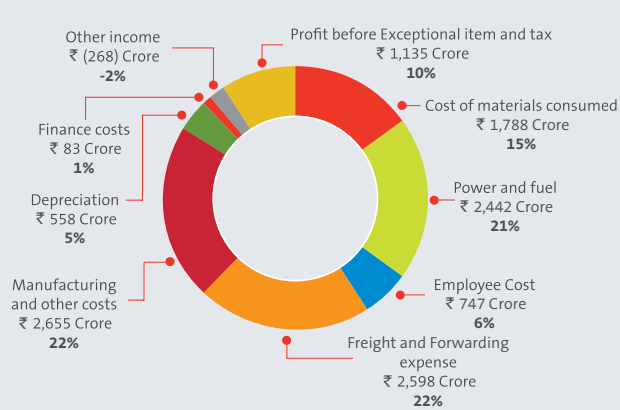
Ready Mixed Concrete Operating EBITDA & Operating EBITDA Margin



Others



Cost & Profit As A Percentage Of Revenue From Operations

2015

2014


3.2 | Products & Services

“

The company has been one of the country's principal manufacturers of Portland Cement in its eight decade history. All products of the company are sold under the overall umbrella brand name ACC.

”

ACC's organizational vision is founded on the principles of good governance and a resolve to be a customer-centric organization that delivers leading-edge building products backed with dependable after sales services. The company has been one of the country's principal manufacturers of Portland Cement in its eight decade history. All products of the company are sold under the overall umbrella brand name ACC. The brand enjoys a high level of equity in the Indian market and the name has been synonymous with cement; mainly because of the high quality standards we maintain and the service provided to customers by its extensive distribution network of about 9000 dealers and more than 50,000 sales outlets which make our cement widely available.

TYPES OF CEMENT

ACC makes four types of cements used in general construction

- 43 Grade Ordinary Portland Cement
- 53 Grade Ordinary Portland Cement
- Portland Pozzolana Cement
- Portland Slag Cement

Cement is distributed in bags of 50 kilogrammes each made of polypropylene (PP). It is also offered in bulk form for larger users. Bulk cement was first introduced in the country by ACC in 1956 at its Okhla Silosite Depot which catered to many of the impressive edifices built in New Delhi at the time.

Additionally, the company promotes its range of 'Premium' cements which are offered in higher quality packaging viz. Paper bags, Laminated PP bags and Ad Star Bags. These products typically assure superior performance in respect of parameters such as early strength and durability.



BLENDDED CEMENTS

ACC has been a trendsetter in the industry in introducing Blended cements namely Portland Slag Cement and Portland Pozzolana Cement. These varieties of cement have had enormous positive environmental impacts. Blended cements are made by substituting a part of clinker (which is limestone-based) with certain industrial by-products. Slag derived as a by-product from steel plants is used to manufacture Portland Slag Cement while fly ash, a waste from thermal power stations, goes in to the making of Portland Pozzolana Cement. The laudable role played by blended cements in reducing CO₂ emissions is well recognized globally as is ACC's foremost contribution in promoting them.

CUSTOMERS

Our largest customer segment comprises individual home builders across the country who purchase cement from trade channels. In addition we also cater to industrial, infrastructure and commercial (ICI) projects. These customers typically purchase cement directly from the company. In addition there are units that consume cement as raw material such as concrete product makers and ready mixed concrete plants.

PAN INDIA DISTRIBUTION

A large dedicated network of dealers and retailers assists us to reach out to a countrywide spread of customers. These channel partners play a critical role in providing primary customer care and service to customers. In turn dealers and retailers are managed and kept motivated by our young and active sales personnel based in the company's sales units, area offices and districts. A separate team manages sales and serving of the needs of key customers who comprise industrial, infrastructure and commercial buyers. The sales team is ably assisted by Customer Service personnel located in each office. They are mostly civil engineers who provide technical assistance and useful information to the supply chain comprising masons, contractors, architects and engineers.

READY MIXED CONCRETE (RMX)

This is a value addition introduced commercially in the Indian market in 1993 which has since then had a profound positive impact on the performance and capability of the construction sector. ACC's RMX business has registered consistent growth in the past few years, widening its customer base and blossomed in the last few years, developing customer oriented value-added products and services, enhancing quality and successfully widening its customer base. ACC RMX offers a wide range of building solutions for different applications and custom-made to cater to a gamut of specific requirements - from small applications to special grades of concrete for mega structures. Sale of ACC RMX is made directly to buyers and end-users. Wherever convenient the team leverages the use of intermediaries such as our trade channels.

QUALITY SPECIFICATIONS

The company's internal norms for cement manufacture are more stringent than the relevant statutory ones as prescribed by the Indian Standards. ACC offers cement conforming to 43 Grade Ordinary Portland Cement (IS 8112- 1989), 53 Grade Ordinary Portland Cement (IS 12269-1987), Portland Slag Cement (IS 455-1989) and Portland Pozzolana Cement (IS 1489-Part 1).

Each bag of cement clearly indicates the statutory quality specification to which the cement contained therein conforms. Bags containing Special cements also highlight key product benefits in addition to the statutory information.



3.2 | Products & Services

“

ACC has led the industry in the production of Blended cement. Bulk cement and Ready Mixed Concrete have also shown to be environment-friendly.

”

We refer to two codes in the ready mixed concrete business. These are IS 456: 2000, Plain and Reinforced Concrete- Code of Practice (Third Revision), (Reaffirmed 2005) and IS 4926: 2003, Ready-Mixed Concrete- Code of Practice (Second Revision), 2003.

We do not manufacture any products that are either restricted or disputed.

In 2015, there was no incidence of non-compliance with regulations and voluntary codes concerning product and service information and labeling. Similarly there was no instance reported for non-compliance with regulations and voluntary codes concerning health and safety impacts of our products and services.

MOST VIABLE BUILDING MATERIAL

While both cement and concrete involve extractive processes, concrete is recognized as the most viable building material known to have lower average embodied carbon and energy as compared to most other building materials. With no viable alternative for cement and concrete visible in the near horizon, it is clear that the construction sector will rely on these two building materials. India's cement industry has the lowest carbon footprint as compared to the rest of the world. ACC itself was felicitated in 2015 as being one among ten most sustainable companies in India. ACC has led the industry in the production of blended cement. Bulk Cement and Ready Mixed Concrete have also shown to be environment-friendly.

ECONOMIC IMPACT OF CEMENT

The advent of Portland Cement in India has been almost coterminous with ACC and the company has participated significantly as prime supplier to much of the built environment in the nation encompassing houses and infrastructure. Cement industry has contributed substantially to the national economy and society and continues to do so today. The benefits include direct and indirect employment, taxes and revenues for central and state governments, municipalities and local bodies. Cement industry is a major customer of Indian Railways, road transport and coal industry. Cement plants tend to generate several multiplier effects both economic and social in their vicinity. Cement consumption per capita is seen as an indicator of economic and human development. ACC continues to make valuable contributions to the national economy supplying quality building materials that are essential to build the nation's housing and infrastructure development projects.



3.3 | Market Presence & Marketing Communication

ACC is one of the country's few cement brands with an all-India footprint spanning the length and breadth of the country. In fact the company began with an advantage in this respect; at the time of its formation eight decades ago it had cement plants in every region of undivided India. That advantage has further widened with the establishment of plants at greenfield locations and the opening of numerous sales offices, area offices, district level representation and warehouses. These are supported by an extensive network of channel partners made up of about 9000 authorized dealers which makes ACC cement available across India through a chain of more than 50,000 retail sales outlets. ACC is present in nearly every state and union territory which has a reasonable level of construction and urban agglomerations.

ACC cement has traditionally been a people's brand with more than 80% of cement sales contributed by individual home builders and small retail buyers who are reached by our channel partners. The trade channels work in tandem with the sales force based in sales offices, area offices and district level. This continues to constitute our prime customer segment which makes a valuable contribution not only through its sizeable share of sales volume but also in according high brand equity to the company and its products. Most sales made through trade channels is of bagged cement, 50 kilogrammes to a bag.

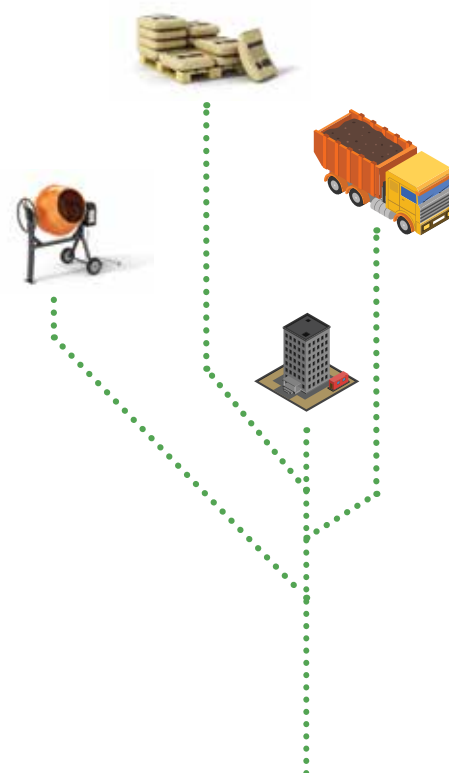
The remaining share of sales comes from direct buyers in the private and government sectors. For large projects and more sophisticated constructions, the company has constituted a specially designated sales team that focuses on such buyers. Called the Industrial, Infrastructure and Commercial (ICI) department, this team represents the Business-to-Business segment of the company. The team also services Key customers who comprise other large users and those that consume cement as a raw material.

Customer Servicing and techno-marketing is a big differentiator. Our Regional Offices and Sales Units have Customer Services Cells manned by qualified Civil Engineers who interact with customers to assess their needs and problems, offer advice before and after sales including educating users and customers on correct usage of cement and concrete and good construction practices.

ACC was a pioneer in introducing the commercial sales of Bulk Cement and Ready Mixed Concrete (RMX). The demand for these products is mainly in large urban clusters and infrastructure development projects. These two value added products have together accelerated and enhanced the pace and quality of large construction in India. They have even impacted the sophisticated retail buyer segment in markets like Bengaluru and Goa. While the share of these two offerings is still overshadowed by the large retail segment that prefers bagged cement, it is this category which represents the future development of construction in the country.

RMX is heavily service oriented with on-time delivery holding the key to success. RMX has expanded to cover a large number of cities in the country. ACC Concrete had 50 RMX plants at the close of 2015. In the last few years, ACC's Concrete business showed a remarkable transformation from being a loss-making business to a profitable one. Making persistent and continuous efforts, this business developed a range of customer-oriented value-added products and building solutions, enhancing quality and successfully widening its customer base. The concrete product range now includes a wide range of one-stop solutions and products for different applications, all tailored to meet specific customer requirements from small basic requirements up to higher

“ACC cement has traditionally been a people's brand with more than 80 per cent of cement sales contributed by individual home builders and small retail buyers who are reached by our channel partners.”



3.3 | Market Presence & Marketing Communication



grades of concrete to build the country's tallest structures and largest. The Ready Mixed Concrete team manages most of its sales directly to buyers and end-users without the use of intermediaries. Unusually for a typical B2B genus, the team has also sought to make forays into the retail segment by leveraging the company's vast and competent cement sales network.

All our products are manufactured and sold in accordance with statutory quality standards. None of the cement or concrete products manufactured and sold by us is banned or restricted in any way.

MARKETING COMMUNICATION

Our marketing challenge is two-fold. The large share of retail sales of cement is subject to the same characteristics as Fast Moving Consumer Goods or the Durable Goods market segments. To some extent this is also applicable to Ready Mixed Concrete. On the other hand the kind of challenge faced by the ICI and Key Customer teams is that of any B2B seller where techno-promotion and direct selling assumes greater importance. Marketing communication at ACC employs typical channels as any other organization would in an FMCG or durable goods environment. These include:

- Personal selling
- Promotion
- Direct marketing
- Advertising – outdoor, pop, print and electronic
- Digital, Interactive multi-media and Social media
- PR & publicity

All these activities are implemented within compliance with relevant regulations and laws.

MARKETING COMMUNICATION STRATEGIES

Our approach to marketing communication encompasses five strategies.

- To make existing and potential customers aware of the company's profile and track record of the Company so as to inspire trust among customers. In this we narrate the company's market standing, heritage and major milestones.
- To present a clear profile and description of its product portfolio, details of individual products, their application and features.
- To explain and illustrate the superior status of its products as compared to conventional products and explaining their utility and benefits to the user.
- To demonstrate the intrinsic values of our products by using live examples where they have been used, by sharing user testimonials to highlight the value of our brand and to disseminate customer-focused information on topics of relevance to the customer.
- To network with various professionals and groups who can serve as informal brand ambassadors and responsible influence groups.

ACC was a founder member of the Association of Business Communicators of India (ABCI), the country's premier body in the field. We participate in ABCI's annual awards under various categories and have consistently been recognized for excellence in different categories at different levels. In 2015 we received several recognitions from ABCI.

ACC is also a long standing member of the Advertising Standards Council of India. In 2015, there were no incident of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship.

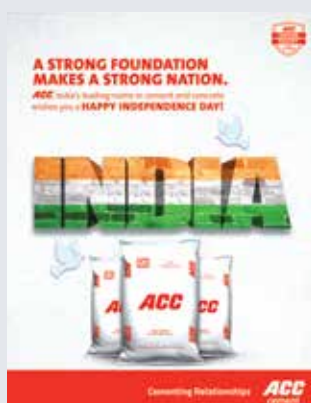


www.acchelp.in

This is an interactive website, designed primarily for the individual house builder and the small consumer. The site provides downloads and online inputs on a host of topics like estimation, budgeting, selecting architects and easy-to-build home-plans for different plot sizes.



ACC brand and festival advertisements made a striking and consistent appearance in trade and business publications, high-reach magazines and region-specific magazines as well as festive 'specials' during the enormously popular Ganapati season in Maharashtra, Durga Puja in West Bengal, Onam in Kerala, Diwali, Dassera and Holi across India, to name a few.



On Independence Day, August 15, 2015 a two-month multimedia campaign was launched, which was aired with very high frequency to create an impactful and continuous reminder of the ACC brand to viewers and all key stakeholders across the country. A whopping 20,000 TV ad spots were aired on leading news and movie channels with high viewership. Simultaneously 11,000 Radio ad spots on AIR (All India Radio) and FM ensured a strong and steady reminder of Brand ACC among a large number of listeners.



Disruptive and clutter-breaking 'native ads' of ACC, populated India's leading portal, www.yahoo.com, which is consistently among the highest-visited websites in the country. This campaign was marked as successful in creating an impact on our viewers and listeners.

3.4 | Customer Excellence

“

ACC follows an unwavering tradition of supplying the best quality and packaging in its range of cement and ready mixed concrete.

”

ACC's organizational vision is founded on the principles of good governance as well as on a firm resolve to be a customer-centric organization. This belief motivates it to deliver leading-edge building products backed with dependable after sales service. The customer is seen as representing among the most valued of our stakeholders. The company acts on a firm belief that its success in the marketplace leads to a good reputation and these two advantages between them are among the primary determinants of maximizing long-term value for its shareholders and investors. Further, customer excellence constitutes an important part of the strategy to enhance the brand's competitive edge in a landscape that is characterized by aggressive selling.

Accordingly the company works to create a unique experience for its customers through a triple offering of Superior products, Superior logistics and Superior service which together assure enhanced customer value.

ACC follows an unwavering tradition of supplying the best quality and packaging in its range of cement and ready mixed concrete. Quality implies exceeding base statutory standards and the specifications sought by the customer. Besides the standard offering, we promote an assortment of Premium cements and value added Building solutions in the concrete range that incorporate enhanced technical features appropriate for different applications and local conditions.

CUSTOMER SERVICES

Customer Service (CS) teams at each Sales Unit engage with each group of customers, supply chain members and influencers to impart product knowledge and appropriate skill development. CS teams also offer a range of Technical Services from providing basic product knowledge to retail buyers to customised and fee-based services for the large buyer such as concrete mix design, cement and concrete testing, good construction practices and site supervision.

Customer Service teams in regional offices, Sales Units and area offices provide technical assistance and information to others in the supply chain who are closely associated with or influence the decisions of customers – this group includes masons, site supervisors and contractors. Consumer Camps are conducted on a regular basis. CS teams also network with influential entities such as construction engineers, builders, developers, promoters and large contractors at platforms they arrange such as technical training programmes, seminars and plant visits. Architects are connected with us indirectly but we also interact with them regularly; the LafargeHolcim Foundation for Sustainable Construction, The Indian Concrete Journal published by ACC and ACC Green Building Centres serve as useful platforms for a wide range of influence groups.



COMPLAINTS

The company has a robust complaint handling system that makes for prompt logging, investigation and resolution and closure.

In 2015, a total of 285 complaints were received from customers (end-consumers), none of which remained pending at the close of the year.

Effective customer relationship management (CRM) systems are used by our sales team to manage customer transactions, queries and other interactions. An assortment of routine studies and surveys are conducted which help ensure that we always have the pulse of our valued clientele.

Feedback is obtained from channel partners on their experience and perceptions across all operational parameters and the information thus gathered is processed to measure the “Net Promoter Score” for the company which indicates the level of satisfaction of channel partners. This score was 66% in 2015 as compared to 52% in 2014. NPS segregates customers in three categories i.e., “Detractors, Passives and Promoters. Analysis of their responses suggests the measures needed to convert customers into the category of Promoters.

A significant element in customer excellence is the need to support and motivate the business of our Channel Partners who comprise a strong bridge between the company and its customers, contributing over 80% of our business. Channel partners also play a key role in brand promotion. The business success, growth and productivity of this vast network of dealers and retailers is vital to our own success.

Slow-moving market conditions witnessed in 2015 posed severe challenges for the company’s sales force. The goal before the sales team was to enrich customer services, to seek stronger customer-pull and price improvements - particularly by leveraging enhanced brand building initiatives in partnership with the company’s channel members. The team dealt with the situation with vitality and innovation while facing the challenges involved in dealing with a slow-moving market. The sales force engaged itself with reaching out to customers to address their needs and concerns with a differentiated customer experience that helped in strengthening and nurturing the company’s brand advantage and maintaining market share.

BRAND PROMOTION

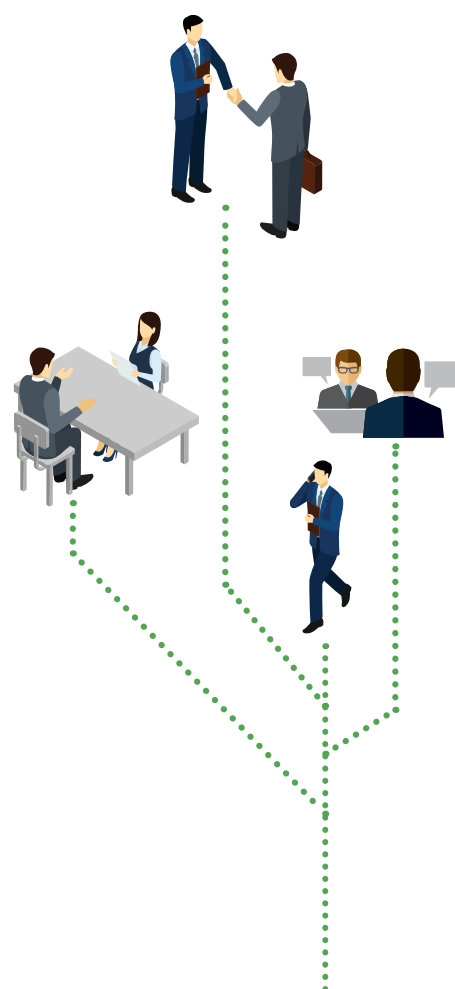
Apart from the point of purchase in the company’s vast retail network, ACC’s brand visibility was widened across several mediums making effective use of television advertising, print and social media to synergize sales efforts.

LAFARGEHOLCIM VISION

Towards the year end when LafargeHolcim emerged as the world’s largest building materials supplier, we were particularly inspired by three elements of their vision for customer excellence namely a strong commitment to help customers to differentiate, innovate and succeed; to serve the building needs of the individuals and retail customers and to be the preferred partner for building and infrastructure.

PRODUCT RESPONSIBILITY

Cement and concrete and the raw materials associated are generally not considered to have any safety or health hazards of significance associated with them. As such cement is a strongly alkaline and exothermic substance. Moist cement or concrete can be caustic and cause skin burns. Customers, masons and engineers are given due awareness of these properties.



3.5 | Transport & Logistics

“

The logistics and sales teams draw inspiration from a simple motto – move less, handle less, move efficiently, contract efficiently and manage growth

”

Freight and forwarding constitutes a large share of the company's overall costs, as much as 23%. This is true for the whole industry. For a vital building material like cement, the critical business success factors are efficient distribution and on-time delivery. An important goal set for itself by the company is to achieve best-in-class logistics in terms of cost-to-serve and time-to-serve. Accordingly a well-structured logistics excellence programme was launched in 2012 which engaged all internal and external stakeholders beginning with the plant, sales offices, transporters, railways, clearing agents, warehouses and channel partners. The logistics and sales teams draw inspiration from a simple motto – move less, handle less, move efficiently, contract efficiently and manage growth.

During the year we launched the Indian Road Safety Programme (IRSP) as part of which several innovative approaches were used. Six of them stand out:

1. Use of technology (GPS & RFID) in logistics safety
2. Driver Management Centre (DMC)
3. Engagement of drivers and transporters
4. Reduced dependence on market trucks
5. Community road safety education with the help of CSR teams
6. Safety awareness in warehouse

RFID (Radio Frequency Identification) and GPS (Global Positioning Systems) technologies introduced in 2012 were deployed to more plants during the year. These technologies are used to monitor trucks within and outside our plants operations and have proved to be useful in minimizing in-plant loading time, in tracking vehicles in transit to end-users and thus helping reduce delays and increase vehicle turn-arounds.

A host of interventions in people development, investment in upgradation of infrastructure and strict discipline have kept the spotlight on safety in logistics. These include provisions of various plant and parking level protocols, creation of hygiene factors for truck drivers and their crew such as amenities at truck parking yards, improving tarpaulin tying practices, improving Personal Protective Equipment usage, renewal of logistics contracts to include safety parameters and the issue of safety certificates dubbed “Driver passports” and “Vehicle Passports”. The passports furnish details of individual identity, registration, roadworthiness and safety preparedness. Health and safety checks are being carried out in phases using external consultants who examine aspects such as truck parking yards, traffic flow for inbound and outbound



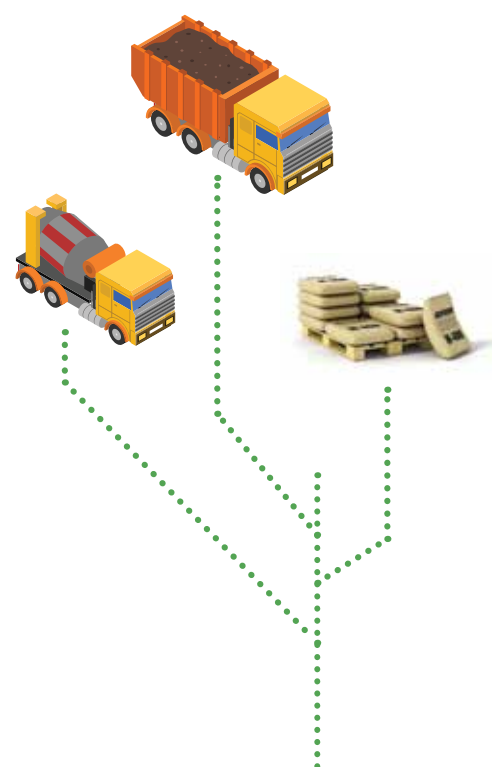
material, storage points, packing house, road & rail infrastructure and guidelines for safe and efficient evacuation management. Additionally driver trainings and health camps are also carried out at all plants.

In 2015, ACC's Logistics team received several awards led by CII's Supply Chain & Logistics Excellence Award in recognition of its significant achievements in the area of Logistics Excellence pan India. Other awards include

- Manufacturing Supply Chain Awards
- Indian Merchants' Chamber IT Award
- ASSOCHAM ICT Implementation in Transportation, and
- Maruti Road Safety Award in the category India Road Safety Mission



Logistics and transportation also have significant environmental impacts. The first is CO₂ emissions emanating from fuel consumption. This gets addressed by ensuring regular maintenance of vehicles. The second impact is the dust pollution caused by trucks plying on roads. These vehicles tend to stir up ambient dust on and around the roads. Cement trucks are de-dusted and covered in tarpaulins before they leave cement plants in order to minimize dust pollution. Bulk transport of cement is not only cost-effective but also environment-friendly. Similarly rail movement is preferred for long distances as a more sustainable mode. Ready Mixed Concrete that is transported in transit mixers is proven to be a value-added option that is also particularly a green option.



3.6 | Supply Chain & Procurement

“

Since 2011, we have been working towards the implementation of Sustainable Procurement through the Supplier Code of Conduct which is meant to provide a clear summary of ACC's expectation from suppliers in all procurement dealings.

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Limestone is the principal raw material for cement and has to be mined in large quantities. Mining leases are obtained over tracts that have reserves of the mineral enough to sustain cement plants over reasonably long periods. Coal is the principal fuel and is purchased directly from domestic coal companies or imported. Other raw materials are slag and fly ash which are also procured directly from steel plants and thermal power stations. Cement machinery is large and complex and is also procured directly from manufacturers. The company meets most of its energy requirements from its captive power plants. Wherever possible, the company prefers to purchase materials, stores and equipment directly from manufacturers or from licensed sellers.

The supply chain and procurement process represent an important part of the organization's value chain and account for a major portion of its operating cost. Procurement and supply chain operations involve a large multi-disciplined group of personnel representing internal and external stakeholders. It is thus vital to ensure efficiency and transparency in our operations.

In 2010 ACC, then part of the Holcim group, had launched its Sustainable Procurement Initiative with the ultimate goal of partnering with suppliers to deliver value-for-cost procurement for the Group and our customers, and to demonstrate responsible supply chain management.

We have adopted a Supplier Code of Conduct, recommended by UNGC principles, which is communicated to all suppliers.

CONTRACTUAL AGREEMENT OF COMPLIANCE

Since 2011, we have been working towards the implementation of Sustainable Procurement through the Supplier Code of Conduct which is meant to provide a clear summary of ACC's expectation from suppliers in all procurement dealings. We insist on transparency and accountability to be adhered to strictly in all procurement activities. The code lists nine standards that Suppliers are expected to follow, in addition to compliance with local and national laws and regulations:

- Occupational Health and Safety (OH&S)
- Working Conditions
- Freedom of Association and Non-retaliation
- Forced Labour
- Child Labour
- Non-Discrimination
- Environmental Regulatory Compliance
- Management of Environmental Impacts
- Bribery and Corruption

The corporate and plant procurement teams assess and contract suppliers whose practices comply with the criteria of SA8000 and ISO 14000 standards. All our Purchase Orders/ Agreements have clauses pertaining to Corporate Social Responsibility (CSR), Human Rights and Occupational Health and Safety (OH&S). We encourage our suppliers to take up “Self-Assessment” based on a checklist integrating SA8000, environmental management and legal compliance requirements. In instances where suppliers are not able to meet these minimum requirements, we engage in a dialogue with them and look for mechanisms to help improve our suppliers’ standards. In the event of persistent non-compliance or obvious violation, we take a decision to terminate these relationships.

	Nos. engaged	Amount spent (₹ Crores)
Total no. of suppliers	11292	10062.2
Indian suppliers (Local)	11186	9537.7
International suppliers	106	524.5

Our operations are well connected with the Manufacturing Units and Sales Units spread across the country. Local procurement teams at the units attend to everyday purchases while the India Procurement Organisation (IPO) located at the Head Office engages in high value purchase of bulk commodities such as Coal, Raw Materials (Gypsum, Iron Ore and Bauxite etc.), Capex Items, Steel and other essential services. Most of the requirements in these categories from Individual Units are directed to IPO and purchases are carried out centrally.

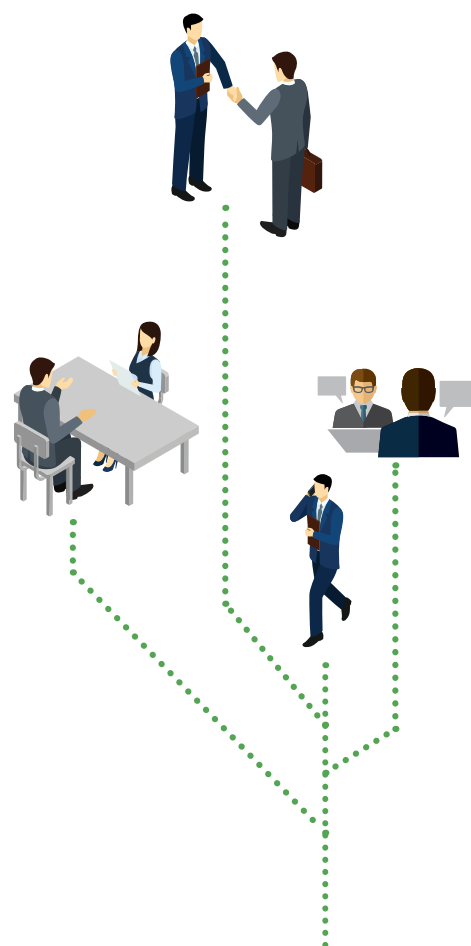
RESPECTING HUMAN RIGHTS

At ACC, we are highly conscious of respecting human rights. Care is taken to ensure that all measures in this respect are taken across all our operations and supply chain. Respecting the rights of women, preventing child labour or any other forms of forced labour and non-discrimination are among our areas of focus. We have put in place systems and measures to ensure that the labour engaged by our contractors is governed by the Contract Labour (Regulation & Abolition) Act and mechanisms to report any grievance of human rights violation. During the last year, no cases of human rights violation (viz. incidences of child labour, forced or compulsory labour, overtime without pay etc.) were recorded in our operations.

ENVIRONMENTAL PRINCIPLES IN PROCUREMENT

Contractual agreement of Compliance: All agreements with Suppliers, such as purchase orders, purchase agreements, service agreements and frame agreements have to refer to the Supplier’s compliance with SA8000, environmental management and legal compliance requirements. With its signature or order confirmation, the supplier accepts and agrees to adhere to these requirements. In the reporting period under review, more than 5% of new suppliers were screened using environmental criteria.

“Our operations are well connected with the Manufacturing Units and Sales Units spread across the country.”



3.6 | Supply Chain & Procurement

SUPPLIERS AND VENDORS

Our vendor base of more than 11,000 suppliers spread across the country includes reputed manufacturers and trusted brand names, usually from among the leading 3-4 vendors of their particular industry segment who are technically and financially sound and have the intrinsic capacity to supply material of desired quality and on time. For our vendor base, we prefer vendors who demonstrate good corporate citizenship and promote sustainable development. Vendors are selected to meet the requirements of our specifications and are expected to make timely deliveries of the required material.

The typical steps involved in supplier selection are as follows:



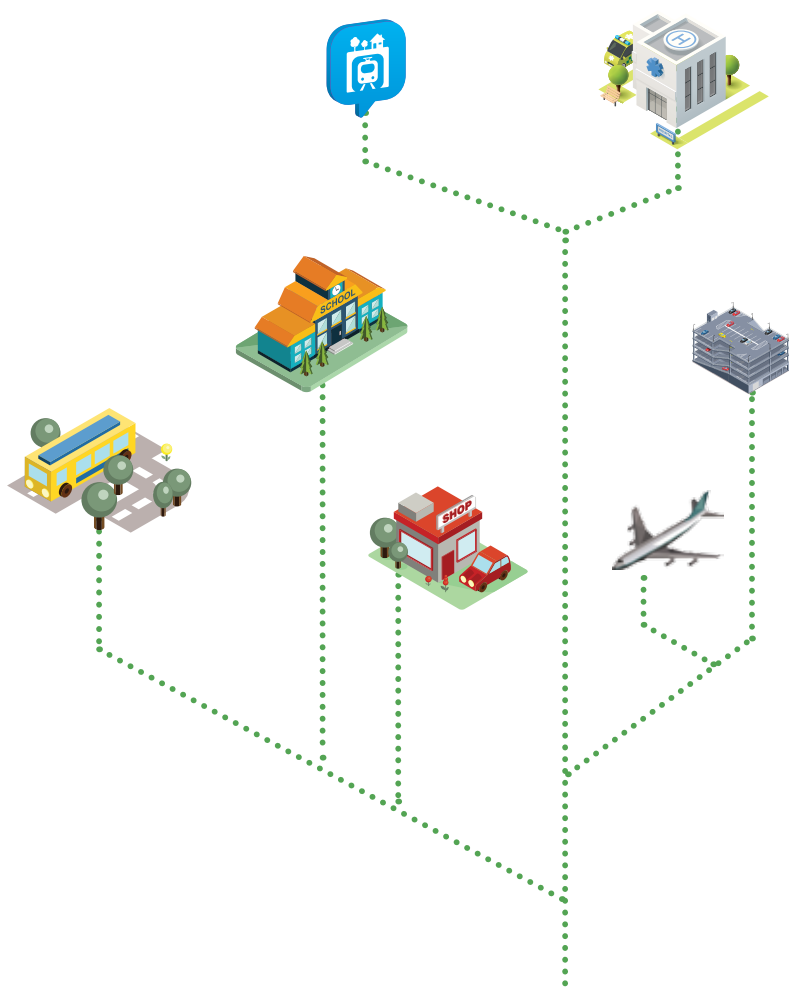
We treat our vendors as business associates. All of them are treated with respect and dignity. Adequate care is taken to ensure transparency in procurement processes. Our procurement policy has a clearly defined code of practice for procurement conduct and encourages fair and open competition in markets. Suppliers are subjected to

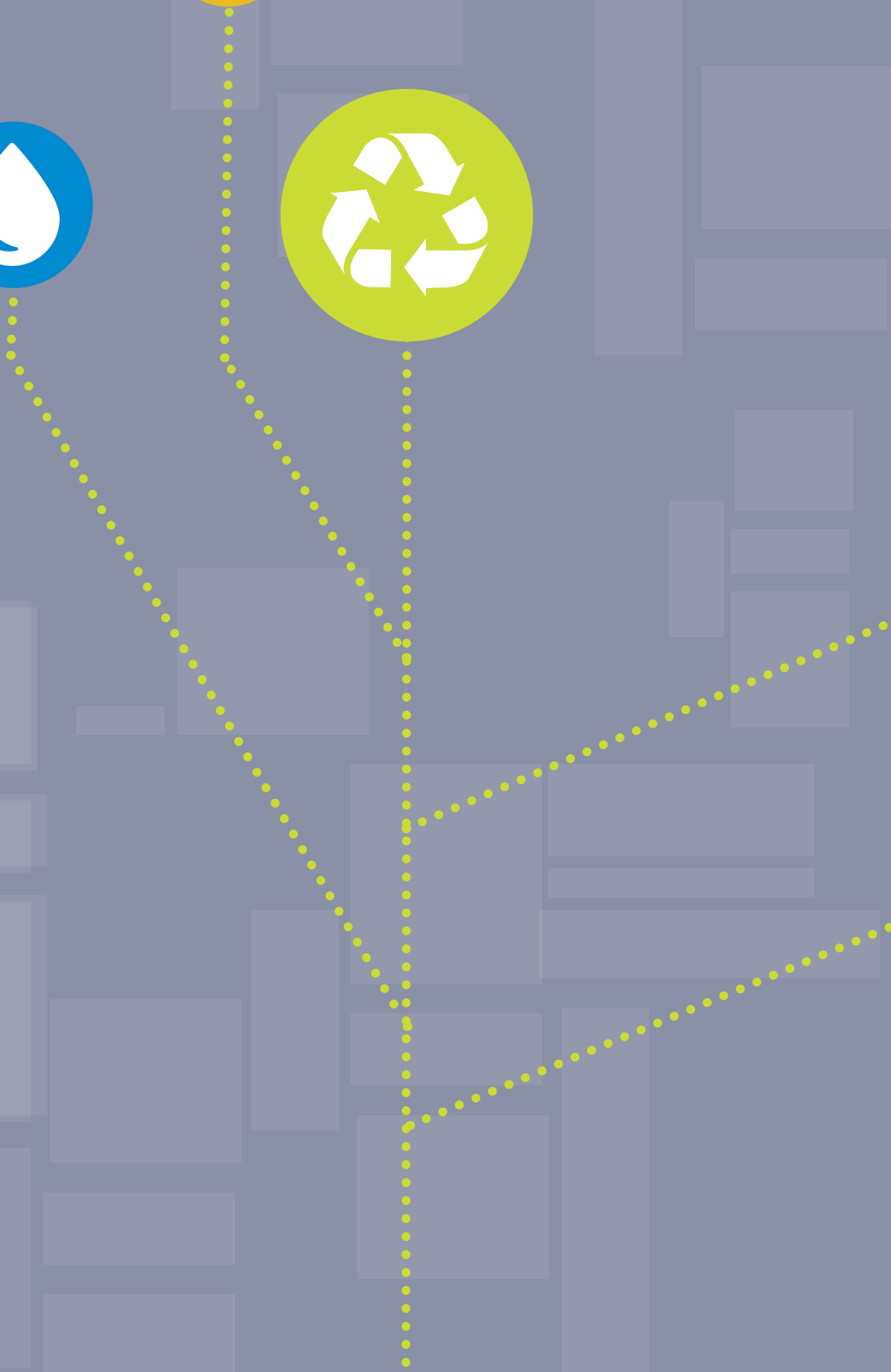
a qualification process that also seeks to identify information such as social risks including Safety, Occupational Health, Child labour, Forced Labour and Freedom of Association.

We engage with our suppliers to build synergy and long term relationships with them. Regular interaction with vendors takes place through phone, virtual conferences, e-mail or in person as and when required. The key concerns identified related to quality, quantity and payments. We have a Supplier Relationship Helpdesk which takes up these matters with the concerned unit to be resolved as soon as possible.

In 2014 the erstwhile Holcim group had engaged a Global Consultant PICS (now renamed Avetta) to assist in the qualification of existing and new Vendors in various aspects pertaining to Health & Safety, HR, labour practices, Legal, Environmental and Ethical Issues as defined in the Supplier Code of Conduct. Since March 2015, we have been working to implement their recommendation and we expect to cover 5% of vendors who fall in the high-risk high-spend category accounting for 40% of procurement by value (excluding Government spend) to be assessed for sustainable practices by the end of 2016. So far 536 vendors have registered on the PICS site and are undergoing the pre-qualification process.

“We engage with our suppliers to build synergy and long term relationships with them”







4 54-75 Environmental Aspects

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4.1 | Materials

“ACC’s in-house Quality and Product development Team, has pursued and developed various ways to further reduce the clinker factor and yet maintain the same product quality.”

Limestone is the principal ingredient required for cement production. This mineral occurs naturally as sedimentary rock formations that are rich in calcium carbonate in various crystalline forms. Limestone quarrying is carried out by removing the top soil to reach the underlying rock sediment that is extracted in blocks. Limestone mining leases are obtained over large areas that have long-lasting reserves of limestone deposits. Cement plants are then located in proximity to facilitate transportation. At ACC, limestone is sourced from captive limestone mines at each of its cement plants. Other raw materials used in cement are iron ore, bauxite, laterite and gypsum; these are sourced externally.

In the interest of mineral resource conservation, ACC has long practiced utilization of low grade limestone as well as the use of alternative raw materials such as marble slurry and red mud. Another best practice in this regard is the manufacture of blended cements which entails substitution of clinker with slag from steel plants and fly ash from thermal power plants to make Portland Slag Cement (PSC) and Portland Pozzolana Cement (PPC). Blended cements which make up 85% of our total production are low-carbon and eco-friendly.

Blended cements not only reduce the input percentage of limestone but also lead to a lower clinker factor which in turn leads to lower emissions of carbon dioxide.

ACC’s in-house Quality and Product development Team, has pursued and developed various ways to further reduce the clinker factor and yet maintain the same product quality. This team has established Laboratory Information Management systems (LIMS) which helps better tracking of the plant quality systems.

The materials consumed in the manufacture of all varieties of cement in the last three years are shown in the table given below:

Raw materials (Million Tonnes)	2015	2014	2013
Limestone	22.82	20.84	22.13
Gypsum	1.14	1.19	1.16
Alternative Raw Material	0.22	0.16	0.14
Slag	2.61	2.84	2.79
Fly ash	4.17	4.40	4.38
Additives	0.01	0.014	0.016
Others (Bauxite, Iron ore etc.,)	0.79	2.30	1.56
Lubricating oil (Tonnes)	489	488	488
Grease (Tonnes)	167	201	176
Weight of bags consumed (Tonnes)	31473	32149	30292
% Recycled materials used	22.04	23.29	22.73

READY MIXED CONCRETE

A mixture of Portland Cement, water, aggregates comprising sand and gravel or crushed stone is called concrete. Traditionally concrete is manufactured at site itself, where each input material is procured separately and mixed in specified proportions. The materials consumed in Ready Mixed Concrete operations in the last three years are listed in the table given below:

Raw materials (Tonnes)	2015	2014	2013
Cement	5,50,655	4,02,445	4,45,201
Slag	40,067	31,456	21,924
Fly ash	1,62,038	1,08,975	99,998
Additives	7,518	5,197	4,983
Sand*	15,87,154	11,79,465	-
Aggregates*	21,05,141	1,61,07,12	-
Lubricating oil	30.45	34.78	11.99
Grease	7.63	8.89	6.6

* Started reporting these parameters from 2014.



4.2 | Energy

“

The year 2015 became more crucial and important as it was the assessment year for the first cycle of PAT (Perform Achieve and Trade), an innovative market-based scheme introduced by Ministry of Power.

”

Cement manufacture is highly energy intensive, with fuel and energy accounting for one-fifth of total expenditure. Energy is thus a prime concern for ACC, necessitating a constant focus on optimizing its consumption. The year 2015 became more crucial and important as it was the assessment year for the first cycle of PAT (Perform Achieve and Trade), an innovative market-based scheme introduced by Ministry of Power. PAT aims to incentivize improvement in energy efficiency in industries through trading in energy efficiency certificates in energy-intensive sectors.

ACC excelled in the PAT performance and successfully reduced its total specific energy consumption, surpassing the target set by the Government of India by almost 100% in the very year of the first PAT cycle. The Company is expected to get approximately 1,23,152 Energy Saving Certificates (ESCs), tradable at market, from the Government of India for exceeding its set targets.

Despite lower production volume, we achieved a reduction of 0.12% in specific electrical energy in 2015 as compared to 2014, though the specific thermal energy remained unchanged.

Energy Consumption	Unit	2015	2014	2013
Coal + Pet Coke consumption in Kiln	TJ	45,767	45,466	46,577
Diesel Oil consumption in Kiln	TJ	41	55	62
Alternative Fossil fuels* consumed in Kiln	TJ	1,068	634	603
Alternative Bio-mass consumed in Kiln	TJ	283	216	342
Diesel Oil consumption for Onsite vehicle movement	TJ	460	434	474
Fuels for drying of raw materials	TJ	1,266	1,288	1,398
Coal for onsite power generation	TJ	22,888	20,342	21,831
Diesel Oil consumption for Onsite power generation	TJ	15	15	78
Alternative fossil fuels for on site power generation	TJ	148	334	285
Biomass for Onsite Power generation	TJ	17	116	136
Specific power consumption upto and including clinker production	kWh / Tonne of Clinker	70.01	70.69	71.21
Specific power consumption upto and including cement grinding	kWh / Tonne of Cementitious Material	81.56	81.45	81.78
Specific power consumption including cement grinding, colony, auxiliaries	kWh / Tonne of Cementitious Material	83.85	83.70	83.92
Specific total power consumption including cement grinding, colony, auxiliaries & packing	kWh / Tonne of Cementitious Material	86.41	86.02	86.08
Specific thermal energy consumption	GJ / Tonne of Clinker	3.05	3.05	3.066
Electricity Energy Purchased	MWH / Annum	481,624	637,696	544,201
Energy consumption outside the organization**	TJ	9,260	7,504	8,657

* As per WBCSD protocol, alternative fossil fuel comprises of waste oil, waste tyres, plastics, solvents, impregnated saw dust etc.

** Considered diesel as fuel consumed in transportation and calculated from Scope 3 emissions. Specific energy consumption includes only energy inside the organization.

Energy conservation and efficiency improvement measures were undertaken in various sections of the cement manufacturing and Captive Power Plants (CPPs), mainly through operational measures. Here are highlights of a few activities:

- Focus on arresting leakages and pressure drops through Computational Fluid Dynamics (CFD) study
- Use of Variable Speed Drives (VSDs) to reduce power consumption during part load condition
- Detailed Energy Audits at Kymore, Chaibasa, Bargarh, Lakheri, Tikaria, Gagal, and Madukkarai plant
- Capacitor banks have been added to the system across ACC plants to improve plant power factor.
- Replacement of conventional lamps with LED light is being done in phases for plant and colony lighting across ACC plants.



Plantwise Major Initiatives in Energy Conservation in 2015		
Plant	Energy Conservation Projects	Annual Savings (TJ)
Kymore	Completed Pre-processing and Co-processing Facility (PCPF) Project for line-1	290.09
	Installed Tertiary Air (TA) damper for improvement of thermal energy consumption for line-1	7.28
	Reduction in power Consumption of Flash Dryer Fan for RM-1	4.2
	Installation of new screen for tertiary crusher feeding system /Improvement in TC Screen availability	4.16
	Reduction in Specific Electrical energy by increasing Production in Atox Mill	4.27
	Reduction in Bag house-1 Fan Power by GRR operation in place of damper control	2.08
Jamul	Installed VFD for bag house compressor	0.39
	Optimisation of excess air in boiler 1 for increasing the efficiency	6.03
Wadi II	Improvement in kiln PRI from 91 to 93%	7.98
	Optimising of cooler fan flows	4.91
	Installation of SPRS in raw mill 2 system fan in place of GRR	14.98
Tikaria	Replaced Gypsum crusher with high efficiency crusher	8.21
Lakheri	Replacement of roller and tyres in VRM1	1.38
	Arrested leakages from pre heater cyclones	0.49
	Reduction in Dam Ring Height of VRM2 from existing 55 mm to 45 mm	1.42
	Regrading of grinding media of CM6 and replacement of blades CM6 Dynamic Separator	2.59
	Adjustment of E mill Fan damper opening by adjusting the valve opening limit	0.81
	Reduction in Dam Ring Height of VRM1 from existing 60mm to 45 mm	0.93
Gagal	Replacement of Tertiary Crusher with high efficiency crusher.	7.76
	Replacement of existing AVMP-5 separator fan by Energy Efficient fan.	2.14
	Replacement of Coal Mill Fans (GL-II) along with fan inlet duct modification.	1.88
Thondebhavi	Optimisation of VRM Main Motor energy consumption	3.20
	Baghouse fan power optimization	3.53

4.2 | Energy



ENERGY CONSUMPTION IN READY MIXED CONCRETE

Energy Consumption	Unit	2015	2014	2013
Diesel consumption in RMX unit	TJ	24	33	34
Electricity Energy Purchased	MWH / Annum	3,996	2,947	3,780
Energy consumption outside the organization*	TJ	540	352	175

* Considered diesel as fuel consumed in transportation and calculated from Scope 3 emissions

GREEN POWER

ACC has three wind energy farms located in Tamil Nadu, Rajasthan and Maharashtra. During the year 2015, these stations cumulatively generated 29.17 Million Units of green power.



Wind Power Generated (in Million kWh)	2015	2014	2013
Tamil Nadu	13.22	17.70	18.12
Rajasthan	12.78	11.53	11.02
Maharashtra	3.17	3.26	3.39

Wind energy from these units helped meet the company's Non Solar Renewable Purchase Obligation (RPO) fully for Madukkarai Plant (Tamil Nadu), Lakheri Plant (Rajasthan), besides getting power at a very cheaper cost.

ACC wind turbines at Satara, Maharashtra helped the ACC Thane complex and Bulk Cement Corporation of India, Kalamboli to operate at a very low cost. Additionally, Renewable Energy Certificates (RECs) facilitated by the Wind Turbine Generators were used to partly trade off the Non Solar Renewable Power Obligation of ACC Gagal and Tikaria plants, resulting in substantial saving in cash outflow of more than ₹ 5.16 million.

The Renewable Power Obligations of other plants were met by purchasing Renewable Energy Certificates (Solar & Non Solar).


WASTE HEAT RECOVERY

In 2015, the Waste Heat Recovery System (WHRS) at Gagal Cement Works became fully stabilized to achieve its maximum operational capacity. The unit generated 51.77 million kWh of electrical energy as compared to 46.64 million KWH in the preceding year.

AWARDS

Lakheri and Chanda plants were adjudged as Excellent Energy Efficient units by Confederation of Indian Industries (CII), supported by BEE for best practices in energy conservation. ACC Wadi, Jamul, Thondebhavi and Kymore also received the CII award for innovation in energy efficiency improvement.






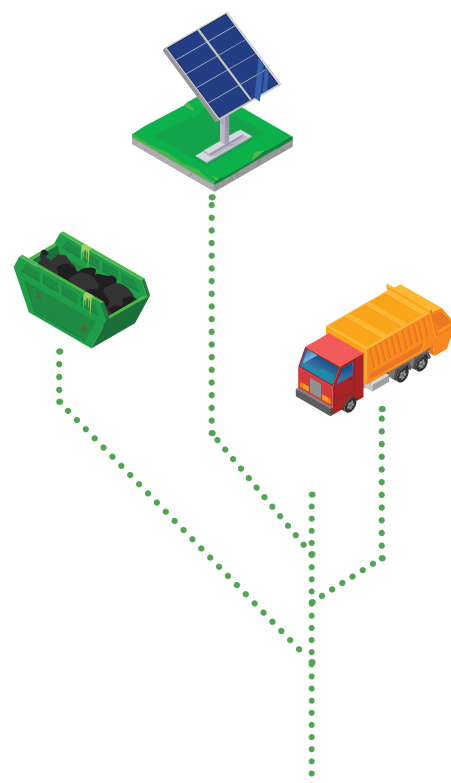
CORPORATE ENERGY POLICY

In its endeavor to achieve sustainable development, ACC Limited strives to be the leading cement manufacturer with the lowest energy intensity - both thermal and electrical. The company is committed to:-

- Explore use of most energy efficient technologies in all our operations
- Adhere to all applicable statutory compliances related to energy.
- Continually improve energy efficiency of the process and the equipment.
- Develop and manufacture energy efficient products with least usage of natural resources by substituting with alternative fuels and raw materials.
- Implement recovery of process waste heat for utilization in power generation, drying, heating and cooling requirements.
- Make concerted efforts to minimize the usage of fossil fuels in our operations as well as progressively increase the use of renewable energy to reduce the company's overall Carbon footprint.
- Promote and inculcate a culture of efficient use of energy among internal stakeholders by reducing, recycling and reuse of all forms of energy.


Harish Badami
 CEO & Managing Director

February 03, 2015



4.3 | Emissions

“

As an active member of the CSI chapter in India, ACC is committed to lower its environmental impact by driving sustainability initiatives across all key areas such as Health and Safety, Climate Protection, Fuels and Raw Materials, Water and Biodiversity.

”



The global cement industry is said to be accountable for about 5% of all worldwide anthropogenic emissions of carbon dioxide. If we look more specifically at the manufacture and distribution of cement, we would find carbon dioxide emissions to be associated with four distinct activities.

- Process emissions arising out of de-carbonation of limestone
- Combustion of fuel used in the cement kiln
- Combustion of fuel used in captive power plants
- Secondary CO₂ emissions produced by vehicles during inbound and outbound transportation.

Recognizing this fact a group of cement companies set up the Cement Sustainability Initiative (CSI), under the auspices of the World Business Council for Sustainable Development (WBCSD). This is a global partnership effort by 25 major cement producers with operations in more than 100 countries responsible for more than 60% of the world's cement production to pursue common priorities in sustainable development. As an active member of the CSI chapter in India, ACC is committed to lower its environmental impact by driving sustainability initiatives across all key areas such as Health and Safety, Climate Protection, Fuels and Raw Materials, Water and Biodiversity. CSI member companies have voluntarily charted for themselves the Low Carbon Technology Roadmap for the Indian Cement Industry with time bound targets leading to the year 2050. The Technology Roadmap identifies five key levers that can contribute to reduction in CO₂ emissions: alternative fuel and raw materials (AFR); thermal and electrical energy efficiency; clinker substitution; waste heat recovery (WHR); and adoption of newer technologies.

CO₂ EMISSIONS

As a prominent member of Cement Sustainability Initiative, we are committed to reducing emissions and have made steady progress on each of these levers. Thus we have strived to achieve better kiln energy efficiency, wherever possible, to reduce the amount of energy required per tonne of clinker produced. We maintain a high rate of clinker substitution through the manufacture of blended cements using fly ash and slag. We have registered substantial increase in using industrial waste as alternative fuels to substitute conventional fuels i.e. coal. In 2015 ACC's specific CO₂ emissions was among the industry benchmarks at 533 kg CO₂/tonne of cement.

ACC has also been identified as one of the Indian leading business houses for the quality of climate change related information it has disclosed to investors and the global marketplace through the Carbon Disclosure Project (CDP), a global not-for-profit organization. With a score of 98 out of 100, ACC was ranked high in terms of disclosure and was part of the 2015 CDLI (Carbon Disclosure Leadership Index).

SCOPE WISE CO₂ EMISSIONS

CO ₂ Emissions (Tonnes)	2015	2014	2013
Scope-1*	15098332	14705732	15143788
Scope-2**	462359	622877	508805
Scope-3***	686192	556035	641504

*Includes CO₂ emissions from captive power plant and calculated using WBCSD CO₂ protocol

**Calculated by using CM Emission factor – CO₂ Baseline Database for the Indian Power Sector - V11 – Apr 2016 by Central Electricity Authority

***Calculated based on assumptions & approximation used to club vehicles to the distance brackets. Categories of Employee commute, transportation of heavy machineries installed in different plants, business travel and courier emissions have not been considered

“ACC has also been identified as one of the Indian leading business houses for the quality of climate change related information it has disclosed to investors and the global marketplace through the Carbon Disclosure Project (CDP)”



4.3 | Emissions

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Kiln stack dust emissions and ambient air quality data is also uploaded on the websites of the Central Pollution Control Board

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The following table shows CO₂ emissions reduction achieved as a result of the implementation of various measures in the areas of thermal and electrical energy and on account of clinker factor improvement.

Overall CO ₂ Reductions Achieved (Scope 1 & 2)	2015	2014	2013
On Account of Thermal Savings ¹ (Tonnes of CO ₂)	6847	23359	30077
On Account of Electrical Savings ² (Tonnes of CO ₂)	Nil	2680	94923
On Account of Clinker Factor Improvement ³ (Tonnes of CO ₂)	Nil	Nil	6903

Note: (1) CO₂ emission reductions on account of thermal energy is calculated by using simple mathematical equation.

(2) CM Emission Factor (CO₂ Baseline Database for the Indian Power Sector – V 11 – Apr 2016 – by Central Electricity Authority) was used for calculating the CO₂ emissions on account of electrical savings.

(3) CO₂ emission reductions on account of clinker factor improvement is calculated by using the thumb rule that for 1% improvement in clinker factor there is reduction of 7.5 Kg CO₂ / Tonne of Cement

RMX CO₂ EMISSIONS

CO ₂ Emissions (Tonnes)	2015	2014	2013
Scope-1*	1943	2468	2655
Scope-2**	3836	2888	2671
Scope-3***	40023	26078	12989

*Includes CO₂ emissions from captive power plant and calculated using WBCSD CO₂ protocol

**Calculated by using CM Emission factor – CO₂ Baseline Database for the Indian Power Sector - V11 – Apr 2016 by Central Electricity Authority

***Calculated based on assumptions & approximation used to club vehicles to the distance brackets. Categories of Employee commute, transportation of heavy machineries installed in different plants, business travel and courier emissions have not been considered

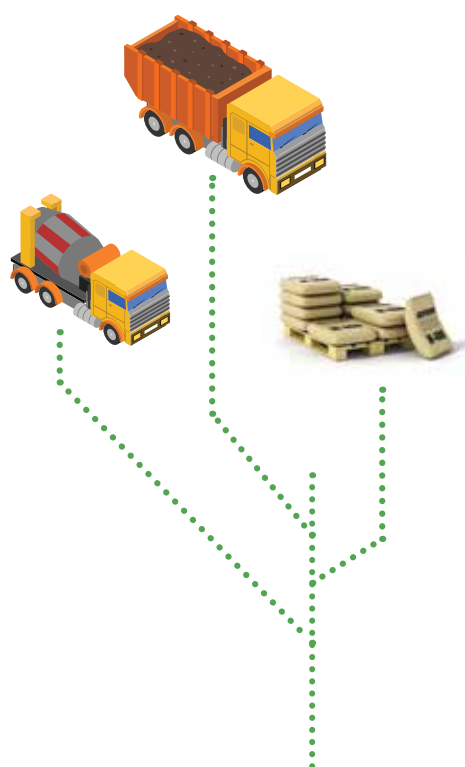
DUST EMISSIONS

Various equipment like dust extraction and dust suppression systems installed across all its operations have helped to control fugitive emissions at ACC plants.

Continuous Emission Monitoring System (CEMS) are installed at all plants to provide real time monitoring of emissions. Kiln stack dust emissions and ambient air quality data is also uploaded on the websites of the Central Pollution Control Board (CPCB) and State Pollution Control Boards wherever communication systems are available. Wadi & Chanda plants have installed additional Continuous Ambient Air Quality Monitoring stations (CAAQMS).

Other measures were undertaken to improve the environmental performance including up-gradation and regular maintenance of air pollution control equipment such as ESP and Baghouse. As a result of all these measures, the specific kiln stack dust emissions per tonne of cement in 2015 were lower by 9% as compared to 2014.

Measures to cut other emissions such as of oxides of nitrogen (NO_x), oxides of sulphur (SO₂) are also being addressed.



Emissions*	Unit	2015	2014	2013
NO _x	gm / Tonne of Clinker	1544.79	1663.91	1873.31
	gm / Tonne of Cement	1001.80	1044.05	1218.98
	Tonnes	23883.50	25304.29	29079.78
SO ₂	gm / Tonne of Clinker	175.60	196.71	163.7
	gm / Tonne of Cement	113.88	123.43	106.52
	Tonnes	2714.92	2991.49	2541.22
Dust	gm / Tonne of Clinker	36.58	41.66	52.25
	gm / Tonne of Cement	23.72	26.14	34
	Tonnes	565.53	633.59	811.02

* The emissions reported are based on Kiln stacks only

The manufacture of Portland Cement and Ready Mixed Concrete does not emit any ozone depleting substances.

EXPENDITURE ON ENVIRONMENT PROTECTION

In 2015 we spent ₹ 1281 Million on various environment protection measures. These covered schemes such as air pollution control equipment, up-gradation of pollution control measures, emission monitoring systems, water monitoring systems, dust suppression systems, road sweeping machines, rainwater harvesting systems, green belt development and training and awareness programmes on environmental matters.

	2015	2014	2013
Environment Expenditure (in ₹ Million)	1281	1114	1575



4.4 | Water

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Ample rain water harvesting in a few geographic zones have made some of our plants such as Kymore and Jamul self-reliant and they no longer depend on natural resources like rivers and ground water

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As a result of persistent efforts to continuously improve our water performance and to achieve a water positive status, we were successful in reducing specific water consumption per tonne of cement by 7.6% in 2015 as compared to 2014.

Several effective measures were taken to reduce the intake of fresh water:

- Restricting demand for water from process and non-process needs
- Usage of waste water recycling after treatment
- Installation of water metering and monitoring systems at a majority of plants to help identify source of leakages and potential scope for water conservation

All these in turn improved our water performance.

We make conscious efforts to conserve water through Rain Water Harvesting in plants, mines, colonies and community areas. Ample rain water harvesting in a few geographic zones have made some of our plants such as Kymore and Jamul self-reliant and these two plants no longer depend on natural resources like rivers and ground water.

The table here depicts water withdrawal and recycling quantum in 2015.



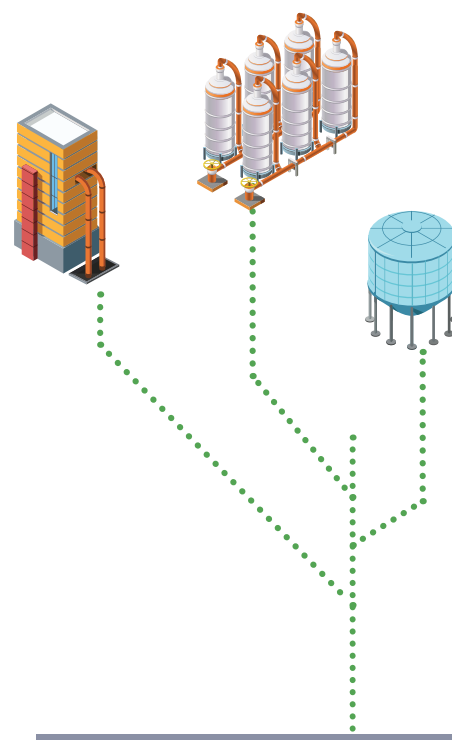
Source of Water*	2015	2014	2013
Surface Water (Million M ³)	5.37	6.15	7.92
Harvested Rain Water (Million M ³)	8.02	8.46	7.08
Municipal Water Supplies (Million M ³)	0.07	0.043	0.09
Ground Water (Million M ³)	1.23	1.16	1.57

RMX*	2015	2014
Total Water used (Million M ³)	0.87	0.73

**Partial quantities are based on meter reading where available while the rest is calculated based on the pump capacity and running hours*

Water Treated and Reused*	2015	2014	2013
Total Quantity of Water Treated and Reused Annually (%)	9.84	8.25	11.91
Total Quantity of Water Treated and Reused Annually (Million M ³)	1.45	1.30	1.98

* Calculated based on the pump capacity and running hours



4.4 | Water

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In 2014, a target was set to install water flow meters and monitoring systems at all ACC locations. Since then, concerted efforts have been made to achieve this target

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WATER IS PRECIOUS - TRACE IT AND SAVE IT!



Tracking the use of water and arresting leakages to save water was envisaged as an important step in water conservation. In 2014, a target was set to install water flow meters and monitoring systems at all ACC locations. Since then, concerted efforts have been made to achieve this target.

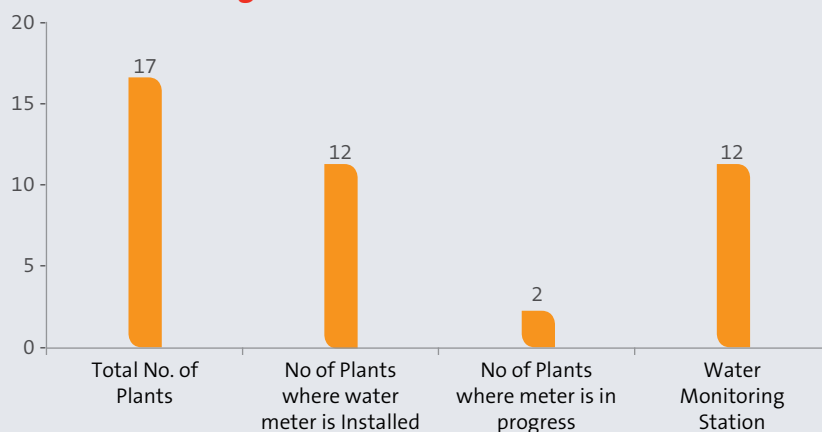
In 2015, the target was partially achieved. As of now, 12 plants have installed electromagnetic flow meters.

Central Monitoring stations were also installed in plants.

By installing water meters, ACC expects multifaceted benefits which in turn will save water for others and for future generations.

- Water flow meters were installed for every consumption and withdrawal point which helps in water balancing and thus identify leakage points.
- Water meters help save money as we pay only for water that we use
- Identified leakages are arrested by appropriate measures.
- Identifying water intensive activities in our operations and implementing reduction measures with clear targets

Progress of Water Meters in 2015



4.5 | Biodiversity

While the company has deep respect for biodiversity, none of the operations involve sites that generate significant concerns relating to this subject. Mining is the main activity which can leave a noteworthy impact on habitat and biodiversity by way of the erosion of top soil, damage to flora and fauna, noise and dust pollution. We continuously endeavor to reduce the level of impacts of our operations on this account. All of our plants and mines follow comprehensive plans to address these issues while simultaneously taking active steps to enhance the green belt in and around our operations.

“ACC Thondebhavi has planted near about 3000 plants (including avenue plantation) along the plant boundary”



TREES AS NATURAL ENVIRONMENTAL BUFFERS



It is a well known fact that dust emission is one of the primary air pollutants of cement operations. Noises and visual aspects are additional issues along with dust emissions that we must deal with to maintain good community relations. ACC Thondebhavi plant is located in adjacent to the community villages. During past years community has raised concerns associated with dust emissions. Therefore to keep the surrounding communities away from the exposure of dust emissions, the plant has adopted a sound, practical and efficient way to address the issue.

ACC Thondebhavi has planted near about 3000 plants (including avenue plantation) along the plant boundary. To maintain the local ecology, all trees chosen are of native species such as Mahogany, Conocarpus, Casurina, Acacia Auriculiformis, Silver Oak, Millingtonia, Spethodia, Tublia Rosea, Technoma Gaudichowdi etc. Since these trees are already grown up to a considerable size, approximately 8-14 ft, they do not require much water anymore. The plant survival rate is > 90%. Once grown to its full growth, the vegetation cover will act as a windbreak and expected to be a very effective arrangement for avoiding dust emissions. Apart from serving as wind barriers, it will have other environmental benefits also such as groundwater recharge during rainy season, capturing carbon dioxide (a greenhouse gas) and preventing soil erosion.

There are four-row barriers of trees along the periphery of the plant which also improves the aesthetics of the plant.

4.5 | Biodiversity

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All our mines have approved mines rehabilitation plans that are implemented in a progressive manner.

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Each of our mining sites has an approved time-bound rehabilitation plan for implementation in a progressive manner. We continuously endeavor to reduce the level of impacts our operations might have on biodiversity and thus promote more responsible stewardship in preserving the ecology especially around our mines and plants. Two techniques adopted at all locations are rainwater harvesting carried out in mined-out pits and afforestation of native plant species to improve local ecology and biodiversity.

In 2015, we undertook Biodiversity risk assessment studies through a third party at five of our plant locations. These assessments have helped us identify biodiversity sensitive sites where we should focus our efforts. Out of 11 mining sites, 3 sites (Gagal, Lakheri and Bargarh) have been classified as relatively sensitive sites. Though these three sites do not fall within or adjacent to any designated protected area they are located within 10 km of a nationally protected area. All these sites have an approved wildlife conservation plans (WCP) in place.

There are some species that exist within our locations or in nearby areas which have the likelihood of being affected directly or indirectly by our operations. Of these, ten species, that attract the description of 'Schedule I' species (protected as per Indian Wildlife Protection Act), are present within a radius of 10 km of our operations; for all these we have prepared WCP to mitigate any potential impacts. In terms of IUCN's classification of red list categories, the break-up of these 10 Schedule 1 species would be as follows:

Critically endangered	Endangered	Vulnerable	Near Threatened	Least Concerned
1 species	2 species	2 species	1 species	4 species

In addition to WCP, we are also developing a Biodiversity Action Plan to redouble our efforts to conserve biodiversity.

In 2015, we planted around 2 Lakh trees with an average survival rate of higher than 80%. All our worked-out mining pits harvest rainwater; this has in fact helped enhance the self-sufficiency of some of our plants for their water requirements.

ACC has also made concerted efforts to increase the level of awareness and build the capacity of our people on biodiversity topics across the organization. Three awareness and training programmes were conducted with the help of India Business & Biodiversity Initiative (IBBI) and IUCN's Leaders for Nature (LfN) programme of which we are a member since 2014.



4.6 | Wastes & Effluents

The manufacture of cement does not generate any effluent or waste of significance. At ACC, we strive to achieve “Zero Discharge” status in respect of all our operations and thus seek to have no adverse impact on any water bodies and related habitats.

While water is not a direct input material in cement production, it is consumed indirectly for applications such as the cooling of equipment during the manufacturing process. Water thus used is recycled and subsequently reused for the same purpose. Thus no effluent is generated within the plant in this process. Small quantities of effluent are generated in Captive Power Plants which is treated in Effluent Treatment Plants (ETPs). Sewage generated in the colonies and within plant is treated in Sewage Treatment Plants (STPs) and the treated water is used for activities such as dust suppression and gardening.

Although there is no significant waste occurring as a direct by-product of cement manufacture, there is an incidence of some discarded materials such as used oil, used grease, metallic scrap etc. that is generated in maintenance and housekeeping. Wherever possible the plants deal with these wastes using the 4R approach (Reduce, Reuse, Recover and Recycle). In some instances, it becomes possible for our plants to co-process hazardous wastes if any wherever we have permission to do so, but these are usually quite small and insignificant. The remaining wastes are sold to authorized recyclers. The accompanying table shows the quantity of hazardous and non hazardous waste generated in 2015.

We have a comprehensive spill management system in place to minimize the impact, in the event of any spill. In 2015, there was no incidence of any significant spill.

A large proportion of cement bags is reused after the bags are emptied of their content with only a small part being disposed as scrap. Construction sites find empty cement bags useful to store other loose construction material. Often the empty bags are cleaned and reconditioned to store and pack other items. In many instances, the bags are cleaned and put to use as roof thatching material. In view of these practices, we have not found it necessary or gainful for us to reclaim used packaging material.

“While water is not a direct input material in cement production, it is consumed indirectly for applications such as the cooling of equipment during the manufacturing process.”



4.6 | Wastes & Effluents

Details	Unit	2015	2014	2013
Hazardous Waste				
Waste Oil	Litres	226,307	211,673	136,312
Grease	Kgs	16,796	Nil	4,160
Non Hazardous Waste				
Steel Scrap ¹	Tonnes	10,813	17,900	14,486
Others ²	Tonnes	4,558	6,397	2,579
Filter Bags	Nos	63,632	75,730	41,337

Note: 1. Steel Scrap includes castings, waste steel, MS drums, wrapper scrap, iron scrap, grinding balls, HC lining plate, table liner, HC grinding media, etc.

2. Others includes waste cement bags, conveyor belts, wood, copper, plastic bags, electrical cables, empty glass bottles, aluminum, tyre, paper, PVC drums, HDPE wrapper, etc.



4.7 | Alternative Fuels & Resources

ACC's Sindri plant, now a cement grinding station, was set up in 1955 near a new public sector fertilizer unit with a mandate to utilize waste calcium carbonate sludge from the fertilizer manufacturing process. The company was then a front runner in using wastes from other processes viz., slag and fly ash to make superior blended cements. Slag is a by-product of the steel industry while fly ash is a reject from thermal power plants. Five decades ago the company's Chaibasa and Sindri plants were paid a fee by steel plants in the vicinity to take away stock-piles of their waste slag. Today the process of making Blended Cements is so well-established that the two wastes are sought-after raw materials by themselves and sold at remunerative prices.

Over the years some of the company's plants have made successful efforts to use other wastes as a source of fuels through co-processing in their cement kilns. However it was only in 2005 that the company adopted a formal practice of using waste materials as Alternative Fuels & Resources (AFR), thus providing sustainable waste management services to industries, municipalities and the agriculture sector. The incoming waste from these sectors is disposed safely and successfully through co-processing in our cement kilns. In turn the waste generator is assured a process of waste disposal that is recognized as being superior, safer and more efficient than any other means.

“In 2005 the company adopted a formal practice of using waste materials as Alternative Fuels & Resources (AFR), thus providing sustainable waste management services to industries, municipalities and the agriculture sector.”

TWO PRE-PROCESSING PLATFORMS BECAME OPERATIONAL

In 2015, two state-of-the-art pre-processing facilities at Wadi in Karnataka and Kymore in Madhya Pradesh were commissioned and have been operational for more than a year. They have sophisticated equipment necessary for safe handling of varied types and volumes of waste streams including shredding and homogenising wastes prior to its final treatment via co-processing. They are also equipped with laboratories for characteristic analysis of all incoming wastes. The facilities bring added momentum to co-processing of larger volumes of wastes in a safe manner. Special precautions are undertaken to ensure complete traceability and transparency; and to comply with all statutory laws and guidelines. A trained and highly motivated workforce ensures that we deliver specialized solutions to the most pressing waste challenges.



Pre-processing Platform at Wadi



Pre-processing Platform at Kymore

The waste co-processing service extended by us ensures that the waste gets completely destroyed in the cement manufacturing process because of its inherent process requirements of very high temperatures and long residence times in the kiln; this is achieved without any change in the cement kiln exhaust gas composition or the generation of any residues. An intrinsic benefit of co-processing is that it enables conservation of natural resources in three ways. Firstly, any residual resource value present in the waste material gets utilized as an alternative resource; thereby this helps in reducing the reliance on fuels to some extent and thus in conserving natural

4.7 | Alternative Fuels & Resources

resources to that extent. Additionally, co-processing of waste leads to a reduction in overall CO₂ emissions, whereas other methods of disposal do not yield any resource recovery as they would entail the use of more fuel to burn away the waste material.

In 2014, this practice was brought under the banner of Geocycle India. With headquarters in Thane and a team of dynamic young environmental and chemical engineers, this group has developed the assets, capabilities and in-depth expertise necessary to assist Indian industries and municipalities in handling wastes in a safe sustainable manner. Through co-processing, ACC participates meaningfully in addressing a major societal challenge posed by the ever-increasing generation of a multiplicity of hazardous and non-hazardous wastes in the country.

The setting up of pre-processing platforms at two major plant locations has aided in increased waste utilization in a highly safe and controlled environment. ACC has been successful in achieving a thermal substitution rate of 2.89% across its cement plants in the country. In 2015, we co-processed 3,56,953 Tonnes of waste which served as Alternative Fuels & Resources to us.

In keeping with its commitment of extending waste management services to more customers, and also catering to larger volumes of waste in the most efficient manner, the company is also setting up a new pre-processing facility in Tamil Nadu.

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The setting up of pre-processing platforms at two major plant locations has aided in increased waste utilization in a highly safe and controlled environment

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4.8 | Sustainable Construction

Our perspectives on this subject were refreshed in 2005 when we first came in contact with the Holcim Foundation for Sustainable Construction, now renamed LafargeHolcim Foundation for Sustainable Construction. Since then we have passionately promoted the cause and the Foundation's activities in India. The second, third and fourth cycles of the triennial erstwhile Holcim Global Awards for Sustainable Construction were vigorously promoted by the company in India. Each time the response to the contest from the architecture, engineering, construction and social science fraternity was enthusiastic such that India turned out more entries than any other country. At the end of each cycle, the company's communications and regional teams gave wide publicity to the winners from India and their outstanding projects through seminars and media coverage. The fifth LafargeHolcim Global Awards for Sustainable Construction opens in 2016.

Sustainable Construction is seen by the Foundation as a step towards sustainable development and the term is defined as "building in a way that is socially, economically, environmentally, functionally, and aesthetically balanced to meet today's needs and to provide and conserve resources for future generations".

We agree with the expert view that the building and construction industry can play a prominent role in this respect in many ways both for new constructions and for existing buildings in contributing to mitigation of GHG emissions, energy conservation and efficient resource utilization in a manner that goes beyond the use of low carbon building materials. The guiding principles of practicing sustainable construction are simple:

- Use of locally available materials
- Use of local manpower, local skills
- Use of green, environment-friendly materials
- Minimize energy consumption
- Maximize use of renewable resources
- Minimize water consumption
- Minimize waste - maximum recycling, reuse
- Conserve, restore, preserve
- Apply for green certification

“

We agree with the expert view that the building and construction industry can play a prominent role in this respect in many ways both for new constructions and for existing buildings in contributing to mitigation of GHG emissions

”



4.8 | Sustainable Construction



Taking responsibility for making a difference, here is how we promote the cause:

- a) Producing and promoting eco-friendly cements and concrete
- b) Offering training in good construction practices, particularly among Masons
- c) Advocate the virtue of Concrete as superior road building material
- d) Promoting Green Buildings (ACC has three Green Buildings)
- e) Publishing the Indian Concrete Journal with a focus on green practices
- f) Promoting LafargeHolcim Global Awards for Sustainable Construction in India
- g) Now promoting Green Building Centres to facilitate affordable constructions in rural and semi-urban India

ACC'S GREEN BUILDINGS

The company's three green buildings have been pacesetters in their own way. In particular, Cement House, the headquarters building, stands out as an embodiment of the company's environment-friendly agenda. Between them the three structures had showed that with innovative designs, proven and commercially available technologies, the energy consumption in both new and existing buildings can be reduced by 25% and more without significantly increasing investment costs. In 2015 we were invited by TERI to feature Cement House as a case study in a joint project undertaken by them with support from Wuppertal Institute (Germany) and Bureau of Energy Efficiency (BEE). The project "Bridging the information gap on Energy efficiency in Buildings (bigEE)" sought to address the problem of scattered information in the field of energy efficiency in the building sector in India by developing a comprehensive web-based database on energy efficient technologies, cost and economic benefits, and successful policies in the building and appliance sector in India. The case study on Cement House is published on the bigEE website as an example of Good Practice Buildings in India at the following link: <http://www.bigee.net/en/buildings/guide/services/examples/>.



ACC GREEN BUILDING CENTRES

Green Building Centres are envisaged to serve as one-stop shops in small towns and rural markets providing cost-effective integrated construction solutions for Housing and Sanitation - solutions that are eco-friendly, affordable and technologically superior - with added opportunities for creating livelihoods, micro-businesses, training and quality enhancement. The housing solutions comprise basic prefab and precast offerings for walls, floors, roofs, door & window frames, fly ash bricks & blocks, pavers, planks and joists. In the area of sanitation the ACC Green Building Centres promote the “Sanitation For Life” vision with ready-made or easy-to-assemble toilet units built with bricks and pre-cast panels that meet high sanitation standards.

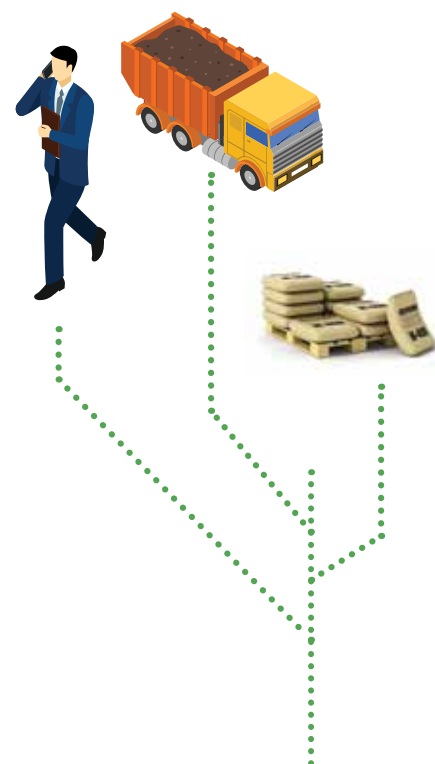
Each centre creates strong partnerships with the local community offering opportunities to network with local entrepreneurs and governments while proving to be sustainable business models. In the long run they can prove to be small engines of growth, stimulating construction activity in India’s vast hinterland. ACC Green Building Centres meet all five target criteria of Sustainable Construction:

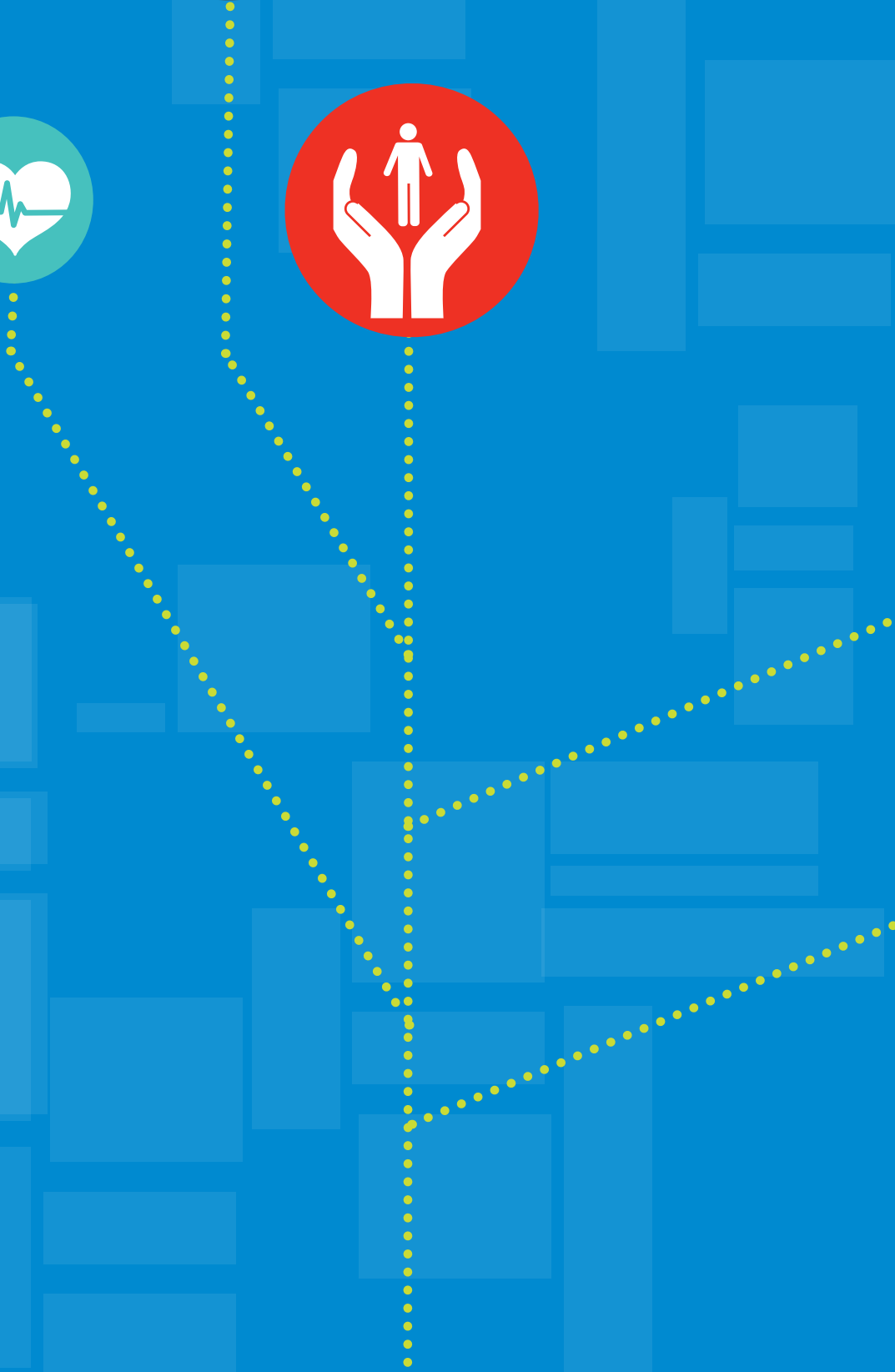
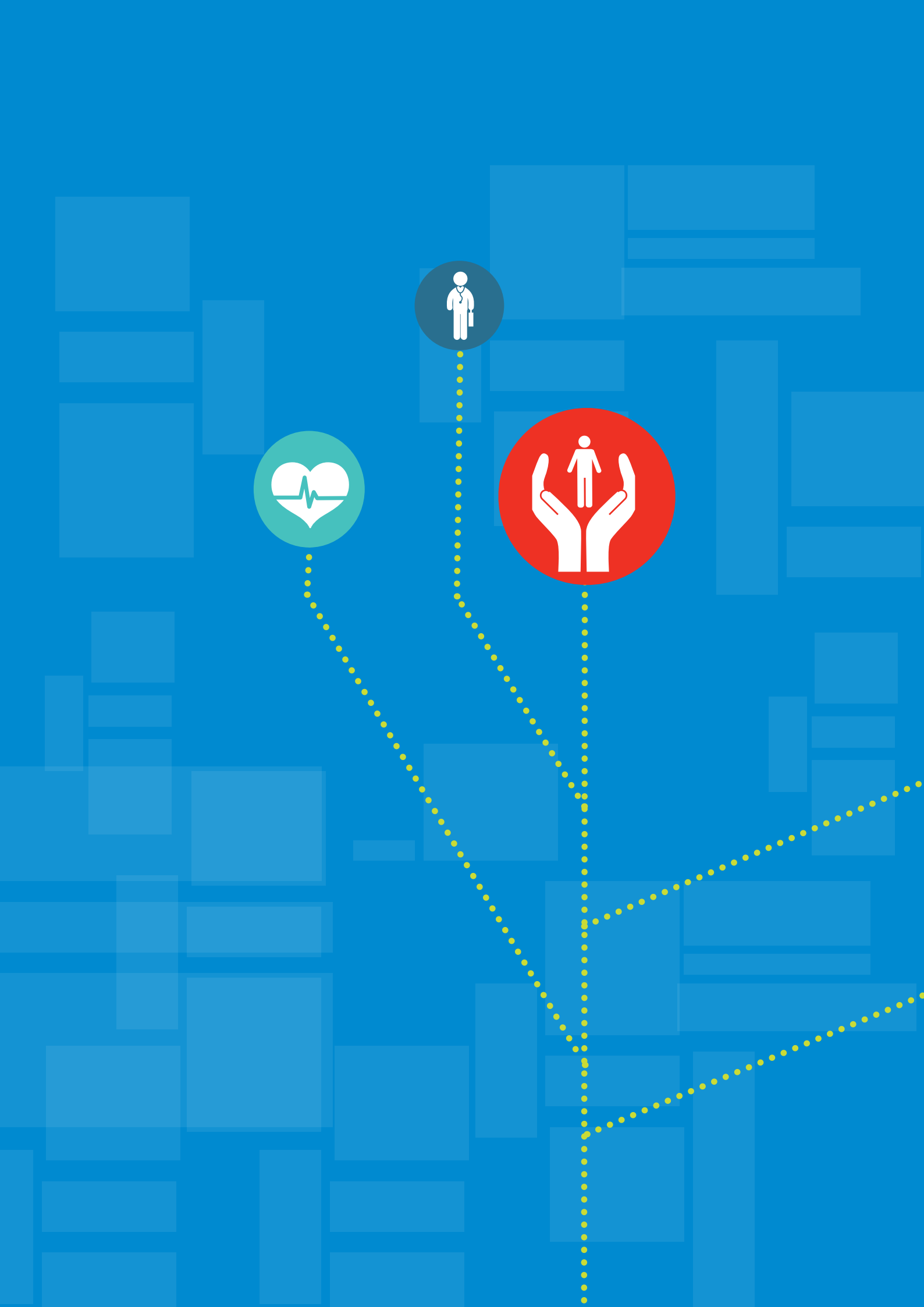
- Planet – use of eco-friendly local materials
- People – livelihood and business opportunities
- Prosperity – affordable, cost effective, time-saving
- Progress – easily replicable in other regions
- Proficiency – upgrading local skills and techniques

Green Building Centres are simple yet of vital importance to the vast rural and small town segment of the country that aspires to enjoy the frills of modernization and urbanization. The concept has been hailed as one that provides a valuable platform that redefines the challenge of affordable and eco-friendly construction in rural India. At the 5th LafargeHolcim Forum for Sustainable Construction held in Detroit, USA in April 2016, Mr Eric Olsen, CEO of LafargeHolcim described ACC Green Building Centres as “a unique and effective business model that met all the criteria of sustainable development while specifically delivering appropriate sustainable solutions to meet the challenges of training, environment-friendly and affordable construction in the semi-urban and rural regions of India”.

ACC has thus far set up over 25 Green Building Centres in the states of Uttar Pradesh, Madhya Pradesh, Maharashtra and Rajasthan. More such centres are planned to reach out to a larger customer base.

“In 2015 we were invited by TERI to feature Cement House as a case study in a joint project undertaken by them with support from Wuppertal Institute (Germany) and Bureau of Energy Efficiency (BEE).”







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5.1 | Health & Safety

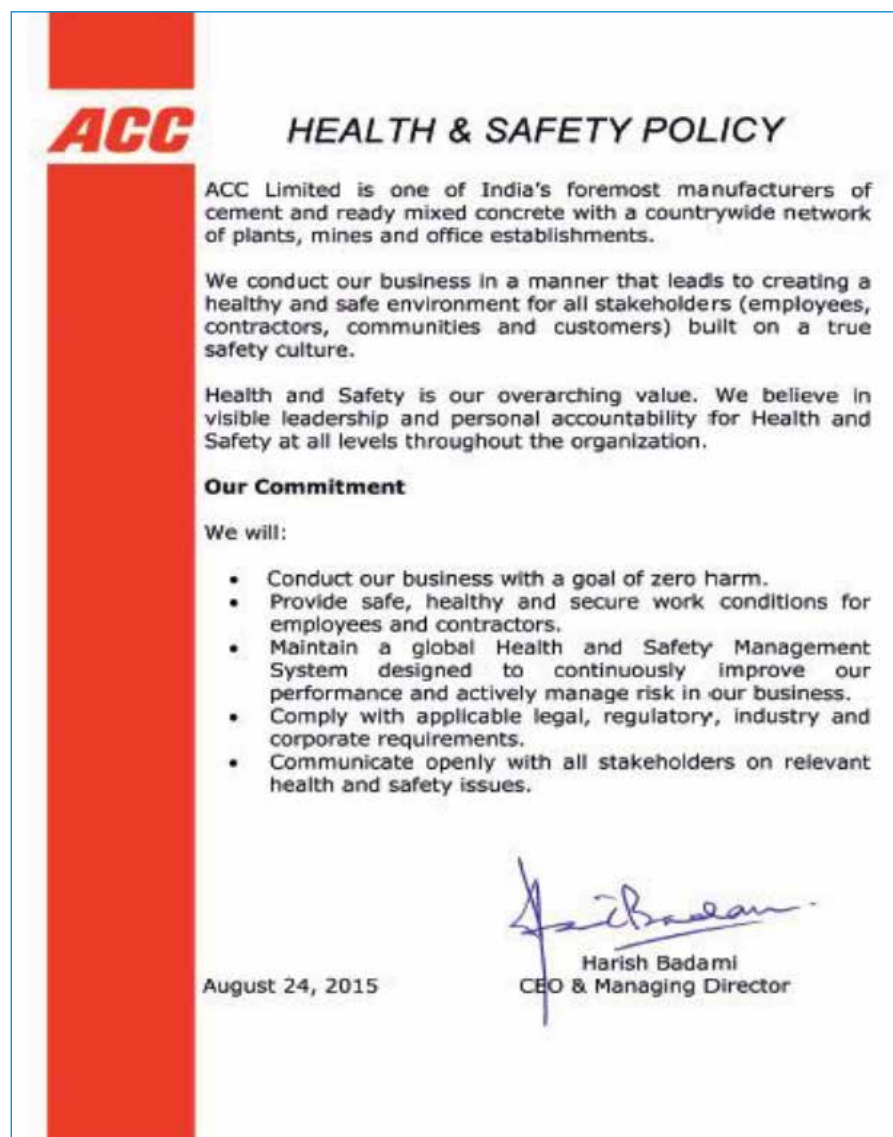
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A new Health & Safety Policy and Health & Safety Rules were announced. These were adapted from the new “Health & Safety Policy” announced by the newly formed LafargeHolcim.

”

Health and safety are our overarching values and a leading part of our sustainability agenda. ACC has a commitment to conduct business with a goal of Zero Harm to all stakeholders by providing safe, healthy and secured work conditions and transparency in communication on relevant health and safety issues.

The Occupational Health & Safety function was renamed Health & Safety during the year. A new Health & Safety Policy and Health & Safety Rules were adopted. These were adopted from the new “Health & Safety Policy” announced by the newly formed LafargeHolcim. The five rules are simple and spell out the expectations from all employees, contractors and visitors whilst working in a LafargeHolcim group establishment. The rules replace the Five Cardinal Rules followed by us from the Holcim legacy. It is noteworthy that the Health and Safety Rules as reframed focus on the responsibility of the individual, his/her involvement and self-commitment.



HEALTH & SAFETY RULES - START WITH ME

A poster competition on the theme “Health & Safety Rules - Start With Me” was organised across ACC, as a part of Global drive for the newly ratified H&S Rules. The competition received an excellent overall response across ACC from employees and contractor workers at all cement plants including ACC Concrete units and Corporate, regional, area Sales offices.

WE VALUE OUR STAKEHOLDERS

Our new Health and Safety framework puts people at the center of everything we do. We care and we recognize that our performance is not where we want to be unless we engage our stakeholders. We engage with our valued stakeholders comprising Employees, Contractors, Transporters and all visitors to our sites through frequent and regular meetings, Toolbox talks, briefings and training programmes. Safety theme based gate meetings are organized on the first of every month at all plants to engage all stakeholders. Employees are advised that H&S being an overarching value means that they are entitled, empowered and expected to refuse any task that presents a risk of serious and immediate harm to their Health and safety.

SAFETY MEETINGS

Formal Joint Management-worker safety and health committees have been established at plant level, which typically represents the entire workforce within the plant. There is a well established Contractor Management System, where implementation is monitored and guided by senior management. Contractors and transporters are made aware that their involvement and interactions in the Health & Safety process forms an integral part of the overall H&S management system. While dealing with H&S matters, it is also made clear that everyone is on an equal footing - contract employees are treated in the same way as our own employees.

“Our new Health and Safety framework puts people at the center of everything we do. We care and we recognize that our performance is not where we want to be unless we engage our stakeholders.”



5.1 | Health & Safety

“

Each Cement Manufacturing Unit has optimum life saving equipments in its Occupational Health Centre, and a well equipped First Aid room at mine sites and CPP.

”

IMPLEMENTATION OF FATALITY PREVENTION ELEMENTS

The discipline and mindset that comes with robust H&S practices helps develop benefits across the business and ultimately achieves great results whilst keeping our people safe. We identified 13 Fatality Preventive Elements towards which we pay special attention in 2015. H&S senior management team members were deputed to sites as “Mentors” to ensure compliance of three Fatality Preventive Elements namely, Working at Heights, Isolation & Lockout and Vehicle Traffic & Pedestrian Safety and Contract Safety Management. The implementation progress was monitored and guided by the CEO & MD on a monthly basis.

HEALTH

In 2015, we raised our Emergency Medical Response (EMR) capabilities in mines and Captive Power Plants (CPP). Each Cement Manufacturing Unit has optimum life saving equipments in its Occupational Health Centre, and a well equipped First Aid room at mine sites and CPP. Each site has Advance Life Support (ALS) ambulance with stretchers, Automated External Defibrillator (AED). In each plant, we have trained 100% of the shift supervisors (more than 3500 persons in all) in Basic life support techniques.

To reduce health risk factors among employees and their families a well structured approach was started involving all stakeholders. The four pronged strategy included use of the intranet portal to popularize a health sensitization program, “safe and health student initiative”, personalised health care and Health peers from SFA cadre to spread health awareness among employees and their families. The systematic and sustainable approach is yielding results by reducing health risk factor among employees by 2%.



LAUNCH OF ON-LINE SAFETY MANAGEMENT SYSTEM - "CLICK2SAFETY"

Being transparent in health and safety encourages transparency across the business. Employees were instructed that all accidents and incidents need to be reported including near-misses, as we cannot improve unless everything is visible. To ensure this, the H&S team launched an effective initiative to drive transparency, accountability and compliance to safety management systems in the form of an on-line application which is aligned with standardized business processes enabling effective implementation of the safety system. Named "Click2Safety", the application provides access to all employees to report hazards, incidents and observations as well as to track compliance.

This initiative has replaced the manual workflow with automated workflow, reminders, and escalations and helped to ensure faster compliance and real time status reporting leading to lot of saving of time and resources. Click2Safety enables the organization to review H&S performance with real time reports, advanced analysis and unit based reporting and hence supporting knowledge based management decisions.

“Click2Safety enables the organization to review H&S performance with real time reports, advanced analysis and unit based reporting and hence supporting knowledge based management decisions”

ACC

Seen a Hazard* ?

REPORT IT ONLINE ...NOW





***Hazard:** A condition with the potential of causing injury to personnel, damage to property, loss of material or the ability to perform a prescribed function. Hazard management allows users to record hazard types by location.

Even one Hazard you report, that is fixed today, means you have averted one accident tomorrow...

Once a hazard is reported, it will be forwarded to the concerned person who has been selected by the initiator in the hazard report form. Once the hazard is approved by the concerned person, he has to take corrective action to fix it and close the Hazard in the system. The system will notify the initiator of the same.

Cementing Relationships
www.acclimited.com

SAFETY BEGINS WITH ME

5.1 | Health & Safety

“

Another Project “Safety Awareness Drive at Warehouses” was kicked-off in the year 2015.

”

LOGISTICS SAFETY

Logistics Safety continued to be one of the focus areas for the year. Project “Indian Road Safety Program” (IRSP) was launched in July 2015. It focused on six major areas pertaining to the Indian logistics scenario - Driver Management Centre (DMC), Community Road Safety Education, Use of Technology in Logistics safety e.g. Global Positioning System (GPS) and Radio Frequency Identification (RFID), Engagement of Drivers and Transporters and Reduction in Market Trucks.

Another Project “Safety Awareness Drive at Warehouses” was kicked-off in the year 2015. This involves standardization of safety signages like display of safety posters, celebration of Safety day / month with a different safety topic each time.

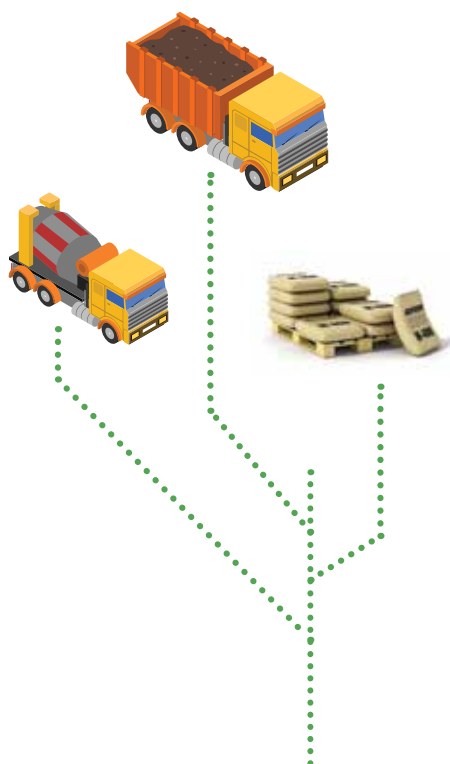
An energetic drive was initiated to improve plant logistics and parking yard hygiene issues which include implementation of Logistics (9) + Operation (15) points programme. The important actions involved were driver’s amenities, Passport (manual / electronic) for drivers as well as vehicle’s, tarpaulin tying stations, Personal Protective Equipment (PPE) usage, renewal of logistics contracts with inclusion of safety parameters etc.



Use of Seat Belt Convincer



Driver training on Truck simulator



Health and safety topics which are covered in formal agreements with trade unions includes mandatory use of Personal Protective Equipment, Adherence to H & S Policy and Rules, Compliance to statutory and H&S requirements of the company.

S.NO	Parameters	2015	2014	2013
1	Employee Fatalities (Nos.)	0	1	0
2	Fatality rates (directly employed)	0	0.049	0
3	Contractor fatalities	0	0	1
4	Third Party Fatalities	3	3	4
5	Employee Lost Time Injury	19	11	13
6	Employee Lost Time Injury Frequency Rate	1.00	0.5	0.9

5.2 | People Processes

EMPLOYEE WELLBEING

This is a company that is often acknowledged as one of the “Best Places to Work” in the cement industry. At ACC, we believe people are the pillars of the company and thus must be well taken care of. We strive to create an environment where employees realize their full potential, contribute their best and are adequately recognized and rewarded for their efforts. From time to time the company reviews and adopts schemes that benefit employees and thus provides them a better workplace. ACC has a large workforce comprising experts in various disciplines and skilled persons. Referred to as the ACC Parivar, it is predominantly Indian, representing all parts of the country and a variety of ethnic, cultural and religious backgrounds. Its credo of being an equal opportunities employer does not encourage the practice of compiling and reporting any information concerning a breakdown of employees by race or minority groups. ACC employees display a strong sense of loyalty to the Company. The employee strength is stable with no significant seasonal variations.

A new functional organization structure was introduced by the company which came into effect from April 1, 2015, replacing the earlier regional-based structure in a smooth swift transition. The purpose of adopting the new structure was to enable the organization to be more collaborative, agile and streamlined in implementing strategy, harnessing internal functional expertise to the fullest and in enhancing stakeholder value.

The HR policy was revised and a new one was adopted from January 1, 2015. It details out employee compensation, pre requisites and other employee benefit schemes. It was designed to attract new talent and motivate existing employees to contribute to their peak performance levels. The new policy was released as a part of a continuous effort in the area of employee welfare and benefits to meet the changing needs of employees.

Since 2007, ACC regularly conducted an annual “Engaging For Results” (EFR) Survey to gauge employee satisfaction. In 2015, we participated in the group’s Global Employee Engagement Survey, which was felt to be more insightful than EFR. Maintaining the trend of high response seen in the EFR Exercise, this survey also saw participation of a very high order at 96%; more meaningfully, the results showed employee satisfaction at 86%. The high satisfaction score indicated that a significant share of employees is satisfied with various work related initiatives, people processes, training and learning opportunities.

“The HR policy was revised and a new one was adopted from January 1, 2015. It details out employee compensation, pre requisites and other employee benefit schemes.”



5.2 | People Processes

“All women, permanent, temporary or contractual including those of service providers are covered under the policy.”

Concerted efforts have been made to achieve diversity and deliver sustainable performance, particularly so in a gender-balanced and inclusive work environment where diverse talent can contribute to superior business results. We are progressively creating a better environment for women to work at our sites.

Age Group	Total	
	Male	Female
<30	1586	164
30 – 50	3871	130
>50	2579	38
Total	8036	332

The Company is an equal opportunity employer and consciously strives to build a work culture that promotes dignity of all employees. Complying with the provision of Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed therein, the Company has implemented a policy on prevention, prohibition and redressal of sexual harassment at the workplace which is accessible through the intranet portal. All women, permanent, temporary or contractual including those of service providers are covered under the policy. A Sexual Harassment Resolution Committee has been set up comprising five management staff including three women employees.

In each unit there is one nodal person to receive and forward complaints to the “First instance person (FIP) who is a woman” or directly to the Committee. During the year the Company received and investigated one complaint on sexual harassment. Appropriate action was taken.

Awareness programmes were conducted across the Company to sensitize employees to uphold the dignity of their colleagues at workplace. Some employees were sent to attend training conducted by external agencies.

New Hires	Total	
	Male	Female
<30	223	7
30-50	178	11
>50	7	0

Employee Turnover	Total	
	Male	Female
<30	272	18
30-50	208	11
>50	704	14

Type of Employees	Ratio of basic salary of men to women
Management Staff (MS) (Base salary)	1.43
Management Staff (MS) (Base salary + bonus etc)	1.45
Non-Management Staff (Base)	1.01

In 2015, the total employee salaries and benefits expense was ₹ 770 crore representing about 6.5% of revenue from operations. The ratio of the annual total compensation for the organization's highest paid individual to the median annual total compensation for all other employees was 137. The ratio of the percentage increase in annual total compensation for the organization's chief executives to the median annual total compensation for all employees in the same year was 1.8.

Nearly all of the senior management staff (functional heads) is hired locally that is, within the country. In fact shop floor and office associates, who are non-management staff, at most of our operations are drawn from the host community itself or from its vicinity. Our remuneration is consistently higher than the stipulated minimum wage levels at all locations. The ratio of the standard entry level wage compared to the local minimum wage is 1.96.

To provide general welfare to full-time employees and their families, ACC offers several schemes covering education, healthcare, retirement benefits, loans and financial assistance.

For employees in cement plants, the company provides the following facilities:

- Furnished and unfurnished accommodation within our townships, based on their entitlement
- Excellent schools which are often the best in the district and provide subsidized education for children of employees.
- Well-equipped health care centre with qualified medical staff and facilities.

Women employees are entitled to avail of maternity leave of sixteen weeks taken either continuously or in two tranches of eight weeks each prior to and post the expected date of delivery. In 2015, the total number of employees that took maternity leave was 7 women while 6 returned to work after parental leave ended. This leave facility is not open to men.

“In 2015, the total employee benefits expense was ₹ 770 crore representing about 6.5% per cent of revenue from operations.”



5.2 | People Processes

“The Human Resource management system provides due processes for employee consultation and participation in organizational development and policy formulation.”

At ACC an employee retires on superannuation after reaching the age of 60 years. All permanent employees are entitled to retirement benefits, in compliance with statutory requirements, comprising leave encashment, provident fund scheme, Officers' Superannuation Fund, gratuity, additional gratuity as per entitlements and also any amounts due under the National Pension Scheme where the employee had opted to be a member. The employee receives advance notice of retirement one year ahead of the date of retirement. No specific training is given to enhance the outgoing employee's post-retirement employability; however we do provide useful advice on leading a healthy life and investing the retirement benefits gainfully. A detailed explanation is provided in this respect in the paragraph titled Employee Benefits on page 213 of our Annual Report 2015.

PEOPLE PROCESSES

The company has clearly stated guidelines for all major people processes such as recruitment, separation, career advancement, performance appraisal, professional and employee ethics and code of conduct. Above all the company's people policies and processes enshrine equal opportunities to all and non-discrimination with regard to gender, caste, creed, ideology or other opinion, whether social, political or religious. As a result, ACC employees represent different ethnic, cultural and religious backgrounds from all parts of the country.

The Human Resource management system provides due processes for employee consultation and participation in organizational development and policy formulation. At plants and mines, there are recognized trade unions affiliated to various central trade union bodies. About 52% of permanent employees are members of recognized employee associations. During the year, the company did not receive any complaints relating to child labour, forced labour, involuntary labour, human rights abuse or discriminatory employment. However, there was one incidence of Sexual Harassment.

PERFORMANCE MANAGEMENT SYSTEM

ACC's Performance Management System (PMS) works on-line through the intranet portal called "Accelerate" to which all Management Staff are given access. Individual Key Performance Indicators (KPI) are determined by employees themselves which are reviewed online by their immediate manager and reviewer, checked and then accepted for implementation. There is a mid-term performance review between the appraiser and employee. All permanent employees undergo appraisal and career development reviews.

Annual Performance	Total	
	Male	Female
Managers who received annual performance review	4063	288
Non-management employees who received annual performance review	3861	43

The PMS in ACC is comprehensive and designed to provide ample opportunities to reward good performance, develop and motivate others and retain good talent through performance linked incentives, letters of appreciation, special increments, instant awards, promotions, nominations to external training programmes in India and abroad, public felicitation and appreciation. Employees who display functional

expertise, competence and aptitude are deputed to receive “Train the Trainer” facilitation and thus leveraged to become Trainers themselves.

Learning & Development	Total Number of Training Hours	
	Male	Female
For non- management staff	120911	362
For management staff	179214	7651
For Technical skills	97243	1430
For Health and safety	90042	2180
For IT training	6925	242
For Management skills	91880	3396
For Environment & sustainability	2524	84
Anti-corruption policies & procedures	11511	681

Learning & Development at ACC is a benchmark process. In 2015, our learning Academy at Thane received the Golden Peacock National Training Award of the Institute of Directors. Besides robust processes of learning & development and capability building, the company’s leadership development process ensures that the organization has a talent pool that is future-ready and ready to assume leadership. The pool of human resources, especially the young talent, is exposed to a variety of training development programs to enhance their technical and functional capabilities. On an average, an employee received 37 training hours during the year.

While there is no specific training on Human Rights related issues, much of these aspects is covered in the company’s code of conduct that all management staff are required to study as a matter of self-training. Security personnel also undergo specific training relevant to their scope of work including on relevant aspects of human rights.

Sustainability is seen as an important subject in respect of training. Managerial personnel from relevant functions are deputed to attend useful training programmes conducted by reputed organisations such as CII and TERI on different aspects of sustainable development. Members of the SD Council and its core group also attend such programmes.

INDIA MANUFACTURING TRANSFORMATION

In July 2015, the ‘India Manufacturing Transformation’ (IMT) was launched seeking alignment with the group’s global initiative of Organisational Efficiency. IMT was envisaged as a transformational project to enhance productivity and efficiency across ACC and one that would render the company’s work-culture more contemporary, particularly in the core areas of production and maintenance in cement plants. IMT envisions a manufacturing organization design that is benchmarked with the best-in-class – one that is lean, nimble and characterized by its simplified business processes and work practices with multitasking, centralized maintenance design and better planning. The IMT initiative showed visible signs of improvement during the year in on-site safety performance and work culture and logged a reduction of 12.5% in the deployment of human resources in all categories and enhancement of 11.6% in productivity.

“The pool of human resources, especially the young talent, is exposed to a variety of training development programs to enhance their technical and functional capabilities.”

5.2 | People Processes

“

The company enjoyed peaceable industrial relations at all establishments which helped to build a healthy relationship and resolve issues through mutual dialogue

”

Simultaneously we made a well-meaning attempt to rehabilitate those (permanent as well as on contract) who were affected by the IMT programme by offering them vocational guidance and providing skill-based training to help them in securing alternative re-employment as well as in setting-up micro enterprises and cottage industries.

A minimum notice period of 15 days to one month is typically provided to employees and their elected representatives prior to the implementation of any operational changes of significance that could substantially affect them.

INDUSTRIAL RELATIONS

The company enjoyed peaceable industrial relations at all establishments which helped to build a healthy relationship and resolve issues through mutual dialogue. During the year under review, 100% of the employees in Shop Floor and Office Associates categories were covered by collective bargaining agreement. There were no complaints about labour practices.

In a major achievement, the company entered a common long term wage settlement with trade unions at all plants, taking retrospective effect from April 2014. The agreement, which will be in force till March 2018, introduced some fresh elements such as a productivity enhancement scheme, an incentive scheme to encourage clinker despatches, improvement in housekeeping, elimination of waste and effective utilization of time. We are confident the settlement will go a long way in enhancing productivity at our plants besides enjoining employees and shop-floor associates at plants to adapt to a richer work culture.



“

There are women in every office and plant. In recent years the company is taking active steps to balance gender representation. Today you see women playing a variety of roles other than the traditional functions. We have young women engineers from different disciplines – mechanical, chemical, environment and civil. There are bright women who come as chartered accountants, lawyers and management graduates. I am particularly impressed to see young women executives in frontline sales positions and in key departments of our plants such as the Central Control Room.

”

Harish Badami, CEO & MD

5.3 | Community Development & Social Responsibility

To create larger societal value is a commitment that ACC has made to communities living around our plants and most of our CSR initiatives are undertaken to fulfill this promise. Most beneficiaries comprise the disadvantaged, vulnerable and marginalized section of society. ACC's CSR engagement has been ranked 12th amongst the 100 top listed companies, as per the annual CSR ranking initiative by Economic Times and Indian Institute of Management, Udaipur. We are recognized as first among the Cement Sector companies therein.

In 2015, ACC's community development agenda impacted more than four lakh people residing in 156 villages spread across twelve states of India. The company's CSR footprint has been verified by an ad hoc Social Audit committee comprising twelve members chaired by Executive Director, Global Compact Network of India. Development is a slow and difficult task. While statistics may indicate measurable progress, they do not necessarily reveal the travails and tribulations, the highs and the lows and the defeats before a win.

During the year, the CSR Policy was restated making it more comprehensive and aligned with the requirements of the Companies Act 2013 and the 17 United Nations Sustainable Development Goals. The CSR Policy statement and the CSR Report formed part of the Board's Report to the Members of the Company.



When The Economic Times commissioned Futurescape and IIM Udaipur to conduct the first 'The Best Companies for CSR' study last year, 115 companies participated. This year, the number has risen to 245. There's more competition, and as a result several new companies have risen to find a place in the top 10 rankings of **Best Companies for CSR 2014** study. That's just one side of the story. Only about 18% of all companies surveyed met the mandatory 2% spending norm. Not a single services company features in the Top 10. What do these facts reveal? "Companies need to think of CSR more strategically," says Nandini Rana, director, Futurescape. For now, companies are engaging with communities in limited areas. "Education, health and environment are prominent. Areas like women's empowerment and supporting artisans, sports persons etc get a short shrift," says Javed Shah, director, IIM Udaipur. Having said that, the top 10 corporates featured in this report are veterans, with a tradition of executing and monitoring CSR projects. Others can learn from them.

Best Companies For CSR in India

Pace Setters and Efficient Utilisers

2013 vs 2014 Rankings

2013	2014
1. Tata Steel	1. Tata Steel
2. Tata Chemicals	2. Tata Chemicals
3. Tata Motors	3. Tata Motors
4. Tata Power	4. Tata Power
5. Tata Cement	5. Tata Cement
6. Tata Steel	6. Tata Steel
7. Tata Steel	7. Tata Steel
8. Tata Steel	8. Tata Steel
9. Tata Steel	9. Tata Steel
10. Tata Steel	10. Tata Steel

18% Increase in CSR Spending

Tata Steel

“ACC's CSR engagement has been ranked 12th amongst the 100 top listed companies, as per the annual CSR ranking initiative by Economic Times and Indian Institute of Management, Udaipur.”



5.3 | Community Development & Social Responsibility

CSR POLICY STATEMENT

(approved by the Board of Directors on December 8, 2015)

Our vision is to be one of the most respected companies in India, delivering superior and sustainable value to all our customers, business partners, shareholders, employees, and host communities.

Our CSR initiatives focus on the holistic development of our host communities while creating social, environmental and economic value to society.

To pursue these objectives we will continue to:

- Uphold and promote the principles of inclusive growth and equitable development.
- Devise and implement Community Development Plans based on the needs and priorities of our host communities and measure the effectiveness of such development programmes.
- Work actively in the areas of Livelihood advancement, Enhancing employability and Income Generation, Improving Quality and reach of Education, Promoting Health and Sanitation, conserving the Environment and supporting local Sports, Arts and Culture.
- Collaborate with like-minded bodies such as Governments, Civil Society Organisations and Academic Institutions in pursuit of our Goals.
- Interact regularly with stakeholders, review and publicly report our CSR initiatives.

The company's CSR team engages with a very wide segment of our host communities with well-structured programmes and initiatives in pursuance of our CSR Policy. The Company follows a participatory approach in the selection of CSR initiatives. All CSR projects follow a bottom-up planning process beginning with participatory rural appraisal (PRA) tools used by an independent agency to develop a village level micro-plan in a manner that encourages all its residents to participate in the planning process. A Community Advisory Panel (CAP), comprising representatives and opinion leaders of the community is nominated at plant locations to facilitate inclusive project planning, information sharing and participatory implementation.

The schemes are drawn in consultation with the communities on the basis of a scientific needs assessment. Projects planned in a comprehensive manner in consultation with CAPs, are implemented by our internal team in partnership with carefully

selected NGOs, Academic Institutes and Government organization along with inputs and guidance from the CAP at each plant location. After projects are approved and launched, quarterly meetings are held with the CAP to review progress and suggest course correction. The Company also conducts impact assessments of its CSR initiatives using third parties to ensure more credible assessments.

ACC CSR is structured around the thematic areas of Livelihood, Education, Health & Sanitation, Natural Resource Management and road safety.

In 2015, we also aligned our initiative with UN Sustainable Development Goals. We found that we are already fulfilling 13 out of the complete list of 17 UN SDGs.

We had started a social audit process in 2014 to strengthen community sites in CSR project implementation. The feedback received from the community has helped us immensely to course correct our ongoing projects.

The CSR team conducts Stakeholder Engagement Surveys (SES) at regular intervals to identify feedback of the community. Subsequently, required modifications are undertaken during implementation phase. This has helped us to build better relationships and ownership amongst local communities.

ACC CSR has undertaken a wide range of interventions across the country through its 10 major project initiatives namely - DISHA (Skill Development of Youth), LEISA (Low External Input Sustainable Agriculture), Swavlamban (Women Empowerment & Micro Enterprises), Vidyautkarsh (Quality of Elementary Education), Vidyasaarathi (Online Scholarship for Higher Education), Arogyam (Preventive Health), Sampoon Swachhata (Open Defecation Free & Hygiene), Sanrakshit Paryavaran (Natural Resource Management), Drona (Promotion of Local Sports, Art & Culture) and #SaveKidsLives (Road Safety).

“ACC CSR is structured around the thematic areas of Livelihood, Education, Health & Sanitation, Natural Resource Management and road safety”

Sr. No.	Focus Areas	Expenditure (in ₹ Cr)
1	ACC DISHA (Skill Development of Youth)	3.71
2	ACC- Low External Input Sustainable Agriculture (LIESA)	6.64
3	ACC-Swavlamban (Women Empowerment & Micro Enterprises)	3.36
4	ACC Vidya Utkarsh (Quality of Elementary Education)	5.13
5	ACC Vidyasaarathi (Online Scholarship for Higher Education)	0.38
6	ACC-Arogyam (Preventive Health)	3.70
7	ACC-Sampoon Swachhata (Open Defecation Free & Hygiene)	4.14
8	ACC Sanrakshit Paryavaran (Natural Resource Management)	3.16
9	ACC-Drona (Promotion of Local Sports, Art & Culture)	0.94
	Total	31.16

In 2015, there were no incidents of violations involving rights of indigenous people and actions.

5.3 | Community Development & Social Responsibility

CASE STUDIES

While the big picture guides us, it is in the detail that we revel. The flurry of activity at our SHGs, the erudition at the schools we work in, the first salary cheque of the youth skilled by us, tipping of productivity scales at our agriculture extension farms and similar achievements drive us to continue with the good work. Here is a selection of some interesting projects that engaged us during the year.



THE 5% PRINCIPLE

Bucket Pond Project, Chandrapur, Maharashtra

One of the famous prescriptions which economists (including the famous Milton Keynes) had given during the Great Depression of 1920s was 'Dig Holes and Fill Holes'. This was to generate employment and get the economy in shape. What works for the economy works for water conservation as well. The bucket farming technique, introduced by ACC Chanda Cement Works in its CSR project villages also calls for digging holes and filling them up, but this time it is with water and not with soil as suggested by Prof Keynes. Bucket farming follows the 5% principle recommended by the experts which suggests that if 5% of the total farmland is dedicated to water conservation structures, it is enough to irrigate the entire farm.



CREATING THE DOOR FOR OPPORTUNITY TO KNOCK

Skilling and Youth Employability Project, Chaibasa, Jharkhand

It is said that if opportunity does not knock then build a door. ACC in association with PARFI (Pan IIT Alumni Reach for India) and NABARD has built such a door by providing job related skills to rural youth. The door is being carpentered at the 'Gurukul' situated at Chaibasa, where youth are trained on marketable skills and provided with job placement.

The Gurukul, run by PARFI, combines hard skill training in driving, construction, welding, catering and plumbing with soft elements like yoga, patriotism, public speaking and work values aimed primarily for rural youth.

The Challenge

School dropouts, casual laborers, and marginal farmers are aplenty in the rural hinterland of West Singhbhum district, Jharkhand, where ACC Cement Works, Chaibasa is located. Remunerative livelihood options come at a premium in this area. Youth remain unemployed due to lack of requisite marketable skills and are prone to go off the mainstream.

Intervention

The Gurukul in Chaibasa started with an agenda to provide a financially self-sustainable model of skill development to the youth of this region. Set up in 2013, it impacts skills and creates assured jobs for the tribal youth of the Chaibasa region. The center is housed in a government building. ACC has provided assistance in terms of training, boarding and lodging infrastructure. The current cost of training is between Rs. 7000-8000/month.

GIVING HARD WORK A HELPING HAND

A Women Self Help Group Project, Kudithini, Karnataka Swavlamban Project was launched in 2011 and focused on formation of women SHGs in the project villages. The individual SHGs were federated into a Village Level Organisation (VLO). The main objectives of the initiative were: (i) increase household income, (ii) leverage government livelihood programs, (iii) improve skill levels, (iv) establish forward and backward linkages and (v) foster linkage with banks and financial institutions.



PROGRESS IN FORMATION OF SELF HELP GROUPS

Details	2011	2012	2013	2014	2015	Total
Formation of SHGs	56	19	23	24	23	145
No. of Members	795	271	309	319	270	1964
No. of SHGs Linked with Banks	04	27	17	14	28	90
Amount of loans (₹ Lakhs)	9.10	36.57	34.48	22.36	35.35	137.86
Saving Mobilized (₹ Lakhs)	38.95	16.66	18.19	12.29	9.43	95.52
No. of Members who started Income Generation programmes	00	84	62	66	77	95.52
No. of Members trained in tailoring	43	75	51	83	57	309
No. of members trained in Computer Education	00	00	40	20	10	70



THE TOILET ROW

Urban Sanitation Project, Sindri, Jharkhand

The twenty five shanty dwellings at Akalaputtu slum in Ward 55 of Sindri town is popularly referred to as 'Sauchalya Pankh', which in English translates to 'Toilet Row'.

The Akalaputtu slum is the residence of migrant families who came in fifties and sixties in search of employment at the then newly setup fertilizer plant at Sindri. The fertilizer factory closed down in 2001 rendering a large workforce unemployed. Currently most of them are daily wage labourers or petty shopkeepers, barely managing to keep the home and hearth together.

The travails of earning a livelihood has relegated concerns on health and hygiene down in the individual household's priority list. Open defecation, water logging, garbage piles and poor personal hygiene are considered business as usual.

Challenge

It was in this situation that ACC Cement Plant, Sindri, decided to intervene. The motivator being that a large number of contract labour at the plant were residents of Akalaputtu slum. The CSR team mooted a program on advocacy for hygiene and sanitation coupled with construction of individual household toilets. The question was from where and how to start, given the general apathy towards sanitation in the community.

Intervention

It was decided that a cluster of households would be taken up for an intensive intervention to bring about behavioural change towards sanitation

5.3 | Community Development & Social Responsibility



Children going through the paces at the coaching camp

Number of
Trainees

230

Representa-
tion in Block
team

72

Representa-
tion in Dis-
trict Team

15

Representa-
tion in State
Team

01

GOING FOR GOLD

Sports Coaching Creates Future Champions, Kymore, Madhya Pradesh

It is said that gold medals aren't really made of gold, they're made of sweat, determination and a hard-to-find alloy called guts. ACC Kymore Plant has taken on the onus of preparing national and state champions and is well on its way to success.

The Challenge

ACC Kymore Plant has long been associated with sports and for many years would organise Khel Mela (rural sports meet) which attracted wide participation. It was found that youth from the ACC CSR villages could not match up to the participants from other villages at the Khel Mela. A nascent idea germinated – children from the ACC CSR villages needed to be provided sports coaching so that they could match up to the best from the villages in the region. As the ACC CSR team was brainstorming on organising a sports training program, ambitions were raised - *Why try to excel locally, was it not worthwhile to try and create state level champions?*

These were insurmountable odds. Where to get coaches, how to get the children assembled from different villages, parental permission (especially for girls), sports kit, regular practice and to remain motivated to an idea which had yet to be tested. The CSR team at Kymore had doubts - could these kids from remote villages climb the winner's podium in a cheering stadium? It seemed a steep climb, but it was worth making that effort.

Coaching Process

Work started in right earnest with the help of Naad Gnanan Kala Parishad,

THE DIFFERENCE WE MADE

<p>Total number of villages covered</p> <p>156</p>		<p>Total population covered</p> <p>410976</p>		<p>Total number of children reached through education initiatives</p> <p>34875</p>
	<p>Number of schools reached through education initiatives</p> <p>142</p>		<p>Number of meritorious students supported with scholarships</p> <p>409</p>	
<p>Number of schools with 100% sanitation</p> <p>106</p>		<p>Number of schools introduced to e-learning initiatives</p> <p>27</p>		<p>Number of schools provided with internet connection</p> <p>5</p>
	<p>Number of teachers and teaching assistants trained</p> <p>236</p>		<p>Number of libraries operationalised in community schools</p> <p>42</p>	
<p>Number of Household Sanitation Units constructed</p> <p>864</p>		<p>Number of villages supported through initiatives for achieving Nirmal Gram Status</p> <p>24</p>		<p>Number of people benefited through drinking water initiatives</p> <p>70684</p>
	<p>Number of people benefited through excavation of ponds</p> <p>25705</p>		<p>Number of Borewells repaired and recharged</p> <p>321</p>	
<p>Number of Rain Water Harvesting structures created</p> <p>52</p>		<p>Number of youth benefited through placement linked employability programs</p> <p>1833</p>		<p>Number of functional SHGs (Cumulative):</p> <p>1213</p>
	<p>Number of new SHGs created:</p> <p>203</p>		<p>Number of SHGs brought at NABARD's 'A' level rating</p> <p>407</p>	
<p>Number of women having membership of NABARD 'A' level rated SHGs</p> <p>4568</p>		<p>Total Savings of all SHGs:</p> <p>₹ 3.67 Cr</p>		<p>No. of Farmer's Club /Farmer's Group (Cumulative): 140</p> <p>Members: 2149</p>
	<p>Number of Anganwadi centres Supported: 156</p> <p>Children benefited:</p> <p>7940</p>		<p>Number of General and Special Health Camps conducted: 880</p> <p>People benefited:</p> <p>57234</p>	<p>Participation in #SaveKidsLives campaign:</p> <p>32673 children</p>

5.4 | Compliances & Other Aspects



COMPLIANCES

We believe compliance with all applicable laws and regulations including those pertaining to environmental, labour, product, market communications, health & safety and competition law matters is mandatory and non-negotiable. ACC is deeply conscious that ensuring compliance is essential to enhance reputation and reduce risks that may be financial, legal or operational. Risks may occur through the imposition of fines and penalties, inability to obtain various statutory permits or stoppage of operations. Ensuring strict compliance is also vital to remain competitive and future-ready.

We have comprehensive guidelines, policies and codes governing ethical conduct, fair competition and anti-corruption. Compliance with norms and regulations is monitored and reviewed in periodical meetings of top management/Compliance Committee of the Board. All our plants, mines and captive power plants and the organization as a whole are required to meet compliance with all internal performance parameters without exception. Accordingly all senior executives and management staff are regularly made aware of the requirements and latest provisions of applicable laws and regulations and have to affirm compliance on a quarterly basis.

During the year under consideration, there was no incidence of significant monetary fines or non-monetary sanctions or disputes with regard to any laws and regulations referred. No cases were brought against the company through the invocation of any national or international dispute mechanisms. There were no significant orders passed by Regulators or Courts which would adversely impact the Company and its future operations.

BUSINESS ETHICS AND FAIR PRACTICES

Placing great emphasis on values such as integrity, transparency, fair and ethical business practices and accountability to stakeholders, ACC routinely calls on all its management staff to study, understand and observe the Code of Business Conduct to demonstrate ethics and good business practices. The code is framed to meet Group standards which are sometimes stricter than local regulations. We revised the Code of Business Conduct in 2015, to further strengthen our practices. This policy, EthicalView Reporting Policy and its well structured control systems are subjected to regular review for their effectiveness to reinforce accountability and integrity of reporting and ensure transparency and fairness in dealing with all stakeholders.



ETHICALVIEW REPORTING POLICY

ACC's "Whistle Blower Policy" called "Fraud Risk Management (FRM) Policy" was introduced in 2009. It was meant to enable an environment where employees operate with the highest ethical standards and without fear of reporting instances of unethical behaviour, actual or suspected fraud or violation of the Company's Code of Business Conduct & Ethics. The reporting channels (Email, Toll Free Phone, Post Box and Fax) of the FRM were outsourced to a Third Party Agency to maintain independence. In April 2015, the FRM policy was enhanced and re-introduced as the "EthicalView Reporting Policy" overseen by the renamed EthicalView Committee comprising the Company Secretary & Head Compliance, Head-Internal Audit, Head-Legal and a senior manager acting as its Secretary. The Audit Committee of the Board oversees the functioning of the EthicalView Committee. The Company has disclosed details of the EthicalView Reporting Policy on its website www.acclimited.com.

Through widespread communication, employees were made aware of the new policy and advised to report any acts of suspected misconduct, misdemeanour and impropriety through different channels managed by specially trained compliance professionals. EthicalView Reporting Policy training was conducted during the year through Face to Face trainings & e-learning modules as indicated in the chart here.

ABC Face to Face Training

	2015	2014	2013
ABC Face to Face Training in %	96%	(No Face to Face Training conducted in 2014)	84%

ABC E-Learning

	2015	2014	2013
ABC E-learning in %	93%	86%	84%

Complainants were promised strict confidentiality and a retaliation-free environment. The various independent channels available to report incidents of violations or misconducts included the following-

1. Call a Toll Free Number 1800 209 2008
2. Leaving a voice message at Toll Free Number 0008000410035 (from mobile phones only)
3. Send an email to acc@ethicalview.com
4. Send a letter to PO Box 137, Pune 411001 or directly to the Chairman of the ACC Audit Committee at ACC's Corporate office
5. Send a fax to +91 (22) 6645 9575
6. File an online report at <https://integrityline.holcim.com>

In 2015, the Company received 88 complaints under the EthicalView Reporting Policy, of which 57 were resolved and the balance 31 complaints are under various stages of investigation and completion.

The ACC EthicalView Helpline is managed by an independent professional organization. The company is confident that this enhancement will further strengthen our business practices, behaviours and transactions.

“In April 2015, the FRM policy was enhanced and re-introduced as the “EthicalView Reporting Policy” overseen by the renamed EthicalView Committee comprising the Company Secretary & Head Compliance, Head-Internal Audit, Head-Legal and a senior manager acting as its Secretary”

“

“

ANTI-COMPETITION

During the year, ACC reached out extensively to employees to conduct greater awareness on Value Creation in Competitive Environment (VCCE) and on Anti Bribery and Corruption Directive (ABCD) through e-learning modules and face to face sessions, achieving a high level of engagement and compliance. This reflects our commitment to “zero tolerance” for non-compliances in this regard and to do business the right way and with integrity.

98 | Sustainable Development Report 2015

Fair Competition Review Report (FCRR)	The final Fair Competition Review Report was discussed in December 2015 by the external law firm as per the FCR Manual.
FCT e-Learning Tool Test	E-Learning Tool Tests : Total number of Relevant Employees appeared : 1103
	Except for 2 Relevant Employees, who were on medical leave, all others have completed the VCCE e-Learning Tool Test.
	Document : Fair Competition Compliance Certification.
Final Status of FCT & e-Learning Tool Test	~ 100%

LEGAL ACTIONS

There are three pending instances of legal actions taken against the company for Anti-Competitive Behaviour and monopoly practices. The company has presented its defence before the relevant authorities to explain its stance in respect of the case. It may be noted that we have not made any financial provisions in our books for fines and penalties based on the advice of our auditors that we have a strong case in our favour.

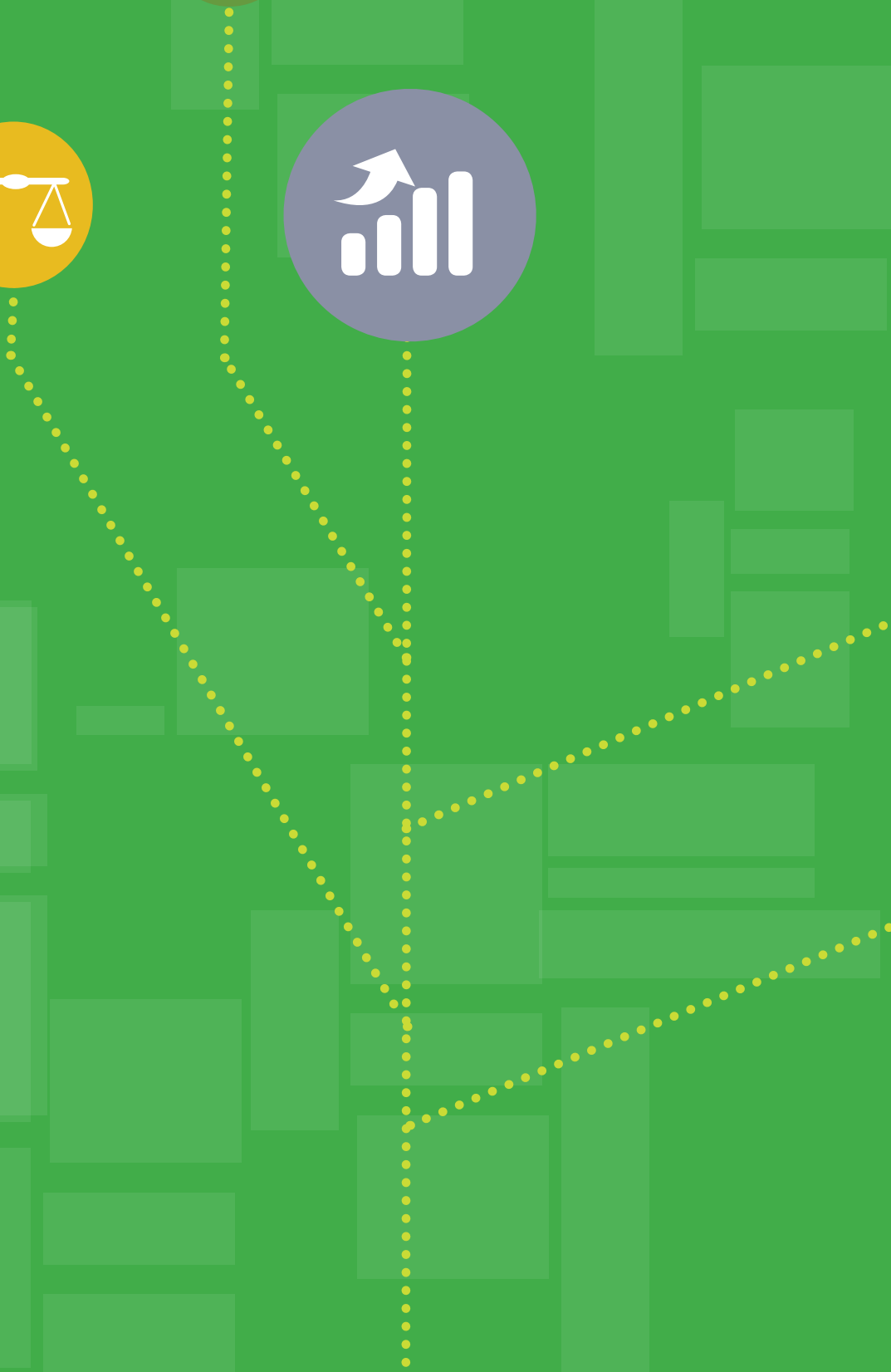
COMPETITION COMMISSION OF INDIA (CCI)

In December 2015, the Competition Appellate Tribunal (COMPAT) set aside an order passed by the Competition Commission of India (CCI) in July 2012 and remanded the matter to the Commission for fresh adjudication. CCI's order of July 2012 was in response to a complaint filed by the Builders Association of India against leading cement companies (including ACC) alleging violations of certain sections of the Competition Act 2002. The CCI order had levied a penalty of ₹ 1147.59 crore on the Company. Responding to appeals against payment of this penalty, COMPAT had granted an interim stay while directing the company and others to deposit 10% of the penalty with the Commission. The deposit amount has since been refunded to the company. For more details, please refer to pages 44 and 116 in the Annual Report 2015.

ANTI CORRUPTION

The company has not carried out a risk assessment specific to corruption risks of operations, units or functions, as it believes these cannot be mapped. Given human nature for being what it is, the company believes that all functions are prone to corruption risks as it is not practical to segregate such persons or functions individually. The difference may lie in the importance, size and scale of the function such as sales, procurement and logistics. Nevertheless, all internal controls are strengthened from time to time to minimize /eliminate such risks. There were 7 confirmed incidents of corruption cases in 2015 in which 7 persons have separated. Also during the year there was one confirmed incident when a contract with a business partner was terminated due to violations related to corruption. There were no public legal cases regarding corruption brought against the organization or its employees during the reporting period.

“The company has presented its defence before the relevant authorities to explain its stance in respect of the case.”





6 102-104 SUSTAINABILITY ROADMAP

6.1 Scorecard for 2015	102
6.2 The Road Ahead	104

6.1 | Scorecard for 2015

Here is a snapshot of the progress made by ACC in 2015 in respect of the targets it had set for itself in the Sustainable Development Roadmap for 2017.

Parameters	Target 2017	Status 2015
CO ₂	To reduce specific CO ₂ emissions by 35% as compared to 1990	We have reduced specific CO ₂ emissions to 533 kg CO ₂ / Tonne of cement in 2015 which is 33% vs 1990
Thermal Substitution Rate	To achieve Thermal Substitution Rate of 10%	We have achieved 2.67 % of Thermal Substitution Rate (TSR)
Water	To reduce specific water consumption for manufacturing of cement by 10% as compared to 2012	We have reduced specific water consumption by 23 % in 2015 for manufacturing of cement as compared to 2012
Specific Total Energy Intensity (Metric Tonne of Oil Equivalent (MTOE) per Tonne of Cement	To reduce by 3% as compared to 2013	We have reduced Specific Total Energy Intensity by 4.96 % as compared to 2013.
CSR	To continue to expand our CSR footprint Focus on inclusive business projects like sanitation etc.	Our various CSR initiatives impacted nearly 0.4 million people in 2015



CSI DASHBOARD

As prominent members of the Cement Sustainability Initiative, we have committed our resolve to cut overall emissions of carbon dioxide using the five levers prescribed by them in the Long term Technology Roadmap for Cement Industry in India. As part of this partnership, we voluntarily share our performance with regard to a selection of parameters that define key aspects of sustainable development. Here is the CSI Dashboard for 2015.

Emission Reduction		Units	2015	2014	2013
1	NO _x	gm / Tonne of Clinker	1544.79	1663.91	1873.31
		Tonnes	23883.5	25304.29	29079.78
2	SO ₂	gm / Tonne of Clinker	175.66	196.71	163.7
		Tonnes	2714.92	2991.49	2541.22
3	Dust	gm / Tonne of Clinker	36.58	41.66	52.25
		Tonnes	565.53	633.59	811.02
4	Coverage rate continuous measurement: (%) clinker produced with continuous monitoring of main pollutants dust, NO _x , SO _x	%	97.8	97.72	97.91
Employee Health and Safety		Units	2015	2014	2013
5	Number of fatalities (directly employed)	Number	0	1	0
6	Number of fatalities (indirectly employed)	Number	0	0	1
7	Number of fatalities (third party)	Number	3	3	4
8	Number of fatalities per 10,000 (directly employed)	Number	0	0.049	0
9	Number of Lost Time Injuries (directly employed)	Number	19	11	13
10	Total number of Lost Time Injuries	Number	63	30	34
11	Lost Time Injuries (LTIs) per million man-hours	Number	1.05	0.5	0.9
CO ₂ and Climate Protection		Units	2015	2014	2013
12	Total CO ₂ Emissions - Gross	Tonnes	12978374	12801547	13043595
13	Total CO ₂ Emissions - Net	Tonnes	12885699	12744801	12993227
14	Specific CO ₂ Emissions - gross (kg/ ton cementitious material)	kg/ t cem. mat	556	543	548
15	Specific CO ₂ Emissions - net (kg/ ton cementitious material)	kg/ t cem. mat	552	541	546
Local Impacts		Units	2015	2014	2013
16	% of sites with Quarry Rehabilitation Plan	%	100%	100%	100%
17	% of sites with Community Engagement Plan	%	100%	100%	100%
18	Number of Active Sites where Biodiversity issues are addressed	number	11	11	11
19	Number of Active Sites within, containing or adjacent to areas designated for their high biodiversity	number	Nil	Nil	Nil
Water		Units	2015	2014	2013
20	Total water withdrawal by source	Surface Water (Mio M ³)	5.37	6.15	7.92
		Harvested Rain water (Mio M ³)	8.02	8.46	7.08
		Municipal Water (Mio M ³)	0.07	0.043	0.09
		Ground Water (Mio M ³)	1.23	1.16	1.57
21	Total water withdrawal consumption	Mio M ³	14.69	15.813	16.66
22	Percentage of sites with water recycling	%	88.24	82.35	76.47

6.2 | The Road Ahead

“

The plan sets targets not only for the Group's own operations but also seeks to make positive impacts beyond its business activities.

”

In 2014, we had charted for ourselves the following Sustainable Development Roadmap to be achieved upto the year 2017. With two years left till that milestone, we continue to move ahead on this journey.

Parameters	Target 2017
CO ₂	To reduce specific CO ₂ emissions by 35% as compared to 1990
Thermal Substitution Rate	To achieve Thermal Substitution Rate of 10%
Water	To reduce specific water consumption for manufacturing of cement by 10% as compared to 2012
Specific Total Energy Intensity (MTOE per tonne of cement)	To reduce by 3% as compared to 2013
CSR	To continue to expand our CSR footprint
	Focus on inclusive business projects like sanitation etc.

LafargeHolcim launched its Group sustainability strategy in April 2016. Called The 2030 Plan, it is already acclaimed as being the most far-reaching sustainability roadmap in the building materials industry.

The plan sets targets not only for the Group's own operations but also seeks to make positive impacts beyond its business activities. It identifies four focus areas: climate; circular economy; water and nature; people and communities. The 2030 Plan also addresses several of the United Nations Sustainable Development Goals.

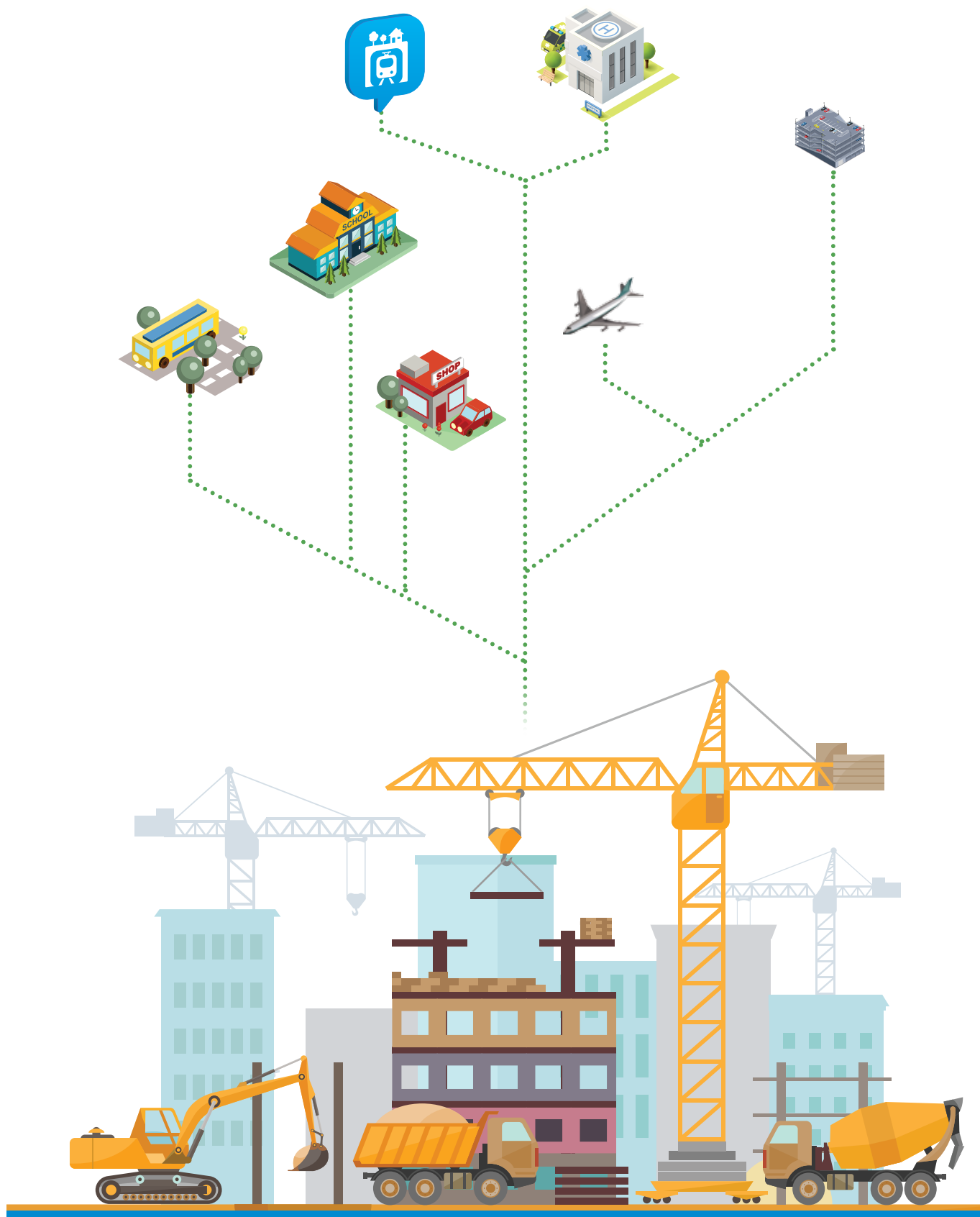
We are inspired by The 2030 Plan of LafargeHolcim and are in the process of aligning our Sustainable Development agenda with it along with intermediate targets leading up to that year.

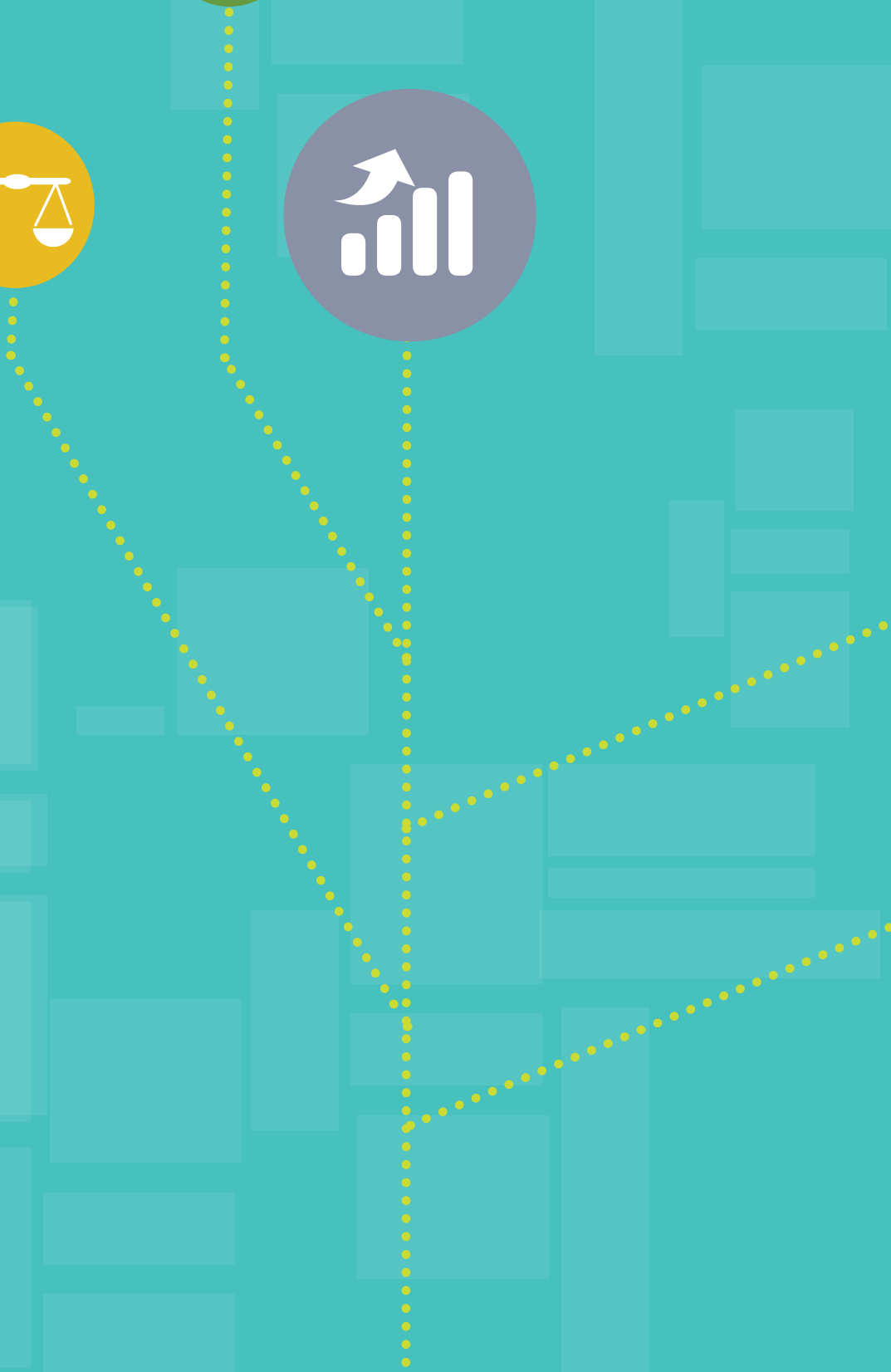
“

We have set ourselves a transformational overall target: we want to generate one third of our turnover from solutions with enhanced sustainability performance by 2030.

”

Eric Olsen, CEO LafargeHolcim







108-126 ANNEXURES

7.1 Assurance Statement	108
7.2 GRI G4 Content Reference Index	110
7.3 UN Global Compact Principles Linkage	122
7.4 Glossary	123

7.1 | Assurance Statement



INDEPENDENT ASSURANCE STATEMENT

ACC Ltd. appointed Emergent Ventures India Pvt. Ltd. (EVI) to undertake an independent assurance of its Corporate Sustainable Development Report for the year 2015. The assurance process has been conducted in accordance with requirements of standard AA1000AS (2008). Adherence to the principles laid out in AA1000AS (2008) and GRI G4 'In accordance'- Comprehensive guidelines have been used as criteria to evaluate the report.

The intended users of this assurance statement are the readers of ACC's Sustainable Development Report 2015. The management of ACC Ltd. is responsible for engagement with stakeholders, identification of material issues; and the collection and presentation of the information contained in the report. In performing the assurance activities, EVI's responsibility is to the management of ACC Ltd. only in accordance with the terms of reference agreed between us. EVI do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

SCOPE OF ASSURANCE

EVI has been engaged to provide Type 2 Moderate level of assurance as per AA1000AS (2008) assurance standard for the report. The scope of the assurance includes the following:

1. Evaluate the information disclosed in the Sustainable Development Report, both General and Specific standard disclosure, 'In accordance'- Comprehensive reporting requirements set out as per GRI G4 guidelines.
2. Evaluate the adherence to the principles of accuracy, balance, clarity, comparability, reliability and timeliness laid out in the GRI G4 Guidelines.
3. Evaluate the adherence to the Foundation Principle of Inclusivity, the Principle of Materiality and the Principle of Responsiveness laid out in AA1000AS (2008).
4. Evaluate reliability of specified sustainability performance data for the reporting period from January 2015 to December 2015.

OUR APPROACH

The assurance process has been conducted based on physical site visits, interaction with respective departments, review of processes & practices for identification and collation of relevant information, report content and performance data, which included a review of the stakeholder engagement and materiality determination process.

The following key steps are undertaken during the assurance process:

1. **Review of ACC's Sustainable Development Report 2015:** A review of the Sustainable Development Report is conducted to check alignment of reported data reported against respective economic, environment & social indicators mentioned in GRI G4 'In accordance'- Comprehensive guidelines. In addition, mapping along the principles of AA1000AS (2008) is carried out.
2. **Site Visits:** Assurance team visited representative sites of ACC Ltd. comprising of an integrated cement plant (Wadi, Karnataka), a cement grinding unit (Thondebhavi, Karnataka), a ready mix concrete (Sion, Mumbai) and corporate head quarters (Mumbai) to evaluate the sources of data.
3. **Interviews:** In addition to interviewing the data owners at the cement and concrete business units, the assurance team also conducted interview with the company's top management across different functional lines to understand the process, policies and practices relating of ACC's sustainability performance.
4. **Data Verification:** Assurance team verified the robustness of data management, information flow & controls and performed sample based review of mechanisms for implementing the company's sustainability related policies and plans, as described in the report. The information disclosed under different indicators is verified by checking with different sources of the information & documents e.g. SAP reports, General Management Report (GMR), Annual Technical Report (ATR), Management Information System (MIS) reports, reports submitted to regulatory bodies, utility bills, inter departmental communication, purchase orders etc supported by on-site inspection.

LIMITATIONS AND EXCLUSIONS

1. Scope of assurance is limited to the boundary defined in the report and the period of 1st January 2015 to 31st December 2015.

2. Assurance is subject to no physical verification of items like inventory of material consumed, waste generated, emissions and effluents etc. Assurance relied solely on the documentation maintained and provided by the company.
3. The scope of assurance does not cover the statements in the report that describe companies approach, strategy, aim, expectation, aspiration or beliefs or intentions.

CONCLUSION

ACC's Sustainable Development Report 2015 provides an appropriate representation of the sustainable development initiatives undertaken by the company. ACC Ltd. has built processes that allow them to identify the material aspects for the company, collect performance data for majority of its facilities and report the information in adherence to the principles of AA1000 & GRI G4 guidelines.

The observations on the adherence of the three principles under AA1000AS (2008) are as follows:

Foundation Principle of Inclusivity: No material evidence is found to suggest that ACC Ltd. has not applied the principle of inclusivity in engaging with its stakeholders. Different departments engage regularly with their relevant stakeholders through multiple engagement channels.

Principle of Materiality: ACC Ltd. has followed a structured process of materiality determination. It is found that no material aspect of sustainability performance has been excluded from the report.

Principle of Responsiveness: ACC Ltd. has applied the principle of responsiveness with respect to its stakeholders. No material evidence is found to suggest that responsiveness principle is not being applied in dealing with the stakeholders.

GRI G4 Guidelines

The report meets the requirement of reporting as specified by GRI G4 'In accordance'- Comprehensive guidelines.

OBSERVATIONS AND RECOMMENDATIONS

Without affecting the overall conclusions on the Sustainable Development Report, the following observations and recommendations are made:

- Awareness level of onsite personnel towards GRI reporting requirements needs to be enhanced.
- ACC Ltd. has introduced a new data capturing process for managing health and safety information. This process needs to be further strengthened to enhance the effectiveness of reported information through this system.
- Reporting on significant actual & potential negative impacts for labour practices and human rights in the supply chain and measures taken for the same may be further strengthened.
- ACC Ltd. recognises the increasing importance of supply chain in growth of business and has proactively initiated several steps to ensure the overall sustainability of its supply chain. However, the company should enhance the disclosure level towards the outcome and effectiveness of these initiatives in the future reports.

For Emergent Ventures India Private Ltd.




Atul Sanghal
Business Head – Sustainability & Climate Change
Emergent Ventures India Private Ltd.
Gurgaon, 30th of June, 2016

7.2 | GRI G4 - In Accordance “Comprehensive” - Content Index

General Standard Disclosure	Standard Disclosure Title	Page Number (or Link)	Cross Reference of Report Sections	Whether reported Fully or Partially (Reasons for omissions if any)	External Assurance
G4-1	Statement from the most senior decision-maker of the organization	2-7	1.2 Foreword	Fully	Yes
G4-2	Description of key impacts, risks, and opportunities	20-21	2.3 Business Risks & Opportunities	Fully	Yes
G4-3	Name of the organization.	10-12	2.1 Organisation Profile	Fully	Yes
G4-4	Primary brands, products, and/or services.	38-40	3.2 Products & Services	Fully	Yes
G4-5	Location of organization's headquarters.	10-12	2.1 Organisation Profile	Fully	Yes
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	10-12	2.1 Organisation Profile	Fully	Yes
G4-7	Nature of ownership and legal form.	10-12	2.1 Organisation Profile	Fully	Yes
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	10-12	2.1 Organisation Profile	Fully	Yes
G4-9	Scale of the reporting organization.	10-12	2.1 Organisation Profile	Fully	Yes
G4-10	Total workforce by employment type, employment contract, and region, broken down by gender.	83-84	5.2 People Processes	Fully	Yes
G4-11	Percentage of employees covered by collective bargaining agreements.	87-88	5.2 People Processes	Fully	Yes
G4-12	Organization's supply chain.	48-51	3.6 Supply Chain & Procurement	Fully	Yes
G4-13	Significant changes during the reporting period regarding size, structure, or ownership.	10-12	2.1 Organisation Profile	Fully	Yes
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	20-21	2.3 Business Risks & Opportunities	Fully	Yes
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	24-27	2.5 Stakeholder Engagement	Fully	Yes
G4-16	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	28-29	2.5 Stakeholder Engagement	Fully	Yes

General Standard Disclosure	Standard Disclosure Title	Page Number (or Link)	Cross Reference of Report Sections	Whether reported Fully or Partially (Reasons for omissions if any)	External Assurance
G4-17	All entities included in the organization's consolidated financial statements or equivalent documents.	22-23	2.4 About the Report	Fully	Yes
G4-18	Process for defining report content.	22-23	2.4 About the Report	Fully	Yes
G4-19	Identify all the material aspects in the process for defining report content	30-33	2.6 Materiality & Organizational Strategy	Fully	Yes
G4-20	Report the Aspect Boundary within the organization	30-33	2.6 Materiality & Organizational Strategy	Fully	Yes
G4-21	Report the Aspect Boundary outside the organization	30-33	2.6 Materiality & Organizational Strategy	Fully	Yes
G4-22	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement		No restatements	No restatements	Yes
G4-23	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	22-23, 30-33	2.4 About the Report	Fully	Yes
G4-24	List of stakeholder groups engaged by the organization.	24-27	2.5 Stakeholder Engagement	Fully	Yes
G4-25	Basis for identification and selection of stakeholders with whom to engage.	24-27	2.5 Stakeholder Engagement	Fully	Yes
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	24-27	2.5 Stakeholder Engagement	Fully	Yes
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	24-27, 30-33	2.5 Stakeholder Engagement	Fully	Yes
G4-28	Reporting period (e.g., fiscal/calendar year) for information provided.	22-23	2.4 About the Report	Fully	Yes
G4-29	Date of most recent previous report (if any).	22-23	2.4 About the Report	Fully	Yes
G4-30	Reporting cycle (annual, biennial, etc.)	22-23	2.4 About the Report	Fully	Yes
G4-31	Contact point for questions regarding the report or its contents.	22-23	2.4 About the Report	Fully	Yes
G4-32	Table identifying the location of the Standard Disclosures in the report.	110-121	7.2 GRI G4 Content Index	Fully	Yes
G4-33	Policy and current practice with regard to seeking external assurance for the report.	22-23	2.4 About the Report	Fully	Yes

7.2 | GRI G4 - In Accordance “Comprehensive” - Content Index

General Standard Disclosure	Standard Disclosure Title	Page Number (or Link)	Cross Reference of Report Sections	Whether reported Fully or Partially (Reasons for omissions if any)	External Assurance
G4-34	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	14-18	2.2 Corporate Governance	Fully	Yes
G4 - 35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	14-18	2.2 Corporate Governance	Fully	Yes
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for Economic, Environmental and Social topics and whether the post holders report directly to the highest governance body	14-18	2.2 Corporate Governance	Fully	Yes
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	14-18	2.2 Corporate Governance	Fully	Yes
G4-38	Report composition of the highest governance body	14-18	2.2 Corporate Governance	Fully	Yes
G4-39	Report whether the chair of the highest governance body is also an executive officer	14-18	2.2 Corporate Governance	Fully	Yes
G4-40	Report the nomination and selection process for the highest governance body and criteria used for nominating including:		4.4 Water	Fully	Yes
G4-41	Report process for the highest governance body to ensure conflicts of interest are avoided and managed	14-18	2.2 Corporate Governance	Fully	Yes
G4-42	Report the highest governance body's and senior executives' roles in the development, approval and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	14-18	2.2 Corporate Governance	Fully	Yes
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of Economic ,Environmental and Social topics	14-18	2.2 Corporate Governance	Fully	Yes
G4-44	Process for evaluation of the highest governance body's performance wrt governance of economic, environmental and social topics (report frequency and if the assessment is self or independent)		4.3 Emissions	Fully	Yes
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks and opportunities. Include the body's role in implementation of a due diligence process		4.3 Emissions	Fully	Yes

General Standard Disclosure	Standard Disclosure Title	Page Number (or Link)	Cross Reference of Report Sections	Whether reported Fully or Partially (Reasons for omissions if any)	External Assurance
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management process for economic, environmental and social topics	20-21, 14-18	2.3 Business Risks & Opportunities,	Fully	Yes
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities	20-21, 14-18	2.3 Business Risks & Opportunities,	Fully	Yes
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	14-18	2.2 Corporate Governance	Fully	Yes
G4-49	Report the process for communicating critical concerns to the highest governance body	14-18, 20-21	2.2 Corporate Governance	Fully	Yes
G4-50	Report the nature and total number of concerns that were communicated to the highest governance body and the mechanisms used to address and resolve them	14-18	2.2 Corporate Governance	Fully	Yes
G4-51	Report remuneration policies for the highest governance body. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executive's economic, environmental and social objectives	14-18	2.2 Corporate Governance	Fully	Yes
G4-52	Report the process for determining the remuneration. Report relationship with remuneration consultants (if applicable)	14-18	2.2 Corporate Governance	Fully	Yes
G4-53	Report how stakeholders' view are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	14-18	2.2 Corporate Governance	Fully	Yes
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country to significant operations to the median annual total compensation for all employees (Excluding the highest-paid individual) in the same country	84-85	5.2 People Processes	Fully	Yes
G4-55	Report the ratio of % increase in annual total compensation for the organization's highest-paid individual in each country to significant operations to the median annual total compensation for all employees (Excluding the highest-paid individual) in the same country	84-85	5.2 People Processes	Fully	Yes

7.2 | GRI G4 - In Accordance “Comprehensive” - Content Index

General Standard Disclosure	Standard Disclosure Title	Page Number (or Link)	Cross Reference of Report Sections	Whether reported Fully or Partially (Reasons for omissions if any)	External Assurance
G4-56	Report the ratio of the increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees.	84-85	5.2 People Processes	Fully	Yes
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice	15-19	2.2 Corporate Governance	Fully	Yes
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistle blowing mechanisms or hotlines	15-19	2.2 Corporate Governance	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Economic Performance	36-37	3.1 Performance Highlights	Fully	Yes
G4-EC1	Direct economic value generated and distributed	36-37	3.1 Performance Highlights	Fully	Yes
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	20-21	2.3 Business Risks & Opportunities	Fully	Yes
G4-EC3	Coverage of the organization's defined benefit plan obligations	84-88	5.2 People Processes	Fully	Yes
G4-EC4	Financial assistance received from government	36-37	3.1 Performance Highlights	Fully	Yes
G4-EC5	Ratio of the standard entry level wage by gender compared to local minimum wage at significant locations of operations	84-85	5.2 People Processes	Fully	Yes
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation		5.2 People Processes	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Indirect Economic Impacts	89-90	5.3 Community Development & Social Responsibility	Fully	Yes
G4-EC7	Development and impact of infrastructure investments and services supported	91-95	5.3 Community Development & Social Responsibility	Fully	Yes
G4-EC8	Significant indirect economic impacts, including the extent of impacts	91-95	5.3 Community Development & Social Responsibility	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Procurement Practices	48-51	3.6 Supply Chain & Procurement	Fully	Yes

General Standard Disclosure	Standard Disclosure Title	Page Number (or Link)	Cross Reference of Report Sections	Whether reported Fully or Partially (Reasons for omissions if any)	External Assurance
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	48-51	3.6 Supply Chain & Procurement	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach - Materials	54-55	4.1 Materials	Fully	Yes
G4-EN1	Materials used by weight or volume	54-55	4.1 Materials	Fully	Yes
G4-EN2	Percentage of materials used that are recycled input materials	54-55	4.1 Materials	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach - Energy	56-59	4.2 Energy	Fully	Yes
G4-EN3	Energy consumption within the organization	56-59	4.2 Energy	Fully	Yes
G4-EN4	Energy Consumption outside the organisation	56-59	4.2 Energy	Fully	Yes
G4-EN5	Energy intensity	56-59	4.2 Energy	Fully	Yes
G4-EN6	Reduction of energy consumption	56-59	4.2 Energy	Fully	Yes
G4-EN7	Reduction of Energy Requirement of product and services		Not Applicable	Not Applicable	Yes
G4-DMA	Generic Disclosures on Management Approach - Water	64-66	4.4 Water	Fully	Yes
G4-EN8	Total water withdrawal by source	64-66	4.4 Water	Fully	Yes
G4-EN9	Water Sources significantly affected by withdrawal	64-66	4.4 Water	Fully	Yes
G4-EN10	Percentage and total volume of water recycled and reused	64-66	4.4 Water	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach - Biodiversity	67-68	4.5 Biodiversity	Fully	Yes
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	67-68	4.5 Biodiversity	Fully	Yes
G4-EN12	Direct and indirect impacts on biodiversity	67-68	4.5 Biodiversity	Fully	Yes
G4-EN13	Habitats protected or restored	67-68	4.5 Biodiversity	Fully	Yes
G4-EN14	Total number of IUCN Red list species and national conservation list species with habitats in affected areas	67-68	4.5 Biodiversity	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Emissions	60-63	4.3 Emissions	Fully	Yes
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	60-63	4.3 Emissions	Fully	Yes
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	60-63	4.3 Emissions	Fully	Yes
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	60-63	4.3 Emissions	Fully	Yes

7.2 | GRI G4 - In Accordance “Comprehensive” - Content Index

General Standard Disclosure	Standard Disclosure Title	Page Number (or Link)	Cross Reference of Report Sections	Whether reported Fully or Partially (Reasons for omissions if any)	External Assurance
G4-EN18	Greenhouse gas (GHG) emissions intensity	60-63	4.3 Emissions	Fully	Yes
G4-EN19	Reduction of greenhouse gas (GHG) emissions	60-63	4.3 Emissions	Fully	Yes
G4-EN20	Emissions of ozone-depleting substances (ODS)	60-63	4.3 Emissions	Fully	Yes
G4-EN21	NO _x , SO _x , and other significant air emissions	60-63	4.3 Emissions	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Effluents and Waste	69-70	4.6 Waste & Effluents	Fully	Yes
G4-EN22	Total water discharge by quality and destination	69-70	4.6 Waste & Effluents	Fully	Yes
G4-EN23	Total weight of waste by type and disposal method	69-70	4.6 Waste & Effluents	Fully	Yes
G4-EN24	Total number and volume of significant spills	69-70	4.6 Waste & Effluents	Fully	Yes
G4-EN25	Weight of transported, exported and treated waste deemed to be hazardous and percentage of transported waste shipped internationally.	69-70	4.6 Waste & Effluents	Fully	Yes
G4-EN26	Identify the size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and run-offs	69-70	4.6 Waste & Effluents	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Products & Services	38-40	3.2 Products & Services	Fully	Yes
G4-EN27	Extent of impact mitigation of environmental impacts of Products & Services	38-40	3.2 Products & Services	Fully	Yes
G4-EN28	Percentage of products sold and their packaging material reclaimed	69-70	4.6 Waste & Effluents	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Compliance	96-99	5.4 Compliances & Other aspects	Fully	Yes
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	96-99	5.4 Compliances & Other aspects	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Overall	30-33	2.6 Materiality & Organizational Strategy	Fully	Yes
G4-EN30	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	46-47	3.5 Transport & Logistics	Fully	Yes

General Standard Disclosure	Standard Disclosure Title	Page Number (or Link)	Cross Reference of Report Sections	Whether reported Fully or Partially (Reasons for omissions if any)	External Assurance
G4-EN31	Total environmental protection expenditures and investments by type	60-63	4.3 Emissions	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Supplier Environment Assessment	48-51	3.6 Supply Chain & Procurement	Fully	Yes
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	48-51	3.6 Supply Chain & Procurement	Fully	Yes
G4-EN33	Significant and actual negative Environmental impacts in the supply chain and actions taken	48-51	3.6 Supply Chain & Procurement	Fully	Yes
G4-EN34	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanism	24-27	2.5 Stakeholder Engagement	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach - Employment	83-87	5.2 People Processes	Fully	Yes
G4-LA1	Total number and rates of new employee hires and employee turnover by age, group, gender and region	83-87	5.2 People Processes	Fully	Yes
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	84-88	5.2 People Processes	Fully	Yes
G4-LA3	Return to work and retention rates after parental leave, by gender	84-88	5.2 People Processes	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Labour/Management Relations	83-87	5.2 People Processes	Fully	Yes
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	84-88	5.2 People Processes	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Occupational Health & Safety	78-80	5.1 Health & Safety	Fully	Yes
G4-LA5	Percentages of total workforce represented in formal joint management-worker Health & Safety committees that help monitor and advice on occupational Health & Safety programs.	79-82	5.1 Health & Safety	Fully	Yes
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	79-82	5.1 Health & Safety	Fully	Yes
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	79-82	5.1 Health & Safety	Fully	Yes
G4-LA8	Health & Safety topics covered in formal agreements with trade unions	79-82	5.1 Health & Safety	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Training and Education	83-87	5.2 People Processes	Fully	Yes

7.2 | GRI G4 - In Accordance “Comprehensive” - Content Index

General Standard Disclosure	Standard Disclosure Title	Page Number (or Link)	Cross Reference of Report Sections	Whether reported Fully or Partially (Reasons for omissions if any)	External Assurance
G4-LA9	Average hours of training per year per employee by gender, and by employee category	84-88	5.2 People Processes	Fully	Yes
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	84-88	5.2 People Processes	Fully	Yes
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	84-88	5.2 People Processes	Fully	Yes
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	84-88	5.2 People Processes	Fully	Yes
G4-LA13	Ratio of basic salary of men to women by employee category	84-88	5.2 People Processes	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Supplier Assessment for Labour Practices	48-51	3.6 Supply Chain & Procurement	Fully	Yes
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	48-51	3.6 Supply Chain & Procurement	Fully	Yes
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	48-51	3.6 Supply Chain & Procurement	Fully	Yes
G4-LA16	Numbers of grievances about labour practices filed, addressed and resolved through formal grievance mechanism	48-51, 84-88	3.6 Supply Chain & Procurement	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Child Labour	48-51	3.6 Supply Chain & Procurement	Fully	Yes
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	48-51	3.6 Supply Chain & Procurement	Fully	Yes
G4-HR2	Total Hours of employee trainings on human rights policies or procedures concerning aspects of human rights that are relevant to operations including the percentage of employees trained	84-88	5.2 People Processes	Fully	Yes
G4-HR3	Total number of incidents of discrimination and corrective actions taken	84-88	5.2 People Processes	Fully	Yes
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	48-51	3.6 Supply Chain & Procurement	Fully	Yes

General Standard Disclosure	Standard Disclosure Title	Page Number (or Link)	Cross Reference of Report Sections	Whether reported Fully or Partially (Reasons for omissions if any)	External Assurance
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	84-88	5.2 People Processes	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Forced or Compulsory Labour	48-51, 84-88	3.6 Supply Chain & Procurement	Fully	Yes
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	48-51	3.6 Supply Chain & Procurement	Fully	Yes
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	84-88	5.2 People Processes	Fully	Yes
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions	89-91	5.3 Community Development & Social Responsibility	Fully	Yes
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	48-51	3.6 Supply Chain & Procurement	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Supplier Human Rights Assessment	48-51	3.6 Supply Chain & Procurement	Fully	Yes
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	48-51	3.6 Supply Chain & Procurement	Fully	Yes
G4-HR11	Significant actual and potential negative human right impacts in the supply chain and actions taken	48-51	3.6 Supply Chain & Procurement	Fully	Yes
G4-HR12	Number of Grievances about Human rights impacts filed and resolved through formal grievance mechanisms	48-51	3.6 Supply Chain & Procurement	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Local Communities	89-92	5.3 Community Development & Social Responsibility	Fully	Yes
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	89-92	5.3 Community Development & Social Responsibility	Fully	Yes
G4-SO2	Operations with significant actual and potential negative impacts on local communities	89-93	5.3 Community Development & Social Responsibility	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Anti Corruption	96-99	5.4 Compliances & Other aspects	Fully	Yes

7.2 | GRI G4 - In Accordance “Comprehensive” - Content Index

General Standard Disclosure	Standard Disclosure Title	Page Number (or Link)	Cross Reference of Report Sections	Whether reported Fully or Partially (Reasons for omissions if any)	External Assurance
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	96-99	5.4 Compliances & Other aspects	Fully	Yes
G4-SO4	Communication and training on anti-corruption policies and procedures	96-99	5.4 Compliances & Other aspects	Fully	Yes
G4-SO5	Confirmed incidents of corruption and actions taken	96-99	5.4 Compliances & Other aspects	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Public Policy	30-33	2.6 Materiality & Organizational Strategy	Fully	Yes
G4-SO6	Total value of political contributions by country and recipient/beneficiary	96-99	5.4 Compliances & Other aspects	Fully	Yes
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes	96-99	5.4 Compliances & Other aspects	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach - Compliance	96-99	5.4 Compliances & Other aspects	Fully	Yes
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	96-99	5.4 Compliances & Other aspects	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Supplier Assessments for Impact on Society	48-51	3.6 Supply Chain & Procurement	Fully	Yes
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	48-51	3.6 Supply Chain & Procurement	Fully	Yes
G4-SO10	Significant actual and potential impacts on society in the supply chain and actions taken	48-51	3.6 Supply Chain & Procurement	Fully	Yes
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	24-27	2.5 Stakeholder Engagement	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Customer Health & Safety	38-40	3.2 Products & Services	Fully	Yes
G4-PR1	Percentage of significant product and service categories for which Health & Safety impacts are assessed for improvement	38-40	3.2 Products & Services	Fully	Yes
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the Health & Safety impacts of Products & Services during their life cycle, by type of outcomes	38-40	3.2 Products & Services	Fully	Yes

General Standard Disclosure	Standard Disclosure Title	Page Number (or Link)	Cross Reference of Report Sections	Whether reported Fully or Partially (Reasons for omissions if any)	External Assurance
G4-DMA	Generic Disclosures on Management Approach – Product and Service Labeling	38-40	3.2 Products & Services	Fully	Yes
G4-PR3	Type of Product and Service information required by the organisation procedures for product and service information and labeling and percentage of significant product and service categories subject to such information requirements	38-40	3.2 Products & Services	Fully	Yes
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	38-40	3.2 Products & Services	Fully	Yes
G4-PR5	Results of surveys measuring customer satisfaction	44-45	3.4 Customer Excellence	Fully	Yes
G4-PR6	Sale of banned or disputed products	38-40	3.2 Products & Services	Fully	Yes
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type and outcome	38-40	3.2 Products & Services	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Customer Privacy	44-45	3.4 Customer Excellence	Fully	Yes
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	44-45	3.4 Customer Excellence	Fully	Yes
G4-DMA	Generic Disclosures on Management Approach – Product and Services	38-40	3.2 Products & Services	Fully	Yes
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of Products & Services	38-40	3.2 Products & Services	Fully	Yes

7.3 | UN Global Compact Principles Linkage

In 2006, ACC became signatory to United Nations Global Compact and since then we have been making public disclosure on adherence to UNGC principles. The table below lists the ten principles of the UNGC and indicates the relevant chapter of this report where the organization's activity with respect to each principle is addressed. To that extent, this table and the report also serve as a Communication on Progress (COP) required to be disclosed by signatories of the UNGC.

Sr. No	Principle	Chapter
Human Rights		
1	Businesses should support and respect the protection of Internationally proclaimed human rights; and	5.2
2	Make sure that they are not complicit in human rights abuses	5.2
Labour		
3	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;	5.2, 3.6
4	The elimination of all forms of forced and compulsory labour;	
5	The effective abolition of child labour; and	
6	The elimination of discrimination in respect of employment and occupation	
Environment		
7	Businesses should support a precautionary approach to environmental challenges;	4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 3.2
8	Undertake initiatives to promote greater environmental responsibility; and	
9	Encourage the development and diffusion of environmentally friendly technologies	
Anti-Corruption		
10	Businesses should work against corruption in all its forms, including extortion and bribery	5.4

7.4 | Glossary

ABCD - Anti Bribery and Corruption Directive

Absolute Gross Emissions - Total amount of CO₂ emissions from cement production activities

Absolute Net Emissions - Gross CO₂ emissions minus credits for indirect savings such as by use of alternative waste materials as fuel.

Alternative Fuels and Raw Materials (AFR) - Inputs derived from waste streams contributing energy and/or resource recovery

Bag House - Air pollution control equipment that removes particulates from flue gas released in manufacturing processes

Biodiversity - Refers to the variety of life on earth - the different animals, plants and micro-organisms, their genes and the ecosystems of which they are a part.

Blended Cement - Hydraulic cements consisting essentially of an intimate and uniform blend of ordinary Portland cement with either slag or fly ash

Business Risk Management Process (BRM) - A process in ACC to help identify various risks and opportunities associated with our business.

Captive Power Plants (CPP) - Power plants including Generation Sets, normally established by an industry to meet its own power requirements.

Carbon Footprint - The total set of greenhouse gas emissions caused by an organization.

CDM - Clean Development Mechanism, a flexible scheme provided in the Kyoto Protocol that assists countries and business entities in achieving compliance with their quantified emission limitation and reduction commitments.

Cement - a building material made by grinding calcined limestone and clay to a fine powder. It acts as a binding agent when mixed with sand, gravel or crushed stone and water to make concrete.

Cement Sustainability Initiative (CSI) - a global group of 24 major cement producers set up under the World Business Council for Sustainable Development for the pursuit of issues concerning sustainable development in the cement sector.

CEMS - Continuous Emissions Monitoring Systems

CER - Certified Emission Reduction, a type of tradable carbon credit issued in lieu of emission reduction achieved by projects qualifying under the Clean Development Mechanism (CDM)

CII - Confederation of Indian Industry, a non-government, not-for-profit, industry-led and industry-managed organization that facilitates dialogue with industry and government

Clinker - An intermediate product in cement manufacture that is produced by sintering and fast-cooling ground limestone

Clinker Factor - The percentage of clinker in cement

7.4 | Glossary

Community Advisory Panel (CAP) - An informal but representative group of persons selected as accurately representing views of the community in matters concerning its social needs and development schemes

Community Needs Assessment - A systematic process to acquire an accurate understanding of a community's needs and priorities in the context of its economic and social development

Concrete - A building material produced by mixing cement, water and aggregates comprising sand and gravel or crushed stone.

Co-processing - The act of adapting an existing industrial process in a single combined operation, whereby certain so-called 'waste' materials may be put to use as alternative fuel or raw material in cement kilns, dryers and captive power plants

Corporate Social Responsibility (CSR) - In a wider context the term indicates the commitment of business to contribute to sustainable development, working with various stakeholders like employees, their families, the local community and society at large to improve their quality of life. We generally use this term to refer specifically to community development and engagements.

Central Pollution Control Board (CPCB) - A statutory organisation under the Ministry of Environment and Forests responsible for maintaining national standards under a variety of environmental laws, in consultation with zonal offices, and local governments.

Critical Incident - An incident (Independent of the outcome eg: Near Miss, FAI, MTI, LTI) which had the potential to cause serious injuries (single fatality, multiple fatalities) or to cause substantial property damage or loss (eg: fire, explosions, geotechnical or structural failures).

Employee Lost Time Injury - A work-related injury after which the injured person cannot work for at least one full shift/full working day.

Employee Lost Time Injury Frequency Rate - refers to the rate of occurrence of workplace incidents that result in an employee's inability to work the next full work day. Calculated as the number of lost-time injuries within a given accounting period relative to the total number of hours worked in the same accounting period.

Employee Lost Working days - Those days on which, because of occupational injury or illness, the employee was away from work or limited to restricted work activity.

Environmental Impact Assessment (EIA) - An assessment of the possible impacts that a proposed project may have on the environment, consisting of the environmental, social and economic aspects.

FICCI - Federation of Indian Chambers of Commerce and Industry, an association of business organizations in India

Fly Ash - Waste particulate residue from thermal power plants or incineration plants

Fossil Fuels - Non-renewable carbon-based fuels like coal and oil etc

Geocycle - The brand name under which Holcim offers sustainable solutions for waste management.

Global Reporting Initiative (GRI) - An International framework recommended for reporting progress against Sustainable Development. In May 2013, GRI released the fourth generation of its Guidelines –G4. This report is based on G4 guidelines.

GPS - Global Positioning System

Green Building - A Building which uses less water, optimizes energy efficiency, conserves natural resources, generates less waste and provides healthier spaces for occupants, as compared to a conventional building.

Greenhouse Gases - Gases that absorb and emit radiation within the thermal infrared range of the earth’s atmosphere.

IUCN - The International Union for Conservation of Nature, an international organisation working for natural resource conservation.

Industrial Training Institute (ITI) - Government-run Training institutes which provide post-school technical training.

Infant Mortality Rate (IMR) - The death rate during the first year of a child’s life.

Kiln - Large rotating cylindrical industrial oven used in the manufacture of cement clinker. In this report, “kiln” always refers to a rotary kiln. A cement kiln is believed to be among the largest moving machines.

Limestone - A sedimentary rock composed of calcium carbonate used as the main input in cement manufacture.

Material Aspects - Topics that reflect the organization’s significant economic, environmental, and social impacts or those that substantially influence stakeholders’ assessment and decisions.

Materiality - The threshold at which an issue or indicator becomes sufficiently important that it should be reported.

MT - Metric Tonne

MW - Megawatt, a unit of power equal to one million watts

NO_x - A generic term for Nitrogen oxides, usually refers to it as an air pollutant.

NPS - Net Promoter Score, an index used to measure the willingness of customers to recommend a company’s products or services to others. Also used as a proxy to gauge customer satisfaction.

Ordinary Portland Cement (OPC) - Cement made by inter-grinding clinker and gypsum.

Perform Achieve Trade (PAT) Scheme - A trading scheme aimed to reduce energy consumption in industries across India using market oriented mechanisms. The scheme is designed and implemented by the Bureau of Energy Efficiency (BEE), under the Ministry of Power, India.

Profit After Tax (PAT) - It is the net profit earned by the company after deducting all expenses like interest, depreciation and tax.

Personal Protective Equipment (PPE) - Protective clothing, helmets, goggles, or other garments or equipment designed to protect the wearer’s body from injury.

7.4 | Glossary

Pet Coke - Petroleum coke which is a carbon solid derived from oil refinery coker units or other cracking processes.

Portland Pozzolana Cement (PPC) - Cement produced by inter-grinding a pozzolanic material such as fly-ash with clinker and gypsum.

Portland Slag Cement (PSC) - Cement produced by inter-grinding slag with clinker and gypsum.

Public–Private Partnership (PPP) - A government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies.

Radio Frequency Identification Device (RFID) - The wireless non-contact use of radio-frequency electromagnetic fields to transfer data, for the purposes of automatically identifying and tracking tags attached to objects.

Rain Water Harvesting (RWH) - Techniques used for collecting and storing, and using rainwater

Ready Mixed Concrete (RMX) - Concrete specifically manufactured for delivery to construction sites in a freshly mixed and plastic or unhardened state. RMX is the acronym we use at ACC, though some others refer to it as RMC.

Renewable Purchase Obligation (RPO) - The obligation imposed by law on some entities to either buy electricity generated by specified 'green' sources, or buy, in lieu of that, 'renewable energy certificates (RECs)' from the market.

SA8000 - It is an auditable certification standard that encourages organizations to develop, maintain, and apply socially acceptable practices in the workplace.

Self-Help Group (SHG) - A village-based voluntary support group usually composed of 10–20 local women or men who come together to address a shared cause or objective.

Slag - A non-metallic product consisting essentially of glass containing silicates, alumino-silicates of lime and other bases. It is obtained as a waste by-product in the manufacture of pig iron in a blast furnace or electric furnace.

SO₂ - The chemical term for sulphur dioxide, usually an air pollutant that plays a critical role in global warming.

Stakeholder - Individuals or groups whose actions significantly affect or can be affected by an organization's activities, products or services.

Stakeholder Dialogue - A structured way to solicit feedback from a company's stakeholders, typically by inviting them to comment on specific issues or problems.

Stakeholder Engagement - The process by which an organization involves its stakeholders, that is, the people who may be affected by its decisions or can influence the implementation of its decisions.

SES - Stakeholder Engagement Surveys

SOT - Safety Observation Tour

Sumant Moolgaokar Technical Institute (SMTI) - An institute established by ACC in 1949 to train young people in specialized trades to become artisans, foremen and first line supervisors.

Sustainable Construction - Building in a way that is socially, economically, environmentally, functionally and aesthetically balanced to meet today's needs and to provide and conserve resources for future generations.

Sustainable Development - Development that meets the needs of the present without compromising the ability of future generations to meet their own needs. SD is the acronym we use at ACC.

Sustainability Reporting - the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development

TERI - The Energy & Resources Institute, a global think tank and research institute that works in the areas of energy, environment and sustainable development

Thermal Substitution Rate (TSR) - The amount of energy used from alternative fuels as a percentage of the total energy consumed in the process.

TJ - TeraJoule, a measurement of energy equivalent to one trillion (10¹²) joules.

Triple Bottom Line - A business accounting framework that incorporates three dimensions of an organisation's performance: social, environmental and financial. TBL dimensions are also commonly called the three Ps: people, planet and profit.

UN Global Compact (UNGC) - A UN initiative to encourage global businesses to adopt ten principles covering Human Rights, Labour Standards, Environment and Anti-corruption.

United Nations Framework Convention on Climate Change (UNFCCC) - An international environmental treaty whose objective is to stabilize greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous interference with the climate system by humans.

United Nations Sustainable Development Goals (UNSDG) - an intergovernmental set of aspiration goals officially known as Transforming Our World: The 2030 Agenda for Sustainable Development

VCCE - Value Creation in Competitive Environment

Vertical Roller Mill (VRM) - A type of grinding machine used to grind materials into extremely fine powder. A VRM is now recognized as standard energy efficient equipment to grind clinker into cement.

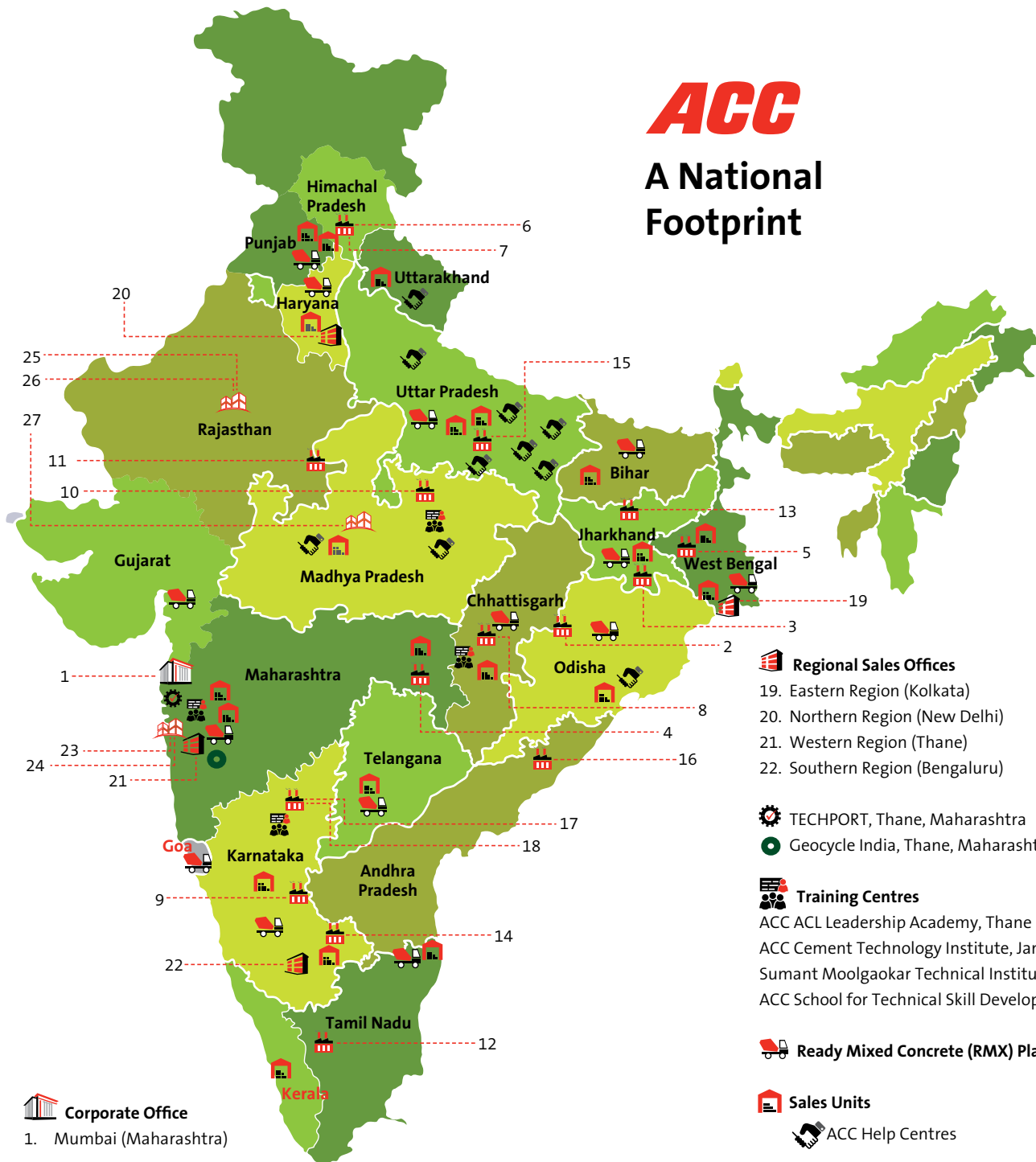
Waste Heat Recovery - Generating power by utilizing waste heat from preheater and cooler gases.

World Business Council for Sustainable Development (WBCSD) - A CEO-led organization of forward-thinking companies that galvanizes the global business community to create a sustainable future for business, society and the environment.



ACC

A National Footprint



This map is as of February 10, 2016. It is illustrative and not drawn to scale. Andaman, Nicobar and Lakshadweep islands are not shown.

WYATTPrism COMMUNICATIONS (info@wyatt.co.in)

ACC Limited

Registered Office

Cement House

121, Maharshi Karve Road

Mumbai 400 020, India.

www.acclimited.com