

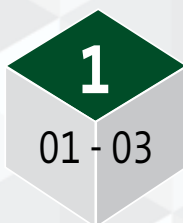


So The World Builds Better

ACC LIMITED  
Sustainable Development  
Report 2016



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## Chairman's Message



**We look forward with enthusiasm to a renewed momentum in the economy which shows a healthy appetite for growth**

ACC crossed the eight decade mark in 2016, earning for itself the distinction of becoming one of a select few Indian companies of this vintage that have remained in the same business from inception. Over all these years, the company has renewed itself periodically to keep it contemporary and up to speed with competition.

2016 turned out a mixed bag of challenges and opportunities. On the one hand, notwithstanding some bold reforms and reasonable overall growth, the economy could not energize the construction sector; as a result, the company had to contend with subdued sales in most of its major markets.

On the up side, our cement and ready mixed concrete businesses recorded positive developments by way of enhanced cost efficiency, innovative product development and insightful customer excellence initiatives. The company's presence in the eastern region was strengthened with completion of the Jamul integrated project that included a new clinkering line and cement grinding unit in Jamul, Chhattisgarh and a second grinding unit in Sindri, Jharkhand.

In August last year, ACC Limited became a subsidiary of Ambuja Cements Limited (ACL) following a scheme of amalgamation between the latter and Holcim (India) Private Limited, while LafargeHolcim Ltd continued to remain the ultimate Holding Company. In April 2017, the Boards of ACC and ACL announced their desire to explore opportunities of a potential merger of the two companies with a view to unite the strengths of both entities in order to deliver greater synergies to their combined stakeholders.

A change of guard was announced towards the end of the year. Mr Neeraj Akhoury took over as Managing Director & CEO from February 4, 2017 in a seamless transition in place of Mr Harish Badami who tendered his resignation as Chief Executive Officer & Managing Director after a short tenure that was rich in contribution.

It is a matter of pride that the company's unwavering focus on sustainable development and good corporate citizenship was publicly reaffirmed by way of several prestigious awards including that of "India's Most Sustainable" for the third time by the CII-ITC Centre of Excellence in Sustainable Development. That this accolade was shared with Ambuja Cements Limited makes it all the more special for the group.

We look forward with enthusiasm to a renewed momentum in the economy which shows a healthy appetite for growth. The construction, building materials and cement industries are particularly enthused by the Union Budget proposals announced this February that augur well for accelerated investment in infrastructure development, housing and other key sectors.

I am confident that ACC, aided by its team of dedicated employees and loyal associates, will remain professionally managed, demonstrating sound ethics and persevering on the path of delivering customer excellence and maximum value to its principal stakeholders.

**Narotam Sekhsaria**





**“ We were felicitated with the prestigious CII-ITC Sustainability Award 2016 for “Outstanding Accomplishment”**

Dear Stakeholder,

It is a privilege to be invited to steer an organization with such an extraordinary legacy and outstanding reputation. In delivering the demands of this office, it is awe-inspiring to follow in the footsteps of the many towering personalities who have preceded me and are legends in the company's annals. These leaders have led the company successfully, providing it the requisite dynamism to reach for growth, profitability, customer excellence and greater value for shareholders. I am proud to note that this is a company which has always shown respect for the nation, its people and environment with a long tradition of planet-friendly practices.

#### COMMITMENT TO SUSTAINABILITY

As with our parent group LafargeHolcim, sustainability is an essential part of our business value chain and we are deeply committed to ensure that it remains central to our strategy and decision-making. In this regard we aim to achieve high standards in customer excellence, innovation, resource conservation, environment management and community engagement to create value for all stakeholders. In the 10<sup>th</sup> Sustainable Development Report, presented here, we describe the progress made in respect of economic, environmental and social aspects in 2016.

This was a year when ACC was again singled out as being among “India's Most Sustainable” and felicitated with the prestigious CII-ITC Sustainability Award 2016 for “Outstanding Accomplishment” in recognition of its continued effort and commitment to the cause of Sustainable Development. This is the third time in the last four years when we are recipients of this award, considered to be among the country's most coveted in the field of corporate sustainable development.

In 2016 we formulated our SD 2030 Plan outlining the path we wish to take to build and secure for ourselves a sustainable future. Aligned with the LafargeHolcim 2030 Plan that supports the UN “Sustainable Development Goals”, our plan comprises a set of commitments divided broadly into four main fields of action that address climate change, circular economy, water & nature and people & communities. Our 2030 Plan targets sets quantitative targets related to our direct and indirect impacts over the whole life-cycle of our products and services on which we will periodically monitor and report progress.

#### ECONOMIC PERFORMANCE

The Indian economy grew at around 7.0% in 2016, among the fastest growth rates recorded by any of the world's major economies. A good monsoon after two rain-deficient years brought good cheer for the rural economy while the

manufacturing sector grew at about ~8.5%. However these did not serve to stimulate the construction sector. The landmark demonetization scheme, no doubt a major reform, had a tapering impact on construction activity in the last quarter of 2016 as a squeeze on liquidity limited commercial transactions.

#### CEMENT BUSINESS

In 2016 we faced a decline in total cement sales by 2.7% as compared to 2015 following subdued demand in our major markets. We also saw weaker price trends. However, we were successful in achieving higher cost efficiency with a reduction in fuel and input costs by 10% in 2016 as compared to 2015. Freight expenses also came down by 3% despite an increase in rail tariffs.

Three of our cement plants did us proud in a global benchmarking exercise. Gagal 2, Wadi 2 and Gagal 1 cement plants ranked 6<sup>th</sup>, 17<sup>th</sup> and 19<sup>th</sup> respectively in a detailed overview of the performance of 136 integrated cement plants of the worldwide LafargeHolcim group. The structured analysis is based on a set of indices grouped along three categories viz. sustainability, efficiency and cost performance.

During the year we augmented our cement capacity with the commissioning of the Jamul integrated project, showcasing a modern state-of-the-art plant with features that enable it to meet global standards. The project comprises a clinkering line at Jamul in Chhattisgarh and grinding units in Jamul and Sindri in Jharkhand.

#### CONCRETE GAINS

The Ready Mixed Concrete (RMX) business continued its trend of performing well with an increase of 10.5% in sales by volume and 9.0% in sales by value. A sharp focus in tapping growth opportunities in the infrastructure, commercial and realty segments accompanied by enhanced customer services and the promotion of value added special application products enabled operating EBITDA of the RMX business to rise by 37.7% during the year.



## HEALTH AND SAFETY

Health and safety took the top spot in our agenda during the year. Having Health & Safety (H&S) as an over arching value means we remain committed to ensure that H&S is embedded in everything we do and lived by each one of us at all times through our conduct behaviour and actions. The key focus area for 2016 was implementing the Health & Safety Improvement Plan (HSIP) which contained seven well-defined H&S objectives with ownership of each objective clearly assigned to a senior executive. Work is ongoing to complete an on-line health management system that standardizes health processes across all units. With H&S being of particular importance in the area of logistics, we have developed a Logistics Safety Roadmap for 2020, which encompasses an analysis of past incidents, current initiatives and wide-ranging activity based risk assessments.

## PEOPLE - OUR ULTIMATE RESOURCE

In the words of Mr Nani Palkhivala former chairman of the company, “people are our ultimate resource”. With their deep commitment and enviable talent, our human resources are critical to the company’s success. During the year, we adopted a new set of core values introduced by the LafargeHolcim group for its worldwide employees. Abbreviated as CRISP, the five distinct values enjoin a focus on Customer, Results, Integrity, Sustainability and People. Simultaneously the Group also recommended a new internal motto called ACE or Agility, Collaboration and Empowerment which now form basic dimensions of a high performance culture that we want employees to demonstrate in all their actions. We enjoyed peaceful and amicable relations with the workforce during the year.

## COMMUNITY COUNTS

ACC was chosen from among several leading companies to receive the first ever “ICSI CSR Excellence Awards 2016” instituted by The Institute of Company Secretaries of India to recognize the best practices in CSR. This reminds us of the

year 1976 when ASSOCHAM instituted what was possibly the country’s first ever CSR award and chose ACC to receive that honour. CSR became a formal process in the company with the Village Improvement Scheme introduced in 1952. In 2016 the company’s community development programmes reached out to benefit over 4.23 lakh people in 202 villages across the country with projects in the broad thematic areas of Livelihood, Education, Health & Sanitation.

## ENVIRONMENT MATTERS

We remain committed to protect the environment against the impact of climate change through our entire value chain with an aim to demonstrate leadership in environment performance. The company’s carbon footprint is counted among the best-in-class and our emissions show a reduction of 30 per cent from the base line of 1990.

During the year we commissioned Hybrid Electrostatic Precipitators (ESP) at Jamul and upgraded Coal Mill Bag House and Cooler ESP at Galgal in 2016. Steps were initiated towards reducing future NO<sub>x</sub> emissions by ordering selective Non Catalytic Reduction (SNCR) systems for Kymore and Galgal.

The new Zero Liquid Discharge (ZLD) system at Wadi and Chanda and Sewage Treatment Plants (STPs) at Lakheri and Damodhar - will further improve our water & waste management performance.

On the energy front, our overall total Green Energy portfolio grew to 38.18 million units registering an increase of 9% as compared to the previous year. This was enabled by our wind farms, waste heat recovery (WHRS) unit and Power Purchase Agreements. During the year petcoke consumption was increased to 62% from 18% in 2015.

We expect our co-processing infrastructure to be further strengthened following the completion of a waste pre-processing facility at Madukkarai, Tamil Nadu which is under execution.

This will be the company’s third such unit after the two pre-processing facilities at Wadi in Karnataka and Kymore in Madhya Pradesh.

In 2016, we utilized 3.90 million tonnes of fly ash, 2.67 million tonnes of slag, 1.10 million tonnes of crushed rock fines, 0.32 million tonnes of alternative materials, thus providing sustainable environmental friendly services to the nation and contributing to resource conservation.

## WAY FORWARD

We can look at the coming years with optimism. The outlook brightens as various proposals of the Union Budget for 2017-2018 are implemented with a thrust on the rural sector, infrastructure development and housing among other sectors of the economy. Enhanced investment in these sectors spells expectations of accelerated building activity and thus growth in the consumption of building materials. We will work on sharpening and harnessing our core strengths in order to be agile and competitive.

On the sustainability front, we will redouble our efforts to pursue our goals as we have always done - respecting health & safety as a core value, conserving nature, engaging with communities to create shared value, living our values and demonstrating a business performance that exceeds the expectations of all - customers, employees, communities, suppliers and shareholders.

In sum, I believe the near future will unfold exciting times for the cement industry as well as for the company.

**Neeraj Akhoury**

*Managing Director & CEO*

# 2.0



## Organization & Strategy

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**2.1** Building the Nation

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**2.2** Products & Services

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**2.3** Customer Excellence

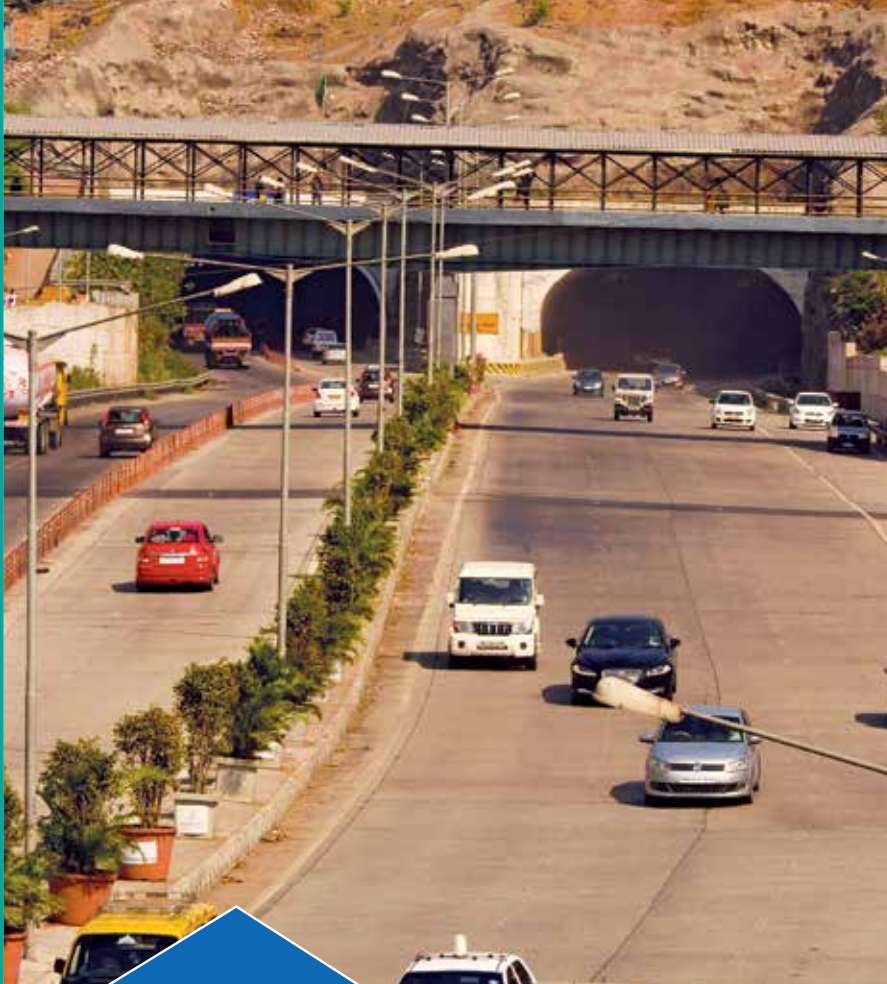
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**2.4** Corporate Governance

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**2.5** Compliances & other aspects

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**Its vast distribution network comprising 10,000 dealers and 50,000 retailers is dotted all over India - in almost every city, town and village to reach out to a large customer base**

ACC has a distinct identity as a nation builder. More structures have been raised in the country using ACC cement and concrete than that of any other company. Incorporated in 1936 as The Associated Cement Companies Limited, it was created out of a historic merger of ten cement companies belonging to four leading Indian business houses of Tatas, Killick Nixons, Khataus and FE Dinshaw. The vision of the founding fathers was to build a strong cement industry that would fulfill its responsibilities to a developing nation. The company's name was abridged to the acronym ACC Limited in 2006. ACC has had the unique distinction to celebrate its silver, gold and platinum anniversaries with the publication of a book to mark each of these historic moments. (GRI -102-1)

#### NATIONWIDE PRESENCE

Large-scale operations entail an equally widespread and competent marketing organization. The company's footprint is spread throughout the length and breadth of the country with 17 cement plants, 50 ready mixed concrete plants, 21 sales offices, about 50 zonal sales offices, a technical campus, a learning academy, two technical training institutes and a dedicated employee band of 7800 people. Its vast distribution network comprising 10,000 dealers and 50,000 retailers is dotted all over India - in almost every city, town and village to reach out to a large customer base. In 2016, a new clinkering plant was completed at Jamul in Chhattisgarh with grinding stations in Jamul and Sindri. The company's operations are entirely domestic. A map on the inside back cover shows the location of our state-wise operations and offices. (GRI -102-3,4,6, 7)

#### TRUSTED BRAND FOR OVER 80 YEARS

ACC is a preferred brand of cement and concrete which has set new standards of excellence in every region of the country with iconic masterpieces built with ACC cement - Mumbai's popular promenade, Marine Drive, J. J. Flyover, the mighty Bhakra Dam, Koldam Dam project in Himachal Pradesh and high tech railways systems in Kolkata, Bengaluru and Delhi. It is a trusted brand of cement and concrete in India for all constructions - large and small.

#### LEGACY

ACC was closely associated with the Tata Group till 1999, when they sold all of their shareholding - 14.45 per cent - in the company to the Ambuja Cement Group (then Gujarat Ambuja). In 2005, Gujarat Ambuja divested their holding to Holcim Limited of Switzerland, making ACC a subsidiary of Holcim (India) Private Limited. In a significant global merger signed on July 15, 2015, Holcim Limited and Lafarge S.A. came together to create a new company called LafargeHolcim - a world leader in the building materials industry. Today ACC occupies a



prominent and strategic position as one of the largest subsidiaries in the LafargeHolcim Group. (GRI-102-5)

## ORGANIZATION

The organization structure is function-based led by the Managing Director and Chief Executive Officer assisted by an Executive Committee comprising major functional Heads including those with responsibilities for economic, environmental and social aspects. It is broadly divided into verticals for Sales & Marketing, Corporate Services, Manufacturing, Human Resources, Finance and Procurement. Cement Plants and Marketing units are grouped into four regional clusters, namely North, South, East and West. The Regional Directors for Sales, Logistics, Finance and HR have a direct reporting line to the respective Vertical Head who is a member of the Executive Committee. Procurement activities are managed by the India Procurement Organization.

## GOVERNANCE

The company's Governance philosophy is built on strong ethical values based on the values of ACC's founders who were reputed business houses with high standards of business ethics. These rich traditions continue today. The Company's fundamental values are based on integrity, respect for the law, commitment to product quality, customer excellence and concern for the environment. 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 Independent Director. Mr Harish Badami, Chief Executive Officer & Managing Director, was in charge of day-to-day working and operations of the Company till Mr Neeraj Akhoury was appointed as Managing Director & Chief Executive Officer on February 4, 2017. Mr Eric Olsen served as Deputy Chairman during 2016.

## TRAILBLAZER

ACC is a leader in the manufacture and promotion of Blended Cements namely,

Portland Pozzolana and Portland Slag cements, which use materials that are industrial wastes and pollutants. ACC is the largest manufacturer of Blended Cements in the country and has recently introduced two new brands, ACC Suraksha and ACC High Performance Cement. The company's innovations in R&D backed by over 80 years of experience have led to several advancements in cement and concrete. ACC is proud to have several other "firsts" to its credit:

- ◆ First to set up an indigenous cement plant at Chaibasa, Jharkhand
- ◆ First with a Bulk Cement Terminal
- ◆ First to offer Bulk cement and Ready Mixed Concrete - two value additions that have accelerated the quality and pace of large constructions all over the nation
- ◆ First to install Pollution control equipment at its Jamul plant more than 50 years ago, much before it was declared mandatory to do so
- ◆ First to support Corporate Social Responsibility initiatives
- ◆ First to set up the world's largest clinkering line at Wadi in Karnataka and
- ◆ First to introduce Global Positioning Systems (GPS) and RFID technologies to modernize logistics in cement industry.

## GREEN COMMITMENT

ACC has always acted as a responsible and creative constituent of society. It was one of the first Indian companies to demonstrate environment conservation as a corporate objective. Evidence of this may be seen in its Articles of Association, in its earliest greening and tree planting activities at its oldest locations in Lakheri and Kymore and in back

volumes of its annual reports, chairman statements and house magazines that mention the practice of planet-friendly initiatives, namely quarry rehabilitation, afforestation, water conservation, pollution control and utilization of wastes. Today ACC offers effective solutions for management of industrial, agricultural and municipal wastes through co-processing in its countrywide spread of cement kilns. Published reports and benchmarking studies done by reputed bodies such as the Cement Sustainability Initiative, CII-ITC Centre of Excellence in Sustainable Development and Centre for Science and Environment show that ACC has one of the lowest carbon footprints as compared to its global peers. (GRI 102-2)

## SUSTAINABLE CONSTRUCTION

ACC leads the cause of sustainable construction in India. Cement House, the company's 78 years old stately headquarters, was the first renovated building in India to win the Green building LEED Gold certification and 5-Star label from the Bureau of Energy Efficiency in 2009. Later two other Green buildings the Central Control Room of the Chanda Plant (in 2011) and La Residency in Thane, a residential facility (in 2013) got certified as LEED Platinum. Today the company's Green Building Centres (see box) promote cost-effective and affordable construction in semi-urban and rural India. ACC actively supports the LafargeHolcim Foundation to promote the world's most significant competition in sustainable design.

## CORPORATE CITIZENSHIP

ACC was chosen from among several leading companies to receive the first-ever ICSI-CSR Excellence Award in 2016 instituted by The Institute of Company Secretaries of India. This speaks volumes of the company's social volunteering initiatives which began much before the term corporate social responsibility was even coined. The company continuously engages with the rural population in the vicinity of its operations to improve the

## 2.1 Building the Nation

quality of their lives in the areas of Livelihood, Education, Water, Health, and Sanitation. In 2016, ACC reached out in this way to more than 4.23 lakh inhabitants in 202 villages across the country. Noteworthy ongoing initiatives include two world-class treatment centres for patients of HIV/AIDS, three company-managed technical institutes, support to seven government-run technical schools for students from remote places, and an online educational initiative for children, Vidyasaarathi.

### Green Building Centres

In this unique venture to promote affordable construction solutions, the company encourages small businesses to set up production hubs and “one-stop shops” in small towns and semi-urban clusters to make and distribute a range of building components and accessories for housing and other constructions.

ACC Green Building Centres provide opportunities to open localised businesses, generate avenues to develop micro-entrepreneurships and engage with local communities in creating livelihoods in several trades and in forging partnerships with local bodies and communities. The promoters are assisted in acquiring know-how, training, product testing facilities and product development. The products typically comprise fly ash bricks, roofing, tiles, toilet blocks and sanitation products. The supply of these building materials is rendered affordable and sustainable as they are made by local people using local processes or simple borrowed technologies that are transferred to local entrepreneurs.

The first few centres were opened in 2013 in Uttar Pradesh, Madhya Pradesh, Maharashtra, and Rajasthan. By the end of 2016, 22 Green Building Centres were operational with 23 under construction. Some more centres are under discussion. The footprint is expanding rapidly with local partners being added in several regions.

Typically each centre offers direct employment to about 30 persons while providing indirect livelihood and support to another 120 people. One successful centre is managed by a women’s self-help group. Besides employment, the centres have demonstrated other positive results in respect of sustainability parameters. The use of Cement Bricks and interlocking pavers in Sanitation and Rural Road projects helps conserve fertile top soil; the use of local sourced materials and the utilization of wastes serves to cut carbon emissions.

So far some 60 events and workshops have been held across the country to create awareness about this simple approach that promotes sustainability in construction by creating an eco-system for affordable housing and sanitation. Workshops with owners of red brick kilns led to six of them joining as partners. The concept has also impressed executives from LafargeHolcim’s CSR and Sustainable construction streams who have identified its potential to be replicated elsewhere in the developing world.



## Awards in 2016

- ◆ 'First ICSI CSR Excellence Awards 2016' instituted by The Institute of Company Secretaries of India in the Award Category 'Best Corporate - Medium'
- ◆ CII-ITC Sustainability Awards 2016 for Corporate Excellence - Outstanding Accomplishment in category A Large Companies by the CII-ITC Centre of Excellence for Sustainable Development
- ◆ National Institute of Industrial Engineering's 'Lakshya Avartan - On the Job Achiever's Contest' Award to ACC Concrete-Sales and Marketing
- ◆ 13<sup>th</sup> National award for Excellence in Cost Management conferred by The Institute of Cost Accountants of India
- ◆ ACC awarded for logistics excellence in "Supply Chain Technology Advancement/Solution Implementation" category at the Manufacturing Supply Chain Awards 2016
- ◆ Institute of Chartered Accountants of India (ICAI) awarded the Silver Award to ACC for its Annual Report 2015
- ◆ ACC featured in CII's list of ten Sustainable Plus Platinum 2015 companies and rated "India's Most Sustainable".

*A full list of awards may be seen in the company's website at <http://www.acclimited.com/about/awards-and-accolades>*



ACC is proud to be chosen from among leading companies to receive the 'First ICSI CSR Excellence Awards 2016' instituted by The Institute of Company Secretaries of India.





## Products & Services



**The company promotes a range of 'Premium' cements which are offered in higher quality packaging, Paper bags, Laminated PP bags and Ad Star Bags**

ACC has been in operation for more than eight decades. Its products and services are reputed for raising mega structures and iconic landmarks across the country that depict a nation in progress.

ACC has played a meaningful role in building the nation, providing quality building materials and services and sharing its expertise - touching the lives of people in every city, town and village. Its presence has been vital in raising mega structures like dams, canals, irrigation schemes, power plants, ports, roads and railways besides enabling urban transformation with skyscrapers, flyovers & bridges, airports and metro rail projects.

### 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 and**

**Portland Slag Cement**

ACC's range of 'Premium' cements ([www.acclimited.com/products/premium-cements](http://www.acclimited.com/products/premium-cements)), offered in superior packaging - paper, laminated PP and Ad Star bags, assure enhanced performance in respect of early strength and durability. (GRI 102-2)

### BLENDED CEMENTS

ACC has been in the forefront in the cement industry to introduce and promote Blended cements namely Portland Slag Cement (PSC) and Portland

Pozzolana Cement (PPC). Blended cements, PSC and PPC are made by substituting a part of clinker (which is limestone-based) with certain industrial by-products, namely Slag - derived from steel plants and fly ash -- a waste from thermal power stations, respectively. The significant role played by blended cements in reducing CO<sub>2</sub> emissions and resource conservation is well recognized globally.

ACC has also pioneered the distribution of Bulk Cement in 1992 and a year later in 1993 the company introduced Ready Mixed Concrete. ACC is among the largest suppliers of concrete in the country. These two products have been contributing significantly to the construction industry - bringing in sophisticated practices and speeding up large infrastructure, industrial and housing projects.

As the government moves ahead with plans for greater investments in infrastructure development, Smart Cities and urban transformation, the company has also revved up its capability to provide quality building materials and services to match the engineering excellence that goes into implementing ambitious projects necessary in these segments.

### CUSTOMERS

ACC is regarded as a trusted brand by our largest customer segment comprising individual home builders across India. Besides, we also cater to large projects - industrial, infrastructure and commercial (ICI). 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. (GRI 102-6)

### NATIONWIDE PRESENCE

A large network of dedicated dealers and retailers reach out to a countrywide customer base. These channel partners play a critical role in providing primary



customer care and service to end-users. Our sales personnel based in the company's sales units, area offices and districts keep in regular contact with dealers and retailers to meet their specific requirements. A separate team (ICI) manages sales and serves 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. The Customer Service (CS) Engineers team comprises civil engineers who provide technical assistance and useful information to the supply chain of masons, contractors, architects, and engineers.

ACC Cement and Concrete plants across the country are capable of meeting specific needs of customers including individual builders of small homes to the complex and challenging demands of mega projects.

#### READY MIXED CONCRETE (RMX)

ACC set up India's first commercial Ready Mixed Concrete (RMX) plant in Mumbai in 1994. Today it is one of the largest manufacturers of RMX in India with about 50 modern plants in major cities such as Mumbai, Bangalore, Kolkata, Chennai, Delhi, Hyderabad, Goa, Pune and Ahmedabad. Small building projects and individual home builders seeking high levels of quality assurance can now usher in the same sophistication and value addition into their construction as some of India's mega projects using ACC RMX- at virtually no extra cost.

ACC Concrete's range of value-added products ([www.acclimited.com/products/concrete-value-added-products](http://www.acclimited.com/products/concrete-value-added-products)) caters to a gamut of requirements - from small applications to special grades for mega structures. ACC RMX is sold directly to buyers and end-users or via our trade channels."

#### QUALITY SPECIFICATIONS

ACC observes more stringent quality norms for manufacturing cement than

the relevant statutory ones 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.

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.

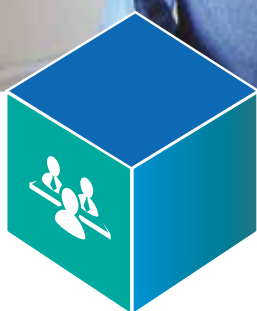
We do not manufacture any products that are either restricted or disputed.

In 2016, 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. (GRI 416-1)

#### ECONOMIC IMPACT OF CEMENT

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.





**ACC is a customer centric organization and this approach is designed to enrich customer experience and enhance customer value**

Customer excellence drives profitable growth. ACC is a customer centric organization and this approach is designed to enrich customer experience and enhance customer value. We work to ensure that our customers get the best value in our products and services. This customer centric approach involves Superior products, Superior services and Superior logistics.

Individual Home Builders (IHB) remain the largest customer segment in terms of volume and profitability. A young and dynamic sales force engages with customers on a one-to-one basis. They work with dedicated channel partners who in turn, are supported by retailer outlets for effective consumer outreach at the last mile.

To provide complete focus to Institutional Customers, ACC has set up KAM (Key Account Management) team. They provide a single window solution for all cement needs across various locations. The KAM team also works with the company's Ready Mixed Concrete (RMX) business to support large buyers of concrete.

ACC is acknowledged as a supplier who meets high standards in quality and packaging of cement and ready mixed concrete, exceeding base statutory standards and specifications. We also promote a range of Premium cements and value added concrete products with superior features suitable for different applications and local conditions.

#### **CUSTOMER SERVICE**

Customer Service (CS) Engineers at each Sales Unit engage with customers, supply chain members and Influencers to impart knowledge on good construction practices. Customer service engineers visit customer sites and attend customer meets to provide all possible guidance and support. Such information is also shared through the website ([www.acchelp.in](http://www.acchelp.in)) and through appropriate literature. To strengthen customer service, ACC has recently launched an Engagement platform at dealer counters, called Construction Ka Doctor (CKD). The company participates in local exhibitions pertaining to home building and construction materials to reach out to a large customer base.

Dealer Meets and Consumer Meets are conducted on a regular basis. CS teams network with influential groups such as construction engineers, builders, developers, promoters and large contractors at technical training programmes, seminars and plant visits. In addition, Mason, Contractor and Engineer Meets are conducted to highlight safety in construction besides sharing technical information, product literature and the latest advances in construction. Online forums like Concrete Clubs help engineers and contractors come together. We support local Engineering Chapters and technical seminars.

Architects are as such not in direct proximity with us in the supply chain as our interface with them is usually through customers. However we also interact with them regularly in different contexts such as with promotional work of LafargeHolcim Foundation for Sustainable Construction and The Indian Concrete Journal published by ACC. These serve as useful platforms to address a wide range of Influencer groups.

### COMPLAINTS

The company has an effective complaint handling system that facilitates prompt logging, investigation, resolution and closure. In 2016, a total of 435 complaints were received from our customers (end-consumers). All complaints (amounting to >99%) were satisfactorily resolved at the close of the year.

Effective customer relationship management (CRM) systems are in place to manage customer transactions, queries and other interactions. A selection of routine studies and dipstick surveys are conducted to understand the needs of our customers. Tools like Net Promoter Score (NPS) and the E3 Model (Economic, Emotional and Ego) help us to gauge dealer satisfaction levels, and their specific requirements.

It is important to support and motivate the business of our Channel Partners who contribute over 80% of our business and serve as a strong bond between the company and its end consumers. Channel partners play a key role in brand promotion. Hence their business success and growth is vital to our own achievements.

We promise to deliver cement on time and in the right quantity to our consumers. Technologies like Radio Frequency Identification Device (RFID) and Global Positioning Systems (GPS) are being harnessed to improve delivery schedules and enhance productivity.

### BRAND PROMOTION

In 2016, Brand ACC created a compelling and lasting image in the minds of our consumers. Active across mass media, be it Television, Print, Digital & Social Media, Radio or Outdoor - ACC maintained its brand visibility and outreach to millions of households. On Television, ACC was present on all the leading News channels. We participated in innovative 'in-programme' brand integrations in multiple television reality shows in key markets across India. A hi-decibel ad campaign, covering top newspapers, radio stations, outdoor, digital & mobile-phone media, ran in Eastern India - to build awareness for our prestigious new

Jamul-Sindri plant expansion. ACC F2R Foundation2Roof premium cement, was launched successfully with considerable communication support in Chhattisgarh, and received a notably positive response from our channel partners and key stakeholders.

To maximize brand reach among young and web-savvy consumers, ACC engaged on digital media, social media like Facebook, Instagram, YouTube, on mobile media and on Search (Google).

Forging new ground, we made customer testimonials go 'Viral' through the use of Whatsapp, launched mobile apps and connected with end-consumers through 'touch-interactive' mobile innovations. We continue to cement relationships with countless customers across the country.

### PRODUCT RESPONSIBILITY

Cement and concrete and related raw materials are generally not considered to have any major safety or health hazards associated with them. However at the stage of quality assurance, we try to ensure that there is no potential harm to our end consumers while they are handling these products. Towards this end, awareness programmes for safe handling and usage of our products are conducted for customers, masons and engineers to minimize harm, if any.

Table 2.3.1







**ACC is a professionally managed Company that functions under the overall strategic supervision of the Board of Directors**

ACC's has a rich legacy of ethical Corporate Governance practices which were implemented before they were mandatorily prescribed. "Transparency" and "Accountability" the two columns of good governance are embedded in the Company's business practices to ensure fair and responsible leadership both at the Board and at the Management level. This has enabled your Company to satisfy the aspirations of its various stakeholders and earn the trust and goodwill of its investors, business partners, employees and the communities in which it operates. (GRI -102-16)

#### ORGANIZATION

As mentioned in the opening message, ACC Limited became a subsidiary of Ambuja Cements Limited (ACL) in August 2016 following a scheme of amalgamation between the latter and Holcim (India) Private Limited. LafargeHolcim Ltd continued to remain as the ultimate Holding Company. The Jamul integrated project was completed

during the year with a clinkering unit in Jamul, Chhattisgarh and grinding stations in Jamul and Sindri, Jharkhand. There were no changes in the company's operations nor in the structure of its supply chain. Details of the shareholding pattern as at the close of the year may be read in the Annual Report 2016 at the link <http://www.acclimited.com/newsite/annual-report-2016/Corporate-Governance.pdf> (GRI -102-10)

#### BOARD OF DIRECTORS

ACC is a professionally managed Company that functions under the overall strategic supervision of the Board of Directors. A majority of the Board comprises Independent Directors, including the Chairman and an Independent lady Director as required by the Companies Act, 2013. The Managing Director & Chief Executive Officer of the company is the only whole-time executive Director. Over the years, the company is fortunate to have eminent persons from diverse fields as Directors on its Board. (GRI -102-18)



The Board of Directors is entrusted to maintain the tradition of demonstrating highest standards of Corporate Governance. The Board sets out the overall corporate objectives and provides direction and independence to the Management to achieve these objectives for value creation through sustainable profitable growth. (GRI -102-16, 26)

The ACC Board functions in a democratic style and plays a pivotal role in ensuring good governance. Members are free to bring up any matter for discussion at Board Meetings with the permission

of the Chairman. The role, functions, responsibility and accountability of the Board are clearly defined. In addition to its primary role of setting corporate strategies and goals and monitoring corporate performance, the Board directs and guides activities of the management towards the set goals and seeks accountability with a view to create long term sustainable growth that translates itself into progress, prosperity and the fulfillment of stakeholders' aspirations. It also sets standards of corporate behaviour and ensures compliance with laws and regulations. (GRI 102-16,17)

### BOARD OF DIRECTORS (as on February 4, 2017)

**Mr. N. S. Sekhsaria**  
Chairman

**Mr. Eric Olsen**  
Deputy Chairman

**Mr. Neeraj Akhoury**  
Managing Director & CEO

**Mr. Martin Kriegner**

**Mr. Shailesh Haribhakti**

**Mr. Sushil Kumar Roongta**

**Mr. Ashwin Dani**

**Mr. Farrokh K. Kavarana**

**Mr. Vijay Kumar Sharma**

**Mr. Arunkumar R Gandhi**

**Mrs. Falguni Nayar**

**Mr. Christof Hässig**

### COMMITTEES OF THE BOARD

Over the long years of its existence, the Company has developed robust governance structure and processes. Various committees are constituted by the Board with the requisite expertise to handle issues relevant to their field and these are responsible for company's economic, environment and social performance:

- ◆ Audit Committee
- ◆ Stakeholders' Relationship Committee
- ◆ Nomination and Remuneration Committee
- ◆ Corporate Social Responsibility (CSR) Committee
- ◆ Risk Management Committee
- ◆ Compliance Committee

Details of the composition of these committees, its members, minutes of the meetings, terms of reference and the duties of committees, are available in the chapter on Corporate Governance in the Annual report for 2016 at the following link <http://www.acclimited.com/newsite/annual-report-2016/Corporate-Governance.pdf> (GRI 102-18-24)

The policy for remuneration of directors, Key Managerial Personnel and ExCo Members is set out in Annexure 'C' of Annual Report (Page 66-67) which forms part of the Board's Report and may be read at the link: <http://www.acclimited.com/newsite/annual-report-2016/Annexures-to-Directors-Report.pdf>. (GRI 102-35,36,37)

Pursuant to the provisions of the Act and the SEBI Regulations, the Board has carried out the annual performance evaluation of its own performance including on aspects relating to sustainability, as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees respectively. Details are available in our Annual report, (page 93, 100) at



## 2.4 Corporate Governance

<http://www.acclimited.com/newsite/annual-report-2016/Corporate-Governance.pdf> (GRI 102-28).

Compliance with provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Code of Business Conduct adopted by the company and the presence of distinguished personalities as independent Directors on the Board helps avoid conflicts of interest. Directors are required to declare details of their membership in other corporate entities and body corporate. These are filed with the Registrar of Companies and as such the information is available in the public domain to anyone who is interested. There is no incidence of cross-shareholding with suppliers or any other stakeholders. We have not had any incidence of conflict of interest in the year under review. (GRI 102-25)

### RISK MANAGEMENT

The Board's Risk Management Committee presides over an annual process that is meant to identify, monitor and minimize business risks and mitigation plan. It assists the Board in reviewing the Business Risk Management Policy and 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. (GRI 102-29, 30, 31, 32)

### SUSTAINABILITY MATTERS

The function of Sustainable Development is headed by the MD & CEO, who is an executive Director of the Board. He is assisted in this regard by an Executive Committee (ExCo) which includes the heads of the functions of economic, environmental and social aspects of sustainability. The MD&CEO or an ExCo member chairs a

Sustainable Development Council (SD Council) comprising cross-functional representatives. A core group of this council advises it on broad issues, target setting, reporting and reviews including inputs on engagements with key stakeholders. Any issues relating to sustainable development that are found to be substantive in nature are informed as and when relevant to the Compliance Committee or at times the Board itself.

Each material aspect and its related processes are assigned to specific functional departments. Accountability is further ensured by cascading tasks and incorporating relevant job descriptions, KPIs and targets into the performance management system.

In 2016, apart from Group level issues such as the 2030 Plan for Sustainability and H&S priorities, the company carefully tracked important issues such as those pertaining to Competition Law, changes in mining and new environmental regulations, company law, economic reforms and taxation. (GRI 102-27, 31, 32, 33, 34)

### Our Vision

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

### RELATED PARTY TRANSACTIONS

The Board has approved a policy for Related Party Transactions which is uploaded on the Company's website at <http://www.acclimited.com/newsite/pdf/CG/PolicyonRPT.pdf>. All transactions with related parties were in the ordinary course of business and on an arm's length pricing basis. There were also no materially significant transactions with related parties during the financial year which were in conflict

with the interest of the Company. (GRI 102-25)

### INTERNAL AUDIT

The Internal Audit (IA) function reports to the Audit Committee of the Board, which helps the function to maintain its objectivity and independence. The Internal Audit Department evaluates the efficacy and adequacy of internal control system, its compliance with operating systems and policies of the Company and accounting procedures at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions are presented to the Audit Committee of the Board.

### INTERNAL CONTROLS

The Company has in place adequate internal financial controls commensurate with the size, scale and complexity of its operations. During the year such controls were tested and no reportable material weakness in the design or operations were observed. The Company has policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information.

### CORPORATE POLICIES

The company has well-defined policies concerning key areas of business support management and requires 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. The Sustainability Policy is shown on page 21 and on our website at: <http://www.acclimited.com/sustainable> Policies are in place for Energy, Environment, Corporate Social Responsibility, Health & Safety, Alternative Fuels & Resources (AFR) and Quality.

### ORGANIZATION STRUCTURE

Since April 2015, the organization structure is function-based, which has worked well and has resulted in harnessing functional expertise in driving business effectively and in addressing operational challenges swiftly and proactively. The function-based structure is led by the Managing Director and Chief Executive Officer. It is broadly divided into verticals for Sales & Marketing, Corporate Services, Manufacturing, Human Resources, Finance and Procurement. Cement Plants and Marketing units are grouped into four regional clusters, namely North, South, East and West. The Regional Directors for Sales, Logistics, Finance and HR have a direct reporting line to the respective Vertical Head who is a member of the Executive Committee. The Director Plant reports to the respective Manufacturing Cluster Head in the region. Procurement activities are managed by India Procurement Organization executed from five Procurement Cluster offices.

The other functions of Health & Safety, Secretarial & Compliance, Legal and common functions such as Techport and Geocycle India report to the MD & CEO.

**Executive Committee (ExCo)** - The Executive Committee supports the Managing Director & CEO. This Committee operates within the framework of the strategic policies laid down by the Board and is responsible and accountable for overall business deliverables. The ExCo is a platform for the Committee Members to meet on a regular basis to review monthly performance against set targets,



discuss and decide on cross functional operational matters, address various business challenges and monitor implementation of decisions taken. 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 respective Manufacturing Cluster Head who in turn reports to the Chief Manufacturing Officer. The Chief Manufacturing Officer is a member of the Executive Committee.

**Ready Mixed Concrete** - This business is led by a Chief Executive who reports to the MD & CEO. It is arranged into four different regions organized to oversee plant operations and the sale of concrete.

**The Company follows a policy of “Zero Tolerance” to bribery and corruption in any form and the Board has laid down the “Anti Bribery & Corruption Directive” which forms an Appendix to the Code**

## 2.4 Corporate Governance

Corporate Governance practices, structure and policies are described in detail in the company's website at [www.acclimited.com](http://www.acclimited.com) and in the chapter on Corporate Governance on page 84 of the company's Annual Report 2016.

### CODE OF CONDUCT

The Board of Directors has approved a Code of Business Conduct which is applicable to the Members of the Board and to all employees. The Company follows a policy of "Zero Tolerance" to bribery and corruption in any form and the Board has laid down the "Anti Bribery & Corruption Directive" which forms an Appendix to the Code. The Code has been posted on the Company's website [www.acclimited.com](http://www.acclimited.com).

The Code lays down the standard of conduct which is expected to be followed by the Directors and by the employees in their business dealings and in particular 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 the Board Members and the Senior Management personnel have confirmed compliance with the Code. All Management Staff were required to complete an e-learning module in addition to the face-to-face training conducted by the Company from time to time.

### FAIR COMPETITION DIRECTIVE PROGRAMME

Fair Competition Directive programme earlier known as Value Creation in Competitive Environment (VCCE) was introduced by the Company as early as 2008. The Company has been carrying out extensive training sessions for creating awareness among relevant employees on fair competitive practices.

Under the fair competition programmes, training sessions are being conducted

on annual basis for relevant employees of the Company, particularly those in sales and purchase functions, on various aspects of competition law and on behavioural aspects for ensuring fair competition in the marketplace. E-Learning training is imparted to all relevant employees in addition to face-to-face training. Specific modules on "Do's and Don't's" in a tender bidding process have been added. In addition to the above, various processes of the Company are subject to audits and where required further strengthened.

### VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a vigil mechanism named "EthicalView Reporting Policy" (EVRP) to report concerns about unethical behaviour, actual/suspected frauds and violation of Company's Code of Conduct and/or Ethics Policy. Protected disclosures can be made by a whistle blower through several channels. The Audit Committee of the Board oversees the functioning of the EthicalView Reporting Policy. The Company has disclosed details of the EthicalView Reporting Policy on its website at <http://www.acclimited.com/assets/new/pdf/ethicalViewPolicy.pdf>

During the year, the Company reached out extensively to employees to conduct greater awareness on Fair Competition Directive and on Anti Bribery and Corruption Directive (ABCD) through e-learning modules and face-to-face training sessions, achieving a high level of engagement and compliance. This reflected your Company's strong commitment to "Zero tolerance" for non-compliance in this regard and to do business with integrity.

The Company has an EthicalView Reporting Policy to deal with instances of fraud and mismanagement, if any. The EVR Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised

concern. Pursuant thereto, a dedicated helpline "ACC Ethics Helpline" has been set-up which is managed by an independent professional organization. The Ethics Helpline can be contacted to report any suspected or confirmed incident of fraud/ misconduct: E-Mail: [acc@ethicalview.com](mailto:acc@ethicalview.com); Online reporting: <https://integrity.lafargeholcim.com>

National Toll Free Number: 1800-209-2008; Fax Number: +91(22) 66459575; Address: PO Box 137, Pune 411 001. A high level Committee then examines the complaints and sends its report to the Audit Committee and the Board.

### INSIDER TRADING

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, which came into effect from May 15, 2015, the Company has formulated the "Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders" and the "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" (ACC Code) which allows the formulation of a trading plan subject to certain conditions. The ACC Code mandates taking of pre-clearance for dealing in the Company's shares. It also prohibits the purchase or sale of Company's shares by the Directors, designated employees and connected persons, while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

The Company Secretary & Head Compliance is responsible for implementation of the Code.

All Board Directors, designated employees and connected persons have affirmed compliance with the Code.



## Compliances & Other Aspects



**The company leadership team places great emphasis on values such as integrity, transparency, fair and ethical business practices and accountability to stakeholders**

### COMPLIANCES

Compliance is of paramount important to safeguard the invaluable corporate reputation ACC has earned over decades of conducting business with integrity and in a fair manner. As a responsible organization, we are deeply conscious that compliance with all applicable laws and regulations including those pertaining to environmental, labour, market communications, product liability, health & safety and competition law matters, is mandatory and non-negotiable, besides involving considerable financial and other risks.

We have comprehensive guidelines, policies and codes governing ethical conduct, fair competition and anti-corruption. Our internal norms are invariably more stringent than statutory requirements. Compliance with norms and regulations is monitored and reviewed in periodical meetings of top management. All operations at our cement plants, mines, captive power plants, the Ready Mixed Concrete business and the organization as a whole are required to meet compliance with all internal performance parameters without exception as well as relevant statutory norms pertaining to manufacture, packaging and labeling. Accordingly all senior executives and management staff are regularly made aware of the requirements and latest provisions of applicable laws and regulations. (GRI 417-1)

Senior management regularly reviews and monitors the status of compliance with norms and regulations. 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

The company leadership team places 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 often stricter than local regulations. We revised the Code of Business Conduct in 2015 and 2017, to further strengthen our practices. This code, 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

The Company's vigil mechanism named "EthicalView Reporting Policy" (EVRP) reports concerns about unethical behaviour, actual/suspected frauds and violation of Company's Code of Conduct and/or Ethics Policy. Protected disclosures can be made by a whistle blower through several channels. The Audit Committee of the Board oversees the functioning of the EthicalView Reporting Policy. The Company has disclosed the details of the EthicalView Reporting Policy on its website <http://www.acclimited.com/assets/new/pdf/ethicalViewPolicy.pdf>

The FRM policy is replaced by the EthicalView Reporting Policy" (EVRP) and is overseen by the EthicalView Committee comprising the Head Compliance & Company Secretary, 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 reporting channels (Email, Toll Free Phone, Post Box and Fax) of EthicalView Reporting are outsourced to a Third Party Agency to maintain independence. Details of the EthicalView Reporting Policy are

## 2.5 Compliances and Other Aspects

available on the company's website at <http://www.acclimited.com/assets/new/pdf/ethicalViewPolicy.pdf>

During the year, the Company reached out extensively to employees to conduct greater awareness on Fair Competition Directive and on Anti Bribery and Corruption Directive (ABCD) through e-learning modules and face-to-face training sessions with all levels of employees, achieving near total engagement and compliance. This reflected the Company's strong commitment to "Zero tolerance" for non-compliance and to do business with integrity. Complainants were promised strict confidentiality and a retaliation-free environment. 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](mailto: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 office
5. Send a fax to +91 (22) 6645 9575
6. File an online report at <https://integrity.lafargeholcim.com>

In 2016, the Company received 104 complaints under the EthicalView Reporting Policy, of which 94 were resolved and the balance 10 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 new feature will bring about greater integrity in our business practices, behaviours and transactions.

### DONATIONS AND POLITICAL CONTRIBUTIONS

Based on its stated objective of being impartial and neutral, the company does not canvass or campaign for, make donations or lend support in fund raising to any political party. This is also prescribed in our code of business conduct. The company only "makes charitable donations that are legal and ethical under local laws and practices and that are in accordance with the Community Plan of the Company." The policy further debars employees from making any contributions to political parties or individuals in order to secure political or commercial influence.

### ANTI-COMPETITION

The Value Creation in Competitive Environment (VCCE) programme was introduced in ACC as early as 2008 and since then we have organized extensive training sessions to create awareness among employees to conduct business in a fair manner, upholding the interest of consumers. With the coming of the LafargeHolcim group, the VCCE initiative is renamed as the Fair Competition Directive (FCD).

### LEGAL ACTIONS

There are two pending cases 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 position in respect of the case. Believing that we have a strong case in this regard which is backed by the advice of our legal counsel, we have not made any financial provisions in our books for fines and penalties.

### COMPETITION COMMISSION OF INDIA (CCI)

The Competition Commission of India (CCI) had originally passed an Order in June 2012 against several cement manufacturing companies, including the Company, in the matter of a complaint

filed by the Builders' Association of India for alleged violation of the provisions of Sections 3 and 4 of the Competition Act and in terms of the said Order, imposed a penalty of 0.5 times of the profit of the Company for the year 2009 (calculated prorata from May 20, 2009) and for the full year 2010. For ACC, the penalty amounted to ₹ 1147.59 crore.

CCI had also passed an Order directing the Company to "cease and desist" from indulging in any activity relating to agreement, understanding or arrangement on price, production and supply of cement in the market.

Pursuant to an Appeal filed by the Company before the Competition Appellate Tribunal (COMPAT), the said order of CCI of June 2012 was stayed, subject to deposit of 10% of the amount of penalty. Thereafter COMPAT by its order dated December 11, 2015 set aside CCI's Order of June 20, 2012, remanding the matter back to the CCI for fresh hearing and adjudication. In terms of the said Order, the deposit amount along with interest thereon was refunded to the Company. CCI on rehearing the arguments, by its order dated August 31, 2016, once again held that the cement companies and the Cement Manufacturers' Association (CMA) are guilty and in violation of the Sections 3(1) read with 3(3)(a) and 3(3)(b) of the Competition Act and imposed the same penalty which in the case of the Company again works out to ₹ 1,147.59 crore. The usual order for cease and desist was also imposed.

Thereafter the Company approached the COMPAT, which by its order dated November 7, 2016 stayed the operation of the CCI order of August 31, 2016 subject to deposit of 10% of the penalty amount within one month. The Company accordingly deposited an amount of ₹ 114.76 crore in December 2016 in the form of a bank Fixed Deposit in favour of COMPAT on behalf of the Company. The case is now pending before the COMPAT.

## ANTI CORRUPTION

The company reviews and strengthens its internal controls from time to time to minimize and eliminate risks arising out of bribery and corruption. We assume that all functions are equally prone to corruption risks and do not think it to be practical to segregate

persons, positions or functions individually. The difference may lie in the importance, size and scale of the function such as sales, procurement and logistics.

There were 3 confirmed incidents of corruption cases in 2016 in which 3

persons have separated. Also during the year two contracts with business partners were terminated due to violations related to corruption of the above incidents. There were no public legal cases regarding corruption brought against the organization or its employees during the reporting period.

## ACC 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 any where 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.*

February 4, 2017



Neeraj Akhoury  
Managing Director & CEO

# 3.0





## Strategy & Approach

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**3.1** Stakeholder Engagement

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**3.2** Materiality & Strategy

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**3.3** Business Risks & Opportunities

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**3.4** SD Scorecard 2016

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**3.5** SD 2030 Plan

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# Stakeholder Engagement



Being a leading member of the cement and concrete industry we have a pan-India footprint, reaching out to a very large population of stakeholders of diverse groups across the country

Open and transparent channels of communications help us reach out to all stakeholders and seek their valuable opinion in order to respond in a timely manner.

Being a leading member of the cement and concrete industry we have a pan-India footprint, reaching out to a very large population of stakeholders of diverse groups across the country. Nearest to us is of course our workforce comprising permanent employees, contract and third party workers and trade unions. The community that lives in the vicinity of our plants and mines is important to us as are our customers. Each year the company touches the lives of lakhs of Indians who purchase our cement and concrete through the company's vast network of dealers and retailers.

## STAKEHOLDER ANALYSIS

In addition to a nationwide presence, ACC is now part of the global LafargeHolcim group and thus has an even larger and diverse population of stakeholders. In many cases, the diversity is so high that the only similarity is the association with ACC. We conduct stakeholder

analysis periodically and last exercise was conducted in 2014 where we had performed detailed stakeholder identification, understanding and mapping their interface & influence and thereafter stakeholder prioritization. In 2016, we undertook the validation for stakeholder prioritization wherein the outcome was similar to that of 2014. (GRI 102-40, 42)

A comprehensive list of our stakeholders is given in Table 3.1.1 which shows different 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, impact and influence on us. We acknowledge 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 way.

Table 3.1.1

| Mapping Stakeholders        |      |  |   |
|-----------------------------|------|--|---|
| Impact and Influence on ACC | High | Shareholders<br>Investors<br>Influencers<br>Consultants/Advisors           | Employees<br>Customers<br>Channel partners<br>Vendors<br>Promoters<br>Government / Regulators<br>Local Communities<br>Competitors |
|                             | Low  | Activists<br>Future Stakeholders<br>National Community<br>Global Community | Mass Media<br>Employees Families<br>Social Workers / NGOs<br>Industry & Associations  |
|                             |      | Low  | High  |
|                             |      | Interface with and proximity to ACC  |   |

## EFFECTIVE ENGAGEMENT

We engage closely with stakeholders across all functions and at different levels depending on the stakeholder group. Table 3.1.2 illustrates our basic engagement strategy while Table 3.1.3 outlines a detailed matrix describing how we approach each key stakeholder group. Communication is an important aspect of engagement using direct and indirect reporting systems. Simultaneously we seek feedback and suggestions to help make continuous improvements in the quality of our services. The aim of Sustainability reporting is to build a strong chain of accountability within the organization. Securing external assurance further helps enhance accountability.

**Table 3.1.2**

| Engagement Strategy                 |   |
|-------------------------------------|---|
| Impact and Influence on ACC         | High  |
|                                     | Low   |
| Interface with and proximity to ACC | Low   |
|                                     | High  |
| High                                | Nurture<br>Promote                                    |
|                                     | Engage actively<br>Communicate<br>Reinforce           |
| Low                                 | Monitor occasionally                                  |
|                                     | Retain interest<br>Monitor regularly<br>Keep in Touch |

**Table 3.1.3**

| Stakeholders group | How we engage  | Frequency   | Key topics and concerns  | Our response to concerns   |
|--------------------|--|---|--|--|
| Employees          | Functional and cross-functional committees, State-of-the-business addresses and written communications.<br>“Town Hall” meetings including international broadcasts where employees can ask questions.<br>Extensive intranet communications including an employee newsletter(ACC Parivar) with employee feedback.<br>Intranet communication portal, Cultural events, Employee surveys.<br>Employee health and safety committees, regular meetings.<br>Toolbox talks, Trainings, Visible Personnel Commitment, Annual Satisfaction Survey. | Daily, Weekly, Monthly, Quarterly, half yearly and annually; based on the mode of engagement. | To reduce complexity in the system.<br>To improve initiatives on Health.<br>To improve standard operating procedures, share best safety practices, training requirements, workplace hazards. | Action plans for closing concerns are discussed, finalized and implemented.<br>Our safety management system and processes ensure that any concerns in this regard are addressed effectively.<br>E.g. Company has started Driver Management Center to educate drivers on GPS, Journey risk management and tool box talks. |

### 3.1 Stakeholder Engagement

| Stakeholders group                        | How we engage   | Frequency   | Key topics and concerns   | Our response to concerns   |
|---|---|---|---|--|
| Government/ Regulators/ Local Authorities | Regular visits, Applications, Meetings, presentation, reports and networking in different forums organized by regulatory authorities, presentations from management   | As and when required.   | To prepare plants to comply with new environment regulations.   | Regular visits to address these concerns.<br>Participation in different forums organized by regulatory authorities, presentations from management regarding new regulations, compliance to new norms, co-processing etc.   |
| Channel - Dealers & Retailers             | <p>Engagement with Channel partners at all levels that can be broadly classified as below</p> <p><b>1. Sales Calls</b> - Managed by Local ACC Sales officer. Purpose - to align commercial goals of the company with those of individual Channel partner in terms of sales and price premiums.</p> <p><b>2. Dealer Meets</b> - Managed at a senior level. Purpose - to give a direction to a group of Channel partners on commercial parameters.</p> <p><b>3. Relationship building activities</b> - Regular activities like Festival meets, Picnics and Trips are organized with Channel partners. Purpose - to engage with Channel partners and their families and thus create and nurture an emotional bond with them.</p> <p><b>4. Net Promoter Score (NPS) Survey</b> - Conducted through tele-calling to understand their satisfaction with ACC on different operational areas.</p> | Daily. The frequency of Sales Calls and Relationship building activity are a function of the commercial priorities of the company in the respective markets. However Dealer Meets are generally conducted on an annual basis. The NPS survey is an annual exercise. | <p>1. Local brand building activities</p> <p>2. Timely Deliveries/ Regular availability</p> <p>3. Lower Profitability</p> | <p><b>1. Local brand building activities</b> - ACC is optimizing the brand building activities as per commercial priorities and needs of the markets. Benchmarking done at a local level with the best players in respective areas.</p> <p><b>2. Timely deliveries/ Regular availability</b> - Optimum production &amp; logistics planning is undertaken in peak demand period (January to June) to improve cement availability. Also technologies like RFID and GPS are deployed to improve delivery services and improve productivity.</p> <p><b>3. Profitability</b> - Concept of higher turnaround in popular brands vs. higher per bag margin in less popular brands explained in simple terms.</p> |



| Stakeholders group  | How we engage   | Frequency   | Key topics and concerns  | Our response to concerns  |
|---|---|---|--|---|
| Consumers (Trade) - Individual Home Builders, Contractors | <p>ACC engages with consumers in following formats</p> <p><b>Direct Consumer calls</b> - ACC Customer service engineer visits the consumer building sites and informs them about benefits of using ACC products and services. These are one on one meets.</p> <p><b>Consumer Meets</b> - ACC invites consumers in specific localities for a meeting. Purpose is to educate them about ACC products and impart knowledge on good construction practices.</p> <p><b>Exhibitions</b> - ACC participates in local exhibitions pertaining to home building and construction materials.</p> | <p>Consumer calls and Consumer Meets are conducted based on the commercial priorities and prevailing brand equity of ACC in the market. In strong brand equity markets, the frequency of these activities is lower. Participation in Exhibition is done based on opportunities in the market.</p> | <p>Consumers have no prior experience with home-building and therefore their key areas of concerns are:</p> <ol style="list-style-type: none"> <li>1. Selection of good contractor</li> <li>2. Estimation of construction costs</li> <li>3. Selection of Good Cement</li> <li>4. Process of Good Construction</li> </ol> | <p>ACC always imparts knowledge about good construction practices. The same is done by Customer service engineers in person at customer site and at customer meets. This information is also imparted through website and literature as well. ACC has recently launched an Engagement platform at Dealer counters called, CKD (Construction ka Doctor).</p> |
| Consumers (Institutional)                                 | <p>We engage with this segment, on a one-to-one basis through regular sales calls. We position itself as a solution-provider capitalizing on our experience of 80 years of cement and concrete manufacture. Principles of KAM (Key Account Management) i.e. engaging with consumers across different functions levels i.e. procurement, project, quality and finance are being deployed selectively.</p>  | <p>Frequency of engagement is based on the value of the customer in terms of volume of cement and period of consumption.</p>  | <p>Key concerns of this segment have been</p> <ol style="list-style-type: none"> <li>1. Timely supply and consistency in product quality for the entire project.</li> <li>2. One Window solution for all cement and concrete needs.</li> </ol>   | <p>To bring complete focus on this segment, we have KAM (Key Account Management) teams in place who provide one window solution for all cement needs across locations. KAM teams now also support customers of Concrete working in synergy with ACC RMX team.</p>   |
| Communities   | <p>We engage with them through company's CSR interventions, volunteering initiatives, community events and functions, Community Advisory Panels, and Social Audit.</p>  | <p>Programme based and Daily</p>  | <p>Enhancing of livelihood, employability and income generation, Providing quality education, preventive health and sanitation to all sections in community.</p> <p>Improving community environment, sustainability and infrastructure development.</p>  | <p>All our CSR interventions are generally participatory in nature and are designed to address specific key topics and concerns.</p>  |
| Investors   | <p>Annual General Meetings, the "Stakeholders' Relationship Committee" addresses grievances of investors and shareholders. We have e-mail ID to enable Members and Investors to correspond with the Company. There is a toll free number 1800-3002-1001 that Members and Investors can call.</p>  | <p>Quarterly/annually/ as and when required</p>   | <p>Company's financial health, growth and performance</p> <p>Dividend payments</p> <p>Change of address</p>  | <p>Each query / complaint is addressed individually.</p> <p>During the year, most of the complaints have been attended/resolved.</p> <p>The balance complaints were under various stages of investigation.</p>  |

### 3.1 Stakeholder Engagement

| Stakeholders group                       | How we engage   | Frequency  | Key topics and concerns  | Our response to concerns  |
|--|---|--|--|---|
| Vendors and Suppliers                    | By regular interaction either by phone, VC, e-mail or in person.  | As and when required.  | Registration as approved vendor<br>Product specifications<br>Pricing<br>Delivery period<br>Terms of payment<br>Product failures<br>User complaints   | As per our established procurement practices  |
| Civil Society Organizations, NGOs        | We interface with them by engaging them as partners in facilitating development.  | Meetings with Partner NGOs happen on daily basis. However with other civil society organizations engagements happens as and when required. Annual Stakeholder Engagement Survey helps us engage with all stakeholders. | Enhancing of livelihood, employability and income generation, Providing of quality education, preventive health and sanitation to all sections in community.<br>Improving community environment sustainability and infrastructure.                                   | ACC takes into account these suggestions and concerns while devising CSR strategies and action plans.   |
| Waste generators                         | Regular visits, emails, telephonic conversations, Participation in various forums, release of case studies and articles in reputed publications, Customer events. | Monthly or more  | Delay in service to waste generators due to long permit process.<br>Lack of understanding of how co-processing is the appropriate solution for promoting sustainable waste management in the country amongst some waste generators specially small scale industries. | Provide support to waste generators during liaison with regulatory authorities.<br>Regular interactions with waste generators to promote understanding of the concept.<br>Participation in various forums for promoting discussions and developments on co-processing.<br>Improve collaborations and discussions with industrial bodies such as CII etc for promotion of appreciation of co-processing concept. |
| Trade associations and industrial bodies | Working on policy documents by providing inputs.<br>Participating in Awards, Training and Capacity Building Programs.   | Weekly or monthly or annual based on mode of engagement.   | No specific concerns.  | NA  |

#### CHARTERS AND MEMBERSHIPS

To pursue the goal of 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

and Biodiversity Initiative (IBBI) of Confederation of Indian Industry (CII). (GRI -102-12)

At the national level, ACC is a member of important chambers of commerce, trade and other associations. The company benefits from these memberships in a number of ways, through seminars hosted by the respective associations, as well

as learning from 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, and gaining insights into Government policies and their impact on business. This also helps get access to platforms to promote our products, services and best practices. (GRI -102-13)

The success of our business strategy is how we are able to realign and transform the organization through engagement with principal stakeholder groups. In doing so, we seek to be recognized as a leading champion of sustainable development - not only in the cement industry but on a wider domain.

**Table 3.1.4**

| Organization   | Issues of interest and benefit to us   |
|--|--|
| National Safety Council                              | Learning on best safety practices through newsletters and training opportunities<br>Benchmarking through participating in Awards   |
| British Safety Council                               | As above   |
| Confederation of Indian Industry                     | Learning best practices and current trends.<br>Sharing issues of common interest with industry<br>Assistance in representing causes of Industry before State and Central Governments<br>Useful platform in lobbying and advocacy<br>Prestigious award competitions |
| Federation of Indian Chambers of Commerce & Industry | As above   |
| Bombay Chamber of Commerce & Industry                | As above   |
| Indian Merchants' Chamber                            | As above   |
| PHDCCI, Delhi  | As above   |
| Council for Fair Business Practices                  | To support the cause of fair business practices and project ACC positively   |
| The Institute of Company Secretaries of India        | Workshops/ seminars on Company Law and to receive important publications/journals on matters relating to Corporate laws  |
| Employers' Federation of India                       | Employee related issues  |
| Indian Roads Congress                                | Platform for promoting concrete roads  |
| Indian Geological Congress                           | Latest development in the field of Geology   |
| Federation of Indian Mineral Industries              | Interface between Government and mining companies.<br>Regular feedback on recent amendments in law/policy  |
| Indian Green Buildings Council                       | Platform for information gathering and networking with potential buyers  |
| Association of Business Communicators of India       | Platform for benchmarking other company publications, best practices and networking  |

## 3.2

# Materiality & Strategy



Materiality was last assessed in 2015-2016 in line with GRI G4 reporting guidelines. The results of that exercise also apply to the year 2016. On a quick review we find it is also relevant thus far in the current year 2017 as the organization has not undergone any significant changes in its business or constituent stakeholders. The process we followed included engaging with external and internal stakeholders and the whole exercise was conducted using internal resources as an internal exercise without retaining any external consultant or agency.

Table 3.2.1 shows the key material issues where Compliance, Emissions, Water, Effluents & Waste, Co-processing of waste, Energy had been rated as the

most important ones under the High importance category. This outcome is in line with the current requirement of compliance to new environment regulations, PAT (Perform, Achieve, Trade) & Renewable Purchase Obligation (RPO). Similarly issues like Health & Safety, Anti-corruption, Community development; labour relations also rated as High importance category are in line with the ambitions of the UN Sustainable Development Goals (SDG). The material aspects identified here are aligned with those of the LafargeHolcim group in terms of its SD 2030 plan which was adapted in formulating ACC's SD 2030 plan. While in this report we have reported on all topics identified as being material, the key materials topics have been covered in more detail. (GRI 102-47)

Table 3.2.1

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



Boundaries for various aspects reported in this report are as given below (GRI 102-46)

**Table 3.2.2**

| ASPECT BOUNDARIES                    |                              |                              |
|--------------------------------------|------------------------------|------------------------------|
| INTERNAL                             | EXTERNAL                     | INTERNAL & EXTERNAL          |
| Materials                            | Transport - Environment      | Economic Performance         |
| Energy                               | Respecting Indigenous Rights | Procurement Practices        |
| Employment Practices                 | Customer Health and Safety   | Market Presence              |
| Training and Education               |                              | Water                        |
| Diversity and Equal Opportunity      |                              | Biodiversity                 |
| Equal Remuneration for Women and Men |                              | Emissions                    |
| Security Practices                   |                              | Effluents and Waste          |
|                                      |                              | Products and Services        |
|                                      |                              | Compliance                   |
|                                      |                              | Supplier Assessment          |
|                                      |                              | Grievance Mechanisms         |
|                                      |                              | Co-processing of Waste       |
|                                      |                              | Labour/Management Relations  |
|                                      |                              | Health and Safety            |
|                                      |                              | Investment Agreements        |
|                                      |                              | Respecting Human Rights      |
|                                      |                              | Community Development        |
|                                      |                              | Anti-corruption              |
|                                      |                              | Public Policy                |
|                                      |                              | Anti-competitive Behaviour   |
|                                      |                              | Product and Service Labeling |
|                                      |                              | Customer Privacy             |

**Note:** In this reporting period we spent ₹ 293 crore on environment protection, though as per the latest GRI standards, Expense on environment is no longer a separate aspect or indicator.

## Cement - a sustainable building material

The words cement and concrete are often used interchangeably but they denote two distinctly different products. Portland Cement is the most popular binding material used in construction. Concrete has been the world's most widely used building material since last century, a status it is likely not to be dislodged from in the near foreseeable horizon.

The manufacture of cement is a continuous energy intensive process with its principal raw material being limestone. Each tonne of cement requires about 1.5 tonnes of limestone which is mined, crushed, finely powdered and burnt at very high temperatures using coal as a fuel in a gigantic rotating kiln. This yields 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 a combination of Portland cement, water and mineral aggregates used together with certain additives and steel reinforcements that give the resultant material added physical properties.

Though the production of cement is energy-intensive, it is recognized as the most sustainable and viable building material, as compared to steel, stone, glass or other materials. India's cement industry is the world's second largest and boasts the lowest carbon footprint globally. India's cement industry is among the largest organized industrial sectors in the country that makes substantial 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.



**A Business Risk Management Committee is in place and functions as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015**

ACC has a robust Business Risk Management (BRM) process which systematically identifies risks and opportunities and supports the Executive Committee in strategic decision making. This is a rolling process reviewed periodically at regional and corporate level. It involves mapping of all the risk elements on two parameters viz. likelihood of the event and the impact it is expected to have on the Company's operations and performance. The risks that fall under high likelihood and high impact are identified as key risks for which detailed mitigation plans are developed and integrated with the Mid-Term Planning Cycle and the Audit plan. (GRI -102-11)

A Business Risk Management Committee is in place and functions as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Chairman of the Committee is an Independent Director of the Board and the Committee met twice during 2016. Details of its terms of reference

and functioning are described in the Corporate Governance section on page 102 of Annual Report 2016 and may be read on our website at the following link <http://www.acclimited.com/source/new/ACC-Annual-Report-2016.pdf>

The following key business risks (GRI -102-15) were identified through the BRM model in 2016:

**FUEL RISK**

Cement manufacturing is an energy intensive process requiring large quantities of thermal and electrical energy. Coal and Petcoke are the principal fuels used by the Indian cement industry to produce thermal energy. The Company requires more than 5 million tonnes of coal and Petcoke to meet the requirements of its kilns and captive power plants. Linkage coal has continued to be in short supply, leaving the Company to source its requirements at higher prices from the domestic open market and from imports. In recent years, petcoke emerged as a viable substitute

for coal on account of attractive prices and supply. There is a likelihood that the prices of both coal and petcoke would increase significantly in coming days. To mitigate this risk the Company has already initiated steps to progressively increase the usage of Alternative Fuels, improving fuel mix at certain plants, entering into firm contracts for part volume and balance on spot to capture opportunities, spread out purchases throughout the year and explore long term offtake from local refineries.

#### **FAIR COMPETITION**

The Competition law in India is still evolving and an intensely competitive industry like cement is vulnerable to various interpretations of its provisions which expose it to significant risks that may include administrative, civil or criminal proceedings, financial consequences such as fines and penalties or loss of reputation.

The Company has in place a Fair Competition Directive which entails compulsory adherence by identified employees. Regular training is imparted to all relevant employees through e-learning modules and face-to-face sessions.

#### **MARKET ACTIONS**

The Indian Cement Industry is becoming intensely competitive, with the foray of new entrants and existing players expanding inorganically. This could potentially impact the sales volumes, market share and profitability. To mitigate this risk, the Company is leveraging its new capacity added in 2016 at Jamul and Sindri to increase its market share, enhance its brand equity and visibility, enlarge its product portfolio and service offerings. The Company is also exploring asset light options such as tolling and de-bottlenecking at some of its existing plants to increase volume and market share.

#### **LIMESTONE**

Limestone is the primary raw material required for manufacturing cement. The security for its uninterrupted long-term availability is critical, particularly in view of changing regulations. Under the new Mines and Minerals (Development & Regulation) Amendment Act 2015 (MMDR), leases granted before the commencement of the Act, for captive use are extended up to a period ending on March 31, 2030, or till the completion of their renewal period, whichever is later. Most of the Company's limestone leases thereby get an extension up to March 31, 2030 by virtue of this Act. For new leases, the period of lease will be fifty years from the date of grant. With the new Act, the earlier policy of deemed renewal has been discontinued and all the mining leases will henceforth be allotted through an auction, which has made it difficult to retain existing leases /acquire new leases. Forest & Wild Life clearances are now a pre-requisite and land acquisition is becoming more challenging and expensive. To address this risk, the Company plans to secure new mining leases for its existing plants as well as for new expansions at different locations. Further the Company continues to increase consumption of

petcoke and additives which enables it to use low grade limestone and thereby conserve minerals and increase the life of the mine.

#### **OPPORTUNITIES**

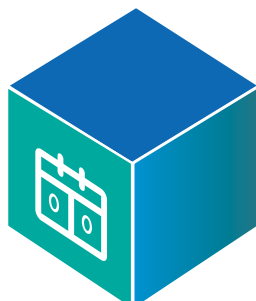
We believe that nearly every risk faced by the company simultaneously offers an opportunity that has a potential to create fresh business value. The Company routinely explores such opportunities which may be in the areas of raw materials, their availability and sourcing, energy efficiency, logistics, quality and product development, research-based market segmentation, benchmarking best practices in manufacturing and productivity improvement. Such an approach offers a positive mindset in viewing situations involving risks.

Apart from possible regulation, Climate change can potentially impact the company by necessitating fresh approaches to raw material, fuel and energy usage; process and technology, quality and product development. While some of these are already being addressed as opportunities, we do not presently have a method in place to assess the financial or revenue implications. (GRI 201-2)





## SD Scorecard 2016



A snapshot of our performance in 2016 against targets of the Sustainable Development Roadmap we had charted for 2017 is presented here in Table 3.4.1.

**Table 3.4.1**

| Parameters  | Target 2017  | Status 2016  |
|---|--|--|
| CO <sub>2</sub>   | To reduce specific CO <sub>2</sub> emissions by 35% as compared to 1990                              | We have reduced specific CO <sub>2</sub> emissions to 545 kg CO <sub>2</sub> /Tonne of cement in 2016 which is 32% vs 1990 |
| Thermal Substitution Rate   | To achieve Thermal Substitution Rate of 10%  | We have achieved 3.22% of thermal substitution rate in 2016  |
| Water   | To reduce specific water consumption for manufacturing of cement by 10% as compared to 2012          | We have reduced specific water consumption by 24% in 2016 vs 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 6.22% as compared to 2013.  |
| CSR   | To continue to expand our CSR footprint<br>Focus on inclusive business projects like sanitation etc. | Our various CSR initiatives impacted nearly 0.42 million people in 2016  |







## SD 2030 Plan

In 2016, after working with various stakeholders, ACC worked out a Sustainable Development (SD) 2030 plan which is aligned with the LafargeHolcim Group's Sustainability Strategy - The 2030 plan. ACC's SD 2030 Plan focuses on the four significant areas:

- Climate - Reduction of Net specific CO<sub>2</sub> emissions
- Circular Economy - Enhanced utilization of waste-derived resources
- Water & Nature - Reduction of specific freshwater withdrawal in cement operations enhancing biodiversity in all operating mines; Implementation

of Water Access, Sanitation and Health (WASH) pledge

- People & Communities - Improving H&S performance, gender diversity, providing low cost shelters or affordable housing, and sanitation

Under each pillar, there are measurable targets and action plans which are detailed in respective chapters of this Report.

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.

**Table 3.5.1**

**ACC SD 2030 Plan**

|             | <br>Climate   | <br>Circular Economy   | <br>Water & Nature   | <br>People & Communities   |
|-------------|---|--|--|--|
| <b>2020</b> | We will<br>•Reduce net specific CO <sub>2</sub> emissions by 34% per tonne of cement (vs. 1990) | We will<br>•Use 9.6 million tonnes of waste-derived resources per year   | We will<br>•Reduce specific freshwater withdrawal in cement operations by 19%<br>•Complete BIRS baseline assessments at all quarries<br>•Have BMP for all quarries   | We will<br>•Have zero onsite fatalities<br>•Reduce LTIFR < 0.50<br>•Reduce TIFR by 30%<br>•Benefit >1 Mio people from our social programs<br>•Assess 80% high risk active suppliers  |
| <b>2030</b> | We will<br>•Reduce net specific CO <sub>2</sub> emissions by 40% per tonne of cement (vs. 1990) | We will<br>• Use 10.7 million tonnes of waste-derived resources per year | We will<br>•Reduce specific freshwater withdrawal in cement operations by 30%<br>•Show a positive change for biodiversity<br>•Implement WASH pledge at all our sites | We will<br>•Have zero fatalities<br>•Reduce LTIFR <0.20<br>•Reduce TIFR by 50%<br>•Benefit 3.25 million people from our social programs<br>•Assess 100% high risk active suppliers+ Top sub-suppliers with high risk identified & assessed |

**Note:** Baseline year is 2015 unless stated otherwise

**WASH Pledge:** Water, Sanitation and Hygiene Implementation at the Workplace, LTIFR: Lost Time Injury Frequency Rate, TIFR: Total Injury Frequency Rate

# 4.0



## Disclosures & Reporting

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**4.1** GRI Reporting

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**4.2** UN Global Compact Principles

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**4.3** CSI Dashboard 2016

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## GRI Reporting



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

This is the company's 10<sup>th</sup> Sustainable Development report which is a review of its sustainability performance in the financial year 2016 (January to December) (*GRI 102-50,52*). Since 2007 we have published the report annually with the most recent being the one reviewing the year 2015 (*GRI 102-51*). This report is compiled on the basis of GRI standards of the Global Reporting Initiative (*GRI*) and is in accordance with the "Comprehensive" option.

The company's sustainability performance refers to all of its operations namely, limestone mines, cement plants and ready mixed concrete plants and all their related processes, excluding office buildings. We have excluded five of the company's subsidiary companies from the ambit of this report, which together have no significant bearing on overall operations. These are Bulk Cement Corporation (India) Limited, ACC Mineral Resources Limited, Lucky Minmat Limited, National Limestone Company Private Limited and Singhania Minerals Private Limited. (*GRI 102-45*)

We have three associate companies, Alcon Cement Company Private Limited, Aakaash Manufacturing Company Private Limited and Asian Concretes and Cements Private Limited. OneIndia BSC Private Limited, a joint venture company with equal participation of Ambuja Cements Limited, provides back office services to ACC and Ambuja Cements in respect of their routine transactional processes. These entities are also excluded from the scope of this Report.

This report does not contain any restatements of information given in previous reports. Unlike in the previous year, this report follows GRI standards but not GRI Guidelines. While both reports have similar introductory chapters, the format adopted here follows a standard sequence with the aspect chapters arranged in the three categories of Economic, Environmental and Societal & Other Aspects. As explained in

Chapter 3.2, we conducted a detailed Materiality assessment including the prioritization of key stakeholders in line with GRI G4 reporting guidelines; this exercise commenced towards the end of the year 2015 and continued into early 2016; hence we have taken the results of that exercise to also apply in 2016. A detailed account of this process and its findings are presented in chapter 3.2 together with the materiality matrix thus developed. (*GRI 102-48 & 49*)

This report was prepared in close observance of the GRI principles. The primary audience of this report is our stakeholders and their interests and concerns are reflected through materiality matrix detailed out in chapter 3.2. Furthermore, local and global scenario was also considered when shaping the content of this report. Every chapter and indicator is connected to broader aspects of social, economic and environmental so that any reader is able to get an insight about the contribution towards sustainability issues. Finally, this report seeks to be as comprehensive as possible, providing historic data when necessary and including all material topics prioritized in our materiality analysis. The boundaries for our material topics were indicated based on an assessment of the positive or negative impacts on stakeholder groups and their influence or proximity to the organization. (*GRI 102-46*)

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. Wherever possible, the company's Annual Report for 2016 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 WyattPrism Communications.

It is pertinent to note that the company's financial reporting has been severally recognized for excellence in presentation, disclosures and conformity with statutory requirements. This report has been prepared to uphold this tradition of providing information to stakeholders that is reader-friendly, reliable, transparent and of value to the shareholder.

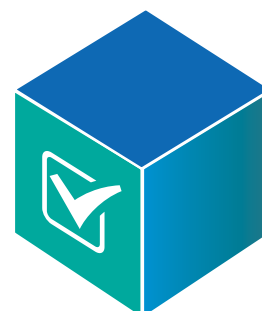
Even though sustainability communication and reporting in the country is still somewhat voluntary in nature, the company's top management has felt it necessary to incorporate external assurance in the process with the intent to ensure that the information we report is credible, transparent, reliable and of value to stakeholders. The aim of Sustainability reporting is to build a strong chain of accountability within

the organization. Securing external assurance further helps to enhance accountability.

External assurance of the Report is provided by an independent agency M/s Emergent Ventures India (EVI) as per AA 1000 & ISAE 3000 assurance standard and their Assurance Statement is a part of this report. The company has no other relationship with the assurance provider which is retained on the basis of the company's standard procurement practices for selecting vendors based on commercial and technical evaluation. The assurance is itself conducted in a structured manner involving interactions with a cross-section of functional executives.

The complete GRI Content Index is attached as Annexure 8.3 at the end of the report

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



For the third time in the last four years, the Company received India's most prestigious CII-ITC Sustainability Award 2016 for "Outstanding Accomplishment" in recognition of its continuous commitment to the cause.



## UN Global Compact Principles

Since 2006, ACC is a signatory to United Nations Global Compact and thus we make 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.

| S. No.          | Principle  | Chapter  |
|-----------------|--|--|
| Human Rights    |  |  |
| 1               | Businesses should support and respect the protection of Internationally proclaimed human rights; and                   | 7.3 Human Rights                                       |
| 2               | Make sure that they are not complicit in human rights abuses   | 7.3 Human Rights                                       |
| Labour          |  |  |
| 3               | Business should uphold the freedom of association and the effective recognition of the right to collective bargaining; | 7.3 Human Rights<br>7.2 People & Employment            |
| 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;  | 3.3 Business Risks & Opportunities<br>6.1 Emissions    |
| 8               | Undertake initiatives to promote greater environmental responsibility; and   | 6.2 Energy<br>6.3 Geocycle<br>6.4 Raw Materials        |
| 9               | Encourage the development and diffusion of environmentally friendly technologies                                       | 6.5 Water<br>6.6 Biodiversity<br>6.7 Waste & Effluents |
| Anti-Corruption |  |  |
| 10              | Businesses should work against corruption in all its forms, including extortion and bribery                            | 2.5 Compliances and other aspects                      |

# CSI - Dashboard 2016

As active members of the Cement Sustainability Initiative, we report on our sustainability performance in terms of key parameters in a standard CSI format on an annual basis.

|    | Emission Reduction   | Units                        | 2016     | 2015     | 2014     |
|----|--|------------------------------|----------|----------|----------|
| 1  | NO <sub>x</sub>  | gm / Tonne of Clinker        | 1966.91  | 1544.79  | 1663.91  |
|    |  | Tonnes                       | 29880.65 | 23883.5  | 25304.29 |
| 2  | SO <sub>2</sub>  | gm / Tonne of Clinker        | 128.74   | 175.66   | 196.71   |
|    |  | Tonnes                       | 1955.72  | 2714.92  | 2991.49  |
| 3  | Dust   | gm / Tonne of Clinker        | 41.50    | 36.58    | 41.66    |
|    |  | Tonnes                       | 630.52   | 565.53   | 633.59   |
| 4  | Coverage rate continuous measurement: (%) clinker produced with continuous monitoring of main pollutants Dust, NO <sub>x</sub> , SO <sub>x</sub> | %                            | 91.54    | 97.8     | 97.72    |
|    | Employee Health and Safety   | Units                        | 2016     | 2015     | 2014     |
| 5  | Number of fatalities (directly employed)   | Number                       | 0        | 0        | 1        |
| 6  | Number of fatalities per 10,000 (directly employed)  | Number                       | 0        | 0        | 0.049    |
| 7  | Number of Lost Time Injuries (directly employed)   | Number                       | 16       | 19       | 11       |
| 8  | Total number of Lost Time Injuries   | Number                       | 47       | 63       |          |
| 9  | Lost Time Injuries (LTIs) per million man-hours  | Number                       | 0.9      | 1.0      | 0.5      |
|    | CO <sub>2</sub> and Climate Protection   | Units                        | 2016     | 2015     | 2014     |
| 10 | Total CO <sub>2</sub> Emissions - Gross  | Tonnes                       | 12737840 | 12978374 | 12801547 |
| 11 | Total CO <sub>2</sub> Emissions - Net  | Tonnes                       | 12628887 | 12885699 | 12744801 |
| 12 | Specific CO <sub>2</sub> Emissions - gross (kg/ tonne cementitious material)   | kg/ t cem. Mat               | 551      | 556      | 543      |
| 13 | Specific CO <sub>2</sub> Emissions - net (kg/ tonne cementitious material)   | kg/ t cem. Mat               | 547      | 552      | 541      |
|    | Local Impacts  | Units                        | 2016     | 2015     | 2014     |
| 14 | % of sites with Quarry Rehabilitation Plan   | %                            | 100%     | 100%     | 100%     |
| 15 | % of sites with Community Engagement Plan  | %                            | 100%     | 100%     | 100%     |
| 16 | Number of Active Sites where Biodiversity issues are addressed   | Number                       | 11       | 11       | 11       |
| 17 | Number of Active Sites within, containing or adjacent to areas designated for their high biodiversity areas                                      | Number                       | Nil      | Nil      | Nil      |
|    | Water  | Units                        | 2016     | 2015     | 2014     |
| 18 | Total water withdrawal by source   | Surface Water (Mio M3)       | 5.44     | 5.37     | 6.15     |
|    |  | Harvested Rainwater (Mio M3) | 6.86     | 8.01     | 8.46     |
|    |  | Municipal Water (Mio M3)     | 0.07     | 0.07     | 0.043    |
|    |  | Ground Water (Mio M3)        | 1.99     | 1.23     | 1.16     |
| 19 | Total water withdrawal consumption   | Mio M3                       | 14.38    | 14.69    | 15.813   |
| 20 | Percentage of sites with water recycling   | %                            | 88.24    | 88.24    | 82.35    |

# 5.0





## Economic

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**5.1** Economic Performance

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**5.2** Marketing Communications

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**5.3** Procurement Practices

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## Economic Performance

Despite 2016 being a challenging year, the company was able to register higher profit before tax up at ₹ 809 crores as compared to ₹ 784 crores in the previous year. The highlight of the year was strong cost saving measures, driven by fuel flexibility and raw material optimization; as a result operating cost per tonne were lower by 1%. Consolidated income, comprising Revenue from Operations (Net) and other income, for the year was ₹ 11,274.75 crore, 5.39% lower as compared to ₹ 11,916.94 crore in 2015. More performance highlights are shared in graphs and tables in this chapter. (GRI 201-4)

Consolidated Financial Statements comprise the financial statements of ACC, its subsidiaries, associates and joint venture. (GRI 102-45)

Maintaining a tradition of financial excellence, the Company's Annual Report 2015 won the highest award distributed last year for excellence in Financial Reporting from the Institute of Chartered Accountants in India. The Report was also adjudged Second Runner-Up (Joint) in the Manufacturing Sector as recipient of the Best Presented Annual Report Awards 2015 by South Asian Federation of Accountants (SAFA).

### FINANCIAL ASSISTANCE

In 2016, the company received total financial incentives and subsidies amounting to ₹ 65.89 crores against ₹ 214.54 crores in 2015 and ₹ 96.92 crores in 2014 (refer pages 179 of the company's Annual Report 2016 at <http://www.acclimited.com/newsite/annual-report-2016/Notices-to-Financial-Statements.pdf>). (GRI 201-4)

### FINANCIAL HIGHLIGHTS

Financial highlights appear in pages 13-18 of Annual Report 2016 at [www.acclimited.com/newsite/annual-report-2016/Financial-Highlights.pdf](http://www.acclimited.com/newsite/annual-report-2016/Financial-Highlights.pdf) and as interactive charts on our website at [www.acclimited.com/investor-relations/key-performance-indicators](http://www.acclimited.com/investor-relations/key-performance-indicators).

Table 5.1.1

#### NET SALES, OPERATING EBITDA & OPERATING EBITDA MARGIN

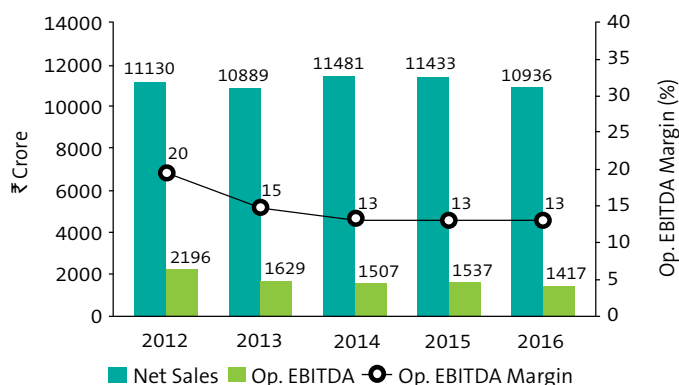


Table 5.1.2

#### CEMENT OPERATING EBITDA & OPERATING EBITDA MARGIN

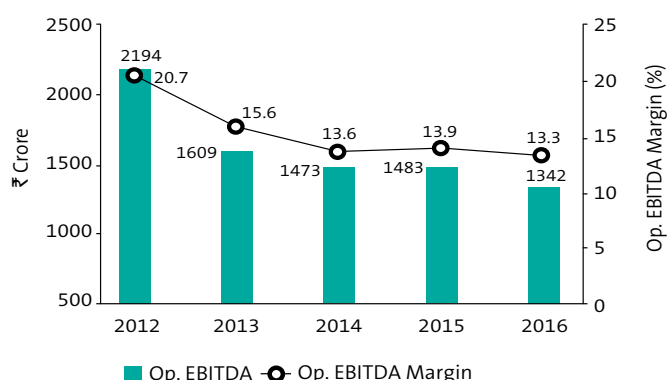
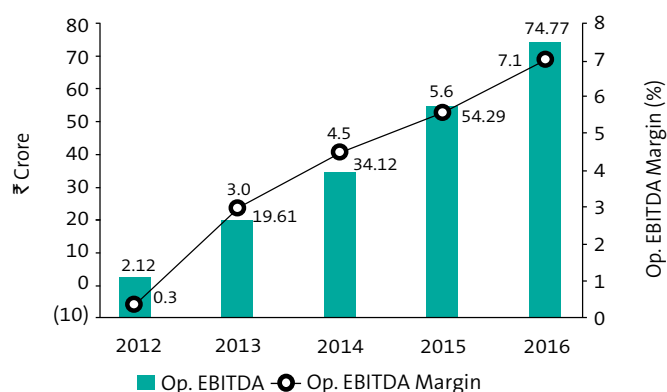


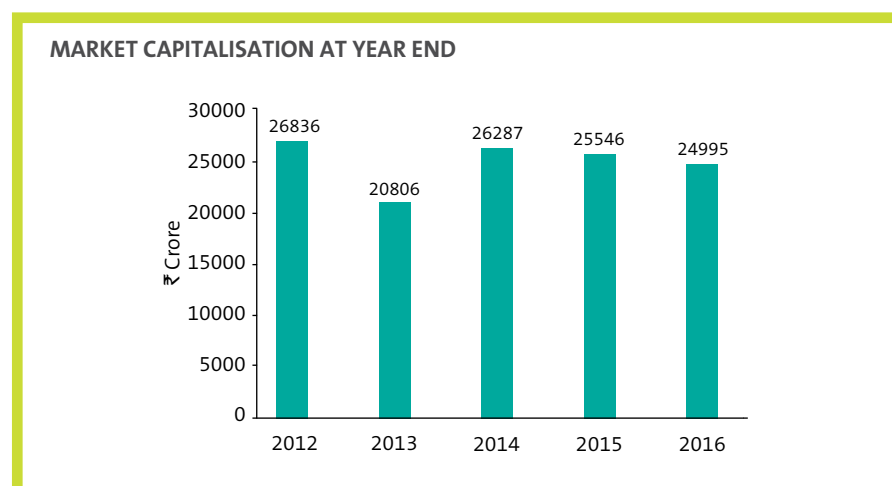
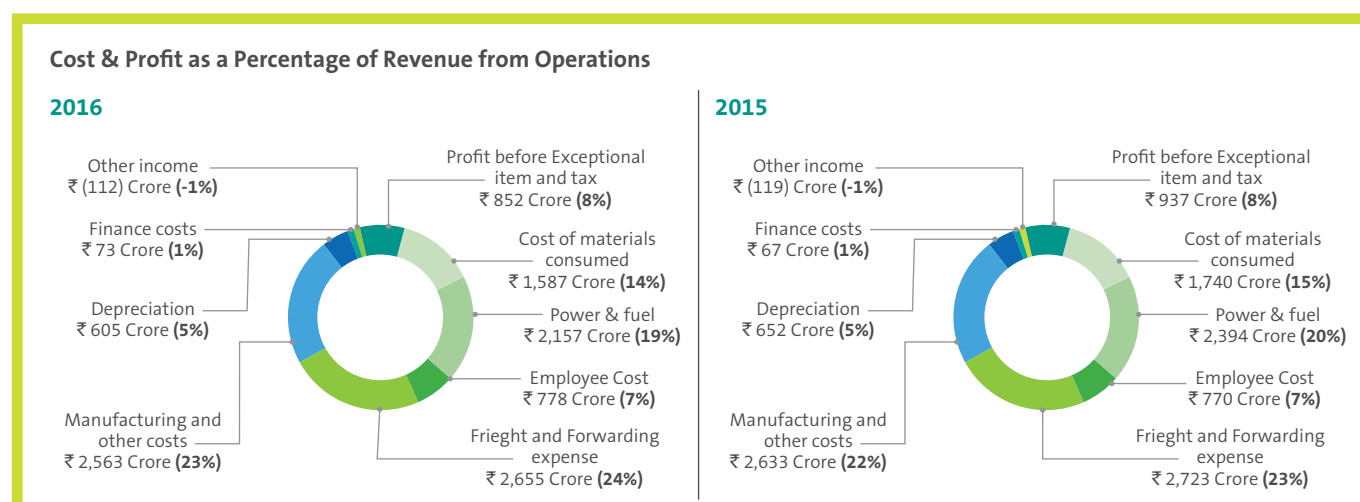
Table 5.1.3

#### READY MIXED CONCRETE OPERATING EBITDA & OPERATING EBITDA MARGIN



**Table 5.1.4**


Maintaining a tradition of financial excellence, the Company's Annual Report 2015 won the highest award distributed last year for excellence in Financial Reporting from the Institute of Chartered Accountants of India

**Table 5.1.5**

**Table 5.1.6**


## 5.1 Economic Performance

Statement of Direct Economic Value Generated and Distributed appears on page 18 of Annual Report 2016 at <http://www.acclimited.com/newsite/annual-report-2016/Financial-Highlights.pdf>

### Value Added Statement

| Parameters  | 2016 ₹ Crore  | 2015 ₹ Crore  | 2014 ₹ Crore | 2013 ₹ Crore | 2012 ₹ Crore |
|---|---------------|---------------|--------------|--------------|--------------|
| <b>Equity</b>                                     | 8,661         | 8,443         | 8,236        | 7,825        | 7,383        |
| Long-term Debts                                   |               |               |              | 35           | 163          |
| Capital employed                                  | 8,661         | 8,443         | 8,236        | 7,860        | 7,546        |
| Average Capital Employed                          | 8,552         | 8,339         | 8,048        | 7,703        | 7,625        |
| <b>Value added</b>                                |               |               |              |              |              |
| Net operating profit after taxes*                 | 645           | 692           | 1,168        | 1,096        | 1,288        |
| Add: interest on Long-term borrowings, after tax  | -             | -             | 1            | 4            | 31           |
| Net operating profit after taxes (NOPAT)          | 645           | 692           | 1,169        | 1,100        | 1,319        |
| Cost of Capital                                   | 963           | 1,074         | 1,038        | 1,017        | 919          |
| <b>Value added</b>                                | (318)         | (382)         | 131          | 83           | 400          |
| NOPAT / Average Capital employed (%)              | 7.54          | 8.30          | 14.53        | 14.28        | 17.30        |
| Weighted Average Cost of Capital (%)              | 11.26         | 12.88         | 12.90        | 13.20        | 12.05        |
| <b>Value added / Average Capital Employed (%)</b> | <b>(3.72)</b> | <b>(4.58)</b> | <b>1.63</b>  | <b>1.08</b>  | <b>5.25</b>  |
| <b>Enterprise Value</b>                           |               |               |              |              |              |
| Market Capitalisation<br>(As at December, 31)     | 24,995        | 25,546        | 26,287       | 20,806       | 26,836       |
| Add: Long-term Debts                              | -             | -             | -            | 35           | 163          |
| Less: Cash and Cash Equivalents                   | 1,944         | 1,389         | 1,686        | 2,621        | 3,137        |
| EV (Enterprise Value)                             | 23,051        | 24,157        | 24,601       | 18,220       | 23,862       |
| <b>EV / Year end Capital Employed (Times)</b>     | <b>2.66</b>   | <b>2.86</b>   | <b>2.99</b>  | <b>2.32</b>  | <b>3.16</b>  |

\*Net Operating profit is excluding exceptional item and tax impact on the same.

### Statement of Direct Economic Value Generated and Distributed

| Parameters  | 2016 ₹ Crore | 2015 ₹ Crore |
|---|--------------|--------------|
| <b>WEALTH GENERATED</b>                                 |              |              |
| Gross Income*   | 14,453       | 15,026       |
| Operating costs   | (8,568)      | (9,099)      |
|   | 5,885        | 5,927        |
| <b>WEALTH DISTRIBUTION</b>                              |              |              |
| Employees as remuneration including retirement benefits | 778          | 770          |
| Contribution to Government as taxes and other levies    | 4,008        | 3,913        |
| Shareholders as dividend                                | 319          | 319          |
| Community investments                                   | 22           | 31           |
| Finance Costs   | 73           | 67           |
| Retained with the Business                              | 685          | 827          |

\*Inclusive of Sales Tax/Value Added Tax (VAT)





**ACC has always been “a people’s brand” considering that 80% of cement sales comes from individual home builders and small retail buyers**

ACC holds a unique position in the cement industry with an all India presence. The company’s operations are spread throughout the country with 17 cement plants, four regional sales offices, 21 sales units, 71 area offices and 50 Ready Mixed Concrete plants. These are supported by an extensive network of channel partners made up of about 10,000 authorized dealers. This network ensures availability of ACC cement across India through a chain of more than 50,000 retail sales outlets.

ACC has always been “a people’s brand” considering that 80% of cement sales comes from individual home builders and small retail buyers. Our sales force works closely with the dealer and retailer network to reach out to customers in almost every state of

India. The Individual Home Builder is 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 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 - the Infrastructure, Commercial, and Industrial (ICI) department which caters to the techno-commercial requirements of leading mega projects. This team also services other B2B customers project requirements.

## 5.2 Marketing Communications

ACC provides excellent customer service. 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 pioneered the commercial sale of Bulk Cement and Ready Mixed Concrete (RMX). Bulk Cement is well accepted by leading construction companies and is a unique initiative for promoting the sale of cement in bulk as against the normal 'bagged' cement. The demand for these products is mainly in large urban clusters and infrastructure development projects. These two value added products have together underscored ACC's unique breakthroughs in the cement industry.

RMX is supplied through a fleet of transit mixers in a large number of cities in India. It is purely service oriented with on-time delivery being the key to success. ACC Concrete had 50 RMX plants as at the end of 2016. In the last few years, ACC's Concrete business has shown a remarkable transformation. Through consistent 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 value added products, all tailored to meet specific customer requirements from small basic requirements up to higher grades of concrete to build the country's tallest and largest structures. The Ready Mixed Concrete team manages most of its sales directly to buyers and end-users. This 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 are restricted in any way.

### MARKET COMMUNICATION

We reach out to customers through promotion campaigns as well as through social media to create continuous visibility. Marketing communication is aimed at:

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

All these activities are in compliance with relevant regulations and laws. We track our brand equity regularly to get insights to help us assess how we are perceived and identify areas of improvement.

### MARKETING COMMUNICATION STRATEGIES

Marketing communication highlights five strategies:

- ◆ To communicate ACC as a trusted brand in the marketplace - by making customers aware of the company's profile and track record and to inspire trust among them. This is achieved by presenting the company's market standing, heritage and major milestones.
- ◆ To present a complete profile and description of our products.
- ◆ To emphasize the superior status of our products as compared to conventional products highlighting their special qualities and benefits to the end user.
- ◆ To demonstrate the special values of our products through live examples

and to disseminate customer-focused information on topics of relevance to the customer.

- ◆ To network with various professionals and Influencer groups who can serve as informal brand ambassadors.

ACC was a founder member of the Association of Business Communicators of India (ABCI), the country's premier body in this field. We participate in ABCI's annual awards under various categories each year and have consistently been recognized for excellence in different categories at different levels. In 2016 we received the following recognitions from ABCI:

#### Gold awards

**"ACC Community Counts"** - a collection of case studies

**"ACC Logistics Safety Excellence"** programme

#### Silver awards

**"Together for Communities"** - CSR Newsletter

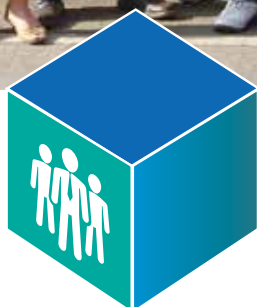
**"ACC Sustainable Development Report 2015"**

ACC Parivar (Hindi) edition and

Bronze to **"ACC Sustainable Development Report 2014"**

In 2016, there were no incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship.

## Procurement Practices



**All our Purchase Orders/Agreements have clauses pertaining to Corporate Social Responsibility (CSR), Human Rights and Occupational Health and Safety (OH&S)**

Procurement involves the complete process pertaining to sourcing, vendor selection and evaluation, purchase of goods & services and negotiation of contracts. The supply chain and procurement process is viewed as a strategic function which plays an influential role in the organization's profitability. Procurement is seen as helping to streamline processes, reduce raw material prices and costs, and identifying better sources of supply. It is an important part of the organization's value chain and accounts for a major share of its operating cost. Thus, it is critical to ensure efficiency and transparency in our operations. Our supply chain operations involve key internal and external stakeholders. (GRI 102-9)

Limestone, the primary raw material for cement, is sourced through the company's captive limestone mines. Coal is the principal fuel and is purchased directly from domestic coal companies or imported. Other major raw materials include slag and fly ash which are

procured directly from steel plants and thermal power stations. The company meets most of its energy requirements from its captive power plants. Cement machinery is large and complex and is purchased directly from manufacturers. Wherever possible, the company prefers to purchase materials, stores and equipment directly from manufacturers or from licensed sellers.

ACC has a vast network of cement plants and Sales Units across the country in various States handling procurement and supply chain activities involving large multi-disciplined group of personnel. To take care of the essential requirements of our large network, we have Local Procurement Teams at the Units for routine local purchases. There is an Integrated Procurement Organization at our Head Office which takes care of Major high value Purchases of various Commodities such as Coal, Raw Materials - Gypsum, Iron Ore, Bauxite, Steel, Major Services for the Units, Capex Items and Spares for related Capex items, Major Contracts for Projects, Vendor Master



## 5.3 Procurement Practices

Data etc. Requirement for such items is sent by Individual Units to the CPO and after combining the requirement of all Units, the purchases are done centrally to avail volume discounts and better negotiations.

In 2010 ACC, then part of the Holcim group, had launched its Sustainable Procurement Initiative (SPI) 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. Since 2011, we have been working towards the implementation of SPI through the Supplier Code of Conduct which is meant to provide a clear summary of ACC's expectation from suppliers in all procurement dealings. This Supplier Code of Conduct, recommended by UN Global Compact principles, is communicated to all suppliers and is also uploaded on the company's website at <http://www.acclimited.com/procurement>. Following the creation of LafargeHolcim, the Sustainable Procurement Initiative (SPI) framework was revised and re-launched in October 2016. By making it cross functional, we ensured active collaboration of many functions in the implementation process. We also conducted knowledge sharing sessions at Clusters and Unit levels. The re-launch of SPI will help to achieve the target of having assessed 80% of high-risk suppliers by 2020.

We encourage our suppliers to work towards continuous improvement and adopt best practices. We expect them to adhere to our Suppliers Code of Conduct which includes principles of compliance, human rights, ethics & business conduct and environmental stewardship. We strictly insist on transparency and accountability to be adhered to in all procurement activities.

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. (GRI 204-1)

**Table 5.3.1**

| The Supplier Code of Conduct lists nine standards:   |  |
|--|--|
| <ul style="list-style-type: none"> <li>Occupational Health and Safety (OH&amp;S)</li> <li>Working Conditions</li> <li>Freedom of Association and Non-retaliation</li> <li>Forced Labour</li> <li>Child Labour</li> </ul> | <ul style="list-style-type: none"> <li>Non-Discrimination</li> <li>Environmental Regulatory Compliance</li> <li>Management of Environmental Impacts</li> <li>Bribery and Corruption</li> </ul> |

**Table 5.3.2**

|                          | Nos. engaged | Amount spent in (₹ Crores) |
|--------------------------|--------------|----------------------------|
| Total no. of suppliers   | 10796        | 9100                       |
| Indian suppliers (Local) | 10704        | 8849                       |
| International suppliers  | 92           | 251                        |

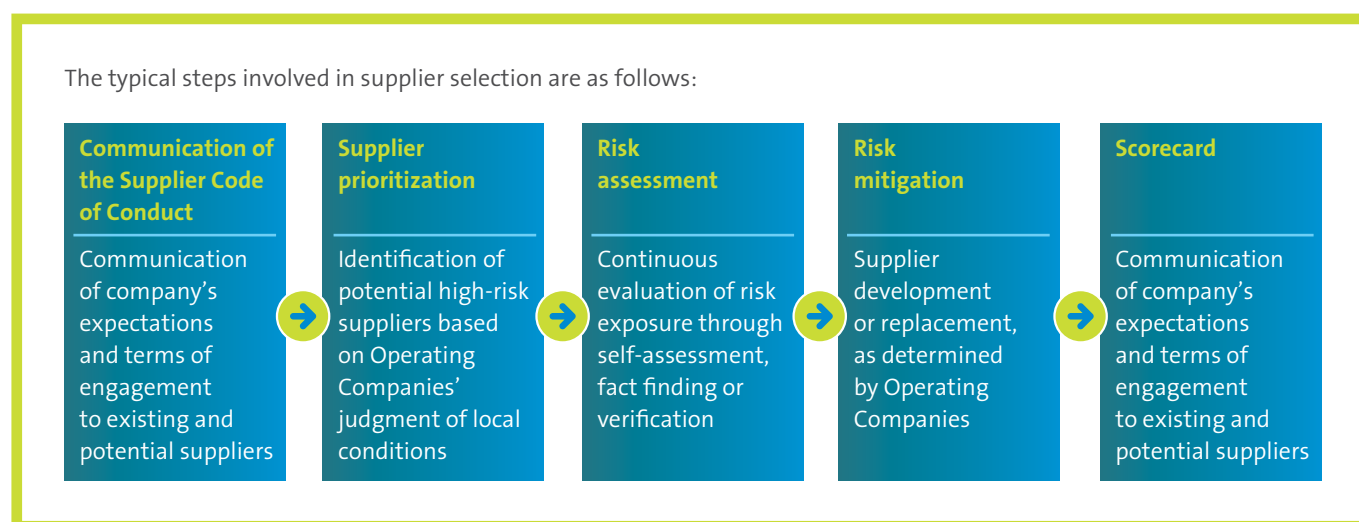


## SUPPLIERS AND VENDORS

Our vendor base comprises more than 10,000 suppliers spread across the country including 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. 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. (GRI 102-9)

**Table 5.3.3**



We treat our vendors as business associates, extending them 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 suppliers to build synergy and long term relationships. Regular interaction with vendors takes

place through phone, virtual conferences, e-mail or in person as and when required. The key concerns identified relate 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.

### SUPPLIER ENVIRONMENTAL AND SOCIAL ASSESSMENT

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, social clauses

including human rights aspects and ethical 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 critical suppliers (through high risk-high spend) were screened using environmental criteria and social criteria. (GRI 308-1, 414-1)

In 2016 no new suppliers were screened using Environment criteria; no supplier was identified to have significant actual and potential negative environmental or social impacts. (GRI 308-2, 414-2)



# 6.0



## Environmental

6.1 Emissions

6.2 Energy

6.3 Geocycle

6.4 Raw Materials

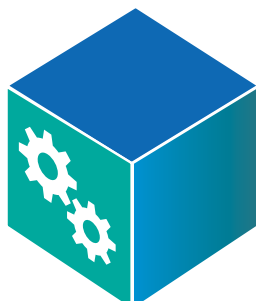
6.5 Water

6.6 Biodiversity

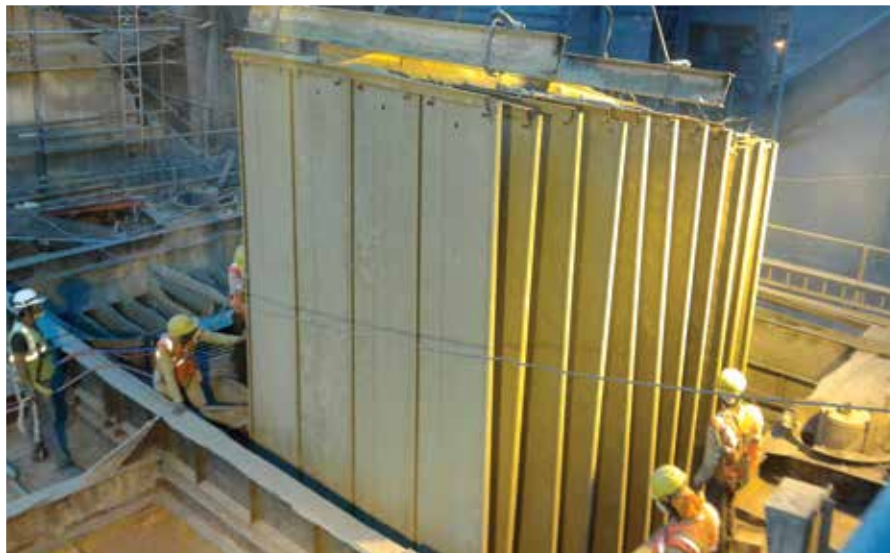
6.7 Waste & Effluents



## Emissions



**In 2016, the Company's carbon footprint continues to be among the industry's best-in-class where its specific CO<sub>2</sub> emissions at 545 kg/t of cement (Scope 1) was 32% lesser than 1990 level but in comparison to 2015, it was 2% higher**



ACC is an active member of the Indian chapter of 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. The Low Carbon Technology Roadmap for the Indian Cement Industry is a voluntary and time-bound commitment drawn up by CSI member companies with time bound targets for reduction of carbon emissions leading to the year 2050. This Roadmap identifies key levers for reduction in CO<sub>2</sub> emissions that include inter alia clinker substitution, the use of alternative fuel and resources; thermal and electrical energy efficiency among others. We have made strides in each of these.

### EMISSION REDUCTION TARGETS

In line with the Group's SD target, ACC plans to reduce its net specific CO<sub>2</sub> emissions per tonne of cement by 40% as compared to the levels achieved in 1990. This is the base year used for target setting of specific emissions reduction by the company as well as the Cement Sustainability Initiative (CSI). In 2016, the Company's carbon footprint continues to be among the industry's best-in-class where its specific CO<sub>2</sub> emissions at 545 kg/t of cement (Scope 1) was 32% lesser than 1990 level but in comparison to 2015, it was 2% higher. This increase is mainly due to prevailing market conditions for increased demand for OPC and lower capacity utilization. (GRI 305-1,2,3)

**Table 6.1.1**

| CO <sub>2</sub> Emissions (Tonnes) | 2016     | 2015     | 2014     |
|------------------------------------|----------|----------|----------|
| Scope-1*                           | 14856102 | 15098332 | 14705732 |
| Scope-2**                          | 544035   | 462359   | 622877   |
| Scope-3***                         | 539067   | 684642   | 556035   |

\*Includes CO<sub>2</sub> emissions from captive power plant and calculated using WBCSD CO<sub>2</sub> protocol

\*\*Calculated by using CM Emission factor - CO<sub>2</sub> 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, and courier emissions have not been considered

## REDUCING THE CLINKER FACTOR

The production of blended cements lowers the requirement of clinker as some part of clinker is replaced with fly ash or slag at the final grinding stage. Simply put, lower clinker consumption means less limestone is required to be mined, crushed, ground and burnt in cement kilns which together directly result in lower CO<sub>2</sub> emissions. During the year, ACC utilized 3.90 million tonnes of fly ash, 2.67 million tonnes of slag, 1.10 million tonnes of crushed rock fines, providing sustainable environment friendly services to the nation. This contributed to reduction of limestone consumption and associated CO<sub>2</sub> emissions. In 2016 we experienced higher demand for Ordinary Portland Cement from some of our markets. As a result we registered a marginal decrease in the share of blended cements in the total product portfolio to 83.5% leading to a corresponding increase in our CO<sub>2</sub> footprint. Despite this our share of blended cements and overall specific emissions remained well above industry average. With the newly commissioned Jamul Integrated project and its grinding units in Jamul and Sindri which will principally manufacture

blended cements, we expect to enhance the overall share of blended cements and thus lower clinker factor leading to lower specific CO<sub>2</sub> emissions.

## ALTERNATIVE FUELS & RESOURCES (AFR)

The use of AFR essentially serves to move away from dependence on fossil-based fuels and other mineral resources. In 2016, the company succeeded in co-processing 3,79,520 tonnes of alternative fuels and resources, achieving a thermal substitution rate of 3.22%. Following the commissioning and stabilization of two pre-processing platforms and a third under execution, we expect our Thermal Substitution Rate (TSR) percentage to increase in the long run, thus enabling the company to cut its carbon footprint even further.

## IMPROVING ENERGY EFFICIENCY

In 2016, various energy efficiency/conservation initiatives were undertaken by ACC (as explained in the section on Energy) which enabled lower energy consumption and subsequently contributed to reduce our CO<sub>2</sub> footprint on account of thermal and electrical savings.

The Cement manufacturing process does not release any Ozone depleting substances (ODS) substance into the environment. (GRI 305-6).

The use of bio-mass and agricultural wastes also emits CO<sub>2</sub> which is not accounted by protocol in the Scope 1 emissions shown in Table 6.1.1. Biogenic CO<sub>2</sub> emissions thus generated were 51,009 tonnes. (GRI 305-1)



**Table 6.1.2**

| Overall CO <sub>2</sub> Reductions Achieved (Scope 1 & 2)                          | 2016 | 2015 | 2014  |
|--|------|------|-------|
| On Account of Thermal Savings <sup>1</sup> (Tonnes of CO <sub>2</sub> )            | 2451 | 6847 | 23359 |
| On Account of Electrical Savings <sup>2</sup> (Tonnes of CO <sub>2</sub> )         | Nil  | Nil  | 2680  |
| On Account of Clinker Factor Improvement <sup>3</sup> (Tonnes of CO <sub>2</sub> ) | Nil  | Nil  | Nil   |

**Note: 1)** CO<sub>2</sub> emission reductions on account of thermal energy is calculated value.

**2)** CM Emission Factor (CO<sub>2</sub> Baseline Database for the Indian Power Sector - V 11 - Apr 2016 - by Central Electricity Authority) was used for calculating the CO<sub>2</sub> emissions on account of electrical savings.

**3)** CO<sub>2</sub> 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 CO<sub>2</sub> / Tonne of Cement

(GRI 302-4)



## 6.1 Emissions

### EMISSIONS FROM READY MIXED CONCRETE

Since the production of concrete essentially comprises blending operations, the incidence of carbon emissions is relatively low. Most of the CO<sub>2</sub> emissions generated in the RMX activity arises in transportation.

**Table 6.1.3**

| CO <sub>2</sub> Emissions (Tonnes) | 2016  | 2015  | 2014  |
|------------------------------------|-------|-------|-------|
| Scope-1*                           | 3015  | 1796  | 2468  |
| Scope-2**                          | 6772  | 3836  | 2888  |
| Scope-3***                         | 41607 | 39275 | 26078 |

\*Includes CO<sub>2</sub> emissions from DG sets and calculated using WBCSD CO<sub>2</sub> protocol

\*\*Calculated by using CM Emission factor - CO<sub>2</sub> 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, courier emissions have not been considered

In 2016, ACC featured among the leading Indian Business Houses that have participated in the Carbon Disclosure Project (CDP) and ranked high in terms of its disclosure forming part of the Carbon Disclosure Project Index.

### CONTROLLING EMISSIONS -- DUST, SO<sub>2</sub> AND NO<sub>x</sub>

As regulatory frameworks for emissions are undergoing huge reform, Indian cement companies are facing challenges to comply with stringent regulations and emission standards for various types of emissions including SO<sub>x</sub>, NO<sub>x</sub> and dust emissions. Towards this end, ACC endeavours not only to meet these new standards but also strive to improve its performance beyond compliance. Accordingly, various measures are being implemented across all operations of the Company to control stack emissions by upgradation/modification of existing air pollution control equipments or installation of air pollution control equipment. To ensure compliance for fugitive emissions, the company has already installed dust extraction and dust suppression systems. During the year 2016, ACC had commissioned Hybrid Electrostatic Precipitators (ESP) at Jamul and upgraded Coal Mill Bag House and Cooler ESPs at Galgal. The Company has also initiated the

implementation of NO<sub>x</sub> emission reduction by primary measures (Process optimization, usage of AFR, Fuel split, meal spilt etc) at all plants and secondary measures at few plants (SNCR). Complying with the reporting mandate, online reporting of emissions and effluents for all the plants is done on Central Pollution Control Board (CPCB) website and with respective State Pollution Control Boards wherever servers are available. (GRI 305-7)

**Table 6.1.4**

| Emissions*      | Unit                  | 2016     | 2015     | 2014     |
|-----------------|-----------------------|----------|----------|----------|
| NO <sub>x</sub> | gm / Tonne of Clinker | 1966.91  | 1544.79  | 1663.91  |
|                 | gm / Tonne of Cement  | 1289.25  | 1001.80  | 1044.05  |
|                 | Tonnes                | 29880.65 | 23883.50 | 25304.29 |
| SO <sub>2</sub> | gm / Tonne of Clinker | 128.74   | 175.60   | 196.71   |
|                 | gm / Tonne of Cement  | 84.38    | 113.88   | 123.43   |
|                 | Tonnes                | 1955.72  | 2714.92  | 2991.49  |
| Dust            | gm / Tonne of Clinker | 41.50    | 36.58    | 41.66    |
|                 | gm / Tonne of Cement  | 27.24    | 23.72    | 26.14    |
|                 | Tonnes                | 630.52   | 565.53   | 633.59   |

\* The emissions reported are based on Kiln stacks only

Cement manufacture does not generate any significant levels of Persistent organic pollutants (POP), Volatile organic compounds (VOC) or Hazardous air pollutants (HAP). (GRI 305-7)

### LOGISTICS & TRANSPORT

Emissions are also generated in logistics and transportation operations which include primarily CO<sub>2</sub> emissions emanating from fuel consumption. This gets addressed by ensuring regular maintenance of vehicles. Second critical emission is dust pollution caused by trucks plying on roads. These vehicles tend to stir up ambient dust on and around the roads. At our end, we make sure that cement trucks are de-dusted and covered in tarpaulins before they leave cement plants in order to minimize dust pollution. We also promote Bulk transport of cement which 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. (Logistics and transport)

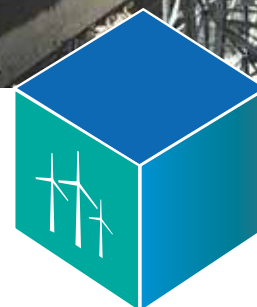
In 2016, there was zero non compliances with environmental laws and/or regulations, however we paid fine of ₹ 50 Lakhs towards an earlier non compliance case which was reported in 2015. (GRI 307-1)





Cement production is an energy intensive process where energy constitutes around 40% of the total cost of production. In 2016, specific energy consumption was significantly impacted by a lower share of blended cements, reduced capacity utilization and use of Petcoke and associated trials or plant interruptions. A snapshot of internal energy consumption is explained in

Table 6.2.1. In 2016, specific electrical energy at 88.66 (kWh/ Tonne of Cement) was almost 5% higher than 2015 for the reasons mentioned above. However the impact of associated increase in electrical energy cost was reduced by increased consumption of Open Access power by strategic bidding and scheduling operations of main drives accordingly. (GRI 302-1,2,3,4)



## 6.2 Energy

**Table 6.2.1**

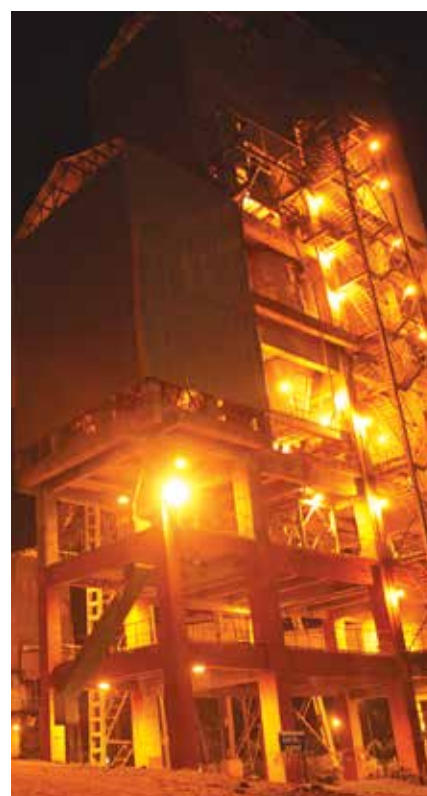
| Energy Consumption  | Unit                                 | 2016    | 2015    | 2014    |
|---|--------------------------------------|---------|---------|---------|
| Coal + Petcoke consumption in Kiln  | TJ                                   | 45927   | 45,767  | 45,466  |
| Diesel Oil consumption in Kiln  | TJ                                   | 70      | 41      | 55      |
| Alternative Fossil fuels* consumed in Kiln                                | TJ                                   | 1241    | 1,068   | 634     |
| Alternative Bio-mass consumed in Kiln                                     | TJ                                   | 304     | 283     | 216     |
| Diesel Oil consumption for Onsite vehicle movement                        | TJ                                   | 570     | 460     | 434     |
| Fuels for drying of raw materials   | TJ                                   | 1181    | 1,266   | 1,288   |
| Coal for onsite power generation  | TJ                                   | 23136   | 22,888  | 20,342  |
| Diesel Oil consumption for Onsite power generation                        | TJ                                   | 8       | 15      | 15      |
| Alternative fossil fuels for onsite power generation                      | TJ                                   | 98      | 148     | 334     |
| Biomass for Onsite Power generation#                                      | TJ                                   | 151     | 17      | 116     |
| Specific power consumption upto and including clinker production          | KWH / Tonne of Clinker               | 73.06   | 70.01   | 70.69   |
| Specific power consumption upto and including cement grinding             | KWH / Tonne of Cementitious Material | 84.62   | 81.56   | 81.45   |
| Specific power consumption including cement grinding, colony, auxiliaries | KWH / Tonne of Cementitious Material | 87.04   | 83.85   | 83.70   |
| Specific thermal energy consumption                                       | GJ / Tonne of Clinker                | 3.12    | 3.05    | 3.05    |
| Electricity Energy Purchased  | MWH / Annum                          | 566,703 | 481,624 | 637,696 |
| Energy consumption outside the organization**                             | TJ                                   | 7275    | 9209    | 7504    |

\* 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.

Open Access power was increased from 65% to 93.5% at Thondebhavi; from 59% to 84% at Kudithini. At Gagal, Open Access power started during the later part of 2015 and was ramped up to ~ 25% in 2016. This resulted in total saving of ₹ 19 crores in the cost of power.

We are exploring other avenues to reduce the cash outflow for purchase of RECs against Renewable Power Obligation. Scheduling and maximizing green power from the captive wind power generation sources contributed considerably on this front. Currently the company's renewable energy portfolio consists of 19 MW in the form of wind farms across three States - namely Tamil Nadu, Rajasthan and Maharashtra - which together generated 36.51 million units. Additional green power of 1.67 million units was procured through Power Purchase Agreement adding up to total Green Energy consumption of 38.18 million units, representing an increase of 9% over the previous year.





In 2016, we invested approximately ₹ 112 million on major CAPEX projects for energy conservation, besides continual process of identification and implementation of low cost capex / opex measures.

Various energy conservation and efficiency measures, as described in Table 6.2.3 were undertaken in different areas of the cement manufacturing process and Captive Power Plants (CPPs) (GRI 302-4)

**Table 6.2.2**

| Wind Power Generated<br>(in Million kWh) | 2016  | 2015  | 2014  |
|--|-------|-------|-------|
| Tamil Nadu                               | 19.92 | 13.22 | 17.70 |
| Rajasthan                                | 12.46 | 12.78 | 11.53 |
| Maharashtra                              | 4.12  | 3.17  | 3.26  |

**Some of our plants have been appreciated for their achievements in energy efficiency and conservation. ACC Chanda was adjudged as one of the Excellent Energy Efficient units by Confederation of Indian Industries (CII), supported by BEE**



## 6.2 Energy

**Table 6.2.3**

| Plant       | Initiatives   |
|-------------|---|
| Lakheri     | <ul style="list-style-type: none"> <li>Conventional burner was replaced by Duoflex burner in Kiln, besides introduction of variable speed drives for cooler and Crusher Bag House Fan.</li> </ul>   |
| Chanda      | <ul style="list-style-type: none"> <li>Computational Fluid Dynamics study was carried out and mitigation measures taken to reduce pressure drop across coal mill outlet duct.</li> </ul>  |
| Kymore      | <ul style="list-style-type: none"> <li>Computational Fluid Dynamics study was carried out for Kiln bag House and mitigation measures taken to improve flow distribution and reduce pressure drop across the bag house.</li> <li>Installed medium Voltage Variable Speed Drive for Preheater fan.</li> <li>Replaced Kiln Shell for improvement of thermal energy consumption.</li> </ul>   |
| Gagal       | <ul style="list-style-type: none"> <li>Installed energy efficient Turbo Blowers in both Kiln burners besides replacing the kiln burner with Pyro-jet burner.</li> <li>VRM throughput was increased from 280 to 330 TPH by reduction of feed size and accordingly modifying the mill internals.</li> <li>Replaced Preheater fan with Energy Efficient fan.</li> <li>Pressure drop across Raw Mill VRM of Gagal 2 and Preheater Cyclones at Gagal 1 was reduced by taking mitigation action through Computational Fluid Dynamics study.</li> <li>Converted Cement Mill-3 into mono-chamber mill.</li> <li>Replaced reciprocating type compressors with energy efficient screw compressors.</li> </ul> |
| Wadi        | <ul style="list-style-type: none"> <li>Installed tertiary Air Dampers for improvement of thermal energy consumption in Kiln 4; modified coal circuit to increase Coal Handling Plant output from 80 TPH to 130 TPH for its Captive Power Plant.</li> </ul>  |
| Tikaria     | <ul style="list-style-type: none"> <li>Converted twin Chamber cement mills to mono chamber with change in feeding arrangement of pre-grinder output.</li> </ul>   |
| Thondebhavi | <ul style="list-style-type: none"> <li>High Efficiency Screw compressor was installed to replace existing compressor.</li> </ul>  |
| Bargarh     | <ul style="list-style-type: none"> <li>Improved Coal Mill Productivity from 7.5 TPH to 12.5 TPH by modifications in liners, thereby improving Kiln productivity; Installed new roller in Slag VRM to improve grinding efficiency.</li> </ul>  |

Some of our plants have been appreciated for their achievements in energy efficiency and conservation. ACC Chanda was adjudged as one of the Excellent Energy Efficient units by Confederation of Indian Industries (CII), supported by BEE.

The issue of reductions in energy requirements of sold products and services is not applicable to cement or concrete. (GRI 302-5)

### ENERGY CONSUMPTION IN READY MIXED CONCRETE

The production of Ready Mixed Concrete (RMX) requires a very small amount of energy for the purpose of mixing and transportation. A snapshot of energy consumption in the last three years is shown in Table 6.2.4. (GRI 302-1,2)

**Table 6.2.4**

| Energy Consumption                           | Unit        | 2016 | 2015 | 2014 |
|--|-------------|------|------|------|
| Diesel consumption in RMX unit               | TJ          | 41   | 24   | 33   |
| Electricity Energy Purchased                 | MWH / Annum | 7054 | 3996 | 2947 |
| Energy consumption outside the organization* | TJ          | 561  | 530  | 352  |

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

## **ACC 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.*



Neeraj Akhoury  
Managing Director & CEO

February 4, 2017





We have taken the lead in providing safe waste management solutions to major waste generating industries and organizations. The core objectives of value creation, customer service and technical excellence together drive our initiative towards providing sustainable waste management solutions under the brand name, Geocycle.

A key challenge posed on our environment today that is a cause of major concerns about the health and safety of all citizens comes from the enormous volumes of municipal waste being generated in our cities and towns. Recognizing this problem, we are also extending the scope of our waste management solutions to developing safe and sustainable solutions for the efficient disposal of municipal wastes. In the course of providing waste management solutions

to major waste generating industries and municipalities, we also seek to reduce reliance on traditional fuels.

ACC has increased co-processing of Refuse Derived Fuel (RDF) and non-recyclable Segregated Combustible Fraction (SCF) of Municipal Solid Waste (MSW) in its facilities enabled by large scale investments in research and infrastructure development made for the safe utilization of these waste streams in our cement plants.

In line with our efforts, we have been working with State Governments and waste management agencies such as in Goa on a MSW Landfill Remediation Project, the first of its kind in India, wherein we received and co-processed around 4,800 tonnes of RDF at our Wadi plant in 2016.

During the year we redoubled our endeavours in stakeholder engagement, lobbying, advocacy and capacity building to achieve greater technical and legal recognition for co-processing technology in line with accepted international standards. These efforts have borne fruit and in the recent changes to the Indian Waste Legislation in 2016, co-processing is now recognized as a preferred technology for waste management for

different types of waste generated in the country.

In 2016, ACC has succeeded in co-processing 3,79,520 tonnes of alternative fuels and raw materials and achieved a thermal substitution rate of 3.22% through successful co-processing of various waste streams and other alternative fuels and raw materials.

**ACC has increased co-processing of Refuse Derived Fuel (RDF) and non-recyclable Segregated Combustible Fraction (SCF) of Municipal Solid Waste (MSW) in its facilities enabled by large scale investments in research and infrastructure development**





**State-of-the-art mining equipment is deployed at all our mines for mineral extraction and development which is undertaken strictly in accordance with mining plans and schemes approved by statutory authorities**

The production of cement is a resource intensive process requiring non-renewable raw materials like limestone, shale, clay, sand, iron ore etc. Limestone being a primary raw material, its availability and quality is of paramount importance. ACC is among the largest users of limestone in the country. Each of its cement plants has a captive mine for limestone with other raw materials namely, iron ore,

bauxite, laterite and gypsum being sourced externally. Our expertise and experience particularly with the mining of limestone is among the best in industry. State-of-the-art mining equipment is deployed at all our mines for mineral extraction and development which is undertaken strictly in accordance with mining plans and schemes approved by statutory authorities.

**Table 6.4.1**

| Raw materials (Million Tonnes)   | 2016  | 2015  | 2014  |
|----------------------------------|-------|-------|-------|
| Limestone                        | 22.41 | 22.82 | 20.84 |
| Gypsum                           | 0.86  | 1.14  | 1.19  |
| Alternative Raw Material         | 0.33  | 0.22  | 0.16  |
| Slag                             | 2.68  | 2.61  | 2.84  |
| Fly ash                          | 3.90  | 4.17  | 4.40  |
| Additives                        | 0.016 | 0.01  | 0.014 |
| Others (Bauxite, Iron ore etc.)  | 0.67  | 0.79  | 2.30  |
| Lubricating oil (Tonnes)         | 489   | 489   | 488   |
| Grease (Tonnes)                  | 167   | 167   | 201   |
| Weight of bags consumed (Tonnes) | 29992 | 31473 | 32149 |
| % Recycled materials used        | 22.38 | 22.04 | 23.29 |

(GRI 301-1,2)



At ACC commitment to conservation of precious mineral resources is demonstrated by using clean mining practices and by minimizing dust emissions. Though high grade limestone is often preferred for cement manufacture, ACC seeks different means to enhance the life of its mines such as the enrichment of low-grade limestone through beneficiation and indirectly by promoting the manufacture of blended cements.

These cements, viz. Portland Pozzolana Cement (PPC) and Portland Slag Cement (PSC) replace some part of the precious limestone with industrial wastes and by products (Fly ash, a waste from Thermal Power stations and slag, a waste generated by the steel industry) in the final cement grinding or blending stage. This may typically replace limestone by up to 20-30% with fly ash and 60% with slag. These products are rendered doubly sustainable as they also address the disposal of waste material in a more environment friendly manner. Cement Industry is also trying to enhance its portfolio of blended cements through the introduction of Composite Cements. In addition we use alternative raw materials such as marble slurry and red mud. These initiatives help us meet our target of using waste derived resources to strengthen our approach to pursuing the concept of circular economy.

During 2016, ACC utilized 3.90 million tonnes of fly ash, 2.67 million tonnes of slag, 1.10 million tonnes of crushed rock fines, thus providing sustainable environmental friendly services to the nation. During the year, our plants co-processed 3,79,520 tonnes of alternative fuels and raw materials achieving a thermal substitution rate of 3.22% through successful co-processing of various waste streams and other alternative fuels.

While we utilize wastes generated by other industries and processes, no product made by the company itself is reclaimed in any way. (GRI 301-3)

Used and abandoned mines are rehabilitated following approved norms and transformed into lush forests or useful water bodies. Respect for the interests of neighbouring communities and protecting bio-diversity are also a priority. With safety being an overarching value, our mines regularly play host to Mines Safety Week and Mines Environment celebrations. All ACC mines pursue exacting standards for safety management.

#### READY MIXED CONCRETE

Concrete is a mixture of Portland Cement, water, and aggregates comprising sand

and gravel or crushed stone. Each input material is procured separately and mixed in specified proportions to make concrete. Ready Mixed Concrete, or RMX as we refer to it, is concrete that is specifically manufactured at a concrete plant and transported in a Transit Mixer (TM) for delivery to the customer's construction site in a ready-to-use freshly mixed state. RMX can be custom-made to suit different applications. RMX is bought and sold by volume - usually expressed in cubic meters. The materials consumed in Ready Mixed Concrete operations in the last three years are shown in Table 6.4.2.

**Table 6.4.2.**

| Raw materials (Tonnes) | 2016    | 2015     | 2014     |
|------------------------|---------|----------|----------|
| Cement                 | 633830  | 5,50,655 | 4,02,445 |
| Slag                   | 53381   | 40,067   | 31,456   |
| Fly ash                | 177670  | 1,62,038 | 1,08,975 |
| Additives              | 8312    | 7518     | 5,197    |
| Sand                   | 1859552 | 1587154  | 1179465  |
| Aggregates             | 2390050 | 2105141  | 1610712  |
| Lubricating oil        | 20.93   | 30.45    | 34.78    |
| Grease                 | 8.56    | 7.63     | 8.89     |





## Water



ACC has a long and visible tradition of water conservation, particularly through the creation of new water bodies and efforts to rehabilitate and replenish existing sources. With a purposeful agenda for water conservation, we are already self-reliant in respect of our water requirements at Kymore and Jamul cement plants. We aim to make further progress to achieve “Water Positive” status.

In recent years commendable efforts have been made by several of our plants. Compared to other industries and processes, cement industry is not water intensive. Water is used mainly in industrial cooling and in domestic consumption.



Aligning with the group target, ACC also aims to reduce its freshwater withdrawals by 30% by 2030. Towards this objective, the company is strongly focusing its efforts on the following initiatives:

- (i) Reduction of fresh water intake by lowering water demand in process and non-process areas
- (ii) Process optimization and upgradation to water efficient technologies wherever feasible
- (iii) Installation of Sewage treatment plants (STP), Effluent Treatment Plants (ETP), Zero Liquid Discharge (ZLD) systems for effective reutilization of waste water. During the year 2016, the Company ordered ZLDs for Wadi and Chanda Cement Works, STPs for Lakheri and Damodhar Cement Works
- (iv) Conservation of water by rain water harvesting in plants, mines, colonies, community areas and sustained water harvesting measures.



**Table 6.5.1**

| Source of Water*                                   | 2016   |      | 2015   |       | 2014   |     |
|--|--------|------|--------|-------|--------|-----|
|  | Cement | RMX  | Cement | RMX   | Cement | RMX |
| Surface Water (Million M <sup>3</sup> )            | 5.44   | -    | 5.37   | -     | 7.92   |     |
| Harvested Rain Water (Million M <sup>3</sup> )     | 6.85   | -    | 8.02   | -     | 7.08   |     |
| Municipal Water Supplies (Million M <sup>3</sup> ) | 0.07   | 0.48 | 0.07   | -     | 0.09   |     |
| Ground Water (Million M <sup>3</sup> )             | 1.99   | 0.32 | 1.23   | 0.871 | 1.57   |     |

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

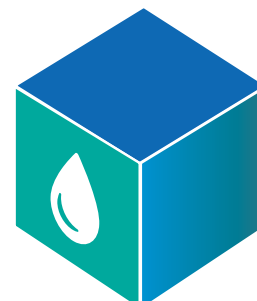
(GRI 303-1)

No water body is affected by our withdrawal (GRI 303-2)

**Table 6.5.2**

| Water Treated and Reused*   | 2016 | 2015 | 2014 |
|---|------|------|------|
| Total Quantity of Water Treated and Reused Annually (%)                   | 9.1  | 9.84 | 8.25 |
| Total Quantity of Water Treated and Reused Annually (Mio m <sup>3</sup> ) | 1.31 | 1.45 | 1.30 |

\* Calculated based on the pump capacity and running hours



**With a purposeful agenda for water conservation, we are already self-reliant in respect of our water requirements at Kymore and Jamul cement plants**





Nature is one of the pillars of our SD 2030 plan, where we aim to create a positive change on biodiversity. Mining is the main activity where our operations have an impact on habitat and biodiversity by way of the erosion of top soil, damage to flora and fauna, noise and dust pollution etc. However we are of the view that there have been no significant changes in ecological processes. (GRI 304-2)

We are aware that species existing within our locations or in nearby sites

might be affected directly or indirectly by our operations but we take due care and efforts to mitigate the level of impact. Among all species, ten species fall under 'Schedule I' category (highest protected category as per Indian Wildlife Protection Act), are present within a radius of 10 km of our operations and for all of them we have prepared wildlife conservation plan. In terms of IUCN's classification of red list categories, the break-up of these 10 Schedule I species is shown in Table 6.6.1 below. (GRI 304-4)

Table 6.6.1

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

We continuously endeavour to reduce the level of impacts of our operations on this account.

All our plants and mines follow comprehensive plans and undertake rehabilitation of spent mines in a well-organized and safe manner in order to protect the biodiversity and nature around. With all our mines currently in operation, rehabilitation work is still in a partial stage as it is being carried out in a progressive manner which will be completed at the end of the tenure of the mine. By the end of 2016 the total extent of mines area rehabilitated adds up to about 844 hectares. (GRI 304-3)

Parallel initiatives are being implemented to achieve the biodiversity target.

- (i) During the year, rapid biodiversity assessments were conducted by an independent third party at Jamul and Chanda mines. With these two assessments, the company has completed the exercise for all sites. These assessments help identify the sites where we can prioritise our efforts. As an outcome of these assessments, three of our mining sites - Galgal in Himachal Pradesh, Lakheri in Rajasthan and Bargarh in Odisha - are found to be relatively sensitive. Though these sites do not fall within or adjacent to any designated protected area they are located within 10 km of a nationally protected area (GRI 304-1). For all these sites, we have approved wildlife conservation plans.
- (ii) In 2016, ACC developed a comprehensive Biodiversity Action Plan for Galgal Mines through a third party, wherein it included three ground-surveys spanning 7-15 days each. Accordingly, strategies were identified for implementation which will conserve and enhance the biodiversity at this site in future. The company is working to implement these action plans in a phased manner which will ultimately

help meet the 2030 target having a positive change in biodiversity.

- (iii) Measuring changes on biodiversity require an effective tool. In 2016, the company rolled out the Biodiversity Indicator Reporting System (BIRS) - a new tool for assessing Biodiversity condition and monitoring relative changes in Biodiversity. BIRS assessment was taken up first at Lakheri Cement Works and we now plan to complete similar assessments at all other sites within the next two years. These assessments will set the baseline score against which we will monitor our changes.

- (iv) Rehabilitation efforts implemented on-ground include but are not limited to: (GRI 304-2)

- ◆ **Tree plantation:** In 2016 approximately 1.5 lakh trees were planted with average survival rate >80%. At all plants, preference is given to native and local species best suited to the local ecology.
- ◆ **Rain water harvesting:** All our worked-out mining pits harvest rainwater; this has in fact helped to enhance the self-sufficiency of some of our plants for their water requirements.
- ◆ **Top soil preservation:** This is a general practice adopted at each plant where top soil is preserved for future use during afforestation and plantation activities.
- ◆ **Managing invasive species:** Invasive species are a significant threat to the eco-system which adversely impacts the growth of native plants and ecology. We undertake concerted efforts to create awareness, highlighting harmful impacts of common invasive species. At some of the locations such as Kymore, we uproot, collect invasive plants (such as Parthenium) and dispose of them in co-processing in our cement kilns.

## BUILDING AWARENESS

ACC has made conscious efforts to increase awareness and train the people on Biodiversity issues at all its locations. In collaboration with IUCN - Leader for Nature (LfN) Programme and CII's India Business & Biodiversity Initiative (IBBI), we conducted various training programmes to create awareness and enhance capability of employees. The company actively partners with Cement Sustainability Initiative in programmes and activities to improve the eco-system at all its plant sites.

### Measuring changes in Biodiversity at Lakheri

BIRS tool was developed by a panel of IUCN experts to guide companies in the cement and aggregates sectors to monitor changes in the biodiversity condition of a site consisting of one or more different habitat types. BIRS methodology takes into account 3 aspects:

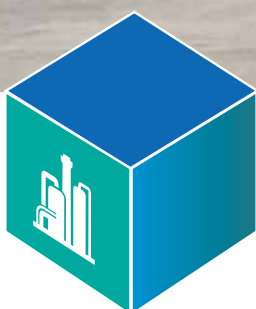
- ◆ the extent of habitat types
- ◆ the ecological condition of these habitats, including enhancements and threats
- ◆ the uniqueness and ecological importance of each habitat in the regional context

The output is represented as a score (1-10) representing the Biodiversity Condition of the site. ACC Lakheri was one of the sites where BIRS was rolled out in 2016 and a score was calculated. The assessment will be repeated after a period of time to show the relative change in biodiversity due to our activities. This tool will help us monitor our progress against our 2030 target of having a positive biodiversity change.





## Wastes & Effluents



The process of cement manufacture does not generate any waste water or effluent. Cement manufacture uses water only for industrial cooling. Water thus used is recycled and reused in the process itself, leaving no waste. Small amounts of effluent are generated in Captive Power Plants which gets treated in Effluent Treatment Plants (ETPs) in locations where we have captive power plants. Sewage generated in residential colonies located within our townships is treated in Sewage Treatment Plants (STPs). The total treated waste water through ETPs and STPs is used for dust suppression and green belt development. Any domestic waste water that cannot be redeployed

is diverted into soak-pits within our boundaries.

At ACC, we strive for “Zero Discharge” status in respect of all our operations and we do not discharge any process effluent in water bodies or anywhere else. Working towards this goal, during the year 2016, ACC ordered Zero Liquid Discharge (ZLD) systems for Wadi and Chanda Cement Works. Complying with the new regulations, we are also in the process of installing new/upgrading existing STPs/ETPs wherever necessary. In the reporting year 2016, we upgraded the existing STP at Damodhar Cement Works and ordered new STPs for Lakheri which are now operational. (GRI 306-5)



Solid waste in cement manufacture is generated mostly from maintenance and housekeeping activities, comprising used oil and grease, metallic scrap etc. Wherever possible, our cement plants adopt the 4R Approach (Reduce, Reuse, Recover and Recycle) to handle these wastes. In some plants, hazardous waste such as waste oil is co-processed, wherever we are permitted to do so. The remaining hazardous waste is sold to authorized third parties for final disposal (GRI 306-2). We do not transport any hazardous waste categorized under Basel convention (GRI 306-4). Table 6.7.1 shows the quantity of hazardous and non-hazardous waste generated in 2016 (GRI 306-1):

**Table 6.7.1**

| Details                    | Unit   | 2016    | 2015    | 2014    |
|----------------------------|--------|---------|---------|---------|
| <b>Hazardous Waste</b>     |        |         |         |         |
| Waste Oil                  | Litres | 83,633  | 226,307 | 211,673 |
| Grease                     | Kgs    | 50,232  | 16,796  | Nil     |
| <b>Non Hazardous Waste</b> |        |         |         |         |
| Steel Scrap                | Tonnes | 30,635  | 10,813  | 17,900  |
| Others                     | Tonnes | 5,098   | 4,558   | 6,397   |
| Filter Bags                | Nos    | 113,671 | 63,632  | 75,730  |

**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, aluminium, tyres, paper, PVC drums, HDPE wrapper, etc.

We have a comprehensive spill management system in place to minimize the impact, in the event of any spill. No incidence of any significant spill occurred in 2016. (GRI 306-3)

A large proportion of empty cement bags are reused with only a small part being disposed off as scrap. Construction sites find empty cement bags useful to store other loose construction material. Often empty cement 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. (GRI 301-3)

**At ACC, we strive for “Zero Discharge” status in respect of all our operations and we do not discharge any process effluent in water bodies or anywhere else**



# 7.0



## Social

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**7.1** Health & Safety

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**7.2** People & Employment

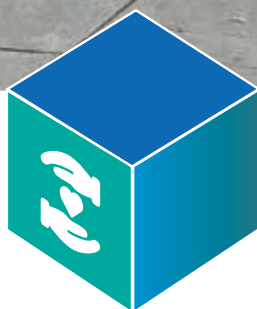
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**7.3** Human Rights

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**7.4** Community Development & Social Responsibility

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**Every employee is accountable for his/her own health and safety and also has the duty to correct anyone they see acting in an unsafe way**

**“No harm anywhere to anyone associated with ACC” is the ultimate goal of the company.** Hence Health and Safety (H&S) is accorded topmost priority such that it forms an integral part of our sustainability agenda. A strong health and safety culture is promoted at all levels. Safety is an ongoing passion. We make it a point to integrate Health & Safety into our normal work as a basic operating principle. We strongly believe in visible leadership and lead with personal accountability to foster health and safety at all levels across the organization.

Our H&S policy and rules are guided by the parent Group’s H&S agenda. Health & Safety rules focus on the individual and spell out the expectations from all employees, contractors and visitors whilst working in a LafargeHolcim group establishment. These rules are designed to reduce incidents and move toward the ambition of ‘Zero harm’. H&S Rules and Policy are prominently displayed at all company locations. Every employee is accountable for his/her own health and safety and also has the duty to correct anyone they see acting in an unsafe way. Health & Safety is a team activity aimed at saving lives and minimizing harm.

**Table 7.1.1**

| S.NO. | Parameters                                       | 2016 | 2015 | 2014  |
|-------|--|------|------|-------|
| 1     | Employee Fatalities (Nos.)                       | 0    | 0    | 1     |
| 2     | Fatality rates (directly employed)               | 0    | 0    | 0.049 |
| 3     | Contractor Fatalities (onsite)                   | 5    | 3    | 3     |
| 4     | Contractors Fatalities (off site)                | 5    | 4    | 3     |
| 5     | Employee Lost Time Injury (LTI)                  | 16   | 19   | 11    |
| 6     | Employee Lost Time Injury Frequency Rate (LTIFR) | 0.9  | 1.00 | 0.5   |
| 7     | Employee Injury Rate (IR)                        | 1.33 | 1.63 | 0.94  |
| 8     | Employee Lost day rate (LDR)                     | 53.8 | 33.0 | 45.1  |

**Note:** We follow guidelines of CSI in recording and reporting H&S related incidents. In respect of H&S information, we have not indicated any break-up by region and gender.

We deeply regret that despite all our dedicated efforts in ensuring health & safety, five people (all males) lost their lives while working at our operations in 2016 while there were five off-site fatalities, also males.

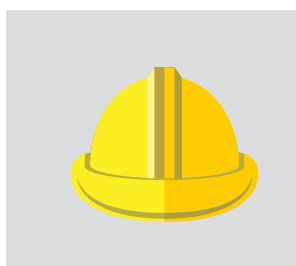
Detailed independent investigations were conducted for each incident to find the root causes and identify corrective and preventative actions. These and other improvement actions were then tracked for implementation. Lessons learned

from the fatal incidents were shared within the company and with other companies in the global LafargeHolcim group.

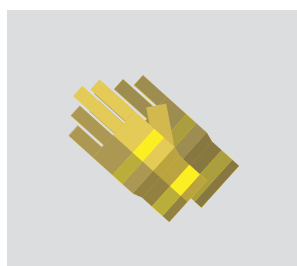
## LEADERSHIP & ACCOUNTABILITY

### i) Health & Safety Improvement Plan (HSIP)

Health & Safety Improvement Plan (HSIP) is prepared based on the feedback and involvement of the Company's senior management. The plan contains seven Health & Safety (H&S) objectives, clearly indicating the ownership of each objective assigned to a senior executive. Salient aspects of the HSIP comprise H&S Leadership & Accountability, People's H&S Capability, H&S management systems, Road Safety and Electrical Safety. This sets down the direction for the organization to channelize the efforts.



Enhanced visibility of senior executives



Roll-out of Reward & Recognition and Consequence Management



Meaningful toolbox talks



Eliminating electrocution risk

### ii) Visible Personal Commitment

Field visibility of senior executives related to H&S has increased manifold with the launch of Visible Personal Commitment (VPC) - a systematic tool to interact with shop floor people on safety matters and take feedback. This has helped ACC to demonstrate management's commitment and enhanced safety leadership capabilities of our top executives. With all management staff mandated to be part of the VPC initiative, it has become a critical

part of ACC's approach to H&S management. We hope it serve as a major contributor towards our goal of Zero Harm.

### iii) H&S Culture

To help build and reinforce a positive H&S culture, we have revamped our behaviour-based safety training programme named "Developing Safety Commitment". The programme gives an insight into personal and organizational traits to become a safety leader.



## 7.1 Health & Safety

Table 7.1.2

| PEOPLE H&S CAPABILITY BUILDING                |   |   |  |   |   |   |
|---|---|---|--|---|---|---|
| <b>11</b><br>NEBOSH<br>Certified<br>employees | <b>1600</b><br>Are trained on<br>Risk Assessment<br>capability<br>enhancement<br>programme from<br>M/s NIST,<br>Chennai | <b>30</b><br>Senior Executives<br>in H&S capability<br>workshop<br>on change<br>management,<br>risk assessment &<br>behaviour safety. | <b>1780</b><br>Trained on VPC<br>modalities. | <b>81</b><br>Trained as<br>internal<br>auditor for HSMS<br>(Health and<br>Safety<br>Management<br>System) | <b>54</b><br>Undergone<br>refresher training<br>on Incident<br>investigation. | <b>468</b><br>Undergone<br>behaviour based<br>safety training<br>programme<br>“Developing<br>Safety<br>Commitment”<br>for enhancing<br>positive safety<br>culture |

100% of our workforce is covered by formal joint management - worker health and safety committees. Guidelines are in place for personnel and property security. Several health and safety topics such as contractor safety directive, use of PPE and related subjects are covered in formal agreements with trade unions.

### EFFECTIVE EXECUTION

The focus on H&S gets added strength with regular hand-holding on capability enhancement, translating corporate H&S requirements and support implementation, timely review, incident investigation, rewards & consequence management. Cluster H&S heads operating from key locations ensure round the clock positive surveillance.

### “I CARE, I SHARE, I ACT” - EMPLOYEE ENGAGEMENT CAMPAIGN

In May 2016 the LafargeHolcim Group organised Global H&S days campaign “I care, I share, I Act” to mobilize large groups of people and engage them in Health & Safety activities. The company engaged with employees and workmen of contractors at all locations in a range activities, including competitions for poster drawing, slogan writing, nukkads (street plays). The corporate leadership team connected with all employees over a webcast to re-emphasize the importance of H&S in the organization. Schools, community and the general public were also addressed.

### HEALTH INITIATIVES

ACC has a well-structured approach to reduce health risk factors among employees and their families. The company has taken numerous steps to enhance medical facilities at all plants and engage with employees and their families to create awareness and build capabilities. Emergency Medical Response (EMR) capabilities have been optimized at all cement manufacturing units by outsourcing ambulance services, to ensure round-the-clock availability of trained EMR technicians. Other arrangements are being tied up to secure high quality pre-hospital care in the event of any medical emergency, trauma or any other health care issue concerning employees such as the

use of air ambulances. In addition, a new health programme is being designed to reduce exposure to health risks at all sites.

Workers in our units do not show any particularly high risk of diseases related to their occupation, as per our records. Their health pattern generally conforms to the national and regional average in respect of risk factors and lifestyle diseases.

Significant steps were initiated to induct digitization to monitor employee health. An on-line health management system is being developed to standardize health processes across all units. This will facilitate management to retrieve health data of all employees.







Here are some other measures used to build Health care:

- ◆ Regular use of the Company intranet to disseminate health awareness
- ◆ Conducting health sensitization programmes
- ◆ Personalized health care
- ◆ Identifying health peers from among Shop floor Associates (SFA) to spread health awareness among employees and their families
- ◆ Training in office ergonomics
- ◆ 200 teachers of township schools were trained to share awareness with more than 10,000 students.

## Health Capability Building

- ◆ Health training to 14 doctors and 11 paramedics
- ◆ Advanced Cardiac Life Support (ACLS) & International Trauma Life Support (ITLS) training to 14 paramedics
- ◆ 200 teachers from all schools in plants are trained in H&S for promoting this initiative in schools
- ◆ >10000 students spread awareness about H&S among employees and community
- ◆ 24 health peers trained for tool box health awareness talks
- ◆ 500 line managers trained in H&S.



## 7.1 Health & Safety

### ROAD SAFETY

Logistics is among the most challenging areas in safety, a large part of which relates to offsite situations and environments that cannot be easily influenced. ACC has developed a logistics safety roadmap for 2020, which encompasses an analysis of past incidents, current initiatives and wide-ranging activity based risk assessments

spanning various stages of the shipping cycle from the point a vehicle approaches a plant to its end destination. The plan also prioritizes focus areas based on likelihood, consequence, controllability.

In 2016 Driver Management Centres were established at nine cement plants to educate drivers on various

H&S matters and inculcate the right behaviours focused on safety of Drivers, Vehicles and Journey Management. Creating greater alertness and awareness among drivers and employees using simulator training, seat belt convincer training and defensive driver training techniques is ongoing.

**ACC HEALTH AND SAFETY POLICY**

ACC Limited is one of India's foremost manufacturers of cement and ready mixed concrete with a countrywide network of plants, mines and office establishments.

We conduct our business in a manner that leads to creating a healthy and safe environment for all stakeholders (employees, contractors, communities and customers) built on a true safety culture.

Health & Safety is our overarching value. We believe in visible leadership and personal accountability for Health & Safety at all levels throughout the organization.

**Our Commitment**  
We will:

- Conduct our business with a goal of zero harm.
- Provide safe, healthy and secure work conditions for employees and contractors.
- Maintain a global Health & Safety Management System designed to continuously improve our performance and actively manage risk in our business.
- Comply with applicable legal, regulatory, industry and corporate requirements.
- Communicate openly with all stakeholders on relevant health and safety issues.

  
Neeraj Akhoury  
Managing Director & CEO

February 4, 2017

**ACC HEALTH AND SAFETY RULES**

**Rule 1**  
I assess and control risks before starting any task.

**Rule 2**  
I only perform activities for which I am authorized.

**Rule 3**  
I never override or misuse health and safety devices, and I always use the required PPE.

**Rule 4**  
I do not work under the influence of alcohol or drugs.

**Rule 5**  
I report all incidents.

**Living by these rules is a condition of employment.**

  
Neeraj Akhoury  
Managing Director & CEO

February 4, 2017



**ACC is passionate about its people and strives to create a caring environment where employees are given opportunities to realize their full potential, contribute their best and are adequately recognized and rewarded for their efforts**

“To win in the marketplace you must first win in the workplace.” At ACC employees are treated as the foundation of the company. ACC is passionate about its people and strives to create a caring environment where employees are given opportunities to realize their full potential, contribute their best and are adequately recognized and rewarded for their efforts. We strive to build a strong employee base with multidisciplinary teams where each and every employee is motivated and inspired to work. Our workforce is made up of people from different parts of the country representing different ethnic, cultural and religious backgrounds. To build an innovative workforce and future-ready employees for tomorrow, the company pays special attention to issues such as health and safety, competitive benefits and schemes, building new capabilities, empowerment and respect for human rights. It regularly reviews and adopts schemes to motivate employees and ensures

a healthy work environment for development and growth.

#### **INDIA MANUFACTURING TRANSFORMATION**

In 2016, the company strengthened its efforts towards “India Manufacturing Transformation”, an initiative started in 2015 to introduce a more responsive, efficient and lean organization design in all cement plants; it incorporated a new way of working with streamlined work practices, enhanced people skills and capabilities and centres of excellence (CoEs) for continuous improvement through exchange of best practices. This was initiated after careful benchmarking of best-in-class practices of LafargeHolcim plants across the globe. This Organizational reform continued to show its benefits with improvement in productivity by 30%. It is a continuous process through which ACC proposes to transform itself into becoming one of the most productive companies in the country.



## 7.2 People & Employment



### EMPLOYMENT

In the year 2016, the company employed total 7833 people out of which approximately 4%, equaling to 291, were women. (GRI 102-8, 401-1)

**Table 7.2.1**

|  | Female | Male |
|--|--------|------|
| Total Employees                                | 291    | 7542 |
| Management Staff                               | 247    | 3975 |
| Non Management Staff                           | 44     | 3567 |
| No. of training Hours for Management Staff     | 126    | 2417 |
| No. of training Hours for non management Staff | 45     | 2286 |

In the reporting year, we have also hired employees on contractual/third party/casual basis:

**Table 7.2.2**

| Category of Employees   | No. of employees |
|-------------------------|------------------|
| Retainers / Advisors    | 43               |
| Subcontracted Employees | 0                |
| Third Party Employees   | 8436             |
| Casual Employees        | 29               |
| <b>Total</b>            | <b>8508</b>      |

### New Hires (GRI 401-1)

**Table 7.2.3**

| Age-wise (years) | Female    | Male       |
|------------------|-----------|------------|
| <30              | 7         | 140        |
| 30-50            | 9         | 178        |
| >50              | 2         | 8          |
| <b>Total</b>     | <b>18</b> | <b>326</b> |

Till 2016, women were eligible 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 which was, then, more than what is required by law. In 2016, the total number of women who took maternity leave was 8 women out of which 5 have returned to work after parental leave ended in first quarter of 2017, 1 has resigned and 2 others are still on leave. Thus Return to work rate is 250%. There were 2 women who availed their maternity leave in 2015 but returned to work in the 2016 after maternity leave ended and both are still employed with the company. This leave facility is not open to men. (GRI 401-3)

### EMPLOYEE BENEFITS AND SCHEMES

As per our company policies, we do not provide the same employment benefits to temporary or part-time staff as to full time or permanent staff. However, the benefits provided to temporary and part-time employees are competitive with local market practice. To provide general welfare to full-time employees and their families, ACC offers several schemes covering education, healthcare, retirement benefits, loans, disability and invalidity coverage and financial assistance. (GRI 401-2)

## Employee Turnover (GRI 401-1)

Table 7.2.4

| Age (years) | Male | Female |
|-------------|------|--------|
| <30         | 195  | 34     |
| 30-50       | 204  | 16     |
| >50         | 440  | 9      |

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.

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. (GRI 404-2 and GRI 201-3)

In 2016 expenditure on employee's salaries and benefits representing about 7% of revenue from operations amounted to ₹ 778 crore. 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 157. The ratio of the percentage increase in

annual total compensation for the organization's chief executives to the median percentage increase in annual total compensation for all employees in the same year was 3.2

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. (GRI 402-1)

### STRENGTHENING CORE VALUES AND PERFORMANCE MANAGEMENT

ACC is respected for its strong values and ethics which are embedded in its corporate culture. During the year, the Company adopted a new set of core values aligned with those introduced by the LafargeHolcim group worldwide. The new code is abbreviated simply as CRISP, an acronym that enjoins emphasis on five distinct values viz. Customer, Results, Integrity, Sustainability and People which now form the basic dimensions of the high performance culture the Company wants its employees to demonstrate in all their actions. These values were cascaded in the Organization through

various workshops and activities at all locations for the benefit of all employees and contract labour. The values are recommended to be demonstrated with Agility, Collaboration and Empowerment (ACE) - also a new internal motto adopted for desirable behaviours. Along with the new set of values, a new Performance Management System (PMS) has also been put in place. The new PMS is designed in such a way that Health & Safety and our CRISP core values are directly embedded into individual objectives. This means the focus is now both on what we do and how we do it. This approach will help us deliver sustainable success across the business and shape the culture we need going forward in such a dynamic competitive market.

PMS is oriented to encourage people to innovate and have opportunities to grow, develop and realize their potential. People will be able to clearly relate how their efforts contribute to the overall business bringing in a performance mindset. It is grounded in informal ongoing conversation rather than formal staged meetings. We expect that this change will impact everyone in the organization and will also promote our efforts on the type of company we want to build. Our aim is that this new approach supports a common uniform company culture and increases performance of our people and team. Evaluation cannot simply be based on numbers; value driven observable behaviour should support the achievement of targets too.





## 7.2 People & Employment

In the reporting year 100% of employees have undergone individual performance appraisal. (GRI 404-3)

**Table 7.2.5**

| Annual Performance  | Total |        |
|---|-------|--------|
|   | Male  | Female |
| Managers who Received annual performance  | 3975  | 247    |
| Non- management employees who received annual performance (as per LH social Survey) | 3567  | 44     |

### LABOUR/ INDUSTRIAL RELATIONS

The Company continued to enjoy peaceful industrial relations during the year. ACC is known for its best in class workplace practices that has ensured 81 years of industrial harmony, considered to be one of the best in the country. The Company is proud of its work culture which emphasizes safety, high productivity, good health, quality of life and overall wellbeing of employees. In 2016, an amicable settlement was reached with Pragatisheel Cement Shramik Sangathan (PCSS), a trade union representing a section of contract workers in the old Jamul Plant. The settlement paved the way to resolve their long pending issue in a cordial and mutually beneficial manner.

### TRAINING AND EDUCATION

Several initiatives were undertaken to identify, develop and nurture talent at all levels within the organization through various training programmes and exposure to make them future ready for various positions in the Organization. A leadership convention was conducted in 2016 to transform the leadership team in the Manufacturing function. Similarly for the Sales & Marketing function an assessment was undertaken of the front line sales team with a view to benchmark individuals against a global high performer for that role. This behaviour and skill assessment was completed for 1,036 sales profiles during the year 2016. The assessment helped in understanding key motivators that drive performance and retention, enabling the preparation

of individual development plans for the sales team. These interventions have enabled the Company to create succession plans for leadership positions so that the Company's talent pipeline is kept ready to meet future requirements and contingencies.

Talent development efforts are also made in respect of Shopfloor Associates with interventions to help build up-skilling and multi-tasking capabilities.

The total amount which was spent during the year on training and capacity enhancement was ₹ 2.9 Crore. (GRI 404-1,2)

**Table 7.2.6**

| Number of Training Hours              | ACC    |        |
|---------------------------------------|--------|--------|
|                                       | Male   | Female |
| For Health and safety                 | 219749 | 1408   |
| For IT training                       | 1250   | 100    |
| For Management skills                 | 34346  | 2039   |
| For Environment & sustainability      | 5110   | 250    |
| Anti-corruption policies & procedures | 446    | 12     |
| Other Trainings                       | 32138  | 1522   |

In the reporting year average training hours was 17.6 per employee

While there is no specific training on Human Rights related issues, much of these aspects are covered in the company's Code of Business 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.



### PEOPLE PROCESSES

The company has clearly stated guidelines for all major people processes such as recruitment, separation, career development, performance appraisal, professional and employee ethics and Code of Business Conduct. The company's people policies and processes highlight equal opportunities to all and there is no discrimination with regard to gender, caste, creed, ideology or

other opinion, whether social, political or religious. As a result, ACC employees are drawn from all parts of the country representing different ethnic, cultural and religious backgrounds.

A two day “Train the Trainer” workshop was designed and conducted by ACC-Ambuja Leadership Academy (AALA) on July 28 - 29, 2016 to build champions of our core values by enabling them to get a thorough understanding of these values and how they can help build organization culture. A Key highlight of the workshop was the use of case studies from day to day work life at ACC and group activities along with informative videos.

## DIVERSITY AND EQUAL OPPORTUNITY

The diversity of our workforce is important and therefore concerted efforts have been made to achieve diversity and deliver sustainable performance, particularly so that there is a gender-balance, and inclusive work environment where diverse talent can contribute to superior business results. Though gender diversity is an area where we have not made significant improvement as the nature of our business requires working/living in a remote location which could be challenging, we employ more women at our offices as compared to plant. However, we are progressively working towards this to create a better environment for women to work at our sites. (GRI 405-1)



We also care for those on fringes or those placed at any kind of disadvantage in comparison with the rest of society at large due to force of circumstances such as disability. Therefore we work towards empowering differently-abled people so that they can realize their true potential. In 2016 our total workforce included 20 such employees.

## MARKET PRESENCE

Nearly all of the senior management staff (functional heads) is hired locally that is, within the country. (GRI 202-2) 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 1.81 (GRI- 202-1)

**Table 7.2.7**

| Age Group | Total |        |
|-----------|-------|--------|
|           | Male  | Female |
| <30       | 1409  | 129    |
| 30 - 50   | 3792  | 127    |
| >50       | 2319  | 57     |
| Total     | 7520  | 313    |

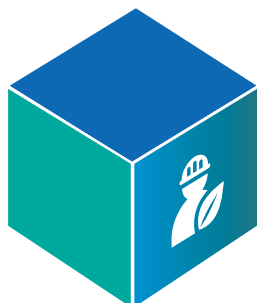
(GRI 405-2)

**Table 7.2.8**

| Type of Employees                          | Ratio of basic salary of men to women |
|--|---------------------------------------|
| Management Staff (Base salary)             | 1.2                                   |
| Management Staff (Base salary + bonus etc) | 1.2                                   |
| Non-Management Staff (Base)                | 1.0                                   |



## Human Rights



**The Company is an equal opportunity provider and consciously strives to build a work culture that promotes the dignity of all employees**

Our Code of Business Conduct together with HR policies and procedures are intended to ensure that we comply with local laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, equal opportunity, diversity, anti-discrimination, and other benefits and welfare in the markets. We comply fully with any local legal requirements with respect to minimum wage. In practice, our policies and remuneration and benefits often significantly exceed local legal requirements.

### **NON - DISCRIMINATION & HARASSMENT**

The Company is an equal opportunity provider and consciously strives to build a work culture that promotes the dignity of all employees. As required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has implemented a policy on prevention, prohibition and redressal of sexual harassment at the workplace. All women - permanent, temporary or contractual, including service providers - are covered under the policy. This has been widely communicated internally and is uploaded on the Company's intranet portal. An internal Committee comprising four management staff is in place which includes three women to redress complaints relating to sexual harassment. Besides in each of the units 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 one complaint which was investigated and closed within 90 days. Awareness programmes were conducted across the Company to sensitize employees to uphold the dignity of their colleagues at the workplace, particularly with respect to prevention of sexual harassment. A few employees also attended training programmes conducted by an external agency. (GRI 406-1)

### **FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING**

We respect and comply fully with all legal requirements in regards to union membership and collective bargaining. During 2016, 100% of the non management staff Shop Floor and Office Associates categories were covered by collective bargaining agreement which includes the notice period and provisions for consultation and negotiation. There were no complaints about labour practices. (GRI 402-1; GRI 407-1, GRI 102-41)

### **CHILD AND FORCED LABOUR**

We strongly prohibit the employment of child, forced or compulsory labour in any of our operations which is very well stipulated in our company's Code of Business Conduct. We also ensure that none of our suppliers engage in employment of child, forced or compulsory labour. In 2016, no breach of laws or violation has been discovered in any of these areas where any of our operations or suppliers was found to have significant risk of child labour or forced or compulsory labour. (GRI 408-1, 409-1)

### **SECURITY PRACTICES**

In 2016, company has employed total 42 security staff and all of them have been trained in human right aspects which are mentioned in our company's Code of Conduct. Human Rights training is also applicable to third party organizations providing security personnel. We are developing a comprehensive training module on human rights which will be rolled out in the year 2017. (GRI 410-1)

### **RIGHTS OF INDIGENOUS PEOPLES**

ACC respects local government regulations on provisions of rights of indigenous people. In 2016, ACC had no incidents of violations involving rights of indigenous people. (GRI 411-1)

#### HUMAN RIGHTS ASSESSMENT

Our approach to managing human rights is aligned to the internationally recognized UN Guiding Principles on Business and Human Rights. Though we have not conducted any human right assessments in 2016 but in coming years, we are planning to roll out Human Rights programme for all our operations. (GRI 412-1)

During the year under review, no cases of Human Rights violation (viz. incidence of child labour, forced or compulsory labour, etc.) were recorded in our operations.


**Tikaria Cement Works**

## हम बाल मजदूर को नियोजित नहीं करते हैं।





## WE DO NOT EMPLOY CHILD LABOUR IN OUR PREMISES





**In 2016, ACC reached out to almost half a million people residing in 200 villages and 8 towns spread across fourteen states of India**

ACC has been known for its commitment to National Development Goals. The company continuously engages with the communities living close to its operations many of which are situated in remote areas of the country. The Company's CSR and community development interventions particularly focus on development aspects that benefit the vulnerable and marginalized sections of society.

In 2016, ACC maintained its position of 12<sup>th</sup> rank among 100 top listed companies of India, as per an annual CSR ranking initiative done by Economic Times and Indian Institute of Management, Udaipur. ACC won the inaugural 'ICSI CSR Excellence Awards 2016' instituted by the Institute of Company Secretaries of India. The company was also awarded the prestigious CII-ITC Corporate Excellence Award 2016 for 'Outstanding Accomplishment' in Sustainable Development which evaluates CSR activities as well. These recognitions speak volumes for the company's social engagements that began much before the term corporate social responsibility was even coined.

In 2016, ACC reached out to almost half a million people residing in 200 villages and 8 towns spread across fourteen states of India. ACC's CSR agenda is structured around four thematic areas, Livelihood, Education, Water, Sanitation & Health, Rural culture, Sports & Road Safety. These are categorized under ten focused project interventions namely:

Livelihood - i) DISHA (youth employability), ii) LEISA (Low external input for Sustainable Agriculture), iii) Swavlamban (women empowerment), Education iv) Vidya Uktarsh (quality elementary education), v) Vidyasaarathi (merit scholarships), WASH vi) Arogyam (community health), vii) Sampoon Swachhata (open defecation free villages), viii) Sanrakshit Paryavaran (biodiversity & environment), and Rural Sports & Culture - ix) Drona, x) #SaveKidsLives.

The CSR team engaged with a wide range of stakeholders in the host communities with well-structured CSR projects. All these projects follow a bottom-up planning process, that begins with a needs assessment by an

independent third party organization using participatory rural appraisal (PRA) tools to develop a village level microplan.

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. Projects are planned in a comprehensive manner in consultation with CAPs, which are then implemented by the company's in-house team in partnership with carefully selected partners such as NGOs, Academic Institutions, Corporates and Government organizations along with inputs and guidance from the CAP. After projects are approved and launched, quarterly meetings are held with the CAP to review progress and suggest course correction.

Community management principles are built into all the CSR projects from the needs assessment stage to project completion. Capacity building and institutional sustainability are two integral components of all CSR projects.

The Company engages with all sections of the host communities to develop micro plans using participatory methods of planning. Individual projects are designed to address the needs of the host communities. Conscious efforts are made to give priority to the landless, farmers with small and marginal land holdings, women-headed households and other marginalized sections in the community.

In 2016, the total CSR expenditure incurred was ₹ 22.27 crore which is higher than the statutory requirement of 2% of the average profit of the last three years.

About 4250 unemployed youth attended skill development training programmes and received job placements in various manufacturing and service sector enterprises. Support was provided for

the establishment of 129 new Self Help Groups (SHGs) while existing 1233 SHGs were trained for institutional strengthening; a number of new micro-enterprises were initiated. A set of SHGs were assisted with formulation of federations and obtaining registrations for them.

Enhancement of quality education is an important focus area. During the year support for quality education was provided to 239 schools in our neighbourhood villages. Students in the final years of school and college education were groomed for preparing for competitive exams. Basic as well as advanced computer education was made available to the young boys and girls from the communities. In addition to this, remedial classes for poor performing students, career counseling, communication and interpersonal skills were provided to students from communities. Modern methods of learning such as smart classes and interactive kiosks benefitted students in 70 rural schools. Scholarships were awarded to 465 meritorious students belonging to weaker sections of society. Through 'ACC ki Ladli', an initiative undertaken in partnership with the company's channel partners to provide education to girl children who had dropped-out; 1,495 girls from 50 villages were thus benefitted.

ACC continued to support seven government-run Industrial Training Institutes (ITI), under the Public Private Partnership (PPP) Scheme with Ministry of Labour and Employment, Government of India. In this way we were successful in addressing the needs of 36,709 students.

Our health and nutrition initiatives benefitted 28,566 people. About 9,731 children received access to better health and nutrition services through support provided to 201 Aanganwadi centres. Two Anti Retroviral Treatment (ART) centers established in 2006 and 2007 by ACC, at Karnataka and Tamil Nadu,

provided 4771 persons with counseling, testing and treatment for HIV/AIDS while more than 20000 people were screened during the year.

The Company has conducted impact assessments of its CSR initiatives through Social Audit process. Third party Social Audit by social sector experts from outside the company has brought more credibility to the company's initiatives. Strong systems and processes in CSR have earned us accolades. All fourteen manufacturing plant locations of ACC were covered through the Social Audit Process which involved people from different sectors to examine annual evaluations by way of rigorous field visits and secondary data analysis. The social audit reports are available in public.

We have devised a mechanism to address community grievances which may be routed to us in the following ways:

- a) Community Advisory Panels at each plant location that comprise representatives from stakeholder groups of the location as well as plant management; the CAP meets on a regular basis when they highlight community issues and needs and also review ongoing CSR interventions
- b) Direct approach to local management. Members of the community may also write to the local plant management or the corporate office
- c) If any internal and external stakeholders have any grievance, they may also write to e-mail id: [brr.info@acclimited.com](mailto:brr.info@acclimited.com)



## 7.4 Community Development & Social Responsibility

Indigenous communities are present at one of our locations. However there are no operations at any of the locations with significant actual and potential negative impacts on local communities.

In 2016, ACC's CSR team has undertaken a range of CSR interventions across the country through its major project initiatives. Expenditure corresponding to these themes is as mentioned in Table 7.4.1.

**Table 7.4.1**

| S. No. | ACC Thematic Projects                                       | Expenditure (in ₹ Crore) |
|--------|---|--------------------------|
| 1      | ACC DISHA (Skill Development of Youth)                      | 2.80                     |
| 2      | ACC- Low External Input Sustainable Agriculture (LIESA)     | 3.81                     |
| 3      | ACC - Swavlamban (Women Empowerment & Micro Enterprises)    | 2.26                     |
| 4      | ACC Vidya Utkarsh (Quality of Elementary Education)         | 4.13                     |
| 5      | ACC Vidyasaarathi (Online Scholarship for Higher Education) | 0.38                     |
| 6      | ACC-Arogyam (Preventive Health)                             | 2.67                     |
| 7      | ACC-Sampoorn Swachhata (Open Defecation Free & Hygiene)     | 3.70                     |
| 8      | ACC Sanrakshit Paryavaran (Natural Resource Management)     | 1.89                     |
| 9      | ACC - Drona (Promotion of Local Sports, Art & Culture)      | 0.63                     |
|        | <b>Total</b>  | <b>22.27</b>             |



## CORPORATE SOCIAL RESPONSIBILITY POLICY

for complete CSR policy document visit <http://www.acclimited.com> or write to [brr.info@acclimited.com](mailto:brr.info@acclimited.com)

**ACC**

### PREAMBLE

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 holistic development of host communities and create social, environmental and economic value to the 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 community and measure the effectiveness of such development programmes.
- Work actively in 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, Art 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.



Neeraj Akhoury  
Managing Director & CEO

February 4, 2017

### KUDITHINI HELPS SCHOOL CHILDREN

There are 15 government schools with ~3000 students in the neighbourhood of ACC Kudithini. These schools faced issues of infrastructure as well as the quality of education. While the School's management awaited assistance, the plant's CSR team identified a potential partner in the Shikshana Foundation which had run successful experiments in schools at Hubli. In a proactive steps, the CSR team organized an exposure visit of the Kudithini school's management, teachers and opinion leaders to Hubli to get a first-hand view of the work done by the Foundation.

Encouraged to replicate the experiment in Kudithini the team sought approvals for the schemes from the DDPI (Deputy Director of Public Instructions) and Block Education officer (BEO), who initiated facilitating correspondence with the concerned schools.

The Shikshana model looks at holistic development of the children and teaching with fun to involve the children completely. It was decided to initiate the project as a pilot in 5 schools and then replicate it in other schools. Five Vidya Volunteers were identified who had the qualification and aptitude to implement the model. Shikshana Foundation agreed to provide technical support by sending one of their experts bi-weekly and supply educational material. The Shikshana representative facilitated a baseline survey to chalk out the implementation plan. Baseline survey revealed that students were lagging in languages be it Kannada or English, science as well as numeric skills corresponding to their grades and age. Poor students were provided more attention and extra hour long classes were held by teachers and Vidya volunteers, pre-post school timings.

The model not only enhanced teaching quality in the classes but also involved the students in extracurricular activities such as sports, cultural activities,





## 7.4 Community Development & Social Responsibility

plantation, neighbourhood cleanliness, communication skills through oratory and handwriting competition, exhibitions, organizing skits & plays and development of leadership skills through games.

The Shikshana model of learning has helped in improving writing skills in Kannada and English, better understanding of the concepts of Mathematics and Science and in general increasing the pass percentage of students in all grades, notably of Class 10 board examinations. The Shikshana model has made learning easier for students. One child is designing energy efficient projects with solar power usage. Two of the five schools have got District Information System for Education (DISE) score of 10/10 and one of the school received Green School Award.

**Table 7.4.2**

| Analysis of Education Intervention – Before & After 4 <sup>th</sup> to 8 <sup>th</sup> Class |                                       |                 |            |            |                     |            |           |            |          |           |                    |            |            |            |           |          |
|--|---------------------------------------|-----------------|------------|------------|---------------------|------------|-----------|------------|----------|-----------|--------------------|------------|------------|------------|-----------|----------|
| S.N.   | Village                               | No. of Students |            | Total      | Before Intervention |            |           |            |          |           | After Intervention |            |            |            |           |          |
|  |                                       | Girls           | Boys       |            | A+                  | A          | B+        | B          | C+       | C         | A+                 | A          | B+         | B          | C+        | C        |
| 1  | Ambedkar Nagar, Kudithini             | 53              | 59         | 112        | 0                   | 27         | 11        | 36         | 0        | 27        | 20                 | 18         | 25         | 26         | 12        | 0        |
| 2  | Chalavadi Keri School, Kudithini      | 64              | 58         | 122        | 0                   | 54         | 0         | 50         | 0        | 0         | 23                 | 37         | 29         | 15         | 0         | 0        |
| 3  | Government UP School, Veniveerapura   | 118             | 98         | 216        | 0                   | 58         | 0         | 124        | 0        | 2         | 31                 | 40         | 73         | 39         | 1         | 0        |
| 4  | Government UP School, Siddammanahalli | 46              | 32         | 78         | 0                   | 15         | 0         | 50         | 0        | 0         | 6                  | 22         | 11         | 26         | 0         | 0        |
| <b>Total</b>   |                                       | <b>281</b>      | <b>247</b> | <b>528</b> | <b>0</b>            | <b>154</b> | <b>11</b> | <b>260</b> | <b>0</b> | <b>29</b> | <b>80</b>          | <b>117</b> | <b>138</b> | <b>106</b> | <b>13</b> | <b>0</b> |

### ACC VIDYASAARATHI - ACCESS TO SCHOLARSHIP THROUGH DIGITAL PLATFORM

The CSR Committee of ACC's Board decided that the company should initiate a national level scholarship scheme for deserving meritorious candidates from rural areas in the vicinity of the company's operations. Accordingly the Vidyasaarathi initiative was devised. Launching and managing a scholarship scheme across multi locations proved to be a complex task as it involved tight time-lines, processing voluminous data, enabling award decisions with transparency and providing ease of application to thousands of students. The use of a web-based portal to manage end-to-end scholarship application and award process helped to successfully launch and administer the scholarship scheme. In NSDL the team found a reliable technology partner to power a web-based scholarship application and management solution. NSDL e-Gov currently manages some of India's

complex web solutions including National Pension System, Registrar & Authentication Service Agency for Aadhaar, Tax Information Network for Central Board of Direct Taxes among others.

The Web Based Vidya Saarathi Portal provides an online platform that helps manage and analyse large data from student applications across the country with timely reverts to enable award of scholarship. The online system also ensures transparency in scholarship application processing and real time status tracking of application.

#### PILOT LAUNCH

The pilot for Vidyasaarathi scholarships was launched on 26<sup>th</sup> February 2016 in Chandrapur district by the District Collector, in the presence local community leaders, Principals of reputed colleges in the district and ACC Chanda plant management. ACC Vidyasaarathi Scholarship pilot covered the students

pursuing education in Diploma & ITI, Graduation (10+2+3), Engineering (10+2+4) and Post Graduation. The scholarship application window was kept open for 45 days when over 500 applications were received. In all 100 scholarships were awarded, of which more than half went to girls. All education institutes in the district were registered on the Vidyasaarathi portal which helped disbursement of the scholarship directly into the education institutes' bank account where the student is admitted.

#### NATIONAL ROLL OUT

The success of the pilot, led to the launch of Vidyasaarathi nationally on 12<sup>th</sup> January 2017 on Yuva Divas. (Youth Day). All manufacturing plants of ACC organized their respective launch in the presence of district officials, local community leaders, heads of educational institutions in the districts, ACC Plant management and students from the neighbourhood. The window for application has been kept open

for 6 months and final award of the scholarship will be announced on 8<sup>th</sup> September 2017 which coincides with the International Literacy Day. For this year's round, a total of 1200 students are to be awarded this scholarship.

ACC Vidyasaarathi is well poised to provide some of the brightest but under-financed youth from our host communities with educational opportunities which otherwise would not have been open to them. The online solution is also a template which other companies can replicate.

#### KYMORE - PADDY CULTIVATION

The host community in the villages around ACC Kymore Cement plant are primarily dependent on agriculture for their livelihood. Most farmers in the area have marginal land holdings in which they cultivate paddy and wheat as the main crops. Two consecutive years of drought and water scarcity, adversely affected paddy cultivation. The challenge clearly lay in improving farm.

This called for an affordable yet effective technology that is amenable to farmers, has low input costs, easy to learn, low water intensive and scale neutral. The System of Rice Intensification (SRI) technique met these criteria and was selected for promotion among farmers in these villages. The System of Rice Intensification (SRI) is a globally proven technique for cultivating paddy which increases yield, saves water, reduces production costs, brings down the probability of pest attack and increases income. The CSR team along with HARITIKA (implementation partner) organized the farmers into 17 farmer clubs, provided necessary training and technical inputs.

Technical inputs were provided by Agriculture Technology Management Agency (ATMA), a registered society setup by the government for technology dissemination at the district level. In July 2016, 97 farmers were supported

with 186 kg of 'Paddy Dhanya Seeds (DRH-836)', for demonstration of SRI technique. The farmers apportioned a portion of their land for cultivation of the paddy crop in accordance with the SRI technique.

Volunteer farmers collectively spared 35.49 acres of their land for SRI demonstration. They were supported by providing paddy seeds and helping develop nursery beds for raising seedlings. CSR and NGO teams were in regular touch with all farmers participating in the project.

It was interesting to see that women pro-actively participated in all the work related to paddy cultivation under SRI. The total harvest of paddy demonstration under the project has been 601 quintals, which translates to an average crop yield of 17 quintals per acre. Under the traditional method

of paddy cultivation, farmers require 10-15 kgs of paddy to be able to get a harvest of 10-12 quintals/acre. However with the introduction of SRI technique, with just 2 kg of paddy, the farmer is able to take a yield of around 18-20 quintals/acre. In addition to increased yield, an increase in spacing under SRI technique reduced the incidences of pest outbreaks which is very common in paddy cultivated via conventional methods. The quality of seeds also improved significantly. The success of the early adoptee has drawn the attention of other farmers and many have decided to adopt the SRI method in the next crop season.

A detailed report of our CSR activities in 2016 is available in our Annual Report 2016 in our website at <http://www.acclimited.com/newsite/annual-report-2016/Annexures-to-Directors-Report.pdf>



# 8.0



## Annexures

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**8.1** Assurance Statement

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**8.2** Glossary

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**8.3** GRI Standards - In Accordance  
“Comprehensive” - Content Index

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## Independent Assurance Statement

### Introduction

ACC Ltd. ("ACC") has engaged Emergent Ventures India Pvt. Ltd. ("EVI") for carrying out an independent assurance of their Sustainable Development Report for 2016 ("Sustainability Report") covering the reporting period 01/01/2016 to 31/12/2016.

The facilities covered under Sustainability Report are 17 Cement Plants (comprising of 11 integrated cement plants and 6 grinding units) and 50 Ready Mix Concrete (RMX) plants.

### Date and Version

Date: 03/June/2017; Version 1.0

### Assurance standard, scope and level of assurance

EVI team has carried out this assurance in accordance with the guidelines laid down by AccountAbility in their AA1000AS Standard. Verifier team has followed ISAE 3000 (Revised): *Assurance Engagements other than Audits or Reviews of Historical Financial Information* for carrying out the Limited Assurance.

The following dimensions have been covered in the assessment:

- Adherence to the principles of inclusivity, materiality and responsiveness laid out in AA1000AS (2008)
- Adherence to the principles of accuracy, balance, clarity, comparability, reliability and timeliness laid out in the "In Accordance- Comprehensive" reporting requirements of GRI Standards.
- Reliability of specified sustainability performance data.

### Activities undertaken

A number of activities have been undertaken for this assurance, maintaining independence and objectivity:

- a. Review of Sustainability Report;
- b. Review (sample check) of the data provided used in Sustainability Report and related worksheets;
- c. Review (sample check) of data monitoring and recording and reporting including other internal processes and controls;
- d. Site visits to plant facilities to one integrated cement plant at Gagal – Barmana, Himachal Pradesh, one cement grinding unit at Tikaria - Amethi, Uttar Pradesh and one RMX plant at Sion, Mumbai, Maharashtra along with Corporate office in Mumbai, Maharashtra;
- e. Seek clarifications on data monitoring, recording and reporting & closure of gaps.

### Conclusion

Based on the Moderate Level 2 Assurance procedures conducted and evidence obtained, nothing has come to our attention that causes us to believe that, in all material respects the ACC's Sustainable Development Report 2016 is not in conformance with the "In Accordance- Comprehensive" reporting requirements of GRI Standards and AA1000 AS (2008). The report meets the requirement of reporting as specified by GRI Standards "In Accordance – Comprehensive" Option.



### Limitations

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

### Independence

The verification has been carried out by experts from environment & energy management, climate change and sustainability areas. Neither Verifier nor any member of the verifier team is involved in any way in the preparation of the Sustainability Report.

### ACC's responsibility

ACC is responsible for preparing the Sustainability Report in accordance with GRI Standards and for maintaining effective internal controls over the data and information disclosed.

### Verifier's responsibility

In performing the assurance activities, EVI's responsibility is to the management of ACC only in accordance with the terms of reference agreed between EVI and ACC. 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.

For Emergent Ventures India Private Ltd.

Atul Sanghal

Business Head – Sustainability & Climate Change

**Emergent Ventures India Private Ltd.**

11th Floor, Vatika Professional Point, Sector-66, Gurgaon, Haryana -122 001; Phone: +91-124-4319500



**AA1000**

Licensed Assurance Provider  
000-96



## Glossary

**ABCD** - Anti Bribery and Corruption Directive

**Alternative Fuels and Raw Materials or Resources (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

**Captive Power Plants (CPP)** - Power plants or Generation Sets set up by an industry to meet its own power requirements.

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

**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.

**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

**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

**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 organization 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.

**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.

**EthicalView Reporting (EVR)** - the company's new vigil mechanism to report concerns about unethical behaviour, frauds and violation of the Company's Code of Conduct and Ethics Policy

**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 organization working for natural resource conservation.

**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

**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

**NO<sub>x</sub>** - 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.

**Petcoke** - 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 most others refer to it as RMC.

**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.

**SO<sub>2</sub>** - 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 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.

**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

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

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

**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.

**Visible Personal Commitment (VPC)** - a tool to engage with shop floor employees on safety matters and seek feedback

**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.





# GRI Standards - In Accordance “Comprehensive” - Content Index

| GRI Indicator | General Disclosures   | Chapter           | Page number |
|---------------|---|-------------------|-------------|
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| 102-2         | Activities, brands, products, and services                                    | 2.2               | 6, 10       |
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**ACC Gagal Cement Plant**



**ACC Wadi Cement Plant**

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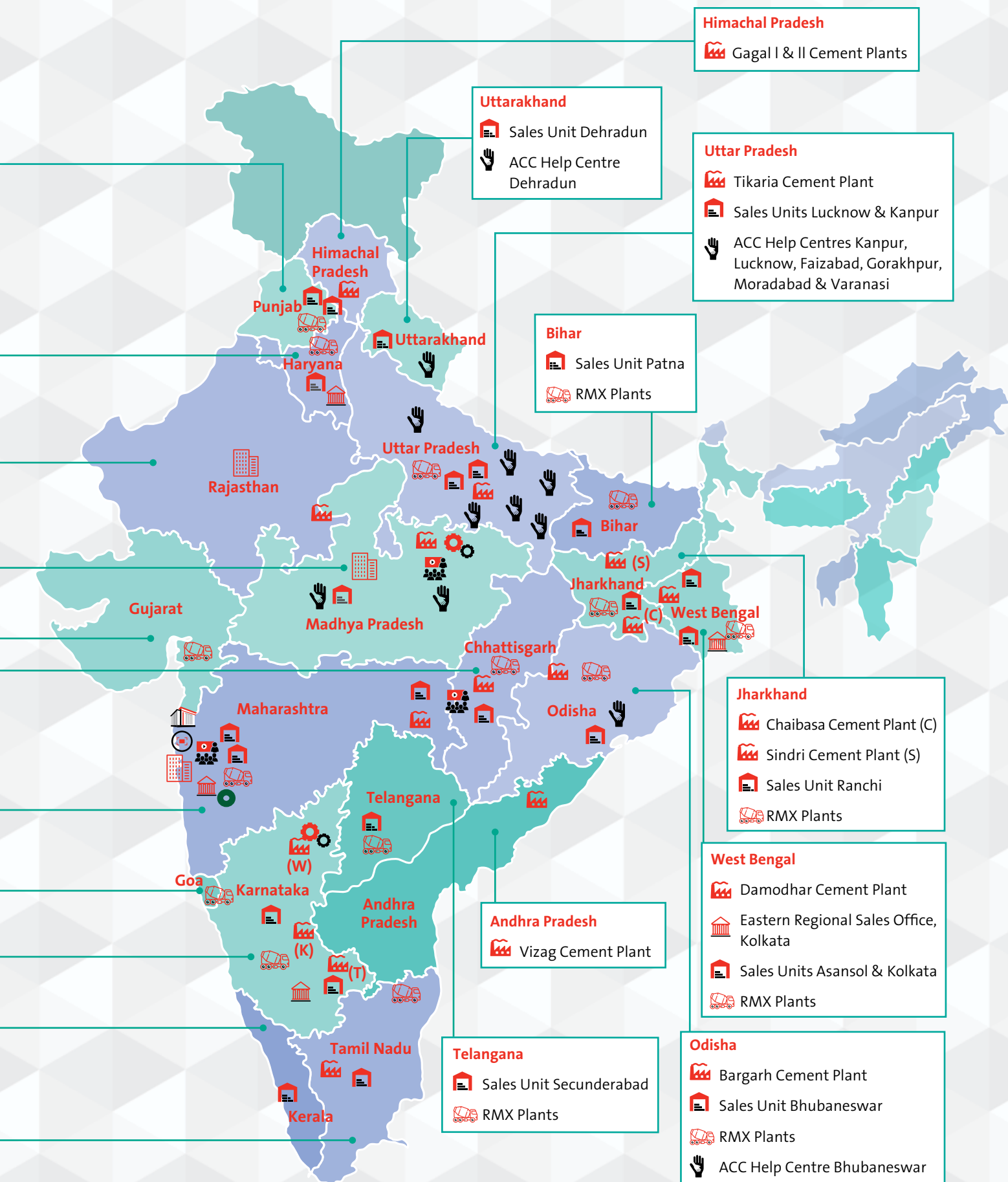
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## A National Footprint



*This map is as of June 2017. It is illustrative and not drawn to scale.  
Andaman, Nicobar and Lakshadweep islands are not shown.*





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