



Strength. Performance. Passion.

# Sustainable Development Report 2010 - Web Update

ACC Limited



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## Foreword



We are pleased to present our Corporate Sustainable Development Report for the year 2010, released as a web update version.

Our production capacities were enhanced as the company completed its ongoing expansion programme. In September 2010, we commissioned 12500 tonnes per day capacity kiln at Wadi, which is the largest cement kiln worldwide. A new clinkering line of 7000 tonnes per day was also added at Chanda. Both units were accompanied with new captive thermal power generating units. With these additions, ACC's cement capacity will reach 30 million tonnes per year. Simultaneous initiatives were undertaken to enhance our capabilities in logistics and customer services. Thus, we are geared up to serve India's Economy that is growing at a rate of ~8.5% GDP per annum.

On the environmental front, the abatement of greenhouse gases remains a prime goal. We continued to register a declining trend in specific gross CO<sub>2</sub> emissions during the year through improvements in energy efficiency, clinker factor and the use of Alternative Fuels & Raw Materials (AFR). We launched a detailed study to assess our overall carbon footprint by way of capturing total emissions from all three of our activities of Cement, Bulk Cement and Ready Mixed Concrete (RMX). In 2010, our Alternative Fuels & Raw Materials business made noteworthy strides, increasing its portfolio to cover as many as 43 new streams of industrial wastes. We are deeply conscious that efforts in this area will contribute significantly to achieve carbon efficiency in coming years. Water audits were initiated at all units as a part of several actions in pursuit of our goal of 10% reduction in specific water consumption. We are proud to have pioneered the use of blended cements and remain leaders in the utilization of fly ash and slag. We registered a project of Fly ash utilization in cement manufacture as a CDM Project and expect project verification of the first phase to be completed in 2011.

The endeavour to transform our safety culture is ongoing and relentless. OH&S training and awareness initiatives were taken

during the year to improve the safety of employees and contractors' workmen, thereby to make our organization a safe place to work in. The focus has been, contractor safety programme 'Suraksha Bandhan', and safety aspects of Working at Heights, Isolation and Locking, Vehicles and Traffic, and Machine Guarding.

On the people front, the focus was on improving performance by energizing, team-building and leadership skills. Our training centres at Jamul, Kymore and Thane are extensively working for enhancing capability of our employees.

On the social front, we scaled up our community outreach to cover 100 villages around our operations through various engagements led by our plants. Access to Health & Education was extended to 250,000 people. We supported the formation of 289 Self Help Groups (SHGs), of which 138 are already operating regular savings bank accounts, while many have started business. Our initiatives supported livelihood generation for 4942 people. We also trained 1178 youth at ITI's in rural settings. Of these, 13 % trainees were girls.

ACC's sustainability effort was acknowledged by various awards, including The Vision Corporate Triple Impact award from Federation of Indian Chambers of Commerce & Industry (FICCI). Amongst other recognitions, we also received the Asia Pacific Entrepreneurship Award in categories of green leadership and community engagement from Enterprise Asia and the National Award for Excellence in Energy Management from CII for two of our plants.

'Sustainable Development' is an integral part of our business philosophy & various processes incorporate these guidelines based on our and Holcim Group's learning. Over the years, ACC has been instrumental in introducing step-changes in Sustainable Development of Cement Industry. We reaffirm our commitment to Sustainable Development and to carry forward various initiatives with the same spirit and enthusiasm.

We welcome feedback and suggestions from our readers.

Kuldip Kaura  
CEO & Managing Director

Queries on the report, if any, may be sent to [mangesh.gupte@acclimited.com](mailto:mangesh.gupte@acclimited.com).

# 1 ORGANIZATION & STRATEGY

## 1.1 Organization Profile



ACC Limited, India's most recognized name in cement and concrete, celebrates its Platinum Jubilee this year, with 75 years of service to the nation and to all the stakeholders it has served. The company's operations are spread throughout the country with 16 modern cement factories, more than 44 ready mix concrete plants, 21 sales offices and a countrywide distribution network of more than 9000 dealers. Its workforce numbers about 9000 employees. ACC is today closely associated with the Holcim Group of Switzerland which owns just over 50% of the company's total equity.

### Pioneer and Trendsetter

ACC has been a pioneer and trend-setter in cement and concrete technology and leads the industry in the manufacture of environment-friendly Blended Cements namely Portland Slag Cement and Portland Pozzolana Cement that utilize industrial wastes such as slag from steel plants and fly ash from thermal power stations. The role of Blended Cements in reducing CO<sub>2</sub> emissions, and ACC's leadership in this respect, has been recognized by environmentalists. It was first in India to offer distribution of cement in Bulk and Ready Mix Concrete, which has helped change the pace of large construction projects in the country. ACC has a unique track record of innovative research and development, product development and project engineering services.

### Sustainable Development

ACC vigorously pursued its goal of Sustainable Development (SD) through exacting standards in environmental conservation, emission controls, maximizing energy efficiency, the promotion of renewable energy, the pursuit of alternative fuels and raw materials, waste management, safety, knowledge advancement and supporting sustainable community development. ACC actively promotes the use of alternative fuels and raw materials and offers total solutions for waste management through co-processing of industrial wastes and segregated Municipal Solid Waste in cement kilns. The triple bottom line is an integral element of organisation's agenda.

### Community Development

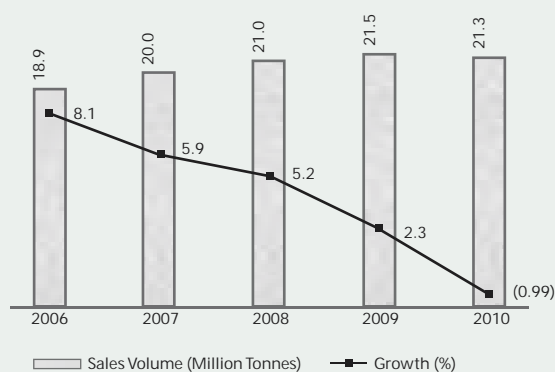
We have a rich tradition of engaging with the community living around our operations by encouraging their active involvement in various development schemes. A high point of our engagement is the creation and deployment of Community Advisory Panels comprising representative groups of local residents which has proved to be effective in ensuring the community's faith in our development schemes. Our community welfare measures have helped us reach out to nearly 100 villages across India and provide basic health care and education. Our development schemes focus on creating sustainable livelihoods, including those linked to natural resource management, providing education for society's future, women empowerment, rural infrastructure development, and capacity building for better local governance. In addition to encouraging a high proportion of local participation, we have partnered with NGOs, local bodies and Government departments.

### A Responsible Corporate Citizen

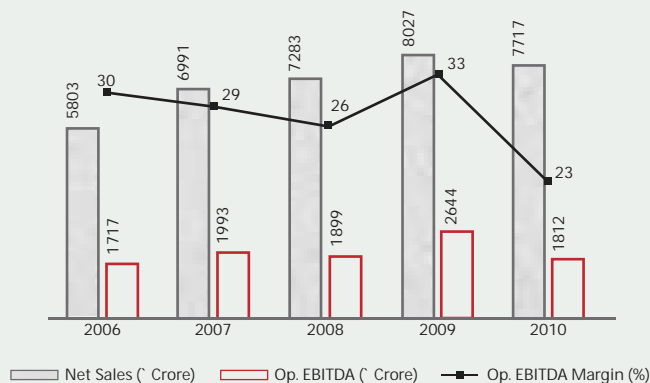
ACC's track record of supporting community welfare and livelihood programmes, its high ethical standards in business dealings, its commitment to environment-friendliness and its self-exacting norms for sustainable development have won it acclaim as a responsible corporate citizen. ACC has made significant contributions to the nation building process by way of quality products, services, sharing its expertise and exemplary corporate practices.

# Performance Highlights

## Sales Volume & Growth %



## Net Sales, Operating EBITDA & Operating EBITDA Margin



## Profit Before Tax & Profit After Tax



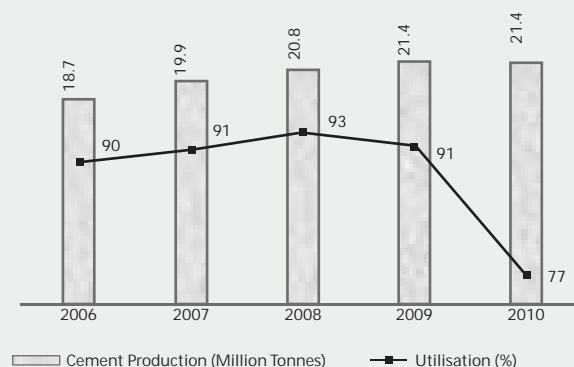
## Capital Employed & Return on Capital Employed



## Employees at the year end & Turnover per Employee



## Cement Production & Capacity Utilisation



## 1.2 THE ROAD SO FAR

Here is how we fared against the commitments we made in the Road Ahead set out for 2010.

	STATUS UPDATE
<b>ECONOMIC</b>	
Sustainable Construction : Development of communication module for usage of Blended Cements in all forms of construction, as green cement	Achieved
<b>ENVIRONMENT</b>	
Electrical Energy: 5% reduction in specific power consumption per tonne of cementitious materials by 2013 from the base year 2009	Partially Achieved
Emissions: To measure and report every year <ul style="list-style-type: none"> <li>CO<sub>2</sub>: to reduce 2.5% in specific CO<sub>2</sub> emissions over the year 2007</li> <li>Dust: To maintain emissions less than statutory norms and reduce specific dust emissions by 2.5% over the year 2007</li> </ul>	Achieved
Increase Thermal Substitution Rate (TSR) to 4%	Partially Achieved
Maintain leadership in utilization of fly-ash, slag and phospho-gypsum	Achieved
10% reduction in specific water consumption per tonne of cementitious material	Achieved
Zero Discharge of effluents	Achieved
<b>SOCIAL</b>	
Formulation of Draft Human Rights Policy for discussion	Achieved
OH&S: Zero fatality 2008: LTIFR -0.76 & LTISR- 28.95 * 2009 : LTIFR -0.61 & LTISR - 23.16	Not Achieved Achieved
Community Needs Assessment	Achieved
Improve Quality of Life for employees, particularly at plant townships	Partially achieved
Measurement of effectiveness of CSR programs using Holcim's Social Engagement Scorecard model	Achieved
Partnerships with NGOs: to identify and engage for issues such as livelihood generation, capacity building and women's' empowerment	Achieved
Human Resources: to strengthen employment practices	Achieved
Sustainable livelihood generation: to identify and facilitate plant wise opportunities in vocational guidance and income generating schemes	Achieved
HIV/AIDS program: to strengthen awareness programs at all plants and measure effectiveness and coverage	Achieved

## 1.3 Sustainable Development Charter & Organization

### Sustainable Development Charter

ACC will continue to make a conscious well designed effort to achieve high level of Economic, Environmental and Social performance. Sustainable development perspective is an integrated part of every function of ACC's business. ACC acknowledges that Sustainable Development is a continuous process. Using the materiality mapping, ACC sequences & prioritizes its Sustainable Development actions.

### Materiality Mapping & Ownership of Issues

In 2008, external materiality exercise, mapped key materiality issues for ACC. The same matrix continues for year 2010.

Level of current or potential impact on ACC	Very High		Customer Relation	Legal Compliance	Energy
	High		Employment Practices	CSR Engagement, Carbon Dioxide, Corporate Governance, Economic Impact, Resource Management, Atmospheric Emissions, OH&S - Safety	Water Sustainable Construction
	Medium		Spills and other incidents Supply Chain Management	OH&S - Health Eco-efficient products	
	Low				
		Low	Medium	High	Very High
		Level of concern to stakeholders			

Heads of various line departments assumed ownership of material issues. In 2010, ownership of the process was integrated into individuals' job descriptions and the company's performance management system.

### Sustainable Development Council

A high level team of executives called Sustainable Development Council, constituted in 2008, enables effective coordination of the organisation's triple bottom line performance. It is headed by the CEO & MD and comprises representatives from functions relating to the main pillars of sustainable development. A core group of the SD Council was also set up made up of six functions at the corporate level and mandated to advise the SD Council from time to time.

### Our Sustainable Development Organisation



In January 2010, Plant level SD Councils continued to function at our plants and the process was strengthened. The membership of these Councils covered relevant functions, from a host of departments - Civil, Commercial, Corporate Social Responsibility, Energy and Environment, Alternate Fuel and Raw Materials, Engineering, Finance, Health Services, Human Resources, Logistics, Mechanical Maintenance, Mining, Operations, Power House, Process, Procurement, Production, Safety, Security, Stores and Training.

## 1.4 Sustainable Development Reporting

ACC released its first corporate sustainable development report on World Environment Day in June 2008. The second report was released on World Environment Day 2010. A Web update was released in June 2009 and now in June 2011. Our reports demonstrate transparency and disclosures of a high order for the benefit of our stakeholders and an earnest resolve for our performance to be assessed on the basis of the Triple Bottom-Line framework.

This is the fourth Sustainable Development Report. This is released as web update and covers year 2010. ACC publishes Sustainable Development Report, since 2007.

Reporting Cycle: The Company has adopted a two-year cycle for releasing print versions of its sustainability performance. In the intervening year, an electronic version of a report is made available on the company's website as a web update.

Accounting Year: ACC follows the calendar year January to December for the purpose of reporting its financial accounting and performance. The same period has been used for reporting its sustainability performance.

Report Boundaries: The scope of our reporting on various parameters is limited to the company's cement business covering all plants of the Company. The report does not include information pertaining to the company's other subsidiary companies.

Reporting Framework: The report is prepared using the GRI G3 Reporting Framework. The 2010 web update primarily covers core performance indicators of GRI G3 guidelines.

UN Global Compact: ACC is a signatory to the United Nations Global Compact. Wherever possible and relevant we have attempted to include reference in the report to aspects that address specific UN Global Compact principles. Hence this report will also serve the purpose of being read as a detailed Communication On Progress (COP) as required by signatories to the UN Global Compact.

Data collation: The Company now has a robust management information system and database based on SAP system that went live in February 2007. All the data used in this report were collated from regular monitoring reports sent by process owners, units, functional departments or by reference to our database and consolidated into company totals wherever required.

Additional Information: Readers are invited to visit the pages of our website at [www.acclimited.com](http://www.acclimited.com) for more information on the company, its financial performance, products and subsidiary companies. Details of the Cement Manufacturing Process are also available on the Company's website. Additional information may also be made available on request.

## 2. ECONOMIC PERFORMANCE

### 2.1 Economic Impact



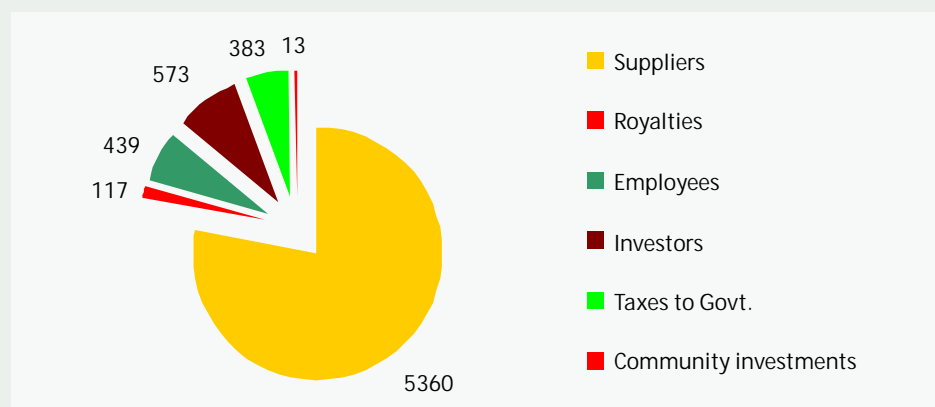
ACC has been pioneer in blended cement production and has used significant quantity of fly ash and slag. We have utilized resources efficiently to deliver another year of strong financial performance. ACC Cement has generated superior economic value and shared it with its stakeholders. Our growth is complemented with growth of our stakeholders.

Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments

Economic value generated and distributed over stakeholders (Rs Crores)

	2010	2009
Revenue generated	8074.26	8267.62
Suppliers	5360	4884
Royalties	117	98
Employees	439	423
Investors	573	432
Taxes to Govt.	383	753
Community investments	13	11

Chart showing Economic value distributed over stakeholders (year 2010 Rs. in Crores)



#### Significant financial assistance received from government

During the year 2010 Company received the excise duty exemption on cement at Galgal unit I and II and it received 80IC benefits at Galgal Unit I. ACC Wadi received the sales tax (VAT) benefits which was exhausted in Q2, 2010.

#### Financial implications and other risks and opportunities for the organization's activities due to climate change

At ACC, we recognize that climate change is the most important environmental issue facing the planet. Its physical effects, along with regulations designed to mitigate it, will have a measurable impact on communities and businesses all over the world. As such, we are



committed to understanding and responsibly managing the regulatory and physical impacts of climate change on our business.

We were pioneer in blended cement production and use significant quantity of Fly Ash, which is waste generated at Coal fired Power Plant, in preparation of PPC (Portland Pozzolona Cement). We also use Slag, which is generated at Steel Industries as a by product, in making of PSC (Portland Slag Cement). We utilize these waste materials in a large quantum and replace our conventional raw materials and mineral components significantly. UNFCCC and Kyoto Protocol has recognized the initiative of utilizing fly ash and slag in Cement production (PPC & PSC) as a CO<sub>2</sub> reducing initiative. Our project of Fly ash utilization in cement manufacturing is registered as CDM Project. The project verification for the first year is expected during the second quarter of the year 2011.

ACC acquired Encore Cements in Andhra Pradesh which is a Slag based cement unit. The slag cement has the lowest carbon footprint out of different types of cement prevailing in the market.

Further, Wind-farm with 9MW at Madukkarai has also been registered as CDM project during Sept 2009 which is one of the renewable energy project undertaken by ACC. This project is due for final verification during the first quarter of 2011 with expected CERs of 21000.

We are trying to register our Rajasthan Wind Mill Project as CDM Project. Host country approval and the finalization of DOE for validation of the project is under progress.

ACC has been pursuing the options of renewable energy in the form of solar energy. Solar heaters for water heating have been commonly used at Transit Flats across ACC. During 2010, ACC has installed solar panels at the following places:

1.	Cement House (Corporate Office), Mumbai	–	10 KW
2.	La Residency (Hostelry), Thane	–	9 KW
3.	Central Control Room, Chanda Cement Works	–	7.8 KW

Since 2005, we have been monitoring and reporting our carbon dioxide (CO<sub>2</sub>) emissions in an effort to measure our direct and indirect impacts. Our performance in reduction of CO<sub>2</sub> emissions are as under:

	2008	2009	2010
CO <sub>2</sub> per tonne of clinker	847	844	845
CO <sub>2</sub> per tonne of cementitious material	571	552	547.84

We have taken up the Carbon footprint activity to study our total emissions i.e. Scope-I, II & III from our Cement Manufacturing, RMX Units, Bulk Terminal, HO, Regional Offices. We have appointed KPMG to carry out this activity. Apart from Carbon footprint, this activity also includes Low Carbon Strategy and SAP Integration of CO<sub>2</sub> report.

Our commitment for GHG emissions abatement is reflected through our actions on continuous improvement of thermal and electrical energy efficiencies, promoting the utilization of alternative raw materials and alternative fuels, continuous up-gradation of technologies, renewable energy generation, green buildings and waste heat recovery power generation etc.

**A gust of fresh air**  
The champions in sustainable development have ushered in yet another initiative – A Wind Energy Farm

ACC has been a name synonymous with excellence, and through various ground level activities have been a member in all corporate social responsibility initiatives. Moreover, ACC in its long standing commitment to sustainable development has undertaken yet another initiative. ACC, well versed in thermal power generation, has set up a Wind Energy Farm to adopt a cleaner and greener fuel alternative. With it, ACC breathes a gust of fresh air to its mission of making a greener tomorrow.

www.acclimited.com

**Build with Confidence** **ACC**

## 2.2 CUSTOMER RELATIONS



ACC recognizes that a satisfied customer is a pre-requisite to win in the marketplace. We therefore strive to excel in customer engagement through various initiatives and programs

### Value Chain Excellence

VCX (Value Chain excellence) is an organizational transformation initiative to create excellence with-in the value chain aiming at customer happiness with sustainable growth. It is not about cost cutting, but aims to optimize costs, improve service levels, improve perceived benefits to customers and add value all along the supply-chain. The programme was launched in the year 2008. High performing individuals were identified from the logistics teams to be trained as VCX coaches, and thereafter execute improvement projects in the area of logistics. Each coach took up projects and worked out an implementation plan for them. Academies were held to roll-out the projects across different locations. Some of the important projects undertaken included:

1. OTRR (On-time rake return) - This project is aimed at stream-lining all the processes from receipt of the rake at the goods shed to unloading & movement of entire quantity of cement from the goods shed.
2. Logistics management for Peak demand – This project is aimed at developing a logistics model to be deployed in peak demand months with an objective to maximize sales in high contribution markets.

### Customer Complaint Handling System

ACC has an online customer complaint handling system which is designed to log complaints received from consumers. This activity of logging of consumer complaints is undertaken by the Customer service personnel from the Sales units. Based on the nature of complaints, suitable actions are taken and details were logged back into the system

ACC has also instituted a centralized help desk for consumers to directly log-in their complaints. The help desk triggers back text messages to the consumers and concerned customer service personnel about the registration and contact details. The help desk is functional 6 days a week during office hours.

### Lakshya-II

Lakshya is an on-line dealer loyalty program for ACC Dealers. This is a first of its kind in the cement industry started in 2007. Under this program, a dealer accumulates points based on their performance with reference to the targets. The accumulated points can be redeemed by the dealer against purchase of any items listed on the Lakshya website.

Under Lakhsya-II the point accumulation is based on sales revenue, rather than the sales volume of the dealer. The website has also been made more user-friendly and customizable. The dealer can load their pictures and share their experiences with other dealers on this website. A lot of interest has been aroused among the families of our dealers, who are able to track the points accumulated on the internet from their homes.

### Customer Service Excellence

CSX (Customer Service Excellence), is an initiative targeted to improve our relationship with Influencers. Masons, Contractors and Engineers are key influencers, who play an important role in the brand decision for cement. As a part of this activity, ACC maps the entire influencer community.

Loyalty programs are launched targeted at these influencers with an objective to strengthen the relationships and build higher brand loyalty.

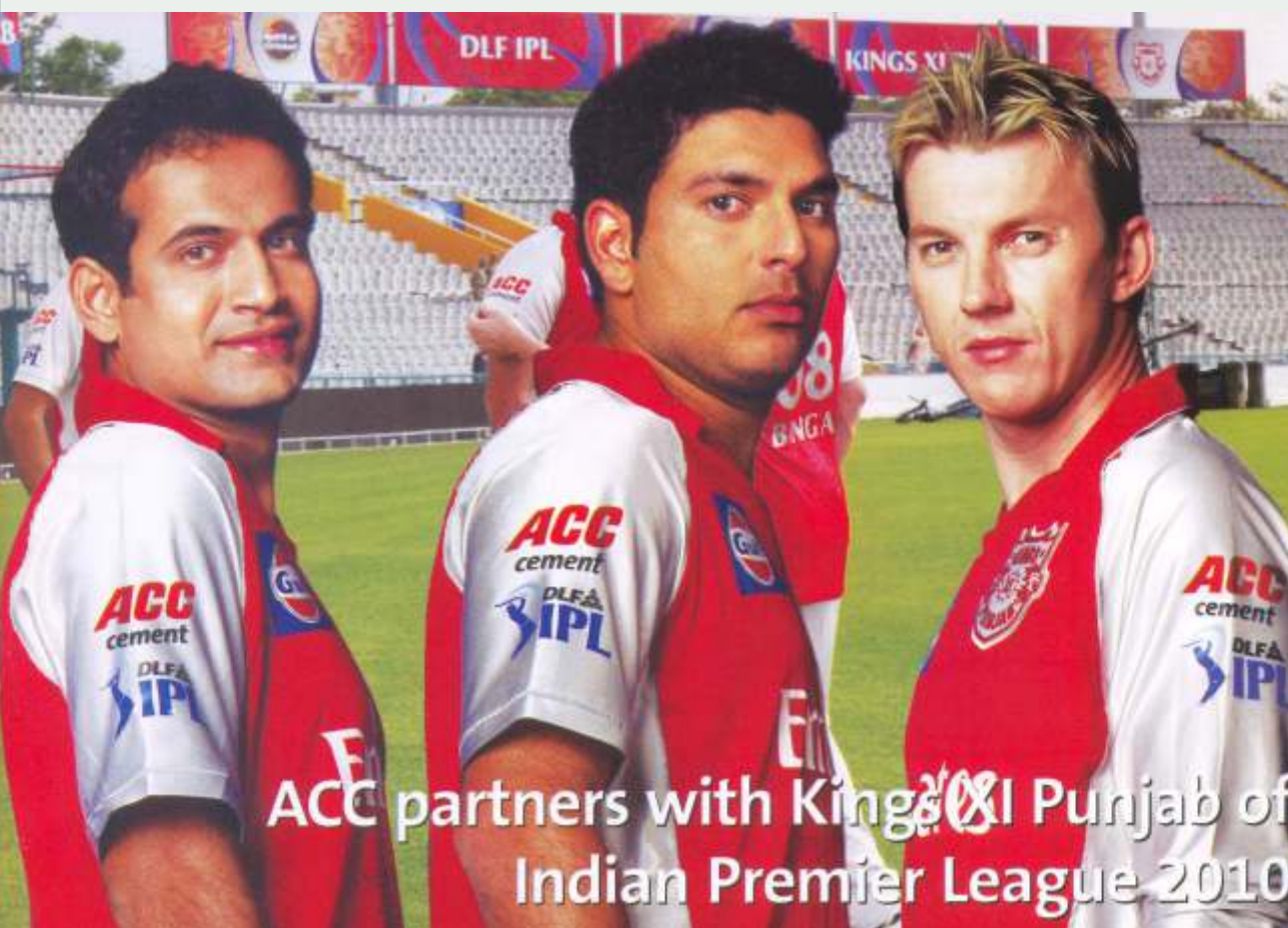


Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.

ACC conducts Channel satisfaction survey and Brand Equity measurement on a national basis every 2 years. ACC had used the services of AC Nielsen to conduct the recent round of research in 2010.

The Channel satisfaction is measured through an eQ score where ACC's score reflected of a good performance, across its channel partners, namely wholesale and non wholesale dealers. For year 2010, All India Dealers eQ score was 85 and retailers eQ score was 86. (As per eQ Index Norms, a score of 85 & above indicates excellent performance)

Our brand performance is measured through the Brand Equity Index (BEI). The index performance reveals that ACC is a strong Brand. In fact ACC's brand equity was found to be the strongest among its key competitors. For the year 2010, BEI score among Individual Home Builders was 4.8 and BEI score among contractors was 5.0. (As per BEI Score Norms score >5 is Very Strong, 3-5 is Strong brand)

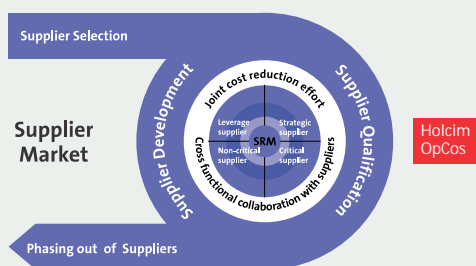


## 2.3. Supply Chain Management

The years 2009 & 2010 were filled with various initiatives taken to make the Central Procurement, the best among the cement industries on the National front. To facilitate deeper involvement of all internal stake holders at the organization level a project titled "Project: Procure" was sponsored.

Procure! is a Standard Methodology for Corporate Procurement and it consists of 5 main work streams: Organization, Sourcing, Process, Supplier Relation Management (SRM) and Reporting and is conducted in 5 Phases: Preparation, Analysis and Scoping, Implementation, Rollout and Certification.

HOLCIM has instituted procurement "Project: Procure" Certification for all operating plant. Periodical assessment is done by Holcim Group Support HGRS (Holcim Group Support) for certification of each plant. Implementation has started in 2010 and will be completed in a phased manner by 2012.



### Supplier Management Cycle

1. Robust Induction process for new vendors after due consideration of three aspects
  - a. Being a better supplier as compared to the existing ones
  - b. Logistically advantageous supplier at the operating locations
  - c. Consideration of inadequacy of suppliers for a given commodity to bring in competitive edge among suppliers
2. Review of existing supplier base in terms of identification of Inactive/Redundant cases and improve the content as well as quality of data
3. Synergize the supplier master with relevant referential data besides keeping the master data.

### Business Transaction with Local Suppliers

At ACC, we encourage local suppliers to be engaged in our business transactions. We define Local suppliers as all suppliers located within the Indian Territory.

Total spend on suppliers during 2010 is Rs. 6112 Crores out of which spend on national suppliers (Local) is Rs. 5869 Crores. Share of Spend on Local suppliers to Total is 96%. The total spend on Suppliers excludes an amount of Rs.148 Crores transacted across group and associated Companies.

## 2.4 Eco-efficient Products



With the support of our strong R&D Team located at Thane, ACC continues to be a pioneer and trend setter in the manufacture of Eco-Efficient Cements such as Portland Slag Cement (PSC) and Portland Pozzolano Cement (PPC) which are called Blended Cements. These type of Cement consume less natural resources like limestone and utilize industrial waste materials like slag & fly-ash generated from other industries and thus become lower carbon intensity Cements. They replace a proportionate part of clinker which is produced from limestone and hence reduces the intensity of mining thus conserving the national mineral resources.

ACC is one of the highest producers of blended cement in the industry. In the year 2010 ACC utilized 3.879 Million Tonnes of Fly ash, 2.286 Million Tonnes of slag, 0.273 Million Tonnes of alternative materials consisting of marble slurry, chemical gypsum, lime sludge, chemical sludge etc. which replaced natural resources like gypsum and limestones.

### Materials used by weight

Raw Material	Unit	2010	2009
Limestone	Million Tonnes	18.729	19.166
Gypsum	Million Tonnes	1.075	1.113
Coal (Kiln)	Million Tonnes	2.11	2.24
Raw Material (Recycled waste material)			
Alternative Raw Materials	Million Tonnes	0.273	0.257
Slag	Million Tonnes	2.286	2.06
Fly ash	Million Tonnes	3.879	4.456
Additives			
Additives	Million Tonnes	1.652	2.096
Associated materials			
Lubricating Oil	Tonnes	921	1102
Grease	Tonnes	208	209
Packaging Materials			
Weight of Bags Consumed	Tonnes	29131	29094



### Percentage of products sold and their packaging materials that are reclaimed by category

ACC has been promoting usage of cement in bulk, as it eliminates packaging and is more convenient for large buyers. In 2010 ACC handled 1,028,000 tonnes of bulk cement across all its manufacturing units. Further, the company initiated on trial basis in some markets using paper bags for packing cement - during the year 2010. 1,217,465 paper bags were used during the year. Currently, more than 85% of the cement in the country is sold in PP bags.

ACC is in the process of instituting a pilot study to analyze current & potential practices of empty PP cement bags reuse / safe disposal.

## 2.5 Sustainable Construction



ACC continued to demonstrate active concern for sustainability in the construction sector through the use of environment-friendly practices and building materials.

### Holcim Global Awards for Sustainable Construction

The company took the lead in promoting the third cycle of the prestigious Holcim Global Awards for Sustainable Construction in the country which opened for entries on July 1, 2010 and closed at the end of March this year. The competition sought to identify projects demonstrating a balance of environmental, social and economic performance – while exemplifying architectural excellence and easy transferability. Not limited to structures, the contest was widely inclusive and open to concepts related to urban design, infrastructure, landscaping, materials, products and construction technologies. ACC's team of customer services personnel – mainly civil engineers – promoted the competition with gusto among professionals, students and academicians alike. Their effort was instrumental in widening the understanding of the basic concept of Sustainable Construction while helping the company build relationships among the target groups. The company was successful in garnering the largest number of entries from India as compared to the rest of the world.

### Green Buildings

Following its success with the innovatory makeover of Cement House into the country's first old structure to receive LEED Gold certification, ACC added two more green buildings to its fold in 2010. The first called La Residency at Thane, is a 45 year old former residential apartment block now redesigned and converted into a modern hostelry for participants of the ACC Academy, our learning centre. La Residency received Platinum pre-certification under the IGBC Green Homes Rating of the Indian Green Building Council (IGBC) in March 2010. Later in the year, the Chandrapur Central Control Room was completed as an essential part of the new Chanda cement project. This is the first green building which is functionally part of a manufacturing establishment. This structure received LEED INDIA New Construction PLATINUM 2011 certification.

### Promoting Concrete Roads

Since 2009, the company has undertaken a campaign through seminars and workshops to advocate the use of concrete roads in terms of its significant sustainable benefits to the economy - lower long term costs and lower impact on environment. Four seminars were conducted during the year, one on National Highways in New Delhi and others in state capitals for State Highways and City Roads in Lucknow, Bengaluru and Bhopal. Large numbers of senior government officials from PWD, Municipal Corporations, NHAI, Planning commission, contractors and consultants attended the seminars. These seminars generated considerable interest leading to follow-up interactions and exercises with road building authorities. The seminars have been effective in highlighting the fact that concrete has proved to be a more effective and environment-friendly road building material as compared to bitumen which is the most widely used material for Indian roads.

### Mass Communication of Environmental Benefits of Blended Cements

ACC continued to propagate the advantages of blended cements at different forums. The company remains the country's largest manufacturer of blended cement. As part of a communication plan targeted at decision makers and influencers in commercial and infrastructure sectors the company has produced a short film and supporting literature to promote the usage of Blended cements as a superior environment-friendly alternative to ordinary cements. The film is well received.

### Research on Sustainable Construction for Indian Habitats

In a significant step, ACC signed a memorandum of understanding with IIT Bombay in February 2011 to examine and recommend innovative approaches to sustainable construction, technology and design for affordable habitats. As part of this collaboration, IITB will undertake an actionable research on sustainable habitats that incorporate regional adaptations and promote interdisciplinary approaches to sustainable construction in India. As a curtain-raiser of this initiative, ACC organized a seminar in association with IIT Bombay, Holcim Foundation and Ambuja Cements to initiate a useful dialogue on how technologies and design can make a difference to building more sustainable habitats in India. The seminar, which was inaugurated by the world-renowned architect Charles Correa, brought together a variety of stakeholders from the building and construction industry – building materials suppliers, architects, civil engineers and students.



### 3. Environmental Performance



We have centralized Energy and Environment team at Thane as well as at all ACC plants to handle all the environment and energy issues. Our units are certified with ISO 14001 and OHSAS 18001. During the year ACC plants made substantial progress in the environment management. ACC has won the prestigious Green Business Leadership award from Financial Express – EVI Green Business leadership award. We have also received Asia Pacific Entrepreneurship award for Environment Management. For the year 2010, Jamul, Gagal, Kymore, Bargarh, Madukkarai, Tikaria and Damodhar plants of ACC won environment excellence awards.

#### 3.1 Atmospheric Emissions

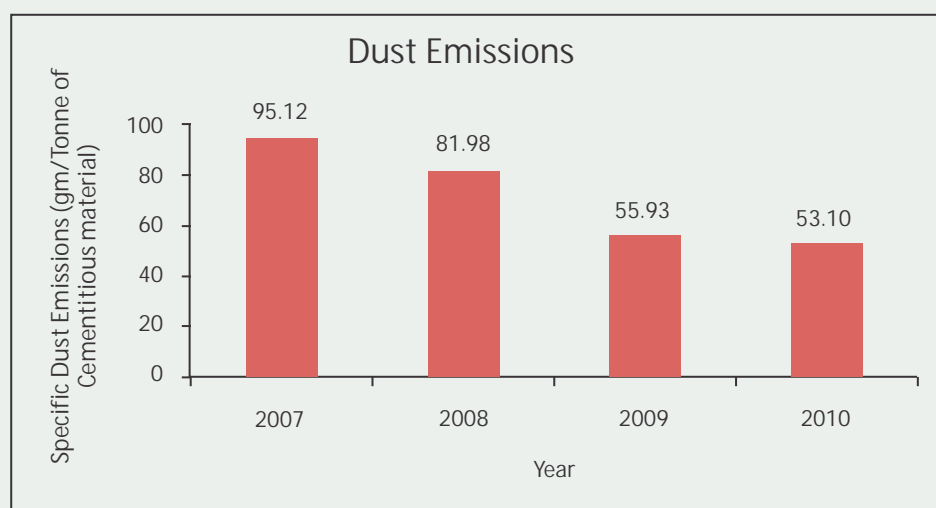
Atmospheric emissions prevention and control continues to be top most priority for the company by adopting the latest Pollution control technologies and continuous upgradation of existing Pollution control systems.

In 2010 we have installed two online continuous emission monitoring system (CEMS) for our kilns in Gagal plant. Four more CEMS have been procured for our Chanda, Bargarh and Wadi Cement works, which would be commissioned during 2011. CEMS measures all gaseous emissions and VOC apart from dust emissions.

We have also commissioned 3 online Continuous Ambient Air Quality Monitoring station (CAAQMS)s at Jamul and Bargarh. The installation of CAAQMS at Wadi is in progress and expected to be commissioned in year 2011.

Our efforts have resulted continuous reduction in our specific dust emissions.

##### Trend of specific dust emission



SO<sub>x</sub>, NO<sub>x</sub> and Dust emissions

	UNIT	2010	2009
NO <sub>x</sub>	gm/Tonne of clinker	1172.01	1226.92
SO <sub>2</sub>	gm/Tonne of clinker	119.33	115.33
Dust	gm/Tonne of clinker	83.30	85.41
NO <sub>x</sub>	gm/Tonne of cementitious Material	747.16	803.40
SO <sub>2</sub>	gm/Tonne of cementitious Material	76.07	75.52
Dust	gm/Tonne of cementitious Material	53.10	55.93
NO <sub>x</sub>	Tonnes	15849.74	17289.09
SO <sub>2</sub>	Tonnes	1613.76	1625.11
Dust	Tonnes	1126.52	1203.53

The above dust / SO<sub>x</sub> / NO<sub>x</sub> emissions are related to all Kiln Stacks of ACC.

Some of the initiatives to reduce dust emissions are given below:

Stack & Fugitive Emission Control

- Chanda and Wadi Expansion Projects were provided with state-of-the-art air pollution control systems (Electrostatic precipitators, Bag houses with membrane technology for Kiln application) for controlling the dust emissions from all sources.
- Installation of Fugitive emission control systems (dust extraction and dust suppression systems) at Jamul, Kymore and Galgal Cement works at various material handling/storage locations in the Plants & Mines .
- Wagon unloading systems with state-of-the-art Pollution Control systems were commissioned at our new Grinding units at Kudithini and Thondebavi.
- Installation of state-of-the-art clinker unloading system into trucks along with the dust extraction system at Galgal Cement works.

All these equipment have been successfully commissioned and are maintaining the emissions below statutory limits.

## 3.2 Energy



ACC continues its efforts to achieve Energy Efficiency across its plants. The trend of reducing the electrical energy consumption continued across most of the ACC plants. During the year the Cement Industry faced many adverse conditions like shortage of fly ash and slag supply, non remunerative price for the power exported from the Captive Power plants. Due to constraints of export the captive power plants operated at a lower PLF and resulting higher self consumption of electrical energy. ACC expanded the capacities in Chanda and Wadi which necessitated long stoppages of the Kiln and stabilization of operations after commissioning of the plants. This resulted increase in Specific electrical energy at Wadi. In spite of all the above factors, out of 16 Plants of ACC, 11 plants reduced the Specific Energy consumption as compared to year 2009. Individually, Lakheri achieved 7.24% reduction and Bargarh achieved 6.06% reduction over the baseline of 2009 specific electrical energy consumption.

Kymore and Chaibasa plants of ACC won the prestigious national award by Bureau of Energy Efficiency (BEE) of Ministry of Power for Energy Conservation for Cement Sector. Lakheri and New Wadi plants of ACC won the CII National awards on energy efficiency for Cement Sector.

### Direct energy consumption by primary energy source

Energy Consumption	Unit	2010	2009
Coal + Pet Coke consumption in Kiln	TJ	42086	43675
Diesel Oil consumption in Kiln	TJ	56	34
Alternative Fossil fuels* consumed in Kiln	TJ	331	148
Alternative Bio-mass consumed in Kiln	TJ	123	113
Diesel Oil consumption for Onsite vehicle movement	TJ	550	403
Coal for onsite power generation	TJ	23767	24642
Diesel Oil consumption for Onsite power generation	TJ	63	21

\*As per WBCSD protocol - Alternative fossil fuel comprises of waste oil, waste tyres, plastics, solvenets, impregnated saw dust etc.

### Specific energy consumption

Energy Consumption	Unit	2010	2009
Specific power consumption upto & including clinker production	KWH / Tonne of Clinker	76.17	76.85
Specific power consumption upto & including cement grinding	KWH / Tonne of Cementitious Material	88.26	88.52
Specific thermal energy consumption	GJ / Tonne of Clinker	3.137	3.12

### Indirect energy consumption by primary source

Electrical Energy Purchased	Unit	2010	2009
Electricity Purchased	MWH / Annum	588514	585343

### Initiatives for energy savings and energy saved across ACC

Cement Works	Initiatives for Energy Savings	Energy Saved (Lakhs KWH)
Chaibasa	Improvement in Coal Mill Bag Filter Fan performance	7.36
	Cooler specific air optimized with kiln feed to reduce cooler fan power and Cooler plate gap adjusted - plate to plate 0 mm and Row to Row 5 mm	2.33
	Variable Voltage Variable Frequency (VVFD) was installed in PA Fan in Boiler 1 & 2 at CPP - 15 MW	2.46
	Optimization of Condensor water pump and Auxiliary Condenser Water Pump (ACWP) of CPP to make one pump standby	14.2
Gagal	Replacement of DC drive with AC drive with VVFD for laminated conveyor	0.86
	Installation of VVFDs for cooler fans (fan 5,7,8,9)	7.92
	Installation of new high efficiency cooler fans 08FN10	2.77
	Replacement of 5 Reciprocating compressors with single screw compressor	5.94
	Reduced the dia of the pulley of Kiln Coal PD blower after replacing Kiln Coal POLDOS with Rota Scale	4.95
Lakheri	Installation of VVFD in Packer-4 dust collector Fan	1
	VVFD's were installed for Cooler fan 3 and Cooler Fan 4	2
Wadi	Installation of Mult-Step Capacity controller for 625 CP02 compressor	1.44
	Installation of two stage compressor at Cement Mill to stop the operation of two single stage compressors	2.64
	Replacement of 220KW D.C motor with 75KW A.C motor for No.5 Cement Mill Separator	1.18
	Star connection of packing machine sprout motors	2.1
Madukkarai	Replacement of Secondary crusher dust collector fan motor (1480 rpm) with 986 rpm motor	1.58
	Replacement of compressor at SLC with PD Blower	2.85
Kymore	Replacement of ESP Fan HT motor with DC Motor	3.3
Bargarh	Kiln/Raw mill bag house fan motor - 900 kw replaced by 750 Kw motor and damper losses were eliminated	4.82
Tikaria	Fly ash venting now effected through Cement Mill - 3 dust collector	2

### 3.3 CO<sub>2</sub> Emissions



ACC is making continuous efforts from its inception to reduce the energy intensity, resource conservation and CO<sub>2</sub> emissions reduction in the entire value chain. ACC has adopted the strategy of reducing the specific CO<sub>2</sub> emissions intensity by focusing on the following major levers.

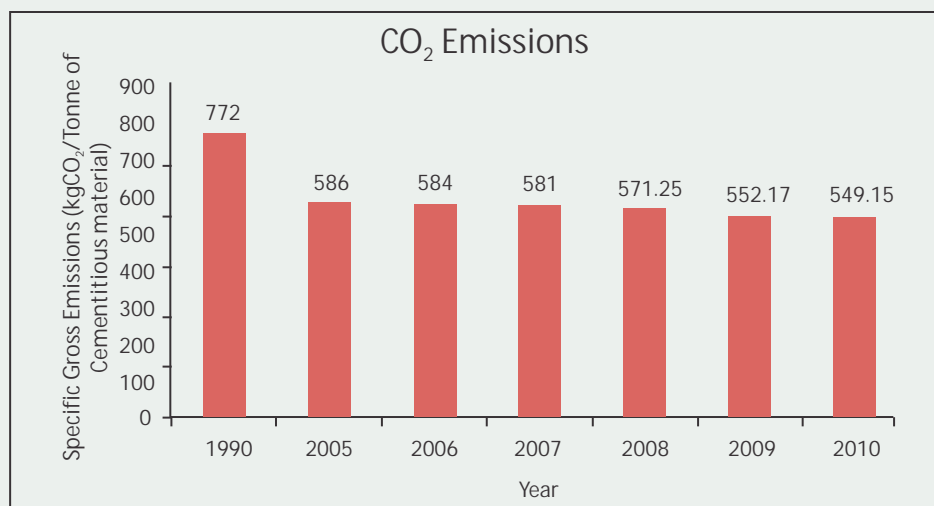
- Adopting the latest energy efficient technologies which are less energy and material intensive and thus leading to lower carbon footprint in Greenfield and Brownfield projects.
- Adopting best operational techniques
- Increasing renewable energy portfolio
- Improving Clinker Factor
- Increasing the usage of Alternative Fuel and Raw Materials (AFR)
- Continuous efforts to improve the energy efficiency of the existing plants.

#### Carbon Footprinting

ACC has taken up the “Carbon footprint, Strategy development & MIS integration” to capture the total emissions i.e., Scope – I, II & III from all its activities like Cement Manufacturing, RMX, Bulk Cement. As a part of this activity we are validating the existing Scope – I emissions, data capturing practices, developing the systems to capture these emissions on continuous and sustainable basis.

Our continuous specific CO<sub>2</sub> emission reduction over for the last 21 years can be seen in the graph below.

#### Specific Gross CO<sub>2</sub> emission reduction



\* (excluding onsite power generation)

#### Climate Change Indicators

**Green Energy:** During the year 2010, we have generated 13.69 million units from our Rajasthan Wind Power station, 21.69 million units from our Tamil Nadu Wind Power station and 3.05 million units of power from our Maharashtra Wind Power station.

**Alternative Fuels and Materials:** In spite of various hardships, ACC is continuing its efforts to enhance the consumption of alternative fuels and raw materials and also continuing to establish the required facilities / infrastructure for waste disposal.

### 3.4 Water & Waste Management



ACC plants are committed to Zero effluent discharge. Our integrated water resource management encompassing both the demand and supply side water management. On the demand side we are increasing efficiency of use, conservation and recycling of water. The supply side comprises of treatment, reuse and harvesting.

Water conservation is an integral part of all our plant activities. Rainwater harvesting is carried out in our mines, plants and colony. The worked out mine pits are converted into water ponds, which help to meet our own demand for water and also maintains the groundwater table in surrounding areas. Our Jamul and Kymore Cement plants including their residential colonies are self sufficient on harvested rainwater in the mine pits.

Total Water Withdrawal by Source (MillionM<sup>3</sup>)

Source of Water	2010	2009
Surface Water	5.46	7.17
Harvested Rainwater	5.10	5.90
Municipal Water Supplies	0.061	0.012
Groundwater	1.41	0.89

We have effluent treatment systems for treating cooling water rejects and as well as sewage treatment plants for domestic waste water. The treated water is recycled back to the system, which reduces our fresh water requirement.

Water Treatment and its utilization

Water Treated and Reused (Estimated)	Unit	2010	2009
Total Quantity of Water Treated and Reused Annually	%	6.17	11.34
Total Quantity of Water Treated and Reused Annually	Million M <sup>3</sup>	1.98	1.59

In 2010, we have initiated water audit at all the units of ACC as part of our efforts to reduce our water usage and enhance our water harvesting efforts to achieve sustainable water management.

#### Waste Management

The company generated approx. 1129 tonnes of Hazardous waste during the year 2010. The major hazardous wastes generated are Spent Oils & Lubricants, Grease. Hazardous waste is handled and disposed off as per The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2010. The method for disposal of these wastes is either Co processing in cement kilns or it is sold to authorized recyclers.

### 3.5 Alternative Fuels and Raw Materials (AFR)



This was the landmark year for AFR Business because of several novel initiatives. Co-processing in cement kilns has been recognized by the regulatory authority and Central Pollution Control Board came out with the "Guidelines on Co-processing in Cement kilns" in February 2010. ACC increased its portfolio of waste streams to 43 nos. ACC has undertaken co processing trials of 23 different waste streams till Dec., 2010. Co-processing trials of liquid wastes as Spent Wash and Acid Tar Sludge were conducted for the first time at Wadi and Jamul respectively. The initiative at Wadi for Spent Wash co-processing was telecasted by Door Darshan (DD) nationwide on 30th December, 2010.

Our support has been extended to the various municipal bodies for disposal of waste plastics from Municipal Solid Waste (MSW). These waste plastics are co processed in the cement kilns at very high temperature. First time in India it was started at ACC, Kymore, in 2010 it is extended at ACC Gagal (H.P) and ACC Wadi (Karnataka).

AFR Policy was rolled out across all ACC plants for stakeholder awareness generation with the theme of "Because tomorrow matters", in the first fortnight of August 2010.

#### Key initiatives and achievements:

- "Guide lines on Co-processing of Waste" issued by CPCB in Feb.2010.
- AFR Policy Roll out across ACC in Aug., 2010.
- Signing of PAN India level contract with 3 major industries for co-processing of waste is generated at their units.
- ACC has increased its portfolio of waste streams to 43 nos. in 2010.
- ACC has undertaken co processing trials of 23 different waste streams.
- ACert\* Kick-off at Kymore and Wadi
- Liquid streams introduced this year in our portfolio of waste and co processing implemented with an innovative approach at Jamul and Wadi.
- Savings increased by 15% from Rs. 40.77 Crores (2009) to Rs. 46.9 crores (2010).
- Tonnage contribution of Industrial waste jumped, in 2010, by more than 50% than 2009.

\*ACert – AFR Certification, designed by HOLCIM.

#### Zero Fuel Cost (ZFC) Project at Madukkarai

The vision of achieving zero fuel cost at ACC Madukkarai is progressing at a reasonable pace with introduction of newer waste streams with increased volumes for co-processing.



#### Recycled input materials

By way of co-processing of waste material as AFRs, ACC has saved Rs. 47 Crores in 2010 which is 15% higher than what was achieved in 2009. This year, ACC has co-processed 198,773 T of alternative raw materials and 22,092 T of alternative fuel in kilns. The tonnages contribution of industrial wastes from several industrial sectors in 2010 has increased by more than 50% than that of 2009. In addition to this, 60% more alternative resources have been utilized in CPPs and Slag Dryers than previous year. ACC used 2.3 MT of slag and 3.9 MT of fly-ash. At ACC, Co-processing of waste is a regular and sustainable practice with long term agreement with waste generating companies. These measures mitigate the environmental impacts of products and services.

## 4. SOCIAL PERFORMANCE

### 4.1 Employment Practices



#### Making ACC an attractive employer

Our Human resource management system and processes aim to create an organization which is learning and self refreshing, responsive and customer centric, attracts and nurtures quality talent, encourages engagement and drives towards the "ACC Way"- in a Single Company Collaboration.

The strategic HR imperatives of our business goals focus around the "Structure" which supports the "Processes" which in turn drives "People context/Behaviors".

Coverage of the organization's defined benefit plan obligations: Employee benefits

#### a) Defined Contribution Plan:

We have a policy regarding contribution to Officer's Superannuation Fund, ESIC and Labor Welfare Fund. Employees have also been given one time option to opt for cash out facility under Officer's Superannuation Fund. The officer's superannuation Fund is a contribution defined plan.

#### b) Defined Benefit Plan and Other Long Term Benefit:

Retirement benefits in the form of gratuity, additional gratuity, provident fund, post retirement medical benefit schemes, medical benefits under voluntary retirement scheme and other long term benefits in the form of leave encashment, silver jubilee and long service awards are determined using the projected unit credit method as at Balance Sheet date. Actuarial gains / losses are recognized immediately in the Profit and Loss Account.

#### c) Short term compensated absences are provided based on past experience of leave availed.

Payments made under the Voluntary Retirement Scheme are charged to the Profit and Loss Account immediately.

#### Diversity, Equal Opportunity & Collective Bargaining

We are an equal opportunity employer and make no discrimination on the basis of tribe, caste, community, race, color and gender. We strive to increase diversity and employee engagement by institutionalizing in our culture the core organizational values of Strength, Performance and Passion. During 2010 our permanent full time employees numbered 8,914 out of which 60% are engaged as workmen. 20% of our management staff belongs to non general category. The attrition was around 9% across various levels.

#### Workforce Numbers as per employment type, employment contract

	TOP (AJB 21 & above)	Senior (AJB 18-20)	Middle and FML (AJB 11-17)	Others	Total (2010)	Total (2009)	Total (2008)
Male FTEs*	30	171	3174	5327	8702	8702	8917
Female FTEs	0	5	153	54	212	214	221
Total FTEs	30	176	3327	5381	8914	8916	9138

#### Turnover (Resignations) Number as per Gender

Region	Female	Male	Total
Total (2009)	17	304	321
Total (2010)	17	426	443

#### Turnover (Resignations) Number as per age group

	Under 30 yrs	30- 50 yrs	>50 yrs	Total
Number of FTEs* leaving the company	176	227	40	443

\*FTEs: Full Time Equivalents



#### Composition of governance body as per age and gender

Category	Female	Male	Total
<30 yrs	0	0	0
30-50 yrs	1	33	34
>50 yrs	0	41	41
Total	1	74	75

#### Composition of governance body as per minority group

Level	Open	Others	Total
Total	73	2	75

#### Ratio of Basic Salary of men to women by Employee Category

Grade	Ratio of Male to Female Basic Salary
AJB 21 and Above	NA
AJB 18 to 20	1.05
AJB 11 to 17	0.97
NMS	0.94

All workmen are covered by collective bargaining agreements which form around 60% of the total workforce. The key parties involved in the collective bargaining process are employers and workers who bargain on wages, allowances, benefits, working conditions, Condition of Service.

There is no identified operation in which right to exercise freedom of association/ collective bargaining is at significant risk. Employees in the above category in all our Cement Manufacturing Units are represented by a collective body i.e Union

As per section 9A of the Industrial Disputes Act, 21 days notice is required to be given to effect change. Changes can be brought if there is a settlement/agreement between the Company and the Recognised Union without giving 21 days notice.

#### Learning and Development

Nurturing quality talent supported by systematic investment in leadership, behavioral and functional/ technical development of our employees has been our prime focus during the year, with over 47,500 man-days of formal training. The learning and development focus across the organization encourages engagement, involvement so as to move in the direction of being a "Learning organization".

#### Training conducted per employee as per employee category

LEARNING AND DEVELOPMENT DATA			
Level Bifurcation	Total Man- Days	Total Man -Hours	Average Training hours per person
(AJB 21 and Above)	204.3	1634.4	54.48
(AJB 18 - 20)	1526.75	12214	69.39
(AJB 11 – 17 )	32711.14	261689.12	78.65
Non Mgmt Staff	13100.07	104800.6	19.47



### Employee Health

ACC has various facilities and policies in place for safeguarding employees against events related to serious diseases. We have organized various awareness, counseling and risk control programs on health and have partnered with the stakeholders.

Treatment at plant hospital – Employees and their family members are entitled to get free medical treatment at works hospital. The treatment includes domiciliary as well as hospitalization.

Doctors are sent for special training programme to update their medical knowledge at Christian Medical College, Vellore. Doctors are sponsored regularly for training in Associate Fellow Of Industrial Health (AFIH) or conferences on Occupational Health

Details of Various Health Management programs such as Health Checkups, Awareness programs, Education programs, etc have been organized at our CMUs for the workers, families and communities. The details of the programs are as under:

### Health Management Programs organized by ACC for employees, families and Communities

Health activity		Beneficiaries		
S.No		Employees	Dependents	Community
1	National Family and Welfare Prog. (antenatal check up, tubectomies and vasectomies)	y	Y	Y
2	DOTS for Tuberculosis	y	Y	y
3	HIV/AIDS awareness prog	y	y	y
	HIV/AIDS testing and treatment center at Wadi cement plant in collaboration with CMC, Vallore	y	y	y
4	Eye camps (IOL Implants)	y	y	y
5	Universal programme on immunization for children	y	y	y
6	Multi specialty camps for detection of major chronic diseases like cardiac diseases, diabetes etc.	y	y	y
7	Health awareness and first aid lectures	y	y	-

### Human Rights

ACC is an equal opportunity employer and makes no discrimination on basis of tribe, caste, community, race, color or gender. We hire and promote individuals on merit for each position compatible with the job requirement and treat the country as local. All Permanent workmen are governed by the National Wage Settlement and their wage level is higher than the local minimum wage. All contract workers undertaking jobs which are of a temporary nature are paid as per the government notification on wages.

We have a well laid down recruitment and selection process. None of our workplace has forced/compulsory labor and we do not have any forced/ compulsory labor. We ensure that none of our operation, processes, and units has an involvement of Child Labor. All our contract/ agreement with the contractors/ third parties clearly mention that all employees associated with ACC should be greater than 18 years of age. In order to ensure that all the employees/ workers entering our premise are adults we have security guards present at all our entry points and they ensure that workforce entering the factory is more than 18 years of age.

## 4.2 Occupational Health & Safety (OH&S)



At ACC, we always believe that we are accountable for the well being of everyone who works at our facilities, including contractor personnel. We have our OH&S vision of “NO HARM ANYWHERE TO ANYONE ASSOCIATED WITH ACC” where “ANYONE” is defined to include “Employees” & “Contractors personnel” at ACC sites. Many significant initiatives are being undertaken to improve safety of employees and contractors and to make our organization a safe place to work.

Hazard Identification and Risk Assessment (HIRA) workshops were started in 2007 with an objective to develop anticipation capability amongst the line managers to address the root-cause of incidents by observing the hazards present on-site. The HIRA workshop aims directly at the base of the accident pyramid by reducing the number of hazards present on site. These workshops have encouraged line managers in transforming OH&S Culture through Visible Leadership by changing their perception towards managing hazards at work. HIRA workshops are conducted twice a year in each plant.

An innovative concept of Safety Observation Tours (SOT) is being practiced at ACC to encourage people with safe behaviors and to identify unsafe acts and unsafe conditions associated with any activity. All management staff conducts SOT and record observations in a standard format. The unsafe acts identified during SOT are corrected on the spot. The barriers to correct unsafe conditions are discussed and communicated to concerned site manager for taking necessary corrective actions. Every management staff in the plant have to conduct SOT at least once a week.

Tool Box talks are conducted daily at the beginning of each shift in every department to discuss and communicate the work place hazards and risks involved in a process or operations where the persons are employed.

Safety gate meetings are held on first of every month which is attended by all the top officials, employees and contractor workers. During the gate meeting safety skits called “Nukkad” are performed by the employees on specific themes. Safety quiz competitions are also conducted and on the spot prizes are given to the winners. Plant top management also gives rewards to the safe workers of the previous month.

Job Safety Analysis (JSA) is being conducted before start of all non-routine jobs at plants. JSA is conducted by dividing the job into a number of smaller activities and then for each activity, hazards are identified and corrective measures taken accordingly.

All ACC units have formulated emergency response plans for managing disasters like fire, earthquake, floods, etc. duly approved by the concerned inspectorate of factories. Emergency response groups have been set up and mock drills are conducted periodically to evaluate the response of the system.

A system of Safety Alerts is being followed at ACC for communicating serious accidents and injuries within the organization at all levels. The learning from the incidents is circulated amongst all to avoid reoccurrence of similar incident at any sites.

### Health and Safety Topics

Health and safety are part of the standing orders signed by the unions. Topics like issue of personal protective equipment and adherence to the established procedures have been made mandatory. Union also participates in periodic inspections, audits and incident investigations.

### Safety Committee

Each plant has a site safety committee comprising of the management representatives as well as workers representatives. The committee is headed by the plant head and meets every month to discuss the safety issues as well as to draw future course of action. During the meeting the workers directly interact with the plant head on safety issues and their suggestions are taken into consideration for developing action plans. The committee takes a round of a section of plant to understand the safety issues which are then discussed and included in the action plan.



### Contractor Safety Management

The Contractor Safety Management (CSM) project called “Suraksha Bandhan” was launched in November 2009. In its first phase during November 2009, M/s DuPont team assessed the current practices of contractor safety management at three of our sites. In the Phase II during 2010, the business processes and procedures for contractor safety management have been set up and training and coaching of 80% ACC contract supervisors have been completed.

### LTIFR

With our consistent efforts in making our workplaces safer, we have been able to maintain the Lost Time Injury Frequency Rate (LTIFR) below our long term target of 2. However, we are pained to report that we had eight fatalities during 2010. Analysis showed that fatalities mostly involved our contractor workers. Evaluation of these accidents indicates that we do not need fundamentally new systems, but have to raise the awareness and skill levels of the contractor workforce to that of our own employees and bring about a change in the operational behaviour. To drive this change within this high risk group, a special project “Suraksha Bandhan” had been launched in November 2009. This project will help us in addressing the challenge of managing our large contractor workforce, which also has a very high turnover. The project aims to find ways to improve safety with emphasis on behavior modification rather than rules and policing. As we aim at providing safe place to work to everyone who works with us, we continuously strive to improve our safety culture.

### Safety Champion

In order to bring a strong sense of accountability and to give a structured focus to Safety each of the high performing Line Managers / Engineers / Officers are given specific assignment on safety at Sister Works. We call them Safety Champions. This helps build a critical mass of safety conscious line executives. They are experienced employees and are given assignment for 6-8 weeks at sister works.

Following assignments are undertaken to improve the general safety standards of the Plant:

- v Housekeeping > or equal to 4 star rating
- v Job Safety assessment
- v Cardinal Rules
- v Completion of points identified under ;
  - o HIRA (Hazard identification and Risk Analysis)
  - o SOT (Safety Observation Tool)
  - o Fatality Prevention element
  - o Near Miss Accidents

High performing employees are identified and given training before inducting as safety champions to the sister works. After completion of the assignment, de-briefing meeting is organized at the visited plants. Safety Champions submit a report about the various initiatives/ actions taken by them. These reports are reviewed and evaluated.

Such kind of initiative brings in discipline & commitment for improving safety standards in Work place. Successful completion of such a dedicated safety project brings a positive impact on the career progression of the individual.

### 4.3 Community Engagement



ACC Plants meet requisite due diligence and compliance requirements of Government of India's clearance procedure. This includes detailed Environmental Impact Assessment and Social Impact Assessment of the project. ACC's focuses the interventions for :

1. Providing Education for Society's Future
2. Supporting Sustainable Community Development
3. Building Infrastructure for Livable Communities
4. Community health

ACC delivered the programs through partnerships with 16 NGOs, local banks and government departments.

The synergy of Community engagement is maintained through the Community Advisory Panels (CAP) meetings.

Community Advisory panels (CAP) formed at each plant site, is to ensure community involvement and ownership of the project and maintain transparency. In some locations, village development committees have been formed for the planning, execution and monitoring of projects of their respective villages in addition to CAP. In the CAP forum different segments of local community, NGOs, Government and others discuss, plan and implement development projects.

The impacts and effectiveness of the programmes are measured through the Social impact Tracking Auditing and Reporting (STAR) . STAR facilitates monthly tracking of the progress of initiatives. Annual social audits i.e. Social Engagement Score Card (SES) - wherein the local stakeholders inclusive of the beneficiaries share their feedback. Written feedback from the stakeholders is also solicited during SES. In 2010, SES were conducted at all units during 2010.

ACC's CSR initiatives, in nearly 100 villages, support the access to health and education to a population of nearly 250,000.

#### Education for Society's Future

##### School Education

Most of the schools are run in collaboration with DAV or with the best institution available locally, serving community and employee's children.

ACC schools and colleges maintain high standards of education and are often the best in the district. Nearly 10,000 students receive education each academic year through these schools

Support to local Government schools: ACC also supports nearly 65 Government schools, in some of the most backward districts, across India. This intervention aims at ensuring all children enrolling themselves in schools and reducing dropout in the schools.

To improve the quality of education, a pilot has been initiated of teaching aid tool - created by Hole in the Wall, in ACC- Lakheri site schools.

	No of Schools	No. of Children reached	Support given
ACC Schools	16	10682	Initial School construction of ACC schools Repairs of school building Some part of the teacher's salary to ACC Schools Donation of computers, books, etc to schools 61 Scholarships given Training programme for teachers Parents & Teachers meeting for improving quality of education and participation Piloting of learning stations in schools - Lakheri. Supplementary tuition classes for weak students
Govt Schools supported by ACC	66	13922	(Most of the ACC sites are in remote interior villages, wherein even the accessibility to basic services is poor)



### Technical Training

ACC also supports the technical trainings through its own institutes as well through PPP with the Government ITI's.

### ACC Training Institutes:

ACC Sumant Moolgaokar Technical Institute (SMTI) at Kymore, reopened in 2008, trains young men in specialized trades to become artisans, foreman and first line supervisors who can meet the current market needs.

In 2010, ACC Cement Technology Institute (ACTI), Jamul, a batch of 50 Cement plant Technicians successfully completed the course.

### ACC Support to adopted ITI's

The company also signed a Memorandum of Agreement under the Ministry of Labor and Employment, Government of India Public Private Partnership Scheme, on up-gradation of Industrial Training Institutes (ITI).

In 2010, 7 Government ITI has been adopted and upgraded. Upgradation includes both infrastructure development, inclusion of new courses, training of teaches, management of institute etc.

## Sustainable Community Development

ACC's sustainable community initiatives focus on multiple aspects covering governance, livelihoods, and water-environmental initiatives.

### Governance

The capacity building of Panchayat Raj Institution representatives - i.e. sarpanch and members was done either through trainings at Bargarh and Chaibasa plant, and through programme initiatives through CAP in other locations.

### Women empowerment

ACC with the support of local NGO Partners reactivated and formed 289 Self Help Groups (SHG) of women, thereby benefitting nearly 2898 women. From 289 SHGs nearly 138 have opened Saving Bank accounts with the local banks; of these 60 SHGs have been graded by the banks. This procedure linked these women group to a financial institution which will in return help them avail funds for enterprise development and other related government schemes.

ACC AHEAD (Association for Health, Education And Development), is the volunteering wing of the Ladies Clubs at our plants and corporate level. Launched in January 2008 it continued to actively support the company's social volunteering and community development programmes with special emphasis on women empowerment.

The ACC AHEAD organized various programmes & activities for community in 2010. Some of the programmes are as below:

Vocational Trainings in-Tailoring, Food Processing, Bakery, Cooking

Health activities such as General Health Camp, Sun Stroke Health Camp, Immunization Support Programme, Pediatric Health Camp, Anemia Health Camp for women, Deworming camp for school children, eye check camp.

Education Programme covering Running children clubs, bridge education classes, computer education programme for girls, female literacy programme, play group school.

ACC AHEAD also supported for the livelihood generating initiatives like Dairy farming unit at Bargarh (Orissa), Fancy bag unit, Dona patta unit and Tailoring unit at Jamul (Chhattisgarh)





ACC AHEAD supports Mumbai Mobile Creche (MMC), an NGO working for well being of children of construction workers. ACC AHEAD, along with MMC has taken various initiatives such as female literacy sessions for construction workers in Thane, health camp for children, visit to Nehru Science Centre for children, plantation drive and mentoring the children to get admission in Municipal Schools.

ACC AHEAD organized collection drive of unused household material, stationery, utensils, news papers and footwear from employees's homes for donating to needy community through GOONJ, an NGO supporting villages.

#### Livelihood

ACC provided livelihood support pertaining to four major categories:

Mason training, Agriculture Development initiatives, Service Sector training, and water-environmental initiatives.

ACC has chosen Mason Training as Nation Building theme. ACC trained 600 masons on-site through tri sector partnership between Government's SGSRY program, NGO and ACC. ACC is applying its evolving understanding to scale up mason training program through a variety of off-site training delivery mechanisms.

#### Masons Training Program for Livelihoods and Affordable Housing

ACC launched Mason Training Initiative with NGO Drishtee and linked it with Govt of India's Self Employment Program (Swarnajayanti Gram Rojgar Yojna (SGSY) -2010) Mason Training initiative is ACC's one of Nation Building Themes–Signature Project. This program builds tri-sector partnership between Corporate-Government and NGO Sector. The partnership targets at creating competent workforce for construction industry. The quality training to the masons is likely to lead to efficient construction practices, through more optimal use of materials by minimizing wastages. It will enable beneficiaries for enhanced livelihood and complements affordable housing.

ACC runs mason training programs by contributing 25% of the cost of training and training delivery mechanism. ACC has partnered with NGO-Drishtee for grass-root level delivery of training, inducing enrollment, and tracking a database of the skilled masons. Govt of India supports this initiative through 75% program cost. ACC played a role in linking with the Govt and leveraging government support. 600 candidates have now been trained through this initiative. ACC targets to achieve 5000 trained masons by 2013. ACC has developed Good Construction Practices Handbooks in four languages for assisting the mason for more efficient construction. Some key learning in the initial phases of training programs include:

a) In Indian society, masonry work is considered a lower order menial work and does not enjoy a 'social status', b) only the persons associated with construction site or those where masonry is a traditional family profession chooses to engage in masonry work, c) the trainees cannot afford to take up full time, off-site training owing to loss of wages (however small) which they would otherwise earn. ACC therefore, adopted onsite training model.

ACC provided support for agricultural development, by linking the farmers to agriculture experts, banks and government schemes to facilitate better farming practices and through motivation to sustain farming activities. About 2800 farmers were impacted through various programs.

In the service sector, about 1500 people were trained in employability skills.

#### Farm & Non farm initiatives

##### Kisan Credit Card – a financial instrument developed by Reserve Bank of India

Kisan Credit Card (KCC) Scheme aims at providing adequate and timely credit support from the banking system to the farmers for their cultivation needs including purchase of inputs in a



flexible, hassle free and cost effective manner. KCC is an instrument, which allows farmers to purchase agricultural inputs such as seeds, fertilizers, pesticides and also withdraw some cash for meeting their production related requirements. 106 farmers from ACC's CSR intervention villages received provisional sanction for loans. Out of these, 17 farmers received Kisan Credit Cards while others are in process.

#### On farm initiatives

On Farm:	
No. of farmers impacted by training on modern techniques/irrigation supply/seed distribution/organic manure/fruit bearing trees and mixed cropping	2821
No of farmers facilitated linked of Kisan Credit Cards Plant Nursery programme/fruit bearing/energy plantation linked livelihood (piloted in Chanda)	100
No. of members in the grain bank (pilot initiative of ACC Bargarh)	8
Acres of land brought under irrigation	42
	261

#### Non farm initiatives

NON FARM (SERVICE SECTOR)	
No. of participants trained in driving	255
No. of Guest Caretraining Hospitality (6)	6
No. of persons in retail selling	106
No. of persons in Garment Manufacturing	33
No. of person trained in Computer Hardware	27
No. of person trained in Computer basics	261
No. of person trained in welding and Fitter	200
Total No. of Persons trained in employable skills	1564
Total No. of Persons employed	438



#### Community Health

Through ACC- Aayushmaan Trust and ACC Christian Medical College Trust for Infectious Diseases (ACTFID) nearly 6000 people were counseled through the Ante Retroviral Treatment (ART) Centres and outreach programmes.

ACTFID has maintained above 98% adherence, with intensive counseling and timely clinical follow-up. In 2010 ACTFID and ACC- Aayushmaan Trust has registered 700 patients and initiated ART for nearly 500.

Currently nearly 2000 patients are under treatment for HIV/AIDS through these ART centres.

Awareness programmes were also conducted for Truck drivers and employees, on HIV / AIDS prevention as part of World AIDS day across all ACC locations.



### Community Health initiatives taken by ACC

Health Initiatives	
No. of joint programmes implemented with District hospital/ PHC/local hospital, these initiatives included programmes linked to Tuberculosis, Leprosy, HIV/ AIDS	22
No. of Health awareness programmes implemented. Some of the special drives focused on diabetes, anemia - especially among adolescent girls and women, Cardiac Care, and family planning.	62
No. of Health Camps conducted	352
No. of people treated during health camps	56813
No. of People treated at our clinics	65760
No. of anganwadis (pre-school) functional and providing quality service in the villages/immunization+ANC	126
No. of expectant and lactating mothers receiving the requisite vitamin and iron medication through the Govt scheme and women health checkup	2653
No. of Cataract operation done	21
No. of HIV testing counselling	826
No. of person who underwent HIV testing	610
No. of person in community, oriented through general awareness on HIV/ AIDS	4449

### Water & Environmental Initiatives

ACC through its water initiatives works at creating awareness and engaging the community to manage and optimally use this precious resource.

ACC is also piloting innovative initiatives linked to providing potable drinking water. Most of the locations of ACC have hard water, due to its local geographical endowments. ACC has partnered with an organization and piloted a Solar Chlorinator project initiative at Chanda, Maharashtra.

#### Water and Environment Initiatives under CSR activities taken by ACC

<b>I. Water Initiatives</b>	
Total land covered under watershed treatment	200
No. of people trained in water harvesting	4825
No. of ponds rejuvenated (Deepened/ cleaned)	5
No. of handpumps installed	933
No. of Handpumps repaired	29
No. of population benefitted by the initiatives	32389
Population benefitted by borewell repair	1100
No. of population touched in piped water	2920
No. of villages touched in piped water	5
No. of Household benefitted by construction of Checkdams	250
<b>II. Solid Waste management initiative</b>	
1) No. of sessions on solid waste management conducted	2502
2) No. of villages covered	4
Training of youth in Solid Waste Management	65
Training of women in Solid Waste Management	170
Population covered	10000

#### Development of infrastructure for community

ACC supported and carried out infrastructure development in its plant neighborhoods, including construction of roads, toilets, drains and also construction of houses for flood affected people. The infrastructure investments have improved the access of community, improved public health, and safety.

<b>EC 8: SUSTAINABLE COMMUNITY INFRASTRUCTURE DEVELOPMENT:</b>	
No. of school / college repaired	18
No. of children benefitted	1600
No. of community public toilets	15
No. of KMs of road constructed	55
No. of people benefitted.	15114
No. of people benefitted other infra initiatives - eg- bridge on State Road, Foot path, bridge in village, renovation of district hospital, parking facility	12504
No. of community halls/ Religious places repaired	2
No. of individual toilets build	128
No. of mts of drain constructed	5.2
No. of people impacted through drain construction initiative	3200
No. of schemes mobilized/ Harnessed in infrastructure works eg: TSC/ Indira Awas yojna/ NREGA etc	1
No. of infrastructure transferred to community/ panchayat maintenance	30
No. of solar streetlights installed	60
No. of Houses constructed for flood rehab	52

## Awards in 2010

The Vision Corporate Triple Impact: Business Performance, Social & Environmental Action & Globalisation from Federation of Indian Chambers of Commerce & Industry.

Asia Pacific Entrepreneurship Award in the categories, Green leadership and Community Engagement by Enterprise Asia

Institute of Cost and Works Accountants of India (ICWAI) Good Performance Award

2010 IMA CFO Award for Excellence in Cost Management from International Market Assessment India Private Limited (IMA)

IMC Ramakrishna Bajaj Quality Award 2010 to DAV ACC Gagal School for excellence in education

National Safety Award for 2008 from Government of India Ministry of Labour & Employment to ACC Gagal and Tikaria

Safety Innovation Award 2010 conferred by the Institution of Engineers (India), Delhi to ACC for implementing innovative safety measures during the year 2010. Our two plants, Kymore and Tikaria also won the award separately.

9th Annual Greentech Safety Platinum Award to ACC Tikaria; Gold to ACC Jamul and Sindri; Silver to ACC Lakheri, Madukkarai, and Wadi Expansion Project by Greentech Foundation

Leadership in Energy & Environmental Design (LEED) India NC, New Construction Gold Rating to ACC for its headquarters building Cement House by World Green Building Council (WGBC)

National Award for Excellence in Energy Management from Confederation of Indian Industry (CII) to ACC Lakheri and Wadi

Rajasthan Energy Conservation Award 2010 to ACC Lakheri by Rajasthan Renewable Energy Corporation Limited

Pollution Control Excellence Award from State Pollution Control Board, Orissa to ACC Bargarh

Financial Express-Emergent Ventures India (EVI) Green Business Leadership award – Best Performer in cement sector.

Kerala State Energy Conservation Commendation Certificate 2010 to ACC Madukkarai in the category Research & Innovation.

EPC World Awards 2010 for Outstanding Company in the cement sector by EPC World Media Group and PricewaterhouseCoopers (PWC)

National Energy Conservation Award 2010 first prize to ACC Kymore and second prize to ACC Chaibasa in the cement sector

Association of Business Communicators of India Silver award to ACC Sustainable Development Report 2009 in the category Environment Communication.

Business Superbrand 2010-11 status by Superbrands India

11th Annual Greentech Environment Excellence Award (Gold) in cement sector to ACC Jamul and Tikaria by Greentech Foundation

Holcim Plant Awards 2010 – Best Improvers, Gold award to ACC Wadi and Silver award to ACC Lakheri

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