Sustainable Development Report 2007
ACC Limited, or ACC as it is popularly known, is India’s foremost manufacturer of cement. Formerly called The Associated Cement Companies Limited, ACC’s corporate office is located in Mumbai.

Its operations are spread throughout the country with 14 modern cement factories having a total installed capacity of 22.4 million tones of cement per annum, a string of 20 sales offices and a countrywide distribution network of over 9,000 dealers. It has a workforce of more than 10,000 persons. A subsidiary company, ACC Concrete Limited, is a leading manufacturer of ready mix concrete that has 30 plants across the country. Established in 1936 as a merger of ten cement companies, ACC is today closely associated with the Holcim Group of Switzerland. Since inception, the company has been a pioneer and trendsetter in cement and concrete, with a unique track record of innovative research and product development. It is an important benchmark for the cement industry in respect of its production, marketing human resource management and other processes.

**Pioneer and trend-setter**

The brand name ACC is synonymous with cement and enjoys a high level of equity in the Indian market. The company manufactures Portland cements for general construction such as Ordinary Portland Cement and Blended Cements including fly ash and slag based cements.

In the 70 years of its existence, ACC has been a pioneer and a trend-setter responsible for many breakthroughs in the manufacture of cement and concrete. ACC 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.

**Protecting the environment**

Among the first companies in India to include commitment to environment protection as a corporate objective, ACC inducted the use of pollution control equipment as early as 1966. Today each plant has sophisticated environment management systems and state-of-the art pollution control equipment.

ACC plants, mines and townships visibly demonstrate successful endeavours in quarry rehabilitation, water management techniques and ‘greening’ activities such as afforestation, tree planting, horticulture, vegetable and cultivation apart from landscaping that helps beautify the environs. Better and cleaner mining techniques have helped safeguard and conserve mineral resources.

ACC has achieved spectacular results in the utilization of two industrial wastes – namely slag from steel plants and fly ash from thermal power stations – to make blended cements that offer unique advantages to concrete. Today ACC offers total solutions for waste management including testing, suggestions for reuse, recycling and co-processing.

**ACC – A Good Corporate Citizen**

ACC’s earliest initiatives in community development date back to the 1940’s while its first formal Village Welfare Scheme was launched in 1952. The company undertakes a range of activities to improve living conditions of the under-privileged classes living near its plants. This includes education, healthcare, vocational guidance and rural development.
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ACC has a history of good governance with generations of distinguished leaders who have guided the company in demonstrating a sincere concern for nature, the planet and its people. Our archives show that community development programmes were initiated more than sixty years ago, when the term corporate social responsibility was not yet coined. ACC practiced environmental protection and pollution control, long before pollution control norms and other regulatory laws came into existence.

The Company is deeply committed to uphold this great tradition. Sustainable development and corporate social responsibility find special place in our organization structure and form an intrinsic part of our business strategy. We believe in the Triple Bottom Line theory and would like to assess our performance on the basis of this framework. We aim to be recognized as a leading champion of sustainable development not only in the cement industry but on a wider plane. We have charted a clear road map for this, comprising a host of comprehensive programmes with distinct milestones, adequate budgets and measurable targets. We are guided in this respect by the outstanding practices of the Holcim Group who are recognized as leaders in sustainability. In the Global Cement Industry.

Occupational Health and Safety has come to occupy overriding priority. Our environment management systems and processes have been strengthened. Backed by a proactive environment policy, we practice regular air quality monitoring, clean mining techniques with effective strategy for rehabilitation of used mines and an aggressive energy conservation programme. As part of the quest for renewable energy sources, the company’s first Wind Energy Farm was commissioned in Tamil Nadu to promote clean green energy. We have plans to explore other viable solutions for renewable non-fossil energy.

An important contribution we are now making is in promoting new effective solutions for dealing with hazardous and non hazardous wastes from different industrial processes. We have ambitious plans for this function, guided by the success that the Holcim Group has already demonstrated.

In respect of community development, we are conducting detailed needs assessment studies in the villages around all our plants to help devise appropriate schemes that will visibly improve the quality of life and environment in these communities. Special focus is given to promote self-reliance through capacity-building and sustainable livelihoods. In the process, we are seeking to forge more meaningful partnerships with government agencies, NGOs and social science consultants.

We are pleased to present our first Corporate Sustainable Development Report. It has been compiled using the G3 guidelines of the Global Reporting Initiative. The exercise has helped us identify not only our strengths in processes and expertise but also lacunae in quantitative and qualitative data and the need to formulate clear policies on different aspects of sustainability. We intend to make this report a regular feature and will publish it once in two years. An updated version will be made available on our website every year.

Statement of Chairman and CEO

ACC Sustainable Development Report 2007
## 2 Milestones in Sustainable Development

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1936</td>
<td>Incorporation of The Associated Cement Companies Limited on August 1, 1936</td>
</tr>
<tr>
<td>1944</td>
<td>ACC’s first community development initiative near Bombay (now Mumbai)</td>
</tr>
<tr>
<td>1947</td>
<td>ACC helps relocate employees during Partition of India – evacuating them to the new country of their choice</td>
</tr>
<tr>
<td>1947</td>
<td>First entirely indigenous cement plant established at Chaibasa in Bihar (now Jharkhand)</td>
</tr>
<tr>
<td>1952</td>
<td>Village Welfare Scheme launched</td>
</tr>
<tr>
<td>1955</td>
<td>Sindri Cement Works uses waste calcium carbonate sludge from fertilizer factory at Sindri</td>
</tr>
<tr>
<td>1956</td>
<td>Bulk Cement Depot established at Okhla, Delhi</td>
</tr>
<tr>
<td>1957</td>
<td>Technical Training Institute established at Kymore, Madhya Pradesh</td>
</tr>
<tr>
<td>1961</td>
<td>Blast furnace slag from TISCO used at Chaibasa Unit to produce Portland Slag Cement - first in India</td>
</tr>
<tr>
<td>1965</td>
<td>ACC’s Central Research Station (CRS) established at Thane</td>
</tr>
<tr>
<td>1965</td>
<td>Manufacture of Portland Pozzolana Cement</td>
</tr>
<tr>
<td>1968</td>
<td>ACC supplied and commissioned one-million-tonne iron ore pelletising plant ordered by TISCO</td>
</tr>
<tr>
<td>1977</td>
<td>ASSOCHAM National Award for outstanding performance in promoting rural and agricultural development</td>
</tr>
<tr>
<td>1978</td>
<td>Introduction of energy efficient precalcinator technology for the first time in India</td>
</tr>
<tr>
<td>1982</td>
<td>Commissioning of the first 1 Million tonnes per annum plant in the country at Wadi, Karnataka</td>
</tr>
<tr>
<td>1984</td>
<td>Breakthrough in import substitution by developing a special G type of oil well cement to ONGC</td>
</tr>
<tr>
<td>1992</td>
<td>Incorporation of Bulk Cement Corporation of India, a joint venture with the Government of India</td>
</tr>
<tr>
<td>1993</td>
<td>ACC starts commercial manufacture of Ready Mix Concrete at Mumbai</td>
</tr>
<tr>
<td>1995</td>
<td>ACC selected as Most Respected Company in India by Business India</td>
</tr>
<tr>
<td>2001</td>
<td>Commissioning of New Wadi plant of capacity 2.6 MTPA, the largest in India</td>
</tr>
<tr>
<td>2002</td>
<td>PHDCCI Good Corporate Citizen Award</td>
</tr>
<tr>
<td>2004</td>
<td>GreenTech Safety Gold and Silver Awards awarded to Madukkarai and Katni Refractory</td>
</tr>
<tr>
<td>2005</td>
<td>CFBP Jamnalal Bajaj Uchit Vyavahar Puraskar Certificate of Merit from Council For Fair Business Practices</td>
</tr>
<tr>
<td>2006</td>
<td>ACC announces new Workplace policy for HIV/AIDS; establishes Anti Retroviral Treatment Centre at Wadi in Karnataka– the first such project by private sector company in India</td>
</tr>
<tr>
<td>2006</td>
<td>Good Corporate Citizen Award 2005-06 from Bombay Chamber of Commerce and Industry</td>
</tr>
<tr>
<td>2006</td>
<td>Waste management services launched</td>
</tr>
<tr>
<td>2007</td>
<td>Partnership with Christian Medical College for treatment of HIV/AIDS in Tamil Nadu</td>
</tr>
<tr>
<td>2007</td>
<td>Sumant Moolgaokar Technical Institute completes 50 years</td>
</tr>
<tr>
<td>2007</td>
<td>ACC commissions Wind energy farm in Tamil Nadu</td>
</tr>
</tbody>
</table>
3 Our Vision and Strategy

ACC’s Vision vividly declares the company’s commitment to community and sustainable development issues making this an essential part of the five interdependent and intertwined business goals for the company. The essence of this resolve is contained in the fifth goal or “diamond” which envisages that ACC inspires trust and respect.

The Vision statement narrates these areas as:
- ACC is a trusted and ethical organization
- ACC delivers enduring value to investors and other stakeholders
- ACC is committed to environment protection and the well being of the community

This statement is synonymous with balancing the Triple Bottom Line - defined as the achievement of three interdependent and mutually reinforcing goals of economic development, social development and environmental protection.

ACC Shared Vision

Value Creation
ACC delivers long-term value to investors and other stakeholders

ACC is a customer driven organization
- ACC has employees who are committed to delivering ultimate customer satisfaction
- ACC delivers superior and consistent quality cement
- ACC is the most preferred cement brand in India

ACC is the most efficient cement producer
- ACC is the lowest cost producer and deliverer of cement
- ACC is the most profitable cement manufacturer in India

ACC is a learning organization
- ACC is alert to changes in the business environment and responds effectively
- ACC adopts world-class business practices to surpass global benchmarks
- ACC understands evolving customer needs and pioneers new products/services
- ACC develops employees through need-based learning

ACC is a great place to work
- ACC has HR policies which promote a healthy work culture
- ACC rewards employees well based on profitability and performance
- ACC cares for its employees’ welfare
- ACC encourages team excellence
- ACC encourages decisions at the working level

ACC inspires trust and respect
- ACC is a trusted and ethical organization
- ACC is committed to environment protection and well being of the community

Business Strategy

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Share</th>
<th>Competitiveness</th>
<th>Organization</th>
<th>Corporate Citizenship</th>
<th>Bottom line</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Maintain leadership position in industry</td>
<td>Leadership in quality, services and cost efficiency</td>
<td>Accountable, Responsive and Motivated</td>
<td>Become employer of choice</td>
<td>Achieve internal target for growth in EBITDA over 2007</td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
<td>Reputed corporate entity</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
<td></td>
<td>Leadership in Sustainable Development</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
<td>Continual improvement in environment performance</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4 Corporate Governance

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

ACC had systems in place for effective strategic planning and processes, risk management, human resources development and succession planning, years before Corporate Governance guidelines became applicable and mandatory for listed companies. The Audit Committee in ACC was constituted as far back as in 1986; the Shareholders-Investors Grievance Committee was formed in 1962 and the Compensation Committee was convened in 1993. The Company’s core values are based on integrity, respect for the law and strict compliance thereof, emphasis on product quality and a caring spirit. A Compliance Committee has recently been constituted to review and evaluate the company’s compliance with its legal obligations, the adequacy of its relevant policies, controls and regulatory requirements. In particular the committee will advise the company on matters pertaining to the Competition law.

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

The Board of Directors has clearly stated standards of corporate behaviour and endeavours to achieve the highest standards of good governance through the adoption of a strategic planning process, succession planning for attracting and energizing human resources, identification and management of major risks, an effective communication policy and integrity of Company’s internal control systems. The Board is constantly looking at ways and means to ensure the most effective use of financial resources and that management and employees have the freedom to take the Company forward within the framework of effective accountability.

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

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

S&P ESG India Index: ACC is one of 50 companies included in this index. In January 2008, the consortium of Standard & Poor’s, CRISIL and KLD Research & Analytics, mandated by the International Finance Corporation (IFC), announced the launch of the S&P ESG India Index, comprising 50 out of 500 leading Indian companies and ranked on the basis of their environmental, social and corporate performance in terms of certain specified criteria. The universe from which the S&P ESG India index constituents are derived is the top 500 Indian companies, by total market capitalization listed on the National Stock Exchange of India Limited. The index is meant to serve as a yardstick to assess companies whose business strategies and performance demonstrate a high level of commitment to meeting environmental, social and governance (ESG) standards.
5 Organizational Structure

ACC’s organization structure was revised in 2006. Added thrust was given to sustainable development with the creation of separate cells at the corporate office and plants to coordinate activities relating to waste management, alternate fuels and raw materials, corporate social responsibility and occupational health and safety. All these were placed under the supervision of the Managing Director.

To enable better coordination of the organisation’s triple bottom line performance, it is proposed to constitute a high level team with representatives from functions relating to the main pillars of sustainable development to coordinate reporting and align operations in line with the overall corporate objectives. The committee will include the heads of Environment & Energy Conservation, Alternate Fuels and Raw Materials Business Development, Occupational Health & Safety, Corporate Communications & Social Responsibility, Corporate Human Resources, Commercial Services, Central Procurement and Secretarial & Compliance.
ACC Limited (formerly The Associated Cement Companies Limited) is India’s foremost manufacturer of cement and ready mix concrete with a countrywide network of factories and marketing offices. ACC’s brand name enjoys a high level of equity in the Indian market.

The company’s distribution network is the largest in the country, with dealers and customers in every state. ACC is a people’s brand of cement, with over 80% of sales made through its extensive dealer network. ACC’s customer base represents the masses of India - individual home builders in small towns and rural areas. The range and quality of customer services has been increased appreciably in the last four years. A large team of qualified civil engineers who man Customer Service Cells at the sales offices have regular interactions with customers, engineers, masons and influencers in promoting good construction practices.

In the last few years, the company divested all of its non-core businesses and is now focused on the business of cement. The company seeks to retain a leadership position in the cement industry and as one that meets world-class norms. Continuous efforts are made to keep technologically abreast in order to ensure that higher levels of quality, productivity and cost efficiency can be attained. ACC is an important benchmark for the cement industry in India in production, distribution, marketing and other management practices.

The company’s operations are aligned to maximize shareholders value. Profitability has increased appreciably in the last five years. Leadership in cement requires new projects for capacity expansion to be taken up at regular intervals. Organic growth is preferred as it is faster and enables overall economies of scale. ACC is currently implementing expansion projects that will raise its cement capacity from 22.40 million tonnes in December 2007 to 30.40 million tonnes by the close of 2010.

The Indian cement industry experiences high degrees of competition. Affordable energy and logistics are important challenges. This necessitates a relentless pursuit of innovative measures to enhance overall efficiency, productivity and competitiveness especially in respect of cost leadership which helps assure our customers the best terms of price, quality, productivity, service and availability.
6.1 Customer Relations

ACC is India’s largest manufacturer of cement. ACC Cement has an image of being dependable, consistent and of high quality backed by in-house research and expertise. The company’s distribution network has the widest spread of dealers and customers in every state of the country. Though it has catered to some of India’s most admired infrastructure projects, ACC is essentially a people’s brand of cement. Today nearly 85 per cent of sales is made through the extensive dealer and retailer network to a large customer base representing the masses of India - individual home builders in small towns, rural and semi-urban India.

ACC has been a trend-setter in the manufacture and promotion of blended cements namely, portland pozzolana and portland slag cements which use materials that are otherwise industrial wastes and pollutants. ACC is the largest manufacturer of Blended Cements in the country. These are positioned as premium products highlighting their special properties and their eco-friendliness.

The level of customer services has been appreciably increased through the expansion of our sales network and sales force. Customer Service Cells at each of our regional marketing offices are manned by a team of qualified civil engineers who interact with consumers, engineers, masons and influencers to understand their requirements, attend to their complaints and provide pre and post sales services including guidance on the correct usage of cement and concrete and demonstrating good construction practices.

The company has a regular practice of interacting with customers and end-users as well as members of our distribution channels such as dealers, sub-dealers and retailers. Through these interactions we build relationships and seek to educate them about cement, common complaints and pit-falls in usage and other aspects of construction. Market surveys are organized at regular intervals to ascertain perceptions about our brand image, marketing and distribution procedures, our sales force, channel management and relationships with customers, dealers and influencers. A brand equity study carried out by a well-known market research firm of global repute indicated that ACC is the most preferred and recommended brand of cement in India. The brand stood way ahead of all other competitors in this comparative analysis.

In the last few years, a host of new customer services were introduced to assist customers in selected cities and towns. These include site visits for inspection and guidance, testing and aides for customers. Most were devised for individual home builders who constitute a large group of our end-users. A unique new service was the establishment of ACC Help Centres in several cities to provide basic information and guidance to customers on various home building-related procedures. An interactive website was launched primarily for the benefit of small retail consumers and home builders. The site provides online inputs on a host of useful topics related to home building and is proving to be quite popular. The website - www.askacc.com is visited by about 10,000 persons from different parts of the country.

Customer service personnel are responsible to attend to customer complaints. There is a formal system in place for handling customer complaints at all sales offices. These systems and documentation are regularly inspected by representatives of the Bureau of Indian Standards. The regional head is personally responsible to resolve individual complaints to their just and logical end. Commercial complaints are resolved at the local level while complaints related to application failures and quality are promptly referred to the head and quality in charge at the supplying cement plant as well as to the quality department at the corporate office. On receipt of a complaint, our representatives visit the complainant’s site at the earliest and, if found necessary, samples are drawn for testing at the company’s own laboratory.

The company is known to promote ethical and fair practices in its supply chain. The company’s commercial terms, procedures are professional and transparent. ACC is popular with its customers and suppliers. Our marketing and sales practices envisage the promotion and encouragement of all dealers including small traders and retailers, particularly those in interior places. In addition, the company fosters a tremendous sense of belonging not only among employees, but also among its customers, dealers and associates.
6.2 Supplier Relations

ACC’s countrywide spread of cement plants consumes a wide spectrum of inputs – about 130,000 different items ranging from coal, gypsum, slag, packaging bags, refractory products, steel, grinding media, lubricants, electrodes, cables, bearings, conveyor belts, spares of various mechanical, electrical and mining equipment, explosives and instrumentation. A team of professionals at Corporate, Region and Plant Level manages the procurement function. The function is organized so as to derive maximum value for the company through economies of scale from central pooling and procurement of some inputs at the corporate level while meeting individual operational requirements at plant level.

**Procurement Organisation:** The materials management and purchase processes were reorganized in 2006 as the company’s new Procurement function. The function underwent further change after implementation of an SAP based Enterprise Resource Planning (ERP) system. The Procurement function now comprises a Central Procurement team at the corporate office for the requirements of major inputs for the operation of cement plants. Central procurement is divided into the following major groups:

- Raw materials
- Energy, Fuels and Gases
- Maintenance spares
- Wearing parts, Consumable materials
- Administrative & office supplies
- Services
- Packing

The structure provides for procurement managers at regional level and plants. There is a separate projects head for procurement of capital equipment and purchases.

**Code of Conduct:** Adequate care is taken to ensure transparency in procurement processes. A new policy was adopted in 2007 which has a clearly defined code of practice for procurement conduct aimed at setting the norms of behaviour governing employees involved in various activities of procurement. The policy enshrines the practice of fair competition and forbids interference with open competition in markets. Vendors are assured equal access to non-confidential information. The policy calls for clear criteria to be communicated to vendors such that the process generates equal expectations from comparable vendors towards providing the best acceptable solution for both parties. There are provisions for avoiding conflicts of interest and misconduct such as bribery and corruption.

**Procurement Manual:** The procurement manual describes the processes and sequential and procedures to be followed in procurement including vendor registration and appraisal, indenting and tendering. There are detailed guidelines for negotiation, order acceptance, order processing and execution and payment.

**Vendor Management:** The vendor base is more than 19000 suppliers across the country, comprising reputed manufacturers, usually the leading names of their particular industry segment who are technically and financially sound and have the intrinsic capacity to supply material of desired quality on time. Preference is given to applicants with ISO (Quality & Environmental) certification. About half of the registered vendors who represent about 10 per cent of total purchase volume have been individually assessed based on quality standards.

The new vendor registration system incorporates details of environment performance, social responsibility initiatives and employment practices implemented by the vendor applicants, but these parameters have not been formally inducted for evaluation and selection. There are plans to widen the scope of the vendor registration and evaluation system to incorporate specific pre-qualification criteria relating to environment performance.

Care is taken to ascertain that vendors and contractors, who operate within the company’s premises, observe and conform to fair labour practices. The engagement of children and adolescent labour is not permitted.

There is no specific policy for preferring local suppliers. In 2007 as many as 70 per cent of our suppliers were regionally based and they supplied 30 per cent of total purchase volume.

We have detailed guidelines for vendor appraisal, registration, approval, rating and de-listing. Periodical evaluation and assessment is recommended on a random basis.

**Outlook:** We expect the procurement of energy and fuel to pose increasing challenges. In particular, the outlook for coal is critical. The share of coal supplies based on official linkages is declining and in 2007 the company had to source more than a third of its requirement from the open market and imports, at significantly higher cost.
6.3 Economic Performance

ACC has registered consistent improvement in its financial and overall economic performance. ACC was identified by Standard & Poor’s, the world’s leading index provider, as one of eight Indian companies in the S&P Global Challengers Class of 2007 which are expected to emerge as Challengers to the World’s Leading blue-chip companies. The list was based on companies that exhibited the strongest internal and external growth characteristics.

Cement Business – Performance At A Glance

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production - Million Tonnes</td>
<td>19.92</td>
<td>18.73</td>
<td>6.40%</td>
</tr>
<tr>
<td>Sales volume - Million Tonnes*</td>
<td>19.97</td>
<td>18.83</td>
<td>6.10%</td>
</tr>
<tr>
<td>Sales value - Rs. Million**</td>
<td>66399</td>
<td>55037</td>
<td>20.60%</td>
</tr>
<tr>
<td>EBITDA %</td>
<td>31%</td>
<td>32%</td>
<td></td>
</tr>
</tbody>
</table>

* Cement sales volume includes sale to RMX and Trading Sales
** Sales value as per cement segment / activity (includes trading)

Operational Performance

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blended cement - %</td>
<td>90</td>
<td>87</td>
</tr>
<tr>
<td>Fuel consumption (Kcal/Kg of clinker)</td>
<td>752</td>
<td>736</td>
</tr>
<tr>
<td>Power consumption (process) Kwh/T</td>
<td>89</td>
<td>88</td>
</tr>
<tr>
<td>Manhours per tonne of cement</td>
<td>1.14</td>
<td>1.36</td>
</tr>
</tbody>
</table>

Segment wise Revenue, Results and Capital Employed (Audited Rs in Million) Consolidate

<table>
<thead>
<tr>
<th>Segment Revenue (net sale / income from each segment)</th>
<th>2007 AUDITED Rs.</th>
<th>2006 AUDITED Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>a Cement</td>
<td>67504</td>
<td>56150</td>
</tr>
<tr>
<td>b Ready Mix Concrete</td>
<td>3670</td>
<td>3004</td>
</tr>
<tr>
<td>c Others</td>
<td>603</td>
<td>844</td>
</tr>
<tr>
<td>d Unallocated</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>71779</td>
<td>60002</td>
</tr>
</tbody>
</table>

Less: Inter segment revenue 1104 1490
Net sales / income from operations 70675 58512

* from consolidated segment information

Dividend: Total dividend for the year 2007 was Rs 20 per share (200% on the par value of Rs 10) as against Rs 15 per equity share for the year ended December 31, 2006. Total dividend outgo for fiscal 2007 was Rs 4387.6 million including dividend distribution tax of Rs 637.4 million as against Rs 3203.2 million including dividend distribution tax of Rs 394 million in the previous year.
Production and Sales Highlights

<table>
<thead>
<tr>
<th>Property</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cement Production m. tonnes</td>
<td>19.92</td>
<td>18.73</td>
</tr>
<tr>
<td>Cement despatch (by packing) m. tonnes</td>
<td>19.88</td>
<td>18.71</td>
</tr>
<tr>
<td>Bagged</td>
<td>97.9</td>
<td>98.1</td>
</tr>
<tr>
<td>Bulk Cement</td>
<td>2.1</td>
<td>1.9</td>
</tr>
<tr>
<td>Cement despatch (by Category)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade sales</td>
<td>83.8</td>
<td>81.8</td>
</tr>
<tr>
<td>Non-trade sales</td>
<td>16.2</td>
<td>18.2</td>
</tr>
<tr>
<td>Cement despatch (by type)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary Portland Cement %</td>
<td>9.8</td>
<td>12.7</td>
</tr>
<tr>
<td>Portland Slag Cement %</td>
<td>19.7</td>
<td>19.9</td>
</tr>
<tr>
<td>Portland Pozzolana Cement %</td>
<td>70.5</td>
<td>67.4</td>
</tr>
<tr>
<td>Cement Despatches (by mode)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>by Rail %</td>
<td>51</td>
<td>48</td>
</tr>
<tr>
<td>by Road %</td>
<td>49</td>
<td>52</td>
</tr>
<tr>
<td>ACC’s Market Share %</td>
<td>12.2</td>
<td>12.3</td>
</tr>
</tbody>
</table>

Financial Highlights

<table>
<thead>
<tr>
<th>Property</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Revenue Rs. Millions</td>
<td>79,771</td>
<td>65,947</td>
</tr>
<tr>
<td>Profit / (Loss) before tax and exceptional items Rs. Millions</td>
<td>17,172</td>
<td>14,586</td>
</tr>
<tr>
<td>Exceptional Items</td>
<td>2,131</td>
<td>1,609</td>
</tr>
<tr>
<td>Profit / (Loss) after tax and exceptional items Rs. Millions</td>
<td>14,386</td>
<td>12,318</td>
</tr>
<tr>
<td>Dividend (includes Dividend Tax - Rs. 637.4 Million)</td>
<td>4,389</td>
<td>3,220</td>
</tr>
<tr>
<td>Capital Employed</td>
<td>49,533</td>
<td>43,787</td>
</tr>
<tr>
<td>Net Worth</td>
<td>41,527</td>
<td>31,420</td>
</tr>
<tr>
<td>Borrowings</td>
<td>4,691</td>
<td>9,160</td>
</tr>
<tr>
<td>Debt : Equity Ratio</td>
<td>0.11</td>
<td>0.29</td>
</tr>
<tr>
<td>Book Value per Share at year end Rs.</td>
<td>221.33</td>
<td>167.77</td>
</tr>
<tr>
<td>Basic Earnings per Share Rs.</td>
<td>76.75</td>
<td>66.02</td>
</tr>
<tr>
<td>Dividend per share Rs.</td>
<td>20.00</td>
<td>15.00</td>
</tr>
<tr>
<td>Employee (Numbers)</td>
<td>10,032</td>
<td>9,231</td>
</tr>
<tr>
<td>Shareholder (Numbers)</td>
<td>1,27,476</td>
<td>1,10,455</td>
</tr>
</tbody>
</table>

* figures for 2005 pertain to the nine months period April 2005-December 2005

# Manhours per tonne of cement as per Holcim Methodology
First launched in Bangalore, the ACC Help Centre was created as a customer service initiative and comprises a place to impart knowledge and expertise required to assist individual homebuilders understand and manage the entire process of home building in a professional and unbiased environment. The first of its kind in India to target individual home-builders in this way, the center addresses the anxieties of home builders at all stages of planning and construction and provide the “expert” inputs needed for successful completion of the home building process.

Tutorials, conveniently scheduled in the evenings, guide the home builder, through all the relevant steps of house construction process - from pre-construction worries on stamp duty, selection of architects and appropriate service providers to estimating budgets. Steps from purchasing land, budgeting to choice of material and planning of the construction process are elaborated, step-by-step. Specially designed booklets on each stage of building one’s “Dream House” are made available at these centres at a nominal price. Films and educational literature designed for masons and students and technical books/booklets on cement, concrete and building construction, and maintenance are also available on request. The centers tracks relevant data of aspiring home builders and proactively engages with them in a dialogue. Valuable feedback is obtained from each visitor.

ACC launched the first Help Centre in Nov 2003 in Bangalore. Today there are 17 of them in the country. Average customer footfalls at each center has increased from 50 per month to a national average of 275 per month. More than 10000 satisfied customers have been created through this initiative.
ACC's pioneering efforts in introducing two value added products - Bulk cement and Ready Mix Concrete have been responsible for redefining the pace and quality of construction activity in India's metropolitan cities and in mega infrastructure projects.

**Bulk Cement**
ACC introduced Bulk cement to India in 1956 as an alternative to bagged cement, which has proved to be of particular advantage to large consumers of cement. In India, more than 95 per cent of cement consumed is purchased in 50 kilogram bags while in developed nations more than 90 percent cement is transported and sold in bulk.

ACC offers bulk cement through its subsidiary company, Bulk Cement Corporation of India (BCCI) situated at Kalamboli, in Navi Mumbai. BCCI caters to bulk cement requirements of the city of Mumbai and its environs. It has two cement storage silos with a capacity of 5,000 tonnes each. The plant receives cement in bulk from ACC plant at Wadi and has its own special purpose railway wagons and rakes and its own railway siding. The first of its kind in India, BCCI is equipped with all the facilities required by increasingly sophisticated construction sites in a bustling metropolis, including a laboratory, a fleet of specialized trucks and site silos for the convenience of customers.

Bulk cement has several advantages as compared to bagged cement. Mechanized handling, loading and unloading of cement reduces manual intervention to the barest minimum. At site, the cement is pumped into portable 15-ton steel silos offered by ACC. Dust collecting silos safeguard against dust pollution. Since it is stored in a sealed space, the quality and quantity of cement is assured. It is tamper-proof, cost-efficient and eco-friendly.

**Ready-Mix Concrete**
ACC established India’s first commercial Ready-Mix Concrete (RMX) in Mumbai. From January 2008 this business has been reorganized as a separate wholly owned subsidiary company called ACC Concrete Limited. It is one of the largest manufacturers of RMX in India with 30 modern plants in major cities such as Mumbai, Bangalore, Kolkata, Chennai, Delhi, Hyderabad, Goa, Pune and Ahmedabad.

RMX is concrete that is specifically manufactured for delivery to the customer’s construction site in a freshly mixed and plastic or unhardened state. RMX Concrete is sold by volume - usually expressed in cubic meters. RMX can be custom-made to suit different applications. ACC Concrete is supplied in a variety of grades and compositions to meet customized applications. ACC has supplied ready mixed concrete to many prestige projects in Mumbai and other cities including the Mumbai-Pune expressway and the Delhi Metro rail project. The JJ flyover in Mumbai was the first mega construction project in India to use High Performance Concrete of M-75 grade.

RMX assures its customers numerous benefits including consistent and assured quality of concrete, flexibility in concrete design mixes, smaller inventories, material handling and storage of raw materials at sites. The use of RMX is an environmental friendly practice that ensures a cleaner work place and causes minimal disturbance to its surroundings.
With rampant energy shortages in India, ACC is engaged in making regular modifications in process and technology to adapt to best practices in energy savings on the usage of conventional energy and fuel sources. Efforts are on to seek viable renewable energy and non-fossil fuel sources. The Company made its first foray into Wind energy in 2007.

ACC was first in the country to utilize waste by-products from other industries and deploy them gainfully to manufacture cement. These included blast furnace slag and calcium carbonate sludge from steel and fertilizer industries. The Company led the promotion of Fly ash based cement, which used fly ash, generated as a waste pollutant in thermal power industries. These efforts played an important role in redefining what were once waste pollutants into raw materials compatible for the manufacture of cement.

The Company’s Alternate Fuel and Raw Materials (AFR) business was established in 2005 with fuel risk abatement as its prime objective. The department actively promotes the use of alternate fuel and raw materials to reduce dependence on conventional fossil fuels and help in mineral resource conservation. The AFR business offers comprehensive waste management services based on the principle of co-processing the waste in cement kilns. A full fledged research laboratory has been set up for the purpose. Large plantations of Jatropha, Castor and Subabul trees are being laid on barren and wastelands at most of our plants for bio-mass generation to serve as replacement fuel.

Our other environmental initiatives include conservation of natural resources like limestone through cleaner mining operations, quarry rehabilitation, water management and green belt development.

There are regular training and awareness generation programmes on Environment Management, Equipment Operations & Maintenance, Occupational Health & Safety and Waste Management. World Environment Day, Mines Environment & Mines Safety Week are observed with dedication.

### Details of raw materials consumed

<table>
<thead>
<tr>
<th>Raw material</th>
<th>Unit</th>
<th>2007 Quantity</th>
<th>2006 Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slag</td>
<td>Million Tonnes</td>
<td>1.858</td>
<td>1.751</td>
</tr>
<tr>
<td>Gypsum</td>
<td>Million Tonnes</td>
<td>1.075</td>
<td>0.982</td>
</tr>
<tr>
<td>Fly Ash</td>
<td>Million Tonnes</td>
<td>3.538</td>
<td>2.992</td>
</tr>
</tbody>
</table>
Cement manufacture is an energy intensive process consuming both electrical and thermal energies. Energy constitutes about 15% of our costs. In 2007, we purchased 31% of our electricity requirement while as much as 69% was produced through captive power plants. The company has 225 MW of captive power generating capacity of which 184 MW is thermal while the remaining is mainly liquid fuel based. There are projects under implantation to install 130 MW of thermal based captive power generation capacity.

The global warming challenge is of deep and immediate concern. ACC has constituted a renewable energy division within its Power Management Group. Its first major initiative was to establish a state-of-the-art wind power project in Tamil Nadu to provide an environmentally sustainable energy input to our Madukkarai Plant. The wind farm, commissioned in late 2007, has already generated about 12 million units of green carbon free energy. The Company is exploring other viable opportunities for wind power and has received approval for a wind power project in Rajasthan.

Going forward, the Company aims to pursue other sources of non-conventional green energy such as wind power, waste heat recovery, solar PV energy, solar thermal energy and mini hydel power and build them as sustainable business models through the Clean Development Mechanism. Thus in states where wind farm availability is limited, we are looking at sourcing possibilities from hydel power projects. We have waste heat recovery projects under examination in our Gagai plant in Himachal Pradesh and Kymore Plant in Madhya Pradesh.

We now have a policy of using renewable energy to a specified extent at all our newly built environments such as office buildings, control rooms and residential colonies. Cement House which houses the corporate office in Mumbai is undergoing refurbishment to make it an energy efficient building.

### Energy Consumption

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel Consumption (million Tonnes / annum for Cement Production)</td>
<td>2.40</td>
<td>2.57</td>
</tr>
<tr>
<td>Coal for onsite power generation (million Tonnes / annum)</td>
<td>1.49</td>
<td>1.38</td>
</tr>
<tr>
<td>Process Power consumption (KWH/ tonne of Cementitious material)</td>
<td>89</td>
<td>88</td>
</tr>
<tr>
<td>Total Power Consumption (KWH/tonne of Cementitious material) including Colony</td>
<td>94.71</td>
<td>96.26</td>
</tr>
<tr>
<td>Specific thermal energy consumption (GJ/tonne of Clinker)</td>
<td>3.14</td>
<td>3.07</td>
</tr>
</tbody>
</table>
7.2 Case Study: Energy Efficiency

Several initiatives and projects have been implemented to optimize the performance of various equipment so as to achieve optimum utilization of electrical and thermal energy. This has helped in reducing power consumption of all ACC Plants including colony power consumption. The average specific energy consumption has reduced from 113 KWH/tonne to 94.71 KWH/tonne of cementitious material in the last 7 years.

**Salient Initiatives are listed below:**

1. ** Mines & Crusher** – Improving the efficiency of dewatering Pumps at Kymore mines and the installation of tertiary crusher at Kymore, and Chanda. Installation of secondary and tertiary crusher at Gagal.

2. ** VRM Section** – The output of the vertical roller mill (VRM) at Gagal was increased from design levels of 220 TPH to 360 TPH in a phased manner by
   - Change in separator from Polysius to LNV separator
   - Increase in VRM gear Box speed from 24 RPM to 27 RPM
   - Installation of Hybrid ball mill to grind limestone from separator rejects
   - Conversion of screw feeding system to belt feeding system.

3. ** Process** - Major process changes were carried out at Chaibasa and Lakheri plants from wet to dry process and at Madukkarai from wet to semi-dry process. This has resulted in substantial reduction in thermal energy consumption with a marginal increase in electrical energy consumption.

4. ** Kiln Section**
   - Improvement of Kiln Burners at Gagal, Bargarh and Lakheri plants.
   - Installation of high efficiency seals at discharge end of Kilns at Lakheri, Chanda and Bargarh.
   - Increased utilization of alternate fuels at Lakheri, Gagal and Madukkarai
   - Addition of new pre-heater stream at Lakheri and Gagal
   - Addition of pre-heater stage at Gagal and Jamul

5. **Cement Mills**
   - Installation of pre-grinders for cement mills at Gagal, Chanda & Tikaria
   - Improvement in mill output by modified liners and close circuiting of Mills at Chaibasa, Chanda, Sindri.
   - Replacement of pneumatic conveying system by mechanical conveyor at Madukkarai, Chanda, Tikaria, Jamul and Gagal.
   - Grinding media pattern optimization at Tikaria.
   - Increased fineness of VRM product by reducing Mogen Sensizer finer screen at Tikaria.
   - Installation of new cement mills of higher capacity at Gagal, Kymore, Lakheri and Chaibasa

6. ** Cooler** - Improving grate cooler performance at Bargarh, Chaibasa, Lakheri and Kymore Kiln and installation of new grate cooler at Gagal

7. ** Packing Plant** - New packers installed at Sindri, Wadi and Gagal.

8. **Coal Mill** - Replacement of coal mill grit separators with dynamic separators at Chanda and Jamul.
7.3 Atmospheric Emissions Control

Sophisticated pollution control equipment and devices and a well equipped environmental laboratory provided at each plant help in the monitoring and measurement of environmental parameters. All our plants are certified with EMS (Environment Management System) — ISO 14001:2004. Internal audits, surveillance audits and reviews are carried out regularly.

Baseline Monitoring
ACC is making substantial investments to monitor and measure the environmental performance of its plants in terms of emissions termed as baseline monitoring. The result of this monitoring provides emission values using conventional fuel and acts as a reference for evaluating the incremental change in emission from the usage of alternate fuels. The activity will also serve to demonstrate to our stakeholders the changes in the emission behaviour of the kiln system on account of the usage of AFR.

So far we have conducted base line monitoring in four plants using the services of SGS India, a third party agency certified by the Central Pollution Control Board. Emission parameters that were measured in this exercise are dust, SO$_2$, HCl, NH$_3$, H$_2$O, CO, O$_2$, Benzene, Mercury, Heavy Metals (Sb, As, Cd, Cr, Co, Cu, Pb, Mn, Ni, Ti, V); Dioxins / Furans (PCDD / PCDF) and Total Organic Compounds.

Continuous Emission Monitoring Systems
Continuous Emission Monitoring System (CEMS) are being installed at all our plants in a phased manner to facilitate continuous monitoring of emissions and ensure environment compliance within the standards. These systems would also allow online monitoring of the associated emissions from co-processing wastes and indicate whether each type of industrial waste used is viable and environment friendly material. The first CEMS is expected to be operational in 2008.

Monthly CO$_2$ Reporting
Cement industry is among the major emitters of greenhouse gases. Acknowledging this fact, ACC has started reporting the CO$_2$ emissions from clinker and cement production activities. Gross CO$_2$ emissions and Net CO$_2$ emissions is calculated for the company as a whole using data provided by each individual cement plant. The calculation principles and guidelines are based on the Cement CO$_2$ Protocol developed by the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD). Absolute Gross CO$_2$ Emissions, Absolute Net CO$_2$ Emissions, Specific Gross CO$_2$ Emissions and Specific Net CO$_2$ Emissions are also calculated for the entire Company.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO$_x$</td>
<td>929.51</td>
<td>Not measured</td>
</tr>
<tr>
<td>SO$_2$</td>
<td>105.06</td>
<td>Not measured</td>
</tr>
<tr>
<td>NH$_3$</td>
<td>1.50</td>
<td>Not measured</td>
</tr>
<tr>
<td>Dust</td>
<td>95.12</td>
<td>115.55</td>
</tr>
<tr>
<td>Organics</td>
<td>6.53</td>
<td>Not measured</td>
</tr>
<tr>
<td>Mercury</td>
<td>0.02</td>
<td>Not measured</td>
</tr>
<tr>
<td>Chromium</td>
<td>0.02</td>
<td>Not measured</td>
</tr>
<tr>
<td>Dioxins / furans (ngTEQ/Nm$^3$)</td>
<td>0.003-0.015</td>
<td>Not measured</td>
</tr>
</tbody>
</table>

Note: In India load based standards i.e. g/tonne of cementitious material are still under development, hence there are no standard values for comparison.

CO$_2$ Emission (Including on-site power generation)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute gross emissions Million Tonnes CO$_2$</td>
<td>13.56</td>
<td>12.80</td>
<td>12.20</td>
<td>5.76</td>
</tr>
<tr>
<td>Absolute net emissions Million Tonnes CO$_2$</td>
<td>13.56</td>
<td>12.80</td>
<td>12.20</td>
<td>5.76</td>
</tr>
<tr>
<td>Specific gross emissions Kg CO$_2$ / Tonne Cementitious materials</td>
<td>681</td>
<td>680.00</td>
<td>704</td>
<td>854</td>
</tr>
<tr>
<td>Specific net emissions Kg CO$_2$ / Tonne Cementitious materials</td>
<td>681</td>
<td>680.00</td>
<td>704</td>
<td>854</td>
</tr>
</tbody>
</table>

CO$_2$ Emission (Excluding on-site power generation)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute gross emissions Million Tonnes CO$_2$</td>
<td>11.57</td>
<td>10.99</td>
<td>10.4</td>
<td>5.32</td>
</tr>
<tr>
<td>Absolute net emissions Million Tonnes CO$_2$</td>
<td>11.57</td>
<td>10.99</td>
<td>10.4</td>
<td>5.32</td>
</tr>
<tr>
<td>Specific gross emissions Kg CO$_2$ / Tonne Cementitious materials</td>
<td>581.00</td>
<td>584.00</td>
<td>586</td>
<td>772</td>
</tr>
<tr>
<td>Specific net emissions Kg CO$_2$ / Tonne Cementitious materials</td>
<td>581.00</td>
<td>584.00</td>
<td>586</td>
<td>772</td>
</tr>
</tbody>
</table>
7.4 Case Study: Dust Control

ACC has a mix of cement plants that has modern plants as well as those using older technology namely wet, semi dry, long dry kilns and four stage suspension preheater kilns. Over time, when changes took place in cement manufacturing technology, plant and equipment capacities were progressively upgraded. Most of the dust emission control equipment which were installed in the early 1980’s to achieve outlet emissions of 150 to 250 mg./Nm³ became inadequate to handle higher plant capacity and lower emission standards. This necessitated upgradation of the old pollution control equipment, which was not a simple task. Plant layouts posed a constraint in some cases while there were few if any reliable pollution control equipment suppliers willing to take up such complex retrofit projects.

ACC then decided to set up its own facility for retrofitting and up gradation of this equipment in 1993 at its Thane complex in collaboration with Hamon Research Cottrell, USA. This included a full fledged fluid dynamics laboratory, the first in the Indian cement industry, for carrying out physical gas flow model studies for different equipment. Over the years, most of the equipment were continuously upgraded to meet local statutory emission norms. Apart from upgrading and installing pollution control equipment for ACC, the division also took up consultancy, supply and erection jobs for clients from various industries in India and overseas. In fact ACC gained significant recognition for excellent services rendered. This activity had to be curtailed to cater to increased requirement of retrofitting and supply of pollution control equipment to the company’s own plants which were undergoing expansion.

As part of the plan to meet stringent emission standards, the company decided to convert 2 to 3 stage field Electrostatic precipitators (ESP) to Bag Houses which are more efficient in dust control than ESPs. Dust emission control equipments for all our cement plants and captive power plant are designed and upgraded so as to achieve emissions well below statutory norms as well as our internal standards. Some recent case studies where dust emissions were brought down are given here.

**Wadi: Conversion of Kiln ESP to Bag House:**
Two Kiln ESPs of 1200 TPD were designed for capacity and emission level of 150 mg/Nm³ whereas they needed to be restricted to less than 30 mg/Nm³. Both ESPs were converted to Bag Houses with state-of-the-art filter media using pulse jet cleaning system. After successful conversion, the measured emission values were 3.6 mg/Nm³ & 1.55 mg/Nm³ for Kilns 1 & 2 respectively, well below the designed value of 30 mg/Nm³.

**Bargarh: Clinker Cooler ESP retrofit and ESP conversion**
The existing 3-field ESP supplied by Flakt India was designed to handle clinker cooler gases with a view to achieve dust emission level of 150 mg/Nm³. Subsequently, flue gases from slag grinding circuit were also introduced into the same ESP. The equipment could not cope with slag dust and a substantial increase in gas volumes. As a result dust emission increased beyond 800 mg/Nm³.

An independent Bag Filter was installed for the slag grinding circuit and these gases were delinked from the ESP. The ESP internals were retrofitted with new discharge electrodes and an additional field was provided at its inlet. The dust conveying system was also refurbished. The job was completed successfully and emission levels dropped to less than 16.4 mg/Nm³.

To provide better environmental conditions, it was decided to convert the ESP to a Pulse Jet Bag House. The conversion project successfully brought down dust emission levels to 1.9 mg/Nm³ against the design level of 30 mg/Nm³.
ACC has successfully demonstrated re-channeling the use of industrial wastes such as fly ash and slag to make premium quality blended cements. Today it is the largest producer of blended cements in the country, offering two varieties of blended cements namely; Fly-ash based Portland Pozzolana Cement and Portland Slag Cement. Fly Ash is generated as a waste by Thermal Power Plants, while Slag is a waste by-product from steel plants.

**Fly-ash based Portland Pozzolana Cement** (PPC) is made by intergrinding high strength clinker with processed fly ash. This imparts a greater degree of fineness to the cement and improved workability properties while mixing. Concrete made of this cement is more corrosion resistant and impermeable which together provide better long-term strength and durability of structures.

**Portland Slag Cement** (PSC) is manufactured by blending and inter-grinding OPC clinker and granulated slag in suitable proportions as per approved norms of consistent quality. Portland Slag cement imparts strength and durability to all structures. PSC has many superior performance characteristics which give it certain extra advantages when compared to Ordinary Portland Cement.

The manufacture of blended cements using pollutant industrial wastes is among the most publicly recognized eco-friendly practices demonstrated by the cement industry. ACC has been a trend-setter in the industry in this respect with as much as 85% of its total production comprising these environment friendly ‘green’ cements. Following our lead, the share of blended cements in total production has been growing steadily in the last few years. Blended cements involve less combustion and hence less emissions. The use of these materials to make value-added cements is acknowledged as serving many benefits—conservation of limestone (a precious mineral), energy conservation, recycling of pollutant industrial wastes and reduction of greenhouse gases.

**Clinker Factor:** ACC has been able to reduce the clinker factor to 67.58% by utilizing other compatible industrial wastes like blast furnace slag and fly ash.

### Mineral Component and Clinker Factor

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinker factor (%)</td>
<td>67.58</td>
<td>69.43</td>
</tr>
<tr>
<td>Blast Furnace Slag consumption (Million Tonnes / annum)</td>
<td>1.86</td>
<td>1.75</td>
</tr>
<tr>
<td>Coal fly ash consumption (Million Tonnes / annum)</td>
<td>3.54</td>
<td>2.99</td>
</tr>
</tbody>
</table>

In 2006, the company was felicitated by three ministries of the Government of India (Power, Environment & Forests and Science & Technology) for registering the country’s highest utilization of fly-ash.

![Graph showing trend in blended cement production](image_url)
ACC has embarked wholeheartedly on a trend setting path of promoting the use of Alternate Fuel and Raw Materials. The AFR team offers total solutions for waste management including testing based on co-processing. This is an environmentally sound technology to avert environment damage cost, threats to human health and other risks and liabilities. It is a new concept for Indian industry.

Co-processing refers to the use/disposal of waste materials in industrial processes as alternative fuels and raw materials to recover energy and material value from them, if any. Co-processing of hazardous wastes in existing cement kilns provides a simple, sustainable, local and immediate solution to the problem of disposing hazardous wastes without affecting the environment, and without huge investments. Co-processing is indeed a more environmentally sustainable method of waste disposal as compared to the conventional methods of land filling and incineration because it involves reduced emissions and there is no resultant residue from it.

ACC now extends co-processing services in the country as a safe and environment-friendly method for management of wastes to industry and society. We are capable of accepting not only those wastes which have some raw material or fuel value, but also other wastes which are difficult to handle and dispose. All types of wastes can be effectively disposed off in this way without any harmful emissions, due to the high temperature and long residence time of the material in cement kilns. An efficient cement kiln can thus provide an environmentally sound and cost-effective recovery or disposal option for most wastes including hazardous and non-hazardous ones but excluding banned wastes. These banned wastes comprise anatomical hospital wastes, asbestos-containing wastes, bio-hazardous wastes, electronic scrap, entire batteries, explosives, high concentration cyanide waste, mineral acids, radioactive wastes and unsorted municipal garbage.

**AFR Policy**

ACC’s Vision for AFR Business is to be the most respectable service provider to the waste generators in India. The company has an AFR Policy that governs its behaviour and operations in co-processing various kinds of wastes in cement kilns. In order to comply with the principles listed in the policy as also to provide better services to our customers, ACC is setting up essential infrastructure and facilities including ISO 17025 certified AFR testing laboratories for speedy and accurate evaluation of wastes, continuous emission monitoring systems on kiln stacks, waste specific feeding arrangements and pre-processing platforms at different locations.

**Total Solutions**

In order to provide our customers with long term solutions for their entire waste disposal problem, we enter into long term legal contracts with them which cover all aspects of service provision. Special attention is paid to Occupational Health and Safety. Management and employees are trained in handling and processing of wastes. Risk Assessment Procedure (RAP) and Crisis Management Plan (CMP) documents are formulated for different streams of wastes after joint discussion with the safety personnel at both ends. All findings and developments of co-processing are well documented and transparently communicated to all stakeholders.

**Stakeholder Meets**

The ACC-AFR team has organized regional stakeholder meets in different parts of the country in association with Ambuja Cement Limited, Holcim, GTZ, Central and State Pollution Control Boards. Representatives from leading industries and various cement plants have participated in the events and speakers from various eminent organizations like GTZ, Holcim, CMA, NCBM, Ramky, CPCB & SPCB have shared their experience of hazardous waste management at these forums. In 2006 two stakeholder meets were held at New Delhi and Jaipur. Subsequently two more stakeholder meets were organized at Bangalore and Ahmedabad in 2007.

**New Initiatives**

The following are some highlights of the initiatives taken by the AFR team in 2007:

- A national level agreement with a leading company in fast moving consumer goods business to dispose of their expired products at ACC’s Kymore plant in Madhya Pradesh.
- Madhya Pradesh Pollution Control Board was the first to grant permission to ACC Kymore works for the trial burn of ETP sludge and poly residue waste at Kymore Works. In order to demonstrate the safe and environment friendly disposal of these waste materials to various stakeholders ACC undertook a successful co-processing trial with these materials.

**Memorandum of Understanding (MoU)** with Indian Centre for Plastics in the Environment (ICPE) for Joint Industrial Research Project on Co-processing of Plastics Waste as Alternate Fuel in Cement Kilns.

- The Wadi plant in Karnataka successfully disposed of an entire generation of spent activated carbon from a reputed refinery.

- Long term agreements finalized with a premier multinational automobile group in Karnataka. Long term agreements have also been signed with leading food and beverages manufacturing, pharmaceutical and machinery manufacturing companies.

- The Madukkarai plant in Tamil Nadu safely disposed an entire generation of calcium fluoride sludge, a hazardous waste from fertilizer industry.

**Other achievements**

The State Pollution Control Boards of Orissa, Rajasthan and Himachal Pradesh have invited ACC to provide them support for management of hazardous waste in
The company has posted a number of issues in the Draft Hazardous Materials (Management, Handling and Trans-boundary Movement) Rules, 2007 as inclusion of the definition of co-processing in the rules, acceptance of co-processing as a waste management solution, etc. The draft was rigorously analyzed and the concerns were submitted to the Ministry of Environment and Forests and represented through Federation of Indian Chambers of Commerce and Industry (FICCI), Confederation of Indian Industry (CII) and Cement Manufacturers’ Association of India (CMA).

The AFR team is represented on the Technical Team of India’s 11th Five Year Plan, which will consider AFR as a national initiative. The team is working in association with GTZ and Pollution Control Board for formulating guidelines for obtaining TSDF status for cement kilns.

**Testing facilities**
ACC is setting up ISO 17025 certified AFR testing laboratories at its Wadi, Madukkarai and Kymore plants and at the Technical Support Services in Thane- near Mumbai, for prompt and accurate determination of waste characteristics. Construction work on the laboratories is near completion and most of the testing equipment has already reached the plants. They will be manned by trained chemists. Over 600 samples from different industries have been tested so far.

**Reduction of Green House Gases (GHG) emissions**
The usage of AFR in cement process does not lead to any additional emissions. This fact is reinforced through the trial runs that have been conducted by third party monitoring agency which demonstrates that all emissions in the kiln stacks including the heavy metals, POPs, PCDDs and PCDFs are well within the norms prescribed by CPCB for the incinerators. In fact, some of the emissions (such as NOx) were reduced by disposing/using the wastes in the cement process. The overall CO2 emission also decreases.
ACC has a rich and long experience in mining, being the largest user of limestone in the country. Limestone is the principal raw material for cement manufacture whereas shale, clay and quartzite are required in smaller quantities being additives for correction. Most of our limestone requirement is met from our captive mines. ACC operates twelve limestone mines which are captive to its cement/clinker manufacturing plants. The company holds mining leases for limestone, clay, quartzite and shale in the states of Himachal Pradesh, Rajasthan, Maharashtra, Karnataka, Tamil Nadu, Orissa, Madhya Pradesh, Chattisgarh and Jharkhand. Limestone, clay and shale occur together and mined proportionately based on the requirement.

Limestone production during 2007 was about 19.2 Million Tonnes whereas total material handled was about 27.7 Million Tonnes. An additional 8.5 Million Tonnes was handled as overburden to expose subsurface limestone.

Mining operations start with drilling and blasting. Mines development is an activity undertaken to expose subsurface limestone for use as raw material for clinker manufacture. The next stage is the raising or production process, followed by loading and transportation. During the mining of limestone, overburden is encountered in the form of soil, shale, sandstone and other material that cannot be used in the cement process. Such material is stored separately in overburden dumps. It is used later for backfilling and reclamation of worked out and used mines. Similarly top soil collected while removing overburden is also stored and stacked separately for use in afforestation.

Sub grade limestone encountered in the mining process is not discarded but enriched with high grade limestone. Such blending of limestone helps in the conservation of this mineral.

ACC has a mechanized method of opencast mining which uses shovel dumper for loading and transportation of limestone and overburden. Drilling is performed with integrated DTH drilling rigs. ACC was first in the country to use several mining equipment such as the hydraulic drill, high capacity excavator (7 cubic metres bucket capacity) and high capacity (85 Tonnes) dumper at its Wadi mine. These were inducted to achieve higher production as well as for reduction of fuel consumption.

Fuel (Diesel) consumption by our mines on a company wide basis in 2007 was 0.39 litre per tonne of material handling. The equipment sizing for shovel/excavator and dumper varies from 2.8 cum to 7 cum for excavator and 35 T to 85 T in case of dumper, depending on the size of the mine. The smallest mine in ACC produces about 45000 tonnes per month while largest produces about 600,000 tonnes per month.

**Mines Safety**

Safety in mines receives overriding preference irrespective of the size and scale of operations at the mine. All mining personnel—whether in maintenance, production, operation or administrative jobs—have to undergo specific on-the-job training and a safety orientation before being allowed to resume routine work.

Mining activity is supervised, controlled and managed by qualified Engineers so as to conform to standard procedures, meeting regulatory norms of Directorate General Of Mines Safety for safety, health and welfare matters of all mines employees and norms of the Indian Bureau of Mines for conservation and utilization of mineral.

**Afforestation Activities**

The overburden dump once matured is afforested through plantation. Non-mineralized areas are also brought under plantation.

**National Remote Sensing Agency**

ACC requested National Remote sensing Agency (NRSA), an agency under Department of Space, Govt. of India, to carry out land use assessment studies.
around its cement plants and captive mines as part of an Environmental Impact Assessment with a view to assess changes in the mine and surrounding environment. The study covered land use and land cover in a radius of about 25 km around the mine and plant with respect to built-up areas, agricultural land, wasteland, forest areas, mining and water bodies. NRSA used remotely sensed satellite derived data with different multi-spectral bands in different spatial resolutions. The studies compared satellite images of the year 2001-2002 with similar images of 2006-2007.

NRSA was assigned to carry out studies for all 9 integrated Cement plans of ACC. As on April 2008, they have carried out studies for Kymore, Wadi, Chanda and Jamul, the final report on Kymore & Jamul has been submitted.

The report concludes that land use and land cover pattern of the area around Kymore and Wadi plants reveals that there has been a significant increase in the area under dense forest during 2006-2007 as compared to 2001-2002. There is an improvement in the double cropped area as well as in surface water spread which could be attributed to adoption of soil and water conservation measures.

**Kymore**

The satellite image shows a green belt created along the conveyor belt transporting limestone from the mines to the plant.

**Wadi**

IRS image depicts land cover in and around Wadi plant in 2001 and the changes in 2005.

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Wadi: Satellite image depicts land cover in and around Wadi Plant in 2001 and the changes in 2005

**Before:**

ACC planted 1 million trees on barren hills near our Kymore plant in collaboration with the State Forest Department in February 2003.

**After:**

In December 2006 the same hill range became lush with greenery and inhabited by wild life.
ACC has won several prizes and certificates of merit for its programmes involving ‘greening,’ afforestation, reclamation and rehabilitation, top soil management, noise abatement and other visible measures such as tree plantation and water management. ACC has proudly showcased its successes with reclamation of lands abandoned as mines and quarries. Some of these desolate tracts have been transformed into green parks, orchards, forests and even a bird sanctuary with a picturesque lake.

Tree plantation is a regular and committed activity. Vacant land available in the plant, mines and colony at each of our factories is used to develop greenery of various species. Some of our plants have developed as much as 40 per cent area for green belts as compared to the statutory requirement of 30 per cent. Each cement plant has its own success story of tree plantation, greening activities, horticulture, flower and fruit cultivation and water conservation.

- Kymore has undertaken greening of the desolate Kaimur Hills—an ambitious project where 1,50,000 trees are already planted with a survival rate of more than 95 per cent. Elsewhere volunteers at Kymore have planted a record 1,00,000 saplings in a single day.
- At Gagal in Himachal Pradesh, 1.1 million plants and saplings were planted in waste lands.
- Chaibasa distributes saplings to local people free of cost on Independence Day. 1,50,000 trees have been planted over an area of 24.9 hectares.
- In Chanda around 5000 trees are planted every year.
- Fruit orchards and plantations flourish in Jamul, Katni and Gagal.

Rocky areas in mines have been rendered suitable for plantation by over-spreading topsoil obtained from mining activity. Afforestation programmes at our units have helped transform the once barren and dry ambience of our plants into lush greenery. ‘Each One Plant One’ has been an inspiring message practised by many of our employees. The total plantation undertaken across ACC is more than 3.3 million numbers of trees, with an average survival rate of 85 per cent and spread over an area of 10,000 acres in mines, factories and residential townships.

Tree plantation and green belt development programmes have also been extended to cover adjoining areas in the vicinity of our plants for the benefit of the entire local community.

Bio Diversity: Among the most satisfying results of the company’s horticulture, rehabilitation, greening and afforestation activities is the opportunity it provides to enable natural life to flourish. This is most evident in the many water bodies created in abandoned mines or the dense forests and orchards grown on arid and barren lands where migratory birds, insects and plants thrive.

There are no known instances of any endangered wild life or plant species around our locations. No formal study has as yet been undertaken to assess the impact of our operations on the flora and fauna around plant and mines. However we aim to take up this task within the next two years.

Wild life conservation plans have been made and submitted for two of our locations in the states of Jharkhand and Orissa. These include suggestions in respect of the protection of flora and fauna along with the creation of some basic infrastructure for water-harvesting, support for anti-poaching measures and livelihood generation assistance for tribals in forest areas.
Coal is the principal fuel used in cement manufacture. As this non-renewable fuel gets scarce and costly, serious efforts are being made to identify substitutes. Agro wastes are an attractive and renewable alternative fuel, rich in calorific value and available in abundance. ACC has been using agro wastes as fuel in its cement process for many years. The biomass used is rice husk, cashew shell, mustard stems, wood waste, tamarind shell and cow dung flakes.

Use of biomass reduces overall CO$_2$ emissions. Biomass is considered as a carbon neutral entity, as trees both sequesters carbon and releases it on combustion. Additionally, the use of biomass prevents its decay which releases the green house gases CO$_2$ and NH$_3$ in the atmosphere.

At ACC, we aim to plant 5 million Jatropha saplings by 2009. Almost 1.2 million of Jatropha plantations have been undertaken in our waste lands areas. These trees yield fruit, biomass, de-oiled cake and raw extracted oil (without esterification) which produces thermal energy on combustion. Jatropha have a life of 25 to 30 years and require little maintenance. Such plantation helps in restoration of vast tracts of degraded lands around the works.

Our Kymore plant uses Parthenium, a wild and deleterious weed as another type of biomass. Parthenium grass is an alien invasive species eroding the native biodiversity. It competes with agricultural crops in the fields and depletes the soil of its fertility. Parthenium’s miniscule pollen particulates are a threat to humans and cause severe respiratory disorders. ACC has engaged the local community through co-operative society for collection of this wild weed. This is a win-win situation for the villagers who get their fields cleared of the weed, earning money by selling these weeds to us and getting employment. For ACC, this means an abundant supply of biomass from surrounding areas and reduced dependence on fossil fuels.

Plantation of other fast growing trees is being undertaken so that tree prunings from these may serve as an economical and sure supply of coal substitutes.

7.9 Case Study: Plantations for bio-mass
Our water conservation efforts have been noteworthy, with important contributions from nearly all our plants. The company maintains a norm of Zero Water Discharge at all cement units. Water is used in the plants as industrial cooling and the entire water is recycled through cooling towers, water ponds and tanks.

Ground water encountered during mining operations at our mines together with any other rain or surface water, is pumped out of the mines to keep it dry for operation. ACC cement plants have converted old abandoned mines into huge reservoirs by collecting rain water from different catchments around mines. The collected water is then channelled into the abandoned mines forming water storage areas. The capacity of each such reservoir is approximately 6 to 10 lakh cubic metres. The reservoir water is further treated in the plant and colony before it is used. Old worked out mines have thus been converted into water reservoirs at Kymore, Jamul, Chaibasa and Wadi plants. These reservoirs meet the water requirement of our plants and help improve ground water tables in surrounding areas. Rain water harvested at Lakheri mine is utilized for irrigation of surrounding areas.

As a result of these initiatives, we now have several examples of outstanding achievements in water harvesting and in the creation of reservoirs in abandoned mines and quarries. Some of our plants have become self-reliant with respect to their water requirements for use in the plant, mines and colony.
ACC’s Gagal Cement Plant in the North Indian state of Himachal Pradesh was the first to set up a Bio-Tech Root Zone treatment Plant for managing domestic sewage and waste water using a natural process which is simple and cost-efficient.

The system involves running contaminated water into trenches filled with certain reeds such that the water passes underground through the root zone of specially designed reed beds. The reeds and reed beds together create a remarkable effluent treatment factory beneath the surface of the soil. Dirty water flows into the system only to emerge as clear water that has been made environmentally acceptable using a basic natural process.

The reeds of the species, phragmites, are essentially wetland plants, that have a capacity to absorb oxygen from the air through stomatal openings behind their leaves. The oxygen is pushed through the porous stems of the reeds into the hollow roots, where it enters the root zone and creates optimal conditions for the growth of numerous bacterial and fungi.

Bio diversity is the key to the root zone process. More than 2000 types of bacteria and tens of thousands of fungi exist in the reed bed. These microbial organisms oxidize impurities in the wastewater and decompose the contaminants to their basic form. Phosphates, sulfur compounds and nitrogenous materials reduce to their elemental forms. Heavy metal precipitates are bound into the soil matrix. The outcome of this constructed marsh is treated waste water which is not only environmentally acceptable but much cleaner.

The process is very efficient and environment friendly as it is in itself completely natural. It involves minimum energy. No mechanical equipment is needed to pump the water as it is made to flow into the reed beds by gravity. The star cleansers are these reeds which are bio-degradable and renewable. There is no odour and no toxic chemicals are used. Since all the sewage flows are subsurface, no foul smell emanates from the waste water and there is no breeding ground available for mosquitoes and flies. In fact the plants are very adaptive and can respond to wide changes in the quality of wastewater. A two hectares wetland plot with reed plantations can tackle effluent from a population of around 4500 persons.

The Gagal root zone plant has a capacity to treat 100 cubic meter of domestic sewage per day. Root zone treatment is a cost-effective and eco friendly solution to waste water treatment.
7.12 Towards Greener Technologies

ACC has initiated several steps to reduce CO₂ emissions through various means such as upgrading of technology, usage of alternative fuels and raw materials, reducing clinker factor by using materials like fly ash, slag and various energy conservations means. The company has registered two of these projects under Clean Development Mechanism (CDM).

**Blended Cement Project:** This project seeks to conserve limestone through an increase in the proportion of fly ash blend in cement. Considerable research was involved to successfully increase the proportion of fly ash in the blend beyond general conventions without compromising the strength characteristics of cement. Generally in India, 18-20% is the fly ash proportion, whereas ACC has increased this proportion to 30%.

ACC has put in considerable investments in implementing this project activity at site. The major investment is in increased capacities of fly ash feeding silos, conveyor systems, feeding systems, and synchronization of project activity with centralized monitoring and management system.

ACC has successfully implemented this CDM Project at four Cement plants. In doing this, several environmental issues have been addressed.

- Lower consumption of limestone, a natural resource, thereby reducing the GHG emissions resulting through the processing of carbonaceous materials.
- Utilization of fly ash, a pollutant byproduct of thermal power plants which is difficult to handle and dispose in an eco-friendly manner.
- Reduced power consumption in cement processing thereby reducing the load on grid power supply and coal or diesel based captive power plants.

**Wind Mill Power Project:** ACC successfully commissioned its first Wind Energy Farm located in Udayathoor in Tirunelveli district, Tamil Nadu. This initiative is part of the company’s efforts to adopt clean and green technologies to reduce dependence on conventional fossil fuel based energy sources.

The wind power plant comprises six modern wind turbines each of capacity 1.5MW. The Udayathoor Wind Farm is located near Kanyakumari, a region that experiences winds of enough speed to support wind energy installations. Wind power generated here is wheeled to ACC’s Madukkarai Cement plant in Coimbatore through a suitable arrangement with the state grid. Excess power not utilized by Madukkarai plant will be offered to the grid. So far the farm has generated 12 million units of energy.

Electricity generated from wind power is Green energy. It is renewable; non-polluting, relatively noise-free and leads to no direct emissions. Wind energy projects are eligible for Clean Development Mechanism (CDM) benefits under certain specific conditions. ACC is exploring other viable locations for setting up wind farms. Approval has been received for a windmill to be located in Rajasthan.

**Industrial farming Of CO₂:** We have initiated a project to sequester CO₂ generated by cement kilns to produce high energy oil bearing algal biomass, which can then be reused as fuel in cement kilns. Conservation of fossil fuel and CO₂ mitigation are the two main driving goals of the project. The plan is that the algal biomass produced by the bioreactor, through recycling of the CO₂ from the cement kiln stacks, will be directly fired in the captive power plants and the cement power plants. It involves the screening of appropriate high and fast yielding algae cultures, the development of a bioreactor on a lab bench scale, scaling up the technology to a pilot plant and then demonstrating the same commercially. The project calls for a multi disciplinary approach and involves microbiologists, algae experts, bio-technologists, engineers and other professionals. The company is working with other agencies to take up trials of different industrial systems to identify the best algae strains and most appropriate culture methods for incorporation into the cement production process.

**Waste Heat recovery:** In dry process cement plants nearly 40 percent of total heat input is rejected as waste heat from exit gases of pre-heaters and grate coolers. In most plants the waste heat is utilised for drying raw material or pre-heating air required for coal combustion. But even after covering these applications, there is still some heat available which can be utilised for electrical power generation. Tapping this energy offers much potential. Waste Heat Recovery Systems are known to be working successfully in cement plants in some countries. The power generated in this way can be enough to operate the kiln section on a sustained basis. ACC is exploring power generation based on waste heat recovery from cement kiln and cooler gases.
8 Social Performance

ACC demonstrates the practices of being a good corporate citizen and has a clearly stated policy in respect of its corporate social responsibility.

ACC has pledged to uphold the principles of The Global Compact, the voluntary international corporate citizenship network initiated by the United Nations.

ACC personnel devote considerable time in interacting with and trying to meet the needs of the populace in the vicinity of its plants. In 2006 we initiated a detailed exercise of Community Needs Assessment studies undertaken through in-house teams and with external expert agencies. The research was done in a participatory manner involving key stakeholders from the local community and others. We intend to roll out this study at all plants.

ACC supports all major State and National health initiatives such as the eradication of malaria and dengue fever. More recently the company stepped forward to play a meaningful role in the nationwide effort to eradicate HIV/AIDS. We first announced a workplace policy for HIV/AIDS to guarantee and safeguard the rights of employees infected and affected by this virus. Next the company decided to set up two Anti Retroviral Treatment Centre for HIV/AIDS treatment in States with high prevalence. This is the first such initiative by any company in the Indian corporate sector.

A materiality matrix was drawn based on deliberations of a large team of executives from all major functions and regions of the company. Executives from our associate companies Holcim of Switzerland and Ambuja Cement Limited also participated. The group identified issues of critical importance in the area of sustainable development. The resultant matrix matched areas of concern to various stakeholder groups with their impact on the company. We propose to get this matrix endorsed by external stakeholders using the services of a third party to verify the process. The resultant matrix will prove to be valuable in guiding our agenda for sustainable development. We will feature the final matrix in our next report.
ACC has a large workforce of more than 10,000 people, comprising of experts in various disciplines assisted by dedicated skilled persons. ACC employees, referred to as the ACC family, come from all parts of the country and belong to a variety of ethnic, cultural and religious backgrounds. ACC employees display a strong sense of loyalty to the Company and their special stellar qualities as ‘value-adding’ human capital are well known in the industry.

ACC has a fair and transparent recruitment process with adequate opportunities to look for suitable candidates internally as well as from outside.

Performance Management: The Company’s performance management system is in itself a benchmark that provides ample opportunities and motivational incentives to employees to reward and retain good talent. There are Performance Linked Incentives, Good Work Awards, Letters of Appreciation, Special Increments, Promotions, Nomination to external training programmes in India and abroad, public felicitation and appreciation Awards. Some plants felicitate and reward Best Employee and Employee of the Month. Employees who display aptitude and reward are invited to become Trainers themselves and receive Train the Trainer facilitation.

ACC’s new Performance Management System incorporates a linkage between an individual employee’s performance indicators with the organizational goals which allows the employee to see his or her role in contributing to achieve the organisation’s objectives. Training is imparted to take care of an individual’s career development as well as functional and skills enhancement. Competency and Development training inputs include Skill and general performance enhancement, communication skills and career development.

Welfare & Amenities: Employee welfare receives prime attention at ACC. We have several schemes for general welfare of employees and their families. These cover education, healthcare, retirement benefits, loans and financial assistance and recreation facilities.

ACC townships have excellent schools that are often the best in the district. Education at these schools is subsidized for employees’ wards. We offer attractive scholarship allowances for children studying at places away from their parents, merit scholarships for outstanding children and financial assistance for employees’ children to pursue higher professional education.

Liberal medical benefits are made available to employees and their family members by way of reimbursements towards normal medical treatment, domiciliary treatments and special sanctions for serious illness. Each of our townships has well-equipped health care centres with qualified medical staff and facilities, ambulance, referrals and tie-ups with reputed hospitals for specialised treatment. In addition, there are regular health check-ups, camps and programmes.

Employees are eligible to apply for loans and financial assistance for various purposes such as purchase of assets, residential premises as well as a scheme that provides for supply of cement at subsidized rates to those building their own houses.

At our cement plants employees are

<table>
<thead>
<tr>
<th>Management Level</th>
<th>Top</th>
<th>Senior</th>
<th>Middle</th>
<th>Other Employees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male FTE excluding subcontracted personnel</td>
<td>65</td>
<td>325</td>
<td>1,137</td>
<td>8,175</td>
<td>9,882</td>
</tr>
<tr>
<td>Female FTE excluding subcontracted personnel</td>
<td>1</td>
<td>7</td>
<td>56</td>
<td>90</td>
<td>154</td>
</tr>
<tr>
<td>Total FTE excluding subcontracted personnel</td>
<td>66</td>
<td>332</td>
<td>1,373</td>
<td>8,265</td>
<td>10,036</td>
</tr>
</tbody>
</table>

*FTE - Full Time Employees

Total number of employees’ turnover by age group and gender
(Including those leaving voluntarily or due to redundancy, dismissal, retirement or death in service)

<table>
<thead>
<tr>
<th>Number of FTEs leaving the company in 2007</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
<th>Number aged</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>under 30 years</td>
</tr>
<tr>
<td></td>
<td>463</td>
<td>47</td>
<td>510</td>
<td>147</td>
</tr>
</tbody>
</table>

Average annual base salary of male and female employees by management level in 2007

<table>
<thead>
<tr>
<th>Management Level</th>
<th>Average annual remuneration in INR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
</tr>
<tr>
<td>Top and Senior Mgmt. Level</td>
<td>2,636,031</td>
</tr>
<tr>
<td>Middle Mgmt. Level</td>
<td>651,039</td>
</tr>
<tr>
<td>Other employees</td>
<td>343,535</td>
</tr>
</tbody>
</table>
provided furnished and unfurnished accommodation based on their entitlements. At many locations, employees are given free electricity, free water supply and free bus facility for nearby places and schools. These houses are well-maintained and periodically upgraded.

**Employee satisfaction:** In addition to periodic internal Employee Satisfaction Surveys, ACC participates in Employee Satisfaction and Work Place Surveys conducted by reputed external agencies like Hewitt Associates and Grow Talent. ACC has also retained reputed firms like Mercer and Boston Consulting Group to study the internal work environment and employee policies to suggest areas of improvement. We share below salient points of the latest survey of employees:

- People are treated fairly regardless of religion and gender
- ACC is a safe place to work
- Management is competent in running business
- Employees feel good about what we do for society
- Proud to tell others I work here
- Management thinks positively
- The overall findings show significant job satisfaction at all levels as also deep respect for the Company, its performance management system and its overall business performance. The company has just concluded a survey to assess employee perceptions of the quality of life of its employees, particularly those posted at our cement plants.

**Employee practices:** ACC has a good record in respect of the treatment of its Human Resources. Our HR policies and procedures have been designed to give prime importance to employee welfare and to enable a work environment that combines mutual trust and productivity. The Company is committed to enforce all relevant provisions and rules of various statutes/authorities as regards labour policies and practices. Regular internal audits are carried out by Corporate Human Resources and Management Audit. The Company participates in various external surveys to benchmark its existing policies and practices to constantly improve upon the same and align itself with the changing employer-employee paradigm and expectations. Some of the specific steps taken by our factories and establishments in this respect include regular meetings with Union representatives, regular communication meetings and obtaining direct and informal feedback from employees and through Bi-partite Committees. The Company is fortunate that it has had no strike or cessation of work in the past three years at any of its locations.
8.2 Training and Development

Our Performance Management System incorporates a process called Competency Assessment and Training and Developmental Needs wherein appraisers are specifically called upon to identify and assess training needs of employees at specific intervals that do not coincide with Performance Appraisals. This is so that training needs can be assessed objectively. Training is imparted to take care of an individual’s career development as well as functional and skill enhancement. Functional training needs are identified and conducted by functional departments while Corporate HR organizes competency and developmental inputs.

<table>
<thead>
<tr>
<th>Management Level</th>
<th>Expenses (Rs.)</th>
<th>Number of hours spent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Average</td>
</tr>
<tr>
<td>Top and Senior Mgmt. Level</td>
<td>7101320</td>
<td>17840</td>
</tr>
<tr>
<td>Middle Mgmt. Level</td>
<td>36746640</td>
<td>18360</td>
</tr>
<tr>
<td>Other employees</td>
<td>45685800</td>
<td>5960</td>
</tr>
</tbody>
</table>
ACC has taken purposeful steps in respect of knowledge building through a special thrust to people development, learning, sharing of knowledge and best practices.

The prestigious Sumant Moolgaokar Technical Institute (SMTI), formerly the Kymore Engineering Institute in Madhya Pradesh completed 50 years in 2007. SMTI has had a distinguished track record of producing more than 3000 Artisans and Foreman trainees who have served creditably in ACC and other cement plants in India and abroad. Most of the alumni comprised children of employees, workers and the local community around ACC’s cement plants. Training at SMTI was valued as being superior to that provided at various Industrial Training Institutes in the country. SMTI was reopened in 2007 with a fresh vision and curriculum that now inducts Industrial Training Institute (ITI) qualified students and grooms them for technical and supervisory positions in Electrical, Instrumentation, Diesel and Fitting trades in India’s Cement manufacturing sector. The faculty includes engineers with considerable experience in ACC’s cement plants or in the field of technical education.

The programmes at the Regional Training Centre in Jamul in Chattisgarh are being revamped to offer professional technical courses also relevant to manufacturing sectors such as Cement.

As part of a public-private partnership scheme, ACC volunteered to work with Government and industry associations to upgrade ITI’s located near ACC’s cement plants. So far agreements for partnerships with 7 ITI’s have been finalized with State governments.

ACC operates schools at most of its cement plants which maintain high standards and are open to other children of the vicinity. These schools are preferred centers of learning in the district and adjoining areas. Wherever possible, ACC provides funds and infrastructure to help support local centers for education, such as funds for new buildings, repairs and scholarships.
8.4 Occupational Health & Safety

Occupational Health & Safety (OH&S) is a vital part of ACC’s journey towards Sustainable Development. Safety Audits are being carried out in ACC since 1995 by National Safety Council based on the 5-Star Auditing System of British Safety Council. There is a continuous effort to measure and improve Safety Management Systems to avoid accidents.

Safety Observation Tours (SOT) are conducted at all plants for identifying safe/unsafe behavior and conditions of an activity or task. It is mandatory for all management staff to conduct SOT once in a week for their respective work areas. During SOT, line managers identify safe/unsafe behaviour and conditions and suggest appropriate control measures.

Hazard Identification and Risk Assessment workshops are held at all plants to identify hazards and assess risks and take appropriate control measures. The workshop involves all line mangers of the plants to assess and prioritize the risk.

A Red Card System is being followed to facilitate reporting of hazards directly to the top management by all employees. Any employee either from management or non-management staff can report hazards directly to the Plant Head through this system.

A personal hazard reporting system is also in place. This is a process wherein any person from any functional area can identify hazards and report to the concerned supervisor. The supervisor assesses the risks associated with the hazard and suggests control measures to be applied. A record of all the hazards thus identified is maintained in the Hazard register. Departmental safety committees carry out plant safety inspections of their specific work areas on a routine manner with specific checklists to identify the hazards and suggest remedial measures. Tool Box talks are arranged daily at the beginning of each shift in every department to discuss and communicate

work place hazards and risks involved in a process or operations wherein the person are employed. Safety Gate meetings are held on the first of each month to communicate safe practices.

ACC follows an OH&S pyramid system which is an Occupational Health and Safety Management System. It has a separate block for hazard identification and hazardous work areas which specifically deal with different types of hazards and their control measures.

Safety Awareness Campaign
Safety awareness campaign was carried out for the employees working in the corporate office and Thane office of ACC. The purpose of the campaign was to create awareness amongst the employees regarding OH&S policy, principles and management system. The campaign also covered awareness sessions on safety on road, rail safety and safety at home. The participants were made aware of important safety aspects, one should keep in mind while traveling by rail or road. They were also given tips to improve safety at their home. During the campaign all the participants were given a pocket guidebook covering basic aspects of safety at workplace which they can refer to all the time.

OH&S Organization Structure
ACC’s OH&S Organization is headed by the Managing Director and extends into three groups i.e. Corporate, Region, and Plant. An OH&S coordinator at corporate office drives the OH&S policy and principles in all plants of ACC and provides expert advice to the management regarding OH&S matters. He is supported by professionals overseeing four important areas - OH&S Training, OH&S Programmes, OH&S Reporting & Administration and Construction Safety. The OH&S Head coordinates major OH&S initiatives in all plants. Regional OH&S coordinators ensure that the flow of information reaches the plant OH&S team and also provides support to the plant OH&S team in all

<table>
<thead>
<tr>
<th>OH&amp;S Performance</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTIFR (Own and Subcontractor employees)</td>
<td>0.90</td>
<td>0.93</td>
</tr>
<tr>
<td>LTISR (Own employees)</td>
<td>38.85</td>
<td>63.03</td>
</tr>
<tr>
<td>Occupational diseases</td>
<td>No case</td>
<td>No Case</td>
</tr>
<tr>
<td>Lost time Injuries</td>
<td>40</td>
<td>38</td>
</tr>
</tbody>
</table>
their activities. The Plant OH&S team is responsible for providing necessary OH&S training to line managers and for conducting scheduled inspections of plant facilities. They also support line management in implementing safety measures in the plant.

CASE STUDY – Hazard Profiling Workshop

The purpose of this workshop is Hazard Identification and Risk Assessment (HIRA). It helps identify unsafe acts and behaviour visible on site, calculation of the risk associated with it and enables corrective action to eliminate / reduce the hazard to be prioritized. The workshop trains line managers in plants in hazard hunting and risk assessment through theoretical as well as practical sessions.

Activities

The workshop activities involve the following:

- The types of hazards and their potential for injury
- Method of identifying the range of hazards within the operation
- Method of conducting a personal risk assessment
- Method to develop a comprehensive list of hazards within the operation which require corrective action based on priorities (risk)

The Hazard Profile Workshop consists of 4 parts:

1. Classroom theoretical training
2. Practical field work
3. Group work with presentation of hazard findings to the plant management
4. Action plan for implementation of controls recommended

The field work is done for 1 day. Groups (4-5 Persons per group) are allocated specific areas of the plant. They identify the hazards present in their designated areas under the leadership of area/department head (group leader), note the location of each hazard, persons exposed to the hazards and control measures required. Evaluation of the risk associated with the hazards identified is done to rank them depending on risk factor. Based on this assessment, rectification measures are identified and recommendations are presented to the plant management by the participants at the end of the workshop. The Plant management prepares an action plan and assign responsibilities for implementing controls to minimize / eliminate the hazards identified.

Results

Hazard Profile Workshops have been conducted at all plants of ACC. During these workshops 8088 hazards were identified and rectified. As a result of these workshops a positive cultural change has been observed in the perspective of the line managers towards managing the hazards present in their operational areas.
8.5 Health Care

Each of our townships has well-equipped health care centres that are mini-hospitals with qualified medical staff, the latest in basic diagnostic equipment and facilities including ambulance and referrals with reputed hospitals for specialised treatment. In several locations, we share these facilities with members of the local community. At other places, the company provides mobile health services to adjoining villages and conducts regular diagnostic health camps focused on general medicine as well as special ailments and diseases such as Mother-child health care, Cancer detection, Hepatitis, Tuberculosis, Eye check-up, and Diabetes.
ACC volunteered to lend a hand in the national effort to combat the HIV/AIDS which is recognized as being one of the country’s major public health issues.

The company first announced a Workplace policy for HIV/AIDS that guarantees the fundamental human rights of employees affected by this virus, while enunciating concern for their treatment. The policy includes awareness programmes for employees, their families and the community around our plants – especially the high-risk groups among them.

Next we set up an Anti Retroviral Treatment (ART) Centre for HIV/AIDS treatment in Wadi in Karnataka, a State where the virus is highly prevalent. The Wadi ART Centre opened in March 2007. It is equipped with all basic physical infrastructure, medical equipment, laboratory facilities and trained personnel. It has a complement of trained medical and para-medical staff. The centre provides voluntary counseling and testing services and caters to the general public living in Wadi and surrounding districts. It conforms to the guidelines stipulated by the National AIDS Control Organisation (NACO) of Government of India. Supply of vital antiretroviral drugs is arranged free of cost by NACO. The Centre is the first outside the Government sector to be included in the list of NACO’s approved ART Centres in the country.

An independent Trust called ACC Ayushmaan Trust has been created to enable the Wadi ART center to function effectively. The Trustees include senior executives of the company and an experienced medical person from the local district.

ACC has entered into a tri-partite partnership with Christian Medical College (CMC) Vellore and CII’s India Business Trust for HIV AIDS to establish the ACC CMC Trust for Infectious Disease (ACTFID). This Trust is initially supporting an extension of the existing facility in CMC Vellore. A new building to house the ACTFID ART centre is planned. CMC will put up a laboratory in this complex for training and advanced research on HIV / AIDS.

ACC is the first company in the private sector to set up such treatment centres and among only a handful of companies in India to have a formal workplace policy for HIV/AIDS.

**Awareness Education**

“Prevention is better than cure.” Accordingly we conduct general Health camps and awareness programmes targeted at high-risk groups in the community as well as our employees, their families and adolescent children. Condom vending facilities have been installed at the Wadi ART centre and other places.

**8.6 Case Study: HIV/AIDS**

ACC Limited have agreed to a request from CII – IBT to lend support as a leading corporate in the national effort against HIV/AIDS. ACC Limited have adopted a Workplace policy for HIV/AIDS based on a draft recommended by us as also established an Antiretroviral Treatment Centre at Wadi, Karnataka for treatment of HIV/AIDS patients. This is a laudable achievement as the ACC project is the first initiative of its kind by private sector in India.

- Shefali Chaturvedi, Director & Head – Social Development Initiatives & Healthcare, Confederation of Indian Industry
**A typical awareness is conducted as per a plan described below.**

### Awareness sessions with the help of charts, posters, demo materials.
1. ACC Employees and their families
2. Contract Workers in & around Wadi
3. Villagers in and around Wadi
4. School/College Students
5. People Living with HIV/AIDS (PLHA)
6. People in the high risk category (CSW/MSW)

### Awareness cum Health Checkup Camps in the villages in and around Wadi.
1. Villagers
2. People Living with HIV/AIDS (PLHA)
3. People in the high risk category (CSW/MSW)

### Presentations on HIV/AIDS in different Schools & Colleges.
1. School/College Students

### Observation of World AIDS Day
1. ACC Employees and their families
2. Contract Workers in & around Wadi
3. Villagers in and around Wadi
4. School/College Students
5. People Living with HIV/AIDS (PLHA)
6. People in the high risk category (CSW/MSW)

### Voluntary Counselling & Testing Centre (VCTC)
1. ACC Employees and their families
2. Contract Workers in & around Wadi
3. Villagers in and around Wadi
4. People Living with HIV/AIDS (PLHA)
5. People in the high risk category (CSW/MSW)

### Anti Retroviral Treatment (ART)
1. Persons diagnosed with HIV/AIDS in the ART Centre with CD-4 count less than 200.

### Management of Opportunistic Infections (OIs)
- People Living with HIV/AIDS (PLHA)

### Follow up of Pre ART Patients
1. Persons diagnosed with HIV/AIDS in the ART Centre with CD-4 count more than 200.

### Management of HIV Disease & its regular follow up.
1. People Living with HIV/AIDS (PLHA)
Amit – from tears to cheers
Amit was like any other boy of nine, living with his parents and brother. One day his mother sent him on an errand to a shop in an adjoining town. Taking a short cut, as little boys are wont to do, he darted across the railway track and jumped to catch a running train. But alas he lost his grip and slipped.

His feet were badly mowed by the train. His grief-stricken parents rushed him to the nearest hospital - the one in ACC Jamul. There Dr J Y Ganu, Sr Manager-Health Services, took immediate steps to resuscitate the child who was in dire shock and blood splattered. Under heavy sedation, he was transported in the company’s ambulance to a bigger hospital in the city of Bhilai. The injury was serious and the doctors had to take a painful decision to amputate his right foot and most of the left foot to save his life.

Amit’s father could not afford the fees at this city hospital and brought him back to ACC Jamul hospital. There began a slow healing process under Dr Ganu’s watchful treatment and care with regular dressing of his wounds, adequate nutrition and a daily programme of motivation. Dr M Rajashekara performed the necessary skin grafting while Dr M L Nema and Dr G R Banerjee spent time with Amit for daily physiotherapy.

Such a calamity would unsettle an adult. But Amit is no ordinary boy. Everyday he received lessons from school and his homework books were also corrected daily. Gradually the brave little boy began to move around on a wheelchair and soon learnt how to ambulate on crutches. The children of ACC Middle School Jamul arranged to get him a set of the famous Jaipur feet. At long last, Amit donned the Jaipur Feet specially made for him. Now he is mobile and active again - back to his cheerful self, carrying out his normal activities at school, home and also the playground. Amit’s father Mr Hemant Verma works as a contract labour in Jamul.

Amit’s is a powerful story - a rare real life story full of hope, grit and inspiration for both legs. ACC agreed to bear the cost for Shashikumar’s treatment. Now Sashikumar walks again without support.

A Helping hand
A similar tragedy befell 16 year old Shashikumar, son of Mr Gyanmitra, a machine attendant in ACC Wadi. Shashikumar slipped from a train while traveling from Wadi to Gulbarga, to attend college. He was rushed to a hospital in Hyderabad where doctors had to amputate both his legs below the knee. After initial treatment, he was recommended the use of artificial limbs for both legs. ACC agreed to bear the cost for Shashikumar’s treatment. Now Sashikumar walks again without support.
Our overall business strategy incorporates our CSR agenda that identifies the community living around our cement plants as one of our major focus groups for whom the company aims to make comprehensive plans to address their overarching issues and challenges such as enhancing employability, providing education, healthcare, capacity building and creating basic rural infrastructure. The second focus group comprises regulatory authorities with whom we pledge to cooperate to address issues of concern to society such as the environment, land use, employment practices and customer satisfaction. Thus our strategy is to enhance the company’s reputation by upgrading the standard and quality of life of the community around our plants as also to improve the environment in which we operate.

The key focus areas identified by us are also of public concern in India. Thus our interventions can be said to be aligned with the national priority.
ACC was amongst the earliest companies in the country to have an independent department dedicated to rural development and village welfare activities, as part of the company’s village welfare scheme launched in 1952. The Rural Development Department had a team of professionals comprising social scientists, agriculturists, civil engineers, horticulturists, medical officers and social workers. The Company was forced to disband this team two decades ago on account of acute financial stringency.

However the spirit of community development was kept alive and the company conducted its CSR agenda with the function entrusted as an additional responsibility to Plant Heads and other executives. The system worked satisfactorily as it helped integrate community development closely with the Company’s main business.

A new CSR Department was introduced in ACC in 2006. The Company’s Corporate Communications Department has been expanded to include Corporate Social Responsibility as an independent function. We have put in place a new organizational structure for CSR and inducted experience and trained professionals to coordinate this work at regional and plant levels while retaining the spirit of volunteering and participation from employees of mainstream functions. Recruitment to fill in these vacancies is still going on and we expect to complete the process by mid 2008.
The rural community around many of our plants comprises the weakest sections of rural India with no access to basic amenities. Tribal people also form part of the neighbourhood. We have a long history of undertaking a range of activities meant to raise the quality of life and living conditions of the under-privileged and backward classes in the vicinity of our plants and mines. At most of our plants we extend educational and medical facilities for the local populace.

With a new team of dedicated CSR coordinators being posted at all our major plants, we are strengthening and streamlining our agenda for community development and engagement at each of our locations. Our new approach is more holistic and comprises the following typical steps:

A. Rapid Assessment including stakeholder analysis
B. Needs Assessment - study and report
C. Identifying local partners & NGO's for engagement
D. Training and coaching in different areas
   i. Self-development
   ii. Quality of living - hygiene
   iii. Health
   iv. Capacity building - participation in village institutions, livelihood generation, enhancing trade skills
E. Linkages – identifying and formalizing backward and forward linkages in production, employment, fund mobilization and marketing.
F. Making an Action Plan for target communities
H. Monitoring and evaluation

The new approach brings a sharp focus on capacity building and livelihood generation, particularly for the youth and women. The main objective of this programme is to make the community self-reliant.

Measuring Effectiveness: We appreciate the importance of measuring the effectiveness of our community development work. Accordingly we are undertaking an impact analysis based on feedback obtained from representatives of the local community on the utility of our development schemes. In addition, we have received valuable guidance from our counterparts in the Holcim group to use a new tool devised by them, called the Social Engagement Scorecard, it attempts a participative qualitative assessment of the impact and efficacy of individual community development schemes. We have already been inducted into using this
process and plan to measure schemes of significance at four plants this year and complete the remaining exercise by the close of 2009.

Well-being Analysis
We are currently undertaking community needs assessments at all our plants. Combined with this study we are also conducting an impact analysis of our interventions in these locations which are based on perceptions of the local community. We reproduce an extract from such a study carried out by Partners in Change in some villages near our Gagal plant in Himachal Pradesh in 2006. This extract shows how the establishment of the Gagal cement plant impacted the lives of the local people.

“We in the course of the study, well being analysis of the villages was conducted with men and women groups in selected villages. The exercise was used as a tool to develop an understanding on the community perceptions on their socio-economic condition and developing indicators for each category which, were agreed upon regarding various levels of well being and factors which effect their well being. All families in the villages were classified into three locally defined and agreed categories of well being. In the Balloh village they were categorised into five categories. In each village, the well being analysis was done as a 20 year comparative, before initiation of the ACC project and the current situation.

<table>
<thead>
<tr>
<th>Category</th>
<th>20 Yrs before</th>
<th>Now</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rich</td>
<td>3.7%</td>
<td>18.2%</td>
</tr>
<tr>
<td>Poor</td>
<td>45.9%</td>
<td>55.3%</td>
</tr>
<tr>
<td>Poorest</td>
<td>49.5%</td>
<td>25.3%</td>
</tr>
<tr>
<td>Rich</td>
<td>1.9%</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

Prior to the initiation of the ACC project, 4 families were well off, which has currently risen to 21. There is a strong perception amongst communities that their well being has considerably improved after ACC interventions. A Harijan family of Bater village claimed that after the initiation of the ACC project their status of living has improved and they have lived a more respectable life than earlier. At present, the majority of families, which were in the poorer sections, have been moved into the middle array of ladder.

The key factors responsible for this change have been higher employment opportunities provided and land compensation package provided by ACC project. The opening of private sector companies like A.C.C Gagal, and the concomitant employment increased the socio-economic status of the people over all these years.
In 2006 it was decided to undertake Community Needs Assessment studies at all our Plants to help us devise effective community development programmes. We decided to retain the services of leading Social Science institutes and CSR consultants in respect of the larger Plants whilst at smaller ones we planned rapid assessment studies using our own internal team of professionals. Accordingly detailed studies have been undertaken at four Plants so far. The study at Gagal was conducted by Partners In Change. Tata Institute of Social Sciences (TISS) have studied the community at Bargarh in Orissa and Chaibasa in Jharkhand.

According to the report, these studies are giving us useful insights into the development of the community, their demographic profile and their current needs. All these assessments have been done using the participatory research approach in close interaction with the local community and other stakeholders.

"ACC has brought Barmana on the map of India. The various development activities carried out by ACC has set an example for all industries in the region. ACC has enabled us to give better education to our next generation and hence better standard of living"

- Ramlok Bhardwaj, Senior Resident of Bhater village, near Gagal, Himachal Pradesh
Expenditure on the Company’s social and community related initiatives are accounted separately as the budget for Corporate Social Responsibility or CSR budget. We have had to align and standardize accounting and budgeting of CSR expenses with our new accounting and reporting format in the SAP environment. Hitherto, the budgeting process was based on a summation of activity wise expenditure and outlay needed for approved projects and schemes at each plant and others based on the local community’s priorities, exigencies and their complexity. That approach ensured availability of funds especially in earlier years when the Company’s financial condition was not satisfactory.

### Corporate Social Responsibility

<table>
<thead>
<tr>
<th>Activity</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR Infrastructure</td>
<td>6.7</td>
<td>1.1</td>
</tr>
<tr>
<td>Providing education for society’s future</td>
<td>12.8</td>
<td>63.5</td>
</tr>
<tr>
<td>Supporting sustainable community development</td>
<td>11.4</td>
<td>4.8</td>
</tr>
<tr>
<td>Building infrastructure for livable communities</td>
<td>64.4</td>
<td>35.8</td>
</tr>
<tr>
<td>Others</td>
<td>27.1</td>
<td>17.4</td>
</tr>
<tr>
<td>Grand Total</td>
<td>122.4</td>
<td>122.6</td>
</tr>
</tbody>
</table>

In 2007 we adopted a new approach to budgeting for overall CSR expenditure which was linked to a percentage of profit before tax, subject to a minimum base level. Profit before tax offers a fair yardstick for sharing profit among key stakeholder groups – including government which receives Tax as its share. The actual expenditure will be based on merits of each individual proposal. The classification of expenses shown here is as adapted from the practice followed by the Holcim group. These figures are un-audited.
8.13 Stakeholder Engagement

Our business plan encourages close coordination with our principal stakeholders. All community initiatives are undertaken with the advice of selected representatives from the local community as well as local administration and other influencer groups. Each Plant has a team of such persons whose advice is invaluable in formulating and implementing development schemes. It is planned to induct these people formally into the Company’s Community Development team and give them the name of Community Advisory Panels.

**Stakeholder Analysis:** A stakeholder analysis is being done afresh at each of our locations based on a format suggested by Holcim. The exercise is done as a collaborative effort of different groups of people. It begins with drawing a stakeholder map that differentiates between primary and secondary stakeholders and their “proximity” to the company. Stakeholders are identified in terms of their order of importance, their disposition to ACC and the influence they can wield on our community programmes. A detailed list of our stakeholders mapped by is shown here.

### Major Stakeholder Groups

A. Employees  
   - Full time Employees – Local Workers, Outsiders, Mgt Staff  
   - Temporary and casual workers

B. Neighbours at Factory, colony and mines  
   - Original land owners – oustees, relocated, resettled, rehabilitated  
   - Neighbours immediate – adjoining and abutting colony, factory and mines  
   - Neighbours distant  
     These are listed individual Villagewise, so we identify which villages are important.

C. Customers  
   - Local customers individual - small retail purchases  
   - Local non-trade customers

D. Dealers, Suppliers and service providers and other associates  
   - ACC’s authorized cement Dealers and other retailers  
   - Transporters – from local community  
   - Transporters – from outsiders  
   - Local suppliers

E. Opinion Leaders  
   - Influential Individuals  
   - Community leaders  
   - Community elders, influential citizens  
   - Important local office bearers  
   - Local politicians

F. Government & Local Administration  
   - District officials and administration  
   - State Government officials  
   - Central Government officials  
   - Representatives of regulatory & statutory compliance bodies

G. Others  
   - NGO’s  
   - Local activists  
   - Media
**Ladies Clubs in ACC**: Every plant in ACC has traditionally had an informal association of ladies predominantly for their social and recreational activities. These Clubs have been contributing by way of organized voluntary work in the areas of school activities, literacy drives, health camps, blood donation drives, donations, relief measures as well as empowerment programmes for women. The Ladies Clubs participate in tree plantation campaigns and promote cultural activities.

We have now, for the first time, attempted to integrate these laudable social volunteering efforts of the ACC Ladies Clubs into the company’s overall CSR plan. **ACC AHEAD** (or Association for Health, Education And Development) is the name given to the CSR chapter of Ladies Clubs representing the social volunteering and community work being done by these women of ACC. The programmes supported by ACC AHEAD focus on hygiene, women’s empowerment through capacity building and livelihood generation, education and training through a Learn & Earn model. Ladies Club members display a strong propensity for volunteerism in these specific areas and also demonstrate commitment and competence. The ACC AHEAD chapter at each of our locations has encouraging success stories. The challenge in most cases is the creation of linkages to support sales outlets, livelihood and income generation.

At Jamul, the Jamul Ladies Club has successfully organized women of the Kherda village to make gloves needed by workers in the packing section of our plant. Cloth and thread is supplied free of charge to each woman and the gloves are purchased from them at an agreed rate. Each woman is able to make an average of about 10 pairs of gloves a day. The goal for the Jamul Ladies Club is how to make this a self-financing enterprise.

At Chaibasa, the Ladies Club is operating a Tailoring school for local women since 1992. The school conducts courses in tailoring, cutting and embroidery of six-month duration. The current session is the 21st with 34 trainees, comprising adult women and girls, mostly from rural areas near Chaibasa. Some of the graduates of this school have reported regular monthly incomes of Rs 2000 to 3000.
8.14 Partnerships

The Company is actively seeking partnerships with NGOs, government and other agencies to help create synergies for our target community particularly by way of providing experience in micro-finance, capacity building and the creation of income generating employment. We have identified several NGOs in the country and have commenced engagement with them.

Sustainable Community Development:
A sustainable community development programme has been finalized for the benefit of the populace around our Wadi Plant. This comprises a set of comprehensive interventions conceptualized by Development Alternatives who have considerable experience in this area. The programme is designed to enhance economic growth, well-being and self-reliance of the people in Wadi town and nearby villages through the building of local institutional and human capacities. The time-bound plan spread over three years targets the creation of local enterprise-based livelihoods, healthier habitats with adequate community physical infrastructure, household services and village institution building.

With a view to attain overall development of the area, DA aims to synchronize our programme with other development schemes planned and approved for the region. DA seeks to harness additional resources by forging alliances with local administration, state governments and other NGOs working in this territory to leverage their resources and programmes.

This project will be among the most comprehensive and well structured community development programmes implemented by the company. The project is spread over a period of three years and will help enhance the reputation and visibility of ACC through improvements in the standard of living and quality of the environment around Wadi.

Sustainable Housing & Rural Infrastructure
We have signed a memorandum of understanding with Development Alternatives to set up a Centre of Excellence that will collaborate with other like minded organizations and work together with them to develop and offer practical solution-based knowledge products and services in the areas of housing and rural infrastructure that are economically, socially and environmentally sustainable. The centre will help address imminent and future challenges of housing and rural infrastructure by providing innovation support, capacity building and outreach services to the construction industry and to enable the creation of livelihood opportunities and provide support to small rural and semi-urban entrepreneurs in the field of rural habitat and infrastructure. It is hoped that this collaboration will make significant contribution in promoting use of sustainable materials and demonstrating sustainable habitat technologies in housing and rural infrastructure.

Sustainable Construction
We are partnering with Holcim Foundation for Sustainable Construction to give wide publicity to the Holcim Global Awards competition in India. These are intended to felicitate designs for Sustainable Construction which means building in a manner that conserves resources and is socially, economically, environmentally, functionally and aesthetically balanced to meet today’s needs without compromising the ability of future generations to meet their own needs. We are hoping we get good participation from India considering our large pool of talented architects and engineers. We have attempted to reach these groups directly through advertisements in trade journals and presentations to trade associations and schools of engineering and architecture.

We also decided to help promote the concept of sustainable construction in India in partnership with the Holcim Foundation. In a first step, we have extended financial support along with Holcim Foundation to what we expect to be the most exemplary sustainable building project in India – the headquarters building of Development Alternatives, a reputed non-governmental organization. The building was inaugurated last month by the Chief Minister of Delhi.
9 Looking Ahead

While the global economy appears to be volatile with signs of a slowdown, India shows a healthier macro economic outlook, even after its GDP growth forecasts have been moderated. The domestic economy is characterized by generally favourable conditions with rising income levels and consumption led growth. These signs augur well for infrastructure industries and building materials like cement, steel and aluminium. We expect construction activity in the country to be brisk notably in housing and infrastructure sectors.

We foresee that cement industry will experience higher degrees of competition. The availability of cost effective fuel and energy sources (notably coal), and transportation will continue to pose serious challenges. Cement is among the highest taxed items in India and is likely to remain so. Consequently the industry will face cost pressures that will need greater levels of overall efficiency, productivity and cost competitiveness.

Steep escalations in the cost of major raw materials, energy and fuel will accelerate the quest for alternative fuels and raw materials. Limestone reserves which are concentrated in limited geographical areas will come under pressure from the ambitious capacity expansion programmes that are under implementation. As environmental laws in the country tighten, the industry will need to focus even more on processes that promote and safeguard the environment and natural ecological balance.

Rising industrial production means that overall energy and power consumption will also grow steeply. Total CO\textsubscript{2} emissions will therefore swell in similar magnitude. But we will see a favourable impact in emissions from the campaign for climate change mitigation and wider awareness of sustainability issues. Installed capacity of the Indian cement industry is likely to nearly double in the next five to seven years which will lead to an overall increase in gross CO\textsubscript{2} emissions. However, we foresee that specific CO\textsubscript{2} emissions will decline as a result of good practices such as the promotion of blended cements, alternative fuels, renewable energy sources and more energy-efficient technologies.

With the creation of more job opportunities, we expect employee attrition rates to rise. This will also put pressure on average remunerations which are quite likely to rise steeply.

Expectations of the community living around our cement plants and mines will also mark a significant change, mainly because of a growing number of youth population. The most critical assistance they will need is the availability of better higher education and the creation of sustainable livelihoods.
10. Road Map for 2009

**Strategy**

**Organization:** To strengthen CSR and environment management functions.

**Policy:** To formulate and adopt policies for Human Rights and Charities & donations.

**Coordination:** Constitution of CSR/SD committee to coordinate reporting and target setting in CSR & SD matters.

**Materiality:** Validate internal matrix for external stakeholders using third party verification.

**Data:** To streamline CSR/SD Data collation and reporting.

**Sustainability report:** To release next report in 2010 for the year 2009.

**Economic**

**Vendor appraisal** for sustainability performance.

**Sustainable construction** – to establish Centre for Excellence in Sustainable Housing and Rural Infrastructure in partnership with Development Alternatives.

**Environment**

**Electrical Energy:** Reduce 2.5% in specific energy consumption over the year 2007

**Continuous Emission Monitoring System:** To Install Online measurement of $SO_2$, $NO_x$ and VOC in one of the plant and review its performance.

**Emissions:** To measure and report emissions every year.

- $CO_2$: to reduce 2.5% in specific $CO_2$ emission over the year 2007
- Dust: To maintain emissions less than statutory norms and reduce specific dust emission by 2.5% over the year 2007.
- $SO_2$: Norm of 500 mg/Nm$^3$ proposed by CPCB draft regulation accepted.
- $NO_x$: Norm of 1000mg/Nm$^3$ proposed by CPCB draft regulation accepted.

**Emissions:** Heavy metals, dioxins & furans: To maintain emissions below CPCB/State Pollution Control Board regulations.

- Fugitive air emission: improve ambient air quality as per new statutory norms.
- To reduce respirable particulate matter to 150 μg/m$^3$ in ambient air.

Kiln ESP’s to be converted to Bag Houses/New Bag House for 5 kilns in 2008.

To provide waste management solutions through co-processing from all ACC plants to surrounding industries.

**Total waste co-processed** of 0.4 millions tonnes by 2009 including biomass, waste derived fuels, fuel rejects, industrial non hazardous and hazardous waste.

To install infrastructure for co-processing waste materials in all the plants

**Plantation for bio-mass** – to plant 5,00,000 trees

Launch of Geocycle brand for waste management services

Maintain leadership in utilization of fly-ash, slag and phospho-gypsum.

**Bio diversity:** To assess our impact on flora and fauna around plant and mines.

**Water management** – achieve zero waste and self sufficiency

**OH&S** – Zero fatality (2008: LTIFR – 0.76 & LTISR – 28.95 • 2009: LTIFR – 0.61 & LTISR – 23.16 • Note: Targets for the Year 2009 will be reviewed based on the achievements of Year 2008).

**Social**

**Community Needs Assessment** - To be completed at all plants by 2009

Improve Quality of life for employees, particularly at plant townships.

**Measure effectiveness** of 70% of CSR programmes using Holcim’s Social Engagement Scorecard model

**Partnerships** with NGO’s: to identify and engage for issues such as livelihood generation, capacity building and women’s empowerment.

**Training:** To impart sustainability training and awareness to key persons.

**Human resources:** to strengthen employment practices

Sustainable livelihood generation – to identify and facilitate plant wise opportunities in vocational guidance and income generating schemes.

**HIV /AIDS** programme – to strengthen awareness programmes at all plants and measure effectiveness & coverage.
11 Methodology and GRI Content Index

This is the first Corporate Sustainable Development Report produced by ACC Limited. It covers all Units of the Company but is limited to cement business. Cement constitutes more than 95 per cent of ACC’s business and hence this Report should be construed as being broadly representative of the Company as a whole. Details of the Company’s Cement Manufacturing Process are available on the Company’s website. ACC’s Ready Mix Concrete business which was reorganized into a wholly owned subsidiary company from January 2008 has not been addressed in this Report.

Framework: We have used the framework prescribed by the G3 guidelines of the Global Reporting Initiatives which was released in October 2006. The structure of the Report and data collation was accordingly prepared on this basis. Wherever appropriate we have added other relevant achievements and experiences.

Format: Information is presented in three broad categories of Economic, Environment and Social performance. The Company’s accounting period is the calendar year, January to December. While the period of this Report is stated as calendar year 2007, we have incorporated data pertaining to 2006 for purposes of comparison. We have also added other older and relevant information. Wherever available we have sought to use published information from our Annual Report. In other cases, data has been specifically collected for this Report.

Data collation: The Company implemented an ERP system which went live in February 2007. We faced difficulties in collecting information which did not find place in the Company’s existing database. This exercise has helped us identify strengths and weaknesses of our database. We have been able to single out shortfalls in information which we will address before the next Report is prepared. Every effort has been made to allow for frank disclosure. More information is available on the Company’s website www.acclimited.com. A soft copy of the entire Report is uploaded on this website under the section called “Sustainable Development”. Additional information may be made available on request.

Global Compact: ACC is a signatory to the United Nations Global Compact. Our Communication On Progress (COP) in respect of Global Compact Principles may be seen on the Company’s website under the section “Corporate Social Responsibility”.

Views: The comments of certain external professionals which are featured in this Report are not based on a study of this Report but comprise observations based on their perceptions about specific business processes. Every effort has been taken to ensure that information data included in this Report is based on published or verified material. However, we have not had this Report verified.

Currency and units: All financial values are expressed in Indian Rupees. In some cases, numbers are expressed in terms called lakhs or crores. These are Indian numbers popular in the Indian sub-continent. One Lakh (also spelt as lac) refers to one hundred thousand or one tenth of a million while one crore refers to ten million. India follows the metric system of measurement. The term ‘tonne’ (sometimes written as ‘ton’) refers to a metric tonne or one thousand kilograms.

This Report is compiled by ACC’s Corporate Communications and Corporate Social Responsibility Department and approved by a team of senior executives of the company.

Queries on this report may be addressed to nandkumar@accement.com or KNRao@accement.com
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* = visit www.acclimited.com link titled Sustainable Development
N.A. = Not applicable
12 Glossary

**Absolute gross emissions** - Total amount of CO₂ emitted from cement production activities

**Absolute net emissions** - Gross emissions minus credits for indirect savings such as use of waste as fuel

**Alternative Fuels and Raw materials (AFR)** - Inputs to clinker production derived from waste streams contributing energy and/or raw material.

**Capacity building** - The process of creating an enabling environment for social development with appropriate policy and legal framework, human resource development, community participation and strengthening of local systems, institutions and bodies in which all stakeholders participate.

**Castor** - A type of tree, which produces the castor bean that yields castor oil. This oil is one of hard oils, where the oil content in the seed is relatively high. Castor oil’s numerous chemical derivatives are “renewable sources, bio-degradable and eco-friendly.”

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

**Cementitious material** - A substance which when mixed with water forms a paste that subsequently sets and hardens at room temperature.

**Clinker** - An intermediate product in cement manufacturing produced by decarbonizing, sintering, and fast-cooling ground limestone.

**Clinker factor** - The percentage of clinker in cement

**Community Advisory Panel** - A formal way of collaborating with the community via a panel of 10–12 members representing the community or population segment.

**Community needs assessment** - A systematic process to acquire an accurate understanding of a community’s needs and priorities in the context of its economic and social development.

**Concrete** - A building material produced by mixing cement, water and aggregates. Cement acts as a binder. The average cement content in concrete is about 15%.

**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)** - The commitment of business to contribute to sustainable development, working with employees, their families, the local community, and society at large to improve their quality of life.

**Eco-efficiency** - Reduction in the resource intensity of production, i.e. the input of materials, natural resources and energy compared with the output: essentially, doing more with less.

**Focus group** - A form of qualitative research, which involves interviews and interaction with a representative sample of community or population segment.

**Fossil fuels** - Non-renewable carbon-based fuels traditionally used by the cement industry, including coal and oil.

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

**Global Reporting Initiative (GRI):** An International framework recommended for reporting progress against Sustainable Development. G3 refers to the latest guidelines launched in October 2006.

**Jatropha** - A genus of plants and trees amenable to bio-diesel production. Easy to cultivate, its fruit produces seeds containing upto 40% oil. The fruit and seeds serve as replacement fuels.

**Kiln** - Large industrial oven for producing clinker used in the manufacture of cement. In this report, “kiln” always refers to a rotary kiln.

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

**Millennium Development Goals** - A UN Declaration signed in 2000 comprising 8 International Human Development Goals to be achieved by 2015.

**Occupational Health and Safety (OH&S)** - Policies and activities to promote and secure the health and safety of employees, subcontractors, third parties and visitors.
**Ordinary Portland Cement (OPC)** - Cement that consists of approximately 95% ground clinker and 5% gypsum.

**Portland Pozzolana Cement (PPC)** - Cement obtained by intergrinding a pozzolanic material such as fly-ash with clinker and gypsum, or by blending ground pozzolana with Portland cement.

**Ready mix concrete** - Concrete that is specifically manufactured for delivery to the customer’s construction site in a freshly mixed and plastic or unhardened state.

**Slag** - A non-metallic product consisting essentially of glass containing silicates, alumino-silicates of lime and other bases and is obtained as a waste by-product in the manufacture of pig iron in a blast furnace or electric furnace. Granulated slag is used in the manufacture of Portland Slag Cement (PSC).

**Specific gross emissions** - The gross amount of CO$_2$ emitted per tonne of cement.

**Specific net emissions** - The net CO$_2$ emissions per tonne of cement.

**Stakeholder dialogue** - A stakeholder dialogue is a structured way to solicit input from company stakeholders. Normally stakeholders are invited to comment on specific issues or problems.
13 Awards And Accolades: 2006 & 2007

**Economic Performance**

**ISO 9001: 2000 Quality Management System for Marketing and Distribution of Cement Activities** certification awarded to ACC's Mumbai Regional Marketing Office (now SU-Mumbai) in January 2006 by TUV, an ISO Audit agency. This is the first marketing office in ACC to receive such certification and also the first marketing office in the Indian cement industry.

**Consumer Superbrand 2006-07:** ACC awarded Superbrand status - the only company in the cement industry - by Superbrands India Council.

**IS/ISO 9001: 2000 Quality Management System Certification** received by ACC Tikaria from the Bureau of Indian Standards in January 2006

**Environmental Performance**

**Golden Peacock Eco-Innovation Award 2008** awarded to ACC's AFR Business by the award Jury, under the Chairmanship of Justice P N Bhagwati, former Chief Justice of India and Member, UN Human Rights Commission.

**Golden Peacock Eco-Innovation Award** won by ACC Chanda at 8th World Congress on Environment Management, Palampur Himachal Pradesh in June 2006.

**Greentech Environment Excellence Award - Bronze** won by ACC Sindri in 2006 for significant contribution in the field of environment protection.

**National Award for Fly Ash Utilization 2005:** Conferred on ACC jointly by three ministries of government - Ministry of Power, Ministry of Environment & Forests and Department of Science & Technology. The award recognizes ACC as being the largest user of fly-ash.

**ISO 14001 for Production of Quality Controlled Ready Mixed Concrete in Pollution Free Environment** awarded to ACC RMX Faridabad in June 2006 by Benchmark an affiliate of IAS ANZ Australia. It is India’s first RMX Plant to get this certification.

**National Award for Excellence in Water Management 2006** awarded to ACC Tikaria by Confederation of Indian Industry. ACC Tikaria was adjudged as Excellent Water Efficient Unit at national level amongst leading industries.

**National Energy Conservation Awards** for Energy efficiency in Indian cement industry won by ACC Gagal in January 2006 for best improvement in thermal energy and best improvement in energy performance in manufacture of blended cements in 2004-05. The awards are instituted by National Council for Cement and Building Materials and presented by the Director Department of Industrial Policy and Promotion, Ministry of Commerce and Industry.

**'Viswakarma Trophy'** awarded to ACC Gagal Limestone Mines for overall outstanding performance in safety and environment protection.

**MEMC (Mines Environment & Mineral Conservation) Trophy** won by ACC Kymore Mehgaon & Bamangaon Mines in different categories such as Air Quality Management, Top soil management, waste dump management, community development and aesthetic beauty.

**Greentech Gold Award For Cement Industry** - instituted by Greentech Foundation won by ACC Jamul for outstanding achievements in environment protection and pollution control in 2007.

**10th F.L. Smidth Energy Award 2007:** A combined state level award of Madhya Pradesh and Chhattisgarh awarded to ACC Kymore for energy conservation.

**Good Green Governance Award 2007:** A National Level Award organized by SRISHTI Publications, received by ACC Jamul in non metallurgical Category. The award was presented to ACC by Mrs. Sheela Dixit, Hon’ble Chief Minister of Delhi.
Social Performance

**Good Corporate Citizen Award 2005-06** by Bombay Chamber of Commerce & Industry presented to ACC in September 2006 “in recognition of its corporate achievements and ongoing endeavors in improving the quality of life of the community”.

**First in Small Savings Activities**: ACC Lakheri was recognized by Government of Rajasthan in June 2006 for promoting small savings among employees and local community through promotion drives and opening recurring deposit bank accounts. This is the fourth time the plant has received the award in the State.

**Global Challenger to world’s leading Companies** - ACC named in S&P Global Challengers class of 2007, the world’s leading index provider, in a listing of 300 mid-size companies expected to emerge as challengers to the world’s leading blue-chip companies.

OH&S AWARDS

**National Safety Award 2005** won by ACC Sindri as runner-up for outstanding performance in industrial safety for achieving “Lowest Average Weighted Accident Frequency Rate” for three consecutive years.

**Best Overall Safety Performance Award** awarded to ACC Kymore at Mines Safety Week in November 2007 under the aegis of Director of Mines Safety.
ACCP has a long tradition of care of the communities around its plants across India. Therefore I was very pleased to note that the CEO and senior executives of the company had scheduled a special session at their last annual executive conference to discuss sustainable development and the responsibility ACC has to society going beyond its traditional philanthropic activities. The CEO and team discussed ways to understand and measure the impact the company’s operations have on the environment and society. They reviewed their progress as well as changes required in their organisation to make improvements towards becoming a role model in the broader paradigm of sustainable development. I wish them all the best.

Arun Maira, Senior Advisor, The Boston Consulting Group (India),

The first Sustainable Development Report from ACC gives a comprehensive overview of the company’s commitment to the three elements of the “triple bottom line”, economic, environmental and social performance. The best evidence of ACC’s dedication is its keenness to implement many of the tools available in the Holcim Group and the external acknowledgement shown by the many awards received over the past two years.

Dr. Barbara Dubach, Senior Vice President, CSR and SD Coordination, Holcim Group Support Ltd

ACC is committed towards the three pillars of sustainable development - economic, environmental and social performance. The waste co-processing services extended by ACC to waste generators is built around the concept of sustainability and is based on the ideals of industrial ecology. ACC is dedicated in implementing the principles of co-processing as elucidated in The Holcim – GTZ Guidelines on Co-processing Waste Materials in Cement Production. Currently ACC is providing waste management services in the country drawing upon the waste co-processing experiences of Holcim worldwide.

Dr. Jurgen Porst, Senior Advisor GTZ-ASEM, Hazardous Waste Management

I commend ACC on the publication of its 1st Sustainability Report, a significant milestone in the Company’s seven decades of leadership in the cement industry. In the context of a country whose citizens now have a Right to Information Act, the disclosure by ACC of its social and environmental performance in alignment with the guidelines of the Global Reporting Initiative (GRI) will be an encouraging signal to several stakeholder groups as well as to other companies who are beginning to better understand the multiple benefits internal and external, of adopting a reporting and disclosure process. It will be useful for ACC to consider innovative mechanisms to ensure that this Report is made accessible to as wide a group of its stakeholder groups as possible, and to invite their participation in adding value to future editions of the report.

Vinod Mehta, Chief Executive - Partners in Change
At Toyota we needed environment-friendly technology to dispose hazardous wastes. We adhere to ‘zero landfill policy’ due to our stewardship in sustainable development. ACC and Toyota’s commitment to sustainable development prompted us to enter into an agreement for disposal of wastes generated from our unit. We worked closely with ACC, taking care of safety concerns, and conducted trial burn of all the wastes to demonstrate to the authorities that there no adverse impacts on kiln emissions and product quality. Co-processing in cement kilns is a proven way of waste destruction cum energy and material recovery. There is zero generation of waste by-products or residues. We look forward to ACC as a preferred partner for taking care of our wastes responsibly and contribute to a better tomorrow.

Vijay Kumar B N , Deputy Manager-Safety & Environment - Toyota Kirloskar Motor Private Limited

We at Development Alternatives believe that our relationship with ACC has gained immensely by their openness as a strategic partner to go beyond statutory obligations to understand the needs of both civil society and local communities. The leadership they have demonstrated as a socially responsible business has allowed us to work in tandem for the creation of value for the community, ACC, ourselves and society.

Kiran Sharma, Vice President - Development Alternatives

We at HUL, were looking for suitable technology for disposing our damaged/expired stocks of consumer goods. Disposing the stocks present high brand & consumer safety risk due to the possibility of the stocks proliferating into spurious market. Co-processing in cement kiln, which is internationally acclaimed & scientifically proven technology, provides us a sustainable solution by deriving material & energy value of the material being disposed, and zero generation of waste by-products. Thus, disposal of damaged/expired stocks of consumer goods at ACC Works, through co-processing, presents alternative fuel & raw material for the company and provides HUL with a sustainable environment-friendly option for taking care of its disposable non-hazardous products.

Bakul Dave, Head- Corporate Health, Safety and Environment, Hindustan Unilever Limited

I read the draft report with interest. ACC has been a good employer and takes care of its employees. A feeling of family bonding exists for generations. If you visit the Company’s Clubs you find no differentiation between officers and workers. Many new initiatives taken by the Company must be appreciated such as Waste Management, Sustainable Construction and ACC AHEAD. It is good that ACC is now part of the Holcim Group. This association will be very useful to our Company. I am impressed by the HIV/AIDS programme. The focus on training and education is significant - there should be more centres like SMTI at other locations. The Company must associate with Government wherever possible in training and livelihood generation for the community. I feel trade unions should be increasingly involved as a partner in Social Responsibility matters.

N Nanjappan, General Secretary, Indian National Cement Workers’ Federation
Corporate Office
1. Mumbai (Maharashtra)

Cement Plants
2. Bargah (Orissa)
3. Chaibasa (Jharkhand)
4. Chanda (Maharashtra)
5. Damodhar (West Bengal)
6. Gagal I (HP)
7. Gagal II (HP)
8. Jamul (Chhattisgarh)
9. Kymore (MP)
10. Lakheri (Rajasthan)
11. Madukkarai (TN)
12. Sinori (Jharkhand)
13. Tikaria (UP)
14. Wadi (Karnataka)
15. New Wadi (Karnataka)

Regional Offices
16. Eastern Region (Kolkata)
17. Northern Region (New Delhi)
18. South & West Region (Pune)

Technical Support Services (TSS)
Thane - Maharashtra

RMX Plants

Sales Units

ACC Help Centres

Subsidiary Companies
20. ACC Concrete Ltd. (Maharashtra)
21. Bulk Cement Corporation (India) Ltd.
22. Lucky Minmat Private Ltd. (Rajasthan)