INTEGRATED REPORT

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

Our Purpose
To be a driving force in creating a confident future for our people, our customers, our shareholders and our nation.
Value creation over time: An integrated approach

At ACC, we believe in being conscious about the usage of resources to create a product or service. We remain committed to a sustainable model of business – one that leads us to make judicious use of resources and mitigate negative impacts of our business, demonstrate strong corporate governance and create and maximise long-term value for shareholders, customers and employees alike. Through ACC’s first Integrated Report, we aim to share this holistic approach in creating shared value for our investors, customers, employees and the community.

The organisation’s heritage gives it the propensity to appreciate its relationships not only within its immediate and ambient surroundings but also beyond these boundaries, to be conscious of interdependence with a larger circle of stakeholders, the planet and its people. Integrated Reporting expands this perspective further from the framework of the Triple Bottom Line to an understanding of the six capitals we use in our operations and in engaging them, how we create value for all stakeholders. Among the highlights of this report is the concept and deployment of the six capitals: Financial Capital, Manufactured Capital, Intellectual Capital, Human Capital, Natural Capital and Social & Relationship Capital.

In preparing our Integrated Report, we are guided by the Integrated Reporting <IR> Framework laid down by the International Integrated Reporting Council. It forms part of our Annual Report 2018 and seeks to provide information on the holistic performance of the company. It presents an overview of our business and associated activities that help in long-term value creation. The intent of this report is to communicate with greater transparency, offer better disclosures and provide our stakeholders with a well rounded view of the organisation.

We advise that this report be read in conjunction with all the components of the Annual Report 2018 – Financial Statements, Report of the Board of Directors and Annexures thereto.

We remain committed to a sustainable model of business – one that leads us to make judicious use of resources and mitigate negative impacts of our business, demonstrate strong corporate governance and create and maximise long-term value for shareholders, customers and employees alike.
Governance Framework

ACC is a professionally managed company functioning under the overall supervision of the Board of Directors. The Board comprises Independent and Non-Independent Directors, including an Independent Woman Director in keeping with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.

ACC rigorously abides by the core principles of Corporate Governance, which form the bedrock of its two-fold governance, with the Board of Directors and the Committees at the apex level and the Management structure at the operation level.

The Board and its Committees guide, support and complement the Management team which in turn assumes accountability and endeavours to achieve set objectives and enhances stakeholder value.

Our core principles include:

**Strategic oversight**

The Board defines the long term vision for the Company and directs the Management to convert opportunities into growth and minimise business risks. The Board offers fresh perspectives on strategic matters, approves business plans and annual budgets and monitors performance.

**Reinforcing a risk culture**

The Risk Management Committee of the Board evaluates business risks and monitors the movement of these risks based on their likelihood and impact, and evaluates the management’s risk mitigation plans.

**Accountability**

The Board directs and guides the activities of the Management towards achieving goals and seeks accountability. It is responsible for reviewing and approving quarterly and half yearly unaudited financial statements and the audited annual financial statements, both Standalone and Consolidated, within the prescribed timelines under the SEBI Regulations and under the Companies Act, 2013.

**Compliance with laws and regulations**

The Board has approved a Code of Business Conduct applicable to Members of the Board and to all employees. The Company also has robust systems in place to ensure compliance with laws and regulations which impact its business.

**Corporate Social Responsibility**

The Corporate Social Responsibility (CSR) Committee of the Board monitors the implementation of the CSR programmes in line with the CSR Policy as approved by the Board. It regularly reviews progress on the Company’s sustainable development efforts.

**Board Effectiveness:** Well-defined guidelines and rules ensure the effectiveness and probity of all aspects of the functioning of the Board and its supervision of the overall performance of the Company. These include a familiarisation programme for Independent Directors and the Board’s annual evaluation of its performance which is a very transparent process.

Integrity, transparency, fairness, accountability and compliance with the law are embedded in the Company’s robust business practices to ensure ethical and responsible leadership both at the Board and at the Management level.
## Stakeholder Engagement

We have a large population of stakeholders from diverse groups across the country – from our workforce to shareholders, customers, channel partners, vendors and communities, government and other associates.

Being part of the global LafargeHolcim Group, we have links with stakeholders beyond our borders. We conduct stakeholder analysis periodically, the last one was in 2018 where we undertook detailed stakeholder identification, understanding and interface, and influence mapping followed by stakeholder prioritisation.

Stakeholders were mapped in terms of their importance to ACC and their levels of influence, threat and cooperation. The accompanying matrix presents Stakeholders’ Importance, Influence & Threat to ACC on X-axis and ACC’s Engagement, Cooperation & Influence on stakeholders on Y-axis.

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<th>Importance, Influence and Threat</th>
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<td>Owners, Investors and Financiers</td>
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<td>Social Workers / NGOs</td>
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<td>Competitors</td>
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<td>Consultants and Advisors</td>
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<td>Influencers</td>
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<td>Industry and Associations</td>
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<td>Global Community</td>
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<td>Future Stakeholders</td>
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<td>Employee Families</td>
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<td>Mass Media</td>
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In keeping with our approach of continuous and transparent communication on performance and value creation, we proactively and continuously reach out to our stakeholders. The frequency and forum of communication is customised to meet their needs and the requirements of the Company.

### Customers

ACC follows a customer-centric philosophy to ensure that customers get the best value from our products and services and are enriched by the experience. This philosophy exacts superior products, services and logistics. Customer relationship management systems are applied to manage transactions, queries and other interactions efficiently. A variety of routine studies and dipstick surveys are conducted to understand their needs. Our customers enjoy a range of blended cements and value added concrete solutions with superior features suitable for different applications and local conditions. New products and solutions are developed based on our in-depth understanding of consumer requirements. Beyond products, we add value through support initiatives that include a Helpline active seven days of the week. Our digital initiatives of Retail Connect and Dealer Connect mobile apps are well accepted.

### Employees

Employees are the backbone of our Company. Direct and indirect means such as frequent meetings, one-on-one interactions, email messages, video conferences, interactive intranet portals, newsletters, webcasts and other events are used as channels to provide feedback and suggestions to help make continuous improvement in the governance of the organisation and quality of the services we offer. The aim is to build a strong chain of accountability within the organisation towards meeting stakeholder needs.

### Shareholders & Investors

We communicate with shareholders and investors in various ways including quarterly financial disclosures, investor presentations, annual reports, sustainable development reports and other disclosures made by the Company from time to time. We also have interactions through investor meets and at Annual General Meetings. Engaging with investors enables us to get useful feedback and insights which serve as inputs for sustainable growth.
Communities & NGOs
As responsible corporate citizens, we recognise our role in building the communities around our operations, many of which are located in remote areas. For decades, ACC has invested in the development of rural communities especially in terms of health, livelihood, agriculture, education, women empowerment and Water, Sanitation and Hygiene (WASH). Through ACC TRUST and in collaboration with NGOs, we assist these communities by identifying, prioritising and meeting their developmental aspirations through periodic assessment surveys and Corporate Social Responsibility (CSR) programmes, touching the lives of lakhs of people. ACC’s CSR agenda meets requirements of Schedule VII of the Companies Act, 2013 and is in accordance with all of the UN Sustainable Development Goals except four which are not directly applicable to our operations.

Government & Regulatory Authorities
We hold various interactions with regulators and government bodies and are committed to providing timely and accurate information and reports. This enables us to understand their focus areas and concerns and in turn help us provide key insights on market conditions and practices in our business.

Dealers & Retailers
ACC is recognised as a brand which consistently meets high standards in quality and packaging. Our sales force ensures timely delivery and regular supply of products and services which is supported by digital technology such as Retail Connect and Dealer Connect mobile apps. Apart from sales calls and regular visits, activities such as dealer engagements and Annual Dealer Meets help in affirming long term relationships. To ascertain levels of satisfaction among ACC dealers, we use tools such as Net Promoter Score and surveys.

Vendors & Suppliers
We enjoy strong partnerships with our vendors and suppliers and engage with them regularly. All agreements with suppliers, such as purchase orders, purchase agreements, service agreements and frame agreements have to refer to the supplier’s compliance with SA8000 audit certification, environmental management, legal compliance requirements and social causes, including human rights aspects and ethical requirements.

Media
ACC maintains transparency in all its communications and makes frequent disclosures through press releases, publishes articles and news, organises meetings and interviews. Utilising digital and social media, we also communicate a range of topics from our CSR activities and innovative new products to thoughts on the cement industry and our performance. Creative sales and marketing campaigns are devised to reach out to customers that enable visibility and frequent contact, including those that are close to the point of purchase.

Construction Professionals
ACC provides products and services with assured quality and supports construction professionals with quality information on the best use of products. Using exhibitions, workshops and information kiosks, we promote good and safe construction practices, and periodically felicitate top construction professionals.

Industry Associations
ACC is an active member of important industry organisations such as Federation of Indian Chambers of Commerce and Industry (FICCI), Confederation of Indian Industry (CII), Indian Merchant Chambers (IMC) and other associations. These associations serve as platforms for knowledge building, networking, assessing the effect of government policies and international trends, and sharing of industry best practices through participation in seminars. ACC also participates in competitive awards organised by these associations and regularly receives recognition that augments brand trust and value.
The Six Capitals: Resources & Value Creation

We acknowledge that a company with purpose recognises the various forms of tangible and intangible resources at its disposal and their deployment in a manner that leads to long term value creation.

- **Financial Capital**: Resources needed to conduct our business obtained from debt and equity financing and funds generated through our business operations and investments.

- **Manufactured Capital**: Our technological and engineering strength is made up of a countrywide network of cement and ready mix concrete plants, buildings and infrastructure equipped with a wide range of machinery for each stage of the manufacturing and distribution chain.

- **Intellectual Capital**: Our knowledge, experience and proven expertise comprising our Intellectual Properties along with a vast body of accomplishments across a wide range of disciplines covering different aspects of cement and concrete technology, manufacturing, distribution, marketing and overall management acquired over decades.

- **Human Capital**: Our dynamic and dedicated workforce includes men and women from diverse ethnic, social and educational backgrounds, representing the Company's 'Ultimate Resource'. Our robust people development programmes are designed to enhance their skills and capabilities.

- **Natural Capital**: Natural capital comprises all renewable and non-renewable environmental resources and processes that support the past, current and future prosperity of the organisation and the country. It includes air, water, land, minerals and forests as well as biodiversity and the ecosystem.

- **Social & Relationship Capital**: The enduring bonds and deep relationships with communities around our operations, channel partners, associates and the extended family of our primary and secondary stakeholders are at the heart of our business.
Our commitment to growth, financial prudence, disciplined capital allocation and shareholder returns are shared goals of the company.

Financial Capital is the economic value that we generate through our business and the value we distribute back to stakeholders. For over 80 years, one of our Company’s fundamental objectives has been to manage the financial health of the balance sheet, mobilise and utilise financial resources in a way that it maximises returns and enhances shareholder wealth.

We invest where we can achieve returns which further create value across all six capitals, add sustainable value to stakeholders and reward our shareholders for their investment.

To remain competitive, we focus on leveraging production and supply-chain efficiencies, cost optimisation, and bottom line improvement.

In 2018, ACC reported strong performance in both its cement and concrete businesses, growing net sales by 12% and PBT by 15% YoY. Operating EBITDA growth was up by 7%, achieved by executing a set of priorities, both on revenue and cost levers, improving efficiency, leveraging our premium products portfolio and strengthening our customer and market approach.

The Company’s ready mix concrete business registered significant growth during the year through focus on profitable construction segments and value added solutions delivered to large projects.

### Key Inputs ₹ crore
- Current assets 6,726
- Capital employed 10,528
- Net worth 10,528
- Net fixed assets 7,442

### Business Activities
- Maximise shareholder value
- Financial planning and analysis
- Reduction of fixed and variable cost
- Cash and investment management
- Taxation and compliance
- Continued growth to increase market presence
- Increased income from value added products
- Minimise cost to income ratio

### Outputs and Outcomes ₹ crore

**Economic Value Generated:**
- Net sales 14,477
- Operating EBITDA (Standalone) 2,045
- Profit After Tax (Standalone)* 1,507
- Operating cash flow 1,118
- Market capitalisation at the end of 2018 28,320

**Wealth Distributed:**
- Remuneration including retirement benefits to employees 881
- Contribution to Government as taxes and other levies 6,796
- Dividend to shareholders 282
- Community investments 20
- Financial cost 89
- Retained with business 1,566

### Recognition

- ICAI Award for Excellence in Financial Reporting for Commended Annual Report 2017
- Golden Peacock Award for Excellence in Corporate Governance in 2018
- ICSI Certificate of Recognition for Excellence in Corporate Governance for 2018

* Including write-back of ₹ 50.1 Crore relating to tax provisions
Manufactured Capital

We make regular investments to achieve continuous improvements in productivity, energy efficiency, environment management standards and quality of output.

We manage our manufacturing capital effectively with regular investments to augment capacity together with infrastructure, technologies and processes planned in a manner that enables efficient resource utilisation and offers safe, reliable and sustainable products and services to customers.

ACC has a significant manufacturing footprint across the country with 17 integrated cement plants and grinding units with modern equipment, latest generation instrumentation and sophisticated environment and pollution control systems at every stage from mining to packing and dispatch. Our ready mix concrete business is one of the largest in India with 75 plants in major cities across the country.

The Company is largely self-sufficient in meeting its power requirements with thermal power generating facilities at most of its cement plants. Three wind energy farms and a Waste Heat Recovery System (WHRS) reflect a shift towards generating green energy.

Logistics operations are facilitated by RFID (Radio Frequency Identification) and GPS (Global Positioning System) technologies, a migration to bulk transportation, rail network and satellite grinding units. Plants are integrated seamlessly with channel partners, enabling uninterrupted deliveries and service.

**Capacity expansion to deliver growth**

ACC is enhancing its cement production capacities by 5.9 mn tons by setting up a greenfield integrated cement plant at Ametha, Madhya Pradesh and a grinding unit in Uttar Pradesh, and expansion of its Tikaria and Sindri plants.
### Key Inputs
- **Cement & Concrete Business**
  - Total no. of cement plants & grinding units: 17
  - Integrated plants: 11
  - Grinding units: 6
  - Production capacity of cement: 33.41 MTPA
  - Net fixed assets: ₹ 7,442 crore
  - Value of current assets: ₹ 6,726 crore
  - CAPEX during the year: ₹ 518 crore
  - Bulk terminal: 1
  - WHRS: 1
  - Windmill stations with 19 MW installed capacity: 3
  - Ready mix concrete plants: 75
  - Production capacity: 7.65 mn m³

### Business Activities
- Production & maintenance
- Mine planning
- Limestone extraction
- Preparing raw feed, grinding raw meal
- Pre-heating, calcination
- Clinkerisation
- Fuel preparation and homogenisation
- Cement grinding
- Packing and dispatch
- Health & Safety
- Efficient logistics
- Digital infrastructure
- Cyber risk and data protection

**Concrete Business**
- Land lease
- Receipt of materials & storage
- Feeding materials into the mixer in requisite proportion
- Mixing, loading into transit mixer
- Dispatch

### Outputs and Outcomes
- **Cement Business**
  - Cement production volume: 28.36 MTPA
  - Thermal substitution rate: 4.47%
  - Fly ash consumption: 6.05 MTPA
  - Slag consumption: 3.31 MTPA
  - Specific thermal energy consumption: 3099 MU/T of clinker
  - Clinker Factor Improvement: 1.68%
  - All plants are ISO 14001 certified

- **Concrete Business**
  - Concrete production volume: 3.13 mn m³
  - New ready mix concrete plants: 18
  - Concrete production volume increased: 15%

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### CASE STUDY

**Conserving natural resources**

In keeping with our approach to improve performance and focus on sustainable technology, ACC Jamul has modified the process of manufacturing Portland Pozzolana Cement (PPC) by using wet fly ash (pond ash) which is usually wasted.

Traditionally, cement plants use dry fly ash to manufacture PPC and the wet fly ash factor in PPC remains at ~5-10%. Using a first-of-its-kind process, developed entirely in-house, ACC Jamul successfully utilised 100% wet fly ash, available freely in the vicinity, to manufacture PPC. This resultant PPC was tested thoroughly, met all quality parameters and was enthusiastically received by the market.

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### Recognition


- ACC Kymore, Jamul and Wadi were recognised as Excellent Energy Efficient Unit ‘and ACC Thondeshavgi as ‘Energy Efficient Unit’ by CII at the National Award for Excellence in Energy Management
**Intellectual Capital**

Our intellectual capital consists of knowledge, experience and expertise together with a vast body of accomplishments in a wide range of disciplines in cement and concrete technology, manufacturing, distribution, marketing and management acquired over years of being in the business.

We build on our intellectual capital by continuous advancement of knowledge, expertise and experience in all areas of business to achieve higher performance levels while mitigating risks and enabling innovation-led growth. To continue influencing the way the nation builds, ACC constantly evolves and innovates to remain at the forefront of building technology.

ACC’s Dealer Connect app and website are designed to deliver a seamless user experience. Our channel partners can place orders and track order status, check loyalty points, confirm deliveries and download monthly ledgers at their own convenience.

ACC’s Service Connect App helps our field force to digitally geotag every construction site visited, add details of contractors of each site, conversion and orders, everyday. These details are analysed to develop initiatives to further demand.

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<thead>
<tr>
<th>Key Inputs</th>
<th>₹ crore</th>
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<tr>
<td>Cement Business</td>
<td>5.38</td>
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<tr>
<td>Invested in new equipment &amp; facilities</td>
<td>0.32</td>
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<tr>
<td>Concrete Business</td>
<td>0.45</td>
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<th>Business Activities</th>
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<td>Research &amp; Development</td>
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<td>Product development</td>
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<td>Intellectual property</td>
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<td>Applied research</td>
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<td>Maintaining consistent quality</td>
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<th>Outputs and Outcomes</th>
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<tr>
<td>Cement Business</td>
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<tr>
<td>No. of products developed</td>
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<tr>
<td>Consistently delivered customer value</td>
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<td>Concrete Business</td>
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<tr>
<td>No. of new products developed</td>
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<tr>
<td>Consistent customer satisfaction</td>
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<td>Solutions &amp; Products</td>
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<td>Green Building Centres</td>
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<td>No. of houses built</td>
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<td>Natural soil saved</td>
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<td>Reduced CO₂ emission</td>
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<td>Waste utilisation</td>
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<td>GBCs set up</td>
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<td>GBCs in progress</td>
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<tr>
<td>Dry Mix</td>
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<td>No. of products developed</td>
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<td>Enhanced building materials portfolio</td>
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**Creating value through innovation: ACC LeakBlock Waterproofing Technology**

ACC is constantly pushing its boundaries by developing modern products and solutions that score high on performance, durability, strength and power. ACC LeakBlock is a polymer based integral waterproofing compound specifically formulated using plasticizing and surface active additives, which can be used in all types of cement mortar, plasters and concrete. It increases the durability and service life of structures by increasing resistance to water penetration and chloride attack, enhancing the cohesiveness and adhesion properties in the concrete and cement mortars.
CASE STUDY

Green Building Centres
It is ACC’s belief that businesses can bring about transformational change by pursuing innovative business models that synergise the creation of sustainable livelihoods while enhancing shareholder value.

Green Building Centres (GBC), an ACC initiative, has started to become a catalyst in rural development, furthering the cause of affordable housing and providing local associates with opportunities for entrepreneurship, employment and independence.

The Vyas family began its journey with ACC in 1967 when Ramprasad Vyas started a dealership in Mancherial, Telangana. Fifty years later, his engineer grandson Gopal Vyas wondered how to combine his keen interest in manufacturing with his ambitions to branch out from the business and yet continue his family’s relationship with ACC. The answer: partner with ACC to launch a GBC in Mancherial to manufacture superior quality eco-friendly building materials. In January 2018, Gopal set up Telangana’s first advanced and aesthetically designed GBC.

ACC offers technical expertise to set up modern GBCs with a small investment to support rural entrepreneurship. Each centre creates 150 jobs while creating an eco-friendly model by conserving fertile top soil and reducing CO₂ emission of 183 MT per million fly ash bricks produced and saving 2.6 kgs of fertile agricultural soil for every fly ash brick produced. There are 65 GBCs set up across the country with 97 more on the anvil.

ACC F2R SUPERFAST
ACC F2R SUPERFAST, launched in January 2018, is a revolutionary new cement with superior strength, superfine quality and a superfast setting formula that enables robust construction in quick time; it also has the added advantage of early strength. This innovative new product received phenomenal response from consumers who clearly see its benefits.

Speedy solution for potholes
ACC Supercoat Premium is a specially product from ACC’s concrete business for instant pothole repair that rapidly hardens, allowing traffic to flow within 15 minutes. The innovation comes as a long-term solution to the persistent issue of potholes in India.

Indian Concrete Journal
The Indian Concrete Journal (ICJ) was first published by ACC in 1927 to share knowledge and information on concrete to engineers, architects, builders, contractors and manufacturers. ICJ enjoys a dedicated readership across India and internationally. It disseminates information on the latest developments in cement, concrete and construction practices, and highlights the versatility and varied applications of concrete. Recently, ICJ published its first-ever ICJ Collector’s Edition.

Recognition

Fastest Growing Company – Large Category 2017-18 (Cement) title at the 3rd Indian Cement Review Awards
Human Capital

Our dynamic and dedicated workforce comprises men and women from diverse ethnic, social and educational backgrounds.

We strive to create a safe workplace where employees feel empowered and motivated to realise their full potential and are recognised for their contributions. As an equal opportunity employer, we nurture an environment which respects diversity within the ACC parivar. The focus of our people strategy is on developing a stronger performance culture and investing in the development of leaders for today and tomorrow.

People for Tomorrow
Our integrated people development strategy aims to make our workforce ready for changing market scenarios and future needs of the organisation. People for Tomorrow is a programme specifically designed to improve people performance within the manufacturing function, create future-ready employees, and prepare successors for critical roles.

Best-in-class people productivity
Our commitment to be a leaner and more agile organisation has yielded significant improvement in the manpower productivity indicator (Tons/FTE) of ~50% over the last two years, which is one of the best in the cement industry. Our productivity initiatives supplemented with technical skill training, behavioural improvement and engagement programmes for workmen have helped yield better business results.

Better Health & Safety outcomes
In our continuous mission to improve Health & Safety (H&S), 2018 saw our Zero Harm programme running at full throttle, both on site and off site. With increased production, the task at hand was to control risk levels effectively. Our efforts included increased communication and engagement, roll out of new standards, incident reviews, lone working solutions, LafargeHolcim global H&S challenges, global H&S Days, numerous H&S audits, in-depth H&S improvement plans and more.

Key Inputs
- Total number of employees 6,731
- Female employees 262
- Male employees 6,469
- Number of employees hired 405
- Number of manhours 1,55,82,993
- Average employee cost incurred per annum ₹ lakh 10.42
- Total training hours imparted 1,33,762
- No of people undergone risk based health assessment 8,200

Business Activities
- Safe and caring environment
- Drive Zero Harm culture
- Employee development & growth opportunities
- Building talent pool
- Value creation for employees through business & technological exposure
- Employee engagement
- Employee wellness
- Succession planning
- Improving gender diversity

Outputs and Outcomes
- Best in class people productivity 4,770
- Revenue per employee ₹ crore 2.15
- Employee grievances recorded 0
- Total medical treatment injuries 27
- Lost time injury frequency rate (LTIFR) 0.45
- Total injury frequency rate (TIFR) 1.03
- Employee injury rate (IR) 0.89
- % reduction in attrition rate 2
- Women in leadership roles 2
- % of women recruited 8
Engaged employees, Productive employees

Committed to innovation: Innovate to Excel
An annual national level competition which encourages employees to incorporate innovation for improvement of everyday operations. Participation has grown in leaps and bounds over the past 14 years setting higher standards of innovation across disciplines.

Safety Corner
ACC launched ‘Safety Corner – a step towards a safer us’ in 2018 as an initiative to influence employee behaviour and develop a more conscious attitude towards health and safety. On the first day of each month, employees gather in small groups across offices and plants to discuss a pertinent H&S topic.

Promoting artistic talent: Sitaron ki Khoj
A national talent hunt platform for ACC employees and their families which gives them the opportunity to shine and be recognised for their talent in front of a large audience. More than 1,000 participants across locations displayed a variety of talents with tremendous skill and enthusiasm.

Recognition
- Occupational Safety & Health (OSH) India Awards 2018
- ACC - Innovation in OSH - Safety implementation - Proactive
- ACC Lakheri - OSH Innovation Award - Employee Awareness - Proactive
- ACC Chaibasa - OSH Innovation Award - Employee Awareness - Reactive
- ACC Jamul - Rio Tinto Health Safety Award (2017-2018)
- ACC Thondebhavi - Greentech Safety Award 2018
Natural Capital

As a cement manufacturing company, we depend on stocks of natural resources. We make every effort to mitigate the impacts of our operations on the natural environment. This includes air, water, land, minerals, forests as well as biodiversity, while striving for a zero-waste future.

Across the world, there are increasing demands for preservation of natural resources and use of sustainable solutions in business.

ACC has always been at the forefront of sustainable development. Our ‘Sustainable Development (SD) 2030 Plan’ is aligned with our parent company LafargeHolcim and reflects our strategy and commitment towards conserving natural capital. We have achieved significant progress in the four focus areas of our SD 2030 Plan: Climate, Circular Economy, Water & Nature and People & Communities.

Reducing the use of virgin materials while increasing the use of alternative materials has helped minimise ACC’s impact on the environment. As a best practice, we are increasingly blending cement with industrial by-products like fly ash and slag to conserve natural resources of limestone and improving its clinker factor while strengthening the final product. In 2018, ACC’s share of blended cement increased to ~88%.

ACC’s Green Building Centres promote sustainable construction, low-cost housing development and conservation of natural resources through the production of fly ash bricks.

Regular investments are made to continuously improve energy efficiency, pollution control and environment management standards.

ACC is India’s first cement company to be awarded the ‘GreenPro Certification’ by the Confederation of Indian Industries (CII) for its eco-friendly, blended cement product portfolio - ACC Concrete+ Xtra Strong, ACC F2R SUPERFAST, ACC Gold Water Shield, ACC Suraksha Power, ACC HPC Long Life – across its 17 plants.

ACC is the first cement company in India to complete the process of assessing and publishing its impact across the life cycles of its products through Environment Product Declaration (EPD) for its cement and concrete products.
Our waste management brand Geocycle provides sustainable waste management solutions to industries, municipalities and agriculture sector by co-processing waste in our cement kilns. By consuming waste material in our manufacturing process and recovering any resource or material value inherent in it, we produce a more environment friendly end product. Geocycle has facilitated the utilisation of diesel equivalent as a substitute for diesel during kiln light up with no increase in emissions.

In 2018, we co-processed 3,79,883 tons of waste in our cement kilns, achieving a thermal substitution rate of 4.47%.

Recognition

- 'Yes Bank Natural Capital Award 2018' in the 'Eco-Corporate' - Manufacturing Sector
- 5 Star rating by the Ministry of Mines for Sustainable Development to our Limestone Mines in Chanda, Kymore and Jamul
- ACC Gagal won the Leaders Awards – Large Business, Process Sector at the Sustainability 4.0 2018 by Frost & Sullivan and TERI
Social and Relationship Capital

Engaging and connecting with communities around our operations, channel partners, associates and the extended family of our primary and secondary stakeholders is at the core of our organisational strategy.

We believe in building long-term and transparent relationships with our partners and the communities where we operate, within the framework of corporate ethics and applicable norms.

Our harmonious relationship with communities around our plants is the outcome of our community development work, while working as partners with them on their journey of growth.

Through our ACC TRUST, we deliver integrated community development and capacity building interventions with particular focus on economic upliftment of the vulnerable and marginalised sections amongst them.

These programmes are structured around three themes - DISHA (Sustainable Livelihood), Vidya Utkarsh (Quality Education) and WASH (Water, Sanitation & Hygiene). The plans are formulated and implemented in a participatory manner with the active involvement of local representatives, NGOs and our employee volunteers, impacting almost half a million lives in over 185 villages.

We engage closely with our value-chain partners to develop their skills and benefit mutually by creating efficient processes and consolidating our supply chains.

ACC is a customer-centric organisation ensuring that customers get the best value from our products and services. Effective Customer Relationship Management (CRM) systems are in place to manage customer interactions.

<table>
<thead>
<tr>
<th>Key Inputs</th>
<th>Business Activities</th>
<th>Outputs and Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Spend on CSR projects: ₹ crore</td>
<td>• Marketing and sales</td>
<td>• Number of lives reached due to CSR activities</td>
</tr>
<tr>
<td>20.45</td>
<td>• Sustainable construction</td>
<td>• Beneficiaries covered under health and wellness</td>
</tr>
<tr>
<td></td>
<td>• Land acquisition</td>
<td>improvement programmes 3.3 lakh</td>
</tr>
<tr>
<td></td>
<td>• Procurement</td>
<td>• CSR projects on health and wellness</td>
</tr>
<tr>
<td></td>
<td>• Green Business Centres</td>
<td>improvement 2,069</td>
</tr>
<tr>
<td></td>
<td>• Materiality analysis</td>
<td>• Beneficiaries covered under education</td>
</tr>
<tr>
<td></td>
<td>• Needs assessment</td>
<td>initiatives 44,381</td>
</tr>
<tr>
<td></td>
<td>• Community development</td>
<td>• Beneficiaries covered under sustainable</td>
</tr>
<tr>
<td></td>
<td>• Channel management</td>
<td>livelihood initiatives 39,382</td>
</tr>
<tr>
<td>• Number of customer complaints</td>
<td>• Suppliers assessed for human</td>
<td>• Beneficiaries covered under WASH</td>
</tr>
<tr>
<td>resolved</td>
<td>rights compliance</td>
<td>initiative 1,08 lakh</td>
</tr>
<tr>
<td>1,060</td>
<td>• Vendors assessed in supply chain</td>
<td>• Vendors pre-qualified for sustainable</td>
</tr>
<tr>
<td></td>
<td>• Vendors assessed in supply chain</td>
<td>supply chain assessment 590</td>
</tr>
<tr>
<td>• Technical lectures</td>
<td>• Suppliers assessed for human</td>
<td>• Active Vendors</td>
</tr>
<tr>
<td>264</td>
<td>rights compliance</td>
<td>(from national market) 9,442</td>
</tr>
<tr>
<td>• Skill building sessions held</td>
<td>• Instant mix proportioning services provided</td>
<td></td>
</tr>
<tr>
<td>for masons / contractors</td>
<td>24,082</td>
<td></td>
</tr>
<tr>
<td>8,292</td>
<td>• Vendors on board</td>
<td></td>
</tr>
<tr>
<td>• Instant mix proportioning</td>
<td>9,517</td>
<td></td>
</tr>
<tr>
<td>services provided</td>
<td></td>
<td></td>
</tr>
<tr>
<td>590</td>
<td>• Vendors assessed in supply chain</td>
<td></td>
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<tr>
<td>• Vendors assessed for human</td>
<td>590</td>
<td></td>
</tr>
<tr>
<td>rights compliance</td>
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</tbody>
</table>

Recognition

The ‘Most Innovative CSR Project’ for Vidya Utkarsh by Government of Odisha
Golden Peacock Award for Corporate Social Responsibility
Indywood CSR Excellence Award 2018 in the category of Best CSR Practices in Promoting Biodiversity
ACC Lakheri won the CSR Health Impact Award – Bronze in the Women and Child Health Initiative category
CASE STUDY

Empowering individuals through education

ACC’s Vidya Utkarsh programme facilitates quality education for children in the host community while providing a healthy and safe learning environment.

Badal Das lives with his family in Dokatta village in Jharkhand where his father works as a labourer. He studied in a Hindi medium school until Class 5.

ACC Vidya Utkarsh, helped Badal to study in the English medium DAV Public School, Chaibasa. Soon Badal excelled and began to top his classes due to his hard work and dedication.

Badal topped his school in Class 12 CBSE examination and is now studying B.Sc. (Maths honours) and intends to pursue B.Ed. to become a teacher.

Badal’s success story is an example for his community which has now realised the importance of quality education and has started enrolling children in nearby schools despite the strain on their resources.
CASE STUDY

Rebuilding lives in Kerala

In August 2018, torrential rains hit many parts of Kerala, causing large scale flooding and landslides, leaving behind unimaginable destruction to homes, schools, hospitals and civic infrastructure.

ACC salutes the spirit of the people of Kerala and their resilience, courage and sheer determination with which they faced one of the most daunting times. We feel privileged to have participated and assisted the brave citizens of Kerala as they rebuilt the communities.

ACC immediately stepped up to assist people in the flood-impacted regions of Kerala. Every employee of ACC donated one day’s salary to the humanitarian effort and the Board of Directors contributed a sum of ₹ 1 lakh each. The management created a special corpus in ACC TRUST to implement special relief and rehabilitation programmes in the state.

But going far beyond financial contribution, over 100 ACC employees courageously camped in Kerala to help with the relief and rehabilitation efforts. ACC Help Vans transported food, water, emergency lamps and essential items to marooned people and relief camps.

ACC distributed
11,768 food kits
4,008 cleaning kits
50 clothes kits
50 utensil kits
covering 16,700+ families

A task force of 52 volunteers - cleaners, carpenters, plumbers, electricians and masons were mobilised from ACC Madukkarai plant to Kerala. ACC’s mines maintenance van equipped for electric, welding and plumbing work was also dispatched to the affected areas.

The initiatives also reflect our relations with our Dealers and Clearing & Forwarding Agents, many of who worked with us shoulder to shoulder to create a massive relief and rehabilitation operation in Kerala.

ACC salutes the spirit of the people of Kerala and their resilience, courage and sheer determination with which they faced one of the most daunting times.
Value created for our stakeholders

The value created by an organisation over time manifests itself in increases, decreases or transformations of the capitals caused by the organisation's business activities and outputs. That value has interrelated aspects – value created for the organisation itself, which enables financial returns to shareholders and other stakeholders, including society at large.
Planning for a sustainable future

Sustainability is an integral part of our business strategy. As an industry leader, ACC is committed to ensuring a sustainable business. Climate, Circular Economy, Water & Nature and People & Communities are the four pillars of Sustainability, where ACC has made impactful contributions. Working consistently towards achieving the 2020 goals set under each pillar, ACC has done robust work in 2018 to surpass its targets in each of the focus areas. Our specific CO2 emissions/T of cement reduced by ~38% per tonne of cement vs 1990, which has already surpassed our 2020 target. Encouraged by this achievement, we are aspiring to reduce our specific CO2 emissions by another 2% during 2019. We have utilised ~11 million tonnes of waste-derived resources, continued our efforts to become biodiversity positive, reduced specific fresh water withdrawal in cement operation by ~18% and implemented initiatives to provide access to safe water, sanitation and hygiene, besides touching nearly half a million lives through Corporate Social Responsibility initiatives across the country. In some parameters, we have surpassed the targets of SD 2030 Plan and are working on higher targets.

ACC will generate one-third of its turnover from enhanced sustainability solutions.

**Climate**
- **2020**
  - We will reduce net specific CO2 emissions by 34% per tonne of cement (vs 1990)

**Circular Economy**
- **2020**
  - We will use 9.6 million tonnes of waste-derived resources per year

**Water & Nature**
- **2020**
  - We will reduce specific freshwater withdrawal in cement operations by 19% Complete BIRS baseline assessments at all quarries Have BMP for all quarries

**People & Communities**
- **2020**
  - We will have zero onsite fatalities Reduce Lost Time Injury Have Frequency Rate (LTIFR) < 0.50 Reduce Total Injury Frequency Rate (TIFR) by 30% Benefit > 1 mn people from our social programmes Assess 80% high risk active suppliers

**2030**
- We will reduce net specific CO2 emissions by 40% per tonne of cement (vs 1990)

- We will use 10.7 million tonnes of waste-derived resources per year

- We will reduce specific freshwater withdrawal in cement operations by 30%
  - Show a positive change for biodiversity
  - Implement WASH pledge at our sites

- We will have zero fatalities
  - Reduce LTI FR < 0.20
  - Reduce TIFR by 50%
  - Benefit 3.25 mn people from our social programmes
  - Assess 100% high risk active suppliers + Top sub-suppliers with high risk identified and assessed

*Note: All targets are for 2030. Baseline year is 2015 unless stated otherwise.*
In Conclusion

Throughout the 82 years of its existence, ACC has remained true to its purpose of being a driving force in creating a confident future for its people, customers, shareholders and the nation. Accordingly, your Company relentlessly strives for excellence in all areas of its operations, achieving high levels of operating performance and cost competitiveness, enhancing its productive asset and resource base and moving towards creating a more sustainable future. The theme of the Annual Report this year ‘Building a Future, Cemented in Trust’ echoes the very ethos of your Company – an innovative, forward-looking company that owes its continued success in the marketplace and its solid reputation to the trust it enjoys and the value it creates for all its stakeholders.

Innovation is present not only in our products and services, but also in the way we execute growth opportunities. Our close relationships with our customers, anticipating modern consumer needs, and our technological know-how helps us deliver new products and solutions. Developing a future-ready organisation by building world-class capabilities ensures that our people and business continue to grow and thrive. Significant investments are being made to expand production capacities over the next few years. Commitment to growth, financial prudence and shareholder returns is helping us distribute wealth back to shareholders. Sustained efforts are being made to reduce our usage of limestone resources, energy and water. Continuous engagement with the communities where we live and operate is enhancing lives through interventions in the domains of health, education and livelihood development, among others.

While ACC has achieved significant milestones in its sustainability journey, we recognise that there is much more to be done, with scale and urgency.

ACC is committed to creating larger societal value by ensuring that its corporate actions positively impact the economic, societal and environmental dimensions of Triple Bottom Line performance. By making every aspect of our business sustainable, we re-affirm our commitment to a better world.

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