



ENDURING GROWTH FOR GLOBAL LEADERSHIP



Hindalco Sustainability Report
2011 - 12



HINDALCO

ENDURING GROWTH FOR GLOBAL LEADERSHIP

From our humble yet, visionary beginning in 1962, with India's first integrated aluminium facility in Renukoot, Uttar Pradesh, we are now a powerhouse in non-ferrous metals and a leading player in aluminium and copper products. As we introspect our founder's vision & thinking and make ourselves ready for the next decade of enduring growth and global leadership, **sustainability** is a priority, in our thoughts and actions. The key factors which determine our competitive advantage are: our presence in various value chain stages, global outreach and operational efficiencies. Together with Novelis (wholly owned subsidiary), our global manufacturing is present in 51 Units in 13 countries with around 33,000 workforce covering 15+ Nationalities. In such a complex scenario, our utmost priority in the reporting period has been to standardize the sustainability approach across our global operations and take steps for further improvement as measured by sustainability performance indicators.

Based on the activities done during our first sustainability report preparation, it was understood that sustainability requires a multi-disciplinary approach to working and a proactive style to revise our traditional ways of working to incorporate sustainability dimensions in our actions. As a first step, a Sustainability Board (Members: Chief People Officer,

Chief Financial Officer, Head Copper Business, Company Secretary, Head of Technology) was formed. To strengthen the Board, we also constituted a "Working Committee on Sustainability" which comprised senior level management representatives from various business functions with defined terms of reference. In addition, unit level coordinators have been identified to adopt the sustainability approach in all our units.

The overall objective of these actions have been to assign management responsibilities for performance improvement and disclosure on various sustainability aspects such as financial performance, environmental excellence, human resource management, social responsibilities and last but not the least, product responsibility.

"Enduring Growth for a Global Leadership" is our shared value and our current report theme as we implement such steps so as to empower our employees to take on the sustainability agenda. This is the second year of our sustainability reporting, covering the period April 2011 to March 2012, guided by the Global Reporting Initiative (GRI) G3.1 guidelines and India's National Voluntary Guidelines.

RESPONSIBILITY TOWARDS
OUR LOCAL COMMUNITIES

RESOURCE SUSTAINABILITY

OPERATIONS AND
PRODUCT SUSTAINABILITY

EMPOWERING EMPLOYEES,
ENHANCING WORKPLACE ENGAGEMENT

**Enduring
Growth
for
Global
Leadership**



PEOPLE



PLANET



PROFIT



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Chairman's Desk

Dear Stakeholders,

As a Group, globally, we embarked on an ambitious sustainable development track almost a decade ago. So sustainability concepts are already ingrained in many of our businesses. Our Group strongly believes in operating our businesses as Trustees, and as good corporate citizens.

The sustainability concept, captured in the triple bottom line of "people, planet and profit" is reflected in our Group Values, in the way we operate, in our people policies, and in our Corporate Social Responsibility activities and commitment. Our ambitious business growth is predicated on it being sustainable in every sense, including environment and resource conservation. Increasingly, this is an imperative from our customers and other stakeholders as well. I believe, a commitment to Sustainability undeniably will reap rich dividends for us over the long haul.

Our intent, as a Group, is to move towards products and processes that use resources most efficiently, lower consumption norms, and veer towards clean technologies – across our businesses and geographies. In doing so, we will enhance economic value, conserve environmental capital and as always work to make a qualitative difference to the lives of the underprivileged sections of society.

At Hindalco as well, we are unequivocally committed to sustainability in every aspect of our operations, our people processes and to the welfare of the community. Hindalco today is among the world's most admired and respected corporations along with its subsidiary Novelis, in the metals business. It has attained this stature because of its thrust on the triple bottom line.

While the Managing Director's communication in this report goes into the specifics of Hindalco's major wins and developments on the sustainability front, let me give you an overview.

I am pleased to inform you that to bolster our endeavours, we have formed a 'Sustainability Board', comprising the top leadership team at Hindalco, with the oversight being provided by the Managing Director. A committee for executing the sustainability initiatives down the line, forms part of this process.

Hindalco is in for a quantum growth leap as it scales up from 0.55 mtpa to 1.6 mtpa by 2016. Towards



this, new plants are under implementation. We have resorted to best-in-class technology viz., AP36 from Rio Tinto Alcan, as it guarantees the lowest energy consumption. At Novelis, we fulfil our commitment to energy conservation through increased use of recycled aluminium. We have set an ambitious target of utilising 80% recycled aluminium in our operations at Novelis by 2020.

Yet another forward looking step taken by us is pushing for increased application of aluminium in the automotive sector, given the huge fuel reduction potential of light weight vehicles, passenger cars and bus bodies. Hindalco is partnering with key players in this sector. Alongside, Novelis is aggressively moving in this space at the global level.

The switchover from furnace oil to natural gas, leveraging the piped natural gas network across India has been successful at our Copper Plant in Dahej. At the Alumina Plant in Belgaum and the Rolling Plant in Talaja, this conversion is underway.

Birla Copper provides yet another example of proactively tackling environment related issues. Its production process generates a large quantum of solid waste – slag and phosphogypsum – which necessarily has to be stored. Through process modification, it has upgraded the quality of phosphogypsum, and this is now good for use in cement. UltraTech, our cement major, is their customer, besides other top cement companies.



Likewise, Novelis has made a head start globally in paring waste generation in its rolling operations. Novelis' new Global Research Technology Centre near Atlanta aims to take product and process innovation to a higher level to increase its thrust on sustainability. Similarly, Hindalco has consolidated its Research Centres and morphed these to 'Innovation Centres' for alumina and aluminium products.

On the People Front


I personally am convinced that we are now forging ahead on the people front. Our dedicated efforts in enhancing the quality of life of our employees and their families, continues unabated.

Our Talent Management and Leadership Development processes have been further enhanced, to meet our very specific talent requirements, with many more employees being included. A Global Manufacturing Leadership Program to induct lateral recruits and fortify our technical talent in our Units has been launched. A Continuing Education Policy is in place to support managers in acquiring higher specialist education for skills upgradation while they continue to be in their jobs. These are a few examples among several initiatives geared to honing the competencies of our people and providing them with an engaging work experience.

Beyond Business

We are equally committed to inclusive growth. Hindalco is engaged in making a qualitative difference to the lives of the poor. We work in 692 villages and 12 urban slums. We endeavour to bring the benefits of education, health care, sustainable livelihood and good infrastructure to a 26 lakh populace, in proximity to our plants all over India. Elsewhere in this report, these activities have been detailed. Suffice it to say that the ethos of giving and caring, which forms the very essence of inclusive growth, courses through the DNA of our Group and all our Group Companies. Given Hindalco's vast reach, it sets a fine benchmark.

This report objectively outlines the strides made in the sustainability trajectory, our thrust in the people area, our focus on ensuring sustainable performance and lifting the lot of the poor, according them the dignity that every human being deserves.



Kumar Mangalam Birla



MD's Statement

Dear Shareholders,

I am pleased to share with you Hindalco's second Sustainability Report, titled '**Enduring Growth for Global Leadership**'. As a global metals business that operates in 13 countries across the aluminium and copper value chains and is at an exciting inflexion point in terms of growth and industry leadership, sustainability is at the very core of our operations.

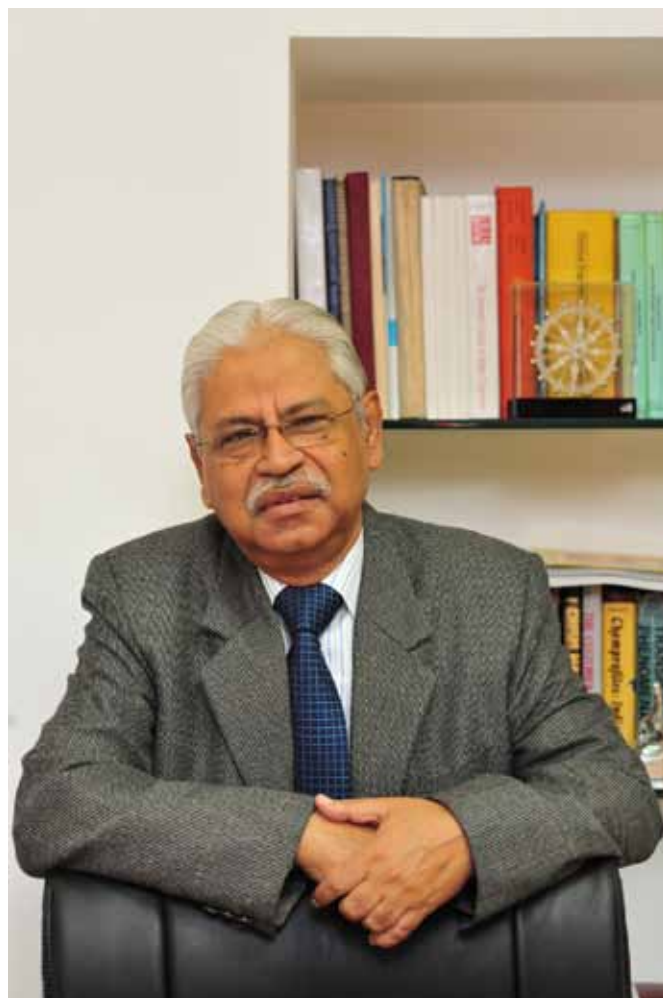
The span and width of our operations, the scale of our growth ambitions and the deep engagement that we have with a variety of stakeholders necessitate a holistic and well-rounded approach to sustainability – encompassing a variety of areas, like sustainable mining practices, energy conservation, recycling, environment-friendly disposal of industrial wastes, safety practices, socio-economic development of the communities around us and empowerment of our employees. On each of these areas, our approach is to set clear policy and institutional framework, systematically monitor the performance, encourage continuous improvements and innovative practices, and deepen the dialogue with all stakeholders.

Resource Sustainability

Sustainability considerations are paramount right at the beginning of our value chain – mining. During the life cycle of our mines, we interact with as many as 5-7 generations of local community. Our mining practices, regeneration activities and community engagement practices are geared towards minimizing the environmental impact and maximizing the socio-economic impact during the development of mines.

Environmental Stewardship in Our Operations and Projects

Conservation of materials and energy is another focus area – critical for our business results as also for the environment. A lot of our R&D efforts are focused on this area. Our manufacturing units are already gearing up for energy conservation projects in line



with the targets that would become applicable under the Perform-Achieve-Trade Scheme. Decoupling the economic growth from environmental and social impacts is the driving principle behind our operational approach and project implementation.

Recyclability

Aluminium is one of the most sustainable materials by virtue of its recyclability. Our wholly-owned subsidiary Novelis presently uses 39% of recycled content and has ambitious plans of increasing this proportion to 80% by 2020. Recycling of aluminium and copper are definite win-win solutions for both our business and the environment.

Research & Development

We are also furthering the usage of aluminium in the auto sector, which has the advantage of significantly reducing energy consumption over the life of the vehicle. We have undertaken capability building and development initiatives with the Indian Railways and other entities in the transport sector.



Health & Safety at the Workplace

For safety of workforce and prevention of accidents, we take the path of continual improvement by implementing management systems as well as special training and events across all plants on preventive actions. In 2011-12, our safety performance improved and we continue to strive for an accident-free workplace.

Empowering Employees, Enhancing Workplace Engagement

Our 33,000 plus employees across 13 countries representing 15+ nationalities are our biggest asset. We have taken several steps for making Hindalco a truly learning based organization.

Socio-economic Development

We also continue to maintain our thrust on inclusive growth – flowing from our trusteeship management concept. In 2011-12, we carried out social projects in healthcare, education, infrastructure development and livelihood generation with the help of expert partners in 692 villages and 12 urban slums in proximity to our plants in India. We have already initiated similar engagement with communities around our new Greenfield site locations.

This report captures in detail our objectives and actions in the varied aspects of pursuing a sustainability-driven enduring growth. We strongly believe that there are no trade-offs between economic growth and socio-environmental footprint, if sustainability is placed firmly at the centre of our entire gamut of operations. As our businesses scale new heights in the coming years, we will continue to further broaden and deepen our sustainability practices – thus, promising for all our stakeholders, an enduring growth ahead.

D Bhattacharya

D. Bhattacharya



Vision, Mission & Values

Vision

To be a premium metals major, global in size and reach, excelling in everything we do, and creating value for its shareholders

Mission

To relentlessly pursue the creation of superior shareholder value by exceeding customer expectations profitably, unleashing employee potential and being a responsible corporate citizen adhering to our values

Values



INTEGRITY
Honesty in every action



COMMITMENT
Deliver on the promise



PASSION
Energized action



SEAMLESSNESS
Boundary less in letter and spirit

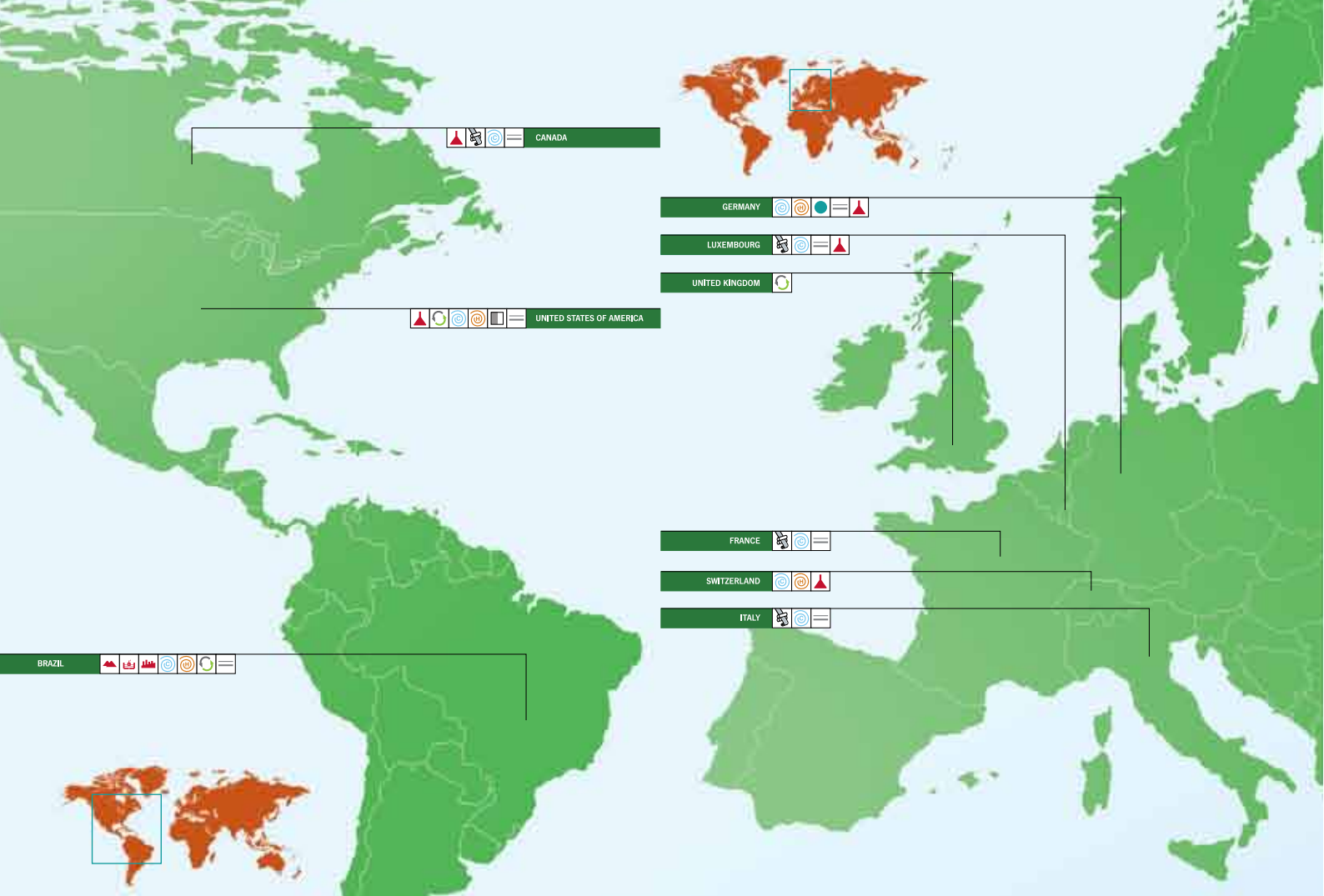


SPEED
One Step Ahead Always



Hindalco: An Overview





Aditya Birla Group

The Aditya Birla Group, India's first multinational corporation, traces its origins back to the tiny village of Pili in the Rajasthan desert, where Seth Shiv Narayan Birla started cotton trading operations in 1857. Today, the Group's footprint extends to 36 countries and its revenues are little over US \$40 billion. The Group has over 136,000 strong workforces comprising 42 nationalities.

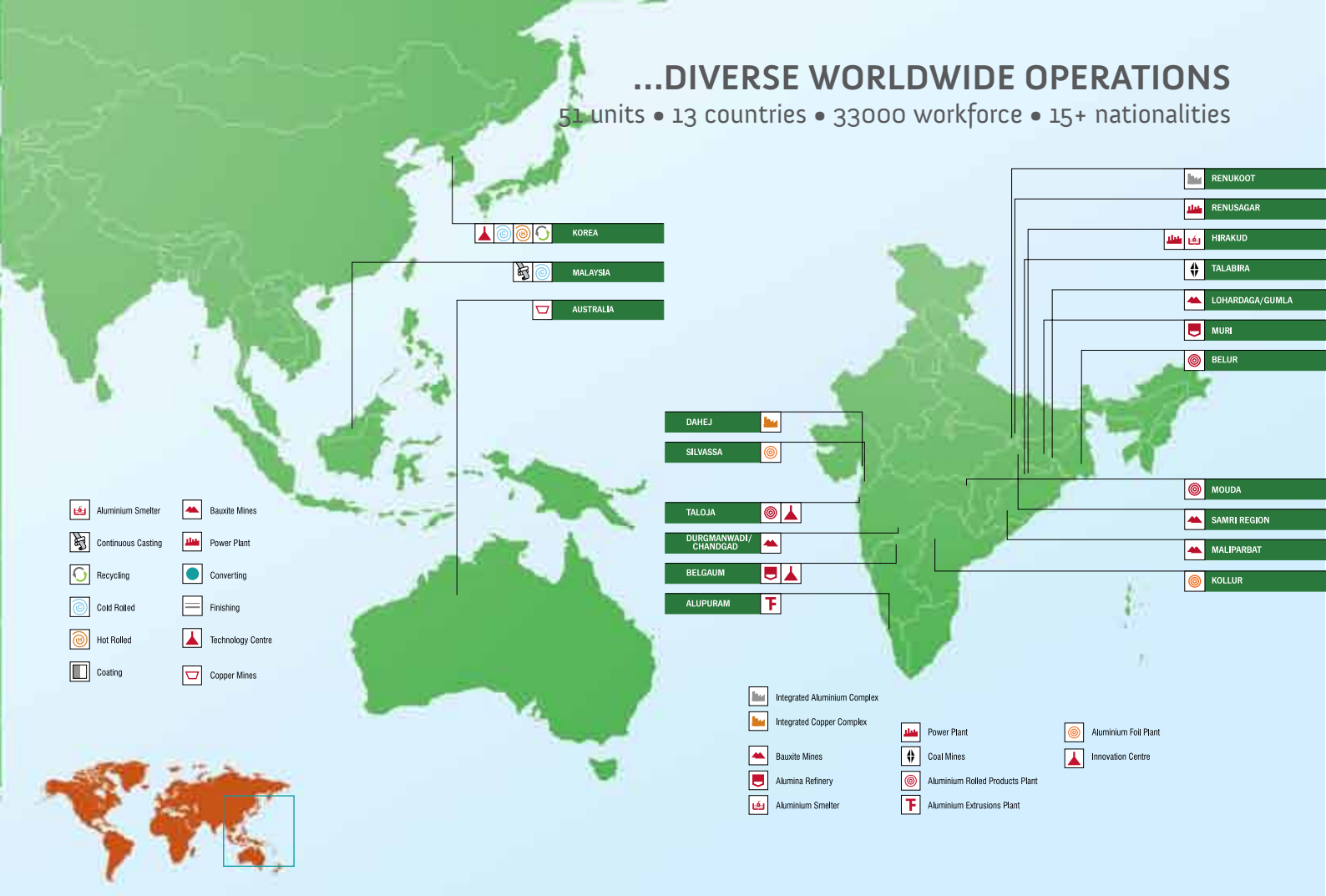
The Group has been ranked Number 4 in the Global 'Top Companies for Leaders' survey and ranked Number 1 in Asia Pacific for 2011. 'Top Companies for Leaders' is the most comprehensive study of organisational leadership in the world conducted by Aon Hewitt, Fortune Magazine and RBL (a strategic HR and Leadership Advisory firm).

The Group's vision is to be a premium global conglomerate with a clear focus on each business. Its mission is to deliver superior value to our customers, shareholders, employees and society at large.



...DIVERSE WORLDWIDE OPERATIONS

51 units • 13 countries • 33000 workforce • 15+ nationalities



Hindalco Industries

Hindalco Industries, part of the Aditya Birla Group, is a metals powerhouse, and among the world's most cost-efficient aluminium and copper producers. In Aluminium, it has business presence in Alumina Chemicals, Primary Aluminium, Aluminium Extrusions, Aluminium Rolled Products, Foil and Packaging. In Copper, the primary products are Copper Cathodes and Continuous Cast Copper Rods. The Copper business is also associated with recovery of precious metals as well as using process waste to produce useful products such as acids and fertilizers.

Hindalco's operations span across 51 units in 13 countries and includes a workforce of 33,000 representing more than 15 different nationalities. The Renukoot plant in Uttar Pradesh in India, commissioned in 1962, operates across the aluminium value chain from bauxite mining, alumina refining, aluminium smelting to downstream rolling and extrusions.

In 1967, Hindalco established a captive power plant at Renusagar, the first captive power plant (CPP) for the aluminium industry in India. This, along with a co-generation power unit, ensures continuous supply of power for the smelter and other operations. Location of other Plants are given on the next page.



Renukoot Complex



Business Category	Installed Capacity	Production in 2011-12	Pointers for Economic Sustainability
Aluminium			
Alumina	1.50 million tonnes Refineries at Renukoot (0.7), Belgaum (0.35), Muri (0.45) Captive bauxite mines in India (meets 70% of raw material requirements) Bauxite reserves at Jharkhand, Maharashtra, Odisha and Chattisgarh	1.35 Mio. T	Develop value-added special products for non-metallurgical uses, sustainable sourcing and competitive cost
Primary Aluminium	506.4 kilo tonnes Smelters at Renukoot (345), Hirakud (161.4) Conductor Redraw plant at Renukoot	574 kT	Maintain leadership in low-cost aluminium production, managing cost of inputs, supplier sustainability; strong demand outlook from emerging markets
Captive Power Generation	Capacity: Power generation Renusagar 742 MW, Hirakud 368 MW Captive coal mine (23 % of raw material requirements)	9,789,805 MWh	Power generation efficiency, managing cost of inputs
Rolled Aluminium Products	Capacity: 205 kilo tonnes Sheet Rolling plants at Renukoot (80), Belur (45), Taloja (50), Mouda (30)	228.4	Getting into new businesses in emerging markets such as automobiles, construction, beverage can inputs
Aluminium Extrusions	Capacity: 31 kilo tonnes Extrusion plants at Renukoot (23), Alupuram ¹ (8)	30.4	Enhance the extrusions portfolio for various applications
Aluminium Foil	Capacity: 40 kilo tonnes Foil plants at Silvassa (30), Kollur (4)	18.71	Develop versatile packaging solutions, promote aluminium recycling
Novelis	30 plants across 4 continents	Shipments of aluminium rolled products totaled 2,838 kilo tonnes	Increased demand due to strong end-market conditions across all product segments globally

Hirakud Smelter Power Complex



Business Category	Installed Capacity	Production in 2011-12	Pointers for Economic Sustainability
Copper			
India	Copper cast rods: 142.2 kilo tonnes Copper cathodes: 500 kilo tonnes Sulphuric acid: 1, 670 kilo tonnes Phosphoric acid: 180 kilo tonnes Fertilizers (DAP and complexes): 400 kilo tonnes Gold: 15 tonnes Silver: 150 tonnes	Copper cast rods: 144.8 kilo tonnes Copper cathodes: 330.0 kilo tonnes Sulphuric acid: 1075 kilo tonnes Phosphoric acid: 99.6 kilo tonnes Fertilizers (DAP & complexes): 210.3 kilo tonnes	Access to copper concentrate of appropriate quality and margins, management of by-products and value-added products, waste to wealth, treatment and refining charges; strong demand outlook from emerging market
Mines, Australia (Nifty, Mount Gordon)	---	59,706 T of Copper production (2.11 million tonnes of ore mines @ 2.43 % of Copper)	Received approval to restart Mt Gordon Mines; increase in Nifty Reserves by 4.3 mt of ore; substantial increase in Mt Gordon resources

¹ There was one instance of strike or lock-out longer than seven days, declared on 22 February 2011. It continued till December 2011.

In addition to Plant level Quality Assurance/R&D Labs, Hindalco has two Innovation Centres at Belgaum and Taloja. These Innovation Centres have R&D programmes in the areas of Alumina, Aluminium, Rolling, Tribology,

Foil Conversion and Modelling to support plants located in India. Also, we work in close coordination with the Novelis Global Research & Technology Centre.

Details on beneficial ownership is included in our Annual Report. Similarly, information on changes in the share capital structure end other capital formulation, maintenance, and alteration operations are also available in our Annual Report.

MORE DETAILS

- Products - <http://hindalco.com/businesses/overview.htm>
- Operational facilities - http://www.hindalco.com/operations/operations_index.htm



Dahej Copper Complex



Novelis

Novelis is the world’s largest manufacturer of rolled aluminium, producing an estimated 17% of the world’s total aluminium rolled products. Novelis is also the global leader in beverage can recycling. We recycle approximately 40 billion used beverage cans annually. The company serves customers in sectors including automotive, beverage can, high-end specialities such as electronics, architecture and others.

Headquartered in Atlanta, Georgia, USA, Novelis is a wholly owned subsidiary of Hindalco Industries

Limited, one of the Asia’s largest integrated producers of aluminium and a leading producer of copper.

Novelis operations are spread across 11 countries in four continents.

In June 2012, Novelis opened a new state-of-the-art Global Research & Technology Centre near Atlanta, Georgia, USA. The nearly 15,000 sq.m facility will serve as the hub of Novelis R&D activities worldwide and is designed to expand our R&D programs to support our growth.



Yeongju Plant, South Korea

Message from President and CEO, Novelis

Phil Martens

At Novelis, we are building our company’s future on sustainability. In early 2011, Novelis put a first stake in the ground and adopted a new set of sustainability targets, among them the strikingly ambitious aim that 80% of our aluminum inputs will be comprised of recycled content by the year 2020. This, along with our other sustainability targets and efforts, is part of our strategy to become a low-carbon aluminum producer.



This strategic direction is based on what we think the world will look like in 2020, which includes these conditions:

- An increasingly urban population approaching 8 billion people.
- Consumers who are demanding affordable “green” products and who expect the companies, technologies and processes behind those products to be entirely sustainable.
- Hundreds of millions of tonnes of aluminum in use around the planet, the vast majority of which are retrieved, recycled and employed in the manufacture of new products.

We are embedding sustainability into our business and our way of life – how we make decisions and how we work to do the right thing for our people, our customers, our communities and other stakeholders.

In only a year, we jumped from 33% to 39% recycled content, and we will nearly double our recycling capacity through the strategic projects we have already announced. This achievement brings into view our interim goal of 50% by 2015. For example, we are investing about \$250 million at our plant in Nachterstedt, Germany, to build the world’s largest integrated recycling system. This facility will make Novelis the largest recycler – not just of beverage cans – but of all aluminum.

Importantly, from the perspective of our customers, our global recycling network will create the potential for large-scale closed-loop manufacturing. We’re working on this with our automotive, beverage can and specialty customers. We melt, cast, and roll the material; ship it to them; take back their scrap; then re-melt, cast and roll it again. Our customers are keenly aware of the need to make their products more sustainable – with a smaller carbon footprint and the opportunity to close recycling loops. By engaging with our customers and helping them meet their goals, we are transforming these relationships. Rather than a transactional relationship, we’re becoming thought partners with our customers, driven by a common sustainability agenda.

We envision a future where greater carbon constraint, rising energy demands, depletion of natural resources, government regulation and consumer preferences drive dramatically increased demand for aluminum. Forging the path towards the future is going to require innovation to re-imagine our products and new technology to reshape our manufacturing processes. And it’s going to require changes to fundamental aspects of our industry that have been in place for over a century. At Novelis, we call this “disruptive innovation,” and it’s become a core value of the Company.

That’s why we are so excited about our new Global Research & Technology Center near Atlanta. This state-of-the-art facility will bring product and process

innovation together to develop better manufacturing and product specifications, as well as provide a forum for partnering with customer companies.

In addition, to underscore our commitment to being a positive force in local and global communities, we signed up to the United Nations Global Compact in 2012. We remain committed to the initiative, and we are working to implement its 10 principles.

We also face challenges. For example, while our overall safety record compares well with the industry and is improving; as we shrink overall incident rates, the percentage of severe accidents has increased. And severe accidents, of course, are what we especially want to drive to zero. This continues to be one of the top – if not the top – priorities in the Company.

We also still have much work to do on the consumer end of the aluminum life cycle to help improve recovery rates for post-consumer aluminum. We are collaborating with customers, governments, regulators and other stakeholders to develop partnerships that will result in higher levels of recycling. And, more broadly, we are supporting dialogue and action to address climate change and to facilitate the transition to a low-carbon economy.

Many companies state that their sustainability strategy is inextricably entwined with their business strategy. With this report – and in our future reports – we hope to demonstrate that this is truly the case for Novelis. The truth is, this is uncharted territory for Novelis, and for most companies. We are fortunate to have the benefit of invaluable insights and advice from our world-class Sustainability Advisory Council. Already, the Council’s input is helping us learn about the perspectives of sustainability thought-leaders, tap into the Council’s thinking about the future, and get their critical feedback. Novelis is both benefiting from the sustainability movement and feeding it. It’s where our attention, our resources, our investments, and our brand are headed. We welcome additional dialogue and partnership, and we hope to get your feedback on our strategy and our report.



Aditya Birla Minerals (ABML)

Aditya Birla Minerals (ASX:ABY) is an Australian based copper mining company with operations in Western Australia and Queensland. ABML conducts copper mining and exploration activities at the Nifty Copper Operations in the Great Sandy Desert, Western Australia and the Mt Gordon Copper Operations near Mt Isa, Queensland.

Copper concentrates produced from its copper mines are shipped to Hindalco Industries Copper Smelter in India. ABML is presently 51% owned by Hindalco.

Since listing on the Australian Stock Exchange in 2006, ABML management has turned around the performance of these mines resulting in substantial increases and improvements in operational efficiency and production.

Copper production in 2011-12 : 59,706 MT
Copper Sales : 62,949 MT



Paste Plant at Birla Nifty Mines



Line Plant at Birla Mount Gordon Mines

Message from CEO and Managing Director, ABML

Dr Sunil Kulwal



Our Copper mines at Nifty in Western Australia and Mt Gordon in Queensland states of Australia together can produce between 70,000 to 80,000 of copper in concentrate annually. We do this responsibly and sustainably in the context of national and local laws, regulations, standards and community expectations.

Our record on Occupational Health and Safety continues to improve at both mines with a target to be better than our industry peers on every measure. Our exploration activities over the past year represented a historical peak. When we look at how these greenfield activities are conducted, we are committed to respectful management of indigenous and community affairs. Our efforts at Nifty on Fauna Management was recognised by our peers at an environmental conference and was one of many highlights in the ABML sustainability program.

The work we have undertaken on GHG emission reduction and energy efficiency over the past four years has placed us well to absorb the introduction of the Carbon Tax in Australia.



Strategic Priorities and Capital Investments

Our strategy for the aluminium industry focuses on continuing with existing low cost operations and progressing on new Greenfield projects; this will further improve cost competitiveness through lowest production costs; by controlling key resources, such as

bauxite mines, refineries, power plants and coal; and reaping the benefits of economies of scale. In Copper, we aim to consolidate and secure access to raw materials through our acquisition and long term supply agreement activities.

Project	Location	Capacity	Power Plant	Target
Hirakud Smelter Operation	Hirakud, Odisha	161 KTPA to 213 KTPA	368 MW to 467 MW	2012
Hirakud Flat Rolled Products (FRP) Project	Hirakud, Odisha	135 KTPA	NA	2012
Utkal Alumina International Limited	Doraguda, Odisha	1.5 mio-tonnes Alumina Refinery with integrated Bauxite Mines	90 MW Captive Co-generation Power Plant	2012
Mahan Aluminium	Bargwan, MP	359 KTPA Aluminium Smelter	900 MW CPP	2012
Aditya Aluminium	Lapanga, Odisha	359 KTPA Aluminium Smelter	900 MW CPP	2013
Aditya Alumina	Koraput, Odisha	Alumina Refinery with integrated Bauxite Mines	—	2014
Jharkhand Aluminium	Sonahatu, Jharkhand	720 KTPA Aluminium Smelter	1650 MW CPP	2015



Joint Venture Development of Coal Mines

We have partnered with Essar in Chattisgarh and Tata Power in Jharkhand to develop captive coal mines. These partnerships with reputed power generation

companies would boost the sustainable development of these mines and in turn provide energy source to our proposed aluminium smelting projects.

Message from Head of CPPC

B. B. Jha

Sustainability as the Founding Stone of Greenfield & Brownfield Projects

Hindalco today is poised at an important stage in its growth, where successful and flawless execution of its Greenfield and Brownfield projects will have a lasting effect on its future in terms of all the Ps, viz. Profits, People and Planet. Of the 3 aluminium smelter projects, 2 alumina projects, and 2 aluminium semifab projects, the Mahan Smelter & Power plant at Mahan-MP, Blue Fox Rolling Mills plant at Hirakud, Odisha, and Ajanta Foils plant at Mouda, Maharashtra, have reached the final phase of pre-commissioning operations, and will go online in 2012-13. Despite the size and scale of operation of these projects, the CPPC team at Hindalco focused on the best-in-class technology or surpassing state-of-the-art emission norms, to ensure long-term sustainability of these projects, while remaining nimble on capital investment, through partnering with the suppliers; and through pragmatic use of the idle assets of Novelis – the subsidiary company of Hindalco. The local community needs have been addressed by



setting up R & R colonies with excellent infrastructure, and with the potential to provide sustainable livelihood, through the boost to infrastructure that projects of such size provided to the locale. The long and sound experience of the Corporate Social Responsibility Team of The Aditya Birla Group plays a key role in developing such partnerships. As the other ongoing projects go on-stream, Hindalco and Aditya Birla Group management considers sustainability as a founding stone for our Greenfield and Brownfield projects and this sound long-term sustainable approach will provide the stability to make these projects and the business successful.

Scope of Report – Companies included

1. Hindalco Industries Limited, India Operations covering Aluminium and Copper
2. Novelis Inc.
3. Aditya Birla Minerals Ltd. (ABML) including Birla Nifty Pty Ltd., Birla Mt Gordon Pty Ltd.
4. Utkal Alumina International Limited (included in Corporate Projects)
5. Dahej Harbour and Infrastructure Limited (included in Hindalco India Operations)

Scope of Report – Companies not included

We have no other subsidiary companies listed in our Annual Report 2011-12 due to:

1. Hindalco does not exercise Management Control
2. Small Size of Business Operations
3. Special Purpose Investment Companies
4. Operations yet to commence





Corporate Governance



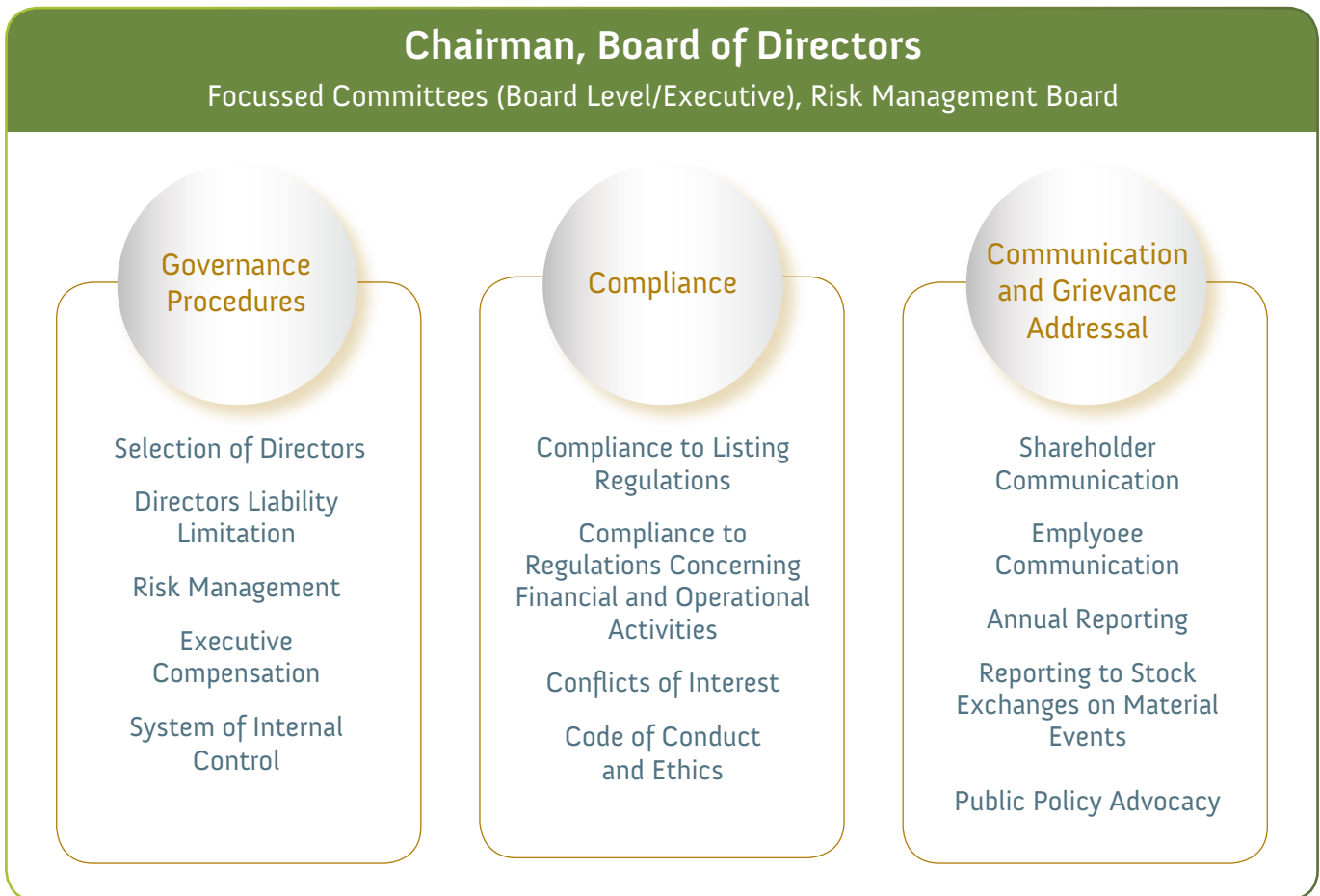
Being a global leader in the metal business, we realise that, to continue marching ahead in our growth path, we need to have a sound governance system in place. We remain committed to embracing the best business practices in order to achieve our true potential.

Our Governance Framework

We strongly believe that good governance is fundamental to value creation and have a track record of excellent governance. We continue to build on our strengths and have further reinforced our governance structure. Our corporate governance framework adheres to the Clause 49 of the Listing Agreement in India and comparable requirements of the Exchanges of USA and Australia; we also draw from good corporate governance practices followed worldwide. The role of the Board, its operations, its relationship to executive management and the main tasks of its committees are clearly defined in our governance framework.

Hindalco Governance Philosophy

- Board accountability to Company and Shareholders
- Equitable treatment of Shareholders
- Strategic guidance and effective monitoring
- Superior transparency and timely disclosure
- Protection of minority interests



Chair of the Highest Governance Body

During the reporting period, the Board has been led by our visionary leader, Mr Kumar Mangalam Birla, Chairman and Non-Executive Director. His primary role is to provide leadership to the Board and Executive Committees for realizing the Company's goals in accordance with the charter approved by the Board.

Board of Directors

Our top leadership continues to drive us on the growth path and create value for stakeholders as we move forward.

The Board of Hindalco in India consists of eleven Directors – ten Non-Executive Directors out of which



seven are Independent Directors. Mr M. Damodaran joined the Board as an Independent Director in April 2012. Formerly the Chairman of SEBI, Mr Damodaran (IAS) brings with him over 30 years of experience in finance and administration. Neither the Chairman nor the independent directors are employed as executives of the Company.

For more details, please refer to the Corporate Governance section of our Annual Report.

There are five non-executive members on the Board of Novelis Inc. who supervise the management of our business affairs, review corporate governance practices and implement changes as and when appropriate. Novelis has also established two standing committees viz., the audit and compensation committees.

As for ABML, the Board comprises seven members, three of whom are independent Non-Executive Directors. ABML acknowledges that this does not constitute a majority of independent Non-Executive Directors but believes that the board is of a suitable composition and possesses the necessary skills to manage the company’s activities. The Board will continue to assess the skill-set amongst its constituents and make other appointments should the need arise.

The Board has overall responsibility for The Birla’s System of Internal Control. These systems are designed to ensure effective and efficient operations, including financial reporting and compliance with law and regulations, with a view to managing the risk of failure to achieve business objectives. The Board reviews the effectiveness of the Internal Control Systems and Risk Management on an ongoing basis, and monitors risk through the Audit, Compliance and Risk Committees.

The Aditya Birla Management Corporation Pvt Limited assists the Board and the Audit, Compliance and Risk Committees by providing comprehensive internal audit services to the Company.

Focused Committees

One of the major functions of the Board is the formation of committees and its oversight. The Board delegates some of its monitoring activities to its committees, composed of Directors, and in some cases the Executives, responsible for such operations. The chair of each committee provides updates on committee activities to the Board. The various committees and their functions are as follows:

Audit Committee	Serves as a link between management, the statutory and internal auditors and the Board of Directors and oversees the financial reporting process
Finance Committee	Oversees implementation of financial controls in the working of the organization
Investor Grievance Committee	Matters related to addressal of shareholder queries and investor grievance
Employee Stock Option Plan Committee	Implements SEBI listing guidelines on stock options
Risk Management Board	Manages enterprise risks

Executive Committees

- Project Management Committee** – to monitor execution of Greenfield Projects
- Steering Committee** – to look into compliance pertaining to mines and plants
- Values Committee** – in line with ABG guidance for Operationalizing. The Values Consequence Management Committee to review Value violation complaints
- Working Committee for Sustainability in Hindalco** – leads to sustainability initiative further in respective businesses/units

Committees in Operational Units

- Health and Safety Committee
- World Class Manufacturing (WCM) Committee



Governance Procedures

The Board works within a clear framework described in its governance principles which flow from Clause 49 of the Listing Agreement. These describe the Board's role, how it operates, how it relates to executive management and the main tasks of its committees. These are available in the corporate governance section of our Annual Report. In all its work, the Board has to consider specific issues – including health, safety, the environment and Company's reputation. Put simply, the Board needs to set the right tone from the top. Our main areas of focus are:

- Active consideration of long-term strategy
- Monitoring executive management and the performance of the Company
- Obtaining assurance that material risks to the Company are identified and that systems of risk management and internal control are in place to manage such risks
- Board and executive management succession.

The Board's governance principles are under regular review and their effectiveness are assessed as part of the annual evaluation.

The Directors are in regular communication with senior executives from the product groups for providing appropriate guidance and directions, where necessary.

Selection of Directors

It is expected that directors will allocate sufficient time to the Company to perform their stated duties effectively. The Company permits executive directors to take up external board appointments, subject to reporting the same to the Board. Fees received for an external appointment may be retained by the executive director. Non-executive directors may serve on a number of outside boards, provided they continue to be in compliance with the limit specified by Clause 49.

The independence and suitability of directors is judged on the following norms:

- Such director does not have any material pecuniary relationships or transactions with the company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates which may affect independence, apart from receiving director's remuneration.
- Is not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Has not been an executive of the Company in the immediately preceding three financial years.

- Is not a partner or an executive or was not a partner or an executive during the preceding three financial years, of any of the following:
 - i. The statutory audit firm or the internal audit firm that is associated with the Company;
 - ii. The legal firm and consulting firm that have material association with the Company.
- Is not a material supplier, service provider or customer or a leaser or lessee of the Company, which may affect the independence of the director.
- Is not a substantial shareholder of the Company i.e. owns two percent or more of the block of voting shares.
- Is not less than 21 years of age.

Directors' Liability Limitation

In accordance with Company's Articles of Association, directors are granted an indemnity from the Company in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, the Company maintained a **directors' and officers' liability insurance policy** throughout 2011-12. During the year, a review of the terms and scope of the policy was undertaken. The policy is being renewed for 2012. Although their defence costs may be met, neither the Company's indemnity nor insurance provides cover in the event that the director is proved to have acted fraudulently or dishonestly. The Companies Act 1956 permits the Company to advance costs to directors for their defence in investigations or legal actions.

Executive Compensation

Remuneration of the Managing Director is recommended by the Board subject to approval of shareholders. Remuneration to non-executive Directors is by way of commission for each financial year; such limit determined by the Board within the limit approved by the shareholders. The amount of commission payable is determined after assigning weightage to attendance, type and other responsibilities assumed at the meetings of the Board/Committee.

Details on formal evaluation of the company's highest governance body's own performance, particularly with respect to Economic, Environmental and Social performance to be included in the 2012-13 Report.



Risk Management

As per Clause 49 of the Listing Agreement, the Company has laid down procedures to inform Board members of risk assessment and its minimization. These procedures are periodically reviewed to ensure that executive management controls risk by means of a properly defined framework. The following actions have been taken in order to formulate an effective risk management framework:

For the purpose of preparing a risk management framework, risks are identified for the key locations or functions at the Company and reviewed on an annual basis.

- Consequently 13 production facilities, 2 major mining locations consisting of several mining leases, 12 corporate functions and 5 core business functions were identified for the risk management exercise.
- A person responsible to drive the initiative of risk management, supported by an IT personnel, has been identified for each location/function/business.
- Overall reporting structure has been determined for each location/function/business in consultation with the Unit Heads and the Heads of Departments/Functions.

The Risk Management structure has been further strengthened with every passing year. Some more corporate functions have been roped in for the purpose of this exercise and new risk registers with detailed mitigation plans and ownership of mitigation plans have been put in place.

Sustainability Governance Structure at Hindalco

The commitment to sustainability is supported by the apex level management. The Company embraces a top-down approach that gives direction and bolsters efforts. The following are the bodies responsible for sustainability performance of the company at various levels:

Sustainability Board

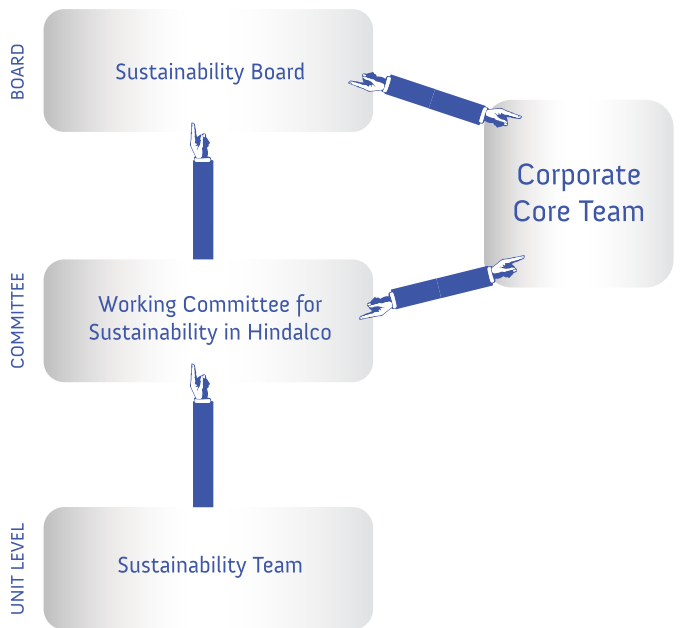
The Board is responsible for the formulation and implementation of our sustainability strategy; the Board also monitors the progress of our sustainability initiatives and reports the same to the Managing Director on a quarterly basis.

Working Committee (WCSH)

The Committee leads the sustainability initiative further in respective business/units by providing requisite training at each unit; the WCSH is also responsible for preparing the annual Sustainability Report.

Unit Level Teams

The Unit level teams coordinate implementation of sustainability initiatives and the data management within the unit and also provide information to the WCSH.



Our System of Internal Control

The responsibility of maintaining a robust system of internal control directly lies with the Board, which it fulfils through the concerned executives. Our internal control system encompasses management systems, organizational structures, risk management, standards and behaviors. Our well defined internal control mechanism allows various businesses to identify, prioritize, manage and monitor risks and deal with them in the most appropriate manner. The Company has an online system wherein all units and corporate functions are identified as Risk Centres. Each of these identifies the risks associated to their functions and root causes of such risks and devises mitigation plans to counter or manage them. The software depicts the criticality of risks based on impact and likelihood rating of risk and effectiveness of the mitigation plan. The same is updated on a quarterly basis and new entries are added to enlarge the scope. The key risks and their management are reported hierarchically up



the line in a consistent manner to enable business planning, appropriate intervention and ultimately Board oversight.

The **Business Review Committee** ensures that all the critical risks which affect the Company's performance are identified and closely monitored. It constitutes of the Chairman and the Managing Director. Audit processes are framed so as to keep a check on the effectiveness of the risk management activities. Systematic review of our financial, operational and compliance controls are done by our internal control programmes; also, these programmes review our risk management procedures to provide assurance over their implementation and effectiveness. The results of internal control testing are reported directly and independently to the respective committees of the Board by designated personnel providing accountability to the reporting.

A **Steering Committee** comprising executives with requisite expertise has been formed to oversee compliance of **statutory obligations by plants and mines**. A monthly report containing deviations, if any, is presented to the MD by each unit. It also facilitates audit by external agencies. To resolve lapse due to manually driven compliance systems, the company is proposing to incorporate a compliance management software.

The Chairman and the Managing Director have constituted a **Planning and Budgeting Committee**. The Committee formulates plans and budgets for the

year describing in details what it expects from the different businesses of the Company. A concept of **Pole Star** has also been designed which provides targets for businesses. The Company has formulated a range of control measures to maintain the desired level of oversight. External Audit, Internal Audit, Departmental Audit, other Audits, review by Independent Experts etc. are some such measures.

We prepare and publish reports, financial & non-financial statements etc, using appropriate accounting and reporting practices (supported by reasonable and prudent judgments where necessary) that give a true and fair view of our business affairs.

The leaders of businesses go through a rigorous exercise to confirm that our internal controls are operating effectively throughout the Company and that our businesses are compliant with our financial and non-financial policies, standards and mandated practices.

Our respective departments design, implement and monitor systems, policies, procedures and guidance to improve and sustain all aspects of our performance. These control processes are subject to internal audits. The purpose is to provide confidence to our Stakeholders, Directors and Board Committees that the systems for risk management, internal control and governance are operating satisfactorily or, that actions have been agreed to address known deficiencies in these systems.

Board is responsible for maintaining a system of internal control through Governance Principles, Board Committees, Executive Committees, Group Plans and Polices.

Our Values and Code of Conduct are applicable to all employees. The Code of Conduct clearly defines how Values are to be incorporated in the day-to-day operations and control.

Ensuring compliance by having a compliance certificate from the respective business function at regular intervals.

Compliance

We adhere to the corporate governance code as set out in Clause 49 of the Listing Agreement and subscribe to the provisions to avoid conflict of interest. The Company maintains registers wherein interest of Directors (executive and non executive) with respect to directorship they hold in other companies, membership in committees, contracts the company proposes to enter in which they may be interested etc., are noted.

Further, the senior management is also required to confirm that they have not entered into any material

transactions which could have potential conflict with the interests of the Company, on an annual basis; such confirmations are placed before the Board.

The Aditya Birla Group Code of Conduct is intended to serve as a guideline to all concerned, while dealing with securities of listed Group Companies. The Code prohibits purchase/sale of listed securities of the Group Companies during restricted periods.



Communication and Grievance Addressal

Shareholder Communication

As trustees of shareholders, we believe it is our responsibility to protect and enhance their wealth. Their primary expectations revolve around continued profitability and sustainable growth, communication and investor servicing. Our Chairman addresses the Annual General Meeting which provides a platform for all the shareholders to interact with the top management. The Board encourages open dialogue with all shareholders—individuals, corporate and foreign investors alike.

Investors are also encouraged to report grievances/ seek information through e-mail (hilinvestor@adityabirla.com).

Employee Communication

We have a number of platforms where employees can voice their concerns on corporate policies and action.

Public Policy Engagements

Hindalco follows CREP Guidelines on Environment in its existing operations as well as new Greenfield and Brownfield Projects. For Environment & Technology related projects, we work in close coordination with reputed institutes like the Indian Institute of Technology, Indian Institute of Science, NEERI, TERI.

In addition, for our CSR activities, we work closely with local NGOs and Government Authorities.

Climate Change is a key policy priority for us, and we support dialogue and action to address Climate Change and to facilitate the transition to a low carbon economy. We support policies that take a holistic approach by factoring in overall life-cycle impacts and benefits, including recycling.

In 2012, Novelis became a signatory to the United Nations Global Compact, which is a major policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of Human Rights, Labor, Environment and Anti-corruption.

Hindalco, India	Novelis	ABML
<p>Key areas for Public Policy Development :</p> <ul style="list-style-type: none"> • Carbon & Climate Change • Energy • Resource Availability • Health & Safety • Trade Issues • Sustainability <p>Most of the interactions are through associations (Aluminium, Copper industry associations and Indian industrial associations).</p> <p>Hindalco is represented in the Executive Committee of the Aluminium Association of India.</p>	<p>Issues vary by Country; key issue areas of interest to Novelis for Public Policy Development and lobbying are :</p> <ul style="list-style-type: none"> • Carbon & Climate Change • Energy • Resource Availability • Health & Safety • Trade Issues • Sustainability • Education <p>Novelis is active in many associations, particularly Aluminium Groups.</p>	<p>Member of the Australian Metals and Mining Association.</p>

Hindalco India, Novelis and ABML made no political contributions in 2011-12, either directly as a company or through employee political action committee donations.



Hindalco's Response to Regulatory Requirements in Energy

Aluminium manufacturing being an energy intensive process, the regulatory changes in the field of energy, has a strong impact on Hindalco's operations. Five of Hindalco's units (Renukoot complex, Hirakud complex, Belgaum, Muri and Taloja) are included in the PAT scheme (Perform-Achieve-Trade – a market based mechanism for promotion of energy efficiency, spearheaded by the BEE) and five units (Renukoot, Renusagar, Hirakud complex, Muri, and Dahej) will be affected by Renewable Purchase Obligation as and when the respective states implement them.

All the five units affected by PAT have identified and implemented energy conservation projects to meet or exceed the Specific Energy Consumption (SEC) targets

and aim to monetize the gains, by generation and sale of Energy Saving Certificates (ESCerts).

The Company is also gearing up to take on new renewable energy projects. One such project is the hydel power plant in Maharashtra, which is in the initial stages of construction; the feasibility of putting up a solar PV power plant in Kerala, and a waste heat recovery plant in pyro-metallurgical processing of copper, have also been studied.

Please refer to the section titled 'Financial implications of Climate Change' for additional details in relation to RPO in the Chapter "Performance Highlights – Economic Performance".

Membership

1. International Aluminium Institute (IAI). This is a Global Forum of the world's aluminium producers that aims to demonstrate its responsibility in relation to all key sustainability issues affecting the aluminium industry - environmental, health, safety and recycling.
2. Aluminum Association, USA
3. Brazilian Aluminum Association
4. European Aluminium Association – Novelis is a member of this Society
5. American Ceramic Society
6. The International Committee for the Study of Bauxite, Alumina and Aluminium
7. Aluminium Association of India (AAI): Hindalco, India – Aluminium Business is the Member of this Association.
8. International Copper Promotion Council of India (ICPCI). This is the Indian centre of the International Copper Association (ICA), and supports their principle objective of promoting beneficial usage of copper addressing concerns related to safety, health, environment and energy savings.
9. Indian Copper Development Centre (ICDC), a non-trading and non-profit making organization.
10. Metal Packaging Europe
11. Confederation of Indian Industry
12. Federation of Indian Chambers of Commerce and Industry
13. All India Management Association
14. Indian Chamber of Commerce
15. TERI, Business Council for Sustainability Development
16. National Safety Council, India





Sustainability Strategy and Roadmap

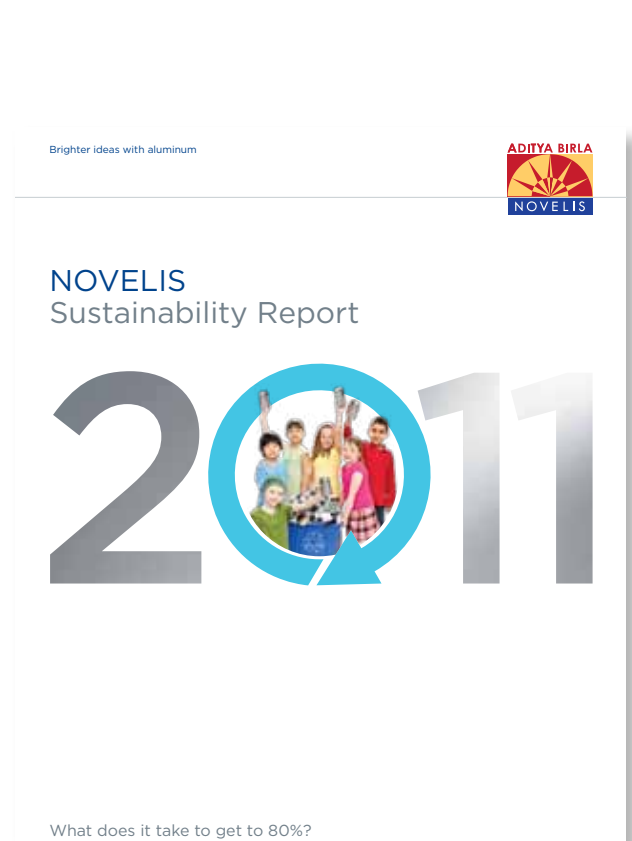


We have taken cognizance of the fact that there are emerging sustainability implications on many of our business operations across geographies. The management of Hindalco has recognized and adopted sustainability as a new imperative for business growth and leadership. As a first step in this endeavor, we have been consolidating our ongoing work in material sustainability aspects such as Energy, EHS, CSR and People, so as to build a coherent framework

for sustainability at Hindalco. Our performance in these areas was communicated through our first sustainability report last year. Likewise, Novelis has also developed a strategy for sustainability (with primary focus on increasing production of recycled aluminium) and published its first sustainability report in 2011. Our systematic approach to incorporating sustainability considerations in business operations has been summarized below:



Hindalco Sustainability Report 2010-11



Novelis Sustainability Report 2011



Further, early in 2012, the management of Hindalco formed the Hindalco Sustainability Board; this body is charged with the responsibility of guiding sustainability initiative and projects across group operations and has the Chief Financial Officer, Chief People Officer, Chief Technology Officer, Company Secretary and Group Executive President – Copper, as its members. At a working level, a Working Committee for Sustainability at Hindalco (WCSH) was formed in the first quarter of 2012. The WCSH has representatives who report to business heads and corporate function heads, and has supporting members from manufacturing, finance,

EHS and HR at each production unit. Going forward, the WCSH would form the backbone of sustainability initiatives at Hindalco. WCSH also conducted training programs to more than 60 extended team members in the reporting period. We believe that this organization structure would enable us to progress smoothly in our sustainability journey. Also, this structure with cross-functional participation from multiple hierarchical levels would empower us to identify opportunities and tackle challenges in many aspects, some of which are listed below:



Message from COO, Renukoot & Renusagar Units D. K. Kohly



I take pride in saying that at Renukoot complex, many initiatives have been taken over the last two years towards Energy Conservation, Environment Protection, improving Customer Satisfaction and Safe Operational processes. All these initiatives will contribute significantly towards sustainability of operations at Renukoot complex, through improving efficiencies, enhanced CSR activities, cordial employee relations, as well as improved Customer and Supplier relationship.

The industry environment has become much more challenging, with rapidly changing technology, scarcity of mineral and energy resources. Therefore, initiatives taken for sustainability of Renukoot Complex, in the area of input resources, manpower

resources and CSR activities will provide the required support to maintain our sustainability well beyond the already completed 50 glorious years of operations of Renukoot plant. Various awards received in the field of Quality, Safety, Environment, Energy and CSR also demonstrate our commitment towards long term sustainability and development of people in and around Renukoot operations.

The management has identified specific issues that currently need attention within the material sustainability areas. In order to address such issues comprehensively, appropriate management systems and guidelines are being developed. The management

also recognizes that the nature of issues to be handled and the systems required are likely to change over time; the Hindalco Sustainability Board aided by the WCSH is responsible for identifying and initiating changes in this direction.

Sustainability Strategy and Roadmap



	Objectives Areas	Sustainability Plans
Economic Objectives	Enhance stakeholder well being and economic prosperity while pursuing growth opportunities	Plan for institutionalizing Environment and Social Risk Management in capital investments
	Focus on value-added products, sustainability dimensions	Target customer needs on new and innovative usage of Aluminium and Copper; Enhance Recycling
	Manage expenditure arising out of environment and social regulatory requirements and find opportunities for improvement	Plan to meet Renewable Power Obligations, Carbon tax (in Australia)
Social Objectives	Have an injury-free workplace and institutionalize a culture of safety in the organization	Health and Safety Plan
	Implement community development programs in and around our areas of operation	Community Development Project Plan
	Encourage a diverse workforce and provide a work environment in which everyone is treated fairly and with respect	Employee Engagement Initiatives
Environmental Objectives	Work towards mitigating climate change impacts by reducing GHG emissions from our operations, and including renewable energy in our energy portfolio	Climate Change Mitigation Plan
	Optimize usage of freshwater for our operations by undertaking efficiency, recycling and reuse initiatives	Environment Technology Plan
	Minimize our impact on land by proper management and disposal of wastes and residues. Aspire for rehabilitating more land than what is being mined	
	Minimize air pollutants by adopting appropriate technological and operational improvement projects and programs	
	Identify and reduce environmental impact of transporting our raw materials and finished goods	Raw Material Transportation Optimization Plan
	Address raw material scarcity by taking steps towards optimization, value-added product generation and recycling measures	Aluminium Recycling Plan

Hindalco – Progress and Plan in Sustainability Initiatives

A. Sustainability Focus at Corporate Level

Sr. No.	Initiatives	Status and Target
1.	Sensitization of Business Heads & Corporate Function Heads to Sustainability Concepts, peer company comparison and data requirement	Completed in November 2011
2.	Supporting organization structure embedded in regular roles	Completed in January 2012
3.	Initiate value based sustainability projects in select areas	In progress
4.	Release of First Sustainability Report	Released in December 2011



B. Integrate Sustainability Perspectives in Cradle to Grave Approach

Sr. No.	Initiatives	Status and Target
1.	Life Cycle Analysis (LCA) study for Al & Cu	Start in 2013
2.	Stakeholder engagement analysis & review	2013
3.	Checklist for sustainability in all capital proposals <ul style="list-style-type: none"> • Impact on environment/emissions/ water/ waste • People: competency building/ knowledge archiving • Rigorous and proactive safety analysis • Energy: benchmarks/conservation/PAT & RPO 	Ongoing; to be standardized in 2013
4.	Tracking & Reporting software for Sustainability	2013
5.	Maintain ongoing CSR initiatives & activities	Ongoing

C. Specific Business-Wide Employee Engagement on Sustainability in Recruitment/Development

Sr. No.	Initiatives	Status and Target
1.	Include sustainability session in all Graduate Engineering Trainee (GET)/ Induction programs	Planned in 2013-14
2.	Sustainability as a part of GET Training	
3.	GET to take up one small sustainability project during training period, mentored by a senior colleague	
4.	Embed sustainability in WCM processes	

D. Publishing Business Sustainability Report for Stakeholders in a Committed Time Frame

Sr. No.	Initiatives	Status and Target
1.	Internal reports on building blocks of sustainability	Ongoing
2.	Sustainability Report on annual basis	Started in 2011-12
3.	Internal communication on sustainability to Hindalco employees through in-house journals Al-Circle and other platforms	Start in 2013



E. Becoming Industry Sector Benchmark

Sr. No.	Initiatives	Status and Target
1.	Develop targets and action plan based on gap analysis report	Ongoing
2.	Targets on sustainability parameters in P&B-2013 starting with quantitative targets for energy/ water/waste/safety/emissions/ compliance/ training	Started in 2011
3.	Plan improved visibility for sustainability through internal communication	Start in 2013

Stakeholder Engagement

Engagement with key internal and external stakeholders on different economic, environment and social issues is an integral part of our Business Model. Methodologies followed include Social Satisfaction Surveys, Third-party Survey along with face-to-face meetings with employees and high-level meetings with government representatives, etc.

In the table below, we have presented our engagement with key stakeholders during the last couple of years.

Stakeholder Group	How We Engaged ?	Important Issues Identified	Key Stakeholder Engagement Activities in the Reporting Period
Statutory Bodies/ Government	<ul style="list-style-type: none"> Formal communications through corporate governance and reporting provisions Participation in government forums 	<ul style="list-style-type: none"> Legal obligations, policy advocacy 	<ul style="list-style-type: none"> Inputs towards schemes of National Mission on Enhanced Energy Efficiency (NMEE), the Government of India Novelis engaged in policy dialogue with statutory bodies on issues like post consumer recycling Participation in development of the Voluntary Guidelines, on Corporate Social Responsibility by Ministry of Corporate Affairs, the Government of India
Investors and Shareholders	<ul style="list-style-type: none"> Regular meetings with investors to make them aware about company performance and plans Through "Investor Grievance Committee" at the Board level Formal procedures to track investor complaints, continuous improvement 	<ul style="list-style-type: none"> Responsible financing, ensuring community empowerment 	<ul style="list-style-type: none"> Interaction also took place during the annual general meeting where we communicated on the sustainability issues (economic, environment and social)
Lenders	<ul style="list-style-type: none"> Through road shows and formal issue specific questionnaire survey 	<ul style="list-style-type: none"> Financing decisions, value-added to the society, demonstrating environmental good practices 	<ul style="list-style-type: none"> Email based feedbacks were collected from some selected key lenders. The lenders were keen on knowing the information related to economic sustainability issues and Hindalco's stand on corporate social responsibility including the CSR policy
Industry Associations	<ul style="list-style-type: none"> Core members of Aluminium Association of India (AAI), International Aluminium Institute (IAI), Confederation of Indian Industry (CII), Federation of Indian Chamber of Commerce and Industry, American Ceramic Society, The International Committee for the Study of Bauxite, Alumina and Aluminium. ABML (Australia) is a member of the Australasian Institute of Mining and Metallurgy (AIMM) 	<ul style="list-style-type: none"> Policy advocacy, sector sustainability 	<ul style="list-style-type: none"> Contributed to the International Council on Mining and Metals on sustainable development and the Global Copper Supply Chain Aditya Birla group has launched a forum called "FICCI Aditya Birla CSR Centre for Excellence"



Stakeholder Group	How We Engaged ?	Important Issues Identified	Key Stakeholder Engagement Activities in the Reporting Period
Suppliers and Service Providers	<ul style="list-style-type: none"> Interaction with Vendors through focused meetings, perception by top management, Vendor meets, Stores inventory, Contract Review with Suppliers & Service Providers Monthly interactions on identification of areas for improvement Vendor rating, consolidation of requirements of group units on common items vis-à-vis suppliers capability and needs, requirement of Strategic Project Purchases 	<ul style="list-style-type: none"> Labour management relationship, code of conduct, responsible sourcing 	<ul style="list-style-type: none"> Navigation plans, Vendor performance analysis on quality, delivery, service, transportation rates Consolidation of common items requirements/pricing/location etc. Analysis of Project Contract/Vendor Analysis Novelis is in the process of implementing a new Supplier Code of Conduct
Employees	<ul style="list-style-type: none"> Through employee engagement survey, conducted by an independent third-party expert for our employees once in every two years. Through formal employee feedback Conducting regular performance assessment for all employees Through HR Capability vs. Capacity Requirement, Competency Assessment, Leadership Effectiveness Studies, Feedback from Exit Interview Using the internal website and magazines as communication platform 	<ul style="list-style-type: none"> Employment Benefits, Talent Management, Occupational Health and Safety, Company Values 	<ul style="list-style-type: none"> The biennial Organizational Health Survey (OHS) conducted by Gallup served as a barometer of the engagement at work index in our Group with a record participation of 97% Through “Full Circle” and “E-Metal”, the quarterly e-journals of Hindalco Industries Limited, the environmental sustainability issues of different operations have been communicated Group magazine such as “Aditya Kiran”, the CSR initiatives of the Group are being communicated to employees, as also through our CSR e-journal “Margdarshika” “Aditya Disha” is an internal website which is being used for all internal communication purpose, reference points for all policies, single window system with e-learning facilities
Customers	<ul style="list-style-type: none"> “Customer Satisfaction Management and Measurement (CSMM)”, conducted by an independent market research agency for each business unit Through web based Customer Relationship Management (CRM) interface Customer visits, customers’ perception survey, internet, domestic and international publications Structured forum MILAP for an interactive dialogue between the marketing team and the SBU technical teams ‘Dealer Meets’ for FRP business, the IT enabled platform called “Seginsight” to collect and analyze segment-wise data with the intention of developing deep actionable insights Novelis directly engages with its customers through focused sustainability questionnaires and has brought out a scoring and rating system 	<ul style="list-style-type: none"> Product stewardship, quality, environmental considerations, Waste reduction, recycling rates, ethical business conduct and water consumption 	<ul style="list-style-type: none"> CSMM survey Complaint analyses, satisfaction vs. competitors have also been carried out Customer satisfaction surveys are done internally for Chemicals Business and through an external agency IMRB (Indian Market Research Bureau) for four categories of products i.e. Rolled, Primary Metal, Wire Rod and Extrusions every year The last customer perception survey was conducted by IMRB, a business research organization, on the key parameters concerning customer satisfaction such as quality of product, product consistency, quality of packaging, product warehousing and delivery, technical support, payable management, complaint handling, resolution and behavioural loyalty. The survey covered all our customers in domestic and international markets, and reported an overall consistent improvement and at par with the best-in-class in the industry for most of the parameters



Stakeholder Group	How We Engaged ?	Important Issues Identified	Key Stakeholder Engagement Activities in the Reporting Period
Community (interested third parties)	<ul style="list-style-type: none"> Engaging with communities at each and every stage of project execution through a institutionalized feedback process Focused mechanisms to involve the Village Development Committees (VDCs), Gram Pradhan and Self Help Groups (SHGs) as well as direct project beneficiaries in the decision making process Through social satisfaction surveys conducted through third party independent assessors such as NGOs and social institutions Structured CSR Meet by corporate, meeting with Society Leaders, Government agencies 	<ul style="list-style-type: none"> CSR activities (ensuring community empowerment) 	<ul style="list-style-type: none"> An integral part of our community involvement programme and monitoring framework Social satisfaction survey We are an anchor partner to the Sonbhadra Skill Development and Livelihood Promotion Council formed by FICCI
Media	<ul style="list-style-type: none"> Invite media representatives to our annual general body meetings Formal written issue based communication 	<ul style="list-style-type: none"> A broad range of sustainability topics 	<ul style="list-style-type: none"> Written responses on different issues provided to media, as deemed necessary

Message from Senior President, Operations R. S. Dhulkhed



Even though Aluminium production is an energy and resource intensive process, we have kept our focus on People, Planet and Profits through sustainable initiatives down the value chain. Against the backdrop of still-uncertain economic times, we made significant progress in FY12 on integrating sustainability into our business processes, achieving key strategic sustainability targets, and introducing new products to help our customers reach their own sustainability goals. We made measurable progress against many of

our strategic sustainability targets in FY12. We further reduced the intensity of our greenhouse gas emissions and freshwater use, and we moved closer to eliminating workplace injuries. We have focused on reducing GHG emissions through technology adoptions in Smelter and energy conservation drives in our Semi-Fab Plants. We monitor the carbon footprint of our Plants and have initiated actions to reduce the same .





Materiality Analysis for Sustainability Reporting



The “Working Committee on Sustainability”, in place at Hindalco, did a materiality assessment exercise to identify the most significant sustainability issues affecting our business and our stakeholders. These issues were then discussed with the Unit level Team members for their inputs and incorporation in their sustainability initiatives / targets. We took the help of Global Reporting Initiative (GRI) guidance (www.globalreporting.org) and aspects mentioned to identifying economical, environmental and social topics that are most relevant for Hindalco’s performance and considerably influence the appraisals and decisions of our key stakeholders.

The reporting topic identification process also covered a peer evaluation exercise conducted across

international institutions and global forums in the aluminium and copper sectors. We further drew from our ongoing engagements with our stakeholders to understand the impact on environment, workplace, markets and communities. We followed a structured process to prioritise the topics, decide the details and the extent of coverage on each topic.

Along with our subsidiaries Novelis and ABML, we are present in major activities along the value-chain process. The materiality assessment in this case took note of sustainability issues across the value chain.

This materiality process drives the performance data and activities that we report here.

Initial List of Material Issues Identified by Hindalco Team





Awards and Recognitions



A. Business Level

Hindalco Aluminium & Copper Business – India – earns CII-EXIM Bank Award 2011 (Commendation Certificate) for Business Excellence

★★★

Hindalco Aluminium & Copper Business – India – Non-Ferrous Best Performance Award 2010-11 by the Indian Institute of Metals, Non-Ferrous Division

★★★

Quality Circle Teams of Renukoot, Renusagar, Birla Copper Dahej and Hirakud Complex shine at the National Quality Convention 2011 winning awards in the categories of Excellent, Par Excellence and Distinguished

★★★

Durgmanwadi, Chandgad and Lohardaga Mines Division consistently win Awards at regional / state level, during the Mines, Safety Productivity Week, Environment Conservation Week and other such programs.

★★★



B. Plant Level

Sr. No.	Area	Company	Awards Received
1.	Environment and Resource Conservation	Hindalco, India – Copper – Dahej	Environment Protection Award 2011, for NP/NPK Complex Fertilizer Plants, including captive Acids, presented by the Fertilizer Association of India
2.		Hindalco, India – Copper – Dahej	Greentech Environment Excellence Gold Award
3.		Hindalco, India – Aluminium – Renukoot	Greentech Environment Platinum Award 2011 for outstanding achievement in Environment Management, presented by the Greentech Foundation, New Delhi
4.		Hindalco, India – Aluminium – Renukoot	Greentech Environment Excellence Gold Award 2011
5.	Energy	Hindalco, India – Aluminium – Renukoot	National Energy Conservation Award 2011, (2nd Prize), presented by the Ministry of Power, Gov.
6.	Safety	Hindalco, India – Aluminium – Hirakud - Smelter	Odisha State Safety Conclave Award 2011
7.		Hindalco, India – Aluminium – Hirakud Power	CII Odisha State Award (1st Prize) for best practices in Environment, Health, Safety (ESH) for 2011
8.		Hindalco, India – Aluminium – Renukoot	Greentech Gold Safety Award 2011 in the Power Plant category for exemplary efforts towards occupational health & safety, presented by Greentech Foundation, New Delhi
9.		Hindalco, India – Aluminium – Taloja	National Safety Council – Maharashtra Chapter - Maharashtra Safety Awards 2011 – for achieving lowest accident frequency rate in Heavy Engineering Group
10.	Quality	Hindalco, India – Copper – Dahej	IMC Ramakrishna Bajaj National Quality Award 2011 (Commendation Certificate)
11.		Hindalco, India – Aluminium – Renukoot	Golden Peacock National Quality Award 2011 in the Service category
12.	Export Excellence	Hindalco, India – Aluminium – Belgaum	Government of Karnataka State Export Excellence Award for the years 2009-10 and 2010-11, presented in March 2012
13.	Productivity	Hindalco, India – Aluminium – Dahej	Gujarat Star Award 2012 – Dahej Harbour and Infrastructure Ltd. – Runner-Up – Dry Bulk and Break Bulk Handling Port of the Year



C. Individual Awards

Mr D. Bhattacharya, Managing Director, conferred the IIM-JRD Tata Award for Excellence in Corporate Leadership, among metallurgical industries

★ ★ ★

Mr D. K. Kohly, COO, Hindalco Renukoot conferred the Corporate Excellence Award, presented by Corporate Monitor and the Millennium Institute of Energy & Environment Management, in collaboration with the Indo German Chamber of Commerce

★ ★ ★

Mr D. K. Kohly, COO, conferred the IIM Nalco Gold Medal for distinguished contribution to the Aluminium Industry, presented by the Indian Institute of Metals

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Mr Arun Kumar, Jt. President HR, Hindalco Renukoot awarded the Distinguished Alumni Award 2012 by the Alumni Association of Banaras Hindu University, Department of Management Study, Varanasi, for his contribution in the field of Human Resource

★ ★ ★

Renukoot employees earn Prime Minister's Shram Awards – Mr Dinesh Kumar Singh wins Shram Veer Award, while Messrs Dharmendra Singh, Dharam Pal Singh and Prabhu Narain Singh win the Shram Shree Award presented by the Union Ministry of Labour, Gol

★ ★ ★

Dahej employees earn Prime Minister's Shram Award – Mr Alkesh Upadhyay wins Shram Veer Award and Mr Hasmukhbhai Parmar wins the Shram Shree Award, presented by the Union Ministry of Labour, Gol

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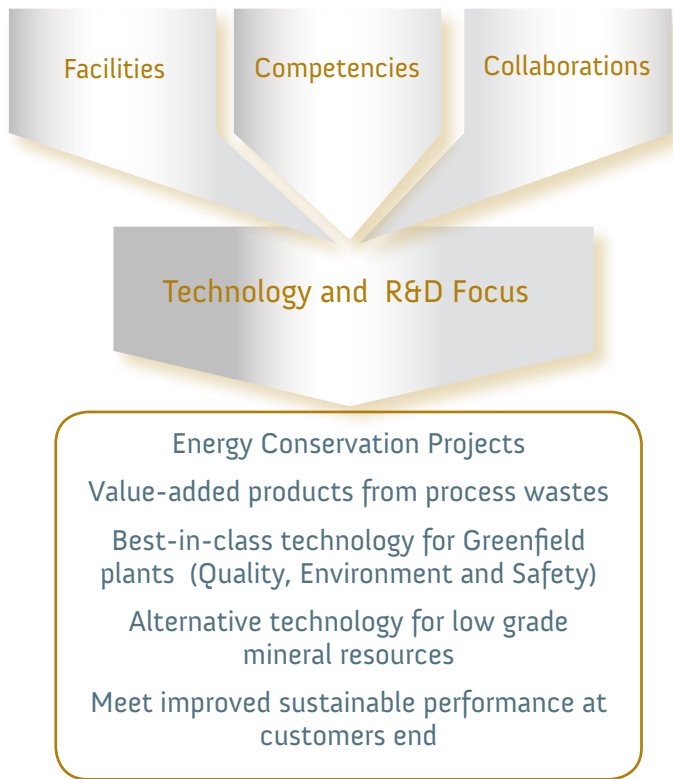
Performance Highlights: Fuelling Growth Through Innovation



Further to the consolidation of Corporate R&D activities as Hindalco Innovation Centre over last few years, technology has been the backbone of many activities, leading to improved sustainability in Hindalco's products and processes. During 2011-12, this has led to many project activities encompassing energy, environment, materials and product/product applications, coupled with setting up of state-of-the-art facilities.

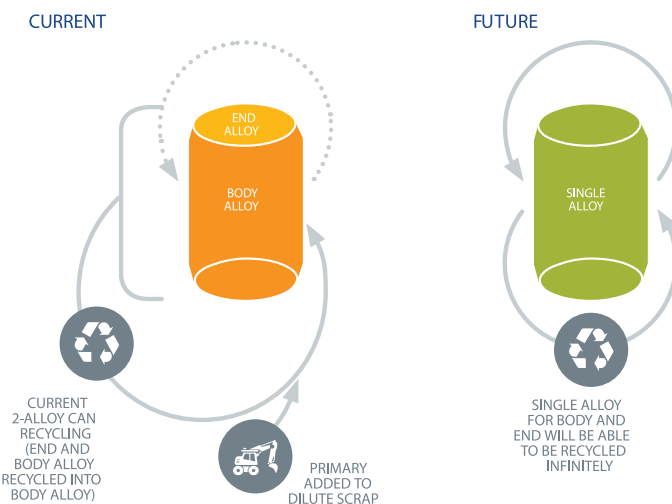


In the annual Chairman's Awards program for the Aditya Birla Group, our Group Chairman, Mr Kumar Mangalam Birla addressed the senior managers of the Group to focus on 7 focus areas for 2012, for consistent success. Sustainability Initiatives found a prominent place among the 7 points. The Chairman advised the Group managers to 'proactively plan to be ahead of environmental regulations' and 'ensure commitment to CSR and Corporate Governance'.



Novelis Focus on Recycling in Aluminium

Aluminium industry has known for long that use of recycled aluminium consumes only 5% of the energy that is required for virgin metal. This offers a good opportunity to focus on increased use of recycled aluminium for secondary processors like Novelis. Novelis, therefore, declared the goal to achieve 80% use of recycled aluminium by 2020, and geared all activities in terms of collection and sourcing, separation and alloying technology, and ease of recycling to meet this end. With this focus, Novelis has already reached 39% recycled metal in 2012, from 33% in 2011, in line with the 80% goal. With alignment of technology and R&D to the needs of sustainability, Novelis R&D has come out with a breakthrough of single alloy composition for all 3 components of beverage can, viz. can body, can end and can tab opener, which will minimize or eliminate the step of sorting of parts in recycled cans.



Hindalco has effectively supported its customers to meet their sustainability requirements as well, and the initiatives in auto industry pose a good illustration. Our Customers choose to work with us because we provide high-quality Aluminium, work with them to meet their needs and are systematically improving the sustainability of aluminium products. Aluminium offers many benefits; it is strong, malleable, versatile, corrosion-resistant and lightweight. It is also

long-lived, as it is infinitely recyclable, and therefore offers significant low-carbon benefits when it is recycled. Different markets value these characteristics differently. Increasingly, many customers and end consumers are appreciating that aluminium use reduces weight and results in direct savings to their bottom line and a better environment footprint for their product.



Head Sustainability, Rexam PLC

John Revers

Working towards a more sustainable business is at the heart of Rexam's vision to be the best in our Industry. This means doing more to keep our cans in a closed loop, preventing cans from going to landfill. Some markets require long-term support to establish and enhance collection mechanisms and to create a recycling culture. We are delighted to be working in partnership with Novelis on a number of such sustainability projects that will reduce the carbon footprint of the can and grow the market opportunities for our products.



Novelis Global Research & Technology Center, Kennesaw, Georgia, USA

Novelis opened a new, state-of-the-art Global Research & Technology Centre (R&T) at Kennesaw, near Atlanta, Georgia, USA in June-2012. This is a nearly 15000 sq. m facility set up to serve as the hub of Novelis R&T activities globally to support its aggressive growth plans. It aims to address the upcoming R&D needs of beverage cans, automotive and specialties markets; will focus on sustainable products with increased use of recycled metal without compromising on performance. Location in Georgia gets Novelis scientists and engineers closer to the customers and to the commercial, EHS and manufacturing excellence teams, which will improve the effectiveness of R&D.



HIC-SemiFab at Taloja, Navi Mumbai, India

Hindalco India, has increased focus on value-added products, through investment in world-class and world-scale facilities for casting and rolling at project BLUEFOX at Hirakud and with an ambitious plan for aluminium foils capacity and capability at project AJANTA at Mouda, near Nagpur. To support these plans with appropriate technology support, Hindalco India has set up a Hindalco SemiFab Innovation Centre (HIC-SemiFab) at Taloja, Navi Mumbai. This centre, with state-of-the-art facilities for measurement sciences, processing, and modeling of aluminium semifab processes, plans to provide further support to the Aluminium business through can-stock technology absorption and new products, and tribology. The centre plans to become the hub of activities as an application development centre, where customers can seek technical support for improvement in their products and processes.



HIC-Alumina at Belgaum, India

Speciality Alumina business of Hindalco depends largely on application knowledge for alumina trihydrate and alumina in customers' applications such as ceramics and refractories, grinding aids, tiles, catalysts & adsorbents and polymer additives. Set up years back as BRDC, the centre has now been renamed as Hindalco Alumina Innovation Centre (HIC-Alumina) and has been upgraded with state-of-the-art measurement facilities, application development facilities, as well as facilities for lab scale process development for bauxite testing, Bayer process and by-product recovery. HIC-Alumina commands respect in the alumina world and gets reputable assignments from India and abroad for bauxite testing and processing reports.



Publications, Presentations and Patent Applications

Hindalco Scientists and Engineers participate regularly in industry conferences, seminars and workshops sharing as well as upgrading their knowledge, commanding a reputable position among the non-ferrous metals fraternity.

Hindalco has also been engaging the Group R&D Centre in Navi Mumbai (Aditya Birla Science & Technology Centre – ABSTC) for long term research projects. These include Modeling and Simulation projects for improved design of alumina precipitation tanks, advanced process control of aluminium pot-lines, development of aluminium metal-matrix composites for application in Indian automobile producers, developing technologies for copper pyro-metallurgical reactors, improved copper recovery in copper complex. This research work, chartered by Hindalco has already resulted in more than 10 patent applications, with the IP to be assigned to or jointly owned by Hindalco.

Traditionally Hindalco's Copper business has been depending heavily on TCRC (Treatment Charge and Refining Charge), which is what the miners pay to the smelter and refiners for recovery of copper from the concentrate), which has been the key source of revenue for the business. TCRC has been dropping over the years (30-35 cents/lb 4 years back to 12 cents/lb in 2011-12). Additionally, the duty drawback India had on

copper has also reduced significantly. Copper business took up the challenge to reduce our dependency on TCRC by extracting value for non-copper part of the concentrate. When we buy Copper concentrate, we pay for copper, silver and gold; not for sulphur, rare earth metals, and other minor elements in concentrate. One ambitious project taken up by Copper business was to recover selenium and tellurium from the concentrate.

Message from Head of Copper Business Dilip Gaur

Birla Copper, Dahej is one of the world's largest single location smelters and uses imported copper concentrate. The copper business also produces many value added co-products like di-ammonium phosphate, precious metals and sulfuric acid. We work in partnership to create enduring growth for all our stakeholders. We efficiently manage all resources including people and the environment. By this, we develop a responsible and sustainable operation at Birla Copper. As a team, we work to achieve success, generating economic value.

We operate responsibly to achieve the harmonious integration of economic activities and objectives with the quality of life of our personnel, neighboring communities, preservation of environment and to satisfy the present needs of our stakeholders without compromising the ability of future generations to satisfy their own needs. We work with communities



to cultivate sustainable development that contributes to enduring growth and achieving global leadership. Copper business has ambitious plans to increase recycled copper as a feed to make our business sustainable. Copper is a "green" material because it is infinitely recyclable – over and over. No matter how many times copper is recycled, it always maintains its many beneficial properties i.e. durability, electrical and thermal conductivity, corrosion resistance, malleability, ductility, castability, machinability and excellent joining, alloying and anti-microbial characteristics.



Value-added By-product Recovery in Copper Refinery

Tellurium is one of the metals present in Copper Concentrate. The concentration of Tellurium varies from 50-600 ppm. In the last two years, the demand for Tellurium in the international market was steadily increasing and went up to US \$360 from US \$95 per kg of Tellurium.

Tellurium recovery from slime is not an easy task. During trial runs in the Dahej plant the Tellurium recovery in the product was hardly 4% and the plant process parameters like temperature, reaction time, etc., were adjusted to improve the recovery. However the trials did not yield the desired tellurium recovery; but in the laboratory scale the results were encouraging.

To overcome the challenge, we collected all the plant and lab data and analysed it. The team's brainstorming and data analysis, revealed that in the plant trial, direct steam was used to maintain the temperature of the

reaction. The steam used was increasing the volume of the solution and ultimately diluting the tellurium concentration. With time the tellurium concentration was getting depleted and resulting in poor recovery. It was decided that the solution should be heated by indirect heating method, i.e. either through electrical heaters or limpet coils. As steam was readily available and it is a cheaper option than electrical energy, the team decided to go for steam heating and limpet coil designed to heat the tellurium solution to maintain the desired temperature. This resulted in reduction in reaction time to 3 hours with 90% recovery of tellurium as Copper Telluride.

The breakthrough technology development offers scope for unlocking the value of copper concentrate in a big way.

Hindalco Aluminium Marketing has also engaged in new product development to build on the mega growth trends in India. Two important examples are the

Eternia Aluminium Windows and Aluminium products for Indian Automakers.

Hindalco's Market Development initiatives aim at introducing new products in the two major industrial growth drivers namely Building & Construction and Transport. Focusing on the sustainability of these business segments, Hindalco launched quality Aluminium architectural doors and windows under the brand "Eternia".

In the Automotive and Transport segment, focus was on the two fastest growing markets – two wheelers and commercial vehicles.

Transportation

Two Wheelers

Indian Two wheeler segment is having double digit growth over the past few years. Hindalco development team has been working with OEMs and the vendors in developing light-weight and durable auto components. To name a few of the components: inverted front fork, split handle bars, various mounting brackets and clamps. Successful development of these components has enabled the two-wheeler industry to reduce the carbon emission besides using recyclable and durable components.



Commercial Vehicles

This segment of Transport/Automotive has been growing also in double digits. Hindalco development has further collaborated with the OEMs in developing load bodies for the Heavy, Medium, Light and Small Commercial Vehicles.



Building and Construction

Hindalco market development team launched the first of its kind quality doors and windows in the architectural product range under the brand “Eternia”.

The leading Architects and builders of the country were introduced to Hindalco’s Quality Aluminium Extrusions that go into the making of “Eternia” Doors and Windows



CASE STUDY: Aluminium Light Bus Design for the Indian Passenger Transport Segment

- Passenger vehicles in India as a part of the commercial vehicles segment of the Transport Industry is another fast growing market in India.
- They are predominantly fabricated using heavy steel sections for the structure and galvanized steel sheets for the paneling.
- Light-weight, extruded aluminium alloy sections could replace heavy steel sections as structural members and lighter aluminium sheets could similarly replace the galvanized steel sheets for the exterior paneling. The adoption of lighter bus bodies would mean significant reduction in CO₂ emission for the nation.
- Some of the concerns among the aluminium bus fabricators and fleet operators are that the strength of the structural joints in the current aluminium bus design is not found to be adequate to withstand the rigorous road conditions in terms of vibrations and noise. The weak joints were also causing inferior impact resistance at the time of accidents/vehicle collision. These factors have discouraged the Bus Industry to choose aluminium structure in place of heavy steel.
- Hindalco development team had taken up this concern and undertaken a study to investigate the current aluminium joints in terms of their strength and also the existing steel structural design using FE analysis. Improving the aluminium structural joints by adopting better joining methods could improve the joint strength and could thereby minimize the



Bus Fabrication at MSRTC



Poor Joint Design



Resulting in Failures at Joints

vibration and noise besides withstanding the impact during accidents.

- FE analysis has been used to evaluate various alternate joining options for aluminium structures and for arriving at the best suitable joining option. This initiative is going to encourage extensive use of aluminium by the Bus Industry thereby significantly reducing emissions in the country.



Few more new product developments taken up in Hindalco are illustrated below



A. Front Link Arm Bush - Toyota



B. 5 sections were developed for assembling components for Ford's Figo and Fiesta



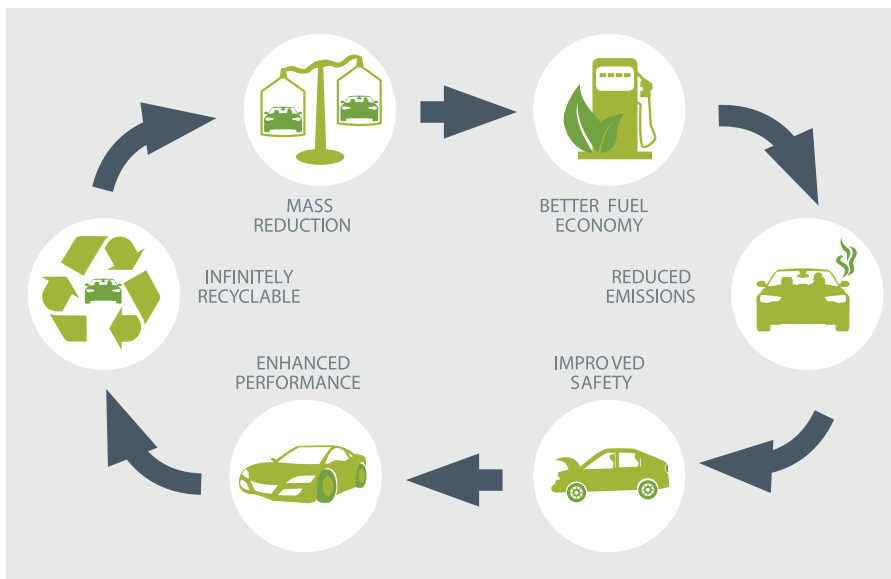
C. Inverted Front Fork part of the Bike – Austrian sports bike maker KTM has tied up with Bajaj Auto Ltd, Pune to jointly develop Sports Bikes

Product	Potential (MT)	Production FY12 (MT)	Quarter	Application	Status	End Application
AA3105 H22 Chequered Sheets	600	36	Q1	0-t bonding quality Chequered sheets for M/s Hiesh HO, Gailly	Regular Production	
Wider with CC Route AA3105 F Chequered Sheets	900	8	Q1	For M/s Leon Chiong Singapore	Regular Production	
AA3003 H14 3.8 mm	200	7	Q2	For Rail Tanks	Feedback of 1st lot is satisfactory. Regular order is under negotiation	
CC Route AA5052 H34 Plain Sheet Development	600	2	Q1	For GEQ applications like cabinets etc	Regular Production	
AA3004 O 1219 x 1219 x 1.0 mm	500	2nd Sample	Q2	For LED TV Back Panel to Hiesh Ho Taiwan	2013	



Novelis has partnered with global automakers to help meet their sustainability challenge for more fuel efficiency coupled with contemporary design.

LCA approach has helped Novelis and their auto partners to adopt aluminium as a preferred material of construction.



From Novelis Sustainability Report 2012

Message from Chief Marketing Officer Sachin Satpute

Hindalco-Novelis are the leading players in the global Aluminium Industry. Customer centric initiatives have made this sustainable growth possible. We provide our customers online experience so that we are connected all the time.

Indian Economy is at an inflexion point and we expect an exponential growth in all the industrial segments, especially in the Building & Construction (B&C) and Transport. “Everlast” colour coated roofing sheets and Novelis “ff2” – solid Aluminium facade sheets have started making a big difference in the B&C segment. Everlast roofing sheets are more environment friendly and offer better recycling options as compared to other roofing solutions. We also launched “Eternia” – the state-of-the-art, world-class Aluminium doors and windows which is truly a game changer in the architectural and building sector. Eternia Door & Window Systems are complementing the modern commercial and residential construction with robust design and aesthetic appearance.

Automotive and Transport sectors are constantly on the lookout for offering light weight solutions to their customers. In order to meet the stringent emission standards and improve the fuel efficiency of the passenger and commercial vehicles, Hindalco is focussing on offering light-weight Aluminium



products. The dedicated team which is addressing the needs of the Automotive Industry is optimistic on developing many new components.

Hindalco’s investments in the ‘greenfield’ projects, both upstream and downstream, are aimed at meeting the growing demand for Aluminium and value-added downstream products be it for high-strength wire rods for the electrical segment or can-body sheets for the beverage can packaging segment. Aluminium cans offer better recycling options compared to other beverage packaging.

Going forward, Hindalco Marketing will focus on employees’ training & development to address the ever changing customer needs and aim to achieve greater customer satisfaction.



Product Responsibility

As a global major in Copper and Aluminium production world-wide, we ensure that our operations have minimal socio-environmental impacts.

When the Aluminium and Copper that is produced by the Company, are intended for special applications (e.g., food grade), we ensure that the appropriate guidance/documentation to user is provided. It is also to be noted that our products are compliant to the London Metal Exchange (LME) standard.

In our production facilities, we have in place systems to ensure the traceability of raw materials used. Utmost care is taken to ensure the proper use and disposal of material; wherever appropriate, Material Safety Data Sheets (MSDS) are available. This document provides guidance on proper use of the material and related information on Health, Safety and Environment to concerned employees. Hazardous waste generated in our production operations are handled responsibly;

the entire quantity of such waste generated in the reporting period was disposed through authorized waste handlers.

Going beyond the operations of our own boundaries, we also ensure that there is no unintended detrimental impact of our products at the point of use. Aluminium that is produced by Hindalco and Novelis are subject to food-grade uses; some examples are as follows: use of Aluminium wrappers for consumables (Freshwrapp), use of Aluminium in packaging of tablets and capsules, use of Aluminium in beverage cans etc. We ensure that 100% of the Aluminium that is used in such applications are completely safe and are in accordance to regional and international food safety standards.

Our extrusion products are also used in a variety of applications right from pressure cookers to automobile components; we ensure that, all such products are compliant to the relevant health and safety standard.

In the reporting period, there were no instances of non-compliance to applicable laws and regulations relating to use of our products.

Message from President, Foil and Packaging Business S. M. Bhatia

Foil and Packaging Business of Hindalco addressed an opportunity for enduring business practice, both at the manufacturing and application ends. This business for Hindalco today, is embarking upon exponential growth to a global scale. While drawing the roadmap for this growth, the focus on aligning to environmental harmony and sustainable operations has been paramount.

While commissioning contemporary and efficient Foil Rolling Mills, reduced energy consumptions, lower Rolling Oil usage, minimal waste generation and appropriate disposal of waste have been key drivers. Audits have been conducted to establish challenging norms for Energy Consumption. Increasing switch over to the Continuous Caster route, where Aluminium scrap is recycled is also a step in that direction.

Use of organic solvents has been of concern in Foil Coating & Conversion Plants. The conversion equipment



used in the facility are designed for the use of state-of-the-art water based coatings.

Largest consumption of Aluminum Foil continues to be for environment-friendly packaging solutions, replacing plastics in most cases. Aluminium based packaging materials offer excellent scope for a sustainable business over the life cycle of many packaging applications.

As the Foil Business evolves into becoming a market leader, it will continue to focus on sustainable operations.





Performance Highlights: Our Green Efforts



Captured in our earth's crust and concentrated in only a few regions, minerals and metals are difficult and expensive to extract. The process is capital-intensive, and extensive in terms of energy consumption, land use and water consumption.



Stakeholder Engagement
 Social Development and Sharing of Mining Profits

Resource sustainability in the minerals and metals sector is a key challenge. We have undertaken a holistic approach to address the multi-dimensional facets of resource sustainability which reflects the material issues faced by us throughout the value chain. Starting from sustainable mining practices to ensuring long term access to our raw material requirements, we ensure that our approach is sustainable and

takes into account stakeholder interests. While we continue to serve the increased demands of the society for sustainable metals, we also understand that operational efficiencies and technological advances are important towards efficient use of raw materials. For each of the resource sustainability areas, we have defined management responsibilities, systems and performance indicators implemented.

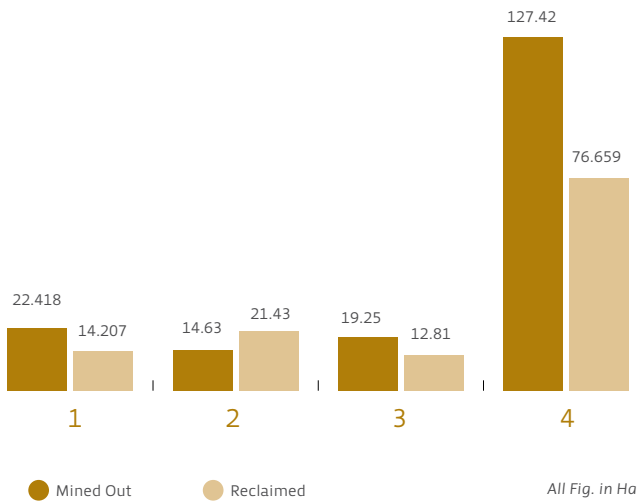
Sustainable Mining Practices

In India, our captive bauxite mines in Jharkhand, Chhattisgarh, Maharashtra and Odisha, provide the raw material to our alumina refineries located at Belgaum in Karnataka, Muri in Jharkhand and Renukoot in Uttar Pradesh. The objective is to seek continual improvement in our environmental performance through sustainable mining practices such as:

- Management systems and assessment tools
 - Impact identification and assessment, baseline studies, action plans for biodiversity protection
- Management of Mining waste, sustainable ore extraction and processing
- Water resources management – preserving natural water bodies, addressing water scarcity, reducing water pollution, and supporting competing uses
- Mined area rehabilitation and closure.

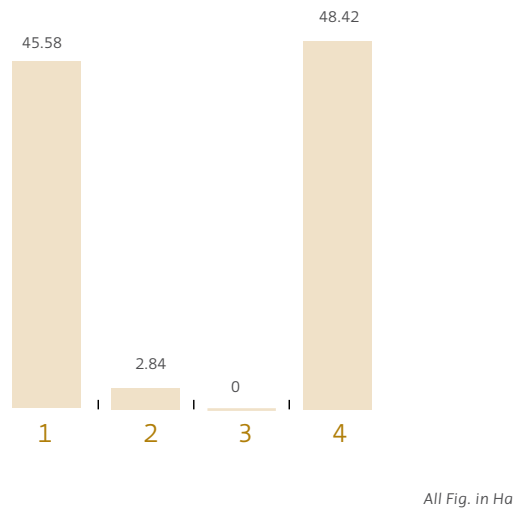


Bauxite Mines – Details of Mined Out & Reclaimed Area



1. Samri – Renukoot Group of Mines 2. Lohardaga – Renukoot Group of Mines 3. Muri Group of Mines 4. Durgmanwadi (DMW) Mines – For Belgaum

Coal Mines-Talabira-Odisha – Details of Mined Out & Reclaimed Area



1. Land disturbed but not rehabilitated at the start of reporting period 2. Land newly disturbed within the reporting period 3. Land newly rehabilitated as per government mining consent 4. Land disturbed and not yet rehabilitated

ABML has 45605.4 Ha of Leased Land for Copper Ore Mining. Details of environmental performance of our captive mines is available at http://www.hindalco.com/investors/investor_center/environmental_monitoring_reports.htm

Some of the sustainable mining practices employed in our captive mines are

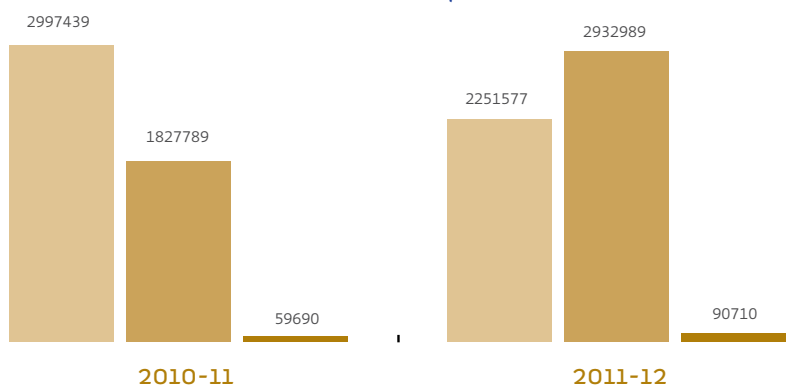
a) Topsoil handling procedures to enhance botanical diversity of post-mining vegetation – Our mines have a very thin layer of top soil since they are located in laterite soil region. However, they contain the most of soil seed bank and nutrients. After removing the vegetation, the top soil is stripped prior to mining and stored or used in a pit which is to be later rehabilitated.

b) Ensure enough grazing land or fodder plots in non-mineralized areas or reclaimed areas – We carry out mining in a phased manner to ensure mining along with simultaneous reclamation. This ensures availability of enough land for cattle grazing activities.

c) Management of mining residues – The overburden generated during the initial mining years is stacked at identified sites and used as a back-filling material to address the voids in the mined-out area followed by plantation activities. We monitor the vegetation of rehabilitated mining areas so as to help it become self-sustaining.

d) Develop infrastructure to prevent flow of sediments to nearby water bodies – We, appropriately construct check dams, catch drains, garland drains in the mined area, around the quarry so as to prevent any inadvertent flow of mining sediments, reducing chances of pollution to water bodies.

Details of Over Burden Handled at Mines(OB)



In 2011-12, quantum of tails that are backfilled : 2948852 MT

- Renukoot Group of Mines
- Muri Group of Mines
- Durgmanwadi Group of Mines

In 2011-12, Over Burden from Coal Mines 1535388 m³



e) Plantation activities – In consultation with the local communities and district agricultural departments, plantation of native species is carried out following certain guidelines such as, agreed upon acreage and density of plantation. The objective of the program is to form a stable, biologically diverse and resilient ecosystem that is productive for future generations, either as forest or subsistence agricultural land.

Plantation details at our DMW Mines : 192275 in 73 Ha Area and 311169 in 114 Ha area outside the Plant.

f) Reducing air pollution – We ensure that dust generating points such as haul roads, loading and unloading, material transfer points and other operational units have regular water sprinkling. Ambient air quality monitoring in core and buffer zones is also carried out which helps us identify hot spots requiring operational interventions. We have also installed highly efficient dust suppression systems such as dry fog based dust suppression system at our captive mines.

g) Periodic monitoring of ground water quality and levels – We take care so that our mining activities do not interfere with the ground water table. We also monitor the level and report data to government authorities who advise us on the corrective measures, if any.

h) Wildlife conservation – We support the region's wildlife management plan with funds and safeguard plans as per guidance from government authorities.

The application of the principle that environmental and social aspects are inter-linked is observed in the positive impacts that we make to the mining communities through our mine rehabilitation and plantation schemes. Productive species which provide various usage such as for fodder, fuel wood, food and medicinal usage are planted based on the community needs as well as recommended by the environmental experts. The local community also takes part in the plantation activities. We support government approved employment schemes through financial means.

CASE STUDY: Mined Land Reclamation – Good Practices

At our Dumerkholi pit (Area 11 Ha), Samri bauxite mines, we have demonstrated re-use of the mined land after reclamation for cultivation of crops to the satisfaction of the local community. Reclamation of mined out land was carried out by using overburden followed by top soil. Area was cultivated using manure and substantial yield was demonstrated to the land owner before returning the same. This approach has resulted in creation of a green belt around Dumerkholi pit and has been appreciated by regulatory bodies and inspection officials from department of mining. The land, after reclamation, has been demonstrated as fit for cultivation and this has resulted in creating an encouraging environment amongst the local community to cooperate with mining activities and land acquisition.

Similar schemes are also successfully implemented in Lohardaga bauxite mines where we have partnered with "The Energy and Resources Institute (TERI)" to cultivate land reclaimed after mining, in midst of adverse conditions such as water scarcity and degraded soil quality. At our Pakhar mines, we have demonstrated rain water harvesting and cultivation initiatives. This has been awarded with various accolades during the reporting period by the Jharkhand State Mine Conservation efforts.

Sourcing Sustainability

While captive mines form a major part in meeting the ore requirements in the aluminium sector, we also source a part of our requirements from other mines globally. In case of copper, our subsidiary ABML with mines in Nifty and Mt Gordon, Australia provides for 30% of the copper concentrate requirements for our copper smelter at Dahej, Gujarat, India. Our strategy has been to have a good mix of captive sources as well as long-term sourcing relationships with raw material

suppliers based on productivity, cost and sustainability parameters. We do not have any artisanal or small scale outsourced mining activities.

We believe that efficiency and collaboration throughout the supply chain is essential to responding to the risk of raw material scarcity. We enter into long-term supply agreements to source our key process materials such as coal tar pitch, carbon anodes, and cryolite so as to reduce the risk of operational disruptions.



Supply Chain Risk Management for Our Raw Materials

Major Raw Materials	Supply Chain Structure	Actions to Mitigate Risks of Disruptions and Incidents, if any
Bauxite	70% through captive mines, 30% from other miners	Technological steps to address diminishing bauxite quality at some of our captive mines
Copper Concentrate	30% through subsidiary mines, 70% through open market comprising 10-15 reputed global miners	Securing access to mine outputs globally through investment and procurement activities Ensuring adherence to sustainability parameters in procurement

Material Usage

Sr. No.	Materials	Usage in the Reporting Period (tonnes)
Hindalco, India – Aluminium & Copper		
1	Bauxite	4,221,292
2	Copper Concentrate	1,149,781
3	Aluminium Fluoride (Cryolite)	9,729
4	Caustic Soda	201,540
5	Calcined Petroleum Coke	158,245
6	Pitch	39,660
7	Rock Phosphate	374,146
8	Ammonia	58,531
9	Coal (for generation of Steam), MT per annum	48,482
10	Furnace Oil (Fuel Oil, LDO, HSD), MT per annum	198,594
11	Steam, purchased, MT per annum	31,882
12	Rolling Oil	1,593
13	Solvents	1,782

Sr. No.	Materials	Usage in the Reporting Period (tonnes)
Novelis		
14	Aluminium, MT per annum	2,889,000
15	Alumina, MT per annum	95,000
16	Alloying Elements, MT per annum	31,000
17	Coatings, MT per annum	19,000
18	Paper, MT per annum	21,000
ABML		
19	ORE tonnes (mined at site)	2,790,694
20	Grinding media Ball mill	1,798
21	Grinding media SAG mill	3,453
22	Caustic	214
23	Lime	12,348
24	Cement/Mincem	40,725
25	Emulsion/ANFO (explosives)	1,079



Recycling

Recycling of aluminium and copper greatly reduces energy and environmental impacts. Aluminium can be recycled over and over again without degradation in quality. Aluminium recycling requires 95 percent less energy than virgin metal. Our downstream units in India and Novelis manufacturing facilities in several countries have dedicated Aluminium recycling and remelting facilities. We recycle process scrap from customers and scrap collected from the market together with our own process scrap. In India, we also foresee an enhanced generation of aluminium scrap in the near future, primarily due to enhanced usage in sectors where the scrap is available after a short period of time. This may be for example in beverage packaging

or in the automobile sector. We are fully geared to take advantage of such recycling opportunities and thereby enhance the sustainable features of this metal. In association with the “Aluminium Association of India” we are also working towards framing a draft “National Aluminium Mission” for India which aims at providing recommendations to the government on strengthening the process of aluminium recycling.

Our copper smelting facility at Dahej also undertakes recycling of copper scrap and recovery of copper from slag discarded by conventional production activities.

Entity	Recycled Input Quantity (tonnes)	% of Total Production
Hindalco, India – Aluminium	7,744 T of Aluminium	3.35
Hindalco, India – Copper	14,747 T of Copper	4.47
Novelis	1,094,000 T of Aluminium	39.00

Sustainable Transportation

We aspire to reduce our environmental impacts of transportation by a range of work programs. To address the issue of energy consumption in transportation, we factor the same in siting of our facilities to be located in proximity to sources of raw material. We also take steps to improve the fuel economy of transportation in mining activities, finished goods and waste movement (Rail / Road / Sea, as applicable, to have minimum impact on environment). Other impacts of our transportation include dust pollution. We employ dust suppression techniques in bauxite transportation which are based on good industry practices.

We operate a mechanized and covered 4 kilometer long conveyor for handling both solid and liquid material at our Copper smelting facility at Dahej. The Dahej Harbour handles a significant amount of cargo such as copper concentrate (1.2 Million Tonnes annually), and Coal (0.46 Million Tonnes annually). The unique design and operating philosophy minimizes dust pollution and reduces impact to marine biodiversity systems to a large extent. The conveyor line also has filters to trap dust and the storage yard has sufficient height to limit dust pollution in and around the vicinity of operations.

Dahej Harbour



Environmental Performance

We take utmost care to ensure that the impact of our operations on the environment is minimal. All our facilities and project sites have well defined environmental performance goals under the broad areas of resource inputs (material and energy), process outputs (emissions, effluents and waste) and process efficiency. We have a robust energy and environment management policy that was adopted in 2006.

Considering the nature of our operations, the following have been identified as priority areas at the corporate level:

1. Energy Management
2. Mitigating Climate Change Impacts
3. Water Management
4. Protecting and Restoring Biodiversity
5. Waste Management
6. Air Emissions

An Environmental Committee has been formed at ABML for monitoring site-level environmental regulatory compliance. The committee also coordinates the pursuit of environmental sustainability initiatives. At Novelis, management of environment is carried out at respective locations. In addition, the management of sustainability commitments is the responsibility of the Chief Sustainability Officer, who directly reports to the Board of Directors.

We always ensure that our operations are compliant with the provisions of applicable environmental regulations such as the Air Act, Water Act, Environment Protection Act, hazardous waste management rules, rules for management and handling of chemicals and other hazardous substances etc. During the reporting period, we did not have any non-conformities with such regulatory provisions.

Environment at Hindalco – India Operations



Energy Management

Aluminium production, being an energy intensive process, has been covered under the Bureau of Energy Efficiency's "Perform-Achieve-Trade" (PAT) scheme. It is a market based mechanism for promotion of energy efficiency in identified sectors. Eight of our manufacturing sites have been provided with targets for reducing specific energy consumption under the first PAT cycle (2012-13 to 2014-15). Action plans have been made at each of our units for achieving our PAT targets.

Our efforts in energy management are focused at enhancing energy efficiency, energy resources availability, and the share of renewable and alternative energy sources in our energy mix.

We are also keen to understand our position in the

industry in terms of our energy performance. To this effect, we share our process level energy consumption data with the International Aluminium Institute for benchmarking us with our peers internationally.

We strive to have the best technology in terms of energy performance at all new projects as well as our expansion (brownfield) projects. For further identification and prioritization of energy conservation opportunities, we are in the process of implementing an energy management system based on international standards (ISO 50001) at some units.

As a result of steps undertaken for energy conservation in the reporting year, about 450,000 GJ of energy have been saved by Novelis. ABML has a structured approach for identification, recording and acting on



energy conservation opportunities (Energy Efficiency Opportunities Register). Six of the nine opportunities identified in 2010-11 have been implemented resulting in a saving of 145,091 GJ of energy. In the year 2011-12, sixteen opportunities have been identified and are under review.

Yet again, our efforts in energy conservation have been recognized; the Renukoot facility has received the 'National Energy Conservation Award' from the Ministry of Power, Government of India in the reporting period. For details of energy efficiency projects implemented at our Indian units, please refer to Annexure 'B' of our Annual Report.

Energy Saving Initiatives at ABML

Aditya Birla Minerals continues to aspire to meet all energy efficiency opportunities and till date, Aditya Birla Minerals has a total of twenty-five energy savings opportunities recorded in the Energy Efficiency Opportunities Register.

Since the inception of the EEO program five years ago, various energy saving opportunities have been identified. Six out of nine opportunities identified survived the scrutinizing and testing process and have been implemented, yielding a saving of 145,091 GJ for the 2010-2011 reporting year. These six energy saving opportunities are being reported upon every year. Three of the original nine identified opportunities have been either incorporated into existing energy saving initiatives or postponed, awaiting the installation of process machinery and equipment.

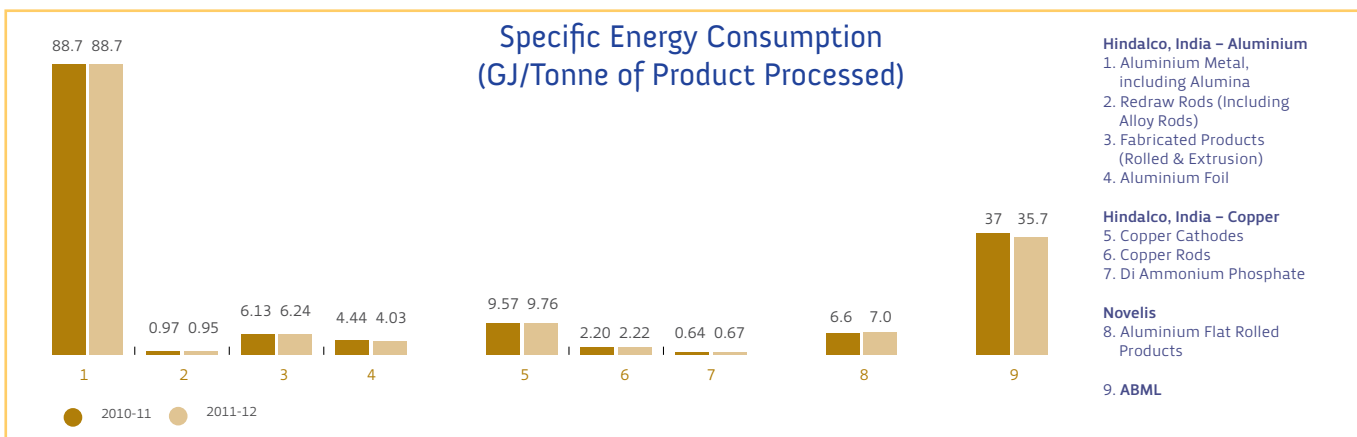
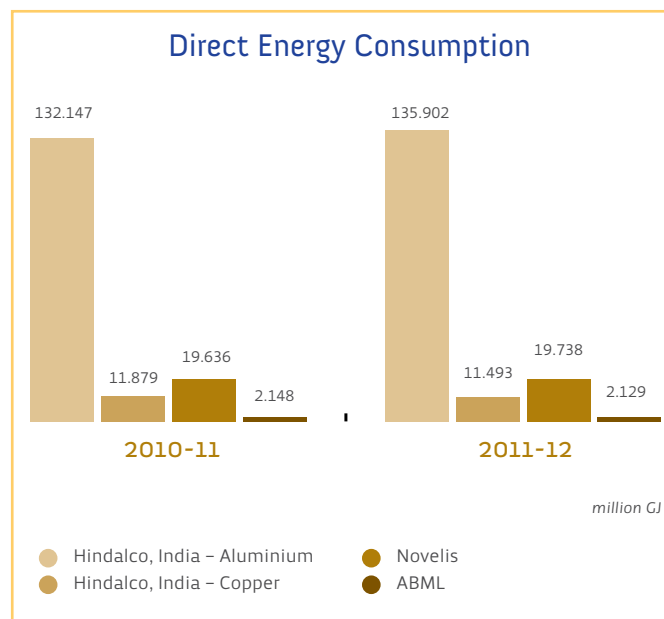
Sixteen energy savings opportunities are in the process of being reviewed for potential implementation. Some of these opportunities do not have an energy efficiency as primary motive but an energy saving can be achieved as a result of improvement in the processes.

Direct Energy

We use several sources of energy in our production facilities.

Our total direct energy consumption in the year 2011-12 was 169.26 million Giga-Joules (this includes energy use at ABML and Novelis as well). Out of this, Hindalco Aluminium was the most significant consumer, accounting for 135.9 million GJ (about 80.3%), owing to its integrated operations that includes generation of power based on coal. This quantity and pattern in energy consumption is quite similar to that of the previous years (2011 - total 165.8 million GJ consumption, Hindalco Aluminium accounting for about 80%).

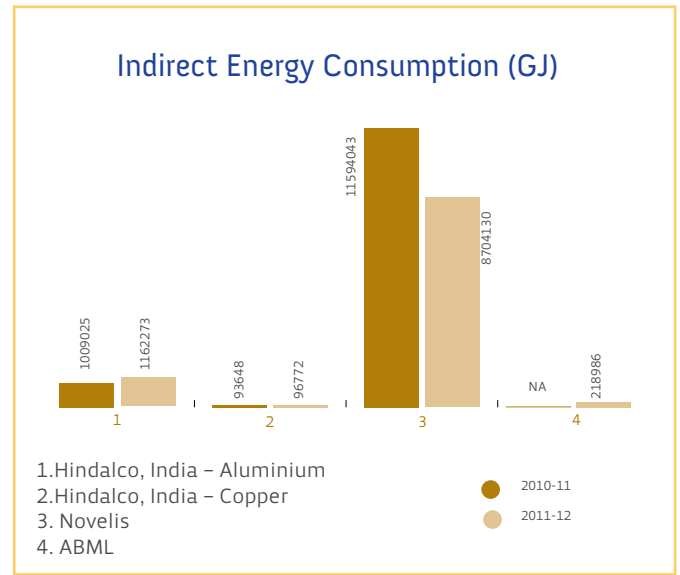
The specific consumption of energy (GJ/ton of processed products) in each of the processes at Hindalco India as well as Novelis has also been consistent over the past few years. Data for the last two years is presented in the table below:



Indirect Energy

Electricity sourced from the grid and process steam purchased (utilized in Alumina production process) comprise our indirect energy consumption. In the reporting year, our indirect energy consumption was 10.1 million GJ (Hindalco, Novelis and ABML). Novelis accounted for 87.3% of the total; this is because, the production process at Novelis is substantially dependent on electric power. A substantial portion of the power consumed by Novelis, however, is based on renewable sources (hydro). It is also to be noted that there has been a reduction of about 25% in the indirect energy consumption of Novelis (2011 consumption – 11.59 million GJ).

The unit-wise consumption of indirect energy for the reporting period has been depicted below.



In India, Hindalco is already gearing up for new renewable energy projects like Hydel Power, Solar Power and Wind Power.

Mitigating Climate Change Impacts

Since a significant part of our overall Greenhouse Gas (GHG) emissions is attributed to the combustion of fossil fuels from our operations, optimizing our energy performance has the greatest impact in reducing GHG emissions and thereby mitigating climate change.

Our Environmental and Energy Policy, authorized by the highest executive of the organization, has specific reference to actions directed at reducing impacts on climate change. The policy encourages us to adopt initiatives in energy efficient and cleaner technologies, technological interventions to reduce GHG emissions at process level, material efficiency and to institutionalize a management system across all production and operational activities, with periodic audits. The energy and climate change performance is directly linked to the overall performance of the facility; incentives are also provided to staff members who contribute to the same.

Climate change poses several risks at an enterprise level; these risks are now being recorded in our risk management system across facilities and at the corporate level. The foremost risk is due to increasing regulations in this space in countries where we operate. These may be in form of permits, targets related to energy efficiency, absolute GHG emission reduction etc. In order to mitigate these risks, we would need to invest capital and resources in projects so as to enhance our operational performance and also account for additional financial liabilities arising out of such regulations related to climate change.

As we operate and serve our customers globally, have a global supply chain and manufacturing presence, we are faced with risks arising out of stakeholder expectations on climate change action. To mitigate this risk, we have been proactive in communicating with various stakeholder groups, making them aware of actions we take to mitigate climate change and understand their expectation so as to develop our strategy and plan for meeting the stakeholder requirements.

CASE STUDY 2: Holistic Approach towards Energy Efficiency

A manufacturing process can provide multiple avenues for energy efficiency improvement, and one needs to have a holistic view in order to tap on all available opportunities (direct or indirect) to save energy. A case in example would be energy efficiency initiatives at one of our extrusion presses. Three areas were targetted viz., to reduce consumption of electrical power, lubricating oil and compressed air. The initiatives required replacement of equipment, changes in manufacturing equipment operating conditions as well as operating practices. The initiative also resulted in improved output quality and better working environment (less fumes and gas in the work area).

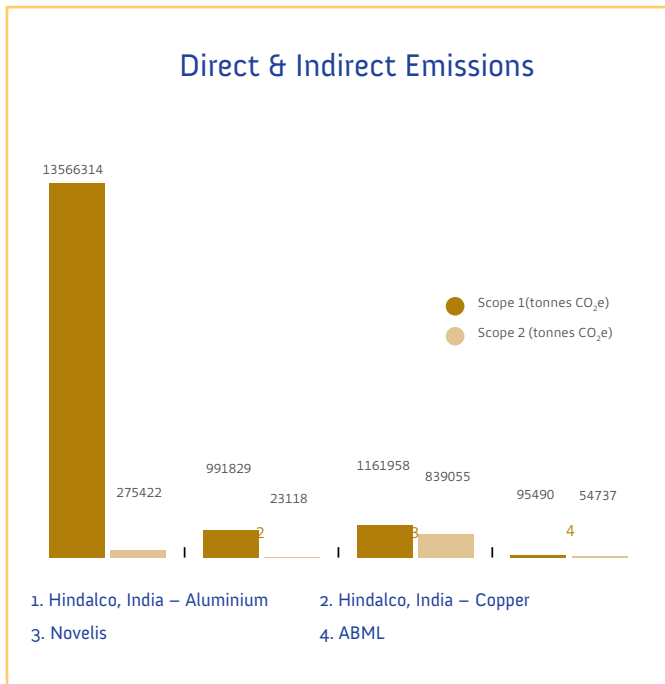


Some of the other initiatives which have been implemented in the reporting period are:

- Installing variable frequency drives to reduce power consumption in Ball mill of Alumina refinery
- Optimization of motor capacity to suit the requirements of the process as well as be energy efficient at our fabrication units
- Replacement of electrical transmission line with superior conduction wires to reduce transmission losses
- Installation of energy efficient transformers for efficiency gain and reliability improvement
- Optimizing cooling requirements, centralized control on cooling in hot alumina feeding

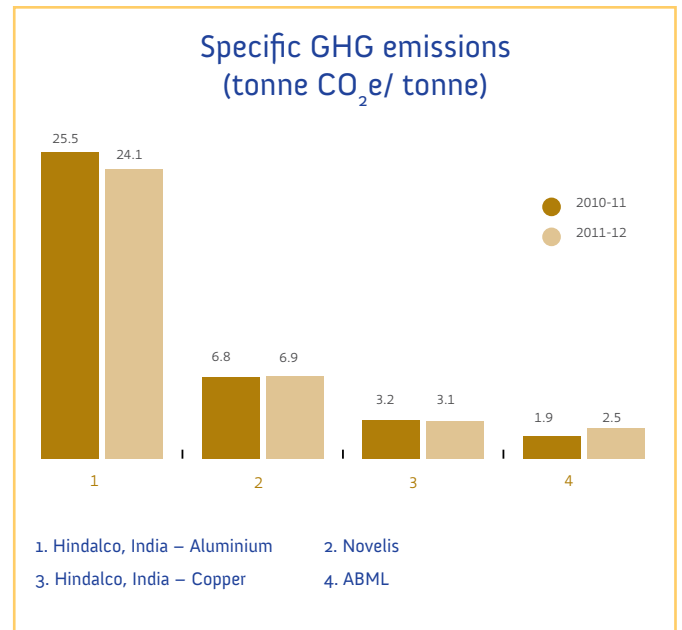
GHG Emission Performance and Trends

Our direct (Scope 1) emissions due to combustion of fossil fuels and indirect emissions due to purchased electricity and steam (Scope 2) have been reported below:



Only Novelis has recorded its Scope 3 indirect emissions in the reporting year (17,486,559 tonnes CO₂e).

Our specific emission (tonnes CO₂e per tonne of processed product) has been reported in the table below:



GHG Emission Reduction in Our Process

The other important source of GHG emissions from our operations is Per Fluoro Carbon (PFC) emissions from Aluminium smelting. We have introduced several innovative measures that, not only reduce GHG emissions, but also add to the company's bottom line by generating revenue from certified emission reductions under the Clean Development Mechanism (CDM).

We are also evaluating the feasibility of implementing other GHG reduction projects such as, fuel switch in our kilns (from furnace oil to gas based heating), use of biomass briquette as fuel, change in transportation mode from road to rail, replacement of anode baking furnace and economiser modification of spare boiler.



Water Management

Efficient use of water and maintaining its quality are crucial for our business. The challenges we face in water management vary across the value chain and geographical locations.

Water Uptake and Recirculation

Water is a significant issue at the upstream of our Copper and Aluminium business and downstream of our Aluminium business.

In India, our Aluminium business is dependent mainly on surface water whereas our Copper business relies on groundwater.

Some of our units are located in regions designated as 'critical' by the Central Ground Water Board of India with regard to groundwater availability. Although, majority of the aluminium manufacturing units in these regions do not depend too much on groundwater, in future, it might put increased pressure on the availability of water and its sourcing.

Novelis is sourcing from a combination of surface, groundwater as well as from the public water supply network.

Source of water for ABML is ground water and water through harvesting measures.

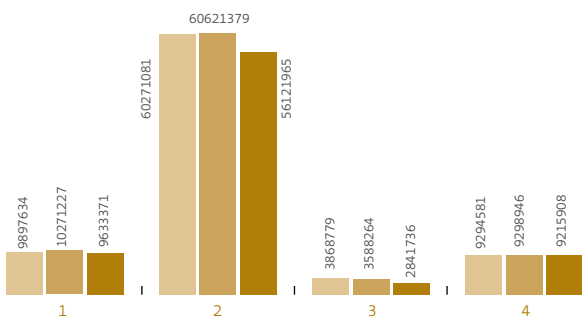
We also undertake measures to recycle water to the extent possible. The water withdrawal and quantity recycled across different units have been reported below:

Conservation of Water:

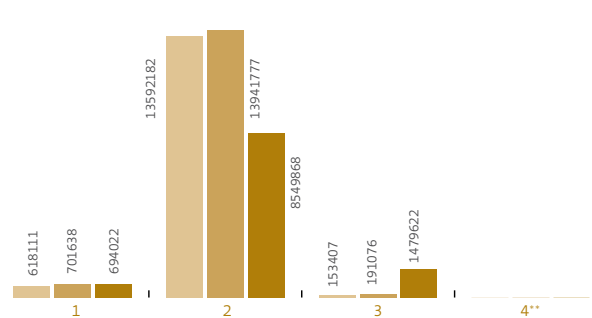
Over the years, we have undertaken proactive initiatives to enhance the conservation and reuse of water. All our manufacturing units operate, state-of-the-art automated industrial and domestic effluent treatment plants. The treated effluent and domestic water is recycled and used for different processes, horticulture and irrigation.

Business	Quantity of Effluent Discharged in 2011-12, m ³
Hindalco, India - Copper	32881
Hindalco, India - Aluminium	18768
Novelis	5591287
ABML	Nil

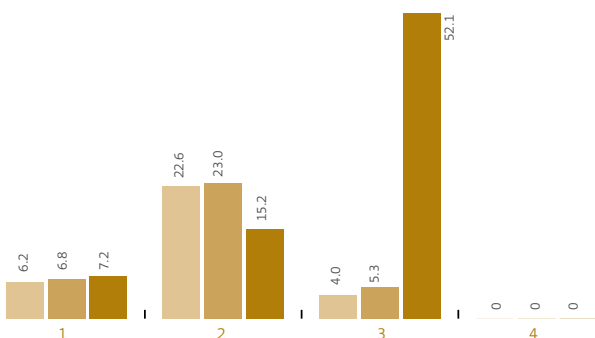
Quantity of Water Consumed (m³)



Quantity of Water Recycled (m³)



Percentage of Recycled Water in Consumption



** In 2011-12, we conducted an initial survey of our water recycling and reuse efforts. Based on the survey, we found that water usage is reduced by using re-circulated cooling water systems and over 2 % of Novelis' water demand is satisfied by recycling wastewater back into different process requirements.

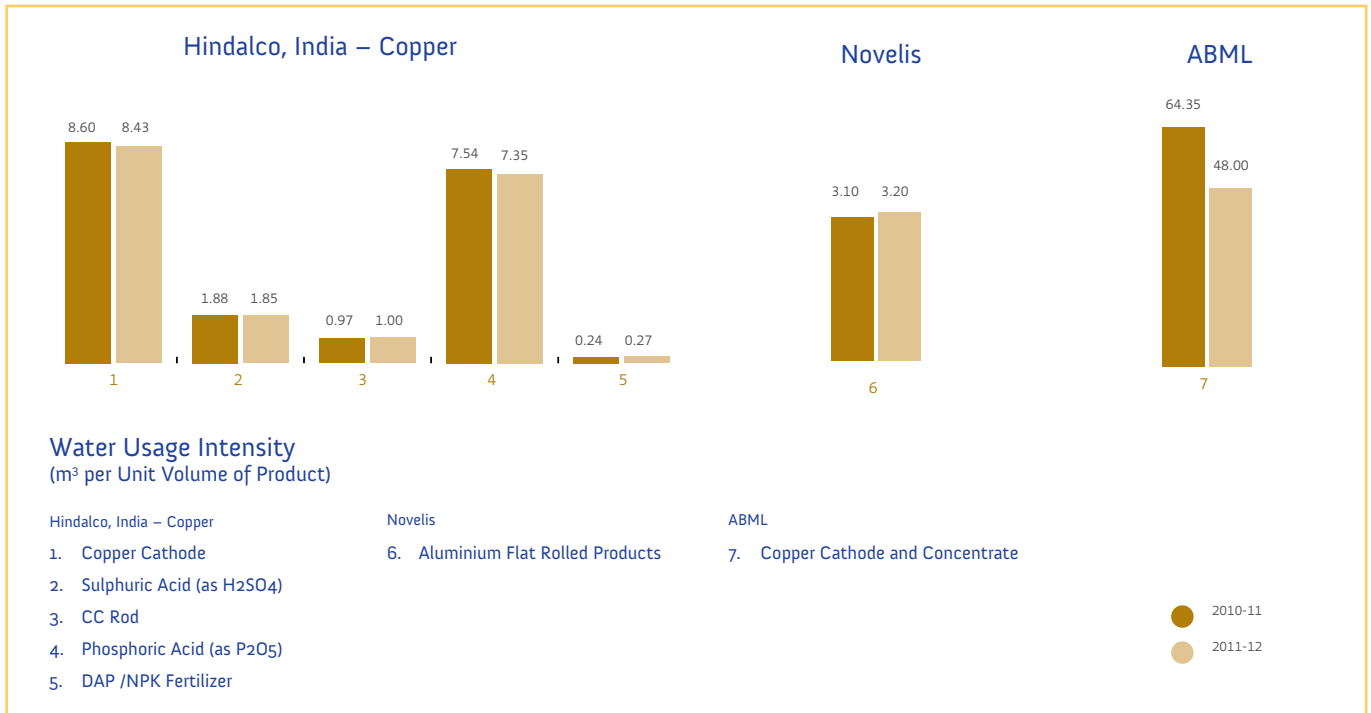
● 2009-10 ● 2010-11 ● 2011-12

- 1.Hindalco, India - Copper
- 2.Hindalco, India - Aluminium
- 3. ABML
- 4. Novelis



Our Performance on Water Intensity

We strive to reduce our water consumption per unit volume of product; the specific water consumption for our various products is presented in the table below:



Protecting and Restoring Biodiversity

Throughout our mining and production operations, we ensure that there are no adverse impacts on biodiversity. We abide by laws and regulations concerning biodiversity in countries where we operate. We also take cognizance of social issues around biodiversity and indigenous people rights; we carry out appropriate impact assessment studies to develop action plans. Our units have dedicated forestry and plantation teams which work on afforestation and reforestation initiatives addressing local requirements and challenges. For

example, we are one of the pioneers in reforestation of land which has been impacted by alkaline red mud deposit and storage. We partner in the true sense, with the local communities and offer work and business opportunities to the community in preserving and enhancing biodiversity.

All our facilities and mining locations have valid clearances from the Ministry of Environment and Forests, (Government of India) to continue operations in accordance with regulations on biodiversity and protected area management.

Marine Environment Study at Dahej Harbour

The Gujarat Ecology Society (GES) is doing regular monitoring of the marine environment around their submarine outfalls, for discharging treated effluents as well as their jetty installations for Hindalco Industries Ltd. (Unit : Birla Copper). This data of the present analysis was compared with similar studies by GES in 2000-01, 2004-05, 2006-07, 2007-08 and 2009-10 in this part of the Arabian Sea and to examine changes, if any, which might have taken place in the recent past. The present study was carried out during December 2011.

Three longitudinal transects between, 21° 40' and 21° 43' N latitudes and between 72° 28' and 72° 30' E longitudes covering an area of around 10 sq Km was covered during both the tides. A total of six stations were sampled covering the upstream and downstream of jetty and discharge point of Birla Copper Ltd. Physico-chemical and biological parameters were studied at these stations.



Water samples were collected from the surface, middle and close to the bottom at all sampling points. Parameters, like temperature and pH were recorded at the field itself. Samples were preserved for DO/BOD studies. Sediments were collected at station 1, 2, 3 and 6 for lab analysis. Phytoplankton, Zooplankton and Benthic samples were collected for lab analysis of biota.

Routine parameters like Total Suspended Solids, DO, BOD, Salinity, PO₄-P, Total Phosphorus, NO₃-N, NO₂-N, Total Nitrogen, and Dissolved Petroleum Hydrocarbons were carried out at the GES laboratory. Heavy metals (Cu, Cd, Cr, Zn, Hg, Pb & Ni) were analysed at Marc Laboratory, Pune. Phytoplankton and Zooplankton were isolated for identification and quantification like wet biomass, numerical density, species composition and species diversity. Benthos was examined for enumerating diversity.

The sediment samples were examined for Total Organic Carbon, Texture and Heavy metals (Cu, Cd, Cr, Zn, Hg, Pb & Ni).

Temperature fluctuations were noted marginally, pH was in the efficient buffering range of the sea and the environment was having a characteristic alkaline water column. This indicates no effluents having impact on CO₂ / HCO₃⁻/CO₃⁻² ions to modify pH are discharged by Birla Copper in the area.

The Total Suspended Solids (TSS) content showed high turbidity throughout the sampling area, reflective of the turbulent coastal feature.

The Dissolved Oxygen (DO) content shows that the study area is well oxygenated and the Biological Oxygen Demand (BOD) was also within the normal range at all the stations surveyed.

Nitrogen, estimated in the form of Nitrates and Nitrites, indicates the presence of more Nitrates, than the Nitrites. Such a situation prevails if good oxidizing conditions prevail in the environment and it is an indication of good health of the environment.

Inorganic phosphates, which is an assimilable form to organisms for tissue build-up was found more than the organic form.

Petroleum Hydrocarbon concentrations were in the normal permitted ranges.

The heavy metals concentration in the water and sediment was within the permissible limit.

Sediment texture analysis reveals that the area has a sandy substratum.

Community structure and composition of Phytoplankton, Zooplankton and benthic fauna indicated good biodiversity along the ecological chain of food for marine organism.

Fish eggs & larvae and also Crustacean larvae could be collected in fair quantities which is indicative of juvenile stock in the coastal environment.

Concerning the catch in the coastal waters along the Bharuch District there is increase in the fish catch at Bharuch stations for the year 2008-09 and 2009-10. This could be due to increase in number of fishing boats operating in the region and also improvement in the plankton density as reported in the present study.

The mangroves found near the Birla Copper jetty was dominated by *Avicennia marina* and the growth of the trees was similar as reported earlier. This can be attributed to poor sediment quality i.e more sandy in nature.

The 96 hours static bioassay on test fish guppy at the factory site carried out by Birla Copper Ltd. for treated effluent released in the Gulf showed 100% survival in 96 hours, indicating good quality of effluents.

It could be concluded from the present study that the ecosystem around the coastal waters surrounding the Birla Copper installations and discharge point has maintained a healthy environment without any major deviation in the major physical and chemical properties of the waters or sediments.



Hindalco - Bauxite Mines - Lohardaga & Samri – Buffer Zone

Orsa , Chiro & Kukud Bauxite mines have in their 10 km buffer zone – two protected area namely, Mahuadanr Wolf Sanctuary & Palamau Tiger project.

Environmental Clearance for both mining leases has been obtained. Wild Life Conservation Plan is prepared and the same is recommended by Chief Wild Life Warden for approval of Govt. of Jharkhand.

Nearest Wolf Sanctuary: Mahuadanr Wolf Sanctuary located at an aerial distance of 6.0 KM toward NE direction from ML boundary of Samri, 9.8 KM toward East direction from ML boundary of Tatijharia and 3.2 KM toward SE direction from ML boundary of Tatijharia/Size of the Lease, Samri – 2146.746 Ha. Tatijharia-1218.762 Ha. & Kudag Lease – 377.116 Ha/Wildlife management plan – Applied in 2008; approval in process and file moved from office of Conservator of Forest Ambikapur to CCF wildlife Raipur.

Waste Management

The major categories of waste generated by Hindalco Aluminium business are red mud, spent pot lining, refractory brick, Aluminium rolling oil and dross; likewise, Hindalco Copper business generates discarded slag and Phospho-gypsum. Fly ash is a waste common in both our businesses.

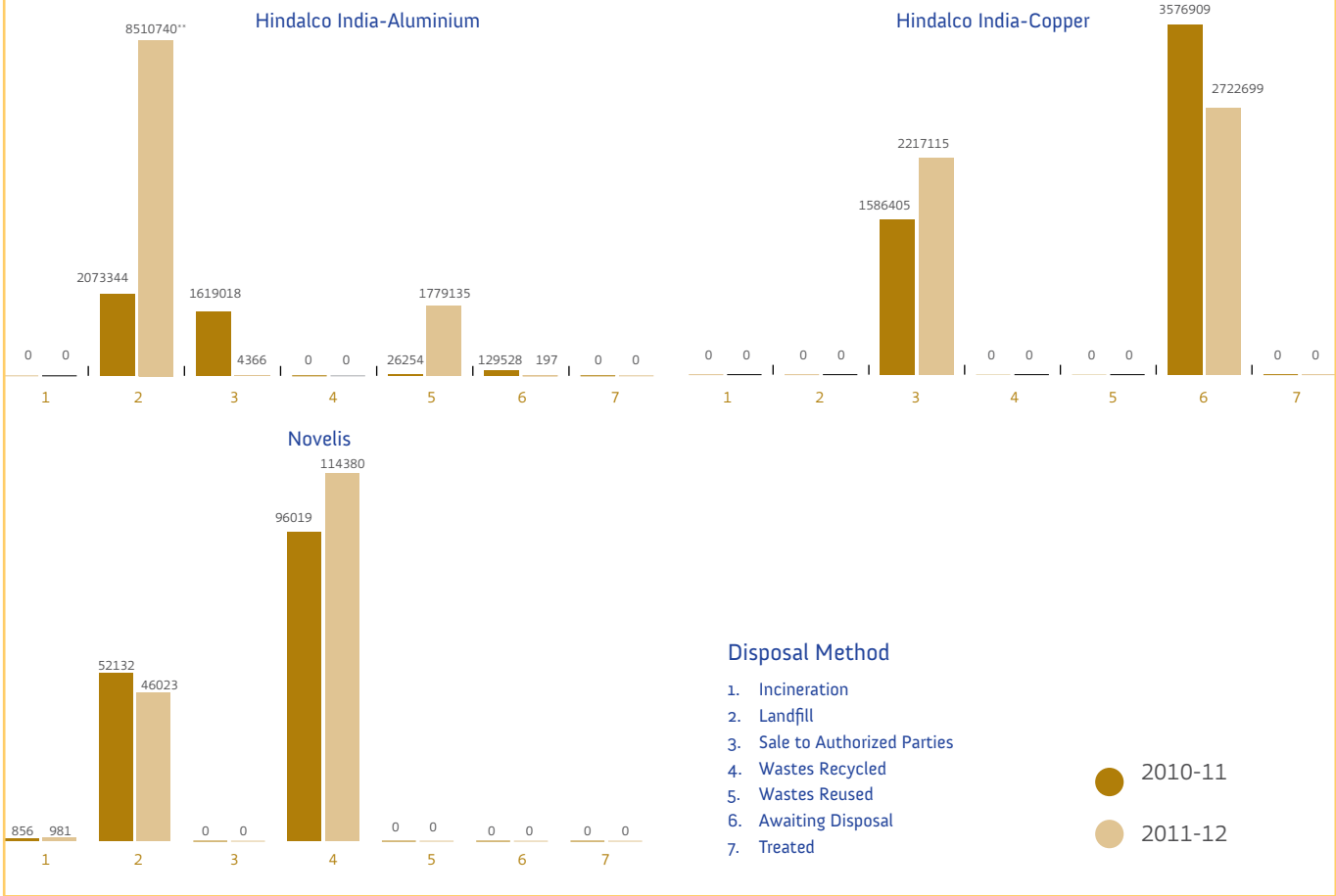
In addition to these, our business also generates hazardous wastes that have been reported below. At both Aluminium and Copper business operations, we adopt innovative approaches to manage our waste through the principles of reduce, reuse and recycle.

Sources	Waste Generated	Approach
Aluminium		
Bauxite mining	Red mud	Through plantation converting red mud area into green field
Smelting	Spent pot lining (SPL)	Co-incineration in the CFBC boiler
Refining	Refractory brick	Recycled into bricks or steel process material
Flat rolled production process	Aluminium rolling oil	Recycling after reprocessing through vacuum distillation unit
Scrap recycling (impurities in scrap aluminum that are collected during melting of the scrap)	Dross	Recovery of aluminium (50% of the total dross) and other metals
Captive power plant	Fly ash	In cement industry, brick manufacturing and landfill purpose
Copper		
Copper mining	Waste rock dump	Managed as per regulatory requirements
Copper smelting	Discarded slag	Usage in road construction and as abrasive material, in the cement (5% permitted as per BIS), as value added products like abrasive tools, cutting tools and as a blasting material instead of sand.
Going forward there are plans to put up initiatives to recover copper from slag (which is around 0.7%).		
Phosphatic fertilizer plant	Phosphogypsum	Used as soil conditioner in alkaline soil, additive in cement and fertiliser industries, to manufacture plaster of paris (POP) and gypsum boards.
Captive power plant	Fly ash	For use in agriculture, cement industry and construction

The waste handled within our operations is classified appropriately as Hazardous/non-hazardous at each generation point. Storage is done at designated locations. It is quantified and recorded based on its weight or estimated volume.



Non-Hazardous Waste (MT)



Disposal Method

- 1. Incineration
- 2. Landfill
- 3. Sale to Authorized Parties
- 4. Wastes Recycled
- 5. Wastes Reused
- 6. Awaiting Disposal
- 7. Treated

● 2010-11
● 2011-12

Message from President, Chemicals Business Sanjay Sehgal

The Chemicals Business continued to improve upon the use of precious resources in the manufacture of Alumina. This was possible by focusing on process improvements and generating awareness amongst the employees to conserve energy and water. As a result energy consumption, GJ/T in Belgaum reduced from 10.20 (FY 10) to 10.02 (FY 12) and water MLD from 5.1 to 4.6 (FY 12). Similarly in Muri, the coal consumption reduced from 1.45 T/T in FY 11 to 1.32 T/T in FY 12 thus reducing the GHG emissions.

Re-use of waste steam for heating and improved performance in evaporators and re-use of condensate helped to conserve energy at both the locations. Environment management was given specific thrust



by increasing tree plantation, thus bringing more area under green cover, and rain water harvesting. A key initiative on commercial application of red mud appears to be bearing result as the cement industry used over 78 KT from Belgaum and over 5 KT from Muri units. Efforts will be continued to study the application and improve utilisation around the year.



CASE STUDY: Dahej – Waste – What's That?

Copper Slag – Apart from phosphogypsum, the company tries to find value in copper slag, which is the other waste product at Dahej. When producing copper, a lot of non-copper minerals in the concentrate get generated as refuse. This has properties similar to sand; hence Birla Copper is promoting its use as a sand substitute for construction of roads, highways, etc. This has helped in conserving natural sand.

Another new high-end application identified by the company is sandblasting. Before painting metal surfaces, one needs to polish and smoothen the surface by a process named as sandblasting, to get fine grains and a smooth finish. Slag, containing residual metals proved an ideal substitute



for sandblasting, giving ten times more in terms of value. All these efforts have resulted in generation of ₹40 crore revenue from waste so far, thus proving that waste can be put to good use and generate profit for Hindalco as well as for its customers. “Focused and seamless team effort, branding of the product and creating customer awareness has helped in realising better revenue and fast liquidation of the blocked solid waste on sustainable basis,” says Mr N. M. Patnaik, President (Finance and Commercial). At Birla Copper, generating wealth from waste is the environment-friendly business strategy that has paid off for the long term. If you visit Birla Copper now, you won't find any mountainous white and black heaps, instead you will see the marketing colleagues waiting to see, when the next lot of phosphogypsum or slag arrives in the waste yard, for them to pack and dispatch the product to the eagerly awaiting customer.

The Hindalco India copper plant at Dahej is exploring different avenues to recycle waste such as phosphogypsum, discarded slag and fly ash. Due to this initiative, starting from 2010-11, the plant has been able to dispose off large quantities of accumulated

wastes, thereby reducing its waste inventory.

The dry ash handling system has been installed for better ash utilisation and to reduce dusting during unloading of ash from all boilers.

CASE STUDY: Renukoot – Red Mud Disposal

Disposal of Red mud, a waste, is through landfill in dedicated red mud ponds and the requirement of land of disposal is a cause of concern, worldwide for Alumina refiners. Renukoot Alumina refinery was also facing concerns in its red mud disposal capacity in terms of pond area availability. Moreover, in order to raise the height of existing embankments, huge quantity of earth was required, which could in turn have adverse impact of top soil and environment disturbance.

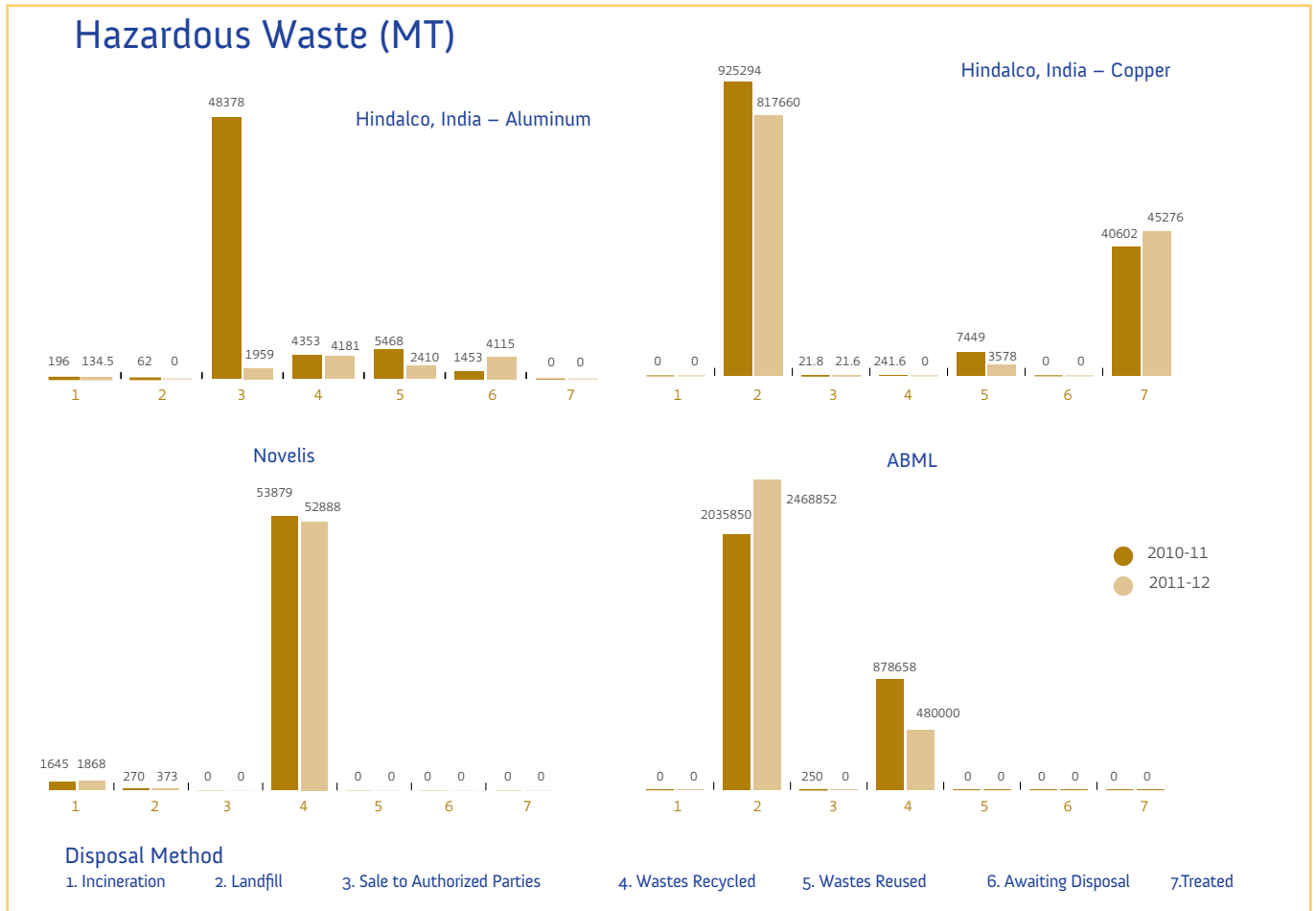
To overcome this issue, Renukoot unit of Hindalco partnered with a research institute, CBRI to develop an innovative way of using the same waste material supplemented by mixing ash from power plants (another waste) to raise the pond height. After several field and laboratory tests, a stable mud-ash proportion was established and the height of embank was raised enough to offer an additional year of waste landfill capacity. This approach led to waste disposal without additional environmental impacts, and provided the benefits of having increased pond capacity in earlier overflowing ones as well as appropriate utilization of waste.



Hazardous Waste Management

The major hazardous waste generated from our operations includes used and waste oil, spent filter earth, chemical sludge from ETP, spent solvent and resins, alkali residue, spent pot lining, hydro fluosilicic acid and spent electrolyte from refinery plant.

In our Indian operations, hazardous wastes are disposed of as per the stipulations given by the respective State Pollution Control Boards. We engage authorized recyclers, re-processor or landfill operators to handle hazardous waste generated by us.



Message from President, Operations B. Arun Kumar

The Semi-Fab Plants of Hindalco have initiated various focused technology up-gradations and projects through the last year to reduce the energy consumption and have succeeded in achieving near benchmark levels in all the fabrication plants. The focus on new product development ensures a steady stream of products which help the nation in energy and resource conservation. Our commitment to sustainable development is integrated into everything we do. Our operations give us the opportunity to bring long lasting positive change to the communities, regions and the nation, and our metal is transformed into end products that contribute to the sustainable growth of the nation.



Spills

During 2011-12, no incident of significant spill has been recorded.

Air Emissions

There are emissions to the air of various types across the mining, processing and manufacturing of aluminium and copper.

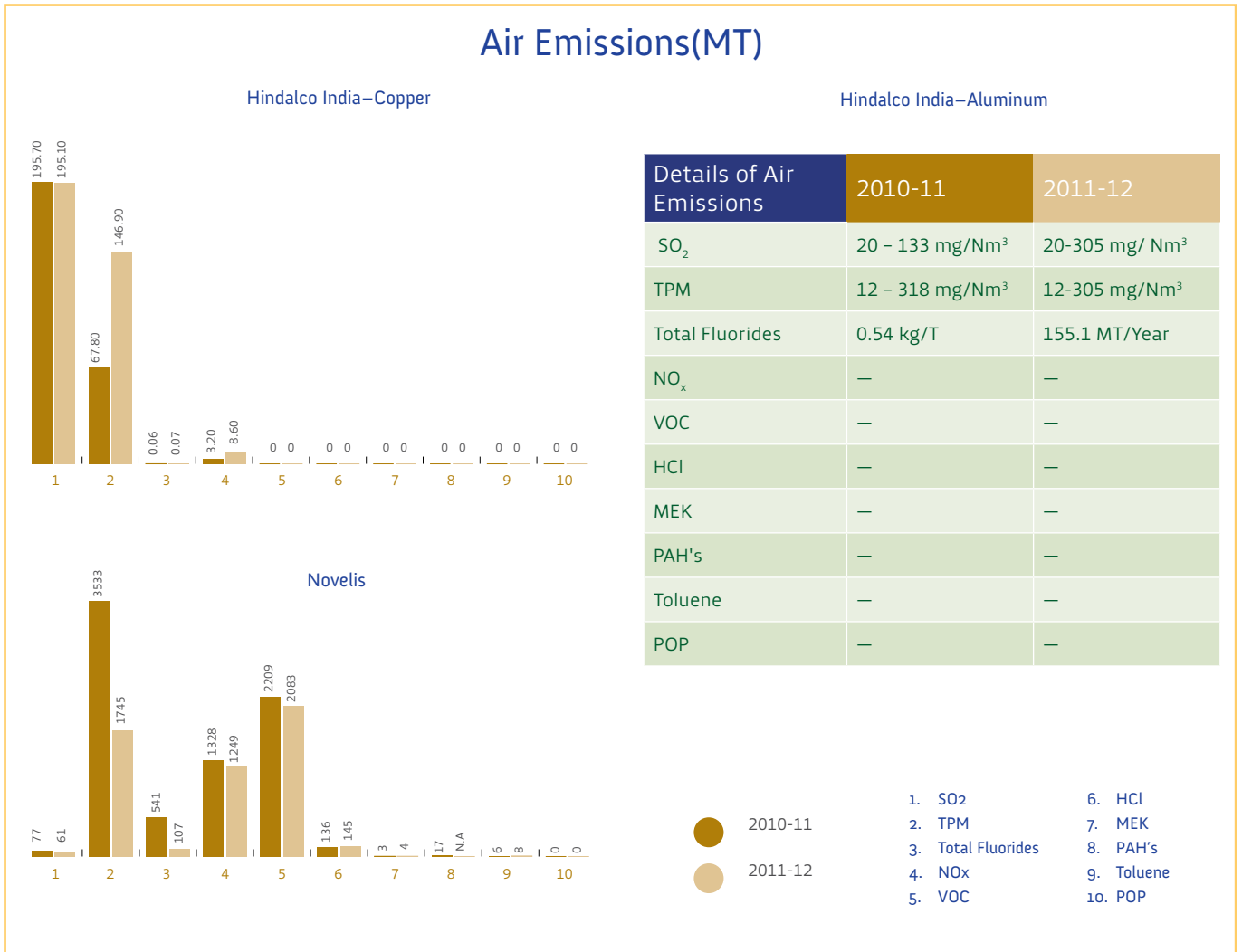
Emission Sources

The production of aluminium requires three main processes: bauxite mining, refining of bauxite into alumina and the electrolytic reduction of alumina into aluminium. Each process has its own set of air emissions.

Bauxite Mining	<ul style="list-style-type: none"> particulate/dust emissions
Bauxite Refining (Bayer Process)	<ul style="list-style-type: none"> particulates, SO_x, NO_x
Aluminium Refining (Hall Heroult Process)	<ul style="list-style-type: none"> Fluorides, particulates, SO_x from process SO_x, NO_x and CO is generated by power stations

For copper, the primary sources of air contamination at mine sites are fugitive dust emissions from mine pits and underground workings, overburden, waste

rock, mine development rock, ore, sub-ore piles, dried tailings and haul roads.



Emission Management

At our operations, we strive to manage our air emissions in line with the regulatory requirements, and attempt to recover and convert some of the pollutants into usable products. As a practice, we do monitor our emissions profile in line with the regulatory requirements.

Green Belt Development at Belgaum, Muri & Talaja

Green Belt Development continues to be a focus area in all our Plants. For instance, in Belgaum, 15000 saplings were planted near the red mud pond and

bauxite handling areas. In Muri, around 6,200 saplings were planted in an around the factory. Talaja Unit has planted / distributed approximately 1,150 saplings.



Waste Management at Hirakud

Hirakud Plant has constructed 5,300 cubic meter Secured land filling as per approved location, drawing

and design by the SPCB, Odisha for Hazardous Waste Management .





Performance Highlights: Economic Performance



In an economy, characterized by signs of recovery from the recession, we have continued to do exceedingly well; the consolidated revenues have reached a record high of US \$17 billion (INR 80,821 crore) registering a growth of 12%. This has been aided by our better product

mix and the depreciation of the rupee. Revenues from Aluminium, at INR 62,059 crore, registered a growth of 10% while revenues from Copper did not grow significantly (INR 4,495 crore in 2012 as compared to INR 4,465 crore in 2011).

Sr. No.	Parameter	Hindalco, India - Copper & Aluminium	ABML	Novelis
		2011-12	2011-12	2011-12
1	Direct Economic Value Generated	Mn US \$	AUS \$	Mn US \$
	a) Revenues	5,560	495,735,640	11,063
	b) Revenue from financial instruments (includes cash received as interest on financial loans, as dividend from shareholdings, as royalties, and as direct income generated from assets)	119	2,023,338	
	c) Revenues from sale of assets include physical assets and intangibles	0.62	11,861	
2	Economic Value Distributed			
	a) Operating costs – Payments to suppliers, non-strategic investments, royalties, and facilitation payments	4,652.6	334,236,940	9,743
	b) Employee wages and benefits Total monetary outflows for employees (current payments, not future commitments)	232.6	75,608,419	895
	c) Payments to providers of capital – All financial payments made to the providers of the organization's capital			22
	• Dividend to all shareholders	61.99	28,203,530	Nil
	• Interest payment made to providers of loans	61.34	1,689,545	284
	• Any other (Net short-term borrowing)			2
	d) Payments to government			105
	• Tax (corporate, income, property, etc.)	125.57	3,060,081	
	• Related penalties paid at the international, national, and local levels.			-
e) Community investments – Voluntary contributions and investment of funds in the broader community (includes donations)	5.8	57,601	1.8	
3	Economic Value Retained	539.72	54,960,463	Adjusted EBITA: \$1,052 million



Coverage of the Organisation's Defined Benefit Plan Obligations

Novelis

Novelis has a Pension and other Post-retirement plans in nine countries (Canada, France, Italy, Germany, Malaysia, South Korea, Switzerland, UK and US). Most

of these Pension Schemes are defined contribution plans for new hires since 2005 and mostly defined benefit plan for employees who joined prior to 2005. The programs vary by country, reflecting respective National Pension Policies. Defined Benefit Plan includes Retiree Medical Benefits and Life Insurance in US & UK.

Funded Status as of March 31, 2012				
W2012 ASC 715 Year-End Disclosures: Pension and OPEB (US \$ in millions)	Unfunded Pension	Funded Pension	OPEB Plans	Pension and OPEB Plans
Plan Liability (PBO)	\$185	\$1,300	\$228	\$1,713
31/03/2012				
Plan Assets	-	\$996	-	\$996
31/03/2012				
Funded % 31-Mar-2011	0%	77%	0%	58%
This March 31, 2012 disclosure, included in our 2012 Annual Report (Form 10-K), is in compliance with US GAAP requirements.				
Any deficit in a funded pension plan is generally funded between 5 and 15 years, depending on the country's statutory funding requirements. Pension plans in France, Germany, Italy and Malaysia and OPEB plans in the US and Canada is unfunded.				
As of March 31, 2012 there were 7,700 active employees, 4,272 retirees, and 1,945 terminated vested employees in the pension plans. As of March 31, 2012 there were 11,620 colleagues employed by Novelis.				
Our pension obligations relate to funded defined benefit pension plans we have established in the United States, Canada, Switzerland, the United Kingdom and South Korea, unfunded defined benefit pension plans primarily in Germany, and unfunded lump sum indemnities payable upon retirement to employees in France, Malaysia, and Italy. Pension benefits are generally based on the employee's service and either on a flat rate for years of service or on the highest average eligible compensation before retirement. Our other post-retirement benefit obligations include unfunded health-care and life insurance benefits provided to retired employees in Canada, the U.S. and Brazil.				
The Company expects to contribute \$47M to our funded pension plans, \$14M to our unfunded pension plans, and \$8M to our OPEB plans in FY 2013.				

Hindalco, India – Aluminium and Copper

In India, we have a Defined Pension and Post-retirement Plans for employees. These are governed by

- Government Rules and Regulations
- Labour Management Agreement in case of Unionized Employees.

Provident Fund and Pension/Superannuation are defined contribution schemes and only gratuity is a defined benefit scheme for our purpose.

Employee Benefits of short term nature are recognized as expenses as and when these accrue. Long term Employee Benefits and Post Employment benefits, whether funded or otherwise, are recognized as expenses based on actuarial valuation at the year-end using the projected credit method. For discounting purpose, market yields of government bonds, at the Balance Sheet date, is used. Actuarial gains or losses are recognized immediately in the statement of Profit and Loss.



A. In Respect of Gratuity, a Defined Benefit Scheme (based on actuarial valuation)

₹ Crore

	31/03/2012	31/03/2011
a) Change in Obligations over the year ended 31 March 2012		
Present value of Defined Benefit Obligations at the beginning of the year	420.25	363.98
Current Service Cost	28.56	24.92
Past Service Cost	-	-
Interest Cost	33.01	28.49
Curtailment Cost/(Credit)	-	-
Settlement Cost/(Credit)	-	-
Plan Amendments	-	0.12
Actuarial (Gain) or Loss	(3.50)	19.28
Benefits Paid	(15.75)	(16.54)
Present Value of Defined Benefit Obligations at the end of the year	462.57	420.25

ABML

Information on this benefit plan will be included in FY 13 report.

Financial Incentives from Governments

We continue to participate in the export promotion schemes of the Government of India for our Aluminum and Copper products. The sale of the fertilizers we produce (DAP) is also subsidized; the subsidies received in the reporting year were to the tune of INR 33 crore, while in 2010-11, it was about INR 31 crore.

Novelis receives financial incentives from governments in the form of favorable tax holidays in various jurisdictions globally. For the year ending March 2012, this resulted in approximately \$10 million reduction of tax expense. The tax holidays will phase out over periods between time frames of December 31, 2013 and March 31, 2020.

None of the operating units have received any other financial incentives from the government in the reporting period.

Local Procurement and Hiring

Factors influencing our supplier selection are:

- Competitive pricing
- Ability to meet specification requirements
- Product and service quality
- Payment terms, lead time etc.

We do not have any policies on preferential sourcing from local suppliers. We conduct business with suppliers who are globally competitive, best in quality and service delivery. We work closely with suppliers and provide appropriate inputs for their capacity building.

Currently, we do not measure the percentage of our procurement budget that is spent on local suppliers, but, we believe we source reasonable amount of our goods and services from local suppliers. We are putting in place systems for recording such data; this data is expected to be recorded from FY2015.

In the mining sector, we do not undertake any artisanal mining.

Likewise, we do not have any policies for local hiring and proportion of senior management staff from the local community at locations of significant operations.



Our recruitments are based on requirements of the position. We consider education, training in relevant fields and experience while recruiting people, who best fit our requirements. We consider Plant managers and above as “senior management team”.

In significant locations of operation, we do not maintain data on proportion of facility’s total workforce from the local community (workforce is employees and supervised workers); however, plans are being made for collecting this data in the future.

While recruiting workforce, we abide by the regulations stipulated by the local authorities.

Financial Implications of Climate Change

There have been significant regulatory responses to tackling the problem of human induced climate change in several geographies where we operate. In India, the Prime Minister’s commitment to reduction in Greenhouse Gas (GHG) intensity by 25% by the year 2020 and the National Action Plan on Climate Change (NAPCC) as also the 9 Missions are of significance.

PAT Scheme

As an offshoot of the National Mission on Enhanced Energy Efficiency (NAPCC), the ‘Perform-Achieve-Trade’ scheme has been introduced in the current reporting period. Our production facilities have been given targets for specific energy consumption reduction. Further details on this scheme have been provided in the section on Corporate Governance.

RPO

Gol has come up with the Renewable Purchase Obligation scheme (under Electricity Act of 2003) in the recent times, whereby, every distribution company (dis-com) and captive energy consumer in the country (state-wise) is assigned to source a certain proportion of the energy requirement from renewable sources (classified as solar and non-solar). In the states of Uttar Pradesh and Odisha, we have been assigned RPO’s since we generate and use captive electricity. The Company has filed writ petitions before the jurisdictional high courts of Allahabad and Cuttack contesting the applicability of RPOs for captive users. The high courts have, however, issued stays on the applicability of RPOs. The Company has made investments in wind power, and is also making plans for investments in solar power to offset RPO targets that have been set. Excess RPOs generated would be sold and would be taken care of through procurement from the market.

CO₂ Footprint

1. The Management has undertaken determination and internal reporting of CO₂ Footprint of Hindalco operations as a first step towards assessing this risk. This is a regular quarterly activity since Q1 of

2009-10. A CO₂-Footprint report is being generated every quarter covering all Hindalco India operations. The report covers Scope-I and Scope-II, which together are supposed to account for more than 98% of Hindalco India’s GHG footprint. This report is released for internal information to all business heads and environment heads across Hindalco India. Novelis also has a system in place to estimate its CO₂ footprint; has a target to reduce its CO₂ intensity from 19 mmt in 2012 to 11 mmt by 2020; and has projects in progress, focused around increased use of recycled aluminium (which has 5% energy intensity as compared to virgin aluminium). ABML-Australia has planned to undertake its GHG intensity over next two years, after which steps to reduce the same will be planned.

2. Hindalco’s Hirkud Aluminium smelter plant has a CDM project that has been registered with the UNFCC. The project is based on the systematic reduction in the energy intensity of aluminium production at Hirkud, by change over from Soderberg technology to the Prebake technology that facilitated a step reduction in energy consumption. The project registered with UNFCC, as the first CDM project in aluminium smelter, cost ₹129 lakh (+₹10 lakh for VCS) for the project including methodology development, validation, verification, UNFCCC Meth submission and project registration fee, repeat measurement of PFC slope coefficient measurement during the year. The project resulted in the following:

- Generation of 286,468 VERs (Voluntary Emission Reduction): Sold at ₹1 Crore Approx. This is a one-time activity.
- Generation of 33,624 CERs for the period Feb-Apr 2010; Not sold so far, as a management decision Potential value at €2/CER will be €67,248 /€, i.e. ₹40 lakh.
- Potential to generate 4.3 lakh CER as per the original estimate. This has been revised to 2.07 lakh CERs as per the new benchmark for energy consumption in 2011-12.
- Cost of developing the CDM project at Hirkud was about ₹30 lakh (in addition to the primary capital spending on the smelter), hence the project obviously has given positive returns.
- The project objectives have been disturbed during this year on account of two factors:
 - (a) Power supply perturbation in Hirkud smelter and associated grid, that caused extended plant upset. As is known to happen in aluminium smelters on extended power failure, the Hirkud smelter plant suffered from increased power consumption during restart and is still stabilizing. The CERs generation will resume after the plant stabilizes.
 - (b) Change in international benchmark for specific PFC emission in HSS aluminium smelters (Baseline) from 5.463 to 1.33 t CO₂/t since 2011.



Actual for Hirakud being 4.08. This change has happened on account of increase in participation of smelter plants from Rusal-Russia, hitherto not included in the statistics of aluminium smelters, reported by IAI-International Aluminium Institute, which provides the baseline data for specific PFC emission norms. Such inclusion has resulted in reduction in the SEC, used for calculation of CERs, and has reduced the CER potential of Hirakud from 4.3 to 2.07 lakh CER per annum.

3. CERs from new project activities: Hindalco management is aware of the CDM potential of the new project activities in the areas of change over of fuel from furnace oil to piped gas, which are in progress at Dahej, Belgaum and Talaja, and change over from road transportation to rail transportation at Dahej, with financial participation from Hindalco. Identification of more CDM projects is a continuing exercise at Hindalco.
4. At present, Climate Change does find an important place in the Risk Assessment exercise that Hindalco management has undertaken with an external consultant. However, it is rated as a key risk factor for global metals and mining sector (rank-13 in 2011-12, in EY report). In

Hindalco's peculiar situation (issues of power cost, coal and bauxite availability, fund availability for Greenfield projects, delay in Greenfield projects etc), the importance of climate change factor is lower down today; but Hindalco Risk Management committee has planned to address and assess this factor in the next revision in 2012-13, and include Climate Change as a risk factor and prepare a mitigation plan.

Novelis in USA and ABML are also being subjected to relevant carbon taxes as applicable in the respective geographies.

Economic Contribution to Social Well-Being

In the reporting period, Hindalco, Novelis and ABML invested US \$5.8 million, US \$1.8 million and AUS \$57,601 in CSR activities. Details are available in the section on inclusive growth in the Annual Report.

Message from the Chief Financial Officer: Praveen Maheshwari

In line with the Group philosophy that 'sustainability means the holistic pursuit of a triple agenda - maximizing economic value, while protecting the environment and catering to the well-being of our people, both our employees and the larger community', Hindalco has demonstrated the strength of its 3P (Planet-People-Profit) model through the following achievements:

- Net revenue on consolidated basis at USD 17 billion and net profit in excess of USD 700 million in the Financial Year 2011-12 despite global downturn.
- Highest ever recorded production of aluminium & highest ever profits in copper business through enhanced recovery and increased by-product value-additions.
- Product mix and cost structure rationalization in Novelis with increased use of recycled aluminium to a record level of 39% of the total output, through planned sourcing coupled with improved technology.



- Steady progress in implementation of the Greenfield projects in Hindalco India Aluminium, which have a significant scope for reducing specific consumption of energy through use of best-in-class technology.

Besides achieving the above landmarks, Hindalco continued to uphold its tradition of transparency in its operation with strict adherence to the country's ever tightening corporate governance code & guidelines, consolidating its risk assessment and mitigation plan, following the National Voluntary Guidelines on social, environmental and economic responsibilities of business, issued by the Ministry of Corporate affairs in July-2011. As a result of its policies, practices and performance, Hindalco continues to be perceived as a reliable, competent, value generator by all its stakeholders.





Performance Highlights: Managing Talent



Managing Talent

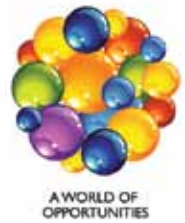


“As long as you are the last man standing and are adding value, you would continue to grow. ... The last man standing has the best chance at being the first man forward”

Kumar Mangalam Birla

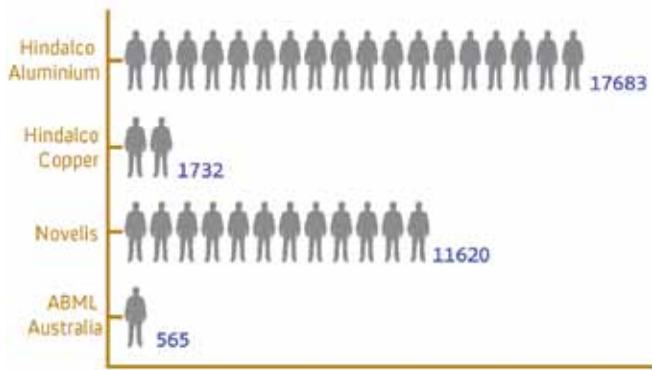
This essence sums up our approach and commitment to people sustainability as we strive to attract, energise, develop and retain a talented and diverse workforce. In fact, the organization’s success and impressive growth is, to a great extent, attributed to having the right people in the right places, giving them responsibilities and appropriate authority to execute the organization’s strategy.

At the core are the Group Values: Integrity, Commitment, Passion, Seamlessness and Speed which combine with our Vision to be the best in our business area.



Workforce Demographics, Diversity

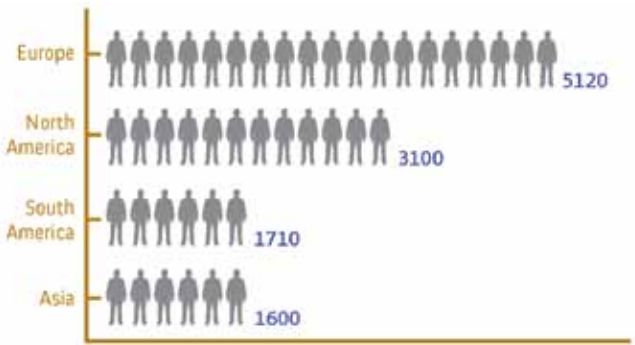
Our worldwide employee figures in 2011-12 were 31,600.



Break-up of Employees

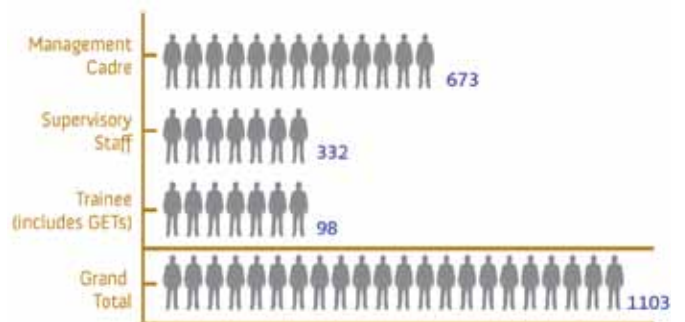
At Hindalco, India – Aluminium & Copper operations – nearly 65.3% of the employee force belongs to the unionised workmen category, while 32% belong to supervisory and management category. At Novelis 80% of the employees belong to the workmen category while 20% belong to staff, supervisory and management categories. In ABML, 6% belong to management and supervisory staff and the rest 94% belong to the workmen (unionised) category. We also engage jobs on contract for various functions and ongoing projects.

For Hindalco, India – Aluminium & Copper, the voluntary turnover rate for our Management & Supervisory Cadre was 10.6%. (658/6195).



Novelis – Region-wise Break-up of Employees

In Hindalco, India – number of people left the organization within a year of joining: 41. Turnover rate of new employees in Hindalco, India Operation:



Employees joined in FY 11-12 (including Australia)



We are a multi-ethnic and multi-competency group operating in 13 countries in diverse business functions. At the core of our diversity policies is the recognition that teams comprising employees from different cultures and backgrounds contribute valuable understanding of complex international markets and deliver better results. We provide equal and merit based employment opportunity to all employees and applicants without regard to race, colour, religion, gender, age, disability or any other protected status in recruitment, hiring, compensation, promotion, training, assignment of work, performance evaluation and all other aspects of employment.

In 2011-12, the total percentage of women represented in:

Hindalco India – Aluminium & Copper	4.2
ABML	9.4
Novelis	Will be reported upon implementation of HR Systems in FY 14

We continue to take steps to promote the diversity commensurate with our industry nature.

Policies and Practices

Our Group Code of Conduct ensures a common minimum standard for professional behaviour and all employees are expected to adhere to the Code. The Code provides for a set of behaviors/actions, in areas such as a) integrity in personal conduct b) conduct at work and c) interface with external world. A redressal process is in place with committees at group level, business level and at facility level to investigate and recommend action on Code of Conduct violations. Procedures are in place to ensure objectivity, and bring fresh and unbiased perspectives.

We supplement our Code with detailed policies on aspects such as anti-harassment, supplier code of conduct, and other issues concerning our workplace.

Group HR Portal (Poornata) is a widely used medium across the organization. To further enhance the system utility all Management Moves and Quarterly House Journals, viz., Full Circle and E-Metal are uploaded on Poornata for ready and easy access by all employees. All employee related policies and HR processes are also available in e-copy form, compiled into a comprehensive HR Manual which can also be perused by all employees through Poornata, ensuring transparency of all HR policies.

Freedom of Association and Collective Bargaining

Our manufacturing locations have workers in the unionised cadre. Long term settlements are signed with the workers at regular frequencies wherein the management and union leaders sit across the table and negotiate the terms of the settlement. The process is peaceful and productive across all locations.

The wages and all compensation related matters of workmen are governed by the Long Term Settlements, which are typically of 3 years duration in the various units of Hindalco. Starting with the receipt of Charter of Demands from the Unions, Management Charter of Demands and a detailed discussion of both processes culminates in the Long Term Settlements. Mostly the settlements are tripartite. The Management Charter of Demands covers aspects like productivity improvement, cost reduction, outsourcing of identified processes and manpower rationalization and OHS.

Being essentially a meritocracy and a peoples' organization, our attention in the people area remains unwavering. We are enhancing the quality and the pace of institutionalization of our systems and processes. These now embrace the entire life cycle of the employee's engagement with the organization. Several new initiatives have been taken towards the well-being of our employees, particularly in the area of health care, education of their children and other critical aspects. We have cordial relations with our shopfloor colleagues, creating a workplace environment that nurtures innovation and encourages people to constantly learn and grow.

We do not employ child labour, neither do we permit any occurrence of forced or compulsory labour. We abide by the law of land in such cases. During recruitment, the terms and conditions are explained, in detail and openly before the appointment is formalized.



Labour Management Relations

All our Indian Units have workmen unions. Topics such as compensation and wages, health and safety (Safe Work Practices, Use of PPEs), productivity improvement, cost reduction, outsourcing of identified processes are discussed by means of a charter of demands from unions and management. Over the years, such positive dialogue has provided a sound base for productivity improvement and led to peaceful industrial relations.

Further, we aim to set an example of high ethical standards by following a comprehensive mine closure and Rehabilitation & Resettlement policy as stipulated under Rule 23C (1) of the Mineral Conservation and Development Rules 1988 (MCDR). This is implemented in our project activities as well as policies to eradicate child labour. For example, at our Hindalco units in India no child labour is engaged. In addition, no suppliers identified by us have significant risk of employing child labour. For Novelis and ABML, there are no company operations or significant suppliers identified as employing child labour. The table below shows the percentage of employees covered under collective bargaining agreements in Hindalco, ABML and Novelis :

Business	% of Employees covered under collective bargaining agreements	Change over last year
Hindalco, India – Aluminium & Copper	65.3%	No appreciable change
Novelis	58%	Reduction by 5% in view of additional employees in the management category
ABML Australia	50.4%	No appreciable change

Employee relations at various locations of Hindalco remained peaceful and stable during the period. Also, this was an important period in development of IR at some of the Greenfield locations, namely Mahan and Utkal. With these projects on the verge of getting into operations stage, various groups and trade unions have already started vying for space. This is being closely watched and monitored.

The period has specially been significant for our Mouda operations which migrated from being a rolling mill into a full-fledged foil manufacturing unit on completion of

Ajanta, Phase – I. This involved formalities under various labour laws to be complied with as well as reaching an understanding with the union on some aspects. This was accomplished successfully and production of foil at Mouda has already commenced.

During the period, recruitment of workmen at the project locations for O&M post commissioning was undertaken on a fairly large scale at Mouda, Utkal Alumina and Blue Fox. It was anticipated that there could be internal and external adverse implications of such an exercise. However, this has been managed very successfully and approximately 700 selected people at various locations are already in place.

While recruiting people for our locations and new projects, we have completely complied with the legal requirements applicable to the respective location.

During 2011-12, long term settlements were concluded at Belgaum, Belur, Renukoot, Renusagar and Kollur. In each of these settlements there are specific clauses relating to productivity improvement which would fully or partly neutralize the increase in wage cost.

Issues relating to Contract Labor are emerging more and more. With issues relating to Regular workmen getting comprehensively addressed by Long Term Settlements, Contract Labor issues are becoming a fertile ground for Trade Unions and external groups. This was experienced at our Renukoot operations but kept well in check. Going forward, this aspect of IR Management will need greater focus.

In an external environment where hostilities between the union and management is becoming more and more a characteristics of the prevailing IR, various locations of Hindalco continue to enjoy a very good relation with the union and workmen. This has enabled a work environment where drive for improving productivity and performance can be sustained.

Compensation and Benefits

Our compensation programs are structured to support our core business strategy by rewarding behaviors that deliver results against business goals. We also benchmark other companies in our industry in order to be fair and competitive in employee remuneration. We also recognize differences in individual and business unit contribution with greater financial reward. Union employees have wages, benefits, and bonuses determined by collective bargaining agreements.

We recognize the concept of ‘Total Rewards’ which aims at providing a mix of compensation and opportunities for better employee engagement.

The Annual Performance linked Remuneration which is communicated through presentation sessions



conducted at all locations followed by individual letters is now auto generated through Poornata and received online by employees.

Total Rewards

Cash Compensation, Incentives, Health and Education, Perquisites and Other Benefits, Career and Development, Quality of Work Life

Our wage structure for all our employees ensure that we are much above the minimum wages as required under regulatory provisions. We also ensure that various labour laws on compensation such as on provident fund, minimum wages are adhered to by our service providers for their employees.

In India for the Aluminum & Copper business there is a separate governing body for Remuneration related decisions.

There is no differentiation in the basic salary of men and women. Moreover since we have one Executive Director, we do not have a Remuneration Committee.

Benefits

Hindalco, India	Benefit schemes include Mediclaim insurance for employees and their family, 'Nishchint', group personal accident insurance, medical reimbursement and scholarships for higher education. Also, in accordance with SEBI Guidelines, Employee Stock Option Scheme Compensation Committee under the Board of Directors offers stock options to the eligible employees including the Managing Director. Each option is convertible into one equity share of the Company upon vesting/exercise.
Novelis	Benefits offered by Novelis vary by location depending upon the local requirements and culture. Typically, most benefits which full time employees receive are also available to part-time employees, sometimes at pro-rata levels. Only some benefits are available to temporary employees. Stock options are available only to senior management. More details available on http://www.novelis.com/en-us/pages/benefits.aspx
ABML	Benefits offered by ABML : Super Annuation, Life and TP insurance equivalent to 2 years salary, Annual leave, Sick Leave and Long Service Leave. Senior Managers are eligible for performance based incentive as well.

Talent Management

Our short-term and long-term goal is to continue to attract, develop, and retain the best and brightest industry talent. We work within the gambit of a comprehensive training and awareness programmes which are shared with current and potential employees such as, succession plans, lateral intakes at Greenfield sites and initiatives and programmes as depicted below.

We have a robust, developed and institutionalized **Talent Management Process**. Efforts are taken to retain talent by offering diverse opportunities and incentives.

Support such as internal recruitment system, mobility policy, secondment, project and task forces, cross-functional rotation, job enlargement, enrichment and training provided by the organization enables the growth of individuals and helps them realize their career aspiration.

Internal Movements Across Indian Units in FY 11-12

Management Cadre	Supervisory Staff	Trainee	Grand Total
74	22	71	167



Training and Learning Initiatives

Different initiatives for professional development such as e-learning courses, kaizen schemes, safety week competitions, kaizen competitions, quality month competitions, value champion competition



and various other competitions are open to all employees. Management staff get opportunities to develop themselves through team-based projects and focused reviews.

Hindalco, India – Aluminium & Copper units: Training areas include Technical Training, Supportive Training and Behavioural/General training, and total number of training hours for aluminium was at a cumulative of **13,62,177** hours.

In Novelis, The average training person days per employee was 2.5 (2,34,191 hours).

In ABML, we have not yet started recording this information.

Two Flagship Programs: EIP & GMP

Employee Integration Program (EIP) is for young managers in JB 11 - 10 with work experience of just 12 - 18 months, age group below 30 years. The objective



is to give the young managers a 'big picture' overview of the Metals Business, including business strategy, mergers & acquisitions, integrated business portfolio, the challenges of the aluminium and copper industry, along with sessions on each operation/business/function across the value chain. It offers an opportunity to the young managers to meet and interact with the internal faculty members who are all from the top/senior management, viz., Chief Financial Officer, Chief People Officer, Chief Marketing Officer and other Business/Function/Unit Heads. Extending the EIP to Greenfield Project sites has facilitated the integration of young project managers with mainstream Hindalco.

General Management Programme (GMP) is for managers in JB 9 - 7, identified from Talent Pool having 7-10 years or more experience, age group around 35-40 years, and having the potential to move into positions of higher responsibility. External faculty from reputed institutes conduct sessions on Management topics such as Economy, Strategy, Shopfloor Excellence, Leadership, in order to help participants gain a broader management perspective.



Hindalco's Managing Director has an interactive session during both these programs, in which he responds to participants' questions on the metals business, industrial and economic challenges, product development, organizational growth strategy, career opportunities and so on.

At our Projects, for example, at Mahan, Managerial personnel had undergone training at Renukoot, Renusagar, ECL and AP in France & BHEL. Whereas, in Blue Fox, Engineers were trained at Oswego (USA) and Novelis (Germany).

There are sufficient touch points with our learners through multiple formats of learning. In association with Gyanodaya we are running programs like DBM, Manage Self, Manage Others & Manage Managers programmes for Talent Development. Similarly, many units run Behavioral & Technical programmes for enhancing the technical quotient of the employees. At Greenfield projects, various Knowledge Transfer programs have been also conducted.

Novelis is also committed to developing leaders and leadership talent to achieve the targets of providing "a world-class leadership development program, benchmarked in the top 10% of companies".





Employee Engagement Survey

Once in two years, we carry out an Employee Satisfaction Survey based on Gallup’s 12 elements of great managing. Action plans are made and implemented on the basis of survey results. Impact of actions taken on Employee Satisfaction is validated through a Dip Stick Survey conducted one year after the main survey.

Given below is the snap shot of the outcomes from OHS Actioning:

Units have initiated initiatives like communication meetings on plant performance, cost etc, actions

taken to improve quality of life through better colony amenities and social/cultural programmes, sports, etc. Management development programmes and enriching job content for high potential managers, with due recognition for achievements have all resulted in an overall improvement in the “Satisfaction”, “Advocacy”, “Stability” & “Alignment” areas.

At the Company level, programs such as Appraiser Capability workshops were conducted for over 700 Managers. Focused Group Discussions organised at four locations (Renukoot, Renusagar, Dahej & Hirakud). Compensation Benchmarking Study done (Intra & Inter) covering the Power Sector and for Hindalco Levels. Managerial Effectiveness Sessions were organized for Q12 Managers.

Some of the colony amenities initiated at our Dahej Copper Plant are shown below.



Message from Chief People Officer Vineet Kaul

Hindalco has been 'Building and Renewing' its HR Processes and Systems as per the needs of the Business. These Processes and Systems have been made more robust in terms of implementation and process discipline. In line with our Organization Mission, Vision & Values, proactive measures have been taken which have enabled Company's growth and success over decades. Our initiatives have generated a reservoir of talent and expertise. Our Talent Management has not only helped in passing on the baton but has also catalyzed continuous knowledge sharing and retention.

We are committed to our key stakeholders and have a three-tier roadmap focusing on the ABG Group, Business & Employee.

We are partnering with the Group to further strengthen the following:

- Institutionalization of organization Values in new acquisitions, Greenfield locations and new Employee segments.
- Technology Implementation - Payroll Integration using ABG Group platform "Poornata".

At Business Level, the following are priorities:

- **Capability Building:** this includes review of Talent pipeline, Individual Development Plans for key and critical Employees Developing Centers of excellence for Technical training in the areas of Power, Flat Rolled & Copper.
- **Succession Planning & Development :** Ensure availability of at least one successor for all key & critical positions and initiate actions for their development.
- **Improving Manpower Productivity :** is an important focus area as we have a mix of



older plants and new plants with state-of-the-art technology.

At the Employee level, we have taken numerous initiatives to enhance their Engagement levels. We are focusing on:

- Improved Quality of Life – Township, Health, School facilities etc., especially at Greenfield locations.
- Strengthening platform for recognition at the Unit Levels.

Finalization of our HR Strategy has been through a collaborative process wherein all key customers participated. We are taking steps to ensure alignment with Business plans and also to provide a clear direction and focus on the People requirements.

While devising the same we have ensured long term viability of our current operations and have also put in place time-based action plans for our Greenfield projects. Areas like Staffing, establishing HR Systems & Policies, Technology assimilation programs, Employee Engagement Initiatives, Quality of work life, Internal and External Relations, etc., are in the KRAs & Goals of our Business & HR Leaders.

We would strive to continue reviewing our practices and policies to reflect and develop a compelling People agenda. This would ensure all-round success and sustainability of our business.





Performance Highlights: Health and Safety at Work



Responsibility and care outline our management approach, and institutional mechanisms towards occupational health and safety. We consider it a top priority to continually improve our safety performance at all our operating facilities, Greenfield & Brownfield project sites and offices, and responding to employee concerns on these aspects.

An Update on Our Performance

Our first Sustainability Report in 2011, detailed out our approach to this function. This included a brief on the environment, health and safety organization structure and function at our operating facilities as well as in our capital expansion projects. An update on the same is provided on how we performed during this reporting period:

- Our operating facilities continued to have persons and committees responsible for safety, occupational health and safety performance as well as underlying managements ably supported by corporate safety functions.
- Implemented Integrated Management Systems in six of our locations in accordance with international standards on quality, environment and occupational health & safety. Barring one Plant, all the remaining plants have Occupational Health & Safety Management System as per OHSAS Standard.

- Safety performance at our capital projects was good as we continued on the identified environmental and social action plans, and through implementation of management systems, procedures and checklists during the various project phases. No incident or accidents were reported in this reporting year in our project locations.
- We renewed our corporate wide programs on building awareness on safety. Proper incentives and a sense of ownership were created in rewarding the persons who not only point out unsafe conditions or unsafe acts but also implement corrective measures.

The International Council on Mining and Metals in its recent annual report has identified fatigue related factors as a key area for doing further work by the metal and mining industry. We also recognize this as a priority issue and are instituting work programs for reducing such factors and improving overall well being of the workforce.

Safety Performance

We track our safety performance data for our permanent employees and contract service personnel.

Safety Performance for Hindalco, India (2011-12)	Aluminium Business ¹	Copper Business	Greenfield Projects	ABML
Total no. of Lost Time Accidents (Reportable Accidents)	34	1	0	22
Total no. of Fatal Accidents	2	0	0	0
Total no. of Man-days Lost	12,961	3	0	133
Accident Frequency Rate	0.75	0.26	0.00	13.8
Accident Severity Rate	295.53	0.79	0.00	3.80
Total no. of Minor Injuries (Non-reportable Accidents)	146	15	0	307
Total no. of Near Misses	2,056	5	25	40

Safety Parameters for Novelis	Performance in 2011-12
Employee Injury or Illness Rate, cases/200,000 Hours	0.59
Occupational Disease Rate (ODR), cases/200,000 Hours	NA
Employee Lost Days Rate (LDR), cases/200,000 Hours	110.15
Employee Lost Time Injury Rate, cases/200,000 Hours	0.22
Absentee Rate (AR), cases/200,000 Hours	NA
Fatalities	2

¹ The Aluminium Business has a bigger footprint in terms of employees and business functions (starting from mining, refining, smelting and value-added process units) and hence partially explains for the difference in safety performance figures. However, we take each and every incident seriously and strive to improve our safety performance and management systems. Total number of Lost Time Accidents is inclusive of 2 Fatal Accidents.



Occupational Health Management at Our Units

To achieve our ideal state of zero work-related illnesses, injuries, improved health and well-being for all employees, we have a system to assess occupational health hazards and risks. This entails 1) identifying potential risks, 2) planned periodic surveys and 3) monitoring the health of employees exposed to risks. In line with the Indian factories act and rules, we arrange to conduct periodic health examinations and offer counseling and consultation support through a team of dedicated doctors as well as through reputed medical service providers and hospitals. In fact, our employee wellness programs go beyond the regulatory requirements in addressing the lifestyle diseases and proactive addressal of the same.

Novelis maintains several education and training programmes related to occupational diseases. Programs include but are not limited to : 360 wellness intervention, exercise/health care club reimbursement, on-site medical clinic. Counseling is offered to the

employees through the NOHERA process and/or Health 360. NOHERA, contains measured workplace and employee exposures to all type of agents (chemical, physical, ergonomic and biological). The data is compared to company specific OELs and if the results are > 50% of the OEL, actions are taken to mitigate the risk.

Occupational Health Centre (OHC) at our units play an important role in implementation of employee wellness programs for occupational health management. All persons working in the units undergo a periodic medical examination which is sponsored by the company and focused on health and safety aspects of working in this industry. Medical facilities are also extended to the supply chain. In addition, we have defined our own internal occupational exposure limits in our processes which are more conservative than local, regional and national regulations.

Initiatives for Improving Health Issue Awareness Amongst Our Employees

Awareness programmes have been conducted for employees and family members and the community for prevention and management of life style diseases such as Heart Problems, Hypertension, Diabetes and communicable diseases such as Malaria, TB and HIV AIDS. In addition, information on managing health is disseminated by our Occupational Health Centre through e-mailers.

Some locations have also introduced positive topics such as Yoga for the employees and their families to ensure sound health.

Safety Theme of the Month – New Approach Initiated at Hindalco

We have started a practice of focusing on a specific safety issue at our various operating units. Employees are encouraged to take on initiatives to improve performance on those specific issues. The following were the topics considered in the year 2011 across our Hindalco Copper and Aluminium units in India.

January	Spot the Hazard
February	Housekeeping
March	Material Handling
April	Emergency Preparedness
May	Permit to Work System
June	Road Safety / Driving safety
July	Contract Safety
August	Home and Off the Job Safety
September	Fire Safety
October	Personal Protective Equipment
November	Electrical Safety
December	Portable Power Tools

GLOSSARY OF TERMS

REPORTABLE (LOST TIME) ACCIDENT

An accident which causes any bodily injury by reason of which the person injured is prevented from working for a period of 48 hours or more beyond the date of shift on which the accident occurred.

ACCIDENT FREQUENCY RATE

The Accident Frequency Rate denotes the number of Reportable Accidents per million man-hours worked.

ACCIDENT SEVERITY RATE

The Severity Rate of Reportable Accident is the number of man-days lost due to Reportable Accident per million man-hours worked.

MINOR INJURIES (NON-REPORTABLE ACCIDENT)

Any employment injury which does not cause the injured person to stay away from work for 48 hours or more from the shift the injury occurs. The minor injuries are treated and recorded in the factory dispensary and available on record.



Corporate Initiatives for Improved Safety in Hindalco

Hindalco Corporate EHS has initiated and instituted a set of safety practices common across all manufacturing sites of Hindalco, to provide common vision and practices across the company. These include – Safety Pledge, weekly safety slogan, and monthly safety campaigns (covering different subjects). The practices have been implemented across the company for over 6 months and have resulted in increased visibility, sharing, and focus, helping in taking one more step towards the collective goal of becoming a safe place to work.

Safety Pledge

A 'Safety Pledge' has been formulated for Hindalco. The daily/standing meetings of plants and morning meetings of departments start with one member reading out the 'safety pledge', and other participants repeating it. Monthly meetings of Hindalco Corporate Safety Board also start with this practice. Many units have put up an audio of the safety pledge that gets played at the start of all such meetings.

Weekly Safety Slogan

A Safety Slogan is coined on a weekly basis and circulated to all members of Hindalco by email on every Monday morning for display in all plants. Weekly slogans are invited from all safety officers.

Weekly Safety Alerts

'Hindalco Weekly Safety Alerts' are 2-3 page notes, on topics of relevance to Hindalco manufacturing processes, and operations, developed based on experience of Hindalco safety team members, or from public domain resources. The notes cover wide areas of work, such as crane accidents, mishaps with storage batteries, accidents with Hydras used for

material movement, collapse during construction, etc. A 'Hindalco Weekly Safety Alert' is circulated to all members of Hindalco by email every Monday morning and as many as 5,500 employees in management / supervisory cadre receive it by email for further downward communication.

Monthly Safety Campaigns

While safety is important, the magnitude of work to be done is huge and hence it often leaves little time for proactive planning for improved safety. Hindalco has created an opportunity for such focus through what are called as 'Hindalco's Monthly Safety Campaigns'. In the last week of every month, a safety topic is sent to all Safety Officers and unit heads, for the safety focus during the next month. The topics cover various elements of safety, to focus on during the month, such as – 'safety in material handling; Personal protective equipment for safety', 'safety in transport', 'electrical safety' etc. Unit safety boards are allowed to plan their activities during the month around the subject, covering inspection, audits, training, contests etc, built around the subject for the month. Unit safety boards develop and execute an action plan during and after the campaign month. At the end of the month, units compile their activity report, which is collated by the Corporate EHS team and circulated to all unit safety officers and unit heads to facilitate sharing and learning from each other.

Hindalco Corporate EHS Logo

In order to create improved visibility for safety (and other activities in environment and occupational health), Hindalco Corporate EHS has created an appropriate logo. This logo is used in all presentations, communications, circulars, reports from Hindalco Corporate EHS.



Safety Slogan

Depend on Safety, Not on Fate
Adopt Safe Ways, Before it is Too Late



Safety Pledge

We, the employees of Hindalco Industries Ltd, Solemnly affirm that, we, for the benefit of ourselves, our company, our society, and our nation, will follow all the Environment, Health & Safety Rules, of our Company, and will do everything possible, to prevent all types of incidents, accidents, and losses



Tragic Accidents and Our Response on Controlling Serious Risks

Hindalco, India – Aluminium

1. We had a tragic incident in our Renukoot, India facility, when an employee carrying out maintenance activities in the vicinity of a fuel tank, succumbed to injuries, which resulted from a fire in the fuel tank and uprooting of the roof. Mr Ram Nath Thakur, working on a furnace oil day tank, was injured fatally when the roof on which he was working, was blown off due to a welding slag from a nearby hot work. Loss of human life is a great loss and our condolences and support go out to the family. As a part of our root cause analysis, we identified several systemic factors for this incident which included lapse in facility work permit procedures and have sought to continually improve such management practices in the facility and throughout the firm. Counseling of employees to follow the defined management practices is also a part of our actions to tackle the behavioral aspects on safety.

2. Second Fatal Accident was a Road Accident inside the Factory Premises. Mr Ravi Shankar Gupta was going to the Plant on his motorcycle and a Dumper was also going to Plant-II. Near Plant-II gate, he saw another dumper coming from the opposite direction. To avert the possible collision, the Dumper Driver moved his vehicle towards the left of the road alongside the railing. Ravi Shankar Gupta was also driving his motorcycle parallel to the dumper and got trapped between dumper and the roadside railing, resulting in injury. He was immediately shifted to Hindalco Hospital and later on he was shifted to Heritage Hospital Varanasi. After few hours treatment, he could not survive and succumbed to his injuries.

We have initiated various corrective measures, which include:

- a) More than 10 yrs old dumper should not be allowed.
- b) Keeping mobile phone by drivers inside factory premises should be stopped.
- c) Strict vigilance on over speeding.
- d) Separate route can be made for metal transfer.
- e) Refresher safety training to be imparted to dumper drivers.

Novelis

1. The first fatal accident occurred on 04 October 2011 at our Oswego, New York facility when a cold mill employee, Ed Carvey, was working with the mill crew to restart the cold mill after a maintenance day. Mr Carvey was connecting oil mist hoses behind the mill. Another crew member was not aware that Mr Carvey had gone behind the mill and activated some large hydraulic equipment. The equipment movement trapped and crushed Mr Carvey, who died the following day.

2. The second fatal accident occurred on 11 November 2011, at our Yeongju, South Korea facility. A cold mill operator, DingSup Shin, was in the cold mill preparation station coil conveyor area talking to a Crane Operator. Mr Shin noticed that there was a coil in the conveyor that still had banding around the coil. He did not tell the preparation station operator that he was going to help by removing the banding. Mr Shin stood between the two coils to cut banding. At that moment, the coil conveyor moved one of the coils and Mr Shin was caught between the coils. He died from internal injuries to the chest area.

As is our practice following any injury or fatality, Novelis conducted in-depth investigations to determine the root causes and implemented corrective actions to help prevent similar events in the future. For example, in Oswego, the connection point for oil mist hoses was moved to place the employee outside the pinch point area. At Yeongju, barriers were installed to prevent personnel from entering coil conveyor system when it is in operation.

Additionally, across Novelis, we are looking to implement a more risk-based approach that focuses on effectively identifying and controlling the potential hazards that pose the greatest risk of a serious injury.

These fatalities are a great loss, tests our commitment and values for our people, and affect Hindalco group as a whole. We have taken lessons from them and have enhanced focus on our safety agenda throughout our global operations.





Performance Highlights: Social Institution Building – Towards Inclusive Growth



We take safeguards so as to avoid, minimize and remediate any community impacts due to our operations. The first step starts with identifying the community impacts such as, health, livelihood, infrastructure and social issues which may arise due to our operations. Technical and operational safeguards are taken to avoid any such impacts. We, thereafter, strive towards positive community impacts through our various corporate social responsibility initiatives. Some of the key community impact areas where we have taken appropriate safeguards are:

Air Emissions, Effluents from Our Manufacturing Facilities

These are well below the acceptable limits stipulated by the regulatory authorities and have no material impact on community health, agricultural produce or livestock productivity.

Waste Generation and Land Filling

We undertake safe and environment-friendly disposal methods for our hazardous and non-hazardous waste, thereby reducing any community impact.

Our CSR Focus

We are working in five focus areas. These include a broad spectrum of socio-economic issues and developmental needs where our well-designed CSR interventions will significantly help improve the community's quality of life.

Community Engagement, Feedback and Assessment of Impact

We organize periodic meetings at our working villages to elicit feedback on the benefits of our community programs and to identify areas for further focus. We ensure that, in the short term, we do enormous handholding till the projects become self-sustaining by the beneficiaries over the long haul. After this

Community Resources, Rights

We take care not to impinge upon common property resource rights such as, on water and energy sources. For land acquisition for our capital projects, we abide by government guidelines and orders on compensation, resettlement and rehabilitation. In the reporting year, there have been no disputes related to land use, and customary rights of local communities.

We believe in the trusteeship concept of management. Simply put, in the context of social responsibility, it entails ploughing part of the profits into programs, which result in the larger good of society. For 2011-12, we have invested ₹423 lakh on community initiatives. Our CSR activities are concentrated in 692 villages and 12 urban slums, reaching out to a 26 lakh populace, in proximity to our plants all over India.

In Australia, we are also operating in one mining site which is adjacent to indigenous people territories i.e. in Maroochydore. We realize the importance of positive engagement with the community as well as recognition of community rights.

Bauxite Mining areas, in Novelis, are currently inactive.

critical stage is achieved, we withdraw. In this way, we discourage a culture of dependence whilst empowering the community's sense of self-reliance.

To assess our CSR performances, we have adopted a mechanism of social audit involving third party not-for-profit organizations and social institutions. Local community based organizations (Self Help Group and Panchayats) and frequent visits by our senior managers provide us with additional value-added feedback.

Our internal monitoring of the projects is inclusive of the perceptions of the beneficiaries and villagers. After consolidating views and data from all our beneficiaries, we assess our performance. This guides us further to take corrective measures for future improvement.



Our Rural Development Institution - The Aditya Birla Rural Technology Park

The Aditya Birla Rural Technology Park at Muirpur Block in Sonbhadra District, Uttar Pradesh has been conceptualized primarily to cover 4 major functions. These are:

- Providing information
- Demonstrating technologies
- Enhancement of capabilities of rural people
- Promoting creation of work environment

Through these four major functions, the Technology Park is expected to build up confidence and capabilities of the rural people for logical work through knowledge and skill enhancement in new technologies.



A Snapshot of Our Work Health Care

We support government schemes targeted at specific health issues as well as specific initiatives to cater to the health care needs of the community.

Government Initiative	Our Support
<p>ICTC Center (Integrated Counseling and Testing Center) – Under Nation AIDS Control Organization</p>	<p>Under the AIDS and Sexually Transmitted Disease Control Program, the National Aids Control Organization (NACO) has accredited “The Aditya Birla Rural Technology Park” as an Integrated Counseling and Testing Center (ICTC), under the close coordination of Uttar Pradesh State AIDS Control Society Lucknow. This is first corporate governed center in Sonbhadra District.</p> <p>We help spread awareness on this health issue amongst the rural community through focused awareness programs. We also assist in detection, counseling and part financial support in order to receive Anti Retro Viral Therapy. Throughout our activities we ensure that we are aware of cultural and confidentiality issues which are for the greater good of the society.</p>
<p>DOTS – National Tuberculosis Control Program</p>	<p>We are the first corporate entity to be assigned to partner the Government of India, National Tuberculosis program, DOTS (Directly Observed Treatment to Short course chemotherapy). DOTS program based on the World Health Organization recommendations. We assist in investigation and diagnosis followed by full course of treatment. We also follow up such cases till they are cured completely. All the medicines are provided to the beneficiaries at doorstep by our DOTS providers.</p>
<p>Other Initiatives</p>	
<p>Corrective Surgery Camp</p>	<p>We have partnered with renowned corrective surgery experts to provide treatment and relief to physically challenged persons. In cognizance of social context, we give priority for treatment to children and unmarried female community members. These activities are performed at our Aditya Birla Rural Technology Park. We also provide different calipers, physiotherapy to post operative patients till these persons are able to stand and walk on their own.</p>



Our Performance on Various Community Health Care Activities

- During 2011-12, through our 2625 medical camps, coupled with our Rural Mobile Medical van services, we reached out to over 3,32,000 villagers.
- Those diagnosed with serious ailments were taken to our various Company hospitals for treatment. Incidentally, at our Hospitals, over 5.35 lakh patients have been treated at virtually no cost.
- At Medical Camps, the afflictions treated included Cataract (3576 patients), Skin Ailments (5000 patients), Arthritis (745 patients) and Tuberculosis (300 patients). Depending upon requirement, we also treat patients at the Aditya Birla Rural Technology Park and at the end Hindalco Hospitals.
- Of the 259 patients who were physically challenged, 105 patients underwent corrective surgeries while 154 patients were fitted with artificial limbs to enable them become self-reliant.
- Camps were organized for tuberculosis, malaria, dental checkups and treatment as also hepatitis. These benefited over 65,094 people.
- Additionally, 15.26 lakh polio drops / vaccines were administered to over 5 lakh children, several of whom were also immunized against TB, diphtheria, tetanus and measles and hepatitis-B. Alongside, 80,354 women were given pre-natal and post-natal care along with escort services to institutional delivery centres.
- 28,948 villagers were convinced to opt for planned families and responsible parenting.



Education

In 2011-12, our focus has been on the Girl Child and Women's Empowerment.

In collaboration with the district rural teams, we are at the forefront of the education of the girl child. Under the Sarva Shiksha Abhiyans and the Rashtrya Madhyamik Shiksha Abhiyans – Kasturba Gandhi Balika Vidyalayas (KGBV), we have been able to motivate 106 rural girls who were school dropouts to join KGBV. Motivating girls and intensive parent counseling on how education can be a leveler and give their children a future so different from their own, has indeed worked wonders.

At the four Aditya Bal Vidya Mandir Schools that we run in the villages in Uttar Pradesh, of the 915 students, 421 students are girls. Likewise, our career counseling camps have benefitted 4,456 children, of which 1,800 were girls.

We also run the Government's Balwadi and Anganwadi projects in and around the areas in which we operate our Plants.

In 2011-12, we could enlist 13,324 pre-schoolers at the Balwadis. In addition, we enrolled 22,526 children in the local schools.

Awarded scholarships to 11,936 students from the rural schools supported by Hindalco.



Safe Drinking Water and Sanitation

To provide water to the villagers, 128 Check Dams, 95 Ponds and Bore wells were constructed. In addition, we also set up portable water systems in many villages.

During the year, we constructed low-cost toilets for the villagers.



Sustainable Livelihood

- The Aditya Birla Rural Technology Park continues to bring in transformation in the villages.
- More than 302 programs were conducted on repair and maintenance of diesel pump sets, electric and electronic goods, hand pumps, Rexene bags, soft toys, rope making, tailoring and knitting, agriculture, veterinary science and dairy.
- 14,699 rural youths were trained for self-employment.
- Training in crop diversification, floriculture demonstration, integrated pest management and post harvest technology has provided agriculture support to more than 61,753 farmers.
- Watershed Development projects ensure optimum use of land and water resources. The projects include installation of check dams, water channels and digging of wells etc. These projects led to betterment in the lives of 58,492 farmers.



Infrastructure

- Ongoing community support in the form of better roads, potable water systems, bio-gas plants, building of community centers, animal sheds, construction of dry toilets, provision of street lights and electricity, subsidizing houses, reaches out to over 1,17,206 people.
- Panchayat meeting halls, school buildings and community halls have also been maintained by us.



Self Help Groups

- Over 2,200 Self Help Groups have enabled the empowerment of 26,000 women who are now engaged in a series of activities that generate income. These women have taken to tailoring, weaving, knitting, crafting bamboo baskets, san sutli (ropes), vermi-compost, rearing saplings, mushroom cultivation, making pickles and spices, selling vegetables and fruits, running grocery stores among others.
- Support towards community 'Dowry-less'/Widow Remarriage programme. 100 such marriages were organized in Renukoot, Uttar Pradesh.



Bicycle Creates History in Aladar Village, Gujarat



The Copper Jan Seva Trust started this initiative to support girls for who wished to continue their higher education. Lack of transport facilities would often force girl students to drop out from school after 7th grade. The Copper Jan Seva Trust has provided a bicycle each to hundreds of girls. This Bicycle program helps them to travel and continue up to high school. After high school they have also enrolled for graduate programs. The Copper Jan Seva Trust also organizes a five-day residential "Jivan Utkarsh Sibir" (career development) for these girls.

The Aladar village of Vagra block has up to 6th standard Government-run primary schools. Since 2009, none of the girl students have enrolled in 7th standard and there has been no girl student educated up to 8th standard from

this village. The Female Literacy rate of the village is also the lowest in the block. There has been 100 per cent drop-out among the girl students after 6th standard. From 2009 onwards the Copper Jan Seva Trust decided to provide a Bicycle to each girl who passed 6th standard from the village school and enrolled them in nearby village Gelada in 7th standard.

Since then, 100% girls from Aladar village have enrolled into the 7th standard and after 7th standard they have gone on to 8th standard in Kadodara village for studying upto 10th. History has been created in this village where a bicycle has helped to motivate girl students and parents to change drop-out rate from 100% to zero!

All the village girls are really happy that they got their own bicycle thanks to the help of the donors and would like to say "Thank you" to all people who have shown such interest in the needs of rural girls like them.

In 2011 we have donated another 50 bicycles to the school girls in the drought-prone villages of Vagra block of Bharuch District.

Model Villages

Of the 692 villages, in which we work, we have earmarked 105 villages for transformation into model villages.

So far, 30 have been transformed into model villages. In model villages, we ensure self-reliance in all respects viz.,

- Education
- Health care and family welfare
- Infrastructure
- Agriculture
- Watershed management
- Working towards sustainable livelihood patterns

Once the development reaches substantial level of implementation, Village Committees take over the complete responsibility of Model Villages and our teams become dispensable and ready to move to other villages for development.

In sum

The ethos of giving and caring, which forms the very essence of inclusive growth, is part of our Group's DNA, our Group's character.

Our Key Challenges

The rapid and accelerated change in the approach to CSR and the significant increased budget has thrown up numerous challenges. We are mindful of the uneven development pattern across the country that requires careful planning and analysis in designing a CSR project in the local context. We are aware of the complex social and environment issues that require working with all key stakeholders. As we step up the programs, we are faced with acute deficiency of capacity in the local communities, local NGOs, and implementation partners.





KPMG (Registered)
Lodha Excelus
1st Floor, Apollo Mills Compound
N. M. Joshi Marg
Mahalakshmi
Mumbai - 400 01
India

Telephone +91 (22) 3989 6000
Fax +91 (22) 3983 6000
Internet www.in.kpmg.com

Independent assurance report to Hindalco Industries Limited 2011-12 Sustainability Report

KPMG was engaged by Hindalco Industries Limited ('Hindalco') to provide limited assurance on its Sustainability Report (the Report') for the financial year 2011-12.

Scope of the assurance engagement

Assurance has been provided for the sustainability data and information presented by Hindalco in its 2011-12 Report. Our scope of assurance includes:

- Data and information for the period of 01 April 2011 to 31 March 2012 based on Global Reporting Initiative (GRI) G3.1 Guidelines and Metals and Mining Sector Supplement.
- Data and information pertaining to Hindalco (Aluminium and Copper) India operations and Aditya Birla Minerals Limited.

Limitations in conducting the assurance

Our assurance process was subject to the following limitations:

- Verification of claims was limited to data and information presented in the Report for the period 01 April 2011 to 31 March 2012. Data and information in the Report outside this reporting period was not subject to verification.
- Any statement/remarks/comments indicating intention, opinion, belief and / or aspiration by Hindalco were excluded from the scope of assurance.
- The assurance statement does not include verification of financial performance indicators/information that was sourced from Hindalco's 2011-12 annual report.
- The scope of assurance excludes data and information pertaining to Novelis Inc.

Assurance standards and guidelines used

We conducted the assurance in accordance with

- Limited Assurance requirements of International Federation of Accountants' (IFAC) International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and
- Type 2, Moderate Level assurance requirements of AA1000 Assurance Standard 2008 by AccountAbility.
 - o Under this standard, we have reviewed the nature and extent of adherence to the AA1000 AccountAbility Principles and the quality of publicly disclosed information as part of the Report – limited to performance indicators/information required by GRI G3.1 Guidelines and Metals and Mining sector supplement.

Independence requirements

We conducted our engagement in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behavior. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence.

Assurance process

The assurance work was executed by KPMG's multi-disciplinary team comprising of experts who have prior experience of working on sustainability report assurance engagements. Our work was planned and executed to obtain all the evidence, information and explanations that were considered necessary in relation to the above scope.

We have carried out site visits to following manufacturing facilities of Hindalco:

1. Hindalco, Aluminium – Renukoot and Renusagar
2. Hindalco, Aluminium – Taloja
3. Hindalco, Copper – Dahej
4. Hindalco, Aluminium – Silvassa
5. Aditya Birla Minerals Limited (Birla Mt.Gordon and Birla Nifty) – Australia (Video Conference)





Our work included the following procedures involving a range of evidence-gathering activities as explained below:

- Interaction with the Hindalco's Sustainability Board and Sustainability Working Committee members at the corporate office and units level;
- Review of the stakeholder consultation processes and the methodology used for determining the material issues;
- Assessment of report contents to check consistency with the requirements of the GRI G3.1 guidelines (principles and performance indicators) ISAE 3000 Assurance standard and AA1000 Assurance Standard 2008;
- Evaluation of the existence and operation of the systems and methods used to collect, process and aggregate the performance data presented in the Report;
- Testing the reliability of underlying data and information for the performance data within the scope of our assurance.

Our conclusions

Based on our review, nothing has come to our attention that causes us to believe that the information in the Report, in all material aspects, is not fairly represented in line with our findings given below:

- As per AA1000AS 2008 principles:
 - **Principle of Inclusivity:** The stakeholder engagement process is ongoing and applied across Hindalco for both internal and external stakeholders. The process of engagement with stakeholders can be further strengthened through defined stakeholder prioritization and engagement plans.
 - **Principle of Materiality:** The material issues are arrived through a consultation process involving senior management at corporate level and unit level. No case of material misinterpretation in terms of disclosures that may affect stakeholder's actions and behavior has come to our attention. The materiality assessment process can be improved by institutionalizing a structured materiality assessment which also considers the stakeholder engagement outcome as a key input to material issues prioritization.
 - **Principle of Responsiveness:** Hindalco has deployed adequate resources towards managing the sustainability performance of the company with appropriate governance mechanism at the board level and the report details the Company's sustainability journey roadmap.
- The company has self declared GRI application level A+ for its sustainability report. Based on our review of the fully reported indicators and commitments made on the partial and not reported core indicators, nothing has come to our attention that causes to believe that it does not meet the GRI G3.1 A+ application level requirement.

Other key observations and recommendations

- Hindalco has established a Sustainability Board and Sustainability Working Committee to oversee and steer Company's sustainability initiatives.
- The report articulates Hindalco's Sustainability Journey Roadmap till 2014-15. Hindalco's Sustainability Strategy and Roadmap can be made comprehensive by establishing clear linkages between Sustainability Objectives and Action Plans.
- Data variations on few performance indicators were observed due to incorrect interpretation and reporting of data. All the data variations have been rectified subsequently. Hindalco can adopt internal verification mechanism to minimize data reporting errors observed during assurance process.
- Hindalco should ensure capturing of data and information pertaining to "partially" and "not reported" core indicators of GRI G3.1 guidelines and report on the same in accordance with the commitments made in the report.

Responsibilities

The Management of Hindalco is responsible for development of the Report and its contents. Hindalco is responsible for identification of stakeholders and material issues, define commitments with respect to sustainability performance, establish and maintain appropriate performance management and internal control systems from which reported information is derived.

Our responsibility is to express our conclusions in relation to the scope mentioned above. This limited assurance statement is made solely to Hindalco in accordance with the terms of our engagement. Our work has been undertaken so that we might state to Hindalco those matters we have been engaged to state in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hindalco for our work, for this report, or for the conclusions we have reached. By reading this assurance statement, the stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.

Santhosh Jayaram
Technical Director
 KPMG, India
 28 December 2012.



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 Licensed Assurance Provider
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GRI Index

Profile Disclosure	Description	Status	Report Section
1. Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organization.	F	Message from Chairman (Page 2) and the Managing Director (Page 4).
1.2	Description of key impacts, risks, and opportunities.	P	Mission, Vision and Values on Page 6. Sustainability Strategy and Roadmap on Page 25. Sustainability Roadmap in HSR 2012-13 will include detailed information on Sustainability Risks and opportunities and associated targets.
2. Organizational Profile			
2.1	Name of the organization.	F	Hindalco Industries Limited
2.2	Primary brands, products, and/or services.	F	Hindalco – An Overview Chapter on Page 7
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	F	Hindalco – An Overview Chapter on Page 7
2.4	Location of organization’s headquarters.	F	Back Cover
2.5	Number of countries where the organization operates.	F	Hindalco – An Overview Chapter on Page 7
2.6	Nature of ownership and legal form.	F	Hindalco – An Overview Chapter on Page 7
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	F	Hindalco – An Overview Chapter on Page 7
2.8	Scale of the reporting organization.	F	Hindalco – An Overview Chapter on Page 7. Details on Shareholding pattern can be found on Page 38 of Hindalco Annual Report 2011-12.
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	F	Hindalco – An Overview Chapter on Page 7 Details on changes in Share Capital Structure can be found on Page 38 of Hindalco Annual Report 2011-12.
2.10	Awards received in the reporting period.	F	Awards & Recognitions Chapter on Page 36
3. Report Parameters			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	F	Front Cover
3.2	Date of most recent previous report (if any).	F	Front inside Cover
3.3	Reporting cycle (annual, biennial, etc.)	F	Annual and Coinciding with our Financial reporting period – Front inside Cover
3.4	Contact point for questions regarding the report or its contents.	F	Back Cover
3.5	Process for defining report content.	F	Sustainability Strategy and Roadmap on Page 25.
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	F	Page 116
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	F	Hindalco – An Overview Chapter on Page 16. Performance data except for Safety Performance pertaining to Greenfield and Brownfields Projects are not included in the scope of performance reporting. From 2012-13, we will incorporate other sustainability performance data related to the Projects.



Profile Disclosure	Description	Status	Report Section
3.8	Basis for reporting on joint ventures, subsidiaries, etc	F	Hindalco – An Overview Chapter on Page 16
3.9	Data measurement techniques etc	F	Page 116
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	F	None
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	F	No change in scope
3.12	Table identifying the location of the Standard Disclosures in the report.	F	GRI Index
3.13	Policy and current practice with regard to seeking external assurance for the report.	F	This report is third party assured report. Assurance carried out by M/s KPMG.

4. Governance, Commitments, and Engagement

4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	F	Corporate Governance Chapter on Page 18.
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	F	Corporate Governance Chapter on Page 18, 19.
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	F	Corporate Governance Chapter on Page 18.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	F	Corporate Governance Chapter on Page 18. We do not have formal work council with representation from Employees at the Board Level. However, Informing and consulting employees about the working relationships is carried out at various levels across the organization through our employee engagement programme.
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	F	Corporate Governance Chapter on Page 20.
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	F	Corporate Governance Chapter on Page 20.
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	F	Corporate Governance Chapter on Page 18.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	F	Vision, Mission, Values applicable across organization. Refer Page 6.
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	F	Corporate Governance Chapter on Page 18.
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	N	Details on formal evaluation of company's highest governance body's own performance, particularly with respect to Economic, Environmental and Social Performance to be included in HSR 2012-13
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	F	Precautionary approach is embedded in the New Project Design considerations by constantly evaluating and adopting latest available technologies.



Profile Disclosure	Description	Status	Report Section
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	N	Details to be included in HSR 2012-13
4.13	Memberships in associations etc	P	For Membership details, please refer Page 24. Details of positions held to be disclosed in HSR 2012-13
4.14	List of stakeholder groups engaged by the organization.	F	Please refer Page 31
4.15	Basis for identification and selection of stakeholders with whom to engage.	F	Please refer Page 31
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	F	Please refer Page 31
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	P	Key topics and concerns raised through stakeholder engagement are mapped and addressed at Unit / Individual Function Level. The consolidated key topics and concerns raised at Stakeholder Engagement will be reported in HSR 2012-13.

Disclosure of Management Approach

DMA EC	Disclosure on Management Approach EC	F	Our economic performance is reviewed on a quarterly basis at the Board level. We also adhere to established policies on Corporate Social Responsibility, Technology and Innovation, Environment and Energy in our Operations and Investments thereby addressing the concerns and expectations of our Stakeholders and accounting for any environmental and social externalities in our Operations and Investment. The various topics under this management approach are detailed in the respective sections. For Economic Performance on Page 68.
DMA EN	Disclosure on Management Approach EN	F	Please refer to Chapter on Performance Highlights – Our Green Efforts on Page 49.
DMA LA	Disclosure on Management Approach LA	F	Please refer to Chapter on Performance Highlights – Managing Talent on Page 74.
DMA HR	Disclosure on Management Approach HR	F	Please refer to Chapter on Performance Highlights – Managing Talent on Page 74.
DMA SO	Disclosure on Management Approach SO	F	Please refer to Chapter on Performance Highlights – Social Institution Building – Towards Inclusive Growth on Page 87
DMA PR	Disclosure on Management Approach PR	F	Please refer to Chapter on Performance Highlights – Fuelling Growth through Innovation on Page 40.

Economic

Economic Performance

EC1	Direct economic value generated and distributed.	P	Chapter on Performance Highlights – Economic Performance on Page 68 Information on Payments to local communities as part of land use agreements, not including land purchases will be included in HSR 2012-13 Report on countries of operation that are either candidate to or compliant with the Extractive Industries Transparency Initiative (EITI) to be included in HSR 2012-13
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	F	Chapter on Performance Highlights – Economic Performance on Page 68
EC3	Coverage of the organization's defined benefit plan obligations.	F	Chapter on Performance Highlights – Economic Performance on Page 68
EC4	Significant financial assistance received from government.	F	Chapter on Performance Highlights – Economic Performance on Page 68



Profile Disclosure	Description	Status	Report Section
Market Presence			
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	P	In Hindalco, standard entry level wages are either equal to or more than limit prescribed by the local authorities. Information pertaining to ratio will be included in our HSR 2012-13
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	F	Chapter on Performance Highlights - Economic Performance on Page 68
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	P	Chapter on Performance Highlights - Economic Performance on Page 68. Information on proportion of the facility's total workforce (employees and supervised workers) from local community to be included in HSR 2013-14
Indirect Economic Impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	F	Chapter on Performance Highlights - Economic Performance on Page 68.
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	N	Not being monitored now; we are in the process of evaluating the significant indirect economic impacts.
Environmental			
Materials			
EN1	Materials used by weight or volume.	F	Chapter on Performance Highlights - Our Green Efforts on Page 53.
EN2	Percentage of materials used that are recycled input materials.	F	Chapter on Performance Highlights - Our Green Efforts on Page 54.
Energy			
EN3	Direct energy consumption by primary energy source.	F	Chapter on Performance Highlights - Our Green Efforts on Page 56.
EN4	Indirect energy consumption by primary source.	F	Chapter on Performance Highlights - Our Green Efforts on Page 57.
EN5	Energy saved due to conservation and efficiency improvements.	P	Chapter on Performance Highlights - Our Green Efforts on Page 56, 57 & 58. Quantification of energy savings achieved in Hindalco, India operations will be included in 2012-13. For Hindalco India, details of various energy savings initiatives are mentioned on Page Nos. 59 - 65 of Hindalco Annual report 2011-12.
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	F	Chapter on Performance Highlights - Fuelling Growth through Innovation on Page 44 & 45.
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	P	Chapter on Performance Highlights - Our Green Efforts on Page 56, 57 & 58. Video Conferencing facilities are being used to reduce business related travel. Through Quality Management System, we promote Quality improvement and energy efficiency in our outsourced process. Detailed list of initiatives taken to reduce indirect energy consumption will be reported in 2012-13.
Water			
EN8	Total water withdrawal by source.	F	Chapter on Performance Highlights - Our Green Efforts on Page 59. Surface Water : 38541803 m ³ Dam : 8770875 m ³ Ground Water : 238841 m ³
EN9	Water sources significantly affected by withdrawal of water.	P	Chapter on Performance Highlights - Our Green Efforts on Page 59.



Profile Disclosure	Description	Status	Report Section
EN10	Percentage and total volume of water recycled and reused.	P	Chapter on Performance Highlights – Our Green Efforts on Page 59. Data pertaining to Novelis to be included by 2013-14.
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	F	Chapter on Performance Highlights – Our Green Efforts on Page 50 & 51.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	P	Chapter on Performance Highlights – Our Green Efforts on Page 50 & 51. Further details of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas will be included in HSR 2013-14.
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated.	F	Chapter on Performance Highlights – Our Green Efforts on Page 50 & 51.
EN13	Habitats protected or restored.	N	–
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	P	Details on Wildlife Conservation are given on Page 52. Further information on Biodiversity management plans will be reported in 2012-13.
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place.	F	Chapter on Performance Highlights – Our Green Efforts on Page 50 & 51. For all our Bauxite and Coal Mines, we have Mining Plan and Mine Closure Plan. These plans are approved by the competent authority in the regulatory bodies. These plans also include aspects of Biodiversity Management.
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	N	We are yet to assess IUCN Red List Species, Habitats in the areas affected by our Mines.
Emissions, Effluents and Waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	F	Chapter on Performance Highlights – Our Green Efforts on Page 58.
EN17	Other relevant indirect greenhouse gas emissions by weight.	F	Chapter on Performance Highlights – Our Green Efforts on Page 50. Scope 3 Emission for Hindalco Industries is significantly less as compared to Scope 1 & 2. Hence, not included.
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	P	Chapter on Performance Highlights – Our Green Efforts on Page 55, 56 & 58. Quantification of energy savings achieved in Hindalo, India operations will be included in 2012-13.
EN19	Emissions of ozone-depleting substances by weight.	P	Novelis: 1.6 MT Copper: NA Details on this will be included in HSR 2012-13.
EN20	NO _x , SO _x , and other significant air emissions by type and weight.	P	Chapter on Performance Highlights – Our Green Efforts on Page 66. Detailed of SO ₂ , NO _x and SPM Load for Hindalco, India – Aluminium to be included in HSR 2012-13.
EN21	Total water discharge by quality and destination.	F	Chapter on Performance Highlights – Our Green Efforts on Page 59.
EN22	Total weight of waste by type and disposal method.	F	Chapter on Performance Highlights – Our Green Efforts on Page 62
MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks.	F	Chapter on Performance Highlights – Our Green Efforts on Page 51
EN23	Total number and volume of significant spills.	F	Chapter on Performance Highlights – Our Green Efforts on Page 66



Profile Disclosure	Description	Status	Report Section
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	P	For Hindalco, India – We have not imported and exported any waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII. For Novelis/ABML – currently, Novelis do not have aggregated data for their operation.
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	P	We have carried out Marine Study at Dahej. Chapter on Performance Highlights – Our Green Efforts on Page 60. For Novelis/ABML – currently, do not have aggregated data for their operation.
Products and Services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	N	Details on this to be included in HSR 2013-14
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	N	Details on this to be included in HSR 2013-14
Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	F	Hindalco, India – Novelis – No significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. ABML – One Court Order to reduce site water inventories.
Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	N	–
Overall			
EN30	Total environmental protection expenditures and investments by type.	N	Details to be included in HSR 2012-13.
Social: Labor Practices and Decent Work			
Employment			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	P	Performance Highlights - Managing Talent Chapter on Page 75. Hindalco: Total Strength: 19,415 Management Staff: 6,195 Workman: 13,220 Number of Female Employee: 263 (management staff) ABML: Total Strength: 565 Management Staff : 32 Workman : 533 Number of Female Employee: 53 Novelis: Total Strength: 11,620 Management Staff: 2320 Workman: 9300 Number of Female Employee: Not Available Information on Contract Employees will be included in HSR 2013-14
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	P	Performance Highlights - Managing Talent Chapter on Page 75. Turnover Rate of New Employees: 4.5% Details on Total Number and rate of new employees cover including workman will be included in HSR 2013-14
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	F	Performance Highlights - Managing Talent Chapter on Page 75.



Profile Disclosure	Description	Status	Report Section
LA15	Return to work and retention rates after parental leave, by gender.	N	Information on this aspect will be included in HSR 2013-14
Labor/Management Relations			
LA4	Percentage of employees covered by collective bargaining agreements.	F	Performance Highlights – Managing Talent Chapter on Page 77.
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	P	<p>Hindalco, India – The minimum notice period for significant operational changes usually varies by location depending upon local regulations, customs and significance of issue. In case of unionized employees, it varies from location to location. Notice period is followed as per the provisions of the Labour Management Agreement/Industrial Disputes Act. For Unionized Employees, Notice of Change is also applicable in case of any change of nature of job.</p> <p>Novelis – The minimum notice period for significant operational changes usually varies by location depending upon local regulations, customs and significance of issue. In Germany, this ranges from 1 to 7 months dependent on change. In France, Italy, UK 2 months, Luxembourg 4 month, 1 month in Brazil, 3 months in Switzerland. The Notice Period/provision for consultation is usually determined by local regulations/customs.</p> <p>ABML – 7 days to 3 months</p> <p>Details on this will be included in HSR 2013-14.</p>
MM4	Number of strikes and lock-outs exceeding one week’s duration, by country.	F	Chapter on Hindalco – An Overview (Page 11)
Occupational Health and Safety			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	P	10 – 15 % of Hindalco, India permanent employees are represented in formal safety committees.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	F	Chapter on Performance Highlights – Health & Safety at Work (Page 83).
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	F	Chapter on Performance Highlights – Health & Safety at Work (Page 84).
LA9	Health and safety topics covered in formal agreements with trade unions.	P	Chapter on Managing Talent (Page 76). Details on business-wise representation will be included in HSR 2013-14.
Training and Education			
LA10	Average hours of training per year per employee by gender, and by employee category.	P	Chapter on Managing Talent (Page 79). Training details related to ABML and Gender-wise and Employee Category-wise will be included in HSR 2013-14.
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	N	–
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	P	<p>Hindalco, India – Male Employees: 100%</p> <p>Hindalco, India – Female Employees: 100%</p> <p>Novelis – Total: 38%</p> <p>ABML – Total: 53%</p>
Diversity and Equal Opportunity			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	P	Chapter on Managing Talent. Details of employees age-wise and minority group-wise will be included in HSR 2013-14.



Profile Disclosure	Description	Status	Report Section
Equal Remuneration for Women and Men			
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	F	As a part of Policy, there is no differentiation between salary and remuneration of men and women in all categories.
Social: Human Rights			
Investment and Procurement Practices			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	P	<p>Hindalco, India – Major Investments in progress are: Mahan Aluminium in Madya Pradesh; Utkal Alumina in Odisha; Aditya Aluminium, Odisha; Jharkhand Aluminium, Jharkhand; Hirakud Flat Rolled Product, Odisha, Ajanta Project, Maharashtra.</p> <p>Novelis – 7 Significant Investment projects in the following regions : Ulsan & Yeongju, Korea; Pieve, Italy; Oswego, NY, USA; Pindamonhangaba, Brazil; Bukit Raja, Malaysia. We also announced investments in April 2012 in Changzhou, China ; in May 2012 in Nachterstedt, Germany.</p> <p>Currently, we do not officially track the total number of and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening. We will include information in HSR 2013-14.</p>
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	P	<p>None.</p> <p>We will include information in HSR 2013-14.</p>
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	P	<p>All new employees are briefed about Group Values, Code of Conduct upon start of their employment.</p> <p>We will include information in HSR 2013-14.</p>
Non-discrimination			
HR4	Total number of incidents of discrimination and corrective actions taken.	F	No incidence of discrimination reported.
Freedom of Association and Collective Bargaining			
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	P	<p>We are not operating in countries of significant risk or where unions are illegal, and recognize the right of all employees to choose to or not belong to a union and to seek to bargain collectively.</p> <p>The ABG/Novelis Code of Conduct establishes Guidelines for ethical Behaviour that are applicable to all employees. The Guidelines include provisions to promote a desirable work environment and a mechanism to report violations.</p> <p>We will include details on this in HSR 2013-14.</p>
Child Labour			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	P	<p>In Hindalco Plants, no child labour is engaged for any activity.</p> <p>All our Contracts have a clause on no use of Child Labour. However, we will plan to conduct risk assessment at significant Suppliers and the information will be included in HSR 2013-14.</p>
Forced and Compulsory Labour			
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labour.	P	<p>There are no operations identified as having significant risk for incidents of forced Labour. We do not operate in countries considered to be of significant risk. Also, no issues have been identified requiring corrective measures.</p> <p>We will plan to conduct risk assessment at significant Suppliers and the information will be included in HSR 2013-14.</p>



Profile Disclosure	Description	Status	Report Section
Security Practices			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	P	All Security Personnel, at the time of joining, are trained on Organizations Policies and procedures. Records of the these trainings will be captured and reported in HSR 2013-14.
Indigenous Rights			
MM5	Total number of operations taking place in or adjacent to Indigenous Peoples' territories, and number and percentage of operations or sites where there are formal agreements with Indigenous Peoples' communities.	F	Hindalco, India and Novelis: Nil. ABML – One. Site details: Maroochydore Site.
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	F	There have been no violations involving rights of Indigenous People.
Assessment			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	N	We do not have formal Human Rights reviews and/or impact assessment done. Planned to carry out this by 2013-14.
Remediation			
HR11	"Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms."	N	We plan to establish the formal grievance mechanism for human rights related issues by 2013-14.
Social: Society			
Local Communities			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	F	<p>Hindalco, India – Percentage of operations with implemented local community engagement, impact assessments, and development programmes – 100%. Total number of operations: 18 Operating Plants and Mines, Greenfield (4 Nos.) and Brownfield (2 Nos.) Projects and Regional Offices and HQ. In all operating Plants, Mines and Projects, we have implemented CSR programmes covering the communities around.</p> <p>Under the aegis of Aditya Birla Centre for Community Initiatives and Rural Development, we at Hindalco, work in 692 villages and 12 Urban Slums reaching out to a 20 lakh populace, in proximity to its plants all over the country. This includes health care, education, infrastructure development, sustainable livelihood, self help group scheme etc.</p> <p>Social impacts assessments, including gender impact assessments, based on participatory processes: It is being done in majority of our operations.</p> <p>Environmental Impact Assessments and ongoing monitoring: at 100% of our Plants/Operating Sites.</p> <p>Public Disclosure of results of environmental and social impact assessments: Being implemented as per national/local regulations.</p> <p>Local community development programs based on local communities' needs: 100%.</p> <p>ABML-Nifty – Leased loading facilities at Pt Hedland are adjacent to regional/urban community facilities. Nil complaints have been received via community or regulatory authorities. No residential communities and nearby to Nifty mine site. Murtu indigenous groups may occasionally pass through the mine site and out of courtesy are provided with general provisions and right of way.</p> <p>Mt Gordon – Three pastoral families reside within a 50km radius of the mine site. No formal or regular program of engagement is occurring. On matters of significance, these neighbouring landholders are briefed by the Senior Site Executive or his representative.</p> <p>Maroochydore – NA</p>



Profile Disclosure	Description	Status	Report Section
			<p>Novelis – Total number of operations: As on 31 March 2012, our total number of operations: 29 Operating Plants and 4 regional HQ offices. We have all these sites represented in Novelis Neighbor Program.</p> <p>Identify organization-wide local community engagement, impact assessments, and development programs – Novelis Neighbor Program – each local programme is tailored to the needs of the community.</p> <p>Percentage of operations with implemented local community engagement, impact assessments, and development programmes: 100 % of our operating sites have a community programme.</p> <p>Social impacts assessments, including gender impact assessments, based on participatory processes: Currently, 0%.</p> <p>Environmental Impact Assessments and ongoing monitoring: at 100% of our Plants/Operating Sites.</p> <p>Public Disclosure of results of environmental and social impact assessments: Currently, 0%.</p> <p>Local community development programs based on local communities’ needs: 100% Details provided.</p>
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples.	F	<p>Hindalco, India and ABML – None.</p> <p>Novelis: One.</p> <p>A number of non-governmental organizations (NGOs) lodged complaints against the construction of dam and relocation of affected communities. One NGO, Nucleo de assessoria as comunidades atingidas (NACAB) filed a lawsuit in 2004 against the Candonga Consortium and the state of Minas Gerais, seeking to stop Candonga’s activities and invalidate its operating license. More than 80 community meetings were held with affected residents throughout the relocation process, as well as individual meetings with the families. Court proceedings have overtaken grievance mechanisms as the primary vehicle to resolve the dispute. There have been creditable interactions, but no agreements have been finalized, throughout the construction and operation of the Candonga Plant. Ongoing dialogue with community continues as does the community programme and individual consultation with families. Court proceedings have overtaken grievance mechanisms as the primary vehicle to resolve the dispute. There have been creditable interactions, but no agreements have been finalized, throughout the construction and operation of the Candonga Plant. Ongoing dialogue with community continues as does the community programme and individual consultation with families.</p>
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and Indigenous Peoples, and the outcomes.	F	<p>Hindalco, India and ABML – None.</p> <p>Novelis: As mentioned in MM6.</p>
Artisanal and Small-Scale Mining			
MM8	Number (and percentage) or company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks.	F	<p>None.</p> <p>We do not have operating sites adjacent to artisanal and small scale mining.</p>
Resettlement			
MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process.	F	<p>Hindalco, India – Regular Operations – Nil. However, in case of Greenfield Projects, R&R process was implemented as per Local Laws. In additions, CSR activities were carried in Greenfield project sites viz., Mahan Aluminium, Aditya Aluminium and Utkal Alumina. Similar R&R Plans are being made for upcoming Greenfield Projects.</p>



Profile Disclosure	Description	Status	Report Section
			<p>PAPs</p> <p>Mahan: 1,800 Aditya: 1,228</p> <p>Novelis – Sites where resettlements took place, the number of households resettled in each, and how their livelihood were affected in the process: 137 families were required to relocate as a result of Construction of the Candonga Power facility. Ongoing dialogue with community continues as does the community projects. Consultation processes and measures put in place to re-establish the affected community, to mitigate any impacts of relocation, and the outcome in terms of livelihoods, including sustainable land use. Initially, the Consortium consulted on this, and then migrated the dialogue with the NGO.</p> <p>Criticisms of Nova Soberbo include poor construction and poor water quality; the housing negotiations were made individually, not collectively; the needs of prospectors and sharecroppers were not included in the relocation; tactics to evict holdouts were considered aggressive; and no economic stimulus programs were put in place for the new community. The community programme after review was adjusted and is considered with new mandate.</p>
Closure Planning			
MM10	Number and percentage of operations with closure plans.	F	<p>In Hindalco, India – Mines, Closure Plan is made for all mines as per national and local regulatory requirements. The Mine Closure Plans are submitted to the regulatory authorities as per stipulations.</p> <p>Novelis – Number and percentage of operations with Closure Plan: Novelis has only one mining area, in Ouro Preto, Brazil, which is currently all inactive.</p> <p>ABML-Nifty – Closure Plan has been drafted Mt Gordon: Yet to commence Closure Planning Maroochydore – Not Applicable as of now.</p>
SO9	Operations with significant potential or actual negative impacts on local communities.	F	<p>We take all necessary steps to mitigate negative impacts on local communities due to our operations at various locations.</p> <p>In addition, during our community assessment, we collect information on this for planning mitigation measures, as applicable.</p>
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	F	<p>Mitigation measures implemented as per plan identified in each location.</p>
Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	F	<p>The total number of Business Units analyzed for risks related to corruption: 100%.</p> <p>All the company's operating units are included in the Enterprise Risk Assessment. Corruptions, violations of FCPA, violations of the Company's Code of Conduct are all the factors which are considered.</p>
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	P	<p>The Company's Code of Conduct and Group Values are the primary vehicle for training in anti-corruption policies and procedures.</p> <p>All Management employees were given copy of Company Code of Conduct upon start of their employment, and new management employees receive a brief orientation on Code of Conduct and Group Values.</p> <p>New Management employees, after going through the Company Code of Conduct, give their consent to the management for total adherence to the code of conduct during their employment in the organization.</p> <p>Number of employees trained for code of conduct during the year: 1,103 (Hindalco, India + ABML).</p>



Profile Disclosure	Description	Status	Report Section
			Details pertaining to non-management will be included in 2012-13 report.
SO4	Actions taken in response to incidents of corruption.	F	There is no recorded incidence of corruption.
Public Policy			
SO5	Public policy positions and participation in public policy development and lobbying.	P	Chapter on Corporate Governance (Page 24). Report on core positions held on each of the issues identified and explain any significant differences between lobbying positions and stated policies, sustainability goals, or other public positions to be included in 2012-13 report.
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	F	There is no financial and in-kind contribution to political parties.
Anti-competitive Behavior			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	F	No legal action in 2011-12.
Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	F	Hindalco, India – None. ABML – One Court Order to reduce site water inventories. Novelis - US \$75,000. Total monetary value of significant fines: Oswego Works: OSHA Citations and notifications of Civil Penalty. MMSS Commentary: Summary of judgments made against the organization in the areas related to health and safety and labour laws: None material. Number of non-monetary sanctions: None.
Social: Product Responsibility			
MM11	Programs and progress relating to materials stewardship.	P	Chapter on Performance Highlights – Fuelling Growth Through Innovation. Communications of materials and product related information to users and overall approach on LCA to be included in HSR 2012-13.
Customer Health and Safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	P	Chapter on Performance Highlights – Fuelling Growth Through Innovation (Page 58). We shall include information on impacts of extracting bauxite and disposing of aluminium can in HSR 2012-13.
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	F	There are no incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle.
Product and Service Labelling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	F	All product and service information provided as per regulatory and packaging requirements.
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	F	There are no incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	P	Customer Satisfaction Survey is currently carried out only for Rolled products. Information on Customer Satisfaction data across all businesses, as applicable in HSR 2013-14.



Profile Disclosure	Description	Status	Report Section
Marketing Communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	F	Code of Conduct and the guidelines are intended to: <ul style="list-style-type: none"> • Promote honest and ethical conduct, including fair dealing and the ethical handling of conflicts of interest • Promote full, fair, accurate, timely and understandable disclosures • Ensure the protection of the company's legitimate business interests, including corporate opportunities, assets and confidential information • Deter wrongdoing. As and when needed, the organization reviews its compliance with these standards and codes. We also do not sell any products that are banned in markets.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	F	Chapter on Performance Highlights – Fuelling Growth Through Innovation (Page 48).
Customer Privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	F	No complaints in 2011-12.
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	F	Chapter on Performance Highlights – Fuelling Growth Through Innovation (Page 48).



Core Indicator



Additional Indicator



National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of the Business

Principle	Description
1	<p>Businesses should conduct and govern themselves with Ethics, Transparency and Accountability</p> <p>Core Elements</p> <ol style="list-style-type: none"> 1. Businesses should develop governance structures, procedures and practices that ensure ethical conduct at all levels; and promote the adoption of this principle across its value chain. 2. Businesses should communicate transparently and assure access to information about their decisions that impact relevant stakeholders. 3. Businesses should not engage in practices that are abusive, corrupt, or anticompetition 4. Businesses should truthfully discharge their responsibility on financial and other mandatory disclosures. 5. Businesses should report on the status of their adoption of these Guidelines as suggested in the reporting framework in this document. 6. Businesses should avoid complicity with the actions of any third party that violates any of the principles contained in these Guidelines.
2	<p>Businesses should provide goods and services that are safe and contribute to sustainability throughout their life-cycle</p> <p>Core Elements</p> <ol style="list-style-type: none"> 1. Businesses should assure safety and optimal resource use over the life-cycle of the product – from design to disposal – and ensure that everyone connected with it- designers, producers, value chain members, customers and recyclers are aware of their responsibilities. 2. Businesses should raise the consumer’s awareness of their rights through education, product labelling, appropriate and helpful marketing communication, full details of contents and composition and promotion of safe usage and disposal of their products and services. 3. In designing the product, businesses should ensure that the manufacturing processes and technologies required to produce it are resource efficient and sustainable. 4. Businesses should regularly review and improve upon the process of new technology development, deployment and commercialization, incorporating social, ethical, and environmental considerations. 5. Businesses should recognize and respect the rights of people who may be owners of traditional knowledge, and other forms of intellectual property. 6. Businesses should recognize that over-consumption results in unsustainable exploitation of our planet’s resources, and should therefore promote sustainable consumption, including recycling of resources.
3	<p>Businesses should promote the well-being of all employees</p> <p>Core Elements</p> <ol style="list-style-type: none"> 1. Businesses should respect the right to freedom of association, participation, collective bargaining, and provide access to appropriate grievance redressal mechanisms. 2. Businesses should provide and maintain equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation. 3. Businesses should not use child labour, forced labour or any form of involuntary labour, paid or unpaid.



Principle	Description
	<ol style="list-style-type: none"> 4. Businesses should take cognizance of the work-life balance of its employees, especially that of women. 5. Businesses should provide facilities for the well-being of its employees including those with special needs. They should ensure timely payment of fair living wages to meet basic needs and economic security of the employees. 6. Businesses should provide a workplace environment that is safe, hygienic, humane and which upholds the dignity of the employees. Business should communicate this provision to their employees and train them on a regular basis. 7. Businesses should ensure continuous skill and competence upgrading of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis. They should promote employee morale and career development through enlightened human resource interventions. 8. Businesses should create systems and practices to ensure a harassment-free workplace where employees feel safe and secure in discharging their responsibilities.
4	<p>Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised</p> <p>Core Elements</p> <ol style="list-style-type: none"> 1. Businesses should systematically identify their stakeholders, understand their concerns, define purpose and scope of engagement, and commit to engaging with them. 2. Businesses should acknowledge, assume responsibility and be transparent about the impact of their policies, decisions, product & services and associated operations on the stakeholders. 3. Businesses should give special attention to stakeholders in areas that are underdeveloped. 4. Businesses should resolve differences with stakeholders in a just, fair and equitable manner.
5	<p>Businesses should respect and promote human rights</p> <p>Core Elements</p> <ol style="list-style-type: none"> 1. Businesses should understand the human rights content of the Constitution of India, national laws and policies and the content of International Bill of Human Rights. Businesses should appreciate that human rights are inherent, universal, indivisible and interdependent in nature. 2. Businesses should integrate respect for human rights in management systems, in particular through assessing and managing human rights impacts of operations, and ensuring all individuals impacted by the business have access to grievance mechanisms. 3. Businesses should recognize and respect the human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalized groups. 4. Businesses should, within their sphere of influence, promote the awareness and realization of human rights across their value chain. 5. Businesses should not be complicit with human rights abuses by a third party.
6	<p>Business should respect, protect, and make efforts to restore the environment</p> <p>Core Elements</p> <ol style="list-style-type: none"> 1. Businesses should utilize natural and manmade resources in an optimal and responsible manner and ensure the sustainability of resources by reducing, reusing, recycling and managing waste. 2. Businesses should take measures to check and prevent pollution. They should assess the environmental damage and bear the cost of pollution abatement with due regard to public interest.



Principle	Description
	<p>3. Businesses should ensure that benefits arising out of access and commercialization of biological and other natural resources and associated traditional knowledge are shared equitably.</p> <p>4. Businesses should continuously seek to improve their environmental performance by adopting cleaner production methods, promoting use of energy efficient and environment-friendly technologies and use of renewable energy.</p> <p>5. Businesses should develop Environment Management Systems (EMS) and contingency plans and processes that help them in preventing, mitigating and controlling environmental damages and disasters, which may be caused due to their operations or that of a member of its value chain.</p> <p>6. Businesses should report their environmental performance, including the assessment of potential environmental risks associated with their operations, to the stakeholders in a fair and transparent manner.</p> <p>7. Businesses should proactively persuade and support its value chain to adopt this principle.</p>
7	<p>Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner</p> <p>Core Elements</p> <ol style="list-style-type: none"> 1. Businesses, while pursuing policy advocacy, must ensure that their advocacy positions are consistent with the Principles and Core Elements contained in these Guidelines. 2. To the extent possible, businesses should utilize the trade and industry chambers and associations and other such collective platforms to undertake such policy advocacy.
8	<p>Businesses should support inclusive growth and equitable development</p> <p>Core Elements</p> <ol style="list-style-type: none"> 1. Businesses should understand their impact on social and economic development, and respond through appropriate action to minimise the negative impacts. 2. Businesses should innovate and invest in products, technologies and processes that promote the well being of society. 3. Businesses should make efforts to complement and support the development priorities at local and national levels, and assure appropriate resettlement and rehabilitation of communities who have been displaced owing to their business operations. 4. Businesses operating in regions that are underdeveloped should be especially sensitive to local concerns.
9	<p>Businesses should engage with and provide value to their customers and consumers in a responsible manner</p> <p>Core Elements</p> <ol style="list-style-type: none"> 1. Businesses, while serving the needs of their customers, should take into account the overall well-being of the customers and that of society. 2. Businesses should ensure that they do not restrict the freedom of choice and free competition in any manner while designing, promoting and selling their products. 3. Businesses should disclose all information truthfully and factually, through labelling and other means, including the risks to the individual, to society and to the planet from the use of the products, so that the customers can exercise their freedom to consume in a responsible manner. Where required, businesses should also educate their customers on the safe and responsible usage of their products and services. 4. Businesses should promote and advertise their products in ways that do not mislead or confuse the consumers or violate any of the principles in these Guidelines. 5. Businesses should exercise due care and caution while providing goods and services that result in over exploitation of natural resources or lead to excessive conspicuous consumption. 6. Businesses should provide adequate grievance handling mechanisms to address customer concerns and feedback.



NVG - Business Responsibility Report : 2011-12

Sr. No.	NVG Part No.	Category No.	Indicator No.	Description of Indicator	Reference to Sustainability Report		
A	Part-A	A-1	1	Basic details of the business – Name; nature of ownership; details of the people in top management; location of its operations–national and international; products and services offered; markets served.	Details of the Organisation provided in Chapter 4 – Hindalco – An Overview – Page 07 to Page 10. Location Map – Page 8 & 9 of Chapter 4 – Hindalco – An Overview.		
			2	Economic and Financial Data – Sales; Net Profit; Tax Paid; Total Assets; Market Capitalization (for listed companies); number of employees.	Information provided in Chapter 9 – Performance Highlights – Economic Performance – Page 68 to Page 73.		
		A-2	1	Management's Commitment Statement to the ESG Guidelines.	Please refer to Chapter on Corporate Governance, Our Green Efforts and Social Institution Building – Towards Inclusive Growth Chapter for management approach.		
			2	Priorities in terms of Principle and Core Elements.	Our Sustainability Initiatives is based on 3Ps. Hence, while doing business, equal importance is given to Environment and Social Aspects.		
			3	Reporting Period/Cycle.	Information provided on Page 116.		
			4	Whether the report is based on this framework or any other framework.	Current Sustainability Report is based on GRI G 3.1 Guidelines. Details provided in Front Inside Cover and Page 116.		
			5	Any Significant Risk that the business would like its stakeholders to know.	Details of Risks and Opportunities related to our Business included in Chapter No. 6 – Approach to Sustainability – Page Nos. 32 to 34.		
			6	Any Goals and Targets that were set by the top management for improving their performance during the Reporting Period.	Targets not included in the 2011-12 Sustainability Report; plan to include Targets in relevant areas, as applicable, in 2012-13 Report.		
		B	Part -B	B-1	Principle 1	Ethics, Transparency and Accountability	
					1	Governance structure of the business, including committees under the Board responsible for organizational oversight. In case no committee is constituted, then the details of the individual responsible for the oversight.	Refer Chapter 5 – Corporate Governance – Page 17 to Page 24 for Hindalco's Governance Framework.
					2	Mandate and composition (including number of independent members and/or non-executive members) of such committee with the number of oversight review meetings held.	Refer Chapter 5 – Corporate Governance – Page 17 to Page 24 for Hindalco's Highest Governance Body, Board of Directors, Various Committees and their composition and functions.
			3	State whether the person/ committee head responsible for oversight review is independent from the executive authority or not. If yes, how.	Yes. Through periodic review.		



Sr. No.	NVG Part No.	Category No.	Indicator No.	Description of Indicator	Reference to Sustainability Report
			4	Mechanisms for shareholders and employees to provide recommendations or direction to the Board/ Chief Executive.	Shareholder Mechanism & Employee Communication – Addressed in Chapter 5 – Corporate Governance - Page 17 to Page 24.
			5	Processes in place for the Board/ Chief Executive to ensure conflicts of interest are avoided.	Conflicts of Interest – Addressed in Chapter 5 – Governance – Page 20.
			6	Internally developed statement on Ethics, Codes of Conduct and details of the process followed to ensure that the same are followed.	We adhere to Aditya Birla Code of Conduct. Details provided in Chapter 5 –Corporate Governance – Page 22 – Values and Code of Conduct.
			7	Frequency with which the Board/Chief Executive assess BR performance.	Hindalco Board meets once in a quarter to review performance of the Company.
		B-2	Principle 2	Products Life-cycle Sustainability	
			1	Statement on the use of recyclable raw materials used.	Refer Chapter 9 – Performance Highlights – Our Green Efforts – Page 54 – Recycling of Aluminium and Copper.
			2	Statement on use of energy-efficient technologies, designs and manufacturing/ service-delivery processes.	Refer Chapter 9 – Performance Highlights – Our Green Efforts – Page 55 – Energy Management.
			3	Statement on copyrights issues in case of the products that involve use of traditional knowledge and geographical indicators.	Our products do not fall under this Category.
			4	Statement on use of sustainable practices used in the value chain.	Refer Chapter 7 – Economic Prosperity – Page 37.
		B-3	Principle 3	Employees' Well-being	
			1	Total number of employees with percentage of employees that are engaged through contractors.	Refer Chapter 9 – Performance Highlights – Managing Talent – Page 74 to Page 81 for Employee Profile and Diversity.
			2	Statement on non-discriminatory employment policy of the business entity.	Refer Chapter 9 – Performance Highlights – Managing Talent – Page 74 to Page 81 for non-discriminatory employment policy.
			3	Percentage of employees who are women.	Chapter 9 – Performance Highlights – Managing Talent – Page 74 to Page 81 Employee Profile and Diversity.
			4	Number of persons with disabilities hired.	Information on this will be included in our 2013-14 Report.
			5	Amount of the least monthly wage paid to any skilled and unskilled employee.	Chapter 9 – Performance Highlights – Managing Talent – Page 78. However, actual amount paid is not included.
			6	Number of training and skill up-gradation programmes organized during the reporting period for skilled and unskilled employees.	Chapter 9 – Performance Highlights – Managing Talent – Page 78 – Training, Learning and Initiatives.



Sr. No.	NVG Part No.	Category No.	Indicator No.	Description of Indicator	Reference to Sustainability Report
			7	Number of incidents of delay in payment of wages during the reporting period.	None.
			8	Number of grievances submitted by the employees.	Data to be included in 2012-13 Report.
		B-4	Principle 4	Stakeholder Engagement	
			1	Statement on the process of identification of stakeholders and engaging with them.	Refer Chapter 6 – Sustainability Strategy and Roadmap – Page 31 – Stakeholder Engagement.
			2	Statement on significant issues on which formal dialogue has been undertaken with any of the stakeholder groups.	Refer Chapter 6 – Sustainability Strategy and Roadmap – Page 31 – Stakeholder Engagement.
		B-5	Principle 5	Human Rights	
			1	Statement on the policy of the business entity on observance of human rights in their operation.	Refer Chapter 5 – Corporate Governance – Page 22 – Values and Code of Conduct and Chapter 9 – Performance Highlights – Managing Talent – Page 74 to Page 81.
			2	Statement on complaints of human rights violations filed during the reporting period.	None.
		B-6	Principle 6	Environment	
			1	Percentage of materials used that are recycled input materials.	Aluminium and Copper are recycled. For details, refer Chapter 9 – Performance Highlights – Our Green Efforts – Page 54 – Recycling of Aluminium and Copper (Input Quantity).
			2	Total energy consumed by the business entity for its operations.	Refer Chapter 9 – Performance Highlights – Our Green Efforts – Page 55 to Page 58 – Energy Management.
			3	Statement on use of energy saving processes and the total energy saved due to use of such processes.	Refer Chapter 9 – Performance Highlights – Our Green Efforts – Page 55 to Page 58 – Energy Management.
			4	Use of renewable energy as percentage of total energy consumption.	Note on Hindalco's response to regulatory requirements in Energy is given in Chapter 5 – Corporate Governance –Page 24 and Chapter 9 – Performance Highlights – Economic Performance on Page 72.
			5	Total water consumed and the percentage of water that is recycled and reused.	Refer Chapter 9 – Performance Highlights – Our Green Efforts – Page 59 & Page 60 – Water Management.
			6	Statement on quantum of emissions of greenhouse gases and efforts made to reduce the same.	Refer Chapter 9 – Performance Highlights – Our Green Efforts – Page 59 – GHG Emission Performance and Trends.
			7	Statement on discharge of water and effluents indicating the treatment done before discharge and the destination of disposal.	Refer Chapter 9 – Performance Highlights – Our Green Efforts – Page 59 & Page 60 – Water Management. Water is discharged outside the Plant as per stipulations of the State Pollution Control Boards.



Sr. No.	NVG Part No.	Category No.	Indicator No.	Description of Indicator	Reference to Sustainability Report
			8	Details of efforts made for reconstruction of bio-diversity.	Case study on Marine Environment at Dahej is included on Page 60 of Chapter 9 – Performance Highlights – Our Green Efforts.
		B-7	Principle 7	Policy Advocacy	
			1	Statement on significant policy advocacy efforts undertaken with details of the platforms used.	Hindalco operates its business within the specified legislative and policy framework prescribed by the Government.
		B-8	Principle 8	Inclusive Growth	
			1	Details of community investment and development work undertaken indicating the financial resources deployed and the impact of this work with a longer term perspective.	Refer Chapter 9 – Performance Highlights – Social Institution Building – Towards Inclusive Growth on Page 87 to Page 92.
			2	Details of innovative practices, products and services that particularly enhance access and allocation of resources to the poor and the marginalized groups of the society.	Refer Chapter 9 – Performance Highlights – Social Institution Building – Towards Inclusive Growth on Page 87 to Page 92.
		B-9	Principle 9	Customer Value	
			1	Statement on whether the labeling of their products has adequate information regarding product-related customer health and safety, method of use and disposal, product and process standards observed.	All our advertising and Visual Communications confirm to the Advertising Standards Council of India (ASCI) Guidelines. Refer Chapter 9 – Performance Highlights – Fuelling Growth Through Innovation – on Page 40 to Page 48. In addition, certificates conforming to the Customer requirements / MSDS are also issued by the respective plants.
			2	Details of the customer complaints on safety, labeling and safe disposal of the products received during the reporting period.	None.
C	Part -C	C-1	1	Brief Report on any material/ significant negative consequences of the operations of the business entity.	Information on Legal Non-compliances on Environment, Fines imposed by Statutory Bodies, Safety Incidents have been reported in the respective chapters.
			2	Brief on Goals and Targets in the area of social, environmental and economic responsibilities that the business entity has set for itself for the next Reporting Period.	Targets not included in the 2011-12 Sustainability Report; plan to include Targets in relevant areas in 2012-13 Report.



Glossary

AAI	Aluminium Association of India	ISO 9001	Quality Management Systems – Requirements
ABML	Aditya Birla Minerals Limited	ISO-14001	Environmental Management Systems – Requirements with guidance for use
ABSTC	Aditya Birla Science Mumbai & Technology Centre	KFA	Key Focus Area
AIMM	Australasian Institute of Mining and Metallurgy	KRA	Key Result Area
APSRTC	Andhra Pradesh State Road Transport Corporation	KTPA	Kilo tonne per annum (1000 tonne per annum)
ASCI	Advertising Standards Council of India	LME	London Metal Exchange
BEE	Bureau of Energy Efficiency	m ³	Cubic meter
BESCO	Bharathiya Electric Steel Company	MCDR	Mineral Conservation and Development Rules 1988
BNPL	Birla Nifty Pty Ltd	MSRTC	Maharashtra State Road Transport Corporation
BRDC	Belgaum Research and Development Centre	MT	Metric Tonne
CART	Collaborate - Alleviate - Resolve - Together	MtCO ₂ e	Million Tonne of Carbon Dioxide Equivalent
CCL	Centre for Creativity Leadership	MTPA	Metric Tonne per annum
CDM	Clean Development Mechanism	MW	Mega Watt
CER	Certified Emission Reduction	NABL	National Accreditation Board for Testing and Calibration Laboratories (NABL) is an Autonomous body under the aegis of Department of Science & Technology, Government of India
CII	Confederation of Indian Industry	NCO	Nifty Copper Operation
CO	Carbon Monoxide	NGO	Non-governmental Organization
CO ₂	Carbon Dioxide	NIPM	National Institute of Personnel Management
CPO	Chief People Officer	NORPAR	Normal Paraffin
CFO	Chief Financial Officer	NO _x	Oxides of Nitrogen such as Nitrogen Dioxide
CTO	Chief Technology Officer	NPX	Sodium, Phosphorus and Potassium
CRM	Customer Relationship Management	OHSAS	Occupational Health and Safety
CSMM	Customer Satisfaction Management and Measurement	18001	Assessment Series (standards for Occupational Health and Safety Management System)
CSR	Corporate Social Responsibility	PAP	Project Affected People
CTC	Central Technical Cell	PAT	Perform-Achieve-Trade
CY	Calendar year	PFC	Per Fluoro Carbon
DAP	Di-Ammonium Phosphate	POP	Plaster of Paris
DAC	Development Assessment Centre	QC	Quality Control
DEPB	Duty Entitlement Pass Book	QCDIP	Quality, Cost, Delivery, Innovation and Productivity
DMS	Dry Mud Stacking	RDSO	Research Designs and Standards Organization
DP	Displaced People	RE	Renewable Energy
EAFA	European Aluminium Foil Association	REC	Renewable Energy Certificate
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization	RMP	Red Mud Pond
EHS	Environment, Health and Safety	RO	Reverse Osmosis
EIA	Environmental Impact Assessment	RPO	Renewable Purchase Obligation
ESP	Electrostatic Precipitator	R&R	Rehabilitation and Resettlement
EUR	Euro	SEBI	Securities and Exchange Board of India
ETP	Effluent Treatment Plant	SHG	Self Help Group
FICCI	Federation of Indian Chambers of Commerce & Industry	SO _x	Oxides of Sulphur such as Sulphur Dioxide
FO	Furnace Oil	SPL	Spent Pot Lining
FRP	Flat Rolled Products	TERI	The Energy and Resources Institute
FY	Financial year	TRDC	Taloja Research and Development Centre
GHG	Greenhouse Gas	TCO ₂ e	Tonne Carbon Dioxide Equivalent
GJ	Giga Joules	TWP	The Works Partnership
GRI	Global Reporting Initiative	USD	United States Dollar
GSRTC	Gujarat State Road Transport Corporation	UNFCCC	United Nations Framework Convention on Climate Change
Ha	Hectare	VCS	Verified Carbon Standard
HIC	Hindalco Innovation Centre	VDC	Village Development Committees
HDPE	High Density Poly Ethylene	WCM	World Class Manufacturing
HR	Human Resource	WCSH	Working Committee for Sustainability in Hindalco
IAI	International Aluminium Institute		
ICDC	Indian Copper Development Centre		
ICPCI	International Copper Promotion Council India		
IDP	Individual Development Plan		
IIT	Indian Institute of Technology		
IMRB	Indian Market Research Bureau		
IMS	Integrated Management System		
INR	Indian Rupee		



About This Report

This is our second Sustainability Report. We looked at our vision, mission, values, policies, strategy and roadmap, materiality issues with a detailed analysis of the performance of Hindalco and subsidiaries (Novelis and ABML) in Economic, Environmental and Social Sustainability during 2011-12.

The Global Reporting Initiatives

We have aligned this report in line with Global Reporting Initiative (GRA) G 3.1 Sustainability Reporting Guidelines and the GRI Mining and Metal Sector Supplement. The GRI defines three Application Levels for the Sustainability Reports. We have assessed this report against the GRI's requirement and believe it complies with a **"A" Application Level**.

Hindalco's Sustainability Report 2011-12 is third Party Assured report (KPMG is the Assurance Body). Our Report Level:

Report Scope and Boundary

We have utilized the GRI boundary protocol to define our report Boundary with the objective of covering our entities in the value chain. The Entities covered are those over which we have control and/or significant influence and/or which have significant impacts in context of sustainability.

Accordingly, our report Boundary includes Hindalco, India - Aluminium, Hindalco, India - Copper, ABML and Novelis. Novelis has published their Second Sustainability Report. This has been duly referred in our Report. Relevant data pertaining to Greenfield Projects like Utkal Alumina International Limited under our aluminium business project and Dahej Harbour and Infrastructure Limited under our Copper Business Performance.

While defining the boundary for this report, we have in principle followed the Report Boundary guidance to arrive at the boundary of the report. We have exercised control or significant influence both in and through its relationships with our subsidiaries in upstream and downstream of the value chain.

Data Measurement Techniques, Assumptions, Calculations and Collection

At Hindalco, we have an Integrated Management System (IMS) in place in six of our Operating Units that addresses the Sustainability Performance indicators and corresponding data recordings. All data collected are subjected to a set of defined procedures, internal control system and checking.

Hence, data reported in this report are consistent with regulatory and voluntary disclosure requirements as seen across the board. We have also highlighted any assumptions and calculations in the section itself for better readability of the report.

Reporting Period and Future Reporting

Other than relevant baseline data or context from preceding years where specified, the information contained in this report covers the period 01 April 2011 to 31 March 2012, which is Hindalco's Fiscal Year FY 12.

We have committed to publicly reporting our Economic, Environment and Social Sustainability Performance on an annual basis.

Report Feedback

We seek to develop and improve on our reporting process and welcome your valuable feedback on this report. This would provide inputs to continuously improve our future reporting exercises. Please send your comments and inputs to :

Head HIC
Hindalco Industries Limited
264-265, Vaswani Chambers, 2nd Floor
Dr. Annie Besant Road, Worli
Opp. Old Passport Office
Mumbai 400 030

Head-HIC@adityabirla.com





In the true spirit of sustainability, any feedback that can help make the Organisation's Sustainability Report better, is genuinely appreciated. If you have any suggestions, feedback or even just a query, please contact:

Head HIC

Hindalco Industries Limited
264-265 Vaswani Chambers, 2nd Floor
Dr Annie Besant Road, Worli
Opp. Old Passport Office
Mumbai 400 030
Tel : +91 22 4920 4303
Head-HIC@adityabirla.com



HINDALCO INDUSTRIES LIMITED

Corporate Office

Hindalco Industries Ltd.
Aditya Birla Centre
S K Ahire Marg, Worli
Mumbai 400 030
Tel : +91 22 6652 5000
Fax :+91 22 6652 5901
www.adityabirla.com
www.hindalco.com

