

Our Performance vis on vis our Sustainability Performance Target

UltraTech Cement, India's largest producer of grey cement, white cement and ready-mix concrete, has successfully raised US\$ 400 million in the form of sustainability-linked bonds. With this, UltraTech is now the first company in India and the second company in Asia to issue dollar-based sustainability linked bonds.

UltraTech is committed to driving sustainability across the value chain of its operations. Our focus areas are carbon emissions, energy reduction, water management, waste management, biodiversity management, resource management, community relationship management, occupational health and safety, human rights management, employee well-being and product development.

1.0 Sustainability Linked Bonds Target and our performance*-

UltraTech has developed a well-thought through strategy on achieving our SBTi Targets. Under a Sustainability Performance target, the company aims to reduce 22.2% of carbon emissions for every ton of cementitious material it produces by March 31, 2030 from the levels of March 2017. A total of 6% reduction in CO₂ emissions on the base year value of 2017 has been achieved till March 31 2021. Our Scope 1 CO₂ intensity is 674.20 kg CO₂/ ton of cementitious products i.e. 6% reduction from our base year value of 2017 of 716 kg CO₂/ton of cementitious products.

| | Unit | UltraTech |
|---|--|------------|
| Scope 1 | tCO ₂ /yr | 56,588,600 |
| Scope 2 | tCO ₂ /yr | 1,416,250 |
| Scope 1 Intensity (Base year value of 2017) | Kg CO ₂ /ton of Cementitious Material | 716.00 |
| Scope 1 Intensity Value (as of 31st March 2021) | kgCO ₂ /ton of Cementitious Material | 674.20 |
| A total of 6% reduction in CO₂ emissions on the base year value of 2017 has been achieved | | |

**The same data has been assured and is attached below.*

2.0 Climate Performance

2.1 Partnerships and associations

- ✓ **Science Based Targets Initiative (SBTi)**: UltraTech has successfully validated its CO₂ emissions target. We have committed to reduce scope 1 GHG emissions 27% per ton of cementitious material by FY2032 from a FY2017 base year. UltraTech Cement Limited also commits to reduce scope 2 GHG emissions 69% per ton of cementitious material within the same time frame. **Global Cement & Concrete Association (GCCA)**: UltraTech benchmarks its sustainability practices with global players through Global Cement and Concrete Association (GCCA). As the founding member of the Global Cement and Concrete Association (GCCA), UltraTech plays a pivotal role driving sustainability & innovation agenda for the industry.

GCCA members has committed to continue to drive down the CO₂ footprint of their operations and products and aspire to deliver society with carbon neutral concrete by 2050. GCCA is working across the built environment value chain to deliver this aspiration in a circular economy, whole life context. UltraTech under GCCA Leadership are actively working towards creating a sectoral roadmap for Concrete. This roadmap will help us in our ambition to achieve carbon neutral concrete by 2050.

UltraTech is also active member of the GCCA's Project Innovandi. Innovandi is GCCA's innovation arm, which runs key programmes to develop innovations to help the industry decarbonise and produce carbon neutral concrete by 2050. Set up in 2019, the Innovandi Global Cement and Concrete Research Network (GCCRN) brings together academia and industry to collaborate on fundamental research, in areas such as new clinkers and calcinated clays.

Recently, GCCA has launched 'The Open Challenge', is a programme to bring together exciting start-ups together with GCCA members to accelerate the development of technologies to help the cement and concrete sector decarbonise.

- ✓ **Energy Productivity (EP100)**: UltraTech has joined the EP100 initiative which brings together a growing group of energy-smart companies committed to using energy more productively, to lower greenhouse gas emissions, and accelerate a clean economy. UltraTech has committed to double its energy productivity by becoming a member of EP100.

2.2 Circular Economy

- UltraTech is on a constant lookout for techniques to replace the natural limestone. We use waste materials like fly ash, gypsum, slag, redmud in lieu of naturally occurring limestone. We use around 20 Million tonnes of recycled material for making cement. The quantity of recycled material used has increased significantly over the last few years.
- Alternate material constitutes 18.36% of our total raw material used.
- Recently our R&D teams have patented the process of making cement from aluminium industry waste. We have entered into a Memorandum of Understanding (MoU) with our Group company, Hindalco Industries Ltd., a global leader in Aluminium and Copper, where Hindalco will deliver 1.2 million metric tonnes of red mud (also known as bauxite residue) annually to UltraTech's 14 plants located across seven states. Red mud generated in the alumina manufacturing process is rich in iron oxides, along with alumina, silica and alkali. Our R&D team has developed the capability to process red mud as a replacement for mined minerals such as laterite and lithomarge in its process.
- UltraTech uses municipal solid waste and other industrial waste as alternative fuel in its kilns through co-processing. Dedicated teams are working constantly to procure such waste materials from Municipal Corporations.
- Achieved a 3.1% thermal substitution rate by using waste materials in a kiln.

2.3 Sustainable Energy

In the area of renewable energy, we are increasingly investing in solar power generation for captive usage. This is in addition to our existing contract capacity of 148 MW renewable energy plants. Similarly, the company has adopted waste heat recovery power projects as a strategic initiative and has currently installed capacity of around 125 MW. The company has plans to scale this up to 300 MW in the next 3 years.

2.4 Lighthouse Projects

100% Renewable energy (RE) based operations: UltraTech has identified adoption of green energy as one of the key levers to decarbonize and the company plans to maximise the use of renewable energy at Grinding Units and demonstrate that our plants can operate on clean energy. One such effort that we have made in accordance with this established goal is that one of our units has successfully operated on **100% RE**. Our **Arrakonam Cement Works** ran entirely on renewable energy (RE) for six (6) months in FY21. Our **Giniger Cement Works** ran entirely on renewable energy (RE) for two (2) months in FY21. Going forward, there is a focus to operate these plants 100% on Renewable energy for entire year.

Digitalization: Alongside climate change, globalization and demographic change, digitalization is one of the developments that are shaping our world. Decarbonization and digitalization are

megatrends that are forcing sectors and companies to undergo structural change and fundamentally alter traditional business models. UltraTech has taken the initial strides to gain advantages in digital competition and sees digitalization as a driver of sustainability & climate performance. The company has embarked on digital transformation during the year that has the potential to decouple emissions and resource use from economic growth as well as making our operations safer and more reliable.

UltraTech has done successful pilots leveraging digital and Artificial Intelligence (AI) across manufacturing value chain of cement plant, thermal power plant, safety, mines etc. The company has adopted a digitization technology at one of units to help us in our mine operations. The technology is based on Artificial Intelligence and uses Activity Wireless sensors & GPS for Heavy Earth Moving Machinery (HEMM) like excavators, drill machines, dozers, tippers, and breakers. We have significant use of HEMM as part of our limestone mining operations.

This technology has enabled us to conduct real-time monitoring of these mines' material handling equipment's for getting asset utilization along with operational insights like routes, distance travelled in kilometers and fuel consumption trends which are essential to monitor the efficiency of HEMMs. We utilized the technology, to understand the average vehicle idling time and used it for saving fuel and associated carbon emissions.

Another project in this area has been Expert Optimiser. Expert Optimizer, a computer-based system for controlling, stabilizing, and optimizing industrial processes, has been installed and implemented for the Kiln, Calciner, Cooler, one Raw Mill, and one Cement Mill. The Expert Optimizer mimics the actions of the operator and implements them in an autopilot mode. This enables the systems to function with the 'best operator' performing at its optimum - for 24 hours per day.

3.0 Overall Sustainability Performance:

UltraTech has recently adopted the TCFD framework. We contribute to the goal by integrating low carbon strategy and scaling up investments in the development of innovative products and services, improving energy efficiency, increasing the share of renewable energy, switching from fossil fuels to alternative materials.

- We are more than '3.9 times' water positive for all our plants excluding international units. This has been certified by third party.
- More than 12% of the water withdrawn is recycled and reused.

- We are working on integrated watershed management projects at Rajashree Cement Works in Karnataka and Tadipatri Cement Plant in Andhra Pradesh in partnership with International Crops Research Institute for the Semi-Arid Tropics (ICRISAT).
- UltraTech has committed to conduct biodiversity assessment and develop biodiversity management plans for all its Integrated Units by 2024. The Company is intensely moving towards achieving this target.
- At UltraTech, we undertake our social initiatives under the aegis of The Aditya Birla Centre for Community Initiatives and Rural Development. The key focus areas are education, healthcare, sustainable livelihood, infrastructure and social reform. Women empowerment, water and sanitation are cross-cutting issues.

INDEPENDENT ASSURANCE STATEMENT

The Board of Directors and Management

UltraTech Cement Limited
Mumbai, India

Ernst & Young Associates LLP (EY) was engaged by UltraTech Cement Limited (the 'Company') to provide independent assurance on its annual Greenhouse Gas (GHG) inventory (the 'Inventory') pertaining to the financial year 2020-21.

The Company has developed its GHG inventory in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. EY's responsibility, as agreed with the Management of the Company, is to provide independent assurance in accordance with International Standard on Assurance Engagements 3000 (ISAE 3000). Our responsibility in performing our assurance activities is to the Management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. The assurance statement should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

Scope of assurance

The scope of assurance covers the following aspects of the Report:

- ▶ Execution of an audit trail of data streams, to determine the level of accuracy in collection, transcription and aggregation of information related to GHG emissions of the Company;
- ▶ Review and assess the methodology used for GHG accounting and identify gaps, if any against requirements of the GHG Protocol;
- ▶ Remote Verification of data and related information through consultations at the Company's Head Office in Mumbai and desktop review of the following manufacturing locations:
 - Integrated Units
 - Sidhi Cement Works
 - Gujarat Cement Works
 - Kotputli Cement Works
 - Grinding Units
 - Dankuni Cement Works
 - Wanakbori Cement Works
 - Patliputra Cement Work
 - Ready Mix Concrete (RMC) Units
 - Coimbatore RMC Plant
 - Hyderabad RMC Plant
 - Naurangpur RMC Plant
 - Rabale RMC Plant
 - Sanathal RMC Plant
 - Vapi RMC Plant

Limitations of our review

The assurance scope excludes:

- ▶ Operations of the Company other than those mentioned in the 'Scope of Assurance';
- ▶ Aspects of the Report and data/information other than those mentioned above;
- ▶ Validation of any data and information other than those presented in "Our Conclusion";
- ▶ Data and information outside the defined reporting period i.e. 1st April 2020 to 31st March 2021;

Assurance criteria

The assurance engagement was planned and performed in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000). Our evidence-gathering procedures were designed to obtain a 'limited' level of assurance in order to ascertain that the Company's GHG Inventory is fairly stated and in conformance in all material aspects with the requirements of GHG Protocol Corporate Accounting and Reporting Standard.

What we did to form our conclusions

In order to form our conclusions, we undertook the following key steps:

- ▶ Interactions with the key personnel at the company's head office and manufacturing locations in order to understand and review the current processes in place for capturing the Company's GHG inventory, covering Scope 1, Scope 2 and part of Scope 3 emissions;
- ▶ Verification of the reported GHG inventory, on a sample basis, at the manufacturing locations as mentioned in the 'Scope of Assurance' above;
- ▶ Review of relevant documents and systems for gathering, analyzing and aggregating the data in the reporting period.

Our Observations

The Company has adopted practices to account for GHG emissions and to align with GHG Protocol Corporate Accounting and Reporting Standard. There is scope of improvement in the Company's internal processes related to the collection, compilation and review of data pertaining to GHG emissions.

Our Conclusion

On the basis of our review scope and methodology, nothing has come to our attention that would cause us not to believe that the Company has presented its GHG inventory data fairly, in line with GHG Protocol Corporate Accounting and Reporting Standard. The GHG inventory for the reporting year FY 2020-21 is as follows:

| Scope | GHG Emissions (tCO ₂ e) |
|---|------------------------------------|
| Scope 1 | 5,65,88,600 |
| Scope 2 | 14,16,250 |
| Scope 3 - Fuel & energy related activities (not included in scope 1 & 2) | 54,054 |
| Scope 3 - Upstream transport and distribution | 31,42,145 |
| Scope 3 - Business Travel | 2,354 |
| Scope 3 - Downstream transport and distribution | 20,58,679 |
| Scope 1 - Intensity Value (kgCO ₂ /ton of Cementitious Material) | 674.2 |

NOTE: a. Scope 1 & 2 emissions from manufacturing units, RMC units and bulk terminals are included

b. Scope 1 Intensity per cementitious product excludes the emissions from RMC units and Bulk terminals

Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our climate change and sustainability network and undertakes similar engagements with a number of significant Indian and international businesses. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics¹ for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

for Ernst & Young Associates LLP,



Chaitanya Kalia

Partner

Date: 30 June, Mumbai

¹ International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. This Code establishes ethical requirements for professional accountants.