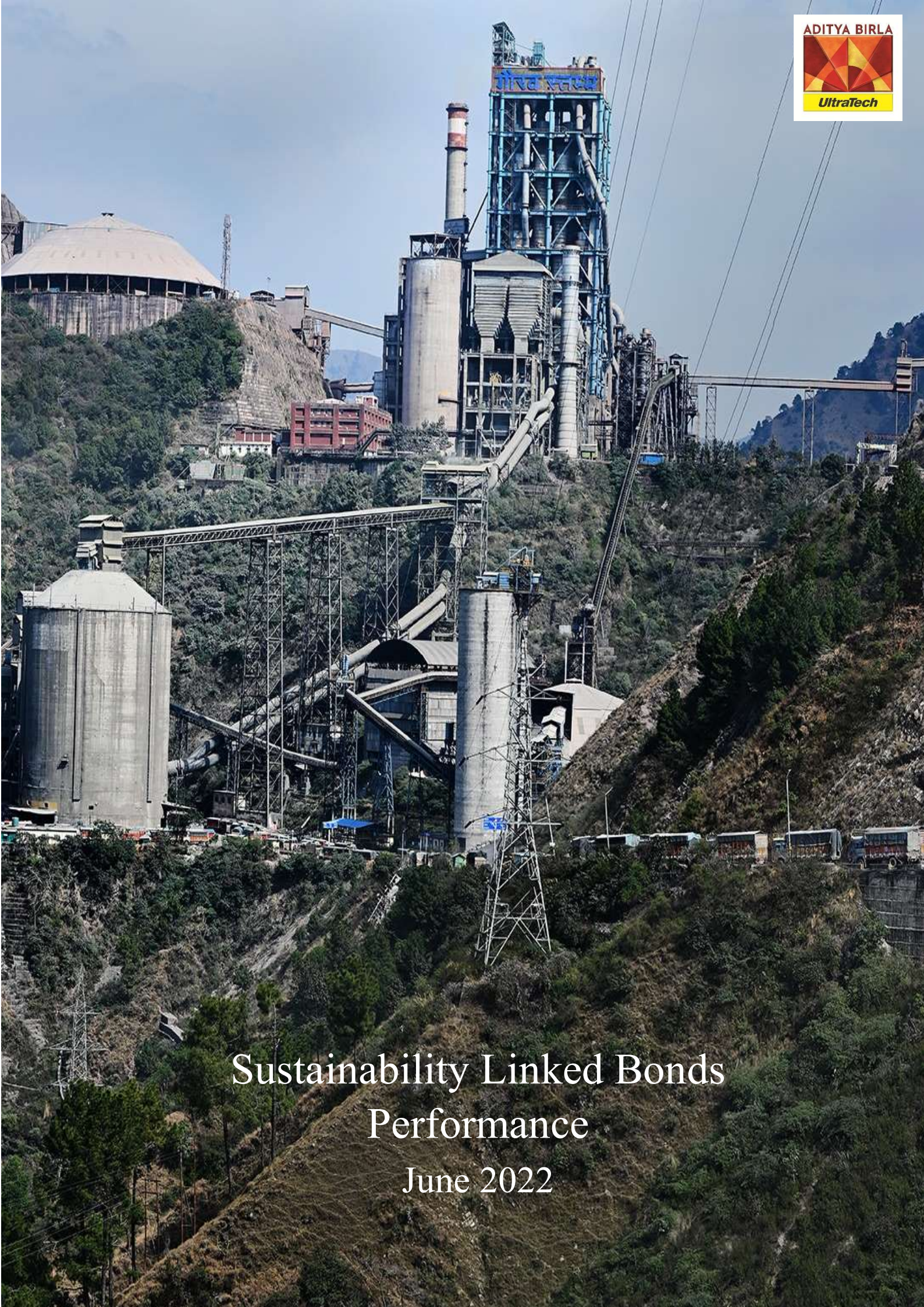

# Sustainability Linked Bonds Performance

June 2022

**Our Performance vis on vis our Sustainability Performance Target**

UltraTech Cement Limited is the cement flagship company of the Aditya Birla Group. A $ 5.9 billion building solutions powerhouse, UltraTech is the largest manufacturer of grey cement and ready mix concrete (RMC) and one of the largest manufacturers of white cement in India. 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*-**

As part of the Sustainability agenda, 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 9.1% reduction in $CO_2$ emissions on the base year value of 2017 has been achieved till March 31, 2022. Our Scope 1 CO2 intensity is 651.07 kg $CO_2$/ ton of cementitious products i.e. 9.1% reduction from our base year value of 2017 of 716 kg $CO_2$/ton of cementitious products.

| | **Unit** | **UltraTech** |
|---|---|---|
| **Scope 1** | $tCO_2$/yr | 6,14,53,953 |
| **Scope 2** | $tCO_2$/yr | 10,49,149 |
| **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 2022)** | kg$CO_2$/ton of Cementitious Material | 651.07 |
| **A total of 9.1% 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 $CO_2$ 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 have committed to continue to drive down the $CO_2$ 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 is 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', which 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.
- ✓ **Renewable Energy (RE100):** UltraTech, , has announced its commitment to Climate Group's RE100 initiative. RE100, led by Climate Group in partnership with CDP, brings together the world's most influential businesses to 100% renewable electricity. UltraTech targets to meet 100% of its electricity requirement through renewable sources by 2050. In the last two years, UltraTech has scaled up its contracted renewable energy capacity by 2.5 times. 17.64% of the

company's entire power consumption is from green sources for FY 22. The company has already set a target to scale up its green energy mix to 34% of its total power requirement by 2024.

**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 23 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 19.12% 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 1.3 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 4.6% 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 269 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 167 MW. The company has plans to scale this up to 300 MW in the next 2 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 FY22. Our **Ginigera Cement Works** ran entirely on renewable energy (RE) for four (4) months in FY22. 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 framework developed by Task Force on Climate-Related Financial Disclosures (TCFD). 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 '3.8 times' water positive for all our plants excluding international units. This has been certified by third party.
- More than 11% 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.

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Building a better working world

# INDEPENDENT ASSURANCE STATEMENT

The Management and Board of Directors
UltraTech Cement Limited,
Mumbai - 400093, India

## Scope

We have undertaken a limited assurance engagement of the accompanying GHG statement of UltraTech Cement Limited for the period from 01st April 2021 to 31st March 2022, comprising of its annual Greenhouse Gas (GHG) inventory (the "Inventory") as part of CDP Climate Change Response (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

## Criteria applied by UltraTech Cement Limited

In preparing the annual Greenhouse Gas (GHG) inventory as part of CDP Climate Change Response, UltraTech Cement Limited applied the GHG Protocol Corporate Accounting and Reporting Standard (Criteria). GHG Protocol Criteria were specifically designed for the Greenhouse Gas (GHG) inventory; As a result, the subject matter information may not be suitable for another purpose.

## UltraTech Cement Limited's responsibilities

UltraTech Cement Limited's management is responsible for selecting the Criteria, and for presenting the annual Greenhouse Gas (GHG) inventory as part of CDP Climate Change Response (the "Report") in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the GHG statement, such that it is free from material misstatement, whether due to fraud or error.

## EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

Our engagement was conducted in accordance with the International Standard for Assurance Engagements on Greenhouse Gas Statements ('ISAE 3410') Limited Level, and the terms of reference for this engagement as agreed with UltraTech Cement Limited on 14th March 2022. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

## Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance review.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Green House Gas quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

The engagement consists of making enquiries, primarily of persons responsible for preparing the annual Greenhouse Gas (GHG) inventory as part of CDP Climate Change Response and related information, and applying analytical and other relevant procedures.

Our procedures included:

- Conducted interviews with select personnel at sites and corporate teams to understand the process for collecting, collating and reporting the subject matter as per GHG Protocol Corporate Accounting and Reporting Standard;
- Remote verification of data, on a selective test basis, for the following sites, through consultations with the site team and sustainability team;
    - RAK (Ras-al-Khaimah)
    - Dalla Cement Works
    - Manikgarh Cement Works
    - Sewagram Cement Works
    - Jebel Ali Grinding Unit
    - Ajman Grinding Unit
    - Ginigera Cement Works
    - West Bengal Cement Works
    - Pune Bulk Terminal

- Wagoli RMC Unit
- YehlankaGIL RMC Unit
- K.R.PuramGIL RMC Unit
- Sarjapur Road RMC Unit
- Greater Noida RMC Unit
- Sahibabad RMC Unit
- Gurgaon Khandsa Road RMC Unit
- Bhiwadi RMC Unit

- Remote verification of following GHG Emissions Categories, on a selective test basis, through consultations with the site team and sustainability team

| | |
|---|---|
| Scope 1 | Absolute Gross and Net CO2 emissions |
| Scope 2 | Indirect CO2 emissions |
| Scope 3 | Fuel &Energy Related activities (not included in scope 1 & 2) |
| | Upstream transport and distribution |
| | Business Travel |
| | Downstream transportation and distribution |
| | Purchased Goods & Services |
| | Waste Generated in Operations |
| | Employee Commuting |

- Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria;
- Undertook analytical review procedures to support the reasonableness of the data
- Execution of an audit trail of claims and data streams, on a selective test basis, to determine the level of accuracy in collection, transcription and aggregation processes followed;

We also performed such other procedures as we considered necessary in the circumstances.

Emphasis of matter

The assurance scope excludes:

- Data and information outside the defined reporting period (1st April 2021 to 31st March 2022)
- Data and information on economic and financial performance of the Company
- Data, statements and claims already available in the public domain through Sustainability Report, Annual Report, CDP response or other sources available in the public domain
- The Company's statements that describe the expression of opinion, belief, inference, aspiration, expectation, aim or future intention provided by the Company
- The Company's compliance with regulations, acts, guidelines with respect to various regulatory agencies and other legal matters

Conclusion
Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to annual Greenhouse Gas (GHG) inventory as part of CDP Climate Change Response for the period from 01st April 2021 to 31st March 2022, in order for it to be in accordance with the Criteria.

Restricted use
This report is intended solely for the information and use of UltraTech Cement Limited and is not intended to be and should not be used by anyone other than UltraTech Cement Limited

For and on behalf of Ernst & Young Associates LLP

Shailesh Tyagi
21st June 2022
Mumbai, India