



Sustainability Linked Bonds
Performance
June 2023

Our Performance vis on vis our Sustainability Performance Target

UltraTech Cement Ltd (UltraTech) is India's largest grey and white cement producer and ready-mix concrete producer. UltraTech is committed to driving sustainability across the value chain of its operations. Our focus areas are reducing the carbon footprint, lower carbon intensity, transition to green energy, water management, waste management, biodiversity management, resource management, community relationship management, occupational health and safety, human rights management, employee well-being, and new 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 for achieving our SBTi Targets. Under a Sustainability Performance target, the company aims to reduce 27% of carbon emissions for every ton of cementitious material it produces by March 31, 2032, from the levels of March 2017. Our Scope 1 gross CO₂ intensity is 602 kg CO₂/ ton of cementitious products, i.e., a 16 % reduction achieved till March 31, 2023, from our base year value of 2017 of 716 kg CO₂/ton of cementitious products.

	Unit	UltraTech
Scope 1	tCO ₂ /yr	6,25,30,455
Scope 2	tCO ₂ /yr	16,95,035
Scope 1 – Gross Intensity (Base year value of 2017)	Kg CO ₂ /ton of Cementitious Material	716
Scope 1 – Gross Intensity (as of March 31, 2023)	kgCO ₂ /ton of Cementitious Material	602
A total of 15.92% reduction in CO₂ emissions on the base year value of 2017 has been achieved.		

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 reducing scope 1 GHG emissions by 27% per ton of cementitious material by FY2032 from base year FY2017.

- **Global Cement & Concrete Association (GCCA):** UltraTech is a founding member of the Global Cement and Concrete Association (GCCA) and plays a pivotal role in driving sustainability & innovation agenda for the industry. UltraTech benchmarks its sustainability practices with global players through Global Cement and Concrete Association (GCCA).

GCCA is working across the built environment value chain to deliver this aspiration in a circular economy and whole life context. GCCA has also developed the Net Zero road map for the cement industry. UltraTech has committed to continue to drive down the CO₂ footprint of its operations and products. UltraTech is actively working towards creating its own roadmap for net zero concrete. This roadmap will help us achieve our carbon-neutral concrete ambition by 2050.

UltraTech is also a steering committee member of the GCCA's Innovandi. Innovandi is GCCA's Research and Development and Innovation arm, which runs key programmes to develop technologies 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 Supplementary Cementitious Materials (SCMs) as Supplementary Cementitious Materials (SCMs) calcinated clays.

- Recently in 2021, GCCA launched the 'Open Challenge' to play a critical role in unlocking a net zero future for concrete, and it brings together tech startups and the cement and concrete companies to accelerate the sector's decarbonise journey. UltraTech has partnered with three tech startups (Fortera, Coomtech, and CarbonOro) and other global cement companies to pilot the technologies, and our efforts are continuing to engage in such innovative technology, which can be adopted to expedite our net zero journeys.
- **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 doubling 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. UltraTech has scaled up its renewable energy capacity by 28% this year. 19% of the company's total power consumption is from green sources for FY 23. 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 constantly looking for materials to replace natural limestone, like red mud, instead of naturally occurring limestone. We also use waste materials like fly ash, gypsum, and slag to reduce the clinker content in cement production. We consumed around 27 Million tonnes of recycled material for making cement in FY23. The quantity of recycled material used has increased significantly over the last few years.
- Alternate material constitutes 21% of our total raw material used.
- Recently our R&D teams have patented the process of making cement from aluminum industry waste. A Memorandum of Understanding (MoU) is in place 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 and 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 fuels in its kilns through co-processing. Dedicated teams constantly work to procure and source such waste materials from Municipal Corporations.
- UltraTech achieved a thermal substitution rate (TSR) of 5.2% by using waste as fuel this year.

2.3 Sustainable Energy

In the area of sustainable energy, we are increasingly investing in solar/wind power generation for captive usage. Presently, we have a capacity of 345 MW of renewable energy.

Similarly, the company has invested in waste heat recovery power projects as a strategic initiative and has currently installed capacity of around 210 MW. The company has plans to scale this up to 300 MW by next year.

2.4 Lighthouse Projects

100% Renewable energy (RE) based operations: UltraTech has identified adopting green energy as one of the key levers to decarbonize. The company plans to maximize 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 on operating these plants 100% on Renewable energy for the entire year.

Digitalization: Alongside climate change, globalization, and demographic change, digitalization is one of the developments shaping our world. Decarbonization and digitalization are megatrends 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 and make our operations safer and more reliable.

UltraTech has done successful pilots leveraging digital, Machine Learning (ML) and Artificial Intelligence (AI) across the manufacturing value chain of cement plants, thermal power plants, safety, mines, etc.

The company has adopted a digitization technology at one of its 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 effective 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 for asset utilization along with operational insights like routes, distance traveled in kilometers, and fuel consumption trends which are essential to monitoring the efficiency of HEMMs. We utilized the technology to understand the average vehicle idling time and used it to save fuel to lower the CO₂ emissions footprint.

Another project in this area has been Expert Optimizer, a computer-based system for controlling, stabilizing, and optimizing industrial processes. The Expert Optimizer mimics and implements the operator's actions in autopilot mode. It enables the systems to function with the 'best operator' performing at its optimum and saving energy, resulting in further lower CO₂ emissions.

3.0 Overall Sustainability Performance:

UltraTech has recently been working on the adoption of Task Force on Climate-Related Financial Disclosures (TCFD) framework. We contribute to the goal by integrating a low-carbon strategy and scaling up investments in developing innovative products and services, improving energy efficiency, increasing the share of renewable energy, and switching from fossil fuels to alternative materials.

- We are more than 4.17 times water positive for all our plants. It has been certified by a third party.
- More than 10% 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 assessing biodiversity and developing biodiversity management plans for all its Integrated Units by 2024. The company is intensely moving towards achieving this target.
- At UltraTech, we undertake 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.



Ernst & Young Associates LLP
5th Floor, Block B-2
Nirlon Knowledge Park
Off. Western Express Highway
Goregaon (E), Mumbai - 400063, India

Tel: +91 22 6192 0000
Fax: +91 22 6192 3000
ey.com

Independent Assurance Statement

To,
The Board of Directors and Management
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 2022 to 31st March 2023, comprising of its annual Greenhouse Gas (GHG) inventory (the "Inventory") as part of CDP Climate Change Response for FY 2022-23 (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 FY 2022-23, 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 FY 2022-23 (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 February 2023. 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 [or insert relevant code for ethics, that is at least as strict], 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 CDP Climate Change Response FY 2022-23 and related information, and applying analytical and other relevant procedures.

Our procedures included:

- Conducted interviews with select personnel and corporate teams to understand the process for collecting, collating and reporting the subject matter as per GHG Protocol Corporate Accounting and Reporting Standard
- 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
- Verification of Direct (Scope 1) GHG emissions and Energy indirect (Scope 2 - Location Based) GHG emissions, on a selective test basis, for the following business operations, through consultations with the business team and sustainability team

S. No.	Sites	Geography
1	Rawan Cement Works (IU)	Chhattisgarh
2	Vikram Cement Works (IU)	Madhya Pradesh
3	Rajashree Cement Works (IU)	Karnataka
4	Jafraabad Cement Works (IU)	Gujarat
5	Jhajjar Cement Works (GU)	Haryana
6	Panipat Cement Works (GU)	Haryana
7	Ratnagiri Cement Works (GU)	Maharashtra
8	UltraTech Cement Bahrain Company WLL (GU)	Hidd, Bahrain
9	Cochin Bulk Terminal	Kerala
10	Vapi RMC	Gujarat
11	Panvel RMC	Maharashtra
12	Hadapsar RMC	Maharashtra
13	Padgha RMC	Maharashtra
14	Rabale RMC	Mahaashtra
15	Bollaram RMC	Telangana
16	Chennai RMC	Tamil Nadu
17	Miyapur RMC	Telangana
18	Corporate Review	Maharashtra
IU - Integrated Unit, GU - Grinding Unit, RMC - Ready-Mix Concrete		

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

The assurance scope excludes:

- Data and information outside the defined reporting period (1st April 2022 to 31st March 2023)
- Data and information on economic and financial performance of the Company
- Data, statements and claims already available in the public domain through Annual Report, 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 FY'2022-23 for the period from 01st April 2022 to 31st March 2023, 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 should not be used by anyone other than those specified parties.

A handwritten signature in blue ink, appearing to read 'Chaitanya Kalia'.

Chaitanya Kalia
Partner
30.06.2023
Mumbai