



ESG Databook

UltraTech Cement Limited

FY 2022-23



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About UltraTech

UltraTech Cement Limited, the cement flagship company of the Aditya Birla Group, is India's largest and world's third largest cement producer, excluding China. With a consolidated capacity of 132.4 Million Tonnes Per Annum (MTPA) of grey cement production, it also produces white cement and ready-mix concrete. It is the only cement company globally (outside of China) to have 134+ MTPA of cement manufacturing capacity in a single country. With recorded net revenue of USD 7.9 billion in financial year 2022-2023, the Company's business operations span UAE, Bahrain, Sri Lanka and India through 24 integrated units, 1 white cement unit, 3 putty units, 29 grinding units, 8 Bulk terminals and 5 jetties.

Company's grey cement products include Ordinary Portland Cement, Portland pozzolana cement, Portland Blast Furnace Slag cement and Composite Cement. UltraTech is also India's largest exporter of cement reaching out to meet the demand in countries around the Indian Ocean and the Middle East. With 231+ Ready Mix Concrete (RMC) plants across the country, UltraTech is the largest manufacturer of concrete in India. UltraTech is the ultimate 360 degree building materials destination, providing an array of products ranging from grey cement to white cement, from building material to building solutions and assortment of ready-mix concrete catering to various needs and applications of new age construction. Being a part of the Aditya Birla Group, the Company is committed to Group's vision to become a leading Indian conglomerate for sustainable business practices across its global operations. The Company is continuously striving to improve its performance in the areas of carbon emissions, energy productivity and efficiency, water management, waste management, biodiversity, safety, resource conservation etc. Additionally, the Company also supports global campaigns such as No Net Loss of Biodiversity, RE100, EP100, Carbon Pricing Leadership Coalition, Science Based Targets initiative (SBTi) and Taskforce for Climate related Financial Disclosure (TCFD) as part of its efforts to accelerate the adoption of low carbon technologies and processes throughout its value chain to effectively reduce its carbon and overall environmental footprint.

Intent of ESG Databook

In FY 22-23, Aditya Birla Group formulated its purpose statement – “To enrich lives, by building dynamic and responsible businesses and institutions, that inspire trust.” We at UltraTech strongly believe that transparency acts as the foundation stone for any responsible organization to build trust within its stakeholders. We have also identified transparency as one of our key material topics through rigorous materiality assessment.

Each year UltraTech discloses its key financial and sustainability initiatives, performance and achievements through annual integrated report inclusive of the Global Reporting Initiative’s (GRI) index, Business Responsibility and Sustainability Reporting (BRSR) and Global Cement and Concrete Association (GCCA) KPIs. However, with introduction of new global reporting initiatives and disclosures each year, and considering the varied interests of different stakeholder groups, incorporating all the key performance indicators in a single report becomes a challenge.

With transparency as the intent, UltraTech is launching its first ESG Databook to align its disclosures with the latest global trends in ESG reporting.

Environmental Disclosures

KPI	Value in FY 23
Resource Efficiency	
Alternative fuel used to replace the fossil fuel (as % of total heat consumption)	5.20
Alternative raw materials contained in cement (%)	20.52
Clinker to cement ratio	70.50
Emissions	
Direct mercury emissions (metric tonnes)	XXX
Environmental Expenditure & Savings (INR)	
Capital Expenditure	5,730,900,000.00
Operating Expenses	16,004,874.00
Total Expenses	5,746,904,874.00
Savings, cost avoidance, income, tax incentives etc.	
Scope 3 Emissions (metric tonnes CO₂)	
3. Fuel-and-energy-related- activities (not included in Scope 1 or 2)	2,162,554.15
4. Upstream transportation and distribution	1,965,312.65
5. Waste generated in operations	12,811.66
6. Business travel	3,387.01
9. Downstream transportation and distribution	60,852.16
Total	4,204,917.63
Low Carbon Products	
Blended cements - PPC, PSC and CC with substitution of clinker content with materials like fly ash, slag etc.	
% Revenue from low carbon products	69.00
Avoided emissions from low carbon products (kg CO ₂)*	9,769,181.77

*FY22

Biodiversity Impact Assessment

Process

Biodiversity Impact Assessment at units are carried out by application of impact assessment matrices prescribed by Aditya Birla Group Technical standards and Guidance Note. The impact assessment process consists of two steps:

1. Identification of Impacts

The impacts on biodiversity attributes are identified and evaluated considering the types and magnitude of industrial operation. The ABG Sustainability Framework, Guidance Note: Biodiversity Impact and Risk Assessment, defines 28 impacts in 9 broad categories as mentioned below:

1. Impacts on Forest and other Land Resources
2. Impact on Water Resources
3. Impacts on Ground Water – Pollution
4. Impacts of new structures due to industrial operations i.e. waste dump
5. Impacts of Dust and Noise Pollution
6. Effects of Vehicular Movements on Faunal Groups
7. Impacts on Threatened and Unique Biodiversity
8. Impacts of Labor Force
9. Impacts on Wildlife Corridor

2. Categorization of impacts using impact matrix

After the impact identification with description, the evaluation of likelihood of the impact and potential of mitigation is documented in a biodiversity impact matrix. The biodiversity impact matrix is a tool to measure impact based on the mixture of likelihood of expected impacts of the possibility of mitigation. It plots Likelihood of Impacts on the Y-axis and Potential of Mitigation on X-axis. Likelihood of Impacts is further broken down into three components: Almost Certain/Likely; Moderately Likely and Unlikely. Similarly, the Potential of mitigation is also broken down into four components: Irreversible; Difficult to Mitigate; Can be mitigated by interventions; and can be Reversed Naturally.

Scope of Assessment

Integrated units and surrounding areas are assessed for impact on biodiversity.

Biodiversity related risks identified

1. Loss of forest land impacting the biodiversity value (floral and faunal) of the project area by direct loss of habitat
2. Noise and associated ground vibration impact the lower vertebrate mainly the

ground dwelling reptiles and small mammals

3. Change the normal behavior in the form of restricting the movements, feeding, resting and breeding activities of major faunal groups of the project area.

Mitigation Actions

12 of our assessed sites have implemented comprehensive Biodiversity Management Plans (BMPs) for mitigation of identified risks and impacts. A few of the mitigation measures include:

1. Creating awareness amongst employees and local communities through capacity building sessions, introductory workshops, installing biodiversity information poster in the ecologically sensitive area etc.
2. Habitat management through management of invasive species, conservation of vegetation cover, and offsetting habitat loss.
3. Prevention of human-animal conflict, identification of potential mortality sites, installation of reflective signboards, training security staff for situations of animal encounter to ensure safety of fauna.
4. Controlled blasting and upgradation to new noise-free technology.

Social Disclosures

KPI	Value in FY 23
Gender Pay Analysis	
Mean gender pay gap (% difference between men and women pay)	7.69
Median gender pay gap (% difference between men and women pay)	7.99
Mean bonus gap (% difference between men and women pay)	7.61
Median bonus gap (% difference between men and women pay)	7.23
Freedom of Association	
Employees represented by an independent trade union/ collective bargain agreements (%)	28.27*
*Excluding international workforce	
Human Rights Due Diligence	
<i>Own Operations</i>	
Sites assessed in last 3 years (% of total sites)	100
Sites with identified risk (% of total assessed sites)	16
Sites with mitigations implemented (% of sites with risks)	100
<i>Contractors and Tier 1 suppliers</i>	
Contractor/Suppliers assessed in last 3 years (% of total sites)	100
Contractor/Suppliers with identified risk (% of total assessed sites)	13.45
Contractor/Suppliers with mitigations implemented (% of sites with risks)	100
Employee Turnover Rate	
Voluntary (%)	8.69
Involuntary (%)	0.09
Employee Engagement Rate	
Employee Engagement Rate (% employees with top level of satisfaction)	89
Employees who responded to the survey (%)	98
Training and Development	
Average hours per FTE of training and development	20
Average amount spent per FTE on training and development (INR)	1662
Leave Benefits	
Total number of paid leave in weeks offered to the majority of the employees	30
Paid parental leave for the non-primary caregiver (in weeks)	1

Workforce based on Nationality	
<i>India</i>	
Share in total workforce (%)	99.27
Share in all management position (as % of total management workforce)	99.67
<i>Sri Lanka</i>	
Share in total workforce (%)	0.42
Share in all management position (as % of total management workforce)	0.20
<i>UAE</i>	
Share in total workforce (%)	0.12
Share in all management position (as % of total management workforce)	0.06
<i>Bahrain</i>	
Share in total workforce (%)	0.04
Share in all management position (as % of total management workforce)	0.02
<i>Bangladesh</i>	
Share in total workforce (%)	0.05
Share in all management position (as % of total management workforce)	0.01
<i>Pakistan</i>	
Share in total workforce (%)	0.04
Share in all management position (as % of total management workforce)	0.00

Employee Development Programs

Front STEP

UltraTech has approx. 2500 off roll associates within the Sales & Technical Services Team. To train and develop this large group spread across different zones, Sales & Service Academy has conducted Front STEP - Train the Trainer program for selected participants from Sales & Technical Services team at Regional & Territory Level. The certified trainers are currently driving the Front STEP initiative for their associates.

Front STEP is a capability building initiative for the off-roll associates in sales & technical services team. Front STEP is a blended learning journey spread over 6 to 7 months which has sustainment options through On-the-job training & Digital Support. Through Front STEP, we intend to –

- Increase productivity and engagement at associate level
- Developing their skills and competence relevant to their roles
- Building bench-strength for the next role.

Impact: Through Front STEP TTT at all zones, the Sales & Service Academy Team has developed internal trainer pool of 125 trainers which helped in building internal capability, saving training costs & build internal business context effectively.

- Internal training capability helped a smooth sustainment of learning with coaching and feedback from time-to-time.
- The TTT process helped the internal trainers to become a role model in the organization and they are looked up to as a Subject Matter Expert.
- With the spread of trainers across geography, training sessions are being conducted at depot level as well, thus saving on training logistics cost.
- In 3 months, around 25% of the certified trainers have managed to train around 890 participants across zones, building relevant capability to perform to the next level and the journey is ongoing.

FTEs participating in the program: 100%

Emerge - Development Journey Program for Department Heads

UltraTech Cement Ltd. is the No. 1 Cement producer in India and as an industry leader. UltraTech has doubled its capacity in four years between 2016 to 2019. Going forward, the company is also expanding through greenfield projects. It is very crucial that in our manufacturing units, we focus on productivity increment, process improvement, innovation and continuous cost optimization. Also, the company needs cultural & organizational assimilation of a large population of employee base. Enhancing the capabilities of our employees with high pace growth becomes important priority for the business to sustain the business growth. The Department Heads are an important layer of employees in the manufacturing units. They are the bridge between the Unit Leadership and Frontline Engineers & Section Heads. It is imperative that we invest in these employees to have the future-ready Unit Leadership. We have identified the employees at the Department Head level to make them ready for the next role i.e., Function Head / Project Head / Grinding Unit Head.

The program is based on 70:20:10 learning model and focusses on developing technical, functional, behavioral and leadership competencies of the employees. EMERGE is a 12 months long journey program divided into 2 levels - Business Skills and People Skills.

Impact: The major advantage of the program has been internal talent pipeline versus cost of external hire. Through this program careers of 15% of the EmERGE participants (From Batch 1 & Batch 2) have moved to elevated/wider roles. i.e., 8 out of 52 participants. If person is hired externally per person calculation:

- Consultant cost = 2.5 lacs per person

•Avg. Salary of Department Head or equivalent role = 30 lacs; Total Cost for external hire = 32.5 lacs per person. External hiring cost for 8 Positions = 2.6 crores (Since 8/52 have been moved to elevated role or wider role) Total Savings = Total External Cost of Hire – Cost of Program (2.6 Crores – 58 Lacs) = 2 crores

Besides the tangible benefits of the program, other aspects that have been beneficial from the program served are:

- Retention of HIPOs (High Potentials)
- Building Aspiration in the DHs through visibility of career development program

FTEs participating in the program: 27%

Governance Disclosures

KPI	Value in FY 23
Contributions and Spending (INR)	
Trade Association or Tax-exempt groups	
Cement Manufacturers' Association	24,066,000
Global Cement and Concrete Association - Global	8,850,100
GCCA INDIA PVT LTD	800,000
Confederation of Indian Industry	345,000
INNOVANDI - Global Cement and Concrete Research Network	9,173,592
Total	43,234,692
Sustainable Supply Chain	
Oversight of the program	Board level committee
Total Number of Tier 1 suppliers	997
Total Number of significant suppliers in Tier 1	125
Percentage of total spend on significant suppliers in Tier 1	85.5
Total number of suppliers assessed via desk assessments/ on-site assessments	125
% of significant suppliers assessed	100
Number of suppliers assessed with substantial negative impacts	106
% of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	100
Number of suppliers supported in corrective action plan implementation	106
% of suppliers with substantial negative impacts supported in corrective action plan implementation	100
Number of suppliers with substantial actual/potential negative impacts that were terminated	0
Total number of suppliers in capacity building programs	125
% of significant suppliers in capacity building programs	100
Information Technology / Cybersecurity	
<i>Highest Governing Position/Committee</i>	
Board Level	Risk Management and Sustainability (RMS) Committee
Management Level	Chief Information Security Officer
Director on the board with relevant background in IT	Chair - RMS Committee
<i>Incident Response Plan & Frequency</i>	

Business Continuity Program Drills (running applications from disaster recovery (DR) sites)	At least twice annually
Database Restoration Drill from Backup	At least every quarter

Stakeholder Engagement

The Aditya Birla Group technical guidance as well as the UTCL Stakeholder Engagement Policy inform operating procedures across all our locations for applicable projects. Locally, the Unit head maintains overall responsibility. To ensure adequate coverage, the Unit head is connected with departmental heads (HR, Technical and Mines) who are responsible for carrying out engagement with different local stakeholder such as local CSR teams that directly interact with end beneficiaries and local NGOs at locally implemented community projects to ensure operational efficiency of projects. For e.g., our CSR teams associated with integrated watershed projects (Andhra Pradesh Cement Works) conducted exposure visits to interact with implementation partners, local NGOs and local farmers. The Community concerns are pre-assessed through the participatory appraisal process in consultation with the community and gauging their basic needs. We recourse to the participatory rural appraisal mapping process.

In line with the requirements of the Group Sustainability Framework (Technical Standard) and UTCL Stakeholder Policy, stakeholder engagements are understood to have direct or indirect implications on business operations and therefore included in the annual performance review of top managers at local operations. Clear mandate by the technical standard includes implementation of the stakeholder engagement plan (including budget allocation, roles and responsibilities and review and monitoring mechanism). The unit head being the senior most person at a given operational location oversees the key responsibility areas (KRAs) for the involved teams. In addition to the Unit head, the other functional heads such as HR head and Mines head are involved in ensuring diligent implementation of the tenets of the Group- and Company-level policies for stakeholder engagement. Additionally, stakeholder relationship committee at the board level oversees the findings of the stakeholder engagement.

Our Stakeholder Engagement Policy clearly defines the requirement of training and communication to promote awareness on engagement principles among top local managers. Local managers regularly undergo capacity building on stakeholder engagement through our sustainability immersion program called Project Jagruti. These sessions include aspects such as identification, mapping, and prioritization of the stakeholders, deciding on the mode of engagement, implementing corrective action plans and reporting the results of stakeholder engagement. For e.g., the Stakeholder Engagement Management Plan (applicable across all our projects) includes awareness trainings.

Our stakeholder profiles include both external (local communities, media & NGOs, government & regulatory authorities etc.) and internal (employees) based on the level of impact they have on our business. Additionally, our materiality assessment identifies stakeholders of high-priority. During our stakeholder engagement we define the objectives, mode of engagement, frequency and response mechanism for our mapped stakeholders.