Independent Limited Assurance Statement to ACC Limited on non-financial (Sustainability) disclosures in the Integrated Report for the year 2019

To

The Management of ACC Limited,
Cement House, 121 Maharshi Karve Road,
Churchgate, Mumbai 400 020.

Introduction

We (‘KPMG in India’, or ‘KPMG’) have been engaged for the purpose of providing assurance on the non-financial disclosures presented in the Integrated Report (‘the Report’) for the reporting period covering 1st January 2019 to 31st December 2019 (“the Year”) of ACC Limited (‘ACC’ or ‘the Company’). Our responsibility was to provide limited assurance on the Report content as described in the scope, boundary and limitations.

Reporting Criteria

ACC applies non-financial performance criteria derived from the following:

- The International Integrated Reporting Council’s The <IR> Framework.
- Global Reporting Initiative (GRI) Standards’ in accordance – Comprehensive option.

Assurance Standards Used

We conducted our assurance in accordance with

- Limited Assurance requirements of International Federation of Accountants’ (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. Under this standard, we have reviewed the information presented in the report against the characteristics of relevance, completeness, reliability, neutrality and understandability.
- Type-2, moderate level assurance as per AccountAbility 1000 Assurance Standard 2008 (AA1000AS 2008). Under this standard, we have reviewed the nature and extent of adherence to the AA1000AS principles mentioned below:
  a) The Principle of Inclusivity: Participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.
  b) The Principle of Materiality: Relevance and significance of an issue to an organization and its stakeholders.
  c) The Principle of Responsiveness: Response to stakeholder issues that affect organizational sustainability performance.
Scope, Boundary and Limitations

- The scope of assurance covers the non-financial (Sustainability) disclosures of ACC Limited for the period from 01 January 2019 to 31 December 2019.
- The boundary of the Report covers ACC Limited’s operations in India which include 11 integrated Cement factories, 5 Cement Grinding units, and 85 Ready mix concrete facilities at the end of reporting period.
- Our assurance visits to review the sustainability performance was data was limited to the following locations
  - Integrated Plant at Jamul, Chhattisgarh;
  - Grinding unit at Thondebhavi, Karnataka;
  - RMX unit at Yelahanka, Bangalore, Karnataka; and
  - Corporate Office: Mumbai and Thane.

The non-financial (sustainability) disclosures subjected to assurance are as follows:

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<td>Management Approach: 103-1 to 103-3.</td>
<td>Environmental</td>
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<td>Water: 303-1, 303-3.</td>
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<td>Biodiversity: 304-1, 304-3.</td>
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<td>Employment: 401-1, 401-2, 401-3.</td>
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<td>Occupational Health and Safety: 403-2, 403-5.</td>
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<td>Diversity and Equal Opportunity: 405-1.</td>
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<td>Local Communities: 413-1.</td>
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# The data for 305-3 (Scope-3 GHG Emissions) is restricted to inbound transportation (road and rail), outbound transportation (road and rail) and employee business travel (rail and air travel).

Limitations

The data verification and validation were restricted to Corporate offices and locations where site visits were carried out. We have not visited any location for review other than those mentioned under scope above.

The assurance scope excludes following:
- Disclosures other than those mentioned in the table above.
- Data and information outside the defined reporting period.
- The Company’s statements that describe expression of opinion, belief, aspiration, expectation, aim to future intention provided by the Company and assertions related to Intellectual Property Rights and other competitive issues.

Assurance Procedures

Our assurance process involves performing procedures to obtain evidence about the reliability of specified disclosures. The nature, timing and extent of procedures selected depend on our judgment, including the
assessment of the risks of material misstatement of the selected sustainability disclosures whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to the preparation of the Report in order to design assurance procedures that are appropriate in the circumstances.

Our assurance procedures also included:

- Assessment of ACC Limited’s reporting procedures regarding their consistency with the application of GRI Standards.
- Evaluating the appropriateness of the quantification methods used to arrive at the sustainability disclosures presented in the Report.
- Verification of systems and procedures used for quantification, collation, and analysis of sustainability disclosures included in the Report.
- Understanding the appropriateness of various assumptions, estimations and materiality thresholds used by ACC Limited for data analysis.
- Discussions with the personnel responsible for the evaluation of competence required to ensure reliability of data and information presented in the Report.
- Assessment of data reliability and accuracy.

Appropriate documentary evidences were obtained to support our conclusions on the information and data verified. Where such documentary evidence could not be collected due to sensitive nature of the information, our team verified the same with the relevant authority at the sites visited and at the corporate office.

Conclusions

We have reviewed selected non-financial (sustainability) disclosures in integrated report of ACC Limited for the year 2019. Based on our limited review and procedures performed, nothing has come to our attention that causes us not to believe that the non-financial (sustainability) data and information as per the scope of assurance mentioned above, presented in the Report is appropriately stated, in material aspects and in line with the reporting principles of GRI Standards.

We have provided our observations to the Company in a separate management letter. These, do not, however, affect our conclusions regarding the Report.

As per AA1000 AS 2008 principles:

- **Principle of Inclusivity:** We are not aware of any matter that would lead us to conclude that the Company has not applied principle of inclusivity while engaging with key stakeholder groups. The company may increase the participation of selected prioritized stakeholder groups across its operations to have balanced representation and inclusion.

- **Principle of Materiality:** The materiality assessment by the Company was carried out in the year 2017. Nothing has come to our attention that causes us to believe that material topics so identified have been excluded by the company. The company may determine a periodic frequency for materiality assessment taking into account the changes in reporting frameworks, emerging regulations, and risks.

- **Principle of Responsiveness:** We are not aware of any matter that causes us to believe that the Company has not applied principle of responsiveness while engaging with stakeholders covering its environmental and social performance. The Company may consider setting up of goals and targets specific to its Key Performance Indicators (KPIs) and disclose the performance to its stakeholders.
• **Reliability:** Nothing has come to our attention that causes us not to believe that the information has been presented fairly, in material respects, in keeping with the reporting principles and criteria as mentioned above. Data representation and calculation related errors were detected but the same were resolved during the assurance process. There is a scope for enhancing the understanding of the performance disclosures among the data owners. The monitoring mechanism can further be strengthened by development and implementation of standard operating protocols for each of the sustainability key performance indicator.

**Independence**
The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in as per requirements of ISAE 3000 (Revised) standard and AA1000AS (2008) standards.

Our work was performed 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) be independent of the assurance client, in relation to the scope of this assurance engagement, 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 behaviour. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies ISQC 1 and the practitioner complies with the applicable independence and other ethical requirements of the IESBA code.

**Responsibilities**
ACC Limited is responsible for developing the Report contents. The Company is also responsible for identification of material sustainability topics, establishing and maintaining appropriate performance management and internal control systems and derivation of performance data reported. This statement is made solely to the Management of ACC Limited in accordance with the terms of our engagement and as per scope of assurance. Our work has been undertaken so that we might state to the Company those matters for which we have been engaged to state in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work, for this report, or for the conclusions expressed in this independent assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.

Prathmesh Raichura  
Executive Director  
KPMG in India  
09-Mar-2020