

ANNEXURE - X

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Corporate Identity Number (CIN) of the Company	L35911DL1984PLC017354
Name of the Company	Hero MotoCorp Limited
Registered Address	The Grand Plaza, Plot No. 2 Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi - 110 070
Website	www.heromotocorp.com
E-mail ID	secretarialho@heromotocorp.com
Financial Year reported	2019-20
Sector(s) that the Company is engaged in (industrial activity code-wise)	Group*: 309 Class: 3091 Sub-Class: 30911 Description: Manufacture of motorcycles, scooters, and their engine# *As per classification under National Industrial Classification, Central Statistical Organisation, Ministry of Statistics and Programme Implementation, Government of India, New Delhi. P.S. It may be noted that Company manufactures the parts of motorcycles and scooters as well.
List three key products/services that the Company manufactures/provides (as in balance sheet)	<ul style="list-style-type: none"> • Motorcycles, • Scooters and • Parts thereof
Total number of locations where business activity is undertaken by the Company	We are present in 40 countries outside India:
Number of International Locations (Details of major 5)	<p>Asia – Bangladesh, Myanmar, Nepal and Sri Lanka.</p> <p>Africa & Middle East – Angola, Burkina Faso, DR Congo, Ethiopia, Ghana, Guinea, Ivory Coast, Kenya, Liberia, Madagascar, Mozambique, Nigeria, Tanzania, Uganda, Egypt, Iran, Turkey, Zambia, Djibouti, Mauritius, Iraq & GCC (UAE, Saudi Arabia, Kuwait, Bahrain)</p> <p>Americas – Argentina, Bolivia, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru, Guyana and Trinidad & Tobago.</p>
Number of National Locations	Headquartered in New Delhi, we have manufacturing plants in 6 locations in the country:
	<p>State/Union Territory Location</p> <p>Haryana : Dharuhera & Gurgaon</p> <p>Uttarakhand : Haridwar</p> <p>Rajasthan : Neemrana</p> <p>Gujarat : Halol</p> <p>Andhra Pradesh : Chittoor</p> <p>The Company also has a Global Parts Centre for supplying the parts at local and global market at Neemrana, Rajasthan and Global Centre of Innovation and Technology (CIT) at Jaipur, Rajasthan</p>
Markets served by the Company - Local/ State/ National / International	The Company has a global footprint that serves both "National and International markets". International markets are served through exports, incorporating exclusive distributors, wholly-owned subsidiaries and Joint Ventures. Currently, it caters to 41 countries.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid-up Capital (INR)	₹ 39.95 crore
2. Total Turnover (INR)	₹ 29,614.43 crore
3. Total profit after taxes (INR)	₹ 3,633.26 crore
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The total spend on CSR for 2019-20 is ₹ 130.61 crore which is more than 2% of average net profits of the last three financial years.

Activities in which expenditure in 4 above has been incurred

1. Environment – Tree Plantation, Solar Lights, LED Lights
2. Promoting preventive health care, sanitation and support in COVID-19
3. Education promotion and vocational skill development for children and women and Promoting Road Safety Awareness
4. Promoting Sports
5. Women Empowerment and Community Development
6. PM Cares Fund for COVID-19
7. Rural development projects

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?

Yes, HMCL has 5 subsidiaries (including step down subsidiaries) outside India and 1 subsidiary in India. Details of the same have been provided in another section of the Annual Report.

2. Do the Subsidiary Company/Companies participate in the Business Responsibility Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).

Majority of subsidiary companies operate in different geographies and conduct their own BR initiatives except HMC MM Auto Limited, which is incorporated in India, however, as per law it is not required to undertake Corporate Social Responsibility initiative.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%].

Under Flagship Program, Green Partner Development Program (GPDP), the Company actively engages with its suppliers through its BR initiatives. During the financial year under review, the Company completed the certification of its 20 supply chain partners and enrolled 20 new supply chain partners for financial year 2020-21. Total GPDP certified supply chain partners of the Company are 206 which is 54.6% of total supply chain partners.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

1.1 Details of the Director/Directors responsible for implementation of the BR policy/policies

DIN Number : 00985182
Name : Mr. Vikram Sitaram Kasbekar
Designation : Whole-time Director

1.2 Details of the BR head:

Sr. No.	Particulars	Details
1.	DIN Number (if applicable)	00985182
2.	Name	Mr. Vikram Sitaram Kasbekar
3.	Designation	Whole-time Director
4.	Telephone Number	+91 11 4604 4100
5.	E-mail ID	secretarialho@heromotocorp.com

2. Principle-wise [(as per National Voluntary Guidelines (NVGs)] BR Policies:

The National Voluntary Guidelines on Social, Environment and Economic Responsibilities of Business (NVGs), released by the Ministry of Corporate Affairs, has adopted nine areas of Business Responsibility.

Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle 3: Businesses should promote the well-being of all employees.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

Principle 5: Businesses should respect and promote human rights.

Principle 6: Businesses should respect, protect and make efforts to restore the environment.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Principle 8: Businesses should support inclusive growth and equitable development.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of compliance (Reply in Y/N)

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify? *	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/ CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? **	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online? ***	Y	Y	Y	Y	Y	Y	Y	Y	Y
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? **	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?*	Y	Y	Y	Y	Y	Y	Y	Y	Y

* The Whistle-Blower Policy, Code of Conduct, Prevention of Sexual Harassment Policy and Corporate Social Responsibility Policy are framed as per the requirements of the respective legislations of India. Environment policy conforms to ISO – 14001 which is an international standard released by International Standards Organisation (ISO).

** The Whistle-Blower Policy and Code of Conduct are overseen by the Audit Committee of the Board of Directors of the Company and Corporate Social Responsibility Policy is overseen by the Corporate Social Responsibility Committee of the Board of Directors of the Company. Prevention of Sexual Harassment Policy is being overseen by Internal Complaints Committee (ICC) constituted under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The grievance, if any, arising out of Whistle-Blower Policy, Code of Conduct and Prevention of Sexual Harassment Policy is being redressed by the respective committees which oversee them.

*** The policies are mapped to each principle as under:

Principle	Applicable Policies	Web Link for policies
Principle 1: Business conduct and govern themselves with Ethics, Transparency and Accountability.	Vigil Mechanism/Whistle-Blower Policy Code of Conduct	https://www.heromotocorp.com/en-in/about-us/key-policies.html https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html
Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	Environment Policy / Quality Policy	https://www.heromotocorp.com/en-in/about-us/key-policies.html
Principle 3: Businesses should promote the Well-being of all employees.	Safety Policy Code of conduct Prevention of Sexual Harassment Policy & Leave Policy ****	https://www.heromotocorp.com/en-in/about-us/key-policies.html https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html
Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.	Corporate Social Responsibility Policy	https://www.heromotocorp.com/en-in/about-us/key-policies/corporate-social-responsibility.html
Principle 5: Businesses should respect and promote human rights.	Code of conduct	https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html
Principle 6: Businesses should respect, protect, and make efforts to restore the environment.	Environment Policy	https://www.heromotocorp.com/en-in/about-us/key-policies.html
Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Code of Conduct Vigil Mechanism/Whistle-Blower Policy	https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html https://www.heromotocorp.com/en-in/about-us/key-policies.html
Principle 8: Businesses should support inclusive growth and equitable development.	Corporate Social Responsibility Policy	https://www.heromotocorp.com/en-in/about-us/key-policies/corporate-social-responsibility.html
Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.	Quality Policy / Policy on warranty and service maintenance schedule	https://www.heromotocorp.com/en-in/about-us/key-policies.html https://www.heromotocorp.com/en-in/rider-zone/bike-warranty-details-and-policy.html

**** Available on Company's intranet.

(b) If answer to the question as stated above against any principle, is 'No', please explain why:

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The Company has not understood the Principles									
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

Not Applicable

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The Management reviews the BR initiatives regularly and a complete assessment is done on an annual basis.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Business Responsibility Report - This is the Company's seventh Business Responsibility Report and is published annually as part of the Annual Report. The same can be accessed at <https://www.heromotocorp.com/en-in/uploads/sustainability-report/SR-2019.pdf>

Sustainability Report - The Company has released its second Sustainability Report, which can be accessed at <https://www.heromotocorp.com/en-in/investors/sustainability-report.html>

of Code of Conduct. Additionally, an e-learning module is being used to ensure understanding and acceptance to adherence.

While the above-mentioned policies/codes are currently not applicable on the Group/ Joint Ventures/ Suppliers/Contractors /NGOs/ Others, the Company plans to extend the applicability of the same to other entities going forward.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words.

During financial year under review, 19 complaints were received through various reporting channels and 3 complaints were carried forward from previous financial year. Out of these, 14 complaints have been investigated & acted upon, 4 complaints were reviewed and handed over to HR for closure and remaining 4 are under investigation.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/ Joint Ventures/Suppliers/ Contractors/NGOs Others?

The policies under this principle include (a) Code of Conduct and (b) Vigil Mechanism/Whistle-Blower Policy.

The Code of Conduct is based on eight fundamental principles. Our Code captures global best practices. The Code of Conduct conforms to the CODEX as researched and published by Harvard Business School Publishing (HBSP).

The executive employees of HMCL have been imparted mandatory training and acceptance to adherence has been obtained. Regular training programmes are conducted across locations to explain and reiterate the importance of adherence to the Code. The employees are encouraged to report any violation of the Code to the Company through various means. The Code of Conduct is also communicated to all stakeholders via our website and annual reports. Communication campaigns are regularly carried out to further strengthen awareness

Principle 2: Product Life Cycle Sustainability

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities

The Company has taken the following measures to take care of the social or environmental concerns:

- BSVI technology** - The Company became the first two-wheeler manufacturer in the country, to receive the BSVI certification for a two-wheeler from the International Centre for Automotive Technology (ICAT). Thereafter, the Company was also the country's first Original Equipment Manufacturer (OEM) to launch BSVI (Bharat Stage) compliant motorcycle in India and subsequently successful implementation of BSVI technology across all its models. This technology is fully designed and developed by In-house R&D.
- Use of HDPE (High Density Polyethylene)** in place of sheet metal for manufacturing of Pleasure+ fuel tank, which enables lighter weight, elimination of environmental hazardous processes like welding, primer & paint without compromising on strength, safety & reliability.

3. Introduction of Micro Alloy frame instead of steel frame [ERW1 (Electric Resistance welded) material] in HF Deluxe and Splendor iSmart BSVI models.
4. Use of pigmented Polypropylene in place of Antilock Braking System (ABS) that eliminates hazardous painting process and release of Volatile Organic Compounds (VOC) during paint baking process which is a threat to environment.
5. **Xsens Technology** – Implementation of BSVI Compliant Programmed Fuel Injection engine in HF Deluxe model with 'XSens Technology' (10 Sensors) using inertial sensors like accelerometer, magnetometer, & gyroscope to measure specific force, angular rate, orientation and positioning data – delivering 9 percent higher fuel efficiency, with better performance (+6% faster acceleration), consistent start-ability (even in cold conditions) and longer engine life.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional).

- a) The BSVI technology enables very accurate metering of fuel intake & optimising combustion process eventually leading to higher fuel efficiency, increased power and significant reduction in exhaust pollutants. As per the International Centre for Automotive Technology (ICAT) report, the percentage reduction in Carbon Monoxide (CO), Hydro Carbons (HC) and Nitrogen oxides (NOX) is of the order of 45%, 80% and 88%, respectively thereby ensuring a cleaner emission. 'XSens Technology' (10 Sensors) – delivering 9 percent higher fuel efficiency, with better performance (+6% faster acceleration)
- b) Lighter weight materials used in the product leads to lower process emission due to elimination of environmental hazardous processes like welding, primer & paint without compromising on strength, safety & reliability. Lighter weight also adds to fuel efficiency.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

Under its Flagship Program, Green Partner Development Program (GPDP), , during the financial year under review, Company completed the certification of its 20 supply chain partners and further enrolled 20 new supply chain partners for financial year 2020-21. Total GPDP certified supply chain partners of the Company are 206, which is 54.6% of total supply chain partners.

Green Partner Development Programme (GPDP) encourages a collaborative effort between Hero MotoCorp and its suppliers, dealers, to achieve Company's overall corporate sustainability goal. Six pillars have been assigned to GPDP model. Partner vendors and dealer

are given specific training on all six pillars of GPDP and mapping of processes/equipment is carried out based on logical analysis so as to identify the gaps or Significant environmental and safety aspects and accordingly improvements projects are undertaken for implementation. The objective of GPDP is as under:

- Provide employees a safer & healthy place to work
- De-risking of business in view of legal compliance
- Reduce environment impact – reduced energy, water and landfill waste
- Reduce Carbon dioxide (CO₂) gas emission & encourage use of renewable energy
- Differentiate the business from others in the community by sustainable practices
- Benchmark suppliers and dealers on sustainability.

Safety Audit and training:

As a part of Company's de-risking drive of supply chain partners, a structure Fire & Safety audit was conducted by the Company through external certified auditor for 20 supply chain partners in Phase I, selected on the basis of criticality of process, dependability & critical hazardous chemical/ waste handling. Audit of 20 more critical supply chain partners is under progress. Safety training workshop were organized across all the zonal offices in India with an objective to sensitize the dealer partners on fire and safety aspects. The workshop focused on establishing a structures safety management system within the dealerships.

Hero Supplier Total Productive Maintenance (TPM)

In order to improve reliability, efficiency & cost; enhance operational efficiency of Value Chain; and continuous upgradation of our Supply Chain Partners for sustainable growth through TPM, HMCL has initiated a programme Hero S-TPM (Hero Supplier TPM).

Company's target is to enhance the quality performance of Supply Chain partners through this initiative.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

While the criteria for selection of goods and services is quality, reliability and cost, Company gives preference to local supply chain partners which includes large, mid-size and small scale industries who meets our quality, delivery, cost and technology expectations.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).

At Hero MotoCorp we have adopted the Zero Waste to landfill (ZWL) approach. All Hazardous waste is either diverted for Co-processing in cement kiln as an alternate resource or as direct resource for recyclers. All our non-hazardous waste is segregated at source and managed as under:

1. Transfer Waste in segregated way by Authorised Waste collector
2. Create energy and Compost from organic waste.
3. Recycle waste to useful resource.

In FY2019-20, 3 of Company's plants i.e. Dharuhera plants, Gurgaon Plant and Global Parts Center at Neemrana, achieved Zero Waste to Landfill (ZWL) Certification for diversion rate more than 99%. This certification was received after audit. Company's manufacturing plant at Neemrana has already been certified for ZWL in FY 2018-19.

Zero Waste to Landfill certification provides improved credibility and visibility to Company's efforts to improve its environmental impacts within an organisation as a whole & towards our commitment to Sustainability.

Principle 3: Employee Well-being

At Hero MotoCorp, employee well-being continues to be a top priority & HMCL keeps exploring opportunities to cater to the changing needs of its employees. During the financial year under review, the Company continued to work on the existing initiatives and also introduced new initiatives to further foster the culture of employee well-being.

Key focussed initiatives are as follows:

1. **Healthy Heroes Campaign** – To promote awareness around health measures, preventive approach to diseases and inculcating healthy food habits.
2. **Talent and Sports Policy for Employees and Children** – To encourage, support and reward talented employees to nurture their hobby and passion.
3. **Paternity, Adoption and Day care policy revision** – To celebrate parenting and support our colleagues in having work-life balance.
4. **Group Life Insurance Coverage and Group Personal Accident coverage** – To extend additional monetary support to our employees to cover any unfortunate and unforeseen event.
5. **Spouse and Children employment policy** – To provide fair and transparent opportunities for employees to refer their children/spouse for employment.
6. **Diversity & Inclusion** – To make Hero MotoCorp a truly inclusive organisation with a culture that values respect & encourages diversity.
7. **Project Tejasvini** – Introducing “Women at Shop floor” to bridge the gender parity gap and to become an ‘Employer of Choice’ and a ‘Great Place to Work’.
8. **Woman in leadership (WIL)** – WIL program in association with BML Munjal University with an aim to build the leadership pipeline of women executives in the organisation
9. **Hero Virtual learning classroom (HVLC)** – Coronavirus disease (COVID-19) pandemic has led to

massive changes, as a proactive measure ‘Hero Virtual learning classroom’ full-scale product training session through e-modules on the Company's internal virtual learning platform.

Through these initiatives, Company has been strengthening its efforts in making Hero MotoCorp a global employer of choice.

1. Total number of employees: 8,599
2. Total number of employees hired on temporary/contractual/casual basis: 21,091
3. Number of permanent women employees: 364
4. Number of permanent employees with disabilities: 49
5. Number of employees (permanent/ temporary/ contractual/ casual basis) with disabilities: 60
6. Employee association recognised by management:
 - Hero MotoCorp Workers Union, Gurgaon Plant; and
 - Hero MotoCorp Workers Union, Dharuhera Plant.
7. Percentage of permanent employees who are members of this recognised employee association? 100% (confirmed workmen)
8. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sr. No.	Category	No. of complaints filed during the financial year	No. of Complaints pending as on end of the financial year
1.	Child labour/ forced labour/involuntary labour	Nil	Nil
2.	Sexual Harassment*	4	1
3.	Discriminatory employment	Nil	Nil

*During the year under review, 4 complaints were received and one complaint was pending from the previous year. Out of these 5 complaints, 4 have been disposed off and 1 complaint is pending as on March 31, 2020 and was disposed off on April 1, 2020

9. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?
 - (a) Permanent Employees (All Plants & CIT) : 78.74%
 - (b) Permanent Women Employees : 81.04%
 - (c) Casual/ Temporary/ Contractual Employees (All Plants & CIT) : 64.5 %
 - (d) Employees with Disabilities : 100%

Principle 4: Stakeholder Engagement

1. Has the Company mapped its internal and external stakeholders? Yes/No

Yes, the Company has mapped and identified external stakeholders, including disadvantaged, vulnerable and marginalised stakeholders. These stakeholders include employees, customers, NGOs and communities, dealers, suppliers, investors, media, government, regulators, peers and industry ecosystem.

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?

The disadvantaged and vulnerable stakeholders include differently-abled employees, women and rural communities in the vicinity of its plants.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders?

Differently abled employees: Hero MotoCorp is an equal opportunity employer and provide equal opportunities to differently-abled, marginalised and people from economically weaker backgrounds. All employees have equal opportunity on career growth, coaching and mentoring.

- Skill training and placement for specially abled girls.
- Aids and surgery support to specially abled people.
- Organising of camps for health and other recreational activities.

Women: During the year, the Company enhanced its efforts on overall development of women with focus on education. Key highlights of the drive are given below:

- Organising literacy classes as well as skill development programmes.
- Imparting of science education and training.
- Career counselling sessions for rural girls.
- Organisation of camps for health and other recreational activities.

Rural Community: These are covered under Principle 8

Principle 5: Human Rights

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

As a socially responsible organization, the Company is committed to protect and safeguard human rights. The Company has put in place a Code of Conduct and expects its stakeholders to adhere to and uphold the standards contained therein.

2. How many stakeholder complaints have been received in the past financial year and what % was satisfactorily resolved by the management?

During the financial year under review, 19 complaints were received through various reporting channels and 3 complaints were carried forward from previous financial year. Out of these, 14 complaints have been investigated & acted upon, 4 complaints were reviewed and handed over to HR for closure and remaining 4 are under investigation.

Principle 6: Restoration of Environment

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The Company believes that its supply chain partners are key stakeholders in the business cycle. Their good Environment, Health & Safety (EHS) performance plays

an important role in our business growth. The policy on environment extends to the suppliers and dealers through "Green Dealer Development Program", "Green Vendor Development Programme" and "Green Charter". Going forward, the company plans to establish sustainable procurement guidelines where Environment, Health & Safety and other aspects like Human and Child rights also form key feature of the guidelines

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? If yes, please give hyperlink for webpage etc.

Hero MotoCorp believes in sound and sustainable environmental practices. Since inception, the Company has cared for the environment and its environment management programmes focus on ensuring that the ecosystem services in areas where it operates are protected and maintained for equitable use by future generations. Some of the initiatives undertaken are briefly explained below:

- As part of Company's sustainability efforts to redefine its manufacturing facilities as green manufacturing facilities and step towards demonstrating its commitment to Garden Factory theme, i.e. "Sustainable Plant - Sustainable Planet" & "Manufacturing Happiness", during Financial Year 2019-20, 3 of Company's plants i.e. Dharuhera plant, Gurgaon Plant and Global parts center Neemrana, achieved Zero Waste to Landfill (ZWL) Certification for diversion rates of more than 99%, after certification audit. Company's manufacturing plant at Neemrana has already been certified for ZWL in financial year 2018-19
- The Company has as a responsible brand owner adopted the approach of Extended Producer Responsibility (EPR) for the treatment or disposal of post-consumer plastics that go with Company's products and parts. The Company is proactively working to take back equivalent quantity of post-consumer plastic waste put in the market of each state through the sales of our products and parts. HMCL has appointed a waste management company which is executing the EPR Action Plan on a PAN India basis. The collection and disposal of plastic waste from the all the states is done in a geographically neutral way. The Company has also registered with Central Pollution Control Board as a brand owner. Under the EPR action plan, the Company had collected 965 MT of post-consumer plastic on PAN India basis as on 31st March 2020.
- HMCL's facility in Neemrana, Rajasthan has successfully gone through water footprint assurance-cum-verification and has achieved a 'Water Positivity Index of 21.14' which effectively means that we are giving back water to mother nature equivalent to 21 times more than our actual consumption. The major water conservation measures followed at Hero MotoCorp include large-scale rainwater harvesting projects that ensure water recovery and recycling and recharge of ground water. To prevent water pollution,

Company has also invested in an Effluent Treatment Plant which is capable of treating waste water that contains degreasing chemicals, acidic/ alkaline nature, plating waste, heavy metals and waste oil that is generated out of processes. The waste water is either re-used in general activities or recycled back to processes with the help of reverse osmosis process and multi effect evaporators, thereby reducing the fresh water foot print.

4. The Company has undertaken initiatives in packaging resulting in several improvements i.e. removal of lamination layer of plastics in the duplex boxes, switching from non-recyclable plastic to recyclable plastics used in wrapping of pallets, change of packaging material from plastic to duplex boxes for spark plugs resulting in elimination of huge quantities of plastics.
5. HMCL has also taken up an initiative in the logistics of finished products where goods trips per day were reduced by modifying the design of the Saree guard and rider & Pillion steps of the motorcycle which allowed loading of motorcycles from 4 nos. to 5 nos. per row. This resulted in increased loading capacity from 40 vehicles to 50 vehicles per truck. It also led to reduction in the number of trips on a daily basis leading to huge reduction in diesel consumption and fuel emission.

The other details can be accessed on the website of the Company at: <https://www.heromotocorp.com/en-in/about-us/we-care-green-manufacturing.html>

3. Does the Company identify and assess potential environmental risks? Y/N

Yes, the Company has a periodic systematic mechanism for environmental impact assessment through its Aspect/ Impact assessment (AIA) activity and Hazard Identification and Risk Assessment (HIRA) technique as a part of Environmental Management System Certifications of ISO – 14001. HMCL has upgraded the Environmental management system of all its plants to the latest version of ISO 14001: 2015. All plants are also certified for Occupational Health and Safety Management system certification of OHSAS – 18001 and will gradually be upgraded to ISO:45001. New elements of the environmental aspects like life cycle perspective and risk based issues have been addressed in the updated system.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

Currently, the Company does not have any Clean Development Mechanism (CDM) project.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyper link for web page etc.

1. **Renewable Footprint Expansion:** To meet its energy demand through renewable power

sources is Hero MotoCorp's constant endeavour for clean and green environment. With the long term target of becoming 100% carbon neutral by 2030, Hero MotoCorp is consistently enhancing its renewable portfolio through Solar power plants. The cumulative installed Solar capacity across plants & facilities is 7.7 MW with the annual potential of offsetting 8000+ tonnes of CO₂.

2. The Company's manufacturing plant in Gurgaon implemented the Real Time Energy Management System (EMS). The EMS system helps in monitoring and controlling energy consumption patterns and abnormal consumption, unwanted consumption patterns and areas where opportunities for improvement can be identified. By implementing this initiative, the Gurgaon plant has been able to save more than 3 lakh units' energy per annum and further able to monitor and improve the power factor to 0.994 which gives immense saving in energy bills and distribution losses.
3. The manufacturing plant at Neemrana implemented the Energy management system as per ISO 50001 in FY 2019-20. The implementation of EMS brought out several opportunities for improvement and managing the energy in a structured manner.
4. At Haridwar plant, an initiative has been undertaken for elimination of Heater and Pneumatic pumps from the engine oil transfer line. Dispensing the oil only by Re-Circulation pumps saved total of 571 kwh/day and total of around 10 Lakh/year.
5. Variable frequency drive (VFD) installation in the equipments having potential of optimized parameters to run without affecting output quality. Total 10 Equipments are installed across plants where with the optimization of speed and frequency, saving of power can be achieved: Weld Shop Submersible Pit Pump – 3 nos. Sheet Metal Paint Shop Exhaust Blowers – 4 Nos. ACED Paint Shop Ultra Filtration Blowers – 3 nos. With VFD installation, the Company has successfully achieved a saving of 13 Lakh/year herewith reducing 190 tons of Co₂.
6. Installation of 500 KWP solar power plant at Global Parts Centre. Expected Saving - 423 MWh per year.
7. Installation of Air Heat Pump to maintain hot water temperature at 75-80°C in the paint shop which requires hot water in range of 75-78°C for different stages. Currently the hot water was being generated by means of gas fired hot water generator. Heat pump utilises low grade waste heat going to the cooling towers which result in utilisation of the waste heat going to the cooling also reduces water evaporation losses in the cooling towers.

A more detailed list of such initiatives is available on the website of the Company at: <https://www.heromotocorp.com/en-in/about-us/we-care-green-manufacturing.html>

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?

Yes.

7. Number of show cause/legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil

management aims towards ensuring that the ecosystem services in areas where we operate are protected and maintained for equitable use by future generations.

During the financial year under review, Company spent ₹ 130.61 crores on the CSR activities. Details on project wise CSR spending is included in Annexure – VIII of Annual Report.

Principle 7: Policy Advocacy

1. Is your Company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with.

Hero MotoCorp engages in constant dialogue with the relevant bodies to provide specialized information supporting in shaping policies.

The Company is a member of major associations, i.e. Confederation of Indian Industry (CII), PHD Chamber of Commerce, Society of Indian Automobile Manufacturers (SIAM) and Gurgaon Chamber of Commerce & Industries.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Hero MotoCorp engaged with CII in one of its flagship initiative – GreenCo Rating System, focused on sustainable practices benefitting the society at large. Hero MotoCorp supported CII in extending this initiative in creating a Green Community wherein different OEM(S) and supply chain partners evaluate themselves on Green practices and got benefitted by strengthening/adopting the green philosophy.

Principle 8: Inclusive Growth

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes, the Company has a Corporate Social Responsibility (CSR) Policy which derives its core values and covers all aspects as per requirements of the Companies Act, 2013 (Act), Rules prescribed thereunder and Schedule VII of the Act. All the flagship CSR programmes and activities have been conceptualized in pursuit of the CSR Policy. The CSR Committee comprising the Board members along with the top management and leadership as well as other stakeholders ensure that the outcomes of all the programmes meet the CSR Policy guidelines and are in sync with international best practices. The larger objective of the CSR programmes is to protect and conserve the environment and bring about positive socio-economic change in the society.

The Company undertakes purposeful activities with the goal to maintain and improve the state of environmental resources affected by human activities. The environment

2. Are the programmes/projects undertaken through in house team/own foundation/external NGO/government structures/any other organisation?

The programmes are undertaken either directly or through specialised agencies/NGOs and government departments.

3. Have you done any impact assessment of your initiative?

Yes, a structured impact assessment of the initiatives was conducted. The Company has received a positive feedback of its efforts from the community and environment.

4. What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

The programmes are undertaken either directly or through specialised agencies/NGOs and government departments.

Project	(₹ in crore) for FY 2019-20
Environment – Tree Plantation, Solar Lights, LED Lights	22.88
Promoting preventive health care and sanitation	4.06
Education promotion and vocational skill development for children and women and Promoting Road Safety Awareness	55.46
Promoting Sports	2.37
Women Empowerment and Community Development	10.23
PM Cares Fund for COVID-19	31.38
Rural development projects.	4.22

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Yes, communities around Company's areas of operation are the first stakeholders of its social initiatives. Company consistently engage with the community to ensure that it adopt and take ownership of the projects as that is the best way to ensure long-term sustenance of projects. While conceptualising a project, the team ensures that project is viable enough to be adopted and sustained by communities beyond the initial support by the Company. Relevant stakeholders including gram sarpanch, ex panchayat members, opinion makers, school principal, teachers and others become an essential part of the project team and help in execution and monitoring.

A few examples of community adopted projects:

Environment:

- a) All trees planted for community are mainly nurtured by the community members.
- b) LED lights are made, maintained and repaired by the community youth, which also has created a source of additional income for some.
- c) Solar streetlights, water ponds, check dams, community halls and all such elements are under ownership of their respective panchayats.

Education:

- a) The ownership of school infrastructure including the digital/IT equipment lies with the school principal and teachers who also involve students in maintaining them for their longevity.
- b) Local trainers and teachers are preferred for skill institutes and remedial classes to keep community involved and engaged.

Healthcare:

The community is involved in essential decision making with regard visit days and common locations for healthcare and eye care vans and also ensures that they continue to operate seamlessly.

Model village development:

The entire planning, management and execution of this project lies with the panchayat and social volunteers from the community. CSR team plays a role of moderators and external supporters.

Principle 9: Customer Value

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

As on 31st March 2020, only 2% of the total customer complaints received during the financial year were pending which were mainly due to closure of dealership & workshops in the March month end as a result of Lockdown due to COVID 19.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/ N.A./ Remarks (additional information)

Yes, the details on information label are as per the requirements of the Legal Metrology Act, 2009 and Rules made thereunder. The Company voluntarily and actively

informs all its dealers about any changes in product packaging through notices and circulars. It has also been running educative campaigns informing customers to operate vehicles in a more fuel efficient manner and to read the operating manual and the road safety leaflet. The leaflet enumerates good to emulate riding practices, fuel saving tips etc. in a reader - friendly and easy to understand manner. The spare parts come with a customer toll free number, address and e-mail ID, where consumers can reach our executives with feedback, grievances and even queries regarding the products. Besides, consumers can also log on to the website of the Company and give their feedback or register complaints. In order to check the genuineness of spare parts, a Unique Part Identity (UPI) number is printed on the Maximum Retail Price (MRP) label of the spare part. It also runs campaigns informing customers about the same.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

No case has been filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertisement and/or anti-competitive behaviour during the last five years and pending as on the end of the financial year.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

The Company continues to undertake studies to measure customer satisfaction with sales process, service process and for the new products launched last year through a third party research agency and benchmark vis-a-vis competition. In addition, brand track study continues on a continuous basis to gauge health of the product brands as well as corporate brand with respect to competition. Acceptor rejecter studies are carried out on a need basis to complement the above studies.