



we care

**TODAY
FOR
TOMORROW**



Hero MotoCorp Limited

Sustainability Report 2020
GRI Standards





**"WE MUST DO SOMETHING
FOR THE COMMUNITY
FROM WHOSE LAND WE
GENERATE OUR WEALTH"**

Dr. Brijmohan Lall Munjal
(Chairman Emeritus)

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THE WORLD OF HERO MOTOCORP

We are the world's largest two-wheeler manufacturer, with nearly 100 million customers across the globe. We work relentlessly towards making the world greener, safer and more equitable.

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Today for Tomorrow

We are committed to building a better tomorrow. Everything we do today is guided by our vision for the future. We are entering the next phase of our growth through concerted efforts in expanding our global presence and demonstrating innovation focus.

Our offerings ensure steady performance, catering to the needs of millions of satisfied customers. We also champion holistic socio-economic empowerment in areas where we operate and contribute to the nation's inclusive growth agenda. Every action is well thought through and is designed to benefit the enterprise as well as the communities.



MESSAGE FROM THE CHAIRMAN

Leading the way for a sustainable tomorrow

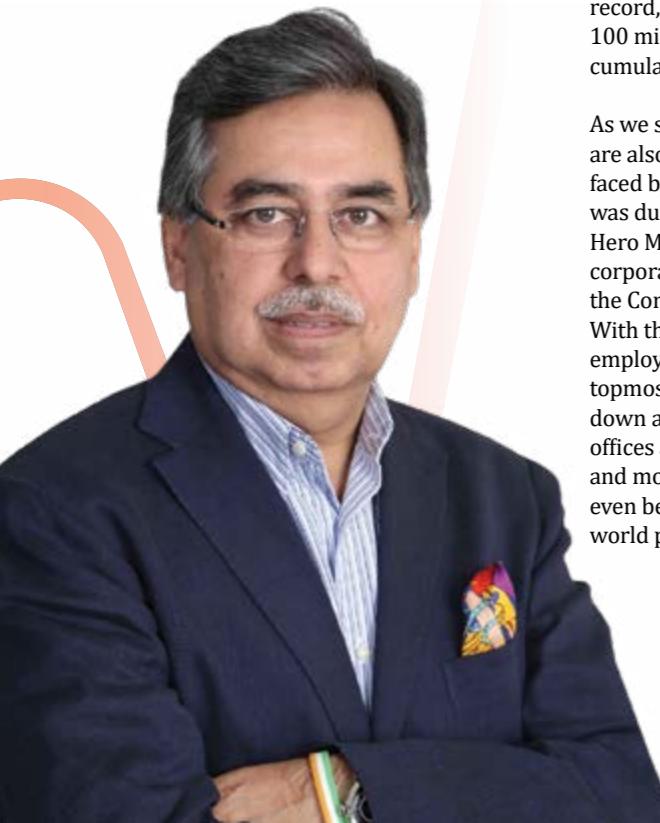
DEAR STAKEHOLDERS,

Sustainability and responsible growth remain at the core of Hero MotoCorp's technology, innovation and the expansion of our global footprint.

Sustainability is indeed a way of life at Hero MotoCorp!

This sustainable business strategy has enabled us to retain the coveted position of being the world's largest manufacturer of motorcycles and scooters in terms of unit volumes produced and sold in a calendar year by a single company for 19 consecutive years.

Hero MotoCorp has been at the forefront of sustainability and environment-friendly initiatives, driving these core principles right through business planning, operations and product line-up. In keeping with this commitment, the Company was the first two-wheeler manufacturer in India to launch a BS-VI motorcycle – the Splendor iSmart 110.



Being sustainable in approach is also in line with our new vision to "Be the Future of Mobility." We amply demonstrated this in February this year at the Hero World 2020 - a first-of-its-kind event at the Centre of Innovation and Technology (CIT) in the northern Indian city of Jaipur, where we showcased the future roadmap of your Company with the display of an array of new products and concepts.

We also reiterated our ambitious targets of being carbon neutral by 2030, 50% water positive by 2025, and waste neutral by 2025.

Enhancing diversity and inclusion (D&I) is a key focus area for the organisation. As a result of this concerted effort, the number of women in our workforce crossed an important milestone of 1,000 in FY20.

During the year, Hero MotoCorp surpassed 95 million units in cumulative sales since its inception. We are now on the cusp of creating yet another world record, hitting the historic milestone of 100 million motorcycles and scooters in cumulative sales.

As we strive for sustainable growth, we are also cognisant of the challenges faced by the economy and industry. It was due to this foresight and agility that Hero MotoCorp was among the first corporates to take safety measures when the Coronavirus pandemic hit the world. With the safety and wellbeing of the employees and their families as our topmost priority, we proactively shut down all our manufacturing plants, offices and other facilities worldwide and moved to work from home (WFH), even before governments around the world put in place the lockdown.

With the Business Continuity Plan in place, Hero MotoCorp was among the first automobile companies in India to resume plant operations on May 4, 2020 in a gradual manner. This decision was based on strict policies and protocols that encompassed every possible measure to ensure the health and safety of everyone across all our offices, manufacturing plants and retail customer touch points.

Our strong and debt-free balance sheet enabled us to manage liquidity effectively and provide support to partners, ensuring financial viability of the entire ecosystem.

At Hero MotoCorp, we continue to play a critical role in achieving the Sustainable Development Goals (SDGs) through appropriate business practices and focused investments. Our Corporate Social Responsibility (CSR) framework is designed to make the maximum measurable impact through multiple social interventions.

In keeping with our vision and mission, we are also stepping-up our efforts towards developing mobility solutions for the future through a collaborative approach. Our teams are constantly working on new business models, new vehicle concepts and alternative mobility solutions, keeping Hero MotoCorp ahead of the curve.

Dr. Pawan Munjal

Chairman & CEO

MESSAGE FROM THE SUSTAINABILITY STEERING COMMITTEE

Promising responsible growth for a better tomorrow

DEAR STAKEHOLDERS,

Sustainability is in the DNA of Hero MotoCorp and we are committed to enhance the quality of life in the communities around us by delivering environmentally responsible solutions, in line with our Sustainability Policy.

Our strategy is driven and supported by a powerful commitment to develop efficient solutions that are designed and manufactured in a sustainable and ethical manner.

The aim is to create mobility solutions which are 'ever better' as measured by our customers, employees and stakeholders.

The automobile industry is undergoing a big transition driven by cleaner and safety-focused regulations, ever-increasing technology and growing innovation focused around connected and shared mobility solutions.

Concerns on sustainability are encouraging nations across the world to work towards reduction in carbon footprint, while exploring and adopting alternate-fuel technologies.

We are committed towards progressive transformation of the society through our efforts towards education, health and hygiene, skill development and the environment.

We are thankful to our stakeholders who have trusted and recognised our ability to face the challenges of the hour. Our blueprint for sustainability is enabling us to create a strong business plan, deliver great products, and nurture inclusive growth to work towards a better world.



Vikram S. Kasbekar
Executive Director - Operations (Plants) & Chief Technology Officer



Neerja Sharma
Company Secretary & Chief Compliance Officer



Vijay Sethi
Head- CSR, CIO, CHRO

About the report

Let us take you through the year's story with our third sustainability report titled 'Today for Tomorrow'.

REPORT PROFILE

The criteria for indicators/information presented in the report is the GRI (Global Reporting Initiative) Standards and this report conforms to the same. The disclosures are in accordance with the 'Core' option prescribed by GRI. The information in this report relates to the fiscal 2019-20, i.e. from April 1, 2019 to March 31, 2020.

The scope of the reporting boundary includes our five Indian manufacturing plant sites at Dharuhera and Gurgaon in Haryana, Haridwar in Uttarakhand, Neemrana in Rajasthan, Halol in Gujarat; our Global Parts Centre (GPC) at Neemrana; Centre for Innovation and Technology (CIT) in Jaipur; and our corporate office in Delhi.

The environment performance data disclosed in the report is pertinent to the manufacturing sites, GPC and CIT. The disclosure regarding social performance covers our corporate office, in addition to the aforementioned facilities. The major indicators related to governance have also been covered in this report.

DATA COMPILATION METHODOLOGY

The data is collected through various internal reporting systems for inclusion in the report. The reporting systems are, for the most part, different from those applicable to financial information presented in our financial statements (please refer to the financial statements in the Annual Report for FY20). We have employed systems and practices in place for regular and reliable tracking of various sustainability performance data. We have pointed out any significant limitations in the information presented in the Report, wherever applicable. We reserve the right to change our internal guidelines regarding the inclusion of data in the Sustainability Report; however the same will be clearly communicated at the time.

ASSURANCE

Limited Assurance on certain agreed/identified sustainability indicators in this report has been provided by Price Waterhouse Chartered Accountants LLP, in accordance with the International Standards on Assurance Engagements (ISAE) 3000 (revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. The subject matter, criteria, procedures performed and limited assurance conclusion are presented in the assurance report attached at the end of this report.

SUGGESTIONS AND FEEDBACK

We welcome any comments and/or suggestions on the report's content and flow. Please send your comments to sustainability@heromotocorp.com

TRIPLE BOTTOM-LINE

Sustainability dashboard

■ FY20 ■ FY19

Operational and Financial

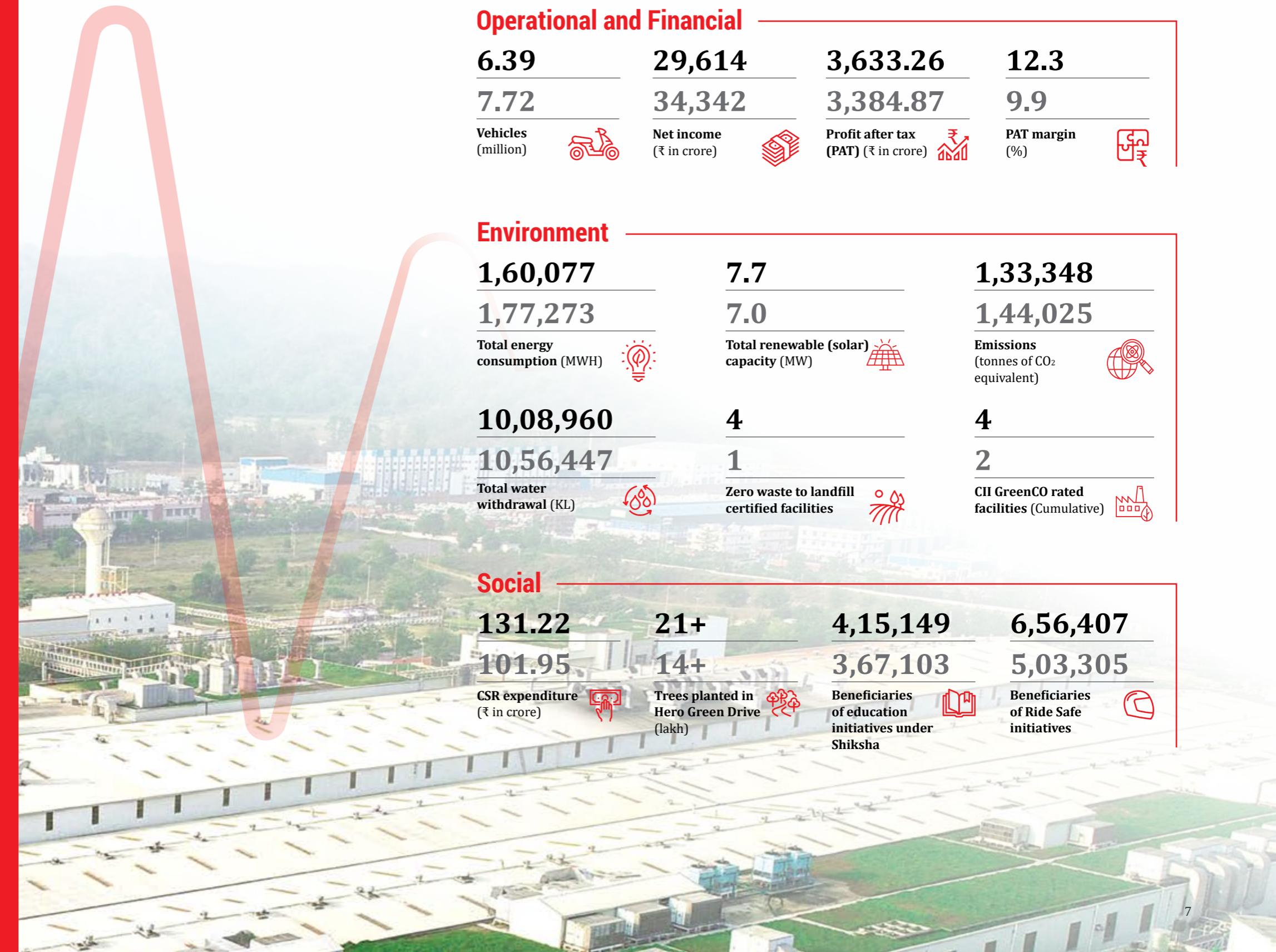
6.39	29,614	3,633.26	12.3
7.72	34,342	3,384.87	9.9
Vehicles (million)	Net income (₹ in crore)	Profit after tax (PAT) (₹ in crore)	PAT margin (%)

Environment

1,60,077	7.7	1,33,348
1,77,273	7.0	1,44,025
Total energy consumption (MWH)	Total renewable (solar) capacity (MW)	Emissions (tonnes of CO ₂ equivalent)

Social

131.22	21+	4,15,149	6,56,407
101.95	14+	3,67,103	5,03,305
CSR expenditure (₹ in crore)	Trees planted in Hero Green Drive (lakh)	Beneficiaries of education initiatives under Shiksha	Beneficiaries of Ride Safe initiatives



COMPANY OVERVIEW

Trusted around the world

At Hero MotoCorp, we have always believed in delivering inclusive growth and we are convinced that our consolidated efforts will place us in a good position to capitalise on the opportunities in the future.



**OUR
VISION**



CREATE A MOBILITY ROADMAP

Re-define mobility through the creation of a mobility roadmap. Set best practices and benchmarks for the industry.

COLLABORATE WITH PARTNERS AND BROADER TEAMS

Capitalise on our unique position to leverage partnerships and teamwork and co-create solutions that benefit the community, while we care for both internal and external environmental eco-systems, and support sustainability.

INSPIRE OUR STAKEHOLDERS

Moving forward with purpose, we will inspire our colleagues, customers, and communities. We thrive on the local and global stage.

Be the future of mobility



PASSION

We have the 'JOSH' – we are driven to deliver our best every day; loving what we do, be bold and have fun.

COURAGE

We are risk-takers, pioneers, unafraid to question the status quo.

INTEGRITY

Our behaviour is ethical. We do the right thing even when no one is watching.

RESPONSIBLE

We are accountable for our actions and performance; delivering outcomes as a team, caring for each other and the environment.

RESPECT

We show regard and appreciation for everyone; celebrate diversity, act with confidence yet humility.

At Hero MotoCorp, we encourage inclusive growth and believe that the efforts undertaken during the year will place us in good stead to seize future growth opportunities. We operate with an integrated value chain that encompasses everyone from supply chain partners to dealer networks. Our passion to innovate and develop cutting-edge technologies help us build a future-ready enterprise.



Innovation

We engage in developing solutions that bring a positive change to the society with patents, new products and in-house world-class technologies for world-class performance and results.



Technology

We regard technology as a strategic enabler and leverage both new technology and new disruptions to achieve excellence in what we develop and manufacture.



Sustainability

We are committed to conserving resources while ensuring sustainable growth and fostering relationship with communities in the most ethical way possible.

As a leading two-wheeler manufacturer, we are focused on delivering long-term value and committed to delivering products, providing services and creating employment opportunities that contribute towards economic and social value. We practice strategies of operational excellence and are leaders in chosen market segments. We will continue to create unmatched value by maintaining foresight through scale, cost leadership and innovation.

ESSENTIALS FOR A FUTURE-READY ENTERPRISE



Steering next-generation business transformation through digitalisation



Strong focus on R&D and technology to achieve technology leadership



Create a sustainable value chain eco-system through innovations in the business model.



Improvise safety practices and leverage de-risking strategies



Be one of the industry leaders in CSR and benefit the community at large



Allocating capital efficiently with emphasis on cost competitiveness to enhance healthy cash flow



In the process of value creation and becoming a future-ready enterprise, we align our priorities to contribute to the United Nations Sustainable Development Goals (UN SDGs).

PRODUCT LINE-UP

Promising delight to consumers

We reinstated our presence in the premium segment with the concurrent launch of three motorcycles and two scooters – XPulse 200, XPulse 200T, Xtreme 200S, Maestro Edge 125 and Pleasure+ 110. We also launched India's first BSVI motorcycle, the **Splendor iSmart BSVI**.

Motorcycles

RETAINED THE CORE

**HF Deluxe****Splendor iSmart****Passion Pro****Splendor+****Super Splendor****Glamour**

EXPAND HORIZONTALLY TO THREE DISTINCT SEGMENTS

**Xtreme 200S****XPulse 200T****Xtreme 160R****XPulse 200**GO VERTICAL TO THE CORE,
TO THE ENTHUSIASTS**Scooters**

EXCITING SCOOTER LINE-UP

**Pleasure+ 110****Maestro Edge 110****Destini 125****Maestro Edge 125**

OPERATIONS AND GLOBAL FOOTPRINT

Expanding touch points



Hero MotoCorp is one of the leading two-wheeler companies headquartered in New Delhi, with state-of-the-art manufacturing facilities in India, Colombia and Bangladesh. We have six plants in India, taking our total installed capacity above 9 million units of two-wheelers per year.

Our state-of-the-art Global Parts Centre (GPC) at Neemrana, Rajasthan supplies the parts to our local and global markets. Similarly, Centre of Innovation and Technology (CIT) at Jaipur is now supported by our first global R&D facility — The Hero Tech Center GmbH in Germany.

Hero MotoCorp has upgraded the environmental management system of all its plants to the latest version of ISO 14001: 2015. All plants are also certified ISO:45001.

Global manufacturing capacity

9 million+

Annually



Manufacturing capability

Annual capacity (million units)

Dharuhera	Gurgaon	Haridwar	Neemrana	Halol	Chittoor
2.1	2.1	2.7	0.8	0.8	0.4
Colombia			Bangladesh		
0.08	0.15				



Global parts centre

Neemrana, Rajasthan



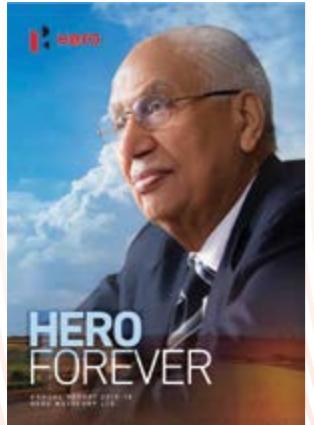
R&D centres

Centre of Innovation and Technology, Jaipur

Hero Tech Center, Germany



Sustainability at HMCL: The journey



FY16

- Internal capacity building
- Stakeholder engagement initiation



FY17

- Capacity building continuation
- Stakeholder engagement
- Materiality (100 issues identified and top 20 shortlisted)
- Onboarding of core team



FY18

- Sustainability framework developed
- Governance structure strengthened
- Sustainability long and short term roadmap developed
- Hero MotoCorp's Ambitious Targets for Sustainability 2020 (HATS)
- First GreenCo platinum rated plant in automobiles



FY19

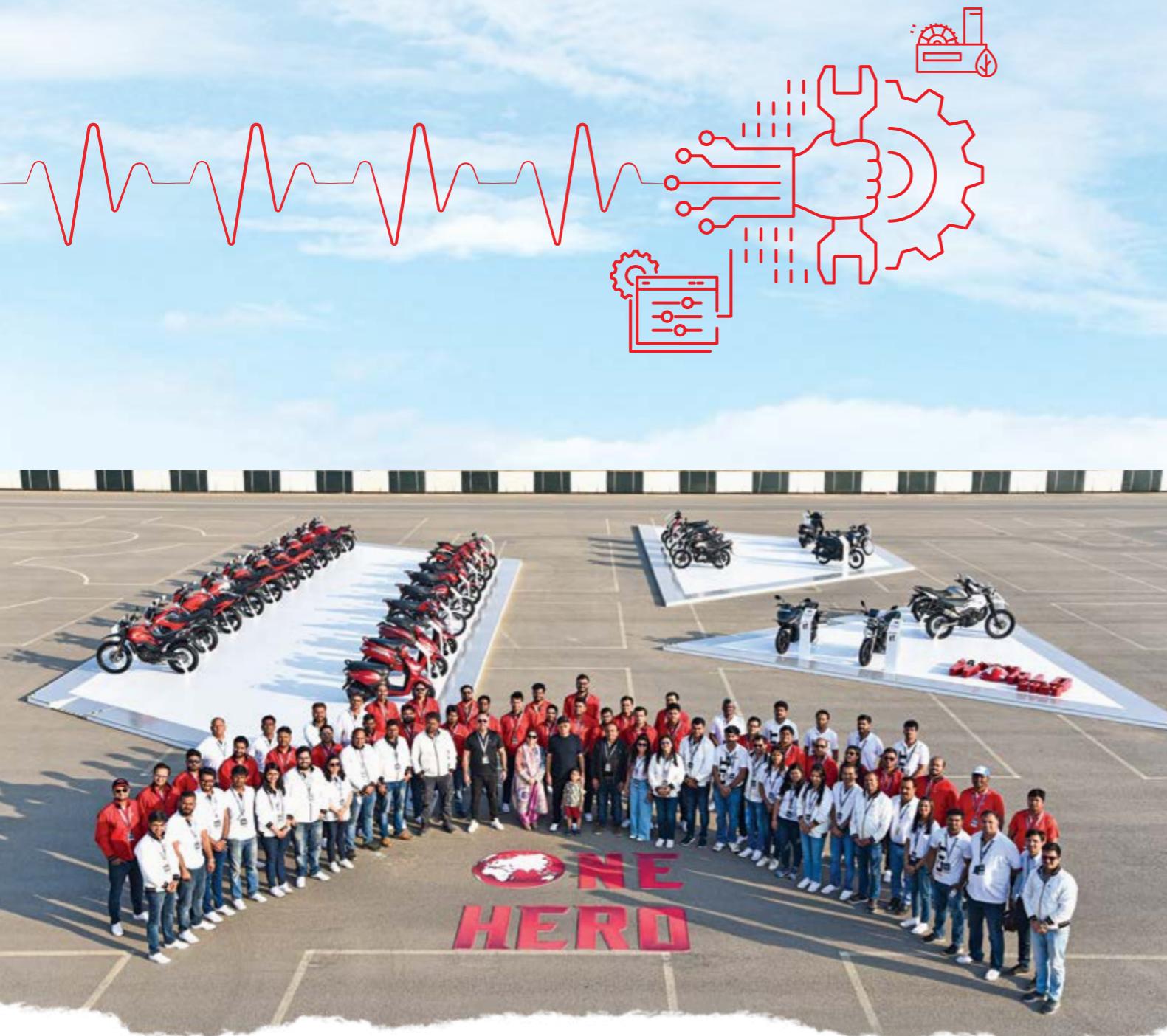
- CII ITC Domain Excellence-Environment and CSR
- GreenCo evaluation of manufacturing plants in full swing
- Supply chain ESG risk assessment through Green Partner Development programme
- Participated in DJSI and Sustainalytics Global Index
- First Sustainability Report released for FY18



FY20

- Sustainability Policy, Sustainable Procurement Guidelines
- Water audits, energy audits, zero waste to landfill strategies
- Water positive assessment for Neemrana Facilities – 21 times water positive
- Performance improvement in DJSI Commendation for significant achievement in CII ITC Corporate Excellence
- Exposure of select dealer partners in GPDP event of June 2019
- Second Sustainability Report released for FY19

SUSTAINABILITY STRATEGY



SUSTAINABILITY APPROACH

Roadmap for the future

As part of our strategy planning process, we scan the external factors for megatrends and understand how these trends influence the automobile sector. The sustainability strategy is developed basis identification of measurable benefits alongwith long-term risks and opportunities.



The strategy focuses on investment, drive performance, and engages internal and external stakeholders. It is developed keeping in mind the following objectives:

- Integrate the initiatives and aligning them with business priorities.
- Direct resources and investment into the areas that are most important.
- Engage stakeholders through responsive communication, regular disclosure and robust reporting.

- Drive performance by facilitating the company to achieve goals through mutual buy-in.
- Respond to crisis through scanning existing and upcoming risks.

We set our first sustainability targets for focused efforts as HATS 2020. Today, we stand at a point where we have achieved what we aspired for. We are encouraged and are laying a firm foundation for 2030.

A brief from the Sustainability Core Team

Hero MotoCorp has been one of the leaders in the automobile industry and is committed to institutionalise sustainable practices in every aspect of business. The Sustainability Core Team drives the sustainability initiatives across the enterprise level.

The team formulates the roadmap for effective implementation. The strategies are implemented through cross-functional engagements with teams across enterprise. The Core team continue to work towards capacity building, engaging with various stakeholders, learning and benchmarking from multiple channels/platforms and steering the sustainability drive.



Birendra S Yadav



Nihal Kaul



Rajesh Sharma



Anirudh Kumar

SUSTAINABILITY GOVERNANCE STRUCTURE

Integrity and responsibility

Hero MotoCorp has one of the highest standards of governance in its business, striving to maintain parity and transparency that enable long-term value creation for all stakeholders.

SUSTAINABILITY GOVERNANCE - SUSTAINABILITY IN THE DNA

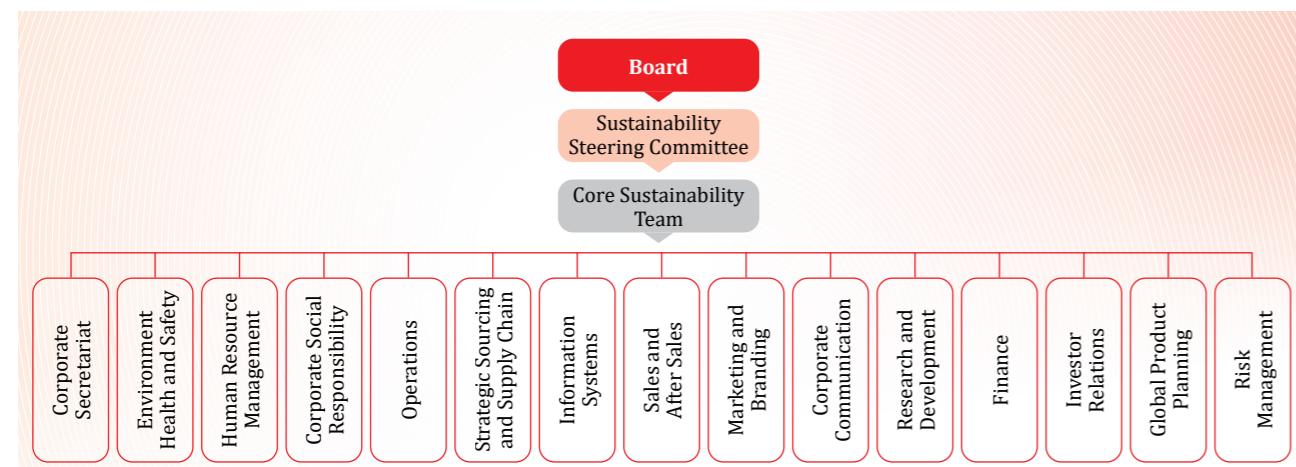
The Company has developed a strong foundation for making corporate governance a way of life by constituting an active and well-informed Board using several Board Committees. With regulations becoming more stringent on the domestic as well as international front, our policies are developed and implemented to ensure that business is conducted ethically and responsibly. The Board of Hero MotoCorp reflects a mix of public policy, risk, international skills, qualifications and varied experience.

Hero MotoCorp is committed to incorporating sustainability into the DNA and all facets of its business. As stewards of Hero MotoCorp, our Board plays an essential role in determining strategic priorities. Hero MotoCorp's sustainability governance structure has a cross-functional representation with leadership oversight at the Board level. The senior leadership team oversees the sustainability agenda and strategic decisions and champions the cause through Sustainability Steering Committee.

- Through strong sustainability governance, we are moving ahead in achieving the following milestones:
- Consolidate leadership position with strategic expansions and ventures
 - Sustain value creation across the eco-system and build resilience against down cycles
 - Maintain global leadership in the sector



SUSTAINABILITY GOVERNANCE STRUCTURE



POLICIES - THE DRIVERS FOR PROGRESSING RESPONSIBLY

We have instituted several policies to ensure ethical conduct of our business. Our policies ensure that we always engage with our stakeholders in a justifiable manner. Details of our key policies pertaining to Insider Trading, Quality, Safety, Environment, Related Policy Transactions, CSR and Whistleblower Policy and Code of Conduct are available on the corporate website at <https://www.heromotocorp.com/en-in/about-us/key-policies.html>. We have also launched our Sustainability Policy which will consolidate our effort towards our sustainability agenda.

COMPLIANCE - EXISTING AND BEYOND

As a leading organisation, our major aim is to ensure we manage our compliances effectively and we have E-Compliance tool in place. The tool is periodically updated to ensure the latest changes in statutory and legal requirements are incorporated so that it can provide automated alerts and a real-time dashboard to the management for graphical reports. Through this tool, we are constantly striving for improved compliance, discipline and culture in the organisation.

Hero MotoCorp sustainability policy

Our approach to a rapidly expanding global marketplace is guided not only by our insights into customers' needs and expectations but also by our conviction that sustainability is the right compass to tackle long term strategic business goals. Our sustainability efforts are aligned with our vision, mission and values. Our consistent focus is on ESG (Environment, Social and Governance) parameters to enhance Hero MotoCorp's triple bottom line (people, planet and profit). This focus will strengthen our vision to **Be the Future of Mobility**.

The company endeavours to provide an engaging environment for its people to perform to their true potential and will continue its focus on value creation and enduring relationships with its stakeholders.

We have defined our sustainability strategy to act as the guiding light for our business eco-system and have developed a robust governance to ensure continuity and accountability of our commitments.



Environmental

All statutory compliances with respect to preventive maintenance schedule and environmental clearances through respective Pollution Control Board are taken on time. We have installed several systems and equipment to become a zero-discharge organisation, thereby avoiding compliance issues from any of the Pollution Control Boards. A brief on environmental compliance is also included in the agenda for the Board Meetings on a quarterly basis where any non-compliance, show-cause notices, orders or any changes in the regulations are reviewed. We have not been levied with any environmental fines during the reporting period.



CSR

We strive to strategically deploy our CSR expenses to reaffirm our "social license to operate" in the areas where we operate by improving the societal condition and solving the problems most important to the stakeholders.



Health, Safety and Human Rights

With a view to strengthen our safety standards, we have also established ISO 45001 standard which ensures beyond compliance with applicable norms related to Factories Act, 1948. During the reporting period, there has been no non-compliances identified related to discrimination, child or forced labour.

During the reporting year, there were no incidents of fines levied on us or non-compliance with respect to the regulations or voluntary codes concerning health and safety impacts of products and services, product related marketing communications, and product information disclosure and labelling.

RISKS AND OPPORTUNITIES

Future-proofing our business and capitalising on opportunities

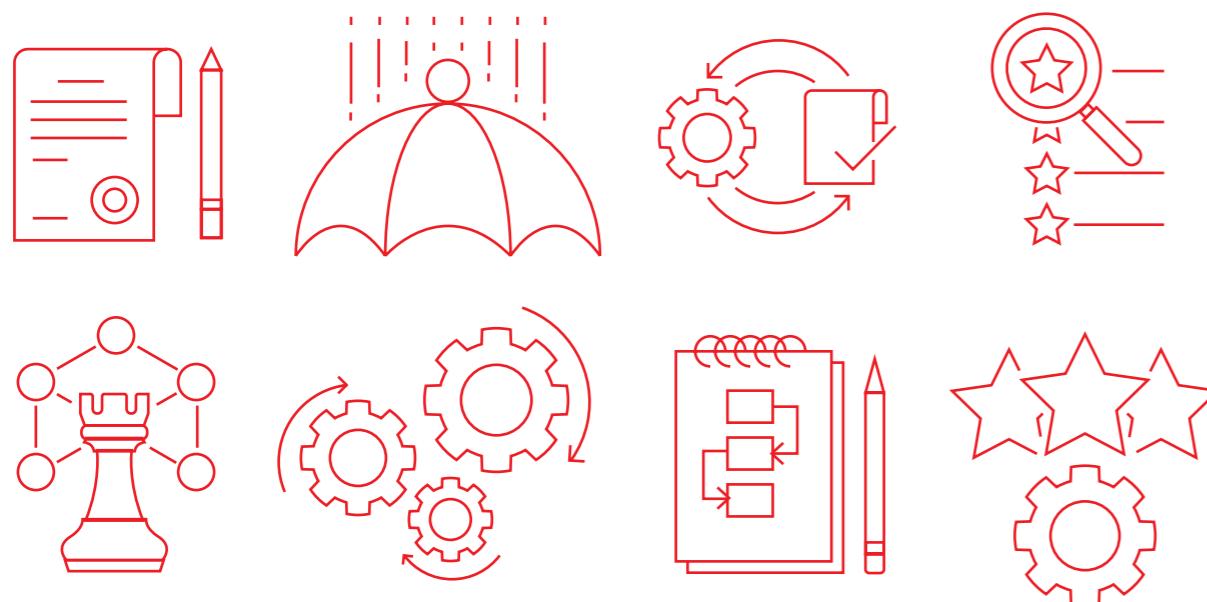
We have operations across several geographies, and we are impacted by global as well as regional trends in the automobile industry, policy, environment, regulations, fuel rates and commodity prices.

Risk Management at Hero MotoCorp is a coordinated process and integrated mechanism. The Board is responsible for the overall process of risk management, which is supported by Enterprise Risk Management programme. The programme helps Company's business units to capture opportunities and attend to the risks through an institutionalised approach.

In order to provide unerring mechanism, the risk management process is also facilitated by audit. The approach to manage business risk is through cross-functional involvement and communication across stakeholders.

Volatility associated with the fluctuating consumer demand, sensitivity to economic cycles,

stringent norms and regulations are ongoing concerns for the Company. Adding to these are high cost of capital and complex logistics. This external context, considering the gamut of factors coupled with the internal environment, forms the basis of our diagnostics of risks and opportunities.



Identified risks	Potential impact	Opportunities	Mitigation measures
Economic			
Currency devaluation leading to a higher import bill	Higher cost of imported raw material, Economy may experience inflation	Exports could potentially become cheaper	Hedging
Economic uncertainty in key global markets	Decline in sales, impact on EBITDA margins	Players who can modify policies to meet local requirement can benefit	Intelligence on local developments and a very agile global business team
Diminishing purchasing power	Automobile purchase is considered a discretionary spend and is directly correlated to purchasing power	Customers of higher CC 2W's may settle for lower CC models and that may, to an extent, provide relief	Largely government led measures by setting interest rates, control of money supply etc.
Environment			
Promotion of electric vehicles (EV)	EV sales replacing the traditional IC engine volumes	New revenue streams such as those linked to connectivity, charging infrastructure etc	A credible electric vehicle plan
Rising pollution levels	Public transport taking over private modes of transportation impacting 2W sales volumes	Rising pollution levels give rise to shared mobility that in turn opens new revenue streams	Transition to BSVI norms is one of the biggest mitigation step towards checking rising pollution levels
Extreme weather conditions	Decreased demand of 2W	New product design as a solution	A robust business continuity plan to be in place
Social			
Spread of any pandemic leading to changing customer behaviour	Reduced demand for mobility	Strengthening of digitisation drives across the organisation	A robust business continuity plan to be in place
Manpower issues	Significant impact on the smooth functioning of plant operations	A deeper focus on industrial relation promises a long term and healthy relation with the manpower	An uninterrupted worker-management communication with focus on understanding and resolving issues
Human health and safety	Manpower may stay out of workforce for long period directly impact planned production	Development of such preventive and wellbeing measures that raise the overall health quotient of the organisation	Proactive and scheduled health checkups

FINANCIAL OVERVIEW

Investing today with prudence and sustaining tomorrow

In keeping with the core values of Hero MotoCorp, we believe the role of the organisation truly goes beyond performance in the arena of business.

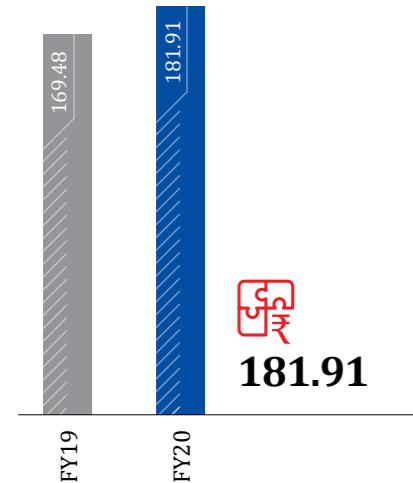
We are continuously seeking to invest our surplus in attractive growth opportunities, emerging technologies and futuristic initiatives. While we generate direct economic value through our operations, products and services, we also work towards nation-building by contributing to significant indirect

economic impacts which culminate in increased economic activity, reduced social disparity and enhancement in the quality of life. We provide mobility solutions thereby enabling people, enterprises and institutions to realise new possibilities and explore new opportunities to keep

the nation moving. We support job creation through the vast eco-system. Communities are leveraged and empowered by our community development agenda through Corporate Social Responsibility.

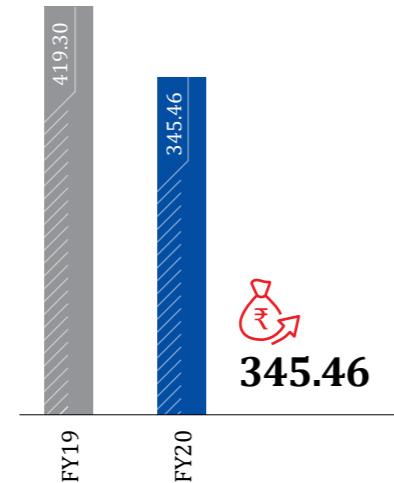
FINANCIAL HIGHLIGHTS

Earnings per share
(₹)



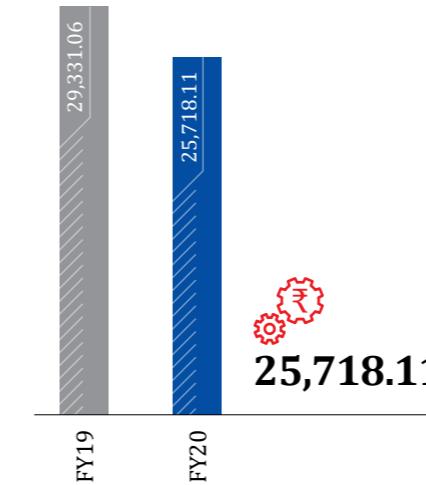
FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

Subsidies
(₹ in crore)

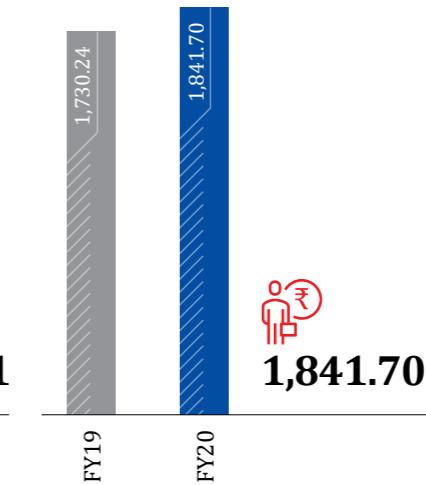


ECONOMIC VALUE DISTRIBUTED

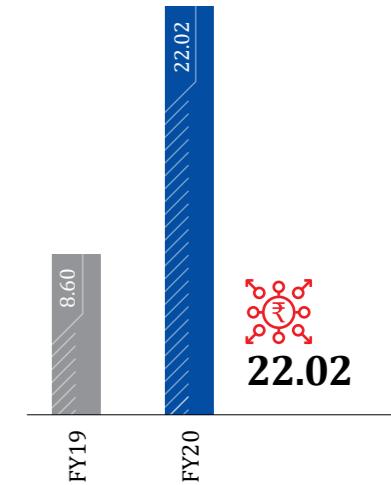
Operating costs
(₹ in crore)

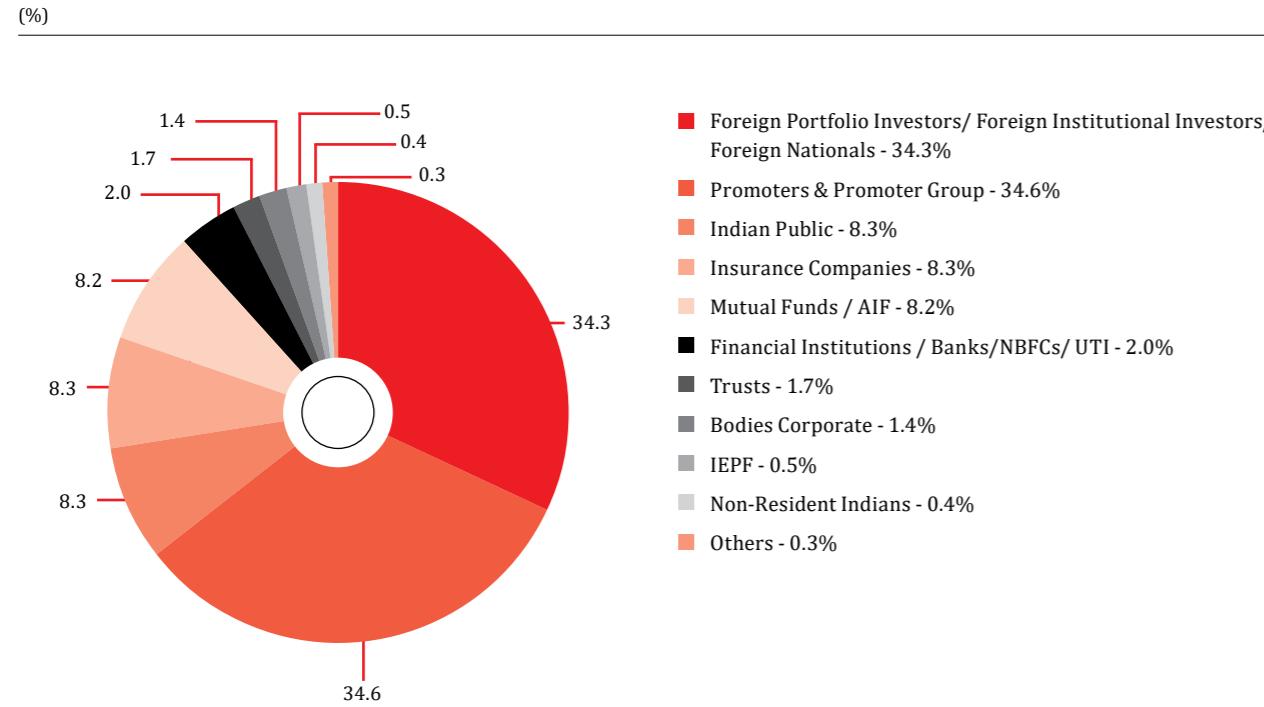


Total expenditure on employees
(₹ in crore)



Payments to providers of capital
(₹ in crore)



Shareholding pattern as on March 31, 2020**TAX TRANSPARENCY**

Acting with integrity in the creation and execution of our tax strategy, policies and practices are at the core to our approach to tax, as is our commitment to transparency. We disclose our financial contributions to governments at a country level, as we believe this is an important way to demonstrate that it is possible to achieve an effective balance between a company's responsibilities to society, through the payment of taxes and its obligations to its shareholders.

For any business, an increase in taxes paid equates to a reduction in the profit available to invest in future growth or in returns to shareholders. The interests of the individual pensioner, saver and shareholder could therefore be seen to be in conflict with the interests of an individual citizen. However, we believe that it is strongly in shareholders' interests that companies fully acknowledge their responsibilities to wider society, including the payment of all taxes due under effective tax regimes. We also

recognise and value the benefits for society that arise from well-functioning taxation systems.

Hero MotoCorp strives to ensure that commercial transactions are in compliance with the law. Tax incentives and exemptions are claimed to the extent legitimate. The Company's affairs are transformed in most tax-efficient ways and where the law or regulation, as the case maybe, is ambiguous or conflicting, appropriate expert internal and external professional advice is sought before taking a call on the same.

Hero MotoCorp's effective tax (32.45% in FY19 and 29.50% in FY18) is generally lower than India's applicable Corporate tax rate of 34.94%. This is due to various non-temporary deductions including deduction for research and development concessions and earnings from investments which are subject to lower tax rates.

Chief Financial Officer holds the responsibility for tax at the Board level and communicates with and advises the Board on the tax affairs and risks of the Company with support from the Company's highly qualified and professional corporate tax team including consultants.

Risk mitigation is carried out by taking strong technical positions in accordance with the applicable laws. Material tax risks or disputes are reported to the Audit Committee for its consideration. This review includes assessment of probabilities of different outcomes, cash flow and reputational impact.

Finance annual workshop, 2019

Finance annual workshop in 2019 had insightful updates by each finance unit from the plants, corporate department about the FY19 highlights, and FY20 focus areas. External Expert conducted an engaging session on 'Capital market and valuation' and covered areas on 'Drivers for valuations' and how it can be different for various industries.

Major key sessions included finance business partnering, an energiser game 'The Perfect Square' which intuitively helped the team to build a perspective on how to keep the basics intact, amidst the uncertain blindness of cut-throat and complex business environment.

Further there was an engaging session on 'Automation in Finance', followed by workshop session on 'Paperless organisation', 'Cost optimisation', 'Productivity on spends', 'Single day closure'.

Another session was on people capability building programme, DISHA 2.0. The session focused on FY19 achievements and renewed vigor and focus on building people capabilities in FY20.

**LOCAL PROCUREMENT AND HIRING – SYNERGY AND SOCIETY**

We encourage local sourcing be it for manpower, components or materials. We support a large number of MSME enterprises which employ thousands of persons locally. We have a fine balance of local and international employees to ensure employment creation in proximity of our operations, while at the same time revitalising our intellectual capital by hiring the best talents available globally.

STAKEHOLDER ENGAGEMENT

Working jointly with partners for holistic development

At Hero MotoCorp, we consider all stakeholders as partners in long-term value creation. For Hero MotoCorp, engagement with stakeholders has always been of utmost importance, facilitating business to a level where it is today. Stakeholders' opinions and feedback is incorporated into our strategies while the concerns raised by them are worked upon to strengthen our mechanisms.

On a continuous basis, our teams engage with multitude of people, who impacts or are impacted by our business, to discuss matters most important to them.

Hero MotoCorp relies on continuous dialogue with its various stakeholders to have long-term insights to economic, environmental and societal matters.

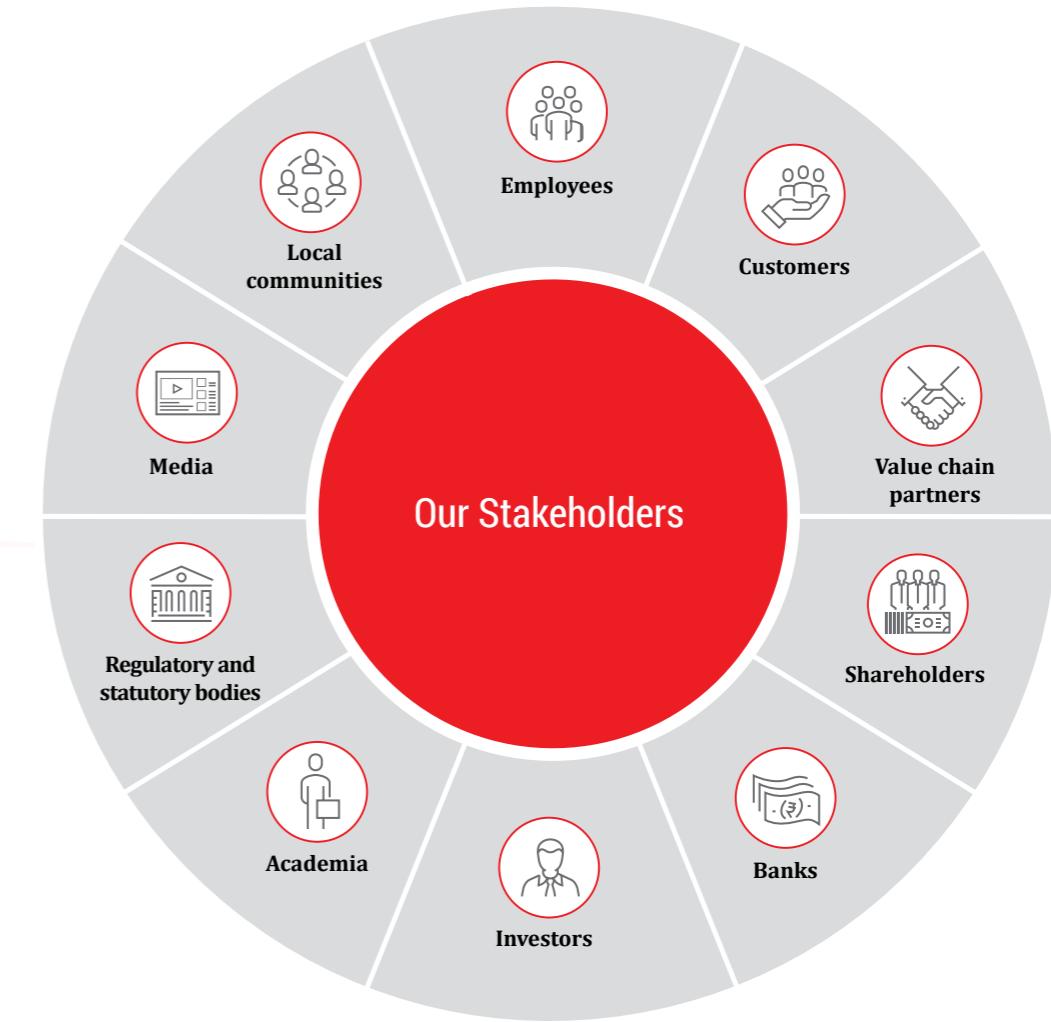
By maintaining open lines of communication with stakeholders, we ensure that our material issues are well identified and the actions are effectively taken to address the issues. We are consistently participating in programmes with experts through various channels and platforms to

understand the mega trends that will shape the future of mobility.

We use different mechanisms to engage with relevant stakeholders. These comprise, on the one hand, proactive methods for initiating a dialogue with stakeholders. Examples here include the stakeholder surveys, specialist conferences, and thematic workshops. On the other hand, we deploy a monitoring approach that helps us identify specific developments and the associated expectations of the stakeholders. Examples of this approach include participation in industry-specific and cross-industry networks and media study and perception analysis.



OUR STAKEHOLDERS



ENGAGEMENT MEASURES WITH STAKEHOLDERS



Memberships and policy advocacy – Dialogue and collaboration

Organisations and businesses develop and grow in a cohesive legal and regulatory eco-system. As the largest two-wheeler manufacturer in India, Hero MotoCorp helps government in shaping the policies. Hero MotoCorp provides specialised information and knowledge to national and international bodies.

The major associations we engage with are the Confederation of Indian Industry (CII), PHD Chamber of Commerce, Society of Indian Automobile Manufacturers (SIAM) and Gurgaon Chamber of Commerce & Industries.

HERO MOTOCORP'S AMBITIOUS TARGETS FOR SUSTAINABILITY 2020 (HATS 2020)

We established organisational sustainability aspirations for 2020 and made concerted efforts to achieve them. Our team consistently monitors the progress of the HATS targets.

■ PILLAR ■ TARGETS ■ STATUS FY20

 Eco efficiency	 Responsible value chain	 Product stewardship
40% carbon neutrality	50% Audits for top suppliers under GPDP	Product LCAs to be conducted for major categories by 2020
Page 34 29.27% achieved	Page 41 Achieved – 206 suppliers covered till FY20	Page 46 Completed for 100CC HF Deluxe platform
95% recyclability of models	Safety assessment of critical suppliers	Implementation of Hero ELV policy by 2020
Page 37 Achieved	Page 41 40 suppliers undergone safety assessment	ELV strategy is under development
 People	 Inclusive growth	
10% women among new hires	60% increase in beneficiaries of CSR initiative	
Page 49 Achieved	Page 65 Achieved	
50% increase in training hours per employee	30% increase in average hours spent per employee on volunteering activities	
Page 57 Achieved	Page 67 Achieved	

The baseline for environmental initiatives is FY11, unless specified otherwise. There are multiple indicators and targets which have been adopted by Hero MotoCorp and we envisage to keep strengthening our systems to track these indicators so that we can increase the public reporting on our HATS targets. These targets have been mapped to United Nation's Sustainable Development Goals (UN SDGs) as below:

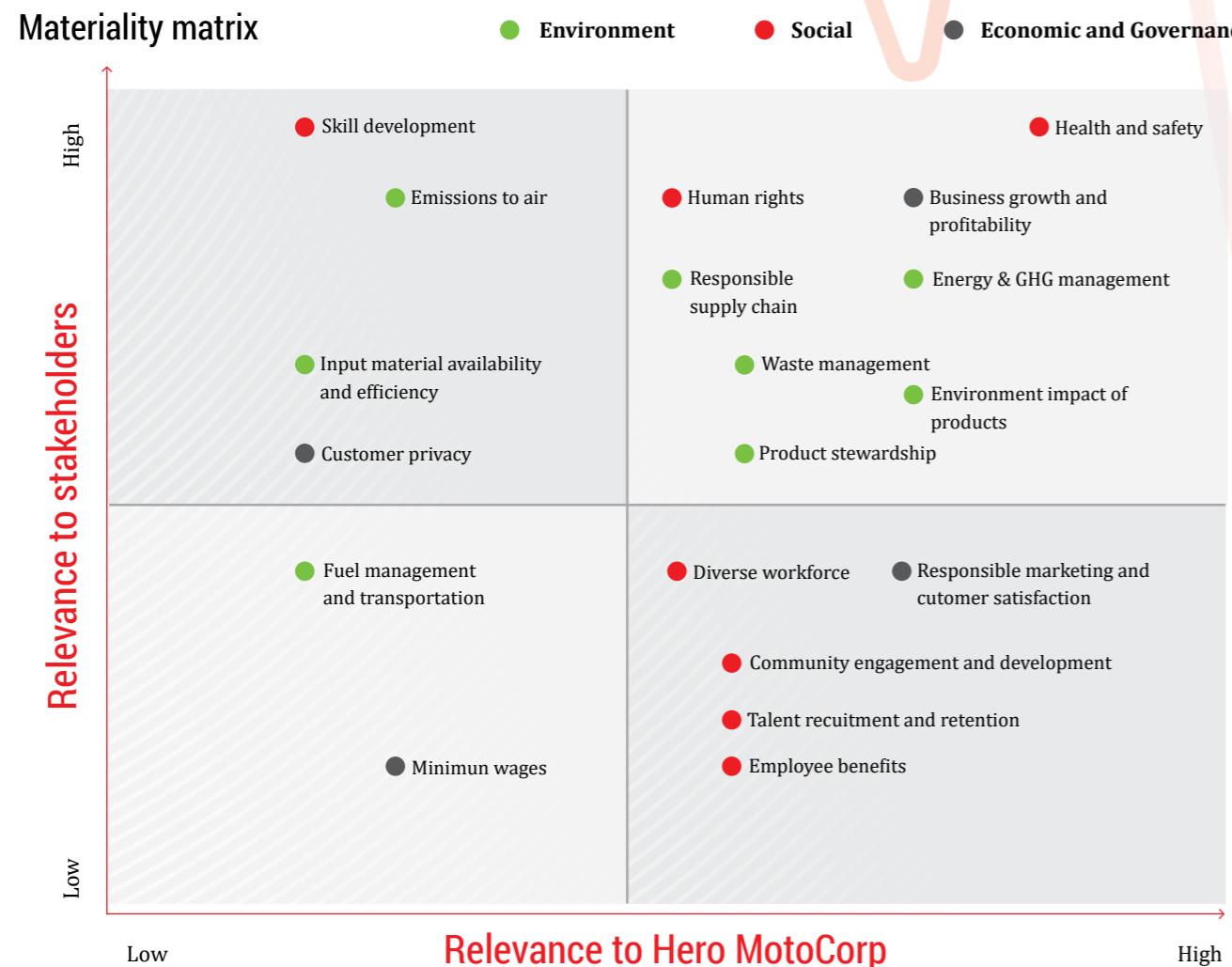


MATERIALITY ASSESSMENT

Focusing on issues that matter

Hero MotoCorp follows a rigorous process of materiality to identify the issues that matter most to the company as well as its stakeholders. Hero MotoCorp believes that the true value of materiality is at the strategic stage.

Our strategic planning process incorporates the economic, environmental, social, and governance material issues relevant for the long-term growth and benefit to the stakeholders. The material issues are taken into consideration while defining and executing our strategic objectives. The material issues have been arrived at through an extensive stakeholder engagement process and business reviews by the senior leadership.



PILLARS OF SUSTAINABILITY

A responsible approach



Eco efficiency

Reducing our impact on environment is important and we make efforts to improve our performance in water, energy, material consumption, waste generation and air emissions.



Responsible value chain

We take our partners along in our sustainability journey. Suppliers and dealers are critical value chain partners and we cooperate with them.



Product stewardship

Innovation is central to our work. Our products demonstrate quality and latest technology.



Our people

People are our assets. We nurture them to be a future-ready enterprise.



Inclusive growth

We care for the communities around our business.



Eco Efficiency



ENVIRONMENTAL CONSCIOUSNESS

Preserving the natural capital

At Hero MotoCorp, we continuously strive to protect the environment and its natural capital. Our ideology of minimising environmental impact and promoting resource efficiency makes our investment decisions strategic and aligned towards environment sustainability.

Maintaining sustainable operations and continually making improvements to our products and processes support us in minimising our environmental footprint. Under the sustainability pillar eco-efficiency, we make efforts to improve our performance in water, energy, material consumption, waste generation and air emissions. The same is briefly explained in the following sections through our environmental performance data and few selected case studies.

Energy and Greenhouse Gas (GHG)

Climate change and its associated risks have emerged as a key sustainability challenge. Hero MotoCorp continues to work on various energy conservation and emission reduction strategies.

THE CLIMATE CHANGE MITIGATION STRATEGY



Investing in renewable sourcing of energy

Hero Motocorp constantly endeavours to source clean and green energy. With the long-term target of becoming 100% carbon neutral by 2030, Hero MotoCorp is consistently enhancing its renewable portfolio through solar power plants.



Meeting beyond compliance

Hero MotoCorp is adhering to all applicable legal protocols and requirements and ensures the deployment of energy efficient technologies, upgrading of legacy equipment and creating synergy between different manufacturing operations.



Internal carbon pricing

Hero MotoCorp is adopting a mechanism of internal carbon pricing to facilitate and promote investments on sustainable and eco-friendly technologies.



Sustainable infrastructure development

All the new establishments are developed on sustainable platforms and are IGBC certified.



Afforestation strategy

Hero MotoCorp is strongly focused on expanding its green cover within the four walls of the factories, in offices and beyond the periphery through its CSR initiative.



Design for environment in product strategy

Hero Motocorp seeks to maximise its product performance and make them more efficient and help reduce emissions.

Manufacturing operations

We reduce our direct emissions through enhanced energy efficiency of our operations, increased usage of renewable energy and offset mechanisms.

The Core Sustainability Team along with a team of Energy Managers and Energy Auditors steer the energy and climate change agenda across the organisation.

Products usage

All our products are in compliance with the environment laws and frameworks present locally and globally.

ENERGY CONSUMPTION AND GHG EMISSIONS

Fuel Type	GHG emissions Scope	Consumption FY19	GHG emissions (tCO2e) FY19	Consumption FY20	GHG emissions (tCO2e) FY20
HSD (litre)	Scope 1	41,33,072	10,910	24,59,134	6,961
Propane (kg)	Scope 1	5,59,091	1,678	1,41,670	448
Natural gas (SCM)	Scope 1	1,86,06,910	37,595	1,52,13,327	34,907
Solar power (kWh)	Scope 1	74,29,263	-	83,41,869	
Grid power (kWh)	Scope 2	11,44,41,794	93,842	11,10,15,029	91,032

The emissions for **FY20** is 21kg CO₂ per vehicle. This has increased from last year on account of lower production volume of two-wheelers.

Harnessing solar energy

We started our renewable journey from a 100 kWp solar plant at our Gurugram plant in 2010. The journey became more aggressive and continued enhancement in the solar power plants establishments enabled an increase in our renewable energy portfolio. We today stand at a total installed capacity of 7,700 kWp across facilities.

**Energy conservation in environmental facilities**

Improvement: Replaced filter press with dewatering machine at Effluent Treatment Plant (ETP) and Sewage Treatment Plant (STP). The function of both the machines is to separate sludge during treatment of effluent.

Benefits

Energy saving: Electrical energy saved 2,78,986 kWh/year.

Cost Saving: Reduction in disposal cost by 4.4 lakh per year



Safety & Comfort: Eliminated manual operation of unpacking of filter press to remove sludge and cleaning of filter cloths.

Other

- Saving of water for one KL/ Day for cleaning filter cloth.
- Compressed air energy saved for drying of sludge in press.
- Easy to handle and storage.

Water

Manufacturing plants and other facilities require water to carry out their operations. Guided by our Environment Policy, we embarked on a mission to moderate the water consumption at all our plants and continuously attempt to improve our efficiencies.

Our water sustainability strategy for future-readiness is to continue investing in Sewage Treatment Plant (STP) and creating new Rain Water Harvesting (RWH) structures at various locations to improve the ground water table. We have also created various rainwater harvesting structures beyond the fence as part of our community initiatives. For all our facilities, we have achieved zero discharge status.

Water usage	Units	FY19	FY20
Total water withdrawal	KL	10,56,447	10,08,960
Water recycled or reused	KL	6,94,697	5,76,049
% of total water withdrawal recycled or reused	%	66	57

Total water withdrawal includes groundwater and surface water sources.

**Water positive facilities**

Our facilities in Neemrana, Rajasthan have jointly gone through water footprint assurance-cum-verification and achieved 'Water Positivity Index - 21.14 which effectively means we are giving back water to Mother Nature 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, we have 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.

21x

Water positive at the Neemrana facility



Material

Our R&D and manufacturing teams work to enhance quality and performance of our vehicles while rationalising material consumption. Preference is given to recycled or recyclable inputs. Aluminium and Steel provide us the opportunity to use second-life materials in place of virgin materials for a few of our components.



The amount of recycled inputs used by us are provided in the table below.

Material	Recycled inputs used in FY19 (tonnes)	Recycled inputs used in FY20 (tonnes)
Aluminium	98,486	83,457
Steel	40,806	34,552

Transitioning to circular economy from linear economy

We have initiated using the principles of circular economy through reduce-reuse-recover initiatives. Our integrated approach to circularity addresses the potential risks associated with shortfalls of raw material supply by minimising dependence on virgin materials. Design for easy recovery is one such initiative which is maturing in our eco-system in products and processes.



Waste

We are committed to regularly improve our Waste Management initiatives at our facilities. All plants dispose waste in compliance with operating permits and hazardous waste authorisations. We engage with waste disposal facilities/waste recyclers/cement companies after due validation. As per our strategic drive to divert hazardous wastes away from landfill and incineration, a number of recycling options have been explored and implemented across the organisation.

HAZARDOUS WASTE

All our units have sewage-treatment plants, effluent-treatment plants and recycling plants. We handle all hazardous waste in compliance with local regulations. The amount of hazardous waste generated in two years is shown in the following table.

Hazardous waste generated	Quantity (units) FY19	Quantity (units) FY20
ETP sludge (kg)	7,96,119	7,72,125
Paint sludge (kg)	12,30,094	11,37,982
Grinding sludge (kg)	2,58,933	2,36,648
Phosphate sludge (kg)	47,308	41,416
Incineration ash (kg)	22,420	224
Used oil (liters)	66,640	46,240

NON-HAZARDOUS WASTE

The non-hazardous waste comprises metal turnings and rejected metal or plastic components. The amount of non-hazardous waste generated in two years is shown in the following table.

Non-hazardous waste generated	Quantity (units) FY19	Quantity (units) FY20
Al. scrap (tonnes)	3,683	3,773
Steel scrap (tonnes)	4,711	4,704
Packing material (tonnes)	1,924	2,083

The total waste generated from packaging material in FY20 is 2,083 tonnes. Out of the same, 359 tonnes at Neemrana site is measured on actual basis and the balance 1,724 tonnes at all remaining sites is tracked and recorded in 'lots' (with 1 lot equivalent to 4 tonnes).

Zero waste to landfill

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:

- Transfer waste in segregated way by authorised waste collector
- Create energy and compost from organic waste.
- Recycle waste to useful resource.

In FY20, three of our plants in Dharuhera, Gurgaon and Global Parts Centre in Neemrana achieved ZWL Certification for diversion rates more than 99% after certification audit, whereas the manufacturing plant in Neemrana has already been certified for ZWL in FY19.

ZWL certification provides improved credibility and visibility to an organisation's efforts to improve its environmental impacts within an organisation as a whole and towards our commitment to sustainability.



Hazardous waste reduction

Improvement: Installation of an evaporating machine for removing moisture content from ETP sludge to zero. It helps us to reduce 70% (by weight) of ETP sludge generation.

Benefits

Waste Reduction: 70% reduction of Haz waste (Moisture reduces from 70% to zero).

Cost Saving: Reduction disposal cost by 8.8 lakh per year.

Other

Dry sludge is easy to handle and store with lesser space. Also energy saved during disposal in cement plants through co-processing as the sludge has zero moisture waste.

Air emissions

In our manufacturing plants, the process vents and the usage of fossil fuel generates air emissions of SOx, NOx, and particulate matter (PM). We monitor NOx, SOx air emissions and particulate matter to keep emissions below the permissible limits. Our facilities are equipped with appropriate emission control equipment to arrest emissions during operations.

The details of air emissions from manufacturing plants is given in the following table:

Air emissions

	FY20	FY19
260	63	16
348	73	40
NOx load (tonnes)	PM load (tonnes)	SOx load (tonnes)

OZONE DEPLETION AND VOLATILE ORGANIC COMPOUNDS (VOCs)

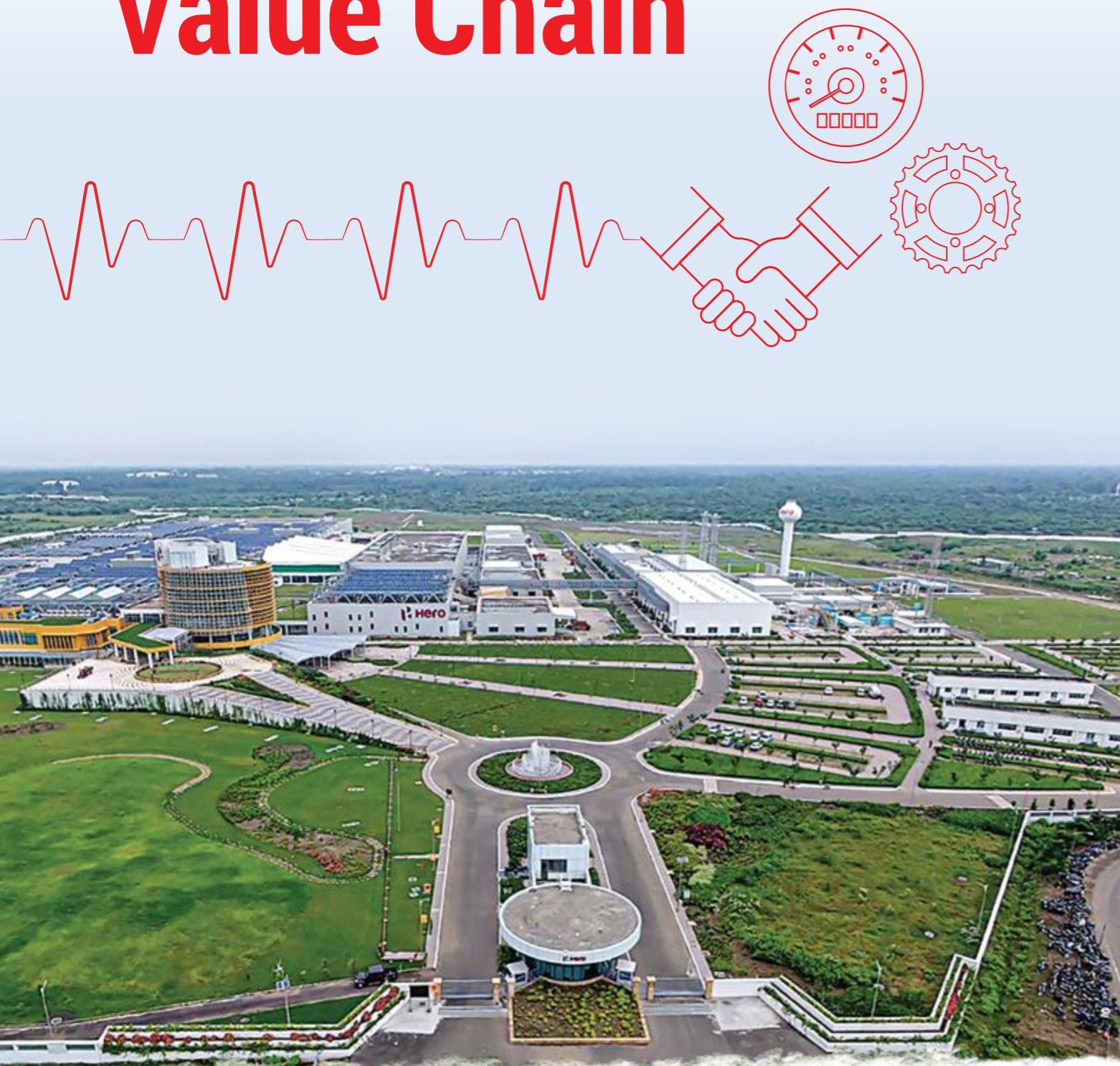
We are taking initiatives in reducing our ODS footprint at all our facilities. We are replacing our old air conditioners with air conditioners which use R410 gas and do not harm the ozone layer. The ODS footprint of last two years has been shown in the following table.

Ozone-Depleting Substance (ODS) footprint

ODS emitted by the organisation	FY19 (kg CFC-11 equiv.)	FY20 (kg CFC-11 equiv.)
R22 Freon gas	34	122
R22 Mafron gas	32	447
R134A Mafron gas	-	510



Responsible Value Chain



VALUE CHAIN

Partners in sustainable growth

SUSTAINABLE PROCUREMENT

Synergy with our partners is a key element of our performance. Our focus on good partner relationships includes engaging with them in various ways and platforms. To ensure a consistent and comprehensive approach across business units, we have articulated the sustainable procurement guidelines, Green Partner Development Programme (GPDP) and many more.

Green Partner Development Programme

Green Partner Development Programme (GPDP) encourages a collaborative effort between Hero MotoCorp and its suppliers, dealers to achieve our overall corporate sustainability goal. The objectives of GPDP are:

- De-risking the supply chain, up-gradation by knowledge sharing and expanding the horizons of environmental practices among the supply chain partners
- Collaborative approach to conserve and protect environment to meet our societal commitment
- Better business sustainability and improved vision for the challenges ahead

The initiative is carried out through Environmental Aspects Reduction Network (EARN) programmes under the six pillars of energy management, water

management, waste management, pollution prevention, substitution of hazardous chemicals, environmental compliances.

Supply chain partners are given specific training on all six pillars of GPDP and mapping of processes/equipment is carried out based on logical analysis to identify the gaps or significant environmental and safety aspects and accordingly improvements projects are undertaken for implementation.

Under its flagship programme Green Partner Development Programme (GPDP) celebrated every year on World Environment Day, Hero MotoCorp certified 20 supply-chain partners in phase X and enrolled 20 new supply-chain partners for Phase XI. Total GPDP certified supply-chain partners are now over 200.

Approach and performance in customer engagement

Dealers and distributors are our last mile connectivity with our customers. Our engagement with them positively influences their engagement with the end consumers. It helps us understand customer needs as well as effectively communicate our viewpoint to consumers.

Customer satisfaction is met through amalgamation of our Customer Relationship Management and Dealer Management System (CRM – DMS).

Our overall quality policy provides the guiding approach towards customer service. It is important to understand customers' expectations and thus an ongoing dialogue with them is maintained through various initiatives. It helps us make advances in the quality of products we develop.

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. In addition, brand track study continues on a continuous basis to gauge health of the product brands as well as corporate brand. Acceptor-rejecter studies are carried out on a need basis to complement the above studies.

Motocyclopedia

An online directory of all key parts, it is aimed at creating an engaging platform for information sharing with our customers that shall help us to propel our parts business into a new orbit, literally and digitally.

We had invited everyone to write story about various part groups - the history, evolution, use, relevance, impact and role of the part along with all possible trivia that we would like to share with our customers who visit the site for purchasing parts or simply to know the details of such parts.



Hero going digital

In continuation of our digitisation journey, we introduced 'Hero myBusiness App'. This app provides insights on key business and performance indicators for our sales and after sales team and our channel partners. Key business performance indicators can be mapped:

- Sales KPI's: Live retail, retail & stock, town market share, enquiry, myscore

- After sales: Service reporting and revenue, status of complaints, part purchase and inventory
- Receivables: Outstanding, payment due invoices, paid up stock details
- Hero Happiness Score customer interaction recording

GOODLIFE PROGRAMME

It has been 19 years since the launch of Hero's prestigious loyalty programme - Hero GoodLife. The programme has evolved over the decades and now is one of its kind in the industry attracting lakhs of members enrolling annually. It is growing from strength to strength with over 3.9 crore members associated with Hero GoodLife since inception.

The last financial year's dominant focus area was meaningful engagement with our key stakeholders viz. customers and dealers/Network fraternity and employees. Keeping this in mind, we introduced several first-of-it-kind campaigns this year.

Customer centric campaign dominated the year resulting in reaching out to 3+ lakh unique GoodLife members who engaged and experienced myriad offers through varied campaign for example 'Vote for Nation' campaign that was not only topical but also well timed and focused upon Nation building with around 10,000 customers availing this offer in a very limited time period.

Another thematic campaign on 'World Environment Day' focused on rewarding a member for contributing to nature through the 'Care about air' programme by showing their 'Pollution under Control' certificate and availing GoodLife bonus points.

An important key stakeholder is our Dealer/Network fraternity for whom a reward and recognition campaign was introduced to motivate them and also to bring in business opportunities in the form of referral sales through GoodLife members. One such campaign was 'Khushiyon Bhara Referral' yielding to a healthy contribution to business referral sales.

Vijeta and GoodLife Carnival was aimed at the dealership staff viz. GoodLife Executive (GLE/DSM/MCC) and the objective was to provide them with an opportunity to earn reward and recognition for achieving their business milestone. Another key parameter was to focus upon Customer engagement drives at the dealerships. It resulted in over 288 customer engagement footprint pan India.

To engage with our own field team's children we introduced the 'Young Artist' contest that resulted in an indigenous Annual GoodLife Calendar fielding home grown young artists from our Hero team members.

Overall, it was a year of excitement, pulsating campaigns and most importantly, delivering value not only to customers but also to other stakeholders be it dealer/network fraternity or our very own field team. GoodLife journey continues...



PRODUCT STEWARDSHIP



PRODUCT STRATEGY

Design for environment

Customer comfort, safety and reduction of the carbon footprint are the key strategic areas relevant to the Company's product portfolio. Hero MotoCorp has been a pioneer in making fuel-efficient vehicles.

Through the design for environment approach, Hero MotoCorp is making serious efforts in making continuous technology improvements that lead to superior performance at competitive prices. The Company has also accelerated its transition into BSVI compliant engines and is working towards emerging mobility solutions. The Company's product stewardship extends beyond product design and development stages into sales and service.

PRODUCT INNOVATION

Hero MotoCorp's Centre of Innovation and Technology and the Hero Tech Center, Germany GmbH works on development of new vehicle concepts and future technologies.

HeroHatch completes one year

HeroHatch was founded in September 2018 and on its first anniversary, we can proudly say that, Hero MotoCorp is on the right mission to create some path-breaking milestones in the coming future. The projects seeded under this regime have made great progress. Two more hatch teams were added in June, 2019. Reflecting back, it has been a very fruitful journey both in terms of results and learnings. HeroHatch also demonstrates the ability of the members of the organisation to get out of their comfort zone and do things that may seem impossible in normal circumstances. It also shows that our teams can work together at an amazing speed.



Digital launch of India's first BSVI motorcycle

Hero MotoCorp launched country's first BSVI motorcycle Splendor i-Smart on digital platform.



The launch was viewed live on Hero MotoCorp's social media handles (Facebook, Twitter, Instagram) at 1 pm, November 7, 2019.

TENETS OF OUR ELECTRIC VEHICLE (EV) STRATEGY

Technology as a platform to differentiate

Compelling, differentiated customer proposition

Leadership in the belly of the market

Ecosystem partnerships with 'Frenemies'

Exploring product and service offerings with in-house R&D initiatives, internal incubator and strategic tie-ups, our foray into emerging mobility has significantly expanded the current business model.

In-house EV product approach

Our teams are exploring the opportunity to expand into the business of installing charging stations at our customer touchpoints. The Company engineers at HTCG, Germany and CIT, India are developing an in-house electric product.

Internal incubator

Under this umbrella, we are developing innovative EV concepts through an internal start-up – HeroHatch. This is an initiative with 11 youngsters chosen from within our teams through an exhaustive selection process. This team has developed a unique modular mobility solution, which is being examined for quality and commercial viability.

Strategic associations

Back in 2016, we invested in India's best two-wheeler EV start-up - Ather Energy. Ather, an Indian electric vehicle company was subsequently introduced to the market and has a two-product suite – Ather 450 and Ather 450X. In association with the Company, we have developed electric vehicle charging infrastructure as well.



Ather 450X

- High-capacity 2.4kWh Lithium-ion battery pack
- IP67 water and dust resistant
- Fast charging up to 80% at 1 km/min



Product innovation

Hero MotoCorp introduced the Quark 1 concept as a part of its HeroHatch Electric Modular Mobility project. The Quark 1 concept is the world's first class changing two-in-one vehicle, which can be used as either a two-wheeler or a three-wheeler depending on the requirement. The Quark 1 is powered by Hero MotoCorp's M360 and AMSEP (Advanced Modular Scalable Electric Powertrain) technology and comes equipped with an interchange mechanism with retractable rear wheel. The concept vehicle also gets features like a fully digital instrument cluster, customisable user profiles, GPS, live monitoring of battery SOC, along with capability to be updated over the air (OTA) updates. A noteworthy design element here is that the scooter in Quark1 has a retractable rear wheel that retracts when the vehicle is used as a three-wheeler.



The Quark 1 has been designed with an aim to reduce vehicle density on the Indian roads as a multi-utility solution.

Representation on international platforms – EICMA 2019

The 77th edition of the Esposizione internazionale del ciclo, motociclo, accessori (EICMA 2019) in Milan, Italy, saw the launch of several motorcycles and scooters, apart from two-wheeler accessories like apparel, helmets, tyres and components in Milan, Italy. Hero MotoCorp showcased several products but what stood apart was the Xtreme 1.R concept at the EICMA 2019.

The Xtreme 1.R is inspired by the precision of an arrow and it boasts of an aggressive stance. The Xtreme 1.R offers a sneak-peek into the next generation of the Xtreme brand. Other products on display included the XPulse 200T, XPulse 200 Hunk 200R, Hunk 200S, Ignitor 125 and the Splendor iSmart. The company also showcased its new range of scooters – Duet 125, Dash 125 and Pleasure+. Three special signature editions of Hunk 200S, XPulse 200T and Dash 125 were also on display.



People



WORKFORCE

Nurturing and re-skilling the resource of tomorrow

Hero MotoCorp's strength comes from its people. With a large and diverse production line, we rely on the vast pool of talent to keep our operations running. It is through this talent that we replace conventional thinking with alternative approaches.

We encourage our employees to challenge conventional thinking and embrace innovative mindset through robust engagement mechanisms and progressive HR policies. While recruiting talent is the first step, our processes are dedicated to nurture, motivate, reward and retain them. Along with strengthening our

capabilities, we significantly prioritise the health, safety and overall wellbeing of our employees.

OUR WORKFORCE

As on March 31, 2020 nearly 4.2% of our permanent workforce was female and 96.7% was male. All our permanent employees are covered under

performance evaluation and feedback process. We cultivate a diverse workforce of highly talented individuals who are dedicated to integrity and high-quality work. We also aim to offer equal opportunities to people of all working age group. The category and gender-wise details of the workforce are presented in the table below:

CATEGORY WISE WORKFORCE

	FY19	FY20
Number of employees	8,551	8,599
Employees hired on temporary/contractual/casual basis	22,992	21,091
Permanent women employees	279	364
Employee associations recognised by management	<ul style="list-style-type: none"> • Hero MotoCorp workers' union, Gurgaon plant • Hero MotoCorp workers' union, Dharuhera plant 	<ul style="list-style-type: none"> • Hero MotoCorp workers' union, Gurgaon plant • Hero MotoCorp workers' union, Dharuhera plant
Percentage of permanent employees who are members of this recognised employee association	All confirmed workers are part of the association	All confirmed workers are part of the association

8,599

Total number of employees

During the reporting period, Hero MotoCorp recruited a total of 674 employees across management and permanent worker categories. The breakup across age groups and genders is shown in the table below.

AGE- AND GENDER-WISE WORKFORCE

Recruitment FY19	Age group		Gender		Total	
	<30 yrs.	30-50 yrs.	> 50 yrs.	Male	Female	
Management	459	177	2	577	61	638
Permanent workers	54	167	3	224	0	224
						862
Recruitment FY20						
Management	368	141	8	384	133	517
Permanent workers	28	126	3	157	0	157
						674

We assess employee turnover across different demographics of employees to uncover the causes for the same. We define employee turnover as the number of employees who leave the organisation voluntarily or due to dismissal, retirement, or death in service.

TURNOVER OF EMPLOYEES

Turnover FY19	Age group		Gender		Total	
	<30 yrs.	30-50 yrs.	> 50 yrs.	Male	Female	
Breakup of personnel						
Management	221	187	90	459	39	498
Permanent workers	1	21	50	72	0	72
						570
Turnover FY20						
Management	160	206	183	500	49	549
Permanent workers	2	11	80	93	0	93
						642

We believe in providing fair compensation to all our employees irrespective of their seniority, employment terms, gender, etc. We pay well above the specified minimum wage for all our workforce.



674

Employees across
management and permanent
worker categories recruited

100%

Permanent employees
covered under performance
evaluation

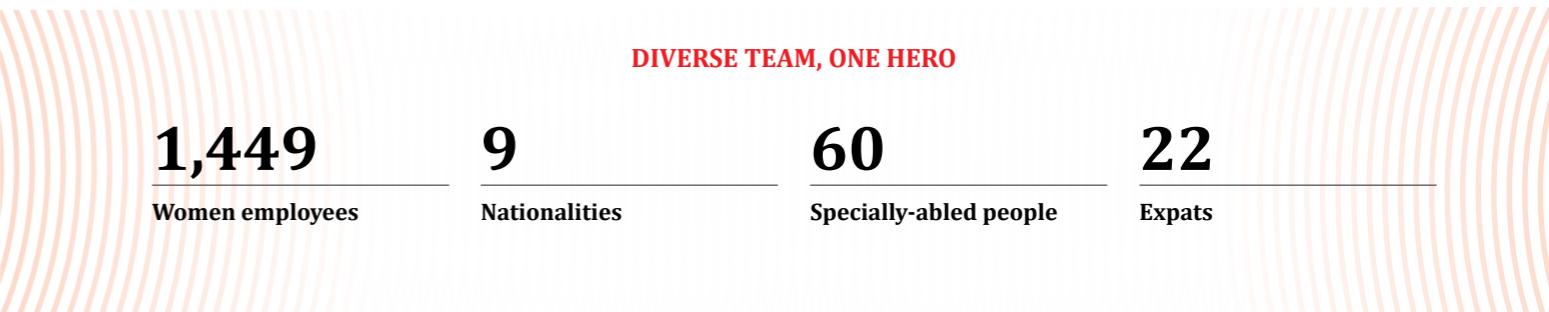
SUMMARY OF EMPLOYEE RECRUITMENT AND TURNOVER LOCATION WISE AND EMPLOYEE CATEGORY WISE

S. No.	Location	Employee hires		Turnover	
		Management	Permanent workers	Management	Permanent workers
1	Gurgaon plant	81	29	108	4
2	Dharuhera plant	36	106	104	83
3	Neemrana plant	36	21	25	2
4	Halol/Vadodara plant	26	0	28	0
5	CIT Jaipur	130	0	78	0
6	Haridwar plant	26	0	28	4
7	Corporate office	34	0	60	0
8	Other zonal offices	148	1	119	0
	TOTAL	517	157	550	93

EMPLOYEE HIRE AND TURNOVER RATE

S. No.	Total no of employees	Employee hires	Employee hire rate	Employee turnover	Employee turnover rate
1	8,599	674	7.84%	643	7%

Diversity and inclusiveness



The organisation is looking for a diverse slate of candidates while hiring. The term 'diversity' is a lot more than just a buzzword. Research across the world revealed that there is a strong correlation between the diversity initiatives and business performance through innovative results. While there is no playbook for making every employee feel included, but we continue to strive towards creating a sense of belonging for every employee to become an inclusive ally through various engagement activities that are aimed to foster Diversity and Inclusiveness.

At Hero MotoCorp, we believe a diverse and inclusive workplace makes us stronger. Engaging different thoughts and sharing insights broadly has helped make us the organisation we are today. Therefore, we are committed to creating a truly inclusive organisation with a culture that values, respects and encourages diversity.

In order to manage Diversity focus, we adopted an integrated approach wherein we targeted recruitment initiatives, education and training, career development, and mentoring

programmes to increase and retain workforce heterogeneity within the organisation. While the focus stayed on increasing diversity representation, our vision was crafted to ensure the 'Inclusion' so that the efforts could be sustained for long term and it becomes the culture in Hero MotoCorp rather than flavour of the year. Hence, we wanted to concentrate our efforts simultaneously towards building a strong supportive culture. The efforts taken are as follows under the three pillars of D&I.



LEADERSHIP AND ADVISORY SUPPORT

- Women in Leadership programme (WIL)
- PoSH policy
- Maternity benefits
- Night shift approval for development of women (B & C Shift)
- Restricted holidays



CULTURE AND MINDSET

- Gender sensitisation workshop
- D&I talk
- Gamification/Online quizzes
- Sign language training



RECRUITMENT AND SELECTION

- Acquiring diversity talent
- Supportive infrastructure
- Sensitisation workshops for interviewers
- Campus out reach

D&I VISION: To make Hero MotoCorp a truly inclusive organisation with a culture that values, respects and encourages diversity.

1,000

Woman employees hired
during the year

AN EQUAL WORLD IS AN ENABLED WORLD

As an organisation we believe that knowledge, experiences and skills are not dependent on any particular cast, creed, ethnicity or gender. If provided with equal opportunity, a person can achieve heights in their domain.

This year for the **International Women's Day** celebrations, the theme was 'Each4Equal'. A specially curated video featuring employees across a cross-section of teams and locations, was developed on this occasion where they shared their thoughts and personal experiences on '**Each4Equal**' concept.



PROJECT TEJASWANI (WOMEN COLLEAGUES @ SHOPFLOOR)

As an organisation with a strong history of market leading performance and having a heavy manufacturing footprint, the agenda of Diversity & Inclusion (D&I) was not identified as a priority at Hero MotoCorp initially. Keeping in mind the vision for the year 2020 and the identified roadmap for Hero's global brand dominance, the leadership identified and accorded the highest priority to create an organisation with a diverse and inclusive workforce that represents the microcosm of the society we live in.

Hero MotoCorp's journey for D&I started with its setting up of the Diversity and Inclusion Agenda for itself and took up the challenge of introducing '**Women at Shop Floor**' through its **Project Tejaswani**.

Also, while the onset of Project Tejaswini seeded in 2015, it saw its beginning in FY17 when **Hero MotoCorp introduced women at shop floor for the first time in its 32 years' history**.

The philosophy behind Project Tejaswini was to build upon gender parity but also to work upon '**changing mindsets**' and making the workplace holistic and in line with its vision for 2020. A bold step to bridge the gender gap and to become an '**Employer of Choice**' and a '**Great Place to Work!**'

Till March 2020, we had around **652** female employees on the shop floor around all the locations, ably matching up to their male counterparts and delivering in all walks of operations.



Haridwar

In a journey to further strengthen ourselves as an organisation and bring in more advantages of a diverse workforce at the workplace, the plant has taken several initiatives to ensure the safety of women and encourage their participation in an array of activities and events. As a result, tremendous benefits in terms of increased product quality, good product delivery, innovative work culture and building of inclusive mindset has been experienced at the plant level.

Halol

To support and nurture the ecosystem of women workforce, the plant has taken several initiatives in the form of:

- Appointing two female medical nurses, for ensuring proper health and hygiene of existing and future female employees.
- Provision of transport facility for existing staff and team members (FTEs and staff)
- Creating a continuous management communication platform with existing female employee, in form of 'Discussion with manufacturing head'.



Gurgaon

Gurgaon plant has further strengthened its women workforce, by recruiting more female staff from various ITIs pan India and an equal opportunity of growth and development were also provided to them. This is a significant leap towards gender diversity and inclusion on shop floor at Gurgaon plant.

GPC, Neemrana

At our Neemrana plant and Global Parts Centre facility, under project Tejaswini, we progressed ahead and saw our women colleagues taking charge at new areas of operations such as engine assembly line, paint shop, weld shop and final inspection.

Chittoor

The new manufacturing facility of Hero MotoCorp at Chittoor, in the southern Indian state of Andhra Pradesh is a perfect epitome of gender diversity and inclusion. This plant has 80% of women workforce working on the shop floor.



TRAINING PROGRAMMES FOR 'SPECIALY-ABLED EMPLOYEES' AT HERO MOTOCORP

As an organisation we have always been cognisant towards building a strong supportive culture for specially-abled employees. We include them into several motivational training programmes to ensure adequate focus are given on their self-development. As an extended mechanism of enabling the ecosystem, we conducted a couple of sign language workshops for certain teams in corporate where we had hired specially-abled interns in order to overcome the communication barrier and enhance inclusiveness.



Sales and after sales

Hero is on the journey to become a truly global entity in terms of size, customer reach and technology, which is not possible without having diverse talent, equal opportunity and inclusion. Our diversity agenda is to create a culture of respect and appreciating the uniqueness and differences in each person. This will create an inclusive environment of belonging; where ideas of all are valued and embraced. In the first phase of the '**Diversity and Inclusion**' initiative of the Company, we have covered the entire sales and after-sales function in Gender Sensitisation workshop. These were conducted all across our five zones. The sessions touched upon various topics like why diversity is important, various kinds of diversity and awareness about the law of sexual harassment at workplace. We also gathered insights from various one-on-one discussions with some of our members of the leadership team.



Talent recruitment and retention

At Hero MotoCorp, we believe in nurturing a high-performance and enabling work eco-system where open dialogue is encouraged, thereby allowing employees to realise their full potential. We aim to recruit the best talent from across the globe and various strata of society, industries and educational institutes of repute, thereby infusing the richness of intellect and experiential learning across our eco-system.

Some of the notable highlights in the recruitment sphere have been as below:

WOMAN TALENT AT THE FOREFRONT

In our endeavour to infuse gender equality and aim to create a more sustainable talent pipeline, HMCL

always strives to align its diversity and recruitment strategies. This is important since diversity efforts operating in a silo will not achieve the desired goal. In order to meet the dual demands of an increasingly diverse talent pool and rapidly-changing work landscape, we conducted diversity interview drives across varied campuses. Our focus on diversity clearly achieved the desired results and more: with the result being an all-women DET Batch of 50 employees. This batch joined the Hero family on August 5, 2019.

IMPROVING CANDIDATE EXPERIENCE

The recruitment and selection process is an opportunity to present our organisation as a preferred employer



Employee engagement

This year was all about celebrating togetherness and spirit of oneness with Hero's immediate and extended family.

It started off with the Heroes of Hero event in April 2019 aimed at encouraging talent among our employees and their children. The Hero Kids Day Out in June 2019, replete with fun activities like magic show, virtual reality based games, dance and music, in the midst of the summer break gave the children of employees' memories that they shall cherish forever. Additionally, career counselling sessions were organised for employees' children from class IX to XII to provide



them guidance in critical years of schooling and further education.

Along with this, occasions like Independence Day, Diwali, Christmas, and New Year were celebrated enthusiastically. All festivities promoted the spirit of One Hero. In our efforts to build a greener and more sustainable

to the best talent available in the industry. We take pride in offering:

- Superlative selection process experience** – All our candidates are offered a cashless travel experience during the selection process where all interview related expenses for a candidate are pre-booked and provided by the organisation in advance.
- Hassle-free onboarding** – We offer a caring welcome to all our new joiners for a hassle-free onboarding experience. All outstation candidates are offered convenient, safe and reimbursement-free travel and re-location options. Suitable care is taken to provide complete clarity on re-location and travel expenses offered to all newcomers' for their dependents/family members.

50

Women recruited
in the DET Batch

ecosystem, focus was laid on making all the arrangements eco-friendly.

Furthermore, to promote the culture of wellbeing and healthy living, the organisation encouraged and sponsored employees' participation in various marathons such as Airtel Half Marathon and Pinkathon.



Contractual sports meet 2019

Contractual sports meet was organised in Gurgaon plant for the first time on December 15 and 22, 2019! The event was a huge engagement platform for this spectrum of workforce including workmen and apprentices. Zealous participation was seen from diverse groups (canteen boys, housekeeping and female apprentices). The meet was very engaging and the contractual workforce has been positively motivated with this initiative and has desired that this event be a yearly recurrence.



DIGITAL INTERVENTIONS

Automation and analytics – Leveraging technology in HR

Leverage digital technology in HR through focused initiatives have led to improved productivity, work environment and effectively managing employees' aspiration.

We have transitioned our employee management data to SAP Successfactor, and thus, moving to an integrated cloud platform. The system provides a user

friendly UI with similar processes and thus enhancing overall employee experience.

We have initiated the journey to go paperless by automating multiple processes covering the entire life cycle of employees like automating transactional processes, seamless data

integration and digital documents / certificates for all the employee needs.

Our work force analytics, employee communication / engagement tools, and other digital platforms is enabling the management in faster decision making and gauging the impact instantly.

EMPLOYEE BENEFITS

Employee centric HR policies, practices and procedures

In the journey towards becoming the global employer of choice and a great place to work, we periodically review our policies and procedures to ensure that it offers meaningful benefits to our employees.

In FY20, we further focused on inclusivity, work life balance, career

development, flexi benefits and hence, introduced / revised related policies like working hours, Hero MBA programme, part-time employment and company car scheme to name a few. These strategic changes are intended to cater to and address the diverse expectations of baby boomers, Gen X, Millennial and Gen Z.

HR digitalisation projects have been an enabler in automating most of the employee related processes and procedures. Change management and targeted communication have helped us in bringing significant improvement in employee experience through these varied interventions and it has brought value proposition for the employee and employer both.

RESPECT FOR HUMAN RIGHTS

We advocate and encourage the highest standards of human ethics and etiquettes and respect the dignity of everyone associated with us. At Hero MotoCorp, we do not tolerate any act that violates human rights. We strictly condemn acts like discrimination, forced and compulsory labour, and child labour.

Our approach on human rights extends to those who we partner with, such as suppliers and contractors. Human rights issues are a part of the Sustainable Procurement Guidelines. Besides this, through various awareness sessions, several stakeholders are sensitised on the subject which then helps to promote adherence on human rights aspects. In order to create a workplace that is fair, transparent and safe, we also have in place a policy for Prevention of Sexual Harassment at workplace (PoSH), under the provisions of Prevention of Sexual Harassment Act, 2013.

SKILL DEVELOPMENT

Our employees are an integral part of our organisation and we believe that investing in their development will provide us sustained growth over the long-term. We consistently invest in their training for managerial capabilities, skill upgradations and outbound trainings to overall increase the competence and inculcate a spirit of team bonding. Through our customised development programmes we ensure that all employees are up to date with the latest skills required to thrive in the industry today. We believe in our home grown talent and promote internal growth through succession planning rather than hiring people on managerial positions.

We invest in our employees in multifaceted ways, apart from tiered development approach, we continuously work on strengthening the capabilities of our employees with the help of training programmes, on-the-job learning and special projects

to bridge the identified gaps and ensuring future ready talent. We do have formal 'Coaching' and we do invest in 'Development Centres' across various levels in the organisation.

Gurukul: Our in-house technical training school imparts state of the art technical training to all our operators and staff. From basic automobile knowledge training to complex transformation trainings Gurukul is our one-stop shop for all technical trainings. For sharpening our managerial skills we have bespoke programmes such as NexGen leaders co-created with the leading consulting organisations. For our budding leaders we have foundation courses such as Hero MBA we have tie-ups with BML Munjal University and MS University, Baroda.

CALCULATION OF AVERAGE TRAINING MANHOURS

S. No.	Total employees	Total training hours	Average training hours
1	8,599	4,02,942.64	46.86

We are further strengthening the training hours recording mechanism with focus on gender and employee category.



Gurukul at Dharuhera

The Gurukul at Dharuhera was established in 2007, with an objective to reward creativity, stimulate innovation and contribute to economic development while safeguarding the public interest. Gurukul is a central technical training academy for HMCL Staff for skilling, reskilling and upskilling on the product, process, equipment and system to the human resource to make them job ready. The training approach is T shape widening and deepening the skills. Currently Gurukul has the following verticals

- Staff training (new and existing staff of all locations)
- Operators training (for HM1D location)
- Internal trainer development (all plant locations)
- Support other location

A unique story of our Gurukul students' training (dual mode of education and training):

Hero Gurukul signed an MOU with Automotive Skill Development Council (ASDC) which includes 20 various types of courses governed by the National Skills Development Corporation (NSDC) under the Ministry of Skills Development, Government of India. A pilot batch of 50 trainees underwent admission and got certified. Subsequently mass roll outs have happened under the ASDC courses since 2016 onward.



500+

Students graduated

₹ 10,000

Monthly project stipend



Currently, Hero is conducting following one-year courses Level - 3 and Level - 4 in the operational areas of the Organisation:

1. Welding
2. CNC operator/ Machining technician
3. Automobile service technician (2&3 wheeler)
4. Automobile painting technician
5. Vehicle assembly fitter/technician
6. Auto component assembly fitter
7. Maintenance technician electrical

Some of the trainees also participated in the regional, state-level and zonal level skill competition organised by NSDC, and won multiple accolades. After that they partnered with SVSU (Sri Viswakarma Skill University) to roll out long term (3 Years B.Voc – Manufacturing & B.Voc Mechatronics) and short term courses (1 year) as per ASDC pattern. In all these courses the students earn while learning. They learn theory and concepts in two hours every day in the Gurukul labs as well as practical skills on the real machines inside the plant during eight hours on job training. For both Gurukul learning and OJT they get monthly stipend approx. ₹ 10,000 per month. That way they learn and earn. So far 500+ students passed out and all of them have jobs. A batch of women students are being trained on trial. After the training, the students will become expert vehicle assembly technicians. Some of them have won the national welding skill competition as well.

NexGen leaders

Under our tiered leadership umbrella a new offering was created for our budding Next Generation (NexGen) leaders who have recently been handed a role of managing teams. This programme comprises a 75-day leadership journey with multiple check-in points and class room sessions. This programme will build a strong leadership foundation for our future leaders. Around 100 managers were identified and were covered this year. As part of the curriculum, all managers have selected projects to work on to implement the learnings from the programme. The outline of the top-level programme is:

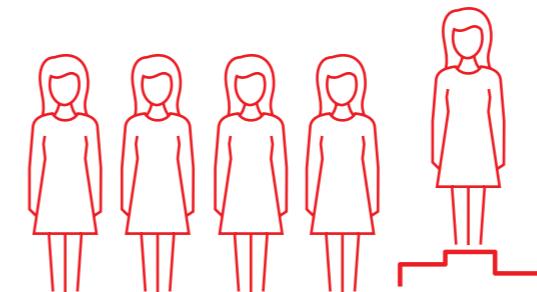
- Understanding and developing different personalities
- How to differentiate and reward performance
- Coaching and feedback
- Managing conflict
- Understand your leadership style



WOMEN IN LEADERSHIP

Women's day at Hero MotoCorp marked the successful completion of another batch of the Women in Leadership (WIL) programme. The WIL was launched in association with BML Munjal University with an aim to build the leadership pipeline of women executives in the organisation. This nine months long programme has been specially designed for women in mid and junior level of management so that they can realise their leadership potential and make significant contribution to programme the organisation.

Each participant was also assigned a coach during the programme to strengthen the reflective learning process that aims to enhance the self-awareness of individuals. The programme involved three working days of participants each month starting from the month of June 2019 onwards. The assessments were based on their participation in activities, quizzes and evaluation by the faculty on the assignments given during each module.



EXCELLERATOR CLUB PROGRAMME

As one of the key objectives of HR is to differentiate and develop, an elite club by the name of Excellerator Club was created four years ago serving as a platform to recognise top rated talent

of our organisation. This programme offers differentiated and customised learning opportunities to all employees rated as 'EXCELLENT' in the year gone by. This year multiple offerings were designed to run throughout the year along with a full day in-person

experiential session which included a three hour team bonding programme. These Excelleror club members got felicitated by badges and certificates in the experiential learning session followed by interaction with leadership team.



Hero sales academy

A three-day residential programme was organised at IIM Bangalore for dealer owners. The key topics of the programme were:

- Macro economics
- Sales and marketing
- People skills in dealer environment
- Customer centricity
- Communication skills with focus on listening skills

- Digital and social media
- Financial management in dealer environment

The programme was attended by 42 dealers from all over the country in two batches.

42

Dealers from all over the country attended

2

Batches managed so far

Hero campus challenge, season 5

Brands are indeed a key and perhaps the most important strategic asset of the organisation. Given the relentless drive towards globalisation, we are focused on developing branding strategies that help us connect with customers in a variety of cultures and contexts for consumer experience. On the same token, building employer branding around employee experience right from the awareness of the organisation till the entire employment lifecycle is a part of talent sourcing strategy. To build the corporate brand, we have an ambidextrous approach towards consumer and employer branding.

Digital engagement is considered the key to brand success these days. Success and extent of engagement are attributed to the creativity of content and context thereof. We at Hero MotoCorp embark on new paths and technological armamentarium for the success of our employer branding. These things don't just happen when everything is left to run its course. Rather, there is a distinct need for us to lead in this arena. Every intervention in employer branding is embedded in an *umwelt*, and only by combining it with a proper diagnosis of the situation at hand, controlled by human feelings and qualities for a common endeavour.

In line with our talent acquisition strategy, we had initiated Hero Campus Challenge (HCC) season 5. It received

record-breaking registrations from 32,152 students (10,717 teams) from both B-Schools and Engineering colleges, when it was launched in October 2019. All the teams went through multiple assessment rounds over the course of season-5. The competition started with the first-round of online assessment, to check the basic domain knowledge of the teams, followed by an idea elevator pitch round where the selected 1,092 teams had to present the details of their solutions. The students then proceeded to the virtual presentation round where 80 shortlisted teams presented their detailed idea to the jury. In the end, only 10 teams qualified for the grand finale. All the finalists went through an extensive mentorship period with the Senior Leadership Team of Hero MotoCorp, to prepare them for the finale. All ideas focused on bringing sustainability in the shared mobility space and the optimum use of artificial intelligence in current operations.

HCC season 5 concluded with Indian Institute of Technology (IIT), Chennai and Xavier School of Management (XLRI), Jamshedpur emerging victorious in the Engineering and B-school categories respectively. Both the winning teams received a prize of ₹ 2 lakh while the two runners-up teams received a prize of ₹ 1 lakh each. All 30 individual finalists of HCC season 5 were offered pre-placement interviews at Hero MotoCorp. The top ideas are being evaluated to further scale up.

HERO CAMPUS CHALLENGE

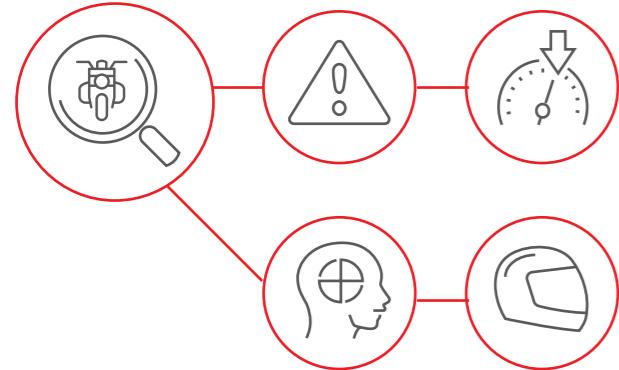
SEASON 5

JOURNEY



SAFE WORKFORCE

A commitment to safety is an integral part of Hero MotoCorp. In addition, we're focused on creating a safe and healthy working environment in all our manufacturing plants and to further strengthen our efforts, we have established safety management systems to help prevent workplace accidents. Our goal is to achieve zero accidents. We follow both a reactive and proactive approach.



Reactive approach

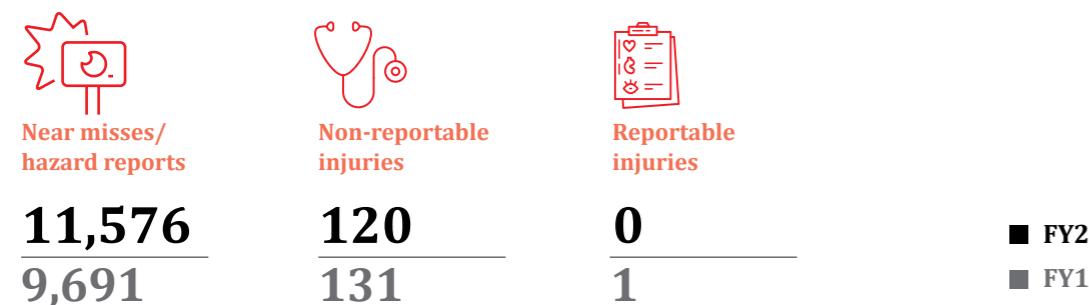
Analysis is performed for reported incidents to identify the reasons the incident and suggest mitigation/ avoidance based on the investigation.

Proactive approach

Under the proactive approach, several initiatives of risk assessment, safety tagging, safety audit, safety kaizens, safety trainings, awareness creation and emergency preparedness are undertaken.

SAFETY PERFORMANCE

Safety continues to be of utmost priority at Hero MotoCorp. The substantial increase in near misses and hazard reports also indicate the increased safety awareness in the organisation. All our sites have safety committees with equal representation from employees and workers. The table below provides the safety related data for the last two years.



VERIFICATION OF INJURY REPORTED SITE-WISE

S. No.	Category	Unit	Dharuhera	Gurgaon	Haridwar	Neemrana	Halol	Jaipur	Total
1	Near misses/hazard report	No. of persons	756	990	1,209	3,573	4,724	324	11,576
2	Non-reportable injuries (contractual)	No. of persons	16	6	15	48	13	22	120



HEALTH AND SAFETY TRAININGS

Some of the health and safety trainings which are organised at our facilities to engage employees and create positive attitude towards health and safety are:

- IMS awareness
- General safety - construction site
- HIRA; aspect training
- Behavioural safety
- Legal compliance training
- Chemical handling
- Electrical safety
- Fire prevention and protection
- General safety awareness

EMPLOYEE WELLBEING

Wellness at the workplace has been another important cornerstone of our journey. Hero MotoCorp continues to strengthen its wellness initiatives every year and aims at creating working environment which is healthy and motivating for its employees. We focus on both physical and mental health of our employees and encourage them to participate in various competitions and sports to keep them rejuvenated and energetic.

Hero wellness

Hero launched the health and wellness portal for our employees for both web and mobile app versions. The portal contains many features like self-health assessment, health tools/calculators, medical encyclopedia, personalised health tips, health bulletins and more. Employees can store and compare their own and their family's periodic health check-up records and set medication reminders. There is also a market place offering many health related special discounted services.

An occupational health management suite of this portal will enable digital management of all major activities of our occupational health and wellness centres located at manufacturing plants. Going forward, we will add access to information on our medical insurance policy, employee claims history, insurance coverage, sum assured status, track claims status, online cashless authorisations to hospital and online claim submissions.

Health Assessment to know your Wellness Score.

This is an unique tool that helps you figure your risk to various health conditions. Spare 5 minutes to answer few simple questions and get personalized health report.

[Start Health Risk Assessment.](#)

For the best user experience, please access this link through IE (Internet Explorer) 9.0 or above, Chrome or Mozilla Firefox.

■
STORE HEALTH RECORDS

■
TRACK HEALTH PARAMETER

■
HEALTH RISK ASSESSMENT

■
TRACK FAMILY HEALTH

■
HEALTH PACKAGE

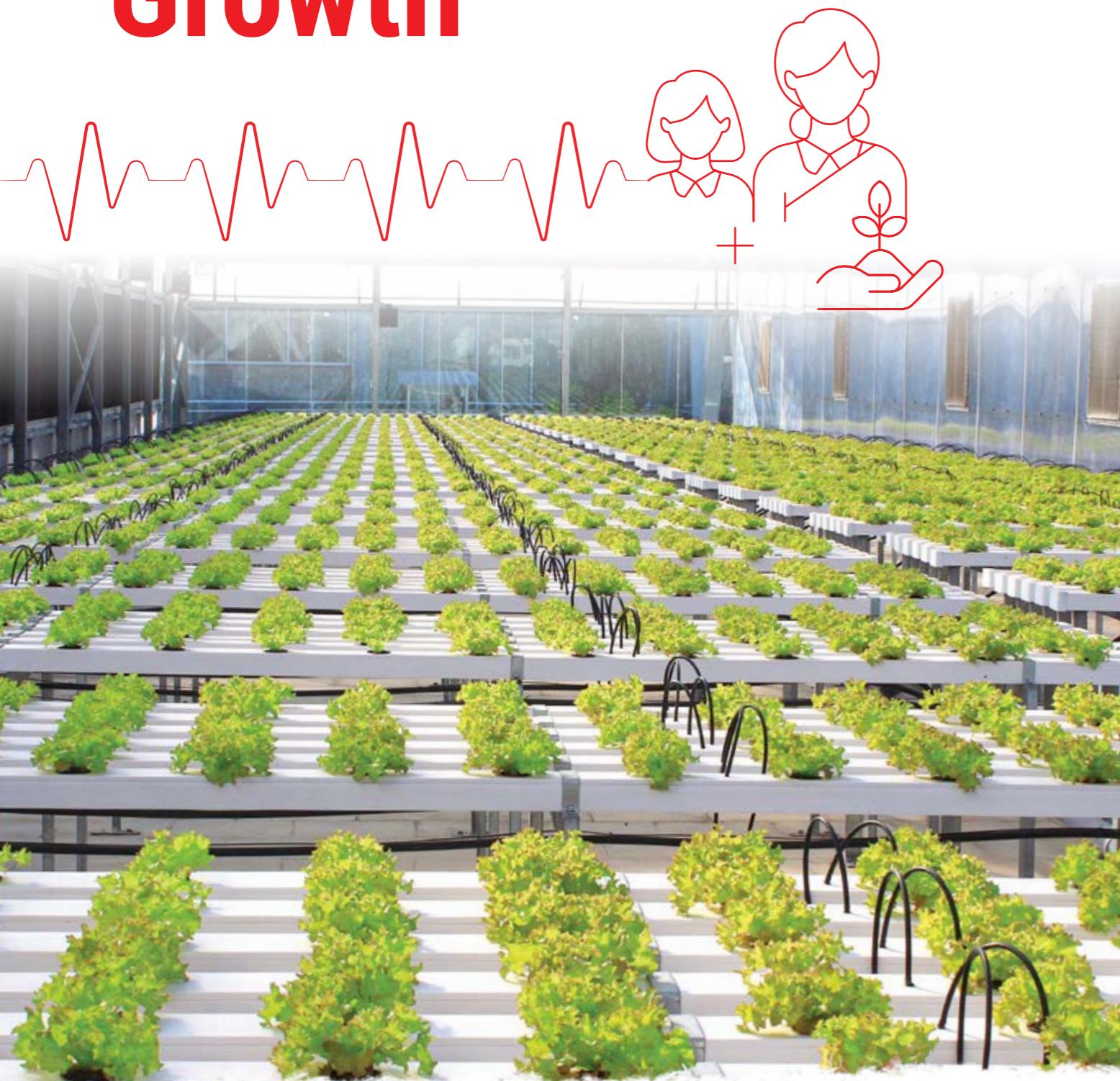
■
TOOLS & TRACKERS

■
MEDICAL ENCYCLOPEDIA

■
DOCTOR CONSULTATION

■
HEALTH DASHBOARD

Inclusive Growth



SOCIAL COMMITMENT

Strengthening relationships and community

At Hero MotoCorp, we realise that as a large business entity we have a critical role to play in the achievement of the Sustainable Development Goals (SDGs). This can be achieved through sustainable business practices as well as focused investments for community.

Community initiatives have matured over the years supporting communities in forging their future. CSR interventions are deployed by professionals with diverse skills interacting directly with the community, partnered by organisations of national and global repute. Hero MotoCorp consistently commit resources to bold and innovative projects designed at scale. This approach is the spine of our strong community relationships with mutual trust and respect. Through our 'We Care' initiative, which is our CSR umbrella, we are running five flagship programmes successfully.

We invested a total of ₹ 131.22 crore in the reporting period on various CSR interventions. All our sites conduct CSR programmes and all CSR programmes undergo a third party impact assessment on a need basis. The break-up of our CSR beneficiaries of our key programmes are given below:

Initiatives

1,53,102

6,56,407

Ride Safe India

58,33,114

61,62,840

Arogya and Community Development

48,046

4,15,149

Shiksha

88.6 Mn

238.9 Mn

Be Safe Be Aware
(views on all media)

VISION: To have a greener, safer and equitable world.



7,16,320

21,77,000

Happy Earth
(tree plantations)

■ BENEFICIARIES IN FY20

■ TOTAL BENEFICIARIES TILL FY20

ADDRESSING ENVIRONMENTAL DEGRADATION

Towards a greener world

We at Hero MotoCorp believe that the greatest threats the world is facing today are from environmental degradation and climate change. We have shouldered the responsibility of combating these threats through our Happy Earth initiative.



Green Drive 5.0 – yet another feather in our cap

The Green Drive 5.0 – the mass plantation drive in the fifth consecutive year – began in Bengaluru with planting of over one lakh saplings at Bangalore University. School and college students and hundreds of locals joined many of our employees to make the drive a great success.

Water conservation

To meet the requirement of our future generations, we need to conserve, protect and restore our natural water bodies, which are important sources for recharging our groundwater. Our natural water bodies are being continuously depleted due to over-exploitation. Besides this, we need to make community aware on techniques and practices for saving water.

Multiple projects are being undertaken across states especially in villages for conserving the rain water by cleaning and rejuvenating ponds. In FY20, we managed to channelise over 31.8 million litres of water in the villages of Haryana.

Apart from this, project Gurujal focuses on addressing the issues of water conservation efforts through awareness sessions to the community in Gurugram district of Haryana. More than 2 lakh people made aware of water conservation practices throughout the year.



2+ lakh

People made aware of water conservation practices

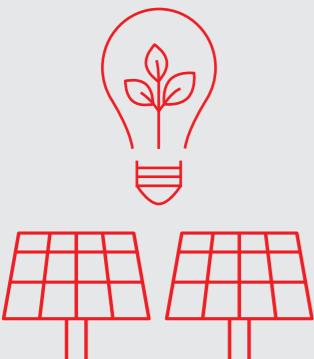
OUR EFFORTS

Initiatives	Our action and impact in FY20	Our action and impact till FY20
Tree plantation	7,16,320	21,77,000
Water storage capacity enhancement	318.25 crore litres	394.7 crore litres
Solar street light installation	6,335 in 79 villages	19,932 in 237 gram panchayat
LED bulbs installation	-	1,08,308 in 332 villages
Toilets built	272 in 24 government schools	1,483 in 170 government schools



Solar streetlights in Jaipur villages

Meeting the need of the *gram panchayats* in the village clusters of Jaipur, a total of hundred solar streetlights have been installed. The development is in continuation of our larger vision to have alternative and eco-friendly energy sources at the grassroots as also to develop necessary resources for the communities at the hinterland.



Towards a safer world

Every year more than 1.5 lakh traffic collision-related deaths occur in India. The primary sources of such events are lack of awareness or carelessness of the individuals driving the vehicle. To address this issue, we have launched the Ride Safe India initiative. Under the gamut of Ride Safe India initiative, we establish and run traffic training parks, organise road safety awareness campaigns, and sensitise school children on road safety. Aimed at improving the safety all who commute on Indian roads, this initiative has three main components.

Sadak Suraksha, Jeevan Raksha

Themed **Sadak Suraksha, Jeevan Raksha**, the rally was flagged off by special commissioner of police, Delhi along with Hero team. More than 100 women riders rode across the town wearing safety gear and carrying placards to spread the message of riding safe on the roads. Each woman cop also received a safety helmet, a symbolic gesture from our side to propagate the cause.

100+
Women riders participated



1,500
Schools reached during
the year

SAFE RIDING TRAININGS

Error on the driver's part is one of the major causes of road accidents and it can only be prevented through driving training. We manage nine road safety parks across the country that undertake two-wheeler riding training for school and college students as well as the general public. More than 6.5 lakh people benefitted through these parks till date including 1,53,102 people in FY20.

ROAD SAFETY COMMUNITIES

In the last few years, Team Ride Safe India has established road safety clubs in over 1,150 schools, creating

a platform for constant engagement with children to sensitise them about road safety. The idea being to create a band of influencers who inspire their peers to be conscious and responsible citizens. Our mobile safety van which with its focused communication paraphernalia and dedicated team supports road safety awareness activities in schools and colleges.

AWARENESS AND BEHAVIOURAL CHANGE

Project 'Be a Road Hero' is aimed at encouraging people to take pride in being safe drivers and good samaritans as well as to motivate and encourage others. The fundamental objective is to

bring about a behavioural change that would ultimately make people realise that road safety is their collective responsibility and together we could bring down the mortality and accident rates in our country.

This year around 1 lakh people pledged to 'Be a Road Hero' for being responsible drivers and be good samaritans by following traffic rules.

We continue to run multiple awareness campaigns with innovative and impactful content on road safety through both mainstream mediums and on-ground activations.

Actions and initiatives

	■ IMPACT IN FY20	■ IMPACT TILL FY20
1,53,102 Safe riding participants	1	99,864
6,54,407 Road safety training park establishment	9	1,27,464 Pledges during 'Be a Road Hero' campaign

88.6 Mn
238.9 Mn TV, print and social media views of road safety and awareness campaign



Towards an equitable world: Women empowerment

A society is truly empowered when the women of that society are free to express themselves.

To create an inclusive society we are working on various initiatives to promote gender specific causes, develop skills, create livelihood opportunities and ensure wellbeing by providing access to primary health care services.

EK PAHAL

This project is focused on training women to ride two-wheelers safely in the rural hinterland of the country, where gender disparity is still prevalent. The idea is to make them independent vis-à-vis mobility, which supports them in going for work and doing many things on their own that support in creating an equitable society for all.

More than 2,400 girls have already been trained on two wheeler riding skills this year. Some of the girls who learned to ride in initial batches have graduated to become instructors at the training facilities and are earning decent remuneration as well.



EMPOWER WOMEN COPS – PROJECT SAKHI

The idea is to empower women cops by providing them two-wheelers in order to increase their independent mobility. Women cops are generally dependent on their male counterparts with vehicles if they have to reach incident/accident spots or when responding to distress calls. During the year, we gave 1,978 scooters and

motorcycles to women police officials. Till date, 2,939 scooters and motorcycles given to women cops in 11 states and one union territory.

The major outcomes are that women cops are now independently responding to more distress calls from women and keeping their promise of swift action and safety.



EMPLOYABILITY AND LIVELIHOODS FOR WOMEN AND GIRLS

To encourage gender equality and inclusiveness in society for sustainable development, multiple projects are running that provides livelihood and employability skills to women, youth and specially abled individuals. The beneficiaries are learning skills that have empowered them in taking their own decisions and becoming financially independent.

Actions and initiatives

12,996
35,076

Skill development of girls, women and youth and their placement

Specific programmes are focused in skilling women to become employable who can earn their own livelihood and support their families. The short-term courses include tailoring, beautician, hospitality, digital literacy and so on and include important lessons on self-motivation, personal grooming and growth. This FY, more than 2,500 girls and women have undergone such training programmes.

ENTREPRENEURSHIP DEVELOPMENT PROGRAMME FOR WOMEN

The programme is focused on enhancing capacities and capabilities of women for earning their own livelihood and support their families. This programme has helped 3,582 women from 7 districts of Haryana in starting their own business. The same entrepreneurial spirit has been seen in 32 SHG groups of women of Halol, Gujarat who are engaged in eight different livelihood activities, making them a contributing member of the family.

- IMPACT IN FY20
- IMPACT TILL FY20

Towards an equitable world: Empowering through education

Since inception, we have been playing a key role in strengthening the base of education amongst children, promoting knowledge sharing within and outside the industry, and skilling the youth of country. With our 'Educate to Empower' programme, we continually strive to tackle deep-seated issues within India's education system holistically.

PROJECT SHIKSHA

The programme is focused on building strong fundamentals amongst children studying in government schools. This is being executed through developing the school infrastructure, building a strong foundation on science, providing remedial education support and giving them understanding about various career opportunities, eventually making them knowledgeable citizens of tomorrow.

Cumulatively we are supporting 216 government schools and 4,15,149 students.



8

Government school supported during the year

48,046

Beneficiaries



- Building infrastructure for future:** An entire school building is being renovated through various innovative methods, to foster creativity and give an enhanced learning experience to children. Entire community, relevant stakeholders-including school staff and children are taking active part in development of their school. Besides this, Anganwadi infrastructure are also being upgraded.
- Enhancing the academic performance:** As soft interventions, teams of professionals constantly engage with schools to provide career guidance and conduct motivational workshops and seminars. Our partner organisations also conduct remedial classes for students who cannot cope with the demands of the curriculum. Through our remedial education centres, we ensure that girls do not drop out of schools due to community pressure and other socioeconomic challenges that they face on an everyday basis.

- Strengthening the base of science:** To develop curiosity for science in children and develop fundamental understanding to make them concise, we are running mobile science labs, science centre and labs on bike, which carry hands-on models covering a wide range of topics in physics, chemistry, and biology to students of government schools. In total, four mobile science vans, science centre and eight labs on bike are making science accessible to more than twelve thousand students.
- Hero Talent Search programme:** Hero Talent Search is a programme that gives coaching support to talented children of government schools, who due to their socio economic background get limited opportunities. Eventually they are left behind in competitive exams and are devoid of the chance to do well in their life. Through, this programme 500+ students are being provided remedial education support for quality education and higher grades in class 10th.

CENTRE OF EXCELLENCE – SKILLS FOR AUTOMOBILE INDUSTRY

In keeping with our commitment to create equitable employment opportunities for women by promoting their skill sets, we have been running the Centre of Excellence for Women at various Industrial Training Institute (ITI). The Centre helps build key skill-set amongst women, thereby enhancing employment opportunities for them in the automobile industry. Industrial training is being imparted to women in fully functional technician training labs set up under this association. It also provides two-wheeler riding training facility for women, with the aim of empowering them through personal mobility.



We have successfully trained more than 600 candidates to build their careers in the automobile industry.

Highlights

Initiative	Our action and impact in FY20	Our action and impact till FY20
Educational Infrastructure and ecosystem development in schools	8 government schools supported 48,046 beneficiaries	216 government school supported 4,15,149 beneficiaries

Towards an equitable world: Building hope and serving humanity

We are committed to creating a meaningful, lasting difference in the lives of the people, communities and all other stakeholders. We are working on several projects which are significantly enriching the lives of people by making them self-reliant and supporting in the creation of a sustainable society.

KHELO HERO

The project is focused on development of grassroot sporting culture among youth in the country. Starting from the development of sports infrastructure in the rural hinterland to supporting the professional players training and participation at highest-level international competitions. These are

done by creating sports infrastructure facilities in schools, promote sports culture through regular support of talented sportspersons.

More than 560 athletes supported to nurture their talent this year. On an overall basis, 2,535 athletes have been supported till date.



SPECIAL FOCUS FOR SPECIALY-ABLED

At Hero MotoCorp we believe in equal opportunity and inclusion, where everyone has the right to access basic health care and education, irrespective of disability of any nature. With this belief we are supporting people of all ages with disabilities by providing them with special aids. This support has helped them in living a functionally productive life. This fiscal, more than 2,672 disabled individuals benefitted through surgery, artificial limbs and crutches.

SKILLS FOR SPECIALY-ABLED

Specially-abled people possess certain talent which is unique to them and helps to do certain task which is of utmost quality, even better than abled bodied individuals. They only require a platform to learn relevant skills which are in tune with industry requirement and helps them to be part of the mainstream economy.

To give them an opportunity, we are making special efforts in skilling specially-abled individuals in trades that ensure better opportunities for them. In the last few years, hundreds of individuals with various physical challenges including visually impaired, hearing and speech impairment and other such disabilities have been skilled.

More than 600 specially-abled trained to become professionals and are gainfully employed.

2,672+

Disabled individuals benefitted through surgery, artificial limbs and crutches this year

600+

Specially-abled people trained to become professionals and are employed

Healthcare

Our healthcare projects provide easy access to basic healthcare facilities for communities residing in remote areas and ensure that children studying in government schools get access to preventive healthcare facilities.

Four mobile medical vans have been deployed in Delhi, Dharuhera in Haryana, Neemrana in Rajasthan and Halol in Gujarat and are benefitting around one lakh people by providing medical assistance, basic treatment as well as medication.

Another initiative focuses on eye care through mobile eye check-up van in Delhi and a satellite vision centre with support from AIIMS, Delhi at village Malpura near our Dharuhera unit. During this FY, 19,260 people benefitted from the same.

Additionally, preventive health checkup camps were organised which benefitted

2,500 children. Adolescence education for girls and yoga for a healthy body and mind are also a part of this project.

VILLAGE DEVELOPMENT - HERO ADARSH GAON

Rural development is key for the economic growth of the country and for sustainable development, it is pertinent that significant investments are made in rural locations which can make our country the next economic power house in the world.

Underdeveloped villages are leading to mass migration of population to cities in search of better employment opportunities, access to basic healthcare services, better schools and proper roads.

We have developed a project 'Hero Adarsh Gaon' to boost sustainable development capabilities in villagers.



Highlights

Initiatives	Action and impact in FY20	Action and impact till FY20
Supporting sports through sports facilities and trainings	561 beneficiaries	2,535 beneficiaries
Aid to the specially-abled	2,672 beneficiaries	6,968 beneficiaries
Community development including free medical treatment	58,33,114 beneficiaries	61,62,840 beneficiaries

12,500+
Served across our areas of operation



2,654+
Dry ration kits distributed in
Rajasthan, Maharashtra and Kerala

Khelo Hero: Khelega India, Khilega India

Under the Khelo Hero initiative, we support and nurture sporting talent at the grassroots. One of the major initiatives in this regard was the consistent aid to Khel Mahakumbh, Uttarakhand. During the third Khel Mahakumbh, children from 95 blocks participated in a 100-meter sprint category and the top 18 athletes (9 girls and 9 boys) were felicitated with scooters to reach their institutes through tough terrain.



Women's day with Halol community

Over 600 women from all our beneficiary villages in Halol region came together to celebrate Women's Day. It was a first-of-its-kind celebration for these women as many of them, until a few years ago, had not ventured out of their villages. However, within a couple of years of our interventions – especially the formation of self-help groups – women from these villages have become financially independent which has boosted their confidence.



RESPONSE TO COVID-19

Proactive response to a global crisis

This is the time when organisations and nations would be called upon to 'choose between what is easy and what is right'. Outbreak of a global pandemic, like climate change, is a wake-up call. It requires a serious rethink of the way we shape our economic systems and lifestyles. With the above inspiration, Hero MotoCorp has initiated a series of steps in its premises and for its associates as part of the larger strategy to combat the Coronavirus impact.

As a responsible and caring corporate citizen, the health of employees and their families has always been Hero MotoCorp's top priority. We are deeply mindful of the concerns around COVID-19 and immediately shut down and halted our operations across facilities locally and globally.

MAINTAINING BUSINESS CONTINUITY

Hero MotoCorp has established a Business Continuity Task Force comprising leadership team members for monitoring the situation on a real-time basis and taking appropriate measures as necessary with the evolving situation. The task force has come up with a contingency plan for the safety and wellbeing of all employees and associated stakeholders and for running the business as usual.

NAVIGATING THE NEW NORMAL

Social distancing and work from home have become the 'new normal'. Only a limited number of employees assigned for essential services were called within plant premises during the lockdown. All safety and isolation measures as prescribed by authorities were practiced.

As a proactive precautionary measure, and also in keeping with the objective of business continuity, we made the provision for our employees to work from home every alternate day. The Company has discontinued all non-essential travel for our employees since the first week of March — be it domestic or international, official or personal. Biometric check-in and checkout have also been stopped at all locations. All physical meetings/gatherings have been stopped and all employees and visitors are screened for temperature and sanitised. Digital interface such as teleconference and video conferencing is being used frequently for most business meetings.

We have also sensitised all staff and other partners on the precautions that needs to be taken. Necessary steps and sanitisation have been initiated to ensure that the environment within all our work premises as well as those of our extended channels such as dealer partners remain safe and adequately insulated, with frequent fumigation and use of sanitisers.

ACCESS TO INFORMATION, ANYWHERE ANYTIME

We also developed our Self Declaration app for daily assessment of the

employees coming to the plants and another app called 'HOPE' – Hero Operation in Pandemic Elimination — consisting of detailed guidelines and protocols.

BUILDING SAFER WORKPLACES

An Artificial Intelligence (AI)-enabled ChatBot has also been launched to address queries from employees on the various aspects of the COVID-19, in order to prevent the spread of any false information. Thermal scanning and automatic (no touch) hand sanitisation system at all locations have become a standard protocol. The taps in the lavatories, canteens and offices have been replaced with 'no-touch' sensor based taps.

Greeting each other with folded hands, which was considered retro, has already replaced the ubiquitous handshake and is our preferred mode of greeting.

As a leading innovator, we developed our own fumigation tunnel in the lockdown period and same is tested and installed at few strategically important locations.



FIRST RESPONDER VEHICLE FOR FIRST AID

We are in the process of donating 60 first responder vehicles to government authorities across India to help them fight the Coronavirus crisis.

These unique and utilitarian vehicles will be useful for reaching out to patients and the needy in rural and remote areas and in comfortably moving them to the nearest hospitals. These First Responder Vehicles (FRVs) have been custom-built as an accessory on the powerful Xtreme 200R motorcycles of Hero MotoCorp.

The FRVs have been equipped with a full stretcher with a foldable hood mounted on the side, essential medical equipment such as a detachable first-aid kit, oxygen cylinder, fire extinguisher and other safety features such as LED flasher lights, foldable beacon light, emergency wireless public announcement system and siren.

COMMUNITY CARE

We have manufactured and already distributed several thousand litres of sanitiser. The sanitisers made by the Company have been distributed

to the authorities and people in the underprivileged section of the society. The sanitisers were being produced under the guidelines of the Indian Council of Medical Research (ICMR).



In addition to this, We have distributed protective face-masks. Hero MotoCorp motorcycles have also been donated to various authorities across India for use in relief efforts. We distributed meals to daily wage workers, stranded labourers and homeless families in several areas of Delhi-NCR, Rajasthan, Haryana, Uttarakhand, Andhra Pradesh and Gujarat.

These meals were prepared in safe and hygienic conditions by the kitchen staff at the Company's manufacturing facilities in Gurgaon and Dharuhera

in Haryana; Neemrana in Rajasthan; Haridwar in Uttarakhand, Halol in Gujarat and Chittoor in Andhra Pradesh and the Company's R&D facility – the Centre of Innovation and Technology (CIT) in Jaipur and were distributed under the direct supervision of the local police departments and government authorities in association with our NGO partners.

Besides, we also mobilised teams across its plants to distribute ration kits comprising essential materials like flour, pulses, oil, spices, etc.

We give priority to large number of MSMEs and small vendors by providing them full and on-time payments in this challenging environment. We also paid all our contractual workers well in advance for the full month, as they have been the ones impacted most adversely.

These are just the initial efforts and we are well prepared with a comprehensive contingency plan to take care of any eventuality.

AWARDS AND PARTICIPATION

Validation for our untiring efforts



Business stewardship

- The Indian Motorcycle of the Year 2020' (IMOTY) for XPulse 200.
- 'Scooter of the Year' Award at the prestigious Autocar Awards 2020 for Maestro Edge 125 FI
- Significant achievement in CII ITC Corporate Excellence 2019
- Winner of Global Centre for Healthy Workplaces Award 2019
- National Winners at 3rd edition of CII ANVESH 2019
- Excellence in access control management at IFSEC India Awards
- Asia Book of Records and India Book of Records for maximum families participating in one single plantation drive 2019
- Mahatma Award - 2019 for having a greener, safer and equitable world
- Shiksha Vibhushan Bhamashah award by chief minister of Rajasthan for the contribution in the field of education in the state
- Hero MotoCorp recognised among top 20 record holder for 2020 in 3rd World Record Holders Meet for getting maximum number of families participating in planting 2.1 lakh tree saplings
- Gram panchayat Dob Nagar Pathri in Haridwar being developed for last three years under Hero CSR initiative has been recognised as Child Friendly Gram Panchayat by Ministry of Panchayati Raj, Government of India
- Hero MotoCorp CSR bestowed with Mahatma Award 2019 for excellence in corporate social responsibility
- Second highest contributing company in Airtel Delhi Half Marathon
- Best CSR head at 7th World Auto Forum for outstanding excellence



WAY FORWARD

Establishing 2030 sustainability targets

The year 2020 has been a year for reassessing vulnerabilities, risks and opportunities. While we have achieved most of our sustainability targets (HATS) in 2020 as per our plan, we are continuously working on the key areas that matter to our stakeholders and the Company. We are also leveraging the opportunity that emerged due to the crisis in exploring initiatives and re-aligning our strategy. As a global organisation, it is incumbent upon us to rethink and re-strategise to bring resilience to our entire sustainability framework and move towards next phase for 2030 through engagements on different platforms, stakeholder interaction and leadership insights. We have identified target areas for 2030; however, with new challenges emerging and affecting the entire gamut of community and business during the course of this year we are keen to develop a new set of targets and intend to accelerate initiatives around global platforms like TCFD, DJSI, CDP in a comprehensive way.



ASSURANCE REPORT

Price Waterhouse Chartered Accountants LLP

Independent practitioner's limited assurance report

To the Board of Directors of Hero MotoCorp Limited

We have undertaken to perform limited assurance engagement for Hero MotoCorp Limited (the 'Company' or 'Hero MotoCorp') vide Engagement Letter dated October 15, 2020 and addendum thereto dated December 22, 2020 in respect of the the agreed Indicators/ Parameters listed below (the 'Identified Sustainability Indicators'). These indicators/parameters are as identified in the Global Reporting Initiative (GRI) Standards content index on pages 83-85 of the Sustainability Report of the Company for the year ended 31 March, 2020 (the 'Sustainability Report').

Identified Sustainability Indicators

The Identified Sustainability Indicators is summarised in Annexure 1 to this report.

Our limited assurance engagement was with respect to the year ended 31 March, 2020 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the sustainability report and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by the Company to prepare the Identified Sustainability Indicators are Global Reporting Initiative Standards ("GRI Standards") as stated on page 6 of the sustainability report (the 'Criteria').

Management's Responsibility

The Company's management is responsible for identification of key aspects, engagement with stakeholders and content and preparation of the Identified Sustainability Indicators in accordance with the Criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Sustainability Report and the measurement of the Identified Sustainability Indicators, which is free from material misstatement, whether due to fraud or error.

Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. In addition, GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 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.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Sustainability Indicators based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the Identified Sustainability Indicators is free from material misstatement.

A limited assurance engagement involves assessing the suitability in the circumstances of Company's use of the Criteria as the basis for the preparation of the Identified Sustainability Indicators, assessing the risks of material misstatement of the Identified Sustainability Indicators whether due to fraud or error, responding to the assessed

risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Indicators. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Made enquiries of Company's management, including the various teams such as Sustainability team, Corporate Social Responsibility (CSR) Team, etc., and those with responsibility for managing Company's Sustainability reporting
- Understood and evaluated the design of the key structures, systems, processes and controls for managing, recording and reporting on the Identified Sustainability Indicators including at the sites visited.
- Performed limited substantive testing on a selective basis of the Identified Sustainability Indicators at corporate head office, and in relation to sample of sites, to check that data had been appropriately measured, recorded, collated and reported;
- Reviewed the level of adherence to GRI Standards, the reporting framework followed by the Company in preparing the Sustainability Report
- Reviewed the Sustainability Report for detecting, on a test basis, any major anomalies in the information reported in the Sustainability Report on performance with respect to Identified Sustainability Indicators and relevant source data/information
- Obtained representations from Company's Management

The 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 we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Company's Identified Sustainability Indicators has been prepared, in all material respects, in accordance with the Criteria.

Exclusions

Our limited assurance scope excludes the following and therefore, we do not express a conclusion on the same:

- Operations of the Company other than those mentioned in the "Scope of Assurance"
- Aspects of the Report and the data/information (qualitative or quantitative) other than the Identified Sustainability Indicators
- Data and information outside the defined reporting period i.e. April 1, 2019 to March 31, 2020.
- The statements that describe expression of opinion, belief, aspiration, expectation, aim or future intentions provided by the Company.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Company's Identified Sustainability Indicators for the year ended March 31, 2020 is not prepared, in all material respects, in accordance with the Criteria.

Restriction on use

Our Limited Assurance report has been prepared and addressed to the Board of Directors of Hero MotoCorp Limited at the request of the company solely, to assist company in reporting on Company's sustainability performance and activities. Accordingly, we accept no liability to anyone, other than the company. Our Deliverables should not be used for any other purpose or by any person other than the addressees of our Deliverables. The firm neither accepts nor assumes any duty of care or liability for any other purpose or to any other party to whom our Deliverables are shown or into whose hands it may come without our prior consent in writing.

For Price Waterhouse Chartered Accountants LLP
Firm registration No:012754N/N500016
Chartered Accountants

Hemant Sabharwal
Partner
Membership Number: 093263
UDIN: 20093263AAAAH8842

Place: Delhi
Date: December 24, 2020

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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-2001) with effect from July 26, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ECAI registration number is 012754N/N500016 [CAI registration number 20093263AAAAH8842]

GRI INDEX

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16	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
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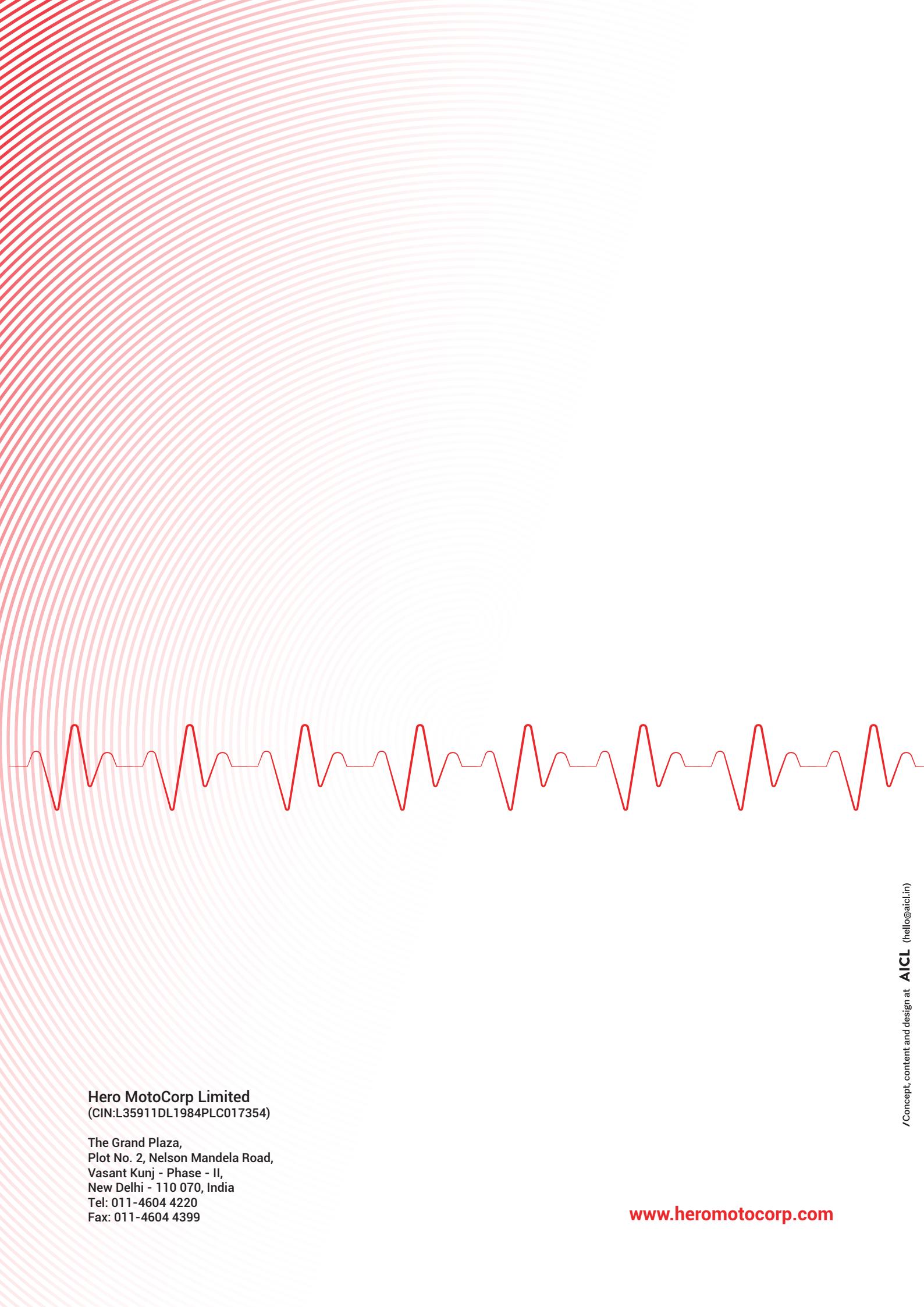
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416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Compliance	19
GRI 417 Marketing and labelling 2016		
417-1 Requirements for product and service information and labelling	Compliance	19
417-3 Incidents of non-compliance concerning marketing communications	Compliance	19
GRI 419 Socio-economic compliance 2016		
419-1 Non-compliance with laws and regulations in the social and economic area	Compliance	19

NOTES



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