

We care Sustaining Millions of Smiles

Hero MotoCorp Limited

Annual Sustainability Report FY21

GRI Standards



**We must do something for the
community from whose land
we generate our wealth.**

Dr. Brijmohan Lall Munjal
(Chairman Emeritus)



Chairman's Message

Dear Stakeholders,

It's my pleasure to share with you that Hero MotoCorp continues to demonstrate tremendous resilience to ensure sustained leadership in every sphere of our business with continued focus on exemplary governance and responsiveness to the larger ecosystem and society.

All these were achieved despite unprecedented challenges during the year 2020 due to the pandemic. We all came together as One Hero, and were frontrunners in leading this humanitarian crisis with empathy and compassion ensuring our focus on lives above livelihood.

Guided by our unwavering commitment to our Mission to Create, Collaborate and Inspire, our Business Continuity Task Force (BCTF) remained focused on the safety and wellbeing of our colleagues and their families, delivering for our customers, supporting our communities, and strengthening the balance sheet of the company.

At Hero MotoCorp, we remain committed to making a significant contribution towards shaping a better future, because 'We Care' unconditionally.

We led from the front on demonstrating responsibility of being good corporate citizens by offering smart mobility solutions, spurring technological innovation, enabling the transition to a low-carbon economy, and creating shared benefits for all our stakeholders as we work towards a sustainable future.

That's why I personally ensure that Sustainability remains at the heart of everything that we do.

Hero MotoCorp has been on an accelerated growth path over the past year and is working on achieving its Vision - "Be the Future of Mobility". Our future is collaborative in all



spheres of the ecosystem, including our business operations.

Despite facing unprecedented challenges, the indomitable spirit of our Heroes was out in full force as we overcame all the adversities – breaking records in production and sales, augmenting technological advancements, partnerships and much more.

It was heartening to see that our company recorded the highest ever sales in any month, as we dispatched more than 800,000 units in the month of October 2020.

The year also witnessed yet another milestone in Hero's journey, as we

joined hands with the iconic American two-wheeler brand Harley-Davidson to spearhead their Indian operations. As part of this partnership, Hero MotoCorp will also design and develop a range of premium motorcycles to be sold under the Harley Davidson brand in India.

On January 21, 2021, we surpassed the monumental milestone of 100 million units in production since the inception of the company, the second 50 million units coming in just seven years.

Continuing our journey towards green mobility solutions, Hero MotoCorp also announced a partnership with Taiwan's electric vehicle maker Gogoro, which also owns the world's largest battery-swapping network. With

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Sustainability remains at the heart of everything that we do

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this partnership, we will rev up the electrification journey in India and in our other global markets.

In line with our commitment to sustainability, we will continue to strengthen efforts towards driving in green mobility which will see us launch our first electric vehicle in this financial year (FY'22).

Going forward, we aim to have Carbon Neutral operations by 2030, 500% water positive by 2025 and Zero Waste to Landfill by 2025.

In FY'21, we reduced our energy consumption by 5%, thereby reducing carbon emissions. We have also achieved water positivity of 331% and improved our solar footprint by 30%.

Diversity & Inclusion (D&I) have always been our foundation and overriding

guiding principles at Hero MotoCorp. The Company remains committed to promoting gender diversity, be it in the workforce or designing and developing products specifically for women customers.

We have also signed the United Nations Women's Empowerment Principles, reiterating our commitment to being a leader in empowering women.

Hero MotoCorp is today a truly global enterprise with a workforce that comprises people from nearly a dozen countries, including India, Spain, US, UK, Italy, Bangladesh, Colombia, Germany, Austria, Japan and France.

Hero has always believed in the philosophy of putting the safety of our family first before even business and this was the reason that we were among the first to deploy

various safety protocols and medical assistance programs. As of now, more than 90% of employees and workers at Hero MotoCorp have been vaccinated with the first dose.

As a part of our philanthropic efforts, our actions have been tailored to the distinctive requirement of the diverse communities where we operate in, maximizing the value and impact of every contribution.

With a strong focus on technological advancements, innovation and the perseverance of our team, I am confident that Hero MotoCorp will continue to lead the industry in ground-breaking practices that will yield the best outcomes for the future of our planet and our communities.

Dr. Pawan Munjal
Chairman

Message from Sustainability Steering Committee



Vikram S. Kasbekar
Executive Director and
Chief Technical Officer



Neerja Sharma
Company Secretary and
Chief Compliance Officer



Mike Clarke
Chief Operating Officer and
Chief Human Resource Officer

Dear Stakeholders,

The Sustainability Steering Committee has always believed that there is a need for businesses to take actions on balancing their economic and environmental imperatives by embracing technological innovations.

We started our sustainability journey with focus on green initiatives in the areas of water, energy and waste. During four years of our formal journey on sustainability reporting, we have seen a considerable progress on energy, water, waste, as well as in diversity & inclusion. The recognition of Hero MotoCorp in Dow Jones Sustainability Index (DJSI) with inclusion in emerging markets index demonstrates the efforts that the team has done on the ground.

We are in the right direction in our sustainability journey to pave the way for a equitable and sustainable society.

Credit to our teams for working on various sustainability aspects within the organization and the entire value chain. Strategies adopted on water are commendable, and we are ready to amplify our initiatives on water conservation beyond the fence.

The governance mechanism of the complete program has been very effective with a committed core team and enthusiastic colleagues. Weekly and monthly reviews on sustainability aspects have been productive and have facilitated in streamlining long term strategy.

This year, the team re-visited the materiality by extensive engagement and deliberations with respective stakeholders. Extensive peer review and industry trends were also mapped to derive strategic and tactical priorities.

With the comprehensive focus, directional efforts and vision to be the future of mobility, the organization is well aligned with sustainability in all its endeavours.

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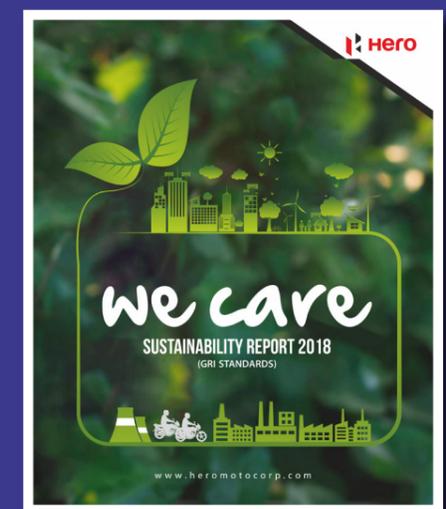
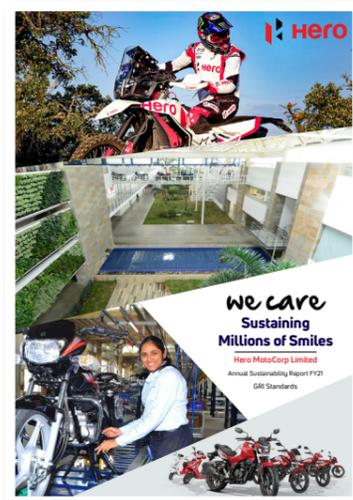
About the report

Financial Year 2020-21

This is the fourth sustainability report published by Hero MotoCorp Limited. Being cognizant of its responsibility towards the environment and society, the Company has reported the same comprehensively through a GRI (Global Reporting Initiative) Standards compliant sustainability report in accordance with the 'Core' option prescribed by GRI.

The reporting period is concurrent with the financial year, 1st April 2020 to 31st March 2021. This report can be found at our website:

<https://www.heromotocorp.com/en-in/investors/sustainability-report.html>



Report profile

This report conforms to the GRI (Global reporting initiative) Standards, and the disclosures are in accordance with the 'Core' option prescribed by GRI. The information in this report relates to the FY 2020-21, i.e. from 1st April 2020 to 31st March 2021.

The scope of reporting boundary includes all our six Indian manufacturing plant sites at Dharuhera, Gurugram, Haridwar, Neemrana, Vadodara & Chittoor, 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 plant sites, GPC and CIT. The disclosure regarding people performance covers our corporate office as well, in addition to aforementioned facilities.

Data Compilation Methodology

The data published in our sustainability report is collected through various internal reporting systems for inclusion in sustainability report which, for the most part, are different from those applicable to the financial information presented in our Financial Statements (referred from Financial Statements

from Annual Report for FY 2020-21). 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, where applicable. We reserve the right

to change our internal guidelines regarding the inclusion of data in the Sustainability Report; however same will be clearly communicated at the time. The major indicators related to governance have also been covered in this report.

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 content and flow. Please send your comments to sustainability@heromotocorp.com

Company Overview

Growing with the Stakeholders

Hero MotoCorp is engaged in the manufacturing of motorcycles & scooters and their parts and is a public company domiciled and incorporated under the provisions of India's Companies Act, 1956 on January 19, 1984. The securities of Hero MotoCorp are listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

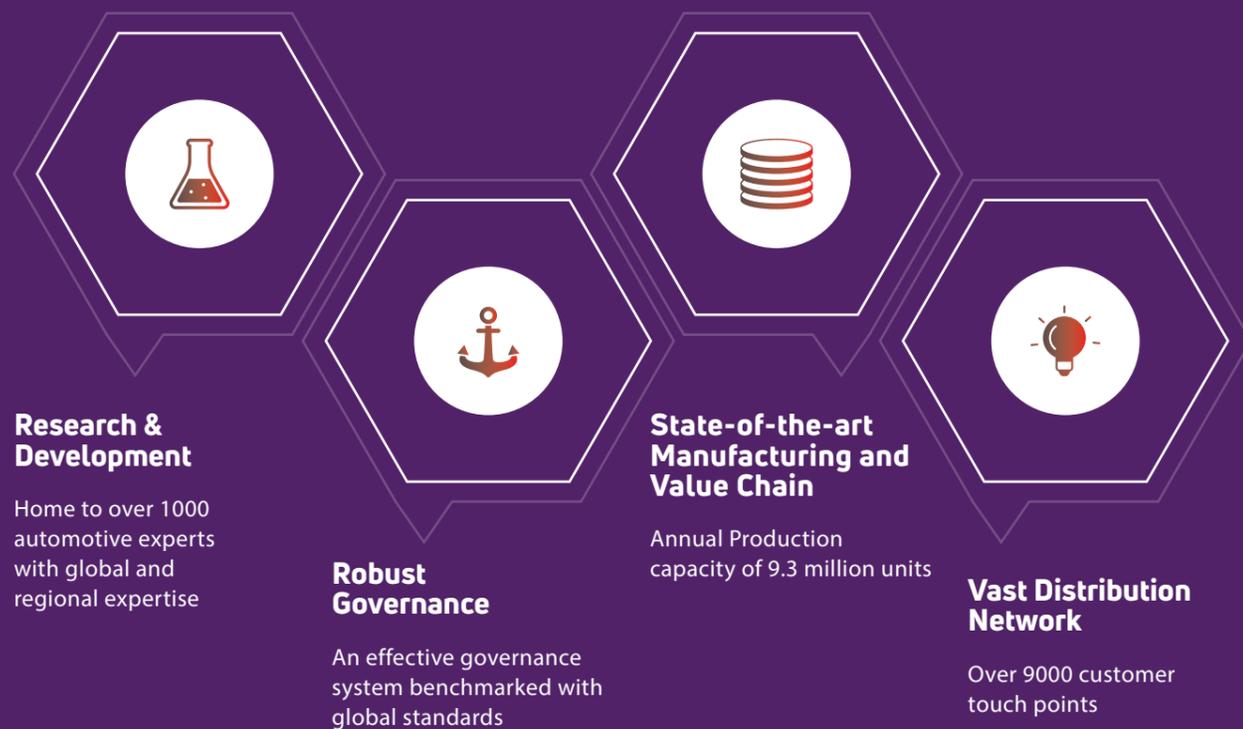
Hero MotoCorp has remained the world's largest motorcycles & scooters manufacturer* for 20 years in a row. With innovation at the core of its philosophy, the New Delhi, India-headquartered Hero MotoCorp has been at the forefront of designing and developing technologically advanced motorcycles and scooters that cater to the mobility needs of customers around the world. With over 100 million customers across the globe, it continues to champion socio-economic progress and empowerment through its range of products and services.

Led by Dr. Pawan Munjal, Chairman, Managing Director & Chief Executive Officer, the Company has rapidly emerged as a Global Brand with presence in 42 countries across Asia, Africa and South & Central America and manufacturing facilities at multiple global locations.

Hero MotoCorp is the dominant leader in India – with significant share in the domestic motorcycle market in the country. The state-of-the-art, world class, Centre of Innovation and Technology (CIT) at Jaipur in the northern Indian state of Rajasthan, is the result of the vision to make Hero

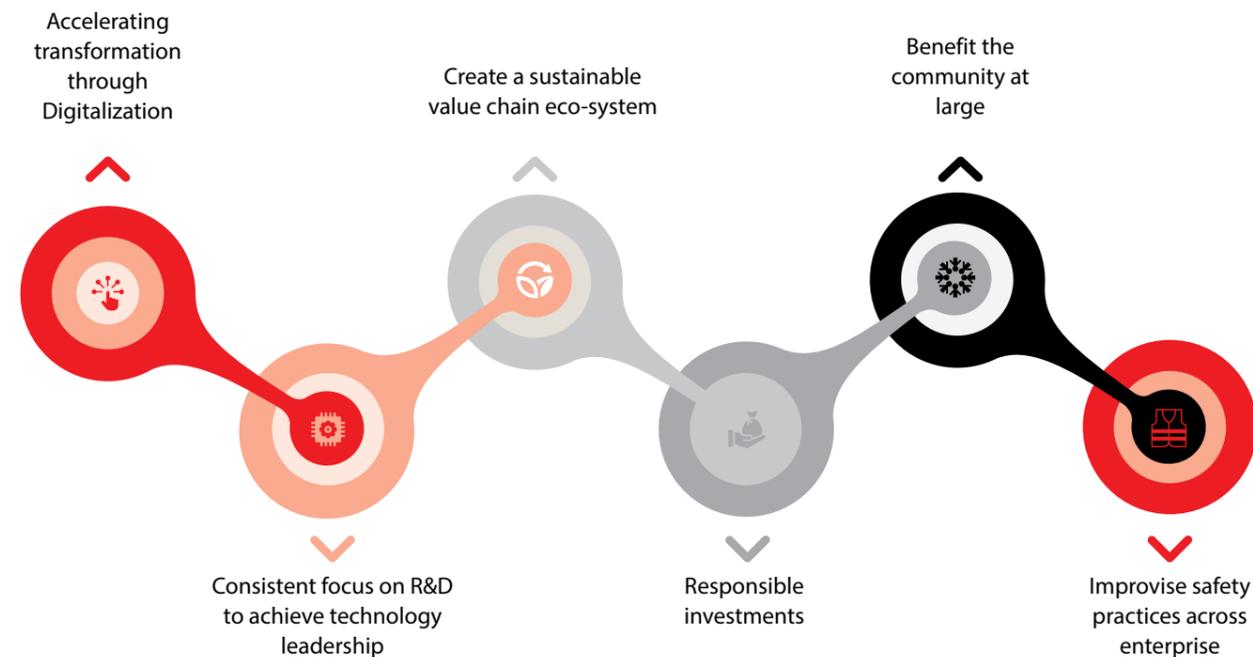
MotoCorp a globally benchmarked powerhouse of research, design and development.

The CIT has more than 1000 engineers from India, UK, Germany, Italy, Austria, France and Japan engaged in developing the new range of motorcycles and scooters for markets across the world. The Company is also actively engaged in developing an ecosystem for the development and growth of the Electric Vehicles (EV) in India, thereby enabling the industry to steer towards a sustainable way of life.



* by volume

Growth Enablers at Hero MotoCorp



The growth enablers converge to meet customer aspirations globally.

Operations Footprint

Hero MotoCorp's manufacturing facilities are based on the core principle of sustainable development, as the Company remains committed to maintaining the highest ecological standards. All of the Company's eight state-of-the-art manufacturing facilities, its world-class R&D center and the Global Parts Center (GPC), demonstrate Hero MotoCorp's sustainable aspirations.

In addition to the manufacturing facilities at international locations – Colombia and Bangladesh – Hero MotoCorp has six globally benchmarked plants in India. Two of these are based in the northern Indian state of Haryana – at Dharuhera and Gurugram, while the other four facilities are based out of Haridwar in the hill state of Uttarakhand, Neemrana in the northern state of Rajasthan,

at Halol (Vadodara) in the coastal state of Gujarat on the western coast of India and at Chittoor in Andhra Pradesh. Hero MotoCorp currently has an annual production capacity of 9.3 million units.

India	
2.1 million Dharuhera	0.8 million Neemrana
2.1 million Gurugram	1.2 million Vadodara
2.7 million Haridwar	0.4 million Chittoor
International	
0.08 million Colombia	0.15 million Bangladesh

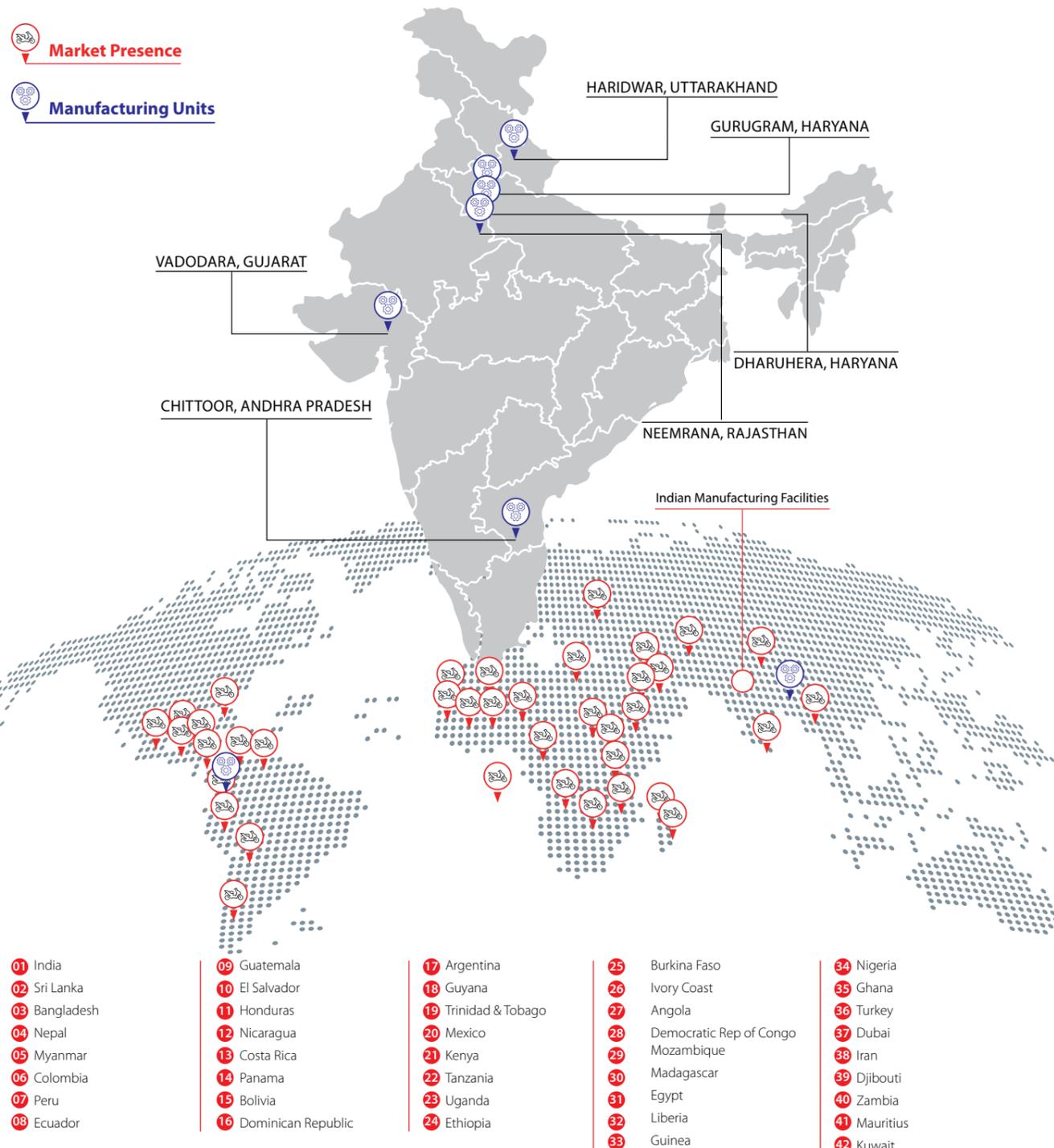
“
The Company has accelerated its core sustainability priorities
 ”

Global Business: Footprint Expansion

Hero MotoCorp has taken rapid strides to expand its global network across the world, transforming itself as a truly global enterprise, with a global workforce. In keeping with a diverse demography of customers in different geographies of the world, the Company is developing market-specific products to suit every customer needs.

Hero MotoCorp became the only Indian motorcycles & scooters company to set up a manufacturing base in Latin America when it started operations at its manufacturing facility at Vila Rica in the Cauca province in Colombia in 2016. The Company's second manufacturing facility at a global location is located in Bangladesh that commenced

operations in 2017. With an extensive sales and service network spanning 9000+ customer touch points across the world, we have a dominant presence in Asia, Africa, and South & Central America and further expanded our footprint to 42 countries.



Further details can be referred from the Annual Report

100 Million Landmark

Hero MotoCorp crossed 100 Million vehicles cumulative production on 21-01-21

Hero MotoCorp has surpassed the cumulative production milestone of 100 million units in the process of becoming the first Indian automotive manufacturer to achieve this remarkable feat.

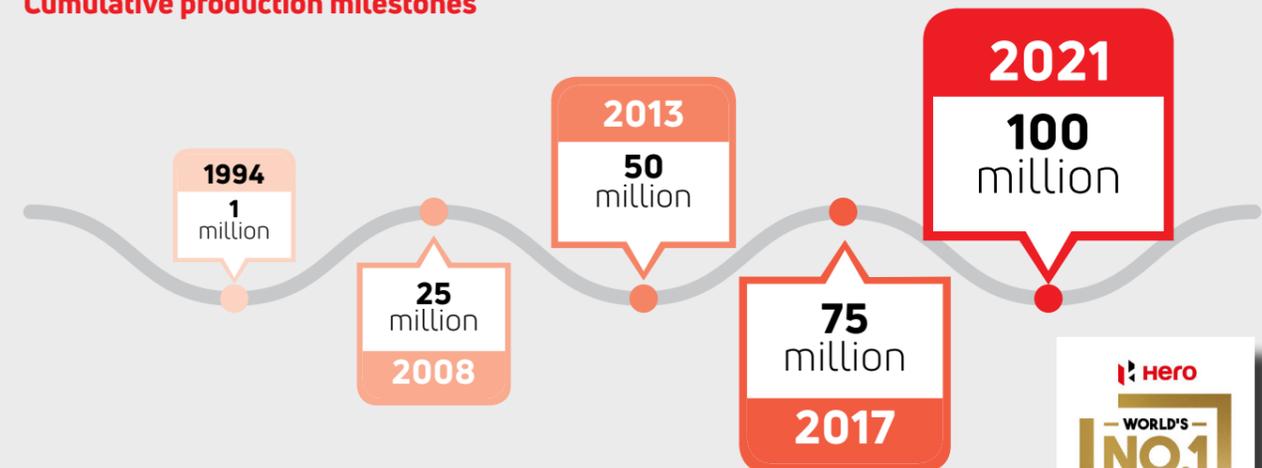
The Hero Xtreme 160R had the honour of becoming the 100 millionth vehicle and was rolled out from the Haridwar Plant on 21st January 2021. This significant landmark is an affirmation of sustainable business practices right

from inception, inherent capabilities, evolving engineering, operational excellence and brand acceptance by customers globally. This milestone is a reflection of success of the holistic ecosystem built on our core values.

As a part of this event, special celebration edition models were also launched for the flagship products— Splendor+, Passion Pro, Glamour, Xtreme 160R, Maestro Edge 110 and Destini 125.



Cumulative production milestones



Effective Corporate Governance

Going Beyond Compliance

Hero MotoCorp has one of the highest standards of governance in its business, striving to maintain parity & transparency, therefore enabling long-term value creation for all stakeholders. The Company has developed a strong foundation for making corporate governance a way of life by constituting a Board, which is active, well informed and intellect, using several Board Committees as a mechanism for managing its affairs. The Board of Directors ('Board') has an optimum combination of Executive and Non-Executive Directors, representing a blend of professionalism, knowledge and experience. The Company profess the importance of diversity at Board and at all levels within the organization.

The Board composition can be referred at

<https://www.heromotocorp.com/en-in/about-us/profile-of-directors.html>

The details of Committees of Board of Directors can be found at -

<https://www.heromotocorp.com/en-in/about-us/committee-of-directors.html>

Code of Conduct

As part of our endeavor to achieve highest standards of governance, the Company assessed its existing Code of Conduct and benchmarked the same with other national and international organizations of repute. The Code of Conduct was revised to be in line with the contemporary norms, complexities and business requirements. The revised Code of Conduct is more robust and make certain disclosures mandatory for all employees.

An Ethics Campaign was also rolled out in the year preceding the previous year across the organization under the guidance of the Ethics Committee. The objectives of the Campaign were to reinforce the principles of the Code

of Conduct amongst the employees, motivate them to follow Hero MotoCorp core values and in still pride in being an 'Ethical Hero'.

“ **Responsibilities, accountabilities and reporting lines are systemically defined with dedicated focal points for resolution of internal and external code of conduct issues. Structured Mechanism with key authorized person is in place for disciplinary action in case of any breach /violation.** ”

Prevention of Insider Trading

In compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ('the PIT Regulations') on prevention of Insider Trading, Hero MotoCorp Ltd. has in place a Code for regulating, monitoring and reporting of trading by Designated Persons. The said Code

lays down guidelines, which advise Designated Persons on the procedures to be followed and disclosures to be made in dealing with the shares of the Company and cautions them on consequences of non-compliances.

Further, the Company has put in

place adequate and effective system of internal controls and standard processes have been set to ensure compliance with the requirements given in these regulations to prevent insider trading.

Further details are available at:- <https://www.heromotocorp.com/en-in/about-us/key-policies.html>

Sustainability Governance

In order to bring strong governance perspective, the Board at its meeting held on May 6, 2021 has included 'Sustainability' within the role of Corporate Social Responsibility Committee of the Company and renamed as Sustainability & Corporate Social Responsibility Committee (SCSR Committee).

Effective October 28, 2020, Ms. Tina Trikha was co-opted as member of the SCSR committee. As on March 31, 2021, the SCSR committee comprises four Directors viz. Dr. Pawan Munjal as Chairman, Mr. Pradeep Dinodia, Prof. Jagmohan Singh Raju and Ms. Tina Trikha as members. During the year, two meetings of the Committee were held on June 8, 2020 and October 27, 2020. The Company Secretary acts as the Secretary of the SCSR Committee. Hero MotoCorp's sustainability governance structure has a cross-functional representation with leadership oversight at the Board level. The senior leadership team takes direct oversight of the sustainability agenda, strategic decisions and champions the sustainability drive through a Sustainability Steering Committee.

Sustainability Governance Structure

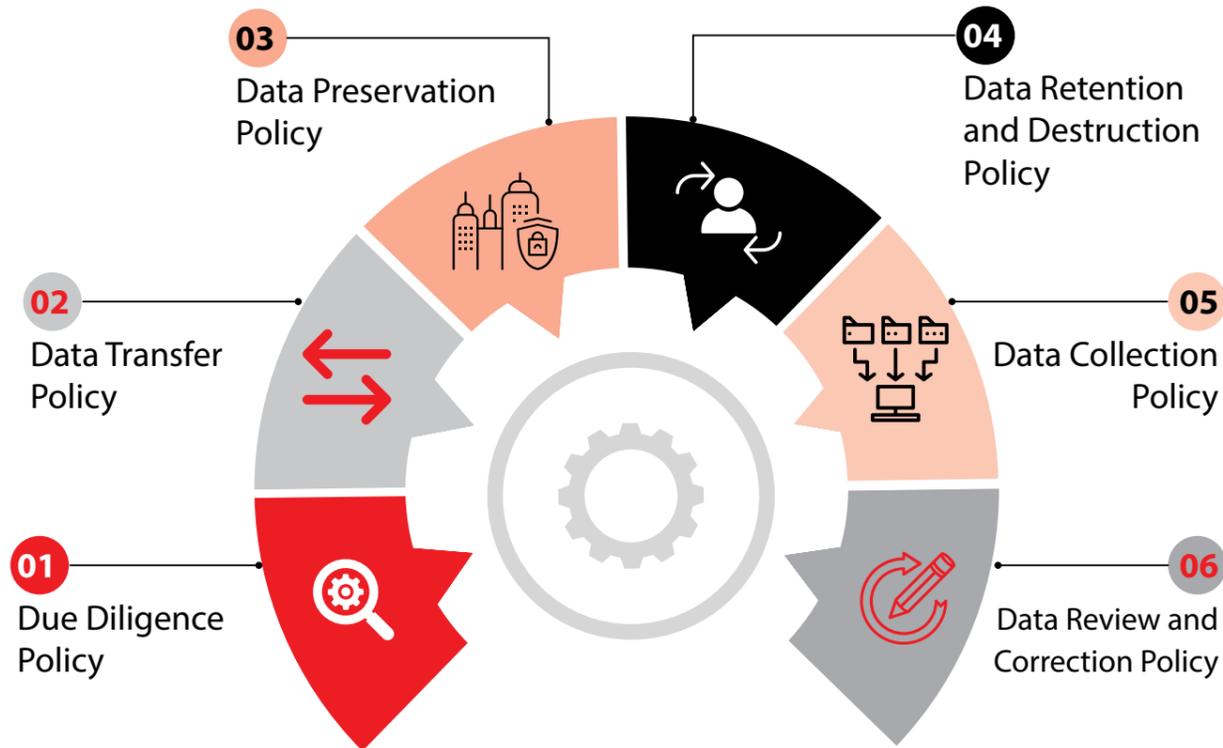


The Sustainability Core Team drives the sustainability initiatives across the enterprise level.

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.

The Core Sustainability Team also updates the Sustainability Steering Committee on the ESG aspects in monthly review meetings. To accelerate the decision making and clarification on specific subjects, weekly calls are also conducted jointly with the core team and Steering committee.

Cybersecurity Governance



Hero MotoCorp recognizes that the personal or sensitive data which is provided to HMCL by its customers, value chain partners and employees is its most valuable asset, and the safety of that data is paramount for HMCL.

Various policies and security mechanisms are in place which keep a watchful eye on the technology landscape and, help organizations prevent, detect, and solve security

Policies – Commitment from Within

We have instituted several policies and frameworks to ensure ethical conduct of our business. Our policies ensure that we are always able to engage with our stakeholders in a

issues, information breaches and thus ensure cyber resilience.

We have business continuity / contingency plans and incident response procedures in place for managing issues related to cybersecurity & data privacy and have a mechanism in place to collect information on information breaches. As a part of becoming a cyber-resilient organization, cyber security

justifiable manner. We have also rolled out Sustainability Policy which will consolidate our effort towards our sustainability agenda.

is reviewed at Risk Management Committee and periodic business impact analysis are carried out. We also have robust disaster recovery plan in place to tackle any threat or breach.

Hero MotoCorp consistently informs its stakeholders on privacy protection issues and consistently informs them understand the available security protocols.

As a part of our organizational consistent focus on assuring world class product quality, we have deployed a dedicated 'Chief Quality Officer' and have also revisited our Quality Policy.

The details of all the policies are available at

<https://www.heromotocorp.com/en-in/about-us/key-policies.html>



Compliance – Existing & Beyond

As a leading organization, our major aim is to ensure that we manage our compliances effectively and we have E-Compliance tool in place.

The tool is periodically updated to ensure incorporation of the latest statutory and legal changes provides automated alerts along with a real-time dashboard to the management.

Environment

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 in place to become zero discharge, 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.

Corporate Social Responsibility (CSR)

We see the provisions of Section 135 of the Companies Act as a means of engaging with our stakeholders rather than a burden. 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 around these areas and solving the problems most important to the stakeholders.

Health, Safety & Human Rights

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

There were no incidents of fines levied on us due to non-compliance with respect to the regulations or codes concerning health & safety impacts of products and services, product related marketing communications, human rights, environment, ecological issues, anti-trust/anti-competitive practices, corruption, bribery and product information disclosure.

Hero MotoCorp has upgraded the Environmental management system of all its plants to the latest version of ISO 14001: 2015. All our manufacturing facilities are certified with ISO -45001 (International Occupational health & safety management system and standards) and the Company endeavor to implement best practices in occupational health and safety management.

Financial Performance: Responsible Investments for a Sustainable Future

We are continuously seeking to invest our surplus in attractive growth opportunities, new & emerging technologies and futuristic initiatives. While we generate direct economic value through our operations, products & services, we also work towards nation building by contributing to significant indirect economic impacts which culminate in increased economic activity, reduced social disparity & enhancement in the quality of life.

Tax Strategy

Our vision is to “Be the future of mobility” and our contribution towards this comes in many ways, including paying our fair share of taxes where we conduct business. Accordingly, we are committed

to paying our fair share of taxes and being transparent about what we pay and where we pay it. We handle our tax affairs in a responsible and sustainable way. The company publicly reports on

financial and tax information for each tax jurisdiction across geographies in compliance with the securities law prevailing in the country.

Tax Transparency

In Hero MotoCorp, corporate responsibility is at the core of our strategy and as an inherent part of it, the company is committed to be a responsible taxpayer that works closely and continuously with experts, auditors and tax authorities in an effort to ensure that we comply with tax laws in a responsible manner, pay and report our taxes on time and have open and constructive conversations with stakeholders, including governments and tax authorities. We do not tolerate the facilitation of tax evasion by people who act for or on behalf of the company.

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.

maybe, is ambiguous or conflicting, appropriate expert internal and external professional advice is sought before taking a call on the same.

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.

Acting with integrity in the creation and execution of our tax strategy, policies and practices is absolutely core to our approach to tax, as is our commitment to transparency. We disclose our financial contributions to governments at a country level, as

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

Hero MotoCorp strives to ensure that commercial transactions are in full 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

The details of financials and shareholding pattern are available in our annual report which is released at: <https://www.heromotocorp.com/en-in/investors/annual-reports.html>

Utilizing Local Potential

Local Procurement & Hiring

We have a fine balance of local and international employees to ensure employment creation in proximity of our operations, while at the same time revitalizing our intellectual

capital by hiring the best talents available globally.

Local Procurement is one of the key component of our sourcing strategy and we procure components from a wide range of local supply

chain partners that meet our quality, delivery, technology and engineering requirements. Our suppliers cover the whole spectrum of large and MSME industries.

Participations and Advocacy

Hero MotoCorp is in constant dialogue with the national and international bodies to provide industry with specialised information and knowledge.

Hero MotoCorp engages with CII in one of its flagship initiatives – GreenCo Rating System which focuses on sustainable practices benefiting the society at large. Hero MotoCorp supports Confederation of Indian Industry (CII) in extending this initiative in creating a Green Community wherein different OEMs and supply chain partners evaluate themselves on Green practices and get benefited by strengthening/adopting the green philosophy.



Hero MotoCorp also engages with The Society of Indian Automobile Manufacturers (SIAM) on various platforms - product safety, emissions rules, recycling and battery management. One such current engagement is on the End of Life Vehicle strategy where in the company is providing the necessary inputs for shaping the policy framework on vehicle scrapping and recycling mechanisms.

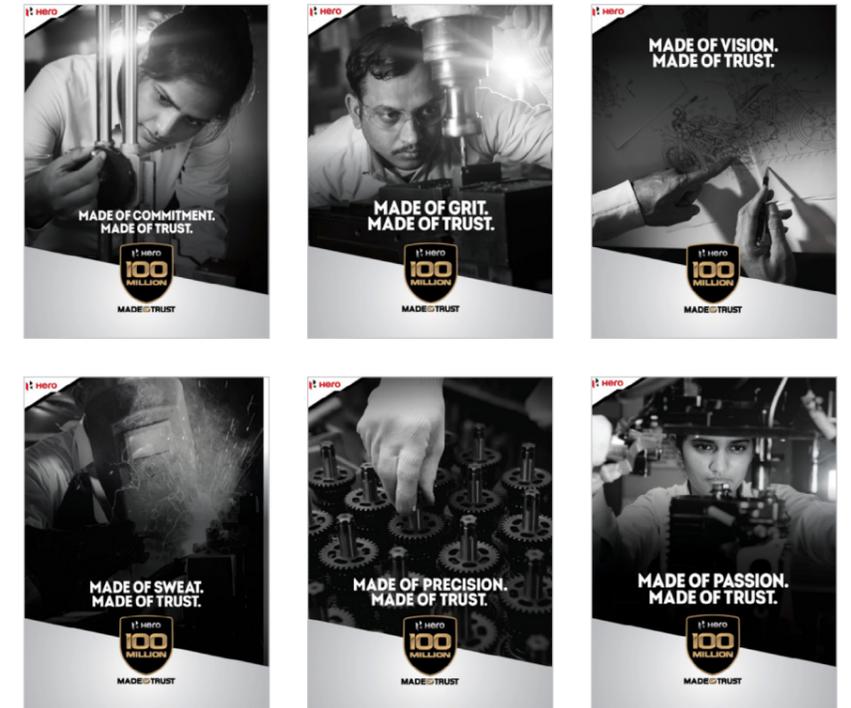
Brand Management & Communication

Purpose of brand Hero is to catapult people. A brand that enjoys the trust of numerous riders and which is loved as a brand of India is moving the world. The values of trust leadership youthful and India are core to the brand and is the central theme of our brand messaging.

Made of trust campaign was activated at scale across all stakeholders including customers and employees.

This was exemplified when Hero MotoCorp became the first brand to launch the first Bharat Stage 6 (BS 6) motorcycle in the country in Nov’19. Also we have been highlighting the relevance of greener and sustainable environment.

Effectiveness of our brand strategy is measured through the brand track research conducted by a third party. Depending on the product and the segment, individual teams are responsible for different brand health key performance indicators, which depends on the respective purchase funnel of the product/segment/market.



Risks & Opportunities

Visibility on Issues of Today for Future-proofing Tomorrow

Hero MotoCorp has operations across several geographies, and is impacted by global as well as regional trends in the automotive industry including, changing policy scenarios, stricter environment and regulations, fluctuating fuel and commodity prices.



Risk Governance

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 program. The program helps Company's business units, and corporate functions address opportunities and attend the risks through an institutionalized approach. In order to provide a foolproof mechanism, the risk management process is also facilitated by audit. The approach to manage business risk is through cross-functional involvement and communication across businesses.

There are risk representations across various functions who collate and participate in giving inputs for the risk register and support in identifying & implementing risk mitigation measures. Focused training on risk management and measures allowing individual employees to proactively identify and report potential risks through a structured feedback mechanism are in place throughout the organization. Incorporating risk criteria in the product development and approval process is an intrinsic element of product strategy.



Changing Risk Landscape

Emerging Global scenarios and challenges like pandemics, sensitivity to economic cycles of supply and demand, climate change risks and stringent norms across geographies have profound impact on company strategy. These gamut of factors acts as an enabler for the organization to make economic, environmental, social and governance resiliency core to our planning for the road ahead.



Environment, Social & Governance (ESG) Risk Ranking in Sustainalytics

Universe	Rank (1 st = lowest risk)	Percentile (1 st = lowest risk)
Automobiles Industry	1/72	1 st
Motorcycles Subindustry	1/11	1 st



Climate Change Risk Management Strategy

As a part of our Risk Assessment Exercise, we have continued to take proactive steps in identifying, diagnosing and analyzing risks associated with the effects of climate change.

We have mapped and evaluated relevant climate related standard frameworks and shortlisted plausible climate change scenarios for enhancing our visibility on the following:

“
Hero MotoCorp
 is rated as **1st in**
Automotive industry
 for having low
ESG risk.”



Emerging Risks Landscape

Environmental Highlights

	Identified Risks	Potential Impact	Opportunities	Mitigation Measures
Economic	Recurrence of COVID19 in export markets	Decline in demand due to lockdowns, negative sentiment	Support the global business with more markets than only the existing ones.	To enter new markets
	Economic uncertainty in key global markets	Decline in sales, impact on EBITDA margins	Deep localization efforts.	Intelligence on local developments and a very agile global business team
	Potential Cyber Attacks as many employees continue to work 50% of the times from their homes	Cyber Attack can lead to loss of valuable information, unauthorized access to data systems and other events of intrusions	Strengthened its IT infrastructure by scaling up the system security across geography.	Deployed measures such as taking data backup over internet, awareness mailers, IPsec & SSL tools to provide VPN access at homes, VDI for remote access, prevented corporate targeted phishing emails etc. Hero MotoCorp also renewed its Cyber Insurance



	Identified Risks	Potential Impact	Opportunities	Mitigation Measures
Environmental	Significant shift from ICE vehicles to Electric Vehicles	EV sales replacing the traditional IC engine volumes	<ul style="list-style-type: none"> Explore new business models such Battery as a Service. Charging Infrastructure 	<ul style="list-style-type: none"> Investment in Ather Energy In-house effort towards a winning EV solution
	Rising pollution levels	Public transport and Shared Mobility taking over private modes of transportation impacting sales volumes	Shared mobility opens new revenue streams by encouraging OEM's to develop targeted products and to innovate business operations	<ul style="list-style-type: none"> Successfully transitioned to BSVI An in house team formed to explore the new age business models to create value both for the organization and for customers
	Depleting Air Quality Index	Prolonged exposure to poor air can lead to ailments such as accelerated aging of lungs, bronchitis, asthma etc.	To give back to society by planting more trees	Happy Earth Initiative – 2.38 Million trees planted
	Operation in water stress regions	Low production & eventually shut down	Utilize technology & low water consumption initiatives	Enhanced efficiency of existing recycling facilities, increased reuse & recharging ground water through rain water harvesting



	Identified Risks	Potential Impact	Opportunities	Mitigation Measures
Social	Fear of pandemic customers shying away from visiting showrooms (particularly during a festival period)	Reduced demand	Explore even more innovative ways of creating value for customers	<ul style="list-style-type: none"> Launched eshop portal Enabled digital payments at dealerships, online document collection facility etc.
	Workforce falling ill due to widespread disease	Labor challenges leading to workforce staying away from work for long periods	Developing labor centric policies and addressing to their inherent needs	<ul style="list-style-type: none"> Support by giving Immunity Booster Kits Supporting not just the workforce but even their families in as many ways as possible
	Human health and safety	Manpower may stay out of workforce for long period directly impact planned production	Development of such preventive and well-being measures that raise the overall health quotient of the organization	<ul style="list-style-type: none"> Proactive and scheduled health checkups Enhanced medical assistance and strict work protocols
	Shift in spending patterns	Customers wanting to delay certain discretionary purchases	Identify ways of delivering greater value to customers	<ul style="list-style-type: none"> Attractive offers planned for customers. Subvention Finance schemes (Low Rate of Interests)



Sustainability Highlights

Dow Jones Sustainability Index (DJSI) – Reflection of Sustainable Efforts



Dow Jones Sustainability Indexes

Member of Dow Jones Sustainability Index (DJSI) Emerging Markets

There is a growing impetus for the organizations to integrate material non-financial information through environmental, social and governance (ESG), identify measurable contributions for both people and planet in-line with global mega trends. Hero MotoCorp believes that these emerging topics will continue to forge the future path of sustainable business practice in an ever shifting landscape. Various global platforms like DJSI offers framework to disclose on material ESG topics and Hero MotoCorp has been constantly rated well on DJSI.

DJSI has brought sustainability connect in core business activities and a significant exposure to existing & emerging sustainability concerns. With its participation, Hero MotoCorp, understands that sustainable and long term value creation resonate with each other.

With continuous improvements, Hero MotoCorp is now a part of DJSI emerging market index family. Hero MotoCorp's performance in DJSI is a result of collaborative efforts undertaken by Cross Functional Teams ranging from Core Team, Strategic Sourcing and Supply Chain, Finance, Human Resource, Risk Assessment, Customer Relationship

Management, Sales After sales etc., who invested their valuable efforts and time in driving sustainable strategies across organization.

This accomplishment reflects that we have understood that the societal needs, environmental concerns, global customer's expectations are evolving and can be addressed by being more sustainable.

Hero MotoCorp is using this platform to bridge gaps and meet stakeholder aspirations for transparency and trust amid the rapidly evolving sustainability landscape. This exercise has also facilitated us to identify and measure under-researched and under-reported material topics that can affect us.

The gaps identified from the participation will address world's most pressing challenges like climate change and help the organization to be future ready.

Hero MotoCorp has also shortlisted a couple of initiatives to work upon as main stream strategies in the times to come. As we enhance our footprint to newer geographies, we are addressing evolving stakeholder's ecosystem which demand greater transparency on sustainability topics. As we foray

into the future, we do acknowledge that there is going to be a decisive mandate for the companies to disclose their sustainability performance on various platforms. Hero MotoCorp through its participation in DJSI has proactively chosen its course of action in responsible ESG disclosures and will continue to do so as well.

“With the participation, Hero MotoCorp, understands that sustainable and long term value creation resonate with each other”

Our Key Performance Indicators: Triple Bottom-Line

Financial Highlights

Year	No. of vehicles sold (in lakh)	Total income (INR Crores)	PAT (INR Crores)	Reserves & Surplus (in crore)
FY'21	58.00	31,380	2,964	15,158
FY'20	63.98	29,614	3,633	14,096

Environmental Highlights

Year	Water Positivity %	Waste Neutrality	Carbon Neutrality%
FY'21	331%	6 out of 8 Plants ZWL* Certified	30.12%
FY'20	252%	4 out of 8 Plants ZWL* Certified	29.27%

*ZWL - Zero Waste to Landfill

Year	Total Energy Consumption	Emissions	Total Water Withdrawal	Non-Hazardous Waste Generated
FY'21	150.9 GWh	1.26 Lakh Tonnes of CO2 eq	916 Mega L	8,908 tonnes
FY'20	158.9 GWh	1.33 Lakh Tonnes of CO2 eq	1008 Mega L	10,560 tonnes

Social Highlights

Year	Beneficiaries of Education Initiatives under Shiksha	Beneficiaries of Ride Safe Initiatives	Cumulative planted in Happy Earth Initiative	Total Women Employees	Expats
FY'21	4.30 Lakh	7.43 Lakh	23.84 Lakh	1520	28
FY'20	4.15 Lakh	6.56 Lakh	21.77 Lakh	1449	22

Certifications, Awards and Recognitions



Dr. Pawan Munjal bestowed with the prestigious CNB visioneer award



Hero MotoCorp felicitated by the Economic Times as "Best Workplace for Women 2021".



Hero MotoCorp is a member of DJSI emerging market index



Hero MotoCorp ranked 1st in auto sector as a low ESG risk organisation



(Morgan Stanley Capital International) Hero MotoCorp is a A rated organisation in ESG rating



(Financial Times Stock Exchange) Hero MotoCorp has an ESG score of 3.2 (above auto sector average)



Haridwar and Vadodara Plants are certified as Zero Waste to Landfill facilities.



Mahatma Award to Hero MotoCorp Ltd for CSR Excellence



Gurugram Plant : Declared as WINNER in the Category "WITHIN THE FENCE" for water conservation initiatives



Vadodara Plant has achieved Energy Management System, ISO 50001:2018, Certification



Neemrana Plant awarded "Most Innovative Environmental Project" by CII



Awarded 'CSR Shining Star Award' by Governor of Maharashtra



Neemrana Plant is awarded State Safety Award 2021 in Rajasthan Factory Safety Award Scheme 2021



Both GPC and Manufacturing plants at Neemrana : Declared as "Noteworthy Project Beyond Fence" for an innovative, community led water management program

Materiality Assessment

"Stakeholders engagement for wider & meaningful participation have strengthen the materiality. Cross sectional inputs from stakeholders group will help in formulating sustainable future strategies."

— Sustainability Core Team

The Materiality matrix acts as the backbone of sustainability with internal & external alignment to implement systemic change. Hero MotoCorp believes that the true value of materiality is at the strategic level & crucial to inform the priorities for the business. To get our material priorities right, we followed a five-step process.

Step 1: Identifying Stakeholders for consultations

We identified two major groups of stakeholders for consultations. Stakeholders where we could have direct consultations in this year which includes employees as internal stakeholders and investors, dealers, suppliers, customers as external stakeholders. Indirect consultations stakeholders, we do have other stakeholders such as communities government, media, peers, academia, NGOs and industry associations. Proxy data such as in media, reports were made use of for mapping focus areas and trends.



* SIAM - Society of Indian automotive Manufacturers. CII Confederation of Indian industry

Stakeholder Consultations

Stakeholders	Stakeholder Engagement	Stakeholder Interests & Engagement Agenda
Customers	Customer service interaction, dealer management system, websites, showrooms, motor shows, events, safety driving forum, customer surveys, media (TV, magazines, social media), Materiality surveys	Reflect customer feedback (via various touch-points) in products and services
Employees	Direct contact (including whistle-blowing system), Intranet, internal events, capacity building sessions, materiality surveys	Explain to employees directions for the long term strategy and welcome their insights and perspective
Partner Ecosystem(Value Chain)	Suppliers conferences, dealer conventions, business meetings, direct contact, briefings, corporate guidelines, websites, dedicated portals	Spread understanding of business volume, customer aspirations & expectations, value chain sustainability
Shareholders and Investors	Direct contact with Investor Relations(IR) team, shareholders meetings, financial results briefings, IR events, IR meetings, websites, materiality surveys	Explain corporate results, business strategies, ESG initiatives, growth prospects. Please check for others also.
Industrial Associations	Joint research, studies, automotive and non-automotive organizations – SIAM, CII roundtables, working groups, conferences, events, assistance.	Participation and External Communication/Knowledge gaining –sharing platform
Banks	Corporate tie-ups.	Financial Assets Management and Support
Local Communities	Local events, plant visits, conferences, sponsoring, traffic safety awareness campaigns, CSR	Promote activities to raise awareness on green, safe and sustainable living & inclusive prosperity.
Academia	Plant visits, Corporate Oriented courses, Interactive Workshops	Promote understanding of global sustainability issues and enhance external communication
Media	External Corporate Communication, press releases, LinkedIn, YouTube Platforms, websites	Sensitization on New Product Launch, diversity & inclusion
Regulatory bodies	Conferences, External Forums and Public Platforms	Policy strengthening and Socio-economic benefits to stakeholders

Step 2: Identifying and defining material topics for consultations

Peer Review: An extensive peer review was conducted reviewing top global automotive sector companies as well cross sectoral peers. The issues considered most significant were picked up for relevance.

Management List: A list of material topics that are most material for HMCL from the business point of view was prepared.

Long list: A long list was compiled merging the two lists for consultation with the stakeholders.

Long List Validation: Detailed discussions were carried out with all functional teams who directly deal with specific set of stakeholders for any areas that needed inclusion. This led to addition of a couple of topics.

Step 3: Consultation Plan

An elaborate consultation plan was prepared with points of contact identified for consultations with each group of stakeholders. 10% of each stakeholder group was taken as target for consultations.

Pre-testing: Pre-testing of survey was carried out by senior executives. Any areas that did not have adequate clarification or created confusions were ironed out at this stage. Post survey perception of senior executives about the exercise was factored in before finalizing survey for all stakeholders.

Training & Awareness: Awareness was created amongst functional leads for the purpose of survey so that it could be conveyed to specific internal and external stakeholders.

Step 4: Consultations

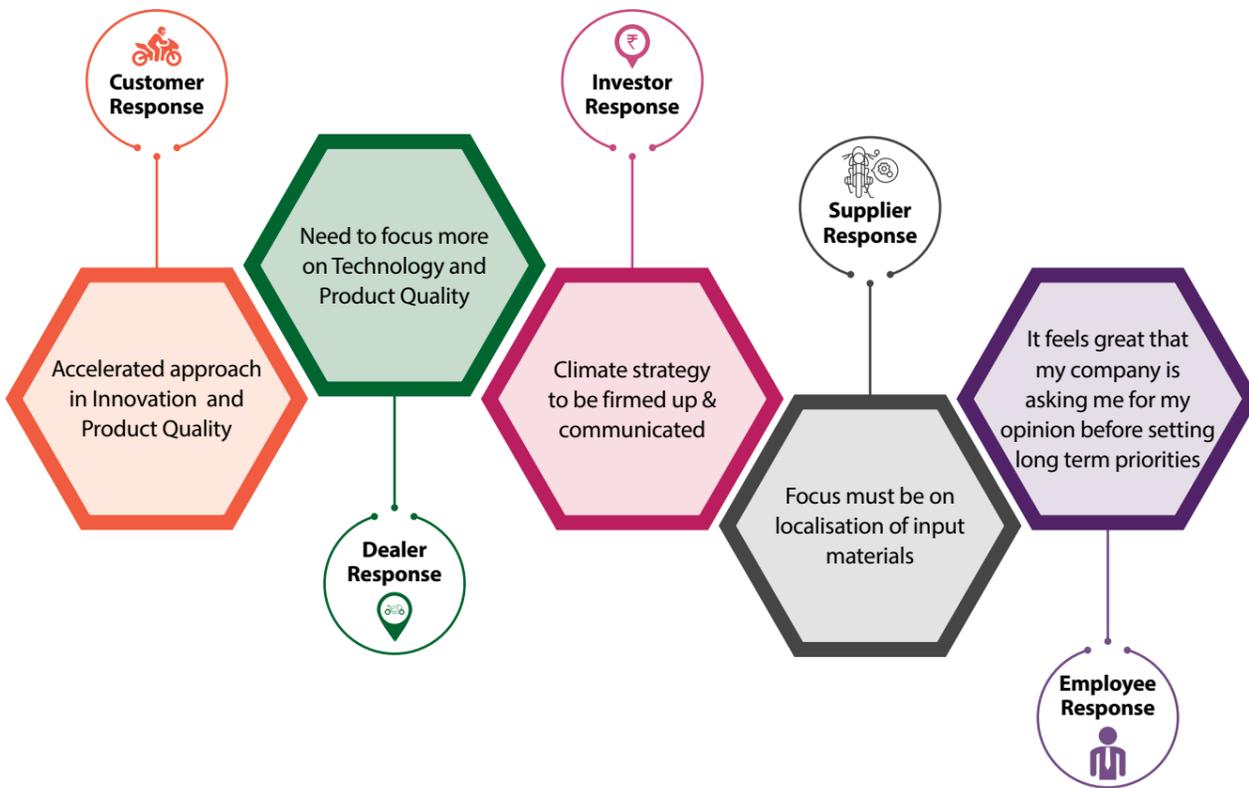
Surveys were rolled out starting with employees, dealers and suppliers, customers, and investors. Surveys conducted during following times: The consultations were completed by Q4 FY21.

Step 5: Materiality Matrix

A total of 2527 stakeholders were consulted which included employees, suppliers' investors, dealers and customers. As our customer base is huge, the only group from where we received less than 10% responses were customers.

The survey results revealed that all topics were given high priority by all group of stakeholders. Plotting the survey results as it is with business impacts as rated by Management on X axis and cumulative scores for each stakeholder on the Y axis, all

topics were in upper right quadrant. Stakeholders voice is captured & suggested improvement points are conveyed to respective functional heads to work upon.



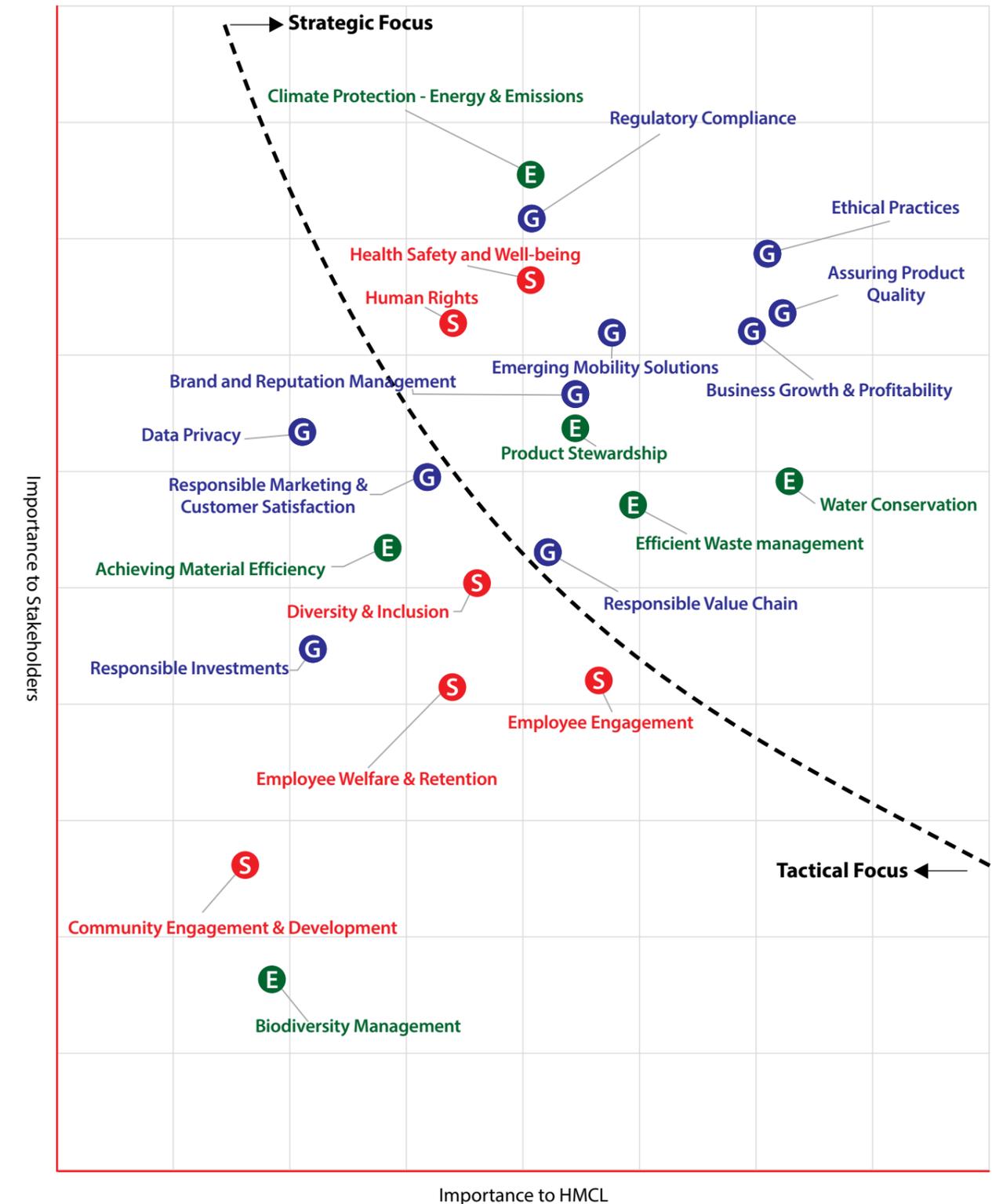
Relative Priority

To create priority for setting targets for issues where HMCL needs to bring strategic focus, two additional factors were considered.

Weighted averages were factored in based on the overall stakeholder representation and inward & outward influence of the stakeholder groups on the given material topic. The results were then plotted on a materiality matrix, with each issue and the ratings accorded to it.

Comparing these topics with materiality conducted in previous years, few topics remained consistent or are closely linked with topics identified in the reporting year. These are health, safety & well-being, product stewardship and environmental indicators such as energy, emissions, water & waste. Some of the new areas are ethical practices and human rights.

Materiality Matrix of Hero MotoCorp



E Environment S Social G Economic and Governance

Sustainability Strategy

We crafted our sustainability strategy through inclusive process with internal & external stakeholders.

In the previous years, we identified pillars of Sustainability, which are Product Stewardship, People, Inclusive Growth, Eco Efficiency and Responsible Value Chain with effective governance and effective communications as enablers. We defined the aspirational targets (HATS) & have achieved most of the targets in 2020.

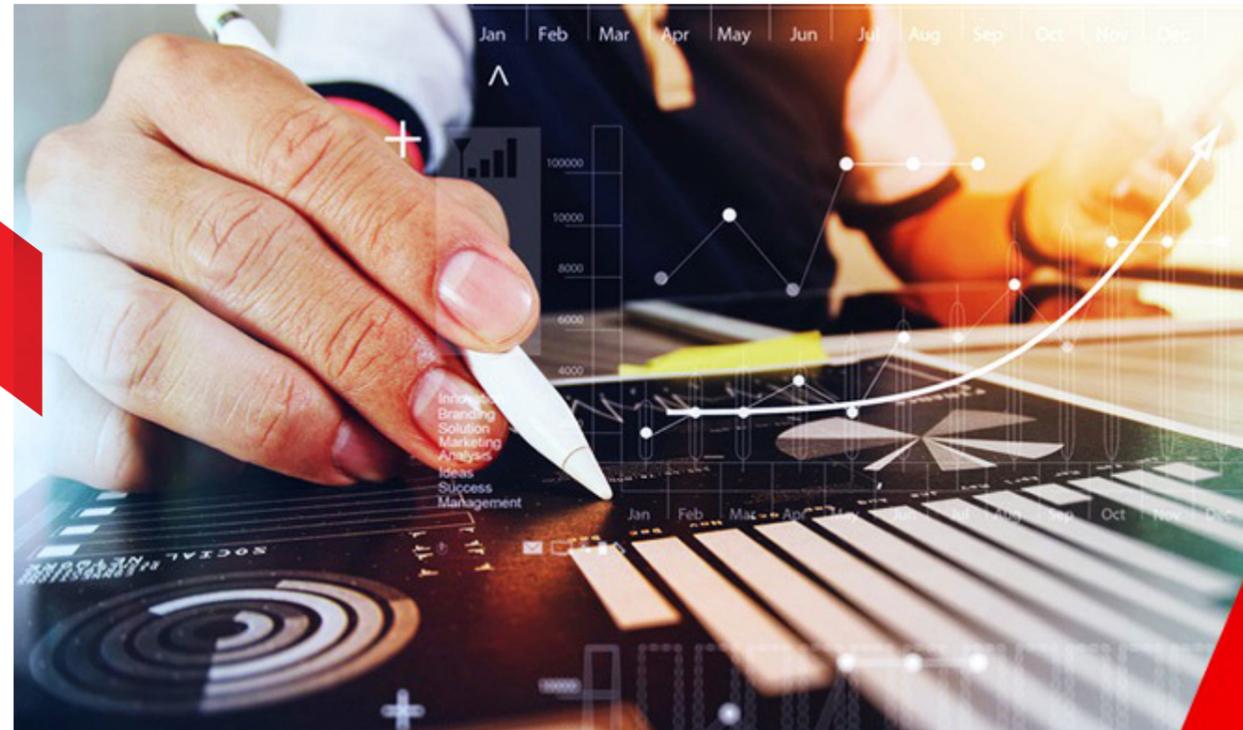
As we analysed material topics through direct inputs from our stakeholders, all topics were rated as high priority when it came to absolute values. Additionally, through benchmarking exercise, industry trends and international and national/ local media reports, we also identified areas that are of immense value to society and are of futuristic interest.

Clubbing the direct and indirect materiality, also aligning with our existing framework and focus areas, we have identified strategic areas for goal and target setting. Strategic areas have higher bearing on our vision for sustainability. These areas are Ethics and Compliance; Climate Protection – Energy, Water, Waste & Biodiversity; Business Growth & Profitability – Product Quality, Emerging Mobility Solutions, Product Innovation & Product Stewardship, Value Chain Sustainability, Human Rights, Diversity & Inclusion and Health, Safety & well-being. We believe that target setting in these areas with clear linkages to other areas as well as to Sustainable Development Goals will

go a long way in assuring we meet the societal expectations.

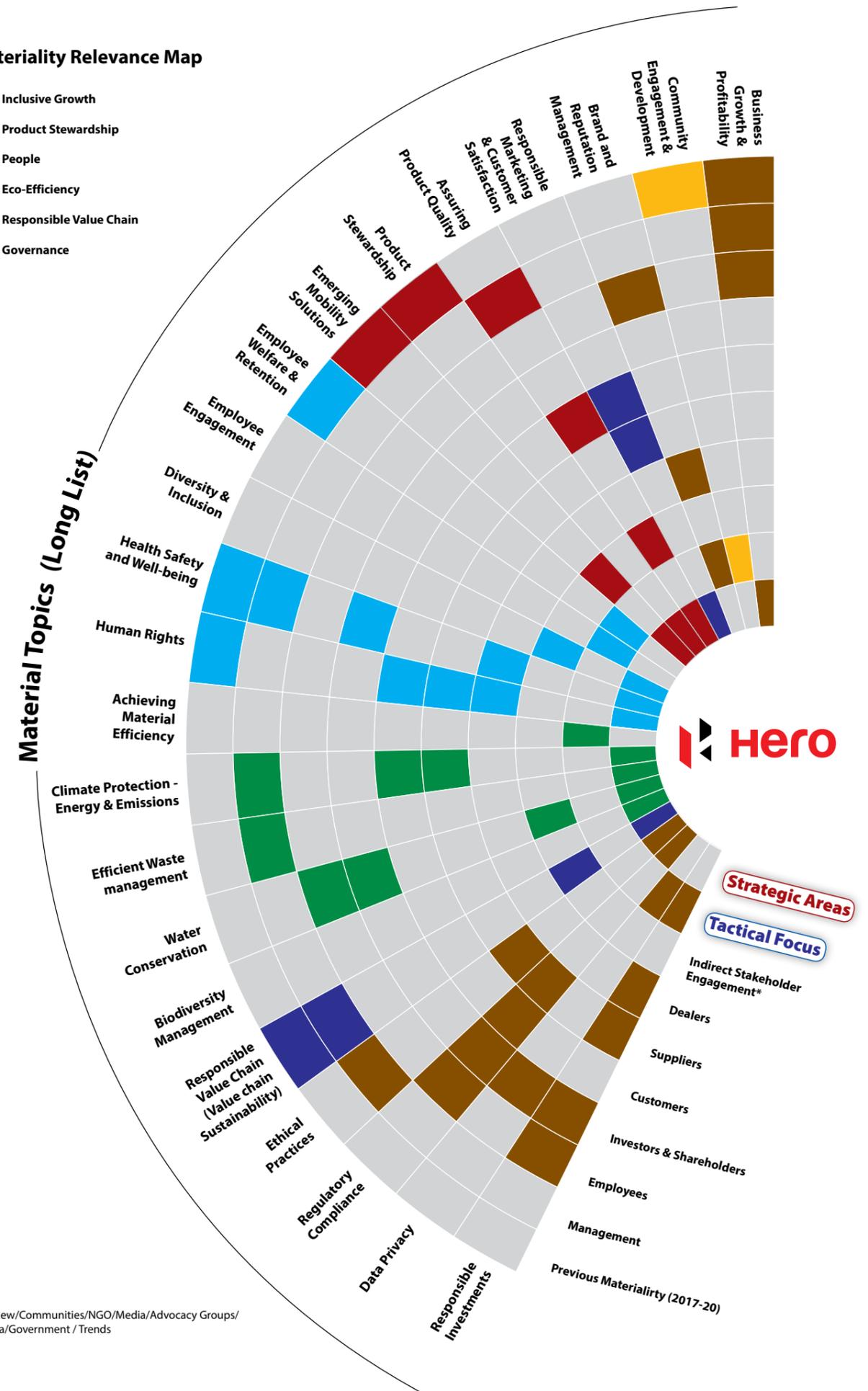
We have merged Ethics & Compliance. We have also clubbed Business growth & profitability, Emerging Mobility, Product Stewardship & Product Quality under Business growth & profitability. Climate Risk Management will address other related areas such as emission, water and waste and Biodiversity. Value Chain Sustainability will have strong tone of Human Rights, Health Safety & Well Being, Climate Risk, Water, Waste and Ethics.

All the other areas are added to the tactical list.



Materiality Relevance Map

- Inclusive Growth
- Product Stewardship
- People
- Eco-Efficiency
- Responsible Value Chain
- Governance



* Peer Review/Communities/NGO/Media/Advocacy Groups/ Academia/Government / Trends

All topics are material. However, strategic focus is important for those areas that have higher bearing on our vision for sustainability.

As we mapped material topics through direct inputs from our stakeholders, all topics were rated as high priority when it came to absolute values. Additionally through peer review, industry trends and international and national/local media reports, we also mapped areas that are of immense value to society and are of futuristic interest.

Material Priorities (Disclosures on Management Approach)

1. Ethical Practices & Compliance



The journey of HMCL from its inception has been entrenched in ethical practices and honest relations with our value chain, employees and all shareholders. Integrity of our relationships, transparency in communications and open door approach has helped us become one of the largest and respected companies in automobile sector.

However, today's landscape warrants verifiable claims and measurement of perceptions.

For our long term journey we will have a more organized approach in deepening the ethical culture amongst employees, reviewing our policies to reflect the contemporary challenges, identifying risk areas, stay on the top or ahead of compliance as always, demonstrating leadership in ethical practices and be recognized for the same, conducting training and awareness not only amongst employees but all stakeholders, and creating channels for transparent and open communications amongst various stakeholders.

Culture, Communications, Audits and Recognition will be our areas of focus.

2. Climate Protection: Energy, Water, Biodiversity & Waste



Climate change is one of the most significant challenges that has the potential to disrupt businesses as we understand today.

As a responsible corporate we are committed to aligning to a decarbonized world. We believe that it will have benefits of air quality enhancement in cities. We have conducted life cycle assessment studies for our product which revealed that major emissions come from the use-phase which fall under Scope III emissions. We are working on this area with a three pronged strategy, which is operations, product and value chain. We intend to become carbon neutral by 2030. We have ambitious targets around water positivity & waste neutrality which complement the climate protection agenda. We have also taken Biodiversity as one of core areas to work upon.

3. Business Growth & Profitability: Assuring Quality, Product Innovation, Emerging Mobility Solution & Stewardship



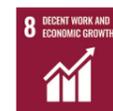
Business Growth & Profitability can be secured by assuring product quality, keep innovating on new products, developing & embracing future mobility solutions & stewardship of the product.

Quality of Product is the basis of our deep connection with our customers. We take pride in providing the best quality product and continuing efforts on quality through our dealerships and providing genuine parts for the product. We have had impeccable record of no violations or regulatory fines. Advanced digitization is helping in getting a direct connect with the customers, which will be used to enhance our product quality even more. Hero Connect Portal was a step in this direction.

Product Innovation for 'future of mobility' mission is high on company's agenda for which there is considerable Research and Development spending.

Our approach is to have new Products in line with changing landscape, continued focus on product quality, Life cycle Analysis based product innovation, enhanced digital customers touchpoints for product servicing and better customer connect for feedback and product innovation.

4. Health, Safety & Well Being



Health Safety and Well Being of our employees is a foremost area of work which is fundamental to our organizational growth. We adhere to the best standards such as ISO 45001 and OHSAS 18001 for Health, Safety and Well Being. The current pandemic presented with situations where utmost care had to be taken for employee well-being. We implemented the best safety measures, Personal Protective Equipments and sanitization facilities. We also carried out drives for vaccinations and supported our employees during the crisis times. We recognize that mental health has been an area that requires attention and focus and as a part of new standard, we will be taking steps in upgrading our systems to address this aspect as well.

5. Human Rights

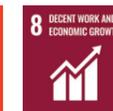


Hero MotoCorp is a UNGC signatory and adheres to all Human Right principles. The policies such as non-

discrimination, anti-harassment, anti-sexual harassment, grievance, whistle blower, anti-competitive behaviour are implemented in letter and spirit. Moreover, there is no incident of child labour, forced labour.

We do not want any sudden negative news even from the remotest corner of our value chain, as that can have negative impact for our brand perception. The cost for painstaking work that requires partnerships and close working with value chain is worth investing in for long term value creation.

6. Diversity & Inclusion



Diversity has been a focus area for us from some years. HMCL believes in equity and fairness. Diversity is not only important for our organization but even for the society.

Automotive industry has been a laggard at bringing women in the sector, however efforts in the right direction have led to some shifts. We have been able to change the gender ratio and are enhancing female share in every aspect of business. We are working on many fronts to accelerate re-skilling and competency enhancement provide leadership exposure to women to create a pipeline and have recruitment strategies for getting more women in the organization.

We have a well structured spouse employment policy and provide creche facilities for employee's children. The other area where we have made progress and are keen to work more is for the specially abled people.

Recruitment, Leadership Trainings for Women, Cultural shifts for inclusivity, Inclusive facilities for Specially Abled are some of the areas that we would like to focus on for measurable progress.

7. Value Chain Sustainability



Value Chain sustainability is crucial for strengthening our overall ecosystem. After successfully running Green Vendor Development Program we are going to add some of the social and governance related aspects to the existing programme to make a more holistic Hero's Sustainable Partner Program (HSPP). We will be working closely with our partners and communities to leverage the knowledge and experience and explore upcoming areas of responsible sourcing etc. to co-create the best possible sustainable ecosystem.

Direction for future

As a result of the materiality exercise, following areas are identified of utmost significance and paving future roadmap/setting targets

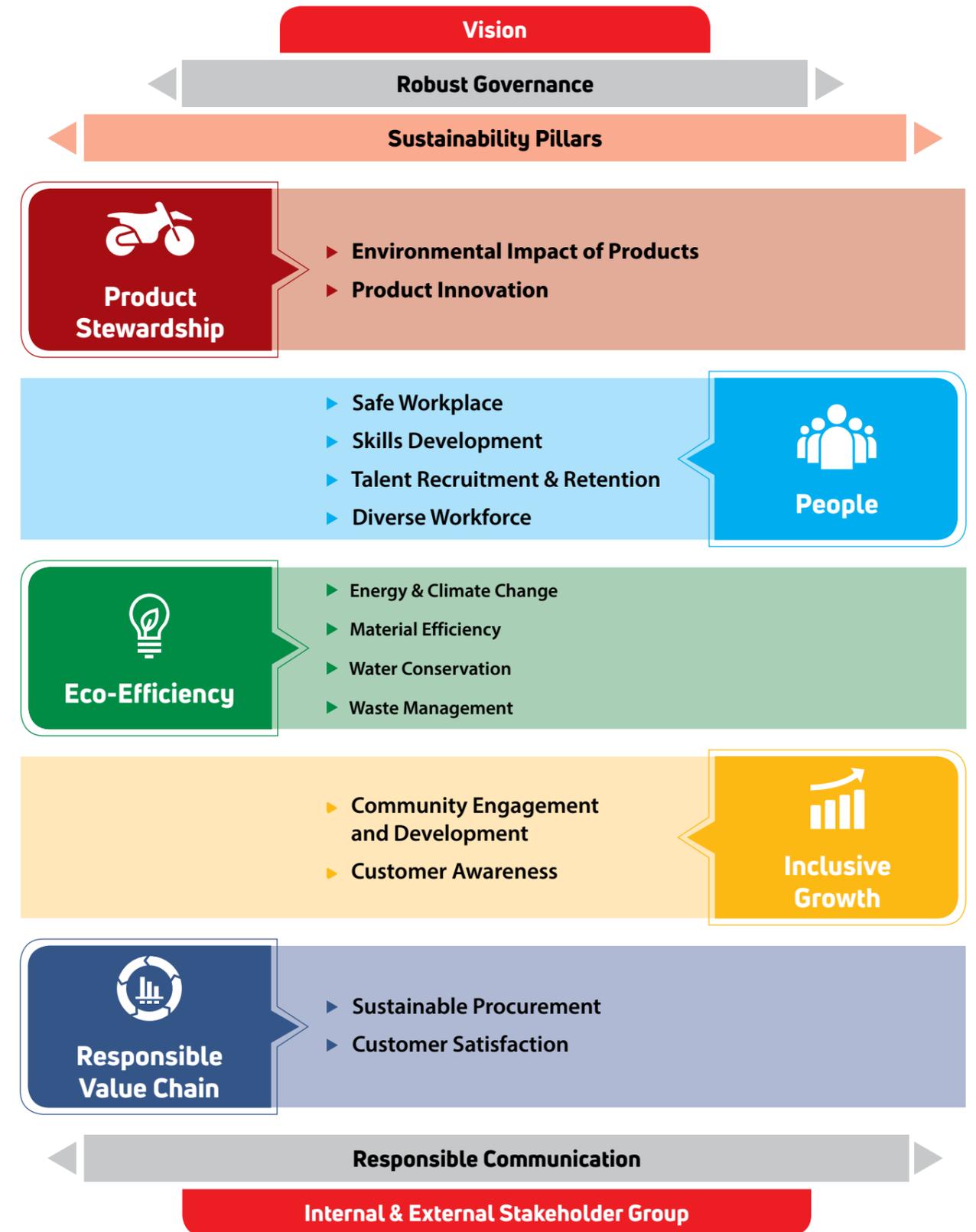


* Includes Energy & Emissions, Water Conservation, Efficient Waste Management, Biodiversity Management

** Includes Assuring Product Quality, Emerging Mobility Solutions, Product Stewardship, Product Innovation and customer satisfaction.

*** Includes Regulatory Compliance

Pillars of Sustainability: A Responsible Approach

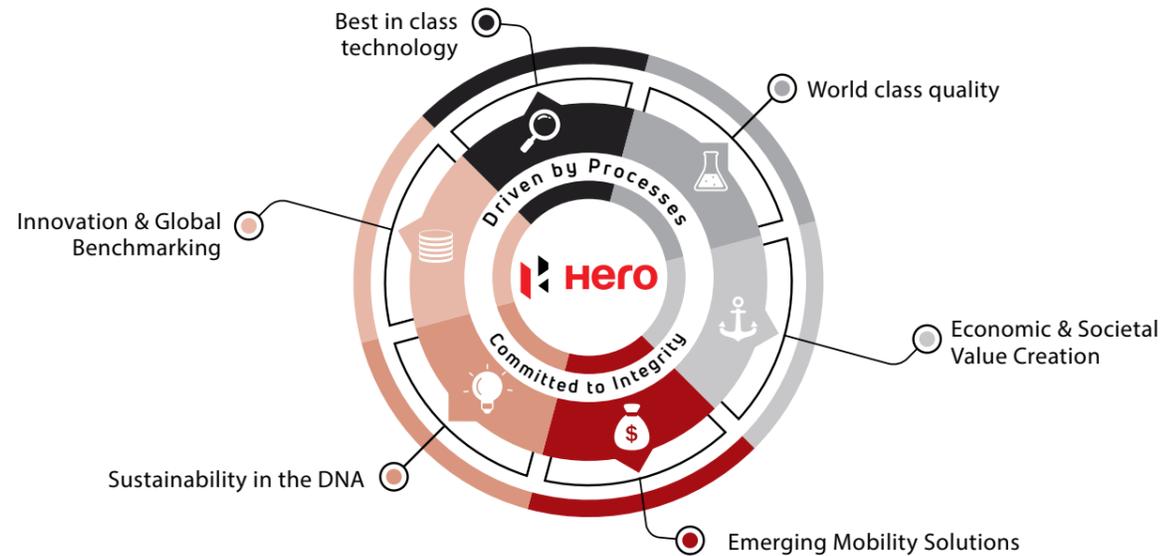


Product Stewardship



Transforming Mobility

With the vision as the Driving force, Hero MotoCorp will continue to enable the nation to progress through innovative mobility solutions, driving prosperity, enhancing living, nurturing new businesses and supporting communities.



Strategic Collaborations to Fuel Future Mobility

Embarking on a new journey together. As part of a licensing agreement, Hero MotoCorp is going to develop and sell a range of premium motorcycles under the Harley-Davidson brand name. This arrangement is mutually beneficial for both companies and riders in India, as it brings together the iconic Harley Davidson brand with the strong distribution network and customer service of Hero MotoCorp.

Hero MotoCorp has taken a giant leap towards furthering its electric mobility strategies by partnering up with one of the behemoths of the EV world, Gogoro. Hero and Gogoro's vision and commitment are perfectly aligned towards the common goal of accelerating the shift to smart, sustainable electric mobility in India, and around the world.



Product Portfolio: Meeting the Aspirations and Promising Customer Delight



The launch of Glamour "Blaze" edition, Xtreme 160R, Xtreme 200S & Maestro Edge 125 has strengthened Hero MotoCorp's BS-VI portfolio and took us a step ahead in this competitive market. With inclusion of top class features in all of these products, our sales are regaining pace.

Operating at nearly 100% production capacity with almost all customer touch points open, the Company remains committed to the health and safety of everyone in its ecosystem, including its customers.

Hero MotoCorp derives its power of numbers from the **Splendor**, which is the world's highest-selling motorcycle.





The **HF Deluxe** has for long been the second best selling motorcycle, more fuel efficient and has better performance. The new HF Deluxe **also features i3S (idle start-stop system).**

Launch of **Glamour 'Blaze'**

The new product offers a USB charger to the handlebar and comes with the side-stand indicator. The motorcycle features Hero's i3S (idle start-stop system) and auto sail technology. The new Glamour Blaze ups the style quotient for the aspirational youth.



XTREME 200S: **BS-VI Launch**

Restating its commitment to an exciting and comprehensive premium portfolio, Hero MotoCorp, has launched the Xtreme 200S in the BS-VI avatar. With the advanced XSens technology, Xtreme 200S is a striking and powerful chapter in the company's well rounded premium portfolio.



XTREME 160R: **Commercial Launch**

Unveiled at the Hero World 2020 event, the Xtreme 160R is inspired by the bold 1.R concept showcased at the International automotive show EICMA in 2019. The motorcycle offers an unparalleled mix of performance, sportiness and features, while boasting a muscular stance with an optimum mix of comfort and control.



Change cannot be given; it always has to be brought

Hero Tech Center Germany (HTCG) is a hub of excellence with the vision of bringing revolutionary product platforms. We always think ahead of time; however, mindful of our DNA, "We Care". We endeavor to become specialists in shared mobility concepts with a utilitarian approach to mobility, and massively add value in Green Mobility using our talent pool across geographies. We look forward to be the future of mobility and uplifting Hero MotoCorp's capabilities as an innovator.

The automotive industry is going through a paradigm shift. Trends in vehicle ownership are changing during recent years owing to new business models evolving. Mobility is about to become affordable, more convenient, connected, enjoyable, safer, cleaner and much less personality related. Conventional transportation will be disrupted by the increase or expansion of electrification, the ever-rising traffic congestion in our cities, hassles of finding parking spaces and increasing environmental concerns. We have to assure our leading role in reshaping the future of mobility. The surge in ride-hailing services, ride-sharing and subscription-based services supports this change.

As a leader in the motorcycle and scooters automotive space, it becomes necessary to ensure that Hero MotoCorp's strategies are in-line with worldwide market needs and aspirations. HTCG has contributed in futuristic way of thinking encompassing alternative drivetrain concepts and other greenfield project ideas. HTCG contributes on sustainability aspects through designing innovative products, alternative materials and fuels for development of future mobility solutions.

HTCG will soon be equipped with a state-of-the-art styling studio with all kinds of surfacing technologies including clay-milling and professional 3D-printing.

Rally is a form of motorsports which is driven by durability and mileage such as the big Hero values. HTCG supports this by racing international rallies with our own Hero Rally bike.

For more details, please visit: herotcg.de



World Class Product Quality

In line with our vision to "Be the Future of Mobility", we strive to create the next generation mobility solutions to "delight" our customers while being the partner of choice for our pioneering innovation, solutions, and services. We continue to set global benchmarks, achieve and sustain leadership in quality whilst creating a sustainable future. We are committed to achieving excellence through designing and developing tech-laden and market-relevant products, assuring end-to end quality throughout the design, manufacturing, and after-sales phases.

Product Stewardship: Design for Environment

Addressing new age customers, customer comfort, safety, assured product quality and reduction of the environmental footprint are the key strategic areas in product strategy. Right from inception, Hero MotoCorp has been developing fuel efficient vehicles contributing to reduction in scope 3 emissions.

Hero MotoCorp is also making consistent efforts to provide advanced systems, comfort features, avoiding use of potentially harmful materials, enhancing usage of recyclable materials and providing adequate product information to customers.

Through the design for environment approach, Hero MotoCorp is making serious efforts in making continuous technology improvements, design for recyclability, easy disassembly and dismantling. Life Cycle impact studies of the products, innovation and

competitiveness are the key drivers for developing mobility solutions for customers. The Company's product stewardship extends from product design, development, sales, service and end of life vehicle.

End of Life Vehicle

As a proactive organization Hero MotoCorp is exploring various options and evaluating various aspects for possible scrapping of old and used vehicles. Hero MotoCorp is currently working with potential agencies to devise an effective mechanism for End of Life Vehicle strategy. Hero MotoCorp has also presented its views and inputs to regulatory bodies via permitted channels on the policy.

Standardization in Material/Components with Respect to Environmental Aspects

Hero MotoCorp is also evaluating the potential benefits/ requirements of globally available environmental databases like International Material Database System (IMDS) for building a resilient and sustainable product portfolio. Basis Technical Evaluation and subsequent buy-in of internal stakeholders, this strategy is to be implemented.



Product Innovation

Hero MotoCorp’s Centre of Innovation & Technology and the Hero Tech Center Germany (HTCG) are Focusing on development of new vehicle concepts and future technologies.

Material Research Portal

It is an Intranet platform on which we provide material, process, material selection and standards related information to designers.

Data provide over queries are:

- ▶ Scope
- ▶ Facility and test capability at Material Research
- ▶ Latest Standard (HMCS) release

- ▶ New material and alternate material
- ▶ Latest news related to materials / process information
- ▶ Technical staff and SPOC information.

Split Type Saree Guard

This provision was implemented in select models basis techno-commercial and environmental analysis. The implementation has resulted in reducing the no. of trucks by 2 for same number of vehicles transportation and hence saved on scope 3 emissions. Additional advantage of the strategy is extra space and safety for women co-passengers.

Accelerating Digital Innovation in Product & Process

Industry leaders can no longer focus on expansions and trends in their sectors alone; they need to examine transformations and disruptions in the entire ecosystem of suppliers, consumers, and international markets. The technological advancements can help solve social and ecological problems. Technological advancements is exciting but also challenging the entire community of customers, workers, administrators, policymakers, and regulators in impactful manner. The technological modernisations are expected to positively influence the diffusion of social innovation.



Digital ecosystem with online product availability, integrated value chains for efficient demand fulfilment and smart manufacturing setups are helping to improve efficiency. Digitalization is effective in consumption prediction, resource consumption analysis and failure prediction. Digital Interventions in form of virtual meetings, google lenses have not only reduced stress of traveling but are significant contributors for carbon reduction.

Transforming traditional manufacturing into ‘smart’ manufacturing using cyber-physical systems innovatively is yielding significant results. In the highly competitive market, digitalization maximise value to the end customer, while keeping an eye on sustainable development. Digitalization is helping us to accelerate the adoption of sustainability.

Hero Hatch

Hero Hatch was launched as an internal incubation center with an aim to foster innovation within the organization. As part of Hero Hatch, teams have an opportunity to experiment with new business models, services and business streams while being cocooned to provide autonomy and flexibility, and reporting directly to the leadership team.

Hero Hatch teams are doing some real fantastic work on Electric Mobility, Pre-owned vehicles and vehicle sharing. Few of the themes:

- ▶ **Vehicle Customization:** The team will be expected to understand customers' requirements, work on designing and customization concepts and finalize the execution format while working cohesively with accessory teams and other functions to ensure compliance and reliability. It will be an agile internal unit to cater to demands unsuitable for mass production, while looking after demand forecast, Capex, regulatory requirements and logistics.
- ▶ **Automotive digital space:** While digitization has been on the rise for some time now, the need for digital business is even more evident today. The project aims to capture business opportunities within the digital space to engage the customers in the automotive sector and create a sustainable business model.

Hero CoLabs – The Design Challenge

Hero CoLabs provided the ideal platform to enthusiasts, brand fans, students and professionals to showcase their creativity and design skills. The challenge received over 10,000 registrations.



The contest was hosted in two categories – requiring participants to design their own version of graphics for the iconic Hero Splendor+ (Challenge #1) or design a Hero T-Shirt / Hero Riding Jacket (Challenge #2) inspired by the XPulse 200.

Following the roaring success of ‘Hero CoLabs – The Design Challenge’, the platform rolled out initiatives across the year, focusing on various aspects of business operations.

Kicking off the journey was ‘The App Challenge’ which provided an ideal platform to budding programmers, developers, students, fans, and professionals to showcase their technical skills, creativity and designing ability. Hero CoLabs not only inspires the youth across the world to hone their skills, but also propagates the spirit of collaboration. It also puts the winning designs/ ideas in to production for the real-world.

Hero talent search show

For IX and X graders from various government schools, it was a dream come true opportunity to meet and interact with the leaders from academia and industry. The venue witnessed some of the most aspirational moments for students and their parents.

People



As a future ready enterprise, Diversity and Inclusion are critical elements of recruitment and retention strategy.

Hero MotoCorp has accelerated its efforts to on-board a well diversified team of individuals that is reflective of the society in which it exists and functions. We understand that diversity incorporates both visible and invisible perspectives of individuals. The company is taking concerted efforts to boost diversity at organization level.

Hero MotoCorp also gives significant importance to inclusion at workplace wherein individuals are treated fairly and respectfully. This facilitates the organization to provide equal access to opportunity and resources to the individuals who can gear up to adapt change and contribute to their upliftment and organization's success.



Our Workforce

As on 31st March 2021, nearly 4.6 % of our permanent workforce was female and 95.4% was male. 100 % of 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 ages. The category and gender-wise details of the workforce for FY 2020 - 21 are presented in the table below:

During the reporting period, Hero MotoCorp recruited a total of 540 employees across management and permanent worker categories. The breakup across age groups and genders is shown in the table below.

Workforce	FY 2020 - 21
Total number of permanent employees	8,794
Total number of employees on temporary/contractual/casual basis	22646
Number of permanent women employees	402
Employee associations recognised by management	<ul style="list-style-type: none"> ▶ Hero MotoCorp Workers Union, Gurugram 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

Share of women in all management positions, including junior, middle and top management (as % of total management positions) is

9%

Share of women in junior management positions, (as % of total junior management positions) is

10.6%

Share of women in top management positions, i.e. maximum two levels away from the CEO (as % of total top management positions) is

11%

People with special ability

0.7%

Nationality	Share in total workforce (as % of total workforce)
Colombian	0.1
British	0.04
Italian	0.04
Japanese	0.03
Nepalese	0.04

Share of women in management positions in revenue-generating functions is

7%

Share of women in Science, Technology, Engineering & Mathematics (STEM)-related positions is

8.5%

Indicators		Employee Hire	Employee Turnover
Male	Management	287	226
	Permanent Workers	182	89
Female	Management	69	32
	Permanent Workers	2	0
<30 years	Management	253	109
	Permanent Workers	57	1
Between 30-50 years	Management	98	95
	Permanent Workers	126	8
>50 years	Management	5	54
	Permanent Workers	1	80

Employee hire rate		Employee turnover rate	
Count	Percentage	Count	Percentage
540	6%	347	4%

Females hire rates		Females Turnover rates	
Count	Percentage	Count	Percentage
71	13%	32	9%

Percentage of open positions filled by internal candidates (internal hires)

2.86%

We encourage internal talent development through a structured mechanism of internal job postings based on specific evaluation criteria on competency, meritocracy and profile suitability.

Ecosystem Engagement

Since this year it was a special situation due to pandemic, we introduced new way of engagement with stakeholders through digital townhall address by the chairman. During these times of uncertainty, the town-halls with

the chairman helped reassure the stakeholders about the organisation's commitment towards them. Multiple townhalls were conducted on digital platforms for internal & external stakeholders, employees and their

families to interact with the chairman. Employees and their families were able to put forth their issues which were then addressed by the organisation to ensure that the entire Hero MotoCorp family sails smoothly during these times.

Diversity & Inclusion (D&I)



As on 31st March'21. The Numbers include both on-roll and contractual workforce



Mr. Dhiraj Kapoor
General Manager
Secretarial Department

An equal world is an enabled world. In order to manage Diversity focus, we adopted an integrated approach wherein we targeted recruitment initiatives, education and training, career development, and mentoring programs within the organization."

Diversity of workforce is an asset - bringing fresh perspectives, ideas and experiences in a welcoming environment which contributes to Company's values and vision. Hero MotoCorp is committed to promote diversity and inclusion within the organization.

For Hero MotoCorp, diversity means a workforce reflective of different cultures, gender, generations, ethnic groups, nationalities, abilities, social backgrounds and all other unique differences that make each of us as individuals.

Diversity and Inclusion (D&I) is more than policies, programs, or head-counts. Equitable employers outpace their competitors by respecting the unique needs, perspectives and potential of all their team members. As a result, diverse and inclusive workplaces earn deeper trust and

more commitment from their employees.

At Hero MotoCorp, we believe a diverse and inclusive workplace makes us all stronger. Engaging different thoughts and sharing insights broadly has helped make us the organization we are today. Therefore, we are committed to creating a truly inclusive organization 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 programs to increase and retain workforce heterogeneity within the organization. While the focus stayed on increasing diversity representation, our vision was crafted to ensure the 'Inclusion' so that the efforts could be sustained for a long term and it becomes the culture in Hero MotoCorp rather than flavor 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 3 pillars of D&I:

Leadership & Advisory Support	Culture & Mindset	Recruitment & Selection
<ul style="list-style-type: none"> ▶ Maternity/Paternity Benefits ▶ Women in Leadership Program ▶ Day Care Policy ▶ Special Travel policy ▶ Restricted Holidays ▶ Equal Employment Opportunity Policy for Transgenders 	<ul style="list-style-type: none"> ▶ Gender Sensitization –to bring the mindset shift ▶ Sign Language Workshop ▶ Gamification/online quizzes ▶ D&I Talk Series ▶ Unconscious Bias Training ▶ UN WEPs Association 	<ul style="list-style-type: none"> ▶ Expanding reach of Diverse talent pool through various interventions to ensure adequate supply of diversity ▶ Incentivizing vendor partners for diversity hiring ▶ Refreshing of interview processes to make it more inclusive

Our consistent focus, and an all-inclusive traction across the three pillars of D&I, saw our overall representation of women in workforce more than 1500+, which in itself is an important milestone achieved.

To aid our aim of having a diverse workforce, a lot of D&I initiatives take place throughout the year. A slew of initiatives were undertaken - POSH and Gender Sensitization, Nutrition for Working Women, Acceptable

D&I Vision
To make Hero MotoCorp a truly inclusive organization with a culture that values, respects and encourages diversity

Behaviour and Inclusion at the Workplace, Breast Cancer Awareness Session, PCOS/PCOD.

Project Tejaswini (Women Colleagues @ Shopfloor)



Keeping in mind the Vision and the identified roadmap for Hero MotoCorp's Global Brand Dominance, the Leadership identified and accorded the highest priority to create an organization 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- Project Tejaswini.

Also, while the onset of Project Tejaswini seeded in 2015, it saw its beginning in FY 16-17 when Hero MotoCorp introduced Women at Shop-floor for the first time.

The Philosophy behind Project Tejaswini was to definitely build upon Gender Parity but also to Work upon 'Changing Mindsets' and making the workplace holistic. A bold step to bridge the gender parity gap and to become an 'Employer of Choice' and a 'Great Place to Work'!

Till March'2021, we had around 980 female employees on the shop floor around all the locations, ably matching shoulder with their male counterparts and delivering in all walks of operations.

Talent Recruitment

At Hero MotoCorp, we believe in nurturing a high-performance and enabling work eco-system where open dialogue is encouraged, thereby allowing employees to realize their full potential.

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

1) Improving Candidate experience

Recruitment & Selection process is an opportunity to present our organization as a preferred employer to the best talent available in the industry. We take pride in offering:

Superlative Selection Process experience – All our candidates are offered a cash-less travel experience during the Selection Process.

Hassle-free On-boarding – All outstation candidates are offered convenient, safe and reimbursement-free travel and re-location options.

Candidates and New Joiners' Engagement Activities

– For our employer branding initiatives we have designed a yearlong calendar of activities covering various themes like CSR, D&I, Campus Engagements etc. to disseminate the culture and values of Hero MotoCorp.

Hero MotoCorp Campus Challenge 6 – In line with our talent acquisition strategy, we have successfully organized our annual student engagement campaign, Hero MotoCorp Campus Challenge Season 6, in its first ever Virtual avatar. Season 6 set new records with over 35,000 student registrations from 1700+ campuses from across the country on



the theme "Ideate the Future".

2). Going Virtual - Recruitment & Induction

We have made a rapid progress towards achieving several organizational goals, majorly focus on increasing diversity and digitalizing our processes. There has been a paradigm shift in our hiring and on-boarding strategies. We have adopted virtual interviewing techniques to hire candidates. Our traditional

on-boarding practices have been replaced by virtual process.

International Women's Day 2021

This year for the International Women's Day celebrations, the theme was "#ChooseToChallenge" which highlights the importance of challenging biases and misconceptions in the interest of creating a more inclusive and gender-equal world. The campaign

encourages women and men to challenge and call out gender bias, discrimination and stereotyping.

To celebrate International Women's Day 2021 and foster inclusion beyond diversity, we planned week-long activities and events across locations, where we saw a lot of enthusiasm and active participation from all our employees irrespective of the gender.

Training Programs for Employees

As an organization we have always been cognizant towards building a strong supportive culture for specially -abled employees. We include them into several motivational training programs to ensure adequate focus are given on their self-development.

The training details of our permanent employees are in the table below

Total training hours	Total number of employees	Average Training hours
316049	8794	35.94

SAS (Sales and After Sales) Ignite

SAS IGNITE aims at rekindling our sales transformation agenda and propels us into the journey of thriving in the new future of mobility.

Over the past few months, employees went through a journey of planned targeted development interventions. At the leadership level, we have invested significant amount of time, brain power and money to redefine what skills and competencies we require as SAS team.

Employee Engagement

Through "Yes Heroes Can", we conducted various initiatives under the umbrella of health & well-being, employee engagement & employee capability development supported through virtual mediums. Employees across locations completed more than 250,000 internal & more than

2,000 external courses through Hero Virtual Learning Centre (HVLC) learning option.

Heroes of Hero: Hero Talent Show

With an aim to encourage, recognize and nurture Talent among our employees and their children, we started a Talent Show - Heroes of Hero last year and it saw great enthusiasm among employees and extended family members.

Building upon the foundation laid through this platform, we further added new categories (Stand-up comedy, Poetry, Sketching) in our Encouraging Talent policy (Employee & Children) and saw 20% increased nomination this year in Heroes of Hero - Season 2.

Association with UN WEPs: In align with our D&I vision, Hero MotoCorp has become a signatory to UN Women & UN Global Compact's initiative- Women's Empowerment Principles (WEPs), which are a set of Principles that offer guidance on how to promote gender equality and women empowerment in the workplace. Association with the United Nations in itself would enhance inclusive entity not only within the organisation but across digital platforms globally.

Equal Employment Opportunity Policy: Hero MotoCorp is proud to be an equal employment opportunity employer. Hero MotoCorp provides equal opportunity to all its workforce irrespective of race, color, sex, religion, sexual orientation, national origin, disability, genetic information, pregnancy, or any other protected characteristic as outlined by federal, state, or local laws.

Unconscious Bias Training

Biases and stereotypes act as a barrier in fostering diversity at workplace. In order to challenge these biases with an aim to evolve perspectives and changing mindsets, we recently

initiated "Unconscious Bias training" for our employees under the second pillar of D&I i.e. Culture and Mindset.

Exclusive webinar for Female Employees

For the health and wellness of our female employees we ensure to conduct awareness sessions on varied health concerns such as Breast Cancer awareness, PCOD/PCOS session, Nutrition working women, Physical and Mental Health, Stress Management and many more.

Financial Literacy Workshop- Financial planning and management session for female employees for awareness and education on various options and ways of investment.

Employee Centric HR policies, practices and procedures:

In the journey towards becoming global employer of choice we periodically review our policies and procedures to ensure that it offers meaningful benefits to our employees. Our Compensation philosophy have a strategic mixture of base pay, variable pay and benefits to facilitate the philosophy of pay for performance and drive business results.

In the year 2020-21, amid the covid-19 pandemic scenario we focused on providing stability, inclusivity, a safe working environment and introduced / revised related guidelines around flexi working hours, work from home, deputation policy and transfer policy.

We awarded employees who showcased their commitment, rigor and courage to the continued operation of HMCL during lockdown through a mix of monetary and non-monetary rewards.

HR Automation and Technology – Empowering organization with digitalization

Digitalization is 'The Future of Work' and the future is here and now. Technology is the impetus to re-

brand our work culture, strategies and work environment which in turn will augment our business's vision, customer satisfaction goals and employee engagement targets.

We have digitized and centralized our all on-roll employee files, now employee

files are available at the click of the button and at the same time security and safety of physical files enhanced.

With our existing system, we are further improvising it from the operational and usage perspective. We have now sync our Success factors data with the

SAP on a regular interval and all other applications are picking up data from SAP. This is positively metamorphosing environment from individual dependent to system dependent.

Respect for Human Rights

Hero MotoCorp recognises the valuable role that business can play in the long-standing protection of human rights.

We respect the rights of our community members, our value chain, our employees and other who may be affected by our operations. We conduct our business in a socially responsible manner, respecting the law and universal human rights to benefit the communities where we work.

- ▶ Recognise the importance of maintaining and promoting fundamental human rights in all our operations and promote awareness
- ▶ Respect employees' right to freedom of speech and provide fair and equitable wages, benefits and safe working conditions of employment
- ▶ Respect each individual's basic human rights and will not allow any modern slavery or child labour

- ▶ Continually improving human rights performance by sharing good practices and learnings, monitoring, reporting and disclosing performance
- ▶ Ensuring the right to freedom of association and collective bargaining
- ▶ Compliance with all applicable labour regulations

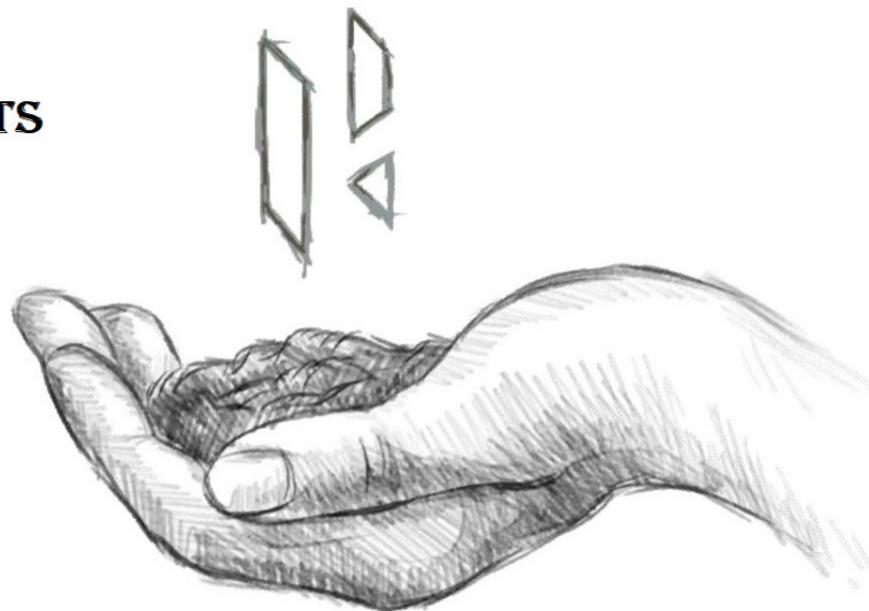
We advocate & encourage the highest standards of human ethics & etiquettes and respect the dignity of everyone associated with us.

Our approach on Human Rights extends to those who we partner with, such as suppliers and contractors. Human Rights issues are also 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. We are planning to conduct Human rights risk assessments in couple of years within our eco-system in phases. In order to create a workplace that is fair, transparent and safe, we have in place a policy for Prevention of Sexual Harassment at workplace (POSH), under the provisions of Prevention of Sexual Harassment Act, 2013 and also Transgender Equal Opportunity Policy to ensure that there is no discrimination in any way on the basis of sex, sexual orientation, gender identity or gender expression.

The company is working towards

RESPECTING HUMAN RIGHTS



developing a due diligence and a review process to proactively identify and assess potential impacts and risks relating to human rights in our own operations, value chain, mergers, joint ventures and acquisitions.

Skill Development

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.

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 programs such as NexGen Leaders co-created with the leading consulting organisations.

Women in Leadership

We invest in our employees in multifaceted ways, Women's day at Hero MotoCorp marked the successful completion of Batch 4 of Women in Leadership (WIL) Program, who joined us virtually this year and the degrees were virtually presented to 22 graduating women.

Health, Safety and Well Being

Each employee is a valuable asset to the organization. Hero MotoCorp is aggressively carrying out measures that are designed to provide a safe, pleasant and healthy workplace environment.

FY 21 was a year of public health crisis year, the COVID-19 outbreak spreading throughout the world

posing an unprecedented threat. As a responsible and caring corporate citizen, the health, safety and well-being of all employees and their families remained the top priority of the company. The company was deeply mindful of the concerns around Covid-19. All employees

were reassured its commitment and unstinted support of the organization to do whatever is needed to ensure the safety and well-being of all the employees.

All units of Hero MotoCorp are certified Occupational Health and Safety Management systems as per



Vaccination Drive at Hero MotoCorp facilities

ISO 45001. The company is complying with all the applicable Health and Safety regulations. The company has defined Safety standards which are more stringent than the prescribed legislative norms. Various Key Performance Indicators are defined on Health and Safety specifically for reduction in safety related incident – and are tracked and monitored on monthly basis.

Occupational Health and Safety Management systems policy is applicable to all employees.

The Company undertakes various activities to improve safety and health such as safety audits through internal and external experts, safety training its employees on topics like behavioural based safety training, Fire safety, process safety etc.

The Company puts serious efforts to prevent accidents or mishaps that may lead to lost workdays, bodily injury or fatality. The company is further involved in proactive measures which are designed to eliminate potentially dangerous workplace behaviour and situations that may be dangerous to employees.

Health and Wellness Initiatives

Employee Health and well-being of employees has always been top most priority for organization. We have created and implemented best programs & policies for ensuring health, safety and well-being of our workforce. These policies have been designed to ensure prevention of physical, mental and psychosocial health issues and to improve overall well-being of employees. Some of Key health initiatives are listed below:

- ▶ Specialist Clinic & OPDs for employees and their dependents have been organised covering multiple medical specialities.
- ▶ Providing facility of free online healthcare consultation to all permanent employees and all temporary employees along with family members.

- ▶ EAP- Employee assistance program for confidential mental health support and counselling services for employees and family members.
- ▶ As per preventive health check-up policy-Providing regular Health check-up facility through external partners for all categories of employees designed as per age groups and also options for availing this facility for family members on highly discounted prices.
- ▶ Subsidised Immunisation services (e.g. influenza, hepatitis, typhoid) for employees & dependents.
- ▶ Health talks on specific health topics and free health screening camps are organised on various WHO and national health days for employees & families (e.g. World Cancer Day, World Kidney Day)
- ▶ Health check-up camp for community (e.g. cataract screening camp through AIIMS Delhi)
- ▶ Diversity inclusion with medical OPD on Gynaecology for female employees.
- ▶ Regular fitness contests are organised for employees at all locations.
- ▶ Advisory programme for employees & families for dietary guidelines through Dietitian
- ▶ Well-structured mediclaim facility for employees and dependents with cashless IPD facility at empanelled hospitals on pan India network.
- ▶ Medical coverage through ESI is applicable for employees on contractual role, including their dependents
- ▶ Regular sessions on stress management, yoga, meditation for employees and dependents
- ▶ Extension of medical tele services through Wellness service partners including consultation and EAP services.
- ▶ Regular e-mailers, health tips and advisories for employees



- ▶ General OPD services & round the clock pharmacy services for employees through Occupational health centre
- ▶ Specialised diagnostic services (in-house) for employees through Occupational health center including blood haematology, biochemistry, ELISA analysis, urine sample test, ECG, bone mineral densitometry, ankle brachial pressure index, BMI monitor, quick vital sign monitoring
- ▶ Provision of ambulance services to sick/ injured non-ambulatory employees & dependents for admission at hospitals
- ▶ Policy, guidelines & SOPs have been laid down & defined for provision of non-occupational medical services.
- ▶ Organisation facilitates access to non-occupational medical services through detailed communication to employees (e-mailers, notice board display) and alternate modules (online mode of clinics, trainings, health talks)
- ▶ We have Implemented Orange book guidelines of FSSAI-Food safety and standards authority of India in our cafeteria/canteens to ensure safe, hygienic and nutritious food to workforce.
- ▶ New ergonomic interventions have been done at workplace by introduction of Anti fatigue mats on assembly lines to reduce work related fatigue and musculoskeletal discomfort of workforce.

COVID-19 specific Initiatives

When COVID19 was declared as pandemic by WHO on 11 March 2020, Hero MotoCorp was the first automotive company to proactively suspend its operations from 21 March 2020 for health and well-being of employees even before the lockdown was announced.

The major challenges before organization was to engage, motivate and support employees and their families during lockdown and then prepare for the new normal and restarting business after the lockdown. Some of Key COVID related initiatives are as listed below:

- ▶ Organization provided physical, mental, psychosocial and emotional support during lockdown and after lockdown.
- ▶ For boosting immunity of employees against covid19 infection,31000 Immunity booster kits were distributed.
- ▶ Additional medical insurance coverage was taken for employees for treatment/hospitalization related to COVID19 sickness.
- ▶ Provided facility of unlimited free online medical consultation to all 31000 workforce and their family members.
- ▶ Professional counselling services is available 24x7 for supporting mental wellness of employees and family members through reputed external service provider.
- ▶ Regular support to employees regarding their health emergencies and routine medical issues.
- ▶ Regular webinars are conducted on mental wellness and anxiety control through external experts.
- ▶ Online stress management, Yoga, Laughter Yoga and meditation sessions are arranged regularly under Yes Heros can initiative. Regular emailers are sent to employees on mental well-being and covid19 prevention.



- ▶ Several new initiatives like online meetings, trainings, learning sessions were conducted for keeping employees engaged during lockdown period. Interactive sessions were organized for employees, family members, vendors, suppliers etc. for managing COVID anxiety. Regular webinars were conducted for awareness on organizational initiatives, covid19 prevention, immunity boosting tips etc.
- ▶ Senior management regularly communicated with employees and motivated them by assuring about safety at workplaces.
- ▶ Restart of operations after lockdown was done after ensuring all health and safety measures at the workplace. Several policies, procedures, guidelines, protocols and SOP were created for ensuring COVID prevention, ensure physical distancing, top level hygiene/ sanitization with complete adherence to government guidelines. Innovations have been done at the workplaces for contactless hand sanitization, touch free attendance monitoring, hand washing etc. along with redesigning the workplace for COVID prevention.
- ▶ Advisory on COVID-19 pandemic for employees for prevention & control and the precautionary measures planned and implemented

- ▶ Tracking of active COVID-19 affected employees and extension of medical support services.
- ▶ Extension of medical support during COVID-19 pandemic to community.

Occupational Health Services

- ▶ Periodic occupational health surveillance and audits of workplaces, work environment, Ergonomics and Industrial Hygiene are done by location medical teams.
- ▶ Periodic medical check-ups done in-house with specific tests identified as per risk assessment of employees working in different departments having exposure to different occupational health hazards. Most of these tests are done with in-house equipment's like- equipment's like spirometer, audiometer, vision tester, peak flow meter etc.
- ▶ Pre-employment medical check-up is conducted as per statutory & non-statutory requirement aligned with requirement for job.
- ▶ Health assessment on return-to-work is done prior to rejoining. Medical fitness certificate is verified & validated & maintained as record.
- ▶ General health examination as follow-up checks are advised to those who have adverse medical reports on occupational health check-ups.
- ▶ Health examination at end of service is presently not being done but a policy for the same is being planned for implementation.
- ▶ Worker's access to occupational health services is ensured by effective communication to department, planned relieving of worker from job station to attend Occupational Health Centre & follow-up communication to department

- ▶ Effective communication of occupational health check-up records to worker, department head & maintenance of records in health forms & formats as per statutory requirements
- ▶ Occupational health survey of workplace including canteen with on-site medical check of workers is done
- ▶ Occupational health services highlighted in OSH PRC (Occupational Safety & Health Performance Review Committee) meeting & HR monthly review meetings.
- ▶ Monthly report summary of Occupational health services is published in monthly e-newsletter of our Organisation location
- ▶ Scope of improvement in Occupational health services is through the periodic internal & external IMS audits.
- ▶ Effective management of Occupational injuries & correction of impairment through best possible medical back-up services. Provision of ambulance services for in-plant injury referral cases.
- ▶ Disability limitation & Occupational rehabilitation of physically disabled employees for prevention of handicap
- ▶ Drinking water & air quality checks at workplace is done for provision of safe water & air as part of environmental modification in health promotion
- ▶ Bacteriological swab culture, canteen hygiene test, food calorie & culture test is done as per FSSAI guidelines
- ▶ Daily food menu calorie content is displayed at dining halls for information of all employees for intake as per different category of job (sedentary, moderate, heavy)

- ▶ Immunisation of specific categories of employees as per job requirements for specific protection under primary prevention protocol
- ▶ Management of the bio-medical waste which is generated as part of Occupational health services is done as per the statutory requirements
- ▶ Specific protection advice is given for identified occupational hazards (e.g. ear plugs for workers employed in high noise areas even after engineering control methods)
- ▶ Statutory trainings including first aid & CPR training are given to employees

Upgraded Medical Insurance Policy

The key features of this additional policy are:

- ▶ The Insured amount for each employee is Rs. 4 lakhs
- ▶ This cover is exclusively for COVID-19 hospitalisation expenses
- ▶ The cover is for employees. Hence, family members need to avail the existing insurance cover.
- ▶ Coverage is available from day 1 and there is no waiting period
- ▶ Reimbursement of test expenses if it results into hospitalisation Medical insurance policy for COVID
- ▶ Room rent capping of Rs. 10,000 per day for non ICU and Rs. 20,000 per day for ICU applicable.
- ▶ The expenses covered include PPE kits, consultation, consumables, medicines, room rent etc. arising out of hospitalisation As the new policy provides coverage exclusively against hospitalization expenses due to COVID 19, employee could claim the hospitalization expenses

Facilitating Employees in the Changed Scenario

In order to aid our operations after lockdown and maintain employee well-being, we incorporated following measures:

- ▶ Self-Declaration for Good Health
- ▶ Protocol in case someone is not well
- ▶ Wearing of masks
- ▶ Attendance
- ▶ Internal Meeting Norms Restarting Business Operations in COVID
- ▶ Work from Home
- ▶ Sanitization of facilities
- ▶ Sanitization of buses, shuttles, other official vehicles
- ▶ Domestic or International Travel Guidelines
- ▶ Internal & External Events Protocols
- ▶ External Visitor Norms
- ▶ Rules for Visit to Vendor or Dealer Premises. Our medical team had been sharing various tips to enhance our immunity including focus on diet throughout this pandemic to spread awareness among our employees. To help our employees in boosting their immunity, it was decided to provide everyone with an Immunity Booster Kit.

arising out of COVID 19 under new policy only, so that pre-existing mediclaim remains intact and available for use by family members in case required. The

pre-existing mediclaim policy will continue to cover employee and his / her family members. If a member of employee's family is infected by COVID 19, then he/

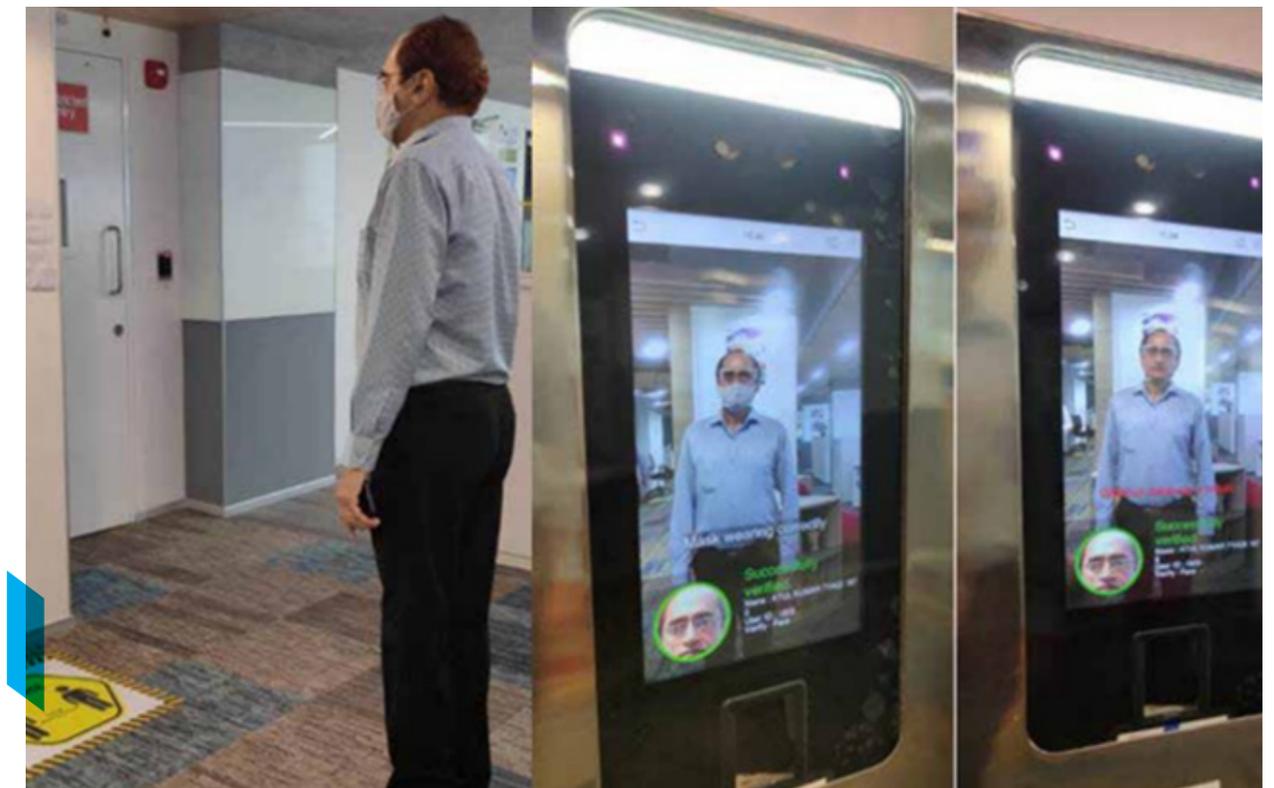
she can use the existing graded mediclaim policy.

Touchless Attendance System

Starting from 1st September 2020 we migrated to Touchless Facial Recognition based Attendance System at all our office locations in India. This new system replaced the previously used fingerprint (biometric) based attendance

system. With this, we now have one common attendance system across all locations and any employee will be able to mark his/her attendance from any location. The system will be able to mark attendance even if you are wearing mask (and in fact gives

a reminder if you are not wearing a mask). Starting 1st September this system was implemented for all the staff members across India and over next few weeks was rolled to workers and third party contingent workforce.



Safety Related Initiatives

Hero MotoCorp migrated safety management system OHSAS 18001 to ISO 45001 for all its units. The new system brought in new perspective of encouraging 'risk-based thinking': a more proactive,

flexible and preventative approach based on remedying a broader range of risks before they materialise. The new system encourages the incorporation of health and safety into the broader management

system of the organisation. The senior management has now taken a stronger top-down leadership role, driving performance improvements into action and taking responsibility for the protection of their employees.

Striving for Zero Incident Culture

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.

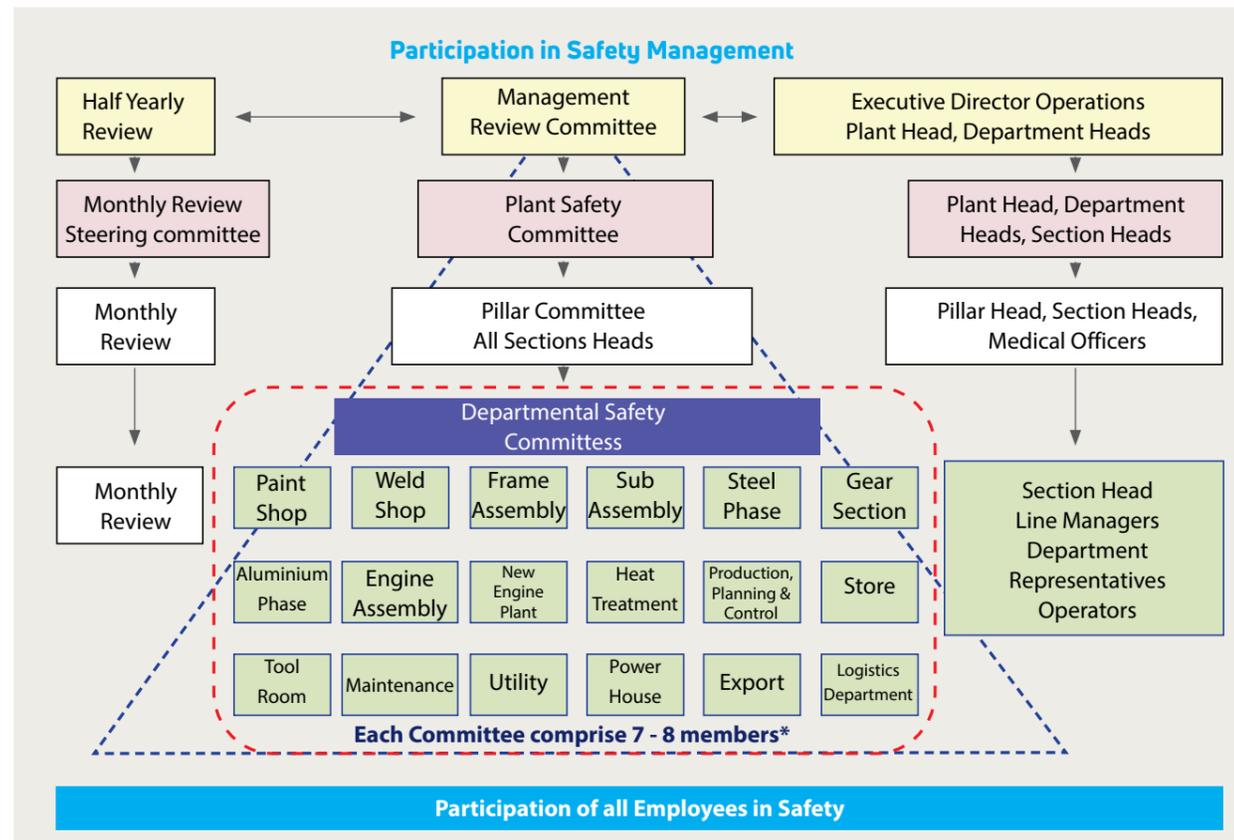
Safety continues to be of utmost priority at Hero MotoCorp. The substantial increase in near misses and hazard reports also indicates the increased safety awareness in the organization. During the reporting year, Hero MotoCorp clocked more than 1,50,000 hours of safety training

to its permanent and contractual employees. The table below provides the safety related data for the last two years.

Worker Participation in safety Management

This goes beyond just training of employees on health and safety procedures and expecting them to stick to them. Instead, health and safety is seamlessly part of 'business as usual', with all workers aware of the objectives and advantages of a safe and efficient workplace and be empowered to contribute to it.

- ▶ Giving workforce increased participation and consultation, testing new initiatives before implementation and building policies around staff feedback
- ▶ Utilising your workforce as 'agents', in developing the habit of flagging risks and opportunities alongside their day-to-day work
- ▶ Openly sharing accident investigation and enquiry results, as well as planned changes and developments



*members include workmen, contractual, females from all categories of employees.

For this year, the no. of fatalities, high consequence work related injuries, recordable work related injuries, reportable injuries, lost days for Hero MotoCorp is zero.

Health & Safety	
Near Misses/ hazard reports	4397
Non-reportable injuries (permanent)	7
Non-reportable injuries (contractual)	73
Man hours worked (permanent)	8859677
Man hours worked (contractual)	31131803.5

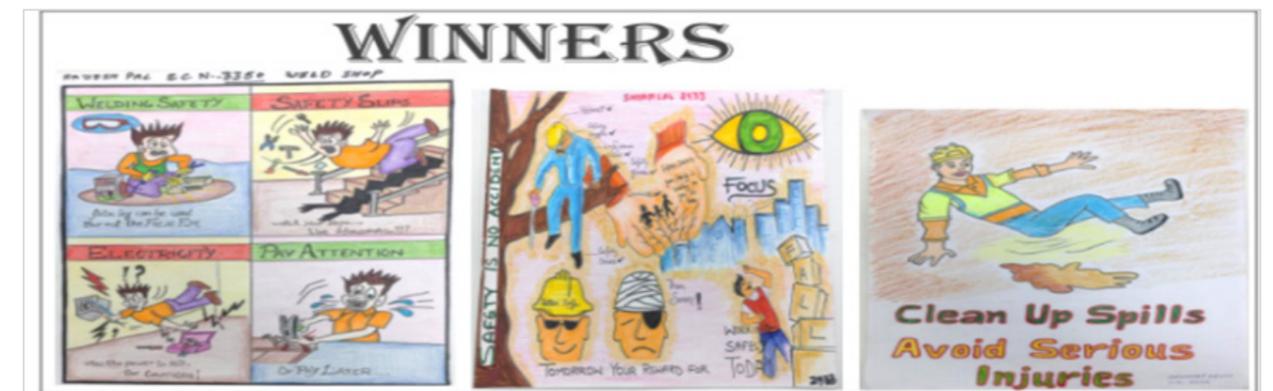
Safety Promotional Activities

The safety awareness/ consciousness among the people plays a vital role to prevent such accidents and to achieve better performance. In view of involvement & participation of our employees, this year's theme of the Safety, Health & Environment Month was selected as

“Learn from Disaster and Prepare for a safer Future”

Several safety promotional activities were organised for employees and their families like Poster competition, safety quiz completion, Reflective sticker on vehicles and bicycles, safety pledge to involve employee's family

members. The main objective of this competition is to make awareness among employee's children & their families about workplace safety. We appreciate the employees who have shown interest in workplace safety promotion activities.



Disaster management and emergency preparedness

Emergency preparedness aims to reduce the consequences of damaged caused by unexpected situations like accidents, fire, sabotage, spills, explosions, natural disasters, terrorist activities and medical emergencies. It includes a series of actions to be taken in the case of such emergencies. It shows the preventive actions, preparation to meet adverse situations, how to mitigate them and how to have positive controls during that

situation to save lives and reduce property damage.

Hero MotoCorp participated in one such Joint exercise with the National Disaster Management Authority, Haryana State Disaster Management authority in October 2020 at its Gurugram Plant to check the coordination between all stake holder i.e the Industry, Police, National Disaster Response Force, State Disaster Response Force, Fire department, Civil defense, mutual aid between industries.

Scenario Planned: The Mock scenario planned during the table top exercise was "Major leakage has occurred in propane installation, a vapour cloud has drifted towards the transport yard behind our factory, HMCL has deployed all its resource but requires outside help as community may be impacted."

The drill was effective & successful and well appreciated by the District administration and NDRF. Some glimpses of the drill are as under:



Hands on training on Effective Disaster Management



Health & Safety Trainings

Health and safety training and awareness forms an important part of the overall safety strategy at Hero MotoCorp. We have learnt over several years that effective training and awareness helps in controlling the accidents and incidents in our processes. While a structured safety training process was already in place to cover various safety topics like industrial safety, electrical safety, Fire safety, behavioural based safety etc. we introduced a new concept of safety gyms across all our location where the employees experience live accident scenarios through feel fear devices. The concept of Virtual

Reality safety training has been recently introduced at some our plants. Virtual Reality is a near-reality computer generated environment for developing process simulation

or designing of an unsafe scenario. VR can help to bring life to concepts of visualization, create interest and improve quality of training.



Some of the Health and Safety trainings which are organized at our facilities to engage employees and create positive attitude towards Health & Safety are:



Hazard Identification & Risk Assessment (HIRA)

Hero MotoCorp follows a structured mechanism for enhancing safety of its employees. Apart from regular intensive trainings & awareness, a critical part of the Occupational Health and Safety program at Hero MotoCorp is the identification, assessment, elimination and/or the control of hazards in the workplace. Risk assessment is the process of evaluation of the risks arising from a hazard, taking into account the adequacy of any existing controls and deciding whether or not the risks is acceptable.

Hazard Identification Risk Assessment (HIRA) is a process of defining and describing hazards by characterizing their probability, frequency, and severity and evaluating adverse consequences, including potential losses and injuries. A risk assessment that provides the factual basis for activities is included in the corporate safety strategy to reduce losses from identified hazards at workplace.

Each section is maintaining a document called as "Hazard Identification and Risk Assessment" {HIRA} where all the risks of particular section are captured and assessed.

Hazards are defined as - source, situation, or act with a potential for harm in terms of human injury or ill health or a combination of these. Appropriate measures are in place to ensure that significant Health and Safety hazards are identified and assessed correctly.

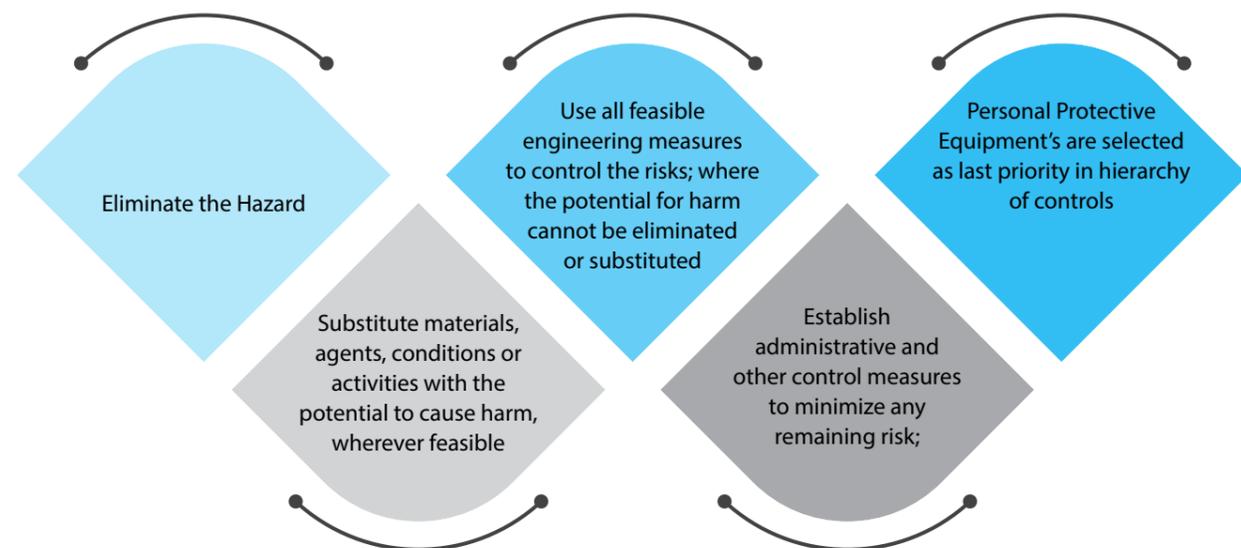
Each section has its own competent team of trained personnel on Hazard Identification and risk Assessment. Section wise hazards are identified and assessed by team. The team conducting the HIRA exercise takes inputs from the workers and department level safety committees on the hazards, near miss accident related the activity or job. The HIRA document is finally reviewed by safety department before finalisation. The assessment is conducted according to the Health and Safety Programmes Hazard Identification and Risk Assessment. The main element of HIRA is to identify all materials, agents, conditions or activities with the potential to cause injury or illness, damage to the business and its property.

One way of classifying risks and impacts is to assign numerical scores to each of the three characteristics (i.e. to Potential Consequences, to Likelihood and to Detection) and then combine these to generate an overall risk priority number. This enables management

to rank its risks and impacts in terms of significance. Guidance on how to apply this methodology to Health and Safety risks and impacts is given in SOP defined for health and safety risks. A prioritisation matrix is also used to classify each risk based on its risk priority number. A matrix which classifies risks as Red, Amber or Green is developed in each section. The classification system within the matrix is reviewed regularly to ensure that it continues to function as a prioritisation tool, as actions are implemented and Health and Safety risks are reduced.

While carrying out Hazard Assessment, all the activities in each section are selected, Hazard Assessment conducted to identify the significant risks. For all the significant risks, control measures are defined to mitigate the risks. The HIRA process is a dynamic documents which is reviewed every year or if there is change in process, layout, materials etc of there is a accident or incident in that particular activity.

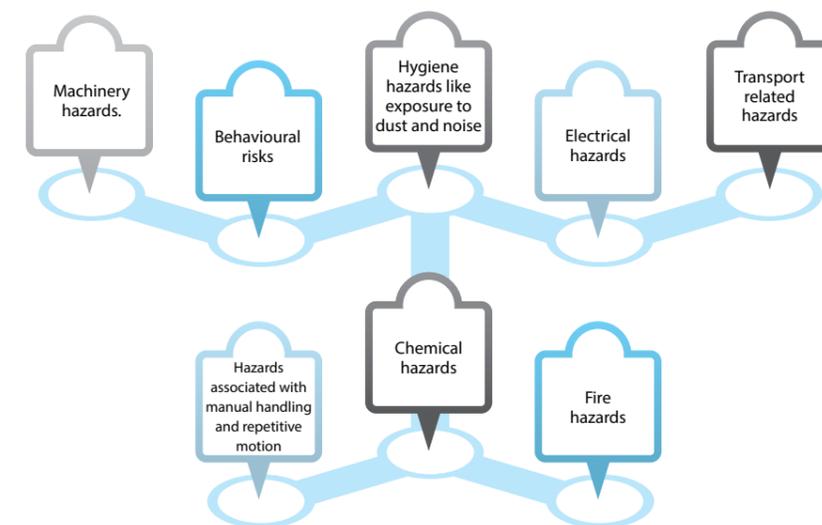
The Hazards and risk identification through the process of HIRA, control measures are planned to mitigate the significant Health and Safety hazards according to the hierarchy of controls;



Specific measures taken to control the above hazards and risks are as given below-

- ▶ Machinery hazards – All moving parts of machines are provided with adequate arrangement of guarding. Where ever guarding is not possible, interlocking is done to make moving parts inaccessible during the operation by providing safety curtains, interlocks, sensors etc. The guards provided in the machines can be opened by special tools only.
- ▶ Behavioral risks – All the identified risks pertaining to behaviour/ practices/ acts are included in the checklist. Audits are carried out on daily basis to capture unsafe behaviour/ practices/ acts; appropriate measures are taken to stop the work and rectify the same immediately. As per the practice, the appropriate disciplinary actions are also taken against those who are violating the norms on regular basis, so as to discourage them. The workmen shall report any hazard or unsafe situation on the machine or equipment and shall not commence work unless the unsafe condition is not rectified.
- ▶ Exposure to dust – All the points of exposure to dust during operations are identified and solutions are provided to either eliminate or contain the dust generated during operation. These steps are taken in phase wise manner. For those points where actions are yet to be taken as per plan, the enforcement of dust mask/respirator is in place.
- ▶ Exposure to noise – All areas with high noise level has been identified under PPE risk assessment. These areas are indicated with the compulsory use of Ear Plug/ Ear Muff through visual display. Apart from that, noise containment solutions have been provided e.g. acoustic enclosure, vibration damping foundation etc.

The major hazards associated with the organization's activities are-



- ▶ Electrical hazards – To reduce the risk of hazards from electrical equipment, the steps taken are providing proper earthing and maintenance through PM schedule, proper and standard insulation, visual display to communicate the danger and precautions to be taken.
- ▶ Transport related hazards – Various initiatives has been taken in plant to control these hazards like Deployment of Road Safety Marshal, Quarterly Traffic Safety Audit, Trained person for operating material handling equipment's, Regular audits and inspection etc. Transport hazards are identified and against them proper control measures have been taken, e.g. providing pedestrian route, prohibition of vehicle movement during shift change over time, checking of condition of vehicles entering on the basis of pre-determined checklist, providing permanent barricading where the vehicle and pedestrian movement are intervening to each other etc.
- ▶ Hazards associated with manual handling and repetitive motion – To reduce these hazards, the activities such hazards are identified and ergo assessment carried out. To control these hazards, solutions are being identified and implemented by having various engineering controls, Poka-Yoke etc.
- ▶ Chemical hazards – To control the chemical hazards, SOP/WI has been developed, people handling chemical are identified and trained. All chemicals are classified for level of controls and appropriate measures have been taken to control the risk while handling chemicals. Personal protective equipment's are provided as per PPE matrix developed in each section.
- ▶ Fire hazards – To control the fire hazards at site various steps are taken under loss prevention management, control of dust in work place, reduction in raw and other materials' inventory and control on ignition sources through permit to work system. Various fire Protection System available in the plant which involves fire alarm and detection system, manual call points, fire pump house operated by trained fire man round the clock, Fire fighters in each section.

Eco efficiency



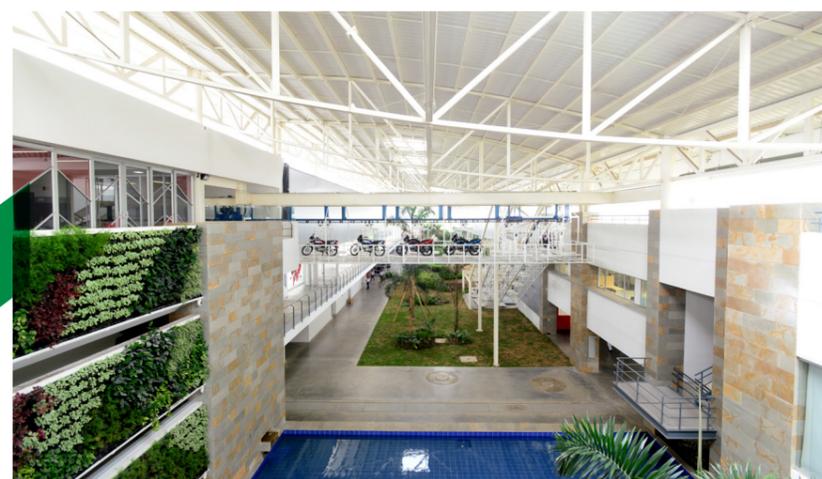
Efforts towards Sustaining Environment

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

Maintaining sustainable operations and continually making improvements to our products and processes supports us in minimizing 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 & GHG

Climate change and its associated risks has emerged as a key sustainability challenge for organizations and Hero MotoCorp has accelerated its efforts on various energy conservation and emission reduction strategies.



“
Under the sustainability pillar – eco-efficiency, we make considerable efforts to strengthen our performance in water, energy, material consumption, waste generation and air emissions.”

The Climate Change Mitigation Strategy

01

Investing in Non-fossil fuel based Sourcing of Energy: Non-fossil fuel Power is Hero MotoCorp's constant endeavour for clean and green energy sourcing. With the long term target of becoming 100% carbon neutral by 2030, Hero MotoCorp is consistently enhancing its clean energy portfolio through Solar power plants and exploring other options of non-fossil fuel based power sourcing under the available regulatory framework (Wind Solar Hybrid, Wind Energy Wheeling options for operations based different states). The installed Solar capacity stands 10.2MW with potential of generating 12 million units of clean energy annually and carbon offset potential of more than 7400 tons.

02

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

03

Internal Carbon Pricing (ICP): Hero MotoCorp has implemented a mechanism of Internal Carbon pricing to facilitate and promote investments on sustainable and eco-friendly technologies. The internal Carbon Pricing mechanism is facilitating accelerated deployment of energy efficiency and carbon reduction projects. Currently, the ICP is calculated around 30\$ per ton of CO₂ and is under review.

04

Sustainable Infrastructure Development: All the new establishments are developed on sustainable platforms and are IGBC certified and all the local facilities are already CII GREENCO certified facilities or are undergoing fresh/reassessment.

05

Afforestation Strategy: Hero MotoCorp is strongly focussed on expanding its green cover within the four walls of the factories, in offices and beyond the periphery through its CSR initiative. The company has crafted its afforestation roadmap in-line with the Carbon Neutrality target.

Hero MotoCorp is aware of the fact the disruptive physical impacts due to climate risk will give rise to transition risks and opportunities in the economy, including shifts in demand, the development of new energy resources, and innovations arising from the need to tackle emissions and manage carbon, as well as necessary reforms in food systems. Our entire value chain is also taking actions to reduce carbon emissions. The company is proactively working on action which will promote energy efficient operation, clean and renewal energy and other offset mechanism.

Working Towards Climate Resilience



Manufacturing Operations

We reduce our direct emissions through enhanced energy efficiency of our operations, increased usage of renewable energy and offset mechanisms. A team of energy managers and energy auditors across the operations steer the energy & climate change agenda with the support of cross-functional teams that implement these action plans. Vadodara Plant has achieved Energy Management System, ISO 50001:2018, Certification as a part of Energy Management System standardization.

- ▶ Energy conservation initiative, energy efficient technologies have been on the top focus in HMCL's operations. HMCL believes actions around energy bring direct benefit to bottom-line and to the climate. Some of key energy initiative undertaken during the year are as under:
 - ▶ Dharuhera Plant has implemented several energy conservation projects like compressor efficiency improvement i.e (KWh/CFM) resulting in saving of 2500 units per day.
 - ▶ Gurugram Plant implemented a unique real time system for controlling and monitoring comfort cooling load resulting in saving of 4500 units per day.
 - ▶ Non-Fossil Based Power – Solar footprint at HMCL has increased to 10.2MW with the potential generation of 12 Million units annually
 - ▶ CIT adopted loss elimination techniques and technology improvement in the centralized air handling systems, adiabatic pad installation resulting in an annual saving of 1.5 lacs unit.
 - ▶ Haridwar Plant achieved energy efficient by adopting process estimation and energy efficient equipment resulting in annual saving of 9 lacs units.
 - ▶ Neemrana Plant having undertaken process optimization and improvements in compressed generation, variable frequency drive optimization resulting in an annual saving of 2930 units per day.
 - ▶ Vadodara Plant has implemented project on improvement in comfort cooling system, hot water generator operation optimization and compressed air system resulting in savings of 4600KWh/day.
 - ▶ Chittoor Plant - Smart Utility Cockpit is a new way of working through digitalization of utilities by creating a central cockpit for effective managing & control plant utilities operation.



Smart Utility Cockpit at Chittoor plant



Hydroponics - A smart green initiative



Miyawaki Dense Forest - Creating Carbon Sinks within plants

Products usage

More than 90% of the emissions are accounted for by the customer during the usage of the sold product. We successfully transitioned to BSVI platforms and contributing significantly in reducing emissions through BSVI regulations and continuous implementation of fuel efficient technologies in our product strategy.

Energy consumption and GHG Emissions

Indicators	FY21	FY20
Energy Data		
HSD Consumption (litre)	1,510,252	24,59,134
Propane Consumption (Kg)	536,613	1,41,670
Natural Gas Consumption (SCM)	13679817	1,52,13,327
Grid Power Consumption (kWh)	108,341,619	11,10,15,029
Solar Power Consumption (kWh)	9,183,816	83,41,869
CO2 Emissions in Tonnes		
Scope 1		
HSD	4,275	6,961
Propane	1,700	448
Natural Gas	31,388	34,907
Scope 2		
Grid	88,840	91,032

SCM - Standard Cubic Meter. | HSD - High Speed Diesel



Fruit bearing trees in plants



The carbon emission per vehicle for FY21 is 21.9 Kg CO₂ / vehicle which is due to lower production volumes.



1.9MW Solar rooftop plant at Vadodara Plant

Water

Water has been a precious but scarce resource. The ground water tables are depleting fast in the country. It was therefore pertinent to conserve water. At Hero MotoCorp we took this challenge to minimize fresh water consumption in our processes and recycle as much of the waste water possible so as to reduce the burden on ground water.

Indicators	FY21
Water Data	
Total Water Withdrawal (kL)(Ground Water)	6,05,529
Total Water Withdrawal (kL)(Surface Water)	3,10,474
Waste Water Treated (kL)	5,64,593
Water Recycle (kL)	2,97,267
Water Reuse (kL)	2,67,326
Water discharge	0



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.

Energy Conservation at Environmental Facilities (STP) in Gurugram Plant

Improvement: Replacement of negative suction horizontal pump with energy efficient vertical Submersible pump at Sewage Recycling Plant. The function of the pump is to transfer treated sewage from underground storage tank to zonation tank for recycling.

BENEFITS

Total Energy Savings: 1.34 Lakh kWh.

Safety & Comfort : Elimination of manual cleaning of suction line foot valve made it safe.

Material

We endeavour to provide better quality and performance from our vehicles while rationalizing the material consumption. Preference is given to recycled or recyclable inputs wherever possible.

Category of material	Units	FY21	FY20
Steel	Tons	4,80,867	5,35,405
Aluminium	Tons	1,22,042	1,33,447
Rubber	Tons	41,956	47,935
Plastic	Tons	37,523	56,241
Paint & Thinners	KL	18,713	20,630
Acrylonitrile Butadiene Styrene Polymer (ABS)	Tons	12,552	14,308
Engine & Shocker Oil	KL	7,773	10,601
Non Ferrous	Tons	12,782	15,115



Smart Digitally Enabled Water Systems



Evaporator Plant at Plants

Aluminium and Steel provide us the opportunity to use second-life materials in place of virgin materials in few of our components. The amount of recycled inputs used by us are provided in the table below.

Sr. No.	Recycled input materials		FY21	FY20
1	Aluminium	Tons	75,887	83,457
2	Steel	Tons	29,603	34,552

Waste

We are committed to regularly improve our Waste management initiatives at our facilities. Our facilities carry out a wide range of manufacturing activities inside the Plant. All Plants dispose waste in compliance with operating permits and hazardous waste authorizations. 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 organization level.

Hazardous waste

The hazardous waste generated at our plant comprises of waste generated from Painting process, oil, waste water treatment Sludge, DG and compressor filter and paint-chemical scrap. The company has a system in place for collection, storage, treatment, and disposal of all hazardous waste as per the prescribed regulation. All the hazardous waste from all our units

is sent for Co-processing in cement plants.

All our units have sewage-treatment plants, effluent-treatment plants, for treatment and recycling of liquid waste. Resource conservation teams work around opportunities for reduction in raw materials, through small improvement. Technological up-gradations are also carried to make significant reduction in the waste generation

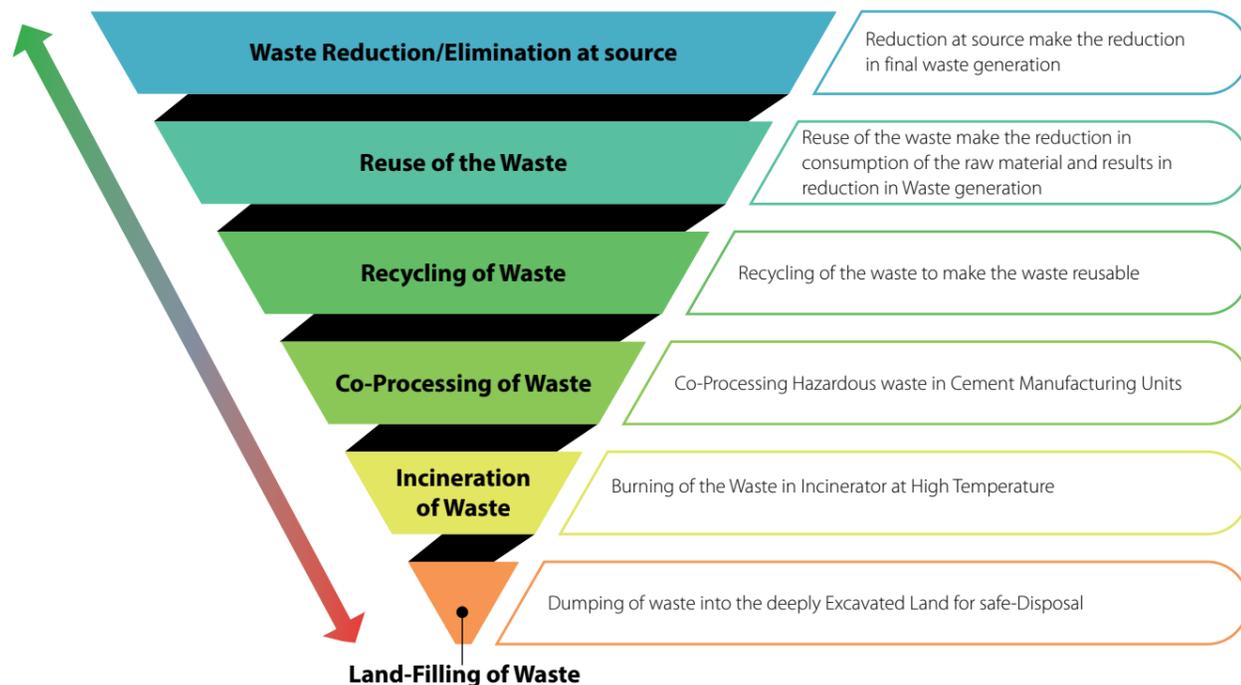
Non-hazardous Waste

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

Hazardous Waste	FY21	FY20
ETP Sludge (Kg)	5,07,078	7,72,125
Paint Sludge (Kg)	9,38,269	11,37,982
Grinding Sludge (Kg)	2,53,088	2,36,648
Phosphate Sludge (Kg)	35,497	41,416
Used Oil (Litre)	61,776	46,240

Non - Hazardous Waste	FY21	FY 20
Al. Scrap (Ton)	2,671	3,773
Steel Scrap (Ton)	4,336	4,704
Packing Material (Ton)	1,901	2,083

(1 lot equivalent to 4 tonnes)



Ozone Depletion and 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 is shown in the following table:

ODS	FY21	FY20
R22 FREON GAS (In CFC-11 equivalent) kg	427	122
R134A MAFRON Gas (In CFC-11 equivalent) kg	386	510
R22 MAFRON (In CFC-11 equivalent) kg	427	447

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 minimizing dependence on virgin materials. Design for easy recovery is one such initiative which is maturing in our eco-system in products and processes.

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:

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

Air Emissions

In our manufacturing plants, the process vents and the usage of fossil fuel generates air emissions load of SOx, NOx, and Particulate Matter. We monitor air emissions NOx, SOx, 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	FY21	FY20
SOx (MT)	5.43	16
NOx (MT)	91.22	260
PM (MT)	20.40	63



Roads made from recycled plastic - An example of circular economy



Real Time Air Quality Monitoring station

Inclusive Growth

Supporting Community and uplifting their standard of life



Our CSR Interventions are Comprehensive and Sustainable

Being a responsible and conscious corporate, we remain deeply committed to social and environmental issues and have strategically invested in initiatives focused on the socio-economic empowerment of the people.

We have contributed towards the improvement of education in several parts of the country through soft interventions and development of the necessary infrastructure. At the same time, our sports and life-skills support programmes have enabled thousands of children from the economically

weaker sections in the villages to be at par with their privileged counterparts. Our women empowerment projects along with real-life stories that substantiate the belief that empowered women can bring about a positive socio-cultural and economic change in their communities. As an environmentally conscious company, steadily cutting down on its carbon footprints, have been making a steady progress towards sustainable manufacturing processes and have aligned our overall business strategy with the Sustainable Development Goals (SDGs).

CSR interventions are deployed by professionals with diverse skills interacting directly with the community, partnered by organizations of national and global repute. 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 following five flagship programmes successfully.



Our Vision

"To have a Greener, Safer and Equitable World"

The world has changed after the year 2020, Covid-19 pandemic crisis has put great deal of stress on the entire health ecosystem across the globe. Throughout the year many initiatives were undertaken for helping the most vulnerable section of society as well as providing support to the government authorities in the battle against the virus.

The break-up of our CSR beneficiaries of our key programs are given below:

Initiative	Beneficiaries in FY21	Total beneficiaries till FY21
Ride safe India	1,11,609	7,68,016
Shiksha	15,553	4,30,702
Happy Earth	2,07,190 tree plantations	23,84,190 tree plantations
Arogya & Community Development	26,09,130 individual beneficiaries	87,71,970 individual beneficiaries
Water conservation	42.9 Million litre water saved	82.4 Million litre water saved

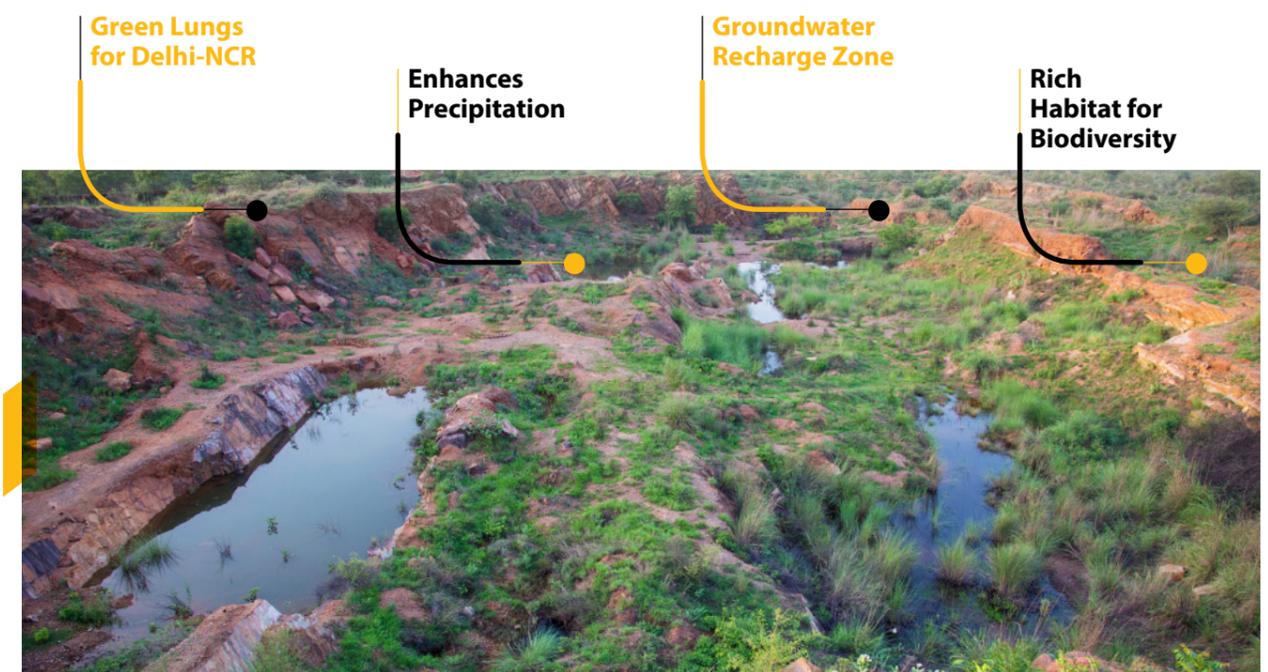
Efforts for Biodiversity Conservation

Hero MotoCorp is committed towards ecological restoration and has adopted the Aravalli Biodiversity Park at Gurugram, for the next 10 years.

Under the framework, Hero MotoCorp is promoting sustainable management of biodiversity, along with protecting the ecosystem of wildlife and the forest reserves.



Efforts Done Within Plants



Aravalli Biodiversity Park in Gurugram

Projects complementing the vision to achieve GREENER world

Hero MotoCorp believes that the greatest threat the world is facing today is from environmental degradation and climate change. We have taken the responsibility on our shoulder to mitigate the impact on our planet through our Greener Initiatives.

► Afforestation/large-scale planting – Project Hero Green Drive

In partnership with various environmental organizations and with the help of volunteers, we have planted more than two million tree with a constant focus on ensuring their proper growth and survival. This initiative has transformed the landscape resulting in restoration of natural bio-diversity.

In FY 2020-21, we planted 2,07,190 tree and surpassed the 2.3 Million tree plantation cumulatively.

► Eco-friendly and alternative energy – Project Aarush

Aimed at encouraging alternative and eco-friendly energy resources. One of such project is installation of solar street lights in rural areas.

Till last year total 19,932 solar street lights installed in 229 gram panchayats in state of Haryana, Rajasthan, Uttarakhand and Gujarat around our operations. This year we maintained all of them with regular maintenance and repair despite the adverse situation. More than 1.18 million people are benefitting from well-lit streets that use renewable and green energy. These solar lights ensures safety of community especially women, elderly people and children while giving them the freedom to venture out at night.

► Water conservation

In our country many parts are experiencing issues of water scarcity due to depletion of ground water. To address this challenge, an organized effort by the company is being undertaken across villages and urban localities close to our area of operations.

Apart from this, project Gurujal focuses on addressing the issues of water conservation efforts through awareness sessions, restoration of natural water bodies, rain water harvesting and other activities for increasing availability of ground water in Gurugram district of Haryana.

Highlights

Initiative	Our action & Impact in FY21	Our action & Impact till FY21
Solar street light installation	Maintenance of all Solar lights	19,932 in 229 Gram Panchayats
LED bulbs installation	Not implemented this year	1,08,308 in 332 villages

Projects complementing the vision to achieve SAFER world

Road safety is an essential intervention for propagating the message of safety on roads through mass public awareness sessions and programs encouraging better driving behavior for riders in reducing the ever increasing fatalities due to unsafe driving habits on roads.



► Road Safety Awareness Program

Driver error is one of the major causes of road accidents and it can only be prevented through right riding and driving training. We manage six road safety training parks across the country that undertake vehicle riding training for college students and the general public. Despite COVID-19 situation, we managed to spread awareness across through our offline as well as online Road Safety Awareness program. More than 7.68 Lakh people benefited through these road safety initiatives till date.

We continue to run multiple awareness campaigns during the National Road Safety Month with innovative and impacting content on road safety through various on-ground activations.

Highlights

Initiative	Our action & Impact in FY21	Our action & Impact till FY21
Road Safety Training Park establishment	Not added new this year	6 Nos

Projects complementing the vision to achieve EQUITABLE world include

An equitable society is pertinent to this world which provides basic health care facilities, skills for livelihood and access to education for community, irrespective of the economic status, disparity or any other discrimination practices. Multiple Projects are being run simultaneously to complement each other that focuses on increasing economic productivity, enhance skills and education, and improve the basic health care facilities in the country.

► Support education system – Project Shiksha

The project is focused on bridging the gap that is prevalent in the existing education system which is based on the ROTE learning and creating a favorable ecosystem in government school that promotes creativity and innovation among children.

- i. **Building infrastructure for future:** "Building as learning Aid" is the new mantra adopted in government schools that give them a modern outlook that promotes better learning outcome for students. This initiative has helped in providing community with a better infrastructure that supports a healthier ecosystem resulting in improving the overall quality of education.
- ii. **Strengthening the base of science:** To foster creativity and curiosity for science, we are running mobile science labs, created a science center and labs on bike. Due to covid-19 interruption this year online session were undertaken, we reached to more than 6000 students with 1.28 Lakh exposures.
- iii. **Hero Talent Search:** Hero Talent Search is a program that identifies talented students studying in government schools who are devoid of coaching support due to their socio-economic background. Through, this program 259 students were provided online and offline coaching support for quality education to get higher grades in class 10th.



► **Employability & livelihoods – Project Jeevika**

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

- i. **Centre Of Excellence:** The objective of establishing these centers is to build key skill-set amongst youngsters for enhancing their employment opportunities in the automotive industry across the country. This FY, we have successfully trained more than 466 candidates to build their careers in the automotive sector or manufacturing industry and other fields
- ii. **Entrepreneurship Development program for Women :** The program has helped in enhancing the social and economic development of women residing in rural areas of the country. This program has helped 4,021 women from 7 districts of Haryana in starting their own business, same entrepreneurial spirit has been seen in 800+ women member of Self Help Groups at Halol (Vadodara), Gujarat who are engaged in different livelihood activities, making them a contributing member in their family.

► **Special focus for specially-abled – Project Enable**

At Hero MotoCorp we believe in Equal Opportunity & 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 500 disabled individuals benefited through surgery, artificial limbs and crutches attachments with body.

► **Sports – Project Khelo Hero**

The project is focused on the overall development of grass root sporting culture among youth in the country.

Overall, 2500+ athletes have been supported till date.

► **Healthcare – Project Arogya**

Our healthcare projects are primarily focused on ensuring good health and prosperity amongst communities around our areas of operations.

Three Mobile Medical Vans around Dharuhera in Haryana, Neemrana in Rajasthan and Halol (Vadodara) in Gujarat are benefitting around 51000+ people by providing medical assistance, basic treatment as well as medication.

► **Community Development**

The company has identified a few communities around its areas of operations in Haryana, Rajasthan, Uttarakhand and Gujarat along with a few suburbs of Delhi-NCR and directly or through its partner organizations implements a few social projects. Through all its interventions, be it healthcare, education or livelihood focused programmes, the company tries to complement the initiatives and the schemes of the government and also ensures that the projects' objectives are in sync with the objectives of the Sustainable Development Goals (SDGs).

We are supporting the Chief Minister's Good Governance Associates program which aim to improve governance in the state.

We are also supporting Digital Haryana Cell to conceptualize and drive a digital roadmap for the state with a focus on socio-economic development of the citizens of Haryana. Over the years, the Cell has improved access, reduced application processing time, and increased convenience for citizens.

Highlights

Initiative	Our action & Impact in FY21	Our action & Impact till FY21
Shiksha - Education support	15,553 students beneficiaries	4,30,702 students beneficiaries
Jeevika - Skill development and women empowerment	4,927 youth and women beneficiaries	42,588 youth and women beneficiaries
Arogya - Medical support to community	52,735 beneficiaries	4,60,959 beneficiaries
Enable - Support to specially abled	500 aids	7468 aids
Community Development	25,56,395 individual beneficiaries	83,11,011 individual beneficiaries

► **COVID-19 Pandemic Support**

The pandemic which has spread across the country has outweighed several development gains and is causing major economic and social stress day after day.

At Hero MotoCorp, we have been at the fore front in playing a critical role as a socially responsible organization by supporting the government efforts in

saving as many lives which got affected due to the Covid-19 pandemic, which has changed the way we live.

The company invested a substantial part of its CSR budget in supporting authorities as well as frontline staff and vulnerable communities whose livelihood got impacted due to the pandemic. Many initiatives were

undertaken to reach out to the community as well as government bodies across the country by providing cooked meal and medical equipment for saving lives. Some of the activities that the company is engaged in are as follows.



Extending support during pandemic

► **Meals and ration kits**

Team CSR has streamlined a mechanism to feed lakhs of poor communities who were left without food due to the lockdown. The kitchens at the plants started producing meals that could be packed and distributed to the needy. The meals are also being distributed through partner non-profit organizations.

Besides, the company also mobilized teams across its plants to distribute rations kits comprising essential materials like flour, pulses, oil, spices, etc. that could last the needy households for about 15 days to a month.



Extending Support in pandemic

► **Manufacturing essentials**

The company responded well to the call from the government authorities in supporting them to manufacture whatever they could in order to meet the rising demand of essential equipment needed by the healthcare professionals as well as other institutions, especially the frontline workers engaged in battling the pandemic.

The company started with manufacturing of hand sanitizers at its plants and face mask & PPE kits through various partners. The same are being distributed to various government departments and for frontline workers from various institutions that are engaged in relief and rescue operations as well as provide essential services. Besides this few thermal guns were also handed over to medical authorities for screening the community

The company also redesigned a few motorcycles as 'first responder vehicles' to support the healthcare fraternity in these times of crisis. Besides, a few motorcycles were also provided to government authorities to mobilize the frontline staff during the lockdown.

► **Aid to PM CARES**

Nevertheless, while the company continues to make as many efforts possible in fight against the pandemic, we also responded to the Prime Minister's call to help the government in mobilizing resources against the battle. The company donated a substantial amount in Prime Minister's Citizen Assistance and Relief in Emergency Situations fund during the pandemic (PM CARES Fund). It is a dedicated national fund with the primary objective of dealing with any kind of emergency or distress situation, like the one posed by the COVID-19 pandemic, and to provide relief to the affected.

COVID 19 Support in FY 20-21

23.34 Lakh meals distributed among community /Slum Area	57865 No's PPE Kits handed over to Govt. Hospital for Corona Warrior's	10 Thermal Guns handed to PHC, Haridwar
37805 No's Dry Ration Kits distributed at Slum area/very poor families	90 vehicles handed over to Govt. Authorities for Medical Emergency	1000 Rapid Antigen Kits given to Gurugram District Administration
45.51 Lakh Masks distributed in Hospital/Admin/Police/Community	59 FRV handed over in various States at India to health department	300 Pulse oximeter given to government department
37701 Litres of Sanitizer given to Hospitals/Admin/Police/Community	150 Hospital Beds Handed over to Administration for Covid Care Centre	11 Disinfectant sanitizer chambers given to DRDO

► **Volunteering Among Employees**

At Hero MotoCorp giving back to the society is ingrained in organization DNA. Employees in the company have taken it forward by actively supporting the CSR causes.

Employee volunteers in activities to support various activities focused on education, collection drives for supporting community requirements.

This FY, employees engaged in collection drive of gifts to children on festivals where they contributed good amount of money and it was purchased gift given to underprivileged children.



Employee Efforts in engaging with community

► **MANTHAN – CSR Partners Meet**

Manthan is an annual CSR partner's meet, where all partners are given a platform to share their domain knowledge and experiences, and work collaboratively for having a better impact on the society. This FY saw

successful completion of 4th edition. 21 associated organizations came together online and deliberated on various ideas to increase our social impact, scale as well as sustain the ongoing initiatives.

The entire CSR team participated in the discussions and noted all suggestions that were brought on-board by the partners.

Responsible Value chain



Partners in Sustainable Growth

Synergy with our partners is a key element to our sustainable performance and aid the way we serve our other stakeholders. 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 and many more. The company has process in place which identifies suppliers as “critical suppliers” on the basis of high volume components, critical component and non-substitutable components.



Critical Supplier Identification

The organisation has defined a process for identifying critical suppliers. High volume/Single source and non-substitutable suppliers are classified as critical. Multi-sourcing is also planned for critical technology parts and is managed by using de-risking strategies like PFEP Program (Plan for every part)



Safety Audit and training

As a part of our de-risking drive of our supply chain partners, Fire & Safety audit was conducted by HMCL through external certified auditor for supply chain partners selected on the basis of criticality of process, dependability & critical hazardous chemical/ waste handling. Safety training workshop were organized across all the zonal offices in India with the objective to sensitize the dealer partners on Fire and safety aspects. The workshop focused on establishing a structured safety management system within the dealerships.

“
Total GPDP
 certified supply chain partners are now
200+.”



Green Partner Development Program

Green Partner Development Program (GPDP) encourages a collaborative effort between Hero MotoCorp and its suppliers, dealers to achieve our overall corporate sustainability goal. The objective of GPDP is as under:

- ▶ 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 & Improved Vision for the Challenges ahead

The initiative is carried out through Environmental Aspects Reduction Network (EARN) Programs under the Six Pillars - 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 so as to identify the gaps in environmental and safety aspects and accordingly improvements projects are undertaken for implementation.

Under its Flagship Program Green Partner Development Program (GPDP) is celebrated every year on World Environment Day, HMCL 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 200+. In the year 2020, we felicitated our extended supply chain partners on virtual platform thereby maintaining our focus in the changed scenarios. This has enabled our supply chain partners to be motivated and directed towards the common sustainability agenda of getting along and progressing jointly.



Sustainable Procurement

Hero MotoCorp is committed to its sustainable growth of its value chain. Sustainability aspects is one of the key elements in partner evaluation methodology.

We envisage that our value chain partners will not only implement necessary guidelines and procedures at their own company, but they will also monitor its own supply chain to ensure commitment to Environmental, Social, Governance & Quality parameters..

- ▶ Create awareness on Hero MotoCorp's Sustainability Policy, Environment Policy, Occupational Health & Safety Policy, CSR Policy.
- ▶ Ensure fairness, transparency and ethical conduct in business dealings and encourage adherence to norms relating to anti-corruption and anti-competitive behaviour.
- ▶ Safeguard Hero MotoCorp's intellectual property and respect the privacy and confidentiality of its internal and external customers.
- ▶ Adhere to leading environmental, social, governance and quality management standards including Hero MotoCorp's Sustainable procurement guidelines.
- ▶ Encourage partners to reduce hazardous wastes, logistics footprint, wasteful packaging, greenhouse gas emissions, virgin material consumption and water consumption.
- ▶ Create a culture of trust between workers and management and develop a work culture to promote human rights.
- ▶ Embrace the principles of Corporate Social Responsibility and establish themselves as responsible corporate citizens.



Managing Anxiety of Workforce Across Value Chain

Post Lockdown, when manufacturing industries restarted their operations, there was an utmost need of ramp-up to meet economic growth enabling the industries bounce-back to pre-COVID era. But in this path, one of the major hindrance was workforce availability and their mental state. Most of the employees and their families were also experiencing anxiety and distress for attending office, going out and managing life in the new normal atmosphere.

There was an urgent need to tackle this situation and balancing unwanted anxiety and stress level among the workforce.

Hero MotoCorp Strategic Sourcing & Supply Chain (SS&SC) function had taken an initiative in this direction.

A special training program was designed by Learning & Training Cell (GURUKUL) on Anxiety Management – “BLISSFUL MIND TO PREVENT & MANAGE ANXIETY”. This program was

not only meant for the workforce but also their families.

Major highlights of the program

- ▶ Initially trained 2300 senior & middle management staff of 28 Supply Chain Partners covering 100 manufacturing locations.
- ▶ The program was then extended to junior management and workforce.
- ▶ To enable this, 300 trainers were developed among those suppliers and with their help approx. 40,000 persons were covered along with their families in a short span of 1 month.

This initiative helped us to reduce the anxiety, tension and depression among the families.

By being directly involved in the program and sessions, employees were engaged in direct interaction with them.

This initiative helped the Supply Chain Partners to reboot and ramp-up the production volumes.

To make the initiative sustainable, Virtual Learning Management System was extended to Supply Chain Partners. This has enabled to create an eco-system for imparting training to larger audience in a short span of time.

After completion of this program the Supply Chain Partners acknowledged the benefits by providing presentations showcasing how this initiative helped them achieving the business goals.



Enabling the specially abled

- ▶ Automotive industry which is the fastest Growing industry in our Country largely focus on the market demand which is very dynamic, which needs new initiatives or creative ideas to meet the unexpected market demands.
- ▶ On the similar lines, one of our supplier – manufacturer of frame bodies, initiated an idea which was first of a kind in the industry.
- ▶ Quality Inspection process needs skills and who would have thought of deploying Blind people for such a critical job.
- ▶ They sent a team of 16 people from and two of them were selected.
- ▶ After their selection they underwent a 21 days rigorous training and after completion of training their evaluation has been done through a special test known as Poison Cake test (for operator’s knowledge to identify product defect).
- ▶ After this test and training they were deputed on final inspection stage specially for part miss problems and results were encouraging.
- ▶ Started daily meeting with these people to get the feedback of part miss problems and their feedbacks are treated as customer voice.



Inclusive Practice at Supplier Base



Managing Environmental, Social and Governance (ESG) risks in Supply chain

Hero MotoCorp is working consistently with its Supplier partners towards sustainability risks and their mitigation. Various initiatives have been taken to mitigate the risks:

- ▶ Plan for every part - De-risking the company through Multi-sourcing due to following issues: Financial stress, non-upgradation to new technology and unforeseen factors. The company develops alternate source to avoid its production loss, supply chain disruptions & optimization in logistics and also supports suppliers in minimizing these risk in their value chain.
- ▶ Green Partner Development Program – Green partner development program – We are leveraging Industry experts to upgrade the supply chain to be future ready by indenting the potential ESG risks through audits & ensure timely closures to mitigate any business risk.
- ▶ Periodic visits of company's authorized persons at supplier base to ensure compliance are met, ESG risks are addressed and comprehensive due-diligence on ESG parameters is carried out for new supplier on-boarding.
- ▶ Hero Supplier Total Productive Maintenance (TPM) - Initiative towards up gradation of suppliers to create a culture of continuous improvements in a sustainable manner. Through the 'Supplier Excellence Program' the focus is to improve reliability, efficiency and cost management in the value chain.
- ▶ Hero MotoCorp conducts frequent discussions and meetings with Suppliers for their development. Team knowledge & capability enhancement is carried out at each supplier end by ensuring improved accountability at Function Head level to sustain & improve performance. The company also conducts Joint Guidance Co-Sharing cluster meetings. We aimed towards benchmarking of best practices across the world for business sustainability and sensitizing the organizations about the impact on a global level.
- ▶ Hero MotoCorp is working on to ensure that the company does not procure any part or component which are made from materials originated from conflict regions. Further, the company has also taken target to screen all parts and components using International Material Database System (IMDS).



Customer Centric Efforts and Fostering Dealerships

Dealers and distributors are our last mile connectivity with our customers. Engaging with them helps us understand customer needs as well as effectively communicate our viewpoint to consumer.

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 to 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 and benchmark vis-à-vis competition. In addition, brand track study continues on a continuous basis to gauge health of the product brands as well as corporate brand with respect to competition. Acceptor rejecter studies are carried out on a need basis to complement the above studies. We do carry out exercise on periodic basis to benchmark and understand customer behaviour on a measurable platform called the customer satisfaction index. The results of this index acts as an enabler to reassess our current sales, marketing, communication, service and customer reach out strategies locally and globally.

The company monitor and set targets to improve satisfaction and results are communicated. The company has a Quality Management System to ensure that external product distribution networks comply with defined quality standards. The system comprises of the following;

- ▶ Customer service quality standards documentation
- ▶ Regular customer service quality management workshops.
- ▶ Formal training programs for the sales and distribution network
- ▶ Regular audits of sales and distribution network

Customer Engagement



Xtracks Urban

We have successfully concluded the 4th edition of "Xtracks Urban" organised for our customers / prospects to experience the Xhilarating "Xtreme 160R" on a professional race track. Our initiative received a stupendous response from the target audience of riding enthusiasts & prospective customers. Keeping in mind the current situation, special COVID precautionary measures were undertaken, like frequent sanitisation & social distancing.



Intensifying the "Digital First" Approach

Further strengthening its industry-leading digital initiatives for enhanced customer experience, Hero MotoCorp, has launched an integrated online sales platform – eSHOP. eSHOP enables a seamless buying experience for the customers – completely digital. All the purchase related information and actions are built into the system, allowing customers to purchase their preferred motorcycle or scooter directly from the company website, in an easy and transparent manner. Using the Hero App, customer can pre-book their service appointment at their nearest workshop. They can also avoid physical contact with any kind of paperwork at the workshops by raising their own service job-card and receive a digital acknowledgment.



24x7 Roadside Assistance

In keeping with its highly customer-centric approach, Hero MotoCorp has introduced a 24x7 Roadside Assistance (RSA) program for its valued-customers.

The RSA program will provide 24x7 assistance to customers all across India.

Customers will get the following benefits from the RSA program;

- ▶ On-call Support
- ▶ Repair On-spot
- ▶ Tow to the nearest Hero Workshop
- ▶ Fuel Delivery in case of fuel run-out
- ▶ Flat tyre support
- ▶ Battery Jump Start
- ▶ Accidental Assistance (On Demand)
- ▶ Key Retrieval Support



GoodLife Program

GoodLife as a Loyalty Program for Hero Customers is now a two decade old Program. The Program has evolved over the decades and now is one of its kind in the Industry attracting lacs of Members enrolling annually. It is going strong, strength to strength with over 3.9 crore members associated with Hero GoodLife since inception.

The last Financial Year aimed at making

A glimpse of the same is given below.

1. Mother's Day

This mother's day let's be #LIKEAMOM and celebrate her with your SUPER MOM Story

Encouraging GoodLife Members to share the most memorable moment spent with their mothers, the Campaign was initiated to celebrate Super Mom Stories and earn 1000 GoodLife Bonus Points.

2. World Environment Day

Mother Earth heals when progress and preservation go hand in hand

Celebrating the initiative of healing Mother Earth, the Campaign encouraged GoodLife Members to share their views and stories about Mother nature resettling herself and earn 1000 GoodLife Bonus Points.



3. International Yoga Day Quiz - FIT HAI TO GOODLIFE HAI

Designed to test GoodLife Members' knowledge about Yoga Day and Meditation, the campaign engaged its members to participate in a Fitness Quiz and earn up to 500 GoodLife Bonus Points. An overwhelming response of 2300+ GoodLife Members had participated in the Yoga Day Quiz & were rewarded with upto 500 Points.

4. Raksha Bandhan Celebrations

On the special occasion of Raksha Bandha, Hero GoodLife introduced EXCLUSIVE OFFERS, GoodLife Members enjoyed additional & extra rewards on Enrollments, Renewals, Referral & Paid Services. GoodLife members also got a chance to celebrate their Rakhi Moments with Hero GoodLife & were rewarded with 500 Bonus Points.

“It is going strong, strength to strength with over **3.9 crore** members associated with Hero GoodLife”

Enhancing Experience in MotoSports

Driven by passion and the spirit of adventure, Hero MotoSports is a cross functional team of experts who live and breathe racing. Headquartered at the Global Centre for Innovation and Technology (CIT) - the home of Hero MotoSports, and working in close collaboration with Hero Tech Centre Germany (HTCG), this initiative has strengthened the "Hero" brand further by participating in national and international rally races. Hero MotoSports Team Rally has also introduced a one-of-a-kind digital initiative - The Rally Life Navigator for

digitally exploring the popular global rally destinations from the safety of their homes during current times.

Owing the covid-19 pandemic, #RoadToDakar2021 was a comparatively shorter race. Yet, our Team made its presence felt with an impressive comeback in competitive racing with the BAJA Portalegre and the Andalusia Rally, finally leading up to the Dakar 2021.

Represented by a full strength three rider team of Joaquim Rodrigues, C S Santosh and Sebastian Buhler, the team



focused on utilizing these races to acquire some valuable race-experience and proficiency while giving some really strong performance.



Our Way Forward

We have identified strategic focus areas aligned with our existing sustainability framework. We will be working on target setting for each area in the coming times. At the same time areas for tactical focus would also be worked upon and shall be disclosed as per requirement. We shall also identify synergies between various targets to work effectively.

We believe that target setting as well as aligning to Sustainable Development Goals will go a long way in creating long term value. At the same time open communications with stakeholders is very important. We shall continue sharing our progress on various platforms which we have been doing for some years (DJSI, Sustainalytics, CII Corporate Excellence, GreenCo Ratings by CII). We are keeping all channels of communication (direct feedback, inputs and suggestions) open to our stakeholders. Please reach us at for any feedback on our sustainability journey.

Reach us at: sustainability@heromotocorp.com



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 March 22, 2021 and addendum thereto dated June 14, 2021 in respect of the agreed Indicators/ Parameters listed below (the 'Identified Sustainability Indicators'). These indicators/parameters are as identified in the Global Reporting Initiative (GRI) index on pages 83-86 of the Sustainability Report of the Company for the year ended 31 March 2021 (the 'Sustainability Report').

Identified Sustainability Indicators

The Identified Sustainability Indicators are summarized in Annexure 1 to this report.

Our limited assurance engagement was with respect to the year ended 31 March, 2021 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 4 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 behavior.

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 are free from material misstatement.



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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-5007) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N).

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, inspection of documents, 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 (Haridwar and Dharuhera), 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 have 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, 2020 to March 31, 2021.
- 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, 2021 are 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

H Sabharwal

Heman Sabharwal
Partner

Membership Number: 093263
UDIN: 21093263AAAAAD2044

Place: Delhi
Date: June 25, 2021

Annexure 1

Identified Sustainability Indicators

S. No	Indicator No.	Indicator Description
Environment		
1	301-1	Materials used by weight or volume (for sources Steel, Aluminium, Rubber, Plastic, ABS, Engine & Shocker oil and Non-Ferrous)
2	302-1	Energy consumption within the organization
3	303-3	Water withdrawal
4	303-4	Water discharge
5	305-1	Energy direct (Scope 1) GHG emissions
6	305-2	Energy indirect (Scope 2) GHG emissions
7	305-4	GHG emissions intensity
8	305-6	Emissions of ozone-depleting substances (ODS)
9	305-7	Nitrogen oxides (NOx), Sulphur oxides (SOx), and other significant air emissions
10	306-3	Waste Generated
Social		
11	401-1	New employee hires and employee turnover
12	401-2	Additional benefits provided to full-time employees
13	402-1	Minimum notice periods regarding operational changes
14	403-2	Hazard identification, risk assessment, and incident investigation
15	403-3	Occupational health services
16	403-5	Worker training on occupational health and safety
17	403-6	Promotion of worker health
18	403-8	Workers covered by an occupational health and safety management system
19	403-9	Work-related injuries



GRI Index

GRI Standard		Title	Reference Section	Pg. No.
GRI 101: Foundation 2016 (GRI 101 does not include any disclosures)				
GRI 102: General Disclosures 2016				
Organisational Profile & Strategy	102-1	Name of the organization	About the report	4,5
	102-2	Activities, brands, products, and services	Company Overview, Sustainability Pillar I: Product Stewardship - Product portfolio Our products (More information at: https://www.heromotocorp.com/en-in/the-bike/two-wheeler-motorcycles.html)	6, 35, 36
	102-3	Location of headquarters	Company Overview	6, 8
	102-4	Location of operations	Our operations and global footprint	7, 8
	102-5	Ownership and legal form	Financial Overview	12, 14, 21
	102-6	Markets served	Company overview	6-8
	102-7	Scale of the organization	Triple bottom-line highlights	21
	102-8	Information on employees and other workers	Sustainability pillar IV: People	40
	102-9	Supply chain	Our operations and global footprint, Sustainability pillar II: Responsible value chain	72
	102-10	Significant changes to the organization and its supply chain	Risk & Opportunities, Sustainability pillar II: Responsible value chain	16, 72
	102-11	Precautionary Principle or approach	Growth Enablers at Hero MotoCorp	7
	102-12	External initiatives	Pillar wise mapping of SDGs throughout the report	23
	102-13	Membership of associations	Membership & public advocacy	23
	102-14	Statement from senior decision-maker	Chairman's message	1
	102-15	Key impacts, risks and opportunities	Emerging Risks Landscape	18-19
Ethics and integrity	102-16	Values, principles, standards, and norms of behaviour	Effective Corporate Governance	10
Governance	102-18	Governance structure	Sustainability Governance	11, 12

GRI Standard		Title	Reference Section	Pg. No.
Stakeholder engagement	102-40	List of stakeholder groups	Stakeholder engagement & materiality analysis	25
	102-41	Collective bargaining agreements	Our workforce	46
	102-42	Identifying and selecting stakeholders	Stakeholder engagement & materiality analysis	24-26
	102-43	Approach to stakeholder engagement	Stakeholder engagement & materiality analysis	24-27
	102-44	Key topics and concerns raised	Stakeholder engagement & materiality analysis	26-27
Reporting Practice				
	102-45	Entities included in the consolidated financial statements	About the report	5
	102-46	Defining report content and topic boundaries	About the report	5
	102-47	List of material topics	Materiality Assessment	28
	102-49	Changes in reporting	About the report	4
	102-50	Reporting period	About the report	4
	102-51	Date of most recent report	About the report	4
	102-52	Reporting cycle	About the report	4
	102-53	Contact point for questions regarding the report	About the report	4-5
	102-54	Claims of reporting in accordance with the GRI Standards	About the report	4-5
	102-55	GRI content index	GRI content index	83-86
	102-56	External assurance	Assurance Report	80
GRI 200 Financial Topics				
	103	Management Approach	Financial overview	14
GRI 201 Economic Performance				
	201-1	Direct economic value generated and distributed	Financial overview	14
	204-1	Proportion of spending on local supplier	Financial overview	14
GRI 300 Environmental Topics				
	103	Management Approach	Sustainability Pillar I: Eco – Efficiency	30, 58
GRI 301 Materials				
	301-1	Materials used by weight or volume	Material	61
	301-2	Recycled input materials used	Material	62
GRI 302 Energy				
	302-1	Energy consumption within the organization	Energy & GHG	60
GRI 303 Water				
	303-3	Water withdrawal	Water	61
	303-4	Water discharge	Water	61

GRI Standard		Title	Reference Section	Pg. No.
GRI 305 Emissions				
	305-1	Energy direct (Scope 1) GHG emissions	Energy & GHG	60
	305-2	Energy indirect (Scope 2) GHG emissions	Energy & GHG	60
	305-4	GHG emissions intensity	Triple Bottom Line Highlights	60
	305-6	Emissions of ozone-depleting substances (ODS)	Air emissions	63
	305-7	Nitrogen oxides (NOx), Sulphur oxides (SOx), and other significant air emissions	Air emissions	63
GRI 306 Effluents and Waste				
	306-3	Waste Generated	Waste	62, 63
GRI 307 Environmental Compliance				
	307-1	Non-compliance with environmental laws and regulations	Compliance	13, 58
GRI 401 Employment				
	401-1	New employee hires and employee turnover	Our workforce	40-41
	401-2	Additional benefits provided to full-time employees	Talent recruitment & Retention	45
	401-3	Parental leave	Employee benefits	43
GRI 402 Labour/Management Relations				
	402-1	Minimum notice periods regarding operational changes	21 days (as per Industrial Disputes Act, 1947)	--
GRI 403 Occupational Health and Safety				
	403-1	Workers representation in formal joint management-worker health and safety committees	Safe workforce	56-57
	403-2	Hazard identification, risk assessment, and incident investigation	Safe workforce	56-57
	403-3	Occupational health services	Occupational health services	49
	403-5	Worker training on occupational health and safety	Health and safety trainings	55
	403-6	Promotion of worker health	Health and wellness initiatives	48
	403-8	Workers covered by an occupational health and safety management system	Health, safety and well-being	47-48
	403-9	Work-related injuries	Striving For Zero Incident Culture	52-53

GRI Standard		Title	Reference Section	Pg. No.
GRI 404 Training and Education				
	404-1	Average hours of training per year per employee	Skill development	45
	404-2	Programs for upgrading employee skills and transition assistance programs	Skill development	47
GRI 405 Diversity and Equal Opportunity				
	405-2	Ratio of basic salary and remuneration of women to men	Our workforce	41
GRI 406 Non-discrimination				
	406-1	Incidents of discrimination and corrective actions taken	Talent recruitment and retention	13
GRI 416 Customer Health & Safety				
	416-1	Assessment of the health and safety impacts of product and service categories	Customer satisfaction	75
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Compliance	13
GRI 417 Marketing & Labelling				
	417-1	Requirements for product and service information and labelling	Compliance	14
	417-3	Incidents of non-compliance concerning marketing communications	Compliance	13
GRI 419 Socioeconomic Compliance				
	419-1	Non-compliance with laws and regulations in the social and economic area	Compliance	13, 46



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