



We Care

Today for a better Tomorrow.



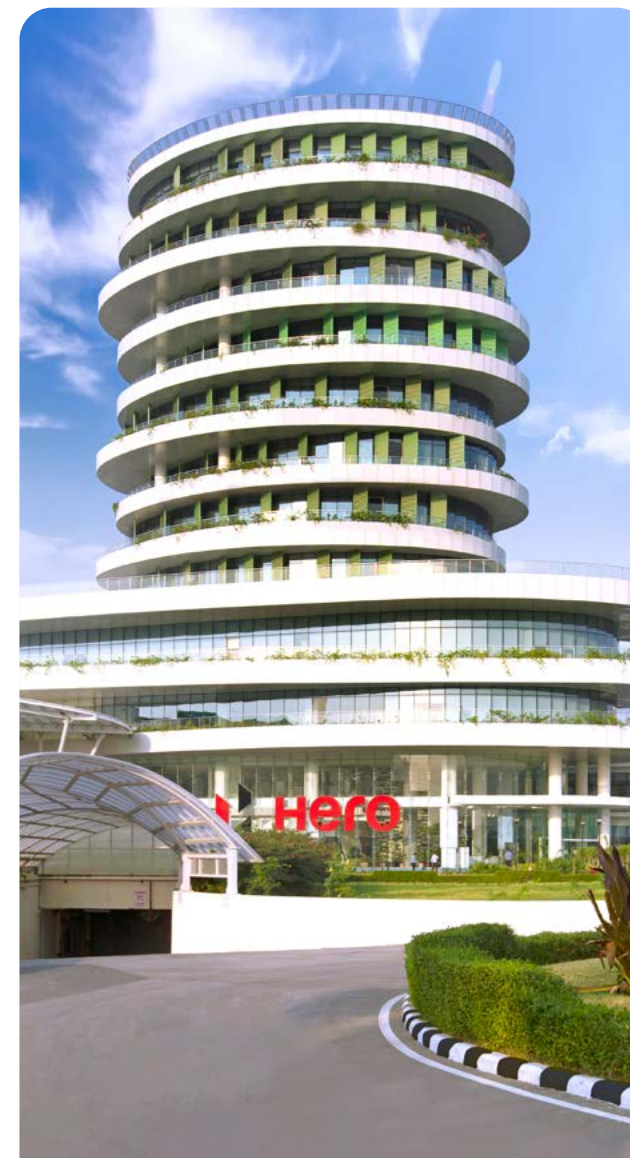
GRI Standards

Hero MotoCorp Limited
Annual Sustainability Report 2022-23



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Remembering our Hero

An institution builder, a philanthropist, an innovator, a statesman, a spiritual soul, a family man and above all, a proud Indian, he continues to be an inspiration to everyone in the Hero family and beyond.

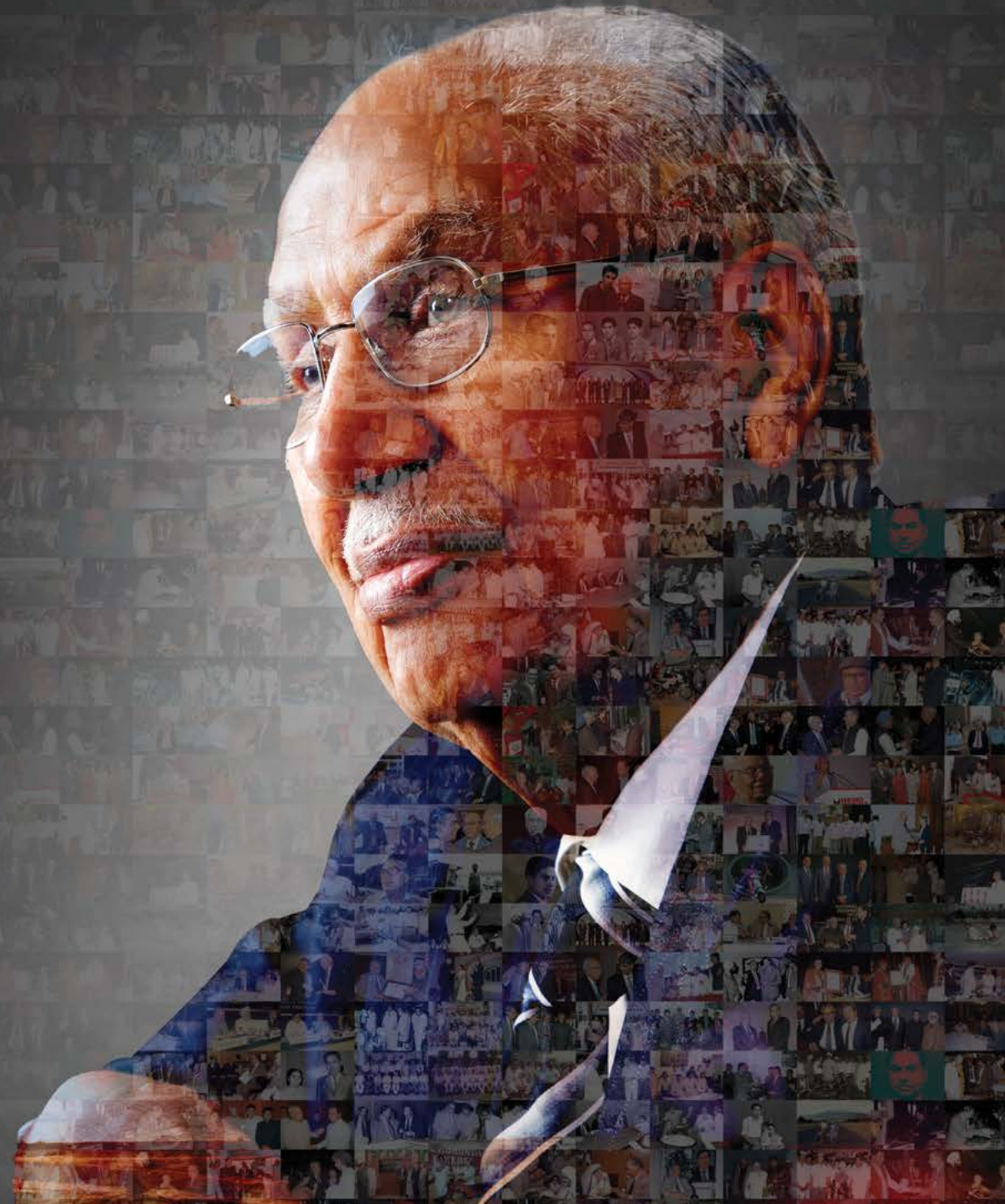
For a man who had a lifelong passion for wheels, becoming the world's largest two-wheeler maker was a dream come true. And in the process of realising his dream, he contributed immensely to India's industrialisation and nation building.

While we continue to celebrate his legacy, we fondly look back at the eventful journey of his life, which left an indelible mark on millions.

Dr. Brijmohan Lall Munjal
A Hero Forever...



100TH BIRTH ANNIVERSARY OF
DR. BRIJMOHAN LALL MUNJAL
1ST JULY, 1923
HERO FOREVER





Company Overview

As the world's largest manufacturer of motorcycles and scooters, Hero MotoCorp provides customers with an excellent range of mobility solutions that ensure style and comfort. The story of our Company can be traced back to the vision of an empowered India, powered by our mobility solutions- motorcycles and scooters. Hero MotoCorp 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's vision is to 'Be the Future of Mobility', and this overarching principle is reflected in all our endeavours. Hero MotoCorp has eight state-of-the-art manufacturing facilities, of which six are in India, one is in Colombia and one in Bangladesh. We also have two world-class, state-of-the-art research and development (R&D) facilities: the CIT in India, and Tech Centre Germany (TCG), near Munich.

We are one of the largest corporate promoters of multiple sports disciplines, including golf, football, field hockey, cricket and motorsports, and 15-time major winner Tiger Woods is Hero's Global Corporate Partner.

As a business leader and a leading automobile company in India, we believe in 'Manufacturing Happiness' through our factories, where we strive to achieve complete harmony between man, machine and nature, to minimise the impact we have on the environment, and develop a healthy and sustainable ecosystem. With innovation at our core and the overarching principle of sustainability as our guiding force, we are at the forefront of designing and developing technologically advanced motorcycles and scooters that cater to customers' mobility needs worldwide.

With over 112 million customers across the globe, we continue to champion socioeconomic progress and empowerment through our products and services.

Led by our Executive Chairman Dr. Pawan Munjal, our Company has rapidly emerged as a global brand, with a presence in over 47 countries across Asia, Africa and South and Central America and manufacturing facilities at multiple global locations. Dr. Munjal has steered our Company to its present scale and size, and is one of India's renowned corporate leaders, championing growth, socioeconomic progress and technological innovations. Under his leadership, Hero MotoCorp achieved the coveted title of the World's No. 1 Two-wheeler Company in 2001, and has successfully retained this position to date - for 22 consecutive years.

Our Company has also surpassed the rare milestone of 112 million cumulative units in production and sales. With Dr. Munjal consistently demonstrating visionary leadership and guidance, Hero MotoCorp has consolidated its leadership status and expanded its global footprint across multiple continents. Hero MotoCorp is a dominant leader in India, holding a significant share in the domestic motorcycle market.

Our state-of-the-art, world-class CIT at Jaipur in Rajasthan is the result of our vision to make Hero MotoCorp a globally benchmarked powerhouse of research, design and development.

CIT has more than 1,200 engineers from India, the UK, Germany, Italy, Austria, France and Japan engaged in developing motorcycles and scooters for markets worldwide. Our Company is also actively engaged in developing an ecosystem for the development and growth of electric vehicles (EVs) in India, thereby enabling the industry to make a move towards a sustainable way of life.

- Home to over 1,200 automotive experts with global and regional expertise
- CXO-level officers with dedicated responsibility and accountability for various functions
- An effective governance system benchmarked with global standards
- Annual production capacity of over 9.5 million units
- Over 10,000 customer touchpoints
- Over 200 supply chain partners

Company Overview

Global Presence



Asia

- 1. Sri Lanka
- 2. Bangladesh
- 3. Nepal
- 4. Myanmar

Central & Latin America

- 5. Colombia
- 6. Peru
- 7. Ecuador
- 8. Guatemala
- 9. El Salvador
- 10. Honduras
- 11. Nicaragua
- 12. Costa Rica
- 13. Panama
- 14. Bolivia
- 15. Dominican Republic
- 16. Argentina
- 17. Guyana
- 18. Trinidad and Tobago
- 19. Mexico
- 20. Haiti

Africa

- 21. Kenya
- 22. Tanzania
- 23. Uganda
- 24. Ethiopia
- 25. Burkina Faso
- 26. Ivory Coast
- 27. Angola
- 28. Democratic Republic of Congo
- 29. Mozambique

Middle East

- 30. Madagascar
- 31. Liberia
- 32. Guinea
- 33. Nigeria
- 34. Ghana
- 35. Djibouti
- 36. Zambia
- 37. Mauritius
- 38. Sudan
- 39. South Africa
- 40. Turkey
- 41. Dubai (UAE)
- 42. Iraq
- 43. Kuwait
- 44. Saudi Arabia
- 45. Egypt
- 46. Yemen
- 47. Qatar

47 countries
Worldwide presence

3.2%
Share of international sales

\$14.2 Million
Revenue from GB Parts business

16
New products and refreshes

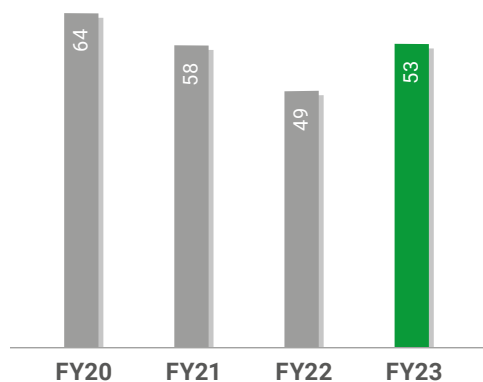
32%
Contribution from premium segment to international sales



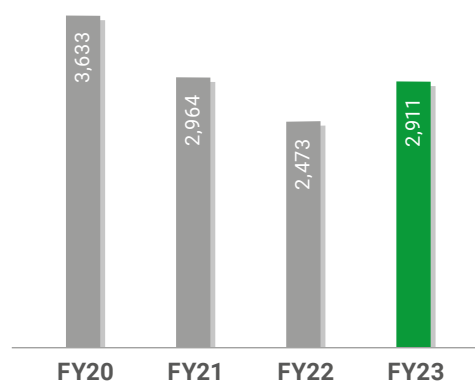
Company Overview

Financial Highlights

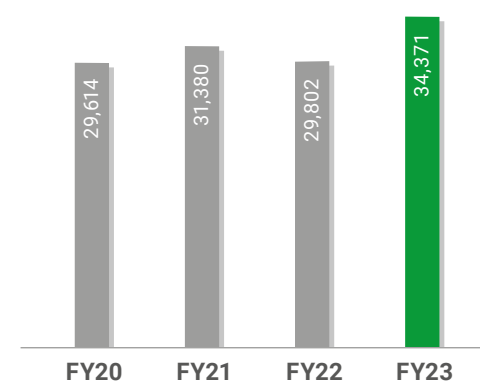
Sales Volumes (in lakh)



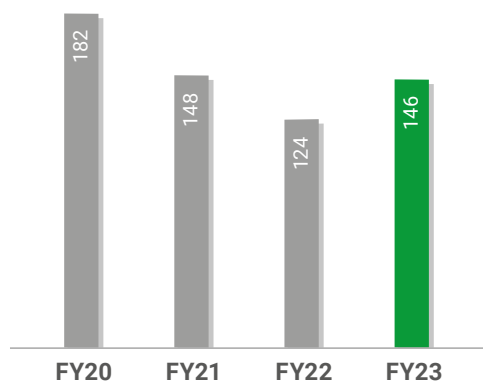
PAT (₹ in crore)



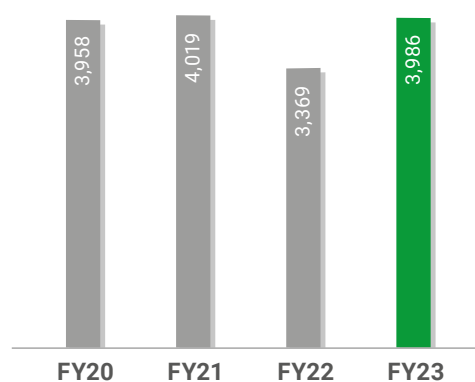
Total Income (₹ in crore)



Earnings Per Share (₹)



EBITDA (₹ in crore)



Return on Average Equity (%)



Company Overview

About the Report

Financial Year 2022-23

This is the sixth Sustainability Report published by Hero MotoCorp Limited. Being cognizant of our responsibility towards the environment and society, our Report is prepared in accordance with the GRI Standards (2021). The reporting period is concurrent with the financial year April 1, 2022, to March 31, 2023.

This report can be found on our website:

<https://www.heromotocorp.com/content/dam/hero-aem-website/in/investors/shareholder-resources/corporate-governance-and-sustainability/SR-2023.pdf>

Scope and Boundary

The GRI's latest update (2021) on Universal Standards has been duly incorporated in the report in appropriate sections, and linkages have been established. The information in this report relates to FY 2022-23, i.e. the period from April 1, 2022, to March 31, 2023. The reporting boundary includes all six of Hero MotoCorp's Indian manufacturing plant sites—Dharuhera, Gurugram, Haridwar, Neemrana, Halol and Tirupati (earlier known as Chittoor Plant)* as well as our Global Parts Centre (GPC) in Neemrana, the 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, the GPC and the CIT.

Data Compilation Methodology

The data published in our Sustainability Report is collected through various internal reporting systems, which utilise regular and reliable tracking of systems. We have mentioned limitations, where applicable.

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 Standard on Assurance Engagements International Standard on Assurance Engagements (ISAE) 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and ISAE 3410, 'Assurance Engagements On Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board (IAASB). The subject matter, criteria, procedures performed and limited assurance conclusion are presented in the assurance report attached at the end of this report.

Suggestions and Feedback

We welcome any comments and/or suggestions on the Report's content and flow. Please send your comments to

sustainability@heromotocorp.com



* Earlier in Chittoor but now in Tirupati District.

Company Overview

Executive Chairman's Message



We are truly optimistic about the future. With a strong focus on technological advancements, innovation and the perseverance of our team, I am confident that Hero MotoCorp will keep setting the bar on sustainability and innovation higher and produce results for a better future for our planet and our communities.

Dr. Pawan Munjal

Executive Chairman
Hero MotoCorp

Dear Stakeholders,

Today, the world is more interconnected and interdependent than ever before. The business of tomorrow is one that creates, nurtures and sustains its network of ecology, human and economic relationships and works towards mitigating risks to preserve its delicate balance.

This is how we see Hero—a brand that stands firmly on its principles of nurturing this cohesive network of ecology, human and economic prosperity to emerge as the business of tomorrow. The trust we have earned through the loyalty and support of our 112 million customers has been sustained over the years because of our unwavering commitment to our environment, our people, and our communities.

It is our responsibility to do right by this enormous trust. VIDA V1, our first electric vehicle is one such solution towards expanding our green mobility options. 'Vida' means life, and the brand's sole purpose is to create a meaningful impact on the environment as the race against climate change is looming large. By committing to clean energy and tech, we are influencing our generation of today and tomorrow to invest in protecting our environment.

In keeping with our mission to Create, Collaborate and Inspire, we joined hands with California-based premium electric motorcycle and powertrain manufacturer Zero Motorcycles to promote sustainable clean technology



Company Overview

in the mobility space, and to accelerate the transition of electric mobility in India and across our global markets.

Our efforts on Diversity and Inclusion continue to be strengthened. As signatories of the United Nations Women's Empowerment Principles, we are building a network of support for women to excel at roles that have traditionally been restricted to men. We stand at 9.7% in the overall diversity metrics with our Board constituting 30% women representatives.

We are vigorously revising and adopting policies and initiatives that will support our endeavours to achieve the goal of 30% women across roles and regions by 2030. This commitment is not just in numbers. Hero continues to lead initiatives within the larger ecosystem, such as our dealer fraternity, that actively encourages women to take up leadership roles. Women dealers are now a part of the Women in Leadership program offered by BML Munjal University. Hero also continues to be committed to providing a safe, diverse, inclusive and equitable workplace.

I am pleased to share that we are the only two-wheeler Original Equipment Manufacturer (OEM) whose efforts and progress in promoting gender inclusion and implementing diversity policies was recognised in Bloomberg Gender Equality Index 2023, out of a total 484 companies from around the world, including 9 Indian companies.

In this financial year, we made significant progress on strengthening our action and result oriented sustainability initiatives and practices including but not limited to benchmarking our initiatives and developing a strategic roadmap. Under our ambitious Sustainable Partner Development Programme (SPDP), we have begun

assessments with our key supply chain partners and are working with them closely to develop a robust long-term Environment, Social and Governance (ESG) mechanism. Our sustainability report card shows distinct progress towards our long-term targets. Key highlights as under:

- Carbon neutral operations stands at 39% (Target: 100% by 2030)
- Achieved 405% water positive facilities (Target: 500% by 2025)
- Reduced total energy intensity by 18%
- Improved solar energy generation by 28%, generating more than 13 million units of green energy
- Achieved 87.5% waste neutral facilities through recycling and co-processing initiatives (Target: 100% by 2025)
- Our Gurugram manufacturing facility is the first automotive plant in India to achieve certification of 'Single-use Plastic Free' from the Confederation of Indian Industry (CII)
- A total of 33 patents awarded including on the enhanced safety of the product, navigation system for ease of mobility and overall equipment effectiveness in our manufacturing.

We are truly optimistic about the future. With a strong focus on technological advancements, innovation and the perseverance of our team, I am confident that Hero MotoCorp will keep setting the bar on sustainability and innovation higher and produce results for a better future for our planet and our communities.



On the centenary year of our Founder Chairman, Dr. Brijmohan Lall Munjal, we are proud to be carrying forward a legacy that was built on immaculate integrity and responsibility. We live by that trust, from you, from our people, our customers, and the ecology. We live by a purpose that is inalienable to the very core of Hero MotoCorp.

We continue to work towards giving our future generations the world that they deserve, the opportunities that are theirs, and with choices that preserve and protect what constitutes the only place we can call our home:

this world.

Warmly,

Dr. Pawan Munjal

Executive Chairman
Hero MotoCorp

Company Overview

CEO's Message

Dear Stakeholders,

Hero MotoCorp is changing gears and taking courageous and innovative measures to build a sustainable business. As we reflect on our accomplishments, I am particularly excited to share our unwavering commitment to sustainability and its integration into every aspect of our operation. Building a sustainable future is not just a goal; it is a guiding principle that shapes our business strategies, decisions, and actions.

In 2022, we made significant progress towards our sustainability goals by launching our first electric scooter 'VIDA'. The introduction of EVs into our portfolio represents a significant step towards achieving our sustainability goals. We will continue to innovate and improve our EV technology and collaborate with partners to expand charging infrastructure. Our goal is to continue investing in sustainable technologies and accelerate the transition to electric mobility.

In addition to product innovation, we are actively working to improve the sustainability



The introduction of EVs into our portfolio represents a significant step towards achieving our sustainability goals.

Niranjan Gupta

Chief Executive Officer
Hero MotoCorp





Company Overview

of our manufacturing processes. We have implemented energy-efficient technologies, adopted renewable energy sources, and optimised our production systems to minimise waste and emission. Water conservation is a critical aspect of our sustainability agenda. Our commitment to becoming water positive involves minimising water usage across our facilities and implementing innovative water-saving technologies as well as creating recharge shafts with-in and beyond the fence.

We understand that sustainability extends beyond our immediate operations. Therefore, we have been actively working with our suppliers to promote sustainable practices throughout the supply chain, promoting the circular economy and working with them to prioritise eco-friendly and recyclable materials in our products. We are also transforming our dealer network into eco-friendly dealerships, equipped with energy-efficient systems.

We get all our resources from Mother Earth and the environment around us. We have to give back, take care and do business in a sustainable way. This is not just about plant operations, or product, or supply chain, it is about each one of us. This means re-evaluating every choice we make through the lens of sustainability, to constantly be better in our drive towards nurturing the ecology.

We are also intensifying our focus on Diversity, our ambition for 2030 is to have 30% women employees from the shop floor to the boardroom. While we bring more

women on-board, we are also building an ecosystem of support for them to flourish in their roles. Our newly launched 'Equity First Policy' as well the HEROes network for women are the steps we have taken to create an inclusive environment for everyone. At Hero, we firmly believe that embracing diversity and fostering an inclusive workplace is not only the right thing to do but also crucial for our collective success.

We remain committed to continuous improvement and recognise that our sustainability journey is ongoing. We firmly believe that sustainable business practices are not only crucial for the environment but also for our long-term success as a Company. By embracing sustainability, we are positioning ourselves as leaders in the industry and contributing to a better and greener future. Thank you for your continued support as we strive to build a sustainable and responsible Company.

Warmly,

Niranjan Gupta

Chief Executive Officer
Hero MotoCorp





Company Overview

Sustainability Steering Committee Message



Vikram S. Kasbekar

Executive Director

Dear Stakeholders,

We believe that businesses must act to strike a balance between their economic and environmental imperatives by embracing technological advancements, upholding stakeholders' rights to dignity, and allocating resources to build resilience.

Our sustainability initiatives are aligned with our long-term targets. Despite slow demand and high inflation in global markets, we are strongly moving closer to achieving our targets. In FY 2022-23, our operations (Scope 1 and 2) were 39% carbon neutral, and we achieved 405% water positivity.

Our sustainability journey and initiatives have been acknowledged by various recognised global platforms.



Mike Clarke

Chief Operating Officer and
Chief Human Resources Officer

The achievements are an affirmation of the dedication of our stakeholders and the commitment of our teams, who, in the most difficult of periods, were responsible for sustaining the progress and performance of Hero MotoCorp's sustainability journey.

Moving towards the targets of sustainability at HMCL has resulted in a stronger position for our business, and it is our responsibility to continue this and achieve our targets.

By driving innovation through strong programme management and efficient governance mechanisms, we always strive to achieve new levels of excellence and high performance. The journey to sustainability will be powered by the same motivation that has taken us ahead in the last few decades.



Reema Jain

Chief Information and Digital Officer

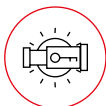
As our vision is the 'Be the Future of Mobility', we are now leading the change on EV transition, ensuring that other sustainability parameters stay high.

Our aim is to build long-term resilience, greater trust and a better tomorrow through a smooth transition towards a Net Zero emissions economy.

We are investing in research and development of new low-emissions technologies, shifting our product portfolio towards more sustainable vehicles, working with our suppliers to reduce their emissions, promoting sustainable transportation practices among our stakeholders to support our Net Zero strategy.

Company Overview

Vision, Mission and Values



Our Vision

“Be the Future of Mobility”



Our Mission

Create

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

Collaborate

- Leverage partnerships and exhibit Teamwork.
- Co-create solutions that benefit the community, while caring for both the internal and external environmental ecosystems and support sustainability.

Inspire

- Move forward with purpose.
- Inspire our colleagues, customers and communities.
- Thrive on the local and global stage.



Our Values



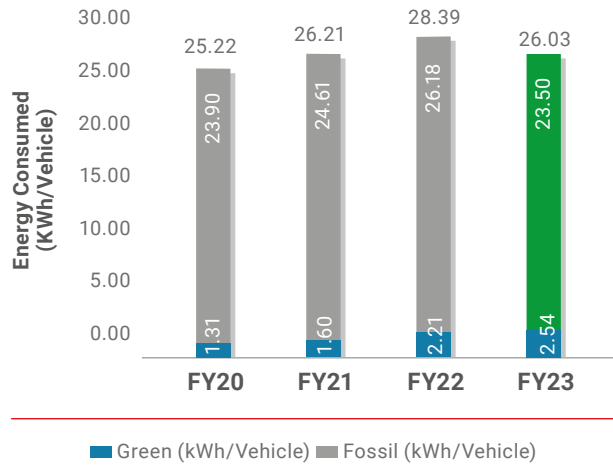
21,000 employees were engaged to select the colours of ‘Our Values’



Company Overview

ESG Highlights

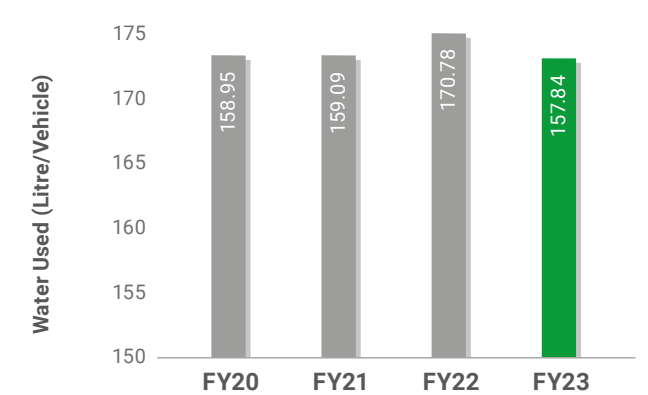
Energy Intensity



Carbon Emission Intensity (Scope 1 and 2)



Fresh Water Intensity



Total Water Recycled and Reused



Total Waste (Hazardous and Non-hazardous)



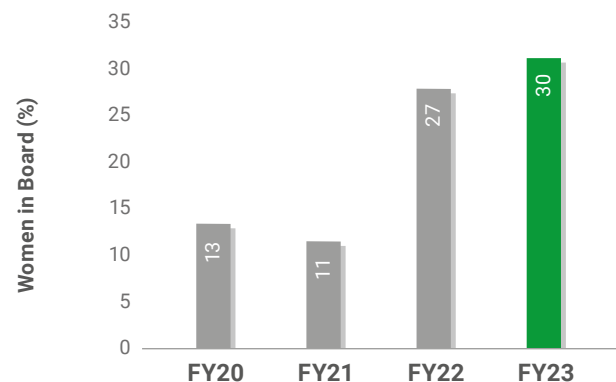
Recycled Material Used Intensity



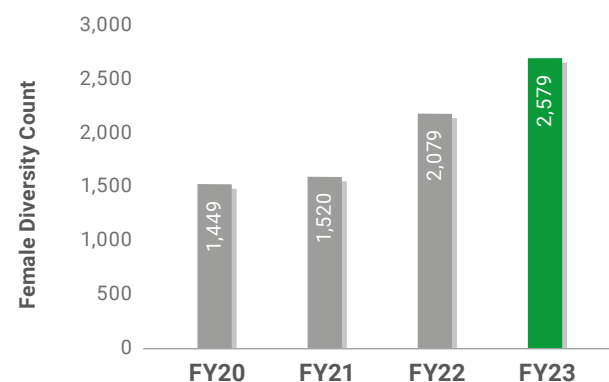


Company Overview

Board Gender Diversity



Female Diversity



Specially-abled Workforce



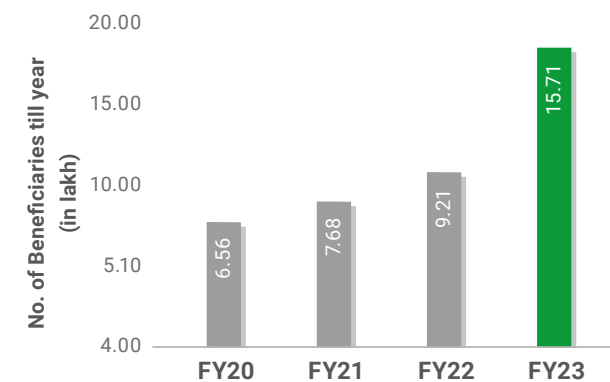
Average Training Hours



Beneficiaries of Project Shiksha



Beneficiaries of Ride Safe Training



Company Overview

Our Products

VIDA: Hero MotoCorp's First Electric Scooter



In line with Hero's vision to 'Be the Future of Mobility', our Executive Chairman Dr. Munjal unveiled a new brand to lead mobility transformation across the world. VIDA, powered by Hero, was born on March 3, 2022, with a strong focus on sustainability, and the promise of building a flourishing, meaningful world for future generations. We delivered on our promise on October 7, 2022, with the launch of VIDA V1-the next quantum leap in mobility. This one, for our time, for our planet, and for generations yet to be born.

The new VIDA V1 electric scooter is available in two variants: VIDA V1 Plus and VIDA V1 Pro. VIDA plans to be available to customers in over 100 cities in India and globally by the end of 2023.

VIDA V1 comes loaded with category-first features like two removable batteries, 20-degree incline capacity, 100+ riding modes, LED projector headlamp, 7-inch TFT display with OTA support and over 40+ connectivity and safety features, making it the best electric proposition in the

market. VIDA battery's SoH sets down to 70- 80% from the original (100%) after travelling a distance of 30,000km or 3 years of use. We are proud of the milestones we have achieved in the last few years, but, needless to say, there are a lot more we plan to accomplish.

Performance	V1 Plus	V1 Pro
Accl. (0-40 kmph)	3.4s	3.2s
Installed battery capacity	3.44 kWh	3.94 kWh
Removable batteries	2 X 1.72 kWh	2 X 1.97 kWh
Riding modes	Eco Ride Sport	Eco Ride Sport Custom mode (100 + combinations)
Top speed	80 kmph	80 kmph
Motor peak power	6 kW	6 kW
Motor continuous power	3.9 kW	3.9 kW
Torque	25 Nm	25 Nm
Charging (0-80%)	V1 Plus	V1 Pro
Home (Removable batteries)	5hr 15min for two batteries	5hr 55min for two batteries
Parking Portable Charger	5hr 15min	5hr 55min
Public DC Fast Charger	1.2km/min	1.2km/min



Company Overview

Our Products

Hero XOOM

We entered into the new year with the launch of our much-awaited scooter, the XOOM, on January 30th, 2023. The Hero XOOM is powered by a 110.9cc, single-cylinder, air-cooled, fuel-injected engine that churns out 6 kW at 7,250rpm and 8.70Nm at 5,750rpm, and is paired to a CVT. The XOOM accelerates from 0-60 kmph in 9.35 seconds.

XOOM gets the first-in-segment cornering light function, and is fitted with a projector LED headlamp positioned on the apron, the signature H-shaped position lamp, and 12-inch alloy wheels. There is also an integrated rear grip to ensure pillion comfort.

The new XOOM gets XTEC technology, front glove box with a USB charger, a digital speedometer, Bluetooth connectivity and a large under-seat storage with LED lamp. It has a kerb weight of 108kg and a fuel tank capacity of 5.2 litres.

Suspension duties are handled by telescopic hydraulic shock absorbers at the front and single rear shock absorbers. For braking, the new Hero XOOM is equipped with a 190mm disc brake/130mm drum brake at the front, and a 130mm drum brake at the rear. It also gets Integrated Braking System (IBS).

The scooter is available in three variants: LX, VX and ZX, and five colour options: Polestar Blue, Black, Matt Abrax Orange, Pearl Silver White and Sports Red

XTECH Technology in Products

We have introduced a new XTEC technology to our products to improve fuel efficiency and provide a pleasant riding experience to our valuable customers. Glamour and Splendor+ models get an XTEC variant with more features than the standard models, while the Destini 125 and Pleasure models get an XTEC variant as well.

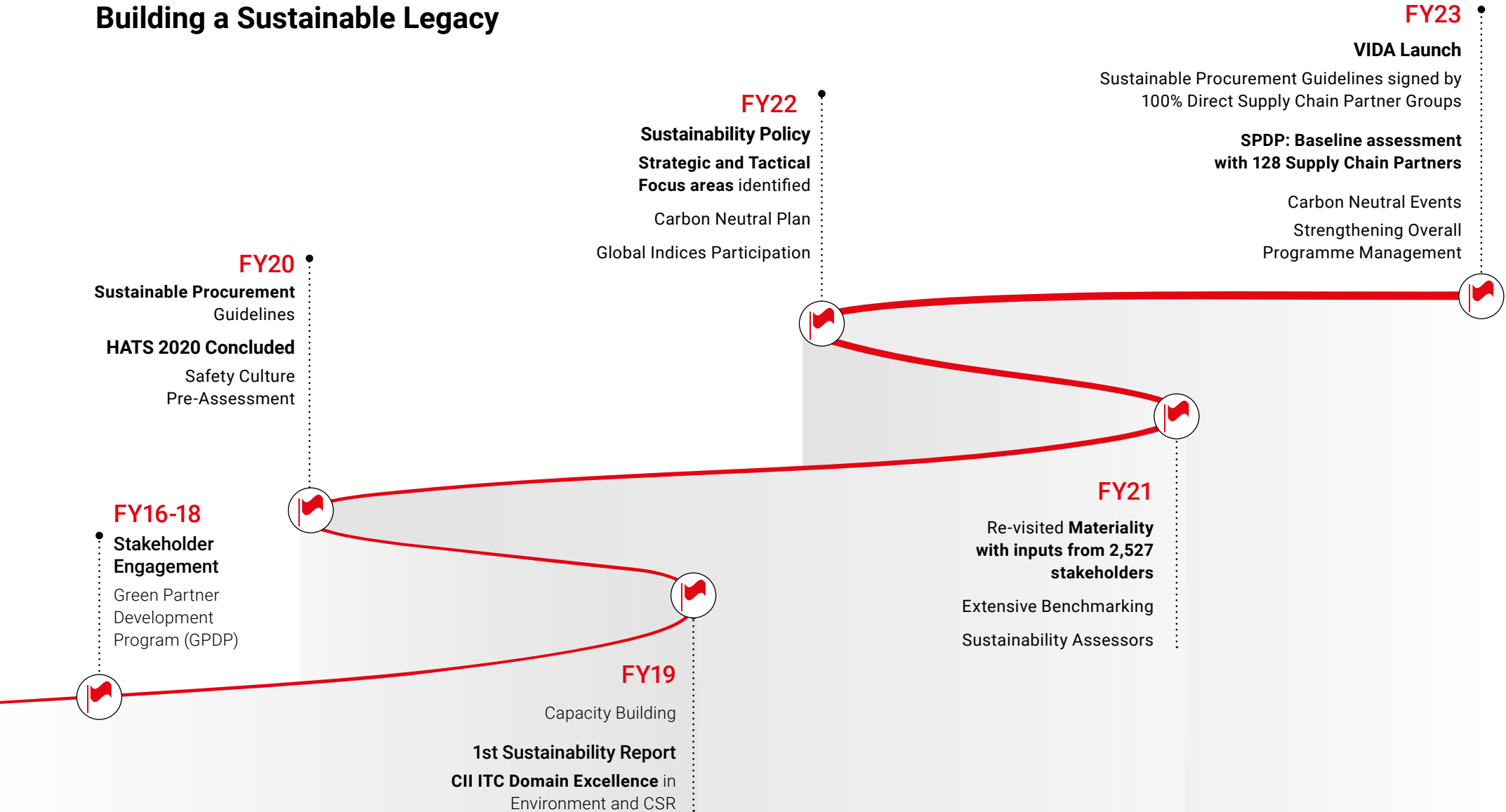


To know more about all our products, please visit our virtual showroom:

<https://virtualshowroom.heromotocorp.com/>

Company Overview

Building a Sustainable Legacy



Company Overview

ESG Ratings



Outstanding Accomplishment in Corporate Excellence



Low ESG Risk Rank 3 Out of 90 Automotive Industries Globally



'A' Rated in Morgan Stanley Capital International (MSCI) ON ESG



Only two-wheeler OEM included in Bloomberg GEI 2023



Disclosing our progress on CDP Portal for Climate Change and Water Security



Consistently disclosing in DJSI Rating Index



Member of Emerging ESG Index



Above Average degree of transparency of ESG





Company Overview

Awards and Recognitions



Hero MotoCorp has been awarded for Outstanding Accomplishment by CII ITC Sustainability Award in Corporate Excellence Category.



Recognised as one of the 'Best Organisations for Women' by Economic Times.



Awarded 'Significant Achievement in HR Excellence' at the 13th CII National HR Excellence Awards.



Awarded Runner up for Best Creche Arrangements and Longest Accident Free Period by the Government of Haryana.



Secured 3rd position with a cash prize of ₹ 1 lakh in the 'National Productivity Summit 2022' organised by Indian Machine Tool Manufacturers' Association (IMTMA).



Gurgaon Plant certified as 'Single-use Plastic Free' by Confederation of Indian Industry (CII).



5 Plants have implemented the Food Safety Management System (ISO22000:2018)



Hero MotoCorp Ltd, Haridwar recognised for 'Highest number of Vaccinations in a Single day at a Single Vaccination Centre' by India Book of Records 2022 and Asia Book of Records 2022.



Hero MotoCorp Ltd awarded for Highest number of Voluntary Blood Donations inside factory premises in India Book of Records 2022 and Asia Book of Records 2022.



Best Medical and Wellness Centre Category-Hero MotoCorp Ltd by Economic Times Healthcare Award 2022



Company Overview

Affiliations

To create a powerful impact, we need collaborations and strong bonds with various organisations. Association is necessary to avoid high-risk situations and uncertainty. We are in affiliation with major groups to make a considerable impact.



Climate Change

CDP–Climate Change



ESG Ratings

DJSI
Refinitiv
MSCI
Sustainalytics



Data Privacy

ISO 27001
Data Security
Council of
India (DSCI)



Diversity

Bloomberg



Employee Health and Safety

ISO 45001



Environmental Management

ISO 14001
CDP–Water Security



Quality

ISO 9001
ISO/IEC 17025:2017



Food Safety

ISO 22000:2018



Energy Management

ISO 50001



Governance

Ministry of Corporate
Affairs, GoI Security
Exchange Board of India
(SEBI)

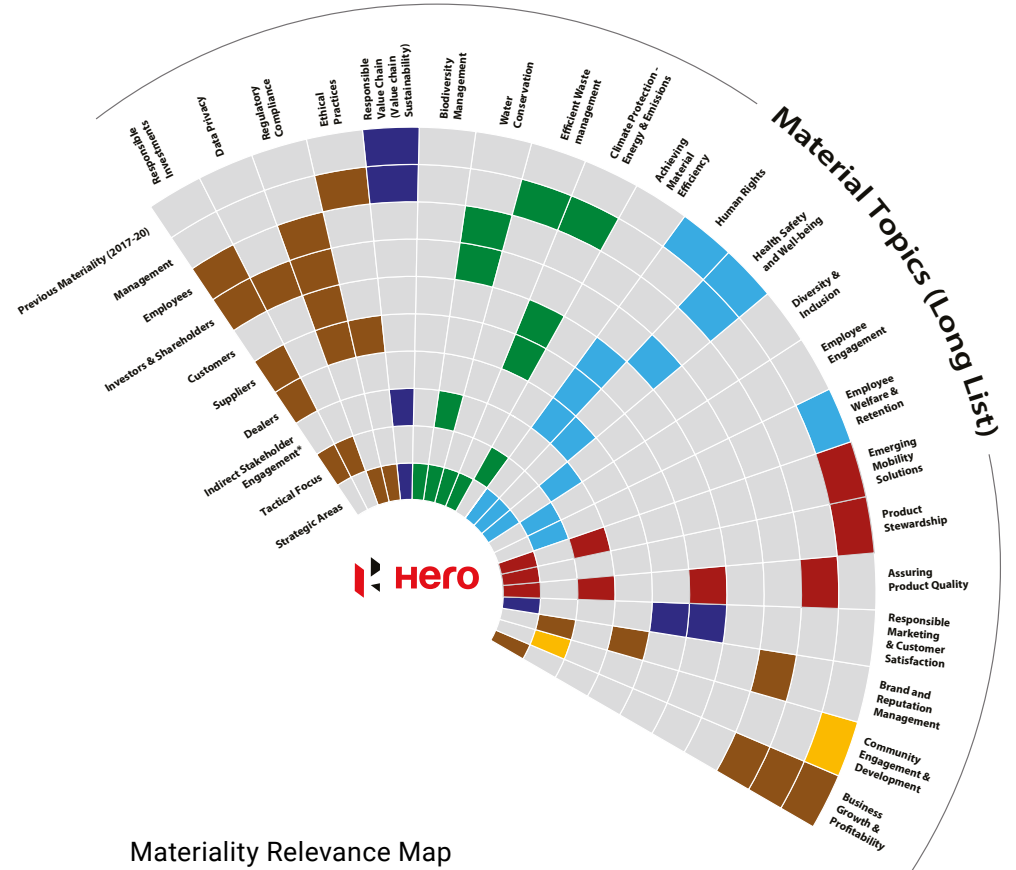
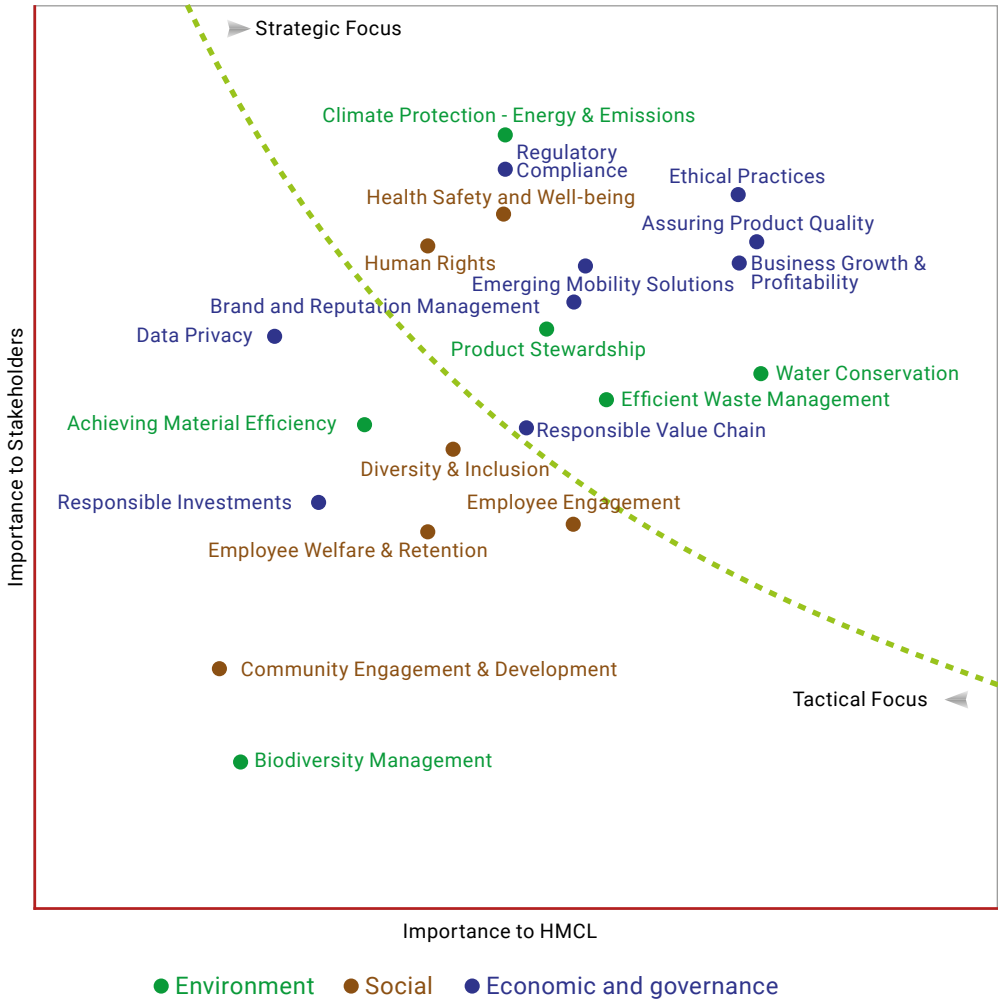


Government/Voluntary

Society of Indian Automobile Manufacturers (SIAM)
Automotive Component Manufacturers
Association of India (ACMA)
Confederation of Indian Industries (CII)

Company Overview

Materiality Matrix of Hero MotoCorp



Materiality Relevance Map



Company Overview

Materiality Assessment

Step 1

Materiality Analysis Process in Previous Years

A diverse set of stakeholders work closely with us ranging from investors, employees, supply chain, dealerships, customers, communities etc. A complex set of issues get discussed with each one of them during multiple interactions over the course of the year. The table underneath provides information on the same.

We conducted a fresh exercise on stakeholder identification and extended our previous list of stakeholders. Important areas of concerns raised by the stakeholders were mapped.

Some of the prominent topics that came for discussion by stakeholders are Road map for EV (Climate Change and Emerging Mobility), Regulation for End of life vehicles AIS 129 (Circularity); Flex Fuel Vehicles (FFV) (Climate Change); New Regulation and Battery testing (Emerging Mobility), Market Fluctuations (Supply Chain Sustainability). Some of the other areas of discussion are dividend distribution, rural urban penetration (market strategy), etc.

Material Indicators	Business-Value Chain
Air Emissions	Manufacturing, Value Chain including Transportation and Use Phase
Tailpipe Emissions	End Use of Vehicle, Fleet Emissions during Transport
Electricity Use	Manufacturing, Value Chain for EVs including Transportation and Use Phase
Use of Fuels	HSD, Propane, Natural Gas, Gasoline in Manufacturing, Value Chain including Transportation and Use Phase
Water Consumption	Manufacturing, Value Chain
Waste Generation	Manufacturing, Value Chain
Waste Disposal	Manufacturing, Value Chain and End-of-life vehicle
Waste Water Discharge	Manufacturing, Value Chain
Biodiversity	Life Cycle Impact
Materials	Manufacturing, Value Chain
Climate Risks	Manufacturing, Value Chain
Product Quality	Manufacturing, Value Chain, Sales and Marketing
Emerging Mobility	Manufacturing, Value Chain, Sales and Marketing
Ethics	Entire Ecosystem
Corporate Governance	Overall Governance
Employee health and Safety	Entire Ecosystem
Work-Life Balance	Entire Ecosystem
Product Safety	Use Phase and End-of-Life vehicle
Value Chain Stability and Reliability	Value Chain
Talent Acquisition and Retention	Across Organisation
Human Rights Issues	Entire Ecosystem
Use of Alternative Fuels for ICE	Manufacturing, R&D
Diversity, Equity and Inclusion	Across Organisation
Business Growth and Profitability	Across Organisation and value chain ecosystem



Company Overview

S. No.	Stakeholders	Consultations	Frequency	Topics discussed
1.	Employees We engage with our employees to create a workplace that is fair, innovative and growth oriented	Employee engagement survey	Once a year	Work life balance
		Performance review	Thrice in a year	<ul style="list-style-type: none"> Goals for next year; Developmental dialogue
		Learning and Development programmes	Monthly/Yearly	Upskilling, innovation
		Employee platforms	Thrice in a year	<ul style="list-style-type: none"> PACE: multiple milestones throughout the year; Annual activity to manage successors for critical platforms
2.	Customers We engage with our customers to understand their needs and adapt to cultural, geographic and other preferences	Green products	Regular	Incorporate green into the product strategy <ul style="list-style-type: none"> Online ecosystem App and website GoodLife eCard e-Enrolments e-Renewals GoodLife bonus points for Valid PUC
		Green programmes	Regular	Incorporate green across the entire value chain <ul style="list-style-type: none"> Digital Reimbursement e-Redemption Paperless referrals Online payments Online membership management
		Green awareness	Regular	Engage, excite and spread the need to go green <ul style="list-style-type: none"> Digital trainings. Digital awareness 'Did You Know' Series GoodLife Ka Dronacharya
		Green customer engagement Digital customer engagement campaigns	Regular	Scale up the customer engagement



Company Overview

S. No.	Stakeholders	Consultations	Frequency	Topics discussed
3.	Supplier Engagement with suppliers is to understand their concerns and ensure that our values are aligned towards people, planet and ethics	Supplier assessments	One time (Need based)	<ul style="list-style-type: none"> • Market fluctuations; • Core initiatives; • Awareness; • Risk mitigation; • Awareness on ESG and SPDP programmes
		Supplier events	Monthly	
		Capacity building	Need based	
		Supplier relationship teams	Daily	
		Supplier audits		
4.	Investor and Shareholders Our dialogues with shareholders and investors, ensures transparency and trust.	Annual General Meeting	Annual	Dividend distribution, strategies ahead and others
		Earnings call	Quarterly	<ul style="list-style-type: none"> • Industry demand environment • Upcoming launches • Segmental demand revival plan • EV roadmap • Finance penetration and others
		Investor one-to-one meetings	Multiple meetings every quarter	<ul style="list-style-type: none"> • Price elasticity • Competition intensity • Rural vs Urban share • Changes in market share and others
		Conferences and non-Deal roadshows	Multiple meetings every quarter	<ul style="list-style-type: none"> • Understanding automobile industry • Upcoming regulatory changes • Inventory levels and others
5.	Local Communities To have clarity on needs of the communities and how our CSR projects are creating impact	Impact reporting	Annual	Mostly regarding monitoring, evaluation, planning and overcoming challenges
		Ongoing dialogue	Regular	
		Employees engaged in social activities	Need based	
		Engagement with local NGOs	Regular	



Company Overview

S. No.	Stakeholders	Consultations	Frequency	Topics discussed
6.	International Organisations and Rating Agencies To understand global concerns on corporate sustainability, work for engagement and collective action	WEF		Climate change, Supply chain, Circularity
		CDP	Annual	Climate change
		UNW	Annual	Gender diversity
		DJSI/Sustainalytics	Annual	ESG areas
		Bloomberg	Annual	Gender diversity
7.	Regulatory agencies/ Sector associations To understand changes, concerns and to find mutually beneficial solutions	<ul style="list-style-type: none"> • Regulation for End-of-Life Vehicles (ELV): AIS 129; • Vehicle Scrapping Policy: <ul style="list-style-type: none"> – Registered vehicle scrapping facility – Fitness testing stations, • Bio-fuels <ul style="list-style-type: none"> – E10, E20, E85 • Hydrogen-powered vehicles; • EVs • New stringent norms <ul style="list-style-type: none"> – Stringent fuel economy norms – CAFE: Corporate Average Fuel Economy • Automotive Life Cycle Assessment Regulations for Cradle to Grave Emissions 	Regular	<ul style="list-style-type: none"> • Regulation for End of life vehicles AIS 129 • Flex Fuel Vehicles (FFV) • New regulation • Battery testing
		BRSR/Annual Report	Annual	Nine principles, Assurance-related matters for BRSR
8	Dealerships	Green dealerships	Regular	Evaluation and roll out of green dealerships
		Benchmarking of carbon emissions	Once	Energy and water audit

Materiality Assessment

Step 2

Peers Global Standards and Ratings: Impact Prioritisation

Peer information for the reporting year was updated, and looking at the global trends and peers, following topics appear to be the topmost priority for global and Indian automotive companies:

Climate Change, Supply Chain Sustainability, Human Rights, Diversity and Inclusion, Circular Economy (Materials), Emerging mobility. International forums such as DJSI, CDP are utilised by many automotive companies for disclosures, as is Gender Reporting on Bloomberg and other agencies, validating the findings of peer review, which offer heavy emphasis on emerging mobility, climate change and circularity.

In the Indian context, specifically for our geographies, and for our activities and business interests, some additional topics recognised are **Water, Waste and Occupational Health and Safety.**

Converging the topics from peer review and stakeholder engagement, the important material areas are **Climate Change, Supply Chain Sustainability, Human Rights, Diversity and Inclusion, Circular Economy (Materials), Emerging Mobility, Water, Waste and Occupational Health and Safety.**





Materiality Assessment

Step 3

Impact Mapping

Our business strategy and activities create an impact on economic, social, governance and human rights. These topics were assessed for risks and opportunities, keeping in focus current and potential impact. We would be taking direct input in coming years from our stakeholders on these topics.

Prioritising the level of each issue is carried out through understanding its relevance by business impact (financial, strategic, operational impacts) and social impacts (reputational impact).

Impact Mapping	Positive Impacts (Actual)	Positive Impacts (Potential)	Negative Impacts (Actual)	Negative Impacts (Potential)	Impact Significance
Climate Change	New product launch, which is a shift from ICE. Energy efficiency, Renewable energy enhancement enabling resilience, Flex fuels for products; Working on compatibility with E20.	Portfolio Diversification catering to mobility for a wide variety of customer needs. Resource Conservation. Lower tailpipe emissions by developing ethanol blended products.	None	Stranded assets in case of faster transition. Capex for alternative mobility solutions	Highly Significant, Potential to shift to a new product mix, Testing of new products in a wide variety of markets
Circularity	Push for Circular thinking. Higher Recyclability (> 95%) for both ICE vehicles and EV; Resource conservation	100% Circularity will change mindsets. Better resource conservation, reducing overall pollution	Some challenges in shifting mindsets from recyclability to actual use of recycled inputs, which is at 17%.	Status quo with linear economy affiliation. Challenges in EV Battery Circularity- it is Being worked upon.	Highly Significant
Diversity and Inclusion	Diverse perspectives and inclusion mindset. Board diversity achieved	Positive impact on society	Employee diversity across revenue functions and STEM fields is low	Continued challenges for getting qualified diverse employees in automotive sector, for achieving our targets. Focus also has to be on sensitisation for existing employees to enable inclusion.	Significant



Materiality Assessment

Impact Mapping	Positive Impacts (Actual)	Positive Impacts (Potential)	Negative Impacts (Actual)	Negative Impacts (Potential)	Impact Significance
Supply Chain Sustainability	Engagement with value chain partners: Tier 1: Number of Supply Chain Partners Assessed: 128; Number of supply chain partners signing sustainable procurement guidelines:100%	Virtuous cycle of equitable and responsible partnerships within our ecosystem. Net Zero target setting along with supply chain partners. Zero Waste commitment in supply chain. Water positivity across supply chain. Supply chain diversity and Human Rights targets achievement	None	Challenges in getting information from Tier 2 and Tier 3 Suppliers through our Tier 1 suppliers. Challenges to cover all critical suppliers. Investments in assurance of data	Highly Significant
Ethics	Good place to work for potential talent; brand perception with high NPS; No Human Right violations reported	Brand value enhancement; No Human Rights violations	None	Brand value erosion; Getting actual information on ethics from supply chain	Significant
Human Rights	Motivated Workforce; No Human Right violations reported	Business value achievement-Sense of Stewardship	None	Brand value erosion in case of any negative event in supply chain	Significant
Emerging Mobility	Successful EV variant launch, R&D focus on alternative, flex fuels, and Partnerships for enabling emerging mobility	Potential to be leaders in new age mobility	Capital Investments	Return on Capex; Buyer sentiment ambiguity, Frequent regulatory shifts	Significant
Occupational Health and Safety	Employee well-being, safety for all, No serious incidents, Zero Harm culture	Employee morale and positive reputation	None	None	Highly Significant

Governance



100%

Green dealerships by 2030

Pilot completed.

30%

Board diversity achieved

100%

Of our Direct Supply Chain Partner Groups signed the Sustainable Procurement Guidelines

201

No. of patents filed in 2023

Relevant SDGs



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS

WE ARE HERO

Governance

Business Ethics

Background

An organisation earns the trust of its stakeholders over years and Hero MotoCorp has worked on strengthening its approach over time.

Approach

Committed to carrying out our business in an ethical manner, we adhere to our Code of Conduct (CoC) and are in compliance with all the legal obligations. The eight principles in our CoC—Fiduciary Principle, Property Principle, Reliability Principle, Transparency Principle, Dignity Principle, Fairness Principle, Citizenship Principle and Responsiveness Principle—empower us to maintain standards of business conduct, and are instrumental in embedding the qualities of efficiency, responsiveness and consistency in our behaviour and decision making.

Compliance

We safeguard our status quo by behaving ethically and handling data and technology systems responsibly, while demonstrating transparency.

For this, we have a dedicated Secretarial team who, along with Finance and Audit team manage the ethical business operations of HMCL. Using the Compliance Insights Tool, helps us mitigate human errors and reduce compliance-related risks. It is a web-based self-assessment tool that proactively meets the legal and statutory obligations in place. We also have an independent third party that periodically updates the tool to incorporate the latest changes, and use a maker-checker mechanism where two individuals check every compliance factor. In addition, there are automated alerts to those responsible for



compliance activities, as well as a real-time dashboard with graphical reports for management. Regular training is provided to everyone who works with this tool. We consistently work to improve compliance discipline and culture throughout the company by raising awareness of the significance of 100% compliance. Our Company also has a Compliance Insight App for both Android and iPhone users, which allows the users to update their compliances.

Employee Training

It is mandatory for each and every employee of Hero MotoCorp to go through a virtual one-hour CoC e-module training annually. The training also includes education about the 8 pillars. Employees are put through a series of questions upon completion, and are expected to score a minimum 80% for annual sign-off. Our annual goal is to have 100% of our global employees, empowers, complete the training and certify to comply.



Governance

Business Security

As covered in HMCL's CoC, all employees are obligated to ensure the security of all confidential information available to them. To accomplish this, we have an Information Security policy in place to help employees understand the most effective way to handle sensitive data. Furthermore, we have a Chief Information and Digital Officer (CIDO) to manage the security of confidential information and data.

Protection

Compliance with the highest ethical standards is a critical responsibility of all the employees. We strongly encourage our employees to raise concerns regarding any violation of the Code and to report these immediately. To facilitate this, we have several channels using which employees, suppliers, and clients can report suspected ethical violations. Early identification and resolution of such issues are paramount in helping HMCL abide by its commitment to be one of the world's most respected companies.

Vigil Mechanism/Whistleblowing

In compliance with the SEBI Regulations, our Company has a Whistle Blower Policy that allows a whistleblower to approach the Ethics Committee/Chairperson of the Audit Committee by way of the Ethics Helpline established by our Company. An update is provided to the Audit Committee on the functioning of the whistle blower mechanism and the complaints dealt with by the Ethics Committee.

Our Company has various reporting channels including a toll-free number, e-mail, and a web hotline service (details are shared in our Whistle Blower Policy on Page no. 8. The Policy can be accessed on https://www.heromotocorp.com/en-in/uploads/code_policy/20200903060455-code-policy-95.pdf.

[com/en-in/uploads/code_policy/20200903060455-code-policy-95.pdf](https://www.heromotocorp.com/en-in/uploads/code_policy/20200903060455-code-policy-95.pdf). Our ethics hotline is managed by a third party and can be used by employees, directors, vendors, suppliers, dealers, etc. to report any violations of the CoC.

The Ethics Helpline prepares a report based on the information provided by the whistleblower and shares the same with the Ethics Committee within three business days. An investigation is then carried out to determine the authenticity of the allegations and for a fact-finding process, which takes about 45 to 60 days from the date of

receipt of the concern/protected disclosure.

Grievances

In FY 2022-23, 13 complaints were received through various reporting channels, and 1 complaint was carried forward from the previous year. Of this, 13 complaints have been investigated, the remaining 1 complaint is under investigation.





Governance

Board Structure

Independence of the Board

The Board comprises 50% Independent Directors. The Directors on the Board are persons of high repute, integrity and possess the relevant expertise and experience in their respective fields.

All the Independent Directors have confirmed in accordance with applicable Listing Regulations and Section 149(6) of the Companies Act, 2013, and the rules framed thereunder that they meet the independence criteria.

Board Membership Criteria

The Company has a duly constituted Nomination and Remuneration Committee which, inter alia, identifies and recommends persons who are qualified to become directors or appointed as part of senior management and reviews and recommends payment of annual salaries to the Executive Directors of the Company besides finalising their service agreements and other employment terms and conditions. The NRC takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages and also administers employee stock option scheme.

Corporate Governance

At Hero MotoCorp Limited, the emphasis is always on ensuring good conduct and governance by following transparency, fairness, integrity, equity and accountability in all dealings with customers, vendors, employees, regulatory bodies, investors and community at large. Our corporate governance is a reflection of us, our value system, work culture and thought process.

Hero always understand its responsibility toward its shareholders and all stakeholders. Hero has ensured that the governance framework is driven by the objective of enhancing long-term shareholder value without compromising on ethical standards, sustainability and corporate social responsibility. Our Company also places great emphasis on values such as empowerment and integrity of its employees, safety of the employees and communities surrounding its plants, transparency in decision-making process, fair and ethical dealings with all and accountability to all the stakeholders. We believe that corporate governance is not limited to merely creating checks and balances and it goes beyond the practices enshrined in the laws and encompasses the basic business ethics and values that need to be adhered.

Board Effectiveness

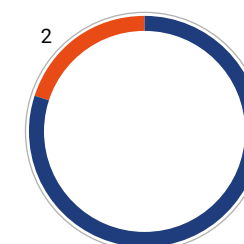
At Hero, we believe that a diversified, active and well-informed Board is necessary to ensure highest standards of corporate governance. The statutory and other significant and material information is placed before the Board to enable it to discharge its fiduciary duties keeping in mind the interests of all its stakeholders and our Company's corporate governance philosophy. In the context of our business and the industry in which we operate, the Board members have the appropriate skills/area of expertise/competencies.

Our Company regularly provides orientation and business overview to its Directors by way of detailed presentations by the various business and functional heads at Board meetings and through other interactive programmes. Such meetings/programmes include briefings on the



culture, values, business model, domestic and global business of our Company, the roles and responsibilities of Directors and senior executives. Besides these, the Directors are regularly updated about our Company's new projects, R&D initiatives, changes in regulatory environment and strategic direction.

Board Directors' Age Profile



■ 30-50 years

■ > 50 years



Governance

Average Tenure

Executive Directors are appointed for a term of up to five years. Independent Directors are appointed for a maximum period of five years, subject to a maximum of two such terms. Non-Executive Directors retire by rotation based on appointment in terms of applicable provisions of the Companies Act.

Board Industry Experience

S. No.	Skills/ Expertise/ Competencies	Board Members
1.	Automotive/ Mobility/ Product Development	Dr. Pawan Munjal Ms. Camille Tang Mr. Suman Kant Munjal Ms. Vasudha Dinodia Mr. Vikram S. Kasbekar
2.	Technology/ R&D	Mr. Vikram S. Kasbekar Ms. Camille Tang Air Chief Marshal BS Dhanoa (Retd.)
2.	Strategic Planning and Business Model Innovation	Dr. Pawan Munjal Air Chief Marshal BS Dhanoa (Retd.) Ms. Camille Tang Mr. Pradeep Dinodia Mr. Rajnish Kumar Mr. Suman Kant Munjal Ms. Vasudha Dinodia Mr. Vikram S. Kasbekar Prof. Jagmohan Singh Raju Ms. Tina Trikha
4.	Human Resources/People Management	Air Chief Marshal BS Dhanoa (Retd.) Prof. Jagmohan Singh Raju Mr. Rajnish Kumar Ms. Tina Trikha Ms. Vasudha Dinodia

S. No.	Skills/ Expertise/ Competencies	Board Members
5.	Corporate Governance, Regulatory and Public Policy/ ESG	Dr. Pawan Munjal Mr. Pradeep Dinodia Mr. Rajnish Kumar Ms. Tina Trikha Prof. Jagmohan Singh Raju
6.	Accounting and Financial Expertise	Air Chief Marshal BS Dhanoa (Retd.) Mr. Pradeep Dinodia Mr. Rajnish Kumar Ms. Tina Trikha
7.	Global Perspective	Dr. Pawan Munjal Ms. Camille Tang Prof. Jagmohan Singh Raju Ms. Tina Trikha Ms. Vasudha Dinodia
8.	Consumer Sales/Marketing	Dr. Pawan Munjal Ms. Camille Tang Prof. Jagmohan Singh Raju Mr. Rajnish Kumar Mr. Suman Kant Munjal Ms. Vasudha Dinodia

Note: 1. The most relevant top five competencies of a Director have been reported, while a Director may possess diverse/multiple skills in addition to the reported ones.

2. Details regarding the Board Committee can be found in the Hero MotoCorp Annual Report 2022-23



Governance

Responsible Business: Business Profitability and Growth

Business Profitability and Growth

In line with our commitment to 'set global benchmarks, achieve and sustain leadership in quality whilst creating a sustainable future', we have continued our journey towards Enterprise-wide Quality in FY 2022-23. From improving our customer experience by developing next-gen mobility solutions and providing higher quality of products to developing a highly agile future-ready organisation in this VUCA world, we undertook a plethora of initiatives across our value chain in the last year.

Having set up an independent Quality function in 2020, we further strengthened our **end-to-end integrated quality organisation structure** with the addition of new verticals with dedicated focus on:

- **Design Quality:** Responsible for product design maturity and robustness
- **EV Quality:** For end-to-end quality of EV product line: Design, development, testing and validation, supplier quality, manufacturing quality, and market quality
- **Proprietary Controls Management:** To strengthen proprietary part controls, processes, and practices in order to mitigate quality risks

These introductions will not only ensure a higher quality in existing product lines but also set the base for world-class quality in next-generation premium products planned in the coming quarters.

Our customers lie at the heart of each and everything we do. Keeping in view, our aim to become a global market leader and consequent foray into new international

markets every year, it becomes quite essential to understand the customer base in each geographical region so as to be able to serve their needs and wants in the best possible manner. Project Gold, led by a dynamic team of individuals from across the organisation, is one such initiative to understand in the depth the exact usage and expectations from a two-wheeler as an instrument of mobility across different regions of the globe.

Quality Culture

In our ardent pursuit of excellence and making quality a strategic advantage for Hero, we have adopted a multi-pronged approach to sensitise every stakeholder and promote a culture of quality across our entire value chain. Every year, we conduct multiple activities to raise awareness and improve the capabilities of individuals at Hero MotoCorp, as well as that of our extended value chain partners.



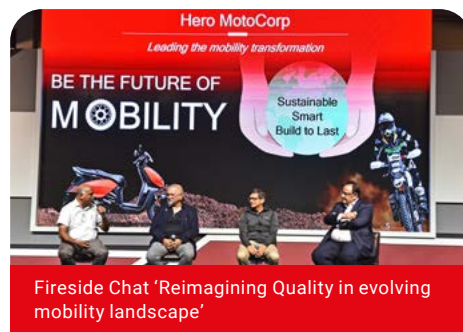
Governance

Hero QUEST: World Quality Month

Hero QUEST (Quality Excellence for Sustainable Transformation) initiative celebrated the Quality Month in FY 2022-23 by actively engaging the entire value chain throughout the month. The Hero Quality Symposium 2022 was the flagship event for this year's celebrations. The power-packed session highlighted the importance of quality as a sustainable business strategy across the entire value chain. An engaging skit was showcased the Halol team to raise awareness about the concept of Quality Culture. The event also saw a rapid-fire round with COO and CHRO, a keynote session by an external speaker on 'Driving Excellence Deep into an Organisation', and a Fireside Chat and Panel discussion with the leadership on the industry's and quality's evolution over the years along with their perspective on what the future will look like.



COO and CHRO address



Fireside Chat 'Reimagining Quality in evolving mobility landscape'

Concluding the Symposium on a high note, Executive Chairman Dr. Pawan Munjal inspired the audience with his



Executive Chairman Dr Pawan Munjal's address



Organisers with Dr Pawan Munjal and Leadership team

words, reiterating the organisation's priorities for the next decade in line with Hero's vision of 'Be the Future of Mobility'.

Quality Sensitisation and Awareness

HMCL organised a multitude of activities to engage and sensitise the staff as well as blue-collar employees. These activities included R&D team visits to plants, training on IMS, core quality tools and concepts, Black Museum, Know Your Product, pop quizzes, Measurement System Olympiad, Quality Antakshari, Quality Nuggets, Millipore Week at Engine Critical Suppliers, Poka-Yoke validation drives, and visits to the Haridwar plant. These activities gave relevant information about our products, processes, and systems, as well as about the major quality aspects associated with them. They also helped to improve the quality quotient of our employees and promote healthy competition within the organisation.



Quality Awareness Museum

Governance



Opening Ceremony CIT

HMCL also expanded the scope of quality awareness and sensitisation activities to our channel partners. The Sales and After-sales (SAS) team conducted numerous activities aimed at improving customer experience by enhancing the problem-solving capabilities of our employees and that of our Dealers and ARDs. Competitions like



Quality Awareness Skit

'Just Do It', 'QC Project Competition 2.0' and 'Quality Idea Contest' were held to generate ideas for quick yet effective solutions to ground-level issues. A 'Driven to Digital Quality' campaign was also rolled out with special focus on improving the impact of our channel partners' on social media handles. During this campaign, detailed



Q Arena

guidelines for setting up and managing the social media pages/customer interactions were shared with our channel partners and the best-maintained social media accounts were recognised towards the end of the drive.



Governance

Learning by Sharing: Quality Colloquium

The quality team continued the success of last year's monthly theme-based engagement sessions called 'Quality Colloquium' this year. The topics covered cultural development (Diversity and Inclusion, Openness and Transparency, and Challenging the Status Quo for

a Better Future) and personal development (Igniting Innovation, Let's Be the Better Version of Ourselves, and Building Effective Work Relationships). These sessions were not just platforms for knowledge-sharing, but also opportunities for employees to showcase and hone their

public speaking, communication, and innovative skills. The team will continue to strive towards excellence and design more innovative initiatives to fuel their journey towards enterprise-wide quality and to bring delight to all stakeholders.





Governance

Products, Processes and Systems

Flex-fuel Compatible Products

The Government of India's Ethanol Blending Programme (EBP) aims to reduce the nation's dependence on other countries for petroleum products, support the indigenous sugarcane industry, and control pollution caused by the combustion of petroleum-based fuel. The target for ethanol blending has increased progressively over the years, and India has already achieved its target of Pan-India 10% ethanol blending in June 2022. The government has now set a revised target of rolling out E20 blended fuel across the nation by 2025.

A higher concentration of ethanol blending with petrol in automotive fuel is beneficial due to the reduced hydrocarbon, carbon monoxide, and other harmful emissions. It will also be cheaper for customers. However, the use of flex-fuel in vehicles means that OEMs have to make their products compatible with high concentrations of ethanol in the fuel. Hero MotoCorp has been at the forefront of the flex-fuel initiative since its inception, and has developed solutions to make all its products compatible with the E20 fuel well before the 2025 deadline. The company is also working closely with the government to explore other possible options for blending with petroleum products.

Supply Chain Excellence

To enhance the capabilities of our supply chain network, we undertook multiple initiatives. These initiatives included sustenance audits for process improvements, digitisation for automated monitoring of Critical to Quality parameters at supplier end, 4M restoration

projects, launch of revised Quality Manuals for our SCPs, improvement of proprietary parts quality through process benchmarking, establishment of green processes resulting in reduced use of hazardous chemicals, energy and water conservation at the supplier end, traceability of functional parts to mitigate risks associated with product recalls, and organisation of sensitisation workshops for our Tier 2 supply chain partners in close coordination with our Tier 1 suppliers.

The goal of these initiatives was to improve the quality, efficiency, and sustainability of our supply chain. We believe that these initiatives will help us to better serve our customers and to achieve our business goals.

Strategic Initiatives

The Quality Champions at HMCL have been actively driving the realisation of the leadership's vision of enterprise-wide quality across the company's value chain. They have ensured strategic synergy across the organisation through Hoshin Kanri and other transformational initiatives. They have also launched numerous digital inventions, such as analytical dashboards for real-time monitoring of quality performance parameters, digital audit applications, and AI vision for export packaging. These initiatives have helped to unlock organisational excellence within the context of Industry 4.0. This integrated, system-wide approach leverages existing and incoming processes, data, and available technologies to ensure quality, improve performance, reduce costs, and optimise supply chains.





Governance

Risks and Opportunities

At Hero MotoCorp, working towards our vision means proactively preparing for the upcoming challenges, material issues or risks from external factors that our Company could face over short, medium and long term. Our structured and collaborative process enables us to bring comprehensive visibility to the challenges we face and their impact on businesses and the community at large. Our approach has been designed to identify the limiting factors we face and determine which factors are priorities or opportunities for the future.

Risk Governance Framework

Strong risk governance focuses on risk acknowledgment, responsibility, and transparent processes for risk-based escalations and delegations.

At Hero MotoCorp, risks are assessed to determine their probable consequences and likelihood, to enable priority setting, and to identify risk mitigation strategies. Hero MotoCorp manages company-wide risks addressed by a central Risk Management Committee (RMC). The Committee advises the management team on the risk management system. Our robust risk governance drives performance through risk-based decision-making that balances value creation and asset protection.

Sensitivity Analysis and Stress Testing: A business continuity plan and crisis management plan is crucial for any company to survive and recover from disruptive events. Our Company is committed to developing this and works with an external expert to refresh our crisis management documents. By doing so, we ensure that our plans are up-to-date, comprehensive, and effectively address the challenges that could emerge in the ever-changing business landscape.

In addition to updating documents, our Company has put in the effort to put the plans to test with real-time use cases such as the pandemic-induced lockdowns and other challenging events such as the chip shortage, the impact of which we navigated and became the first to restart production. By doing so, we get an opportunity to identify the areas that need improvement and refine the processes to ensure we can continue to provide critical services to customers. This proactive approach is a testament to the high level of commitment to our customers and stakeholders.

Finally, our Company has also stress-tested scenarios, which shows our dedication to ensuring we are well prepared for any eventuality. This helps us identify potential weaknesses in our plans, address them before they become a problem, and improve the overall resilience. Overall, our Company has demonstrated a high level of commitment to our customers, stakeholders, and the community by prioritising business continuity and crisis management planning.





Governance

Risk Governance and Feedback Loop

Hero MotoCorp has operations in numerous locations, making us prone to be affected by the global and regional trends in the automotive industry, including changing policy scenarios, stricter business environment and regulations, and fluctuating fuel and commodity prices.

Risk management is a collaborative process and integrated mechanism at Hero MotoCorp. The Board, through the Risk Management Committee (RMC), is responsible for the overall risk management process, supported by the Enterprise Risk Management programme. The programme helps the Company's business units and corporate functions address opportunities and attend to risks through an institutionalised approach.

The RMC takes its input from Risk SteerCo, which comprises senior leaders from the company and the Head of Risk. The team led by the Head of Risk then works with functional teams where Risk Officers are identified as the single points of contact (SPOC) for a deep dive into functional risks. Organisational risks are identified and noted in the organisational risk register, coming from a range of sources such as external environmental factors, benchmarking, business risks, board meetings, and operational processes. These are all assessed through a solution-oriented lens.

Risks are updated through a structural exercise conducted annually to keep them current. The RMC shall have oversight on the management team of the Risk SteerCo who shall implement the same through the risk team and functional SPOCs.

The risk management process is further strengthened through independent audits which is carried out by an separate, independent function in the Company. The overall approach to managing risk focuses on cross-functional involvement and communication across businesses.

SPOCs across various functions collate and participate in sharing inputs for the risk register while also extending the support needed in identifying and implementing risk mitigation measures. Focused training on risk management allows employees to proactively identify and report potential risks through a structured feedback mechanism that is rolled out across the organisation.

To deal with the vast range of threats, we are continuously developing processes to identify, assess and manage risks through technology, process reviews, engineering interventions, and administrative mechanisms.

Managing Emerging Risk

The Risk Register lays down the critical risks that Hero MotoCorp faces. These have been identified through a structural bottom-up exercise with the functions and top-down exercise with the Company's leadership and in discussions with the RMC as well as through external inputs.

Each of the identified risks have mitigation plans, which are under implementation in parallel. The activity of identifying new and emerging risks is carried out both as a periodic (annual) as well as event-based activity whereby they are classified based on the threat levels they entail. These are then worked upon through mitigation plans as well.





Governance

Emerging Risks Landscape

	Identified Risks	Potential Impact	Opportunities	Mitigation Measures
Economic	Potential cyberattacks and data leaks	Cyberattacks can lead to loss of valuable information, unauthorised access to data systems and other events of intrusion	HMCL strengthened its IT infrastructure by scaling up the system security across locations	Deployed measures including Next Gen Security Operations Centre, Vulnerability Management Programme, Data Governance, Cloud Access Security, Enhanced Endpoint Security, and renewed its cyber-insurance
	Geopolitical risks in operating markets	Decline in sales, impact on earnings before interest, taxes, depreciation and amortisation (EBITDA) margins	Concerted localisation efforts make HMCL a part of new value chains in addition to the existing one	Intelligence on local developments and a highly agile global business team
	Recurrence of COVID-19 in HMCL's export markets	Decline in demand due to lockdowns, negative sentiment	Support the global business with additional markets beyond the existing ones	HMCL plans to enter new markets
Environmental	Managing the shift from internal combustion engine (ICE) vehicles to Electric Vehicles (EVs)	EV sales impacting the traditional ICE volume	Explore new business models—Battery as a Service, Vehicle as a Service, etc. Develop charging infrastructure	Launched VIDA powered by Hero. Much-anticipated launch of Hero's own, premium, differentiated EV product, with multiple industry firsts including removable battery, during the year. Investment in Ather Energy, Partnership with HPCL, BPCL to create an ecosystem
	Rising pollution levels	Public transport and shared mobility solutions are taking over private modes of transportation, impacting sales volume	Shared mobility opens new revenue streams by encouraging OEMs to develop targeted products and innovate business operations	In-house team is working to explore new business models to create value for the customers and the organisation
	Depleting Air Quality Index	Prolonged exposure to poor air can lead to ailments such as accelerated ageing of the lungs, bronchitis, asthma, etc.	Give back to society by planting more trees	Happy Earth Initiative—2.47 million trees planted
	Operation in water-stressed regions	Low production and eventually shutdown	Utilise technology and low water consumption initiatives	Enhanced efficiency of existing recycling facilities, increased reuse and recharging of groundwater through rainwater harvesting Achieved 405% water positive facilities against a target of 500% by FY25.

Governance

	Identified Risks	Potential Impact	Opportunities	Mitigation Measures
Social	A shift in spending patterns	Customers wanting to delay certain discretionary purchases	Identify ways of delivering greater value to customers	Multiple new launches planned across segments to deliver value to the customer Attractive offers planned for customers Subvention finance schemes (Low Rate of Interest)
	Employee Health and Safety	Staffing may stay out of the workforce for an extended period, directly impacting planned production	Development of preventive and well-being measures that raise the overall health quotient of the organisation	Proactive and scheduled health check-ups Enhanced medical assistance and strict work protocols
	Black swan events	Unprecedented event such as the pandemic, and customers may not buy due to safety, economic, sentiment concerns	Explore innovative ways of creating value for customers	Launched e-shop portal Enabled digital payments at dealerships, online document collection facilities, etc.

Note: Risks are identified as per the priorities





Governance

Risk Culture at HMCL

Establishing a robust organisational risk culture will help employees make decisions in line with company strategy. At HMCL, a strong risk culture is present throughout the organisation, and it helps us navigate potential threats and take advantage of opportunities as they arise.

Various initiatives are taken to create a strong risk culture at HMCL

Training between the risk team and employees, it creates awareness and helps employees to manage and mitigate threats

Remain close to the business to monitor effectiveness of training

Using technology to boost transparency and track progress

Illustrating how risk management can assist in fostering better decision making

Tax Strategy

The vision of Hero MotoCorp is to 'Be the Future of Mobility', and we do all that will help us achieve this goal and this includes, meeting our tax commitments, abiding by local and international tax regulations, and being open about what we spend and where we spend it. Our Company publicly discloses financial and tax data for each tax jurisdiction across geographies in accordance with the applicable local securities and tax regulations.

Robust tax accounting arrangements are maintained to ensure accuracy and compliance with regulatory requirements. It is also ensured that the departments involved in the tax processes come with the necessary skill set and are supported by other departments when required.

Tax Transparency

Being open about taxes we pay to governments develops trust with our stakeholders, including our shareholders, employees, customers, and the communities in which we operate.

Our Company is dedicated to being a compliant taxpayer and works closely and continuously with experts, auditors, and tax authorities to ensure that we abide with tax laws, pay and report our taxes on time, and have open and

constructive conversations with all stakeholders, including the government and tax authorities.

Taxes are significant sources of government revenue and are essential to a nation's fiscal policy and macroeconomic stability. Paying taxes allows governments to fund and carry out national development objectives for the benefit of the larger community, promoting sustainable economic growth, full and productive employment, lowering poverty and inequality, both within and across countries.

Tax Risk Management

Our highly qualified corporate tax team including a consultant is fully committed to adhering to tax rules and it clearly outlines the responsibilities and tasks related to tax filing and payment.

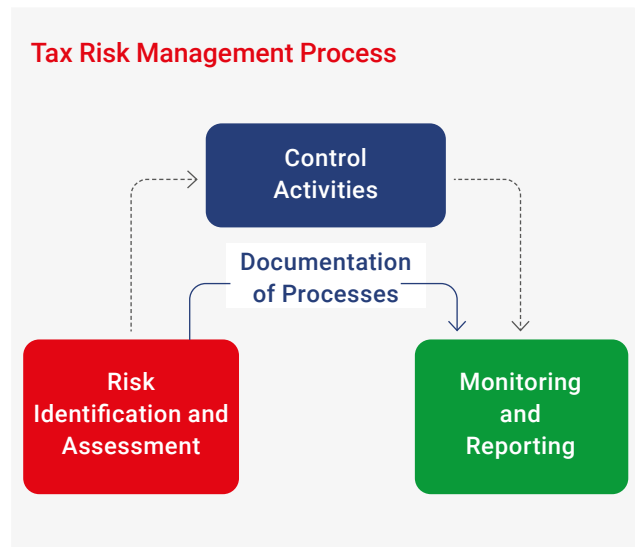
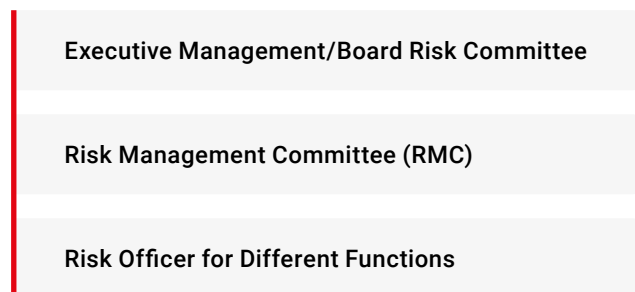
Hero MotoCorp evaluates and manages tax risks in all business-related areas, such as trade of products and entry into new businesses.

Tax Risk Governance Framework

Risk SteerCo comprising the top Company executives, including the Chief Risk Officer (CRO), provides advice to the Risk Management Committee (RMC). The CRO-led

Governance

risk team then collaborates with functional teams where risk officers have been designated as Single Points of Contact (SPOC) for a deep dive on functional risks.



Cyber Security and Data Protection

We do everything to protect and secure the data of our stakeholders. We take our responsibility seriously to safeguard data protection, security, and privacy.

In parallel with the growth of digital system (IoT) and the creation of new value, cyberattacks are now more frequent and expanding their scope beyond the traditional IT sector. Cybersecurity and data protection are top objectives for Hero MotoCorp. Our Company has a cross-functional team of experts who are committed to ensuring the cybersecurity of our corporate systems and processes through initiatives like threat monitoring, design improvements, and vulnerability management.

Hero MotoCorp understand that the protection of the personal or sensitive information it receives from clients, partners in the value chain, and employees is its most valuable asset, and the safety of that data is paramount.

HMCL is classifying the data based on their severity and implementing the security measures accordingly like access management, encryption/masking, data retention and destruction mechanism, log management and 24x7 monitoring via SOC SIEM solution.

In 2022, the Company appointed a Chief Information and Digital Officer to strengthen its initiatives such as IT-related infrastructure, strategic planning, aligning digital strategies including the usage of new-age technologies, this demonstrating our commitment to protecting customer and company data.

For identifying and handling cybersecurity and data privacy risks, the Company has undertaken its CASB and EDR journey, WAF, business continuity/contingency strategies. HMCL has also 24x7 SOC SIEM Monitoring Centre to track all critical assets as well as cloud workloads and gather information on data breaches/ cybersecurity incidents.

The Company understands the importance of cybersecurity awareness and conducts sessions on regular basis for employees. These sessions help minimise risks thus preventing the loss of PII, IP and brand reputation. An effective awareness training programme addresses the cybersecurity mistakes that employees may make when using email, the web and in the physical world, such as tailgating or improper document disposal.





Governance

Value Chain Sustainability

As an organisation, Hero MotoCorp has taken several steps to be a sustainable business, and we believe that integration of sustainability in the supply chain is crucial in achieving long-term sustainability.

At HMCL, we have taken concrete actions to improve environmental, social, and economic aspects of our value chain as it has a significant impact on our business growth. Our targets for the value chain are spread across governance, environmental and social areas.

The Sustainable Partner Development Programme

The Sustainable Partner Development Programme (SPDP) is a collaborative initiative with our supply chain partners to ensure effective operationalisation of sustainability, with a clear outlining of responsibilities and processes. The SPDP initiative will help Hero MotoCorp accomplish its sustainability aspirations through effective deployment of a monitoring mechanism and will also cement the brand image and reputation of its supply chain partners. We place a high importance on working with sustainable suppliers who respect both human rights and the environment, throughout our supply chain. The programme will help build a cadre of sustainable supply chain partners to ensure business continuity across the supply chain, zero harm to our planet and equity among people.

This positive intent has helped us identify 128 supply chain partners for SPDP. High business volume, single-source, and non-substitutable suppliers are selected for the programme.

SPDP Strategy



Sensitisation

- Baseline Assessment
- Capacity Building
- Safety Culture Sensitivity
- Compliance Management Tool
- Sustainable Procurement

Short Term



Transformation

- Strategy on Carbon Offset
- Strategy on Diversity and Inclusion
- Water Conservation Measures
- Water Positive Certification
- Zero Liquid Discharge Certification
- Policies and Codes of Supply Chain Partners (SCPs)
- ISO 45001 Certification
- ISO 14001 Certification

Medium Term



Resilience

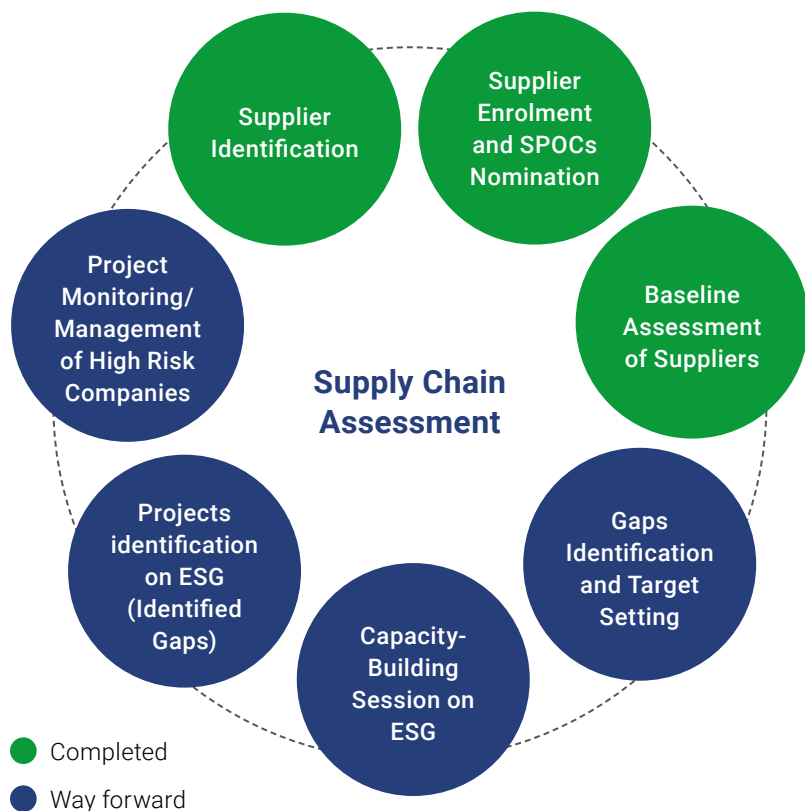
- Ethical Risk Assessment of Supply Chain Partners and Gap Analysis
- Human Risk Due Diligence and Risk Assessment of Supply Chain Partners
- Carbon Neutral Journey
- Disclosure in various ESG Rating Platforms

Long Term

Governance

Supply Chain Assessment

The identified supply chain partners were enrolled in the SPDP and designated a SPOC. Following this, an awareness session was organised with the SPOCs to communicate the need and objective of the programme. The HMCL Supply Chain Management (SCM) team in collaboration with the Core Sustainability Team and external partners developed a baseline ESG assessment questionnaire that was shared with the SPOCs for their responses.



Category	No. of Suppliers Identified for SPDP	No. of Nominations Received for SPDP
Chassis	27	27
Engine	22	22
Frame	25	25
Plastics	07	07
Proprietary*	47	47
Total	128	128

*Critical Parts Suppliers

Awareness Sessions Organised	No. of SCPs Attended the Awareness Session	Baseline Assessment Questionnaire Submitted
Session 1 – 15th Dec	52	52
Session 2 – 5th Jan	23	23
Session 3 – 20th Jan	30	30
Session 4 – 22nd Feb	23	23
Total SCPs	128	128



“A diverse supply chain fosters creativity encourages local economies, and forges partnerships that transcend cultural barriers.”

Anupam Kumar
Core Sustainability Team



Governance

Selected Assessment Indicators

As part of the way forward, capacity- building sessions for suppliers will be conducted to raise awareness and strengthen their knowledge around sustainability.

S. No	Indicator	No. of Suppliers	Percentage (%)
1.	Suppliers Acquired ISO 45001 Occupational Health and Safety Management System Certificates	100	79.4
2.	Suppliers Acquired ISO 14001 Environmental Management System Certificates	101	80.2
3.	Suppliers with Environmental Policy	121	96
4.	Suppliers having whistle-blowing mechanism to report on code of conduct/policy breaches	114	90.5
5.	Suppliers who provide work-related stress management advice and assistance to their employees	98	77.8

Sustainable Procurement Guidelines

HMCL has also developed a Sustainable Procurement Guideline to ascertain that supplier actions are in accordance with our objectives.

The Sustainable Procurement Guideline covers various aspects of ESG including Quality and Delivery of Products and Services, Environmental Protection, Human Rights Issue, Code of Conduct, Legal Compliance, and Confidentiality and Protection of Intellectual Property.

The fact that **100%** of our direct supply chain partner groups signed the Sustainable Procurement Guidelines agreement tells us that there is a shared ethos of acting responsibly and adhering to the stated guidelines at their own company as well as across their supply chain partners. The partners also agreed for periodic reviews on these criteria through submission of documents and site inspection, as directed by Hero MotoCorp.

Risk Exposure in the Supply Chain

Owing to the global conflicts such as Russia-Ukraine, and before that COVID-19, Supply Chains globally are impacted. On the other hand, market fluctuations overlap with inherent supply issues to create variance in demand, and hence supply. Managing these risks through deploying technology, closely working with supply chain, is helping in warding off these issues in a timely manner.

Supply disruption, cost volatility, non-compliance fines, and other such incidents see organisations incur massive losses with an impact on brand and reputation as well. Thus, supply chain risk management is a top priority for Hero MotoCorp.

The variance in supply, demand, processes, and environmental ecosystems causes operational risk in the supply chain. HMCL is continuously identifying and managing the risk to create a supply chain that is resilient and able to adapt to today's fast-paced, constantly-changing environment.

Managing Risk in Supply Chain

The HMCL supply chain risk management strategy uses a structured review process that includes supplier risk identification, quantification, mapping, and solutions to analyse and mitigate business interruption risks and promote the sustainability of the supply chain ecosystem.

We conduct frequent discussions and meetings with suppliers to facilitate their development. Team knowledge and capability enhancement are carried out at each supplier end by ensuring improved accountability at the Function Head level to sustain and improve performance.



Governance

Our Company also conducts Joint Guidance Co-Sharing Cluster meetings. Through these initiatives, we aim to benchmark the best practices worldwide for business sustainability and sensitise our partner organisations about the impact they have on a global level.

Periodic visits of our Company's authorised representative to the supplier base is another way we ensure compliances are met, where ESG risks are addressed, and extensive due diligence on ESG parameters is undertaken.

Hero MotoCorp has defined a process whereby high volume/single-source and non-substitutable suppliers are identified and classified as critical suppliers.

HMCL is cognizant of the fact that diverse and inclusive value chains are more competitive, able to stimulate innovation, act as entryways to new markets, and create socio-economic impact in their operating locations. Our company works to achieve equitable and sustainable Value chain goals that demonstrate our diverse supply base's long-term resilience.

De-risking Strategy for Critical Suppliers

Multi-sourcing plans are also in place for essential technology components and are managed using de-risking strategies like the Plan for Every Part (PFEP) programme.

Fire and Safety Compliance Audit

A comprehensive fire and safety audit has been formulated to evaluate, identify and minimise the risks.

A total of 112 SCPs manufacturing facilities of critical direct and Tier-I SCPs have been audited. A total of 3,578 risks were identified, out of which 83% are now closed. This helps in mitigating the risk exposure of the SCPs.

Conflict-Free Mapping IMDS

Hero MotoCorp is making efforts to ensure that no purchase of any parts or components derived from resources come from conflict regions. Our company has established the International Material Database System (IMDS) as the screening tool for all parts and components to accomplish this.

Supply Chain Compliance

We set high standards for excellence and ethical conduct for our suppliers, who must act in accordance with our principles and values.

Our sustainable procurement guidelines, as well as the procurement agreements, establish expectations regarding ethical, social, commercial and environmental practices.

Our terms and conditions explicitly prohibit the use of any form of child labour or forced labour, mistreatment of employees and unethical business practices.

We take protecting human rights seriously and ensure that our vendor network is held to the same standards. Our focus on sustainability impacts our procurement decisions, where any violations of our sustainable procurement guidelines would be dealt with promptly, including the termination of the business relationship in question.

Utilising Local Potential

Local procurement is one of the key components of our sourcing strategy, and we procure materials 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 micro, small and medium enterprise (MSME) industries



Governance

Green Dealership

Channel Partners play a significant role in taking forward the sustainability journey of an organisation. We have initiated our Green Dealers Development Programme (GDDP).

The Green elements have been planned for all the upcoming and existing dealerships. We have devised our elements in the sub-group of Green Energy, Green Product and Green Process for Green Dealership.

- In Green Energy our focus will be to strengthen the monitoring system to reduce energy consumption (Smart lighting system, Air compressor) and deployment of Renewable Energy (RE) in the process.
- In Green Products, our focus will be to use sustainable and energy saving material (LED lights, BEE 5-star certified ACs, BLDC Fans, etc.). Recycle and reuse water through Effluent Treatment Plants.
- In Green Processes, we will encourage the processes at dealers such as paperless transaction. Promoting dry wash in place of water wash, proper waste segregation and diversion mechanism, disposing used lube oils in sustainable manner.
- Based on the scale of implementation of the Green Elements, we will further evaluate the dealerships into various categories.



GREEN ENERGY



GREEN PRODUCTS



GREEN PROCESS



Pilot completed for Green Dealership at Haldia, West Bengal



Governance

Innovation Management

Total Number of Patents Filed

At Hero MotoCorp, we are committed to driving innovation and developing cutting-edge technologies that contribute to a sustainable future. Our dedication to research and development is reflected in the significant number of patents that we have filed during the FY 2022-23.

In FY 2022-23, we filed a total of 201 patents, demonstrating our commitment to staying at the forefront of technological advancements in the automotive industry. Vehicle design, engine innovations, and environmentally friendly solutions are just a few of the many topics covered by these patents.

Our Company has filed a total of 62 patents focused on ICE vehicles, 18 patents for EVs, and 121 patents for both. The ICE patents demonstrate our commitment to improving the environmental impact, performance, and efficiency of conventional internal combustion engines. The EV patents show our dedication to environmentally friendly transportation and the electrification of the auto sector. The patents for both ICE and EV vehicles represent our holistic approach to technology development, where we aim to bridge the gap between conventional and electric vehicle technologies. By leveraging common solutions, we can optimise the efficiency and performance of both types of vehicles, enabling a seamless transition to a greener future.

Carbon Optimisation through Unique Technology

Hero MotoCorp is committed to sustainability and minimising its environmental impact. Our Company has developed unique technologies in its products that contribute to carbon reduction and promote greener alternatives. For example, Hero MotoCorp uses low rolling resistance tires for commuter bikes, which reduce friction and improve fuel efficiency, resulting in lower carbon

emissions. Our Company's flagship product, the VIDA V1, is even greener than traditional internal combustion engine (ICE) scooters, with a 35% smaller carbon footprint during manufacturing. By integrating innovative technologies and sustainable practices, Hero MotoCorp is addressing climate change and promoting a greener future.



Governance

Key Policies

Related Party Transactions Policy

Environment Policy

Occupational Health and Safety Policy

Policy For Prohibition, Prevention
And Redressal Of Sexual
Harassment At Workplace

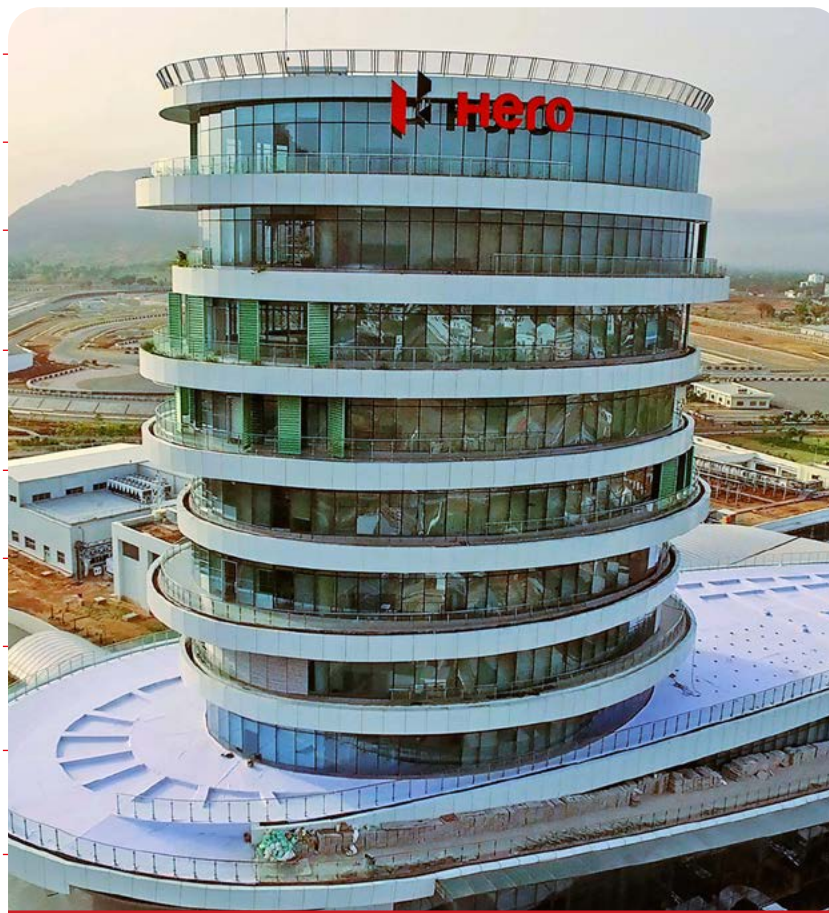
Corporate Social Responsibility Policy

Remuneration and Board Diversity Policy

Whistle Blower Policy/ Vigil Mechanism

Policy for Determination of Materiality
for Disclosure of Events Or Information

Preservation of Documents and Archival



Dividend Distribution Policy

Policy on Material Subsidiaries

Code of Conduct

Code of Practices and Procedures of
Fair Disclosure of Unpublished Price
Sensitive Information

Quality Policy

Sustainability Policy

Compliance

Risk Management Policy

Details regarding the Key Policies can be found in the below mentioned link:
<https://www.heromotocorp.com/en-in/key-policies.html>



Environment



100%

Carbon neutral operations by 2030

39% Carbon neutral operations

100%

Waste neutral facilities by 2025

87.5% Waste neutral facilities

500%

Water positive facilities by 2025

405% Water positive facilities

17%

Reduction in carbon emission intensity
(Scope 1 and 2) from FY22

Relevant SDGs



Environment

Our Approach on Climate Action and Sustainability

With 'Do No Harm, Do All Good' as a mantra, it is incumbent upon us to identify core themes which address environmental issues, not only in our own operations, but also our value chain. It is important to tackle these issues in a wholesome manner, through the lens of finding holistic solutions rather than each of these addressed in silos.

From a holistic solutions approach, two themes emerge for us, which require a sharp focus. These are Climate Action and Circularity.

Circularity starts with sustainable procurement and ends with closing the loop for any resource, while Climate Action is about taking concrete actions towards mitigation and adaptation.

Climate change is the gravest challenge that humankind is facing and what is at stake is not our own-kind alone but the fate of the entire planet.

Climate Action

As a leading automobile Company, we have to manage the transition to a new world order where ICE may not be the mainstay for transport but where shared, electric, alternative and digital become a norm. At the same time, considering that irreversible damage to climate patterns may happen nevertheless based on the randomness of how the Paris Climate Treaty is progressing, it is important to be prepared to tackle extreme weather situations.

We are working on synergising efforts for Climate Action and Circularity. We have realised what is good for one, also has positive impacts on the other.



Global Issues

Material and Waste

Energy and Emissions

Biodiversity



Local Issues

Water and Wastewater

Air Pollution





Environment

Strategy	Entity	Targets	Progress	Primary Impact	Secondary Impact
Climate Action	Operations	Carbon neutral by 2030	Achieved 39% carbon neutral operations	Reduce global temperature	Climate Action
	Vehicle/Product	Accelerate Alternate Mobility Business through Electric Vehicles and Required Infrastructure	Launched our first electric scooter under VIDA brand	Climate Action helps to reduce GHG emissions	Circularity Battery disposal and ELV
	Suppliers	Assessment of suppliers on ESG performance	Baseline assessment of key suppliers Capacity building and target setting to mitigate gaps	Climate Action Helps to reduce Scope 3 emissions	Circularity Reduce the use of virgin material through waste recycling and co-Processing
	Through Community-Based Projects	Afforestation Installation of solar street lights	Plantation drives are conducted Solar street lights are installed in nearby villages	Reduce pollution, maintain ecosystem	Climate Action Reduction in carbon emission
Water	Operations	500% water positive by 2025	Developing rain water harvesting potential within and beyond the fence. Currently 405% water positive	Water security Maintained ground water level	Climate Action
Wastewater	ZLD	All plants ZLD	Achieved for all facilities in compliance with the government norms.	Circularity	Climate Action
Materials	Recycled	Increase recycled content in products	As per FY23, 17% recycled material is used in our inbound material (Aluminium and Steel).	Circularity Reducing the dependency on virgin material.	Climate Action Less extraction of metals Reduction in embodied energy



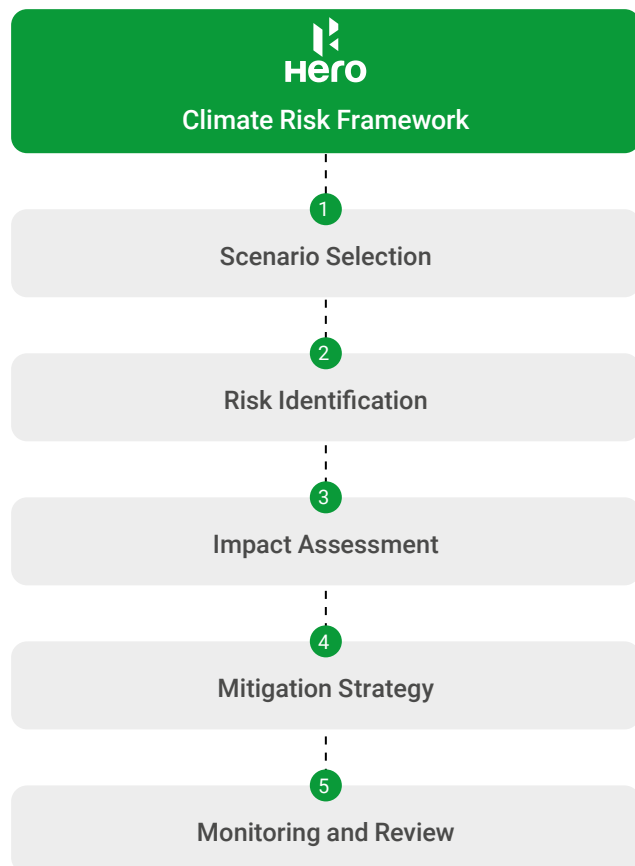
Environment

Strategy	Entity	Targets	Progress	Primary Impact	Secondary Impact
Waste	ZWL	100% Zero Waste to Landfill (ZWL) facilities by 2025	87.5% of facilities are ZWL Certified.	Circularity Resource conservation by recycling and co-processing of waste	Climate Action Reduction in water and land contamination
	Zero Plastic	No use of single use plastic (SUP) (Across all facilities)	Gurugram Plant has been certified as Single-use Plastic Free by the Confederation of Indian Industry (CII) Achieved for all facilities in compliance with the government norms	Circularity Using biodegradable material	Climate Action Reduce landfill waste Protecting aquatic life by reducing pollution in water bodies.
	Product recyclability	100% product recyclability by 2030	ICE and EV: Targeting 95%+ recyclability	Circularity Using recyclable material	Climate Action Less extraction of metals Reduction in embodied energy
Air Emissions	Reducing air pollution	Reducing SOx, NOx, PM and VOC emissions	Installed control tools to arrest emissions while they are being produced Online Continuous Emission Monitoring System (OCEMS) connected with CPCB	Result in pollution reduction	Reduction in Airborne disease
Biodiversity Protection	Adopt biodiversity park	Nurturing and Preserving Biodiversity	Conservation work at Aravali Biodiversity Park in Gurugram, Haryana. Miyawaki plantation	The genetic diversity of plants and animals are preserved.	Climate Action



Environment

Climate Action: Our response



- Scenarios Selected—2 Degrees and RCP 8.5
- Risk Identification – Completed (Qualitative)
- Scoping—Completed
- Event Registers—Pilot completed; Validation: In Progress
- Risk Mitigation—Planning and Assigning Accountability
- Risk Monitoring—To be initiated

As our vision is ‘Be the Future of Mobility, we are working on alternative mobility models; fuel efficiency and creating flex fuel engines; all of which help in combating life cycle emissions. We have been working on operational emission reduction through energy efficiency measures; and similar achievements were made in the supply chain as well. Apart from that we have been working on switching to renewable energy; water positivity and zero waste to landfill.

However, plausibility of a possible scenario panning out in which physical risks push current boundaries of

adaptability warrant action and preparedness. So, our water and waste programme is also working on creating resilience.

To take a structured approach to climate action, we started with Scenario Analysis.

Scenario Analysis

We analysed regulatory, technological, and market conditions alongside socio-economic factors. Our scenario planning referred to UNFCCC’s AR 5, revised as SR 1.5 in 2018, and AR 6 in 2021. Various models like 2DS, B2DS, STEPS, SDS, and DRS were explored, including RCPs by IPCC. We focused on 2DS and are mapping 1.5DS post AR6 and the disclosure is based on the scenario we have already analysed. Considering global automobile peers, we factored India’s NDCs and Paris Commitments, with regulatory changes influencing scenario selection.



“Climate change is an opportunity to reimagine our connect with nature and constantly spark us to innovate in creating a sustainable planet.”

Nihal Kaul
Core Sustainability Team



Environment

Scenarios Selection

In 2021, we selected 2DS for transitional risks and RCP 8.5 for physical risks. We would be exploring two more scenarios based on the AR6 report in coming years.

RCP 8.5 considers that the current policy traction continues at a business-as-usual pace. In RCP 8.5 scenario, we assume that the commitment of keeping warming below 2 DS is not materialised, and the scenario assumes that the warming goes beyond 2 degrees and may reach up to 4 degrees. We will be taking up systematic vulnerability assessment of our operations and value chain against all the possible acute and chronic physical risk assessments. During the current year, we have involved local stakeholders to validate the risks identified by the central team.

2DS: Two Degrees Celsius Scenario (2DS) is the focus of Energy Technology Perspectives by International Energy Agency (IEA). The 2DS describes an energy system consistent with an emissions trajectory that recent climate science research would give an 80% chance of limiting average global temperature increases to 2 degrees centigrade. Overall IEA 6DS, 4DS and 2DS scenarios are consistent with being on an overall emission pathway leading to a 50% likelihood of 4, 3, and 2-degree temperature by 2100, respectively.

Time Horizons - Being Considered

- Short Term – 5 years
- Medium Term – 15 years
- Long Term – 30 years

RCP 8.5	Scenario Assumptions	Sector Implications	HMCL Implications
Policy	Today's policy with no big changes	Not much support to EV Sector	Cost implications in investments
Market	Markets- business as usual	Not ready; slow adaptation	Uncertainty on making new investments
Technology	Slow tech advancement	No Synergies	Slow growth in new markets
Social	Population rise, Rapid Urbanisation	Demand rise for private and public mobility	Continued reliance on ICE

2DS	Scenario Assumptions	Sector Implications	HMCL Implications
Policy	Announced Policies in alignment with NDCs	Competition in EV space	Regulatory changes across states and countries
Market	NDC aligned support for EV and alternative sector, to some extent	Market excitement on new vehicles; infrastructure hiccups	Infrastructure readiness as impediment
Technology	Technology advancement	Collaboration between industries	Collaboration as an opportunity
Social	Continued urbanisation	Congestion and mass mobility solutions would be required	Demand variability

Environment

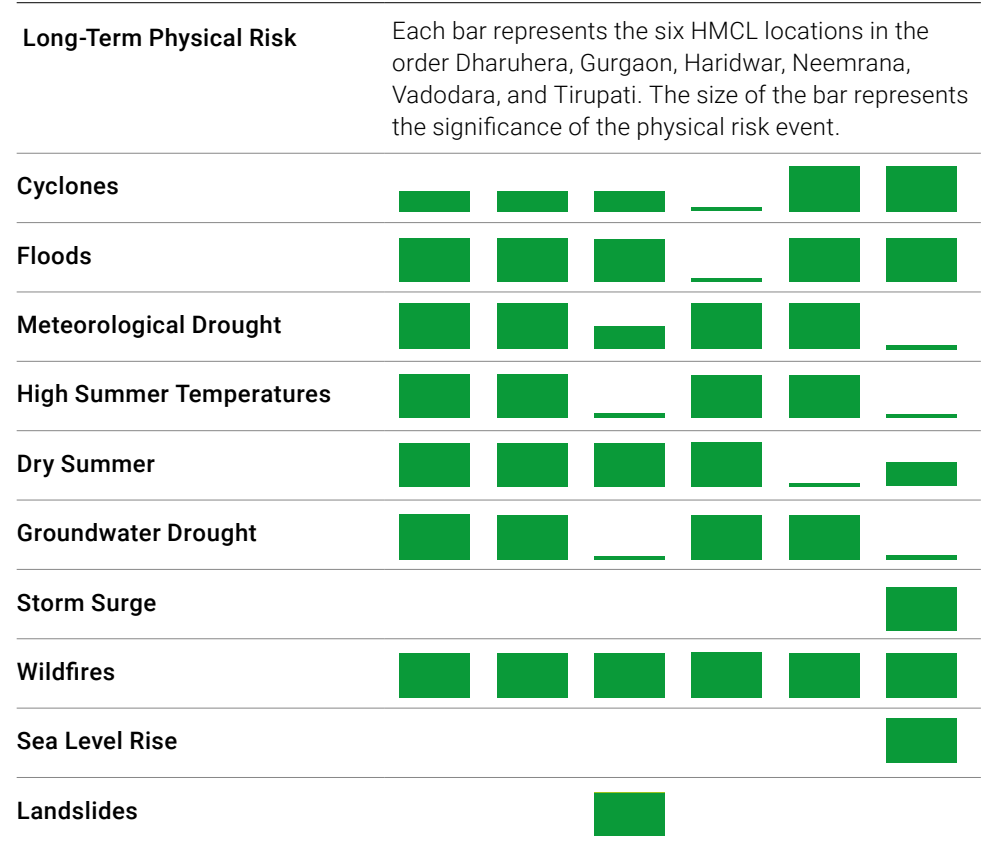
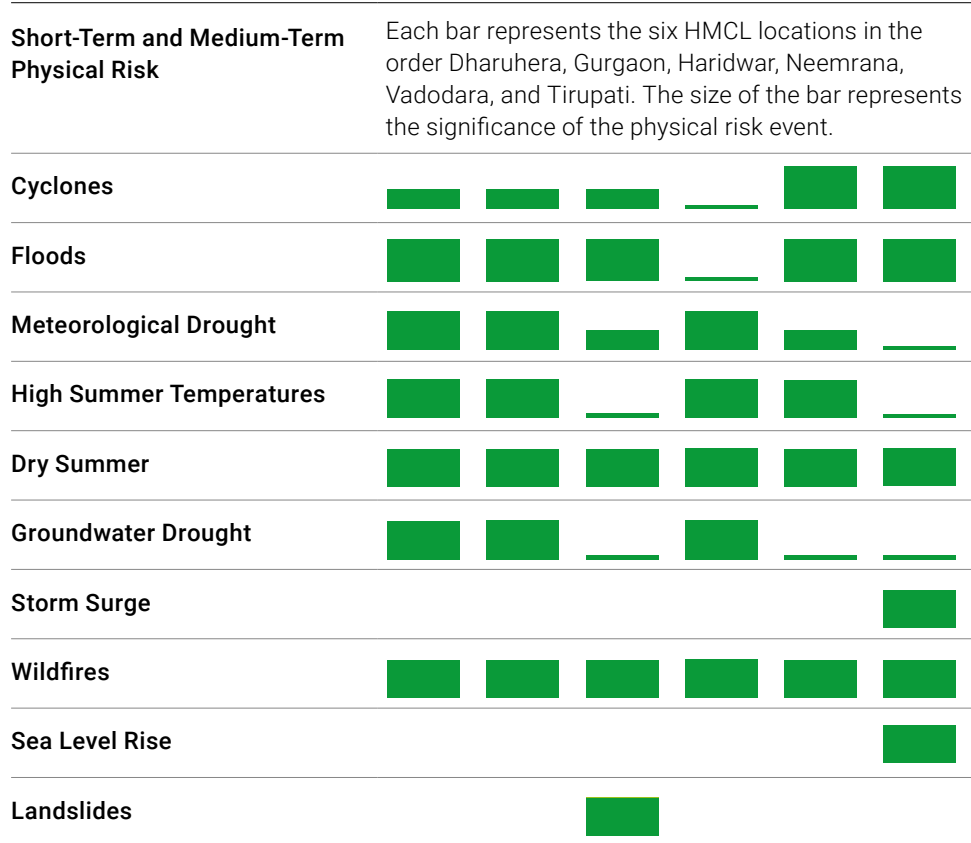
Our Risks and Opportunities

Physical Risks

Amongst physical risks, we have two kinds of risks, Acute and Chronic. None of the Acute Risks is a significant strategic risk for us. However, high summer temperatures and groundwater drought may emerge as two chronic physical risks for most plants.

Physical risks are accounted for by geographic location, as these risks vary based on location. In 2021, we assessed physical risks based on desk review, however, in the reporting year, we have started validating risks through a detailed stakeholder engagement, with an

expert interfacing with the stakeholders to collect and validate data.





Environment

Considering that for RCP 8.5 as per AR5, heat waves will occur with higher frequency and longer duration. Sea level rise for RCP 8.5, is pegged between 0.6m to 1m. In mid-latitudes and sub-tropical dry regions precipitation will reduce. This will further increase because of meteorological drought over a longer duration of time.

As per AR5, changes are projected to reduce renewable surface water and groundwater resources in dry sub-tropical regions. It will lead to competing demand for water by different users. The identified risks for each location are depicted in the maps. While in the short term, our risk may be the same as what has been witnessed in the previous decade, it may be important to factor in an increase in intensity.

Andhra Pradesh

As an example, while desk review data (including widely used tools) for Chittoor district (now Tirupati district) for our Tirupati Plant in Andhra Pradesh revealed drought conditions. However, it is very clear from field assessment that drought risk is very low in that location, as it is a water-saturated area with very high water table. Water tools reveal a high drought rating of 0.80, including for the Tirupati district which has a high-water table and receives adequate rainfall. There is no risk of drought in this area, in the near and mid-term.

Rajasthan

Groundwater levels in most parts of the districts are declining at the rate of 25 cm per year, this makes the risk of chronic water stress very high. The risk of Groundwater Drought is high. This risk can be significant—regulatory and reputational—as it impacts drinking water and sanitation.

Location	State/Country	Climate Perils Identified
Gurugram	Haryana/India	Drought, Flooding, Dust Storms, Heat Waves, Extreme Rainfall
Dharuhera	Haryana/India	Drought, Flooding, Dust Storms, Heat Waves, Extreme Rainfall
Neemrana	Rajasthan/India	Drought, Flooding, Dust Storms, Heat Waves, Extreme Rainfall
Haridwar	Uttarakhand/India	Flooding, Heat Waves, Extreme Rainfall, Landslide, River Flooding
Halol	Gujarat/India	Drought, Flooding, Dust Storms, Heat Waves, Extreme Rainfall
Tirupati	Andhra Pradesh/India	Flooding, Dust Storms, Heat Waves, Extreme Rainfall, Cyclones

Haryana

The decline in the water table, from June 1974 to 2018 is over 15 m. This can be exacerbated by having not enough rainfall in a given year. Water stress is extremely high and can impact the high drought risk in this area. In the past, dry summer temperatures combined with other weather conditions have led to the dust storms, which can be disruptive in nature.

Uttarakhand

Haridwar is situated in the floodplain of river Ganga, one of the largest rivers in India. Because of glacial melting and cloud bursts in the upper Himalayan region, the region has been having flooding in and around Haridwar, although it has never impacted our plant.

Gujarat

Currently groundwater conditions fall under the safe category. The average annual rainfall is moderate. Depth to groundwater pre-monsoon is at 5-10 m and post-monsoon it reduces to 2-5 m, hence there is no significant risk of groundwater drought.

Transitional Risk

Transition risks were assessed across various factors including Policy and Legal or Regulatory, Technology, Market, and Reputation. Regulatory risks encompass compliance with country-specific and international regulations, while Technology risks involve upgrading and investing in new technology. Market risks relate to changing customer behaviour and increased raw material costs, while reputational risks encompass customer preferences and stakeholder concerns.



Environment

Climate Risk and Mitigation Measures

Identified Risk	Potential Impact	Opportunities	Mitigation Measures
More Stringent Policy and regulation (Emission Norms)	R&D cost increase due to technology development to respond to emission norms	Increase in market share due to early deployment of low emission norms technology / eco-friendly vehicles	Strong R&D team, two world-class, state-of-the-art R&D facilities established—the CIT in India and Tech Centre Germany (TCG), near Munich, working on emission, fuel efficiency, EVs and future mobility.
Natural disasters like cyclone, drought, flood	Damage to production facilities and restoration cost	Opportunity to tap rainwater to improve water positivity profile Investment in adaptation to climate change (climate-resilient infrastructure)	Preparation of Climate Action task force team. Native tree buffer, removal/retrofitting of unsafe structures.
Global warming/Increase in earth temperature	Machine failure, change in shifts timings, low production	Reduction in carbon emission by optimising the manufacturing process Investment in adaptation to climate change (climate-resilient infrastructure, mangrove protection, resilient water resources, new tech)	Investment in renewable energy, low carbon Products (EVs are launched) Happy Earth Initiative—2.47 million trees planted
Rising pollution levels	Public transport and shared mobility solutions are taking over private modes of transportation, impacting sales volume	Shared mobility opens new revenue streams by encouraging OEMs to develop targeted products and innovate business operations	Successfully transitioned to Bharat Stage Emission Standards (BS VI) Expanding the EV portfolio
Operation in water-stressed regions	Low production and eventually shut down	Utilise technology and low water consumption initiatives	Enhanced efficiency of existing recycling facilities, increased reuse and recharging of groundwater through rainwater harvesting
Internal combustion vehicle industry's declining competitiveness as a result of the growth of eco-friendly consumption trends	EV sales replacing the traditional ICE volume	Explore new business models – Battery as a Service, Vehicle as a Service, etc. Charging infrastructure	Launched our EV product under VIDA brand In-house efforts towards a winning EV solution

Environment

Our Opportunities

Renewables means decoupling from fossil-based grid energy	Diversify to other market opportunities for enhanced mobility experience
Less air pollution in environment	Better management of water
Circularity will create efficient market mechanisms	Zero waste load, better environment, enhanced reputation

Our Challenges and Climate Resilient Strategy

Adaptability, whether to a transitioned world or for facing physical risks is the key input in carving out a futuristic strategy that matches our vision statement.

- Our current climate strategy and transition to a low carbon economy is spread across product-mix operations, value chain and community level. Our Chairman, declared in 2019 that we will become carbon neutral operation by 2030, which was one of the first commitments coming from the automotive sector in India.

- Testing our vision against these two selected scenarios brings out risks and opportunities for our business. Preparing ourselves for responsiveness to these two or any intermediate scenario is the constant endeavour of our leadership team.
- We do not see any risk in switching to zero emissions from operations from the outcome standpoint, however, there are regulatory challenges in switching to renewables for which we are working on along with enhanced focus on energy efficiency.
- Our current assets are ICE we have launched electric vehicles, however accelerating capacity depends on the customer demand, and other infrastructural support.
- Challenges to manoeuvre complex resource deployment for ICE vs EV, which are mapping through innovative policy measures.
- Challenges in infrastructural requirements for EVs for which we are not waiting but taking concrete action by partnerships with global players.
- Challenges in managing supply in the wake of a climate disaster, for which each location is working on fine tuning disaster management approach.

Pillars of Carbon Neutrality

We reduce our direct emissions through enhancing the energy efficiency of our operations and increasing usage of renewable energy and offset mechanisms.

Our Climate Mitigation Strategy



Energy efficiency



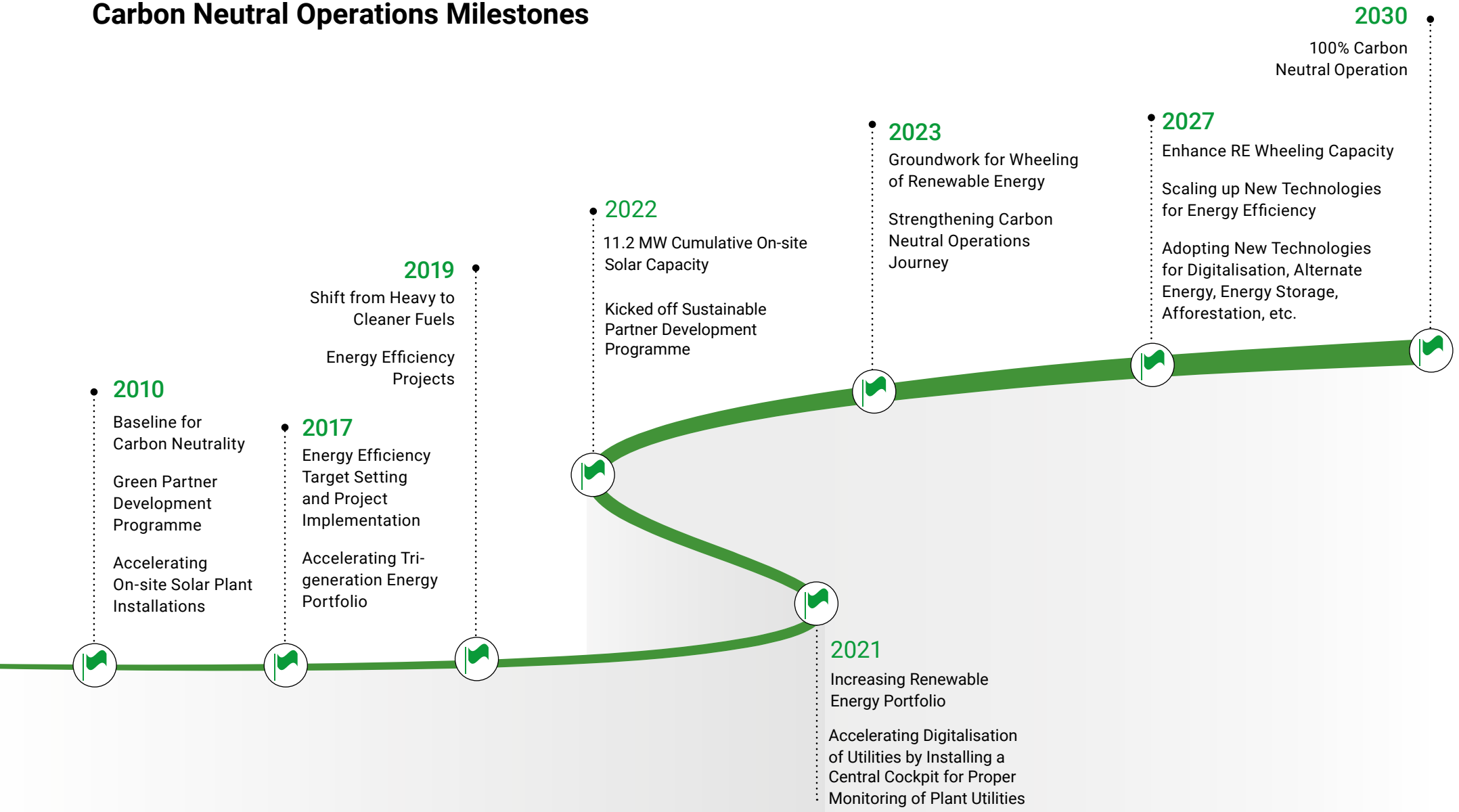
Renewable energy



Carbon offsets

Environment

Carbon Neutral Operations Milestones





Environment

Carbon Neutral Operations (Scope 1 and 2)

Indicator	FY23	FY22	FY21
CO ₂ Emissions in (tCO ₂ e)			
Scope 1			
High Speed Diesel (HSD)	984	2,107	4,275
Propane	1,206	1,384	1,700
Natural Gas	16,314	23,054	31,388
*LPG	183	-	-
*CO ₂ used in Weld Shop	198	-	-
*Fugitive emission	982	-	-
Total	19,867	26,545	37,363
Scope 2			
Grid	82,484	84,115	88,840
Total Scope 1 + 2	102,351	110,660	126,203

* Reporting for the first time.

Scope 3

Hero MotoCorp is an environmentally responsive brand that has been developing highly fuel-efficient mobility solutions since its inception. Our Company understands that GHG emissions are generated in all phases of a vehicle's life cycle, and it takes this into account in its overall CO₂ balance sheet. Hero MotoCorp conducts life cycle assessment studies as an intrinsic element of its design strategy, and it uses the GHG Protocol as its principal base for calculating emissions. The protocol was formulated to standardise the emissions reporting of companies and organisations. According to key studies, limiting the pace of global warming will be facilitated if GHGs are recorded and reported according to a standardised procedure.

Such reporting will make it possible to uniformly formulate the targets for emission reduction, manage the reduction process, and conduct an effective root-cause analysis of emissions chemistry.

Most of our Scope 3 emissions are generated during the use phase of our vehicles. We currently determine the CO₂ emissions of our vehicles in the use phase based on life cycle assessment studies on major vehicle platforms. For this calculation, we assume that each vehicle travels 15,000 km per year and is used for 10 years. An assumption-based study shows that approximately 30-35 g/km of carbon emissions are generated in the use phase. This is low due to our highly fuel-efficient vehicles.

Progressive Steps

- Measure and monitor emissions: For all HMCL operations, all GHG emissions
- Energy optimisation through energy efficiency projects
- Renewable energy
- Water conservation practices
- Circularity
- Minimising air pollution
- Climate resilience for all manufacturing units, supply chain and communities

We're doing our part to address the urgency of climate change and accelerate our progress to achieve 100% carbon-neutral operation by 2030. Through our existing energy efficiency and renewable alternative measures, we were able to significantly reduce and/or avoid emissions within our boundaries.

We have successfully transitioned to BS VI platforms and contributed significantly to reducing emissions through observing BS VI regulations and continuous implementation of fuel-efficient technologies.

Our long-term strategy for achieving Net Zero emissions encompasses accelerating the production of EVs. We believe that EVs are one of the best ways to reduce tailpipe emissions. Furthermore, we are committed to making EVs more affordable and accessible to consumers. We are actively engaged in optimising our manufacturing processes to be more sustainable, which includes using renewable energy, reducing waste, and improving efficiency.

Environment

Path 1

Energy Efficiency

Our energy efficiency efforts involve optimising operations, leveraging higher-efficiency equipment, and eliminating wastage. The reduction in consumption of energy in the production process is one of the major strategies which is driven through an effective energy management system.

Efficient design of new buildings, green renovations in existing buildings, and operational excellence through advanced automation were key to achieving desired energy efficiency in the reporting year.

Energy Conservation

We have successfully implemented various energy conservation projects and initiatives to reduce our energy consumption and promote efficiency. These efforts include adopting energy-efficient equipment, such as heat pumps and energy-saving circuits, and implementing process optimisation. Additionally, we have integrated advanced technologies like adiabatic cooling towers and magnetic resonators to achieve significant energy savings. These endeavours collectively lead to a saving of energy, with the support of dedicated energy managers and cross-functional teams implementing action plans throughout the plant operations.

Energy Consumption:

Indicator	Unit	FY23	FY 2021-22	FY 2020-21
Energy Consumption Data				
High Speed Diesel (HSD)	Litre	346,845	744,709	1,510,252
Propane	Kg	380,778	437,741	536,613
LPG	Kg	57,926	-	-
Natural Gas	SCM	7,109,895	10,047,503	13,679,817
Grid Power	kWh	116,174,455	106,475,201	108,341,619
Solar Power	kWh	13,615,664	10,667,055	9,183,816

SCM - Standard Cubic Meter

Key Highlights

793,335 GJ
Total energy consumption in FY23

10%
Reduction in total energy consumption from FY22

0.15 GJ/Vehicle
Energy intensity



“Efficiency is beyond saving energy; it’s about shaping a sustainable core and leaving a lighter footprint.”

Vinod Thusu
Core Sustainability Team

Environment

Path 2

Renewable Energy

With a strong focus on the use of clean energy, HMCL is swiftly moving from non-renewable energy sources to renewable energy sources across its operations. We started sourcing renewable energy in 2011, and have made significant progress over the years. We installed in-house solar plants in all manufacturing facilities which has a combined capacity of 11.2 MW of electricity.

28%

More renewable energy used from FY22

9,967.12 tCO₂e

Emission reduction

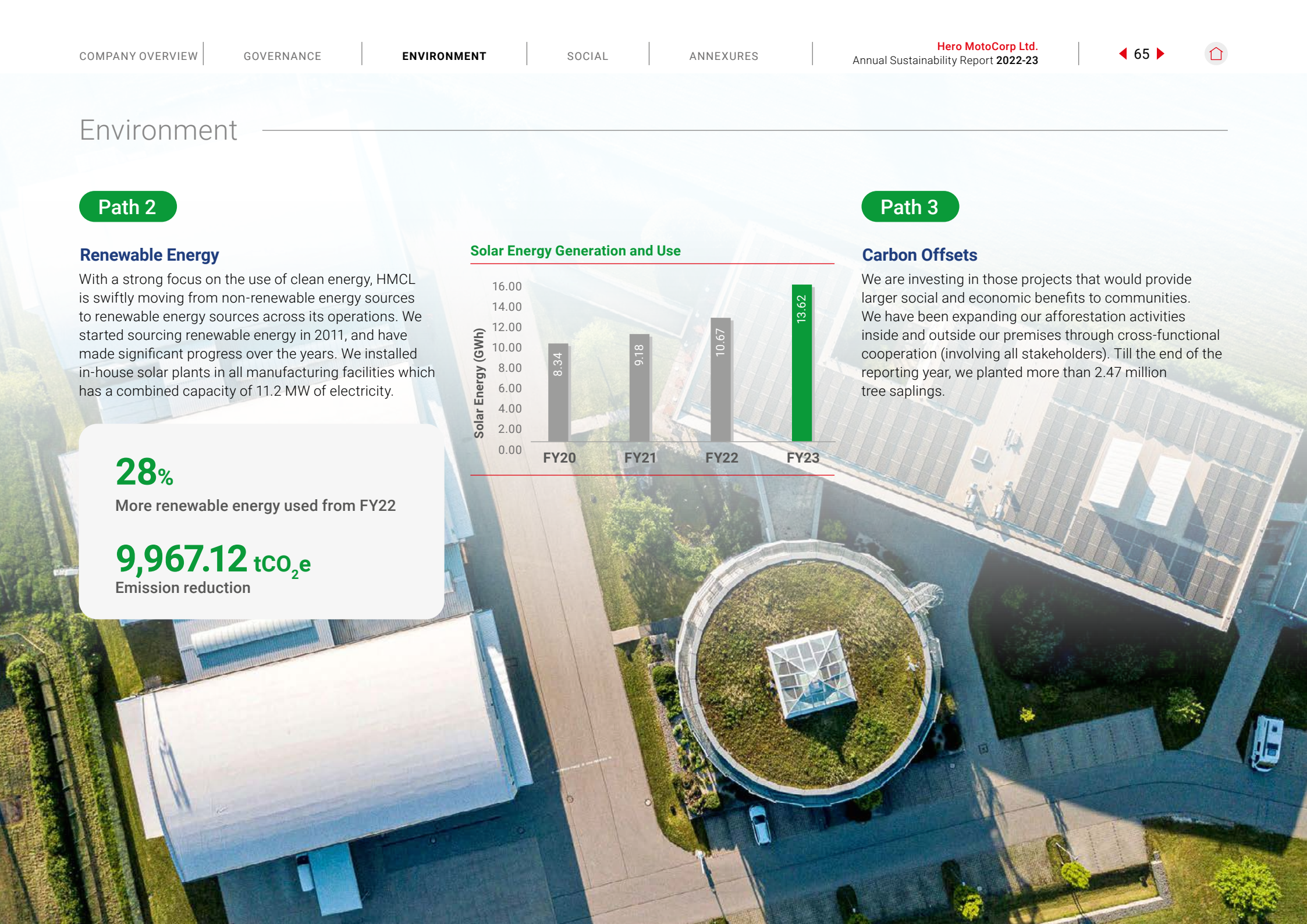
Path 3

Solar Energy Generation and Use



Carbon Offsets

We are investing in those projects that would provide larger social and economic benefits to communities. We have been expanding our afforestation activities inside and outside our premises through cross-functional cooperation (involving all stakeholders). Till the end of the reporting year, we planted more than 2.47 million tree saplings.





Environment

Step Towards Low Carbon Strategy

Accelerating Toward Future of Mobility—EVs

In line with Hero's vision to 'Be the Future of Mobility' and with a focus on sustainability, and the vision of a flourishing, meaningful world for future generations, the new face of emerging mobility at Hero MotoCorp is VIDA V1, our first EV.

In March 2022, we unveiled our new brand VIDA and in a span of just 8 months, we successfully launched our first EV under the VIDA brand in October 2022.

Despite the difficulties caused by the prolonged COVID-19 pandemic, semiconductor shortage and the ongoing conflict between Ukraine and Russia. Hero MotoCorp continues to demonstrate tremendous resilience to ensure sustained leadership in every sphere of our business.

Growing EV Market and Setting up the Charging Infrastructure

Hero MotoCorp has become the first automotive OEM to tie-up with the leading Public Sector Undertaking (PSU), Bharat Petroleum Corporation Limited (BPCL) to set up charging infrastructure for two-wheeled EVs across the country.

Hero and Zero collaborate for premium electric motorcycles

Both companies aim to transform the EV riding experience and accelerate electric mobility transition in India and the global market.

Keeping our mission to Create, Collaborate and Inspire, we collaborated with California-based premium electric motorcycle and powertrain manufacturer Zero Motorcycles to accelerate the transition of electric mobility in India and across our global markets.

This collaboration is a significant milestone for sustainable clean technology in the mobility space and will also offer opportunities for development and growth to our employees and our stakeholders. From green manufacturing to the electric vehicle ecosystem, we are charged to 'Be the Future of Mobility'.

Partnerships and Collaborations

Environment

Water

Reduce our water consumption and enhance the availability of water in the communities in which we operate.

Although HMCL operations are not overly water intensive, we do use it in the vehicle manufacturing process and make it available for the people in our facilities.

We understand the importance of water resources and the seriousness of the global water shortage problem. We are committed to minimise freshwater consumption across our operations, in our supply chain and preserve water in the communities in which we operate. We are not impacting the community due to the wastewater discharge as there is no wastewater discharge from the plants.

We are working toward our goal to reduce water consumption and conserve it to become 500% water positive by 2030. Our commitment to water stewardship has been recognised by CDP, Hero MotoCorp being named to CDP's 2022 Water C List for the first time.

Our Approach to Conserve Water



Refuse

Water less technology in paint shop is installed to avoid the use of water.



Reduce

Radiator type cooling, drip irrigation and low flow faucets are installed for reducing water consumption.



Recycle

STP and ETP plants are installed for treatment of domestic and process waste water.



Recharge

Rain water harvesting pits are constructed at facilities to recharge rain water to ground.



Reuse

STP treated water is used in cooling towers and in irrigation. ETP treated water is reused in processes.



Environment

Water Withdrawal and Consumption Details

Water meters are installed at source and at end use to track the water consumption.

As a part of water conservation programme, Hero MotoCorp supports desilting, cleaning and maintenance of ponds in select locations and also helps increase their capacity. Siltation over the years leads to a reduction in storage capacity of ponds and also causes the water therein to dry up much before monsoons, aggravating the water crisis in villages. Due to the pond rejuvenation, there is significant increase in flora and fauna in the area.

8%

Reduction in water intensity from
FY22

0.16 KL/vehicle

Water intensity

Indicators	FY23	FY22	FY21
Total Water Withdrawal (KL) - Groundwater	549,694	5,18,483	605,529
Freshwater(<=1000 mg/L Total Dissolved Solids)	299,018	304,683	260,360
Freshwater(>1000 mg/L Total Dissolved Solids)	250,676	213,800	345,169
Third Party Water			
Total Water Withdrawal (KL) (Surface Water)	297,408	305,529	310,474
Freshwater(<=1000 mg/L Total Dissolved Solids)	297,408	305,529	310,474
Other water (>1,000 mg/L Total Dissolved Solids)	0	0	0
Total Water Withdrawal (KL)	847,102	824,012	916,003
Total Water Consumed in Domestic and Process (KL)	847,102	824,012	916,003
Waste Water Treatment and Reuse			
Wastewater Treated (KL)	496,201	501,220	564,593
Water Recycle (KL)	295,952	266,505	297,267
Water Reuse (KL)	200,249	234,715	267,326
Water Discharge (KL)	0	0	0
% of total water recycle/reuse	58.58%	60.83%	61.64%





Environment

Circularity



Raw Materials

The primary raw materials used by HMCL for vehicle production are steel, aluminium, plastic, rubber, paints and thinners, and plastics.



Recyclability

Our efforts are directed towards reducing the amount of raw material used per product by improving the production process, with preference given to recycled or recyclable inputs wherever possible.



Recycled Materials

Material Consumed

Category of material	Units	FY23	FY22	FY21
Steel	Tonnes	4,40,988	3,92,869	4,80,867
Aluminium	Tonnes	1,15,819	1,04,084	1,22,042
Rubber	Tonnes	39,895	35,980	41,956
Plastic	Tonnes	39,455	35,082	37,523
Paint and Thinners	KL	17,442	15,681	18,713
Acrylonitrile Butadiene Styrene Polymer (ABS)	Tonnes	12,220	10,986	18,713
Engine and Shocker Oil	KL	7,299	8,058	7,773
Non-ferrous	Tonnes	17,529	11,194	12,782

Note: Material consumption is based on standard budget for each material for each actual unit produced

Recycled input materials	Units	FY 23	FY22	FY21
Aluminium	Tonnes	70,723	63,593	75,887
Steel	Tonnes	49,486	24,695	29,603



In order to reduce the CO₂ emission throughout the life cycle, we are taking steps to maximise steel yield and minimise wastage by identifying and implementing kaizen. HMCL also abides by environmental standards to prevent the inclusion of detrimental substances in the production of vehicles.

Aluminium and steel allow us to use second-life materials instead of virgin materials in a few of our components. The amounts of various recycled inputs used in our operations are provided in the table below.

17.4%

Recycled content of input materials are used in product manufacturing.



Environment

Waste

Pursuing Zero Waste to Landfill (ZWL)

We aim to divert more than 99% of the operating waste generated by Hero MotoCorp from landfills and incineration as part of our 'Waste Neutral Facilities' initiatives, whether with or without energy recovery.

Our Zero Waste programme was designed to be as comprehensive as possible; we are committed to regularly improving our waste management initiatives at our facilities. A wide range of manufacturing activities are carried out in the plants, and all plants dispose of waste in compliance with operating permits and hazardous waste authorisations.

With our waste-neutral facilities initiative, we are helping to drive innovation in the recycling industry, supporting all elements of a circular economy.

Also, we have installed organic waste converters and biogas plants for diverting canteen and landscape waste from landfills.

1014 Tonnes
Plastic collected and disposed through EPR (Extended Producer Responsibility) in FY23

3334 Tonnes
Total cumulative plastic collected and disposed through EPR since 2019

Hazardous Waste	Unit	FY23	FY22	FY21	Disposal Method
E Waste	Tonnes	15.1	5.4	8.6	Recycling
Bio-medical waste	Tonnes	0.3	0.3	0.4	Incineration
Battery waste	Tonnes	71.3	127.0	46.2	Recycling
ETP Sludge	Tonnes	529.6	451.1	507.1	Co-processing
Paint Sludge	Tonnes	941.2	863.2	938.3	Co-processing/Recycling
Grinding Sludge	Tonnes	214.7	224.8	253.1	Co-processing
Phosphate Sludge	Tonnes	27.1	26.5	35.5	Co-processing
Used Oil	KL	40.6	57.0	61.8	Co-processing
*Other Hazardous Waste	Tonnes	10.5	29.4	37.6	Co-processing
*Oily Rags	Tonnes	37.8	-	-	Recycling

** Reporting for the first time*

Non-Hazardous Waste	Unit	FY23	FY22	FY21	Disposal Method
Aluminium Scrap	Tonnes	2461.2	2482.0	2671.0	Recycling
Steel Scrap	Tonnes	2378.3	3589.0	4336.0	Recycling
Packaging Material	Tonnes	2474.0	1859.0	1901.0	Recycling
Plastic Waste (Non-Packaging)	Tonnes	182.9	553.2	597.7	Recycling
Other Non-Hazardous Waste	Tonnes	269.0	813.8	879.3	Recycling
*Construction Waste	Tonnes	914.0	-	-	Reused

** Reporting for the first time*



Environment

Air Pollution Management

To manage emissions, Hero MotoCorp has defined its own emission standards that are stronger than the legal emission standards. The main air pollutants in vehicle production are paint particles and VOCs (Volatile Organic Compounds) generated during painting. The use of fossil fuels results in air emission of Sulphur Oxides (SOx), Nitrogen Oxides (NOx), and Particulate Matter (PM).

However, our facilities have the necessary emission control tools to arrest emissions while they are being produced. The details of the air emissions from our manufacturing plants are shown in the table here:

Air Emission	FY23	FY22	FY21
SOx (Tonne)	0.89	2.56	5.43
NOx (Tonne)	16.08	33.75	91.22
PM (Tonne)	6.33	11.08	20.40

Ozone Depletion and Volatile Organic Compounds (VOCs)

ODS IN kg	FY23	FY22	FY21
R22 FREON GAS (in CFC-11 equivalent)	369	61	427
R22 MAFRON (in CFC-11 equivalent)	132	671	427
Total	501	732	854



“Circularity is the virtuous cycle that transforms waste into wonder, elevating our planet towards a future of regenerative abundance.”

Birendra Singh Yadav
Core Sustainability Team





Environment

Product Stewardship

Hero MotoCorp is committed to developing and delivering products that meet the needs of modern customers while also reducing the environmental footprint. Our Company has a comprehensive product stewardship strategy that encompasses product design, development, sales, service, and ELVs.

Product Design and Development

Hero MotoCorp's product design and development process is guided by the principles of sustainability. The company strives to develop best-in-class fuel-efficient vehicles that reduce emissions, as well as vehicles that are made with recyclable materials. Hero MotoCorp also avoids the use of potentially harmful materials in its products.

Standardisation in Material/Components Concerning Environmental Factors

Hero MotoCorp is also evaluating the potential benefits of using globally available environmental databases, such as the IMDS, to build a more sustainable product portfolio and is exploring to expand it to all products. The company is committed to taking steps to reduce the environmental impact of its products throughout their lifecycle.

Sales and Service

Hero MotoCorp provides its customers with information about the environmental impact of its products. The company also offers a variety of services to help customers extend the life of their vehicles, such as preventive maintenance and recycling programmes.

End-of-Life Vehicles

Hero MotoCorp is committed to developing an effective ELV vehicle strategy. Our Company is currently working with potential agencies to develop a mechanism for the safe and environmentally sound disposal of old and used vehicles.



Social



30%

Gender diversity by 2030

9.7% Gender diversity

30%

Board gender diversity

46.4

Average hours of training per employee

100%

Employees returned after parental leave

Relevant SDGs





Social

Our People

Our workforce is the cornerstone of our Company's success. We recognise the immense value that our employees bring to the table, and we are committed to nurturing their potential. We have cultivated a collaborative and purpose-driven culture that fosters extraordinary brilliance of our employees in their professional endeavours.



Social

Our Workforce

As of March 31, 2023, nearly 9.7% of our permanent staff workforce was female, 100% of our permanent employees are covered under the performance evaluation and feedback process. We are dedicated to building a bright, diverse team that values honesty and excellence in 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 2022-23 are presented here

Workforce detail	FY23	FY22	FY21
Total number of permanent employees	9,215	9,173	8,794
Total number of temporary/contractual/casual employees	20,723	19,782	22,646
Number of permanent employees (Women)	446	427	402
Number of permanent employees (Men)	8,769	8,746	8,392
Employee associations recognised by the management	<ul style="list-style-type: none"> • Hero MotoCorp Workers Union, Gurgaon Plant • Hero MotoCorp Workers Union, Dharuhera Plant 		
Percentage of permanent employees who are members of the recognised employee association	100%		

28

Expats

105

Specially-abled employees

2,579

Women

8

Nationalities





Social

Nationality	Share in total workforce (% of total staff)
Colombian	0.24%
British	0.07%
Italian	0.09%
Japanese	0.04%
Nepalese	0.04%
Spanish	0.09%
French	0.02%
Czech	0.02%

Employee Hire and Turnover

Indicator		Employee Hire	Employee Turnover
Male	Management	681	738
	Permanent Workers	189	106
Female	Management	135	118
	Permanent Workers	5	1
<30 years	Management	491	345
	Permanent Workers	91	2
Between 30-50 years	Management	322	468
	Permanent Workers	102	17
>50 years	Management	3	43
	Permanent Workers	1	88

8%

The percentage of women in all management positions, including junior, middle and top management (% of total management positions)

9.6%

The percentage of women in junior management positions (% of total junior management positions)

8.9%

The percentage of women in top management positions, i.e. maximum of two levels below from the CEO (% of total top management positions)

0.35%

People with disabilities constituted in the workforce

8.9%

The percentage of women in management positions in revenue-generating functions

3.9%

The percentage of women in Science, Technology, Engineering and Mathematics (STEM)-related positions

Category-wise Ratio of Average Basic Salary of Male and Female Employees

Category	Female/Male Ratio
Senior management	1.14
Middle management	1.03
Junior management	0.96
Associates (Officers/Supervisors)	0.60

The basic salary of employee category Associate Vice President and above have not been considered for calculation of the ratios in the table above.



Social

Employees Hire Rate		Employees Turnover Rate	
Count	Percentage	Count	Percentage
1010	10.96	963	10.45

Females Hire Rate		Females Turnover Rate	
Count	Percentage	Count	Percentage
140	13.86	119	12.36%

Age-wise Breakup of Permanent Employees	FY23
<30 years	1,501
Between 30-50 years	6,647
>50 years	1,067

Age wise breakup of temporary/contractual/casual employees	FY23
<30 years	15,048
Between 30-50 years	5,227
>50 years	448

Gender wise breakup of permanent employees	FY23
Male	8,769
Female	446

Gender-Wise Breakup of Temporary/contractual/casual Employees	FY23
Male	18,590
Female	2,133

Category	% of Eligible Employees who received Regular Performance and Career Development Review	
	Male	Female
AVP,VP,SVP and Leadership team	100	100
Senior management	100	100
Middle management	100	100
Junior management	100	100
GETs/DET/PGETs/MT	100	100
Officers	100	100
Supervisor	100	100
Retainers	100	100



“Diversity is nature’s gift, and inclusion is our responsibility to embrace and nurture its endless possibilities.”

Gurpreet Kaur Wadhwa
Core Sustainability Team



Social

Diversity, Equity and Inclusion

Hero MotoCorp is committed to having 30% women in its workforce across roles and region by 2030. Diversity, Equity and Inclusion (DE&I) is a critical driver of our success, and helps us to build and foster an inclusive culture. Through our DEI efforts, we have successfully created an environment where everyone feels valued and empowered.

Dr. Pawan Munjal, Executive Chairman presents the modified Harley-Davidson Road King to Chitra Zutshi, a paraplegic employee.

Strengthening our DE&I Culture Attract

Focused hiring via campus program in partnership with various women centric universities.

Equity first policies that focus on providing and enabling environment to women employees to grow in their career.

These include extended maternity break of 210 days, work from anywhere option for new mothers, provision to take a child and caretaker on a business trip, ensuring gender pay parity across roles, safe & comfortable transportation, better infrastructure across our manufacturing locations and medical support to women employees.

Retain

Launched one of its kind initiative, HERoes Network, that aims to provide every women employee with the tools, resources and mentor ship to build and flourish in their roles.

100% Women managing Assembly lines at our Tirupati and Neemrana manufacturing facilities.

Grow

In our journey to create a diverse leadership pipeline, we successfully completed the 6th batch of the Women in



Leadership (WIL) Programme with 15 budding women leaders and secured first position for the Most Innovative Training Practice by the ISTD.

Social

Promoting Health and Wellness

The health, safety and well-being of employees have always been our topmost priority. We follow international best practices to develop our health and well-being policies for employees. We have also established a very good health and wellness management system that helps in the smooth implementation of our policies and supports overall well-being of our workforce. These policies and programmes cater to the preservation and nurture of good physical (including occupational), mental and psychosocial health, enable the tackling of issues pertaining to the same and seeks to improve the overall well-being of employees.

Rewards

Compensation Strategy

Our compensation philosophy is built on fairness, competitiveness and recognition, motivating our employees to achieve excellence. Our Pay for Performance reflects the commitment towards rewarding performance, aligning with market trends and recognising employee's contributions.

Benefit Scheme

At HMCL, we offer a comprehensive range of best-in-class benefits that cater to every stage of the employee lifecycle. Despite the gradual phasing out of COVID-19 challenges, we continue to retain critical benefits related to the following insurance coverage ensuring the well-being of our employees.

Life Cover

In case of unfortunate demise of an associate, we make an contribution equivalent to the amount paid by the insurance company.

Medical Cover

Medical Cover is designed to take care of our employees during medical treatments and emergencies. We continued providing medical insurance coverage to apprentices. In instances of untimely demise of an employee, we extended medical insurance to the surviving family for the next 10 years. And, one time payout of ₹ 20,000 to provide support for home care and treatment of COVID-19 for employees and family members.

Notice Period

As per the compliance requirement of the Industrial disputes Act-1947, a minimum notice period of 21 days is provided regarding operational changes that may take place, thus we are compliant with the same.



Social

Occupational Health and Safety (OHS)

We have established a Health and Wellness management system to support and ensure the overall well-being of our entire workforce. We have created and implemented programmes and policies by incorporating world-class best practices for ensuring a healthy and safe workplace and related compliance management systems. These policies and programmes have been designed to ensure the prevention of physical (including occupational), mental and psychosocial health issues and to improve the overall well-being of employees.

Our Occupational Health and Safety (OHS) policy ensures health and wellness are incorporated into our business strategy. The cross-functional Total Productive Maintenance committee safeguards the pillars of safe work, a healthy workforce and increased productivity. We provide employees with personal health resources, a good physical, mental and psychosocial work environment, and opportunities for involvement in community services.

All our manufacturing units are certified with ISO 45001 (International Occupational Health and Safety management system and standards) and we try to implement best practices in occupational health and safety management.

Initiatives and Achievements in FY 2022-23

- Economic Times Healthcare Award – 2022 in the category of Best Medical & Wellness Centre – Hero MotoCorp Ltd Award was presented at an event held on 17th November 2022 at Gurugram.

- Hero MotoCorp was recognised and awarded by the India Book of Records and Asia Book of Records for:
 1. Record for the highest number of COVID-19 vaccinations in a single day at a single vaccination centre—Hero MotoCorp Ltd, Haridwar plant. A total of 2002 COVID vaccination doses were done on June 21st, 2021 at our Haridwar plant.
 2. Record for the highest number of Voluntary Blood Donations inside factory premises in a single day on July 1st, 2022 on the occasion of the Birth anniversary of our Chairman Emeritus Late Shri Brijmohan Lall Munjal.



- Guidelines were prepared for organisation-wide well-being management.
- Support was provided to employees and family members for complete COVID-19 vaccination including booster doses.

- Influenza vaccination was offered to all employees free of cost.
- All canteens in our 6 manufacturing units and 1 R&D centre are now certified with ISO 22000:18000 (Food Safety Management System).
- Two manufacturing unit canteens have received Eat Right campus certificate from FSSAI (Food Safety Standards Authority of India).

Key Highlights of Occupational Health Management System and Activities at Hero MotoCorp

- HIRA (Hazard Identification & Risk Assessment) mapping and CIRA (Context, Issues identification, Risk & Opportunity Analysis) of hazardous job processes and the employees involved; periodic occupational health check-ups are planned and implemented as per the HIRA and CIRA as part of statutory health check-ups.
- The guiding document for Occupational Health checks is as per the Occupational Health Services Management System of our organisation (OH Manual) designed as per requirements of the Indian Factories Act 1948 and ISO 45001, and FSSAI.
- Periodic occupational health surveillance and audits of workplaces, location medical teams do work environment, Ergonomics and Industrial Hygiene.
- Periodic medical check-ups are 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 like a



Social

spirometer, audiometer, vision tester, peak flow meter, etc.

- A pre-employment medical checkup is conducted as per statutory and non-statutory requirements aligned with requirements for the job.
- Health assessment on return to work is done before re-joining. A medical fitness certificate is verified and validated and maintained as a record.
- General health examination as follow-up checks is advised for those who have adverse medical reports on occupational health check-ups.
- Worker's access to occupational health services is ensured by effective communication to the department, planned to relieve of workers from the job station to attend Occupational Health Centre and follow-up communication to the department.
- Occupational health survey of the workplace including the canteen with an on-site medical check of workers is done.
- Occupational health services are highlighted in OSH PRC (Occupational Safety Health Performance Review Committee) meetings and HR monthly review meetings.
- The scope of improvement in occupational health services is through periodic internal and external IMS audits.
- Effective management of occupational injuries and correction of impairment through the best possible medical backup services. With the provision of ambulance services for in-plant injury referral cases.
- Drinking water and air quality checks at the workplace

are done for the provision of safe water and air as part of environmental modification in health promotion.

- Bacteriological swab culture, canteen hygiene test, and food calorie and culture test are done as per FSSAI guidelines.
- 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.

- Statutory training including first aid and CPR training is regularly provided to employees.

Confidentiality of the personal health-related data of our entire workforce is crucial to us. All the related documents and data for the workforce are securely maintained and stored in the Admin department and access to them is only available to authorised personnel. The organisation ensures that personal health-related information and their participation in any occupational health services is not used for any favourable or unfavorable treatment of the workforce.

S. No.	Particulars	Unit	Permanent Workmen	Contractual Workmen
1.	Recordable work-related Injuries	No. of employees	3	15
2.	Fatalities	No. of employees	0	0
3.	High-consequence work related injuries	No. of employees	0	0
4.	Rate of recordable work-related injuries (considering million hours worked)	Rate	0.16	0.44

Safety-related Initiatives

Hero MotoCorp has ISO 45001 for all its units. This system has brought a unique perspective of encouraging 'risk-based thinking': a more proactive, flexible and preventative approach to 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 Company. The senior management has now taken a stronger top-down leadership role, driving performance improvements into action and taking responsibility for the protection of all employees.

Striving for a Zero-incident Culture

Under the Company's proactive approach, several risk assessment initiatives, safety tagging, safety audits, safety Kaizens, safety training, awareness creation and emergency preparedness exercises have been undertaken. Safety continues to be of the utmost priority at Hero MotoCorp. The substantial increase in near misses and hazard reports also indicates the increased safety awareness in the organisation. Our Company provides frequent safety training for its permanent and contractual employees.

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Worker Participation in Safety Management

Participation goes beyond simply training employees on health and safety procedures and expecting them to adhere to them. Instead, health and safety are seamlessly integrated as part of 'business as usual', with all workers aware of the objectives and advantages of a safe and efficient workplace and being empowered to contribute to it.

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

Health and Safety Training

Over the years, we have learned that training and awareness can effectively reduce the likelihood of

mishaps and incidents in our processes. We have established a safety training process in place to address a variety of safety issues such as industrial, electrical, fire, behavioural-based safety, etc.



The company has introduced a novel concept of 'safety gyms' at all our locations, where employees can experience live accident scenarios using fear simulation devices. Virtual Reality safety training has been

implemented at some of our plants, enabling a near-reality computer-generated environment for developing process simulation or designing an unsafe scenario. Virtual reality can be used to enhance teaching effectiveness by giving visualising concepts of life. Some of the training programmes at our facilities to motivate staff and foster a supportive attitude towards health and safety are:

- Industry Specific Awareness
- General Safety–Construction Site
- HIRA; Aspect Training
- Behavioural Safety
- Legal Compliance Training
- Chemical Handling
- Machine Handling Training
- Electrical Safety
- Fire Prevention and Protection
- General Safety Awareness





Social

Hazard Identification and Risk Assessment

Hero MotoCorp adheres to a set procedure for improving staff safety. A vital component of our Company's OHS plan includes recognising, evaluating, removing, and/or regulating workplace hazards in addition to regular, rigorous training and awareness-raising. Threat risks are assessed, the effectiveness of any existing controls is considered, and the acceptability of the risks is determined.

HIRA characterises hazards' likelihood, frequency, and severity before assessing their detrimental effects, including possible losses and injuries. To prevent identified workplace danger losses, the Corporate Safety Plan includes a risk assessment that provides the factual foundation for operations.

Each section keeps a document called a 'HIRA' that has all the risks of that section listed and evaluated.

A source, circumstance, or action that has the potential to cause harm in terms of human injury, poor health, or a combination of these is referred to as a hazard. The right safeguards are in place to guarantee that important health and safety risks are accurately identified and assessed.

Each section has a capable team of individuals who have received HIRA training. These teams identify and evaluate section-wise dangers. Workers and department-level safety committees provide feedback to the HIRA exercise teams on the risks of near-miss accidents for pertinent tasks or jobs. Before it is finalised the safety section reviews the HIRA paper. The evaluation is carried out in accordance with the HIRA for the Health and Safety

Programmes. The primary goal of HIRA is to detect any substances, agents, environmental factors, or practices that could endanger people or property or cause harm to them.

The three features (Potential Consequences, Likelihood, and Detection) can each be given a numerical value, and the combined scores can be used to create an overall risk priority number. This is one method of categorising risks and impacts. This helps management to rank the importance of its risks and repercussions. The SOP established for this subject guides on how to apply this methodology to health and safety risks and implications. Each risk is categorised using a prioritising matrix according to its risk priority number. Each part develops a matrix categorising threats as Red, Amber, or Green. As activities are carried out and hazards to health and safety are minimised, the categorisation system inside the matrix is continually reviewed to ensure that it continues to serve as a tool for prioritising.

The list of activities in each segment is chosen while conducting hazard assessments. Hazard analyses help determine the major risks, and to reduce all hazards deemed significant, control methods are used. The HIRA process is a living document that is updated each year and if there is a modification to the procedure, the design, the materials, or an incident that occurs during a specific activity.





Social

Human Rights

We uphold human rights in all our business activities to protect and promote the human rights of all stakeholders, including business partners and customers, as well as HMCL employees. We respect the law and universal human rights to benefit the communities where we work.

Hero MotoCorp's zero-tolerance policy against the use of child labour, and all forms of modern slavery and forced labour, is stated in our Sustainable Procurement Guidelines. In addition, through various awareness sessions and training, employees and stakeholders are sensitised on the subject, which helps promote adherence to human rights issues.

We plan to conduct human rights risk assessments within our ecosystem in phases in a couple of years. To create a workplace that is fair, transparent and safe, we have in place a policy for POSH, under the provisions of the Prevention of Sexual Harassment Act 2013, as well as a Transgender Equal Opportunity Policy to ensure that there is no discrimination of any form based on sex, sexual orientation, gender identity or gender expression.

Our human rights policy is currently being developed and will be made public in the coming years.

Parental Leave Indicator	Male	Female
No. of employees entitled to parental leave	5144	446
No. of employees that took parental leave	346	27
No. of employees that returned to work in the reporting period after parental leave ended	346	27
No. of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	264	20
Retention rate of employees who returned to work after parental leave and are still employed after 12 months	87%	74%





Social

Training and Development

We are driven by our vision to 'Be the Future of Mobility', and a key component of achieving this vision is our commitment to talent development and leadership growth. We firmly believe in becoming a learning organisation that equips our employees with the skills and competencies needed to thrive in the future.

We continuously enhance the opportunities available for their development. We have designed focused development programmes that aim to upskill and enhance the leadership and managerial capabilities of employees at all levels. Through these programmes, we ensure a tiered leadership approach, nurturing both current leaders and building a pipeline of future successors.

Highlights

- 29,938 employee participation
- 11,67,283 hours of training imparted
- 107 NexGen Leaders trained
- 44 Transcend Leaders trained
- 15 Budding WIL trained in this year
- 20 Hero Lead MBA
- Winner of National Award for Innovative Training Practices by ISTD
- Winner of Great Managers Award
- Winner of CII National HR Excellence Award

Talent Management

Talent Management and related development strategies have played an important part in executing and communicating that change throughout the organisation.

Learning Propeller

A campaign aimed at growing us as a learning organisation, the Learning Propeller aims to build awareness of the learning ecosystem.

Hero MotoCorp has been making concerted efforts towards embedding learning deep within the organisation, and several initiatives have been taken towards realising this goal. More than 3,000 employees have been covered under this campaign.

Capability Development Programme

Building capabilities across different levels of the organisation, for different skill sets and role requirements, handling role transitioning needs are some examples of capability development and upskilling needs that our organisation regularly addresses. Given the spread and diversity of our organisation, we also run training programmes to enhance and empower the capabilities of our ecosystem partners in a timely manner.

NexGen Leaders

This programme is for budding leaders who have recently been handed the role of managing teams. It is a 60-day leadership journey created to equip first-time managers with competencies to transition from Individual Contributor (IC) to Managing Others (MO).

Transcend Leaders Programme

This year we launched the Transcend Leaders Programme to build managerial competencies in those who have been promoted to mid to senior management levels, and are transitioning from Managing Others (MO) to Managing Managers (MM). 44 Transcend Leaders have successfully completed this programme.

Hero MBA

Hero Lead MBA is an executive MBA programme specially designed for building capabilities of mid-level management. 20 mid-level employee accessed Hero MBA.





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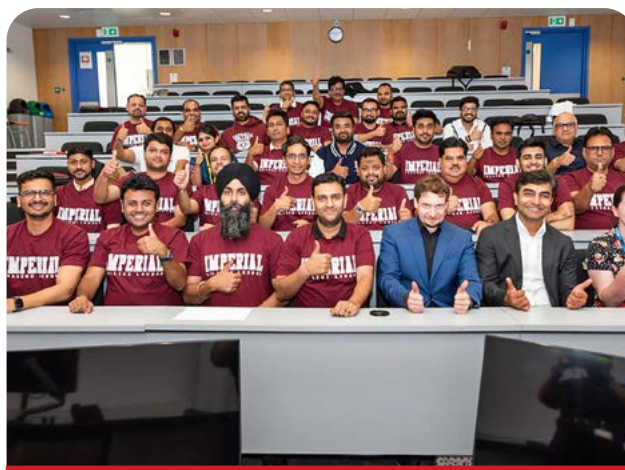
Women in Successful Entrepreneurship (WISE)

This programme is conducted for our women dealer entrepreneurs, in association with BML Munjal University. This is the industry's first-ever initiative to encourage and empower women dealers who are a part of our ecosystem and upholds the Company's commitment to diversity, equity and inclusion. This programme will enable our Women Dealer Entrepreneurs to further consolidate and expand their businesses.



Leadership and Transformation Programme

An exclusive five-day long Leadership and Transformation programme for our dealer entrepreneurs was conducted at the prestigious Imperial College, London. Ranked 6th in the world by the QS World University Rankings 2023, Imperial College is known for its excellence in education and research. An impressive programme on 'Dealership during Uncertain Times' brought together 30 Hero MotoCorp dealer entrepreneurs. The goal was to empower our channel partners to thrive in the face of business challenges and achieve Hero's business goals.



Hero Virtual Learning Centre (HVLC)

Our e-learning programmes engage to a larger audience and fulfil the need for continuous learning and larger outreach. Our latest learning wave #HeroLearningLeague saw the competition spread out across 8 teams on the HVLC. During the year, a total of 35,000 courses resulted in 26,000 learning hours. More than 2,200 Heroes participated in trainings conducted over the HVLC highlighting the scale of operations and the interest in learning among our employees.

Performance Appreciation and Competency Enhancement (PACE) Survey FY23

To understand the effectiveness of manager-employee conversations, we conducted a feedback survey across HMCL, which brought forth employees' views about the process along with several constructive suggestions. 100% of eligible employees were considered for the

Annual PACE review which was completed as per the process timeline.

Leadership Development

We take a structured approach to leadership development and have a clear vision to 'Be the Future of Mobility'. Our training vision makes us committed to becoming a learning organisation through a combination of educational modules, experiential learning and practical application, these programmes equip aspiring leaders with the essential attributes.

These programme fosters self-awareness, encourages personal growth and cultivates a mind-set of continuous learning. By providing a supportive and collaborative environment, these programmes enable individuals to unlock their full potential and become transformational leaders.





Social

Category	Average training hours per employee (hours/employee)		
	Male	Female	Total
AVP,VP,SVP and Leadership team	5	1	5.2
Senior management	28	25	27.7
Middle management	32	31	31.6
Junior management	34	44	34.6
GETs/DET/PGETs/MTs	276	251	267.7
Officers	29	52	32.9
Supervisor	24	44	24.2
Retainers	5	0	5.3
Permanent Workers	52	454	52.8

Category	Total training hours		
	Male	Female	Total
AVP,VP,SVP and Leadership team	150	1	151
Senior management	8977	343	9321
Middle management	28,220	1773	29,993
Junior management	64,827	9012	73,839
GETs/DET/PGETs/MTs	27,042	12,039	39,081
Officers	17,816	5677	23,492
Supervisor	4974	174	5148
Retainers	79	0	79
Permanent Workers	24,3751	3180	24,6931



46.4

Average training hours per employee



Social

Digital Transformation to Enhance Employee Experience

In the relentless pursuit of our vision 'Be the Future of Mobility', we have been embracing new technologies to bring greater agility into our working practices.

Our goal is to use automation and digital, data-led processes for employee engagement throughout the five stages of the employee lifecycle starting from the point of assessment of a prospective candidate to recruitment, onboarding, development, grooming, reskilling, retention till off-boarding.

We are also building a 'Digitally Savvy' innovative workforce that appreciates, understands and leverages the digital medium to its fullest potential in the space of customer connect, production and the way knowledge is shared and disseminated. We are focusing on interventions to promote innovation, allow employees to

produce ideas on our products, services and business models through several initiatives like Idea Contest, Scenario Planning, Innovation Cell etc. Bringing a digital transformation is not only about deploying the best-in-class tech, but employees also play a very critical role in making it a success and helping the organisation realise the outcomes to keep investing.

Our PeopleEX Programme focuses on enhancing employee experience at every stage of their journey with Hero MotoCorp. We are customising our strategies and listening to our employees' diverse experiences, and we are taking employee experience to the next level using new age tech, AI, people analytics, and process enhancements.



PWC Transformation Series on HT Media covered Hero Success Strategy for Digital Transformation in HR

Open Innovation through Hero Campus Challenge

Hero Campus Challenge is an opportunity for the students to get a peek into the world of Hero and be a part of it, by working on Hero's real business challenges and solve it through open innovative ideas.

Season 8 had witnessed a record breaking journey from its initial stage of registration to the bigger and better Grand Finale with the theme 'Build a Future Together'. It was a culmination of talent, innovation, and determination, as it brought together an astounding 25k+ teams from the Engineering and Business tracks to top 10 teams who vied for the coveted 'National Winner' title.



Social

Employee Engagement

Engaged employees lead to higher productivity and higher retention rates. At Hero MotoCorp we have always endeavoured to create a conducive environment for our employees where they feel valued, appreciated and enabled to realise their full potential.

Employee Voice Survey

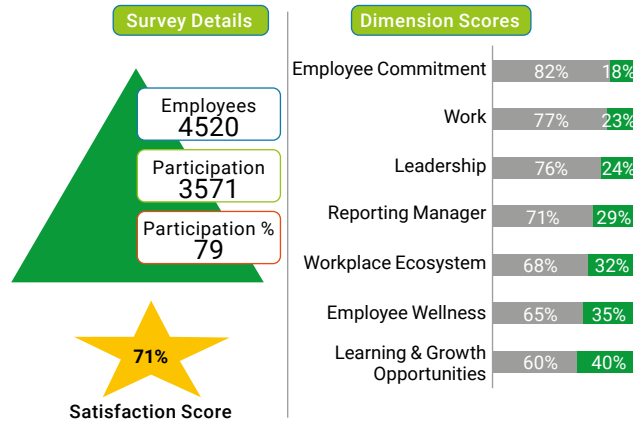
An in-built engagement survey was launched to understand the employee sentiments in various dimensions. Through this survey we have identified top performing areas for the organisation and areas where we need to improve. The survey collected 3500+ responses (from 79% of the employee population).

Approach

The survey measured employees' satisfaction and engagement scores on various parameters like employee commitment, work, leadership, employee wellness, relationship with reporting managers, workplace ecosystem and learning and growth opportunities.

Outcome

Based on the survey results, 19 action groups were formed across functions and locations to work jointly with the HR COEs and implemented 150+ action plans around dimensions devised to improve satisfaction and engagement in the organisation.



SMART Goals Off-sites Workshop

The purpose of SMART goal-setting off-sites is to provide a dedicated and focused environment for individuals or teams to set clear and actionable goals that are Specific, Measurable, Achievable, Relevant, and Time-bound (SMART). These off-site meetings are designed to facilitate effective goal-setting processes and enhance overall productivity and performance. In such gamified off-sites employees get Big Picture clarity in connection to their accountability, create SMART collaborative goals, fosters growth mindset and encourage self-reflection.



Culture Bee

This year we have introduced Culture Bee, which is our internal culture mascot, to reinforce specific processes and mind-set across the organisation.

Value Engagement

Our 'Bringing Alive our Values through Colours' enterprise-wide engagement entered another exciting phase this year. Under this engagement, each month focuses on a particular value that the organisation feels is of significance. Different initiatives are then planned around the values.



Social

The GoodLife Programme

GoodLife continues to be one of the world's largest relationship, rewards and loyalty programme in the automotive domain. Since our inception, GoodLife has been rewarding our channel partners and members for putting in their trust in the programme with innovative benefits and exclusive offers.

And this programme goes beyond just earning points and aims to engage with the members in a meaningful manner through engagements and thus build brand advocacy.

All through this 22-year journey, we have been deeply committed to the cause of sustainability and it lies at the heart of everything that we do.

In the past few years, we engaged with our stakeholders viz. customers, dealers and employees to make our purpose a reality. This year too, we introduced many campaigns to carry the 'sustainability momentum' forward.

Digital Engagements



World Environment Day
Awarded bonus point for planting a tree and uploading PUC



World Yoga Day (Fit hai to GoodLife hai)
Awarded bonus point to winners of fitness quiz



Kargil Vijay Diwas
Awarded bonus point to winners of quiz



Hero Day Campaign
'Spin the Wheel' and win assured GoodLife Reward Points



Engineers Day
Awarded bonus point to winners of technical quiz



Hassle-Free Two-Wheeler Valuation
Awarded bonus point for free valuation of Two-Wheeler



Social

Customer Satisfaction

Parameter	Details	Data
Understanding Customer Needs	Happiness Index Customer Survey	Total 5,29,549 feedback calls
Customer Database Security	Hero Connect Application-DMS Data access through individual logins for all users	NA
Customer Satisfaction Surveys	Happiness Index customer survey Results: 1. Customer Experience Index : 90.5 2. Net Promoter Score : 66.4	Feedback taken on: 1. Rating of supervisor's explanation of problem cause and solution 2. Rating on resolution (First Time) 3. Rating on vehicle cleanliness
Customer Issues (Received vs Solved)	Received: 24,712 Resolved: 24,362	98.6% satisfaction
Customer Feedback Mechanism	1. Telephonic mode through call centre 2. Post Service Feedback process at the Dealerships 3. Website/Social Media 4. WhatsApp 5. E-mail	NA
Enhancing Customer Experience	Udaan, iCare and Star Pro 2.0 MCC training conducted to improve the customer handling	2963 dealer manpower trained in 233 batches
Digital Platforms (App) for Customer Interaction	New Hero App launched in Jan 2023 with all features related to After-sales	6,19,508 Hero App downloads



Social

Our Brand Values

Conveying Values and Long-term Strategy

Hero MotoCorp's vision—**Be the Future of Mobility**—is realised through sustainability in its processes, products and ecosystems. With VIDA V1, one of India's fully integrated electric scooter, Hero heralded a new chapter in sustainable mobility. The development and production of the VIDA V1 followed an all-encompassing approach to sustainability involving compliance with strict environmental standards, plus the use of electricity from renewable sources. VIDA V1 will play a crucial role in reducing tail-pipe emissions, promoting eco-friendly behaviour, leading to a conscious shift in overall consumption patterns.

The Belief of 112 Million Customers

With more than 112 million customers, we are the world's largest two-wheeler manufacturer and world's No. 1 motorcycle and scooter Company for the last 22 years. Our commitment towards quality, innovation and consumer experience is what puts us as the most preferred brand in India.

Our Brand Campaigns

Hero MotoCorp's 'Ladki Chala Rahi Hai' campaign breaks stereotypes around women drivers, debunking the cliché that if the driving is sub-par, the driver is definitely a woman. As an organisation committed to ensuring diversity, equity, and inclusion, this campaign was an attempt to bring up the topic of many idle conversations and barbs around women drivers.

The film showcases a captivating rap song while riding the iconic Hero Pleasure + XTEC and hails today's women who are driving and winning in every segment of life.

In #KhudKiSunLe campaign Hero MotoCorp amplifies the voice of the youth—India being the youngest country of the world—urging them to follow their own paths. With #KhudKiSunLe campaign for Hero Destini 125 XTEC, the Company celebrates the power of young people in leading their own journey with new and brave ideas.

Beyond our campaigns, as a digital first organisation, Hero MotoCorp's products are equipped with the best of technology. Hero MotoCorp's mission—**Create, Collaborate, inspire**—is best realised through technologically advanced products for the new age, tech savvy consumers. XTEC adds cutting edge technology to our products, ensuring a premium experience for our consumers.

Demonstrate Sustainable Values and Achievement

While technology enhances the effectiveness and performance of products as well as customer experience, it is also a means to make our two-wheelers environment friendly.

i3s Technology

Our pioneering i3s technology—Idle Stop Start System—ensures greater mileage and more fuel efficiency, and positively impacts the consumer and the planet. This technology functions by turning off the engine when the bike is idle, and the gear is in neutral, thus ensuring greater fuel efficiency while also reducing emissions

XSENS with FI

Hero's two wheelers are equipped with next-gen tech—a collection of sensors that respond to different situations automatically enhancing the performance and reliability of the products. XSens Programmed Fuel Injection injects the exact amount of fuel as required, resulting in better mileage and performance in all conditions. It aids fuel efficiency, instant pickup and all weather easy start.

Brand Sustainability

As the world's largest two-wheeler manufacturer, Hero MotoCorp continues to be the vehicle of choice for 112 million customers. Our products stand the test of time and are equipped with cutting-edge technology that increases efficiency and performance in any travel condition. Its high resale value, low maintenance and customer-centric offerings have enhanced its reputation as the vehicle of choice. Wheels of Trust, Hero MotoCorp's digital two-wheeler resale platform, has also enhanced customer experience—the platform provides customers with a hassle-free exchange of their pre-owned two wheelers.



Social

CSR

Hero MotoCorp is committed to CSR and abides by the core principles of environment conservation, shared social value, and doing business ethically. Under the Hero WeCare umbrella, the company has initiated and scaled up focused social and environmental programmes that align with its CSR vision to build a Greener, Safer and Equitable World.

CSR Programmes

GREENER

Environment and sustainability-focused programmes aimed at creating a cleaner and greener world.

Nurturing and Protection of Biodiversity

Hero MotoCorp's 'Project Nurturing and Protection of Biodiversity' is an ambitious plan to safeguard large reserves and forest areas, and urban biodiversity parks. Its purpose is to tackle the challenges of global warming, soil erosion, pollution and environmental destruction. Additionally, it seeks to sensitise people to their ecological responsibilities and the need for collective action to preserve our natural world.

Aravali Biodiversity Park

In FY 2022-23, we continued the conservation work at Aravali Biodiversity Park in Gurugram, Haryana. Saplings of new species were planted along with focuse conserving and reviving the local species to ensure the sustainable and healthy development of the Biodiversity Park.



CSR VISION: To Help Build a Greener, Safer and Equitable World

Projects	Beneficiaries in FY23	Beneficiaries till FY23	Amount Spent (In ₹ crore)
Promoting Preventive Healthcare	5,99,952 individuals benefitted	11,09,658 individuals benefitted	₹ 2.21
Education	7,722 students	4,44,454 students	₹ 18.85
Road Safety	5,20,169 participants	15,71,003 participants	₹ 1.19
Diversity and Inclusion	2,192 beneficiaries	61,389 beneficiaries	₹ 21.84
Renewal energy	2 kW installed	52 kW installed	₹ 0.03
Nurturing and Protection of Biodiversity	Developed and maintain the Aravalli Biodiversity Park and planted 93,047 trees	Developed and maintain the Aravalli Biodiversity Park and planted 24,77,237 trees	₹ 11.80
Water Conservation	41.6 million litres saved	220 million litres saved	₹ 9.49



Social

Hero Green Drive

In the reporting period, we continued to nurture the saplings planted in the last few years. We believe that each sapling should be nurtured for at least three years, which is the time that an average sapling takes to be able to sustain itself on its own with minimal intervention.

We planted 93,047 trees in FY 2022-23, taking the total planted till date to 2,477,237 trees.

Promotion of renewable energy

Our Company continues its work in installing off-grid and/or on-grid solar power plants in the vicinity of its areas of operation and CSR project sites, especially in rural India. The primary locations for such installations will be government-run institutions such as schools.

In FY 2022-2023, our Company installed a 2 kW on-grid solar power plant having a total capacity of 52 kW.

Project GuruJal

Project GuruJal is a water conservation-focused initiative of the District Administration of Gurugram, Haryana. The project is addressing water-related issues in the district and is led by the deputy commissioner of Gurugram with other officials as members of the society that manages the project.

GuruJal helps avoid duplicity of the efforts and centralises the work being done, including the design solutions that affect water management and conservation. The project also focuses on conducting campaigns and educational awareness sessions on water scarcity and restoration, carrying out water-related tests, and onboarding individuals and expert organisations to meet the targets of the project and make Gurugram a water-conscious district.

Saving every drop

The conservation of water depends on our wise use of the resources. The judicious use of water begins in our homes and our communities. Mindful of the various aspects of water conservation, our Company has signed this on as one of its flagship CSR interventions and is involved in multiple initiatives including the rejuvenation of water bodies.

Hero MotoCorp has primarily focused on the conservation of water resources across rural belts of India. The interventions ensure efficient utilisation and management of available resources through methods like rainwater harvesting and rejuvenation of water bodies. Our Company has also installed rainwater-harvesting structures as well as check dams across villages and government schools.



25

Rainwater harvesting structures

12

Check dams

16

Ponds rejuvenated

2,195 lakh litre

Water storage capacity enhanced till FY23

Social

SAFER

Road Safety Awareness Programme (RSAP)

There is a lot to be done in the field of road-safety management, not just in terms of road infrastructure, provision of safer vehicles and enforcement of legislation, but also the observance of rules and road discipline by users. Maximising road safety needs to revolve around raising awareness, fostering responsibility, and adhering instilling behavioural change to follow rules among road users. This is the primary focus of Hero MotoCorp's Road Safety Awareness Programme.

RSAP, through its various interrelated projects and activities, stresses the need to inculcate self-discipline among road users by way of regular reminders including road-safety training, awareness-generation sessions regarding traffic rules and safe driving habits, and mass awareness campaigns.

Be a Road Hero

'Be a Road Hero' is one campaign that made optimal use of mass media, social media and below-the-line activities to reiterate the message of road safety as well as change the mindset of road users when it comes to safety. It encourages road users to 'Be a Road Hero' by following certain practices such as wearing a helmet while riding a two-wheeler and a seatbelt while driving a car, helping accident victims, and following traffic rules.

In addition to road-safety workshops, contests, road shows and rallies helped amplify the message to a wider audience.

2,50,617 pledges received in FY 2022-23, bringing the total to 3,80,106 pledges.

Road Safety Training Parks (RSTP)

Creating and spreading awareness is the first step to ensuring responsible behaviour on the roads, and both these aspects are the ultimate goal of Hero MotoCorp's Road Safety Training Parks (RSTP).

In FY 2022-23, we continued to manage six training parks. 2.69 lakh participants were involved in safety training in these parks, taking the total to 1,190,897.

1,190,897

Participants were involved in safety training till FY23





Social

EQUITABLE

Diversity and Inclusion (D&I)

Hero MotoCorp looks forward to a society that embraces social inclusion and works towards establishing equity. The goal is to open doors for people of all backgrounds without any form of discrimination based on race, caste, colour, gender identity, sexual orientation, religion, ethnic origin, physical or mental disability or any other kind of prejudice that could be detrimental to others.

We have been strengthening our equitable and inclusive culture by supporting diverse representation at all levels of leadership among communities we work with, including all the beneficiaries of our CSR projects. To achieve this, we have initiated several initiatives and projects.

Jeevika—Technical and Non-technical Skills Development

Project Jeevika has been conceptualised to address the various social challenges and contribute towards the economic inclusion of women and youth from disadvantaged sections of society.

Under this initiative, we extend our support to educational and training institutes that prepare young people to work in the automotive industry, with a particular focus on the two-wheeler sector. The project also provides the opportunity to explore short-term courses in the areas of accounting, retail, sales, marketing, fashion design, and computer programming.

41,311

Candidates trained till FY23

Supporting specially-abled individuals, and Army veterans

As a conscious corporate citizen, Hero MotoCorp has been invested in supporting a cross-section of specially-abled individuals. Our efforts extend from identifying individuals from marginalised and deprived backgrounds to finding practical solutions to the challenges they face and mobilising resources.

We have been supporting specially-abled individuals with wheelchairs and tricycles to give them freedom of movement and help them lead a life of dignity.

Our Company also partnered with the Directorate of Indian Army Veterans (DIAV) and handed over retro-fitted scooters to soldiers who were disabled while in service. The scooters—supported by two auxiliary wheels in the rear—have been customised to provide a safe and convenient riding experience.

Building safe and inclusive spaces for women

Safe spaces are vital in creating and promoting a sense of inclusion. At Hero MotoCorp, we recognise and respect this link. Across states, we have worked closely with police departments to help build such safe spaces.

Our approach is to empower police patrolling units, especially the ones led by women police officers, by providing them with two-wheelers that facilitate their independent mobility.

In FY 2022-23, we partnered with police departments of Haryana, Rajasthan, Uttar Pradesh, Uttarakhand, West Bengal, Andhra Pradesh, Maharashtra, Delhi, Mizoram, Goa, Assam and Odisha.





Social

Education and Skill Development

Education is a powerful tool for honing skills, improving knowledge and alleviating poverty and unemployment. In recent years, India has initiated numerous reforms and programmes to achieve quality education throughout the country, as well as making it available to all.

It is against this backdrop that Hero MotoCorp has classified education as one of the flagship intervention areas under its CSR mandate. Our Company has been making concerted efforts to improve facilities as per the needs of schools, as recommended by the National Policy on Education (NPE), 1986, as well as the RTE Act, 2009.

The components of the education programme include:

Providing infrastructure and essential resources

Our Company dedicates its efforts to the development of infrastructure in schools and colleges. The project covers the building or renovating of school buildings, classrooms and playgrounds, as well as putting up boundary walls and providing essential items such as backpacks, stationery and textbooks. Furthermore, solar-power plants are put up where there is an irregular power supply. Lastly, the organisation offers support to select universities offering professional qualifications to deserving students.

In FY 2022-23, 2 schools with 645 students benefited from our Company's CSR interventions.

645

Students benefitted from our Company's
CSR interventions

Remedial classes to improve learning outcomes

Going beyond infrastructural development, we have partnered with professional non-profit entities to engage meaningfully with school students and as part of that engagement, help them in resolving issues that could be hindering their overall growth.

Scholarships

Scholarships for deserving students in schools, colleges and universities are a part of our Company's education intervention. The primary objective is to ensure that the education of talented and promising students does not get compromised due to financial or other constraints. Every year, we get recommendations from schools and universities for supporting students with scholarships for their higher education.

Preventive Healthcare

Hero MotoCorp's preventive healthcare-focused CSR initiative has been conceptualised to make quality and affordable healthcare accessible for populations in rural areas around our Company's manufacturing facilities. The project directly complements the National Rural Health Mission (NRHM).

Support PHCs and CHCs

Our Company supports the existing health infrastructure in rural India by partnering with the state healthcare departments and upgrading the Community Healthcare Centres (CHCs) and Public Healthcare Centres (PHCs).

In FY 2022-23, 21 CHCs and PHCs were upgraded.

Mobile medical units

We run mobile medical vans/units to ensure that medical help reaches marginalised communities residing in areas with minimal or negligible healthcare facilities. All services onboard are similar to what is provided in the outpatient department of a PHC. Services and facilities such as check-ups, primary diagnosis, doctor's consultations, and medicines given to the patients are offered at no cost.

10 vans run in 6 states benefitting 1,89,238 patients in FY23.

1,89,238 patients
Benefitted by 10 vans run in
6 states in FY23

Satellite Vision Centres

With more than 8 million blind people and over 60 million visually impaired, India carries almost a quarter of the entire global burden of blindness and vision impairment. To address this, several reputed organisations including the All India Institute of Medical Sciences (AIIMS) have produced a network of Satellite Vision Centres. These centres are part of a larger eyecare network and provide eyecare services in remote rural areas of the country.

Hero MotoCorp continues to support one such Vision Centre being operated by AIIMS.



Social

Community Development

Chief Minister's Good Governance Associates (CMGGA)

The CMGGA programme is a strategic collaboration between the Government of Haryana and Ashoka University to improve governance in the state and give a platform to participants to make an impact on the masses on a large scale. Running since 2016, the programme provides a platform to 25 young individuals each year, for them to work closely with the Chief Minister's Office for bringing transparency, accountability and efficiency in public service delivery in the state.

The associates are trained and oriented about government functioning and structure through a 15-day boot camp at the Ashoka University and are then posted across 22 districts to work in tandem with the district administration for a period of one year.

Hero Salutes Heroes of the Nation Standing by our soldiers

Saluting the exemplary grit and determination of soldiers, we have been supporting the soldiers who were disabled while in service with retrofitted two-wheelers. The Company has partnered Directorate of Indian Army Veterans (DIAV), the Central Reserve Police Force (CRPF) and Border Security Force and continues to explore areas wherein the veterans and the next-of-kin of the martyrs can be supported.

Veerangana Sewa Kendras (VSK)

Our collaboration with the Directorate of Indian Army Veterans (DIAV) now includes offering aid to fund the weddings of the daughters of ex-servicemen and the remarriage of widows who lost their husbands in the line of duty. In addition, Hero MotoCorp has established Veerangana Sewa Kendras (VSK), a unique single window facility for the benefit of widows/next of Indian Army soldiers. It also serves as a platform where they can submit their grievances.

Hero for Humanity A step towards supporting livelihoods

Hero for Humanity, our special initiative for supporting Covid-19-affected families especially those who lost an earning member, has helped them sustain their livelihoods.

The initiative has also ensured that many children could continue with their education. The project has been beneficial for 731 families in the states of Haryana, Gujarat, Andhra Pradesh, Rajasthan, Uttarakhand, Karnataka and Odisha.

731 families

Benefitted from our Hero for Humanity initiative
supporting COVID-19-affected families



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Way Forward

We are committed to sustainability and have a clear vision for the future. We believe that by setting ambitious targets and working with our stakeholders, we can create a more sustainable future for our Company, our customers, and our planet. In the coming years, we will focus on the following areas

- **Reduce our environmental impact**

We will continue to reduce our emissions, water usage, and waste generation. We will also work to improve the energy efficiency of our operations.

- **Develop more sustainable products**

We will develop new products that are more fuel-efficient, recyclable, and made from sustainable materials.

- **Empower our employees**

We will create a workplace that is safe, healthy, and inclusive. We will empower our employees to be sustainability leaders. We will provide training and resources to help our employees understand and

contribute to our sustainability initiatives.

- **Build strong relationships with our stakeholders**

We will engage with our stakeholders to understand their needs and expectations through a variety of channels, including surveys, focus groups, and social media.

Communication


We will continue to communicate our sustainability progress to our stakeholders in a transparent and open manner. We will share our progress on our website, through social media, and in our annual sustainability

report. We are also open to feedback and suggestions from our stakeholders.

Call to Action

We believe that sustainability is a shared responsibility. We invite our stakeholders to join us in our journey to a more sustainable future. Together, we can make a difference. Thank you for your interest in our sustainability journey.

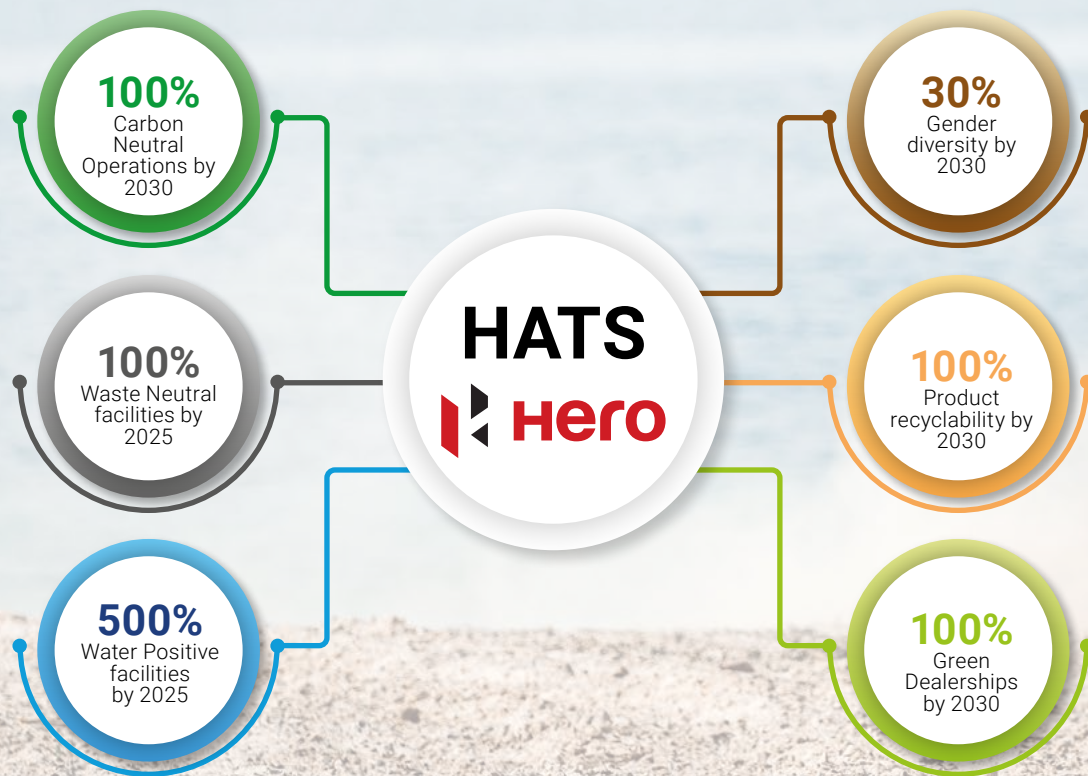
Reach us at

 sustainability@heromotocorp.com



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Hero MotoCorp's Ambitious Targets on Sustainability (HATS)





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Assurance Report

Price Waterhouse Chartered Accountants LLP

Independent practitioner's limited assurance report on Identified Sustainability Indicators in Hero MotoCorp Limited's Sustainability Report

To the Board of Directors of Hero MotoCorp Limited

We have undertaken to perform a limited assurance engagement for Hero MotoCorp Limited (the 'Company' or 'HMCL') vide our Engagement Letter dated May 23, 2023, in respect of the agreed parameters listed below (the 'Identified Sustainability Indicators'). These parameters are as included in the "GRI content index" of the Sustainability Report of the Company for the year ended March 31, 2023 ('the Sustainability Report').

Identified Sustainability Indicators

The Identified Sustainability Indicators for the year ended March 31, 2023, are summarized in Appendix 1 to this report.

Our limited assurance engagement was with respect to the year ended March 31, 2023 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 Initiatives Standards ("GRI Standards") 2021, as set out under Appendix 1 to this report (the 'Criteria'), to prepare the identified sustainability indicators for inclusion in the Sustainability Report.

Management's Responsibility

The Company's Management is responsible for identification of key aspects of Sustainability Report, engagement with stakeholders, content and presentation of the Sustainability Report in accordance with the Criteria mentioned above. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the Sustainability Report, and measurement of Identified Sustainability Indicators, which are 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 indicators allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. In addition, Greenhouse Gas ("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 the different gases.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) 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.



Price Waterhouse Chartered Accountants LLP, Building No. 8, 8th Floor, Tower - B, DLF Cyber City, Gurugram - 122 002
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Registration No. 100001000001, UIN: 100001000001, Chartered Accountants, India

Price Waterhouse Chartered Accountants LLP is a member firm of the Price Waterhouse Chartered Accountants LLP (PWC) Limited liability Partnership with LLP and the LLP, AAC, 2021 with effect from July 25, 2021. This is in compliance to Price Waterhouse Chartered Accountants LLP (LLP) (PWC) Limited liability Partnership with LLP and the LLP, AAC, 2021 number before the version was 31275484.

Our firm applies International Standard on Quality Management 1, "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" and accordingly maintains a comprehensive system of quality management 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 evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and ISAE 3410, 'Assurance Engagements On Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board (IAASB). 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.

A limited assurance engagement involves assessing the suitability in the circumstances of the 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 judgement and included inquiries, observation of processes performed, 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 below, we:

- Obtained an understanding of the identified sustainability indicators and related disclosures.
- Obtained an understanding of the assessment criteria and their suitability for the evaluation and/or measurements of the identified sustainability indicators.
- Made enquiries of Company's Management, including those responsible for Sustainability, Environment Social Governance (ESG), Corporate Social Responsibility (CSR), Human Resource (HR) etc. and those with responsibility for managing the Company's Sustainability Report
- Obtained an understanding and performed an evaluation of the design of the key systems, processes, and controls for managing, recording, and reporting on the Identified Sustainability Indicators including at the plants and corporate office visited.
- Based on above understanding and the risks that the Identified Sustainability Indicators may be materially misstated, determined the nature, timing, and extent of further procedures.
- Checked the consolidation for various plants and corporate office under the reporting boundary as mentioned in the Sustainability Report for ensuring the completeness of data being reported
- Performed limited substantive testing on a sample basis of the Identified Sustainability Indicators at corporate head office, and in relation to 2 plants located in India (Gurugram & Tirupati) to verify that data had been appropriately measured with underlying documents recorded, collated and reported. This included assessing records and performing testing including recalculation of sample data
- Assessed the level of adherence to GRI standards 2021 by the Company in preparing the Identified Sustainability Indicators in the Sustainability Report
- Assessed the Sustainability Report for detecting, on a test basis, any major anomalies between the information reported in the Sustainability Report on performance with respect to Identified Sustainability Indicators and relevant source data/information.





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- 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 the 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:

- Testing the operating effectiveness of management systems and controls
- Performing any procedures over other information/operations of the company/aspects of the report and data (qualitative or quantitative) included in the Sustainability Report not agreed under our engagement letter/ Scope of Assurance
- The statements that describe expression of opinion, belief, aspiration, expectation, aim, or future intentions provided by the Company and testing or assessing any forward-looking assertions and/or data.

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 the Company's Identified Sustainability Indicators included in the Sustainability Report for the year ended March 31, 2023, are not prepared, in all material respects, in accordance with the criteria.

Restriction on Use

Our limited assurance report, including the conclusion, has been prepared and addressed to the Board of Directors of the Hero MotoCorp Limited at the request of the company solely to assist the Company in reporting on the 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/500016

H Sabharwal

Heman Sabharwal
Partner
Membership Number: 093263
UDIN: 23093263BGWFP2389

Place: Gurugram
Date: July 24, 2023

Appendix-1

Identified Sustainability Indicators

S. No.	GRI Reference	Indicator Description
1	301-1	Materials used by weight or volume (for sources Steel, Aluminum, Rubber, Plastic, ABS, Engine & Shock oil and Non-Ferrous)
2	301-2	Recycle Input material used
3	302-1	Energy consumption within the organization
4	302-3	Energy Intensity
5	302-4	Reduction of Energy Consumption
6	303-3	Water withdrawal
7	303-4	Water Discharge
8	303-5	Water Consumption
9	305-1	Energy direct (Scope 1) GHG emissions
10	305-2	Energy indirect (Scope 2) GHG emissions
11	305-4	GHG emissions intensity*
12	305-6	Emissions of ozone-depleting substances (ODS)
13	305-7	Nitrogen oxides (NOx), Sulphur oxides (SOx), and other significant air emissions
14	306-3	Waste generated
15	401-1	New employee hires and employee turnover
16	401-2	Additional benefits provided to full-time employees
17	401-3	Parental Leave
18	402-1	Minimum notice periods regarding operational changes
19	403-1	Occupational health & safety management system
20	403-2	Hazard identification, risk assessment & incident investigation
21	403-3	Occupational health services
22	403-5	Worker training on occupational health and safety
23	403-6	Promotion of worker health
24	403-8	Workers covered by occupational health and safety management system
25	403-9	Work-related injuries
26	404-2	Programs for upgrading employee skills and transition assistance programs
27	405-2	Ratio of basic salary and remuneration of women to men
28	404-1	Average hours of training per year per employee
29	404-3	Percentage of employees receiving regular performance and career development reviews
30	405-1	Diversity of governance bodies and employees

Note * -GHG Emission intensity is based on Scope-1 & Scope-2 emissions





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53	Details of Social Impact Assessments (SIA)	
54	Describe the mechanisms to receive grievances of the local community	
55	Percentage of input directly sourced from MSMEs/small producers	
56	CSR projects undertaken in aspirational districts	93-98
57	Details of the benefits derived and shared from the intellectual properties owned or acquired by the company based on traditional knowledge shared	93-98
58	Details of beneficiaries of CSR projects	93-98
PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner.		
59	Details of instances of product recall on account of safety issues	51
60	"Channels/platforms where information on goods and services of the business can be accessed: https://virtualshowroom.heromotocorp.com/ "	16




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