BUILDING A BETTER TOMORROW, TOGETHER

Hero MotoCorp Limited | Sustainability Report 2024-25





At Hero MotoCorp (HMCL), we are "**building a better tomorrow, together",** driven by a passion to make a positive impact on the world. With a strong foundation of values and a clear vision for the future, we are committed to creating a better tomorrow for our customers, employees, and the communities we serve. Our purpose goes beyond manufacturing vehicles - it encompasses empowering people, enriching lives, and contributing to a more sustainable and equitable world. We are dedicated to delivering innovative mobility solutions that are not only environmentally friendly but also accessible and affordable, ensuring that everyone can participate in the journey towards a brighter future.
By putting people at the heart of everything we do, we are building a legacy that's driven by integrity, transparency, and a relentless pursuit of excellence, and we invite you to join us on this journey to create a world that's more mobile, more connected, and more full of life.

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COMPANY OVERVIEW

ABOUT THE REPORT



FY25

We are pleased to present our eighth Annual Sustainability Report, demonstrating our commitment to transparency and accountability. As a responsible corporate, we recognize our duty to protect the environment and contribute to the well-being of society. In line with our values, this report has been prepared in reference to the Global Reporting Initiative (GRI) Standards (2021), covering the period from April 1, 2024, to March 31, 2025. The Report is available for viewing on our website.

Scope and Boundary

This Report is prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021, covering the financial year 2025, from April 1, 2024, to March 31, 2025. The scope of this Report includes all six of Hero MotoCorp's manufacturing facilities in India, namely Dharuhera, Gurugram, Haridwar, Neemrana, Halol, and Tirupati, as well as the Global Parts Centre in Neemrana, the Centre for Innovation and Technology in Jaipur, and our Corporate Office in New Delhi. Collectively, these key locations contribute to more than 99% of the Company's revenue, reflecting the strength and reach of our operations. The environmental performance data presented in this Report encompasses all our 6 manufacturing sites in India, Global Parts Centre, and Centre for Innovation and Technology.

Data Compilation Methodology

The data presented in our Sustainability Report has been compiled from various internal reporting systems, with limitations noted where applicable. To ensure the accuracy and reliability of our sustainability indicators, we have obtained limited assurance from Bureau Veritas (India) Pvt. Ltd., in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) and ISAE 3410, as issued by the International Auditing and Assurance Standards Board (IAASB). The assurance statement, which includes details on the scope, criteria, and procedures is provided at the end of this Report. For detailed quantitative disclosures, please refer to the ESG Data Book included in the Annexure of this Report.

Suggestions and Feedback

We value our readers' feedback, points of view and invite them to share their thoughts, feedback, and suggestions on our Sustainability Report. Please feel free to contact us at esg.communication@heromotocorp.com

ESG HIGHLIGHTS FY25

ENVIRONMENT

45% Reduction in emission per equivalent vehicle (EPV) compared to the baseline year 2010

32% Electricity sourced from renewable sources resulting in offset of 36,167 tCO_2

500% Water positive facilities achieved

100% of our facilities are Zero Waste-to-Landfill certified

SOCIAL

13.2%
Gender Diversity

25.3 Lakh
Saplings planted till FY25

2.92 Lakh
Beneficiaries from Ride Safe India program

80.54 INR Cr.
CSR Spend

GOVERNANCE

100%
Board and Committee meeting attendance

50%
Independent Board of Directors (includes 2 Independent Women Directors)

30%
Gender diversity in Board

100%
Facilities are ISO 27001:2022 certified





EXECUTIVE CHAIRMAN'S MESSAGE

"Our commitment to sustainable practices remains at the core of our growth strategy and **our vision to be the future of mobility**"

Dr. Pawan Munjal
Executive Chairman, Hero MotoCorp

Hero MotoCorp is the only Indian '2-Wheeler' Company to be included in both the DJSI World Index and Emerging Markets Index. We stand among the seven automobile companies globally featured in the World Index this year.

CEO's MESSAGE

In an era defined by evolving global challenges, embracing sustainable practices transcends mere choice; it is an undeniable imperative. The urgent issues of climate change, persistent social disparities, and environmental degradation demand our collective and decisive action. At Hero MotoCorp, we not only acknowledge our profound responsibility in forging a more sustainable future but are resolutely committed to making a transformative impact. We believe that sustainability is essential for our company's long-term success and the well-being of our stakeholders, and we are dedicated to positively impacting the environment and society.

INDIA'S GREEN AMBITION: OUR SHARED VISION

India has set ambitious sustainability targets for the automotive sector, aiming to achieve 30% electric vehicle sales by 2030, to significantly mitigate emissions and enhance air quality. Furthermore, the nation aims to derive 50% of its energy from renewable sources by 2030, by increasing renewable capacity, improving grid infrastructure, advancing green hydrogen and other clean energy technologies.

Hero MotoCorp is committed to India's sustainability targets, aiming for 100% carbon neutrality by 2030. We achieved 45% carbon neutrality, through the adoption of new technologies and transitioning to renewable energy sources, which constitute 32% of our total electricity consumption as of FY25. Furthermore, Hero MotoCorp is contributing to the electric vehicle sales target through its innovative electric vehicle launches viz. Surge S32, VIDA Acro and VIDA VX2.

Our vision at Hero MotoCorp is to pioneer a future where mobility is accessible, affordable, and environmentally responsible. We are committed to minimizing our environmental footprint, championing eco-friendly technologies, and fostering a culture of sustainability across all operations, working towards a cleaner, greener tomorrow with our stakeholders.

PIONEERING SUSTAINABLE INNOVATION AND DESIGN:

We are proud to be at the forefront of innovation in the mobility industry. Our latest product launches serve as compelling testaments to our relentless pursuit of pushing the boundaries of what is possible.

- **Surge S32:** A groundbreaking electric vehicle, seamlessly switching between a two-wheeler and a three-wheeler has gained international recognition, including the Platinum A' DESIGN Award, the coveted Red Dot: Best of the Best, and featured in TIME's list of the best inventions of 2024.

- **VIDA Acro:** Our revolutionary electric-powered kids' motorcycle, ingeniously designed to evolve with young riders aged 4-10. It has been distinguished with the prestigious Red Dot Award: Design Concept 2025, celebrating its innovative spirit and enduring design.

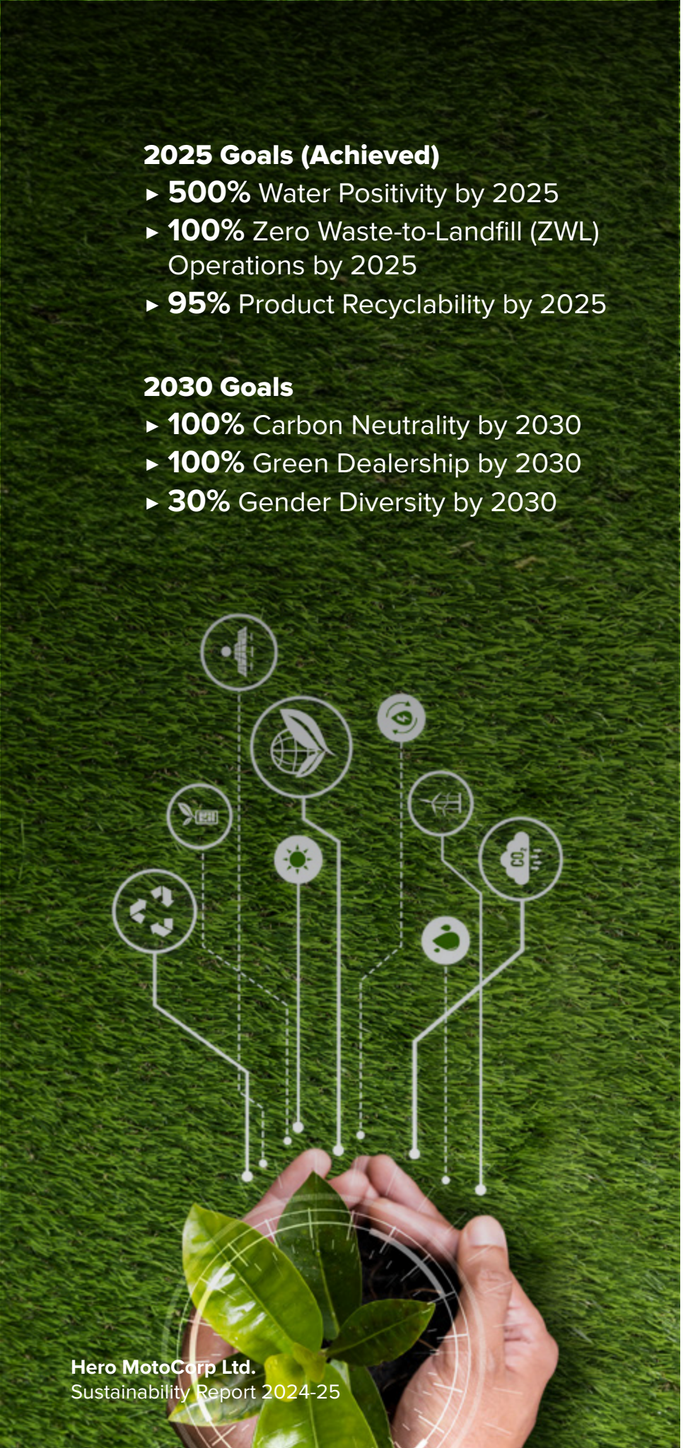


2025 Goals (Achieved)

- **500%** Water Positivity by 2025
- **100%** Zero Waste-to-Landfill (ZWL) Operations by 2025
- **95%** Product Recyclability by 2025

2030 Goals

- **100%** Carbon Neutrality by 2030
- **100%** Green Dealership by 2030
- **30%** Gender Diversity by 2030



SUSTAINABILITY: OUR CORE VALUE

We are proud to have successfully achieved all our 2025 ESG goals, demonstrating our unwavering and profound commitment to sustainability. This accomplishment reflects our core values and vision, solidifying our industry leadership in sustainable practices.

As we progress, our collective endeavors will be dedicated to maintaining the momentum generated by our recent achievements. We are steadfast in our commitment to meticulously track our progress year-over-year, ensuring that each successive period demonstrates tangible growth and continuous improvement.

Accelerating Environmental Stewardship:

At Hero MotoCorp, we recognize that environmental responsibility is not just a moral obligation, but a driving force for innovation and growth. We are profoundly committed to harnessing the transformative power of sustainability in driving our business forward. To achieve this, we are investing wholeheartedly in pioneering clean energy solutions, developing cutting-edge eco-friendly products, and seamlessly integrating sustainable practices into every facet of our operations.

Carbon: We are at 45% carbon neutrality (scope-1&2) and are steadily progressing towards our goal of 100% by 2030. In FY25, we have accounted for and inventoried more than 95% of our scope-3 emissions to better understand and manage our indirect environmental impacts.

Water: Achieved 500% water positivity through our dedicated water stewardship initiatives. We have transformed water usage within our manufacturing facilities and uplifted marginalized farming communities by providing access to this vital resource.

Waste: For another consecutive year, our facilities are 100% zero-waste-to-landfill - a monumental achievement that underscores our unwavering commitment to sustainability and environmental responsibility.

Product recyclability: Our relentless focus on environmental sustainability drives us to design and manufacture products with a recyclability rate exceeding 95%, setting a new standard that goes beyond the Automotive Industry Standard (AIS) 129, which requires an 80% recyclability rate. As of FY25, we have also completed Life Cycle Assessment (LCA) studies for 75% of our sales volume and aim to increase to 80% by next fiscal year.

Flex fuel vehicle: The Indian government has set a target of achieving 20% ethanol blending in petrol (E20) by FY26. We also developed new control strategy patents to enable combustion to detect ethanol content between 20% and 100%. We will implement this technology as we upgrade the combustion systems across our platform. In FY25, we received Type Approval for our first Flex Fuel Vehicle designed to run on Ethanol Blend ranging between E20-E85.

Building a Safer and Inclusive world together:

Diversity, Equity & Inclusion (DEI): We are dedicated to fostering a more equitable and inclusive world. Our objective is to achieve 30% female representation by 2030, building upon the 13.2% gender diversity attained in FY25. This progress, driven by efforts to attract, retain, and promote women across all levels, underscores our dedication to fostering an inclusive workplace that provides equal opportunities for success and professional development.

Workplace Safety: At Hero MotoCorp, we prioritize a zero-incident culture with a robust Occupational Health and Safety (OHS) management system. We are dedicated to ensuring a secure work environment and continuously integrating insights derived from incidents and records into our operational procedures. Our OHS system proactively identifies and eliminates hazards, minimizing risks to all stakeholders. Safety is a shared responsibility, extending to our entire value chain. We train and support partners to enhance their safety protocols, fostering safety excellence throughout our operations.

Road and Community Safety: Hero MotoCorp is dedicated to road safety aligning with India's goal of reducing road accident fatalities by 50% by 2030. Our safe system approach emphasizes on the 4Es of road safety: Engineering, Enforcement, Education, and Emergency Services. In FY25, our Ride Safe India initiative engaged 8.48 million individuals through a radio campaign and our Traffic Training Parks located nationwide provided targeted awareness and training on road safety and safe riding practices to over 1,50,000 individuals.

Corporate Social Responsibility: Through 'Hero We Care', our flagship Corporate Social Responsibility platform, we are committed to promoting equity. Some of the key CSR initiatives include:-

- **Skill Development:** Saksham, Hero MotoCorp's flagship pan-India skilling initiative, launched in partnership with the Automotive Skills Development Council (ASDC), is aimed at promoting gender inclusion within the automotive industry by building a robust network of trained women two-wheeler technicians. Since its launch in 2024, Saksham has trained over 4,000 women across a range of industries—representing a significant step forward in enhancing women's representation in technical roles.
- **Education:** Hero MotoCorp supports India's National Education Policy 2020 for 100% Gross Enrolment Ratio (GER) in pre-school to secondary education by 2030 and 50% in higher education by 2035. We firmly believe that education is a fundamental right and a powerful tool for transforming lives. Through our education initiatives, we have positively impacted over 10,000 students, and granted 711 merit-based scholarships to students, helping them overcome financial barriers to education.
- **Armed Forces Collaborations:** Hero MotoCorp has set up an Early Intervention Centre (EIC) in partnership with the Navy Welfare and Wellness Association (NWWA) to support children with neuro-developmental disabilities. Through our project "Hero Salutes Heroes of the Nation," partnered with the Directorate of Indian Army Veterans (DIAV), Navy Welfare and Wellness Association (NWWA), we also provide adapted scooters to Indian Army Veterans with disabilities, ensuring safe and convenient mobility.

Governance: Leading with Transparency, Driving with Accountability

Hero MotoCorp's corporate governance is rooted in our commitment to transparency, fairness, integrity, equity, and accountability. This framework reinforces our values, boosts long-term shareholder value, upholds ethical standards, and promotes sustainability and social responsibility.

We prioritize robust risk management, a comprehensive framework, and proactive strategies to identify and mitigate potential risks. Our tax strategy, rooted in our Code of Conduct and values, emphasizes timely compliance with all relevant tax laws and regulations. We also prioritize information security through a comprehensive policy, ensuring the confidentiality, integrity, and availability of our data.

We believe that robust governance, with clearly defined roles for the Board, its committees, and senior management, is crucial for sustained growth and stability. Our three-tiered structure—comprising a diverse Board of Directors (including 30% women), specialized Board Committees, and a distinct Executive Chairman, CEO and leadership team—ensures strategic direction, effective oversight, and responsible business conduct, solidifying our commitment to effective corporate governance.

Value Chain Management: We prioritize building strong, sustainable relationships with our value chain partners, which include over 300 Tier-1 suppliers and 1000 dealers. These partners are vital to our operations, and we are committed to ensuring a high-quality, mutually beneficial, and eco-friendly supply chain. Our Sustainable Partner Development Programme (SPDP) integrates ESG into our supply chain, while the Green Dealership Development Programme (GDDP) helps channel partners adopt eco-friendly practices.

As we look to the future, I am confident that we will continue to make significant progress towards sustainability, innovation, and social responsibility. We will uphold our commitment to our core values of integrity, customer focus, quality, and teamwork, and strive for excellence in everything we do. We extend our gratitude for your unwavering support and collaboration on this vital journey toward a promising future.

Warm Regards
Vikram S. Kasbekar
Executive Director and Acting
Chief Executive Officer

COMPANY PROFILE

Hero MotoCorp Limited (HMCL), the world's largest producer of motorcycles and scooters, offers an extensive array of mobility solutions focused on style and comfort. Our inception is rooted in a vision of empowering India through our mobility solutions – Motorcycles and Scooters.

Overview of Hero MotoCorp Limited

Company Name: Hero MotoCorp Limited

Date of Establishment: 19th January 1984

Headquarters: The Grand Plaza, Plot No. 2 Nelson Mandela Road, Vasant Kunj – Phase-II New Delhi-110070

Acting Chief Executive Officer (CEO): Mr. Vikram S. Kasbekar

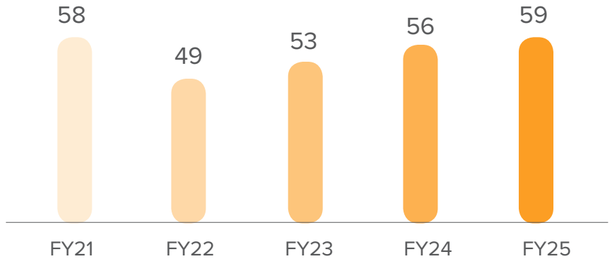
Key Business Area: Manufacturing of two-wheelers: Motorcycles & Scooters

Stock Exchange: BSE Limited (BSE) and National Stock Exchange of India Limited (NSE)

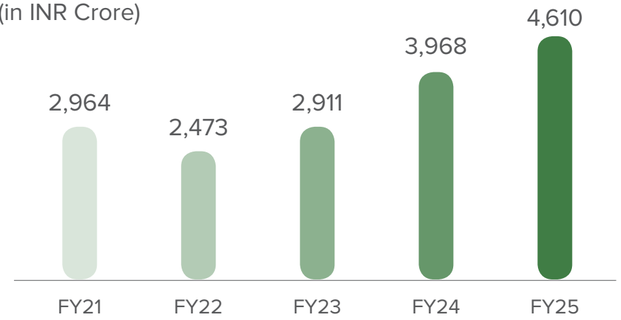
Website: www.heromotocorp.com

Financial Highlights

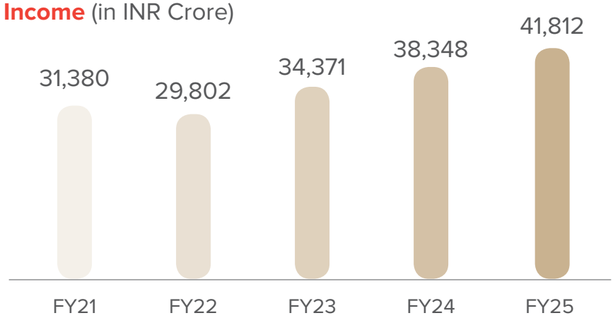
Sales Volume (Lakh units)



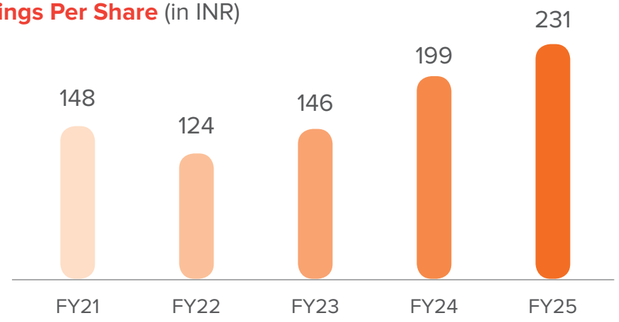
PAT (in INR Crore)



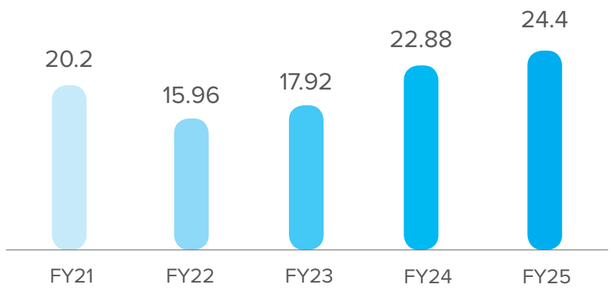
Total Income (in INR Crore)



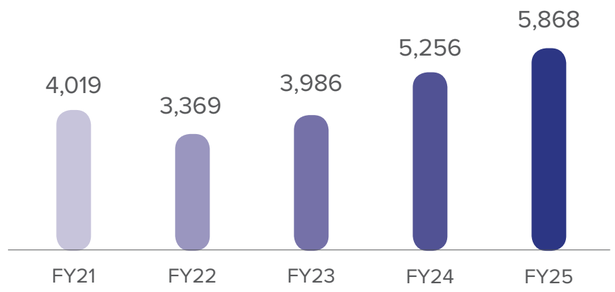
Earnings Per Share (in INR)



Return on Average Equity (%)



EBITDA (in INR Crore)



GLOBAL PRESENCE

New and Strengthened Markets in FY25

Philippines
Official market entry, plant launch in Laguna, and local assembly

Nepal
Re-entry in April 2025; Regained double-digit market share

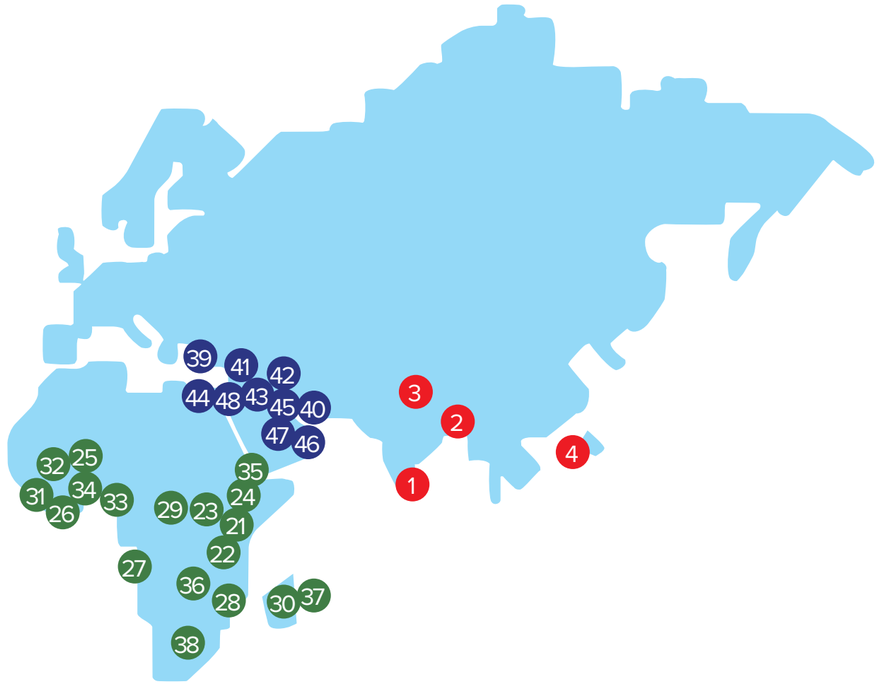
Colombia
66% YoY growth; new model launches including Hunk 160R 4V, Xpulse 200 4V

Bangladesh
44% dispatch growth; expansion of Hero 2.0 showroom format

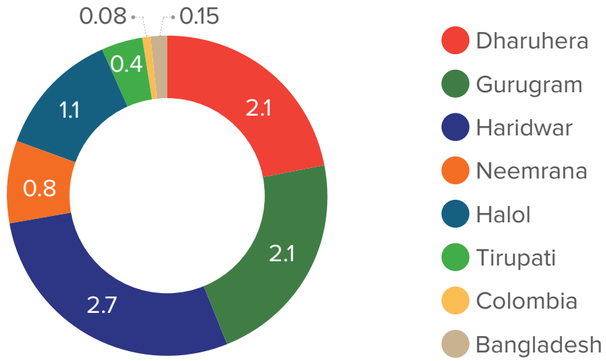
Mexico
Portfolio realignment to focus on premium segments

Africa
Ongoing development in Nigeria through partner-led retail expansion





Manufacturing Capability (million units)



Asia

1 Sri Lanka
2 Bangladesh
3 Nepal
4 Philippines

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 Mexico
19 Brazil
20 Trinidad & Tobago

Africa

21 Kenya
22 Tanzania
23 Uganda
24 Ethiopia
25 Burkina Faso
26 Ivory Coast
27 Angola
28 Mozambique
29 Democratic Republic of Congo
30 Madagascar
31 Liberia
32 Guinea
33 Nigeria
34 Ghana
35 Djibouti
36 Zambia
37 Mauritius
38 South Africa

Middle East

39 Turkiye
40 Dubai (UAE)
41 Iraq
42 Kuwait
43 Saudi Arabia
44 Egypt
45 Qatar
46 Oman
47 Bahrain
48 Jordan

SUSTAINABLE MOBILITY

With a strong commitment to innovation and customer satisfaction, Hero MotoCorp (HMCL) offers a diverse range of high-end motorcycles and scooters that embody the perfect blend of style, performance, and technological advancements. Our goal is to provide affordable and efficient mass mobility solutions that meet the unique needs of our customers, making us a trusted brand in the industry.

VIDA: Accelerating Our Electric Vehicle Revolution

HMCL remains at the forefront of providing innovative and sustainable mobility solutions through its VIDA range of electric vehicles. We have made significant strides in expanding our EV footprint which now covers more than 350 cities with over 550 touchpoints, including dealerships, VIDA Hubs, and Premium outlets. In FY25, HMCL sold 59,000 units of the VIDA electric scooter, marking a year-on-year growth of 195%. As part of our commitment to sustainable mobility, we have set an ambitious target to increase the share of electric vehicles (EVs) in our overall portfolio from 1% in FY25 to 24% by FY30.





Accessibility, Affordability, and Growth: Our Guiding Principles

Through VIDA, we have successfully expanded our customer base and made our products more affordable for a wider range of consumers. To achieve this, we have introduced various pricing strategies and financing options, making our electric vehicles more accessible to the masses. HMCL has experienced significant revenue growth, largely due to our increased presence across all regions and our expanded involvement in the electric vehicle industry. This growth has been substantially supported by the introduction of new models and our successful global expansion efforts.

In terms of battery performance, VIDA batteries typically retain 70-80% of their original state-of-health after covering 60,000 to 70,000 kilometers or being in use for five years.

SoH = 60 – 70 %
60,000 – 70,000 Km
5 years of use

VIDA V2 PRO
₹ 1,45,000
165 Km (IDC range)

VIDA V2 PLUS
₹ 1,25,000
142 Km (IDC range)

VIDA V2 Lite
₹ 1,05,000
94 Km (IDC range)

VIDA VX2 GO
₹ 99,490
92 Km (IDC range)

VIDA VX2 PLUS
₹ 1,09,990
143 Km (IDC range)

Particulars	FY24	FY25
EV Revenue (INR in Cr.)	300	667
% of Total Revenue from operations	0.80%	1.60%

To know more about our EV product range, visit our company website: https://www.vidaworld.com/

RESEARCH AND DEVELOPMENT

170
Patent applications filed in FY25

335
Patents granted till FY25

Total Patents Filed

In FY25, HMCL achieved a significant milestone by filing 170 patents, underscoring our unwavering dedication to innovation and our relentless drive to stay at the forefront of emerging technologies. This impressive portfolio of 335 total patents encompasses a range of groundbreaking innovations, including revolutionary vehicle designs that enhance performance, efficiency, and safety, as well as pioneering engine technologies that push the limits of power and sustainability. Additionally, our patents include eco-friendly solutions that contribute to a more sustainable future. By obtaining these patents, we have substantially strengthened our intellectual property portfolio, effectively protecting our technological advancements and laying a solid foundation for future expansion and growth.

Social Innovation

Located at the epicenter of India's vibrant innovation ecosystem, Hero MotoCorp (HMCL) is committed to shaping a future where technological progress and social responsibility intersect. Our guiding philosophy, 'For Bharat, By Hero,' resonates with the vision of Hon'ble Prime Minister Narendra Modi's call to action for innovation in India, encapsulated in the concept of Viksit Bharat - a nation empowered by ingenuity and poised for rapid growth.

Hero Sambhav: Nurturing Aspirations, Powering Progress

At HMCL, innovation begins at home. Hero Sambhav—a flagship initiative under the Innovation Team's Social Innovation Charter—was envisioned by our Executive Chairman, Dr. Pawan Munjal, as an ode to the families of our employees. We recognize that behind every team member is a family that contributes silently to our collective success. Hero Sambhav gives that family a voice, a platform, and an opportunity. By fostering self-starters within our own ecosystem, Hero Sambhav contributes to this national aspiration in a meaningful, grassroots way. The program empowers the immediate family members of HMCL employees with access to mentorship, knowledge, and enabling infrastructure — allowing them to explore entrepreneurial ideas, attain growth and build for themselves as well as the nation. It reflects HMCL's belief that innovation and inclusion must go hand in hand.

By empowering families from within, Hero Sambhav creates ripple effects of progress—at home, in our workplaces, and across communities. To support this journey, each of the selected participants will be incubated through a carefully designed 12-week program divided into three progressive phases. Phase-1 begins with validating their ideas through research-driven design thinking, refining their solutions, and mapping market opportunities. In Phase-2, the focus shifts to building high-level prototypes, understanding scalable business models, and crafting go-to-market strategies. Participants receive hands-on mentoring on legal and IP frameworks, business model canvas development, and marketing fundamentals. Phase-3 dives into financial modeling and pitch readiness. From pricing frameworks and valuation expectations to mock pitch sessions with domain experts and investors, the final leg ensures participants are equipped to take their ideas forward with confidence. This structured hand-holding—combining knowledge, infrastructure, and mentorship—ensures that Hero Sambhav isn't just a platform for ideas, but a launchpad for meaningful transformation. It is a living example of HMCL's purpose-driven innovation: where every idea nurtured is a step toward a more resilient, inclusive, and self-reliant India.



Product Innovation

Pioneering with Surge S32:
The Future on Three Wheels

The Surge S32 is a revolutionary vehicle featuring the AMSEP® (Advanced Modular Scalable Electric Powertrain) technology, seamlessly switching between a two-wheeler and a three-wheeler, is making waves in the automotive industry with its innovative design and commitment to sustainability. As the world's first class-changing vehicle, it has already gained international recognition, including the prestigious Platinum A' DESIGN Award, Red Dot: Best of the Best, and a feature in TIME's Best Inventions of 2024.

What sets the Surge S32 apart is its ability to transform the way people travel, making it a game-changer for the environment. By leveraging cutting-edge technology and prioritizing environmental responsibility, Surge EV aims to reduce the number of vehicles on the road by creating a multipurpose vehicle that can adapt to different needs.

The vehicle's safety features, including automated controls and sensors, ensure a secure and reliable driving experience. The introduction of a new category of three-wheeled motor vehicles, known as "L2-5," by the Ministry of Road Transport and Highways (MoRTH) has paved the way for the Surge S32 to become a reality.



VIDA ACRO

VIDA Acro is a revolutionary electric-powered kid's motorcycle that evolves alongside young riders, adapting seamlessly to their physical development from ages 4 to 10. Developed at Hero Tech Center Germany for the world, Acro's fully modular design transforms a common challenge "outgrowing bikes" into an opportunity for continuous growth and excitement. With three key adjustment points - handlebar height, footrest position, and seat height, while maintaining the ergonomic triangle, Acro ensures the perfect riding posture at every stage, allowing children to adjust their motorcycle's size without special tools. Instead of frequent replacements, each adjustment becomes a celebration of progress, making Acro a long-term companion for young explorers.

Accessibility is at the heart of Acro's design. Its intuitive seat design includes a simple battery compartment that anyone can access and charge, making it easy for families to use. Smart safety features ensure a secure ride at every stage of development, with adjustable power controls that match the rider's age, impact-absorbing materials, and parent-controlled speed limits. Each Acro comes with dedicated safety gear, instilling the importance of protective equipment from the very first ride. Beyond functionality, Acro allows young riders to personalize their motorcycles with interchangeable graphics kits, helping them develop their own riding identity while sharing their parents' enthusiasm for motorcycling.

Sustainability is woven into every aspect of Acro's design. By eliminating the need for frequent bike replacements, it reduces waste and promotes a more eco-conscious approach to children's mobility. More than just a motorcycle, VIDA Acro is a bridge between generations, strengthening the bond between parents and children through a shared love of motorcycling while setting a new standard for the future of kids' mobility solutions. VIDA Acro kids motorcycle concept has been awarded the prestigious Red Dot Award: Design Concept 2025, celebrating innovation and design that lasts long. This recognition places VIDA Acro among the world's leading product designs.

reddot winner 2025

Awarded the prestigious
Red Dot Award: Design Concept 2025







Freedo Rentals - Total Presence



13 Cities
With 20 Touchpoints

Current Inventory



5400+
Vehicles

Total Bookings



1,00,000+
Bookings & Extensions

Total Distance Covered



50 Million+
Kms Covered

Freedo Rentals

Building a Smarter, Sustainable Mobility Ecosystem

Freedo Rentals, our in-house startup incubated under Hero MotoCorp's innovation platform 'Hero Hatch,' continues its mission to reimagine mobility through a flexible, affordable, and sustainable two-wheeler rental platform. Designed to reduce reliance on personal vehicle ownership, Freedo addresses challenges like urban congestion, increasing pollution, rising costs, and limited transport flexibility offering daily, monthly, and long-term rentals through its tech-powered solution.

With 5,400+ vehicles and high utilization across key markets, Freedo stands as India's trusted self-owned two-wheeler rental provider, backed by strong digital adoption and operational resilience.

Freedo services include flexible daily and monthly rentals, along with hassle-free long-term subscription plans under the YOR (Your Own Ride) program, which enables customers to seamlessly transition to ownership after 18 months.

Digitally Driven, Waste-Conscious Operations

Freedo is redefining operational sustainability in shared mobility services by reducing physical waste, streamlining digital workflows, and embracing responsible resource management.

Digital-first operations have now completely replaced outdated paper processes. HMCL's internally built "Champion App" has eliminated the need for calls or email-based communication across hubs, handling everything digitally, from payments to customer queries and team coordination via different modules.

With continued tech efforts, their internal reporting has as well shifted to real-time, tech-enabled reports, reducing dependency on sheets and enabling quicker, data-backed decision-making, to contribute to leaner, cleaner operations.

Large Fleet of the Year 2025
Recognition from Fleet Excellence Awards 2025

Creative Waste Management and Upcycling
With operations expanding across cities, Freedo recognized the growing environmental footprint of waste materials in its operations. In response: Engine oil collected during servicing is filtered and reused for cleaning operations of various mechanical parts. Discarded items like tyres and helmets have been repurposed into wall art and hub décor, creating awareness through visual storytelling and earning praise from visiting customers.

These initiatives, led by ground teams, reflect Freedo's commitment to environmental responsibility and creative sustainability.

Enabling Inclusive Economic Growth
Apart from the increased efficiencies in the operations, Freedo is making a tangible social impact by enabling over 6,000+ gig workers with access to safe, compliant vehicles, supporting livelihoods in urban and semi-urban areas. By integrating EVs into the fleet and deploying fast chargers at customer touchpoints, Freedo is also making clean mobility more accessible.

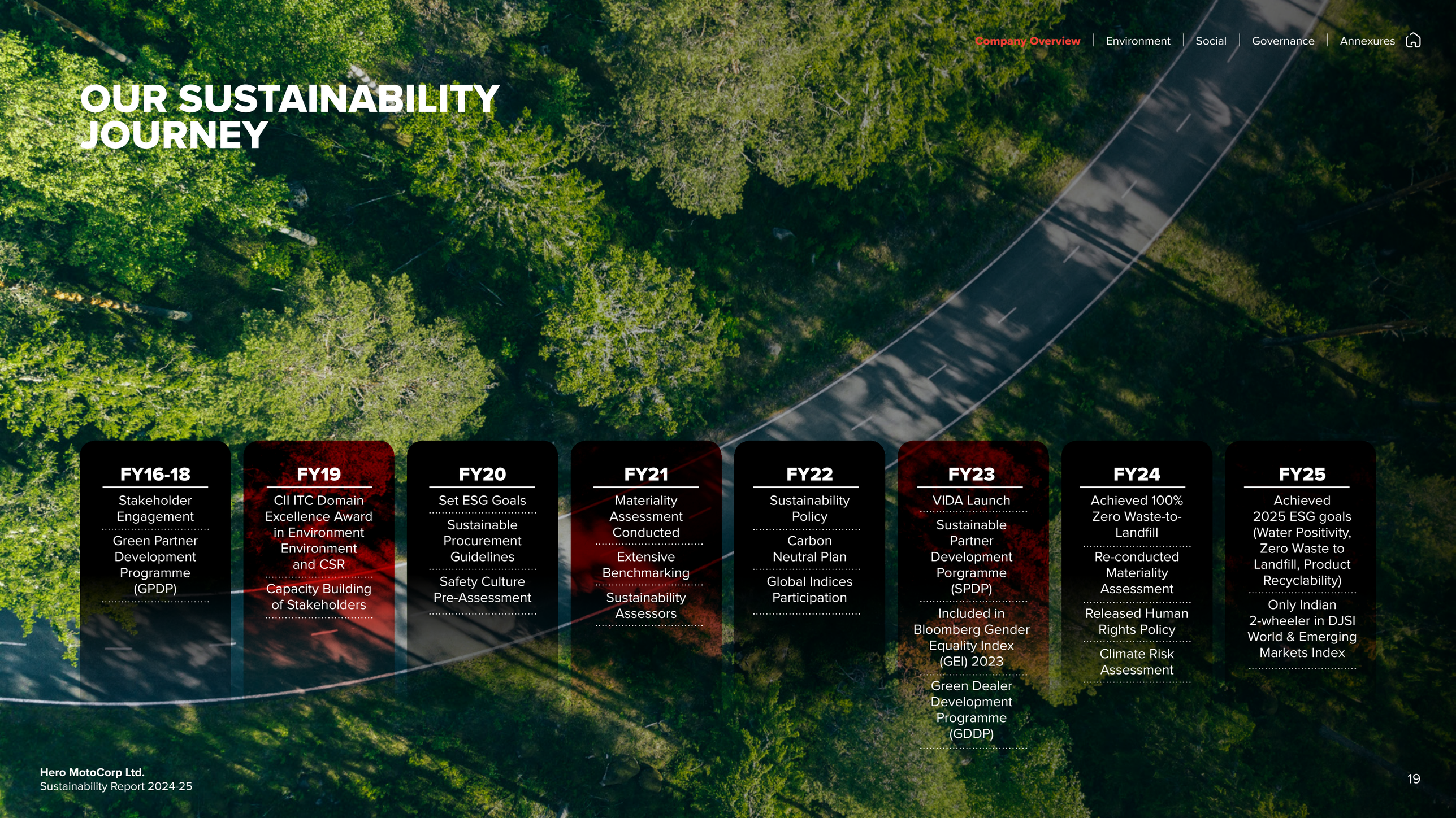
The Road Ahead: Shared Mobility with Industry-Leading Tech

In the upcoming financial year, the team is geared for accelerated growth and deeper market penetration, with an ambitious goal of expanding to 25+ cities and establishing 50+ touchpoints by FY26. To enable faster and more scalable expansion, the focus will also shift towards an asset-light model by onboarding third-party operators. To complement this expansion plan, the team is developing a robust tech suite designed to power and simplify the rental ecosystem.

From enabling shared and sustainable mobility to rethinking how waste is reused, Freedo's journey is just getting started. Backed by the strength of Hero MotoCorp and fueled by a team of passionate innovators, we are committed to redefining mobility for millions.



OUR SUSTAINABILITY JOURNEY



FY16-18

- Stakeholder Engagement
- Green Partner Development Programme (GPDP)

FY19

- CII ITC Domain Excellence Award in Environment Environment and CSR
- Capacity Building of Stakeholders

FY20

- Set ESG Goals
- Sustainable Procurement Guidelines
- Safety Culture Pre-Assessment

FY21

- Materiality Assessment Conducted
- Extensive Benchmarking
- Sustainability Assessors

FY22

- Sustainability Policy
- Carbon Neutral Plan
- Global Indices Participation

FY23

- VIDA Launch
- Sustainable Partner Development Porgramme (SPDP)
- Included in Bloomberg Gender Equality Index (GEI) 2023
- Green Dealer Development Programme (GDDP)

FY24

- Achieved 100% Zero Waste-to-Landfill
- Re-conducted Materiality Assessment
- Released Human Rights Policy
- Climate Risk Assessment

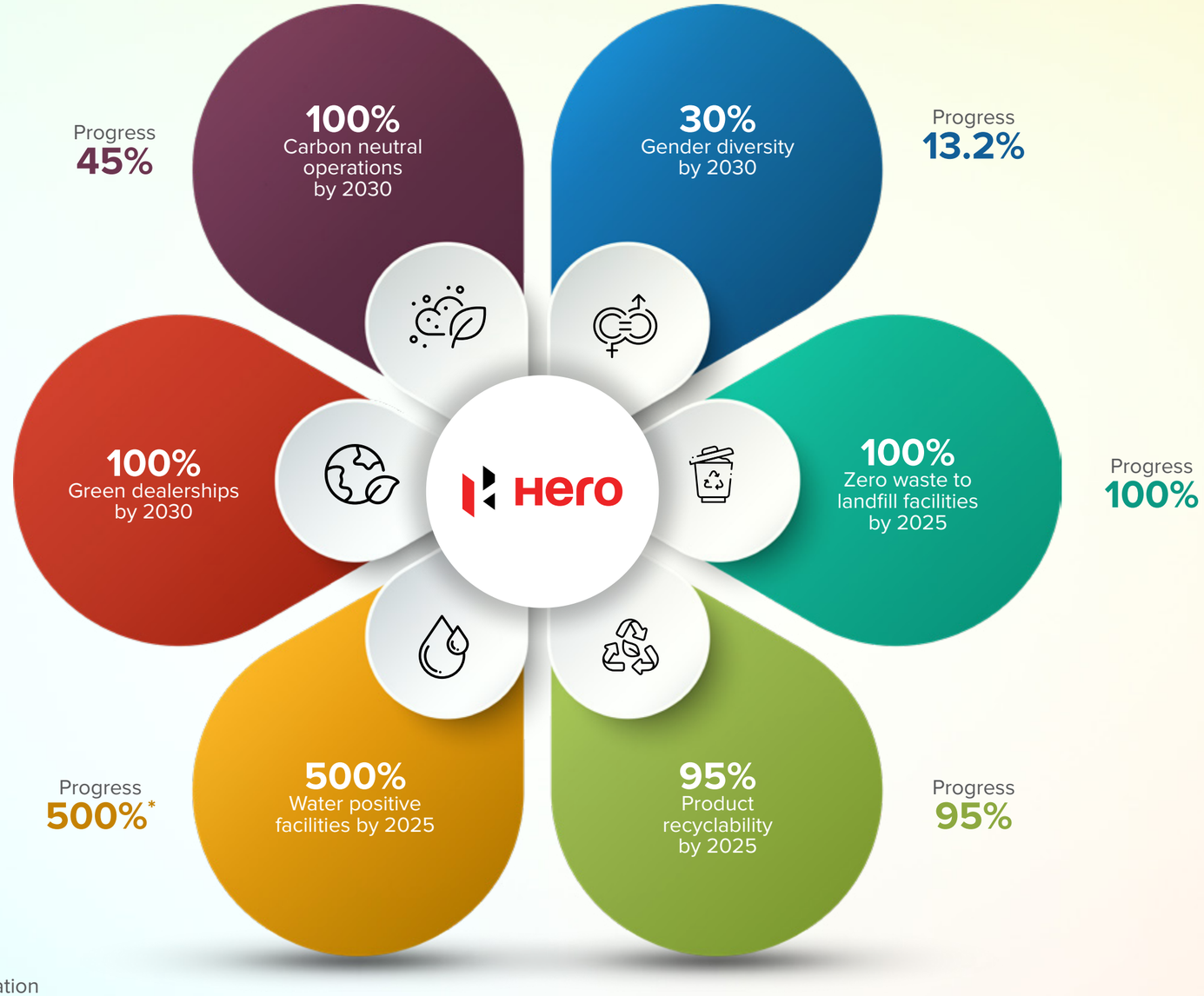
FY25

- Achieved 2025 ESG goals (Water Positivity, Zero Waste to Landfill, Product Recyclability)
- Only Indian 2-wheeler in DJSI World & Emerging Markets Index

HERO MOTOCORP'S ESG GOALS

Achieved 2025 ESG Goals

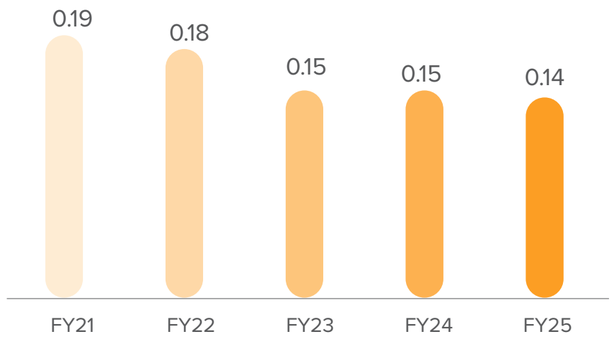
- Water Positivity
- Zero Waste to Landfill
- Product Recyclability



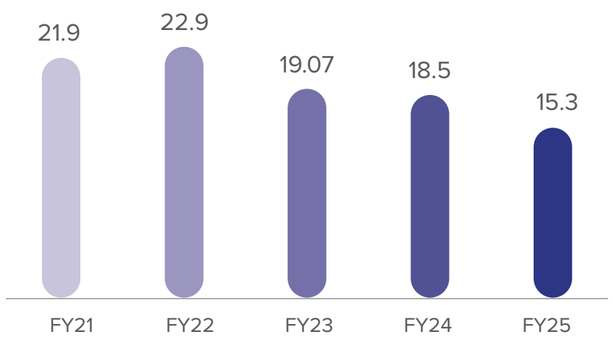
Under audit
* Under certification

ESG TRACK RECORD

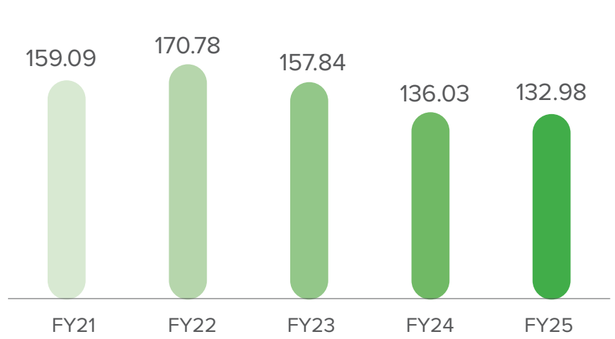
Energy Intensity (GJ/Vehicle)



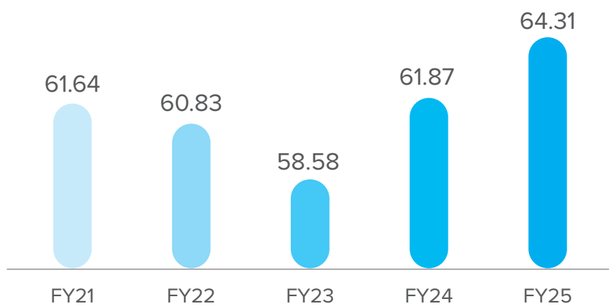
Carbon Emission Intensity (Scope 1 and 2 - $kgCO_2$/vehicle)



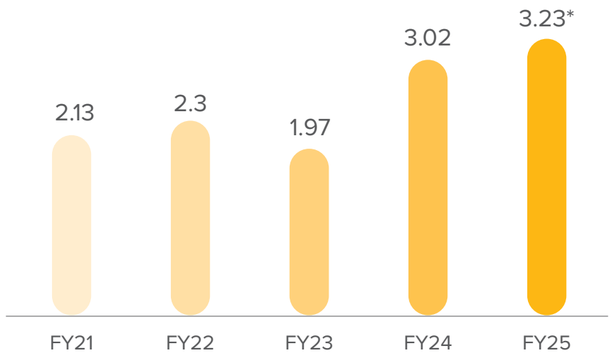
Fresh Water Intensity (Litre/Vehicle)



Water Recycled and Reused (%)

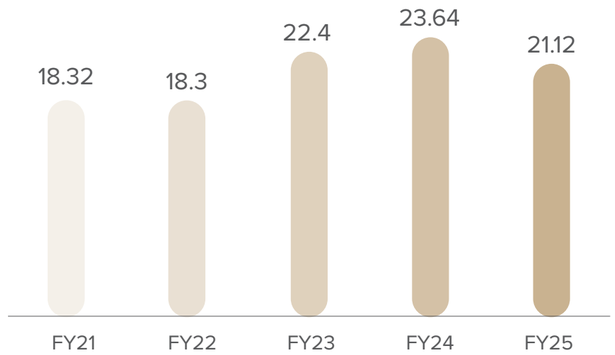


Waste Intensity - Hazardous and Non-hazardous
(kg/Vehicle)



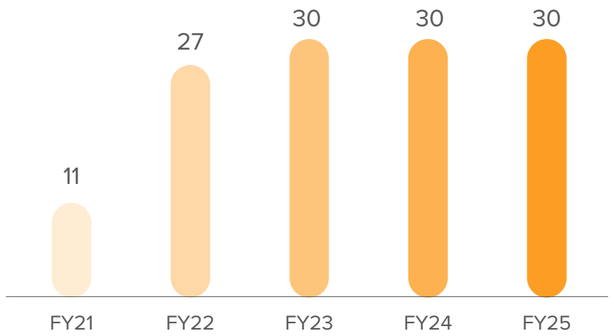
* Additional categories of hazardous waste included in FY2024-25

Recycled Material Used Intensity
(kg/vehicle)

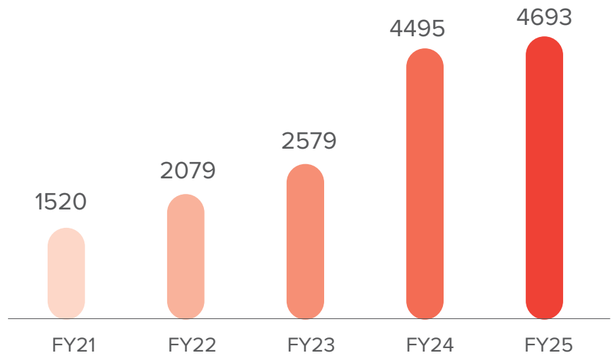




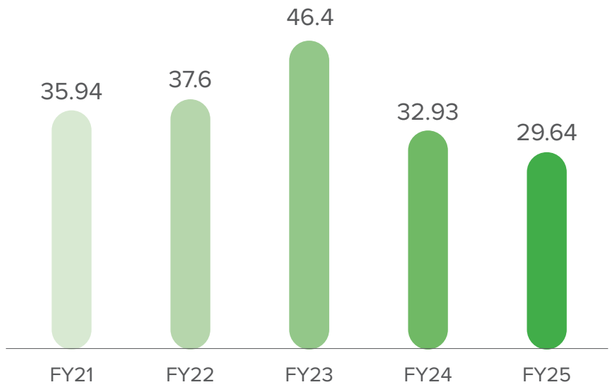
Board Gender Diversity (Women in Board - %)



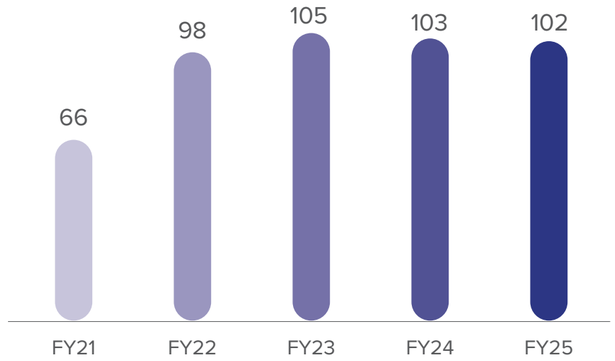
Gender Diversity (Nos.)



Average Training Hours (Hours/Total Workforce)



Specially-abled Workforce (Nos.)



ESG RATINGS

CDP
DRIVING SUSTAINABLE ECONOMIES

Achieved B rating for Climate Change and Water Security

MSCI

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

Dow Jones Sustainability Indexes

Member of DJSI World & Emerging Markets

NSE Sustainability Ratings & Analytics

Highest scorer in 2-wheeler Industry

LSEG DATA & ANALYTICS

Above Average degree of transparency of ESG

FTSE4Good

Member of the FTSE4Good Index Series



AWARDS AND RECOGNITIONS

Gurgaon plant honored with **"SWORD OF HONOUR" and a five-star rating award** by the British Safety council

Neemrana plant won a **Gold award** at the CII National Maintenance Circle competition

Halol Plant **achieved the Platinum award** in the 10th CII competition on low-cost automation

Gurgaon plant was recognized as the **first Gold-blue rated unit in the automobile sector** under CII's Blue Rating System

Tirupati Plant received **both the Platinum and Silver awards** in the 50th CII National Kaizen Competition

Haridwar plant **secured 2nd position** at the prestigious IMTMA Productivity Championship awards 2024

Dharuhera plant was awarded the **Gold award in the "Quality Sustainability Award 2024"** by the Indian Society for Quality

GPC received the **Platinum award in the innovative practices category** at 9th CII national competition on Digitalization, Robotics and Automation

Hero MotoCorp has been **certified as a 'GOQii Healthy Place to Work'**

AFFILIATIONS

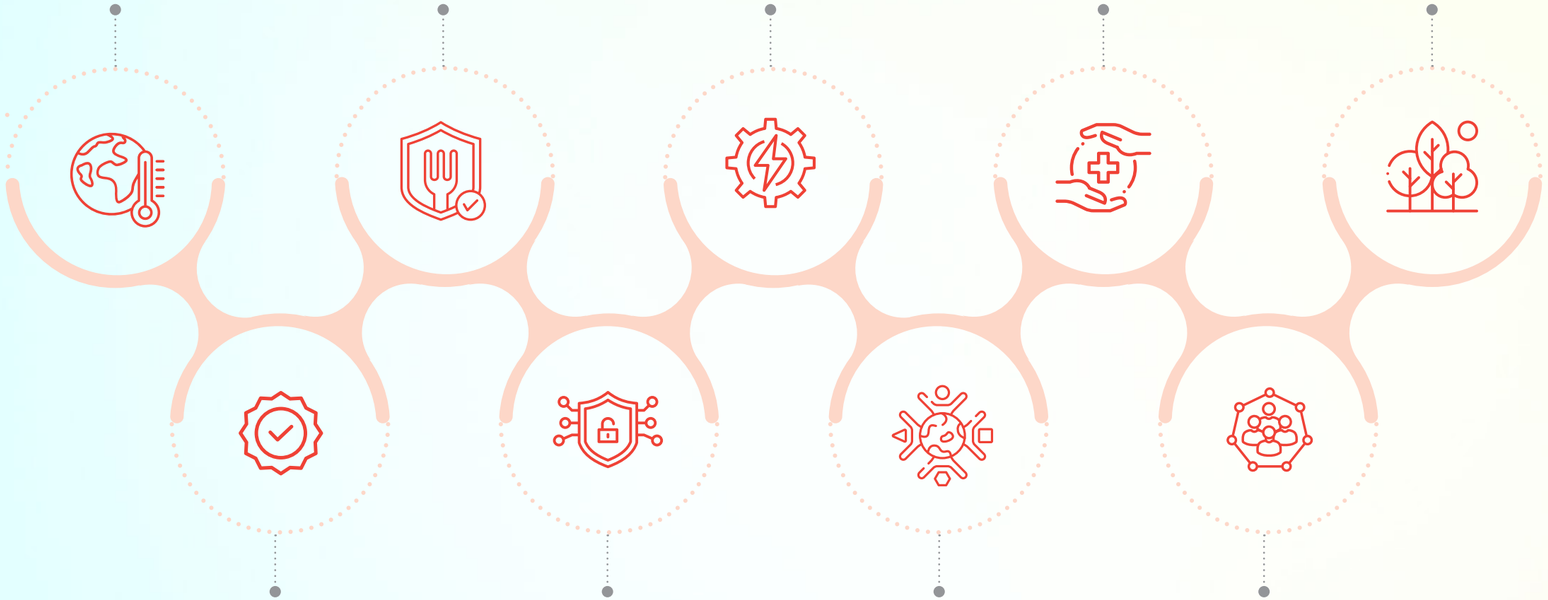
Climate Change
- CDP- Climate Change

Food Safety
- ISO 22000:2018

Energy Management
- ISO 50001:2018

Employee Health and Safety
- ISO 45001:2018

Environmental Management
- ISO 14001:2015
- CDP- Water Security



Quality
- ISO 9001:2015
- ISO/IEC 17025:2017

Information Security
- ISO 27001:2013
- Data Security Council of India (DSCI)

Diversity
- Bloomberg (GEI)

Associations
- Society of Indian Automobile Manufacturers (SIAM)
- Automotive Component Manufacturers Association of India (ACMA)
- Confederation of Indian Industry (CII)
- Emission Controls Manufacturers Association (ECMA)
- Federation of Automobile Dealers Associations (FADA)
- International Motorcycle Manufacturers' Association (IMMA)
- Society for Automotive Fitness & Environment (SAFE)



ESG GOVERNANCE

At HMCL, we have established a robust governance framework that oversees various aspects of our performance across our value chain and operations. Our approach to ESG is centered on creating a more sustainable and equitable future that benefits both our business and society. We believe that effective ESG governance involves aligning our business strategies with long-term value creation for all stakeholders, including employees, customers, suppliers, and the communities we serve, in addition to our shareholders. This commitment encompasses managing environmental risks, promoting diversity and inclusion, maintaining transparent communication with stakeholders, and upholding the highest standards of business ethics, to ensure a positive and lasting impact.

Sustainability and Corporate Social Responsibility Committee (SCSR)

The SCSR Committee is comprised of four directors, which includes the Executive Chairman, one Non-Executive Director, and two Non-Executive and Independent Directors. This committee plays a crucial role in overseeing and managing the Company's ESG challenges and opportunities, evaluates the adequacy of our Company's sustainable development framework, monitors the implementation of policies, and conducts quarterly reviews of the Company's ESG performance against targets, providing recommendations as required.

Chief Executive Officer (CEO)

The Chief Executive Officer holds regular meetings with senior executives from various departments to assess the progress of ESG programs and track key performance indicators. During these meetings, the CEO provides strategic guidance and expert insights to inform decision-making, evaluate the effectiveness of ESG initiatives, and ensure they align with the Company's overall vision and objectives.

Sustainability Steering Committee (SteerCo)

The Sustainability Steering Committee (SteerCo) is a high-level team consisting of C-level executives. The committee is tasked with overseeing and guiding the implementation of ESG initiatives across the organization, with a focus on addressing plant-specific challenges related to carbon neutrality and climate change. The SteerCo ensures that these initiatives align with the Company's overall sustainability goals and provides strategic direction, necessary resources, and support to facilitate effective and accelerated implementation of climate change initiatives at the plant level, driving progress towards a more sustainable future.

Key Department Heads

Department heads convene to discuss and align on the ESG implementation strategy and plan, identifying areas for improvement and conducting performance enhancement activities. They also share updates on outstanding issues, review progress, and exchange information on key performance metrics, ensuring a collaborative and an informed approach to driving ESG excellence across the organization.

Sustainability Core Team

The Sustainability Core Team plays a vital role in advancing our Company's ESG objectives. Sustainability Lead serves as a key interface with the Sustainability Steering Committee, providing regular updates on ESG matters and progress towards established targets. Through collaboration with cross-industry experts, the team develops and implements effective strategies, identifies areas for improvement, and drives innovation. By working closely with various plant functions, the Sustainability Core Team conducts assessments, sets ambitious targets, and engages stakeholders to foster positive change and promote a culture of sustainability throughout the organization.

Sustainability and Corporate Social Responsibility Committee (SCSR)

Chief Executive Officer (CEO)

Sustainability Steering Committee (C-Level Executives)

→ Key Department Heads

Sustainability Core Team

ENVIRONMENT

- Carbon & Energy Management
- Water Security
- Waste Management
- Materials
- Product Stewardship

SOCIAL

- Health, Safety & Well-being
- Human Rights
- Diversity, Equity and Inclusion
- Talent Management
- Inclusive Growth

GOVERNANCE

- Brand & Reputation Management
- Business Profitability and Growth
- Business Ethics
- Data Privacy
- Value Chain Sustainability

STAKEHOLDER ENGAGEMENT

We recognize the vital importance of stakeholder engagement in shaping our decision-making processes and informing our future direction. To this end, we foster strong, collaborative relationships with our stakeholders, which enable us to achieve our strategic goals and create long-term value. Our organization has established effective and adaptable mechanisms for stakeholder engagement, allowing us to listen to and understand their key concerns, needs, and expectations. We prioritize these inputs and develop targeted plans to address them, ensuring that stakeholder voices are heard and valued throughout our decision-making processes.



S.No.	Stakeholders	Significance	Engagements	Key Sustainability Parameters
1.	Employees	Employees substantially impact business activities in developing business strategies, optimizing operations and enhancing business profitability and growth.	• Employee voice survey • Open houses & town halls • Performance reviews • Learning and development programmes	• Employee well-being and work-life balance • Sharing organizational achievements and new developments • Employee grievances and redressal • Performance feedback, training and skill development
2.	Customers	Having a 124+ million customer base is a core strength for HMCL. Strengthening customer relations and meeting their expectations is our core business priority.	• Customer feedback via surveys, phone calls, and e-mails • Good life programme • Sustainability brand perception surveys	• Product and service feedback • Digital engagements, Paperless referrals, e-cards and kits • Green rewards, bonus points and celebration of events

S.No.	Stakeholders	Significance	Engagements	Key Sustainability Parameters
3.	Suppliers	Supply chain partners through their business expertise, contribute significantly to our business operations.	• Supplier assessments & SPDP programme • Supplier meets and conferences • Regular evaluation and site visits • Vendor development teams	• Detailed assessment for onboarding new suppliers • Capacity building of suppliers • Policy alignment and Supplier Code of Conduct signoff • Regular assessments and audits
4.	Regulatory agencies and government institutions	Regulatory agencies and government institutions influence our operations, product portfolios and as a responsible organization, we aim to adhere to all regulatory compliance and requirements.	• Compliance management for various activities • ELV treatment: AIS 129 • Flex fuel regulations, Emission norms for vehicles • Permissions and clearances for regular operations • EPR for various commodities	• Detailed compliance management • Reasonable assurance for BRSR core KPIs • Vehicle scrapping as per government norms • E10 and E20 compatibility of vehicles • Tax strategy and compliances • Stringent regulatory emission norms
5.	Stakeholders and Investors	Building strong relationships with shareholders and investors contribute to an impressive market reputation.	• Annual general meetings • Company website updates for quarterly, annual results • Meetings with investors • Communication over email / physical letter(s)	• Dividend distribution • Updates on new product launches • Addressing their key concern areas • Industry specific inputs
6.	Local communities	As an entity, we use multiple shared resources of communities and are committed to uplifting society through responsible actions and ethical practices.	• Engagement with NGOs • CSR team engaging with communities • Impact assessment	• CSR programmes • Inclusive development • Promote environmental and biodiversity conservation
7.	International organizations and rating agencies	Complying with international standards and having higher ratings build a strong brand image among stakeholders.	• World Economic Forum (WEF) • Global indices (DJSI, FTSE Russell, CDP, Bloomberg, MSCI, Refinitiv (now LSEG))	• Understanding rating agency requirements • Developing action plan for improvement in ratings
8.	Dealerships	Downstream value chain partners are significant as they serve as HMCL's customer contact points.	• Green dealership programme • Annual dealership meets	• Capacity building for dealer workforce • Quality check points and inspections • Customer grievance redressals
9.	Industrial association	Industrial association provides a platform to discuss sector-specific challenges, business trends and developments.	• Collaboration through events • Webinars and seminars	• Cross-industrial collaborations • Emerging regulations, industry response and preparedness

MATERIALITY ASSESSMENT

Materiality

Materiality forms the foundation of our sustainability efforts, shaping both our strategy and approach toward sustainable development. In alignment with the Global Reporting Initiative (GRI) guidelines, we conduct a comprehensive materiality assessment every three years, engaging with a diverse group of internal and external stakeholders. This process enables us to identify and prioritize the environmental, social, and governance issues that matter most to our stakeholders and have a significant impact on our business operations.

It also equips us to analyze potential risks and opportunities linked to these key issues, allowing us to develop informed strategies that not only mitigate risks but also drive long-term value creation. By adopting this approach, we reinforce our commitment to sustainable growth while deepening stakeholder trust and engagement.

We transparently report our progress and performance on material topics through our annual sustainability reports, ensuring consistent and meaningful communication with all stakeholders.

The steps for Materiality Assessment are:

1. **Arriving at a Long List of Material Topics**
   Revisiting previous assessments, international standards, frameworks, and peer benchmarking
2. **Identify Actual and Potential Impacts for Material Topics**
   Engaging with internal and external stakeholders to gather subjective and objective responses regarding the actual and potential material impact of each topic
3. **Assess Significance of the Impacts**
   Analyzing qualitative and quantitative inputs from stakeholders to assess the significance of impacts
4. **Prioritization of Topics and Impact Mapping**
   Finalizing material topics which are of high significance from stakeholders' perspective and to the organization



Step 1: Arriving at a Long List of Material Topics

We adopted a comprehensive and multifaceted approach to identify a broad set of material topics. This process involved revisiting the material topics from previous years, engaging in in-depth consultations with subject matter experts, reviewing global standards and sustainability frameworks, benchmarking against industry peers, and incorporating insights from stakeholder feedback.

By integrating these diverse inputs, we ensured that the identified material topics are not only thorough and relevant but also aligned with both internal priorities and external expectations. This approach reinforces HMCL's dedication to sustainable development and meaningful stakeholder engagement.

Environment	Social	Governance	
Climate Change Management - Energy and Emissions	Health, Safety and Well-Being	Regulatory Compliances	Brand ESG Strategy
Biodiversity Conservation and Promotion	Human Rights	Ethical Marketing and Advertising	Value Chain Management
Logistics Management	Diversity, Equity and Inclusion	Product Stewardship and Safety	ESG Governance
Product Recyclability and Circularity	Employee Engagement	Brand Reputation and Product Quality	Board Effectiveness
Waste Management	Employee Welfare and Retention	Emerging Mobility Solutions	Research and Development
Responsible Sourcing (Minerals)	Stakeholder Engagement	Customer Experience and Satisfaction	Cybersecurity and Data Privacy
Water Conservation		Business Growth and Profitability	
ELV Treatment		Risk Management and Controls	

Step 2. Identification of Actual and Potential Impacts for each Material Topic

Once the long list of material topics was created, a stakeholder engagement exercise was initiated to map each topic's actual and potential positive and negative impacts. This exercise was divided into two parts: consulting with internal stakeholders and with external stakeholders.

Stakeholder Consultation Plan

Category	Stakeholders
Internal	Board members, leadership, employees and internal functions
External	Investors, dealerships, suppliers, customers, and sustainability experts

Stakeholder Engagement

To ensure a comprehensive understanding of material topics, we engaged extensively with internal stakeholders, including various functional teams, senior employees, and managers at HMCL. These interactions helped us gather both objective data and subjective insights on the current and potential impact of each material issue.

Our efforts extended beyond internal consultations, as we also sought to understand the real and potential – both positive and negative – impacts on external stakeholders through insights gained from their regular engagement with the company. To further enrich this process, we conducted structured surveys with our Board of Directors, leadership, and employees, inviting their perspectives on the relevance and priority of each material topic. In parallel, we directly engaged external stakeholders by administering surveys to collect quantitative feedback regarding the perceived importance and urgency of these topics from an external standpoint. This inclusive approach ensures that the materiality assessment reflects a balanced and representative view of all key stakeholders.

Step 3: Assessing the Significance of Impacts

Assessing Significance and Priority: To determine the significance and priority of each material issue, we facilitated detailed consultations with stakeholders. These sessions provided a platform for open dialogue and a deeper understanding of the relative importance of each topic within the context of our business strategy and operations. We then analyzed both qualitative insights and quantitative data gathered during these engagements to assess the impact and relevance of each material topic effectively

Step 4. Prioritization of Topics and Impact Mapping

Each material topic was evaluated and assigned a score, following which it was categorized into one of three priority levels:

Low Priority: Topics with minimal immediate relevance to strategic focus.

Medium Priority: Topics of moderate importance with limited strategic relevance.

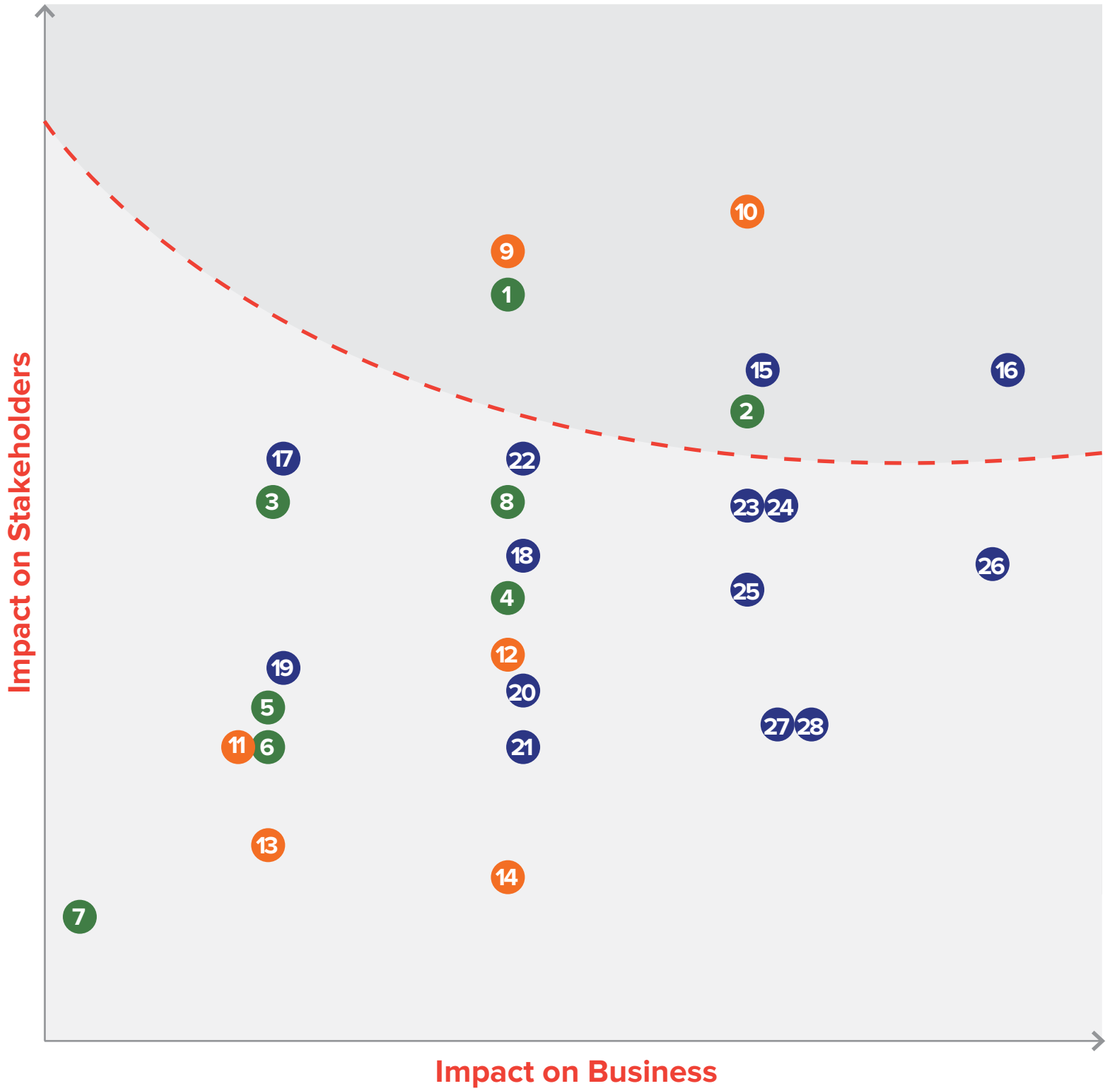
High Priority: Topics requiring immediate attention and strategic integration.

Management Response and Materiality Matrix

The management team undertook a thorough review of the comprehensive list of material topics to ensure alignment with HMCL's strategic objectives and operational capacity. Using the assigned scores and priority levels, we developed a materiality matrix to visually map the significance of each topic. This matrix plots topics along two axes—the Y-axis represents the actual and potential impact on stakeholders, while the X-axis reflects the impact on the business.

The materiality matrix serves as a strategic tool, offering a clear and structured view of the most pressing and relevant issues. It supports informed decision-making and helps direct the Company's sustainability efforts toward areas of greatest importance for both business success and stakeholder value.

Materiality Matrix FY25



ENVIRONMENT

1. Water Conservation
2. Climate Change Management - Energy and Emissions
3. Waste Management
4. Responsible Sourcing (Minerals)
5. Biodiversity Conservation and Promotion
6. Logistics Management
7. ELV Treatment
8. Product Recyclability & Circularity

SOCIAL

9. Human Rights
10. Health, Safety & Well-Being
11. Employee Engagement
12. Stakeholder Engagement
13. Diversity, Equity and Inclusion
14. Employee Welfare and Retention

GOVERNANCE

15. Brand Reputation and Product Quality
16. Regulatory Compliances
17. Research & Development
18. Product Stewardship and Safety
19. Brand ESG Strategy
20. ESG Governance
21. Board Effectiveness
22. Customer Experience & Satisfaction
23. Risk Management & Controls
24. Ethical Marketing & Advertising
25. Cyber Security & Data Privacy
26. Business Growth & Profitability
27. Value Chain Management
28. Emerging Mobility Solutions

From the Materiality Matrix, we have outlined the strategic areas to the management as well as stakeholders.

- Climate Change Management - Energy & Emissions
- Water Conservation
- Health, Safety, & Well-being
- Human Rights
- Regulatory Compliances
- Brand Reputation and Product Quality

Impact Mapping and Significance of High-priority Material Topics

Category (ESG)	High-priority Material Topics	Impact Activities	Impact on the Value Chain	Stakeholders (External / Internal)	UN SDGs Mapping
Environment	Climate Change Management – Energy and Emissions	Energy consumption	Upstream & downstream value chain, operations and products	• Investors • Communities • Suppliers and dealers	7 AFFORDABLE AND CLEAN ENERGY; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
	Water Conservation	Water consumption and discharge	Operations, value chain and communities	• Employees • Communities	6 CLEAN WATER AND SANITATION; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 14 LIFE BELOW WATER
Social	Health, Safety and Well-being	Risk of injuries, fatalities and illnesses	Upstream & downstream value chain, operations and products	• Employees • Workers • Suppliers • Customers • Communities	3 GOOD HEALTH AND WELL-BEING; 6 CLEAN WATER AND SANITATION; 8 DECENT WORK AND ECONOMIC GROWTH
	Human Rights	Human rights violations	Upstream & downstream value chain, operations and community	• Employees • Workers • Value chain • Communities	3 GOOD HEALTH AND WELL-BEING; 5 GENDER EQUALITY; 10 REDUCED INEQUALITIES

Category (ESG)	High-priority Material Topics	Impact Activities	Impact on the Value Chain	Stakeholders (External / Internal)	UN SDGs Mapping
Social	Regulatory Compliances	Risk of injuries, fatalities and illnesses	Upstream & downstream value chain, operations and products	• Government institutions and regulatory bodies • Value chain • Investors • Customers	
	Brand Reputation and Product Quality	Strengthening brand reputation through effective communication, quality control, supply chain monitoring, marketing, sales, customer engagement and services etc.	Upstream & downstream value chain, operations and products	• Investors • Customers	
	Value Chain Management Purchase of goods and	Purchase of goods and services, sales of goods	Upstream & downstream value chain and products	• Investors • Communities • Suppliers and dealers	



Material Topics:

Environment

Climate Change Management - Energy & Emissions

Significance of Material Issue (Business Case)

Energy consumption and emissions stemming from various organizational activities—such as raw material procurement, manufacturing, transportation, product use, and disposal—have a notable impact. These activities can benefit communities and customers by enabling automation and offering fuel-efficient vehicles that improve last-mile connectivity, especially for women in both rural and urban areas, thereby supporting individual mobility.

However, continued reliance on fossil fuel-based energy presents significant risks and adverse effects on the environment, communities, and human rights. These include contributions to greenhouse gas (GHG) emissions, air pollution, and climate change. Additionally, rising energy costs and geopolitical instability can lead to price volatility, resulting in actual and potential negative economic consequences for external stakeholders across the value chain—both upstream and downstream—as well as for the organization itself.

Risks Associated as per Enterprise Risk Management (ERM)

- Managing the shift from internal combustion engine (ICE) vehicles to electric vehicles (EVs)*
- Climate change

Business Impact

Cost, risk, and revenues

Quantified Impact

- Emission: 90,485 tCO2 (Scope 1 and 2 emissions for 100% business activities for defined current reporting boundaries)
- Energy consumed: 2,34,945 MWh

*Refer page 133 for Risk Register

Management Approach

Our Policies: Environmental Policy, Sustainability Policy, Sustainable Procurement Guidelines, and Supplier Code of Conduct.

To manage the potential short- and long-term adverse impacts of climate change on communities, the organization, and value chain partners, we adopt the following measures:

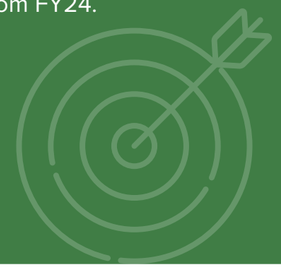
- Enhancing energy efficiency and implementing targeted reductions in emission intensity.
- Reducing reliance on fossil fuels in operations by investing in on-site and off-site renewable energy projects, exploring alternative and flex-fuel technologies, and improving fuel efficiency through adherence to BSVI-compliant standards.
- Collaborating with partners such as Zero Motorcycle to expand our electric vehicle (EV) product range and manufacturing capabilities.
- Conducting comprehensive climate risk assessments across our facilities and developing short-, medium-, and long-term mitigation strategies aligned with prioritized risks.
- Engaging with our value chain partners to create awareness and taking proactive steps to decarbonize their energy portfolios to reduce their impact on the environment, communities and economy.
- Building resilience at the community level through afforestation drives and restoration of Aravali Biodiversity Park.

Goals / Targets

100% carbon-neutral operations by 2030

Goal Progress

FY25-45% carbon-neutral operations, 142% more renewable energy used from FY24.



Stakeholders Impacted	Investors, Communities, Suppliers, and Dealers							
Impacts	Social		Economic		Environmental		Human Rights	
	Actual	Potential	Actual	Potential	Actual	Potential	Actual	Potential
	+	−	−	−	−	−	N	−
Complexity	Standalone	Systemic	Standalone	Systemic	Standalone	Systemic	Standalone/Systemic	Systemic

+ Positive Impact

− Negative Impact

N Neutral / No Impact

Material Topics:

Environment

Water Conservation

Significance of Material Issue (Business Case)

Water is a vital shared resource, and its conservation remains a priority for our stakeholders—including local communities, employees, and partners across our value chain. Within our operations and supply chain, water supports critical functions such as painting, machining, ventilation, and human consumption.

We recognize our responsibility to conserve water and are actively pursuing initiatives through our Corporate Social Responsibility (CSR) programs to support community well-being and long-term water availability. Although our operations currently do not have direct negative impacts on surrounding communities or the economy, we acknowledge the potential for future climate-related risks, such as droughts, that may affect water availability.

Risks Associated as per Enterprise Risk Management (ERM)

- Climate change*

Business Impact

- Risk and revenues

Quantified Impact

- Total water consumption: 7,84,577KL (for 100% business activity defined for current reporting boundary)
- % of total water recycled / reused: 64.31

Management Approach

Our Policies: Water Policy and Sustainability Policy

- Our water management strategy is guided by robust policies aimed at minimizing freshwater withdrawal and maximizing reuse. All our manufacturing facilities operate as zero liquid discharge (ZLD) units, ensuring that wastewater is treated and recycled, thereby preventing any short-term negative environmental impact.
- Domestic and industrial wastewater is processed through our advanced Sewage Treatment Plants (STPs) and Effluent Treatment Plants (ETPs), enabling its reuse in operational processes and landscape irrigation.
- HMCL is committed to achieving water positivity by optimizing water consumption and enhancing rainwater harvesting capabilities. We continue to implement a range of water-efficient technologies, including:
  - Nano pre-treatment systems in paint shops
  - Adiabatic and radiator-type cooling towers
  - Drip irrigation systems
  - Low-flow water faucets
- To address long-term climate risks, we are undertaking several proactive measures focused on water conservation and community resilience. These include the construction of rainwater recharge shafts and the development of farm ponds beyond our operational boundaries. These efforts not only contribute to groundwater replenishment but also support local communities by ensuring water availability for agricultural activities, thereby enhancing livelihood opportunities.

*Refer page 133 for Risk Register

Goals / Target

500% water positivity by FY25

Goal Progress

Achieved **500%** water positivity
2.2% reduction in freshwater intensity from FY24.



Stakeholders Impacted	Employees, Communities							
Impacts	Social		Economic		Environmental		Human Rights	
	Actual	Potential	Actual	Potential	Actual	Potential	Actual	Potential
	⊕	⊖	N	N	⊕	⊖	N	⊖
Complexity	Standalone	Systemic			Standalone	Systemic	Standalone	Systemic

⊕ Positive Impact

⊖ Negative Impact

N Neutral / No Impact

Material Topics:
Social

Health, Safety and Well-being

Significance of Material Issue (Business Case)

HMCL is deeply committed to safeguarding the health, safety, and well-being of all its stakeholders—including employees, customers, value chain partners, and communities—through every facet of our business operations. Health and safety are embedded as key criteria in our supplier onboarding processes and contractual agreements. We also conduct regular assessments at supplier facilities to monitor compliance with various health and safety parameters.

Our products are designed with integrated safety features that enhance customer well-being, reflecting our proactive approach to product responsibility. To further reinforce our commitment, we allocate dedicated financial resources to support health, safety, and well-being initiatives across our operations.

This commitment results in measurable positive outcomes and potential neutral economic impacts, supported by strict adherence to statutory requirements and international standards. Regular audits ensure continued compliance and underscore our unwavering dedication to stakeholder well-being.

Risks Associated as per Enterprise Risk Management (ERM)

- Labour and communities*

Business Impact

- Risk and revenues

Quantified Impact

- Fatalities: 1
- LTIFR: 0.19 (permanent employees) and 0.26 (contractual employees)

*Refer page 132 for Risk Register

Management Approach

Our Policies: Occupational Health and Safety (OHS) Policy, Sustainable Procurement Guidelines, and Sustainability Policy.

HMCL has undertaken a range of initiatives that have positively impacted stakeholders across social, health, and environmental dimensions:

- Joint committees have been established to proactively identify, assess, and mitigate OHS risks. This collaborative approach helps prevent adverse social impacts while promoting a safer and healthier work environment.
- By fostering a healthy workforce and reducing healthcare-related costs, we enhance overall productivity and contribute to the protection of human rights.
- We have implemented stringent safety and environmental practices, including the safe disposal of hazardous waste and strict compliance with regulatory requirements. Emission control measures—such as the capture of paint particles and Volatile Organic Compounds (VOCs) during manufacturing—further reduce our environmental footprint.
- All our manufacturing facilities are certified as Zero Waste-to-Landfill, reinforcing our commitment to environmental sustainability and contributing to the well-being of communities. This achievement supports positive outcomes in environmental stewardship, community health, and human rights, particularly in the areas of safety and well-being.
- We continue to invest in Research & Development (R&D) to integrate advanced safety technologies into our products. Innovations such as the *Hero Intelligent Cornering Light™ (HiCL)* and side stand indicators are designed to enhance customer safety and ensure a positive user experience.
- Our Corporate Social Responsibility (CSR) initiatives include ride safety awareness programs and community development efforts, offering training to promote safe riding practices and improve public safety.
- We maintain active engagement with our value chain partners, conducting regular audits at supplier facilities to ensure effective implementation of safety protocols and to raise awareness of health and safety best practices.

Stakeholders Impacted	Employees, Workers, Suppliers, Customers, Community							
Impacts	Social		Economic		Environmental		Human Rights	
	Actual	Potential	Actual	Potential	Actual	Potential	Actual	Potential
	+	−	+	N	+	N	+	−
Complexity	Systemic	Systemic					Systemic	Systemic

+ Positive Impact − Negative Impact N Neutral / No Impact

Goals / Targets

Zero fatalities on annual basis

Goal Progress

100% HMCL facilities are ISO 45001:2018-certified
One fatality in FY25

Material Topics:
Social

Human Rights

Significance of Material Issue (Business Case)

We are committed to uphold equal opportunities, health and safety at the workplace. We actively enforce a zero-tolerance policy against all forms of discrimination, harassment, child and forced labour, modern slavery, and human trafficking. Any violation of human rights poses a risk to our reputation and could have financial implications. Therefore, it is significant for stakeholders and management to prioritize human rights on Company-wide strategies

Risks Associated as per Enterprise Risk Management (ERM)

- Labour and communities*

*Refer page 132 for Risk Register

Business Impact

- Risk and revenues

Quantified Impact

100% return-to-work rate after taking parental leaves

Management Approach

Our Policies: POSH, Human Rights, Sustainable Procurement Guidelines and Conflict Minerals Policy.

- We conduct regular due diligence and ensure that employees are well-informed about established grievance redressal channels, enabling them to report concerns safely and confidentially.
- Our Human Rights Policy strictly prohibits child labour, forced labour, and any form of exploitation. These principles are firmly embedded in our operations and value chain.
- We conduct ongoing training programs to reinforce our zero-tolerance stance on human rights violations, ensuring employees understand their rights and responsibilities.
- We have constituted POSH committees and conduct regular assessments and awareness sessions to safeguard the rights and dignity of women in the workplace.
- We provide equitable parental leave entitlements to both male and female employees, supporting work-life balance and family well-being.
- We conduct regular internal audits and supplier assessments aimed at promptly addressing any concerns and ensuring responsible business practices are maintained.
- We have introduced the Better Works portal—an anonymous grievance reporting platform that empowers individuals to report issues safely and confidentially. This initiative strengthens our commitment to creating a transparent, inclusive, and ethically governed work environment.

Goals / Targets

30% gender diversity by 2030

Goal Progress

13.2 % gender diversity in FY25

Stakeholders Impacted	Employees, Workers, Suppliers, Customers, Community							
Impacts	Social		Economic		Environmental		Human Rights	
	Actual	Potential	Actual	Potential	Actual	Potential	Actual	Potential
	+	−	+	−	N	N	+	−
Complexity		Systemic		Standalone				Systemic

+ Positive Impact

− Negative Impact

N Neutral / No Impact

Material Topics:

Governance



Regulatory Compliances

HMCL consistently maintains strict compliance with all regulatory requirements across its diverse operations, including research and development, manufacturing, office functions, value chain management, financial operations, sales and marketing, and customer service.

We promote transparency and accountability in our partnerships, ensuring alignment with environmental, social, and governance (ESG) standards. Ethical business practices are upheld throughout our organization and value chain, with full adherence to statutory regulations.

Beyond compliance, we actively pursue voluntary initiatives that generate positive environmental, social, and economic impact. We are deeply committed to safeguarding customer data in accordance with data protection laws, thereby fostering trust and loyalty.

*Refer page 132 for Risk Register

Additionally, the company strictly follows established tax principles and conducts research and development activities responsibly, in full alignment with intellectual property rights.

Risks Associated as per Enterprise Risk Management (ERM)

- Regulatory risk *

Business Impact

- Cost, risk, and revenues

Quantified Impact

- 100% transition to BS VI norms
- Type Approval for Flex fuel Vehicle (E20-E85)

Management Approach

Our Policies: Tax strategy, Privacy Policy, Ethical Marketing and Advertising, Code of Conduct

Proactive measures to ensure adherence to regulatory compliance and prioritize ethical practices by:

- Regular training sessions and annual affirmation of the Code of Conduct reinforce our values of integrity and accountability, ensuring employees remain aligned with our ethical standards.
- We ensure all products meet applicable industry standards and regulatory requirements throughout their lifecycle—from use-phase safety to end-of-life vehicle compliance—demonstrating our dedication to responsible manufacturing.
- All products are delivered to end users only after undergoing rigorous third-party testing and certification by accredited agencies such as iCAT and ARAI, ensuring quality and safety benchmarks are met.
- We strictly comply with environmental regulations and adopt effective, responsible tax strategies, aligning our financial practices with broader sustainability goals.
- Our sustainable business practices contribute positively to GDP growth and aim to create lasting socio-economic value for communities and key stakeholders.
- We prioritize data privacy and protection in compliance with legal standards, upholding the fundamental human rights of all stakeholders.
- A robust e-compliance system helps proactively identify and manage risks related to regulatory compliance, protecting the organization from potential vulnerabilities.
- Our Risk Management Committee, supported by the Risk Steering Committee, conducts periodic reviews and develops mitigation plans for key risks, ensuring business continuity and financial resilience.

Goals / Targets

- Adherence to all regulatory compliances
- Compliance with vehicle emission norms

Goal Progress

- 100% transition to BS VI emission norms within timelines and continues adherence to them.
- Type Approval for Flex fuel Vehicle (E20-E85)

Stakeholders Impacted	Regulatory agencies & Govt. Institutions, Investors, Value Chain, Customers							
Impacts	Social		Economic		Environmental		Human Rights	
	Actual	Potential	Actual	Potential	Actual	Potential	Actual	Potential
	⊕	⊖	⊕	⊕	⊕	⊖	⊕	⊖
Complexity	Standalone	Systemic	Standalone	Systemic	Standalone	Systemic	Standalone/ Systemic	Systemic

⊕ Positive Impact

⊖ Negative Impact

N Neutral / No Impact

Material Topics:

Governance

Brand Reputation and Product Quality

Significance of Material Issue (Business Case)

We place the highest importance on brand reputation and product quality, which are deeply embedded in our organizational ethos. Our strategic initiatives are designed to generate meaningful and lasting value for both stakeholders and the business.

A strong brand and commitment to excellence in product quality foster consumer trust and loyalty—key drivers of increased sales, expanded market share, and overall economic growth. These elements also strengthen our long-term relationships with investors and customers, reinforcing our credibility in the marketplace.

Our focus on delivering safe, reliable transportation solutions directly supports the protection of human rights and promotes the well-being of our customers. We actively gather and assess customer feedback at the dealership level, enabling us to continuously refine our offerings and enhance the customer experience. This customer-centric approach has been instrumental in retaining our large and loyal customer base.

Risks Associated as per Enterprise Risk Management (ERM)

- Customer-acceptable quality

Business Impact

- Cost, risk, and revenues

Quantified Impact

- 124+ million customer base

Management Approach

Our Policy: Quality Policy

- Delivering high-quality products is central to our value proposition. It strengthens consumer trust and loyalty, drives increased sales and market share, and contributes positively to the Company's economic performance.
- Our unwavering commitment to maintaining stringent product quality standards helps minimize rejections, reduce waste, and lower resource consumption during manufacturing—thereby supporting our environmental sustainability goals.
- In alignment with our focus on human rights and customer safety, we implement structured quality-building initiatives, including internal process benchmarking and the application of Quality Function Deployment (QFD). These ensure that safety and performance remain at the forefront of our product development.
- We apply robust quality assurance systems not only within our organization but also across our value chain, ensuring consistency and accountability throughout our ecosystem.
- Our strong performance is reflected in high Customer Experience Index scores and a measurable reduction in customer complaints, reinforcing our dedication to customer satisfaction. We have established rigorous testing protocols throughout both product development and manufacturing stages to ensure superior performance, durability, and long-term reliability—enhancing the overall customer experience.

Goals / Targets

100% customer satisfaction annually

Goal Progress

- 99.69% customer satisfaction in FY25.
- 100% of HMCL facilities are ISO 9001:2015 certified

Stakeholders Impacted	Regulatory agencies & Govt. Institutions, Investors, Value Chain, Customers							
Impacts	Social		Economic		Environmental		Human Rights	
	Actual	Potential	Actual	Potential	Actual	Potential	Actual	Potential
	+	−	+	+	+	+	+	−
Complexity	Standalone	Standalone	Standalone	Systemic	Standalone	Systemic	Standalone/ Systemic	Systemic

+ Positive Impact

− Negative Impact

N Neutral / No Impact

Material Topics:

Governance

Value Chain Management

Significance of Material Issue (Business Case)

HMCL integrates sustainable practices across its value chain, encompassing both suppliers and dealers. Effective value chain management contributes to positive economic, environmental, and social outcomes—enabling cost savings, enhanced productivity, and optimized resource utilization.

Environmental challenges associated with the value chain include resource depletion, greenhouse gas (GHG) emissions, water stress, waste generation, and air pollution. To address these, we actively promote green sourcing initiatives and ensure strict adherence to Restriction of Hazardous Substances (RoHS) regulations, supporting pollution control and responsible resource management.

Looking ahead, we are committed to further strengthening our value chain by implementing robust monitoring systems and due diligence processes to proactively manage health, safety, and human rights risks. These efforts aim to foster a more resilient, ethical, and sustainable supply network.

Risks Associated as per Enterprise Risk Management (ERM)

- Supply chain disruption*
- Geopolitical risk*

Business Impact

- Cost, risk, and revenues

Quantified Impact

- 7.1 MWp of solar PV systems installed at our dealerships

*Refer page 132 and 133 for Risk Register

Management Approach

Our Policies: Sustainable Procurement Guidelines and Supplier Code of Conduct

HMCL is committed to ethical sourcing and responsible business practices across its value chain. We implement comprehensive supplier screening and conduct regular audits to ensure compliance and mitigate risks related to human rights.

- Through our Sustainable Partner Development Programme (SPDP), we collaborate closely with suppliers to promote environmentally responsible and sustainable practices. Currently, 124 key supply chain partners—selected based on volume and strategic significance—are actively engaged in the SPDP.
- To strengthen operational resilience, we have introduced de-risking strategies, including multi-sourcing plans for critical components. By embedding sustainability into value chain management, we can reduce operational vulnerabilities while generating positive economic, environmental, and social outcomes.
- Our Green Dealerships Programme focuses on integrating sustainability at the dealership level, emphasizing the use of green energy, environmentally friendly products, and eco-efficient processes.
- We also conduct regular performance reviews and strategic discussions with our value chain partners to proactively address potential business interruptions, ensure accountability, and uphold the highest performance standards.

Goals / Targets

100% green dealerships by 2030

Goal Progress

31% green dealerships in FY25

Stakeholders Impacted	Regulatory agencies & Govt. Institutions, Investors, Value Chain, Customers							
Impacts	Social		Economic		Environmental		Human Rights	
	Actual	Potential	Actual	Potential	Actual	Potential	Actual	Potential
	⊕	⊖	⊕	⊕	⊕	⊖	N	⊖
Complexity	Standalone	Systemic	Standalone	Systemic	Standalone	Systemic	Standalone/ Systemic	Systemic

⊕ Positive Impact

⊖ Negative Impact

N Neutral / No Impact

Material Issues for External Stakeholders

Category (ESG)	High-priority Material Topics	Cause of Impact	Impact Areas	Quantified Impacts and Metrics	External Stakeholders
Environment 	Climate Change Management – Energy and Emissions	Operations and product (use phase of product)	Environment and community	**Impact Valuation: Environment Gain / Loss** • **Emissions Avoided :** 36,167 TCO_2 • **Renewable Energy:** 142% more renewable energy used than FY24 (positive impact on environment, society by avoiding emissions	• Investors • Communities • Suppliers and dealers
	Water Conservation	Operations	Environment and community	**Impact Valuation: Environment Gain / Loss** • **Total water consumption:** 7,84,577 KL (negative impact on the environment and community). • **Fresh water intensity reduction:** 2.2% (positive impact on the environment and society by reducing water consumption per vehicle) • **Performance:** 500% water positivity achieved (positive impact on the environment and society)	• Communities
Social 	Health, Safety and Well-being	Operations	Environment, community and product	**Impact Valuation: Health issues and social costs avoided** • All our facilities are ZWL-certified (over 99 % diversion rate achieved from zero waste-to-landfill, positive impact on the environment and communities)	• Suppliers • Customers • Communities
	Human Rights	Operations	Environment and community	**Impact Valuation: Promote Inclusivity** • **Target:** To achieve 30% gender diversity by 2030 • 13.2% diversity achieved (positive impact on community)	• Value Chain • Communities

Category (ESG)	High-priority Material Topics	Cause of Impact	Impact Areas	Quantified Impacts and Metrics	External Stakeholders
Governance	Regulatory Compliances	Operations, value chain and products	Environment, community, and product	**Impact Valuation: Complying with All Regulations** • 100% transition to BS VI emission norms achieved (positive impact on the Environment, community, and customer) • Abiding by all environmental regulations (positive impact on the environment and society)	• Government institutions • Value chain • Investors • Customers
	Brand Reputation and Product Quality	Operations, value chain, and products	Environment, community, and product	**Impact Valuation: Positive Products and Services Provided** • **Customer Satisfaction:** 99.69% (positive impact on customers and the economy)	• Investors • Customers
	Value Chain Management	Value chain	Environment and community	**Impact Valuation: Environment Gain / Loss** • 7.1 MWp of solar PV systems installed at our dealerships facilities (positive impact on environment, customer, economy and communities) • 31% green dealerships in FY25 (positive impact on the environment, customer, economy, and communities)	• Investors • Communities • Suppliers and dealers



Executive Compensation Linked to Material Issues

Key performance indicators (KPIs) are established to define goals and targets for various material issues. These KPIs are used to evaluate the performance of our employees and executives and to measure progress and achievement of specific objectives during performance reviews.

Detailed outcome of materiality assessment along with management approach has been approved by Sustainability Steering Committee composed of C-Level executives. Our organization is committed to continuously improve its performance on material issues and preparing strategies to create a positive impact on all the stakeholders.

Category (ESG)	High-priority Material Areas	Mapped KPIs
Environment	Climate Change Management - Energy and Emissions	100% Carbon-neutral operations by 2030
	Water Conservation	500% Water positivity by 2025
Social	Health, Safety and Well-being	Zero fatalities
	Human Rights	30% Gender diversity by 2030
Governance	Regulatory Compliances	Compliance to regulatory norms
	Brand Reputation and Product Quality	100% Customer satisfaction annually
	Value Chain Management	100% Green dealership by 2030

Assurance

This materiality assessment process is verified and assured on a limited basis by an independent third party on GRI indicators. The assurance was performed in accordance with the requirements of International Federation of Accountants (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.



ENVIRONMENT

Focus Areas

- Environmental Management
- Climate Action
- Energy Management
- Water Management
- Circularity
- Waste Management
- Product Stewardship
- Biodiversity Protection

UN SDGs Mapping



ENVIRONMENTAL MANAGEMENT

Environmental Management System

HMCL has implemented an environmental policy based on ISO 14001, the international standard for environmental management systems, to minimize the adverse environmental impacts of our products and operations. We regularly review and update the policy to ensure alignment with the evolving business landscape and the diverse requirements of our stakeholders.

Environmental Policy

In June 2025, we updated our environmental policy as part of our ongoing efforts to enhance environmental performance through eco-friendly management and minimize negative environmental impacts across our entire value chain. This policy applies to all employees, business partners, suppliers, and other relevant stakeholders, and we expect their full compliance and adherence to its principles.

Overview

- Purpose of establishment
- Scope
- Implementation measures

Principle Elements

- Conservation of natural resources - raw materials
- Energy
- Water
- Waste
- Pollutants
- Hazardous materials
- Greenhouse gases
- Waste products (reuse/recycling)
- Communities

System for Execution

- Governance
- Training programmes
- Workshops
- Stakeholder communication
- Performance management

Hero MotoCorp Environment Policy

Environmental Management Governance

We have established a robust governance system to identify and manage significant environmental issues through regular and close communication with our stakeholders.

- **Role of the Sustainability and Corporate Social Responsibility Committee (SCSR):** The Board-level Sustainability and Corporate Social Responsibility Committee (SCSR) serves as the highest decision-making authority on environmental matters. The committee receives regular reports on environmental management performance, key risk factors, and improvement initiatives, and provides recommendations to enhance our environmental practices. The SCSR Committee oversees the implementation of environmental practices, assesses the effectiveness of our Company's sustainable development framework in addressing current and future challenges, and ensures its adequacy. Additionally, the Committee monitors and approves the allocation of resources to support our Company's sustainability roadmap and conducts quarterly reviews of environmental performance and targets.
- **Role of the Sustainability Steering Committee (SteerCo):** The Sustainability Steering Committee (SteerCo) is responsible for making decisions on environmental aspects and implementing the organization's environmental management plan. They play a pivotal role in driving innovation, planning resources, and guiding key stakeholders in the implementation of various environmental protection programs, both within and outside the Company.
- **Role of the Sustainability Core Team:** The Sustainability Core Team drives our Company's environmental agenda, with responsibilities that include setting targets, consulting with leadership and functional teams, monitoring and reporting on environmental progress, and disclosing performance against sustainability indices. The team also provides support to plant-level teams in implementing and maintaining environmental management systems.
- **Role of Plant-level Teams:** The plant-level teams are responsible for developing and maintaining an environmental management system, with key responsibilities including increasing environmental efficiency, reducing the environmental footprint of business sites, identifying and mitigating environmental hazards, and addressing environmental grievances. These teams play a critical role in ensuring that our operations are environmentally responsible and sustainable.



Implementation of Environment Management System

HMCL has established a comprehensive framework to effectively manage environmental aspects and impacts. We have a robust mechanism in place to identify and comply with all applicable regulatory requirements, ensuring adherence to statutory requirements and environmental regulations through regular engagement with relevant authorities.

100% **of our facilities are ISO 14001 certified**

Environmental Awareness

Our employees are instrumental in our environmental stewardship efforts and make significant contributions to our environmental performance. To support them, we provide our environmental professionals with strategic training, awareness, and guidance with emerging environmental concerns, laws, standards, and best practices. Our comprehensive awareness and training programs cover a range of topics, including environmental impact assessment, air quality management, greenhouse gas emission reduction measures, waste management, water conservation, and other critical environmental issues. Our training frequency is quarterly and covers 100 % of employees.

Environmental Violations

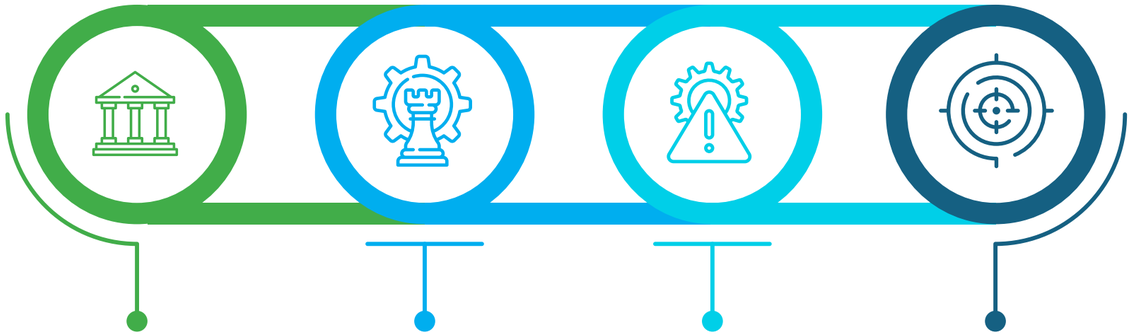
The global business landscape is increasingly characterized by constraints on natural resources and ecosystem services. Notably, HMCL has reported no environmental violations over the past five years, a testament to its strong commitment to environmental sustainability and responsible operations. By prioritizing environmental stewardship, HMCL has successfully minimized its ecological footprint, ensuring a safer, healthier environment for future generations.

Criteria	FY21	FY22	FY23	FY24	FY25
Number of violations of legal obligation/regulation	0	0	0	0	0
Amount of fines/Penalties related to the above (INR)	0	0	0	0	0
Environmental liability accrued at year end (INR)	0	0	0	0	0

CLIMATE ACTION

Over the past few decades, the planet has experienced significant shifts in climate patterns, triggering a global challenge that requires immediate and sustained action. Tackling climate change is not only an obligation but a fundamental necessity to ensure the well-being of our planet and its people. At HMCL, we are committed to proactively addressing climate-related risks and opportunities by continuously identifying, assessing, and managing them across our operations. We recognize that collaborative, unified action is vital to protecting the planet for both present and future generations.

As part of our commitment, we align our climate-related disclosures with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), ensuring transparency and accountability.



Governance

Disclose the organization's governance around climate related risks and opportunities.

Strategy

Disclose the actual and potential impact of climate related risks and opportunities on the organization's businesses, strategy and financial planning where such information is material.

Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks.

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.





Climate Governance at Hero MotoCorp

Climate-related risks and opportunities are governed through a structured oversight framework. The Sustainability Steering Committee, which operates under the Board-level Sustainability and Corporate Social Responsibility (SCSR) Committee, is tasked with managing ESG-related matters, including our carbon neutrality and climate action strategies.

The committee provides updates to the Board quarterly and the committee meets monthly to track key initiatives related to climate change and other ESG priorities. It provides quarterly updates to the Board, which holds ultimate accountability for decision-making and oversight on all ESG and climate-related issues.

Sustainability and Corporate Social Responsibility Committee (Board of Directors)

↓

Sustainability Steering Committee (Executive level committee)

↓

Corporate and Plant Level Team

Sustainability Core Team	R&D and Innovation Team	Environment Health and Safety Team	Energy Management/ Facility Management Team	Other Key Departments
Driving the ESG agenda of the organisation, establishing strategies, setting targets, consulting with the leadership and functional teams	Conduct LCAs Innovate new technology to reduce GHG emissions	Manage water and air emissions and hazardous waste	Manage the energy consumption of the facilities, implement energy efficiency projects	Support the ESG initiatives to achieve targets

Climate Risk Assessment

Climate Strategy and Scenario Selection:

HMCL's climate strategy is based on the selection of plausible scenarios and time horizons that are relevant for assessing risks and impacts. We take a systematic approach to identifying climate-related risks and opportunities through scenario analysis, addressing both transitional and physical climate risks.

During the reporting year, we undertook a detailed qualitative assessment of climate risks across our operations, covering six manufacturing plants, one Global Parts Centre (GPC), and one R&D facility (CIT).

In the previous reporting period, we analyzed two key scenarios: the 2°C Scenario (2DS), aligned with global climate targets, and RCP 8.5, a high-emission pathway representing the most conservative outlook based on projected carbon concentration. These scenarios helped us account for the uncertainties of climate change within current policy frameworks.

Recognizing the ongoing geopolitical uncertainties that impact the global climate transition, we have expanded our scenario analysis in this reporting year. We introduced two additional scenarios: RCP 2.6, which focuses on assessing physical climate risks under a low-emission pathway, and B2DS (Beyond 2°C Scenario), which explores transitional risks and evaluates potential adaptation and resilience strategies in the face of uncertain global developments.

These additional scenarios offer a more holistic view of the potential impacts and challenges posed by climate change, enabling us to better inform and align our strategic decision-making. Looking ahead, we plan to extend our climate risk assessment to our supply chain, with the aim of quantifying and evaluating associated risks. As our supply chain is largely local and regional, it is likely to face similar physical risks as those identified for our manufacturing facilities.

The time horizons considered for evaluating these risks are short-term (0-5 years), medium-term (5-15 years), and long-term (15-30 years).

Scenario Selection	Scenario Analysis	Time Horizon
Transition IEA 2DS and B2DS Physical – RCP 2.6 and RCP 8.5	Qualitative	Short term: 0-5 years Medium term: 5-15 years Long term: 15-30 years

Transitional Risk

HMCL assesses transitional climate risks using scenario pathways developed by the International Energy Agency (IEA), specifically the 2°C Scenario (2DS) and the Beyond 2°C Scenario (B2DS). These scenarios outline potential trajectories for transitioning to a low-carbon economy and take into account a range of global and national-level policy shifts, technological advancements, and market transformations.

In our assessment, we evaluated transition risks across key dimensions, including legal and regulatory frameworks, technological evolution, market dynamics, and reputational considerations:

- **Regulatory Risks:** These arise from evolving national and international climate policies and compliance requirements. They include the potential for stricter emissions standards, carbon pricing mechanisms, and reporting obligations.
- **Technology Risks:** These involve the need for continuous investment in low-carbon and energy-efficient technologies to remain competitive and compliant, as well as the risk of technological obsolescence.
- **Market Risks:** These stem from changing customer expectations, the growing demand for sustainable products, and potential increases in raw material and energy costs linked to climate-related policies or supply constraints.
- **Reputational Risks:** These relate to brand perception and stakeholder expectations, including investor scrutiny, public opinion, and shifting consumer preferences towards environmentally responsible companies.

Physical Risk

To evaluate physical risks, we refer to the climate change scenarios developed by the Intergovernmental Panel on Climate Change (IPCC), specifically the Representative Concentration Pathways (RCPs): RCP 2.6, RCP 4.5, RCP 6.0, and RCP 8.5. These scenarios reflect varying levels of greenhouse gas concentrationin the atmosphere and help model the potential severity and frequency of physical climate impacts such as extreme weather events, rising temperatures, flooding, and water stress.

By integrating insights from these physical risk scenarios, we aim to build resilience across our operations and develop long-term adaptation strategies that protect our infrastructure, supply chain, and workforce from climate-related disruptions.

These scenarios represent different potential future greenhouse gas concentration pathways. The approach for identifying physical risks involved desktop research, industry benchmarking, local stakeholder consultations, and combinations of tools. Stakeholder consultations focused on understanding climate change science, validating desk research through plant-level ground checks, and training teams to update event registers with historical data, official records, published news, and the Indian Meteorological Department (IMD) data. We mapped the detailed impact for RCP 2.6 and RCP 8.5 scenarios.

Major identified physical risks

Major acute risks
- Drought
- Heatwave
- Cold wave
- Wind hazard
- Dust storm

Major chronic risks
- Air quality
- Water stress
- Extreme summer temperatures

Overview of findings of physical risk assessment

Acute Physical Risks

		Dharuhera (Rewari)	Gurugram	Haridwar	Neemrana (Alwar)	Jaipur	Halol	Tirupati
Drought	RCP 2.6	Moderate Risk	High Risk	Moderate Risk	Moderate Risk	Moderate Risk	High Risk	High Risk
	RCP 8.5	High Risk	Very High Risk	High Risk	High Risk	High Risk	Very High Risk	High Risk
Heatwave	RCP 2.6	Low Risk	Low Risk	No Risk	Moderate Risk	High Risk	Low Risk	Very High Risk
	RCP 8.5	Moderate Risk	Moderate Risk	No Risk	High Risk	Very High Risk	Moderate Risk	Extremely High Risk
Dust Storm	RCP 2.6	Moderate Risk	Moderate Risk	Low Risk	Low Risk	Moderate Risk	Low Risk	Low Risk
	RCP 8.5	High Risk	High Risk	Moderate Risk	Moderate Risk	High Risk	Moderate Risk	Moderate Risk
Thunder Storm	RCP 2.6	Low Risk	Low Risk	Moderate Risk	Low Risk	Low Risk	Low Risk	Low Risk
	RCP 8.5	Moderate Risk	Moderate Risk	High Risk	Moderate Risk	Moderate Risk	Moderate Risk	Moderate Risk
Flood	RCP 2.6	No Risk	Low Risk	Low Risk	Low Risk	Moderate Risk	Moderate Risk	High Risk
	RCP 8.5	Low Risk	Moderate Risk	Moderate Risk	Moderate Risk	High Risk	High Risk	Very High Risk
Cyclones	RCP 2.6	Low Risk	Low Risk	Low Risk	Low Risk	Low Risk	Low Risk	High Risk
	RCP 8.5	Moderate Risk	Moderate Risk	Moderate Risk	Moderate Risk	Moderate Risk	Moderate Risk	Very High Risk
Lightening	RCP 2.6	Very Low Risk	Very Low Risk	Very Low Risk	Low Risk	Low Risk	Low Risk	Low Risk
	RCP 8.5	Low Risk	Low Risk	Low Risk	Moderate Risk	Moderate Risk	Moderate Risk	Moderate Risk
Hail Storm	RCP 2.6	Low Risk	Low Risk	Moderate Risk	Low Risk	Low Risk	Very Low Risk	Low Risk
	RCP 8.5	Moderate Risk	Moderate Risk	High Risk	Moderate Risk	Moderate Risk	Low Risk	Moderate Risk
Wind Hazard	RCP 2.6	Low Risk	Moderate Risk	Low Risk	Low Risk	High Risk	Low Risk	Very High Risk
	RCP 8.5	Moderate Risk	High Risk	Moderate Risk	Moderate Risk	Very High Risk	Moderate Risk	Extremely High Risk
Cold Wave	RCP 2.6	Moderate Risk	Moderate Risk	Low Risk	High Risk	High Risk	Low Risk	Very Low Risk
	RCP 8.5	High Risk	High Risk	Moderate Risk	Very High Risk	Very High Risk	Moderate Risk	Very Low Risk
Fog Days	RCP 2.6	Low Risk	Low Risk	Low Risk	Low Risk	Low Risk	Low Risk	Low Risk
	RCP 8.5	Moderate Risk	Moderate Risk	Moderate Risk	Moderate Risk	Moderate Risk	Moderate Risk	Moderate Risk
Snowfall	RCP 2.6	Very Low Risk	Very Low Risk	Low Risk	Very Low Risk	Very Low Risk	Very Low Risk	Very Low Risk
	RCP 8.5	Very Low Risk	Very Low Risk	Moderate Risk	Very Low Risk	Very Low Risk	Very Low Risk	Very Low Risk
Rainfall	RCP 2.6	Low Risk	Low Risk	Low Risk	Low Risk	Low Risk	Moderate Risk	Moderate Risk
	RCP 8.5	Very Low Risk	Very Low Risk	Very Low Risk	Very Low Risk	Very Low Risk	High Risk	High Risk

No Risk · Very Low Risk · Low Risk · Moderate Risk
High Risk · Very High Risk · Extremely High Risk

Chronic Physical Risks

		Dharuhera (Rewari)	Gurugram	Haridwar	Neemrana (Alwar)	Jaipur	Halol	Tirupati
Extreme Summer Temp.	RCP 2.6	High Risk	High Risk	Moderate Risk	High Risk	High Risk	High Risk	High Risk
	RCP 8.5	Very High Risk	Very High Risk	Moderate Risk	High Risk	Moderate Risk	Very High Risk	Very High Risk
Water Stress	RCP 2.6	Moderate Risk	High Risk	Moderate Risk	High Risk	High Risk	High Risk	Low Risk
	RCP 8.5	Very High Risk	Very High Risk	Moderate Risk	Very High Risk	High Risk	Very High Risk	Moderate Risk
Saline Water Intrusion	RCP 2.6	No Risk	No Risk	No Risk	No Risk	No Risk	No Risk	Low Risk
	RCP 8.5	No Risk	No Risk	No Risk	No Risk	No Risk	No Risk	Moderate Risk
Sea level rise	RCP 2.6	No Risk	No Risk	No Risk	No Risk	No Risk	No Risk	Low Risk
	RCP 8.5	No Risk	No Risk	No Risk	No Risk	No Risk	No Risk	Moderate Risk
Glacial melting	RCP 2.6	No Risk	No Risk	High Risk	No Risk	No Risk	No Risk	No Risk
	RCP 8.5	No Risk	No Risk	High Risk	No Risk	No Risk	No Risk	No Risk
Air Quality	RCP 2.6	High Risk	High Risk	Moderate Risk	Low Risk	Low Risk	Low Risk	Low Risk
	RCP 8.5	Very High Risk	Very High Risk	High Risk	Moderate Risk	Moderate Risk	Moderate Risk	Moderate Risk

No Risk · Very Low Risk · Low Risk · Moderate Risk
High Risk · Very High Risk · Extremely High Risk

Other Risks

		Dharuhera (Rewari)	Gurugram	Haridwar	Neemrana (Alwar)	Jaipur	Halol	Tirupati
Land Slide	RCP 2.6	No Risk	No Risk	High Risk	No Risk	No Risk	No Risk	No Risk
	RCP 8.5	No Risk	No Risk	High Risk	No Risk	No Risk	No Risk	No Risk
Vectors/Pests	RCP 2.6	High Risk	High Risk	Moderate Risk	High Risk	High Risk	High Risk	High Risk
	RCP 8.5	Very High Risk	Very High Risk	Moderate Risk	High Risk	Moderate Risk	Very High Risk	Very High Risk

No Risk · Very Low Risk · Low Risk · Moderate Risk
High Risk · Very High Risk · Extremely High Risk

Climate-related Risks and Opportunities

HMCL recognizes the growing impact of climate-related physical risks, such as extreme weather events, rising temperatures, and water scarcity, on its operations and supply chain. To address these challenges, the company has undertaken measures to assess site-specific vulnerabilities and improve resilience.

Key facilities have been evaluated for exposure to floods, heatwaves, and other climate risks. Based on these assessments, infrastructure upgrades have been implemented, including enhanced drainage systems, heat-resistant building materials, and improved water management practices.

Additionally, early warning systems, emergency response protocols, and business continuity plans have been strengthened to ensure operational stability during climate-induced disruptions. These efforts form part of a broader strategy to safeguard assets, protect workforce safety, and maintain long-term productivity amid changing environmental conditions.

Short-, Medium-, and Long-term Climate-related Risks and Opportunities

Type	Regulatory Risk-Current	Regulator Risk-Emerging	Technology Risk	Legal Risk
Key Issues / Risks	More stringent policies and regulations to combat climate change and emission norms	Carbon Credit Trading Scheme (CCTS) and EPR credits	Increase in the competition for technology development of eco-friendly vehicles	More stringent fuel economy regulations for ICE vehicles
Time Horizon	Short- and medium-term	Short- and medium-term	Short term	Short- and medium-term
Potential Financial Impact	• Costs increase due to adherence to technological development to respond to climate change, emissions and regulatory requirements • Rising operational costs	The procurement of credit certificates results in escalating operational costs	Decline in the 2w market share (ICE fuel efficiency, EV mileage, product safety, etc.)	• R&D costs increase due to fuel economy-related technological development • Increased response costs because of penalties for non-compliance with regulations
Opportunities	Market share gain by effective deployment of low emission norms technology / eco-friendly vehicles	• Acceleration in the adoption of energy-saving technologies • Deployment of renewable energy into operation	• Explore new business models – battery-as-a-service and vehicle as-a-service, etc. • Charging infrastructure	• Increase in market share due to early deployment of higher fuel economy / eco-friendly vehicles • Lower / reduce the costs of responding to regulations by promoting the development of low-emission norm technologies
Our Response / Mitigation Strategy	Development of technologically superior products at our two world-class, state-of the-art R&D facilities–the CIT in India and Tech Centre Germany (TCG) working on emission reduction, fuel efficiency, EVs and future mobility	• Embracing emerging technologies for lowering energy and carbon footprint, e.g. Robotic paint shop, direct shaft driven blowers in ventilation system, VRV air conditioning with zoning control, etc. • Energy transition from fossil fuel-based energy to renewable energy	• R&D on next generation mobility packages, flex fuel vehicles (FFV) • In-house efforts towards a winning alternative fuel solution	Development of technologically superior products at our two world-class R&D facilities–the CIT and TCG working on emission, fuel efficiency, EVs, and future mobility

Short-, Medium-, and Long-term Climate-related Risks and Opportunities

Type	Market Risk	Reputational Risk	Physical – Acute Risk	Physical – Chronic Risk
Key Issues / Risks	Expansion of EV markets as the consumer sentiments are changing toward eco-friendly vehicles (shift from ICE vehicles to EV)	Growing demand from investors and other stakeholders for climate data disclosure	Damage to business sites due to abnormal weather events (cyclones, floods, extreme rainfall, and dust storms, etc.)	• Operation in water-stressed regions • Rising pollution levels (air quality)
Time Horizon	Short- to medium-term	Short-term	Short-term	Long-term
Potential Financial Impact	EV sales replacing traditional ICE volumes	Failure to disclose climate change information will result in a decline in corporate value, withdrawal of investment, and consumer attrition	Damage to production facilities and restoration cost	• Low production and eventually shut down • Public transport and shared mobility solutions are taking over private modes of transportation, impacting sales volume
Opportunities	• Explore new business models – battery-as-a-service and vehicle as-a-service, etc. • Charging infrastructure	Transparent disclosure of climate change-related information will boost investor confidence, brand image, and attract investments	• Investment in adaptation to climate change (climate-resilient infrastructure) • Opportunity to tap rainwater to improve water positivity profile	• Utilize technology and lower water consumption • Shared mobility opens new revenue streams by encouraging OEMs to develop targeted products and innovate business operation
Our Response / Mitigation Strategy	• R&D on next generation mobility vehicles • Expanding the EV portfolio • Expanding our market reach globally	• Disclose climate data transparently through Sustainability and Annual Reports • Participate in international initiatives such as CDP, DJSI, and Sustainalytics, etc. • Encourage value chain partners to participate and disclose climate change-related information	• Preparation of Climate Action task force • Native tree buffer, removal / retrofitting of unsafe structures	• Enhanced efficiency of existing recycling facilities, increased reuse and recharging of groundwater through rainwater harvesting • Successfully transitioned to Bharat Stage Emission Standards (BS VI) • Expanding the EV portfolio

Physical Climate Risk Adaptation

The assessment of physical climate risks and its adaptation plan covers 100% of our business operations and implementation timelines are less than five years for these measures.

Physical Risks	Adaptation Measures
Droughts	• Reduce water consumption by implementing water-saving measures • Adopt water conservation measures within and beyond fence, e.g. storage and reuse of rainwater, artificial recharge of rainwater, use of recycled water • Benchmark all water intensive processes • Explore partnerships with industrial clusters to share best practices • Undertake afforestation and reforestation and water conservation at the community level • Coordinate emergency relief efforts
Heatwaves	• Heatwave preparedness protocol • Awareness • Flexi work (early morning shifts for some employees to reduce mid-day exposure) • Hydration therapy: buttermilk and lemonade accessibility • On-site weather monitoring
Cold Waves	• Thermal protection for workers; layered clothing • Warm beverages • Heated shelters • Emergency preparedness plan

Physical Risks	Adaptation Measures
Wind Hazards	• Asset protection (yard bikes) • Wind break trees • Wind shelters • Emergency service preparedness
Dust Storms	• Comprehensive risk assessment for vulnerable areas and equipment • Risk assessment for employees • Assessing PPEs, enforcing the use of PPEs, face mask provision; protective eyewear • Emergency preparedness kits • Support medical assistance; post-event health checkups
Cyclones	• Early warning system • Emergency preparedness plan • Evacuation plan, safe rooms, and shelters • Emergency kits, relocation planning
Floods	• Drainage assessment; flood barriers • Emergency power systems • Emergency evacuation plans • Set up an emergency response team

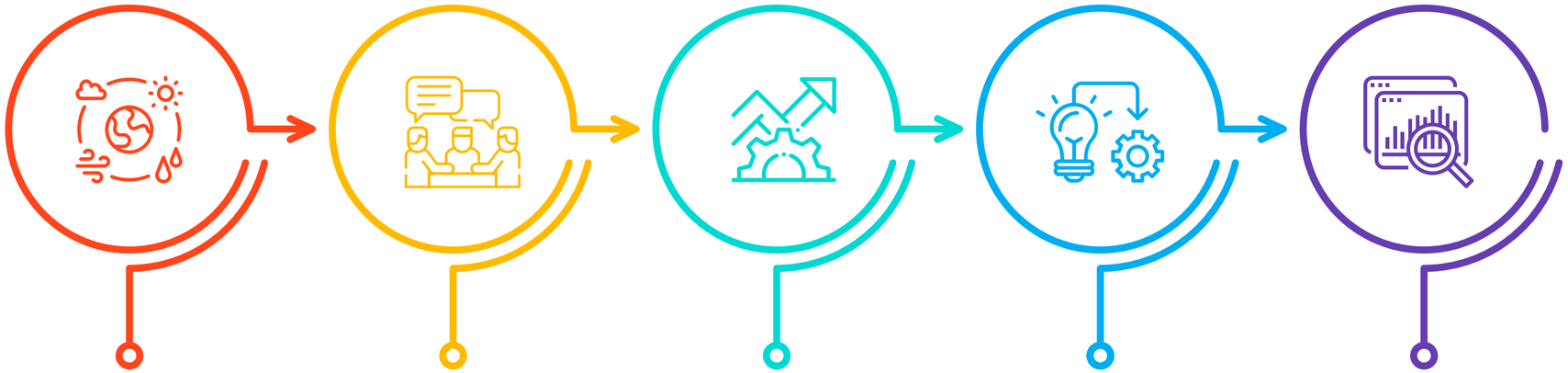
Climate Risk Management

We have a comprehensive risk management framework in place that allows us to proactively identify, evaluate, and respond to both potential opportunities and threats to our business. Through a rigorous governance structure and well-defined processes, we regularly monitor, track, and review these risks, with clear roles and responsibilities assigned at each stage to ensure effective management and mitigation.

Climate Risk Identification, Assessment, and Management Process

Our risk assessment process considers the unique characteristics of each local and regional context when evaluating physical risks, as well as the sector-specific and national policy factors that influence transitional risks. This tailored approach allows us to gain a thorough understanding of potential impacts and align our risk assessment with both the immediate environment and the broader industry and policy landscape.

The Risk Management Committee (RMC), supported by our Enterprise Risk Management (ERM) team, provides oversight of the risk management process across our business units and corporate functions. To foster a strong risk-aware culture, we implement various initiatives and regularly review our risk register, which includes climate change as a key consideration. This register is updated annually to ensure our risk management strategies remain effective and relevant.



Identification of Company-wide issues related to Climate Change

Discussions with related departments to identify risks and opportunities along with their impact

Development of mitigation plans

Implementation of counter measures

Monitoring and analysis



Targets and Progress

Entity	Target	Progress	Primary Impact	Secondary Impact
Climate Action				
Operations	Carbon-neutral operations by 2030	Achieved 45% carbon-neutral operations	Reduce global temperature	Climate action
Vehicles/Product	Accelerate alternate mobility business through EVs and required infrastructure	Expanding our EV portfolio by launching new models and opening new dealership	Reduce GHG emissions	• Circularity • Focus on end-of-life vehicles (ELVs)
Value Chain	Assessments of suppliers on ESG performance	• Baseline assessment of key suppliers and dealers • Capacity building and target setting to mitigate risks • On site-audits are conducted for suppliers based on ESG parameters	• Climate action • Reduce Scope 3 emissions	• Circularity • Reduce the use of virgin material through waste recycling and co-processing
Community-based projects	Afforestation	Tree plantation drives are conducted	Reduce pollution and preserve the ecosystem	Climate action
Air Emissions				
Reducing air pollution	Reducing SOx, NOx, Particulate Matter (PM), and VOCs emissions	• Installed control tools (Emission Control Devices - ECD) to arrest emissions while they are being produced • Online Continuous Emission Monitoring System (OCEMS) connected with CPCB	Result in pollution reduction	Reduction in airborne diseases
Water				
Operations	500% water-positive by 2025	Achieved 500% water positivity	• Water security • Maintained groundwater level	Climate action
Wastewater				
Zero Liquid Discharge (ZLD)	All plants are zero liquid discharge	Achieved for all facilities in compliance with the government norms	Circularity	• Climate action

Entity	Target	Progress	Primary Impact	Secondary Impact
Waste				
Zero waste to landfills (ZWL)	100% zero waste-to-landfill facilities by 2025	100% of facilities are zero waste-to landfill certified	• Circularity • Resource conservation by recycling and co-processing of waste	• Climate action • Reduction in water and land contamination
Zero-single use plastic	No use of single-use plastic (SUP) (across all facilities)	100% of our facilities and offices are single-use plastic-free certified by the Confederation of Indian Industry (CII)	• Circularity • Using biodegradable material	• Climate action • Reduce landfill waste • Protecting aquatic life by reducing pollution in water bodies
Circularity				
Product recyclability	95% product recyclability by 2025	Achieved 95% product recyclability while Automotive Industry Standard (AIS) 129 mandates more than 80% recyclability.	• Circularity • Using recyclable material	• Climate action • Less extraction of metals • Reduction in embodied energy
Biodiversity protection				
Adopt biodiversity park	Nurturing and preserving biodiversity	Conservation work at Aravali Biodiversity Park in Gurugram, Haryana	Genetic diversity of flora & fauna is preserved	• Climate action

Rewards on Attainment of Climate-related Targets

HMCL has implemented a unique dual incentive structure, which pairs performance-based salary increments with a bonus scheme linked to a percentage of salary. This forward-thinking approach acknowledges and rewards outstanding performance, while motivating executives, business unit managers, and employees (including EHS managers) to reach their goals and contribute to the Company's overall success.

Type of Incentive

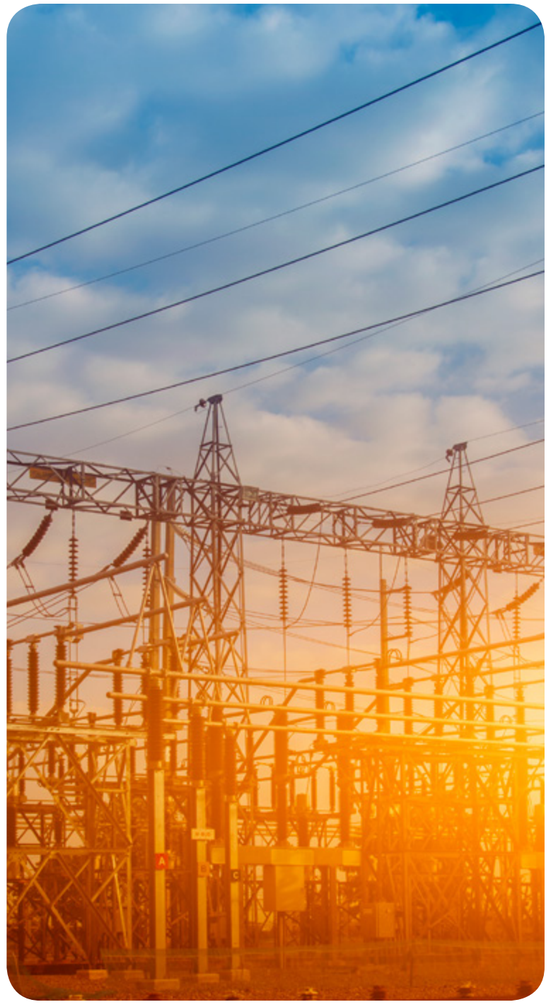
- Monetary
- Recognition

Incentivized KPIs

- Emission reduction
- Energy reduction
- Efficiency
- Purchasing
- Supply chain engagement

ENERGY MANAGEMENT

The automotive industry is one of the world's most substantial energy consumers, accounting for a significant portion of global energy demand. As the world shifts towards a more sustainable and energy-efficient future, the automotive sector is undergoing a profound transformation to minimize its energy consumption and mitigate greenhouse gas emissions. This transformation is driven by the need to reduce the industry's environmental footprint, improve energy efficiency, and promote eco-friendly technologies that support a low-carbon economy.

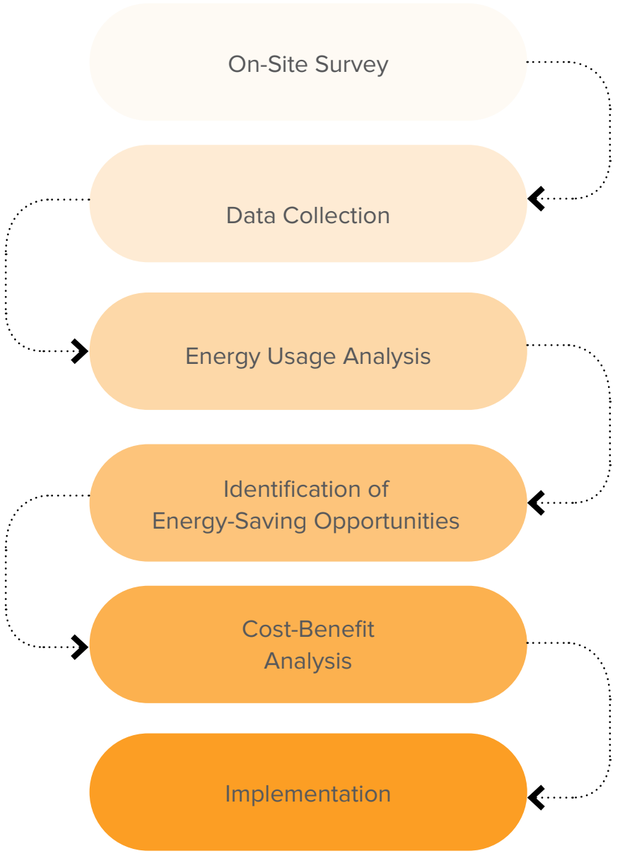


The primary objective of our energy management programs is to comprehensively cover the following key elements:

- Conducting energy audits at three-year intervals to identify energy-saving opportunities. Implementing actionable items from energy audits
- Setting quantified targets with a specific time horizon to achieve energy savings
- Investments in innovation or research and development to decrease energy consumption
- Continuously evaluating and monitoring progress in energy consumption.
- Promoting the use of clean or green energy. Providing training to employees to raise awareness of energy consumption reduction

Energy Audit Methodology

At HMCL, we carry comprehensive energy audits; detailed analysis includes data collection and analysis to uncover potential energy-saving opportunities for our facilities. We follow the following steps while carrying out energy audits:-



Energy Conservation Initiatives

As we continue to expand, our energy demands are expected to rise. To support sustainable growth, we are focusing on enhancing energy efficiency and shifting towards renewable energy sources. This strategic approach enables us to reduce our environmental impact, mitigate climate-related risks, and lower energy expenses. Through comprehensive internal and external energy audits, we identify and execute energy-saving initiatives that drive efficiency and reinforce our dedication to sustainable development.

At HMCL, we have set an ambitious yearly target of achieving a 2% energy saving of total energy demand, and we are successfully meeting this goal. Below mentioned are some of the energy-saving projects that have been implemented across our facilities.

Categories	Facility	Project Description	Energy Saving (kWh)
Machine Shop	Dharuhera Plant	Upgradation of chillers with variable speed chiller in old engine assembly	1,58,251
Utility	Dharuhera Plant	Reducing compressed air losses by leakage reduction, measurement, and operations control in high consumption area by providing auto shut-off valve in paint shop and expansion plant	77,681
Utility	Gurugram Plant	Reduction of Auxiliaries consumption by providing radiator & stopping cooling tower in B&C shift.	87,500
Forced Draft Ventilation (FDV)	Haridwar Plant	Reduction in energy consumption in plant FDV's by replacing conventional blower to EC fan Blower	2,31,420
Utility	Neemrana	Compressor leakage load reduction and efficiency enhancement	61,080
Bigfoot	Halol Plant	Running hour optimization of bigfoot (comfort cooling) in summer season	53,281
Bypass Air (BPA)	Tirupati Plant	Replacement of AHU conventional blower into EC fans in battery pack assembly line	40,200
Sewage Treatment Plant (STP)	Tirupati Plant	STP Blower operation control through oxygen sensor and VFD to optimize running hours	27,818
FCP and Dispatch	Global Parts Centre (GPC) in Neemrana	Reduction in Energy Consumption of the New HVAC system by optimizing C shift operations in FCP & Dispatch	81,000
Utility	R&D Centre, Jaipur	Compressed air pipeline interconnection to optimize compressor running hours	1,10,000

CASE STUDY

Energy conservation through optimized utilization and condition monitoring of plant ventilation systems

Energy conservation at HMCL is of utmost importance, and as part of our energy conservation initiatives, we have optimized the utilization of the ventilation system at our facilities. The ventilation system is closely monitored at multiple levels to ensure maximum efficiency and minimal energy waste. The current comfort cooling system on the shop floors, comprising FDVs/Air Washers installed across the plant, was facing several challenges that were hindering its effective operation and maintenance.

EC+ Fan Installation in Steel Phase in Haridwar Plant:

Background:

- Total 78 no FDVs are installed at different location. With 80000 cfm, 50000cfm, 40000 cfm capacity.
- Annual KWh Consumption for FDV is 25.5 Lakh kWh
- Total 4 no's conventional blower retrofitted with EC+ fan resulted energy saving 20 - 35%

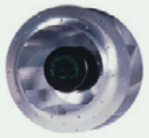
Proposed Process:

- Proposed Process involves replacing of existing centrifugal fan of steel phase with highly efficient EC+ fan which operate with PM motor and drive Axial fan.
- It also contains one common panel for All VFD of steel phase and plc for logic control of running rpm of EC+ fan based on environment condition.
- It also contains provision for remote operation by connecting the existing VFD with plc and same plc output to be connected to nearby OT network switch by LAN cable.

BEFORE

Centrifugal Fan Efficiency Equation






90% IE 3 Motor x **88%** V Belt and Pully Drive x **82%** Back Curved Centrifugal Fan = **65%** Efficiency of Existing Blower

AFTER

The EC+ Effiiciency Equation






92% Novenco Zerax High Effecient Axial Fan x **95%** High Efficient PM Motor x **98%** High Efficient Danfoss VLT* = **85%** Efficiency

Energy Saved due to energy efficiency

4061 MWh

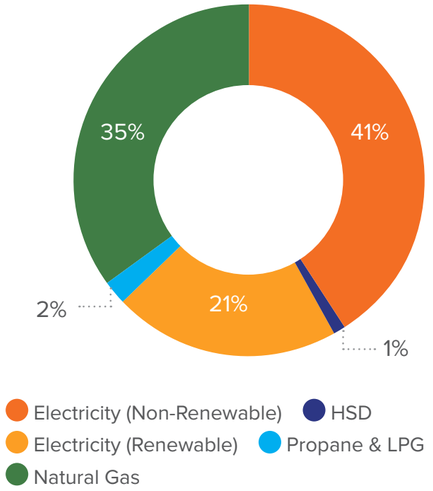
*Emission avoided due to energy efficiency

2953 TCO_2

*Grid Emission factor considered for CO_2 reduction calculation was 0.727 tCO_2/MWh

HMCL's energy consumption has diversified over the last five years, with renewable energy growing from 6% in FY21 to 32% of electrical energy consumption in FY25. This shift underscores our commitment to sustainability and reducing our carbon footprint. The source-wise diversification of energy consumed at HMCL for FY25 is as follows:

Energy Consumption (%) in FY25



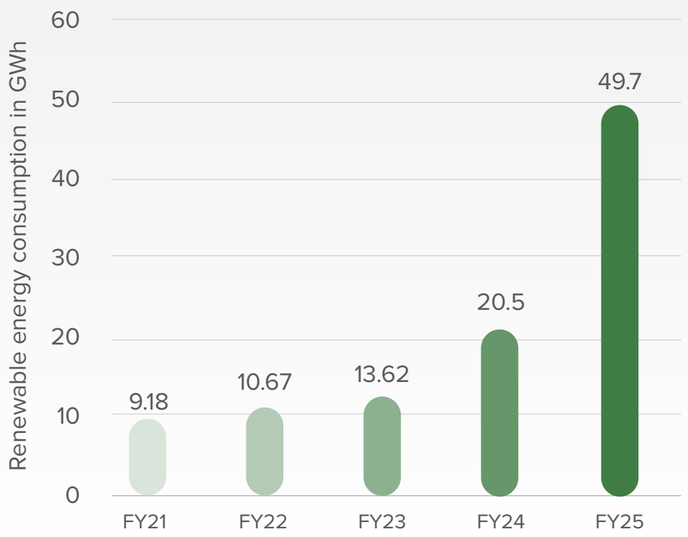
Renewable Energy

At HMCL, we are committed to reducing our reliance on non-renewable energy sources and embracing clean energy solutions. As part of our sustainability efforts, we have made significant strides in transitioning to renewable energy across our operations. Regarding renewable energy capacity, our operations integrate 11.5 MWp of distributed captive solar installations across India. Additionally, 2 MW of wheeled renewable energy is utilised at the Halol plant, and the Haridwar plant operates exclusively on grid-supplied green power (achieving 90% carbon neutrality at Haridwar plant).

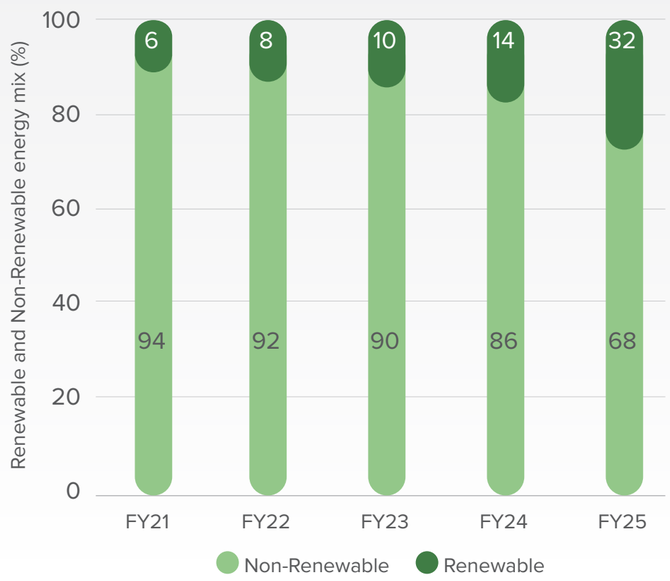
142%
More renewable energy used from FY24

36,167 TCO_2
Emissions avoided in FY25

Renewable energy consumption year-wise



Electricity Consumption year-wise







Investments in Research and Development

At HMCL, we recognize the importance of innovation and research and development (R&D) in driving energy reduction and sustainability in our operations. As a responsible and forward-thinking organization, we are committed to investing in cutting-edge technologies and solutions that minimize our environmental footprint while promoting business growth. The Hero MotoCorp Centre for Innovation and Technology (CIT) in Jaipur is a state-of-the-art research and development center for the company.

To support our energy reduction goals, we have made significant investments in R&D, including:

- **Establishment of a dedicated R&D Center:** Our state-of-the-art manufacturing facilities, six in India and one each in Colombia and Bangladesh are renowned Centres of Excellence. They are also fondly called 'Garden Factories' because of the green manufacturing processes followed that use resources efficiently and sustainably.
- **Collaborations and Partnerships:** We are collaborating with leading research institutions, universities, and industry partners to leverage their expertise and stay at the forefront of energy-efficient technologies.
- **Investment in Emerging Technologies:** We are investing in emerging technologies, such as artificial intelligence, blockchain, and the Internet of Things (IoT), to explore new opportunities for energy reduction and efficiency.
- **Training and Development:** We are providing ongoing training and development programs for our employees on a half-yearly basis to ensure they have the necessary skills and knowledge to support our energy reduction initiatives.

EMISSION MANAGEMENT

Carbon-Neutral Operations (Scope-1 and 2)

As one of the world's leading two-wheeler manufacturing companies, we recognize our significant responsibility to address the climate crisis. We see the climate crisis as an opportunity to drive meaningful change and reduce our environmental footprint. At HMCL, we are committed to achieving carbon neutrality (Scope 1 and 2) by 2030. To track our progress, we measure and report our emissions per equivalent vehicle (EPV) relative to our baseline year of 2010. We have made substantial progress towards our goal, achieving 45% carbon neutrality in fiscal year 25.

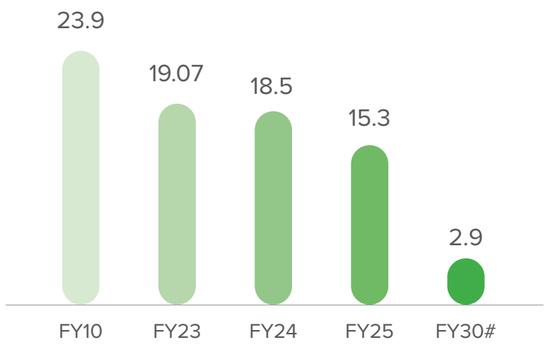
At HMCL, we track Emission per Equivalent Vehicle (EPV) - Scope 1&2 to measure our environmental footprint. As of FY25, our EPV - Scope 1&2 stands at 15.3 KgCO2/Veh. We aim to reduce it further to 2.90 KgCo2/Veh by FY30, through initiatives like renewable energy, energy-efficient technologies, and sustainable manufacturing practices, in line with our commitment to sustainability and environmental responsibility.

Year	FY10	FY23	FY24	FY25	FY30 (Goal)
Emission per equivalent vehicle (EPV)-KgCO2/Veh	23.9 (baseline)	19.07	18.5	15.3	2.9
Carbon-neutrality (Scope 1 and 2)-% without afforestation	0%	20%	22%	36%	88%
Carbon-neutrality (Scope 1 and 2)-% with afforestation*	0%	39%	40%	45%	100%

*Carbon neutrality numbers with afforestation are under validation.

Emissions (tCo_2)	FY22	FY23	FY24	FY25
Scope 1	26,545	19,867	21,375	19,938
Scope 2	84,115	82,484	82,224	70,547
Total Emissions (Scope 1 & 2)	1,10,660	1,02,351	1,03,600	90,485
Scope 3	-	-	2,01,82,252	1,89,40,829

Emission per equivalent vehicle (EPV)-Scope-1&2



FY30 represent target KgCO2/Veh. Residual EPV will be offset through carbon credits or afforestation.

Carbon Offsets

Our primary focus is on reducing emissions at the source by replacing fossil fuel-based energy used in our manufacturing processes with renewable energy sources. We prioritize emission reduction over offsetting, and carbon offsetting will only be considered in exceptional cases where emissions are particularly difficult to abate, such as when viable solutions are currently unavailable or still in the development stage.

CASE STUDY

One of our subsidiary, Niloy Bangladesh Limited (HNBL) has successfully achieved a significant milestone by attaining 62% carbon neutrality. This accomplishment is attributed to the operationalization of its 1.5 MWp on-site solar plant, underscoring HNBL's commitment to sustainable environmental practices.*

*Beyond FY25 reporting boundary

Reducing Scope 3 Emissions and Accelerating Sustainable Practices

We are committed to minimizing our environmental footprint by reducing Scope 3 emissions associated with our upstream and downstream value chains. To achieve this, we have introduced the Sustainable Partner Development Programme (SPDP), a collaborative initiative that engages our upstream value chain partners in operationalizing sustainability. The programme aims to de-risk supply chain, re-calibrate business strategy, achieve resilience, adopt sustainable procurement guidelines, and drive performance by facilitating our Company's achievement of ESG goals through mutual buy-ins with suppliers.

Furthermore, we have launched the Green Dealer Development programme, designed to encourage our dealers to adopt renewable energy sources, promote eco-friendly products, and implement sustainable practices. 31% of our dealers are green dealers with a 7.1 MW installed total solar capacity across our dealership network. This initiative aims to create a ripple effect, inspiring a culture of sustainability throughout our entire value chain.

We have reported on eight of the Scope 3 categories in FY25 which covers 95% of our scope-3 emissions, and they are:

Category	Description	Methodology	FY24 (tCo_2)	FY25 (tCo_2)
1	Purchased goods and services	Hybrid method	4,77,613	6,19,374
4	Upstream Transportation and Distribution	Distance-based	94,982	99,321
9	Downstream Transportation and Distribution			
6	Business travel	Distance-based	3,909	6,458
7	Employee commuting	Distance-based	7,927	12,779
8	Upstream leased assets	Asset Specific	-	1,680
11	Use of sold products	Use phase	1,95,97,821	1,81,75,308
14	Franchises	Hybrid method	-	25,908





STEPS TOWARDS LOW CARBON PORTFOLIO

Drive Change, Drive Electric, Drive Further

At the Hero World 2025 event, Hero MotoCorp unveiled several innovative concepts aimed at shaping a versatile and sustainable mobility ecosystem. As part of its vision to lead the Future of Mobility, the company introduced the VIDA V2 electric scooter lineup and the Surge S32, a first-of-its-kind class convertible vehicle that has garnered global recognition.

HMCL has invested in Euler Motors, an electric three-wheeler manufacturer with a presence in 30 Indian cities, to expand its footprint in the emerging mobility landscape. This strategic investment is a bold step towards realizing our vision of 'Being the Future of Mobility' and reinforces our commitment to accelerated growth. The investment of up to INR 525 crore will provide HMCL with a strong foothold in the fast-growing electric three-wheeler market, where EVs are projected to account for 35% of total sales in upcoming years.

Fast Charging Network

Hero MotoCorp has built one of the most extensive networks of advanced DC fast chargers in the country. Each unit includes two DC ports, capable of delivering 3kW of power, enabling VIDA electric scooters to charge at a rapid rate of 1.2 km per minute.

To support customer convenience, we have partnered with Ather Energy to ensure interoperability—allowing VIDA users to access and charge their vehicles across Ather's charging infrastructure, and vice versa. Furthermore, we are actively expanding our charging ecosystem by rolling out 3.3 kW AC smart chargers. These chargers are designed for universal compatibility with all OEM two-wheelers, three-wheelers, and four-wheelers, and come equipped with a dedicated charging point per unit. As our vision is 'Be the Future of Mobility', we are working on alternative mobility models, fuel efficiency and the creation of flex-fuel engines, all of which help to combat life cycle emissions.

Current

Fast Charging Point
4,000

Cities Covered
280

Community charging points
420

2030 Targets

Fast Charging Point
7,000

Cities Covered
300+

Community charging points
15,000

Improving Fuel Economy

At HMCL, we are driving sustainability forward with innovative solutions, including new engine designs for ethanol systems that aim to improve fuel economy by over 15% and reduce emissions of CO2, CO, NOx, and HCs. By FY29, we expect to cut fuel use in scooters by 40% by replacing current CVT systems with simpler and more efficient Automated Manual Transmission (AMT) systems. Additionally, we are standardizing air and oil filtration systems for motorcycles, with similar systems for scooters to be developed by FY26, ensuring a unified approach to environmental responsibility. Furthermore, we're leveraging predictive methods and tools to optimize our testing processes, aiming to reduce chassis dynamometer testing time and fuel consumption by 30% within the next five years, ultimately accelerating our product development cycle while minimizing our ecological footprint.



Flex Fuel Vehicles

We are developing a significant program to improve fuel efficiency through engine performance optimization for fuel with higher ethanol content. As of March 2023, we achieved E20 compatibility for all our models. Additionally, we developed new control strategy patents to enable combustion to detect ethanol content between 20% and 100%. We will implement this technology as we upgrade the combustion systems across our platform. In FY25, we received Type Approval for our first Flex Fuel Vehicle designed to run on Ethanol Blend ranging between E20-E85.

Current

100%
Products E20 compatible

2030 Targets

100%*
Products E85 compatible

*Subject to availability of E85 fuel and incentivized fuel cost.

Partnerships and Collaborations

ATHER

MOTOR HARLEY-DAVIDSON COMPANY

HeroFinCorp.

ZERO MOTORCYCLES®

MARELLI

TERRAFIRMA MOTORS CORPORATION

GRUPO SALINAS DESDE 1906

EULER

NITOL

NITOL MOTORS LTD

WATER MANAGEMENT

Water stewardship is an essential element of sustainability efforts at Hero MotoCorp. Our water strategy aims to minimize freshwater withdrawals for manufacturing processes to ensure freshwater availability in local communities. As a responsible organization, we combine water conservation and community engagement to safeguard this essential resource by optimizing water consumption to meet our operational requirements while ensuring community welfare by ensuring water positivity across all our manufacturing locations

This translates into efficient water use in manufacturing processes, recharging and rejuvenating local aquifers, and deploying water harvesting methods beyond fence to ensure community welfare while ensuring zero wastewater discharge. This holistic approach drives our organizations efforts forward towards water stewardship.

We have also implemented a 3M-7R approach for water management, encompassing measurement, mapping, monitoring, and a range of conservation and reuse strategies to minimize water consumption across our plants.

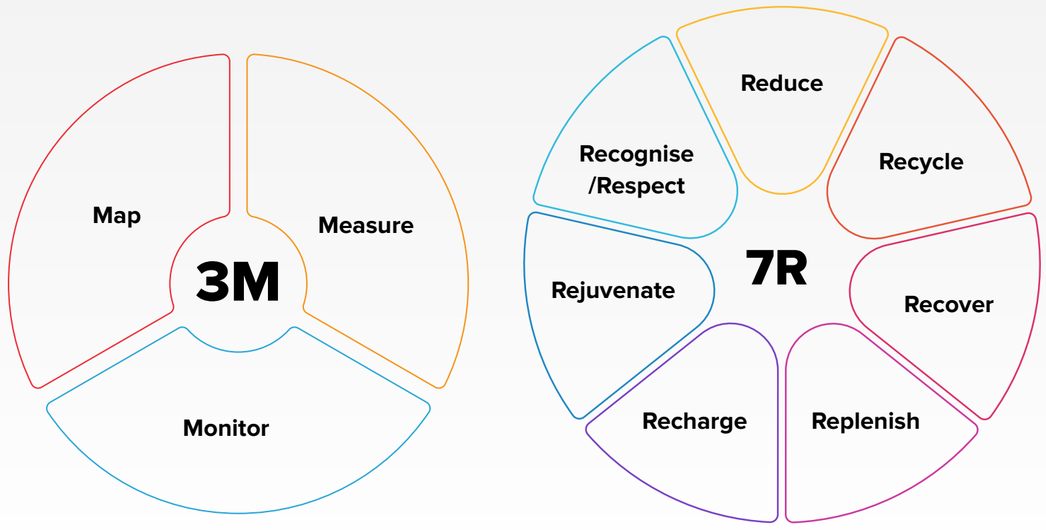
Gurgaon Plant awarded "Gold Rating" under CII Blue Rating System.

HMCL becomes the first company in Indian Automobile industry to receive this recognition.

The primary objectives of our water management programs are:

1. Water use assessment
2. Actions to reduce water consumption
3. Actions to improve wastewater quality
4. Establishment of targets to reduce water use
5. Application of recycled water and employee awareness and training program

Implementation of 3M – 7R Approach for Water Management



Achieved **500%** water positivity in FY25*

*Under certification



Water Use Assessment

HMCL has a significant dependence on groundwater for its operations. To promote sustainable water management, the company conducts comprehensive water audits every two years. These audits, carried out by certified auditors from agencies such as CII and approved by the Central Ground Water Authority (CGWA), help identify inefficiencies, areas of wastage, and opportunities for conservation and cost savings in water usage.

Over the last 2 years four plants have been audited covering the following aspects.

1. Industry process study
2. Present water usage including Recycling
3. Assessing the use of technology
4. Waste water treatment and discharge
5. Water conservation measures

Actions to reduce water consumption

Our commitment to water positivity across manufacturing locations drives us to continually enhance water efficiency and reduce consumption. We have undertaken several initiatives aimed at lowering the use of both process and non-process water at our plants. These include implementing water-efficient technologies and executing targeted projects focused on conservation and responsible water management.

Actions to improve Wastewater Quality

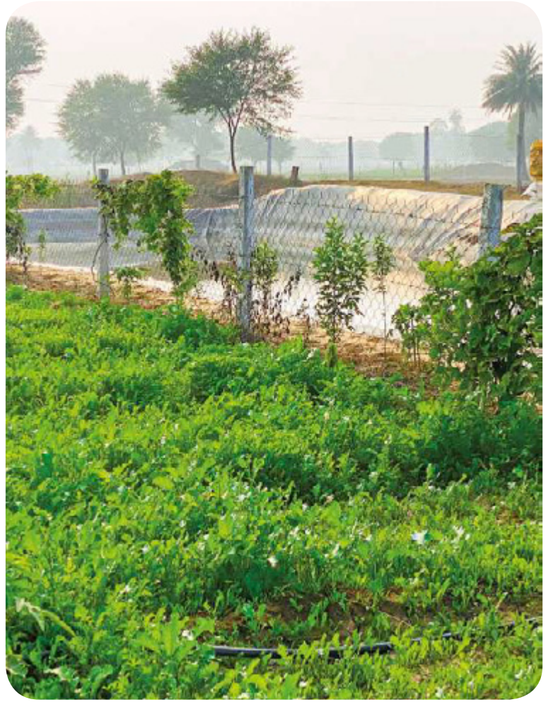
HMCL is committed to maintain high standards of wastewater management to minimize environmental impact and ensure responsible water stewardship. All our manufacturing facilities operate as Zero Liquid Discharge (ZLD) units, which means that no wastewater is discharged beyond plant boundaries.

Our Sewage Treatment Plants (STPs) and Effluent Treatment Plants (ETPs) are designed to recycle and treat both domestic and industrial wastewater for reuse in various non-potable applications, such as gardening, flushing, and cooling tower operations. These systems help us reduce dependency on freshwater sources while maintaining operational efficiency.

We strictly comply with CPCB and SPCB norms for wastewater treatment across all facilities. Regular internal monitoring and independent third-party audits ensure consistent adherence to discharge standards and process efficiency.

Establishment Of Targets to Reduce Water Use

At HMCL, we had set an ambitious target of achieving a water positivity rate of 500% by 2025. We are proud to share that we are the only two-wheeler organization that has achieved this milestone across the globe. Furthermore, all our manufacturing plants are now water positive, reinforcing our strong commitment to water stewardship. This achievement underscores our dedication to sustainable water management and our role in supporting the well-being of surrounding communities.



Employee Awareness and Training Program

We believe that sustainable water stewardship begins with informed and engaged employees. To this end, we implement comprehensive education and training initiatives tailored to instill a culture of water consciousness across all levels of our workforce. Periodic employee awareness training programs are being conducted. These programs include:

- **Interactive Workshops and Seminars:** Regular sessions are conducted on topics like water conservation techniques, water auditing, rainwater harvesting, and sustainable usage practices, designed to increase both technical knowledge and personal accountability.
- **On-site Demonstrations:** Practical demonstrations of water-saving technologies and methods are organized at manufacturing sites to showcase real-world application and impact.
- **Recognition and Rewards:** Employees who propose and implement innovative water-saving ideas are publicly recognized and rewarded, fostering a spirit of innovation and ownership.
- **Cross-functional Task Forces:** Interdepartmental teams are formed to regularly evaluate water usage and suggest operational improvements, ensuring sustainability is embedded in everyday processes.

Implemented Measures

Point of Use Efficiency

Replacement of conventional taps with orifice-type taps with flow control mechanism to minimize consumption of water in canteen

1729
KL / Year

Automated Overflow Prevention

Completed installation of automated solenoid valves to minimize water loss Integrated valves operations with FDV control system

9255
KL / Year

Reduction of Soft Water Consumption

Reduced soft water consumption in ALCC washing machine by improving filtration process

436
KL / Year

Optimization of Process Bath

Strategic revision of discard frequency of PT bath in ACED shop resulting in significant reduction of water consumption

1729
KL / Year

Cooling System Optimization

Successfully transitioned from water-cooled compressor to air-cooled compressor Reduced water demand associated with traditional cooling process

4380
KL / Year

ETF Efficiency Improvement

Improved recovery rate from 75 % to 85 % by replacement of RO plant resulting in reduction of water loss

3650
KL / Year

Internal Water Recycling

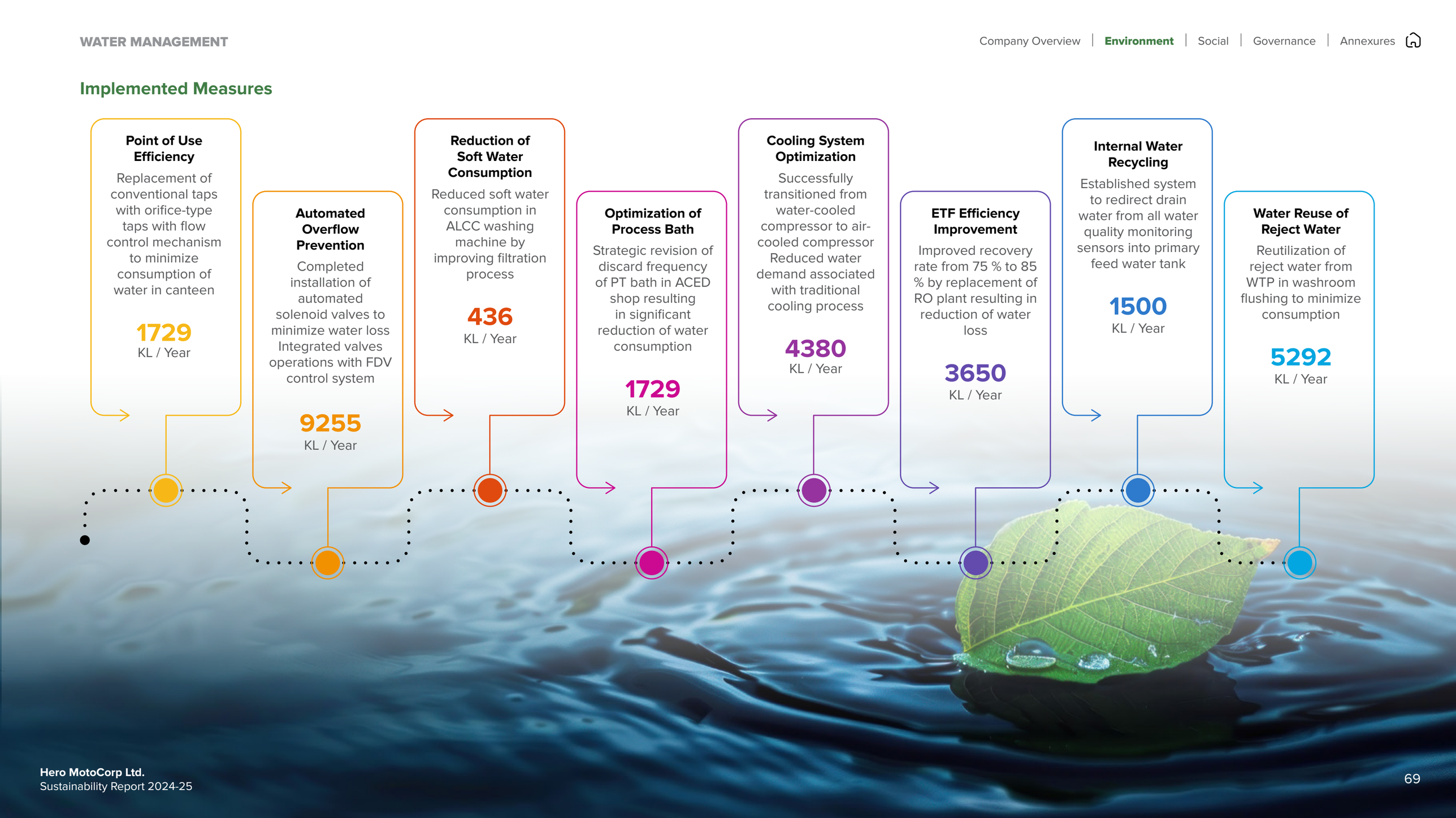
Established system to redirect drain water from all water quality monitoring sensors into primary feed water tank

1500
KL / Year

Water Reuse of Reject Water

Reutilization of reject water from WTP in washroom flushing to minimize consumption

5292
KL / Year



CASE STUDY

Pond Development and Rejuvenation for Sustainable Water Management

Water conservation is a critical initiative for HMCL where ensuring the sustainable availability of water for future generations remains a key strategic priority. As part of our Pond Development and Rejuvenation Program, we have focused on strengthening water conservation efforts through the development of farm and community ponds. This program is directly aligned with our goal to achieve water positivity by 2025 while simultaneously enhancing water accessibility and boosting agricultural productivity.

Initiative Highlights:

Farm Pond Development: In FY2024-25, HMCL successfully developed 50 farm ponds in strategic areas, including Kukas (Jaipur, Rajasthan) and two community ponds in Gurugram (Haryana). These interventions have resulted in an increased water storage capacity of 119.7 million liters across the regions.







Impact on Communities and Agriculture:

Supporting Local Communities: These initiatives not only support agricultural activities but also improve the livelihoods of local communities by reducing dependency on rainwater, ensuring consistent access to water for farming and daily needs, particularly during dry seasons. Testimonials from farmers involved in the project highlight the tangible benefits in terms of crop yields, income generation, and community resilience.

WASTE MANAGEMENT

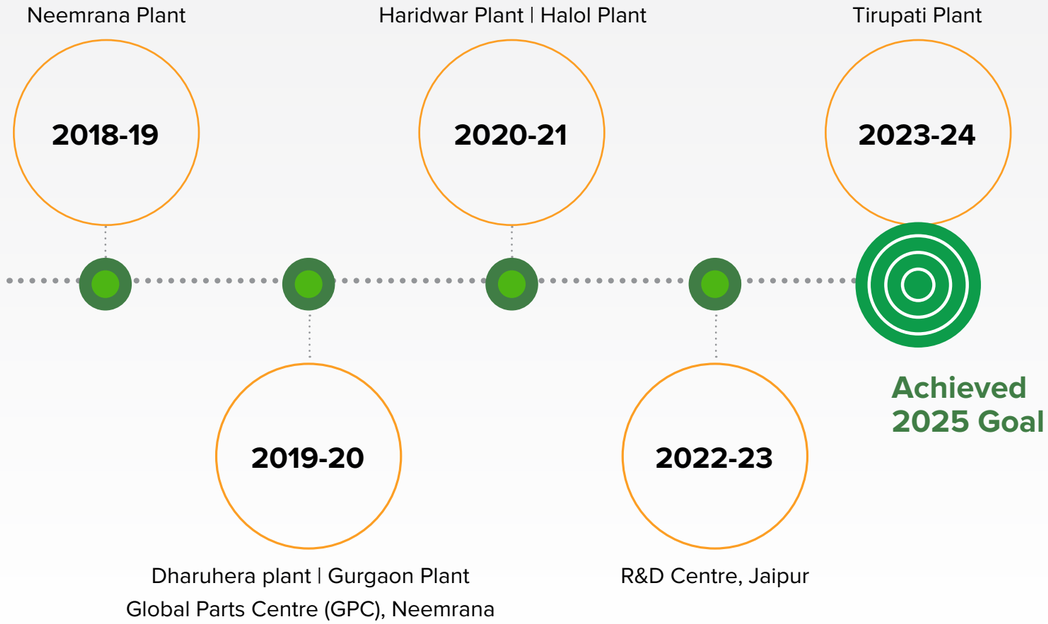
Zero Waste-to-Landfill (ZWL)

HMCL achieved 100% zero waste-to-landfill status across its operations in FY24, reaching this milestone one year ahead of schedule. For FY25 we have been able to maintain our zero waste-to-landfill status.

1. Source-level segregation and material flow tracking to enable precise categorization and control of waste streams.
2. Periodic waste audits and performance diagnostics to identify inefficiencies and intervention points
3. Implementation of corrective and preventive action (CAPA) plans to reduce waste generation intensity across processes
4. Monitoring of quantitative KPIs aligned with waste minimization objectives
5. Capital allocation towards R&D and process innovation aimed at reducing waste generation and enhancing material recovery
6. Technical training modules and capacity-building initiatives for workforce engagement in waste reduction strategies
7. Integration of closed-loop recycling systems to ensure all residual materials are either reused, repurposed, or recycled
8. Third-party validation and certification of waste diversion rates by accredited environmental assessment bodies

Our waste management systems have realized a diversion rate exceeding 99%, effectively eliminating operational waste sent to landfills or incineration. This achievement supports systemic innovation in material recovery and contributes directly to the advancement of the circular economy framework. The waste management program has been structured around a data-driven, systems-based approach. This systemic approach underscores our long-term commitment to environmental stewardship and operational excellence through continuous waste reduction and resource circularity.

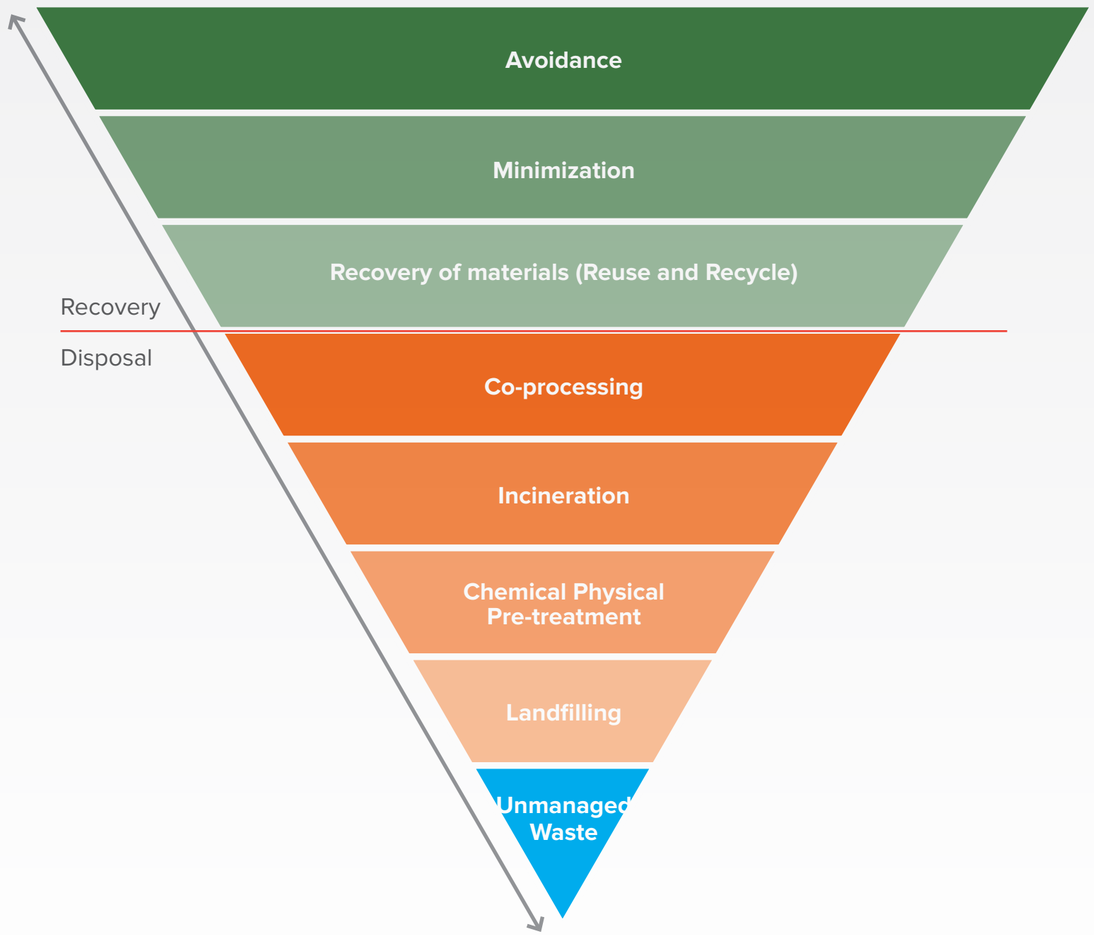
Zero Waste-to-Landfill Journey





Our Waste Management Hierarchy

Our waste management approach follows the established hierarchy to minimize environmental impact:



This hierarchy guides our commitment to sustainable and responsible waste management.

- **Avoidance:** Preventing waste generation at the source through efficient planning and design.
- **Minimization:** Reducing the volume and toxicity of waste through improved processes and material efficiency
- **Recovery (Reuse & Recycling):** Reusing materials where possible and recycling to conserve resources and reduce landfill dependency.
- **Co-processing:** Utilizing waste as alternative fuel or raw material in industrial processes, reducing both waste and emissions.
- **Incineration:** Controlled combustion of waste with energy recovery, used when recovery options are not viable.
- **Chemical/Physical Pre-treatment:** Treating hazardous or complex waste to ensure safe disposal.
- **Landfilling:** Safe disposal of residual waste in engineered landfills as a last resort.
- **Unmanaged Waste:** Actively avoided through strict waste tracking and responsible disposal practices.

Waste Audit:

As part of our commitment to sustainability, we conducted a comprehensive waste audit to understand our waste generation patterns, identify areas for improvement, and develop strategies to minimize waste. The audit is conducted yearly and covers all locations.

Waste Generation Overview

During the reporting period, HMCL generated a total of 19,076 tons of waste across its operations. The waste was categorized into plastic, e-waste, biomedical, construction and demolition (C&D), and radioactive waste, with the distribution highlighting the nature and scale of different operational activities.

6241 tons
Total cumulative plastic collected and disposed through EPR since 2019

1470 tons
of plastic collected and disposed through Extended Producer Responsibility (EPR) in FY25

100%
of our facilities are zero waste-to-landfill certified

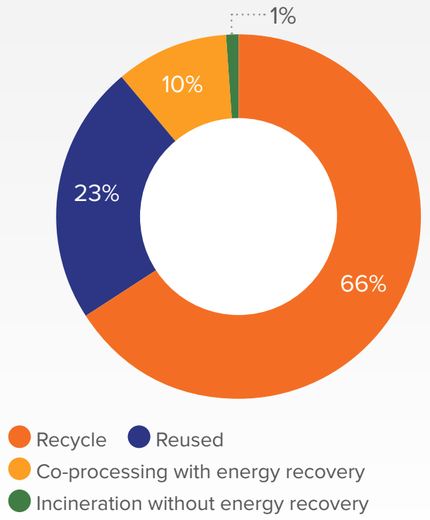
Effective waste disposal and recovery are integral to HMCL sustainability strategy. The company prioritizes recycling and reuse to reduce raw material consumption and environmental impact. Non-recyclable waste is managed through advanced recovery methods such as co-processing, which allows for energy recovery and safe disposal. Incineration is used responsibly for specific hazardous waste, ensuring regulatory compliance and emission control. Importantly, HMCL has achieved zero waste to landfill, demonstrating its commitment to a circular economy and responsible waste stewardship

Employee Awareness and Training Program

We believe that sustainable waste management begins with informed and engaged employees. To this end, we implement comprehensive education and training initiatives tailored to instill a culture of waste management across all levels of our workforce. Periodic employee awareness training programs are being conducted. These programs include:

- **Interactive Workshops and Seminars:** Regular sessions are conducted on topics like waste management, waste auditing, and sustainable waste reuse usage and practices, designed to increase both technical knowledge and personal accountability.
- **Recognition and Rewards:** Employees who propose and implement innovative waste saving ideas are publicly recognized and rewarded, fostering a spirit of innovation and ownership.
- **Cross-functional Task Forces:** Interdepartmental teams are formed to regularly evaluate waste generated and suggest operational improvements, ensuring sustainability is embedded in everyday processes.

Waste Disposal Methods





CASE STUDY 1

Sustainable Packaging Transformation in Export Operations to Africa at Halol Plant:

HMCL's operations in African countries involved shipping completely Knocked Down (CKD) motorcycles using plywood packaging. Each 40-foot container could accommodate 158 motorcycles. While effective in protecting the goods during transit, this method presented several significant environmental and compliance challenges in the destination markets.

There was a need to find an alternative packaging solution that maintained product safety during shipping while addressing the growing environmental concerns and regulatory difficulties related to plywood waste disposal in the African countries.

HMCL's initiatives:

After identifying the core issues—non-reusability, excessive waste generation, air pollution from burning plywood, and regulatory hurdles in waste disposal—we initiated a series of packaging trials. In collaboration with our packaging supplier, HMCL explored alternative materials and eventually proposed a shift to corrugated packaging. This solution offered several advantages:

- 100% recyclability
- Lightweight structure, reducing overall shipping weight
- Compliance with environmental regulations
- Easier waste management for the importers

Key Improvement and Impact Observed

- **Packing Optimization Leading to Better Space Utilization:** The design of corrugated packaging allowed for a more efficient arrangement of motorcycle components within the containers, optimizing the use of available space.

- **Container Capacity Increased by 32 Vehicles per Shipment:** As a direct result of the improved space utilization, the number of vehicles that could be loaded into a single 40-foot container increased by 32, from 158 to 190.

- **Reduced Number of Container Trips Required for the Same Volume:** The increased container capacity directly translated to a reduction in the number of container trips needed to ship the same volume of motorcycles, leading to logistical efficiencies and cost savings.

The implementation of corrugated packaging led to a significant reduction in environmental impact. Waste generation at destination points decreased due to the material's recyclability, and air pollution caused by burning plywood was eliminated. Additionally, local compliance improved, facilitating smoother customs clearances and enhancing our brand image as an environmentally responsible exporter.

The shift to corrugated packaging demonstrated a significant positive impact across various operational and environmental metrics:

- **32 Vehicle Capacity Enhancement per Container:** This enhancement is clearly quantified, highlighting the substantial improvement in shipping efficiency.

- **Before vs. After Container Loading:** It visually demonstrates the increased number of packages accommodated within a container after the implementation of corrugated packaging.

- **Emission & waste reduction at Dealer end:** The improvement emphasizes the environmental benefits at the destination:
  - The container load ability increased from 158 (plywood) to 190 higher with corrugated packaging.
  - The size of the plywood box was 1253x1033x313mm, resulting in a volume of 0.405 m^3 per box. The reduction in this bulky waste directly contributes to lower emissions at the dealer end.

- **Reduced Travel and Fuel Consumption:** The increased container capacity also led to significant reductions in travel distance, diesel consumption, and overall emissions per vehicle shipment.

CASE STUDY 2

In-Plant Road Construction using Recycled Plastic Waste



Introduction:

As part of our commitment to sustainability and environmental responsibility, HMCL has successfully implemented an innovative approach to road construction within our plant premises. This case study highlights the construction of a 63,743 square meter road using recycled plastic waste, collected from the local community, at our Dharuhera, Gurgaon and Tirupati plants.

Background:

The accumulation of plastic waste has become a significant environmental concern, with millions of tonnes of plastic waste generated every year. In an effort to mitigate this issue, HMCL has been exploring alternative uses for plastic waste. One such initiative is the use of plastic waste in road construction, which not only helps to reduce waste but also provides a durable and sustainable infrastructure solution.

Project Overview:

- **Road Construction:** A substantial area of 63,743 square meters of road was constructed within the plant premises, using a unique blend of materials that included recycled plastic waste.
- **Plastic Waste Collection:** A total of 21 tonnes of plastic waste was collected directly from the local community, through a dedicated collection drive, and effectively utilized in the road construction project.
- **Location:** The project was implemented at our Dharuhera, Gurgaon and Tirupati plants, demonstrating our commitment to sustainable practices across our operations.

Key Benefits:

1. Waste Reduction: The project helped to reduce the amount of plastic waste in the local community, promoting a cleaner and healthier environment.

2. Sustainable Infrastructure: The use of recycled plastic waste in road construction provides a durable and long-lasting solution, reducing the need for frequent repairs and maintenance.

3. Community Engagement: The project involved the local community in the collection of plastic waste, promoting awareness and education on the importance of waste management and sustainability.

4. Cost-Effective: The use of recycled plastic waste in road construction proved to be a cost-effective solution, reducing the need for traditional materials and minimizing waste disposal costs.

CIRCULARITY

At HMCL, we are committed to embracing a circular economy approach, integrating sustainable practices throughout the entire vehicle lifecycle. From design inception to end-of-life, we prioritize the use of recycled materials and eco-friendly packaging solutions, minimizing waste and reducing our environmental footprint.



Raw materials

We acknowledge the substantial environmental implications of raw material extraction and consumption in our vehicle manufacturing operations, which are primarily driven by the utilization of steel, aluminum, rubber, coatings, and plastics. To mitigate these effects, we are implementing design for sustainability and process optimization strategies aimed at minimizing material intensity per unit product. By prioritizing the specification of recyclable and recycled materials, we are promoting a closed-loop production system that enhances resource efficiency, maximizes material valorization, and reduces waste generation, thereby supporting a circular economy paradigm and contributing to a more sustainable industrial ecosystem.

Recyclability

Recyclability refers to the capacity of a product or its constituent components to undergo reprocessing and transformation into novel products, materials, or substances upon reaching their End-Of-Life (EOL) stage. The recyclability rate is the percentage of design mass that can potentially be reused and recycled. 100% of our product volume (IECs and EVs) are more than 80% recyclable as per Automotive Industry Standard (AIS) 129.

HMCL completed recyclability calculation for 93% of sales volume of FY25. These products are more than 95% recyclable.

Recycled Materials

Aluminium and steel allow us to use second-life materials instead of virgin materials in some of our components. In the ESG Data Book, we have provided the amounts of various recycled inputs used in our operations.

16.7% Recycled content of input materials used in product manufacturing.

Lubrication Oil Enhancement

Our products have been enhanced to double oil life from 3000km to 6000km, resulting in reduced oil consumption by dealers and customers. This is expected to lead to a significant reduction in oil usage with an estimated 10,000 tons less in FY25, and an additional 5,000 tons per annum, reaching 25,000 tons by FY29. We are further developing all our products to achieve a 10,000 km service interval for oil change, aiming for full implementation by FY29.



PRODUCT STEWARDSHIP: DESIGN FOR ENVIRONMENT

HMCL is committed to delivering innovative mobility solutions that not only meet the evolving needs of customers but also minimize environmental impact. As part of our sustainable product strategy, we integrate environmental considerations at every stage of product development. Key initiatives include reducing or replacing hazardous substances, designing for recyclability, implementing Extended Producer Responsibility (EPR) take-back programs for end-of-life products, and promoting consumer awareness on responsible disposal practices.

Life Cycle Assessment (LCA)

To holistically evaluate the environmental impact of our products, HMCL undertakes cradle-to-grave Life Cycle Assessments (LCA) in alignment with ISO 14040 and ISO 14044 standards. We apply the CML (Centre of Environmental Science, Leiden University) methodology framework to assess multiple environmental impact categories.

The LCA process involves several steps, including:

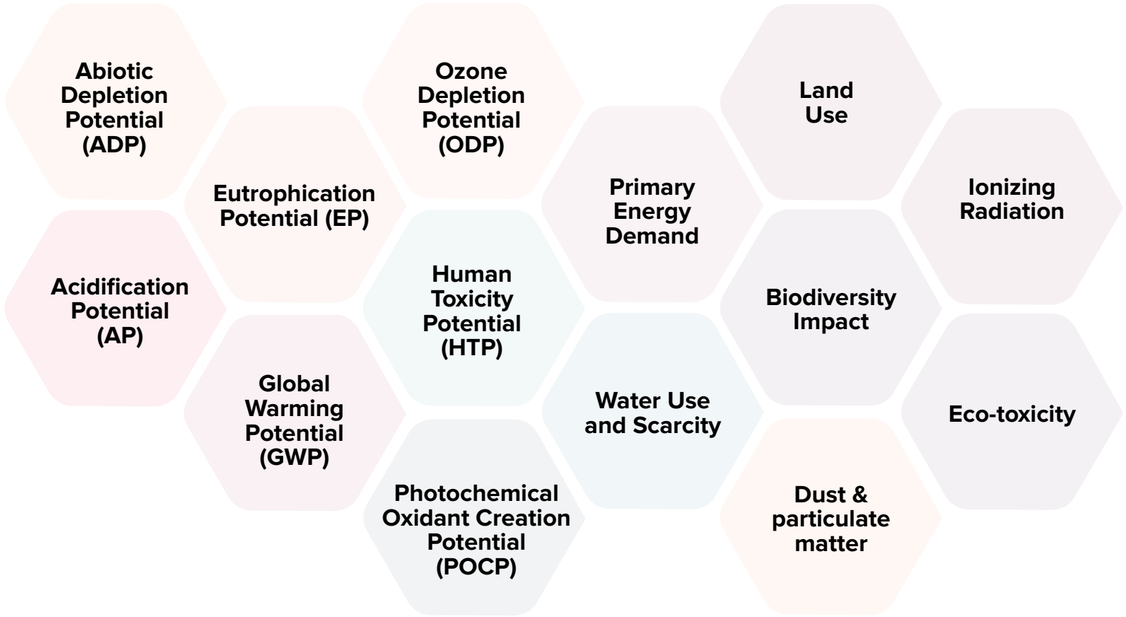
- **Goal and scope definition:** Defining the purpose and scope of the LCA study, including the product or process to be assessed and the environmental impacts to be evaluated.
- **Inventory analysis:** Collecting data on the inputs and outputs of the product or process, including energy and water usage, raw materials, and emissions.
- **Impact assessment:** Evaluating the potential environmental impacts of the product or process, including climate change, resource depletion, and human health effects.
- **Interpretation:** Interpreting the results of the LCA study and identifying opportunities for improvement.

The LCA approach helps HMCL to understand the product footprint of its two, three-wheelers, including the environmental impacts associated with:

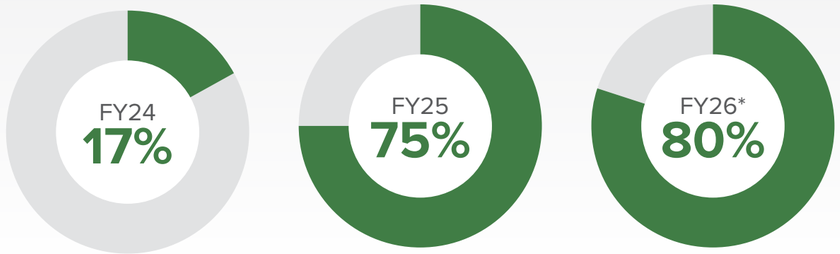
- **Raw material extraction:** The extraction and processing of raw materials, such as metals and minerals, required to produce the two, three-wheelers.
- **Manufacturing:** The production process, including energy and water usage, emissions, and waste generation.
- **Use phase:** The operation and maintenance of the two, three-wheelers, including energy consumption and emissions.
- **End-of-life:** The disposal or recycling of the two, three-wheelers at the end of their life cycle.



In FY25, we successfully completed comprehensive LCA studies for four key products (HF Deluxe, VIDA, HD 440, and Splendor Plus) which cover 75% of our total sales volume. We are aiming to extend LCA coverage to 80% of our sales volume in the upcoming financial year, reinforcing our commitment to sustainable product development and continuous environmental performance improvement.



LCA Coverage: Percentage of Sales Volume



*FY26 represent target percentage

LCA Study of key products



HF Deluxe ▸



Splendor+XTEC ▸



HD X440 ▸



VIDA V2 Pro ▸

In line with our commitment to sustainable innovation and lifecycle impact reduction, VIDA supports next-gen mobility by ushering in the electric age. Battery longevity is a key performance and sustainability metric, enhancing product life and user satisfaction. HMCL's R&D center ensures state-of-the-art technology integration.

VEHICLE EFFICIENCY AND EMISSIONS

We have a robust governance system in place to ensure that our products comply with current emission standards and that we submit verified data to the relevant authorities. Following manufacturing, we conduct a thorough evaluation of each product against critical quality parameters, including performance, emissions, and durability. A cross-functional team reviews the results and takes corrective action if any non-compliance or deviation from design specifications is identified. Prior to launch, the product undergoes extensive verification to ensure it meets our quality and regulatory standards.

Periodic interventions

We have a robust governance system to ensure that the product complies with the current emission standards and that we report verified data to the relevant authorities. We disclose the fuel efficiency in public domain through the SIAM (Society of Indian Automotive Manufacturers). We regularly conduct audits of our existing product portfolio to ensure compliance with regulatory requirements and identify any areas that may require intervention to address variability. If necessary, we take corrective action to bring our products into compliance. Furthermore, we perform conformity of production tests at the International Centre for Automotive Technology (ICAT) or the Automotive Research Association of India (ARAI) at regular intervals, which verifies that our products meet the applicable emission norms. Additionally, we have not received any complaints regarding emission deviations during the product's use phase.



Reduction or Phase-out of Hazardous Substances from Products

At HMCL, we are committed to creating a safer and healthier environment for our employees and the communities we serve.

We are committed to ensure that our products does not contain any hazardous substances. All substances are recorded as per their Chemical Abstracts Service (CAS) numbers listed in Global Automotive Declarable Substance List (GADSL) list. We maintain this commitment throughout our product portfolio. To achieve this, we have implemented a comprehensive and systematic approach to reduce or eliminate hazardous substances from our products, preventing them from entering our production process and keeping them out of the waste stream. Our products fully comply with the requirements of the Stockholm Convention on Persistent Organic Pollutants (POPs) and the Restriction of Hazardous Substances (RoHS) directive, enabling us to minimize the risks associated with waste and mitigate its impact on human health and the environment.

In line with the Government of India's 2020 mandate (Ministry of Environment, Forest and Climate Change) and the Global Stockholm Convention, we have taken a proactive step by prohibiting the use of seven Persistent Organic Pollutants (POPs) banned by the Indian government. Additionally, we are actively working to address upcoming chemical regulations, demonstrating our dedication to environmental sustainability, responsible practices, and a healthier future for generations to come.

Inspection and Analysis of Hazardous Substances

We have implemented the International Material Data System (IMDS) as a screening tool for all parts and components, enabling us to build a more sustainable product portfolio. We are committed to minimizing the environmental impact of our products throughout their entire life cycle.

POPs Road Map





BIODIVERSITY PROTECTION

We recognize our responsibility to protect and enhance biodiversity, acknowledging its crucial role in maintaining a healthy planet. Through our Happy Earth Initiative, we have expanded our afforestation efforts both within and outside our premises, resulting in the planting of over 2.53 million tree saplings by the end of the reporting year. This endeavor contributes to increased green cover, biodiversity, and carbon sequestration.

We are committed to developing solutions that preserve biodiversity and restore ecosystems across our facilities and surrounding communities through our programs and initiatives. To achieve this, we have established a comprehensive approach:

- Prior to initiating any new project, we conduct a thorough biodiversity risk assessment using international, national, or industry frameworks. We define clear boundaries for biodiversity assessment, including site-specific, corporate-wide, and ecosystem-level evaluations (encompassing both upstream and downstream value chains).
- We identify priority areas through biodiversity risk assessment and set targets to achieve no net loss, focusing on avoidance, minimization, reduction, and restoration.
- We establish net positive impact (NPI) targets for defined sites and implement measures through the mitigation hierarchy to achieve these goals.
- We adhere to the mitigation hierarchy approach, which involves measuring projected impacts, avoiding harm, minimizing and reducing effects, rehabilitating damaged areas, and offsetting residual impacts.
- We comply with all applicable local, national, and international regulations and guidelines related to biodiversity conservation.
- We avoid conducting operational activities near sites of globally or nationally significant biodiversity importance and extend this commitment to our value chain partners.
- We strive to reduce our environmental footprint by lowering emissions, waste, and resource usage, thereby minimizing our impact on the environment.
- We protect and conserve ecosystems, including wetlands, forests (we are committed to no gross deforestation), and natural habitats, and prevent deforestation, to preserve biodiversity both locally and globally.
- We engage with stakeholders, including communities, to incorporate biodiversity into our decision-making processes.

Nurturing and Protection of Biodiversity

Through the 'Nurturing and Protection of Biodiversity' initiative, HMCL has taken a significant step towards developing innovative solutions to protect, conserve, and restore extensive forests and reserved areas in urban landscapes, including biodiversity parks. The project's primary objectives are to mitigate the impacts of global warming, soil erosion, and pollution, while preserving biodiversity and maintaining ecological balance. Additionally, the initiative aims to raise awareness among individuals about the importance of environmental conservation and the actions required to address these pressing issues.



CASE STUDY

Biodiversity at Hero MotoCorp (Tirupati Plant - Impact Assessment)

In FY25, we continued to build on our conservation efforts at our Tirupati manufacturing plant in Andhra Pradesh. As part of this initiative, we conducted a comprehensive Biodiversity Impact Assessment (BIA), which examined the biodiversity within a 17 km radius. The surrounding area is home to a diverse range of ecosystems, including 60% agricultural lands, 20% industrial zones, and natural habitats.

The primary goal of the assessment was to identify potential environmental impacts beyond the project site and develop effective strategies to minimize harm to the natural environment. We prioritized the protection of the region's ecological integrity, with a particular focus on preserving its water bodies and natural habitats. We took concrete steps, including planting hundreds of native species saplings and conserving and reviving local flora, to ensure the healthy development of the park.

Risk Assessment Tools used

- **IBAT:** Mapped proximity to Pullicat Lake Bird Sanctuary and Eastern Ghats, both classified as Key Biodiversity Areas (KBAs). IBAT also helped flag threatened species in the ecoregion.
- **WWF Biodiversity Risk Filter:** Generated spatial risk maps identifying zones of high biodiversity exposure due to industrial activities and habitat conversion.
- **IUCN Red List Screening:** Identified potential habitat overlap for Indian Pangolin (EN), River Tern (VU), and Slender Loris (NT).
- **ENCORE Tool:** Helped assess business dependencies on ecosystem services like flood regulation and water provisioning.
- **Natural Capital Protocol:** To be applied in future phases to assess ecosystem valuation and biodiversity-inclusive cost-benefit analysis

Ecosystem Dependency and Impact Mapping

- Water from local aquifers and seasonal wetlands is vital for operational cooling and sanitation. Wetlands also provide biodiversity refugia and flood regulation.
- Greenbelt vegetation offers pollination habitats, carbon sequestration, and microclimate regulation, supporting both ecological health and employee well-being.
- Company operations generate pressure through land use change, artificial lighting, vehicular noise, waste discharge, and increased human activity.
- Identified indirect risks such as changing water tables due to increased borewell use and pesticide runoff from neighboring agriculture affecting native flora and aquatic life.



Risk Identification and Evaluation

- Developed a threat matrix based on TNFD-aligned indicators, integrating tool outputs with ecological field data.
- Pressure zones were identified within the site, buffer areas, and upstream value chains. These included waste handling sites, greenbelt gaps, poorly managed stormwater drains, and invasive species-dominated wetlands.
- Noted cumulative impacts from nearby industrial clusters, compounded by limited ecological buffers.
- Used a likelihood-severity matrix to prioritize risks. High likelihood, high severity threats (e.g., wetland degradation) were ranked for urgent action.
- Risk maps highlighted zones within the facility and buffer that need ecological restoration and enhanced monitoring.
- Qualitative stakeholder feedback was triangulated with quantitative ecological and GIS data for robust evaluation



SOCIAL

Focus Areas

- Human Rights
- Diversity, Equity and Inclusion
- Talent Management
- Health, Safety and Well-being
- Customer Satisfaction and Brand Values
- Corporate Social Responsibility

UN SDGs Mapping



OUR PEOPLE

The organization's growth as the world's largest two-wheeler manufacturer is underpinned by a highly skilled, innovative, and committed workforce. The company recognizes the importance of diverse skills and perspectives and continues to foster a collaborative work environment that promotes inclusivity and equity.

We actively promote equity and inclusion by eliminating socio-cultural barriers and embracing diverse identities across our operations. Our collaborative work environment is built on mutual respect, enabling all individuals to thrive and contribute meaningfully to our shared goals.

Employee well-being and safety are fundamental to our sustainability vision. We have established robust health and safety policies and implemented holistic well-being initiatives that empower our people to reach their full potential and build fulfilling careers within our organization.



Our Diverse Workforce

102
Specially abled employees and workers

4,693
Women workforce

26
Expats

9
Nationalities

9,527
Total number of permanent workforce

651
Number of female permanent workforce

8,876
Number of male permanent workforce

26,148
Total number of temporary / contractual / casual employees

HUMAN RIGHTS

HMCL is committed to fostering a workplace that respects human dignity and maintains zero tolerance for any form of discrimination or harassment. It actively works to eliminate barriers and stereotypes across its operations, value chain, and among business partners. This commitment is embedded within the Company's Human Rights Policy, Sustainability Policy, Code of Conduct, and the Policy on Prohibition, Prevention, and Redressal of Sexual Harassment (POSH).



HMCL has taken significant steps to promote a fair and respectful work environment, with a strong focus on human rights, equality, and social inclusion. Here are some key highlights:-

- **Fair Compensation:** The organization ensures that employees receive adequate wages, at or above the cost-of-living estimates, and are paid for overtime work.
- **Work-Life Balance:** The Company monitors working hours, including overtime, and encourages employees to take their paid annual leave entitlements.
- **Equal Pay and Opportunities:** The organization regularly monitors the gender pay gap and strives to achieve equal remuneration for men and women. It also has an Equal Opportunity Policy to support individuals with special abilities, promoting social inclusion and diversity.
- **Training and Development:** The organization provides training or reskilling to mitigate the negative effects of industrial or climate transition changes annually.
- **Zero Tolerance for Discrimination and Harassment:** The Company has a clear Human Rights Policy, Sustainability Policy, Code of Conduct, and POSH policy, which demonstrates its commitment to maintaining a workplace free from discrimination, harassment, and bullying.
- **Robust Grievance Redressal Mechanism:** To safeguard the dignity of women in the workplace, the company has implemented a robust POSH policy. This includes a clearly defined grievance redressal mechanism with accessible reporting channels at all levels of the organization.

Human Rights Commitments

HMCL's Human Rights Policy outlines its commitment to upholding internationally recognized human rights standards, including those set forth by the UN Global Compact and the UN Guiding Principles on Business and Human Rights. The company is dedicated to preventing human trafficking, forced labour, and child labour, while promoting freedom of association, the right to collective bargaining, equal pay, and non-discrimination. This policy extends across the Company's operations and value chain partners, reinforcing a shared responsibility to respect human rights. The policy is publicly accessible via the corporate website.

Embracing a Culture of Respect and Responsibility: Enhancing Human Rights and Due Diligence

As we continue to navigate the complexities of the modern workplace, our commitment to fostering an environment that is not only free from discrimination and harassment but also deeply respectful of human rights remains unwavering. Building on the foundational principles of inclusivity, respect, and safety, we are dedicated to evolving our practices to meet the highest standards of ethical conduct and social responsibility.

- **Strengthening Our Foundation:** Training and Compliance- Our comprehensive training modules, designed to educate employees on gender sensitization, unconscious bias, and the Prevention of Sexual Harassment (POSH) guidelines, have been instrumental in cultivating a culture of empathy and understanding. The mandatory signoff on our Code of Conduct ensures that every member of our team is not only aware of but also committed to upholding the values of respect, inclusivity, and fairness.
- **Open Dialogue and Proactive Engagement:** Regular department-level meetings and open house sessions serve as vital platforms for employees to voice their concerns, suggestions, and ideas. These forums are essential in identifying early signs of potential issues, allowing us to address them proactively and maintain a positive, supportive work environment.

- **Safety and Health: A Shared Responsibility:** Recognizing the interconnected nature of our operations, we have established joint committees that include representatives from various stakeholder groups. These committees are tasked with the ongoing monitoring and management of potential and actual risks, ensuring that our operations are not only compliant with regulatory standards but also aligned with the highest ethical considerations.

- **Extending Our Commitment: Supply Chain Due Diligence:** As we build on our suppliers' commitment to HMCL's Human Rights Policy, we recognize the growing importance of expanding our due-diligence to encompass our entire supply chain. This involves conducting comprehensive risk assessments focused on environmental, health and safety, and labor practices within our suppliers' operations. Additionally, we empower our supply chain partners by providing essential health and safety training.

- **Forward Together:** Our journey towards a workplace that embodies the principles of human rights, respect, and safety is ongoing. As we move forward, we are committed to continuous improvement, leveraging feedback, best practices, and technological advancements to enhance our policies and practices. By working together with our employees, partners, and stakeholders, we aim to set a new standard for corporate responsibility, one that prioritizes the well-being and dignity of every individual involved in our operations. Together, we can build a brighter, more inclusive future for all.

Human Rights Mitigation and Remediation

HMCL has established clear procedures and reporting mechanisms across its Human Rights Policy, Code of Conduct, and Prevention of Sexual Harassment (POSH) Policy to address human rights-related concerns. The Ethics Committee is responsible for reviewing complaints related to discrimination and harassment and ensuring appropriate remedial action. Internal Committees at all company locations are in place to protect women employees from sexual harassment, in accordance with the POSH Policy.

The Environment, Health, and Safety (EHS) department leads the development and implementation of mitigation measures to manage occupational health and safety (OHS) risks, ensuring a safe working environment. The company also collaborates with supply chain partners to conduct risk assessments and deliver training on health and safety practices. Additionally, training on emergency preparedness and fire safety is extended to local communities, reinforcing the company's commitment to broader societal well-being. HMCL commitment to human rights and responsible business practices is outlined in the following publicly available policies and guidelines:

- Human Rights Policy
- POSH Policy
- Code of Conduct (CoC)
- Occupational Health and Safety Policy
- Sustainable Procurement Guidelines
- Supplier Code of Conduct
- Sustainability Policy
- Conflict Minerals (Responsible Minerals) Policy

These documents are publicly accessible on our corporate website, and provide detailed insights into our commitments, procedures, and steps to protect human rights. We seek to continuously improve human rights performance, share best practices, and engage in open dialogue with stakeholders to uphold human dignity and rights.



DIVERSITY, EQUITY AND INCLUSION

At HMCL, diversity, equity, and inclusion are ways of life. We are committed to promoting gender diversity, which is reflected in our workforce and the products we manufacture. Building on the foundations laid in the previous fiscal year, FY25 has seen us further embed Diversity, Equity, and Inclusion (DE&I) into the core of our operations and culture. Our commitment to fostering a workplace where every individual feels valued, respected, and empowered remains unwavering. This year, we have not only sustained our efforts but also expanded our initiatives to create a more inclusive and equitable environment for all. Our goal is to achieve 30% gender diversity by 2030.

Our DE&I framework, which centers on creating a truly inclusive ecosystem, continues to guide our actions



Core:
Inclusive hiring practices
Conducive learning environment
Career advancement opportunities

Inclusive Ecosystem:
Training program/workshop on sensitization and unconscious bias
Promote empathy and mutual respect

Leadership Accountability:
Promoting sense of belonging
Leaders to sponsor employee
Take accountability of growth



Creating tangible Impact

Our continuous endeavor to include diversity has shown tangible impacts with an increase in female representation in our workforce across the organization.

35.23%
increase in women joined

27.15%
increase in the total number of women in workforce

100%
women returned from maternity leave

25%
increase in senior management women

Empowering Women Workforce

At HMCL, we remain committed to fostering a culture of inclusivity and diversity, with a strong focus on nurturing women in leadership roles. Our initiatives aimed at supporting the growth and development of women employees have yielded positive results, and we continue to invest in programs that empower them to reach their full potential.

Women in Leadership Program

- Partnered with BML University
- Empowers women for leadership roles
- 8 batches completed

She Leads: Leaders without Limit

- 3 months transformative journey to embrace their "Power of Self"
- Cultivates growth mindset
- Empowers women to unlock potential

MoMentum

- Supports women during maternity leave
- Smooth transition back to work
- Dedicated coaching and counseling

SheRides

- Encourages women to take up riding
- 150+ women employees participated
- Builds confidence and community



Women in Leadership Program: In partnership with BML University, this program has successfully completed its 8th batch, providing women employees with the skills and confidence to advance their careers in managerial and leadership positions.



SheLeads: Leaders without Limit: Building on our leadership development initiatives, HMCL has introduced "SheLeads: Leaders without Limit," a transformative journey designed to empower women employees to embrace their "Power of Self." This 3-month transformative journey empowers women employees to unlock their full potential by cultivating a growth mindset, enhancing self-belief, and promoting self-awareness. We celebrated the successful completion of the 1st batch of "SheLeads" this year.



MOMentum: Our dedicated coaching and counseling program supports women employees during maternity leave and their transition back to work, ensuring a smooth and supported return to their careers.

Heroes Network: This initiative is a unique women's network platform across all facilities that enables and supports women to share experiences, mentor each other, and participate in mentoring conversations with leaders. We also introduced Lean in Circles, where women groups choose a workplace related topic and receive mentorship from the leadership team.



SheRides: This innovative riding program encourages women employees to take up motorcycle riding, navigate different terrains, and connect with a community of like-minded individuals. With 150 women employees already signed up, this initiative has generated significant excitement and enthusiasm.

Fostering a broader culture of Inclusion: Beyond gender diversity, we are committed to building a workplace where all forms of diversity are celebrated and embraced. This year, we have taken further steps to enhance inclusivity across the board.



DE&I Sensitization for Leadership: We have designed and implemented comprehensive sensitization workshops for our leadership teams to deepen their understanding of DEI principles, unconscious biases, and the impact of these factors on workplace culture and decision-making. Fine Balance Workshop: our "Fine Balance" workshop encourages open and honest dialogue about creating an inclusive workspace. By bringing together cross-functional teams, including Functional Heads and their N-1s, we are fostering a shared understanding of the importance of inclusivity and driving collective action.

Furthermore, celebrating International Women's Day 2025 at the Haridwar Plant, under the powerful theme "Accelerate Action," was a landmark event focused on building a more inclusive space for all. For the first time, all women across locations joined along with male colleagues with over 300 participants for a unique and inspiring experience. The day's highlights included witnessing the Executive Chairman Dr. Pawan Munjal's commitment to DE&I followed by serene Ganga Aarti at Har ki Pauri, symbolizing collective strength and progress leading up to a captivating saxophone performance by the renowned MS Subbalaxmi in the evening, adding a touch of cultural richness. This one-of-a-kind celebration underscored our commitment to "Accelerate Action" towards greater inclusivity and equality, creating a truly memorable and impactful experience for all at the Haridwar Plant.



Recognition of DE&I efforts

"Best Companies for Women in India, Manufacturing 2024-25" by Avtar and Seramount. The Award recognizes HMCL strategic and progressive policies and practices to scale up the number of women in its workforce contributing to a larger systemic change in the participation of women in the automotive workforce.

We believe that a diverse and inclusive workforce is not only the right thing to do but also a key driver of innovation, growth, and long-term success. We are dedicated to building a future where everyone has the opportunity to thrive at HMCL.

Honored as one of the "Best organization for Women", Economic Times FY25 for the third consecutive time.

We have provided a comprehensive overview of all our DE&I initiatives on our website: https://www.heromotocorp.com/en-in/company/careers/dei.html

TALENT MANAGEMENT

At HMCL, we foster a productive and engaging work environment by attracting and recruiting top talent from around the world. Our recruitment efforts are aligned with our organization's diverse skill requirements, ensuring that we have the right people in place to drive our success. To support the growth and development of our workforce, we facilitate open communication with management through various engagement platforms and surveys. This approach encourages innovative thinking, job satisfaction, and employee engagement, ultimately enabling us to maintain our position as a leader in the two-wheeler manufacturing sector.

Talent Acquisition

To stay ahead in a rapidly changing business environment and attract top talent, HMCL has developed a cutting-edge talent acquisition strategy. We utilize a multi-channel approach, combining premier campus recruitment, targeted lateral hiring, a robust employee referral program, and internal mobility opportunities to identify and acquire the best skills and talent, driving future growth and success.

1042
Total Permanent employees hired

14%
of open positions filled by IJP

238
female employees hired

23%
of new hires are women

Internal Job Postings (IJP): We foster a culture of internal growth and development, providing our employees with opportunities to explore diverse roles and functions, and empowering them to pursue their career goals within the organization. Notably, women accounted for 16% of all Internal Job Posting (IJP) positions filled, demonstrating our commitment to diversity and inclusion

Employee Referrals: We actively promote talent acquisition through our employee referral program, recognizing and rewarding employees who successfully refer to candidates that are hired. To further reinforce our commitment to gender diversity, we offer a significantly increased reward - three times the standard amount - for successful referrals of female candidates.

Campus Recruitment: HMCL has enhanced its campus engagement strategy to attract and develop future-ready talent. A comprehensive internship program has been designed to support the growth of young professionals and facilitate a seamless transition into full-time roles.

The Company has introduced innovative initiatives, including immersive campus experiences and creative brand activations, to foster stronger connections with students and enhance brand recognition. The involvement of leadership in the selection process has added depth to talent assessments, creating meaningful engagement opportunities and enabling more informed hiring decisions.



To further amplify its employer brand, HMCL has expanded its social media presence, sharing inspiring employee stories and showcasing its culture to reinforce its position as a desirable workplace. Additionally, the Company has strengthened its alumni engagement through storytelling initiatives, building credibility and emotional connections with the brand. These efforts demonstrate HMCL commitment to creating a dynamic, inclusive, and vibrant talent ecosystem, while maintaining a strong presence and relevance across key academic institutions.

Talent Acquisition Digitization

In FY25, HMCL prioritized operational efficiency and recruitment process optimization, yielding significant improvements. The successful implementation of automated onboarding and recruitment processes substantially reduced manual interventions, resulting in faster processing times and enhanced experience for both stakeholders and candidates. To further optimize the recruitment process, we introduced innovative features that facilitate greater digital integration, simplifying the candidate application experience and making it more intuitive and user-friendly.

These initiatives demonstrate our ongoing commitment to driving operational excellence and fostering engagement across the organization. We are currently exploring the integration of AI-enabled features into our talent acquisition processes, aiming to leverage data-driven decision-making to optimize efficiency, effectiveness, and informed decision-making. This strategic approach is expected to improve internal mobility, strengthen our referral program, and promote diversity and inclusion in the coming year.

Moreover, we remain committed to upholding the highest standards of integrity and ethics throughout the hiring process, with a strong focus on preventing discrimination based on nationality, ethnicity, gender, age, or religion. Through continuous evaluation, feedback, industry benchmarking, training initiatives, and strategic investments in technology and data analytics, we strive to refine our recruitment practices and ensure a fair, inclusive, and merit-based recruitment environment. This approach reflects our unwavering dedication to assessing candidates solely their qualifications, skills, and abilities, promoting a culture of diversity, equity, and inclusion within our organization.

Enhancing the Employee Hiring Experience

We have introduced a comprehensive hybrid induction program designed to optimize the onboarding experience while promoting sustainability by minimizing travel-related emissions. The program encompasses a wide range of key areas, including employee welfare policies, code of conduct, gender sensitization, POSH awareness and reporting, sustainability initiatives, CSR efforts, and product training. Through these interactive sessions, new hires acquire a thorough understanding of HMCL culture, values, and functional landscape, ensuring a seamless and informed transition into the organization.

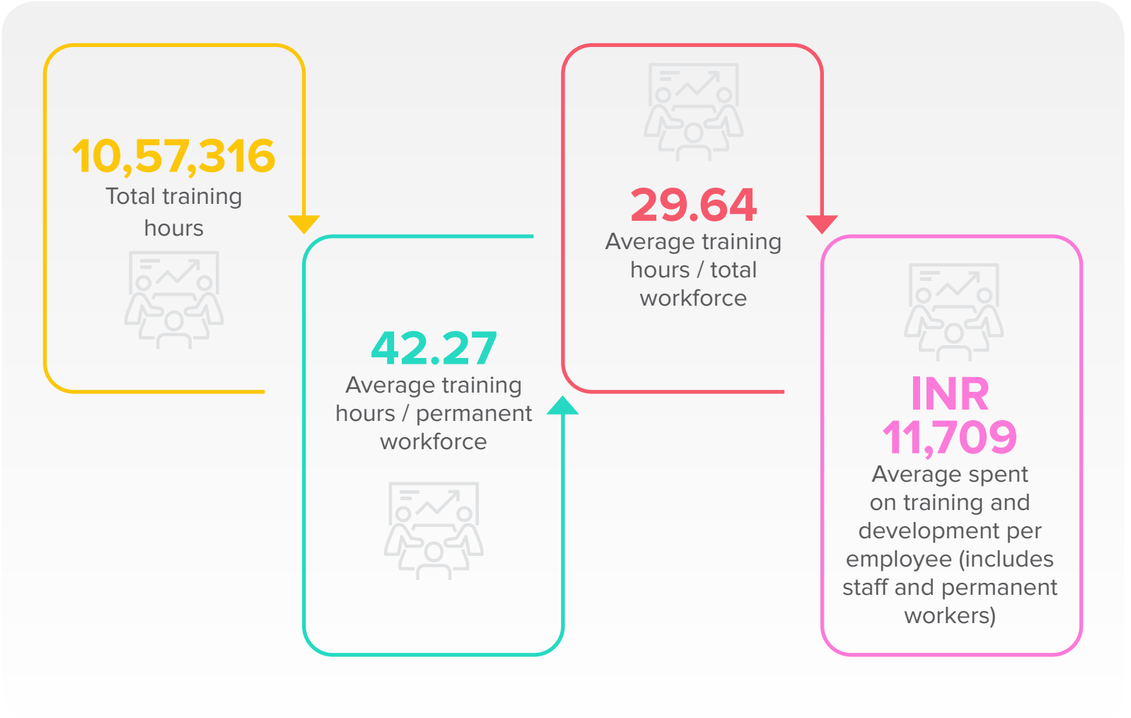
By adopting a hybrid approach, we aim to reduce our carbon footprint while providing an engaging and effective onboarding experience for our new employees. This program reflects our commitment to sustainability and our dedication to creating a positive and inclusive work environment, where employees can thrive and grow with the organization.



Talent Development

We believe that investing in the development of our employees is crucial for achieving sustained growth over the long term. To support this goal, we invest in our employees through a multifaceted approach that goes beyond a tiered development framework. Given the diversity and complexity of our organization, we continuously work to strengthen the capabilities of our employees through training programs, on-the-job learning, and special projects. These initiatives help bridge identified gaps and ensure that our workforce is future-ready.





Our talent development offerings encompass a range of technical, behavioral, functional, and leadership development training programs. These include:

- **Technical training:** Programs such as Six Sigma, Electric Vehicle Market Training, Automation Training, Hydraulics, Pneumatics, Industry 4.0, Low-Cost Matrix, Solving Techniques, ABRA Model, Total Productive Maintenance (TPM), Jishu Hozen (JH) pillar awareness, and Kobetsu Kaizen (KK) pillar awareness, which cater to all segments of our workforce (including contractual).
- **Behavioral training:** Programs that enhance soft skills, such as nurturing workplace relationships, understanding different cultural backgrounds, assertive communication, and first-time people management. We also offer sensitization programs on topics like POSH, Gender Sensitization, Unconscious Bias, and Code of Conduct policy.
- **Functional programs:** Training programs that enable our workforce to upskill their data analytical capacities, such as the Front-Line Development Managers program, Middle Management Development program, Art of Storytelling, Value Stream Mapping, and Team Building.

To support continuous learning, we have established the Hero Virtual Learning Centre (HVLC), which provides self-paced learning opportunities for employees to enhance their skills anytime, anywhere. Our platform offers a range of resources, including:

- **Skillsoft Percipio:** A wide range of programs focusing on technical, behavioral, and leadership development, as well as Environmental, Social, and Governance (ESG) and sustainability initiatives.

- **Habit Calendar, Learning Waves, and Learning Library:** These resources are structured around key topics, including Quality, Research & Development, and essential skills identified by the World Economic Forum (WEF).

- **K-Point:** A valuable resource for building both functional and technical understanding among employees, offering a wide array of informative videos covering the basics of engines, equipment, machinery, and automation.

By providing these resources and opportunities, we aim to foster a culture of continuous learning and development, enabling our employees to grow and thrive in their careers.

First Time People Manager (FTPM) Program: We recognize the critical nature of the transition from individual contributor to manager, and our First Time People Manager program is designed to prepare employees for success in their new roles. This 60-day learning journey features a staggered 2.5-day in-person session, learning journeys, and group coaching, focusing on key areas such as situational leadership, personality assessments, interviewing skills, living our values, and managing performance. In 2024, we invested in developing 96 new managers through this program.





Hero MBA: To further empower our mid-level management, we offer the Hero MBA, an executive program with a strong emphasis on skill development through strategic career guidance partners. The 2024-26 batch of 15 employees is benefiting from our collaborations with BML Munjal University for the Delhi NCR region and BITS Pilani for non-Delhi NCR. The program incorporates continuous learning and evaluation through embedded assessments.

Hero B.Tech for Working Professionals: We launched the first batch of the Hero B.Tech 4-year degree program in July 2024, in collaboration with BITS Pilani. This initiative provides our working professionals with an opportunity to enhance their technical skills and advance their careers. Recognizing the importance of continuous learning in today's rapidly evolving industry, this program allows our employees to stay at the forefront of technological advancements. Ten HMCL employees are currently enrolled in this program.

Visionary Leaders for Manufacturing (VLFM): As part of our Leadership Development initiative, we continue to invest in developing visionary leaders for the manufacturing sector. Four high-potential employees have been nominated for the Visionary Leaders for Manufacturing (VLFM) program in collaboration with CII. This prestigious program equips participants with advanced leadership skills, global perspectives, and innovative manufacturing practices. A key component of the program is an immersive one-week study trip to Japan, providing invaluable insights into world-class manufacturing excellence.

Women in Leadership: The Women in Leadership (WIL) program is a nine-month journey designed to empower women by addressing the unique challenges they face in their leadership journeys. The program focuses on overcoming hurdles, enhancing executive presence, leading teams with purpose and impact, and embracing a growth mindset. This year marked a significant step in its 8-year history with the introduction of nomination by Functional Heads across all locations for grades M1 to M4. Twenty-two participants from across HMCL are poised to strengthen our leadership pipeline and foster a more inclusive future. Program effectiveness is evaluated through participant feedback, university grading, and Action Learning Project outcomes.



9%
Women promoted in total promotions*

*The figure is provisional and subject to change as final appraisals for FY25 are currently underway.

Living our Values: To ensure our core values continue to guide our actions and decisions, we held 'Living our Values' sensitization sessions internally for our employees. These sessions, designed to honor the legacy of our Chairman Emeritus, aimed to embed his values of ingenuity, culture, integrity, innovation, and ethos within our workforce. A total of 469 employees participated in these sessions, which were thoughtfully curated by internal leaders to resonate with our employees.

Leadership Development: With a clear vision to shape the Future of Mobility, we take a structured approach to leadership development. Our commitment to becoming a learning organization is realized through programs designed to develop employees at three levels: leading self, leading teams, and leading the organization. These programs combine educational modules, experiential learning, and practical application through action learning projects, empowering individuals to unlock their potential and become transformational leaders.

Transition program for retiring employees

At HMCL, we deeply value the wealth of experience and knowledge that our senior leaders accumulate during their tenure. In recognition of the critical nature of certain roles and specific business needs, we have established a post-retirement retention program. This program enables us to retain highly qualified and experienced senior employees beyond their standard retirement age on a case-by-case basis, allowing them to transition into advisory roles where their expertise and deep understanding of the organization can continue to drive our success.

Through this selective approach, we can strategically leverage the capabilities of these seasoned professionals, ensuring continuity and support for key initiatives, training sessions, and strategic objectives that are crucial to the organization's continued success. Each retention decision is carefully evaluated, considering our business requirements and the unique contributions that the individual can make in an advisory capacity. By doing so, we can tap into the valuable insights and expertise of our senior leaders, even after they have formally retired, and continue to benefit from their guidance and mentorship.

This program reflects our commitment to recognizing and rewarding the contributions of our senior leaders, while also ensuring that their knowledge and experience are retained and utilized to drive the organization's future growth and success.



Award for Best Learning Culture: HMCL has won the Gold Medal in the Best Learning Culture in an Organization - Large Scale Enterprises category at The Economic Times Future Skill Awards. This prestigious award recognizes our unwavering commitment to fostering a culture of continuous learning, enhancing organizational performance, and supporting employee growth.

Our submission showcased how our initiatives seamlessly integrate learning across various facets of the organization, align with our business strategy, and deliver measurable outcomes for both our employees and the company. This achievement is a testament to the innovation and dedication in designing and implementing a robust learning culture at HMCL.

Compensation and Benefits

At HMCL, we believe in fair and competitive compensation practices that recognize and reward employee contributions. Our annual compensation reviews are designed to ensure that our employees are compensated fairly and competitively, based on their performance and market trends. We also prioritize transparency and accountability in our remuneration processes, with regular internal and external audits to guarantee that our practices are fair, equitable, and compliant with all statutory requirements.

Gender Pay Gap Ratio

Category-wise Ratio of Average Basic Salary of Male and Female Employees	Female/ Male Ratio
Senior management	1.08
Middle management	0.96
Junior management	0.90
GETs / DET / PGETs / MTs	0.94

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 Security Benefits

Medical Insurance Cover:

We provide medical insurance coverage for hospitalization and treatment facilities for employees and their dependents. Contractual employees and their family members are offered Employees' State Insurance (ESI) benefits or comprehensive insurance coverage as per applicability, while our permanent employees benefit from comprehensive insurance coverage.

Life Cover

We support the employee's family and dependents in case of an associate's unfortunate demise by providing them with a life cover amount.

Notice Period

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

Post-Employment Benefits:

We provide a range of post-employment benefits in addition to Gratuity, PF, ESI, etc as mentioned in AR pages 272 and 273. These benefits are designed to support our employees in enhancing their financial security.

- Family Pension: Contributions are paid during the year into the fund under statutory arrangements. The contribution to family pension fund is made at predetermined rates by the Group based on prescribed rules of family pension scheme.
- Superannuation: The Company through the Superannuation Fund Trust entered into the Scheme with nationalised Insurance Company and pays contribution to the Trust. The Trust in turn pays the contribution to the Insurance Company individually. Only applicable to employees who have joined before 1st April 2012. There are no further obligations on the company.
- VPF: Employees are given an opportunity for a monthly contribution of VPF up to a ceiling contribution of 100% including 12% mandatory employee contribution.

Annual Performance Review (APR)

At HMCL, we foster a culture of meritocracy that drives business through a robust and agile performance management system. APR enables us drive sharp focus on the performance goals that are not only SMART but also linked with our business deliverables. Our performance management process includes regular goal setting, mid-year and year-end reviews, enabling us to assess performance at both team and individual levels. APR is a cornerstone in creating a fair and objective performance reviews that encourages a high-performance culture, ultimately driving business growth and long-term success. Our approach to performance management is built on the following principles:

Setting Objectives: The SMART goals are set in collaboration with employees and their line managers at least once a year, with regular follow-ups to track progress.

Performance Appraisal: The employee performance is evaluated both on individual level and at a team level. This approach allows us to set team goals and individual goals to promote a collaborative and inclusive work environment.

Continuous feedback: We adopt an agile performance management approach, which involves both structured and unstructured conversations and continuous feedback throughout the year. This collaborative process focuses on addressing objectives and barriers to effective performance, rather than solely on annual performance outcomes or ratings.

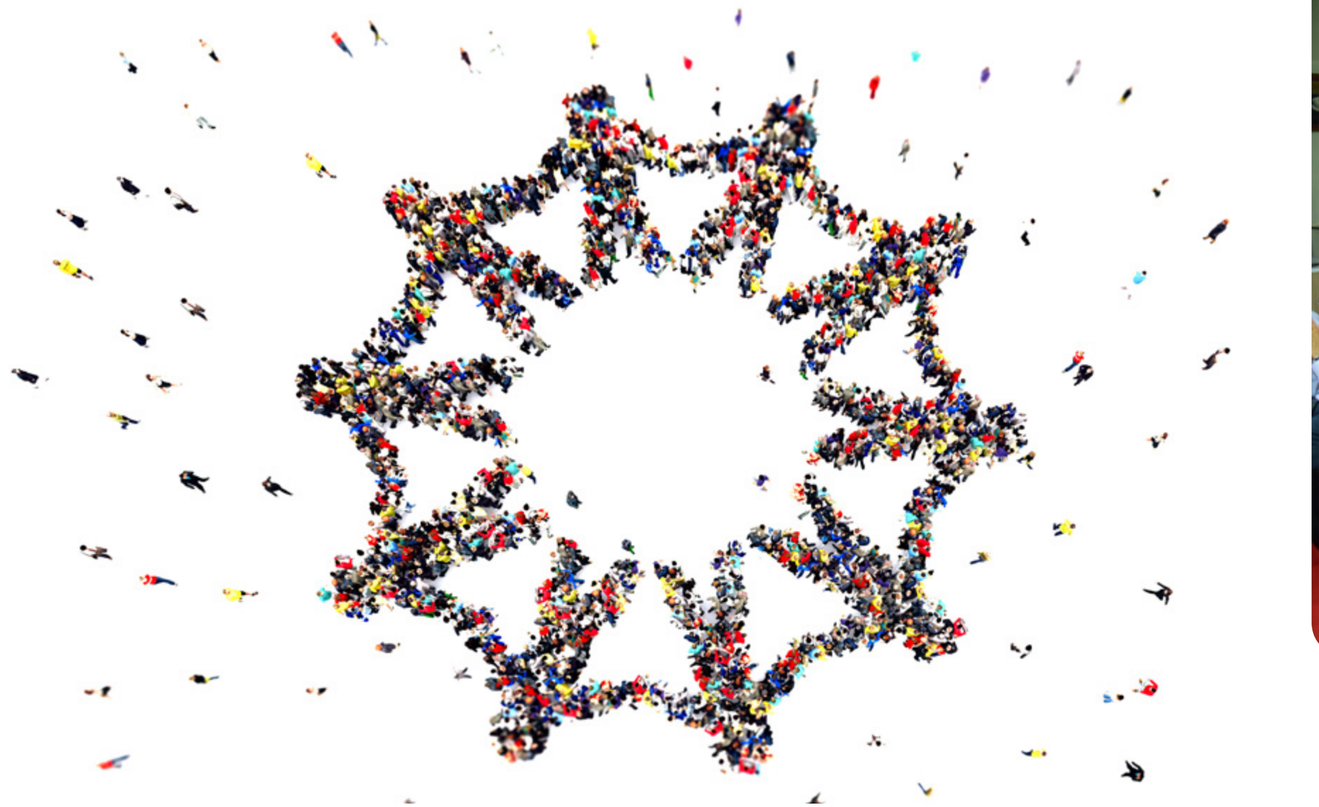
By combining these pillars, we create a comprehensive performance management system that supports our employees' growth and development, drives business excellence, and fosters a culture of continuous improvement.



S. No	Description and Grade	% of employees eligible who receive regular career performance and career development review		
		Male	Female	Total
1	AVP, VP, SVP and Leadership team	100%	100%	100%
2	Senior management (M5-M7)	100%	100%	100%
3	Middle management (M2-M4)	100%	100%	100%
4	Junior management (E4-M1)	100%	100%	100%
5	GETs/DET/PGETs/MTs	100%	100%	100%
6	Officers (E1-E3)	100%	100%	100%
7	Supervisor (J1-S3)	100%	100%	100%

EMPLOYEE ENGAGEMENT

We believe that every individual deserves to feel valued and respected for their contributions, and we strive to create a work environment that reflects this belief. By fostering open communication, supporting the well-being of our employees and their families, and offering competitive compensation, we aim to create a positive and productive work environment that empowers our employees to thrive. We recognize that our employees are our greatest asset, and we are committed to investing in their growth and development, and to creating a workplace culture that is inclusive, supportive, and rewarding.



Employee Engagement Initiatives and Programmes

Rewards & Recognition Programme:

Our Rewards and Recognition Programme is designed to acknowledge and appreciate the hard work and dedication of our employees, celebrating their accomplishments on our 'Thanks' platform. This recognition gives our employees a sense of pride and satisfaction among their team members.



Employee Voice Survey: We continually strive to enhance employee experience and well-being by conducting an annual survey to measure job satisfaction, sense of purpose, happiness, and stress levels among our employees. The survey assesses various indicators, including employee commitment, work, leadership, employee wellness, relationships with reporting managers, workplace culture, and opportunities for learning and growth. This approach enables us to identify areas of excellence within the organization, as well as areas that require improvement. To address these findings, action groups are formed at both the organizational and location levels to review and implement action plans on a regular basis. HMCL conducts its primary employee survey every two years.

Long Service Award: We proudly celebrate our employees' long-term dedication and commitment to HMCL, acknowledging their significant contributions to achieving the organization's ambitious goals.



Excellerator Club: This exclusive club recognizes and engages our top performing employees, who are awarded badges and certificates for their outstanding performance. As members, they participate in a full-day experiential learning session and have numerous opportunities throughout the year to interact with the leadership team, fostering collaboration and synergy.



Family Day and Festival Celebrations: These initiatives encourage employees to involve their families in company activities, strengthening relationships among colleagues and promoting a supportive work environment.



By hosting these events, we aim to break down barriers and create a sense of community within the organization. These diverse engagement initiatives not only boost employee satisfaction and morale but also contribute to increased productivity, teamwork, and retention rates within the organization.

Better Works: This platform enables employees to anonymously share their thoughts, experiences, and concerns, providing the organization with valuable insights to identify areas for improvement and implement corrective actions as needed.

Employee Support Programs:

At HMCL, we prioritize our employee's well-being and strive to maintain a healthy work-life balance. Our initiatives include:

- **Workplace Stress Management:** We conduct quarterly meditation classes and wellness activities to help employees manage stress and maintain their mental health.
- **Sport and Health Initiatives:** We promote physical activity through departmental sports activities held annually, encouraging employees to stay fit and healthy.
- **Mandatory Vacations:** We believe in the importance of taking breaks and encourage employees to take regular vacations and utilize their mandatory leave. To support this, we offer flexible working hours, work-from-home options, and part-time arrangements that align with business needs.
- **Paid Parental Leave:** We demonstrate our commitment to supporting employees' personal and professional lives by offering generous parental leave policies, including 210 working days (approximately 42 weeks) of maternity leave and 8 working days of paternity leave.

OCCUPATIONAL HEALTH & SAFETY

Our OHS policy is built on comprehensive management principles that prioritize the creation of a healthy and safe work environment. These principles are designed to safeguard the health and safety of all stakeholders, including employees, workers, and contractors, regardless of their employment status. We have developed programs and initiatives that not only comply with legal and statutory requirements but also adhere to international standards set by reputable organizations such as ISO, ILO, and WHO. These efforts aim to promote wellness and safety in the workplace, preventing physical, mental, and psychosocial health issues that can impact on the overall well-being of our employees. For further details, the Company's OHS policy can be considered.

100%
of our facilities are ISO 45001 certified

OHS Program

We have developed a comprehensive Occupational Health and Safety (OHS) Program that sets the highest standards for occupational health and safety. In line with our commitment to the OHS policy, we have established an OHS management system designed to evaluate, monitor, and continuously improve health and safety practices.

To support this system, we have established the following key components:

- **Joint Committees:** We have formed joint committees at all levels, comprising representatives from all stakeholders, including employees, workers (both permanent and non-permanent), to ensure the effective functioning of programs and services that promote health and safety. These committees regularly evaluate and assess the effectiveness of our health and safety initiatives, identifying areas for improvement and planning for future enhancements.
- **Environment, Health, and Safety (EHS) Department:** We have set up an EHS department at all our establishments to ensure the health and safety of our workforce, in collaboration with the joint committees.
- **Risk and Hazard Assessment:** The EHS department conducts regular risk and hazard assessments at the workplace to identify potential risks and hazards and prioritizes action plans to address these issues promptly and effectively. We have implemented various mechanisms to assess risks and hazards, including Hazard and Operability Study (HAZOP), Job Safety Analysis (JSA), Quantitative Risk Assessment (QRA), and Hazard Identification and Risk Assessment (HIRA).
- **Audit Systems:** We have a robust mechanism of internal and external audits throughout the year to ensure due diligence and the quality of health and safety services provided at the workplace.
- **Training and Awareness:** We provide training and awareness programs for our workforce, supply chain partners, and communities to educate them on various safety aspects, such as emergency preparedness, safety guidelines, and best practices.



Key Achievement

We are proud to have received the prestigious Sword of Honour award, which recognizes our excellence in Occupational Health and Safety (OHS) management at our Gurgaon plant. This award is a testament to our commitment to providing a safe and healthy work environment, and our dedication to continuous improvement in OHS management. Our plant had previously achieved a Five Star grading with a score of over 92% for the period August 2023 to July 2024, and this award is a further recognition of our proactive strategies, robust risk management protocols, and safety culture. We will continue to strive for excellence in OHS management, ensuring that our workplace remains a safe and healthy environment for everyone.

BRITISH SAFETY COUNCIL
Sword of Honour 2024 Winner

Zero-incident Safety Culture

We have set ambitious targets to achieve a zero-incident culture, which encompasses zero accident. To support this goal, we continually strive to enhance our Occupational Health and Safety (OHS) management system through rigorous risk and hazard assessments, internal and external audits, and awareness-raising training programs. We deeply regret the fatality. Following a thorough root cause analysis, detailed structural safety audits were conducted by qualified personnel, and a comprehensive action plan has been developed to prevent any recurrence of such incidents.

S. No.	Particulars	Unit	Permanent Employees	Contractual Employees
1	Recordable work-related injuries	No. of employees	3	11
2	Fatalities	No. of employees	1	0
3	High consequence work related injuries	No. of employees	0	0
4	Rate of recordable work-related injuries (considering million hours worked) – LTIFR	Rate	0.19	0.26



Initiatives to Promote Occupational Health and Safety

- **Management of Change (MOC):** We use MOC to manage risks from system changes, improving safety and reducing turnaround time. We conduct risk analyses using techniques like HAZOP and QRA to identify hidden risks and prevent incidents.

- **Occupational Health Guidelines:** Our Occupational Health Services are guided by our OH Manual, which complies with the Indian Factories Act 1948, OHSAS 18001, ISO 45001, and FSSAI regulations, ensuring a robust framework for employee health and safety.

- **Safety Initiatives:** We have implemented a "right to stop unsafe work" policy, gathered feedback on new PPEs, and conducted mock drills with the National Disaster Response Force. Our safety committees, comprising diverse members, promote a culture of continuous learning and development, ensuring a safe and successful work environment.

- **Contractor Management System (CMS):** Our CMS ensures contractor safety through a two-part process: (a) Pre-Qualification (PQ): Evaluating contractors before work begins. (b) Post-Contractor

- **Management:** Ongoing management and monitoring.

- **Occupational Health Services:** We conduct pre-employment medical check-ups as per statutory and non-statutory requirements aligned with the job requirements. Periodical medical in-house check-ups with specific tests identified per risk assessment of employees working in different departments exposed to various occupational health hazards. We carry out most of these tests using in-house equipment, such as spirometers, audiometers, vision testers, and peak flow meters. Health assessments are conducted prior to an employee's return to work, and medical fitness certificates are verified and validated and maintained as records.

- **Ergonomics and Industrial Hygiene:** We provide ergonomic workstations to prevent musculoskeletal problems by designing better workstations through ergonomic surveys and improvements and strengthening workplace monitoring. In FY25, we conducted a thorough ergonomic assessment at our Tirupati Plant to assess ergonomic-related improvements. We also conducted a qualitative industrial hygiene survey at our Halol Plant to assess the physical and chemical properties present in the work environment,such as lux, noise, dust, VOC, and CO.

- **Scope of Improvement:** The scope of improvement in occupational health services is through periodic internal and external IMS audits.

- **Immunization and Biomedical Waste Management:** We immunize specific categories of employees per job requirements for specific protection under primary prevention protocol. As per statutory requirements, we manage biomedical waste generated as part of occupational health services.

- **Statutory Training and Emergency Evacuation Plans:** We conduct statutory training, including first aid and CPR for our employees. We have formulated Emergency Evacuation Action Plans by providing training and conducting mock drills with employees to respond to emergency situations.

HMCL Global Part Centre awarded the State Safety Award in large Industries Category by Govt. of Rajasthan



Risk and Hazard Assessment

We have implemented a robust set of strategies to conduct thorough risk and hazard assessments in the workplace, ensuring the health, safety, and well-being of all stakeholders. Our approach enables us to identify, investigate, prioritize, and mitigate occupational health and safety (OHS) risks and hazards, fostering a zero-incident culture.

- **Hazard and Operability Study (HAZOP):** A systematic approach to proactively identify potential hazards and risks in various processes, such as heat treatment, painting, and bulk storage of petroleum products. This enables us to take preventive measures to avoid harm and ensure a safe working environment.
- **Job Safety Analysis (JSA):** A detailed study that breaks down jobs into a series of steps to identify potential hazards and plan actions to mitigate OHS risks. This is an integral part of our management of change process and non-routine activities.
- **Quantitative Risk Assessment (QRA):** A method to estimate the likelihood and consequences of hazardous events, providing quantitative results to inform decision-making. We have conducted QRA for bulk storage of propane gas and petroleum products, among others.
- **Hazard Identification and Risk Assessment (HIRA):** A comprehensive approach to establish a stringent system for identifying risks, planning mitigation measures, and ensuring safety, health, and human rights for all stakeholders.

Identification of OHS Risks and Hazards

The main element of HIRA is to identify all materials, agents, conditions, or activities that have the potential to cause injury, harm, or illness, or damage to the business and its property. To achieve this, we regularly evaluate our processes and job tasks by assessing the associated risks and hazards, ensuring a proactive approach to mitigating potential threats. A key component of our HIRA framework is our hazard reporting mechanism, which encourages all employees to report any incident or hazard to their immediate supervisors and departmental committees, facilitating prompt attention and action. We define a hazard as a source, situation, or act that can potentially harm and result in injury, illness, or a combination of both. Our OHS risks are categorized into six primary areas: physical, mechanical, electrical, chemical, biological, and others, and are prioritized based on their probability, frequency of occurrence, and severity, taking into account the potential adverse impacts, including possible losses and injuries. By regularly evaluating and prioritizing these risks, we are able to implement effective controls and mitigation measures to minimize harm and ensure a safe and healthy work environment.

Procedure to Investigate Injuries, Hazards and Incidents

We have established procedures for investigating workplace injuries, which begin with training supervisors and managers on the techniques and procedures used during the investigation. During the investigation, supervisors and managers identify all the equipment and materials involved and analyze all the information to determine the incident's root cause, including whether the incident occurred due to system failure or other reasons. Following the investigation, the team prepares an action plan to prevent such incidents from occurring in the future, ensuring a proactive approach to workplace safety.

Impact Assessment and Prioritization of Action Plan

To identify and mitigate hazards, workers and department-level committees work together to pinpoint potential risks, determine their root causes, and develop strategies to address them. Additionally, a risk assessment methodology is used, which involves assigning numeric scores to evaluate the potential risks and impacts based on three key characteristics: potential consequences, likelihood, and detection. By combining these scores, an overall Risk Priority Number (RPN) is generated, enabling management to prioritize and develop targeted action plans, known as hazard control mechanisms, with specific, quantifiable objectives, such as achieving zero fatalities in the workplace. This approach allows for the mitigation of high priority risks in a timely and effective manner.

The action plan will be based on the following methodology that utilizes Hazard Control Mechanisms to effectively control Occupational Health and Safety (OHS) risks and hazards in the workplace.



To effectively manage workplace hazards, we follow a hierarchical approach, prioritizing the most effective control measures to minimize risks.

- **Eliminate** the hazard
- **Substitute** or replace hazardous materials, agents, conditions, or activities with safer alternatives, reducing the potential for harm.
- **Engineering Controls,** i.e., use all feasible engineering measures to control risks, such as ventilation systems, machine guards, or safety interlocks, where elimination or substitution is not feasible.
- **Establishing Administrative Controls,** i.e., establish policies, procedures, and training programs to minimize risks, including safe work practices, signage, and warning systems.
- **Personal Protective Equipment (PPE):** Use PPE when all other control measures have been implemented, and a residual risk remains.

Comprehensive Emergency Response Strategy

At HMCL we have identified potential hazards that could lead to emergencies and major accidents, including process hazards (chemical, temperature, cryogenic, and electric hazards), natural disasters, and environmental failures that could result in land, water, and air pollution. To mitigate these risks, we have developed a multi-faceted approach that includes:

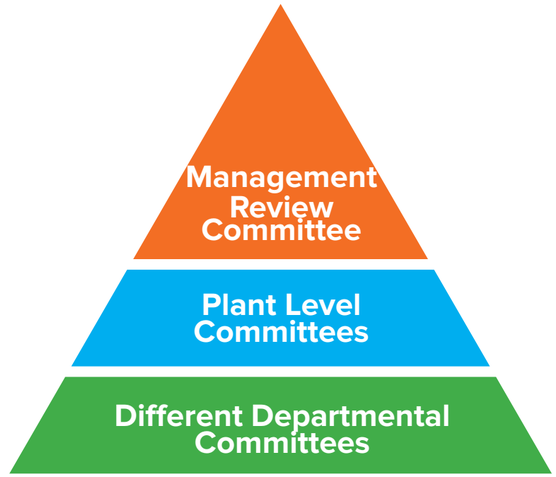
- **Risk Assessment and Consequence Analysis:** Estimating the physical effects of potential accidents.
- **Onsite Action Plans:** We have developed detailed action plans that outline procedures and actions to be taken during an emergency, ensuring a swift and effective response.
- **Emergency Response Team:** This serves as the primary point of contact within the organization in the event of an accident or emergency.
- **Communication and Training:** We provide regular training and communication to all relevant personnel, including mock drills to familiarize employees with escape routes, assembly points, and emergency procedures.
- **Preparedness and Readiness:** Our comprehensive strategies and action plans enable us to respond quickly and effectively to emergencies, minimizing the risk of harm to people, the environment, and our operations.

Evaluating OHS Performance and Progress

At HMCL, we have established a comprehensive review framework to prioritize and integrate action plans with quantifiable targets to mitigate risks and evaluate progress in reducing or preventing health issues.

Our review framework consists of multiple committees that ensure a thorough evaluation of OHS performance at various levels:

- **Management Review Committee:** Comprising top management and functional heads, this committee conducts bi-annual reviews of OHS performance at the organizational level, ensuring strategic alignment and oversight.
- **Plant-Level Committees:** These committees review OHS indicators on a monthly basis, monitoring progress and identifying areas for improvement at each plant.
- **Department-Level Committees:** Comprising worker and management representatives, these committees meet quarterly to discuss and address health and safety concerns at the grassroots level, fostering a culture of open communication and employee engagement.



In addition to the multi-level review mechanism, our Environment, Health, and Safety (EHS) department plays a crucial role in monitoring and evaluating our OHS performance at all locations. It also conducts regular reviews and works with department-level committees.

Training and Awareness

We recognize the importance of educating all employees, workers, and contractors about workplace hazards, controls, and established Standard Operating Procedures (SOPs) to ensure a safe working environment.

3,172
Safety training session in FY25

To achieve this, we provide comprehensive information and training on:

- **Workplace Hazards:** Identifying potential hazards and risks associated with their work
- **Controls and SOPs:** Understanding the measures in place to mitigate risks and following established procedures
- **Reporting Mechanisms:** Knowing how to report incidents, near-misses, and concerns

We are embracing digitalization and emerging technologies to enhance our safety programs:

- **Virtual Reality (VR) Training:** Creating immersive, computer-generated environments that simulate real-life scenarios, allowing employees to experience the consequences of non-adherence to safety guidelines. This innovative approach fosters a positive attitude towards established safety SOPs and practices.
- **Safety Gyms:** Setting up dedicated facilities at all locations, where employees can participate in live accident scenario simulations using fear simulation devices. This hands-on training enables employees to develop the skills and confidence to respond effectively in emergency situations.

We have defined our training modules to address the training needs of our stakeholders, few of these are:

- Control of hazardous substances
- Safety leadership programme
- Induction and orientation training
- Emergency planning and preparedness
- Industry-specific awareness
- General safety - construction sites
- HIRA - aspect training
- Behavioral safety
- Legal compliance training
- Chemical handling
- Machine handling training
- Electrical safety
- Fire prevention and protection
- General safety awareness
- Mock drills with the National Disaster Response Force (NDRF)

Extending Safety Culture Beyond Our Boundaries

At HMCL, we acknowledge that our responsibility to ensure Occupational Health and Safety (OHS) extends beyond our own facilities and into our entire value chain. To foster a culture of safety throughout our ecosystem, we have introduced rigorous OHS criteria into our procurement and contractual requirements. To promote a culture of safety throughout our value chain, we have:

- **Shared Our Vision and Values:** Communicated our clear aim and vision to our value chain partners through sustainable procurement guidelines, emphasizing the importance of upholding human rights, health, and safety values.
- **Capacity-Building Initiatives:** Organized regular capacity-building sessions with our value chain partners to share best practices in health and safety and encourage their implementation across various locations.
- **Collaborative Approach:** Fostered a collaborative environment where our value chain partners can learn from our experiences, share their own knowledge, and work together to enhance safety standards throughout the entire supply chain.



- **Engagement with Communities:** Our community engagement initiatives aim to empower individuals with the knowledge and skills necessary to prevent fires, respond to emergencies, and stay safe. By working together, we can create a culture of fire safety awareness and reduce the risk of fire-related incidents in our communities. Our goal is to make a positive impact and contribute to the well-being and safety of those around us.



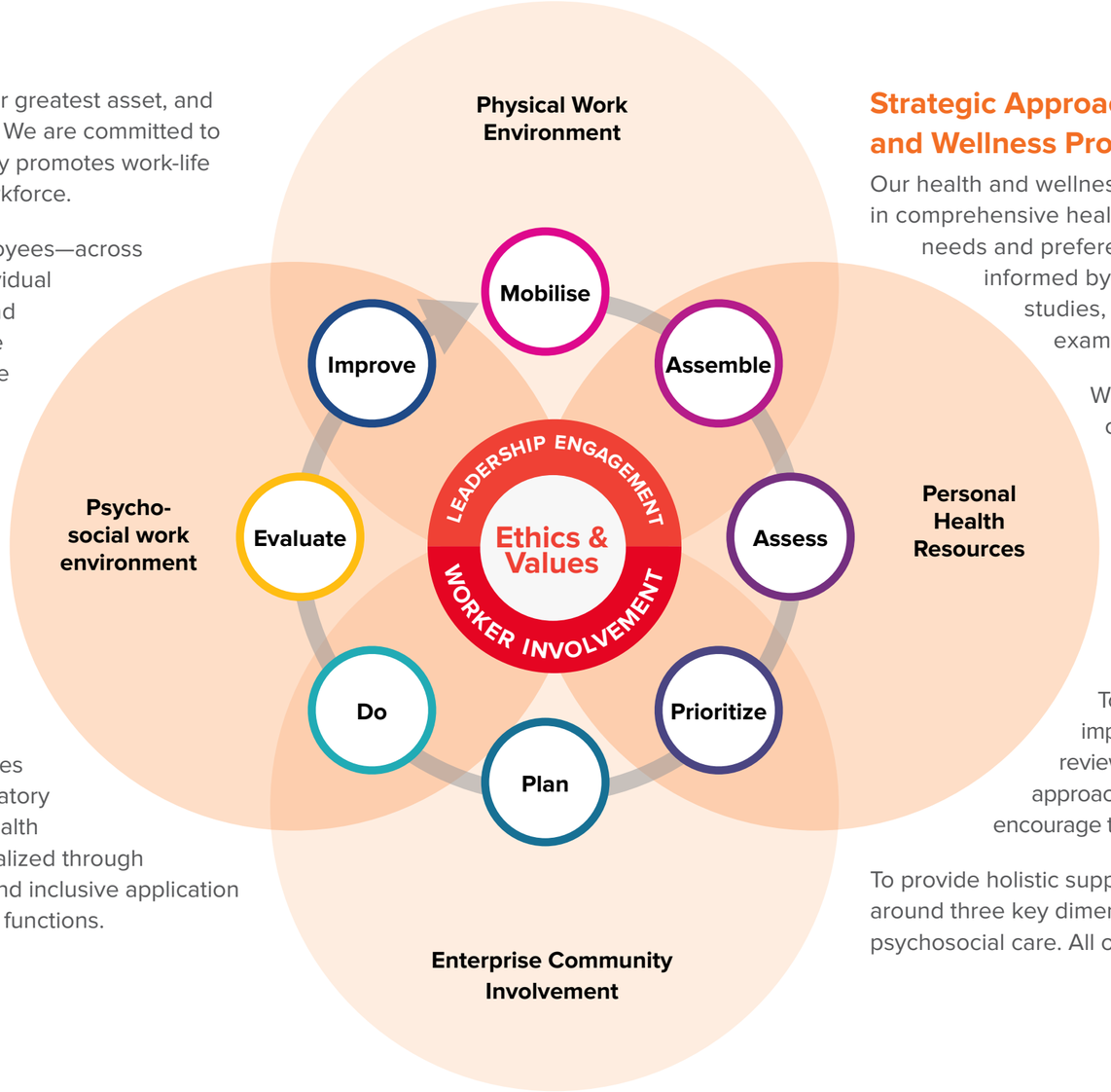
EMPLOYEE HEALTH & WELLNESS MANAGEMENT

At HMCL, we firmly believe that our employees are our greatest asset, and their health and well-being are central to our success. We are committed to cultivating a holistic "culture of well-being" that actively promotes work-life integration and supports the diverse needs of our workforce.

Our approach is inclusive and considerate of all employees—across roles, genders, and abilities—ensuring that every individual receives the support they need to thrive personally and professionally. By prioritizing employee well-being, we aim to foster a more engaged, productive, and positive workplace.

Looking ahead, we plan to introduce new initiatives and opportunities focused on enhancing the physical, mental, and emotional wellness of our employees and their families. Our commitment also extends to supporting dependent healthcare needs and contributing to broader community development efforts that encourage a healthier, more active society.

Our Health & Wellness Management System is anchored in a comprehensive framework that integrates our Occupational Health and Safety Policy, local regulatory requirements, global best practices, and the World Health Organization's Healthy Workplace Model. This is formalized through organization-wide guidelines that ensure consistent and inclusive application of health and wellness standards across all levels and functions.



Strategic Approach to Health and Wellness Programs

Our health and wellness initiatives are thoughtfully designed, grounded in comprehensive health risk assessments, and guided by the identified needs and preferences of our employees. These programmes are informed by data-driven insights drawn from surveys, research studies, and the results of health screenings and medical examinations.

We place a strong emphasis on inclusivity, ensuring our wellness programmes address the diverse needs of our workforce—including gender considerations and the unique requirements of differently-abled employees across all roles and functions. The success of these initiatives is driven by visible leadership commitment, dedicated budgetary support, and active promotion of employee participation.

To maintain their effectiveness and ensure continuous improvement, our wellness programmes undergo regular reviews and are updated with innovative and responsive approaches. We actively seek employee feedback and encourage their involvement in shaping these initiatives.

To provide holistic support, our health and wellness efforts are structured around three key dimensions: physical health, mental well-being, and psychosocial care. All our manufacturing locations are equipped with

occupational health and wellness centers staffed by full-time medical officers and paramedical personnel. These centers adhere to all legal requirements stipulated by the Factories Act 1948 and international standards, including ISO 45001 and the WHO Healthy Workplace Model.

Occupational Health Management Program:

Occupational Health Management is a cornerstone of our Health & Wellbeing initiatives within our manufacturing facilities. Aligned with our Organization's Health and Safety Policy, the program emphasizes safeguarding employee health, ensuring workplace safety, and preventing occupational illnesses linked to the work environment.

Our occupational health initiatives are developed to comply with applicable legal and statutory requirements, the ISO 45000 standards, and globally accepted best practices in Occupational Health Management. In shaping these programs, we have also incorporated guidelines from the International Labour Organization (ILO) and the World Health Organization (WHO).

Delivery of these programs is facilitated through dedicated Occupational Health and Wellness Centres located at each manufacturing site. These centres fully adhere to the legal mandates of the Indian Factories Act, 1948 (and any relevant amendments) and meet all applicable ISO 45000 requirements, ensuring robust occupational health services and effective medical emergency response.

A detailed Occupational Health Manual underpins our approach, serving as a central reference for consistent implementation of occupational health practices across the organization.

Lifestyle Disease Prevention Programme:

We actively work to enhance employee awareness regarding the significance of fitness and preventive measures for lifestyle-related diseases. Our programs for the management of conditions such as diabetes, hypertension, and cardiac issues include health talks, specialist consultations, in-house awareness campaigns, and the dissemination of preventive materials through various channels.

Healthy food is served in our cafeterias which are certified by the food safety management system and follow FSSAI guidelines. Our cafeterias provide – special meals for people having lifestyle diseases like Diabetes, Hypertension, Obesity, heart disease etc. by serving meals without oil, sugar and salt as an option.

We encourage our employees to engage in diverse sports and fitness events/contests activities for their fitness and maintain an internal policy that promotes sports participation.

Employee Care and Family Welfare Programmes:

Our comprehensive care initiatives include regular health screening camps and medical consultations conducted by specialist doctors. In-house facilities offer free medical consultations for routine and minor health issues. Additionally, we provide 24/7 access to free online teleconsultation services for employees and their family members, ensuring continuous medical support.

Preventive health check-ups and free vaccinations are also made available to all employees as part of our commitment to proactive healthcare.

Mental Health Support Program:
To support mental well-being, we offer stress management sessions, mental health awareness talks, and counselling, all conducted by external experts. Yoga and meditation programs are also available to employees and their families, promoting holistic wellness.

New Initiatives:
We recently introduced an Anemia Detection and Prevention campaign, tailored specifically for our female workforce. This initiative includes in-house non-invasive hemoglobin testing and personalized support, including nutritional guidance and medication, to improve hemoglobin levels. We also collaborate with local government health authorities to implement workplace programs aligned with national health initiatives, focusing on disease prevention and early detection.

Awards- Organization received two awards in Health and wellness category-

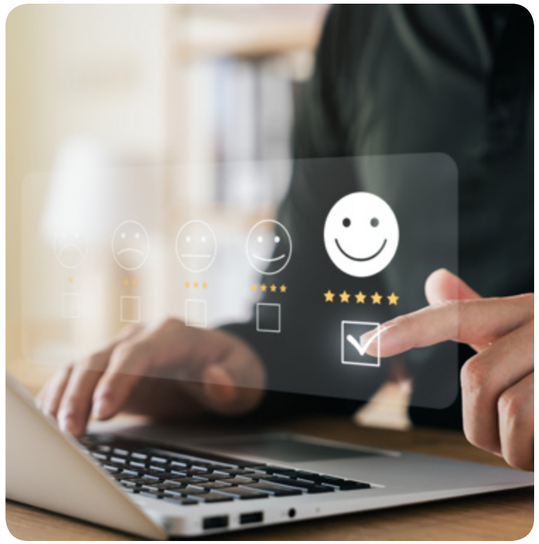
- HMCL was awarded -Gems Excellence Awards In Industry Occupational Health - at Global Emergency medical services conference 2024, held in New Delhi -18-19 July 2024.
- HMCL has been recognized as a healthy place to work for the year FY25 in the GOQii corporate challenge.



CUSTOMER SATISFACTION AND ENGAGEMENT

At HMCL, we are committed to exceeding our customers' expectations by providing a wide range of high-quality goods and services that meet their evolving needs and demands. To uphold the trust and faith that our customers have in our brand, we have implemented a robust quality management system at each of our plant locations. We have introduced a range of programs designed to enhance the skills of our customer-facing teams, ensuring they deliver exceptional service and support to our valued customers.

- **iCare Program:** This initiative focuses on empowering Customer Care Executives to excel in customer interactions. By developing their ability to understand customer needs and gather constructive feedback.
- **Udaan Initiative:** Our Udaan program is tailored for front-line supervisors in service workshops, aiming to refine their customer handling skills. This enables them to accurately identify customer requirements, efficiently manage job cards, and ensure timely issue resolution, leading to enhanced customer satisfaction.
- **Technical Capability Building:** We constantly upskill our dealer technical teams on diagnostics and service procedures to ensure optimum product performance post service. These trainings are imparted at our training centers located across all states pan India.
- **Customer Service Index:** We prioritize understanding our customers' experiences through a comprehensive feedback collection process across various dealer locations. This feedback is analyzed based on multiple attributes, allowing us to identify areas for improvement, devise corrective strategies, and work towards achieving 100% customer satisfaction.



Parameter	Details for FY25
Understanding Customer Needs	Customer Service Index Survey Total 4,12,876 feedback calls
Customer Database Security	Hero Connect application – data access given through individual logins only for all users
Customer Satisfaction Surveys	Customers are being surveyed to check the satisfaction level on a regular basis and suitable actions are being taken on all the feedbacks. **Customer Survey Results:** • Customer Service Index: 89.9
Customer Issues (Received Versus Solved)	Complaints Received: 32,115 Complaints Resolved: 32,012 99.69% satisfaction Robust mechanism for classifying complaints and tracking progress of on-time reprisal of concerns regularly.
Customer Feedback Mechanism	1. Telephonic mode through call centres 2. Website/social media 3. WhatsApp 4. E-mail 5. Hero App
Enhancing Customer Experience	In FY25, a total of 24,321 candidates participated in 2,258 training batches aimed at enhancing customer experience through upskilling.
Digital Platforms (App) for Customer Engagement	Our Hero app launched for customers in January 2023 received 41,16,000 installations (service: 38,50,000 and sales: 2,66,000) in FY25. On an average, monthly 15.83 Lakh customers are getting engaged with us through Hero app.

Green Dealership Programme:
A Pioneering Initiative: Our flagship Green Dealership Programme is a cornerstone of our long-term sustainability strategy, with an ambitious goal of achieving 100% green dealerships by 2030. This programme is designed to revolutionize the way our dealerships operate, incorporating eco-friendly practices to reduce our carbon footprint. Further details can be found by visiting our dedicated Green Dealership webpage

We have successfully upgraded 320 of our Dealers to the Green Dealerships. To further enhance the sustainability of our Green Dealerships and identify areas for improvement, we have initiated onsite continuous evaluations through external body at these locations.

31%
Green Dealerships in FY25



Customer Engagement

We are committed to promoting sustainability and responsible consumption through our products and business practices. As part of our ongoing commitment to transparency and accountability, we prioritize educating our customers about the social and environmental impact of our products. We believe that transparency is essential for building trust and fostering strong, meaningful relationships with our customers. To achieve this, we provide clear and accessible information about our products through various channels, including our website and marketing materials. We actively seek feedback from our customers through phone calls, focus groups, and other engagement initiatives to better understand their preferences, concerns, and environmental values.



78 Lakh+
Live Member Base: Largest in last 7 years

24.2 Lakh+
Enrollments: Highest Conversion in last 10 years | Highest Enrollment Numbers in last 8 years

4.4 Lakh+
Renewals: 2X Conversion Growth in last 5 years

3.7 Lakh+
Referral Retails: 1.5X Conversion Growth in last 5 years

22 Lakh+
Members Engaged: Highest ever

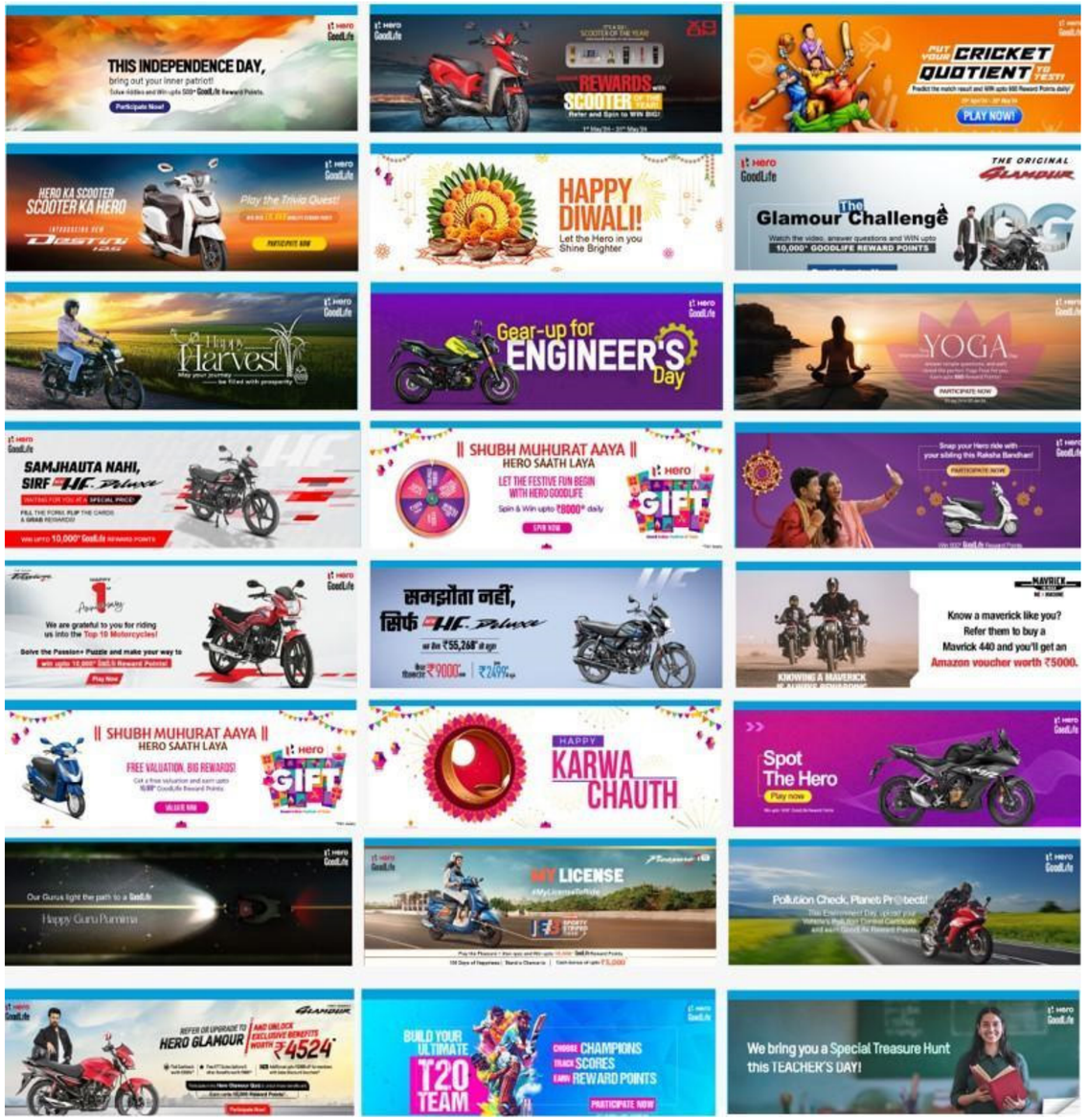
Program Usage by
55.4 Lakh
Members: 70% of Live Member Base

80%
e-Card Enrollment Penetration: Highest ever

Hero GoodLife Programme: To deepen customer relationships and enhance their experience, Hero GoodLife has launched innovative and sustainable Customer Engagement Campaigns through digital gamification. This initiative is designed to make every interaction more engaging, memorable, and rewarding.

Today, Hero GoodLife proudly operates the world's largest customer relationship, rewards, and loyalty program in the automotive sector. As we celebrate 25 years of Hero GoodLife this year, our commitment to sustainability remains unwavering. It continues to be a guiding principle in everything we do.

In recent years, we have expanded our efforts by actively involving all our stakeholders, including customers, dealers, and employees, to bring our purpose to life through impactful, real-world actions. This year, we launched a series of campaigns focused on promoting eco-friendly practices and accelerating digitalization, further reinforcing our commitment to sustainability. Hero GoodLife successfully executed 60 campaigns, engaging over 2.2 million members across a period of 305 days, and generating over 1 lakh leads.



OUR BRAND VALUES

We are deeply grateful for the trust and loyalty of over 124 million customers who have chosen our products and services. In line with our long-term vision and anticipation of evolving consumer expectations and industry trends, we have expanded our portfolio with several recent launches, including the refreshed Glamour 125 and Splendor+ XTEC 2.0, as well as premium models like the Xpulse 210, Xtreme 250R, Xpulse 200 4V Pro Dakar Edition, and an enhanced range of scooters such as the New Destini 125, Xoom 125, and Xoom 160. We are thrilled with the overwhelming response to these new products from our customers. Building a strong and respected brand identity among consumers remains a key pillar of our overall strategy. This focus is reflected in our commitment to established governance frameworks and customer-centric surveys that track our performance on sustainability-related metrics

Ethical Marketing and Advertising Policy

We are dedicated to upholding the highest standards of integrity, transparency, and responsibility across all functions, particularly in marketing and advertising. Every feature and promotional offering is communicated with accuracy and honesty. To reinforce our standards, we have implemented a comprehensive internal training and awareness program that ensures alignment with the values enshrined in our Ethical Marketing Policy.

124 Million+ Customer Base

The loyalty of over 124 million customers is a testament to our unwavering commitment to delivering exceptional product quality, customer engagement, and brand stewardship. This dedication has enabled us to maintain our position as the world's leading two-wheeler manufacturer for an unprecedented 24 consecutive years.

Strengthening Product Portfolios

In line with our vision to "Be the Future of Mobility," we have introduced a range of innovative vehicles that showcase our commitment to innovation and customer value. Our international expansion continues to gain momentum, with the launch of operations in the Philippines and the introduction of electric scooters in the UK, France, and Spain.

Some notable highlights from our product portfolio expansion include:

- The unveiling of dynamic EV concepts, Lynx and Acro, developed at Hero Tech Center Germany GmbH, which offer a fresh perspective on urban mobility.
- The launch of the Hero VIDA V1 Pro, a revolutionary electric scooter that boasts a unique design, featuring a direct-drive motor installed on the swing arm and two detachable batteries for enhanced convenience. The expansion of VIDA to over 100 cities, accompanied by the setup of charging infrastructure across 100 cities, to support the growing demand for electric vehicles.
- The introduction of updated models, such as the Glamour 125 and Splendor+ XTEC 2.0, designed to elevate the overall riding experience.
- The launch of premium products, including the Xpulse 210, Xpulse 200 4V Pro Dakar Edition, and Xtreme 250R, which cater to the evolving needs of our customers.
- The enrichment of our scooter portfolio with the addition of the New Destini 125, Xoom 125, and Xoom 160, featuring innovative, segment-leading features.
- The introduction of a limited-edition motorcycle, The Hero Centennial (CE100), as a tribute to our Chairman Emeritus on his centenary.
- The expansion of our dealership network, with the rollout of 110 Hero Premia outlets and over 930 Hero 2.0 sales and service stores across India, to enhance customer accessibility and support.



#SheRides: Empowering Women on the Road

At HMCL we are committed to promoting diversity, equity, and inclusion in mobility. Our #SheRides program is dedicated to breaking down barriers and challenging stereotypes associated with gender. Through this initiative, we provide women with the skills and confidence to ride safely and comfortably on our motorcycles. To date, we have successfully trained five batches of female riders in Delhi and Jaipur, empowering them to take control of their mobility and independence.

Embracing Sustainability as a Core Value

At HMCL, we are committed to embedding sustainability into every facet of our business and customer services.

04

Paperless Referrals

We have gone digital with 3.73 lakh two-wheeler referrals and upgrade sales, eliminating waste and promoting sustainability through a paperless and eco-friendly process.

01

E-Card and Kit

We have transitioned to digital membership cards, reducing our reliance on paper and cardboard. 80% of our 1.93 million new memberships were issued electronically, eliminating the need for physical transportation and packaging, and thereby reducing carbon emissions.



03

E-Redemptions

We have seen a significant shift to digital redemptions, with 94.65% (13.50 lakh) of redemptions occurring online through e-commerce, e-services, and e-vouchers. This approach offers convenience and flexibility while reducing carbon footprint, paper consumption, and logistical waste.

02

Green Reward Points

We have rewarded customers with 2,50,150 GoodLife Points for presenting valid Pollution-Under-Control (PUC) certificates, promoting compliance with emission standards and contributing to improved air quality in our communities.

Through digitalization, real-time service tracking, and process transformation, we aim to minimize our environmental footprint and promote responsible consumption. By integrating sustainable practices into our operations, we strive to create a positive impact on the environment, our customers, and the communities we serve. Through these initiatives, HMCL reaffirms its commitment to sustainability by significantly reducing paper and plastic usage, minimizing waste, and lowering energy consumption. Our efforts demonstrate a dedicated approach to environmentally responsible practices, paving the way for a more sustainable future.

Brand Management Metrics

We assess consumer perception of ESG initiatives for major two-wheeler brands by evaluating their association with two key statements: "Is a brand that cares for the society and local communities" and "Is a brand which acts in a way that is responsible and sustainable for the environment.

Among both existing and potential customers, 68% strongly associate the Company with both "Caring for Society and local communities" and "brand acting in a way that is responsible." This association is significantly higher than for any other two-wheeler brand, providing a substantial competitive advantage in an increasingly socially conscious market. This data reinforces the Company's long-standing brand image as a "People's brand" or a brand deeply rooted in Indian society and demonstrates that being perceived as caring for people and local communities fosters trust and loyalty.

Additionally, HMCL also conducts a thorough survey at our dealerships every two years to assess its sustainability performance and inform strategic initiatives aimed at reducing its environmental footprint.

S. No.	Survey Parameter	Customers Who Responded Positively to Sustainability Initiatives
1	Overall commitment to environmental sustainability initiatives	64%
2	Commitment to corporate social responsibility	65%
3	Concerned about future sustainability	64%

These sustainability parameters cumulatively hold 50% weightage of the survey.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

At HMCL Corporate Social Responsibility (CSR) reflects our deep commitment to the planet and its people. We have embedded the core values of sustainability, social responsibility, and ethical conduct into the fabric of our business operations. Guided by principles of environmental stewardship, social equity, and integrity, we strive to make a meaningful impact beyond business.

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

Through our *Hero We Care* initiative, we have launched and expanded targeted social and environmental programs that align with our CSR vision—contributing to the creation of a greener, safer, and more inclusive world.





Key CSR Projects at Hero MotoCorp:

Key Projects	Beneficiaries in FY25	Total Beneficiaries till FY25	Amount Spent in INR Cr. FY25
Preventive healthcare	1,32,422 individuals	13,44,356 individuals	2.81
Education	10,554 students	4,63,005 students	21.47
Ride Safe India	1,52,002 participants	15,36,453 participants	10.07
Biodiversity protection	Developed and maintained the Aravali Biodiversity Park and maintained 1,00,000+ trees	Planted 25,29,608 trees and maintained Aravali Biodiversity Park	9.73
Water conservation	119.7 million litres of water saved	379 million litres of water saved	7.25
Skill Development	4517 beneficiaries	46672 beneficiaries	10.33

CSR Programmes

Greener

We have undertaken this programme focusing on environmental protection and sustainability to create a cleaner and greener world. These programmes address climate change, pollution, deforestation, and other environmental concerns to mitigate their impacts and promote sustainable development.

Nurturing and Protection of Biodiversity

With the 'Nurturing and Protection of Biodiversity' Project, HMCL has taken a firm step towards accomplishing such solutions as it sets out to protect, conserve, and restore extensive forests and reserved areas in urban landscapes, including biodiversity parks. The project's objectives are to address global warming, soil erosion, and pollution, help preserve biodiversity and ecological balance, and foster awareness among people about the environmental imperatives and actions required of each of us.





Hero Green Drive

In FY25, we sustained our ongoing tree plantation initiatives in Chengalpattu, Halol, and Jaipur, continuing the care of over 100,000 trees. Reinforcing our dedication to environmental sustainability, we organized Environment Awareness Programs in government schools and colleges across Chennai, Halol, and Vadodara, reaching 271,549 students. These sessions promoted eco-friendly habits, focusing on waste management, sustainable living, and environmental accountability.

Additionally, we launched a new initiative — Young Earth Heroes — to actively engage students in environmental preservation and the measurement of their daily carbon footprints. This program, implemented across 10 schools in the Delhi NCR region, saw participation from 1238 students, fostering a new generation of environmentally responsible citizens.

Water Conservation

Water is an essential resource, and ensuring its long-term sustainability remains a key focus area at HMCL. Through our Pond Development and Rejuvenation Program—covering both agricultural and community ponds—we are advancing our water conservation initiatives. This program directly supports our ambitious target of achieving 500% water positivity by 2025, while also improving water availability and supporting agricultural livelihoods.

In FY25, we developed 50 farm ponds in the Kukas region of Jaipur (Rajasthan) and rejuvenated two community ponds in Gurugram (Haryana), collectively adding 119.7 million litres of water storage capacity. This effort not only benefits surrounding communities but also reflects our broader commitment to sustainable natural resource management.

Safer

HMCL's flagship CSR initiative, Ride Safe India, under the 'Safer' pillar, exemplifies the Company's proactive approach to promoting road safety. The initiative tackles the pressing issue of road accidents in India and aligns with the UN Sustainable Development Goal (SDG) Target 3.6, which aims to reduce global road traffic deaths and injuries by 50% by 2030, in line with the United Nations' Decade of Action for Road Safety (2021–2030).

As the world's largest two-wheeler manufacturer, Hero MotoCorp acknowledges its responsibility to safeguard two-wheeler users and embraces a comprehensive Safe System approach. This strategy emphasizes the 4Es of road safety: Education, Enforcement, Engineering, and Emergency Care.

During National Road Safety Month 2025, the Ride Safe India initiative expanded its outreach significantly engaging 8.48 million people through a radio campaign, thereby amplifying public awareness around road safety. Across our Traffic Training Parks located nationwide, three structured programs—the Road Safety Awareness Program, Ride Safe Program, and Learn to Ride Program—provide targeted awareness as well as training on road safety and safe riding practices.



In FY25 alone, these programs reached over 152,002 individuals, encouraging safer and more responsible road behaviour. Additionally, campaigns were conducted such as Be A Road Hero 4.0 (pledges), Surukshit Aatmanirbhar Bharat, and Helmet Distribution coupled with Road Safety Awareness, engaging a total of 140,444 participants.



Working in close partnership with local enforcement agencies, we implemented a diverse range of on-ground interventions, including intersection upgrades, road safety activities during the national observance, summer camps conducted with police departments, and awareness sessions tailored for gig workers, corporate professionals, students, and local communities—using engaging formats such as street plays and drawing competitions.

Reinforcing our long-term commitment, HMCL signed a Memorandum of Understanding (MoU) with Nagar Nigam Gorakhpur to establish a state-of-the-art two-wheeler riding training school in Uttar Pradesh. This greenfield initiative encompasses the full lifecycle—from construction and infrastructure setup to the operational launch of a dedicated training facility.



"The Road Safety Awareness Program session was deeply enriching for our students and was well-received by the faculty members. The valuable insights shared by the Hero MotoCorp team during their interaction with our teachers and students played a significant role in raising awareness about road safety and traffic regulations. Their commitment to public safety education is truly appreciated."

Dr. Surbhi G. Garg,
Principal

Equitable

Promoting Preventive Healthcare

HMCL in collaboration with leading healthcare partners, is actively working to close the healthcare access gap by bringing essential medical services directly to underserved communities. In rural regions, quality healthcare often remains out of reach due to geographic and financial barriers. To address these issues, one of the cornerstone initiatives under our CSR program is the deployment of Mobile Medical Units (MMUs), which deliver primary healthcare services to vulnerable populations, including the elderly, women, and children. To date, this initiative has benefitted 1,20,419 individuals.

Further extending its healthcare outreach, HMCL, in partnership with AIIMS, has established Vision Eye Care Centers in Dharuhera (Haryana) and in the Delhi areas of Fatehpur Beri, Mehrauli, and Jaunapur. These centres provide free screening and treatment for common eye ailments, distribute necessary medications, and offer referrals for specialized care. A key feature of this initiative is the provision of free cataract surgeries conducted at the RP Centre, AIIMS. In FY25 alone, the Vision Centres served 12,003 individuals.

Through these comprehensive healthcare efforts, HMCL reinforces its commitment to building a healthier and more equitable society.

Be a sporting Hero

HMCL has collaborated with and supported the Indian Deaf Cricket Association, the Paralympic Committee of India, the Mary Kom Regional Boxing Foundation and the Mera Gaon Mera Desh. These collaborations promote sports at the grassroots for the holistic development of personality and health and make it accessible to all citizens of India, including women, children, and persons with disabilities.



Project Saksham

Saksham, HMCL's flagship pan-India skilling initiative, launched in partnership with the Automotive Skills Development Council (ASDC), is aimed at promoting gender inclusion within the automotive industry by building a robust network of trained women two-wheeler technicians.

The program is designed to empower women by creating opportunities for economic self-reliance and professional advancement. Participants are trained using HMCL's customized curriculum, which covers key aspects of two-wheeler technology—including Electric Vehicles (EVs), Internal Combustion Engines (ICEs), and sales operations. The training model combines theoretical instruction with hands-on technical practice, typically over a three-month period. Since its launch in 2024, Saksham has trained 4,113 women, with 3,555 certified and 1,660 placed across a range of industries—representing a significant step forward in enhancing women's representation in technical roles. In addition, HMCL has supported 404 beneficiaries through Jeevika Centres, offering skill development courses such as stitching and sewing, beauty therapy, and Tally accounting, furthering its commitment to skills enhancement, financial empowerment, and workforce diversity. In FY26, Saksham aims to train 20,000 women, fostering financial independence and skill-based employment



“I have completed training under the Saksham Project. We have not seen many women in the automotive sector. Seeing us many girls will get inspired to enter the industry. I am thankful to Hero MotoCorp for this opportunity.”

Komal,
Faridabad

Education

HMCL firmly believes that education is a fundamental right and a powerful tool for transforming lives. Through our education initiatives, we have positively impacted 10,554 students. The components of the education programme include:

Enhancing Learning Outcomes through Remedial Support

A total of 9,595 students benefited from academic support provided at various ASHA Centres, which focus on addressing learning gaps and offering after-school assistance. Additionally, two centres in Gurugram delivered non-formal education to 248 children from ragpicker and migrant communities, facilitating their reintegration into mainstream education.



Facilitating Access to Higher Education

To enable equitable access to higher education, 711 scholarships were granted to meritorious students enrolled in undergraduate, postgraduate, and doctoral programs—including LLB, BBA, B.Tech, MBA, and PhD courses. These scholarships targeted students from economically disadvantaged backgrounds, helping them overcome financial barriers to education.

Hero Salutes Heroes of the Nation – Standing by Indian Soldiers

Saluting soldiers' exemplary grit and determination, we have been supporting the soldiers disabled while in service with retro-fitted two-wheelers. For our flagship project, Hero Salutes Heroes of the Nation, we partnered with the Directorate of Indian Army Veterans (DIAV), Navy Welfare and Wellness Association (NWWA) and continue to explore areas wherein we can support the children, veterans and the next-of-kin of the martyrs.

Veerangana Sewa Kendras (VSK)

HMCL has facilitated the setting up of Veerangana Sewa Kendras (VSK) with the Directorate of Indian Army Veterans (DIAV), a unique single-window facility meant for the welfare of widows and the next of kin of Indian Army soldiers. These kendras also serve as a grievance redressal system.

CHETNA (Comprehensive Health Early Evaluation Timely Action Nurturing Assistance) Centres

HMCL has set up an Early Intervention Centre (EIC) in collaboration with the Navy Welfare and Wellness Association (NWWA) for children with neurodevelopmental disabilities. Currently supporting 118 children, the CHETNA centre provides all services required by infants and toddlers at risk of developmental disabilities or having developmental disabilities under one roof, including occupational therapy, speech and language therapy, assessment and counselling by psychologists and clinical consultation by paediatricians.

Supporting Individuals with Disabilities including Injured Indian Army Veterans

HMCL invests in supporting specially abled individuals by providing them with retro-fitted scooters. The Company has partnered with the Directorate of Indian Army Veterans (DIAV) to support disabled soldiers with customised scooters for a safe and convenient riding experience.

We are committed to continuous improvement and scaling up our CSR programmes to have a positive impact on society and the environment.



GOVERNANCE

Focus Areas

- Business Ethics and Board Structure
- Responsible Business
- Risk Management
- Tax Strategy
- Information Security and Data Protection
- Value Chain Management

UN SDGs Mapping



BUSINESS ETHICS

HMCL is built on a foundation of ethics and integrity, guiding our actions and decisions every step of the way. We are committed to conducting business in a transparent, honest, and responsible manner, always adhering to the highest standards of ethical behavior and compliance with relevant laws and regulations. By doing so, we strive to maintain the trust and confidence of our stakeholders and contribute to a positive and sustainable business environment. All our policies are publicly available on our Company's website:

- **Committed to anti-bribery and anti-corruption**
- **Avoiding conflict of interest**
- **Ensuring fair business practices**
- **Promoting transparency and equal opportunities**
- **Fostering a diverse and inclusive culture**
- **Promoting a fair and ethical work environment**

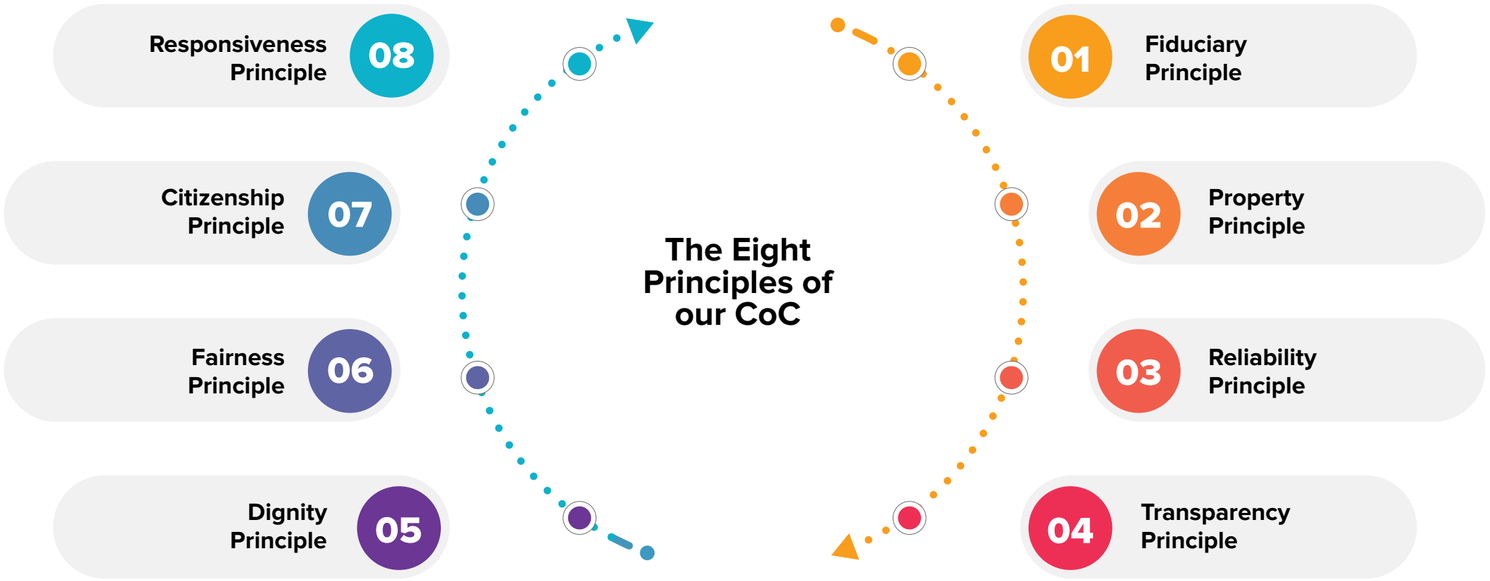
Code of Conduct

We have deeply ingrained business integrity and compliance into our daily operations by strictly adhering to our Code of Conduct (CoC). The CoC enables the Company to maintain the standards of business conduct, thereby bringing efficiency, responsiveness and consistency in behaviour and decision making. CoC also reduces the risk of possible harmful conduct.

CoC is applicable to all Directors and employees (including associate working for the Company on third party contract / payroll).Clear responsibilities, accountabilities, and reporting lines are established across all divisions, enabling seamless collaboration towards our shared objectives.

Our Code of Conduct aligns with the ethos, vision, and values of HMCL, and we implement robust governance practices to ensure consistency and promote a culture of transparency and information sharing. This approach enables us to maintain the highest levels of integrity, accountability, and professionalism in all our endeavors.

All employees are required to undergo mandatory Code of Conduct training, affirm their commitment to upholding the Code, complete the certification process, and consistently demonstrate behavior that aligns with our expectations. In FY25, 100% of our employees successfully completed the Code of Conduct training and annual sign-off.



Anti-Bribery and Anti-Corruption (ABAC)

At HMCL, we recognize the importance of maintaining a robust anti-bribery and anti-corruption framework. As part of our ongoing efforts to uphold the highest standards of integrity, we have conducted a comprehensive organization-wide Anti-Bribery and Anti-Corruption (ABAC) risk assessment, engaging an independent third-party service provider to review our operations. This assessment aimed to identify potential opportunities, benchmark our processes against global best practices, and inform areas for improvement. By aligning our processes with internationally recognized standards, including the Foreign Corrupt Practices Act (FCPA), UK Bribery Act (UKBA), and Organization for Economic Co-operation and Development (OECD) guidelines, we demonstrate our commitment to transparency, accountability, and ethical business practices.

Based on assessment we have established a comprehensive Anti-Bribery and Anti-Corruption (ABAC) framework, which includes robust management oversight, updated internal policies, and a clear anti-bribery and anti-corruption policy. To ensure alignment across our supply chain, we have also developed a supplier code of conduct that reflects the key principles of our ABAC framework. We have implemented a regular monitoring mechanism to ensure the ongoing effectiveness of our ABAC framework.

Ethical behavior

At HMCL, ethical behavior is deeply ingrained in the Company's culture. The organization prioritizes transparency, accountability, and fairness in all its dealings, ensuring a trustworthy and respectful work environment. Employees are encouraged to uphold the highest standards of integrity, adhering to a strict code of conduct that promotes honesty, sustainability, and social responsibility.

- **Corruption and Bribery:** HMCL strictly prohibits any form of bribery or corruption, ensuring that all business dealings are fair and transparent.
- **Conflict of Interest:** The Senior Management of the Company have made their annual disclosures to the Board, confirming that there is no material, financial and commercial transactions where they have personal interest and which could have potential conflict of interest with the Company at large.
- **Money Laundering:** The Company has robust measures in place to prevent and detect money laundering, ensuring compliance with regulatory requirements.
- **Insider Trading:** In compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 ('PIT Regulations'), the Company has in place the Code of Conduct for regulating, monitoring and reporting of trading by Designated Persons (Code). The initiatives of the Company to ensure compliance of the PIT Regulations and the Code are more particularly set-out in the Annual Report of the FY25.

Instances of Breaches	FY25
Corruption and bribery	0
Conflict of interest	2
Money laundering	0
Customer data privacy	0

- **Customer Data Privacy:** The Company prioritizes the protection of customer data, adhering to strict privacy policies and safeguarding sensitive information.
- **Shareholding:** The Company has been filing its quarterly shareholding pattern with the exchanges in the SEBI prescribed format and the same is also available on the website of the Company. Further, the Company has not issued any golden shares with differential voting rights.
- **Political Contribution:** We didn't make any political contributions in FY25. Refer Annual Report FY25 (page no. 275) for any further details.

Centralized Compliance Management

The Company has in place a comprehensive and robust legal compliance management online tool for tracking, managing, and reporting on compliances with all laws and regulations applicable to the Company.

The Management on a quarterly basis presents before the Board of Directors a status report on regulatory compliances, as applicable to the Company.

Policy Influence

HMCL actively engages with government bodies and industry associations to promote favorable policies and represent the Company's interests. Our primary areas of concern encompass climate-related issues, sustainability, digitization, evolving sector dynamics, and innovative technologies. We strive to initiate strategic initiatives, collaborate with regulatory entities, advocate for policy reforms, and create optimal economic, and societal conditions.

Contributions to Trade Associations	FY24 (INR in Lakhs)	FY25 (INR in Lakhs)
CII	114.11	70.34
SIAM	102.97	347.30
FADA	7.50	11.00

- **Climate Advocacy:** HMCL is actively engaged in lobbying and advocacy efforts, collaborating with government entities, think tanks, climate organizations, trade associations, and diplomatic consulates. These efforts aim to shape policy, communicate our corporate stance, provide feedback, and address policy-related challenges across our operations. Our structured approach to advocacy and collaboration is exemplified through our engagement with organizations such as the Confederation of Indian Industry (CII) and the Society of Indian Automobile Manufacturers (SIAM).

At the core of our Sustainable Mobility strategy is the conviction that advocacy drives corporate action. We uphold this conviction by partnering with various organizations, participating in numerous forums and events, and providing thought leadership to inform and influence key national and international sustainability policies. Our ultimate goal is to support the Paris Agreement by setting emission reduction targets and implementing climate strategies, ensuring that all our activities align with and reinforce global climate objectives.

Vigil Mechanism

In accordance with the Companies Act, 2013 and SEBI Regulations, 2015, we maintain a strong commitment to upholding the highest ethical standards through a robust vigilance mechanism. Our whistleblower policy provides a secure and confidential channel for Directors and employees to report any concerns or suspicions regarding unethical behaviour, actual or suspected fraud, or violations of our Company's code of conduct or ethics policy. This policy ensures that all stakeholders can raise concerns without fear of retaliation, promoting a culture of transparency, accountability, and integrity within our organization.

We have established an Ethics Committee to oversee the Vigil Mechanism, providing a secure and confidential channel for whistleblowers to report concerns or violations of our Code of Conduct (CoC). Whistleblowers can raise their concerns to the Ethics Committee or the Chairperson of the Audit Committee through a third-party managed Ethics Helpline, or by making Protected Disclosures. The Ethics Committee ensures that all complaints are thoroughly investigated, and the Audit Committee is regularly updated on the functioning of the whistleblower mechanism and the complaints handled by the Ethics Committee.

Our whistleblower policy is designed to protect the interests of all stakeholders, including employees, Directors, vendors, suppliers, and dealers. We have established multiple reporting channels, including a toll-free number, email, and a web hotline service, to facilitate easy and confidential reporting of CoC violations. We have implemented robust measures to safeguard the confidentiality of whistleblowers and their related information, and to prevent retaliation against them.

During FY25, we received a total of 52 complaints, along with one carried over from the previous year, through our various reporting channels. Of these, 49 complaints have been thoroughly investigated and resolved, while the remaining 4 complaints are currently under investigation. In addition to our whistleblower mechanism, we have also implemented a Conflict-of-Interest Policy to ensure that all employees, Directors, and stakeholders are aware of their obligations to avoid conflicts of interest and maintain the highest standards of integrity. This policy provides a framework for identifying, disclosing, and managing potential conflicts of interest, and is an important component of our overall governance and compliance framework.



BOARD STRUCTURE

At HMCL, we believe that a diversified, active and well-informed Board is necessary to ensure highest standards of corporate governance. The Board of Directors has an optimal mix of Executive and Non-Executive Directors, bringing together a wealth of professionalism, knowledge, and experience. The Company professes the importance of diversity at Board level and throughout the organization. In alignment with the nature of our business and the automotive industry, our Board members possess the appropriate skills, areas of expertise, and competencies necessary for effective leadership and guidance.

HMCL's robust governance philosophy is executed through a three-tier governance structure with clearly defined roles and responsibilities for every constituent of the governance system.

The Board exercises strategic oversight over business operations, ensures compliance with the legal framework, integrity of financial accounting and reporting systems and ensures that a good corporate culture and strong ethical environment is followed across the organization, which consequently leads to long term success of the Company.

Committees of Directors: The Committees of the Board such as Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Sustainability & Corporate Social Responsibility Committee (SCSR), are focused on financial reporting, audit and internal controls, legal & compliance issues, appointment and remuneration of Directors and senior management employees, implementation and monitoring of SCSR activities and the risk management framework.

Leadership Team: The entire business including the support functions are managed with clearly demarcated responsibilities and authorities at different levels.

Details related to the Board and its committees are publicly disclosed on the Company website.

Board Composition

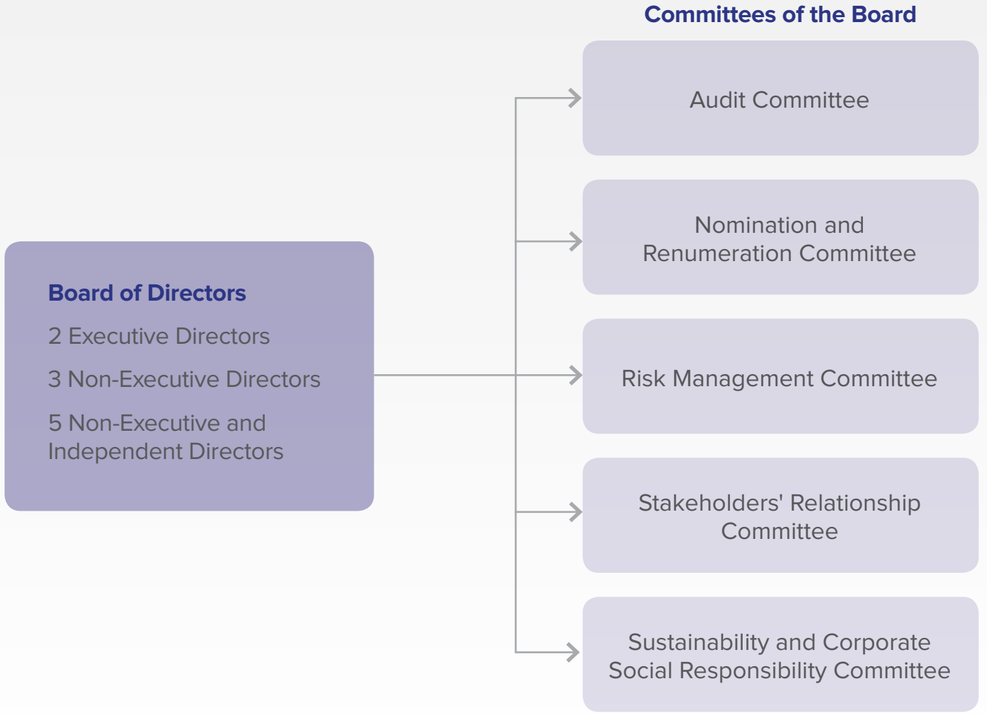
The Company's Board comprises of ten Directors, with two Executive Directors, one of them being the Executive Chairman, three Non-Executive Directors (including one women Non-Executive Director), five Non-Executive Independent Director, including two women Non-Executive Independent Directors, i.e. 80% of the total strength of the Board comprises Non-Executive Director.

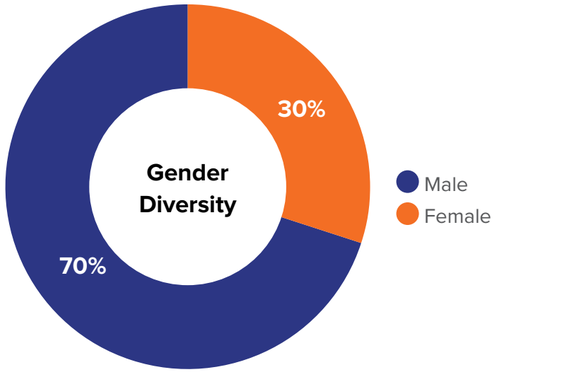
During FY25, the average tenure of Board members was 11.7 years.

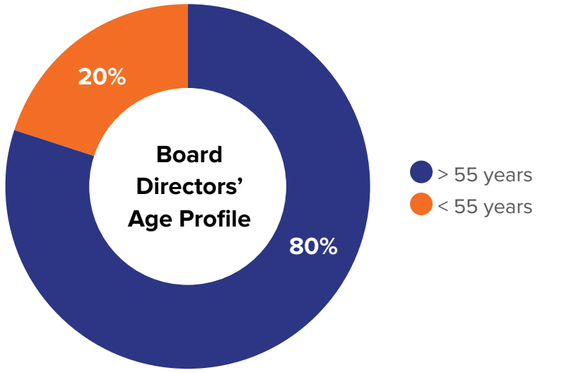
Board Diversity

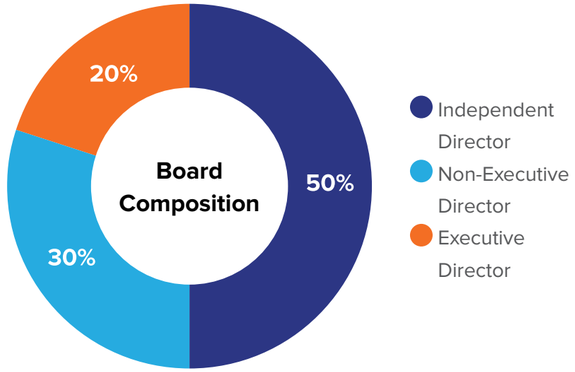
The Company's policy on Board Diversity sets out the approach to have a diversity on the Board of the Company in terms of gender, age, cultural, educational & geographical background, ethnicity, professional experience, skills and knowledge. This information regarding the skills, expertise, and competencies of the Directors, as identified by the Board and the current mix of Directors, can be found in the Company's Annual Report FY25.

Board Composition and Committees







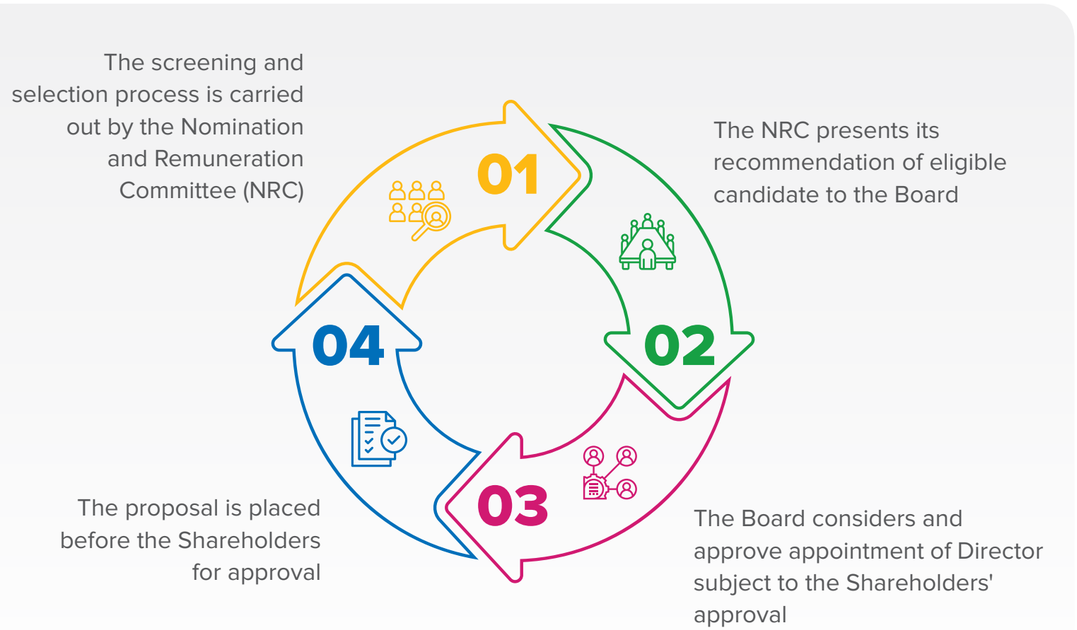




The detailed list of Company's Board of Directors can be viewed on Company's website:
https://www.heromotocorp.com/en-in/company/about-us/board-and-leadership.html



Selection and Appointment of New Board members:



Board Meeting

During FY25, eight meetings of the Board of Directors were held, and all the Directors attended the aforesaid meeting(s), achieving 100% attendance. As per the provisions of the Companies Act, 2013, every Director is required to attend at least one Board meeting held during the period of twelve months with or without seeking a leave of absence.

Board Mandate

There are no Board members holding more than 4 directorships in listed entities, including Hero MotoCorp. Refer page no 71-73 of AR FY25.

Independent Directors

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, fifty percent of the Board comprises of the Independent Directors. All Non-Executive Independent Directors have confirmed in accordance with Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) and Schedule IV of the Companies Act, 2013 and the Rules framed thereunder that they meet the independence criteria.

The Independent Directors have further stated that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective, independent judgement and without any external influence. Based on the disclosure received from all the Independent Directors, the Board is of the opinion that the Independent Directors fulfil the conditions of Independence as specified in the aforesaid legislation and are independent of the management. All Independent Directors are registered in the independent directors' data bank maintained by Indian Institute of Corporate Affairs (IICA) and have successfully qualified the proficiency test except those exempted.

The name and category of Directors, DIN, the number of Directorships including list of Listed Entities where he/she is a director along with the category of their Directorships, Committee

positions held by them in the companies and other details like area of expertise, etc., as on March 31, 2025, are provided in the Company's Annual Report FY25.

Board Compensation

The Company's Remuneration Policy represents the approach of the Company to the remuneration of Directors and senior management. The compensation of Directors, Key Managerial Personnel, senior management and other employees is based on the following principles:

- Aligning key executive and Board remuneration with the Long-term interests of the Company and its shareholders.
- Minimizing complexity and ensuring transparency.
- Link to long term strategy as well as annual business performance of the Company.
- Promoting a culture of meritocracy and linked to key performance and business drivers; and
- Reflective of line expertise and market competitiveness to attract the best talent.

The policy is reviewed periodically or at least once in three years and updated accordingly with the approval of the Board of Directors. The details pertaining to remuneration paid to the Board of Directors are provided in the Company's Annual Report for FY25.

CEO Compensation: The CEO's compensation is an appropriate mix of fixed pay, variable pay and long term incentives. The variable pay and long term incentives are determined by predefined corporate performance indicators which are defined/reviewed as and when deemed appropriate.

Position	Name	Remuneration (INR Cr.)	No. of options granted	Exercise Price (INR)
CEO	Niranjan Kumar Gupta*	17.93	RSU - 4,834 PRSU - 19,629	RSU - 2 PRSU - 2

*Stepped down as Chief Executive Officer w.e.f. April 30, 2025.

- **Exercise Price -** The Option and/ or RSU Exercise Price would be determined by the Nomination and Remuneration Committee, provided that the Exercise Price shall not be less than the face value of the equity Shares of the Company on the date of grant of Options/ RSU.
- **Vesting Period -** The Options/RSUs granted under Employee Incentive Scheme 2014 (and various plans formulated thereunder) would vest not earlier than one year from the Grant Date in accordance with the SEBI Guidelines and not later than such Vesting Period as may be determined by the Nomination and Remuneration Committee from time to time on the Grant Date.

The vesting of the RSUs shall commence from the end of first year, from the date of grant. The vesting shall be done in three years in the ratio of 33.33%:33.33%:33.33%. The RSUs can be exercised within 18 months from the date of vesting. Whereas vesting of PRSUs shall commence after completion of three years from the date of Grant and can be exercised within 18 months from the date of vesting.

Board Evaluation

A formal evaluation of the performance of the Board, it's Committees, the Executive Chairman and the Individual Directors was carried out for FY25. The Nomination and Remuneration Committee conducts a comprehensive review of the evaluation framework based on which the Board carries out the evaluation.

The evaluation process employs structured questionnaires covering various aspects for the assessment. The evaluation criteria for the Board and Directors includes among other factors, composition of Board, balance of expertise, experience and diversity, engagement in strategic planning process, business plans, capital expenditure, pro-activeness in monitoring business challenges, constructive discussions on business matters, established



robust frameworks for statutory compliance, risk management, & internal financial controls. In line with the emerging trends, the Board of Directors were also evaluated on the parameters like Company's preparedness for future, ESG, information security and CSR.

The Non-Executive Directors were evaluated on various factors including intellectual independence, understanding of the Company's vision, mission, strategies, quality of their contributions, their reliance on factual information and awareness with latest developments in the areas of financial reporting, technology, industry trends, etc. contribution in corporate governance practices, etc.

Further, the Committees were evaluated in terms of receipt of appropriate material for agenda topics in advance with right information and insights to enable them to perform their duties effectively, review of committee charter, updating to the Board on key developments, major recommendations & action plans, stakeholder engagement, devoting sufficient time & attention on its key focus areas with open, impartial & meaningful participation and adequate deliberations before approving important transactions & decisions.

The performance evaluation of the Executive Chairman and Executive Director was based on various criteria, inter alia, including their intellectual independence and the quality of their contributions and standards of conduct, their ability to concentrate on strategic matters, engage constructively with board members and key stakeholders and comprehend the governance, regulatory, and oversight functions of the Board. They were also evaluated on their capacity to balance the interests of shareholders, customers, employees, and other stakeholders, as well as their understanding of the regulatory, legislative, and political landscape. Furthermore, their judgment in handling sensitive issues, skills in analyzing and addressing uncertainties, adversities, and conflicts, willingness to present differing viewpoints and commitment to fulfilling their obligations and fiduciary responsibilities as directors taken into account.

As part of the evaluation process, the performance of Non-Independent Directors, the Executive Chairman and the Board was conducted by the Independent Directors. The performance evaluation of the respective Committees and that of Independent and Non-Independent Directors was done by the Board excluding the Director being evaluated.

The actions emerging from the Board evaluation process were collated and presented before the Nomination and Remuneration Committee as well as the Board. The Board possess necessary skills and expertise including a diverse composition and exhibits overall effectiveness. It prioritizes on all essential aspects of the business, concentrating on strategic decision and effectively engages with management in all key areas. The Leadership has immensely gained from its guidance. The Board members conveyed their appreciation for the strategy and familiarization programs organized by the Company during the year. The Board committees have also been functioning well and contributing effectively. The performance of individual directors was found satisfactory. Suggestions/ feedback relating to focus on EV, premium segment and International markets were given by the Board members.

Familiarization Process

The Board including all Independent Directors have been explained about their roles, rights, responsibilities in the Company through detailed presentations on the changes in backdrop of Companies Act 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards. The Company has arranged such presentations through internal resources as well as outside experts/consultants. The Board including all Independent Directors are being provided with relevant documents, reports and internal policies to enable them to familiarize with the Company's procedures and practices from time to time. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company,
business strategy and risks involved.

As and when necessary, business/functional heads and senior executives are invited to Board or Committee meetings in order to give the directors a forum for discussion with the Company's key executives and to help them better understand the industry & economic outlook, regulatory updates, developments in emerging mobility space, sales & marketing, global business, strategy, research & development, organizational & talent review, innovation & new avenues, corporate governance and such other areas as may be necessary from time to time.

The process of on boarding a new Director begins with the delivery of a director's kit that includes information on the Company, Memorandum and Articles of Association, Annual Report, Code of Conduct of the Company, Code for Independent Directors, Role, responsibilities, duties, etc. of a director, familiarization with relevant provisions of law concerning a director, etc. All new Directors are also given an orientation program that includes a plant tour, sessions on corporate governance, finance, global business, research & development, sales & marketing, etc.

The Executive Chairman periodically briefs all the Directors about the economic/industry outlook, strategy, operations, functions, future plans, expansion projects, etc. of the Company. Updates on relevant statutory changes concerning the Company are informed to the entire Board on regular intervals. Independent Directors are facilitated to meet without the presence of the Company's management to discuss matters pertaining to the Company's affairs. The Company also organizes visits to the plants for the Directors to facilitate them to understand the operations of the Company in detail.

The details of familiarization programs imparted during the FY25, are provided at the Company's website.

LEADERSHIP TEAM



Mr. Vikram S. Kasbekar
Executive Director and Acting Chief Executive Officer



Mr. Vivek Anand
Chief Financial Officer



Mr. Sanjay Bhan
Executive Vice President – Global Business, Global Product Planning and Market Insights



Mr. Ram Kuppuswamy
Chief Operations Officer – Manufacturing – Plant Operations



Ms. Pooja Yadava
General Counsel



Mr. Ashutosh Varma
Chief Business Officer - India Business Unit

Leadership Compensation

The compensation for Key Managerial Personnel, senior management and other employees is based on the external competitiveness and internal parity through periodic benchmarking surveys. It includes basic salary, allowances, perquisites, loans and/or advances as per relevant HR policies, retirement benefits, performance linked pay out, benefits under welfare schemes, etc. besides long term incentives/ESOPs/RSUs/PRSUs or such other means as may be decided by the NRC.

ESG Key Performance Indicators (KPIs) are part of the Annual Performance Review and also included in the Annual Business Plan for all functions. Performance goals of senior management personnel shall be quantifiable and assessment of individual performance to be done accordingly. A significant part of senior management compensation will be variable and based upon Company performance.



RESPONSIBLE BUSINESS

Enduring Commitment to Quality

Our dedication to responsible business is evident in our unwavering commitment to superior quality across all operations. A heightened focus on excellence guarantees product integrity and forms the bedrock of our environmental and social responsibility efforts. Quality is a core principle ingrained throughout our organization, with this year's advancements directly supporting our sustainability objectives. Notably, all our quality labs are NABL accredited, underscoring our stringent testing and validation standards. Furthermore, 100% of HMCL's manufacturing plants are ISO 9001:2015 Quality Management System-certified, demonstrating our adherence to globally recognized quality benchmarks. benchmarks. Additionally, we conduct internal quality audits bi-annually across all our facilities to ensure quality control, compliance, and to build stakeholder confidence. Complementing this, we empower our employees through regular lead and internal audit trainings, fostering a culture of accountability and ensuring individual adherence to compliance.

Our rigorous design and development processes, combined with our dedication to world-class manufacturing infrastructure, ensure operational efficiency and significantly minimize potential waste across our entire value chain. Our commitment to quality management, from product creation to delivery, is central to our broader sustainability strategy, reducing inefficiencies and environmental impact. Furthermore, our proactive embrace of digitalization enhances our ability to monitor, analyze, and improve performance in both quality and environmental responsibility.

Fostering a Culture of Quality

Our commitment extends beyond mere compliance to actively nurturing a pervasive culture of quality throughout our entire organization and among all our valued stakeholders. A proactive emphasis on continuous improvement, coupled with meticulous attention to detail in every process, forms a fundamental pillar supporting a more responsible and ultimately sustainable way of working. A key initiative in this endeavor is our annual Quality Month celebration, which serves as a focused platform to reinforce our quality ethos, engage all levels of the organization, and strengthen collaborations with our supply chain partners and dealerships. By embedding quality as a core value, amplified through events like Quality Month, we empower our employees, engage our partners, and connect with our dealerships in a unified pursuit of excellence that benefits both our operational efficiency and our broader sustainability objectives.

Quality Sensitization and Awareness in Plants

Cultivating a pervasive quality mind-set within our plants is paramount. We conduct regular sensitization programs focusing on critical quality parameters, process adherence, and their direct impact on operational efficiency and sustainability. These initiatives utilize interactive workshops and visual tools to ensure a practical understanding of our standards and the collective responsibility in achieving them.

Our aim is to empower every plant employee with the necessary knowledge and a proactive approach to quality. By fostering a deep understanding of process controls and the importance of minimizing deviations, we cultivate an environment where high-quality output is the norm. Such dedication translates to fewer errors, optimized resource utilization, and a stronger foundation for sustainable manufacturing practices across all our plant operations.





Quality Sensitization and Awareness at SCPs

We actively cultivate a robust quality culture within our supply chain, recognizing its pivotal role in achieving both superior product standards and our broader sustainability objectives. Our ongoing efforts focus on enhancing quality awareness and understanding among our valued Supply Chain Partners (SCPs). This year, we conducted dedicated awareness sessions, including comprehensive Poka-Yoke trainings to empower partners in establishing strong error prevention mechanisms, directly contributing to reduced defects and material waste. Furthermore, we facilitated a Quality Town hall with all SCPs, fostering open communication and collaborative problem-solving to further strengthen our collective quality commitment.

Quality Awareness at Dealerships

Recognizing the pivotal role of our dealerships in the customer experience, we conducted multiple focused quality sessions for their staff. Led by our Field Technical Support team, these interactive sessions for dealership technicians aimed to enhance their proficiency in crucial areas such as quality control measures, testing protocols, and efficient problem-solving techniques. To ensure practical understanding and engagement, the training incorporated real-world case studies, interactive exercises, and illustrative visual aids





Furthermore, we actively fostered a collaborative spirit by soliciting valuable suggestions directly from our dealership teams. To harness their frontline insights, we launched an "Ideas Contest" specifically targeted at dealership personnel which encouraged them to propose innovative solutions focused on elevating overall customer satisfaction. The contest sought ideas centered on enhancing product quality, streamlining service processes, and improving the skills and knowledge of dealership staff. By empowering our customer-facing partners to contribute directly, we aim to strengthen customer trust and continuously improve our quality standards at every interaction.

Driving Quality and Sustainability with Our Suppliers

We are committed to elevating the quality standards of our supply chain partners. By providing expertise, enforcing clear guidelines, and implementing monitoring systems, we drive improvements that contribute to a more efficient and sustainable supply chain. Our Vendor Quality Rating (VQR) framework helps us track and analyze supplier performance, enabling targeted initiatives for continuous improvement. The planned initiative for self-certified direct online supplies has the potential to further streamline our logistics. The strategic refinement of prior initiatives and the embrace of digitalization, including Digital Control Plans and expanded Supplier Audits, enhance the resilience and efficiency of our supply chain.

Leveraging Digital Technologies for Sustainable Quality

The strategic integration of digital technologies remains central to enhancing our process monitoring and improvement capabilities, directly supporting both quality and sustainability objectives. Our ongoing digital transformation initiatives in FY'25 are yielding significant advancements across various operational areas. Notably, the transition of our Process Quality Control System (PQCS) to a digital format is bolstering the integrity of quality and process conditions by preventing and capturing alterations. Simultaneously, the implementation of digital audits is contributing to noticeable time savings and a reduction in the duplication of effort within our workflows.

Furthermore, we have made significant strides in streamlining critical processes through digitalization. The implementation of a new, efficient digital IPPT (Initial Product Process Trial) approval flow has already achieved a substantial reduction in approval stages. These advancements, coupled with the planned rollout of digital change request portals and the future deployment of AI-enabled PDI (Pre-Delivery Inspection) report scanning, are collectively strengthening our supply chain resilience, improving overall product quality, and driving more sustainable operational practices throughout our value chain.

Vehicle Recall Policy and Traceability

Our established Vehicle Recall Policy and the ongoing efforts in traceability for critical components demonstrate our commitment to product quality and safety. These measures also align with sustainability by minimizing potential waste and environmental impact associated with defective products. We have zero recall incidents till date.

We maintain a robust and accessible customer feedback system, designed to capture insights from multiple sources, including direct customer input and our extensive dealership network. This mechanism allows external stakeholders to easily submit concerns or complaints regarding products, ensuring that all feedback is systematically reviewed and integrated into our continuous improvement initiative.

Our pursuit of superior quality and responsible operations will continue to shape a more efficient and sustainable future for all stakeholders. We firmly believe that striving for excellence in every facet of our work is essential for lasting value and a positive global impact.

Preventing Product Defects and Recalls

Our commitment is based on a quality framework that applies to both our suppliers and HMCL in order to prevent defects and recalls. At the supplier level, controls are implemented through the New Model process, which ensures compliance with the Production Part Approval Process (PPAP) and ongoing Quality Assurance Verification (QAV) for mass-produced parts. These measures are supported by robust in-process quality checks and pre-dispatch inspection gates, which proactively minimize rework by ensuring quality throughout production.

At HMCL, we have established a layered incoming inspection system and conduct testing of functional parts. We also use Poka Yoke methods to prevent defects at the source and maintain a comprehensive final vehicle inspection system that includes dock audits. These initiatives are designed to provide thorough final checks, preventing defective vehicles from reaching customers, reducing environmental impact, and avoiding recalls.



RISK MANAGEMENT

At HMCL, risk management is deeply integrated into our core business strategy, acknowledging that a rapidly evolving landscape necessitates a proactive and adaptive approach. The increasing complexity of internal and external factors, including amplified Environmental, Social, and Governance (ESG) risks, and the transformative automotive megatrends of electrification, flexibility, and alternative fuels, demands a calibrated response. We recognize that this evolving paradigm presents both opportunities and challenges, and we are strategically positioned to leverage these shifts to establish ourselves as a global leader while effectively mitigating potential risks and navigating prevailing uncertainties.

Board of Directors

Risk Management Committee (RMC)

A sub-committee of the Board, which provides oversight through Risk Steering Committee.

Discusses organization-wide risks quarterly.

Risk Steering Committee (Risk SteerCo)

Comprises members of the leadership team. Its responsibility is to guide the CRO and risk function in performing their roles and responsibilities.

Risk SteerCo sets the tone to foster a strong risk culture through the direction and oversight of the CRO and the Risk Function.

Chief Risk Officer (CRO) and Risk Function

Provides strategic advice on the evolving risk landscape, aiding in the anticipation and mitigation of emerging risks.

Maintains the enterprise risk register, and works closely with critical business functions and risk owners on functional risks register.

Collaborates with cross-functional teams to conduct Business Impact Analysis (BIA) for the creation of functional Business Continuity Plans (BCP).

Conducts awareness trainings to reinforce a risk-aware culture.

Functional Teams/ Risk Owners

Function Heads and front-line managers nominated as single point of contact (SPOC) for managing risks within their respective areas.

Responsible for identifying functional risks, implementing controls, and reporting on risk exposures.

Functional teams own their respective BCPs and coordinate their implementation.



Risk Governance Framework

HMCL's Risk Governance Framework is overseen by a dedicated Risk Management Committee (RMC), a sub-committee of the Board of Directors, which includes independent Board members. The RMC convenes quarterly, or, from time to time, as a part of the Board meetings to address risks with organization-wide impact. The risk management function operates independently of business lines to ensure objective oversight.

We have implemented a comprehensive Enterprise Risk Management (ERM) framework, guided by a robust ERM policy that is uniformly applied across the entire organization. This framework enables us to proactively identify, assess, and mitigate potential risks that may impact our business, with a focus on developing and implementing effective mitigation strategies.

Our ERM framework is structured around a systematic approach, which encompasses periodic risk identification, analysis, mitigation, and monitoring. This process is executed by relevant management teams, who collaborate closely with the Risk Management Committee (RMC) to ensure the effectiveness of our risk management efforts and provide ongoing oversight.

The Audit and Assurance function serves as the third line of defense, operating independently and reporting directly to the Audit Committee of the Board. Its key responsibilities include conducting internal audits annually, reviewing the risk landscape, and providing independent assurance to the Board regarding the adequacy and effectiveness of an organization's internal controls and risk management process.

The CRO, Risk function, working with the Risk SteerCo provides strategic advice to the management on the ever-changing risk landscape, aiding in the anticipation and mitigation of emerging risks.

Risk Management Process

At HMCL, we maintain a comprehensive risk register that meticulously outlines the Company's critical risks. These risks are identified through a thorough bottom-up analysis with functional teams and a top-down review with leadership, as well as external benchmarking and discussions with the Risk Management Committee (RMC).

For each identified risk, a specific mitigation plan is developed, implemented by responsible functional teams, and regularly updated by designated Single Point of Contact (SPOC) who is the Risk Representative of the function. By proactively addressing potential risks, we ensure the Company's seamless and sustainable operation, while delivering high-quality products and services to our customers. Our commitment to robust risk management underscores our dedication to excellence and our capacity to navigate future challenges, thereby sustaining our leadership position within the industry.



Risk Review

To ensure the enduring effectiveness of our risk management framework, we conduct regular risk reviews, including stress testing, to identify and address potential gaps in our risk register. These reviews assess the sensitivity of our risks, process risks, and overall business resilience, and are performed on both an annual and event-driven basis. Risks are systematically categorized based on their exposure, allowing us to prioritize risk management across various domains, including strategy, operations, finance, regulations, and reputation. Our comprehensive risk management approach encompasses both financial and non-financial risks. We evaluate our risk appetite through rigorous sensitivity analyses to assess the potential impact of these risks. For high-impact risks, we conduct stress tests to evaluate their potential effects on our business. The Risk Steering Committee (Risk SteerCo) convenes monthly, or as frequently as required, to discuss emerging risks, updates, and developments that could impact our operations.

We place significant emphasis on developing mitigation plans for key risks to prevent constraints on our business activities and minimize financial losses. Our approach is centered on prompt responses to critical risks, and we implement proactive measures for both prevention and mitigation. To ensure unwavering business continuity, we have developed a comprehensive Business Continuity Plan (BCP) that enables us to respond to unforeseen and anticipated scenarios, including social, technical, regulatory, and people-related challenges.

The BCP is fundamental to building organizational resilience. We have collaborated with an independent consultant to simulate various BCP scenarios across multiple locations. The invaluable insights gained from these exercises have been shared with relevant stakeholders, significantly enhancing our preparedness for potential disruptions and ensuring the uninterrupted continuity of our operations.

Risk Register

HMCL enterprise risk register has been developed and reviewed at both bottom-up and top-down levels to ensure completeness and secure buy-in from respective leadership stakeholders. It assesses risks across two key scales: Impact on the organization and Probability of occurrence, both measured on a 'low-medium-high' scale. The approximately 15 organization-level risks identified are considered key enterprise-level risks, complementing functional risk registers developed by individual functions. The enterprise risk register is updated periodically. Enterprise-level risks are categorized as strategic, operational, regulatory, and technological risks. Each of these categories can possess both internal and external dimensions, necessitating the use of appropriate risk indicators for proactive identification and management. The risks are categorized into four main areas:

- **Strategic Risks:** These include the evolution of alternative energy sources, disruptions to business models, geo-political risks, and climate-related risks, all of which possess the potential to impact the Company's long-term sustainability and growth trajectory.
- **Operational Risks:** These encompass risks related to supply chain management, counterfeit products, customer expectations, labor and community relations, and people management, which can directly affect the Company's day-to-day operations and reputation.
- **Technology Risks:** This category includes risks associated with cybersecurity and communications, both of which are critical to the Company's digital infrastructure and data protection.
- **Regulatory Risks:** These risks pertain to compliance with applicable laws, regulations, and industry standards, which can significantly impact the Company's operations, reputation, and financial performance.

While the enterprise risk register provides a crucial overview of organization-wide risks, the granular detail and initial identification of risks occur at the functional level. Critical functions at HMCL are responsible for creating and maintaining their own Functional Risk Registers. These registers are developed through collaborative processes involving functional heads and their teams, leveraging their specific expertise and understanding of day-to-day operations, processes, and potential vulnerabilities. The development of functional risk registers consists in identifying, assessing, mitigating, and monitoring risks relevant to each function, ensuring bottom-up approach and insight that feeds into the overall enterprise risk management framework.



Key Identified Risks	Potential Impact	Likelihood	Magnitude	Opportunities	Mitigation Measures
Operational Risks					
Business Continuity	• Disruptions to critical operations due to unforeseen crises • Financial and reputational damage due to the inability to maintain service continuity.	Low	High	Resilient operations, and business continuity preparedness, remote work enablement	• Comprehensive business continuity and crisis management plans • Familiarizing critical business functions with the plans • Regular business continuity testing, cross-functional response training, and process alternatives
Labor and Community	Over an extended period, may directly impact planned production	Low	High	Development of preventive and well-being measures that raise the overall health quotient of the organization	• Proactive and scheduled health check-ups • Enhanced medical assistance and strict work protocols
Supply chain disruption	• Higher procurement costs lead to greater pressure on margins • Supplier instability due to financial stress, capacity constraints, or geopolitical factors	Medium	High	Supply chain resilience and localization	• Strengthening supplier diversification and develop alternative sourcing strategies • Implement proactive supplier due diligence • Provide support to financially stressed suppliers to ensure sustenance and long-term partnership
Regulatory Risks					
Regulatory Risks	• Constantly evolving regulations require continuous adaption, leading to increased compliance costs • Frequent regulatory changes may cause operational disruptions and require process realignment	High	High	Keep pace with evolving regulatory norms and stay ahead while bringing high-technology products	• Proactive regulatory monitoring and active engagement with industry peers and regulators. • Strengthen internal compliance frameworks and agile adaption of operational processes.

Key Identified Risks	Potential Impact	Likelihood	Magnitude	Opportunities	Mitigation Measures
Technology Risks					
Cybersecurity and info-confidentiality risk	• Loss of sensitive data and increased risk of system intrusions • Compromised confidentiality leading to reputational and legal consequences	High	Medium	Strengthen IT infrastructure by scaling system security across locations	• Strengthened cybersecurity infrastructure and real-time threat monitoring. • Enhanced data encryption, access control, and regulatory compliance
Strategic Risks					
Macro changes: Geopolitical & Climate Change	• Trade restrictions, sanctions, and geopolitical conflicts may disrupt supply chain and market access • Currency fluctuation and economic instability in key global markets could impact revenue and profitability. • Climate-change may lead to regulatory burden, stranded assets, product obsolescence.	Low	Low	• Concerted localization efforts and creation of value chains. • Shared mobility opens new revenue streams by encouraging OEMs to develop targeted products and innovate business operations	• Building a self-sufficient supply chain for critical raw materials, a strong local base of vendors and sourcing resources, and geopolitical risk monitoring. • Climate scenario modeling, investment in sustainable R&D, and an ESG aligned strategy. Explore and develop new business models to create value for the customers and the organization.
Managing the shift from internal combustion engine (ICE) vehicles to electric vehicles (EVs)	• Higher than-expected adoption of EV two-wheelers could impact market trends • Potential decline in sales of ICE engine two-wheelers if the transition continues	Medium	Medium	Developing leadership in EV space, technology, and business innovation - like battery as a service and vehicle as a service and charging infrastructure	• Adapt market strategies to align with evolving customer preferences • Investment in EV technology and product diversification • Explore inorganic measures as well

Note: Risks are identified as per the priorities

HMCL's Risk Appetite Approach

We are in the process of establishing a comprehensive Risk Appetite Framework to systematically assess and delineate the level of risk that our organization is willing to undertake in pursuit of its strategic objectives . This framework is being developed to evaluate the potential impact and probability of each identified risk, which will enable us to define precise tolerance levels . Risks that pose an immediate and substantial threat to our operations or reputation will be assigned a low tolerance level, signifying our willingness to accept them. Conversely , risks integral to achieving our long-term strategic growth and innovation will be assigned a medium to high tolerance level, reflecting our considered willingness to embrace a greater degree of risk in these critical areas

The Risk Appetite Framework is intended to provide a structured and transparent approach to risk management, facilitating informed decision-making and enabling effective prioritization of risks . By aligning our risk management strategies with the organization's overarching strategic goals, we aim to optimize our risk management efforts and improve our overall risk mitigation efforts and enhance overall risk management effectiveness. This framework is being designed to empower us to strike an optimal balance between managing potential risks and capitalizing on opportunities , thereby ensuring that we undertake the appropriate level of risk to achieve our objectives while concurrently minimizing potential adverse consequences.

We will categorize the Risk Appetite for identified risks into five qualitative levels: Very Tolerant, Tolerant, Moderate, Averse, and Zero. Similarly, Risk Tolerance will be classified into five quantitative levels. Most Probable (25% - <50%, Probable (10%-<25%), Possible (5%-<10%), Occasional (2%-<5%), and Rare (<2%). These classifications will be aligned to ensure consistency and precision in our risk assessment and management processes.

The risk tolerance levels will serve as a benchmark to evaluate the potential impact and severity of all identified risks. The following quantitative scale will be used to assess risks at both the inherent (unmitigated) and residual (post-mitigation) levels, ensuring a thorough and consistent evaluation:

	1	2	3	4	5
	Rare	**Occasional**	**Possible**	**Probable**	**Most Probable**
Chances of event occurring	<2%	2% to <5%	5% to <10%	10% to <25%	25% to <50%





Risk Culture at HMCL

Fostering a robust and pervasive risk culture is fundamental to HMCL 's long-term resilience, sustainable growth, and competitive advantage. To cultivate this essential culture and continuously enhance our organizational risk management capabilities, we implement a multi-faceted range of initiatives. These include training programs designed to enhance risk awareness and competency across all levels of the organization, strategic financial incentives that align individual and team performance with effective risk management practices, and targeted risk communication strategies to ensure transparency and shared understanding of critical risks.

We maintain transparent and regular communication channels with senior management and the Risk Management Committee (RMC) through periodic risk updates. This continuous dialogue ensures that risk intelligence is integrated into strategic decision-making and that the highest levels of leadership are fully apprised of our evolving risk landscape and mitigation efforts. Our proactive approach to cultivating a strong risk culture empowers every employee to identify, assess, and contribute to the mitigation of risks, thereby embedding risk management as an integral component of our daily operations and strategic foresight.



Managing Emerging Risk

We conduct a thorough and ongoing review of emerging risks throughout the year, with a comprehensive update annually, to identify potential threats that may have a significant long-term impact on our operations over a three to five-year horizon.

Emerging Risks Landscape

Identified Risks	Description	Impact	Mitigation Actions
1. CAFE Norms	• With the existing CAFE (Corporate Average Fuel Economy) norms for 4-wheelers, it is anticipated that similar stringent fuel efficiency targets will be adopted for 2-wheelers as well. While explicit fuel efficiency targets for two-wheelers are not yet formalized under CAFE, several developments indicate this direction. • Furthermore, the government may introduce specific CAFE-like targets for two-wheelers to decarbonize this segment, which accounts for approximately 75% of total vehicle sales in India. • Future norms are expected to demand fleet-wide CO_2 emissions reductions, requiring Original Equipment Manufacturers (OEMs) to maintain an average emission and fuel efficiency threshold across all models sold.	• Regulatory non-compliance could lead to financial penalties, product recalls, and reputational damage. • Product Portfolio: Meeting future efficiency will become critical for 110–125cc ICE models, as they constitute a high contribution in sales volume. • Supply chain constraints: New technologies, such as light-weighting, hybridization, and BS6+ emission technology, require a transformation of the supply chain and the development of new vendor capabilities.	• HMCL's R&D team is dedicated to upgrading engines, investing in lightweight materials, and utilizing low-friction components to improve mileage. In line with this, the company has also expanded its electric vehicle (EV) portfolio with the launch of the VIDA VX2, aimed at creating affordable EVs and reducing the vehicle's average emissions. • Implementing advanced data, simulation, and compliance tools. These measures include establishing tracking mechanisms to monitor CO_2 emissions and fuel efficiency across the fleet, as well as simulating the potential impact of changes in product mix on overall Corporate Average Fuel Economy (CAFE) scores in advance. • Engaging with policymakers and stakeholders, collaborating with the Society of Indian Automobile Manufacturers (SIAM) to set realistic targets for two-wheelers.

Identified Risks	Description	Impact	Mitigation Actions
2. AIS 129 (ELV)	AIS 129 - The updated AIS 129 have 2 Parts: Part 1: Collection and dismantling of End-of-Life Vehicles (ELVs) - The standard focuses upon Collection and dismantling centers treating end-of-life vehicles. Part 2A: Heavy metals restriction & Dismantling Information - The standard specifically focuses on four chemical substances: Cadmium, Hexavalent Chromium, Mercury, and Lead. Part 2B: Type approval of Vehicles with regards to RRR - It targets for recyclability, recoverability, and reusability(RRR) at 80-85% by mass.	• All new vehicle models shall comply with AIS-129 (End-of-Life Vehicles) in order to receive Type Approval Certificate. The final notification is yet to be released. • Non-compliance with AIS-129 may result in the non-issuance of a CMVR (Central Motor Vehicles Rules) certificate.	• HMCL is proactively addressing upcoming AIS 129 (End-of-Life Vehicles) standards by implementing the International Material Data System (IMDS) to report recyclability, recoverability, reusability (RRR), and heavy metal restrictions (HMR). • This involves collecting material composition of parts from suppliers, which is crucial for compliance, identifying hazardous materials, and adhering to conflict minerals and compliance with RRR requirements.
3.Adoption and Governance of AI	Integrating AI into business functions—ranging from manufacturing automation, predictive maintenance, and customer analytics to supply chain optimization and digital platforms. This includes preparing data, ensuring fairness, managing ethical concerns, adapting legacy systems, and upskilling employees.	• Financial losses due to failed or misaligned AI projects • Reputational damage from unethical or biased AI decisions • Regulatory non-compliance and legal penalties under emerging data and AI laws (e.g., Digital Personal Data Protection Act) • Workforce disruption and skill obsolescence • Systemic failures from over-reliance on opaque AI models • Competitive disadvantage if AI is not scaled effectively	• Develop a clear AI strategy aligned with business objectives and define specific use-cases. • Ensure high-quality, clean, and secure data pipelines. • Implement AI fairness and bias testing protocols; audit algorithms regularly. • Invest in AI upskilling and transition programs for employees across all levels • Adopt explainable and transparent AI models for critical applications. • Foster cross-functional collaboration across IT, legal, operations, HR, and other business units. • Start with pilot AI projects, monitor outcomes, and scale successful models. • Ensure top leadership support and adequate budget allocation for AI infrastructure and governance.

TAX STRATEGY

Our company is dedicated to upholding the highest standards of tax responsibility, ethics, and sustainability. Our tax strategy and policies are deeply rooted in our Code of Conduct and values, guiding our approach to tax matters. We are committed to complying with all relevant tax laws, regulations, and reporting requirements in the jurisdictions in which we operate in a timely manner, respecting the underlying policy intent. We also strive to maintain transparent and collaborative relationships with tax authorities, auditors, and experts.

Our tax policy reflects this commitment, ensuring that we:

- Pay and report our taxes accurately and on time
- Adhere to local and international tax regulations
- Engage in open and constructive dialogue with all stakeholders, including governments and tax authorities
- Foster a culture of transparency, integrity, and accountability in our tax practices

Tax Transparency

Our Company is committed to transparency in our financial and tax reporting, disclosing relevant data for each tax jurisdiction globally in accordance with local securities and tax regulations. We adhere to a responsible tax approach, refraining from engaging in aggressive tax planning strategies that artificially shift profits or utilize tax havens to minimize tax liabilities.

Our affiliate entities operate in alignment with our core business activities, adhering to the 'arm's-length principle' to ensure fair and transparent transactions.

We recognize the vital role that taxation plays in supporting national development objectives and promoting sustainable economic growth. By paying our fair share of taxes, we contribute to the funding of public goods and services that benefit the broader community.

Tax Risk Management

HMCL has implemented a comprehensive tax risk management framework that spans all aspects of our business, including product trade and new market entry. This robust framework enables us to identify, assess, and mitigate tax risks proactively, ensuring that we maintain the highest standards of tax compliance and integrity.

Tax Risk Governance Framework

Our tax team is dedicated to maintaining consistency and compliance with tax laws and regulations. Meanwhile, our internal audit team conducts regular evaluations to ensure the effectiveness of our internal controls, accounting procedures, and policies. At the Board level, the Chief Financial Officer oversees tax matters, supported by a team of experienced and skilled corporate tax professionals. To ensure seamless execution, we provide ongoing training and support to departments involved in tax processes, leveraging expertise from across the organization as needed.

Tax Reporting

Hero MotoCorp, India's largest two-wheeler manufacturer, adheres to strict tax reporting norms. The Company files its tax returns on a timely basis, disclosing all financial transactions and complying with Income Tax Act, 1961. Hero MotoCorp also follows Goods and Services Tax (GST) regulations, reporting all GST-related transactions and payments. The company's tax reporting is transparent, accurate, and timely, ensuring compliance with all regulatory requirements.

Tax Details (Standalone)	FY25 (INR Cr.)
Revenue	40,756
Profit (Loss) before tax	6,128
Income tax paid	1,534
Income tax accrued (current year)	1,518



INFORMATION SECURITY AND DATA PROTECTION

At HMCL, we prioritize the security and protection of sensitive information, recognizing its critical importance to our business and stakeholders. To ensure the confidentiality, integrity, and availability of our data and assets, we have established a comprehensive Information Security Policy that is accessible to all employees. This policy provides a robust framework for safeguarding our information assets, focusing on three key areas: people, processes, and technology. By implementing a stringent cybersecurity and data protection framework, we effectively protect our business data, trade secrets, intellectual property, and copyrights from various threats, including theft, loss, unauthorized disclosure, unlawful access, and misuse.

Information Security Measures

HMCL adopts a proactive approach to cybersecurity, following a robust prevent, detect, and respond framework that aligns with the internationally recognized ISO/IEC 27001:2022 standard, as well as national and industry-specific regulations and requirements. Notably, 100% of our facilities have achieved ISO 27001:2022 certification for their IT infrastructure and enterprise systems, demonstrating our commitment to cyber security excellence.

To ensure continuous monitoring and response, our company operates a 24x7 Security Operations Centre (SOC) that detects and responds to cybersecurity alerts around the clock. Our cross-functional team of experts work to safeguard our corporate systems, protect personal information, and maintain the integrity of our processes through initiatives such as threat monitoring, design improvements, and vulnerability management.

We have implemented a comprehensive range of security measures to prevent and mitigate cyber threats, including access management, backup and restoration, change management, and incident response and recovery procedures.

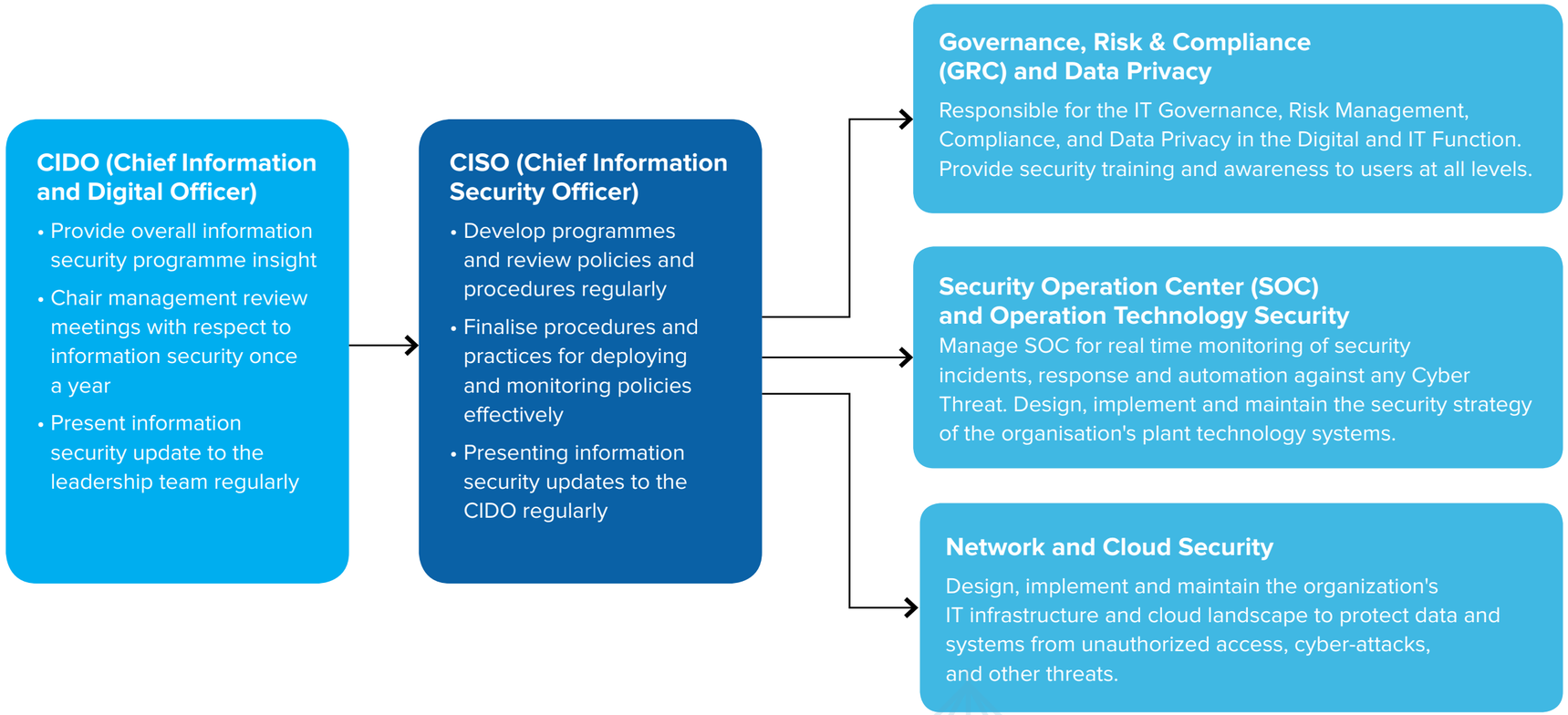
Governance Mechanism

Our Chief Information and Digital Officer (CIDO) spearheads the organization's digital transformation, developing and implementing strategic plans that leverage cutting-edge technologies to drive business growth and innovation. Our dedicated Chief Information Security Officer (CISO) plays a critical role in safeguarding our information assets, ensuring the confidentiality, integrity, and availability of our data, and protecting our networks and systems from cyber threats.

The CISO oversees a comprehensive information security programme, providing expert guidance to senior executives on managing technology risks, developing and enforcing security policies, and conducting regular review meetings on information security. CISO provides regular updates to the leadership team, ensuring they are informed and equipped to address emerging threats and vulnerabilities.



Information Security Organizational Structure



Incident Management

We have an internal incident management policy, designed to mitigate the impact of security incidents and data breaches, ensuring that any potential damage is minimized and contained. We have implemented a range of security control measures that prevent, detect, and respond to incident breaches, including advanced data leakage detection capabilities.

Our dedicated Security Operations Centre (SOC) team plays a critical role in monitoring, detecting, and reporting security incidents in real-time. All security incidents are thoroughly logged and tracked to closure, ensuring that we can identify root causes and take corrective action to prevent future occurrences.

In the event of an operational incident, our users can quickly and easily report the issue to our service desk, which is available to provide 24x7 support and guidance. We conduct thorough analyses of all incidents, identifying areas for improvement and implementing preventive and corrective actions to minimize the risk of recurrence.

Vulnerability Management Programme

We recognize the potential threats and vulnerabilities that exist in computer systems, networks, and software, and the inherent risks they pose to our organization. To effectively mitigate these risks, we have developed and implemented standard operating procedures (SOPs) for vulnerability management, which

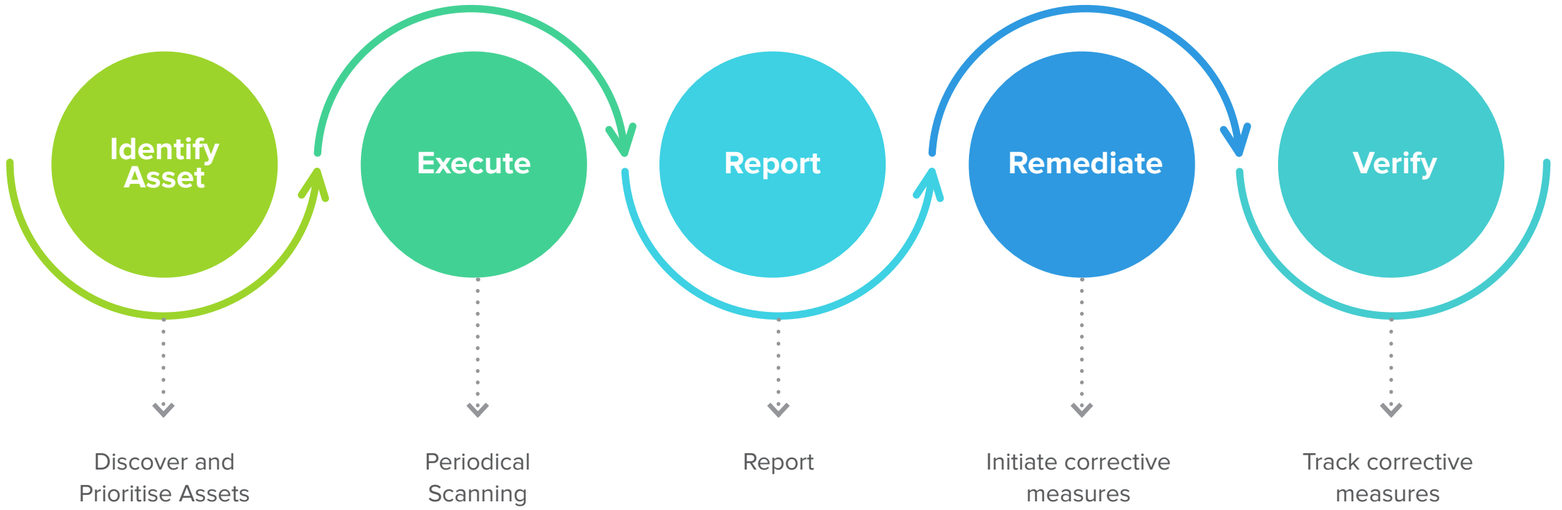
encompass servers, workstations, and applications. As part of our proactive approach, we engage a third-party expert to conduct regular vulnerability analysis scans of our IT infrastructure, as well as vulnerability assessment and penetration testing (VAPT) of our applications, in accordance with a predefined schedule.

We conduct simulated cyber-attacks in real-time to assess the efficacy of our cybersecurity controls and identify areas for improvement. To ensure that all employees are aware of and adhere to our information security policies, we have established a clear IT code of conduct, which must be followed by all staff members. Failure to comply with these policies may result in disciplinary action, which can negatively impact performance evaluations.

To facilitate incident management and reporting, we have established a well-defined escalation mechanism that is accessible to all employees across our locations. Furthermore, our service desk is available to provide support in the event of a security incident. We are pleased to report that, during the FY25, we experienced zero breaches related to cybersecurity or information security, demonstrating the effectiveness of our robust security measures and commitment to protecting our organization's assets

Business Continuity

We have developed a comprehensive IT Business Continuity Plan (BCP) to minimize the impact of incidents on our business processes and ensure continuity of operations. The plan outlines clear roles and responsibilities for establishing, implementing, operating, and maintaining the IT BCP, ensuring that all stakeholders are aware of their obligations and can respond effectively in the event of a disruption.



HMCL's management is committed to maintaining and enhancing the effectiveness of the IT BCP through a continuous cycle of review, audit, and maintenance. We conduct annual tests of our business continuity and incident response management systems to identify areas for improvement and ensure that our plans remain relevant and effective. Additionally, we undertake regular self-assessments, internal and external audits, and management reviews to identify opportunities for improvement and implement corrective and preventive actions.

To further strengthen our business continuity capabilities, we have developed an IT Disaster Recovery Strategy and Plan, which provides a clear framework for recovering critical, essential, and desirable applications in the event of a disaster. The plan includes the identification of disaster recovery sites for each critical application, ensuring that we can quickly restore operations and minimize downtime.

Privacy Management System

- **Our Commitment to Data Privacy:** We have implemented a comprehensive privacy policy that ensures the systematic protection of personal information across our organization, including our value chain. This policy is designed to meet regulatory requirements and safeguard the sensitive information of our clients, partners, and employees. In the event of a privacy breach, our dedicated grievance officer is responsible for handling the matter, and their contact details are available on our website. The officer resolves grievances in a timely manner, in accordance with applicable laws.

- **Protecting Customer Information:** We recognize the importance of protecting our customers' personal information and have extended various data privacy rights to them, including transparency, consent, access, correction, erasure, data portability, and objection. We

only use personal information for the purposes outlined in our policy, unless we have obtained the user's consent or are required to do so by law. We contacted approximately 15% of our customers for upselling of products, but only after obtaining their consent. We take full responsibility for our customers' data privacy and strive to maintain the highest protection standards.

- **Security Controls and Compliance:** Our security controls and internal audit program are designed to protect customer data and ensure compliance with privacy and regulatory requirements. These controls include encryption, access controls, logging and monitoring, and incident response. By integrating privacy protection into our operational risk management structures, we aim to build a resilient and trustworthy organization that respects individuals' privacy rights and ensures the secure handling of personal data.

- **Continuous Improvement:** Our internal audit program regularly reviews our security practices and procedures to identify areas for continuous improvement. In FY25, we reported zero cases of unauthorized data usage and successfully implemented new security measures, demonstrating our commitment to protecting customer data.

Developing the Security Culture

- **Fostering a Culture of Cybersecurity:**

Our digital and IT department has launched a comprehensive security awareness and training program to instill a strong security culture throughout the organization. This initiative ensures that all users, including top management, employees, and relevant third-party users, are equipped with in-depth knowledge about cybersecurity issues. By doing so, we aim to minimize risks and protect sensitive information, including personally identifiable information (PII), intellectual property (IP), and our brand reputation.

- **Employee Training and Education:** As part of our commitment to cybersecurity, employees undergo formal information security training during their onboarding process. This training covers common cybersecurity mistakes related to email, web usage, and physical security practices.

- **Enforcing Compliance:** To ensure adherence to our information security policies, employees are required to sign and comply with our IT code of conduct. This code outlines clear expectations and guidelines for employees.

Our IT handbook is regularly updated to reflect the latest information security trends and best practices, ensuring that employees have access to the most current and relevant information. This enables us to stay ahead of emerging threats and maintain a robust cybersecurity.



VALUE CHAIN MANAGEMENT

At HMCL, we recognize the vital role that sustainable supply chains play in achieving our long-term organizational sustainability goals. To drive meaningful change and contribute to a better future, we have taken deliberate steps to integrate sustainability into our value chain.

Our Value Chain Ecosystem

Our value chain ecosystem comprises of over 300 Tier-1 suppliers and 1000 dealers, all of whom are crucial to our operations. Our objective is to foster strong business relationships with these partners, ensure the highest quality standards, and create a sustainable supply chain that benefits both our organization and the environment.

Sustainable Partner Development Programme

We have launched the Sustainable Partner Development Programme (SPDP), a collaborative Environmental, Social, and Governance (ESG) initiative with our supply chain partners. This programme aims to effectively integrate sustainability into our operations, with clear responsibilities and processes in place. By working together, we seek to:

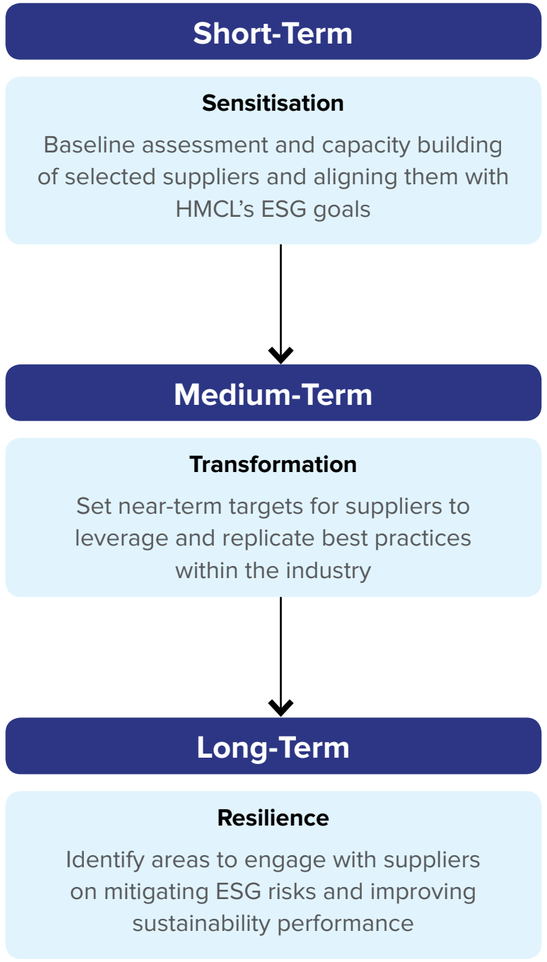
- De-risk our supply chain by identifying and mitigating potential ESG risks
- Re-calibrate our business strategy to prioritize sustainability and resilience
- Adopt sustainable procurement guidelines that promote environmentally responsible and socially conscious practices
- Drive performance and achieve our ESG goals through mutual collaboration and buy-in from our supply chain partners.

Coverage of SPDP	
Total Tier 1 suppliers	339
Total significant suppliers in Tier 1	124
Percentage of total expenditure on significant suppliers in Tier 1	90%
Total number of significant suppliers in non-Tier 1	0

We have identified 124 significant supply chain partners (SCPs) to participate in the SPDP, representing a substantial share of our business volume.

Sustainable Procurement Strategy

Our comprehensive strategy outlines a roadmap to create a sustainable and resilient supply chain ecosystem, with short-term, medium-term, and long-term milestones to drive improvements across the supply chain.



We regularly assess our suppliers' purchasing practices to ensure they align with our sustainability priorities. To reinforce this commitment, we have developed and implemented Sustainable Procurement Guidelines and Supplier Code of Conduct (SCoC), which 100% of our Tier 1 suppliers have agreed to adhere to and undergo periodic reviews and audits. These guidelines require suppliers to comply with rigorous Environmental, Social, and Governance (ESG) standards, and failure to do so may result in termination as a supplier if corrective actions are not taken within a set time frame.

Supplier Screening Process: Ensuring Partnership with Reliable and High-Quality Suppliers

At HMCL, we recognize the importance of partnering with reliable and high-quality suppliers who meet key ESG regulations. To achieve this, we have implemented a rigorous supplier screening process that enables us to identify and select top-performing suppliers who can deliver exceptional results once contracted. This systematic approach is designed to ensure that our suppliers align with our values, principles, and expectations, and that they can meet our business needs while minimizing risks.

Comprehensive Deck Assessment Checklist

As part of our new supplier onboarding process, we have introduced a comprehensive deck assessment checklist that evaluates suppliers based on Environmental, Social, and Governance (ESG) criteria and business relevance Key Performance Indicators (KPIs). This checklist is a critical tool in our supplier screening process, as it enables us to assess the suitability of potential suppliers and ensure that they meet our expectations.

The deck assessment checklist is divided into several sections, each focusing on a specific aspect of the supplier's performance. These sections include:

- **Environmental Criteria:** This section assesses the supplier's environmental performance, including their energy consumption, water usage, waste management, and pollution control measures.
- **Social Criteria:** This section evaluates the supplier's social performance, including their labor practices, human rights, community engagement, and diversity and inclusion policies.
- **Governance Criteria:** This section examines the supplier's governance structure, including their leadership, management systems, compliance with laws and regulations, and transparency and accountability.
- **Business Relevance KPIs:** This section assesses the supplier's business performance, including their financial stability, quality management systems, delivery performance, and customer satisfaction.

Sustainability aspects covered under new supplier onboarding assessment checklist

Environment	Material and Resource Conservation
	Environmental Conservation Initiatives (Energy, Water and Biodiversity)
Social	Occupational Health & Safety
Governance	Local Presence of Suppliers
	Regulatory Compliances
	Leadership Overview on ESG
	Technological Innovations to Meet Customer Expectations

We have digital tool in place where supplier data is collected along with feasible evidences for the review of the HMCL employees (SPOCs from buyer teams, R&D etc)

Risk screening for on-boarding suppliers

The company categorizes suppliers based on their risk profile, business criticality, and ESG performance, and conducts regular risk assessments to identify potential environmental, social, governance, and business continuity risks.

De-risking Strategy for Suppliers

Country-specific Risks
- Political and economic instability
- Regulatory norms

Sector-specific Risks
- Industry specific regulations
- Competition intensity
- Technological change
- Environmental risks

Commodity-specific Risks
- Supply and demand dynamics
- Storage and transportation risks
- Quality risks
- Price volatility

Mitigation Measures

- Diversified and multi-sourcing supplier base to reduce the risk of supply chain disruptions
- Leverage geographic proximity through near, national, and local sourcing
- Geographic diversification to expand global sourcing

To de-risk our supply chain, we implemented a comprehensive strategy that includes supplier segmentation, risk assessment, and engagement, as well as monitoring and auditing, capacity building, incentivization, diversification, contingency planning, stakeholder engagement, and continuous improvement.

Weighted Scoring System

Each KPI in the deck assessment checklist is assigned a weighted score, reflecting its relative importance in the overall evaluation process. The weighted scores are based on our organization's priorities and expectations, and they ensure that suppliers are evaluated consistently and fairly. Suppliers must achieve a minimum score to be considered for contract award.

On-site Assessments

We conduct regular on-site audits of our existing suppliers through a third-party auditor, which is a critical component of our supplier evaluation process. These audits involve a thorough examination of the supplier's products, systems, and process controls to assess their compliance with established standards and regulations. Any risks identified during the audit are categorized as low, medium, or high, and suppliers are required to implement a mitigation action plan to address these risks. We also conduct regular supplier performance evaluations using the QCDM approach (quality, cost, delivery, and management), which enables us to identify and replace underperforming suppliers with new ones.

Our Sustainable Partner Development Programme (SPDP) provides comprehensive technical support to our suppliers, focusing on in-depth assessments and onsite verifications to ensure the accuracy of supplier responses. The programme aims to evaluate and enhance the sustainability performance of our significant suppliers, with a total of 47 (38% of total Tier-1 suppliers) suppliers assessed across ~130 Environmental, Social, and Governance (ESG) parameters. These parameters were carefully designed in accordance with country-specific methodologies and BRSR reporting requirements, as mandated by the Securities and Exchange Board of India (SEBI).

Parameters mentioned in the assessment form

Sno	Sustainability
1	Initiative for conservation of materials (Rework/Reuse/Reduce)
2	Conservation Initiatives for Energy, Water & Biodiversity (Usage of Green source of energy)
3	Compliance of emission/Pollutions as per Govt. Regulations
4	Is there any system of efficient waste management
5	New innovation in product & technology in sync with customer expectations
6	Incorporation of latest statutory & legal changes in policies & awareness by management
7	Top management review mechanism of environmental compliance & CSR activities
8	Policy on localization in case of economic uncertainty in key global markets.

The SPDP programme establishes a baseline performance for each supplier, identifying areas for improvement and potential gaps in their sustainability practices. If any findings or gaps are identified during the assessment process, a customized recommendation plan is developed, outlining corrective action items for the supplier to address. Suppliers are then required to implement these recommendations, going beyond mere environmental and social compliance to achieve sustained improvement in their sustainability performance.

To support suppliers in addressing identified gaps and findings, we organize capacity-building sessions that provide them with the necessary knowledge, skills, and expertise to effectively resolve issues and enhance their sustainability performance. These sessions are designed to empower suppliers to take proactive steps towards improving their sustainability practices, ultimately contributing to a more responsible and sustainable supply chain



Supplier Performance Snapshot

Particulars	Remarks
GRI Standards	On average, 18 parameters are monitored.
Carbon footprint	In FY25, use of renewable energy and energy efficiency programs have resulted in the avoidance of 28,000 MTCO2e emissions.
Renewable Energy	In FY25, ~2,62,023 Megawatt units of Renewable energy is used/generated.
Water footprint	Water Recycling and efficiency programs have resulted in reduction of 2,21,076 KL of water consumption in FY25.
Certifications	100% of our Tier 1 Significant suppliers have valid ISO 9001/ IATF certification.
Human rights	100% of our Tier 1 significant suppliers have provided alignment with HMCL's Human rights policy
Safety	41% of our Tier 1 suppliers have been audited in FY25.
Trainings	33% of our tier 1 suppliers have gone through capacity building sessions
Conflict Mineral Compliance	15% of our Tier 1 suppliers provided undertaking in accordance with the Conflict Minerals Reporting Template (CMRT)

Note: These numbers are yet to be audited

Fire and Safety Audit

We also conduct comprehensive fire and safety compliance audits of our suppliers at regular intervals. These audits cover fire safety, occupational health and safety, and electrical safety, and are designed to ensure that our suppliers adhere to applicable regulations and established standards. The findings from these audits are used to identify areas for improvement and drive ongoing compliance, enabling us to maintain a safe and responsible supply chain.

In the current fiscal year, we successfully completed fire and safety audits at 41% of our total manufacturing supplier locations, based on annual purchase value. Following the initial audit, we have scheduled verification and re-audit activities, as well as risk management scoring for assurance, to take place every three years. Additionally, we have established collaborative partnerships with other Original Equipment Manufacturers (OEMs) to proactively identify and mitigate potential risks, and to enhance safety measures throughout our extended supply chain. This collaborative approach enables us to leverage collective expertise and resources, promoting a safer and more responsible supply chain ecosystem.



Fire and Safety Audit Checklist

Fire Safety	Occupational Health and Safety	Electrical Safety
Valid fire No objection certificate (NOC)	Health and safety policy	Electrical panel maintenance
Emergency plans, evacuation plans, and mock drills	Adequate first-aid setup	Safe electrical terminations
Proper storage of hazardous or explosive substances	HIRA implementation	Overload and overcurrent in electrical switchgears
Regular maintenance of fire equipment	Robust mechanism for incident reporting, investigation, and analysis	Double body earthing for all equipment, machines and structures, and lightning protection system
Adequate fire protection systems including fire hydrants, fire detection, fire suppression and fire extinguishing appliances	Third-party safety inspections	Periodic inspection of air-insulated substations and gas-insulated substations
	Proper usage of PPEs	
	Machine safety	
	Adequate machine/equipment guarding	
	Control of fall, trip/slip, and other hazards	
	Control of physical and chemical work environment	
	Effective ventilation and lighting systems	
	Safety training and raising awareness	

Managing Non-compliance

We maintain a rigorous approach to ensuring our suppliers comply with sustainability requirements. If a supplier fails to meet the minimum score or is categorized as 'high-risk' based on our risk assessment procedure, our sourcing board conducts a thorough due diligence review and follows a robust approval process before onboarding new suppliers or awarding additional contracts. This stringent approach enables us to mitigate potential risks and ensure that our suppliers adhere to our sustainability standards.

In FY25, we conducted a comprehensive risk assessment of our suppliers and were pleased to find that none of them posed a severe risk or potential environmental or social impact that could threaten HMCL's business operations. As a result, no suppliers were terminated due to non-compliance with our sustainability requirements. This outcome demonstrates our effective supplier risk management and due diligence processes, which enable us to maintain a responsible and sustainable supply chain.

Supplier Training and Development

To effectively implement our Sustainable Partner Development Programme (SPDP), our procurement team underwent specialized training and certification in sustainability assessment, ensuring that we have third-party certified sustainability assessors on board. This expertise enabled us to design and deliver comprehensive sustainability workshops for all 124 of our significant suppliers, with the goal of educating and supporting them in adopting best-in-class sustainability practices that align with our company's expectations.

The in-depth training sessions covered a wide range of critical Environmental, Social, and Governance (ESG) topics, including emission management, water conservation, waste minimization, human rights, and relevant management systems. By sharing our expertise and knowledge, we aim to enhance supplier practices and performance, driving positive change throughout our supply chain.

Through the SPDP, we foster open and collaborative dialogue with our suppliers, clearly communicating our ESG expectations and encouraging transparency and accountability. This programme also provides a platform for us to learn from and replicate best practices and initiatives implemented by our peers, promoting a culture of continuous improvement and innovation in sustainability.

Utilizing Local Potential

Local procurement is a vital component of our sourcing strategy, enabling us to foster strong relationships with a diverse range of local supply chain partners. We source materials from a broad spectrum of suppliers, including large enterprises and micro, small, and medium-sized enterprises (MSMEs), that meet our stringent quality, delivery, technology, and engineering requirements.

In FY25, we made a significant contribution to the local economy by directly sourcing around 6% of our input materials from MSMEs. This not only helps to support the growth and development of these smaller enterprises but also enables us to tap into their innovative capabilities and expertise.

Managing Conflict Minerals

We are committed to responsible sourcing and ethical supply chain practices, and have a strict policy in place to avoid sourcing or purchasing parts or components from conflict-affected and high-risk areas. Our conflict minerals policy is a testament to our unwavering dedication to upholding the highest standards of integrity and transparency in our supply chain.

To ensure compliance with our policy, we require all Tier-1 suppliers to provide undertakings that they will track and avoid conflict minerals throughout the supply chain, in accordance with the Conflict Minerals Reporting Template (CMRT) established by the Responsible Minerals Initiative (RMI). We have also implemented the International Material Database System (IMDS) as a screening tool to verify the origin of all parts and components. In FY25, none of our products contained minerals from conflict-affected and high-risk areas.

We maintain open and transparent communication with our suppliers by incorporating conflict minerals clauses into our supplier agreements. Our goal is to facilitate supply chain due diligence and enhance supplier engagement, enabling us to identify and assess risks related to mineral extraction and trade. To achieve this, we are developing a comprehensive strategy to manage identified risks, which includes monitoring and mitigation measures.

Sustainable raw materials

At HMCL, we prioritize sustainable materials to minimize environmental impact and promote social responsibility. Our approach includes using recycled materials, such as plastics, metals, and rubber, to reduce waste and conserve resources. We also utilize lightweight materials, like carbon fiber-reinforced composites and aluminum alloys, to improve fuel efficiency and lower emissions.

Our approach to sustainable materials is guided by six key principles:

- Sustainable Sourcing: We ensure that our materials are sourced in a responsible and sustainable manner, minimizing negative impacts on the environment and local communities.
- Recycled Materials: We promote the use of recycled materials, reducing waste and conserving resources.
- Collaboration: We work with external stakeholders to share best practices and promote sustainable raw material sourcing.
- Third-Party Verification: We conduct third-party verifications of our suppliers to ensure raw material being procured from sustainable suppliers.
- Streamlined Manufacturing: We streamline manufacturing processes to reduce energy consumption and environmental impacts.
- Biodiversity Protection: We avoid sourcing from sites near biodiversity hotspots and conserve biodiversity by preserving ecosystems and protecting endangered species.

Implications and Benefits

Our initiatives have far-reaching implications, including:

- Driving Sustainable Transformation: We drive sustainable transformation in the automotive industry by promoting sustainable materials and practices.
- Accelerating Adoption: We accelerate the adoption of sustainable materials and technologies, enhancing environmental performance and reducing waste.
- Enhancing Environmental Performance: We contribute to a more sustainable future for all by reducing environmental impact, conserving resources, and improving energy efficiency.
- Responsible Raw Material Sourcing: At HMCL, we recognize the importance of responsible raw material sourcing and its impact on the environment and local communities.



Green Dealership

Our dealerships play a vital role in representing our company, delivering exceptional products and services to our valued customers. As part of our commitment to sustainability, we are dedicated to supporting our dealerships in their journey towards becoming more sustainable and eco-friendlier. By doing so, we aim to ensure their long-term success and alignment with our corporate sustainability goals, ultimately contributing to a more environmentally responsible and sustainable future.

To ensure their enduring success and in line with our corporate sustainability objectives, we are dedicated to assisting our dealerships in their transition to sustainable and environmentally conscious operations. Further details can be found on our green dealership webpage.

Green Dealership Activation

We have upgraded our 320 Dealers to Green Dealerships.

In order to make the operations at Green Dealerships sustainable & further improve, we have initiated continuous evaluations through an external independent body at these dealership locations.

Onsite Evaluations

We have conducted onsite evaluations through an external independent body at 160 green dealerships on following parameters:

- Renewable Energy
- CO_2 emissions
- Energy-efficient appliances
- Waste Management system
- Green Plantation
- Paperless Operation
- Water Conservation Measures
- Efficient workshop equipments







Recognizing our Green Dealers

This initiative shows our deep commitment to fostering environmentally sustainable business practices throughout our entire dealership network. We believe it's crucial to acknowledge and celebrate those partners who are leading the way in environmental responsibility.

We recognize the best dealers who actively participated in implementing the Green initiative. The primary goal of this recognition was to create a platform for the exchange of best practices in environmentally sustainable dealership operations. We wanted to facilitate valuable learning opportunities among our dealers, allowing them to gain insights from the successes and innovations of their peers. Furthermore, this event provided an excellent opportunity for dealers to build professional connections and learn more about the latest environmentally conscious products and services available to support their efforts in reducing environmental impact. We believe these connections and knowledge will be invaluable as we collectively work towards a greener future.

Dealer Performance snapshot (basis onsite evaluations):

Elements	% Dealers
Renewable Power Source	84% of the assessed dealers have solar rooftop (Total capacity : 3.38 MW)
5 Star Appliances	99% of the assessed dealers have 5 star rated appliances
Smart Lighting System	51% of the assessed dealers have smart lighting system
Used Oil Disposal	92% of the assessed dealers have responsible waste oil disposal mechanism
Waste Management	96% of the assessed dealers have proper waste segregation system
Water Conservation	81% of the assessed dealers have implemented water conservation measures
Heat Management	33% of the assessed dealers have heat management measures in place
Green Plantations	75% of the assessed dealers have dedicated green plantations/green wall
Paperless Operations	98% of the assessed dealers are following paperless operations
Dry Wash	100% of the assessed dealers have the dry wash facility

Value Chain Review Mechanism

The SCSR Board Committee holds quarterly meetings to review and assess the implementation of sustainability initiatives, such as the Sustainable Partner Development Programme and Green Dealerships. In addition, the Sustainability Steering Committee meets monthly to track the progress of value chain sustainability programs, providing regular updates and driving continuous improvement.



ESG DATA BOOK

Environment – Key Performance Indicators

This chapter provides an overview of HMCL performance over time. The reporting boundary of disclosures is given on page no 5.

Indicator	FY25	FY24	FY23	FY22
Emissions (tCO_2)				
Scope 1				
High-Speed diesel (HSD)	467	939	984	2,107
Propane	953	1,062	1,206	1,384
Natural Gas	16,425	18,170	16,314	23,054
LPG	201	183	183	-
CO2 used in welding shops	181	174	198	-
Fugitive emissions	1,711	847	982	23,054
Total	**19,938**	**21,375**	**19,867**	**26,545**
Scope 2 (Market-based)*				
Grid	70,547	82,224	82,484	84,115
Total Scope 1+2	**90,485**	**1,03,600**	**1,02,351**	**1,10,660**

* Scope 2 (Location-based) emission - 97,008 tCO2

Scope 3 Emission (tCo_2)

Category	Description	Methodology	FY25	FY24
1	Purchased goods and services	Hybrid method	6,19,374	4,77,613
4	Upstream Transportation and Distribution	Distance-based	99,321	94,982
9	Downstream Transportation and Distribution			
6	Business travel	Distance-based	6,458	3,909
7	Employee commuting	Distance-based	12,779	7,927
8	Upstream leased assets	Asset Specific	1,680	-
11	Use of sold products	Use phase	1,81,75,308	1,95,97,821
14	Franchises	Hybrid method	25,908	-

Air Emissions - NOx, SOx, and Other

Air Emissions	FY25	FY24	FY23	FY22
Sox (Tonnes)	1.1	3.7	0.89	2.56
Nox (Tonnes)	14.5	22.9	16.08	33.75
PM (Tonnes)	9.9	7.2	6.33	11.08

Ozone Depletion and Volatile Organic Compounds (VOCs)

ODS IN kg	FY25	FY24	FY23	FY22
R22 FREON GAS (In CFC-11 equivalent)	4.64	2.44	14.76	2.44
R22 MAFRON (In CFC-11 equivalent)	30.28	16.8	5.28	26.84
Total	**34.92**	**19.24**	**20.04**	**29.28**

Energy Consumption

Classifications		FY25	FY24	FY23	FY22
Non-Renewable Energy Consumption-MWh	High-Speed Diesel (HSD)	1,750	3,551	3,690	7,923
	Propane	4,196	4,675	5,310	6,104
	LPG	884	807	805	-
	Natural Gas	81,328	89,971	80,776	1,14,151
	Electricity (Non-Renewable)	97,038	1,14,839	1,16,175	1,06,475
Total Non-Renewable Energy Consumption-MWh		1,85,196	2,31,812	2,06,755	2,34,653
Renewable energy consumption-MWh	Electricity (renewable)	49,749	19,859	13,616	10,667
Total Energy Consumption-MWh		**2,34,945**	**2,51,671**	**2,20,371**	**2,45,320**

Water and Effluents

Indicators	FY25	FY24	FY23	FY22
Total Water Withdrawal (KL) – Groundwater	**5,30,596**	**5,07,561**	**5,49,694**	**5,18,483**
Freshwater (<=1000 mg/L total dissolved solids)	3,30,163	3,00,466	2,99,018	3,04,683
Freshwater (>1000 mg/L total dissolved solids)	2,00,433	2,07,095	2,50,676	2,13,800
Third-party Water and Surface Water				
Total water withdrawal (KL)	2,53,981	2,49,617	2,97,408	3,05,529

Indicators	FY25	FY24	FY23	FY22
Freshwater (<=1000 mg/L total dissolved solids	2,53,981	2,49,617	2,97,408	3,05,529
Other water (>1,000 mg/L total dissolved solids)	0	0	0	0
Total Water Withdrawal (KL)	**7,84,577**	**7,57,178**	**8,47,102**	**8,24,012**
Total Water Consumed in Domestic and Process (KL)	**7,84,577**	**7,57,178**	**8,47,102**	**8,24,012**
Wastewater Treatment and Reuse				
Wastewater treated (KL)	5,04,528	4,68,434	4,96,201	5,01,220
Water recycled (KL)	2,46,594	2,21,847	2,95,952	2,66,505
Water reused (KL)	2,57,934	2,46,587	2,00,249	2,34,715
Water discharge	0	0	0	0
% of total water recycled/reused (KL)	64.31%	61.87%	58.58%	60.83%

Water Consumption - water stressed regions

Name of the Area	Haryana and Rajasthan		
Nature of operations	Manufacturing of two-wheelers, Global Part Center and Research & Development		
Parameter	**Unit**	**FY25**	**FY24**
Water withdrawal by source (KL)	Kilolitres		
Surface water	Kilolitres	0	0
Ground water	Kilolitres	2,77,770	2,71,106
Third party water	Kilolitres	1,38,049	1,32,642
Seawater/desalinated water	Kilolitres	0	0

Parameter	Unit	FY25	FY24
Others	Kilolitres	0	0
Total volume of water withdrawal (KL)	Kilolitres	415,819	403748
Total volume of water consumption (KL)	Kilolitres	415,819	403748

Materials Consumed

Category of Materials	Units	FY25	FY24	FY23	FY22
Steel	Tonnes	4,72,757	4,57,832	4,40,988	3,92,869
Aluminium	Tonnes	1,26,343	1,21,304	1,15,819	1,04,084
Rubber	Tonnes	43,377	41,540	39,895	35,980
Plastic	Tonnes	45,216	43,104	39,455	35,082
Paints and thinners	KL	18,857	18,091	17,442	15,681
Acrylonitrile butadiene styrene polymer (ABS)	Tonnes	13,212	12,691	12,220	10,986
Engine and shock absorber oil	KL	7,901	7,580	7,299	8,058
Non-ferrous	Tonnes	17,395	16,672	17,529	12,782

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

Recycled Input Materials	Units	FY25	FY24	FY23	FY22
Steel	Tonnes	48,146	58,250	49,486	24,695
Aluminium	Tonnes	76,461	73,353	70,723	63,593

Waste Generation & Disposal

Hazardous Waste	Unit	Waste Management Method	FY25	FY24	FY23	FY22
E-waste	Tonnes	Recycling	17.92	6.4	15.1	5.4
Biomedical waste	Tonnes	Incineration	0.41	0.3	0.3	0.3
Battery waste	Tonnes	Recycling	121.8	101.1	71.3	127.0
ETP sludge	Tonnes	Co-processing	649.4	445.2	529.6	451.1
Paint sludge	Tonnes	Co-processing	949.4	982.4	941.2	863.2
Grinding sludge	Tonnes	Co-processing	244.2	197.6	214.7	224.8
Phosphate sludge	Tonnes	Co-processing	36.1	32.2	27.1	26.5
Used oil	Tonnes	Co-processing	55.3	39.1	40.6	57.0
Other hazardous waste	Tonnes	Co-processing	69.34	39.6	10.5	29.4
Oily rags	Tonnes	Recycling	52.7	50.1	37.8	
Total	**Tonnes**		**2,196.57**	**1,894.2**	**1,888.2**	**1,784.7**

Non-hazardous Waste	Unit	Waste Management Method	FY25	FY24	FY23	FY22
Aluminium scrap	Tonnes	Recycling	2,658	2,509.0	2,461.2	2,481.9
Steel scrap	Tonnes	Recycling	3,707	3,680.5	2,378.3	3,588.7
Packaging Material (Corrugated box & wastepaper)	Tonnes	Recycling	1,469	1,416.1	1,165.0	1,045.6

Non-hazardous Waste	Unit	Waste Management Method	FY25	FY24	FY23	FY22
Plastic Waste	Tonnes	Recycling	1617	1,677.9	1,491.9	1,367.0
Other Non-Hazardous Waste	Tonnes	Recycling/Reused	3,153	3,253.1	269.0	813.8
Construction waste	Tonnes	Reused	4,276	2,394.7	914.0	-
Total	**Tonnes**		**16,880**	**14,931.2**	**8,679.3**	**9,297.0**

Social – Key Performance Indicators

Workforce Details-FY25

Designation and Grade	Unit	Gender-wise		Age-wise			Total
		Female	Male	<30	30-50	>50	
AVP,VP,SVP and Leadership team	Nos	2	22	0	10	14	24
Senior management	Nos	23	275	0	188	110	298
Middle management	Nos	89	998	18	1,008	61	1,087
Junior management	Nos	326	2039	832	1,462	71	2,365
GETs/DET/PGETs/MTs	Nos	96	116	211	1	0	212
Officers	Nos	104	592	361	317	18	696
Supervisor	Nos	2	142	1	130	13	144
Retainers	Nos	0	13	0	8	5	13
Permanent Workers	Nos	9	4,679	253	3,634	801	4,688
Contractual employees	Nos	4,042	22,106	19,706	5,922	520	26,148
Total Workforce	**Nos**	**4,693**	**30,982**	**21,382**	**12,680**	**1,613**	**35,675**

Workforce Details-FY24

Designation and Grade	Unit	Gender-wise		Age-wise			Total
		Female	Male	<30	30-50	>50	
AVP,VP,SVP and Leadership team	Nos	2	26	0	10	18	28
Senior management	Nos	18	270	0	185	103	288
Middle management	Nos	69	864	14	863	56	933
Junior management	Nos	247	1,924	767	1,336	68	2,171
GETs/DET/PGETs/MTs	Nos	52	159	209	2	0	211
Officers	Nos	113	587	355	326	19	700
Supervisor	Nos	3	162	3	149	13	165
Retainers	Nos	0	12	0	6	6	12
Permanent Workers	Nos	8	4,709	288	3,723	706	4,717
Contractual employees	Nos	3,983	20,758	18,520	5,743	478	24,741
Total Workforce	**Nos**	**4,495**	**29,471**	**20,166**	**12,343**	**1,467**	**33,966**

Diversity in Workforce

Particulars	Diversity (%)	
	FY25	FY24
Percentage of women in all management positions, including junior, middle and top management (% of total management positions)	11.7	9.8
Percentage of women in top management positions, i.e. maximum of two levels below from the CEO (% of total top management positions)	22.5	21.1
Percentage of women in middle management	8.2	7.4
Percentage of women in junior management	13.8	11.4
Percentage of women in non-managerial positions	15.3	12.6
Percentage of women in management positions in revenue-generating functions	11	8.7
Percentage of women in Science, Technology, Engineering and Mathematics (STEM)-related positions	5.5	4.5
Percentage of people with disabilities in workforce	0.29	0.27

Our target is to achieve 30% Gender diversity by 2030.

Expats

Nationality	Share in total workforce (% of total staff)		Share in total management positions	
	FY25	FY24	FY25	FY24
Canadian	0.02	0.00	0.03	0.00
Colombian	0.27	0.27	0.30	0.33
British	0.04	0.07	0.05	0.08
Italian	0.06	0.09	0.08	0.11
Japanese	0.02	0.02	0.03	0.03
Nepalese	0.04	0.02	0.05	0.00
Spanish	0.06	0.07	0.08	0.08
American	0.00	0.02	0.00	0.03
Czech	0.04	0.04	0.05	0.06
Indian	99.5	99.4	99.34	99.28

Hiring and Turnover

Hiring Details-FY25

Designation and Grade	Unit	Gender-wise		Age-wise			Total
		Female	Male	<30	30-50	>50	
AVP,VP,SVP and Leadership team	Nos	1	0	0	1	0	1
Senior management	Nos	4	13	0	17	0	17
Middle management	Nos	16	106	5	117	0	122
Junior management	Nos	96	391	263	224	0	487
GETs/DET/PGETs/MTs	Nos	101	107	207	1	0	208
Officers	Nos	72	19	76	15	0	91
Supervisor	Nos	0	0	0	0	0	0
Retainers	Nos	0	3	0	2	1	3
Permanent Workers	Nos	1	112	19	93	1	113
Total Hiring	**Nos**	**238**	**804**	**570**	**470**	**2**	**1042**

Hiring Details-FY24

Designation and Grade	Unit	Gender-wise		Age-wise			Total
		Female	Male	<30	30-50	>50	
AVP,VP,SVP and Leadership team	Nos	1	2	0	1	2	3
Senior management	Nos	3	12	0	15	0	15
Middle management	Nos	22	123	3	142	0	145
Junior management	Nos	77	513	329	260	1	590
GETs/DET/PGETs/MTs	Nos	52	160	210	2	0	212
Officers	Nos	20	105	95	29	1	125
Supervisor	Nos	0	0	0	0	0	0
Retainers	Nos	0	0	0	0	0	0
Permanent Workers	Nos	1	142	51	90	2	143
Total Hiring	**Nos**	**176**	**1057**	**688**	**539**	**6**	**1233**

Nationality wise Hiring

Nationality	Male		Female		Total	
	FY25	FY24	FY25	FY24	FY25	FY24
Canadian	1		0		1	
Colombian	0	3	0	1	0	4
British	0	0	0	0	0	0
Italian	0	0	0	0	0	0
Japanese	0	0	0	0	0	0
Nepalese	1	0	0	0	1	0
Spanish	0	0	0	0	0	0
American	0	0	0	0	0	0
Czech	0	0	0	0	0	0
Indian	802	1054	238	175	1040	1229

Hire Rate

Workforce categories	Male		Female		Total	
	FY25	FY24	FY25	FY24	FY25	FY24
Permanent Employees	16.5%	22.64%	36.9%	37.12%	19.2%	24.16%

Hire Cost

Workforce categories	Total	
	FY25	FY24
Hiring cost/FTE	2,26,894	1,17,956

Turnover Details - FY25

Designation and Grade	Unit	Gender-wise		Age-wise			Total
		Female	Male	<30	30-50	>50	
AVP,VP,SVP and Leadership team	Nos	1	6	0	1	6	7
Senior management	Nos	3	27	0	13	17	30
Middle management	Nos	6	87	0	81	12	93
Junior management	Nos	54	298	147	194	11	352
GETs/DET/PGETs/MTs	Nos	5	10	15	0	0	15
Officers	Nos	29	68	60	37	0	97
Supervisor	Nos	1	5	0	3	3	6
Retainers	Nos	0	2	0	0	2	2
Permanent Workers	Nos	0	274	16	230	28	274
Total Turnover	**Nos**	**99**	**777**	**238**	**559**	**79**	**876**

Voluntary turnover rate for permanent staff workforce is 13.33 %

Turnover Details - FY24

Designation and Grade	Unit	Gender-wise		Age-wise			Total
		Female	Male	<30	30-50	>50	
AVP,VP,SVP and Leadership team	Nos	0	7	0	0	7	7
Senior management	Nos	1	89	0	34	56	90
Middle management	Nos	15	206	2	175	44	221
Junior management	Nos	65	534	204	345	50	599
GETs/DET/PGETs/MTs	Nos	7	16	23	0	0	21
Officers	Nos	22	105	62	48	17	127
Supervisor	Nos	1	34	0	21	14	35
Retainers	Nos	0	2	0	0	2	2
Permanent Workers	Nos	0	108	3	14	91	108
Total Turnover	**Nos**						**1212**

Voluntary turnover rate for Permanent staff workforce is 24.33%

Nationality wise Turnover

Nationality	Male		Female		Total	
	FY25	FY24	FY25	FY24	FY25	FY24
Colombian	0	2	1	0	1	2
British	0	0	0	0	0	0
Italian	1	0	0	0	1	0
Japanese	0	1	0	0	0	1
Nepalese	0	0	0	1	0	1
Spanish	0	0	0	0	0	0
American	0	0	0	0	0	0
Czech	0	0	0	0	0	0
Indian	501	1,098	98	110	599	1,208

Turnover rate

Workforce categories	Male		Female		Total	
	FY25	FY24	FY25	FY24	FY25	FY24
Permanent Employees	12.24%	24.57%	17.28%	23.54%	12.86%	24.47%

Parental Leave Data

Parental Leave Indicator*	Male		Female	
	FY25	FY24	FY25	FY24
No. of employees entitled to parental leave	5247	5054	651	512
No. of employees that took parental leave	181	281	17	26
No. of employees that returned to work in the reporting period after parental leave ended	181	281	17	26
Return to work rate	100%	100%	100%	100%
No. of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	254	290	19	19
Retention rate of employees who returned to work after parental leave and are still employed after 12 months	90.39%	83.82%	73.08%	70.37%

* For total permanent workforce

Training Hours Details - FY25

Designation and Grade	Unit	Training hours		
		Male	Female	Total Training Hours
AVP,VP,SVP and Leadership team	Nos	668	30	698
Senior management	Nos	7,070	832	7,902
Middle management	Nos	27,123	5,774	32,897
Junior management	Nos	70,146	23,482	93,628
GETs/DET/PGETs/MTs	Nos	28,142	26,398	54,540
Officers	Nos	21,812	11,135	32,947
Supervisor	Nos	1,989	4	1,993
Retainers	Nos	56	0	56
Permanent Workers	Nos	1,61,267	16,770	1,78,037
Contractual	Nos	5,11,402	1,43,215	6,54,618
Total	**Nos**	**8,29,675**	**2,27,641**	**10,57,316**

Average Training Hours Details - FY25

Designation and Grade	Unit	Average training hours per employee (hours/employee)		
		Person hours/ Male employee	Person hours/ Female Employee	Avg. training
AVP, VP, SVP and Leadership team	Nos	30	15	29.08
Senior management	Nos	26	36	26.52
Middle management	Nos	27	65	30.26
Junior management	Nos	34	72	39.59
GETs/DET/PGETs/MTs	Nos	243	275	257.27
Officers	Nos	37	107	47.34
Supervisor	Nos	14	2	13.84
Retainers	Nos	4	0	3.08
Permanent Workers	Nos	34	48	35.19
Contractual	Nos	19	19	18.96
Total	**Nos**	**27**	**49**	**29.64**

Nationality wise Training - FY25

Designation and Grade*	Unit	Male	Female	Total
Colombian	person hours	19	2	21
British	person hours	77	0	77
Italian	person hours	4	0	4
Japanese	person hours	0	0	0
Nepalese	person hours	1	0	1
Spanish	person hours	37	0	37
American	person hours	0	0	0
Czech	person hours	86	0	86
Indian	person hours	1,36,104	49,863	1,85,967

* (staff only)

Training by Age Groups - FY25

Designation and Grade*	Age Group	Hours
Training hours by age group for staff employees	Under 30	1,19,971
	30-50	92,497
	50 & over	42,988

Gender Pay Gap Indicators - FY25

Description (Staff)	FY25	FY24
	%	%
Mean gender pay gap (Base pay)	24.78	22.72
Median gender pay gap (Base pay)	26.12	26.35
Mean gender pay gap (Bonus)	27.32	26.73
Median gender pay gap (Bonus)	43.20	28.90

Gender pay gap = (Men pay - Women pay) / Men pay

Performance Review Details

Designation and Grade	% of employees eligible who receive regular career performance and career development review		
	Male	Female	Total
AVP, VP, SVP and Leadership team	100%	100%	100%
Senior management	100%	100%	100%
Middle management	100%	100%	100%
Junior management	100%	100%	100%
GETs/DET/PGETs/MTs	100%	100%	100%
Officers	100%	100%	100%
Supervisor	100%	100%	100%
Retainers	100%	NA*	100%

* No female in retainer section

Tax Reporting - FY25

Particulars	Hero Fincorp Limited	Ather Energy Limited
1. Country	India	India
2. Corporate name	Hero Fincorp Limited	Ather Energy Limited
3. Primary activity	Providing financial services, including two-wheeler financing and providing credit to Company's vendors and suppliers.	Focused on developing, designing and selling premium electric two-wheelers
4. Revenue	INR 9,903 Crores	INR 23,052 million
5. Profit (Loss) before tax	INR 256 Crores	(INR 8,123 million)
6. Income tax paid	INR 262 Crores	INR 23 million
7. Income tax accrued (current year)	INR 146 Crores	Nil

ASSURANCE STATEMENT – MATERIALITY ASSESSMENT

Independent Limited Assurance Statement to Hero Moto Corp Limited on their Materiality Assessment FY2023-24

To the Management of Hero Moto Corp Limited, New Delhi

Introduction
Intertek India Private Limited ("Intertek") was engaged by Hero Moto Corp Limited ("HMCL") to provide an independent limited assurance on its Materiality Assessment carried out in FY 2023-2024. The assurance was performed in accordance with the requirements of International Federation of Accountants (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Objective
The objectives of this Limited assurance exercise were, by review of objective evidence, to confirm whether any evidence existed that the Materiality Assessment disclosed by HMCL in accordance with the Global Reporting Initiative (GRI) Standard, 2021 were not accurate, complete, consistent, transparent and free of error or omission in accordance with the criteria outlined below.

Intended Users
This Assurance Statement is intended to be used for HMCL purposes and will be a part of the Annual Sustainability Reports for public disclosures.

Responsibilities
The management of HMCL is solely responsible for the development of Materiality Assessment and its presentation. Management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the Assessment so that it is free from material misstatement, whether due to fraud or error.

Intertek's responsibility, as agreed with the management of HMCL, is to provide assurance and express an opinion on the data and assertions in the Materiality Assessment based on our verification following the assurance scope and criteria given below. Intertek does not accept or assume any responsibility for any other purpose or to any other person or organization. This document represents Intertek's independent and balanced opinion on the content and accuracy of the information and data held within.

Assurance Scope
The assurance has been provided for the Materiality Assessment, presented by HMCL in accordance with the Global Reporting Initiative (GRI) Standard, 2021. Our scope of assurance included verification of internal control systems, data and information on various methodologies and tools used for Materiality Assessment:

- Comprehensive Stakeholder Engagement
- SASB Indexing
- Peer Benchmarking
- Actual and Potential Impact Analysis
- Prioritization and management of material topics
- List of *GRI indicators* assured on limited basis

- 2-29 Approach to stakeholder engagement.
- 3-1 Process to determine material topics.
- 3-2 List of material topics3-3 Management of material topics

Assurance Criteria
Intertek conducted the assurance work in accordance with requirements of 'Limited Assurance' procedures as per the following standard:

- International Standard on Assurance Engagements (ISAE) 3000 (revised) for 'Assurance Engagements other than Audits or Reviews of Historical Financial Information.

A limited assurance engagement comprises of limited depth of evidence gathering including inquiry and analytical procedures and limited sampling as per professional judgement of assurance provider. A materiality threshold level of 10% was applied. Assessment of compliance and materiality was undertaken against the stated calculation methodology and criteria.

Methodology
Intertek performed assurance work using a risk-based approach to obtain the information, explanations and evidence that was considered necessary to provide a limited level of assurance.
The assurance was conducted by desk reviews, and stakeholder interviews with regards to the reporting and supporting records for the fiscal year 2023-24.
Our assurance task was planned and carried out during April-June 2024. The assessment included the following:

- Review of the Report that was prepared in accordance with the GRI guidelines
- Review of Stakeholder Engagement processes
- Review of Peer Benchmarking processes
- Review of SASB Indexing Tool
- Review of Impact Analysis
- Appropriate documentary evidence was obtained to support our conclusions on the information and data reviewed and details would be provided in a separate management report.

Conclusion
Intertek reviewed Materiality Assessment Report provided by HMCL. Based on the procedures performed as above, evidence obtained, and the information and explanations given to us along with the representation provided by the management and subject to inherent limitations outlined elsewhere in this report, in our opinion, HMCL's data, The Materiality Assessment in all major respects covers the most significant issues.

Intertek's Competence and Independence
Intertek is a global provider of assurance services with a presence in more than 100 countries employing approximately 43,500 people. The Intertek assurance team included competent sustainability assurance professionals, who were not involved in the collection and collation of any data except for this assurance opinion. Intertek maintains complete impartiality towards any people interviewed.

For Intertek India Pvt. Ltd.

Toshi Satwaskar
Intertek Verifier

09th July 2024

Shilpa Naryal
Head of Sustainability
Intertek South Asia & MENAP

10th July 2024

Sandeep Vig
Director-Business Assurance
Intertek India & MENAP

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Date: 2024.07.10 16:53:06 +05'30'

No member of the verification team (stated above) has a business relationship with HMCL stakeholders beyond that is required of this assignment. No form of bribe has been accepted before, throughout and after performing the verification. The verification team has not been intimidated to agree to do this work, change and/or alter the results of the verification. The verification team has not participated in any form of nepotism, self-dealing and/or tampering. If any concerns or conflicts were identified, appropriate mitigation measures were put in place, documented and presented with the final report. The process followed during the verification is based on the principles of impartiality, evidence, fair presentation and documentation. The documentation received and reviewed supports the conclusion reached and stated in this opinion.

ASSURANCE STATEMENT – SUSTAINABILITY REPORT

Independent Assurance Statement

Assurance Statement on Sustainability Report of Hero MotoCorp Limited

For

Reporting Period:

April 01, 2024 – March 31, 2025

Bureau Veritas (India) Private Limited

72 Business Park, 9th Floor, MIDC Cross Road 'C', Opp. SEEPZ Gate #2, Andheri (East) Mumbai-400 093 India.

To

Hero MotoCorp Limited

The Grand Plaza, Plot No.2,
Nelson Mandela Road, Vasant Kunj - Phase -II,
New Delhi - 110070

Introduction and Objective of Work

BUREAU VERITAS has been engaged by **Hero MotoCorp Limited** (hereinafter abbreviated as "**HMCL**") to conduct an independent assurance of the identified sustainability indicators in its Sustainability Report ("SR") for the reporting period from 01.04.2024 to 31.03.2025. This assurance statement applies to the related information included within the scope of work described below.

The selection of reporting criteria, reporting period, reporting boundary, monitoring and measurement of data, preparation and presentation of information for the Sustainability Reporting is the sole responsibility of the management of "HMCL". Bureau Veritas was not involved in the drafting or preparation of the back-up data of "HMCL" for the Sustainability Reporting. Our sole responsibility was to provide independent assurance on its content.

Intended User

The assurance statement is made solely for HMCL as per the governing law and contractual terms & conditions of the assurance engagement contract between HMCL and Bureau Veritas. To the extent that the law permits, we owe no responsibility and do not accept any liability to any other party other than HMCL for the work we have performed for this assurance report or for our conclusions stated in the paragraph below.

Scope of Work

- Checking that the data and information included in the SR for the reporting period from 01.04.2024 to 31.03.2025 was fairly presented without material misrepresentation.
- Verifying that the Gender Pay Gap data for FY 2024-25, reported from 01.04.2024 to 31.03.2025
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse, and review the information reported.

Reporting criteria:

In preparing the Sustainability Report FY2024-25, HMCL has reported in accordance with the Global Reporting Initiative (GRI) Standard, 2021 for Sustainability Report FY2024-25.

Assurance standard used:

Bureau Veritas conducted the assurance in accordance with:

- Assurance requirements of International Federation of Accountants' (IFAC) 'International Standard on Assurance Engagement (ISAE) 3000 (revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information'.
    - Reasonable and limited level of assurance under ISAE 3000 requires us to plan and perform procedures to obtain sufficient appropriate evidence on conformity of sustainability performance disclosures as per GRI Standards, 2021.
    - Assurance Engagements on Greenhouse Gas Statements (ISAE 3410) for the GHG emission data.
    - Under this standard, we have reviewed the information presented in the Report against the characteristics of relevance, completeness, reliability, neutrality and understandability.

Level of assurance:

- Reasonable and;

- Limited (the level of assurance obtained in work performed in a limited assurance engagement is lower than for a reasonable assurance engagement, but is higher than no assurance).

List of GRI disclosure assured at a reasonable level:

GRI Index-2021	Disclosure
302-1	Energy consumption within the organization
302-3	Energy Intensity
303-4	Water discharge
303-5	Water consumption
305-1	Energy direct (Scope 1) GHG emissions
305-2	Energy indirect (Scope 2) GHG emissions
305-4	GHG emissions intensity
306-3	Waste Generated
306-4	Waste diverted from disposal
306-5	Waste directed to disposal
403-9	Work-related injuries

List of GRI disclosure assured at a limited level:

GRI Index-2021	
2-28	Membership Association
205-2	Communication and training about anti-corruption policies and procedures
301-1	Materials used by weight or volume
301-2	Recycled input materials used
302-4	Reduction of energy consumption
303-3	Water withdrawal
305-3	Other indirect (Scope 3) GHG emissions
305-6	Emissions of ozone-depleting substances (ODS)
305-7	NOx, SOx, and other significant air emissions
401-1	New employee hires and employee turnover
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
401-3	Parental leave
402-1	Minimum notice periods regarding operational changes
403-1	Workers' representation in formal joint management–worker health and safety committees
403-2	Hazard identifications, risk assessments and incident investigations
403-3	Occupational health services
403-5	Worker training on occupational health and safety
403-6	Promotion of worker health
403-8	Workers covered by an OHS management system
404-1	Average hours of training per year per employee
404-2	Programmes for upgrading employee skills and transition assistance programmes
404-3	Percentage of employees received regular performance and career development reviews
405-1	Diversity of governance bodies and employees
405-2	Ratio of basic salary and remuneration of women to men

Independent Assurance Statement

In addition to the GRI indicators, the gender pay gap for FY 2024-25 has been thoroughly reviewed and subjected to a limited level of assurance.

Gender Pay Gap for FY 2024-25 Data

Metric	Staff
Mean gender pay gap (Base pay)	24.78%
Median gender pay gap (Base pay)	26.12%
Mean gender pay gap (Bonus)	27.32%
Median gender pay gap (Bonus)	43.20%

Gender pay gap = (Men pay - Women pay) / Men pay

Methodology used to conduct assurance

HMCL shared the data for the identified sustainability indicators for the Sustainability Report for the reporting period from 01st April, 2024 to 31st March 2025 covering the sites that are within the reporting boundaries.

The reporting boundaries considered for this reporting period across multiple facilities of HMCL including Neemrana, Dharuhera, Gurugram, Tirupati, Haridwar, Jaipur and Halol.

The assessment was carried out of the submitted information, based on above indicated GRI attribute, to verify the data and computations that were prepared by HMCL. On-site visit to the HMCL's manufacturing unit(s) were conducted.

During these visits, direct observations of facilities, interactions with personnel and review of documentation were undertaken to ensure accuracy and reliability of the submitted information. Additionally, the assessment included an evaluation of the internal control system and other parameters relevant to reasonable and limited assurance, such as adherence to industry standards and regulatory requirements, to provide a comprehensive verification of the data and computations prepared by HMCL.

Bureau Veritas has validated the quantification methodology used by HMCL for the monitoring and calculations of the ESG attributes from its different sources and confirms the same to be in line with accepted practice of standard GHG computations. Nothing has come to our attention that cause not to believe; all identified sustainability indicators are fairly reported on all material aspects.

Our work was conducted against the requirements defined in the International Integrated Reporting Framework, and National Guidelines for Responsible Business Conduct (NGRBC), the requirements of ISAE 3000 Assurance standard, Bureau Veritas' standard procedures and guidelines for external assurance of sustainability information, based on current best practice in independent assurance. The Bureau Veritas assurance process has also involved an Independent Technical Review (ITR) to check for correctness and accuracy of the assurance conclusions as well as adherence to Bureau Veritas internal procedures and/or assurance standard requirements.

Conclusions

Based on the verification of the records, in our opinion the Sustainability Report for the FY 2024-25, containing reporting and declaration of the various KPIs under ESG attributes, is reliable and accurate representation of HMCL's performance towards ESG attributes.

Limitations and Exclusions

Excluded from the scope of our work is any assurance of information relating to:

- Data related to the other subsidiaries / associates of HMCL;
- Activities outside the defined assurance period stated hereinabove;
- Positional statements, expressions of opinion, belief, aim or future intention by HMCL and statements of future commitment;

Independent Assurance Statement

- Our assurance is limited to the activities and operations of HMCL. The assurance does not extend to the operations undertaken by any other entity outside the scope and boundaries of the HMCL's Sustainability Report; that may be associated with or have a business relationship with HMCL.

Uncertainty

The reliability of assurance is subject to uncertainty (ies) that are inherent in the assurance process. Uncertainties stem from limitations in quantification models used, assumptions or data conversion factors used or may be present in the estimation of data used to arrive at results. Our conclusions in respect of this assurance are naturally subject to any inherent uncertainty (ies) involved in the assurance process.

Statement of independence, impartiality, and competence

Bureau Veritas is an independent professional services company that specializes in Quality, Health, and Safety, Social, and Environmental management with almost 190 years history in providing independent assurance services and has necessary expertise for undertaking sustainability assurance. Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities. We are particularly vigilant in the prevention of conflicts of interest.

No member of the assurance team has a business relationship with HMCL, its Directors, Managers or officials beyond that required of this assignment. We have conducted this verification independently and there has been no conflict of interest.

The assurance team has extensive experience in conducting assurance over environmental, social, ethical and health & safety information, systems and processes an excellent understanding of Bureau Veritas standard methodology for the Assurance of Sustainability Report.

Restriction on use of Our Report

Our assurance report has been prepared and addressed to the Company 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.

Amit Kumar
Lead Assuror
Bureau Veritas (India) Private Limited
Noida, India
Dt: August 01, 2025

Munji Rama Mohan Rao
Technical Reviewer
Bureau Veritas (India) Private Limited
Mumbai, India
Dt: August 01, 2025

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GRI CONTENT INDEX

Statement of Use	Hero MotoCorp Limited has reported in accordance with the GRI Standards for the period (April 1, 2024- March 31,2025)
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	2-20 Process to determine remuneration	Board Compensation, Employee Engagement, Executive Compensation Linked to Material Issues	44, 122, 123, 124
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	205-2 Communication and training about anti-corruption policies and procedures	Business Ethics	118
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