

# BUSINESS RESPONSIBILITY REPORT

## OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT

Royal Enfield has had a fascinating journey of evolution. Spanning over a hundred years in history, Royal Enfield has had a classic way of building motorcycles which are timeless, evocative and purposeful. Today, the name is strongly associated with resilience, uncomplicated and engaging and has decades old pedigree. Our motorcycles have British roots and an Indian soul and they are aspirational yet accessible and are loved across the world.

The characteristics ascribed to our motorcycles are a reflection of our Company's core values. Eicher Motors Limited (EML or the Company), the corporate strength behind these iconic motorcycles, works with the sole objective of providing the highest quality motorcycles and related accessories to its customers. The organisation is committed to provide each and every customer with the best customer experience, rather than being a mere sales and service interface. The aim of the organisation is to create a lasting relationship with the customer, via the product, sales, after-sales and service experience, so that the relationship lasts for years to come. This approach of going beyond the ordinary, towards service excellence is seen in all spheres of the Company's presence. Taking this philosophy forward, the Company strives to leave a positive impact on the people and the planet thus driving the sustainability agenda. This approach is what makes it a game changer.

The Company in its steps to be socially responsible endeavours to make improvements in local areas where it has its roots, as well as where its motorcycles tread. It also encourages and harnesses through its extended teams, partners and riding community in working together to achieve its social missions.

The philosophy of making a positive impact takes into its fold all of the Company's key stakeholder groups and their material concerns. Through its close engagement with the stakeholders, the Company creates a deep connection with them. It is in many ways similar to the synergy between the rider and the machine. Knowing the stakeholders well and having a firm relationship with them, allows the Company to address their needs and concerns in an appropriate and a timely manner.

Eicher Motors Limited has state-of-the-art, streamlined and efficient manufacturing facilities. The Company's production process utilises natural resources judiciously and optimally. The Company sets actionable targets for reducing material, energy and water waste and has shown year-on-year improvement in these. Going beyond compliance, the Company works tirelessly to improve its environmental performance by manufacturing motorcycles keeping in mind

the recyclability factor. Majority of the materials used to manufacture our motorcycles can be recycled at the end of its life, reducing the environmental footprint at the end stage of the product also. All plants of EML have a closed-loop water recycling design to ensure close to minimal/zero discharge of waste water. For waste management, the Company recycles aluminium scrap and sends it back into the industry for further use. Hazardous paint sludge is co-processed in the cement industry almost entirely, thus eliminating the need for incineration or landfills.

In order to ensure that Royal Enfield stands out as a unique brand in the two-wheeler segment, the Company has blended traditional practices with modern technologies. Individual pin-stripping of the fuel tanks of certain motorcycle models by trained artists is one such practice adding a unique human touch to the vehicle manufacturing.

EML recognises employees as its biggest asset and one of the most important stakeholders for its long-term sustenance. As an equal opportunity employer, the Company actively promotes diversity at the workplace and currently employs 675 women on its rolls. In fact, as a rare achievement for any manufacturing organisation in India, the Company successfully runs an entire engine assembly line with female workforce of approximately 140 women. The Company has also made efforts to include people with special needs. The Company not only employs people with special needs, it makes attempts to make the workplace conducive for them by providing ramps, proper sign boards and special toilets for them in the manufacturing facilities. These enabling factors allow people with special needs to be comfortable at the workplace thereby enhancing their performance.

EML's CSR programmes are managed and monitored by an in-house CSR team facilitated by Eicher Group Foundation. The Foundation operates with a rationale to work towards an inclusive and equitable development by partnering with the community members to make them more involved and empowered. The CSR programmes are as per the Board approved CSR policy and aim to benefit the larger society. Traditional CSR programmes of the Company focus on school education and health care. However, as a more recent development, skill training, community development and sanitation in the community have been included in the CSR programmes.

With the firm foundation of its values, EML is progressively enhancing its sustainability performance. Balancing its economic growth, with equitable and suitable development in the society and environment fields, the Company aims to grow holistically. Driven by the idea of going beyond the basic, the Company is well entrenched in its sustainability philosophy, positively impacting millions of lives, every day.

## SECTION A: GENERAL INFORMATION

<b>A-1 Corporate Identity Number (CIN) of the Company</b>	:	L34102DL1982PLC129877
<b>A-2 Name of the Company</b>	:	Eicher Motors Limited
<b>A-3 Registered address</b>	:	3rd Floor, Select Citywalk, A-3, District Centre, Saket, New Delhi-110 017
<b>A-4 Website</b>	:	www.eichermotors.com
<b>A-5 E-mail id</b>	:	investors@eichermotors.com
<b>A-6 Financial Year reported</b>	:	April 1, 2017 to March 31, 2018
<b>A-7 Sector(s) that the Company is engaged in (industrial activity code-wise)</b>	:	Manufacture of motorcycles (Code 3091 of National Industrial Classification 2008, Government of India)
<b>A-8 List key products/services that the Company manufactures/provides (as in balance sheet)</b>	:	Motorcycles
<b>A-9 Total number of locations where business activity is undertaken by the Company:</b>		
i. Number of International Locations (Provide details of major 5)	:	The Company has subsidiaries in North America, Brazil, and Canada and a technology centre in the United Kingdom. The Company has 36 exclusive stores across the UK, USA, Mexico, Colombia, Brazil, Argentina, France, Spain, Indonesia, Thailand, Philippines, Vietnam, Austria, Portugal, Australia, New Zealand and UAE.
ii. Number of National Locations	:	<ul style="list-style-type: none"> <li>♦ Registered office: New Delhi, India</li> <li>♦ Corporate office: Gurugram, Haryana, India</li> <li>♦ Manufacturing locations: Thiruvottiyur, Oragadam and Vallam Vadagal in Tamil Nadu, India</li> <li>♦ Technology centre at Chennai, India</li> </ul>
<b>A-10 Markets served by the Company – Local/State/National/International</b>	:	National: Across India International: 50 countries worldwide including USA, Japan, UK, European and Latin American countries, Middle East and South Asia.

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

<b>B-1 Paid-up Capital (Rs.)</b>	:	Rs. 27.26 crores
<b>B-2 Total Turnover (Rs.)</b>	:	Rs. 8,957.51 crores
<b>B-3 Total profit after taxes (Rs.)</b>	:	Rs. 1,712.92 crores
<b>B-4 Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)</b>	:	The Company spent Rs. 30.85 crores on CSR activities during the reporting year. This was 2% of the average net profits of the Company for the last three financial years
<b>B-5 List of activities in which expenditure in 4 above has been incurred</b>	:	<ul style="list-style-type: none"> <li>♦ Rural Development</li> <li>♦ Skill Development</li> <li>♦ Road Safety</li> <li>♦ Environmental Sustainability</li> </ul>

## SECTION C: OTHER DETAILS

<b>C-1 Does the Company have any Subsidiary Company/Companies?</b>	:	Yes, as on March 31, 2018, the subsidiaries of the Company were: Direct Subsidiaries <ul style="list-style-type: none"> <li>♦ VE Commercial Vehicles Ltd.</li> <li>♦ Royal Enfield Brasil Comércio de Motocicletas Ltda</li> <li>♦ Royal Enfield North America Limited</li> <li>♦ Eicher Group Foundation</li> </ul> Step down Subsidiaries <ul style="list-style-type: none"> <li>♦ VECV Lanka (Private) Limited</li> <li>♦ VECV South Africa (PTY) Ltd.</li> <li>♦ Royal Enfield Canada Limited</li> </ul>
<b>C-2 Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)</b>	:	The Company and its subsidiary VE Commercial Vehicles Limited have incorporated Eicher Group Foundation (a not for profit Company registered under Section 8 of the Companies Act, 2013) for the purpose of discharging their respective CSR obligations. Other subsidiaries do not participate in BR initiatives of the Company.
<b>C-3 Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities?</b>	:	Suppliers and distributors are independent businesses that are within the circle of influence of the Company but function as independent entities. The Company's suppliers and distributors are not involved in BR initiatives of the Company.

**SECTION D: BR INFORMATION****D-1 Details of Director/Directors responsible for BR**

Details of the Director/Directors responsible for implementation of the BR policy/policies and details of the BR head:

At Eicher Motors Limited, the Corporate Social Responsibility (CSR) Committee is the BR head. The CSR Committee of the Company comprises Mr. S. Sandilya – Chairman, Non-executive and Independent Director (DIN 00037542), Mr. Prateek Jalan – Non-executive and Independent Director (DIN 02170139) and Mr. Siddhartha Lal – Managing Director & CEO (DIN 00037645).

**D-2 Principle-wise (as per NVGs) BR Policy/Policies (Reply in Y/N)**

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9*
1.	Do you have a policy /policies for....**	Y	Y	Y	Y	Y	Y	Y	Y	N
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	*
3.	Does the policy conform to any national / international standards? If yes, specify? <sup>1</sup>	Y	Y	Y	Y	Y	Y	Y	Y	*
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ Owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	*
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	*
6.	Indicate the link for the policy to be viewed online?	<b>P1:</b> <a href="http://www.eicher.in/code-of-conduct">http://www.eicher.in/code-of-conduct</a> <b>P2:</b> Published in the intranet and to all contractors <b>P3:</b> Published in the intranet <b>P4:</b> <a href="http://www.eicher.in/uploads/1530165050_Eicher_Corporate_Social_Responsibility_Policy.pdf">http://www.eicher.in/uploads/1530165050_Eicher_Corporate_Social_Responsibility_Policy.pdf</a> <b>P5:</b> Published in the intranet <b>P6:</b> Published in the intranet <b>P7:</b> <a href="http://www.eicher.in/code-of-conduct">http://www.eicher.in/code-of-conduct</a> <b>P8:</b> <a href="http://www.eicher.in/code-of-conduct">http://www.eicher.in/code-of-conduct</a>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	*
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	*
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	*
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency	Y	Y	Y	Y	Y	Y	Y	Y	*

<sup>1</sup> All our policies are in line with the National requirements and also incorporates international leading practices as appropriate

\* EML has implemented detailed systems and processes for addressing issues pertaining to customer satisfaction, without a formal board approved policy. For details on P9 refer the table below.

\*\* The policies laid out by Eicher Motors Limited are mapped to each principle as follows:

Principle	Applicable policies
<b>Principle 1:</b> Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Code of conduct for Directors and Senior Management Whistle Blower Policy Policy for Determining Materiality of Events and Information Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information Terms of Appointment of Independent Directors
<b>Principle 2:</b> Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	Environmental policy Quality policy
<b>Principle 3:</b> Businesses should promote the wellbeing of all employees	Safety policy Employee welfare policy Prevention of sexual harassment
<b>Principle 4:</b> Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	Corporate Social Responsibility Policy
<b>Principle 5:</b> Businesses should respect and promote human rights	Employee welfare policy Prevention of sexual harassment
<b>Principle 6:</b> Business should respect, protect, and make efforts to restore the environment	Environmental Policy
<b>Principle 7:</b> Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	Code of conduct
<b>Principle 8:</b> Businesses should support inclusive growth and equitable development	Corporate social responsibility policy
<b>Principle 9:</b> Businesses should engage with and provide value to their customers and consumers in a responsible manner	EML has an extensive programme for engaging with its customer, handling customer grievance and improving customer experience

**D-2a If the answer to S. No. 1 of D2 against any principle, is 'No', please explain why: (Tick up to 2 options)**

S.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
i.	The Company has not understood the principles					NA				
ii.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles					NA				
iii.	The Company does not have financial or manpower resources available for the task					NA				
iv.	It is planned to be done within next 6 months					NA				
v.	It is planned to be done within the next 1 year					NA				
vi.	Any other reason (please specify)	P9: EML has implemented detailed systems and processes for addressing issues pertaining to customer satisfaction, without a formal board approved policy.								

**D-3 Governance related to BR**

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.

: The BR vision, strategy and performance of the Company are periodically reviewed by the Managing Director & Chief Executive Officer and Senior Management of the Company. BR performance of the Company is reviewed in the various business reviews in the context of various BR principles.

**SECTION E: NVG PRINCIPLES**

**PRINCIPLE 1: BUSINESS ETHICS, TRANSPARENCY & ACCOUNTABILITY**

EML lays utmost importance on good governance practices and upholds the highest ethics and transparency within the organisation and in its business transactions. Well-established governance practices of the Company provide a sound framework for operation, offer direction to strategic business decisions and guide day-to-day operations.

The Company has laid down well-defined codes of acceptable conduct and behaviour for employees and the management. There are policies in place that ensure ethics, transparency and accountability are maintained within the Company and in all business matters. Some important policies in this regard are:

- ♦ **Code of Conduct for Directors & Senior Management**—This policy has been put into place to ensure, inter-alia, protection of confidential information, prevent conflict of interests, ensure compliance to anti-bribery and corruption laws and to ensure compliance with all applicable laws, regulations and Company's policies
- ♦ **Whistle Blower Policy**—This policy offers a mechanism that allows Directors, employees and vendors to report any wrongdoing or malpractice in the Company. The policy also assures protection from reprisals or victimisation to the person(s) reporting
- ♦ **Policy for Determining Materiality of Events and Information**—This policy determines whether an event or information is material or not, ensures disclosure of any event or information which, pursuant to SEBI Regulations and Company's Policies, is material, and ensures timely, accurate, uniform and transparent disclosure
- ♦ **Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information**—This policy ensure universal and fair disclosure of unpublished price sensitive information
- ♦ **Terms of appointment of Independent Directors**—It contain duties and responsibilities of Independent Directors of Company
- ♦ **A thorough internal and external mechanism is in place to respond to investor grievances in a timely and appropriate manner**

All policies of the Company can be accessed online at <http://www.eicher.in/code-of-conduct>

The Code of Conduct for Directors & Senior Management, Policy for Determining Materiality of Events and Information and Code of Conduct for fair disclosure of unpublished price sensitive information extend to the Company's subsidiary and joint venture companies as well. In addition, several subsidiary and joint venture companies also have their own whistle-blower policies in place.

The Company has a Stakeholder's Relationship Committee which consists of two non-executive independent directors. The committee reviews the redressal of shareholders and investors complaints. The Managing Director and Chief Financial Officer are invited to the committee meetings as required and the General Counsel & Company Secretary acts as the Secretary to the Stakeholder's relationship committee. During the financial year 2017-18, the Company received 56 complaints from the shareholders and successfully resolved 55 complaints (out of the total number of complaints resolved, 3 complaints were pertaining to previous financial year). 4 complaints were pending at the year end.

## PRINCIPLE 2: PRODUCT RESPONSIBILITY

As an environmentally conscious Company, EML strives to mitigate impacts that its manufacturing process or products may have on the environment. While designing its products, there is a keen focus on environmental aspects (in-use and end-of-life of product). The core aspects of sustainable manufacturing at EML include energy efficiency, sustainable sourcing and hazardous waste management, to name a few.

Eicher Motors Limited is primarily a manufacturer of motorcycles and environmental and social concerns are an integral part of its product development policy. Raw material, energy, water and waste are some crucial aspects, which are taken into consideration during the product design and manufacturing process. At the product development stage, material recyclability of the motorcycles is also taken into consideration from a product lifecycle perspective.

Reducing our energy footprint is an important aspect of the production. Resultantly, energy saving initiatives are undertaken regularly in all our plants. Our largest plant, in terms of production volume, has shown a 17.5% reduction in energy intensity (energy per unit of vehicle) over the last 2 years. In addition, the Company has in place processes to minimise hazardous waste generated and being disposed at landfills. Aluminium and steel scrap generated are recovered and sold to industry for recycling. All plants of EML have a closed-loop water recycling design to ensure close to minimal/zero discharge of waste water.

Coverage of policies relating to ethics, bribery and corruption

Stakeholder's complaints redressal

Social or environmental concerns, risks and/or opportunities and their importance in product design

Consumption of energy, water, raw material etc.

Royal Enfield is one of the oldest motorcycle brands and over the years, the Company has substantially indigenised its supply chain, by encouraging and supporting development of vendors in the region. 98.5% of the components sourced by EML are from suppliers within India. Of this, 47.6% is sourced from the State of Tamil Nadu. The Company encourages its suppliers to set up units close to its manufacturing facilities. A majority of the suppliers are located close to the three manufacturing facilities near Chennai, in Tamil Nadu. Almost 60% of the supplier base is located within a 100-kilometre radius of the plants. This helps in not only reducing cost, time and environmental footprint associated with logistics, but also creates a potential win-win situation for both the Company and the suppliers.

The in-bound supply chain of the Company offers ample opportunities to promote sustainable sourcing. Towards this end, the Company has taken initiatives to reduce wastage in its in-bound supply chain by using reusable trolleys, bins and pallets that significantly eliminate the use of packaging materials. For export of finished products (motorcycles), the Company uses the Chennai port, which is close to its manufacturing sites. This reduces its transportation related emissions.

The Company supports its suppliers by way of suggesting and enabling productivity improvements at their shop floor, manpower training and handholding for product quality improvement. A team of engineers has been stationed at key supplier locations to offer direct engagement and support to suppliers. Periodic visits are also made by Senior Management to review the progress.

During the year, the Company established a New Supplier Assessment process. In this assessment, new suppliers are to be assessed on several criteria, including select social indicators. During the financial year 2017-18, 27 suppliers were assessed for their social impacts.

All existing and new models of Royal Enfield motorcycles are ELV compliant. This means the hazardous waste has been minimised in these vehicles, making them easier to recycle at the end of their life.

Recyclability is an outstanding feature of the motorcycles that EML manufactures. A large part of the materials used in the motorcycles can be recycled at the end of its life (up to 85%). The remaining 15% consist of components such as tyres, rubber parts, seat foam, glass of mirror, headlamp, magnets, electronic parts, paints etc. All motorcycles manufactured by the Company are ELV compliant.

The Company ensures that any waste generated during its manufacturing process is responsibly recovered and recycled.

- ♦ The Company sends its paint sludge waste for co-processing in the cement industry where it is used as a fuel to fire up kilns. This has significantly reduced the need for secured landfills
- ♦ The Company has instituted a mechanism to eliminate waste by installing bundling machine for steel scraps disposal. Scrap is directly delivered to the melting sources for recycling. There is direct disposal of aluminium scrap to alloy producers, by eliminating multiple processing and improving the recovery efficiency at lower energy

### PRINCIPLE 3: EMPLOYEE WELLBEING

EML recognises that employees are an important asset and a source of sustained competitive advantage and is therefore committed to providing an enabling work environment. Employee wellbeing, health and safety, learning and development and diversity are some of the issues related to human resources that are of utmost importance to the Company.

EML is driven by a dedicated and talented team of people. The people are the backbone of the Company. As on March 31, 2018, the total number of employees working with the Company was 13,711. For optimal use of the manpower resources, we deploy a mix of contractual and temporary workforce along with our permanent workforce. As on March 31, 2018, out of 13,711 employees, 4,628 are contractual/temporary manpower supporting the permanent workforce.

### Sustainable sourcing

### Procurement from local and small producers

### Recycling products and waste

### Manpower resources including women employees

EML is an equal opportunity employer and does not discriminate employees based on gender, caste, creed, religion, etc. The Company supports the employment of women in particular. The total number of permanent female employees as on March 31, 2018 was 675. The Company has taken its commitment to include women in its workforce to a different level by running an all women engine assembly line with 140 women employees successfully. The Company also makes an effort to include people with special needs as part of its workforce.

The Company recognises the right of its workers for collective bargaining. At its Thiruvottiyur plant, it has internal and independent labour unions and these are recognised by the management. Union elections are held as per the statutory requirements. All permanent workers at the plant are members of the employee associations. As per the statutory norms, EML undertakes wage settlements with the employee union once in three years.

The Company has developed systems and processes to alleviate the perils of child labour, forced labour, involuntary labour, and sexual harassment. These systems have been designed in line with the statutory requirements and are internally communicated and monitored. Except one complaint that was addressed in accordance with applicable law and Company rules, the Company did not receive any complaints on these aspects during the financial year 2017-18.

The Company considers periodic training of employees imperative for upgradation of their skills and knowledge and to keep their competitive edge. Training is an HR function and the responsible department rolls out the annual training calendar. EML has a strong safety culture with a Board approved Safety Policy. Safety Committee meets on a monthly basis to address all safety related issues that emerge at the plants. Safety training, including fire-fighting training, is a part of the employee induction process and all new employees have to mandatorily undergo it. Shop floor workers undergo periodic safety training that are organised as per the annual safety calendar.

During the year, 100% of the total regular employees including permanent employees, women employees, casual/temporary/contractual employees and employees with disabilities of the Company were given safety and skill upgradation training.

Eicher Motors Limited recognises that the foundation of a strong organisation is a committed, skilled and motivated workforce. Continuous engagement with all levels of employees is essential to know the pulse of the people and to keep them involved and inspired. To this end, a formal annual employee engagement survey is conducted. The objectives of the survey is to measure the employee perception of workplace enablers that impact employee engagement, provide input to management for related change at organisational level and to equip the managers to further engage with employees at the workgroup level. The survey also intended to measure the changes brought about as an outcome of the previous year's survey.

The employee engagement survey REconnect, in 2017-18 saw an excellent participation of 97% of employees. The survey was carried out in English and Tamil on an online medium.

The survey collected information on a five-point scale on categories such as leadership, performance management, communication, diversity, health and safety, to name a few. Overall, scores improved in each category, the strongest categories being sustainable engagement, customer focus and quality and clarity of goals. The survey clearly brought out the close connect between the employees and the Company. An impressive 97% of employees responded favourably to the statement "I am proud to tell others I work for Royal Enfield" and 95% responded favourably to the statement "I am willing to work beyond what is required in my job in order to help the Company succeed."

The employee survey is a transparent process, conducted through an independent agency, that allows employees to give honest and direct feedback to the management. It is a strong tool of employee engagement and will be continued to be used by the Company in the coming times to further strengthen its bond with its employees.

### Employee association and its membership

### Child labour, forced labour, sexual harassment

### Safety, training and upskilling

## PRINCIPLE 4: STAKEHOLDER ENGAGEMENT

EML has over the years developed a firm relationship with its key stakeholder groups through an open two-way communication mechanism. Stakeholders are updated about the Company, its performance, future plan, strategies etc. There are formal channels through which feedback from stakeholders can reach the Company for deliberation and action.

The Company has identified stakeholders as person, a group of people or organisation that have vested interests in the Company and its products. They are impacted by the Company and also potentially have the capacity to impact the Company.

The Company has defined its major stakeholder groups. These include:

- ◆ Employees and their families
- ◆ Consumers
- ◆ Suppliers and dealers
- ◆ Bankers
- ◆ Investors
- ◆ Government and regulatory bodies
- ◆ Local community
- ◆ Peers and industry ecosystem

Of all the major stakeholder groups of the Company, it has identified certain sections of the local community as disadvantaged, vulnerable & marginalised people. The Company also considers socio-economically disadvantaged sections of society as a disadvantaged group. This particular group is not geographically restricted to areas where the Company has institutional presence, instead, it is spread PAN India.

### CSR initiatives

The Company's CSR programmes are in line with the Board approved CSR policy. Key initiatives undertaken during 2017-18 were:

- ◆ **Rural Development:** Several social development activities are being undertaken by the Company in communities near the Oragadam plant in Tamil Nadu. Key interventions include women's empowerment through Self-Help Groups (SHG), school education (academic assistance to children, transit schools for dropouts to integrate back into the system, computer education, scholarships), health and hygiene (provision of household toilets and renovation of women sanitary complex, hand washing programme at schools) and renovation of existing water bodies such as ponds and bore wells.
- ◆ **Skill Development:** The Company offers a skill training programme for underprivileged youth through multiple centres in and around Chennai and Gurugram. Eicher Academy for Skills offer training programmes on administrative assistant and retail for less educated and economically backward youth at Chennai and Gurugram. In the year 2017-18, 275 young people were trained and supported to get appropriate jobs.

#### Vocational Training: A life-altering change

Sulekha Haldar belonged to a poor family from West Bengal living in Gurugram. After considerable struggle, she was able to complete her schooling (12<sup>th</sup> standard) from a Government School. Her father was keen to marry her off soon after she finished school, but her heart was set on gaining some skills to become financially independent. She met the Eicher Motors vocational training team and discussed with them her situation. The team members met her father and after some convincing brought him around. He was ready to allow her three months' time to finish the retail course, after that he would take a decision on her marriage.

Sulekha joined the Gurugram Centre and rapidly made progress. She learnt English/Computer and gained confidence. She faced her first job interview with Chai Point and was selected at a salary of Rs. 12,000. Her joy knew no bounds. Seeing this fortunate turn of events, her father has postponed her marriage for two years. After all, Sulekha is now a much-valued earning member of the family!

Internal and external stakeholders

Disadvantaged, vulnerable & marginalised stakeholders and Company's initiative toward them



A PAN India two-wheeler (Repair and Maintenance) course was organised by EML from February 2016 to August 2017. The programme trained and certified 2004 candidates across several states in India. The curriculum was as per NSDC guidelines. Of those trained, 65% were placed at the end of the training.

- ♦ **Road Safety:** A road safety project has been initiated in Leh District of J&K and Lahaul and Spiti district of Himachal Pradesh to create road safety awareness, provide emergency and trauma care. Sessions and training on community health care and vocational skills are also part of the project.
- ♦ The Company is also working on providing Trauma care facility along the 'Manali-Leh' route. The project is likely to be completed in next 3 years.
- ♦ **Other projects undertaken (Disaster relief):** The 2015 floods in Chennai, left a trail of destruction. The Company is involved in resettlement and reconstruction activities in the affected areas.

Phase	Construction of new houses	Repair of existing houses	Small New Houses to Irula Families	Individual Household Sanitation Unit
Phase 1	18	76	7	-
Phase 2	25	105	-	300

As a part of this project, the community members were also imparted knowledge on Water, Sanitation and Hygiene (WASH). Community Based Disaster and Risk Management was another important component of this project.

## PRINCIPLE 5: HUMAN RIGHTS

Eicher Motors Ltd. considers its employees an asset and has formal and institutionalised forums for engaging with them. Regular engagement with employees allows the management to get a pulse of people and know about their needs, concerns, expectations and grievances.

EML has in place policies on employee welfare, medical assistance and prevention of sexual harassment which address the human rights aspects. Subsidiary and Joint Venture companies are also covered under Company's Policies and/or have their own Policies of similar nature.

The guiding principles of the aforesaid policies have been laid out as per the governing human rights laws of the land. Systematic internal processes such as employee grievance mechanism and supplier assessments have provided an enabling environment for the various stakeholder groups.

Except one complaint that was addressed in accordance with applicable law and Company rules, the Company did not receive any complaints on these aspects during the financial year 2017-18.

### Human rights policies and stakeholder complaints

## PRINCIPLE 6: ENVIRONMENT

EML is conscious that its operations and products can potentially impact the environment. The Company, therefore, focusses on continuous improvements in order to reduce material use and wastage, optimise use of natural resources through recycling and reuse and upgrading manufacturing technology to increase efficiencies

EML's Environmental Policy acts as a guiding light and gives the Company's environmental initiatives a clear direction. Besides issues such as resource conservation and prevention of pollution, the policy also speaks of awareness generation and training of employees on environmental issues. This ensures that employees become aware and gradually get involved in environmental initiatives at the workplace.

At present, the Company's environmental policy does not cover Group/Joint Ventures/Suppliers/Contractors/NGOs, however, all stakeholders are encouraged to implement similar environmental practices across their operations.

With regards to manufacturing, there are primarily three aspects that are of major concern to the Company: energy, water and waste. EML recognises it can positively impact global issues such as climate change through energy efficiency initiatives. Energy efficiency initiatives include improvements in the facilities and equipment (infrastructure) as well as the manufacturing process.

**Coverage of environmental policies and practices and strategies to address environmental issues**

**Initiatives on clean technology, energy efficiency etc**

### Paint Shop: Energy Optimisation in Chillers

In the Paint shop, the Chillers run continuously throughout the year with the Cathodic Electro Deposition (CED) process for maintaining the temperature. The challenge was to reduce the running hours of the chiller operation which would in turn reduce the power consumption.

After an on-ground detailed study, some changes were made in the process. The chiller was operated in sync with CED Paint Process parameters with logic modification through PLC arrangements. With this, the independent operation of the chillers running hours reduced and the CED bath temperature was maintained as per the quality requirement.

The outcome was energy savings of 1,44,000 units per annum along with the reduction in the running hours, resulting in reduced maintenance cost and improved equipment life.

### Paint Shop: Efforts towards Energy Efficiency

In the overall plant energy consumption, the paint shop consumes the highest amount of Electricity and LPG fuel. The ECO-Lean Concept has been introduced in the paint shop for reducing energy consumption, but there was scope for further reduction at the plant. With the ECO-Lean concept improvements such as Aluminium pipelines with modular fittings instead of MS pipelines for compressed air pipelines, installation of LED Lights in all interiors and exteriors with PLC stagewise controlling and installation of Air Supply and Exhaust Fan of VFD arrangement, screw type and VFD arrangements with sigma air manager control for energy conservation in air compressor etc.

A detailed analysis of the equipment and processes was conducted at the paint shop to analyse the power consumption. After the study, some interventions were introduced:

- ◆ High efficiency grade filters were installed to maintain the required air flow with reduced running speed of the supply fan
- ◆ Spray booth oven's forced coolers are triggered with part arrival and switched off whenever conveyor was running idle
- ◆ Lighting load reduced by switching off lights automatically with a timer

Water is limited, non-renewable resource and is therefore considered critical by EML. All three manufacturing sites of the Company have a zero-discharge status. Water consumption at the plants have been optimised through the utilisation of recycled water for production processes. Such an approach had led to the decrease of water consumption per unit level by 14% at the Oragadam plant. Water from the Sewage Treatment Plant (STP) is used for gardening, Air-Handling Units (AHU) and in toilets. Process water once cleared through the ETP is reused in the plants. The total amount of recycled water used in process is as high as 90%. Additionally, rain water harvesting systems set up at all the plants help in ground water recharge.

For waste management, the Company sends paint sludge, a hazardous material, for co-processing in the cement industry where it is used as a fuel for the kilns. About 70% of the total hazardous waste generated is sent to the cement industry, reducing the need for landfilling. A large portion of the non-hazardous waste created by the manufacturing process is aluminium. Aluminium scrap is turned into blocks that are then sold to the industry for recycling.

Assessment of potential environmental risks is a part of the formal risk management identification process of EML and is overseen by the top management. To ensure that operations are not impacted due to adverse environmental related risks, the Company's environmental policy has been developed based on the ISO 14001:2004 international standard. All processes are analysed with ASPECT-IMPACT analysis to ensure that the impact on environment is reduced on a continual basis through operational control procedures (OCP).

The Company endeavours to continuously improve its environmental performance. Energy, in particular, is material to the Company. All manufacturing plants undertake projects for improving energy efficiency and reducing consumption. The efforts at present are aligned to scale up to intensify the impacts.

The Company conducts periodical air quality and noise quality tests through laboratories accredited by National Accreditation Board for Testing and Calibration Laboratories (NABL) and the reports are also submitted to the Tamil Nadu Pollution Control Board (TNPCB) which is the state regulatory body. The Company has systematic preventive procedures and periodical checks in place to ensure statutory compliances. Annual air quality, noise monitoring, stack monitoring and VOC measurement surveys are conducted by TNPCB. In addition, online VOC monitoring systems are installed and connected to the TNPCB Care Air Centre to monitor any fluctuations in the permissible limits. Over the years, no deviations were recorded in the parameters analysed by the laboratory. During the year 2017-18, all emissions and waste generated by the Company were within the permissible limits given by CPCB and TNPCB and no show cause or legal notices were received.

**Environmental risk assessment and development mechanism**

**Emission control and violations, if any**

## PRINCIPLE 7: ADVOCACY AND PUBLIC POLICY

EML is actively involved in advocacy and public policy development. It engages with reputed industry bodies such as SIAM and dialogues with government bodies on pertinent issues such as future regulations and policies directly and independently.

The Company is an active member of committees set up by Society of Indian Automobile Manufacturers (SIAM) and the Government of India to address matters such as future regulations, policies and implementation plans for the advancement of the industry and public good. The Company also interacts regularly with the Bureau of Indian Standards (BIS) to suggest inputs for new regulations for vehicles, new standards and their feasibility, etc.

The following is a list of associations that the Company continuously engages with:

- ◆ Confederation of Indian Industry (CII)
- ◆ Federation of Indian Chambers of Commerce and Industry (FICCI)
- ◆ Society of Indian Automobile Manufacturers (SIAM)
- ◆ Society of Automotive Fitness and Environment (SIAM SAFE)

### Industry associations and advocacy

## PRINCIPLE 8: INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Eicher Motors Ltd. believes that the communities around and the society at large must be a partner in the Company's journey. All developmental issues taken up by the Company are based on the needs of the community and the Company always invite community participation in their implementation.

The approach adopted by EML towards an inclusive and equitable development is to partner with the community members to make them more involved and empowered. To drive this agenda, the Company has a clearly articulated CSR policy, which is available at: [http://www.eicher.in/uploads/1530165050\\_Eicher\\_Corporate\\_Social\\_Responsibility\\_Policy.pdf](http://www.eicher.in/uploads/1530165050_Eicher_Corporate_Social_Responsibility_Policy.pdf).

EML's agenda on CSR is focussed on rural development, skill development, road safety and environmental sustainability. During the year 2017-18, the Company's direct contribution towards CSR stood at Rs. 30.85 crores details of which are provided under Annexure 4 of Directors Report.

The Company's CSR programmes are managed and monitored by an in-house CSR team facilitated by Eicher Group Foundation. Services of reputed NGOs are sought to enhance the programme as required to build capacities, increase the reach and scope of the programme etc. The Company works in close alliance with its NGO partners to ensure quality outcome and timely project delivery.

The process of reporting to the management and CSR Committee is a regular, periodic and ongoing feature. The CSR Committee assesses the progress of the programmes, provides valuable insights and suggests further enhancement and improvement in the existing programmes, to ensure that the highest possible social impact may be created for the benefit of a larger audience.

The Company identifies community development programmes based on actual needs of the community and as per the causes that it firmly believes in. This helps in on-boarding community members from the very beginning of the programme. Capacity building, direct community participation and ownership are the key aspects of our initiatives.

### Specific programmes/initiatives/ projects in pursuit of the policy related to Principle 8

### Contribution to community development projects and implementation

**PRINCIPLE 9: CUSTOMER ENGAGEMENT**

Customer engagement has a pivotal role to play in the Company's endeavour of creating customer delight. All customer complaints are handled on priority with an aim to resolve these issues speedily and to the utmost satisfaction of the customer.

EML's products comply with all requisite codes, specifications and industry regulations relevant to its business. All vehicles manufactured by the Company fully comply with the statutory safety norms of the country (including all export markets). The Company discloses all information related to the vehicle through the 'user manual' given to each customer at the time of purchase along with the product. In addition, the Company regularly uses various media and non-media platforms to communicate the importance of safe driving to its customers, for example, during the bike rides organised by the Company.

The Company has a formal and well-defined process in place for addressing customer grievances. Complaints can be filed through social media or the central command centre and these complaints are documented with the DMS (Dealer Management System). Dedicated teams analyse the nature of complaints on a daily basis to resolve the issue on time and share timely resolutions. There is an escalation matrix also, built into the system to ensure any delays in resolution are notified to the senior management. All customer complaints received during the reporting year were resolved promptly with only 0.77% of the complaints being carried forward to the next year (2018-19).

Customer satisfaction is of paramount importance to the Company. Customer satisfaction surveys are undertaken regularly at the dealer's end and directly by the Company also. In case of low customer satisfaction scores (1-2) in these surveys, customer's feedback is recorded and the issue is resolved within 15 working days. Third party agency (JD Power) also conducts surveys for Service and Product verticals periodically (monthly to quarterly). In the latest results published by JD Power service satisfaction survey, Royal Enfield's ranking has improved from No. 5 last year to No. 2 in 2017.

**Displaying product information on the product label**

**Pending customers complaints**

**Customer surveys**