

PASSION WITH RESPONSIBILITY



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MESSAGE FROM CHIEF OPERATING OFFICER

Dear Stakeholders,

I AM DELIGHTED TO SHARE WITH YOU EICHER MOTOR LIMITED'S (EML) FIRST SUSTAINABILITY REPORT 'PASSION WITH RESPONSIBILITY'. FINANCIAL YEAR 2018-19 HAS BEEN VERY EXCITING FOR US AS WE ACHIEVED OUR HIGHEST EVER REVENUE AND PROFITS IN THE YEAR.



102-14

Our strong risk management framework enabled us to withstand the challenges posed by regulatory changes like implementation of Anti-lock Braking System, and I am sure we will stand firm for the upcoming regulations as well.

We are further expanding our third manufacturing plant at Vallam Vadagal, near Chennai, India, to cater to the projected increase in demand of our motorcycles. We are also building a technical centre at Chennai to enhance our technical strength. We have added 90 new dealerships in India this year, taking the total to 915 exclusive stores. This gives us a strong presence and a competitive edge in the market.

We work very hard to keep our environmental impact minimal and all our operational practices are geared up towards this vision. Various initiatives are undertaken at our facilities to reduce our energy consumption in line with the Government of India's target of reducing energy intensity by 33-35% of GDP by 2030. We have recently upgraded our equipment and processes to optimize use of electricity, resulting in increase in energy intensity marginally despite an addition of new facility and increased production.

All plants of EML have a closed-loop water recycling design that ensures zero discharge of wastewater. Up to 90% of recycled water is used in our processes within the factories. 85% of the materials used in our motorcycles can be recycled at the end of life. We engage closely with our suppliers to take them forward on our sustainability journey and create awareness about the environmental related aspects in the supplier assessment to motivate them towards adopting environmental initiatives within their systems as well.

Employees are our strength and we invest in employee engagement, upskilling and motivation to create a cadre of focused and driven professionals that work collectively to achieve corporate goals. Diversity within the workforce is one of our fortes. The percentage of women in the plants has been increasing by 10% year-on-year for the last three years. In addition to this, there are over 200 women contributing to other business areas such as marketing, sales, service, etc.

At EML, we are also committed to support the implementation of the Sustainable Development Goals (SDGs) and have mapped our approach to relevant SDGs in this report. We hope to continue

working towards aligning even more closely with the SDGs in the coming years.

I wish to take this opportunity to thank all stakeholders for placing their trust and faith in our company. We strive to continuously deliver value to our stakeholders in spheres of engagement with them. We hope to further strengthen our communication with our stakeholders in coming years.

I look forward to your valuable feedback on this report.

B Govindarajan
Chief Operating Officer



KEY HIGHLIGHTS THROUGHOUT THE VALUE CHAIN



| Stages | Major Impacts | Key Statistics | SDG Alignment |
|-------------------------------|--|--|---------------|
| <p>Design</p> | <ul style="list-style-type: none"> Innovation in products and processes Brand reputation and value Vehicle safety and quality Raw material consumption Health and safety of workers Environmental impact | <p>R&D Investment : INR 310.28 crores</p> | |
| <p>Procurement</p> | <ul style="list-style-type: none"> Indirect employment in third-party operations Working conditions for third-party employees Indirect environmental impact and natural resource consumption | <p>Local Procurement : 98.1% which amounts to INR 4,959 crores</p> | |
| <p>Production</p> | <ul style="list-style-type: none"> Direct employment Employee safety and working conditions Employee development through training Environmental impact and natural resource consumption from direct operations | <ul style="list-style-type: none"> 9,00,000 units of installed production capacity per annum Total employees : 14,568 Energy intensity : 0.66 Water intensity : 0.36 Fuel efficiency increased by 80% GHG emissions reduced by 45% 100% of manufacturing units have a closed loop system to recycle effluent to water for processes Zero fatality at manufacturing units | |
| <p>Sales and Distribution</p> | <ul style="list-style-type: none"> Customer satisfaction and loyalty Brand reputation and value Relationship with distributors | <ul style="list-style-type: none"> Revenue : INR 9,794 crores Highest ever sales figure achieved : 8,23,828 91% market share in India's mid-size (250-750 cc) motorcycles segment 915 stores across India | |
| <p>End of life</p> | <ul style="list-style-type: none"> Environmental impacts of vehicle from waste generation, dismantling, recycling, disposal management and remanufacturing | <ul style="list-style-type: none"> 85% of recyclable materials used in manufacturing process 90% of recycled water used in manufacturing process 100% waste paint from process is sent to the cement industry for safe disposal | |

ABOUT US

102-1, 102-2, 102-5

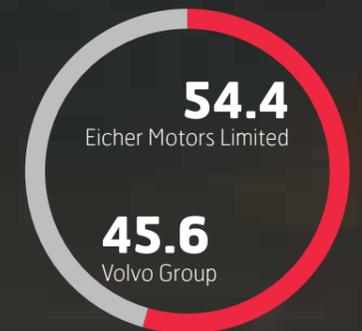
EICHER MOTORS LIMITED ('EML') IS THE FLAGSHIP COMPANY OF THE EICHER GROUP. THE EICHER GROUP PRODUCED INDIA'S FIRST AGRICULTURAL TRACTOR IN 1959 AND WAS A CATALYST IN INDIA'S GREEN REVOLUTION. TODAY, WE ARE A LEADING AUTOMOBILE COMPANY AND HOLD A PLACE OF PRIDE IN THE PREMIUM MOTORCYCLE SEGMENT IN INDIA. WE OWN THE ICONIC ROYAL ENFIELD MOTORCYCLES, THE OLDEST MOTORCYCLE IN CONTINUOUS PRODUCTION WORLDWIDE SINCE ITS LAUNCH IN 1901.

In 2008, we entered into a strategic joint venture with the Volvo Group, named-VE Commercial Vehicles Limited (VECV) to manufacture commercial vehicles including light-medium duty truck, heavy duty trucks and buses in India. We also have fully owned subsidiaries in USA (Royal Enfield North America Ltd), Canada (Royal Enfield Canada Ltd.), Brazil (Royal Enfield Brasil Comércio de Motocicletas Ltda), Thailand (Royal Enfield Thailand Ltd.) and UK (Royal Enfield UK Ltd.)

Being a public listed company, our company is listed on BSE Limited and National Stock Exchange of India Limited.

We understand that business sustainability can be achieved only when economic development is well-balanced with environmental and social development. We adopt a proactive approach when it comes to sustainability. Our overarching objective is holistic and balanced growth that creates value for all our stakeholders.

SHAREHOLDING PATTERN IN VECV (%)



ABOUT US
PRODUCT PORTFOLIO



HIMALAYAN

The Himalayan is Royal Enfield's first ever completely ground-up motorcycle, built to provide the purest motorcycling experience in the Himalayas. A grounded stance, terrain tested suspension, dual purpose tyres combined with agile handling make for the perfect ride both on and off the road as it readily complies with the terrain it traverses. It is powered by LS410 single cylinder, 4-stroke, a strong low-end torque to clear obstacles and wide useable power to suit a variety of terrains and conditions. The Himalayan is built on a duplex split cradle frame and has low seat height, upright handlebars and foot pegs work in perfect sync to unite the rider with the motorcycle for a comfortable upright posture. The inherent mounting points in the front and back let you strap up and set off anytime, while the LCD instrument cluster keeps track of miles to maintenance. Definitely worth the wait. The Himalayan is the much-anticipated harbinger of adventure touring in India.

THUNDERBIRD

Royal Enfield Thunderbird, India's most definitive highway cruiser is designed to enhance the pleasure of leisure motorcycling amongst the touring enthusiasts. Available in 350cc and 500cc engines, equipped with a 20-litre fuel tank, LED ring endowed headlamp and tail lamps, the bike is every rider's ideal mate for comfort cruising on a long, endless highway. A separately mounted removable pillion seat built to accommodate luggage, high rise handlebars ergonomically designed for optimal reach, forward placed foot pegs and a low seat height are enablers in making the Thunderbird a "touring friendly" motorcycle. With touring enthusiasts forming the core of Royal Enfield's customer base, the Thunderbird gives them more power, comfort and style for long-distance riding.



CLASSIC

The Classic retains the quintessential classic British styling of the 1950's; simple, harmonious, proportioned and finished. Available in 350cc and 500cc displacement and clothed in a disarmingly appealing post war styling, this promises to be the most coveted Royal Enfield in history, for those who want it all. The power, the fuel efficiency, the reliability and simple, yet drop dead gorgeous classic styling. The Classic turns heads not because it wants to but because it can't help it. You will appreciate the beat not just for the music it creates but also for the muted feeling of strength and power that it signifies. The view is simply better when you are astride a Royal Enfield Classic 500 – whether moving or still. Nothing more to be said.



BULLET

The new Bullet UCE is marked by the iconic, handcrafted design of the legendary Bullet that has stood the test of time since its launch in 1932. It has the unique distinction of being the world's longest running production model. The new Bullet comes in a 350cc and 500cc EFI UCE engine, a powerful torque, disc brakes, new rear gas shock absorbers, a pillion backrest and an electric start to ensure comfort, convenience and stability on the road. The Bullet's association with the Indian Army and its endurance over the decades are testimony of its toughness and dependability. The Bullet has earned a bonafide post in automotive royalty.

THE CONTINENTAL GT 650

The Continental GT 650 is an authentic cafe racer in every way. It appeals to the sporting riders with its optional single seat, sculpted fuel tank, rearset footrests and race-style clip-on handlebars. Yet, as much as it is perfect for enjoying high-speed blasts on twisting backroads, its ergonomics enable it to remain comfortable when used as a stylish city bike.

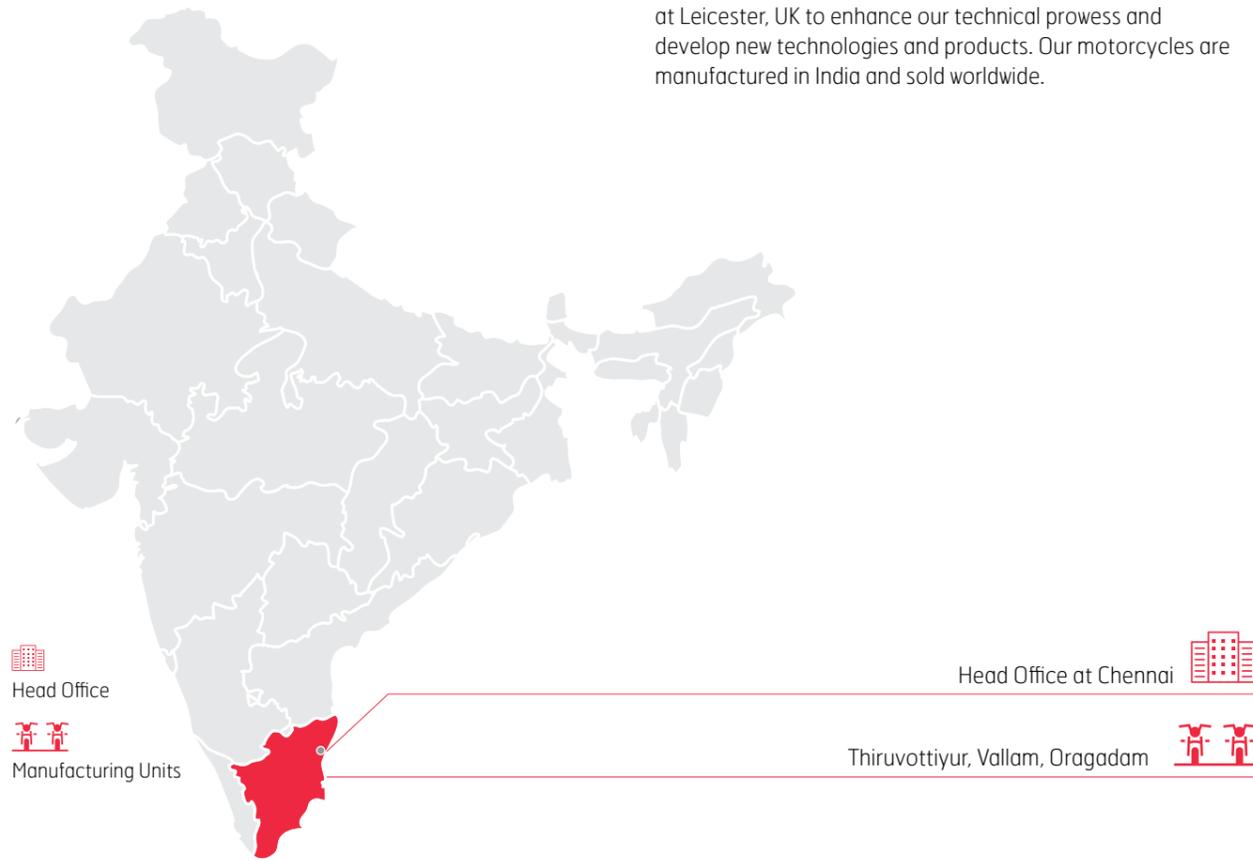


ABOUT US

GEOGRAPHICAL REACH AND BUSINESS

 102-3, 102-4, 102-6, 102-7

EML is headquartered in Chennai, Tamil Nadu, India and has three manufacturing units at Thiruvottiyur, Oragadam and Vallam Vadagal in Tamil Nadu, India. Moreover, we have two technical centres, one at Chennai, India and the other at Leicester, UK to enhance our technical prowess and develop new technologies and products. Our motorcycles are manufactured in India and sold worldwide.



Our distribution and service network are crucial peg in the growth story of our company. This network acts as the face of the company and interacts directly with customers on a day-to-day basis. Witnessing a steady rise in demand of our motorcycles in recent years, we are continuously ramping up our network to cater to the demand.

In the Financial Year 2018-19, 90 new dealerships have been added to strengthen our distribution network in India. As on 31st March 2019, there were 915 Royal Enfield stores in India. Globally, there are 36 exclusive Royal Enfield stores across UK, Colombia, USA, UAE, France, Spain, Indonesia, Thailand, Philippines, Australia, Portugal, Malaysia, Brazil, Vietnam and Argentina. Our service network supports the distribution network and is a vital part of our after-sales operations.

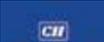
In the reporting Financial Year 2018-19, we entered the pre-owned motorcycle business with the opening of the first store, Vintage, in Chennai. In a pioneering initiative, this store will deal exclusively in the sale of pre-owned, refurbished and restored motorcycles. There are plans to expand this unique retail format in various locations across the country in the coming future.

ABOUT US

MEMBERSHIPS AND ASSOCIATIONS

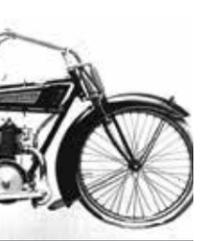
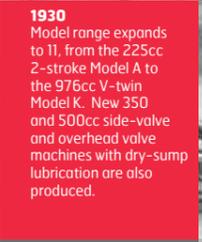
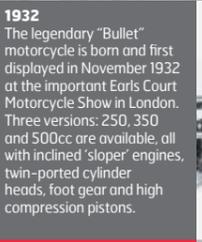
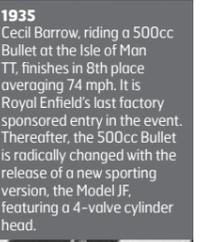
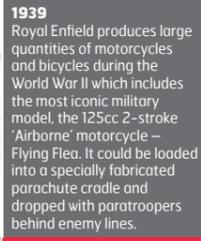
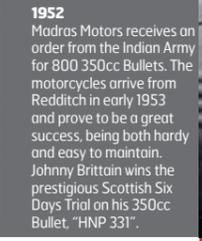
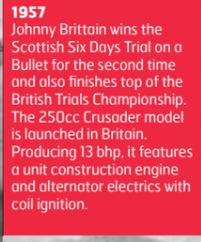
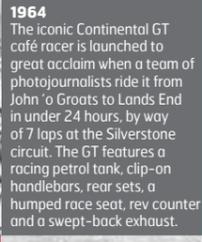
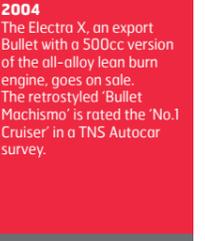
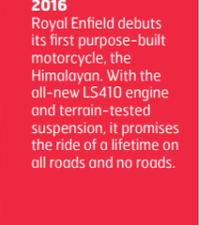
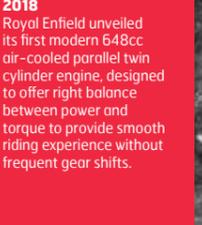
 102-13

EML is associated with several associations, industry bodies, national and international organisations. Our participation in industry bodies and associations offers us a platform to engage with peer automotive companies on issues of common interest and concern. We can put forth our views on current issues which impacts our business, develop public relations, and collaborate and network with other companies through these associations.

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



ABOUT US
OUR JOURNEY SO FAR

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|--|---|--|---|--|---|---|---|
| <p>1891 R.W. Smith and Albert Eadie take over the Townsend Cycle Company in Redditch, UK, renamed it to Enfield Manufacturing Company Limited (EMCL) and commenced supplying precision machine parts to the Royal Enfield Small Arms Factory in Enfield, Middlesex.</p> |  | <p>1893 EMCL becomes Royal Enfield – 'Royal' being taken from the Royal Small Arms Company. The trademark 'Made like a gun' is introduced.</p> |  | <p>1898 R. W. Smith designs a prototype motorised quadricycle, a four-wheeled bicycle using a proprietary 1 1/2 hp De Dion engine.</p> |  | <p>1900 Royal Enfield enters motorsport when one of its quadricycles enters a 1000 Mile Trial. The event does much to persuade the British public about the viability of motorised transport.</p> |  | <p>1901 The first Royal Enfield motorcycle is produced. Designed by R. W. Smith and Frenchman Jules Gotiet, it has a 1 1/2 hp Minerva engine mounted in front of the steering head. The final drive is at the rear wheel by means of a long rawhide belt.</p> |  | <p>1909 Royal Enfield's first V-twin is launched at the Stanley Cycle Show, having a 2 1/4 hp engine made by the Swiss company, Motosacoche.</p> |  | <p>1914 Royal Enfield's first 2-stroke motorcycle goes into full production. As Britain gets deeply involved in World War I, production of all other Royal Enfield motorcycles ceases barring this machine and the Company's biggest motorcycle, the 770 cc 6 hp V-twin.</p> |  |
| <p>1924 Continuous development results in a range of 8 models. This includes news launches of the Sports Model 351, the first Royal Enfield 350cc OHV 4-stroke motorcycle with foot-operated gear, powered by a JAP engine and a 225cc 2-stroke step through 'Ladies Model'.</p> |  | <p>1926 A major fire breaks out at the 18-acre Redditch factory. The Company's own fire brigade manages to fight flames that threatened to engulf the entire plant.</p> |  | <p>1928 Royal Enfield replaces outmoded flat tanks with saddle tanks and becomes one of the first manufacturers to change its front fork system from a Druid design to centre-sprung girder forks.</p> |  | <p>1930 Model range expands to 11, from the 225cc 2-stroke Model A to the 976cc V-twin Model K. New 350 and 500cc side-valve and overhead valve machines with dry-sump lubrication are also produced.</p> |  | <p>1932 The legendary 'Bullet' motorcycle is born and first displayed in November 1932 at the important Earls Court Motorcycle Show in London. Three versions: 250, 350 and 500cc are available, all with inclined 'sloper' engines, twin-valve cylinder heads, foot gear and high compression pistons.</p> |  | <p>1933 Two years following the demise of Albert Eadie, founding partner R.W. Smith passes away. Major Frank Smith assumes control at Enfield.</p> |  | <p>1935 Cecil Barrow, riding a 500cc Bullet at the Isle of Man TT, finishes in 8th place averaging 74 mph. It is Royal Enfield's last factory sponsored entry in the event. Thereafter, the 500cc Bullet is radically changed with the release of a new sporting version, the Model JF, featuring a 4-valve cylinder head.</p> |  |
| <p>1939 Royal Enfield produces large quantities of motorcycles and bicycles during the World War II which includes the most iconic military model, the 125cc 2-stroke 'Airborne' motorcycle – Flying Flea. It could be loaded into a specially fabricated parachute cradle and dropped with paratroopers behind enemy lines.</p> |  | <p>1948 The 350cc Bullet prototype, with radical swinging arm rear suspension is previewed in the Colmore Cup Trial of March 1948. Two Bullets form part of the victorious British team in the 1948 ISDT (International Six Day Trial), held in Italy. Both their riders win gold medals.</p> |  | <p>1949 The new 350cc Bullet and 500cc Twin models are launched in the UK, both having the same frame, swinging arm suspension, telescopic front forks and gearbox. K. R. Sundaram Iyer launches Madras Motors to import British motorcycles into India. Besides Norton and Matchless machines, he sells Royal Enfields.</p> |  | <p>1952 Madras Motors receives an order from the Indian Army for 800 350cc Bullets. The motorcycles arrive from Redditch in early 1953 and prove to be a great success, being both hardy and easy to maintain. Johnny Brittain wins the prestigious Scottish Six Days Trial on his 350cc Bullet, "HNP 331".</p> |  | <p>1955 The Redditch company partners Madras Motors in India to form 'Enfield India'. Work commences on the construction of a purpose-built factory at Tiruvottiyur, near Madras.</p> |  | <p>1956 The Tiruvottiyur factory operationalises with the manufacture of licensed Bullets. Early production is based on assembling machines that come in kit form from England. 163 Bullets are built during the year.</p> |  | <p>1957 Johnny Brittain wins the Scottish Six Days Trial on a Bullet for the second time and also finishes top of the British Trials Championship. The 250cc Crusader model is launched in Britain. Producing 13 bhp, it features a unit construction engine and alternator electrics with coil ignition.</p> |  |
| <p>1957 Johnny Brittain wins the Scottish Six Days Trial on a Bullet for the second time and also finishes top of the British Trials Championship. The 250cc Crusader model is launched in Britain. Producing 13 bhp, it features a unit construction engine and alternator electrics with coil ignition.</p> |  | <p>1964 The iconic Continental GT café racer is launched to great acclaim when a team of photojournalists ride it from John 'o Groat's to Lands End in under 24 hours, by way of 7 laps at the Silverstone circuit. The GT features a racing petrol tank, clip-on handlebars, rear sets, a humped race seat, rev counter and a swept-back exhaust.</p> |  | <p>1967 With only two models left in production – the 250cc Continental GT and the 736cc Interceptor – Royal Enfield's Redditch facility closes. Production of the Interceptor continues at Enfield's underground facility in Bradford on Avon.</p> |  | <p>1970 The Enfield Cycle Company in the UK goes out of business. The remaining Interceptor engines are sold to the Rickman Brothers and fit in proprietary Metzger frames. Approximately 90 of these machines are built. Production in India continues without interruption.</p> |  | <p>1977 Royal Enfield India begins exporting the 350cc Bullet to the UK and Europe. Sales grow rapidly as the bikes develop a following amongst classic British motorcycle enthusiasts.</p> |  | <p>1989 A new 24 bhp 500cc Bullet is released, primarily aimed at export markets, where it is available in Classic, Deluxe and Superstar trim along with the 350.</p> |  | <p>1993 Enfield India produces the world's first mass-manufactured diesel motorcycle – the Enfield Diesel having highly fuel-efficient 325cc power unit installed in the standard Bullet rolling chassis.</p> |  |
| <p>1994 The Eicher Group acquires Enfield India Limited and renamed it Royal Enfield Motors Limited.</p> |  | <p>1997 Forty Royal Enfield motorcycles tour Khardung La, the world's highest motorable pass, setting a precedent for epic rides in some of the world's most difficult terrain.</p> |  | <p>1999 Utilising the design skills of Austrian experts AVL, production of a revised 350cc all-aluminium lean burn Bullet engine, known as the A350, begins at a new Royal Enfield plant near Jaipur, Rajasthan.</p> |  | <p>2001 The Daredevils, the motorcycle display team of the Indian Army Corps of Signals, Jabalpur, forms a human pyramid of 201 men on ten 350cc Enfield motorcycles, riding a distance of over 200 metres.</p> |  | <p>2002 The Thunderbird, a stylish lean burn cruiser is launched in India. It features the first 5-speed gearbox used on a Royal Enfield since 1965 in Redditch. Over 1000 Royal Enfield motorcycles of all ages descend on Redditch for the Royal Enfield Owners Club Redditch Revisited event.</p> |  | <p>2004 The Electra X, an export Bullet with a 500cc version of the all-alloy lean burn engine, goes on sale. The retro-styled 'Bullet Machismo' is rated the 'No.1 Cruiser' in a TNS Autocar survey.</p> |  | <p>2005 Royal Enfield celebrates its 50th anniversary in India.</p> |  |
| <p>2005 Royal Enfield celebrates its 50th anniversary in India.</p> |  | <p>2008 Royal Enfield begins exporting the Classic, India's first 500cc EFI, Euro III compliant motorcycle, to European markets. The Thunderbird Twinspark is launched with the new Unit Construction Engine (UCE) in India.</p> |  | <p>2009 The 500cc UCE engine is launched in India. The retro-styled Classic version achieves cult status immediately and sales grow rapidly.</p> |  | <p>2011 The Company launches its first annual 'One Ride', where Royal Enfield riders globally are encouraged to go for a ride on the first Sunday in April. Royal Enfield acquires 50 acres of land at Oragadam near Chennai for its new plant. A factory organised trip crosses the border with 'Tour of Nepal'.</p> |  | <p>2012 Royal Enfield launches its first highway cruiser, the all-black Thunderbird 500. Work on the new Oragadam factory continues briskly while the Tiruvottiyur plant sets new production records.</p> |  | <p>2013 Forty-eight years after developing the world's first café racer, Royal Enfield rolls out the all-new Continental GT. Rockers, critics and riders agree that it is the most fun one could ever have on a motorcycle.</p> |  | <p>2013 Royal Enfield commences manufacturing at its second facility in Oragadam, Tamil Nadu. With increased capacity, the state-of-the-art factory will be the nucleus of the Company's global ambitions in the future.</p> |  |
| <p>2014 Royal Enfield introduces a new retail experience with the opening of the first-of-its-kind exclusive gear store at Khan Market, New Delhi.</p> |  | <p>2015 Royal Enfield acquires erstwhile collaborators Harris Performance of the UK, a motorcycle engineering and design firm, to enhance its engineering and product design capabilities.</p> |  | <p>2015 Royal Enfield sets up its first direct distribution subsidiary outside India, in North America with headquarters in Milwaukee, Wisconsin.</p> |  | <p>2016 Royal Enfield debuts its first purpose-built motorcycle, the Himalayan. With the all-new LS410 engine and terrain-tested suspension, it promises the ride of a lifetime on all roads and no roads.</p> |  | <p>2017 Royal Enfield moves into its state-of-the-art Tech Centre at Leicestershire, UK to design and develop new motorcycle platforms for global market.</p> |  | <p>2018 Royal Enfield unveiled its first modern 648cc air-cooled parallel twin cylinder engine, designed to offer right balance between power and torque to provide smooth riding experience without frequent gear shifts.</p> |  | <p>2019 Royal Enfield launches its first twin-cylinder motorcycles in 50 years with the all new Interceptor 650 and Continental GT 650 amidst global enthusiasm.</p> |  |

KEY HIGHLIGHTS OF FINANCIAL YEAR 2018-19

8,23,828

Highest ever sales figure achieved

91%

Market share in India's mid-size (250-750cc) motorcycles segment

100%

Manufacturing units have a closed loop system to recycle effluent to water for processes

915

Stores across India

85%

Materials used in the motorcycle can be recycled at the end of life

90%

Recycled water used for process activities

Zero

Fatality at manufacturing units

100%

Waste paint from process is sent to the cement industry for safe disposal

INR 45.39 crores

Spent on CSR activities

13,711

Total employees

AWARDS AND RECOGNITION



Royal Enfield Interceptor 650 wins 'Indian Motorcycle of the Year 2019'

In December 2018, Interceptor 650 won the prestigious Indian Motorcycle of the Year 2019 (IMOTY). The IMOTY is the most authoritative two-wheeler award in the country, and boasts of a jury comprising the most experienced and eminent two-wheelers journalists from India who represent the country's top automotive publications



Interceptor 650 wins Autocar's 'Motorcycle of the Year' award



Interceptor 650 wins Bike India's - Two-Wheeler of the Year 2019



The Interceptor 650 wins the 'Bike of the Year 2019' at the Times Auto Awards 2019 powered by Top Gear

OUR ALIGNMENT TO SUSTAINABLE DEVELOPMENT GOALS (SDGS)

At EML, we are committed to our responsibility towards environment and society. In order to demonstrate our commitment, we have aligned our key activities against the relevant SDGs as mapped below:



No Poverty

We provide skill development training to the youth by means of our CSR initiatives, thereby empowering them to earn a livelihood.



Good Health

Our CSR initiatives focus on upgrading childcare centres to enhance quality and reduce infant mortality rates. We have helped in enhancing primary health centres, community health clinics, medical camps, etc.



Responsible Consumption

We aim to optimize our resource consumption in the manufacturing process of motorcycles. Over 85% of the components in our motorcycle are recyclable at the end of life.



Quality Education

Royal Enfield Academy has 9 centres which impart vocational training to the youth. We provide aid to 31 schools in tribal areas of Alwar District, Rajasthan for upgradation of infrastructure and operations. We also support Government schools in suburbs of Chennai.



Gender Equality

We promote diversity at the workplace by employing women and providing them support for a long-term continual service. Our CSR initiatives in rural communities focuses on women empowerment through formulation of self-help groups and skills training.



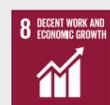
Clean Water & Sanitation

At EML, we focus on recycling and reusing our water used in the manufacturing units. In alignment with this, we extensively work on sanitation projects like providing household toilets, renovation of women sanitary complex, implementation of hand-washing programmes in schools, restoration of water bodies, etc.



Climate Action

We believe that climate change is the biggest threat to mankind, thus we put in constant efforts in reducing our energy consumption and GHG emissions across our premises and operations.



Good Jobs & Economic Growth

At EML, we focus on creating job opportunities within the company as well as for the suppliers and dealers. Since majority of our suppliers are from India, our operations support the development of local economy.



Innovation and Infrastructure

We have implemented initiatives such as trauma care centres and training sessions for road safety on the Leh-Manali Highway. The first response centres are equipped to deal with trauma cases, having access to communication via satellite phones and mobile medical vans. We are also supporting electrification of remote villages in Himalayas with solar power and development of infrastructure projects around our plants.



Reduced Inequalities

We strive for diversification in our workforce. Over 7% of our total workforce are women. This includes women at the shop floor. As an equal opportunities' employer, there is no discrimination on basis of gender, age, caste, etc. The selection of candidates, benefits and promotions of employees is determined on merit.

Our CSR projects work towards reducing social inequalities through education and women's empowerment programmes.



Partnerships for the Goals

We are active members of industry bodies and associations and engage with them on issues of common interest. We also engage with the government authorities regularly.

Our CSR projects are carried out in partnership with other NGOs.

102-50, 102-51, 102-52, 102-54

About the report

"Passion with Responsibility" is our first sustainability report and presents our consolidated performance across environmental, social and economic parameters for the period of 1st April 2018 to 31st March 2019. The report has been prepared in accordance with the 'core' criteria of the Global Reporting Initiative (GRI) Standards.

Our material topics were identified through a materiality assessment and stakeholder engagement exercise that was undertaken at our corporate office in consultation with the management team. Each material topic is mapped against the relevant indicators from the GRI Standards.

The principles of stakeholder inclusiveness, materiality, sustainability context and completeness have been consistently followed to define the report content.

The intended readers of this report shall include all key stakeholders - employees, suppliers and contractors, shareholders and investors, customers, regulatory authorities, industry associations, non-governmental organizations, academics, industrial peers, media and local communities. In the coming years, we will continue sharing our sustainability performance with our stakeholders through reports on an annual basis.

Data management approach

For the preparation of this report, a company-wide data collection and management process has been established which includes development of customised data collection templates, establishment of clear verifiable trails, requisite oversight, authorization requirements and data collation and validation. The data presented in this report has been calculated using assumptions, standard guidelines and methodologies. These have been disclosed wherever used. The data is further verified by the concerned department head.

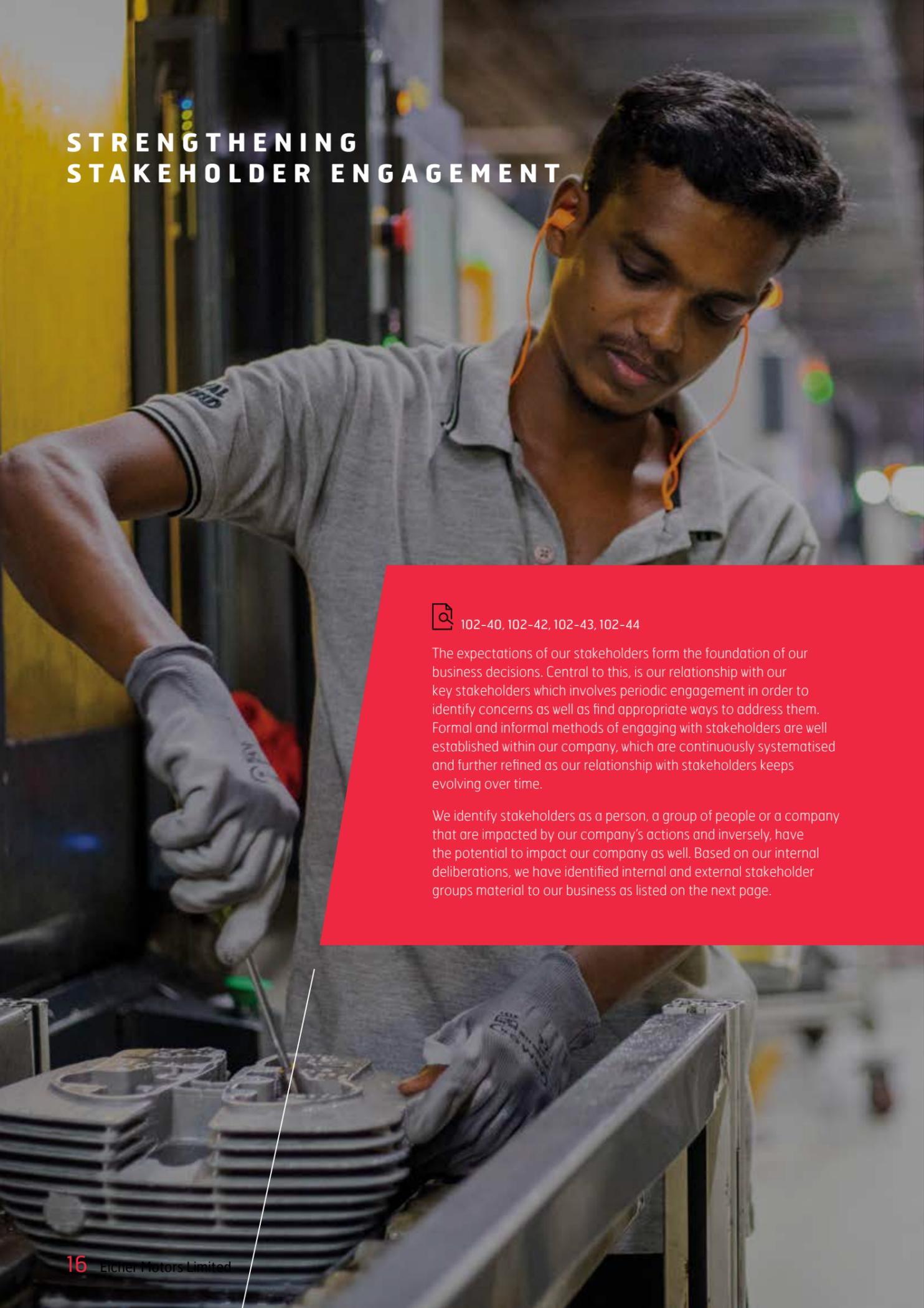
There is no external assurance undertaken for this sustainability report. However, entire data has gone through a thorough internal verification process to ensure accuracy and correctness.

Reporting boundary

The reporting boundary includes three manufacturing units based at Thiruvottiyur, Oragadam and Vallam Vadagal in Tamil Nadu, India. Company offices, joint venture companies, dealers and suppliers are excluded from the reporting boundary for this year.

While reporting on various parameters, an attempt has been made to apply a uniform approach for data collection, measurements and calculations. Any assumptions and methodology used for the analysis or reporting are included in the report as applicable.

STRENGTHENING STAKEHOLDER ENGAGEMENT



 102-40, 102-42, 102-43, 102-44

The expectations of our stakeholders form the foundation of our business decisions. Central to this, is our relationship with our key stakeholders which involves periodic engagement in order to identify concerns as well as find appropriate ways to address them. Formal and informal methods of engaging with stakeholders are well established within our company, which are continuously systematised and further refined as our relationship with stakeholders keeps evolving over time.

We identify stakeholders as a person, a group of people or a company that are impacted by our company's actions and inversely, have the potential to impact our company as well. Based on our internal deliberations, we have identified internal and external stakeholder groups material to our business as listed on the next page.

Our key stakeholder groups



Employees and their families



Consumers



Suppliers and dealers



Bankers



Local communities



Investors



Peers and industry ecosystem



Government and regulatory bodies

We have developed a two-way communication mode to capture and share the relevant information with our stakeholders and collect their feedback for further action. An open-dialogue platform is used as a mode of communication for resolving any issues/concerns raised by stakeholders to arrive at mutually acceptable resolutions.

| Stakeholder Groups | Mode of Engagement | Stakeholders' Expectations |
|---|--|---|
|  | <ul style="list-style-type: none"> Employee satisfaction survey Discussions during performance appraisals Training programmes Grievance redressal system | <ul style="list-style-type: none"> Career progression Communication on employee policies, rewards and recognition Safe working conditions |
|  | <ul style="list-style-type: none"> Customer satisfaction survey Customer feedback | <ul style="list-style-type: none"> On time delivery of products Sales/service complaints Product and service quality |
|  | <ul style="list-style-type: none"> Supplier meets/surveys Dealer management system/meets | <ul style="list-style-type: none"> Quality of products New product/component development Communication on company sales plan Enhancing customer experience Improving efficiency Attaining set targets |
|  | <ul style="list-style-type: none"> One-to-one meetings, press releases, emails and calls | <ul style="list-style-type: none"> Updates on company performance, investments and plans, new products, business expansion and diversification |
|  | <ul style="list-style-type: none"> Annual general meetings Press releases, emails Investor meets One-to-one meetings and calls | <ul style="list-style-type: none"> Company performance Future plans and projects in pipeline Updates on new launches |
|  | <ul style="list-style-type: none"> Regular interaction On-site inspection Submission of mandatory reports | <ul style="list-style-type: none"> Regulatory compliance |
|  | <ul style="list-style-type: none"> CSR programmes | <ul style="list-style-type: none"> Need for education Skill training and employment Healthcare Infrastructure development |
|  | <ul style="list-style-type: none"> Industry bodies and associations | <ul style="list-style-type: none"> Future environment regulation Policies and implementation plan |

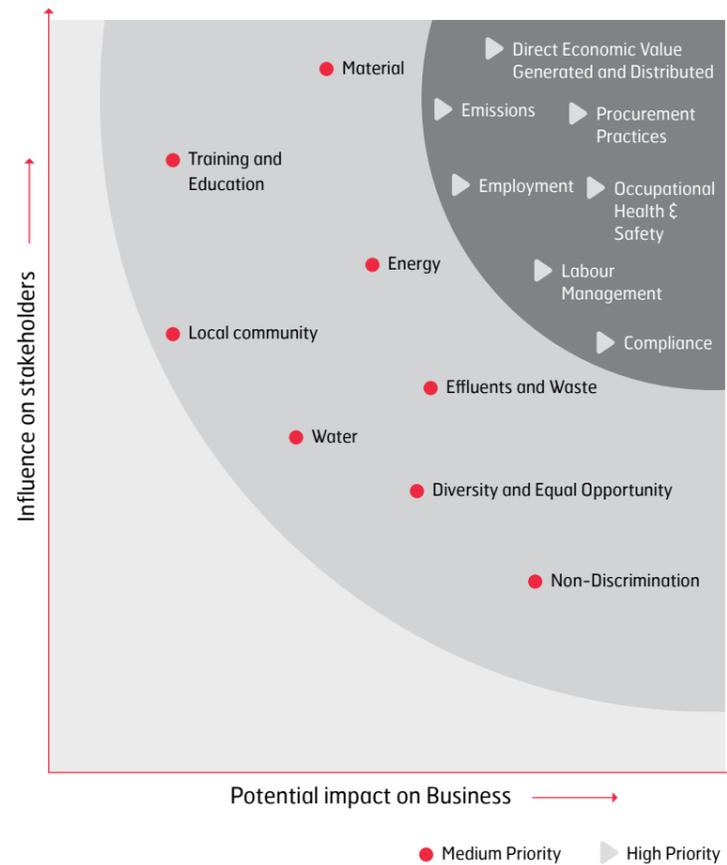
MATERIALITY MATTERS

102-47

In order to effectively manage our sustainability impacts, the first step was to identify and prioritize material topics relevant to us. A comprehensive list of material topics relevant to our sector was created through feedback received from our continuous engagement with various stakeholders as well as by industry/peer analysis. We conducted consultations with our major corporate functions in order to identify topics most relevant to our operations. The feedback from consultations led to categorization of the material topics as per their relevance (high, medium or low). We have reported our performance against all material topics identified.

Our materiality matrix comprises of sustainability issues raised by our stakeholders along with our leadership team. The material topics are plotted against two dimensions "Impact on business" and "Influence on stakeholders". The material topics identified by means of this exercise are presented in the matrix below.

Our materiality matrix



| High priority | Disclosure under section |
|---|----------------------------|
| Direct Economic Value Generated and Distributed (201) | Creating Economic Value |
| Procurement Practices (204) | Creating Economic Value |
| Emissions (305) | Environmental Stewardship |
| Compliance (307) | Environmental Stewardship |
| Employment (401) | Investing in Human Capital |
| Occupational Health & Safety (403) | Investing in Human Capital |
| Labour Management (402) | Investing in Human Capital |
| Medium priority | Disclosure under section |
| Material (301) | Environmental Stewardship |
| Energy (302) | Environmental Stewardship |
| Water (303) | Environmental Stewardship |
| Effluent and Waste (306) | Environmental Stewardship |
| Training and Education (404) | Investing in Human Capital |
| Diversity and Equal Opportunity (405) | Investing in Human Capital |
| Non-Discrimination (406) | Investing in Human Capital |
| Local Community (413) | Caring for Communities |

This year, we have chosen to report only on the topics identified as having high and medium impact both on the company and the stakeholders. We feel that these identified material topics and their associated disclosures will provide a balanced and transparent picture of our operations.

MATERIALITY, SUSTAINABILITY DEVELOPMENT GOALS AND STAKEHOLDER MAPPING

102-46

We have mapped our material topics with the relevant stakeholders who are impacted by them and the Sustainability Development Goals (SDGs). This gives a clear picture of the impact boundary of each material topics as well as their alignment to the SDGs.

| Material Topics | Stakeholder Groups | SDG Alignment |
|---|--------------------|---------------|
| Economic | | |
| Direct Economic Value Generated and Distributed (201) | | |
| Procurement Practices (204) | | |
| Environment | | |
| Emissions (305) | | |
| Compliance (307) | | |
| Material (301) | | |
| Energy (302) | | |
| Water (303) | | |
| Effluent and Waste (306) | | |
| Social | | |
| Employment (401) | | |
| Occupational Health & Safety (403) | | |
| Labour Management (402) | | |
| Training and Education (404) | | |
| Diversity and Equal Opportunity (405) | | |
| Non-Discrimination (406) | | |
| Local Community (413) | | |

KEY RISKS, IMPACTS AND OPPORTUNITIES



102-15

A crucial factor that determines business longevity and sustainability is its ability to recognize, potential risks and to take appropriate measures to eliminate or mitigate them at the right time. At EML, we have a comprehensive risk management framework which is the foundation our company's Enterprise Risk Management (ERM) system.

Numerous factors influence companies from the external environment such as government regulations and policies, customer preferences, global trends, foreign exchange movement, climate change, etc. Internally too, changes occur all the time. Altering expectations of the employees, attrition, governance practices, need for upskilling and multiskilling of manpower are some of the risks that we face within the company.

The Company maintains a risk library and regularly interacts with various internal departments as well as external associations and industry bodies to keep a tab on emerging changes in the external world in order to identify emerging risks.

Key risks

| Risk | Mitigation strategy |
|--|---|
|  <p>Regulatory Changes Regulatory changes in domestic markets</p> | <ul style="list-style-type: none"> We successfully transitioned to Anti-lock Braking System from July 2018 onwards with integration of operations and supply chain. There are plans in place to be fully compliant with all regulatory changes that will be introduced over the next few years. There is a clearly laid out path to comply with BS-VI emission norms which come into effect from April 2020. Heavy investments are being made in R&D with an eye on the future. Product offerings are being expanded and present product portfolio is being upgraded with additional features of safety and comfort. |
|  <p>Brand and Reputation Keeping the corporate brand and reputation intact</p> | <ul style="list-style-type: none"> EML enjoys a unique place amongst customers. The brand stands for resilient, rugged motorcycles that offer pure riding pleasure. To maintain this brand position, we are working on improving our customer experience both in terms of the product and sales as well as service experience. We are enhancing our R&D strength and working closely with dealers to progressively improve their technical knowledge and soft skills. To keep up with the demand, installed capacity at factories is being increased. To maintain dominant presence in the market, our efforts are aligned towards better forecasting to understand and exploit market potential. Due to superior quality expectation from customers, we lay high emphasis on product quality. Manufacturing excellence is one of the management's focus areas. Any incident of product shortcoming is fully scrutinised and corrective action is taken to avoid recurrence. |

| Risk | Mitigation strategy |
|---|--|
|  <p>Customer Preferences Responding to changing customer preferences and expectations</p> | <ul style="list-style-type: none"> While India continues to be a large two-wheeler market, its composition has evolved over the past few years. On one hand, less than 150cc segment has witnessed a rapid growth of scooters relative to motorcycles; on the other hand, the motorcycle segment has also evolved to witness premiumisation. Royal Enfield has been the biggest beneficiary of this shift in riding preferences. We have also been extensively engaging with our customers to create a differentiated experience and leveraging the brand to enhance in-store experiences. With evolving customer preferences, we are expanding our product offerings. Over the past few years, the performance of Royal Enfield shows that we are a preferred choice in the premium segment of motorcycles. This trend has been driven by a mix of factors ranging from increase in disposable income, the customer preferences for riding growing beyond just commuting, and the positioning of Royal Enfield as an aspirational brand. |
|  <p>Employees and Corporate Culture Managing a diverse workforce and maintaining a distinct and solid corporate culture</p> | <ul style="list-style-type: none"> Our workforce is diverse in terms of age, gender, educational qualification, years of service. This diversity offers both challenges and opportunities. To inculcate corporate values across employees, we are working on creating sustained channels of communication for open communication between seniors and subordinates as well as employees and management. Employee engagement initiatives are being strengthened to keep employees upbeat and motivated and at the same time create cohesion between them. |

RESPONSIBLE CORPORATE GOVERNANCE & ETHICS

Effective governance supports our vision, commitments, defines expectations and responsibilities, thereby ensuring continual journey towards meeting our goals. We are committed to implement sound corporate governance practices and maintain highest business standards. The Code of Conduct, company's policies and the governance practices are based on corporate principles, and emphasis is laid on transparency, accountability, integrity and compliance.

Ethics and business conduct

EML has laid down well-defined codes of acceptable conduct and behaviour for employees and the management. There are policies in place to ensure ethics, transparency and accountability are maintained within the organization and in all business matters. A thorough internal and external mechanism is in place to respond to investor grievances in a timely and appropriate manner. Some of our important policies are:

1 Code of conduct for Directors and Senior Management

The 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 policies.

2 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.

3 Whistle-blower Policy

This policy offers a mechanism that allows Directors, Employees, Vendors and Dealers to report any wrong-doing or malpractice in the organization. The policy also assures protection from reprisals or victimization to the person's reporting.

4 Code of Conduct for insider trading

This policy is to prevent insider trading and protect the outflow of unpublished price sensitive information.

5 Prevention of sexual harassment

This policy covers all employees (permanent, contractual, temporary and trainees). An Internal Complaint's Committee has been set up to redress complaints received on sexual harassment.

We have a Stakeholders' Relationship Committee that consists of three non-executive independent directors. This committee investigates the redressal of shareholders and investors complaints. The Managing Director and the Chief Financial Officer are invited to the committee meetings as

and when required. The Company Secretary is the secretary to the committee. In Financial Year 2018-19, we received 58 complaints from stakeholders. We successfully resolved 56 complaints during the year which include 4 complaints pertaining to previous period.

Our governance structure



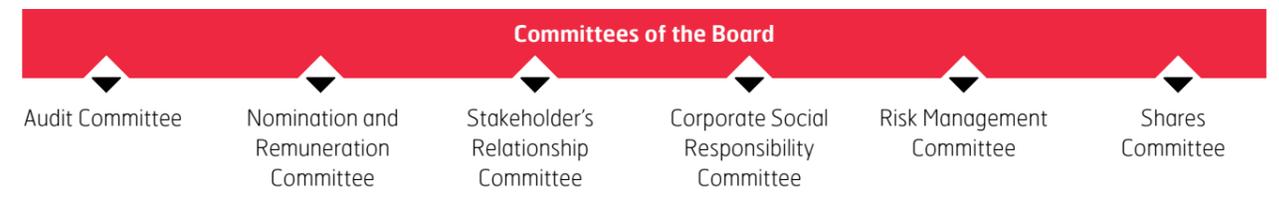
The governance process of our organization include creation of sub-committees of the Board to oversee the functions of executive management. These sub-committees of the Board mainly comprise Non-executive Directors and Independent Directors, who meet and deliberate regularly to discharge their obligations. We have adopted leading practices contained in SEBI (LODR) Regulations, 2015, which regulates all listed companies in India.

The Board is responsible for the management of our businesses as well as incorporating sustainability initiatives in the company. As on 31st March, 2019, the Board consisted of four directors comprising three non-executive independent directors and one executive director. Five Board meetings were held during Financial Year 2018-19.

| S.No. | Name | Designation | Executive/ Non-executive/ Independent |
|-------|-----------------------|------------------------------|---------------------------------------|
| 1 | Mr S. Sandilya | Chairman | Non-Executive Independent Director |
| 2 | Mr. Siddhartha Lal | Promoter & Managing Director | Executive Director |
| 3 | Ms. Manvi Sinha | Director | Non-Executive Independent Director |
| 4 | Mr. Inder Mohan Singh | Director | Non-Executive Independent Director |

With effect from April 1, 2019, Mr. Vinod Kumar Dasari was appointed as Whole-time Director and CEO of Royal Enfield and Mr. Vinod Kumar Aggarwal was appointed as Non-Executive Director of the Company.

Committees of the Board at EML



Appointment of Directors

Directors are appointed or re-appointed with the approval of the shareholders and remain in office in accordance with the provisions of the law and terms and conditions of appointment. Letters of appointment are issued to all the Independent Directors and the terms and conditions of their appointment are disclosed on the corporate website www.eichermotors.com. While formulating and approving policies concerning appointment of directors and other senior officers, board diversity, remuneration and evaluation, the Board seeks to ensure business continuity with due weightage to succession planning. Directors on the Board of EML are eminent persons of repute that have relevant experience and a proven track record.

Remuneration of Board of Directors

The Board has constituted Nomination and Remuneration Committee as per the requirements of the Companies Act 2013 and SEBI (LODR) Regulations, 2015. The remuneration of the Managing Director is approved by shareholders in the Annual General Meeting. Total remuneration of Managing Director does not exceed 5% of the net profits computed in the manner provided under Section 197 read with Section 198 of the Companies Act, 2013. For Non-Executive and Independent Directors, the remuneration comprises sitting fees and commission. The amount of sitting fees is determined by the Board of Directors within the ceiling prescribed under the Companies Act. The Commission payable is also determined by the Board every year and is paid upon approval of financial statements by the shareholders at the Annual General Meeting.

CREATING ECONOMIC VALUE

102-45, 201-1

EML believes that the wealth must be created and shared in a fair manner for equitable socio-economic development of the nation. There are strict measurement and control systems in our company to manage our business performance. We have a robust business review system in place. The management reviews the business performance on a regular basis.

Our performance (EML Standalone)

In 2018-19, India continued to remain Royal Enfield's primary market with 97% of the total volume being contributed by India and the remaining being exported to over 40 countries around the world. Royal Enfield's total volume including exports increased by 0.41% from 8,20,492 motorcycles in 2017-18 to 8,23,828 motorcycles in 2018-19.

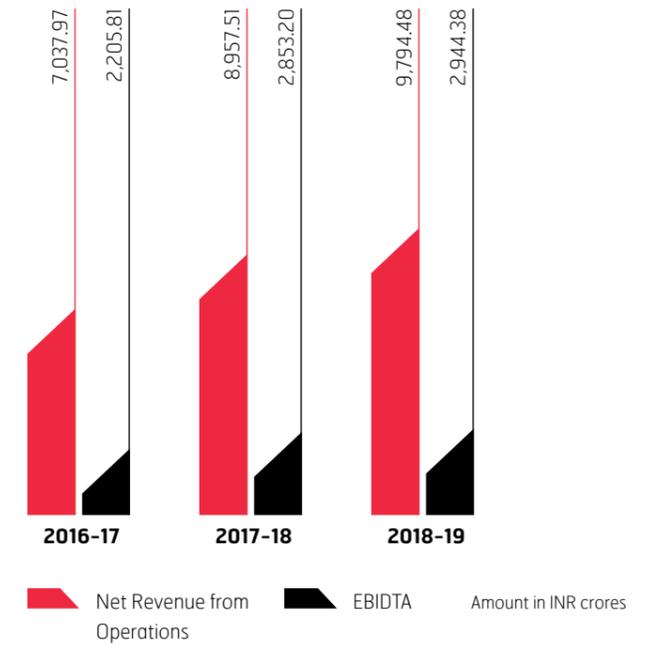
In the domestic market, Royal Enfield was not immune to the industry headwinds and weak consumer sentiments. Despite these factors, coupled with regulation driven price increases and rampant floods in one of its largest market, Kerala, in August 2018, the domestic volumes grew by 0.2% from 8,01,230 in 2017-18 to 8,03,003 in 2018-19.

The market share decreased from 27% in Financial Year 2017-18 to 25% in Financial Year 2018-19. EBITDA (Earnings before interest, taxes, depreciation, and amortization) increased by 3% over the last year and total comprehensive income increased by 19%.

Net revenue generation from operations

During the year, Royal Enfield transitioned its entire product portfolio to Anti-Lock Braking System ("ABS"), mandatorily required from 1st April 2019 in all motorcycles of 125cc and above. Royal Enfield started this transition well ahead of time with a steady move of its portfolio, first to disc brake and then to ABS, with the launch of Royal Enfield Classic Signals 350 in August 2018.

Moreover, in the Financial Year 2018-19 Royal Enfield extended its product offerings with the launch of the new 650cc Twin motorcycles - Interceptor 650 and Continental GT 650, which were unveiled at the EICMA Motor show in November 2017. These motorcycles were conceptualized, designed and developed mainly at the Royal Enfield UK Technology Centre and offered with a dedicated set of 40 accessory options.



97% of the total volume being contributed by India

Total volume
8,20,492
 Motorcycles in 2017-18
8,23,828
 Motorcycles in 2018-19



Domestic volume
8,01,230
 Motorcycles in 2017-18
8,03,003
 Motorcycles in 2018-19



Economic value distributed



201-1

The value that a company creates for the economies where it operates can be determined by the direct economic spent by the company or economic value distributed through employee wages and benefits, payments to local suppliers, payments to providers of capital and payments to government.

Economic value distributed

| Economic value distributed | 2018-19 (in INR crores) |
|--|----------------------------|
| REVENUES | 10,302.52 |
| Gross sales | 9,794.48 |
| Revenue from financial investments & other sources | 508.04 |
| DIRECT ECONOMIC VALUE DISTRIBUTED | 11,730.48 |
| Operating cost | 6,170.57 |
| Employee wages and benefits | 679.53 |
| Reinvested to maintain and develop operations | 2,484.22 |
| Community investments | 45.39 |
| Payments to governments | 2,047.85 |
| Payments to provider of funds | 302.92 |

Contribution to defined benefit schemes



201-3

| Contribution to defined benefit schemes | 2016-17 | 2017-18 | 2018-19 |
|---|-----------------|---------|---------|
| | (in INR crores) | | |
| Contribution to provident fund | 15.73 | 15.56 | 20.06 |
| Contribution to superannuation fund | 0.43 | 0.49 | 0.49 |
| Contribution to gratuity fund | 1.00 | 4.50 | 4.35 |
| Contribution to State Insurance Corporation | 2.22 | 4.77 | 4.67 |
| Contribution to other funds | 3.92 | 7.57 | 10.45 |

Employee wages and benefits



201-1

| Employee wages and benefits | 2016-17 | 2017-18 | 2018-19 |
|---|-----------------|---------|---------|
| | (in INR crores) | | |
| Salaries, wages, bonus and allowances | 329.37 | 454.50 | 585.67 |
| Contribution to provident and other funds | 18.93 | 22.11 | 29.45 |
| Employee welfare expenses | 40.17 | 53.14 | 50.20 |
| Share based payments | 20.50 | 18.11 | 14.21 |

¹ CAGR: Compound Annual Growth Rate

Building a network of suppliers and dealers



102-9, 102-10, 204-1

While our own financial health is a priority, we extend this concern to our business partners - the suppliers and dealers, who are an integral part of our business as well.

Our manufacturing units are in a concentrated hub in Tamil Nadu and has actively developed and supported suppliers in the state. There are several opportunities for sustainability initiatives in the in-bound supply chain that we actively tap, for example, use of reusable trolleys, bins and pallets that significantly eliminate the use of packaging materials.

Our strategic focus is on indigenisation of components and local sourcing. Procuring from indigenous suppliers boosts the local economy and supports development of Small and Medium Enterprises (SMEs). At the same time, it reduces our exposure to foreign exchange movement, a risk common across the automobile sector.

In 2018-19, we sourced 98.1% by value of our raw materials from within India which translated to a business of INR 4,959.11 crores with indigenous suppliers.

93% of our supply partners have been growing together with us, in the range of 15% to 40% CAGR¹ in last 5 years. This business growth helps the suppliers to establish dedicated lines, machines, robotics and automation for the highly efficient production leading to economies of scale.

Our focus during the year was on expanding operations and customer reach. The dealer network was strengthened with the addition of 90 new dealerships in India, taking the total to 915. The dealerships are an integral part our business as they are the point of sales and service for our customers. A robust dealership network is critical for expanding into new and existing markets and carving out a prominent place for the brand in the market.

There were no significant changes in our supply chain during the year.



Process automations in the factory

ENVIRONMENTAL STEWARDSHIP

 103-1, 102-11

The natural environment, although silent, is a key stakeholder that possesses the hidden potential to impact businesses in various ways. The anthropogenic impact on the environment has increased in the recent years driven in part by expanding industrial activity and now poses a grave threat to the global environment. Some of the impacts are already visible and many more are likely to become a reality in the short-term.

As a responsible company, we have taken various initiatives to optimise resource efficiency and reduce our impact on the environment. Our approach to environmental stewardship is underpinned by the precautionary principle/approach. This means that we seek to identify the threats posed by our operations to the environment and find appropriate ways to manage them effectively. Our passion towards sustainability has motivated us to create an environmental policy which crosses our boundaries of regulatory requirements and compliances to create value. The policy iterates the key issues that the company should focus on such as resource efficiency, cleaner production, waste reduction and management, etc. It also includes awareness generation and training of employees on environmental issues with a view to eventually making them sustainability champions who drive us to improve our environmental performance.

For environmental risk management, we have included various potential environmental risks in our formal risk management process which is directly under the supervision of our senior management. We have dedicated departments dealing with different environmental aspects at each of our manufacturing units. Additionally, we set benchmarks in the form of annual targets which are reviewed periodically.

Energy management

 302-1, 302-2

Effective energy management has been a key component of our operational practices since the company's inception. We realize that energy from non-renewable sources, is a limited resource with unlimited demand and rising costs and its optimum utilization is imperative both for maintaining a healthy bottom-line as well as fulfilling our responsibility towards the society. Furthermore, it directly translates to our carbon footprint and therefore we strive to reduce all wastages, introduce more energy efficient processes and technologies at all stages and use renewable energy wherever feasible.

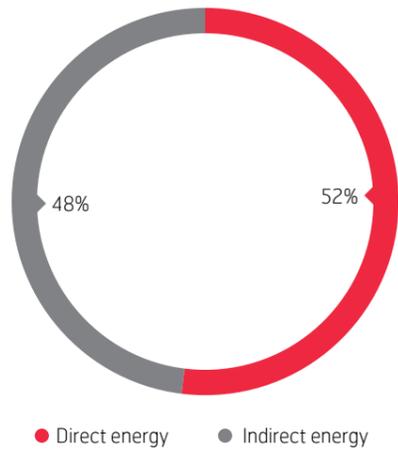
To minimize the impact of our direct energy consumption, we have changed our fuel profile and moved from High Speed Diesel (HSD) in our first plant at Tiruvottiyur, to cleaner fuels like Liquefied Petroleum Gas (LPG) at our Oragadam and Vallam Vadagal plants, as fuel for process heating. This switch has been a conscious decision within the business due to the high effectiveness of LPG. Due to this transition, fuel efficiency has increased by 80%. At the same time, greenhouse gas emissions have reduced by 45%. Moreover, the burners running on LPG are low on maintenance with a longer life and cleaner burning.

This year, our new manufacturing plant at Vallam Vadagal, Tamil Nadu scaled up to full capacity which has led to an increase in overall production and energy consumption. However, we have managed to keep our overall energy consumption under control – the energy intensity (per motorcycle manufactured) has increased marginally.

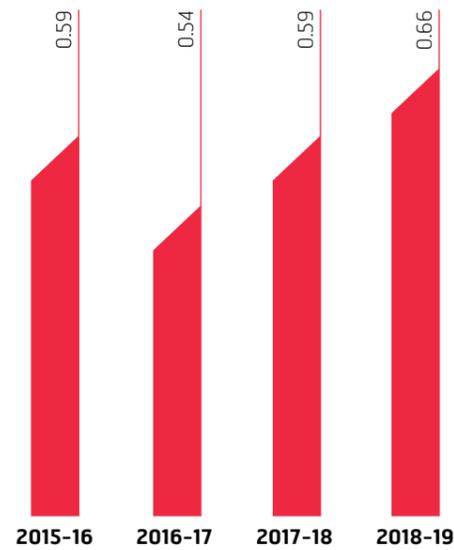
Energy consumption

| Energy type | Unit | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|--------------------------------|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| Direct energy sources | | | | | |
| HSD | GJ | 53,620 | 12,800 | 18,355 | 53,578 |
| LPG | GJ | 1,12,472 | 1,56,469 | 2,12,602 | 2,37,594 |
| Indirect energy sources | | | | | |
| Electricity purchased | GJ | 1,58,018 | 1,92,546 | 2,53,610 | 2,65,608 |
| Total energy consumed | GJ | 3,24,110 | 3,61,815 | 4,84,567 | 5,56,780 |
| Vehicle volume | No. | 5,52,277 | 6,66,822 | 8,29,228 | 8,42,152 |
| Energy intensity | Energy (GJ)/ motorcycle | 0.59 | 0.54 | 0.59 | 0.66 |

Energy consumption (2018-19)



Energy intensity (GJ/motorcycle produced)



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.

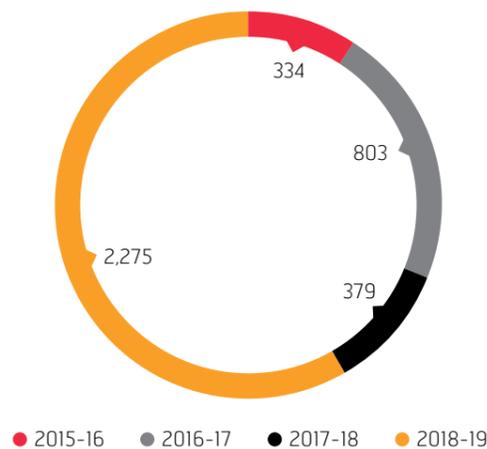
Energy saving initiatives



302-4

To lower our energy footprint, various energy saving initiatives have been introduced in our manufacturing units. In order to improve the energy efficiency on the shop floor, we have upgraded our equipment and processes. Most of these initiatives are identified and driven by our employees. We also conduct regular training sessions for our staff so that they follow the right practices complementing the energy efficiency mandates. Energy efficiency initiatives have led to significant reduction in the manufacturing cost and have helped in reducing the GHG emissions from our operations.

Energy Saving (MWh)



Energy saving initiatives

| S. No. | Description | Potential annual energy savings (kWh)/Year | Corresponding potential annual CO ₂ savings (tCO ₂ e/year) |
|---|--|--|--|
| Dragadam | | | |
| 1. Paint shop: | | | |
| a. | Water based primer coating tank - chiller temperature optimisation done, set point lowered | 1,44,064 | 141.18 |
| b. | Pre-treatment conveyors C-hook modification done to avoid earth fault and to increase productivity | 30,000 | 29.40 |
| c. | Phased start-up of pumps in pre-treatment and Cathodic Electro Deposition (CED) zone, and blowers in cooling zone reduces idle running | 3,500 | 3.43 |
| d. | Compressor power consumption reduced by following activities <ul style="list-style-type: none"> • Energy efficient air blowgun introduced • Air leak arrested • Operating pressure optimized to lower level • QRC fitting replaced by permanent one-touch fitting & push-in fitting • Motorized valve installed in airline to cut off idle air consumption in VA-1 conveyor • Reduced the air pressure for manual spray guns, air blowing & provided air blowing gun to reduce air consumption | 3,87,075 | 379.33 |
| e. | Liquid painting- 1,2 & 3 <ul style="list-style-type: none"> • In booths 2 & 3, new filters replaced & supply fan speed decreased (existing filters replacement frequency per year-3 times & new filters with high flow rate replacement frequency per year - 1-time cost per year is more over less equal) • Variable Frequency Drive (VFD) installed in cooling fans for painting Lines - 2 & 3 • 36 W fluorescent lamps replaced with 22 W LED lamps | 3,01,582 | 295.55 |
| f. | Emergency lights used to glow continuously 24/7. We switch on emergency lights only during power failure - reduces energy consumption | 10,250 | 10.04 |
| g. | PMR-2 & 3, CED <ul style="list-style-type: none"> • Variable Frequency Drive (VFD) installed in- hydraulic power packs of Paint mix equipment • Variable Frequency Drive (VFD) installed in Ultra-filtration (UF) feed pump of in paint shop cathodic electro-deposition line | 44,900 | 44.0 |
| 2. Vehicle assembly, machine shop, engine assembly & fabrication shop, powder coating: | | | |
| a. | In vehicle assembly, motors running during idle time is switched off using PLC interlock programme | 1,43,355 | 140.47 |
| b. | <ul style="list-style-type: none"> • 36 W fluorescent lamps replaced with 18 W LED lamps • Timer controller installed to switch on/off HVLS fans | 17,709 | 17.35 |
| c. | <ul style="list-style-type: none"> • In machine shop washing machine conventional electric heaters is replaced with heat pump for energy reduction • Motorised shutoff valve installed to reduce compressor energy during holidays/planned stop • Actuators installed in air washer ducts to close dampers of unwanted areas & reduce speed of air washers to save energy | 1,27,798 | 125.11 |
| 3. Utility: | | | |
| a. | LED lights conventional lights replaced by LED lights & automatic lighting control timer implemented at shop floor | 67,150 | 65.80 |

| S. No. | Description | Potential annual energy savings (kWh)/Year | Corresponding potential annual CO ₂ savings (tCO ₂ e/year) |
|--------------------|---|--|--|
| 4. Canteen: | | | |
| a. | Drinking RO water supply is substituted by domestic water wherever possible in canteen resulting in water saving & drinking RO plant operating time reduction | 14,400 | 14.11 |

Thiruvottiyur

| | | | |
|---|--|----------|--------|
| 1. Vehicle assembly, machine shop, engine assembly & fabrication shop, powder coating: | | | |
| a. | Shop floor lights controlled in daytime by harnessing daylight through roof skylight sheet | 47,124 | 46.18 |
| b. | Timer controller installed to switch off lighting and fans during lunch and break time | 90,000 | 88.20 |
| 2. Utility: | | | |
| a. | Conventional lights replaced by LED lights | 97,493 | 95.54 |
| b. | Air conditioner reduction in office area by providing centralized office (405 ton to 353 ton) | 1,64,736 | 161.44 |
| c. | Air compressors reduced from 300HP to 200HP | 5,80,089 | 568.48 |
| 3. Plating shop: | | | |
| a. | Thyristor type rectifiers were replaced by IGBT type rectifier in plating 1 & 2 | 3,72,000 | 362.18 |
| b. | Variable Speed Drives (VFDs) installed for all blowers | 18,490 | 18.12 |
| c. | Electrical heater in chemical mixing tanks replaced by hot water coil | 11,232 | 11.00 |
| d. | Thyristor rectifiers were replaced by IGBT rectifier | 1,56,000 | 152.88 |
| e. | Implemented cooling spray system (1 KW) instead of chiller unit (58 KW) for chrome process temperature | 97,000 | 95.06 |

Vallam Vadagal

| | | | |
|---|---|----------|--------|
| 1. Paint shop: | | | |
| a. | Pre-treatment & CED line, Engine Powder Coating line & Chromating line Shift planning & Equipment Switching off is done based on volume | 3,90,000 | 382.20 |
| 2. Vehicle assembly, machine shop, engine assembly & fabrication shop, powder coating: | | | |
| a. | <ul style="list-style-type: none"> Pedal valve installed to reduce air consumption in air gauges during idle time Air shut off valve closes when machine is in off condition (450 units saved/day) | 2,39,000 | 234.22 |
| b. | Compressed air usage reduced by following activities- Provided electric air shut off valves in gear train conveyor, RH Cover conveyor and crank case auto cell to reduce the air consumption during machine idle condition (2700 Units/Month) | 27,000 | 26.46 |
| 3. Utility: | | | |
| a. | All lights installed are LED lights with automatic lighting control timer at shop floor | 67,150 | 65.80 |
| b. | One blower (30 KW) for STP aeration is switched off & is optimized by ETP blower based on dissolved O ₂ (DO) Level (4800 units saved/month) | 52,800 | 51.74 |
| c. | Chiller - chilled water temperature optimization from 7 Deg C to 14 Deg C. (10,000 units saved/month) | 90,000 | 88.20 |

Energy efficiency case study 1

| Objective | Improvement of energy efficiency in paint shop |
|---|--|
| How the solution was implemented | Economic/ Environmental benefit |
| <p>The ECO-Lean concept was already introduced in the paint shop for reducing energy consumption. A detailed analysis of the equipment and processes was further conducted at the paint shop to analyse the power consumption. Interventions introduced were:</p> <ul style="list-style-type: none"> 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 Operating Air Handling Unit at lower frequency as per day temperature | <p>Significant reduction of power consumption in paint shop</p> <p>Future actions:</p> <ul style="list-style-type: none"> Audit from external Agency Installation of Variable Speed Drives Installation of Waste Heat Recovery System for utilising the waste heat generated from ovens for process heating Installation of Heat Pump system for process water heating to reduce fuel consumption |

Energy efficiency case study 2

| Objective | Optimization of running hours of paint shop chiller |
|---|---|
| How the solution was implemented | Economic/ Environmental benefit |
| <p>In paint shop, chillers run continuously for 365 days in Cathodic Electro Deposition (CED) process to maintain the temperature. To reduce power consumption, running hours of the chiller operation needed to be reduced. In order to do that, the chiller was operated in- sync with CED paint process parameters with logic modification through PLC arrangements.</p> <p>With this, the independent operation of the chillers running hours reduced and the CED bath temperature maintained as per quality requirement.</p> | <ul style="list-style-type: none"> Energy savings – 1,44,000 kWh per annum Reduced maintenance cost Equipment longevity improved |

GHG emissions

305-1, 305-2

In Financial Year 2017-18, our absolute emissions have increased from last year, mainly due to addition of Vallam Vadagal plant from September 2017 onwards. This year, we have reported our direct (Scope 1) and indirect (Scope 2) emissions. Through our energy saving measures, we have saved 2,074 tCO₂e in Financial Year 2018-19.

Absolute GHG emissions (tCO₂e)

| Emission type ² | Unit | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|----------------------------|-------------------------|------------------|------------------|------------------|------------------|
| Scope 1 | tCO ₂ e | 11,070.23 | 10,821.67 | 14,775.29 | 18,962.31 |
| Scope 2 | tCO ₂ e | 35,992.91 | 43,857.61 | 57,766.74 | 60,499.60 |
| Total | tCO₂e | 47,063.14 | 54,679.28 | 72,542.03 | 79,461.91 |

Other air emissions

305-7

We conduct periodic air quality and noise quality tests through laboratories accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL) and the reports are submitted to the Tamil Nadu Pollution Control Board (TNPCB) which is the State regulatory body. We have systematic preventive procedures and periodical checks in place to ensure statutory compliances. Ambient air quality, noise monitoring,

stack monitoring and Volatile Organic Compounds (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. Emission parameters of SO_x and NO_x were monitored throughout the reporting year and were within prescribed government norms.

| Emission Type | Unit | 2015-16 | 2016-17 | 2017-18* | 2018-19 |
|-----------------|------|---------|---------|----------|---------|
| SO _x | Kg | 10.7 | 8.8 | 8.6 | 5.1 |
| NO _x | Kg | 21.8 | 23.6 | 26.3 | 27.5 |

*Data for 2017-18 includes that of Vallam Vadagal Plant for the period from September 2017 - March 2018.

Water management

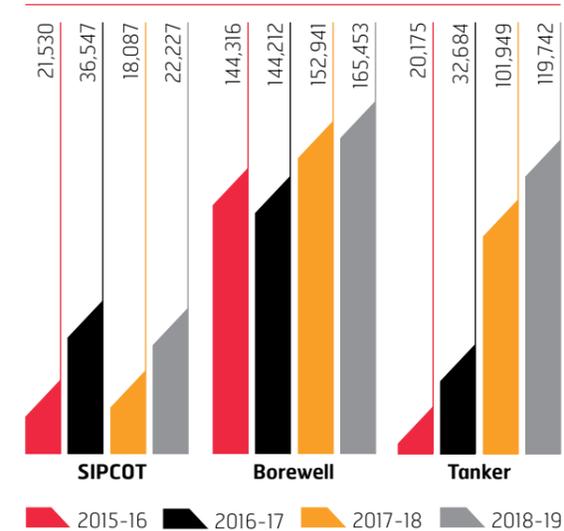
303-1, 303-3, 306-1

Our manufacturing units utilise water for production and domestic purposes. Although the requirement of water in our operations is relatively low, we still consider it as an important environmental resource and have undertaken various initiatives to save water and recycle it. Water efficiency measures have been taken up by utilization of the recycled water in our production process. Water from the Sewage Treatment Plant (STP) is used for gardening, air-handling units, boilers, cooling towers and toilet flushing. The wastewater from the manufacturing process, once treated through the Effluent Treatment Plant (ETP), is recycled back into process. Almost 90% of the water used in the manufacturing process is recycled water. Various rainwater harvesting systems have been set up at the manufacturing units which help in increasing the ground water levels.

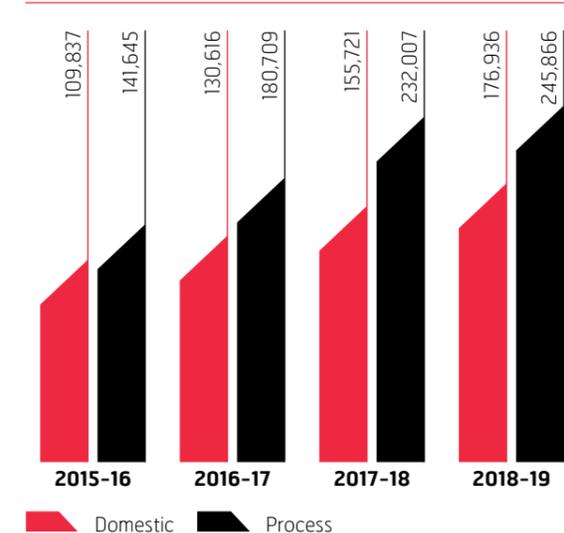
All our plants have a closed-loop water recycling design to ensure zero discharge of wastewater.

² For the emission calculations, IPCC 2006 guidelines for National Greenhouse Gas Inventories and User Guide (Version 8.0) of Central Electricity Authority (Ministry of Power, Govt. of India) have been used.

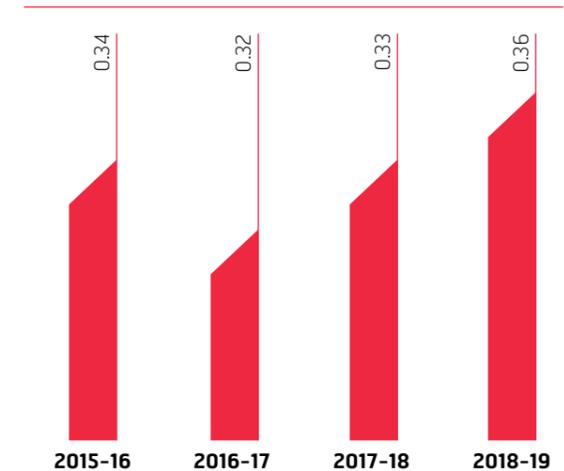
Water withdrawal by source (kl)



Water consumption (kl)



Water intensity (kl/motorcycle produced)



Above charts and graphs include data for Vallam Vadagal plant from September 2017 to March 2018 & Financial Year 2018-19

Water intensity (kl/motorcycle produced)

We have managed to maintain the same level of water intensity as opposed to previous years even though we have added a new plant at Vallam Vadagal in Financial Year 2017-18. This is indicative of how internalized water conservation has become in our operations, even with a marked increase in production, water intensity continues to remain constant.



Vallam Plant - STP Aeration and pond for treated water



Oragadam Plant - Rainwater harvesting recharge well & pond

In the reporting year, we have not discharged any effluents to land as we are operating zero liquid discharge manufacturing units. Therefore, no water sources were impacted as a result of our operations.

Material and waste management



Our focus on natural resource management through the entire life cycle of our products has compelled us to produce a motorcycle that consists primarily of recyclable material.

Upto 85% of the materials by weight used in our motorcycles can be recycled at the end of their life.

The primary materials required for manufacturing a motorcycle are paint and metal. The remaining 15% consists of components such as tyres, rubber parts, seat foam, glass, headlamp, magnets, electronic parts, paints, etc

Primary materials by weight

| S. No. | Virgin materials | Quantity (ton) |
|--------------|-------------------|-----------------|
| 1 | Steel | 1,32,672 |
| 2 | Rubber & Plastics | 11,609 |
| 3 | Aluminium | 6,634 |
| 4 | Copper | 829 |
| 5 | Zinc | 415 |
| 6 | Glass | 332 |
| 7 | Nickel | 166 |
| 8 | Paints & Others | 995 |
| Total | | 1,53,652 |

We lay emphasis on the recovery of waste generated during the production process and ensure that it has been recycled. We properly segregate hazardous and non-hazardous waste and send it to authorised vendors for recycling or safe disposal. There were no significant spills in our operations this year.

Majority of the non-hazardous waste generated during the manufacturing process is aluminium. Aluminium and steel scrap are turned into briquettes that are then sold for recycling. The scrap is directly delivered to the melting sources for recycling. The direct disposal of the aluminium scrap to the alloy producers helps us to eliminate multiple processes of waste removal and results in resource efficiency.

Paint sludge, which is a hazardous waste constituting about 70% of this category of waste, is sent for co-processing in the cement industry where it is used as a fuel in the kilns. The rest is sent to authorised vendors for safe disposal.

About 70% of the total hazardous waste generated at our factories is sent to the cement industry to be used in form of fuel, reducing the need for secured landfill and incineration.

Waste disposal by source (tonnes)



| S. No. | Type of hazardous waste | Method of disposal | 2015-16 | 2016-17 | 2017-18* | 2018-19 |
|---------------------------------------|---|---|---------------|---------------|---------------|----------------|
| 1 | Used oil | Authorised recycler | 7.95 | 30.70 | 32 | 54.74 |
| 2 | Wastes or residues containing oil | Third Part - Incineration | 0 | 0 | 3.60 | 10.0 |
| 3 | Phosphate sludge | Tamil Nadu Waste Management Ltd (TNWML)-Land Fill | 5.09 | 24.24 | 21.74 | 41.23 |
| 4 | Spent solvents | Authorised recycler | 0 | 28.40 | 121.68 | 139.65 |
| 5 | Wastes & residues (Paint & Powder waste) | Cement Kiln for co-processing | 188.65 | 421.42 | 453.07 | 591.4 |
| 6 | Chemical sludge from wastewater treatment | TNWML-Land Fill | 45.59 | 133.95 | 111.01 | 240.15 |
| Total hazardous waste (tonnes) | | | 247.28 | 638.71 | 743.10 | 1077.17 |

*Data for 2017-18 includes that of Vallam Vadagal Plant for the period from September 2017- March 2018.

Compliance



There were no material fines for non-compliance with environmental laws and regulations in Financial Year 2018-19.

INVESTING IN HUMAN CAPITAL



 405-1, 102-8

EML brand is backed by a competent workforce consisting of talented and committed people who have helped our organization deliver satisfaction to our customers for years. To increase the productivity of our employees, the management recognizes the need to create a work environment that ensures that employees grow both professionally and personally. We believe in establishing long-term relationships with our employees. Human resources (HR) policies of our company address all the requirements of our diverse workforce. These are revised periodically to adapt to the changing external environment, employee demographics, expectations and aspirations. HR function is responsible for all HR related activities including talent acquisition, employee training and motivation, performance appraisals and employee benefits.

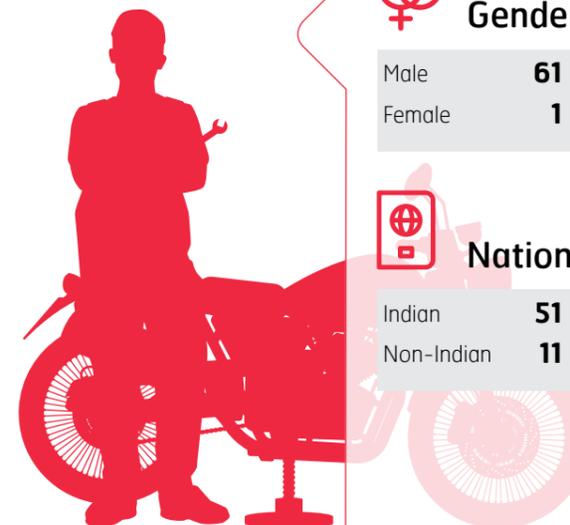
The management plays a key role in reviewing HR related parameters in its review meetings periodically. We use vertical and horizontal modes of communication for the flow of information among internal stakeholders. This helps employees from the shop floor up to the board room to share insights and suggestions freely.

Health and safety workshops & training sessions are conducted periodically to adhere to the safety guidelines of our company. Safety performance is of prime concern to the senior management who reviews it continuously, and it is this focus that has allowed us to avoid any major incidents during the reporting period.

EML believes in providing equal opportunity to all their employees irrespective of caste, gender, religion, etc. In fact, it actively seeks to employ women in an environment that is usually male dominated. Over 6% of our full-time employees in our company are women, which happens to be quite rare in the heavy manufacturing sector.



| Senior management (Head and above) | Middle management (Manager, TM, GM) | Junior management (DMs and below) | Workers (Permanent) |
|--|--|--------------------------------------|------------------------|
|  Age | | | |
| <30 yrs 0 | <30 yrs 7 | <30 yrs 921 | <30 yrs 0 |
| 30-50 yrs 37 | 30-50 yrs 441 | 30-50 yrs 1,352 | 30-50 yrs 0 |
| >50 yrs 25 | >50 yrs 38 | >50 yrs 19 | >50 yrs 68 |
|  Gender | | | |
| Male 61 | Male 459 | Male 2,155 | Male 68 |
| Female 1 | Female 27 | Female 137 | Female 0 |
|  Nationality | | | |
| Indian 51 | Indian 436 | Indian 2,214 | Indian 68 |
| Non-Indian 11 | Non-Indian 50 | Non-Indian 78 | Non-Indian 0 |



Recruitment and attrition of employees



401-1

We are expanding our operations. In order to meet our needs, we are focussed on continuous recruitment every year to embed talented employees in our system. Listed below are the categories of the people who have recently joined EML based on various guidelines.

New hires by gender for 2018-19

| Employee category | Gender | |
|---|--------|--------|
| | Male | Female |
| Senior management (Head and above) | 5 | 0 |
| Middle management (Manager, TM, GM) | 61 | 7 |
| Junior management (DMs and below) | 388 | 49 |
| Associate Engineers/Workers (Permanent) | 1203 | 54 |

New hires by age for 2018-19

| Employee category | Age | | |
|---|-----------|-------------|-----------|
| | <30 years | 30-50 years | >50 years |
| Senior management (Head and above) | 0 | 4 | 1 |
| Middle management (Manager, TM, GM) | 3 | 61 | 4 |
| Junior management (DMs and below) | 272 | 163 | 2 |
| Associate Engineers/Workers (Permanent) | 638 | 0 | 68 |

Workforce turnover by gender for 2018-19

| Employee category | Gender | |
|---|--------|--------|
| | Male | Female |
| Senior management (Head and above) | 5 | 0 |
| Middle management (Manager, TM, GM) | 39 | 2 |
| Junior management (DMs and below) | 150 | 16 |
| Associate Engineers/Workers (Permanent) | 20 | 8 |

Workforce turnover by age for 2018-19

| Employee category | Age | | |
|---|-----------|-------------|-----------|
| | <30 years | 30-50 years | >50 years |
| Senior management (Head and above) | 0 | 3 | 2 |
| Middle management (Manager, TM, GM) | 0 | 32 | 9 |
| Junior management (DMs and below) | 90 | 75 | 1 |
| Associate Engineers/Workers (Permanent) | 20 | 8 | 12 |

Benefits provided to employees



401-2

The benefits provided to our full-time employees, linked with nature of work and level, comprises of health insurance, life insurance, personal accident insurance /group personal accident, employees' pension scheme (EPS), Employees' Provident Fund Scheme (EPFS), employees' deposit linked Insurance Scheme (EDLIS), Group Life Insurance - Employee Contribution Scheme, employee stock option, meal allowance, transportation allowance, uniform allowance, laundry allowance, benevolent fund - employee contribution scheme, and car

lease. We also reward full time employees for long service through service awards on completion of 10, 15, 20, 25, 30, 35 years of service. There is also an award at the time of superannuation.

Benefits that are not furnished to temporary or part-time employees include Group Personnel Accident Policy, Group Health insurance Policy, Joint Group Personnel Accident Policy, Stock ownership, Retirement provisions.

Parental leave



401-3

All regular employees of the company are entitled to the benefits of parental leave. The maternity leave benefits provided by the company have ensured that women continue in the workforce and are able to create a balance between work and family commitments.

Parental Leave

| Employees on parental leave in Financial Year 2018-19 (in No.) | | Employees returned to work after parental leave ended (in No.) | | Employees who returned to work after parental leave ended who were still employed 12 months later (in No.) | |
|--|--------|--|--------|--|--------|
| Male | Female | Male | Female | Male | Female |
| 226 | 6 | 226 | 6 | 213 | 4 |



Occupational health & safety

403-1, 403-2

We have a detailed Occupational Health and Safety (OHS) policy which helps us to maintain a safe working environment in our manufacturing units. It is communicated to all employees, workers and other interested parties. The policy focuses on complying with all applicable legal, regulatory and other safety & health requirements. It also focuses on providing a safe and healthy workplace to our employees, with continual improvement to reduce health and safety hazards. Additionally, training is provided to employees on health & safety practices in accordance with the policy.

These practices are constantly improved through kaizen. A Safety Committee has been established with representatives from the workers and the management. The Committee meets once in three months to discuss relevant safety matters. Shop-wise designated first aider, fire fighters and emergency response team members are made available in all three shifts. There is a fully equipped occupational health centre with 24/7 assistants of doctor, nurses and pharmacists. Periodic and annual health check-ups are conducted for workers & contractors. As per the nature of the job, all employees are provided with Personal

Protective Equipment (PPE) by the company. Every quarter, PPE competition is conducted to evaluate correct usage of PPE and motivate the employees to regularly use PPE.

Work Permit system is followed throughout the plant for various activities, such as hot work, cold work, isolation, height and confined space permit is also followed stringently. In consideration to our annual target and plan - fire, spill and electrocution mock drills are conducted to create awareness amongst employees during emergency situations. In addition to this, we also have a mutual aid agreement with adjacent companies and hospitals for immediate help in case of emergencies.

Every year on 4th March, National Safety Day is celebrated throughout the company to increase awareness about occupational safety amongst employee & contractors. On this occasion, employees are involved in various engaging and interesting activities such as quiz, drawing activities, hazard identification and mock drills.



Upskilling employees

Technologies and products are rapidly changing. To keep manpower updated, regular training is imperative. Training also prepares employees for higher roles within the organisation. Training is provided in-house and through tie-ups with external agencies. Our endeavour is to include maximum number of employees in the training curriculum during the year. A company-wide training calendar is prepared and is rolled out as per plan throughout the year. The average hours of training per year per employee was 4.02 hours for the year 2018-19.

Training hours by employee category and gender

| Employee Category | Unit | Male employees | Female employees | Total |
|---------------------|---------------------|----------------|------------------|---------------|
| Senior management | No. of participants | 58 | 1 | 59 |
| | No. of man-hours | 1,298 | 111 | 1,409 |
| Middle management | No. of participants | 374 | 24 | 398 |
| | No. of man-hours | 8,547 | 490 | 9,037 |
| Junior management | No. of participants | 1,609 | 117 | 1,726 |
| | No. of man-hours | 38,326 | 3,806 | 42,132 |
| Workers (permanent) | No. of participants | 63 | 0 | 63 |
| | No. of man-hours | 252 | 0 | 252 |
| Contractual workers | No. of participants | 3,158 | 1,697 | 4,855 |
| | No. of man-hours | 4,081 | 1,798 | 5,879 |

ZERO

 fatalities

In the reporting year, cumulatively, 58,699 man-hours were clocked in our manufacturing facilities. Despite such large manufacturing activity, we are proud to report zero injuries, accidents and lost days.





Diversity & non-discrimination at the workplace

 406-1, 405-1, 405-2

While recruiting employees, we primarily look for talent and commitment to serve the company for a longer period of time. There is no discrimination in recruitment, employee wages and benefits, promotions and career progression amongst employees based on gender, region, religion, caste, etc.

Salaries are offered to new employees on basis of their educational qualification, experience and merit. Once within the company's HR system, promotions and increments are in line with the employee's performance. All full-time employees undergo a formal performance appraisal that familiarizes them with their strengths and weakness, rates their performance and offers opportunities for further improvement.

We actively support the employment of women. We have taken our commitment to include women in our workforce to a high level by successfully running an all women assembly line with 140 women. Women are represented in our company across the board, from the shop floor to the top management, including

one women independent director on the Board. We also try to include people with special needs in our workforce.

At EML, there is zero tolerance towards sexual harassment at the workplace and has adopted a policy in line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Act") and the rules made there under. All employees (permanent, contractual, temporary, trainees) are covered under the policy. An Internal Complaints' Committee (ICC) has been set up to redress complaints received on sexual harassment. One complaint of sexual harassment was pending at the beginning of the financial year which was investigated and disposed of in the month of April 2018. Further, during the financial year under review, the Company received one complaint of sexual harassment. The said complaints were investigated and disposed of in accordance with the Act and the Company's Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace. To build awareness around this topic, we conduct various programmes in the company on a continuous basis.

There were no reported incidents of discrimination in the reporting year.



Freedom of association and collective bargaining

 402-41

At EML, we recognise the right of our workers for collective bargaining. At our Thiruvottiyur plant, we have established internal and independent labour union, which is 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, we undertake wage settlements with the employee union once in every three years.

All full time, permanent workers are covered by collective bargaining agreement and internal and independent labour unions are recognised by the management.

Child labour, forced labour and sexual harassment

 408-1

We do not employ anyone less than 18 years of age. We have developed systems and processes to alleviate the risks 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. One complaint of sexual harassment was pending at the beginning of the financial year which was investigated and disposed of in the month of April 2018. Further, during the financial year under review, the Company received one complaint of sexual harassment. The said complaints were investigated and disposed of in accordance with the Act and the Company's Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace.

CARING FOR COMMUNITIES



413-1

We believe that the communities around and the society at large must be a partner in our journey. All developmental issues taken up by us are based on the needs of the community and we encourage community participation in their implementation. To drive this agenda, our company has a clearly articulated CSR policy which outlines our CSR themes and defines the criteria for identifying programmes.

http://www.eicher.in/uploads/1530165050_Eicher_Corporate_Social_Responsibility_Policy.pdf

CSR Policy Approved Themes



Road Safety



Children's Education



Healthcare



Environment Sustainability



Livelihood Development



Local Area Development

Our CSR programmes are managed and monitored by an in-house CSR team facilitated by Eicher Group Foundation. Our teams work in close alliance with our NGO partners to ensure quality outcome and timely project delivery and report to the Corporate Social Responsibility (CSR) Committee.

The Board level CSR Committee consists of three members including two independent directors. The CSR committee assesses the progress of the programmes, provides valuable insights and suggests further enhancement and improvement in the existing programmes.

Our key CSR programmes for Financial Year 2018-19 are listed below:

1. **Rural development:** In the localities around our manufacturing units at Thiruvottiyur, Oragadam, Vallam Vadagal, several social development projects are being carried out for the overall development of these rural areas. There primarily include:
 - a. **Education:** We are committed to improving the access to quality education in the country. Our major interventions in this area include development of school infrastructure, providing financial support to meet the operational expenses of schools, renovation of anganwadis, transit schools for dropouts, computer education, and scholarships. These initiatives were implemented in Rajasthan and Tamil Nadu.
 - b. **Water and sanitation:** This project offer service for improvement of hygiene and sanitation, and water conservation in the community. The prominent interventions undertaken include provision of household

toilets and renovation of women sanitary complex, hand washing programme at schools and renovation of common existing water bodies in villages such as ponds and bore wells. Furthermore, we are engaged in elaborate solid waste management (SWM) in some communities (daily door-to-door collection, street cleaning, segregation and composting along with the behaviour change communication activities).

- c. **Women's empowerment through self-help groups:** Over 100 Self-Help Groups (SHGs) of women have been formulated, several of which have undergone skill training and are actively engaged in income generation activities.

We spent INR 45.39 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.

EMPOWER – Rural Electrification in Ladakh Region

The project plans to facilitate a holistic development model for the rural un-electrified Himalayan communities by setting up of solar micro grids for the remote villages in higher reaches of the Himalaya. The objective is to implement solution in a sustainable, scalable and environmentally beneficial manner, leading to overall development of the community while empowering local village population. The villages identified by us with support from Global Himalayan Expedition for electrification are Khangral, Batambis (Upper, Middle, Lower), and Hanamur.



Women of SHG attending a skill training workshop



Successful candidates holding up their certificates

2. Livelihood development: In order to improve employment opportunities, we offer skill training programmes for school dropouts in and around Chennai and Gurugram. We also offer vocational trainings for less educated, economically backward youth and differently abled children. In the Financial Year 2017-18, 275 young people were trained and supported to get appropriate jobs.

A pan-India two-wheeler (Repair and Maintenance) course was organised 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 successfully trained, 65% found job placements at the end of the training.



Road safety awareness session underway for community members

3. Road safety: We initiated a road safety project in Leh District of J&K and Lahaul and Spiti district of Himachal Pradesh, areas that are frequently used by bikers, to create road safety awareness and provide emergency and trauma care. The project is aimed at reducing emergency trauma and catering to health needs by improving healthcare services, alongside building vocational capacity and improving livelihoods and economic status of local youth in the area. We are also developing a trauma care system on the Manali-Leh route.

4. Healthcare: The 2015 floods in Chennai left a trail of destruction. EML is involved in resettlement and reconstruction activities in the affected areas as a part of disaster relief activities. Under phase 1 of the project, 18 new houses were constructed, and 76 existing houses were repaired, whereas under phase 2, 25 new houses were constructed, and 105 existing houses were repaired. As a part of this project, the community members were also imparted knowledge on Water, Sanitation and Hygiene (WASH).

5. Disaster relief: Several social development projects are being implemented by EML in Tamil Nadu and neighboring states. Through our disaster relief efforts around Chennai and Kerala, we are providing access to healthcare, sanitation, and safe drinking water; as well as eradicating hunger, poverty and malnutrition.

6. Local area development: Through our village upgradation program around our manufacturing units at Thiruvottiyur, Oragadam and Vallam Vadagal, we revived lakes/ ponds, established a multi-disciplinary training centre, provided healthcare facilities, and promoted women's empowerment

through Self-Help Groups. We also established mobile learning labs in Andhra Pradesh through Self-Help Groups; and rural electrification in Ladakh region.

National Security Guard (NSG) project: National Security Guard ("NSG") conducted a NSG motorcycle expedition to raise awareness about the fight against terrorism amongst civilians. The expedition started on September 7, 2017 and ended on October 16, 2017. We partnered with NSG for the expedition and provided them with fifteen (15) Royal Enfield (Stealth Black) motorcycles and riding gear. NSG commandoes travelled through various cities in India on Royal Enfield motorcycles to spread awareness amongst citizens about the expedition. After the expedition, the motorcycles were returned to us by NSG, which were later sold in December 2017. Out of the sales proceeds, we have contributed INR 15 lakhs to NSG Wives Welfare Association (NWYA).

These contributions were later used by NWYA for its 'Prerna' Centre, Manesar with an aim of creating an early intervention rehabilitation centre to cater to the need of differently abled children of NSG families and nearby localities.

Other CSR initiatives

Over 6,500 clothes were distributed during the clothes distribution drive at Kashmir, Uttarakhand, Jharkhand and Himachal Pradesh, helping more than 5,000 families with clean and warm clothes.

54 poor and deserving students have been supported with higher education scholarships to pursue professional and technical courses.

GRI INDEX

 102-55

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