PASSION WITH RESPONSIBILITY
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.

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 50 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

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## Key Highlights Throughout the Value Chain

### Stages

- **Design**
  - Innovation in products and processes
  - Brand reputation and value
  - Vehicle safety and quality
  - Raw material consumption
  - Health and safety of workers
  - Environmental impact

- **Procurement**
  - Indirect employment in third-party operations
  - Working conditions for third-party employees
  - Indirect environmental impact and natural resource consumption

- **Production**
  - Direct employment
  - Employee safety and working conditions
  - Employee development through training
  - Environmental impact and natural resource consumption from direct operations

- **Sales and Distribution**
  - Customer satisfaction and loyalty
  - Brand reputation and value
  - Relationship with distributors

- **End of Life**
  - Environmental impacts of vehicle from waste generation, dismantling, recycling, disposal management and remanufacturing

### Major Impacts

- Innovation in products and processes
- Brand reputation and value
- Vehicle safety and quality
- Raw material consumption
- Health and safety of workers
- Environmental impact
- Indirect employment in third-party operations
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### Key Statistics

- R&D Investment: INR 310.28 crores
- Local Procurement: 198.1% which amounts to INR 4,959 crores
- 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
- 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
- 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

### SDG Alignment

- **3. Good Health and Wellbeing**
- **5. Gender Equality**
- **6. Clean Water and Sanitation**
- **8. Decent Work and Economic Growth**
- **12. Responsible Consumption and Production**
- **13. Climate Action**
ABOUT US

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 (%)

- Eicher Motors Limited: 54.4%
- Volvo Group: 45.6%

In 102-1, 102-2, 102-5
**THE INTERCEPTOR 650**
The Interceptor INT 650 is the quintessential roadster with its distinctive teardrop tank with traditional knee recesses, and wide, braided handlebars redolent of the street scrambler style that emerged in '60s California. Its comfortable and commanding riding position make the Interceptor INT 650 both fun and practical on all types of terrain, from curving coastal roads to the urban jungle, for heading out of town two-up or for cruising down to the beach.

**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.

**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 usable 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. Definitively 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 pillon 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.
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.

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)
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Bureau of Indian Standards (BIS)

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.
1919
Enfield India Limited and

2-stroke step through
a JAP engine and a 225cc
operated gear, powered by
Model 351, the first Royal
models. This includes news
Continuous development
and commenced supplying
Company Limited (EMCL)
in Redditch, UK, renamed
Townsend Cycle Company
Eadie take over the
1891

OuR jOuRnEy sO faR
1922

Eicher Motors Limited Sustainability Report 2018-19

10

1924

Keeping the production of
quantum of motorcycles
ultra-modern during the
World War I in which it
built the free-motorcycle
modelfor whichitsnotable
innovation was that the
motorcycle was a

1926

he first Royal Enfield

in Milwaukee, Wisconsin.

1928

Royal Enfield commences
its first annual ‘One Ride’,

1930

The 500cc UCE engine

produced.

1935

The 650cc sidevalve

is released, primarily aimed
at export markets, where
its robustness and
to offer right balance

1939

Arm rear suspension is

1948

Bullets. Early production
was for the Indian Army

1951

The Royal Enfield

motorcycles of all

1955

The Royal Enfield

motorcycle display
at the Earls Court
Motorcycle Show in London.

1962

Royal Enfield launches

1964

The 650cc sidevalve

(rallyed across India

1965

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1966

The Royal Enfield

introduces a new

1971

Global distribution.

1974

The 250cc Trident

launches.

1978

The Electra, an

1981

The first 500cc Bullet

anil

耐用性。

1995

The Royal Enfield

motorcycles are now

2000

The Royal Enfield

BULLET 500

2007

Royal Enfield celebrates its
50th anniversary in India.

2014

Royal Enfield introduces a
new retail experience
with the opening of the first
Royal Enfield Store in KL
River Market, New Delhi.

2016

Royal Enfield sets up its
first direct distribution

1919

A.H. Smith designs
the first engine

1924

500cc are available, all

Three versions: 250, 350

Motorcycle Show in London.

1923

Two years following the

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**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 authoritative 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**
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:

**OUR ALIGNMENT TO SUSTAINABLE DEVELOPMENT GOALS (SDGS)**

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.

**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.

**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.

**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 partnerships with other NGOs.

**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 child care centres to enhance quality and reduce infant mortality rates. We have helped in enhancing primary health centres, community health clinics, medical camps, etc.

**Good Jobs & Economic Growth**
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.

**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.

**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.

**Healthy Economy**
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.

**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 Vellam 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.
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.

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.

### Our key stakeholder groups

<table>
<thead>
<tr>
<th>Stakeholder Groups</th>
<th>Mode of Engagement</th>
<th>Stakeholders’ Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees and their families</td>
<td>Employee satisfaction survey, Discussions during performance appraisals, Training programmes, Grievance redressal system</td>
<td>Career progression, Communication on employee policies, rewards and recognition, Safe working conditions</td>
</tr>
<tr>
<td>Consumers</td>
<td>Customer satisfaction survey, Customer feedback</td>
<td>On-time delivery of products, Sales/service complaints, Product and service quality</td>
</tr>
<tr>
<td>Suppliers and dealers</td>
<td>Supplier meets/surveys, Dealer management system/meets</td>
<td>Quality of products, New product/component development, Communication on company sales plan, Enhancing customer experience, Improving efficiency, Attaining set targets</td>
</tr>
<tr>
<td>Bankers</td>
<td>One-to-one meetings, press releases, emails and calls</td>
<td>Updates on company performance, investments and plans, new products, business expansion and diversification</td>
</tr>
<tr>
<td>Local communities</td>
<td>Annual general meetings, Press releases, emails, Investor meets, One-to-one meetings and calls</td>
<td>Company performance, Future plans and projects in pipeline, Updates on new launches</td>
</tr>
<tr>
<td>Investors</td>
<td>Regular interaction, On-site inspection, Submission of mandatory reports</td>
<td>Regulatory compliance</td>
</tr>
<tr>
<td>Peers and industry ecosystem</td>
<td>CSR programmes</td>
<td>Need for education, Skill training and employment, Healthcare, Infrastructure development</td>
</tr>
<tr>
<td>Government and regulatory bodies</td>
<td>Industry bodies and associations</td>
<td>Future environment regulation, Policies and implementation plan</td>
</tr>
</tbody>
</table>
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.

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.
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

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigation strategy</th>
</tr>
</thead>
</table>
| **Regulatory Changes**<br>Regulatory changes in domestic markets | - 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. |
| **Brand and Reputation**<br>Keeping the corporate brand and reputation intact | - 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

- **Customer Preferences**<br>Responding to changing customer preferences and expectations<br>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.

- **Employees and Corporate Culture**<br>Managing a diverse workforce and maintaining a distinct and solid corporate culture<br>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 a continued 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 redress 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.

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Name</th>
<th>Designation</th>
<th>Executive/ Non-executive/ Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mr. S. Sandiya</td>
<td>Chairman</td>
<td>Non-Executive Independent Director</td>
</tr>
<tr>
<td>2</td>
<td>Mr. Siddharth Lal</td>
<td>Promoter &amp; Managing Director</td>
<td>Executive Director</td>
</tr>
<tr>
<td>3</td>
<td>Ms. Manvi Sinha</td>
<td>Director</td>
<td>Non-Executive Independent Director</td>
</tr>
<tr>
<td>4</td>
<td>Mr. Inder Mohan Singh</td>
<td>Director</td>
<td>Non-Executive Independent Director</td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th>Committees of the Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Committee</td>
</tr>
<tr>
<td>Nomination and Remuneration Committee</td>
</tr>
<tr>
<td>Stakeholder’s Relationship Committee</td>
</tr>
<tr>
<td>Corporate Social Responsibility Committee</td>
</tr>
<tr>
<td>Risk Management Committee</td>
</tr>
<tr>
<td>Shares Committee</td>
</tr>
</tbody>
</table>

**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.
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.

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.
Building a network of suppliers and dealers

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% CAGR\(^1\) 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 of our business as they are the point of sale 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.

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1. CAGR: Compound Annual Growth Rate
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

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

<table>
<thead>
<tr>
<th>Energy type</th>
<th>Unit</th>
<th>2015-16</th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct energy sources</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HSD</td>
<td>GJ</td>
<td>53,620</td>
<td>12,800</td>
<td>18,355</td>
<td>53,578</td>
</tr>
<tr>
<td>LPG</td>
<td>GJ</td>
<td>1,12,472</td>
<td>1,56,469</td>
<td>2,12,602</td>
<td>2,37,594</td>
</tr>
<tr>
<td>Indirect energy sources</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity purchased</td>
<td>GJ</td>
<td>1,58,018</td>
<td>1,92,546</td>
<td>2,53,610</td>
<td>2,65,608</td>
</tr>
<tr>
<td>Total energy consumed</td>
<td>GJ</td>
<td>3,24,110</td>
<td>3,61,015</td>
<td>4,84,567</td>
<td>5,56,780</td>
</tr>
<tr>
<td>Vehicle volume</td>
<td>No.</td>
<td>5,52,277</td>
<td>6,66,822</td>
<td>8,29,228</td>
<td>8,42,152</td>
</tr>
<tr>
<td>Energy intensity</td>
<td>GJ/motorcycle</td>
<td>0.59</td>
<td>0.54</td>
<td>0.59</td>
<td>0.66</td>
</tr>
</tbody>
</table>

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 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.
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

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.

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Description</th>
<th>Potential annual energy savings (kWh)/Year</th>
<th>Corresponding potential annual CO2 savings (tCO2e/year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Paint shop:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a.</td>
<td>Water based primer coating tank - chiller temperature optimisation done, set point lowered</td>
<td>1,44,064</td>
<td>140.18</td>
</tr>
<tr>
<td>b.</td>
<td>Pre-treatment conveyors C-hook modification done to avoid earth fault and to increase productivity</td>
<td>30,000</td>
<td>29.40</td>
</tr>
<tr>
<td>c.</td>
<td>Phased start-up of pumps in pre-treatment and Cathodic Electro Deposition (CED) zone, and blowers in cooling zone reduces idle running</td>
<td>3,500</td>
<td>3.43</td>
</tr>
<tr>
<td>d.</td>
<td>Compressor power consumption reduced by following activities</td>
<td>3,87,075</td>
<td>379.33</td>
</tr>
<tr>
<td>e.</td>
<td>Liquid painting - L2 &amp; E 3</td>
<td>3,01,582</td>
<td>295.55</td>
</tr>
<tr>
<td>f.</td>
<td>Emergency lights used to glow continuously 24/7. We switch on emergency lights only during power failure - reduces energy consumption</td>
<td>10,250</td>
<td>10.04</td>
</tr>
<tr>
<td>g.</td>
<td>PMR-2 &amp; E 3, CED</td>
<td>44,900</td>
<td>44.0</td>
</tr>
<tr>
<td>2</td>
<td>Vehicle assembly, machine shop, engine assembly &amp; fabrication shop, powder coating:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a.</td>
<td>In vehicle assembly, motors running during idle time is switched off using PLC interlock programme</td>
<td>1,43,355</td>
<td>140.47</td>
</tr>
<tr>
<td>b.</td>
<td>36 W fluorescent lamps replaced with 18 W LED lamps</td>
<td>17,709</td>
<td>17.35</td>
</tr>
<tr>
<td>c.</td>
<td>In machine shop washing machine conventional electric heaters is replaced with heat pump for energy reduction</td>
<td>1,27,798</td>
<td>125.11</td>
</tr>
<tr>
<td>3</td>
<td>Utility:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a.</td>
<td>LED lights conventional lights replaced by LED lights &amp; automatic lighting control timer implemented at shop floor</td>
<td>67,150</td>
<td>65.80</td>
</tr>
<tr>
<td>No.</td>
<td>Description</td>
<td>Potential annual energy savings (kWh)/Year</td>
<td>Corresponding potential annual CO₂ savings (tCO₂e/year)</td>
</tr>
<tr>
<td>-----</td>
<td>-------------</td>
<td>------------------------------------------</td>
<td>------------------------------------------------------</td>
</tr>
<tr>
<td>4.</td>
<td>Canteen:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Drinking RO water supply is substituted by domestic water wherever possible in canteen resulting in water saving &amp; drinking RO plant operating time reduction</td>
<td>14,400</td>
<td>14.11</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Utility:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Conventional lights replaced by LED lights</td>
<td>97,493</td>
<td>95.54</td>
</tr>
<tr>
<td></td>
<td>b. Timer controller installed to switch off lighting and fans during lunch and break time</td>
<td>90,000</td>
<td>88.20</td>
</tr>
<tr>
<td>3.</td>
<td>Plating shop:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Thyristor type rectifiers were replaced by IGBT type rectifier in plating 1 &amp; 2</td>
<td>3,72,000</td>
<td>362.18</td>
</tr>
<tr>
<td></td>
<td>b. Variable Speed Drives (VFDs) installed for all blowers</td>
<td>18,490</td>
<td>18.12</td>
</tr>
<tr>
<td></td>
<td>c. Electrical heater in chemical mixing tanks replaced by hot water coil</td>
<td>11,232</td>
<td>11.00</td>
</tr>
<tr>
<td></td>
<td>d. Thyristor rectifiers were replaced by IGBT rectifier</td>
<td>1,56,000</td>
<td>152.88</td>
</tr>
<tr>
<td></td>
<td>e. Implemented cooling spray system (1 KW) instead of chiller unit (58 KW) for chrome process temperature</td>
<td>97,000</td>
<td>95.06</td>
</tr>
</tbody>
</table>

**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 |

**Valiam Vadagal**

1. Paint shop:
   a. Pre-treatment & CED line, Engine Powder Coating line, Chromating line: High efficiency grade filters were installed to maintain the required air flow with reduced running speed of the supply fan | 3,90,000 | 362.20 |
2. Vehicle assembly, machine shop, engine assembly & fabrication shop, powder coating:
   a. 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 |
   c. Chiller - chilled water temperature optimization from 7 Deg C to 14 Deg C (30,000 units saved/month) | 90,000 | 88.20 |

**Objective**

**Improvement of energy efficiency in paint shop**

**Economic/ Environmental benefit**

Significant reduction of power consumption in paint shop

**Future actions:**
- Audit from external Agency
- Installation of Variable Speed Drives
- Installation of Waste Heat Recovery System for utilizing the waste heat generated from ovens for process heating
- Installation of Heat Pump system for process water heating to reduce fuel consumption

**Objective**

**Optimization of running hours of paint shop chiller**

**Economic/ Environmental benefit**

- Energy savings – 1,44,000 kWh per annum
- Reduced maintenance cost
- Equipment longevity improved

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.

With this, the independent operation of the chillers running hours reduced and the CED bath temperature maintained as per quality requirement.
GHG emissions

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.

Other air emissions

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 SOx and NOx were monitored throughout the reporting year and were within prescribed government norms.

Water management

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.
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.

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.

### Primary materials by weight

<table>
<thead>
<tr>
<th>S. No</th>
<th>Virgin materials</th>
<th>Quantity (ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Steel</td>
<td>1,32,672</td>
</tr>
<tr>
<td>2</td>
<td>Rubber &amp; Plastics</td>
<td>11,609</td>
</tr>
<tr>
<td>3</td>
<td>Aluminium</td>
<td>6,634</td>
</tr>
<tr>
<td>4</td>
<td>Copper</td>
<td>829</td>
</tr>
<tr>
<td>5</td>
<td>Zinc</td>
<td>415</td>
</tr>
<tr>
<td>6</td>
<td>Glass</td>
<td>332</td>
</tr>
<tr>
<td>7</td>
<td>Nickel</td>
<td>166</td>
</tr>
<tr>
<td>8</td>
<td>Paints &amp; Others</td>
<td>995</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>1,53,652</strong></td>
</tr>
</tbody>
</table>

### Waste disposal by source (tonnes)

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

*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

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.

<table>
<thead>
<tr>
<th>Age</th>
<th>Senior management (Head and above)</th>
<th>Middle management (Manager, TM, GM)</th>
<th>Junior management (DMs and below)</th>
<th>Workers (Permanent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;30 yrs</td>
<td>0</td>
<td>7</td>
<td>921</td>
<td>0</td>
</tr>
<tr>
<td>30-50 yrs</td>
<td>37</td>
<td>441</td>
<td>1,352</td>
<td>0</td>
</tr>
<tr>
<td>&gt;50 yrs</td>
<td>25</td>
<td>38</td>
<td>19</td>
<td>68</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>Senior management (Head and above)</th>
<th>Middle management (Manager, TM, GM)</th>
<th>Junior management (DMs and below)</th>
<th>Workers (Permanent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>61</td>
<td>459</td>
<td>2,155</td>
<td>68</td>
</tr>
<tr>
<td>Female</td>
<td>1</td>
<td>27</td>
<td>137</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nationality</th>
<th>Senior management (Head and above)</th>
<th>Middle management (Manager, TM, GM)</th>
<th>Junior management (DMs and below)</th>
<th>Workers (Permanent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indian</td>
<td>51</td>
<td>436</td>
<td>2,214</td>
<td>68</td>
</tr>
<tr>
<td>Non-Indian</td>
<td>11</td>
<td>50</td>
<td>78</td>
<td>0</td>
</tr>
</tbody>
</table>
Recruitment and attrition of employees

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

<table>
<thead>
<tr>
<th>Employee category</th>
<th>Gender</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td></td>
</tr>
<tr>
<td>Senior management (Head and above)</td>
<td>5</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Middle management (Manager, TM, GM)</td>
<td>61</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Junior management (DMs and below)</td>
<td>388</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>Associate Engineers/Workers (Permanent)</td>
<td>1203</td>
<td>54</td>
<td></td>
</tr>
</tbody>
</table>

New hires by age for 2018-19

<table>
<thead>
<tr>
<th>Employee category</th>
<th>Age</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt;30 years</td>
<td>30-50 years</td>
<td>&gt;50 years</td>
</tr>
<tr>
<td>Senior management (Head and above)</td>
<td>0</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Middle management (Manager, TM, GM)</td>
<td>3</td>
<td>61</td>
<td>4</td>
</tr>
<tr>
<td>Junior management (DMs and below)</td>
<td>272</td>
<td>163</td>
<td>2</td>
</tr>
<tr>
<td>Associate Engineers/Workers (Permanent)</td>
<td>638</td>
<td>0</td>
<td>68</td>
</tr>
</tbody>
</table>

Workforce turnover by gender for 2018-19

<table>
<thead>
<tr>
<th>Employee category</th>
<th>Gender</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td></td>
</tr>
<tr>
<td>Senior management (Head and above)</td>
<td>5</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Middle management (Manager, TM, GM)</td>
<td>39</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Junior management (DMs and below)</td>
<td>150</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Associate Engineers/Workers (Permanent)</td>
<td>20</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

Workforce turnover by age for 2018-19

<table>
<thead>
<tr>
<th>Employee category</th>
<th>Age</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt;30 years</td>
<td>30-50 years</td>
<td>&gt;50 years</td>
</tr>
<tr>
<td>Senior management (Head and above)</td>
<td>0</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Middle management (Manager, TM, GM)</td>
<td>0</td>
<td>32</td>
<td>9</td>
</tr>
<tr>
<td>Junior management (DMs and below)</td>
<td>90</td>
<td>75</td>
<td>1</td>
</tr>
<tr>
<td>Associate Engineers/Workers (Permanent)</td>
<td>20</td>
<td>8</td>
<td>12</td>
</tr>
</tbody>
</table>

Benefits provided to employees

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 (EDLS), 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

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

<table>
<thead>
<tr>
<th>Employees on parental leave in Financial Year 2018-19 (in No.)</th>
<th>Employees returned to work after parental leave ended (in No.)</th>
<th>Employees who returned to work after parental leave ended who were still employed 12 months later (in No.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male Female</td>
<td>Male Female</td>
<td>Male Female</td>
</tr>
<tr>
<td>226 6</td>
<td>226 6</td>
<td>213 4</td>
</tr>
</tbody>
</table>
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.

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.

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

 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.
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. 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.

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

Diversity & non-discrimination at the workplace

Freedom of association and collective bargaining

Child labour, forced labour and sexual harassment
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:
   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 offers 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.

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 2044 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.

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.

Road safety awareness session underway for community members

Women of SHG attending a skill training workshop

Successful candidates holding up their certificates

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.
<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>Disclosure Number</th>
<th>Disclosure</th>
<th>Page No.</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 102: General Disclosures</td>
<td>102-1</td>
<td>Name of the organization</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>102-2</td>
<td>Activities, brands, products, and services</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-3</td>
<td>Location of headquarters</td>
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