

DRIVING MODERNIZATION & SMART SUSTAINABILITY

SUSTAINABILITY REPORT (FY 2021-22)



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ABOUT THE REPORT



VE Commercial Vehicles Limited (hereafter referred to as 'VECV', 'we' or the 'Company'), since its establishment, has lived sustainability as a value in its business and we are glad to present the Company's first Sustainability Report for FY2021-22 "Driving Modernization, Partnering Sustainability", developed in accordance with the Global Reporting Initiative (GRI) Standards: Core Option. While we have always been proactive in our community building initiatives and reducing our environmental footprint, this report marks the initiation of our formal sustainability reporting. "What gets measured, gets managed" - we believe that the practice of reporting will help in strategizing our sustainability initiatives and encourage us to do better every year.

The climate change discourse is incomplete without talking about emissions and as a producer of commercial vehicles that forms the backbone of business logistics, we understand our responsibility towards the environment. We have been on a continuous journey since our inception to innovate in our production processes, services

and to improve the efficiency of our trucks and buses towards reducing the impact of our vehicles each year. Additionally, we make consistent efforts through our employee-oriented programs and Corporate Social Responsibility initiatives to have a positive impact on people – both within and outside the company. We deliver on this promise of positive impact through strong governance mechanisms.

We look forward to receiving feedback on the report. For any queries or comments on the content of the report, please write to us at ESG-Program@vecv.in

Scope and Boundary

The reporting period for this Report is from April 1, 2021 to March 31, 2022. The reporting boundary includes all operations and business segments of VECV.

For this year, the data pertaining to environment, health & safety is drawn from our plant operations in Eicher Trucks and Buses, Pithampur; Bus Plant, Bagga; VE Powertrain, Pithampur; Dewas Plant and Bagroda Plant. The data from the Volvo Buses India Hoskote plant will be covered in the subsequent years.

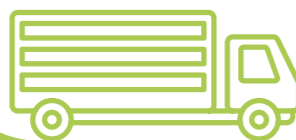
We have been on a continuous journey since our inception to innovate in our production processes, services and to improve the efficiency of our trucks and buses towards reducing the impact of our vehicles each year.



MESSAGE FROM THE MD & CEO



Vinod Aggarwal



I am delighted to present to you our first Sustainability Report FY 2021-22.

The financial year was one with many ups and downs. While we started seeing signs of economic activity after a devastating two years of the Covid-19 pandemic, war tensions erupted in Europe causing major supply chain disruptions. The impact of climate change is more obvious than ever as extreme weather events are increasingly becoming rampant and impacting businesses as well as daily lives. Coping with this sequence of events over the past few years has helped us in developing mechanisms to respond to uncertainties with speed and agility. These events have also, in a way, set the tone for important transitions in the way we do business that will have significant impact on the future of our societies and the planet. Clean energy transition, for instance, is a clear business imperative and will have to be proactively pursued by all businesses across sectors. The stage is set for business action, and we all must work towards a shared future with the principle of common but differentiated responsibilities.

FY 2021-22 saw optimism for the commercial vehicle industry despite challenges such as fuel inflation, chip shortages and geopolitical issues. Increased activity in road construction, mining, and improved infrastructure spending by the Central and State Governments in India supported the growth trajectory for the industry in the year. While recovery in economic activity and government spending on infrastructure pushed sales in the truck segment, the growth was supported by the re-opening

of schools and offices and the gradual return to normalcy after the pandemic for the buses segment. Overall, we were able to clock a growth rate of 38.3% in sales.

As we march forward on our economic growth trajectory, consciousness of our socioeconomic and environmental impact leads us to start reporting on our sustainability measures – a journey that we have been on for many years. With this report, I am pleased to highlight the impact from some of our initiatives. As the clean energy discourse starts becoming mainstream, I am happy to inform you that nearly half of our energy requirements (a share of 42% as on 31st March 2022) are met through renewable energy. We take great care in ensuring optimal use of our resources and have taken several initiatives in this direction. The wood elimination initiative that you read about in this report is a case in point. Through this initiative, we have eliminated almost 500 tonnes (cumulative) of corrugated and wooden boxes from our value chain. This has also helped us in reducing our emissions – we estimate a saving of around 320 tCO₂e of emissions by this wood elimination activity.

Today Eicher Trucks and Buses are rapidly being acknowledged as the face of modern transport solutions in India and many other parts of the world. We are proud of the role our products play in the rapidly modernizing logistics landscape and will continue to enable development in this area in line with the Gati Shakti and National Logistics Program laid out by the Government of India. At the same time, we are also aware of the environmental impact of vehicle related pollution. I am proud to inform that we have taken proactive steps in this regard. Since 2013, VECV has been producing state-of-the-art Euro VI compliant clean-diesel engines for global use within Volvo Group products. This global technology capability enabled us to transition our entire product range to the new BS VI norms without a hitch in April 2020. 100% of Eicher Trucks and Buses are connected via advanced telematics and offer our customers higher asset uptime, driver coaching for improved fuel economy and unique ways to optimize their operations. We are also

actively engaged with government on various alternate fuels that can be a part of the solution – be it Natural Gas, Hydrogen, Bio Diesel or Ethanol. At the time of this report, I am proud to inform that 40 Eicher Skyline Pro Electric Buses are operating in the prestigious City of Chandigarh. This is only a beginning.

Similarly, on the social side, we have undertaken initiatives to ensure a safe and healthy working environment for our employees. During the pandemic, while our employee workforce adapted to working from home, we developed Emergency Response Teams at all our locations to help affected employees with hospitalizations and other medical facilities. We also conducted sessions for mental well-being of all our employees. Our health & safety protocols at the plant level ensured zero fatality during the year. Also notable are our initiatives for our driver community. During this year, we worked with our driver communities with the aim of training and skilling, along with an NGO partner. Through this initiative we were able to provide pre-license driving training and vocational training to unemployed and school-dropout youth in Madhya Pradesh.

All these achievements would not have been possible without the strategic direction and support of the board, and I must thank them for their relentless support and guidance. I would also like to take this opportunity to thank all our employees for their contributions through very difficult times over the past few years. I must also acknowledge the continued trust and support received from all customers, dealers, suppliers and partners that inspires us to do better every year.

Best regards,

Vinod Aggarwal

MD & CEO, VE Commercial Vehicles Limited



HIGHLIGHTS FROM FY 2021-22

ESG Highlights from FY 2021-22

Renewable Energy Share
42%



Diversity Ratio
1:19



Emissions Saved
67,875.10 TCO₂e



Revenue
₹127,688 million



Awards and Recognitions



VECV wins Automotive Company of the Year For Warehouse Excellence

Presented at 2nd Anuula Warehouse & Logistics Excellence Awards 2021 – Dec 2021



VECV wins Company of the Year – Automobiles For Manufacturing Excellence

Presented at 2nd Annual Warehouse & Logistics Excellence Awards 2021 – Dec 2021



VECV wins the best socially relevant ad campaign

Presented at Warehouse & Supply Chain Leadership Awards 2022 – Oct 2021



VECV wins The Machinist Super Shop Floor Awards For Supply Chain Management – Large Industry

Machinist Super Shopfloor Awards – Sept 2021



VECV wins Smart Factory of the Year Award for SME Category

Manufacturing Today Conference and Awards – Sep 2021



VECV wins Best Use of Social Media Marketing for BeUnstoppable Campaign

Asian Leadership Awards – Aug 2021



Eicher Pro 2049 BSVI CNG awarded LCV Cargo Carrier of the Year

Apollo CV Awards – Apr 2021

ABOUT VE COMMERCIAL VEHICLES

Organizational Profile

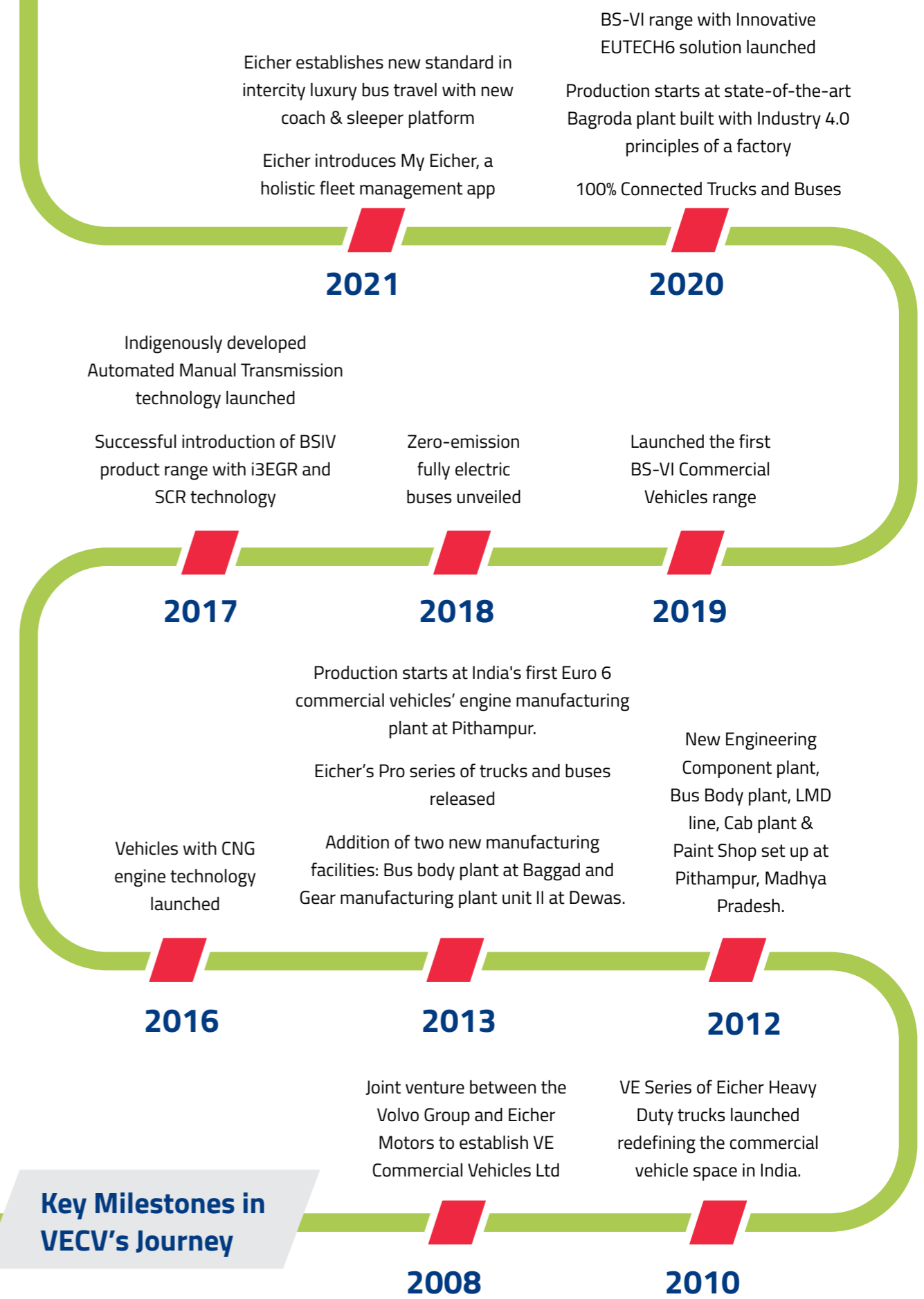
VE Commercial Vehicles was established in 2008 when pioneering companies in the commercial vehicle sector – Volvo Group and Eicher Motors – joined hands to transform the Indian commercial transportation business. This merger brought with itself the confluence of competencies like the state-of-the-art product technology, well-defined process, and frugal engineering, after sales infrastructure, cost-effective operations among others. Today, the joint venture brings out the best in both companies, complementing each other to elevate the standards and delivery of commercial transport business in India and other developing markets. Today, VECV is a leading producer of commercial vehicles steering the commercial transportation in India.

The Company comprises Eicher Trucks, Eicher Buses, Volvo Trucks India, Volvo Buses India, Eicher Engineering Components, VE Powertrain and VECV Engine Business. Each of these is well-established and backed by a sizable customer base.

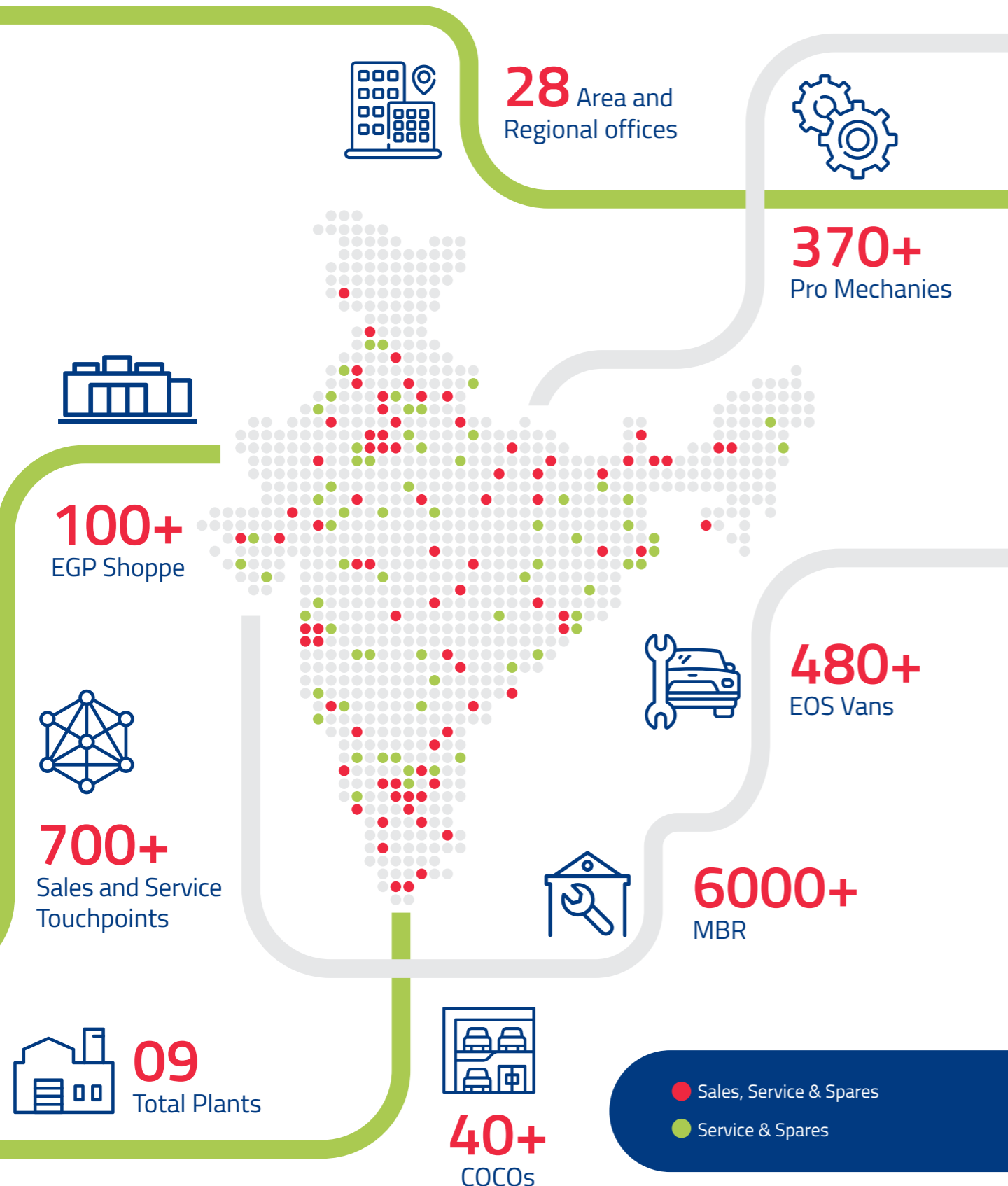
The Eicher #96 – HQ for VECV and Eicher Motors Ltd is a Platinum rated Green Building. For its day-to-day functions the building uses as little energy and water as possible – natural sunlight instead of lamps, recycled sewage water for the lawns and flushes, and innovative designs that make the most efficient use of electricity. Should ever needed, the entire building can be dismantled and could be constructed at a new plot- all 1500 tonnes of it.



Key Milestones in VECV's Journey



Our Presence



Our World-class Manufacturing Facilities

Pithampur Plant

The Pithampur Plant is the oldest Plant of VECV and is the hub for manufacturing of trucks and buses of the company. Proudly called as the Smart Factory of the company, the plant earns the title as it optimizes on every inch of land with the factory, producing 1,000 vehicles per acre. The plant uses top-notch automation technology with certified Integrated Management System to produce high quality and safe trucks and buses. Spread over about 90 acres, the manufacturing operations at the plant are based on the Volvo Production System and has a capacity for production of 90,000 vehicles per annum. The plant has a state-of-the-art vehicle and engine development center and fatigue lab, complete with a virtual vehicle integration capability and Simulation Lab.



The Pithampur plant also hosts VE Powertrain – a world-class facility which is the engine hub of VECV and serves the engine requirements of Volvo Group. VE Powertrain conforms to the global manufacturing standards of the Volvo group and is awarded with many certificates like the Gold Certificate for Volvo Production Systems (VPS) and is a benchmark in Cleanliness within Volvo Group. The facility is also certified for Integrated Management System. The facility produces powertrains in the range of 100 hp to 350 hp for diesel and 95 hp to 280 hp for CNG.

Bagroda Plant

The Bagroda Plant of VECV is the newest and the most technologically advanced plant of the company. Inaugurated in November 2019, the plant manufactures VECV's Pro2000 light duty BSVI range. This expansive plant spread over 147.8 acres of land and equipped with all new generation machines and equipment follows all green initiatives like zero discharge, water conservation practices, daylight and rainwater harvesting.



Baggad Plant

This Bus Plant located in Baggad, Madhya Pradesh is spread over an area of 43 acres with a current capacity of 20,000 buses per annum. Light, Medium, and Heavy-duty buses in diesel, CNG, and EVs are manufactured here. The plant is equipped with an efficient robotic paint system that optimizes resource use while ensuring quality, health and safety and efficient energy management. The Plant is certified for Integrated Management System.



Dewas Plant

The Dewas Plant of VECV is spread over 30 acres and is the hub for manufacturing of gears, crown wheel pinion, bevels and transmission assembly. This plant is the largest commercial gear manufacturing plant in the country. The plant also has a New Product Development cell for innovations in new products and has an efficient and smooth Transmission Assembly line that runs on Manufacturing Engineering Systems (MES).



Hosakote Plant

The Volvo Buses India Hosakote facility in Karnataka is India's first complete bus manufacturing facility set up in 2008. This plant is fully equipped with state-of-the-art bus assembly systems with an annual production capacity of 2000 buses. Given its integrated and flexible nature, the plant can undertake the manufacture of multiple products on the same line with minimum adjustments. Volvo Buses India (VBI) has imbibed best practices from the Volvo Buses' global manufacturing operations here and extensive skill development centers ensure that the manufacturing end-products are of top quality.



Cutting-edge R&D and Training Facilities

We carry out cutting-edge R&D at our Pithampur and Hoskote facilities to enhance the features of our products. These centres carry out process and product innovation, including R&D for alternate fuel engines.

We have also established experience centres and virtual reality labs for testing and simulation. At Pithampur, we have also created a facility to train engineers for servicing. The centre is equipped with state-of-the-art technology that can train service engineers virtually on the smallest details of our products.



Our Product Portfolio

As one of India's and the world's largest Commercial Vehicle manufacturer, VECV is proud to offer industry-standard setting products and solutions. Our range complies with globally contemporary BS VI emission standards and are homologated to conform to the motor vehicle safety rules in the countries they operate in. Since 2020, 100% Eicher Trucks and Buses come equipped with state-of-art telematics connectivity and are monitored centrally at our Uptime Center in Pithampur.

Eicher Light and Medium Duty Trucks

Sub 5 Ton

The iconic sub-5T mini truck is the best in the business with EUTECH6 technology that renders great mileage and revolutionary driver comfort.



Light Duty

Light Duty trucks come with EUTECH6 technology offering great mileage and highest payload carrying capacity.



Medium Duty

The Medium Duty trucks come in Pro 2000 series and Pro 3000 series of trucks, equipped with next-gen engine and 7 speed gearbox making them the most advanced series of trucks.



Tipper

The LMD Tippers with EUTECH6 technology come in the Pro 2000 series of tippers and are suitable for all tipper applications with 2.8 Cu M to 6.5 Cu M capacity.



Eicher Heavy Duty Trucks

Haulage

The BSVI Eicher Pro Heavy Duty trucks are designed to provide the highest quality of performance throughout the vehicle's life cycle.



Tipper

The Eicher Pro Range of BSVI Tippers is a benchmark for performance, reliability and higher productivity redefining the trucking experience and providing lifetime profitability.



Tractor Trailer

The Tractor Trailer range uses BSVI technology maximizing the cost of operations, making them profitable of the lifetime of the vehicle.



Eicher Buses

School Bus

Eicher's BSVI School Bus Range is designed and developed for safety, performance and fuel efficiency. The range of buses considers every aspect of user comfort and safety to make it the most desirable product.



Staff Bus

Eicher's BSVI Staff Bus Range comes with next-gen features like Eicher Live, Cruise Control, M-Booster+, Fuel Coaching and more. User safety, comfort and performance of the vehicle is thus greatly enhanced.



Bus Chassis

Eicher's EUTCH6 Bus chassis range comes with smart and next-gen features like M-Booster+, fuel coaching and new cruise control that make the vehicles fuel-efficient and reliable.



Route Permit

The Route Permit buses are built on strong Domex chassis with EUTECH6 engines. Coupled with the modern design of the buses and user comfort, the buses are the most preferred choice in the segment.



Eicher Engineering Components

Gears & shafts

The gears and shafts are designed to improve efficiency of the vehicle. The technology used and quality standards met by EEC gears and shafts makes them the most preferred suppliers for powertrain components.



Transmission Assembly

EEC comes with high quality Transmission assemblies with state-of-the-art gear manufacturing and transmission assembly set-up.



Auxiliary Aggregates

EEC specializes in high quality auxiliary assemblies with best offerings and manufacturing capabilities.



Automotive components

The Automotive Components are well suited for all industry needs – Powertrain, Driverline, Electrical, engine, steering, fabricated components, casting and machine related parts, cylinder heads, bearings and valves, oil and water pumps, etc.



VECV Engines

Engines for Power Generation

The Eicher brand of engines are reliable and fuel efficient that can run at full capacity at all times.



Engines for Industrial Application

The Industrial engines are built for high performance, reliability, fuel efficiency, and low emission levels. These are compact, low weight, and highly versatile machines that can be used in a variety of industries.



Engines with Transmission

The engines are built to be fuel efficient, robust, low maintenance and highly versatile that can be used by all.



Electric Range

Skyline Pro e 9 m bus, 12 m low floor city bus, Pro 2049 EV



Next-Gen Trucks and Buses: Volvo Trucks and Buses in India

Building on the Volvo Trucks track-record of delivering industry leading solutions, the products from Volvo Trucks India address the increasing demands for more productive and safer trucks in India. The new generation trucks sold and serviced by Volvo Trucks India are designed to deliver higher operational efficiency, bringing world-class innovation to India, and reinforcing VECV's recognition as the customers' most preferred business partner. The trucks also have a strong focus on improving the driver environment and safety.

Similarly, with Volvo Buses India, VECV aims to transform public transport. The products from Volvo Buses India promise industry-leading safety, fuel economy, performance, and passenger comfort that Volvo Bus operators and passengers have come to expect in Volvo buses. Fully built buses delivered from VECV's Hoskote facility are fully compliant with prevalent CMVR norms.

With Volvo range of trucks and buses, VECV offers market leading commercial mobility solutions from Volvo Trucks and Volvo Buses in India.

Volvo Trucks India

Mining & Coal Transportation

The Volvo Mining and Coal Transportation vehicles built on FMX platform and are suitable for rough terrain to carry higher volume of coal.



Construction and Infra

The construction and infrastructure trucks by Volvo are heavy duty trucks for enhanced performance and higher carrying capacity.



Volvo Buses India

Volvo B8R

The Volvo B8R caters to customer demands with its superior functioning, passenger comfort, lifecycle productivity, and safety.



Volvo B11R

The Volvo B11R is built for high performance, whether as a premium coach or as a trusty line-hauler. The fuel efficient D11 engine cuts operation costs and ensures high functionality, comfort and productivity.



Long Haul & Heavy Haul

Built on Volvo VNX, the Long Haul and Heavy Haul trucks provide the right power and performance for applications such as logging, machinery transport, and long combination vehicles.



Special Application

Volvo Special Application Trucks built on FMX platform are suitable for multiple applications such as water sprinkler, tree transplantation, coal transportation and other.



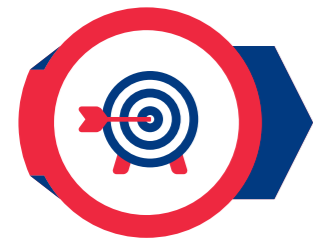
Vision & Mission

At VECV, our aim is to continuously improve transportation efficiency in India and the developing markets through modernization, and cost reduction in logistics for goods and people leading to economic growth and productivity. We strive to produce the most technologically advanced, safe and efficient trucks and buses, and provide superior uptime and best in class after-sales support to our customers through innovative technology and network expansion. This is articulated in our Vision & Mission



Vision

To be recognized as the industry leader driving modernization in commercial transportation in India and the developing world.



Mission

VECV aims to continuously improve transportation efficiency in India and developing markets, thereby reducing logistics costs for goods and people – leading to higher enablement of specialization in manufacturing, agriculture, and services, thereby increasing the nation's economic activity and productivity.

Keeping up with the customer demands and requirements



Enabling and enhancing the driver community



Professionalism, Passion and the greatest respect for all individuals

Collaborating with all stakeholders to deliver maximum uptime of the vehicles through innovative support services

Values



At VECV, respecting all our stakeholders is a central belief that makes us deliver on our promises and hold ourselves accountable to all commitments

We strive to conduct our business with integrity, treat everyone fairly, and be reasonable and ethical in all our dealings.

We constantly challenge ourselves to innovate for the future and strive uncompromisingly to develop new standards for exceeding customer expectations.

At VECV, we aim to create a mutually beneficial long-term relationship with our customers by proactively focusing on their changing needs and consistently delivering excellent service

We revel in our work, demonstrate constant enthusiasm and strongly believe in making a difference to our customers by walking the extra mile.











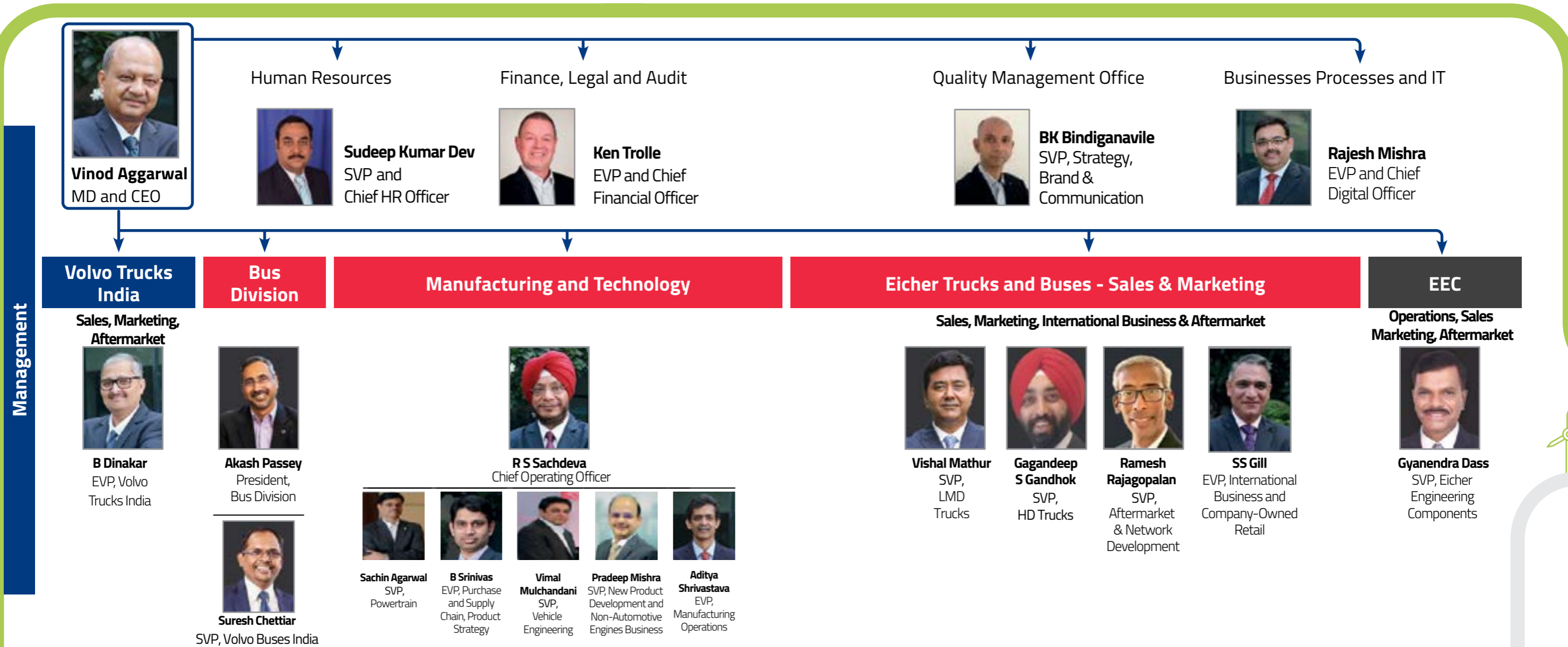
Governance Structure

We derive our operational strength from strong governance and oversight under the leadership of a Board of Directors and management that comprise individuals with significant industry experience and expertise. Fairness and ethical business is one of our values and we are committed to upholding this in letter and spirit through transparency and accountability.

The Board of Directors has been constituted as per the applicable laws of the Companies Act, 2013, the regulations established thereunder, and the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulation 2015 pertaining to corporate governance. The Board's duties include regulating how the Company operates, ensuring legal and statutory compliances, internal controls, and risk management based on information presented to it. The Board is also in charge of approving the Company's strategic direction, strategies, and priorities as well as keeping track of the Company's performance.

Board of Directors

 Siddhartha Lal Managing Director - Eicher Motors Ltd, Chairman - VE Commercial Vehicles	 Jan Gurander Deputy CEO Volvo Group	 Vinod Aggarwal MD and CEO - VE Commercial Vehicles Ltd.
 Joachim Rosenberg EVP and Executive Board Member - Volvo Group, Chairman of the Board - UD Trucks Corporation	 Philippe Divry SVP - Group Trucks Strategy, AB Volvo	 Rahul Rai Director
 Lila Poonawalla Non-Executive Director	 Inder Mohan Singh Independent Director	



Committees

The Company has further constituted committees to ensure oversight over Audit, Nomination & Remuneration, and CSR.

Audit Committee

The major function of the organization's audit committee is to oversee the financial reporting process, the audit process, the internal control system of the organisation, and legal and regulatory compliance. To assess the possible impact on financial statements, the audit committee reviews important accounting and reporting concerns as well as current professional and regulatory declarations. The Committee also monitors that the reports are thorough and reliable.

Composition

Name	Designation
Siddharth Lal	Chairman
Lila Poonawalla	Non-Executive Director
Inder Mohan Singh	Independent Director

Nomination and Remuneration Committee

The Nomination and Remuneration Committee recommends the nomination of Directors, including Independent Directors, to the Board while taking into consideration the requirements of credentials, desirable qualities, and independence of a director. With regard to Remuneration the committee ensures that (a) the level of composition of remuneration is reasonable and sufficient to recruit, retain, and motivate Directors of quality required to run the company successfully; (b) The relationship between remuneration and performance is clear and meets appropriate performance benchmarks; and (c) Remuneration of Directors, KMPs, and Senior Management involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives.

Composition

Name	Designation
Siddharth Lal	Chairman
Jan Gurander	Member
Lila Poonawalla	Non-Executive Director
Inder Mohan Singh	Independent Director

CSR Committee

Creating the CSR Policy, recommending it to the Board, recommending CSR spending, and monitoring its execution are the key functions of the CSR committee.

VECV carries out CSR activities and the projects in the following areas, and the CSR Committee supervises and oversees these initiatives. For example, (a) Special Education/Training - Community Well-Being of Drivers; (b) Education; (c) Healthcare; (d) Road Safety and Pollution Control; and (e) Sustainable Transportation and Vocational Training.

Composition

Name	Designation
Siddharth Lal	Chairman
Philippe Divry	Member
Inder Mohan Singh	Independent Director

Whistle Blower Committee

We are extremely cautious of preventing any malpractices in our operations. To encourage employees to report any unethical or illegal practices, the company has a whistle-blower policy the governance of which lies with the Whistle Blower Committee which has the following members:

- Managing Director and Chief Executive Officer as Chairman
- Chief Financial Officer as Member
- Chief Human Resource Officer (CHRO) as Member
- Head Internal Audit as Member

Corporate Policies

VECV's corporate governance structures and policies guide the Company's business operations ethically. We have clear guidelines for what is and is not appropriate behaviour for management and staff. The below laid down policies make sure that VECV and all business affairs are conducted in accordance with ethical, professional, and legal standards as well as transparency and accountability systems.

The sustainability performance of our company's activities is tracked by our top management. Our compliance team makes sure that all pertinent regulatory obligations, including social and environmental compliances, are satisfied in our activities.



Company's policy on directors' appointment and remuneration

The Company has established a policy on Directors' Appointment and Remuneration, including Standards for Determining Qualification, Positive Attributes, Independence of Director, and Other Matters, in accordance with Sections 134(3)(e) and 178(3) of the Companies Act, 2013.

CSR Policy

The purpose of VECV is to produce economic value and actively contribute to the growth of a sustainable society by engaging in initiatives for the common good via ethical business conduct and sound leadership. The Companies (Corporate Social Responsibility Policy) Rules, 2014 and amendments thereto (hereinafter referred to as the Rules) and Section 135 of the Companies Act 2013 (hereinafter referred to as the Act) have been followed in developing VECV's Corporate Social Responsibility (CSR) policy. All CSR initiatives/programs carried out by the Company in India are in accordance with Section 135 and Schedule VII of the Act.

Sexual harassment of women at workplace (prevention, prohibition, and redressal) act, 2013

We have a zero-tolerance policy towards workplace sexual harassment. The policies of the Company are in adherence with the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redress) Act, 2013, and the Rules made thereunder. The company is committed to giving all employees equal chances regardless of their race, caste, gender, sexual orientation, religion, skin colour, country, or handicap. This Policy applies to all women colleagues, including those who are permanent, temporary, contractual, and trainees.

Company's accounting policy

This policy covers accounting areas for production, supply, or administrative objectives, properties that are currently under construction are carried at cost, less any recognised impairment loss. The cost of an item of property, plant, or equipment comprises expenses directly related to its construction or purchase, as well as, for assets that qualify, borrowing costs capitalised in line with the company's accounting policy.

Credit risk management

Credit risk is the possibility that a counterparty would fail to uphold its end of a deal, costing the company money. The Company has made it a policy to exclusively work with creditworthy counterparties in order to reduce the risk of suffering financial losses as a result of defaults. Counterparty restrictions that have been evaluated and approved by the company's management regulate credit exposure.

Risk management system

VECV has established a risk management policy, which adheres to a thorough risk management system, and has adopted a process for risk assessment and risk mitigation. It makes sure that all risks are promptly identified and managed in line with the Risk Management Process, including the identification of any risk aspects that, in the Board's judgement, may pose a danger to the Company's viability. Cyber-attacks are also increasingly becoming common, affecting businesses' ability to deliver products and services. We are cognizant of cybersecurity risks and so far in this regard, we have not had a formal complaint registered on customer data privacy. No theft or loss of data has been reported.

Whistle Blower Policy

The Company has developed a Whistle Blower Policy and created a Vigil Mechanism for Directors and staff of the Company in accordance with the requirements of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014. The vigil mechanism makes provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases to report concerns about unethical behaviour, actual or suspected fraud, or violations of the company's code of conduct. It also offers adequate safeguards against victimisation of those who use the mechanism. This policy strives to give directors, workers, vendors, and dealers a channel for reporting any

wrongdoing inside the organisation and the certainty that they would be shielded from persecution or retaliation for blowing the whistle.

We communicate our anti-corruption policy policies and procedures to all our governance bodies, KMP, staff as well as business partners. VECV takes a serious stance on issues of corruption. All our manufacturing sites have been assessed for risks related to corruption. Additionally, we covered 10 retail outlets and 8 distribution centres in the risk assessment in FY2021-22. The Whistle Blower Committee reported 1 confirmed incident of corruption during FY2021-22 and disciplinary action was taken.



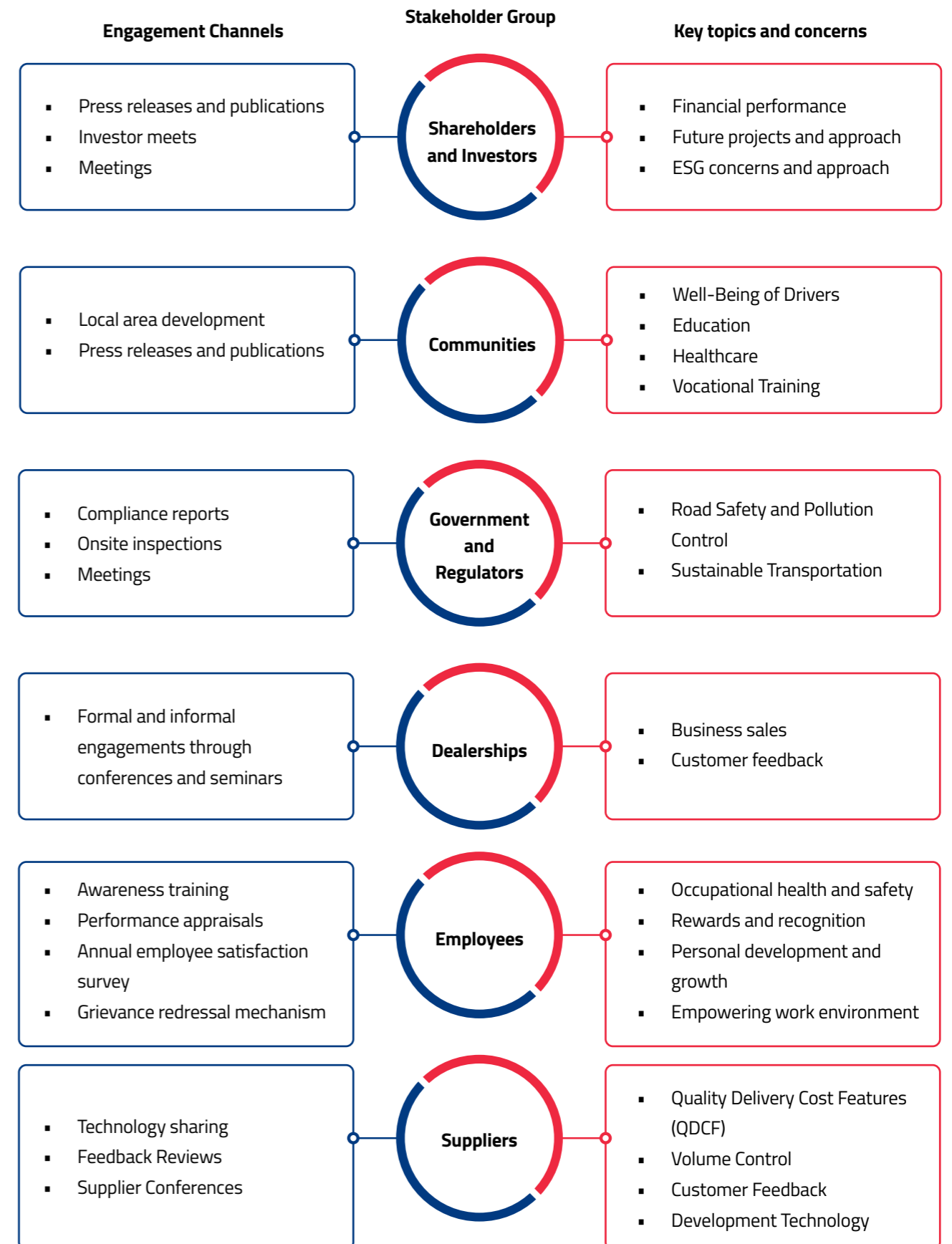
OUR SUSTAINABILITY JOURNEY

Stakeholder Engagement

Stakeholder engagement is an integral part to our business. This helps us stay in the know of the goods and the challenges faced by the groups, while providing a platform for constructive collaboration and intermingling of ideas for them and the business at large. Further, these regular interactions help us to remain fair and transparent in our operations.



Here we have enlisted each of our stakeholder groups and the engagement modes for each of them.



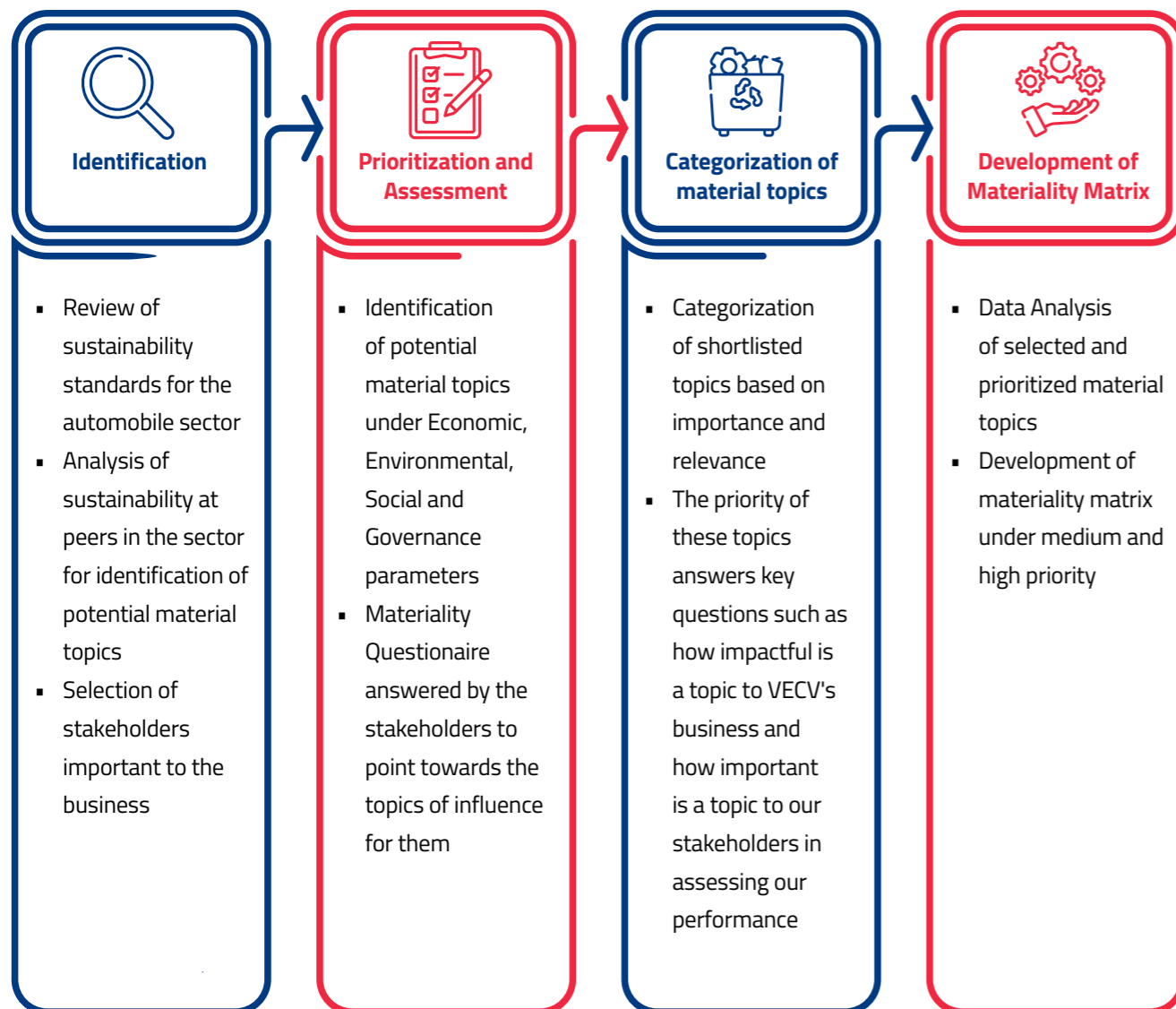
Materiality Assessment

As per the Global Reporting Initiative (GRI), materiality is the principle that determines which relevant topics are sufficiently important that it is essential to report on them. We have defined our material topics considering the following:

- Interests and expectations of stakeholders specifically invested in the organization such as employees and shareholders
- Environmental and social interests and topics raised by stakeholders such as suppliers, dealers, local communities, and plant workers

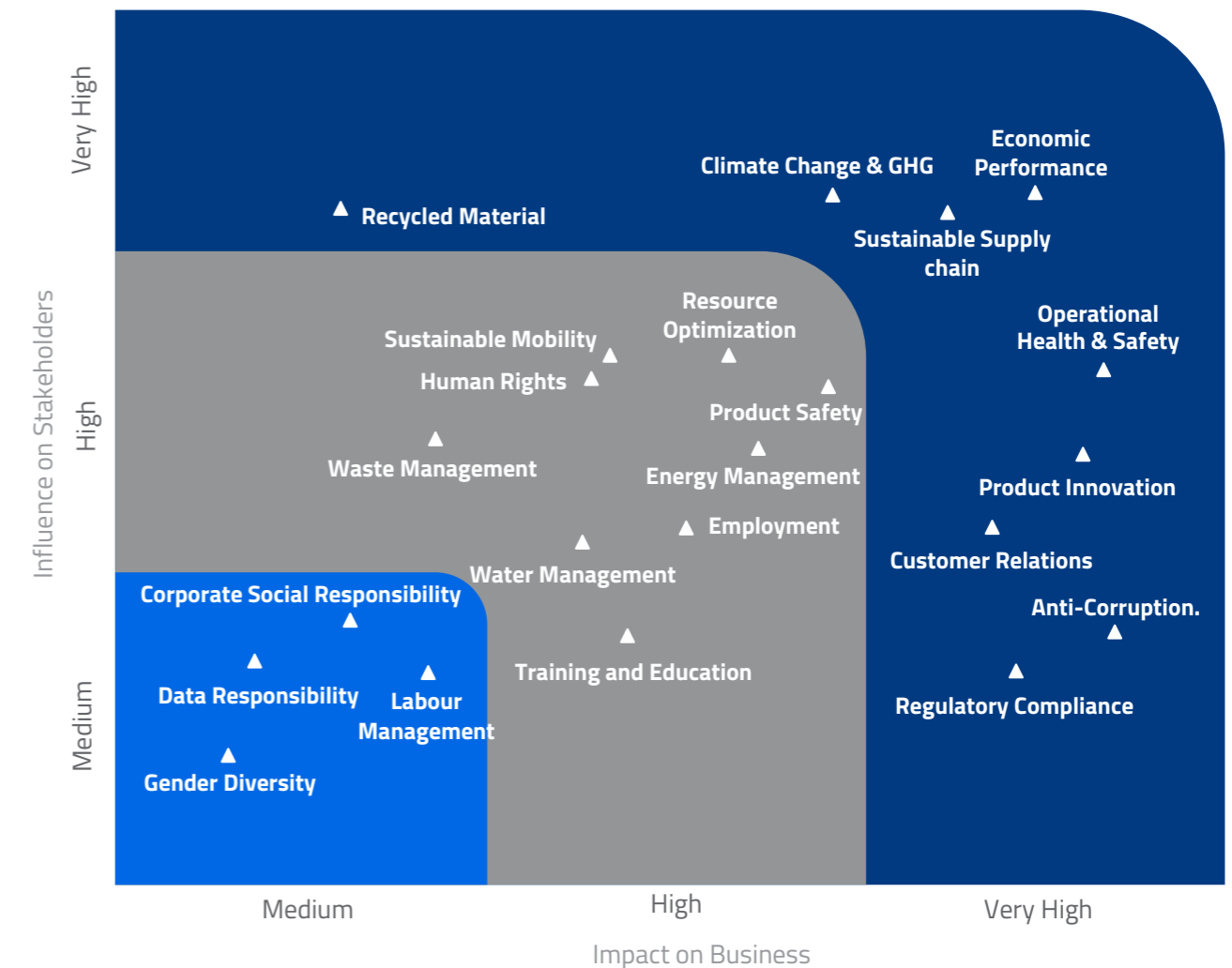
- Key organizational values, policies, and strategies
- Core competencies of the organization and our contribution to sustainable development
- Main topics and challenges for a sector as identified by peers and competitors through peer analysis

Material topics have been selected and prioritized based on the influence they have on our stakeholders, and the potential impact these have on the business. The steps are represented in the infographic.



As per the steps described, VECV undertook a materiality assessment exercise involving review of global standards, peer analysis, awareness sessions and stakeholder consultations that enabled us to target the Environmental, Social and Governance indicators that have a material bearing on our business and stakeholder expectations.

An extensive process with active participation and deliberations from various business functions and departments was able to identify priority material issues that pose risks and opportunities for us from a sustainability perspective. VECV expects that our materiality assessment will shape our long-term sustainability plan and the way we conduct our sustainability reporting, helping us leverage the opportunities and mitigate any potential risks effectively.



These material topics also align with the UN Sustainable Development Goals.

Material Topic	Significance of the Material Topic	Impact Boundary	SDG Alignment
Economic Performance	It is important for VECV to focus on performance towards increasing its economic value through operations, products, and services.	Within the organization	
Sustainable Supply Chain and Sourcing	VECV is committed to creating sustainable supply chains and considers it imperative to focus on supplier capability and performance improvement, local sourcing, technology partnerships, digital solutions, integration, and supplier relationship management.	Within and outside the organization	
Climate Change and GHG emissions	VECV is aware of the emerging risks and opportunities associated with impacts on climate change. It is conscious of and actively makes efforts to work towards reducing GHG emissions.	Within the organization	
Occupational Health and Safety	As one of the leading automobile manufacturing companies, we consider the health, safety and wellbeing of our workers to be of paramount significance in our operations.	Within the organization	
Recycled Materials	VECV views responsible use of materials through product design, manufacturing, and end-of-life management, such as by using of recycled and renewable materials, reducing the use of key materials (dematerialization), maximizing resource efficiency in manufacturing, and making R&D investments in substitute materials.	Within the organization	
Product Innovation & Competitiveness	Innovation in product design and processes are both crucial to meet the growing demands of commercial mobility. VECV promotes innovation to remain competitive in the industry.	Within the organization	
Customer relationships and satisfaction	Customer comes first for VECV. VECV's dealerships and other distribution channels reflect our brand strategy and vision. This promotes high customer satisfaction and retention, both during sales and services.	Within and outside the organization	

Material Topic	Significance of the Material Topic	Impact Boundary	SDG Alignment
Anti-bribery and corruption	VECV actively manages risks and opportunities surrounding ethical conduct of business, including fraud, corruption, bribery and facilitation payments, fiduciary responsibilities, and other behaviour that may have an ethical component for any automobile industry to flourish among its customers and stakeholders.	Within and outside the organization	
Regulatory Compliance	VECV ensures that compliance and governance are strictly integrated in processes and each department is required to follow hundred percent adherence to the standard protocols and guidelines stated by the policy framework.	Within the organization	
Resource optimization and operational eco-efficiency	Achieving resource optimization and operational eco-efficiency has demonstrated dual benefits of cost saving and positive environmental impact. VECV is also cognizant that increased competition for materials due to growing global demand from other sectors can result in price increases and supply risks.	Within the organization	
Sustainable Mobility	Innovating for alternate fuel engines and better product safety that benefit the current and future generations is an important aspect for VECV.	Within the organization	
Product Safety	Through product safety, VECV addresses issues involving unintended characteristics of its vehicles that may create health or safety risks to end-users.	Within the organization	
Human Rights	VECV promotes a culture that respects human rights for people across our value chain. We are conscious that negative human rights impacts may potentially materialize within the organization and business relationships across the value chain.	Within the organization and outside	
Energy Management	VECV strives to optimize its energy use and has adopted renewable energy for its operations – the share of which is increasing year on year.	Within the organization	

Material Topic	Significance of the Material Topic	Impact Boundary	SDG Alignment
Waste Management	VECV is cognizant of waste treatment, handling, storage, disposal, and regulatory compliance for the automobile sector and continually innovates to better its waste management.	Within the organization	
Employment	VECV realizes the value of trained workforce and strives to continually improve and increase the talent pools. Talent management processes also ensures manpower requirements are met with requisite competency and skills as per timeline and budget.	Within the organization	
Water Management	VECV uses water efficiently by maximizing effluent recycling and reusing at manufacturing plants. VECV also has water harvesting facilities on its plant locations.	Within the organization	
Training and Education	Training for employees in required industry skills as well as sustainability concepts is highly essential in an automobile company like VECV.	Within the organization	
Corporate Social Responsibility	Achieving long-term stakeholder value creation becomes important for VECV to be responsive towards key stakeholders - the communities, especially the commercial vehicle drivers	Within and outside the organization	
Labour management relationship	VECV is committed to establishing best practice labour standards and ensuring worker wellbeing is of top priority.	Within the organization	
Data Responsibility	VECV is cognizant of data responsibility including issues that may arise from incidents such as data breaches in which personally identifiable information (PII) and other user or customer data may be exposed.	Within the organization	
Gender Diversity	VECV ensures that its culture and hiring and promotion practices embrace the building of a diverse and inclusive workforce.	Within the organization	

Our Sustainability Framework

We, at VECV, are driven towards committing to a better planet and a future with shared responsibilities amongst all. As a leading company in the Commercial Vehicles segment, we are aware of the impact of our operations and initiatives within and outside of our operational control. With this, we take a holistic view of sustainability, ensuring that the idea of sustainability trickles down to

the last units in our value chain. To ensure that we go about this in a more systematic fashion, we are adopting a sustainability framework on the lines of E, S and G (Environment, Social and Governance) which will aid us in taking the right measures across material issues that we will club under the following three pillars:



In this report, the environmental aspect is covered through the reporting of data, systems and processes under chapter "Responsible Manufacturing: Going the extra mile"; the social aspects are covered under "Caring for Our People" and the Governance aspects have been covered as part of the "Governance Structure" section earlier in the report.

Sustainability Governance

We have implemented systems and processes to make sure that we are compliant with all the environmental, social and governance regulations in the geographies that we operate in. We have also found that our investments in technologies and initiatives that help us reduce our environmental footprint to be prudent financial decisions, encouraging us to take steps in the direction strategically.

RESPONSIBLE MANUFACTURING

We have always been conscious of the impact that the vehicles we produce have on the environment and that has driven us to take an approach that is proactive in conserving resources & rejuvenating the ecosystem. In this chapter focusing on our manufacturing excellence, we demonstrate how, drawing from the principles of the Volvo Production System, we take conscious steps towards reducing our environmental impacts. We focus on optimizing resource use, incorporating innovative utilities management systems and energy efficiency measures. At the same time, occupational health & safety of our workers is paramount.

Going the extra mile

 681,990.99 GJ Energy Consumption	 73,470.38 tCO₂e Scope 1 & 2 emissions	 539,706.96 kl Water consumption
 383 tonnes Wooden boxes saved per annum	 ISO 14001 EMS Standard	 1,989 Workers trained for safety
 50 Patents	 861 Suppliers screened	 67,875.10 tCO₂e Emissions avoided

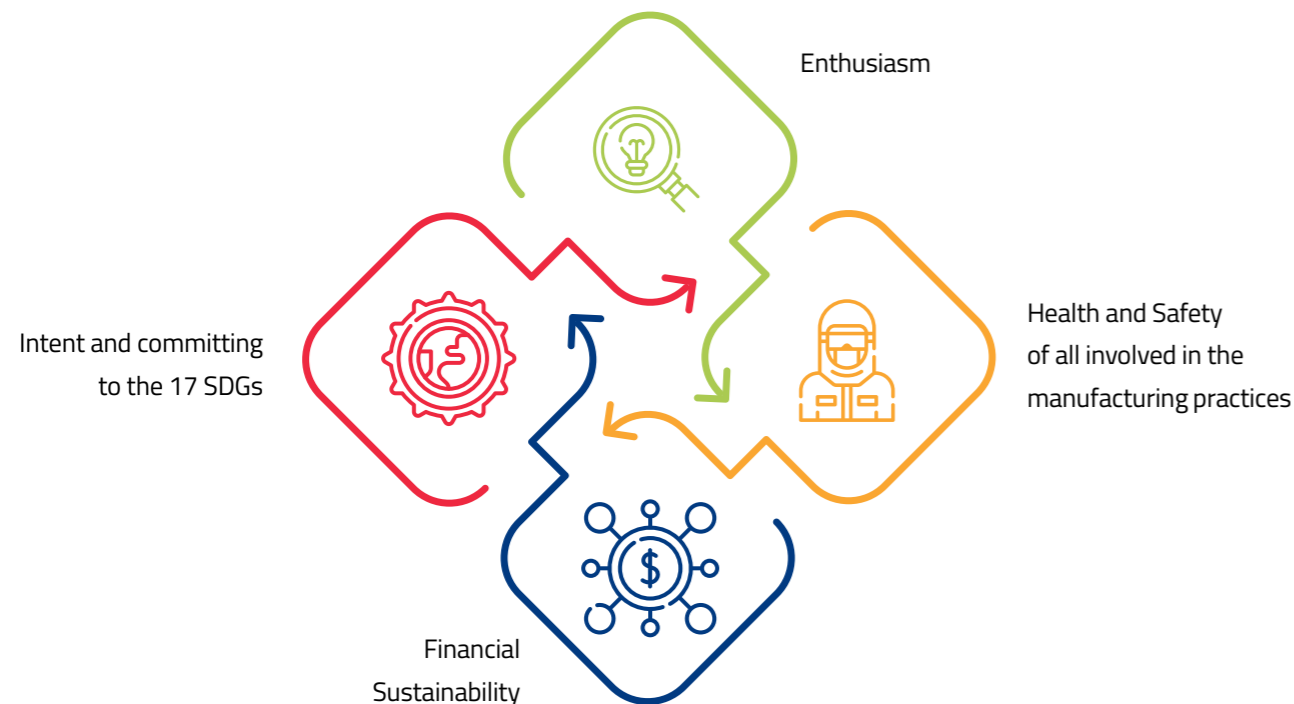


Responsible Manufacturing: Going the Extra Mile

Good for planet, good for business. Since the beginning, the management at VECV has driven environmental sustainability initiatives at all our plant locations. This drive has enabled us to strengthen processes and controls in a very short time frame. We maintain greenery in the farthest corners of our plants and keep innovating for better resource efficiency. Today, we are Green Manufacturing compliant in all our locations.

Sustainability of operations is translated across all our manufacturing practices and across all our plants and offices. Our commitment to giving back to the environment is built on strong principles and intent to comply by the 17 SDG goals, backed with an enthusiastic team to bring this to fruition. On our quest for adopting cleaner energy and iterating our practices to lean

the sustainable way, we also take pride in becoming independent in the way we operate for this brings resilience. We also like to keep a check on our financial sustainability such that we are monitoring our financial gains and saves over a longer period and making healthy financial choices in the longer run.



Manufacturing Efficiency at VECV

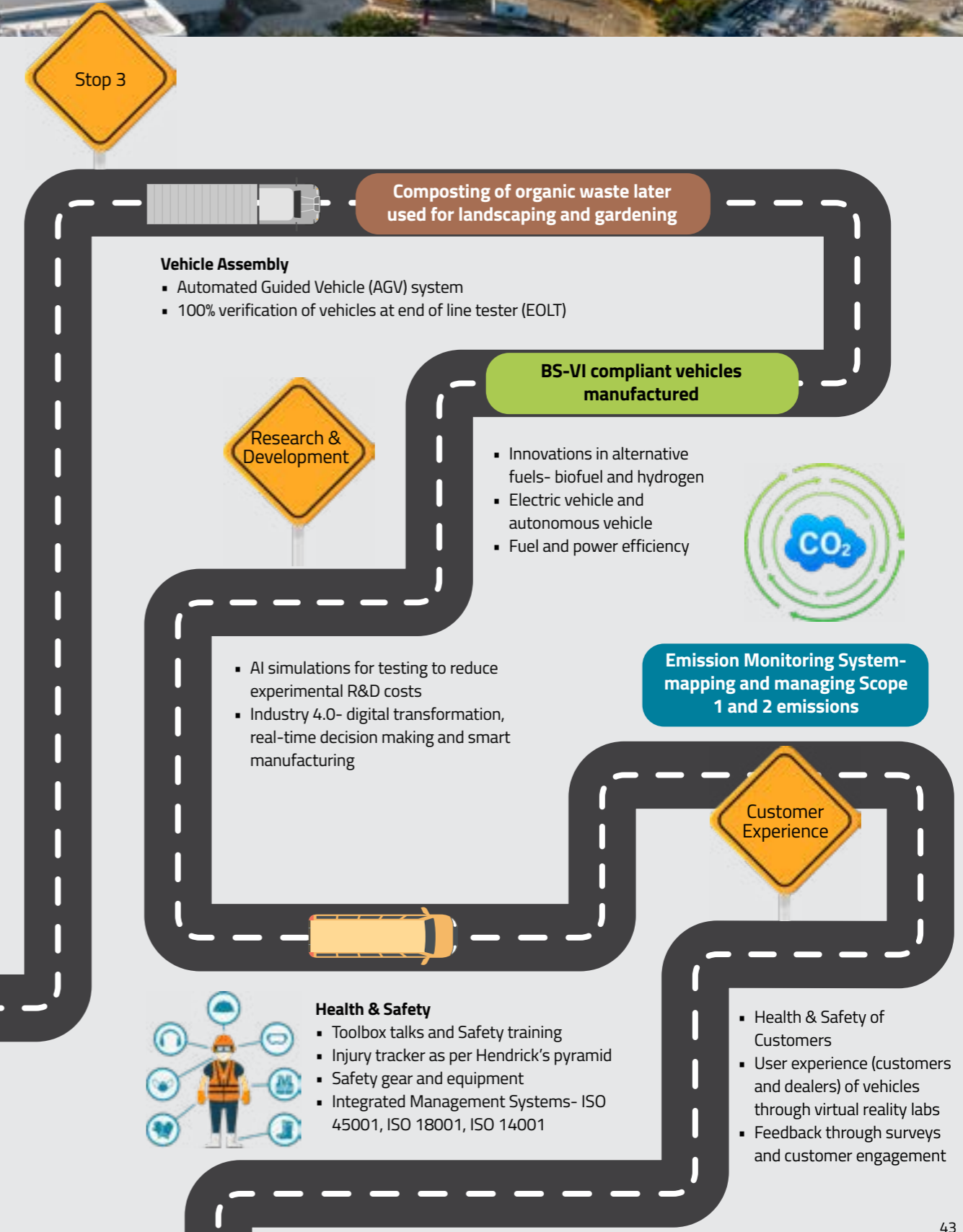
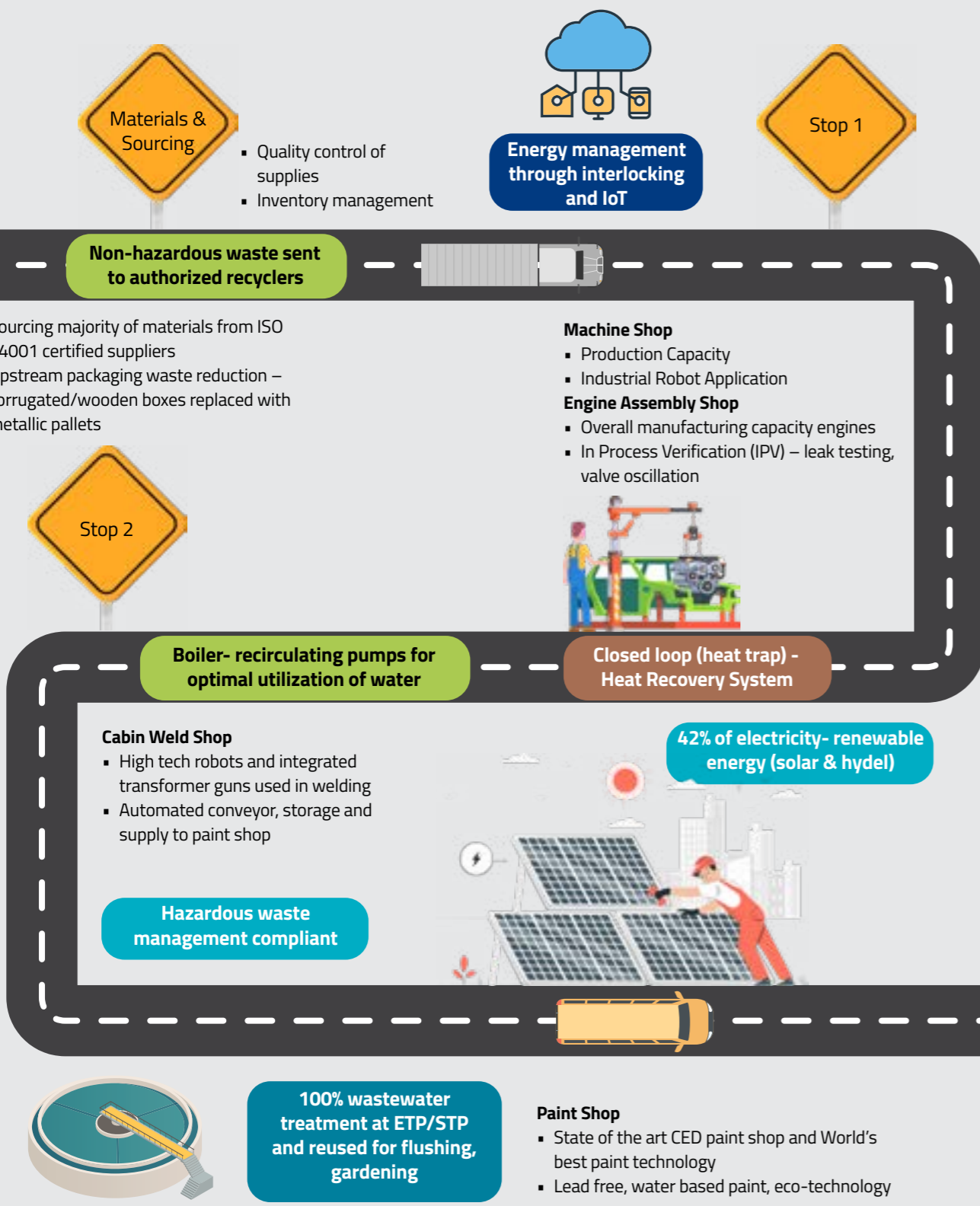
Our manufacturing processes draw on the Volvo Production System (VPS) – a framework for working systematically with continuous improvement that is used throughout the Volvo Group. The inspiration for VPS comes from Gemba, a Japanese concept meaning ‘the real place’. It is a place where value is created such as

the production line or workshop floor and engineers or managers are required to go to the site and understand the impact and gather data in case of a problem. The purpose behind continuous improvement is to increase customer value by eliminating activities that do not contribute to the creation of value in a systematic way through everyone’s involvement.



Volvo Production System

Through the implementation of VPS at VECV, we have observed strong improvements in internal efficiency and customer experience. We also saw an increased involvement from our employees as they were working along defined standards and meeting measurable targets. As a follow up mechanism, we undertake VPS assessments that give an independent view of the business entity and evaluate the extent to which a continuous improvement culture is embedded across the organization. We have also found the overall working atmosphere to have improved as employees began to work together to address challenges in a structured manner and make a difference every day.



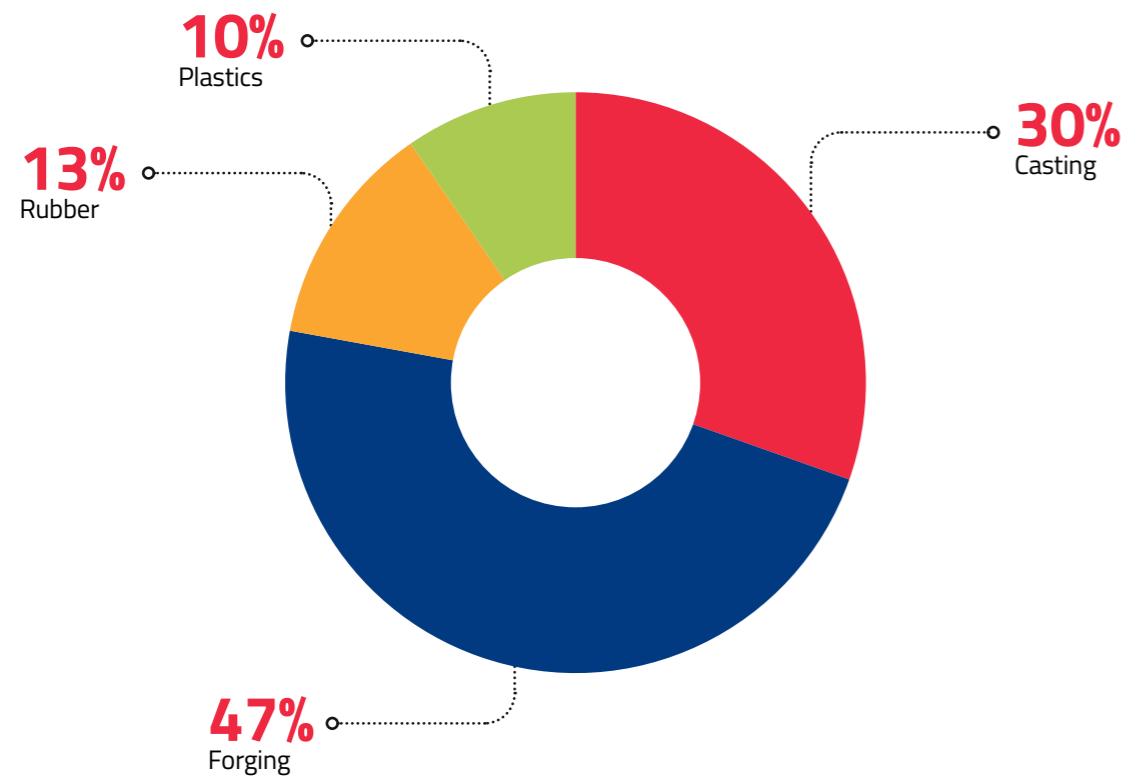
Materials and Sourcing



We innovate in our processes and products to ensure that we use materials productively. Materials are the starting point for the way we think about resources and environmental protection.

As part of the commercial vehicle industry, the extraction and use of materials in manufacturing processes exert considerable stress on the environment. Increased focus on design engineering has helped us upgrade our sustainability and environmental performance. We purchase a wide range of raw materials to enable our production operations.

Amidst rising prices of commodity items such as steel, nonferrous metals, precious metals, rubber, and petroleum products in recent years, our consumption of raw materials constituted 68% of our revenues in FY 2021-22.



The chart above represents top four raw materials used by weight measuring up to a total of 262,389.2 tonnes in the financial year 2021-22. Other important materials used during our manufacturing processes include palladium, platinum and rhodium. These account for 276 tonnes.

We rely on third parties to source raw materials, parts and components used in the manufacturing process

and have both global and local supply chains to deliver components, parts and complete services and systems. At a local level, we depend on smaller enterprises where the risk of insolvency is greater. In addition, for certain critical parts and components, we rely on a single source to ensure quality requirements are met. We realize the risks in our supply chain and are working towards mitigating those – supplier engagement is one such initiative.

Prioritizing Worker Safety and Well-being Occupational Health and Safety Management System



Safety first, a motto we live by.

At VECV, the health, safety, and well-being of employees are highly material to our operations across the value chain. Our safety culture is demonstrated in forms of a well-established Environment, Occupational Health and Safety policy statement and management system. We voluntarily implemented Integrated Management System (IMS) that combines all components of our business into one comprehensive system. The integration consists of three main management systems: ISO 45001, ISO 14001, OHSAS 18001, and Quality Management System (QMS). Implementation of IMS ensures a holistic approach to managing business risk, efficient internal and external audits and minimizing duplication and bureaucracy. We ensure continual improvement through an iterative process of enhancing the management system to achieve improvements in overall occupational health and safety performance via layered process audits, IMS internal and external audit.

This year four out of six plants recorded zero fatalities and work-related injury. Two plants reported work-related injuries of 2 employees and 4 contract workers due to blind corners and unsafe acts respectively.

Work-related injuries for Employees¹

Particulars	Total (2021-22)
Lost Time Incidents (LTI)	1
Lost Days	7
Lost Time Incidents Rate (LTIR)	0.0405
Lost Time Incidents Severity Rate (LTISR)	0.205
Fatalities	0

¹ Table represents average of the safety data from two plants

It is our constant endeavour to provide a safe working environment and we are continuously working towards further reducing accidents and injuries. In this regard, we have taken several steps.

Risk Assessment and Incident Identification

We manage risk and create safe working environment through regular risk assessments from shop floor to office. Potential risks and hazards are identified as per ISO 45001: 2017 and effective monitoring and evaluation of observed incidents follows standard operating procedure implemented across plant locations. Appropriate investigation resulting in corrective and preventative actions must be deployed after each recordable incident. These corrective actions include hazard elimination, engineering controls, administrative controls, and personal protective equipment. Employees are required to report accidents, incidents, and unsafe acts as it highlights opportunities to better control associated risks.

Worker Training on Occupational Health and Safety

Environment, Health and Safety (EHS) trainings are provided and made mandatory to all new employees as part of their induction programme. Training modules are designed and delivered by Health and Safety

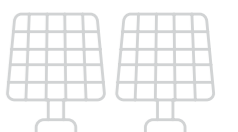
professionals such as factory safety and medical officers. Emergency management trainings are provided bi-weekly and other safety trainings happen based on safety related needs and accidents. The trainings are usually conducted in Hindi or English depending on the understanding during working hours. Training cell is responsible for evaluating the effectiveness of training by acquiring feedbacks from trainees after each training session. In FY 2021-22, we have provided safety training to over 1,989 workers. This number includes training for new joiners and refresher training.

We host toolbox talks, an interactive discussion with our workforce to emphasize the importance of being safe before they go to work. Safety toolbox talks cover a variety of short safety training subjects such as importance of Personal Protective Equipment (PPE), role during an emergency, use of first aid and reporting of unsafe acts. We have also established a robust emergency response and preparedness plan across our plants. Worker representatives are appointed to remain alert during an emergency and detail out response plan. They are trained for mobilizing resources and personnel to effectively control a situation and uphold procedural effectiveness.




As safety remains top priority, we also ensure that our workers are free to form unions and bargain collectively for favourable terms. We have discussions with the union representatives on need-basis for any concerns on daily operations besides long-term negotiations every three years.

At VECV, we believe in working towards transformation of our take-make-waste systems. We are shifting towards greater adoption of renewable energy, making our products with efficient resource use, reducing our waste and replenishing resources like water through harvesting systems to the best extent possible.




Energy Management


Energy is an important topic of concern to us as the fuel of the products we manufacture, and the fuel of our manufacturing plants heavily depend on the use of fossils and other sources of energy. Our operations and manufacturing processes are energy intensive, and we take cognizance of the same. Our commitments towards resilient energy operations are as follows:



We are steadfast on the march towards renewable sources of energy.



We comply by all energy compliance certificates, are ISO 50001 (Energy Management System) certified and use energy efficient machinery. Our products are also manufactured such that they run on minimum energy while delivering the maximum output.

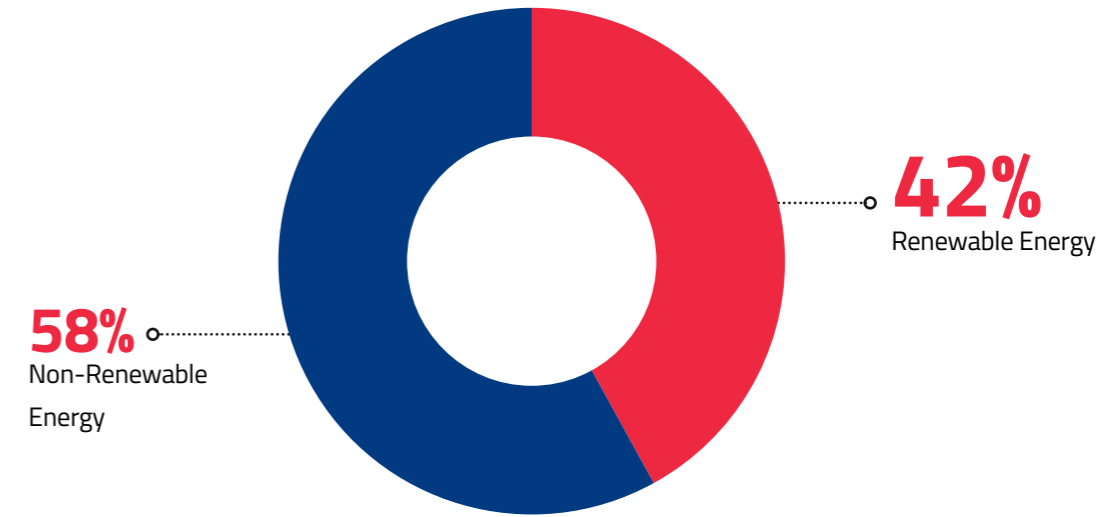


We practice many energy conservation practices in all our plants and offices, and let no energy go waste

Energy Mix

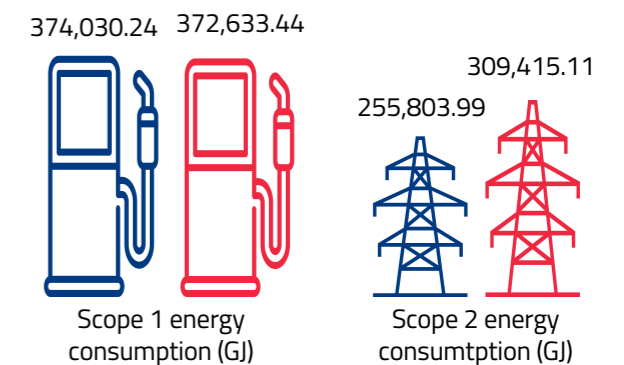
We lay emphasis on using clean energy at our manufacturing facilities and office locations. Our energy mix at plant locations is heavily green energy. Our plants run on 42% renewable sources of energy like Solar and Mini-Hydel.

Our office buildings at plant locations also utilize solar hybrid air conditioners and solar pumps. Heating in the CED paint shop is through 100% clean energy, using LNG. We are committed to further improve our energy mix and our energy management approach.



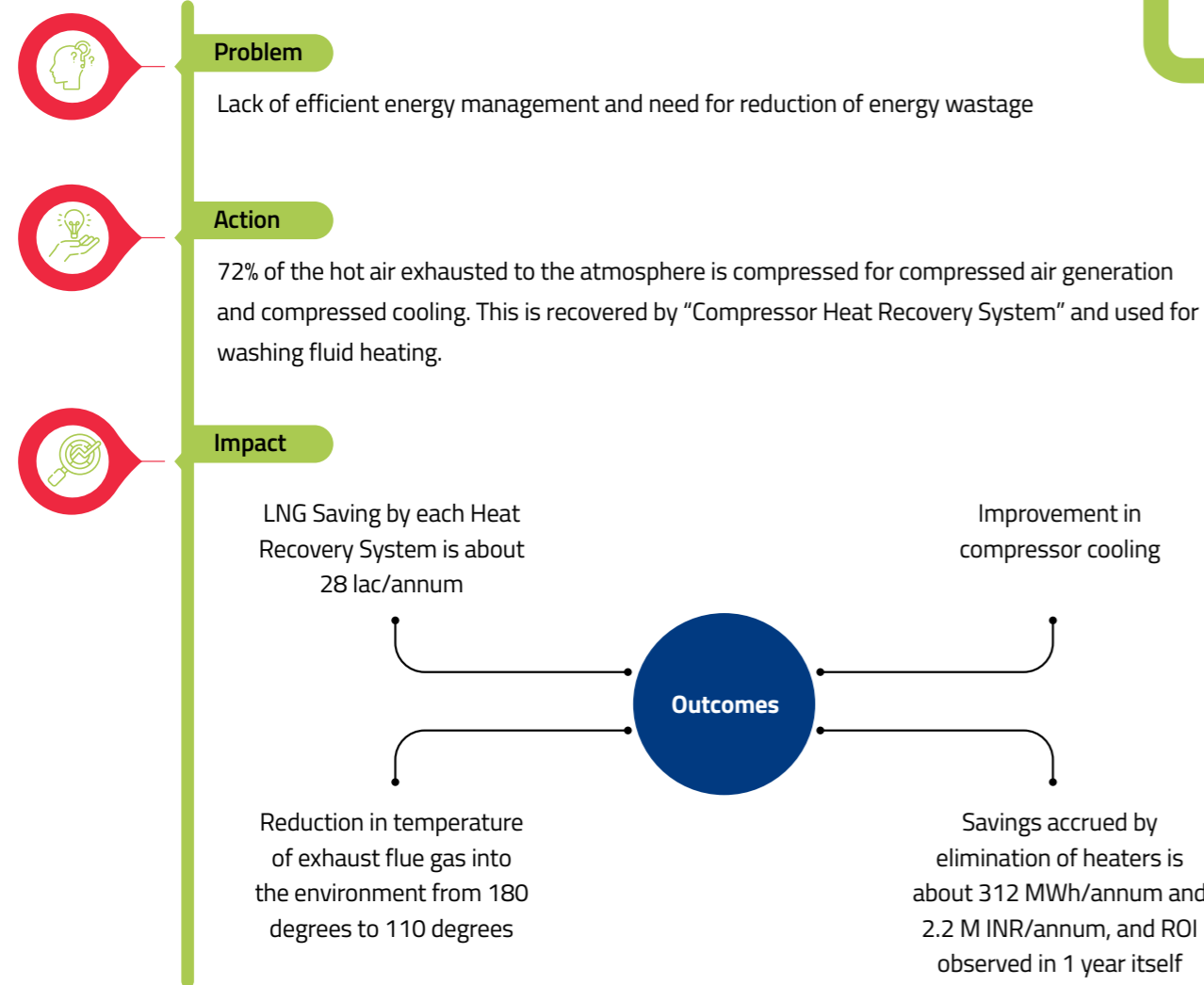
Energy Consumption

We strive to continually improve our energy efficiency. We lay emphasis on the 3 Rs – Reduce, Reuse and Recycle for efficient energy management within our operations. This is important so that we do not waste any energy harnessed by conventional or renewable sources and optimally utilize all resources- material and financial. We have many systems in place to ensure energy recycling at all our plants, and ways to effectively monitor the same. The Heat Pump and Compressor Heat Recovery installed for component washing and fluid heating saves about 90% on the energy requirements. The heat recovery system for primary heating in the CED paint shop oven saves 35% on LNG consumption by using radiant tube flue gas exhaust.



Our Scope 1 power consumption have dropped by 0.4% from FY 2020-21 to FY 2021-22 and the Scope 2 power consumption have increased by 21% owing to increased activity in the last year over FY 2020-21 when production activity was curtailed due to restrictions imposed during the first year of the Covid-19 pandemic. There is an overall increase of 8.2% in the power consumption from FY 2020-21 to FY 2021-22 from all the plants combined.

Heat Recovery System

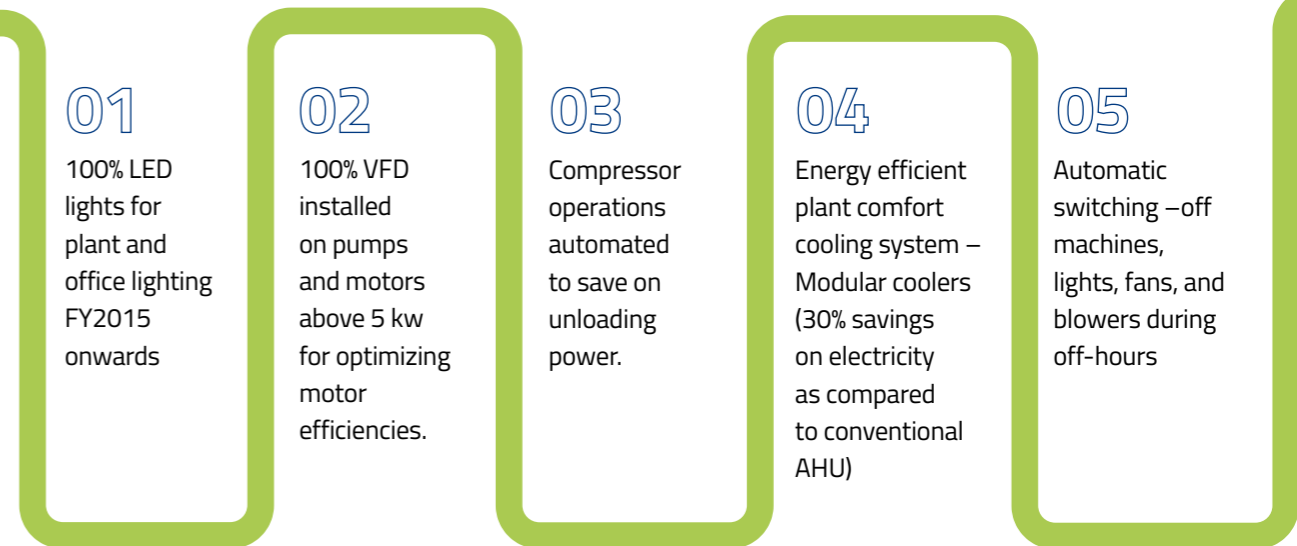


We embarked on the renewable energy journey in the FY 2014-15 when we started using Solar and Mini Hydel power. We achieved 42% discounted power through these sources in the year.

In the FY 2015-16, a Waste Heat Recovery system was installed at the paint shop ovens that uses waste flue gas heat recovery and that accounts for 35% LNG saving. Such heat recycling machines are used at all possible levels in the manufacturing processes. In the years 2016-18, our energy consumption went down by 30% through the Heat Pump for Axle line washing machines. The use of the Compressor Heat Recovery in 2018-20 has resulted in 70% energy consumption in many of our processes.

Energy Conservation Practices

Energy conservation Initiatives:



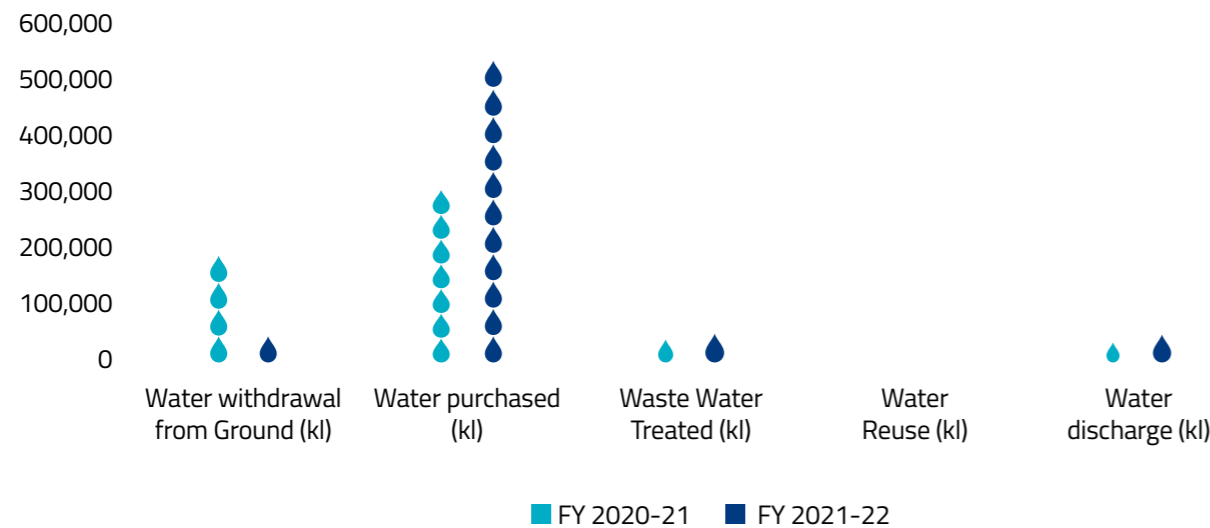
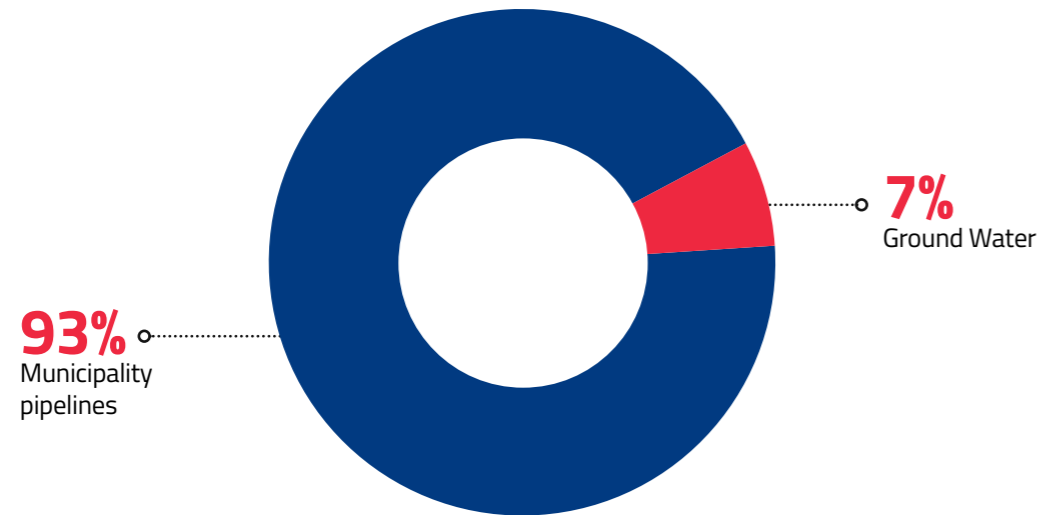
Conscious Water Management

Water Management

Water is an important resource for us, being an auto-manufacturing company. Various critical stages within the manufacturing processes are water intensive and thus we realise the use of this resource and the impact we have on the environment with our water footprint. We make strong efforts to reduce, reuse, recycle water at all stages possible, and treat the wastewater and effluents as well. We aim to reduce our impact on water through the water conservation practices that are taken up at all our plants. This helps us in optimizing our water usage and reducing our dependence on water resources like ground water and municipal pipelines.

Water Consumption, Withdrawal, and Discharge

Our major sources of water include Municipality Pipelines and groundwater, tallying to 375,340 kl of total water withdrawn in the FY 2021-22. We also reuse a huge amount of water from the ETP treated water and water reused from RO, both of which accounted to a total of 230,041 kl of water in the FY 2021-22. Our overall operation is such that we successfully achieve zero liquid discharge.



Water Conservation Practices



We believe water conservation is something everyone can practice, and we conduct awareness programs on how all involved stakeholders – workers, employees, drivers etc. can become water conscious.

We are aiming for water neutrality in the near future and will strive to be water positive in all operations of VECV subsequently. Aiming so, we have already made changes within our functioning that would help us reach this goal and are committed to further evaluating ways to move ahead on this.

- Rain water recharge structures/ pits are installed at our Truck and Bus plants.
- Aerator installed in all taps to reduce consumption.
- Digital water level sensor at Bus Plant to reduce water wastage
- 65% of RO wastewater is re-used through secondary RO.
- 200,000 litres of ETP treated water is reused for flushing use and gardening every day at our plants and offices combined.

Waste Management

Waste is an inevitable by-product for a manufacturing company like ours that works with a variety of materials like metals, plastics, glass, paints, and others. We are conscious of the waste we generate and the means by which we dispose them. Our best of efforts go towards reducing, reusing and recycling the materials we require to perform the manufacturing processes, and the by-products we generate in the process.

All our operations are designed in such a way that ensures minimum waste generation and efficient material use within the different processes. We do not let any waste reach the landfills or get incinerated, and emphasise on reusing waste within plants, without compromising on the quality of the products we produce.

We educate our employees and workers regarding the importance of reducing the waste generation and the lay emphasis of bringing this out throughout the manufacturing processes.

Hazardous and Non-hazardous Categories

Our waste roughly falls under the hazardous and non-hazardous waste categories. We make concerted efforts to reduce our waste and carefully segregate and dispose it, following all guidelines. Our oil contaminated articles and paint sludge are sent to the cement industry for co-processing and remains from this is sent to Madhya Pradesh Pollution Control Board authorised Common Treatment and Disposal stations, and to recyclers.

Hazardous Waste Generated (in tonnes)	FY 2021	FY 2022
Chemical sludge	63.26	46.28
Process waste residue & sludge (paint sludge)	37.15	38.02
Phosphate sludge	0.27	0.16
Waste & residue containing oil	349	283.53
Spent solvent	4.84	3.4
Used & spent oil	23	17.19
Others	60.49	39.09
Recycled	3.67	12.95
Co-processing	89.52	95.37

The non-hazardous waste that gets generated at the plant and office locations is carefully segregated based on categories and sent to either recyclers or to authorized dealers. The wet waste from canteens and sludge produced from STPs is converted to compost which is used within the office locations for gardening and landscaping purposes.


Non-Hazardous Waste Generated (in tonnes)	FY 2021	FY 2022
Steel	37	38
Aluminium	0	0
Rubber	349	0
Plastic	5	0
Wood	23	17
Paper & carton	60	39
Others	0	0



Environmental Compliance – VECV adheres to all environmental standards and norms for waste disposal of hazardous and non-hazardous waste. All products of the Company also adhere to applicable emission norms of national and international markets. There have been no cases of non-compliance recorded on grounds of environmental regulations.




Wood Elimination




Impact

- 62** tCO₂e Reduction of CO₂ emissions (corrugated boxed)
- 266** tCO₂e Reduction of CO₂ emissions (wooden boxes)
- 116** tonnes Corrugated boxes saved annually
- 383** tonnes Wooden boxes saved annually



Problem

We sourced parts such as draglink, window regulator, muffler brackets etc. that came in corrugated and wooden boxes that contributed to waste generation.




Action


We decided to address this issue of waste generation at the sourcing stage and worked with our suppliers to reduce the environmental impacts by using returnable and recyclable packing solutions for majority of the components thereby managing the cost and quality, minimizing material utilization and waste generation.

We replaced corrugated and wooden packaging with metallic pallets, sleeve pack with PP (polypropylene) separators, plastic, and steel mesh bin.

Before Wooden



After Metal



Metallic Pallets and PP Boxes

Emissions

Climate change is one of our key sustainability challenges. Most of the emissions are accounted for by the customer during the use of the sold product. As a leading commercial vehicle manufacturer, we were the first to unveil BS-VI vehicle back in June 2019. Leveraging the EURO VI expertise of over 6 years, we introduced BS-VI trucks and buses that boast of higher fuel efficiency and reliable engine technology. Our goal is to decouple our operational growth from GHG

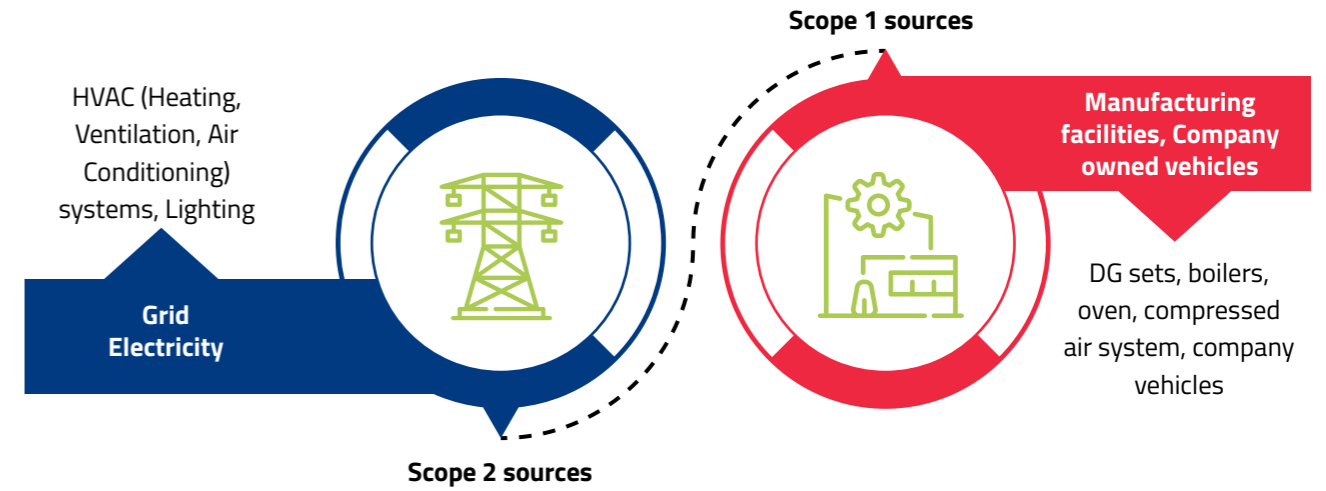
emissions thereby reducing energy costs and mitigating GHG emissions.

We are in the process of developing an emission reduction strategy that will consider emissions across our value chain and report under Scope 1, 2 and 3. We reduce our direct emissions through enhanced energy efficiency of our operations and increased usage of renewable energy. VECV also continues to replace LPG

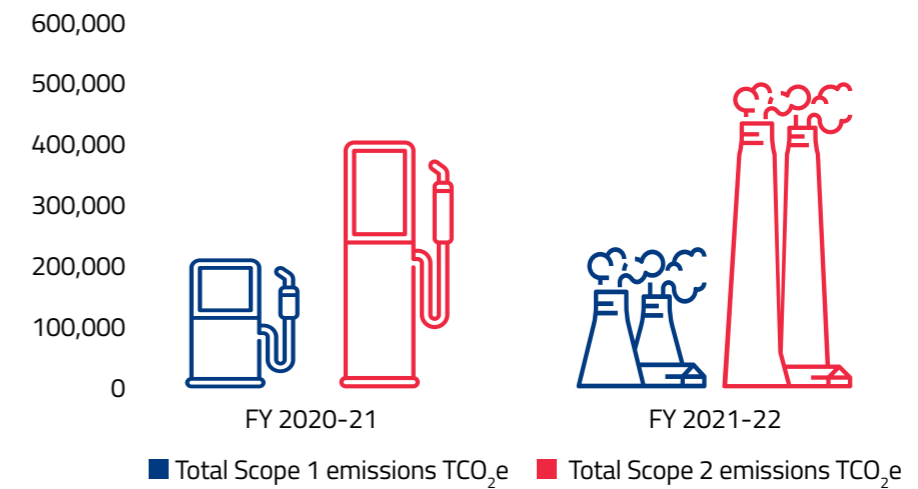
with LNG, a cleaner source of energy in paint shops and looks to increase the share of renewable energy in its energy mix. Currently, VECV hosts 75 MW captive solar power.

This year, we focus on our direct emissions i.e., Scope 1 and indirect emissions i.e., Scope 2 from six

manufacturing plants in India. Emissions connected to Scope 1 and 2 can be attributed to our production plants, engineering centres, and offices that come under our management and control. We have collected data and calculated GHG emissions in CO₂-equivalents as per the Greenhouse Gas (GHG) Protocol.



Particulars	Unit	FY 2020-21	FY 2021-22
Total Scope 1 emissions	tCO ₂ e	21,352.86	23,089.21
Total Scope 2 emissions	tCO ₂ e	39,973.84	50,381.17



INNOVATING FOR THE FUTURE OF COMMERCIAL MOBILITY



At VECV, we believe that commercial mobility has a direct linkage to the nation's progress. We are tasked with a responsibility to meet people's needs today and respond to the expectations of the future generations.

VECV's approach to innovation has been to create significantly more value while minimizing the use of resources. We focus on both product and process innovation that involves identifying, developing, and exploiting new ideas to generate value. We are guided by the philosophy of frugal engineering that embraces cost discipline by retaining product features thereby enabling us to cater to the unique needs of emerging market customers. We have a strong understanding of regulatory frameworks, dynamic market contexts, and customer preferences that support our strategic growth objectives.



Building a Culture of Innovation at VECV

Technological change and industry disruption seem to be accelerating with digital information networks linking individuals, organizations, and nations as never before. We subscribe to the belief that innovation is not the province of leadership but can come from anyone in the organization. We nurture a platform that encourages our employees to think while not curbing the freedom to fail. In practice, this belief translates to hosting an Internal Innovation Portal and Innovation Cell that acts an interactive application where employees from different functions interact and share ideas on product design, development, and strategy. Every year, we organize 'Technology Day', a two-day event wherein employees can present their innovative ideas and get recognized for the same. This year, we recorded 1500+ innovative ideas out of which 50 ideas that contributed to strategic benefits were converted to patents and copyrights. These patents, trademarks, and licenses have been of value in the growth of our business and will continue to be of value in the future.

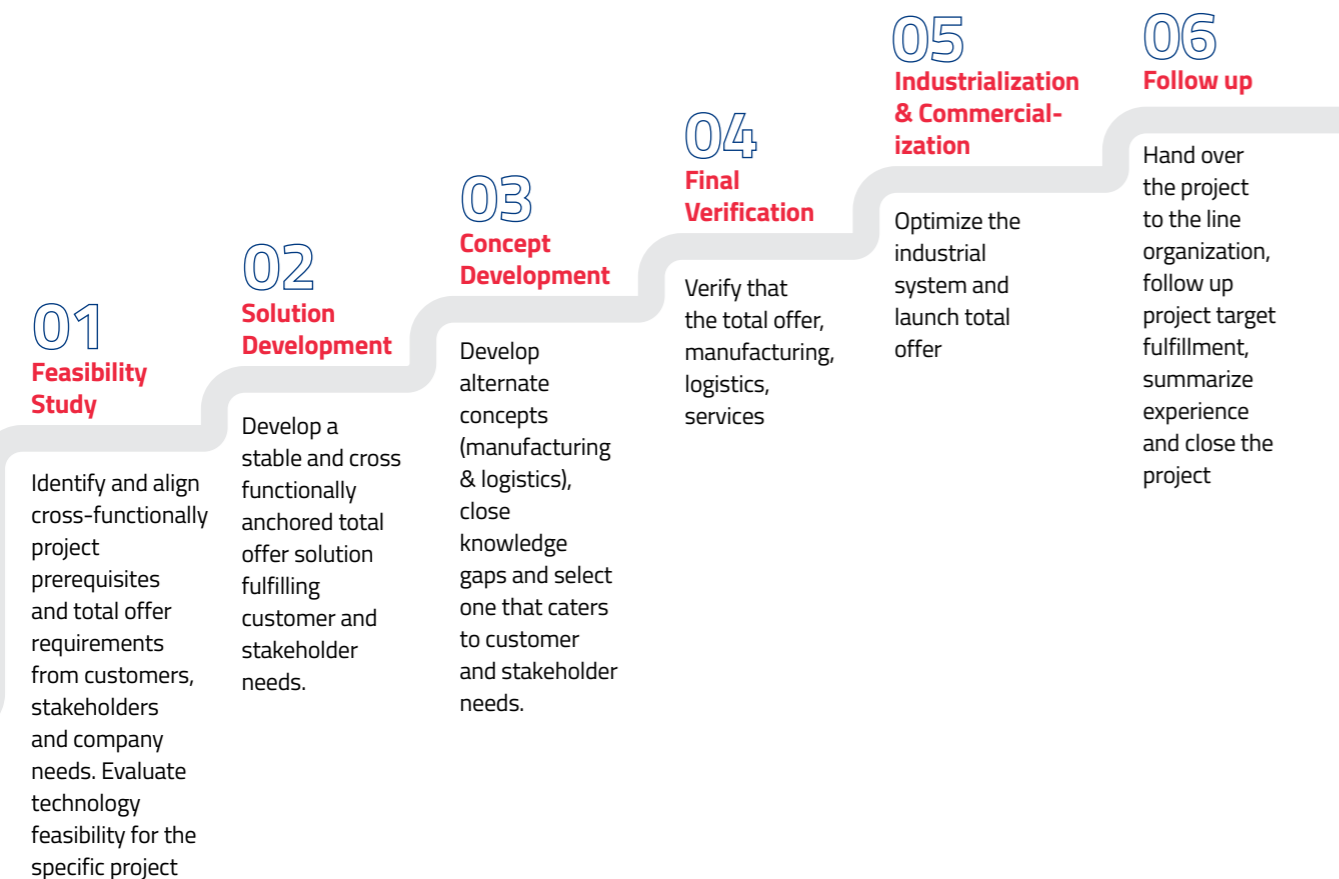


New Product Development

New product development is a continuous process that involves interactions between several teams to create vehicles that embody design and modern technology. The innovation process factors in legislative requirements such as new emission norms, the shift to biofuels and the ongoing transition to electric vehicles worldwide. We employ designers and engineers who are highly skilled and experienced in all aspects of commercial

vehicle design and development, from concept to pre-production. The teams ensure high quality expectations, internal and external regulations are met.

The Product Development process at VECV is divided into six phases, each of which is intended to indicate a certain focus in the project work, the phases are mentioned below.



Innovative BS VI solution- EUTECH 6

At VECV, we are consistently working towards modernizing the commercial transport in India. We were the first to launch a BS VI compliant vehicle in June 2019 leveraging our experience of over 6 years supplying Euro VI base engines to the Volvo Group.

The innovation culture at VECV also helps us in staying ahead of the curve. A case in point is the adoption of Bharat Standard VI (BS VI) – the latest emissions standard by the Indian Government to regulate the air pollution from internal combustion engine and spark ignition engine equipment. While the BS VI norms were implemented in India from April 1, 2020, we leveraged our experience in manufacturing as per EURO VI to launch India’s first BS VI vehicle in June 2019 – much before the regulation came in effect. We then introduced our entire BS VI range of trucks and buses with Eicher’s innovative solution- EUTECH6. The new platform combines VECV’s EURO VI expertise with the most reliable engine technology and fuel-efficient driveline. It also features enhanced Uptime - a proposition to ensure the most efficient upgrade to BS VI with 24x7 uptime support and higher profitability for the customer’s business.



While we see the shift to electric vehicle technology as a viable solution to India’s depleting air quality and increasing dependencies on traditional fuel resources, our R&D is also working on various technologies in the alternative fuels such as CNG, LNG, and HCNG (hydrogen compressed natural gas).

Sustainable Mobility

VECV is leading the way for innovation and technology, and this is reflected in the way we are driving change in sustainable mobility. We constantly strive to remain future ready by gauging the evolving demands and needs of the customers, and the changing times. All our products continually improve the customer’s usability and ease – prioritizing customer comfort and safety, emission reduction and becoming more and more environmentally sustainable in all our practices. Amidst growing environmental concerns and rising fuel prices, we are also seeing preference among fleet owners for alternative fuel vehicles.

Fuel cells is another area of research & development that we are investing in. The Government of India’s National Hydrogen Mission launched in 2021 aims to make India a green hydrogen hub, targeting a production of five million tonnes of green hydrogen by 2030. Backed by such favourable policy initiatives, we believe we will be able to accelerate our transition towards mobility that is clean, green and sustainable. We are building collaborations to develop hydrogen fuel cell technologies that can be integrated on our vehicle platforms.

Innovating for decarbonisation of commercial vehicles is the idea of sustainable mobility that VECV is relentlessly pursuing.

Electrifying Urban Mobility

The new Skyline Pro-E is an efficient and dynamic innovation that plans to transform the face of public mobility. It has been designed to perform in the urban environment with a go-anywhere attitude. Eicher’s ground-up technology has integrated high-energy storing batteries, reliable all-electric driveline with unparalleled safety and comfort features to create this new-gen, efficient, clean and silent public transport.



CARING FOR OUR PEOPLE AND COMMUNITIES

At VECV, Respect, Excellence and Passion are a value system. Respecting all our stakeholders is a central belief that makes us deliver on our promises and hold ourselves accountable to all commitments. We constantly challenge ourselves to innovate for the future and strive uncompromisingly to develop new standards. Our people take pride in our work, demonstrate constant enthusiasm, and strongly believe in making a difference by walking the extra mile.



1:19

Gender Ratio



3,746

Full-time Employees



3.9 hours

Average Training Hours per Employee



₹ 40.8 Million

CSR Spend



3

Ongoing CSR Projects



15,065.35

Total Hours of Training





We have always seen employee wellbeing and local area development to be an integral part of business operations at VECV. These further came under spotlight during the Covid-19 pandemic as concerns about employee wellbeing became crucial for business sustainability and bold calls for action on community service became the need of the hour.

At VE Commercial Vehicles, we value our human resource and treat them as assets integral to the working of the business. Doing so, we aim to continually support them, and maintain a sense of trust and belonging with our employees. We ensure an amicable working environment, work towards ensuring diversity and

inclusion of all, employee wellbeing, health and safety of all persons involved, and focus on community development. We not just aim for community development through learning and development of all levels of our employees but also ensure this via capacity building of the certain communities we work with.

Our Employee Workforce

As a young and growing company, we are aware of the potential of skill and talent in fuelling our growth aspirations and we make the best efforts to hire and retain the best talent available. We follow a merit-based non-discriminatory approach to employment and take issues related to any kind of discrimination very seriously. Our governance policies are inclusive

and are reviewed from time to time to ensure safeguarding of all subjects.

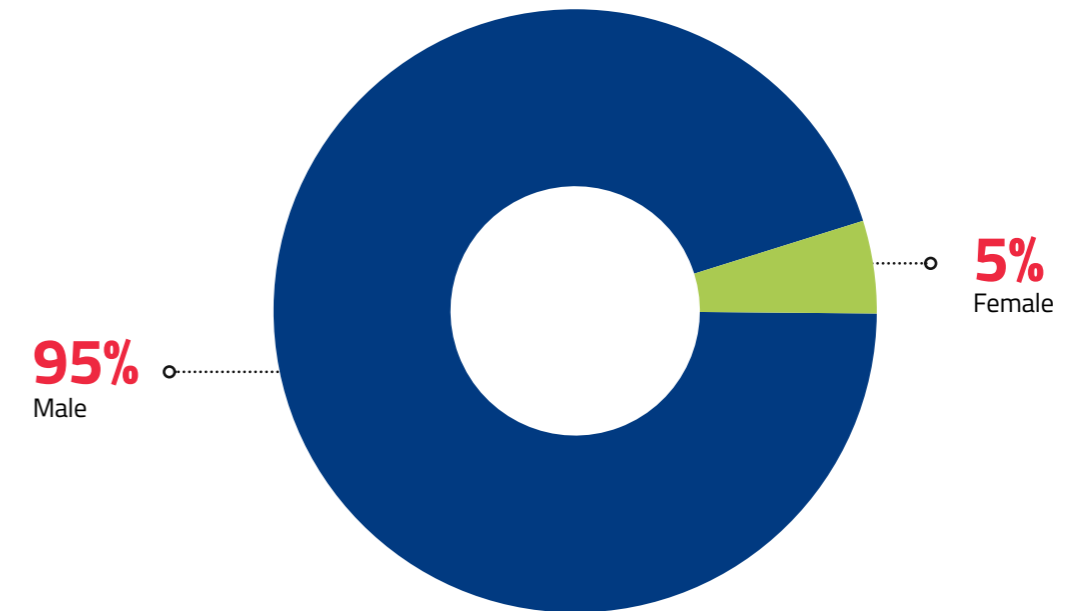
During the financial year, 2021-22, we had a combined total full-time employee (FTE) strength of 3746 employees. The break of this across management levels, age groups and gender are provided.

Category	<30 years		30-50 years		>50 years		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
Senior management	0	0	40	0	34	0	74	0
Middle management	0	0	337	5	71	0	408	5
Junior management	1,163	112	1,773	63	142	6	3,078	181
Total	1,163	112	2,150	68	247	6	3,560	186

Employee strength break-up by management level



Employee strength break-up by gender



During the year, we recorded an attrition of 3.3%. The details of the employees exiting the Company and new joiners information is provided in the performance tables.

Inclusion and Non-Discrimination

We are committed to working towards a holistic and diverse work dynamic at the organization. The values of non-discrimination, and equal treatment of all are firmly embedded in the organization's policies that safeguards everyone. Upon joining, we conduct induction camps in a way that ensures ample time and space to sensitize the new entrants with the organization and its workings. This initial training fosters inclusion and diversity of not just people but thoughts and ideas to that drive excellence in the workspace. A cordial working environment is ensured by all teams in the organization and at our plants.

We believe in fair pay of all, which is based on merit in our company and is governed by pay-scale of that grade, experience of the employee and the number of years they have served working for us. Our human resources team is trained to take cognizance of and act on the slightest chance of occurrence of instances of discrimination. In the FY 2021-22, we did not receive any complaints regarding discrimination or overall employment related issues.

Learning & Development

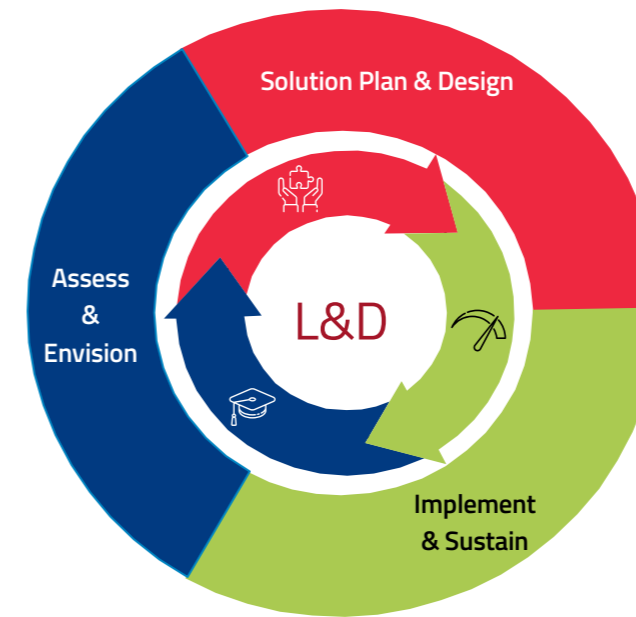
To meet the growing demands of talent in the industry, learning & development is a crucial element of our talent management. We look at learning & development from two angles: technical and leadership that together help our employees in personal and professional growth. Such leadership, learning and development trainings are provided to all employees irrespective of their employment cycle and depending on their level of professional capability. We have a range of training modules, from behaviour training for young employees that deal with core competencies like critical thinking mechanisms, visualizing tools, decision making, feedback tools, training modules on managerial skills, and others. For upgrading the leadership skills of employees, employee skills and transition assistance programs, some go through the IIM Leadership Program as well.

We follow a Structured Learning and Development Philosophy that focuses on specific target areas

making it a holistic L&D training module. The following are the target areas as part of our L&D Philosophy:

- Training Need Identification with Business Input
- Training Content – Sourcing/ Development
- Training Calendar
- Catalogue and Delivery

This Philosophy pans over 3 categoral levels as indicated in the figure. The first stage is the Assess and Envision stage where a Needs Identification helps identify the areas of concern that can be addressed via the L&D approach. The next is the Solution Plan and Design stage which focuses on a plethora of ways by which skill development, behaviour training and technical know-how can be imparted with a working knowledge for all. Finally comes the Implement and Sustain stage which looks at Compliance Trainings and Dashboard Publications.



Training Need Identification

- Competency Rating Desired vs Actual – Role Based-Input from PMS
- Supervisor Recommendations
- Business Line Recommendation
- IDP Input from PMS



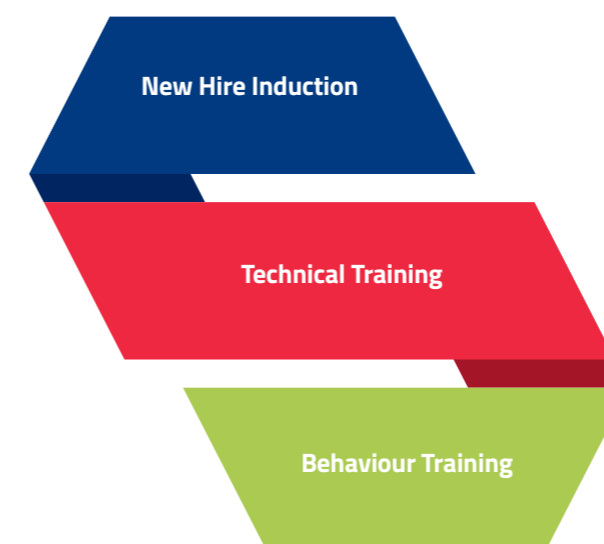
Learning Architecture: 70 / 20 /10 Rule

- Skill & Attitude Shaping: Instructor Led Classroom Trainings and Online Learning
- On The Job Training-Technical
- Online Learning: Coursera, LinkedIn Learning : Relevance and Focus
- Sponsored Skill Development Support
 - Tenure and Course Fee
- Leadership Development: External Tier A institutes



Implement and Sustain

- KRA - 10% Employee Development (Manager + Employee: Co-ownership)
- Compliance Trainings: Ownership-Manager
- Dashboard Publication to Business



Relevant skills training is imparted to each employee via easily consumable knowledge & information spread over time and over modules. The above is a process map for Learning and Development that shows how the philosophy of structured learning and development is embedded into the professional journey of an employee at VECV, irrespective of their level or hierarchy.

The New Hire Induction program is part of the comprehensive onboarding process, after which the technical trainings and behaviour trainings follow. A detailed campus induction module is in place for the new entrants to the VECV family. The details of the Campus Induction Program are provided in the figure.

Campus Induction 2021-22

- 01** **20 Days Extensive Corporate Induction Program** followed by Business Function Induction Sessions
- 02** **Pre-Hiring Experience** –Continuous engagement with new entrants via various channels like whatsapp and through virtual platforms, trainings etc. ‘Campus to Corporate’ session was held virtually in the FY 2021-22 for the young brigade before formally inducting them to the work and people.
- 03** **Campus Branding** – Informative Joining Videos, Joining Kits, Knowledge nuggets through Brand communication etc. for the new joinees that are created with help from the Brand Team.
- 04** **Hiring Experience** – Induction Focus- Product Familiarization Training, Plant & Dealership Visits (including Bagroda, Baggad, EEC plant visit, VR Lab, and Uptime Centre Visit) and detailed sessions for respective Business Units including leadership connects.
- 05** **Feedback** – Frequent induction feedback capturing process has been initiated with 30/60/90 days approach along-with Dipstick Survey and one-on-one connect to gauge inductees overall learning experience.



Following the induction, the skilling and training for all employees happens through two modules:

1. **Technical Training:** The technical training is specific to business function and is based on the needs identified and assessed through Leadership Competency Gap Analysis Rating, IDP plan inputs, business line recommendation, and Hi-Po Development Training Plan.
2. **Behaviour Training:** Our behaviour training module is designed for employees at various levels.

Employees in the junior management go through an executive development program that covers aspects related to effective communication at workplace and personal excellence. At the next level, for our middle management, we have the ‘Emerging Leaders’ program which covers aspects related to supervision and team management. For the higher levels, we have the ‘Leading People’ program that trains employees on building high performance teams and leading with empathy.

Training Hours

Category	Units	ILT		e-Learning	
		Male	Female	Male	Female
Senior Management	Number	32	–	10	–
	Person-hours	368	–	13	–
Middle Management	Number	291	9	106	1
	Middle Management	3,678	17	88	2
Associates	Number	1,563	175	1,201	91
	Person-hours	7,321	550	948	85
Temporary Workforce	Number	748	21	–	–
	Person-hours	1,950	45	–	–



**Average training hours:
3.9 hours per employee**

At the heart of these Learning and Development programs is the professional development of our employees. We have a systematic performance appraisals process that provides a way for employees as well as the company to track employees’ performance and career progressions. The appraisal process provides individuals with feedback on their job

performance, ensuring that employees are managing and meeting the goals expected of them, giving them guidance on how to reach them if they fall short. Our performance appraisal process also helps managers and supervisors in creating a plan for employee development through additional training and increased responsibilities. While these reviews happen regularly, more frequent and an open feedback loop helps keep everyone on the same page and develop stronger relationships between employees and managers.

In the table below we provide details of performance reviews carried out during FY2021-22.

Employees by gender and by employee category who received a regular performance and career development review during FY 2021-22		
	Male	Female
Top Management	79	80
Senior Management	471	477
Middle Management	3,121	3,314
Workers (Permanent)	994	994
Non-Supervisors	16,081	16,081

Employee Well-being

We recognize that our people are a diverse group each with their own motivations for and expectations from work and life. We strive to support their passions at work and outside.

We are proud of the trust environment that we have been able to build over the last decade that enables our people to be their best and true self at work – aiming towards an optimal sense of work-life balance. Once part of the VE Commercial Vehicles workforce, all our employees are ensured a respectable quality of life. We promote an open-door culture among our employees at all levels that helps in fostering a sense of trust amongst all. Further, this also keeps a window open for communication between all levels of the organization.

Over the last two years with the restrictions imposed because of the Covid-19 pandemic, we shifted into a hybrid model of work with most employees working from home during the lockdown. This required making necessary arrangements. Keeping in mind the unique circumstances of the times, we came up with various support programs for our employees.

We created Emergency Response Teams (ERT) at all our locations to aid all the affected employees with Hospitalization, Medicines, Logistics Support for Oxygen Cylinder, concentrators and others. The ERT also looked at responding to all emergency needs of the VECV employees. The team also looked at regularly checking up on the employee wellbeing, work-life balance, and regular communication and response about the work from home (WFH) situation. These were regularly communicated via managers and respective HR Business Partners. We hosted a series of webinars under the 'Stay Home – Stay Safe' Program focusing on Safety, Health and wellness of the employees by organizing informative sessions on Awareness and Precautions on Stress Management, Yoga Sessions by medical and wellness experts, and Awareness sessions by doctors. We also provided support to the families of the 7 deceased employees by supporting them with full salary for 2 years and education support of ₹5 lakhs per child.

In a more general scenario, while our employees have benefitted from flexible working hours and paid time off, we have also ensured that policies on matters such working from home align to the needs of our business operations, the location of our premises and the government guidelines particularly during the lockdown period. At our plant locations, we encourage employees to carpool to reduce the footprint from commuting as well as promoting camaraderie.

We aid our permanent employees with a slew of benefits, both monetary and non-monetary in nature. These include Life Insurance, Health Care, and Disability and Invalidity coverage keeping their overall well-being in mind. We conduct regular awareness sessions for our female employees on Health & Career, and sessions for the mental well-being of all our employees.

Corporate Social Responsibility

The ultimate end-users of our products are our truck drivers. At VECV, Corporate Social responsibility for us is a duty to ensure supporting the livelihoods of our drivers and the communities they live in with the right skilling & training, healthcare and growth & recognition.

At VECV we see a clear relationship between business success and community development. Both our parent companies – the Volvo Group and Eicher Motors have a history of creating impact and communities and we have assimilated those values into our operations as well. We are proud to be contributing to India's socio-economic development through our initiatives by creating a positive impact on society by undertaking meaningful interventions to bring significant benefits to large sections of the society.

We have a special focus on our drivers and technicians and take many initiatives for their welfare and empowerment. We aim to empower drivers and technicians to bridge the gap between skilled manpower requirements and available talent in the industry. We believe that a skilled and healthy workforce can make a big difference to the industry and society.



Some of our key initiatives for our drivers include:

Driver Pragati Kendras: This is an initiative to create an environment where commercial vehicle drivers feel superior experience during transit. These are en-route resting and training facilities for long haul drivers where comprehensive driver trainings are also conducted. The main objective of the driver training program is to provide guidance on fuel conservation, behavioral aspects and financial literacy along with personal hygiene.



Driver Care Vans: To ensure driver health and safety, Eicher Driver Care Program for Vision & Hearing was launched in 2016 to provide affordable & advanced quality eye and ear healthcare services to the truck drivers at major transport hubs along the golden quadrilateral and national highway route across the country. More than 65,500 drivers have been aided through this initiative till now. These facilities serve as a holistic avenue to address fatigue management, road safety and promote best practices within the driver community.



Driver Training Institutes and Extensive Driver Training: To address skill development and empowering livelihoods, we have been running training centres across India and providing skill-based training via low-cost driver training modules. Over 2 lakh drivers have benefitted from our training institutes till date.



Driver Certification and Recognition: We introduced the pre-license driver training program in 2018, as one of the company's key efforts for driver training and empowerment under CSR through Eicher Group Foundation. Under this program, 450 drivers have been trained so far. The heavy and light commercial vehicle drivers are trained through a structured program and conducted via theoretical sessions, simulator practice, technical exposure and behind the wheel training. They also undergo an assessment of driving proficiency by ASDC (Automotive Skill Development Council).



Our initiatives towards community development also stem from organisation's Corporate Social Responsibility policy which also serves as a declaration of our intent to contribute to creating a better and self-reliant society. We have a deep-rooted connection with several community groups and work on a range of social issues. The following are our focus areas of impact:

- Health
- Education (Road Safety Education and Traffic Awareness, Education for children)

- Women Empowerment
- COVID-19 Relief
- Infrastructure Development

Snapshots from some of the impactful ongoing/ recently culminated community development work. Some of the stories from our CSR projects across all focus areas are highlighted:

Project Shasakt Gram

Spends: ₹ 6.9 million

Beneficiaries: 14 villages

Partners: Aide-et-Action India (July 2019 to Jan 2022); Aas 'Aim for the Awareness of Society' (Feb 2022 to March 2024)

Location: Dhar, Dewas and Indore

Impact Area: Village and child development

This is an ongoing project which looks at the upliftment of the villages through infrastructure development, child-friendly schools and anganwadis. Through this, we aim to regain the lost trust of villagers through improved infrastructure and improve the education standards and numbers among children. Infrastructure for check dams and water conservation, youth activities and women empowerment is also covered under this project.

Achievements:

- Increased children's participation in the village development and beautification work
- Increased awareness about child rights issues among villagers
- Increased interest in studies amongst students, and willingness to study
- Improved access to electricity, beautification and renovation of schools



Safer Roads Better India

Eicher's Safety Starts with Us

Spends: ₹ 2.9 million

Beneficiaries: Road users of all age groups

Partners: Reserve Indore M.P. Police Sangathan

Location: Indore, Bhopal, Dewas, Dhar, Ujjain, Ratlam

Impact Area: Awareness generation on traffic laws



This was a year-long project in Indore, Bhopal, Dewas, Dhar, Ujjain, and Ratlam for raising awareness and knowledge about the traffic laws with students and other road users. Interesting ways of delivering the message of road safety was explored in this project like through Radio broadcasts, Police officials and volunteers from NGOs and institutes were sought for the same.

Achievements:

- Achieved a world record in Golden Books of World Records for maximum road safety pledges signed in a campaign with registering more than 20,000 pledges

Eicher Safety Champs – Road Safety Education

Spends: ₹ 730,000

Beneficiaries: Students, School bus drivers, School teachers, Traffic violators

Partners: VHEEDU (Voluntary Health, Education and Economic Development Unit)

Location: Vijayawada, Krishna District, Andhra Pradesh

Impact Area: Education and awareness on road safety, creating safe and inclusive cities



The project aimed to address the issue of lack of formal traffic education system and absence of traffic sense among majority of road users through seminars, awareness sessions and counselling sessions.

Achievements:

- The project reached 76 schools (over 15,000 students), 53 teachers, 439 Drivers, and 756 violators. Thus a total of 16,772 individual beneficiaries were touched via this project
- The seminars were well received and the institutions have demanded for such seminars to be conducted for all classes and age groups of students

Project CAREER+

Spends: ₹ 400,000

Beneficiaries: Students, School bus drivers, School teachers, Traffic violators

Partners: Expressions Learning Resources Private Limited

Location: Dhar Polytechnic College, Prakash Nagar, Dhar, M.P.

Impact Area: Skill development and Vocational training to make students employable



This is was a year-long project from 7th April 2021 to 31st March 2022 which focused on the essential communication skills, computer and financial literacy and soft skills of the fresh graduates and final year students, especially those belonging to economically weaker sections of the society. This project also focused on personality development and English language of the students.

Achievements:

- The impact of the project has been remarkable based on tests performed on the batches
- Currently 3 batches have been successfully closed.

Eicher Academy for Drivers

Spends: ₹ 2 Million

Beneficiaries: Unemployed, school dropout youth in Madhya Pradesh

Partners: GramTarang Employability & Training Services Pvt. Ltd.

Location: Indore

Impact Area: Skill building for young drivers for commercial vehicle driving



VECV is part of several projects with the Drivers' Community, this being one such project. Based in Indore, this project aimed to train the unemployed and school dropout youth in Madhya Pradesh with pre-licensing driving training, vocational training, and targets on working with the unorganized part of the transport sector.



Achievements:

- In this project, 330 candidates completed the training, of whom 277 got placed.
- Significant livelihood enhancement for the 277 candidates




FUELLING GROWTH

The concept of triple bottom line focuses on measuring performance on environment and social aspects, in addition to the financial performance. In the previous chapters, we covered our environment and social impact; in this chapter we talk about our financial performance contextualizing it with our commitment to superior customer service and brand reputation. Excellence and Customer Centricity are two of our values that guide us on how we deal with this very important stakeholder group. At VECV, we aim to create a mutually beneficial long-term relationship with our customers by proactively focusing on their changing needs and consistently delivering excellent service. Our strength in customer relationships is a key driver of our economic performance.



₹127,688
Million Revenue



57,077
No. of units sold
(trucks and buses)



#1
In Customer
Satisfaction



“VECV has always believed that a successful business strategy is one that positively impacts the environment, society, or both, while also benefiting shareholders. The power of a sustainable business strategy is more apparent in today’s world where the impact is not only visible in the Company’s economic success but also in terms of how its brands are perceived.”



It is very important for VECV that the economic value that is generated through our core operations has a meaningful impact on all our internal and external stakeholders. We utilize our cashflows to create the best-in-class working environments, adopt latest technologies, support community initiatives and above

all create a lasting customer experience. Constant engagement and top-notch service delivery have ensured that we are the leading brand among our customers. This has helped us in surviving tough economic conditions that are posed by macroeconomic headwinds.

Economic Performance

After a very difficult FY 2020-21 due to the pandemic, FY 2021-22 witnessed an overall boom in sales of commercial vehicles throughout the sector. During the CY2021, Indian commercial vehicle sales were up by 34 percent growth compared to CY2020. VECV was able to leverage the opportunity presented by the boom and clocked a sales figure of ₹127,688.5 million selling a total of 4,517 buses and 52,560 trucks.

growth with a sustained demand from e-commerce as well as agriculture and allied sectors. We also saw improvement in the sales of buses as schools and offices started returning to normalcy.

While the demand increased with the improvement in overall macroeconomic environment, the commercial vehicle sector continued to face headwinds in the form of high fuel prices, increase in commodity and several other supply shortages owing to the geopolitical tensions in Europe. However, the demand continued to remain strong. In the goods carriers, we saw growth in the medium and heavy commercial vehicles (M&HCV) sub-segment spurred by demand coming from construction with infrastructural investments by the government. The light commercial vehicles (LCV) segment had also started showing signs of

We also exercised more prudence in the financial year, cutting expenses and saving money without sacrificing any of our long-term plans. The core of our strategy in the last couple of years has been to transform VECV to become a customer centric organization by strengthening the commercial organization. Retail excellence, competence development, network expansion and digitalization remain crucial to implementing our strategy.

The table below summarizes the standalone economic performance for VECV. After the distributions under the categories of operating costs, wages & benefits, interests, taxes, and community investments, we retained a value of ₹16,880 million.

Sr. No.	Particulars	2021-22 (₹Million)
1	Direct economic value generated and distributed	
a	Direct economic value generated: revenues & other income	127,688.5
b	Economic value distributed	
	Operating costs	100,577.5
	Employee wages and benefits	9,166.5
	Payments to providers of capital	359.8
	Payments to government by country	641.1
	Community investments	63.2
c	Economic value retained (a-b)	16,880.4

VECV is also a recipient of financial assistance from the government. These are received by the company from various agencies in view of the economic development potential that VECV offers. The details are provided in the table below:

Sr. No.	Particulars	2021-22 (₹Million)
1	Financial assistance received from Government	3,532
a	Subsidies	696.9
b	Export Benefits	546.6
c	Other financial benefits received	2,288.8

A part of the credits for our economic performance also goes to our trusted suppliers and dealers who help us navigate crucial challenges associated with production, market changes and customer preferences. Focusing on connected supply chain and a defined system of operations provide increased visibility and integration leading to improved efficiencies.

Relationships for Sustainability

Suppliers

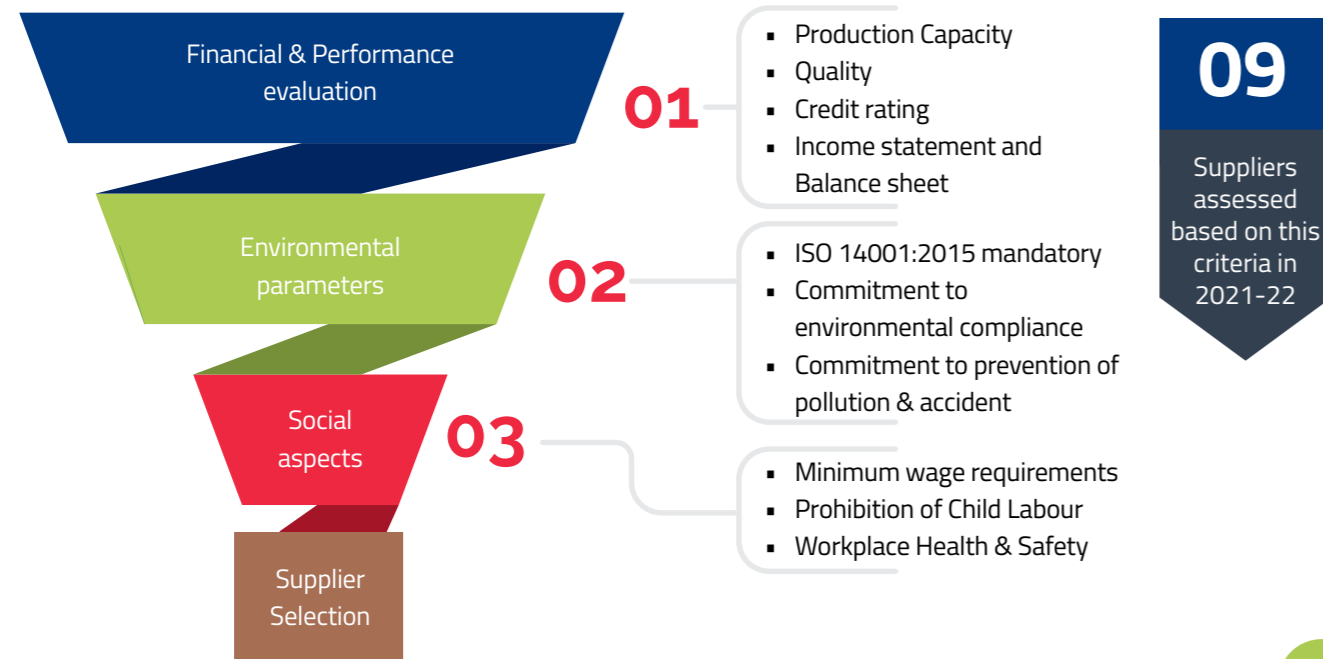
Our trusted supplier network is one of our key strength areas that allows us to deliver even amidst uncertainties. We leverage our long-term relationships to drive efficiency, quality, and responsible behaviour. Suppliers form a key element our sustainability journey and we work together to implement systems to monitor environmental aspects. We are also planning to introduce regular meetings with our existing suppliers to facilitate exchange of ideas on monitoring environmental and social performance.

opportunities and risks. This year, we screened our suppliers using certain environmental and social parameters in addition to financial and performance evaluation. New suppliers were onboarded after having screened for ISO 14001:2015 certification. ISO 14001 is an international standard for requirements of an Environmental Management System (EMS) that enables an organization to minimize the harmful effects on the environment, to reduce and manage its environmental risks. An EMS ensures interaction between an organization's policy commitment, legal requirements, and operations. Our suppliers track environmental aspects such as waste management, air emissions, water effluents and resource use.

The world today is susceptible to constant supply chain shocks, and we are working towards building a robust supplier base factoring in a wide range of



Supplier Selection Process



Renewable Energy at Dealerships

Along with our own sustainability initiatives, we encourage our dealer partners to embrace green practices that are supplementary to our standard guidelines and protocols. In this regard, many dealerships have come forward to take inspiring initiatives. In one such example, one of our dealer partners has installed solar panels at their outlets with a net metering system. Besides being an environmentally conscious choice, the outlet has also seen financial gains – having already availed a depreciation of 40%. The outlet has an annual electricity generation of 21,000 units resulting in saving of above 3 Lacs annually.



Dealerships



Our Dealers are our connect with our customers. At VECV, we focus on this vital link. A happy dealer is the foundation for a happy customer.

To provide excellent customer service, our objective is to establish a powerful and completely engaged dealer network that is effective and customer centric. VECV's main goal is to work with the channel to take advantage of the development areas and prospects of the CV sector, not only for the sales but also for after-sales services. VECV's network of partners are equipped, educated, and empowered to deliver best-in class services across the country.

We have a thorough dealer on-boarding system that involves extensive assessments of service quality as

well as ownership of the necessary fire safety and environmental certifications in order to give a safe and engaging in-store experience to our clients. We ensure to conduct dealers on a regular basis through Regional Mechanisms that are in place at VECV. We at VECV ensure to provide our dealers with all the advice and support in order to inform them about Infrastructural layouts, best procedures for addressing environmental concerns like incorporation of procedures to store waste oil, discharging of waste oil, drainage layout and rainwater collecting, to name a few, within our formal document.

Customer Centricity

Mobility has improved in a way that has never been seen before. New environmental, economic, and social transformations are being propelled by strong forces fuelled by technology. The experience and service we provide to our consumers, however, will always be at the core of our concept. Since its start, VECV has

been a popular brand. We and our clients take the highest delight in our distinctive designs, high-quality goods, and after-sales services. Delivering outstanding experiences and value to our consumers is the foundation of our marketing approach.



Partnering with the client throughout the vehicle's life cycle is crucial. As a result, we have established a vast after-sales network that offers all-inclusive support services.

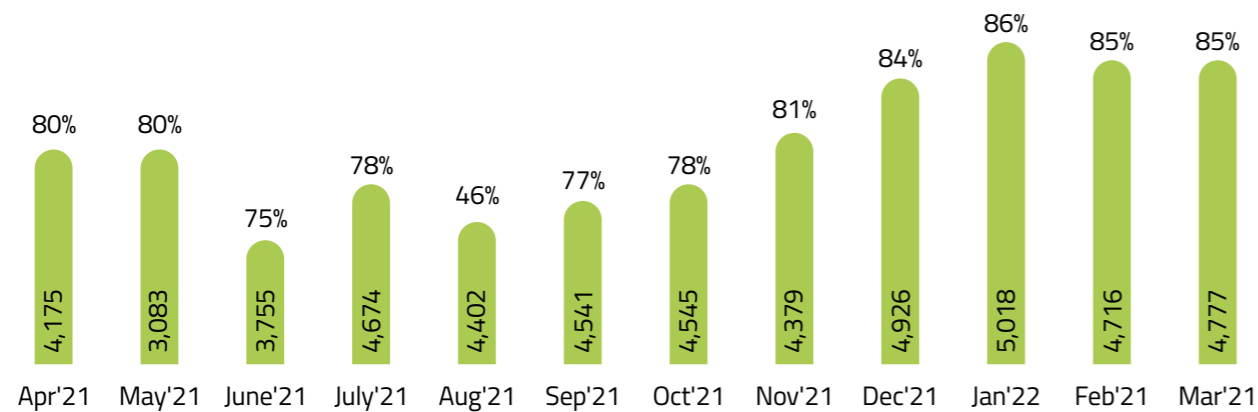


From the very beginning of the product development process, we take steps to safeguard the health and safety of our clients. To avoid causing harm to the environment or society, we ensure compliance with evolving regulatory scenario and emission standards. To achieve optimum safety, cleaner operation, and the utilisation of recyclable materials in vehicle construction, we are always experimenting with innovative technologies. In order to maximise driver comfort, we continuously make design enhancements. We also comply with all current product safety regulations.

We firmly believe in including our consumers in our sustainability journey in addition to the different efforts we have made to include sustainability into our goods. We regard them as change agents as well as customers for our goods.

Understanding consumer expectations is crucial, which is why feedback surveys conducted every month are used to keep a constant discussion with them. It enables us to improve the calibre of the things we create. We have integrated feedback systems across the customer satisfaction life cycle phases in order to provide consistent service and are further working on a portal system for complete backend support to our customers. In the graph below, the Post Repair Service survey where we ask the customers to rate their satisfaction with the service provided. During the last year, we saw a dip in the summer months of June-September 2021 but we quickly responded and were able to improve our score starting November 2021. Continuously tracking this feedback helps us in improving our service delivery.

PRS Survey Top 2% Score



Our Customer Satisfaction and Brand Survey conducted are a testament to our dedication to customer service. Several Initiatives have been carried out in the areas of Product, Sales, Service and Parts to create consistent and differentiated customer experience.

Four external CS surveys undertaken from 2010 to 2017 serve as the baseline for us to our progress

on our performance on customer satisfaction. This year between October 2021 and December 2021, we conducted another survey through an external agency. We were ranked no. 1 on Customer Satisfaction and Loyalty in the LMD Trucks category. In the same survey, we ranked number 2 in HD Trucks division and the Bus division. The details of the survey are provided in the infographic.



LMD Trucks

- Eicher rated **No.1** amongst 6 market players
- Eicher has improved significantly from **rank 5th to 1st** in last 7 years
- Eicher is leading in all attributes except spare parts experience
- **Eicher is leading on Customer Loyalty**



HD Trucks

- Eicher rated **No.2** amongst 5 market players
- Eicher moved up improved significantly from **rank 5th to 2nd** since last survey in 2017
- **Eicher is rated No.2** in Customer Satisfaction & Loyalty
- **Eicher performance better in sales**



Bus

- Eicher rated **No.2** amongst 5 market players
- Eicher has improved significantly from **rank 5th to 2nd** in last 7 years
- Eicher is rated No.2 in Customer Satisfaction & Loyalty
- **Eicher performance better in Complaint Handling**

These results inspire us to continue serving our customers in the best possible way and keep improving the experience we provide. Keeping this in consideration, VECV is continuously working towards ensuring that we reach No. 1 position in the HD Trucks and Bus Division.

Apart from the survey results, we are also proud of the achievements that we have garnered over the years. From 2012 to 2021, we have won various awards such as **GTO Award ISO/TS Certification (2012), Initial Quality No. 1 Durability Quality No.1 (2013 and 2015) and CSI No 1: LMD; CSI No 2: HD/Bus (2021).**



THE WAY AHEAD

We are seeing a paradigm shift – cleaner air and wellbeing have gained prominence as a value. As part of the automotive industry, we have a well-defined responsibility that we also see as an opportunity to make a difference through our products, services & people. We are committed to driving modernisation in the commercial vehicle industry through Smart Sustainability solutions

Our sustainability journey so far speaks of our commitment to the planet and our people. As we start reporting on our progress annually, we look forward to improving our systems and processes in a way that helps us track our impact towards a more meaningful business. VECV, going forward will be working under its sustainability framework comprising pillars of Environment, Social and Governance as follows:



Environment: The most relevant environmental issues for commercial vehicles (and the automotive industry) concern emissions and the consumption of natural resources. We will be pursuing the issue of emissions and resource under two streams:

1. Manufacturing: We have already taken several initiatives to optimize the resource use at our plant locations and will continue to innovate in our processes towards the 3Rs – Reduce, Reuse, and Recycle. Currently, nearly half of our manufacturing operations are powered by renewable energy, and we will strive towards ensuring a higher share in the near future. We also plan to implement new technologies and initiatives to maximize water harvesting and green cover at our plant locations.
2. Product Technology: As the world transitions towards electric vehicles to reduce emissions from the use of vehicles, we have already launched our electric bus range and are investing in R&D for alternate fuels -from Natural Gas to Hydrogen to Electrics. As the first movers in the market in adopting the BSVI engines as well as CNG vehicles, we have a demonstrated track record in this area.

Social: Under our social pillar, we will work towards creating a meaningful impact across the following stakeholder groups:

1. Customers: The past two years have demonstrated the importance of technology to remain connected and we were able to deploy solutions for troubleshooting and service delivery even during tough restrictions. Through a balanced use of technology and people we will continue to improve uptime, reliability, and service delivery for all our products to exceed the evolving needs of our demanding customers

2. For employees and workers: Our employees and workers are most important assets. Through employee engagement and a focus on skill-building, we will continue our journey towards building a high-performance culture based on trust, passion, and customer success. We are always on the lookout for improvement in our systems and processes to reduce injuries on the shop floor and create a safer working environment.
3. Driver communities: We have recognized that Drivers are the cornerstone of modern transport and focus on their welfare -whether it be through ergonomic and safe product design or our strong emphasis on our driver communities, training and skilling or providing healthcare services. We will continue these initiatives aiming to bring more drivers in the fold for greater community impact and safer roads.
4. Suppliers: We are proud of our trusted supplier base that we have built over the years, and we will be working with them in partnership to reduce the environmental footprint in our value chain.
5. Dealerships: Our dealers represent the VE Commercial vehicles brand to our customers. Several of our dealerships have taken on initiatives to reduce their environmental footprint and we will be working with more of our dealer partners to ensure that our sustainability vision is carried and demonstrated where our customers meet our brand.

Governance: VECV has always taken a strong stance on ethics and compliance and will remain committed to these. With this report as base, our ESG journey will continue with stronger commitment to to navigate new challenges.

ANNEXURE

ESG Performance Data

Environment

Energy Consumption

Particulars	Unit	FY 2020-21	FY 2021-22
Total energy consumption within the organization	GJ	629,982.06	681,990.99
Direct energy consumption	GJ	374,030.24	372,633.44
Indirect energy consumption	GJ		
Non-Renewable source	GJ	182,159.25	229,585.09
Renewable sources	GJ	73,792.57	79,772.46

Emissions

Particulars	Unit	FY 2020-21	FY 2021-22
Total Scope 1 emissions	tCO ₂ e	21,352.86	23,089.21
Total Scope 2 emissions	tCO ₂ e	39,973.84	50,381.17

Water Consumption

Particulars	Unit	FY 2020-21	FY 2021-22
Water Purchased	kl	310,220.43	539,706.96
Water Consumed	kl	310,220.43	539,706.96
Water Discharged	kl	37,060	50,845

Waste Generated

Particulars	Unit	FY 2020-21	FY 2021-22
Total hazardous waste generated	MT	631.09	535.98
Total non-hazardous waste generated	MT	7,013.55	3,152.65

Social

Health & Safety

Particulars	Total (2021-22)
Lost Time Incidents (LTI)	1
Lost Days	7
Lost Time Incidents Rate (LTIR)	0.04
Lost Time Incidents Severity Rate (LTISR)	0.20
Fatalities	0

Full-time employee break-down

Category	<30 years		30-50 years		>50 years		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
Senior management	0	0	40	0	34	0	74	0
Middle management	0	0	337	5	71	0	408	5
Junior management	1,163	112	1,173	63	142	6	3,078	181
Total	1,163	112	2,150	68	247	6	3,560	186

Employee Attrition

Category	<30 years		30-50 years		>50 years	
	Male	Female	Male	Female	Male	Female
Senior management	0	0	4	0	3	0
Middle management	0	0	35	2	2	0
Junior management	326	31	184	10	3	1

New Joinees

Category	<30 years		30-50 years		>50 years	
	Male	Female	Male	Female	Male	Female
Senior management	0	0	0	0	0	0
Middle management	0	0	3	3	0	0
Junior management	402	46	51	1	0	0



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