



Compliance to **Competitiveness**

Sustainability Report | 2022-23

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About this Report



We are pleased to present our seventh Sustainability Report this year, which primarily emphasises on our non-financial performance.

The Sustainability Report (Report) of FY 2022-23 outlines the Environment, Social, and Governance (ESG) performance of Ashok Leyland Limited ("AL", "Ashok Leyland", "the Company"). The Report aims to demonstrate our commitment to ESG frameworks and parameters. We strive to proactively anticipate emerging ESG risks and opportunities in the market too. Our primary focus is to highlight our efforts in safeguarding the well-being of our employees, communities, and the environment while ensuring a profitable business model and fostering inclusive growth.

We are pleased to present our seventh Sustainability Report this year, which primarily emphasises our non-financial performance during the reporting period from April 1, 2022, to March 31, 2023.

Reporting Principles

The Report has been developed in reference to the Global Reporting Initiative (GRI) Universal Standards 2021 and National Guidelines on Responsible Business Conduct (NGRBC). Furthermore, the disclosures align with the nine principles of National Voluntary Guidelines on Social, Environmental, and Economic (NVG-SEE) Responsibilities of Businesses, as issued by the Ministry of Corporate Affairs, Government of India, and the United Nations Sustainable Development Goals (UN-SDGs). The Report incorporates information on Business Responsibility and Sustainability Report (BRSR) disclosures, as prescribed by the Securities and Exchange Board of India. The FY 2022-23 Report does not consist of any restatements of information about previous financial years.

Approach to Materiality

This Report has been prepared with information that is material to our stakeholders and our value-creation capabilities. Material ESG issues have been formulated through a robust process of multi-channel engagement with internal and external stakeholders followed by prioritisation of topics of importance.

We have updated our material issues in FY 2020-21, which have been incorporated into long-term planning and strategy development for the Company's growth. The material topics identified have been retained in the present report. Taking into consideration the operations of the business, we have identified impacts that are positive, negative, actual, and potential. Further details on this are highlighted in our Stakeholder Engagement and Materiality Approach Chapter.

Independent Assurance

The Report has been subjected to assurance by DNV Business Assurance India Private Limited (referred to as 'DNV') in accordance with the VeriSustain Protocol is based on the principles of various assurance standards including the International Standard on Assurance Engagements 3000 (ISAE 3000) Revised (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and the GRI Principles for Defining Report Content and Quality. The Assurance Statement is part of this Report. However, there is no conflict of interest between the Company and DNV.

Forward-Looking Statement

The forward-looking statements in this Report outline our strategic plans and expectations, based on reasonable assumptions and past experiences. These projections consider industry developments, changes in market conditions across different geographical regions, government regulations, laws, and other factors that may have an impact. It is important to note that these statements should not be construed as a guarantee of our future performance as external factors beyond our control may cause significant changes in the underlying assumptions.

If you have any inquiries regarding this Report, please contact Alok Verma, Head of Corporate Strategy & ESG, at secretarial@ashokleyland.com

Scope and Boundary

This Report provides comprehensive information on our operations in India. Our operational locations are categorised into two main areas: Foundry locations and Automotive plants.

- Automotive Plants
 - **Hosur 1, Hosur 2**, Cab Panel and Press Shop (CPPS) in Hosur, Tamil Nadu
 - **Ennore** in Tamil Nadu
 - **Alwar** in Rajasthan
 - **Bhandara** in Maharashtra
 - **Pantnagar** in Uttarakhand
- Foundry at **Ennore, Sriperumbudur** in Tamil Nadu

- Corporate Office (**Guindy**) and Technical Centre (**Vellivoyal Chavadi**) in Chennai

The environmental performance is mapped for Foundry and Automotive plants separately (Including corporate office and technical centre)

We anticipate in expanding the scope of our reporting to provide a holistic and comprehensive overview of our operations including our joint ventures and subsidiaries.





Message from the **Chairman**



As we accomplish our **75th year** of operations, I am delighted to introduce our new brand promise **'Koi Manzil Door Nahin'**.

This demonstrates that *'No dream is too far to achieve our ESG aspirations'*.



This Report highlights the journey we have accomplished so far. While preparing this Report, we have also considered a futuristic approach that is resilient, responsible, and reliable.

Dear Readers,

It gives me great pleasure to present our Seventh Annual Sustainability Report for the financial year 2022-23. We have developed an ESG roadmap with aspirational goals and targets for the next few years. This enables us to achieve higher levels of operational excellence and stay aligned with our vision to be a Top 10 global CV player delivering outstanding stakeholder value.

I am happy to inform you that Ashok Leyland has achieved excellent results during the financial year. Despite the uncertain industry outlook that loomed at the beginning of the year, we achieved exceptional operational performance in FY 2022-23. We reported an all-time high revenue of ₹36,144 Crores. We sold over 180,000 vehicles in the domestic market and more than 11,000 vehicles in the international market. This resulted in achieving a significant milestone showcasing strong demand and customer trust.

In our journey to improve our environmental performance, we undertook various initiatives during the financial year. Some key areas include Renewable energy, Waste, Water and Carbon Sequestration through the Miyawaki method for tree plantation. In recognition of our commitment to environmental, health, and safety standards, our plants have been honored with thirteen CII-Environment, Health, and Safety Excellence Awards.

Demonstrating our commitment towards sustainable mobility, we showcased our futuristic vehicle range in Auto Expo 2023 comprising of

Alternate fuels, Hydrogen and Electric options. As part of the Green Mobility Push, we proudly present India's first certified LNG-fueled truck known as the AVTR UF3522. This vehicle is completely validated and optimized to be used across the Indian terrains.

Our commitments and investments reflect our urgency in achieving our new organisation purpose of 'Transforming Lives and Businesses through Leadership in Mobility' and driving a new culture throughout the organisation.

Our ambition for a better, more inclusive future extends beyond our walls. Our CSR initiatives focus on areas of education, livelihood, community improvement, and climate change. Our Road to School programme (RTS) and The Road to Livelihood (RTL) is making strides and the coverage has increased from 96,750 to over 150,000 children from nearly 1400 schools across five Indian states.

In celebrating our 75 years of operation, I would like to express my appreciation to the team for staying committed to the continuous growth of the Company. Their never-ending efforts and dedication have enabled us to create a positive impact on society and the environment.

I am looking forward to accelerating the progress of our ESG initiatives to realize our stated ambition to be Net Zero by 2048.

Yours Sincerely,
Dheeraj G Hinduja
Chairman



Our Purpose:
**Transforming
Lives and
Businesses
through
Leadership in
Mobility**



*Message from
the **Managing
Director and Chief
Executive Officer***



Our aspirations to be
Top 10 CV player in the
Automobile Industry.

Ashok Leyland is
committed to attaining
a top global position in
the commercial vehicle
sector while prioritising
sustainability.



Our Vision:

To create and lead sustainable practices, across environmental, social and governance initiatives, delivering outstanding stakeholder value’.

Dear Stakeholders,

Ashok Leyland is committed to attaining top 10 global position in the commercial vehicle sector. This would entail an acute focus on expanding our market presence, widening our product portfolio, be closer and more responsive to the customer, and continue an acute focus on profitability. However, our commitment must transcend just the financial benchmarks.

Last year, our senior leadership team embarked on a journey to redefine our purpose, values, and culture. This introspective process led to the articulation of our purpose: **‘Transforming Lives & Businesses through Leadership in Mobility’**.

Alongside this, we identified five values that will serve as our foundational pillars: **Trust, Agility, Innovation, Customer Centricity, and Partnership**. When these values are ingrained as part of our daily behaviors, they form the bedrock of our culture, aptly referred to as **‘The Ashok Leyland Way’**.

We would need to think, behave and act like a **Global 10 Commercial Vehicles company** before we become one, and our Purpose and Values would lead our way towards that vision.

This journey would also need a razor-sharp focus on **sustainability**. It’s true that sustainability is embedded throughout Ashok Leyland’s operations, from conserving resources to increasing renewable energy capacity, from fostering diversity to impacting our communities, from leading technology development in alternative fuels to participation in creating a green ecosystem for cleaner mobility. While we are proud of what we have achieved so far, we do realize that it may not be enough. When it comes to sustainability, we need to undertake bigger goals and accelerate our efforts manifold.

While in the near future, we plan to focus on improving on our renewable footprint, committing towards RE100, reducing our water intensity, and becoming carbon-neutral in our operations by 2030, recently we also decided to take a pledge to be **Net Zero by 2048**, that is by the time Ashok Leyland turns 100.

With these ambitious goals being set, we need to now modify our trajectory to place much

more emphasis on Environmental, Social and Governance (ESG) principles in all aspects of business. Our ESG vision is **‘To create and lead sustainable practices, across environmental, social and governance initiatives, delivering outstanding stakeholder value’**. This vision has been further operationalized into 10 focus areas deep diving individually in E, S, and G.

Guided by our aspirations, we are poised to lead by example through enhanced energy productivity, amplified incorporation of renewable energy, reduction of Scope 1 and Scope 2 Greenhouse gas emissions, elevation of water productivity, improved resource efficiency, preservation of biodiversity, implementation of ergonomic practices, and steadfast adherence to global safety standards. This commitment extends throughout our entire value chain, encompassing suppliers, dealers, and customers, with the ultimate goal of long-term reduction in our overall Scope 3 emissions.

We’ve taken several measures for water conservation, including rainwater harvesting and preserving subway yield water, to reduce reliance on external water sources and replenish groundwater. Our commitment to sustainable operations is evident in our energy conservation efforts, use of renewable resources, and green energy.

Our foray into clean mobility is fueled by our proficient Product Development teams (including the one at Switch Mobility, our subsidiary) conceptualizing and displaying 12 new, innovative, green truck and bus models at the January 2023 Auto Expo. We have already put more than 750 electric buses on road covering more than 50 million green kilometers. We recently unveiled the country’s category-first electric light commercial vehicles, which would go to the market in Q4 of this fiscal. Our electric medium duty truck technology is in advanced stages and is expected to hit the market soon. Our work on Hydrogen fuel cell and Hydrogen ICE is in mature development stage. We just delivered our first Hydrogen Fuel Cell Electric Bus which would also be India’s first fuel cell bus to ply commercially on Indian roads for public transport. Our annual capital expenditure has reached in excess of ₹500 crores, a large part of which is focused on alternate fuels and clean mobility. Recently we announced our plans to set up a greenfield bus plant in Uttar Pradesh, India, where our prime focus would be to build electric

buses and other clean vehicles for markets in northern and eastern India.

At Ashok Leyland, promoting diversity and inclusion remains a priority, providing equal opportunities, irrespective of gender and ethnicity. Our commitment to women’s empowerment aligns with our brand philosophy of **‘Koi Manzil Door Nahin’**, creating better gender balance and a more inclusive ecosystem through initiatives that uplift women and their communities. The all-women production line at our Hosur plant stands as a testament to our diversity efforts. A new women-centric line, recently inaugurated at our Pantnagar plant is another feather in our cap. Our **‘Parivartan’** campaign, encourages women to enter the male dominated field of heavy vehicle driving. Our commitment to workforce development, safety and well-being remains unwavering. We create a secure and diverse environment aligning with human rights standards.

We are unwavering in our social commitment to generate positive impact through initiatives benefiting the community. Our **Road to School and Road to Livelihood** missions, are based on the philosophy of ‘Education as a Social Leveler’, aimed at holistic and inclusive education of our children. Notably over 80 percent of beneficiaries belong to underserved and marginalized segments. The recognition with the prestigious Best CSR Initiative award from the Government of Tamil Nadu underscores our dedication to creating meaningful change in the communities we serve.

We have also successfully established and integrated an Enterprise Risk Management (ERM) framework that exemplifies a strategic step that enhances our ability to assess and manage risks while reinforcing our dedication to responsible business practices.

Our journey towards achieving superior ESG outcomes remains unswerving, as reflected in our commitments and actions related to all critical dimensions of ESG..

Regards
Shenu Agarwal
Managing Director and Chief Executive Officer



Message from Head Corporate Strategy and ESG



We are the first automotive company to have an ESG committee chaired by an independent director in India. We have developed an ESG vision which is aligned to our purpose and values.



This Report highlights our efforts to integrate sustainable practices, adapt to changing market dynamics, and meet evolving stakeholder expectations while also providing enhanced disclosures that underscores our dedication to various aspects of ESG.

Dear Stakeholders,

It is with great pride and gratitude that I present to you our 7th Sustainability Report, showcasing our unwavering dedication to building a more sustainable and responsible future. The theme of this Report celebrates our accomplishments over 75 years of our responsible operations. This Report highlights our efforts to integrate sustainable practices, adapt to changing market dynamics, and meet evolving stakeholder expectations while also providing enhanced disclosures that underscores our dedication to various aspects of ESG. Our new brand promise 'Koi Manzil Door Nahin' focusses on taking on industry leading ESG targets with the objective of meeting our sustainability led commitments. We are on a path towards integrating ESG beyond compliance reflective of our firm belief that sustainable practices will lead Ashok Leyland towards longer term competitiveness and value creation agenda by committing and working towards RE100 by 2030 and NetZero by 2048.

We truly endeavor to be at the forefront of the sustainability agenda keeping the tradition of being industry leader as the first Indian automotive company to have an ESG committee chaired by an independent director. We have developed an ESG vision which is aligned to our purpose and values. Towards operationalising the ESG vision, we developed an ESG policy and have identified 10 focus areas with specific targets. Further, the ESG metrics and interim targets have been identified and planned to be cascaded to functions and businesses through a robust ESG Roadmap and ESG Strategy launched in this Report which reflects our commitment to our pledge of previous year.

Our commitment to environment stewardship is characterized by a remarkable display of dynamism and resilience to achieve carbon neutrality, water positivity and resource efficiency. With an aim to

achieve carbon neutrality, in FY2022-23, through the Miyawaki Method we have achieved a notable reduction in Scope 1 emissions by 41.5% through carbon sequestration. We have successfully abated our emissions through the adoption renewable energy in collaboration with Hinduja Renewable Private Limited contributing to a substantial 83,780-ton carbon emissions reduction. We have accomplished net water positivity across our plant locations by implementing efficient wastewater management practices, such as Sewage Effluent Treatment or Zero Liquid Discharge. Towards attaining resource efficiency, we have established Zero waste to landfill by co-processing the hazardous waste, in collaboration with cement plants and by reconditioning 4,194 engines. These efforts secure a more resilient and responsible future for Ashok Leyland.

With expanding business, and our continued effort to commit ourselves to sustainability, we also strive to create a positive impact on the community and our employees. Without the support of our employees, we wouldn't have grown into a successful automotive player in the last 75 years. Hence as a token of our unwavering commitment towards our people, we have enhanced our EHS processes by assessing our manufacturing plants on a regular basis. This helped in securing 13 CII EHS awards as part of the EHS excellence. Not just our internal stakeholders, external stakeholders are equally important to us. Our CSR activities focus on key areas like education, water management, livelihood opportunities, and health and nutrition. By investing in engaging and uplifting the local communities, we contribute to the prosperity of the regions we operate in. Our commitment to education, healthcare, and skill development programs is a testament to our determination to uplift lives and foster inclusivity. During FY2022-23, a total of INR 15.16 Crores were invested as part of



In FY23, our efforts in carbon sequestration have resulted in a notable reduction in Scope 1 emissions by 41.5%. Additionally, we abated our emissions through renewable energy consumption from the use of roof top solar, group captive solar and wind energy.

community development. Our RTS has benefitted the lives of over 114,000 children. Our RTL program, which was introduced this year for class 9-12 has been well received by parents and the community touching the lives of over 36,000.

Corporate governance holds paramount importance as we adhere unwaveringly to the highest standards. Our robust governance framework ensures transparency, accountability, and ethical practices across all operations. With a strong board constitution, we prioritise sound governance practices that align with industry best practices. Our commitment to corporate governance surpasses regulatory compliance. We are also pleased to share that as stipulated under Regulation 34 of the SEBI Listing Regulations, we have released our first Business Responsibility and Sustainability Report (BRSR) which describes the initiatives taken by us from an environmental, social and governance perspective. Our most recent ESG Risk rating by Sustainalytics stands at

14.5 which is low risk is reflective of our initiatives over the past year. With a focus on R&D endeavors across multiple technologies & platforms, we have demonstrated industry product stewardship while securing 14 patents during FY23. We strive to bring technologically innovative and operationally efficient commercial vehicles and products to our customers and as part of that, took a major stride in developing technology on alternate fuels such as CNG, Biofuel, and Hydrogen. Along with monitoring our performance and instituting various initiatives under ESG, we have identified opportunities to ensure sustainable expansion and delivering exceptional value to our stakeholders.

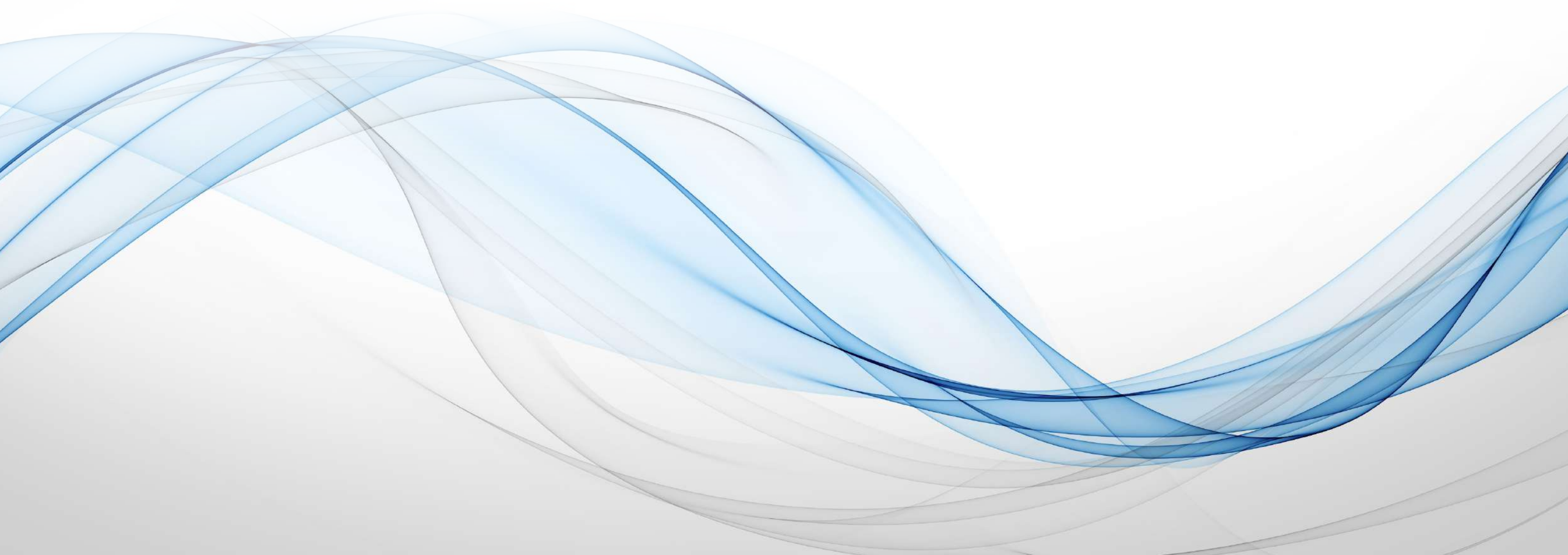
In the near future, we plan on improving our renewable footprint wherein we are targeting to achieve 95% renewable energy for Tamil Nadu plants by 2025. We are in advanced stages of committing towards RE100 by 2030. We intend to retain our water positive status while also working towards reducing our water intensity through

recycling and rainwater harvesting measures. We are also preparing for some major commitments around becoming carbon-neutral in our operations by 2030 and becoming Net Zero by 2048. Additionally, we are embracing the sustainability agenda through adoption of initiatives like Circularity for ELV, Digital Twin, Lightweighting demonstrating our Product Stewardship. Our goals and targets will also be extended to our suppliers with an aim to promote sustainability in our supply chain.

As we present this Report, it is a testament to the year-round collective efforts of every individual, business & function at Ashok Leyland. Our ESG endeavors are a reflection of our values and aspirations in alignment with our purpose “Transforming lives and businesses through leadership in mobility”. We remain resolute in our pursuit of sustainable growth, guided by the principles of responsibility, innovation, and collaboration. With our determined efforts, we

continue to seek new partnerships, initiatives and improved disclosures that direct our actions towards a better tomorrow. We are proud of our positive developments and further commit ourselves to becoming a world-class leader in being a responsible business. I take this opportunity to thank and express my gratitude to Board and shareholders for their guidance, persistent support, and continued belief in building a sustainable business.

Regards
Alok Verma
Head Corporate Strategy and ESG



Key Highlights

Net Revenue INR Crore

36,144

Profit after Tax INR Crore

1,380. 11

Vehicles Sold (Numbers)

192,205

Foundry Production (MT)

98,117

Energy Consumed (GJ)

1,621,530

% share of Renewable Electricity

57%

Energy Saving Projects (GJ)

45,360

(2.8% savings & investment of 2.45 INR Crores)

Overall Energy Intensity (GJ/ INR Crore)

44.86

Overall energy intensity includes Foundry

Overall Emission Intensity (tCO₂e/ INR Crore)

3.64

Emissions tCO₂e

Scope 1

33,567.84

Scope 1 after carbon sequestration

19, 632.84

Scope 2

97,947.41

Scope 1+2

131,515.25

Scope 3 emissions

133,897.15

CO₂ Abatement (tCO₂e)

CO₂ sequestered through afforestation

13,935

41.5% of Scope 1 Emissions

CO₂ abatement through renewable electricity (Solar, Wind)

130,186

Avoided emissions through Energy Saving Projects

8,946

6.8% emission reduction

Total CO₂ abatement (Renewable, Energy efficiency & Afforestation)

153,697

Trees Planted in FY 2022-23 (numbers)

37,479

Zero Waste to Landfill Hazardous Waste:

7 out of 9 plants

Non- Hazardous Waste: All locations

Zero Liquid Discharge All plant locations and technical centre

Water Consumption (kL)

1,192,320

Net Water Positive

+1.24x times

Water Recycled

65%

Overall Water Intensity (kL/ INR Crore)

32.03

Beneficiaries for the Road to School & Road to Livelihood

121% Improvement over FY 2021-22

Injury Rate (LTIFR)

0.06

Retention Rate

94%

Touchpoints (Cum)

1,429

Total Employee Base

27,714

Gender Diversity

3.05% Overall

9.09% in Board

42% in GET Hiring

480 Women drivers trained All Women production Line for P15 engine

Drivers trained

264,885

Engines Reconditioned through Recon Business

31%

Improvement over FY 2021-22

Independent Directors in Board

54.55%



Disclosures
ESG Profile <https://www.ashokleyland.com/in/en/investors>

Certifications

ISO45001
(Occupational Health and Safety) for all plant locations

ISO14001
(Environment Management System) for all Plant locations

TS16949
Quality Management System

LEED v4.1
Platinum certified building - Corporate Office



Our Sustainable Strategy



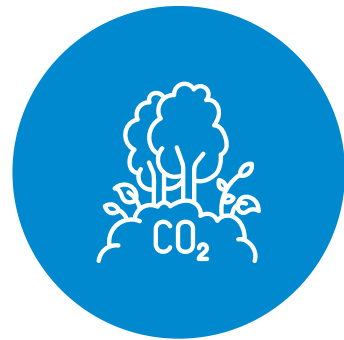
We have visioned our ESG priorities and have developed a strategic and comprehensive roadmap across our focus areas.

Our Sustainability *Aspirations*



Net Zero

Achieve Net Zero
by 2048



Carbon Neutrality

Achieve Carbon Neutral
operations by 2030



Energy Management

Commitment to RE100 by
2030 across operations



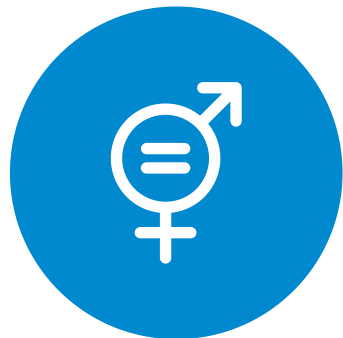
Health and Safety

Instill a Zero Harm Work
environment



Board Independence & Practices

Improve board diversity



Diversity, Equity, and Inclusion

Improve gender diversity
across business operations



Water Positivity

Attain 80% self-reliance on
Water by 2030



Resource Efficiency

Zero Waste to Landfill across
business operations by 2024



Compliance

Compliance with
Competitiveness in ESG
creating business value



Community Development

Improved coverage of Road to
school, Road to Livelihood, and
Jal Jeevan

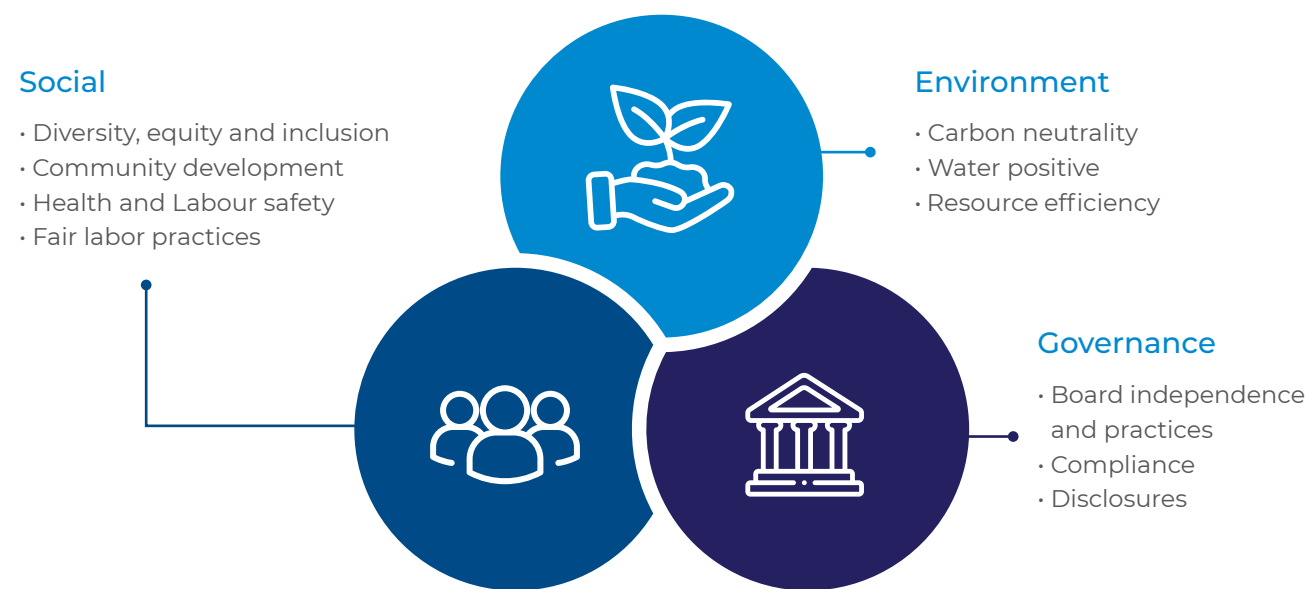
Our Sustainability plan, centered on Green Excellence, Empowerment through Social Initiatives, and Transparent Governance, mirrors our deep dedication to building a better future. By weaving these principles into our operations, we are setting an example, driving positive change, and contributing to a world that flourishes ecologically, socially, and ethically.

ESG has become a pivotal focus for Ashok Leyland forming a core aspect of our strategic priorities. We have visioned our ESG priorities and have developed a strategic and comprehensive roadmap across our focus areas. The framework has been developed collaboratively with various stakeholders including the Board of Directors and Senior Management.

Our ESG vision aligns with both the business ambitions and stakeholder expectations formulating the ESG Vision of Ashok Leyland as follows

“To create and lead sustainable practices across Environmental, Social, and Governance initiatives delivering outstanding stakeholder value”

The visioning exercise had a holistic approach toward narrowing down the key focus points material to Ashok Leyland's growth and market positioning to become an industry leader in the long term. Our 10 focus areas form the basis of our vision.



The formulation of the strategies to effectively confront the shared global challenges. These strategies are designed to facilitate the realisation of our outlined Sustainable action plan, as detailed on the following page.

Carbon Neutrality

We're committed to reducing the effects of our business operations on the environment. Our plan involves achieving Carbon Neutrality by 2030 through various initiatives such as procurement/ consumption of 100 percent renewable energy across operations. To replace fossil fuel-based energy generation we will be procuring and generating a mix of solar energy through rooftop solar and solar parks along with wind energy, etc.



Water Positivity

We are committed to improving our self-reliance on water by 80 percent by 2030 across operations through various water reduction initiatives such as rainwater harvesting, recycling, and recharging the water table. We are also focused on securing optimal freshwater availability in the local communities.

Resource Efficiency

We are forward-bound and committed to becoming Zero Waste to Landfill (ZWL) across all our business operations thus improving the circularity of reduced waste generation, better recycling, and responsible material sourcing. We are building a culture around resource use to reduce our impact and protect the natural resources available for the entire humankind.



Diversity, Equity, and Inclusion

We are fostering a diverse culture of people and our approach is to create a diverse workforce and an inclusive culture. This includes gender equality, embracing different backgrounds, and ensuring equal opportunity.



Community Development

Building strong communities is central to our plan to nurture a better tomorrow. We are committed to collaborating with them to understand their needs and concerns. Through different partnerships and community projects, we are contributing to education, development, and empowerment by increasing the coverage across our business operations.



Health and Safety

We are committed to a safe work environment, following strict global safety standards at all times. Training, risk assessments, and mitigating measures keep employees physically and mentally healthy.



Fair Labour Practices

We are formally committed to respecting human rights and fairness towards people. Our strategy covers equal opportunities, well-being, and eliminating discrimination. By nurturing transparency and ethics, we are building trust among our operations.



Board Independence and Practices

We are committed to having a balanced board independence. Our governance stresses an independent and diverse board ensuring strong strategic decisions, oversight, and alignment with stakeholder interests.



Compliance

We being responsible corporate citizens upholding ethical and compliant behaviour is of utmost priority for us. We are committed to controls, audits, and resolving compliance issues quickly. This prioritises ethics and trust among stakeholders.



Disclosures

We believe it is vital to be transparent and ethical in our journey of becoming market leaders. Our strategy involves clear sharing of sustainability efforts, successes, hurdles, progress towards our goals, and partnerships with different regulatory.





Ashok Leyland: ***Koi Manzil Door Nahin***



75 years journey through our vision centers on leading the way in sustainable transportation aiming to create a better environment for tomorrow and actively supporting India's ongoing economic growth helping us to achieve our goal of *Koi Manzil Door Nahin*.

Our Corporate Profile

The 75-year journey of Ashok Leyland stands as a testament to our continuous evolution and innovative spirit. Established in 1948, Ashok Leyland is the flagship of the Hinduja group of companies. Our vision centers on leading the way in sustainable transportation aiming to create a better environment for tomorrow and actively supporting India’s ongoing economic growth helping us to achieve our goal of *Koi Manzil Door Nahin*. As we mark this milestone, we eagerly look ahead to the future reaffirming our dedication to shaping the automotive industry. We have grown as the second-largest manufacturer of commercial vehicles in India, the fourth-largest manufacturer of buses in the world, the 19th-largest manufacturer of trucks, and have ranked as the 34th-best brand in India.

Since its inception, Ashok Leyland has maintained its position as a value-driven organisation with strong governance and code of conduct, providing cutting-edge, environment friendly mobility options that meet stakeholders’ expectations. Our services cater not only to external stakeholders but also to our employees, with a key focus on maintaining a diverse workforce. We have further launched new outlets of M&HCV and LCV for FY 2022-23 across Indian markets, increasing the total number of touchpoints. Our commitment to customer satisfaction extends beyond the sale and these touchpoints further assist in on-road services for millions of our vehicles.

Driven by our unwavering commitment to customer satisfaction, we constantly evolve and offer the most diverse product portfolio in the industry, achieving greater sales and revenues across our product range. Ashok Leyland offers a wide range of products in all categories of products like medium and heavy commercial vehicles, Light commercial vehicles, and power solutions. We also offer a resilient product portfolio under defence mobility solutions like tracked vehicles, armoured vehicles, and logistic vehicles.

OUR

PURPOSE

Transforming Lives and Businesses through Leadership in Mobility

As our market continues to expand, and we offer a wide range of products to society it becomes imperative for Ashok Leyland to proactively choose more sustainable solutions to make a positive impact on both environment and society. We further indulge in creating a positive impact on the environment by reducing our emissions, using energy-efficient technology, optimising the use of water resources, and further aim to introduce sustainable sourcing in our supply chain.

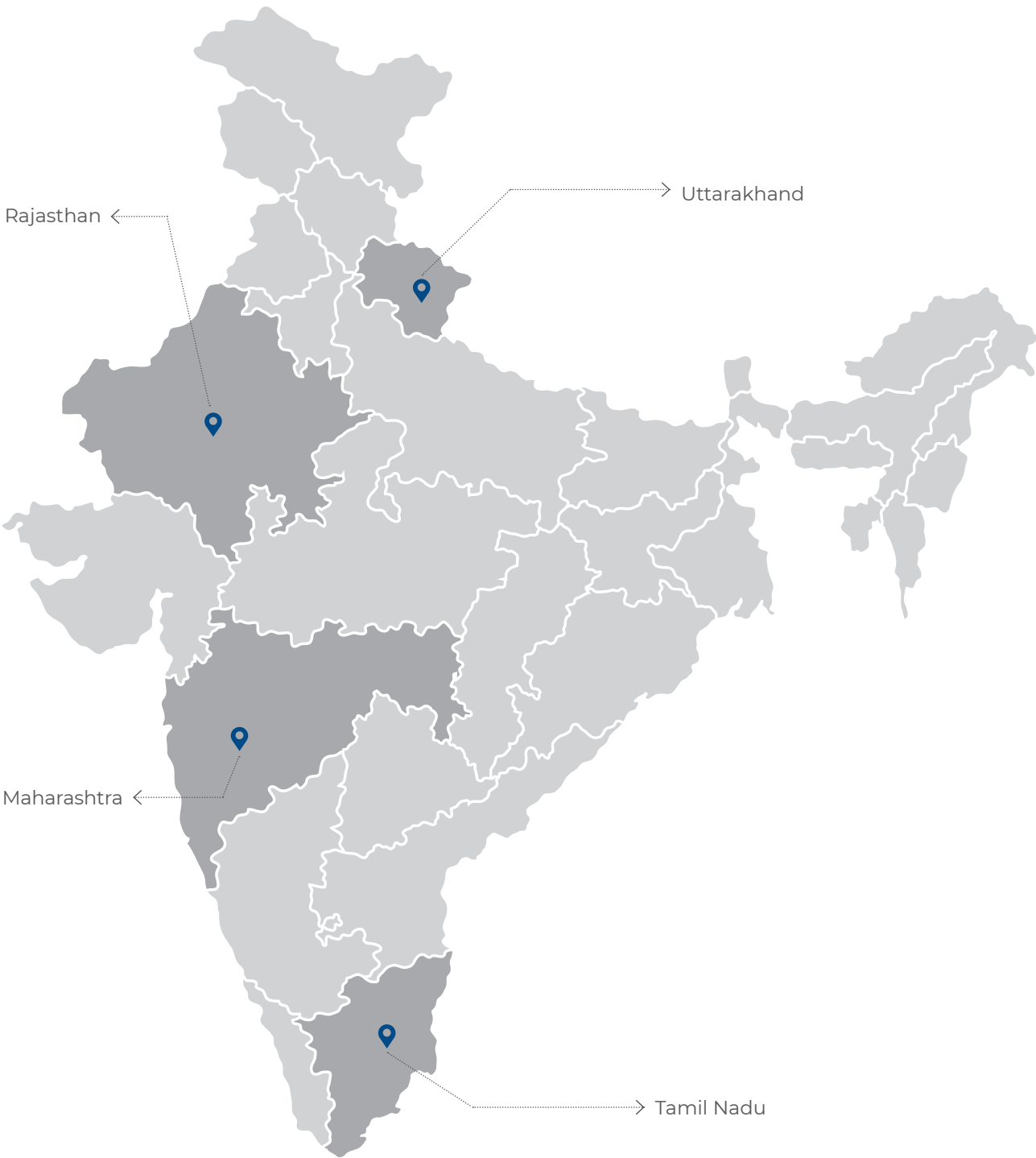
Ashok Leyland is actively involved in upscaling our product by investing in R&D, to develop innovative and class-leading vehicles, with an environment-friendly approach to sustainable growth. We have also collaborated with Indian Institute of Technology Madras (IIT Madras) Researchers at the National Centre for Combustion Research and Development (NCCRD) for the development and commercialisation of ‘Swirl Mesh Lean Direct Injection (LDI) system’ technology for developing a series of hybrid Electrical Vehicles using this turbine technology. This technology will help lower emissions, aid in the use of multiple fuel capabilities, and further reduce the overall cost of ownership. We as part of our Green Mobility Solutions, received India’s first LNG Fueled Truck Central Motor Vehicle Rules (CMVR) certificate for AVTR UF3522 and its variants from the Automotive Research Association of India (ARAI).

OUR VALUES

-  INNOVATION
-  AGILITY
-  TRUST
-  CUSTOMER CENTRICITY
-  PARTNERSHIP

Our Domestic Presence

Ashok Leyland’s corporate office is in Chennai, Tamil Nadu. Our extensive network of suppliers and dealers spans both Indian and International markets. Our geographic presence in India is shown below.



Our International Presence

With a presence in 38 countries, our global business operations are centered on expanding our presence in the South Asian Association for Regional Cooperation (SAARC) and Gulf Corporation countries (GCC) nations as well as in retail markets throughout Africa. Ashok Leyland added distributors in 12 countries and launched five new products and their variants. With the addition of distributors in 12 countries and

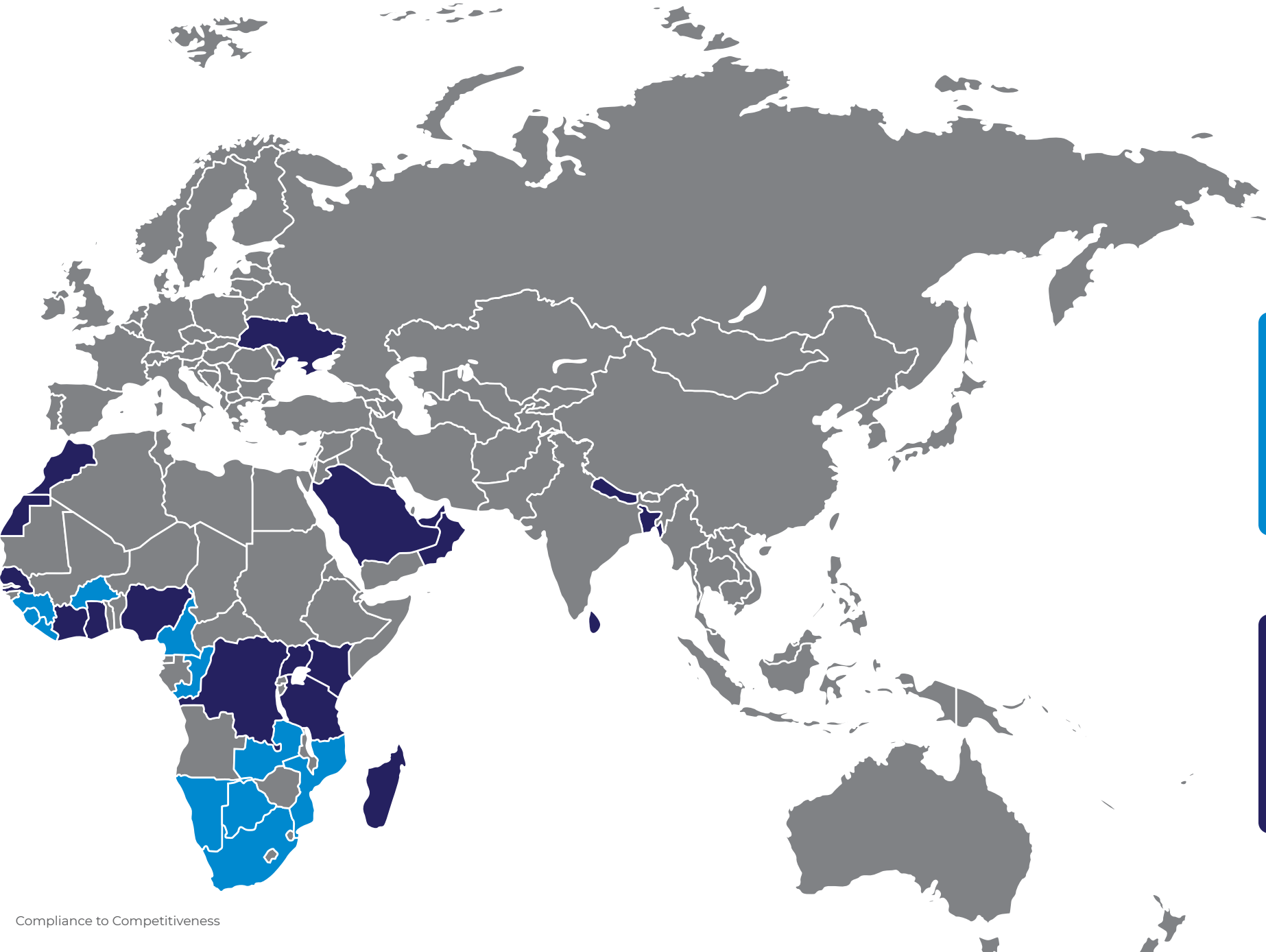
the launch of five new products with their variants, Ashok Leyland now has a presence in over 25 countries in Africa for retail market operations. LCV products, both in Right Hand Drive (RHD) and Left-Hand Drive (LHD), launched in African and GCC markets have helped it make very good inroads in the Goods segment. We have further expanded and strengthened our presence in the African market by collaborating with distribution partner ETG group's logistics, warehousing, and distribution vertical, ETG Logistics (ETGL).

ETG groups' extensive connections in the market will further upgrade the outreach of Ashok Leyland's products in the African market and provide an outstanding value proposition to stakeholders. Last year saw industry M&HCV exports from India dropping more than 30.0% over FY 2021-22. However, we sold 11,289 units in International Operational (IO) markets, an increase of 2.0% over the previous financial year. AL's contribution to exports is 5.16% of its total turnover.

Product Portfolio & Business Verticals: Setting up new milestones

Ashok Leyland uses leading-edge technologies to provide efficient and effective solutions in our efforts to significantly contribute to the adoption of novel and sustainable urban mobility solutions. Today, we provide a comprehensive range of durable, fuel-efficient, and environment friendly products and services, including Medium

and Heavy Commercial Vehicles (M&HCV), Light Commercial Values (LCV), Power Solutions, and Defence Mobility solutions. Considering the constantly changing technological advancements and expectations from the stakeholders there are no stones left unturned when it comes to investments in R&D. We have been continuously striving towards creating a positive impact on the environment and society for a resilient future.



FY 22 (28 Countries)

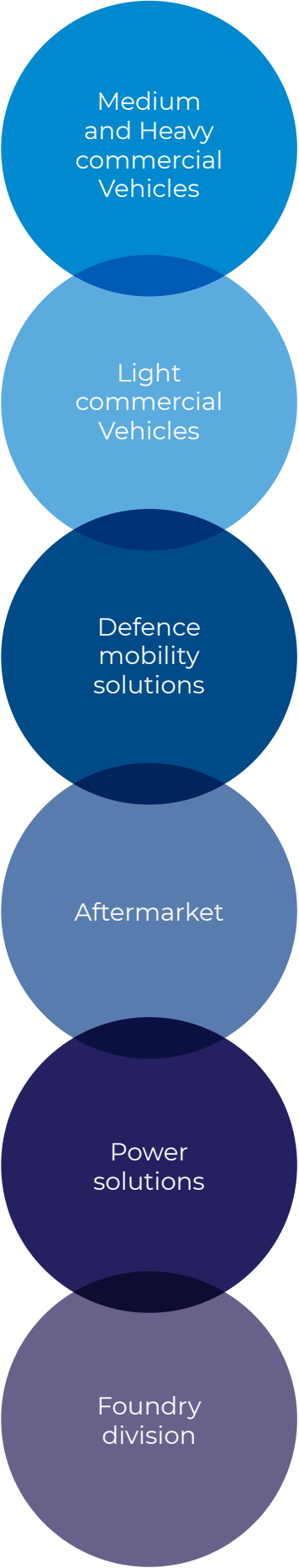
Focus on key markets & revival of network in Africa

- SAARC
- GCC
- PROJECTS (AFRICA)

FY 23 (38 Countries)

Entry in to Southern Africa and Expansion in GCC

- WEST AFRICA
- EAST AFRICA
- SOUTHERN AFRICA





Sanjeev Kumar
President - MHCV

We are seeing faster adoption of alternate fuel vehicles in the last few quarters with large fleet owners driving this revolution. We are working on multiple fuel options such as LNG, EV and Hydrogen in line with the government's push towards clean energy. We have also launched Re-AL, our e-marketplace for used trucks to facilitate seamless exchange of commercial vehicles and support customers move towards lower emission products. Over the years, our Driver Training Institutes have evolved as Centres of Excellence, where the philosophy is to prepare drivers for life – both on and off the road

Medium and Heavy Commercial Vehicles

We believe in creating products that have a long-lasting impact on the users by understanding the changing needs of our diverse customers. As a market leader, we offer a wide range of diverse product range for a large variety of trucks. During the financial year, we reached a milestone of rolling out the 100,000th unit of AVTR and further launched our major models including a series of AVTR models, Ecomet, Cargo, and BOSS for truck segments. Ashok Leyland enhanced its product portfolio in ICV truck segments with the Partner Super Platform to cater to the boost in demand for e-commerce and last-mile delivery applications. Further, product variants for Ready Mix Concrete applications and mining tippers helped us strengthen our presence in the Construction and Mining industry. We pioneered in launching the 42Ton and 44Ton Tractors trailer models, along with the introduction of CNG variants in the Haulage segment, which were well received during the year. We continue to progressively grow our sales and revenues across all our business verticals. With a total of 809 touch points, we sold 114,247 M&HCVs in the domestic market (10,767 M&HCV Buses and 1,03,480 M&HCV Trucks including Defence vehicles), registering a growth of 75.5% over last year, posting a market share increase of 4.7 percent over the previous year, closing at 31.8%. M&HCV contributed to 75.8 percent of the total turnover, where 67.2 % was contributed by Trucks and 8.6 % was contributed by Buses respectively.

Light Commercial vehicles (LCV)

LCV holds significant importance in Ashok Leyland's market performance and our products from the BADA DOST range have played a pivotal role in reaching greater heights in the market, solidifying our sales both in national and international markets. With the launch of BADA DOST i1 and i2, a Limited Anniversary Edition with industry-first features in a commercial vehicle. This Limited edition Bada Dost, came packed with many Industries' first offerings such as touchscreen

infotainment with Bluetooth, reverse parking, central locking, etc. We are proud to share that our Bada Dost i2 was awarded Pick up of the Year 2022-23 and Bada Dost special edition was awarded the Marketing campaign of the year at the Global Awards for Retail Excellence presented by ET Now and World Leadership Congress. Our market share in the SCV category stood healthy and strong at 19.6% despite economic challenges and semiconductor shortages. We continue to deliver best-in-industry SSI/CSI, lowest defect product, low warranty cost, and high service retention through its network of 620 outlets, achieving a service market share of 71.0%. LCV contributed to 12 percent of the total turnover of Ashok Leyland.

Defence Mobility Solutions

Ashok Leyland is a complete mobility solution player for the Armed Forces. We constantly aim to prioritise strength and endurance in the development of our vehicles, which demonstrates our commitment to creating reliable and robust solutions that can excel even in extreme conditions. Our custom-built units are designed to withstand rugged terrains and harsh climates, ensuring durability and reliability. During the FY 2022-23, we achieved remarkable milestones, supplying a record-breaking 782 completely built-up units (CBU). The Company is proud to have executed 360 Water Bowsers in record time to the Indian Army, expanded into DGBR (Directorate General Border Roads) with BAGH variants & Indian Navy with HMV 4x4 (RIV – Rapid Intervention Vehicle). We also launched the Jeet 4x4 in the Light vehicles segment during the Defence expo. Looking ahead, we have ambitious plans to expand our product portfolio, including Light Vehicles, advancements on the Super Stallion platform, and offerings tailored for export markets.

Power Solutions Business

The Power Solution business operations focus on providing a comprehensive gamut of engines and solutions meticulously designed for power generation. Our focus is to develop products with



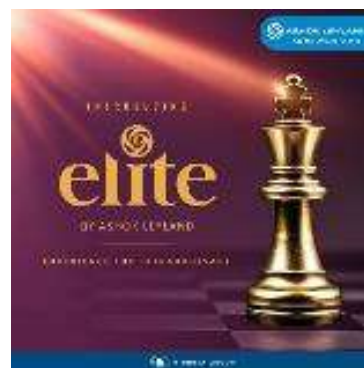
Amandeep Singh
President LCV, International Operations,
Defence & Power Solutions

Expectations of Last Mile Delivery operations transforming fast towards electric vehicles are high and we are geared toward satisfying this need. We also strive to bring technologically innovative and operationally efficient commercial vehicles and products to our customers and took a major stride in developing technology on alternate fuels such as CNG, Biofuel, and Hydrogen. Ashok Leyland is a complete mobility solution player for the Armed Forces and is a nod to our engineering capability. As part of the Power solutions business, we offer engines which are highly fuel-efficient and environment-friendly.

high quality aiming for customer satisfaction by ensuring unmatched performance and durability. We also offer a wide range of products for earth-moving and construction equipment, agricultural harvesters, and marine applications. While there has been an establishment phase of BS CEV IV in the Industrial segment, our market development measures in new applications with equipment manufacturers have favored sustained growth opportunities. Power Solutions Business supported by new business development with corporates and equipment manufacturers, contributed 1.8% of the total turnover of Ashok Leyland. We at Ashok Leyland have achieved a growth of 9.0% in the power solution businesses. During the FY 2022-23, we achieved sales of 22,925 engines.

Aftermarket

Ashok Leyland is actively focused on serving the needs of customers throughout the product life cycle through its Aftermarket offerings. The Aftermarket business grew by 31% registering a revenue of INR 2,578 crores and added to the overall profitability of the Company. We ensured continuous availability of its extended range of parts during the disruption of the global supply chain, through early interventions at Spare Parts Warehouses, Supplier Partners, and Channel Partners. Targeted engagement with suppliers and logistics partners ensured that the margins of the Spare Parts Business were sustained, despite the commodity price increase. The Aftermarket channel saw record participation from independent garages and ended the year with the highest-ever number of exclusive retail parts stores for the seventh year in a row. Leykart, the online fulfillment mobile app for Ashok Leyland Genuine Spares, delivered growth in order fulfillment and user participation for the fourth year in a row. Service function continues to improve penetration in service products. Automation and Digitalisation initiatives enabled the service function to reduce cycle times of key internal operations and delivered substantial operating cost reduction. AL Care app continues to serve as a one-stop solution to address the service needs of our customers.



ELITE BY ASHOK LEYLAND is a loyalty cum engagement programme tailored for our premium customers to foster deeper engagement and build stronger relationships. The ELITE programme focuses on delivering unparalleled brand experience by providing our customers priority Workshop attention, privileges and a bouquet of exclusive rewards.

Foundry Division

The Foundry Division of the Company caters to not only the needs of Ashok Leyland but also the needs of other OEM's in the automotive industry in product segments of Cylinder Block, Head, and Tractor hullings. For the year FY 2022-23, the Foundry division achieved a production of 98,117 MT (an increase of 30.4% over last year) and sales of 94,972 MT (an increase of 39.1% over last year). Energy, Emissions, Water, and Waste related disclosures have been separately captured for Foundry operations.

The Foundry division caters to the needs of Ashok Leyland as well as other OEMs.

Digital Solutions

Ashok Leyland places emphasis on multiple digital pillars including enhancing customer experiences automating processes leveraging big data and analytics, connecting vehicles, and promoting

employee engagement. In the past fiscal year, the Company successfully identified and executed number of numerous digital projects leading to increased productivity cost reduction and the generation of new revenue streams for the organisation.



Customer Experience



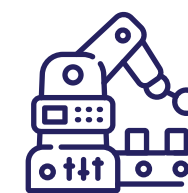
Process Automation



Data Analytics



Connected Vehicle



Industry 4.0



Employee Engagement

Economic Performance



Product Portfolio
FY 2022-23

192,205 Vehicles Sold

M&HCV Trucks sold in the domestic market

103,480 units

Total M&HCV vehicles sold in domestic market.

114,247

Total vehicles sold in the domestic market.

180,916 units

M&HCV Buses sold in the domestic market

10,767 units

LCV sold in domestic market

66,669

Total vehicles sold in the export market

11,289 units



Gopal Mahadevan
Whole-time Director and Chief
Financial Officer

We have recorded a strong performance with an all-time high revenue. Our EBITDA grew nearly three times i.e., from INR 995 Crores in FY 2021-22 to INR 2,931 Crores in FY 2022-23 thereby increasing our operating profit by 120 times.

During FY 2022-23, we invested INR 429.66 crores in R&D, contributing to 1.19% of the total turnover. We have made investments across multiple fuel technologies, digitalization and electric vehicles which has helped to improve our agility and offer products with lower carbon footprint. We have been continuously enhancing the use of green power which today's stands at 67% of the overall consumption. And we are water positive. We will continue to invest and support the communities we operate in driving initiatives including Driver Safety and Health as well as supporting one of the largest education support initiative in Asia called the "Road to School."

At Ashok Leyland, our objective is to optimise our operational capacity, upgrade research and development, and strengthen innovation, thereby creating a positive impact on our stakeholders. Our motto of Koi Vikas Navin Nahin also aims to maintain a diverse product portfolio catering to evolving needs and preferences. We aim to enhance our stakeholder growth and economic profitability by consistently delivering high-quality and market-leading offerings.

With ever-advancing market trends, the company has made substantial investments in research and development (R&D). Ashok Leyland aims to enhance its products, manufacturing processes, and customer experiences by adopting cutting-edge advancements and technology. With a dedicated focus on R&D, we strive to be the front-runner of market trends, with efficient environment-friendly products and deliver innovative solutions that meet evolving trends and demands of the automotive industry. Furthermore, during the year under review, the Company spent 15.16 Crores on CSR activities which was over and above the requirement under the Act.



Market Performance

With the stabilisation of the automotive market after a period of decline/disruption, Ashok Leyland for the FY 2022-23, achieved a surge in the sale of M&HCV trucks with sales of 102,753 and 10,764 units of buses (excluding defence) respectively in the

domestic market. We delivered the sale of 66,669 units of Light commercial vehicles and 782 units of Defence vehicles.

During FY 2022-23, our financial performance in the domestic and export markets, showcased sales of the following units:

Particulars	FY 2020-21 Sales (units)	FY 2021-22 Sales (units)	FY 2022-23 Sales (units)
M&HCV Trucks sold in the domestic market	43,320	61,301	103,480
M&HCV Buses sold in the domestic market	2,723	3,789	10,767
Total M&HCV vehicles sold in the domestic market	46,043	65,090	114,247
LCV sold in the domestic market	46,671	52,222	66,669
Total vehicles sold in the domestic market	92,714	117,312	180,916
Total vehicles sold in the export market	8,001	11,014	11,289

Economic Performance (INR Crores)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23
Direct economic value generated	15,420.95	21,764.42	36,260.28
Operating cost	13,933.59	19,775.36	31,839.92
Community investment (Total amount spent for the Financial Year)	30.18	16.93	15.16
Payments to government	0.02	10.11	780.00
Employee wage and benefits	1,582.64	1,693.96	2,113.86
Payments to providers of capital	258.72	437.11	558.72
Economic value retained	(399.88)	(169.46)	952.24

Financial Highlights:

We have worked as a team to overcome challenges and ramp up the operations with focus and agility to fulfill the demand of our stakeholders. The Company has set an ambitious mission of transformative performance, across all our business segments, over the coming years.

The total monetary value of the revenue grant receivable from the government for the fiscal year 2022-23 is INR 25.69 crores. Furthermore, the company follows the existing tax laws and devises strategies within the ambit of regulations, policies, and principles governing the respective jurisdiction where it operates. The Company further has a Transfer Pricing Policy document and the same mandates that arm's length pricing is required to be followed.

Also, while developing any new business strategy that is formulated has tax elements as well and is submitted to the Board for approval. As per practice, filing consolidated tax returns is not applicable in India. However, disclosures on taxes under relevant Indian Accounting Standards form part of the Consolidated Financial Statement as given in the Annual report.

Holding, Subsidiary, and Associate Companies (including joint ventures)

We have 35 Subsidiaries, six Associates, and three Joint Ventures as of March 31, 2023. The same has been mentioned in detail in the Business Responsibility and Sustainability Report (Page 68 - Annual-Report-FY-2022-23). This includes subsidiaries as well as step-down subsidiaries.

Capital expenditure and investments.

During the financial year, the Company incurred INR 488 Crores towards capital expenditure also covered the development of new products covering Bada Dost, Project Vayu (CNG), and other alternate fuel vehicles (H2 IC Engine, Fuel Cell, BEV), Multi Axle Coach, Partner 9T to 11T, etc.

Employee benefits

We at Ashok Leyland, as part of the employee retirement benefit plan, contribute towards different plans i.e., the Company's contribution to the superannuation fund, employee state insurance, and other funds as determined under the relevant schemes and/or statute and charged to the Statement of Profit and Loss in the period of incurrence when the services are rendered by the employees. We also have an obligation towards gratuity as per payment of the Gratuity Act, 1972, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at the time of retirement, separation, death while in employment, or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service.

The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation. The Company makes annual contributions through trusts to a funded gratuity scheme administered by the Life Insurance Corporation of India. Eligible employees of the Company are entitled to receive benefits in respect of the provident fund, a defined benefit plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary.

Company's liability towards gratuity (funded), provident fund, other retirement benefits, and compensated absences are actuarially determined at the end of each reporting period using the projected unit credit method as applicable.

Research and Development

Our Research and Development aims to not only foster better environmental impacts but further provides the stakeholder with fuel -efficient products. We carry out R&D activities pertaining to energy and fuel efficiency, emission reduction, and development of safety components, our efforts directed towards rendering high customer outreach and economic profitability.

Fuel efficiency and emission conformance

Technological advancement

Energy conservation

During FY 2022-23, we invested INR 429.66 crores in R&D, contributing to 1.19% of the total turnover. We have also obtained 14 patents pertaining to R&D for FY 2022-23.

As a result of our R&D investments, we have derived the benefits listed below:

- CNG variants with complete local aggregates, helped reduce the diesel consumption & thereby reduce carbon footprint with use of CNG.
- New products launched in SCV, LCV, ICV & M&HCV Platforms leading to better TCO for customers.



Awards and **Accolades**



The year 2022-23 has been a successful year for us with many of our business operations, products, and practices receiving numerous prestigious awards and being recognized for undertaking effective and robust practices.



Received 13 prestigious CII EHS Excellence Awards (9 maturity awards and 4 special category awards)	Our Hosur 2 team won the “Environmental Excellence Award” from the prestigious CII-ITC Sustainability awards.	Our Pantnagar Plant was awarded Special Category Award for air quality and environment restoration in CII-SR EHS Excellence Award 2022.
Our Alwar Plant received a Special Category Award for Safe Employees, Safe Communities in CII-SR EHS Excellence Award 2022	A Special Category Award for water management was won by Ennore at the CII-SR EHS Excellence Award 2022	Our Bhandara Plant received “First Runner up award” in State level “CII Maharashtra energy conservation award 2022” competition organized by CII Maharashtra under large scale engineering industry.
Our Pantnagar Plant also won the CII 23rd National Energy award for best energy efficient organization.	Our Foundry Sriperumbudur and Pantnagar plant bagged the SEEM – Gold National Energy Award.	Our Alwar Plant received “HR Excellence Award in Employee Engagement” by the Employers Association of Rajasthan

Our Alwar Plant was rewarded the 1st Prize in “**Rajasthan State Energy Conservation Award**” by Shri Bhanwar Singh Bhati, the State Energy Minister, Government of Rajasthan

Ashok Leyland Alwar Plant won the award for “**Best Employers-200**” in ‘Large Scale Industries’ Category from the Employers Association of Rajasthan

Ashok Leyland was honored with the Chief Minister Reward for their exceptional CSR initiative, recognized by the Government of Tamil Nadu

Received the **ASSOCHAM Best CSR Initiative Award** in 2022, acknowledging Ashok Leyland’s outstanding efforts in promoting social responsibility.

Ashok Leyland was presented with the **SIAM - CSR Award for Education & Skills**, highlighting our notable contributions in the field of education and skills development.

Our impactful CSR endeavors were acknowledged with a special recognition at the **FICCI CSR Awards 2021-22**

CII Lean Six Sigma National Level Competition – **2 Platinum, 1 Gold, 1 Silver**

AL has won National level Winner award at **ISQ Quality Sustainability Award (QSA)**.

ICICI Lombard – CNBC TV 18 India Risk Management award in the Large Cap category viz. “**Masters of Risk – Automotive – OEM Sector**”, at the 8th edition of The India Risk Management Awards

Bada Dost i2 was awarded Pick up of the Year 2022- 23 and Bada Dost special edition was awarded the Marketing campaign of the year at the Global Awards for Retail Excellence presented by ET Now and World Leadership Congress.

Corporate Governance



Ashok Leyland has always considered that sound governance practices are crucial for its smooth and efficient operations as well as balancing the interests of the shareholders and ensuring a positive impact on the community and stakeholders.

Ethical Business Practices

Ashok Leyland believes that strong ethical practice fosters long-term corporate goals and enhances stakeholder values. The Company's actions are reflections of how deeply our values are imbibed into our entire company structure and culture. We ensure that we adhere to the highest standards of corporate governance across all levels of the Company. The management at Ashok Leyland is fully committed to ensuring transparency, accountability, and integrity.

The leadership team has been fully involved and committed to enhancing the stakeholder value by providing insightful business decisions, adhering to high ethical standards, and ensuring transparency and professionalism in all dimensions of the business. Furthermore, the Board is also responsible for approving the strategic goals and targets set by the Company during the financial year. Also, the leadership team actively governs, supervises, plans, and administers the implementation processes and monitors the strategic goals set by the Company. There was no non-compliance by the Company, penalties, strictures imposed on the Company by the stock of exchanges or SEBI or any other statutory authority, on any matter related to capital markets during the reporting period.

Ashok Leyland has always considered that sound governance practices are crucial for its smooth and efficient operations as well as balancing the interests of the shareholders and ensuring

a positive impact on the community and stakeholders.

Board of Directors at Ashok Leyland

The composition of the Board of Ashok Leyland conforms with Regulation 17 of the SEBI Listing Regulations and Section 149 of the Companies Act, 2013 ('Act').

The Board is comprised of Executive, Non-Executive, and Independent Directors with rich professional backgrounds. As of 31st March 2023, the Company's Board consisted of 11 Directors which includes one Promoter Non-Independent Executive Director, six Independent Non-Executive Directors, two Non-Independent Non-Executive Directors, and two Non-Independent Executive Directors.

Of the eleven directors, 72.73% are Non-Executive Directors and 54.55% are Independent Directors. The Board has a gender diversity of 9.09% with one Independent Non-Executive Woman Director. The details of the Board of Directors are available in the Annual Report on Page Number 32:

<https://www.ashokleyland.com/backend/in/wp-content/uploads/sites/2/2023/06/Annual-Report-for-the-FY-2022-23.pdf>

Board Committees

The Board Committees enables the Board to address the risk and opportunities that require a

specific area of expertise to mitigate the risks and make recommendations to the entire Board for approval. The key personnel of the committees understand the responsibilities and perform necessary steps to ensure the tasks are carried out effectively and efficiently.

We have established a total of eight board-level committees, including the Risk Management Committee, the ESG Committee, and the CSR Committee, among others. Each committee plays a crucial role in guiding and overseeing various aspects of our business to ensure transparency, accountability, and sustainable practices.

Environmental, Social, and Governance Committee

The Board has constituted the Environmental, Social and Governance Committee ('ESG Committee') to guide and assist the Board of the Company in fulfilling its oversight responsibilities and also make recommendations as appropriate, on matters related to entity wide ESG initiatives, key focus areas and benchmarked ESG practices.

The terms of reference of the ESG Committee are as below:

- Oversee, review, and assess whether the Company's strategy, policy, and initiatives are in line with the macro developments happening in the ESG domain.
- Integrate the relevant initiatives on matters relating to Environment, Health and Safety, Corporate Social Responsibility, Sustainability, and other public policy matters, activities, and proposals related to ESG with the other Board Committees.
- Review material ESG aspects for the Company and oversee the development and implementation of targets, standards, and metrics established by the Management to assess and track the Company's ESG performance.
- Review and approve the Company's ESG public disclosures and oversee the Company's engagement with the stakeholders on ESG issues as well as review stakeholder feedback from the ESG disclosures.
- Review monitoring processes for tracking the ESG performance.
- Monitor and review stakeholder perception of the Company around ESG topics (including ESG ratings by leading agencies)

- Review and ensure compliance with regulatory ESG disclosures as required and amended from time to time (such as BRSR).

Appointment, Evaluation, and Remuneration of the Board

The Nomination and Remuneration Committee (NRC) assumes responsibility for the nomination and examination of potential board members. In this process, they diligently evaluate crucial aspects such as the organisational structure, size, composition, and diversity, while also meticulously assessing the candidates' skills and considering any recommendations put forth to the Board.

To facilitate an effective evaluation of Committees, Independent Directors, Non-Independent Directors, and the Board Chairman, we have implemented a formal mechanism that aligns with best practices. Our well-defined compensation policy is strategically designed to attract, retain, and motivate high-caliber professionals who can contribute significantly to our strategic objectives. It is of utmost importance to us that our Board embodies diversity, ensuring that individuals are selected based on outstanding achievements within the respective fields, extensive experience, unwavering personal and professional integrity, sound financial literacy, and comprehensive familiarity with the industry.

The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year and the percentage increase of each Director, MD & CEO, WTD & CFO, and Company Secretary in the financial year is given in page 31 of the Annual Report FY 2022-23.

Risk Management Framework

The Risk Management Committee (RMC) consists of two independent non-executive directors and a representative from the management which is a sub-committee to the board and stays independent of the board during the decision-making process.

Our comprehensive Enterprise Risk Management (ERM) Framework, integrating COSO ERM (Committee of Sponsoring Organisation Enterprise Risk Management) principles and ISO 31000:2018, guides our risk management practices and strategic decision-making. This holistic framework encompasses all business units and

Board Committees

Audit Committee	Risk Management Committee
Nomination and Remuneration Committee	ESG Committee
Stakeholders Relationship Committee	Technology and Investment Committee
Corporate Social Responsibility Committee	Fund Raising Committee



Policy Suite

Our commitment to Corporate Governance goes beyond mere conformity with regulatory and legal mandates. We have implemented a comprehensive set of policies to meticulously adhere to and comply with all relevant regulatory and legal norms. The policies are available on our website – <https://www.ashokleyland.com/in/en/investors/investor-information/policies>

Policies

- Dividend Distribution Policy
- Code on Fair Disclosure Policy
- Remuneration Policy
- Sustainability Policy
- Archival Policy
- Code of Conduct to regulate, monitor and report trading by Insiders
- Policy on Material Subsidiary
- Quality Policy
- Information Security Policy
- Affirmative Action
- Penalty for Contravention of Company's Code of Conduct to Regulate, Monitor and Report Trading by Insiders
- Familiarisation Programme for Directors
- Code of Conduct for Executives
- Audit Committee Charter
- Corporate Social Responsibility Policy of Ashok Leyland Limited
- FAQs on Insider Trading Code
- Policy on Related Party Transactions
- Whistle Blower Policy
- Policy on disclosure of material events or information
- Contact Details of Personnel of the Company authorized under Regulation 30
- Environment Health and Safety policy.
- ESG (Environmental, Social, Governance) Policy
- Re-dream – Back to Work Program for Women
- Prevention of Sexual Harassment at Workplace
- Nomination and Remuneration Committee Charter
- ESG Committee Charter
- Code of Conduct for the Board Members and the Senior Management

During the reporting period, there were no incidents of corruption or anti-competitive behavior.

functions, ensuring a proactive approach to risk management.

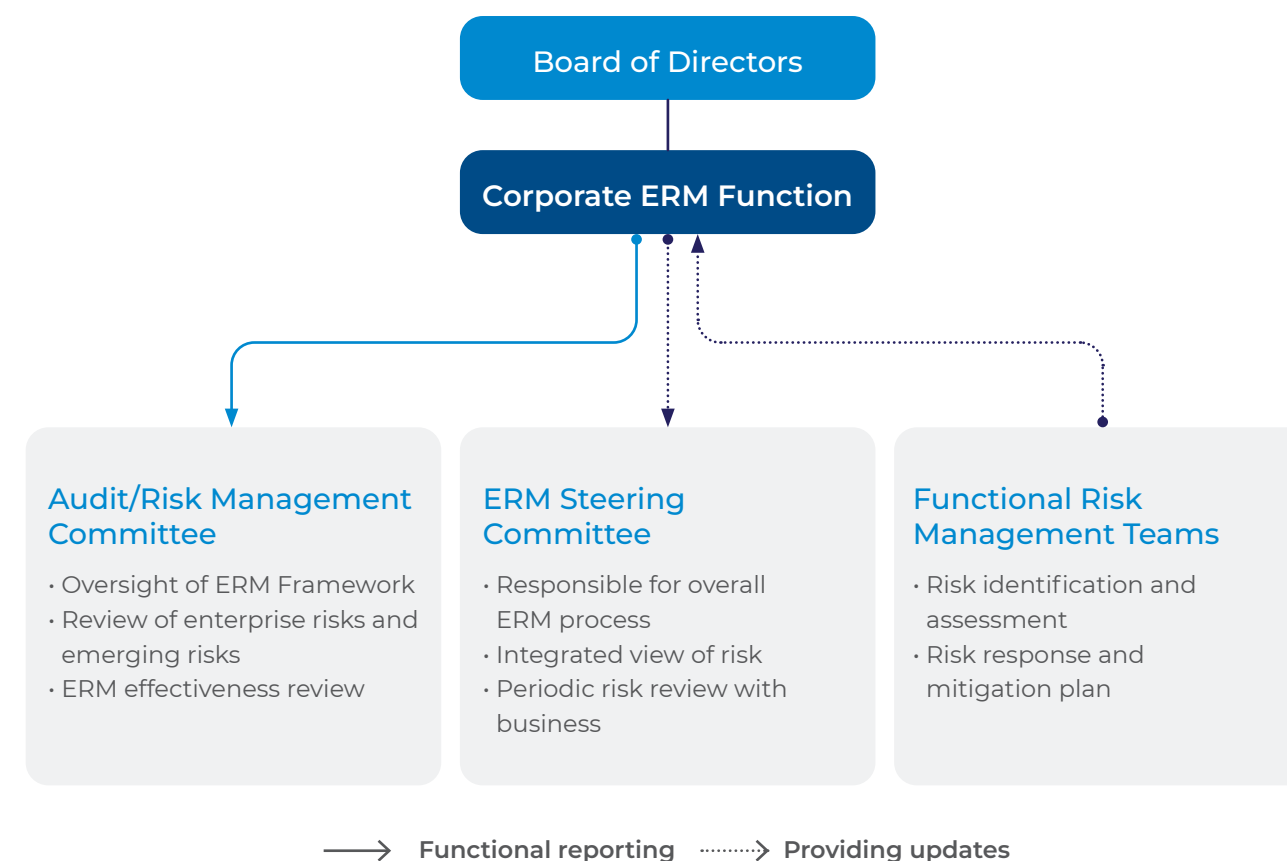
This comprehensive framework supports identifying the risks and opportunities and addressing them through focused mitigation plans that are measurable and monitored periodically. By encompassing all business units and functions, including the leadership of core business verticals, our ERM framework ensures a holistic approach to risk management throughout the organisation.

The risk management process encompasses risk identification, impact assessment, effective mitigation plans, and risk reporting. The significant risks identified are tabled to the Risk Management Committee of the Board along with a mitigation plan. The committee upholds our commitment to maintaining an effective and resilient risk management system. Through systematic risk identification, assessment, and mitigation, we proactively address risk and capitalise on opportunities, enabling us to govern our business strategy effectively. The committee carries out regular monitoring and reporting of key risks and

Impact	5			8	2	
	4			4	1	3
	3			7	6	
	2					
	1					
		1	2	3	4	5
Probability						

opportunities twice a year to further enhance the risk management capabilities, facilitating agile and informed decision-making.

We have formulated a detailed risk management policy which includes a framework for the identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability, ESG-related risks, information, cyber security risks, or any other risks as may be determined by the Committee. The policy also



includes measures for risk mitigation including systems and processes for internal control of identified risks and the Business continuity plan.

We are focused on proactively managing the external and internal risks through appropriate business strategies to overcome supply chain constraints, continued to focus on employee health, safety & well-being, worked closely to improve dealer & supplier sustainability, and launched several new products to bridge product gaps and remain competitive, enhanced productivity and initiated cost optimisation initiatives. These multi-dimensional efforts have supported us to remain agile and resilient to the ever-changing business environment while remaining focused on enhancing stakeholder value.

Internal Control Systems

Given the nature of the business, size, and complexity of operations, we have designed an adequate internal control system to ensure that all transactions are recorded accurately, completely, and authorised timely. It ensures adherence to accounting standards, compliance with applicable statutes conforming to Company policies and procedures, and effective use of resources and safeguarding assets.

Further, Ashok Leyland, through its in-house independent and multi-disciplinary Internal Audit function with the support of external experts where appropriate, carries out risk-based Internal audit reviews, based on the annual Internal Audit plan as approved by the Audit Committee of the Board. The Internal Audit function reviews compliance with the established design of the Internal control while ensuring the efficiency and effectiveness of operations. Significant deficiencies in Internal control identified if any, are tracked for closure and validated.

Information Security

At Ashok Leyland, we safeguard vital information from threats, both internal and external, through the adoption of best practices in Information Security. This has enabled us to minimise risks from cyber and other information security threats. In the ever-increasing cyber threat landscape, the Management has focused on ensuring adequate and effective Information Security governance across the organization.

Ashok Leyland has implemented Information Security best practices through the adoption of Information Security standards and building a robust culture across the organisation. The Information Security governance is overseen by an independent function responsible for the planning, review, and improvement of the Information Security processes to protect the Confidentiality, Integrity, and Availability of information assets.

During the reporting period, the Company has undertaken adequate precautions and implemented relevant Information Security safeguards to ensure the security of Information assets, along with cyber security assessment as part of continuous monitoring of hardware, software, and cloud environment.

Ashok Leyland has a business continuity plan and Disaster recovery plan with respect to Information technology with the objective

1. To ensure IT continuity and availability of critical systems and services.
2. To ensure that the confidentiality and integrity of critical information is not compromised during a disaster or recovery process.
3. To identify the systems, resources, and functions necessary for continued operations in the event of a disaster
4. To execute an established plan to resume normal services within a predefined time limit upon a disaster
5. To minimize the operational impact on various stakeholders within and outside the enterprise including dealerships, channel partners, suppliers, and current/prospective customers thereby enhancing the confidence in Ashok Leyland.

IT Business continuity plan and Disaster recovery plan are available in the company intranet portal.

Digital Solutions

Ashok Leyland has introduced new features in the vehicles through iALERT with the provision to Monitor driving patterns and predict the best driving economy scoring vehicles in a fleet and a specialised screen to compare high and low-performance vehicles. In addition to this driver safety - Night driving and continuous driving alerts are enabled in iALERT. Vehicle errors are reported to all relevant stakeholders to improve the delivery quality to customers towards effective infant error

analysis and algorithm-based data analytics to optimise the on-road trials (ORT) for Design to Market Time reduction. Currently, 160,000+ vehicles are running with iALERT comprising 55,000+ customers.

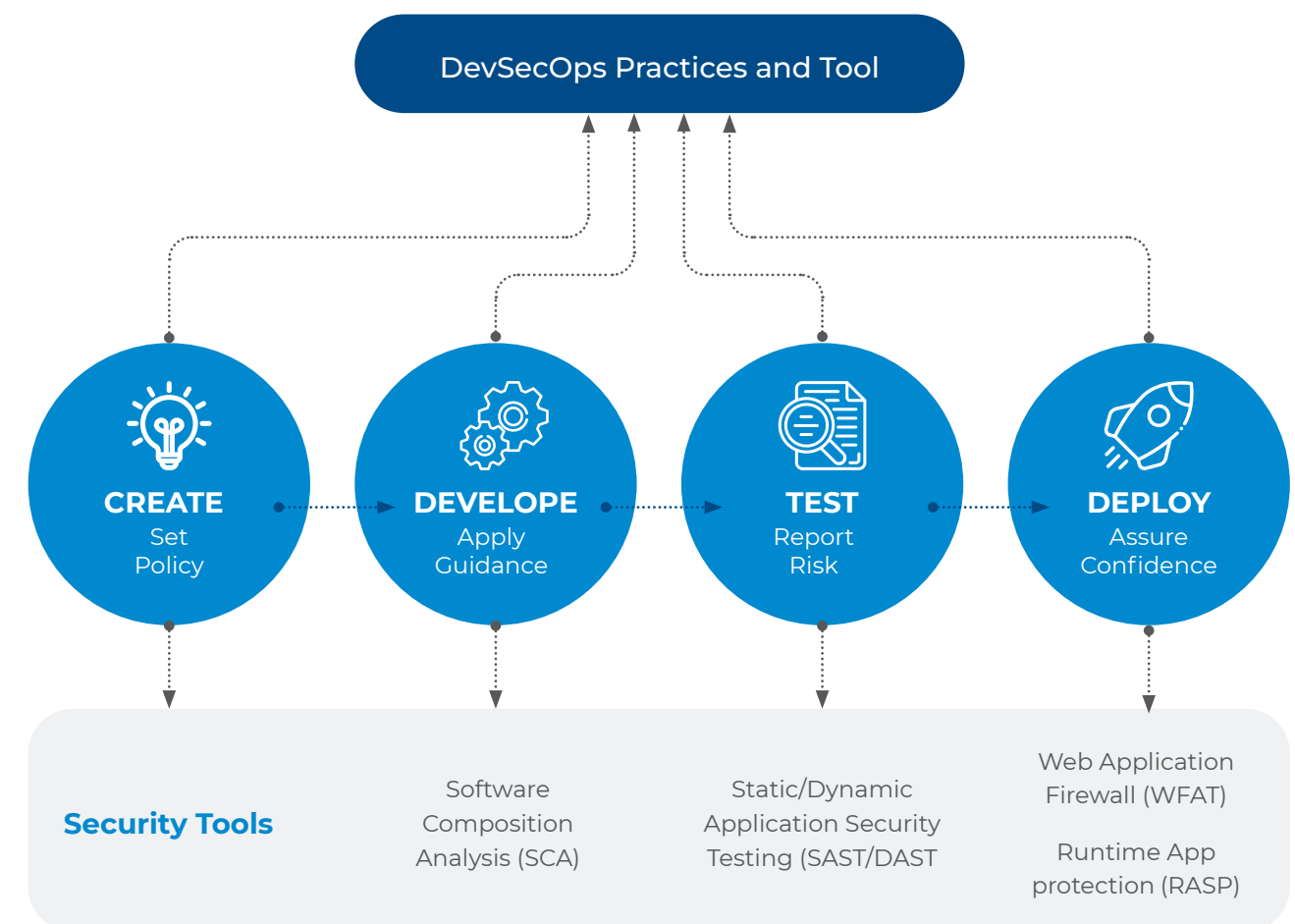
- Robotic Process Automation (RPA): Best in class invoice processing cost less than ₹1 per invoice. More than 2 Lakh invoices (65%) were processed through the RPA route during reporting period.
- GST: 1st company in India to successfully integrate with Govt. portals for e-invoice & do reverse integration of Income Tax Credit (ITC).
- i-DART: All-inclusive Digital tool to monitor the Performance of distributors and recommend Marketing schemes using cutting-edge AI/ML tools

Digital Twin solutions through 3D modeling enable simulation of real situations and outcomes thereby leading to a reduction of timeline of development

and cost. The digital Twin has also enabled taking feedback from Cross-functional teams including suppliers towards incorporating Design for manufacturing and Design to Cost in the early phase of Design.

DevSecOps:

DevSecOps (Development, Security & Operations) automates the integration of security at every phase of the software development lifecycle, from initial design through integration, testing, deployment, and software delivery. As part of the DevSecOps process at Ashok Leyland, we have created a set of processes and procedures that are followed by all the development teams. We have also implemented tools and technologies for code repository, code review, automated deployment to respective environment without manual intervention using workflow. These are audited every quarter to ensure adherence and compliance.




A close-up photograph of a person's hand, wearing a blue long-sleeved shirt, holding a silver pen and pointing at a black calculator. The calculator is on a wooden desk. In the background, there are several sheets of paper with charts and graphs, and a stack of coins. The lighting is warm and focused on the hand and calculator.

Holistic Stakeholder Engagement and Materiality Assessment



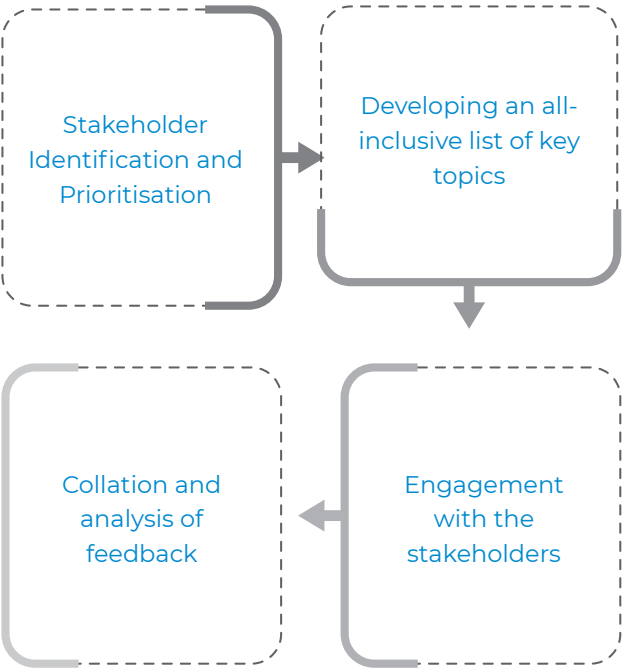
*Impact
Materiality
with actual
and potential
business impacts
identified*


 This interaction helps us manage our stakeholders' expectations and concerns, thereby co-creating long-term value. We believe in carrying out periodic engagements and providing appropriate disclosures in order to nurture a long-lasting relationship with them.

Stakeholder Engagement

Fostering a healthy dialogue and strong relationships with all our stakeholders enables us to deliver on our objectives that contribute to the Company's well-being. This interaction helps us manage our stakeholders' expectations and concerns, thereby co-creating long-term value. We believe in carrying out periodic engagements and providing appropriate disclosures in order to nurture a long-lasting relationship with them. Keeping this in mind, we ensure a productive and proactive engagement is organised with all our stakeholders. We are aware that our activities impact our various stakeholders such as employees, suppliers, communities, customers, regulatory bodies, and channel partners.

We have adopted a four-step stakeholder engagement process. As a part of this engagement activity in consultation with our senior management, first, we identified all our stakeholder groups and prioritised them based on their importance to the business. Secondly, we selected key topics depending on our understanding of the stakeholder groups and where their interest lies. Further, we engaged with these groups through various mediums and platforms. Since each group has a unique set of needs and expectations, we adopted a customised approach to engage with each of them. Lastly, we collated all the responses and feedback we received through these interactions and undertook appropriate steps to address them.



The inputs received from the stakeholder interactions are used in the following ways:



Details of stakeholder groups and their expectations:

Stakeholder Groups	Modes of Engagement	Frequency of Engagement	Key Expectations	Feedback Assessment
Investors	<ul style="list-style-type: none"> Annual shareholder meeting Investor presentations and conference calls and meets Press releases and newsletters 	<ul style="list-style-type: none"> Monthly Quarterly Annually Need-based 	<ul style="list-style-type: none"> ESG performance Growth opportunities Product availability Product portfolio New product development Market trend 	<ul style="list-style-type: none"> Investor engagement Investor presentation
Employees	<ul style="list-style-type: none"> Monthly and quarterly meet Personal review and visits Surveys Training Annual day Events 	<ul style="list-style-type: none"> Monthly Quarterly Annually Need-based 	<ul style="list-style-type: none"> Better prospects Safe work environment Skill management Knowledge management Fair remuneration Employee volunteering for CSR activities 	<ul style="list-style-type: none"> Employee engagement surveys Annual appraisal Chairman's award MD's townhall Meetings

Stakeholder Groups	Modes of Engagement	Frequency of Engagement	Key Expectations	Feedback Assessment
Suppliers	<ul style="list-style-type: none"> Suppliers meet Tech days Mutual visits Need-based meetings with the leadership team Company events ESG Supplier Surveys 	<ul style="list-style-type: none"> Monthly Annually Need-based 	<ul style="list-style-type: none"> Long-term business commitments Economic scenario with respect to commercial vehicle industry Scheduling Supplier development 	<ul style="list-style-type: none"> Supplier summit Workshops Strategic supplier Meets ESG survey
Customers (Institutional and Retail)	<ul style="list-style-type: none"> Surveys Company events Initiatives like rewards for purchases 	<ul style="list-style-type: none"> Need-based Periodic 	<ul style="list-style-type: none"> Delivery Technical communication Aftersales service Quality of service 	<ul style="list-style-type: none"> Customer satisfaction Surveys
Government and regulatory authorities	<ul style="list-style-type: none"> One-to-one meetings Events and conferences 	<ul style="list-style-type: none"> Need-based Periodic 	<ul style="list-style-type: none"> Compliance Tax payment 	<ul style="list-style-type: none"> Compliance reports
Industry Association	<ul style="list-style-type: none"> Conferences, global events and workshops Press releases and newsletters Written Communications Meetings Publications and Announcements 	<ul style="list-style-type: none"> Need-based Periodic 	<ul style="list-style-type: none"> Compliance Regulations 	<ul style="list-style-type: none"> Industry policy development
Channel Partners	<ul style="list-style-type: none"> Monthly and Quarterly meet Personal reviews and visits Surveys Training Events – dealer conference 	<ul style="list-style-type: none"> Monthly Quarterly Annually Need-based 	<ul style="list-style-type: none"> Business targets, commitment and development plan Training and development Customer engagement and satisfaction 	<ul style="list-style-type: none"> Assessment audits Monthly reviews
Local Communities	<ul style="list-style-type: none"> Community welfare programmes Project assessment reviews 	<ul style="list-style-type: none"> Need-based Periodic 	<ul style="list-style-type: none"> Community safety and development Engagement and Communication 	<ul style="list-style-type: none"> Project assessment reviews Meetings with the community leaders

Materiality Assessment

Classifying the economic, environmental, and social issues material to us and our stakeholders is an instrumental step in our business and corporate strategy. Prioritising the key issues help us utilize resources optimally and further strengthen our long-term value. We carried out a materiality assessment in FY 2020-21. This exercise enabled us to identify material issues that are, directly and

indirectly, impacting our business. During this assessment, we interacted with various stakeholder groups and gained clarity on the different ESG topics concerning the organisation. The material topics identified, and the initiatives undertaken in those areas are showcased throughout this report. We carried out this analysis in consultation with our stakeholders to foresee risks and develop mitigation plans.



Based on the materiality assessment conducted, the following material topics were identified:

Material Topics and Impacts	Positive/ Negative	Impact (Actual/ Potential)
Resource Optimisation and Operational Eco-Efficiency		
Impact 1: Increased Investment of switching to renewable energy In order to become self-reliant and reduce emissions it would be important to switch to renewable sources of energy like solar (Group Captive, Roof top), wind, or green hydrogen. While these sources are beneficial in the long run, switching to them will require significant investment.	Negative	Actual
Impact 2(i): Reduced cost due to improved Energy Management Energy management involves understanding the baseline through an energy audit and optimisation of energy through the use of technology to achieve energy efficiency as well as obtain energy from renewable sources. Energy efficiency can be defined as use of less amount of energy to perform the same task. Reduction in energy intensity creates a long positive impact on the economy and the environment. Ashok Leyland has energy intensive Foundry and Automotive operations.	Positive	Actual
Impact 2(ii): Cost incurred due to inefficient Energy Management Energy management involves understanding the baseline through an energy audit and optimisation of energy through the use of technology to achieve energy efficiency as well as obtain energy from renewable sources. However, if a company is not monitoring their energy management and has high energy intensity it would create a negative impact on the economy and the environment.	Negative	Actual
Impact 3: Increasing Green House Gas Emissions In the Automotive manufacturing industry, the major sources of emissions are caused due to excessive use of energy for the manufacturing of vehicles comprising of energy-intensive processes such as Painting, Machining, Welding, Foundry, logistics of raw materials and finished goods, etc. The supply of raw materials from the supply chain and Customer use of products form a significant portion of the emissions. These amount to substantial GHG emissions into the environment.	Negative	Actual
Impact 5: Reputational damage There is an increased awareness on climate change among the stakeholders as there are significant emissions from the automotive sector, this could lead to damage to brand value and reputation. Damage to the reputation may impact the sales of the products and hamper the brand value.	Negative	Potential

Material Topics and Impacts	Positive/ Negative	Impact (Actual/ Potential)
Impact 6: Implication of carbon tax Carbon pricing would create a negative short term impact on company's finances due to added expenditure. However the impact would be short term as the initiatives taken to mitigate emissions will reduce emissions and subsequently carbon tax in the long run.	Negative	Actual
Impact 7(i) : Cost incurred to be complaint with existing and emerging regulations Due to tightening up of the regulation on carbon emission across the globe, infrastructural changes, and change in energy sources would be required to remain marketable in the existing & overseas market. This will also lead to higher cost of compliance.	Negative	Potential
Impact 7 (ii): Enhancing systems to be compliant with existing and emerging regulations Due to the tightening up of the regulation on carbon emission across the globe, infrastructural changes, and changes in energy sources there would be a requirement to be compliant with the regulations in order to remain marketable in the existing & and overseas markets. Having regulations in place would mandate the companies to take up initiatives and improve systems to be compliant with these regulations.	Positive	Potential
Impact 8: Availability of water, particularly in areas of water stress Manufacturing plants require water in large quantities for activities such as painting, machining, foundry operations, cooling, dust suppression, cleaning, temperature control, etc. Companies unable to secure a stable water supply could face production disruption. Also with the expansion of the manufacturing capability, it will increase the fresh water consumption. There is a cost escalation on purchase of water in certain manufacturing locations	Negative	Potential

Positive
Positive Impact on the business operations when compared to the leading industry practices

Negative
Negative Impact on the business operations when compared to the leading industry practices

Actual/Potential impact
It can be defined as if the impact is actual or potential on the business operations effect the company when compared to the leading industry practices

Material Topics and Impacts	Positive/ Negative	Impact (Actual/ Potential)
Impact 9: Increase in water use efficiency and resource management through the water management initiatives Reuse of treated effluent and sewerage discharge reduces the stress on freshwater resources and reduces freshwater consumption. Ashok Leyland is taking measures such as reducing, reusing, and recycling for keeping its specific water consumption less. Ashok Leyland has implemented measures such as rainwater harvesting, STPs, and zero effluent discharge in its manufacturing locations for effective water management. Ashok Leyland has created water bodies within factories which help harvest rain water and improve the aquifer level . Through this Ashok Leyland has maintained a water positive status. The water management initiatives can create a positive impact on the surrounding environment and the created infrastructure can serve the purpose for several years making it a long-term impact.	Positive	Actual
Impact 10: Pollution of water resources by improper treatment of wastewater Discharge of improperly treated effluents in the water bodies causes pollution. This impairs the water quality of the of surface and ground water resources.	Negative	Potential
Impact 11: Value creation from waste Waste produced in the Automobile industry making can be used as by-products in other sectors enabling steel making as one of the most resource-efficient industries. Tailings from the mines can be used to create byproducts. Hazardardous waste is used for co-processing in cement industry and Non Hazardous waste such as Ferrous scrap and Aluminum scrap are used in Ashok Leyland Foundry and Ashley Alteams respectively. The waste from automotive making used as by-products in other sectors provides a cost benefit to the company along with an environmental benefit. The measures can be implemented for a long term and the effect will be visible as long as the measures are actively taken making it a reversible impact.	Positive	Actual
Human Rights		
Impact 1(i): Ensuring equal treatment and opportunities for all A safe workplace ensures employee well-being and thereby overall productivity. Periodic assessments of human rights help in ensuring equal treatment at the organisation.	Positive	Actual

Material Topics and Impacts	Positive/ Negative	Impact (Actual/ Potential)
Impact 1(ii): An unsafe workplace leading to declining employee well-being thereby limiting equal treatment and opportunities If a safe workplace is not provided it gravely affects overall employee well-being which thereby affects the productivity of the employees. Periodic assessments of human rights help ensure equal treatment to all employees in the organisation.	Negative	Actual
Impact 2: Reputational damage & Regulatory non-compliances Encouraging Child Labour and Forced/Labour within the workforce may lead to statutory violations. Further, any incidents of child Labour or forced Labour occurring across the value chain may affect the reputation of the organisation and lead to infringement of legal compliances.	Negative	Potential
Training and Education		
Impact 1: Investment in training and skills development Skilled employees are an asset to an organisation. Trained employees especially in cross functional boundaries are better assets thereby improving the overall turnover and productivity of the organisation.	Positive	Actual
Impact 2: Increased Cost to the Company due to Training and Development for the Employees Training, Education, and industry-valued certifications can increase the cost to the company. Employee enhancement programs especially for the executives part of Leadership Development Programs increase employees market competitiveness. This will also require better employee retention programs with increased value additions which will ensure the positive utilisation of skills within the company.	Negative	Actual
Labour Management Relationship		
Impact 1: Provision of fair wages The setting of adequate wages is an essential mechanism to enable decent living standards and incomes for women and men associates and their families, while at the same time ensuring the sustainability of enterprises which create the jobs for these associates.	Positive	Actual

Material Topics and Impacts	Positive/ Negative	Impact (Actual/ Potential)
<p>Impact 2: Worker's rights and collective action</p> <p>Workers' rights to organise and to take collective action are critical for supporting and improving working conditions in the respective sector, including conditions relating to occupational health and safety, wages, and job security. These rights can also enable public debate about the sector's governance and practices, enhance collaboration towards a just transition, as well as aid in reducing social inequality. Ashok Leyland facilitates the same as part of the Long Term Settlement (LTS) process</p>	Positive	Actual
Recruitment and Talent Retention		
<p>Impact 1(i): Increased rate of Employee retention</p> <p>Employee satisfaction and retention are of relevance to the overall efficiency and productivity of the operations of suppliers. Organisations could contribute to employee satisfaction and retention through efforts such as training of workers in the value chain, etc. Increased employee satisfaction leading to increased employee retention could result in lower costs for recruitment per worker, since a high retention rate will ask for new hires to replace the employees leaving. Also, when employees stay within an organisation wherein skills and expertise is maintained, it would lead to increased productivity and thus lower production costs.</p>	Positive	Potential
<p>Impact 1(ii): Declining employee satisfaction leads to low retention rates in the organization.</p> <p>Employee satisfaction and retention are relevant to the overall efficiency and productivity of operations. If employee satisfaction is not maintained it could result in higher costs for recruitment due to the low retention rate which would reflect poorly on the organization making it difficult to onboard new hires. Moreover, when employees stay within an organisation wherein skills and expertise is maintained, it would lead to increased productivity and thus lower production costs.</p>	Negative	Potential
<p>Impact 2: Better employee relations</p> <p>Positive employee relations are influential in driving corporate social responsibility efforts in companies. When an employee is aware that their work at a company contributes to the greater good, they are motivated to perform better in their roles. This will lead to high levels of productivity, increased retention rates etc.</p>	Positive	Actual

Material Topics and Impacts	Positive/ Negative	Impact (Actual/ Potential)
<p>Impact 3: Improved internal company culture</p> <p>Engaging employees can improve the internal environment. Company culture is more of an abstract concept and often incorporates the attitudes and behaviours of the business, its leadership, and its employees altogether. CSR activities such as volunteering activities, fundraising events tend to create positive internal culture which in turn increases the level of engagement, retention and hiring . The purpose that we exist for is "Transforming Lives and Businesses through Leadership in Mobility. As we pursue this purpose , we have also identified 5 values (Trust, Agility, Innovation, Customer Centricity and Partnership). Living these values would become our culture " The Ashok Leyland Way")</p>	Positive	Potential
Customer relationships and satisfaction		
<p>Impact 1: Operational costs related to dealing with cybercrime, fines, and penalties</p> <p>The number of information security breaches are rising in the past decade. With cloud computing and online marketplace and payments, maintaining the privacy of customer data becomes very curtail. Cyber attacks can have several impacts on the functioning of the organisation such as operational cost and reputational damage. Ashok Leyland has a well defined Information security policy on the basis of ISO27000 which holisticly covers the aspects on data integrity.</p>	Negative	Actual
<p>Impact 2: Higher customer retention</p> <p>For companies in the B2C segment, the customer retention rate is directly proportional to the customer satisfaction score. Research has shown that a 5% increase in retention can result in a bottom-line profit increase of up to 75%, depending on the industry. The impact would be short-term and reversible as the Customer retention rate would be high only as long as the measures are being actively taken for customer retention.</p>	Positive	Actual

Material Topics and Impacts	Positive/ Negative	Impact (Actual/ Potential)
Business Growth and Profitability		
Impact 1: Impact of economic performance due to commodity price variation The fluctuation in commodity prices due to global geopolitical events or due to natural calamities can impact the economic performance of the organisation reducing the profit margin or loss of customers due to increased cost. Mission 12 Initiative (M12), a comprehensive initiative for cost optimisation and to provide better value to our customers, was initiated by Ashok Leyland. The objective of this mission is to achieve BOM cost reduction, through combination of “Commercial” and “Design” Levers.	Negative	Potential
Impact 2: Impact on lending and borrowing due to currency value fluctuation The fluctuation in the exchange rate of currency in which lending and borrowing is done can largely impact the economic value creation of the organisation and interest of the stakeholders. Ashok Leyland focusses towards sourcing parts within India and tries to keep the imported parts as low as possible	Negative	Potential
Cybersecurity		
Impact 1: Operational costs related to dealing with cyber crime, fines and penalties The number of information security breaches are rising since the past decade. With cloud computing and online market place and payments, maintaining the privacy of customer or employee data is become very curtail. Cyber attacks can have several impacts on the functioning of the organisation such as operational cost and reputational damage. Ashok Leyland has a well defined Information security policy on the basis of ISO27000 which holistically covers the aspects on data integrity.	Negative	Actual
Corporate Governance		
Impact 1: Anti-Competitive Practices Anti-competitive practices may render small producers in these sectors unable to cover their costs, achieve living income, or pay wages to their workers, resulting in economic exclusion and risk to livelihoods. Ashok Leyland could have an impact on anti-competitive behaviour for its direct operations when e.g. opting for collusion with potential competitors. Large organizations that source supplies from small producers can take advantage of information asymmetry and market fragmentation to limit their choices of whom to supply.	Negative	Actual

Material Topics and Impacts	Positive/ Negative	Impact (Actual/ Potential)
Impact 2: Securing interest of stakeholders Corporate Governance ensures the interest of a company's stakeholders. The management incentives are also aligned with stakeholder interest. The Corporate governance strategy can be formulated for a long period of time, however the stakeholder's interest would be retained only as long as the strategy is actively implemented making it a long term reversible impact.	Positive	Actual
Impact 3: Anti-Corruption Practices Anti-corruption refers to how an organization manages the potential of being involved with corruption. Corruption increases the likelihood of potential negative impacts on workers and communities and reduces government revenues. Organizations that engage in corruption can have an unfair advantage in competitive markets.	Negative	Potential
Impact 4: Regulatory Compliance Regulatory compliance is defined as the process of making sure your company and employees follow all laws, regulations, standards, and ethical practices that apply to your organisation and industry. Ashok Leyland to comply with current and emerging regulations.	Negative	Actual
Sustainable Supply Chain		
Impact 1(i): Supply chain management to minimise the risks Sustainability assessment of critical suppliers help in ensuring that the suppliers are not engaged in legal or otherwise environmentally or socially damaging practices. Further, practices such as adopting green supply chains help in minimise emerging regulatory risks and climate change risks.	Positive	Actual
Impact 1(ii): Inefficient supply chain management leads to higher risks If an assessment of critical suppliers is not carried out, the organisation would be unaware of the practices of their suppliers. An assessment is conducted to ensure that suppliers are not engaged in legal, environmental or socially damaging practices. Therefore if the supply chain is not managed efficiently it will lead to an increase in risks for the organisation.	Negative	Actual
Impact 2: Improved reputation and investment attraction Companies that have green supply chains and take the responsibility to assess important metrics for their suppliers, are considered accountable. The company will have a better reputation and attract investment if they take responsibility beyond their own operations	Positive	Potential

Material Topics and Impacts	Positive/ Negative	Impact (Actual/ Potential)
Community Development		
Impact 1: Brand recognition Community outreach programmes led by the companies aid in creating awareness among consumers about the company's capability of fulfilling their social responsibilities. Customers are making more conscious choices regarding their purchases as they become more aware of the effects businesses can have on their communities. Thus, consumers can choose to patronise those companies which holds a better record of discharging its social responsibilities. Ashok Leyland commits to transforming lives through mobility – Launches new brand tagline : 'Koi Manzil Door Nahin' reinforced the commitment towards going beyond boundaries.	Positive	Potential
Impact 2: Investor Relations Implementing development strategies typically has a favorable effect on how investors feel about a company and how they perceive its value.	Positive	Actual
Occupational Health and Safety		
Impact 1: Reduction in lost time injury Reduction in lost time injury would be positive and long term, however the impact is volatile to fluctuations in investments towards OHS making it a reversible impact	Positive	Actual
Impact 2: Reduced cost associated with accidents and incidents Each accident involves loss of assets and human workforce. The company must commit to achieving the goal of an injury-free and healthy workplace for employees and contractors.	Positive	Actual

Material Topics and Impacts	Positive/ Negative	Impact (Actual/ Potential)
Impact 3: Capacity building to improve health and safety by risk awareness and zero-harm culture Competent workforce requires efficient training and capacity building which will help in building awareness among the workforce about the hazards and risks related to occupational health and safety. This capability development will aid in reduction of unplanned stoppage and thereby reduction of cost which may occur due to accidents and incidents. As the company incorporates sustainable solutions, new technologies and rules will be introduced such as ammonia and hydrogen, which unless properly handled could represent a significant health and safety risk for seafarers, ships, the environment and communities. Thus capacity building workshops related to OHS will help in implementing a zero harm work culture across the value chain.	Positive	Actual
Product Stewardship		
Impact 1(i) : Product Safety and Innovation Companies that demonstrate strength in innovation are better positioned for growth and resilience, strengthening their competitive edge in the market and more effectively respond to the needs and demands of changing society. By disclosing R&D spending and activities, companies can convey how they contribute to sustainable solutions and efficient production, thereby showing they are fit for the future.	Positive	Actual
Impact 1(ii): Increased cost incurred due to Product Safety and Innovation Companies that demonstrate strength in innovation are better positioned for growth and resilience, strengthening their competitive edge in the market and more effectively respond to the needs and demands of changing society. By disclosing R&D spending and activities, companies can convey how they contribute to sustainable solutions and circular business solutions, thereby showing they are fit for the future. However, to ensure product safety and innovation, a company would need to allocate sufficient funds to develop the space further. This will lead to a higher cost of production and innovation.	Negative	Actual

An aerial photograph of a dense, green forest. A light-colored, winding path or road cuts through the trees, starting from the bottom left and curving towards the top right. The forest is thick with various shades of green, indicating different types of trees and foliage. In the top right corner, there is a small, clear pond or stream. The overall scene is a lush, natural landscape.

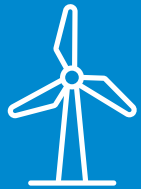
*Environmental Stewardship: **Preserving Nature***



Ashok Leyland's Climate Commitment

- As part of our ESG Vision and Materiality Assessment, we are committed to achieving Carbon Neutrality across operations by 2030.
- Attain RE100 by 2030.
- Attain zero waste to landfill for operations (ZWL) by 2024

Our Focus Areas



Carbon Neutrality



Water Positivity



Resource Efficiency

At Ashok Leyland, environmental stewardship remains at the core of our operations. Our endeavor is to reduce the environmental impacts caused due to our business operations by closely monitoring the parameters that has an effect on the environment like, energy, emissions, water consumption, and waste generation. In order to ensure that we constantly monitor our environmental performance and take necessary actions during to avoid any kind of shortfall, we have adopted and implemented ISO 14001:2015 (EMS) across all our operational facilities in India. This certification bolsters our Environmental Management System, ensuring that our practices align with international standards.

In alignment with the unwavering commitment to environmental stewardship, we are slowly and steadily progressing towards positioning ourselves as an exemplar in the automobile manufacturing industry. At Ashok Leyland, the conviction rests in the notion that by catering to the rising societal call for eco-conscious solutions, we can propel not only value generation but also profound benefits for the Company, stakeholders, and the interconnected ecosystems we are part of to transcend conventional limits drives us to become champions in environmental transformation. Our responsibility towards the environment reflects in our action and commitment towards our focus areas.

In line with the Global Net-Zero Commitment outlined in the Paris Agreement, we have significantly enhanced our reliance on renewable energy sources. During the reporting period, Ashok Leyland invested INR 2.45 Crores towards various energy conservation initiatives.

As we continue to evolve and adapt, we remain dedicated to aligning our efforts towards Carbon Neutral operations in the medium term and Net Zero in the long term. We recognise the need to address the concerns arising out of climate change and strive to be at the forefront of sustainable practices within our industry. Through ongoing initiatives and continuous improvement, we are committed to minimising our environmental footprint, conserving natural resources, and contributing to a greener and more sustainable and resilient future. By continuously seeking innovative solutions and incorporating environmental considerations into our business practices, we aim to be leaders in environmental stewardship within the automotive industry. One of the initiatives in this journey is our corporate office at Guindy which is a LEED v4.1 Platinum-certified building. This building demonstrates Ashok Leyland's commitment to a sustainable workplace.

As part of our commitment towards ESG and environmental stewardship, we are targeting Carbon Neutral Operations by 2030 and also preparing for our commitment towards RE100 by 2030.

Energy Management

We are cognisant of the fact that, we are one of the energy intensive industries and hence energy management is one of critical aspects of our business imperatives. We are aware of the necessity to conserve and improve our energy efficiency by continuously upgrading our energy management systems as the energy costs have a direct impact on the cost of operations. In order to address this concern, we are focusing on various alternative options to reduce our dependency on fossil fuel sources for energy through our collaboration with Hinduja Renewables, we have actively supported the installation of a group captive and rooftop solar power plant. Also, in collaboration with our Associate, Rajalakshmi Wind Energy Limited, we are actively promoting the use of wind energy use in our manufacturing plant locations in Tamil Nadu. This significant contribution has played a vital role in diversifying and strengthening our overall energy mix. During the reporting period, our dependency on renewable energy stands at an impressive 57 percent with wind energy contributing 20 percent and solar energy contributing 37 percent. Solar Energy with cumulative 10.14 MW rooftop solar power across AL units and 75 MW solar park at Sivagangai District, in Tamil Nadu through Hinduja Renewable Private Limited. This achievement demonstrates our commitment to reducing greenhouse gas emissions and mitigating climate change. However, there has been a significant increase in the total energy consumption as the production of the number of vehicles for FY 2022-23 has increased by approximately 50 percent when compared to FY 2021-22.

During the reporting period, the total Green Energy Initiative amounted to INR 36.54 Crores worth the operating cost savings. Also, we are evaluating the expansion plans for the existing solar park in the following reporting period by +12.4 MWp and enhancing the rooftop solar capacity by +18.25 MW. The augmentation of the solar capacity of 30.65 MW would increase the overall solar energy capacity to 115.79 MW, increasing the net solar capacity by 36 percent when compared to the current capacity.

Energy Intensity

Overall GJ/ INR Crore

44.86

Fuel: 13.62 , Electricity: 31.23
22.5% Improvement over FY 2021-22

Automotive GJ/ INR Crore

27.08

Fuel: 11.18, Electricity: 15.89

Automotive Plants (GJ/ Vehicle)

4.92

Fuel: 2.03 , Electricity : 2.88
11% improvement over FY 2021-22

Foundry (GJ/MT)

6.88

Fuel: 1.03 , Electricity: 5.84
5.2% improvement over FY 2021-22

The below table illustrates the total energy consumption in Foundry and Automotive Plants.

Total Energy Consumption			
Energy (Fuels) Consumption FY 2022-23UoM (000' GJ)			
Particulars	Foundry	Automotive Plants	Total (Foundry and Automotive Plants)
High-Speed Diesel (HSD)	30.93	226.77	257.70
Liquified Petroleum Gas (LPG)	70.63	23.45	94.08
Natural gas (CNG)	-	39.08	39.08
Dissolved Acetylene (DA)	-	0.12	0.12
Propane	-	101.61	101.61
Total Fuel Consumption	101.56	391.03	492.59
Energy (Electricity) Consumption FY 2022-23 UoM (000' GJ)			
Electricity Purchased from Grid (State Electricity Board)	65.94	230.42	296.36
Electricity Purchase – IEX (Indian Energy Exchange)	162.47	13.08	175.55
Total Electricity Consumed	228.41	243.50	471.91
Energy (Renewable) Consumption FY 2022-23 UoM (000' GJ)			
Solar (Rooftop and Ground Mount)	190.16	222.94	413.11
Wind	154.92	89.00	243.93
Total Renewable Electricity	345.08	311.95	657.03
Total Electricity Consumption	573.49	555.45	1,128.94
Total Energy Consumed (Fuel and Electricity)	675.05	946.48	1,621.53

The total energy consumption of Foundry operation through fuel sources is 41 percent and electricity consumption are 51 percent of the overall electricity consumption. Whereas for the automobile manufacturing operation, the total energy from fuels contributes 30 percent and Energy from electricity contributes 70 percent of the overall energy consumption. Through initiatives such as fuel switching and moving from fuel to electricity, we intend to reduce the contribution of fuels.

During the reporting period, the specific energy consumption (Automotive plants) excluding energy consumed outside the organisation for our automotive plants with respect to the number of vehicles produced is 4.92 GJ/Vehicle. Fuels contribute to 41 percent of the overall energy needs of Automotive plants and the remaining 59 percent is attributed to electricity consumption contribution is from electricity. Energy intensity with respect to net revenue for automotive plants is

27.08 GJ/INR Crore has shown an improvement of 11 percent when compared to the previous reporting period of 5.53 GJ/Vehicle.

During FY 2022-23, the energy intensity of the Foundry operations accounted to be 6.88 GJ/ MT. Fuels contribute to 15% of the overall energy while the remaining energy requirements are met through the electricity purchased from the grid. Energy intensity with respect to net revenue for Foundry plants is 565.84 GJ/INR Crore with an improvement of 5.2 percent when compared to the previous reporting period of 5.53 GJ/Vehicle.

The overall intensity with respect to the net revenue is 44.86 GJ/INR Crore considering Automotive plants and Foundries with an overall improvement of 22.5 percent compared to the previous reporting period of 57.87 GJ/INR Crore. As part of energy conservation projects, we have done various fuel switching projects (Diesel to LPG / Propane as well as electricity optimisation projects).

The below table illustrates the trend of the total energy consumption inside the organisation.

Energy Consumption – Fuel UoM (000' GJ)			
Particulars	FY 2020-21	FY 2021-22	FY 2022-23
High-Speed Diesel (HSD)	204.56	215.72	257.70
Heavy Fuel Oil	1.87	-	-
Liquified Petroleum Gas (LPG)	48.87	62.55	94.08
Compressed Natural gas (CNG)	25.58	26.60	39.08
Dissolved Acetylene (DA)	0.24	0.17	0.12
Propane	24.01	62.72	101.61
Total	305.13	367.76	492.59
Energy Consumption – Electricity UoM (000' GJ)			
Grid electricity (State Electricity Board)	311.53	176.07	296.36
Electricity Consumption – IEX (Indian Energy Exchange)	-	76.30	175.55
Total Electricity	311.53	252.37	471.91
Energy Consumption – Renewable Energy UoM (000' GJ)			
Wind	99.01	225.78	243.93
Solar (Group Captive + Rooftop)	80.52	409.08	413.11
Biodiesel	0.06	-	-
Total Renewable Energy	179.59	634.87	657.03
Total Electricity Consumption	491.12	887.40	1,128.94
Overall Total Energy Consumption	796.25	1,255.00	1,621.53

As a part of continuous contribution/effort towards sustainable operations, we have taken specific initiatives in energy conservation, usage of alternate/ renewable resources, green energy, optimising power consumption, etc.

During the reporting period, approximately about 12.60 million electrical Units (45,360 GJ) have been saved leading to significant savings in energy costs by about INR 10.70 Crores. This was achieved through a high degree of awareness, Power quality audits, and energy efficiency projects. The use of Indian Energy Exchange (IEX) power to the tune of 175,550 GJ through online bidding has resulted in savings of 6.10 INR Crores which is 15.5 percent of total electricity consumption. With the above

initiatives, there has been a cumulative savings of INR 16.8 Crores

The net energy consumption outside of the organisation during the reporting period has accounted to be 1,639,820 GJ. The major activities that accounted for the amount of energy consumption were employee commute, upstream transportation and distribution, waste generated in operations, downstream transportation and distribution, and employee business travel (local travel). The below table illustrates the detailed energy consumed across the foundry operations and automobile plants and the trend of the total energy consumption outside the organisation.

Energy Consumption Outside Organisation UoM (000' GJ)			
Category	Foundry	Automotive	Total (Foundry + Automotive)
Employee Commute	18.65	141.57	160.22
Upstream transportation and distribution	50.58	659.77	710.35
Waste generated in operations	0.22	5.94	6.16
Downstream transportation	22.04	738.91	760.95
Employee Business Travel (Local travel)	1.87	0.28	2.14
Total	93.36	1,546.46	1,639.82

Energy Consumption Outside Organisation UoM (000' GJ)			
Category	FY 2020-21	FY 2021-22	FY 2022-23
Employee Commute	68.71	56.56	160.22
Upstream transportation and distribution	242.30	447.09	710.35
Waste generated in operations	9.10	5.00	6.16
Downstream transportation	48.43	95.75	760.95
Employee Business Travel (Local travel)	0.21	0.40	2.14
Total	368.75	604.81	1,639.82

Emission Management

In the journey of carbon neutrality, reducing the total GHG emissions of the organsiation is one of the priorities for Ashok Leyland. There are several initiatives undertaken in order to optimise the total energy consumption thus improving the total efficiency and thus reducing the total emissions. Also, during the reporting period, the major source of emissions is the consumption of fossil fuels and electricity which contributes significantly to the overall emission. To address this, we have set yearly internal targets, set initiatives to reduce the total emissions, and have also installed the required measures and monitored the emissions periodically. Our objective is to minimise GHG emissions and increase the renewable energy mix in the total energy mix of our operations gradually. Through these concerted efforts, we strive to make significant strides in mitigating our environmental footprint.

The grid energy reliance of our operations was 97,947.41 tCO₂e considering a 0.71 tCO₂e/MW emission factor of our electricity purchase through

the grid and 0.81 tCO₂e/MW emission factor of our electricity through Indian Energy Exchange (IEX) as the energy source is non-renewable energy. The Scope 1 emission due to activities within our operational control is 33,567.84 tCO₂e which is being calculated as per the GHG Protocol developed by the World Resources Institute (WRI), World Business Council on Sustainable Development (WBCSD), and Fifth Assessment Report of Intergovernmental Panel for Climate Change Convention (IPCC). During FY 2022-23, the total Scope 3 emission was 133,897.15 tCO₂e where the categories considered are employee commute, upstream transportation & distribution, waste generated in operations, downstream transportation, and employee business travel (local travels).

We were successful in abating 13,935 tCO₂e through afforestation efforts. (20.3 kg CO₂e/tree/year as per standard) through cumulative 686,441 trees planted whereas during the reporting period the total trees planted accounted for 37,479. Energy efficiency projects resulted in an emission

Emission Intensity

Overall tCO₂e/ INR Crore

3.64

Scope 1: 0.93 , Scope 2: 2.71

2% reduction in emission over FY 2021-22

Foundry tCO₂e/MT

0.57

Scope 1: 0.07 , Scope 2: 0.53

Automotive Plants tCO₂e/ Vehicle

0.39

Scope 1: 0.14 , Scope 2: 0.25

Automotive tCO₂e/ INR Crore

2.15

Scope 1: 0.77 , Scope 2: 1.38

abatement of 8,946 tCO₂e. Our renewable energy initiative resulted in an emission abatement of 130,186 tCO₂e. With the above afforestation initiatives, we have contributed to environmental conservation as well and which in turn sequestered 19,633.84 tCO₂e which is 41.5 percent of our Scope 1 emissions.

park at Sivagangai District, in Tamil Nadu through Hinduja Renewable Private Limited, has helped in the emission abatement of 83,780 tCO₂e. In addition to huge carbon footprint reduction, the 75MW solar park uses robotic cleaning technology for regular cleaning of solar modules, which is estimated to conserve nine million liters of water annually

Also, the cumulative rooftop solar power across AL units amounting to 10.14 MW and 75 MW solar

Scope 1 Emissions UoM (tCO ₂ e)			
Particulars	Foundry	Automotive Plants	Total (Foundry and Automotive Plants)
High-Speed Diesel (HSD)	2,299.54	16,858.68	19,158.22
Liquified Petroleum Gas (LPG)	4,460.66	1,481.06	5,941.73
Natural gas (CNG)	-	2,194.61	2,194.61
Dissolved Acetylene (DA)	-	8.85	8.85
Propane	-	6,264.44	6,264.44
Scope 1 Emissions	6,760.20	26,807.64	33,567.84
Scope 2 Emissions UoM (tCO ₂ e)			
Electricity Consumed- Grid (State electricity board)	13,004.34	45,443.62	58,447.96
Electricity Consumed – IEX (Indian Energy Exchange)	36,555.48	2,943.97	39,499.45
Scope 2 Emissions	49,559.82	48,387.59	97,947.41
Scope 1 + Scope 2 emissions	56,320.02	75,195.23	131,515.25

Ashok Leyland being in an energy-intensive industry, the foundry contributes to 51 percent of the total Scope 2 Emissions whereas Automotive Plants Scope 2 Emissions contribute to 49 percent of the total Scope 2 emissions. However,

considering the total Scope 1 and Scope 2 emissions, Foundry operations contribute 43 percent of the total emissions, and Automotive plants contribute 57 percent.

Scope 3 Emissions UoM (tCO ₂ e)			
Category	Foundry	Automotive	Total (Foundry + Automotive)
Employee Commute	1,524.57	11,339.02	12,863.59
Upstream transportation and distribution	4,137.46	53,966.05	58,103.51
Waste generated in operations	18.10	485.53	503.63
Downstream transportation	1,803.08	60,448.21	62,251.30
Employee Business Travel (Local travel)	152.63	22.50	175.12
Total	7,635.83	126,261.32	133,897.15
Scope 3 Emissions		133,897.15	

Scope 1 Emission UoM (tCO ₂ e)			
Particulars	FY 2020-21	FY 2021-22	FY 2022-23
High-Speed Diesel	16,384.82	15,985.75	19,158.22
Heavy Fuel Oil	144.67	-	-
Liquified Petroleum Gas (LPG)	3,518.17	3,946.63	5,936.60
Compressed Natural gas (CNG)	1,435.27	1,492.48	2,192.48
Dissolved Acetylene (DA)	17.34	12.64	8.82
Propane	1,479.17	3,863.60	6,258.90
Total	22,979.44	25,301.10	33,567.84

Scope 2 Emission UoM (tCO ₂ e)			
Electricity Consumed- Grid	71,633.44	55,381.29	58,447.96
Electricity Consumption – IEX			39,499.45
Total			97,947.41
Total Emissions (Scope 1 & 2)	94,612.88	80,682.39	131,515.25

Scope 3 Emissions UoM (tCO ₂ e)			
Category	FY 2020-21	FY 2021-22	FY 2022-23
Employee Commute	5,059.51	4,130.93	12,863.59
Upstream transportation and distribution	17,962.32	32,746.86	58,103.51
Waste generated in operations	674.69	781.10	503.63
Downstream transportation	3,590.30	6,279.64	62,251.30
Employee Business Travel (Local travel)	15.65	22.71	175.12
Total	27,302.47	43,961.24	133,897.15

During the reporting period, we considered our total consumption of ozone-depleting substances (ODS) equivalent to the refilling of the respective equipment. Our net ODS consumption was 6,769.75 KG which contributes to 2,037.16 KG equivalent to CFC-11. These findings underline our commitment to monitoring and managing the use of ODS, aligning with international protocols and regulations for the protection of the ozone layer.

Ozone-Depleting Substances UoM (KG eq to CFC-11)			
Type of emissions	FY 2020-21	FY 2021-22	FY 2022-23
R 22	248.00	297.61	235.30
R 404A	20.00	3.37	37.87
R 410A	5.00	77.46	116.05
R 407A	36.00	70.05	60.93
R 134A	191.00	1,159.87	1,581.20
R 32	0	0	5.81

We regularly measure our stack emissions for SO_x, NO_x, and Particulate Matter (PM) at all our operational locations. As per the regulatory requirements, we track and monitor emissions from our stack and DG sets and submit them to the respective State Pollution Control Board quarterly. During the financial year, we did not incur any fines or penalties with regard to any environmental violations, and all inquiries related to environmental compliance were resolved promptly.

Air Emissions Unit (Tons)		
Type of emissions	FY 2021-22	FY 2022-23
Suspended Particulate Matter (SPM)	96.65	94.25
Oxides of Nitrogen (NO _x)	74.25	80.21
Oxides of Sulphur (SO _x)	45.43	19.56
Volatile Organic Compounds (VOC)	0.14	5.81
Particulate matter (PM)	62.21	0.06
Others	2.06	0.77

Due to our enhanced data robustness and management systems, we are improving on our data collection and management of Scope 3 emissions from consolidated level to operational level consolidation of data.

Enhancing the greenery towards carbon neutrality

CO2 Abatement (tCO2e)

CO2 sequestered through afforestation

13,935
41.5% of Scope 1

CO2 abatement through renewable electricity (Solar, Wind)

130,186

Avoided emissions through Energy Saving Projects

8,946
6.8% emission reduction

Total CO2 abatement (Renewable, Energy efficiency & Afforestation)

153,697

Trees Planted in FY 2022-23 (numbers)

37,479

Cumulative Trees Planted (Operational Control)

686,441

Biodiversity: Enhancing the greenery towards carbon neutrality

Intense green drive to create more green spaces and emphasis has been on planting more trees in and around manufacturing units. We have created cumulative 29 multilayer dense forests using Miyawaki Method – a Japanese Way. Total tree plantations carried out during the reporting period accounted to be 37,479 in number of trees which accounted for a total of 6,86,441 trees. In FY22, we sequestered 13,173 tCO2, while in FY 2022-23 we surpassed our previous achievement by sequestering 13,935 tCO2 (20.3 kg CO2e/tree/year as per standard). This increase of 761 tCO2 sequestration demonstrates the continuous positive impact of our afforestation efforts. All our factory locations including the technical center have Miyawaki afforestation.

Our unwavering dedication lies in the preservation of biodiversity and the mitigation of climate change. By engaging in collaborative efforts with local communities, we are actively implementing the Miyawaki method of afforestation. Our primary focus is on planting native species with remarkable carbon sequestration capabilities. Our Environmental Management Plan focuses on conserving biodiversity hotspots near our operational facilities, ensuring no negative impact on species listed in the IUCN red list.

Through the integration of sustainable practices and the active involvement of local communities, we are wholeheartedly dedicated to creating a sustainable future that extends far beyond our operational sites. Our ultimate goal is to inspire widespread adoption of our initiatives, ensuring a lasting impact on environmental sustainability.

Waste Management

At Ashok Leyland, we strive to create value from waste thus reducing the dependency on virgin material and following a circular economy model. Through our operations team, we identify, evaluate,

and manage waste responsibly by recycling and reusing and supporting various other industries as the waste by-product of our operations would be a raw material for another industry thus creating a positive impact on the environment and following circularity.

During the reporting period, the total hazardous waste generated was 3,188.56 MT and the total non-hazardous waste generated was 157,253.36 MT. Through our continual effort to standardise the process efficiency and reduction of process waste, we were able to ensure the highest level of compliance was attained with all applicable laws and regulations. We ensure responsible disposal by engaging with the State Pollution Control Board authorised third-party vendors for the co-processing and pre-processing of our waste. The Refuse-Derived Fuel (RDF) is further supplied to the cement and tile industries which in turn helps in diverting the waste away from the landfill in all our operational facilities except Bhandara and Alwar. During FY23, we diverted 3,187.08 MT of hazardous waste and 156,130.76 MT of non-hazardous waste. As part of waste scrap, the Aluminum scrap generated through our foundry operations goes back to Ashley Alteams, our joint venture, for aluminum diecasting and the Ferrous scrap generated goes back to Ashok Leyland Foundry for recycling and use it back for components such as cylinder block, cylinder head casting, which are part of the powertrain.

During the reporting period, as part of our circularity, we have undertaken various initiatives such as converting the paint sludge to paint for secondary application and reconditioning the Ashok Leyland engines helping in providing second life to 4194 engines during the reporting period with an increase of about 32 percent in comparison with the previous reporting period.

Ashok Leyland has undertaken an ambitious goal of Zero Waste to Landfill (ZWL) in operations by 2024 and currently, seven out of nine automotive plant operations practice ZWL.

Zero Waste to Landfill
Hazardous Waste:

**7 out of 9
plants**

Non-Hazardous Waste: All locations

Total Non-Hazardous Waste
Diverted through recycling (MT)

156,130.76

Total Hazardous Waste Diverted
through co-processing (MT)

3,187.08

Hazardous Waste UoM (MT)									
	Waste Generated			Waste Disposed			Waste Diverted from Landfill (Recycled)		
Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2020-21	FY 2021-22	FY 2022-23	FY 2022-23	FY 2021-22	FY 2020-21
Used / Spent oil	162.92	354.79	464.71	129.28	-	-	130.65	357.49	471.00
Wastes and residues - Paint sludge	315.62	483.07	815.40	244.46	0.12	-	77.21	458.48	816.74
Discarded containers/ barrels / Liners contaminated with hazardous wastes/ chemicals	559.67	493.76	507.44	457.71	-	-	122.21	473.01	480.56
Used Batteries	30.94	68.63	59.98	15.52	-	-	14.00	68.96	62.51
Wastes / Residues containing Oil-Soaked Cotton Waste	236.90	357.68	462.30	70.36	0.03	0.47	202.29	360.56	466.03
Filter, Residues	15.80	3.37	4.84	12.53	-	-	3.76	3.37	5.34
Chemical sludge from wastewater treatment (ETP Sludge)	222.77	571.60	583.70	69.66	-	-	154.77	571.12	582.69
E-Waste	2.99	12.25	10.49	2.89	-	-	2.99	12.25	10.49
Wastes / Residues containing Oil - Grinding sludge	26.46	106.25	153.35	81.07	-	-	26.46	106.25	153.35
Phosphate sludge	31.06	56.40	93.92	10.92	-	-	20.14	56.40	93.92
Spent Solvent (from Paint Shop)	2.26	3.03	3.29	-	-	-	2.26	3.03	2.78
Wastes/ residues (sealant/ PVC residues from the painting process)	2.34	0.62	8.65	-	-	-	2.34	0.62	8.65

Hazardous Waste UoM (MT)									
	Waste Generated			Waste Disposed			Waste Diverted from Landfill (Recycled)		
Particulars	FY 2020-21	FY 2021-22	FY 2020-21	FY 2020-21	FY 2021-22	FY 2022-23	FY 2020-21	FY 2021-22	FY 2022-23
Spent ion exchange resin containing toxic metals	1.04	-	-	-	-	-	1.04	8.27	13.02
Oil and Grease Skimming Residue	3.27	-	-	-	-	-	3.27		
Filter and Filter Material	-	18.49	20.01	-	-	-	-	18.49	20.01
Chemical sludge	-	-	-	3.06			-		
Medical Waste	-	0.28	0.49	-	0.27	0.49	-	-	-
Total Hazardous Waste	1,614.02	2,530.22	3,188.56		0.42	0.95	763.38	2,498.30	3,187.08



Non-Hazardous Waste UoM (MT)									
	Waste Generated			Waste Disposed			Waste Diverted from Landfill (Recycled)		
Category	FY 2020 -21	FY 2021 -22	FY 2022 -23	FY 2020 -21	FY 2021 -22	FY 2022 -23	FY 2020 -21	FY 2021 -22	FY 2022 -23
Cable & Electrical Scrap	13.38	26.76	43.62	15.01	-	-	1.32	26.76	43.62
Aluminum scrap	195.82	217.74	271.68	190.92	-	-	5.52	217.74	268.47
Steel dust/ Shot blast dust/ grinding dust	201.74	160.07	351.99	207.60	-	-	-	160.07	360.15
Wood Waste	1,172.89	1,572.01	2,038.15	1,304.11	-	-	75.66	1,563.88	2,029.06
Cardboard/ Wastepaper	2,631.19	2,759.35	4,053.52	2,510.75	-	-	120.44	2,757.31	4,051.58
Plastic Waste/ Used HDPE bags	240.76	17,348.24	976.78	266.91	-	-	16.85	17,344.83	1,538.13
Waste sand	80,870.19	108,529.89	110,817.90	80,870.19	-	-	-	101,990.76	109,421.78
Food waste	57.24	79.27	104.41	57.24	-	-	-	79.27	104.41
Steel castings, MS scrap	13,765.55	18,508.74	32,306.45	13,648.36	-	-	213.62	18,486.71	32,213.69
Rubber Scrap	39.58	50.32	55.78	26.90	-	-	-	50.32	48.43
Garden waste (jungle wood, dry leaves, etc)	350.27	481.55	746.22	350.27	-	-	-	481.55	746.22
Scrap Tyres and Tubes	8,890.85	37,714.40	5,486.87	8,169.21	-	-	541.00	37,714.40	5,305.23
CRCA Sheet scrap re-use	138.39	-	-	138.39	-	-	-	-	-
Total Non-Hazardous Waste	108,567.84	187,448.32	157,253.36	107,755.86	-	-	974.41	180,873.58	156,130.76

Resource Management

Ashok Leyland maintains a robust system for monitoring and tracking material consumption at both plant and corporate levels. During the product development process, utmost attention is given to increasing the efficiency of the material used while ensuring that the environmental impact of our products is mitigated, without compromising the product quality. During the reporting period, we consumed 182,554.36 MT of primary materials, 131,625.40 MT of associate materials, 47,990.86 MT of semi-manufactured materials, and 396.54 MT of packaging materials. At Ashok Leyland, we are driven by a set of strategic approaches:

- **Waste Reduction:** Our endeavors are focused on minimising the amount of waste destined for landfill.
- **Low-Carbon Products:** We are committed to the transition towards low-carbon-intensive products.
- **Natural Resource Conservation:** Conservation of natural resources remains a paramount goal in our operations.
- **Emissions Minimisation:** Our efforts are aimed at minimising emissions during material extraction and production processes.
- **Circular Economy:** We actively seek to enhance the circularity of our products and services, promoting a sustainable and resource-efficient approach.
- **Upcycling sludge and conversion** to paint and use for painting facilities.

In alignment with the latest press release by the Ministry of Road Transport & Highways, we at Ashok Leyland are evaluating its tie-up with Registered Vehicle Scrapping Facility (RVSF) placing AL in a strategic position on our road to circularity and reducing our environmental footprint. The benefit of undertaking the initiative would help Ashok Leyland in abating the net carbon emissions per truck approximately from 5,000 – 6,000 tCO₂e per 1,000 vehicles.

Furthermore, we are dedicated to conducting comprehensive Life Cycle Assessments (LCAs) on our product ranges in the coming years, enabling a thorough evaluation of their environmental impact and supporting informed decision-making for sustainable product development.



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Materials	FY 2020-21	FY 2021-22	FY 2022-23
Primary Materials UoM (MT)			
Steel	12,711.47	36,121.82	54,227.91
Steel Scrap	21,026.88	24,070.62	58,178.08
Cast Iron	0.00	0.33	11,729.47
Cast Iron Scrap	16,098.64	16,472.04	49,136.73
Pig Iron Grade	5,804.37	3,385.88	6,071.18
Ferrous Alloys	2,021.62	35,402.44	3,210.98
Associated Materials UoM (MT)			
Oil and Lubricants for the process (used for equipment & machinery)	1,651.61	581.67	1,070.15
Oil and Lubricants for products (filled-in products)	3,782.29	5,365.73	8,968.95
Oil and Lubricants	5,433.90	5,947.40	10,039.09
Paints	2,379.85	1,991.89	2,814.64
Chemicals (washing machines, paint shop, treatment plants, etc.)	742.90	559.35	52,727.44
Consumables Gas (LPG, Propane, Liquid Nitrogen, CO2, Shield Gas, Ammonia, DA)	910.64	453.37	690.06
Sand	44,978.67	70,622.17	50,441.99
Other Consumables	49.01	26.94	16.41
Diesel (filled-in product)	1,815.72	4,151.72	4,788.49
CNG (filled-in products)	20.22	58.84	68.19
Semi-manufactured Goods UoM (MT)			
Copper	132.43	137.09	2,208.17
Non-Metallics	11,309.64	10,302.09	2,389.56
Batteries	972.76	1,608.20	2,758.66
Aluminum	0.06	377.54	211.89
Tyres and Tubes	6.86	22,915.95	38,292.09
Castings and Forging	7.52	309.24	2,130.48
Packaging Materials UoM (MT)			
Carton Box	50.52	137.39	231.89
Plastic (PVC, Polythene)	34.54	69.11	46.97
MS Pallets/racks (non-returnable)	30.36	24.19	13.30
Wood	9.23	35.11	104.39

Towards wood-free Plant: Usage of wood has been significantly reduced across Plants from 11.83 kg/HECU in FY 2021-22 to 9.91 kg/HECU in FY 2022-23 (16 percent reduction) at vehicle manufacturing plants and 1.19 kg/MT in FY 2021-22 to 0.77 kg/MT in FY 2022-23 (36% reduction) at foundry division enabled by reusable, recycled Steel Pallets

Water Management

Ashok Leyland is a ‘Water Positive’ Company, assured by an independent third-party and its sustenance is monitored year-on-year.

Groundwater Consumption has been minimised across all manufacturing units by implementing Rainwater Harvesting and other water efficiency improvements. Approximately 65 percent of the freshwater consumed is recovered through Sewage/Effluent Treatment. Across locations, the treated water is used both for inland gardening as well as process applications.

Ashok Leyland recognises that our operational locations are in water-stressed locations as indicated by the water atlas tool developed by World Resource Institute (WRI). To ensure sustainable water management practices, we have implemented measures to reduce total water consumption through various water conservation initiatives such as rainwater harvesting, water recycling, etc. Through the utilisation of advanced treatment facilities like the Effluent Treatment Plant (ETP) and Sewerage Treatment Plant (STP), all withdrawn water is treated and reused within the facilities. Notably, we have successfully implemented the dialysis filtration method to reuse ETP water with a TDS level well below 1,000 mg/L in our Hosur plants. STP outlet water is also reused with our operational premises for horticultural purposes, adhering to permissible limits set by the Pollution Control Board (PCB) without any stagnation or ponding in the operational locations.

In line with our commitment towards Water Positivity, we have implemented various initiatives, including rainwater harvesting and the conservation of subway yield water. These efforts aim to reduce our reliance on external or freshwater sources which in turn contribute towards the replenishment of the groundwater table. We are proud to have achieved ‘Zero Liquid Discharge’ at all our operational facilities by effectively reusing the water from our ETP and STP systems, as per the regulatory requirements outlined in the consent to operate issued by the relevant authorities.

Water Management

Zero Liquid Discharge
All plant locations and technical centre

Water Consumption kL
1,192,320
Automotive : 995,610 Foundry : 196,710

Net Water Positive
+1.24x times

Water Recycled
65%
4.7% Improvement over FY 2021-22

Water Intensity

Overall kL/ INR Crore
32.03
35% Improvement over FY 2021-22

Automotive kL / INR Crore
27.59

Automotive Plants kL / Vehicle
5.02
43% improvement over FY 2021-22

Foundry kL/MT
1.97
2.5% Improvement over FY 2021-22

Total Water Withdrawal UoM (000'kL)			
Particulars	Foundry	Automotive Plants	Total (Foundry and Automotive Plants)
Ground Water	129.52	510.87	640.39
Surface Water	-	8.60	8.60
Third-Party Water	64.06	441.35	505.41
Tanker Water	-	2.14	2.14
Produced Water	-	1.26	1.26
Total Water Withdrawal	193.58	964.22	1,157.80
Total Water Discharge UoM (000'kL)			
Water Discharge	-	-	-
Total Water Consumption UoM (000'kL)			
Rainwater Consumption	3.14	31.39	34.52
Total Water Consumed	196.71	995.61	1,192.32
Water Recycled	65%		

During the reporting period, our net water withdrawal accounted for 1,157,800 kL (encompassing 193,580 kL within the foundry operations and 964,220 kL in the automotive plants.) We ensured that no water was discharged externally. This resulted in a total water consumption of 1,192,320 kL inclusive of harvested rainwater. During the same period, we consumed 34,520 kL of rainwater. The water intensity of our automotive plants stood at 5.02 kL per vehicle, while in our foundry operations, it was 1.97 kL per metric ton.

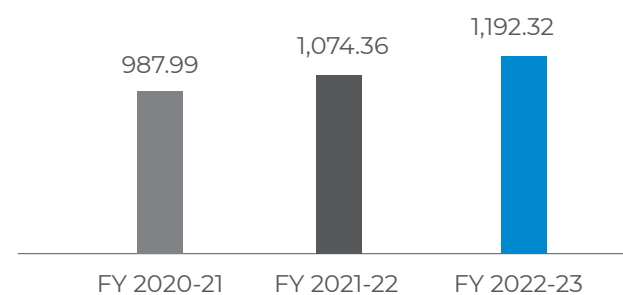
The water intensity through economic value generated for automotive plants is 27.59 kL/INR Crore and for foundry locations, the same is 162.26 kL/INR Crore

At an overall level Water intensity is: 32.03 kL/INR Crore in the reporting period compared to 49.54 kL/INR Crore in the previous reporting period which is a significant improvement of 35% reduction in water intensity.

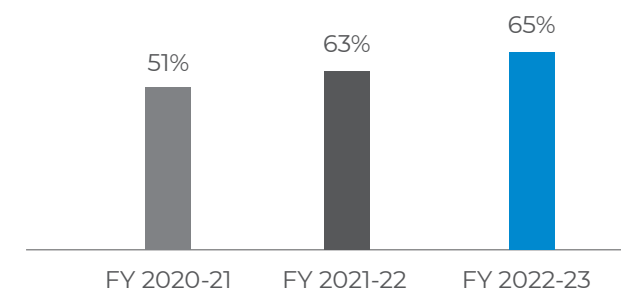
With our focused efforts and efficient practices, we are optimistic about further reducing water consumption while maintaining operational effectiveness. We have also undertaken an ambitious goal of achieving 80% self-reliance

on the water by 2030 through sustainable water management initiatives such as utilising rainwater for process, process improvements leading to lowering water use, and improved recycling. Further towards progressing to reach 80% self-reliance, budgeted INR 6 cr capex investment with water withdrawal reduction of 24% from FY 2022-23 level and cost savings of 2.16 cr per annum, with the assumption that implementation of the identified 16 projects to be completed by 2nd half of the financial year 2023-24.

Water Consumption (000' kL)



Water re-cycling %



A Closer Look at Our Initiatives

All manufacturing plants have optimised and maintained towards unity Power factor

- Maximum demand reduction to 8,900 kVA from 10,700 kVA at Ennore and to 3,300 kVA from 4,800 kVA at Bhandara
- Replacement of old AC chillers with energy efficient chiller units
- Technology upgradation – replacement of conventional ceiling fans with BLDC (brushless DC motor) fans
- Grid based operation of compressed air distribution
- Power optimiser and Demand controller introduced to control the furnace power at Foundry, Ennore
- Interlocking of cooling tower fan with the temperature by suitable circuit modifications;
- Incorporation of harmonic filters panel for compressors and variable frequency drives for conveyors
- Reduction of liquid metal power from 670 kWH / MT to 630 kWH/ MT

- Conversion of pneumatic operated hoists with electric hoists
- Introduction of energy efficient screw compressor for the high-pressure requirement of nut runners and elimination of air pressure boosters
- Productivity improvement in Chassis line 1 by 13% resulted in lesser energy per vehicle (4% reduction)
- Capacity enhancement at paint shop by 60% resulted in lesser energy consumption per cab (10% reduction) since paint shop consumption is fixed in nature
- Introduction of high energy efficient motors with less rating against the high-powered motors
- Rebuilding of rotary hearth furnace to accommodate bigger parts processing
- Capacity improvement in the furnaces at manufacturing plants and at foundries to improve the yield
- Implementation of productivity improvement projects i.e. cycle time reduction through modifications in machine controls and utilising advance technology tools

Lighting modification (LEDfication) continued at renovated buildings and office areas. With all the continuous efforts and endeavour on energy conservation, our Company is moving towards carbon neutral and becoming a “Cleaner and Greener” organisation.

Case Study: 1

Energy consumption reduction in the Paint Shop (Topcoat and Chiller area)

Electrical Energy Savings by optimising the pump speed using Variable Frequency Drive as per process and quality requirements.

Description

Variable Frequency drive panels were installed in the paint shop for energy optimisation. The VFDs convert the fixed voltage, and fixed frequency of the input power

to variable voltage, and variable frequency output to control AC induction motors.

Outcome

This process change implementation led to a reduction in power consumption by 2.9 lakh units and an emission reduction of 238.8 tCO₂e annually.

Before



After



Case Study: 2

Energy conservation in Sealed Quench Furnace (SQF) at Bhandara.

Description

After completion of Segment-4 (at 840 degrees) and transfer of charge, the Sealed Quench Furnace was maintaining an idle temp of 930 degrees until the next charge was loaded. Thus, there was energy loss from furnace walls during the quenching (30min) or air cooling (90min) of charge. To prevent this, a process flow was modified such that after charge transfer, the furnace will retain its existing temp. of Segment-4 (i.e., 840 Degrees) until the charge gets unloaded

from the furnace. After this, the furnace will take idle temp. of 930 Degrees which will be attained within 15-20 minutes in line with attaining of set value CP required for loading of next charge.

Outcome

This optimised the Power consumption resulting in a saving of 1.14 Lakhs kWh per annum and thus 90 tCO₂e emission reduction per annum.

Before



After



Case Study: 3

Power Consumption reduction in 6s Gear Box Assy chiller plant at Ennore

Brief description

The power consumption of the old chiller unit in Gear Box Assy was very high because of the condenser and cooling coil aging causing reduced efficiency. It was replaced with a new blue start air cooler, the unit power consumption was reduced per Gear Box and efficiency increased.

Outcome

Power cost per Gear Box reduction.
A total of 31.7tCO2e was reduced from Nov-2022 to Mar-2023.



Case Study: 4

Design improvement in Clutch for BS6 models

Brief description

The clutch design was improved to increase the clutch oil change interval from existing every 40,000kms for haulage to 120,000Kms and in the case of tippers from 1,000 hours to 3,000 hours.

Outcome

Helps reduce the frequency of oil changes resulting in cost saving for customers over time, less waste oil generation, and reduces the need for vehicle maintenance, freeing up time and increasing convenience for users.

Case Study: 5

Rainwater saving and utilisation at the Ennore plant

Brief description of the initiatives implemented:

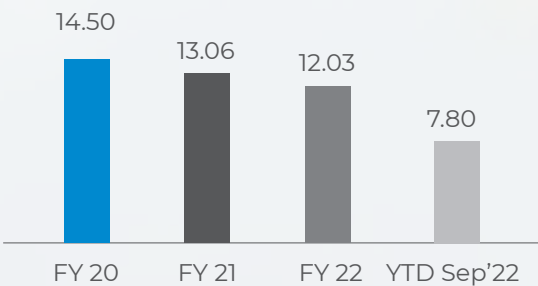
Utilisation of rainwater from Shop 2 Roof area, thus reducing the withdrawal of ground water by using the harvested Rainwater. Also introduced aerator taps at the canteen

at restrooms and spring water saving at the subway.

Outcome

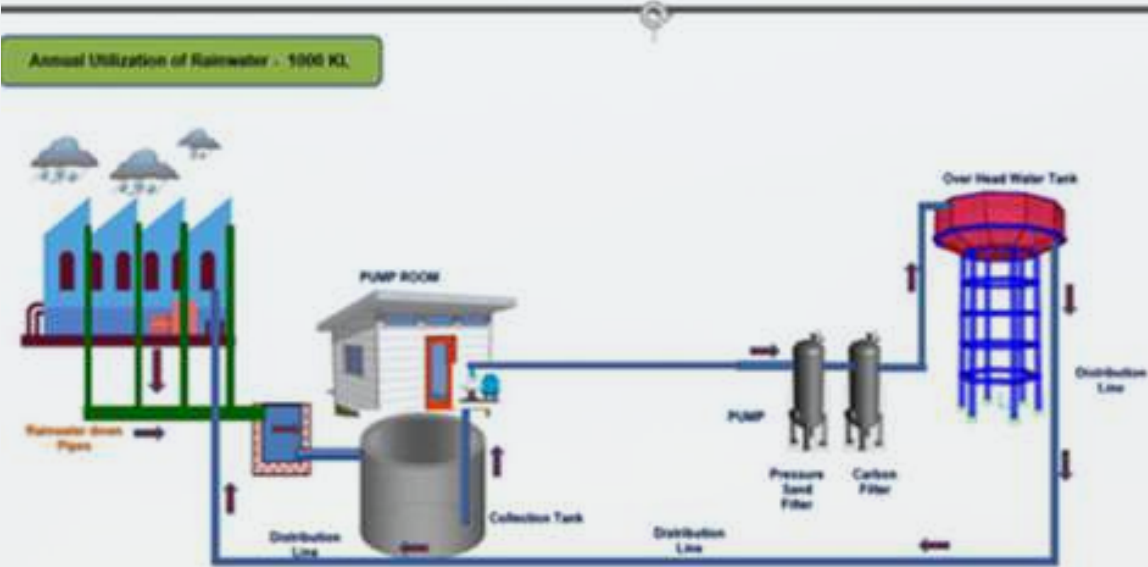
Reduction of groundwater withdrawal and thus water intensity.

Water Intensity (kL / HECU)



S NO	Project Locations	Capacity in kL
01	Roof Rainwater Utilisation at Project Planning Building	470 kL
02	Roof Rainwater Utilisation at Shop 3	2,000 kL
03	Roof Rainwater Utilisation at Admin Block	600 kL
04	Direct Utilisation of Roof top Rainwater at Shop 2	1,000 kL

DIRECT UTILIZATION OF ROOF TOP RAINWATER PROJECT AT SHOP – 2



Case Study: 6

Reduction in paper consumption

Towards our Paperless Office drive, we have converted all high-volume invoices to digital form which has helped us to improve the process efficiency along with the benefits illustrated below.




1,737
Trees/Yr



44 Lakh/Yr
(Stationery Cost)



↓ Storage
space



Easy doc
retrieval

We have also extended the paperless office initiative to the vendor end by implementing Robotic Process Automation based invoice processing solution, ALPHA (Ashok Leyland Hyper Automation). This solution helps us

to automate the process of digital signature verification and data extraction for invoice processing. This automation has helped in 3x reduction in invoice processing time and 4x reduction in invoice processing cost

Case Study: 7

Increased identification of defective parts

As part of Industry 4.0, we have deployed Computer Vision based poka-yoke systems in assembly lines to identify and arrest manufacturing defects. 15 use cases are deployed across 3 manufacturing plants, which has helped to save more than INR 2 Cr per year

in rework / warranty costs. We are also scaling up our IIoT platform, MPAS at the manufacturing locations focusing on better build quality, traceability, and shorter delivery time from manufacturing to sales.





Social Leadership

Social Leadership FY 2022-23

Gender Diversity Overall

3.05%

LTIFR

0.06

Total Workforce (Executives, Workers)

27,714

Retention Rate

94%

Drivers Trained

264,885

Total Workers (Permanent, Non-Permanent)

22,932

Road to School and Road to Livelihood Beneficiaries

150,786



Raja Radhakrishnan
President & Head – HR

At Ashok Leyland, we have always been people first and we believe that sustainability begins with people. Employee voice leads all our human resources practices starting from capability building to the cultural transformation journey.

Engage, educate and empower has become our mantra towards a greener future.

Fostering an Inclusive Workplace

We understand that fostering an inclusive workplace is essential for creating a harmonious and thriving environment where everyone feels valued, appreciated, and empowered. We are committed to embracing diversity in all forms such as gender, age, ethnicity, and skillsets. In the phase of challenges, the previous few years provided us with valuable opportunities for reflection, growth, and progress. We celebrate and embrace our employees' diverse backgrounds, experiences, and perspectives and ensure equal access to opportunities for growth, development, and advancement. Our workforce approach centers on the three pillars of talent acquisition and directed development, fostering an enabling environment and inclusive offerings.

We have established policies to uphold internationally recognised human rights and address issues like discrimination, diversity, women's rights, equal pay, disclosure of any violations and non-retaliation. There have been zero instances of corruption during the reporting period. Anti-corruption and anti-bribery policies form a part of our Employee Handbook which is available on our Company's intranet. Safety is a core value and our company has initiated a company-wide cross functional initiative "Manthan" aimed at Operational Excellence. Under this initiative strategies and programmes have been implemented to build safety culture across AL. This has aided in reducing the risks and incidents of personnel injuries.

Our Employee Strength

Our employees are our asset, and they contribute towards our long-term success and profitability. By prioritising employee engagement and skill

development, we try to retain top talent and foster innovation. Additionally, by investing in our employees' well-being we hope to build a positive culture and enhance performance.

Total Employees						
Category	FY 2020-21		FY 2021-22		FY 2022-23	
	Male	Female	Male	Female	Male	Female
Top Management	16	0	21	0	26	0
Senior management	256	3	285	5	301	3
Middle management	1,522	46	1,470	44	1,464	44
Junior management	3,230	292	2,984	262	2,720	224
Workers (Permanent)	5,331	28	4,993	27	4,777	44
Non-Permanent Associates	4,644	7	3,584	18	3,798	64
Contractual Workers	16,498	597	12,080	554	13,781	468
Total	31,481	973	25,396	910	26,867	847

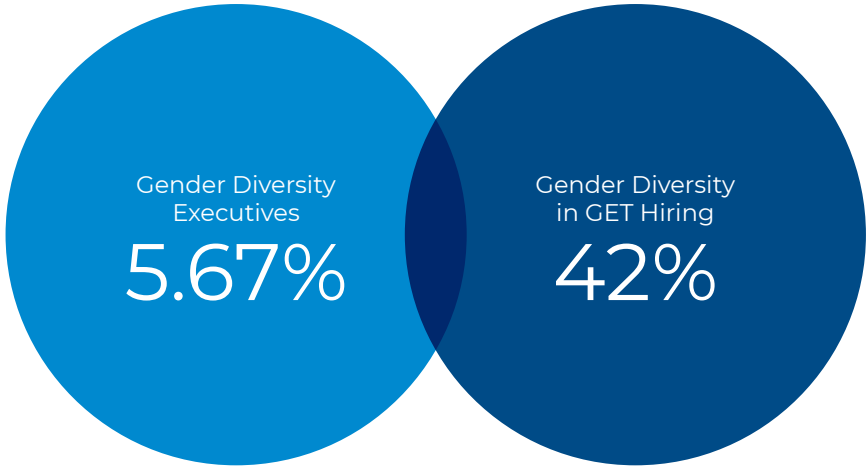
We increased our investments in digitalising our systems to help us in recruitment to provide seamless candidate experiences and enrich our talent pool. We have adopted a hybrid hiring system to optimise time and capitalise the right talent. We introduced gamification and

Artificial Intelligence in our recruitment process that enables us to evaluate the competencies requirement along with business presentation and communication skills. In FY 2022-23, we achieved the highest gender diversity ratio of 42% percent in the sector.

New Hires Based on Gender							
Permanent employees				Other than permanent employees			
FY 2021-22		FY 2022-23		FY 2021-22		FY 2022-23	
Male	Female	Male	Female	Male	Female	Male	Female
267	41	241	27	0	0	4,418	236

New Hires based on Age category									
Category	FY 2020-21			FY 2021-22			FY 2022-23		
	<30 years	30 - 50 years	> 50 years	<30 years	30 - 50 years	> 50 years	<30 years	30 - 50 years	> 50 years
Top Management	0	0	0	0	0	0	0	0	4
Senior management	0	0	2	0	0	1	0	0	3
Middle management	0	2	0	0	0	0	0	0	1
Junior management	0	0	0	256	27	0	102	103	-
Workers (Permanent)	0	0	0	0	0	0	0	0	0
Non-Permanent Associates	7,092	0	0	6,942	0	0	5,485	0	0
Contractual Workers	7,258	627	49	7,921	1,637	31	7,462	281	56
Total	14,358	633	52	15,119	1,688	32	13,049	439	64

Diversity Equity and Inclusion



Embracing diversity is an ongoing process that requires continuous effort and commitment. We strive to create a more innovative, engaged, and successful workforce by fostering inclusive leaderships, creating diverse hiring processes, encouraging open dialogues, reviewing and revising policies to ensure they are inclusive and equitable. In FY 2022-23, our Board Diversity stands at nine percent (1:11) while our women permanent employees contribute to 271 i.e., 5.67%.

Our Personal Effectiveness Programme for women executives focuses on women belonging to the middle management roles. Structured interventions are provided to them over a period for career growth. These trainings include learning labs, mentoring sessions by internal leaders, video nuggets, interaction with external women leaders,

and more. Till date around 51 women executives have participated in this programme. We have planned to roll out three unique policies to encourage women participation in our workforce namely, Redream -Back to Work program, Sabbatical policy and Flexi work policy.

During the reporting period, we launched a new – “All Women production Line” for P15 engine with 100 percent women employees at the Hosur plant. To promote women empowerment and attract more women to the manufacturing industry, Ashok Leyland has set up another all women production line with 80 women employees at the Hosur plant and is planning to extend this at Hosur 2 and Foundry.



All Women production Line for P15 engine with 100 percent women employees at the Hosur plant

Diversity and inclusion initiatives – Women’s week

- Shrishti 2.0 is a forum created for our women employees to connect and share knowledge. The forum organises periodic sessions on financial wellness, health and wellness, leader talk sessions, etc. Additionally, continuous interactions on knowledge sharing sessions, hobby clubs and other opportunities are explored to make us a women friendly organisation.
- Our technical centre at Vellivoyalchavadi (VVC), has established a leadership team led by Dr. N Saravanan and Senior Vice President Gopalakrishnan interacted with our women employees on their organisational expectations and career progression. Also, a general health camp was organised.
- Our Alwar plant organised a Zumba session and a gynaecologist consultation wherein 20+ employees participated. Foundry also arranged a gynaecologist consultation from Prashanth Hospital.
- At ALCOB, a self-defence session, Zumba session and gynaecologist consultation was arranged.
- At Ennore, a session on Cervical cancer awareness was held as part of women’s week.



Our equal opportunity policy, creates and nurtures an inclusive workplace. Our corporate offices are also built as per the requirements of the relevant laws and acts, making infrastructure accessible to differently abled employees and workers. In FY 2022-23, we have 13 permanent employees and 63 permanent workers who are differently abled. We continue to respect and protect the employee's right to freedom of association and collective bargain across our operations. During this reporting year, 100% of our workers were covered by collective bargaining agreements. Further, our management engages with the union leaders periodically to discuss workers' expectations and implement action plans. We also have scheduled meetings between vendors and the management for effective communication. To ensure a smooth transition before any major operational changes all staff members are given a 15 to 21 days' notice along with a discussion with employee representatives of different departments prior to its implementation.

Employee Benefits

We strive towards maintaining a rewarding workplace by supporting our employees and workers with incentives and benefits. We provide 100% of our employees and workers with retirement benefits such as provident fund, gratuity, and employees' state insurance scheme of India. Additional benefits such as group personnel accident policy, group health insurance policy, joint group personnel accident policy, life insurance, disability and invalidity coverage, parental leaves, etc. are provided to our permanent employees.

Remuneration

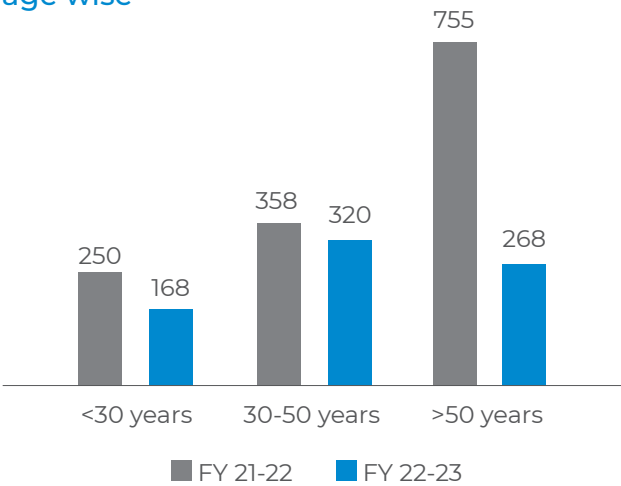
For the ratio of the remuneration of each director to the median remuneration of the employees of

the Company for the financial year, please refer to the Annual Report FY 2022-23, Page 31. There is no difference in entry-level remuneration between men and women recruited for the same work profile. We pay 100% of our permanent employees and workers more than the minimum wage based on the recommendations of the National Commission on Labour.

Employee Retention

Employee retention is crucial in the long run for our success and productivity. To retain our talent, we invest in several engagement mechanisms and skill development programmes. Our retention strategy involves offering competitive compensation packages, benefits, work-life balance, recognition and awards, transparent communication, and a positive work environment. The employee turnover by gender for the reporting period is 5.16% for male employees and 11.51% for female employees.

Permanant employee turnover - age wise



Celebrating Diversity at Work

International Women's Day was celebrated in VVC on March 08, 2023. Dr. Subashree, Head of Psychology Department at Madras School of Social Work was the guest of honor. The celebration encompassed a series of events starting with an Inaugural Speech by Chief technology officer Dr. N Saravanan. She emphasised on the need to have focused efforts to consciously increase the diversity quotient across Product Development functions to facilitate diverse skill sets at the workplace. Further, a panel discussion on the topic 'Multi-Tasking Women and The Balance They Strike Between Work and Life' was conducted.



Parental leave			
FY 2022-23	No of employees that took parental leave	No of employees that returned to work	Number of employees who returned to work after parental leave ended that were still employed 12 months after their return
Male	223	223	14
Female	28	21	0
Total	251	91	14

Workforce turnover Gender-wise						
Category	FY 2020-21		FY 2021-22		FY 2022-23	
	Male	Female	Male	Female	Male	Female
Top Management	1	0	3	0	5	0
Senior management	30	1	50	0	21	2
Middle management	253	14	147	12	102	8
Junior management	334	33	393	66	354	57
Workers (Permanent)	1,817	2	692	2	1,746	2
Non-Permanent Associates	6,288	0	1,088	44	5,698	22
Contractual Workers	10,442	32	1,511	24	15,521	182
Total	19,165	82	3,884	148	23,447	273

Employee assistance programmes

We have Employee assistance programmes (EAPs) to support the well-being of our team members by contributing to employees' productivity, personal wellness, and organisational success. We conducted career guidance sessions for trainees to ensure employability with service centers, financial planning training for employees, and quality of life programmes- life after retirement training. In collaboration with domain experts, we conducted various sessions related to post-retirement life planning such as managing health, wealth, social relations, investments, and so on as part of employee transition assistance.

A long-term settlement was signed in Bhandara Unit, covering 372 associates, with specific clauses focusing on flexibility in operations, Quality, Safety, Total employee involvement etc., linked with variable payment for Associates. Bonus/Ex-gratia for FY 2022 concluded and a memorandum of understanding was signed covering eight manufacturing plants.

Learning and Development

We invest in learning and development programmes to ensure that our employees are continuously progressing in their careers and shaping our collective future. Defining the “The Ashok Leyland Way” and the purpose of “Transforming Lives & Businesses through Leadership in Mobility” was cascaded to executives in the organisation through selected Culture Champions, who were trained on ‘The Ashok Leyland Way’- Purpose, Culture and Values workshop. This was further reinforced through a sustained ‘internal’ communication campaign.

We carried out various leadership and technical training programmes for our employees and workers during FY 2022-23, such as AL’s Emerging Leader Programme (ELP) and Young Talent Programme (YTP). These programmes help in identifying and grooming high-potential executives among our permanent employees to take on higher responsibilities as they grow into the mid to senior levels.



We focused on developing future ready skills through targeted Learning and Development initiatives.

We have introduced a digitalised monthly calendar that provides insights on programmes planned for the month. The categories covered include personal effectiveness, health and wellness, people managers sessions, technical skills etc.

Quarterly learning sprints are planned to engage and encourage learners through contests and leader boards. The sprint is a weeklong event in which multiple learning sessions and opportunities are planned for the learners. Top learners in each location are rewarded and recognised.

Average Training hours for Executives in FY 2022-23				
	Permanent Employees	Male	Female	Combined Average Training Hours
1	Top Management	3.29	-	3.29
2	Senior Management	8.2	6.2	8.2
3	Middle Management	19.8	18.14	19.7
4	Junior Management	50	110	54

STEP – Strength | Transformation | Empowerment | Purpose

- is a learning intervention for women to think big and act big. The entire programme provides women with skills that will help them to grow in their careers.

Gamified Simulations – The new age learning: Gamified simulations on different topics such as Agile way of working, Design thinking, building trust were conducted where participants are taken through details of a topic and then given opportunities to practice their learnings in a simulation.

Bookmarked: A book review series where learners share insights about their favourite book.

Leader's talk sessions: Leaders take sessions on various industry topics and share their expertise with the employees.

For the AL-Young Talent Program (AL-YTP) & AL-Emerging Leaders Program (AL-ELP), executives underwent a three-stage assessment process. They are now engaged in a yearlong development journey, including business critical projects, peer learning, outbound – experiential learning, leadership interactions. This programme has become aspirational and competitive over time. The selection for FY 2022-23 involved aptitude, business acumen, case studies, role play and behavioral assessment.



As part of the Learning journey, AL – ELP's have undergone a two-day outbound activity focusing on business leadership skills. The overall learning journey consists of all round development with immersive projects, leader sessions, inputs from top tier institute partners, CSR, and more. AL - ELP's have kick started the leadership development programme with IIM A, two tranches are completed with IIM A. They have undergone sessions on strategic development, Mentoring journey, financial sessions etc.



As part of Learning journey, AL - YTP's have undergone a 1-day outbound activity focusing

on functional leadership skills. They have kick started their leadership development programme with XLRI, 2 tranches are completed. They also undergo structured Behavioral coaching session on competencies self-awareness, Impactful communication etc.

Continuing the journey of problem-solving to achieve process excellence

We developed and customised training modules on application programming interface (API), Business Process Standardisation (BPS), and Business Process Improvement (BPI) by benchmarking with best-in-class organizations. Trained executives are deployed across various process improvement projects regularly to address chronic issues which include customer and stakeholder pain points to improve their satisfaction levels.

Over 1,351 projects resulting in 106.8 INR crores were completed in FY 2022-23.

Financial Savings in Cr. (APS,BPS & BPI Projects)

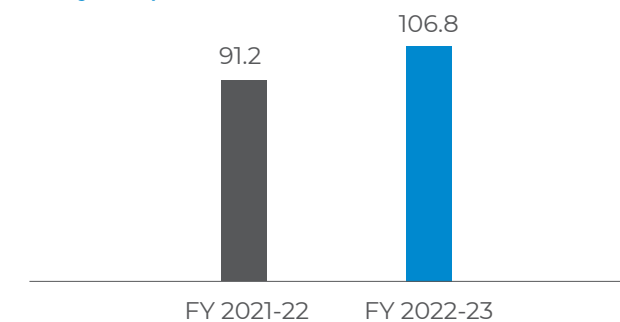


Fig: Financial savings achieved through APS, BPS and BPI projects.

No. of certified Green Belts (cumulative)

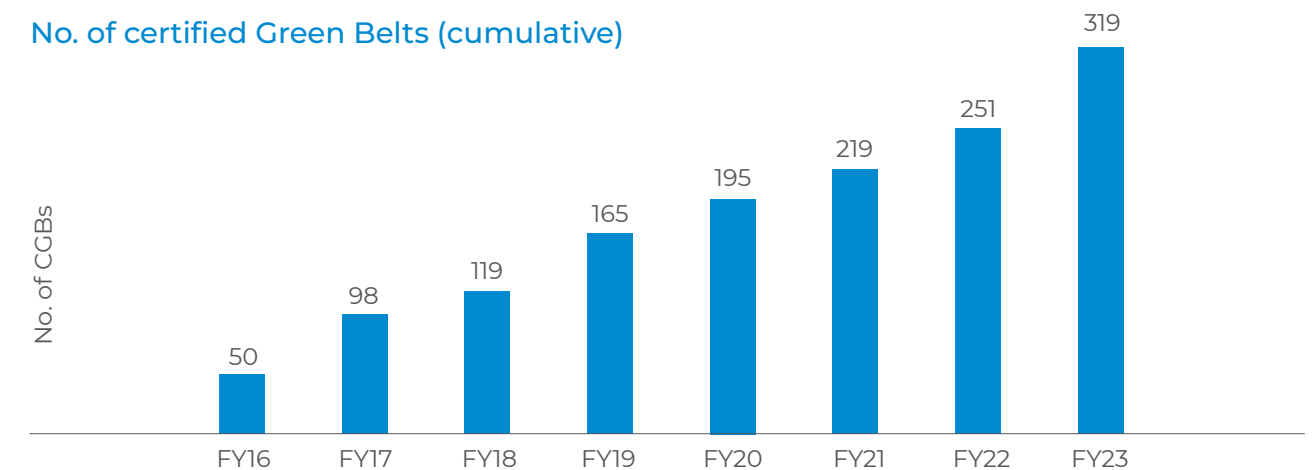
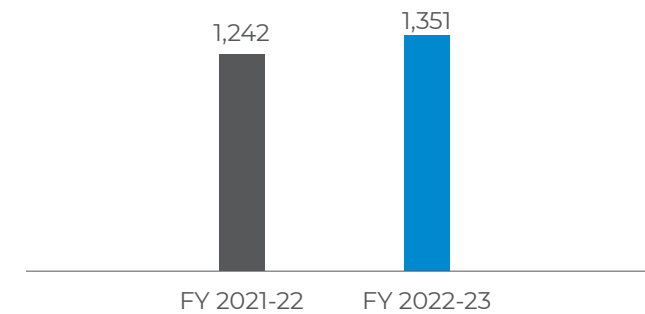


Fig : Total employees with certified Green Belts over the years

Total No. of Problem Solving projects (APS, BPS & BPI) closed



To create a pool of problem-solving experts as part of our problem-solving continuous engagement model. Executives who have closed at least 2 APS projects and successfully cleared CGB examination are awarded "Certified Green belt (CGB)". We now have a cumulative of 319 Green belts in Ashok Leyland. The Black belt program started in FY 2020-21 with the objective of addressing high complex and high impact business problems through a structured, data based, time bound approach to ensure optimum and sustained results. 12 executives were trained under Black belt program in FY 2022-23. 24 projects got assigned to the batch, among which 13 projects has been successfully completed with a recurring savings of 17.41 INR Crores and opportunity savings of 107.84 INR Crores.

As the gig economy becomes more mainstream, we try to engage with both our permanent and contractual workers through specialised programmes. Topics like behavior-based training on safety, environmental health, and safety, basics of hand tools, BS VI awareness programme, POSH, department-specific skill upgradation, quality initiative, and basics of Total Quality for Business Management (TQBM) were covered. As part of our sales team training, we conducted an online training course for Amazon in September 2022, which was greatly appreciated. We have also managed to seamlessly adapt to virtual platforms and provided extensive learning and certification choices to our employees. To close the skill gaps in our teams and provide employees to reskill themselves we give access to the LinkedIn learning. LinkedIn Learning is an online learning platform that provides courses for software, creative, and business skills. The trainers are industry experts. This year, we had 878 employees complete 8,867 certification courses through 10,529.95 learning hours.

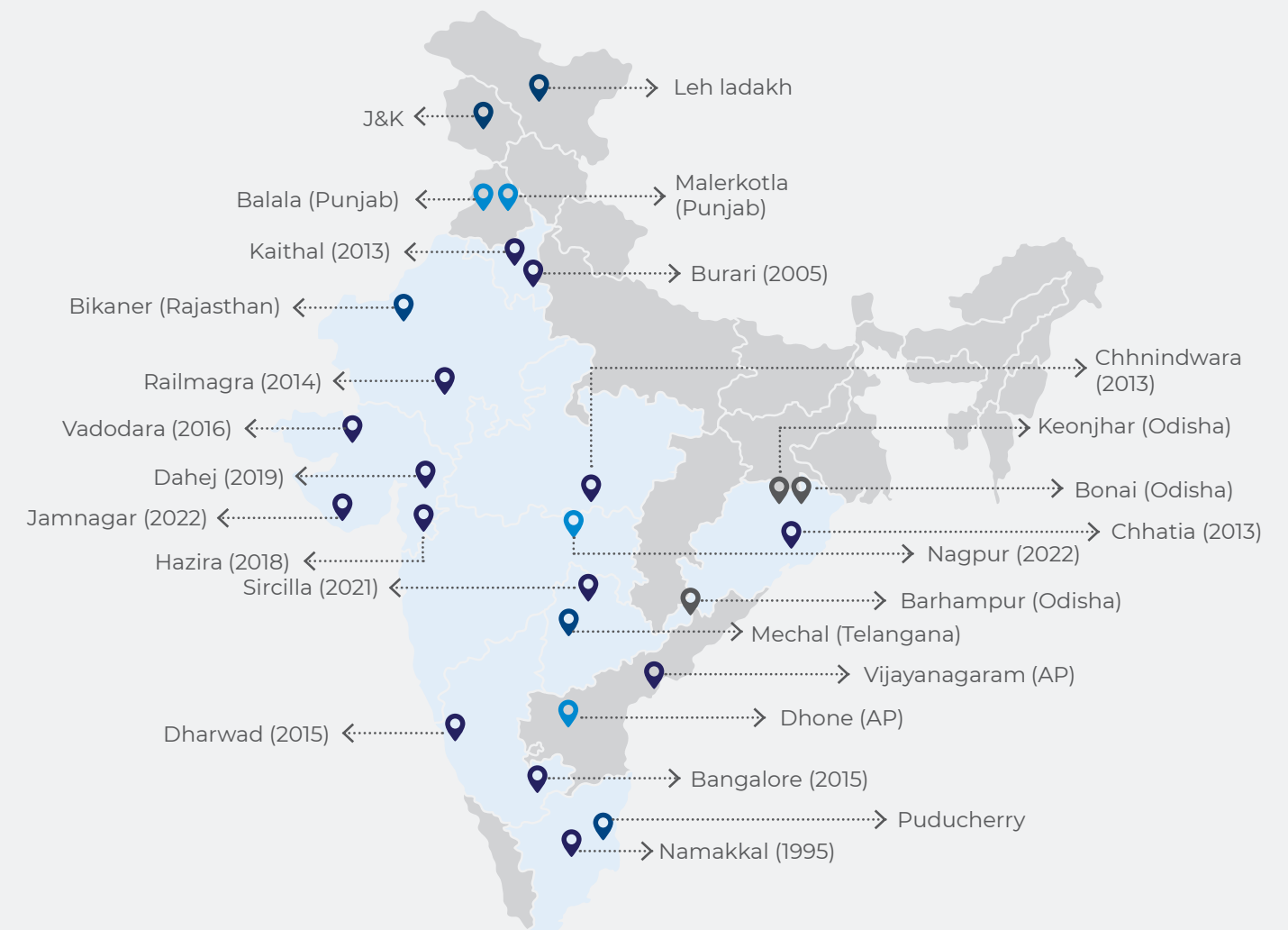
Driving Training Institutes (DTI)

Over the years, our Driver Training Institutes have evolved as Centers of Excellence, where the philosophy is to prepare drivers for life – both on and off the road. We conduct trainings for our drivers that work for us or are present in the community. At present, we operate in 20 locations across India and cater to 2.5 lakh drivers annually.

- In FY 2022-23, we trained 264,885 drivers on BS VI Technology, precautions during downhill driving, defensive driving, fuel saving, etc. through online or at site or virtual modes (Physical – 198,993 & online – 65,892). We also provided placement support to the driver trainees so that they are gainfully employed. In FY 2022-23, we supported the placement of over 6,086 drivers through recruitment drives at DTIs.
- Health check-ups were conducted for 42,236 drivers through Mobile Medical Units.
- 45 AL dealer Driver Trainers were trained under the Train the Trainer Programme this year.
- We work towards women empowerment and in association with various state governments and private entities have trained 480 women drivers during this financial year on Light Motor Vehicle (LMV) or Heavy Motor Vehicle (HMV). Most of them have been employed by State Transport Utility (STUs) and private players.
- We conducted awareness campaigns on Road safety in association with the Regional Transport Office (RTO), traffic police at road junctions, transport hubs, and various institutions. During FY 2022-23, we carried out 361 activities to spread awareness on road safety.
- Currently, we are managing 13 DTIs across India and have trained cumulatively 21 lakh drivers. Additional three DTIs are ready for operations from next year and construction work of four DTIs is ongoing.



Spread of DTI Locations of current and upcoming DTIs



- 📍 Active DTI's (13)
- 📍 Ready for Commissioning (Current FY) (03)
- 📍 Work in progress
- 📍 Under proposal

Service Training

We have renamed the Service training Center as Technical Training centre and we have 12 Training centres PAN India handling all the technology out of which 3 centres were started in FY 2022-23 covering 843 training programmes engaging 8,842 participants in FY 2022-23.

Last year we have started training for Dealer Sales and Parts team, focussing on technical skills. And this year, we trained around 715 Dealer sales executives and 158 dealer parts executives. We deployed 36 onsite training Van PAN India focussing more on onsite training for KAM customers, project customers and STC technicians. 11,867 mechanics trained through Onsite Training covering Channel, MITR, Customer, State transport undertaking (STU).

We have developed training module in house both on digital platform and presentation modules.

Sales Training

As part of Sales training 9,315 Dealer Sales Executives and 984 Ashok Leyland Sales executives were trained. Refresher Product trainings at STCs were conducted for AL and Dealer Sales Teams.

Performance Evaluation

Our evaluation mechanism is mainly governed by the terms of long-term settlement which entails the engagement time, productivity, quality, and safety parameters. These practices foster a healthy work-life balance and well-being of our employees. Regular performance and career development reviews were conducted for 100% of our employees during the reporting period. To address the challenge of rising skill gaps and the need for reskilling and upskilling, we are focusing on internal mobility (horizontal and vertical) that will offer growth opportunities to current employees while uplifting their motivation to work more efficiently with us.

Employee Engagement

At Ashok Leyland, we prioritise employee engagement and have implemented various initiatives to foster a positive and inclusive work culture. We conduct an employee pulse survey

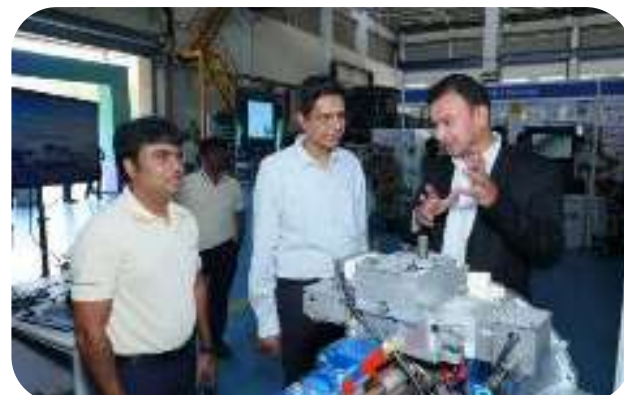
known as ViBE every two years. This survey gathers responses from over 95% of our workforce. Based on last year's survey results, we shifted gears and adopted a strategy revolving around three engagement pillars namely learning and development, health and wellness, and family engagement. We continue to engage using virtual platforms with remote teams, to ensure flexibility in working mode options, create a virtual community, and host online team-building activities.

We embarked on various employee engagement activities where employees participate with great eagerness and zeal. Activities include amongst many viz: environmental awareness quiz, Mother's Day celebrations, family connect programmes, Safety at work which keeps all group of employees engaged and motivated.

Technology Day Celebrations

The Tech Day celebrations have evolved from a half day event to a month-long activity, offering a larger platform for the Product Development engineers to showcase their engineering talent and expertise. This expansion recognizes our engineers' contributions and provides more time for intensive project development, in depth demonstrations and knowledge sharing. The theme of Technology Day 2023 was Smart and Sustainable Mobility. Overall 19 exhibition stalls were displayed by the Design team, Aggregates team, Engines team, Validation team, and Defence team, demonstrating their capabilities, innovations, and future readiness.

This year, we extended the exhibitions to employee's family members in February and received an enthusiastic response from employees and their family members. A whopping 850 (employees + family) members visited the Tech Day stalls in VVC and got benefitted.



Human Rights

We ensure to follow all applicable laws and regulations on human rights and no instances of discrimination or human rights violations were recorded in FY 2022-23. In FY 2022-23, we conducted training programmes for our employees and workers wherein, 100% of our permanent and contractual workers and 85% of our permanent employees participated. 100% of our offices and plants were assessed for any violations of child labor, forced or involuntary labor, and discrimination. We also promote freedom of association, worker participation and collective bargain for our employees.

Grievance Redressal

We have established a dedicated committee that takes care of grievance redressal. The Committee comprises of functional heads and senior

management members, who ensure effective resolution. In FY 2022-23, 18 complaints were filed towards working conditions and one on health and safety by employees and workers. There are no cases pending for resolution at the end of the year. Additionally, 13 complaints were filed during the year by shareholders, and all have been resolved. We received 1,041 complaints from customers of which 179 are in the process of being resolved.

The People Red Book is a guidance manual made available for our employees to seek fair treatment and timely resolution of complaints. Additionally, it ensures that all our employees are aware of the grievance redressal mechanism.

To foster a safe and harassment-free work environment, we have developed a comprehensive POSH (Prevention of Sexual Harassment) Policy. This policy is supported by a dedicated Internal Compliance Committee, for the purpose of nurturing a work environment that is safe and to deal with any incidents that may arise in the future in a just and transparent manner. This Committee works with an HR representative, to address complaints related to sexual harassment. This year, we received 2 complaints, all of which were addressed and resolved, reaffirming our commitment to maintaining a workplace that prioritises the well-being and dignity of all employees.

It also ensures dealing with any incidents that may arise in the future in a just and transparent manner.





Ganesh Mani S
President & Chief of Operations

As a 75-year 'responsible' organisation, our unwavering commitment remains to steer our sustainability endeavours in every facet of operations, with a laser focus towards reducing our operational emissions, championing safety as our top priority, and wholeheartedly embracing clean technologies. We're dedicated to bolstering our operational model across the entire value chain while emphasising the critical importance of enhancing environmental sustainability and safety. This resonates deeply not only within our teams but also among our valued suppliers and vendor partners. We firmly believe in adopting innovative solutions that seamlessly weave together digitalisation, technology and sustainability.

Occupational Health and safety

Safety is our priority, and we believe that any loss of life or serious injury in the workplace is unacceptable. Our target is zero, so that every person who enters our facility leaves safe and unharmed.

We have established a well-defined Environment Health and Safety policy and a robust management system. Our monitoring plan, operating with a multi-year approach, ensures the effective implementation of the EHS policy. This system is designed in accordance with the Plan-Do-Check-Act (PDCA) cycle of continual improvement. This PDCA cycle includes the undertaking of assessments of various risks such as workplace risks, fire risks, process safety, ergonomics machinery risk, occupational health, chemical risks, and so on. We have also institutionalised an EHS system which is adopted from the global safety processes and policies. All our plants and offices are ISO 14001, and ISO 45001 certified.

For seamless execution of the EHS system and driving best EHS practices across Ashok Leyland, 'Corporate EHS Function' has been formed. As part of setting up benchmark safety standards, our Company identified the Foundry Sriperumbudur plant as a model plant and rigorous actions are in progress with commitment across all levels from workman to senior-most executive. Our Company has instituted rigorous monitoring and review mechanism of EHS performance through the EHS council meetings (inclusive of a Board member) monthly. Health & Safety is monitored through tracking of leading and lagging indicators.

As we are committed to enhancing the EHS process maturity all our manufacturing plants were assessed by CII on EHS process maturity which laid a foundation for learning and securing 13 CII EHS awards (3 – Gold, 4 – Silver, 2 – Bronze and 4 – special category) as part of the EHS excellence.

Through participation in various forums, our Company continues to re-evaluate and assess our performance to reach the next level.

Approximately 100% of all employees and workers who are not employees but whose work and/or workplace is controlled by the organisation are covered by such a system and this is internally and externally audited. We also expect our suppliers to have occupational health and safety management systems that are compliant with ISO 45001 or its equivalent.

We update our rigorous safety procedures every year to reflect technological advancements and create a workspace that encourages the all-round development of our employees. Regular external audits, risk assessments, and hazard identification exercises are conducted to minimise the inherent risks of our operations for permanent and other workers. For example, all our employees and workers are involved in proactively identifying and addressing potential safety risks. At the townhall meetings, the safety committee allows the relevant personnel to peruse any audit findings, safety concerns, progress on EHS targets, and safety

strategy at large to take remedial measures, where needed. During FY 2022-23, 100% of our employees and workers were trained on safety.

Safety Risk Assessment

For any safety-related incidents, proper investigation with a detailed 6M (Man, Machine, Method, Material, Measurement, and Mother Nature) and Why-Why analysis are conducted to identify the root cause. Post these appropriate corrective actions implemented in all applicable areas. The Hazard Identification and Risk Assessment (HIRA) is carried out on various activities and control measures are planned to mitigate risks according to the hierarchy of controls.

As per the hierarchy of controls, the elimination of hazards is the most effective control and followed by the substitution of hazards, engineering controls, administrative controls, and use of personal protective equipment (PPE). Further, a report on the action taken is submitted by the concerned stakeholder.

During the reporting period, recorded work-related injuries are as follows:

Safety Incident/Number	Category	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) (per one-million-person hours worked)	Employees	0.06
	Workers	0.05
Total recordable work-related injuries	Employees	3
	Workers	20
No. of fatalities	Employees	0
	Workers	1
High-consequence work-related injury or ill health (excluding fatalities)	Employees	0
	Workers	2

“Ashok Leyland is unwavering in its dedication to fostering the development of children, ensuring a better future for today's youth, and tomorrow further fulfilling our aim of **Koi Bachcha Peeche nahin.**”

Empowering our communities

Ashok Leyland since its inception has been committed to creating a positive impact on society by focusing on community upliftment and social welfare. To promote comprehensive growth and development in children, ensuring equal opportunities for both genders and enabling them to thrive within their community by offering them viable avenues for income generation. We at Ashok Leyland, along with fostering innovations and economic profitability, focus on engaging with the community to create long-term value. We aim to create a synergistic relationship with the community by supporting them in education, health and wellbeing, access to water, and livelihood opportunities. We have further developed our Corporate Social Responsibility (CSR) in coherence with specific requirements as mentioned under Section 135 of the Companies Act, 2013.

Ashok Leyland is unwavering in its dedication to fostering the development of children, ensuring a better future for today's youth, and tomorrow further fulfilling our aim of **Koi Bachcha Peeche nahin.** Our initiatives include a wide gamut of programmes promoting our objective mainly focusing on educating students, providing livelihood opportunities, developing infrastructure for the community, conducting awareness programmes, water management, and restoration programmes for the well-being of communities, and further focusing on health and well-being of the society. By expanding our initiatives and reaching more beneficiaries each year, we are making a substantial and lasting impact on the communities we serve. This approach demonstrates our commitment to sustainable development and improving the overall well-being of society. We aim to implement innovative and impactful programmes through collaboration and partnerships that will not only impart value to the community but also to the company. In FY 2022-23, we spent INR 15.16 crores on our CSR activities.



Key focus area Community Development



Chief Minister Reward for best CSR Initiative: Tamil Nadu Government

endeavors towards transforming the community and creating unlimited opportunities, we are actively working towards building a sustainable community.

Contribution to SDGs'

By diversifying our efforts from Road-to-School initiatives (RTS) and health and well-being to water initiatives and awareness programmes, we are addressing a wider range of social and environmental challenges. Viewing community growth and improvement as an opportunity for our company, Ashok Leyland, reflects a strong commitment to sustainable development and the welfare of the community in which it works.

Aligning our CSR efforts with the Sustainable Development Goals (SDGs) demonstrates a comprehensive and impactful approach toward sustainability. By directing all our energies and



Aligning with SDG's

Impact assessment and evaluation

Our initiatives are focused in the areas of education, health, and water targetting on vulnerable communities based on their needs. Communities and NGOs can further reach through emails and corporate inbox secreterial@ashokleyland.com for any grievances. For FY 2022-23, the Madras School of Social Work conducted a Social Impact Assessment to assess and evaluate the impact generated by the various projects undertaken by Ashok Leyland. The assessment reflected the improvement in foundation literacy and numeracy by 15 to 20%

Road to School (RTS) Initiative:

We at Ashok Leyland, believe access to quality education is crucial to unlock potential and further seize the opportunities rising in the future for the youth. Our initiatives like Road to School and Road to Livelihood provide quality education and job opportunities to vulnerable and rural communities.

Since our humble beginning in August 2015 with 36 government schools in and around Hosur, today,

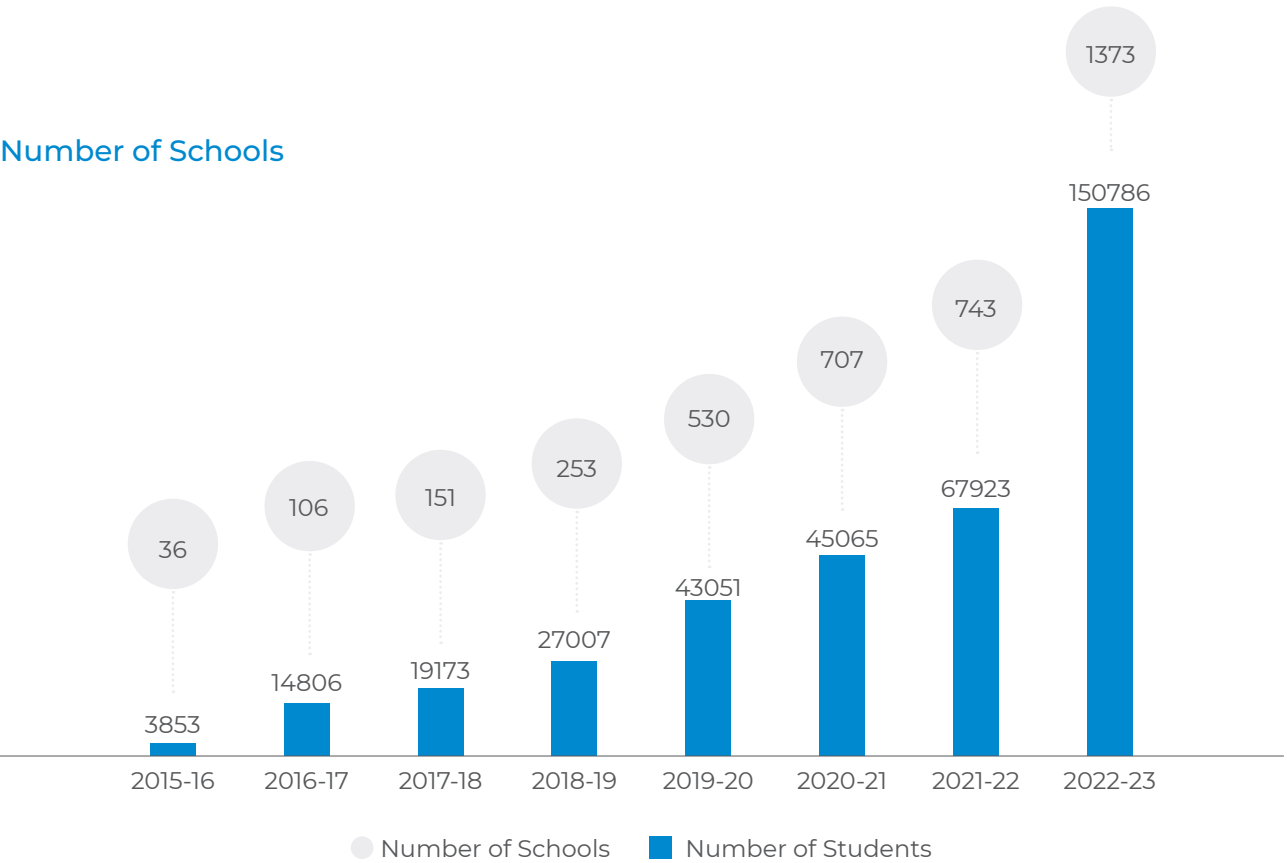
we have a presence in 14 districts across 5 states impacting 150,786 students in 1,373 schools.

Our success journey: RTS

Road to School is a Global Programme aligned with the United Nations Global Sustainable Development Goals and to the National agenda of improving the quality of education, health, nutrition, and social and civic awareness amongst underprivileged children from Government Schools. We are proud to share that the coverage of the Road to School and Road to Livelihood program expanded from 96,750 students to 150,786 students, benefitting communities covering 5 states in India. Our CSR efforts have presence in 3 aspirational districts (Baramulla, Kupwara, and Uddham Singh Nagar) and further aspiring to cover more districts in the next financial year for the following districts:

- 1. Ranchi – Road to School Program in the Year 2024-25
- 2. Ramanathapuram – the year 2023-24 we plan to do health initiatives through Mobile Medical Unit

Number of Schools



1,50,786
Students Benefited



1,373
Schools Impacted

Jammu & Kashmir

7,389 Students
72 Schools
Since 2021

Rajasthan

316 Students
03 Schools
Since 2018

Maharashtra

310 Students
2 Schools
Since 2019

Assam

10,467 Students
82 Schools
Since 2022

Tamil Nadu RTS

95,782 Students
1080 Schools
Since 2015

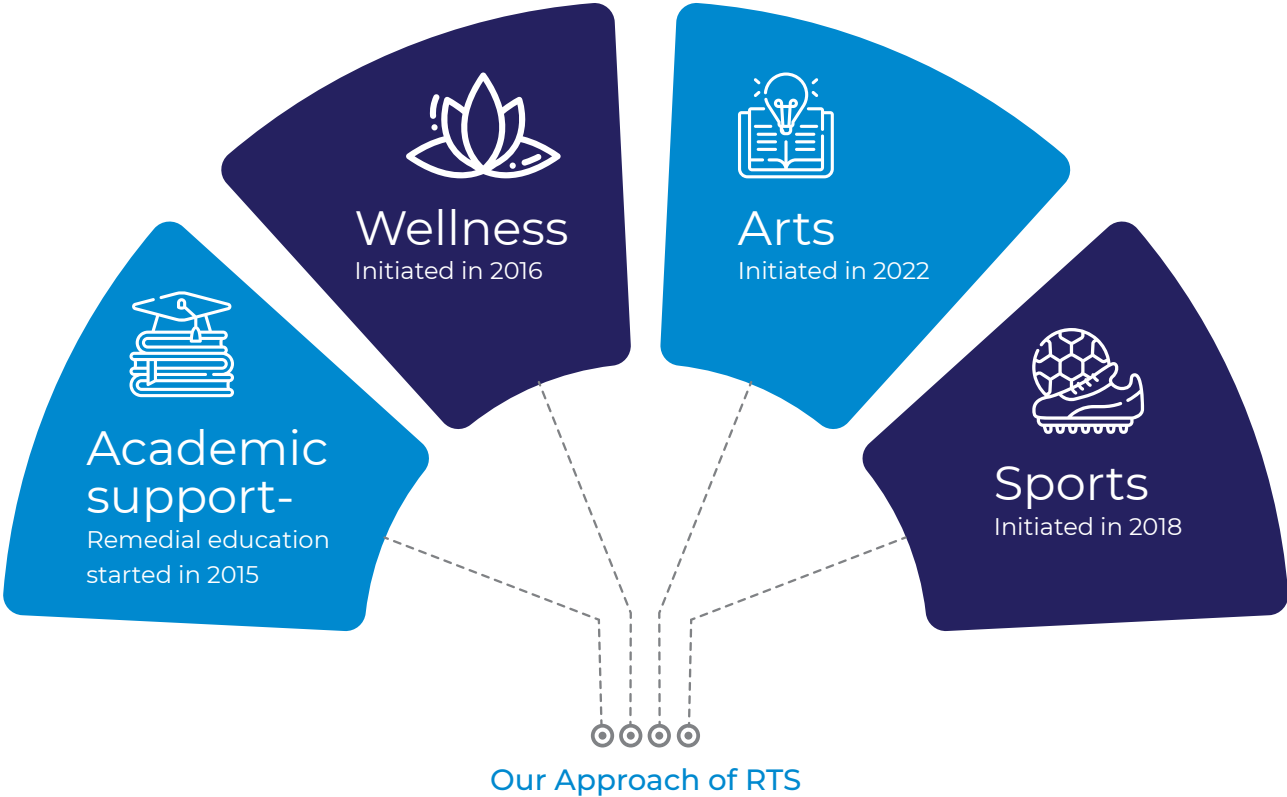
Tamil Nadu RTL

36,522 Students
134 Schools
Since 2022

Our RTS initiative presence across India

Road to School initiative is a comprehensive and impactful initiative started to foster holistic child development. The initiative focuses on

aspects including remedial education, improving learning levels, health and well-being, and life skill education, especially for students of primary and secondary schools.



Education Indicators	National Average	Road to School
% of children not enrolled in schools	4.6o%	o
School dropout rate (Grade 1- 8)	14.7%	o
Child labour percentage	4.6o%	o
Transition from grade 8 - 9	79.50%	97%
Grade 10 completion	83%	98%
Grade 12 completion	95%	98%
Girls dropout rate after grade 10 (government schools)	22%	5%

RTS: Education indicator

RTS learning interventions in Tamil Nadu have enabled improvement in proficiency level in Foundational Literacy of students in grades III, V, and VIII. Compared to baseline numbers of 38%, 54%, and 62% of students from classes III, V and VIII being proficient in Foundational Literacy, the end-line assessment indicates improvement to 40%, 72%, and 89% respectively.



Activity based Learning

While 29%, 69%, and 94% of RTS students in grades III, V, and VIII respectively are at the proficient level in Foundational numeracy as compared to the baseline of 24%, 43%, and 71% of students in the same grades. Also, the pass percentage of RTS students who were coached to take up the National Means cum and Merit Scholarship Scheme Exam (NMMS) accelerated to 8.4% as compared to the state average of 3% in 2022-23. Out of our 2,249 RTS students, 189 passed the NMMS Scholarship exam.

RTS Highlights

Transition rate of RTS students from grade VIII to IX improved to 98% as compared to the National average of 80%.

Foundational Literacy

An overall increase of 12% number of children in Proficient level compared to baseline study and 25% reduction in the number of children in beginner’s category compared to baseline study was observed.

Foundational Numeracy

An overall increase of 17% in the number of children in Proficient level compared to baseline study and 28% reduction in the number of children in beginner’s category compared to baseline study was observed.

Enabling Continuity in Education via Scholarships

The objective of the NMMS scheme is to award scholarships to meritorious students of economically weaker sections to prevent their dropout in grade 8 and encourage them to continue their education and complete high school. Scholarship of INR 2,000/- per annum (INR 1000/- per month) per student is awarded to selected students every year to study in grades 9 to 12 in State Government, Government aided and local body schools.

We also conducted a teacher enhancement programme under Road to School initiative at Dibrugarh, Assam in December 2022. The programme aimed to enhance the teaching capacity of Government School teachers through capacity building, thereby improving their teaching effectiveness and impacting the learning level improvement of students in Foundational Literacy and Numeracy (FLN). We have further developed a comprehensive Teacher Competency Assessment tool based on the National Council of Educational Research and Training (NCERT) framework for Assam, the programme covered 82 schools and benefitted 10,000 students.

The Road to School initiative intervention in J&K covers 72 Schools, reaching out to 7,000+ Students. Under this initiative, the learning improvement of the children is being addressed along with sports and wellness initiatives. Focus is also given to the parents as part of stakeholder management by strengthening the Parent Teachers Association (PTA) in 72 schools. In the academic year learning levels improvement was assessed by End Line, indicating that the number of children in the proficient category has increased from 3% to 61% in Literacy and from 4% to 63% in Numeracy.

The RTS team further in collaboration with the principals, teachers, and the community, conducted a door-to-door survey and enrollment campaigns, resulting in bringing back 28 school dropouts and facilitating 931 new admissions as part of the RTS initiative. 3 of the RTS students won gold medals in Khelo India initiatives at the Zonal and District levels.



Khelo India Initiative

EDUCATED & SKILLED

- 20-30% improvement in literacy and numeracy
- 20-30% remedial students mainstreamed every year
- Over 12,000 students reverse migrated from private schools to RTS schools
- 15% improvement in overall school ratings every year

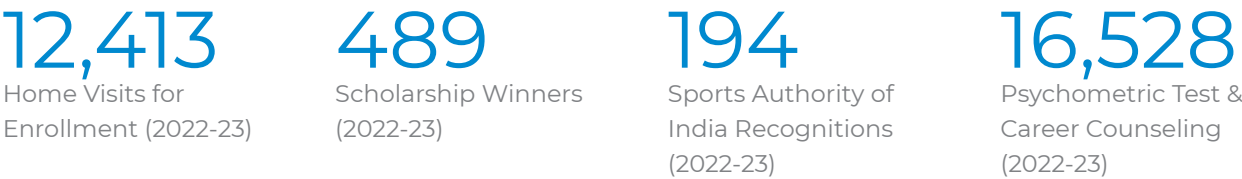
HEALTH

- 100% improvement in health and hygiene parameters
- Pioneered breakfast meals - facilitated 1 million plus meals in 2 years (Now adopted by state Govt.)
- Pioneered structured sports and art interventions for the first time.

INCLUSIVE

- 98% transition rate from middle school to high school including girls
- Over 800 rural youth employed as teachers in remote schools

Community involvement to promote ownership



Infrastructural development

As part of our MoU with the Government of Uttarakhand under the Road to School initiative, we successfully completed the upgradation of infrastructure in seven schools located in the Udham Singh Nagar District.

Road to Livelihood

We at Ashok Leyland aim to impact youth preparing them for the future to be an abled individual potential enough to attract livelihood opportunities. The Road to Livelihood programme focuses on preparing students from class IX to XII for life beyond school. This programme was officially launched by the Minister for Education, Government of Tamil Nadu. The Road to Livelihood intervention covers 133 High and higher secondary Schools and reaches out to 36,000+ Students.

In line with our commitment to empowering students, we conducted training sessions for 105 senior resource persons and 88 government school teachers. These individuals were certified as career mentors for providing effective career guidance through a train-the-trainer model, in collaboration with a professional career counseling organisation. Additionally, over 15,000 students in grades X and XII underwent psychometric assessments and received face-to-face career counseling sessions, accompanied by their parents. This comprehensive approach enabled them to make informed decisions regarding higher studies and career paths. Furthermore, we extended our efforts to train more than 35,000 students in digital literacy, equipping them with essential skills for the digital age.



Key focus areas of RTL



Career guidance



Adolescent Wellness

Implementation will begin 2023



Spoken English

Implementation will begin 2023



Digital literacy

RTL STUDENT MOVEMENT- GRADE 12

- In Krishnagiri District, 84% of students who passed grade 12 have opted for higher education
- In Thiruvallur District, 57% students have passed the 12th grade exam and 53% of students who passed the exam have enrolled for higher education/ vocation training.
- In Namakkal and Salem district, 73% of students who have passed the exam have enrolled for higher education.
- The team is tracking the students who have not appeared for the exam or failed and ensuring that they rewrite the exam to continue higher education or enroll in suitable vocational training course

ITI set up in J&K

Ashok Leyland signed an MoU with the Director of Skill Development with the objective of setting up of Centre of Excellence for Automotive Technology in two institute locations in the state J&K namely (1) Kathua for Jammu and (2) Badgaam (Srinagar) for Kashmir province in the year 2020. There are 35

Industrial Training Institutes where in Automobile related courses are being offered to the students in the discipline of Diesel Mechanic and Mechanic Motor Vehicle spread in the Kashmir and Jammu provinces.

Case study

Through the utilisation of a Mobile Medical Unit, we partnered with the German Leprosy Research Association to conduct health screening and awareness programmes in Namakkal. As a result of this initiative, over 4,000 drivers were able to benefit from the services provided.

Health and well-being initiatives

Prioritising health and social well-being as a key component of our CSR activities demonstrate our commitment to the welfare of individuals and communities. We under Health and well-being initiative conducted awareness programs in 380 communities of Tamil Nadu on seasonal epidemics such as dengue, conjunctivitis, and malaria where over 14,000 community members benefitted.

The RTS team conducted 29 medical camps and 13 eye camps in remote communities without access to affordable healthcare. The initiative benefitted more than 5,400 members. District Medical officials along with project associates of social development created awareness of enrolment camps for Individuals with Learning disabilities. More than 160 students were able to receive differently abled certificates through this initiative.



Jal Jeevan: Water Initiatives:

Water conservation and access to clean drinking water are crucial aspects of environmental and community well-being. Hence, at Ashok Leyland, we have initiated a water management and water body restoration programme for better water optimisation for communities. The project aims to provide and create water resources for the community through sustainable water conservation techniques.

Sustainable Water Management Project (SUJAL), Alwar

As part of our commitment to Sustainable Water Management, we launched the SUJAL project in 11 villages of Alwar, Rajasthan. Throughout the year, we constructed 150 roof rainwater harvesting tanks, resulting in a collective water storage capacity of 2,261 cubic meters. This initiative has directly benefited over 2,000 individuals within the

community, ensuring access to a reliable water source. Additionally, under our Sustainable Water Management Project, we successfully revived two ponds, benefitting a total of 11,545 family members. Furthermore, we extended support to 36 farmers by assisting in the installation of irrigation pipelines, covering 8,918.92 meters, promoting efficient water usage for agricultural purposes. Through our initiatives, we expanded our coverage from 1,045 households in FY 2021-22 to 3,075 households this year covering 21,655 people.

Implementing rooftop rainwater harvesting has greatly decreased the involvement of children almost by 78% in the task of fetching water leading to significant time savings. Annually, a total of 47,450 hours has been saved as a direct outcome of this intervention. As a result, each family now has the ability to save an average of 1.5 hours per day. This intervention had a profound impact on alleviating the burden of water-fetching and improving the overall quality of life for the community.

Physical Progress from Feb'20 to March' 23

PIPE-SPRINKLER SYSTEM

105 hectare

VILLAGE POND

04

PIPELINE SUPPORT

28,873 m

TOILETS

265

COMMUNITY RRWHS

21

MINI-SPRINKLER SYSTEM

45.80 Acre

BOREWELL / TUBEWELL

47

RRWHS

365

Strengthening Supplier Relationship

Our suppliers are essential to our operations and play a vital role in every stage of production, from sourcing raw materials to delivering finished products to our customers. We have established a sourcing vision to create a reliable and efficient supply chain that prioritises our customers and enhances our supplier relationships. Our supply system is bifurcated based on commodity domains – Castings, Forgings and Bar Machining, Sheet metal, Non metal, Steel and Proprietary domains. Our supply chain management team focuses on supplier capabilities, performance improvement, cost competitiveness, import indigenisation, local sourcing, capacity addition, technology partnerships, digital solutions, integration, and supplier relationship management. Additionally, our team places emphasis on environmental and social criteria, aligning our practices with sustainable principles.

We comply with all environmental and social regulations set by the local authorities. At Ashok Leyland, we have a large network of suppliers, and we encourage them to adopt the same sustainability standards that we practice in our organisation. We prioritise environmental and social risk parameters and have formal mechanisms in place to monitor and track our performance. We have identified critical suppliers in our organisation and categorised them as strategic partners. These strategic partners are up to date with our systems, governance, and technology processes and they comply with

sustainability-related risks. Many of them are suppliers to Indian Auto OEMs and global suppliers. During the reporting year, there were no negative impacts on the supply chain in Ashok Leyland.

Moreover, a Strategic Sourcing Council was formed in FY 2020-21 to create integration across functions and stay ahead of the curve. It is critical to identify strategic opportunities that deliver significant value and to set up adequate structures to gain a competitive advantage. The Council helps us sustain our relationships with our large suppliers and strengthen our valuable processes such as pricing, vendor capex, and new product development along with others. The Council's scope is to formulate frameworks for the Sourcing Policy, Governance, and Technology Roadmaps, ensuring effective and efficient sourcing practices throughout the organisation.

Strategies are created keeping in mind the changes in the Modular Business Programme and the adoption of BS-VI technology. The strategy focuses on four main areas: quality, cost, delivery, and management. A sourcing and supply chain dashboard is maintained to track progress on procurement practices and human rights. By analysing the data, we can identify areas for improvement and take appropriate actions to drive future growth and success.

We intend to map the value chain emissions arising from the suppliers towards creating the glide path towards Net Zero through carbon footprint reduction plan and utilisation of low carbon raw material such as Green Steel.

Partnering with New Suppliers

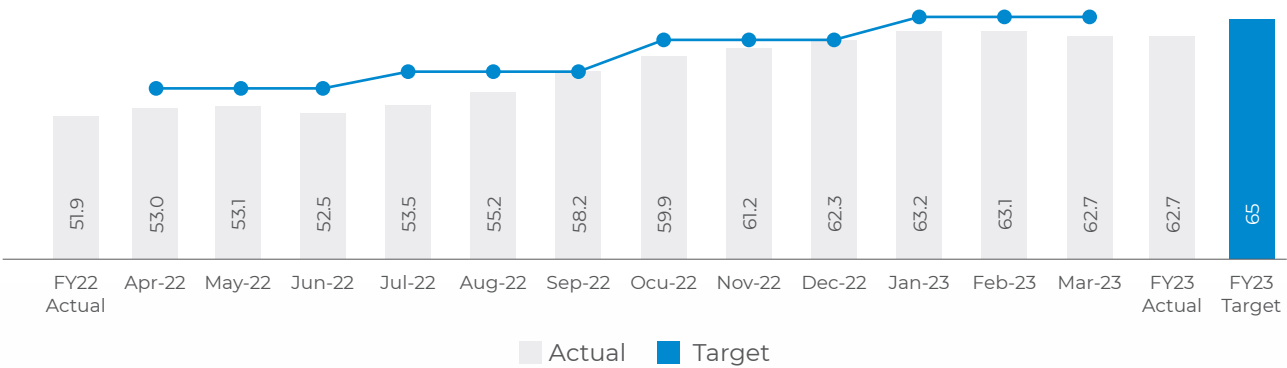
At Ashok Leyland, it is of utmost priority to consistently improve the quality and delivery processes in the organisation. We monitor and establish key performance indicators (KPIs) annually for our suppliers. The additional KPIs include cost saving, inventory accuracy, improvements in lead time, number of reportable accidents, and more. We ensure that our new suppliers abide by social and environmental norms, and we also set processes to keep an active check on them. New suppliers are screened for environmental and social parameters. Various such improvements were implemented whilst partnering with suppliers.

Key highlights:

- 97% effectiveness achieved in Production Part approval process for bulk approval.

- Our commitment to continuous improvement is evident with a substantial 9.6DPU reduction addressing the ALVES issues.
- An impressive weight reduction of 5Kgs achieved for A4 engine crankshaft
- Optimised logistics operations by directly supplying axle beams to Alwar and implemented a movement strategy for Bogie Brackets saving us 230 Litres of diesel per craftsman automation trip to AL Pantnagar.
- The Authentication of Supplier Quality reports saw a verification of 11,367 reports.
- Our 4M change management audit encompassed 75 suppliers, highlighting our dedication to improvement and excellence.
- Percentage Suppliers < 50 ppm KPI was improved from 55% to 65%, to ensure continuous improvements of supplier process robustness through waste elimination.

Percentage of suppliers <50 PPM



Quality

Upgrading Suppliers and Facilities

Implementation of New Packaging Standards

Cost

Value Analysis Value Engineering (VAVE) Initiatives

Competitive Price Management of Commodities

Delivery

Speedy Development using new Technologies

Strategic Inventory

Management

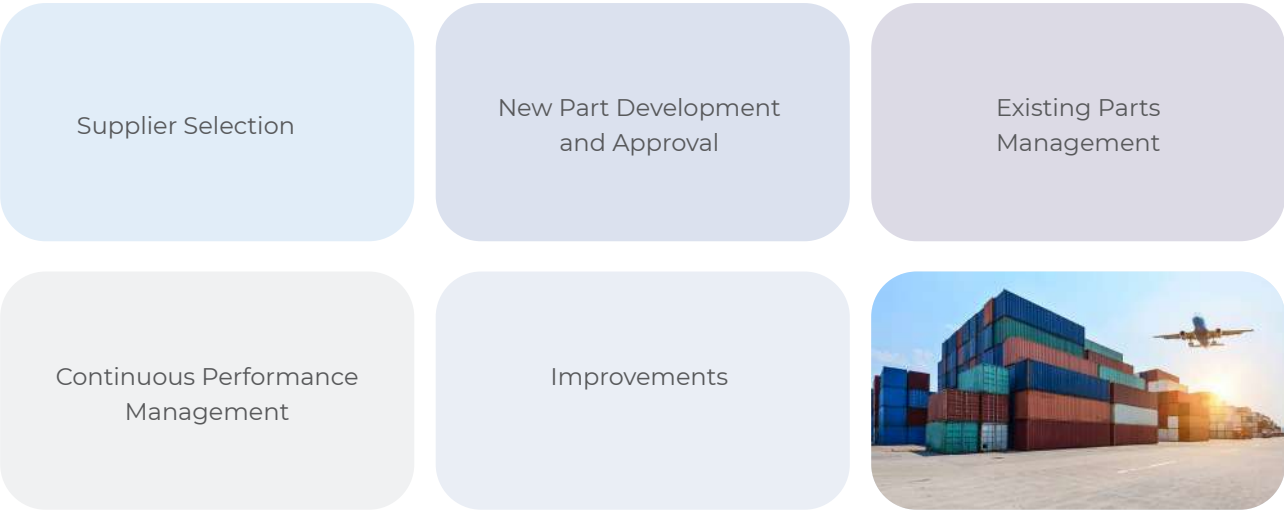
Engaging with New Technology Suppliers

New suppliers are assessed as per the Plan-Do-Check-Act cycle to ensure compliance with our standards. 100% of our new suppliers go through a screening process that is based on Supplier evaluation checklist which also has some of the environmental and social parameters. In FY 2022-23, during the new supplier induction, there have been no negative impacts observed in the supply chain. Furthermore, they are evaluated on other criteria in terms of economic performance such as manufacturing capability, delivery performance, management culture and governance, environment management, labour practice, legal compliance, occupational health and safety, and process capability.

Supplier Selection

We have adopted a formal system to conduct our supplier selection process. This process includes an onboarding exercise that is organised for all our new suppliers. This helps us understand the existing processes and practices of our suppliers and enables us to rate them as per our matrix. This enables us to assess vendors and select suitable partners to collaborate with them.

We have a total production vendor code count of 1,049 with a total business spend of INR 26,500 Crore. Out of this we have 52 MSME vendors with MSME certification (production vendors) with a business spend of INR 71 Crore. We have 550 small vendors who make less than INR 5 Crores turnover and the cumulative spend is INR 751 Crores. The percentage of input material parts sources from 550 small MSME's is currently 2.8%. Additionally, the percentage input material sourced from 52 MSME is 0.26%



Safeguarding Supplier Quality

Our engagement with suppliers is continuous and spans from the initial stages of collaboration to the final product readiness. We recognise that process capability plays a crucial role in ensuring the quality and reliability of our suppliers' products. To monitor and assess their processes and product quality, we have implemented digital monitoring systems. These systems encompass the production part approval process, production part quality management, and a 4M (manpower, machinery, materials, and methods) change management system.

We have established a Supplier Quality Improvement Cell as an institutionalised entity responsible for validating the quality of the parts. To ensure continuous quality assurance, we have implemented self-part revalidation processes. Furthermore, we closely monitor supplier Process Failure Mode Effect Analysis (PFMEA), supplier firewall defect control, and parts process capability. Furthermore, we have established critical quality parameters for our suppliers and conduct audits to monitor their progress. In the fiscal year 2022-23, we completed 75 4M Supplier audits that were previously identified.

To effectively manage our suppliers, we have implemented a structured quality management system that covers various stages which are mentioned below. These requirements are documented and communicated to our supplier partners through a Supplier Quality Manual.

As we strive to achieve a position in the Global Top 10 in the commercial vehicle industry, our focus in the fiscal year 2022-23 was primarily on improving the performance of each supplier. We specifically addressed potential failure modes and worked on enhancing the fit, finish, and aesthetics of the parts to ensure better quality.

At Ashok Leyland, we conduct two audits, namely the Ashok Leyland Vehicle Evaluation Standard (ALVES) and the Ashok Leyland Manufacturing Process Evaluation System (ALMPES). The details of these audits are provided below:

- I. ALVES is a product audit that assesses the outgoing product quality by benchmarking against global standards. It has been implemented in the Light Commercial Vehicle (LCV) segment since its launch and in the

Medium and Heavy Commercial Vehicle (M&HCV) segment since the introduction of BS-VI standards. Medium and Heavy Commercial Vehicle (M&HCV) is planned to benchmark with the Car Quality which is the first of its kind in the commercial vehicle industry.

In ALVES, there are 18 evaluation categories comprising static and dynamic with specific standards. Monthly evaluations are conducted for various parameters including fit and finish, NVH (Noise, Vibration, and Harshness), shower checks, aesthetics, electrical and electronics, dynamic performance, functionality, and driver ergonomics. The audit results are measured in terms of Defects per Unit (DPU) and are regularly monitored and reviewed for continuous improvement. There are different classes defined by the severity changing based on the location of the defects.



ALVES has also been extended to Fully Built Buses at VBCL and GTVS, as well as to SWITCH EV buses. The improvements derived from ALVES have enabled us to compete with products on a

global scale. Concerns identified through ALVES are stratified, and separate teams are assigned to work on reducing DPU. In FY 2022-23, we completed 264 manufacturing quality-related improvements.

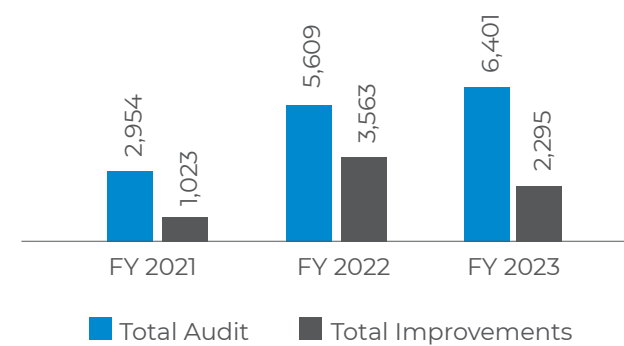
II. ALMPES, which stands for Ashok Leyland Manufacturing Process Evaluation System, is a methodology used to evaluate manufacturing processes in line with our vision to create products of global standards. Introduced in the fiscal year 2019-20, ALMPES has been implemented across all our plants and subsidiaries, leading to significant process improvements and enhanced product reliability. During FY 2022-23, ALMPES got registered under copyright, this will further enable us to deploy this concept to our vendors and other stakeholders. We have also developed digital ALMPES (in both SAP and Android) which will help us to improve the efficiency and effectiveness of the complete system.

ALMPES assesses manufacturing capabilities based on five pillars:

- P1 – Personnel
- P2 - Process/Method
- P3 – Materials
- P4 - Tools and Equipment
- P5 - Continual Improvement.

Each pillar is evaluated using defined check parameters and checkpoints. There are three cycles of audits completed annually. To ensure effective implementation, we trained a total of 136 auditors to conduct ALMPES audits across our operations. Over the course of the reporting period, we completed 14,964 audits across our plants, resulting in the implementation of 6,881 process improvements. The implementation of ALMPES has played a crucial role in enhancing our manufacturing processes and ensuring that our products meet global standards.

ALMPES Audit Vs Improvements Completed

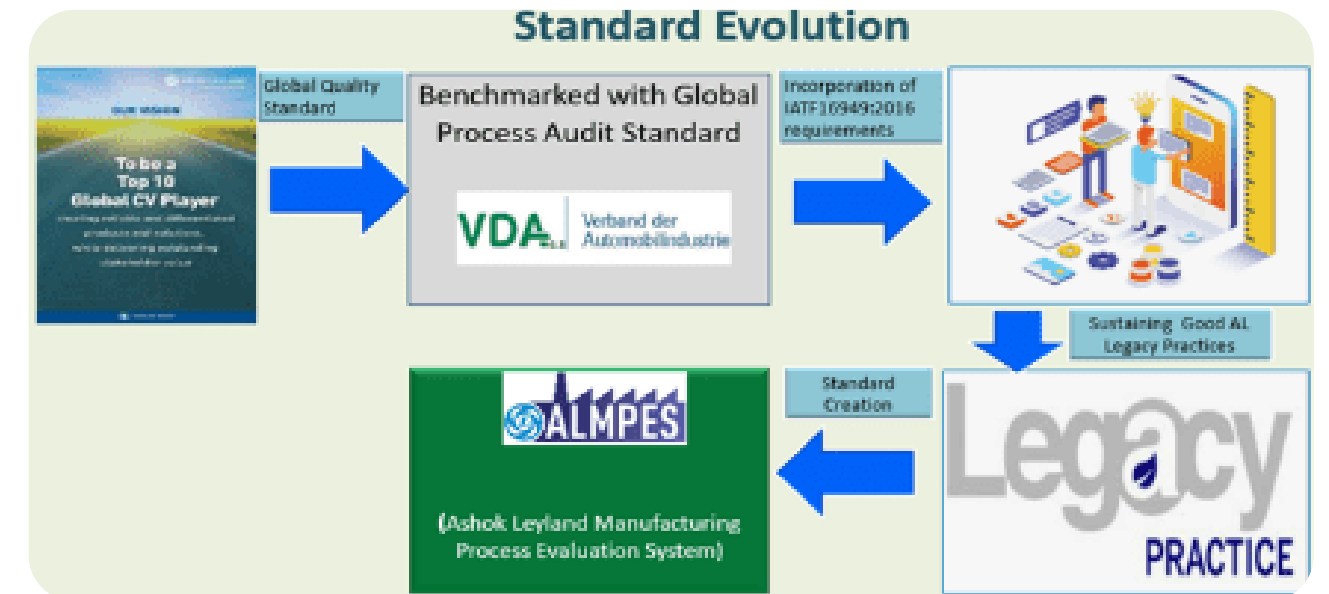
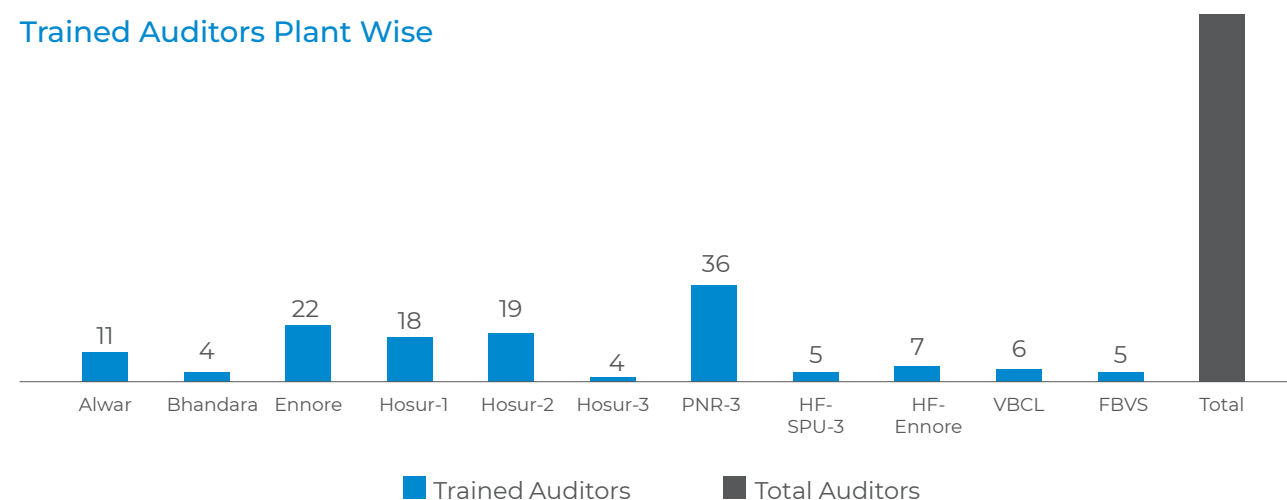


Assessment of Suppliers

We conduct two primary types of audits: Supplier Evaluation Audit (SEA) and Surveillance audit. The SEA is an annual scorecard-based audit conducted for all our suppliers to ensure their compliance with relevant rules and regulations.

Suppliers are evaluated and rated on a platinum or gold scale based on their scores in the SEA. Suppliers achieving a score of 85% and above are awarded a platinum status, while those scoring between 70-84% receive a gold status. Platinum suppliers are assessed every two years, while gold-rated suppliers receive guidance for process improvements. In the fiscal year 2022-23, we conducted 75 4M audits, 141 supplier system audits for the existing suppliers and 10 audits were done for onboarding new suppliers. No breaches related to legal compliance or human rights were reported. However, health and safety practices and working conditions of value chain partners were not assessed during this period.

Trained Auditors Plant Wise



We assess our suppliers not only on their economic performance but also on their environmental and social impacts. Parameters considered include adherence to ISO 14001 requirements, implementation of grievance mechanisms for employees and customers, CSR activities, responsible disposal of hazardous waste, and prevention of child labor, among others. We also ensure fair treatment of our suppliers' employees by incorporating clauses in our General Purchase Agreement (GPA) related to collective bargaining rights, freedom of association, training, and development, and equal remuneration. The GPA, signed with the supplier, includes the supplier's Code of Conduct.

We ensure that the audited suppliers adhere to these practices and have committed to improving their existing systems. Additionally, all our suppliers are ISO 9001:2015 certified. Through surveillance audits, we identify critical suppliers who contribute approximately 80% of our growth. These strategic partners play a significant role in areas such as technological leadership, business volume, critical facilities, innovations, and compliance with regulatory requirements.

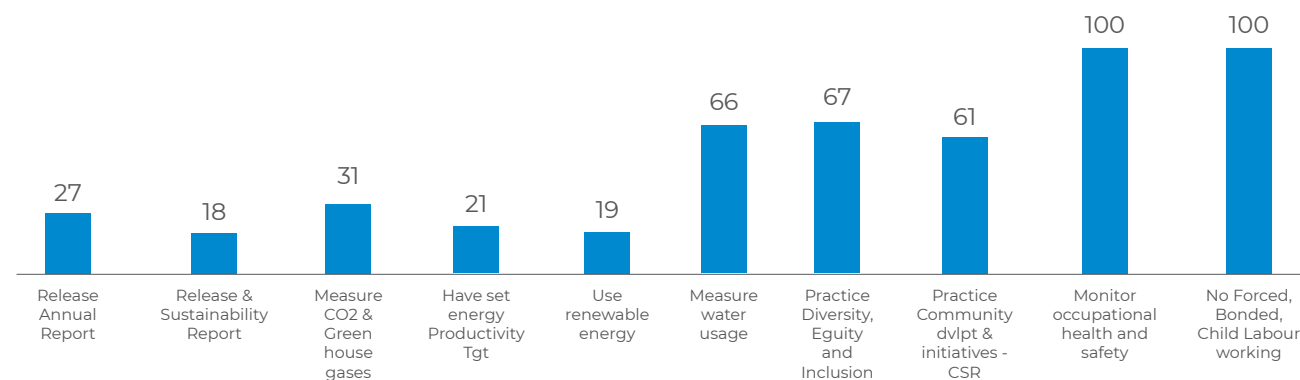
Enriching Supplier Engagement

At Ashok Leyland, we recognise the importance of cultivating strong and enduring relationships with our suppliers and working together to achieve mutual success. To facilitate effective communication and collaboration, we have implemented various channels, including

programmes such as the Supplier Summit and the Strategic Partners Meet. Additionally, we conduct need-based interactions with the middle and top management of our supplier organisations. Through these initiatives, we aim to strengthen our bond with suppliers and inspire them to continually improve their performance. We prioritise providing effective grievance redressal mechanisms, keeping suppliers informed about the latest developments, and actively seeking their feedback.

In FY 2022-23, we conducted an annual Supplier Satisfaction survey, which involved 149 of our high-value suppliers. Based on the valuable feedback received, appropriate actions were initiated to address any concerns or areas for improvement. We are pleased to report that the Supplier Satisfaction score for FY 2022-23 reached an impressive 99%.

By nurturing open and transparent communication channels and actively engaging with our suppliers, we strive to foster strong partnerships that drive mutual growth and success. We conducted an ESG survey with suppliers in understanding the baseline with participation from 398 suppliers with 91.8% of overall buy value responded. The survey was sent to 408 suppliers out of which responses were received from 398 Suppliers. 97% of our value chain partners participated in the ESG survey and 144 suppliers have been selected for the ESG drive. By focusing on these 144 suppliers, we aim to bring about approximately 60 – 70% of CO2 reduction in the AL supplier ecosystem.



ESG survey for suppliers



Vital Parameters for the Supplier Survey

- Pride in Our Association
- Honoring Our Commitment
- Scheduling
- Engagement to Improve Quality
- Fairness in Price Settlement
- Communication

Key initiatives Implemented in FY 2022-23

Ashok Leyland carried out the Strategic Partner Meet on 24th May 2022. Around 50 suppliers from MHCV, LCV, Aftermarket, and FBVS Businesses participated in the event. Targets and expectations were discussed with the suppliers on Quality, Cost, and Delivery.

The Supplier Summit was successfully conducted on 27th July 2022, where suppliers with the best performance on Quality, Cost, and Delivery Metrics were awarded at the summit.



Enhancing the Product Lifecycle

In line with the commitment to improving product quality, Ashok Leyland engages with suppliers at various levels and implements processes to ensure that the quality of the products meets the requirements. Several programmes have been implemented to enhance the product lifecycle with the following objectives:

- 1 Standardising processes at the suppliers' end:** Ashok Leyland works closely with suppliers to standardise their processes, ensuring consistency and reliability throughout the supply chain.
- 2 Improving capabilities of supplier systems:** The focus is on enhancing the capabilities of suppliers' systems to achieve superior performance in terms of quality. This includes providing necessary support and guidance to suppliers in improving their quality management systems.
- 3 Periodic reviews and interventions:** Regular reviews and timely interventions are conducted with suppliers' top management. This helps address any quality issues proactively and ensures continuous improvement in their operations.
- 4 Knowledge sharing:** Ashok Leyland promotes knowledge sharing among suppliers to foster a culture of continuous improvement. Best practices and lessons learned are shared to drive quality enhancements across the supply chain.

The Supplier Cluster Programme is one such initiative aimed at improving supplier capabilities. It is an extension of the Supplier Part Quality Improvement action plan and focuses on selective suppliers. Measures are implemented to ensure the production and supply of defect-free engines to customers. The Firewall process is another measure implemented to maintain product quality. It involves conducting pre-delivery quality assurance audits to identify and address any potential defects before the products are delivered.

Standardisation of processes is achieved through benchmarking and cross-learning. By establishing standardised processes across suppliers, Ashok Leyland ensures consistency and reliability in product quality. The methodology adopted, known as "Gemba-oriented," involves monitoring quality data through best practices and taking a proactive

approach. This includes systematic monitoring of key performance indicators (KPIs) and conducting management reviews to drive continuous improvement. Through these initiatives and a focus on collaboration and continuous improvement, Ashok Leyland strives to deliver high-quality products to customers and enhance the longevity of its products.

Measures to Avoid Risk in the Supply Chain

To increase agility and flexibility in importing raw materials and parts, Ashok Leyland has implemented a dual-sourcing strategy. This strategy ensures that the Company does Strategic stocks are maintained for the remaining seven parts, further mitigating dependency and reducing risks. The dual-sourcing strategy helps in foreign exchange management and minimises geographic risks associated with relying on a single country for sourcing materials. By diversifying the sourcing locations, Ashok Leyland increases its resilience to supply disruptions and market fluctuations.

Ashok Leyland has a formalised process to identify potential sustainability risks in its supply chain. Sourcing risk inputs are provided to the Enterprise Risk Management (ERM) team, which monitors and manages these risks through ERM tools. The Company's ESG (Environmental, Social, and Governance) team is actively involved in identifying high-risk suppliers and developing roadmaps for risk mitigation.

The Company has also multiplied its local sourcing efforts across three manufacturing plants: Hosur II, Pantnagar, and Ennore. This localised sourcing approach improves the flexibility of Ashok Leyland's supply chain, reduces lead times, and enhances the Company's responsiveness to customer demands.

The digitised supply chain management at Ashok Leyland plays a crucial role in addressing customer requirements and overcoming supply challenges. By leveraging digital technologies and tools, the Company can monitor and manage its supply chain more effectively, ensuring timely deliveries and optimised inventory levels.

Overall, Ashok Leyland's initiatives in dual-sourcing, sustainability risk management, localised sourcing, and digitised supply chain management contribute to a more resilient, flexible, and customer-focused supply chain.



Product Stewardship

Invested INR
429.66
crores in R&D

Obtained
14 patents
pertaining to R&D

**5 New
Products**
Introduced in 12
Countries



Dr. N Saravanan
President & Chief Technology Officer

We continue to focus on Research and Development activities with specific focus on alternative fuels, carbon emissions, fuel efficiency and safety.

At the Auto Expo23, a wide range of alternate fuel driven products were introduced covering CNG, LNG, Hydrogen, Fuel Cell and Battery Electric options.

Ashok Leyland's brand promise, "No dream is too far " serves as the guiding star for our commitment to sustainability. We believe that not only should dreams be limitless, but so should our responsibility towards the environment. This promise resonates through our product stewardship efforts. We are dedicated to developing eco-friendly innovative solutions that bring those dreams closer while treading lightly on our planet. It's not just about reaching destinations, it's about getting there sustainably ensuring that no dream is ever too far from reality. Our 75th-anniversary celebration is not just a look back at our history, it's proof of our unwavering commitment to shaping the future of mobility.

We continue to invest heavily in electric vehicles, across our segments. We have collaborated with Indian Institute of Technology (IIT) Madras researchers to develop a series of hybrid electric vehicles. They have adopted turbine technology, to replace the large batteries in the main power train to generate onboard power. During this financial year, we are pleased to note that we introduced an improved range of MHCVs, trucks, and buses, and have also entered the realm of developing decarbonisation engine solutions. We have signed an MOU with Hindalco and our cross functional teams for creating light weighting solutions using Aluminum load body, containers for trucks and super structure for buses. Key benefits of Aluminum are improved fuel efficiency, profitability, payload, recycling, resale value and eventually reduced carbon footprint. BS-VI OBD II has been implemented on all Light commercial (LCV), and Medium Duty Vehicle (MDV) vehicles as part of regulatory requirements for stringent norms and on-board diagnostics, and real driving emission monitoring. CEV4 was implemented for our forklifts, cranes, backhoe loaders, soil compactors, wheel loaders, and road pavers, and term-4 Regulation Emission Norms were implemented in all our agriculture machines like

harvesters. Innovative vehicle acceleration control logic has been implemented for economy mode operation in buses, reducing fuel consumption by 2 to 3%.

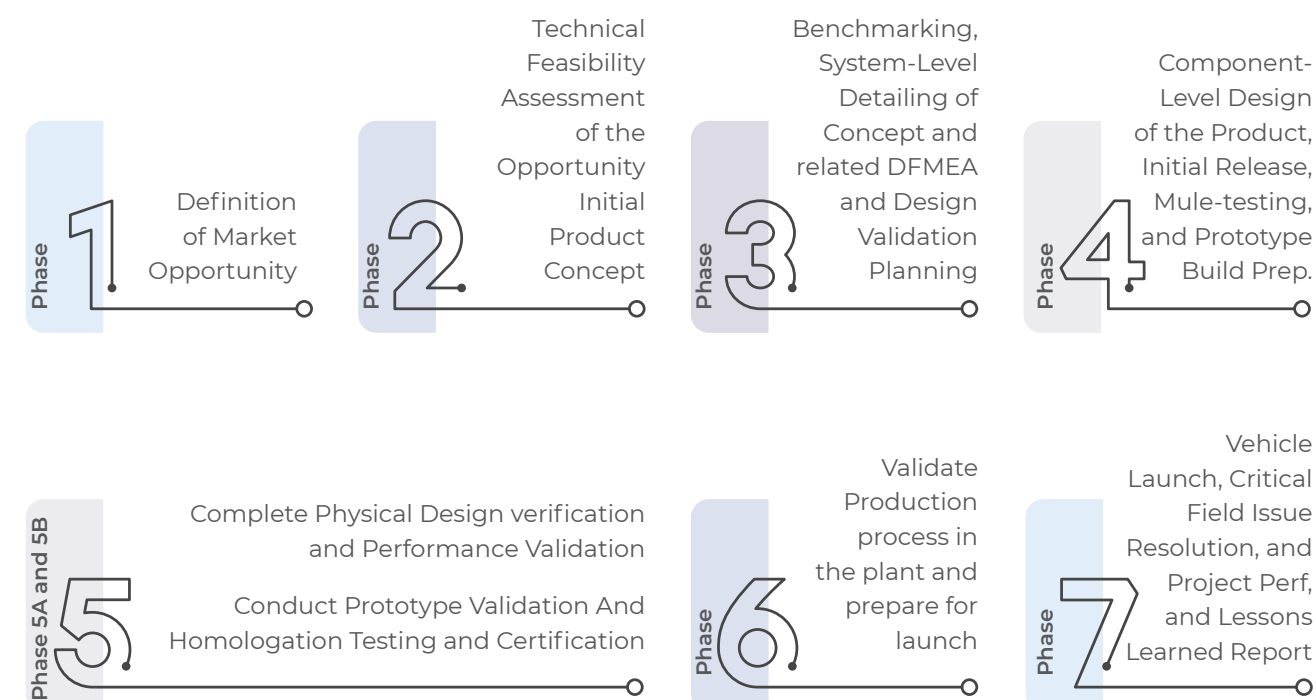
Overall, the product development team is working towards meeting AL Values such as Agility (faster new product development through simultaneous engineering), Innovation (Product innovations to meet current and future needs of the organisation such as alternate fuels options CNG/LNG/ Electric/Hydrogen/Fuel Cell), customer centricity (Collaborating with marketing/customers), Trust (support with each other), Partnership (Collaborating with Supplier partners both national

and international). This constant endeavour is propelled to achieve our organisational vision to become a global top 10 CV player.

Product Development Process

We are reaffirming our commitment to follow the GenMod New Product development process. We also introduced GPPL (Global Project Priority List) wherein business-critical projects are reviewed for feasibility and are inducted into the New Product Introduction Process (NPI). It provides clarity to all functions working in this organisation on what and where to focus.

GenMod



Our Product Portfolio This Year

AUTO EXPO 2023

The Auto Expo 2023 was themed around alternative fuel vehicles, and we displayed our future mobility options with a range of models powered by CNG, LNG, Electric, Hydrogen, and Fuel cells.

Our Airborne Video Tape Recorder (AVTR) platform modularity extended to LNG, Hydrogen internal combustion, and Fuel cell technology were vehicles that attracted visitors during the event.



The products showcased at the Auto Expo 2023 were:

BATTERY ELECTRIC VEHICLE

The Company's first upcoming model is the BOSS Battery Electric Vehicle (BEV), which was on display. The Boss electric truck is the Company's second version of the Boss electric commercial vehicle and marks its entry into the fast-growing electric vehicle market. The older version of Boss was launched in October 2020. An electric truck is available for city transit and last-mile delivery. It can deliver packages, white goods, and perishable agricultural products, thanks to its lithium-ion battery technology and high-performance electric motor. In addition to having a greater range, it also boasts features such as a lightweight load body structure (Aluminium), quick charging, a bigger payload, and low downtime. The BOSS BEV is designed to be effective and environmentally sustainable.



FUEL CELL ELECTRIC VEHICLE

Hydrogen is used to power fuel-cell electric trucks. The fuel cell uses hydrogen and atmospheric oxygen to generate electricity, which powers the vehicle's motor and power electronics. This vehicle can run on a lithium-ion battery that can be charged externally. This vehicle has a leak detection device to ensure maximum safety.

HYDROGEN INTERNAL COMBUSTION VEHICLE

A clean energy source powers the Hydrogen Internal Combustion Engine Vehicle. It is very similar to conventional internal combustion engine vehicles and uses hydrogen. Ashok Leyland Internal Combustion Engine have been modified to run on hydrogen with only a few minor adjustments. For increased vehicle on-road safety, the truck also has an Advanced Driver Assistance System (ADAS).



Advanced Driver Assistance Systems are technological features specially designed to ensure drivers' safety while driving a vehicle.



LIQUEFIED NATURAL GAS TRUCK

A unique dual-fuel vehicle that can run on both Liquefied natural gas (LNG) as well as Compressed Natural Gas (CNG). It uses a spark ignition internal combustion engine. The

gas is supercooled and stored cryogenically in liquid form. The dual-fuel truck will meet the long-range requirements of heavy-duty trucks.



INTERCITY CNG BUS

A 13.5m-long bus CNG-powered intercity platform was also on display. The bus has a modern and conceptual design; it can deliver up to 1,000 kilometers range with a single fuel fill. This bus can accommodate 36 beds and offers luggage storage of up to 11 cubic meters.



A Mini Passenger Bus

This passenger vehicle is based on the Bada Dost platform and has an AC and a vehicle tracking device as options. It can accommodate up to 12 passengers in a 2-1 configuration and runs on CNG fuel.



The country's first 100% methanol-powered prototype truck flagged off in Bengaluru by Shri Nitin Gadkari in March'23.



Ashok Leyland flagged off BMTC Buses with Blended Methanol of 15% (MD15) on five vehicles. Blending 15% methanol in Diesel can result in at least a 15% reduction in the import of crude oil. In addition, this would bring down emissions by 20%, thereby improving urban air quality.

Along with the blended methanol trials, Ashok Leyland flagged off India's first M100 (100% Methanol) Ecomet Truck (10T). We demonstrated a Working prototype to get further funding for going into detailed development.

Engine solutions

Hydrogen IC Engine Development

Hydrogen Engine Testing Infrastructure was Developed in Hosur and the facility was approved by PESO (Petroleum and Explosive Safety Organisation)

1. H6-2V 5.7L Retrofit: 1 Mule & 23 Proto Vehicles handed over to Reliance Industries for pilot field trials
2. H6-2V 6.0L BS VI: Engine & Vehicle Displayed in Auto Expo

Benefits:

This will bring zero carbon emissions into the environment. Improved Total Cost of Ownership to the customer by about 20%. Reducing fuel import costs by a significant amount.

Trucks launched

We created and released products this financial year that made use of cutting-edge technologies and operational changes to give our clients a more comprehensive set of features.



Ecomet STAR 1815 with 17.5T GVW

The truck has best-in-class payload capacity and delivers superior mileage. This product is targeted at long-haul customers seeking higher payload with the 4-cylinder engine for faster turnaround time.

Key Features:

This truck gives a best-in-class Payload of 11.74T (20ft HSD) with superior Kmpl. This is powered by H Series engines with 150Hp and 450 Nm torque. The body is made of high-strength steel. Keeping in mind the advanced digital solution, the digital dashboard with ADDA (Advanced Digital Driver Assist) is provided which will be of great help to the drivers.



Ecomet 11T CNG TC

The truck is powered by a 144 HP turbocharged engine which delivers a superior pick-up & KM-KG performance. CNG Cylinder capacity ranging from 360L to 480L, enables best-in-class single-fill range aiding faster turnaround time and seamless driving experience.

Key features and advantages

The ecomet STAR 1115 boasts H series CNG Turbocharged engines with 106kW (144HP) & 450 Nm torque, Superior KM-KG performance, multiple cylinder options, various load span choices, slow and fast filling nozzles, a new digital dashboard with advanced driver and heavy-duty components for heightened durability. The cabin is spacious, sturdy, and equipped with state-of-the-art features. It offers advanced telematics through i ALERT and enables remote diagnostics. Additionally, 24*7 customer assistance is available through the Uptime Solution Centre. These CNG vehicles reduce pollution levels and thus are better for the environment.

Partner Super 9T-11T

Launched a new ICV Platform, "Partner Super" with 914, 1014 & 1114 models in the 9.15T, 10.25T, and 11.28T GVW categories respectively.

Key features and advantages of the Partner Super platform:

Contemporary tilt-able Day cabin, best-in-class payload, and mileage, Best-in-class power (104 kW (140 hp)), and Loading span options – 4.3m (14 ft), 5.2m (17 ft), 6.2m (20 ft), and 6.8m (22 ft)



Adding value, the model comes with a complimentary first-year free iALERT subscription. The platform comes with an assurance of a 4Y driver line warranty with coverage for up to 4L km.

New AVTR 4220 and AVTR 4420 – 4x2 Tractors

AVTR 4220 with 41.5T GCW and AVTR 4420 with 43.5T GCW in the 4x2 Tractor segment. With this launch, Ashok Leyland became the first Indian OEM (Original Equipment Manufacturer) to offer tractors with 41.5T and 43.5T GCW in two-axle configurations.



Salient features of this new truck range:

Our offering features a Proven H6 Engine – a 6-cylinder engine with i-Gen6 technology, GCW options of 41.5T and 43.5T with a suitable 2-axle trailer. It has Higher fluid efficiency and lower DEF consumption and is optimised for Indian operating

conditions. It is available in multiple Cabin Options – Cowl, M Cabin, U Cabin, and N Cabin (Sleeper Cabins).



6x4 RMC with Cargo cab

Powered by an i-Gen6, H Series 200Hp Engine delivering 700 Nm Flat Torque for a wider rpm range, the vehicle excels in fuel economy. Its 6-speed ALGB 940 Fully Synchronised Gearbox with bigger diameter gears enhances reliability and durability. The Robust MT 109 Tandem driven Single Speed Rear axles offer excellent pickup and gradeability. The suspension design includes a Semi-elliptical multi-leaf in front and NRS at rear ensuring ride comfort and easy maintenance. The proven and compact cargo cabin prioritises driver comfort, and the package promises lower operational costs and higher returns on investment.

LS/LT CNG

Our offering features a proven H Series CNG engine powered with 106kW (144HP) and 450 Nm torque which is best-in-class in ICV Buses. Its integrated filling unit comes with slow and fast filling nozzles and safety features like- Ignition cut-off during CNG filling, Single CNG cut-off switch, manual filling valve with Burst disc, Vent lines, high- & low-pressure filter, Swagelok fitting, and stainless-steel pipes. It also has a new digital dashboard with an advanced driver and heavy-duty components for heightened durability. Cable CSO (Change Speed Operation) was introduced for a smooth gear-shifting experience and an integrated pedal unit with optimised pedal effort and pedal travel for the



untiring long drive has been incorporated. These features reduce driver fatigue considerably and also being CNG-driven, contributes to improved air quality and reduced greenhouse gas emissions.



Viking CNG Bus Chassis with 'H' Series 6-cylinder engine

Our offering features a proven H – Series 6 Cylinder Naturally Aspirated (NA) engine with 95kW/127Hp @ 2400rpm with max torque of 430Nm @ 1100-1400rpm ensuring robust performance. The Integrated filling panel offers slow & fast filling options and Cable CSO (Change Speed Operation) enhances gear shift control. The option of Rear Air Suspension provides superior passenger comfort while diaphragm clutch with air-assisted hydraulic actuation reduces driver fatigue. The Advance Digital Driver Assist (ADDA) – instrument cluster aids in identifying vehicle conditions including CNG level.

Advanced Engineering Activities:

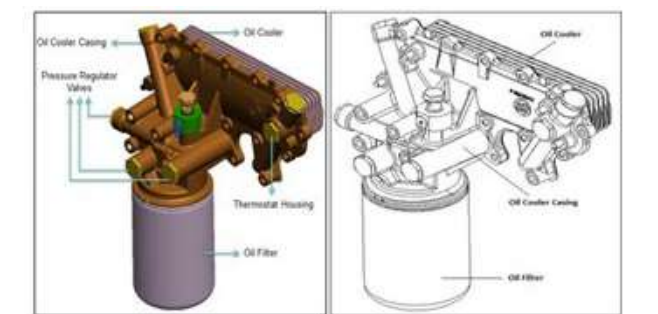
We have established the advanced engineering function within product development which will focus on new and future technology areas such as advanced driver Assistance Systems (ADAS), Fuel cell electric vehicles, advanced materials, product safety, In-house electronic control systems development, etc.

House Technology under development

- We filed for a patent during this reporting period for the Development of a Radiator and Compact L-shaped air induction Charge Air Cooler. The benefits of this are that it is light in weight by 10% and compact.
- We developed a concept for Virtual monitoring of Engine Air Filter conditions in real-time by providing live monitoring of air filters by the customer in field vehicles. This technology will be used for optimising the air filter, planning appropriate maintenance schedules, and reducing unwanted downtime of the vehicles due to air filter problems.
- The preliminary synthesis of a nano coolant has been completed with a 10% improvement in thermal conductivity. This will optimise the cooling system design in vehicles.



Patent Approved



A team from our Engine Development Center has been awarded a patent for their innovative idea “Lube -Oil Active Temperature Optimiser (LATO)”. Mr. Saravana Venkatesh R, Mr. Balaji Bandaru, Mr. Sandeep Dhar, Mr. Gokul Kumar E, Dr. Sunil Kumar Pandey, and Mr. Krishnan Sadagopan were the recipients of this Patent.



That year a total of 150 ideas were sourced, out of which 8 were seeded. Out of these eight, three have successfully been completed. The “Proof of Concept” has reached the final design and testing phase

Representation in the GRSG session

The Working Party on General Safety Provisions (GRSG) is the subsidiary body of the World Forum for Harmonization of Vehicle Regulations (WP.29) that prepares regulatory proposals on general safety to WP.29. The 125th GRSG session on “General safety provisions for vehicles” was held at Geneva from 27th-31st Mar’23.



MoRTH nominated a four-member team from India for this session of which Mr. Muthukumar from our Regulations & Homologation was a member.

Innovation Pipeline

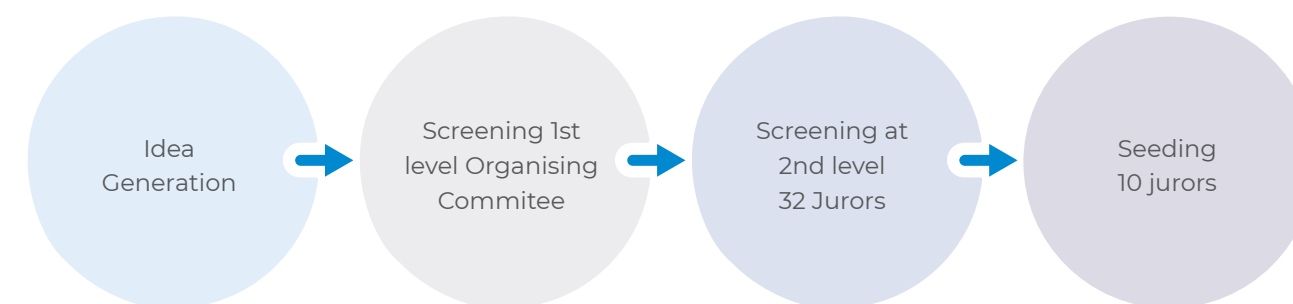
In the 75th year of our existence, as envisioned by our Chairman and our MD we go into the future with the sole purpose of transforming lives and businesses, through leadership in mobility. The values that have been laid down to ensure we don't stray from that purpose, becomes very important in our journey. Innovation pipeline as a company-wide programme, becomes a vehicle for all of us to get involved in this transformation, where employees are encouraged to submit ideas for new products and services. These ideas will then be reviewed by a panel of eminent jurors to identify promising ideas that can be incubated and taken forward to realisation.

Innovation pipeline as a concept was envisaged by Dr. Kanakasabapathi Subramanian and inaugurated by our chairman in the presence of Ashok Leyland's Chief Technology Officer (CTO) in the year 2021. That year a total of 150 ideas were sourced, out of which 8 were seeded. Out of these eight, three have successfully been completed. The

“Proof of Concept” has reached the final design and testing phase. Subsequently, FY 2022-23, a total of 293 ideas were sourced. Among them, 142 were eliminated in the first screening round and an additional 117 were eliminated in the second screening round. The balance of 34 ideas underwent a review by a panel of jurors, including 4 internal and 1 external member. Following this, 11 ideas have been chosen for seed funding this year.



The Team Behind Innovation Pipeline Event



Customer Engagement

Our long-term success depends on developing novel solutions that enhance customers' lives both now and in the future. Customer awareness and expectations of modern businesses have expanded because of globalisation and digital connectedness. These factors have encouraged our sector to focus more on the needs of the client, combined with rising competition. Customers' preferences for safer, more technologically advanced automobiles are continuing to change, in part due to regulations that encourage the use of fuel-efficient vehicles and in part due to increased customer knowledge and the development of digital technology. Our principle Koi Manzil Door Nahin reflects our unwavering commitment to meeting and exceeding customer expectations regardless of the distance. We actively listen to our customers, conduct in-depth market research to comprehend how consumers are changing, adapt our products and services to their unique needs, and strive to bring their aspirations to reality.

Since the year 2015, we have been conducting biannual dealer sales and aftersales satisfaction evaluations for M&HCV clients. These studies aid us in better understanding customer expectations for dealers' sales and after-sales services across the M&HCV vehicle range. It also helps us in the identification of both strengths and weaknesses to guide action planning for various modules and benchmarking our sales and service offerings

against best practices in the industry. Through our 750+ workshops spread around the country, we provide streamlined after-sales services to our clients and take care of the repair and maintenance of their vehicles.

We utilise initiatives like PRISM, LEAD, SELECT, and iALERT to strengthen strategic relationships with our customer base through sales, marketing processes, and after-sales service. The 'Practical Improvement in Sales and Marketing' (PRISM) tool focuses on marketing-related matters, standardising sales processes, and building people capabilities. PRISM 2.0, introduced with digital technology, helps alleviate the effects of the dynamic business environment, enabling real-time access to market intelligence and sales processes. This results in higher sales, improved market coverage, better penetration, and a larger market share. The application features a built-in vehicle configurator to assist customers in selecting a vehicle based on their requirements and intended usage. The PRISM 2.0 platform includes three dedicated sub-platforms: Dealer Sales Executive (DSE), Dealer Sales Manager (DSM), and Ashok Leyland Sales Manager (ALSM). With 331 active models and 970 possible combinations, Ashok Leyland continues to adapt to evolving market requirements and preferences.

Ashok Leyland is actively incorporating digital technologies throughout our value chain. One of our initiatives involves the incorporation

of 3D technology in both our marketing and manufacturing efforts. To showcase this, we developed a proof of concept at our subsidiary Vishwas Bus and Coach Limited (VBCL), where we streamlined the process of creating bus prototypes using 3D modeling. This innovation enables our customers to virtually explore and personalise bus designs, eliminating the need for multiple physical prototypes. This approach allows our customers to provide digital approvals for designs.

We are also exploring options to implement a 3D experience for our customers enabling them to select a vehicle and virtually tour a showroom. We have embraced 3D printing for rapid prototyping which has significantly shortened our timelines for various other projects. We are committed to furthering this technology for our future endeavors and have established a cross-functional team to delve into additive manufacturing, building upon the concept of rapid prototyping. The Customer Value Proposition (CVP) module helps customers make informed decisions by comparing Ashok Leyland's features with competitors' models across various vehicle aspects. By providing a comprehensive overview of our vehicles and highlighting their unique selling points, the CVP module empowers customers to evaluate their options and choose the vehicle that best meets their specific requirements. In FY 2022-23, no cases of non-compliance with regard to regulations or voluntary codes concerning the health and safety impacts of products and services were

reported. We have continued the Make to Order (MTO) approach, enabling customers to customise products and deliver vehicles quickly. The PRISM platform showcases a sales pipeline and confirmed MTOs, while the PRISM Maturity Index assesses sales and marketing effectiveness. The LEAD platform utilises data analytics to drive decision-making.

The SELECT platform focuses on strategic connections, trust, and customer loyalty, offering priority services, awards, and privileges. SELECT customers are distinguished based on long-term business relationships and receive benefits like helpdesk support and training through Knowledge on Wheels (KNOW) and Workshop on Wheels (WoW).

The iALERT telematics platform is available for customers, dealers, and Ashok Leyland dealers and users. This platform allows customers to monitor their vehicles in real-time, send regular alerts, and keep them informed about their vehicle's health.

With over 1.6 lakh iALERT-fitted vehicles, the platform also facilitates infant error analysis. Additionally, it provides automated dashboards for vehicle errors occurring within the first 1,000 kilometers, leading to a decrease in design-to-market time. Furthermore, the platform allows for the simulation of accelerated driving and load patterns in a laboratory setting, eliminating the need for on-road trials.



Digital twin in VBCL body building





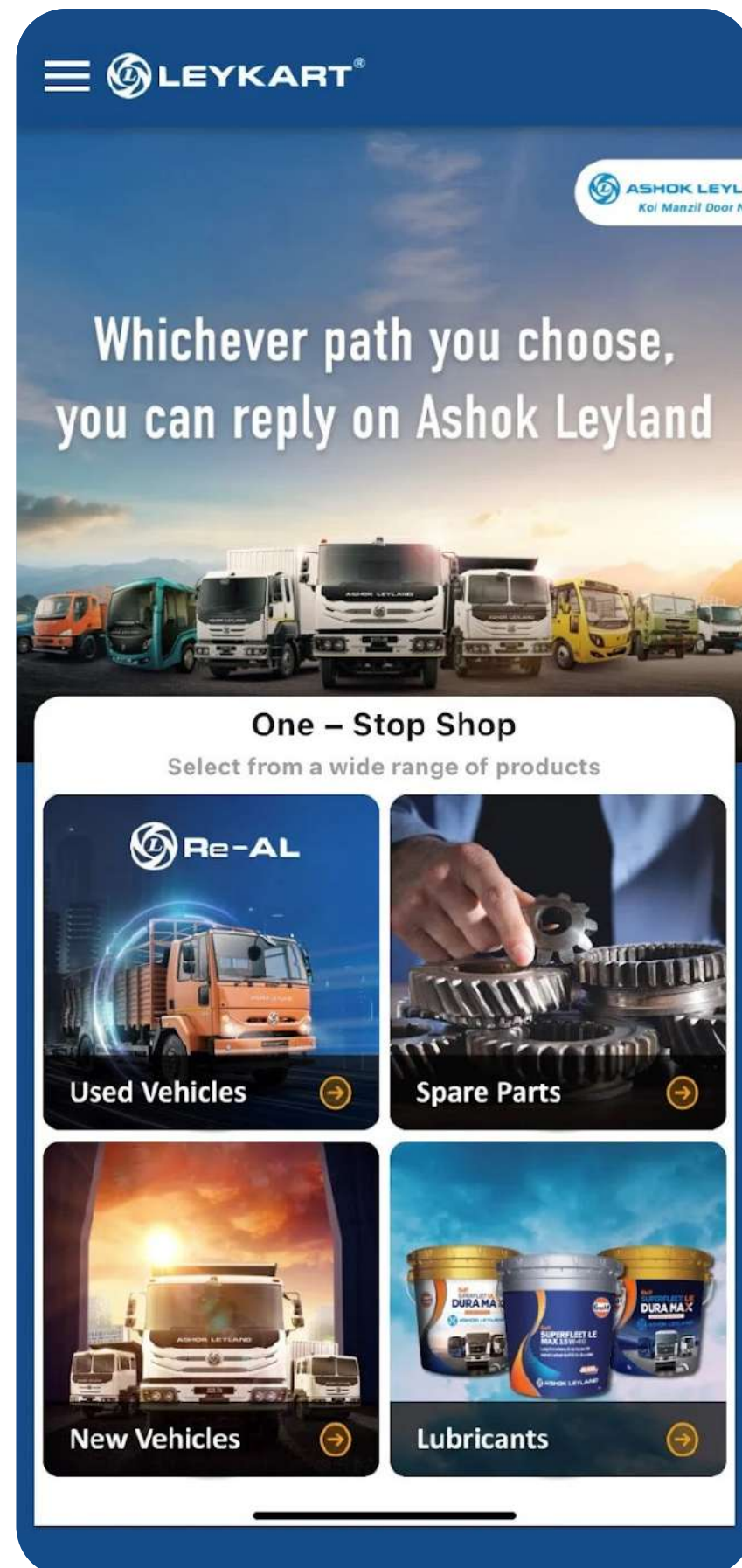
To sustain this, Ashok Leyland has enabled easy access to the entire catalog of 90,000+ spares, under two distinct alternatives – LEYPARTS® and VALUEPARTS.

We offer a comprehensive after-sales service, including a 24*7 call center, website, and social media, to address customer queries and opinions. A dedicated complaint management system monitors and resolves complaints efficiently.

No complaints have been received regarding customer privacy breaches, data privacy violations, or incidents of theft or loss of customer data during the current financial year. Additionally, no complaints were reported on violations of product-based compliances pertaining to labeling and advertisements during this financial year.

Ashok Leyland vehicles are designed for reliability and performance levels that have reshaped the commercial vehicle industry. To sustain this, Ashok Leyland has enabled easy access to the entire catalog of 90,000+ spares, under two distinct alternatives – LEYPARTS® and VALUEPARTS.

With a network of 900+ dealers and 10,000+ retailers across the nation, customers are never far away from the parts and services that will get their trucks back on the road. Our TOC-based efficient supply chain also ensures that our customers get the right part at the right time. Ashok Leyland also engages with 40,000+ partner mechanics through an industry-leading loyalty programme. Our strategically placed warehouses in Hosur, Indore, Alwar, & Guwahati ensure seamless availability of parts for its dealers distributors, and retailers nationwide.



LEYKART

LeyKart is a digital initiative launched by Ashok Leyland to help users buy spare parts online. With hundreds of models, thousands of variants, and millions of components in the market, finding the right part can be a daunting task for our customers. Leykart aims to be a game changer in empowering our customers to find the right part at any time from anywhere – all from the convenience of the ubiquitous mobile device. Leykart is an end-to-end solution for our customer's aftermarket needs which assures the identification and availability of genuine Ashok Leyland Parts and is an e-commerce platform for fulfilment as well.

Behind the home screen of Leykart is an intricate algorithm that links an extensive database of Model Numbers, Chassis numbers, Registration details, and Parts. This guides the user through an intuitive search experience to zoom in on the exact part. The Leykart algorithm considers the customer's geolocation to identify the mode of fulfilment at the earliest. In the rare instance of the part unavailability in the vicinity, Ashok Leyland warehouses come to the rescue to ensure 100% fulfilment within the specified lead time. Over the years, Leyparts® has strengthened its presence in the international markets.

Annexure

A close-up, low-angle shot of a business meeting. Several people in dark suits are gathered around a table. One person's hand is visible, holding a silver pen and pointing at a document. Another hand is holding a pen over a document. The documents on the table feature bar charts and maps. The scene is dimly lit with a strong blue light source, creating a professional and focused atmosphere.

Independent Assurance Statement

Introduction

DNV Business Assurance India Private Limited ('DNV'), has been commissioned by Ashok Leyland Limited (Corporate Identity Number L34101TN1948PLC000105, hereafter referred to as 'Ashok Leyland' or 'the Company') to undertake an independent assurance of the Company's Sustainability Report 2022-23 in its printed format ('the Report') for the financial year ending 31st March 2023. The sustainability disclosures in this Report have been prepared by Ashok Leyland based on the material topics identified by them in reference with the Global Reporting Initiative (GRI) Sustainability Reporting Standards 2021 ('GRI Standards'). The intended user of this assurance statement is the Management of Ashok Leyland ('the Management'). Our assurance engagement was planned and carried out during April 2023 – September 2023.

Responsibilities of the Management of Ashok Leyland and of the Assurance Provider

The Management of the Company has the sole responsibility for the preparation of the Report and are responsible for all information disclosed in the Report as well as the processes for collecting, analyzing and reporting the information presented in the Report. Ashok Leyland is also responsible for ensuring the maintenance and integrity of its website and any referenced disclosures on sustainability performance. In performing this assurance work, DNV's responsibility is to the Management of the Company; however, this statement represents our independent opinion and is intended to inform the outcome of the assurance to the stakeholders of Ashok Leyland.

We provide a range of other services to the Company, none of which in our opinion, constitute a conflict of interest with this assurance work. Our assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith and are free from misstatements.

Scope, Boundary and Limitations

The reporting scope and boundary encompasses environmental, social and governance performance of Ashok Leyland operations in India that fall under the direct control of the company and as brought out in the Report in the section 'About this Report' for the activities undertaken by the Company during the financial year 1st April 2022 – 31st March 2023.

We performed a limited level of assurance based on our assurance methodology VeriSustain^{TM1}. The assurance engagement considers an uncertainty of $\pm 5\%$ based on materiality threshold for estimation/measurement errors and omissions. We did not engage with any external stakeholders as part of this assurance engagement.

During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement. The reported data on economic performance, expenditure towards Corporate Social Responsibility (CSR) activities, and other financial data are based on audited financial statements issued by the Company's statutory auditors which is subject to a separate audit process. We were not involved in the review of financial information within the Report.

Basis of our Opinion

As part of the assurance process, a multi-disciplinary team of sustainability specialists performed assurance work for selected sample sites of Ashok Leyland. We adopted a risk-based approach, that is, we concentrated our assurance efforts on the issues of high materiality relevance to the Company's business and its key stakeholders. We carried out the following activities:

- Reviewed the approach to stakeholder engagement and materiality determination process and its outcomes as brought out in the Report.
- Interviews with selected senior managers responsible for management of sustainability issues and review of selected evidence to support topics disclosed in the Report. We were free to choose

¹ The VeriSustain protocol is based on the principles of various assurance standards including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and the GRI Principles for Defining Report Content and Quality, international best practices in verification and our professional experience; and is available on request from www.dnv.com

interviewees and interviewed those with overall responsibility to deliver the Company's sustainability objectives.

- Sample based assessment of site-level sustainability performance data through on-site audits at manufacturing facility at Hosur "2" (Tamil Nadu), Foundry at Ennore (Tamil Nadu) & Technical Centre at Chennai (Tamil Nadu) and Corporate Office at Chennai (Tamil Nadu) to review processes and systems for preparing the data and implementation of sustainability strategy. We were free to choose sites for conducting our assessment.
- Reviewed the process of reporting on Organizational Profile, Strategy, Ethics and Integrity, Governance, Stakeholder Engagement and Reporting Practices based on GRI 2: General Disclosures 2021.
- Reviewed the performance disclosure of identified material topics and related GRI Standards; that is, carried out an assessment of the processes for gathering and consolidating performance data related to identified material topics and, for a sample, checked the processes of data consolidation to assess the Reliability and Accuracy of performance disclosures reported based on GRI's topic-specific Standards.
- Verification of the data consolidation of reported performance disclosures in context to the Principle of Completeness as per VeriSustain for a limited level of verification.

Opinion

Based on the verification undertaken, nothing has come to our attention to suggest that the Report does not properly adhere to the GRI Standards 2021, including GRI 2: General Disclosures 2021, GRI 3-3: Management of Material topics and disclosures related to the following GRI Standards which have been chosen by Ashok Leyland to bring out its performance against a set of identified material topics:

- GRI 201: Economic performance 2016 – 201-1.
- GRI 203: Indirect economic impact 2016 – 203-1.
- GRI 301: Material 2016 – 301-1.
- GRI 302: Energy 2016 – 302-1.
- GRI 303: Water and Effluents 2018 – 303-1, 303-2.
- GRI 305: Emissions 2016 – 305-1, 305-2, 305-3 (Partial disclosure)², 305-4, 305-5.
- GRI 306: Waste 2020 – 306-1, 306-2.
- GRI 308: Supplier Environmental Assessment 2016 – 308-1.
- GRI 403: Occupational Health and Safety 2018 – 403-1, 403-2.
- GRI 404: Training and Education 2016 – 404-1.
- GRI 406: Non-discrimination 2016 – 406-1.
- GRI 407: Freedom of Association and Collective Bargaining 2016 – 407-1.
- GRI 414: Supplier Social Assessment 2016: 414-1.
- GRI 416: Customer Health and Safety 2016 – 416-1.

² Ashok Leyland has disclosed Scope 3 emissions under 5 categories out of 15 categories (as listed in the GHG protocol). For further details, please refer the management report.

Observations

Without affecting our assurance opinion, we provide the following observations against the principles of VeriSustain:

Materiality

The process of determining the issues that is most relevant to an organization and its stakeholders.

The Report explains out the materiality assessment process carried out by the Company which has considered concerns of internal and external stakeholders, and inputs from peers and the industry, as well as issues of relevance in terms of impact for Ashok Leyland's business. The list of topics has been prioritized, reviewed and validated, and The Company has indicated that there is no significant change in material topics from the previous reporting period.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

Stakeholder Inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

The Report brings out the stakeholders who have been identified as significant to Ashok Leyland, as well as the modes of engagement established by the Company to interact with these stakeholder groups. The key topics of concern and needs of each stakeholder group which have been identified through these channels of engagement are further brought out in the Report.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.

Responsiveness

The extent to which an organization responds to stakeholder issues.

The Report articulates the Company's responses to the stakeholder engagement processes carried out by the Company, as well as the approaches and performance related to identified material topics through GRI topic-specific Standards. The Company has further linked its material topics to its overall strategies, management approach and goal setting processes, as well as future challenges of the healthcare business.

Nothing has come to our attention to believe that the Report does not meet the requirements related to the Principle of Responsiveness.

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The Report brings out Ashok Leyland's sustainability performance related to its identified material matters using selected GRI topic-specific Standards. Most of the data and information verified through our assessments at sampled operational sites and aggregated at the corporate level were found to be fairly accurate and reliable. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors and these errors have been corrected.

Nothing has come to our attention to believe that the Report does not meet the principle of Reliability and Accuracy.

Completeness

How much of all the information that has been identified as material to the organisation and its stakeholders is reported?

The Report brings out the Company's performance, strategies and approaches related to the environmental, social and governance issues that it has identified as material for its operational locations coming under the boundary of the report, for the chosen reporting period while applying and considering the requirements of the GRI's Principle of Completeness.

Nothing has come to our attention to suggest that the Report does not meet the Principle of Completeness with respect to scope, boundary and time.

Neutrality

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

The Report presents Ashok Leyland's performance during the reporting period in a neutral manner so as to not unduly influence stakeholder opinions made on reported data and information, which includes descriptions of significant challenges and concerns related to stakeholders and business sectors, and overall macroeconomic environment and business outlook.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the DNV Code of Conduct² during the assurance engagement and maintain independence as required by relevant ethical requirements relevant ethical requirements including the ISAE 3000 (Revised) Code of Ethics. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement and Management Report. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process.

For DNV Business Assurance India Private Limited

Karthik Ramaswamy Digitally signed by Karthik Ramaswamy Date: 2023.09.28 14:29:55 +05'30' Karthik Ramaswamy Lead Verifier, Sustainability Services, DNV Business Assurance India Private Limited, India	Sharma, Anjana Digitally signed by Sharma, Anjana Date: 2023.09.28 17:21:08 +05'30' Anjana Sharma Head – Regional Sustainability Operations, DNV Business Assurance India Private Limited, India	Kakaraparthi, Venkata Raman Digitally signed by Kakaraparthi, Venkata Raman Date: 2023.09.29 06:29:13 +05'30' Venkata Raman Kakaraparthi Assurance Reviewer, Sustainability Services, DNV Business Assurance India Private Limited, India
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28 September 2023, Mumbai, India.

DNV Business Assurance India Private Limited is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com

² The DNV Code of Conduct is available on request from www.dnv.com (<https://www.dnv.com/about/in-brief/corporate-governance.html>)

Glossary of Abbreviations

AC	Air Conditioner
ADAS	Advance Driver Assistance System
ADDA	Advanced Digital Driver Assist
AI	Artificial Intelligence
AL	Ashok Leyland
ALCOB	Ashok Leyland Corporate Building
ALMPES	Ashok Leyland Manufacturing Process Evaluation System
ALPHA	Ashok Leyland Hyper Automation
ALSM	Ashok Leyland Sales Manager
ALVES	Ashok Leyland Vehicle Evaluation Standard
API	Application Programming Interface
APS	Advanced Problem-Solving Projects
ARAI	Automotive Research Association of India
ASSOCHAM	Associated Chambers of Commerce and Industry of India
AVTR	Airborne Video Tape Recorder
BEV	Battery Electric Vehicle
BLDC	brushless DC motor
BMTC	Bangalore Metropolitan Transport Corporation
BOM	Bill Of Materials
BPI	Business Process Improvement
BPS	Basic Problem-Solving Projects
BRSR	Business responsibility and sustainability report
BS	Bharat Stage
CBU	completely built-up units
CEO	Chief executive officer
CFC	Chlorofluorocarbon

CFO	Chief financial officer
CGB	Certified Green belt
CII	Confederation of Indian Industry
CMVR	Central Motor Vehicles Rules
CNG	Compressed Natural gas
COSO	Committee of Sponsoring Organisations of the Treadway Commission
CPPS	Cab Panel and Press Shop
CRCA	Cold Rolled Closed Annealed
CSI	capital sum insured
CSO	Change Speed Operation
CSR	Corporate Social Responsibility
CTO	Chief Technology Officer
CV	Commercial Vehicles
CVP	Customer Value Proposition
DA	Dissolved Acetylene
DC	Direct current
DEI	Diversity, Equity and Inclusion
DGBR	Director General of Border Roads
DPU	Defect Per Unit
DSE	Dealer Sales Executive
DSM	Dealer Sales Manager
DTI	Driver Training Institute
EHS	Environment Health and Safety
ELP	Emerging Leader Programme
EMS	Environmental Management System
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
ETP	Effluent Treatment Plant
EV	Electric Vehicle
FICCI	Federation of Indian Chambers of Commerce and Industry
FLN	Foundational Literacy and Numeracy
FY	Financial year
GCC	Gulf Cooperation Council
GCW	Gross combination weight

GET	Graduate Engineer Trainee
GHG	Green House Gases
GJ	Giga Joules
GPA	General Purchase Agreement
GPPL	Global Project Priority List
GRI	Global Reporting Initiative
GRSG	The Working Party on General Safety
GTVS	Gross Transaction Value
GVW	Gross Vehicle Weight
HCV	Heavy Commercial Vehicles
HDPE	High-density polyethylene
HECU	Hydraulic Electronic Control Unit
HIRA	Hazard Identification and Risk Assessment
HMV	Heavy Motor Vehicles
HP	Horsepower
HR	Human Resources
HSD	High-Speed Diesel
IATF	International Automotive Task Force
IC	Investment Committee
ICV	Intermediate commercial vehicle
IEX	Indian Energy Exchange
IIT	Indian Institute of Technology
INR	Indian Rupees
IO	Insertion Order
IPCC	Intergovernmental Panel on Climate Change
ISAE	International Standard on Assurance Engagements 3000
ISO	International Organization for Standardization
ISQ	Indian Society for Quality
IT	Information Technology
ITC	Income Tax Credit
IUCN	International Union for Conservation of Nature
KAM	Key account manager
KG	Kilogram
KL	Kiloliter

KM	Kilometer
KNOW	Knowledge on Wheels
KPI	Key Performance Indicators
KWH	Kilo watt hours
LCV	Light Commercial Vehicles
LDI	Lean Direct Injection
LEAD	Leverage Analytics to Drive Decisions
LEAPS	Learning Enhancement and Practice
LEED	Leadership in Energy and Environmental Design
LHD	Left Hand Drive
LMV	Light Motor Vehicle
LNG	Liquefied natural gas
LPG	Liquid Petroleum Gas
LTS	Long Term Settlement
MD	Managing Director
MDV	Medium Duty Vehicle
MHCV	Medium & Heavy-Duty Trucks
ML	Machine Learning
MOU	Memorandum of Understanding.
MPAS	Mission Package Application Software
MSME	Micro and small enterprises
MT	Metric Tonne
MTO	Make to Order
MW	Megawatt
NCCRD	National Centre for Combustion Research and Development
NCERT	National Council of Educational Research and Training
NGRBC	National Guidelines on Responsible Business Conduct
NMMS	National Means cum & Merit Scholarship Scheme
NPI	New Product Introduction
NRC	Nominations and Remuneration Committee
NRS	Naval Regimental system
NVG	National Voluntary Guidelines on Social, Environmental and Economic
NVH	Noise Vibration and Harshness
OBD	On-Board Diagnostics

ODS	Ozone Depleting Substances
OEM	Original Equipment Manufacturer
OHS	Occupational Health and Safety
ORT	On-road trials
PCB	Pollution control Board
PD	Product Development
PESO	Petroleum and Explosive Safety Organisation
PFMEA	Process Failure Mode Effect Analysis
PM	Particulate Matter
POSH	Prevention of Sexual Harassment
PPE	Personal Protective Equipment
PTA	Parent-Teacher Association
PVC	Polyvinyl Chloride
QSA	Qualified Security Assessor
RDF	Refuse-Derived Fuel
RHD	Right Hand Drive
RMC	Risk Management Committee
RPA	Robotic Process Automation
RTL	Road To Livelihood
RTO	Regional Transport Office
RTS	Road To School
RVSF	Registered Vehicle Scrapping Facility
SAARC	South Asian Association for Regional Cooperation
SCV	Small Commercial Vehicle
SEA	Supplier Evaluation Audit
SEBI	Securities and Exchange Board of India
SEE	Social, Economic and Environmental
SIAM	Society of Indian Automobile Manufacturers
SPM	Suspended Particulate Matter
SQF	Sealed Quench Furnace
STC	State Trading Corporation
STP	Sewage Treatment Plant
STU	State Transport Utility
TC	Technology Committee

TDS	Total Dissolved Solids
TCO	Total Cost of Ownership
TQBM	Total Quality for Business Management
UN	The United Nations
UNGC	The United Nations Global Compact
USI	
VBCL	Vishwas Bus and Coach Limited
VOC	Volatile Organic Compounds
VVC	Vellivoyal Chavadi
WBCSD	World Business Council on Sustainable Development
WRI	World Resource Institute
XLRI	Xavier School of Management
YTP	Young Talent Programme
ZWL	Zero Waste to Landfill

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UNGC Principles Mapping

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Investing in reducing its environmental footprint	Water Discharge by levels of Treatment	Business Responsibility and Sustainability Report - Principle 6	AR FY 22-23, 84
	R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes	Business Responsibility and Sustainability Report - Principle 2	AR FY 22-23, 75

Embracing circularity - details related to waste management by the entity	Plastic waste (A)	Business Responsibility and Sustainability Report - Principle 6	AR FY 22-23, 86
	E-waste (B)	Business Responsibility and Sustainability Report - Principle 6	AR FY 22-23, 86
	Bio-medical waste (C)	Business Responsibility and Sustainability Report - Principle 6	AR FY 22-23, 86
	Construction and demolition waste (D)	Business Responsibility and Sustainability Report - Principle 6	AR FY 22-23, 86
	Battery waste (E)	Business Responsibility and Sustainability Report - Principle 6	AR FY 22-23, 86
	Radioactive waste (F)	Business Responsibility and Sustainability Report - Principle 6	AR FY 22-23, 86
	Other Hazardous waste. Please specify, if any. (G)	Business Responsibility and Sustainability Report - Principle 6	AR FY 22-23, 86
	Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	Business Responsibility and Sustainability Report - Principle 6	AR FY 22-23, 86
	Total waste generated (G + H)	Business Responsibility and Sustainability Report - Principle 6	AR FY 22-23, 86
	Waste intensity	Business Responsibility and Sustainability Report - Principle 6	AR FY 22-23, 86
	Each category of waste generated, total waste recovered through recycling, re-using or other recovery operations	Business Responsibility and Sustainability Report - Principle 6	AR FY 22-23, 86
	For each category of waste generated, total waste disposed by nature of disposal method	Business Responsibility and Sustainability Report - Principle 6	AR FY 22-23, 86

Enhancing Employee Wellbeing and Safety	Spending on measures towards well-being of employees and workers – cost incurred as a % of total revenue of the company	Business Responsibility and Sustainability Report - Principle 3	AR FY 22-23, 78
	Details of safety related incidents for employees and workers	Business Responsibility and Sustainability Report - Principle 3	AR FY 22-23, 78
Enabling Gender Diversity in Business	Gross wages paid to females as % of wages paid	Business Responsibility and Sustainability Report - Principle 5	AR FY 22-23, 82
	Complaints on POSH	Business Responsibility and Sustainability Report - Principle 5	AR FY 22-23, 83
Enabling Inclusive Development	Input material sourced from following sources as % of total purchases, – Directly sourced from MSMEs/ small producers, and Sourced directly from within the district and neighbouring and / or aspirational districts	Business Responsibility and Sustainability Report - Principle 5	AR FY 22-23, 82
	Job creation in smaller towns – Wages paid to people employed in smaller towns (permanent or non-permanent /on contract) as % of total wage cost	Business Responsibility and Sustainability Report - Principle 5	AR FY 22-23, 82
Fairness in Engaging with Customers and Suppliers	% of negative media sentiment	Customer Engagement	154
	Number of days of accounts payable	Annual Report - Management Discussion and Analysis Report	AR FY 22-23, 57
Open-ness of business	Concentration of purchases & sales done with trading houses, dealers, and related parties Loans and advances & investments with related parties	Business Responsibility and Sustainability Report - Principle 8	AR FY 22-23, 90



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