



ASHOK LEYLAND

Aapki Jeet. Hamari Jeet.



**FASTER
HIGHER
GREATER**

**SUSTAINABILITY
REPORT**

2018-19



HINDUJA GROUP



FASTER HIGHER GREATER

In today's world, businesses continue to experience an accelerating pace of change. The emerging risks lie in the current trends, in other words: signals of change and disruption. These include innovations, varied customer demands, new technologies and regulatory changes.

Apace change in customer base, unceasing price pressure, resilient technology alignment, and the near insatiable demand for transporting goods around the globe drives the commercial vehicle industry. In the years ahead, it will be essential for the industry to achieve a fine balance between its product and its universally connected customer lifecycle-centric and service-driven future.

We believe we are well positioned for these two imperatives. While on the one hand, increasingly stringent regulations demand for a strong focus on optimization, rationalization and standardization. On the other, increasingly tech-savvy customers are encouraging to create a completely new mobility culture. In this sense our strategies, for keeping and sustaining our share of the market, focuses on technical and organizational innovations, especially the reduction of the time lag between conceptualization and commercialization of new models as well as the adoption of environmentally driven solutions. We continue to work towards our goal of providing wider range of options with improved quality while reducing the environmental impacts. To manufacture vehicles that respect both people and the planet has been our persistent commitment.

These objectives were met by faster integration of technology in our research, design, and development stages, in a multidisciplinary approach assisted by simultaneous engineering methods. This aided in redefining our vehicles in line with the customers' expectations of higher efficiency vehicles reaching to improve the quality performance as well as introduce new models that are safer, easier to drive, environment friendly, and create a positive impact on the economy.

With this we reiterate our promise made to our stakeholders.. Aapki Jeet Hamari Jeet!



ABOUT THE REPORT

To help our stakeholders with comprehensive information about the company's sustainability strategy and help them understand the progress we made in integrating sustainability into our processes, we are pleased to publish our third sustainability report. The content of this report encompasses our performance for the reporting period FY 2018-19 aligned to our philosophy 'AAPKI JEET HAMARI JEET'.

Approach Boundary and Scope

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, 2016 Core option. We have applied the GRI reporting principles - stakeholder inclusiveness, sustainability context, materiality and completeness for defining the content. We have taken into account the principles of accuracy, balance, clarity, comparability, reliability and timeliness in order to define the quality of our report. The Report is also aligned to the National Voluntary Guidelines on Social, Environmental and Economic (NVG-SEE) Responsibilities of Businesses in India issued by the Ministry of Corporate Affairs, Government of India. The content of the report is developed considering our operations, its impact, and the expectations and interests of our key stakeholders.

The report boundary covers the operations in India located at Hosur (Units 1 and 2), Ennore, Bhandara, Alwar, Pantnagar, Vellivoyal Chavadi (VVC), North Chennai, Cab Press and Panel Shop (CPPS), Foundries at Ennore and Sriperumbudur and our corporate office in Chennai. As we look forward to covering our joint ventures and subsidiaries in our future reporting, we are in the process of supporting them in developing the systems on qualitative and quantitative disclosures on the identified material topics.

Report Content

The content of this Report has been developed around our material topics. These topics have been identified by reviewing the overall

sustainability risks and opportunities which were determined by evaluating macroeconomic & sustainability trends and senior management inputs. Views, concerns and key expectations of different stakeholders have also been elemental in shaping our overall materiality. This entire process has helped us realign our sustainability strategy while ensuring the transparent disclosure on our key material topics.

Report Disclosure and Assurance

This Report includes sustainability disclosures of our India operations for the reporting period, 1st April 2018 to 31st March 2019. The Corporate sustainability disclosures have been compiled using centralized database, with additional data collected at individual site level. We engaged DNV GL Business Assurance India Private Limited for providing independent assurance on this report. The Report has been assured with Limited Level Assurance requirements of ISAE 3000 assurance standard and the statement provided by DNV GL Business Assurance India Private Limited is included in the report. They have verified the report for material topics identified under economic, environment and social. Information on revenue and financial data have been taken from consolidated financial statements presented in Company's Annual Report FY 2018-19.

Forward Looking Statement

The report includes forward-looking statements based on certain assumptions and management plans. In the report, these statements have been identified by words such as 'intend', 'anticipate', 'believe', 'expect', 'project', 'plan', etc., as far as possible. Should they materialize, the achievement of the projections is subject to risks and uncertainties.

We welcome your comments and feedback on this report.

N Ramanathan
Company Secretary
Secretarial@ashokleyland.com

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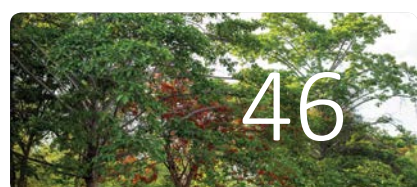
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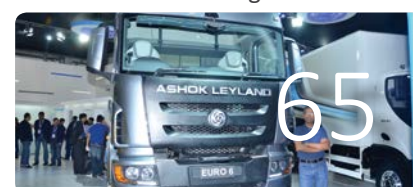
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Aapki Jeet. Hamari Jeet.

SUSTAINABILITY POLICY

We at Ashok Leyland are committed to achieve our business growth in a responsible manner through ethical and environment-friendly practices as an integral part of our business strategy.

Towards this commitment, we shall;

- Work towards minimizing the adverse impacts of our activities, products and services and enhance their positive impacts on to the society at large.
- Fulfill all the organization's compliance obligations.
- Initiate actions to protect environment in all our activities, products and services through our efforts to reduce, reuse, recycle and reclaim vital resources.
- Develop environment-friendly products and services.
- Measure the environmental, social, health and safety impact of our operations in line with global best standards.
- Continually improve sustainability performance through guidance and support to all our stakeholders.
- Be a preferred neighbor in our community through our proactive actions.

We will continue to engage closely with all our stakeholders to extend our sustainability policy and practices. By embedding this sustainability policy in our business activities, we aim to achieve a stable and sustainable business growth.

Chairman





LETTER FROM THE CHAIRMAN

Dear friends and colleagues,

It gives me great pleasure in presenting our 3rd Annual Sustainability Report, for the year 2018-19. The report presents the key highlights on the initiatives taken over last year, towards building a sustainable and socially responsible organization.

2018-19 was a landmark year of the company. Since its incorporation in 1948, and as we complete 70 years, Ashok Leyland has grown to become the 10th largest manufacturer of medium and heavy commercial trucks and the 4th largest manufacturer of medium and heavy buses worldwide. This was our Vision which we had set a decade ago. Building on this, we now aim even higher *"To be a Top 10 Global CV player, create reliable and differentiated products and solutions, while delivering outstanding stakeholder value"*.

The company achieved annual revenues of USD 4.03 billion and in addition, enjoys the distinction of being profitable throughout its 70 years of existence. This growth has been achieved through the long-term relationship with all our stakeholders, the passion, unwavering commitment and resilience of our people to deliver relevant and innovative products consistently.

There is a growing rightful awareness among government, communities and corporates that effective measures are needed to protect the environment for future generations and to improve the

well-being of the disadvantaged sections of society for sustained economic growth. This requires a collaborative approach towards a shared vision.

In 2018-19, we made further advancements across the three pillars of sustainability. We continued to grow sales and revenues across all business divisions. Sale of Medium & Heavy Commercial Vehicles grew 13.9%, while Light Commercial Vehicles achieved record sales with a growth of 31.0% over the previous year. Going forward, we are well geared to address the major changes in the automotive industry in meeting Bharat Stage-VI emission norms, Safety norms, Connected and Shared mobility solutions and Alternate Propulsion. Ashok Leyland was among the fastest growing Indian brands with a 16% growth in brand value, and was ranked 34th among the Best Indian brands.

Our Corporate Social Responsibility (CSR) initiatives focused on education, women empowerment, health awareness and road safety awareness. We further accelerated coverage of our initiative *"Road to School"*, with the objective to improve quality of education in Government Schools in the rural areas in and around the facilities located in Hosur, Ennore and Vellivayalchavadi. The journey started in 2015 and today more than 300 schools are covered with over 30,000 children benefiting from this programme. Our employees actively participate in the CSR activities through our outreach programme.

Our people agenda is focused creating a vibrant, safe and inclusive workspace for our people, aimed to help them become more productive, innovate and create long-term value to all stakeholders.

On the environment front, we are focused on implementing energy, waste and emission reducing initiatives. We have made steady progress in enhancing energy and water efficiency in our manufacturing processes. As part of our commitment to the environment, we undertook rejuvenation of 7 lakes, and planting of 83,000 saplings in our various manufacturing locations. We remain committed to reducing the environmental footprint across our operations and products. During the last year, Ashok Leyland was conferred with the *"Golden Peacock Award for Sustainability"* at an award ceremony in London.

I would like to thank all our internal and external stakeholders for the trust, commitment and hard work through the years to make Ashok Leyland what it is today. I look forward to your continued efforts towards achieving our future goals and taking the company to greater heights.

Yours Sincerely,



Dheeraj G. Hinduja
Chairman



OUR VISION

To be a Top 10 Global CV Player

creating reliable and differentiated
products and solutions,
while delivering outstanding
stakeholder value

NEW VISION NEW AVENUE

A decade ago we set ourselves an ambitious vision, we toiled as one single minded, relentlessly until we achieved it. But at Ashok Leyland we are not content, we are gearing up for next level, to achieve the next milestone. At Ashok Leyland we constantly aim higher, by setting an even more ambitious vision. Our new vision unveiled is *"To be a Top 10 Global CV Player, creating Reliable and Differentiated Products and Solutions, while delivering Outstanding Stakeholder Value"*.

Our earlier Vision focused on the M&HCV vehicle segments, led us to be positioned among the Top 10 Global players in M&HCV Trucks, and among the Top 5 in M&HCV Buses. The new vision embraces all our business units covering M&HCV, LCV, International, Defence, Power solutions, Parts, and Customer Solutions. And each division will have an important role to play in achieving this vision.

We believe that the long-term economic success of any business in today's world

is dependent on acting responsibly, ensuring social acceptance and staying connected with all stakeholders. Our new vision goes beyond solely achieving the production numbers, but also encompassing the value delivered to all stakeholders. It is not just about selling more vehicles. It is about excelling in the reliability of the products we make, the innovative differentiations we can create, the unique solutions we can offer our customers, and to end with the outstanding value we can create for ALL our stakeholders.

Every stakeholder engages with us for a different reason, as each of them values a different aspect of our business. Whether it is the product, the working environment, the environmental impact or helping society as a whole. It is important for us to understand that and build value in the right context. Because only then, will the promise of "Aapki Jeet, Hamari Jeet" resonate with everyone. It is a vision beyond numbers, a vision of true leadership in the Global market.

Over the last seven decades of our existence we have seen how the externalities like climate change and urbanization have transformed businesses around us. A diverse technology landscape, stringent regulations, digitization, changing customer expectations, and increased demand of connectivity; are all opportunities for us to develop innovative products and solutions. Our innovations would not be developed solely to enhance the benefits of our customers—but also to have a positive impact on society and the environment we operate in. We would also achieve a clear competitive advantage with effective and resource-friendly production processes and state-of-the-art facilities for sustainable mobility.

For us to reach the next level of our performance, it is imperative that each one of us pulls in the same direction. It is about being ONE company, and ONE team, working towards ONE vision.





***ABOUT
US***

Ashok Leyland, a flagship of the Hinduja Group of companies was founded in 1948 and headquartered in Chennai, India. We are a public limited automobile company having our footprint across the globe with predominance in India (refer our Annual Report FY 2018-19 for complete portfolio). With an employee base of 32983 and total revenue from operations INR 29054.95 Crore, we are the 4th largest manufacturer of buses and 10th largest manufacturer of trucks globally¹.

Since our establishment seven decades ago, we have emerged as India’s leading player in the automotive industry and are one of the country’s most esteemed business groups. Our shares are listed on the Bombay Stock Exchange (BSE) (Script no. 500477) and also on the National Stock Exchange of India (NSE) (Script name: “ASHOKLEY”). Please refer to our Annual Report for the shareholding pattern of the Company.

Our Geographic Presence

Location	Operation
Ennore, Tamil Nadu	Buses, Trucks, Engines, Axles etc.
Hosur, Tamil Nadu	Trucks, Special Vehicles, Power Units and Press Shop
Pantnagar, Uttarakhand	New generation platform and Cabs
Alwar, Rajasthan	Bus Manufacturing
Bhandara, Maharashtra	Gearbox
Foundries Division, Ennore and Sriperumbudur, Tamil Nadu	Castings for automobiles and tractors to industrial engines, construction equipment and power generation equipment

¹Source: SIAM and IHS

We continue to steadily grow our sales and revenues across all our business divisions. We sold 131,936 M&HCVs in the domestic market (16,323 M&HCV Buses and 115,613 M&HCV Trucks), witnessing a growth of 13.2% over the previous year. Our LCV business continued to register a record sales of 54,508 vehicles, with a growth of 26% over the previous year. For more information about us (e.g. our evolution, joint ventures, subsidiaries, etc.) and our group, we request our readers to refer to our website at www.ashokleyland.com and our Annual Report FY 2018-19 at www.ashokleyland.com .

List of Memberships and Associations

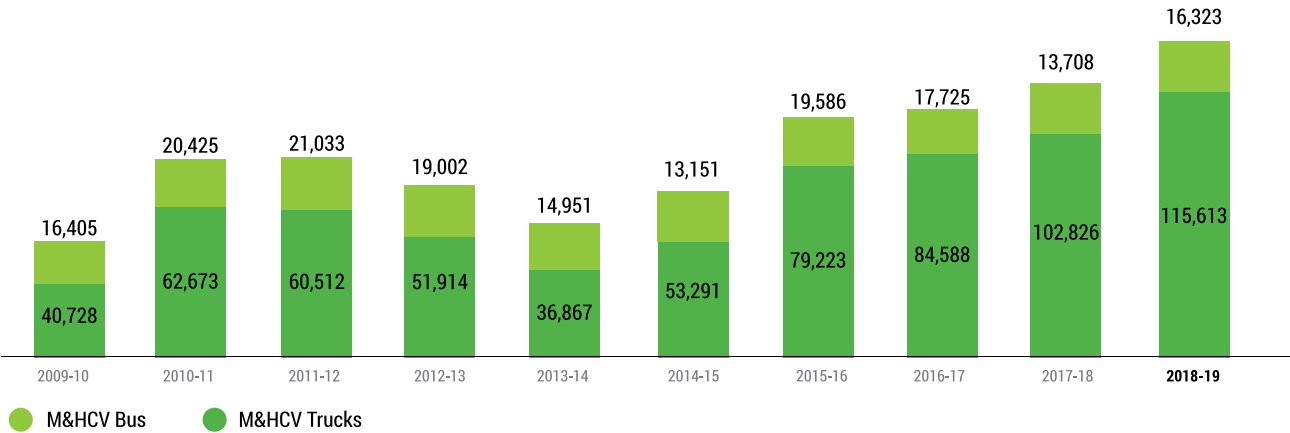
We actively participate with the following associations that are working to formulate policies and regulations for improvement of the triple bottom line performance.

- Confederation of Indian Industry (CII)
- Society of Indian Automobile Manufacturers (SIAM)
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Associated Chambers of Commerce and Industry of India (ASSOCHAM)

Through our long standing association with the associations listed above we have actively participated and promoted the process of improving all major policy related matters that directly or indirectly impacts us. We have been partaking in the policy development consultations and exercises organized by these societies, especially on electric vehicles and institutionalizing the BS-VI compliant engines.

As an organization we are also contributing to improve the infrastructure on transportation and skill enhancement in the field.

M&HCV Domestic Sales



Product Portfolio

We have grown over these last 70 years, from a company assembling 350 Comet trucks in the year 1951, to a company that has registered sales of more than 1,00,000 medium and heavy commercial vehicles in the domestic market, during last year. Today we are proud of having at least one touch point every 50kms, across the length and breadth of the country. The quality and the skill at our touchpoints is reflected in the recently conducted 3rd party customer satisfaction survey, wherein, Ashok Leyland topped the commercial vehicles category at the dealer points.

In this long journey, we moved from being a single model manufacturing company, to an organization which today offers more than ~500 variants, catering to almost each segment/application. At Ashok Leyland, we offer a wide range of products that serves diverse customers meeting their preferences and requirements. We ensure that our products are as per current market needs and promote safety of our customers. We are progressively promoting customer safety and improving fuel efficiency through best-in-class technologies and exploring new avenues in the field of alternative fuel. Our R&D team is geared towards innovating and manufacturing vehicles that are best suited for Indian market.

Our portfolio encompasses Buses, Trucks, Light Commercial Vehicles (LCVs), Defence Mobility Solutions and Power Solutions.

Buses

We offer our buses in Intermediate Commercial vehicles (ICV), and Medium Commercial vehicle (MDV) segments of

the market. In ICV, our brand Sunshine dedicated to school application, symbolizes safe journey and happy memories to the school children. In MDV, our Viking brand continues to promise versatility and reliability. 166” (wheel base) Cheetah was launched for our customers for their travel suited for hilly terrain. We continued to work alongside progressive State Transport Undertakings (STU’s) to provide safe and comfortable public transport solutions by supplying about 3000 buses last year. We manufacture a variety of buses ranging from 18 to 80 seater, to suit different needs of our users with the following applications:

- City application buses
- Sub-urban application buses
- Inter-city application buses
- School / Staff / Tourist application buses
- Special application buses

Trucks

The continuous growth in Ashok Leyland truck market share over the last few years is an ample testimony of our products’ reliability, performance and customer preference. Our customer base has continuously grown, and today we are the preferred truck brand for all segments, be it Tippers, multi axles, tractors or intermediate commercial vehicles. Our truck range spans from 2.5T to 49T GVW that caters to over 70 diverse applications from construction & mining to distribution trucks to long haulage vehicles & tractor-trailers.

Medium & Heavy Commercial Vehicles (MHCVs)

Based on applications and GVW, our products serve the following segments.

- Distribution Trucks – ICV (Intermediate Commercial Vehicle) - 10 / 12 / 15 Tons
- Long Haul Trucks
 - Haulage 4x2 – 19 Tons
 - Multi-axle rigid trucks - 28 Tons / 35 Tons / 41 Tons / 42 Tons
 - Tractor (Articulated trucks) - 40 Tons / 45 Tons / 55 Tons
- Construction & Mining Tippers – 19 Tons / 28 Tons / 35 Tons / 41 Tons / 42 Tons

Light Commercial Vehicles (LCVs)

Our light vehicles are employed in a variety of applications such as intra-city and last-mile transportation of vegetables, fruits, mineral water, groceries, cold-storage products, etc. Our first product ‘DOST’ was an award winning product and various products have been added since its release. Our latest addition to the DOST family is the Dost+ which comes with the Promise of MORE. It offers best-in-class features which add More Value and help customers earn More and Prosper.

Other LCVs include:

PARTNER is a next generation LCV truck which not only offers superior mileage and overall performance but also offers enhanced driver comfort. It is designed and engineered for Tomorrow. It is powered by the advance ZD30 engine provides 10% higher mileage than competitor products and is designed to provide utmost comfort and safety to drivers during the long run. The Partner ensures each ride is a comfortable one and a Profitable one. The Partner Truck has won the LCV Cargo Carrier of the year 2018 at the Apollo CV Magazine Awards 2018.

MITR is a modern and new age bus that has been ergonomically designed keeping



passenger comfort as its core. The MiTR bus is powered by the advanced and proven ZD30 engine – ensuring the best of both worlds; Power & Fuel Efficiency. It takes safety and comfort for its young travelers to a whole new level with its ergonomically designed interiors and well planned safety features keeping Indian roads and driving conditions in mind. It is available in 27 to 31 seater configurations.

The Light Commercial Vehicle (LCV) vertical completes our presence in the Commercial Vehicle space as a full-fledged CV player, offering customer solutions from 2.5 T to 55T and 13 seats to 79 Seats. The LCV Business also helps the company de-risk from the usual business cyclicality, associated with Medium & Heavy Commercial vehicles. We have focused on superior ergonomics, driver comfort and safety, so our vehicles are not just meant for delivering goods,

but also provide a superior experience. We were the first to launch AC cabins in our DOST (2011) and PARTNER (2014). We were the first to make power steering popular in small commercial vehicles. We have been robustly growing our After-Market presence, with more than 495 dedicated LCV touchpoints and 128 SAS Vans (Service at Site Vans). 14% of vehicle repairs happen through SAS Vans at customer door steps.

Defence Mobility Solutions

For a vehicle to wear Armed Forces camouflage, it must demonstrate extraordinary levels of strength and endurance in extreme conditions, worthy of the soldier who will take the wheel. We have earned the trust of India's armed forces—one of the largest in the world—is a testament to the performance, durability and reliability of these vehicles, across a staggering range of terrain,

temperature and operational conditions. Ashok Leyland has proven to be a complete mobility solution player for the Armed Forces. Our association with India's armed forces spans more than 40 years, during which we have pulled our weight to secure borders, carry supplies and help soldiers through some of the harshest terrain and, occasionally, even into battle.

The Stallion, our flagbearer brand, represents the largest fleet of vehicles in an armed force, anywhere in the world. With over 70,000 vehicles produced, the Stallion is synonymous with an army vehicle. Equipped for military payloads ranging from 2.5 to 30 tons and a full range of special applications, Ashok Leyland vehicles also bolster the defence forces of governments across the world and have also supported the United Nations in its peacekeeping efforts.

Power Solutions

Our Power Solution Business offers a wide range of engines & solutions for power generation, various earth moving & construction equipment, agricultural harvester combines and marine applications.

LEYPOWER is a reputed brand of diesel generator sets in India. With state-of-the-art technology in engine, alternator and controllers, LEYPOWER provides a fully integrated power system at par with global standards at a very competitive overall cost of ownership. LEYPOWER ready-to-use diesel generator sets meet with the latest CPCB-II norms in India and built to comfortably meeting international norms.

Ashok Leyland engines had been the heart of Agricultural Combines in India over four decades and continue to be

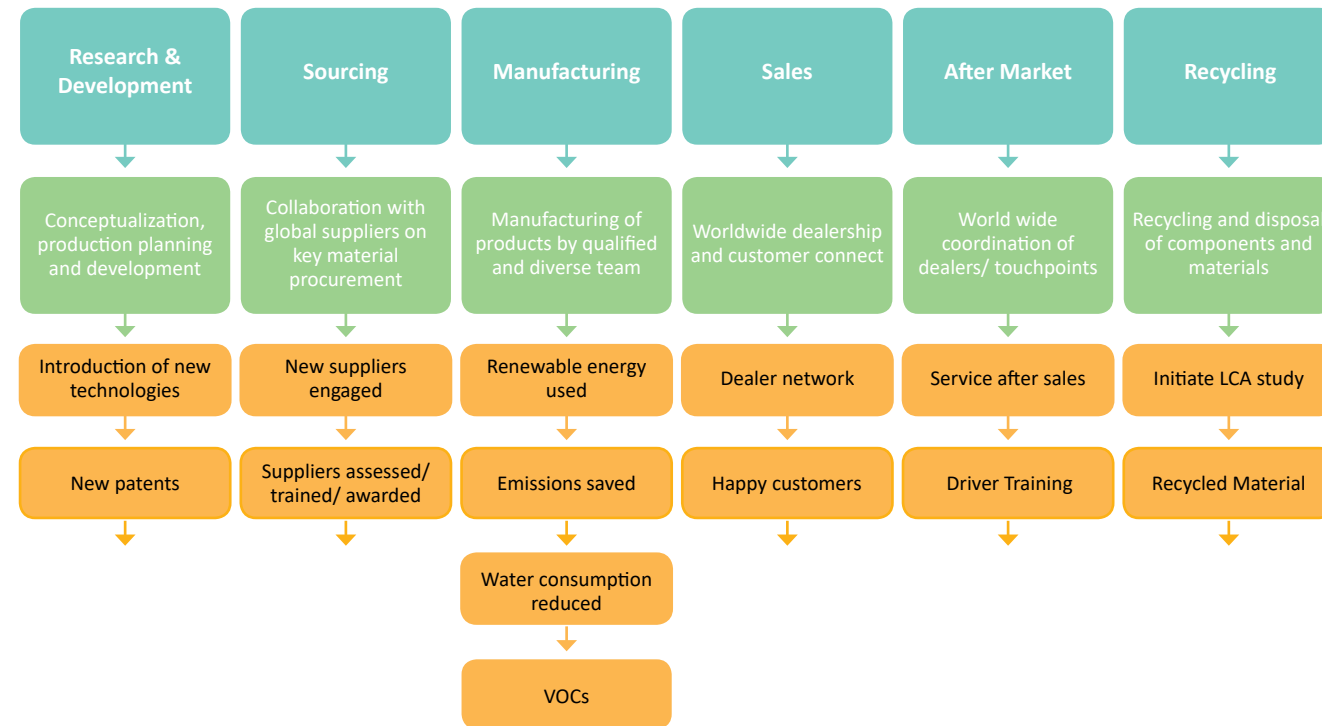
the leader in the segment. We enjoy over 85% market share in wheel and track combine segment. Manufactured in the state-of-the-art facilities with global quality standard in 4 and 6 cylinder variants, Ashok Leyland Agricultural Engines continues to be the first choice among the various Original Equipment Manufacturers of both track and wheel Harvester combines.

Ashok Leyland industrial engine product range extends from the compact 4 to 6 cylinder engines producing 71 hp to 360 hp. These engines offer enhanced productivity and low cost of ownership. Tailor made Ashok Leyland industrial engines had been catering to the powering need of various industrial applications like construction, air compressor, road construction, concrete pumps, lift and shift etc. across India and globally for past many years.

Over the last four decades Ashok Leyland had been catering to the Marine segment across the globe. From powering fishing vessels for various types of fishing applications, like Trawling, Purse seining, Gillnetting etc, we extend to meet customer specific requirements for supplying CLASS approved engine to power sailing vessels, auxiliary drive-in vessels, ferries, cargo vessels etc. To offer a complete marine solutions these engines are offered along with gear boxes, PTO arrangement, sea water cooling and state of art controlling devices. Type Approval from a renowned 3rd party demonstrates the quality standards of Ashok Leyland Marine Engines.

Ashok Leyland Enablers

Our key performance parameters across the value chain is illustrated below.



Sustainability Vision

Our Sustainability framework – “SEE” – is our shared vision on how we can contribute towards creating social value and make a positive difference for the customers and communities we serve.

- Provide safe & healthy workplace
- Generate skilled workforce & enable the employability
- Enhance employee involvement and family engagement
- Retain critical talent
- Enhance employee skills & competencies
- Enhance gender diversity

- Improved quality
- Affordable cost
- Timely delivery

- Enhance energy efficiency & renewable sources
- Aspire to become water neutral
- Aspire to become carbon neutral organization
- Achieve “Zero Waste to Land Fill & Incinerator”
- Create favorable ambience for flora & fauna
- Eliminate wood waste generation

CORPORATE GOVERNANCE

“

We believe sound governance is critical to deliver our strategy, create long-term value and maintain our social license to operate. We value our diversity and contributions made by each and every employee in upholding the highest ethical standards. It is an important part of who we are and how we conduct ourselves.”

We manage our business in accordance with responsible corporate governance principles geared towards sustainable and shared value creation in all areas of our business. To ensure compliance with these principles, clear lines of accountability have been defined in the Company’s management system, which are reinforced through guidelines as well as internal control and incentive systems.

We believe effective corporate governance is a key element in improving efficiency and enhancing stakeholder confidence. Our governance framework gives our highly experienced Board of Directors, the structure necessary to provide appropriate oversight of the company. Our Board members are selected on the basis of outstanding achievement in their professional careers, experience, personal and professional integrity, their ability to make independent and analytical inquiries, financial literacy, mature judgment, high performance standards, familiarity with our business and industry, and an ability to work in collaboration.

The governance structure of Ashok Leyland is led by the Board of Directors and Management. At Ashok Leyland, Management is a high level team that actively governs and participates in the daily supervision, planning and administrative processes. The composition of the Board of Directors of Ashok Leyland is governed by the relevant provisions of the Companies Act, 2013, the Rules made thereunder, and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulation 2015 relating to Corporate Governance.

The responsibilities of the Board include overseeing the functioning of the Company, monitoring legal, statutory compliance, internal controls and management of risks on the basis of information provided to it. The Board is also responsible for approving the strategic direction, plans and priorities for the Company and monitoring corporate performance against strategic business plans. The Board of Directors and the Management of Ashok Leyland are committed to the enhancement of shareholder value through:

- sound business decisions, prudent financial management and high standards of ethics
- ensuring transparency and professionalism in all decisions
- achieving excellence in governance by conforming to, and exceeding wherever possible, the prevalent mandatory guidelines on Governance

Appointment, Evaluation and Remuneration of the Board

The Nomination and Remuneration Committee of the Board reviews the structure, size, composition, diversity of the Board, evaluation of existing skills, outline gaps and provide the required recommendations to the Board. During the reporting period, the Board adopted a formal mechanism for evaluating the performance of its Committees, Independent Directors and Non-Independent Directors including Chairman of the Board. Our compensation policy aims to attract, retain and motivate professionals in order to accomplish our strategic objectives and develop a strong performance culture in the competitive state-of-affairs in which we operate.

Name	Category	Member of the Committee			
		Audit	Nomination & Remuneration	CSR	Risk Management
Mr. Dheeraj G Hinduja#	Promoter, Non-Independent, Non-Executive	✓	✓	✓	-
Dr. Andreas H Biagosch	Independent, Non-Executive	-	-	-	✓
Dr. Andrew C Palmer	Independent, Non-Executive	-	-	-	-
Mr. Sanjay K Asher	Independent, Non-Executive	✓	-	-	✓
Mr. D J Balaji Rao *	Independent, Non-Executive	✓	✓	-	✓
Mr. Jean Brunol	Independent, Non-Executive	✓	-	-	-
Mr. Sudhindar K Khanna®	Independent, Non-Executive	✓	-	-	-
Ms. Manisha Girotra	Independent, Non-Executive	-	✓	✓	-
Mr. Jose Maria Alapont	Independent, Non-Executive	-	✓	-	-
Mr. Vinod K Dasari*	Non-Independent, Executive	-	-	✓	-
Mr. Gopal Mahadevan\$	Key Managerial Personnel	-	-	-	✓

appointed with effect from March 20, 2019. | *Resigned with effect from March 31, 2019
@ Resigned with effect from April 5, 2019 | \$ Appointed as a Whole-time Director on May 24, 2019

Committees of the Board

Our Board has instituted various committees with explicit charter to maintain effective focus on the issues and accelerate appropriate resolution of the same. The committees operate as authorized representatives of the Board as per the Charter and the actions are reviewed periodically The Board of Directors and the Committees also take decisions by circular resolutions which are noted during their respective meetings.

Board Committees	Function
Audit	We have constituted an independent Audit Committee that adheres to Regulation 18 of SEBI Listing Regulations and Section 177 of the Companies Act, 2013 (Act) which acts as a link between the management, external and internal auditors and the Board of Directors of Ashok Leyland. The audit committee plays a crucial role in the corporate governance of the Company. The committee is responsible for risk identification, strengthening the internal process to review and monitor business risk, establishment of stringent internal controls, accounting, financial reporting, internal and external audit mechanisms, and compliance of the company with applicable requirements of SEBI and all other regulations.
Nomination and Remuneration	The Nomination and Remuneration Committee [NRC] is constituted pursuant to the provisions of Regulation 19 of the SEBI Listing Regulations and Section 178 of the Act. As per the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the NRC of the Company acts as the Compensation Committee for administration of Ashok Leyland Employees Stock Option Plan [AL ESOP], 2016 and AL ESOP 2018.
Stakeholder’s Relationship	We have constituted a Stakeholders’ Relationship Committee that abides by Regulation 20 of SEBI Listing Regulations and Section 178 of the Act. The major function of this committee is to receive and redress the grievances of the security holders. It is also responsible for reviewing the manner and timelines of dealing with the complaint letters received from Stock Exchanges/SEBI/Ministry of Corporate Affairs etc., and the responses thereto.
Risk Management	A Risk Management Committee has been formed to assist the Board and Audit Committee in their responsibilities of overseeing Company’s risk management policies and processes (including processes for monitoring and mitigating such risks) and the Company’s exposure to unmitigated risks.
Investment	The Investment Committee considers and recommends long term strategic goals in the areas of manufacturing and product strategy.
Corporate Social Responsibility	We have constituted a Corporate Social Responsibility Committee which is in line with the provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility) Rules, 2014.
Technology	Ashok Leyland being a company with an aspiration to pioneer in world-class technology, we have constituted the Technology Committee. The Technology Committee considers and approves key decisions with regard to product planning and choice of technology thereof, and help prepare the Company to be in step with or be ahead of emerging global product and technology trends.

Risk Management

We have adopted an Enterprise Risk Management (ERM) to identify, measure, communicate and control risks within the organization which are bucketed as strategic, operational, financial, legal and compliance risks. At Ashok Leyland, we have an inclusive, well integrated and standardized Enterprise Risk Management (ERM) framework across the organization encompassing all the business units and functions. The risk management process enables business to identify and proactively address risk and opportunities, assessing them in terms of likelihood and potential impact, determining our response strategy, and monitoring them on regular basis. The ERM framework at Ashok Leyland embodies the principles of COSO ERM framework & ISO 31000:2009 standard that encourages a sound risk culture and facilitate informed decision making.

The ERM is overseen by the Board of Directors, through the Risk Management Committee (RMC) which is responsible to ensure that the Company has an appropriate and effective ERM framework. The RMC apprises the Board on a periodic basis on the effectiveness of the ERM framework, the enterprise risks faced by the Company and how these are managed. It also reviews the Company's risk appetite statement on an annual basis. The Steering Committee, consisting core business vertical heads, is responsible for the risk management process including risk identification, impact assessment, effective implementation of risk mitigation plan and risk reporting. For more details, please refer to our Annual Report FY 2018-19.

Through the ERM process, the Company aims to be resilient to the changing business scenario, gain competitive advantage over its peers and protect and create value for stakeholders, including shareholders, employees, customers, regulators, and society.

Internal Control System

Given the nature of our business and size of operations, we have designed a suitable internal control system to ensure:

- Recording of transactions are accurate, complete and properly authorized
- Adherence to Accounting standards and compliance to applicable statutes, Company policies and procedures

- Effective usage of resources and safeguarding of assets

Our Internal Financial Control Framework is developed in line with the specific requirements as laid out under Section 134(5)(e) of the Companies Act, 2013 and also follows the COSO (Committee of Sponsoring Organizations of the Treadway Commission) Internal control framework 2013, and supports in evaluating the operating effectiveness of internal controls in a consistent manner. A periodic risk based internal audits is carried out across all locations and functions to ensure compliance, efficiency and effectiveness of operations by our internal audit function based on the approved internal audit plan by the audit committee of the board. The identified risks are reviewed periodically and a mitigation actions performed as appropriate. Every quarter the internal audit team submits a summary of audit findings along with the status of implementation of action plans for risk mitigation to the audit committee.

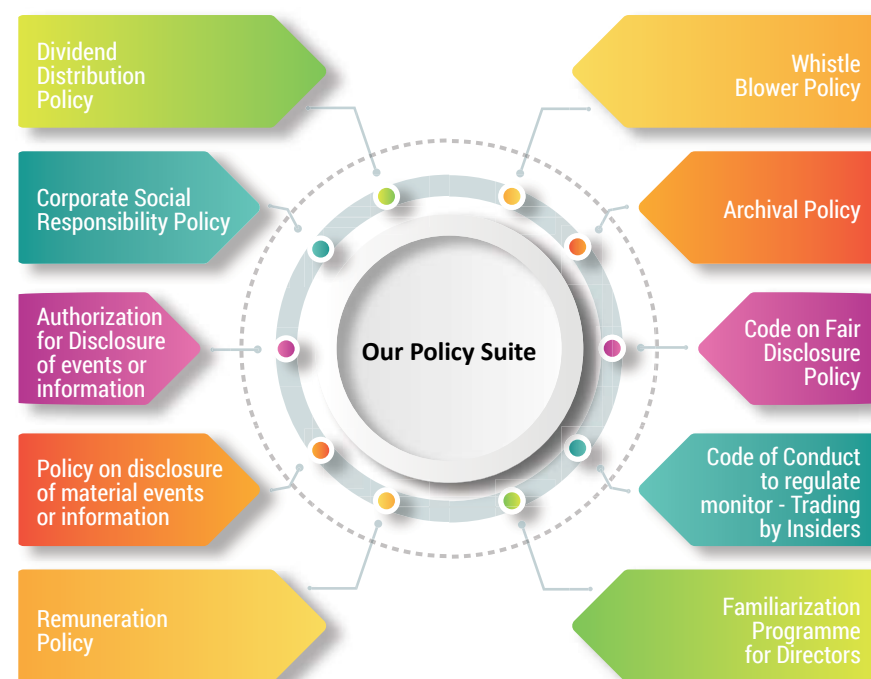
Ethics and Integrity

Our business is channeled by our guiding principles and values, which not only serves as a road map for sustainability, but also drives all our business decisions and activities globally. We are aware that our business is more than building great products; it is also about building trust with our stakeholders that is fundamental to our business success and aligns to our core values.

The ethical behavior in our company begins with the Board of Directors as the Board is committed to uphold the highest legal and ethical conduct in fulfilling its responsibilities. All directors and employees are expected to act ethically at all times and adhere to the company policies and guidelines, as set forth in the Code of Conduct. The copies of the Code of Conduct, POSH policy, Anti-Fraud Policy and Whistle Blower Policy are easily accessible to all our employees through the Intranet portal.

Ashok Leyland's Code of Conduct outlines the Company's expectations from the members of the Board, senior management and employee behavior in areas that include conflict of interest, fair dealings, gifts, legal compliance, and confidentiality. The code of conduct, along with company policies are regularly reviewed and updated. Any actual or potential violation of the Code of Conduct would be a matter of concern for the Company. The code unambiguously lays down the general principles and standards that govern the actions of the Company and its employees, laying emphasis on adoption of highest standards of personal ethics, integrity, confidentiality and discipline in dealing with matters relating to the Company.

At the Company level we have implemented various policies to ensure good governance and workplace ethics. The details of these policies are available on our website - <https://www.ashokleyland.com/en/policies>



STAKEHOLDER ENGAGEMENT AND MATERIALITY

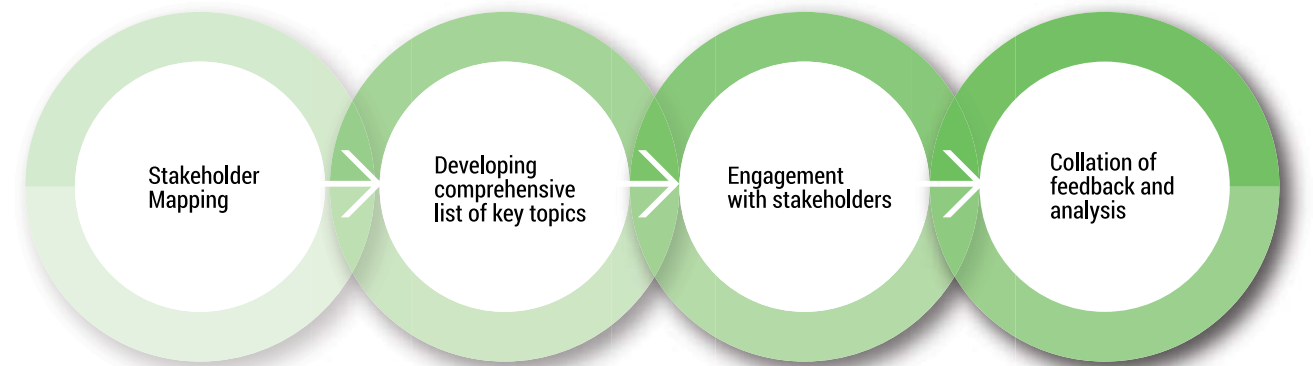
As an organization catering to global market, we understand we have a significant responsibility to society in general, and especially to the communities in which we live and work. Fulfilling our responsibility is important both from a social stewardship perspective and as a key competitive strategy. For Ashok Leyland, stakeholders are the ones who are potentially affected by our operations or who have an interest in or influence on what we do. With our operations across the nation, we interact with a wide range of stakeholders who represent our host communities including entire value chain, regions and nations. We establish platforms for dialogue and take their views and concerns into

account in our decision-making as we strive for mutually beneficial outcomes.

From last couple of years, we have structured our stakeholder engagement process by –

- Creating an exhaustive list of stakeholder’s across value chain and categorizing them in internal and external
- Prioritizing the stakeholders and identifying select groups for engagement
- Formulating questionnaires for the identified stakeholder groups, followed by conducting site-visits to engage with the stakeholders

- Understanding perspective, concerns of stakeholders and taking their suggestions into our materiality assessment
- Profound and continued engagement with our stakeholders gives us insight into their perceptions on our economic, environmental, and social performance. It familiarizes us with the topics that are most material to them. And also serves as an opportunity to share information about our Company’s strategy and practices with them, aiding in developing a trust-based and transparent relationship with our stakeholders.



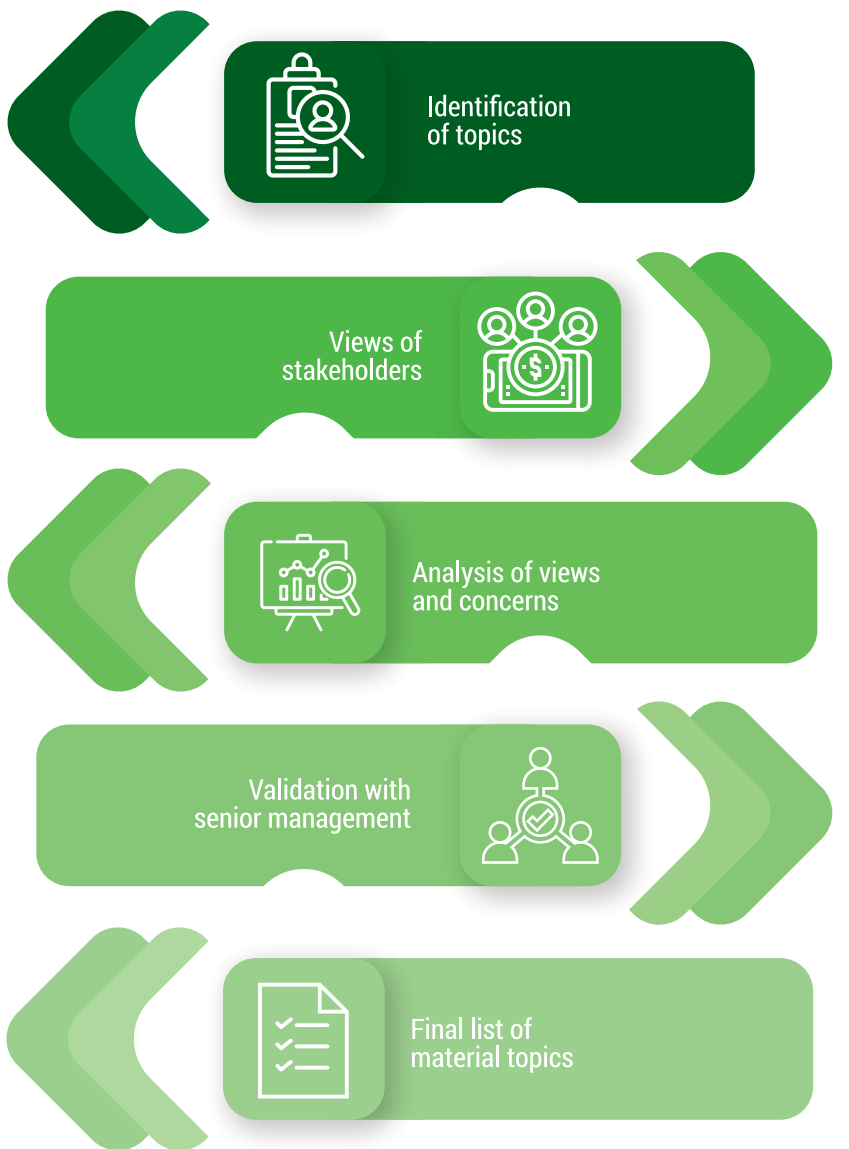
Stakeholder group	Mode of engagement	Frequency of engagement	Key expectations	Feedback assessment
Employees	<ul style="list-style-type: none"> • Monthly and quarterly meet • Personal review and visits • Surveys • Trainings • Annual day • Events 	Monthly, Quarterly, Annually and Need Basis	<ul style="list-style-type: none"> • Future development • Safe work environment • Skill management • Knowledge management • Fair Remuneration • Employee volunteering for CSR activities 	<ul style="list-style-type: none"> • Employee engagement Survey • Annual appraisal • Chairman’s award • MD’s townhall meetings • Improvement competition
Suppliers	<ul style="list-style-type: none"> • Suppliers meet • Tech days • Mutual visits • Need based meetings with leadership team • Company events 	Monthly, Annually and Need basis	<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 meet
Customers (Institutional and Retail)	<ul style="list-style-type: none"> • Company events • Survey • Ashok Leyland initiatives 	Need basis, Periodically	<ul style="list-style-type: none"> • Delivery, Technical Communication • Aftersales service • Quality of service 	<ul style="list-style-type: none"> • Customer satisfaction survey
Government and Regulatory authorities	<ul style="list-style-type: none"> • One to one meetings • Events and conferences 	Periodically and Need basis	<ul style="list-style-type: none"> • Compliance • Tax Payment 	Compliance Reports

Stakeholder group	Mode of engagement	Frequency of engagement	Key expectations	Feedback assessment
Dealers and Service Providers	<ul style="list-style-type: none"> • Events • Dealer panel engagement 	Weekly, Need basis, Annually	<ul style="list-style-type: none"> • Changing external environment • Technological advancement • Product reliability • Skill Development 	<ul style="list-style-type: none"> • Annual conference • Field visit
Community	<ul style="list-style-type: none"> • Community events • Public hearing • CSR activities 	Periodically	<ul style="list-style-type: none"> • Community development • Societal concerns • CSR activities 	<ul style="list-style-type: none"> • Field visit • Community survey and feedback

Test of Materiality

Primary objective of our materiality assessment is to map topics that are of concern to our business sustainability and to our stakeholders equally. The internal factors considered when determining materiality include our targets, risk assessment matrix for the period and interaction with top management. While external factors are stakeholder views and concerns and what other sector players are reporting on. These elements collectively enable us to weigh the criticality of topics in relation to us. In the identification and prioritization of relevant material topics and the conceptualization of this Report we were guided by the principles of completeness, sustainability context, materiality and stakeholder inclusiveness, formulated in the Global Reporting Initiative (GRI).

We have reviewed our earlier conducted materiality assessment to assess its relevance and adequacy to our current business scenario. We intend to carry out materiality assessment afresh in the next reporting period. Also, going forward, we aim to expand the materiality assessment to include the practices of our subsidiaries, so as to identify potential opportunities and create long-term benefits for the Company and stakeholders. We believe that the insights of our stakeholders will help us in prioritizing our strategy, policies and action plans in the areas triple bottom-line.



Material Topics	Where does the impact occur		Our involvement with the impact		Coverage in the report
	Internal	External	Direct	Indirect	
ECONOMIC					
Business growth and profitability	✓		✓		Driving Value
R&D and innovation for fuel efficient products	✓		✓		Product Innovation
Procurement - sourcing strategy and policy	✓	✓	✓		Sustaining our Supply Chain
ENVIRONMENTAL					
Energy efficiency	✓	✓	✓		Conserving Nature
Water stewardship	✓	✓	✓		Conserving Nature
Air emissions (including GHG emissions)	✓	✓	✓		Conserving Nature
Biodiversity	✓	✓	✓		Conserving Nature
Waste management and effluents	✓	✓	✓		Conserving Nature
Resource optimization	✓	✓	✓		Conserving Nature
SOCIAL					
Product life cycle (end of life management)	✓			✓	Product Innovation
Product safety and quality	✓	✓	✓		Product Innovation
Recruitment and talent retention	✓		✓		Calibrating Potential
Human rights in supply chain	✓	✓		✓	Sustaining our Supply Chain
Occupational health and safety	✓		✓		Calibrating Potential
Customer relationships and satisfaction	✓	✓	✓		Customer Delight
Labour management relationship (Freedom of association & collective bargaining)	✓		✓		Calibrating Potential
Inclusive growth	✓	✓		✓	Creating Opportunities, Transforming Lives
Supply chain sustainability	✓	✓	✓		Sustaining our Supply Chain
Training and education	✓	✓	✓		Calibrating Potential
Road safety		✓		✓	Creating Opportunities, Transforming Lives
Cyber Security		✓		✓	Customer Delight
OVERALL					
Regulatory compliance	✓	✓	✓		Conserving Nature, Calibrating Potential
Grievance mechanism	✓	✓	✓		Conserving Nature, Calibrating Potential, Creating Opportunities, Transforming Lives

Our current report particularizes all the identified material topics above. We believe these identified topics have both direct and indirect impact on our business and equally influences the decision making process of our stakeholders.

PERFORMANCE AT A GLANCE YEAR 2018-19



Golden Peacock Award
for Sustainability 2018



Golden Peacock Award
for Risk Management 2018

13.2 % & 26%
MHCV and LCV Growth Registered

INR **29,055** Crores
Revenue (Gross Sales)

197,366
Total Sales Volume (Vehicle numbers)

275,520 tCO₂e
Emissions (Scope 1 and Scope 2)

16,400,30 KL
Total Water Consumed

83,000
Saplings Planted (Within and outside premises)

32,983
Employees

INR **34.07** Crores
Total Amount Spent on CSR

745
Customer Satisfaction Index





CALIBRATING POTENTIAL

“

We are committed to providing an inclusive, non-discriminatory workplace offering development opportunities as well as fair consideration to all regardless of gender, age, nationality or disability. We strongly believe that a diverse workforce enhances our ability to strongly connect with our stakeholders across the globe. We have established an encouraging, ethical, and strong organizational culture ensuring an engaged, fit, and all-inclusive workforce.”



We have experienced from our global presence that every organization operating at a global level faces the challenge of a fine balance. The influence of cultural norms applies to those you serve and your workforce. The best global organizations are constantly learning how best to balance the core values of the organization with the values of the societies in which they work. And, integrating these values will effectively leads to success. At Ashok Leyland, talent management is overseen by both the leaders of human resources and business leaders who are accountable for attracting and retaining talent, managing performance and development, building a pipeline of various leaders, and creating an environment that embraces diversity and inclusion.

Over the course of years, we have achieved progress in the areas of strategic workforce planning, talent retention, recruitment, learning & development, safety, employee relations, and overall improved operational efficiencies. As a result, we now focus on providing exceptional facilities, enabling our employees to meet customer expectations, whilst contributing to the sustainable growth of the business and as an individual. By offering

individual development opportunities and recognizing our people based on how they perform, we motivate our employees to outshine and put our values at the heart of every decision they make. We always strive to keep our employees contented and engaged. We as an organization firmly believe that passionate and confident employees are the greatest strength in sustaining a business. We are also accountable to ensure no physical harm arises among our people while they are at work, and safety is a fundamental part of our corporate culture. Our Human Resource Division regularly monitors the progress to ensure proper implementation of our HR policies and compliance with the local employment regulations.

Employment

We are strengthened by our workforce and making us the leading Company that we are today. We focus on engaging, developing, and empowering our employees to advance their careers by providing opportunities and groundwork for achieving our business goals, complimented with their professional aspirations. We believe that our workforce should remain at pace with

technology and new developments in the sector, therefore we continuously nurture our employees with trainings programs to accomplish future challenges and opportunities.

One of our principal objectives is to maintain a well-managed and preferred working environment. We believe work should be a place for exploring, creativity and professional growth—a place where people are encouraged to achieve extraordinary results. We offer wide-ranging opportunities including internships, apprenticeships and graduate schemes for entry level students. These programs help us cultivate the skills our business needs from a future perspective. We also offer our employees market driven and competitive remuneration and a clear career path that instigates achievement of business and personal development goals. Our entry level wages are fixed as per the minimum wages fixed by the State Government. We adhere to the labor laws regarding collective bargaining fixed by the Government of India. In FY 2019 100% associates were covered under the collective bargaining process. We follow a mandated procedure as per the Industrial Disputes Act of 21 days of notice period regarding any operational change.



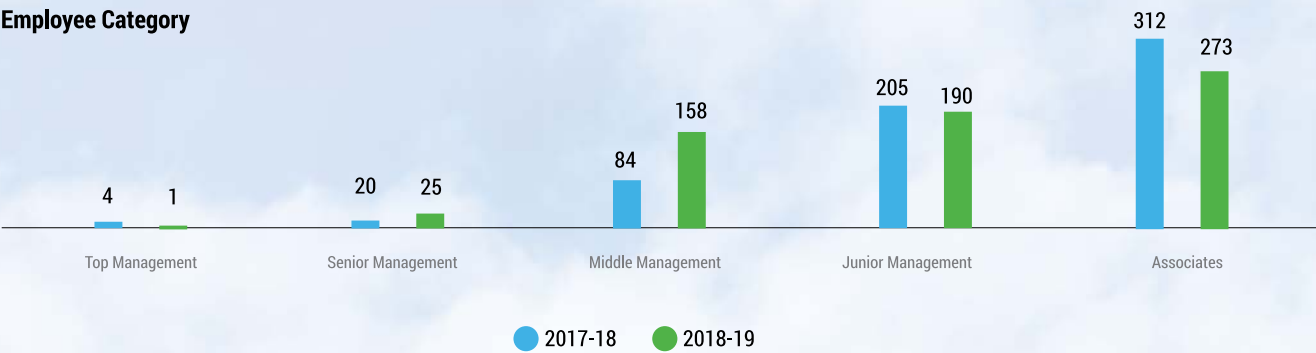
Employee Workforce

Employee Categories



Employee Attrition

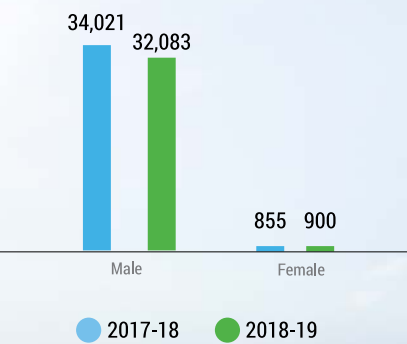
Employee Category



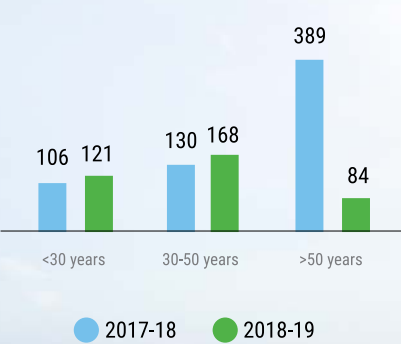
Employee By Age Group



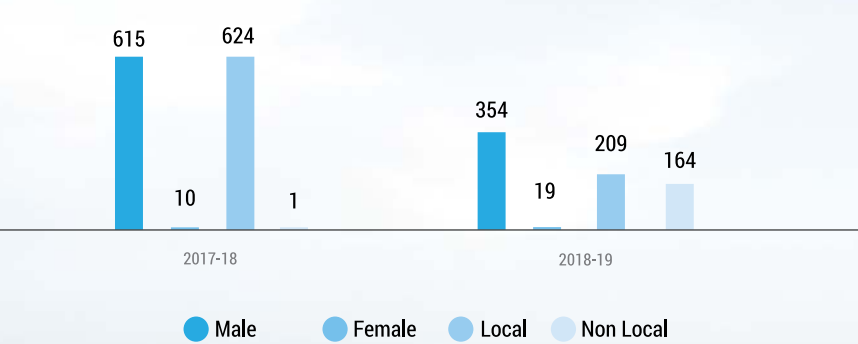
Employee By Gender



Employee By Age Group



Employee By Gender and Region



Benefits provided to employees

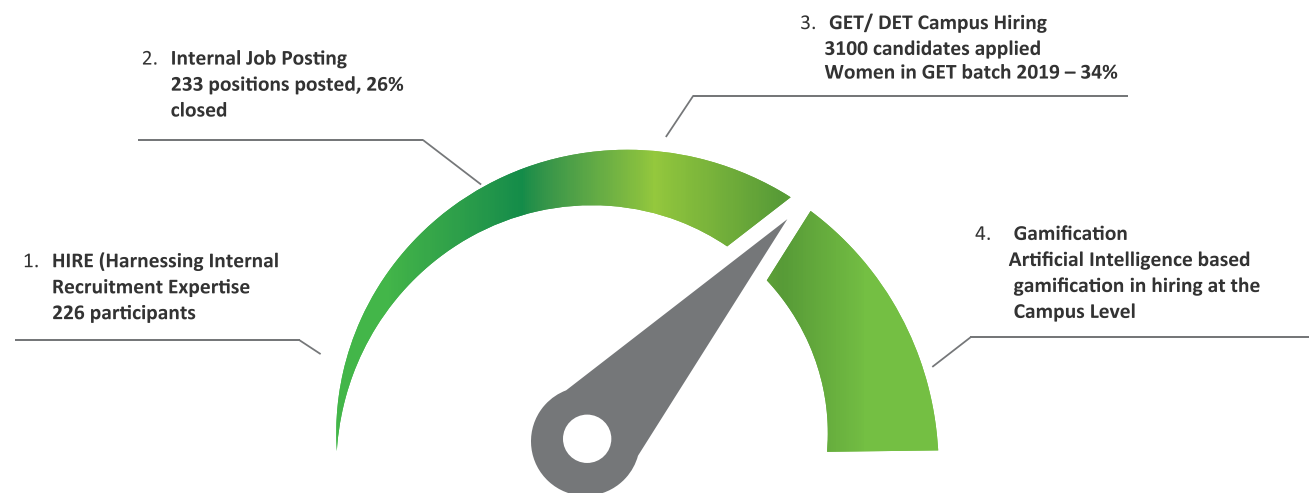
We are determined to offer our employees with benefits and opportunities that contribute to their overall well-being. We have well-equipped Occupational Health Centre within our premises which cater to all the employees who enter the premises. Regular health checks are carried out for the permanent employees. Employees are provided with required personal protective equipment and

transport facilities. We provide our full-time employees with benefits such as maternity leave annual bonus, performance based reward, health care, life insurance, retirement provision and disability and invalidity coverage.

Talent Attraction

The prospects for development and career advancement are strong components of our talent attraction activity. We are focused on effectively

recruiting high-quality and diverse talent. Our recruiting arm continues to implement recruiting models in various regions around the country. The universal job posting program promotes our commitment to the advancement and development of our employees by providing them transparency in job opportunities within the Company. The Company also has implemented a new employee orientation to help accelerate an employee's entry into the Ashok Leyland Family.



Gamification

Hiring candidates from campus using the traditional means of hiring is a thing of the past. Instead, Ashok Leyland introduced Artificial Intelligence based Gamification in hiring at the Campus Level and asked the students to play mobile games to assess their behavior and cognitive abilities. We decided to do away with group discussions where only the outspoken candidates were noticed. During group discussions and presentations, there are possibilities of unintentional bias against a candidate based on gender, language and opinions on certain topics. "Artificial Intelligence" - enabled game-based assessments on other hand gave us a data-driven approach to understand a candidate's behavior and mindset, something that is usually largely subjective.

The game employed behavioral science and neurocognitive models, allowing us to map and assess for Ashok Leyland values/ competencies. While this helped us shorten the recruitment process, saving time, it more importantly, helped

us recruit individuals who are likely to adapt to our Company's values. The feedback from campus has been great with students. We are one of the pioneers in introducing gamification in campus hiring and we expect to take it to the next level in the years ahead.

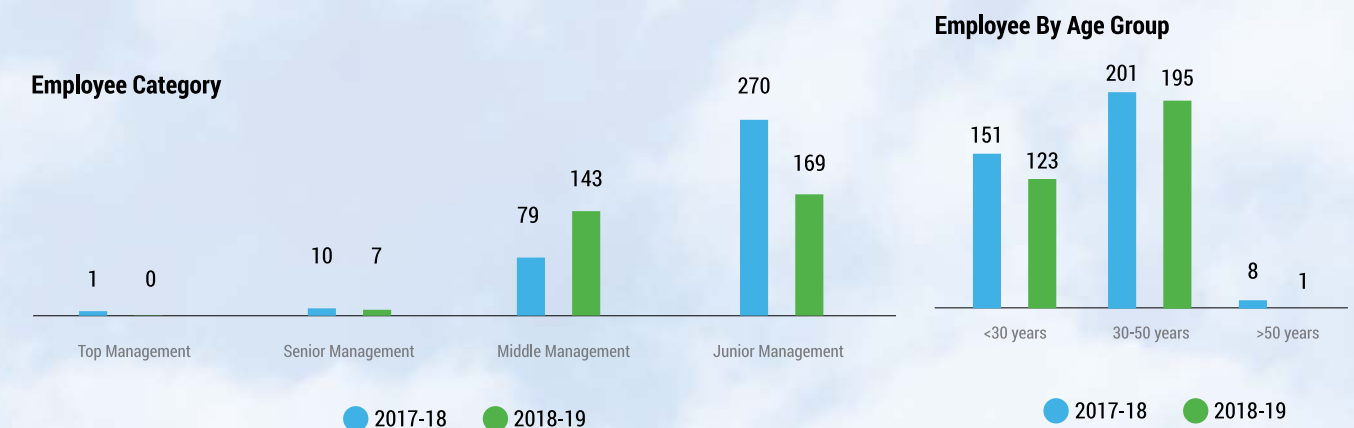
Diversity and Inclusion

Our commitment to diversity and inclusion is deeply rooted in the values

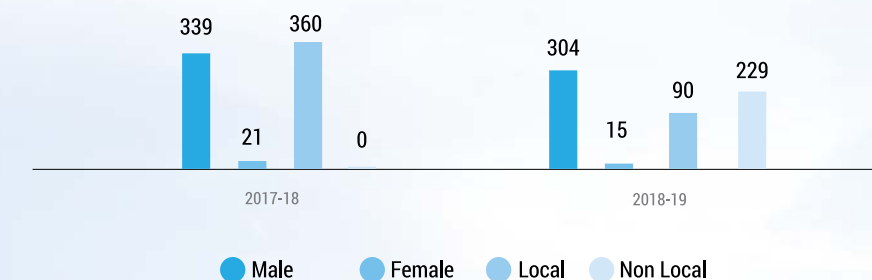
instilled by our founders. We recognize that differences in age, race, gender, nationality, sexual orientation, thinking style and background bring richness to our work environments and help us connect better with the needs of our stakeholders around the world. We believe that attracting, developing and retaining a base of employees that reflects the diversity of our customers is essential to our success.



New Hires at Ashok Leyland, as on 31st march 2019



Employee By Gender and Region



*Local implies Indian employees and Non Local implies employees from outside India

At Ashok Leyland, no form of discrimination is tolerated. Our culture embraces diversity and ensures a safe and comfortable working environment for all. We promote equal opportunities for all employees irrespective of gender, sexual orientation, disability, caste or age. No incidence of discrimination was reported during the period 2018-19.

Talent acquisition and Intentional Talent Development

- 34% entry level
- Mid level leadership hiring
- Focused leadership development in Women-junior & Mid level

Currently, women constitute 2.8% of our total employee strength. While we have undertaken a few initiatives to enhance diversity in our workforce, we are working towards strengthening this. Gender Diversity initiatives in Ashok Leyland are planned across the following pillars.

Engagement Through Enabling Environment

- Gender sensitization
- POSH* awareness
- Women's networking platform - Shristi
- Women friendly policies

Intentional Talent Development
This includes the Women Leaders Program at higher levels and personal effectiveness program at mid-levels. These are structured and sustained development interventions which include action learning stints, live-projects, mentoring by leaders, learning labs etc. spread over a year long period. These

Inclusive Offering

- Focused leadership development in Women-junior & Mid level

are designed to help women climb the leadership ladder, and to increase the ratio of women leaders in the organization.

Enabling Environment
An internal women's network – *Shristi*, the empowered women was started to Empower women at Ashok Leyland by enhancing self-esteem, confidence and capability to take up leadership roles in an inclusive and appreciative environment. POSH awareness programs were conducted across the organization in form of classroom training session, as well as through online module, covering all the executives in FY19. The program coverage includes understanding and recognizing sexual harassment, Awareness of the POSH Act amongst Employees and Redressal mechanism as per act.

Inclusive Offerings
These are designed after organization wide survey conducted amongst both men and women executives, and are aimed at encouraging participation of women in the workplace. Some of the implemented policies are 6 months of maternity leave, paternity leave, adoption leave, flexible working for women undergoing pregnancy, special travel policy for women, etc.

Grievance Mechanism
Ashok Leyland has developed an effective mechanism to resolve any dispute that occurs at the workplace. The grievance redressal mechanism explains the procedures on Dos and Don'ts to resolve a dispute. Our grievance redressal committee consisting of senior members from various functions and key leaders in resolving and addressing the issues. The recommendations and decisions taken by our grievance redressal committee are righteous. We also record the grievances received and document the status of resolution.

People Red Book
"People Red Book" refers to our process of gathering grievances reported by employees (this includes workers, staff, supervisors as well as managers) regarding administration. A policy has been formulated taking the following in to consideration:

- Employees are treated fairly at all times
- Complaints raised by employees are dealt with courtesy and on time
- Employees are fully informed of avenues to escalate their complaints/ grievance within the organisation and alternative remedy if they are not fully satisfied with the response to their complaints

- All complaints are dealt efficiently and fairly

Every HR/ ER/ Admin department or process as it may be called, appoints a people red book administrator. Administrator ensures the proper maintenance of the red book as well as is responsible for entering the complaints/ needs of employees those does not have red book access (in case of units only). Administrator coordinates with the leadership team on one hand and with the action takers and red book coordinators on the other hand. There were no grievances on labor practices filed through formal grievance mechanisms during the reporting period.

POSH
This is a platform for raising work place harassment issues, awareness of Prevention of Sexual Harassment Act (POSH) in employees and adherence to compliance. It consists of the members of ICC (Internal Compliance Committee) and HR Representative. The objective of this platform is to ensure a harassment free workplace for all employees of Ashok Leyland. There were no instances of sexual harassment during the reporting period.

Parental Leave

All our female employees are entitled to maternity leave of 180 days. We also provide paternity leave of 14 days to our

male colleagues. The maternity benefits provided by us are in line with those mandated under the Maternity Benefit Act, 1961. The percentage of return to

work after parental leave is a reflection of our provision of an outstanding career opportunity along with healthy work-life balance.

Parental leave	2017-18		2018-19	
	Female	Male	Female	Male
Total number of management executives entitled for parental leave	261	5,153	413	6,315
Total number of management executives who availed the parental leave	18	235	10	268
Total number of management executives who returned to work in the reporting period after parental leave ended	18	235	10	268
Total number of management executives who returned to work after parental leave ended that were still employed 12 months after their return to work	9	163	10	256
	95% Retention Rate (for FY 2017-18)		90% Retention Rate (for FY 2016-17)	

Employee Health and Safety

The physical and mental wellbeing of our employees is of utmost importance to us. We as an organization strive to provide a safe and healthy workplace. We are dedicated to maintaining a productive workplace by minimizing the risk of accidents, injury and exposure to health risks. Commitment to safety is demonstrated in the everyday behaviors and decisions of all employees and contractors. We ensure that our premises, machinery, systems and processes are safe. As an initial step in achieving these objectives, we enforced strict health and safety rules and practices in the workplace, which

are reviewed and tested regularly. We have also put in place a comprehensive medical insurance scheme for all permanent employees, over and above the Workman's compensation.

Our aim is to achieve Zero Harm by strengthening our safety management systems & practices. The Safety, Health and Environment (SHE) policy articulates our commitment towards excellence and achieving SHE related targets. We have established a proactive safety culture, by defining SHE objectives & goals. We remain vigilant in ensuring we have the appropriate controls in place to address the safety risks and that our employees are effectively trained.

Our safety committee oversees the occupational health and safety performance of the organization. The Occupational Health and Safety committee includes equal representation from senior management and workers to monitor and improve the safety performance operating at organizational/ regional level. The committee conducts monthly town halls aiming to discuss any concerns, observations, results of audits and also reviews and highlight our safety strategy.

Safety Parameters	2017-18		2018-19	
	Male	Female	Male	Female
Injuries	1,273	6	1,087	2
Lost days	708	1	24,630	0
Total Manhours Worked	82,852,278	21,690,67	64,699,959	11,696,24
Injury Rate	3.01		3.31	
Lost day Rate	1.67		74.78	

We have taken challenging targets on safety to reduce the reportable accidents. We have a system of robust audit for safety in all our Manufacturing Plants. Unfortunately we had four fatal accidents during the reporting

period. All four involved contractual employee amounting to a loss of 6000 mandays each. We conducted a detailed investigation and post investigating the incident and depending on the nature of the incident we undertook

comprehensive corrective measures to ensure the incident doesn't repeat. We also ensure horizontal deployment of corrective/proactive measures.

Gemba Plus

Shared Information	Egalitarianism	Performance Based Reward	Knowledge Development
<ul style="list-style-type: none"> Acts as foundation for the execution of this program. All the teams are given accurate and reliable information across all levels for better performance and higher productivity 	<ul style="list-style-type: none"> Teams are provided opportunity to contribute equally and ensure positive results 	<ul style="list-style-type: none"> Recognize the teams based on the results they have achieved and support in individual motivation 	<ul style="list-style-type: none"> Teams are encouraged to grow horizontally from one function to another through a formal knowledge development session that helps them learn and acquire multiple Skills

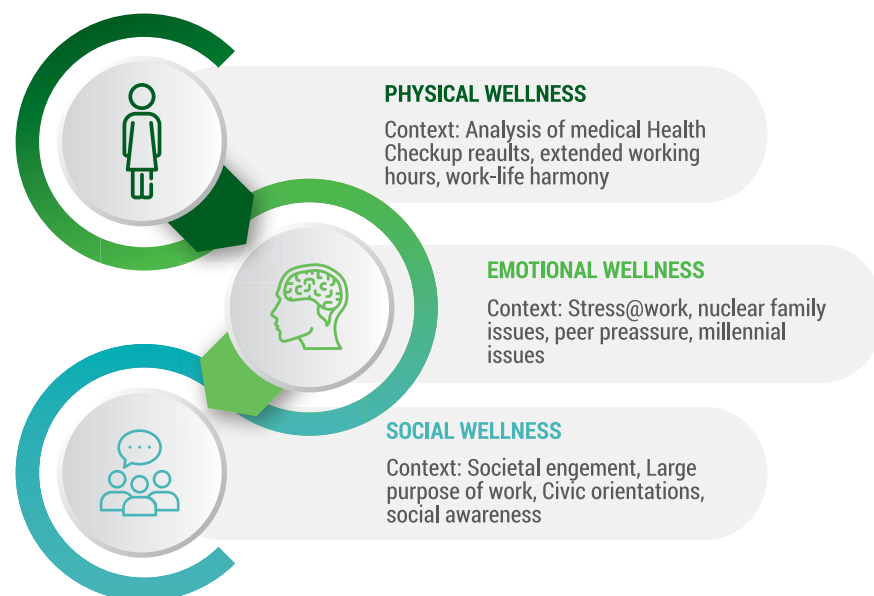
Gemba Plus in Ashok Leyland aims to provide an empowered and energetic team who are willing to take responsibility and accountability of the day-to-day operational activities by themselves. With minimal supervision from their managers, the initiative prepares the employees to infuse a sense of accountability for what they do. The most important factor which makes the team effective is by giving them the decision-making authority. At Ashok Leyland, we have constituted four pillars of the implementation of Gemba Plus.

Currently, around 180 associates and 55 executives have undergone training on Gemba Plus. Some of the areas covered as part of pilot program include Axle arm line in Ennore unit, Core shop and Molding line in Foundries, P15 engine component machining line in H1 and Press shop in H1.

The key deliverables achieved through Gemba Plus teams are:

- Improved alignment between Shop floor goals and Unit Goals
- Improved Shop floor Manpower productivity as reflected in Retention, Unauthorized Absenteeism, Incidents of Indiscipline, Internal Talent Pipeline, Multi-skilling etc
- Allowed Team Leaders to focus on Process Improvements
- Reduction in Quality related errors

Employee wellness remains our top priority. We ensure a positive work atmosphere is maintained for our employees to have a stress free and well balanced professional and personal life. To further enrich this we have developed three pillars of health and wellness, and have undertaken a number of initiatives



under each of them. This is one of our efforts to encourage our employees to switch to a healthier lifestyle.

Learning and Development

We work with an aim to build an empowered workforce by advancing employee careers through targeted development opportunities. We have inculcated an environment whereby learning and development plays an integral part within our business culture. Our success is based on the dedication and technical expertise of our employees. In the current times of digitalization and technological change, it is important to support the employees by offering them attractive and secure jobs, a range of options for achieving the right work-life balance, comprehensive development,

training opportunities, and a good long-term career prospects. Due to increasing competition in the sector coupled with a universal shortage of skilled workers, and in light of our society, it is vital for us to invest in our employees, to offer them opportunities and to foster continuous learning.

We strongly believe that fostering talent is going to be the determining factor in our ability to enhance the size of our business. Our Learning & Development (L&D) strategy has been formulated to ensure employee growth goals are achieved along with our business goals. Our L&D function also has a strong focus on enhancing the technical execution capabilities of our workforce.

Total Training Attended in FY 2019			
Description	Unit	Total Hours	
		Male	Female
Top Management (CG31 & Above)	Hrs	233	
Senior Management (CG28 to CG30)	Hrs	4,111	119
Middle Management (CG 25 to CG27)	Hrs	36,798	1,208
Junior Management (CG20 to CG24)	Hrs	76,935	7,964
Contract	Hrs	2	
Trainee	Hrs	135,185	6,6361

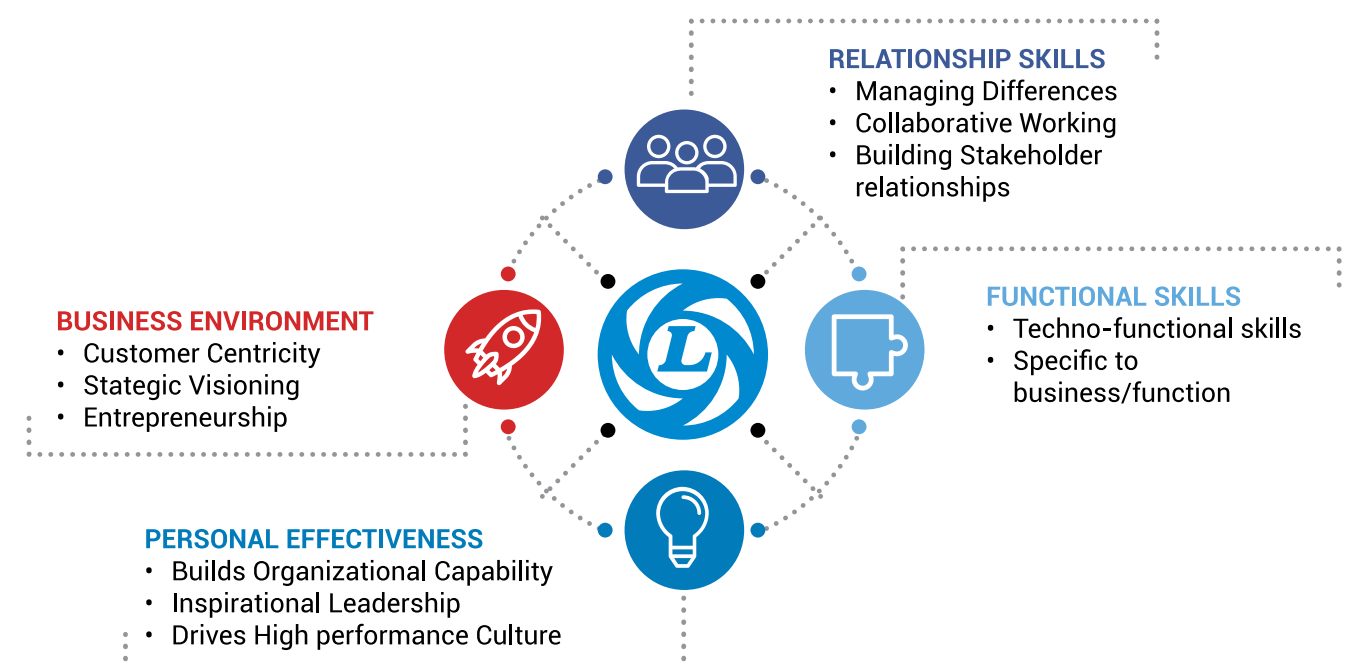
Ashok Leyland University

With a global workforce spread across domestic and international markets we have been working towards building a viable solution to educate and elevating the levels of knowledge and skills of our employees. Learning has been identified as a gearwheel which enables the acceleration of future growth. As an organization, we intend to foster the culture of self-learning and continuous learning. To facilitate this, we developed a framework to cover the gamut of all L&D interventions under one canopy, our corporate university, Ashok Leyland University also known as AL University.

Competency forms the foundation of all the HR processes at Ashok Leyland. The competency framework comprises of four clusters, of which three clusters pertain to the leadership development and behavioral skills and one cluster corresponds to the functional skills. The learning framework in existence is currently being restructured to incorporate all learning and development interventions including technical, functional, behavioral and leadership development programs under AL University which will be the one stop solution for all our learning needs.

The AL University Learning Framework

We developed a comprehensive framework for all our employees. The employees are categorized based on their levels, from entry level, junior, middle and senior levels followed by top most- change leaders. Specific training programs are then designed based on behavior, technical/functional expertise, and potential intervention and are applied to various levels. Further, a few mandatory programs are designed for all the levels with some short learning modules on products and tools based on the trainee demand. Some of the mandatory trainings include POSH, information security, diversity & inclusion, etc.



AL University Boot Camp

As part of AL University Boot Camp, we initiated the CORE Program on 30th July 2018 and approximately 155 Young Professionals have been on boarded so far with 32% women representation. This is the first cross functional team representing Chartered accountants, HR professionals and Engineers (Under Graduate & Post Graduate).

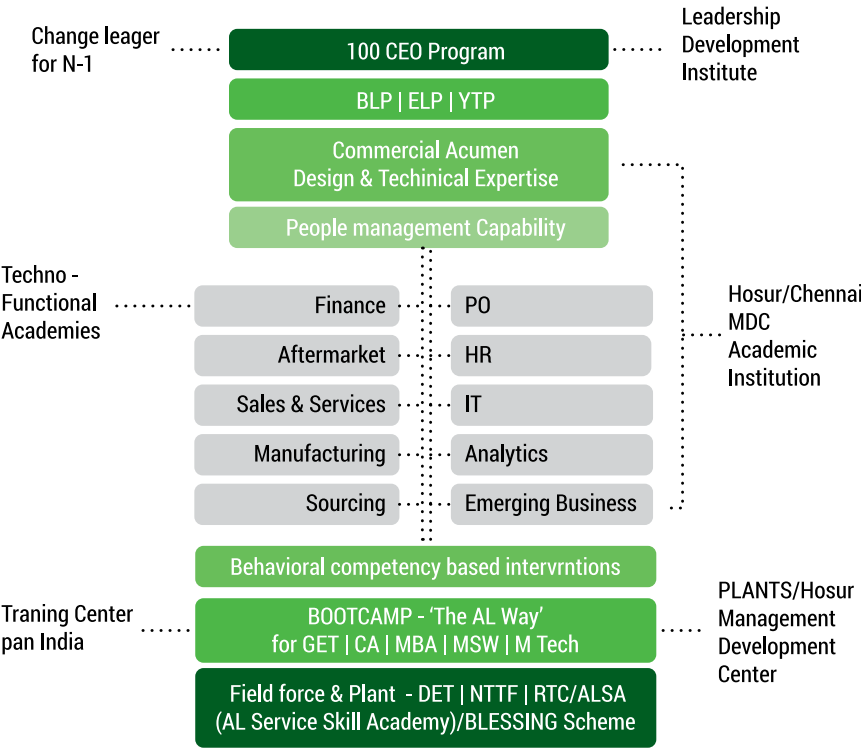
As part of the developed curriculum, first phase is Initial Learning. The trainees receive inputs related to AL History, products, business, processes covering Technical and Behavioral inputs at MDC Hosur, Hands on Training at STC, followed by plant visits and orientation on manufacturing, understanding the concept of channel management through dealership visits, supplier visits and listening to the Leaders of AL.

The second phase involves Lean Six Sigma – An advance problem solving and action learning phase. Young professionals are allocated projects in CQ, Manufacturing, Service, Project Planning, Spares and SSC. In the first batch, 51 projects were closed with completion ratio of 90%.

Post completion of the above two milestones, the trainees are allocated specific departments by conducting a panel interview, comprising members from various Business Units. The third phase involves department specific training, wherein On the Job training at respective departments are organized. The trainees complete this learning cycle with final Phase of Assessment along with a formal graduation ceremony. Post assessment, successful trainees are absorbed in the executive cadre of the Company.

AL University – Functional Academies:

We launched three functional academies namely, ALHRA (AL HR Academy), ALFA (AL Finance Academy) and ALITA (AL Information Technology Academy) during the last reporting period. Multiple batches catering to Junior, Middle Management were covered under these academies.



ACADEMY	PARTICIPANTS COVERED	SCORE (out of 5)
ALHRA – HR ACADEMY	45	4.35
ALFA – FINANCE ACADEMY	170	4.60
ALITA – IT ACADEMY	83	4.01

While HR Academy and IT Academy focused on up skilling of internal resources, Finance Academy was launched with modules for cross learning catering to executives from other business domains. All the programs had pre and post workshop assignments and assessments. The workshop modules were designed with the internal support of subject matter experts. To make it an engaging activity and ensuring every individual's participation, the program had group activities, role plays, simulations on cross functional Ashok Leyland instances / situations, industry experts' session and assignments along

with e-learning modules through forums like coursera.

AL University – Workshops

Customer centricity has always been at the core at Ashok Leyland. Under the behavioral cluster, we organized a workshop "CARE" (Customer Appreciation and Relationship Engagement) that revolves around this critical component. The training was conducted in 3 batches covering a total of 92 participants across Junior and Middle Management cadre with an average feedback score of 4.60 on a scale of 5.00.

We are confident that this training will support AL employees in living the brand "Aapki Jeet Hamari Jeet". The entire program is designed based on activities that gives real time experiences using Simulation Games, Case Study based Logical Analysis, Situational Context Learning and Cross Thought Share. The participants are also given a pocket card to reiterate their learnings and apply the same at their workplace.

Mandatory Learning Course	On Demand Course	Coursera for Business	Coursera for Business	Coursera for Business
<ul style="list-style-type: none">2 mandatory learning courses were rolled - POSH & Information Security Awareness.6540 executives have completed the course so far.	<ul style="list-style-type: none">Behavioral & technical learning modules were launched through SAP SuccessFactors LMS for entry level & junior management executives3936 unique learners have undergone these courses	<ul style="list-style-type: none">World class university certification courses through Coursera for Junior & Middle management executives.Around 950 executives got certified successfully through various courses on key Leadership, Technical, and Business Management Courses.	<ul style="list-style-type: none">We tied up with IIT Guwahati and offered EV Technology E-Learning program for our EV team executives.The training was provided on 3 courses: Electric Vehicle Technology, Electric Machines, Power Electronics.	<ul style="list-style-type: none">The 5 Minute learning latfom was rolled out for senior leaders in the organization as a Micro Learning strategy.The modules have been selected to cover the key leadership competency themes for the organization.

Digital Learning Initiatives

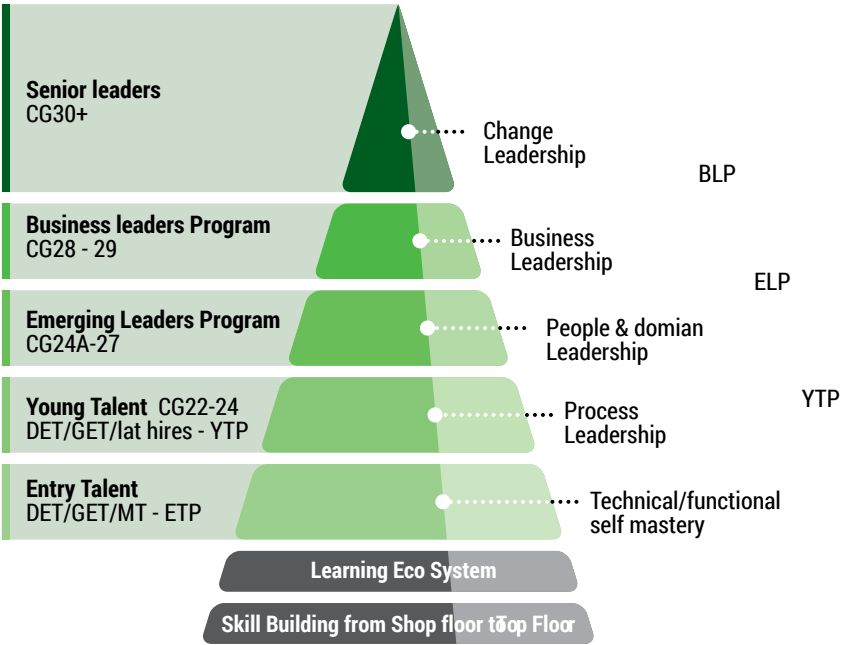
We introduced the Digital Learning Initiatives to maximize the learning adoption and help our people with mobile learning – anywhere, anytime. We deployed few mandatory learning courses through digital modules. For each employee level, we have developed a specific digital learning intervention. We have rolled out weekly, monthly, and yearly dashboards to monitor and ensure successful completion of the digital initiatives.

100 CEOs Plan

The aim of the 100 CEO plan is to build the leadership pool by identifying potential leaders across various segments and take them through a competency based signature leadership development initiative thereby infusing into leadership talent supply chain.

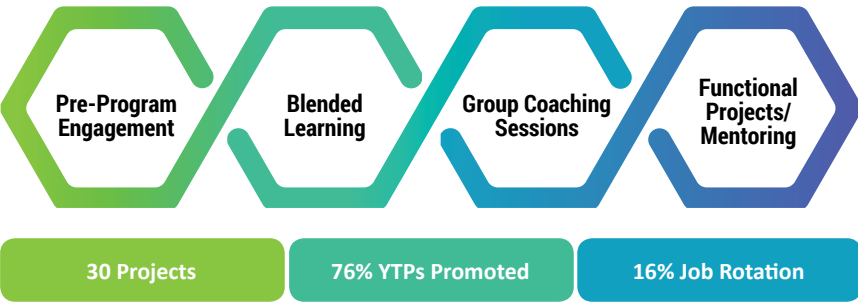
We have enlisted signature programs under 100 CEO plan:

- Business Leaders Program
- Emerging Leaders Program
- Young Talent Program



Young Talent Program

Young Talent Program (YTP)' an initiative that engages, leverage and propels our young stars towards functional/ project excellence. YTP is a signature high potential program in line with the organizational vision of creating 100 CEOs. YTP is run as an intensive 1 year program involving individual development planning, action planning and stretch projects, a management development program from a leading institute and various performance and competency enhancing inputs at critical inflection points.



Emerging Leaders Program

Emerging Leadership Program (ELP) involves nurturing, encouraging, incubating, and mentoring prospective leaders. ELP identifies potential leaders or fast trackers who are capable and ensures that they are motivated and developed through this structured intervention to take up mid and mid-senior leadership positions within Ashok Leyland. This form of mentoring and coaching of future leaders happens through organizational commitment to their development that includes sending them to specialized training programs and making them attend targeted workshops, these prospective leaders get all the encouragement and strategies to groom them into senior level positions.



Scrum Workshop for Agile Transformation

Being agile is one of the prime requirements for any organizations today to sustain and succeed in the kind of dynamic market we face. Agile project management techniques come handy when the requirements are not clear and are constantly changing. SCRUM is one of the key frame work to apply Agile principles. SCRUM. ORG is the globally certified agency for providing such training. A scrum master is the facilitator for an agile development team. Scrum is a methodology that allows a team to self-organize and make changes quickly, in accordance with agile principles. The scrum master manages the process for how information is exchanged.

EV, Service Mandi, and LCV are those key businesses wherein the need for embracing the Agile project management was sensed. We conducted SCRUM workshops for these teams. 88 executives participated in the workshops, with a feedback score of 4.3/5. Practicing SCRUM framework is as good as Business Process Reengineering.

Technology Leadership Program

The objective of this program is to develop functional leaders in the area of Product Development. The selection process comprises General Aptitude Test, Technical Aptitude Test and

Technical Case Study which is then jointly evaluated with IISc, Bengaluru. A 2-year development schedule following the 70:20:10 model of learning is planned wherein TLP participants will work six months each in 2 areas within a job and another six months assignment in a customer facing role. Technical proficiency development through IISc, general management orientation through Great Lakes, E-Learning certifications, regular reviews and periodic monitoring of competence & performance will ensure sustained high performance levels. Upon successful completion, individuals will be placed in a function in Product Development.



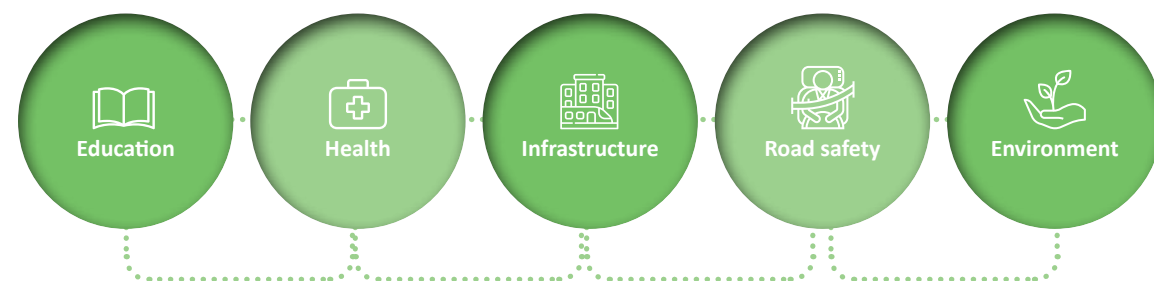
CREATING OPPORTUNITIES, TRANSFORMING LIVES



“

Community care at Ashok Leyland has always been beyond Corporate Social Responsibility. The focus of our community development programs is to create a long-term shared value. By working together with our communities, we aim to create synergistic opportunities that are aligned to our focus areas and their interests while building mutually beneficial relationships”





Effective community care forms an integral part of our organizational vision itself as a business. As an organization, we try and address the existing issues in society, focusing on areas where we can best bring our competencies to bear to achieve tangible, measurable improvements. We address the social concerns through our CSR programs. Through our efforts, we demonstrate our sense of responsibility as a business operating in society. We seek to build trust with stakeholders at every stage of our establishment and functioning in the region. Our goal is to identify critical areas of development that require investment and intervention, followed by active support to ensure meaningful socio-economic development that reaches a broader demography. We believe that in doing so, we will be able to bring in larger participation of community and benefit from socio-economic progress.

Since most of our CSR programs are presently executed in association with various implementation partners, we regularly monitor the methodology of implementation adopted by them. We intend to internally develop a comprehensive stakeholder engagement plan that can be followed throughout the program implementation phases and that can be reviewed periodically. The engagement plan will identify the interests of stakeholders and comprise a range of culturally and socially inclusive engagement activities to encourage open communication.

Our clear-cut program implementation process exhibits our approach towards the requirements of the communities. We uphold the laws of the land and emphasize on ethical business conduct through policies and awareness to our stakeholders. We collaborate with government and industry bodies to participate in the policymaking process and engage in dialogue on public policy issues to promote the welfare of the communities we work in. We set-up a

full-fledged CSR wing in 2015 with the vision of creating self-reliant communities that would be role models for sustainable development in the rural areas. Our CSR team closely works on the development of rural communities in five focus areas viz; Education, Health, Infrastructure, Environment and Road Safety. Apart from the programs grouped under our focus areas, we also undertake various other projects on a need basis. We believe that our activities contribute to overcoming the societal challenges while also creating added value for both the company and society.

Education

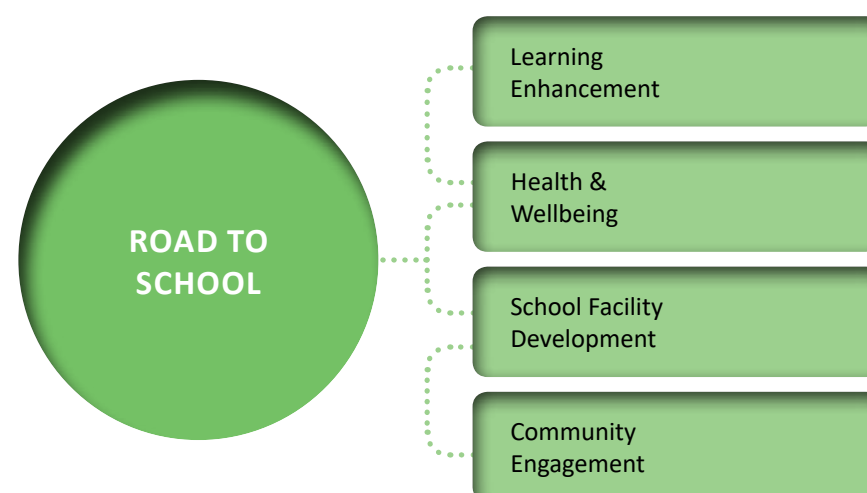
Education plays the central role in the development and growth of underprivileged community and society. We are of the belief that education prepares children for better future prospects. Regardless of the several reforms and various initiatives, a large number of students drop out of school for lack of quality education facilities. This phenomenon clearly shows the need for a distinctive approach to achieve the goals of providing quality education to the children. We aim to improve the lives of the children by providing them quality education through our initiatives. One such initiative is 'Road to School'.

Road to School program

Vision: Provide holistic development opportunities focused on quality and inclusion leading to education as a Social Leveler.

The overall objective of this initiative is holistic development of the children with special focus on learning enhancement supported by health, wellness and nutrition for underprivileged government school children in the age group of 6- 14 years. To ensure our program reaches appropriate communities, we conducted a detailed study to list our target groups based on the challenges they faced. We are currently focusing on three locations - Hosur, Chennai and Namakkal for the implementation of RTS program. As part of this program, we also impart trainings to our coordinators and volunteers on child development and learning, English skill development, personal effectiveness, content refreshment, classroom makeover, community participation and mobilization, ICT skill development, academic leadership, classroom management practices and stakeholder management etc.

During the reporting period, the RTS program was augmented with technology up-gradation, content improvements



REMEDIAL EDUCATION	EDUCATION QUALITY	HEALTH & WELLNESS	SPORTS & MUSIC	INFRASTRUCTURE
<ul style="list-style-type: none"> Modular Content to address Learning Gaps (LEAP) Basic Literacy and Numeracy Co-Scholastic Development 	<ul style="list-style-type: none"> Model Schools Science & Math Enhancement NMMS Coaching Mobile Library Learning Excursions 	<ul style="list-style-type: none"> Wellness Education Health Check Ups Treatments Nutritious Breakfast 	<ul style="list-style-type: none"> Structured Sports curriculum & training Music training to improve learning 	<ul style="list-style-type: none"> Classroom, Compound Wall, Toilet construction & renovation - tube lights, fans, computers, notebooks

and an organization structure to enable scaling up. The project was further expanded to 102 schools in Thally and Kelamangalam Blocks of Krishnagiri District. Additionally, 3 schools were selected as "Model Schools" in Chennai and "Digital Learning Centers" were started in 5 model schools covering Hosur and Chennai. We also geared up towards excelling in our program by sharing of best practices of various model schools and hence, a 'Road to School Centre of Excellence' was established in Hosur.

To make our CSR intervention more effective, we have further partnered with

- "The Akshaya Patra Foundation" to provide nutritious cooked food as Breakfast in Krishnagiri District benefitting 70 schools of 7,800 children.
- "Rhapsody" for teaching "Education through Music" and introduced this in 36 schools of Thiruvallur District benefitting 8,000 children.
- "Piramal Foundation", to carryout initiatives to conserve water and help communities to get access to purified drinking water benefitting 10 villages.

In addition to the Road to School Program, we have developed another initiative titled 'Road to Livelihood' an extension of Road to School, primarily to support the students who pass out of 8th standard from the RTS schools and move to the high school. This initiative which is in its initial stage of implementation will focus on guiding and facilitating the school children to build a livelihood in future.

While the efforts of our CSR team to reach out to children, schools and community have been very effective, we also felt it was necessary to develop a platform for our employees to put their foot forward and volunteer actively in our initiatives. To facilitate this volunteering and engagement of our employees in the program, we have developed an Employee volunteering engagement platform which enables employee to know what is happening and how they could be part of the initiative. Many employees have since been part of the volunteering activity at schools and communities that we work.

Health, Nutrition & Wellness

Like every year, we conducted the wellness sessions and rallies to create awareness on children's health and nutritional needs during the reporting period. General Health camps including eye testing, dental screening etc., were conducted for around 12,733 students in Hosur and 6,739 students in Chennai. Children who were diagnosed with need of further treatment and surgeries, were provided with the appropriate treatment and surgeries were sponsored by us. 40 Students were provided with spectacles.



Impact of our interventions in Hosur				
Education Through RTS	Health & Wellness	Water	Community Participation	Infrastructure Development
<ul style="list-style-type: none"> 102 schools added, 7600 more student beneficiaries 36 tribal students 377 students mainstreamed Attendance level improvement from 95% to 98% 	<ul style="list-style-type: none"> 170 health check-up camps 52 ENT and Dental screenings 12733 Beneficiaries 2815 wellness sessions 187 Village rallies & awareness drives 58 treatment/ surgeries sessions Nutritious Breakfast for 7,800 Students 	<ul style="list-style-type: none"> 5 Water ATMs and 4 are under progress. 4 awareness programs 13,400 beneficiaries 	<ul style="list-style-type: none"> 6 community events 1100 community members impacted Various infrastructure development support to communities 	<ul style="list-style-type: none"> 26 schools supported in renovation 1 school - dining shed construction Lights fixtures in 103 schools Toilet construction in 22 schools Water facility creation in 10 schools RO units provided to 35 schools Ground levelling in 2 schools



Success Story

The schools supported by us as part of Road to School program has become a role model. During the reporting period, parents of approximately 30 students hired van to send their children from private schools to the Government schools where we have supported. A Second batch of 14 students who successfully passed standard 8th from PUMS Belpatti and PUMS Manchukondapalli were admitted to standard 9th, wherein we made a provision and admitted the girls in Denkanikottai girl's hostel and boys

in Anchetty boy's hostel. Thereby eliminating the school drop outs, ensuring continuation of their studies and also helping reduce the financial burden on parents. In November, 2018, Mr. Alakarsan and Mr. Joseph Robin who are our RPs took 9 students from PUMS Belpatti and PUPS Kesthur to District collector's office and applied scholarship under district child protection unit. Apart from this, 15 families also acquired Ration card under this initiative at Manchikondapalli and Kesthur.

Impact of our interventions in Chennai

Education Through RTS	Health & Wellness	Water	Community Participation	Infrastructure Development
<ul style="list-style-type: none"> 880 private school students back to RTS schools 48 dropouts back to school 178 first generation learners appeared in NMMS exam Attendance level improvement from 87% to 91% 	<ul style="list-style-type: none"> 36 health check-up camps, 1surgery 44 ENT, Eye and Dental screenings 7617 Beneficiaries 290 wellness sessions 197 Village rallies & awareness drives 275 lifeskill sessions 84852 breakfast served 	<ul style="list-style-type: none"> 2 Water ATMs, 2 under progress 26 awareness programs 1100 beneficiaries 	<ul style="list-style-type: none"> 196 community events 17255 community members impacted Various infrastructure development support to communities 	<ul style="list-style-type: none"> 2 new classrooms constructed 5 Schools Repairs / Roof Tiles changed 2 Schools Compound walls constructed 2 toilets constructed/renovated 4 schools painted



Success Story

MAGIC OF MUSIC – It is a universally proven point that music aids in education enhancement and to further, enhance our Road to School program we introduced 'Rhapsody' music program in 36 schools of Thiruvalluvar district. This made students learn and perform well in academics while enjoying music classes. The habit of singing and listening to good music has been imbibed in the children's curriculum. The musical magic works was substantiated by Mrs. P. Madhavi, mother of Master Dhanush, when she informed us that her son (a special child), student of standard 5 had started to actively participate in the learning process.

Impact of our interventions in Namakkal

Education Through RTS	Health & Wellness	Water	Community Participation	Infrastructure Development
<ul style="list-style-type: none"> 80 schools added, additional 4200 student beneficiaries 147 LEAP students mainstreamed Attendance level improvement from 89% to 93% 1 mobile library launched 	<ul style="list-style-type: none"> 36 health check-up camps, 1surgery 44 ENT, Eye and Dental screenings 7617 Beneficiaries 290 wellness sessions 197 Village rallies & awareness drives 275 lifeskill sessions 600363 breakfasts served 	<ul style="list-style-type: none"> RO water purifiers in 20 schools 1 Water ATM, 2 under progress 1650 beneficiaries 	<ul style="list-style-type: none"> 9 community events 2029 community members benefitted 	<ul style="list-style-type: none"> 2 toilets constructed/renovated 4 schools – roof tiles renovation 1 school painted Cupboard & trunk box provision to 45 schools



Success story

One of our Road to School Project school, PUPS Kuppuchipalayam received Swachh Bharath award at District Level for maintaining Cleanliness in the school campus. The Headmistress of the school received the award and cash prize from Namakkal District Collector. The school management and staff conveyed their heart-felt thanks to our "Maanavar Manram" initiative, which helped the school transform itself as a clean and green school.

AL Cares - "Saksham"

During this reporting period we launched the initiative "Saksham" focussing on overall Community Development, in three locations Bhandara, Alwar and Vijayawada. Under this initiative AL Care (Saksham) a total of 7 schools, 2 each in Bhandara & Vijaywada and 3 schools in Alwar have been taken up for intervention in education. The communities around these schools have also been taken up for development. This is a multi-pronged holistic initiative focussing on school and community empowerment thereby leading to overall societal development.

Target Audience: Rural schools and communities covering students, teachers, principals and community leaders, children, youth and women.

The key objective of the program is to -

- Equip teachers to improve learning (professional development; classroom makeovers)
- Develop 21st century skills in students/children (Spoken English, personality development sessions; community betterment)
- Develop wellness habits in students/children
- Build a value-based culture in schools (inculcation of values using House System)
- Create an enabling environment for children
- Working with the 'community members' to channelize their knowledge and talent towards empowering the children in the community with life skills
- Generating awareness on important issues such as health, hygiene, sanitation, water conservation and more

Water Initiative

One of the publications of WHO states that by 2025, half of the world's population will be living in water-stressed areas. Hence the appropriate water management including reuse of water, to recover water and its nutrients is becoming an essential approach for every individual. To do our bit, we along with Piramal Sarvajal have installed water ATMs to provide purified drinking water, which are automated water dispensing units. This help us provide communities with 24/7 safe water access. Purified drinking water facilities were provided to 5 Villages of Hosur area, 2 Villages of Chennai rural and 3 Villages of Namakkal area benefitting about 18,000 people.



CONSERVING NATURE

"Resource availability, climate change and urbanization are among the major challenges faced globally. These challenges are now also reflected in growing expectations and concerns from all stakeholders – from regulatory authorities enforcing targets, investors expecting us to manage the risks, and customers with their growing interest in low-emission, but higher efficiency vehicles. Against this backdrop, we have internally developed environmental strategy that sets obligatory, measurable targets at every stage of the value chain, aimed at environmental protection."



ENVIRONMENT POLICY

We at Ashok Leyland are committed to reduce the environmental impact of our business beyond regulatory and legal requirements.

Towards this commitment, we shall;

- ✔ Fulfill all the organization's compliance obligations.
- ✔ Adopt pollution prevention/reduction techniques in design, manufacture, distribution, and end of life disposal of our products.
- ✔ Consider ways in our design and manufacturing process to minimize waste generation while promoting conservation of the natural resources.
- ✔ Enhance the use of clean energy in our operations, to reduce impact on the environment.
- ✔ Ensure all our employees are aware of the environmental policy and their obligations towards implementing it.
- ✔ Set and implement objectives and targets for continually addressing the environmental impacts.

These above objectives are our commitment to the environment and to our stakeholders, and we will apply them to all our activities.

Chairman

We are conscious of the impact of our operations and services on the environment. Being an automobile Company, we are heavily dependent on energy, raw materials and water to operate our facilities. As an automobile manufacturer it is vital for us to optimize our material consumption by using recyclable and eco-friendly materials in all the possible areas. We are on a constant endeavor to find new and innovative ways to reduce, reuse and promote the judicious use of materials across all our units. We are cognizant of the fact that the long-term sustainability of any business today is threatened by the challenge of natural resource depletion and the impact of businesses on water and energy security. A large portion of our operations are located in areas that are environmentally stressed, inferring that they are part of the geographic zones that face water scarcity with an extreme climate, makes it a challenging task for the communities around. The challenges related to environment due to climate change are multidimensional, long-term & interrelated, especially in terms of its impact on water and availability of other natural resources.

To move towards the objective of being a sustainable automobile Company, we are continuously implementing initiatives that help reduce energy & water consumption, CO2 emissions whilst gradually moving towards renewable energy usage and appropriate water conservation measures. We are cautious of the fact that water is a shared resource with the communities where

we operate. To protect this resource and as a responsible business, we have undertaken initiatives to reuse and recycle water in our operations to the maximum possible extent thereby reducing our dependency on fresh water. We also conducted a 3rd party water audit. Through various design and technology improvements, we have enhanced our water, energy and fuel efficiency across our units.

We have also created green belts to retain and enhance the biodiversity of the area. The green belts and farm ponds have made our plants the ideal nesting spots for birds. At Ashok Leyland we strongly believe that our innovations should keep our habitat fit for the future. All our manufacturing sites are certified to the Environmental Management System standard ISO14001. Our company wide EMS standards are designed to ensure that all our manufacturing plants achieve and maintain a consistent and high level of EMS performance. We maintain the highest standards of Health, Safety and Environment (HSE) performance through well-established systems and policies. We have also developed an organization wide integrated sustainability data management system along with the standard operating procedures for measurement and recording the quantitative information to monitor the data of each unit on resource consumption and impact vis-à-vis the production.

Being part of the sector which is controlled by different environmental

regulations and guidelines enforced by regulatory authorities, we conduct frequent audits to ensure our compliance level and continuously strive to improve upon it. In view of the increased challenges, risks and opportunities we face from changing environmental landscape, we have set ourselves a considerable more ambitious targets. We are in the process of developing the action plans and monitoring mechanisms, of which we will disclose in our next report.

Materials

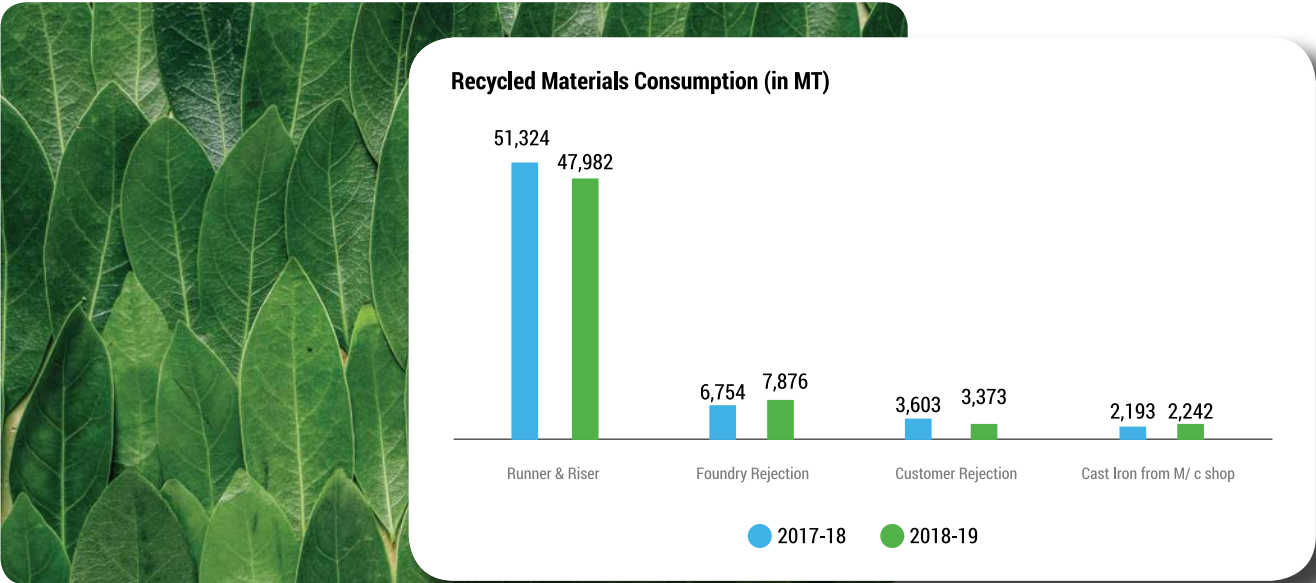
Our material management is focused towards optimizing usage to facilitate reductions in consumption and value addition along the value chain. At the product inception level, we started defining our requirements for an environmentally harmonious design. The aim was to methodically reduce the quantities of raw materials used while maintaining an upward trend in our sales volumes. With this, we intend to ensure that resources are used ably and avoid or minimize the adverse impact on the environment wherever possible.

All the material consumption is tracked consistently at both unit and corporate level. As part of material optimization process, we also utilize recycled materials wherever possible.

We also proactively engage with our suppliers by providing technical support and guidance in order to ensure the quality of the supplies and long-term sustainability of their business.

Materials	Units	2017-18	2018-19	Type of Material
Primary Materials				
Steel	MT	353,497	422,371	Non Renewable
Steel Scrap	MT	54,147	58,055	Non Renewable
Cast Iron Scrap	MT	22,710	27,740	Non Renewable
Pig Iron Scrap	MT	8,856	9,389	Non Renewable
Ferrous Alloys	MT	3,231	3,685	Non Renewable
Associated Materials				
Oil & Lubricants	MT	25,673	10,664	Non Renewable
Paints	MT	1,664	2,222	Non Renewable
Chemicals	MT	3,091	2,309	Non Renewable
Consumable Gas	MT	911	1,150	Renewable and Non Renewable
Ozone Depleting Substances	MT	3	5	-
Sand	MT	100,372	104,409	-
Other Consumables	MT	675	900	-
High Speed Diesel (HSD)	KL	4,266	5,330	Non Renewable
Compressed Natural Gas (CNG)	MT	19	75	Non Renewable
Semi Manufactured Goods				
Copper	MT	453	449	Non Renewable
Non Metallic	MT	2,928	16,902	Non Renewable
Batteries	MT	9,018	4,628	Non Renewable
Aluminum	MT	2,413	2,434	Non Renewable
Tyres & Tubes	MT	1,431,715*	3,027	Non Renewable
Castings and Forgings	MT	8,372	8,681	Non Renewable
Packaging Materials				
Wood	MT	1,020	306	Renewable
Plastic (PVC, Polythene)	MT	87	73	Non Renewable
MS Pallets	MT	47	117	Non Renewable
Carton Box	MT	238	144	Renewable

*We reported the data for tyres and tubes in terms of numbers in the last reporting period, however to bring in consistency in the reporting parameters units we will hereafter report the same in MT.

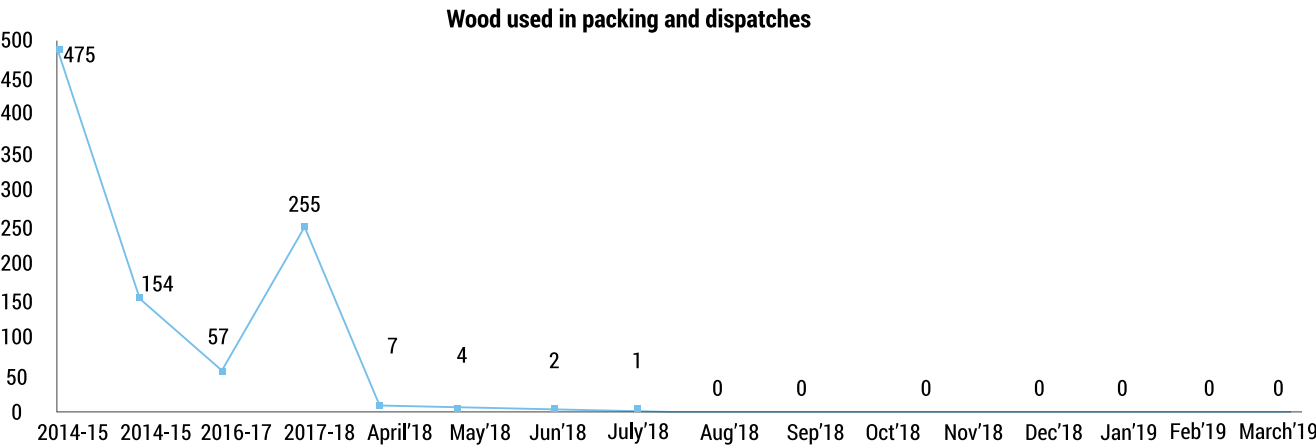


Elimination of Wood

Reduction of wood in Bhandara

The team at Bhandara unit has been working towards the aim of reduction in use of wood for packing and dispatches from 255 Tonnes to Zero Tonnes. This was achieved by implementing the following –

- Identification of parts which required wooden packing for dispatches
- Identification and selection of packing materials
- Identification of supplier who fabricates steel pallets
- Development of sample steel pallets
- Pallets approval based on feedback from receiving units for condition of gear box receipt and safety constraint if any
- Finalizing and fixing the size and shape of pallets based on feedback
- Supplier development to avoid dependency on one supplier
- Similar kind pallets developed for other gear boxes like 5S/6S Gear boxes
- Implementation of steel pallets for regular dispatches to eliminate wood



The wooden packing reduced to Zero Tonnes in Aug'18 and the unit has been maintainaing zero wood procurement status.

Energy and Emissions

We believe, climate change not just involves risks but also provides opportunities for companies and society. The adverse impact on the environment due to emissions is multidimensional. The indication of the impacts due to climate change caused by Greenhouse Gas (GHG) emissions is already being witnessed in the changing rainfall patterns across the globe. We recognize that by proactively gaining an understanding of the risks and opportunities related to climate change

and their impact on our business and our associated stakeholders, we can reduce our own impact on the environment and make a positive global contribution to these issue in the long run. At Ashok Leyland, climate change forms a driving force behind its innovation work – and we wish to continue to use our technological expertise and knowledge to actively shape our future.

As an automobile Company catering to global customers, operating in an energy-intensive sector, we are actively creating mitigation plans for managing energy and emissions related risks. As a demonstration of our commitment to climate change, we are focusing on measuring, reducing and reporting the GHG emissions associated with our

operations. Through energy optimization in our production we plan to lower the emissions in all our processes. We continue to pursue our operational GHG emissions reduction efforts to establish low-carbon economies, balancing our needs to ensure a reliable energy supply and sustainable economic growth. During, the reporting period our energy consumption and absolute emissions increased compared to previous year FY 2017-18, due to increase in the production volumes and lack of sufficient wind power.

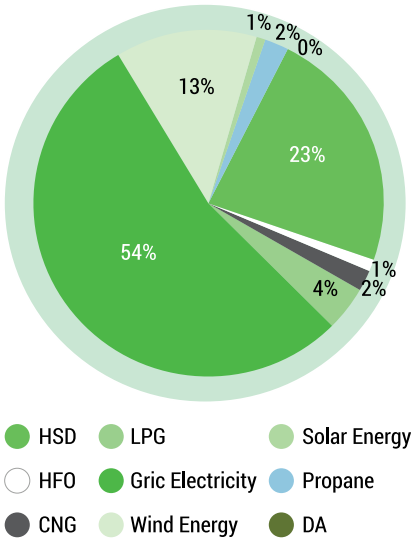
In the coming years, we intend to amplify the use of renewable energy and deploy energy efficient technologies in all our units to move towards carbon neutrality.

Types of Non Renewable Energy	Consumption (GJ)	
	2017-18	2018-19
High Speed Diesel (HSD)	324547	419762
Heavy Fuel Oil (HFO)	9979	8780
Compressed Natural Gas (CNG)	44502	36345
Liquefied Petroleum Gas (LPG)	69002	69166
Propane	9733	27821
Dissolved Acetylene (DA)	291	493

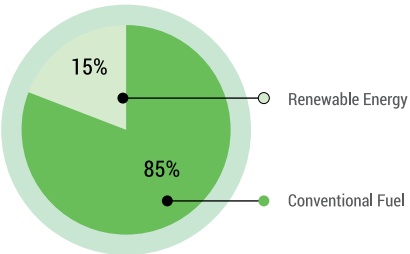
Types of Renewable Energy	Consumption (GJ)	
	2017-18	2018-19
Wind	297869	240638
Solar	22715	24761

Type of Energy	Consumption (GJ)	
	2017-18	2018-19
Electricity	830543	961979

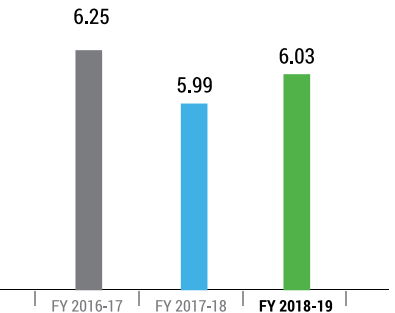
Overall Energy Composition



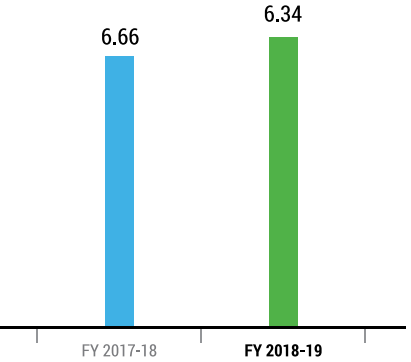
Energy Composition



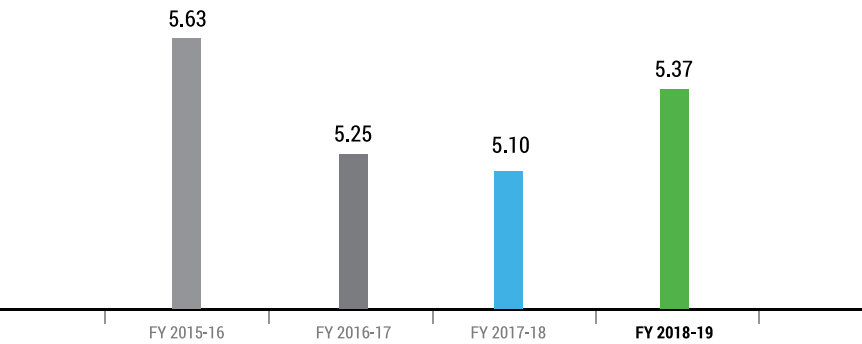
Energy Intensity (excluding Foundry) GJ/HECU



Foundry Energy Intensity (GJ/MT)



Energy Intensity from Non-renewable sources (Excluding Foundry) (GJ/HECU)

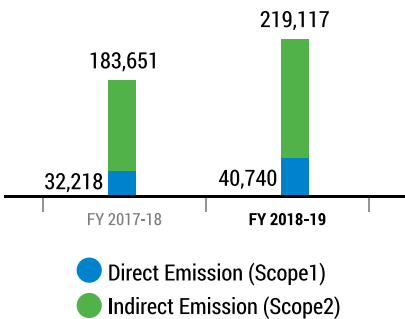


We want to keep the adverse environmental impact of our operations to a minimum. For years, we have consistently been working to reduce our ecological footprint by systematically saving energy and resources in our production. This we believe will not only help us protect the environment and mitigate climate change but also make us more efficient and competitive. We are working towards increasing the share of renewable energy at all our manufacturing sites.

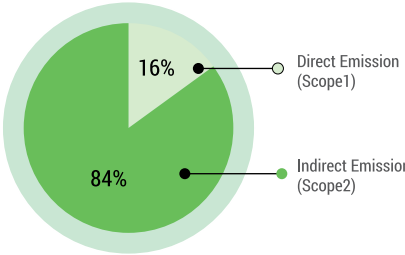
We have quantified our GHG inventory covering the Scope 1, Scope 2 and Scope 3 emission sources by using the GHG Protocol developed by World Resources Institute (WRI) and World Business Council on Sustainable Development (WBCSD). For the calculations, the default emission factors from IPCC 2006 guidelines and grid emission factors by the Central Electricity Authority (CEA) of India (“CO baseline database for the Indian power sector”, version 13.0, June 2018) have been used.

During the reporting period, we continued to inventorize and monitor our Scope 3 emission data. Our Scope 3 emission with respect to employee

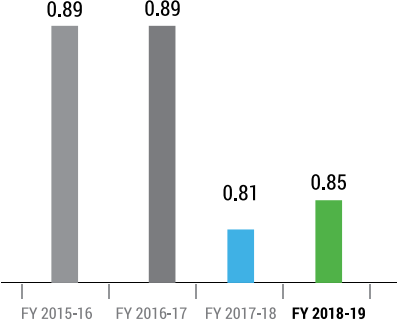
Total Emissions (in tCO2e)



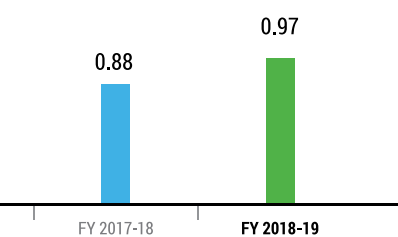
Total Emissions in Percentage



Emission Intensity (excluding Foundry) tco2e/HECU



Foundry Emissions Intensity (tCo2e/MT)



commute observed a significant increase due to enhancement in the scope boundary. We are also in the process of streamlining our internal data management systems on scope 3 to help us benchmark our performance year on year and also make it comparable with peers in the coming years. We intend to keep our readers of the report informed about any omissions or changes in the calculation methodologies adopted.

Ozone Depleting Substance	UOM	Consumption	
		2017-18	2018-19
R 22	Kg of CFC-11 eq	552	541
R 404A	Kg of CFC-11 eq	43	24.6
R 413A	Kg of CFC-11 eq	0	4
R 410 A	Kg of CFC-11 eq	15	180.2
R 407C	Kg of CFC-11 eq	86	115
R 134A	Kg of CFC-11 eq	372	2395

Scope 3 Emissions		
Description of Scope 3 Categories	GHG Emissions (tCO2e)	
	2017-18	2018-19
Upstream transportation and distribution	64,652	42,827
Downstream transportation and distribution	71,066	25,638
Waste generated in operations	1,147	902
Employee commute	17,763	326,955
Business travel (Air)	2,728	4,359

We also regularly monitor the quality of ambient air and emission form our process stacks in the manufacturing units, both internally and through accredited laboratories. As guided by the requirements of State Pollution Control Board, we have established online emission monitoring systems which helps us measure our SO2, NOx, PM and VOC emissions. During the reporting period, we initiated the restructuring of our processes and systems towards air emission data management. Although, the emission concentrations have been well within the prescribed limits of Pollution Control Board. We will present our comparative air emissions performance in the next report.

Energy and Emissions Conservation at Ennore

Energy Savings as part of Carbon Footprint Reduction

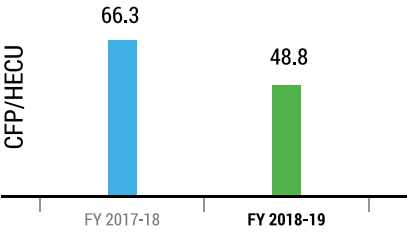
Our Ennore plant took up the initiative of high power consumption reduction by 3% under scope 2 by implementing energy conservation activities that included –

- Shop5 test bed cycle time reduction meeting boundary condition
- Variable frequency drive in vehicle test motor for optimization
- Chassis spot cooler running hour optimization
- Shop1 Heat pump system in washing machines
- Shop6 Heat recovery system in washing machines
- H4 Dyno cooler interconnection
- Roof vent running hours optimization
- H4 package AC optimization

The plant engineering team at Ennore plant also worked towards reducing one of the components of overall the carbon footprint – Scope 1. The activity included the conversion of 17 HSD operated fork lift to battery operated. This helped them bring down their scope 1 carbon footprint by 3%.



Scope1 CFP Trend (CFP/HECU)

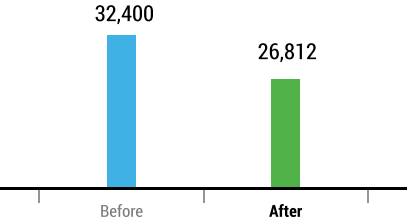


Power Saving in Bhandara

The team at Bhandara worked on the reduction of power consumption in Continuous Type Gas Carburising Furnace (CGCF) 2 deployed in Heat Treatment. This was achieved by – identification of

CGCF-2 furnace for double layer loading of an input shaft in loading tray. The modification was done to accommodate loading of 20 input shafts in place of earlier loaded 12 shafts in single tray. The team also checked for the required parameters whether the fell within the acceptable limits. This helped them achieve power saving of 5587 Kwh/ton per month

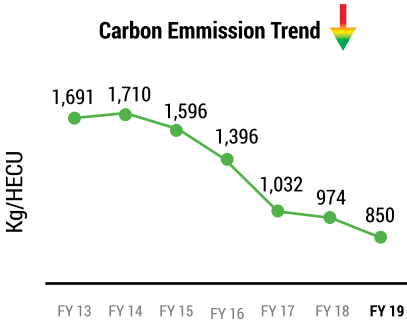
Input shaft power in KWH/ton per month



Reduction of Carbon Footprint at Pantnagar

The team at Pantnagar aimed towards reducing their Scope 1 and Scope 2 emissions, thereby reducing overall carbon footprint. The team undertook the following changes and modifications –

- Reduction in Diesel Generator running by utilizing grid electricity, lead to reduction of 226 TCO2e
- Conversion from LPG to RLNG in canteen helped them achieve 116 TCO2e reduction
- Heat Pump Installation lead to reduction of 151 TCO2e
- Optimized usage of diesel in engine testing lead to reduction of 111 TCO2e
- Installation of LED lights contributed to reduction of 1334 TCO2e
- Improvisation in the paint shop capacity to effectively meet future requirements also lead to reduction of 1218 TCO2e.

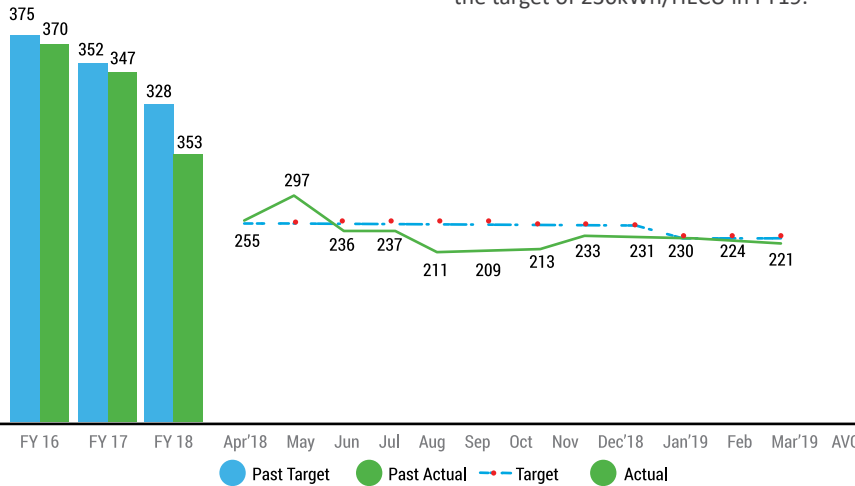


Fixed Energy Reduction in Hosur II

According to our internal estimates, “Power Cost” contributes to approximately 50% of Plant overhead cost. In the power cost the power consumption is further contributed by two types based on its nature of consumption namely Fixed Energy Consumption & Variable Energy Consumption. This project by Hosur II unit was focused on reducing the fixed energy share in the power consumption of the plant. The various initiatives undertaken internally by the unit included –

- Replacement of conventional reciprocating compressor by an Energy Efficient-Screw compressor with in-built waste heat recovery system.
- Replacement of conventional centrifugal pumps of which is used to lift the water from sump to OHT by an Energy Efficient Multi stage pump.
- Fixed energy consumption reduction in ventilation system by introducing EE-Ceiling fans of “BLDC” Motors.
- Conversion of all the peripheral lighting like street lights, high-mast lights, mid-mast lights into LED lightings

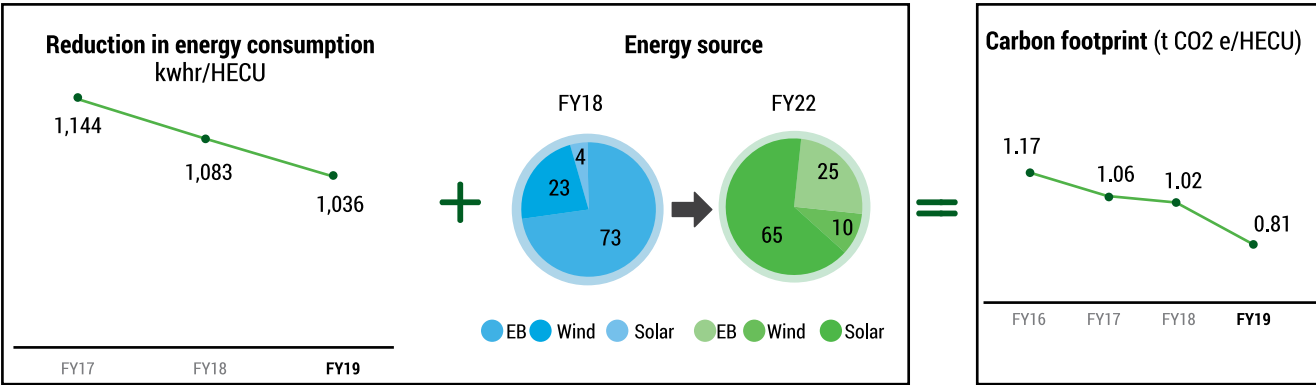
The implementation of the above resulted in the reduction of fixed energy consumption by 221kWh/HECU against the target of 230kWh/HECU in FY19.



Green Building

Our corporate office located at Guindy in Chennai has been awarded LEED Gold certificate. Over the years, we have optimized resource consumption, and taken steps to cut down the environment footprint of the office through continuous improvement. This has earned us LEED V4.1 Platinum Certification by the Indian Green Building Council. The building has a total built-up area of 192,000 square feet and some of the ‘green” aspects of this building include, 35 – 40% reduction in power and water consumption, efficient use of energy, water, materials and land, 100% rain water management at site high-performance double glazed glass to reduce heat ingress and better light transmittance, energy-efficient air-cooled chillers, eco-friendly refrigerant for chillers to avoid ozone depletion, energy-efficient internal and external light fixtures, use of building material with high content of re-cycled content and use of MDF and FSC certified wood.

Our Corporate building is the 1st Platinum Certified building under LEED V4.1 in India and 4th globally.



Water Management

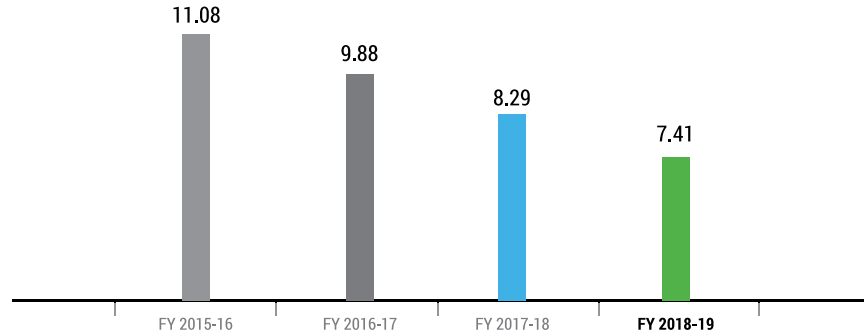
The sustainability of our units is largely dependent on our ability to obtain the appropriate quality and quantity of water and to use it responsibly. The augmented demand for water due to population growth, urbanization and other factors is affecting the water availability and

posing a potential operational risk. Since inception, we have been undertaking water management solutions in order to effectively manage our water footprint. In addition to improving our water use efficiency, we are also reducing the impact on water bodies and contributing to improving the water quality by appropriately treating wastewater

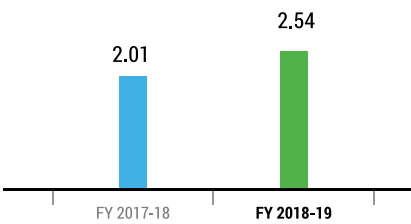
and returning it to the ecosystem. All our units are equipped with effluent treatment plant having capacities designed as per the water utilization. None of the units let-out the wastewater from our premises. Our stringent treatment process ensures that the wastewater we discharge meets, and in many cases exceeds, standards set by applicable law.

Total Water Withdrawal and Consumption (in KL)										
Sites	Municipality Water		Tanker Water		Ground Water		Purchased Drinking Water		Rainwater Collected and stored (water consumed from RWH tanks)	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
ALCOB	1,222	227.4	9,570	11,037			337	352	394	129
Alwar	4,601	265			16,425	16,745				
Bhandara	101,447	88,972								1,234
CPPS			2,068		24,827	32,215				
Ennore					307,387	298,230				6,374
Hosur 1					170,598	190,815		27	906	544
Hosur 2					236,004	275,068				41,080
Pantnagar					370,731	258,899				22,935
VVC	51,922	111,208	32,967	6,470						6,016
Foundry Ennore					102,254	178,148				
Foundry SPU		27,190			75,451	65,849				
Total	159,192	227,862	44,605	17,507	13,036,77	13,159,69	337	379	1,300	78,312

Specific Water Consumption (Excluding Foundry) KL/HECU



Specific Water Consumption (Foundry) KL/MT



Wastewater Generation and Recycling (in KL)				
Sites	Waste Water Generated	Waste Water Generated	Total Water Recycled or Reused	Total Water Recycled or Reused
	2017-18	2018-19	2017-18	2018-19
ALCOB	11,184	10,036	9,618	8,014
Alwar	12,655	12,415	10,770	10,655
Bhandara	24,532	28,772	23,810	27,782
CPPS	9,627	9,293	9,355	9,206
Ennore	266,946	306,933	248,344	295,592
Hosur 1	66,869	66,610	63,259	62,349
Hosur 2	170,789	169,900	137,299	137,037
Pantnagar	116,163	100,471	111,272	100,471
VVC	26,930	29,698	25,005	27,122
HFL Ennore	82,896	641	1,113	1,352
HFL SPU	31,313	35,183	27,495	34,165
Total	819,904	769,952	667,340	713,745

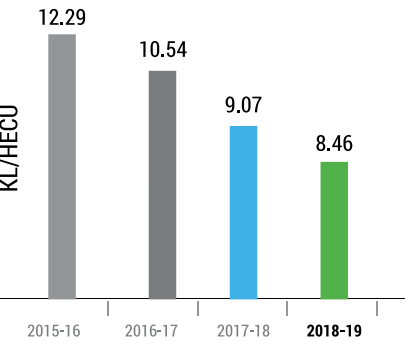
Specific Water Consumption Reduction in Ennore

The plant engineering team at Ennore worked towards the aim of reducing specific water consumption. The objective was met by implementing following set of activities -

- Reuse of RO reject water for domestic purpose at Shop1, Shop 2, Shop 6 and Shop 7
- Condensate water used for domestic purpose at frame assembly spot cooler.
- Utilization of subway spring water for domestic purpose

The implementation of above helped the unit achieve Specific water consumption reduction from 9.07 to 8.47 KL/HECU.

Water Consumption trend in KL/HECU



Water Consumption Reduction in Bhandara

The utility, horticulture and building maintenance team worked together towards a common goal of reducing the absolute water consumption, thereby

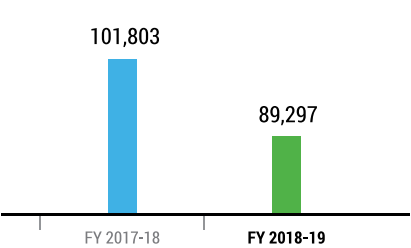
reducing the specific consumption. The activities implemented by them are outlined below –

- Daily area wise water consumption measurement, monitoring and data analysis.
- In house water audits
- Water wastage reduction in wash rooms by replacement old conventional taps with pressmatic taps/flush valves
- Recycle and reuse of waste water by water pipeline extension
- Micro irrigation method for garden maintenance
- Utilization of direct rain water in cooling tower sump topup and pond water for new plantation

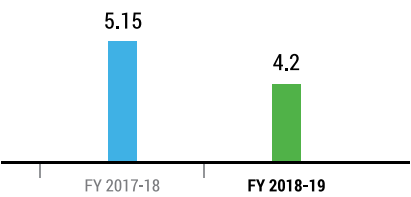
The above implementation helped achieve – Specific water consumption

reduction by 12% from 5.15 KL/HECU (FY18) to 4.2 KL/HECU (FY 19) and absolute water consumption reduced by 18% from 101803 KL(FY 18) to 88972 KL (FY19).

Absolute Water Consumption - KL



Specific Water Consumption KL/HECU



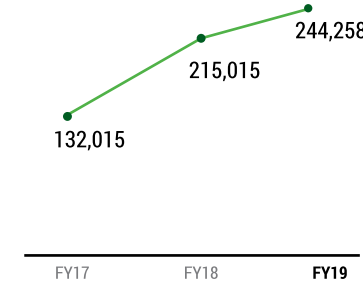
Water Footprint Reduction in Pantangar

The Pantnagar unit worked towards an ambitious goal of reducing the specific water footprint by 25%. With design changes, process controls and other following initiatives, the aim was achieved.

- Rain water utilization in gardening, reduced the water extraction by 22953 KL
- Aerators were installed in 192 taps to reduce the excess flow, leading to a reduction of 6900 KL water
- Leakage and overflow elimination by by routine checks and actions helped reducing water consumption by 36000KL
- Recycling of ED Paint in UF and changing backwash frequency lead to reduction by 18000KL

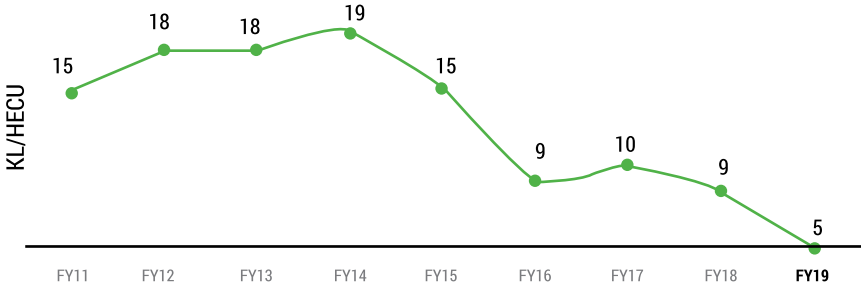
Water storage capacity - KL

↑ Better



NOTE: Water storage-Outside plants excluded

Specific Water Consumption



- A strong administrative control on consumption also helped in reduction of water consumption by 3000 KL
- Optimized usage of fresh water for washing purpose reduced 5000 KL of water and
- No fresh water usage in fire hydrant line helped save 45000KL of water.

We have established about 10 rainwater percolation wells and also created 17 artificial rainwater harvesting ponds with overall storage capacity of 244258 KL. We have enhanced Rain Water Harvesting capacity by rejuvenating external water bodies along with continuous improvement in our manufacturing facilities. This resulted in minimum industrial water footprint, and today we stand ‘Water Positive’. We were assessed ‘Water Positive’ by DNV-GL for excellence in water management and giving this valued resource back to the environment, more than what we consume.

Waste Management

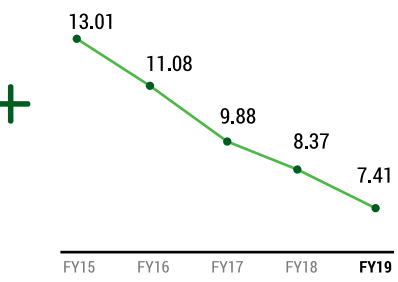
A massive amount of waste generated today end up in landfills which apart from contributing to soil & groundwater contamination and Greenhouse Gas (GHG) emissions also leads to serious concerns of public health and large

scale environmental degradation. The treatment of waste and its appropriate disposal is administrated by national regulation that is binding company-wide at Ashok Leyland. Our operations include processes such as pressing, fabrication, and painting, assembling and testing of vehicles at our manufacturing sites. As a result of our various process related activities, we generate solid and liquid waste of both hazardous and non-hazardous waste categories. We comply with the waste management rules prevalent in the country to ensure compliance with respect to transportation and disposal of waste. All our manufacturing sites have established a waste management site level in charge of sorting, classifying, and handing over the waste to disposal companies authorized by the state pollution control boards.

In order to continuously reduce the volume of waste, we aim to recycle materials wherever possible. Contributions are made by initiatives at individual site level, such as with the “zero waste to landfill” campaign.

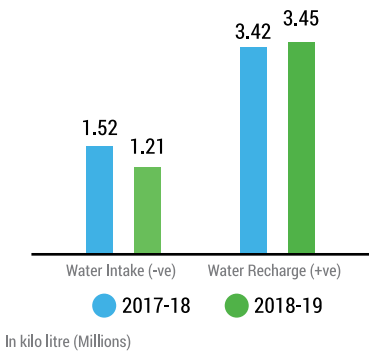
Water consumption - KL/Vehicle

↓ Better



* Recharging through External Ponds not included

Recharge is twice of intake!



In kilo litre (Millions)

Hazardous Waste Category	UOM	2017-18	2018-19	Method of Disposal
Sludge and filters contaminated with oil	MT	3	0	Recycle, Co-processing
Used / Spent oil	KL	449	551	Recycle
Wastes / Residues containing Oil - Oil Soaked Cotton Waste	MT	432	439	Common hazardous waste disposal site for incineration
Wastes / Residues containing Oil - Grinding sludge	MT	245	239	Recycle, Reuse
Alkali Residues	MT	2	2	Co-processing
Phosphate Sludge	MT	99	94	Common hazardous waste disposal site for incineration, Co-processing
Wastes and residues - Paint sludge	MT	444	707	Common hazardous waste disposal site for incineration, Co-processing
Filter, Residues	MT	2	27	Landfill
Wastes/residues (sealant/ PVC residues from painting process)	MT	0	4	Common hazardous waste disposal site for incineration, Co-processing
Discarded containers / barrels / Liners contaminated with hazardous wastes / chemicals	MT	712	896	Recycle, reuse
Spent ion exchange resin containing toxic metals	MT	3	2	Co-processing
Oil and Grease Skimming Residue	MT	35	7	Re-use, Co-processing
Filter and Filter Material	MT	100	41	Landfill
Chemical sludge from waste water treatment (ETP Sludge)	MT	167	231	Common hazardous waste disposal site for incineration, Co-processing, Landfill
Used Batteries	MT	134	97	Recycle
E-Waste	MT	36	12	Recycle

Non Hazardous Waste Category	UOM	2017-18	2018-19
Steel castings, MS scrap	MT	25463	27623
Alumunium Scrap	MT	340	257
Scrap Tyres and Tubes	Nos	4743	2504
Rubber Scrap	MT	100	63
Cable & Electrical Scrap	MT	5452	89
Steel dust/ Shot blast dust/ grinding dust	MT	759	465
Wood Waste	MT	4997	4754
Cardboard/ Waste paper	MT	5174	4663
Plastic Waste/ Used HDPE bags	MT	1095	607
Waste sand	MT	116313	123121
Food waste	MT	441*	298
Garden waste (jungle wood, dry leaves etc)	MT		617

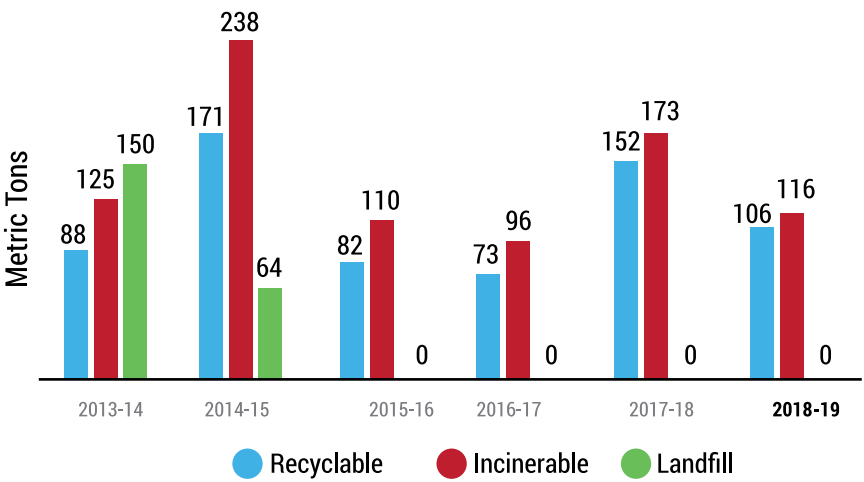
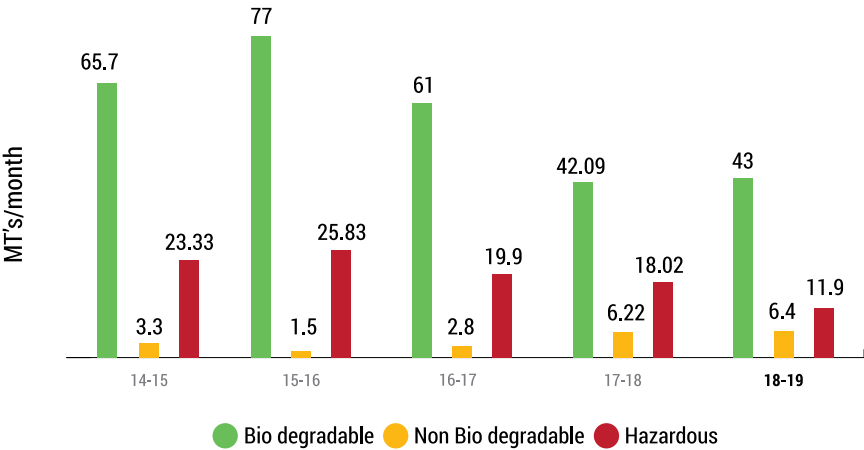
*In our previous report, we disclosed a consolidated quantity of food and garden waste generated, however as part of improved data management hereafter we will report these paraemeters separately.

Reduction in Hazardous Waste Generation at Hosur I

The estate maintenance team worked towards the target of reducing hazardous waste generation by 10%, compared to previous reporting year. The following initiatives implemented by them helped achieve the target.

- Oil and coolant leakage elimination through daily audit.
- Replacing of water soluble coolant instead of cutting oil.
- Adoption of alternate methods of cleaning with the help of Vacuum pump.
- Off site Oil Purification and onsite hydraulic oil purification at machining areas.
- Converting the wet cutting machine to dry cutting machine

The team also worked towards eliminating the landfilling by sending approximately 150 MT of ETP Sludge for Co incineration. Reducing the usage of saw dust for mitigating leaks, eliminating VFJ engine & other auto engine painting and implementing new method for the improvement of cleaning through sponge mops.



Biodiversity

With an objective to sequester carbon, protect and restore natural habitats, we plant saplings and trees annually across our units. As a responsible organization, we never explore or extract resources within the boundaries of World Heritage-listed properties, or operate where there is a risk of direct impacts to ecosystems that could result in the

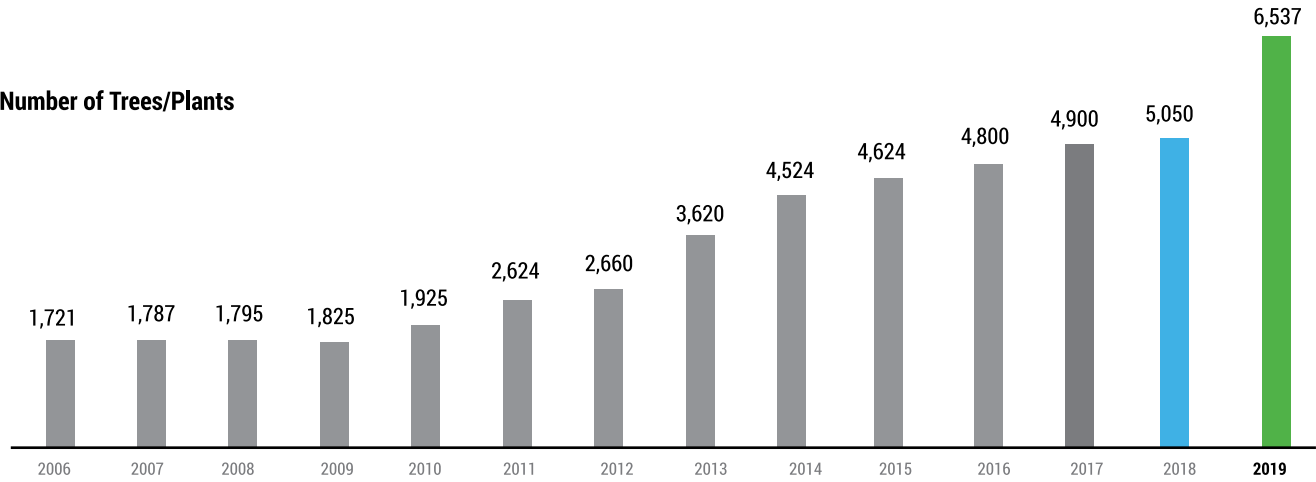
extinction of an International Union for Conservation of Nature (IUCN) Red List Threatened Species in the wild. None of our manufacturing locations are located within the vicinity of any identified or notified biodiversity hotspots or protected water bodies except the operations at Ennore.

We look beyond our own operations for opportunities to contribute to environmental resilience. We support the protection and sustainable use of natural environment for the benefit of future generations through community engagement. We created ‘Miyawaki’

native forests in 20 locations, across 9 manufacturing units in a span of 2 years. Our Mission Gemba team along with the estate maintenance team at Housr I created forest area at one of our supplier associate, covering 300 M² with 930 saplings various species using “Miyawaki Technique”.

With an aim of improving our biodiversity related data management, we established internal dashboards to capture the sapling planted within and outside our manufacturing premises, including the number of sapling survived.

Number of Trees/Plants



Sites	Number of Saplings Planted within premises	Number of Saplings Survived within premises	% of Saplings Survived within premises	Number of Saplings Planted outside the premises	Number of Saplings Survived outside the premises	% of Saplings Survived outside the premises
Alwar	2195	2098	96%	60	54	90%
Bhandara	4506	4506	100%	2300	2300	100%
CPPS	2525	2547	101%	0	0	0
Ennore	10021	10021	100%	1413	1413	100%
Hosur 1	487	487	100%	1000	1000	100%
Hosur 2	36000	35250	98%	0	0	0
Pantnagar	4648	4648	100%	0	0	0
VVC	1087	1087	100%	0	0	0
HFL Ennore	2545	2410	95%	50	50	100%
HFL SPU	6334	6273	99%	0	0	0
Total	70348	69327		4823	4817	

Mission Gemba – Go Green Initiative

At Ashok Leyland, a Deming awarded company, we lay a great emphasis on employee participation in Mission Gemba Go Green initiatives which ensures the sustenance of a better world for future generations. Massive plantation drives are carried out by Ashok Leyland employees and executives across the production plants, supplier base, driver training institutes and Government schools under the Hinduja banner. All the employees whether on payrolls of Ashok Leyland or contracts are involved in the plantation and pond rejuvenation activities every year.

We also celebrate important Green occasions, like the World water day on 22nd March, Earth day on 22nd April and

Environment day on 5th June. People are encouraged to participate in the various activities such as Extempore, Poster making, Skit competitions which are conducted during these occasions. Employee participation in problem solving is the silver lining in any industry and Ashok Leyland campaigns on a large scale through Mission Gemba Go Green Initiatives for Problem identification and Idea generation which will enhance our environment. Targets are set in the TQBM way for Scope 1 and 2 emissions and various projects are formulated to reach the aspired results. We received approximately 5000 suggestions annually and 15000 small group activity projects are generated and completed at Ashok Leyland. The best of the projects and suggestions are recognized appropriately in Gemba.

Compliance

We are committed to complying fully with all applicable environmental laws and regulations that are imposed by Ministry of Environment and Forest & Climate Change (MoEFCC) and Central/ State Pollution Control Board. In FY 2018-19 no forms of non-monetary sanctions and monetary fines were levied upon us for any non-compliance with environmental laws and regulations.



SUSTAINING OUR SUPPLY CHAIN



“From the raw materials and services that help us flourish, to the logistics companies who help us deliver our products, it is our responsibility to minimize any adverse safety, environmental and health impacts of our business throughout our value chain. We share the responsibility associated with our suppliers – responsibility of a successful future. We believe only by working closely with our business partners we will succeed in being a sustainable business in its truest form.”

SUSTAINING OUR SUPPLY CHAIN

Our approach to sustainability starts with our organizational beliefs, and the same applies to our supplier sustainability. Our supplier network provides the majority of our value creation. Compliance with social and environmental standards along the entire value chain is therefore a key element of our understanding of sustainability as well as an important demand placed by our stakeholders. A major challenge in this regard are the increasingly complex supply chains. At the same time, the demand for raw materials is also changing in light of electro mobility. We work closely with our suppliers to ensure that sustainability standards are complied with and increase transparency and resource efficiency in supply chain.

For all the goods and services we procure, we manage supplier relationships through a commercial framework aligned with values and applicable regulatory frameworks. We aim to make sure our suppliers comply with our code of conduct requirements. To ensure sustainability in our supply chain, we take a risk-based approach to assessing suppliers. By better understanding and managing these risks, we provide greater certainty and confidence to our stakeholders regarding our choice of suppliers. We also support suppliers from host communities to help them meet our standards, build their capabilities and help them generate local employment.

To continuously drive supply chain sustainability, we strive to partner with our suppliers to understand our collective supply chain, through research, review and engage in a crystal clear way. Going ahead, we intend to engage with our suppliers to apprise them on issues of environmental impact, social impact and ethical conduct of the business which in today's scenario can intangibly pose a threat to our business continuity.

We believe only by fulfilling our social and environmental responsibility alongside

our suppliers we will be able to secure the sustainability of our business model.

Partnering with new suppliers

Aligned to our Sustainability Policy and SEE framework, we are working towards improved quality, affordable cost and timely delivery of our products. To achieve these goals, we have not only set expectations from our suppliers but have also designed concrete actions to achieve the set goals. As we progress in our existing partnerships with suppliers, we are also identifying new suppliers who are compliant with the laws of land and offer quality deliverables. We have a general purchase agreement which consists of sustainability parameters. A supplier evaluation check sheet is developed and the same is used to assess the suppliers. We follow a PDCA cycle to ensure compliance at suppliers pertaining the required sustainability parameters.

Supplier Selection

We have a well-established on-boarding process, which helps us assess and rate suppliers based on their systems and processes to ensure quality, cost competitiveness, logistic operations, and several other requirements pertaining to smooth supply of the requisite materials and components. The on-boarding rating considers the following 5 aspects into account,

- Environment management
- Labor practices
- Occupational health and safety
- Legal compliances
- Process capability

Each supplier is assessed and a threshold score for each supplier is mentioned. Based on the overall score, the potential supplier for Ashok Leyland is selected. We work with over 550 suppliers and during the reporting period, about 20 new suppliers were on-boarded. We are also working towards establishment of Sustainable procurement framework, to ensure sustainability practices are well integrated in the supply chain.

Supplier Evaluation

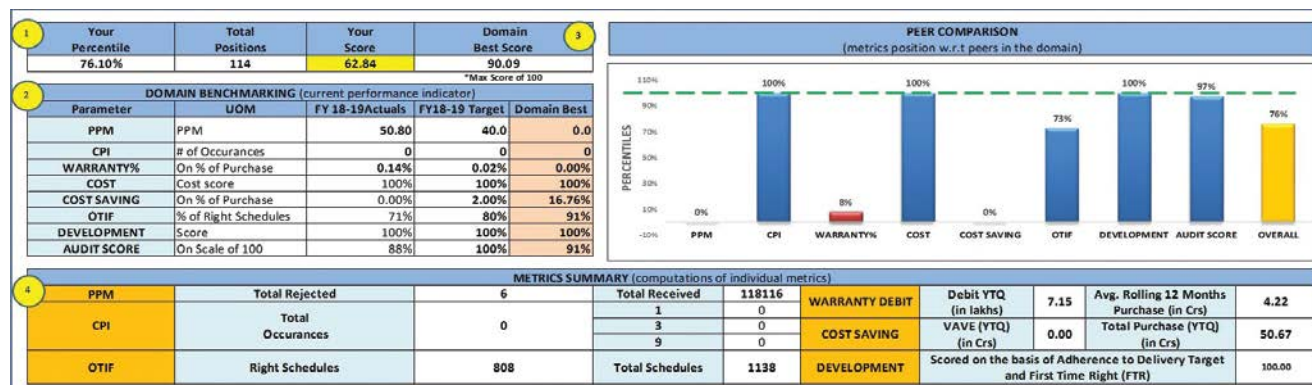
Every year, we conduct audits at our supplier base to ensure their compliance with all the applicable laws and regulations. Every supplier is assessed and given a score card based on his performance, overall quality, productivity, cost competitiveness and keeping social and environmental aspects into deliberation. The top suppliers with highest scores are usually assessed once in two years. The suppliers who have medium or low scores, are assessed every 6 months. We also support our suppliers in strengthening their systems. During the reporting period we evaluated 250 suppliers.

To periodically monitor our supplier performance, we have developed a digital platform along with our IT team to maintain database of supplier data, analyze it and evaluate their performance against all the important factors affecting the product, its delivery and our overall business. We have performance dashboards for each supplier and the criteria differ based on the category of supplier. This is done every quarter and the report is shared with the suppliers to apprise them on the areas for further improvement.

In the audits conducted at supplier base, we did not come across any incidences of violation of human rights or legal requirements.

Localization

We know how important our relationship is with local businesses and we endeavor to support them by sourcing products and services locally. All our units are required to have local procurement plans that, in addition to benefitting local suppliers and creating employment, build capacity through training of small business entrepreneurs. 98% of our suppliers are local (India).



Building relationships with Suppliers

We believe in maintaining long-term collaboration with our suppliers for business success. We engage with suppliers throughout the year through various programs and events to strengthen our relationship and motivate them to perform better.

Apart from the above mentioned initiatives, we also conduct cost saving workshops, tipper competitions, Gemba competition and training on heat treatment process for our supplier partners.



Leykart

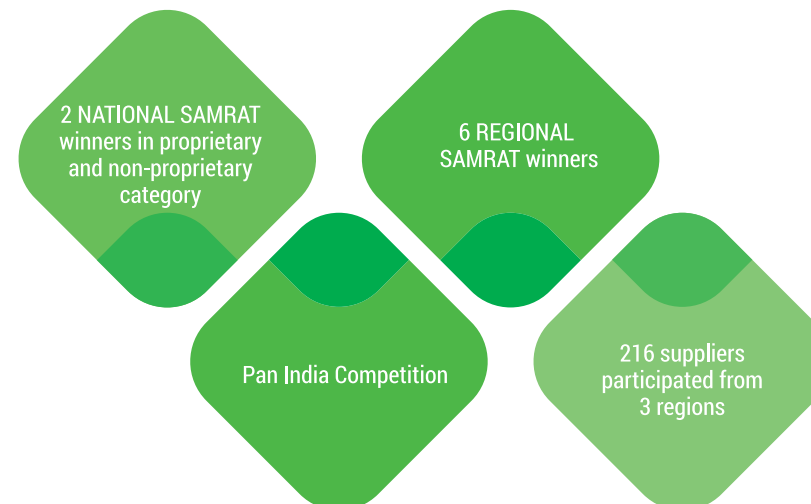
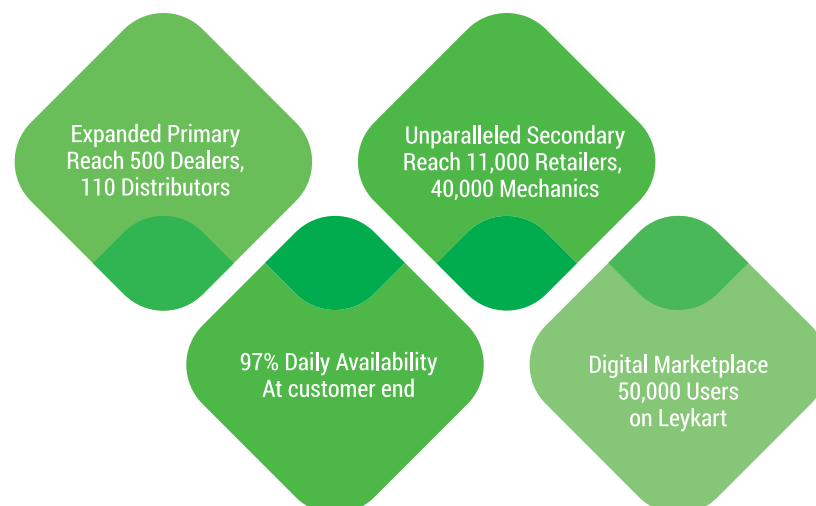
Leykart is a digital initiative launched by Ashok Leyland to help users buy spare parts online. With a wide variety of parts and components, this initiative targets to empower customers to find the right part anytime round the clock through a mobile application. With an aim to provide an end-to-end solution for our customer's aftermarket needs, this application also ensures that the customers buy genuine parts/components. 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.



Supplier SAMRAT

This initiative is majorly aimed at mutual learning of best practices. A program introduced to recognize the suppliers with high standards of process capability. The suppliers are assessed based on the following aspects:

- problem solving capability
- structured methodology and problem solving tools used



Supplier Buddy

Supplier buddy is one of our latest interventions, we designed a mobile chatbot specifically for our supplier partners to assist them as a virtual companion. It helps them get all the latest updates since it is integrated with website and other applications. This has helped us stay connected with our supplier partners. Some of the key topics the Chatbot helps suppliers with includes information related to invoice status, PO, GST and debit details etc.



Supplier Satisfaction

As a responsible organization determined to address all its stakeholders'

expectations and concerns, we believe that a happy and a satisfied supplier brings in customer innovations and new products. We have instigated a culture of partnership and alliance with suppliers, by involving them early in stages of product development, recognizing their efforts and rewarding them thereby building strong relationship. After all, supply chain is heart of any business. This has helped us get 100% positive responses from our supplier partners during last couple of years in the supplier satisfaction surveys conducted by Ashok Leyland.

Being Future Ready

While the auto industry is undergoing transition, it is imperative that the supplier base also revisits their processes and products based on the upcoming demands. The year 2020-2021 is going to be a challenging and equally interesting year for suppliers, as we are move from BSIV to BSVI. This would require development of 1000+ new parts,

improvements in engine combustion, optimization and customization of exhaust treatment technology to Indian conditions (low driving speed) and increase in complex electronics (sensors and controls). For this, it becomes necessary for our supplier partners to ensure the following,

- Improve reliability of parts to meet emission requirements
- Enhance manufacturing process capability
- Cleanliness of engine parts in transit and storage to meet stringent quality requirements
- Compliance to emission CTQs through regular audits & reports to AL.
- Fool-proof identification & traceability requirements (QR codes).
- Quick resolution of issues observed during validation & field trials

Moving forward, we have identified the areas of improvement and set goals to be at pace with the rapidly shifting market trends. The major areas along with our goals are given below.

- Quality & Reliability – High process capability for new parts
- Cost savings – focus on value engineering & productivity improvement
- On time delivery – enhanced capacity to cater high demand and environment friendly packaging
- New parts development – ensure first time right and robust validation of BSVI
- Knowledge enhancement – develop capability in software & electronics
- Collaboration – Seamless alignment between AL & supplier partners through effective communication



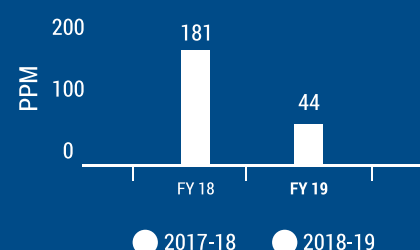
Reduction in Incoming Rejection, Production loss and Rework

As we are taking steps towards becoming Global top 10 in the CV market, we also foresee a lot of changes in operations and challenges in terms of delivery lead time, quality performance, increased production etc. that our suppliers and we as manufacturers may face. Hence, our supplier support team along with suppliers has set targets to reduce 50% of PPM & rework followed by

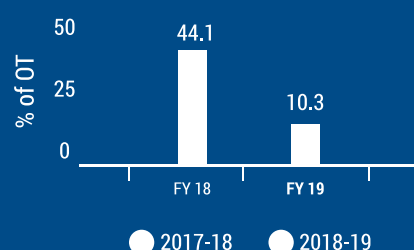
30% reduction in production loss. The targets were set by making a past performance analysis, identifying the aggregates and suppliers affecting the goals, production losses and quality issues. This was also followed by 60 supplier visits, 30 poka yoke implementations, identification and implementation of 297 quality improvements and countermeasures.

This led to 76% reduction in PPM, 50% reduction in production loss and 75% reduction in reworking 753 shifts in the reporting period compared to 598 shifts in FY 2018. As a way forward, we aim to focus on supplier capability and stability. We have already identified 56 suppliers and assigned to the SQA members for further improvements.

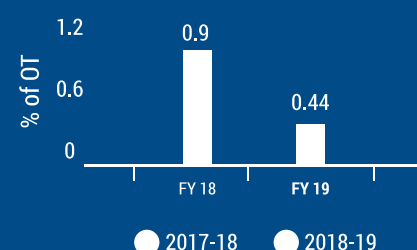
Incoming Rejections



Vehicles Reworked



Loss due to Part Quality



PRODUCT INNOVATION



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As one of the top commercial vehicle manufacturers, we place the highest demands on the quality of our vehicles. For us, this means offering remarkably safe, fuel-efficient, and low-emission vehicles. Our state-of-the-art technologies help us ensure that our vehicles become more attractive and environmentally friendly, with each new model. Our aim is to maintain and promote safe mobility for the generations to come.”

PRODUCT INNOVATION

Our long-term accomplishments depends on creating innovative solutions that improves customers' lives –now and in the future. Which means understanding how our customers' needs are changing, and committing the expertise and resources required to drive technological progress in a responsible way. Globalization and digital connectivity have increased customer awareness and expectations of today's business. These, along with increased competition, have driven our industry to become more customer-centric. Customer preferences towards more environmentally safe and technologically advanced vehicles continue to evolve – partly driven by legislation that encourages adopting fuel-efficient vehicles, and partly driven by new levels of customer awareness and growth in digital technology.

We carry out in-depth market research to understand the changing customers, regulations and anticipate emerging market trends. This feedback helps to shape the development of new vehicles, customer experience, aftersales service and the relationships with our brand.

Our design, engineering, process planning, manufacturing and supply chain teams work closely through our vehicle development process, engaging with customers and other industry partners to ensure we develop the class-leading vehicles and solutions that our customers expect. We also prioritize safety considerations at every stage of our vehicle's design and development. We progressively evaluate how spontaneous and user-friendly new safety features are anticipating customer interaction and responses to enhance their effectiveness. All our vehicles undergo rigorous safety assessments. To remain a leader in our sector, we need to keep abreast of customer expectations and market trends – meeting demand for exceptionally high standards while recognizing differing environmental priorities and social variables around the world.

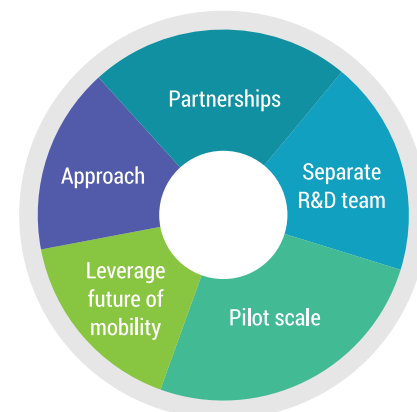
And a vital focus of our evolving sustainability strategy is to gain a better understanding of the end-of-life of our vehicles and the recyclability of the key components. While the end-of-life vehicle recycling is well-established in the US,

Europe and Japan, it is at an emerging stage in India although the number of commercial vehicles have been increasing exponentially. We have been constantly working to understand the end-of-life of our vehicles through our R&D. We aim to take up the life cycle assessment study of our vehicles in the year ahead. We believe this will help us gain a holistic perspective on the overall environmental impact of our vehicles on the ecosystem we operate in.

The Electric Mobility

Climate Change has emerged as one of the most critical risks that needs to be addressed globally. As environmental regulations get stringent with each passing day, it is important for us to develop products that are environmentally friendly and efficient at the same time. With the Indian Government's push towards electric vehicles through National Electric Mobility Mission Plan [NEMMP], and Automotive Mission Plan [AMP], 2026, we have taken measures to ensure that we stay ahead of the curve and launch electric vehicles that are future ready. We have taken proactive measures to strengthen our product portfolio and have started with the introduction of electric buses. Our proactive approach was recognized in multiple forums for innovation and city-level solutions.

We have developed an EV product platform called 'Circuit'. Under this, we are exploring and experimenting both options of 'Swap technology' and 'Fast charging' for the product charging requirements- and will continue to explore, develop and offer other new technologies as they emerge in technically feasible and commercially viable manner. The battery swap technology is limited in nature and the batteries can be submitted for End of Life recycling. As the charging infrastructure and battery operations are challenging, we are constantly working towards increasing the battery life and are also exploring with active engagement with other stake holders to connect the batteries to store energy after they have completed relevant service life for the buses but still have enough capacity for storage applications.

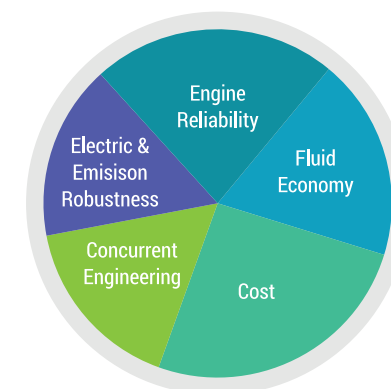


The Indian government has set up an ambitious target for adoption of electric vehicles in the country. The Ministry of Heavy Industries, Government of India has shortlisted 11 cities in the country for introduction of electric vehicles (EVs) in their public transport systems under the FAME (Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles in India) scheme. The first phase of the scheme was extended to March 2019 while In February 2019, the Government of India approved the FAME-II scheme. As the Indian Auto industry undergoes transformation, we at Ashok Leyland are taking these transformations as business opportunities and exploring these changes to create more environmentally and socially responsible products.

Leapfrog from BSIV to BSVI

We are moving from BS-IV to BS-VI, which is also an adaptation of Euro VI. As the parameters governing the technology of BS-VI, which is the emission levels of NOx, PM, emission deterioration factor, atmospheric temperature differs for European and Asian markets, it becomes challenging for us to design and develop products in a short span of time. However, we are exploring, creating and testing our products and technological interventions to make the vehicles compatible with BS-VI. For this, our product development team has developed the following pillars that form the basis for their operations to meet the market expectations of electric vehicles by mid of 2020. We have established Modular Business Platform to create electric vehicles from varied segments of our product portfolio.

We are bringing in 2 models of Euro VI compliant Light Commercial Vehicles [LCVs], which would be competitive and efficient to garner the LCV market. We are working on 5 models of intermediate commercial vehicles [ICVs]. We are also launching electric buses with leaner engines, CNG fuel option and new technology of Automatic Transformation [AT]. We focus on transitioning special vehicles such as haulage and tippers. We aim to start the pilot production by the end of year 2019 and be ready to enter the market by 2020.



We are focused on sustainable mobility to ensure that we are at pace with the rapid market shifts. We have made all efforts to ensure safety and efficiency of our products. We have not received any customer grievances related to health and safety aspects of our products. Neither there have been any complaints pertaining to the violations of product based compliances related to advertisements and labeling.

Our Product portfolio PARTNER 17 Ft: Your reliable Partner in Progress

PARTNER is a next generation LCV truck which not only offers superior mileage and overall performance but also offers enhanced driver comfort. It comes with a modern 'Euro' cabin with air-conditioning (HVAC) options. It is designed and engineered for Tomorrow. It is powered by the advance ZD30 engine provides 10% higher mileage than competitor products and is designed to provide utmost comfort and safety to drivers during the long run.

Captain 2518

Its international cabin design combines best in class ergonomics with latest technology to deliver superior comfort,

longer life and optimal performance. Distinctive and rugged, the captain has been designed to meet high productivity norms in mines, irrespective of the depth or terrain and will redefine business economics. The high torque and fuel efficient H series BS-IV engine with CRS fuel injection pump and the 9-speed gearbox make the captain truly unstoppable. Our most driver friendly cabin on this model, not only provides superior overall performance but also comfortable, safe rides to the driver. With fully adjustable seats, option of natural ventilation or air-conditioned comfort, we ensure not only the comfort of the driver but also with fatigue free driving ensure the safety of other road users.

4123

The path breaking 16-wheeler truck delivers 10% better Ton-kmpl over the current highest selling 14 wheeler trucks in the industry. Thus, contributes to lower emissions/consumption of precious fuel. Also, it carries 17% more load thereby easing road congestion. With another industry first, this model is fitted with unitized wheel bearings where the grease consumption is NIL during maintenance, eliminating effluent disposal and lower environmental impact. With additional payload upto 5T over 37T trucks, new 4123 ensures maximum load capacity and profits. Powered by proven H series 225HP engine 9 speed gearbox and a reliable drive train fuel economy is assured.

1918 with 18.4 T GVW | 2818 with 28.5 T GVW | 3518 with 35 T GVW

iEGR is the most reliable technology which is non-hazardous and gives the best in class TCO. Powered by proven and fuel efficient H series 6 cylinder CRS engine. Reliable and durable aggregates for longer and lower maintenance. Improved drivability and higher initial pickup. We have redesigned our haulage & multi-axle vehicles to suit new loading norms. Now these new models carry additional payload as follows:
1918 (18.4T GVW) : 2.2T
2818 (28.5T GVW) : 3.5T and
3518 (35T GVW) : 5T
With no additional road space taken by these higher capacity trucks, we ensure lower road congestion and pollution.

U 4218

iEGR is the most reliable technology which is non-hazardous and gives the best in class TCO. Powered by H series CRS engine, U4218 offers higher fuel efficiency, drivability and economy. Factory built, fully suspended sleeper cabin makes long drive a breeze reducing turnaround time and enhancing productivity. Ideally suited for parcel, market load and tankers.

Higher GVW and Payload Range:

In line with national objectives of higher productivity, we have introduced higher GVW vehicle range right from 4X2 to 10X2 haulage/tractors. These vehicles carry 20% additional payload utilizing same resources – both men and fuel. Also, our long distance trucks are provided with i-alert devices which not only helps in tracking the vehicle but also can communicate to emergency services (like ambulance, police, etc.) on a click of a button. This takes care the safety and convenience of the cabin crew.

AC cabin on U Truck:

In line with our commitment to provide a comfortable work atmosphere to the driving crew, we have introduced AC option on our popular U Truck range. With stress free driving conditions, the driver is less fatigued, drives the trucks better and safer for himself and other road users. Also the productivity of the truck goes up, reducing impact on environment.

BS IV iEGR

Ashok Leyland is the only player in Indian CV industry to use iEGR technology which eliminates use of a chemical fluid called DEF to ensure emission levels. On an average in a year the usage of this chemical is reduced by more than 1200 liters PER TRUCK, thereby saving environment. Lynx Smart, Lynx Strong Buses Inclusion of tubeless & radial tires ultimately improving fuel efficiency by up to 5%, thus reducing the carbon footprint, while offering better vehicle stability. Front Engine Semi Low Floor- CNG Buses Included wheel chair lift in this product to make it a disable friendly bus.

CUSTOMER DELIGHT



“

Giving customers precisely what they require is one of the crucial ways to improve customer satisfaction in any industry. We believe Companies that develop channels for collecting feedback can develop a better understanding of expectations. The information collected from these channels enables us to gain a better understanding of how to serve the customers and stay ahead in the sector.”

Customers are the key drivers of our business. We have worked tirelessly to improve quality over the past few years, and have made great strides. We use an extensive quality operating system at every stage of vehicle development and manufacture to ensure that our vehicles meet or exceeds both customer expectations and regulatory requirements.

We begin designing for quality from the earliest stages of conceptualization. Much before a new model rolls off the assembly line, we define the right features and content to include based on extensive customer research, and we validate that our vehicle designs and manufacturing processes will deliver vehicles that meet or exceed customer expectations. Our engineers use a suite of high-tech design tools and virtual manufacturing technologies to detect and avoid potential issues. After our vehicles are sold, we continue to evaluate vehicle performance and use this information to develop and implement effective solutions. We also gather feedback from customers using survey tools that track and evaluate our quality and customer satisfaction performance.

We also focus on processes and behaviour patterns and ensure they are continuously enhanced at all sales stages and hierarchical levels to ensure maximum customer orientation. The measures include process improvements, training courses, and dealer consulting and coaching, as well as the incorporation of key figures relevant for customer satisfaction into instruments for sales and service. We reach out to customers where they live and work, and we give them the opportunity to contact us anytime and anywhere. Our objective here is on creating a seamless customer journey.

Sales Journey PRISM

PRISM stands for Practical Improvement in Sales and Marketing. It is a transformational program focused on Marketing Strategy, Sales process standardization and building people capability. The aim is to drive higher sales, increase market share, improve customer satisfaction and dealer profitability.

The PRISM process has generated a data base of over 10 lakh customers, with more than 125,000 transactions per

year. The successful adoption of PRISM is measured with the PRISM Maturity Index considering the Adherence, Quality and Effectiveness of the process. PRISM 2.0, the second generation of the PRISM program has now been rolled out to address the dynamic business environment by significantly leveraging digital technology.

LEAD

LEAD stands for Leverage Analytics to Drive Decisions. The initiative was started in the year 2015-16 with an aim to drive data analytics to generate actionable insights from sales and service data and embed them in our systems and processes. We take a structured approach to data capture, robust analytical algorithms, alignment to organizational objectives and seamless dissemination of results across stakeholders.

As part of the LEAD program, around 50 different initiatives have been rolled out in Sales, after sales, Sourcing, Quality and Channel Partner profitability. Data is analyzed to understand sales and after sales performance of our products and services, sourcing patterns, key drivers of dealers and vendors profitability and identify areas of improvement.

SELECT

Ashok Leyland SELECT is a platform for holistic engagement with our key customers –

- to develop strategic relationships
- to grow long - term, sustained, significant, and measurable business value for both customer and company and
- to enhance mutual trust and brand loyalty.

SELECT customers are identified based on the business association with Ashok Leyland over a period. We believe in connecting with customers throughout the journey starting from product sales, after sales, to operational assistance followed by emotional connect leading to ‘collaboration’.

Through the Ashok Leyland SELECT program we continuously engage with our customers to address their evolving requirements in a dynamic market place, which is in line with our brand philosophy “Aapki Jeet Hamari Jeet”. As an Ashok Leyland SELECT customer, we offer benefits that enhances our customer’s business profitability and efficiency by

providing priority service, exclusives privileges and other rewards. As the products are getting more complex and customized according to the needs, with technological developments, this program is critical as it provides a ‘single point contact’ for help and support of customers. The SELECT program is driven by 3P’s i.e Priority, Privileges and Profit.

Priority: Priority support in all aspects of customer business, be it purchase of vehicle, Spare parts or vehicle servicing. We give personalized attention to our customers to improve the customer satisfaction by creating a single point of contact, dedicated helpdesk support, service offering to our customer at dealership or at site through Workshop on Wheels (WOW) and training support through Knowledge on wheels (KNOW).



Privilege: We provide unique engagement activities crafted specially for our customer, his family and business. We recognize our valuable customers in events, send personalized greetings and rewards based on their purchases. We also conduct training programs to improve the skills of customer personnel, engage with fleet manager and drivers.

Profit: Customers can earn reward points on every transaction with us and redeem them against vouchers and rewards of his choice. We have allocated points for all the business transactions by our customers which includes new vehicle purchases, spares and service.

After Sales Journey

We believe in providing reliable service support to our customers through various medium – site service, workshops, genuine spare parts and skilled mechanics

EasE-Pay

EasE-Pay is an online payment gateway to provide facility to customers to pay their bills for service online from anywhere around the globe. Customers can electronically settle the payment for any en-route service and minimize the driver's need to carry cash. This also reduces the waiting time at our workshops for payment.

At-site Support

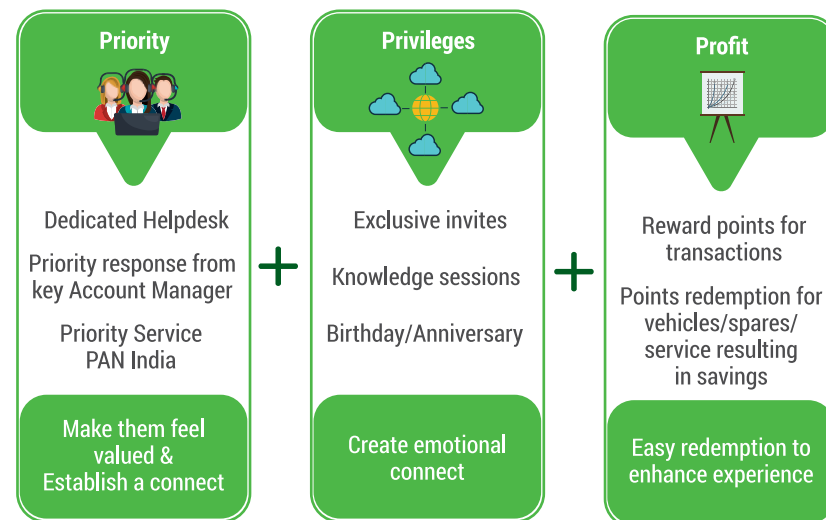
We ensure that our customers get the required services at-site especially who operate vehicles in remote location like mines, construction sites and big fleet sites. The at-site support improves the vehicle uptime and cost of transportation of vehicle to network. In addition, we have various initiatives like Workshop on Wheels (WoW), Service at Site to Satisfy You (SASSY) and Service at Site (SAS).

LEAD Initiative in Service

Data mining and leveraging the data for improving the efficiency and effectiveness of all the service deliveries are done in a routine manner through the LEAD program.

- Early warning system to spot product issue trends early and to provide a platform for stakeholders to conduct deeper investigations on the identified issue.
- Service calling tool, the current focus of which is to make 'schedule maintenance' calling more effective

Program of 3Ps



by augmenting service revenue with priority customer calling and increase customer satisfaction by increasing customer connect.

Service revenue, AMC pricing, service 360, war room tracker and dashboard, vehicle parc tagging etc. are other aftermarket initiatives of the LEAD programme. Other than the above initiatives, we have formed a centralised Key Account Management Cell (KAM Cell) which contacts the National KAM customer's site in-charges to help assist in day to day services & resolving maintenance issues for complete at-site support for service and spares and for special attention in network.

We have an e-mail id reachus@ashokleyland.com which is monitored by Corporate Communication team to enable our customers to reach us via e-mails.

24 X7 Leyland Direct Support

To provide PAN India faster breakdown support to all our customers, a dedicated 24X7 multilingual Call centre has been set up that responds to all queries / complaints round the clock and coordinate with nearest workshops for redressal. We are proud to share that our breakdown team reported at breakdown location within 4 hours in more than 85% cases reported and resolved more than 95% of cases within 48 hours PAN India in FY 2018-19.

e-Diagnostics

e-Diagnostics is first-of-its-kind Bluetooth

diagnostic device that can easily pinpoint the error code for customers' vehicle by connecting the smartphone with their vehicle via Bluetooth. A handy troubleshooting list pops up to help the mechanic or the driver resolve the error in a simple step by step visual process.

Model Workshop

In order to improve our customer engagement coverage (Small / retail customers and maintenance managers, drivers, customer's mechanic), We have decided to upgrade/ develop existing / upcoming workshops in every region / area office as a Model Workshop, where these customers / maintenance managers can be taken into smaller groups to showcase dealer facilities, capabilities and AL new initiatives to build confidence on repair quality, dealer facilities & workshop hygiene condition and better customer connect with dealer and AL brand. In FY 2018-19, total 16 model workshops have developed, 42 customers visits organized in these model workshops by covering more than 550 customers / fleet managers / Drivers / mechanics.



Post Service Feedback

PRISM has enabled the change in the customer experience in all service interactions. 100% Post Service Feedback calls will ensure any concerns of the customer are captured and help us to close the issues in the shortest possible time. Through a centralized call center with multilingual support, all concerns are tracked and monitored till the issue is resolved and the customer has expressed his satisfaction on the resolution. This will further reinforce the confidence levels of the customer towards AL, thereby living up to our brand value, Aapki Jeet Hamari Jeet.

Dedicated Accident Repair Facility:

With ever increasing pressure on business, vehicle up time is the most critical parameter for our customers. In case of an untoward incident of vehicle accident, the vehicle goes off road, unscheduled for a longer period. Accident repair also requires a different skill set and specialized co-ordination between multiple agencies. To minimize the vehicle off road period in case of accidents, we are establishing dedicated accident repair facility ensuring timely and quality repair and seamless claim support process.

Smart Bays:

We at Ashok Leyland are striving hard to keep our customer vehicles on road at all points of time. To meet this objective, we are upgrading our channel partner workshops by equipping them with modern tools & equipment and revamping the customer interface

through digital medium to handle the regular repair and scheduled maintenance jobs. Our workshops with smart bays deliver high quality repair and ensure timely delivery of the vehicles.

iALERT

iALERT, state-of-the-art Connected Vehicle technology, facilitates customers to monitor their vehicles in near real time. i-Alert's live dashboards display information regarding Track, Trace, Vital health parameters of their vehicle's health in near real time. The Features include Trip management, Driver performance management, Fuel management, Service reminders, Alerts and host of other features that enables the fleet manager to focus and improve



the efficiency on the Performance, Productivity, Safety of the fleet. The insights and reports enable the Fleet manager / owner to take informed decisions and initiate actions to improve the performance of the Vehicles / Drivers.

Moreover, iALERT sends the Alerts directly to the customer / fleet managers application on the mobile or web. It also provides information on vehicle performance, predicts service requirements, helps in planning maintenance schedules for quick and efficient service at service centres. The nearest service centres are displayed on the application for faster reach, faster turn-arounds, and thereby helping vehicles stay on-road longer. The insights into the Application, utilization and performance of the



vehicles enables Ashok Leyland to provide customized solutions and products that will enable customer to improve his Operating efficiency and bring down his TCO leading to a Win-Win situation and

truly living up to the spirit of Aapki Jeet Hamari Jeet.

ServiceMandi

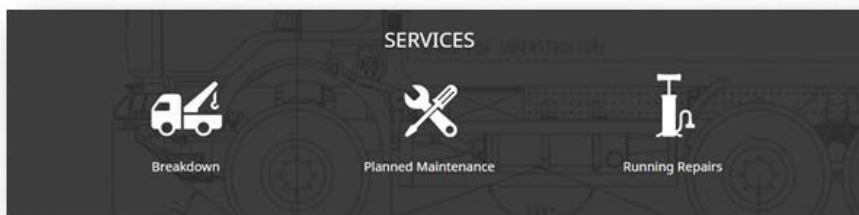
ServiceMandi is a pioneering digital initiative which connects fleet owners (or managers) and drivers to certified workshops via a Mobile app. It houses separate apps for the fleet manager, driver and workshop. The value proposition to customers is four-fold: (1) Access to Qualified and Rated workshops (2) Convenience and connect at the click of a button (3) Standardised pricing across the country across a wide range of jobs (4) Digital payment options saving the hassle of carrying cash

This initiative has gained a lot of traction with our customers. The app has 10 language options and can be downloaded to any android smart phone with dedicated customer care support available round the clock.

Spare Parts

One of the prominent factors influencing the sale of vehicles, especially in the MHCV segment, is the aftermarket capability of the brand.

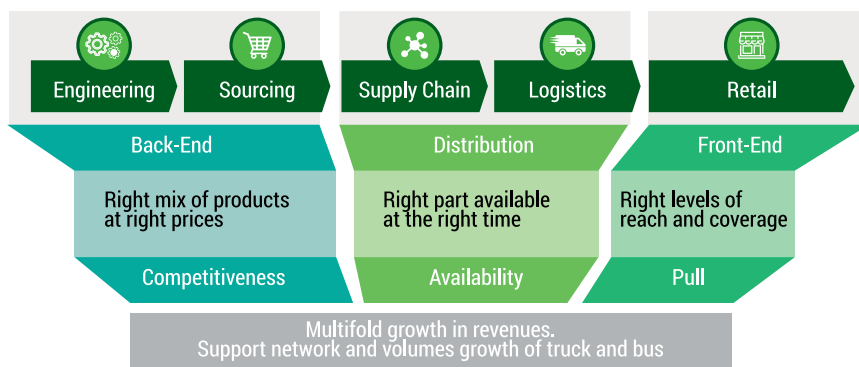
Ashok Leyland, with its genuine parts under the brand of LEYPARTS® has established a strong aftermarket relevance over the years. The primary objective of Spare Parts Division is to ensure the availability of the right spares at the right time at the right price to support 7.64 vehicles across the globe. The initiatives we have under spare parts are SPARK, Ashok Leyland Mechanic Club, SparkFlow and Leykart.



SPARK

Vehicles demand has traditionally been cyclical and of late there has been high volatility between months. There was a need to de-risk from the cyclical of vehicles business by focusing on higher contribution from non-cyclical businesses

like Spare Parts. On these lines, Project SPARK was launched with an objective to work on interventions across all elements of spares value chain to deliver multi-fold growth in revenue and profitability and to contribute a higher share to Ashok Leyland's overall bottom line



Ashok Leyland Mechanics Club

The industry-best, multi-tier loyalty program has been designed with an objective to positively impact mechanics' lives. Patrons of the scheme can redeem points as cash or for gifts. More importantly, Tier benefits including training, child scholarships, branding and family health insurance ensure that the mechanics' bonding with Ashok Leyland is a emotional one and not just transactional.



SPARKFlow

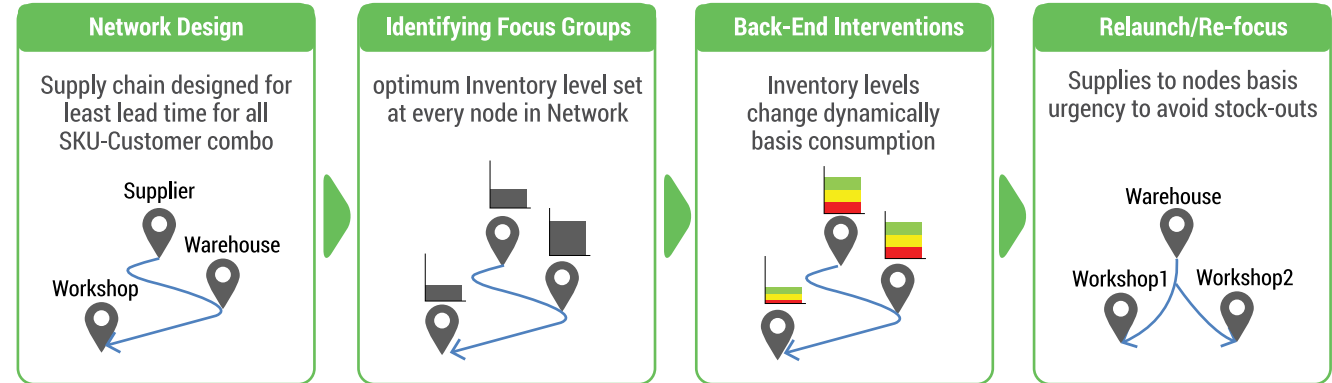
SPARKFlow is designed to ensure 95%+ availability at the front-end and providing for increased sales with optimum inventory.

A four-pronged strategy of Network Design, Optimum inventory norms at every node in Supply Chain, a Dynamic Buffer management system and algorithm-based rationing established an automatic, consumption-based system leading to an agile and lean supply chain delivering 95% Daily availability.

LEYKART

With hundreds of Models, thousands of variants and millions of components, looking for the right part can be a daunting task for our customers. Leykart offers a meticulously-designed online technical catalogue that simplifies the task of identifying a part through 6 different search options such as chassis number, registration number, model name etc.

Available on both android and iOS platforms, Leykart promises door-step

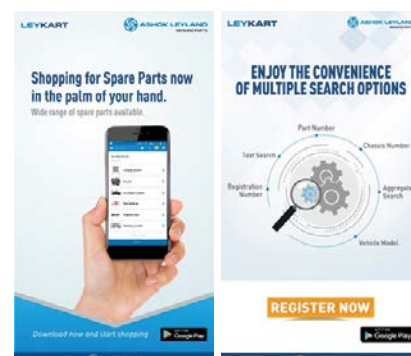


delivery to 53000+ customers located in 16000+ pin codes across India from 80+ strategically placed fulfilment centers.

SPARKBOX

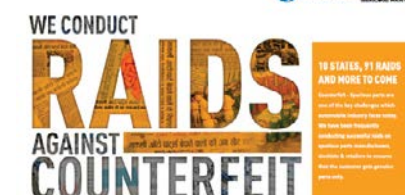
The Aftermarket space faces a threat from counterfeit products. It is estimated that about 40% of the total market is infected by spurious products. To ensure that our customers receive genuine products, the packaging for Ashok Leyland genuine parts was completely revamped.

The new skin & MRP label has embedded security features to protect the brand against the risk of counterfeiting. Raids were conducted across multiple territories to deter the counterfeiters from our brand abuse.



Network

In facilitating our channel partners to deliver high levels of customer satisfaction consistently, network development assists us in attaining a global reach for our sales, services and aftermarket support.



Network expansion

Network has been growing to provide easy access to customers anywhere in the country by getting closer through reach and enhancing dealer performance. We are tracking the "Quality of the service" experienced by AL customers when they visit our Channel touch points and the viability of the Channel in terms of Technical and Customer handling

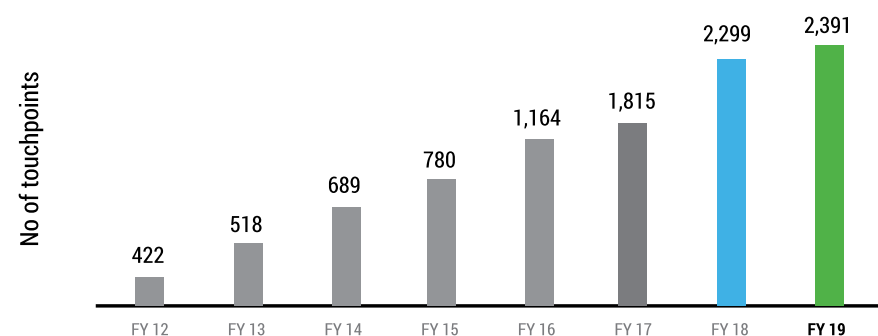
capabilities. Our Primary and auxiliary setup has grown tremendously from 1164 in FY16 to 2391 in FY19.

Sales and Service Satisfaction Survey

Our M&HCV sales & service satisfaction survey is a bi-annual program for both sales and service, covering customers of LCV and M&HCV range of vehicles. The study comprises a service satisfaction study and a sales satisfaction and conducted through a third party. We use computer assisted telephonic interview (CATI) for data collection and analyze them based on the customer database provided by Ashok Leyland. Customers are contacted for the study through a close ended 15-20-minute questionnaire. For FY 2018-19, Q1 & Q3 were the two quarters covered in the program. Results of the study shows that overall sales satisfaction index was 765 in FY 2018-19. Similarly, overall service satisfaction index was 745 in FY 2018-19.

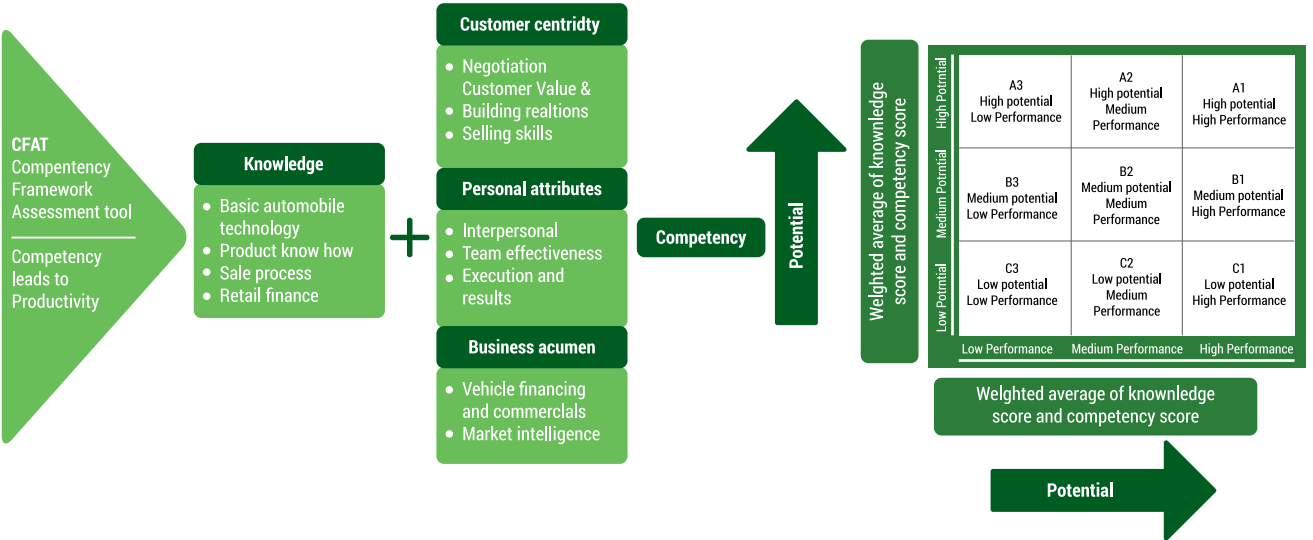
Dealer Profitability

We use dealer financial dashboards to recognize opportunities and drive operational improvements for the dealer and increase drive service absorption ratio. A dealer financials



tunable profit and loss (P&L) is used to define the dealer memorandum of agreement (MoA) such that the dealer earns a reasonable return. This helps us understand the optimal levels of retention and set incentives for the dealer.

The dealer financials exercise features comprehensive dealer reviews with senior leadership at dealerships on sales, service, parts and financial performance.



We also identify dealers to “support” in line with the “AAP KI JEET HAMARI JEET” philosophy as part of our best Practices and Action Plan “IDEATE”. “Winning thru Skill Enhancement” of the PRISM program is our initiative that is aimed at upgrading the dealer sales team’s selling approach & capabilities to help them deal with evolving market landscape & competitive intensity.

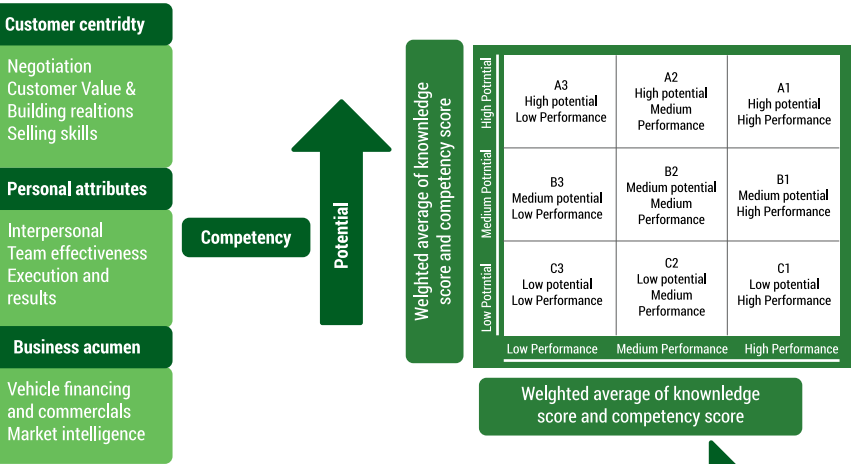
The objectives of the program is to drive Dealer Sales Executives (DSEs) for solution selling and customer life time value, building competencies to adapt to changing selling model and enhancing sales process implementation. The program has led to a positive impact on core sales metrics in terms of increased DSE productivity, sales process implementation and hence profitability. Dealer incentive scheme has been framed to streamline the various incentive schemes run by different functions under single structure that would impact the Dealer Financials directly. All metrics for the model is directly taken from the systems using Business Analytics tools.

Training

We provide various trainings to Drivers, Dealers, Mechanics and Supervisors to enhance their skills and communication. Our training programs includes Service Training, Sales Training, Driver Training and training using the On-Site Training Vehicles.

Service Training

We expect skill progression and have put in an operational framework to



support this endeavor effectively. In this course, our service training program is aimed to offer continual improvement in skills. Service training is provided to all dealerships during new product and technology launches and in case of frequent complaints. A linear skill advancement package is being rolled out at all our training centres which are located at Alwar, Chennai, Bhubaneswar, Nagpur, Ludhiana, Namakkal, Pantnagar, Kolkata, Pune, Lucknow and Vapi.

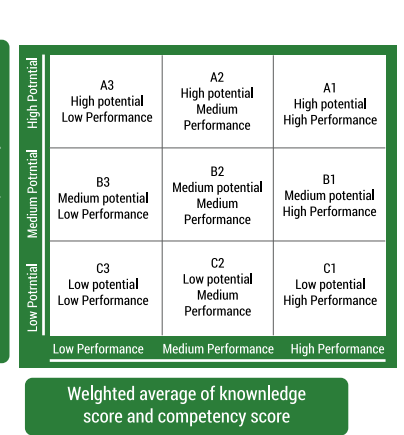
Location	Fresher Training	Refresher Training	Total
Kaithal	3660	29247	32907
Burari	1042	52370	53412
Railmagra	1196	5476	6672
Chhindwara	1484	1006	2490
Chhatia	1757	521	2278
Yelahanka	7	26909	26916
Dharwad	35	38098	38133
Namakkal	1001	37741	38742
Vadodara	-	3268	3268
Hazira	-	1009	1009
Overall	10182	195645	205827

Sales Training

We provide sales training to dealer sales executives to enhance their knowledge and skills, thus improving productivity. We offer structured sales training programmes, competency framework and assessment for Dealer Sales Executives that define knowledge and skill sets to help them to excel in their roles.

Driver Training

We recognize that continuous and



adequate training and certification should be imparted to drivers to develop sector specific skills of rural youth towards making them employable. Also a fresh cadre of high quality drivers are required to meet the demand of high quality drivers and inculcate road safety awareness among them to reduce accidents.

We offer various trainings to drivers, fleet owners, individuals etc. in our training centers that located in Kaithal, Burari, Railmagra, Vadodara, Hazira, Chhindwara,

Chhatia, SIRCILLA, Dharwad, Yelahanka and Namakkal. These centres are run and managed by us and society employees. Since inception, we have trained over 13 Lakhs drivers offering customizable courses on fresher, refresher, hazardous, fuel saving etc. and all our DTIs are ISO certified.

KNOW

Knowledge on Wheels (KNOW), is a unique concept of knowledge sharing platform, wherein we are bringing the advanced technical know-how to the customer doorsteps. This was important as we felt that the people living in remote areas pan India, do not have accessibility to the technical training programs. Hence, we developed this initiative to fulfil the training needs of people who do not have training facilities within their reach.

Under this initiative, our mobile trucks pan India deliver training on –site at customer locations. We also impart trainings at government institutes, our channel partners locations and local mechanic garages. We have experienced trainers/instructors with meticulous and effective curriculum. KNOW is equipped with a fully air-conditioned classroom with a smart TV for theoretical inputs and a demonstration area for practical, hands-on training including diagnostics and live models for defect simulation. The major topics covered under this training are familiarization, maintenance, troubleshooting and diagnostics with state-of-the-art tools and equipment.

Currently we have 65 KNOWs positioned across the country, with one at each

of our area offices. They travel with a set itinerary, monthly plan and provide training on the spot with a calendar for coverage of the identified target audience. Each KNOW vehicle is assigned with dedicated expert trainer to deliver training as per the Standard Operating Procedure. This is achieved through experienced trainers / instructors, who ensure effective Knowledge and Skills transfer. In FY 2018-19 we have trained over 1,33,956 personnel on different modules

E Learning Module

As the company is undergoing technological advancements, we developed e-modules to cover topics on the new products and processes of Ashok Leyland. The Service Executives can access the e-learning modules through SuccessFactors Learning Management System and guide Service Technicians also to upgrade their knowledge. This is yet another channel of knowledge dissemination for service training.

BS VI Familiarization Training

To accelerate the training across the company executives who are located at dispersed locations in the country and for the first ever time in the history of Ashok Leyland, a BS VI familiarization training was conducted through a series of webinar sessions and panel discussions. A total of 9 Webinars and two panel discussions were conducted by the Service Training Team. This way we could cover more than 1200 Executives from the Sales, Service and the Parts teams.

Service Samrat

It is a recognition initiative undertaken by us to acknowledge the round-the-clock efforts of service technicians amongst all our channel partners. Under this program, all the participants undergo strict selection process across multiple stages and the winners are recognized. This is conducted across all our dealerships and channel partners and sees participation from more than 8000 service technicians and 2500 supervisors.

Solutions

Customer Solutions Business

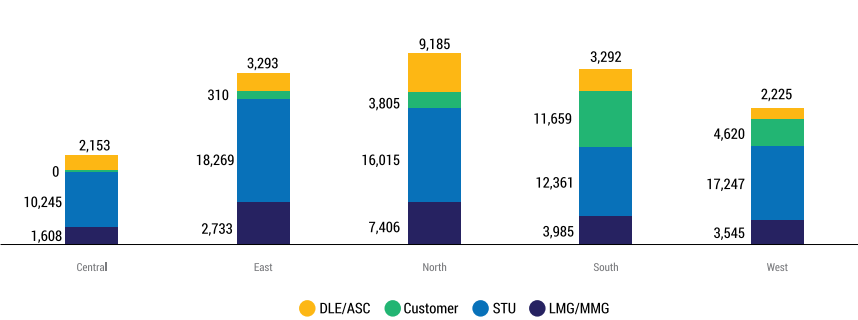
Today’s business environment is increasingly demanding. Fleet owners are confronted with intensifying resource constraints and rising cost pressures. At Ashok Leyland we started a new business vertical – Customer Solutions Business - which looks at business opportunities by working on reducing customer’s cost of operating our vehicle across its lifecycle. The first product from this vertical is the Ashok Leyland eN-Dhan program which aims to bring peace of mind to our customers by addressing their biggest operating expense, ‘FUEL’.

To this end, we have partnered with HPCL’s ‘DriveTrack Plus’ card to bring the best in class fuel program to our customers. It is a transparent, accountable and convenient mechanism to manage all their fuel needs centrally. In-line with our vision of ‘Aapki Jeet Hamaari Jeet’ - We aim to bring a life time of value to our customers, fleet managers and drivers by extending our partnership beyond the workshop through this program. **More smiles per mile!**

Digital Analytics

We are increasingly using the digital medium to deliver various solutions and programs to our customers and stakeholders. Analytics is a critical aspect of this medium to deliver key insights.

Zone	FY 2018-19				
	DLR/ASC	Customer	STU	LMG/MMG	TOTAL
Central	1608	10245	0	2153	14006
East	2733	18269	310	3293	24605
North	7406	16015	3805	9185	36411
South	3985	12361	11659	3292	31297
West	3545	17247	4620	2225	27637
Grand Total	19277	74137	20394	20148	133956



Cutting edge analytical solutions on route wise Kmpl, Fuel pilferage and market concentration have been rolled out under the digital analytics umbrella. This helps us to provide competitive kmpl benchmark analysis of vehicle performance across different routes,

identify fuel pilferage hotspots and provide vehicle level information to the customer. Market concentration helps us track vehicle movement density across different highway corridors which in turn helps us plan our network infrastructure.

With the increasing transition to app-based solutions, analytics tracks app usage and improves user experience of the various solutions we offer. This results in a paradigm shift in user behavior aiding further adoption of digital solutions.

DRIVING VALUE

“

A growing recognition that social and environmental risks affect a Company's operations, continuity and financial strength has stimulated active engagement from investors, regulators and government. As a responsible corporate we are aware of the impacts of our socio-environmental performance on our economic growth. We emphasize on creating value for all our stakeholders through our partnerships.”



Until recent times, profitability was the key metric which reflected a Company's overall health. Today the true value of profitability is measured not only in terms of revenues and profits, but also Company's environmental and social performance. In line with our Vision, we are focusing on economic prosperity keeping a check at our environmental footprint and progressing towards socially responsible actions.

As a publicly held company, managing our Company for exceptional economic performance and stable sustainable growth is our prime objective. Our goal is to utilize our Company's assets, our brands, financial strength, unrivaled distribution system, global reach and the talent and strong commitment of our management and associates to become more competitive and to accelerate growth in a manner that creates value for our shareholders. As we pursue our corporate target to deliver better financial returns in the near term, we recognize the need for problem-solving expertise to be used to help address the most difficult challenges. By understanding the direct and indirect value associated with innovations, we aim to meet the current and future needs of society.

We understand the importance of a strong manufacturing economy, and the importance of jobs on the local and global scale. Each job in our unit is responsible for multiple indirect jobs created in the regions we operate in. We strive to be a global corporate citizen and a good neighbor. Through our actions, we know that we are building better, stronger and more sustainable communities in the places where we operate.

Economic Profitability

To ensure better economic profitability, we strive for better innovations, technological advancements and diverse product portfolios to delight our customers with best in quality offerings. Hence, we strive for betterment of our business, keeping stakeholder growth and profitability in mind. We have robust economic policies which help us perform better in any given geography, market condition and dynamic regulations. To ensure business risks are at bay, we have a dedicated enterprise risk management cell that looks after the risk profile of the company including the existing and the potential business risks and further, establishes stringent controls to mitigate risks.

The Indian automobile industry is going through a digital and technological transformation. It is booming and evolving every day to be at pace with the rapidly changing regulatory landscape, customer base, and market demands. According to the estimates, the global automobile industry corresponds to 3.65% of the world GDP. In India, the ever rising vehicular market and future vehicle sale forecast, shows that Indian automobile industry (including component manufacturing) is expected to reach INR. 16-18 trillion by 2026. To keep at pace with the competitive automobile market, Ashok Leyland has been investing heavily in research and development towards digital and technological transformation. This is to prepare itself for the future of mobility

Indirect Economic Impact

We at Ashok Leyland, work towards benefitting our business whilst keeping our stakeholders interest in the forefront. We strive for their betterment by delivering value through our products and services. Our technologically advanced, efficient and multi-functional vehicles have helped the urban & rural India to have a more economically feasible means of logistics and transport.

Economic performance data			
Particulars	Economic performance INR Cr		
	2016-17 (Revised)	2017-18 (Restated)	2018-19
Economic Value generated	21,589.41	26,829.58	29,164.89
Economic Value distributed	20,547.60	25,645.18	27,851.27
Operating costs	16,974.26	22,181.48	24,437.28
Community investments	8.34	15.67	34.07
Payments to Government	1,681.77	1,046.79	524.81
Employee wage and Benefits	1,480.05	1,837.78	2,098.77
Payments to providers of capital	403.18	563.46	756.34
Economic Value retained	1,041.81	1,184.40	1,313.62

ASSURANCE STATEMENT

Independent Assurance Statement

Scope and Approach

DNV GL Business Assurance India Private Limited ('DNV GL') has been commissioned by Ashok Leyland Limited (Corporate Identity Number L34101TN1948PLC000105, hereafter referred to as 'Ashok Leyland' or 'the Company') to undertake an independent, limited level of assurance of the Company's Sustainability Report 2018-19 in its printed format (the 'Report') along with referenced information in its Annual Report, for the financial year ending 31st March 2019 based on International Standard on Assurance Engagements 3000 (ISAE 3000) Revised*. The management of Company is responsible for all information provided in the Report as well as the processes for collecting, analysing and disclosing the information presented in the Report. The intended user of this Assurance Statement is the management of the Company. Our assurance engagement was planned and carried out from February 2019 to July 2019.

We performed our work using DNV GL's assurance methodology VeriSustain^{TM1}, which is based on our professional experience, and international assurance best practices including ISAE 3000 Revised* and the Global Reporting Initiative (GRI) Principles for Defining Report Content and Quality.

The scope of our assurance was the verification of both qualitative and quantitative information on sustainability performance disclosed in the Report covering Economic, Environmental and Social performance of the activities undertaken by the Company over the Reporting period 1st April 2018 to 31st March 2019 and based on the Global Reporting Initiative (GRI) Sustainability Reporting Standards 2016 ('GRI Standards') and its 'Core' option of reporting. We evaluated the sustainability performance disclosures including reported data, using the GRI principles on 'Defining Report Content' and the 'Reliability' principle, together with the Company's data protocols on how the data is measured, monitored, recorded and reported to arrive at our assurance opinion.

We understand that the reported financial data and information including Corporate Social Responsibility (CSR) expenditure are based on Company's Annual Report and Accounts dated 1st July 2019, which are subject to a separate independent audit process. The review of accuracy of the financial data taken from the Annual Report and Accounts is not within the scope of our work.

We planned and performed our work to obtain the evidence that we considered necessary to provide a basis for our assurance opinion. We are providing a limited level of assurance; no external stakeholders (except sampled CSR beneficiaries) were interviewed as part of this assurance engagement.

Responsibilities of the Directors of Company and of the Assurance Providers

The Directors of Ashok Leyland Limited have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of the Company; however, this statement represents our independent opinion and is intended to inform stakeholders of the Company. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. This is the third year that we are providing assurance to the sustainability disclosures presented by Ashok Leyland.

DNV GL's 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 free from misstatements. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

¹ The VeriSustain protocol is available on www.dnvgl.com

* Assurance Engagements other than Audits or Reviews of Historical Financial Information.

Basis of our Opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at Corporate office at Chennai (Tamil Nadu) and operational site at Bhandara (Maharashtra). We undertook the following activities:

- Review of Ashok Leyland's approach to stakeholder engagement and materiality determination process and the outcome as stated in this Report. We did not have any direct engagement with external stakeholders (except sampled CSR beneficiaries);
- Interviews with selected senior officials responsible for management of sustainability issues and review of selected evidence to support topics disclosed in the Report. We were free to choose interviewees and interviewed those with overall responsibility to deliver the Company's sustainability objectives;
- Made a sample site visit to Ashok Leyland Bhandara site (Maharashtra) to review processes and systems for preparing site level sustainability data and implementation of sustainability strategy including CSR activities undertaken by the Company. We were free to choose sites for conducting assessments;
- Offsite review of sustainability performance data for the manufacturing facilities at Ennore (Tamil Nadu), Pantnagar (Uttarakhand), Alwar (Rajasthan), Bhandara (Maharashtra), Hosur-1 and 2 (Tamil Nadu), Cab Press and Panel Shop (CPPS) and Foundry Divisions at Ennore and Sriperumbudur (Tamil Nadu), along with Corporate Office at Chennai (Tamil Nadu), and review of supporting evidence for key claims and data in the Report. Our verification processes were focused on risk-based approach and prioritised the significant material topics as identified in the corporate level materiality assessment;
- Review of supporting evidence for key claims and data in the Report;
- Review of the processes for gathering and consolidating the performance data related to the chosen GRI 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;
- An independent assessment of the Report against the requirements of the GRI Standards: Core option of reporting.

During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement except that the verification was limited to data and information disclosed for the reporting year 2018-19.

Opinion

On the basis of the work undertaken, nothing has come to our attention to suggest that the Report together with referenced information does not properly describe Ashok Leyland's adherence to the GRI Standards: Core option of reporting, including the GRI 102: General Disclosures 2016, GRI 103: Management Approach 2016 and the disclosures related to the following GRI Standards identified for reporting material impacts:

- GRI 201: Economic Performance 2016 – 201-1;
- GRI 204: Procurement Practices 2016 – 204-1;
- GRI 301: Materials 2016 – 301-1, 301-2;
- GRI 302: Energy 2016 – 302-1, 302-3, 302-4;
- GRI 303: Water 2016 – 303-1, 303-3;
- GRI 304: Biodiversity 2016 – 304-1;
- GRI 305: Emissions 2016 – 305-1, 305-2, 305-3 (partial disclosure)² 305-4, 305-6;
- GRI 306: Effluents and Waste 2016 – 306-1, 306-2;
- GRI 307: Environmental Compliance 2016 – 307-1;
- GRI 401: Employment 2016 – 401-1, 401-3;
- GRI 402: Labor/Management Relations 2016 – 402-1;

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.

- GRI 403: Occupational Health and Safety 2016 – 403-2;
- GRI 404: Training and Education 2016 – 404-1;
- GRI 405: Diversity and Equal Opportunity 2016 – 405-1;
- GRI 406: Non-discrimination 2016 – 406-1;
- GRI 407: Freedom of Association and Collective Bargaining 2016 – 407-1;
- GRI 413: Local Communities 2016 – 413-1;
- GRI 416: Customer Health and Safety 2016 – 416-1;
- GRI 417: Marketing and Labeling 2016 – 417-3;
- GRI 418: Customer Privacy 2016 – 418-1.

Observations

Without affecting our assurance opinion, we also provide the following observations. We have evaluated the Report’s adherence to the following principles:

Materiality

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

The Report has fairly articulated identified material topics for its business. The materiality determination process carried out in the reporting period 2016-17 was reviewed to evaluate its adequacy in the changed business scenario for the current reporting period. The process included inputs from key internal and external stakeholders and senior management of the Company, as well as issues considered important for the automotive sectors and global peers. In our opinion, the output of the process does not miss out any significant material issues and 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 has articulated the established process to identify key stakeholders to engage with, the engagement mechanism and the key outcomes of stakeholder engagement. Ashok Leyland has identified shareholders, employees, suppliers, customers, regulatory bodies, dealers and service providers and the community as its key stakeholder groups. 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 adequately brings out the Company’s policies, strategies, management systems and governance mechanisms in place to respond to topics identified as material and significant concerns of key stakeholder groups. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness. However going forward, Ashok Leyland may, based on its strategic priorities, identify and articulate its medium and long-term sustainability targets and report its performance against these targets.

Reliability

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

Ashok Leyland has established a sustainability performance data collection and aggregation system based on the requirements set out in GRI Standards for identified material topics related to environmental, labour and social standards for its manufacturing sites and corporate office. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors and the errors have been communicated for changes. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability. However, a formal system of internal audits may be established to further strengthen accuracy and reliability of reported data.

Completeness

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

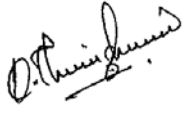
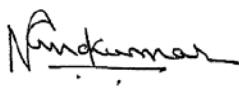
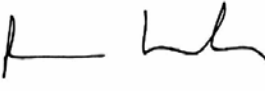
The Report has fairly attempted to disclose the appropriate Universal Standards and Topic-Specific Standards covering the strategy, management approach, monitoring systems and sustainability performance relevant to material topics identified by Ashok Leyland and addressing the requirements of the GRI Standards: Core option of reporting, for the chosen reporting boundary. During our interaction with the senior management team, it was expressed that the Company is committed towards progressively expanding its reporting boundary to include the sustainability impacts of subsidiaries and other entities included in its financial statements, in future reporting periods. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness within the identified boundaries of reporting.

Neutrality

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

The disclosures related to sustainability issues and performances are presented in a neutral tone, in terms of content and presentation. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality; however, the Report may further bring out reasons for underperformance where applicable and challenges faced during the period with respect to achieving its short, medium and long term sustainability targets.

For and on behalf of DNV GL Business Assurance India Private Limited

		
Thamizharasi Kaliaperumal Lead Verifier Sustainability Services, DNV GL Assurance India Private Limited, India	Vadakepatth Nandkumar Head – Regional Sustainability Operations, DNV GL Business Assurance India Private Limited, India.	Prasun Kundu Assurance Reviewer DNV GL – Business Assurance India Private Limited.

Bangaluru, India, 26th July 2019

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

GLOSSARY

AL.....	Ashok Leyland	HSD.....	High Speed Deisel	PRISM	Practical Improvement in Sales and Marketing
ALCOB.....	Ashok Leyland Corporate Building	Hz.....	Hertz	PVC	Polyvinyl Chloride
ASCI	Advertising Standards Council of India	ICC	Internal Compliance Committee	R&D	Research & Development
BRR	Business Responsibility Reporting	ICVs.....	Intermediate Commercial Vehicles	RACE	Rapid Average Cost Estimation
BS.....	Bharat Stage	IDP	Individual Development Plan	RLNG.....	Regasified Liquid Natural Gas
BSE.....	Bombay Stock Exchange	iEGR	intelligent Exhaust Gas Recirculation	RMC.....	Risk Management Committee
BTL.....	Below the line	INR.....	Indian Rupees	RO	Reverse Osmosis
CATI.....	Computer Assisted Telephone Interview	ISAE.....	International Standard on Assurance Engagements	SAP SF.....	SAP Success Factors
CEO	Chief Executive Officer	ISMS.....	Information Security Management System	SEBI.....	Securities Exchange Board of India
CNG	Compressed Natural Gas	ISO	International Organisation of Standardisation	SOx	Sulphur Oxides
COSO ERM	Committee of Sponsoring Organisations of the Treadway Commission Enterprise Risk Management	IT.....	Information Technology	SPARK	Spare Parts Accelerated Reforms Kick-off
CPPS.....	Cab Press and Panel Shop	ITI.....	Industrial Training Institute	STP	Sewage Treatment Plant
CSR	Corporate Social Responsibility	IUCN	International Union for Conservation of Nature	tCO2e.....	Tonne CO2 Equivalent
CTC	Cost To Company	KLD	Kilo Litre per Day	TDS	Total Dissolved Solids
Cu.mt.....	Cubic Meter	Km	Kilometer	VOCs	Volatile Organic Compounds
CV	Commercial Vehicle	Kmpl	kilo meter per liter	VTS.....	Vehicle Tracking System
DET	Diploma Engineer Trainee	KNOW.....	Knowledge on Wheels	VVC.....	Vellivoyal Chavadi
DG.....	Diesel Generator	kW	Kilo Watt	WOW	Workshop On Wheels
DNV GL	Det Norske Veritas (Norway) and Germanischer Lloyd	kWh	Kilowatt-hour	YTP.....	Young Talent Program
DSE	Dealer Sales Executive	KYC.....	Know Your Customer		
DTI	Driver Training Institutes	L&D.....	Learning & Development		
EBITDA.....	Earnings before interest, tax, depreciation and amortisation	LCV.....	Light Commercial Vehicle		
ECU	Equivalent Cabin Unit	LEAD	Leverage Analytics to Drive Decisions		
EGR	Exhaust Gas Recirculation	LED.....	Light Emitting Diode		
ELP	Emerging Leaders Program	LLF	Learning Links Foundation		
ENT	Ear, Nose, Throat	LPG	Liquefied Petroleum Gas		
ER	Employee Relations	M&HCV.....	Medium & Heavy Commercial Vehicle		
ETP.....	Effluent Treatment Plant	MD.....	Managing Director		
EV	Electric Vehicles	MITR.....	Mutual Improvement Through Relationships		
EWP	Extended Warranty Package	MoEFCC	Ministry of Environment and Forest & Climate Change		
FDSS.....	Fire Detection and Suppression System	MSME	Micro, Small and Medium Enterprises		
FES	Fire Equipment Services	MT	Metric Ton		
FTE.....	Full Time Equipment	MWh.....	Megawatt hour		
FY.....	Financial Year	NGO.....	Non-Governmental Organisation		
GET	Graduate Engineer Trainee	NOx.....	Nitrogen Oxide		
GHG	Green House Gases	NSE	National Stock Exchange		
GJ.....	Giga Joules	NVG-SEE	National Voluntary Guidelines on Social, Environmental and Economic		
GMP.....	General Management Program	ODS.....	Ozone Depleting Substances		
GRI	Global Reporting Initiative	OEM.....	Original Equipment Manufacturer		
GVW	Gross Vehicle Weight	PM	Particulate Matter		
GWP	Global Warming Potential	POSH.....	Prevention of Sexual Harassment		
HECU.....	Hybrid Equivalent Common Unit	PPE.....	Personal Protective Equipment		
HIV	Human Immunodeficiency Virus				
HP.....	Horse Power				
HR.....	Human Resources				

GRI CONTENT INDEX

GRI Content Index for
'In Accordance' Core option

GRI Content Index for 'In Accordance' - Core		
GRI Standard	Disclosures Description	Page Number
Organizational Profile		
102-1	Name of the organization	Cover page
102-2	Activities, brands, products and services	15
102-3	Location of headquarters	End cover page
102-4	Location of operations	5, 14
102-5	Ownership and legal form	14
102-6	Markets served	14
102-7	Scale of the organization	14
102-8	Information on employees and other workers	14, 30
102-9	Supply Chain	60
102-10	Significant changes to the organization and its supply chain	11, 29, 60
102-11	Precautionary principle or approach	22
102-12	External initiatives	14
102-13	Memberships of associations	14
Strategy And Analysis		
102-14	Statement from senior decision maker	9
Ethics and Integrity		
102-16	Values, principles, standards and norms of behavior	10, 11, 18
Governance		
102-18	Governance structure	20
Stakeholder Engagement		
102-40	List of stakeholder groups	24, 25
102-41	Collective bargaining agreements	29
102-42	Identifying and selecting stakeholders	24, 25
102-43	Approach to stakeholder engagement	24, 25
102-44	Key topics and concerns raised	24, 25
Reporting practice		
102-45	Entities included in the consolidated financial statements	Refer to annual report

102-46	Defining report content and topic boundaries	5
102-47	List of material topics	26
102-48	Restatements of information	Financial information restated
102-49	Changes in reporting	None
102-50	Reporting Period	5
102-51	Date of most recent report	Sustainability report FY 2017-18
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	5
102-54	Claims of reporting in accordance with the GRI standards	5
102-55	GRI Content Index	87
102-56	External assurance	80

Topic-Specific Standard Disclosures			
GRI Standard	Disclosure Description	Page Number	Justification
Category: Economic			
GRI 103 Management approach	103-1 Explanation of the material topic and its Boundaries	26	
	103-2 The management approach and its components	78	
	103-3 Evaluation of the management approach	80	
GRI 201 – Economic performance	201-1 Direct economic value generated and distributed	78	
GRI 204 – Procurement practices	Proportion of spending on local suppliers	61, 78, Annual Report	
Category: Environment			
GRI 103 Management approach	103-1 Explanation of the material topic and its Boundaries	26	
	103-2 The management approach and its components	48	
	103-3 Evaluation of the management approach	80	

GRI 301 - Materials	301-1 Materials used by weight or volume	48	
	301-2 Recycled input materials used	48, 49	
GRI 302 - Energy	302-1 Energy consumption within the organization	50	
	302-3 Energy intensity	51	
	302-4 Reduction of energy consumption	53	
GRI 303 - Water	303-1 Water withdrawal by source	54	
	303-3 Water recycled and reused	55	
GRI 304 - Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	58	
GRI 305 - Emissions	305-1 Direct (Scope 1) GHG emissions	52	
	305-2 Energy indirect (Scope 2) GHG emissions	52	
	305-3 Other indirect (Scope 3) GHG emissions	52	
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