



**Planet  
Positive**

# ENVIRONMENT

## WASTE MANAGEMENT

For M&M, waste is considered as a resource hence waste is taken into account as one of the most important parameter in every audit like IMS, CMS, ZWTL (Integrated Management System, Corporate Management Services, Zero Waste to landfill), the purpose of which is to identify the gaps in waste management, verification of disposal process, fulfilment of statutory compliances as per EPA, HW Rules to improve the overall waste management performance.

Every year Sustainability budget is sanctioned on waste reduction initiatives or other sustainability projects and during the year INR 16 million was invested on Waste Disposal/Treatment.

Our target for Waste disposal for FY 2024 was 46,877 MT.

We also conduct capability building program waste management training for the employees where waste reduction is main element.

At Mahindra, we repurpose hazardous waste to create products. Most of our plants follow the Zero Waste to Landfill (ZWL) process, whereby hazardous waste is directed to cement industries and authorized recyclers for co-processing. We are very well in line with waste diversion from landfill and for that we are always in the fond of new recycling process and divert the waste towards recycling also with the identified gaps in ZWTL audits we mitigate with horizontal deployment of recycling programs.

Waste diversion from landfill is certified by Eurofins Assurance India Pvt Ltd/Intertek Ltd.



## WATER MANAGEMENT

Water security is an important material topic for Mahindra. We have implemented a comprehensive water and conservation and rejuvenation strategy which includes Internal water Audit and Water balance data used to assess the water management system and gaps, Opportunities were identified, and as per these gaps water efficient projects were implemented.



## LIFE CYCLE ASSESSMENT

Our Life Cycle Assessment (LCA) approach covers around 49% of our total products which includes full LCA, simplified LCA & material data collection process. Our Life Cycle Assessment (LCA) approach covers 34% of our total products with full LCAs completed for the XUV400, XUV300, and XUV700 models. Simplified LCAs account for 15% of our products, including the Mhawk engine used in the Scorpio vehicle.

Impacts covered by LCA:

<b>RESOURCE USE</b>	Abiotic depletion				
<b>ECOLOGICAL CONSEQUENCES</b>	Acidification	Global warming	Photochemical ozone formation	Eutrophication	Ozone depletion
<b>HUMAN HEALTH</b>	Human toxicity				



## LOW CARBON PRODUCTS

In the Last Mile Mobility (LMM) business, our portfolio includes models like the electric Treo, Zor Grand, e-Alfa range, and ICE vehicles such as the Alfa 3-wheeler and Jeeto 4-wheeler. We sold 1,01,011 vehicles (domestic plus exports) in FY 2023-24, a 20.6% increase from 83,751 vehicles in FY 2022-23.

Our commitment to sustainability advanced with our green product portfolio, featuring electric vehicles like the XUV400, produced using 100% renewable energy in a water-positive facility, and eco-responsible solutions such as the e-Alfa Super and Supro CNG Duo. We continue to drive innovation while minimizing environmental impact, aligning with our mission to create a sustainable future. We manufacture electric and CNG-operated vehicles that support environmental sustainability, earning a total revenue of INR 32.72 billion in 2023-24 from electric/CNG 3-wheelers/4-wheelers. With the sale of 74,217 EVs, we avoided significant emissions and aim to produce 2,00,000 EVs between 2027 and 2029 from our Born Electric range. We have avoided 2,352,679 tco2e emissions from these low carbon products and these products comprises 3% of our total revenue.

## PRODUCT STEWARDSHIP

Reusability/Recyclability of products sold in FY 2023-24 (%)	96.19
Financial Benefit of Take Back Programs (INR)	29 crores

*\*CERO, which is India's first and largest network of vehicle recycling facilities, is a brand under subsidiary Mahindra MSTC Recycling Private Limited, established in collaboration with Government of India Enterprise (GOI). CERO strives to achieve the goal of zero pollution, wastage and metal scrap imports.*

## Vehicle Emissions Regulation Compliance and Management Process

In compliance with the Indian Vehicle Emissions Regulation, Mahindra & Mahindra (M&M) adheres to the BS VI emissions standards, equivalent to Euro VI(b), which were implemented in April 2020 and the Real-World Driving Emissions (RDE) testing that has been mandated from 2023. M&M has successfully achieved electrification based on RDE test data, ensuring that our vehicles meet stringent emission norms.

At M&M, we have established a comprehensive process to ensure adherence to emission norms throughout the product lifecycle:

**R&D Stage:** During the Research and Development (R&D) phase, prototypes undergo rigorous testing for emission compliance, managed by the design quality team and validated by third-party organizations like the Automotive Research Association of India (ARAI) and the International Centre for Automotive Technology (ICAT).

**Manufacturing Stage:** Before dispatch, vehicles undergo a Pre-Dispatch Inspection (PDI) to verify emission compliance, overseen by the Central Quality Assurance (CQA) team. Issues are reported to a Senior Quality Head and reviewed quarterly by the Mahindra Business Leadership Council (MBLC).

**Data Management:** Information on vehicle efficiency and emissions is collected through lab tests and analysed by independent third parties to ensure emission and efficiency consistency. This data is submitted to regulatory bodies, including ARAI.

Information on vehicle efficiency, carbon emissions is gathered at multiple intervals (e.g., 3 months, 6 months) during the vehicle's use to conduct Conformance of Product tests. This data is compared with the ones shared with the regulatory authorities as described above. If discrepancies are identified between both these datasets, production is halted, and corrective actions are initiated. The senior management and the Central Quality team are actively involved in managing these datasets. A report analysing trends and discrepancies between these datasets is also submitted to the risk management department and subsequently reported to the board of directors annually.



## SUSTAINABLE RAW MATERIALS

Through Life Cycle Analysis (LCA) and hotspot analysis, we assess and prioritize raw materials based on their environmental impact, focusing on reducing our reliance on non-renewable resources and optimizing the use of sustainable alternatives. We also prioritize the integration of recycled materials in our plastic trims and metal components by conducting comprehensive assessments, ensuring that our raw materials contribute to material circularity and sustainability, thereby reducing the negative environmental impacts of raw material production. Our efforts to repurpose manufacturing byproducts, such as converting paint sludge into powder coating materials, significantly reduce the environmental impact associated with raw material production and consumption.

By prioritizing the use of recycled materials and collaborating with responsible suppliers, we aim to reduce the negative social impacts of raw material production, ensuring that our sourcing practices support ethical and sustainable development.

We are actively collaborating with our suppliers to ensure traceability of raw materials, particularly recycled metals, to their origin, reinforcing our commitment to a transparent and sustainable supply chain. By mapping the CO2 footprint of our products from cradle to grave through Life Cycle Analysis (LCA), we trace the origin of raw materials, enabling us to track their environmental impact and source responsibly.

We are in process of setting specific targets to increase both the share of sustainable materials, recycled raw materials and third party verified materials in our products, along with reporting on their progress. We are also pursuing certifications with relevant agencies to validate our practices and ensure they meet global sustainability benchmarks. We actively train our internal stakeholders on their roles and responsibilities related to the sourcing and integration of sustainable raw materials, ensuring alignment with our overall sustainability objectives.

Our partnerships with external organizations, such as SIAM and recycled material providers, are central to our efforts to adopt and promote best practices for sustainable raw materials across the industry. Our sourcing practices also exclude raw materials from regions with significant biodiversity value, reflecting our dedication to protecting these vital ecological sites from adverse environmental effects.

## NET ZERO COMMITMENT

To accelerate achieving goals, we are intensifying our ESG efforts. We are committed to carbon neutrality by 2040 (from base year 2018)- (85% Scope 1 & Scope 2 reduction from base year and 36% Scope 3 reduction from base year). We are Net Zero Committed by the Science Based Targets initiative.

## CLIMATE RISK MANAGEMENT

The business risks of climate change can affect us in multiple ways – regulatory impacts on vehicle sales, physical changes that could affect the operating environment of vehicles and others. Thus, as we operate in a climate-sensitive industry, we have taken major steps to identify and address the risks arising from climate change.

The most significant climate change risks we have identified are:

Climate Risks	Description
Current Regulation	Risks identified with respect to regulations such as Draft End of Life Vehicle Rules, Vehicle Scrappage Policy, Battery Waste Management Rules, Plastic Waste Management Rules, E- Waste Management Rules, Used Oil Management Rules, Used Tyres Management Rules
Emerging Regulation	Resource Circularity promoted by Extended Producer Responsibility / Strategic Adaptation to Extended Producer Responsibility in the Automotive Sector
Technology Risk	Alternative fuels and energy sources present several technological risks for car manufacturers developing electric vehicles (EVs), green hydrogen vehicles, and



	CNG vehicles as they need to focus on heavy investments and R&D expenses to be competitive in ever evolving landscape
Legal Risk	Failure to comply with the automotive industry regulations can result in substantial fines and legal penalties, impacting the financial health of the company
Market Risk	Non adoption of sustainable supply chain sourcing practices such as circularity could lead to increase in costs due to regulatory pressures and/or lack of consumer acceptance
Reputational Risk	Companies that fail to comply with environmental regulations regarding habitat protection can face project delays, reputational damage, and increased mitigation costs. Investors may also scrutinize companies with poor biodiversity practices
Acute Physical Risk	Pluvial Floodwaters can damage buildings, machinery, and inventory, leading to costly repairs and replacements. Beyond immediate repair costs, there can be long-term financial impacts due to lost productivity and potential loss of business
Chronic Physical Risk	Temperature extremes refer to unusually high or low temperatures that can significantly impact various sectors. These extremes are considered a physical risk because they can directly affect the operational efficiency, safety, and longevity of manufacturing assets.

We have considered the following scenarios to identify and address the climate related risks and opportunities:

RCP/SSP	Particulars
RCP- SSP5-8.5	Low mitigation scenario in which total greenhouse gas emissions triple by 2075 and global average temperatures rise by 3.3-5.7 °C by 2100
RCP-SSP1-2.6	Aggressive mitigation scenario in which total greenhouse gas emission reduce to net zero by 2050, resulting in global average temperatures rising by 1.3-2.4 °C by 2100, consistent with the goals of the Paris Agreement
IEA NZE 2050	Scenario that outlines a pathway for the global energy sector to achieve net zero by 2050

### Adaptation Plan

Physical Risk: Temperature extremes refer to unusually high or low temperatures that can significantly impact various sectors. These extremes are considered a physical risk because they can directly affect the operational efficiency, safety, and longevity of manufacturing assets.

Adaptation Plan (covering 43% of our total operations): To address temperature extremes, we will implement climate-controlled environments and enhance insulation and weatherproofing. Regular maintenance and audits will ensure equipment reliability, while expanding green spaces will help stabilize indoor climates. An emergency preparedness plan will be developed, and by 2025, we will upgrade our HVAC systems for better temperature management.



# SOCIAL



## Employee Headcount

M&M	Age Group			Gender		Total
	Age >30 years	Age 30-50 years	Age >50 years	Male	Female	
Total Head Count	3,154	9,598	1,055	12,717	1,090	<b>13,807</b>

## New Hires

M&M	Age Group			Gender		Total
	Age >30 years	Age 30-50 years	Age >50 years	Male	Female	
New Hires	1,413	1,631	17	2,675	386	3,061
Hiring Rate (%)	45	17	2	21	35	22

## Employee Turnover

M&M	Age Group			Gender		Total*
	Age >30 years	Age 30-50 years	Age >50 years	Male	Female	
Employee Turnover	511	1,212	96	1,663	156	1,819
Turnover Rate (%)	16	13	9	13	14	13

**\*The voluntary turnover rate for FY 2023-24 was 7.77%.**

## Employee Training

	FY 2024
Average hours of training and development per employee	9 hours
Average amount spent per FTE on training and development per employee	INR 12,616



## EMPLOYEE DEVELOPMENT PROGRAMS

Program:	Collaboration/ Team Building
Description of program	The program is focused on key organizational behaviour, aiming to acknowledge and leverage individual and team strengths, foster mutual success, and encourage openness to diverse perspectives. Delivered around 10 sessions, over a period of 12 months. The program is designed to equip employees with deeper insights into best practices for enhancing collaboration, fostering a culture of teamwork within our business units.
Benefits to Business	The program enhances organizational performance by fostering a culture of collaboration that aligns employee efforts with the company's strategic goals. Over 12 months and 10 sessions, it equips staff with the skills to work effectively as teams, driving business success and meeting strategic targets through improved teamwork and leveraging diverse strengths.
Employee participation	100%
Program:	Mastering Manufacturing
Description	The program is designed to expand manufacturing capabilities by developing a future-ready talent pool equipped to navigate an evolving technological landscape, ensuring sustained business growth. Covered employees from manufacturing and allied functions over a period of 6 months
Benefits to Business	The program has been instrumental in propelling the company's operational excellence by enhancing efficiency, minimizing errors, and elevating product quality. By equipping employees with advanced skills in process optimization, equipment management, and quality assurance, the initiative has streamlined production processes and boosted output. Over six months, the program has prepared a skilled workforce ready to leverage new technologies, fostering innovation and securing the company's competitive edge in the market. Ultimately, this investment in employee development translates into sustained business growth and the achievement of strategic objectives.
Employee participation	100%

**Quantitative impact on business:** The above employee development training programs resulted in a 320 BPS decrease in employee turnover rate as compared to last year.

**Performance Appraisal:** Mahindra follows an ongoing appraisal process through continuous, collaborative conversations with the individuals, regularly reviewing the objectives and performance. We have in place a Multi-dimensional 270-degree feedback process which is not only checked with the managers and unit heads but also a panel is set comprising of various members not just limited to the team in which the individual operates, the feedback considers various parameters relating to the performance of the individual not just in meeting the targets but also their alignment with the vision and objectives of the team & the company. We have also replaced forced ranking with open discussions between managers and employees which begins with setting clear, aligned goals at the start of the year, with regular check-ins tracking progress and providing feedback.

## EMPLOYEE ENGAGEMENT

M-CARES, our engagement survey, provides a platform for employees to express their views freely, driving positive workplace changes. The survey includes 40 questions covering core dimensions like career, alignment, recognition, empowerment, and strive, along with sector-specific queries.

The top 2 Box score for M-Cares held steady at **83%** for the second consecutive year.

To further enhance the employee experience, we have partnered with an AI listening platform to launch a chatbot (MPulse), which captures employee sentiment in real-time. MPulse tracks employee experience



across all touchpoints, from hiring to exit. This has helped us enhance the overall work environment and create a culture of engagement, collaboration, and satisfaction for our employees.

Our engagement efforts encompass various aspects, including but not limited to the following:

- Joy: This pertains to the quality of work and is reflected in parameters like, *"I feel proud to say that I work for this company."*
- Purpose: We focus on fostering a sense of purpose among our employees by ensuring a clear connection between their work and its impact on both our customers and the organisation. We assess on parameters such as, *"I feel that I am contributing to the overall vision of my company"*
- Happiness: We aim to create a work environment that not only challenges but also excites our employees. We inquire about the level of fulfilment and stimulation they derive from their roles, posing parameters like, *"Looking at my experience as a whole I would consider my organization as a best place to work"*
- Stress: Employee well-being is a priority for our organisation, and we seek to understand how we can better support our employees in terms of wellness. We assess on parameters such as, *"My organization encourages me to be fit - physically, mentally and emotionally"*

These aspects represent a comprehensive approach to employee engagement, allowing us to continuously enhance the employee experience and ensure our workforce remains motivated, satisfied, and aligned with our organisational goals.

## OHS PROGRAMS

We have a robust OHS policy to ensure safe, productive workplaces, enhancing morale and productivity which covers our operations including the employees, contractors and individuals under the company's supervision. To safeguard our workplace and ensure the safety of our operations, we conduct comprehensive OHS risk and hazard assessments to proactively identify potential risks. We prioritize these risks based on their severity and implement targeted action plans with clear, quantified objectives to mitigate them effectively including the Use of technology for quick, real-time capturing, reporting, and analysing safety incidences via App and conducting safety awareness and training sessions for all employees. Further, we regularly carry out internal inspections and monitor our progress in reducing health risks against any set targets. We thoroughly investigate all incidents, including near-misses, and ensure that serious cases prompt detailed inquiries which is shared across the organization to avoid recurrence.

We also ensure workforce safety by providing clear emergency response protocols, including fire exits, safe assembly points, firefighting equipment details, first aid access, evacuation plans, and emergency contact information, to enable effective and coordinated reactions during emergencies.

Our safety approach involves a thorough procedure for investigating work-related injuries, illnesses, and incidents, including incident reporting, detailed analysis and root cause identification and elimination.

In procurement and contracts, contractors are expected to demonstrate safety knowledge, employ trained and competent staff, maintain adequate resources, and adhere to industry-standard safety norms.

## EMPLOYEE INITIATIVES

**Sabbatical Policy:** Mahindra offers up to 6 months of sabbatical year to its employees for various purposes such as family care, acquiring new skills, pursuing hobby, career break, etc

**Mental Health:** We recognise that the mental health and stress management of our employees and their families is a crucial aspect of their overall well-being. We have conducted various webinars through renowned psychologists/psychiatrists on these topics.

**Anti-Discrimination & Anti-Harassment:** At Mahindra, we have a zero-tolerance policy for Discrimination & Harassment. There are effective Human Rights procedures and guidelines at place to record any incident of breaches and address it accordingly. Additionally, there is also an escalation





process is in place to ensure timely and appropriate handling of complaints for matters where adequate response was not received by the complainant. After due investigation of each incidents reported, appropriate corrective or disciplinary action are taken.

**Employee Stock Option Program:** The Company grants Restricted Stock Units to the employees, this long-term incentive is paid out after a period of 3 years and covers 100% of our senior management level employees. The Performance pay-out is based on a balanced scorecard which also considers sustainability parameters.

## HUMAN RIGHTS

We assess human rights issues and impacts on company operations and include key stakeholders such as employees, women, children, third party employees, local communities, migrant workers and indigenous people in our human rights due diligence process. As a global organization, we assess risks related to human rights along the corporate operations and value chain. This diligence extends to new business relationships, where we scrutinise and address potential risks, ensuring alignment with our ethical standards. We maintain a regular and systematic review process to keep our risk mapping up to date. We analyze certain risks and perform due diligence on certain potentially material aspects related to human rights such as forced and child labor, human trafficking, freedom of association and collective bargaining, equal remuneration, discrimination and data privacy.

Our ongoing dedication to human rights due diligence underscores our unwavering commitment to upholding human rights at every level of our operations. We have assessed 100% of our operations and 21.6% of our Tier 1 suppliers out of which 10.5% respectively were where risks were identified out of which 1.8% were where adequate mitigation actions were taken. Based on our assessment, we have identified some material topics in relation to such Human rights risk and have adopted the following mitigation plans/remediation actions at 100% of our operations to address any potential risks:

### Material Topics and Mitigation Plans:

#### 1. Child Labour

We strongly condemn acts of discrimination, forced and compulsory labour, and child labour, both within as well as beyond Mahindra's boundaries. We have a strong code of conduct that strictly prohibits child labour across all our operations. To ensure compliance, we conduct regular audits of our sites and supply chains to identify and eliminate any instances of child labour. Additionally, we actively support initiatives that provide education and social support to affected children, helping to safeguard their rights and well-being.

#### 2. Forced Labour

We have implemented a stringent code of conduct that explicitly prohibits forced labour in all our operations. To uphold this commitment, we regularly audit and inspect our sites and supply chains to eradicate any instances of forced labour. Additionally, we provide channels for anonymous reporting of labour-related issues, ensuring that all concerns are addressed promptly and effectively.

#### 3. Discrimination & Harassment

We enforce strict anti-discrimination policies and conduct regular training programs to ensure a fair and inclusive workplace. We actively promote diversity and inclusion within our organization and the broader community. To further support this, we mandate anti-discrimination and harassment training for all employees and contractors. We have also established robust grievance redressal mechanisms to address any concerns and conduct audits to identify and eliminate discrimination and harassment within our sites and supply chains.

#### 4. Gender Equality

Diversity and gender neutrality form part of the working environment; encouraging and promoting women Associates to grow professionally. As an organisation, we are committed to Rise for a more equal world. We strive to build a caring, fair and thriving culture. Additionally, we have adopted a



diversity policy at the board level, including inclusive nomination processes, to foster balanced representation and opportunities.

## EQUAL REMUNERATION

Level (all figures in INR)	Average Salary	
	Male	Female
Executive level (base salary)	67,05,280	65,78,613
Executive level (base salary + cash incentives)	1,23,60,424	1,01,55,078
Management level (base salary)	14,12,892	11,79,714
Management level (base salary + cash incentives)	16,33,829	13,45,978
Non-management level (base salary)	2,67,232	2,41,093

## SUSTAINABLE SUPPLY CHAIN

### Sustainable Supply Chain Programmes:

We work with suppliers who share our values and culture of fair and ethical business practices. M&M has developed a stringent Supplier Code of Conduct to guide suppliers to engage in ethical, responsible, and legal business practices in their operations around the world. Our Supplier Code of Conduct, signed by CPO is available in public which covers various Environment, Social and Governance (ESG) parameters like Ethical Conduct, Regulatory compliance, Accounting & Reporting, Anti bribery, Corruption, Money laundering, Tax laws compliance, Fair Competition practices, political Involvement, Conflict of interest, Environment protection topics such as Greenhouse gas emissions and energy consumption, Pollution prevention and waste management, Resource efficiency, Biodiversity, no deforestation, or land conservation, other topics such as Human Rights, No child or forced labour, wages & hours of work, Gifts & Donations, Compliance with code, reporting violations & questionable behaviour etc. The Code is signed by more than 90% suppliers, and we continuously review that the suppliers align with the Supplier Code of Conduct. The company reserves the right to take appropriate action including suspension or removal of any supplier who behaves in a manner that is unlawful or inconsistent with this code after thorough investigation till they fix the identified issue. Timeframe of divest/cut the ties with supplier varies on case-to-case basis. Furthermore, the ESG criteria outlined in the Code are considered during the supplier onboarding process and when awarding new business. Suppliers with better ESG performance are given preference.

The progress of our programme is reviewed through a meeting on a periodic basis by senior management which involves head of strategic sourcing unit and other HODs of various commodities.

In F24, as a part of supplier ESG due-diligence program rollout, company's purchasing team and internal stakeholders were also trained on ESG basics and audit requirements.

### Supplier Screening

The company identifies significant suppliers based on business relevance and those suppliers are screened for ESG parameters, financial status, regulatory requirements, geopolitical scenario etc using an externally procured digital tool. The digital tool provides risk ratings and alerts based on public domain & cross border trade data. This process ensures that risk of significant suppliers are effectively managed. We have robust new supplier onboarding process wherein suppliers are screened for sustainability, social, governance, safety & occupational health practices apart from evaluation of engineering, manufacturing, inspection & testing, and quality systems.

Supplier Screening	FY 2024
Total number of Tier-1 suppliers	2,060
Total number of significant suppliers in Tier-1	322
% of total spend on significant suppliers in Tier-1	75%



Total number of significant suppliers in non-Tier-1	21
Total number of significant suppliers (Tier-1 and non-Tier-1)	343

### Assessment and Audits

The Company rolls out ESG Checklists to the suppliers containing relevant KPIs to assess them on the basis of material topics relevant to automobile sector and after consultation with multiple internal stakeholders. The company also conducts thorough on-site third-party audits for suppliers, focusing on safety, health, environmental, and social aspects as per company audit guidelines. Audits follow a predefined audit process and checklist that includes relevant parameters. Detailed audit reports are shared with suppliers, who submit improvement plans. Re-audits are conducted for suppliers as applicable to ensure effective risk mitigation measures are in place. The audit scope is expanded annually to include other set of prioritized suppliers.

- ESG audits were conducted through renowned third-party agencies in F24 for selected suppliers by covering 21.6% of purchase value. The audit is conducted in 2 stages. The first stage requires self-assessment by the suppliers. This stage is followed by an on-site third-party audit of the supplier. The self-assessment and third-party audits include Water Sanitation and Hygiene (WASH) declaration, Conflict Mineral Declaration (CMRT) which assesses what conflict minerals are used, Country of origin and accordingly the responses are verified, ESG audit questionnaire and declaration of ESG data to quantify various ESG parameters such as scope-1 & scope-2 emissions; Energy, water & waste intensities, Gender equality, renewable energy share, employee training etc. The ESG audit questionnaire includes assessment on various sustainability and Code of Conduct parameters such as Environmental responsibility, Hazardous substances, good employer practices, Health & safety, working conditions & governance. Based upon their ESG audit scores suppliers are rated under various categories. Suppliers are asked to submit the action plan for high risks identified during the audit which are tracked continuously for their closure. The company's internal team responsible for supplier's ESG risk mitigation, helps them in preparation of the action plan and its closure. The supplier, after preparing the action plan gets it reviewed and approved by company. Once the action plan is approved, the supplier works in-line with the agreed actions and notifies about its closure in the periodical reviews. Based upon the discretion of the assessment team, evidences are verified either through an on-site visit or through desk assessment. This process helps in mitigating and managing ESG risk of suppliers.
- Health & Safety audits were conducted through renowned third-party agencies in F24 for selected suppliers which covered 19.6% of purchase value and 49% cumulatively since FY21. Like ESG audits, health & safety audits are also conducted in 2 stages viz supplier's self-assessment and on-site third-party audit on Health and safety questionnaire. The questionnaire includes legal requirements, Electrical safety, Fire detection & suppression and Risk assessment, mitigation & management parameters. Based upon their safety audit scores, suppliers are rated under green, yellow, pink & red categories. The action plan preparation, review and closure process remain same as ESG audits
- Labour audits were conducted in F24 for selected suppliers by covering 12.2% of purchase value and 39.8% cumulatively since FY22. The assessment includes supplier evaluation on labour practices, labour laws and wage practices.

These audit rating are considered for awarding new business apart from techno commercials. Additionally, based on previous audits, suppliers are informed of any identified gaps and are introduced to best practices during subsequent training sessions.

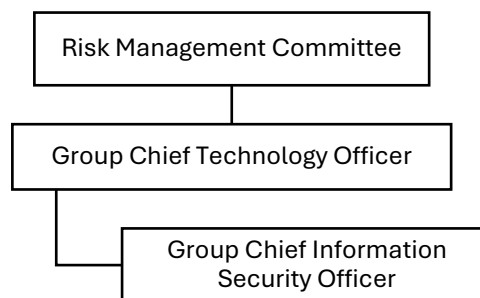


**Technical Support:** To support supplier in adopting clean energy, technical support sessions were organized, and discussions were conducted with Renewable energy produces such as Mahindra Solarise and Mahindra Susten.

Supplier Assessment	FY 2023-24	Comments
Suppliers assessed via desk assessments/ on-site assessments	698	Targets: <ul style="list-style-type: none"> <li>• Number of supplier- 777</li> <li>• % of significant suppliers- 61.2</li> </ul>
% of unique significant suppliers assessed	58.3%	
Suppliers assessed with substantial actual/potential negative impacts	99	
% of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	100%	
Suppliers with substantial actual/potential negative impacts that were terminated	0	
Suppliers supported in corrective action plan implementation	28	
% of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	28%	
Suppliers in capacity building programs	305	Targets: <ul style="list-style-type: none"> <li>• Number of suppliers- 287</li> <li>• % of significant suppliers- 31.4</li> </ul>
% of unique significant suppliers in capacity building programs	31.8	

### IT SECURITY/ CYBERSECURITY GOVERNANCE

Our IT security and cybersecurity governance to safeguard our digital assets and ensure the integrity of our operations. The Group Chief Information Security Officer reports to Mr. Mohit Kapoor, EVP – Group Chief Technology Officer. The Risk Management Committee at the Board level is responsible for identification of internal and external risks specifically faced by the



listed entity including cyber security risks. The following members of the Risk Management Committee: Mr. T. N. Manoharan, Dr. Anish Shah, Mr. Rajesh Jejurikar, Ms. Shikha Sharma and Mr. Haigreve Khaitan are skilled with Technology and Innovation Management function.



# GOVERNANCE

## CORPORATE GOVERNANCE

**Independence:** The Company having a Promoter Non-Executive Chairperson, has a minimum target of 50% Independent Directors on its Board.

**Board Meetings:** During FY 2023-24, 9 Board meetings were held with an average board meeting attendance of 93%.

**Board Election:** All Directors are elected and approved by shareholders individually.



**Remuneration:** 50% of the Performance Pay annually, payable to Dr. Anish Shah, Managing Director and Chief Executive Officer is based on the Group Corporate Office Scorecard comprising of Consolidated Sector Balance Scorecards, Return on Equity, Earnings Per Share, MCARES, Group Level ESG Performance Index and such other parameters as may be decided by the Company from time to time. Other relative financial metrics such as comparison to industry on the basis of Market Capitalization, Revenue Growth and Net Profit Growth, etc are also taken into consideration.

Position	Name	Base salary (Salary-Performance pay)	Shares held	Multiple of Base Salary <sup>1</sup>
Managing Director and CEO	Dr. Anish Shah	INR 787.69 lakhs	1,99,065	4.86
Average across all executive directors	Dr. Anish Shah & Mr. Rajesh Jejurikar	INR 632.59 lakhs	84,647	3.71

**Time Commitments:** All Directors on the Board are restricted to a maximum directorship of 7 listed entities (including Mahindra & Mahindra Limited) as required by SEBI LODR Regulations. All Independent Directors on the Board are restricted to a maximum independent directorship of 7 equity listed entities (including Mahindra & Mahindra Limited) as required by SEBI LODR Regulations. Further, an Independent Director who is serving as a whole-time director / managing director in any listed entity shall serve as an independent director in not more than 3 equity listed entities (including Mahindra & Mahindra Limited).

As per Companies Act, 2013, all Directors on the Board are restricted to a maximum directorship of 20 companies (including alternate directorship and excluding dormant companies) out of which directorships of public companies are limited to 10 (including private companies that are either holding or subsidiary company of a public company).

Non-Executive Directors with 4 or less other listed directorships as on March 31, 2024:

1. Mr. Anand G. Mahindra
2. Mr. T. N. Manoharan
3. Ms. Shikha Sharma
4. Ms. Nisaba Godrej
5. Mr. Muthiah Murugappan
6. Ms. Padmasree Warrior
7. Mr. Ranjan Pant
8. Mr. Sat Pal Bhanoo

<sup>1</sup> Share price at the end of the FY \* number of shares held / base salary



## POLICY INFLUENCE

Contributions to industry associations:

Entity Name	FY 24 Contribution (INR)
Federation of Indian Chambers of Commerce & Industry	1,51,95,600
Confederation of Indian Industry	27,27,930
Society of Indian Automobile Manufacturers	26,84,500
Assocham	5,37,000
Bombay Chamber of Commerce & Industry	1,01,692
<b>Total</b>	<b>2,12,46,722</b>

Mahindra Group actively participates in lobbying and advocacy efforts, engaging with government bodies, think tanks, climate organizations, trade associations, and diplomatic consulates to influence policy, communicate corporate positions, provide feedback and address policy related issues across our businesses. Our involvement with organizations like the World Economic Forum, UNGC, Sustainable Markets Initiative, and B20 Task Forces highlights our structured approach to advocacy and collaborative initiatives. At the heart of our 'Planet Positive' approach lies a firm belief in the power of advocacy to spur corporate action. We actively champion this cause by partnering with diverse organisations, actively engaging across multiple forums, participating in a wide array of events, and offering thought leadership and insights to influence national and international critical sustainability policies.

Mahindra Group has implemented a strong governance framework for public policy engagement, led by Ms. Abanti Sankaranarayanan, the Chief Group Public Affairs Officer who also oversees Group Sustainability. As a member of the Group Executive Board, she directs the group's public advocacy efforts and ensures they align with broader sustainability objectives. Ms. Sankaranarayanan also chairs several key councils, including the Circular Economy Committee of FICCI, the Net-Zero Council of CII, and the B20 Taskforce on Energy, Climate Change, and Resource Efficiency of CII

Aligned with the Paris Agreement, we continuously review and monitor our public policy engagements. At Mahindra Group, we are committed to supporting all the country's climate goals. Our core purpose 'Together we Rise' embodies our vision for a more equal world and is the springboard for our climate action initiatives. A recent panel discussion 'Transforming Energy Demand' centered on energy transition at the World Economic Forum in Davos, particularly emphasised on energy efficiency. Dr. Anish Shah, CEO Mahindra Group and MD of M&M participated in the discussion. The panel stressed the need to decouple growth from energy demand, advocating for heavy investment in energy efficiency to increase productivity while reducing environmental impact.

As part of India's successful hosting of the G20 last year, the Mahindra Group played an active role in various forums within the B20, including the Task Force on Energy, Climate Change, and Resource Efficiency, and the Action Council on ESG in Business.

Our engagement was also instrumental in shaping national policy by providing valuable inputs and collaborating with organizations such as USISPF, FICCI, CII, and B20 Task Forces. We focused on critical sustainability themes, including electric vehicles (EVs), renewable energy, the Carbon Border Adjustment Mechanism (CBAM), and carbon markets. We ensure that none of our activities contradict or undermine global climate goals, reflecting our firm commitment to global climate goals and ensuring they support the objectives of the Paris Agreement.



## RISK MANAGEMENT

Risk Description	Exposure		Mitigation
	Likelihood <sup>1</sup>	Magnitude <sup>2</sup>	
Competitive intensity in UVs; Growing options with consumers	High	Medium	<ul style="list-style-type: none"> <li>Marketing and promotions</li> <li>New launches &amp; refreshes (XUV3X0, Thar 5D etc.)</li> <li>New variants pipeline</li> </ul>
Regulatory changes for non-EV fuels	Medium	Medium	<ul style="list-style-type: none"> <li>Strong advocacy with like-minded industry players (Hyundai, Tata etc.) to impress EV benefits over Hybrid PVs.</li> </ul>

<sup>1</sup> Assessment for likelihood- 0 to 1: Low, 2 to 3: Medium, 4 to 5: High

<sup>2</sup> Assessment for Magnitude- Impact on Revenue, Profits or Strategic decisions

**Determining the Risk Appetite:** M&M's risk appetite reflects the quantum of risk a company is willing to bear within its overall capacity, or the broader level of risk that the company can assume and successfully manage for an extended period and is factored into its strategy at the time of drawing up the long term and the annual business plan.

The risk tolerance levels will be used to assess the impact/ severity of all risks. The scale for assessing the same at the inherent and residual levels is as under:

	1	2	3	4	5
	Rare	Occasional	Possible	Probable	Most Probable
Chances of event occurring	<2%	2% to <5%	5% to <10%	10% to <25%	25% to <50%

The risk tolerance levels are reviewed by the Sector CFOs and the corporate functional heads in consultation with the Chief Risk Officer annually based on the business plan for the concerned financial year and on significant changes in the internal or external environment within which M&M operates. The Risk Exposure is reviewed on a monthly basis at the Business level, quarterly basis by the Corporate Risk Council, and Quarterly by the Risk Management Committee.

M&M's Risk assessment criteria is included in new product development and service, to identify, assess and mitigate the risks emanating from Market, operations, financials impact from the new product development plans. The framework covers the risks related to NPD (New Product Development) is designed on TCP criteria, in terms of their (T) timely completion within the stipulated (C) cost and (P) performance parameters.

### Audit:

Mahindra has a process to assess the effectiveness of the Risk Management Framework. The organization conducts regular reviews and assessments to evaluate the effectiveness of its risk management processes through assessment Process:

- Self-Assessment: Risk owners assess the effectiveness of risk management processes, under the detailed TMW (The Mahindra Way) assessment.
- Internal Audit: Internal Audit department evaluates the effectiveness of risk management processes.
- External Review: External experts review the Risk Management Framework and processes.

Audit of the Risk Management practice is conducted by the Internal Audit team regularly, while conducting the annual audit exercise for the subsidiaries through process walk-throughs and document reviews. The external auditors assess the risk management process and its adherence, including the reporting to the Board and its sub-committee annually through a compliance portal called "Control Manager."

Risk management training programmes/modules have been designed and are used to the new/existing employees. This is driven by the Mahindra Institute of Quality (MIQ). The training modules are in the



form of e-learns which are readily accessible. Separately, customized trainings have been conducted on Risk Management to our Suppliers to ensure the risk culture across our value chain.

We strongly believe in bolstering risk management skills across the organization and upskill our risk professionals, by providing trainings on subject of risk management to foster risk aware culture. (E.g. Finance academy training / Supplier risk training).

Recently, we have partnered with **Institute of Risk Management (IRM)**, global educational institute in the field of Risk management training & capability building for Risk Management workshop to get a first-hand experience of managing risks through real case studies and role-play-based simulation exercises. It had participation over 30+ risk professional across 15+ businesses within Mahindra group, showcases the importance of risk culture across.

## **Emerging Risks**

### Risk: Transition from ICE Vehicles to Electric Vehicles

Achieving cost parity, improving infrastructure, and advancing technology are crucial for increasing EV adoption in India. Organizations must develop new competencies to succeed in this changing landscape.

Impact: Businesses need to optimize new technology to offer competitive products, creating new functions and teams to ensure a smooth transition.

Mitigation:

Investments- INR 10,000 Crore over 7-8 years for manufacturing and development of EVs.

- New Entity: Establishment of Mahindra Electric Automobile Limited (MEAL) valued at USD 9 Billion with investment from British International Investment.
- Last Mile Mobility: Valued at INR 6,000 Crore with investment from International Finance Corporation.
- Technology Solutions: Focus on achieving cost parity through technology, with government support.
- Partnership: Collaboration with Israel-based REE Automotive for global commercial EV development and production.

### Risk: Resource Circularity promoted by Extended Producer Responsibility / Strategic Adaptation to Extended Producer Responsibility in the Automotive Sector

As Extended Producer Responsibility (EPR) takes hold, vehicle manufacturers are being held accountable for the full lifecycle of their products. This responsibility extends to the end-of-life stage, necessitating changes in supply chain management that affect partnerships with suppliers. The move towards a circular economy, driven by EPR, is reshaping traditional business practices, requiring manufacturers to evolve with the changing market landscape. To meet EPR obligations, collaboration with manufacturers of batteries, used oil, and tyres is essential, ensuring compliance and promoting environmental stewardship.

Impact: This Extended Producer Responsibility (EPR) introduces increased production costs as manufacturers invest in sustainable materials and recyclable designs. The pressure to innovate and comply with EPR regulations demands additional resources, potentially affecting vehicle prices and market competitiveness. Profit margins may shrink due to the costs associated with recycling and waste management and non-compliance would lead to increased fines and penalties.

Mitigating Actions

Draft End-Of-Life Vehicle Rules

- M&M is addressing the Draft End of Life Vehicle guidelines through a robust strategy that involves setting up vehicle takeback programmes, potentially in partnership with Xmart, and bolstering these efforts with consumer awareness campaigns to secure public support.
- The company has also established cross-functional teams with CERO to manage the takeback operations and assess recycling capabilities. Furthermore, M&M is actively engaging with government





officials to gain insights into the applicability of the End-of-Life Vehicle Management Rules to tractors, aiming to shape a knowledgeable and practical compliance strategy.

#### Battery Waste Management Rules

- M&M’s mitigation strategy for the Battery Waste Management Rules includes launching take back programmes for 3-wheelers from FY27 and for 4-wheelers beginning FY30, complementing LMM’s parallel initiatives. This move is integral to supporting the growth of the EV segment and ensuring compliance with Battery EPR Registration for EVs.
- In tandem, M&M has forged partnerships with leading Lithium-ion recyclers and is implementing consistent compliance checks with battery suppliers. These measures are crucial to ensure the use of recycled materials in batteries, thereby advancing M&M’s commitment to sustainability.

#### Used Oil Waste Management Rules

- To address the Used Oil Waste Management Rules under Extended Producer Responsibility, M&M is implementing a mitigation approach that involves leveraging its dealer network for the takeback of used oil and orchestrating awareness programmes for consumers, dealers, and plant personnel to ensure comprehensive understanding and participation in the initiative.

#### Used Tyre Management Rules

- In alignment with the Used Tyre Management Rules for Extended Producer Responsibility, M&M is ensuring compliance by maintaining oversight of its suppliers, who bear the direct responsibility, through consistent monitoring to adhere to the established norms.

### MATERIALITY

In F24, we reassessed our material issues internally by engaging with diverse stakeholders, including senior management, employees, suppliers, dealers, customers, community members, academics, government representatives, regulatory authorities, industry associations, and investors. This involved one-on-one interactions, phone calls, virtual surveys, visits, and email exchanges. The Materiality results are also communicated and presented to the Senior Management. Some of the key materiality issues at M&M Ltd. include: Carbon Emissions, Water Security, Sustainable Supply Chain, Health & Safety, Waste to Wealth, CSR Management and Product Stewardship. The material issues identified in the assessment are also taken into consideration under the enterprise wide ERM Framework to identify, assess, prioritize, mitigate, monitor and report risks continually to achieve strategic business objectives.

#### Material issues- External Stakeholders

Material issues of external stakeholders are crucial for M&M Limited as they significantly influence business success, reputation, and sustainability. These issues encompass concerns that hold relevance for stakeholders, such as customers, contractors, investors, regulators, and communities. Prioritizing and addressing these material issues ensures alignment with broader societal expectations, boosting reputation, profitability, and long-term viability thereby fostering positive relationships and trust. As per the materiality assessment conducted during FY 2023-24, we have identified two key material issues, Sustainable products and waste management, which has significant impact on our external stakeholders:

Sustainable Products & Services	Waste Management
<p>Stakeholders, including customers, investors, and regulatory bodies, are increasingly prioritizing environmental sustainability and carbon footprint reduction. EVs represent a significant shift towards cleaner energy and reduced emissions, aligning with global efforts to combat climate change. By focusing on sustainable products, automotive companies can meet stakeholder expectations, enhance their market reputation, and ensure long-term viability in a rapidly</p>	<p>We ensure that all waste generated from our operations including Hazardous and Non-hazardous waste is reused, repurposed, or recycled through authorized recyclers and vendors in a responsible manner.</p> <p>We strive to reduce the waste disposal to landfill and we have a robust system of segregation at the source which is collected and managed using the principles of the circular economy. We have taken target to make 100%</p>



<p>evolving industry. This commitment to sustainability not only addresses environmental concerns but also drives innovation and competitiveness in the market. Our commitment to sustainability advanced with our green product portfolio, featuring electric vehicles like the XUV400, produced using 100% renewable energy in a water-positive facility, and eco responsible solutions such as the e-Alfa Super and Supro CNG Duo.</p> <p>Mahindra is the pioneer for Electric Vehicles (EVs) in India, and for the year under review, in the electric three-wheeler segment, the Company sold 66,190 vehicles as against 43,693 vehicles in the previous year, with a growth of 51.5%. In the electric four-wheeler segment, your Company sold 8,025 vehicles as against 2,416 vehicles in the previous year. We have avoided 2,352,679 tco2e emissions from these low carbon products.</p>	<p>of our facilities Zero Waste to Landfill certified by 2030. &gt;75% of M&amp;M sites are certified 'Zero Waste to Landfill'.</p> <p>Additionally, plastic which is removed from end-of-life vehicle is recycled through agencies authorized by the Pollution Control Board. The post-consumer plastic packaging waste generated from product and spares are disclosed under Extended Producer Responsibility (EPR) obligations of the Company and its suppliers. Waste management agencies and recyclers authorized by the Pollution control board are engaged to fulfil the EPR targets through channelization of plastic packaging waste from post-consumer market and also through procurement of recycling certificates from authorized recyclers.</p> <p>In FY 2024, <b>29.90%</b> of Waste Disposed to Landfills and <b>2,283.25</b> metric tonnes of Plastic was Recycled.</p>
<p><b>Stakeholders impacted:</b> Environment, Consumers</p> <p><b>Business responsible for external impact</b> → Operations, Products and Services covering all of our business activities</p> <p><b>Output metric linked to human rights</b> → Number of EVs sold, tCO2e of emissions saved from Low Carbon Products</p> <p><b>Impact metric to measure external impact</b> → Social Cost of carbon avoided</p>	<p><b>Stakeholders impacted:</b> Environment, Consumers</p> <p><b>Business responsible for external impact</b> → Operations, Products and Services covering all of our business activities</p> <p><b>Output metric linked to waste management</b> → % of waste disposed to landfill &amp; Amount of Plastic Recycled</p> <p><b>Impact metric to measure external impact</b> → Social Cost of plastic production avoided.</p>
<b>Impact Valuation<sup>2</sup> (Positive)</b>	
<p>The results of the LCA analysis of EV vehicles conducted show avoided emissions of 31.70 tco2e per vehicle. Improved emissions reduction also correlates to a reduced social cost of carbon in the environment. As per research reports published, the country level social cost of carbon for India is US \$ 86 per tCO2e<sup>3</sup> (approximately INR 7,213). This represents the social cost of adding one ton of carbon dioxide to the atmosphere, accounting for the estimated environmental pollution and health damages that result. Basis the same, when we derive Mahindra's emissions avoided into Social Savings, it would be approximately INR 2.28 Lakhs per vehicle.</p>	<p>As per report published by the World Wide Fund<sup>4</sup> for Nature (WWF), the social cost of the plastic produced in 2019 was US\$3.7 trillion over its estimated lifetime. Considering 380 million tonnes<sup>5</sup> of plastic produced in 2019, the social cost per tonne roughly translates to \$ 9,736 which is ~INR 8,16,314. Basis the same, when we derive Mahindra's Plastic waste savings into Social Cost avoided, it would be approximately INR 186.38 crores.</p>

<sup>2</sup> The monetary values used in the measurement are subject to change based on new research by the external agencies, all monetary figures arrived are on the basis of Public Documents published by credible organizations and are made on an assumption basis the research conducted by them.

<sup>3</sup> [Country-level social cost of carbon | Nature Climate Change](#)

<sup>4</sup> [wwf\\_pctsee\\_report\\_english.pdf \(panda.org\)](#)

<sup>5</sup> [Global plastic production | Statista](#)



## OTHER GOVERNANCE PARAMETERS

### Breaches:

Reporting Areas	Number of Breaches FY 2023-24
Corruption and Bribery	0
Discrimination or Harassment	11
Customer Privacy Data	0
Conflicts of Interest	0
Money laundering or Insider Trading	0

We have a group wide Code of Conduct (CoC) defining our mission, values, and principles, aligning them with the highest professional standards. The CoC enhances trust by providing clear guidelines to our employees, customers, and vendors. All employees must complete an annual e-learning refresher on the Code of Conduct and Policies, along with a mandatory Compliance module. Performance appraisals are contingent on completion of these trainings and annual declarations, supported by 150 Ethics Counsellors ensuring ongoing communication of CoC and Policies. Any non-compliance of the CoC may also have a negative impact on the performance appraisals and the remuneration. Aspects such as Anti-Corruption, Anti-Competitive behaviour covered in the CoC is also assured independently by the Assurance Provider.

As per our policy, there were no Charitable Contributions made during the year that are subject to bribery or corruption.

### Product Recalls:

	FY 2023-24
Voluntary recalls	2
Mandatory (non-voluntary) recalls	0
<b>Total recalls</b>	<b>2</b>
Cost incurred due to total recalls (INR)	2,41,70,000



## TAX REPORTING

The Chief Financial Officer (CFO) is regularly updated by the tax team on significant tax developments including the status of any ongoing litigations. Key updates on taxation matters are then communicated to the Audit Committee by the CFO. The Board of Directors (BOD) and the Audit Committee consistently review and approve the financial status, financial performance, and operational status of the internal accounting management system.

Country	United States of America
Corporate name	Mahindra USA Inc.
Primary activity	Selling tractors, parts, attachments, accessories and off-road vehicle
Number of employees	128
Revenue	USD 40,56,91,041
Profit (Loss) before tax	USD 45,49,166
Income tax payable	USD 15,61,058
Income tax expenses	USD 14,76,125

Country	South Africa
Corporate name	Mahindra & Mahindra South Africa (Proprietary) Limited
Primary activity	Passenger vehicles and bakkie brand
Number of employees	47
Revenue	ZAR 3,57,90,67,060
Profit (Loss) before tax	ZAR 4,74,91,849
Income tax payable	ZAR 1,37,80,969
Income tax expenses	ZAR 87,57,202

Country	Turkey
Corporate name	Erkunt Traktör Sanayii Anonim Şirketi
Primary activity	Manufacturing, sales, maintenance and repair of agricultural machinery, engine and transmission units, machinery and equipment
Number of employees	492
Revenue	TRY 5,50,62,63,845
Profit (Loss) before tax	TRY 72,56,18,565
Income tax payable	TRY 10,24,45,237
Income tax expenses	TRY 12,39,65,629

Country	Australia
Corporate name	Mahindra Automotive Australia Pty Ltd
Primary activity	Motor Vehicle Manufacturing
Number of employees	20
Revenue	AUD 13,23,26,910
Profit (Loss) before tax	AUD 10,21,228
Income tax payable	AUD 3,07,261
Income tax expenses	AUD 25,59,407

