

PAVING THE WAY TO SUSTAINABLE AND SHARED PROGRESS

ABOUT THE SECTION

We present the sustainability performance of the Company through a stakeholder lens.

Apollo Tyres has developed its own Sustainability Management Framework (SMF), aligned to the global standard of ISO 26000 on Social Responsibility. The Company commenced its roadmap to undertake external assurance on the ISO 26000 framework in FY19 for disclosures and reporting on the core subjects. It started with Environment and Community Development, and taking the journey forward, incorporated two more subjects — Fair Operating Practices and Consumer Issues.

The sustainability performance reporting draws elements from globally available and accepted guidelines like the Global Reporting Initiative (GRI).



PERIOD OF REPORTING

The period covered for the purpose of this report is April 1, 2019 to March 31, 2020.

SCOPE OF THE REPORT

The Company has made all efforts to ensure transparency, accuracy and materiality in this report. The information disclosed in this report relates to the two regions of the Company's operations – Europe and Asia Pacific Middle East and Africa (APMEA). This report primarily covers manufacturing operations, with the exception of the 'The People Pillar' section, which also discusses non-manufacturing operations.

ORGANISATIONAL APPROACH TO SUSTAINABILITY

The sustainability strategy of Apollo Tyres syncs its growth agenda with environment conservation, social prosperity and economic wellbeing. The strategy has made the Company's growth inclusive, balanced and responsible even as it endeavours to be the industry leader by pursuing new and emerging opportunities and continually embedding sustainability into its business model. This endeavour is manifested in a well-developed and implemented SMF.

Apollo Tyres ensures that sustainability goals are aligned with its business goals in order to create value for all stakeholders. A major shift over the past years has been the integration of sustainability into all

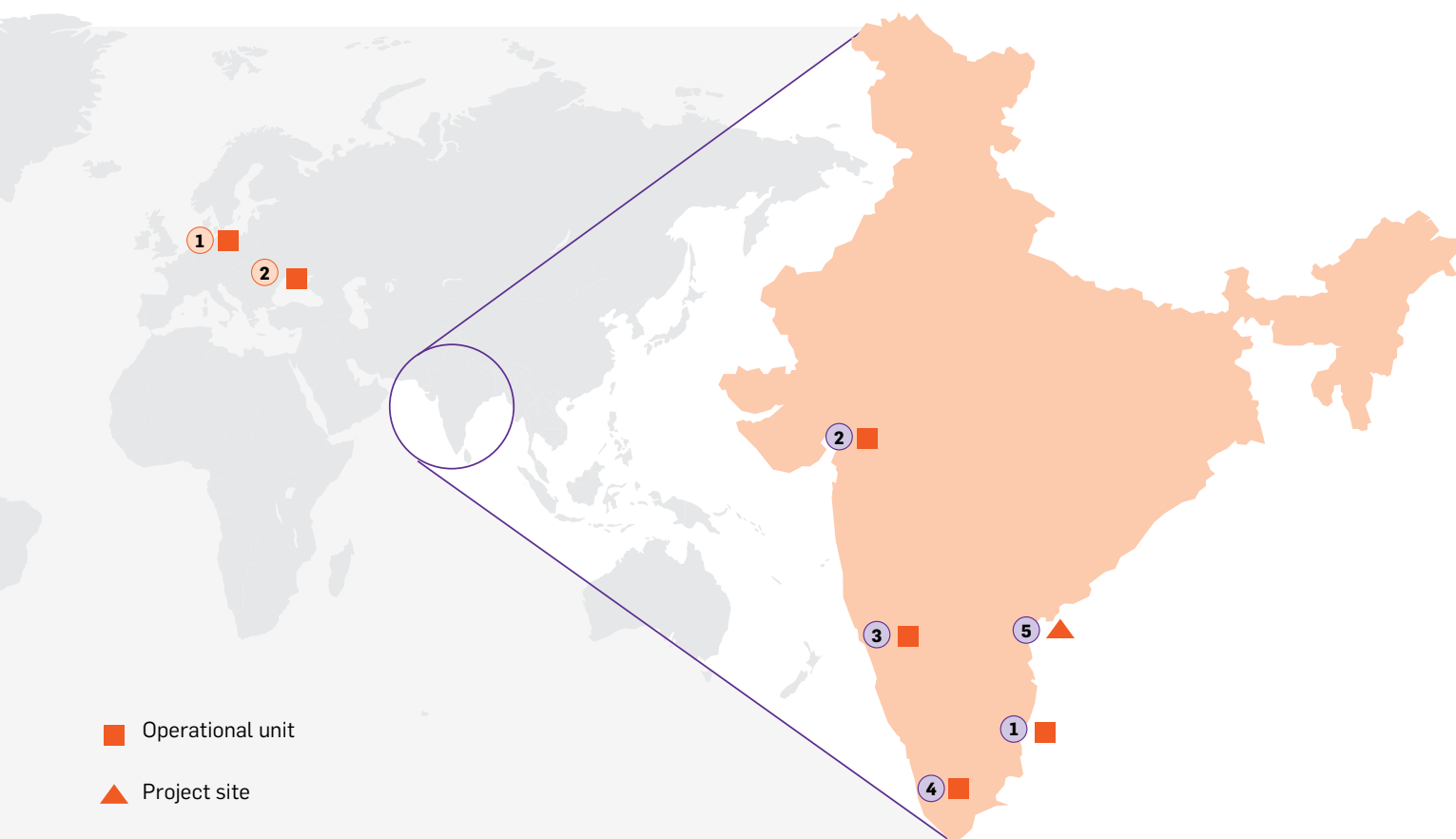
levels of the corporate strategy, business model as well as the value chain. The SMF and the associated roadmap are further embedding the sustainability principles into the core of the organisation.

To reach out to a wider range of stakeholders and communicate its sustainability performance, the Company has been making disclosures based on international guidelines since 2010. The sustainability disclosures have been instrumental in assessing actual performance, setting benchmarks and striving for continual improvement with respect to all domains of the triple bottom line – social, environmental and financial.

Regular formal and informal interactions with the stakeholders over the years have been fruitful in promoting strong and enduring stakeholder relationships that is reflected onto the key business risks and opportunities. Sustainability risks are identified through such engagements, and strategies formulated to mitigate these risks. This is done quarterly and the matter is prioritised and reported to the Board.



MANUFACTURING LOCATIONS



EUROPE OPERATIONS

- ① Enschede, the Netherlands
- ② Gyöngyöshalász, Hungary

APMEA OPERATIONS

- ① Chennai, Tamil Nadu
- ② Limda, Gujarat
- ③ Perambra, Kerala
- ④ Kalamassery, Kerala (leased unit)
- ⑤ Chittoor, Andhra Pradesh





CREATING AN INCLUSIVE ECOSYSTEM

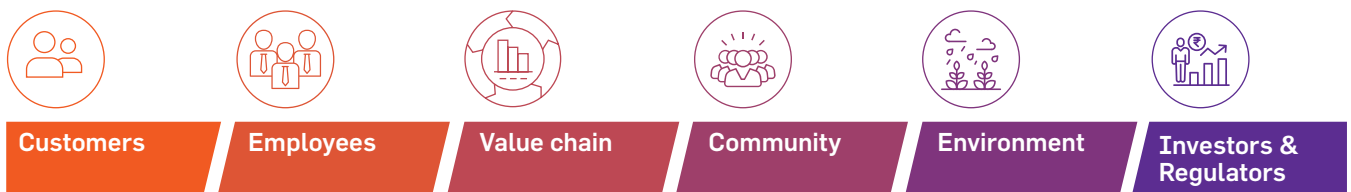
Globally, stakeholder inclusiveness has become the cornerstone for corporations embedding sustainability in their operations. While the value chain concept has underlined the partnership approach across the stakeholder spectrum, it has also brought centre stage the need for inclusive and responsive stakeholder engagement for a robust and growing organisation.

Apollo Tyres is deeply aware of this concept and considers its stakeholders an inherent component of its business ecosystem. The Company being at the nucleus of this ecosystem takes it

as its cardinal responsibility to include its stakeholders' views in its operations.

The Company engages with a wide range of stakeholders around the globe. At the local/regional level, the operations are encouraged to work with stakeholder groups to identify concerns, if any, and implement engagement initiatives through appropriate mechanisms. Various functional departments use diverse communication channels to fulfil this responsibility.

ORGANISATION STAKEHOLDER PARADIGM



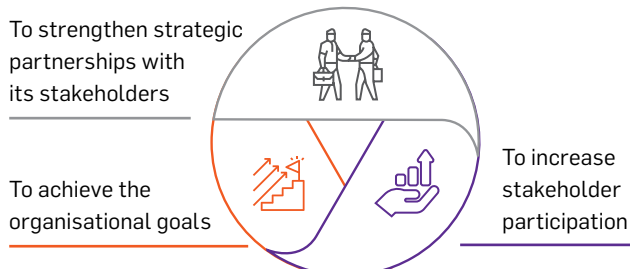
KEY STAKEHOLDER GROUPS

| Stakeholder group | Responding department |
|--------------------------|---|
| Customers | Marketing, Customer services, Sales |
| Value chain | Procurement, Sales, Supply chain |
| Employees | Human resources, Health, Safety and Environment |
| Community | Corporate social responsibility |
| Environment | Sustainability, Health, Safety and Environment |
| Investors and regulators | Investor relations, Company secretarial |

KEY RESPONSIBILITIES OF FUNCTIONAL DEPARTMENTS



APOLLO'S THREE-PRONGED STRATEGY FOR STAKEHOLDER ENGAGEMENT



SUSTAINABILITY GOVERNANCE

Apollo Tyres has always believed that sustainability is not just a 'good to have' but a 'must have' attribute for any organisation aspiring to generate continual value for its stakeholders. With this value proposition, the Company has evolved a framework to deeply integrate sustainability principles into its core operations.

The Company has adopted ISO 26000:2010, an international standard on Social Responsibility, and has been on a journey to

develop its sustainability governance model in consonance with the guidelines of the standard.

The ISO 26000:2010 states seven areas, referred to as 'core subjects', which any organisation should consider in order to grow as a socially responsible entity. These are listed below.

CORE SUBJECTS



The Company has been assured by an external independent party on four of the six core subjects. Further, as part of its ongoing commitment to engagement and communication with its stakeholders, the Company has adapted its annual sustainability disclosures to reflect the ISO 26000 standard guidelines. These can be viewed in the following sections.



FAIR OPERATING PRACTICES

Apollo Tyres operational practices and organisational behaviour are based on the values of honesty, equity and integrity. These business dealings involve the relationships between the organisation and its partners, suppliers, contractors, customers, competitors and associations wherein it holds membership. As a responsible organisation, Apollo Tyres identifies, adopts, and applies standards of ethical behaviour appropriate to its purpose and activities. This is to encourage and promote the observance of the standards of ethical behaviour.

Apollo Tyres has been able to sustain productive relationships with its key stakeholders because of its responsible business practices. The organisation is committed to its core values of Customer First, Business Ethics, Care for Society, Empowerment, Communicate Openly and One Family. These are key to the way it works and interacts with its various stakeholders. The Code of Conduct sets out key policies that outline the standards and behaviours that help shape and strengthen the organisational culture.



ANTI-CORRUPTION

The Company has a zero-tolerance approach towards corruption and conducts its business in compliance with all applicable legal and regulatory requirements.

It has formulated a Code of Conduct for all its employees and implemented a vigil mechanism through the 'Whistle Blower' policy to deal with instances of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct. The functioning of the whistle blower mechanism is periodically reviewed by the Audit Committee of the Board. There are laid down procedures for reporting breaches of the Code of Conduct.

RESPONSIBLE POLITICAL INVOLVEMENT

Apollo Tyres ensures responsible behaviour while contributing towards the development of public policies that benefit the larger society. Being an apolitical company, it does not encourage political involvement of any kind.

FAIR COMPETITION

The Company sees its vendors as long-term business partners. It is committed to conducting business dealings in a fair and ethical manner that promotes open and fair competition in the best interests of the Company and its business partners.

The organisation has been proactive in ensuring compliance with all applicable laws, rules and regulations. It has developed a 'Competition Compliance Manual' to prevent engaging in anti-competitive behaviour. It also conducts employee awareness on legislations related to fair competition through regular e-mailers, newsletters, trainings, meetings, manuals, and more.

PROMOTING SOCIAL RESPONSIBILITY IN THE VALUE CHAIN

The Company extends its organisational sustainability principles to its partners down the value chain in order to build a connected community based on common values. For the raw material suppliers, it

has formulated the 'Apollo Partnership Pact' (APP) that takes into account ethical, social, environmental and health and safety considerations in operations. Partners are encouraged to abide by the provisions of the APP in order to become a preferred partner of Apollo Tyres. The Company also conducts periodic audits and suggests improvement plans for improving performance.

Read more in the Chapter – Partnering the value chain.

RESPECT FOR PROPERTY RIGHTS

Apollo Tyres respects the intellectual property rights of others. For matters pertaining to intellectual property rights [IPR], it undertakes thorough research and follows legal advisory before filing for its Intellectual Property Rights (IPR). It is committed to paying fair compensation, as per the rules of the land for property that it licenses or uses for its business purposes.

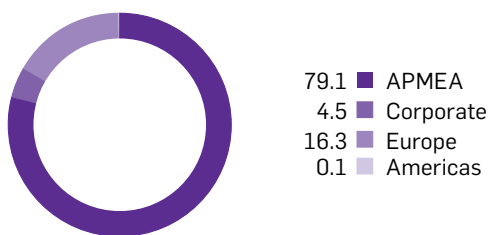
THE PEOPLE PILLAR

WORKFORCE

Apollo Tyres envisions to 'Be a premier tyre company with a diversified and multinational presence' and continues to create best-in-class products, offer superior value to customers, work with partners, support and empower communities and stay focused on 'People First'.

With the spirit of 'People First', it offers a talent value proposition that allows it to challenge, enrich and fulfil the aspirations of its employees, so that they can maximise their true potential to 'go the distance'. Apollo Tyres' aspiration to be a truly global talent hub, sets the course for an ambitious and exciting journey with newer capabilities, categories and growth engines in the areas of talent and culture. As on March 31, 2020, the Apollo family has 17,933 permanent and contract employees worldwide.

REGION-WISE EMPLOYEE DISTRIBUTION (%)



Apollo Tyres provides its workforce equal opportunities to perform and gain recognition, cultivating an environment of 'One Family'. With this philosophy, it regularly engages with its employees both for their wellbeing and involvement across various levels. During FY20, it set up 'People Councils' to conduct focused group discussions and get insights from its employees.

The feedback generated has been integrated in the Human Capital strategy and policy-making to make it more inclusive. The Company continues to invest in building a culture of high performance and high trust.



GRADING ALIGNMENT

In 2009, the Company introduced a flat structure in the form of Team Member – Team Leader – Group Leader (TM-TL-GL), during the setting up of the greenfield Chennai plant, and later the Global R&D Centre, Asia. For a decade, the structure helped in creating a culture of empowerment, effective communication and faster decision-making. However, in recent years, based on consistent feedback from employees, the Company identified the need to provide for a structure that allows opportunities for growth in line with the market and other organisations. It has partnered with Korn Ferry (Hay) and carried out an extensive position evaluation exercise to ensure mapping the flat structure to the proposed India-specific grading structure. The new grading structure was successfully implemented during FY20.

TALENT HIRING

The Company focuses on bringing in diverse talent to build a balanced workforce that can take forward its core values. It does not believe only in lateral hiring, but also building, nurturing and sourcing talent directly from the campuses, in order to groom them as future leaders.

Focus on fresh talent

- The Company's Apollo Talent Track platform helps it to recruit talent from campuses and develop them as future leaders.
- The Apollo Finance Programme, a first-of-its-kind programme, aims to induct fresh finance talent (Chartered Accountants) with the long-term perspective of building future finance leaders.



MANAGING INDUSTRIAL RELATIONS

The Company proactively engages and maintains healthy industrial relations, consistently working in collaboration with trade unions and other employee bodies to improve the work environment for its people and increase both productivity and cost-effectiveness of the operations.

At its Perambra plant in India, the challenge of high cost and low productivity was tackled strategically by shifting high-cost unionised contract labourers from engineering to production. An HR helpdesk was also put in place to handle employee queries and grievances for an enhanced employee experience.

In Europe, the Company decided to create specialisation at the Enschede factory in two phases while taking into account the potential impact on people. It is continuously engaging with its employees and the work council to minimise the impact on employee morale and keep the workforce motivated during the process.



CAPABILITY BUILDING

Talent development is one of the key functions of organisational human capital deployment. Capability building has been the focus area, which enables Apolloites to face challenges, learn, grow and 'go the distance'. The Company's focus on capability building is in constant focus of the Company, enables Apolloites to face challenges, learn, grow and achieve their potential. The programmes are designed and linked to specific business goals in order to make the workforce future ready. Apollo Tyres invests in a variety of programmes to hone technical, product, process, leadership, and soft skills of its people through classroom, on-the-job and online training.

During FY20, the Company launched a global programme for **First Line Managers** with an aim to develop people managerial skills. A two-day workshop was designed around the essential skills required for any first line manager, on topics like communication skills, how to motivate, influence and manage team, etc. communication skills, the ability to motivate, influence and manage the team, and so on. It partnered with Hemsley



Fraser to deliver the programme globally. The programme was run in 27 batches covering first line managers across five countries (India, Hungary, the Netherlands, UK and the US).

Partnering with Skillsoft, the Company launched **Digirace**, an employee e-learning platform for various functional and behavioural programmes. The programme clocked 2,218 learning hours, across 3,704 unique titles.

In Hungary, an e-learning process was set up to hone the professional knowledge of shop floor workers. As an outcome, the competence level of all teams shows a healthy distribution. A tyre building facility was launched in cooperation with Miskolc University.

In India, the Company's successful **ADMIRE** programme, focused on sales capability development, was attended by frontline field sales employees. Another initiative, the **Step-Up programme**, is known for delivering high-quality product and process training to the frontline field teams. The specialised training programmes, such as **Winning with Customers** and **Apollo ONE**, designed to enhance managerial and functional skills, were attended by over 500 employees.

In India, several initiatives are conducted at the plant level to ensure multi-skilling as well as up-skill development. Limda and Perambra focused on **Techknowledge**, a knowledge transfer series for the technology department and manufacturing team members. Kalamassery has **Process Resurgence** and **Mastery** workshops to increase technical and engineering knowledge. In Chennai, a **skill development centre** was established to impart skills to newcomers and for refresher trainings. The Company's plant in Andhra Pradesh has a radial tyre process orientation programme called **Bridge Course**, a two-month-long intervention to equip employees with knowledge of the radial tyre manufacturing process.

JOB ENRICHMENT AND ROTATION

The Company aims to provide a lot of learning opportunities to its inhouse talent in the form of job rotation and job enrichment. This approach allows employees to have opportunities to grow and the Company to leverage well-inducted candidates with a deep understanding of the business and culture. Over 150 employees opted for job rotation across various locations and functions.

The team at the Enschede plant has developed a programme that provides training to established operators, allowing them to rotate and work across multiple departments and equipment in order to develop a more flexible workforce.



EMPLOYEE ENGAGEMENT

In India, the Company has been venturing into newer aspects of engagement in order to keep the employees engaged both 'on the job' and 'off the job' through activities such as competitions, employee forums and interest groups. The events celebrated across various locations include Wellness Marathon, Baisakhi Festival and Apollo Family Day.

In both the European plants of the Company, various social events were held for employees, their friends, and families. The Company celebrated Vredestein's 110 year anniversary and 10 years of its operation under Apollo Tyres in May 2019. A family day was organised which saw 4,000 visitors and officials.

A few engagement activities conducted at the plants include blood donation camps, summer camps for a family get-together, social meeting platforms for spouses, Monthly Connect sessions, Apollo Family Safety Day, International Women's Day celebrations, Just Married Platform for the newly weds, Fun@Work activities like kite flying, Photography Day, and more.

Apollo Tyres has adopted sports as a medium to inculcate team spirit and healthy competition amongst its employees. It organised various sports events throughout the year that saw enthusiastic participation from employees. To strengthen the cause for sports in India, a fitness and wellness programme was introduced in which regular Yoga sessions and coaching by professional trainers to motivate people on fitness and the benefit of running were organised.

During FY20, the Company sponsored the 'Apollo Tyres Millennium City Marathon' in Gurugram, which saw the participation of more than 6,000 people.

Apollo Tyres also organised marathons at its plant locations in Chennai, Chittoor and Limda that saw healthy participation by the employees. The winners from these events were sent to participate in the Apollo Tyres Millennium City Marathon, Gurugram. With a view to promote engagement with Nature, a plogging event was organised in Chennai. It saw participation from employees as well as student volunteers from Womens' Christian College, Guru Nanak College, ATHMA HR Association and villagers.

Employee participation in social service activities promotes engagement as well a connection with the values the Company abides by. With this intent, volunteerism is being encouraged for employees to experience and participate in such events. Other events included donation drives for the destitute and workshops to impart soft skill to Industrial Training International (ITI) students in order to make them employable.





REWARDS AND RECOGNITION

At a global level, Apollo Tyres runs several recognition programmes aimed at rewarding employees.

The **Chairman's Award 'Employee of the Year'** is given to a senior level employee in recognition of outstanding contribution to the Company. Another coveted programme is **Roll of Honour**, given to individuals in middle management from across the organisation for consistent performance and significant contribution in their respective functions.

The **Long Service Awards, Apollo Pillars** were launched in January 2020, to recognise and reward the long-term contribution of the employees towards the growth and success of the Company.



As an employee recognition programme, **'I AM APOLLO'**, highlights the growth journey of employees in Apollo Tyres across various functions and locations. It showcases how they have grown over the years, overcoming various challenges and handling different roles across different locations. The programme captures their beliefs, values and experiences. Each of these campaigns is shared internally as well as on the Company's LinkedIn page.

In addition to this, the Company also runs a lot of focused group reward and recognition programmes at plants. The Perambra plant introduced a spot rewards programme called 'Kudos', while the Kalamassery plant started operator rating in all the sections for rewarding the 'Best Operator'. The Limda plant has R&R programme called 'Sponteneo' for instant performance recognition on the shop floor with respect to production/productivity, quality, cost, delivery, safety, morale and environment.



HEALTH & SAFETY

Safety is of utmost importance to the Company, and this resonates in its Safety vision: 'Committed to the highest safety standards to ensure that every day we return safe and healthy to our families'.

The Company's five strategic priorities are incorporated in the Management Discussion & Analysis section ahead. Some of the additional information is mentioned below.

As a critical area, safety performance is reviewed and monitored extensively. The impact of the effort was observed in the Company's safety performance, where the Lost Time Injury Frequency Rate (LTIFR) reduced by 42% from the previous year. During FY20, the Company's greenfield project in Andhra Pradesh achieved 10 million safe person-hours without a lost-time incident. Also, the Company's Limda plant achieved 100% compliance scores based on fire safety and flood safety parameters as defined by an OE customer.

Further, during FY20, 100% warehouses were reviewed, safety controls were established along with implementing of safety specifications for new warehouses.

At the Enschede plant, the Company implemented a machine safety programme and installed the latest machine guards and controls on old machines.

Aligning with the safety standards, mock drills across all plants, offices and warehouse locations were conducted. 63,153 accident prevention opportunities were identified through near-miss reporting, unsafe acts and conditions reporting. 50,666 behaviour-based observations were made on the shop floor to strengthen the safety culture at ground level. Further risk-based training was identified as a leading indicators at all the manufacturing plants, and the plants were able to achieve 1.19 training person-day per employee per year, that is, 15,713 person-days.

The Company continues its journey to inculcate safety behaviour amongst its people, their families, its partners and customers.

PARTNERING OUR VALUE CHAIN

Value chain approach has become a significant factor in embedding sustainability principles across all stakeholders. Globally, organisations are adopting approaches to include upstream and downstream supply chain in their growth journey.

RAW MATERIAL SUPPLIERS

SUSTAINABILITY IN PROCUREMENT PRACTICES

A commitment to sustainable procurement is of paramount importance with a continued focus on stakeholder value creation. By adopting and integrating social responsibility principles into its procurement processes and decision-making, an organisation is able to meet the requirements of its stakeholders as well as promote sustainable development.

At Apollo Tyres, the focus on upstream supply chain extends to planning, sourcing and managing the procurement of raw materials, processing and their use in the manufacture of intermediates. It also entails the final supply of the products from the suppliers to the plants.

The Company has a centralised purchasing function based in Gurugram, India, along with other purchase offices in Cochin, India, Singapore and Enschede, the Netherlands. The suppliers are expected to ensure that their services and products delivered to Apollo Tyres comply with all applicable laws and regulations.

PURCHASE POLICY

Apollo Tyres considers its suppliers as long-term business partners and is committed to conducting its business affairs in a fair and ethical manner that promotes open and fair competition in the best interests of Apollo Tyres and its business partners.

SUSTAINABLE SUPPLY CHAIN POLICY

An organisation needs to consider the environmental, social and ethical aspects of business while conducting its procurement, and where possible it should give preference to products with minimum impact, to promote sustainable business practices.

In order to align its upstream supply chain with this objective, Apollo Tyres has a Sustainable Supply Chain policy, which includes guidelines for conducting its business by reducing impact on environment by good governance and ethics and adhering to Human Rights.

The Company strives to continuously enhance customer satisfaction by providing cost-effective and quality materials on a timely basis, while working together with supply chain partners on environmental, economic and social aspects to enable sustainable business practices

In line with efforts towards sustainability, the Company has joined the Global Platform for Sustainable Natural Rubber promoted by the World Business Council on Sustainable Development to contribute to the improvement of socio-economic factors in natural rubber supply chain.



PURCHASING GUIDELINES

With a view to promote lower carbon footprints, reduced logistics costs and enhanced supply proximity to the manufacturing locations, the Company encourages sourcing from domestic suppliers, with all other factors being equal. In addition, dealing directly with manufacturers enables the Company to work closely with business partners addressing any quality or logistic issues.

On the other hand, where there are opportunities in areas of exploring new product technology and innovation, import suppliers are also developed as additional and alternate sources of supply and under technical partnership projects.

The Company ensures that the raw materials sourced are free from chemicals and substances which impact environment adversely (SVHC – Substances of Very High Concern) and comply with all international norms and standards.

Apollo Tyres encourages suppliers to develop their environmental systems in compliance with the requirements of ISO 14001 and to get their systems certified by an accredited third party. It works together with the suppliers to promote the use of sustainable practices at its suppliers' manufacturing plants, offices and urges them to be eco-conscious.



APOLLO PARTNERSHIP PACT

Suppliers are expected to comply with the Company's Apollo Partnership Pact (APP) and integrate environmental, occupational health and safety, human rights and labour policies into their business and decision-making processes.

Partners are recommended to gather information from the upstream supply chain regarding the source of the raw materials that are used in their manufacturing process. This helps to improve the full traceability of the source of product.

It is committed to work jointly with its partners to promote and encourage compliance. Till date, more than 60% of the upstream supplier base has signed the APP to ensure their compliance.

GREEN PROCUREMENT

As a part of the green procurement initiative, all the purchase orders are auto generated through the ERP system and communicated to the entire global supplier base by paperless electronic medium only.

The Company also promotes and encourages suppliers to embrace environment-friendly and green materials in their production processes, including usage of recycled products. In this regard, it emphasises the usage of environment-friendly, re-usable, recyclable packing materials like returnable pallets, returnable metal boxes, returnable metallic spools for the supply of raw material to its global manufacturing plant locations. This helps in enhanced vertical space utilisation in storage warehouses. The packaging of raw material should also be 'wood-free'. In addition, a supplier needs to conform to the local regulations, as and where applicable in each country of supply.

REACH COMPLIANCE

Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) is a European Union (EU) regulation, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals. The compliance requires companies to demonstrate safe use and communicate related risk management measures to the users. If the risks cannot be managed, authorities can restrict the use of substances in different ways.

The import of tyres in the EU needs to meet certain obligations under REACH to ensure that the tyres do not contain any of the listed Substance of Very High Concern (SVHC) beyond the specified limits. The Company and its suppliers ensure that the final product and its raw materials conform to the REACH requirements, as applicable.

The suppliers are either registered for REACH or executing the required activity as prescribed by REACH.

PAH COMPLIANCE

Polycyclic Aromatic Hydrocarbons (PAHs) are classified as carcinogens and can be found in rubber articles. Also, these can be present as impurities in raw materials used in production of such articles like extender oils, carbon black, waxes, recycled rubber and other materials of petroleum origin.

The Company is geared to meet all raw material related requirements with reference to usage of PAH free materials for supply of tyres to Europe and other markets.

TYRE LABELLING REQUIREMENTS

The Company is engaged with its raw material suppliers for continual improvement of the labelling parameters related to its tyres, in line with the continuously evolving needs of the market and expectations from its OEM customers.

SAFETY @ SUPPLIERS' WORKPLACE

Apollo Tyres encourages suppliers to follow all applicable industrial practices to ensure safe operations. The initiatives aims at minimising risks of downtime because of accidents, providing a robust system to maintain and continually improve health and safety, possible cost savings from public liability insurance premiums, demonstrating commitment to meet legal obligations and improving reputation of the suppliers and increasing opportunities for them to expand their business. The Company encourages its supplier to look at new manufacturing and information technologies as an enabler to make the workplace safer. It also conducts periodic assessment of the prevailing safety practices and development of suppliers' workplace conditions.



SUPPLIER ENGAGEMENT

The Company engages with its suppliers consistently through multiple platforms, including vendor meets, joint technical projects, quality workshops with natural rubber producers and processors, quality review meets, CSR workshops at suppliers manufacturing facilities, Request for Quotation (RFQ) meetings, business performance review meetings, Memorandum of Understanding (MoU) for purchasing volumes, among others.

The following lists out the Company's supplier engagement framework and key initiatives.

New supplier selection

The Company has a robust selection process to identify, evaluate and approve a supplier. It is a stage-wise evaluation and approval process involving commercial and technical evaluation of the supplier through a cross-function team of Purchase, R&D, Plant Technology and Manufacturing.

The supplier selection process involves in-depth evaluation and approval of supplier systems and capabilities in terms of product quality, production capacity and financial stability.

Joint development projects

Based on the voice of the customer, the emerging market requirements and changes in regulatory requirements, the Company engages with its supplier or potential new raw material suppliers to initiate joint development work for new materials and new tyre development.

The Company also seeks technical collaboration from its suppliers through active participation in various technical seminars and its Technical Leadership Development programmes.

Supplier audits

Supplier audits and assessment of the supplier quality management system are conducted at the time of selection of new suppliers and are also conducted periodically according to defined audit criteria.

The scope of supplier audits covers various elements like quality management system, environmental standards, occupational health and safety standards and others as per the Green Procurement Standards and APP. Audit teams visit the suppliers at regular intervals for compliance check as per the standard audit checklist.

Based on the audit, supplier improvement plans are drawn up, which are agreed and followed up with the suppliers until closure.

Supplier performance evaluation

Supplier performance evaluation is done on quality, delivery and service performance aspects through rating criteria, which aim at timely feedback to suppliers to improve their performance at Apollo Tyres. The same is communicated to suppliers on periodic basis and action plans are drawn and followed up with the suppliers.





CSR IN SUPPLY CHAIN

The Company runs a CSR programme at the premises of its raw material suppliers to support good health. It covers awareness programmes such as HIV/AIDS prevention and the ill effects of substance abuse. The spectrum of participants covers operators, supervisors, engineers and people from the management at the plant.

The programme is conducted by internal resources from the Company's purchase department, who have been trained by International Labour Organisation (ILO). The aim of the programme is to educate workmen at the supplier premises as well as develop peer educators at the supplier end who can carry this knowledge further within their respective organisations.

APOLLO NATURAL RUBBER 'DIRT FREE' CENTRES

Apollo Tyres has taken the lead in contributing to the quality improvement of natural rubber in India. It has set up 'Dirt Free' centres where natural rubber sheets are sourced from the farmers and graded using international practices. Further, the centres have employed women and are trained in natural rubber grading. In this way, the domestic natural rubber is made suitable for critical applications and helps the Company in import substitution.

DEALERS

To engage with its business partners and build credibility and trust, Apollo Tyres has endeavoured to enhance its business processes to offer its dealers the best-in-class service level. It has focused to improve dealer-friendly benefits to inculcate a culture of healthy competition, belongingness and 'easy to do business', with the strong governance system at the backend.

The Company has multiple programmes, like the Apollo Value Edge Club, that are aimed to excite and support the partners in their growth journey.

Further to its journey of enhancing service level towards business partners, the Company has introduced two robust IT-enabled platforms: Business Partner Service Centre (BPSC) and Sampark.

- BPSC is a single window solution for all business transactions, queries, benefits and grievances. Business partner can also access their transactions, make payments and place orders via the BPSC.
- Sampark is 24X7 digital platform for its dealers and available through browser and mobile app for all transaction of the business partners.

CSR WORKSHOPS IN UPSTREAM SUPPLY CHAIN IN FY20

| Period | Vendor | Location | Participants |
|--------------|-------------------------------|----------|--------------|
| Q4FY20 | Rajsha Chemicals | Baroda | 19 |
| Q2FY20 | Gujarat Reclaim Products Ltd. | Panoli | 23 |
| Q1FY20 | Acmechem Ltd. | Panoli | 15 |
| Total | | | 57 |



DEALER VALUE PROPOSITION



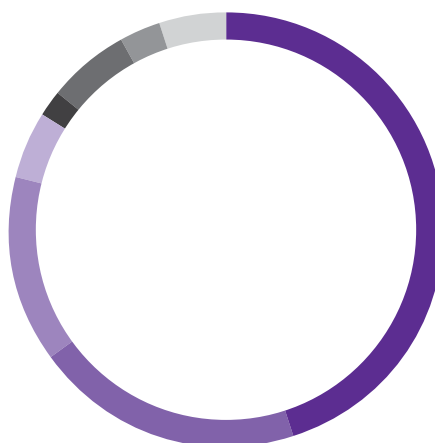
These initiatives have helped improve the dealer experience, the Company's turnaround time and strengthened the trust by making the business more transparent and easier.

COMMUNITY INVOLVEMENT AND DEVELOPMENT

Sustainability and social responsibility are inherent components of the Company's corporate strategy. The CSR activities are aimed at bringing a positive difference to the everyday life of its stakeholders – employees, customers, dealers, suppliers and communities. Environment is also considered a crucial stakeholder, hence 'Biodiversity' features as a global initiative with projects in India and Hungary.

Apollo Tyres constituted a CSR policy in 2014 in line with the Companies Act, 2013 and complies with the requirements of section 135 of the Act. The CSR initiatives are delivered through Apollo Tyres Foundation (ATF) registered in 2008. During FY20, the Company invested 2% of its net profit in CSR activities, amounting to ₹ 183.7 million. The percentage breakup of the CSR spent is presented in pie chart as per the core areas of the CSR strategy of the organisation.

CSR SPEND (%)



- 45 ■ Healthcare Programme for Trucking Community
- 20 ■ Solid Waste Management Sanitation
- 14 ■ Livelihood for Women
- 5 ■ Bio-diversity
- 2 ■ Local Initiatives
- 6 ■ Philanthropy
- 3 ■ COVID-19 Relief Support
- 5 ■ Administrative Cost

All the CSR initiatives of the organisation are aligned with national goals and the UN Sustainable Development Goals. The Company has categorised its CSR initiatives into two themes – Environment and Social (which includes health and community development). Within the themes, there are four core areas of work.

HEALTHCARE PROGRAMME FOR TRUCKING COMMUNITY

Preventive healthcare initiative for the truck driver community is the Company's pioneering programme. Under this initiative, the Company operates 32 healthcare centres in the transshipment hubs spanning 19 Indian states. The programme provides healthcare services such as prevention and awareness of HIV-AIDS, vision care, integration of tuberculosis and other non-communicable diseases such as diabetes, high blood pressure and general treatment facility. (This initiative is described in detail under Issue 6 later.)



SOLID WASTE MANAGEMENT AND SANITATION

Aligning with national development agenda and contributing to the 'Swachh Bharat Abhiyan', the Company has been running various projects on solid waste management and safe sanitation with the objective of promoting a healthy and sustainable lifestyle amongst the local communities. 'Clean My Transport Nagar', 'Clean My Village', 'Sanitation Management' and 'End of Life Tyre Playgrounds' are four initiatives started under this theme.

⁷The information on Environment theme is covered in the Chapter on Environment



LIVELIHOOD FOR UNDERPRIVILEGED WOMEN

The Company has initiated a programme, Navya, to support the livelihood needs of underprivileged rural women by providing them income generation opportunities at their door step. (This initiative is described in detail under Issue 5 later.)

BIODIVERSITY CONSERVATION

Biodiversity conservation is a global theme for Apollo Tyres, wherein it has undertaken conservation projects in Hungary and the Netherlands. In India, mangrove conservation is a key initiative and such a project is being implemented in Kannur, Kerala. As a measure of mitigating climate change, a afforestation project is being implemented in Tamil Nadu, India within the theme.

In addition to the core themes, the Company has been conducting other local initiatives such as watershed management, renewable energy proliferation, road safety awareness, educational initiatives viz. computer literacy in schools and ITI-based skilling of youths and philanthropic endeavours. (These are described later under section 'other local initiatives'.)



The Company has been implementing its sustainability framework as per the international standard on Social Responsibility, ISO 26000:2010. The section presented below follows the above structure.

Out of the seven issues stated in the core subject, the following four have been identified and aligned to our themes of work.

ISSUE 1:

COMMUNITY INVOLVEMENT

Community is an important stakeholder for the Company. The core strategy is to have well-developed, strengthened communities that can sustain themselves. The Company follows a well-defined approach in identifying the needs of the community through both formal and informal methods. Whilst informal methods provide some guidelines and a bird's-eye view, the formal methods provide the basis for the initiatives. This is mainly undertaken by the field staff of the Foundation, who are also from the local area. Before the introduction of the initiative, a thorough Participatory Rural Appraisal (PRA) exercise, with needs assessment of the community, is undertaken.





ISSUE 3:

EMPLOYMENT CREATION AND SKILLS DEVELOPMENT

The Company believes that skill development trainings help the youth and other groups such as rural women in securing better livelihood. Therefore, it has initiated various programmes to develop specialised skills amongst various groups of the community.

Under this issue, the Company provides soft skill training such as career counselling, employability skills, basic computer education to ITI and graduate students to give them access to better job opportunities at its Chennai and Kochi locations. This falls under the 'other local initiatives' category of CSR.

During the reporting year, 400 students were trained under this initiative and around 100 students got jobs. For rural women, skills training is cascaded through Programme Navya, highlighted in Issue 5.

ISSUE 5:

WEALTH AND INCOME CREATION

The Company is committed towards addressing Sustainable Development Goals — SDG 1: Poverty, SDG 5: Gender Equality and SDG 8: Decent Work and Economic Growth. It supports gender equality and also helps underprivileged communities to rise above the poverty line. To achieve this, it has initiated a livelihood generation programme for rural women.

The issue is a core area of intervention for the Company. Under the programme, **Navya**, it seeks to improve the lives of women by providing them income generation opportunities at their doorstep and sensitising them on gender rights to address the problems related to discrimination.

Key activities under this programme include Self-help Group (SHG) formation, livelihood training and income generation and linkages with government schemes to improve socio-economic status of the beneficiaries.

SHG FORMATION AND STRENGTHENING

SHG works as a platform for bringing women together. The Company's strategy is to engage with women groups by either strengthening the existing SHG or by creating a new group when needed. The main objective of this initiative is to inculcate the habit of savings among the women, and cascade key learnings such as training on financial literacy, bookkeeping, documentation and others. They are also trained to deal with social issues like domestic violence, gender rights, among others.

LIVELIHOOD TRAININGS AND INCOME GENERATION

Skill development training is provided to underprivileged women to create livelihood sources. The training includes farm- and non-farm-based activities. Non-farm training includes vocational skills such as apparel making, nursing, khakhra making, sanitary napkin making, rubber sheet making, apiculture (honey making), mushroom cultivation, aqua culture, jackfruit processing, among others.

Through farm-based trainings, women are trained in improved farming and scientific agricultural practices. Basic training related to seed selection, soil testing, organic compost making, organic farming practices, among others, are delivered.

Livestock care management training is also delivered. This range from providing artificial insemination services at the farmer's doorstep to organising infertility camps and vaccination camps. Training is also given on disease management, ration balancing, clean milk production, among others.



Linkages with government and market

While programme Navya aims to provide livelihood opportunities to women, it also educates them about various government-run schemes. Beneficiaries are linked with various government schemes to have a multiplier effect.



In addition, the trained beneficiaries are further linked with the market and service sector for employment. As a result of this initiative, trained women have started their own businesses and are not only supporting their own families but also providing employment opportunities to other women of their villages.

The Company has partnered with the United Nations Children's Fund (UNICEF) Gujarat for providing maternal and childcare awareness to expecting and lactating mothers. UNICEF has trained the SHG women in awareness generation, and these women further pass on the information to other target women groups.

Another significant achievement has been the partnership with the National Bank for Agriculture and Rural Development (NABARD) for providing livelihood training and developing enterprise for rural women under Livelihood and Enterprise Development Programme (LEDP) in Baroda, India.

The Company believes in motivating the women beneficiaries further, and has continued its journey of 'Ek Naam...' campaign into its second edition to celebrate International Women's Day 2020. It partnered with the French Institute and felicitated eight change agents from across the country who have brought a positive difference to their community. These eight women worked for their own empowerment and livelihood generation. Further, they aligned with other women from their own or nearby villages and provided income opportunities to them or created the promise of such opportunities through the formation of SHGs.

This event was followed by a panel discussion on the theme 'Enabling Equality'. A month-long social media campaign was organised to showcase the journey of the eight change agents.

During the reporting period, 3,160 women were reached and 2,035 received income generation training in farming and non-farming activities. Out of the total trained population, 1,938 women engaged in income generation activity. Further, the programme linked over 4,400 women and their families with

various government schemes like Ujjawala Yojna, Deen Dayal Grameen Kaushalya Yojana, Deen Dayal Awas Yojna, among others. Over 8,000 SHG women were linked with Jan Dhan Yojna, Widow Pension Scheme, Gareeb Kalyan Yojna under COVID-19 relief support.

In addition to the programme Navya, the Company has provided livelihood support to male farmers by providing technical knowledge in improved farming practices and livestock care and management. The farmers received training in fodder management, seed selection, organic farming, cattle rearing and others. Farmers were also linked with government agricultural schemes. During the reporting year, over 800 male farmers were positively impacted.

ISSUE 6: HEALTH

Apollo Tyres holds wellbeing of its stakeholder as a priority and links this with its vision of creating positive impact for them. The programme aims at increasing awareness on various health issues faced by truck drivers. This initiative is in line with UN SDG Goal 3, Good Health and Well-Being.

Due to the nature of their work, truck drivers have limited access to health services. The Company started its healthcare programme for them in the shipment hubs in 2001 to address their health needs and formed a comprehensive programme on healthcare focusing on prevention. The Company has 32 functional healthcare centres across 19 Indian states, which offer various services like prevention and awareness on HIV-AIDS, vision care, awareness of tuberculosis and detection of other non-communicable diseases such as diabetes and high blood pressure, and general treatment facility.

In extension to static healthcare centres, the Company also provides mobile alternatives through the Mobile Medical Unit (Apollo Tyres Healthcare Express) for providing healthcare facilities at the doorstep of the customers. A total of five mobile medical units are operational.



SERVICES UNDER HEALTHCARE PROGRAMME

HIV-AIDS AWARENESS AND PREVENTION

This is one of the biggest and most inclusive initiatives under the Company's CSR work. The truck drivers have a nomadic lifestyle, which makes them increasingly vulnerable to HIV-AIDS and Sexually Transmitted Infections (STIs). The Company recognises HIV-AIDS as a business and development issue.

The service provided under HIV Awareness and Prevention includes behaviour change communication (BCC), STI diagnosis and treatment, counselling, condom promotion, Integrated Counselling Testing Centre (ICTC) support and awareness through peer educators.

VISION CARE

Eye diseases or vision problems are an occupational hazard for truck drivers, and these invariably become a road safety issue. To address this, the Company has initiated vision testing facilities in its healthcare centres and is also organising periodic eye care camps. The key feature of this initiative is the distribution of low-cost spectacles to people identified with refractive error issues. Cataract patients are linked with nearby hospitals for further treatment.

During FY20, the Company organised a week-long campaign to observe International Sight Day. This was done in the transshipment hubs in partnership with Essilor Vision Foundation. Under the campaign, truck drivers with refractive error issues were given spectacles free of cost. A total of 17,828 people were screened, of whom 10,266 people were identified with refractive error issues and 7,134 pairs of spectacles were distributed for free. A total of 362 people were identified with cataract problem and referred to the nearby government hospital.

AWARENESS ON TUBERCULOSIS (TB)

TB is among the top 10 causes of death worldwide. In India, each year, ~2,20,000 deaths are reported due to TB. According to a global TB report of 2016, India has the highest burden of both TB and multi-drug resistance. The mobile population of truck drivers and helpers are at a higher risk of contracting the disease.

The Company started a focused TB intervention programme in technical partnership with The Union (US AIDS) for creating awareness related to TB. The healthcare centres provide services related to the disease, such as sputum testing and linking people found positive with the (DOTs) facility and conducting regular awareness sessions.

The programme has succeeded in establishing TB testing and Treatment Centre at Agra and Gwalior, respectively. It also extends support to the positive cases, long distance truck drivers by arranging TB medicine at their preferred location with the help of transport association and fleet owners. This facility helps in continuing the Directly Observed Treatment (DOT).

OTHER NON-COMMUNICABLE DISEASES

Due to the long working hours and poor lifestyle, truck drivers are vulnerable to diabetes and hypertension. Both the diseases were identified as significant risks for truck drivers in the daily outpatient data. In order to address the problem, the Company added testing facilities for both the risks. Diabetes screening and blood pressure check-ups are conducted across all the healthcare centres.

GENERAL HEALTHCARE AND TREATMENT

There are other generic treatment facilities provided at each healthcare centre such as fever, cough, cold, flu and other basic first aid care.

ORAL HYGIENE

Poor hygiene is a big problem amongst the trucking community due to various factors, especially bad oral hygiene, which is directly linked to heart disease. Poor dental health increases risk of a bacterial infection in the blood stream, which can affect the heart valves. In order to address the problem, the organisation started an integrated health camp focusing on oral hygiene. The



main aim of this service is to generate awareness on oral health and screening for oral cancer. At Delhi, the programme has linked up with the Rajiv Gandhi Cancer Hospital for this initiative.

During the reporting year, a total of 5,08,837 people were impacted from these awareness activities and 1,74,635 received treatment facility. A 8.8% increase was recorded in FY20 for people availing treatment services vis-à-vis the previous year. Out of the total people treated in the reporting year, 51,207 people opted for HIV testing, 1,231 TB tests were conducted, 73,928 for vision screening and 59,334 for diabetes testing were done. There was an increase of 26% for vision screening from previous year



OTHER LOCAL INITIATIVES

These are undertaken within 25-30 km radius of the manufacturing locations.

ROAD SAFETY

Road safety awareness sessions were conducted across Apollo Tyres APMEA plants. The main objective of this initiative was to promote safe driving, make people aware about road violations and preparing them to undertake basic first aid if needed, as drivers are the first respondents.

The programme was conducted in partnership with Maruti Driving School and the local Regional Transport Offices (RTOs). The initiative is targeted mainly at truck drivers, car users and students. This project also saw employee participation in engaging with the drivers and sensitising them on the Apollo Safety Absolute (a safety manual).

200 people benefited through classroom awareness sessions.

COMPUTER LITERACY

The computer literacy initiative aims to equip underprivileged students with skills, knowledge and capabilities the current IT infrastructure demands. The computer literacy project was rolled out in 2016 to provide basic computer education to government school students around the manufacturing unit in Chennai, India. The initiative has been implemented in neighbouring six villages of the plant. Under this initiative, a computer lab has been established in each school, along with teaching faculty for the students.

401 students benefited through this.

PHILANTHROPIC INITIATIVES

The Company supports the underprivileged and deprived communities by undertaking philanthropic initiatives through the Taru Foundation. The initiatives range from providing education support to underprivileged girls to providing healthcare facilities for rural people and distributing food items to eradicate hunger and poverty. During the year, the Foundation supported the education of 30 underprivileged girls. Under this programme, ~1,800 poor received healthcare facilities and over 500 destitute people received food on a monthly basis.



CONSUMER ISSUES

Customer centricity has always been critical to Apollo Tyres. It is part of the its value system as enshrined in the Apollo Way, a philosophy of life advocated for each employee. One of the values, 'Customer First' highlights the importance of the customer for each employee and the Company. Listening to customers to understand their requirements and identify efficient solutions has been one of the greatest strengths that has enabled sustained growth over the years.

In the tyre industry, beyond quality and a competitive price, quality of services also plays a key role in enhancing customer loyalty. In the evolving producer-to-consumer paradigm via the

partner network, customers remain a key stakeholder. Customer loyalty begins with the quality of the products and is then impacted by the quality of services and the level of engagement. In line with the perspective, the Company has restructured its approach to customer relationship management around three broad themes - Transparent Communication, Customer Care and Timely Delivery of Service.

With reference to the ISO 26000 guideline, there are five issues identified in the Consumer Issues core subject as stated here, which are relevant to the Company's operations.



ISSUE 1:

FAIR MARKETING, FACTUAL AND UNBIASED INFORMATION AND FAIR CONTRACTUAL PRACTICES

As a responsible corporate, Apollo Tyres uses advertising platforms consistent with its policies, and which do not mislead or confuse the consumers. It makes marketing and product information transparently available at dealer stores or digitally on online platforms. It provides complete, accurate and understandable information regarding product quality and performance.

Further, it also ensures fair contractual practices, which are consistent with applicable legal provisions.

ISSUE 2:

PROTECTING CONSUMERS' HEALTH AND SAFETY

Apollo Tyres lays strong emphasis on customer safety while designing its products. Safety is given top priority both during the manufacturing and usage phase of our product. It strives to provide its customers with a product that is safe, reliable and efficient and at the same time has minimum impact on environment. These are ensured through a combination of rigorous systems, procedures and by building a culture for safe operations and adhering to all applicable norms and standards. Its products are labelled giving sufficient information to the customers regarding the product safety enabling them to make informed decisions in addition to ensuring compliance with applicable rules and legislations.

The Company conducts periodic investigations at each stage of the product lifecycle to ensure that the product is safe for use. It also educates dealers and consumers on the proper use of products.

**ISSUE 3:****SUSTAINABLE CONSUMPTION**

Apollo Tyres follows state-of-art and efficient manufacturing practices. The Passenger Car Radial (PCR) and Truck/Bus Radial (TBR) Tyres are designed to meet all the international norms and are duly certified to that effect. These tyres do not contain any conflict materials and all materials used for making these tyres are REACH compliant. Also, all the tyres are aligned to the requirements of End-of-Life Vehicle (ELV) norms.

During FY20, Apollo Tyres improved fuel efficiency of all TBR and PCR tyres and improved presence in new BS-VI vehicles and electric vehicles. During the year, the Company released new fuel efficiency series tyre called nRG series in TBR, which have ~25% lower rolling resistance than the standard product. This can reduce the fuel consumption of trucks by ~5-10% depending on vehicle configurations. Weight reduction has been a journey to reduce per tyre raw material consumption and also reduce the energy consumption in production process.

**KEY INITIATIVES**

Some of the improvements achieved in certain parameters in FY20 vis-à-vis FY19 are mentioned below.

- Steam consumed per kg of product (kg/kg): PCR – 3.1 % reduction
- Electricity consumed per kg of product (kWh/kg): PCR – 3.2 % reduction
- Water consumed per kg of product (litre/kg): PCR - 0.5 % reduction
- Tyre weight of PCR tyres reduced by 5% progressively. Thus, consumption of hydrocarbon reduced corresponding to reduced carbon footprint per tyre.
- Silica based tyre production for PCR category increased by 200% in last years and reduced fossil fuel based reinforcing agent carbon black consumption.
- Recycled material usage expanded to many components beyond inner liner to reduce virgin material consumption by 7%.
- Nitrogen curing technology is developed to reduce the water consumption in both PCR and TBR products and it is being implemented in phase-wise manner in our new manufacturing facilities.

The rolling resistance of the PCR tyres were reduced through the year from 8 kg/T to 7 kg/T. This translates into reduction of rolling loss and reduced fuel consumption without compromise in any other performance parameters.

Re-treading of truck tyres is continuously being supported with more efficient techniques to provide extended life cycle of the tyre body material by 2-3 times, thus avoiding the need for frequent replacement.

Improvement of wear life for all PCR tyres beyond the 1 lakh km tyre ensures improved re-use of the non-consumable parts of the tyre for a longer period. Product failure rate reduced by ~15%, thus enhancing the application life of tyres and improved full usage of tyres till the end of life.

Apart from nRG series fuel efficient series in TBR, we are reducing the RRc of all major SKUs by ~10%, which can reduce the fuel consumption of vehicles.

ISSUE 4:
CONSUMER SERVICE, SUPPORT, AND
COMPLAINT AND DISPUTE RESOLUTION

Customer complaints are a source of 'free' market research, where analysis of complaint themes can be used to better align our products/services to customers' interests and services. The function provides an important link between multiple departments, including sales, marketing, manufacturing and R&D, with its robust feedback from customers

The Company continues to invest in its customer service function – equipping it with specialised knowledge on products, technical expertise and commercial understanding to provide value added services to its customers.

Apollo Tyres constantly works towards improving its products. Regional Inspection Centres (RICs) set up across India carry out checks on returned products. The insights gained were shared with the manufacturing and R&D teams for improving quality of the products and minimising wastes.



KEY STRATEGIES

Developing TBR leadership

Educational drives on tyre care and maintenance (both urban and rural)

Continuous improvements in Customer Satisfaction Index (CSI)

Organising drive welfare camps

Extending service support to rural customers

CUSTOMER ENGAGEMENT

Apollo Tyres continuously engages with its customers through different forums to get inputs and suggestions in order to serve them better. Some of these have been mentioned below.

Voice of market

Understanding customer feedback and touchpoints like fitter, re-treader, casing dealer and drivers, among others, is a critical input as it helps improve the performance. Further to meet the emerging customer requirements, Apollo Tyre's Customer Service team has initiated studies to capture assess satisfaction level, usage practices, product pain areas and new expectations on products and services. The Company identified key markets for few products covering truck, passenger vehicle, agri and light commercial vehicle categories with major preferred competition tyre brands as part of the studies.

Load and fitment studies

Load and fitment studies provide a comparative insight against peers on product parameters like fitment share, brand of choice, current loading trends, usage practices by customers on various tyre brands, and others. In the past, similar studies were conducted on quarterly basis keeping in mind dynamic market conditions. Since the market is dynamic, the studies were conducted every month at 11 key locations with truck, Light Commercial Vehicle (LCV), Small Commercial Vehicle (SCV) and Intermediate Commercial Vehicle (ICV) categories as major focus.

The Customer Service team gathered data of ~1 lakh tyre fitments from ~9,000 trucks every month. The collected data has provided inputs to work upon different strategies to increase the customer acceptance and usage of right products.

CPKM

The Company constantly endeavours to add value to the business of its customers. During the year, the Cost Per Kilo Metre (CPKM) initiative was started internally. The internal team was trained to spread education to end users on commercial value a tyre brings in their business.



CV Zone

The results of an education drive on tyre care and maintenance, particularly on vehicle alignment gaps, clearly indicated that there is an emerging customer requirement for Commercial Vehicle (CV) alignment centres. In response, the Company is building a network of Apollo CV Zones across transport hubs and on highways to cater to commercial segment operators. During FY20, the Company was successful in increasing its CV Zone footfall by 22%. It initiated the journey by offering best alignment services to customers and saw a rise of 28% in CV Zone service experience for the year. It is expanding its CV Zone centres to cater the need of truck wheel alignment. It has expanded its reach from 44 CV Zone in FY19 to 64 in FY20.

CUSTOMER SATISFACTION

Apollo Tyres gauges consumer feedback on its products and services on a regular basis through its dedicated Customer Service team and Apollo Customer Contact Centre.

Customer engagement in rural markets

Further increasing service landscape to rural areas, the Company initiated customer engagement programmes in villages across India. Engagement includes participation in local village festivals, helping farmers with Agronomist meets for their crop solutions, along with sharing the relevant product information and influencer meets to educate customers on tyre care and maintenance. It covered 187 villages in 12 states in India.



Bad road buddies activities

To further engage with its customers, Apollo Tyres has been engaging with car owners and bikers in India under Bad Road Buddies (BRB) by conducting various short distance driving events in various cities, along with a cause (plantation, plastic picking, plant watering, among others). The Company conducted 240 BRB across the country in major cities during FY20.

ISSUE 5: EDUCATION AND AWARENESS

The Company is conscious about building awareness amongst customers in order to inculcate responsible behaviour and usage practices. It promotes initiatives and projects which seek to augment customer engagement, create awareness and customer retention by ensuring that customers are happy, safe and knowledgeable about the products.

The 360° service approach that connects with all the customer service touchpoints was further strengthened during the year.

CUSTOMISED SOLUTIONS TO PASSENGER VEHICLE (PV) COMMERCIAL FLEET OWNERS

The core purpose of this activity continues to engage PV commercial fleet owners and increase share of account by attaching taxi fleets with Apollo Tyres dealers. During the reporting period, the PV Forza team conducted 1,057 activities with PV commercial fleets across geographies in which various influencers/taxi fleet owners participated. The campaign was focused on customer engagement, product information and safety trainings. The campaigns were conducted with an

objective to minimise operational tyre failures, help understand benefits of Amazer 4G Life, reduce operational costs, strengthen the Apollo brand, and thereby build the overall perpetual value. Entire engagement is planned through T-30 calendar.



THE ENVIRONMENT

Apollo Tyres considers the environment as a key stakeholder and works towards ensuring environment conscious operations. This approach has been developed under the framework of ISO 14001 - Environment Management System. This figures prominently in the sustainability strategy of the organisation. It is constantly working to reduce the environmental impact of its products and make its manufacturing process environmentally benign.

Environment consciousness is not limited to 'within the fence' but is taken 'beyond the fence' into the communities in the form of CSR programmes. These initiatives aim to promote and raise awareness among communities on environment conservation.

With reference to the ISO 26000 guideline, there are four issues identified in the Environment core subject as stated below.



ISSUE 1:

PREVENTION OF POLLUTION

Apollo Tyres strives towards improving its environmental performance by reducing pollution, including emissions reduction, water management, waste management, usage/disposal of toxic and hazardous chemicals and other identifiable forms of pollution.



Emission Reduction

Manufacturing operations at Apollo Tyres use state-of-the-art technology to ensure cleaner operations.

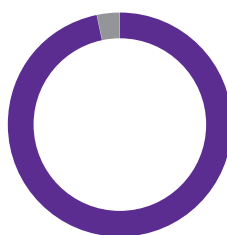


Waste Management

Waste generated from the operations include hazardous and non-hazardous types in solid and liquid forms.

The total solid waste generated in the reporting period was **21,398 metric tonnes.**

BREAK-UP OF SOLID WASTES BY TYPE GENERATED, FY20 (%)



96.78 ■ Non-hazardous
3.22 ■ Hazardous

In the APMEA operations, 328 metric tonnes of hazardous and 15,127 metric tonnes of non-hazardous solid wastes were generated. The hazardous liquid waste generated was 116 kilo litres.

A total of 362 metric tonnes of hazardous and 5,581 metric tonnes of non-hazardous solid wastes were generated in the reporting period in Europe.



**ISSUE 2:****SUSTAINABLE RESOURCE USE**

The Company promotes sustainable use of resources like energy, fuels, water and raw materials in its manufacturing process.

ENERGY PERFORMANCE

Apollo Tyres utilises a mix of renewable and non-renewable fuel types to meet its energy requirements.

In its India operations, the main source of direct energy continues to be coal, followed by furnace oil. It has also invested in renewable energy like solar and wind power as direct energy sources. In its European operations, direct energy is sourced from natural gas.

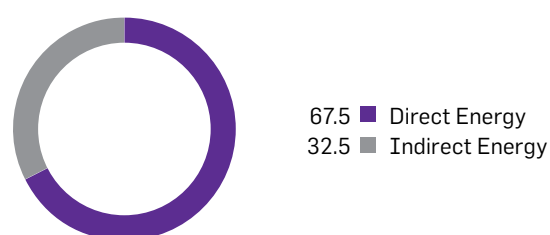
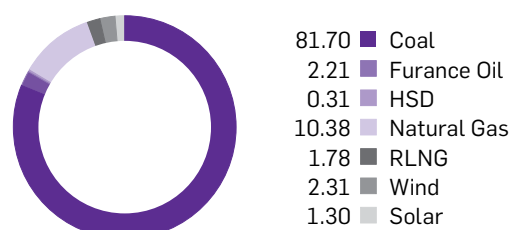
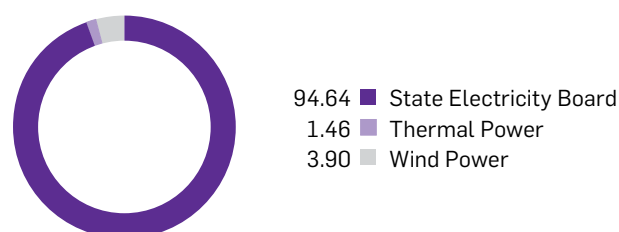
Indirect energy sources in the Indian operations comprised grid electricity, along with wind energy. In Europe, electricity is the main source of indirect energy.

The total energy consumption (direct and indirect) for the reporting year was 5,382 TJ. The share of direct energy was 67.5% (3,633 TJ) and the balance was accounted by indirect energy (1,749 TJ).

The share of renewable energy in the total mix stood at 3.7%. During the reporting year, the Company's Limda and Chennai facilities' captive capacities for solar and wind energy added to the total renewable portfolio.

Energy Efficiency Initiatives

The Company has been continuously making efforts to achieve energy efficiency through improvements in its process design, conversion and retrofitting of equipment and use of energy efficient equipment. There were several initiatives that were undertaken during the reporting period which resulted in energy savings of 70,804 GJ.

SHARE OF DIRECT AND INDIRECT ENERGY CONSUMED, FY20 (%)**BREAK-UP OF DIRECT ENERGY BY SOURCE, FY20 (%)****BREAK UP OF INDIRECT ENERGY BY SOURCE, FY20 (%)****ENERGY SAVED IN MANUFACTURING OPERATIONS FROM DIFFERENT LEVERS (IN GJ), FY20**

| Plants | Process design | Conversion and retrofitting equipment | Use of energy efficient equipment | Total energy saved |
|---------------------------|----------------|---------------------------------------|-----------------------------------|--------------------|
| Limda | 5,531 | 1,067 | - | 6,598 |
| Chennai | 46,175 | 12,444 | 216 | 58,835 |
| Kalamassery | 383 | 198 | 284 | 775 |
| Perambra | 2,137 | 1,165 | 153 | 3,455 |
| Enschede | 820 | 0 | 320 | 1,140 |
| Total energy saved | 55,047 | 14,783 | 973 | 70,804 |

WATER SOURCING AND MANAGEMENT

The primary source of water at the operations is surface water, which accounted for 97% of total water consumption during FY20. Other sources included groundwater and municipal water.

TOTAL ANNUAL WATER WITHDRAWAL (IN M³), FY20

| | | |
|----------|-------------|----------------|
| Perambra | Kalamassery | Limda |
| 5,51,545 | 2,16,278 | 6,53,980 |
| Chennai | Enschede | Gyöngyöshalász |
| 4,73,180 | 40,59,220 | 68,163 |

Total annual water withdrawal **60,22,366**

■ Annual water withdrawal ■ Plant

Key Initiatives

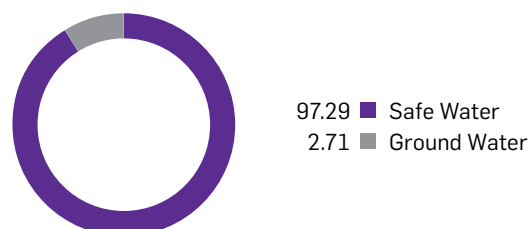
The APMEA operations carried out several initiatives to conserve water during the reporting year. These included:

- Excess hot water from the process is recovered and sent to Effluent Treatment Plant (ETP)
- Replacement of leaky/damaged hydraulic water lines in tyre curing area
- Curing trench water quality improvement for reuse in process water
- Ultrafiltration unit provision to treat ETP final water for reusing as plant soft water.

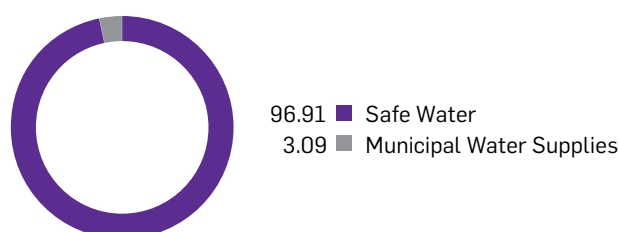
The total recycled or reused water was 7,31,569 m³, which was 12.15% of total annual water withdrawal.

In the APMEA operations, the total annual water withdrawn was 18,94,983 m³, of which 7,31,569 m³ (38.61%) was recycled or reused.

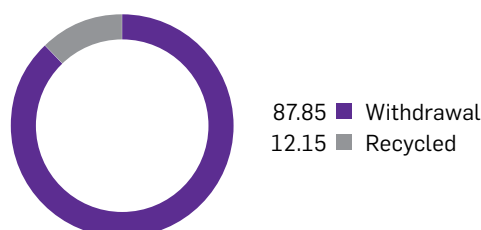
SHARE OF WATER WITHDRAWAL BY SOURCE IN APMEA OPERATIONS, FY20 (%)



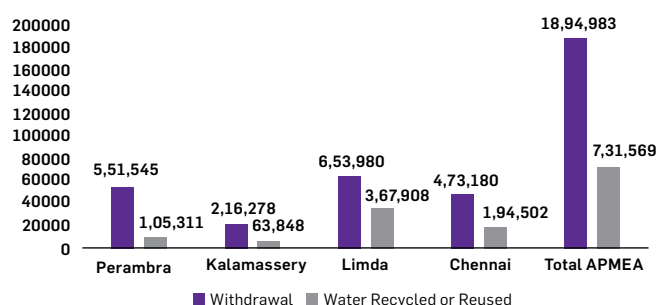
SHARE OF WATER WITHDRAWAL BY SOURCE IN EUROPE OPERATIONS, FY20(%)



BREAK-UP OF TOTAL WATER USAGE IN TERMS OF RECYCLED WATER AND FRESHWATER WITHDRAWAL, FY20 (%)



WATER RECYCLE, APMEA OPERATIONS (IN M³), FY20



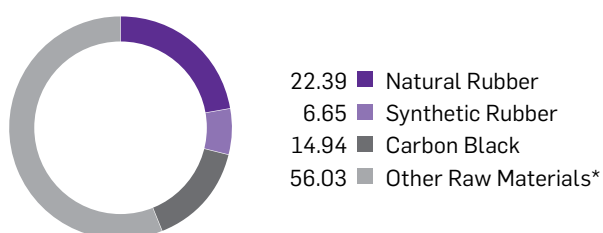


RAW MATERIAL SOURCING AND MANAGEMENT

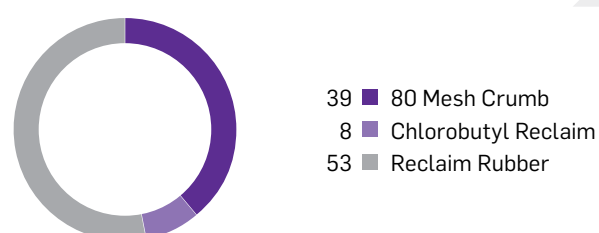
The three main constituents used for manufacturing tyres are natural rubber, synthetic rubber and carbon black. In the reporting period, these three components accounted for 45.4% of our total raw material consumption.

The total raw material consumed across all operations was **8,32,564** metric tonnes. The total recycled material was **6,341** metric tonnes. In the APMEA operations, the total raw materials consumed was **7,56,507** metric tonnes and the total recycled material was **5,758** metric tonnes. In Europe operations, the total raw materials consumed was **76,057** metric tonnes and the total recycled material was **583** metric tonnes.

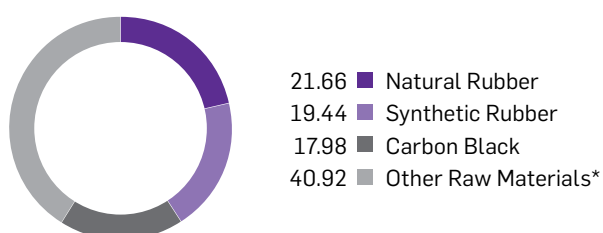
SHARE OF RAW MATERIAL CONSUMED IN APMEA OPERATIONS, FY20 (%)



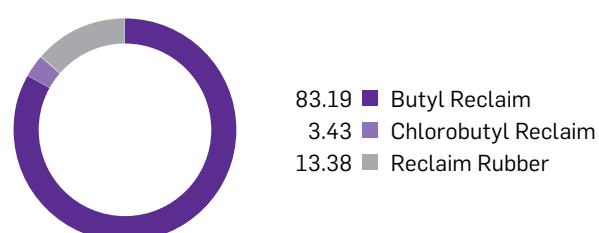
BREAK UP OF RECYCLED RAW MATERIALS BY TYPE IN APMEA OPERATIONS, FY20 (%)



SHARE OF RAW MATERIAL CONSUMED IN EUROPE OPERATIONS, FY20 (%)



BREAK UP OF RECYCLED RAW MATERIALS BY TYPE IN EUROPE OPERATIONS, FY20 (%)



*Other raw materials include associated process materials. In APMEA, it also includes steam used in Limda, Gujarat.

ISSUE 3:

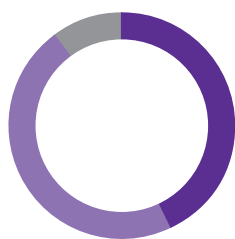
CLIMATE CHANGE MITIGATION AND ADAPTATION

As a responsible corporate citizen, Apollo Tyres has been measuring and monitoring its carbon footprint. To promote a climate conscious manufacturing set up, the Company has invested in renewable energy as well as various energy saving initiatives.

GREEN HOUSE GAS (GHG) EMISSIONS

At present, the operations mostly depend on non-renewable energy sources. However, it has invested in renewable energy to reduce the GHG footprint.

CARBON EMISSION PROFILE (In CO₂eq) FY20



| | |
|----------|-----------|
| 3,27,747 | ■ Scope 1 |
| 3,57,586 | ■ Scope 2 |
| 77,707 | ■ Scope 3 |



ISSUE 4:

PROTECTION OF THE ENVIRONMENT, BIODIVERSITY AND RESTORATION OF NATURAL HABITATS



During the reporting period, as part of the Company's environment programme HabitAt Apollo, several activities were carried out within the plants to enhance biodiversity.

At Kalamassery plant, the activities included maintaining the existing theme gardens such as butterfly garden, snake repellent plant belt and fruit garden to enhance the biodiversity and increase species of flora and fauna. Apiculture, for collection of honey from rubber trees within the premises, was also continued at Perambra during the reporting period. The Company also has an organic farming project within the plant premises in Limda, Gujarat.



COMMUNITY INITIATIVES ON ENVIRONMENT CONSERVATION

The Company promotes eco-conscious behaviour amongst its communities and works closely with them on subjects of environmental conservation as a part of its CSR mandate. These efforts have been detailed below aligned to the respective Environment Issue as per ISO 26000 standard.

ISSUE 1:

PREVENTION OF POLLUTION



Aligning with national agenda 'Swachh Bharat Abhiyan', the Company has started solid waste management and Sanitation programme (SPARSH) in 2013.

SPARSH stands for: **S** – Segregate waste; **P** – Practise composting; **A** – Awareness generation; **R** – Reduce, reuse & recycle; **S** – Safe sanitation; **H** – Hygiene for all.

The strategy of SPARSH remains focused on engaging with the Company's stakeholders to create awareness on the 3Rs, namely, reduce, reuse and recycle.

There are four projects under SPARSH: Clean My Transport Nagar (CMTN), Clean my Village (CMV), Sanitation Management and End-of-Life Tyre (ELT) playground.

Apollo Tyres started the initiatives CMTN and CMV with the objective to improve the waste management and cleanliness of identified trans-shipment hubs and villages in India. CMTN caters to the needs of customers in transport hubs and CMV targets communities around its manufacturing locations. The key features of the initiative include door-to-door waste collection, cleaning of roads/lanes, segregation of waste, composting from

wet waste and awareness generation. The ownership of the community has steadily increased over the years.

During the reporting year, 13,378 people were reached with door-to-door waste collection activities and 13,310 people were reached out from awareness activities. Out of a total of 1,713.3 metric tonnes waste collected, 8% was biodegradable. The collected waste is managed scientifically to produce value added products like compost and upcycled items like paper mache products, plastic derived tiles and incense sticks from floral waste.

Further to promote total sanitation programme, the Company has also constructed 122 toilets with bathing space for the underprivileged communities around the Chennai manufacturing location. ~488 people directly benefited from the newly constructed toilets.

Another important initiative under this category is construction of End-of-Life Tyre (ELT) spaces. During the reporting year, to promote recycling of waste, the Company constructed two playgrounds made from ELT at different locations.

Value created for the stakeholders

ISSUE 2:

SUSTAINABLE RESOURCE USE

Water crisis has been identified as a key area for intervention, due to it featuring in the top 5 global risks. Population explosion, urbanisation, industrial development and climate change impacts have increased the demand for water. Enhancement of water availability is identified as a key initiative under the environmental sustainability journey.

Access to purified drinking water: Apollo Tyres has set up an RO drinking water plant at Orgadam village, Chennai. Through this initiative beneficiaries have access to purified drinking water. Around 580 households and over 2,500 people are availing the drinking water facility. During the reporting year, 4,17,012 litres of water was dispensed through the RO plant.

Eco restoration of ponds: Apollo Tyres has mapped the condition of water bodies through research study in the communities around the manufacturing locations. Based on the findings, the Company has restored few ponds in Chennai, Limda and Perambra locations. The main objective of this initiative is to improve the condition of water bodies, restoring and enhancing the aqua biodiversity. Total 10 ponds have been restored through pond deepening, desilting, bunding and maintenance activity.



ISSUE 3:

CLIMATE CHANGE MITIGATION AND ADAPTATION

The organisation has also contributed towards mitigation of climate change with the help of projects like usage of biogas units and afforestation, whereby it planted a total of 350,000 teak and red sandalwood trees in Tamil Nadu for emission reduction. As per estimation, over 17,500 tonnes of CO₂ have been sequestered from these trees.



Utilisation of biogas: In Limda, Gujarat, Apollo Tyres is working on biogas utilisation as a mainstream cooking fuel in the villages. The women have already started realising the benefits as this has freed them from long walk to fetch wood and save time as well. That available time is invested in income generation or to spending with the family. Apart from providing an eco-friendly alternative source of energy, the programme offers additional benefits of organic manure from slurry, utilisation of cow dung (which is a solid waste) and savings accruing from fuel replacement from LPG to biogas.

**ISSUE 4:****PROTECTION OF THE ENVIRONMENT, BIODIVERSITY AND RESTORATION OF NATURAL HABITATS**

Biodiversity conservation is a global initiative for Apollo Tyres, wherein projects are undertaken in India, Hungary and the Netherlands. In India, mangrove conservation is a key initiative and implemented in Kannur district, Kerala. This initiative aims to conserve the mangrove with the focus on restoration of endangered mangrove species.

The actual site of the mangrove conservation project is in Kunhimangalam village in Kannur district, which is the largest mangrove village in Kerala. The organisation has partnered with Wildlife Trust of India (WTI) for the implementation of the project.

It engages with youth, local community, researchers, local bodies and policy enforcement personnel for awareness generation. As a part of the mangrove restoration activities,

over 5,000 mangroves saplings were planted in ~6 acres. The programme also developed draft mangrove conservation action plan for three panchayats of Kannur district and engaged with five local colleges for conducting research.

The programme organised an interstate Environment and Nature Quiz for college students from Kerala, Tamil Nadu and Andhra Pradesh. The objective was to create awareness on mangrove, environment and nature conservation. Photo exhibition and nature camp activities were also organised for sensitising community about mangrove conservation. During the reporting year, over 37,000 people were reached from various awareness activities.



Initiatives in Europe: In its endeavour to conserve and promote biodiversity in the vicinity of the factory in Enschede, Apollo Tyres is working on the Stadsbeek project. The objective of this project is to address issues related to rainwater and groundwater and improve the living environment. It involves digging of a 'Stadsbeek' or city creek, from Bruggertstraat to the Volkspark

in the Netherlands. A monitoring and evaluation mechanism has been set up to keep track of the project. The latest assessment shows a positive increase in the insect population in the converted routes.

INNOVATION

In the sustainable mobility space, innovation has been a major component catering to differing demands of the future as well as shaping consumer behaviour for better utilisation of current technologies. Apollo Tyres invests significantly into R&D with an aim to cater to these needs. The R&D work focuses on driving sustainable consumption, improving safety for customers as well as the use of material with an approach to minimise the environmental footprint.

USE OF RECYCLED MATERIAL

Rising numbers of End-of-Life tyres (ELT) that are generated each year globally is a major challenge. To address this, the R&D works to effectively utilise materials recovered from ELT such as crumb and reclaimed rubber in the products as a partial replacement of virgin fossil fuel-based rubbers. Crumb rubber is recycled rubber produced from used tyres, thereby reducing the impact of waste tyres on the environment. Evaluation phase in several categories is in progress with an approximate cost saving of ₹1.7 millions in FY20. As an objective of using recycled/reprocessed material in tyres, the Company had initiated specific projects targeting tread, inner liner and ply insulating compounds. This has resulted in ~5% use of recycle material of the total weight of compound used in tyres. As a continuation of this, enhanced use of recycled material was planned in tread compound, which forms a major chunk of product weight by percentage.

Additionally, the Company has achieved a reduction of 10% in non-recyclable waste material in terms of product weight. This has been done without compromising on critical performance parameters like durability and structural integrity.



REDUCTION IN ROLLING RESISTANCE

As a strategy to drive sustainable consumption and possible reduction in GHG impact due to improved fuel use efficiency, the Company strives to reduce the Rolling Resistance (RR) in tyres. Compounds are designed for lowering RR by deploying new generation material such as functionalised fifth generation solution Styrene-Butadiene Rubber (SBR), surface modified silica, advanced coupling agents and dispersing agents. The utilisation of new low-gauge, ultra-high tensile steel wires and super tensile fabric reduces the overall weight of the tyre and thus the rolling resistance. Customised raw materials like surface modified carbon blacks, are developed for better tyre performance and life. The Company aims to increase the tyre life by employing high mileage compounds for the benefit of the customers.

CLIMATE ADAPTION THROUGH ENERGY CONSERVATION

Various measures are adopted in the manufacturing process to make it energy efficient. The energy thus saved has a direct correlation with the decrease in GHG emissions.

KEY IMPROVEMENTS

- Master mixing stage reduction directly improves the efficiency of mixers. Savings are realised from cycle time reduction by 15% over conventional mixing.
- By increasing the line speed, productivity is increased by 10%.
- In the tyre assembly stage, usage of pre-assembled tyre components increased productivity by 6.5%.
- In the tyre curing area, weighted average cure cycle is reduced by 1%, thereby saving energy.



REDUCTION IN MICROPLASTICS

Microplastics, fragments of plastic that are less than 5 mm in length, as per some global definitions, is said to be a source of pollution. The wear and tear from tyres constitute a significant global source of microplastics in the environment. With the objective of reducing generation of microplastics, Apollo Tyres has developed new high mileage tyre with the latest radial technology of zero-degree steel belt in the commuter segment for the replacement of current bias segment. The initial controlled evaluation shows a mileage improvement of ~89% compared with conventional technology tyres. The tyres additionally also exhibit very good anti-skid properties at different road and riding conditions.

IMPROVED SAFETY

Apollo Tyres has developed sport touring tyres for the high-power motorcycle segment. Being a high-speed application, key emphasis was given for both dry and wet grip with very good stability on braking, especially on track and motorway. It has been tested at different proving grounds both in India and Europe and performance of these tyres were at par or better than leading available products. The basic technology used for achieving superior wet handling and wet braking performance is silica filler-based technology and many design tuning tools could be used for perfecting and optimising the performance. This endeavour was noted and highly appreciated by leading motorcycle magazines in Europe and USA.

TYRE HEALTH MONITORING SYSTEMS

Tyre durability plays an important role in human and vehicle safety. Tyre health monitoring system are sets of sensors which extract tyre data in dynamic conditions and are available to the driver.

The data received for normal and damaged tyre behaviours can act as an early warning system to avoid the loss of property and are life. One such system is the Tyre Pressure Monitoring System (TPMS). The purpose of the TPMS in the vehicle is to warn the driver about the under-inflation in one or more tyres. The TPMS system can detect leakage of pressure and give real-time temperature inside the tyre, which possibly would avoid creating unsafe driving conditions. The TPMS system brings significant benefits in terms of fuel efficiency, extended tyre life, improved safety and environmentally beneficial. The TPMS contains different electronic components, which makes it capable in providing real-time information on tyres to the user. This data is analysed, interpreted and the results are transmitted directly to the dashboard for the driver. It is also displayed in Android App and iOS App and even in web portal. Each sensor has a unique serial number, which allows the system to distinguish between itself and systems on other vehicles, but also among pressure readings for each individual tyre.



COMPLIANCE WITH GLOBAL REGULATIONS

Apollo Tyres is geared up to meet all existing and future tyre labelling requirements, as and where applicable. For instance, AIS 142 is a regulation on Star Rating for tyres, which will give consumers more information on fuel efficiency and safety allowing them to obtain accurate, relevant and comparable information on those aspects when purchasing tyres. This will help improve the effectiveness of the tyre labelling scheme so as to ensure efficient and safer vehicles and to maximise the contribution to the decarbonisation of the transport sector.

In support to OEM customers for complying with the law on conflict minerals, the Company has enabled the supply chain system for traceability of origin of these minerals supplied to downstream supplier, up to the smelter levels and mines and the same is periodically updated and reported to the OEMs. Further compliance to other chemical restrictions like Substances of Concern (SOCs), Persistent Organic Pollutants (POPs) and Perfluorooctanoic Acid (PFOA) are strictly adhered to.

INDUSTRY ACADEMIA COLLABORATION

Apollo Tyres believes that learning is a continuous process and always encourages employees to acquire knowledge in different ways. It is a great honour that Apollo Tyres Global R&D centre – Asia has been recognised as the 'Centre for Research' by Anna University, Chennai, ranked 8th by the National Institute Ranking Framework of India. Apollo Tyres has also sponsored doctoral students at various Indian Institutes of Technology (IITs), Birla Institute of Technology and Science (BITS), and others. Further, Apollo R&D also interacts with Tokyo University for sponsored projects.

WAY FORWARD

In its journey ahead, Apollo Tyres is further investing in aligning its practices with ISO 26000 to build business resilience on principles of sustainability.



As a forward-looking organisation, there is a significant emphasis on creating platforms where sustainability agenda holds a pivotal place and an integral part of Corporate Governance. This is reflective in its future course of actions that encompasses core theme such as climate adaptation with an outlook to reduce **carbon** emissions and promote green supply chains. Further, the Company continues its endeavors to **build societal value** through direct positive impact, for business partners and stakeholders by adding prosperity into their lives. These efforts are in the direction to make Apollo Tyres future ready.

We believe in setting benchmarks through our exemplary work in the sector and are on a trajectory curve to champion the cause of sustainability.

In these unprecedented times, where the world is grappling with the outbreak of the pandemic, the Company continues its efforts to mainstream its focus on Environment, Social and Governance (ESG) indicators. **The decade of 2020 would set a harbinger of change, embarking on a journey of climate action, and setting a precedence for industry peers.**



LIFT YOUR PRODUCTIVITY

APOLLO FORKLIFT TYRE

