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HERO MOTOCORP LIMITED

FROM GREEN PLANTS TO GREEN MOBILITY

A 3-Year Sustainability Roadmap

Operations · Supply Chain · Technology · Reporting

FY 2026 → FY 2028

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CONTEXT

Hero's scale is its biggest sustainability lever — and its biggest liability.

6.07M

UNITS SOLD — FY26

48

COUNTRIES SERVED

26.56%

INDIA MARKET SHARE

Two-wheelers are daily mobility for 100M+ Indian commuters

Every 1% fuel efficiency gain eliminates millions of tonnes of CO_2

Regulation, investors, and buyers are all moving simultaneously

"Scale means small improvements create outsized impact. That's the sustainability opportunity."

BASELINE — FY2025

Strong plant-level foundation — the roadmap builds from here, not from zero.

SCOPE 1+2 CARBON NEUTRAL

53%

Target: 100% by 2030

In Progress

ZERO WASTE TO LANDFILL

100%

Done — 1 year early

✓ Achieved Early

WATER POSITIVITY

500%

Target exceeded

✓ Achieved

GREEN DEALERSHIPS

30%

Target: 100% by 2030

In Progress

PRODUCT RECYCLABILITY

>95%

Target met

✓ Achieved

FY25 Total Energy: **845,800 GJ**

Renewable Share: **21.2%**
Up from 8.5% in FY24

Scope 1+2 Intensity: **15.3 kg CO_2e/vehicle**
Down from 18.6 in FY24

THE REAL BATTLEFIELD

Direct emissions are not the problem. What Hero sells and who Hero buys from — that is.

SCOPE 3 EMISSIONS — FY2025

18,940,829

tCO_2e

Scope 3 — 18.94M tCO_2e

Scope 1+2 — 90,485 tCO_2e

Scope 3 is 209× larger

Purchased Materials
Steel recycled content: only 10.2% — and declining

Product Use Phase
Every ICE km burns petrol at scale — 6M+ units on road

Dealer & Logistics Network
1,054 dealers — emissions currently uncounted

Scope 3 has **no independent assurance.** SEBI mandates value chain ESG disclosure from FY 2026–27. The clock is running.

VISION — FY26 TO FY28

By FY28: Hero leads affordable sustainable mobility — not just sustainable manufacturing.

YEAR 1 — FY26	YEAR 2 — FY27	YEAR 3 — FY28
VISIBILITY	**EXECUTION**	**LEADERSHIP**
Measure everything	Scale what works	Institutionalise it

OPERATIONS

53% → 80–85% Scope 1+2 carbon neutral Process-level IoT energy metering across all plants

SUPPLY CHAIN

Top-100 suppliers on ESG scorecards Reverse recycled steel content decline (10.2% → recovery)

TECHNOLOGY

VIDA / BaaS scaled + battery circularity pathway IoT digital twins across all manufacturing plants

REPORTING

Scope 3 independently assured + TCFD aligned ESG-linked leadership compensation framework

One thesis drives all four pillars: **value-chain decarbonisation, not facility optimisation.**

PILLAR 1 — OPERATIONS

Treat energy like lean manufacturing: measure at process level, cut waste, replicate.

Y1 MEASURE	Process IoT meters on paint shop, compressed air, HVAC, and testing lines. Monthly plant energy dashboard launched.	KPI TARGET **Energy per vehicle — baseline set**
Y2 SCALE	Expand rooftop solar + open-access renewables (FY25: 8.5% → 21.2% — sustain). Replace ageing chillers and transformers.	KPI TARGET **15–20% energy intensity reduction**
Y3 LOCK IN	Internal carbon price on capex. Manager scorecards include energy/carbon KPIs. One net-zero demonstration plant launched.	KPI TARGET **80–85% Scope 1+2 carbon neutral**

FY25 SAVINGS ALREADY UNDERWAY

- 90,000 kWh saved from transformer upgrades
- 36,000 kWh from natural ventilation retrofits
- Compressed air piping network optimised

⚠ **Gap:** Total waste generation rose 13.4% YoY despite zero-waste-to-landfill status. Waste intensity per vehicle must be tracked.

PILLAR 2 — SUPPLY CHAIN & CIRCULARITY

The biggest emissions Hero doesn't control sit in who it buys from and what happens to its vehicles.

SUPPLY CHAIN

YEAR 1 — VISIBILITY

Map top-100 suppliers by spend and emissions relevance. Launch ESG scorecards (none exist today). Begin data collection: energy, emissions, waste.

YEAR 2 — IMPROVEMENT

Preferred-supplier status for carbon-intensity reducers. Recover steel recycled content (declined 12.7% → 10.2% in FY25 — must reverse). Track emissions per vehicle in logistics.

YEAR 3 — CONTRACTS

Carbon-intensity clauses in procurement contracts. Low-carbon steel pilot in one production model. Publish supplier sustainability progress publicly.

CIRCULAR ECONOMY — BATTERY FIRST

Battery EPR liability: **FY 2026–27** Recycled content mandatory: **FY 2027–28** 90% material recovery required: **from FY26**

- **Y1:** Battery take-back framework + RVSF partner identification
- **Y2:** Pilot reverse logistics in top-5 VIDA cities
- **Y3:** Product passports for VIDA EVs — battery SoH, second-life pathway

⚠ ELV Rules 2025 are in effect. Industry missed FY26 scrap targets by **70%** . Hero must act before volumes make reactive management impossible.

VIDA is the sustainability product. IoT is the operating system. ESG data is the language.

CLEAN MOBILITY PRODUCTS

VIDA VX2 BaaS — launched July 2025

₹59,490 chassis price | 3,600+ charging points

FY26: 1.51 lakh units | 10.3% EV market share **FY27 target:** 2.8 lakh units

Roadmap: BaaS → battery SoH analytics → second-life pathway

ICE: E20 readiness, i3S, fuel injection, 0.5L dead-volume reduction per tank

SMART OPERATIONS

IoT Metering

Energy, water, compressed air — expanding to process-level in Y1

Predictive maintenance on high-energy equipment

Digital twins: paint shops + assembly lines

Logistics: route optimisation with CO_2 tracking per vehicle

ESG DATA INFRASTRUCTURE

Y1 — ESG Data Lake + Supplier Portal

Pre-requisite for SEBI BRSR Core compliance

Y2: Dealer sustainability dashboard live

Y3: Product-level carbon footprint across full portfolio

BRSR / GRI-ready reporting automation

Hero holds **39.6%** in Ather Energy with shared Ather Grid of 5,000+ points — formalise VIDA + Ather sustainability integration in Year 1.

Hero needs to move from annual sustainability reporting to a live management system.

CURRENT STATE — FY25

✓ Bureau Veritas assurance: Scope 1+2, water, energy, waste

✗ Scope 3 assurance: **None**

— CDP Rating: **B** (Management band — not Leadership)

— MSCI ESG: **A** | S&P Global CSA: **75/100**

✗ ESG-linked exec compensation: **None**

✗ SBTi commitment: **None**

✗ Scope 3 categories reported: **7 of 15**

→

YEAR 3 TARGET — FY28

✓ Scope 3 assured — priority categories Cat 1, 4, 11

✓ CDP Rating: **B+ / A−** (TCFD + supplier engagement)

✓ SBTi-validated Scope 3 target committed

✓ ESG KPIs in board-reviewed leadership scorecard

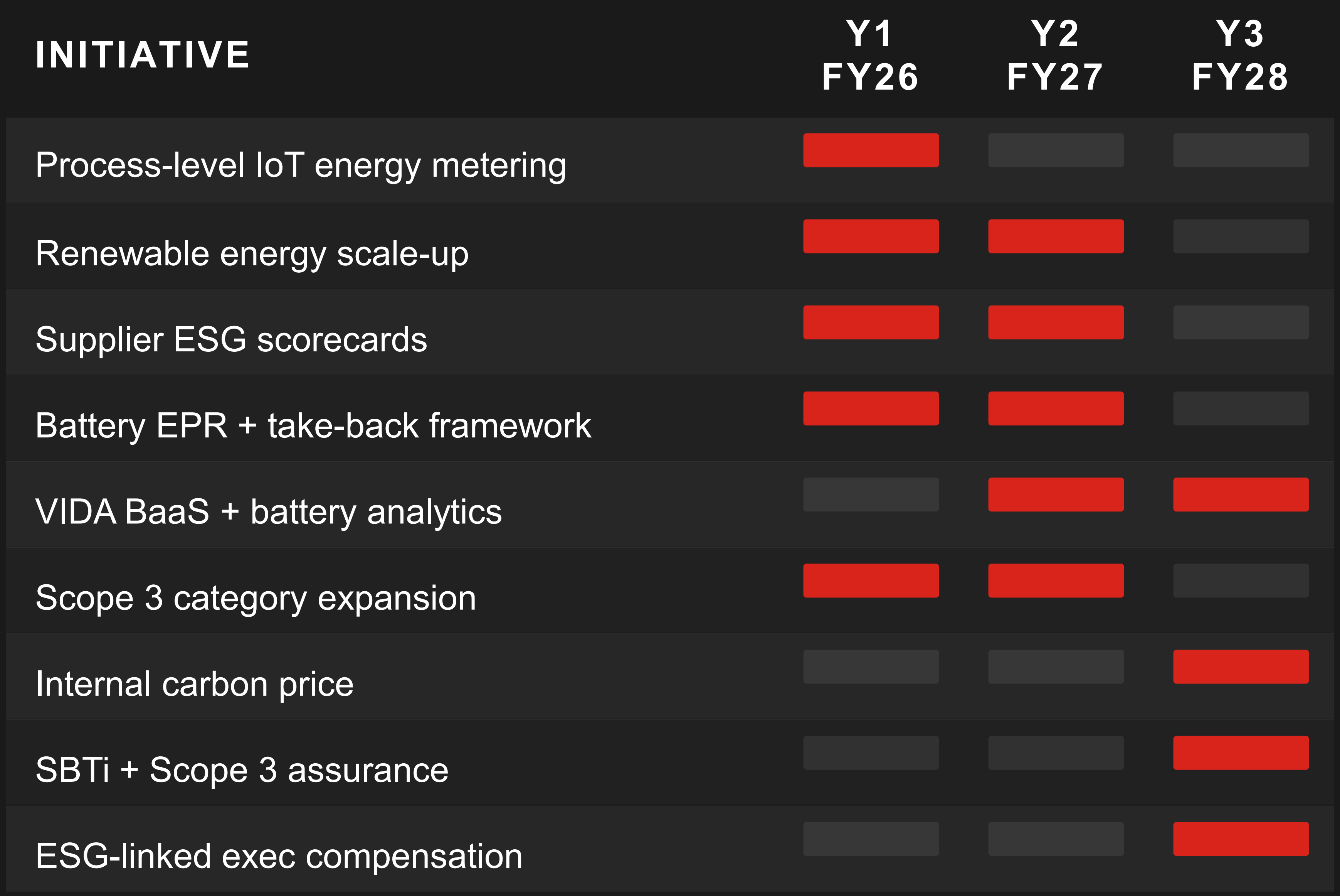
✓ Scope 3 categories: **12+ of 15**

✓ Value chain ESG data ready for SEBI FY26–27 mandate

⚠ SEBI BRSR Core: value chain ESG assurance mandatory for top-500 from FY25–26. **Hero is top-150.** This is a compliance risk if not acted on now.

IMPLEMENTATION ROADMAP

Three years. Four pillars. One direction: affordable sustainable mobility at scale.



5 RECOMMENDATIONS

1. **Move from plant sustainability to value-chain sustainability** — Scope 3 is 209× Scope 1+2
2. **Fix the steel regression first** — recycled content dropped 20%; reverse it in Year 1
3. **Build battery circularity now** — EPR liability starts FY27; volume will make reactive management impossible
4. **Commit to SBTi** — it is the single biggest credibility gap for ESG investors
5. **Make ESG a live management system** — monthly dashboards, leadership KPIs, CEO accountability

Hero has the scale to make sustainable mobility affordable for India. **The factory is clean. Now make the whole chain clean.**