

# apollo



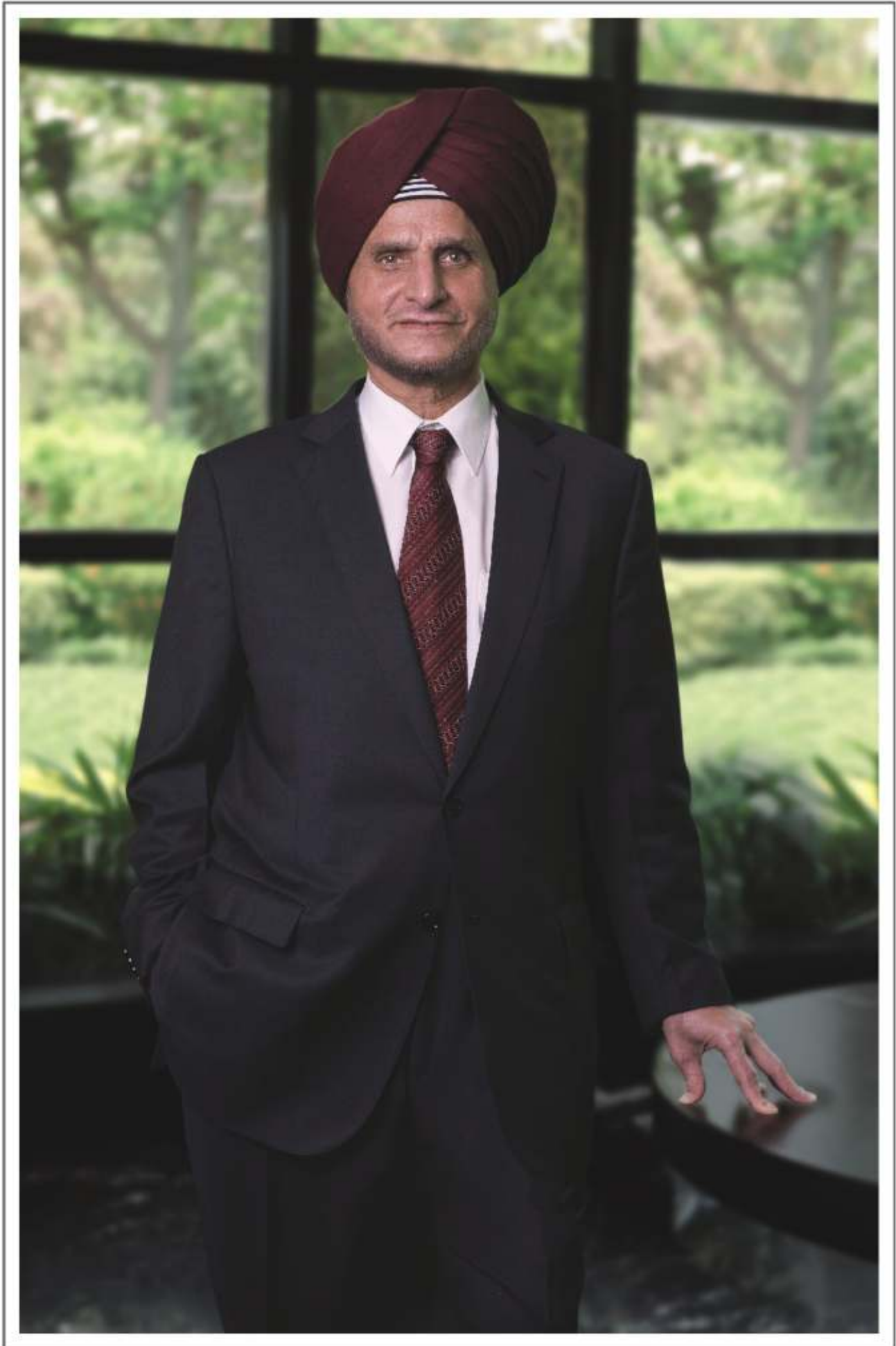
## Sustainability Report 2015-16





# CONTENT

- 3 Message from Chairman
- 5 Sustainability Framework
- 9 Management Approach towards Sustainability
- 11 Working Together
- 15 *Care for Customers*
- 23 *Care for Employees*
- 38 *Care for Suppliers & Dealers*
- 45 *Care for Community*
- 55 Go Green
- 65 Innovation



## Chairman's Message



We believe in a customer centric approach. Our customers are placed at the heart of the company.

**Onkar S Kanwar**  
Chairman & Managing Director

Dear Stakeholders,

It gives me great pleasure to present our Sustainability Report highlighting our journey across the pillars of sustainability in fiscal year 2015-16.

We continued our sustainability journey to align our processes as per the international standard ISO 26000. This outlines our commitment to constantly refine our systems in line with the global best practices.

The business environment is becoming increasingly competitive and collaborative. It is imperative that we work together with all our stakeholders (customers, communities, employees, suppliers, dealers, and all others) and seek their feedback actively. We believe in a customer centric approach. Our customers are placed at the heart of the company. Our belief also gets reflected through 'Customer First', one of the key values

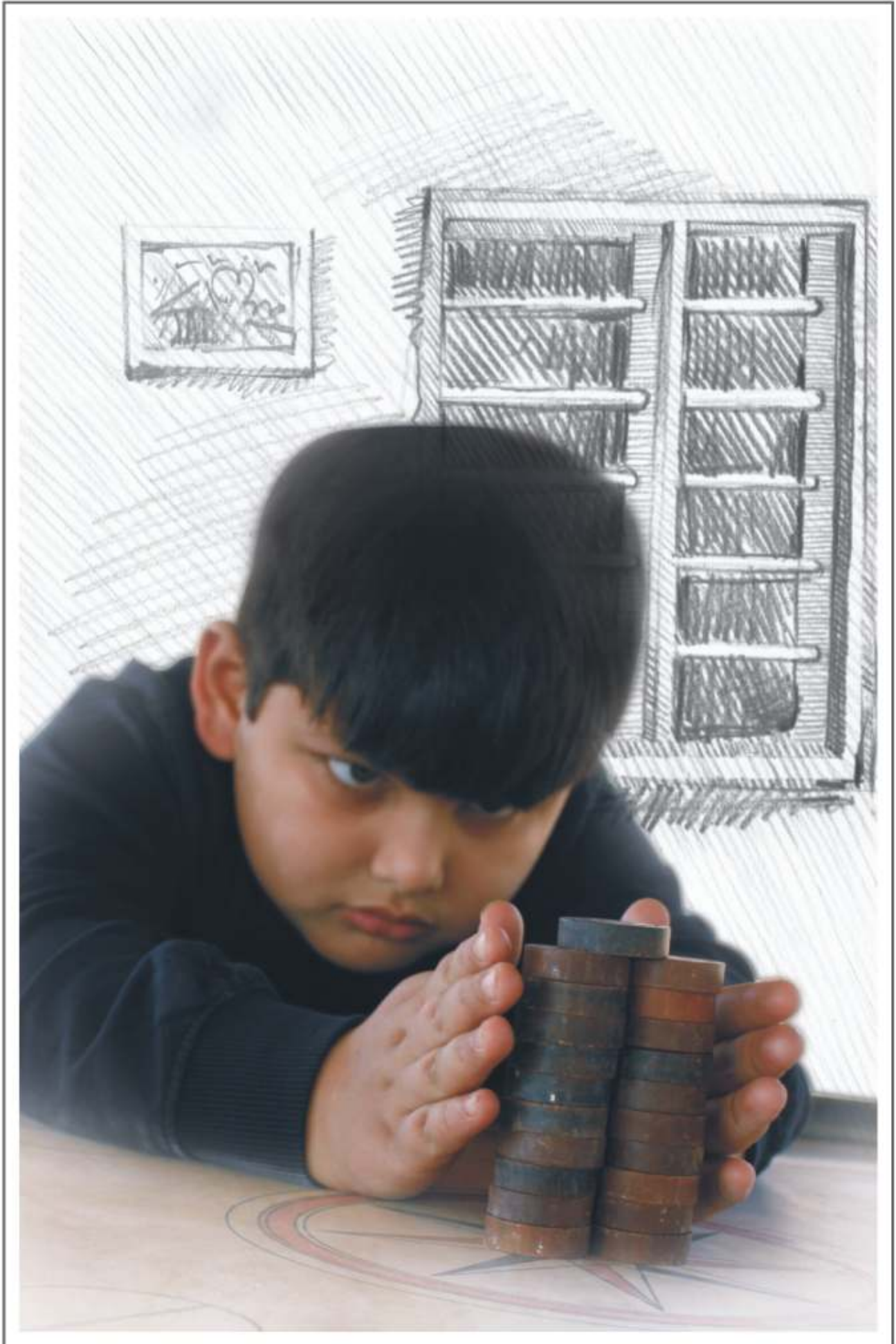
manifested in our work culture. Our health programme on HIV awareness, one of the most inclusive programmes in India, targeted towards truck drivers, who are not only our customers but also key partners in our supply chain, continued to deliver exceptional service. Communities around our plants are also crucial stakeholders. We continuously and consciously take actions that align care for community with business sustainability and as a result we have instituted a number of meaningful livelihood initiatives. As an organisation, we are committed towards ensuring overall environmental sustainability, aiming to make eco-friendly behaviour, green thinking resource conservation a matter of habit across its key stakeholders. Driven by this thought, we have started various projects ranging from waste management to biodiversity enhancement near our manufacturing locations in Gujarat, Kerala, and Tamil Nadu. It's a pleasure to share with you that we were awarded the Best Waste Management Award by the Global Green for our 'Clean My Transport Nagar' programme in 2015.

Our employees are our pillars of success. We believe in the concept of "One Family" and connecting with each other as "One Team with One Dream". We nurture and celebrate oneness by building trusting relations, respect for diversity and passion for common goals. We strongly recognise the importance of our suppliers and dealers/distributors in all business operations and consider them as long term business partners. To engage with our Business Partners (dealers) and build their trust, we have a relationship programme in place called Apollo Value Club.

With a strong and loyal base of stakeholders, it is our belief that our sustainability journey will bring in lasting impact and mutual benefit for all.

We have come a long way since our sustainability reporting journey began in 2010. As this report reflects, we continue our efforts to build sustainable practices into virtually every aspect of our business activities.

I encourage you to read the report and we look forward to your feedback.





## Sustainability Framework

### Period of Reporting

The period covered for the purpose of this report is April 1, 2015 to March 31, 2016 and the reporting cycle is annual.

### Scope of the Report

The information disclosed in this report relates to the Europe and Americas (EA) and Asia Pacific Middle East and Africa (APMEA) operations of Apollo Tyres Ltd. (hereafter referred to as 'Apollo' / 'Apollo Tyres' / 'the company'). This report primarily covers manufacturing operations, with the exception of the 'Care for Employees' section, which also discusses our non-manufacturing operations. Within this, we have added our project office in Hungary\*.

### Our manufacturing locations are:

- EA Operations: Enschede in the Netherlands and Hungary\*
- APMEA Operations: Chennai, Limda, Perambra and Kalamassery (leased unit) in India

\*(Project site / manufacturing location to be operational in 2017)

This report is based on our Sustainability Reporting Framework developed in 2014-15, which draws elements from ISO 26000 and National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs).

In preparing this report, responses and information from various departments and levels across the organisation were taken into consideration.

All efforts were made to ensure transparency, accuracy, and materiality. We welcome feedback and suggestions on topics that are of interest to our stakeholders.

Contact person for any comments/suggestions or clarifications with respect to the report:

Name: Rinika Grover (Divisional Head - CSR)

Vishwa Bandhu Bhattacharya  
(Group Manager - CSR)

Apollo Tyres Ltd., Apollo House 7,  
Institutional Area, Sector 32,  
Gurgaon 122001, India

Email: [habitat.apollo@apolloytyres.com](mailto:habitat.apollo@apolloytyres.com)

Tel.: +91-124-2383002

Fax: +91-124-2383821

### Manufacturing Locations



Kalamassery location is a leased unit  
\*Project site / manufacturing location  
to be operational in 2017



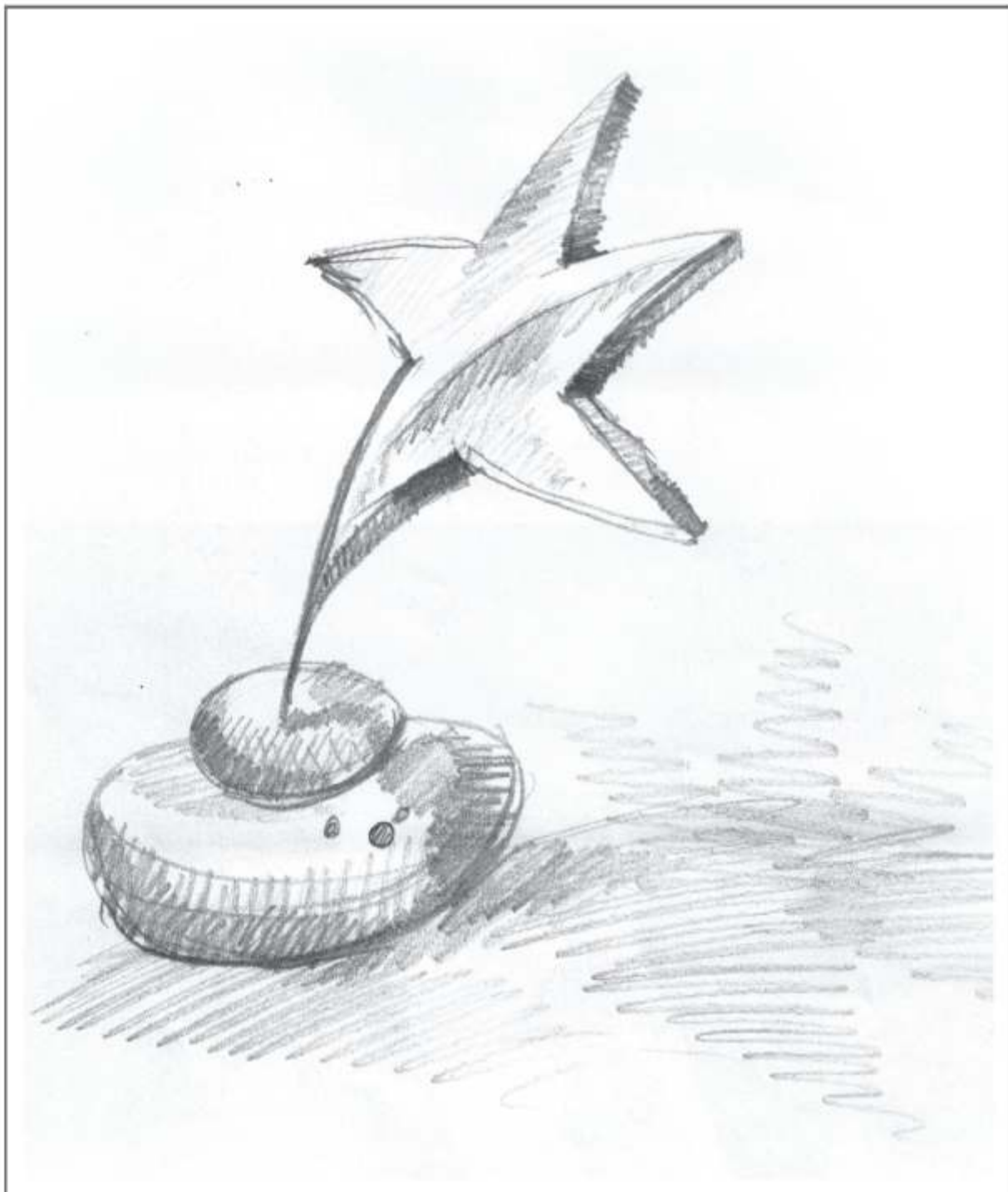


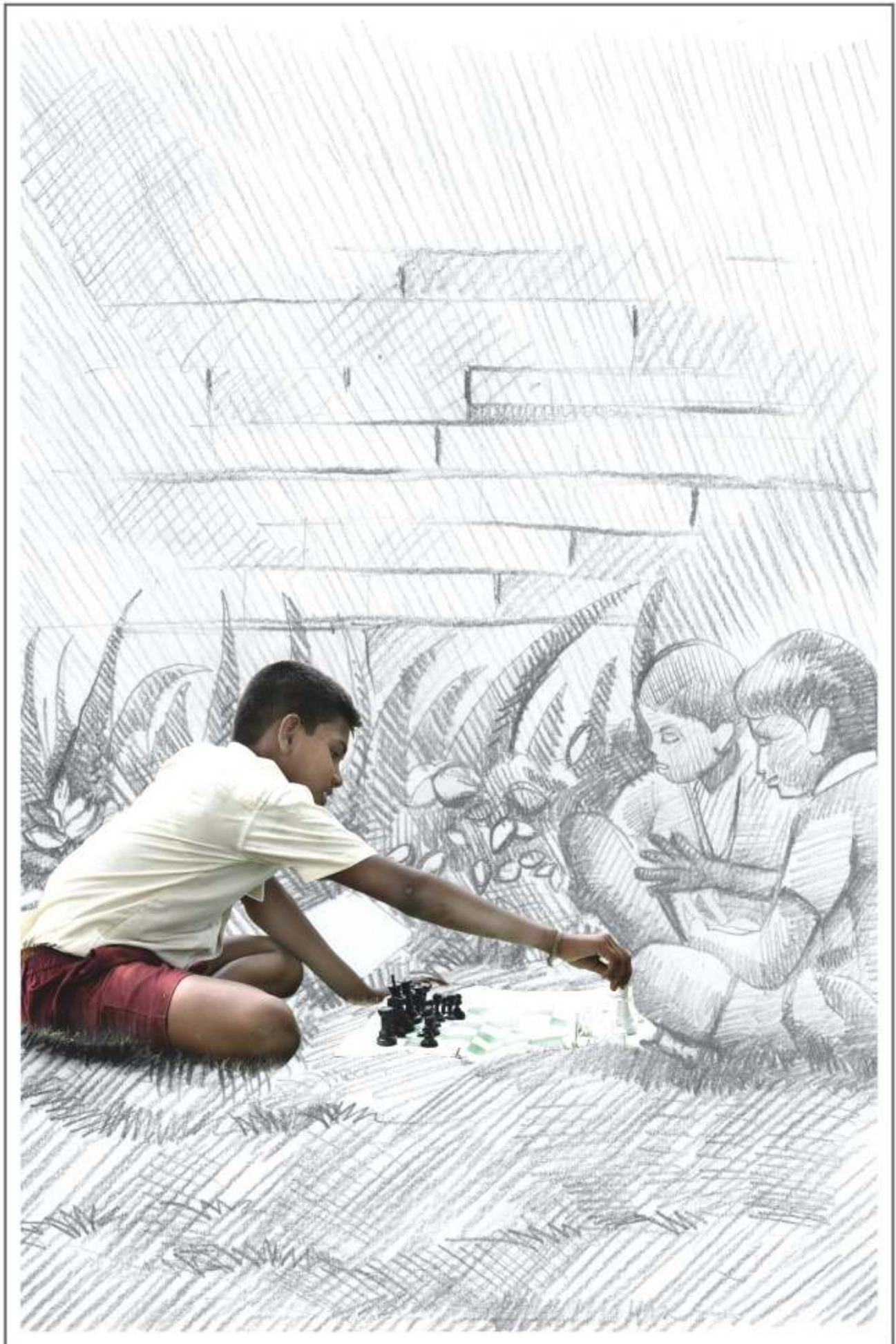


## Awards & Recognition

During the year 2015-16, we received two prestigious awards:

- Asian CSR Award in the category of Health Enhancement by the Asian Forum of Corporate Social Responsibility.
- Global Green Future Leadership Award 2016 in the Best Waste Management category by the World CSR Congress.







## Management Approach towards Sustainability

Over the years, depleting natural resources and their increasing demand due to rise in population, has led to the concept of sustainability gaining importance globally. Companies all over the world are paying closer attention on integrating sustainability into their processes and as a consequence sustainability reporting has become an important communication tool for companies to disclose their sustainability plans and performance, and to enhance stakeholder confidence.

We have been embracing sustainable practices since 2010. Be it better corporate culture, more reliable products or greater long term profitability, putting sustainability at the heart of Apollo's culture has undoubtedly given us a competitive edge and has made us one of the most sustainable companies in the industry.

Our yearly sustainability reporting has been instrumental in assessing our performance, benchmarking green practices and building stakeholder confidence. The foremost objective of all our initiatives is to have a positive impact on everyday lives of our key stakeholders, and on business. Our stakeholders ranging from customers, employees, suppliers, dealers, community, and the environment are an important part of our commitment to sustainability and corporate social responsibility.

We have built a platform integrating our sustainability goals with business objectives to create value for our stakeholders. Providing the best customer experience and safe and productive working conditions to our employees has always been of utmost priority to us. We consider our suppliers and dealers as business partners and encourage them to align their activities with our sustainability goals. We are constantly striving to reduce our carbon footprint by designing sustainability into our products and processes and through our efforts

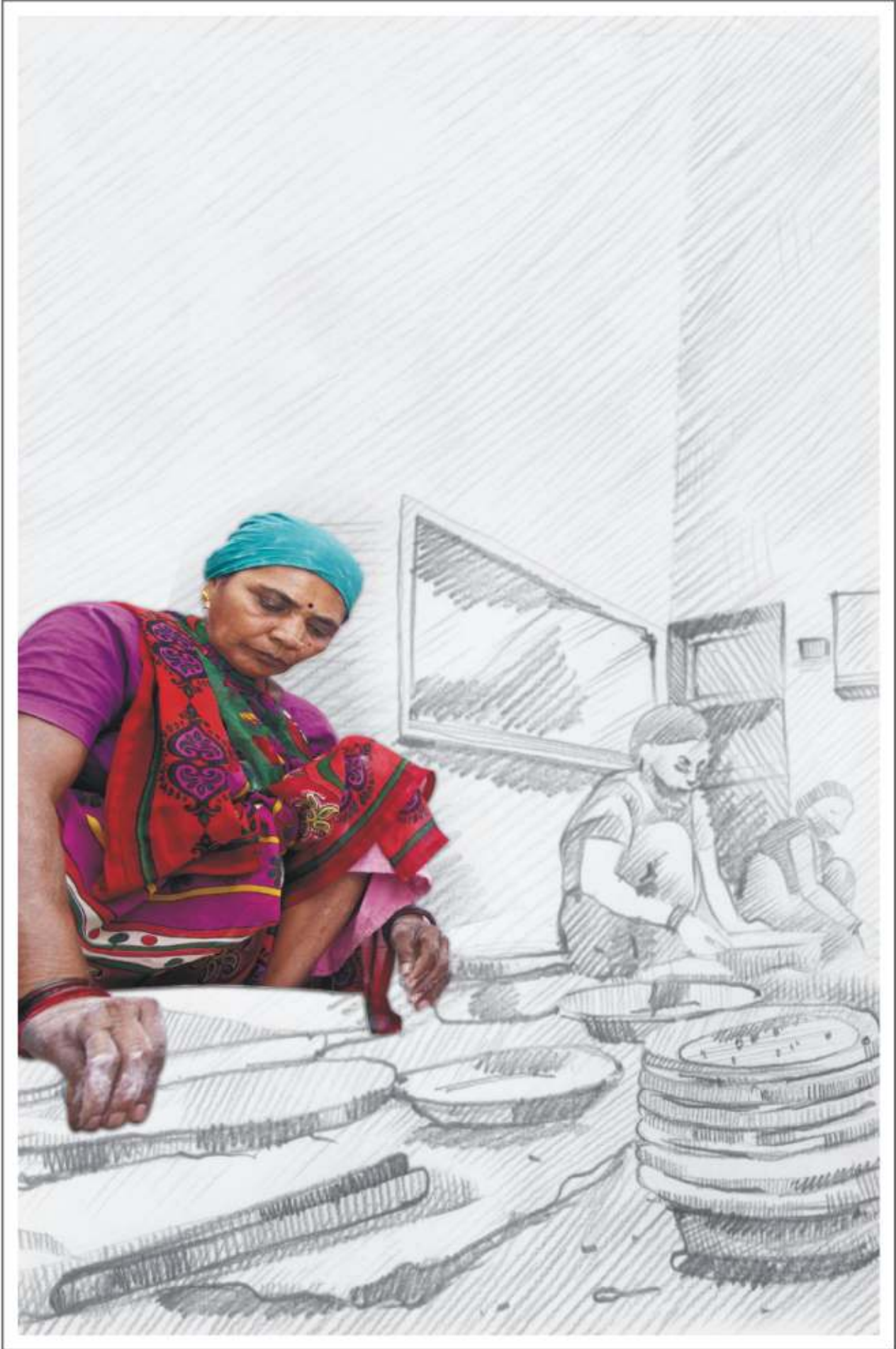
towards environmental protection. Welfare and safety of the communities around our plants is deeply ingrained in our work ways and during the year, we have taken several steps to increase efficiency, outreach, and effectiveness of our CSR programme.

Taking our sustainability journey further, this year, several initiatives were undertaken to promote judicious use of limited natural resources through projects focusing on renewable energy, water conservation, and waste management in and around our manufacturing locations.

The management is also conscious about building awareness on the subject of sustainability amongst employees in order to inculcate responsible behaviour amongst them. To this end, several trainings were conducted for them on skill development, performance enhancement, and health & safety during the year.

Our sustainability committee, responsible for management of sustainability statement and sustainability framework, continues to work towards achieving the sustainability goals set by Apollo Tyres.





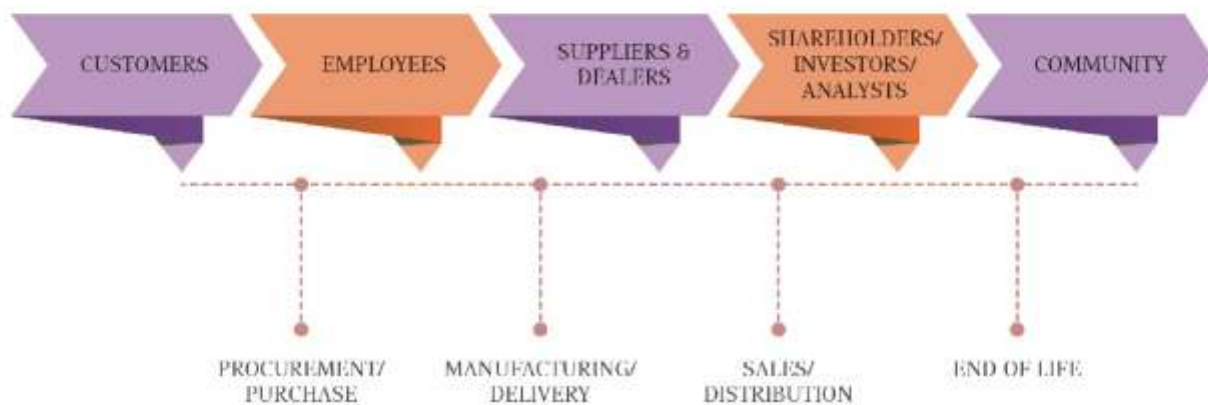


## Working Together

At Apollo, we strive to develop a trustworthy and long-term relationship with all our stakeholders-employees, customers (OEM), consumers (replacement) and dealers, suppliers, investors and analysts, shareholders, regulatory bodies, and community.

the section, "We Care".

Structured dialogues with stakeholders is important for understanding different perspectives on what will be considered credible evidence of outcomes and impacts as



### Working Together

For us, stakeholder engagement is critical to determining what social and environmental issues matter the most to our customers, suppliers, employees, and the community around our operations. We use a variety of mechanisms to engage with our stakeholders on sustainability issues and this helps us to integrate sustainability into our business operations. Our work with them is showcased in

well as managing risks especially when evaluating a contentious programme or policy in which, key stakeholders are known to have opposing views. This assists us in improving our decision-making and establishing accountability to them.

### Apollo's Three-Pronged Strategy for Stakeholder Engagement



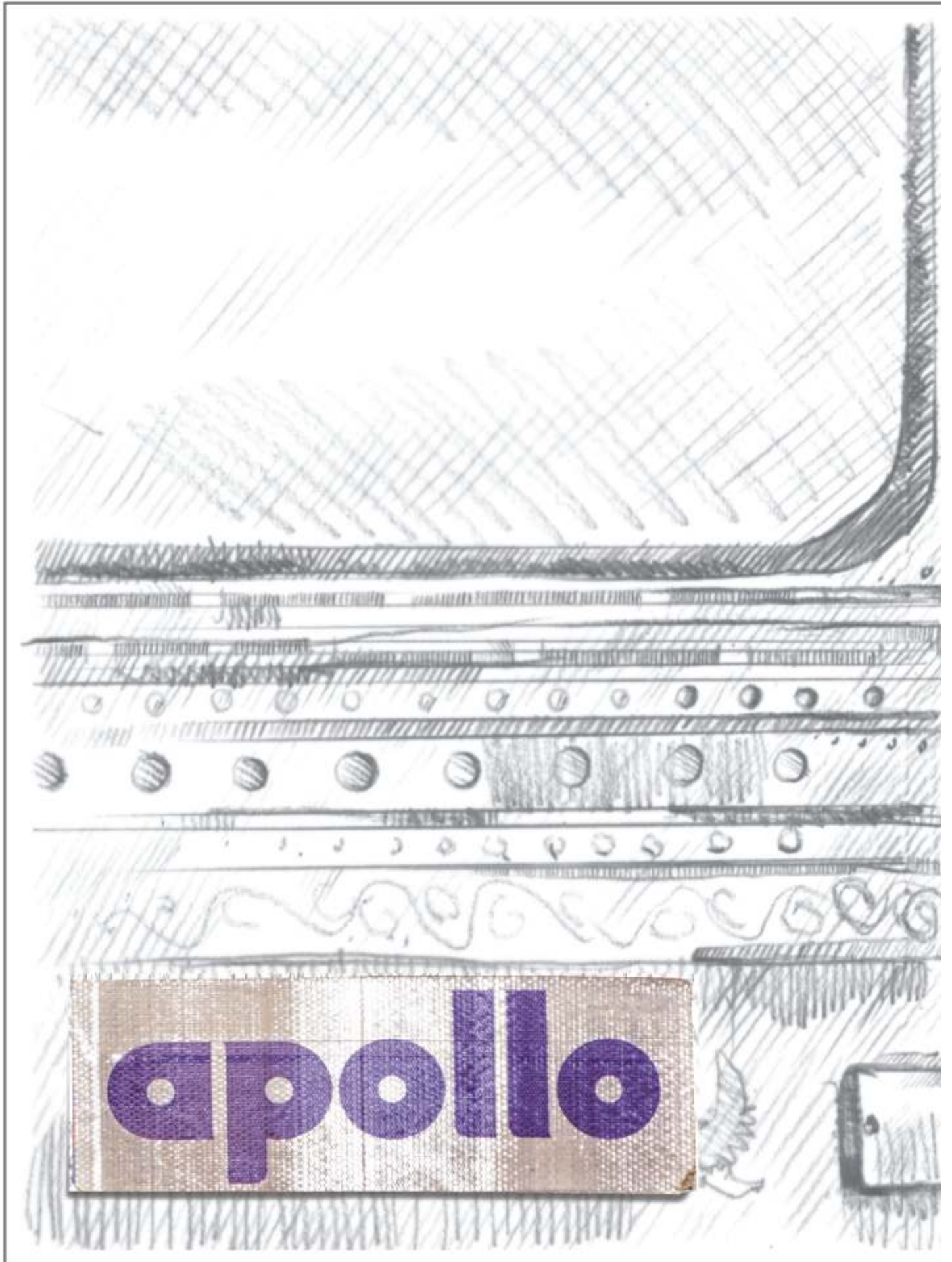




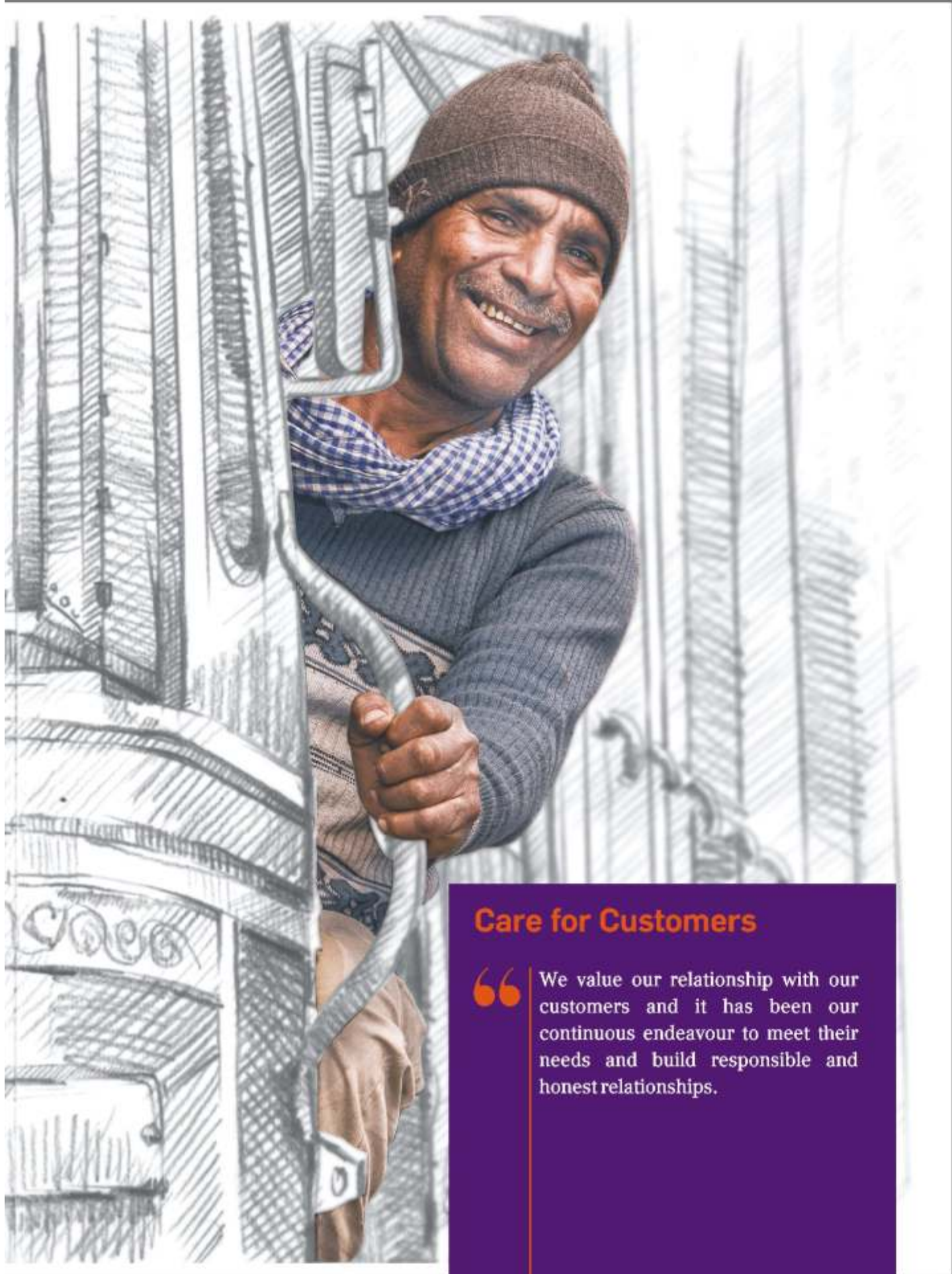
## We Care

### We Care for Our Stakeholders









## Care for Customers

“ We value our relationship with our customers and it has been our continuous endeavour to meet their needs and build responsible and honest relationships.

We believe in and follow a customer centric approach. Our customers are placed at the heart of the company. Our belief also gets reflected through 'Customer First', one of the key values manifested in our work culture.

We value our relationship with our customers and it has been our continuous endeavour to meet their needs and build responsible and honest relationships. Ensuring their satisfaction is imperative for us. We are committed to provide our customers superior quality and safe products, and services. We also empower them with relevant knowledge and technical expertise, while addressing their demands for right products and services. We aspire to be rated the best in customer service amongst the Indian tyre industry by 2020.

In our journey towards building trusting customer relationships, we achieved many milestones and a significant transition was made in the recent past, wherein our focus moved to a wider approach of 'complaint management' through customer engagement. This holistic approach went beyond customer claim redressal, product testing, customer oriented activities, mass customer campaigns and sought to completely eliminate the scope for complaints of our products and services. Our competent and specialised CV Forza team continued to engage with the fleet owners providing them regular knowledge

enhancements, technical assistance and trainings on aspects related to care and maintenance, proper usage of tyres, and product life cycle enhancements. Taking forward the 'Customer First' value imbibed by us, a "Customer Champion Project" was initiated in the reporting period with the objective of engaging with and providing services to our customers. Over 100 Customer Champions possessing specialised knowledge were recruited and imparted intensive training before they ventured into the potential markets to engage with our customers.

A new concept on customer value management was also institutionalised with focus on factors important to our customers like availability of dealers in their vicinity, product performance and experience, with regard to OE fitment. Our future projects targeted at improvements, are formed on the basis of gaps evolved as an outcome of this study. This section provides more insights of the approach adopted by us during the reporting year.

When it comes to customer service, the highest standards are adhered to and we are proud to declare that there were no incidents of non-compliance with regards to product safety, product labelling, marketing communications or data privacy from any of our operations during the reporting period.



## Our Approach

We continue to invest in our customer service department for our APMEA operations. This department has members with specialised knowledge on products, technical expertise and commercial understanding, to provide value added services to our customers. It also acts as a key support function for other departments like sales and marketing, and plant technology, by sharing (voice of customers) feedback from the customers.

Regional Inspection Centres (RICs) set up across India (APMEA operations) carried out checks on returned products and shared insights so gained from the production (manufacturing) and research and development units for improving quality of our products and minimising wastes (scrap).

The department adopted strategies, which included developing TBR leadership, educational drives on tyre care and maintenance, continuous improvements in Customer Service Index (CSI), organising drivers' welfare camps, educating customers and sharpening our 360° service approach that connects with all the customer service touch points provided in Box 1.

## Customer Champion

Taking forward our 'Customer First' value, a Customer Champion Project was initiated in the reporting period. The project intends to augment customer engagement, create awareness and retain preference, and ensuring

that our customers are happy, safe and knowledgeable about the products that they are using.

The project started with over 900 candidates belonging to diverse backgrounds such as MBAs from reputed institutes, mechanical or auto engineers from NITs or government colleges with excellent communication skills, good academic record, mobility, and experience in sales or customer service, who went through a rigorous selection drive conducted across 16 cities in India.

We have invested heavily in the selection of the customer champions. Over a 100 candidates were hand-picked and provided intensive three and a half months of classroom and on the job technical, functional and leadership trainings on aspects related to tyres and vehicles, personality development, negotiation skills, presentation skills, OEM trainings and trainings for commercial vehicle category to become 'customer champions'. These training programmes were supplemented with plant visits (e.g. Ashok Leyland for vehicle dynamics) and specialised courses ran by functional experts. The objective of these trainings was to give the customer champions an in-depth understanding of the market and the territory in which they operate. The field trainings were based on a module used by Apollo so as to make them completely equipped with the technical know-how of our products and to prepare the customer champions to start their work by 1st April 2016.



### Customised Solutions to Fleet Owners

Our Forza team comprising of 50 young, qualified, dynamic and technically trained people, conducted mission activities during the reporting period to enhance knowledge of all touch points and in turn optimising product performance by imparting technical knowledge on tyre care and maintenance. The overall focus of the mission activities was on customer

### Customer Value Management Institutionalisation

#### Apollo Tyres on an empowering Journey inside

In today's era, businesses function in an environment where information is more readily and publicly available than ever before.



engagement, product development, and safety trainings. The mission aimed at minimising operational tyre failures, help understand and change the mindset to realise radial benefits, reduce operational costs, strengthen the Apollo Brand and thereby build the overall perpetual value. Product acceptance measurement was done on a quarterly basis.

The credit for this goes to the development of internet. Any information on market trends, legislation, customers, suppliers, competitors, distributors, product development and almost every other conceivable topic is available at the click of a mouse. Search engines, online libraries, company websites, and other sources



provide information in an increasingly plentiful, easy to find, and easy to digest way.

Despite this trend, it is often the most valuable information that cannot be found online. An example of this is competitor's intelligence, regarded by most information users as the most difficult type of information to acquire. In other words, whilst general information is often available freely in every sense of the word, information that is sufficiently specific, validated and well presented to be of real use to decision-makers of an organisation often requires a market intelligence specialist providing system/function/work-stream etc.

The systematic gathering, analysis and presenting of market intelligence has taken place in Western markets for around four decades. Currently, however, it is in the developing markets that demand for market intelligence is increasing. There are few real methodological differences when it comes to obtaining market intelligence in different countries. When it comes to data collection, it is true that Asian markets, for both cultural and logistical reasons, often require more face-to-face data collection than Western markets. It is also true that market intelligence can be more difficult to obtain in developing countries. A key reason for this is that economic records tend to be less well-established. However, a market intelligence provider with well-educated employees and a multilingual capability should be capable of obtaining

intelligence across different markets. Indeed, this skill is increasingly essential as the requirement for multi-country intelligence increases.

Our journey in the field of market information started five years back when our first "Customer Value Management" project team left for collection of insightful data at points where the company's product interfaces with the customers, such as end-users and dealers. This interface or experience is the point where a customer forms a perception about the company's tyres, in specific or brand Apollo in general, and the following are the results.

### Influence of Customer Value Management



The customer value management concept focuses on factors important to various customers basis their buying capacity,

geographical location and experience with a particular brand that influence their buying decision.

A few examples of these factors would be product performance, experience on OE-fitment, and availability of a dealer in vicinity of the customer. Post listing of these factors, the exercise also aims at evaluating Apollo tyres vis-à-vis competitors. The method of quantifying the VOCs and collection of data is

## Customer Safety

Health and safety of our customers is of utmost importance to us. While we strive to provide the highest quality products to our customers, we are equally concerned about their safety, and adhere to international standards of product safety. With this in mind, we are constantly looking for customised solutions and innovations to give our customers the best and the safest product experience.



scientifically designed to present a value versus price ratio for Apollo and all competitor brands.

One of the most important outcomes of this study, besides Apollo's positioning in the customer's perception is an evaluation of gaps in the company's product and brand, as perceived by the company's customer. These gaps emerge as target projects or areas of improvement if they align with the company's way forward.

Market intelligence can be used to assist with more or less every decision faced by a company. The overriding purpose of most market intelligence, however, is to help the company grow – to increase revenue, profit, or market share.

In our EA operations, we make all efforts to comply with the European Tyre Labelling (ETL) Regulation, which requires display of information on fuel efficiency (carbon footprint), wet-grip (road safety), and external rolling noise (environmental pollution) of tyres.

The product labelling requirements include information on the content of products, which the legislations like REACH in the EU make it mandatory. Markings on tyres are required to mention the size of tyre, speed rating, load index, tyre wear life indicator, ply rating, and construction of tyre.

Compliance with these ETL regulations helps us to improve tyre label values on rolling resistance, noise and wet grip, which not only increases road safety but also leads to environmental and economic efficiency of road transport by promoting fuel efficient, and low noise tyres.

Reduction in rolling resistance leads to direct reduction in fuel consumption and a higher wet grip index ensures that the tyre is safer on the road. We have introduced a new product-line, Ultrac Satin, the successor of the Ultrac Cento. This new tyre is the best performing tyre on wet grip (showing an A-label) and for rolling

resistance this tyre scores a B-label and C-label, where the former tyre shows C-labels and E-labels. This is a significant improvement in the properties of the tyre and makes the world much safer and cleaner.

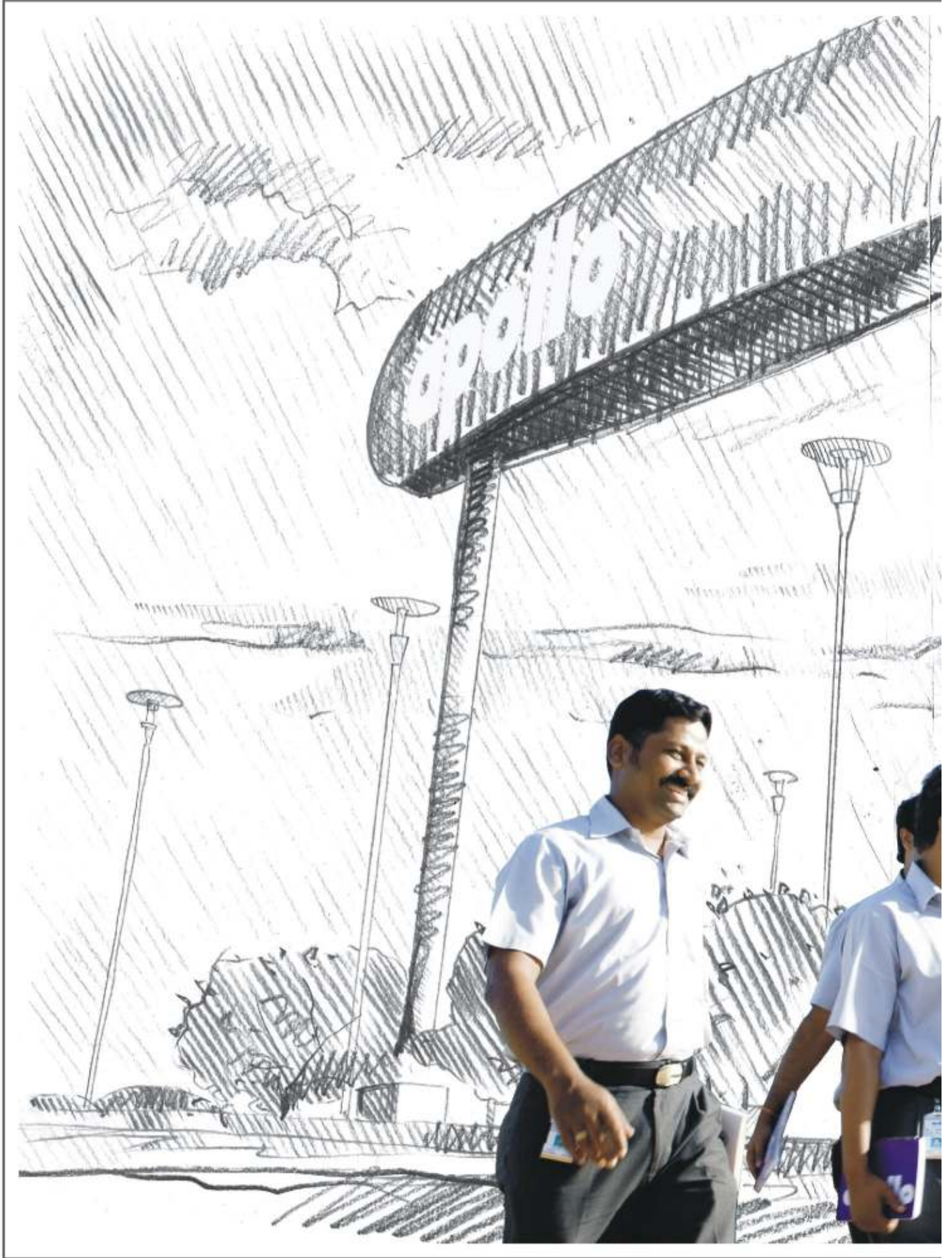
Labelling also helps end-users in making well-informed decisions while purchasing tyres. This results in increased customer satisfaction and retention.



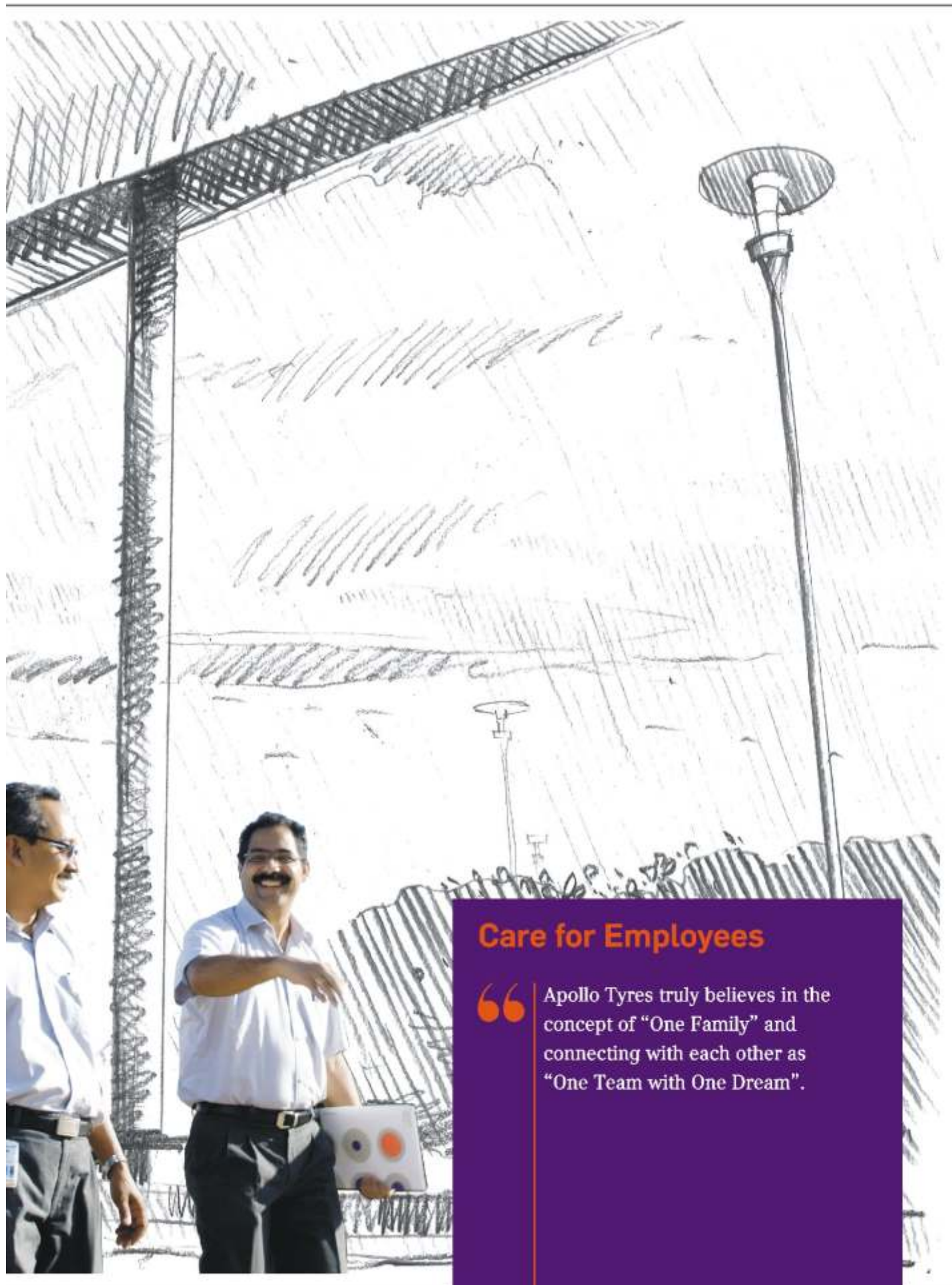
### Apollo 360° Customer Approach

BOX 1

Apollo Certified Fitter (ACF)	A fitter engagement and welfare initiative to recommended fitter practices and inflation pressures for tyre longevity. Use of right tools and safety measures.
Apollo Radial Service Assistance (ARSA)	Optimise the operational efficiency in the fleet. Technically trained & qualified person allocated to the fleet for standard checks like vehicle inspection, scrap tyre inspection, inflation, & other routine works. Enhancement in operational efficiency by 15-20%.
Apollo Radial Repair Centre (ARRC)	Motivating and equipping dealers to support customers by repairing damaged tyres, instead of scrapping them.
Apollo Quick Service (AQS)	Providing quick redressal to customers, like on road assistance and complaint redressal.
Tubeless Service Point (TSP)	Repairing tubeless tyre puncture through recommended tools and procedure.
Apollo Tyres Road Assistance (ATRA)	Providing Road Assistance to motorist incase of any emergency or break-down.
Apollo Tractor Owners Meet (ATOM)	Farmer engagement and welfare initiative. Tractor owners educated in tyre care and repair. Dealers, franchisees, fitters, and retreaders invited to training sessions.
Apollo Direct (Contact Centre Management)	Dedicated customer care service centre started 1 year ago for grievance redressal. Open all seven days of a week. Addresses queries and complaints in English and regional languages. Customers are encouraged to approach us online with their query, feedback, and grievances.







## Care for Employees

“

Apollo Tyres truly believes in the concept of “One Family” and connecting with each other as “One Team with One Dream”.

We take pride in stating that our employees or 'Apolloites' as they are commonly referred to within the company, are the true assets of the company. They are the ones who contribute effectively towards successful functioning of the company, and strive hard to deliver their level best to achieve the assigned targets within the stipulated time frame. We at Apollo Tyres, truly believe in the concept of "One Family" and connecting with each other as "One Team with One Dream". We nurture and celebrate oneness by building trusting relations, respect for diversity, and passion for common goals. Our beliefs, ideologies and practices get reflected in our work culture and this gives a sense of direction to our employees.

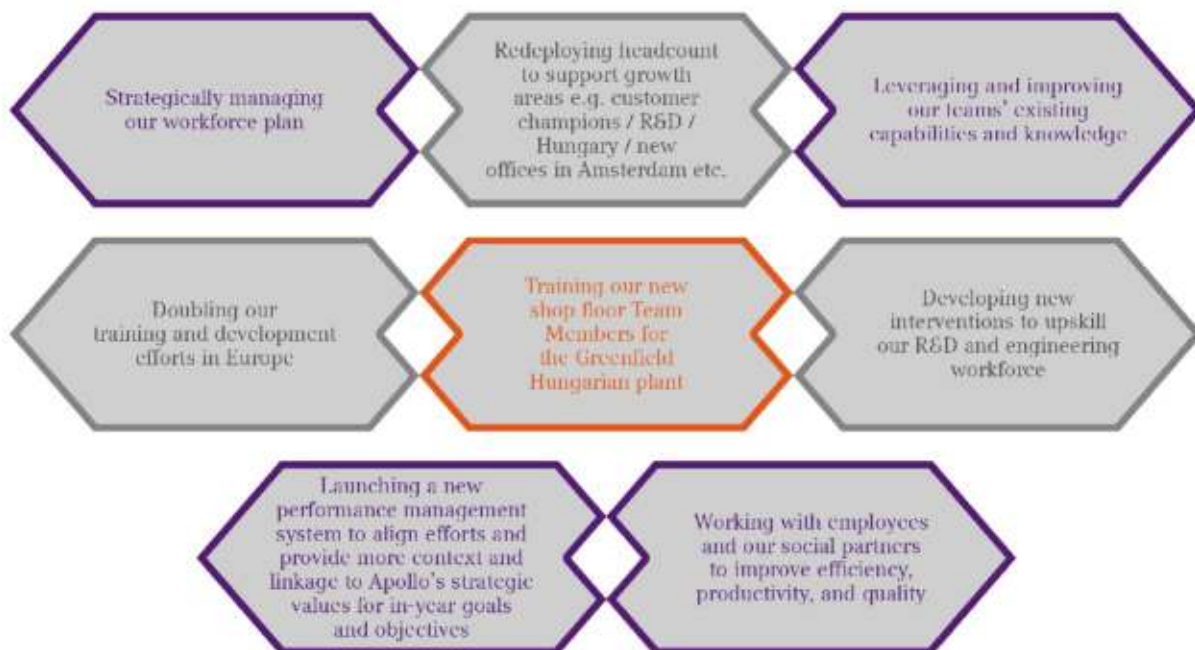
This section provides an overview of our human resource philosophy and the approach adopted

by us towards the growth and development of our employees at our operations in APMEA, Netherlands, Hungary, and Corporate offices in Gurgaon, London, Singapore, Amsterdam, and R&D division at Enschede, and Chennai.

Be it providing training, development and leadership programmes, empowering Apolloites with right knowledge and skills, evaluating and rewarding their performance, Apollo ensures that no stone is left unturned towards their overall growth and development.

Our HR team comprises of professional experts who guide our employees and managers in the interpretation and application of human resource policies and procedures, and move with the times to support the company's strategic growth objectives using the following approach.

### HR Approach to Sustainability



By strategically managing our workforce plan, we have been able to keep our overall headcount stable whilst recruiting over 400 employees in our new plant in Hungary, creating over 100 APMEA customer facing roles. In Europe, we opened a new regional office in Amsterdam; all further supporting both our home market, and our global growth strategies.

In India, to drive market share through innovation, we developed a Customer Champion programme to recapture and increase market share in the customer CV

category by energising the sales and marketing team. (This is covered in our chapter Care for Customers). Across APMEA, we have also strengthened and enhanced our support functions competence by recruiting experienced professionals, from automotive and other industries, to help bring in fresh thinking and innovation as our customer demands change.

To ensure we fully utilise the experience we have already built up within the company, our recruitment strategy also considers the

movement of our experienced people. The number of our people currently on international assignments has risen from 14 to over 77 during the year.

Short-term assignments are being employed to supplement project teams and to assist knowledge transfer between Global Manufacturing, and our Chennai plant. Additionally, we have actively moved skilled manufacturing and project managers to Hungary from Chennai, to assist transfer of knowledge as we build our new Greenfield plant. Similarly, we have trained our new Hungarian factory employees in Enschede and Chennai ahead of the new plant opening in January 2017.

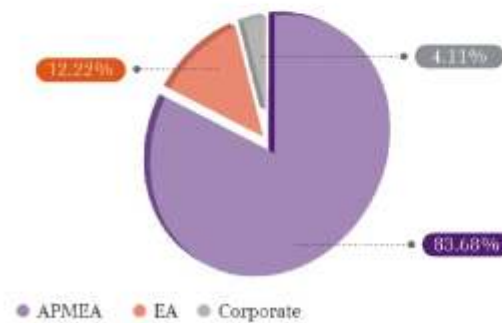
In parallel to the development of the Hungarian plant, we decided to strengthen our regional footprint and move senior executives, management teams as well as some core functions with a regional scope from Enschede to Amsterdam. These changes impact

approximately 30 roles. A mobility plan has been agreed upon by our social partners to accommodate these moves.

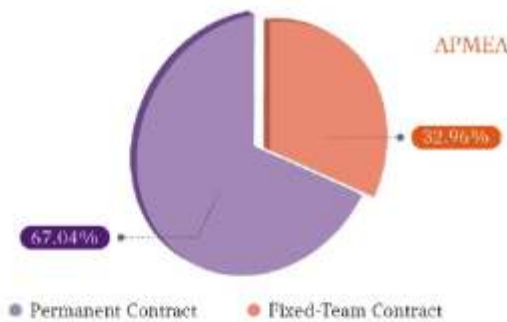
The company has a strong employee base in all its operations. The following graph depicts the headcount of employees in APMEA, EA, and Corporate offices in 2015-16.

Total workforce as on April 2016: 15,078.

### Break up of Employees in APMEA, EA, and Corporate Offices, FY 15-16



### Break up of Permanent and Fixed-Term Contract Employees at APMEA and EA, FY 15-16



The total number of employees at our corporate offices was 619 during the reporting period.

### Break up of Operations-Wise Employee Attrition Rate, FY 15-16



The overall employee attrition rate at APMEA, and EA operations was low, at 7.2% in the reporting period.

### Employee Benefits

At Apollo, it is our endeavour to ensure and provide employee benefits, maintain gender neutrality, facilitate collective bargaining, and maintain a healthy and safe environment at all our operations. We follow labour policies compliant with the statutory and regulatory requirements for payment of wages & benefits.

At all our plants, we provide work benefits to our employees, whether permanent or temporary. At Limda, Perambra (except to apprentices), and AVBV, all our permanent as well as temporary workers are provided with benefits

like life insurance, health care, disability & invalidity coverage. At Chennai, these benefits are extended to permanent workers.

Our employees across all operations are granted maternity leave benefits. In addition, paternal leave benefits are extended to all employees at our plants in Kalamassery and AVBV, and to permanent employees at Chennai and temporary (except to apprentices) at Perambra plant. As far as retirement provisions are concerned, these are offered to all employees at our plants in Perambra (except apprentices), Kalamassery and AVBV, and to permanent employees in Chennai and Linda plant. At AVBV, the other additional benefits provided to our employees include salary saving

scheme, pension, premium savings, collective health insurance, schooling costs scheme (leave and costs), ANW shortfall insurance, and others. At the Perambra plant other benefits include GPA, WC, Benevolent fund etc.

At our Linda plant, the total number of women who availed maternity leave during the reporting period was two, and they returned to work after leave. In Chennai, 32 men took paternal leave and all returned to work. At AVBV, three male and one female employee availed of parental leave and all four returned to work after the leave. No employee took parental leave during the reporting period at our plants in Perambra and Kalamassery.



We believe in equality of gender and follow an equal opportunity policy across the organisation. At all our operations, during the reporting period, at the entry level, the average basic salary was same for both men and women. The minimum local wage criteria for the skilled, semi-skilled, and unskilled labour was adhered to across all operations in the organisation.

### Collective Bargaining

In our APMEA operations at Linda and Kalamassery plants, 55.6% and 89% of our total permanent workforce respectively is constituted by non-management workers, all of whom are covered under collective bargaining,

and provisions of Industrial Dispute Act 1947 are applicable. At Perambra, the percentage for the reporting year stood at 91.4%.

At our AVBV operations in EA, 88.04% of the total permanent workforce is constituted by non-management workers, covered under the CLA.

The Works Council, a participatory and representative body within AVBV consists of employees on behalf of the staff who consult with the management of AVBV on company policy and staff interests, and creates the necessary acceptance on changes that the company initiates.

## Human Rights - for a Desirable and Enriching Work Culture

We believe that positive work environments are crucial for employees' mental and physical well-being. Healthy work conditions are a result of the values of a company. We strive to continuously improve working conditions for employees.

We conduct human rights impact assessment for the Greenfield and Brownfield Projects at our European region (AVBV) as well as at our Limda plant in APMEA region. At Limda, our human rights policy covers the following aspects namely forced labour, child labour, right to work, limitation of working hours and periodic holidays with pay, right to form and join trade unions, equal pay for equal work, and no discrimination.

### Whistle Blower Mechanism

We have a formal grievance redressal mechanism to capture issues related to human rights, environmental, and labour practices. The Board of Directors believes that employees must have the opportunity to report serious issues without harming their own interests and thus a set of "whistle blowing regulations" were established with effect from 1 June 2013 at AVBV. At Limda, 10 out of 16 grievances from the previous year were resolved in the reporting period. At Kalamassery, out of 32 grievances filed in the current year, 26 were resolved. There was one grievance filed in Perambra, which is currently being redressed, and no grievance in the Chennai plant.

### Discrimination at Workplace

At AVBV, we have a personnel policy for psycho social workload regulations to address issues such as sexual harassment, bullying, discrimination, physical aggression, and excessive workload. We also have a gift policy in place for all our employees in the Netherlands providing guidance to them on how to proceed with (business) gifts.

Additionally, all employees have the right to appeal to the works council and trade unions in situations where a satisfactory solution is not achieved through collaborative resolution through the manager with his/ her employee.

An escalation is possible through direct higher management and/ or the HR department.

### Anti-Corruption

At our EA region (AVBV), we have a formal Non-Disclosure Agreement stating the anti-corruption rules and these have been communicated to all our permanent employees in the reporting period. At the Limda plant, all permanent employees and business partners received communication on anti-corruption policies and training.

There have been no incidents of corruption or discrimination of indigenous people within the organisation in the reporting period at across all our operations.

### Supplier Screening

We also have a policy for mandating human rights, labour practice and EHS clauses or screening to investment agreements/supplier contracts at AVBV, Limda, and Perambra plants. At Perambra, 10 suppliers underwent screening and no incidents of risk were identified. At the Limda operations, 66 suppliers went through screening of all aspects listed out in the human rights policy and no incidents of risk were identified.

### Incidents of Child Labour & Forced Labour

In Europe, no operations were identified as having risk of incidents of child labour, forced labour, young workers exposed to hazardous work and right to exercise freedom of association, and collective bargaining. At Perambra, Kalamassery, and Limda too, there were no incidents of non-compliance with respect to child labour, forced labour, young workers exposed to hazardous work and right to exercise freedom of association, and collective bargaining identified during the reporting period.

In addition, at AVBV, there is legislation in place to consult personnel (WOR) issues in case of drastic changes such as intensive investments in labour-reducing and/ or production-increasing equipment and substantial changes to the organisation and/ or production structure, which are expected to have personnel consequences.

## Employee Relations- Enhancing Productivity, and Efficiency

We understand the importance of communication between our workforce and senior management. This is required to keep our employees well informed and motivated. This also helps our employees to understand the bigger picture and align their goals with the business objectives.



The attrition levels for Europe have stayed stable, however, unfortunately our APMEA operations have seen a significant increase in leavers. The main reason for this is the fierce competition around the Chennai plant area, where other competitor tyre and manufacturing companies appreciate our highly trained workforce and the positive change in the economy creating greater opportunities for sales graduates and second jobbers.

We started to de-layer the APMEA sales organisation structure in India in 2015, with the view to ensure empowerment amongst the employees, quick decision making, activating the entrepreneurial spirit, and last mile communication. This revised structure helped us to reduce the supervisory roles.

In our APMEA plants, to further manage our workforce efficiency, we have explored various initiatives that are all playing their part to increase productivity. These activities included installing low cost automation, process re-engineering, optimal outsourcing, and value mapping.

For the Enschede plant, in addition to negotiating a new collective labour agreement with our social partners, we have obtained commitment to work together on improving flexibility in the factory, and modernising certain allowances. Our "Drive to Success" programme, which is aimed at making the

Enschede plant fully OE ready, has also been an important initiative to safeguard the continuity of the plant and develop our employees. We have standardised and formalised the manufacturing processes, upped the quality and consistency of the output, and are developing specific capability, which will equip our people to continuously improve the quality of the products and processes we run.

Our sales teams across Europe have traditionally worked more as independent organisations. During the reporting period, in order to support the sales team's productivity, we decided to agree one set of key performance indicators for all countries. This enabled us to streamline our approach to incentives, and better assess relative roles and responsibilities.

## Training and Development

Training and development is of paramount importance because it allows Apolloites to expand their knowledge base, acquire new skills, sharpen existing ones, perform better, increase productivity, and become better leaders.

We encourage and empower our employees to take ownership of their actions. We also encourage them to innovate and embrace change. We prepare them to meet the current and future business objectives by providing appropriate knowledge and training at all levels. Their performances are regularly evaluated and rewarded.

We make continuous efforts to improve employees' capabilities by offering functional training programmes, which are focused on our business imperatives.

In the reporting period, we continued to run the Aspire programme, which develops team members from our shop floor into sales / customer service executives through a structured three month development programme. This is a core curriculum programme developed internally with a blended input from professionals from IMT Ghaziabad. We have trained 34 people this year from our Chennai and Limda plants and have successfully placed them in new roles, where mentoring and support is also available to assist them in their transition from production to sales.



At our EA region, besides formal training and education, the R&D team has developed a twelve-month programme, where employees learn from solving current business challenges. This is an intensive programme, where a cohort of five-six trainees pick up cross-functional projects and are mentored to work cross-functionally to derive business solutions.

Our newly established Global Manufacturing and Quality teams are continuously monitoring the training and development of our plant engineers. Having completed a study in all plants to check on existing processes, our new Apollo Manufacturing System (AMS) will be launched in the coming year, to develop, streamline, and standardise training programmes from workman to senior management level.

In the reporting period, we have conducted 2,300 training sessions at our EA region covering a wide range of topics including vocational and academic training as well as upskilling operators and management teams on new IT and performance management systems.

At AVBV, the personnel policy for Training and Education Costs is focused on developing the talents of individual employees to realise optimal personal development aligned with the employee's ambitions, and ensures that the employee can be widely employed in current and future (internal or external) functions. With the exception of Apollo Vredestein-specific courses, an agreement is in place for all training and education courses/ studies.

Through our operations in the Netherlands we enable those who have not completed their formal education to become fully skilled operators, ready to join AVBV or be qualified to join another industry. In the reporting period, our 500th operator graduated as an 'Operator A'.

As part of setting up our new plant in Hungary, each new shop floor operator takes part in over 190 days training in technical, theoretical and practical subjects in addition to an intensive orientation programme, which inducts them into the company, ensures they receive safety instruction, and an overview of the tyre industry.

Other training and assistance programmes to upgrade skills of employees, running currently are internal training courses such as ABC training, SAP training at AVBV, functional training programmes at Kalamassery, Rubber Technology Programme by Indian Rubber Institute, and Hindi/marketing skills for ASPIRE employees at the Chennai plant. Our employees at AVBV and Chennai plants are supported financially for external trainings or education (e.g. B.Tech (Mechanical and Electrical) at Chennai) and provisions (such as 1 year supplier project expert training by Toyota Kirloskar at Chennai) are made for the sabbatical periods with guaranteed return to employment.

At AVBV, employees who are almost at their retirement age, are encouraged to attend a half day workshop to learn about pre-retirement planning. At Perambra, such pre-retirement training programmes are conducted twice a



year. At Limda too, internal training courses are conducted with funding support along with pre-retirement planning as well as assistance in the form of training and counselling on transitioning to a non-working life for intended retirees.

In the APMEA operations (Chennai) "Apollo Continuing Education" programme was initiated with effect from August 2011 with an objective of encouraging the Team Members to upgrade their knowledge through continued education. This programme is applicable for all Team Members who joined as Trainees under the Company Trainee Scheme.

B.S. Abdur Rehman University, Chennai was identified as Apollo Tyres Knowledge partner

and the courses offered by the University are B.Tech (part time) in Mechanical and Electrical Engineering.

The duration of the course is seven semesters (three years and six months). Every year 30 employees are given opportunity to pursue this course. As part of the policy, 75% of the course fee (Semester Fees) is subsidised by Apollo and the rest 25% is borne by the employee. In addition to it, we provide transportation facility, refreshments, and two uniform shirts. Their work schedule is prepared considering their classes / exams in the university.

As a means of providing job enrichment and empowerment to our employees, we started the "Self-managed Team Concept" in 2013.

Self-managed teams represent a modern approach to the way work is organised and performed that goes beyond quality circles or ad hoc problem-solving teams. These teams are "Natural Work Groups" that work together to perform a function or produce a product or service. It is a team that functions with thinking and execution responsibility (without a management-appointed supervisor). The teams are responsible for driving the PQCDMS (Productivity, Quality, Cost, Delivery, Safety, and Morale).

### Training and Leadership Programmes at APMEA, FY 15-16





The senior management is also sent to management institutes like INSEAD and IMD for leadership development courses. We also provide our employees need-based training programmes on topics such as taxation, import-export, manufacturing, engineering, technology, human resources, finance, Microsoft Excel etc.

In the APMEA region, all employees received training on various aspects. At Limda, trainings were provided in behavioural aspects, functional and general awareness. At Perambra, our management and workmen received shop floor training, SOP adherence, quality and technical, HR, and safety training. Technical, engineering, and behavioural trainings were provided to our employees in Chennai. At Kalamassery, trainings on production, engineering, QA, and technical aspects were imparted.

In Europe operations, all employees were provided training in marketing, sales and development, production processes, technical, management, information and communication technology etc.

During the reporting period, the average training man-days for the management employees at APMEA were over three man-days and one man-day for non-management employees.

### Human Development

We at Apollo Tyres, recognise the importance of human development and to this end, we make

conscious efforts to equip our employees with right skills and enhance their capabilities by not only constantly monitoring their performances but also rewarding their work.

The objectives set across the organisation not only include the hard deliverables that support Apollo's strategic direction, but also incorporate the Apollo values to ensure that we focus on what we achieve, and how we achieve it.

Employees are encouraged and motivated to achieve their targets and the organisational goals. They are rewarded for their outstanding performances, which continuously keeps them going.

To recognise our exceptional employees for their contribution to the growth of Apollo, every year, one employee is awarded the 'Employee of the Year' award along with a paid foreign trip with their spouse to a country of their choice. Consistent performers and significant contributors in various functions are awarded with 'Roll of Honour'. Such employees are also rewarded with paid trips abroad.

To bring greater objectivity in measuring performance and transparency, Performance and Career Enhancement (PACE), an online system linked to SAP designed with Mercer Consultants in 2005 is being used at Apollo. In 2016-17, however, a new performance management system called Horizon will be introduced across Apollo in place of PACE and Tasper, which aims at providing more context



and linkage to Apollo's strategic values for achieving the organisational goals and objectives. In addition to performance management, Horizon will also include formal review of development needs for employees to aid people development, succession planning, and talent management.

Face-to-face workshops and trainings for this new process were conducted for all managers and office staff. Training for factory staff (blue collar) is scheduled before the end of the year. Managers have received additional training to give them the skills and confidence to get the best performance from their teams.

Performance appraisals are an important tool in realising the goals of our multi-year human resources plan, in which continuity of employment and the ability to react to changing circumstances is the responsibility of both individual employees and the organisation as a whole. Frequent evaluations and the alignment of performance and employability - both now and in the future - are crucial. The focal point is the development of our employees and their contribution to realising the company goals

under active supervision and with support from their direct managers, and the HR department.

Our annual performance appraisals are aimed at providing our people a view on the performance delivered versus the objectives relative to all peers. This will help our employees to be confident for a job well done and develop in areas that need further improvement. As an organisation, it helps to develop an optimal qualitative and quantitative workforce. We believe that performance is a strong indicator to determine future career opportunity together with talent and personal characteristics.

### Health and Safety at Work

Providing a healthy and safe environment to our employees is our top priority. We have been constantly working towards improving safety standards of our equipment by bringing in effective engineering controls and implementing projects, which obviate the need for manual interventions.

We recognise that our employees deserve to work in safe and healthy environment and to this



end, we have instituted formal health and safety committees at the APMEA and EA regions, to ensure effective governance of health and safety performance.

The details and focus area of these committees, level where they operate and percentage of total workforce represented in these committees is detailed in the table below.

### Details of Formal Health and Safety Committees, APMEA, FY 15-16

Plant	Name of formal health and safety committees	Details and focus area	Level where these committees operate	Percentage of total workforce represented in these committees
Perambra	Apex Safety Committee	Health Safety and Welfare activities as part of Factories Act 1948 Chapter iii and iv	Chaired by Unit Head and Included members from both management and trade unions	2%
	Cell Safety Committee (3 Nos.)	Health Safety and Welfare activities as part of Factories Act 1948 Chapter iii and iv	Chaired by manufacturing head and included members from both management and trade unions	6%
	Management Steering Committee	Daily Safety review	Chaired by unit head and participation by all functional heads	5%
	Contractor Safety Committee	Health Safety and Welfare activities as part of Factories Act 1948 Chapter iii and iv pertaining to the department	Safety, Security, HR All contractors, supervisors and union leaders	2%
Limda	Apex Safety Committee meeting (every month)	Unsafe Act, Condition, near MSS, BBS progress, CAPA of accidents, Improvement jobs, action plan on discuss points and improvement jobs, status & compliance of audit points	Unit Head, HR Head, Manufacturing Head, Commercial Head, Divisional Heads Engineers, HR and Production, Purchase, Safety in-charge, and Group managers of productions, engineering, Company Doctor	Top management
	Central Safety Committee (once in two months) For PCR	No. of accidents, first aid cases, near miss, unsafe conditions, points reported by workers, corrective actions of incidents, safety improvement jobs, suggestions received from workers to improve safety	Head HR, Safety in-charge, Mfg. Head, Divisional Head mfg., Engineer & HR, purchase, Doctor, Worker representative from production & engineering	2-3% Equal participation management Vs workers in the committee (50-50%)

## Details of Formal Health and Safety Committees, APMEA, FY 15-16

Plant	Name of formal health and safety committees	Details and focus area	Level where these committees operate	Percentage of total workforce represented in these committees
Chennai	Apex Safety Committee	The BU/Department Team Leaders with their safety coordinators are members of this committee. Group Leaders (PCR, TBR, and Engineering & Commercial) are also part of the committee. The committee reviews all the safety issues of the plant including past incidents and their CAPA	Unit Head is the Chairman of the committee	Around 2%
	BU/Departmental SHE Committees	The Team Leader (SHE Representative), SHE Coordinator, SHE Champions of the BU/Dept. constitutes the committee. The team reviews the SHE performance of the BU/ Dept.	Team Leader of the BU/Dept. is the Chairman of the Committee	Around 2%
Kalamassery	Plant safety Committee	Health Safety activities as part of Factories Act 1948 Chapter iii and iv	Chaired by Unit Head and includes members from management, trade unions =22 members	1.41%
	Contractors Safety Committee			4.4%
	BBS steering Committee	Internal BBS Standard	Management Staff = 100 members	15%

However, in spite of the preventions and precautions taken at all levels to ensure safety at work, in our APMEA operations, there were 327 injuries (including fatal and non-fatal) during the reporting period, which led to losing 4,194 man-days to injuries. This was however significantly lower than 2,172 accidents reported in the previous year.

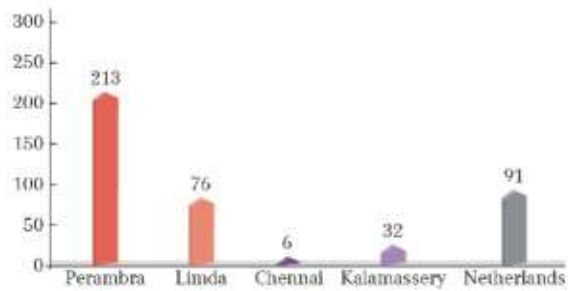
In our EA operations, 13 man-days were lost due to 91 injuries. The lost rate due to injury was 3.16. The absenteeism rate was recorded at 6.11. We are constantly working towards reducing these numbers every year and ensuring the best possible working conditions for all our employees across all operations.

There were no fatalities or occupational diseases in any of our operations in the reporting year.

### Man-days lost due to injury in APMEA and EA operations, FY 15-16



## Number of Injuries in APMEA and EA operations, FY 15-16



At the EA region, there are committees active to improve health and safety from different angles and each of these committees has 100% workforce representation. All the three committees operate at company level except for the staff committees, which operate at facility level.

No operational disease was reported from any of the four plants in APMEA during the reporting period. As part of our surveillance programme, three pregnant women were identified as to being potentially vulnerable to serious diseases in Europe.

We at Apollo, have always been committed to the safety, health, and effectiveness of our workforce. We have various health assistance programmes for employees and their families across the two regions - APMEA and EA. In India (APMEA), there is a workplace policy on HIV-AIDS awareness and prevention, which encompasses all the 10 principles of ILO Code. A programme on basic awareness and prevention of HIV-AIDS was first rolled out in June 2006, in partnership with ILO, across our India operations. It also works towards behavioural change and de-stigmatisation. All our HIV positive employees and their families are covered under this programme.

The employees at the Limda plant were given trainings on the effect of noise and chemicals. Furthermore, anti-tobacco programmes were carried out for the employees and contract labourers at our Chennai plant to prevent and curb tobacco chewing habits.

We invest in the quality of all employees so that everyone can contribute to the company's objectives. Being under the influence of alcohol and/ or narcotics during working hours is not allowed within the office premises. It is the responsibility of the employees to ensure that they are not under the influence of alcohol and/ or narcotics at work. At the EA region, we follow the policy of zero tolerance and it is strictly forbidden to be in an altered state just before one's shift and/ or during work. It is also prohibited to be in the buildings or on the grounds of AVBV while under the influence of alcohol and other drugs.

This policy applies to all employees, whether permanent or temporary, and to all the suppliers and visitors at the Apollo Vredestein BV site. The policy has been prepared in accordance with the expertise centre STECR's manual on addiction and work. Employees who violate the guidelines of this policy face sanctions. These can consist of verbal or written warnings, withholding of wages, suspension, and even dismissal. Contractors who violate these rules run the risk of having their business contracts terminated.

In APMEA region, anti-alcohol programmes were carried out at Perambra and Kalamassery plants during the reporting period, to reduce absenteeism, increase productivity, and strengthen family relations of our workers.

The following table gives details of the health-related training and counselling programmes that were conducted during the reporting year.



## Health Related Training and Counselling Programmes in Apmea Operations, FY 15-16

Serious Disease Programmes					
Plant Locations	Stakeholders	Education/Training	Counselling	Prevention Risk Control	Treatment
Perambra	Workforce Members	Alcoholism, Occupational Illness	Alcoholism and HIV/ AIDS	Alcoholism and HIV/ AIDS	Alcoholism
	Workers' Families	Summer Camp / Employees Wives forum	Alcoholism and HIV/ AIDS	Alcoholism and HIV/ AIDS	-
	Community Members	-	HIV/ AIDS	Alcoholism and HIV/ AIDS	-
Limda	Workforce Members	Training/awareness given on effect of noise and chemicals	-	-	-
	Workers' Families	-	-	-	-
	Community Members	-	-	-	-
Chennai	Workforce Members	Awareness on HIV/ AIDS, ill effects of tobacco usage and alcohol usage was imparted to all employees and contractors during the induction training	A qualified counsellor is appointed to give counselling for those who need information on serious diseases and methods to prevent it	Engineering controls, periodic environment monitoring and periodic medical check-up are some of the measures taken to prevent occupational related diseases	No case of serious disease reported till date
	Workers' Families	-	-	-	-
	Community Members	-	Geriatric counselling was provided to senior citizens of Mathur, Oragadam and Sennakuppam villages	-	-
Kalamassery	Workforce Members	Alcoholism and Occupational Illness	Alcoholism and HIV/ AIDS	Alcoholism and HIV/ AIDS	Alcoholism
	Workers' Families	Summer Camp / Employees Wives forum	Alcoholism and HIV/ AIDS	Alcoholism and HIV/ AIDS	-
	Community Members	-	HIV/ AIDS	Alcoholism and HIV/ AIDS	-

In our EA operations, several serious disease prevention programmes were carried out for workers, which covered education, training, counselling, prevention, and risk control.

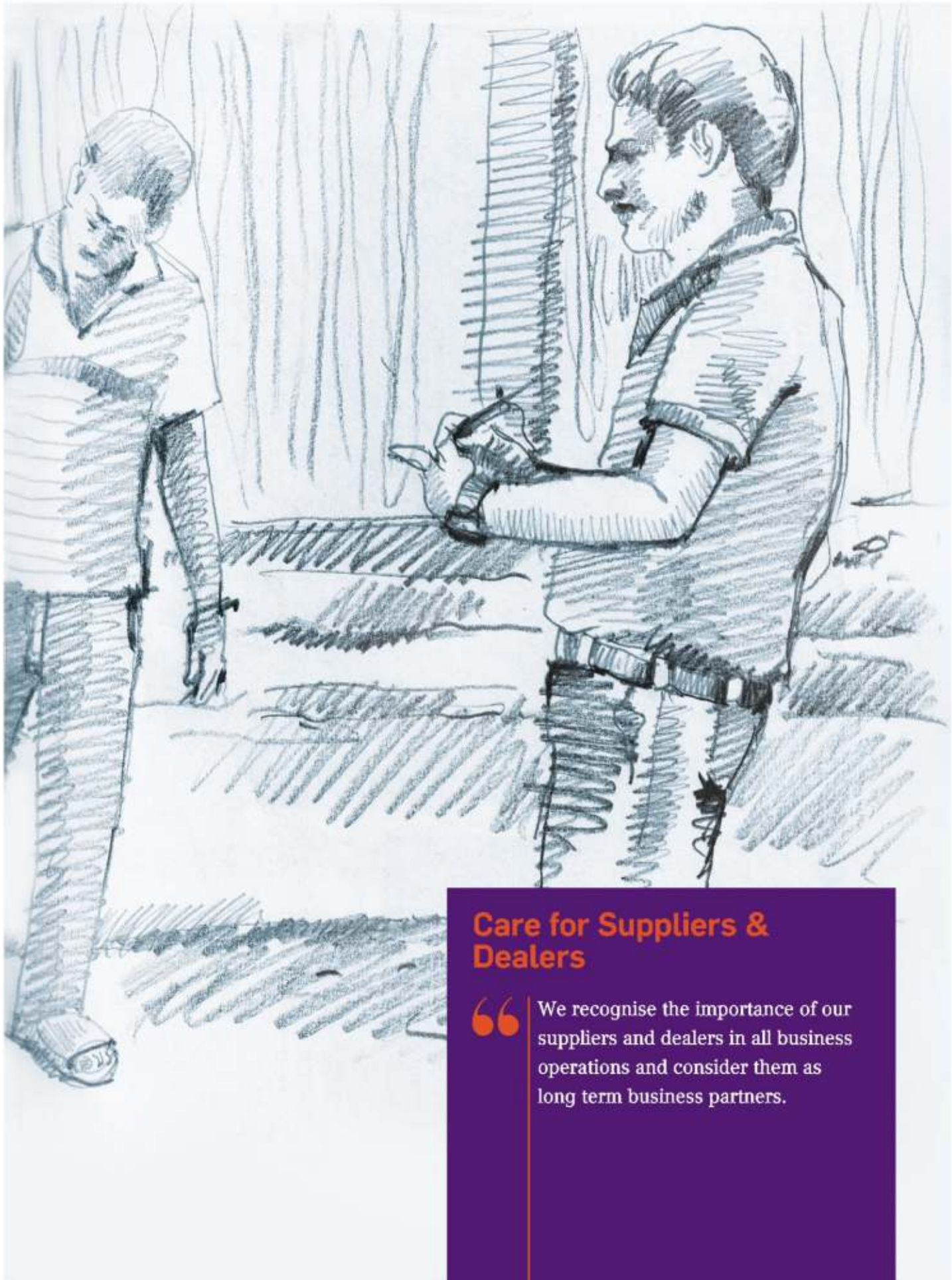
In addition to these programmes, we have also entered into formal trade union agreements, which cover various health and safety related topics at APMEA and EA region. The region wise details are presented in the table below.

### Health and Safety Topics Covered Under Formal Trade Union Agreements, APMEA and EA, FY 15-16

Health & Safety Topics	Perambra	Limda	Chennai	Kalamassery	EA
Personal protective equipment	✓	✓	PPE have been surveyed, issued and the usage monitored especially through BBS	✓	✓
Joint management-employee health and safety committees	✓	Verbal agreement no written documents	Safety committees operate at Apex and departmental levels	✓	✓
Participation of worker representatives in health and safety inspections, audits, and accident investigations	x - But being practiced	✓	BBS (Behaviour Based Safety) system is in place to involve the members in identification of unsafe acts/unsafe conditions in shop floor	✓	✓
Training and education	✓	Verbal agreement no written documents	2 days SHE Induction Training is conducted for new TMTs and periodic refresher trainings conducted for members on various SHE topics	✓	✓
Complaints mechanism	x - But being practiced	Verbal agreement no written documents	Apex council meetings are held with representatives from all BUs/Depts. and chaired by Unit Head to address the complaints/issues	x	✓
Right to refuse unsafe work	x	Verbal agreement no written documents	"Safety First, Always in All Ways" is communicated and practiced at all levels including contractors	x	✓
Periodic inspections	x	Verbal agreement no written documents	Periodic inspections are carried out by SHE team to identify and correct unsafe conditions. This is also addressed in BBS	x	✓
Other health and safety topics	x	Verbal agreement no written documents	x	x	✓







## Care for Suppliers & Dealers



We recognise the importance of our suppliers and dealers in all business operations and consider them as long term business partners.



At Apollo Tyres, we recognise the importance of our suppliers and dealers/ distributors in all business operations and consider them as long term business partners. We are committed to conduct business in a fair and ethical manner that promotes open and fair competition in the best interest of Apollo Tyres and its business partners, and helps to maintain a healthy and profitable relationship with them.

Further, we continuously strive to enhance customer satisfaction by providing cost effective and quality raw materials on a timely basis, while working together with our supply chain partners on environmental, economic and social aspects to enable sustainable business practices.

### **Supplier Partnerships & Management**

Corporate purchase is a centralised function carried out from our corporate office, which is mainly responsible for global purchase of raw materials and managing supplier relationships. It supports company operations with an uninterrupted supply of raw materials.

We believe in dealing directly with manufacturers and in that other things being equal, preference is given to local vendors considering the benefits such as- proximity to our plants, lower lead time / transit time, lower inventory, lower carbon footprint, etc. In this context, vendors supplying from a manufacturing facility from within India are considered as local.

In areas where these local vendors have capacity or quality constraints, we conduct business with our import suppliers, which prove to be cost effective. One of these activities is green procurement, in which procurement and purchase of environment-friendly materials, parts, and products are prioritised when necessary resources are procured and purchased.

We understand and recognise the value of building a sustainable future and we do everything it takes to contribute to it through all our business operations. We seek to establish green procurement standards in our procurement activities and in light of this we encourage our suppliers to develop their environmental systems in compliance with the requirements of ISO 14001, and to get their systems certified by a third party.

All our vendors have either pre-registered for REACH compliance or are in the process of such registration as per the registration deadline requirements, as applicable. We comply with the highest standards of quality and use PAH (polycyclic aromatic hydrocarbon) free materials for supply of tyres to Europe and other markets. We are also geared up to meet all the current and future tyre labelling requirements, as and where applicable.

We conduct various activities for and with our suppliers such as joint technical projects, quality workshops with natural rubber producers and processors, quality review meets



Partners who meet Apollo's PCC are accorded the status of "Preferred Partner" while selecting and retaining approved vendors.

#### CSR Workshops for Supply Chain Partners

Stakeholder dialogue and management is essential for growth of any organisation. We conduct CSR workshops with our supply chain partners to spread awareness about HIV-AIDS prevention and substance abuse, with the help of our corporate purchase and CSR teams on a regular basis. This is in line with our risk minimisation strategy and creates synergy with our corporate CSR initiatives.

Since the inception, 39 supplier plants have been covered under this programme by our master trainers and about 862 participants from suppliers have been trained. In each quarter, different vendors were involved at different locations. The workshops were conducted for Speciality Silica at Alwar, Century Enka at Pune, Si Group India Ltd. at Lote, and Madura Industrial Textiles at Vapi.

#### Dealer Partnerships & Management

To engage with our business partners (dealers) and build their trust, we have a relationship programme in place called Apollo Value Club that has different elements to it. Building on our 'One family' theme, under this programme we

provide our business partners with lifestyle benefits such as personal car, exotic vacation, and multimedia products. The programme also provides customer development and commercial policy benefits along with recognition to our business partners.

Active management of business partners and providing them with a host of services to facilitate the processes, helps us to get the best results from them. Every month, an MIS on complaints is generated to tackle each issue or concern raised by our business partners, and this leads to strengthening of trust between us.

We also provided a host of training programmes to enable them to understand the products in depth. These include training on subjects such as logistics, customer perception and needs assesment, information on new schemes etc.

During the reporting period, we introduced a Dedicated Business Partner Service Centre for our BPs, in a few states on pilot basis to facilitate and support their day-to-day business requirements. The service has staff that is extensively trained and proficient in communicating in local languages. This streamlining of processes led to lower dependence on field team. The centre has been received very well by our business partners and we plan to launch the centre nationally in April 2016.



### Supplier Audits

Supplier audits are conducted at the time of selection of new suppliers and are also conducted regularly for existing suppliers as per a standard 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 our Green Procurement Standards and Partner Code of Conduct. Our audit teams visit them at regular intervals for compliance check as per the standard audit checklist. If a supplier fails on some count, improvement plans are drawn up, agreed and followed up with the supplier until closure.

In the reporting period, 93 suppliers were audited inline with the annual audit calendar out of which 27 suppliers were audited in the health and safety category, capturing 15 observations. Based on these observations, suppliers are put on an improvement plan, which helps to enhance their efficiency and performance.

### Supplier Performance Evaluation

Supplier performance evaluations consist of technical ratings, delivery and service ratings and aim at continuous improvement in supplier performance. These evaluations are conducted and communicated to the suppliers at regular intervals.

### Supplier Quality Meets

Quality review meetings are conducted periodically with suppliers where they share their feedback with us. This helps us in maintaining and improving our supply quality.

### Supplier Capacity Building

We work in partnerships with our suppliers and expect them to comply with all national and other applicable laws and regulations in their operations and supplies to us in order to promote sustainable business practices.

### Partner Code of Conduct

We believe that the supply chain is a key contributor in the development and implementation of corporate social responsibility programmes and expect its business partners to show concern on social and environmental responsibility as they conduct their business. We have a specially designed Partner Code of Conduct (PCC), which integrates environmental, occupational health and safety, and human rights and labour policies into our business and decision-making processes. Our objective is to work collaboratively with our vendors for effective implementation of the PCC. To support vendors achieve this objective, we conduct visits to check the compliance on a select basis.



Partners who meet Apollo's PCC are accorded the status of "Preferred Partner" while selecting and retaining approved vendors.

#### CSR Workshops for Supply Chain Partners

Stakeholder dialogue and management is essential for growth of any organisation. We conduct CSR workshops with our supply chain partners to spread awareness about HIV-AIDS prevention and substance abuse, with the help of our corporate purchase and CSR teams on a regular basis. This is in line with our risk minimisation strategy and creates synergy with our corporate CSR initiatives.

Since the inception, 39 supplier plants have been covered under this programme by our master trainers and about 862 participants from suppliers have been trained. In each quarter, different vendors were involved at different locations. The workshops were conducted for Speciality Silica at Alwar, Century Enka at Pune, Si Group India Ltd. at Lote, and Madura Industrial Textiles at Vapi.

#### Dealer Partnerships & Management

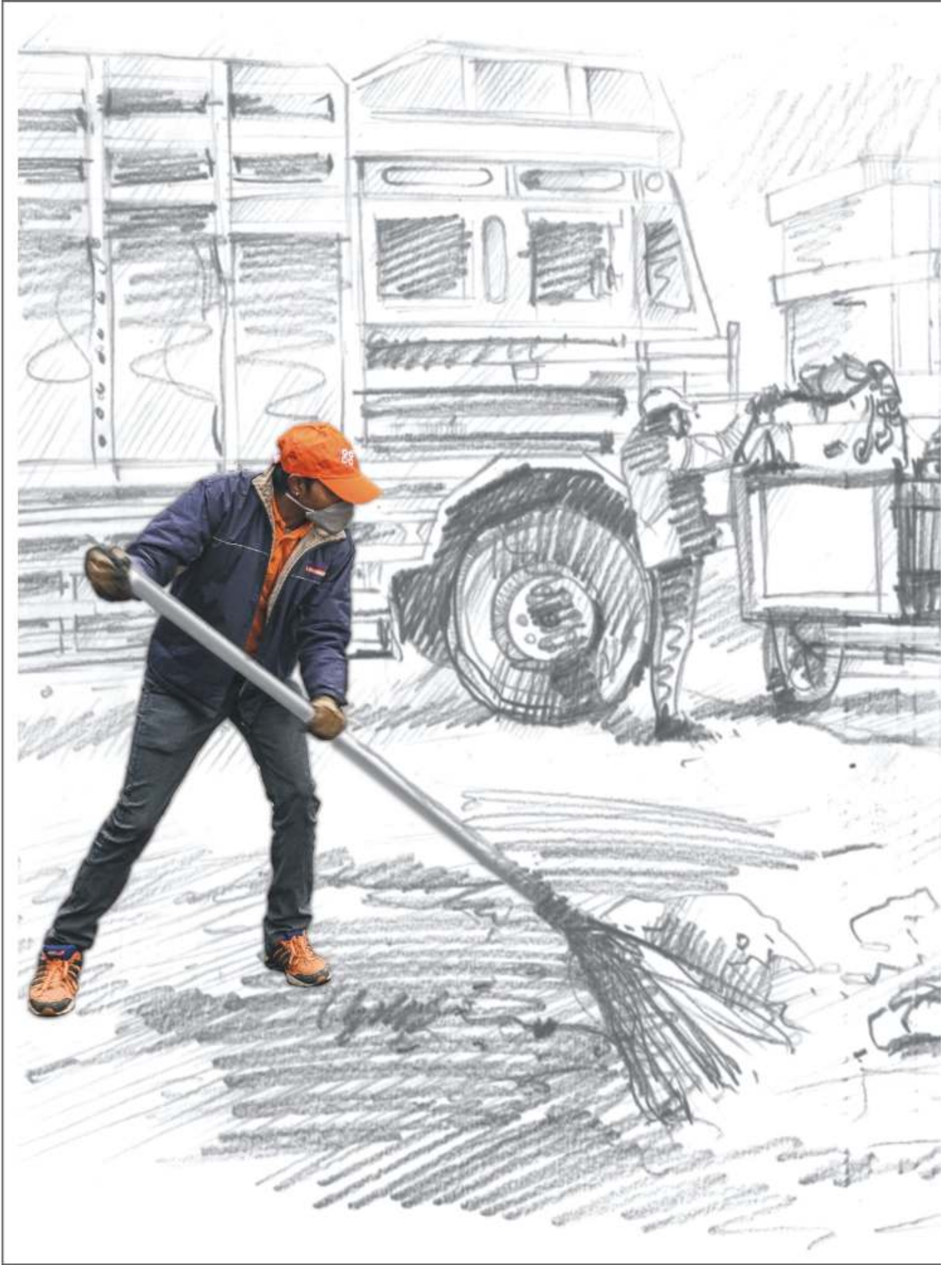
To engage with our business partners (dealers) and build their trust, we have a relationship programme in place called Apollo Value Club that has different elements to it. Building on our 'One family' theme, under this programme we

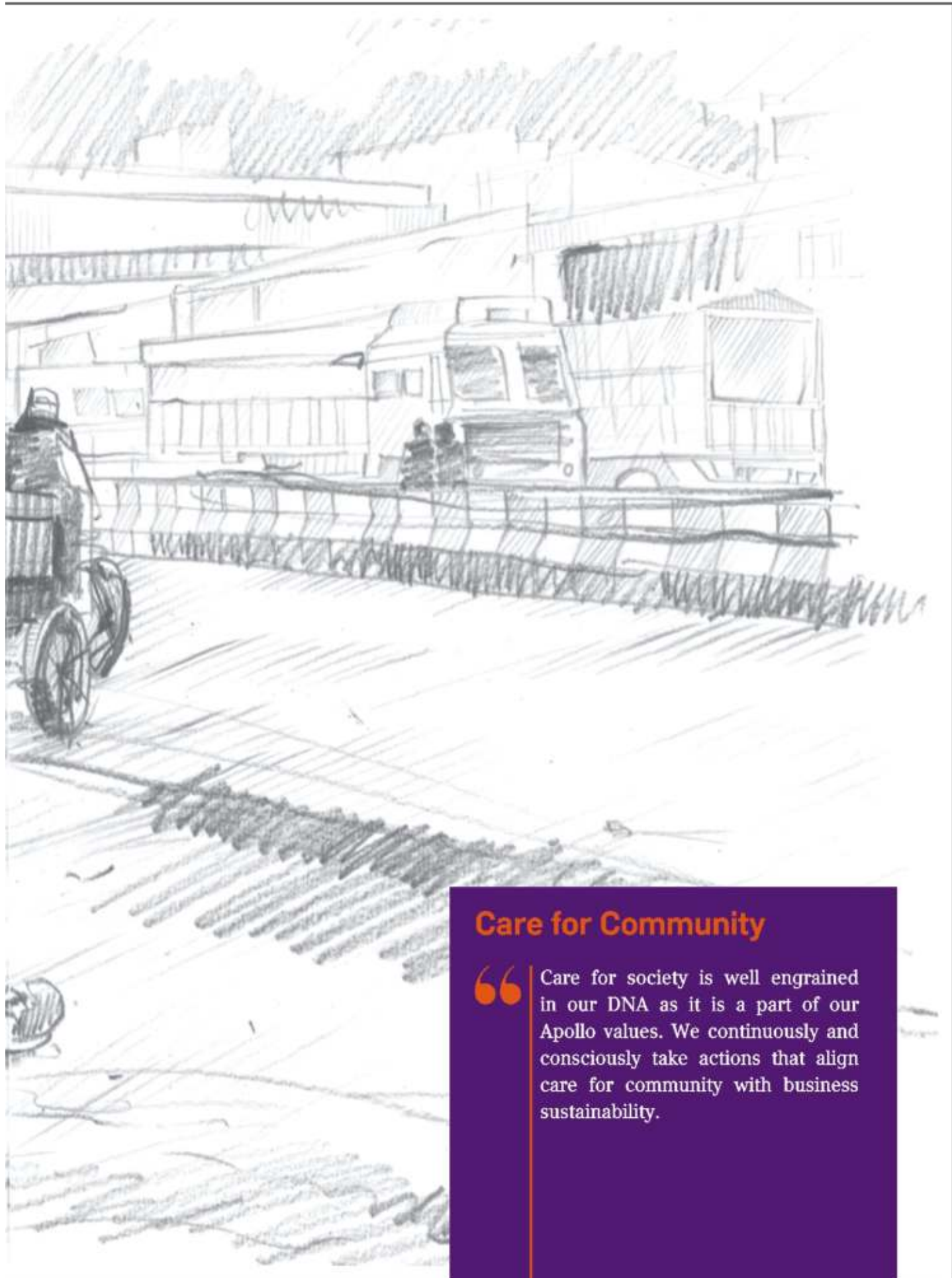
provide our business partners with lifestyle benefits such as personal car, exotic vacation, and multimedia products. The programme also provides customer development and commercial policy benefits along with recognition to our business partners.

Active management of business partners and providing them with a host of services to facilitate the processes, helps us to get the best results from them. Every month, an MIS on complaints is generated to tackle each issue or concern raised by our business partners, and this leads to strengthening of trust between us.

We also provided a host of training programmes to enable them to understand the products in depth. These include training on subjects such as logistics, customer perception and needs assesment, information on new schemes etc.

During the reporting period, we introduced a Dedicated Business Partner Service Centre for our BPs, in a few states on pilot basis to facilitate and support their day-to-day business requirements. The service has staff that is extensively trained and proficient in communicating in local languages. This streamlining of processes led to lower dependence on field team. The centre has been received very well by our business partners and we plan to launch the centre nationally in April 2016.





## Care for Community

“Care for society is well engrained in our DNA as it is a part of our Apollo values. We continuously and consciously take actions that align care for community with business sustainability.



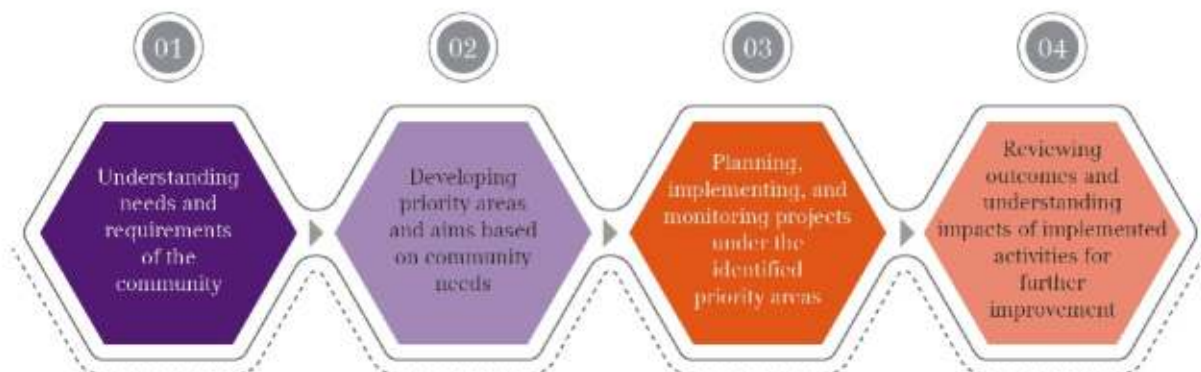
At Apollo Tyres, the important stakeholders are the communities around our plant locations. Care for society is well engrained in our DNA as it is a part of our Apollo values. We continuously and consciously take actions that align care for community with business sustainability. We are concerned about the health and safety of our communities and are working closely with them to develop mutually beneficial relationships.

The community engagement is undertaken through a structured process. Post a thorough

mapping and needs assessment findings, a community engagement programme is defined and implemented.

We are conscious about contributing to the life of our stakeholders around our manufacturing locations in India-APMEA as well as international boundaries-Gyöngyöshalász, Hungary. We have undertaken various community activities across these locations. These activities follow a clear and well-defined strategy, which is represented in the figure below:

### Strategy for Community Programmes

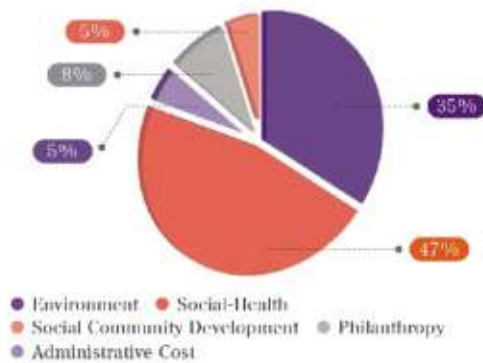




This section provides an understanding of the community-oriented programmes carried out across Apollo Tyres during the reporting period. Our programmes categorised into Environment and Social are strategically aligned with local, national, and international development goals. Our initiatives within social category include providing health care facilities and community development.

We comply with the requirements of the Section 135 of the Companies Act 2013 and in 2015-16 invested 2% of our net profit in CSR. All our activities are rooted through Apollo Tyres Foundation. The thrust wise break up of CSR expenditure is depicted in the graph below.

### CSR Expenditure Break up, FY 15-16



### Environmental Protection

We understand the significance of providing a healthy environment to our community. In

today's industrialised and technologically driven times, environment is probably the greatest victim, facing challenges such as depletion of natural resources, generation of pollution and wastes, climate change, etc., which negatively impacts the entire community.

We are committed towards ensuring overall environmental sustainability, aiming to make eco-friendly behaviour, green thinking, and resource conservation a matter of habit across our key stakeholders. Our umbrella initiative called HabitAt Apollo, is an initiative focused on making eco-friendly behaviour and green thinking a matter of habit within the organisation. As a part of our environmental sustainability journey, we have initiated a number of projects on themes of Biodiversity Conservation, Waste Management, Watershed Management, and Climate Change Mitigation.

### Biodiversity Conservation

Biodiversity has been identified as an important area of intervention under the environment programed- HabitAt Apollo. As an outcome of the impact assessment study done at all the manufacturing locations in India, various biodiversity enhancement and conservation initiatives were initiated. The outcome of the studies led to the development of multiple projects, which should help mitigate negative impacts on biodiversity. The projects ranged from establishing theme based gardens such as





creation of butterfly zones to apiculture inside the plant and outside in the community in Kerala, India.

At Hungary, in our EA region, cleaning the meadows of Mátra Mountain was identified as core area of work under biodiversity conservation. The project involved cleaning and maintaining of about five hectares of meadow, in order to attract native species within the area. Bükk National Park is responsible for maintenance of the territory by traditional grazing; cattle and sheep for grazing will use the cleaned territory. Post cleaning activity numbers of native spiders increased from 35 to 60 in the reporting period.

Another way to expand our understanding on the dynamics of Biodiversity is by participating in forums and initiatives on the topic. We joined the Leaders for Nature (LFN) initiative of International Union for Conservation of Nature (IUCN). The Leaders for Nature, India is a business- biodiversity network that stimulates and facilitates companies to take the lead in the transition towards a sustainable green Indian economy, by incorporating natural capital in their core business.

We take pride in stating that we are the only tyre manufacturing company to be a part of this unique initiative in India. We intend to build awareness amongst our employees on the basics of biodiversity and the underlying

business interlinkages. Another aspect of this association shall be to carry out natural capital accounting.

### Waste Management

Waste generation and its management is a key challenge for any paradigm. We identified waste management as a significant issue and as a result have developed projects: Clean My Transport Nagar, Clean My Village, and Go the Distance playground that are added to the overall programme.

#### Clean My Transport Nagar

Transport Nagar (hubs) a halt point for truck drivers often lacks waste management facilities and general cleanliness. Blocked drainage, littering, scattered waste, and poor water quality are very common features of this area. We run several health care centres for treatment of general ailments as well as sexually transmitted infections, and to spread awareness about HIV-AIDS to our most vulnerable stakeholders- the trucker community.

The objective of the Clean My Transport Nagar (CMTN) programme is to improve waste management and cleanliness of the identified transport hubs and to generate awareness on health and sanitation amongst our stakeholders. The project offers various services like daily cleaning of the roads, door-to-door waste collection, recycling of the products, and

awareness generation. The first CMTN project was started in 2012 in Delhi's Sanjay Gandhi Transport Nagar, followed by Agra's Transport Nagar. Currently the project is running in seven locations (Delhi, Agra, Jaipur, Jodhpur, Kanpur, Mumbai, and Chennai).

In the reporting period the total waste collected was 39,171 kg, out of which 28,496 kg was biodegradable waste and 10,675 was non-biodegradable. More than 2,300 people were reached through our door-to-door waste collection initiative and 7,860 people through the awareness activities.

### Clean My Village

As part of our initiative to create sustainable waste management practices in villages around our community, a solid waste management project- Clean My Village was initiated in the villages around the manufacturing locations in

India. The project offers many services like daily waste collection, waste segregation, compost production, spreading awareness and advocacy on the integrated issues of waste, sanitation, and health amongst stakeholders in the community. Through this project, 2,79,340 kg of waste was collected from almost 8,000 households. More than 10,000 villagers were reached through awareness activities.

### 'Go the Distance' playgrounds

Apollo Tyres has created two 'Go the Distance' playgrounds near Chennai. These playgrounds have been created using worn-out or end-of-life tyres (ELT) for children belonging to Sennakuppam and Vallakottai villages, to implement a re-cycling strategy. Two village schools in Sennakuppam and Vallakottai were identified for the playgrounds, as they lacked play structures. Structures like monkey-climb,



Enhancing green cover as a part of Clean my Transport Nagar initiative

swing and ropeway have been created using the worn-out tyres. Apart from making use of end-of-life tyres, the 'Go the Distance' playgrounds also provide a platform for the children from the villages to improve upon their agility and activeness, while sensitising them on the concept of reuse and recycle.

### Water Shed Management

Water is a vital ingredient for survival of all living beings. There are increasing demands on the world's water supply. Population growth,

water-intensive agriculture, and economic development are consuming water faster than it can be replenished. In addition, freshwater resources are in danger due to increasing pollution and climate change. In this scenario, management of water becomes a key concern for all living beings.

We at Apollo, contribute to this cause through our water shed management programme under which it not only focusses on enhancement of water availability but also on its restoration and quality improvement.



Apollo Tyres initiative to encourage tree plantation

Our focus is currently on addressing the issue of shortage of potable water sources in vulnerable communities. Based on a needs assessment and Chennai's constant struggle with availability of drinking water, we have piloted a purified drinking water project for communities around the Chennai plant.

Eco-restoration and improvement of water bodies in the community is yet another project aimed at restoring and enhancing the aqua-biodiversity. Within this project, we have undertaken pond restoration at our locations in Chennai, Limda, and Perambra. The activity includes water quality assessment, cleaning, deepening, and binding of the ponds. Taking an ecosystem approach, we aspire to make these ponds fit for supporting aquatic life as well as provide for green space, and be a source of clean water.

### Climate Change Mitigation

#### Tree Plantation and Livelihood Generation Programme

Our afforestation project has a two-pronged focus on carbon sequestration and livelihood generation for farmers in the water starved areas of Tamil Nadu. This project is being carried out in Kancheepuram, Tiruvannamalai, and Tiruvallur districts in Tamil Nadu. Through this project, we are on our way to plant a total of 1,00,000 teak saplings by end of 2016. Till now, 73,000 saplings have been planted involving 75 farmers. The programme undertakes different initiatives aimed at resource conservation and advocacy of eco-friendly consumption.

#### Renewable Energy: Use of Biogas

Within the Climate Change Mitigation theme of HabitAt Apollo, we are promoting the use of

Biogas in villages near our manufacturing location in Limda, Gujarat. 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. We provide individual household type Biogas units. This was a pilot project in the reporting year and it will be scaled up in the next year (2016-17).

### Social - Health Initiatives

We have identified health as one of our key areas of intervention, where preventative health services are provided to the vulnerable sections such as truck drivers, and communities around our manufacturing location. This area covers a range of public health activities focussed on prevention of diseases and promotion of good health. The projects are on creating awareness about HIV-AIDS, provision of vision care and implementation of sanitation under the 'Swachh Bharat Abhiyaan'.

#### HIV-AIDS Awareness and Prevention Programme

One of our key programmes managed by Apollo Tyres Foundation is the HIV-AIDS awareness



World AIDS Day celebration-Distribution of Badges to employees



HIV Awareness session for Truckers and allied population at Sanjay Gandhi Transport Nagar, Delhi, India

and prevention programed for truck drivers and the allied population residing in Transport Hubs (nagar). Currently, there are clinics at 25 locations across the country at major halting points (transport hubs) including Mumbai, Chennai, Delhi, and Kolkata, focusing on truck drivers, commercial sex workers, and migrant labourers. These clinics provide services like medical treatment for sexually transmitted infection and general health problem, counselling, behaviour change communication, condom promotion, medicines, etc.

During the reporting period, we reached out to 38,416 people. 62,403 people, including truck drivers and allied population were treated. 53,648 were counselled for HIV/ AIDS. In all, 13,052 HIV tests were carried out, of which 83 tested positive.

#### Vision Care

It is an undeniable fact that vision problems contribute to road accidents. To counter this problem, we have recently initiated eye check-up camps for truckers and allied population at transport hubs. Under this initiative, eye check-up camps were organised at different transport hubs in partnership with local NGO for drivers and related population. The programme offers various services such as eye testing; dispensing eye glasses, and awareness related to vision care and related issues. From this project, 7,750 people were

screened and out of this 2,164 people bought eye glasses.

#### Promotion of Health and Sanitation

As per the identified need of the community in Mathur, Oragadam, Vallakottai and Sennakuppam villages of Chennai location, a project on health and sanitation was undertaken. The objective of the project is to reduce the habit of open defecation and also increase awareness on personal hygiene. Under this initiative, 150 toilets were constructed in partnership with local panchayat and in alignment with national agenda Swachh Bharat Abhiyaan. Awareness sessions on menstruation and personal hygiene were conducted with adolescent girls and more than 500 girls were outreached through this project.

#### Other Health Initiatives

Apart from these major interventions, there were blood donation drives and hygiene improvement activities conducted during the reporting period, where water dispensers were distributed to the attendees. Driver trainings were also conducted at fleets to educate them about safer driving habits.

We also undertook an anaemia control project to extend anaemia and nutrition support to women and adolescent girls in around our Perambra, and Limda plants.

## Social - Community Development

We firmly believe that unless the weaker and disadvantaged members of the community are empowered and made self-reliant, the community as a whole cannot progress. Our strategy is to engage with women groups by either strengthening the existing self-help groups or by creating a new group, where it is needed.

### Livelihood and Income Generation

This programme focuses on generating livelihood and improving the well being of the community around our manufacturing locations. The programme initiatives follow a well-defined strategy to ensure that the key needs of the stakeholders are met. Under the banner of Project U programme, skill building and entrepreneur development training is designed and cascaded for women and unemployed youth around our manufacturing units in India - Chennai, Kochi, and Vadodara.

Several vocational skills such as apparel making, jewellery designing, nursing, personal care, housekeeping, making of soap, detergent and home cleansing agents, cotton waste products for industries, and fork lift operation are cascaded. Trainees are further connected to the market and service sector for employment. ATF has also set up Self-Help Groups (SHGs) for social upliftment of village women. As an outcome of the trainings, the women in our communities have formed their own women cooperative, and some have become entrepreneurs creating successful stories (Please refer to Box 2).

In the reporting period, the livelihood programme provided skill-building trainings to 210 women and unemployed youths, out of which 98 women have started earning their livelihood.

Our work has extended to look at all the impact points on the value chain. In the reporting period, we delivered our services to include our upstream and, as a consequence, conducted a few preventive health and livelihood initiatives for the Rubber Tapper community and Grading Centre employees.

## Improved Farming Practices

This project, operational in five villages of Vadodara- Narmadpura, Alwa, Gugaliyapura, Dholapura, and Limda supports the farmer community by training them on modern ways of farming techniques, ways to increase agricultural productivity, and improving agricultural practices with increased crop yield. The aim of this project is to enhance the knowledge and skills in modern crop practices to increase their productivity and income. Basic training related to seed selection, preparation of land, soil testing, organic compost making, methods of irrigation, perennial and kitchen gardening practices etc.

The project also offers services related to livestock care and management. Awareness programmes related to livestock care management practices and breeding, and vaccination camps are also organised under this initiative. The major objective of this initiative is to promote dairy farming as a secondary source of livelihood. Farmers are trained on cattle management, fodder management, clean milk production practices etc.

Through this project, community women have opened dairy in their village. They have provided direct market linkage to the farmers whose livelihood is directly dependent on livestock. Under this project, around 423 farmers were benefitted in the reporting period.

### Terrace and Limited Space-Ground Farming Programme

To promote homestead organic farming in the households of community for food safety, ATF in collaboration with Tropical Institute of Ecological Sciences (TIES) implemented a terrace and limited space-ground farming programme on pilot basis, in Kodakara GP, Thrissur, for selected households who showed high interest in the project.

## Philanthropic Activities

We also work for disadvantaged section of society through our philanthropic initiatives. These initiatives are taken in both APMEA and EA regions. These activities aim at providing support for education of underprivileged girls and donations to rural hospital for supporting the health care needs of the poor communities.

We have also provided financial support to the victims of Nepal earthquake and the recent Chennai floods.

Our activities are focused around health, education, and support to the disabled. Some of the initiatives taken in our APMEA operations in India were:

- Support to Kabliji Hospital for underprivileged.
- Sponsorship of education of underprivileged girls in Uttarakhand (Him Jyoti School).
- Computer literacy to Government school children at Sennakuppam & Vallakottai panchayat, Chennai, Tamil Nadu (Bhumi NGO).
- Monthly ration support to the underprivileged people (The Earth Saviours Foundation).
- Support to the education of disabled children (Tamanna NGO).

Some of the initiatives taken in our EA operations in Hungary were:

- We supported the only kindergarten in Gyöngyöshalász village by offering each child a complete high quality drawing set and stationery.
- Additionally, we provided one cauldron in

the kitchen to prepare food for 300 people from the Gyöngyöshalász village.

- A camp was organised for children suffering from cancer and chronic illness and their families, as well as for families who lost their child due to a severe illness. Around 550 children and their parents (approximately 1000) were benefitted from the camps. We have hired the Bator Tabor camp premises to host the annual take off party and the proceeds from hire services were utilised to provide services to the camp.
- In England, a donation was made to NGO Pratham UK, to sustain the education of 130 children for the next year.



## BOX 2

### Women Driving Success at Apollo Tyres

Livestock are valuable assets of the rural poor and are critical in supporting their livelihood particularly during unfavourable times. They are the secondary source of income for the farmers.

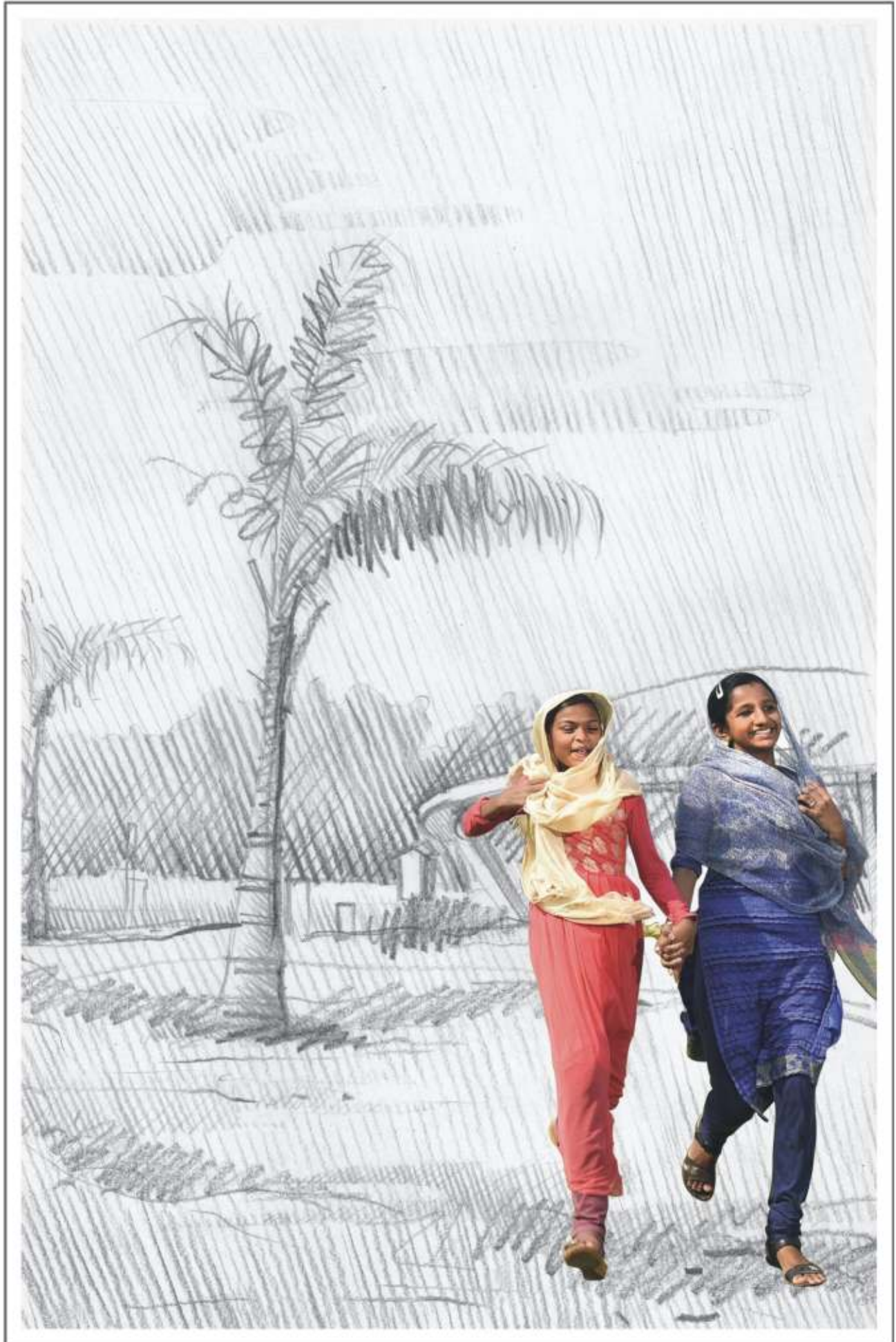
As part of our CSR initiatives, various trainings related to livestock management and sustainable agriculture are organised for the farmer community around our Limda plant.

Setting up an example, 40 women of Dholapura village near our Limda plant in Vadodara, decided to open a dairy in their village. They approached Baroda Dairy, with the support of the local CSR team and received the requisite approvals for opening a dairy.

After receiving technical training from Baroda Dairy, these women formally started the dairy, which follows the Amul Cooperative Model. Under this model, farmers own the dairy and their elected representatives manage the village societies and the district union.

It is a matter of great pride for us that the entire set up; from milk collection to milk dispatch is run and managed independently by women.

The average per day milk collection is 300-350 litres and women earn Rs. 50- 55 per litre based on the milk quality. The average monthly income from milk sale ranges from Rs. 3500-4000 per month.







## Go Green

Environmental protection is now an increasingly pressing issue all over the world. We at Apollo Tyres have always been at the forefront in taking up environmental protection across all our operations. Through our environment initiatives, we focus on material aspects - energy, water, emissions, waste and biodiversity and continue to invest in new technologies to improve performance, and enhance resource efficiency. We strongly

believe that through our conscious efforts, we can significantly mitigate the environmental challenges and contribute towards the conservation and well-being of our ecosystem.

This chapter gives an overview of our 'Go Green' efforts across all our plants. We are also actively engaged in similar programmes outside our plants, which have been detailed in the 'Care for Community' section.



## Six-Pillars of the Go-Green Framework



### Raw Material Sourcing & Management

The three main constituents used for manufacturing tyres are natural rubber, synthetic rubber, and carbon black. In the reporting period, these three comprised 40.5% of our total raw material consumption. The majority of rubber consumed in our APMEA operations is natural with a share of 71.58% of the total rubber. The share of natural rubber use in EA is 44.68%.

At Apollo, we constantly strive to make judicious use of resources. Our efforts are towards

resource conservation and one of the several ways to achieve this is through reduction of materials consumed. Our research and development centres, two in India and one in Netherlands (the details of which are given in the chapter on 'Innovation'), are constantly engaged in developing innovative methods for manufacturing high quality and safe tyres.

In both our APMEA and EA regions, natural rubber forms the largest share of the total raw materials consumed during the reporting period.

### Share of Raw Material Consumed, APMEA and EA Operations, FY 15-16



\*Other Raw Materials includes associated process materials and packaging materials.



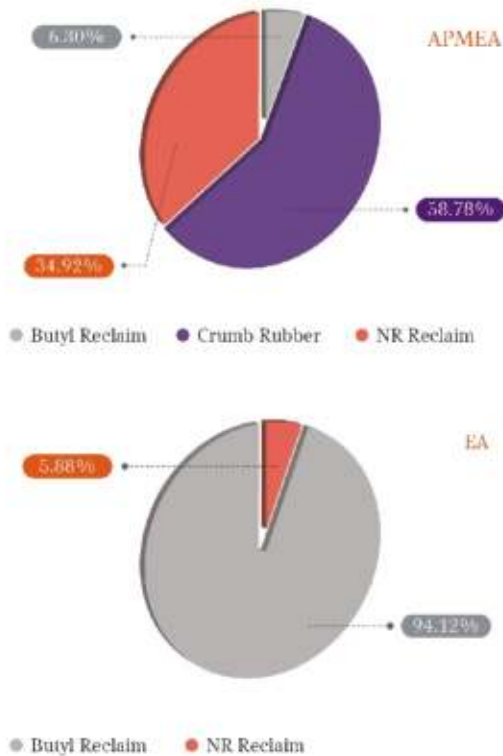
Total raw material consumed across all our operations: 8,11,324 metric tonne

Total recycled material: 7,261 metric tonne

In our APMEA operations, the total raw materials consumed was 7,50,051 metric tonne and the total recycled material was 6,411 metric tonne.

In our EA operations, the total raw materials consumed was 61,273 metric tonne. The total recycled material was 850 metric tonne.

### Break up of Recycled Raw Materials by Type, APMEA & EA Operations, FY 15-16



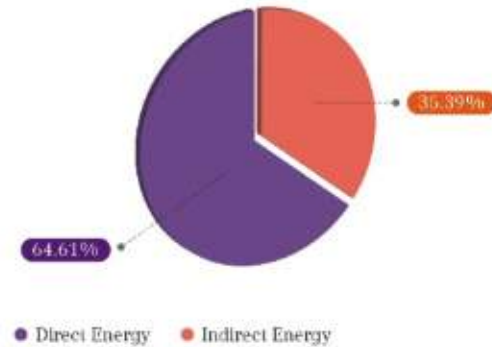
### Energy Sourcing and Management

The energy profile of Apollo Tyres comprising direct and indirect energy sources is determined mainly by three factors-availability and price of the energy source, and environmental impacts.

Component preparation and curing processes for tyre manufacturing require intense heat to stimulate chemical reactions between rubber and other raw materials. In our India operations, the main source of direct energy used during this process is coal, followed by furnace oil. At Netherlands, direct energy is sourced from Natural gas.

Indirect energy sources are used for functioning of utilities, fixtures, and other peripheral requirements, supplementing the tyre manufacturing processes. In India operations, the source of indirect energy is electricity followed by wind energy. At Netherlands, electricity is the main source of indirect energy.

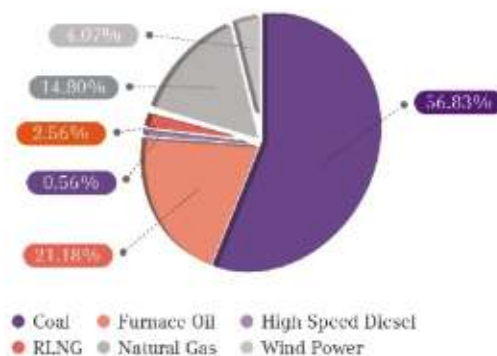
### Share of Direct and Indirect Energy Consumed, FY 15-16



The total energy consumption (both direct and indirect) for the reporting year was 3,395 TJ. The share of direct energy was 64.6% (about 2,193 TJ) and that of indirect energy was 35.4% (about 1,202 TJ).

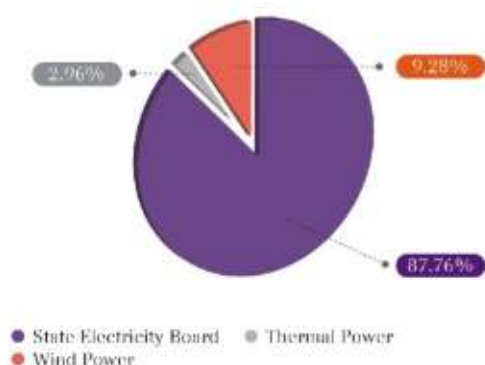
Most of the total energy consumption was from non-renewable sources (94%) such as coal, furnace oil, natural gas, and high speed diesel. Wind power, a renewable source of energy constituted the remaining (6%) of the energy consumption during the reporting period taking into consideration both direct and indirect sources. Conscious efforts are being made by us towards increasing the share of renewable sources, which is evident from the increased share over last year (4%).

### Break up of Direct Energy by Source, FY 15-16



Coal is the main source of direct energy, supplying 1,246 TJ, followed by furnace oil (465 TJ) and natural gas including RLNG (381 TJ). The total direct energy consumption was 2,193 TJ.

### Break up of Indirect Energy by Source, FY 15-16



The indirect energy (overall a total of 1,202 TJ) is primarily sourced from local electricity grids (1,055 TJ). Wind energy (112 TJ) and thermal energy (36 TJ) are the other important sources.

Our APMEA operations accounted for 84% (2,851 TJ) of the total energy consumed during

### Energy Efficiency

Combining effective strategy with practical measures is key to achieving successful energy management. We focus on reducing our energy consumption by being energy efficient. There are several initiatives that were undertaken during the reporting period which resulted in energy savings of 42,601 GJ.

We are continuously making efforts to achieve energy efficiency through improvements in our process design, conversion and retrofitting of equipment, and use of energy efficient equipment. All these initiatives have contributed to significant energy savings for the reporting year as shown in the table below.

In our APMEA operations, initiatives undertaken at our Limda plant included installation of energy efficiency pump in FCW system with VFD, which resulted in energy savings of 206 GJ and replacement of 280 watt metal halide high bay fitting with 80 watt energy efficient led type high bay fitting in bias plant leading to 1,345 GJ of energy savings. Apart from these, we saved 568 and 338 GJ of energy through replacement of 36 watt tube

### Energy Saved in APMEA and EA Operations from Different Levers (in GJ), FY 15-16

Plants	Process Design	Conversion and Retrofitting Equipment	Use of Energy Efficient Equipment	Reduction in Rolling Resistance	Total Energy Saved
Limda	-	4,484	2,588	-	7,072
Chennai	19,049	3,905	-	-	22,954
Kalamassery	1,267	-	-	-	1,267
Perambra	3	2	-	-	5
Netherlands	-	11,303	-	9,750	21,053
Total Energy Saved 2015-16	20,319	19,694	2,588	9,750	52,351

the reporting period. Though coal is the main source of direct energy in our India operations, we have consciously adopted clean energy sources to cut down carbon footprint.

In our EA operations, energy consumption was 16% (544 TJ) of the total energy consumed during the reporting period. In Netherlands, natural gas is the predominant direct energy source and the main indirect source of energy is electricity.

light fitting with 18 watt energy efficient LED tube fitting in bias plant and replacement of 280 watt metal halide high bay fitting with 80 watt energy efficient LED high bay fitting in radial plant respectively.

At Chennai, riser modification and replacement of economiser coil in coal boiler, one of the several initiatives undertaken, contributed to energy savings of 18,876 GJ. Conversion and retrofitting of equipment in the form of

replacement of conventional MH Lamps with MH Pulse Start Lamps resulted in energy savings of 1,929 GJ in the reporting period.

At Kalamassery, hot water single pump operation led to energy savings of 1,267 GJ while at Perambra, conversion and retrofitting of equipment and process redesign led to energy savings of 2 and 3 GJ respectively.

At our EA operations, conversion and retrofitting of equipment through insulation of curing line 1 and 2 led to energy savings of

rolling resistance and cutting down emissions in transportation and logistics etc.

At present, we depend mostly on non-renewable energy sources. However, we are consciously exploring the possibilities of using clean energy even at a higher cost, like wind energy.

For the purpose of this report, we have considered emissions under Scope 1 and Scope 2 as defined by the GHG Protocol. Scope 1 emissions are Direct Emissions from sources

### Emission Profile at APMEA, FY 15-16

PLANTS	Chennai		Perambra		Kalamassery		Limda	
	Ambient (µg/m <sup>3</sup> )	Stack (mg/m <sup>3</sup> )	Ambient (mg/Nm <sup>3</sup> )	Stack (mg/Nm <sup>3</sup> )	Ambient (mg/Nm <sup>3</sup> )	Stack (mg/Nm <sup>3</sup> )	Ambient (µg/m <sup>3</sup> )	Stack (mg/Nm <sup>3</sup> )
Nitrous Oxide (NOx)	27	35.5	16.6	-	16.52	43.9	14.8	19.7ppm
Sulphur Oxide (SOx)	12	48.7	15.25	410	15.35	130.3	9.3	11.5ppm
Particulate Matter (PM10)	53	45	39.45	46	58.05	74.8	68.3	63.6

11,303 GJ. Additionally, 9,750 GJ of energy was saved through lowering of rolling resistance in the reporting period.

### Emission Reduction

Cleaning up air and carbon pollution protects our environment and supports a strong & clean-energy economy. Our Go Green initiatives are designed to reduce our carbon footprints and air emissions, and we have been consistently moving forward in achieving this objective.

In EA region there was 8,952 metric tonne of nitrous oxide, emitted as a stack pollutant during the reporting period.

The concentration of air emissions across all our plants was within the prescribed limits throughout the reporting period.

### Green House Gas (GHG) Emissions

Reducing green-house gas (GHG) emissions and mitigating climate change impacts is one of the focus areas in our sustainability journey. Initiatives undertaken by us towards this, during the reporting period included reducing energy consumption in our manufacturing, making products with low e and

that are owned or controlled by us. Scope 2 emissions are Indirect Emissions that result from our activities but are generated at sources owned or controlled by another organisation, like GHG emissions from the generation of electricity, heat or steam that is imported and consumed by us. Besides, we have also considered the emissions from ozone depleting substances (ODS).



World Environment Day celebration in Limda facility, India

## Carbon Emission Profile at APMEA, FY 15-16

Emission Source Type	Emission Source	GHG Emissions (Tonne of eCO <sub>2</sub> )				
		Chennai	Limda	Kalamassery	Perambra	Total APMEA
Scope 1 Direct GHG Emissions	Coal	62,912	-	-	55,004	
	Furnace Oil	8,844	11,826	12,162	3,117	
	High Speed Diesel	406	258	16	229	
	Natural Gas	-	3,151	-	-	
	<b>Total Scope 1 Emissions</b>	<b>72,161</b>	<b>15,235</b>	<b>12,178</b>	<b>58,349</b>	<b>1,57,923</b>
Scope 2 Indirect GHG Emissions	Grid Electricity	1,00,033	57,878	17,258	53,276	
	Thermal Power*	9,793	-	-	-	
	<b>Total Scope 2 Emission</b>	<b>1,09,826</b>	<b>57,878</b>	<b>17,258</b>	<b>6,53,276</b>	<b>2,38,238</b>

\*Imported Thermal Power, treated as Grid Power for calculating CO<sub>2</sub> emissions (using CEA emission factor Ver. 10)

Coal is the main source of direct energy, supplying 1,246 TJ, followed by furnace oil (465 TJ) and natural gas including RLNG (381 TJ). The total direct energy consumption was 2,193 TJ.

The indirect energy (overall a total of 1,202 TJ) is primarily sourced from local electricity grids (1,055 TJ). Wind energy (112 TJ) and thermal energy (36 TJ) are the other important sources.

Our APMEA operations accounted for 84%

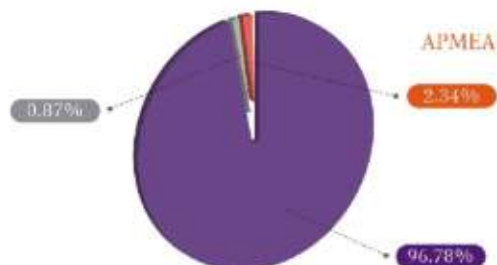
(2,851 TJ) of the total energy consumed during the reporting period. Though coal is the main source of direct energy in our India operations, we have consciously adopted clean energy sources to cut down carbon footprint.

In our EA operations, energy consumption was 16% (544 TJ) of the total energy consumed during the reporting period. In Netherlands, natural gas is the predominant direct energy source and the main indirect source of energy is electricity.

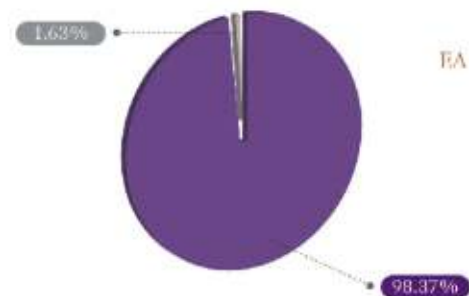
## Total Annual Water Withdrawal (in m<sup>3</sup>), FY 15-16

Plant	Perambra	Kalamassery	Limda	Chennai	Netherlands	Total annual water withdrawal
Annual water withdrawal	5,52,444	2,77,385	9,37,038	4,82,309	39,79,403	62,28,579

## Share of Water Withdrawal by Source in APMEA and EA Operations, FY 15-16



● Surface Water ● Ground water  
● Rain Water Collected and Stored



● Surface Water ● Municipal Water Supplies

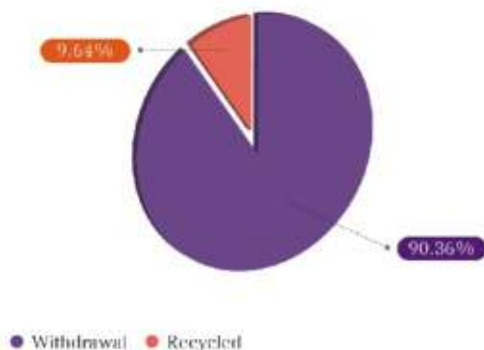
## Energy Efficiency

Combining effective strategy with practical measures is key to achieving successful energy management. We focus on reducing our energy consumption by being energy efficient. There are several initiatives that were undertaken during the reporting period which resulted in energy savings of 42,601 GJ.

We are continuously making efforts to achieve energy efficiency through improvements in our process design, conversion and retrofitting of equipment, and use of energy efficient equipment. All these initiatives have contributed to significant energy savings for the reporting year as shown in the table below.

In our APMEA operations, initiatives undertaken at our Limda plant included installation of energy efficiency pump in FCW system with VFD, which resulted in energy savings of 206 GJ and replacement of 280 watt metal halide high bay fitting with 80 watt energy efficient led type high bay fitting in bias plant leading to 1,345 GJ of energy savings. Apart from these, we saved 568 and 338 GJ of energy through replacement of 36 watt tube light fitting with 18 watt energy efficient LED tube fitting in bias plant and replacement of 280 watt metal halide high bay fitting with 80 watt energy efficient LED high bay fitting in

## Break up of Total Water Usage in terms of Recycled Water and Fresh Water Withdrawal, FY 15-16

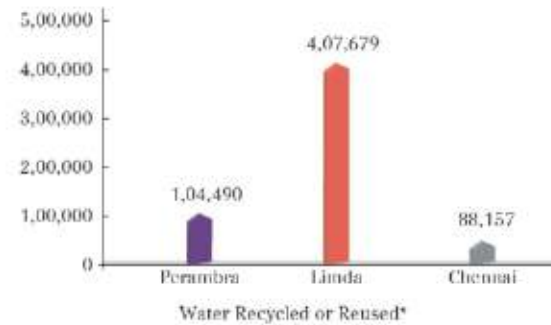


radial plant respectively.

At Chennai, riser modification and replacement of economiser coil in coal boiler, one of the several initiatives undertaken, contributed to

energy savings of 18,876 GJ. Conversion and retrofitting of equipment in the form of replacement of conventional MH Lamps with

## Water Recycle, APMEA Operations (in m<sup>3</sup>), FY 15-16



\*No water was recycled in the Kalamassery and Netherlands plants during the reporting period.

MH Pulse Start Lamps resulted in energy savings of 1,929 GJ in the reporting period.

At Kalamassery, hot water single pump operation led to energy savings of 1,267 GJ while at Perambra, conversion and retrofitting of equipment and process redesign led to energy savings of 2 and 3 GJ respectively.

At our EA operations, conversion and retrofitting of equipment through insulation of curing line 1 and 2 led to energy savings of 11,303 GJ. Additionally, 9,750 GJ of energy was saved through lowering of rolling resistance in the reporting period.

## Emission Reduction

Cleaning up air and carbon pollution protects our environment and supports a strong & clean-energy economy. Our Go Green initiatives are designed to reduce our carbon footprints and air emissions, and we have been consistently moving forward in achieving this objective.

In EA region there was 8,952 metric tonne of nitrous oxide, emitted as a stack pollutant during the reporting period.

The concentration of air emissions across all our plants was within the prescribed limits throughout the reporting period.

## Green House Gas (GHG) Emissions

Reducing green-house gas (GHG) emissions

## Quality of STP Discharge, FY 15-16

Water Quality Parameters	Statutory Limits (if applicable)	Quality of STP* Discharge			
		Kalamassery	Perambra	Chennai	Limda
pH	5.5 - 9.0	7.3	7.24	7.72	7.56
TSS (mg/L)	100	24	23	13.17	13
TDS (mg/L)	2,100	-	-	1,121	1,036
BOD (mg/L)	30	22	21	10.67	10
COD (mg/L)	100	81	-	65.33	40
Oil & Grease (mg/L)	10	1.11	BDL	BDL	2
Zinc (mg/L)	5	-	BDL	BDL	-

Note:

1. For Perambra - Statutory limits for BOD is 30ppm and TSS is 100ppm. Statutory limits for TDS and COD are not prescribed.
2. For Chennai - Statutory limits for TSS is 30mg/L and for BOD is 20mg/L. Statutory limits for TDS, COD, Zinc and Oil & Grease are not prescribed.
3. For Kalamassery - Statutory limits for COD is 250mg/L. Statutory limits for TDS and Zinc are not prescribed.
4. For Limda - Statutory limits for pH is 6.5 - 8.5. Statutory limits for Zinc is not prescribed.

and mitigating climate change impacts is one of the focus areas in our sustainability journey. Initiatives undertaken by us towards this, during the reporting period included reducing energy consumption in our manufacturing, making products with low rolling resistance and cutting down emissions in transportation and logistics etc.

At present, we depend mostly on non-renewable energy sources. However, we are consciously exploring the possibilities of using clean energy even at a higher cost, like wind energy.

For the purpose of this report, we have considered emissions under Scope 1 and Scope 2 as defined by the GHG Protocol. Scope 1 emissions are Direct Emissions from sources

that are owned or controlled by us. Scope 2 emissions are Indirect Emissions that result from our activities but are generated at sources owned or controlled by another organisation, like GHG emissions from the generation of electricity, heat or steam that is imported and



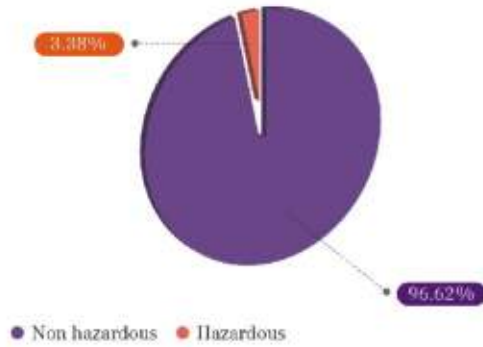
## Hazardous and Non-Hazardous Wastes, FY 15-16

Hazardous Wastes	Non-Hazardous Wastes
Used Oil / Waste Oil	Waste Rubber
Etp Sludge	Scrap Tyres
Scrap Rubber Compound	Rubberised Fabric
Empty Paint Cans	Process / Metal Scrap
Oil Barrel	Scrap Saw Dust
Oil Soaked Cotton Waste	Scarp Rubberised Radial Steel Belt



consumed by us. Besides, we have also considered the emissions from ozone depleting substances (ODS).

### Break up of Solid Wastes by Type Generated, FY 15-16



In our EA operations, direct emissions (GHG) from the use of natural gas amounted to 16,581 metric tonne of CO<sub>2</sub>. Indirect emissions (GHG) from the use of electricity (Scope 2) were recorded at 40,941 metric tonne of CO<sub>2</sub>. Besides these, emissions from HCFC, an ozone depleting substance amounted to around 5 kg.

### Water Sourcing and Management

Rising population, growing industrialisation, and agriculture have pushed the demand for water significantly over the time. Water conservation therefore has become the need of the day and we have taken several initiatives during the reporting period to conserve water.

The primary source of water at our operations is surface water, which accounted for 97.8% of total water consumption during 2015-16. Other sources include ground water, rainwater harvesting, and municipal water.

In our APMEA operations, we have carried out several initiatives to conserve water in the reporting year.

The following initiatives were taken at our Chennai plant:

- Ultra-filtration (UF) membranes were replaced to improve the UF percentage recovery
- Air handler unit (AHU) condensate recovery

system used to reuse the condensate water from AHU's in process

- Reverse Osmosis (RO) membranes were replaced to improve the RO recovery rate

The total water saved at Chennai plant was 38,325 m<sup>3</sup> in the reporting year.

At our Limda plant, conversion of existing RO plant for water recycling purpose was undertaken as a step towards water conservation during the reporting period, as a result of which soft water was restricted from entering UF permeate tank, thus improving the overall RO plant performance.

The total water saved at Limda plant was 32,850 m<sup>3</sup> in the reporting year.

Total recycled or reused water: 6,00,326 m<sup>3</sup> which was 9.64% of total annual water withdrawal. This has gone up considerably from 6.79% in 2014-15.

In our APMEA operations, the total annual water withdrawal was 22,49,176 m<sup>3</sup>, of which 6,00,632 m<sup>3</sup> (26.69%) was recycled or reused.

In our EA operations, the source is canal water supplied by the local municipal body. For the reporting year, the total annual water withdrawal was 39,79,403 m<sup>3</sup>.

During the reporting period, Limda had the highest quantity of water recycle at 4,07,679 m<sup>3</sup>, followed by Perambra at 1,04,490 m<sup>3</sup> and Chennai at 88,157 m<sup>3</sup>.

### Quality of Water Discharge

At Apollo, we understand the importance of meeting regulatory standards for the quality of water discharge. For this purpose, we have installed effluent treatment plants (ETP) and





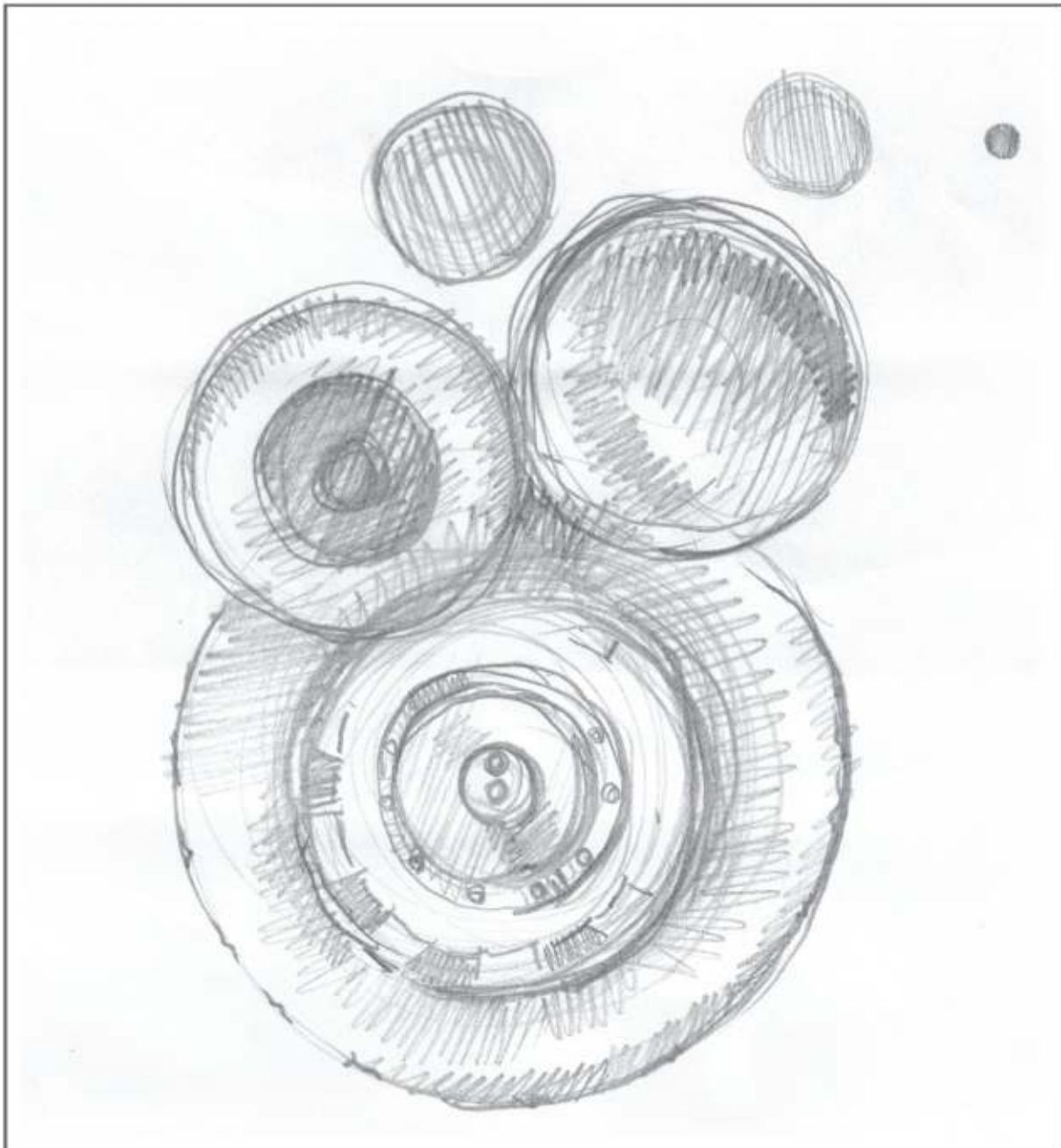


## Innovation

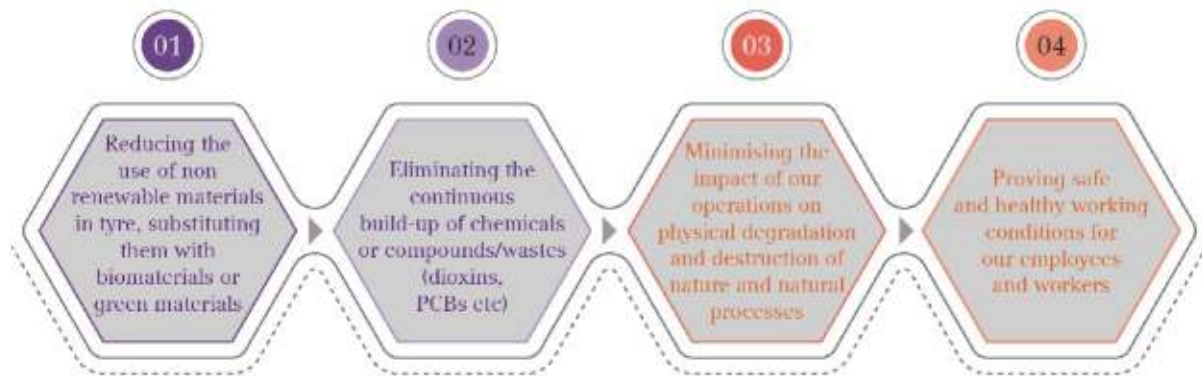
At Apollo, tyre manufacturing process is centred around in-depth research and design capabilities and cutting edge manufacturing that utilises highly advanced machinery in our large state-of-the-art plants.

Technological innovation and development of modernised processes is the driving force behind our success. We continuously strive to

build sustainable technologies and safe products that not only reduce risks but also increase value for our stakeholders across the value chain. With this approach in mind, our focus continues to remain on research and development of new materials, compound development, design and simulation that make our products more competitive and environment friendly.



## Four Principles of Apollo's Philosophy



We continue to build and expand our research and development team. In order to assist us forge greater relationships with the OE market, we have opened a new office in Raunheim, Germany. This office is staffed with test drivers, OE engineers, and key account management with a focus on being closer to our customers in the region.

Our two existing R&D centres continue to work towards improvements in the passenger vehicle segment at Enschede in Netherlands and commercial vehicle segment at Chennai in India.

Our third R&D office at Bangalore, India called Advanced Engineering Centre, is engaged in the development of advanced solutions for all kinds of tyre performances, independent of any specific market or products. This centre has

greatly contributed towards improving our product portfolio and quality by providing highly innovative technological solutions.

For our R&D and manufacturing professionals at the corporate level in our APMEA operations, we undertake a highly specialised Technology Leadership Development Programme. This programme is divided into three streams: Tyre Design and Engineering; Raw Material; and Compounding and Process Technology. R&D professionals are also sponsored for programmes in universities and other tyre related organisations in India and abroad.

Our R&D teams aid us in staying competitive in the industry by developing new technologies. Some of our achievements during the reporting period included:



### Use of Zero-Emission Car

For commuting between the R&D site and the plant in Enschede, we use a Zero-Emission car. During the reporting period, the car was driven for 3,500 km, which in theory, would mean a saving of around 460 km of CO<sub>2</sub> emission. In practice however, the savings could be even higher since the car is driven only for short distances, not allowing the combustion engine to warm up and consume more fuel.

### Reduction in Rolling Resistance

Reduction in rolling resistance leads to direct reduction in fuel consumption and a higher wet grip index ensures that the tyre is safer on the road. We have introduced a new product-line, Ultrac Satin, a resin based on a wood derivative

that replaces the softener, which is made from crude oil. The resin replaces all the free oil in the compound which is about 9% of the total weight of the compound. The tread compound is about 2 kg per tyre. This new tyre is the best performing tyre on wet grip (showing an A-label). For rolling resistance, it scores B and C in place of the former C and E labels, which means safer and cleaner use.

### Development of new Low Hysteresis Compound

New low hysteresis compounds developed in a technology project are being implemented, improving the energy labels of all products. The new compounds enable us to improve the label values by one label up.





## Way Forward

Sustainability and business go hand in hand for us at Apollo Tyres. Looking ahead, we have a unique opportunity to grow and lead our industry to greater heights with a strong focus on all our stakeholders. With a culture of innovation and collaboration, we continue to provide a platform for our customers and employees to realise their potential and make a strong impact on society. We continue to

channelise our energies in the right direction by investing in new technologies and solutions to reduce our carbon footprint and enhance the general well-being of the communities in which we operate. We remain a performance driven organisation that believes in excellence and rigour in everything we do. Our endeavour is to build a better tomorrow and we continue to work towards it.

Printed on paper produced from responsibly managed forests



# apollo

## **Apollo Tyres Ltd.,**

Apollo House, 7 Institutional Area,  
Sector 32, Gurgaon, Haryana 122001, India  
T: +91 124 2383002 | F: +91 124 2383021  
[www.apollotyres.com](http://www.apollotyres.com)

## **Registered Office:**

Apollo Tyres Ltd., 3rd Floor, Areekal Mansion,  
Panampilly Nagar, Kochi 682036, India  
T: +91 484 4012046 | F: +91 484 4012048 | E: [investors@apollotyres.com](mailto:investors@apollotyres.com)  
**CIN: L25111KL1972PLC002449**