BEYOND THE ASSEMBLY LINE

TVS MOTOR COMPANY'S JOURNEY TO RISK MITIGATION & CLIMATE RESILIENCE







Every vehicle that leaves a TVS Motor Company (TVSM) facility carries more than its engineering heritage - it reflects the Company's responsibility to the world in which it operates and the future it is helping to shape.

Beyond the Assembly Line captures TVSM's approach to climate transition: moving beyond incremental improvements within manufacturing operations towards a more resilient, lower-carbon mobility ecosystem. The transition is anchored in science, enabled by innovation and increasingly integrated into business decisions across operations and the value chain.

Across its manufacturing facilities in India, Indonesia, and in the UK, TVSM is progressively transforming the way energy, water and other resources are used, while strengthening the resilience of its operations to physical and transition-related climate risks. Key areas of action include increasing renewable energy adoption, improving energy and resource efficiency, reducing greenhouse gas emissions, advancing circularity, strengthening supplier engagement and supporting the transition towards lower-carbon mobility solutions.

The Company's climate transition is guided by long-term ambitions and measurable targets, supported by a phased portfolio of operational, technological and value-chain interventions. Delivering these ambitions will require sustained investment, innovation and collaboration across the value chain, alongside continuous assessment of evolving regulatory, technological, market and physical climate risks. The transition pathway is therefore designed to evolve as technologies, policies, markets and climate science development.

For TVSM, climate resilience is not a destination or a one-time milestone. It represents an ongoing business transformation journey that connects decarbonisation with operational resilience, resource stewardship, innovation and long-term value creation.

Beyond the Assembly Line reflects the Company's commitment to ensuring that the mobility solutions it creates today contribute to a more resilient, responsible and low-carbon future.

Reporting Boundary

The Climate Transition Plan covers TVS Motor Company's Scope 1, Scope 2 and relevant Scope 3 emissions across its operations and value chain, including its manufacturing facilities in India, PT TVS Motor Company Indonesia and Norton Motorcycles in the UK, as applicable to the relevant climate metrics.

FY 2024-25 reflects the post-demerger reporting boundary, with Sundaram Auto Components Limited (SACL) excluded from Scope 1 and Scope 2 and its relevant value-chain impacts considered under Scope 3, where applicable.

Certain historical baselines and category-level information are based on the Company's FY 2023-24 Task Force on Climate-related Financial Disclosures (TCFD) Report and FY 2024-25 CDP response. Where reporting boundaries, methodologies or data sources differ, these are identified accordingly. Year-on-year comparisons should be read in this context.

The boundary will be reviewed as the Company strengthens its climate data, value-chain coverage and transition planning, with material changes transparently disclosed.

> *"Across its manufacturing facilities in India, Indonesia, and in the UK, TVSM is progressively transforming the way energy, water and other resources are used, while strengthening the resilience of its operations to physical and transition-related climate risks."*



Our Climate Transition Plan is not built around isolated environmental programmes but around a system-based approach where climate, water, waste, biodiversity, and circularity reinforce one another.

Thakur Pherwani
Chief Sustainability Officer,
TVS Motor Company

FROM THE DESK OF THE CHIEF SUSTAINABILITY OFFICER

Dear Friends,

The transition to a low-carbon economy is redefining the future of mobility. At TVS Motor Company, we believe that climate action extends far beyond reducing greenhouse gas emissions - it requires rethinking how we design products, manufacture vehicles, steward natural resources, and create value across the entire lifecycle of mobility. Our Climate Transition Plan reflects this holistic approach, integrating decarbonization, resource efficiency, circularity, and nature stewardship into the core of our business strategy.

Climate resilience cannot be achieved by addressing carbon alone. Water security, biodiversity conservation, waste management, and circular resource use are intrinsically linked to climate outcomes. Recognizing these interdependencies, we have embedded nature-based and circular economy principles into our transition pathway, ensuring that every environmental intervention contributes to strengthening the resilience of our operations and the ecosystems that support them.

One of the key enablers of our transition is the measurement and management of embodied carbon. A significant proportion of a vehicle's lifecycle emissions is embedded in the materials and components that enter our factories. By assessing embodied carbon, we are integrating carbon considerations into product design, material selection, supplier engagement, and procurement decisions. This enables us to identify opportunities to reduce emissions upstream, collaborate with suppliers on low-carbon materials, and make informed engineering choices that minimize lifecycle emissions.

Circularity is another critical pillar of our climate strategy. The establishment of our Registered Vehicle Scrapping Facility (RVSF) enables the responsible dismantling and recovery of end-of-life vehicles, allowing valuable materials to re-enter manufacturing value chains. By reducing dependence on virgin raw materials, improving material recovery, and minimizing waste, the RVSF lowers embodied emissions while supporting India's transition towards a circular economy.

Similarly, DriveX, our organized pre-owned two-wheeler business, demonstrates that extending product life is a powerful decarbonization lever. Every refurbished vehicle placed back on the road delays the need for manufacturing a replacement, reducing demand for new materials, conserving resources, and avoiding the emissions associated with new vehicle production. DriveX reflects our commitment to maximizing resource productivity while expanding access to reliable and sustainable mobility solutions.

Our operational excellence initiatives are equally fundamental to our Climate Transition Plan. Achieving Water Positive status across our manufacturing operations strengthens resilience against increasing water stress resulting from climate change. By replenishing more water than we consume, improving water-use efficiency, recycling wastewater, and restoring local water resources, we are enhancing ecosystem resilience while reducing operational risks associated with changing climatic conditions.

Our commitment to Zero Waste to Landfill complements our decarbonization efforts by ensuring that materials remain in productive use for as long as possible. Maximizing reuse, recycling, recovery, and responsible waste management not only conserves finite resources but also avoids methane emissions from landfills and reduces the carbon intensity associated with extracting and processing virgin materials. Waste, in this context, becomes a valuable resource that supports a more circular and low-carbon manufacturing ecosystem.

Protecting and restoring nature is equally central to our transition journey. Through our commitment to No Net Loss of Biodiversity by 2040, we recognize that healthy ecosystems are essential for climate resilience. Forests, wetlands, grasslands, and other natural habitats act as carbon sinks, regulate water cycles, reduce climate-related risks, and support the ecosystem services upon which communities and businesses depend. By integrating biodiversity conservation into project planning, land management, and habitat restoration, we are strengthening both ecological resilience and our long-term business resilience.

Together, these initiatives illustrate that our Climate Transition Plan is not built around isolated environmental programmes but around a system-based approach where climate, water, waste, biodiversity, and circularity reinforce one another.

Our Climate Transition Plan is both a roadmap and a commitment-one that will continue to evolve as technologies advance, stakeholder expectations grow, and climate science deepens our understanding of the challenges ahead. While the path to a low-carbon future demands bold decisions and sustained collaboration, it also presents an opportunity to redefine how mobility is created and experienced.

At TVS Motor Company, we remain committed to driving this transition with integrity, innovation, and purpose, creating lasting value for our stakeholders while contributing meaningfully to a climate-resilient and nature-positive future.

Regards,

Thakur Pherwani
Chief Sustainability Officer,
TVS Motor Company

FROM AMBITION TO DELIVERY

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PART A -
FOUNDATIONS (AMBITION)

TPT Element 1 / TCFD Strategy & Governance seeds

ABOUT TVS MOTOR









*"Rooted in a **100-year legacy of Trust, Value and Service,** TVSM is committed to delivering internationally aspirational products of the highest quality."*



1 ABOUT TVS MOTOR COMPANY

1.1 Business overview, geographies, product portfolio

TVS Motor Company (TVSM) is a globally recognised manufacturer of two- and three-wheelers, advancing sustainable mobility through a portfolio of products and technologies designed to meet evolving customer and environmental needs. With four state-of-the-art manufacturing facilities in Hosur, Mysuru and Nalagarh in India, and Karawang in Indonesia, the Company combines engineering excellence with innovative and sustainable manufacturing practices.

Rooted in a legacy of over 100 years of Trust, Value and Service, TVSM is committed to delivering internationally aspirational products of the highest quality. It is the only two-wheeler company to have received the prestigious Deming Prize, reflecting its strong focus on quality and operational excellence. Its products have consistently performed strongly in their respective categories in the J.D. Power Initial Quality Study (IQS) and Automotive Performance, Execution and Layout (APEAL) surveys, while the Company has been ranked No. 1 in the J.D. Power Customer Service Satisfaction Survey for four consecutive years.

TVSM's global presence extends beyond its core two- and three-wheeler portfolio. Its group company, Norton Motorcycles, based in the United Kingdom, is one of the world's most distinctive and emotive motorcycle brands. Its subsidiaries in the personal e-mobility space, Swiss E-Mobility Group (SEMG) and EGO Movement, have established leading positions in the Swiss e-bike market. The Company serves customers across 90+ countries, supported by its global distribution and service network.

As part of its approach to the transition towards lower-carbon mobility, TVSM follows a multi-technology strategy, recognising that the pathway to sustainable mobility will require a combination of technologies suited to different markets, applications and customer needs. Its portfolio spans electric, CNG, LPG, hybrid and flex-fuel vehicles, while its internal-combustion engine (ICE) products are engineered to operate with ethanol-blended fuels. This technology-diverse approach enables the Company to address emissions reduction while supporting the evolving mobility requirements of its customers across markets.

The Company is also expanding its contribution to a more circular mobility ecosystem through DriveX, its used two-wheeler refurbishment platform. In FY 2025-26, DriveX generated ₹74 crore in revenue, a 21% increase from ₹61 crore in FY 2024-25, reflecting the growing role of refurbishment and resale models in extending vehicle life and supporting more resource-efficient mobility.

1.2 FY performance highlights

FY 2025-26 marked continued business growth alongside progress in the Company's climate transition. The Company reported revenue of ₹47,270 crore, an increase of 30.4% year-on-year, and profit before tax of ₹4,945 crore, up 40.4%, with an EBITDA margin of 12.9%. Vehicle sales increased by 24% to 5.89 million units. This financial performance provides a strong foundation for continued investment in technology, sustainable mobility, operational efficiency and climate transition initiatives.

Advancing renewable energy transition

The Company continued to reduce the carbon intensity of its operations through increased renewable electricity adoption. In FY 2025-26, ~98% of electricity requirements across its Indian operations were sourced from renewable sources, resulting in zero market-based Scope 2 emissions from purchased electricity. Renewable electricity adoption is also progressing across international operations, with Norton Motorcycles sourcing approximately 84% of its electricity from renewable sources during the reporting period.

Integrating climate and nature considerations

Climate transition is being complemented by a broader approach to environmental resilience. As an early adopter of the Taskforce on Nature-related Financial Disclosures (TNFD) framework and a signatory to the India Business & Biodiversity Initiative (IBBI), TVSM is strengthening its assessment and management of nature-related dependencies, impacts, risks and opportunities across its operations and value chain. During FY 2025-26, the Company published its inaugural Nature Report aligned with the TNFD framework.

The Company's sustainability performance was also recognised through a CDP A- Leadership rating and an S&P Global ESG Score of 65/100, placing it among the top seven companies in the global automotive industry.

Embedding environmental performance into products

Environmental considerations are increasingly being incorporated into product design and development. During FY 2025-26, the TVS Jupiter 125, TVS Apache 160 4V, TVS Apache RR310, TVS iQube and TVS Apache RTR 310 received the GreenPro Type-1 Ecolabel in India. The TVS Callisto 125, manufactured at the Karawang facility in Indonesia, became the first TVS Motor product manufactured outside India to receive the GreenPro Ecolabel. These certifications support the integration of lifecycle and environmental considerations into the Company's product development approach.

Scaling electric mobility

Electrification represents a key component of TVSM's transition towards lower-carbon mobility and an important future growth opportunity. In FY 2025-26, the Company's electric two-wheeler sales increased 33% to 3.71 lakh units, compared with 2.79 lakh units in FY 2024-25. The Company continued to expand its EV portfolio through refreshed TVS iQube variants and the TVS Orbiter, while its EV customer base surpassed nine lakhs.

The growth trajectory has continued into FY 2026-27. In Q1 FY 2026-27, TVSM recorded 1.30 lakh electric two-wheeler sales, while June 2026 sales reached 48,537 units, compared with 14,400 units in June 2025. The Company is also expanding the supporting EV ecosystem through investments in retail, charging infrastructure, technology and customer support, while extending electrification into commercial mobility through the TVS King Kargo HD EV.

The Company's EV transition is increasingly international, with the launch of the TVS iQube in Indonesia extending its electric mobility portfolio into overseas markets. Together, the growth of EV sales, expansion of the product portfolio, development of the supporting ecosystem and internationalisation of electric mobility demonstrate the increasing integration of low-carbon mobility into TVSM's business growth strategy and long-term climate transition pathway.

1.3 Green manufacturing & operating certifications

As part of its climate transition journey, TVS Motor Company has established a range of management systems and operational excellence practices that provide a structured foundation for improving environmental performance, energy efficiency, resource productivity and operational resilience. All TVSM manufacturing facilities are certified to ISO 45001:2018 for occupational health and safety management and ISO 14001:2015 for environmental management. In addition, all Indian manufacturing facilities and Norton Motorcycles are certified to ISO 50001:2018 for energy management.

These management systems complement the Company's GreenCo certifications and ratings and provide a systematic framework for integrating environmental and energy considerations into manufacturing operations. They support ongoing efforts to improve energy efficiency, increase renewable energy adoption, manage environmental impacts, strengthen resource efficiency and reduce operational greenhouse gas emissions.

The Company is also leveraging its established Total Productive Maintenance (TPM) and Total Quality Management (TQM) practices as potential enablers of the climate transition. TPM's focus on equipment effectiveness, reliability, preventive maintenance and elimination of operational losses can contribute to reducing energy and resource losses across manufacturing processes. Similarly, TQM's emphasis on process discipline, quality improvement, standardisation and continuous improvement can support the integration of resource efficiency and emissions considerations into core manufacturing processes.

TVSM is therefore assessing opportunities to further connect TPM, TQM, environmental management and energy management practices with its climate transition priorities. This approach is intended to embed decarbonisation and resource-efficiency considerations within existing operational excellence systems, rather than treating climate action as a standalone sustainability programme. The integration of these systems can help identify operational efficiency opportunities, strengthen accountability at the plant level and support continuous improvement in the Company's transition towards lower-carbon and more resilient manufacturing.

1.4 Framework Alignment Index:

This Plan is structured against the following disclosure frameworks.

Framework	Coverage in this Plan
Transition Plan Taskforce (TPT)	The Plan has been developed with reference to the Transition Plan Taskforce (TPT) Disclosure Framework and follows its key elements relating to climate ambition, implementation strategy, governance, engagement and accountability.
Taskforce for Climate related Financial Disclosure (TCFD)	Climate-related disclosures are aligned with the four TCFD pillars of Governance, Strategy, Risk Management, and Metrics & Targets, including consideration of both transition and physical climate risks through scenario analysis.
International Financial Reporting Standards (IFRS) S2	The Plan incorporates key IFRS S2 disclosure elements, including climate-related risks and opportunities, governance, strategy, metrics and targets, application of an Internal Carbon Price, and defined short-, medium- and long-term time horizons.
CDP Climate Change	Climate-related disclosures have been mapped to relevant CDP Climate Change modules (C1-C8) to support consistency and comparability of reporting.
CDP Water Security	Water stewardship disclosures reflect key elements of the CDP Water Security framework, including governance, risks and opportunities, water dependency assessment, strategy, targets, performance and value chain engagement.
Taskforce for Nature related Financial Disclosure (TNFD)	Nature-related dependencies, impacts, risks and opportunities have been assessed using the TNFD Locate, Evaluate, Assess and Prepare (LEAP) approach and integrated into the Company's broader environmental and transition planning processes.





2. STRATEGIC AMBITION

2.1 Sustainability Strategy Architecture

Aligned with its vision and Reimagine 2030 strategy, the Company has embedded sustainability within its broader strategic priorities, with the objective of integrating environmental, social and governance considerations across its operations and value chain. The sustainability strategy encompasses the Company's manufacturing operations, suppliers, dealers, product lifecycle, employee and community engagement, recognising that long-term business resilience and value creation depend on addressing sustainability considerations across the mobility ecosystem.

The strategy is structured around five Sustainability Mission Pillars, which provide the overarching architecture for the Company's sustainability agenda:

1. Sustainable and Thriving Ecosystem
2. Exciting and Safe Mobility
3. Responsible Social License to Operate
4. Embracing the Digital Future
5. Governance for a Sustainable Future

The five pillars are translated into ten enterprise-wide Sustainability Goals, supported by defined targets, cross-functional initiatives and governance mechanisms, and integrated into the Company's Strategic Long-Range Plan. Climate action is anchored primarily in the Sustainable and Thriving Ecosystem pillar while extending across sustainable mobility, responsible sourcing, innovation, operational excellence, digitalisation, stakeholder engagement and governance.

The strategy is informed by global megatrends, evolving regulations, enterprise risks, technological developments and stakeholder expectations, with the Double Materiality Assessment providing a key basis for identifying and prioritising sustainability topics based on both impact and financial materiality.

2.2 Double Materiality Assessment-Methodology and Outcomes

TVSM undertook a Double Materiality Assessment (DMA) in FY 2023-24, aligned with the European Sustainability Reporting Standards (ESRS), to identify and prioritise sustainability matters based on both impact materiality and financial materiality. The assessment considered global and industry megatrends, regulatory developments, enterprise risks, peer practices, sustainability frameworks and stakeholder perspectives, with inputs from approximately 500 internal and external stakeholders.

The assessment identified the Company's material sustainability topics and provided a basis for its Sustainability Mission Pillars, Sustainability Goals, enterprise risk management and strategic priorities. For the Climate Transition Plan, the assessment provided an important link between material climate-related impacts, risks and opportunities and transition priorities, including climate change, energy and emissions, resource efficiency, water, circularity, sustainable products and value-chain impacts.

The DMA outcomes, together with the five-pillar, ten-goal sustainability architecture, provide a strategic foundation for prioritising climate transition actions, targets, investments and governance mechanisms to support a lower-carbon and climate-resilient business. The Company intends to undertake the DMA every three years, with interim reviews as appropriate to reflect material changes in its business, operating context, regulatory landscape, stakeholder expectations and emerging risks and opportunities.

"The DMA outcomes, together with the five-pillar, ten-goal sustainability architecture, provide a strategic foundation for prioritising climate transition actions, targets, investments and governance mechanisms to support a lower-carbon and climate-resilient business."

SUSTAINABLE DEVELOPMENT GOALS



2.3 Goals mapped to UN Sustainable Development Goals

#	Goal	Headline Commitment	SDG linkage	Progress against target
E1	Reduce Operational Emissions and No Net Loss Operations **Time horizon:** Long	90% reduction in scope 1 and 2 by 2040; No Net Loss by 2040 in alignment with the 1.5°C pathway and India's 2070 Net Zero commitment.	SDG 7 - Affordable & Clean Energy SDG 9 - Industry, Innovation & Infrastructure SDG 12 - Responsible Consumption & Production SDG 13 - Climate Action SDG 15 - Life on Land	• Renewable energy accounted for 96.31% of total global energy consumption in FY 2025-26 • ~98% electricity from renewable energy source in Indiaw • Biodiversity strategy established with a commitment to No Net Loss and Net Positive Impact by 2040, supported by 43% green cover, TNFD-aligned assessments across key sites, and Hosur is also being explored as a potential OECM site. TVSM's first TNFD Report was also released in FY25–26.
E2	Building a Water-Positive Future **Time horizon:** Mid	Embed sustainable water stewardship across all manufacturing locations by 2030 and encourage adoption throughout the value chain by 2040	SDG 6 - Clean Water & Sanitation SDG 12 - Responsible Consumption & Production SDG 13 - Climate Action SDG 15 - Life on Land	• TVSM achieved a Water Positive Ratio of 1.5 across Indian operations in FY 2025-26, replenishing more water than it consumed.
E3	Advancing Circular Manufacturing with a Zero Waste to Landfill Vision **Time horizon:** Mid	Achieve zero landfill operations across all manufacturing sites and extend adoption throughout the value chain by 2040	SDG 12 - Responsible Consumption & Production SDG 9 - Industry, Innovation & Infrastructure SDG 13 - Climate Action	• Achieved Zero Waste-to-Landfill across India operations (99.98%)
E4	Engineering the Next Generation of Low-Carbon Mobility. **Time horizon:** Mid	Transitioning to low-carbon products reinforcing TVSM's pathway to decarbonization	SDG 7 - Affordable and Clean Energy; SDG 9 - Industry, Innovation and Infrastructure; SDG 11 - Sustainable Cities and Communities; SDG 12 - Responsible Consumption and Production; SDG 13 - Climate Action	• Delivered 3.71 lakh EV two-wheelers (+33% YoY), expanded to 1,000+ EV dealerships and ~5,000 charging points, achieved GreenPro Ecolabel certification for six product models, and advanced circularity through the operationalisation of the RVSF with 90% recoverability and ~85% recyclability and 15% recycled content across all products

TVSM commits to a 90% reduction in Scope 1 and Scope 2 emissions by 2040 aligned with /SO !WA 42.·2022 and a science-based approach.

#	Goal	Headline Commitment	SDG linkage	Progress against target
S1	Creating a Workplace Where Inclusion Drives Progress **Time horizon:** Mid	Achieve 5% representation of people with physical disabilities in the workforce by 2030 and 35% gender diversity by 2035, aligning with global gender equality and empowerment goals aligned to UNWEP	SDG 5 - Gender Equality SDG 8 - Decent Work and Economic Growth; SDG 10 - Reduced Inequalities	• 19.13% women representation in the workforce and ~3% PwD representation achieved
S2	Embedding Safety Excellence into Everyday Operations: **Time horizon:** Ongoing	Advancing towards zero incidents vision by fostering a proactive safety culture and implementing risk-free operational processes that prioritize employee well-being & workplace safety	SDG 3 - Good Health and Well-Being SDG 8 - Decent Work and Economic Growth	• Achieved zero fatalities for employees and contractors • Achieved zero incidence for employees
S3	Empowering Communities. Enabling Equitable Futures **Time horizon:** Ongoing	Driving long-term social transformation by strengthening livelihoods, education, hygiene and environmental resilience, and inclusive community development across 2500 villages	SDG 1 - No Poverty SDG 3 - Good Health and Well-Being SDG 4 - Quality Education SDG 6 - Clean Water and Sanitation SDG 8 - Decent Work and Economic Growth SDG 10 - Reduced Inequalities SDG 11 - Sustainable Cities and Communities	• Community initiatives reached over 1.62 million beneficiaries across 2,500 villages, strengthening livelihoods, water security, education, healthcare and environmental resilience through SST-led programmes.

#	Goal	Headline Commitment	SDG linkage	Progress against target
G1	Transforming the Value Chain into a Sustainability Ecosystem **Time horizon:** Long	Empower all Tier 1 and Tier 2 value chain partners to attain Platinum level sustainability performance by 2040 using the My Sustainability Index.	SDG 8 - Decent Work and Economic Growth SDG 9 - Industry, Innovation and Infrastructure SDG 12 - Responsible Consumption and Production SDG 13 - Climate Action SDG 17 - Partnerships for the Goals	345 suppliers assessed under MSI; 48% achieved Gold or Platinum status and 85% attained Silver or higher ratings. More than 100 suppliers were supported through capacity-building programmes, resulting in 55 suppliers improving their sustainability performance.
G2	Securing the Future through Digital Trust and Cyber Resilience **Time horizon:** Ongoing	Achieve industry-leading cybersecurity standards across all operations, ensuring zero data breaches through continuous risk assessment, employee training, and advanced threat detection systems	SDG 9 - Industry, Innovation and Infrastructure SDG 16 - Peace, Justice and Strong Institutions	Maintained zero data breaches during the year and continued to strengthen digital trust through ongoing cyber risk management, governance controls and enterprise-wide cybersecurity initiatives.
G3	Elevating Customer Experience through Sustainable Innovation **Time horizon:** Ongoing	Delivering future-ready mobility experiences through continuous innovation, superior quality, and customer-centric solutions.	SDG 9 - Industry, Innovation and Infrastructure SDG 11 - Sustainable Cities and Communities SDG 12 - Responsible Consumption and Production	J.D. Power - Initial Quality: TVS Motor received three segment-leading recognitions in the 2025 India Two-Wheeler Initial Quality Study (2WIQS), with TVS Jupiter, TVS Radeon and TVS Apache RTR 160 2V ranking highest in their respective segments. J.D. Power - Customer Satisfaction: In the 2025 India Two-Wheeler APEAL Study (2WAPEAL), TVS Radeon ranked highest in the Motorcycle Economy segment and TVS iQube/iQube S ranked highest in the Scooter EV segment, based on feedback from 6,503 two-wheeler customers. Sustainable product excellence: The recognition of TVS iQube/ iQube S as the highest-ranked EV scooter reinforces the Company's customer-centric approach to sustainable mobility, complemented by GreenPro Ecolabel certifications for select products, including TVS Jupiter 125, Apache 160 4V, Apache RR310, iQube, Apache RTR 310 and Callisto 125

2.4 Climate Ambition

TVS Motor Company's climate ambition is to achieve a 90% reduction in Scope 1 and Scope 2 greenhouse gas emissions by 2040 and net-zero Scope 3 emissions by 2050. The Scope 3 ambition is aligned with India's national net-zero 2070 pathway and supports the Company's broader 1.5°C-aligned climate transition ambition. Scope 3 decarbonisation will focus on value-chain engagement, product lifecycle emissions, low-carbon mobility, supplier decarbonisation and other relevant transition levers, supporting the Company's pathway towards a low-carbon and climate-resilient future. The Climate Transition Plan further strengthens transparency around TVSM's climate ambition, transition pathway, targets, performance and governance, while aligning with evolving disclosure frameworks such as IFRS S2 and supporting consistent engagement with investors and other stakeholders.

"90% REDUCTION IN SCOPE 1 AND 2 GREENHOUSE GAS EMISSIONS BY 2040."



3 TIME HORIZONS & BASELINE

3.1 Time Horizons

The Company defines its climate-related time horizons to align with its strategic and financial planning cycles, ensuring that environmental risks and opportunities are assessed over the periods most relevant to its business decisions.

0-6 YEARS

Short-term

Strategic Focus

Immediate operational measures, including infrastructure enhancements and alternative material sourcing, to address near-term risks.

6-16 YEARS

Mid-term

Strategic Focus

Response to the evolving regulatory landscape, market trends, and emerging technologies; strategic investments that reshape the operational footprint.

16-26 YEARS

Long-term

Strategic Focus

Planning for the far-reaching impacts of climate change through decarbonization targets and sustainable practices that future-proof operations.

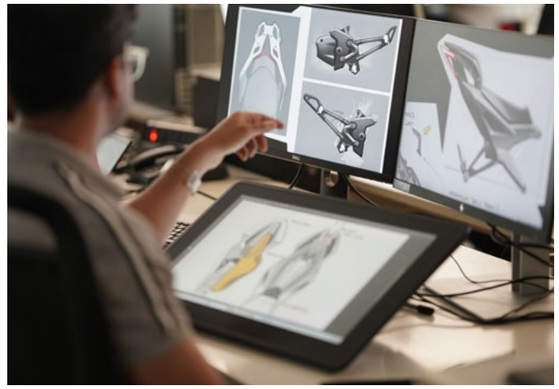


3.2 Baseline year and boundary

FY 2023-24 is the baseline year for TVSM's Scope 1 and 2 targets (90% reduction by FY2040) and Scope 3 target (90% reduction by FY2050). The Scope 1 baseline differs between the FY2023–24 disclosure (24,331.65 tCO_2e) and the CDP disclosure (19,607.42 tCO_2e) due to the post-demerger SACL boundary restatement, undertaken in accordance with TVSM's Global Base Year Recalculation Policy for Sustainability Reporting, including the applicable ≥5% recalculation threshold. Petrol-related Scope 1 emissions reflect the applicable E20 fuel blend in India and E10 fuel blend in the UK

Basis	Scope 1 (tCO_2e)	Boundary
FY 2023-24 TCFD Report (pre-demerger)	24,331.65	Includes SACL
FY 2023-24 CDP Response (restated)	19,607.42	Excludes SACL - authoritative baseline

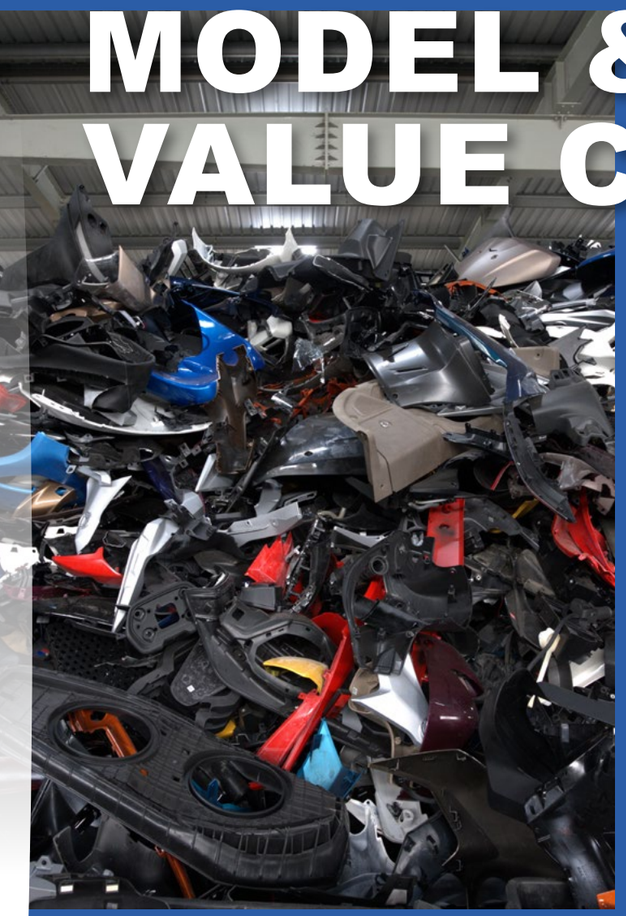




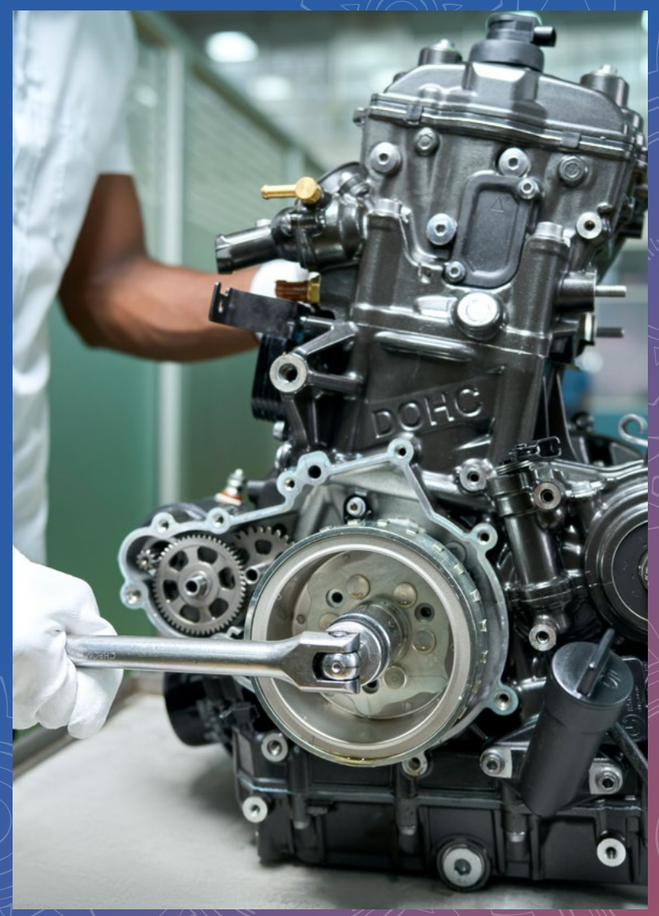
PART B -
IMPLEMENTATION STRATEGY (Action Plan)

TPT Element 2 / TCFD Strategy pillar

BUSINESS MODEL & VALUE CHAIN









“TVSM’s value-chain emissions and transition opportunities span upstream activities, own operations and downstream activities.”

4. BUSINESS MODEL & VALUE CHAIN

4.1 Upstream, operations, downstream footprint map

The value-chain footprint is assessed across relevant Scope 3 categories, alongside Scope 1 and Scope 2 emissions from the Company's direct operations.

- **Upstream:** Emissions primarily arise from purchased goods and services, including raw materials and components, as well as other supplier-related activities. Key transition levers include supplier engagement, low-carbon materials, resource efficiency and improved supplier-level emissions data.
- **Own operations:** Scope 1 and Scope 2 emissions arise primarily from manufacturing facilities and associated energy and fuel consumption. Key levers include renewable energy, energy efficiency, process optimisation and electrification of relevant operations.
- **Downstream:** Emissions arise across distribution, use of sold products and end-of-life treatment. Given the significance of the use phase, product electrification, vehicle efficiency, lower-carbon fuels and lifecycle interventions represent key transition levers, complemented by logistics optimisation and circularity.

4.2 Where value chain emissions concentrate

The use of sold products is a significant contributor to TVS Motor Company's Scope 3 emissions, making product electrification, energy efficiency and low-carbon mobility key transition levers. Upstream emissions are concentrated in purchased materials, components and supplier operations, with inbound logistics and transportation also contributing to the footprint. Downstream emissions include product distribution, outbound logistics, use of sold products and end-of-life treatment.

Accordingly, TVSM's Scope 3 transition focuses on EV adoption, product lifecycle emissions reduction, supplier decarbonisation, sustainable sourcing, low-carbon materials, renewable energy, logistics optimisation, circular economy and value-chain engagement. These priorities are aligned with the Company's emissions profile, while strengthening climate-risk management, emissions transparency and sustainability performance relevant to CDP, DJSI and IFRS S2 expectations.





5. DECARBONISATION APPROACH AND PATHWAY

5.1 Abatement-First Approach & Decarbonisation Lever Inventory

TVSM's decarbonisation strategy is evidence-based and abatement-led, prioritising measurable greenhouse gas emissions reductions across Scope 1, Scope 2 and Scope 3. The approach is informed by the principles of proposed ISO IWA 42:2022 Net Zero Guidelines and focuses on three interconnected transition priorities: product and portfolio transformation, operational decarbonisation and value-chain engagement.

The use phase of sold products (Scope 3 Category 11) represents the largest component of TVSM's emissions footprint, making EV adoption, low-carbon mobility, vehicle efficiency and product lifecycle emissions reduction key transition levers. These are complemented by renewable energy, energy efficiency, supplier decarbonisation, sustainable procurement, low-carbon logistics and circular economy initiatives.

TVSM targets a 90% reduction in Scope 1 and Scope 2 emissions by 2040 and, supported by decarbonisation levers across short-, medium- and long-term horizons. The strategy prioritises emissions avoidance and reduction at source, with residual emissions addressed only after feasible abatement opportunities have been pursued through appropriate and verified approaches.

This integrated approach strengthens climate action, transition planning, emissions management, value-chain engagement and climate-related performance, supporting TVSM's decarbonization pathway.

5.2 Product & Portfolio Transformation (Scope 3 use-phase)

The transition of TVSM's portfolio from internal-combustion engines towards electric and lower-carbon mobility solutions represents one of its most significant long-term Scope 3 decarbonisation levers. This is particularly relevant as Scope 3 Category 11 (use of sold products) represents the largest component of TVSM's value-chain emissions. The global market is also accelerating according to the International Energy Agency (IEA), electric two- and three-wheelers accounted for approximately 15% of global sales in 2025, with around 11 million units sold.

TVSM is responding through continued EV portfolio expansion, technology development and market scale-up. The Company sold 3.71 lakh electric two-wheelers in FY2025-26, an increase of 33% year-on-year, and subsequently reached the milestone of one million TVS iQube units produced in June 2026. This portfolio transformation supports product-related GHG emissions reduction and lifecycle carbon reduction, while positioning the Company to capture growth in the expanding low-carbon mobility market.

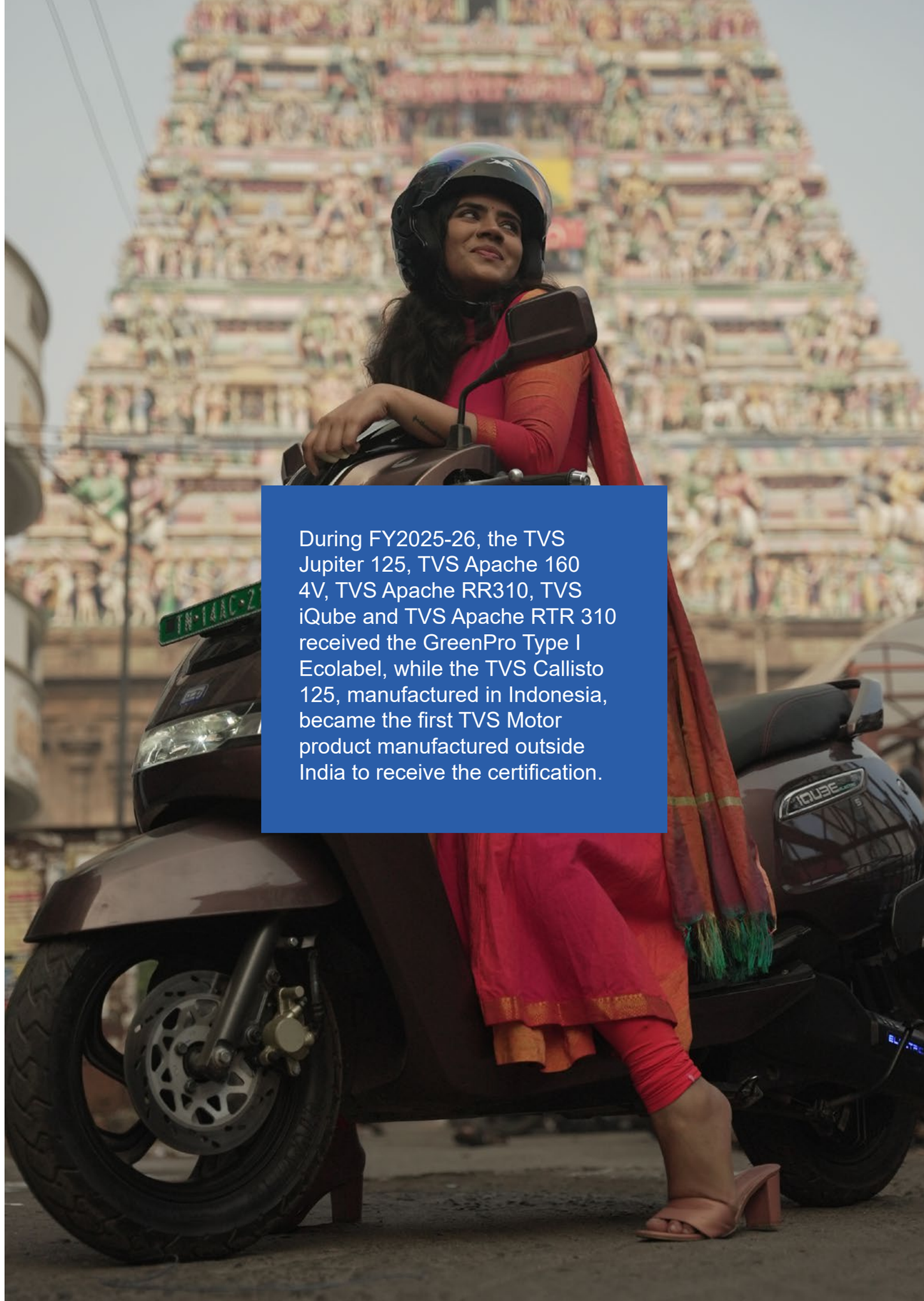
Key transition levers include:

- **Product mix transformation:** Increasing the share of EVs and alternative-fuel vehicles, including CNG, LPG and hybrid, to reduce the average lifecycle carbon intensity of vehicles sold.
- **Vehicle efficiency:** Improving the fuel efficiency and emissions performance of ICE platforms, including compatibility with ethanol-blended fuels.
- **Drivetrain electrification:** Progressively transitioning suitable vehicle platforms towards electric drivetrains as technology, infrastructure and customer adoption mature.
- **Renewable charging:** Increasing renewable electricity integration across the EV charging ecosystem to reduce the carbon intensity of the use phase.
- **Circularity and recycling:** Extending the low-carbon value proposition through product recovery, recycling and material efficiency. TVSM's Registered Vehicle Scrapping Facility (RVSF) supports end-of-life recovery, with approximately 90% recoverability and 86% recyclability across products. Recycled content increased from 12% in FY2024-25 to 15% in FY2025-26, with the Company planning to progressively increase recycled content through 2035.
- **Eco-design and product environmental performance:** Integrating lifecycle environmental considerations into product development. During FY2025-26, the TVS Jupiter 125, TVS Apache 160 4V, TVS Apache RR310, TVS iQube and TVS Apache RTR 310 received the GreenPro Type I Ecolabel, while the TVS Callisto 125, manufactured in Indonesia, became the first TVS Motor product manufactured outside India to receive the certification.

Together, these measures connect electrification, energy efficiency, sustainable materials, circular economy, product lifecycle emissions and eco-design into a single product transformation pathway, supporting TVSM's Scope 3 decarbonisation and 2050 net-zero ambition while creating opportunities for sustainable mobility growth.

5.3 Operational Decarbonisation (Scope 1 & 2)

Operational decarbonisation is one of the most advanced dimensions of TVS Motor Company's climate transition strategy, supported by renewable energy adoption, energy efficiency, electrification and structured energy management. Renewable electricity accounted for ~98% of electricity consumption across Indian operations and 96.31% globally, avoiding approximately 78,938.05 tCO_2e during the reporting period. All three Indian manufacturing facilities and Norton Motorcycles are certified to ISO



50001:2018 Energy Management, providing a framework for continued energy efficiency and greenhouse gas emissions reduction.

The remaining operational decarbonisation pathway focuses on eliminating fossil-fuel consumption and reducing Scope 1 and Scope 2 emissions through progressive electrification and fuel transition. Key levers include 99% renewable electricity globally by 2030, electrification of industrial ovens and hot-water generators, electrification of remaining propane- and LPG-dependent processes, interim fuel switching from propane/LPG to natural gas, and longer-term transition from natural gas to green hydrogen for hard-to-electrify applications. These measures are complemented by existing energy-efficiency initiatives, including fuel-saving projects, waste-heat recovery, power optimisation and lower-emission technologies embedded in the Company's strategic Long-Range Plan.

The operational pathway is sequenced to prioritise renewable energy, energy efficiency and direct fossil-fuel abatement, while recognising technology maturity, infrastructure availability and project economics. This approach supports TVSM's Scope 1 and Scope 2 decarbonisation targets, energy transition and operational resilience.

5.4 Supply Chain Decarbonisation (Scope 3 upstream)

Supply chain decarbonisation is a key Scope 3 transition lever for the Company, given emissions associated with purchased goods, materials and components. The Company is strengthening supplier engagement through renewable energy adoption, sustainable procurement, recycled materials, supplier-specific emissions data and value-chain emissions reduction.

In FY2025-26, 38 supplier locations, representing approximately 9% of the supplier base and 20% of annual procurement spend, reported using 100% renewable electricity for goods supplied to TVSM. In addition 21% of total procurement spend was towards recycled materials, supporting increased material circularity and reduced reliance on virgin resources.

Going forward, TVSM will assess developing supplier emissions model to identify emissions hotspots across its supply chain, prioritise high-impact suppliers and materials, and engage identified suppliers to establish supplier-specific emissions reduction pathways, targets and transition actions. This will strengthen Scope 3 emissions measurement, hotspot identification and supplier engagement.

Together, these initiatives support sustainable sourcing, supplier decarbonisation, renewable energy transition, circular economy, Scope 3 emissions reduction and value-chain engagement, aligned with TVSM's decarbonization pathway.

5.5 Downstream Decarbonisation (logistics & dealer network)

Downstream decarbonisation forms an important component of TVSM's climate transition strategy, extending emissions reduction beyond its manufacturing operations to logistics and the dealer network. The Company is progressively assessing and developing emissions models for inbound and outbound logistics to establish a more comprehensive understanding of its logistics-related emissions footprint. This assessment will inform targeted interventions, including route optimization, improved load efficiency and the transition towards lower-carbon and electrified logistics fleets, with the objective of reducing the carbon intensity of contracted logistics operations while improving operational efficiency.

The transition also extends across the dealer network through increased adoption of renewable energy. During the reporting period, 71 of the 91 dealers that reported rooftop solar installations had collectively installed 1,443 kW of solar capacity. TVSM will continue to engage with its dealer network to accelerate renewable energy adoption and identify further opportunities to reduce emissions associated with downstream operations.

5.6 Sustainable Finance as a transition enabler

TVSM's Sustainable Finance Framework (SFF) is intended to support the Climate Transition Plan by directing capital towards low-carbon mobility, vehicle electrification, renewable energy, operational decarbonisation, value-chain transformation and resource efficiency through instruments such as Green Bonds, Sustainability Bonds and Sustainability-Linked Loans.

The Framework will strengthen the integration of climate priorities into capital allocation, supported by defined eligibility criteria, allocation mechanisms and impact reporting. This will enable TVSM to link sustainable financing with measurable decarbonisation outcomes, climate performance and progress, while strengthening transparency and accountability for investors and stakeholders.







5.7 Quantified Abatement Pathway

5.7.1 Scope 1 and Scope 2 Decarbonisation Pathway

The Company's Scope 1 and Scope 2 decarbonisation pathway focuses on reducing direct fuel combustion and purchased electricity emissions through renewable energy, thermal electrification, energy efficiency, operational excellence and lower-carbon fuel switching.

- Renewable electricity (RE-100) is the primary operational lever. TVSM has already achieved ~98% renewable electricity across Indian operations and is progressing towards global coverage. The pathway assessment estimates >1 million tCO_2e cumulative abatement, supported by approximately ₹25 crore investment and potential lifetime returns of approximately ₹201 crore.
- Thermal electrification of ovens, hot-water generators and other fossil-fuel-dependent processes is a key longer-term lever, with potential abatement of approximately 582,000 tCO_2e. Energy efficiency and operational excellence, including IE4 motors, HVAC and compressed-air optimisation, advanced controls and waste-heat recovery, provide near-term emissions and cost reductions, with estimated abatement of approximately 459,000 tCO_2e and NPV exceeding ₹70 crore.
- Fuel switching from propane and LPG to natural gas provides an interim measure where electrification is not yet feasible, while longer-term options such as green hydrogen are considered for hard-to-abate processes.

Together, these levers establish a sequenced pathway for operational decarbonisation, supporting TVSM's Scope 1 and Scope 2 targets and strengthening its energy transition, climate action and emissions management performance

5.7.2 Scope 3 Decarbonisation Pathway

Given TVSM's emissions profile, Scope 3 decarbonisation is central to decarbonization pathway, with the roadmap prioritising the use of sold products and other material value-chain categories.

Product and portfolio transformation is the primary Scope 3 decarbonization lever in TVSM's transition pathway. The portfolio transition will encompass battery electric, hybrid, biofuel-enabled and other emerging low-carbon mobility technologies. Based on the pathway modelling, portfolio transformation could deliver approximately 76% of cumulative Scope 3 emissions reductions by 2050, primarily through reductions in Scope 3 Category 11 (use of sold products) emissions.

Additional levers include vehicle efficiency and lifecycle emissions reduction, covering propulsion, battery technology, lightweighting, software and product design; renewable-powered charging, targeting renewable electricity across charging infrastructure to reduce EV use-phase emissions; and circular economy and sustainable materials, including increased recycled content and improved product recyclability.

Supplier and logistics decarbonisation will complement product-led reductions through renewable energy adoption, supplier emissions targets, improved Scope 3 data, sustainable sourcing, transport optimisation and lower-carbon freight solutions.

Together, these measures create an integrated Scope 3 emissions reduction pathway spanning low-carbon mobility, product lifecycle emissions, sustainable procurement, supplier engagement, logistics, circularity and value-chain resilience, supporting TVSM's 2050 Scope 3 Net Zero ambition and strengthening climate performance.

5.7.3 Residual emissions & neutralisation approach

Residual emissions remaining after the implementation of feasible abatement measures will be addressed through verified neutralisation measures. As part of this nature based approach, in FY 2023-24, TVSM had undertaken a validation of the annual carbon sequestration potential across its three Indian manufacturing sites, estimated at 1.57 million tCO_2e annually. The Company will continue to prioritise emissions avoidance and reduction, with neutralisation considered only for residual emissions that cannot be technically or economically eliminated.

5.7.4 Internal Carbon and Water Pricing as Allocation Mechanisms

TVSM intends to use Internal Carbon Pricing (ICP) and an Internal Water Price as strategic decision-making tools to integrate climate and resource considerations into capital allocation and business planning. The current pathway assessment uses an indicative ICP of USD 32/ tCO_2e for Scope 1 and Scope 2 emissions, derived from the marginal cost of achieving the Company's operational decarbonisation ambition. An Internal Water Price of ₹100/kL is also applied to reflect water-related resource considerations in relevant decision-making.

These internal pricing mechanisms are intended to inform capital expenditure, technology selection, product development, procurement, risk management and long-term planning, enabling carbon and water impacts to be considered alongside financial and operational parameters. The mechanisms are reviewed and revised on a four-year cycle to reflect evolving business priorities, regulatory developments and environmental considerations.

Progress will be monitored through GHG emissions, water performance and climate-related KPIs, with periodic reassessment of assumptions relating to technology, market conditions, resource availability and policy developments. This approach strengthens climate risk management, resource efficiency, sustainable capital allocation and transition planning, supporting the Company's Net Zero pathway and sustainability ambition.

> *"The Company's Scope 1 and Scope 2 decarbonisation pathway focuses on reducing direct fuel combustion and purchased electricity emissions through renewable energy, thermal electrification, energy efficiency, operational excellence and lower-carbon fuel switching."*

6. ADAPTATION STRATEGY (CLIMATE RISK MANAGEMENT)

TCFD Risk Management pillar

6.1 Climate risk integration in Enterprise Risk Management & scenario methodology

TVSM recognises climate change as a strategic and operational risk and manages climate-related physical and transition risks through its Enterprise Risk Management (ERM) framework, with oversight from the Board and Risk Management Committee. Business continuity is supported through an ISO 22301:2019-certified Business Continuity Management System.

In FY 2023-24, the Company conducted climate scenario analysis for its assets, considering alternative climate and transition pathways, to identify associated physical and transition risks. Physical risks are assessed using RCP 4.5 and RCP 8.5 scenarios, while transition risks are assessed using the Nationally Determined Contributions (NDC) and Current Policies scenarios under the Network for Greening the Financial System (NGFS). The analysis recognises that NDC commitments and current policies vary across countries- India, Indonesia and United Kingdom, reflecting differences in national climate ambitions, regulatory frameworks, energy systems and transition pathways.

The Double Materiality Assessment (DMA), undertaken every three years with interim reviews as appropriate, further supports prioritisation of climate-related risks and opportunities based on financial and impact materiality.

6.2 Physical risk - site-level scenario assessment

TVSM assessed physical climate risks under RCP 4.5 and RCP 8.5 scenarios, with risk levels categorized as Very High, High, Medium or Low across the 2030-, 2040-and 2050-time horizons.

Site	Headline Physical Risk Profile
Hosur (India)	Very high drought risk across all horizons under both scenarios; heat rising to high by 2050; flood risk low.
Mysuru (India)	Medium drought and temperature throughout; flood low; heat rising to high by 2050 (RCP 8.5).
Nalagarh (India)	Medium drought; temperature rising to high by 2050; heat high from 2030 (RCP 8.5); flood low.
Karawang (Indonesia)	Very high flood risk across all horizons; drought rising to high/very high; temperature high rising to very high by 2050 (RCP 8.5).
Norton (Great Britain)	Medium drought across all horizons; medium flood; low heat; medium precipitation.



6.3 Climate Risk and Opportunities

Physical Risks and Opportunities

Physical Risk/ Opportunity	Company Specific Description	Term	Operational Implications	Financial Implications	Preparedness & Mitigation Actions
Chronic Risk: Water Scarcity & Drought	Very high drought and water-stress risk across manufacturing locations and associated supplier watersheds under RCP 4.5 and RCP 8.5 scenarios.	Short, medium & long	Potential production disruptions, increased water procurement and infrastructure costs, and reduced operational resilience.	Increased water sourcing, treatment and infrastructure expenditure; estimated financial impact equivalent to ~ ₹0.48 Crore under RCP 4.5 and ~ ₹2.49 Crore under 8.5	Water Positive Ratio 1.5; Zero Liquid Discharge at all plants; ₹11.73 Cr FY25-26 water stewardship investment; Internal Water Price ₹100.1/ kL
Chronic Risk: Heat Stress	Rising ambient temperature and heatwave intensity increasing cooling demand, insurance cost and workforce productivity risk.	Short & medium	Increased cooling demand, reduced productivity and higher maintenance requirements.	+15-20% cooling energy cost (short-term); 1-2% annual revenue impact from productivity loss (medium-term)	₹6 Cr FY25-26 HVAC upgrade incl. high-efficiency EC fans; phased infrastructure adaptation programme
Chronic Risk: Water Scarcity & Drought (Supplier Risk)	Tier-1 suppliers in Hosur, Mysuru and Nalagarh clusters.	Short, medium & long	Potential supplier disruption and resource constraints.	Evaluation in Progress	Supplier water-risk assessments and basin-level stewardship programmes.
Opportunity: Water-Efficient Dealer Network	Downstream dealer network and service ecosystem.	Short & medium	Reduced freshwater requirements for servicing activities.	Evaluation in Progress	Dry-wash adoption, dealer engagement and water-efficiency initiatives.



Physical Risk - Drought and Water Resilience

Potential drought and water stress have been identified as material physical climate risks due to their potential impact on water security, manufacturing continuity and operational resilience across TVSM's production footprint. The risk is particularly significant at manufacturing locations situated in water-stressed regions, where prolonged drought conditions, declining groundwater availability, changing precipitation patterns and increasing competition for water resources could affect the availability of freshwater required for operations.

Reduced water availability may result in higher water procurement, treatment and distribution costs, increased reliance on alternative water sources, and additional investments in water infrastructure and storage systems. Water stress could also affect critical manufacturing processes and utilities, reducing operational efficiency and increasing the risk of production disruptions during periods of acute scarcity. In severe scenarios, restrictions on industrial water withdrawals or prolonged shortages could constrain production capacity, adversely affecting output, costs and business continuity.

TVSM's water resilience and climate adaptation measures focus on reducing freshwater dependence, increasing water recycling and reuse, strengthening rainwater harvesting and groundwater recharge, and improving watershed resilience. In FY2025-26, the Company achieved a Water Positive Ratio of 1.5, maintained Zero Liquid Discharge (ZLD) and achieved 31.07% water recycling and reuse.

TVSM invested ₹11.73 crore in water stewardship during FY2025-26, including conservation, recycling and efficiency initiatives, complemented by ₹3.5 crore invested through Srinivasan Services Trust (SST) in watershed and water conservation programmes. An Internal Water Price of ₹100.1/kL further incorporates water scarcity into investment appraisal and operational decision-making.

These measures strengthen drought resilience, water security, operational continuity and climate adaptation, while supporting TVSM's broader climate transition, CDP and DJSI objectives.

Financial Impact - Drought-related water risk is assessed as a low financial risk at the consolidated level. Under the RCP 4.5 (2030) scenario, the anticipated financial exposure is estimated at ₹0.48 crore, while under the RCP 8.5 (2050) scenario, the exposure is estimated at ₹2.49 crore. The projected increase in exposure highlights the potential long-term financial implications of increasing water stress and reinforces the importance of continued mitigation, adaptation and resilience measures. The Company's investments in water stewardship, recycling and reuse, Zero Liquid Discharge (ZLD) approach, rainwater harvesting and water-positive initiatives help strengthen operational resilience and mitigate potential financial impacts arising from future drought and water scarcity.

Physical Risk - Chronic Heat Stress

Chronic heat stress is a material physical climate risk for TVSM, driven by rising temperatures and prolonged periods of extreme heat across key manufacturing locations. Climate scenario assessments under RCP 4.5 and RCP 8.5 indicate that increasing ambient temperatures could affect operational efficiency, workforce productivity and asset performance over the short-, medium- and long-term.

For operations, prolonged heat exposure may impact employee health and safety, leading to reduced productivity, increased fatigue and higher absenteeism. Rising temperatures can also increase cooling requirements, resulting in higher energy consumption and operating costs, while placing additional stress on equipment and infrastructure, potentially increasing maintenance needs and operational disruptions.

The risk is particularly relevant for manufacturing facilities in India and Indonesia, where higher cooling demand and more frequent extreme heat events may require adjustments to workplace practices and facility management to maintain operational continuity.

As temperatures continue to rise, the associated increase in cooling energy demand, maintenance requirements and climate resilience investments could elevate operating expenditure across affected facilities. Prolonged heat exposure may also accelerate equipment degradation, increase insurance and asset management costs, and affect workforce efficiency, resulting in productivity losses and operational disruptions. Under higher-warming scenarios, these impacts could affect asset performance, operational continuity and overall business profitability, reinforcing the need for ongoing adaptation and resilience-building measures.

To strengthen adaptation and resilience, TVSM invested approximately ₹6 crore in FY2025-26 in HVAC upgrades across its Indian manufacturing facilities, including high-efficiency electronically commutated (EC) fans, alongside preventive HVAC maintenance, thermal insulation and optimisation of water-cooling systems. These measures are integrated into site-level operational and capital expenditure planning and monitored through relevant climate risk and operational KPIs.

The Company will continue to strengthen heat-risk adaptation, energy-efficient cooling, workforce protection, asset resilience and business continuity measures as climate conditions evolve, supporting long-term climate resilience and financial resilience.

Financial Impact - Chronic heat stress could result in an estimated annual revenue loss of approximately ₹120 crore due to reduced workforce productivity, slower production rates, heat-related work interruptions and mandatory safety measures during periods of extreme temperatures exceeding 40°C. Increased cooling requirements, equipment stress and additional climate-resilience investments may further elevate operating costs.

Physical Risk - Water-Related Risks Across the Value Chain

Water-related risks extend beyond TVS Motor Company's own operations to the broader value chain, where increasing water stress may affect supplier resilience, resource availability and business continuity under future climate scenarios. Recognising the importance of understanding and managing these potential exposures, the Company integrates climate considerations into supplier engagement and sustainability assessment processes to improve visibility of climate-related risks and strengthen long-term value chain resilience.

As part of this approach, TVS Motor Company assessed 100% of its Tier-1 suppliers in FY 2025-26 using the WRI Aqueduct Water Risk Atlas to identify water-related physical, regulatory and reputational risks under RCP 4.5 and RCP 8.5 climate scenarios. The assessment evaluated factors such as baseline water stress, water depletion, regulatory risk and reputational risk, enabling the Company to better understand water-related dependencies, impacts and vulnerabilities across its supply chain and inform targeted supplier engagement and risk management strategies.

The assessment focused on three strategically important supplier clusters located within the same hydrological basins as TVSM's manufacturing facilities: Hosur (South Pennar/Ponnaiyar Basin), Mysuru (Kabini Sub-basin/ Cauvery Basin) and Nalagarh (Chikni Khad Watershed/ Sutlej Basin). Together, these clusters represent 12.3% of the Tier-1 supplier base and include suppliers involved in water-dependent processes such as casting, machining, surface treatment and component manufacturing.

While current conditions do not indicate material water constraints across the assessed supplier clusters, scenario analysis indicates that water-related risks are expected to intensify over time, with different risk pathways across basins. Hosur presents potential long-term exposure to chronic water stress and groundwater dependency; Mysuru is exposed to increasing competition and allocation pressures; while Nalagarh faces hydrological variability and

ecosystem sensitivity.The assessment provides a foundation for supplier prioritisation and targeted climate adaptation measures, enabling TVS Motor Company to focus engagement efforts on suppliers and watersheds identified as having higher levels of water-related risk. Based on the assessment findings, the Company can strengthen supplier resilience through water efficiency initiatives, recycling and reuse programmes, supplier capability-building efforts, basin-level monitoring and collaborative water stewardship actions.

By extending climate risk assessment beyond its own operations, TVSM is enhancing its visibility of water-related vulnerabilities across the value chain and strengthening long-term supply chain resilience. This approach supports sustainable water management, climate adaptation and responsible resource stewardship, while aligning with the expectations of leading sustainability frameworks and disclosure standards, including TPT, IFRS S2, CDP Water Security and the Dow Jones Sustainability Index (DJSI). Collectively, these efforts contribute to a more resilient, resource-efficient and low-carbon mobility ecosystem.

Climate-Related Opportunity - Water-Efficient Dealer Network

The Company is extending water stewardship and resource-efficiency practices beyond its own operations by promoting water-efficient servicing practices across its dealer network. Approximately 300 dealers have adopted dry-wash solutions, reducing freshwater consumption associated with vehicle servicing and cleaning activities. By reducing dependence on water-intensive processes, the initiative contributes to more efficient resource use across the downstream value chain while supporting resilience in regions facing increasing water stress and climate-related water availability challenges.

The initiative aligns with the Company's broader approach to climate adaptation and water stewardship by addressing water-related risks beyond the factory gate. Reduced freshwater withdrawal at dealership locations can lower operational dependence on local water resources, support continuity of operations during periods of water scarcity, and help prepare the dealer ecosystem for evolving water management expectations and resource constraints.

In addition to its environmental benefits, the programme demonstrates how operational efficiency measures can be scaled across the wider mobility ecosystem to support responsible resource management. The initiative strengthens dealer awareness of sustainable operating practices while creating a platform for the wider adoption of water conservation measures across service networks.

Going forward, the Company intends to deepen engagement with its dealer ecosystem by expanding dry-wash adoption, embedding water-efficiency performance indicators and identifying additional opportunities to reduce water consumption across after-sales operations. These measures are expected to strengthen downstream value-chain resilience, support the Company's water-positive aspirations and enhance preparedness for climate-related water risks.

"Climate resilience begins where risk meets action. By reducing water dependence, strengthening resource efficiency, adapting operations to a changing climate and extending stewardship across our value chain, we are building greater resilience for tomorrow. Water stewardship does not stop at the factory gate. It extends across the ecosystems, partners and communities that sustain our operations."

RESILIENCE BEGINS WHERE RISK MEETS ACTION

7. MANAGING THE TRANSITION (TRANSITION RISKS AND OPPORTUNITIES)

7.1 NGFS scenario findings by geography

The Company assessed the resilience of its operations and key assets to climate transition risks using NGFS climate scenarios. The assessment considered the Nationally Determined Contributions (NDC) and Current Policies pathways across India, Indonesia and Great Britain, evaluating potential impacts from policy, regulatory, technology, market and carbon-pricing changes on the Company's operations and assets The assessment considers potential transition risks across 2030, 2040 and 2050, reflecting differences in national climate policies, regulatory trajectories and decarbonisation pathways.

The assessment focuses on four primary transition risk dimensions: policy and regulatory risk, technology risk, market risk, and reputational risk:

Transition Risk	NDC Scenario Assessment (Key Finding)
ICE/EV regulatory landscape	Very high for India and Indonesia across all horizons; very high for Great Britain to 2040 (ban on new petrol/diesel by 2035).
Emerging carbon tax	Very high across all three geographies and all horizons (CBAM, UK ETS, India CCTS).
Depleting resources / rising prices	Very high under Current Policies across all geographies; lower under NDC.
Rapid technological advancement	Very high for all geographies in 2030-2040 (EV, IoT, Industry 4.0), with obsolescence risk for slow adopters.



7.2 Climate Risk and Opportunities: Transition Risks and Opportunities

Physical Risk/ Opportunity	Company Specific Description	Term	Operational Implications	Financial Implications
Products & services: Opportunity Low-carbon / EV portfolio growth	~60% of two- and three-wheelers sold globally are expected to be electric by 2030, directly aligned with TVSM's core product categories.	Short & medium	3.71 lakh EV units delivered in FY25-26 (+33% YoY); EV revenue share ~ ₹5,000 crore	Refreshed iQube variants, new Orbiter models, King Kargo HD EV; expansion into Indonesia incl. Vatican City deliveries
Resource efficiency / circularity: Opportunity ELV recovery & carbon credits (RVSF)	Registered Vehicle Scrapping Facility reduces virgin-material dependence and creates a new revenue stream via carbon-credit generation.	Medium & long	~₹2,000/vehicle indicative carbon-credit value (NITI Aayog, Jan 2026); 90% recoverability, 85% recyclability; 15% recycled content	RVSF operationalised; digital traceability programme; exploring Indian Carbon Market / voluntary market participation
Products & services: Opportunity DriveX - pre-owned vehicle platform	Extending vehicle life via refurbishment avoids the embodied emissions of new manufacture and captures a growing resale market.	Short & medium	₹74 Cr revenue in FY25-26 (+21% YoY vs. ₹61 Cr in FY24-25)	AI-enabled vehicle evaluation, multi-point refurbishment centres, "Reuse → Refurbish → Recycle" model
Capital access / market: Opportunity Sustainable finance	The Sustainable Finance Framework can unlock Green/Sustainability-Linked capital, potentially at preferential terms, to fund the decarbonisation pathway.	Short, medium & long	Evaluation in Progress	SFF aligned to ICMA GBP/SBP/SBG and SEBI ESG debt circular; annual allocation & impact reporting with third-party assurance
Carbon Pricing & Carbon Markets: Risk	Scope 1 & 2 emissions, purchased energy, logistics and suppliers.	Medium & long	Carbon-cost exposure and increased low-carbon investment needs.	Internal Carbon Price, renewable electricity, energy efficiency and thermal electrification.
Critical Material Scarcity: Risk	Suppliers, procurement, batteries and electronic components.	Short, medium & long	Input cost inflation and higher working capital requirements.	Circularity, recycling, supplier diversification and long-term sourcing agreements.
GreenPro-Certified Product Portfolio: Opportunity	Product development, procurement, manufacturing and customers.	Short & medium	Product differentiation and climate-aligned revenue potential.	Six GreenPro-certified products in FY25-26 and expanded certification roadmap.

Transition Opportunity (Technology, Market) - Growth in Electric Two-Wheeler Sales

The transition towards low-carbon mobility presents a significant climate-related market opportunity for TVS Motor Company. Stricter emissions regulations, evolving government policies, increasing customer preference for sustainable mobility, advances in battery technology and expanding charging infrastructure are accelerating the adoption of electric two-wheelers.

TVSM's EV portfolio, led by TVS iQube, is positioned to capture this structural transition. EV sales increased from 1.94 lakh units in FY2023-24 to 2.79 lakh units in FY2024-25, a 44% increase, and further to 3.71 lakh units in FY2025-26, representing 33% year-on-year growth. The Company subsequently surpassed one million TVS iQube units produced in June 2026, demonstrating continued scale-up and customer adoption.

The transition creates opportunities to diversify revenues towards low-carbon products, strengthen climate-aligned growth, reduce product-use emissions and enhance resilience to tightening emissions regulations and evolving market expectations. Continued investment in EV products, battery technology, charging infrastructure and manufacturing capacity is expected to support further growth in electric mobility and climate-aligned revenues.

Transition Opportunity (Resource) - End-of-Life Vehicles and Circular Resource Recovery

The transition to a circular economy presents a climate-related growth opportunity for TVS Motor Company through end-of-life vehicle (ELV) recovery, resource efficiency and lifecycle emissions reduction. India's evolving ELV regulatory framework and the expansion of Registered Vehicle Scrapping Facilities (RVSFs) create opportunities to recover materials, reduce reliance on virgin resources and develop circular value chains.

TVSM has established an RVSF as part of its circular economy strategy and invested approximately ₹3.9 crore in FY2025-26 towards the ELV ecosystem, including collection, dismantling, depollution, digital traceability and reverse logistics. The facility supports recovery of materials such as steel, aluminium, copper and plastics, contributing to resource security, sustainable sourcing and lower embodied carbon.

The opportunity also extends to new circular business models and environmental value creation. The NITI Aayog report, Enhancing Circular Economy of End-of-Life Vehicles (ELVs) in India (January 2026) identifies potential carbon-credit value from emissions avoided through responsible dismantling and material recovery, estimated at approximately ₹2,000 per vehicle, subject to recognised methodologies, validation and applicable carbon-market mechanisms.

TVSM is strengthening digital traceability, reverse logistics and material recovery across the ELV value chain, creating a foundation for improved regulatory compliance, circular resource flows and potential future participation in carbon markets. These initiatives support Scope 3 emissions reduction, circular economy, resource efficiency, sustainable materials and climate-related growth opportunities, while contributing enhanced material security, reduced lifecycle emissions and the transition towards a more circular and sustainable mobility ecosystem.

Transition Opportunity (Resource) - DriveX and Circular Mobility

DriveX, TVS Motor Company's organised pre-owned two-wheeler platform, supports the transition towards a circular and resource-efficient mobility ecosystem by extending vehicle life through reuse, refurbishment and resale of multi-brand motorcycles and scooters. By keeping vehicles in productive use for longer, the platform enhances asset utilisation, delays entry into the end-of-life stream and can reduce the demand for virgin materials and resources associated with new vehicle production.

The platform integrates vehicle procurement, refurbishment, quality assurance and retail through a combination of physical and digital channels. Refurbishment centres undertake comprehensive inspections, reconditioning and quality checks, supported by digital tools and AI-enabled vehicle evaluation, to improve reliability and extend the useful life of vehicles. DriveX complements TVSM's broader circular economy strategy, including its Registered Vehicle Scrapping Facility (RVSF), by enabling a circular vehicle lifecycle based on the principles of Reuse, Refurbish and Recycle. Vehicles are first retained in productive use through resale and reuse, refurbished where required to extend their service life, and ultimately channelled for responsible recycling at end-of-life. In FY 2025-26, DriveX generated ₹74 crore in revenue, an increase of 21% over FY 2024-25, demonstrating the potential to combine circular resource use with commercial value creation.

Transition Opportunity (Resource) - Expanding the GreenPro-Certified Product Portfolio

The transition towards sustainable and low-carbon mobility is increasing demand for products with credible environmental credentials. TVSM views this as an opportunity to strengthen product differentiation, customer value and market competitiveness through independently assessed environmental performance.

TVSM is expanding its portfolio of CII GreenPro Type-I Ecolabel-certified products, based on ISO 14024/44:2018 principles and a lifecycle-oriented assessment covering raw materials, manufacturing and transportation (cradle-to-gate). The certification supports improvements in resource efficiency, energy use, waste management and circularity. In FY 2025-26, namely TVS Jupiter 125, TVS iQube, TVS Apache 160 4V, TVS Apache RR 310 TVS Apache RTR 310 and TVS Callisto 125, received GreenPro certification, supported by approximately ₹0.25 crore of investment in product certification.

The opportunity can create value through revenue growth, product differentiation, sustainable procurement opportunities, eco-design, resource efficiency and lower product lifecycle environmental impacts. It also supports regulatory preparedness as environmental product requirements and sustainability criteria increasingly influence customer and market decisions.

Going forward, TVSM will continue to integrate lifecycle thinking, sustainable materials, recycled content, resource efficiency and environmental performance into product development and expand certification across relevant products. This supports the Company's broader sustainable mobility, climate mitigation, circular economy and product innovation strategy while creating potential for climate-aligned revenue and enhanced competitive positioning.

Transition Risk (Policy & Regulatory) - Carbon Pricing & Carbon Markets Risk

Carbon pricing and carbon market mechanisms represent a significant transition risk for TVS Motor Company as climate regulations evolve across key markets. The Company may be exposed to emerging compliance requirements and carbon costs through mechanisms such as the EU Carbon Border Adjustment Mechanism (CBAM), UK Emissions Trading Scheme (ETS) and India's Carbon Credit Trading Scheme (CCTS). This exposure extends across Scope 1 and Scope 2 emissions, purchased electricity, logistics activities and the broader supplier ecosystem.

For TVSM, increasing carbon costs could elevate operating expenditure, increase the cost of energy-intensive materials and logistics services, and require additional investments in decarbonisation technologies and emissions reduction initiatives. To strengthen preparedness, the Company has embedded an Internal Carbon Price (US$32/tCO$_2$e) into investment and technology-selection decisions and is accelerating renewable energy adoption, energy-efficiency improvements, thermal electrification and fuel-switching initiatives. These measures help reduce future carbon-cost exposure while strengthening long-term operational resilience and competitiveness in a low-carbon economy.

Financial Impact - Compliance with emerging carbon pricing mechanisms, including the EU Carbon Border Adjustment Mechanism (CBAM) and India's Carbon Credit Trading Scheme (CCTS), could result in an estimated annual compliance cost of approximately ₹2.11 crore from 2026. As carbon prices increase and regulatory obligations expand, the Company's exposure may rise due to the carbon intensity of purchased materials, energy consumption, logistics activities and supply-chain emissions, requiring ongoing investment in decarbonisation and emissions management initiatives.

Transition Risk (Resource & Technology) - Critical Material Scarcity & Price Volatility Risk

The transition towards electric mobility is increasing demand for critical materials such as lithium, nickel, rare earth elements, aluminium, steel and electronic components, creating potential risks related to material availability, supply-chain concentration and price volatility. As EV adoption accelerates globally, competition for these resources may intensify, increasing procurement risks across the automotive value chain. This risk is particularly relevant for TVSM's battery supply chain, electronic systems, vehicle manufacturing operations and strategic suppliers.

Material shortages or sustained increases in commodity prices could result in higher input costs, longer procurement lead times, increased working capital requirements and disruptions to production planning. In response, TVSM is strengthening supply-chain resilience through supplier diversification, circular economy initiatives, recycled-material sourcing and end-of-life vehicle (ELV) resource recovery programmes. The Company's focus on material efficiency, recycling and circular value chains helps reduce dependence on virgin materials while improving preparedness for future resource constraints and cost volatility associated with the low-carbon transition.

Financial Impact - Critical material scarcity and price volatility could result in an estimated annual financial impact of approximately ₹1,763 crore due to increased procurement costs for key materials such as copper, lithium, nickel, cobalt and rare earth elements, alongside potential supply constraints and inventory build-up requirements. Rising demand for these materials under accelerated electrification scenarios may further increase input-cost inflation, working capital requirements and supply-chain disruption risks.





DIVERSIFYING GROWTH THROUGH LOW-CARBON PRODUCTS.



MAKING THE TRANSITION INCLUSIVE

"From safer workplaces and stronger communities to supplier engagement and EV capability building, TVSM is working to ensure that the transition creates opportunity and resilience across its ecosystem."

8. JUST TRANSITION AND SOCIAL DIMENSIONS

Just Transition expectation - workforce, communities, consumers, and value chain

The Company recognises that the transition to a low-carbon and climate-resilient mobility ecosystem has social and workforce implications across its operations and value chain. The Company's Climate Transition Plan therefore considers a just and inclusive transition, balancing decarbonisation with employee well-being, sustainability awareness, safe employment, responsible supply-chain practices, community resilience and equitable access to emerging opportunities. TVSM is strengthening a sustainability culture through its Sustainability Ambassador Programme, while engaging employees and other stakeholders to build awareness, ownership and capability to support the Company's climate and sustainability objectives.

8.1 Workforce Transition

- Inclusive Workplace- the Company has grown women's representation in the workforce to 19.13% and PwD representation to 3%, targeting 5% PwD by 2030 and 35% gender diversity by 2035, aligned with the UN Women's Empowerment Principles.
- Safety Excellence - TVSM's My Safety Index averaged 72.28%, exceeding the 70% target across Hosur, Mysuru, Nalagarh and PT TVS Indonesia, supporting its zero-incident vision. In FY2025-26, the Company reported a Lost Time Injury Frequency Rate (LTIFR) of 0.00 for employees and 0.44 for contractors, reflecting continued focus on workplace safety and contractor safety management.
- Worker welfare under climate stress -TVSM provides 100% access to WASH (Water, Sanitation and Hygiene) facilities across its manufacturing operations, complemented by heat-stress management and water-risk mitigation measures at plant level to protect worker health, safety and well-being under increasing climate-related heat and water stress.

8.2 Community Impact

The Company recognises that a just and inclusive climate transition extends beyond its workforce to the communities within and around its operating footprint. Through Srinivasan Services Trust (SST), the Company supports community resilience across approximately 2,500 villages, benefiting around 3.5 lakh families through programmes focused on water security, livelihoods,

education, healthcare and ecosystem restoration.

Key outcomes include 5,000+ Self-Help Groups with 60,000+ women enrolled, 950+ schools and 980+ Anganwadis renovated, 140+ health centres improved, and 530+ water conservation structures desilted, constructed or repaired. Community programmes have enhanced approximately 169 crore litres of water storage capacity, supported the planting of 10 lakh+ trees, and enabled ₹150+ crore in annual income generation for women.

These interventions strengthen community adaptive capacity, water resilience, livelihood security and social resilience, particularly in locations exposed to climate-related risks. TVSM will continue to strengthen site-level community engagement, consultation and grievance mechanisms, enabling community perspectives and local climate vulnerabilities to inform relevant climate adaptation, resilience and transition actions.

8.3 Value Chain and Supply Base

- Value chain social transition through the My Sustainability Index (MSI)- The company has integrated social sustainability and responsible value-chain practices through the My Sustainability Index (MSI), which provides a structured mechanism to assess suppliers and dealers across key environmental, social and governance (ESG) parameters, including labour and human rights, health and safety, environmental performance, ethical business practices and sustainability governance

  The MSI is aligned to recognised sustainability and responsible-sourcing practices, including benchmarks and expectations reflected in SA8000, EcoVadis and Sedex, supporting a consistent approach to value-chain assessment and engagement. The assessment enables TVSM to identify improvement areas, prioritise engagement and strengthen sustainability capabilities across its supplier and dealer network.

- Dealer Network Transition Support: The Company recognises that the transition towards electric mobility also has implications for its dealer network. As the portfolio mix shifts towards EVs, the Company is supporting dealers in adapting their sales, service and customer-support capabilities, including awareness of EV technologies, charging requirements and evolving customer needs.

  This approach is intended to enable dealers to participate effectively in the low-carbon mobility transition, while supporting business continuity, capability development and sustainable growth across the downstream value chain.

8.4 Driving sustainability culture through Sustainability Ambassador Programme

The Company is strengthening its sustainability culture and employee engagement through the Sustainability Ambassador Programme, which empowers employees to act as sustainability champions across the organisation. The programme builds awareness and ownership of climate action, resource efficiency, circularity and responsible business practices, enabling employees to contribute to the Company's sustainability and climate transition objectives.

During FY 2025-26, 7,348 employees participated in the Sustainability Ambassador Programme, supporting the integration of sustainability into day-to-day decision-making and fostering a culture of shared accountability across the organisation. The programme strengthened employee engagement across 16 thematic areas driving awareness, capability building, and behavioural change initiatives across operations and the value chain. Collectively, the initiatives have impacted approximately 66,000 lives, reinforcing the Company's commitment to embedding sustainability into business practices and stakeholder engagement.

8.5 Governance and Monitoring of Just Transition

The Company integrates just transition considerations into its sustainability and climate governance framework, with cross-functional oversight covering workforce, value-chain and community impacts.

Progress is monitored through social, workforce, safety, community, supplier and dealer indicators, including employee engagement, WASH access, safety performance, community resilience and stakeholder engagement.

Just Transition considerations also inform the Double Materiality Assessment (DMA) and, where relevant, business planning and capital allocation, helping align decarbonisation and climate resilience actions with social resilience and inclusive value creation.

JUST TRANSITION: KEY IMPACTS

- **19.13%** Women in workforce
- **~3%** PwD representation
- **100%** WASH access
- **2,500** Villages supported
- **3.5 lakh** Families reached
- **169 Cr** L Water storage enhanced
- **10 lakh+** Trees planted
- **7,348** Sustainability Ambassadors
- **~66,000** Lives impacted



TRANSITIONING WITH PEOPLE, PROGRESS AND PURPOSE

9. FINANCIAL PLANNING

TCFD Strategy - financial integration; IFRS S2 resourcing disclosures

9.1 Capital Allocation Approach - Operational Decarbonisation and Product Transformation

The Company's capital allocation approach supports its climate transition across both operational decarbonisation and product transformation. Capital is directed towards initiatives that reduce emissions, improve resource efficiency and strengthen long-term competitiveness, including renewable energy, energy efficiency, thermal electrification, EV products and technology, circularity and value-chain transformation.

Investment decisions consider emissions reduction potential, financial returns, technology readiness, and strategic relevance. This enables climate and resource considerations to be assessed alongside conventional financial metrics. The approach balances near-term OPEX and efficiency investments with longer-term CAPEX for product and portfolio transformation, ensuring capital deployment supports both immediate emissions reduction and TVSM's longer-term Net Zero, sustainable mobility and climate resilience objectives.

9.2 Climate Action Investment summary

In FY 2025-26, TVSM deployed a total of approximately INR 1,325 crores in climate-driven expenditure, spanning operational decarbonisation and low-carbon product development. The breakdown is summarised below:

#	Investment Area	Type	Total (₹ Cr.)	Indicative EU Taxonomy Objective	Climate Transition Relevance
1	Water management and stewardship	Opex	8.85	Sustainable use and protection of water resources; Climate change adaptation	Supports water resilience, operational continuity, treatment, reuse, and reduction of water-related climate risks across manufacturing locations.
2	Air emissions management	Opex	0.346	Pollution prevention and control; Climate change mitigation	Supports emission control, air quality management, and reduction of environmental impacts from operations.
3	Waste management and circularity	Opex	4.89	Transition to a circular economy; Pollution prevention and control	Supports waste handling, treatment, recycling, recovery, and diversion from landfill, contributing to circular manufacturing.
4	Water management infrastructure	Capex	2.88	Sustainable use and protection of water resources; Climate change adaptation	Strengthens site-level water infrastructure, including treatment, recycling, recovery, and resilience measures.
5	Community water conservation / watershed resilience	CSR cost	3.50	Sustainable use and protection of water resources; Climate change adaptation	Supports beyond-the-fence water security, groundwater recharge, community resilience, and watershed conservation. SST invested ₹3.5 crore in water conservation efforts, enhancing 9.80 crore litres of water storage capacity and benefiting 44 villages and 2,292 farmers.

9.3 Climate Action Investment summary (continued)

#	Investment Area	Type	Total (₹ Cr.)	Indicative EU Taxonomy Objective	Climate Transition Relevance
6	Waste management infrastructure	Capex	2.28	Transition to a circular economy; Pollution prevention and control	Enables infrastructure for waste processing, recovery, recycling, and responsible disposal.
7	Air emissions management infrastructure	Capex	0.34	Pollution prevention and control; Climate change mitigation	Supports technology and infrastructure for air emission reduction and pollution control.
8	Plastic EPR compliance	Opex/ Compliance cost	0.21	Transition to a circular economy	Supports collection, recycling, and responsible end-of-life management of plastic waste.
9	Used oil EPR compliance	Opex / Compliance cost	0.29	Transition to a circular economy; Pollution prevention and control	Supports responsible recovery, recycling, and disposal of used oil streams.
10	Waste tyre EPR compliance	Opex / Compliance cost	0.01	Transition to a circular economy; Pollution prevention and control	Supports responsible end-of-life tyre collection and recycling.
11	ELV compliance	Opex / Compliance cost	0.00	Transition to a circular economy	Supports end-of-life vehicle circularity where applicable; no expenditure reported in the current dataset.
12	R&D investments	Opex	1,254	Transition to a circular economy	Development of EVs and low-carbon mobility technologies contributes to transport decarbonisation and reduced lifecycle emissions. TVSM's transition strategy identifies EVs and sustainable mobility solutions as major climate investments.
13	Renewable Energy Procurement (Wind PPAs, Solar PPAs, IEX Green Power)	Opex	47.92	Climate Change Mitigation	Renewable electricity procurement directly supports decarbonisation and reduction of Scope 2 emissions. TVSM's climate strategy includes increasing renewable energy use and achieving 100% renewable electricity.

Total Climate Action Investments = 1,325.51

The composition of TVSM's climate spend reflects the strategic reality of its emissions profile: with approximately 99% of its total GHG footprint arising from the use phase of sold products (Scope 3 Category 11), the overwhelming majority of climate-relevant investment must flow into product portfolio transformation. The ~94% allocation to R&D and product innovation is therefore structurally appropriate and strategically consistent, directed at developing and scaling the next generation of electric and low-carbon vehicles that will deliver the largest absolute emissions reductions over the long term.

Beyond product investment, TVSM has earmarked approximately INR 4.4 crore in FY 2026-27 specifically to strengthen operational decarbonisation initiatives. This investment targets the mitigation of key physical and transition risks identified through TVSM's climate risk assessment.

9.4 Internal Pricing Mechanism (ICP + IWP)

TVSM's Internal Pricing Mechanism (IPM), developed through a comprehensive assessment of the Company's carbon and resource footprint, following global standards and scenario modelling. The IPM assigns a notional monetary value to environmental impacts, including carbon emissions, water consumption, and waste generation, embedding the true cost of resource use into strategic and investment decision-making across the organisation.

The IPM operates through two complementary instruments:

	Internal Carbon Price (ICP)	Internal Water Price (IWP)
Application	Applied to operational GHG emissions, providing a baseline to consider while making investment decisions for solutions to manage emissions	Used to ascertain monetary valuation for water consumption and related environmental impacts, to balance the cost of integrating water-efficient solutions against the benefits
FY 2025-26 Rate	~US$32 per tCO_2e	INR 100.1 per kilolitre
Basis	Derived through an internal valuation exercise based on marginal abatement costs	Based on full-cost accounting including infrastructure investment and wastewater treatment
Purpose	Integrates carbon considerations into strategic and investment decision-making	Incentivises efficient water use and supports climate adaptation planning

9.4.1 Internal Carbon Price: FY 2025-26

Through an internal valuation exercise based on **marginal abatement costs**, TVSM has arrived at an implicit Internal Carbon Price of **approximately US$32 per tCO_2e** for FY 2025-26. This price is applied to operational GHG emissions and serves as a baseline reference when evaluating investments in emissions management and decarbonisation technologies. By attaching a financial cost to carbon, TVSM ensures that the long-term climate implications of capital and operational decisions are systematically factored into its investment appraisal processes, driving capital allocation towards lower-carbon solutions and strengthening the business case for decarbonisation initiatives.

8.4.2 Internal Water Price: FY 2025-26

The Internal Water Price of **INR 100.1 per kilolitre** is applied to water consumption across TVSM's operations, capturing the full monetary value of water use including infrastructure and wastewater treatment costs. This mechanism enables the Company to balance the cost of integrating water-efficient solutions against the tangible environmental and financial benefits, reinforcing water stewardship as a core element of TVSM's climate adaptation strategy. The Company allocates 2 to 3% of annual capex and opex to water stewardship initiatives, ensuring operational continuity under both moderate (RCP 4.5) and high-impact (RCP 8.5) climate pathways.

Together, the ICP and IWP form a robust internal pricing framework that ensures environmental externalities are not invisible to decision-makers, anchoring TVSM's climate and resource commitments in financial rigour and strategic accountability



PART C -
ENGAGEMENT STRATEGY
TPT Element 3

VALUE CHAIN, INDUSTRY AND POLICY ENGAGEMENT









"Building Value-Chain Readiness, 85% of assessed suppliers achieved Silver or higher ratings, with 48% reaching Gold or Platinum."

10. VALUE CHAIN, INDUSTRY AND POLICY ENGAGEMENT

10.1 Suppliers (MSI coverage, capacity-building)

The Company advances supply-chain sustainability and decarbonisation through its Supplier Excellence Programme and My Sustainability Index (MSI). In FY2025-26, MSI covered 345 suppliers, including 320 Tier-1 suppliers representing 90% of procurement spend.

Supplier capability building included 48 training programmes and 24 webinars/workshops, supported by targeted improvement initiatives reaching 100+ suppliers and enabling 55 suppliers to strengthen their sustainability performance. As a result, 85% of assessed suppliers achieved Silver or higher ratings, with 48% achieving Gold or Platinum, strengthening supplier readiness for climate action, responsible sourcing and value-chain transition.

10.2 Dealers network

The Company extended the My Sustainability Index (MSI) to its dealer network in FY2024-25 as a structured ESG benchmarking and engagement tool, covering Environment (40%), Social (40%) and Governance (15%) dimensions.

In FY2025-26, the MSI assessment covered 617 dealers, representing 38% of the dealer network, alongside 320 suppliers, representing 63% of the supplier base. The Company also conducted 35 dealer training sessions to build awareness and capability on sustainability and ESG practices.

These initiatives provide a structured basis to identify ESG performance gaps, build dealer capabilities and strengthen sustainability performance across TVSM's downstream value chain, supporting its broader climate transition and responsible value-chain strategy.

10.3 Customers

TVSM places customer engagement and customer obsession at the centre of its approach to sustainable mobility. The Company uses feedback mechanisms and consultations to understand evolving expectations around environmental performance, low-carbon mobility and product sustainability.

Customer insights help inform product development, EV adoption, sustainability communication and service improvements, supporting the transition towards lower-carbon mobility. The Company also communicates relevant environmental performance and climate transition initiatives to customers, strengthening transparency and awareness.

10.4 Policy and industry-body engagement

TVSM engages constructively with policymakers and industry associations to support the transition to low-carbon mobility. Through memberships in organisations such as SIAM, ACMA, EFI, UNGC, and CII, the Company contributes to policy dialogue, industry collaboration, innovation, skill development, and sustainability advancement. The Chief Sustainability Officer (CSO) serves as Vice President of the UN Global Compact Network India (UNGC-NI) South India Chapter and is an active member of the Net Zero Alliance and the Green Supply Chain Forum for the Automotive Sector under CII Green Business Centre (CII-GBC). In addition, representatives from the R&D function participate in the SIAM Circularity Committee, contributing to industry-wide initiatives on circular economy, resource efficiency, sustainable mobility, and low-carbon value chains.

To ensure consistency with its sustainability commitments, TVSM annually reviews the climate-related positions and advocacy activities of relevant industry associations against its 1.5°C-aligned decarbonisation ambitions. Any material misalignment identified is addressed through the Company's governance processes and stakeholder engagement mechanisms.

During FY 2025-26, TVSM's policy engagement focused on supporting EV incentive frameworks and enabling policies that accelerate sustainable mobility adoption. The Company made no political contributions or climate-related lobbying expenditures during the year and contributed ₹0.149 crore towards memberships of industry associations, skill development institutions, and sustainability initiatives, reinforcing its commitment to collective action and sustainable industry development.





CII-ITC Sustainability Award 2024



Golden Peacock Award - Environmental Management



CII-GreenCo - Platinum for Hosur & Indonesia

METRICS AND TARGETS









"TVSM is decoupling growth from energy consumption — delivering 24% higher vehicle sales while reducing total energy consumption by 35%."

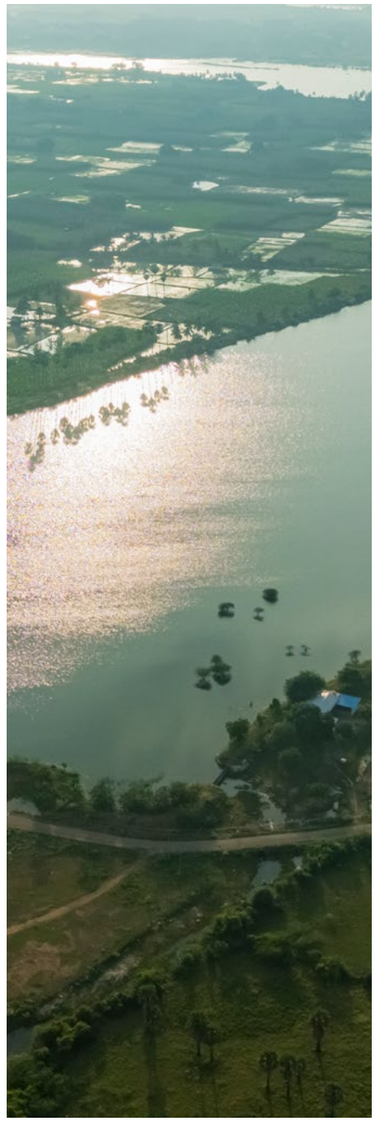
11. METRICS AND TARGETS

11.1 Climate Targets

Target	Commitment
Scope 1 & 2 reduction	90% reduction by FY2040
Net Zero - Scope 3	By 2050
Water	Net Water Positive (global operations) by 2030
Biodiversity	No Net Loss / Net Positive Impact by 2040

Targets are aligned with a 1.5°C ambition and were developed on a science-based basis.







11.2 Greenhouse Gas Emissions

Scope	FY 2023-24	FY 2024-25	FY 2025-26
Scope 1 (tCO_2e)	19,607.42	20,321.41	23,754.99
Scope 2 (tCO_2e)	5,129.17	5,011.29	2,239.03
Scope 3 (tCO_2e)	23,868,972.69	24,540,492.58	30,053,763.66
Emissions intensity (Scope 1+2 tCO_2/crore revenue)	-	0.699	0.549

Emissions Performance in the Context of Business Growth - FY2025-26

FY2025–26 marked strong business growth alongside continued progress on the Company's climate transition. The Company reported revenue of ₹47,270 crore, up 30.4% year-on-year, profit before tax of ₹4,945 crore, up 40.4%, and an EBITDA margin of 12.9%. Vehicle sales increased 24% to 5.89 million units, reflecting higher production and operational activity.

Against this growth context, emissions performance was mixed across the three scopes. Scope 1 emissions were 23,754.99 tCO_2e against an internal target of 17,504 tCO_2e, while Scope 2 emissions were 2,864.38 tCO_2e against a target of 3,522 tCO_2e, indicating performance ahead of the Scope 2 target. Scope 3 emissions were 30.05 million tCO_2e against a target of 28.51 million tCO_2e, reflecting the continued significance of value-chain emissions, particularly emissions associated with the use of sold products.

11.3 Energy (Global Footprint)

Scope	FY 2024-25	FY 2025-26
Total energy consumption (MWh)	179,154.61	212,726.65
Renewable energy share	91.68%	96.31%
Energy intensity (MWh/vehicle)	0.039	0.036

Energy Performance and Decoupling from Business Growth

FY 2025-26 was marked by strong business growth, with revenue increasing by 30.4% to ₹47,270 crore for India operations. Despite this growth, TVS Motor Company improved its energy productivity, reducing energy intensity from 5.1754 MWh per crore revenue in FY 2024-25 to 5.0591 MWh per crore revenue in FY 2025-26. This performance reflects the Company's continued efforts to enhance operational efficiency and progressively decouple business value creation from energy use. In parallel, the renewable energy share increased from 91.68% to 96.31%, further strengthening TVSM's transition towards a lower-carbon energy portfolio.

Renewable energy accounted for 100% of electricity consumption across Indian operations and 96.26% globally. This progress demonstrates continued advancement in renewable energy adoption, energy efficiency and operational decarbonisation alongside business expansion.

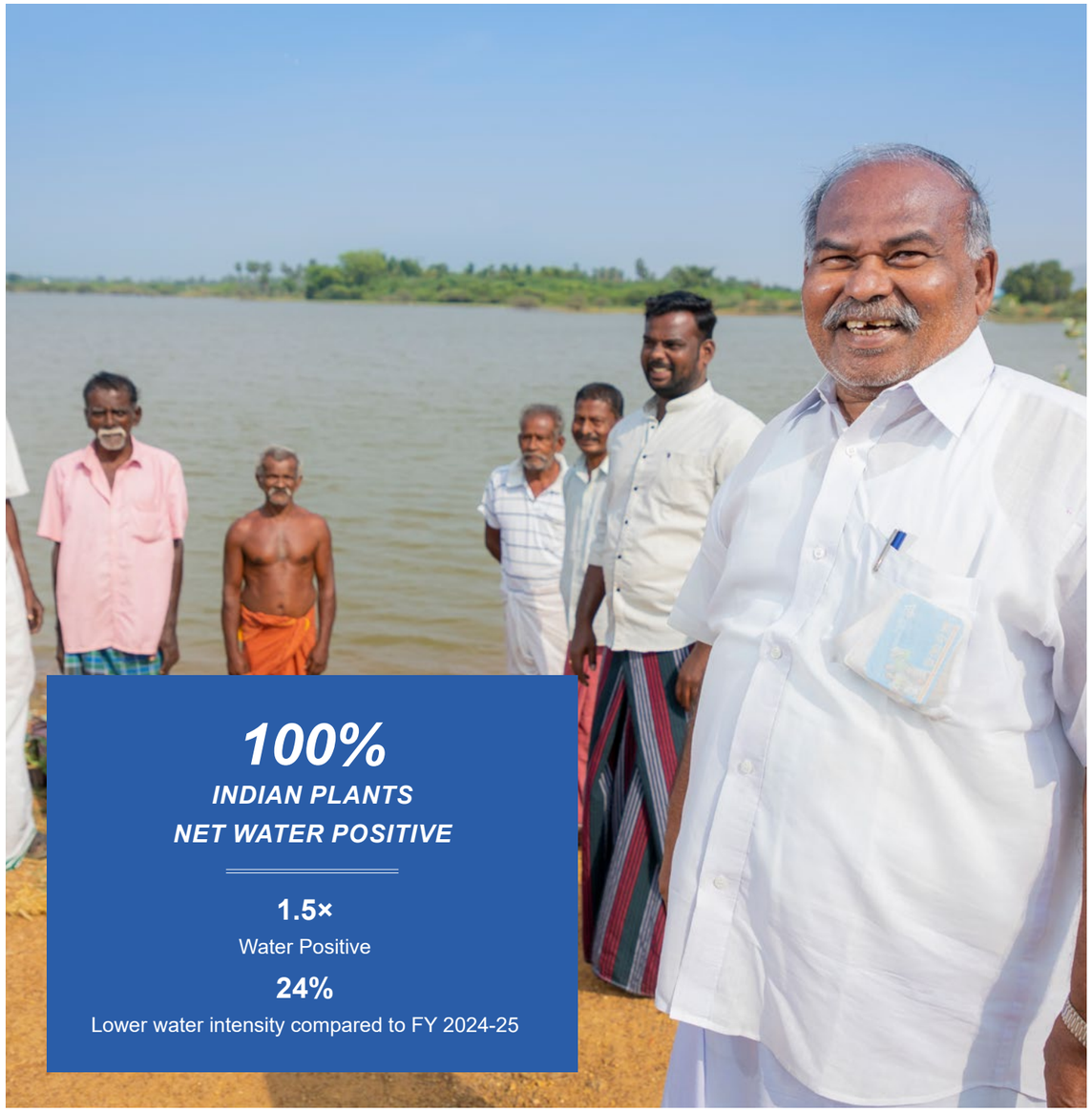
During FY2025-26, TVSM invested approximately ₹48.61 crores towards renewable energy and energy-efficiency initiatives, further supporting its operational decarbonisation pathway and long-term Net Zero ambition

11.4 Water

Water Positivity Ratio: 1.5 YTD, targeting 3 by FY27 and 5 by FY30; water intensity (Indian operations) down 24% to 122 litres/vehicle. All Indian plants are certified as “Net Water Positive’ by CII - Green Building Centre.”

Metric	FY 2024-25	FY 2025-26
Total withdrawal (kL)	638,916	552,771.91
Total consumption (kL)	627,490	544,773.31
Water intensity (kL/crore revenue)	17.31	11.19

The Company invested ₹11.73 crores in water stewardship during the year. All Indian plants are certified Zero Liquid Discharge and Water Positive, supporting the goal of Net Water Positive global operations by 2030.



11.5 Waste and Circularity

TVS Motor Company is embedding circularity across its operations, products, and value chain to support the transition to a low-carbon and resource-efficient mobility ecosystem. All three manufacturing facilities continue to maintain Zero Waste to Landfill status, achieving a 99.98% waste diversion rate, reflecting strong performance in waste segregation, material recovery, recycling, and process discipline.

The Company managed 23,328.43 metric tonnes of waste during the year, with approximately 81% recycled, while strengthening material traceability, internal standards, and preparedness for emerging End-of-Life Vehicle (ELV) and Extended Producer Responsibility (EPR) regulations. Circularity considerations are increasingly being integrated into product design and material selection, with products achieving approximately 90% recoverability, 86% recyclability, and incorporating ~15% recycled content.

To further advance material circularity, TVSM has established a Registered Vehicle Scrapping Facility (RVSF) to enable responsible recovery, dismantling, and recycling of end-of-life vehicles. The facility supports the recovery of valuable materials for reintroduction into the value chain, reducing dependence on virgin resources and lowering lifecycle environmental impacts. Together, these initiatives strengthen product stewardship, enhance resource efficiency, and contribute to TVSM’s long-term ambition of building a circular and low-carbon mobility ecosystem.



11.6 Biodiversity and Nature-Positive Transition

TVSM integrates biodiversity and nature-related considerations into its climate and sustainability strategy, recognising the interdependence between ecosystem resilience and long-term business resilience. Guided by the TNFD LEAP approach, TVSM has committed to achieving No Net Loss of biodiversity and Net Positive Impact by 2040, using 2020 as the baseline year.

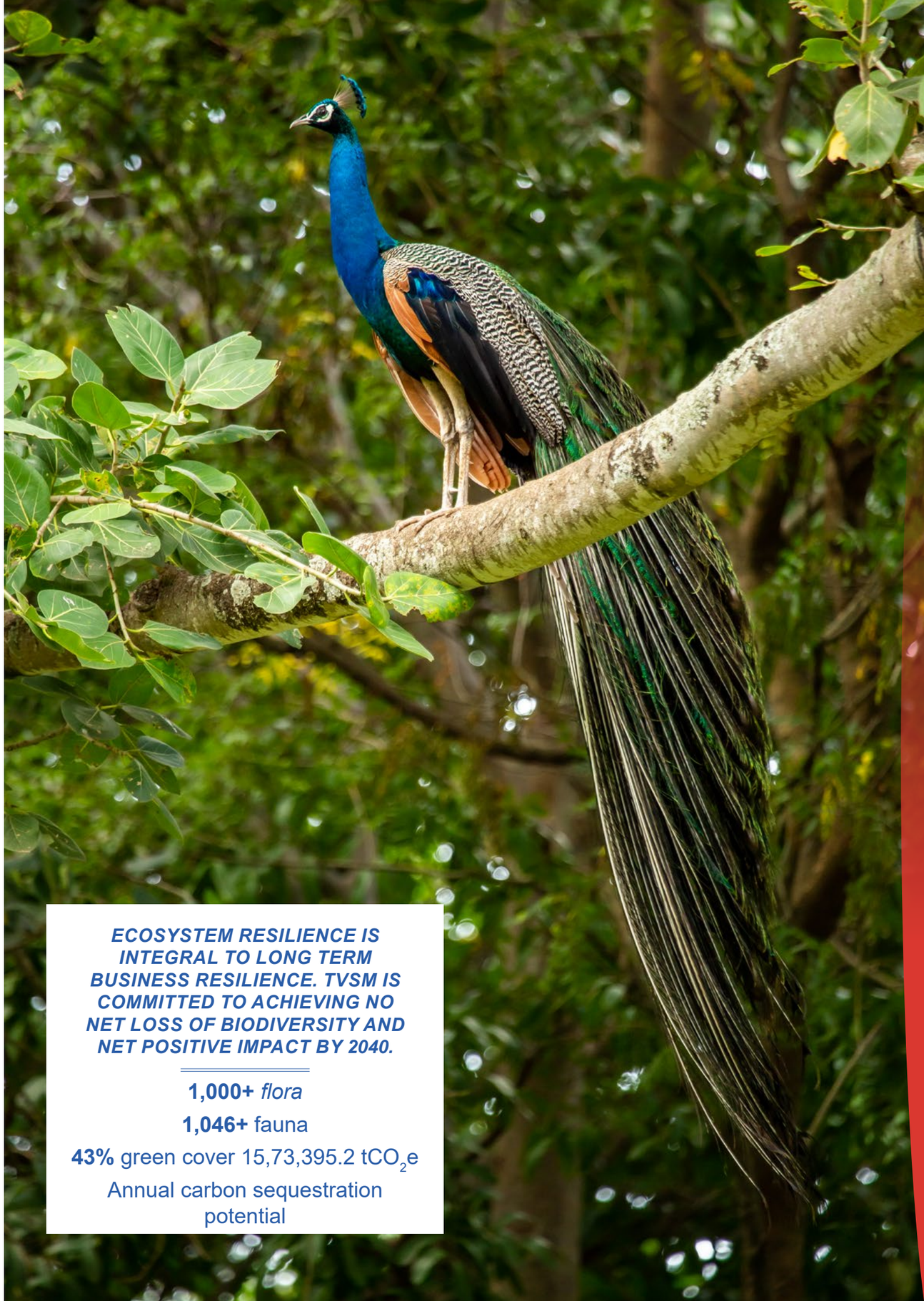
The Company has recorded 1,000+ flora and 1,046+ fauna species and maintains approximately 43% green cover across its Indian manufacturing footprint. The Hosur RET Conservation Park, with 108 tree species, demonstrates the Company's focus on habitat conservation and ecological restoration.

The identification of the Hosur site as a potential Other Effective Area-Based Conservation Measure (OECM) provides an opportunity to further strengthen biodiversity conservation, habitat enhancement and nature-positive management, supporting TVSM's broader climate resilience and sustainable business strategy.

11.7 Sustainability Ratings

Rating	FY 2023-24	FY 2024-25	FY 2025-26
CDP Climate	F	B	A- (Leadership)
CDP Water	F	B	B (Management)
CDP Forests	-	-	C (Awareness)
DJSI	20	59	65 (Top 7 in Auto)
EcoVadis	-	Silver	Silver





ECOSYSTEM RESILIENCE IS INTEGRAL TO LONG TERM BUSINESS RESILIENCE. TVSM IS COMMITTED TO ACHIEVING NO NET LOSS OF BIODIVERSITY AND NET POSITIVE IMPACT BY 2040.

1,000+ *flora*

1,046+ fauna

43% green cover 15,73,395.2 tCO_2e

Annual carbon sequestration potential

12. GOVERNANCE AND ACCOUNTABILITY

12.1 Board and committee oversight structure

TVSM has established a structured sustainability governance framework that integrates sustainability priorities into business strategy, operations, and decision-making. Oversight is provided by the Board of Directors through the Risk Management Committee and Audit Committee, which review ESG risks, sustainability performance and disclosures on a quarterly basis.

12.2 Management-level execution

The D&CEO-led Sustainability Committee provides strategic direction on sustainability priorities, targets, and performance, while the Chief Sustainability Officer (CSO), reporting to the D&CEO and the Board, drives enterprise-wide implementation and alignment. Sustainability performance is reviewed monthly against defined objectives and targets.

At the operational level, Business Unit Committees and Unit Sustainability Committees oversee execution across functions and locations. Plant Heads, supported by EHS Coordinators, Sustainability Ambassadors, and EHS teams, drive on-ground implementation and monitoring of key metrics, including energy, water, waste and compliance. This multi-tiered framework enables accountability, effective execution, and continuous improvement across the Company's sustainability agenda.

12.3 Incentive alignment

The Company integrates sustainability-linked performance metrics into leadership accountability, with 10% of C-suite and C-suite-minus-one leaders having performance measures linked to priorities including decarbonisation, water stewardship and value-chain sustainability. Climate performance is reviewed quarterly, supporting management accountability and alignment of leadership priorities with the Company's climate transition objectives.

12.4 GHG technical governance

A structured greenhouse gas management framework aligned with ISO 14064-1:2018 and the GHG Protocol underpins the Company's disclosures, with Scope 1 and 2 consolidated on an operational-control basis.

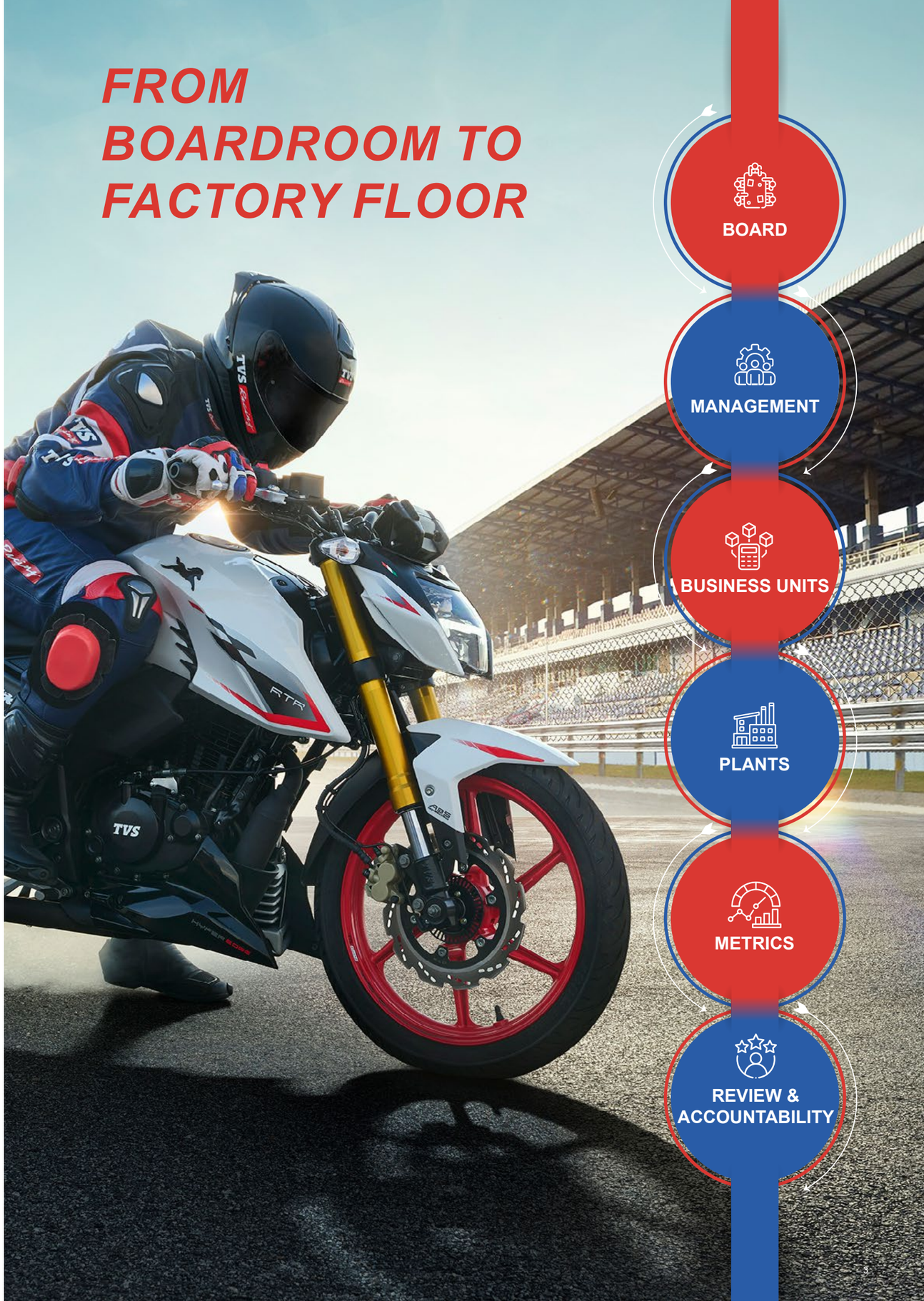
TVSM's Climate Transition Plan is reviewed and updated annually to ensure continued alignment with the Company's climate commitments, business strategy, regulatory developments, stakeholder expectations, and evolving climate-related risks and opportunities. As part of the annual review process, management evaluates progress against climate targets, key performance indicators, decarbonisation initiatives, scenario analysis outcomes, capital allocation priorities, and adaptation measures.

12.5 Annual review cycle for the Plan itself

TVSM's Climate Transition Plan is reviewed and updated annually to ensure continued alignment with the Company's climate commitments, business strategy, regulatory developments, stakeholder expectations, and evolving climate-related risks and opportunities.

As part of the annual review process, management evaluates progress against climate targets, key performance indicators, decarbonisation initiatives, scenario analysis outcomes, capital allocation priorities, and adaptation measures. The findings are reviewed through the Company's sustainability governance and risk management processes, with any material changes incorporated into the transition strategy and communicated through public disclosures. This annual review cycle ensures that the Plan remains relevant, credible, and aligned with a 1.5°C pathway while supporting long-term business resilience and value creation.






TVS
Apache

14. FEEDBACK MECHANISM

TVS Motor Company recognises stakeholder engagement and continuous feedback as important to the effective implementation and evolution of its Climate Transition Plan. The Company engages shareholders, investors, employees, customers, suppliers, policymakers, industry bodies and local communities through established channels including AGMs, investor interactions, sustainability disclosures, supplier programmes, customer feedback, employee platforms, industry forums and community consultations.

Stakeholder feedback is considered by management and relevant governance bodies in strategic planning, target setting, climate risk management, capital allocation and prioritisation of decarbonisation and adaptation initiatives. Insights also inform materiality assessments, scenario analysis and value-chain engagement, where relevant.

The Climate Transition Plan is reviewed alongside TVSM's sustainability strategy, Enterprise Risk Management (ERM), climate risk assessments and performance against climate KPIs. Material changes in stakeholder expectations, regulation, technology, climate risks, business priorities or transition assumptions are considered in subsequent Plan updates and communicated through relevant disclosures.





WHERE WE GO MATTERS.
WHAT WE LEAVE BEHIND MATTERS MORE.



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on behalf of TVS Motor Company Limited