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Importance of Supply Chain Maturity

Supply chain maturity is the progressive optimization of processes to boost efficiency, reliability, and responsiveness - **driving performance, cost savings, and customer satisfaction**

Benefits of supply chain maturity

<p>84%</p> <p>Businesses are pursuing ethical or environmental changes to cut costs</p>	<p>63%</p> <p>Report improved operational efficiency from sustainability initiatives</p>
<p>55%</p> <p>Have seen increased profitability</p>	<p>31%</p> <p>Globally cite sustainability as key to cost savings and revenue growth</p>

Call for action

Investing in supply chain maturity is not just operational—it's strategic. It strengthens the backbone of sustainability performance, ensures compliance across global value chains, and creates long-term competitive advantage.

Collaborative vs. Authoritative, Behavioral vs. Operational

<p>collaborative</p> <ul style="list-style-type: none"> ▶ Establishing supplier education programs ▶ Engaging in mutual knowledge sharing ▶ Informing suppliers about future regulations ▶ Providing financial incentives to suppliers ▶ Using shadow prices in contracts 	<ul style="list-style-type: none"> ▶ Sharing data for operational optimization ▶ Supporting suppliers' renewable energy adoption ▶ Offering financial support to suppliers ▶ Innovating product designs with suppliers ▶ Implementing negative emissions strategies <p>operational</p>
<p>behavioral</p> <ul style="list-style-type: none"> ▶ Requiring cascading emissions compliance ▶ Setting and verifying supplier targets ▶ Including emissions in tender evaluations ▶ Using contract termination conditions ▶ Implementing an internal carbon fee 	<ul style="list-style-type: none"> ▶ Requiring suppliers to provide emissions data ▶ Adopting alternative transport modes ▶ Requiring climate transition action plans ▶ Mandating renewable energy use ▶ Analyzing financial supply chain emissions <p>authoritative</p>

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Unlocking Climate Impact Across the Value Chain



Greening Tier 2 & 3 Suppliers

Empowering Tier 2 and 3 suppliers, largely MSMEs, is key to deep decarbonizing, accelerating Scope 3 reductions, and ensuring resilient supply chains and business continuity.

Key Challenge Areas



Structural and Capability Gaps

- Low ESG awareness and reporting capabilities
- Technology and infrastructure constraints



Financial and Policy Barriers

- Limited access to affordable green finance
- Lack of incentives and regulatory support

Progress Areas



Enablers within the Value Chain

- OEM-led supplier capacity-building initiatives
- Growing adoption of digital tools for ESG tracking



Emerging External Support Systems

- Sustainable finance solutions tailored for MSMEs
- Collaborative ecosystems bridging finance, technology, and policy

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Sustainable Supply Chain Practice at TVS



At TVS Sustainable Supply Chain Management is a core component of our commitment to environmental stewardship, social responsibility, and economic viability. Key elements include:



Strategic sourcing: 93% local sourcing – aligned to 'Atmanirbhar Bharat' and lowering carbon footprint through reduced transportation



Ethical labor practices: SA 8000 certified company



TVS Supplier Excellence Group: redefines supply chain collaboration, enhancing quality, innovation, and eco-friendly practices.



Developing green supply chain : Encouraging adoption of renewable energy in the supply chain : 11 suppliers



Sustainable supplier code of conduct : To ensure ethical, eco-friendly supply chains.

My Sustainability Index (MSI): Benchmark to embed sustainability in its supply chain

Supplier OHS Framework

Reduces risks, enhances operational efficiency & encourages suppliers to lay the foundation for safe work environment.

Supplier Environmental Framework

Establish benchmarks water, waste, energy, biodiversity, emissions, management & circularity

Supplier Social Stewardship Framework

Promote ethical labor standards, including fair wages, safe working conditions, and non-discrimination policies

Supplier Governance Framework

Ensure adherence to all statutory requirements and benchmark good governance practice, policy(s), supplier engagement

Supplier Sustainability Ambassadorship Framework

Awareness programs on sustainability topics

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Financing the future: Sustainable finance is the lever to transform supply chains into engines of low-carbon growth



Sustainable Finance as an Enabler "Capital with purpose" - aligns financial flows with climate and sustainability targets across the supply chain

Mobilizing Green Investments	Incentivizing ESG Performance	Ensuring Traceability & Accountability	Accelerating Sectoral Transition	Fostering Supplier Inclusion
Funds renewable energy, energy-efficient technologies, and cleaner production across MSMEs and suppliers	Interest rates or repayment terms linked to environmental outcomes	Mandates ESG disclosures, third-party verification, and impact reporting	Supports low-carbon shift in hard-to-abate sectors (e.g., steel, logistics)	Empowers small and medium suppliers through ESG-linked supply chain finance
Helps overcome upfront capital barriers	Drive real-time reduction in Scope 3 emissions	Builds data-backed, transparent supply chains	Enables climate-aligned transition finance	Promotes equitable growth & resilience

Sustainable finance will play a pivotal role in transforming supply chains from cost centers to climate solutions – making every rupee invested count toward a greener future

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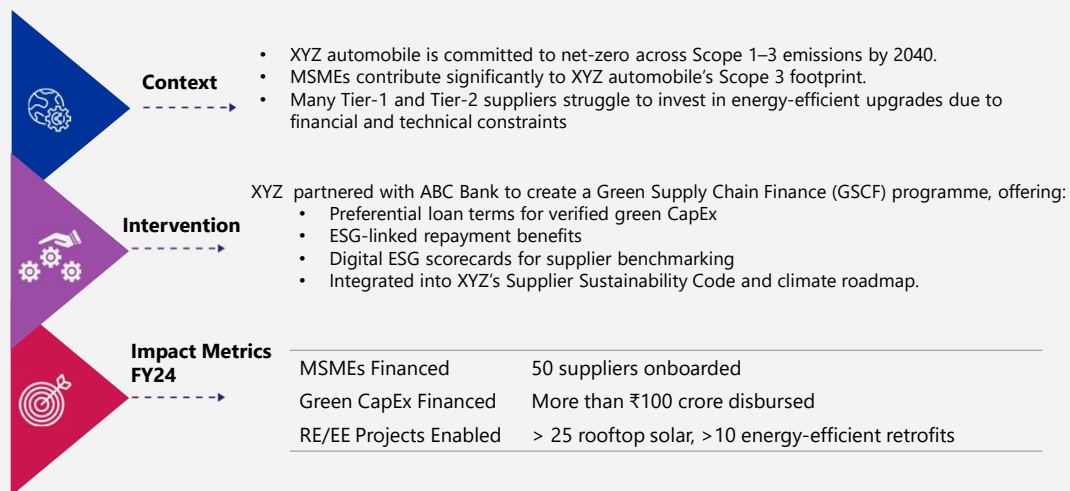
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Case study: XYZ Automobile: Green Supply Chain Finance for MSME Decarbonisation



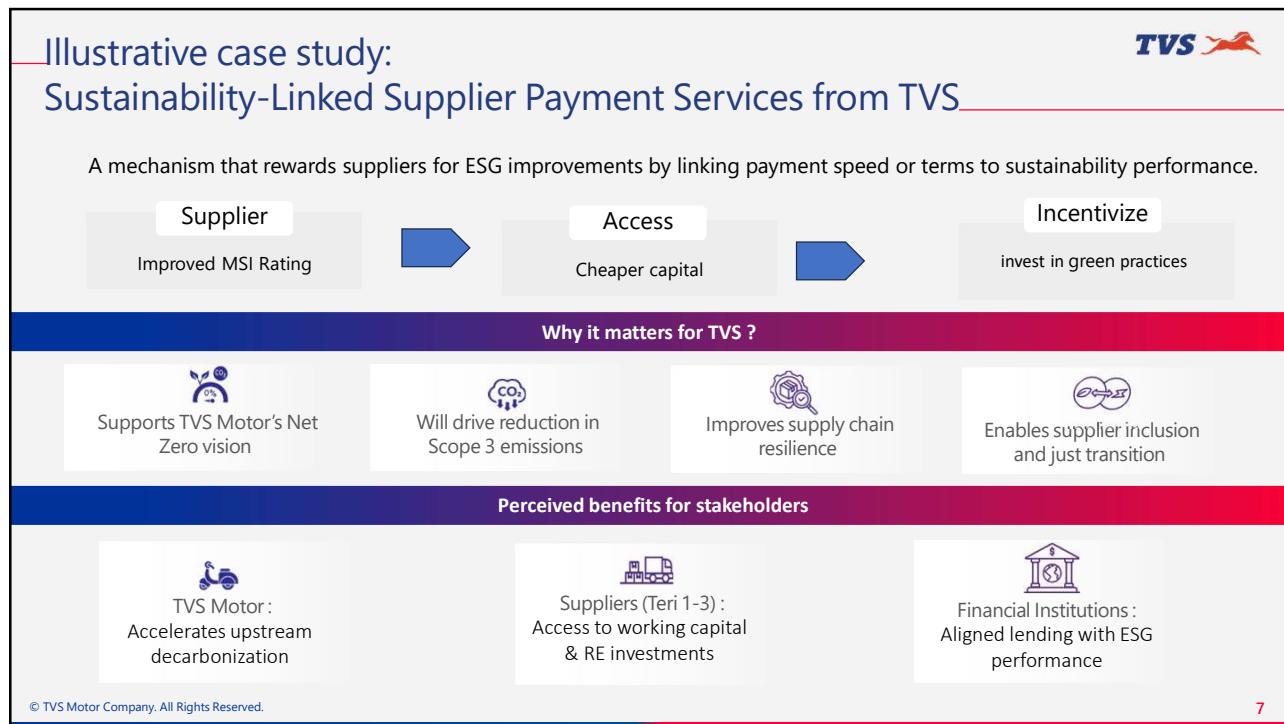
Empowering MSMEs for a Low-Carbon Future: Outcomes from XYZ's Sustainable Supply Chain Pilot



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