

sustainability approach: risks, impacts and opportunities

A ROBUST STAKEHOLDER ENGAGEMENT SYSTEM IS THE FOUNDATION OF THE COMPANY'S SUSTAINABILITY APPROACH. EACH DIVISION OF THE COMPANY ENGAGES WITH THE STAKEHOLDERS RELEVANT TO ITS FUNCTION AND THE DIVISIONAL HEADS REPORT THE CONCERNS OF THE STAKEHOLDERS AT THE MANAGEMENT COMMITTEE MEETINGS.





Sustainability is central to Maruti Suzuki’s business philosophy. The management takes business decisions considering their impact on various stakeholders and the long term perspective of the Company. The Company has put into place robust mechanisms for identifying relevant sustainability issues and addressing them in a logical, structured and institutionalised manner.

MANAGEMENT SYSTEMS FOR SUSTAINABILITY

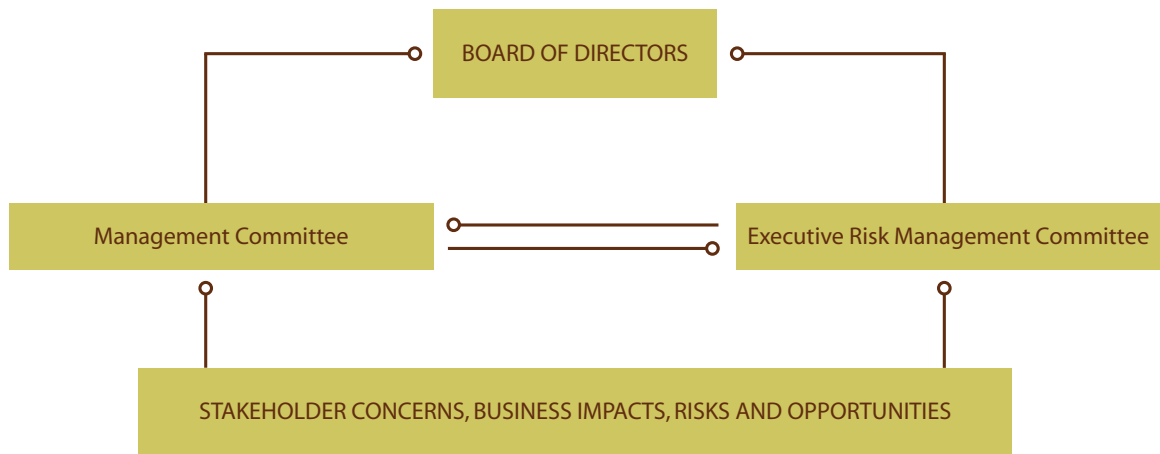
The highest governing body of the Company, the Board of Directors, provides strategic insights and directions to the Company management. At the functional level, the Management Committee monitors the implementation of sustainability programmes.

the concerns of the stakeholders at the Management Committee meetings.

In addition to the ongoing process of stakeholder engagement and the Management Committee Meetings, Maruti Suzuki has also put in place robust systems for risk management. The risk management process of the Company is spearheaded by the Chief Risk Officer (CRO) through an Executive Risk Management Committee (ERMC). The composition of the committee includes the Managing Director and all full time directors.

The Company has also addressed its IT related risks. To ensure minimal disruption in its business operations due to non-availability of IT services, the Company has defined

SUSTAINABILITY PERFORMANCE REVIEW PROCESS



The Management Committee consisting of all executive directors, MEOs, EOs and divisional heads, meets on a weekly basis. Important sustainability parameters including environmental performance and select CSR initiatives, are taken up for review at the Management Committee level.

A robust stakeholder engagement system is the foundation of the Company’s sustainability approach. Each division of the Company engages with the stakeholders relevant to its function and the divisional heads report

and adopted a business continuity management and disaster recovery (DR) plan for all critical IT applications. Business impact analysis of all the applications is carried out to identify business-critical applications.

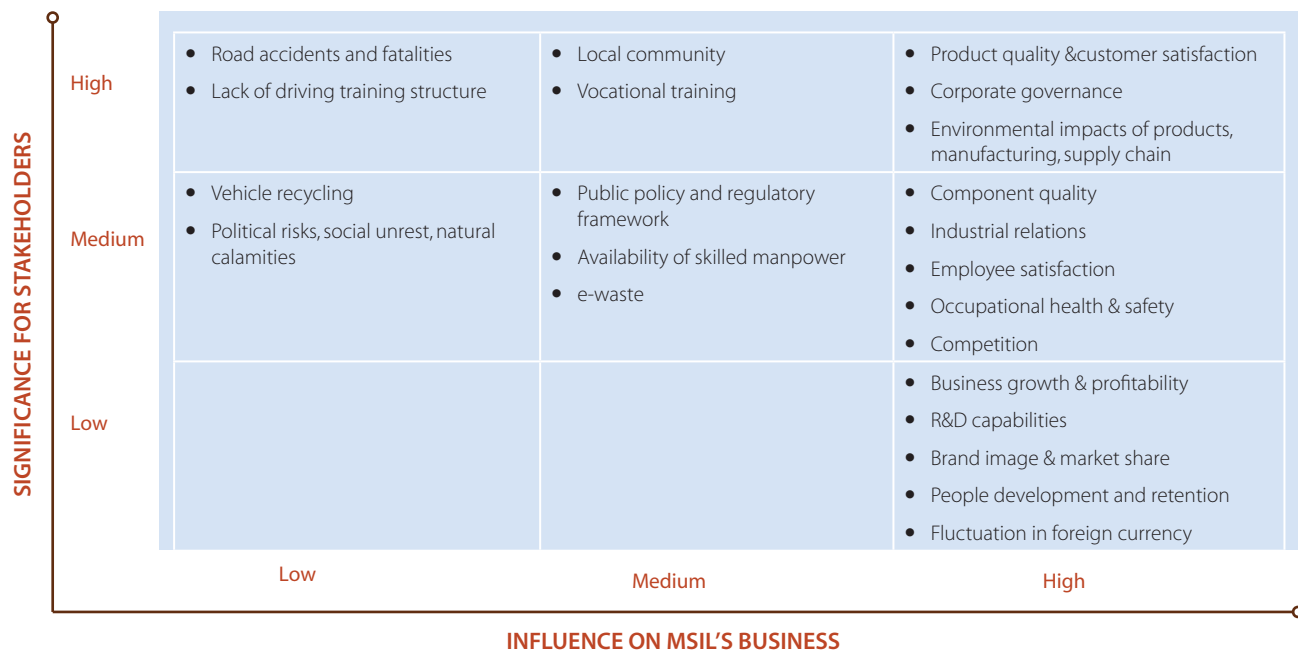
MATERIALITY ANALYSIS

The materiality matrix, developed as a product of stakeholder engagement and the Company’s priorities and vision, slots material issues pertaining to the Company on a three-point scale of high, medium and low importance.

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The material issues presented in the materiality index of the previous Sustainability Report have been reviewed

in view of the changed business scenario and stakeholder expectations. The revised materiality analysis is given below.



SUSTAINABILITY PERFORMANCE

The sustainability parameters are derived from the materiality assessment matrix and the progress against

these parameters is monitored at the operational level by the respective divisional heads and at the strategic level by the Management Committee and the Board of Directors.

ECONOMIC PERFORMANCE

ECONOMIC DIMENSIONS	ACHIEVEMENTS 2009-10	ACHIEVEMENTS 2010-11	CHANGE
Domestic Sales (nos.)	870,790	1,132,739	30.1%
Export Sales (nos.)	147,575	138,266	-6.3%
Total Sales (nos.)	1,018,365	1,271,005	24.8%
Net Sales (Rs. mn)	289,585	361,282	24.75%
Profit After Tax (Rs. mn)	24,976	22,886	-8.3%
Reserves and Surplus (Rs. mn)	116,906	137,230	17.3%
Market share (A+B+C)*	44.6%	44.9%	0.3 % points
Contribution to national exchequer (Rs. mn)	51,442	71,343	38.6%
Expenditure on R&D (Rs. mn)	1,733	4,163	140.2%
Expenditure on CSR (Rs. mn)	113	152	34.5%

* Vehicle categories as per SIAM (A: Passenger Car, B: Multi utility vehicle, C: Muti purpose vehicle)

ENVIRONMENTAL PERFORMANCE

ENVIRONMENTAL DIMENSIONS	KEY AREAS	TARGETS 2010-11	ACHIEVEMENTS 2010-11	TARGETS 2011-12
Green Manufacturing	Reduction in CO ₂ emission	<ul style="list-style-type: none"> Installation of solar panels for power generation LED lights for street lighting and meeting rooms Further promote reduction of CO₂ emission during manufacturing by energy efficiency Tree plantation target of 20,000 trees 	<ul style="list-style-type: none"> Installed solar panels for entire street lighting of Gurgaon plant LED lights installed for street lighting and meeting rooms Per vehicle CO₂ emission reduction <ul style="list-style-type: none"> Gurgaon plant: 15% Manesar plant: 13% Tree plantation: 25,000 in Manesar facility 	<ul style="list-style-type: none"> To further promote the use of renewable sources of energy To further reduce CO₂ emissions To continue tree plantation drive
	Reduction of landfill waste	Co-processing of hazardous waste in cement plants to commence	Co-processing of hazardous waste in cement plants commenced. 6,447 T of hazardous waste sent to cement industry for co-processing	Continue sending hazardous waste for co-processing in cement industry
	Reduction of ground water consumption	Promote reduction of water consumption	Per vehicle water consumption reduction <ul style="list-style-type: none"> Gurgaon plant: 5% Manesar plant: 16% 	To further reduce per vehicle water consumption

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ENVIRONMENTAL PERFORMANCE

ENVIRONMENTAL DIMENSIONS	KEY AREAS	TARGETS 2010-11	ACHIEVEMENTS 2010-11	TARGETS 2011-12
Products	Improvement in fuel efficiency	<ul style="list-style-type: none"> Alto K10 fuel efficiency target of 20.2 kmpl Development work to introduce diesel/CNG variant for CO₂ reduction, improvement in fuel efficiency 	<ul style="list-style-type: none"> Alto K10 launched and achieved fuel efficiency of 20.2 kmpl Diesel variant of SX4 launched 	To further improve fuel efficiency of vehicles
	Development of ELV compliant products	All new/minor facelift models to be ELV compliant from introduction	All models launched in 2010-11 were ELV compliant	In future all MSIL models will be ELV compliant
	Development of alternate fuel vehicles	<ul style="list-style-type: none"> Introduce models with i-GPI CNG engine technology Concept demonstration for hybrid and electric vehicle 	<ul style="list-style-type: none"> WagonR, Eco, Estilo, Alto and SX4 models launched with i-GPI CNG Engine technology WagonR Duo launched with i-GPI technology Demonstrated a fleet of 14 hybrid SX4 and 4 electric Eco vehicles at Delhi Commonwealth Games 	Continue benchmarking, testing and evaluation of HEV/EV technologies to further understand India's requirements
	Adherence to emission norms	<ul style="list-style-type: none"> Development work for adherence to OBD-II norms Preparation to meet future emission norms 	<ul style="list-style-type: none"> SX4 Diesel meeting Bharat OBD-II launched 	<ul style="list-style-type: none"> Development work under way for adherence to OBD-II norms Preparation to meet future BSV emission norms to be started
Supply Chain	Facilitation of EMS Implementation at suppliers' end	Further promote implementation of EMS at suppliers' end	60% suppliers ISO 14001 certified, up from 58.4% in 2009-10	To further promote ISO 14001 certification amongst suppliers
	Reduction of packaging material	Further efforts to reduce amount of packaging material used by suppliers	Encouraged to use recyclable and reusable packing for components supplies	To make further efforts to reduce use of packaging materials
IT	Reduction of Energy Consumption	<ul style="list-style-type: none"> 250 old desktops/laptops to be replaced with new energy efficient models Old servers to be considered for replacement with new energy efficient server models 	<ul style="list-style-type: none"> 606 old desktops/laptops replaced with energy efficient models 7 old servers considered for replacement with new energy efficient blade servers 	<ul style="list-style-type: none"> 500 old desktops/laptops will be replaced with new energy efficient models Old servers will be considered for replacement with new energy efficient server models

SOCIAL PERFORMANCE

SOCIAL DIMENSIONS	KEY AREAS	TARGETS 2010-11	ACHIEVEMENTS 2010-11	TARGETS 2011-12
Customer Satisfaction	Sale and Service satisfaction	Retain no.1 position in customer satisfaction	Retained no.1 position in customer satisfaction	Retain no.1 position in customer satisfaction
Employee Development and Welfare	Attrition	Enhance employee engagement to maintain low attrition level	Maintained attrition in single digit level	Maintain attrition in single digit level
	Training man-days	Over 5 man-days per employee	6.01 man-days per employee	Over 5 man-days per employee
	Injury Rate per 100 employees	0.044 (10% reduction)	0.043	0.041 (5% reduction)
Social Welfare				
Road Safety	Persons trained in safe driving	171,000	187,280	200,000
	Road safety awareness among school children	Expand this initiative to more schools	21,000 school children covered	To further expand this initiative to cover more schools
	IDTRs	<ul style="list-style-type: none"> 2 new IDTRs in Haryana Total 6 IDTRs by 31st March, 2011 	<ul style="list-style-type: none"> Construction work at two new IDTRs in Haryana completed 	To operationalise two newly constructed IDTRs in Haryana
	MDS's	<ul style="list-style-type: none"> 92 new MDS's to be activated to take the total to 175 	<ul style="list-style-type: none"> 83 new MDS's established 166 MDS as on 31st March, 2011 	To establish 250 MDS's cumulatively
Vocational Training (MSIL adopted three ITIs in Haryana state, and its suppliers adopted two ITIs) ITI: Industrial Training Institute	Training for ITI faculty	250 man-days to be dedicated	203 man-days dedicated	250 man-days dedicated
	Training for ITI students	4,900 man-days to be dedicated	6,307 man-days dedicated	6,500 man-days to be dedicated
	MSIL-adopted ITIs	<ul style="list-style-type: none"> 5 new ITIs to be adopted Total number of ITIs to reach 8 by 31st March, 2011 	<ul style="list-style-type: none"> 4 new ITIs adopted, taking the total number to 7; ground work completed for adoption of 2 new ITIs 	2 new government ITIs to be adopted to take cumulative number to 9 government ITIs
	Exposure visit for ITI students to MSIL plants	400 students	286 students	400 students
	Technical tie-ups with ITIs	18 ITIs (16 government and 2 private)	28 government and private ITIs (cumulative)	12 government ITIs
Employee Volunteering Programme (EVP)	Volunteering hours contributed by employees for social work	To promote the spirit of volunteering among employees	Employees contributed 2,791 man hours for volunteering	To further promote employee volunteering
Community development at four villages at Manesar	Educational support for disadvantaged children	<ul style="list-style-type: none"> Third education support centre in Bass village to be opened To reach out to 100 disadvantaged students 	<ul style="list-style-type: none"> Education support centres opened at Bass village Covered 138 disadvantaged students through education support centres Computer centre opened in Aliyar village for children 	Continue running support classes and computer centre
	Upgradation of school Infrastructure	To upgrade Bass village school	Bass village school upgradation completed	Further develop village school infrastructure
	Vocational training to unemployed village youth	To train 50 more unemployed youth in professional skills	50 unemployed youth trained in driving	Train over 100 persons in driving & other vocations