



# Sustainability Journey

## Making it Matter

Sustainability Report 2013-14

GRI G4 - In Accordance - Core



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## OUR VISION

The Leader In Indian Automobile Industry,  
Creating Customer Delight,  
And Shareholders' Wealth;  
A Pride Of India.

## OUR MISSION

Customer Obsession  
Fast, Flexible And First Mover  
Innovation And Creativity  
Networking And Partnership  
Openness And Learning





# Sustainability<sup>3</sup> Journey

Making it Matter

The journey that Maruti Suzuki began with Maruti 800 three decades ago revolutionised the Indian automobile industry. Maruti 800 was not just a car; it was an aspiration of each Indian and a status symbol. A generation of Indians learned driving on Maruti 800. It put India on wheels and led to setting up of a large supplier base and a network of sales and service outlets across the country. It defined the quality and the benchmark of performance for others to follow. While the iconic Maruti 800 retired last year after a long and glorious journey, the spirit of “making it matter” continues at Maruti Suzuki.

As society undergoes change, customer preferences change, regulations upgrade, aspirations of people move up, we at Maruti Suzuki also adapt to the new order and offer products and services that matter to the people. Following the basic Japanese philosophy of Kaizen, we aspire to continuously learn and improve, thus moving forward on our journey. The participation, team work and contribution of stakeholders make the journey meaningful.

Our sustainability efforts are aligned to make a meaningful impact on the lives of our stakeholders. All sustainability projects are planned, executed, measured and monitored like any other business project. We work with clear objectives and focus to enhance the wellbeing of the stakeholders, while creating “shared value” for the business.

Be it advanced technology cars, welfare activities for employees, efficient manufacturing, we have approached them in a manner that it has mattered significantly to our stakeholders. The silent stakeholder - environment- is an integral part of this approach. Initiatives to reduce water, energy and material consumption, elimination of hazardous material in cars, greening of supply chain, modification in logistic operations to reduce emissions etc. are directed at conserving and preserving the environment.

Community is not just an important stakeholder; it holds a special position in the overall scheme of things at Maruti Suzuki. The law requires corporates to spend a minimum of 2% of profits on CSR. While complying with the law, our focus will not only be on spending, but do it in ways that “make it matter” to the lives of our communities. We are determined to set new benchmarks and build excellence in CSR, as in all areas of business.

As we move ahead on our sustainability journey, we commit ourselves to take our sustainability agenda to the next level with the intention of truly “making it matter”.





## Chairman's Statement



Dear Stakeholder,

I am happy to present the Company's Sustainability Report for 2013-14.

We live in a rapidly changing world, where new challenges are emerging all the time. A Company has to be alive to these, and make suitable adjustment to its policies and actions if it is to sustain itself over time. Maruti Suzuki, in 2013-14 completed 30 years of its operations and despite ever increasing competition in the domestic market, has sustained its leadership position. We are very conscious of the danger of complacency in an organisation that has been a market leader for so long, and by a very wide margin. Our efforts are to ensure that everyone in the Company is made aware of the need to keep strengthening the factors that have enabled us to remain market leaders.

A car company can remain successful only if it is sharply focused on customers at all times. What does this mean? I believe it requires us to ensure that we are always able to meet our customer expectations in full. There are many aspects to doing this. Firstly, we have to ensure that our products are able to excite our buyers and meet their needs in the best possible manner. In 2013-14 we took a big step in this direction by introducing the automatic manual transmission technology in the Celerio. This gave customers the option of driving cars with automatic transmission, but at a substantially lower price than conventional automatic transmission. In addition, it overcame another handicap of automatic transmission in that it does not result in lowering the fuel efficiency. The result was that against 5% demand for conventional automatic transmission, the demand for AMT Celerio's is as high as 50%.

Maruti is also entering the SUV sector with models to be introduced in 2015 and 2016. A 1 ton light commercial vehicle will also be part of our offerings in early 2015. Thus, we believe that we are taking the right steps to supply what the market wants. We will have to continue to add more and

more models as production volumes increase beyond 1.5 million. A considerable part of the engineering activity would have to be done by Maruti Suzuki and would call for much higher levels of investment than at present.

The Indian economy is now poised to accelerate its growth rate and along with that car sales will also grow to meet the aspiration of millions of Indian. We need more production capability and that is being created in Gujarat. An unique method of doing this has been devised. The capex for the Gujarat project would be fully financed by equity from Suzuki Japan and the depreciation funds from the Gujarat plant as production lines are installed and commissioned. The Gujarat facility would function as a contract manufacturer for Maruti Suzuki, with no right to sell products to anyone else, or to make profits and accumulate surpluses. The entire financial benefits from the Gujarat production would be realised by Maruti Suzuki. Thus Maruti Suzuki would not only derive the profits that would have come if it had invested in Gujarat, but would also retain funds to the extent Suzuki Japan brings in equity. The arrangement would enormously strengthen the financial position of Maruti Suzuki, bring additional benefits to all the shareholders and substantially enhance the sustainability of the Company. These benefits go equally to our minority shareholders as well as to our biggest shareholder, Suzuki Japan. The stronger Maruti Suzuki becomes, and the greater its sustainability, the more is the gain to Suzuki Japan and all other shareholders.

The sales, service and spare parts organisation would also have to be strengthened and expanded to meet the demands of the customers as sale volumes increase. Our thrust into the rural areas by opening a large number of sales outlets and workshops in these areas has proven the value of reaching nearer the customer. Our efforts in this direction need to be strengthened to cater to the aim of selling 3 million cars in the future. This too will call for much larger investments.

**// Maruti Suzuki has established a Board Committee on CSR. The Board has approved the CSR policy for the Company. Our CSR activities will be primarily in the areas of village development, skill development and road safety. //**

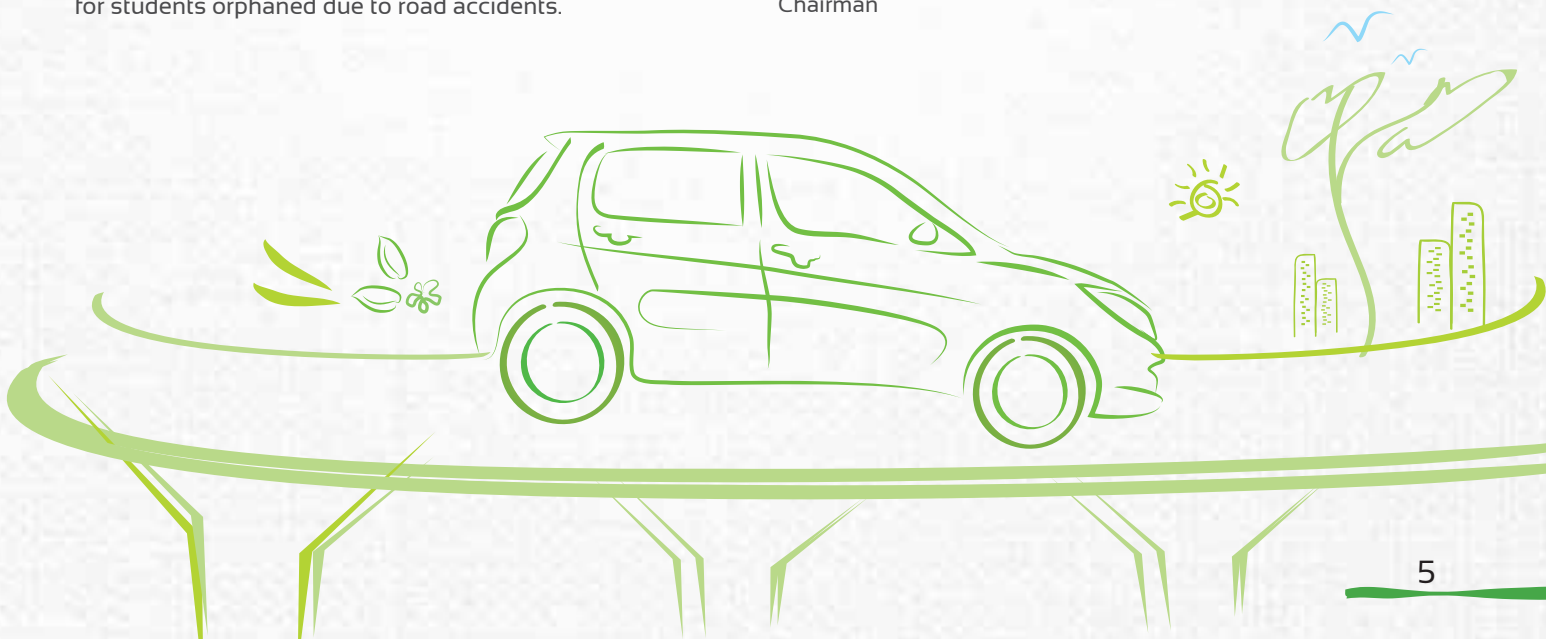
In line with our focus on environmental issues, we started work on generating solar power and have commissioned a 1MW solar facility. We will continue to enhance our attention to developing clean power for our needs of the future.

In line with the law, Maruti Suzuki has established a Board Committee on CSR. The Board has approved the CSR policy for the Company. Our CSR activities will be primarily in the areas of village development, skill development and road safety. The village development programme will include construction of household toilets to prevent open defecation, upgrading government schools, separate toilets for girls in schools, upgradation of village water and sanitation facilities. The primary focus of skill development programme is to make students of Industrial Training Institutes (ITIs) industry ready. Under road safety programme, we intend to create capacity for training drivers in large numbers, train the trainers and partner with government to make select towns model from road safety point of view. We are also working on a scholarship scheme for students orphaned due to road accidents.

Another critical issue impacting manufacturing sector is Industrial Relations. Our approach has been to create a culture where workers recognise that their interest and prosperity are aligned with the profitable growth and sustainability of the Company. We have to continuously strengthen this trust between the management and the workforce. Management and workforce have to work together and resolve issues amicably in the larger interest of all the stakeholders. We are engaging with our workers regularly to strengthen communication with them and to enhance their involvement with the Company.

Our stakeholders have always been a great source of strength and have been instrumental in enabling Maruti Suzuki to be the Company it has become. Recently Forbes magazine has ranked us as the 4<sup>th</sup> most admired company in India. I can assure all stakeholders that we recognise the responsibility placed on us and will continue to work even harder and smarter in the future.

**R. C. Bhargava**  
Chairman



## Managing Director's Statement



Dear Stakeholder,

I am delighted to share with you Maruti Suzuki's sixth Sustainability Report. This report is an effort to share with you the material issues faced by the Company and the approach followed to address them besides sharing the economic, environmental and social performance of the Company in 2013-14.

This was my first year as Managing Director of Maruti Suzuki. Consumer sentiment remained low as high inflation impacted disposable income. High fuel prices and interest rates increased the cost of ownership and consumers tended to postpone car purchase. The government offered some relief in excise duty towards the end of the year but it had a limited impact on sales. For the first time in a decade, the passenger vehicle industry declined by 6%. Maruti Suzuki managed to perform better than competition. The Company's domestic sales grew by 0.3% in 2013-14 and we gained market share.

The Company's focus on sustainability in its business approach and decisions proved beneficial in challenging times. For example, our efforts to expand into rural markets ahead of the industry in the last five years stood us in good stead. While urban markets remained under pressure during the year, rural markets grew, contributing nearly one-third of the overall sales of the Company. The Company's consistent efforts in the pre-owned car market through the True Value brand also helped in boosting sales through trade-ins, besides contributing to dealer profitability in difficult times. The Spares and Accessories business of the Company, relatively insulated from short term changes in customer sentiment, also helped us during the year.

Efforts at localisation of child parts, started in a focussed manner two years ago, helped reduce cost and improve the bottom line despite flat unit sales. Employees continued to make valuable contribution through their cost saving efforts. Over half a million employee suggestions helped the Company save more than ₹ 4000 million in the last year.

While industry sales have not grown in the last three years and capacities remain under-utilised. I believe India has tremendous potential in the medium term. Vehicle penetration levels remain low; we are yet to reach millions of people and persuade them to own a car. In line with that, our long term plans remain on track. In 2013-14, a third vehicle manufacturing plant at Manesar and a new diesel engine facility were commissioned at Gurgaon. The first phase of operations at our world class R&D centre at Rohtak started during the year. The Company further expanded its sales and service network across the country.

People are central to any business activity. The Company focused on strengthening communications with all level of employees during the year. I believe that listening to employees for their concerns and addressing them in a timely manner is a key factor to build trust and develop cohesive relations. For example, one of the concerns that shared by younger employees during communication meetings was the need for health check-ups of young employees. Starting last year, we have expanded our annual health check-up rules to cover younger employees, from 25 years of age. This will help make them aware of lifestyle related issues. Other important employee-related aspects such as Training, Employee Welfare activities, Occupational Health and Safety continued to be focus areas during the year.

Industrial Relations is one of the major challenges currently faced by the automobile industry. Some of our suppliers faced issues in this area during the year and that impacted our operations as well. We are partnering with our suppliers for greater focus on communication and timely redressal of employee grievances.

All three manufacturing units of the Company have worker representation through unions. Regular meetings of the senior management with the union representatives to understand their concerns and to apprise them of the business environment and challenges, help to strengthen relations.



## “The Company's focus on sustainability in its business approach and decisions proved beneficial in challenging times.”

Maruti Suzuki has been proactive in offering vehicles and technology that meet customer expectations in terms of design and features, quality, performance and cost. With the launch of Celerio, Maruti Suzuki became the first Company to offer automated manual transmission technology in India, which gives customers the convenience of automatic transmission at an attractive price, without compromising on fuel efficiency. The Company was the first to launch factory-fitted CNG cars in India. These have been well received by customers. In 2013-14, the CNG variant of Ertiga was launched. In the electric vehicle technology space, the Swift RE-EV was showcased at Auto Expo 2014 in New Delhi.

Maruti Suzuki cars comply with stringent European End of Life Vehicle (ELV) norms. Our cars are free from hazardous substances and can be recycled in an environment friendly manner. As per Government regulations, we have made our fleet of cars OBD-II compliant.

The Company always strives to set new benchmarks in after sales and service. Customers ranked Maruti Suzuki first in JD Power Customer Satisfaction Survey for 14<sup>th</sup> year in a row. Of the top five selling models in India last year, four were from the Maruti Suzuki stable.

The Company strives to minimise carbon footprint of its manufacturing operations by using natural gas at its captive power plants. With mounting gas prices, the cost of power generation using gas has almost doubled. In 2013-14, the Company commissioned a 1 MW solar power plant at the Manesar facility. This is a first step for the Company in the area of renewable energy.

In 2013-14, the Company scaled up its CSR activities in the areas of community development, skill development and road safety. The need for scientific driving training and road safety awareness is tremendous in India. In 2013-14, over 4.49 lakh people were trained in safe driving. In all, we

have now trained nearly 1.9 million people in safe driving. The Company's partnership with state governments to upgrade Industrial Training Institutes gained strength and the Company now partners with 29 ITIs. This programme benefitted over 11,000 students in the last year.

The Company understands the importance of cordial relations with its neighbouring communities. The community development programme was further expanded to include communities in Rohtak. The initiative now covers fence line villages in Gurgaon, Manesar and Rohtak. Our approach has always been to work on the real needs of the communities. In the last year, the focus was on school education, sanitation and health awareness. The efforts of the Company to upgrade infrastructure of government schools have improved enrolments and academic performance. Going forward, the community development initiative will be expanded further. The communities have been supportive of the Company and its operations. This is valuable for the Company's sustainability.

As per the requirements of the new Companies Law, a CSR Committee of the Board has been constituted in Maruti Suzuki. We are constantly strengthening stakeholder engagement practices to assess the needs and expectations of society. Going forward, the focus will be on behavioural change and stakeholder involvement to build-in sustainability in social projects.

The theme of this year's Sustainability Report is "Making it Matter". This comes from our intent of taking action in the social, environment or economic sphere that makes a positive and meaningful difference to the lives of our stakeholders. The Company's effort is to make our sustainability efforts matter for our stakeholders.

I thank all stakeholders for their continued support and look forward to their valuable feedback.

**K. Ayukawa**  
Managing Director and CEO

# Key Risk, Impacts and Opportunities

## RISK MANAGEMENT SYSTEMS

The Board of Directors guides the Company towards its long – term sustainability at the strategic level. At the operational level, the Business Review Committee monitors the implementation of various business parameters and sustainability initiatives. The Committee consists of all full-time Directors, managing executive officers, executive officers and heads of various divisions and meets every week. The Chairman of the Company, a non-Executive Board member, attends the business review meet (BRM) once a month.

At the BRMs, the Company monitors and reviews its business performance and key environmental and social parameters. Stakeholder concerns that are captured through various channels are shared at the BRMs. The BRM process is part of the ISO 9001:2008 framework and is audited by an external agency every six months. The action points that emerge from the discussions at the BRMs are recorded and reviewed in subsequent meetings to ensure implementation. Sustainability is embedded in the Company's strategy, systems and processes. At the corporate level, the Company has a team that promotes and drives sustainability initiatives.

## RISK AND OPPORTUNITIES

### UNCERTAINTY IN POLITICAL AND ECONOMIC ENVIRONMENT

The past few years have proved to be tough for the automobile industry in India. The low GDP growth rate along with high inflation has impacted the purchasing power of consumers. The cost of running cars has also increased with rising fuel prices and high interest rates on loans. Consumer sentiment was low and impacted sale of cars in the domestic market. In the global markets, weak economic growth, political unrest and regulation changes impacted the Company's export sales.

In these challenging economic times, the Company worked hard to maintain its profit margins. The Company responded to the situation with innovative marketing ideas, exploration of new export markets, and promotion of other businesses (such as spare parts and accessories), cost saving and inner part localisation.

### COMPETITION

Competitors continue to launch models in segments that have historically been Maruti Suzuki's forte such as compact cars and mid-size sedans. The market for high end, feature-rich cars is growing. Each competitor is trying to set a new benchmark in quality, fuel efficiency and performance.

Maruti Suzuki is working towards mitigating this risk through a comprehensive plan for new products, face lifts and technology improvements. The Company is also investing in R&D infrastructure and capability development. Rural markets are showing good growth and Maruti Suzuki has been successful in capturing rural potential. The Company is penetrating deeper into the rural markets with small format sales outlets, locally recruited salespeople and doorstep service facilities. Despite the sluggish market conditions, the Company has continued expansion of its sales and service network across the country.

### OPERATIONAL AGILITY AND RESPONSIVENESS

India's economic and political environment has been in a state of flux for the last few years. In the auto market, customer preferences are fast changing and new entrants are increasing the competition. In such a situation, operational agility and responsiveness assumes an important role for sustainability of the Company.

The Company responds to uncertainty and changes in its overall operating environment by closely monitoring the changes, formulating and implementing strategies to combat it, listening to its stakeholders' views and responding to them. This is in line with the Company's core value of being Fast, Flexible and First Mover. The Company's ability to manufacture multiple models on a production line, IT –based tracking systems, and management monitoring systems prove to be helpful in responding to demand fluctuations.

### TALENT MANAGEMENT

The automobile industry requires specialised technical skills, team work and collaborative effort. People drive the Company. With more automobile players entering the Indian market, the possibility of them drawing away trained manpower increases.

The Company invests in skill and capability development of its employees. It develops progressive people policies in consultation with employees and makes efforts to provide a conducive and rewarding work environment for all levels of employees.

The Company has a distinct culture of empowerment, de-centralised decision making and team work. The Company has established means of engaging with employees and these are continuously improved and strengthened. With the addition of new facilities and expanding business operations, the proportion of young employees in the overall



workforce is increasing gradually. The Company is focusing on strengthening communication with young employees so as to address their needs in a timely manner. Wherever required, the HR policies have been modified to suit the young workforce.

### INDUSTRIAL RELATIONS

As a manufacturing company, Industrial Relations pose a significant risk to Maruti Suzuki. Owing to the Company's dependence on its suppliers for components, Industrial Relations at suppliers' end become important for the Company.

The Company respects its workers' right to freedom of association. The Company has elected workers' unions at Gurgaon and Manesar manufacturing sites. The Company takes several steps to address workers' needs for training, recreation, mentoring and career development. The Company has established communication channels for open, two-way communication with the workers.

### VALUE CHAIN

About 80% of the parts used in the Company's cars are sourced from suppliers. The high dependence on supply

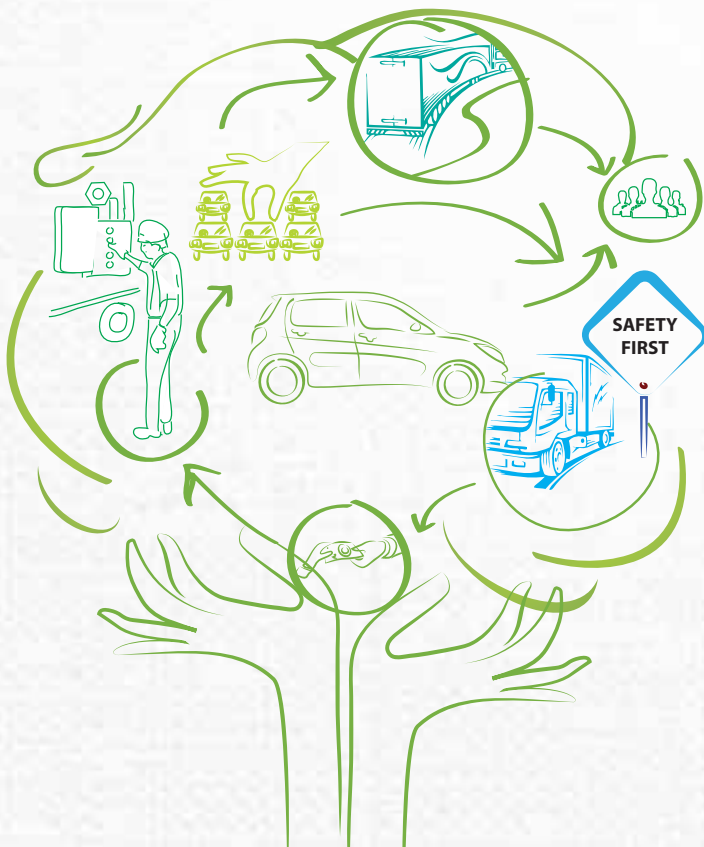
chain poses an obvious risk to the Company. There are great variations in terms of supplier competencies, scale, quality levels and approach. In recent years, the supply chain risk exposure of the Company has increased due to higher complexity of suppliers' network, increasing employee expectation, highly volatile markets and unpredictable events in various parts of the world. The supply chain has the potential to impact the Company's manufacturing operations and profitability.

The Company's outbound supply chain is extensive. Majority of the cars manufactured by the Company are transported via roads and for this a large fleet of trailers are brought into service. The turn-around time, accident of the trailers and the health and safety of the truckers are of significant importance to the Company as they impact timely delivery of vehicles and sustainability of the logistic operations.

The Company sells and services vehicles through its nationwide dealer sales and service network. The sales and service network needs to regularly expand to reach out to a greater number of customers. For this, maintaining profitability is essential, especially since the dealerships are independent businesses. The Company's field team works closely with dealers to enhance performance and leverage multiple revenue streams, using customer databases, satisfaction scores and business information available in a real time Dealer Management System.

In the challenging politico-economic climate, the suppliers need to be flexible and competent to meet the requirements of the Company. The Company works closely with its suppliers on manufacturing practices, quality, cost, safety and HR practices. To reduce supply chain risks, the Company has been making efforts to localise component manufacturing and develop second (alternative) sources for components. The Company's suppliers' parks at Gurgaon and Manesar reduce transportation time and the IT-based system (e-Nagare) is vital in keeping track of inventory. Maruti Centre of Excellence builds capability of suppliers. The Company also promotes ISO 14001 certification amongst its Tier-I suppliers to promote environment friendly operations in the value chain.

An exercise on Supplier Risk Management was undertaken in 2013-14 in the Company to assess suppliers' risks in operational and financial areas. The operational risks were assessed in the area of labour, quality and delivery performance, management response, safety, Tier-II management. The financial risks were assessed in





## Key Risk, Impacts and Opportunities

profitability, liquidity and funding management. Locational risks based on the risk associated with the location of the supplier's manufacturing facility were also assessed and mitigation plans put in place.

The Company's Sales and Dispatch division is responsible for its outbound logistics operations. The division holds regular road safety and driving training programmes for truckers. Driver Education Centres have been set up in both Gurgaon and Manesar facilities. An annual programme is held for truckers on issues relevant to them such as road safety, HIV/AIDS awareness etc. The Company has installed GPS in its fleet of trailers to track their route. Route rationalisations are done on a regular basis. Accident data is monitored closely and initiatives are taken to reduce accidents and in-transit vehicle damages.

### INFORMATION SECURITY

The Company depends on IT systems for a vast variety of functions and operations including HR data, production, inventory management etc. Employees have access to a variety of data and information in the course of their day to day functioning. Some also have access to confidential data such as new model launches, production plans etc. Safeguarding this information and ensuring that it is not misused in any way is of paramount importance to the Company.

Maruti Suzuki is ISO 27001 certified. The Company has an Information Security policy that is shared with all employees. Strict vigilance is maintained in all offices regarding entry of laptops, hard drives and pen drives.

### NATURAL AND MANMADE DISASTERS

The Company's Gurgaon facility and Corporate Office in New Delhi fall under a high risk seismic zone. The Company has prominent presence in Delhi NCR and this exposes it to risks of terrorist activities and disruptions in operations due to political activism or agitation. The Company is also exposed to risks of fire.

The Company personnel are trained in evacuation in case of fire and fire drills are held regularly. Office maps with evacuation routes are posted in noticeable areas in offices. As a part of employee induction, all employees undergo mandatory fire safety training. The Company has in place a business continuity plan in case a disaster occurs.

### WATER

The Company recognises that water is a finite natural resource. It is also aware of the water situation in Haryana, where its two manufacturing sites are located. With gradual but evident changes in climate patterns, it is possible that availability and quality of water may become a possible risk for the Company in the future.



Water lagoons at the Gurgaon facility promote percolation of water





### The Company uses natural gas, a cleaner fuel, to run its captive power plants at Gurgaon and Manesar facilities.

Though its manufacturing operations are not as water intensive as those of some other industries, the Company has taken steps to reduce water consumption in manufacturing operations. The Company recycles and reuses water and no water is discharged outside the boundary. Canal water is used as the major source in order to conserve ground water. Rain water is also harvested and used. Judicious use of resources is a part of the Company's culture. Kaizen and innovative methods to conserve water on the shop floor are encouraged.

#### ENERGY

The Company requires a constant and stable supply of electricity for smooth operations. Electricity generation leads to emissions. Energy costs are steadily increasing and impacting the cost of production of vehicles. The Company uses natural gas, a cleaner fuel, to run its captive power plants at Gurgaon and Manesar. Kaizen and innovation is encouraged to reduce energy consumption in manufacturing operations and office areas in the Company.

The Company is exploring and adopting alternate renewable sources of energy for its manufacturing operations. The 1 MW solar energy plant at Manesar that became functional in the year is an example of the use of renewable energy by the Company. The Company has also registered two CDM projects, one of which is related to waste heat recovery in power generation.

#### EMISSIONS

The Company is aware that its products have a polluting nature. It is also aware that society has the right to clean air. The Company gives utmost importance to the fuel efficiency of its cars through initiatives in weight reduction, minimising friction losses, superior engine lay-outs and use of more efficient lubricants.

Maruti Suzuki was the first automobile company to offer its customers factory-fitted CNG cars. These cars run on a cleaner fuel with lower emissions. The Company has made its fleet of vehicles OBD-II compliant, well within the regulatory time frame. Its cars are ELV compliant making them free of hazardous substances and recyclable. The Company is also working on developing commercially viable electric vehicles.

#### SOCIETY

The Company's operations have an impact on society. Communities residing in the vicinity of the Company are affected by its operations. Society at large is also impacted by its products; this includes all road users, including those who don't necessarily own and/or drive cars.

The Company has a dedicated department to address the concerns of the neighbouring communities around Gurgaon, Manesar and Rohtak facilities. This department works in close coordination and consultation with community members, local leaders, opinion makers and the Government to design developmental programmes.

The Company plans its operations and facilities in a manner that minimises disturbance to the local people. For example, in Gurgaon, about 30% of the Company's component supplies are received at night to reduce congestion on the roads. Similarly trailers carrying cars use the roads by and large at night.

To address concerns of road safety, the Company runs a nationwide programme that focuses on driver skill and behaviour; this includes commercial vehicle drivers. Road safety awareness is also an important element of the programme. Another nationwide programme of the Company is on skill training. This is run in partnership with the Government and is intended to improve the overall education quality in Industrial Training Institutes (ITIs) to make youth employable.



Employees contribute to a green future through a tree plantation drive

# Organisation Profile

Maruti Suzuki India Limited (Maruti Suzuki or the Company) is a leading passenger vehicle manufacturer in India. The Company was established in 1981 as a joint venture between Government of India and Suzuki Motor Corporation (SMC), Japan. Today, it is SMC's largest subsidiary in terms of volume of production and sale.

Since inception, the Company has sustained its leadership position in the Indian market and has found a prominent place for itself in the hearts of millions of customers.

The Company has sustained its leadership position in the Indian market and has found a prominent place for itself in the hearts of millions of customers.



## SCALE OF THE ORGANISATION

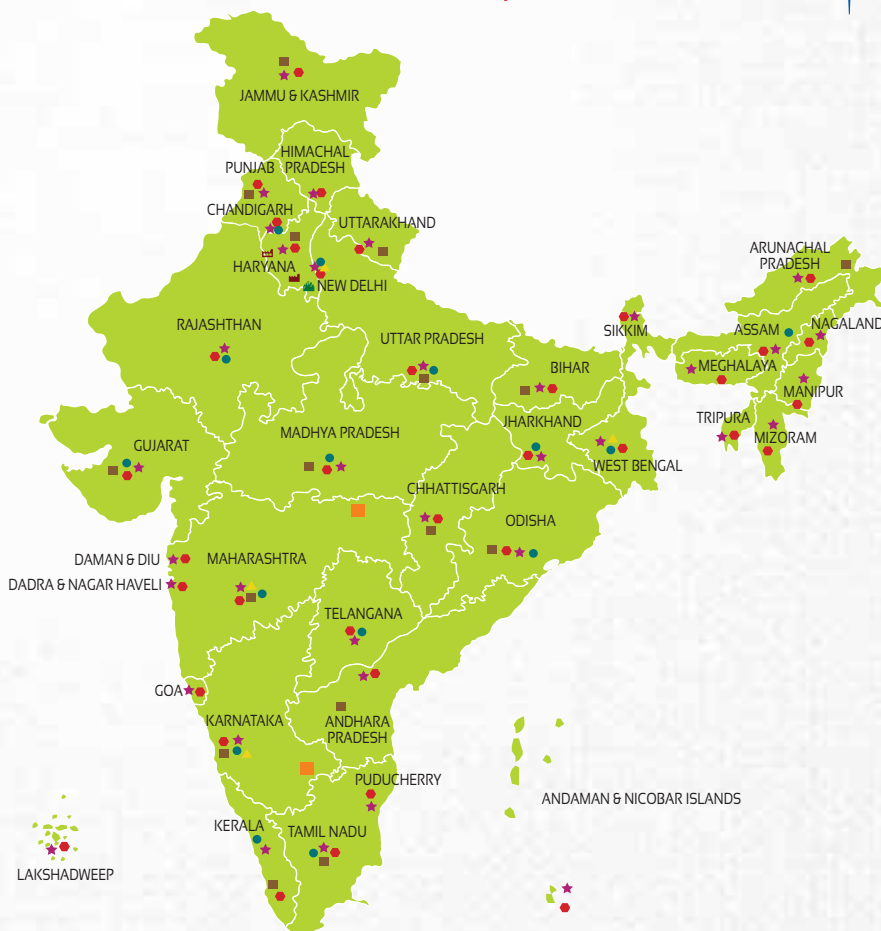
The Company's corporate office is situated at Vasant Kunj, New Delhi and its manufacturing facilities are located at Gurgaon and Manesar in the state of Haryana in India. The Company is setting up a state-of-the-art R&D test track facility in Rohtak, Haryana.

The Gurgaon facility has three fully integrated vehicle assembly plants, a K-series engine plant and diesel engine plant. The Manesar facility also has three fully integrated vehicle assembly plants and a diesel engine plant. In Rohtak, an R&D test course facility is being developed. The first phase of the project began operations in 2013-14.

The Company has purchased land in Gujarat for future expansion.

## MARUTI SUZUKI'S PRESENCE IN INDIA AS ON 31<sup>ST</sup> MARCH, 2014

- 3,047**  
Total Service Network
- 1,310**  
Total Sale Network
- 18**  
Regional Offices
- 16**  
Area Offices
- 5**  
Zonal Offices
- 2**  
Stockyards
-  Manufacturing Plants
-  Corporate Office



Map is indicative and not to scale. Some states have more than one area and regional office.

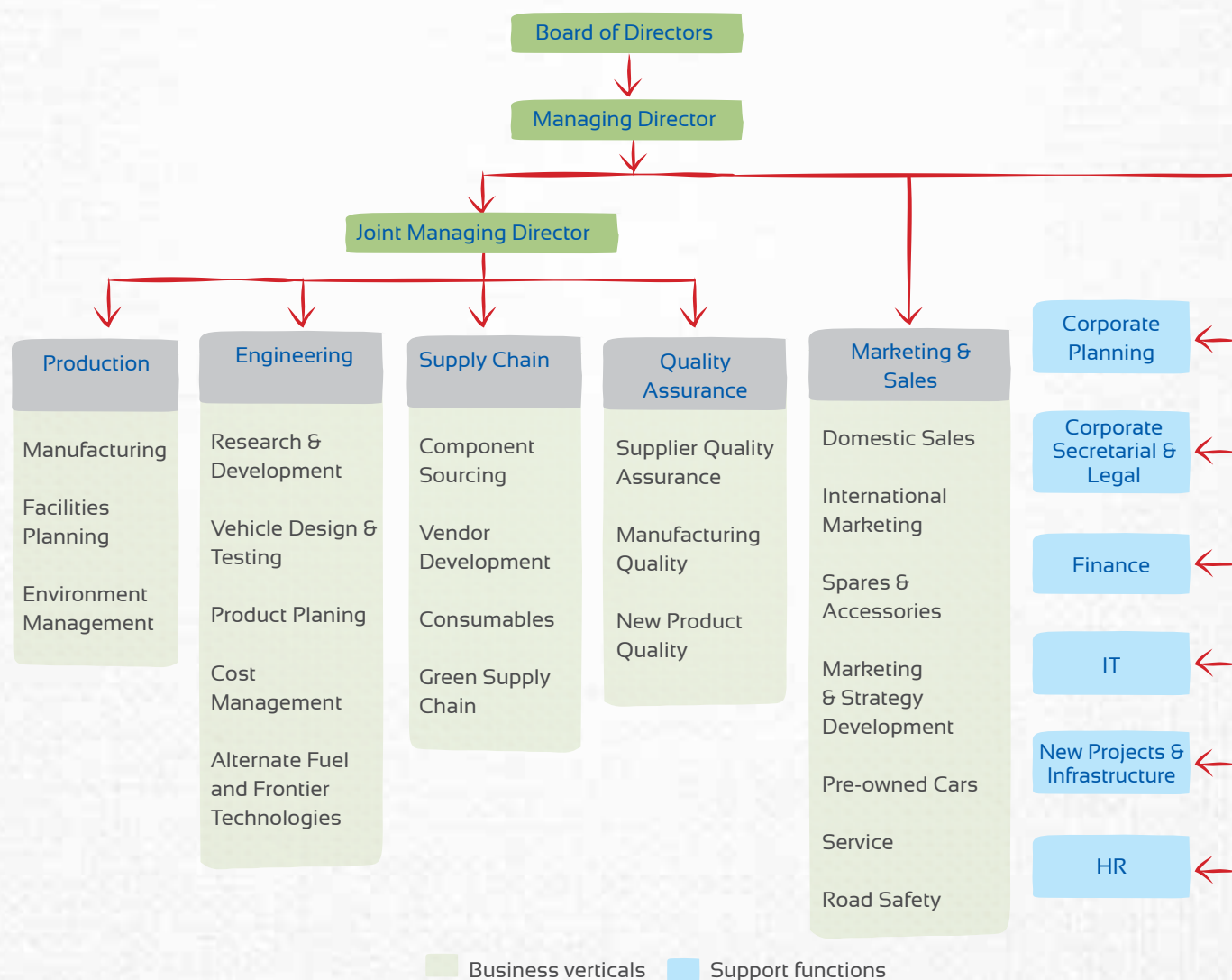


The installed capacity of the facilities is given in the following table:

Facility	Installed Capacity
Vehicle Assembly Plants	
• Gurgaon	710,000
• Manesar	800,000
<b>Total</b>	<b>1,510,000</b>
Engine Assembly Plants	
• Gurgaon (Petrol & Diesel)	1,428,000
• Manesar (Diesel)	344,000
<b>Total</b>	<b>1,772,000</b>



## ORGANISATION STRUCTURE





## Organisation Profile

### Business Verticals

- ↗ Marketing and Sales
- ↗ Production
- ↗ Engineering
- ↗ Supply Chain
- ↗ Quality Assurance

### MARKETS SERVED

Maruti Suzuki sells vehicles in the domestic and international markets. Sale of vehicles is made to the general public, corporates, government and other organisations within India. The Company also provides after sales service to its customers. Over the years, the Company has created an extensive sales and service network that is spread across the country.

### SALES AND SERVICE COVERAGE AS ON 31<sup>ST</sup> MARCH 2014

Section	2011-12	2012-13	2013-14
Sale Outlets	1,100	1,204	1,310
Cities Covered	801	874	980
Service Outlets	2,958	2,987	3,047
Cities Covered	1,408	1,430	1,442
True Values Outlets	409	450	600
Cities Covered	237	254	393

Maruti Suzuki's widespread service network services 40,000 cars per day and over 12.93 lakh vehicles per month. Customers ranked Maruti Suzuki first in the J D Power Customer Satisfaction Survey in 2013-14, the 14<sup>th</sup> year in a row. The customers also ranked the Company first in the JD Power Sales Satisfaction Survey in 2013-14.



Mr. K. Ayukawa, MD & CEO, Maruti Suzuki inaugurating a new dealership



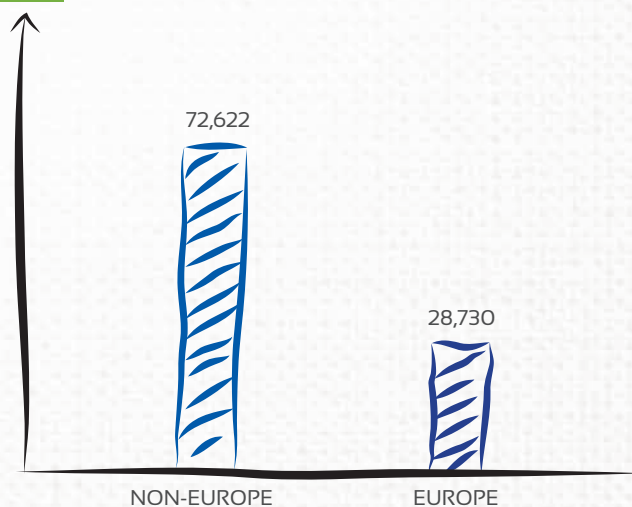
Maruti Suzuki's widespread service network services 40,000 cars per day and over 12.93 lakh vehicles per month. Customers ranked Maruti Suzuki first in the J D Power Customer Satisfaction Survey in 2013-14, the 14<sup>th</sup> year in a row.

The Company sold 1,155,041 units in 2013-14. Of this, 1,053,689 units were sold in the domestic market and 101,352 units in the export market. The Company's net sales stood at ₹ 426,448 million and its debt equity ratio was 0.04 in 2013-14.

The Company exports its vehicles to over 100 countries. Non-European sales constituted 71% of the total sales and European sales constituted 29%.



Exports in 2013-14: Europe & Non-Europe Sales Volume





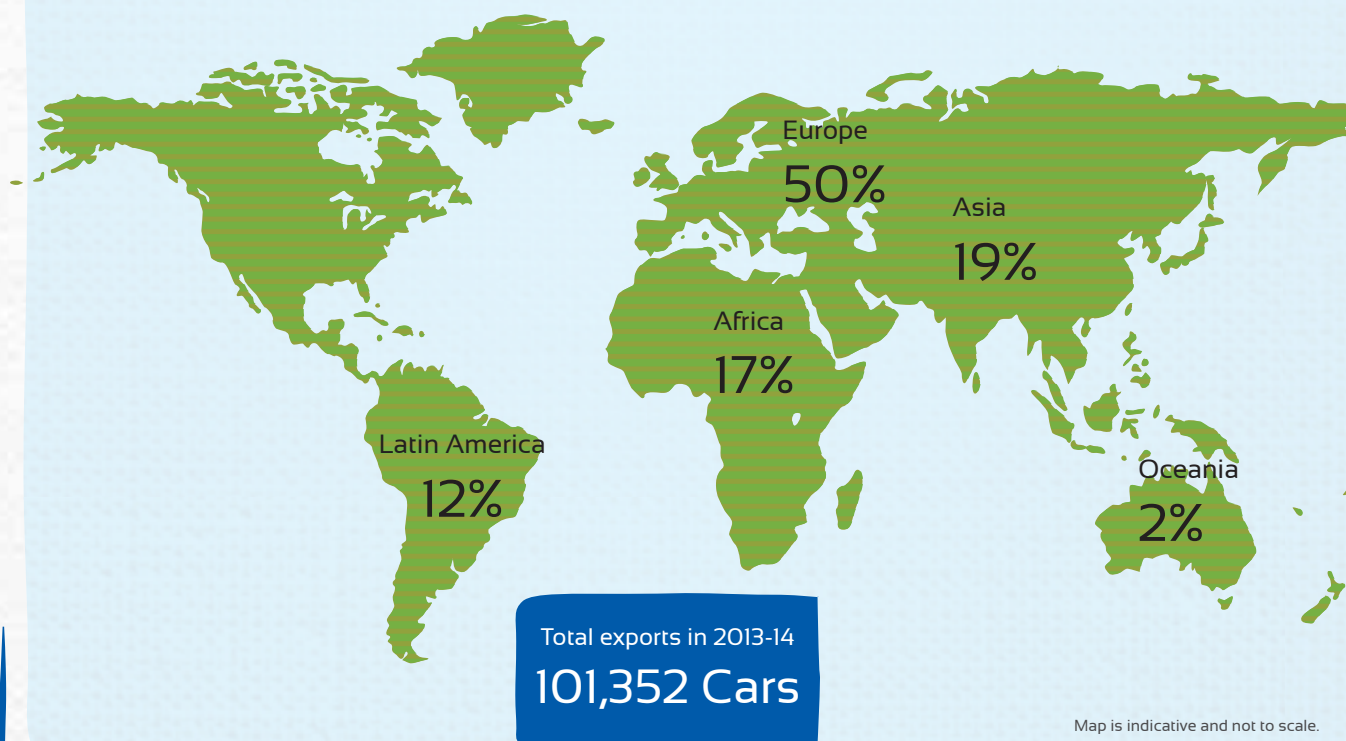


## TOP TEN COUNTRIES BY EXPORT VOLUME IN 2013-14

S.No.	Country	Unit Sales
1	U.K.	14,743
2	Algeria	13,365
3	Chile	9,039
4	Indonesia	5,171
5	Peru	4,689
6	Israel	4,563
7	Angola	4,300
8	Bolivia	3,981
9	Uruguay	3,647
10	Nepal	3,301



## MARUTI SUZUKI'S GLOBAL PRESENCE AS ON 31<sup>ST</sup> MARCH, 2014



## Organisation Profile

### Our Products

#### PRIMARY BRANDS, PRODUCTS AND SERVICES

Maruti Suzuki offers a variety of cars to meet diverse customer needs and preferences. The Company is committed to provide the best fuel efficiency in its vehicles. It also offers cars with one of the lowest cost of car ownership.

SWIFT



RITZ



OMNI



WAGONR



EECO





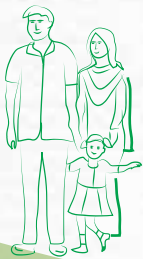
DZIRE



ALTO K10

(Also available as Alto 800)

CELERIO



SX4



GYPSY



ERTIGA





# Organisation Profile

## EMPLOYEE DETAILS

The Company employs over 20,000 people in its various business operations.



Mr. Ayukawa, MD & CEO, interacting with employees during a communication meeting

## EMPLOYEE DETAILS AS ON 31ST MARCH 2014

Employee Category	Number of Employees
Regular Employees (Supervisor & Above, Associates & Trainees)	12,547
Apprentice	1,099
Contract Employees	6,578
<b>Total</b>	<b>20,224</b>

## COMPANY OWNERSHIP

Maruti Suzuki is a public limited Company and is a subsidiary of Suzuki Motor Corporation. It is listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Suzuki Motor Corporation owns 56.21% equity stake in the Company.







The Company offers a bouquet of services for the convenience of its customers.

- **Vehicle Servicing:** The Company offers after sales car servicing facility through its nation-wide service network.
- **Maruti Finance:** Helps customers in choosing the right financier under one roof and supports them up to the completion of loan formalities.
- **Maruti Insurance:** Maruti Insurance Broking Private Limited is an insurance brokerage firm licensed by IRDA. It offers special vehicle insurance products from leading insurance companies like National Insurance, New India Assurance, ICICI Lombard, IffcoTokio, Royal Sundaram and Bajaj Allianz.
- **True Value:** Maruti True Value is India's largest certified used car dealer network.
- **Maruti Genuine Parts:** Offers genuine spare parts for Maruti Suzuki vehicles.
- **Maruti Genuine Accessories:** Offers a wide range of over 1600 accessories to help customers choose the right accessories for their Maruti Suzuki vehicles.
- **Maruti Suzuki Auto Card:** A loyalty card provided by Maruti Suzuki offering advantages such as 4% value back, exclusive discounts on car exchange, exciting rewards on car referrals and complimentary gift vouchers, fuel surcharge waiver of 2.5% across all petrol pumps etc.
- **Maruti Driving School:** Managed in partnership with the dealer network, these Schools offer world-class driving training to help people drive with confidence and safety.

## VALUE CHAIN

As the Company sources hundreds of components for its cars from suppliers, a large part of the value generation for its vehicles occurs in the supply chain. As on 31<sup>st</sup> March 2014, the Company had a supplier base of 326 suppliers, including 18 joint venture companies where it has an equity stake.

The Company has established Suppliers' Parks in the vicinity of its Gurgaon and Manesar factories. Mostly, suppliers producing bulky components have been given space for manufacturing at the Suppliers' Park. This makes logistic operations efficient and reduces transportation time and cost. Nearly 78% of the supplier base by value is located within a 100 km radius of the facilities.

The Company has focused attention on localisation of components during the reporting year. Localisation has many benefits: it develops a reliable and cost-effective local source for all future requirements, reduces exposure of the Company to foreign exchange movement and builds capability of local suppliers and boosts local economy.

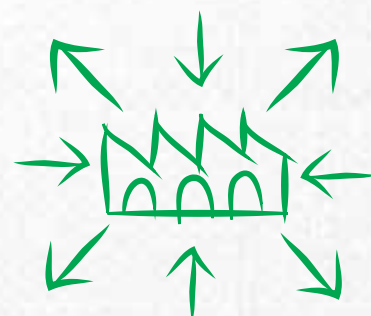
The Company works continuously with its suppliers to improve the systems and processes at their end and provides support in the plant improvement activities. Some key activities undertaken for upgradation of suppliers include.

- Maruti Center of Excellence (MACE) was set up by the Company along with 21 suppliers in 2004. The activities of MACE include providing training, support, and consultation to Tier- I & II suppliers and sales network to help them achieve world class standards in quality, cost,

service and technology orientation. Specific projects at supplier end were carried out for improvement in quality, productivity, energy, yield and employee involvement in 2013-14.

- Upgradation of Tier-II suppliers was in focus during the year. The Company involved its Tier-I suppliers in improving the parts quality sourced by them from Tier-II suppliers.
- The Company continued to sensitise suppliers to adopt ISO 14001 Environment Management System. As on 31<sup>st</sup> March 2014, 85% Tier- I suppliers were ISO 14001 certified.

The Company works continuously with its suppliers to improve the systems and processes at their end and provides support in the plant improvement activities.

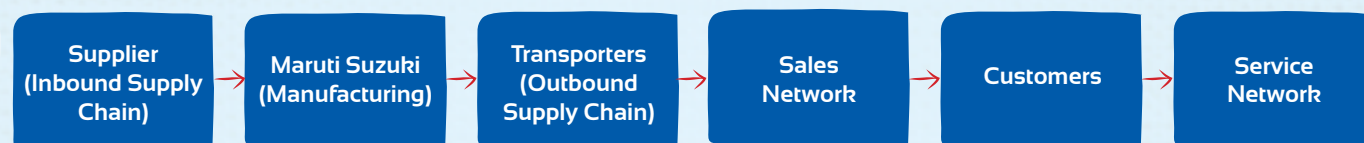


## Organisation Profile

The supply chain function of the Company works closely with the suppliers and broadly has three areas of work- supplier management, sourcing and purchase of raw material/components. The Company has an established selection criteria for suppliers. The Company undertakes supplier rating every month to evaluate the performance of suppliers on parameters such as quality, material delivery etc. Based on the outcome of the rating, the Company

works closely with the suppliers to further improve their performance. Similarly, the Company works closely with the dealers for improving skill level of sales and service staff, environment consciousness, improvement in quality of sales and service processes etc. There are 3,047 service workshops in 1,442 cities to cater to the vehicle servicing needs of customers.

### MARUTI SUZUKI'S VALUE CHAIN



The Company has a large outbound supply chain through which its finished vehicles reach the customers. For dispatching the large volume of vehicles, the Company uses a fleet of 9,100 GPS enabled trucks and trailers, rail wagons and container trains. Route rationalisation initiatives were taken around the year to reduce the time and cost

in transporting vehicles. In 2013-14, dispatches through Company owned flexi-deck rail wagons were started. These wagons have been developed by Indian Railways with inputs from the Company, keeping in mind future transportation needs.



Health check-up for truck drivers that are a part of Maruti Suzuki's value chain



An important part of the value chain of the Company is its dealer network. Through the extensive network of 1,310 sales outlets covering 980 cities, vehicles are sold to customers. The dealerships have close links with the Company but are independent business entities.

## COMMITMENT TO EXTERNAL PRINCIPLES AND INITIATIVES

The international management systems adopted by Maruti Suzuki are given in the following table.

	Management Systems	Year of Adoption	Coverage
1	OHSAS 18001: 2007	2012	Head Office, Gurgaon and Manesar Facilities
2	ISO 27001: 2005	2006	Head Office, Zonal Regional, Area Offices, Gurgaon and Manesar facilities
3	ISO14001: 2004	1999	Gurgaon and Manesar Facilities
4	ISO 9001: 2008	1995	Gurgaon and Manesar Facilities

The Company is a member of the following national and international associations, societies and industry bodies for policy advocacy on issues concerning automobile sector.

- Confederation of Indian Industry (CII)
- Society of Indian Automobile Manufacturers (SIAM)
- SIAM SAFE (Society for Automotive Fitness and Environment)
- Bureau of Indian Standards (BIS)
- Society of Automotive Engineers (SAE)
- Advertising Standards Council of India (ASCI)
- The International Society of Automation (ISA)
- Media Users Research Council (MURC)
- UN Global Compact India
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- National HRD Network (NHRD)
- All India Management Association (AIMA)
- Employers Federation of India (EFI)





## Organisation Profile

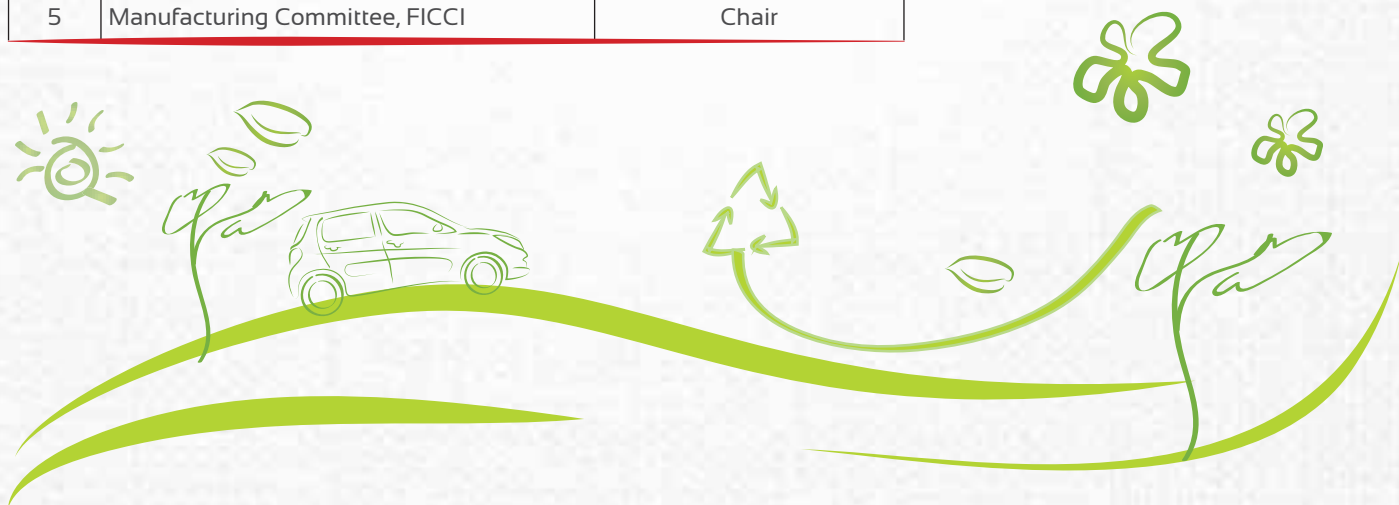
Society for India Automobile Manufacturers (SIAM) is the primary industry body for the automobile industry in India. The Company holds several chair and co-chair positions in the SIAM Councils and Groups.

### SIAM COUNCILS & GROUPS

S. No	Councils	Groups	Chair	Co-chair
A 1	<b>Council on International Business</b>	International Relations		✓
B 1 2 3	<b>Council on Market</b>	Trade Fairs Logistics Service Heads	✓ ✓ ✓	✓
C 1 2 3 4	<b>Council on Economic Affairs</b>	Sourcing Taxation Procedural Finance & Leasing and Insurance Anti-counterfeiting	✓ ✓ ✓	✓
D 1 2 3	<b>Technical Council</b>	Frontier Technology, EV & HEV Gaseous Fuels Styling & Design	✓	✓ ✓
E 1 2	<b>National &amp; International Regulations</b>	Emission & Conservation International Harmonisation	✓	✓ ✓

### INDUSTRY BODY MEMBERSHIPS

S. No	Industry Body	Position
1	Regional Committee on CSR, CII Northern Region	Member
2	Committee on Affirmative Action, CII Northern Region	Member
3	Environment Committee, CII	Member
4	Logistics Group, CII	Member
5	Manufacturing Committee, FICCI	Chair



# Report Scope and Aspect Boundary

## IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

The Company's Sustainability Report includes operations and businesses that fall in the direct control of the Company. The aspect boundaries and content of this Sustainability Report have been defined using reporting principles prescribed in the GRI G4 guidelines.

There were no changes in the Company ownership during the year. In terms of size of the Company, the following changes took place in 2013-14:

- Business expansion (a third vehicle assembly line at Manesar, a diesel engine plant in Gurgaon and development of the R & D Centre and test track at Rohtak)
- Increase in suppliers from of 279 to 326. Reduction in JVs from 20 to 18 (one JV was merged with the Company and another became a subsidiary)

The report excludes subsidiaries, JVs, associate companies and sales and service network as the Company has no operational control over them.

The detailed financial disclosures of the Company are given in the Annual Report 2013-14 available on the Company website.

## REPORT PROFILE

## DEFINING REPORT CONTENT AND ASPECT BOUNDARIES

The Company mapped out its operations and boundary for developing the Sustainability Report for 2013-14. This is depicted in the diagram below.

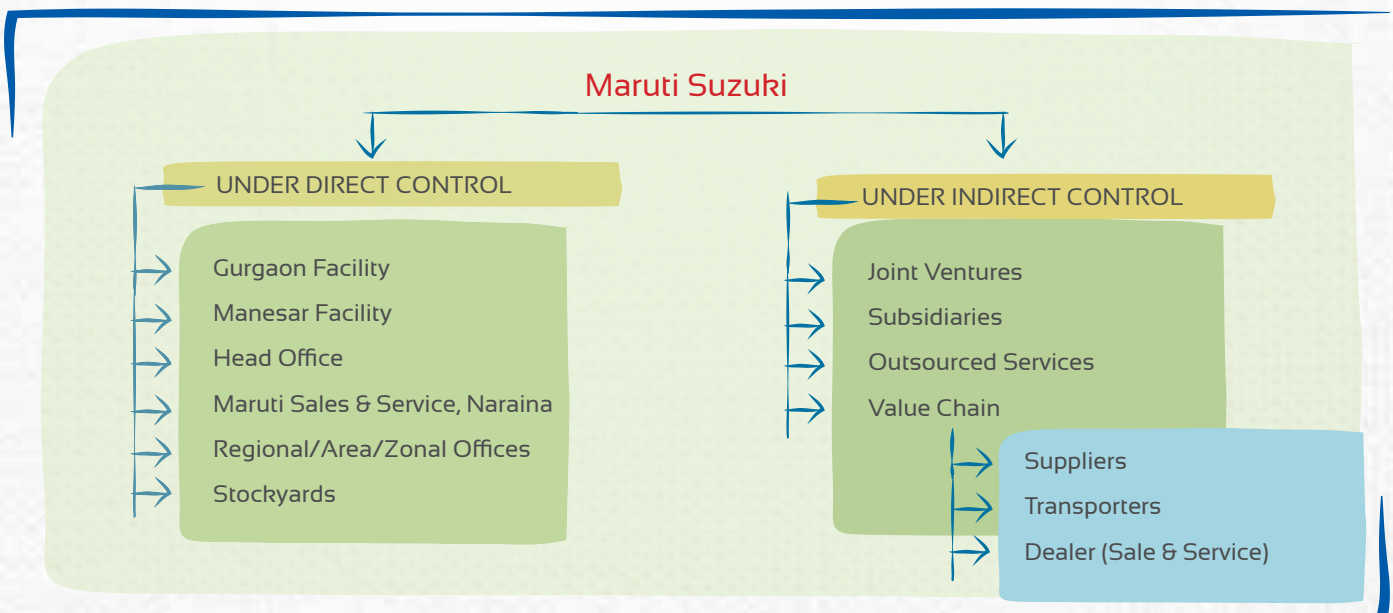
Maruti Suzuki publishes its Sustainability Report annually. This is the Company's sixth Sustainability Report for the period from 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014.

This report has been prepared as per GRI G4 guidelines and is aligned to "Core" reporting. An independent assurance provider, DNV GL represented by Business Assurance India Private Limited, has verified the report as per AA 1000 AS (2008). The Assurance Statement is given at the end of the report.

There is an internal approval system in the Company for appointment of external assurance provider for the sustainability report.

The Company followed the approach described in GRI implementation manual for designing the report content. The material aspects that have been covered in the report are clearly brought out in the materiality matrix. In the report, the DMA (Disclosure on Management Approach) describes the Company's approach to the subjects relevant to it and the indicators provide details on performance on the specific subjects.

There are no restatements of the information provided in the previous reports and no significant changes from the previous reporting periods in the scope and aspect boundaries.



# Report Scope and Aspect Boundary

The Company has identified its boundary for each aspect and indicator mentioned in the GRI G4 framework. The Sustainability Report boundary has been developed out of this list of individual aspect boundaries.

## ASPECT BOUNDARY

Material Aspects	Gurgaon	Manesar	Rohtak R&D	Head Office	Other Facilities/ Offices*	Supply Chain
Economic Performance						
Procurement Practices						
Materials						
Energy						
Water						
Emissions						
Effluents and Waste						
Products and Services						
Compliance						
Transport						
Supplier Environmental Assessment						
Environmental Grievance Mechanisms						
Employment						
Labour/Management Relations						
Occupational Health and Safety						
Training and Education						
Supplier Assessment for Labour Practices						
Labour Practices Grievance Mechanisms						
Freedom of Association and Collective Bargaining						
Child Labour						
Forced or Compulsory Labour						
Supplier Human Rights Assessment						
Human Rights Grievance Mechanisms						
Local Communities						
Anti-corruption						
Anti-competitive Behaviour						
Compliance						
Customer Health and Safety						
Product and Service Labelling						
Marketing Communications						
Customer Privacy						
Compliance						

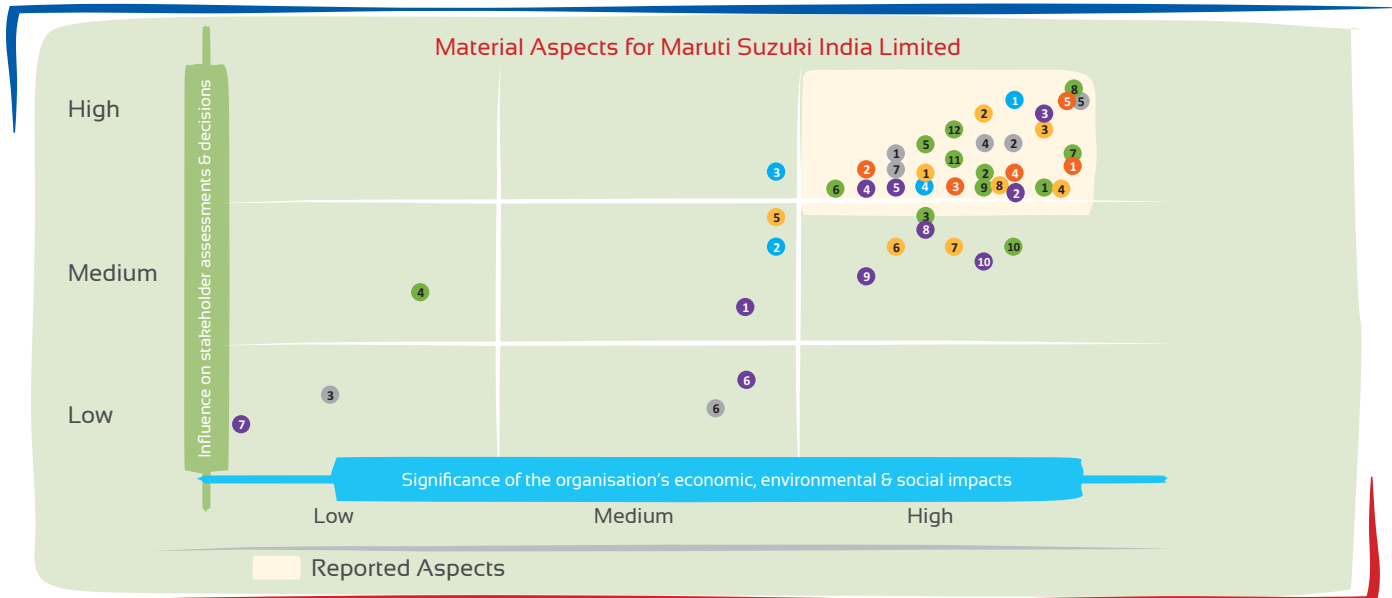
\*Other Facilities/Offices - Regional/Area/Zonal Offices





## MATERIALITY MATRIX

The Company undertook an internal materiality assessment exercise for the purpose of defining the report content besides collecting feedback from its stakeholder groups. The materiality of each aspect of the GRI G4 reporting framework was evaluated in Maruti Suzuki's context and accordingly the materiality matrix was developed. The materiality matrix is a three point scale with low, medium, high significance and influence. The scale has been done as per the guidelines of the GRI G4 reporting framework.



### Economic

1. Economic Performance
2. Market Presence
3. Indirect Economic Impacts
4. Procurement Practices

### Environment

1. Materials
2. Energy
3. Water
4. Biodiversity
5. Emissions
6. Effluents & Waste
7. Products & Services
8. Compliance
9. Transport
10. Overall (Environmental Expenditure)
11. Supplier Environmental Assessment
12. Environmental Grievance Mechanisms

### Labour Practices And Decent Work

1. Employment
2. Labour/Management Relations
3. Occupational Health & Safety
4. Training & Education
5. Diversity & Equal Opportunity
6. Equal Remuneration for Women & Men
7. Supplier Assessment for Labour Practices
8. Labour Practices Grievance Mechanisms

### Human Rights

1. Investment
2. Non-discrimination
3. Freedom of Association & Collective Bargaining
4. Child Labour
5. Forced or Compulsory Labour
6. Security Practices
7. Indigenous Rights

### 8. Assessment

9. Supplier Human Rights Assessment
10. Human Rights Grievance Mechanisms

### Society

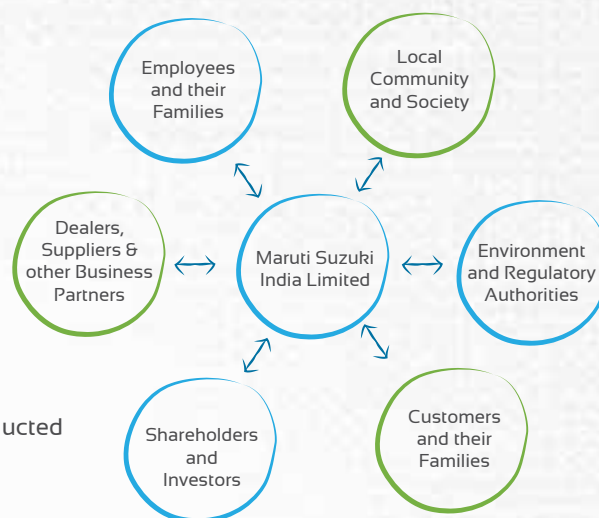
1. Local Communities
2. Anti-corruption
3. Public Policy
4. Anti-competitive Behavior
5. Compliance
6. Supplier Assessment for Impacts on Society
7. Grievance Mechanisms for Impacts on Society

### Product Responsibility

1. Customer Health & Safety
2. Product & Service Labeling
3. Marketing Communications
4. Customer Privacy
5. Compliance

# Stakeholder Engagement

All organisations and individuals that are affected by Maruti Suzuki's operations and that can potentially impact its sustainability and growth are identified as key stakeholders of the Company. The Company has well established methods and processes for identifying and engaging with stakeholder groups. Engagement with stakeholders is a continuous process which takes place throughout the year; however the frequency of engagement varies with the type of stakeholder group and the nature of engagement.



## DETAILS OF STAKEHOLDER ENGAGEMENT

In the tables that follow, 'ongoing' refers to programmes/ events conducted more than once in a month.

### EMPLOYEES



Activity	Formal/ Informal	Frequency	Engagement Approach to Address Concerns
<b>Divisional Communication Meetings</b>	Formal	Monthly	Update employees on the Company performance, and new developments within the Company functions through meetings.
<b>Human Resources Initiatives Development Committee</b>	Formal	Once in two months	Ensures employees' participation in framing employee related policies.
<b>Family Interaction</b>			
a) 'Parivaar Milan' for Associates	Informal	Monthly	Family interaction and visit to facilities to strengthen the bonding and togetherness between the Company and employees' families.
b) 'Family Connect' for Executives and Above	Informal	Quarterly	
c) Family Day Function	Informal	Annual	
<b>Inter-divisional Sports Tournaments and Motor Sports Events</b>	Informal	Annual	A means of building team spirit amongst employees and an opportunity to pursue hobbies through various tournaments.
<b>Suggestion Schemes and Quality Circles</b>	Formal	Ongoing	Employees implement their work related suggestions and are rewarded appropriately.
<b>360 Degree Feedback</b>	Formal	Annual	To improve leadership capability through direct feedback from peers and seniors.
<b>Stay Interviews</b>	Formal	Ongoing	To promote employees to share their concerns, which are addressed so that they can continue their service with the Company for longer period of time.
<b>Employee Relations Development Committee</b>	Formal	Monthly	A platform that ensures constructive discussions between workers' unions and Company officials.
<b>Employee Volunteering</b>	Formal	Ongoing	A programme for employee engagement on social issues.
<b>Buddy System</b>	Formal	Ongoing	To help new recruits adjust and adapt to the Company, "buddies" or mentors are assigned to each of them.
<b>Umbrella Mentoring for Associates</b>	Formal	Ongoing	One supervisor is assigned a group of seven associates to mentor on a professional and personal level.



## CUSTOMERS



Activity	Formal/ Informal	Frequency	Engagement Approach to Address Concerns
Brand Track	Formal	Ongoing	A means to gauge customers' perception of corporate brand and product brands.
Customer Meets	Formal	Ongoing	Undertaken to gauge customer satisfaction level with the Company products and services
Customer Satisfaction Feedback	Formal	Ongoing	To analyse customer feedback and take suitable measures for upgrading products and services.
Mega Service Camps	Formal	Ongoing	A means to receive first-hand customer feedback and resolve complaints on the spot.
Customer Care Cell	Formal	Ongoing	A 24X7 toll-free number (18001800180) for customers to register complaints.
Product Clinics	Formal	Before launch of a product	To collect product-specific feedback from customers.
Free Check-up Camps and Customer Meets	Formal	Ongoing	To strengthen the Company's bond with the customers and address their concerns
Customer Feedback	Formal	Ongoing	A robust system of collecting feedback from customers through feedback cards, e-mails, telephonic surveys etc.

## SHAREHOLDERS AND INVESTORS



Activity	Formal/ Informal	Frequency	Engagement Approach to Address Concerns
Annual General Meeting	Formal	Annual	A meeting for investors to interact directly with top management of the Company.
Press Releases and Emails	Formal	Ongoing	Employed to disseminate information such as financial results, new model launches and price changes to investors.
Investor Meets	Formal	5-6 times a year	To update investors on the current business environment and the Company strategy to meet challenges.
One-to-one Meetings and Conference Calls	Formal	Ongoing	To address investor-specific queries.

Note: The Company has a dedicated Investor Relations team. Investors can contact the team at [msilinvestorrelations@maruti.co.in](mailto:msilinvestorrelations@maruti.co.in) or by calling 011-46781126/22.



# Stakeholder Engagement

## SUPPLIERS



Activity	Formal/ Informal	Frequency	Engagement Approach to Address Concerns
Maruti Centre for Excellence (MACE)	Formal	Ongoing	A means to upgrade suppliers by sharing of the Company's best practices.
Suppliers' Club	Formal	Ongoing	Provides opportunity to select suppliers to discuss critical issues with the Company's top management.
Quality Month	Formal	Annual	Enhances quality consciousness amongst suppliers.
Value Analysis and Value Engineering (VA-VE) Month	Formal	Annual	Helps achieve cost competitiveness through a joint activity with suppliers.
Quality Circle (QC) Competition	Formal	Annual	Promotes quality circle culture amongst suppliers.
Joint Venture HR Meetings	Formal	Once in two months	Review HR and IR issues and suggest necessary countermeasures.
Vendor Conference	Formal	Annual	Offers a platform for the Company's top management and suppliers' CEOs to share thoughts and best practices.
Energy Audits	Formal	Ongoing	Undertaken at the JV companies to identify opportunities to reduce energy consumption.
Environment Management System Approach	Formal	Ongoing	Engagement and support for ISO 14001 certification for tier-1 suppliers.
Safety Audits	Formal	Ongoing	Audits undertaken at suppliers' end.

## DEALERS



Activity	Formal/ Informal	Frequency	Engagement Approach to Address Concerns
Balanced Score Card	Formal	Quarterly	A tool for sustained performance improvement of dealers in areas such as operations, sales, service and spares.
Dealer Management Systems	Formal	Ongoing	Systems that enable dealerships across India to have seamless business transactions and build lasting relationships with customers.
Dealer Conferences	Formal	Annual	Platform to share best practices, offer future direction and receive feedback from dealers.
Guidance on Business and Financial Matters	Formal	Ongoing	A way of capacity building and hand holding of dealers by the Company.



## LOCAL COMMUNITY AND SOCIETY



Activity	Formal/ Informal	Frequency	Engagement Approach to Address Concerns
Community Development and Engagement	Formal	Ongoing	Meetings with community leaders, regular interaction with village folk and implementation of development programmes. Plant level CSR committees formed and dedicated personnel deputed at locations to engage with community members on a regular basis.
Upgradation of Industrial Training Institutes	Formal	Ongoing	Upgradation of Government Industrial Training Institutes through multiple activities such as infrastructure development, curriculum augmentation, constitution of Institute Management Committee (IMC) Meetings, factory visits.
Promotion of Road Safety	Formal	Ongoing	Promotion of road safety through driving training at IDTRs, MDS's, Road Safety Knowledge Centres and road safety awareness programmes for school children.  Dealer Review Meeting reviews Maruti Driving Schools' performance on a quarterly basis.  Engagement with traffic police on road safety.

## ENVIRONMENT AND REGULATORY AUTHORITIES



Activity	Formal/ Informal	Frequency	Engagement Approach to Address Concerns
Community Feedback	Formal	Annual	Gauges environmental impact of the Company on the neighbouring community.
Interaction with Regulatory Authorities	Formal	Ongoing	Interaction and communication with authorities such as officials of Centre and State Pollution Control Boards and Ministry of Environment and Forests to discuss environmental issues.
Advocacy on Future Environmental Regulations and Policies	Formal	As required	Participation in committees set up by SIAM and Government on future environment regulations, policies and implementation plans.
Hybrid and Electric Car	Formal	Ongoing	Working closely with Government for policy framework for hybrid and electric vehicles.
Interaction with Industry Body Environment Committees	Formal	Ongoing	Regular engagement with industry body committees on environment.

# Awards and Accolades

## TO THE COMPANY

- Platinum Award for outstanding achievement in "Best HR Strategy" by Greentech Foundation
- No. 1 position in the J.D. Power Sales Satisfaction Index (SSI) Survey
- No. 1 position in the JD Power Customer Satisfaction Index (CSI) Survey, 14<sup>th</sup> time in a row
- National Safety Award for Occupational Safety
- Annual Greentech Safety Award 2013 for Best Safety Practices
- Prashansa Patr (Appreciation Letter) awarded by the National Safety Council of India in the manufacturing sector
- 1<sup>st</sup> position for significant achievement in "Excellence in Suggestion Scheme 2013" by INSSAN
- Significant Achievement Award for Business Excellence by CII-Exim Bank for 2013
- Limca Book of Records 2014 recognised Maruti Suzuki's Leher outlet as the "Highest Genuine Spare Part Outlet" in the World
- CNBC Awards for Excellence at Auto Expo 2014
- Among top 15 in Best Indian Brands 2013 study conducted by Inter brand and Economic Times
- Greentech CSR Gold Award 2013
- Best CSR Award by World CSR Congress
- Best Sustainability Report Award by World CSR Congress
- Certificate of Appreciation by Haryana Education Department for Maruti Suzuki's contribution in upgradation of government schools in Gurgaon







## TO THE COMPANY'S PRODUCTS

Swift DZire bagged the India Design Mark:  
Good Design Award 2013



Ertiga bagged the India Design Mark:  
Good Design Award 2013



## JD Power Initial Quality Study 2013



Alto 800 rated best in the Entry Compact Category



Swift rated best in the Premium Compact Category

## JD Power APEAL 2013



Alto 800 in the Entry  
Compact Category



Estilo in the  
Compact Category



Ritz in the Upper  
Compact Category



Swift in the Premium  
Compact Category

Celerio bagged the "Best Launch Car" Award in the CNBC Awards for Excellence at Auto Expo 2014



# Corporate Governance

## CORPORATE GOVERNANCE PHILOSOPHY

Maruti Suzuki believes that good corporate governance is essential for building trust between stakeholders, the management and the Board of Directors. Robust governance practices have been implemented at all levels of the organisation.

The Company is committed to practising sound corporate governance and upholding the highest business standards. Being a value-driven organisation, the Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders, based on the principles of good corporate governance such as integrity, equity, transparency, fairness,

disclosure, accountability and commitment to values.

The Company fosters a culture in which high standards of ethical behaviour, individual accountability and transparent disclosures are ingrained in all its business dealings and shared by its Board of Directors, management and employees.

The Company has established systems and procedures to ensure that its Board of Directors is well-informed and well-equipped to fulfil its overall responsibilities, and to provide the management with the strategic direction needed to create long-term shareholder value (economic, environmental and social).

## COMPOSITION OF THE BOARD AS ON 31<sup>ST</sup> MARCH 2014 AND COMMITTEES OF THE BOARD

S. No.	Name	Designation/Category	Executive/ Non- Executive	Audit Committee	Stakeholders Relationship Committee	CSR Committee
1	Mr. R.C. Bhargava	Chairman	Non-Executive		Chairman	Chairman
2	Mr. Kenichi Ayukawa	Managing Director & CEO	Executive	Member	Member	Member
3	Mr. Toshiaki Hasuike	Joint Managing Director	Executive			
4	Mr. Kazuhiko Ayabe	Director & MEO (Supply Chain)	Executive			
5	Mr. Masayuki Kamiya	Director (Production)	Executive			
6	Mr. Osamu Suzuki	Director	Non-executive			
7	Mr. Toshihiro Suzuki	Director	Non-executive			
8	Mr. Kinji Saito	Director	Non-executive			
9	Mr. Amal Ganguli	Independent Director	Non-executive	Chairman		
10	Ms. Pallavi Shroff	Independent Director	Non-executive	Member		
11	Mr. Davinder Singh Brar	Independent Director	Non-executive	Member	Member	
12	Mr. R. P. Singh	Independent Director	Non-executive			Member

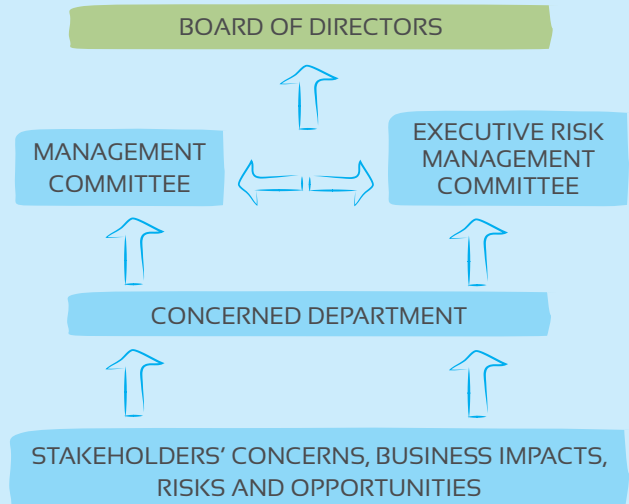




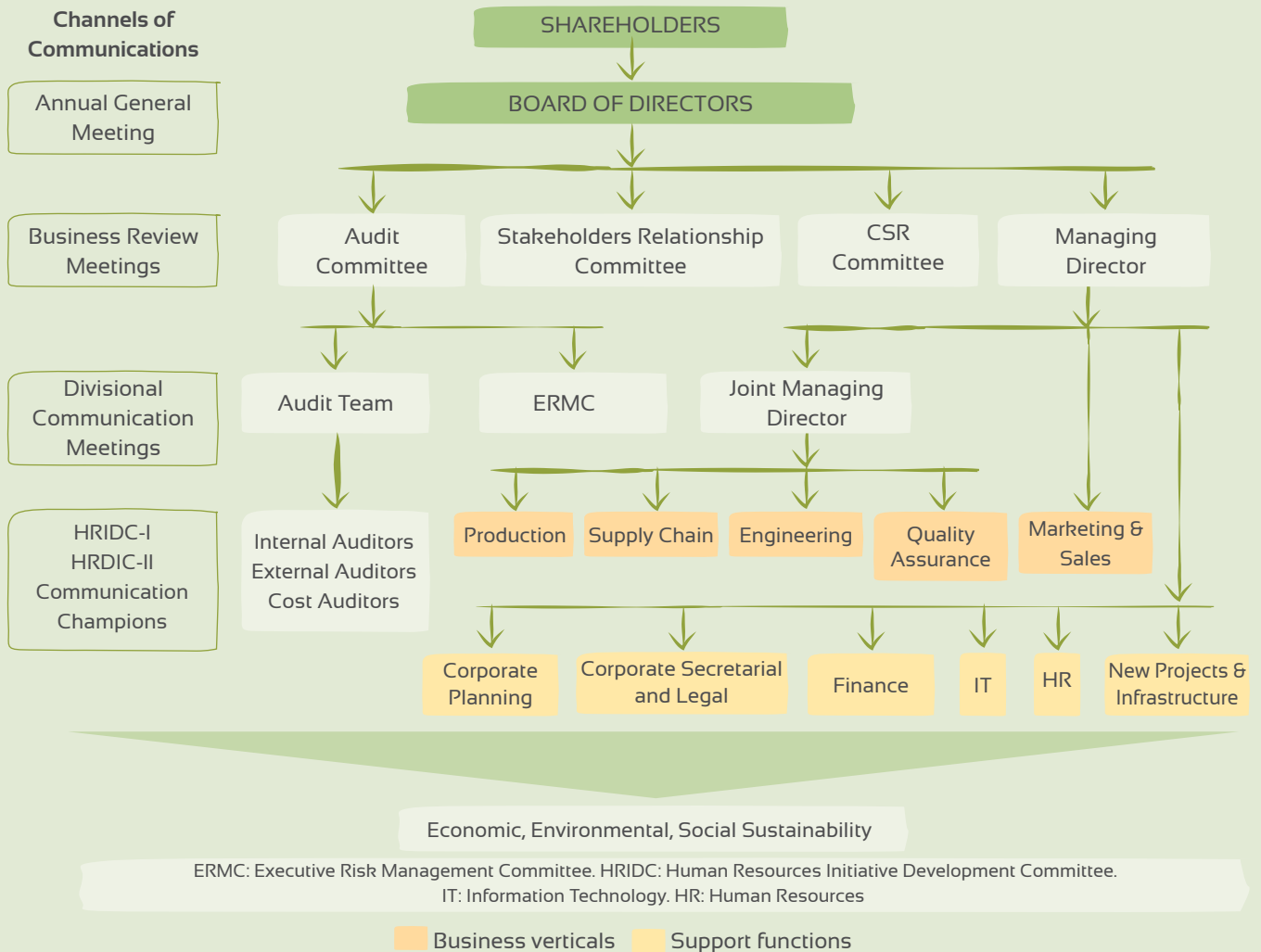
The Audit Committee, Stakeholders Relationship Committee and CSR Committee don't have any specific tenure. The Company has one female director (non-executive) on the Board.

The Company set the targets for economic, environment and social areas based on the short and long term business goals. These targets cascade down to the executive level forming Key Result Areas (KRAs) for departments and individuals. The performance against KRAs is monitored on a half yearly and annual basis.

## MECHANISM FOR INFORMATION FLOW



## CORPORATE GOVERNANCE STRUCTURE





# Corporate Governance

## COMPOSITION, QUALIFICATION AND EXPERTISE OF HIGHEST GOVERNING BODY AND ITS COMMITTEES

The setting up of the committees of the Board and the composition of the committees is based on the statutory requirements and the business needs. The Company has constituted an Audit Committee and a Shareholders'/ Investors' Grievance Committee as per Clause 49 of the Listing Agreement. Besides, a Committee of Directors for borrowing from banks/financial institutions has also been constituted.

The members of the Board and its various committees are chosen as and when vacancy is created due to the retirement, resignation or completion of the term of the existing member. Eminent persons with proven track record and relevant experience are chosen as members of the Board and the committees. The Company takes necessary approvals from the shareholders and investors and also informs SEBI, the stock exchange and the internal and external stakeholders.

## MANAGING CONFLICT OF INTEREST

The Company has laid down a Code of Business Conduct and Ethics which is applicable to all its senior management personnel, including its Directors, top management and functional heads (including management personnel with direct functional reporting to Directors and top management personnel), who affirm compliance with the Code of Conduct on an annual basis. For Code of Conduct, refer to the Company's website at: <http://www.marutisuzuki.com/code-of-conduct.aspx>.

During the year, there were no transactions of material nature with the promoters, the Directors or the management, their subsidiaries or relatives that had potential conflict with the interests of the Company. All disclosures related to financial and commercial transactions where Directors may have a potential interest are provided to the Board and the interested Directors do not participate in the discussion, nor do they vote on such matters.

None of the transactions with any of the related parties was in conflict with the interests of the Company. All related party transactions are negotiated on an arm's length basis and are in the interest of the Company.

## GOVERNANCE MECHANISMS TO ADDRESS SUSTAINABILITY IMPACTS, RISKS, AND OPPORTUNITIES

Audit Committee of the Company reviews Risk management activity through a management sub-committee, the Executive Risk Management Committee (ERMC). The risk management process of the Company is spearheaded by the Chief Risk

The Company has laid down a Code of Business Conduct and Ethics which is applicable to all its senior management personnel, including its Directors, top management and functional heads.

Officer (CRO) through the ERMC. The Managing Director & CEO heads the ERMC which comprises all Directors, vertical heads and executive officers of the Company. It reviews risk management activities on a regular intervals. Risks are categorised on the basis of their severity and the level at which they are to be addressed and monitored.

The Company revises its risk library as and when appropriate. It also undertakes extensive risk assessment and mapping exercises. One such exercise was undertaken in 2012-13 and previously to that in 2005-06. In these extensive exercises, the existing risk library is reviewed, new potential risks are identified and efforts to mitigate are initiated.

## APPROVAL OF CONTENTS OF SUSTAINABILITY REPORT

The Sustainability Report is created through the efforts of a cross-functional team. A senior management person is involved in the development of the report content.

## MECHANISM FOR PROVIDING INFORMATION AND RECOMMENDATIONS TO THE BOARD

The Board has complete access to all the Company information.

The information provided to the Board of Directors is given on the next page.

The Company has a Business Review Committee (BRC), consisting of whole-time Directors, senior management personnel and divisional heads. The BRC meets every week to review the operational performance of the Company.

The Company has a dedicated e-mail address, [investor@maruti.co.in](mailto:investor@maruti.co.in), through which investors can give their recommendations.

In accordance with the provisions of the Companies Act, 1956, the Company convenes an Annual General Meeting (AGM) every year. The Board members, along with the Chairman of the Audit Committee and SIGC, attend the meeting. The Board takes note of the shareholders' suggestions and replies to their queries.



## INFORMATION PROVIDED TO THE BOARD OF DIRECTORS

Economic	Environment/Social	Compliance
Annual operating plans, capital and revenue budgets and updates.	Fatal or serious accidents and dangerous occurrences.	Materially important show cause, demand, prosecution and penalty notices.
Financial results, details of foreign exchange exposure and the steps taken by the management to limit risks.	Significant labour problems and their proposed solutions.	Non-compliance of any regulatory/statutory nature.
Any materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.	Any significant development in the human resources and/or industrial relations fronts and social issues.	Issues involving possible public or product liability claims of a substantial nature.
Sale of investments, subsidiaries, assets, which is not in the normal course of business.	Any significant effluent or pollution problems.	Minutes of meetings of committees of the Board
Status of funds invested by the Company; details of any joint venture or collaboration agreement		Recruitment and remuneration of senior officers just below the Board level including appointment or removal of Chief Financial Officer and the Company Secretary

## REMUNERATION OF THE BOARD OF DIRECTORS

Besides salary and other perquisites, the Managing Director and whole-time Directors are paid a profit-linked bonus that is directly linked to their performance. The performance criteria for the payment of performance-linked bonus are defined by the Board. These performance criteria include financial performance and parameters related to the growth of the Company.

Refer to Annual Report 2013-14 for further details on remuneration of Board of Directors.

## ETHICS AND INTEGRITY

### ORGANISATION'S VALUES, PRINCIPLES, STANDARDS AND NORMS OF BEHAVIOR

The Company gives great importance to ethics and integrity in all its functions and expects its employees to adhere to

the code of conduct and ethical behaviour. The Company's Core Values and Code of Conduct guide its actions.

## INSIDER TRADING

The Company has a comprehensive Code of Conduct for Prevention of Insider Trading under SEBI (Prohibition of Insider Trading) Regulations, 1992. It is applicable to its Directors, Officers (the Company Secretary), designated employees and their respective dependent family members. It lays down guidelines which advise on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautions on the consequences of non-compliance.



# Corporate Governance



Annual General Meeting in progress

## WHISTLE BLOWER POLICY

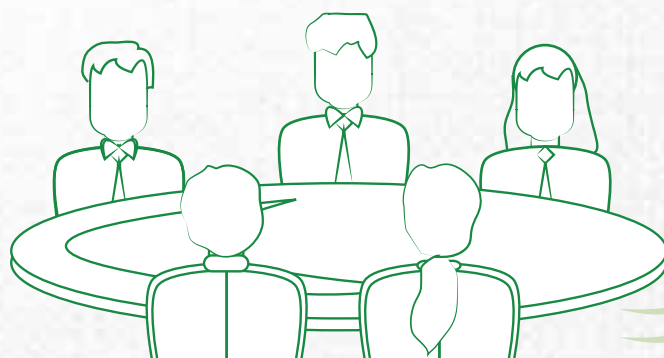
The Company has in place a Whistle Blower Policy, which can be used by employees across all levels. The policy safeguards employees by helping them raise concerns about serious irregularities, unethical behaviour and actual or suspected fraud within the Company. Mr. Amal Ganguli, Chairman, Audit Committee, is the ombudsperson under the policy. The policy has been widely communicated to all employees, who have been provided the e-mail address, postal address and telephone numbers of the ombudsperson for reporting any matter directly.

## ENSURING LEGAL COMPLIANCE

The Board reviews the compliance report with respect to all applicable laws, as well as steps taken by it to rectify instances of non-compliances, if any. Comprehensive legal compliance scheduling and management software, which helps to delegate and monitor all compliances across the Company, is used. Reports are generated through the software for each department/location, providing a snapshot of all compliances.

## CEO/CFO CERTIFICATION

The Company has in place a well-defined and transparent self-assessment mechanism to evaluate the effectiveness of internal controls over financial reporting. To facilitate certification by CEO/CFO for the financial year 2013-14, key internal controls over financial reporting were identified and thoroughly assessed to provide sufficient comfort. To ensure complete transparency and effectiveness of the self-assessment, the whole process was carried out through an on-line web based tool called "Controls Manager". For more information on governance, commitment and engagement refer to Corporate Governance section of the Annual Report 2013-14.







## Economic Performance

The passenger vehicle industry declined by 6% in 2013-14. Maruti Suzuki managed to perform better than competition. The Company's domestic sales grew by 0.3% in 2013-14 and we gained market share.

In 2013-14, a third vehicle manufacturing plant at Manesar and a new diesel engine facility were commissioned at Gurgaon. The first phase of operations at our world class R&D centre at Rohtak started during the year. The Company further expanded its sales and service network across the country.

# Economic Performance

## DISCLOSURE ON MANAGEMENT APPROACH

The growth and profitability of automobile sector is dependent on various external factors such as economic growth of the country, interest rates, disposable income, cost of ownership, market sentiments, government policies, regulations etc. The passenger car industry witnessed a de-growth in 2013-14 for the first time in the last decade. Maruti Suzuki was one of the few companies that managed to register growth. As a business approach, the Company closely monitors the external environment and changing consumer preferences and responds accordingly with its products and expansion of manufacturing facilities, sales and service network. The suppliers are also advised to build capacities and capabilities to meet current and future business requirements. While taking any business or financial decisions, the Company's approach is of financial prudence to achieve its long term vision and goals. Future plans are made considering the long term interests of the Company and its various stakeholders.

The Company has put in place robust systems and processes to monitor its financial performance. Parameters linked to the financial performance of the Company, such as sales volume, material cost, payments, vehicle quality, customer satisfaction etc. are monitored by the top management in the weekly and monthly Business Review Meetings. Close monitoring of the financial performance allows the Company to take vital decisions and do course corrections.

The Company is concerned about the growth and profitability of its entire value chain. There is high focus on communication with the dealers and suppliers to align their strategies with that of Maruti Suzuki. The Company extends support to its suppliers and dealers in challenging situations.

Concerned about the profitability in tough market conditions, the Company renewed its focus on cost saving efforts and optimisation of operational efficiency in 2013-14. The Company sets targets for the focused cost reduction projects. The various cost reduction initiatives include localisation, yield improvement, One-Gram-One Component weight reduction programme, VA-VE etc. Employees are also encouraged to contribute to the cost reduction programme through Suggestion Scheme. In 2013-14, employees implemented over half a million suggestions that resulted in the annual cost saving to the tune of over ₹ 4000 million. The Company communicates sales volume every month and financial performance every quarter to its various stakeholders. The queries and concerns of the stakeholders are addressed by the designated officials of the Company.

Owing to the extensive supplier base, procurement practices are an important sustainability aspect for the Company.

The Company stands the risk of being impacted in terms of revenue, product quality, cost, operational efficiency and brand image in case of any problems from suppliers. Over the years, the Company has established strong practices for supplier development, engagement and management. The recently developed Green Procurement Guidelines take ahead the Company's commitment to work with suppliers on environment.

The Company has also established mechanisms for monitoring the financial robustness of its dealers and suppliers. The dealer's performance on the key business enablers is gauged through the Balance Scorecard. In the case of suppliers, the Company monitors performance and quality through regular audits and a comprehensive rating system.

## HIGHLIGHTS OF 2013-14

The year 2013-14 was a challenging year for the entire automobile industry due to unfavourable macro-economic factors. Subdued GPD growth rate coupled with low income growth and high inflation impacted the purchasing power of the consumers especially on discretionary products like automobiles. The rising fuel prices and high interest rates on lending increased the cost of ownership for cars.

The Company registered a growth of 0.3% in vehicle sales in the domestic market, performing better than the industry that fell by 6%. The domestic sales received a significant push from sales in rural markets and through trade-ins. On the exports front, the Company's sales were impacted by weak economic growth, political unrest and regulation changes in some of the major export markets. Sales to Europe improved marginally, but in other markets there was a decline of 21%. To further sales, the Company had to incur higher marketing and sales expenses. In contrast to the car business, the Company's parts and accessories business showed an impressive growth of 21% during in 2013-14. Sale



Launch of Celerio at the Auto Expo 2014 in New Delhi



of Maruti Genuine Accessories improved through innovative marketing ideas, promotion of accessories among existing customers at service workshops and a wider and improved product portfolio. Sale of Maruti Genuine Parts increased with the support of effective customer education campaigns and a wider distribution network.

Combating the tough economic environment, the Company took measures to improve its bottom line. Efforts on localisation along with intensive cost reduction initiatives contributed to improved profit margins. Commodity prices remained stable for most of the year and this too helped in keeping the financial bottom line stable. Responding to the fluctuating market situation, the Company built greater flexibility in its manufacturing. This was done in addition to improving productivity and reducing cost in plant operations. The Company's robust Employee Suggestion Scheme also contributed to generating and executing ideas for improvement and efficiency.

Keeping the long-term in view and knowing the potential of sales in the Indian market in the future, the Company continued with its capacity expansion plans. During the year, the following new facilities became functional:

- A third vehicle assembly line at Manesar (annual capacity of 250,000 units)

- A diesel engine plant in Gurgaon (annual capacity of 150,000 engines)
- The R & D Centre and test track at Rohtak started its first phase of testing and evaluation. The centre became partly functional during the reporting year.

In January 2014, the Board of Directors approved a proposal from Suzuki Motor Corporation, Japan, (SMC) to implement the Gujarat expansion project through a 100% subsidiary of SMC. The Company believes that this arrangement will be in the long term interest of all stakeholders. The Company has opened this decision to vote by minority shareholders.

In today's time and age, new model launches are essential to keep the customer's interest alive. The Company launched a new model Celerio at the Delhi Auto Expo in February 2014. This is the first car in the country with "auto gear shift" technology that provides the convenience of automatic transmission at an attractive price without compromising on fuel efficiency. The Celerio received overwhelming response from customers. The Company also introduced a CNG variant of its popular car Ertiga. The Stingray, an elegant and stylish compact car, was also launched during the year. The Engineering team continued efforts to improve the overall quality and fuel efficiency of the fleet.

## ECONOMIC PERFORMANCE

### DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

Direct value generated by the Company (revenues) and the economic value distributed (such as operating costs, employee wages and benefits, payments to providers of capital, payments to government, community investments etc.) are detailed in the table below:

### DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

Item	Unit	2011-12	2012-13	2013-14
Domestic Sales	Units	10,06,316	10,51,046	1,053,689
Exports	Units	1,27,379	1,20,388	101,352
Total	Units	11,33,695	11,71,434	1,155,041
Net Income	₹ Million	3,64,139	4,44,003	445,235
Operating Costs	₹ Million	3,22,855	3,84,785	374,125
Employee Wages & Benefits	₹ Million	8,438	10,696	13,681
Shareholders' Fund	₹ Million	1,51,874	1,85,789	209,780
Dividend Paid	₹ Million	2,167	2,417	3,625
Contribution to the National Exchequer	₹ Million	62,275	85,178	87,832
CSR Spend	₹ Million	120.3	189.4*	232.8*

Note: \*Includes salary of staff directly working in CSR.



# Economic Performance

## COVERAGE OF THE ORGANISATION'S DEFINED BENEFIT PLAN OBLIGATIONS

The employee remuneration and benefits of the Company were ₹ 13,681 million in 2013-14, an increase from ₹ 10,696 million in 2012-13.

The Company keeps wages of its permanent and contract employees above the standard entry-level minimum

The Company has a trust for Employee Provident Fund. The Company also offers its employees a VPF scheme.

wages fixed by the State Government. There is no gender differentiation in the Company's wages.

The Company provides the following benefit plans to the employees:

- Employees' gratuity fund
- Leave encashment
- Retirement allowance

### MARUTI SUZUKI'S CONTRIBUTION TO EMPLOYEE BENEFIT PLAN OBLIGATION IN 2013-14 (IN ₹ MILLION)

	Provident Fund	Leave Encashment/ Compensated Absence	Employees Gratuity Fund	Retirement Allowance
Present value of obligation as at the year end	7,908	1,448	1,351	47

Source: Note 28 (Employee Benefit Expenses) of Standalone Accounts 2013-14.



Maruti Suzuki taps high potential rural markets : MD presenting car keys to a rural customer

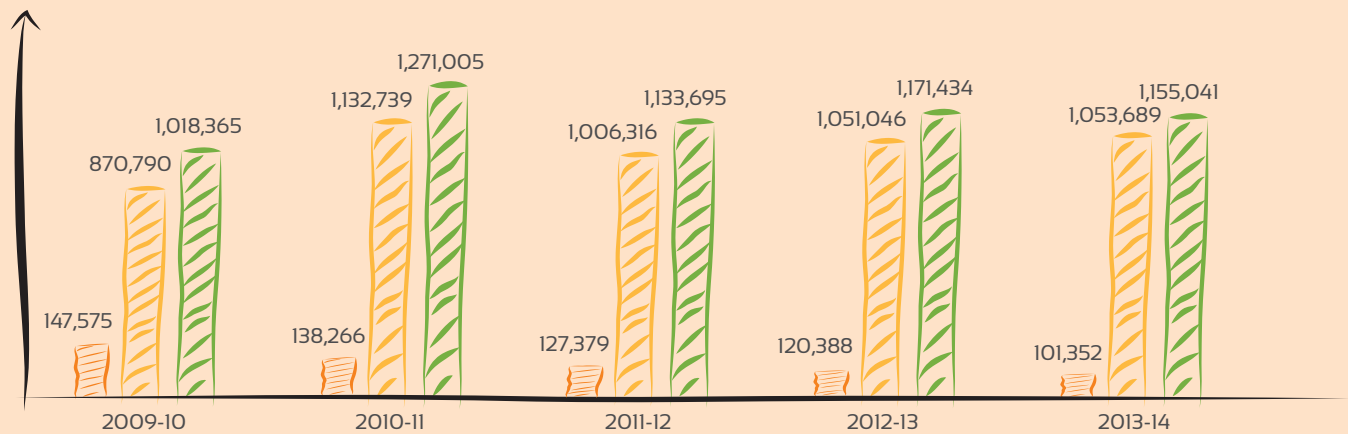


## Financial Performance at a Glance

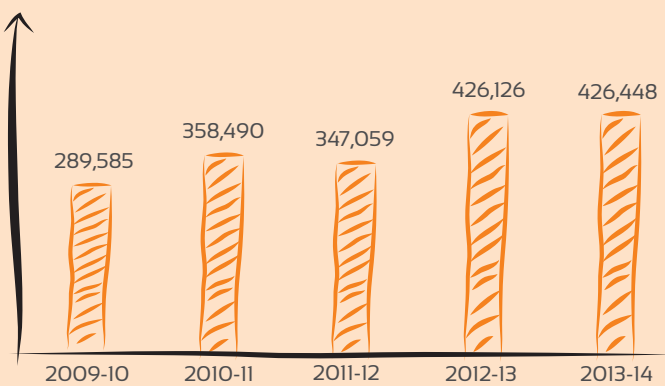


Sales (No. of units)

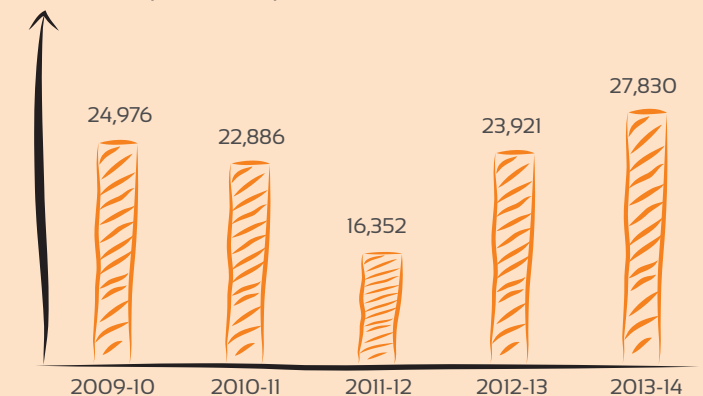
Exports Domestic Total Sale



Net Sales (in ₹ Million)

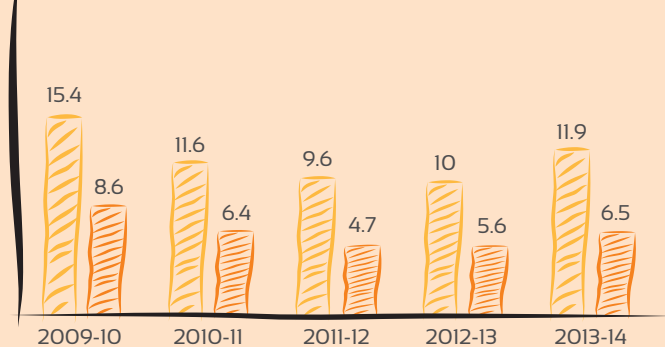


PAT (in ₹ Million)

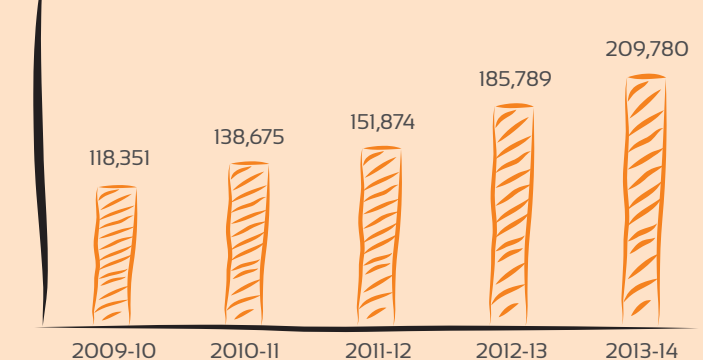


Margins (in percentage)

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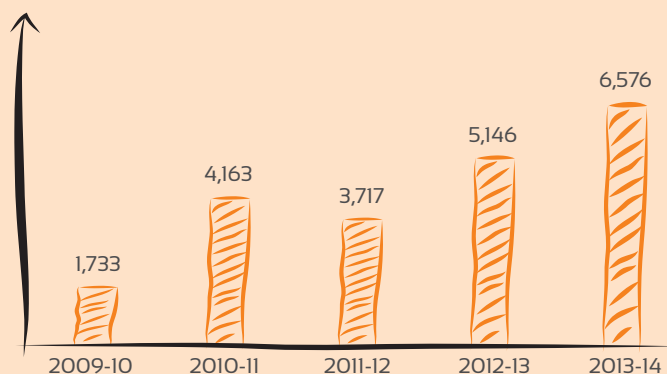


Net Worth (in ₹ Million)

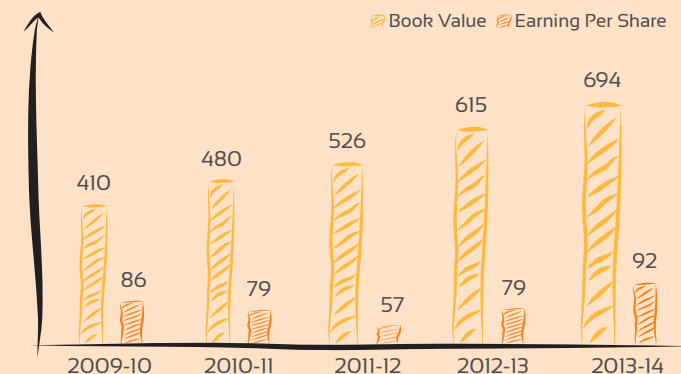


# Economic Performance

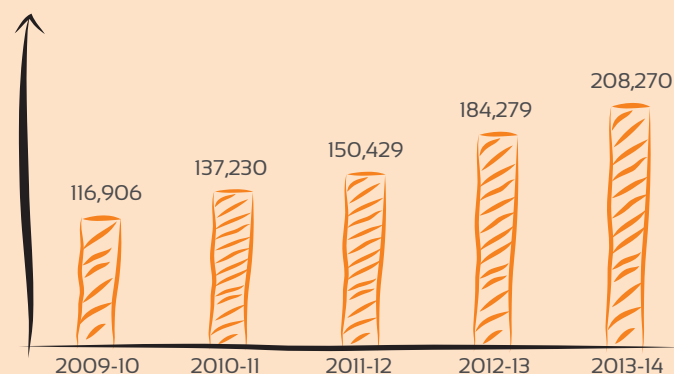
₹ R & D Expenditure (in ₹ Million)



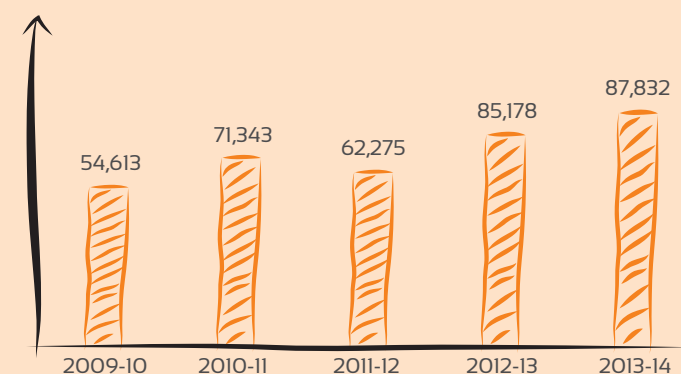
Book Value and EPS (in ₹ Million)



Reserves & Surplus (in ₹ Million)



Contribution to National Exchequer (in ₹ Million)



For more information on financial performance refer to Annual Report 2013-14  
(<http://www.marutisuzuki.com/annual-reports.aspx>)







## Environmental Performance

Maruti Suzuki has been proactive in offering vehicles and technology that meet customer expectations in terms of design and features, quality, performance and cost. With the launch of Celerio, Maruti Suzuki became the first Company to offer automated manual transmission technology in India, which gives customers the convenience of automatic transmission at an attractive price, without compromising on fuel efficiency. The Company was the first to launch factory-fitted CNG cars in India. In the electric vehicle technology space, the Swift RE-EV was showcased at Auto Expo 2014 in New Delhi.

# Environmental Performance

## DISCLOSURE ON MANAGEMENT APPROACH

Maruti Suzuki strives to consistently improve environmental performance of its manufacturing operations, products and supply chain. The Company identifies environmental impacts and develops strategies to mitigate impacts in each of these areas.

Maruti Suzuki's efforts in the environment sphere are guided by its Environment Policy. The Policy conveys the Company's commitment towards reducing the pressure on the environment due to business activities and products, working collaboratively with customers, suppliers, and the surrounding community for environmental issues and focuses on continual reduction in the use of natural resources. The Policy also gives importance to training and communication.

As a strategy, Maruti Suzuki has adopted ISO 14001 standard. The Environment Management System of the Company helps in continuously improving its environmental performance. Going beyond its boundaries, the Company promotes ISO 14001 among its Tier-I suppliers.

The Company has identified and prioritised material aspects in Environment after considering the significance and scale of their impacts. For each relevant aspect, the Company

undertakes following necessary actions.

- The Company uses a large volume of raw materials and energy in vehicle manufacturing. The consequence of manufacturing operations are natural resource depletion and the hazardous waste generation. This makes raw materials, energy, waste and emissions as material aspects for the Company.
- As compared to other manufacturing industries such as textiles and food processing, the Company's operations are not water intensive. However, the Company sees its responsibility towards conserving water and considers it to be a material aspect.
- Biodiversity is not a material aspect for the Company as it doesn't operate in locations with sensitive ecological biodiversity.
- The Company sources a large number of components from its suppliers for manufacturing cars. Their environmental footprint, labour practices, quality and cost of components and transportation are important aspects for the Company.
- The usage of vehicles for mobility causes fuel consumption and emissions. Therefore, it is important for the Company to improve fuel efficiency of its vehicles, and develop alternate fuel vehicles.



Stringent testing to maintain high environmental standards within the Company



The Company reviews existing processes and systems from the point of view of their impact on the environment and health and safety of people. Accordingly, mitigation plans are prepared and implemented. The Company makes concerted efforts to identify environmental impacts of its business operations through Aspect–Impact Analysis, Environmental Impact Assessments etc. Stakeholders and their environment related suggestions and concerns are also taken into consideration to bring about further improvement in the Company's environmental performance.

The Company has dedicated departments to manage different aspects of environmental performance. The management reviews parameters related to environment every month in the Business Review Meeting. The management approach promotes continuous improvement, striving to set industry standards and continuous learning. Horizontal deployment of good practices across Maruti Suzuki facilities and sharing with suppliers is also promoted.

The Company sets environmental targets each year. The responsibilities for achieving the targets are assigned to relevant departments and individuals. Progress is monitored periodically. The whole process is guided by the PDCA (Plan-Do-Check-Act) cycle. The approach is reviewed periodically and improvements are made to achieve better results. The performances against the set targets are evaluated and further actions are taken.

## MATERIALS

Driven by its parent company's basic philosophy of Smaller, Fewer, Lighter, Shorter and Neater, Maruti Suzuki pays attention to optimum utilisation of raw materials in manufacturing of vehicles. The major materials used are steel coils, ferrous and non-ferrous castings, paints, thinners etc. The Company also uses a large number of finished components that are sourced from suppliers for manufacturing cars.

### MATERIALS USED IN MANUFACTURING

Key Materials*	Unit	2011-12	2012-13	2013-14
Paint	KL	5,795	6,811	3,616
Steel Coils	MT	2,00,256	2,10,595	1,98,646
Ferrous Castings	MT	16,831	27,765	31,247
Non-Ferrous Castings	MT	15,507	28,673	29,353

\*Product mix impacts material usage



Reverse Osmosis plant at the Gurgaon facility

In the reporting period, 4,268 KL of Petrol, 2,349 KL of Diesel, 50,632 Litres of LPG and 1,227,715 m<sup>3</sup> of Natural Gas were put in the vehicles manufactured.

As the materials used in car manufacturing are not renewable resources, the Company makes efforts towards resource optimisation. Sheet metal is a primary component in car manufacturing and the Company undertakes two main initiatives to optimise utilisation of materials:

- One gram one component weight reduction programme: This initiative was started in 2008 and continued in the reporting year. The objective of the 'One Gram One Component' programme is to reduce material use through improvements in design of vehicles and equipment.
- Reuse of sheet metal: The scrap generated from press shop operations is sent to suppliers for manufacturing of child parts, thus maximising steel sheet utilisation. The suppliers send back these child parts to the Company for use in vehicle manufacturing.

In 2013-14, two types of material were sent to suppliers for reuse:

- Trim scrap (very small pieces which are used for melting and made as ingots): 56,324 T
- Flat scrap (bigger pieces which are used for making child parts): 24,375 T



# Environmental Performance

## ENERGY

Regular supply of high quality electricity is critical for automobile manufacturing. Energy costs are rising. Increase in energy costs impacts the cost of manufacturing that ultimately makes vehicles costlier for the customers. Generation of electricity also leads to emissions that harm the environment. Therefore for Maruti Suzuki energy is important from the environment perspective, besides cost.

At Maruti Suzuki, electricity is generated in-house through natural gas based captive power plants at Gurgaon and Manesar facilities. These power plants provide stable and regular electricity for manufacturing operations. A small amount of electricity is also taken from the grid. The Company also has diesel generators available as back-up in case of power failure.

The direct and indirect energy used in the facilities for various processes in 2013-14 was 5,461,028 GJ and 52,325 GJ respectively.

### ENERGY SOURCES (2013-14)

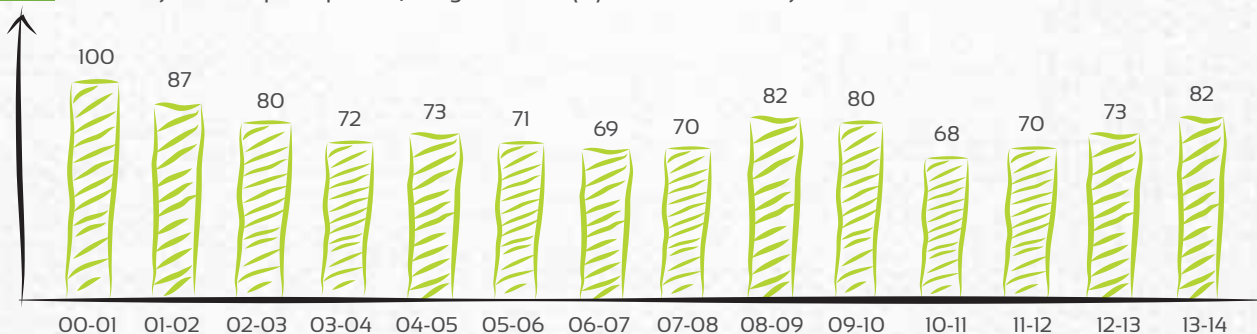
Direct / Indirect Energy Consumption	Energy Sources	Energy Consumption (GJ)
Direct Energy	Natural Gas	5,386,574
	Diesel (HSD)	43,155
	LPG	117
	Gasoline	30,659
	Solar (Street Light)	522
Indirect Energy	Grid Electricity	52,325
Total		5,513,352

During the year, the Company continued its energy conservation drive with a focus on reducing energy consumption and improving efficiency through new technology and Kaizen. Energy saving initiatives in the plants helped the Company in reducing energy cost by more than 5%.

The charts provide indexed figures of electricity consumption per car for the Gurgaon and Manesar facilities. The per vehicle electricity consumption, indexed to base year 2000-01, reduced by 18% at the Gurgaon plant. Similarly, the per vehicle electricity consumption indexed to base year 2007-08, reduced by 46% at the Manesar plant. On sequential basis also there has been consistent improvement in per vehicle electricity consumption at the Manesar plant. The value of electricity consumption reduction includes electricity from captive power plant and grid.



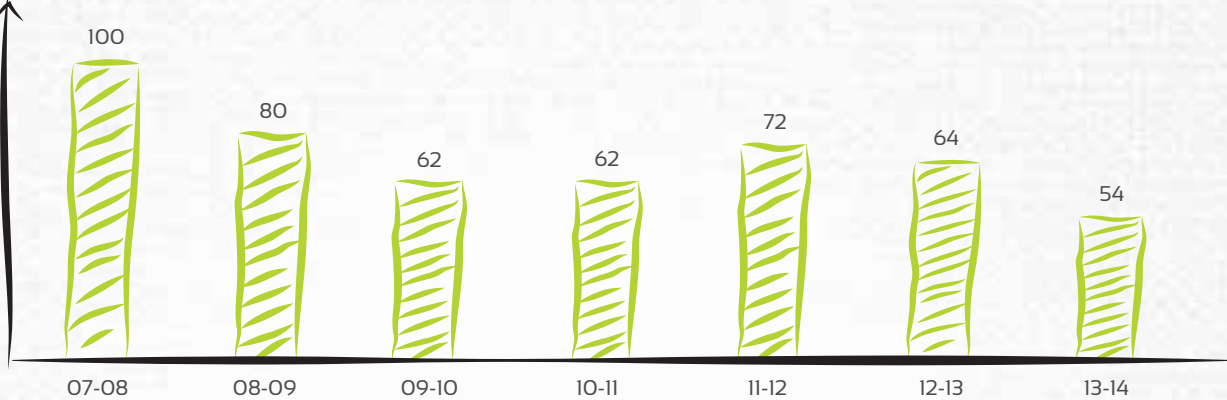
Electricity consumption per car, Gurgaon Plant (%) indexed to base year 2000-01



Note: There is an increase in per unit electricity consumption in Gurgaon in 2013-14 due to a reduction in production at the facility.



Electricity consumption per car, Manesar Plant (%) indexed to base year 2007-08



### Energy conservation efforts

Some of the activities carried out during the year towards energy conservation are mentioned as under:

- Use of energy efficient pumps and motors in water treatment plant and power plant in Gurgaon
- Use of energy efficient transformers in new installations and usage of LED lighting in Gurgaon and Manesar
- Up-gradation of cooling tower fans with aerodynamic energy efficient Fibre Reinforced Plastic (FRP) blades in Gurgaon and Manesar power plants
- Installation of air shut-off valves in welding jigs to stop air supply during non-working hours

### Result of energy conservation measures and actions

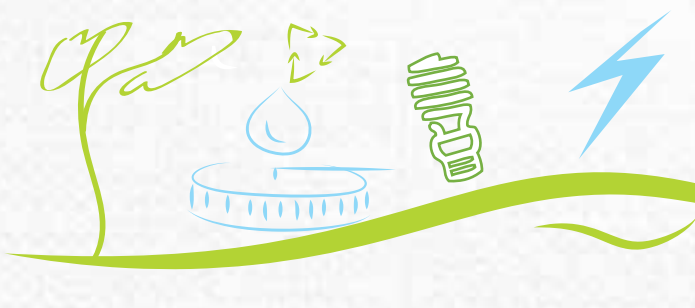
- Re-sizing of motors and pumps rating as per process requirements in power plant and water treatment plants
- Up-gradation of air compressors by use of high efficiency air end to reduce specific energy consumption
- Use of no loss drain trap in compressed air handling system for reduction in power consumption
- Use of variable frequency drives in motors of sewage treatment plant at Manesar
- Vibration analysis of motors to replace bearings before failure

### SOLAR POWER PLANT AT MANESAR

Maruti Suzuki has taken a significant step towards renewable energy with the installation of 1 MW Photovoltaic Solar Power Plant in the reporting year. Photovoltaic (PV) is a method of generating electrical power by converting solar radiation into direct current electricity using solar panels that exhibits the photovoltaic effect.

The solar power plant is located over a lagoon which is used for water harvesting and covers around 8900 square meter area. The solar plant consists of 3960 mono-crystalline modules with rating of 245-255 Wp.

The power generated from the solar plant is synchronised with the captive power plant for catering to the internal energy needs of the Manesar plant. The power plant makes use of Crystalline Silicon Photo-Voltaic Technology and is expected to help in emission reduction by 1,200 tons of CO<sub>2</sub> equivalent per year.



# Environmental Performance

## WATER

Water conservation is an integral part of the Environment Management System at Maruti Suzuki. The Company uses canal water for majority of its manufacturing processes and this helps in conserving ground water. The Company has put in-place methods of gathering and monitoring water related data.

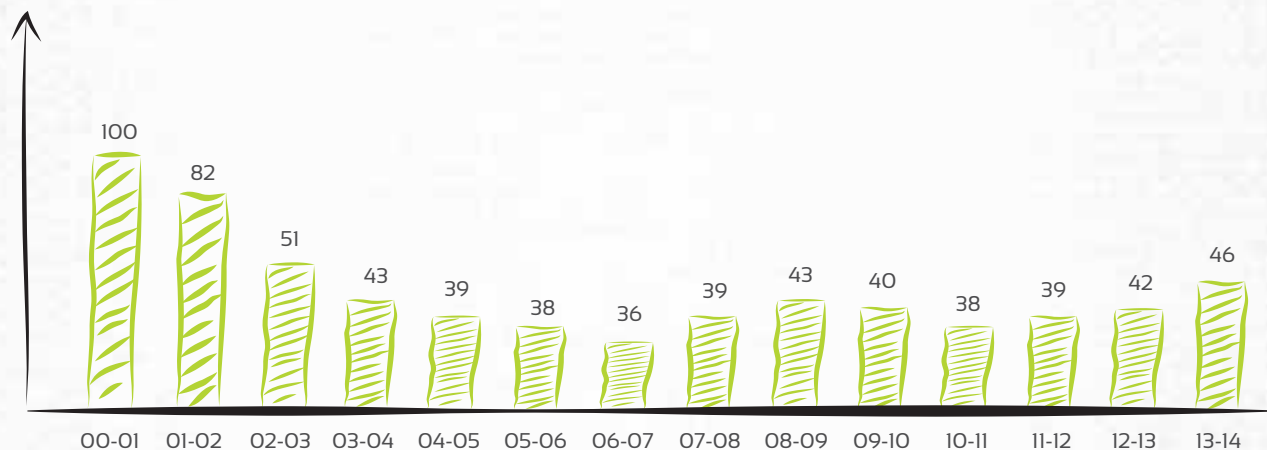
## SOURCES OF WATER

The total water used (by source) for Gurgaon and Manesar facilities is given in the following table:

Sources	2011-12	2012-13	2013-14
Surface Water (Canal Water)	1,495,754	1,967,786	1,980,981
Ground Water (Tube Well Water)	305,018	23,207	62,740
Rainwater	550	1,800	3,341
Recycled Water	1,234,767	1,361,102	1,897,856
Total	3,036,089	3,353,895	3,944,918



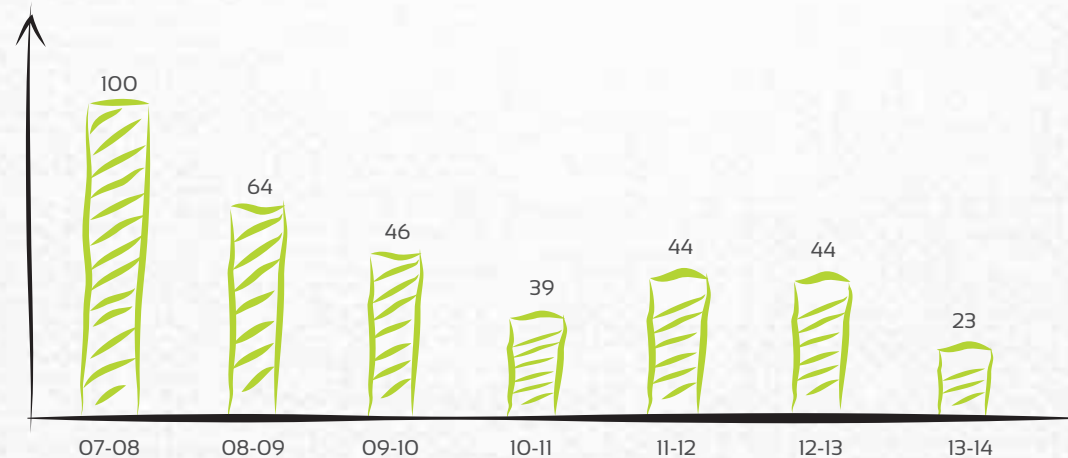
Water consumption per car, Gurgaon Plant (%) indexed to base year 2000-01



Note: There is an increase in per unit water consumption in Gurgaon in 2013-14 due to a reduction in production at the facility.



Water consumption per car, Manesar Plant (%) indexed to base year 2007-08







## EMISSIONS

The Company's major source of greenhouse gas (GHG) emissions is fossil fuel combustion for power generation. This accounts for over 80% of the Company's total GHG (scope 1) emissions. For the reporting period, the total scope 1 and scope 2 emissions (CO<sub>2</sub>) were 307,517 T and 11,335 T of CO<sub>2</sub> equivalents respectively. Presently, the Company doesn't calculate its scope 3 emissions.

The GHG emission calculations are as per the IPCC 2006 Guidelines for National Green House Gas Inventories.

## EMISSIONS OF OZONE-DEPLETING SUBSTANCES (ODS)

Ozone depleting substances are detrimental to the planet as they deplete the earth's protective ozone layer. In the case of Maruti Suzuki, ozone depleting substances are not significant as refrigerants are used in a limited way in offices and manufactured vehicles.

The office areas in the Company have air conditioning, whereas all manufacturing facilities are cooled by air washers; therefore, the use of refrigerants by the Company at its manufacturing facilities is not significant.

The Company's vehicles contain environment friendly refrigerant gas R134a. In 2013-14, the Company has introduced optimised design of heat exchangers and refrigerant piping in its newly launched Celerio, which has reduced consumption of refrigerant by about 20 grams.

## NOX, SOX, AND OTHER SIGNIFICANT AIR EMISSIONS

Ambient air quality and stack emission parameters (SOx, NOx, SPM etc.) are monitored regularly by a government approved external agency. The monitored values were well within the prescribed limits of the Pollution Control Board in 2013-14.

## EFFLUENTS AND WASTE

All the manufacturing sites of Maruti Suzuki have achieved zero waste water status which means the Company does not discharge any water outside the factory premises. In the reporting period, the Company treated effluent amounting to 48% of the total water consumed. The recycled water was further used for some processes, irrigation and cleaning. The Company also has Sewage Treatment Plants (STPs) for treating sewage water. The treated water from STP and Effluent Treatment Plant (ETP) is reused within the factory premises.

At Maruti Suzuki, the hazardous wastes produced as a by-product of manufacturing include paint sludge, phosphate sludge, ETP sludge, incinerator ash and used oil. The used oil is sold to the authorised recyclers.

The Company has been sending hazardous waste to the cement industry for co-processing since 2010-11. This has reduced the need for incineration and land filling. The saleable solid wastes such as metal scrap and glass waste are sold to recyclers. The e-waste is disposed off through authorised recycler only.

## HAZARDOUS WASTE

Waste	Unit	2011-12	2012-13	2013-14
Hazardous Waste	T	4,227	4,264	1,929
Used Oil	KL	406	380	148
Hazardous Waste Sent to Cement Industry for Co-processing	T	5,663	6,133	3,787



Effluent Treatment Plant (ETP) at the Gurgaon facility



# Environmental Performance

## RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE

Climate change is a reality that has to be addressed. As a corporate aware of its responsibilities towards the environment, Maruti Suzuki makes all efforts to reduce environmental impacts of its operations, products and value chain. Environment and Climate Change feature in the Company's risk library.

The Company's effort towards reducing its environmental impacts are two pronged. On one end the Company makes efforts to reduce, reuse and recycle resources it uses in manufacturing and on the other, its efforts are aimed at reducing the environmental impacts of its products.

Within the realm of its manufacturing facilities, the Company has taken several environment friendly initiatives.

On the product side, the Company works towards improving the fuel efficiency of its vehicles, both in existing models and new launches. The Company also introduces new engines with improved fuel efficiency. The Company has made its fleet ELV compliant, a progressive European norm that makes recycling of vehicles easier at the end of their life. All vehicles produced by the Company are asbestos free.

At Delhi Auto Expo 2014, the Company displayed and demonstrated the Swift Range Extender concept. This was showcased under a joint programme of Government of India and SIAM to promote hybrid and electric vehicles in India.

Further information on environmental aspects of vehicles and environmentally conscious manufacturing are mentioned in the product section of the environmental performance chapter.

## APPLYING THE PRECAUTIONARY APPROACH

The Company undertakes Environmental Impact Assessments to identify potential impacts of new manufacturing projects and expansion of existing facilities on the environment. The Company undertakes mitigation efforts in line with the findings of the assessment.

Maruti Suzuki is an ISO 14001 certified company and as part of certification process, an assessment of the environmental impacts of manufacturing processes and operations is undertaken. The Company takes adequate mitigation measures to address these impacts.

The Company continuously tracks and improves its environmental performance as part of the ISO 14001 environment management system. Efforts on reducing

electricity, water and material consumption are aimed at conserving the planet's finite natural resources. The Company disposes off waste responsibly – hazardous waste is co-processed in the cement industry and e-waste is sent to authorised recyclers. The Company also encourages its value chain partners to undertake efforts on environment conservation and preservation. The suppliers are supported and encouraged to adopt the ISO 14001 standard. The service workshops are also encouraged to improve their functioning and to use lesser water, paper etc. and to responsibly dispose off waste.

Maruti Suzuki engineers work relentlessly to offer customers cars that give enhanced comfort, quality, safety, better fuel efficiency, styling and advanced technology. The Company offers alternate fuel vehicles that lower cost of ownership and carbon footprint. The Company has also been working in a focused manner on the development of hybrid electric vehicles.

## MITIGATION OF ENVIRONMENTAL IMPACTS OF PRODUCTS AND SERVICES

The Company recognises that its products and services have an environmental footprint and that there is a need to address them. The Company undertakes initiatives to reduce this impact.

The R&D function works persistently to improve the fuel efficiency of vehicles, to make them more easily recyclable, improve their safety and comfort features etc.

The Company encourages initiatives to improve the environmental performance of the services stations operated by the dealers to provide post purchase car servicing.

## PRODUCTS

Fuel efficient cars are the need of the hour as the present fossil fuels are becoming increasingly scarce and living expenses are rising due to inflation. Higher fuel efficiency is beneficial from both the environmental and economic angle.







Major initiatives undertaken for improving fuel efficiency of the vehicles by the Company in 2013-14 are given below:

- **New model launch, Celerio:** In 2013-14 Maruti Suzuki launched the Celerio, the industry's first Automatic Manual Transmission (AMT) vehicle. It is available in both manual and automatic versions. Typically cars with automatic transmission offer lower fuel efficiency, but the Celerio has the best in class fuel efficiency of 23.1 kmpl for both manual and automatic versions. Over 10 % fuel efficiency was improved in this vehicle with the new K-Next 997cc engine.
- **K-next Engine:** To further improve fuel efficiency of vehicles, the K-Next engine was introduced by the Company. Apart from flatter engine torque, it has the drive-by-wire technology that results in a peppier drive. Other improvements like optimised compression ratio,

reduced frictional losses have led to better fuel efficiency. The engine has faster throttle response, better torque delivery and class-leading fuel efficiency.

- **Alternative fuel technology:** Maruti Suzuki was the first company in India to introduce the CNG technology as a factory fitted integrated system. The Company has developed the Intelligent Gas Port Injection (i-GPI) technology for CNG bi-fuel vehicles. i-GPI technology promotes uniform and complete combustion in the combustion chamber, resulting in lesser pollution, without compromising on the vehicle's power and performance. The Company has successfully launched bi-fuel variants with i-GPI CNG engine technology. With this technology, in each CNG vehicle CO<sub>2</sub> emissions are reduced by an average 20% as compared to the petrol variant.

## SWIFT RANGE EXTENDER: AN ELECTRIC VEHICLE WITH ZERO EMISSIONS

Swift RE-EV is an electric vehicle with an engine driven generator. The vehicle was showcased at the Delhi Auto Expo 2014.

The vehicle functions like a pure Battery Electric Vehicle (BEV). Once the battery power gets depleted, the on-board internal combustion engine begins functioning and runs the generator for supplying power to the electric motor. This eliminates the "range anxiety" issue generally associated with BEVs. With the on-board generator, powered by a small and efficient gasoline engine, the customer can turn a short trip into a longer excursion without worrying about the battery running out. The vehicle can be charged at home from a household power outlet.

Salient features of the Swift Range Extender:

- A pure electric vehicle with zero emissions
- No range anxiety - Driving range can be extended using on-board generator powered by a small and efficient petrol engine.
- Electric drive range of 25.5 km and combined fuel economy of 48.2 kmpl (as per internal results)
- Small battery that is quick to charge (about 1.5 hours using normal household supply)
- On-board indications about vehicle functioning and modes





# Environmental Performance

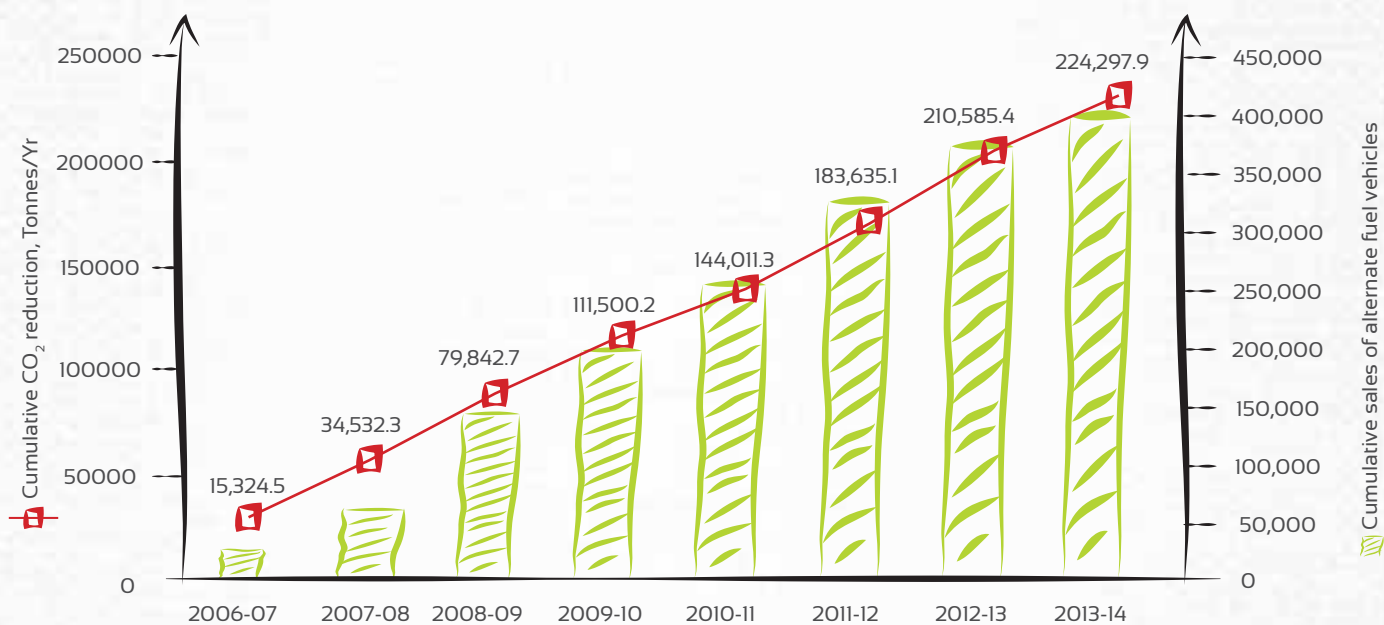
The Company has been working on development of alternate fuel models since 2000. Since 2006 extensive work has been done in this area. Maruti Suzuki has sold over 4.1 lakh vehicles which have offset around 2.24 lakh tonnes of CO<sub>2</sub> cumulatively till March, 2014.

- CO<sub>2</sub> emissions reduction:** Significant amount of CO<sub>2</sub> emissions are produced during a vehicle's life cycle. Therefore, one way to respond to climate change and energy issues is to reduce CO<sub>2</sub> emissions from products during actual use. Maruti Suzuki was able to reduce the weighted average CO<sub>2</sub> emission by over 13 % through fuel efficiency improvements, reduction of exhaust emissions and development of alternate fuel vehicles over the last eight years.

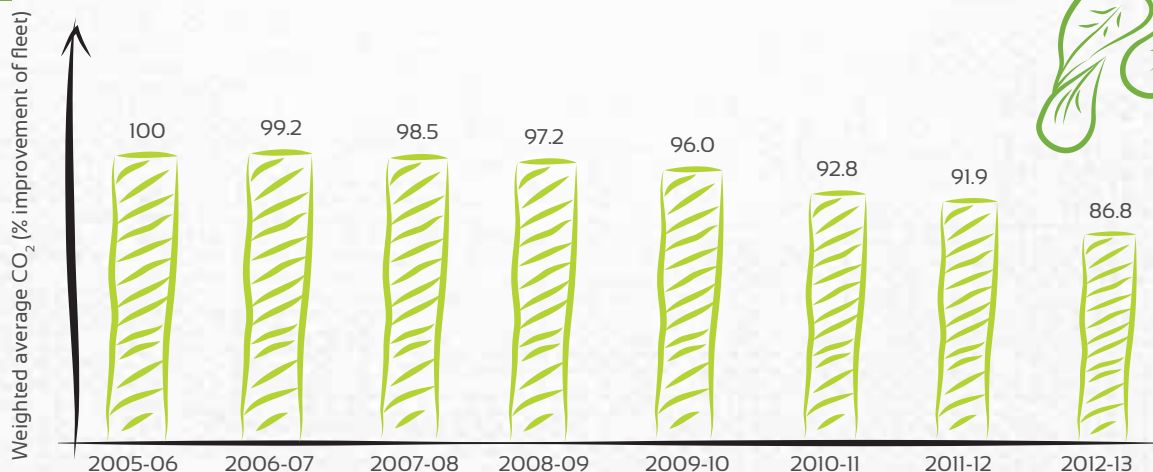


Sale of alternate fuel vehicles & cumulative CO<sub>2</sub> reduction (in Tonnes)

Cumulative CO<sub>2</sub> reduction
 No. of alternative fuel vehicles sold



Weighted average CO<sub>2</sub> percentage improvement with respect to base Year 2005





- **OBD-II implementation:** OBD is a tool to diagnose the health of the car for emissions. In the event of a malfunction of the emission control systems, the OBD system indicates the same through the “engine check lamp” on the speedometer. This helps in speedy identification and rectification of emission related faults in the system. All models produced by the Company comply with the OBD II regulatory norms.
- **Weight Reduction:** One of the focus areas of the Company is weight reduction of vehicles. Weight reduction allows less fuel consumption, better performance and conservation of natural resources. The Company engineers are working on reducing the weight of vehicle components by making them lighter, thinner while retaining stiffness, strength and durability.

Some examples of weight reduction measures undertaken in 2013-14 by the Company:

**(i) Swift:**

- Over 2.5 kgs weight reduced through the use of new technology elastic belts for automotive refrigeration system drive, seat structure optimisation, thickness optimisation of interior trim parts
- Over 6 kgs weight reduced of body and doors through

design and material optimisation, use of high tensile steel and component thickness optimisation. High tensile raw material was used in door skin panels for the first time.

- 1.5 kgs weight reduction achieved in battery starter

**(ii) Celerio:**

- Over 11 kgs weight reduced in powertrain by use of plastic fuel rail, intake system weight optimisation, lighter engine mountings , plastic fan shroud and plastic fuel tank
- Over 15 kgs weight reduced of body and doors through structure optimisation, thickness optimisation and increase in high tensile steel usage, light weight door latches, light weight head lamps and light weight wiping system
- 4.5 kgs weight reduced by optimising thickness of interior trims, light weight raw material in seating system and low weight NVH (noise, vibration, harshness) package
- Light weighting in chassis systems with weight reduction of 4.5 kgs in ABS and lighter suspension structure

**(iii) Stingray:**

- 1 kg weight reduction has been achieved by adopting blow moulded rear spoiler and light weight fog lamps



Maruti Suzuki engineers designing cars at the Gurgaon R&D Center



# Environmental Performance

## CELERIO: INTRODUCING THE REVOLUTIONARY AMT TECHNOLOGY

- Automated Manual Transmission (AMT) Technology with best-in-class fuel efficiency of 23.1 kmpl, at par with manual transmission, a first in passenger cars
- K-Next Engine with Drive-by-Wire technology for a peppier drive
- Xpan design with roomier cabin, spacious headroom, legroom, shoulder room, 15 smart utility spaces, large boot
- CICO (Curve-In-Curve-Out) styling, sweeping wave dash design
- Stereo with Bluetooth connectivity, steering-mounted audio controls, multi-info display, user-friendly customisable security settings
- The all new next generation transmission reduces mechanical losses and aids improvement in fuel economy. It also enables effortless gear shift operation and reduces noise in the cabin. Weight saving of 3.6 kgs has been achieved with respect to base transmission
- To reduce the use of HFC refrigerant and its global warming effects, Maruti Suzuki has worked on design optimisation of its heat exchangers and refrigerant piping. Celerio is equipped with the new compact, low weight and high performance heat exchanger and pipes which have reduced the consumption of refrigerant filled in the vehicle by about 20 gms







## SERVICE WORKSHOPS

Maruti Suzuki works with its dealers for improving the environmental performance of its service stations. The Company has an elaborate network of service stations that service a large volume of cars each month.

The initiatives undertaken in the reporting year to make service workshops environment friendly include:

- **Automated oil management system:** This system has been implemented in dealer workshops in order to minimise the oil spillage and to reduce the time and effort required to issue the oil which improves the overall productivity of the workshops. It provides control and monitoring of oil quantities so that wastage can be identified and controlled. The Oil Management System has been implemented in 567 workshops as on 31<sup>st</sup> March, 2014.
- **Paintless dent repair system:** This system has been introduced in workshops for repairing minor dents without stripping the paint leading to an environment friendly, faster and cost effective way of repairing dents. So far 323 workshops have been equipped with paintless dent repair system.
- **Automatic car washing system:** Washing quality plays a critical role in customer satisfaction. The Company has brought automation in this area by equipping workshops with automatic car washing and underbody car washing systems leading to better washing quality, faster washing and lower consumption of water (20% reduction). There are 245 workshops equipped with automatic car washing and under body car washing systems.
- **Dry wash system:** In this system, the final water wash process has been replaced with vehicle cleaning using special wash chemicals. Dry wash systems have helped in reducing the washing time, improving the final wash quality and reducing water consumption by around 5 crore litres per annum across the network. This system has been implemented in 373 workshops so far.
- **Reduction in paper consumption in service operations:** The workshops use tablets for interaction with the customers. Job repair details are recorded in DMS (Dealer Management System) integrated with tablets, thus reducing paper consumption. More than 616 workshops all over India are now using the tablets.
- Feedback on customer experience of the services availed at the workshops is frequently collected through feedback cards. The Company has focused on capturing this feedback through telephonic surveys and e-feedback cards to reduce the use of paper feedback cards. Recently, the Company introduced a process to capture

real time feedback from customers through Interactive Feedback System (Kiosk) placed at the reception of the service workshops. This system has already been implemented across 354 workshops.

- Maruti Suzuki has developed CD-ROM based on its Service Manuals for its service network. Currently all old discontinued models have been converted into CD-ROM based manuals. For new models both options are available for the service workshops. Going forward, the Company intends to use only CD-ROM based service manuals for service workshops.

## COMPLIANCE

Environmental consent and compliance to laws is essential for the sustainability of the Company. The Company has an online legal management system through which it tracks all legal compliances. Reporting to the management on legal compliances is on a quarterly basis.

There were no significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations in 2013-14.

## TRANSPORTATION AND GREEN SUPPLY CHAIN

The Company has a large supply chain. As on 31<sup>st</sup> March, 2014, the Company had a supplier base of 326 direct suppliers, including 18 joint venture companies where it has equity stake.

The Company has laid down robust sourcing processes and procedures that include competitive bidding and evaluation of new supplier by all concerned departments (Engineering, Quality & Supply Chain) before inclusion in the Company's supplier list.

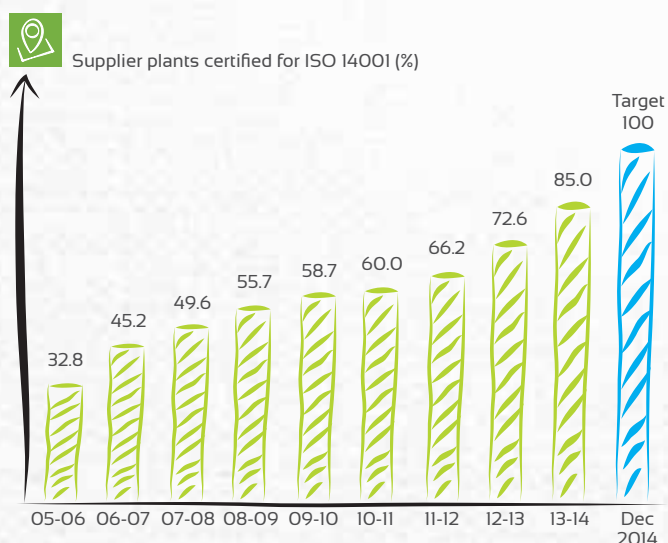
In recent years, the supply chain risk exposure of the Company has increased due to higher complexity of suppliers' network, increasing labour expectation, volatile markets and unpredictable events in various parts of the world. The Company felt the need for developing a structured approach to assess risk arising from various suppliers in order to plan actions pro-actively and mitigate negative impacts on the Company.

In 2013-14, supplier risk management was undertaken by the Company to assess suppliers' risks in operational and financial areas. The operational risks were assessed in the area of labour, quality, delivery performance, management response, safety, Tier-II management etc. The financial risks were assessed in profitability, liquidity and funding management. Locational risks were based on the risk associated with the location of the supplier's manufacturing facility.

# Environmental Performance

Some initiatives taken by the Company with its suppliers in 2013-14 include:

- Since inception, the Company has laid stress on local suppliers. Both the Gurgaon and Manesar plants have adjacent Suppliers' Parks where select suppliers have established manufacturing units.
- The Company places great focus on local sourcing of parts. Nearly 78% of the supplier base by value is located within a 100 km radius of the Company. As compared to last year, there is a reduction in the percentage of supplier base located within a 100 km radius due to merger of Suzuki Powertrain with the Company.
- An important function of the Supply Chain is the localisation of components. Localisation has many benefits. It develops a reliable local source for all future requirements, reduces exposure of the Company to foreign exchange movement and builds capability of local suppliers and boosts local economy. In the reporting year, localisation of KD parts, especially those that hadn't been localised due to unavailability of technology in India or lack of volumes, was undertaken.
- The Company formulated Green Procurement Guidelines in the year 2012-13. These were rolled out in 2013-14 for tier-I suppliers. As per the guidelines the tier-I suppliers are required to submit the Green Procurement agreement, environment compliance sheet and a copy of ISO 14001 certificate to the Company. So far, 150 agreements have been received by the Company.
- Maruti Suzuki has been working closely with the tier-I suppliers to encourage and support them for ISO 14001 certification. As on March 2014, 85% suppliers were ISO 14001 certified.
- With a focus to reduce time, cost and emissions during transportation, the Company has made improvements in logistics.
  - » The Company changed the port for KD and certain imported parts from Nhava Sheva to Pipavav port during the year. This reduced transit time from six days to four days and reduced distance from 1500 km to 1200 km. As Pipavav is a less crowded port, there was also reduction in delays and waiting time.
  - » The Company has developed Coiltainer for transporting steel coils. This has helped in optimum rake utilisation, reduction in truck movement and lesser damages to steel coils during transits.
- The source selection process and part development process has been modified to online process. This has resulted in paper consumption reduction
- Company is focused on yield improvement activities for conserving critical resources like raw materials. In the reporting year, the scope of this activity was extended beyond traditional sheet metal area to other areas like plastics, electrical, casting etc.



## ENVIRONMENTAL GRIEVANCE MECHANISMS

For business continuity it is important to be responsive to the environment and all stakeholders related to it. The Company monitors its environmental performance as per ISO 14001. Third party audits are held periodically. To record the environmental grievances of external stakeholders, the Company circulates a "Neighbourhood Concern Form" in the nearby communities to record their feedback, concerns and suggestions related to the impacts of the manufacturing operations. The response collected is discussed and its correctness is checked. Further, the concerns and suggestions are reported to the top management of the Company and mitigation plans are proposed. Based on the feasibility and suitability, the responsibility is assigned to the concerned department for execution.



## Social Performance

In 2013-14, the Company scaled up its CSR activities in the areas of community development, skill development and road safety. The need for scientific driving training and road safety awareness is tremendous in India. In 2013-14, over 4.49 lakh people were trained in safe driving. In all, we have now trained nearly 1.9 million in safe driving. The Company's partnership with state governments to upgrade Industrial Training Institutes gained strength and the Company now partners with 29 ITIs. This programme benefitted over 11,000 students in the last year.

The Company understands the importance of cordial relations with its neighbouring communities. The community development programme was further expanded to include communities in Rohtak.



# Social Performance

## DISCLOSURE ON MANAGEMENT APPROACH

Maruti Suzuki believes that people are critical to any business operation and it is the responsibility of the Company to take care of the well-being of people directly and or directly impacted by its operations, products and services.

In 2013-14, the total manpower strength of the Company crossed 20,000. The attrition rate remained low at 2.7%.

CSR activities expanded further to reach out to and benefit a large number of people.

The Company makes concerted efforts to provide healthy work environment to its employees, offers latest technologies in cars that meet the aspirations of the customers and undertakes social initiatives for the welfare of the local community and society at large.

Maruti Suzuki employs over 20,000 diverse people in its operations. The retention and development of existing employees and acquisition of new talent as per business needs is of vital importance for the Company. The Company strongly believes in a culture of equality and openness. All employees, irrespective of their level in the organisation, wear the uniform, eat in a common canteen, and are entitled to similar medical entitlements. The Company has an open office culture that supports speedy communication and fosters a boundary-less organisation.

As a manufacturing company, Maruti Suzuki considers good labour relations material and gives utmost importance to Occupational Health and Safety of employees. People development through training and mentoring is critical for long term sustainability of the Company.

The various Human Resources policies are formulated in a participative mode with employee involvement. New policies are duly communicated to the employees through various employee engagement forums. For example, recently the medical policy has been reviewed considering increasing instances of life style related diseases. In the new medical policy, the age for the free annual medical check has been lowered from 40 years to 25 years. The policy covers all levels of regular employees. Similarly, high emphasis has been given to occupational safety and safety during commuting to and from the Company.

Maruti Suzuki's supply chain has an important role to play in the Company's business and the Company invests in multiple ways in developing and nurturing its relationship with suppliers. Human Resource practices and safety at suppliers' end have become a focus area for the Company and several initiatives have been taken in this field. The Company encourages suppliers to adopt some of its established good HR practices and policies. The Company

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has also included anti-child labour and anti-sexual harassment clauses in the procurement agreement with suppliers.

The Company considers local community and society a significant stakeholder group. The Company's CSR programmes address specific needs of this stakeholder group. The Company runs a nationwide skill development and road safety programme. Its community development programmes cater to village communities in Gurgaon, Manesar and Rohtak in Haryana. The Company has dedicated resources for engaging with the communities and implementation of social initiatives based on needs assessment. The Company has set up a CSR Committee of the Board as per the requirements of the Companies Law 2013, in the Board Meeting held on 28<sup>th</sup> January, 2014. The Committee has three Board members, including one independent director.

The Company strives to delight its customers with latest technology and high quality products and after sales service. Customer Obsession is one of the Company's core values. The Company constantly works towards improving its products to offer cars with better safety and comfort features, fuel efficiency and low cost of ownership. The Company goes the extra mile to make car servicing easy and convenient for customers.

The Company's business operation has many positive social impacts. The Company provides gainful employment to thousands of people directly through its operations. The suppliers and dealers of the Company further employ a large number of people and this boosts local economy. The growth of the Company's business creates business and employment opportunities for many. The social programmes of the Company create a positive environment in the Company's neighbourhood besides addressing some of the social needs. The efforts of the Company's R&D are aimed at delighting customers by meeting their aspirations for safer, comfortable, fuel efficient and stylish cars.



## EMPLOYMENT

Maruti Suzuki's manpower is a mix of executive and worker categories, with each category contributing in its own unique way to the growth and development of the Company. The Company draws a large workforce with various qualifications, skill sets and capabilities to meet its wide range of manpower requirements. For the Company, 'local' denotes India operations.

### MANPOWER BREAK-UP AS ON 31<sup>ST</sup> MARCH 2014

	Manpower category	2011-12	2012-13	2013-14
1	<b>Regular manpower</b>			
a	Assistant supervisor and above	4,178	4,648	5,878
b	Associates/technicians	3,098	3,029	5,222
c	Trainees	1,872	1,744	1,447
	<b>Total regular manpower</b>	<b>9,148</b>	<b>9,421</b>	<b>12,547</b>
2	<b>Apprentices</b>	<b>625</b>	<b>936</b>	<b>1,099</b>
3	<b>Contract/temporary workers</b>	<b>9,081</b>	<b>8,554</b>	<b>6,578</b>
	<b>Total Manpower</b>	<b>18,854</b>	<b>18,911</b>	<b>20,224</b>

### LEVEL WISE, GENDER WISE BREAK UP OF REGULAR MANPOWER AS ON 31<sup>ST</sup> MARCH 2014

	Manpower category	Female	Male	Total
	<b>Regular manpower</b>			
1	Associates/ technicians	19	5,203	5,222
2	Assistant supervisor and above	300	5,578	5,878
3	Trainees	47	1,400	1,447
	<b>Total regular manpower</b>	<b>366</b>	<b>12,181</b>	<b>12,547</b>

### ATTRITION BY AGE, GENDER AND LEVEL AS ON 31<sup>ST</sup> MARCH 2014

Gender	Category	Upto 30 Years	30-50 Years	50 Years & above	Grand Total	Attrition % age
Female	Associates	0	0	0	0	0%
	Assistant supervisor and above	17	3	0	20	7.2%
	Trainee	1	0	0	1	1.5%
	<b>Sub Total I</b>	<b>18</b>	<b>3</b>	<b>0</b>	<b>21</b>	<b>6.1%</b>
Male	Associates	13	4	1	18	0.3%
	Assistant supervisor and above	186	84	1	271	5.1%
	Trainee	17	0	0	17	0.4%
	<b>Sub Total II</b>	<b>216</b>	<b>88</b>	<b>2</b>	<b>306</b>	<b>2.6%</b>
	<b>Total</b>	<b>234</b>	<b>91</b>	<b>2</b>	<b>327</b>	<b>2.7%</b>

### PERCENTAGE OF FEMALE EMPLOYEES IN REGULAR MANPOWER AS ON 31<sup>ST</sup> MARCH 2014

	2011-12	2012-13	2013-14
<b>Total Regular Manpower</b>	9,148	9,421	12,547
<b>Male</b>	8,874	9,091	12,181
<b>Female</b>	274	330	366
<b>Percentage of female employees</b>	<b>2.9%</b>	<b>3.5%</b>	<b>2.9%</b>

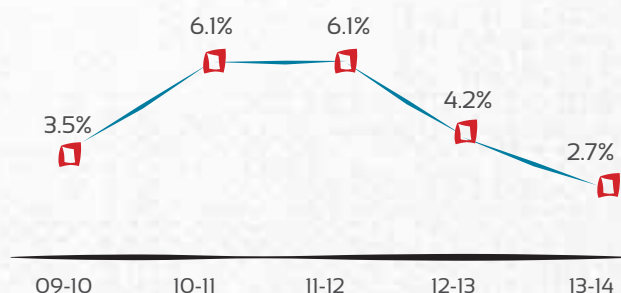
### NEW HIRES (REGULAR MANPOWER) BY LEVEL, GENDER AND AGE IN 2013-14

Gender	Category	Age			Total
		Upto 30 years	30-50 years	Above 50	
Male	Assistant supervisor and above	89	28	1	118
	Associates/ technicians	3	3	0	6
	Trainees	734	7	0	741
<b>Total</b>		<b>826</b>	<b>38</b>	<b>1</b>	<b>865</b>
Female	Assistant supervisor and above	7	2	0	9
	Associates/ technicians	0	0	0	0
	Trainees	30	0	0	30
<b>Total</b>		<b>37</b>	<b>2</b>	<b>0</b>	<b>39</b>
<b>Grand Total</b>		<b>863</b>	<b>40</b>	<b>1</b>	<b>904</b>

### RESIGNATION IN NEW HIRES IN 2013-14

	Female	Male
<b>Category</b>		
<b>New employees hired</b>	39	865
<b>New employee resignation in 2013-14</b>	0	6
<b>Rate of new employee attrition</b>	0%	0.69%

### ATTRITION TREND OF REGULAR MANPOWER IN LAST 5 YEARS (%)



# Social Performance

## BENEFITS PROVIDED TO EMPLOYEES

The Company provides several benefits to its regular and contractual employees. All regular employees get meals at subsidised rates. For contractual employees the meal is provided free of cost. The medical centre within the factory premises is equipped with qualified doctors and modern facilities and caters to all employees, including contract employees. All contractual workers are provided with personal protective equipment, and health check-ups are carried out for them depending upon the nature of their work.

Regular employees with dependent children and parents are covered under the Company's hospitalisation policy, whereas contractual employees are covered under Government's ESIC scheme.

Life insurance cover is provided to regular employees and temporary workmen. Disability and invalidity coverage is as per the Employee Compensation Act.

## PARENTAL LEAVE

All regular female employees of the Company are entitled to maternity leave. The Company does not provide paternity leave to its male employees. The maternity benefits provided by the Company are better than those mandated under the Maternity Benefit Act, 1961.

## MATERNITY LEAVE AND RETURN TO WORK (As on 31<sup>st</sup> March 2014)

	Maternity Leave	Number of employees
1.	Employees on maternity leave	25
2.	Return to work	
(a)	Returned to work after maternity leave	18
(b)	Employees who have not completed maternity leave	3
(c)	Employees on extended leave (after completion of maternity leave)	4

All those who took maternity leave are still with the Company. Out of the total number of women on maternity leave, two have completed 12 months of service as on 31<sup>st</sup> March 2014.

## OPERATIONAL CHANGES

At Maruti Suzuki, practice laid down as per Statute (as per section 9 (a) of the Industrial Dispute (ID) Act 1947) is followed with regard to operational changes. For any change in the condition of service of workman, prior notice of 21 days is mandatory. The notice period and provisions for consultation and negotiation is not a part of collective bargaining agreement.

## OCCUPATIONAL HEALTH AND SAFETY

A large part of the Company's workforce is engaged in the manufacturing operations. This makes employee's health and safety a top priority for Maruti Suzuki from the point of view of sustainability of its human resource.

The Company has a structured Occupational Health and Safety Management System. A detailed Hazard Identification and Risk Assessment (HIRA) exercise is carried out for each area and safety related targets are set accordingly for each department.

Maruti Suzuki has an apex safety committee which has been constituted as per the guidelines of the Factories Act 1948 (India) comprising an equal number (eight) of worker and management representatives. The tenure of the safety committee is two years and it meets on a quarterly basis.

**SAFETY  
FIRST**

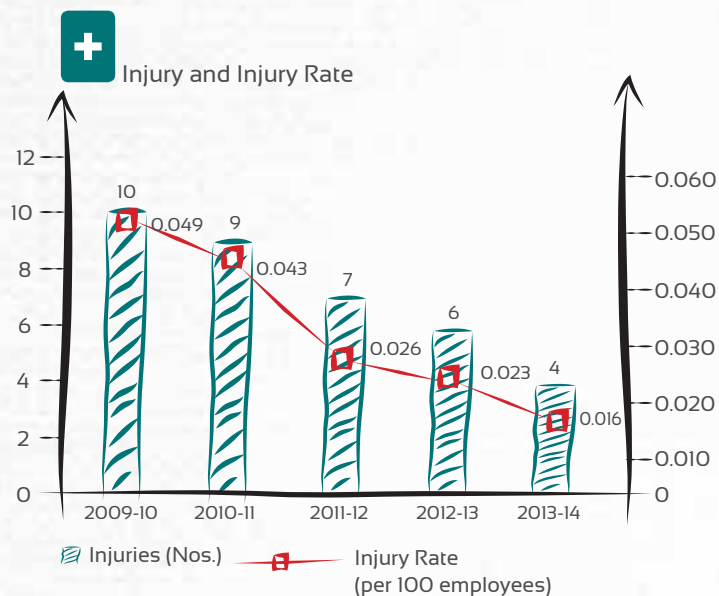


Employees undergoing a mock drill as part of safety training





During the reporting year, there was zero fatality due to accident within the Company boundaries. There were four reportable accidents causing injuries and zero Occupational Disease Rate (ODR).



The Company has four Occupational Health Centres located at its facilities. These provide 24X 7 services and are run by full-time qualified medical officers specialised in occupational medicine. No significant occupational disease was reported to the Health Centres in 2013-14.

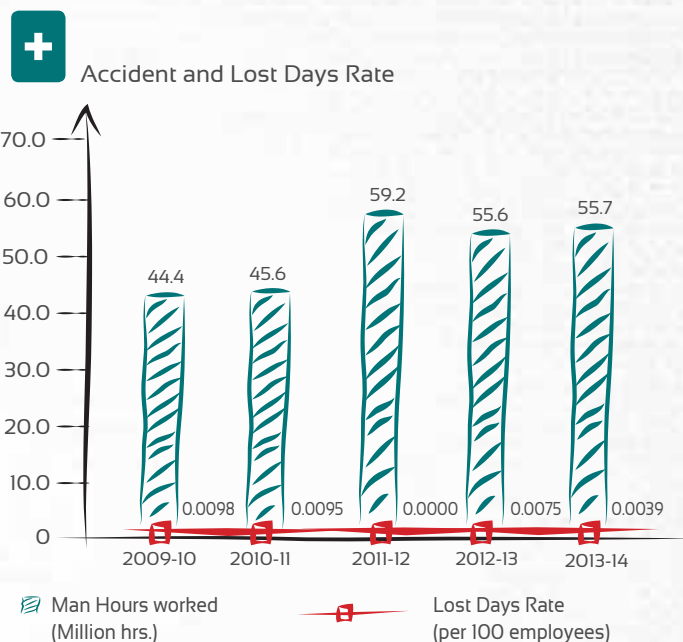
The Company's manufacturing operations include some hazardous processes wherein sufficient preventive measures have been adopted to protect employees. Medical surveillance programmes are conducted in hazardous process areas periodically for early detection of occupational diseases.

The Company organises medical awareness surveillance programmes and interactive health awareness sessions by doctors from reputed hospitals for employees throughout the year. The Chief Medical Officer sends out advisories and informative e-mails on a regular basis to all employees. Speciality clinics/camps are also organised free of cost for employees throughout the year.

Regular employees undergo a pre-employment medical check-up and post-employment employees over 40 years undergo an annual check-up. In 2013-14, medical check-ups were expanded to include employees in the 25 to 39 year bracket.

The Company has been driving an initiative on promoting safety amongst its tier-I suppliers. This programme covers parameters such as safety management systems,

general working conditions, fire protection system, legal requirements, electrical safety management, safety in operation and maintenance, emergency management system etc.



## TRAINING AND EDUCATION

After assessing the need for training, the Company provides its employees extensive training and learning opportunities through well-designed and customised training programmes that are rolled out throughout the year.

### CATEGORY WISE TRAINING ACHIEVEMENT (MANDAYS PER EMPLOYEES) FOR 2013-14

Level Category	Male	Female	Overall
Assistant Manager & Above (Including GETs)	5.3	6	5.3
Supervisors (Including JETs)	5.4	4.3	4.5
Associates	3.4	2.6	3.4
Overall	4.3		

# Social Performance

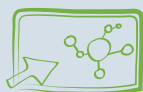
## Maruti Suzuki Training Academy



ITI students at the Training Academy

The Maruti Suzuki Training Academy was started in December 2012. The objective was to establish an academy of excellence to meet specific business needs and capability development of all employees of Maruti Suzuki, Suzuki group of companies, dealers and suppliers.

The Academy has four focus areas:



Virtual Classroom to reach all area offices, regional offices, regional training centres via a remote delivery model that enables asynchronous learning across geographies.



Self- Learning to enable employees to learn on their own, at their own pace in non-intrusive environment through (LMS). The LMS covers needs identification, individual skill competency tracking and assessment.



Finishing School to provide experiential learning through simulated and hands-on experience through industry trained faculty.



Higher Education whereby the academy collaborates with academia at various levels – certificate courses for class 10th/12th pass candidates, diploma and degree programmes for associates.

The training delivery methodology includes trainer based training, multimedia/simulation based training, satellite based training and experiential/on-job training. Trainer can connect to regional offices, area offices and regional training centres to run a workshop/session/communication to train about 1700 employees at one time.

The Academy is also registered as Vocational Training Provider with the State of Haryana under the Skill Development Initiative Scheme. The Academy can officially train dealerships, vendors, ITI students, etc. on seven government certified courses.

The Academy covers Maruti Suzuki's network across the country.





### LIFELONG LEARNING AND CONTINUED EMPLOYMENT

The Maruti Centre for Excellence (MACE) was formed in 2004 in collaboration with 21 suppliers. The activities of MACE include providing training, support and consultancy to tier-I and tier-II suppliers and the sales network to help them achieve world class standards in quality, cost, service and technology. MACE staff mostly comprises retired Maruti Suzuki employees who have the relevant technical experience.

A list of all employees nearing retirement is circulated amongst the joint ventures of the Company to explore the possibility of their post-retirement employment at the joint ventures / group companies.

### PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

Promotions and revisions in salary and remuneration are based on performance assessment and merit of the individual. For managerial cadre, Maruti Suzuki provides three types of career growth opportunities: fast track, normal track and extended track growth.

All regular employees, except those on sabbatical, education leave or long leave, undergo a mid-year and annual appraisal.

### DIVERSITY AND EQUAL OPPORTUNITY

All appointments across all levels are made on the basis of the Company's need, vacancies and merit of individuals, irrespective of gender, race, caste etc. For hiring workers (skilled, semiskilled, unskilled and apprentice), equal weightage is given to candidates from across the country.

The Company does not discriminate on the basis of gender with regard to basic salary and remuneration. At the time of recruitment, new employees are offered salaries in line with the skill, merit, qualification, experience and peer level compensation. Other perks and benefits applicable to a particular level are extended to all, irrespective of gender, age or any other such factor.

The Company has one woman director (non-executive) on the Board.

### LABOUR PRACTICES GRIEVANCE MECHANISMS

There were no grievances on labour practices filed through formal grievance mechanisms during the reporting period.



Employees and their children enjoy games as part of Parivar Milan programme

### HUMAN RIGHTS

The UN Declaration of Human Rights lists out 30 articles that are intended to give individuals dignity and equality based on the foundation of freedom, justice and peace. Some of the articles are applicable to manufacturing companies.

Employing a large number of people from different walks of life and engaging them in different types of work in the Company, Maruti Suzuki upholds the Human Rights principal of non-discrimination and freedom of association. The Company also recognises that children have the right to education and recreation and shouldn't be engaged in work. The Company has developed policies that are in line with its beliefs in Human Rights.

### NON-DISCRIMINATION

The Company ensures that there is no discrimination against any employee on grounds of race, colour, religion, caste, sex, age, marital status, disability, nationality or any other factor under applicable laws and contemporary practices at the workplace.

Recruitment, placement, promotion, transfer, compensation, training and other benefits are based on the merit and competency of the individual and business needs of the Company.

The Company has instituted a policy to ensure non-discrimination of employees infected or affected by HIV/AIDS and offers support to such employees. This policy applies to all employees and contract workers, and covers all aspects of formal and informal work.



# Social Performance



Promoting diversity : women employees at the shopfloor

No substantiated or unresolved incidence of discrimination was reported in 2013-14.

The Company has instituted an Anti-Sexual Harassment Policy. The responsibility of ensuring adherence to the policy lies with the top management, directors, divisional heads and senior management, as well as all employees.

No incidence of sexual harassment was reported in 2013-14.

## FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

The Company has internal and independent labour unions at its plants and union elections are held as per the statutory requirements.

All major policy changes affecting workers are discussed with union representatives and their suggestions incorporated after being examined for feasibility as per

statutory requirements. Such changes are communicated to the workers directly and through union representatives. All associates/regular workmen are covered under collective bargaining.

## CHILD LABOUR

The Company abides by the Government of India legislation with regard to child labour. The Company has also formulated an Anti-Forced and Child Labour Policy that covers its operations. The minimum age for recruitment is 18 years for all categories of employees.

No incidence of child labour was reported in any of the Company's units in 2013-14.

## FORCED OR COMPULSORY LABOUR

No incidence of forced or compulsory labour was reported in any of the Company's units in 2013-14.





## LOCAL COMMUNITIES

Maruti Suzuki's CSR programmes tackle specific social issues at the local and national level. The community development programme is designed to take care of the needs of communities located around the Company's facilities. These needs are identified through formal (surveys and assessments) and informal methods (one to one contact, regular engagement with community leaders). The nationwide road safety and skill development programmes address issues on a national level such as the need for scientific driving training and skill training for employment respectively.

The key approach of the Company is to develop scalable, sustainable and impactful social programmes in a partnership mode. CSR is an integral part of the business and the CSR programmes are periodically reviewed by the management.



## COMMUNITY DEVELOPMENT

The Company carries out Needs Assessment Survey of the neighbouring communities before initiating CSR interventions. Based on the needs of the community, the Company undertakes social projects in areas such as education, sanitation, health care and rural infrastructure projects. In 2013-14, community development work was initiated in a village close to the upcoming R&D test course at Rohtak. Presently, the Company is undertaking social projects in Manesar, Gurgaon and Rohtak in Haryana.



Government school children visiting Manesar Plant



Annual Function organised by Maruti Suzuki in a Government School in Gurgaon



# Social Performance

## Government School, Molahera: A Story of Change



Maruti Suzuki began its intervention in Molahera village with the Senior Secondary Government school there. The school was an old one and its infrastructure was in poor condition. The Company aimed at improving the infrastructure and turning the school into a model school. A detailed inspection of the facilities was undertaken and plans for school improvement were developed, in consensus with the school authorities.

The school walls were painted and made bright and cheerful, new black boards, tube lights and fans were installed to make the environment more comfortable and conducive for learning. A main gate was installed and the boundary wall was fortified with barbed wire for security of the children and property. New toilet facilities were constructed for students and teachers. Lessons were painted on the walls that the teachers could use as a readily available teaching aid.

A volunteering programme was started through which Maruti Suzuki employees could spend their time and energy in contributing to the school. Maruti Suzuki organised sports and cultural activities and encouraged children to participate in them. To encourage excellence we instituted Academic Excellence Awards for outstanding students.

The interventions by Maruti Suzuki has made a distainable impact on the school and the students. The school shows improvement in both attendance and enrollment. The students are delighted with their improved school. The teachers too are glad to see the positive changes in their school.

### HIGHLIGHTS OF INTERVENTION

- Repair and whitewash of school building
- Repair of boundary wall and installation of barbed wire
- Repair of rooftop and water proofing
- Construction of toilet blocks for primary and secondary girls and boys, and staff
- Construction of sinks to wash lunch boxes in primary and seconday sections
- Water tanks for primary and secondary sections 24000 and 9600 litres capacity respectively
- Installation of new metal main gate
- Installation of fans and tube lights
- Provision of black boards
- Creation of green areas in the campus



Students studying in their refurbished class rooms





## Then and Now



< A fresh coat of paint on the school building to enhance the overall look of the school

> Drinking water facility in the school improved with new water tanks in the primary and high school sections



< New ceiling fans and tube lights installed in classrooms to make the learning environment more comfortable for the children

> The school boundary wall raised and fortified with barbed wire for the security of the school property and the children



< The school walls painted with teaching-learning material. This readily available material is used both by students and teachers



> New, modern toilets constructed for girls, boys and staff



# Social Performance

## Education

The key objective of the programme is to improve infrastructure and learning levels of students in government schools in the neighbouring communities. The infrastructure development work includes construction of toilets, boundary walls, pavements, drinking water tanks, repair of electrical fittings, provision of fans and horticulture work. The Company has contributed to upgradation of seven government schools. Of these, three schools have been declared the "most beautiful schools" by the State Education Department.

In 2013-14, the Company instituted Academic Excellence Award for students securing top three positions in 10th and 12th standard examinations. The award includes cash prize and a trophy.

Around 7,500 students, many from underprivileged sections of society, have benefitted from the education programme of the Company. As a result of the various interventions of Maruti Suzuki, there has been improvement in the enrolments and the academic performance of students in the schools.



Sports equipment distribution at a Government school in Rohtak

## Sanitation

The Company started working on sanitation in 2013-14. As part of the programme, the Company provided sweepers in select Manesar villages to help the community in improving the level of cleanliness in the villages. The community was also sensitised about the benefits of hygienic living through street plays and communication literature. Two villages of Manesar where the Company worked were shortlisted in 2013-14 for Nirmal Gram Puraskar by the government at the district level.



Flag-off ceremony of Anti-Dengue and Anti-Malaria Campaign in Gurgaon

## Health Care

In 2013-14, the Company donated four EECO Ambulances to the Civil Hospital in Gurgaon. These Ambulances have attended to over 2785 medical emergencies during the year.

The Company continued with its annual Anti-Dengue and Anti-Malaria Awareness Campaign in partnership with Government Health Department. As part of the programme, larvicide was sprayed in housing colonies in collaboration with the government health department. The campaign covered 79,210 households in 2013-14.

## Rural Infrastructure Projects

The Company also upgraded the common community assets such as parks, cremation ground, playground and community halls in the villages around Manesar facility. Such projects helped in building cohesive relations with the community.

## SKILL DEVELOPMENT

Maruti Suzuki adopts Industrial Training Institutes (ITIs) in partnership with state governments for their overall upgradation. The key objective of the programme is to improve quality of training and upgrade technical skills of students in order to make them industry ready and enhance their employability.







Key elements of the skill training programme are as following:

#### ↗ Faculty Development

The programme includes training ITI faculty members on aspects such as behaviour, work culture, teaching methodology to help them improve their skills, behaviour and teaching methodology.

#### ↗ Student Development

The programme includes soft skill training such as discipline, personal grooming and communication skills. Add-on courses are provided to augment the course curriculum and provide industry specific training to students. The Company also promotes sports and cultural activities among students.

#### ↗ Infrastructure Development

The programme includes infrastructure improvements such as repair of building, machines, workshop tools, provision of furniture and teaching aids.

#### ↗ Industry Connect

The students and faculty members are invited to the Company's factories to give them industry exposure. In addition, guest speakers from industry are invited to the Institute to provide guidance to the students and impart industry specific training.



Students learning at an ITI

In 2013-14, the Company adopted eight new ITIs, taking the total number of adopted ITIs to 29. The ITI upgradation programme benefited over 11,000 students studying in the adopted ITIs.

The Company also has technical tie-ups with ITIs across the country with the key objective to upgrade select courses linked to auto industry such as mechanics, automobile and denting and painting courses.



Hands-on training for ITI students

The Company undertakes faculty training, students training and organises job placement fairs at the institutes. A large number of students passing out of these ITIs secure employment at the dealer workshops.

The Company is currently working with 85 ITIs spread across 21 states to upgrade automobile related trades including five new ITIs that were added in 2013-14. This initiative benefited over 5,500 students. In the last three years, over 2,800 students from these ITIs were employed in service workshops of the Company's dealers. This initiative helps in meeting the manpower requirement of service workshops at the same time helping students in getting gainful employment.

#### ROAD SAFETY

Maruti Suzuki runs a large nationwide road safety programme that focuses on providing scientific driving training and generating awareness amongst masses on safe driving. The Company has developed two major models for imparting driving skills to existing and new drivers:

#### ↗ Institutes of Driving and Traffic Research (IDTRs)

These are large-scale driving training institutes set up on areas as large as 10 acres. Established in partnership with the Government, the institutes offer training for passenger car and commercial vehicle drivers. Scientifically designed driving tracks and simulators are used for practical training. An additional component of health check-ups and soft skills training is also offered for commercial vehicle drivers. Trained and certified instructors undertake theory and practical sessions. The Company has set up six IDTRs so far.

#### ↗ Maruti Driving Schools (MDSs)

A smaller format of training schools, these have been set up in partnership with dealers. MDS offers training for



# Social Performance

driving passenger vehicles only. The training curriculum at the MDS is the same as that at the IDTRs, except that the practical driving training is imparted on actual road instead of test tracks. About 50% of MDS trainees are women. In 2013-14, 44 new MDS were added taking the total number of MDS to 321.

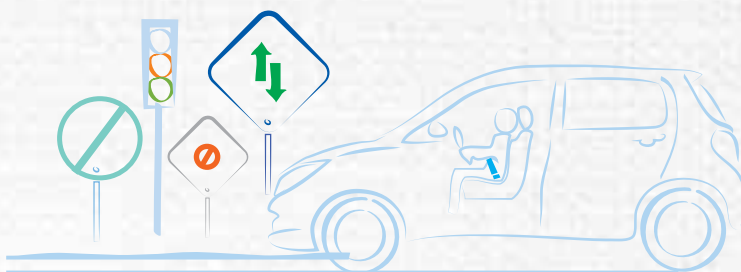
The Company has established Road Safety Knowledge Centres (RSKC) in partnership with Haryana Traffic Police to promote road safety in cities. The RSKC are managed by IDTR. Presently there are seven RSKC functional in Haryana. Over 1.5 lakh traffic violators and learner license applicants were given training on road safety and traffic rules in 2013-14.

In 2013-14, the Company signed an MoU with National Minorities Development and Finance Corporation (NSFDC) to train economically weak youths belonging to minority communities. Nearly 3,300 youths enrolled for training. In 2013-14, over 40,000 drivers transporting Maruti Suzuki vehicles attended driving training sessions at Driver Education Centres, located within the factory premises in Manesar and Gurgaon. Besides, 7,050 drivers were trained at IDTR. In March 2014, a week long safety campaign "Jagriti" for drivers was also conducted. More than 2,500 drivers participated in this event. The Jagriti programme covered general health check-up, eye check-up, distribution of spectacles, HIV testing and counselling. The Company also rewards drivers who have an excellent track record of damage free and timely vehicles delivery. In 2013-14, 150 Star Drivers were felicitated.

In 2013-14, over 4.49 lakh people were trained in safe driving taking the cumulative number to people trained so far to 1.9 million.



Gurgaon Road Safety Mega Festival to generate awareness on road safety among school children



IDTR, Delhi: providing driving training on commercial and passenger vehicles

## EMPLOYEE VOLUNTEERING

The Company runs an employee volunteering programme with an objective to connect employees with the society, facilitate social contribution and to make them good citizens. In 2013-14, employees contributed 9,700 volunteering hours for the benefit of society. Employees mainly volunteer in the neighbouring communities and support school education, health awareness and sanitation programmes.

All new employees undergo a short training on CSR and volunteer in the community for one day. In 2013-14, 570 new employees volunteered in the community as part of the induction training. During the year, employees fulfilled Christmas wishes of 1,032 underprivileged children, donated 3,495 notebooks and 1,300 soaps for school children and contributed food items, blankets and other relief material for the victims of Uttarakhand floods in India.





Maruti Suzuki senior management giving gifts to Government School children in Manesar as part of Wish Tree Campaign



Employees spreading Anti-Dengue & Anti-Malaria awareness in Gurgoan villages



Employees distributing notebooks in government schools



Employees participating in cleaning and tree plantation activities in Manesar villages

## ANTI-CORRUPTION

The Company's Code of Business Conduct and Ethics includes clause on honesty, integrity and ethical conduct. All senior management personnel and employees are expected to comply with the letter and spirit of the Code of Conduct.

The Code of Conduct for the senior management personnel is applicable to the directors of the Company, the top management and all functional heads. It is signed by the senior management personnel every year. The Code of Conduct is available on the Company's website and internal portal.

The Code of Conduct for employees is applicable to all employees over the level of assistant supervisor and above category. All employees sign Code of Conduct at the time of joining. The Code of Conduct for employees is available on the internal portal. The workmen are governed by the Certified Standing Order under the Industrial Employment (Standing Order) Act, 1946.

There were no reported incidents of corruption in 2013-14. There were no contributions made to political parties, politicians, related institutions by the Company in 2013-14.

## ANTI-COMPETITIVE BEHAVIOUR

In the ordinary course of business, customers who purchase the Company's products file claims alleging unfair trade practices under "The Consumer Protection Act 1986". Such claims are insignificant in number compared to the number of vehicles the Company sells. The Company has been effectively defending all such claims before various fora.

The Director General, Competition Commission of India, has conducted an investigation on 17 automobile OEMs in India, including Maruti Suzuki, for alleged anti-competitive behaviour. The matter is pending adjudicating with the Competition Commission of India as on 31<sup>st</sup> March 2014.

There are no cases filed and pending against Maruti Suzuki in regard to irresponsible advertising and/or anti-competitive and unfair trade practices.



# Social Performance

## PRODUCT RESPONSIBILITY

### Customer Health and Safety

In today's times, customer expectations are changing at a fast pace. In keeping with its core value of Customer Obsession, the Company makes continuous effort to improve the features, styling, comfort and fuel efficiency of its cars. The Company's R&D function plays an important role in developing new vehicles and improving existing ones.

Specific areas in which R&D has been carried out in the reporting year include:

- Design capabilities in vehicle exterior and interior have resulted in developments in BIW (Body in White) optimisation, alternate material like low density foam pads, use of high tensile steel grade, dual hardness seats, utility enhancement in instrument panel and luggage area etc., consequently achieving overall weight reduction, improved interior fit and finish and NVH.
- With increasing electronic content in the vehicle, efforts were concentrated on capability upgradation in automotive electrical and electronic area

- Indigenous application of ABS system and system layout capabilities in various sub-systems of brake, suspension and steering were enhanced.
- A number of improvements were carried out in the areas of engine and transmission which resulted in overall improvement in fuel efficiency and quality.
- During the year, several engineering projects were taken to increase design and development capability. Hybrid and Electric vehicle, advance technology integration and projects on new car features were taken up to enhance capability.

The outcomes of these efforts were:

- Auto Gear Shift technology introduced for the first time in India in the Celerio model. The Auto Gear Shift technology is breakthrough technology solution at a substantially cost than a contemporary automatic transmission while maintaining the same fuel efficiency as manual transmission vehicle.
- The Company demonstrated the Swift Range Extender concept during Auto Expo 2014 under the Government-SIAM programme for promotion of hybrid and electric vehicles in India.

Some examples of improvements carried out by the Company for improving customer safety and comfort:

### CELERIO

- Customised security system was installed wherein customers can customise central lock settings and auto door lock/unlock settings. There are 15 different levels of sensitivity for pre warning and full blast warning of shock sensors. Air bags, auto door unlock on crash and ABS features further enhances safety.
- Provision of 15 smart utility spaces in the vehicle along with good luggage space.
- The innovative structural design and use of advanced steel and polymers enhances safety during accidents.



### STINGRAY



- Fuel display in Speedometer to inform user about the current fuel efficiency of the car. This has two advantages:
  - The user can monitor and improve his driving habits to get maximum fuel efficiency and in the process save fuel
  - In case of poor fuel efficiency, the customer takes the car to the service station for check-up and repair
- Advanced features like projector headlamp, reflector grill etc. were added.

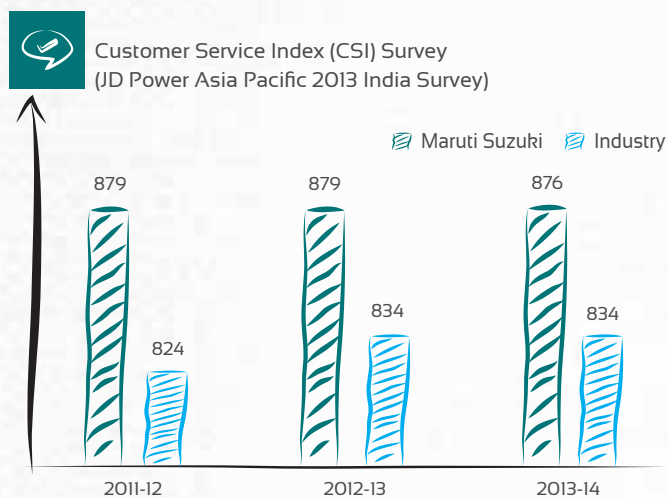




## PRACTICES RELATED TO CUSTOMER SATISFACTION

Customer Obsession is one of Maruti Suzuki's core values. After sales service is critical as the customer uses the car for several years.

Maruti Suzuki's customer satisfaction philosophy is well defined in its Quality Policy. The Company has a wide service network. In 2013-14, 133 dealer workshops were added. As on 31<sup>st</sup> March 2014, Maruti Suzuki had 3047 Service Workshops across the country (1,552 dealers and 1495 MASSs). The service network of the Company covers over 1,446 cities.



Customers ranked the Company first in Customer Satisfaction in the JD Power Asia Pacific Customer Satisfaction Index (CSI) Survey for the 14<sup>th</sup> time in a row.

Customers also ranked the Company first in Sales Satisfaction Index in the JD Power Asia Pacific Sales Satisfaction Index (SSI) Survey in 2013-14.

Maruti Suzuki has set up Regional Training Centres at 16 locations in India and a Central Service training centre at Gurgaon, Haryana to provide training and upgrade technical skills of workshop staff. The Company provides technical and soft skill training to service advisors for better customer interaction, understanding and fulfilling customer requirements. Training facility has been enhanced through web studio.

Some initiatives taken by the Company for customer convenience during the year were:

- **Service Network**

The Company has created an efficient service infrastructure with world class service facilities, standardised processes and skilled manpower. This infrastructure services over 12.93 lakh cars per month.

- **Customer relationship building**

Customer relationship building activities like free check-up camps and customer meets are organised at different locations throughout the year to strengthen the Company's bond with customers and address their concerns. In 2013-14, 19,394 service camps and 3,204 customer meets were conducted, reaching out to 8.11 lakh customers.

- **Mobile Workshops**

Maruti Suzuki provides vehicle servicing facility at the doorstep of the customers. The Company uses a mobile vehicle equipped with tools required for regular service and minor repairs. As on 31<sup>st</sup> March 2014, there were 1002 Maruti Mobile Support (MMS) Vehicles in operation and these attended to about 38,969 customer requests in a month.

- **Emergency Road Side Assistance**

Maruti Suzuki provides 24 hours assistance to customers in case of vehicle break down through the Maruti On-Road service (MOS). This service is available across the country. In 2013-14, this service was provided to 1 lakh customers.

- **Online Technical Information Tracker**

This system has been developed by the Company for instant access of technical information by service workshops. About 89% workshops have started using this system.

The technical helpdesk was stabilised to assist workshops in resolving diagnosis issue online directly with the technical experts at regional offices and factory. This has led to reduction in problem resolution time by 33%.

- **Network performance**

The Company provides flexibility and convenience to its customers for vehicles servicing. At present, 1,160 workshops are operating on all seven days of the week. There are 178 workshops operating on extended shift (12 - 16 hours a day) and 26 workshops are operating a second shift (more than 16 hours a day).

- **Dual Car Parking Lift**

Dual Car Parking Lift was introduced to increase parking space at workshops. With this 60 % space saving was achieved at 50 % lower cost as compared to conventional multi-levels. As on 31<sup>st</sup> March 2014, 16 such lifts were operational in the network.

- **Customer feedback collection**

Maruti Suzuki has a robust system of collecting feedback from customers through feedback cards, e-mails etc. In addition, "Telephonic Survey" was introduced in 2013-14. About 85,000 customers sent the Company feedback in

# Social Performance

writing and about 176,000 customers were contacted over the phone for telephonic surveys in 2013-14.

- **Grievance redressal system**

Maruti Suzuki has instituted a robust customer complaint and grievance redressal management system. An effective and comprehensive customer complaint handling system has been developed to capture and resolve customer concerns at the workshops.

On an average, 20,000 customer complaints are captured and attended to each month. In case the customers are dissatisfied with the response to their complaint, there is an escalation matrix that has been displayed at each workshop. The customer can escalate their complaints to the Regional Office and Corporate Office.

- **Maruti Quick Stop**

Maruti Suzuki has also introduced the concept of Maruti Quick Stop workshops that are environment friendly due to waterless vehicle washing and are convenient for customers as they are located in central locations in big cities. Currently, seven such workshops are operational in the network.

## CUSTOMER PRIVACY

Maruti Suzuki exercises utmost care in handling customer data. The Company has installed a Dealer Management System across its sales and service network to store and control data centrally. It has an agreement with dealers, Maruti Service Zones and Authorised Service Stations for maintaining privacy of customer data.

The Company has a well laid out business continuity and disaster recovery plan for critical data security, including customer information, wherein all major and critical systems are mapped and a detailed contingency action plan chalked out.

There were no substantial complaints regarding breach of customer privacy or loss of customer data during the year.

## MARKETING COMMUNICATION

Maruti Suzuki is a member of the Advertising Standards Council of India (ASCI) and follows its Code for Self-Regulation in Advertising and Marketing Communications. The Company makes sure that its advertisement content does not depict anti-competitive behaviour and intentions, and abstains from any kind of sexually explicit, malicious -alignment, offensive or anti-social content in all its marketing communications at the mass and local levels. Advertisements that contain stunts are shown with a



A practical training session for service technicians

clear disclaimer and caution statements. Maruti Suzuki also releases communication to promote safe driving in the public interest and is open to reviewing its marketing communications based on specific feedback.

## PRODUCT AND SERVICE LABELLING

An Owner's Manual and Service Booklet is provided to each customer with the purchase of a car; it contains all information relating to safety, operation and maintenance of the vehicle. At the time of vehicle delivery, technical features of the vehicle are explained to the customer. Product related information is also available on the Company's website. Critical information on product usage (e.g. A/C gas, tyre pressure, brake fluid) is displayed on the labels and provided on the products for information and educational purposes.

The Company organises periodic customer meets which are conducted at dealer workshops for customer education and awareness on product usage. Besides, service camps are organised throughout the year where the condition of customers' vehicle is checked and they are educated on vehicle use and maintenance.

There were no incidents of non-compliance with regulation/ voluntary codes concerning product and service information and labelling in the year.

## COMPLIANCE

The Company received notices regarding two television commercials from ASCI (Advertising Standard Council of India). Both issues were resolved.

No notice for investigation under Section 19 of the Competition Act, 2001, was received in 2013-14.

# GRI G4 (Core) Content Index

GENERAL STANDARD DISCLOSURES						
General Standard Disclosures	Disclosure Requirements	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance (page no.)
<b>Strategy and Analysis</b>						
G4-1	Statement from the most senior decision-maker of the organization	4-7	Not applicable	Not applicable	Not applicable	79-80
G4-2	Key impacts, risks, and opportunities	8-11		Not applicable		79-80
<b>Organisational Profile</b>						
G4-3	Name of the organization.	12	Not applicable	Not applicable	Not applicable	79-80
G4-4	Primary brands, products, and services.	16-17, 19	Not applicable	Not applicable	Not applicable	79-80
G4-5	Location of the organization's headquarters.	12	Not applicable	Not applicable	Not applicable	79-80
G4-6	Names, number of countries where the organization operates	15	Not applicable	Not applicable	Not applicable	79-80
G4-7	Nature of ownership and legal form.	18	Not applicable	Not applicable	Not applicable	79-80
G4-8	Markets served	14-15	Not applicable	Not applicable	Not applicable	79-80
G4-9	Scale of the organization	12-13	Not applicable	Not applicable	Not applicable	79-80
G4-10	a. Total number of employees by employment contract and gender.	18, 59	Not applicable	Not applicable	Not applicable	79-80
	b. Total number of permanent employees by employment type and gender.	18, 59				79-80
	c. Total workforce by employees and supervised workers and by gender.	18, 59				79-80
	d. Total workforce by region and gender.	18, 59				79-80
	e. Whether a substantial portion of the organization's work is performed by workers legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.	18				79-80
	f. Significant variations in employment numbers	18				79-80
G4-11	Percentage of total employees covered by collective bargaining agreements.	64	Not applicable	Not applicable	Not applicable	79-80
G4-12	Organization's supply chain.	19-20	Not applicable	Not applicable	Not applicable	79-80
G4-13	Significant changes in reporting period regarding the organization's size, structure, ownership, or its supply chain.	23	Not applicable	Not applicable	Not applicable	79-80
G4-14	Precautionary approach or principle.	50	Not applicable	Not applicable	Not applicable	79-80
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives	20	Not applicable	Not applicable	Not applicable	79-80
G4-16	List memberships of associations	21-22	Not applicable	Not applicable	Not applicable	79-80
<b>Identified Material Aspects and Boundaries</b>						
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents.	23-24				79-80
	b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	23-24				79-80
G4-18	Process for defining the report content and the Aspect Boundaries.	23-24	Not applicable	Not applicable	Not applicable	79-80
G4-19	All the material Aspects identified	24-25	Not applicable	Not applicable	Not applicable	79-80
G4-20	For each material Aspect, report the Aspect Boundary within the organization	24-25	Not applicable	Not applicable	Not applicable	79-80
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	24-25	Not applicable	Not applicable	Not applicable	79-80
G4-22	Any restatements	23	Not applicable	Not applicable	Not applicable	79-80
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	23	Not applicable	Not applicable	Not applicable	79-80
<b>Stakeholder Engagement</b>						
G4-24	Provide a list of stakeholder groups engaged by the organization.	26	Not applicable	Not applicable	Not applicable	79-80
G4-25	Report the basis for identification and selection of stakeholders.	26	Not applicable	Not applicable	Not applicable	79-80
G4-26	Report the organization's approach to stakeholder engagement.	26	Not applicable	Not applicable	Not applicable	79-80
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns.	26-29	Not applicable	Not applicable	Not applicable	79-80
<b>Report Profile</b>						
G4-28	Reporting period for information provided.	23	Not applicable	Not applicable	Not applicable	79-80
G4-29	Date of most recent previous report.	23	Not applicable	Not applicable	Not applicable	79-80
G4-30	Reporting cycle.	23	Not applicable	Not applicable	Not applicable	79-80
G4-31	Provide contact point for questions regarding the report content.	Inside back cover	Not applicable	Not applicable	Not applicable	79-80
G4-32	a. Report the 'in accordance' option the organization has chosen.	Cover Page	Not applicable	Not applicable	Not applicable	79-80
	b. Report the GRI Content Index for the chosen option.	75-78				79-80
	c. Report the reference to the External Assurance Report	79				79-80
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report.	23	Not applicable	Not applicable	Not applicable	79-80
<b>Governance</b>						
G4-34	Report the governance structure of the organization.	33	Not applicable	Not applicable	Not applicable	79-80
<b>Ethics and Integrity</b>						
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	35-36	Not applicable	Not applicable	Not applicable	79-80



# GRI G4 (Core) Content Index

## SPECIFIC STANDARD DISCLOSURES

Specific Standard Disclosures	Disclosure Requirements	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance (page no.)
<b>Category: Economic</b>						
<b>Material Aspect: Economic Performance</b>						
G4-DMA	Disclosure on Management Approach	38				79-80
G4-EC1	Direct & indirect economic value generated and distributed.	41-42				79-80
G4-EC3	Coverage of organization's defined benefit plan obligations.	40				79-80
<b>Material Aspect: Procurement Practices</b>						
G4-DMA	Disclosure on Management Approach	38				79-80
G4-EC9	Procurement practices with regard to local supplier and significant location of operation.	9, 19-20				79-80
<b>Category: Environmental</b>						
<b>Material Aspect: Materials</b>						
G4-DMA	Disclosure on Management Approach	44-45				79-80
G4-EN1	Total weight or volume of materials used to produce and package the organization's primary products and services.	45				79-80
G4-EN2	Recycled input materials used to manufacture the organization's primary products and services.	45				79-80
<b>Material Aspect: Energy</b>						
G4-DMA	Disclosure on Management Approach	44-45				79-80
G4-EN3	Total fuel consumption from non-renewable & renewable sources	46				79-80
G4-EN5	Energy intensity ratio	46-47				79-80
G4-EN6	Reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives.	47				79-80
G4-EN7	Reductions in energy requirements of sold products and services	50-54				79-80
<b>Material Aspect: Water</b>						
G4-DMA	Disclosure on Management Approach	44-45				79-80
G4-EN8	Total volume of water withdrawn from sources.	48				79-80
<b>Material Aspect: Emissions</b>						
G4-DMA	Disclosure on Management Approach	44-45				79-80
G4-EN15	Direct greenhouse gas (GHG) emission (scope 1)	49				79-80
G4-EN16	Indirect greenhouse gas (GHG) emission (scope 2)	49				79-80
G4-EN19	GHG emissions reduction achieved as a direct result of initiatives to reduce emissions.	46-47				79-80
<b>Material Aspect: Effluents and Waste</b>						
G4-DMA	Disclosure on Management Approach	44-45				79-80
G4-EN22	Report the total volume of planned and unplanned water discharges.	49				79-80
G4-EN23	Report the total weight of hazardous and non-hazardous waste.	49				79-80
<b>Material Aspect: Products and Services</b>						
G4-DMA	Disclosure on Management Approach	44-45				79-80
G4-EN27	Environmental impacts of products and services.	50-55				79-80
<b>Material Aspect: Compliance</b>						
G4-DMA	Disclosure on Management Approach	44-45				79-80
G4-EN29	Report significant fines and non-monetary sanctions.	55				79-80
<b>Material Aspect: Transport</b>						
G4-DMA	Disclosure on Management Approach	44-45				79-80
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.	55-56				79-80
<b>Material Aspect: Supplier Environmental Assessment</b>						
G4-DMA	Disclosure on Management Approach	44-45				79-80
G4-EN32	New suppliers screened using environmental criteria.	56				79-80
<b>Material Aspect: Environmental Grievance Mechanisms</b>						
G4-DMA	Disclosure on Management Approach	44-45				79-80
G4-EN34	Total number of grievances about environmental impacts filed through formal grievance mechanisms.	56				79-80
<b>Category: Social</b>						
<b>Sub-Category: Labor Practices And Decent Work</b>						
<b>Material Aspect: Employment</b>						
G4-DMA	Disclosure on Management Approach	58				79-80
G4-LA1	Total number and rate of new employee hires and rate of employee turnover by age group, gender and region.	59				79-80



## SPECIFIC STANDARD DISCLOSURES

Specific Standard Disclosures	Disclosure Requirements	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance (page no.)
G4-LA2	Benefits for standard for full-time employees of the organization not provided to temporary or part-time employees.	60				79-80
G4-LA3	Parental leave.	60				79-80
<b>Material Aspect: Labor/Management Relations</b>						
G4-DMA	Disclosure on Management Approach	58				79-80
G4-LA4	Minimum number of weeks' notice provided to employees and elected representatives prior to implementation of significant operational changes.	60				79-80
<b>Material Aspect: Occupational Health and Safety</b>						
G4-DMA	Disclosure on Management Approach	58				79-80
G4-LA5	Formal joint management-worker health and safety committees.	60				79-80
G4-LA6	Types of injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and work-related fatalities, for the total workforce (that is, total employees plus supervised workers), & independent contractors working on-site.	61				79-80
<b>Material Aspect: Training and Education</b>						
G4-DMA	Disclosure on Management Approach	58				79-80
G4-LA9	Average hours of training employees have undertaken during the reporting period.	61				79-80
G4-LA10	Programs implemented and assistance provided to upgrade employee skills.	63				79-80
G4-LA11	Percentage of total employees by gender and by employee category who received regular performance and career development review.	63				79-80
<b>Material Aspect: Supplier Assessment for Labor Practices</b>						
G4-DMA	Disclosure on Management Approach	58				79-80
G4-LA14	Report the percentage of new suppliers that were screened using labor practices criteria.	56				79-80
<b>Material Aspect: Labor Practices Grievance Mechanisms</b>						
G4-DMA	Disclosure on Management Approach	58				79-80
G4-LA16	Report the total number of grievances about labor practices filed through formal grievance mechanisms during the reporting period.	63				79-80
<b>Sub-Category: Human Rights</b>						
<b>Material Aspect: Freedom of Association and Collective Bargaining</b>						
G4-DMA	Disclosure on Management Approach	58				79-80
G4-HR4	Operations and suppliers in which employee rights to exercise freedom of association or collective bargaining may be violated or at significant risk.	58				79-80
<b>Material Aspect: Child Labor</b>						
G4-DMA	Disclosure on Management Approach	58				79-80
G4-HR5	Operations and suppliers considered to have significant risk for incidents of child labor, young workers exposed to hazardous work.	58				79-80
<b>Material Aspect: Forced or Compulsory Labor</b>						
G4-DMA	Disclosure on Management Approach	58				79-80
G4-HR6	Operations and suppliers at risk for incidents of forced or compulsory labor.	58				79-80
<b>Material Aspect: Supplier Human Rights Assessment</b>						
G4-DMA	Disclosure on Management Approach	58				79-80
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	63-64				79-80
<b>Material Aspect: Human Rights Grievance Mechanisms</b>						
G4-DMA	Disclosure on Management Approach	58				79-80
G4-HR12	Report the total number of grievances about human rights impacts filed through formal grievance mechanisms during the reporting period & their redressal.	63-64				79-80
<b>Sub-Category: Society</b>						
<b>Material Aspect: Local Communities</b>						
G4-DMA	Disclosure on Management Approach	58				79-80
G4-SO1	Report the percentage of operations with implemented local community engagement, impact assessments, and development programs.	65				79-80
<b>Material Aspect: Anti-Corruption</b>						
G4-DMA	Disclosure on Management Approach	58				79-80
G4-SO3	Total number and percentage of operations assessed for risks related to corruption.	71				79-80
G4-SO4	Communication and training on anti-corruption policies and procedures.	71				79-80
G4-SO5	Number and nature of confirmed incidents of corruption.	71				79-80

# GRI G4 (Core) Content Index

SPECIFIC STANDARD DISCLOSURES						
Specific Standard Disclosures	Disclosure Requirements	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance (page no.)
<b>Material Aspect: Anti-Competitive Behavior</b>						
G4-DMA	Disclosure on Management Approach	58				79-80
G4-SO7	Total number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation.	71				79-80
<b>Material Aspect: Compliance</b>						
G4-DMA	Disclosure on Management Approach	58				79-80
G4-SO8	Significant fines and non-monetary sanctions.	74				79-80
<b>Sub-Category: Product Responsibility</b>						
<b>Aspect: Customer Health and Safety</b>						
G4-DMA	Generic Disclosures on Management Approach	58				79-80
G4-PR1	Significant product and service categories for which health and safety impacts are assessed for improvement	72-74				79-80
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services	72-74				79-80
<b>Material Aspect: Product and Service Labeling</b>						
G4-DMA	Disclosure on Management Approach	58				79-80
G4-PR3	Product and service information required by the organization's procedures for information and labeling.	74				79-80
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling.	74				79-80
G4-PR5	Results or key conclusions of customer satisfaction surveys.	74				79-80
<b>Material Aspect: Marketing Communications</b>						
G4-DMA	Disclosure on Management Approach	58				79-80
G4-PR6	Whether the organization sells products that are banned in certain markets, subject of stakeholder questions or public debate.	N.A.				79-80
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship.	74				79-80
<b>Material Aspect: Customer Privacy</b>						
G4-DMA	Disclosure on Management Approach	58				79-80
G4-PR8	Total number of substantiated complaints received concerning breaches of customer privacy.	74				79-80
<b>Material Aspect: Compliance</b>						
G4-DMA	Disclosure on Management Approach	59				79-80
G4-PR9	Total monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	77				79-80



## INTRODUCTION

DNV GL represented by DNV Business Assurance India Private Limited has been commissioned by the management of Maruti Suzuki India Limited ('MSIL' or 'the Company') to carry out an independent assurance engagement (Type 2, Moderate level of assurance based on AA1000 Assurance Standard 2008 (AA1000AS (2008)) for the Company's sustainability performance - qualitative and quantitative information - disclosed in MSIL's Sustainability Report 2013-14 ('the Report') in its printed format, and information referenced in the Report to the Company's Annual Report 2013-14. The Report has been prepared using the Global Reporting Initiative G4 Sustainability Reporting Guidelines (GRI G4) - Reporting Principles and Standard Disclosures, and 'in accordance' - Core option of these guidelines.

The intended users of this assurance statement are the management of the Company. The management of the Company is responsible for all information provided in the Report as well as the processes for collecting, analysing and reporting the information presented in the printed Report. Our responsibility in performing this work is regarding the verification of the disclosures in the Report only and in accordance with the scope of work agreed with the management of the Company. The assurance engagement is based on the assumption that the data and information provided to us is complete, sufficient and authentic. We disclaim any liability or responsibility to a third party for decisions, whether investment or otherwise, based on this assurance statement.

Our assurance engagement was planned and carried out in July – September 2014.

## SCOPE, BOUNDARY AND LIMITATIONS OF ASSURANCE

The scope of assurance included the review of Economic, Environmental and Social disclosures in the Report. In particular, the assurance engagement included:

- The verification of the qualitative and quantitative information on sustainability performance disclosed in the Report prepared by MSIL based on GRI G4, and covering economic, environmental and social performance for the activities undertaken by the Company over the reporting period 1st April 2013 to 31st March 2014 and disclosed in this Report;
  - Review of the policies, initiatives, practices and performance described in the Report and referenced in the Report;
  - Evaluation of the disclosed information in the Report, both General and Specific Standard Disclosures, 'in accordance' – Core reporting requirements covering the systems, and the processes which the Company has in place for adherence to the reporting principles set out in GRI G4;
  - Evaluation with respect to the AccountAbility principles and specified performance information, for a Type 2, Moderate level of assurance, in accordance with the requirements of AA1000AS (2008):
    - information relating to the issues, responses, performance data, case studies and underlying systems for the management of such information and data;
    - information relating to materiality assessment and stakeholder engagement processes;
  - Confirmation of sustainability disclosures related to GRI G4 - 'in accordance' – Core as declared by MSIL.
- The reporting aspect boundary is based on internal and external materiality assessment covering MSIL's operations, as set out in the report. During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement. No external stakeholders were interviewed as part of this assurance engagement.

## VERIFICATION METHODOLOGY

This assurance engagement was planned and carried out in accordance with AA1000AS (2008) i.e. Type 2, Moderate level of assurance, and the DNV GL Protocol for Verification of Sustainability Reporting ('VeriSustain' - [www.dnv.com/moreondnv/cr/](http://www.dnv.com/moreondnv/cr/); available on request). The report has been evaluated against the following criteria:

- Adherence to the principles of Inclusivity, Materiality and Responsiveness, as well as Reliability of specified sustainability performance information, as set out in AA1000AS (2008);
  - Application of the principle of materiality as per GRI G4;
  - Adherence to additional principles of Completeness and Neutrality, as set out in VeriSustain;
  - The GRI G4 requirements for the 'in accordance' - Core option.
- During the assurance engagement, we adopted a risk-based approach, i.e. we concentrated our verification efforts on the issues of high material relevance to business and its key stakeholders. As part of the engagement, we have verified the statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. In doing so, we have:
- Reviewed the company's approach to stakeholder engagement and its materiality determination process;
  - Verified the robustness of the data management system, information flow and controls;
  - Performed sample-based checks of the processes for generating, gathering and managing the quantitative data and qualitative information included in the Report;
  - Examined and reviewed documents, data and other information made available by MSIL at the Company's Corporate Office in New Delhi, and visited the Company's manufacturing facility at Gurgaon in Haryana, India;
  - Conducted in-person and on-line interviews with the top and senior management team of MSIL, and other representatives, including data owners and decision-makers from different functions and locations of the Company;
  - Verified the reported data on economic performance based on the audited financial statements provided by the Company's statutory auditors;
  - Performed sample-based reviews of the mechanisms for implementing the Company's sustainability related policies, as described in the Report.

## CONCLUSIONS

In our opinion, based on the scope of this assurance engagement, the sustainability performance disclosures reported, including the referenced information provides a fair representation of the sustainability related strategies, management systems and performance. The Report meets the general content and quality requirements of GRI G4 i.e.,

- General Standard Disclosures: We reviewed the General Standard Disclosures provided in this Report and we are of the opinion that the reported information meets the reporting requirements for 'in accordance' – Core.
- Specific Standard Disclosures: We reviewed the Specific Standard Disclosures provided in this Report and we are of the opinion that the reported information generally meets the disclosure requirements for 'in accordance' – Core covering Generic Disclosures on Management Approach (DMA) and Performance Indicators for the material Aspects identified through the Company's materiality assessment, as below:

<b>Economic</b>	
Economic Performance	G4-EC1, G4-EC3;
Procurement Practices	G4-EC9;
<b>Environment</b>	
Materials	G4-EN1, G4-EN2;
Energy	G4-EN3, G4-EN5, G4-EN6, G4-EN7;
Water	G4-EN8;
Emissions	G4-EN15, G4-EN16, G4-EN19;
Effluents and Waste	G4-EN22, G4-EN23;
Products and Services	G4-EN27;
Compliance	G4-EN29;
Transport	G4-EN30;
Supplier Environmental Assessment	G4-EN32;
Environmental Grievance Mechanism	G4-EN34;
<b>Social</b>	
Labour Practices and Decent Work	
Employment	G4-LA1, G4-LA2, G4-LA3;
Labour/Management Relations	G4-LA4;
Occupational Health and Safety	G4-LA5, G4-LA6;
Training and Education	G4-LA9, G4-LA10, G4-LA11;
Supplier Assessment for Labour Practices	G4-LA14;
Labour Practices Grievance Mechanism	G4-LA16;
Human Rights	
Freedom of Association and Collective Bargaining	G4-HR4;
Child Labour	G4-HR5;
Forced or Compulsory Labour	G4-HR6;
Supplier Human Rights Assessment	G4-HR10;
Human Rights Grievance Mechanisms	G4-HR12;
Society	
Local Communities	G4-SO1;
Anti-corruption	G4-SO3, G4-SO4, G4-SO5;
Anti-competitive Behaviour	G4-SO7;
Compliance	G4-SO8;
Product Responsibility	
Customer Health and Safety	G4-PR1, G4-PR2;
Product and Service Labelling	G4-PR3, G4-PR4, G4-PR5;
Marketing Communications	G4-PR6, G4-PR7;
Customer Privacy	G4-PR8;
Compliance	G4-PR9.

We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement':

### AA1000AS (2008) PRINCIPLES

**Inclusivity:** The stakeholder identification and engagement process included engagement with key stakeholders including supply chain partners, to identify significant sustainability challenges and concerns through different channels. The material issues emerging from materiality analysis were collected and prioritised, and the results are fairly reflected in the Report. In our view, the level at which the Report adheres to this principle is 'Good'.

**Materiality:** The Company has carried out the materiality assessment based on the requirements of GRI G4. Inputs to materiality determination consider the aspects that are internal and external to the organization. The Report fairly captures identified material aspects in the sustainability context of MSIL's business. In our view, the level at which the Report adheres to this principle is 'Good'.

**Responsiveness:** We consider that the response to key stakeholder concerns through its policies, management systems and governance mechanisms are fairly reflected in the Report. In our

view, the level at which the Report adheres to this principle is 'Good'.

**Reliability:** The data management and aggregation systems were verified at the Corporate Office at New Delhi and at the manufacturing facility at Gurgaon, and were found to be reliable. The majority of the data verified were found to be accurate. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors; these errors have been corrected. Hence in accordance with AA1000AS (2008) requirements for a Type 2, Moderate level assurance engagement, we conclude that the specified sustainability data and information presented in the Report is reliable and acceptable. In our view, the level at which the Report adheres to this principle is "Good".

### SPECIFIC EVALUATION OF THE INFORMATION ON SUSTAINABILITY PERFORMANCE

We consider the methodology and process for gathering information developed by MSIL for its sustainability performance reporting to be appropriate, and the qualitative and quantitative data included in the Report was found to be identifiable and traceable; the personnel responsible was able to demonstrate the origin and interpretation of the data and its reliability. We observed that the Report presents a faithful description of the reported sustainability activities for the reporting period.

### ADDITIONAL PRINCIPLES AS PER DNV GL VERISUSTAIN

**Completeness:** The Report discloses the General and Specific Standard Disclosures including the Disclosures on Management Approach and sustainability Performance Indicators against GRI G4, and in line with its 'in accordance' – Core option. In our view, the level at which the Report adheres to this principle is "Good".

**Neutrality:** The disclosures related to sustainability issues and performances are reported in a neutral tone, in terms of content and presentation. In our view, the level at which the Report adheres to the principle of Neutrality is "Good".

### OPPORTUNITIES FOR IMPROVEMENT

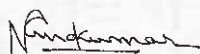
The following is a summary of observations and further opportunities for improvement reported back to the management of MSIL and are not considered for drawing our conclusion on the Report; however, they are indeed consistent with the management's objectives already in place:

- MSIL may establish short, medium and long term sustainability goals and targets for identified material Aspects in its supply chain;
- The Company may monitor and evaluate the effectiveness of its corporate social responsibility (CSR) programmes and its indirect economic impacts created in the society.

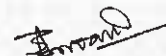
### OUR COMPETENCE AND INDEPENDENCE

We are a global provider of sustainability services, with qualified environmental and social assurance specialists working in over 100 countries. While we did conduct other third party assessment work with MSIL in 2013-14, in our judgement this does not compromise the independence or impartiality of our assurance engagement or associated findings, conclusions and recommendations. We were not involved in the preparation of any statements or data included in the Report except for this assurance statement. DNV GL maintains complete impartiality toward internal stakeholders interviewed during the verification process.

For DNV GL



Vadakepath Nandkumar  
Project Manager  
Head – Sustainability and Climate Change  
DNV Business Assurance India Private Limited, India.



Balasubramoniam Sivasubramaniam  
Assurance Reviewer  
DNV Business Assurance India Private Limited, India.

18<sup>th</sup> September 2014, Bangalore, India.

# Glossary

<b>ABS</b>	Anti-lock Breaking System
<b>AGM</b>	Annual General Meeting
<b>CDM</b>	Clean Development Mechanism
<b>CEO</b>	Chief Executive Officer
<b>CNG</b>	Compressed Natural Gas
<b>CSR</b>	Corporate Social Responsibility
<b>DEC</b>	Driver Education Centers
<b>ELV</b>	End of Life Vehicles
<b>EV</b>	Electric vehicle
<b>ETP</b>	Effluent Treatment Plant
<b>GDP</b>	Gross Domestic Product
<b>GHG</b>	Green House Gas
<b>GJ</b>	Gigajoules
<b>HEV</b>	Hybrid Electric Vehicles
<b>IDTR</b>	Institute of Driving and Traffic Research
<b>I-GPI</b>	Intelligent Gas Port Injection
<b>IMC</b>	Institute Management Committee
<b>IR</b>	Industrial Relations

<b>ISO</b>	International Organisation of Standardisation
<b>ITI</b>	Industrial Training Institutes
<b>JV</b>	Joint Venture
<b>LPG</b>	Liquefied Petroleum Gas
<b>MACE</b>	Maruti Centre for Excellence
<b>MDS</b>	Maruti Driving School
<b>MT</b>	Metric Tonnes
<b>NSE</b>	National Stock Exchange
<b>R&amp;D</b>	Research and Development
<b>SEBI</b>	Securities and Exchange Board of India
<b>SMC</b>	Suzuki Motor Corporation
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>WBCSD</b>	World Business Council of Sustainable Development
<b>Wp</b>	Watts power
<b>WRI</b>	World Resources Institute



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