



*Effluent Treatment Plant at the Gurgaon facility.*

# Sustainability

## SUSTAINABILITY AT MARUTI SUZUKI

Sustainability is central to the Company's operations and its business strategy. Making a humble beginning with the launch of Maruti 800 in 1983, Maruti Suzuki has grown to become the largest passenger car manufacturer in India offering customers 14 models. The Company's presence can be seen across the length and breadth of the country. The Company has sustained its leadership position in the passenger vehicle market despite tough competition and market conditions. This has been achieved through high focus on all the aspects of sustainability - economic, environmental and social.

The Company has established a robust risk identification and mitigation framework. All risks and mitigation plans are deliberated and compiled by the Executive Risk Management Committee (ERMC) and reviewed by the Audit Committee on a regular basis. The Company has a designated Chief Risk Officer to facilitate risk management activities.

### Economic sustainability

The Company believes in financial prudence and refrains from investments for quick gains. Investments for business expansion projects are met from internal accruals. The Company has a healthy balance sheet and adequate reserves to meet its requirements of funds for future expansion. The Company is investing over ₹ 60,000 million in new manufacturing facilities, expansion of R&D facilities and vehicle stockyards.

The Company has institutionalised a robust system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that all transactions are authorised, recorded and reported correctly.

The Company is exposed to risks associated with fluctuations in foreign exchange rates mainly on import of components, raw materials, royalty payments and export of vehicles. The Company has a well-structured exchange risk management policy. The Company manages its exchange risk by using appropriate hedge instruments depending on the market conditions and the view on the currency. To reduce this risk further, the Company has been focusing on localising the vendor imported components. This will help reduce cost, bring immunity against foreign exchange fluctuations and at the same time, provide a boost to small and medium scale local industries.

The Company registered its highest ever sales of 1,271,005 vehicles in the domestic and export markets during 2010-11. The Company's sales in the domestic market crossed the milestone of 1 million vehicles for the first time in 2010-11 registering a sale of 1,132,739 units, a growth of 30.1 per cent over the previous year. The Company's market share increased from 44.6 per cent in 2009-10 to 44.9 per cent in 2010-11, despite increased competition with new model launches in compact and sedan car segment.

### Environmental sustainability

Making a thought-out decision to invest in environment, the Company has tried its best to stay ahead of government regulations. The Company addresses environmental issues from the point of view of manufacturing, products and supply chain.

The Company is guided by its Environment Policy that promotes energy conservation, 3Rs (Reduce, Reuse and Recycle), green procurement, environment friendly mobility and environment consciousness among its direct stakeholders. The Company also follows SMC's basic philosophy of *Smaller, Fewer, Lighter, Shorter and Neater* in its manufacturing facilities.

The Company has been able to reduce per vehicle electricity consumption by 32 per cent and 38 per cent at its Gurgaon and Manesar plants respectively. Similarly, per vehicle water consumption has reduced by 62 per cent and 61 per cent respectively. Both facilities are zero water discharge (outside factory premises).



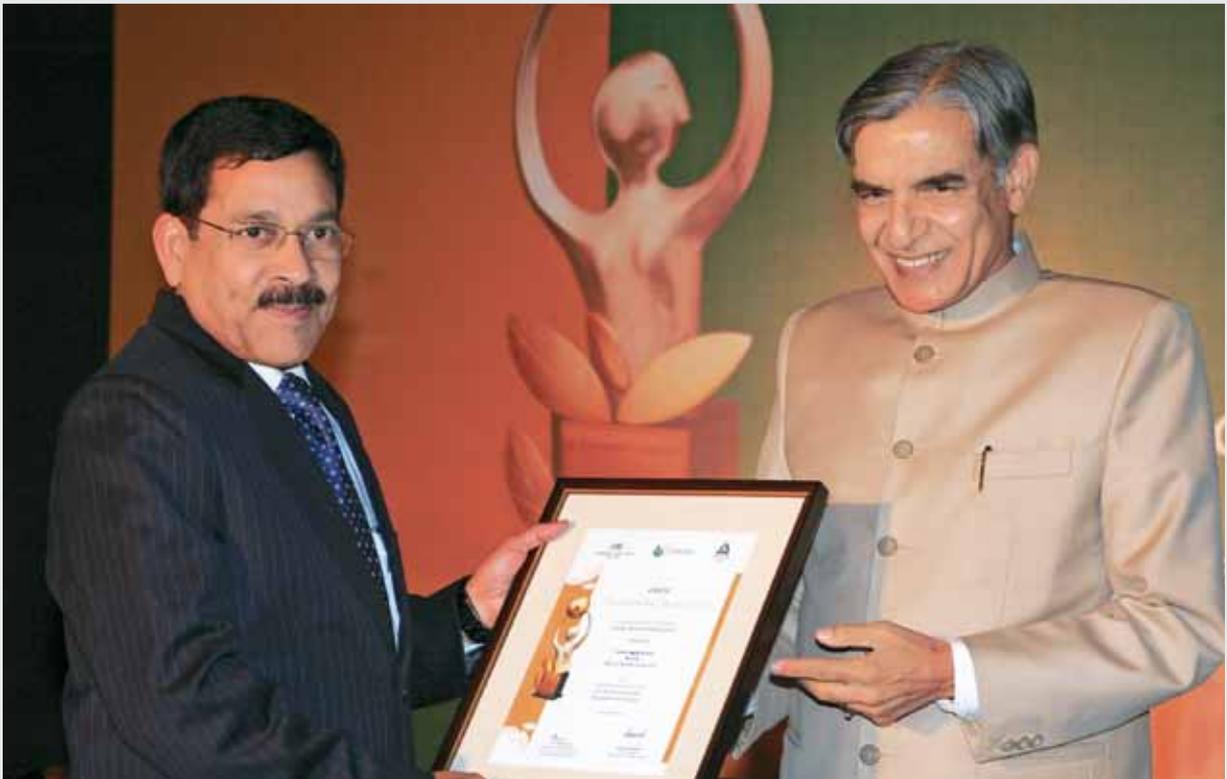
## Sustainability

Environment friendly natural gas is used in captive power plants to meet power requirements of the Company and its suppliers located in the Suppliers' Park in Gurgaon and Manesar locations. The quality of ambient air and stack emission parameters (SOx, NOx, SPM etc.) are monitored by government approved external agency at regular frequency. The monitored values are well within the prescribed limits.

The Company also works with its suppliers to reduce any negative impact on the environment. Suppliers are encouraged to shift their production facilities near the Company's manufacturing sites. Both Gurgaon and Manesar plants have a dedicated Suppliers' Park that reduces the pollution involved in transportation. Of the 19 joint ventures of the Company, 11 are located in the Suppliers' Park. The Company has been able to source 86 per cent supplies by value from suppliers situated within 100 kms radius. Only trucks carrying valid Pollution Under Control (PUC) Certificate are allowed to enter inside the Company premises for supply of parts. Suppliers are encouraged to use recyclable and reusable packing for component supplies.

On the product side, the Company has introduced fuel efficient and environment friendly K-series petrol engine and i-GPI CNG engine technologies. CNG vehicles launched by the Company emit almost 20 per cent lower CO<sub>2</sub> as compared to their petrol variants e.g. WagonR CNG has CO<sub>2</sub> as low as 101.4gm/kg as compared to 130gm/kg of WagonR petrol. The Company has the distinction of introducing a host of environment friendly programmes ahead of government regulations and the industry. This includes implementing End of Life Vehicle (ELV) programme where hazardous elements like Lead, Cadmium, Hexavalent Chromium and Mercury are not used in making vehicles. The Company produced the first BS-IV and E-10 compliant engines ahead of regulations coming to force in the country.

All vehicles manufactured are asbestos free and most are ELV compliant. The vehicles comply with Euro-IV emission norms even though these norms are applicable only in limited cities. The Company has showcased electric and hybrid vehicles in the last Auto Expo at New Delhi. The Company has also partnered with the government



*Mr. Pawan Kumar Bansal, Union Minister for Water Resources & Parliamentary Affairs presenting Mr. S. Y. Siddiqui, the CII ITC Sustainability Award 2010 for Strong Commitment to Sustainability.*



*Institute of Driving and Traffic Research, New Delhi.*

under National Hybrid Propulsion Programme (NHPP) and Ministry of New and Renewable Energy Resources (MNRE) programme to develop environment friendly vehicles.

## Social sustainability

The Company's social initiatives focus on three primary areas- road safety, vocation training through upgradation of ITIs and community development in Manesar. In addition to these, the Company also runs an employee volunteering programme called e-Parivartan and operates two schools for children of employees and the local community.

The Company began its road safety initiative in 2000, offering a well-structured and scientifically designed driving training programme to the public. The Company has a two-pronged approach to impart driving skill to existing as well as new drivers; one is through Institute of Driving and Traffic Research (IDTR) and the other through Maruti Driving Schools (MDS). The Company's driving training infrastructure at present includes 4 IDTRs and 166 Maruti Driving Schools spread across the country. IDTR and MDS have together trained over 850,000 people in safe driving so far.

The Company has collaborated with select ITIs across the country for skill training of man power. The Company is presently working with seven ITIs, of which four were collaborated within the reporting year. As affirmative action, the Company has deliberately chosen to work with the ITI at Elathur, Kerala that specifically caters to the Schedule Caste and Schedule Tribe (SC/ST) community.

The Company also works with two ITIs dedicated for women at Gurgaon and Jhajjar in Haryana. The Company partners with the ITIs for their overall upgradation including basic infrastructure development, repair and maintenance of machines, provision of teaching aids, industry exposure for students and faculty, preparation of Institute Development Plan, soft skills training etc.

The Company continued working in four neighbouring villages in Manesar on issues of healthcare, education, infrastructure development and skill training in 2010-11. In addition to the social benefits to the local community, these initiatives helped in building cohesive relation between the community and the Company.

The Company encourages its employees to contribute for the social and economic development of underprivileged sections of the society. Under the volunteering programme, employees contributed 2,792 volunteering hours in 2010-11. Cumulatively, employees have spent 7,095 hours in volunteering activities since the programme launch in November, 2008.

The Company publishes Sustainability Report as per the GRI G3 Reporting Guidelines. For detailed information of the Company's sustainability performance, please refer to the sustainability report available on the Company website [www.marutisuzuki.com](http://www.marutisuzuki.com)