

# Business Responsibility Report

<b>Section A General Information about the Company</b>		
1	Corporate identification number	L65993PN2007PLC130076
2	Name of the Company	Bajaj Auto Ltd.
3	Registered address	Mumbai-Pune Road, Akurdi, Pune 411 035
4	Website	<a href="http://www.bajajauto.com">www.bajajauto.com</a>
5	Email address	<a href="mailto:brr.response@bajajauto.co.in">brr.response@bajajauto.co.in</a>
6	Financial year reported	1 April 2015 – 31 March 2016
7	Sector(s) that the Company is engaged in	Automobile
8	Three key products/services manufactured/ provided by the Company	Motorcycles and Three-wheeler commercial vehicles
9	Total number of locations where business activity is undertaken by the Company	Akurdi, Chakan and Waluj (Maharashtra) and Pantnagar (Uttarakhand)
10	Markets served by the Company	India and 78 countries across the world
<b>Section B Financial details of the Company</b>		
1	Paid up capital	₹ 289.37 crore
2	Total turnover	₹ 23,600.86 crore
3	Total profit after tax	₹ 3,652.41 crore
4	Total spending on CSR as percentage of PAT (%)	Refer Annual Report on CSR activities
5	List of the activities in which expenditure in 4 above has been incurred	Refer Annual Report on CSR activities
<b>Section C Other details</b>		
1	Other Information	Refer main report
<b>Section D BR information</b>		
1	Details of Director/s responsible for BR	Madhur Bajaj, Vice Chairman
2	Principle-wise BR policy/policies	Refer main report
3	Governance related to BR	Refer main report
<b>Section E Principle- wise performance</b>		
1	Principle- wise performance	Refer main report

## Preface

Bajaj Auto Ltd. (BAL) presents its fourth 'Business Responsibility Report' (BRR), as mandated by Securities and Exchange Board of India (SEBI), and in line with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs), as released by the Ministry of Corporate Affairs in July 2011.

### **Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

BAL adopted a Company-wide 'Code of Conduct' (CoC) in 2009 in order to ensure ethics, transparency and accountability in all aspects of the business, and create value for its stakeholders through trust, integrity and credibility. All BAL employees are required to adhere to the CoC's requisites. It outlines good working norms, as well as the process to address any violations.

The CoC contains a 'Grievance Redressal Policy' and a 'Whistle Blower Policy' which enable the Company's employees to raise concerns to the Management.

In the year 2015-16, no complaints were received with respect to the above two policies.

The Company's Directors and Senior Management are required to abide by a separate CoC. Their affirmation to the CoC is communicated to all stakeholders by BAL's Managing Director, through a declaration in the Annual Report.

Additionally, BAL is an industry partner of the World Economic Forum's initiative, 'Partnership Against Corruption Initiative' (PACI).

### **Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

BAL believes in aligning its sustainability actions with its business objectives in order to sustain its operations in an increasing resource constrained world. Therefore, it has invested time and resources to ensure safety and resource efficiency in its product development, plant operations and supply chain management.

#### **Product sustainability**

All products designed by BAL are compliant with environmental standards in the Indian Central Motor Vehicle Rules (CMVR), as applicable from time to time. For such compliances, all BAL models are 'Type approval' certified by the Automotive Research Association of India (ARAI). BAL also ensures compliance with the Conformity of Production (COP) requirements for emissions under CMVR.

Additionally, BAL ensures that models which are exported to various countries meet the varying environmental requirements applicable for each country.

BAL is constantly working towards improving the fuel efficiency of its Two and Three-wheeler models. As an example, BAL has introduced the CT100 and CT100B models which give a high fuel efficiency of 99.1 Km / litre on the 'Indian Driving Cycle' (IDC), which is one of the best in class.

#### **Sustainable sourcing**

BAL's 'Green Purchasing Policy' outlines the Company's requirements for energy, water and natural resource conservation for the entire supply chain. As per this policy, all major vendors are being certified for ISO14001 and OHSAS 18000 management systems.

An update is provided in the table below:

Vendor Cluster	ISO 14001/OHSAS certified Cumulative	
	FY2016	FY2015
Chakan	36	31
Waluj	52	42
Pantnagar	17	15
<b>Total</b>	105	88

In order to enhance value chain efficiency and increase interface with its suppliers, BAL encourages its vendors to be members of the 'Bajaj Auto Vendor Association' (BAVA). Currently, 150 vendors are a part of BAVA. During monthly BAVA meetings, vendors are given an opportunity to present updates on various environmental, health and safety (EHS) initiatives carried out by them. This allows them to exchange best practices and learn from each other's experiences.

Another supply chain sustainability initiative is BAL's 'Total Productive Maintenance' (TPM) policy, practiced by Tier I and II vendors which has helped improve operational, human and cost efficiencies. As on date 150 Tier I vendors and 78 Tier II vendors are practising TPM.

Enhancing efficiency and optimising processes to reduce environmental impact also have a positive effect on cost efficiency. For supply chain cost efficiency, BAL carries out 'Vendor VAVE', yield improvement, alternate eco-friendly process and localisation of RM suppliers. For conversion cost reduction, BAL invests in electricity cost reduction, consumable cost reduction and optimisation of resources, including man, machine, tooling and space.

In 2016-17, BAL has planned to roll out the 'Swachh Bharat Abhiyan' initiative across its three clusters through a detailed plan and roadmap. Cluster-wise committees have been formed to oversee the programme, and ensure sustenance. In the first phase, focus will be on cleaning the cluster's own area as well as their surrounding areas. Activities have already begun in all three clusters (Waluj, Chakan and Pantnagar).

## Waste Reduction

As a part of sustainable manufacturing, 6R principles (Reduce, Reuse, Recycle, Recover, Redesign, Regulate) are applied in waste reduction at all plants and at vendors. The plants have worked back with the vendors to request for reduction in packaging material of supplies. Plastic reusable bins are used for transportation of parts to and from the plant and vendors. Further, there is a constant attempt to reduce the packaging material of the finished product, and to use a more eco-friendly alternative.

BAL has successfully recycled 2 tons of low-density polyethylene (LDPE) (Polybags used for incoming material packaging) for manufacturing of Composite Boards. Going further, the estimated quantum of LDPE waste to be recycled is 4-5 tons/month.

All four plants are implementing innovative solutions to reduce the waste generated in their operations. Tectalis process has been introduced in paint shops at all the plants. This process has replaced the phosphating process and has enabled zero hazardous waste generation. All efforts are made for waste heat recovery in all plants in order to reduce energy demands from conventional sources.

## Principle 3: Businesses should promote the well-being of all employees

With the belief that its employees are one of its greatest strengths, BAL nurtures a high-performance culture and provides a safe, productive and inclusive work environment for all.

As of 31 March 2016, BAL's employee strength stands at 9,347. BAL hired a total of 1,714 new employees in the reporting period, including regular employees, contractual employees and trainees. All four plants have registered trade unions, and 51% of employees are members of Company recognised employee associations.

BAL encourages employment of women across the organisation. As of 31 March 2016, there were 322 women employees (33% increase over last year). BAL has a policy on 'Prevention of Sexual Harassment at Workplace' (POSH) in place, to ensure safety and security of women employees.

BAL provides a wide range of opportunities to all its employees to constantly sharpen their competencies. In 2015-16, staff of over 3,200 was trained through more than 250 training programmes, spanning 11,250 man-days. The number of programmes has seen an increase of nearly 20% over the last year, which has helped achieve over a 40% increase in the number of training man-days. Emphasis on ensuring effectiveness of training has yielded favourable results, with 96% of programmes achieving a feedback score of 80% or more in 2015-16. In addition, 10,280 man-days of training has been conducted for workers and cell-members through TPM pillar.

'Act to Adapt'- BAL's flagship program on leadership development, which was designed in collaboration with IIM – Ahmedabad, has been further augmented this year. All developmental efforts are now aligned to the leadership competency framework (Anticipate – Align - Adapt – Act). This year a leadership resource guide named 'Power Stroke' was launched to facilitate self-paced development.

In order to promote a healthy work-life balance, a number of employee engagement initiatives were undertaken in 2015-16 like yoga classes, gym facilities, sports meets, trekking, and several contests to showcase creativity of employees. In both corporate office and plants, these initiatives involved a large number of employees across various sections.

A new initiative 'Ignition - Share Your Story' was launched this year in which employees shared their success stories. This saw a record participation with 183 entries across the organisation. The top 18 stories were presented and felicitated in the Mid-Year Communication Meet in October 2015.

During this financial year, there were no complaints relating to child labour, forced labour and involuntary labour. The ICC (Internal Complaints Committee) received one complaint under POSH and took appropriate action.

#### **Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**

BAL's 'Code of Conduct for Affirmative Action', launched in 2006, ensures preference is given to people from socially disadvantaged sections of the society, provided merit and other business considerations are equal. Further BAL ensures there is no discrimination of any type for socially disadvantaged sections in the work place.

In line with affirmative action, in 2015-16 BAL recruited 1,714 new employees of which 125 (7.3%) belong to weaker sections. At present employees from scheduled castes and scheduled tribes constitute 6.7% and other backward classes constitute 25% of the workforce. The count on specially abled permanent employees stands at 25 as on 31 March 2016.

#### **Principle 5: Businesses should respect and promote human rights**

BAL ensures compliance with all applicable laws of the land pertaining to human rights, in order to preserve the rights of all its internal and external stakeholders. A legal compliance report is submitted to the Company's Board of Directors on a quarterly basis. There were no complaints on violation of human rights in 2015-16.

#### **Principle 6: Business should respect, protect, and make efforts to restore the environment**

BAL continually strives to minimise the environmental impact of its operations through sustainable practices and responsible use of natural resources. Further, it is committed to creating and preserving a clean environment and society.

BAL's Safety, Health and Environment (SHE) Policy is a core pillar of the Company. 'Safety' embeds a safe and secure working environment at the Company, and ensures accident probabilities are reduced

to a minimal. 'Health' covers reducing noise pollution and amenities such as access to safe drinking water and sanitation, worker training on good hygiene and health practices and provision of individual health check-ups. 'Environment' directs the mitigation of air, water and land pollution, and management of hazardous waste and resource conservation. In 2015-16, permanent employees received 1,480 man-days of SHE related training, while contractual employees and trainees received 11,749 man-days.

Plant-wise highlights of key environmental initiatives are provided below:

#### **Pantnagar plant**

JIPM consistency award was given to Pantnagar.

ETP and STP were appreciated by the National Green Tribunal (NGT) team and the Japan Institute of Plant Maintenance (JIPM) auditors. The environment audit was done by 19 vendors.

Organic waste convertor turns 100kg of canteen waste to manure on a daily basis

Best Energy Efficient plant award by TV100

Water consumption reduced by 36,000 CM/ Year compared to last year. Treated water is used for gardening.

#### **Chakan plant**

Reverse Osmosis plant of 100 cu. meters (0.1 million litres per day MLD) installed.

Resource consumption reduced in 2015-16 compared to last year: 36% reduction in power (KWH/ Vehicle), 45% reduction in fuel (kg/vehicle) and 10% reduction in water (cubic meter/vehicle)

Organic waste convertor turns 60kg of canteen waste to manure on a daily basis

Roof water of new shops is collected and used for new construction activity.

Energy usage in paint shop reduced by 40% through low temperature baking paints for motorcycles, and low energy blowers and DC brushless technology for booth air supply and exhaust.

Challenger award in green manufacturing excellence, instituted by Frost & Sullivan.

#### **Waluj plant**

Awarded most energy efficient plant (in Waluj cluster) by Maharashtra Energy Development Agency (MEDA).

Resource consumption reduced in 2015-16 compared to last year: 0.35% reduction in power (KWH/ Vehicle), 6.51 % reduction in fuel (kg/vehicle) and 5.95% reduction in water (cubic meter/vehicle).

Water Audit through CII, Jaipur and Environment Audit through IIT, Mumbai

Four rainwater harvesting ponds having capacity of 55,000 cum have been constructed.

#### **Akurdi plant**

Solar plant of capacity 110 KWp has been installed during the year which would generate 600 units (KWh) per day.

Water conservation initiatives such as reuse of treated water for toilet flushing, and replacing water cooled AC with air cooled AC systems

Canteen waste generated is composted & Manure is used for Horticulture.

JIPM's Special award was given to both Waluj and Chakan plants (which includes EHS focus).

Both Waluj and Chakan are Water Positive Plants. These plant have implemented patented Rain Water Harvesting structures in the ground and created capacity to recharge rain water underground of 8 lakh KL at Waluj and 2.6 lakh KL at Chakan annually.

#### **All Four Plants:**

Certified under ISO 14000 and OHSAS 18000.

Zero Effluent Discharge (outside plant)

ISO certified. New standard for ISO will be adopted as and when recertification is due (but not later than August 2017)

BAL's emphasis on safety has resulted in the following initiatives and achievements:

- BAL raised awareness on electrical safety and energy conservation in the Pune and Pimpri-Chinchwad area by conducting street plays.
- As per ISO requirements, BAL appointed safety officers at plants and carried out safety trainings for all new contract workers and employees.
- Safety meetings are carried out with union representatives at all plants.
- Bajaj targets one Kaizen per employee per quarter. During safety week, safety Kaizens were appreciated. In addition to BAL employees, contractors and their employees were also appreciated for best practices in safety.

All four plants of BAL operate as per the 'Consent-to-Operate' provided by the State Pollution Control Board (SPCB) and are within permissible limits with regards to the emissions and waste generated. No show cause notice was received from the Central Pollution Control Board or the SPCB.

### **Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

BAL responsibly and actively engages in policy advocacy through its membership in a variety of national as well as international associations. BAL contributes its views in the setting of new industry standards and regulatory developments pertaining to the automotive manufacturing industry, in areas such as governance and administration, economic reforms, inclusive development policies, among others.

Some of the key associations of which BAL is member are:

- Confederation of Indian Industry (CII)
- Society of Indian Automobile Manufacturers
- Association of Indian Automobile Manufacturers
- World Economic Forum
- Federation of Indian Export Organisations
- Business and Community Foundation
- Indian Federation of Green Energy
- International Road Federation - India Chapter
- The Automotive Research Association of India
- Maharashtra Chamber of Commerce, Industries and Agriculture
- NAFEMS Ltd.
- National Safety Council
- The Advertising Standards Council of India
- Forum of Free Enterprise
- Indian Merchants' Chamber
- Bombay Chamber of Commerce and Industry

### **Principle 8: Businesses should support inclusive growth and equitable development**

The activities of the Bajaj Group are guided by the vision and philosophy of its founding father, late Shri Jammalaji Bajaj. He embodied the concept of trusteeship in business and common good, thus laying the foundation for ethical, value-based, transparent functioning. Under his leadership, the group has embedded philanthropy into its business growth, and views it as an integral part of the organisation's culture.

BAL's CSR activities include this philosophy's core elements such as ethical functioning, respect for all stake-holders and protection of human rights and care for the environment. In 2015-16, CSR donations committed by the Company under section 135 (Schedule VII) of the Companies Act, 2013, totalled to ₹ 86.72 crore. These activities were implemented through employee volunteering activities, charitable and welfare groups and the Bajaj Group's associated NGOs. Further help was enlisted from local authorities, non-group NGOs and business associations, wherever deemed necessary.

Some of the major initiatives that continued, or that were initiated during the year under review are summarised below:

### 1. Education:

Under a Public Private Partnership (PPP) scheme, BAL has undertaken the upgradation of 5 Industrial Training Institutes (ITI) in the areas its plants are located. BAL's efforts paid fruition, with the total strength of students significantly rising across four ITIs

- From 32 (in 2010) to 91 (in 2015) at Ramnagar in Pantnagar
- From 21 (in 2011) to 62 (in 2015) at Kille Arch in Aurangabad
- From 83 (in 2012) to 147 (in 2015) at Mulshi in Pune
- From 13 in its start-up year of 2014 to 29 (in 2015) at Almora in Uttarakhand.

### 2. Health:

- Since August 2008, the Bajaj YCMH Art Centre at YCM Hospital, Pimpri, Pune, has registered 13,119 patients with 5,406 active cases for Anti Retro-Viral Therapy. The Centre is now a benchmark for new centres and is the largest one run by an industry. The centre was awarded a certificate of appreciation by the Maharashtra State AIDS Control Society (MSACS).
- Swachh Waluj Abhiyan (Aurangabad): A drive called Swachh Waluj Abhiyan, was undertaken by Bajaj Auto Ltd. with BAVA, to make MIDC Waluj area garbage-free, clean and green. 10,000 people that included industrialists, CEOs, managers, staff members, school children and other people working in MIDC Waluj area undertook an oath on 26 January 2016, to regularly work towards keeping Waluj MIDC and its surrounding areas clean and green. Four tractors have been deployed for garbage collection. In order to instil a systemic change, plans to undertake activities such as tree plantation, systems for water conservation, rainwater harvesting, ground water re-charge are being worked out.

### 3. Others:

- Blood Donation: BAL's factory employees organised a blood donation camp, in which 832 employees enthusiastically participated and donated blood for the hospitals in their respective areas.
- Safety and Disaster Management: BAL's fire department vehicles attended 59 fire calls outside the plants for firefighting and rescue operations during the year.

Further, BAL continued its rural and urban development activities through the Jankidevi Bajaj Gram Vikas Sanstha (JBGVS) in 84 villages: 72 in Maharashtra (42 in Pune, 20 in Aurangabad and 10 in Wardha district), 11 villages in Sikar district of Rajasthan, and 1 village in Pantnagar, Uttarakhand. These activities impacted over 67,500 people living in rural areas, most from economically weaker sections of the society such as scheduled casts, scheduled tribes, nomadic tribes, and other backward classes. JBGVS programmes covered 80% people from economically weak and socially backward communities.

Given below are examples of the initiatives undertaken by BAL through JBGVS:

- Bajaj Education Initiative: The project was inaugurated by Rahul Bajaj, Chairman, Bajaj Auto Ltd. About 600 teachers and government officials were present. In this project, Bajaj will support Government as well as private schools by providing infrastructure such as benches, pure drinking water, computer tables, play equipment, library, science laboratories to 250 schools of PCMC and PMC areas in three years time. Training for teachers and students will also be arranged in order to improve the quality of education. Proposal of 12 schools for ₹ 1.09 crore has been approved and infrastructure support has been provided. Three teachers' training programmes have been completed.

- Water conservation: In order to support the 'Jalyukta Shivar Abhiyan' of the Government of Maharashtra, Bajaj Auto through JBGVS and some NGOs such as AFARM, Pune and Action for Rural Technology (ART), Amalner, has started activities such as deepening and widening of 'nullahs', de-silting of village ponds, repairs or new construction of cement bunds and related works in 42 villages of Aurangabad district and 5 villages of Amalner block of Jalgaon district. It is expected to cover about 40 kms of 'nullah' till June 2016. The people's participation is very encouraging as the farmers are carting the silt and the removed soil to their farms at their own cost. They have resolved that with the help from Bajaj Auto, they will get rid of drought.

### **Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

'Distinctly Ahead' is BAL's philosophy, and it also guides its customer engagement process. Therefore, BAL has several market and customer facing initiatives, and it ensures active communication and engagement through a variety of platforms such as call centres, web based interfaces, dealer showrooms, service centres and customer service camps.

BAL's marketing department works towards minimising delays in addressing customer complaints. BAL's call centres now have 11 languages available, hence providing services to a wider base of customers. BAL also carries out regular surveys with the dealers, brokers, roadside mechanics and its large network of retailers.

BAL ensures its culture of safety is transmitted to its products. Each product is sold with an owner's manual which includes safety checking mechanisms, do's and don'ts and fuel saving tips, thus encouraging consumers to use BAL's products in a responsible manner.

The marketing department also ensures hygiene factors are taken care of in advertisements, such as displaying helmets being used by all passengers on bikes, and disclaimers for advertisements with bikes performing stunts. As of the year in review, there have been initiatives to increase marketing through digital avenues. Bajaj is a signatory to Advertising Standard Council of India (ASCI), who can evaluate and provide corrective recommendations for advertisements. There were no complaints received from ASCI in 2015-16.

BAL also engages with its customers on social issues which they are affected by. For example, its 'Swarozgar Campaign' encourages rural youth to enter the three-wheeler business, and its 'Driver bane Malik' initiative encourages contract drivers to save funds and self-own vehicles.

The number of cases pending at the consumer forum as of 31 March 2016 is 428, while 114 cases were filed during 2015-16.