

# Business Responsibility Report

Blue Star's commitment to sustainable business practices continues to endow the Company with the ability to continuously deliver responsible and profitable growth. The Company understands the importance of environment focus, social value creation and adherence to strong governance practices even as it pursues profitable business growth. Hence, Blue Star has integrated sustainable business and governance practices into its core business strategy and aligned it with societal and environmental interests. The Company takes into consideration the interests of its internal and external stakeholders with equal zest. The Company seeks increasingly higher stakeholder alignment with its sustainable business and governance practices to generate sustainable value creation and growth. Blue Star continues to imbibe the latest technologies and productivity enhancing processes to align itself to modern and sustainable management practices, which ultimately result in efficient utilisation of resources.

All products and services of the Company are designed and developed keeping in view customer experience and safety, holistic community development, and environmental protection. Blue Star also seeks the involvement of its employees, dealers, distributors and vendors across all levels to raise awareness, enhance engagement and ensure commitment towards the cause of sustainability.

## About this Report

This Business Responsibility Report, as stipulated under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, provides general information about the Company and its business responsibility. The following five sections cover disclosures as per the Business Responsibility Report (BRR) framework prescribed by SEBI.

## Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company: L28920MH1949PLC006870
2. Name of the Company: Blue Star Limited
3. Registered address: Kasturi Buildings, Mohan T Advani Chowk, Jamshedji Tata Road, Mumbai 400 020
4. Website: www.bluestarindia.com
5. E-mail id: secretarialdesk@bluestarindia.com
6. Financial Year reported: April 1, 2020 to March 31, 2021
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

Sr No	Name of main product/services	NIC of product/services
1	Electro-Mechanical Projects and Commercial Air Conditioning Systems	43219/43229
2	Unitary Products (room air conditioners, commercial refrigeration products and systems, water purifiers, air purifiers and air coolers)	28191/28192
3	Professional Electronics and Industrial Systems	NA

8. List three key products/services that the Company manufactures/provides (as in balance sheet):
  - i. Electro-Mechanical Projects and Commercial Air Conditioning Systems
  - ii. Unitary Products (room air conditioners, commercial refrigeration products and systems, water purifiers, air purifiers and air coolers)
  - iii. Professional Electronics and Industrial Systems
9. Total number of locations where business activity is undertaken by the Company:
  - a) Number of International Locations (Provide details of major 5):
    - i. Blue Star International FZCO (a wholly owned subsidiary): UAE
    - ii. Blue Star Qatar WLL: Qatar
    - iii. Blue Star M&E Engineering Sdn Bhd: Malaysia (a joint venture entity)<sup>@</sup>
    - iv. Blue Star Systems and Solutions LLC: UAE\*
    - v. BSL AC&R (Singapore) Pte Ltd: Singapore (with effect from August 29, 2020)\*

<sup>@</sup>held by BSL AC&R (Singapore) Pte Ltd effective October 16, 2020.

\*held through the Company's wholly owned subsidiary, Blue Star International FZCO

b) Number of National Locations: 32 offices and 5 manufacturing facilities across the country

10. Markets served by the Company:

Apart from India, the Company caters to select countries in the Middle East, Africa, SAARC and ASEAN regions.

### Section B: Financial Details of the Company

1. Paid up Capital (₹): 19.26 crores comprising 9,63,13,888 equity shares of ₹2 each
2. Total Turnover (₹): 3842.23 crores
3. Total profit after taxes (₹): 65.93 crores
4. Total spending on Corporate Social Responsibility (CSR) as a percentage of average net profit of the Company for last three financial years: 2.02% (₹3.31 crores)
5. List of activities in which expenditure in 4 above has been incurred:
  - a. Skill development in the areas of air conditioning and refrigeration as well as mechanical, electrical and plumbing services
  - b. Sustainable development through supporting Farmer Producer Company
  - c. National emergencies support through COVID relief and repatriation projects
  - d. Education programmes
  - e. Other philanthropic causes in the areas of Health and Well-being

### Section C: Other Details

#### 1. Does the Company have any subsidiary company/companies?

Yes. The Company has five subsidiary companies, Blue Star Engineering & Electronics Limited, Blue Star Qatar WLL, Blue Star International FZCO, Blue Star Systems and Solutions LLC, and BSL AC&R (Singapore) Pte Ltd. Details of these companies are provided under Note 50 to the Consolidated Financial Statements.

#### 2. Do the subsidiary company/companies participate in the Business Responsibility (BR) Initiatives of the parent company?

Blue Star Engineering & Electronics Limited fulfills its CSR obligations. No other subsidiary participates in the BR initiatives.

If yes, then indicate the number of such subsidiary company(s): As explained above.

#### 3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

The Company promotes BR initiatives throughout its value chain, in collaboration with the internal and external stakeholders concerned. At present, over 60% of Blue Star's business associates participate in its BR initiatives. From the start of its association with the vendors and the channel partners, the Company urges them to adhere to various aspects of sustainable business and ethical business practices. Further, Blue Star's Whistle Blower mechanism applies across its network of business associates, providing them with a robust platform to report any unethical business practices without any hesitation or fear.

### Section D: BR Information

#### 1. Details of Director/Directors responsible for BR

Details of Director/Directors responsible as the BR Head for implementation of the BR policy/policies

<b>Name</b>	Vir S Advani	B Thiagarajan
<b>Designation</b>	Vice Chairman & Managing Director	Managing Director
<b>DIN</b>	01571278	01790498
<b>Telephone No</b>	+91 22 6654 4000	+91 22 6654 4000
<b>Email Id</b>	vsa@bluestarindia.com	btn@bluestarindia.com

## 2. Principle-wise BR policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs), released by the Ministry of Corporate Affairs, has adopted nine principles of Business Responsibility, as listed below:

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

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle.

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

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

Principle 5: Businesses should respect and promote human rights.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment.

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

Principle 8: Businesses should support inclusive growth and equitable development.

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

### Principle-wise (as per NVGs) BR Policy/Policies (Reply in Y/N)

Sr No	Questions	Business Ethics	Products Lifecycle Sustainability	Employees' Well-Being	Stakeholder Engagement	Human Rights Promotion	Environmental Protection	Policy Advocacy	Inclusive Growth	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies in these areas?	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Yes, the policies conform to the nine Principles of the NVGs for business responsibilities, further described under Section E below.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y
5	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y

Sr No	Questions	Business Ethics	Products Lifecycle Sustainability	Employees' Well-Being	Stakeholder Engagement	Human Rights Promotion	Environmental Protection	Policy Advocacy	Inclusive Growth	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
7	Do you have a policy/policies in these areas?	Y	Y	Y	Y	Y	Y	N	Y	Y
8	Does the Company have an in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y Note 2	Y	-	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Blue Star has a robust internal review mechanism for its key policies. Efforts have been made to enhance management systems and the standards of performance so that they conform to the Company's sustainability framework. On a regular basis, employees are also trained for assimilation and application of new techniques to ensure higher standards of socially responsible performance.								

Note 1: All the relevant policies are uploaded on the intranet site for information as well as implementation by internal stakeholders. Further, policies on the GRC framework policy, Code of Conduct, CSR Policy, Whistle Blower Policy, Dividend Distribution Policy, Corporate Safety Policy, Prevention of Sexual Harassment and E-Waste Management Policy are also available on the website of the Company.

Note 2: The Company has adopted the Whistle Blower Policy to report concerns of unethical behaviour, violation of law or regulations, or suspected fraud.

If answer to the question at serial number 1 against any principle is 'No', please explain why:

Principle	Response
Principle 7: Policy Advocacy	Blue Star is a member of various industrial and trade bodies, and plays a key role in advocating issues impacting the sectors through these trade bodies. It actively participates in industry fora, and also provides support in the formulation of relevant policies. Though the Company does not have a stated policy on advocacy currently, it continues to follow and monitor the business and regulatory environment closely. The Company leads various industry fora and provides technical and sectoral thought leadership to assist policy formulation by various bodies.

### 3. Governance related to BR

- a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO reviews to assess the BR performance of the Company (Within 3 months, 3-6 months, annually, more than 1 year):

The CSR Committee annually reviews the BR initiatives of the Company. In addition, the audit committee reviews the matters relating to governance, risk and compliance on a quarterly basis.

- b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?

The Company has published its Business Responsibility Report, and the same is available on the Company's website at <https://www.bluestarindia.com/investors/business-responsibility-report>. As a responsible corporate citizen, Blue Star has been undertaking numerous sustainability initiatives over the years.

## Section E: Principle-wise Performance

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

'Ethical Behaviour,' 'Transparency in Dealings and Conduct,' and 'Accountability for Actions,' continue to be integral parts of Blue Star's core values and beliefs, which govern the Company's conduct. The Company continues to stringently adhere to fair and transparent business practices including thrust on personal integrity and ethics. The Company's core values and beliefs, referred to as 'The Blue Star Way,' have been seamlessly integrated into its culture and operations. It is the responsibility of each and every Blue Starite to follow the Blue Star Way in their conduct and dealings. Each new employee, whether a campus or lateral recruit, is introduced to the Blue Star Way through a detailed classroom module in the HR training schedule. Well enumerated policies which are easily accessible on the employee portal as well as the corporate website, publicly affirm the Organisation's commitment, govern its actions and provide clarity of direction.

The edifice of the Company rests on the foundation of 'Trust,' which is more than seven decades old, and it is this 'Trust' which continues to be deep rooted in its core even today. The Company has been 'Built on Trust' of all its internal and external stakeholders and successfully continues to foster high trust-based relationships with all its stakeholders, who consider it a pleasure to deal with Blue Star. The Company's fair and transparent business conduct has always resonated well with all its stakeholders. The Company has long sustained relationships with several channel partners who have been associated with Blue Star over a long period, and they have also imbibed the Company's values and beliefs in their conduct and dealings. Blue Star believes that sustainable economic growth can at best be achieved by imbibing shared growth dynamics whereby all the stakeholders, employees, business partners and the society are benefitted. The Company has a robust vigilance and control framework in place, and has implemented Enterprise Risk Management, Internal Audit and Whistle Blower Policies. All the policies and guidelines of the Company extend to its subsidiaries, joint ventures, employees, vendors, contractors, channel partners and associates.

The Board of Blue Star and its senior leadership team play a vital role in setting the right tone at the top in practising ethical conduct, transparent business practices and imbibing high standards of governance. Blue Star has in place a well-enumerated Code of Conduct applicable to its directors, employees and other business partners (<https://www.bluestarindia.com/media/271526/code-of-conduct.pdf>). The code focuses on strict adherence to the Company's corporate values while delivering a world-class customer experience. The Company's core values and beliefs are the guiding force for all business activities and stakeholder interactions at Blue Star. The Code acts as a central guide, to align the professional conduct of its employees and business associates with its values and beliefs. It focuses on integrity in personal conduct, conflict of interest and related aspects of dealing with internal and external stakeholders. It also enumerates issues related to ethics, bribery and corruption, and serves as a roadmap for its employees as well as those of its subsidiaries and joint ventures. The Company is committed to follow the highest standards of professionalism and business ethics. The Board Members and Senior Management affirm their compliance to the Code of Conduct through an annual declaration. During the period under review the Company organised numerous training and awareness programmes pertaining to ethical conduct and transparency for its Key Managerial Personnel and other employees.

It is a matter of great pride for the Company, that for the second time in a row, Blue Star has been bestowed with the 'Golden Peacock Award for Excellence in Corporate Governance.' This award is a testimony to the highest levels of values, ethics and governance standards followed by Blue Star.

The Company's Whistle Blower policy has been communicated to the employees and other business partners, encouraging them to report any instance of wrong-doing directly to the Company Secretary, who acts as the Ethics Officer; or to the Chairman of the Audit Committee, who is an Independent Director of the Company. (Link - <https://www.bluestarindia.com/media/271525/whistle-blower-policy.pdf>). As a responsible corporate body, Blue Star is committed to transparency in its financial and other disclosures.

The Company through its regular endeavours continues to reinforce its Code of Conduct and Whistle Blower policy. It has rolled-out e-learning modules and has on a year on year basis made amendments and revisions to these e-learning modules on the Code of Conduct, Prevention of Sexual Harassment at Workplace and Whistle Blower policy for its employees. In addition, the CHRO sends out a quarterly communication to all employees reminding them of the availability of the Whistle Blower mechanism to report any concerns of unethical behaviour, violation of laws or regulations, or suspected fraud, to the Ethics Officer or the Chairman of the Audit Committee or over a dedicate toll free line set up for the purpose.

During the year, the Ethics Committee of Blue Star investigated conduct matters arising from internal reviews and also complaints received from whistle-blowers, and initiated disciplinary and other actions as appropriate. Blue Star has an established mechanism to receive and deal with whistle blower complaints from various stakeholders. The number of complaints received and appropriately disposed off in each category of employees is as follows:

(No. of employees)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	2	6
Workers	Nil	Nil

During the year neither the Company nor any of its directors or Key Managerial Personnel were subjected to fines/penalties/punishment/award/compounding fees/settlement amount in any of the judicial proceedings.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle.**

Ensuring sustainability and mitigating impact of climate change have always been important factors for Blue Star and the Company's products rate high on energy-efficiency standards. The Company's adoption of eco-friendly refrigerants has been ahead of the industry curve. The product management and R&D teams regularly review and adopt latest technology in products and processes across businesses, key consideration being resource-efficiency and sustainability. There is a special, in-house focus on embedding the energy-efficient inverter technology across key products of the Company, namely chillers, VRFs, ducted systems and wall-mounted split air conditioners. Refrigerants with low global warming potential help mitigate environmental impact and energy-efficiency concerns. Sustainability related aspects, risks, as well as opportunities are integrated into the engineering and design of the Company's projects, products and services. Resources used for the production of the entire product portfolio of the Company are tracked and monitored diligently and systematically. Due to continuous product innovations with a focus on energy-efficiency and low global warming potential, electricity consumption during product use at the consumer's end is systematically reduced, with lower environmental impact.

The businesses strive to raise consumers' awareness of their rights through education, product labelling and details of the product composition, appropriate marketing communication, and promotion of safe usage as well as disposal of the products. The Company has been working towards higher sustainability in sourcing through a common supplier basket for multiple businesses. With respect to packaging materials, regular supplier meetings and discussions on the recommended practices to minimise waste as well as on optimising logistics to reduce fuel consumption and carbon footprint are being undertaken. The sourcing team provides suppliers with managerial and technical assistance for improvements in productivity, quality, cost, delivery and safety. The Company makes concerted efforts towards limiting waste in its production processes across factories. There is a continued focus on energy management and deployment of renewable energy sources in some of the Company's factories, and enhancement of safety practices and total productive maintenance across the Company.

Blue Star's officials are part of several national and international fora which are involved in the study of the technological feasibility and performance of new eco-friendly refrigerants with low global warming potential; related safety issues, environmental impact assessments and intellectual property rights; commercial viability; as well as energy-efficiency in high ambient temperature conditions. Over the last couple of years through various initiatives pertaining to energy-efficiency and changeover to R-290 propane gas and use of cyclopentane blowing agent in Polyurethane foam (PUF) process, the entire range of freezers offered by Blue Star are Green Freezers. Over the last couple of years, the Company has phased out refrigerants such as R-22 and R-134A, and replaced them with lower Global Warming Point environmentally friendly refrigerants such as R-32 in the Room Air Conditioning segment and R410A in the Ducted Split Air Conditioning segment. The Company's investments in such initiatives undertaken during the year were as follows:

(₹ crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
R&D expenses	11.87	6.11
Capital investments	2.50	3.50

In the Company's Electro-Mechanical Projects business, 96% of the total spend during 2020-21 was through domestic producers including micro and small vendors and 4% through imports. As Supplier Excellence entails supplier audits and physical visits, due to the COVID-19 pandemic, the activity did not happen last year and we continued business with the already on-board MSME vendors. The supplier diversity also remained at the previous level of 24 suppliers on-board under this programme. The Company actively supports development of a small and medium supplier base. Around 17% of the Company's procurement is from MSME vendors.

Under the E-waste (Management) Rules, 2016, the Company has obtained authorisation as a Producer, to dispose of all e-waste generated during business operations on a pan-India basis through an arrangement with authorised e-waste dismantlers and recyclers. The Company has been discharging its Extended Producer Responsibilities (EPR) under the e-waste rules by achieving the set target of channelising e-waste and implementing other initiatives. The Company achieved 102.5% of e-waste collection and channelisation against the set target of EPR for the financial year 2020-21.

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

Blue Star, through its continuous emphasis on employee-centric endeavours has been successful in creating a high-performing, meritocracy-based culture within the organisation. The Company values its people and is responsive towards their needs and well-being, thereby nurturing and empowering its employees. The Company's approach of shared growth, whereby it gives equal importance to its employees' individual growth and development along with the Company's growth, has been resonating well with the employees. The passion and fervour showcased by its employees, several of whom have been associated with the organisation since decades, and the pride they take in their association with Blue Star, is the highest testimony of the trust and confidence placed by its employees in the Company. Welfare of its employees is paramount for Blue Star. The Company has a robust HR framework in place, which it revisits and improves regularly in order to bring in a more modern and contemporary approach towards its people systems and processes. All of this is aimed at augmenting the employee-friendly ecosystem.

Blue Star has a rich and diversified workforce with employees from varied backgrounds, geographies, ethnicities, languages, genders, religions, castes and creeds. The core thinking of its people is ingrained with strong value systems, ethics, honesty, sincerity of purpose and teamwork, among many others. The total employee count of the Company was 2621 as on March 31, 2021. Apart from this, the Company had hired 2777 persons on a temporary or contractual basis. There are no permanent employees with permanent disabilities in the organisation. 194 employees, forming 7% of the permanent staff, are members of employee associations recognised by the Company. Around 59% of the total permanent workers deployed across the Company's manufacturing plants were members of recognised associations or unions for the year ended March 31, 2021, as against 58% in the previous year. With a strong emphasis on development of its people, Blue Star organises numerous training and developmental programmes as well as workshops for its people in addition to providing them with a well-rounded exposure to business activities, which enables them to hone their capabilities and build their career within the organisation. The Company believes in paying close attention to each employee's career graph, in relation to his/her potential and provides relevant opportunities for individual growth. Blue Star encourages job rotation which helps employees to take on new responsibilities thereby widening their exposure and enhancing their credentials. Training programmes for all-round development of workmen are also conducted at the factories.

The Company has rolled out numerous initiatives in its endeavour towards promoting a healthy work-life balance, such as flexible timing and work-from-home policies that keep the employees positive and energised. The Management has always been open and transparent in its dealings with the employees where an open-door policy is promoted and practised under which an employee can approach any Senior Management member to discuss ideas, suggestions or concerns.

Blue Starites take pride in being associated with the Company and have a strong belief in the management's Vision, Competence and Ethics. They appreciate the Management for maintaining a strong and regular communication with them as well as cherish the friendly and family-like work environment.

There are 205 permanent women employees in the Management cadre in the organisation. The Company has augmented the strength of its female employees to approximately 9.2% across levels and roles in the Management cadre during FY21. The Company endorses equal gender representation across management and leadership positions, and regularly conducts programmes around women-centric initiatives, and honing aspiring female contenders for Senior Management positions. The HR team is committed to creating a woman-friendly ecosystem across offices, factories and work sites which encourages gender equality at all times.

With Compensation and Benefits forming an integral part of being an employer of choice, Blue Star has a well-structured Compensation and Benefits system in place, which boosts the recruitment and retention efforts of the Company. The details of measures undertaken for the well-being of employees include the following:

Category	% of employees covered by			
	Health insurance	Accident insurance	Maternity benefits	Day Care facilities
<b>Permanent employees</b>				
Male	100%	100%	0%	0.00%
Female	100%	100%	100%	3.49%
<b>Total</b>	100%	100%		0.31%
<b>Other than Permanent employees</b>				
Male	100%	100%		
Female	100%	100%		
<b>Total</b>	100%	100%		

#### Details of Retirement benefits provided to employees:

Benefits	Year ended March 31, 2021		Year ended March 31, 2020	
	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	Y	100%	Y
Gratuity	100%	Y	100%	Y
ESI (as applicable)	2%	Y	2%	Y

The Company's performance appraisal system is fair, equitable and transparent, and ensures higher employee satisfaction, leading to increased motivation and productivity. The employees of the Company are covered by a structured performance and development review twice in a year – a midterm review and an annual review. Besides, Blue Star's HR practices are also being strengthened with the intent to attract and retain the best-in-class talent which will help take the Company into the league of top 10 employers in the engineering and consumer products industry. A strong employee engagement programme has been put in place to build energised teams across Blue Star. Largely, these encourage a culture of entrepreneurship and innovation in the Company. A full-fledged leadership development and succession planning programme has been put in place to develop the next set of leaders for Blue Star.

Safety is paramount at Blue Star and it is not compromised with, at any cost. Blue Star remains committed in its endeavour to ensure and adhere to the highest standards of safety for which regular sensitisation and training workshops are conducted, mock drills are hosted and specific safety interventions are held across Blue Star's offices and manufacturing facilities. In the year gone by, the Lost Time Injury Frequency Rate (LTIFR) per one million-person hours worked, was 0.0270 as on March 31, 2021, as against 0.0694 as on March 31, 2020. Besides, one employee and two workers recorded work-related injuries during FY21. No fatalities and no high consequence work-related injury or ill-health (excluding fatalities) were recorded during the period under review.

The channel partners are also familiarised with the safety standards. Around 30,803 safety training man-days were logged during the year. This has been instrumental in fostering a 'Safety First' culture within the organisation. The capability of new sub-contractors with respect to safety requisites is evaluated before assigning contracts, and compliance to the policy is ensured through regular training, site visits and audits. All new employees, dealer technicians and contract workmen receive systematic safety training before commencing work, and regular refresher sessions are conducted in the course of work. The safety performance of various divisions of the Company is reviewed during business meetings and management review meetings. In addition, key safety performance numbers are reviewed by the Board on a quarterly basis. In the period under review, 3582 touch points (permanent employees including 184 women employees) underwent the safety skills upgradation training.



**Details of Training given to employees and workers on Health and Safety measures and on skill upgradation:***(% covered)*

Category	Year ended March 31, 2021		Year ended March 31, 2020	
	On Health and safety measures	On Skill upgradation	On Health and safety measures	On Skill upgradation
<b>Employees</b>				
Male	100%	54%	100%	69%
Female	100%	50%	100%	43%
<b>Total</b>	100%	54%	100%	67%
<b>Workers</b>				
Male	100	81%	100%	86%
Female	100	100%	100%	76%
<b>Total</b>	100	82%	100%	8%

The Company has been diligently ensuring the management of health and safety of its employees amidst the current pandemic situation. The physical and emotional well-being of its employees being paramount for Blue Star, the Company has been continuously monitoring the situation and is swiftly addressing employee concerns through various fora to ensure utmost safety and health precautions for its employees. Through meticulous planning the Company has implemented various COVID-appropriate measures, keeping in mind the directives of the local authorities. The Company has in place a set of guidelines to be complied with by employees while travelling, working in office or at project sites, and they have been clearly informed and educated about the safety measures to be adhered to, to prevent the spread of COVID-19. Various additional welfare measures such as additional insurance coverage to the employees and their families and soft loan schemes were introduced to help employees tide over the uncertainty caused by the pandemic.

Besides, an app, 'Star Safe App,' which gathers daily health data of the employees, is being used across Blue Star's offices to monitor the health of the employees on a daily basis. Also, the download and active usage of 'Aarogya Setu App' and another app internal to the Company's employees – 'Starry App' – have been made compulsory for all employees.

The Company lives by the principle of 'equal pay for equal work,' and has a no-tolerance policy towards child labour, forced labour, sexual harassment and discriminatory employment or biases in growth opportunities for its staff members. Well-defined policies on safety at work, prevention of sexual harassment at workplace, employee welfare programmes, managerial remuneration and benefits, performance recognition, maternity benefits, medical insurance, support for education of employees' children, service awards, health and wellness, celebrations, get-togethers and sports competitions, amongst others, have been made available on the employee portal for easy access and reference.

There were no complaints related to child labour, forced or involuntary labour filed during 2020-21. In line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company organises workshops and awareness programmes at regular intervals to sensitise employees across its offices and manufacturing facilities. In addition, an e-learning module has also been developed to acquaint the employees with the nuances of what constitutes appropriate behavior and the internal mechanism to address their concerns. During the year under review, two complaints alleging sexual harassment were filed with the Company, and the cases were investigated thoroughly and resolved as per the provisions of the aforesaid Act.

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

Blue Star regularly and effectively engages with all its stakeholders as it immensely values their contribution. The Company has clearly mapped its internal and external stakeholders which include employees, customers, business associates, suppliers and distributors, shareholders, bankers, debenture holders, regulatory authorities and industry associations, besides others, in order to understand and respond to their changing needs. The Company, through various programmes and meets held across the country, regularly disseminates information pertaining to its vision as well as its product and service portfolio to its stakeholders. Over the last 77 years, the Company, through its transparent engagement, has built high trust-based relationships with all its stakeholders which has strengthened the Company's standing and has significantly contributed to its growth.

Blue Star's dealer network is extensive and a major strength to its channel distribution businesses since dealers, as the extended arms of the Company, are responsible for quick and efficient response to customer needs all over the country. Product launch programmes and training sessions for dealers, besides performance recognition, ensure a continuing interaction with channel associates.

Through an active investor relations programme which covers both individual and institutional investors, the investors are regularly apprised of the on-going performance of the Company and the medium term outlook. The Company holds regular meets with institutional investors and analysts after declaration of its financial results. The Company participates in several investor conferences and also meets analysts and fund managers in group and one-on-one sessions, on an on-going basis. The corporate website contains information on all its products and services, policies, press releases, financial results, annual reports, investor updates and conference calls transcripts, amongst others. Proactive engagement with the bankers and credit rating agencies through the year helps the Company fulfil its financing requirements as required.

Blue Star's CSR programmes focus primarily on disadvantaged and marginalised communities. The Company is conscious of the impact of its operations on the communities around its facilities, and is committed to contributing actively towards enhancing their living standards through interventions in skill development, water, sanitation and hygiene, health, education and women empowerment. Blue Star strongly believes in affirmative action, and has been actively involved in the development of Dalit entrepreneurs by providing them with opportunities as vendors and channel partners, as well as mentoring them on various aspects of business and communication. For the initiatives undertaken by the Company towards the society, please refer to the CSR activities enumerated in Annexure 2 to the Board's Report as well as the Social Capital section in the Integrated Report section of this report on page no. 59.

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

Respecting and protecting human rights under all circumstances is paramount at Blue Star. The Company through policy advocacy, and fair and transparent business conduct which is clearly enumerated and articulated in its systems and policies, ensures strict adherence to protection of human rights and prevention of any violations thereunder.

Blue Star has formulated and adopted a Code of Conduct that is applicable to its vendors, dealers, service providers and employees to address and redress grievances of any nature including those that may lead to breach of ethics and sexual harassment. This comprises formal mechanisms which are administered through committees that review any grievance and are responsible to ensure anonymity and confidentiality of the complainants. Through regular communication and workshops, the employees have been made aware of the policy related to sexual harassment at the workplace, along with the objectives, applicability, structure of committees and the process undertaken to redress complaints. The complainants are assured of complete anonymity and confidentiality. In its commitment towards safety and security of its employees, Blue Star ensures that safety practices are adhered to at its construction sites, and continues to engage with construction suppliers through training, safety audits and checks.

There is a discreet and formal mechanism in place for all the employees to voice their concerns, if any, to the Vice Chairman and the Managing Directors, in person with the open-door policy in place or through a dedicated email address, which is handled and managed by only the Vice Chairman and the Managing Directors.

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

Blue Star plays a critical role in initiatives to reduce power consumption and incorporate non-ozone depleting refrigerants with low global warming potential. The Company's room air conditioner range has always been in line with the updated energy standards prescribed by the Bureau of Energy Efficiency (BEE), and Blue Star was amongst the first companies to comply with BEE's voluntary labelling programme for inverter split air conditioners.

Effective January 1, 2018, the Government issued a notification revising the star rating plan applicable to unitary and split air conditioners. This evolved rating methodology factors in variance in higher temperature zones in the country and rates air conditioners accordingly. Consumers can now purchase air conditioners with higher efficiency leading to lower electricity bills. The Bureau has been increasing these standards such that the highest star rated air conditioner in 2010 has become the least rated air conditioner in 2018. The Company has complied with this revised star rating plan for all its room air conditioners to which the said notification is applicable.

Blue Star closely monitors the reduction of the use of hazardous substances in the manufacturing of its products. It consistently ensures that the products do not, at any given time, contain lead, mercury, cadmium or any such hazardous substances over the concentration value permitted by the environmental laws in India.

The manufacturing facilities are equipped with testing machines that use the latest technology to aid in quality improvement as well as energy and water savings, which includes water harvesting facilities at manufacturing plants. A first-of-its-kind set-up for cold room panel manufacturing at the Wada/Ahmedabad plants incorporates an eco-friendly foaming process using cyclopentane, which is supported by the Ozone Cell, Ministry of Environment and Forests. This is in line with Blue Star's commitment to phase out CFC/HFC substances. Cyclopentane blown foam contains no ozone depleting substances and has a negligible impact on global warming. Blue Star's Wada factory is certified as a Gold-rated Green Building by the Indian Green Building Council, Hyderabad.

Blue Star's Senior Management is part of numerous domestic and international initiatives, including participation in round table discussions and workshops that focus on certification and compliance processes, as well as standards and labelling programmes. These fora focus on: the use of refrigerants and technologies used in HVAC products; the economic impact of the new generation of refrigerants that come at a higher price; new kinds of patents; development of alternate and natural refrigerants; safety standards; and financial viability; amongst others.

All the manufacturing facilities of the Company have consented to operate on a zero-discharge basis, since all the wastes generated due to industrial processes are treated onsite. The Company has been filing returns with the Central Pollution Control Board under E-Waste (Management) Rules, annually. All the waste generated were disposed through authorised recyclers.

Some of the energy saving reduction initiatives undertaken during the year and their outcome are as follows:

Sr No	Initiative undertaken	Outcome of the initiative
1	The Company's Himachal Plants reduced DG set operation by providing UPS supply to lab power source	Diesel consumption reduced from 71 kl/year to 39 kl/year
2	Numerous energy saving initiatives were undertaken across the Company's Himachal Pradesh (HP 1 and HP 2) and Wada plants	HP 1 plant saved 144000 kWh; HP 2 plant saved 62366 kWh; and the Wada plant saved 2,62,052 kWh of energy
3	The Company's HP 2 plant deployed the Root Bed technology at STP which helps STP water filtration in a natural way without consuming any auxiliary power and also enables creation of green flora indicating zero pollutant in the water	STP output in water sampling passed testing
4	The Company's Wada plant achieved reduction in diesel consumption by controlling the operation of the DG Set for Screw Chiller and R & D testing	Diesel consumption reduced from 38.4 kl to 33.2 kl
5	999 kW of solar power was installed and connected to the grid at the Company's Wada Plant in January 2021	Savings of 80000-90000 kWh per month
6	PNG as the fuel source was installed for paint shop and canteen at the Company's Dadra plant	Fuel consumption cost reduced by approx. ₹2 lakhs/month and exhaust parameters improved drastically
7	The Company's Dadra plant undertook solar grid installation of 100 kVA capacity	This resulted in savings of ₹0.40 lakhs/month and also helped to reduce the emissions by 10T of CO <sub>2</sub> emissions per month
8	The Company's Dadra plant undertook rain water harvesting project of a recharge capacity of 137 kl/day in the monsoon season.	In FY21, Dadra Plant did not consume any water from external sources. This also helped to increase the water table of the surrounding area and villages

Blue Star introduced a range of water purifiers with High Recovery Reverse Osmosis which is aimed at significantly reducing water wastage as well and will assist in gearing up for the likely amendments in the regulatory policies in the near future.

The organisation works at optimising its water consumption through adoption of new technologies and behaviour change initiatives. The employees of Blue Star showcase their support to the cause of renewable energy at various public fora. Key business partners and associates are persuaded, supported and educated to adopt the organisation's environmental-friendly practices across the value chain. The Company has received numerous commendations from its clients for its energy-efficient products and services, projects as well as installations.

In its endeavour to utilise renewable energy, Blue Star has completed the installation of a 1MW solar power plant at its manufacturing facility at Wada and another 100kW one at Dadra. These installations were initiated in FY20, and both are expected to result in significant savings in power and fuel cost.

The Management of Blue Star identifies and assesses potential environmental risks from time to time. The Company has always been sensitive towards the environmental impact of its operations, and has proactively adopted environmentally-sustainable business practices wherever possible. Regular checks are conducted by internal and independent auditors/assessors to ensure compliance with relevant environmental regulations and policies.

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

Blue Star is very active on the industry front and, through its collaborations with industrial institutions and professional bodies, works towards the betterment of the industry as a whole. The Company aspires to drive a positive change in the industry by way of providing advocacy in matters pertaining to advancement of the industry and public good. The Company also contributes to industrial and trade bodies related to governance and administration, economic reforms, inclusive development policies, energy security, water and food security, sustainable business principles, and others, seeking to create a transformational change.

Blue Star's senior leadership has been offering its expertise and insights during the formulation of public policies through strategic partnerships with industrial bodies and consortiums at the local, national and international levels, namely, Confederation of Indian Industries (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), Refrigeration and Air-conditioning Manufacturers Association (RAMA), Bombay Chamber of Commerce & Industry (BCCI), Indian Green Building Council (IGBC), The Energy and Resource Institute (TERI), Water Quality Association (WQA), National Safety Council, and various other collective platforms or fora, to put forth the larger interests of the industry.

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

The Company endeavours to help less privileged, rural and urban communities in the country through its social initiatives. Blue Star's social initiatives are strategically aligned to its domain knowledge and the skill sets of its employees, who are given the opportunity to volunteer in these programmes. In the long-term, the Company is committed to Health, Hygiene and Wellness through its products, services and social initiatives. The programmes are aligned to the UN's Sustainable Development Goals (SDGs), and to the country's development indices. The initiatives focus on holistic interventions in vocational training and upskilling of individuals in air conditioning as well as mechanical, electrical and plumbing services; supporting farmer communities especially women farmer producer companies; hygiene facilities around its manufacturing facilities; and supporting targeted and impact-driven interventions in the fields of education, health, women empowerment and sustainable development. Blue Star also believes in rapid relief response in partnership with on-ground NGOs during times of national need, such as flood, earthquakes, and the most recent example of the COVID-19 pandemic. The CSR Committee of the Company presently comprises the Managing Director along with one Non-Executive Director and an Independent Director. The role of the CSR Committee is to review, monitor and provide strategic direction to Blue Star's CSR practices, which is well aligned to its competencies and core people skills. This Committee formulates and monitors the CSR policy as well as recommends the annual CSR plan of the Company to the Board, in line with Companies Act, 2013. Periodic reviews help monitor the benefits received by the community, and lead to augmenting the projects.

In addition to its CSR efforts, the Company has been supporting various philanthropic causes through its charitable trust, Blue Star Foundation, which sponsors activities in the areas of education and healthcare. Besides these, the local teams across its major offices and factories also support local initiatives to improve health, education, environment, hygiene and infrastructure for public utility. Details of the CSR activities of the Company and their impact are given in Annexure 2 to the Board's Report as well as in the Integrated Report.

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

As a customer-centric organisation, the Company strives to generate the highest value for its consumers with every product or service that it offers. All its efforts are directed towards meeting and surpassing customer expectations, and creating customer delight through enhanced value creation. Blue Star's world-class products are the result of extensive research and development and incorporate cutting edge technology with stringent quality checks. The Electro-Mechanical Projects business, with 'Superior Project Delivery' as its value proposition, offers turnkey design and build solutions to its customers; and the PE&IS business with 'Superior Technology Solutions' as its value proposition is engaged in the distribution of high-tech professional electronic equipment and services, as well as industrial products and systems. These two have proved to be major differentiators in the marketplace. The Company offers Gold Standard Service that has stringent response and turnaround time, adhered to by the teams for resolution of consumer complaints and breakdown calls. Blue Star has a defined mechanism in place whereby consumer insights are sought systematically across businesses through customer interactions and focused group discussions,

and incorporated in product development processes. All this empowers and enables the Company to respond effectively to the changing dynamics in the markets that it operates in, giving it an edge. Blue Star is also advancing well on the digital front by imbibing latest digital technologies across its lines of businesses including applications designed for smooth and enhanced customer interface across products and services as well as ease of doing business.

Blue Star's products and services are widely accepted across countries the world over. The Company's products, services and facilities have been validated and endorsed by several certification bodies for adherence to set standards and guidelines. Blue Star's room air conditioners have cleared stringent Bureau of Energy Efficiency (BEE) norms with each passing year. The Company's air conditioning and refrigeration services are ISO 9001:2015 certified. The Company was recently certified under ISO 45001:2018 for Engineering Facilities Management and Revamp Site Operation of the Customer Service Group. The manufacturing facilities have received several certifications with respect to health and safety compliance as well as quality adherence. The Company has also received multiple certifications for its products and services for international markets.

Blue Star believes in honest and transparent communication of its products and services across the media. The Senior Management regularly communicates the Company's performance, market trends, and impact of change in industry policies or Government regulations, to all its stakeholders and the public at large. Blue Star adheres to all norms and standards, as well as to voluntary codes and guidelines related to marketing communication. The brand management guidelines have been institutionalised by Blue Star's Corporate Communications and Marketing Services department, which help customers identify and distinguish Blue Star's products and services. The television commercials focus on intelligent, humour-based communication, educating customers in a unique manner about the function and benefits of its products and services.

The social media pages of the brand deliver value-based communication to customers. All marketing collaterals of the Company disseminate information truthfully and factually, so that customers can exercise their freedom to consume its products and services in a responsible manner. All products are accompanied by Operation & Maintenance manuals, in line with relevant codes and specifications. The sale of products is followed by responsible and seamless integration of its related services to enhance customer experience.

Customer engagement is an on-going process at Blue Star. The Company conducts periodical surveys through external market research firms to understand customer behaviour, requirements and satisfaction levels with respect to its products and services. There are several modes by which a customer can connect with the brand for getting their enquiries, feedback or concerns addressed. A multi-platform grievance mechanism ensures that the Company officials can be contacted for a fair, swift and transparent grievance resolution via phone, e-mail, website, feedback forms and letters, as deemed fit.

Out of the total calls received by the Company from customers, approximately 78% were related to complaints, of which 3.6% complaints were pending resolution as on March 31, 2021. All the other complaints were closed to the satisfaction of the customers. The dissatisfied customers of the Company generally file their cases before the consumer fora, which the Company defends appropriately. Out of all the consumer cases filed, 19 cases were resolved during 2020-21, and as on March 31, 2021, 74 cases were pending before various consumer fora. No case was filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising or anti-competitive behaviour during the last five years. The organisation is compliant with all legal requirements pertaining to product information and labelling. In addition to the mandatory requisites, it also provides service and safety manuals to the customers as deemed appropriate. Further details with respect to the businesses and support functions of the Company have been enumerated in the Management Discussion and Analysis section and Integrated Report section of this report.