

BUSINESS RESPONSIBILITY REPORT

Blue Star understands the value and importance of keeping a sharp focus on social responsibility, environment-friendliness, and adherence to ethical corporate governance practices. Such business responsibility goes a long way towards ensuring that the Company delivers consistent profitable growth in a responsible manner.

To accomplish the same, Blue Star has ensured the integration of sustainable business and governance practices into its core business strategy, thus ensuring its alignment with societal and environmental interests. The Company takes into consideration the interests of both internal and external stakeholders and also seeks increasingly higher stakeholder alignment with its business and governance practices to generate sustainable value creation and growth.

Sustainability is also brought about by the adoption of the latest technologies and productivity-enhancing processes. Blue Star is perennially in the quest for solutions so as to help align the Company's goals to modern and sustainable practices, which ultimately result in the efficient utilisation of resources.

Blue Star ensures that all its products and services are designed and developed with a focus on customer experience and safety, as well as holistic community development and environmental protection. In this endeavour, Blue Star also

seeks the involvement of all stakeholders – 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, 2021 to March 31, 2022

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)[®]

- iv. Blue Star Systems and Solutions LLC: UAE*

- v. BSL AC&R (Singapore) Pte Ltd: Singapore*

[®]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: 31 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 (₹): 5376.99 crores
3. Total profit after taxes (₹): 127.74 crores

4. Total spending on Corporate Social Responsibility (CSR) as a percentage of average net profit of the Company for last three financial years: 2.00% (₹2.91 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. Education programmes
 - c. Health, Hygiene and Wellness

Section C: Other Details

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

Yes. The Company has six subsidiary companies, Blue Star Engineering & Electronics Limited, Blue Star Qatar WLL, Blue Star International FZCO, Blue Star Systems and Solutions LLC, BSL AC&R (Singapore) Pte Ltd, and Blue Star Climatech Limited. 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

Name	Vir S Advani	B Thiagarajan
Designation	Vice Chairman & Managing Director	Managing Director
DIN	01571278	01790498
Telephone No	+91 22 6654 4000	+91 22 6654 4000
Email Id	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
6	Indicate the link for the policy to be viewed online	Y Note 1	Y Note 1	Y Note 1	Y Note 1	Y Note 1	Y Note 1	-	Y Note 1	Y Note 1
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	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>

Section E: Principle-wise Performance

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

'Trust' is the foundation on which Blue Star's edifice stands tall, a trust that Blue Star has painstakingly built on the Company and everything it stands for over a period of almost eight decades. The Company is 'Built on Trust' that is reposed from every stakeholder, be it our customer, vendor, partner, employee or financier, which fosters long-term relationships with anyone who connects with Blue Star. So much so, most of Blue Star's channel partners, senior employees and customers have been associated with the Company for years, if not decades, because of the comfort level experienced in working with a professional and entirely ethically driven organisation like Blue Star. It is this 'Trust' that the Company values above everything else and all its operations are aimed at fostering this trust and building on it and making it stronger still over time, to ensure sustainable growth and a profitable business.

Another aspect that Blue Star staunchly believes in is that 'growth' is an inclusive phenomena. Business growth must take into account the interests of all stakeholders, including

employees, business partners, customers, and the society at large to be sustainable and long-term. All actions and business decisions at Blue Star are therefore in tune with this business philosophy of 'growing together.'

Such trust and inclusive growth are driven by the Company's core values and beliefs, governing its conduct, based on the bedrocks of 'Ethical Behaviour,' 'Transparency in Dealings and Conduct,' and 'Accountability for Actions.' Blue Star has ensured that its core values and beliefs are enshrined in internal communication titled The Blue Star Way, which is imbibed into every single Blue Starite. Every employee is introduced to The Blue Star Way from the very start of his or her induction into the Company through classroom sessions and then reinforced as a part of the training schedules throughout their careers. It therefore becomes the responsibility of every Blue Starite to follow The Blue Star Way in all their conduct and dealings. This ensures that the Company as a whole stringently adheres to fair and transparent business practices backed by the personal integrity and ethical behaviour of every employee. Well elaborated policies are made easily accessible on the Company's employee portal as well as on the corporate website, to publicly affirm Blue Star's commitments in this regard, to govern its actions, and to provide clarity of direction.

To drive ethical behaviour through policy and to manage risks that arise out of managing the enterprise, Blue Star has a robust vigilance and control framework in place. The Company has implemented policies towards Enterprise Risk Management, Internal Audits and freedom for Whistle Blowers, so that ethical practices become an inherent part of employee behaviour. 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 <https://www.bluestarindia.com/media/271525/whistle-blower-policy.pdf>. 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 dedicated toll-free line set up for the purpose. All these policies and guidelines of the Company also extend to its subsidiaries, joint ventures, employees, vendors, contractors, channel partners and associates.

Ethical conduct and transparent business practices must begin from right at the top of the pyramid. The Board of Blue Star and its Senior Leadership team set the right tone 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 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 Board Members and Senior Management affirm their compliance to the Code of Conduct through an

annual declaration. Besides the ethical aspects of corporate behaviour, Blue Star's Senior Management also commits itself to transparency in its financial and other disclosures.

During the period under review, Blue Star has organised many training and awareness programmes as well as e-learning modules for its Key Managerial Personnel and other employees on the Code of Conduct and The Blue Star Way to foster ethical conduct and transparency as well on the Whistle Blower policy and Prevention of Sexual Harassment at Workplace.

Blue Star's endeavours in the above directions has resulted in the Company being bestowed, for the third time in a row, 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.

During the year, the Ethics Committee of Blue Star investigated conduct matters arising from internal reviews and from 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, 2022	Year ended March 31, 2021
Directors	NIL	NIL
KMPs	NIL	NIL
Employees	1	2
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.

Blue Star gives paramount focus to sustainability and the mitigation of the impact of climate change; the Company's products rate high on energy-efficiency standards. The Company ensures the adoption of the latest technologies to ensure that its products meet or exceed the highest energy-efficiency standards laid down by the Government, at all times.

Blue Star has always been ahead of the industry curve in imbibing best practices pertaining to sustainability and energy-efficiency.

For instance, the Company has adopted the low global warming refrigerant R-32 for use in room air conditioners. A complete range of 3-star and 5-star inverter range of room

air conditioners meeting new energy-efficiency norms as per BEE star labelling scheme applicable from July 1, 2022, has already been developed. The Company has also invested into a new deep freezer manufacturing plant at Wada. A new range of eco-friendly and energy-efficient deep freezers, both in hard top and glass top versions, has been designed and developed using R-290 refrigerant and cyclopentane blowing agent-based foam insulation. The Company will phase out the R-22 refrigerant from its scroll chillers with its upcoming range of R-410A based scroll chillers meeting the standards laid down in the BEE star labelling programme.

When product development exercises are taken up within the Company, the product management and R&D teams ensure the adoption of the latest technology in both products and processes to ensure that new products are both resource-efficient and sustainable. For example, there is a sustained focus within the Company right now on embedding energy-efficient inverter technology across key products of the Company, namely chillers, ducted systems and wall-mounted split air conditioners.

Besides, sustainability-related aspects are integrated into 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. By embarking on these steps of continuous product innovation with a focus on energy-efficiency and low global warming potential, the end product consumes the least power possible at the consumer's site, resulting in the least environmental impact.

Sustainability is also sought to be driven through raising awareness amongst consumers of their rights through education, product labelling giving details of composition, educational marketing communication, and the promotion of safe usage as well as disposal of the products. Similarly, the Company also works towards higher sustainability in sourcing through the

use of a common supplier basket across businesses. Packaging materials are a source of waste, so supplier meetings and discussions are held on this aspect to recommend practices to minimise waste as well as to optimise logistics, reduce fuel consumption and lower the carbon footprint. Blue Star's sourcing team plays a key role in training suppliers and providing them with managerial and technical assistance to make improvements in productivity, quality, cost, delivery and safety.

Blue Star is also involved in many activities to reduce waste in its factories and in various production processes. Energy management and the deployment of renewable energy sources are also active initiatives constantly undertaken at the factories.

Investments in sustainable and eco-friendly initiatives undertaken during the year were as follows:

(₹ crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
R&D expenses	17.99	11.87
Capital investments	3.30	2.50

In the Company's Electro-Mechanical Projects business, 97.5% of the total spend during 2021-22 was through domestic producers including micro and small vendors and 2.5% 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 18% of the Company's procurement is from MSME vendors.

Another area that Blue Star works on diligently to promote sustainability and eco-friendliness is on the disposal of e-waste. The Company has obtained authorisation as a Producer under the E-waste (Management) Rules, 2016, 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 4766MT against its target of 4621MT (103%) of e-waste collection and channelisation for the financial year 2021-22.

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

Blue Star has always put its people first, and the Company continuously emphasises on employee-centric policies to bring

out a high-performing, meritocracy-based culture within the organisation. The Company's people focus ensures that it is always responsive to their needs and well-being, fostering a nurturing and empowering culture.

The principle of 'growing together' that the Company practises whereby equal importance is given to employee growth and development as to organisation growth and profitability has brought about a symbiotic relationship between the Company and its employees which fosters trust in the organisation by its people and brings out the best from the already talented pool of Blue Starites. Towards this goal of employee growth, Blue Star organises many training and developmental programmes and workshops in addition to providing them with a well-rounded exposure to business activities. These enable them to hone their capabilities and build their career within the organisation. The Company also carefully follows each employee's career graph, in relation to his/her potential and provides relevant opportunities for individual growth. Blue Star also encourages job rotation to help employees take on new responsibilities to widen their exposure and enhance their credentials. Training programmes for all-round development of workmen are also conducted at the factories.

In its endeavour towards promoting a healthy work-life balance, Blue Star has rolled out many initiatives such as flexible timing and work-from-home policies to keep employees engaged and energised. An open-door policy is promoted and practised by the Senior Management under which an employee can approach any Senior Manager to discuss ideas, suggestions or concerns.

Due to these initiatives, 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. Several of the Company's employees are therefore with the organisation for years, even decades, which is a testament to the Company's people-first culture and the trust that the employees have in the Company. The passion and fervour with which most Blue Starites work for the interests of the Company and its stakeholders was best borne out by the support rendered by many Blue Starites during the peak of the Pandemic when they ensured the running of critical air conditioning and refrigeration equipment in all corners of the country, especially in the healthcare sector, despite the lock downs and restrictions that were imposed on movement, even while faithfully following all norms in place for safe travel and transactions.

The people-first policy of Blue Star is enshrined in a robust HR framework, which the Company revisits and improves regularly in order to bring in a more modern and contemporary approach towards its people systems and processes, all of which is aimed at augmenting the employee-friendly ecosystem.

In terms of diversity, Blue Star has a rich and diversified workforce with employees from varied backgrounds, geographies, ethnicities, languages, genders, religions, castes and creeds. All Blue Starites are trained to follow The Blue Star Way, which encapsulates the ethical and transparent behaviour that is expected of everyone in the Company. Strong value systems, ethics, honesty, sincerity and teamwork, among others, are ingrained into every one at Blue Star, right from induction and

through various reinforcing training programmes at regular intervals.

As on March 31, 2022, Blue Star's employee count stood at 2723. Apart from this, the Company also had 743 persons hired on a temporary or contractual basis. There are no permanent employees with permanent disabilities in the organisation. 184 employees, forming 7.7% of the permanent staff, are members of employee associations recognised by the Company. Around 58% 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, 2022, as against 59% in the previous year.

In terms of constantly improving the gender mix, the Company is committed to creating a woman-friendly ecosystem across offices, factories, and work sites, which encourages gender equality at all times. The strength of the Company's female employees is approximately 9.1% across levels and roles in the Management cadre during FY22. There are 209 permanent women employees in the Management cadre in the organisation. Blue Star stands for equal gender representation across management and leadership positions, and therefore conducts programmes around women-centric initiatives regularly. The Company also hones aspiring female contenders for Senior Management positions.

Since Compensation and Benefits are an integral part of being an employer of choice, Blue Star has a well-structured Compensation and Benefits system in place, which increases 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
Permanent employees			
Male	100%	100%	-
Female	100%	100%	100%
Total	100%	100%	-
Other than Permanent employees			
Male	100%	100%	-
Female	100%	100%	-
Total	100%	100%	-

Details of Retirement benefits provided to employees:

Benefits	Year ended March 31, 2022		Year ended March 31, 2021	
	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)	19%	Y	2%	Y

A fair, equitable and transparent performance appraisal system in Blue Star ensures higher employee satisfaction, and leads to increased motivation and productivity. A structured performance and development review that takes place twice a year – a midterm review and an annual review – covers all employees of the Company.

Blue Star's HR practices are constantly being improved and enhanced to attract and retain the best-in-class talent which will help take the Company into the top 10 employers league in the engineering and consumer products industry. A strong employee engagement programme has been put in place to build energised teams across Blue Star, to encourage a culture of entrepreneurship and innovation. A full-fledged leadership development and succession planning programme too is in place to develop the next set of leaders for Blue Star.

Safety of employees is paramount at Blue Star, and so 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. The Company rolled-out a new and improved policy on 'Environment, Health and Safety (EHS)' during the period under review.

(<https://www.bluestarindia.com/media/342742/ehs-policy-and-objectives-a3.pdf>).

In the year gone by, the Lost Time Injury Frequency Rate (LTIFR) per one million-person hours worked, was 0.0740 as on March 31, 2022, as against 0.0270 as on March 31, 2021. Besides, two workers recorded work-related injuries, and there was one fatality, during FY22. No high consequence work-related injury or ill-health (excluding fatalities) were recorded during the period under review.

The channel partners too are part of this drive for safety, and are familiarised with all safety standards as they evolve. Around 42,980 safety training man-days were logged during the year, fostering a 'Safety First' culture within the organisation. New sub-contractors are evaluated with respect to their safety preparedness before assigning them contracts, and compliance to the safety policy is ensured through regular training, site visits and audits. Safety training is imparted to all new employees, dealer technicians and contract workmen before commencing work, and regular refresher sessions are conducted during the course of work. 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 209 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, 2022		Year ended March 31, 2021	
	On Health and safety measures	On Skill upgradation	On Health and safety measures	On Skill upgradation
Employees				
Male	94%	72%	100%	54%
Female	96%	82%	100%	50%
Total	94%	73%	100%	54%
Workers				
Male	100%	98%	100%	81%
Female	100%	92%	100%	100%
Total	100%	96%	100%	82%

Right through the ongoing Pandemic, Blue Star has been diligently ensuring the health and safety of its employees. Through careful planning, the Company has implemented various COVID-appropriate measures, always taking into account the directives of the local authorities. A set of guidelines have been put in place by Blue Star internally to be complied with by employees while travelling, working in office or at project sites. These have been widely disseminated through the Company to prevent the spread of COVID-19. The Company also undertook various additional welfare measures such as additional insurance coverage for the employees and their families and soft loan schemes to help employees tide over the uncertainties caused by the Pandemic.

Encouraging the use of the Government's 'Aarogya Setu' App besides using Blue Star's own 'Star Safe' App, the daily health data of the employees was monitored on a daily basis. Another Blue Star App, the 'Starry App', also facilitated the Company's employees to ensure careful tracking of the spread of the virus.

Blue Star endorses the principle of 'equal pay for equal work'. It also has a no-tolerance policy towards child labour, forced labour, sexual harassment and discriminatory employment or biases in growth opportunities for its staff members. There were no complaints related to child labour, or forced or involuntary labour filed during 2021-22. 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. During the year under review, there were no cases pertaining to sexual harassment in the Company.

The employee portal of the Company carries detailed and well-defined policies on various important aspects: 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.

In addition, an e-learning module has also been developed to acquaint the employees with the nuances of what constitutes appropriate behaviour and the internal mechanism to address their concerns.

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

Blue Star lays immense emphasis on regular and effective engagement with all stakeholders. Every stakeholder, whether internal or external, contributes both tangibly and intangibly to the overall success of the organisation, and Blue Star is acutely

aware of this fact. Mapping stakeholders therefore as employees, customers, business associates, suppliers and distributors, shareholders, bankers, debenture holders, regulatory authorities and industry associations, besides others, the Company regularly disseminates information on developments, both long term and short term, to the entire spectrum as applicable. By doing this diligently over the past 78 years, Blue Star has shown its commitment to keeping all stakeholders in the loop at all times, and built a trust-based relationship with each and every one of them, thus strengthening the Company's standing and significantly contributing to its growth.

Blue Star's channel partners, who are part of the Company's extensive dealer network, are some of the most important stakeholders for the Company, and a major strength to its channel distribution businesses. Dealers are the extended arms of the Company and are responsible for quick and efficient response to customer needs in all corners of the country. Various outreach programmes, like product launches, training sessions, and performance recognition events, amongst others, ensure that dealers are always communicated with and that there is a continuous interaction with channel associates.

Investors are another stakeholder group that Blue Star is in constant interaction with. An active investor relations programme covers both individual and institutional investors, and allows investors to be regularly apprised of the ongoing performance of the Company and the medium term outlook. Regular meets are held with institutional investors and analysts after declaration of financial results. Blue Star also participates in investor conferences and meets analysts and fund managers in both group and one-on-one sessions, on an ongoing basis. Besides, all information pertaining to the Company's products and services, policies, press releases, financial results, annual reports, investor updates and conference calls transcripts, amongst others, are always made available on the corporate website. Bankers and credit rating agencies too experience proactive engagement by the Company through the year, satisfying the need to keep them in the loop with developments of interest to them.

With regard to disadvantaged and marginalised communities, Blue Star has robust CSR programmes to focus primarily on them. Acutely conscious of the impact of its operations on communities around its facilities, the Company is committed to contributing proactively towards enhancing their living standards through interventions in skill development, education, health, hygiene, and wellness. Affirmative action is what Blue Star believes in. The Company therefore has been actively involved in the development of Dalit entrepreneurs by providing them with opportunities to be vendors and channel partners. The Company's executives also mentor 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 on page no. 76.

Principle 5: Businesses should respect and promote human rights.

Blue Star not only respects and protects human rights under all circumstances but also considers this a paramount focus in its daily operations. Through policy advocacy, and fair and transparent business conduct that is clearly detailed and articulated in its systems and policies, the Company ensures strict adherence to the protection of human rights and prevention of any violations of the same.

The Code of Conduct that Blue Star has defined and adopted is applicable to all its internal stakeholders including vendors, dealers, service providers and employees. The Code helps address and redress grievances of any kind including those that may lead to a breach of ethics or be perceived as sexual harassment. Formal mechanisms are available through which inclusive committees are formed to review all grievances, in a responsible manner so as to ensure anonymity and confidentiality of complainants. Employees have been made aware of the policy related to sexual harassment at the workplace, along with its objectives, applicability, structure of committees and the process undertaken to redress complaints, through regular communication and workshops.

Blue Star also ensures that safety practices are adhered to at its construction sites as a part of its commitment towards the safety and security of its employees. The Company also continues to engage with construction suppliers through training, safety audits and checks.

An open-door policy is in place within Blue Star that allows any employee to voice concerns of any kind directly to the Vice Chairman or the Managing Directors through a discreet and formal mechanism that is in place. The interaction may be in person or through a dedicated email address, which is handled only by the Vice Chairman and the Managing Directors to maintain strict confidentiality.

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

Blue Star makes dedicated efforts and gives utmost importance to the restoration of the environment. As such, the Company plays a critical role in encouraging initiatives across the industry and within the organisation to make continual product and process improvements that make them consume lower power and use less ozone-depleting refrigerants with lower global warming potential.

Blue Star works with various regulatory bodies to constantly update energy standards of new products and was amongst

the first companies to comply with BEE's voluntary labelling programme for inverter split air conditioners. 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's room air conditioner range has always been ahead of the curve with regard to the prescribed energy standards.

When the Government issued a notification revising the star rating plan applicable to unitary and split air conditioners with an evolved rating methodology that factors in variance in higher temperature zones in the country and rates air conditioners accordingly, Blue Star immediately complied with the revised star rating plan for all its room air conditioners for which it was applicable. This enables consumers to now purchase air conditioners with higher efficiency leading to lower electricity bills.

The use of hazardous substances need to be reduced in all products with time. Blue Star therefore closely monitors the quantum of lead, mercury, cadmium or any such hazardous substances and ensures that they are never over the concentration value permitted by the environmental laws in India.

Blue Star also ensures that all its factories operate in an eco-friendly manner. For instance, all the manufacturing facilities use testing machines that not only use the latest technology to aid in quality improvement but also to increase energy and water savings. Water harvesting facilities are also installed at all the Plants. The Wada/Ahmedabad Plants incorporate an eco-friendly foaming process using cyclopentane, which is a first-of-its-kind set-up for cold room panel manufacturing 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, since cyclopentane blown foam contains no ozone depleting substances and has a negligible impact on global warming. Blue Star's Wada factory is also certified as a Gold-rated Green Building by the Indian Green Building Council, Hyderabad.

Blue Star's Senior Management participates in most domestic and international initiatives, including round table discussions and workshops, that focus on certification and compliance processes, as well as standards and labelling programmes. These fora focus on: HVAC refrigerants and technologies; new-generation refrigerants that are costlier but have a positive impact on the environment; new patent types; development of alternate and even natural refrigerants; safety standards; and financial viability; amongst others.

All the manufacturing facilities of the Company are committed to operate on a zero-discharge basis. All the wastes generated because of the 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	Plant	Initiative undertaken	Outcome of the initiative
1	Wada	999kW solar power installation and connected to grid	Generated 465277kWH through solar plant from January 2021 to September 2021.
2	Wada, HP2	Energy saving initiatives	Saved 27000 units till September 2021. Power cost per product reduced by 28% (last year ₹49 and this year ₹38 power cost per product achieved)
3	HP2	Auto Water Feeding motor control system	Auto Water Feeding motor control for RO to eliminate water wastage and save power cost
4	HP1	Upgraded the Sewage Treatment process by enhancing the treatment capacity	Improvements in the STP outlet water parameters i.e COD, BOD, TSS, TDS, ph, etc
5	HP1	Replacement of old DG Set with new CPCG II complying set	Improved and complied with Environmental Parameters PM, CO, NOx and SO ₂
6	HP1	Replacement of one old HPB having hydraulic power pack with new one having servo driven system	Improved on energy efficiency by 70% and CO ₂ emission by 571 tons and further eliminated the hydraulic oil which additionally helps improve on hazardous waste under HWM category 5.1 and 33.1
7	HP1	Upgradation of IDU manufacturing process to improve on power cost	Improved power cost/product and carbon footprint by 45%
8	Ahmedabad	Zero ODP & Low GWP blowing agent usage in puff formation	ODP reduced from 0.11 to 0 GWP reduced from 725 to 11
9	Ahmedabad	Zero ODP & Low GWP refrigerant usage in Deep Freezer	GWP reduced from 1300 to 3

Blue Star's range of water purifiers with High Recovery Reverse Osmosis is aimed at a significant reduction of water wastage. It will also help the Company in gearing up for the likely amendments in the regulatory policies in the near future.

Optimising water consumption through the adoption of new technologies and behaviour change initiatives is a constant focus at Blue Star. Blue Starites also showcase their support to the cause of renewable energy at various public fora. The Company's environmental-friendly practices across the value chain are also presented to key business partners and associates who are also persuaded, supported and educated to adopt them. Numerous commendations have been received by the Company from its clients for its energy-efficient products and services, projects and installations.

Blue Star has installed a 1MW solar power plant at its factory at Wada and another 100kW one at Dadra. Initiated in FY20, both are expected to result in significant savings in power and fuel cost. These plants support the Company's endeavours to utilise renewable energy in all areas.

Potential environmental risks are identified and assessed by Blue Star Management from time to time. Being always sensitive to the environmental impact of its operations, the Company has proactively adopted environmentally-sustainable business practices wherever possible. Internal and independent auditors/

assessors carry out regular checks to ensure compliance with appropriate environmental regulations and policies.

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

Blue Star uses policy advocacy to ensure the betterment of society as a whole. The Company works through its collaborations with industrial institutions and professional bodies to drive positive change in the industry, by providing advocacy in matters pertaining to the 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.

The Senior Management of Blue Star 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.

At Blue Star, social endeavours go hand in hand with business-related endeavours. The Company always gives prime importance to helping less privileged, rural and urban communities in the country through its social initiatives, which are aligned strategically to its domain knowledge and its employees' skill sets. Employees are therefore able to volunteer their time to these programmes and many provide their services on pro bono basis to help educate the less privileged youth to train them in skills that would serve them well in their future.

The Company is committed majorly to two focus areas: Education & Skill Development and Health, Hygiene & Wellness of all stakeholders through its products, services and social initiatives. All programmes are aligned to the UN's Sustainable Development Goals (SDGs), and to the country's development indices. Through its initiatives, Blue Star implements 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; continued teaching and learning among school-going children along with providing hygiene facilities around its manufacturing facilities; and supporting targeted and impact-driven interventions in the fields of women empowerment, environment and sustainable development.

In times of national need, such as during floods, earthquakes, and the most recent example of the COVID-19 Pandemic, Blue Star continues to be agile through continued rapid relief response in partnership with on-ground NGOs, under the aegis of the Company's CSR activities. Blue Star's CSR Committee, which reviews, monitors and provides strategic direction to the Company's CSR practices, presently comprises the Managing Director along with one Non-Executive Director and an Independent Director. The Committee also formulates and monitors the CSR policy and recommends the annual CSR plan of the Company to the Board too, in line with Companies Act, 2013. Periodic reviews monitor the benefits received by the community, and lead to augmenting the projects.

Blue Star has also been supporting various philanthropic causes through its charitable Trust, Blue Star Foundation, which sponsors activities in the areas of education and healthcare. Local teams across major offices and factories also support local initiatives in health, education, environment, hygiene and infrastructure. Details of the CSR activities of the Company and their impact are given in Annexure 2 to the Board's Report and in the Integrated Report, on page nos. 124 and 76, respectively.

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

Blue Star offers 'Gold Standard' Service that promises customers stringent response and turnaround times. These are adhered to by field teams in charge of consumer complaint resolution and breakdown calls. Technology is leveraged extensively to give the customer a great experience in fast complaint logging and speedy turnaround of defective equipment.

Besides the above initiatives, Blue Star also seeks consumer insights systematically through established mechanisms across businesses. Customer interactions and focused group discussions bring in feedback which is incorporated into the product development processes. This not only helps satisfy customers but also empowers and enables the Company to respond effectively to changing market dynamics, giving it an edge over competition. On the digital front too, Blue Star has imbibed the latest digital technologies across its lines of businesses including the creation of Apps that are designed to enable a smooth and enhanced customer interface across products and services as well as ease of doing business.

To ensure that Blue Star's products and services are of global standards and meet the high expectations that customers have of Blue Star products, 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. Recently, the Company was certified under ISO 45001:2018 for Engineering Facilities Management and Revamp Site Operation of the Customer Service Group. Blue Star's factories have received several certifications for health and safety compliance, and adherence to quality. Multiple certifications have also been received for the Company's products and services for international markets.

Honest and transparent dissemination of information about its products and services across media is a hallmark of Blue Star's ethical marketing and sales communication. Besides, the Company's performance, market trends, and the impact of change in industry policies or Government regulations, is communicated regularly 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 Company's Corporate Communications and Marketing Services department has institutionalised brand management guidelines, which help customers identify and distinguish Blue Star's products and services from others.

Television commercials are built around intelligent and humorous storylines, imparting informative and educational insights along with sales information.

Similarly, the Company's social media pages deliver value-based communication to customers. Truthful and factual communication is the focus while creating any of the Company's marketing collateral. This helps the Company's customers to exercise their freedom of choice to consume its products and services in an informed manner. Operation & Maintenance manuals accompany every product, in line with relevant codes and specifications. The organisation is compliant with all legal requirements pertaining to product information and labelling. The sale of products is followed by responsible and seamless integration of its related services to enhance customer experience.

Customer engagement being an on-going process at Blue Star, the Company conducts surveys periodically through external market research firms to understand customer behaviour, requirements and satisfaction levels with respect to its products and services. Customers can connect with

Blue Star via several modes with their enquiries, feedback or concerns. Company officials can also be contacted via a multi-platform grievance mechanism for fair, swift and transparent grievance resolution, via phone, e-mail, website, feedback forms or letters, as appropriate.

Out of the total calls received by the Company from customers, approximately 71% were related to complaints, of which 3.2% complaints were pending resolution as on March 31, 2022. All the other complaints were closed satisfactorily. 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, seven cases were resolved during 2021-22, and as on March 31, 2022, 98 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. 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.