

## **Tata Chemicals Limited**

### **UN Global Compact – Communication on Progress (CoP) – Year 2004-05**

#### **[ A ] CEO Statement**

This year marks the beginning of an exciting new chapter for Tata Chemicals with the acquisition of an equal partnership in Indo Maroc Phosphore S.A. (IMACID) along with Chambal Fertilisers and the global phosphate major, OCP of Morocco. This will, hopefully, open doors for further opportunities in the area of globalisation, and will also mark our first manufacturing presence outside India.

Tata Chemicals is committed to conduct its business by adhering to the highest ethical and moral standards as enshrined in the 10 universal principles of the United Nations Global Compact. The company regards Global Compact as a vital bridge for stakeholder engagement.

We are continuously looking at improving through fresh thinking and ideas, thus creating and building a culture of innovation and relentless pursuit of excellence within the organization. As a company on the growth path, we strongly believe that these are traits that we need to build upon if we are going to be a globally competitive company.

#### **Corporate Sustainability Reporting**

The GRI Guidelines are increasingly recognized as a reporting standard worldwide. This demonstrates that an increasing number of stakeholders, including the investment community, share the goal of the GRI to bring to corporate sustainability reporting, the same high standards and credibility, as we find today in financial reporting.

We have made great strides in establishing a sustainable business model at Tata Chemicals that complements our focus on Maximizing Value. It helps us manage for value and sustainable growth. Along with the work done, this report helps us to monitor our progress and to advance transparency and dialogue. It is necessary to create a mutual understanding with various stakeholders, and to contribute to the establishment of a society in which all people “live and work together for the common good.” The GRI guidelines are one of several tools we use to identify the actions that need to be taken - or the practices that can be shared or enhanced - to benefit the communities in which we operate, the people we help through our products and programmes and the society we live in.

Central to the corporate philosophy of Tata Chemicals is its passionate commitment to the social development of the communities in which it operates. Tata Chemicals is committed to the betterment of the community in and around its Plant areas. TCSR or Tata Chemicals Society for Rural Development, which has been working for the benefit of the rural population in and around the company's plants and townships, has grown from strength to strength. The numbers participating and volunteering in the various programmes undertaken have been ever increasing. TCSR hosted the world's first

hospital on wheels – the Life Line Express at Mithapur in Nov 2004. It catered to the urgent needs of the handicapped in remote and inaccessible areas. The Whale Shark project, which has been ably supported by Tata Chemicals, has managed to create great awareness among the community, who have realized the importance of saving these gentle giants. Babrala has seen a lot of activities this year including the Family Welfare Programmes, Health Care Programmes for women and children and even help for farmers through technology, thus helping them to figure cropping patterns. Work for the communities in and around our Haldia Plant, which was recently acquired, has already begun and it is really encouraging to see the support and enthusiasm that we have received both from our employees and the community. The Pulse-Polio Programme and Volunteer Programmes were amongst some of the programmes launched at Haldia last year.

TCSR also plays a pioneering role in encouraging the handicraft art form popularized under the "OKHAI" brand name. With the able support of TCSR, today over 120 women spend their time making colorful and aesthetically unique pieces of 'Appliqué Work' for commercial purposes, that provides them with alternate sustainable sources of income and leads them to economic empowerment. The OKHAI brand is being promoted in a way to ensure that people are not only aware of this beautiful form of art, but also appreciate and patronize it.

### **Recognition of our efforts**

Tata Chemicals' efforts have been recognized over the years by various bodies and organizations. Year 2004 saw the Babrala Plant receiving the 'Sword of Honour', which is the highest ever award bestowed by the British Safety Council, UK, while our Mithapur Plant received a 5-star rating. The Babrala Plant also received an award for Excellence in National Gas Conservation from GAIL India Limited, the Excellence in Safety Award by Fertilizer Association of India and the Safety Gold Award from Greentech Foundation, Delhi. Our company was also awarded the ICMA Aditya Birla Award for the Best Responsible Care Committed Company in 2004.

### **Sustainable Efforts**

As we touch the path towards Globalisation, we believe that our employees are the key to brace the challenge and journey that we have embarked upon. A lot of work has been done, but we will not relax. The journey has just begun and we will ensure that our commitment towards environmental, social and economic balance of the society and community is sustained. We aim to do this with the support of our employees, shareholders, stakeholders and customers, and build on the relationship to ensure maximum participation. Your constant feedback is the key to our progress in building a globally competitive company. I look forward to your response.

**Tata Chemicals Limited**  
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<b>[B] and [C] Description of Actions and Measurement of Outcomes</b>				
<b>Global Compact Principles</b>	<b>Company's Policy &amp; Direction</b>	<b>Specific actions taken during the current financial year</b>	<b>Outcomes with key Results &amp; Measurements</b>	<b>Data/Result collected from the internal departments/functions (Champions)</b>
<b><u>HUMAN RIGHTS</u></b>				
<p><b>Principle 1</b> Business should support and respect the protection of internationally proclaimed human rights.</p> <p><b>Principle 2</b> Business should ensure that they are not complicit in human right abuses.</p>	<p>1) Company follows Principles of the International Declaration of Human Rights. Its policies support, respect and protect the Human rights of its direct as well as indirect employees.</p> <p>2) Company has SHE policy, Quality policy, Environment Policy, Community Development Policy, Food Safety Policy.</p>	<p>1) Company policies and guidelines ensure human rights compliance all across. Grievance Redressal Cell &amp; Help Desk, on Company's intranet service, addresses issues related to its employees, resulting into higher satisfaction.</p> <p>2) To monitor the compliance to the objectives of the policies, the company has established well-documented systems of record keeping, process of internal auditing, corrective and preventive action planning and reviewing the progress on regular basis. Third party surveillance audit validates this system and Management</p>	<p>1) Overall Employee Satisfaction has increased from 66% (2003-04) to 73% (2004-05), much better then the Indian average of 69%.</p> <p>2.1) Company's Fertilizer plant at Babrala has been awarded with Sword of Honour by British Safety Council, where as the Chemical plant at Mithapur has been awarded with British Safety Council 5 Star rating for its Safety Management System.</p> <p>2.2) Company's chemical and</p>	<p>HR / Personnel departments</p> <p>SHE / Business Excellence Cells</p> <p>Business</p>

	<p>3) Tata Code of Conduct (T-COC) ensure Human Rights compliance across the Organization</p>	<p>Committee reviews results of the third party audit.</p> <p>3.1) In line with Tata group of attaining Leadership With Trust, all Tata group companies has institutionalized Tata Code of Conduct guiding clauses, which have been accepted and signed by all employees of the Company. All employees have been imparted training and awareness to</p>	<p>fertilizer plants are certified with ISO 9001, ISO 14001 and OHSAS 18001.</p> <p>2.3) Through effective SHE Training and better implementation of safety practices the company's safety performance has improved significantly.</p> <table border="1" data-bbox="1268 646 1675 813"> <thead> <tr> <th>Incident Rate</th> <th>Frequency Rate</th> <th>Safety Index</th> </tr> </thead> <tbody> <tr> <td>a) 1.3</td> <td>0.5</td> <td>0.1</td> </tr> <tr> <td>b) 0.0</td> <td>0.0</td> <td>0.0</td> </tr> <tr> <td>c) 5.5</td> <td>1.9</td> <td>0.5</td> </tr> </tbody> </table> <p>Chemical plant at Mithapur Fertilizer (Urea) plant at Babrala Fertilizer (Phosphate) plant at Haldia</p> <p>3.1) In the reporting period, total 44 concerns against the T-COC were resolved out of 53. (For all the 25 Clauses of T-COC)</p>	Incident Rate	Frequency Rate	Safety Index	a) 1.3	0.5	0.1	b) 0.0	0.0	0.0	c) 5.5	1.9	0.5	<p>Excellence Cell</p> <p>SHE cell/ HR department</p> <p>Company's Ethics Counselor</p>
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a) 1.3	0.5	0.1														
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		<p>thoroughly understand expected ethical behaviour. Company is also having T-COC Grievance Redressal Mechanism and Ethics counselor to address the raised issues.</p> <p>3.2) During April 2004, Management of Business Ethics (MBE) survey was conducted.</p>	<p>3.2) Effective implementation of MBE has increased from 66.3 points to 73.7 points.</p>	<p>Company Ethics Counselor</p>
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LABOUR STANDARDS				
<p><b>Principle 3</b> Business should uphold the freedom of association and the effective recognition of the right to collective bargaining</p>	<p>The company abides by the Indian Factory Act and all the Indian Labour Laws; these laws are in-conformance to the ILO. Company has recognized Trade unions and Staff unions for bargainable category of workmen and supervisory staff.</p>	<p>1) Mithapur and Haldia plants have workmen as well as staff unions as per Trade Union Act –1926 and other relevant laws. At Fertilizer plant at Babrala, a single supervisory staff union represents all supervisor staff. Employees are free to join Trade Union of their choice. Every three years election process identifies one union, which is to be recognized by the company under the supervision of Government authority.</p>	<p>1) Company's chemical plant has 5 unions with 97% supervisory and 85% worker employees as members and Fertilizer plant at Haldia has 1 Trade Union with 100% of employees as members. These unions are registered as per "Section 4 of Trade Union Act – 1926".</p>	<p>Legal / Administration / Personnel departments</p>
	<p>Company also constitutes various committees and councils having equal participation from management as well as elected workmen representatives to discuss and resolve various issues related to operations.</p>	<p>2) Joint committees like Joint Management Council and Canteen Management Committee with the representatives from Management and worker cadres are active to resolve the issues.</p>	<p>2) At chemical plant there were 14 meetings of these two committees While fertilizer plant at Haldia had 12 meetings of CMC.</p>	<p>Personnel department</p>
	<p>Company has periodic dialogues and negotiations with</p>	<p>3) Company has Specific Executives and Personnel Department to deal with all matters related to Unions. All the decisions are discussed with Committees and with the Staff union prior to its implementation.</p>	<p>3) In the reporting period there were no unresolved grievances pending with the Grievance Redressal Cell</p>	<p>Personnel department</p>
			<p>4) One concern was raised against clause 23 of T-COC in 04-05, which</p>	

<p><b>Principle 4</b> Business should support the elimination of all forms of forced and compulsory labour.</p> <p><b>Principle 5</b> Business should support the</p>	<p>the recognized workmen and staff trade unions to discuss and settle the charter of demand amicably.</p> <p>The company abides by the Indian Government laws under : Abolition of Bonded Labor Act 1976 Contract Labor Abolition and Regulation Act – 1970</p> <p>The company also ensures the adherence to relevant provisions of Indian factory Act and Industrial Disputes Act.</p> <p>Indian labor laws prevent recruitment of</p>	<p>4) Clause 23 of T-COC also ensures Freedom of Association. Company is having T-COC Grievance Redressal System and Help Desk on company's intranet for resolution of individual grievances.</p> <p>The company's internal audit mechanism, periodic third party audit along with regular inspection by the government labor ministry authorities helps company to validate the adherence.</p> <p>Company through its regular communication and periodic audit communicates and verifies the adherence of this stipulation from their suppliers, contractors and channel partners.</p>	<p>was duly closed within stipulated time.</p> <p>In the reporting period no violations or complaints have been reported.</p>	<p>Ethics Counselors</p> <p>Legal / Administration / Personnel departments</p>
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<p><b>Principle 6</b> Business should support the elimination of discrimination in respect of employment and occupation</p>	<p>Company policy on hiring new employees emphasizes the aspects of “Equal Opportunity Employer” and complies with Clause - 4 of T-COC.</p> <p>Affirmative action is exercised in the case of physically challenged persons, who are preferred by the organization provided the candidate meets the company’s competency requirements.</p>	<p>clause in the contract that child labor is not to be engaged in any form, direct or indirect.</p> <p>1) As per the company’s recruitment policy, applicants are not discriminated on the basis of gender, caste, religion, social status or physical disability. During the year, the organization has employed female candidates on permanent as well as on training basis to show the commitment towards non-discrimination.</p> <p>During the reporting period Company has formulated and implemented Anti Sexual - Harassment policy and has established appropriate company wise committee, chaired by a lady employee, to address and resolve the issues and concerns raised.</p>	<p>1) During the reporting period 4 female recruitments were made at company’s chemical plant for plant operation job. However there was no new recruitment of disabled candidates during the reporting period, total of 21 disabled employees are giving service to the organization.</p> <p>During the reporting period 7 out of 8 concerns raised were resolved against Clause – 4 of T-COC</p>	<p>Sales and Marketing Functions</p> <p>HR department</p> <p>Ethics Counselor</p>
<b>ENVIRONMENTAL PERFORMANCE</b>				
<p><b>Principle 7</b> Business should support precautionary approach to Environmental Challenge</p>	<p>All the plants have robust environmental management system, in conformance with state and central government rules and regulations, to appropriately address the precautionary</p>	<p>1) Periodic and regular Environment Management System, internal as well as surveillance audit has been completed. Annual environmental statements are submitted to the Government authority as per their guidelines.</p> <p>2) The Fertilizer plant at Babrala</p>	<p>1) 100% compliance to the monitoring schedule has been achieved.</p>	<p>SHE Cell</p>

	<p>approach to environmental challenges.</p>	<p>and Chemical plant at Mithapur are certified for ISO 14001-Environment Management System.</p> <p>3) The company has established enterprise wide risk management process, which includes process risk assessment and process hazard analysis.</p> <p>4) Company has carried out Environmental Impact assessment study for its Salt works</p> <p>5) Company's Babrala and Mithapur plants has also rolled out awareness on Clean Development Mechanism (CDM) resulting in identification of GHG reduction projects.</p> <p>6) Company has strengthened its responsible care management practices for distribution and product stewardship codes.</p> <p>7) Environment performance of company is also recognized by external agencies.</p>	<p>2) ISO 14001 certificates</p> <p>3) During the reporting period 655 Risks were evaluated against 700 Risks identified</p> <p>4) EIA of Salt Operations reports (Chemical plant).</p> <p>5) CDM potential projects lists</p> <p>6) Tata Chemicals is a Responsible Care Company. (ICMA Aditya Birla</p>	<p>Business Excellence</p> <p>Risk Management</p> <p>SHE cell</p> <p>SHE cell</p> <p>SHE cell</p> <p>SHE cell</p> <p>SHE cell</p>
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<p><b>Principle 8</b> Business should under take initiatives to promote greater environmental responsibility.</p>	<p>Company is following Mission statement. All strategies and business plans of the Company are directed towards achieving the above mission.</p> <p>Clause – 8 of T-COC ensures Environmental Preservation.</p>	<p>8) As the Organization follows the Montreal Protocol, the use of ODS is reduced to large extent.</p> <p>1) Company is having well established Environment Management System as per ISO 14001</p> <p>2) The company is signatory to Responsible Care initiative which drives beyond compliance work practices.</p> <p>3) The company is responsible for “Charter for Environment And Protection” (CREP) and thus the company submits compliance reports for the action plans that were committed.</p> <p>4) The company is trying to institutionalize sustainability in its business by creating awareness and reporting its performance as per GRI guidelines through Corporate Sustainability Report.</p>	<p>Award 2004)</p> <p>7.1) Babrala Plant: “BSC 5 STAR rating to EMS” and “Environment Agriculture and Rural Development Award”</p> <p>7.2) Haldia Plant: “Environmental protection Award” in SSP Plant Category.</p> <p>8) The company has completely phased out the consumption of CTC and has brought down overall consumption of Freon 22 by 16% during the reporting period.</p> <p>1) Audited by the external agency twice in a year and no non-conformities are received.</p> <p>2) Company has improved its performance for the pollution prevention code of Responsible care from 52 points (2003-04) to 62 points (2004-05) by straightening its management practices.</p> <p>--</p>	<p>SHE cell</p> <p>SHE / Business Excellence Cell</p> <p>SHE cell</p> <p>SHE cell / Business Excellence Cell</p>
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<p><b>Principle 9;</b> Business should encourage the development and diffusion of environmentally friendly technology</p>	<p>As a commitment to continuous improvement of the environmental performance, it is company's objective</p>	<p>7) Phosphate unit of Haldia plant has set up Gypsum pond for recovery and reuse of Gypsum prior to final discharge of effluent.</p> <p>8) Water saving initiatives is carried out for manufacturing major products.</p> <p>1.1) Company uses Solar energy at its salt works.</p>	<p>6.2) Malara Green Cap project helped increased use of fly ash for plantation. In the reporting year the area under the project increased from 2 acres to 12 acres in 04-05.</p> <p>6.3) Fly ash consumption has increased from 6.44 tonnes (2003-04) to 9.41 tonnes (2004-05)</p> <p>7) Gypsum recovered, is sold as byproduct.</p> <p>8) For Urea: Water consumption per one tonne of Urea is a benchmark in fertilizer industry, with consumption of only 5.2 m<sup>3</sup> per one tonne of product against Indian average of 8-12m<sup>3</sup>/tonne of product.</p> <p>For Soda ash: Total water consumption has reduced from 1.19 Million Cu. Meter in 03-04 to 0.9 Million Cu. Meter in 04-05.</p> <p>For Salt: Total water consumption has reduced from 47322 Cu. Meter in 03-04 to 10517 Cu. Meter in 04-05.</p>	<p>SHE cell / Production plant</p> <p>SHE cell / Production plant</p> <p>SHE cell / Production plant</p> <p>SHE cell / Production plant</p> <p>Business Ethics Counselor</p> <p>Production Plant</p>
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	<p>to minimize the quantity of waste generation and energy consumption from the processes by installing eco-friendly technology, or by increasing the use of renewable source of energy.</p> <p>Company will develop and use eco-friendly technology for safe production, transportation use and disposal of products.</p> <p>Company shall extend knowledge by conducting or supporting research on the Health, safety and Environmental effects of our products, processes and waste materials Company is committed to work with others to resolve problems created by past handling and disposal of hazardous</p>	<p>1.2) Effluent Solid Filtration Plant at the chemical unit is installed to recover the solids from the Soda ash Effluent generated and to use the solids in Cement manufacturing.</p> <p>1.3) As an initiative to use renewable energy, the Urea plant at Babrala has provided solar gysers in its township. Also through TCSR, solar cookers and lanterns are provided to the local community. Biogas plant is also setup by TCSR.</p> <p>2) Green Chemistry principles to address the environmental issues</p> <p>3) Sponsored a technology research to solve the reclamation of waste dumps</p> <p>4) Sponsored a research work to develop building materials from different solid waste materials that</p>	<p>9) No concerns were raised against Clause – 8 of T-COC</p> <p>1.1) While producing close to 1.65 million tonnes of solar salt from salt works, in the year 04-05, the company utilized renewable solar energy to evaporate 72 million tonnes of sea water. Thus utilized solar energy equivalent to energy available from 9 million tonnes of coal.</p> <p>1.2) Solids (recovered form ESF plant) used for Cement manufacturing in the year 2004-05 was 8200 tonnes compared to 2300 tonnes in 2003-04.</p> <p>--</p> <p>2) Increased waste recycling reduced specific raw material consumptions and shifting towards eco-friendly processes etc.</p>	<p>Production Plant</p> <p>SHE cell</p> <p>SHE cell</p>
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	substances	are generated from different processes of the Company	3) Reclamation of Solid wastes dumps, manufacturing of Bricks by using Solids and Fly ash etc.,	
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<b>ANTI CORRUPTION AND PREVENTION OF BRIBERY</b>				
<p><b>Principle 10:</b> Business should work against corruption in all its forms, including extortion and bribery</p>	<p>As per Clause 5 and 6 of Tata Code of Conduct, the organization is committed towards anti corruption and prevention of bribery.</p>	<p>1) Tata Chemicals has an elaborate system and processes on the 'management of business ethics' and all employees sign the Tata Code of Conduct. The company has a Chief Ethics Counselor located at Corporate office Each Division has an Ethics Counselor.</p> <p>The Tata Code of Conduct is sent to all suppliers with the contract, for their persual in respect of relevant clauses.</p>	<p>1) In the year 2004-05, no concern was reported against clause 5 and 6 of T-COC.</p>	<p>Business Ethics Counselor.</p>