

May 11, 2011

## **LANCO's Commitment in Support of UNGC Programme**

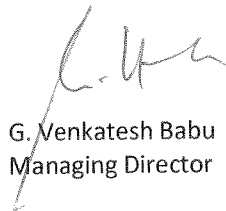
LANCO Infratech Limited is one of the fastest growing Integrated Infrastructure Enterprises of India, operating across a synergistic span of verticals comprising Power Generation, Power Trading, Non-Power Infrastructure, Construction, EPC, Property Development and Renewables (Solar & Wind).

LANCO is an environment friendly company in all its activities, products and services besides providing safe and healthy working environment to all its stakeholders. Our Power manufacturing units are accredited to the latest international standards viz. ISO 14001:2004 certification for Environment Management, OHSAS 18001:2007 for Occupational Health and Safety Management Systems.

The company reiterates its commitment to United Nation's Global Compact (GC) Programme and intent to advance GC principles within the company's sphere of influence and has made it part of the strategy, culture and day-to-day operations.

Company publicly advocates with its employees and other stakeholders by regularly incorporating its commitments towards GC programme through Annual Report, Press Conference and other public documents.

LANCO has also taken a lead role in promoting GC principles in other Indian organizations through Global Compact Society (GCS) by organizing case studies / organizational experience sharing, addressing the Global Compact principles in Indian context.



G. Venkatesh Babu  
Managing Director

## **Communication on Progress**

**Year 2010 – 2011**

**Mission** - Development of Society through Entrepreneurship

**Vision** - Most admired Integrated Infrastructure Enterprise

### **Company Profile**

LANCO is one of the fastest growing conglomerates of India, operating across a synergistic span of verticals comprising Power Generation, Power Trading, Non-power Infrastructure, Construction, EPC, Property Development and Renewables (Solar & Wind).

In a strategic move, LANCO has acquired Griffin Coal, which owns the largest operational thermal coal mines in Western Australia. Griffin Coal produces over 4 mtpa of coal which can be ramped upto over 15 mtpa, post development of evacuation infrastructure.

LANCO Infratech Ltd's current market capitalisation is approximately Rs. 15,000 Crores (USD 3.3 billion), of which about 68 per cent equity stake is held by its promoters. Its gross revenue as on March 2010 is over Rs. 8,200 Crores (USD 1.8 billion). LANCO is fast emerging as one of the leading private sector power developers in India with 3293 MW under operation, 5953 MW under construction, and 7100 MW of projects under development. Having over two and half decades of experience in Construction and Civil Engineering, LANCO has created niche for itself besides building powerful knowledge bank and system which facilitate continuous adoption and implementation of best practices and technologies. LANCO has strategic global partnership with top-notch companies which include: Genting of Malaysia, Harbin, GE, Dongfang, Doosan, etc. Today, LANCO is one of the India's largest Power Traders in the private sector.

A people driven organisation, LANCO operates from 20 states in India and has a human resource base of 6,761 people. LANCO is also a privileged member of the World Economic Forum and it has been acknowledged as an elite member of the top two hundred "Global Growth Companies". As part of its business strategy, the Company has evolved LANCO's Vision for 2015: to build a High Performance Organisation with an operating capacity of 15,000 MW in Power. LANCO also envisages an aggressive growth plan for the Construction and EPC division to achieve an Annual Turnover of Rs. 40,000 Crores (USD 8.64 billion) by 2015.

### **Subsidiaries**

- Power
- Non-Power Infrastructure
- Construction & EPC
- Renewables
- Property Development

## LANCO INFRATECH LIMITED | Sustainability Report 2010 – 2011

### UN Global Compact Communication on Progress

#### Global Compact Principle

#### Human Rights

Principles	Commitment / Policies	Action Taken
<p><b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights.</p> <p><b>Principle 2:</b> Businesses should make sure that they are not complicit in human rights abuses.</p>	<ul style="list-style-type: none"> <li>LANCO has the following policies in place in support of the Human Rights <ol style="list-style-type: none"> <li><b>Policy on HIV / AIDS</b> – The purpose of AIDS policy is to reassure employees that AIDS is not spread through casual contact during normal work practices and to reduce unrealistic fears about contracting an AIDS virus related condition. This policy also protects the legal right to work of employees who are diagnosed with an AIDS virus – related condition and provides guidelines for situation where infection with the AIDS virus is suspected. Our policy is to encourage sensitivity to and understanding for employees affected with a condition on the AIDS virus.</li> <li><b>Safety Policy</b> – Meeting Safety requirement is a demanding endeavour – at LANCO we institutionalize safety: <ul style="list-style-type: none"> <li>To create a commitment where ZERO Accident is the goal for every employee on every project</li> </ul> </li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>All the employees have access to the policies through Employee Standard Operating Policies (ESOPs).</li> <li>Lanco Group also developed Value statements to be adhered by every employee. <ul style="list-style-type: none"> <li>We are committed to maintaining a healthy work environment by protecting the physical and emotional health and well-being of all employees in the work place. This AIDS policy is a direct outgrowth of those commitments. It provides guidelines for situations when a question as to an aids virus-related condition arises. There are two major points: <ul style="list-style-type: none"> <li>Employees who are diagnosed with an AIDS virus-related condition may continue to work if they are deemed medically able to work and can meet acceptable performance standards. We will provide reasonable performance standards and accommodate</li> </ul> </li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• To develop awareness among all the employees for effective use of safety appliances, work permit system, personnel protective equipment. To create and educated, protected and empowered work force through effective participation in safety training, committees, competitions, etc.</li> <li>• Preserving all health and well-being of employees and their families through regular health program, pollution free environment at all project sites and neighbourhood.</li> <li>• Conduct regular training program on procedures, requirements at project specific orientation, first aid and fire fighting.</li> <li>• Conduct regular safety discussions with project safety committees coordinating and supplementing on specialized topics and updating the existing provisions to reflect new research, trends and legal requirements.</li> <li>• To create confidence in a safety conscious customer by delivering a project without compromising the well-being of worker and navigating through legal and statutory requirements.</li> </ul> <p>3. Recruitment policy and procedures</p>	<p>them reasonable if necessary to enable these employees to continue working.</p> <ul style="list-style-type: none"> <li>▪ We provide AIDS education for all employees to help them understand how the AIDS virus is spread and to reduce unrealistic fears of contracting as AIDS virus – related condition.</li> </ul>
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	4. Equal opportunity employer policy	
	<b>Outcomes</b>	<b>Plans for the Upcoming Year</b>
	<ul style="list-style-type: none"> <li>• Trained 5500 employees of Lanco in 20 locations in India on Corporate Values</li> <li>• Posters against sexual exploitation of women at workplace prepared and displayed in public places within Lanco</li> <li>• Posters against discrimination of persons with disability prepared and displayed in public places within Lanco</li> </ul>	<ul style="list-style-type: none"> <li>• 16<sup>th</sup> December will be celebrated as Elder's Day and across 10 Lanco Plant sites celebrated the Elder's Day on 16<sup>th</sup> December 2010 and 5,906 elderly honoured.</li> </ul>

Labour		
Principles	Commitment / Policies	Action Taken
<p><b>Principles 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p><b>Principle 4:</b> businesses should support the elimination of all forms of forced and compulsory labour.</p> <p><b>Principle 5:</b> businesses should support the effective abolition of child labour.</p> <p><b>Principle 6:</b> Businesses should support the elimination of discrimination in respect of employment and occupation.</p>	<ul style="list-style-type: none"> <li>• We respect the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO).</li> <li>• Lanco does not encourage any forced labour, including child labour. As a policy Lanco does not recruit child labour, below the age of 14.</li> <li>• Lanco is an equal opportunity employer and no discrimination is shown based on the religion region, caste, disability and sex.</li> </ul>	<ul style="list-style-type: none"> <li>• Posters against employment of child labour prepared and displayed in public places within Lanco.</li> </ul>
	Outcomes	Plans for the Upcoming Year
	<ul style="list-style-type: none"> <li>• Displayed 300 posters in 20 locations across all verticals of Lanco</li> </ul>	<ul style="list-style-type: none"> <li>• Policy for elimination of discrimination is respect of employment of Persons with disability to be prepared and followed.</li> </ul>

Environment		
Principles	Commitment / Policies	Action Taken
<p><b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges.</p> <p><b>Principle 8:</b> Businesses should undertake initiatives to promote greater environmental responsibility.</p> <p><b>Principle 9:</b> Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>	<ul style="list-style-type: none"> <li>• We recognize that our activities as integrated infrastructure enterprise have an impact on the environment, and prioritize the issue of climate change:</li> <li>• Lanco has Environment Policy in place and are committed to achieve satisfaction of interested parties and protect environment by generation of Power by implementing prudent econ-friendly methods; and conservation of natural resources like natural gas and water; complying with all relevant statutory and regulatory requirements; continual improvement in the environmental performance by minimizing the emission, discharges and prevention of pollution; use of environmentally friendly technologies and enhancing environmental awareness among employees, contractors and communities.</li> </ul>	<ul style="list-style-type: none"> <li>• Organized an International Conference on Climate Change.</li> <li>• Celebrated World Environment Day across our power plants.</li> <li>• 17,650 saplings have been distributed to the community and encouraged them to plant them.</li> </ul>
	Outcomes	Plans for the Upcoming Year
	<ul style="list-style-type: none"> <li>• Lanco Tanjore in Kumbakonam received an award for Excellence in Water Management from CII.</li> <li>• Lanco Tanjore received the Safety Appreciation Award.</li> <li>• Lanco Tanjore won the G3 Good Green Governance Award.</li> <li>• Lanco Tanjore was awarded Prashansa Patra by the National Safety Council.</li> </ul>	<ul style="list-style-type: none"> <li>• Plantation of 50,000 saplings to be taken up 20 states through community participation.</li> <li>• Encourage neighbourhood communities to protect environment by giving Green Awards to villages that ensure tree plantation and protection.</li> <li>• Create environmental awareness among communities around the plant areas in 10 areas.</li> </ul>

<b>Anti-corruption</b>		
<b>Principles</b>	<b>Commitment / Policies</b>	<b>Action Taken</b>
<b>Principles 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.	<ol style="list-style-type: none"> <li><b>Policy against Bribery</b> – we are committed to compliance with international anti-bribery standards as stated in the Global Compact and local anti-corruption and bribery laws.</li> <li><b>Policy to curb sexual harassment at workplace</b> – Lanco is committed to ensure that no employee is subjected to sexual harassment and to this end all steps will be taken to prevent any acts of sexual harassment at the work place. This policy is designed to eradicate all forms of sexual harassment at workplace, to provide a forum for investigation into complaints of sexual harassment and to initiate disciplinary action against those who are found indulging in such acts of misconduct.</li> </ol>	<ul style="list-style-type: none"> <li>Whistle Blower Policy introduced across all Lanco verticals</li> <li>Appointed committees to oversee implementation of the policy.</li> </ul>
	<b>Outcomes</b>	<b>Plans for the Upcoming Year</b>
	<ul style="list-style-type: none"> <li>Whistle blower policy prepared and widely circulated within Lanco.</li> </ul>	<ul style="list-style-type: none"> <li>One of the core values of Lanco is Integrity, which will be given high priority.</li> </ul>

**Commitment** – a statement of specific commitments.

**Systems** – a description of policies, programs and management used to address each principle.

**Actions** – a description of practical actions taken during the reporting period.

**Performance** – a description of the impact of systems and tangible outcomes of actions.