
UNITED NATIONS GLOBAL COMPACT INITIATIVE**“Communication on Progress” 2011****CSO's Statement**

Tata Power is in the sixth year of reporting “Communication on Progress” under Global Compact Initiative.

Tata Power is a member of Tata Group, which is well known for its business ethics, labor welfare, customer centric policies, Corporate Sustainability and Social Responsibility.

Tata Power, a pioneer in the private power sector in India, has historically been committed to the mission of improving the quality of life, community service and environment enrichment through afforestation, water conservation, nurturing local species of fauna and social developmental programmes in its areas of operations. In the current scenario of Climate Change, Tata Power has identified "Sustainable Growth" as an integral part of the Mission statement.

Tata Power has a Sustainability Council since 2008 and has defined Sustainability as an 'Eight Fold Path' for the organization. This Eight Fold Path covers the various aspects of community, environment, biodiversity, energy efficiency and natural resources. The organization has also formulated an innovative index termed as Green Manufacturing Index to monitor and act on various plans to address the Eight Fold Path.

Tata Power is continuing its program with school children on energy efficiency and conservation methods in day-to-day life. This program has been extended beyond the city of Mumbai and reached different cities across the country. We have now sensitised over 11 million students. More than 10000 energy champions have saved 3 million units (kWhr) of electricity. Our drive to sensitize the entire workforce on sustainability and climate change and to address the lifestyle changes within the organization continues.

Tata Power continues on its growth path. Renewable energy power generation will form a significant part of the portfolio. It has increased its wind generating capacity to 226 MW. In addition two "clean energy" plants each of 120 MW at Haldia in West Bengal and Jamshedpur in Jharkhand have been operational. The Haldia plant is based on waste heat recovery whereas the Jamshedpur plant is based on heat recovery from petcoke production gases. In addition to the existing hydro power generating units, Tata Power is further exploring new hydro based power generation capacity of over 900 MW in the northern parts of India. Further, Tata Power is also evaluating the applicability of various renewable based power generation technologies to be scaled up to commercial production. Energy efficiency, resource conservation and renewable energy generation are the key focus areas for the sustainable growth of the organization.

Tata Power is committed to conduct its business by adhering to the ten principles of the Global Compact Initiative not only in letter but in spirit as well.

Dr. Avinash Patkar
Chief Sustainability Officer (CSO)
Tata Power

June 10, 2011

Systems

Tata Power's business is guided by the "Tata Code of Conduct" (TCOC), a document that all employees are signatory to, and bound to abide by. This code has been revisited and modified this year to keep pace with the national/international social, business and legal changes. The code is comprehensive in content and includes issues of business ethics, environmental responsiveness, fair and transparent business practices. Besides, the Company has documented policy statements on Insider Trading, Business dealings, HIV and AIDS, Media, Whistle Blower, Anti Sexual harassment, Environment, Safety & Health, corporate Sustainability, Affirmative Action and Quality. Apart from Technical/functional manuals; manuals on Safety, Administration and Corporate Identity direct the operations of the Company. The Environment and Safety cell has been integrated and enlarged giving due importance that the subject deserves. A Review Schedule ensures appropriate checks and balances on implementation and constant improvement to the processes. All thermal generating stations are ISO 9000, 14000 and OHSAS certified. As an improvement, the Company has adopted the Process Based Management System (called the EPM – Enterprise Process Management), based on the framework of APQC (American Productivity in Quality Centre). The EPM is a holistic framework covering all facets of Business Excellence.

With respect to the principles related to human rights, the Company has taken following actions:

1. Protect the human rights of employees
2. Impart them training in latest skills and introduce performance linked bonus
3. Establish programs to promote the general health and welfare of employees – e.g. Annual Medical examination for all employees, Group Medical Insurance, HIV/AIDS awareness
4. Ensure that security arrangements do not cause human rights violations.

With respect to the principles related to labor, the Company has taken following actions

1. Allow workmen to freely choose whether or not they wish to set up or join trade units and bargain collectively
2. Enable workmen's representatives to carry out their functions by allowing them to meet on company premises, post trade union notices in the premises, etc. Joint committees of Officers and workmen address SHE and cultural matters
3. Utilize adequate and verifiable mechanisms for age verification in recruitment
4. Eliminate any form of discrimination with respect to gender, caste or creed in recruitment, service conditions, training and career development

With respect to the principles related to the environment, the Company has taken following actions

1. Use more environmentally benign inputs and outputs in product development
2. Conduct environmental impact assessments for new installations with transparency
3. Formalize commitment through an environment supportive management system approach such as ISO 14001 at its generating stations.

With respect to principle regard corruption, bribery and extortion, the company has taken following action

1. Fraud Risk Mitigation Plan is reviewed and monitored quarterly.

Global Compact Principles	Company's Policy & Direction	Specific Actions taken during the current financial year	Measures	Outcomes with key results and measurements	Data/ Result collected from the internal departments/ functions (champions)	Review forum
Principle 1 Business should support and respect the protection of internationally proclaimed human rights.	The principles of international Declaration of Human rights are followed by the company. Its policies support, respect and protect the Human rights of its direct as well as indirect employees	Company policies and guidelines ensure human rights compliance across the system.	Employee Engagement Score	Employee Engagement survey for 2010 has been completed.	HR- Corporate	ESS Action plans are converted to Voices initiative and rolled out across company

		Formulation of CR Policy, CR Strategy and Principles of Community Engagement respectively.	No. of Policies added/ modified	<ul style="list-style-type: none"> The Community Relations of Tata Power has reached out 2,80,826 people of 50,353 households in 176 villages, 14 districts of seven states in India. Population covers 12% Scheduled Caste (SC), 18% Scheduled Tribe (ST) and remaining 70% General community including Other Backward Classes (OBC). Income Generation <ul style="list-style-type: none"> The BPO at Khopoli has 213 persons from communities employed, where 29% belong to SCs and STs and earning approx. Rs 13 lakhs per month. 532 youth have been trained in various vocations 1,480 members from 89 Self-Help Groups (SHGs) have saved approx. Rs 12 lakhs. 324 farmers have been supported for agriculture and sericulture. Energy and environment <ul style="list-style-type: none"> 4,56,750 saplings planted Awareness on energy and environment covered 3,726 people. Alternative energy: Five bio-gas plant and 100 efficient chullahs installed Healthcare <ul style="list-style-type: none"> Mobile medical services and health camps by Tata Power serviced 19,640 patients HIV/ AIDS awareness covered 45,890 people across Mumbai. 53 units of blood donated by employees in various camps. 	CSR Group	In CSR Review
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			<ul style="list-style-type: none"> • Education <ul style="list-style-type: none"> o Special coaching program benefited approx. 13,000 students of schools in our communities around Maithon (Jharkhand) o Computer and English coaching benefited 395 youth including students. o Education materials were provided to 691 students. o One year long Sports (Football) coaching arranged for 38 students at Haldia • Social welfare <ul style="list-style-type: none"> o Employee volunteering: 1,009 volunteers have contributed 6,242 hours for various social and environmental issues. o Employees contributed Rs 20,000 and donated food materials to Orphanage at Jojobera. Jharkhand o During National Wild life week, Quiz Competition organized at Naraj Marthapur where 22 school teams participated. o 577 women participated in International Women's Day Program. o Supported various programs such as <ul style="list-style-type: none"> § Rann Utsav, promoted by Gujarat state government, § Tribal Cultural program at Jojobera, Jharkhand § Cricket Tournament at Naraj Marthapur, Odisha § CSR Conference (Turnaround in mineral industry: Role of CSR) at Dhanbad by Maithon; Jharkhand § Tubectomy laparoscopic camp and National Deaf Cricket Tournament held at Jamshedpur, Jharkhand 		
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				<ul style="list-style-type: none"> • Infrastructure <ul style="list-style-type: none"> o Eight water bodies (well, bore well and pond) renovated to provide safe drinking water. o 33 sanitation units were constructed. o 7.5 km road asphalted at our hydro power operations in Maharashtra o 12 R.O. plants in schools and one unit of 1000 lph in a village were installed in partnership with WASMO (Government of Gujarat). o Two community halls, one check dam and one culvert were built. • Recognition <ul style="list-style-type: none"> o Tata Power was recognized at the following domain platforms § Business world FICCI-SEDF Corporate Social Award § Pinnacle Group Singapore supported Global CSR Award 2010 		
		Affirmative Action Policy for under-privileged community formulated as per Tata Group Guidelines for improving the 4 Es- Employment, employability, Education, Entrepreneurship	Number of initiatives	<p>Tied up with two Industrial Training Institutes (ITI) in remote areas for imparting training and improving employability to rural youth.</p> <p>Tata Power is in the process of developing various short/ long duration programmes to cater to the needs of Scheduled Caste / Scheduled Tribe (SC/ST) students.</p>	CSR Group	

		Web based system called 'SADACHARAN' was launched in 2009-10 for training employees on expected Ethical behavior	All employees are expected to take the web based training.	During the year 601 employees succeeded in completing the web based training.	Chief Ethics Counselor and team	Apex Committee Review
	Policy for Sexual Harassment is in place	A mechanism for addressing complaints related to sexual harassment across the organization has been implemented. The existence of a committee to address issues and specialised woman councilor for female employees are in place.	Concerns raised and action taken	Punitive action for cases reported	Chief Ethics Counselor and team	Quarterly reviewed by Apex Committee chaired by MD.
	Concerns redressal 60	Efforts made to address concerns within 60 days	Concerns resolution time	83 % concerns resolved in 60 days.	Chief Ethics Counselor and team	Quarterly reviewed by Apex Committee chaired by MD.
	Consumer Satisfaction & delight by policy of transparency.	Consumer meets are held regularly	complaints/ Suggestions , Customer Satisfaction index	Overall Customer Satisfaction Index for reporting period: 85	Consumer Relations Department	Annual Customer Satisfaction survey

Principle 2 Business should ensure that they are not complicit in human rights abuses	CSR Policy Rehabilitation and resettlement (R & R Policy)	Public hearing and interaction with project site people held. View of land losers, villagers expectations and issues are heard. Environmental Impact Assessment is also carried out.	Number of Public hearings/ EIA carried out	Wind power project at Visapur. Solar power project at Mulshi.	Project Group	In projects Review
Principle 3 Business should uphold the freedom of association and the effective recognition of the right to collective bargaining	The Company follows various laws enacted by the Government, as applicable to the establishment from time to time. These laws are in conformance to the International Labor Organization (ILO). Company has recognized Trade Union for bargainable category of workmen	The Company has an IR Cell to deal with all Union related issues. For officers, open dialogues, MD's dialogues are held.	Number of regular meetings	Monthly meetings are held by HR & concerned Divisional Heads with local union representatives for resolving issues. Clause 23 of TCOC also supports citizenship and Freedom of Association.	Regular Meetings were held by HR Corporate at Divisions.	In HR review

	<p>The Union submits Charter of Demands (CoD) for revising the allowances and benefits for bargainable category of employees. The Industrial Relation (IR) committee constituted to discuss various issues raised by Union and for discussing the CoD along with Union representatives. After negotiations, terms of settlement are finalized. The Settlement signed with the Union is registered as per law. The duration of the settlement is for 4 years</p>	<p>Implementation of the settlement signed for revising the benefits to bargainable category employees for period of 4 years</p>	<p>COD status</p>	<p>Continued the Performance Linked Award for bargainable staff. The settlement also covers opportunity for Training, Guidelines for Production and productivity, efficient utilization of working time, Co-operation</p>	<p>HR- Corporate</p>	<p>In HR review</p>
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Principle 4 Business should support the elimination of all forms of forced and compulsory labor	The Company abides by the law of the land. The Factories Act, The BIR Act, Contract Labor Abolition and Regulation Act, etc	The Company conducts periodic internal audits, third party audits and regular inspection by the government labor officers which helps in validating the adherence to the various labor laws ensuring proper service conditions of employees, working hours, health, safety and working conditions, etc.	Number of cases of forced labor	Audit by external agencies under way on compliance of various labor laws. No cases of forced labor.	Legal / Administration / HR departments	Monthly meeting of HR-Corporate
Principle 5 Business should uphold the effective abolition of child labour.	The Company abides by the law of the land. The Factories Act, The BIR Act, Contract Labour Abolition and Regulation Act, etc.	All contractors are made aware of company's commitment to these laws and are asked to sign a declaration to follow the same.	% of contractors complied to the rules	100% compliance	Administrative Departments.	All SBU heads
		Employee State Insurance Scheme (ESIS) registration of all the contract labour is made mandatory for all the contractors, which ensures that children are not employed for the jobs.	% of contractors complied to the rules	100% compliance	Operational Departments	Monthly meetings of all SBU heads

Principle 6 Business should uphold the elimination of discrimination in respect of employment and occupation.	Company has a clear and transparent policy of employment opportunities, and no discrimination of any kind is done in respect of employment and occupation.	Job opportunities are posted on Tata Power web site giving opportunity to all. The entrance written test also is web based so that people from all across the regions can easily appear. Intra group movement opportunity also provided through open job posting.	Number of advertisements for jobs in public domain / intranet	100% jobs	HR- Corporate	In HR review
	TCOC clause 4 promises equal opportunities to all	All new recruits are given a copy of TCOC and encouraged to freely raise any concerns	% new recruits covered	100% officers pledged to follow TCOC	HR- Corporate	Chief Ethics Counselor
Principle 7 Business should support precautionary approach to Environmental Challenge	All operation divisions have robust environmental management system, in conformance with State and Central Government Rules and Regulations, to address a precautionary approach to environmental challenges.	Environmental, Sustainability and safety policies are implemented at all the existing locations	Number of processes developed under Enterprise Process Model (EPM)	Three processes for Environment, Fourteen processes for Safety and five processes for Sustainability have been developed and deployed.	Data is received from generating stations. Data is developed, generated, recorded and documentation made internally within various departments.	Yearly review of EPM by internal auditors

		Annual environmental statements are submitted to the Government authority as per their guidelines	% compliance	100% compliance to the Statutory requirement at all the generating stations of Tata Power	Data results received from all the depts. Of Trombay Thermal Stations viz. Operation, Performance, Chemical, Mechanical, Electrical, Civil & Instrumentation	Environmental Audit by C-SHE , Internal Audit by Audit committee - yearly
		Tata Power's Trombay Thermal Power station continued with OHSAS 18001 certification	OHSAS Certificate	Certificate continued	Data is developed, generated, recorded and documentation internally made within various departments.	Environmental Audit by C-SHE. Surveillance audit once in a year
		Tata Power's three Hydro stations continued with ISO 14001-2004 Environment Management System	ISO 14001 certificate	Certificate continued	Data is developed, generated, recorded and documentation internally made within various departments.	Environmental Audit by C-SHE. Surveillance audit once in a year
		Tata Power's Jojobera division has continued with Integrated Management System	Integrated Management System (IMS) certificate	Certificate continued	Data is developed, generated, recorded and documentation internally made within various departments.	Environmental Audit by C-SHE. Surveillance audit once in a year

		Project registered for CDN benefits by UNFCCC	Number of carbon credits	Wind Power project at Khandke: CDM potential	Data is developed by external agency and internally during monitoring	Frequency of review is as per UNFCCC requirement
Principle 8 Business should undertake initiatives to promote greater environmental responsibility	Company is following its Mission statement "Innovating and deploying cutting edge eco-friendly technologies" & TCOC (Clause 8) . All strategies and business plans of Tata Power are directed towards achieving the above.	1) The company is responsible for submitting "Charter for Environment And Protection" (CREP) including action plans to Maharashtra State Pollution Control Board (MPCB). 2) Green Manufacturing Index covering statutory and non-statutory parameters is introduced at operating divisions. 3) Corporate Sustainability protocol score is introduced.	Annual Report to MPCB, Corporate Responsibility Report as per GRI G3 Guidelines	Submission of yearly report to statutory authority (MPCB) CO2 footprint report for FY 11 is under preparation. CDP report for FY 11 is prepared and uploaded on CDP website.	Data is received from all generating stations	Environmental Audit by C-SHE Yearly review by Audit committee.
		The Fly ash generated from the Power plants is used as replacement of cement in ready mix concrete.	% Utilization	Tata Power has achieved 100% fly ash utilization target for its Trombay Thermal Power Station. Bottom ash is disposed in ash pond approved by regulatory agency.	Data is received from performance at Trombay and Jojobera	Yearly review by government authorities like MPCB, CEA. Half yearly review by internal audit.

		Clause – 8 of TCOC Ensures Environmental Preservation	Number of concerns zero	Number of concerns	Data is received by environment department of Trombay & Jojobera	Environmental Audit by C- SHE
Principle 9 Business should encourage the development and diffusion of environmentally friendly technology.	As a commitment to Continuous improvement of the environmental performance, it is company's objective 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. Company will develop and use eco- friendly technology for safe production, transportation, use and disposal of products. Company shall extend knowledge by conducting or supporting research on the Health, Safety and Environmental effects of our products, processes and waste materials	1) Total capacity of wind power has increased to 206 MW 2) Initiatives like Solar based LED lighting, Energy efficient LED lighting 3) Installation of solar micro-wind hybrid 4) Installation of Organic waste converter	Installed capacity in MW	1) Completed installation and commissioning of 3 MW Solar Power plant at Mulshi. 2) Completed installation and commissioning of 3 kW Hybrid Solar-Micro Wind turbine at Trombay 3) Completed installation and commissioning of 60 kW Rooftop Solar Power system at Corporate centre Carnac, Mumbai.	Data received from project group	Monthly review meeting by management

		Trombay Thermal Power Station continued in-house technology in collaboration with TERI for disposal of oily sludge in eco friendly manner.	Treatment of oily sludge	Ongoing Initiated burning of Hazardous Waste under guidance of CPCB.	Environment dept. Trombay	Monthly review meeting by C-SHE
Principle 10 Business should work against corruption in all its forms, including extortion and bribery	Adherence to Tata Code of Conduct – Clauses 5,6,7,17, 20 & 25	Clause added in order copy to all vendors explaining the TCOC being followed by Tata Power and encourages them to freely lodge any complaints / concerns.	Number of concerns received & resolved.	No concerns received.		Monthly review of Central Sourcing Group (CSG).
		Fraud Risk Mitigation Plan is reviewed and monitored at the quarterly Risk Management Sub Committee meetings held during the year. Certain concerns raised were also investigated by the internal auditors and dealt with appropriately.	Number of concerns/ Fraud polices	Fraud Risk mitigation plan Report on the investigation carried out is reviewed by the Management and actions taken monitored periodically.	Risk Management and Internal Audit Group.	Periodical/ Quarterly review of Internal Audit/MD

Annexures

Clause No.	Refer Item	Clauses
4	Principle 6	Equal Opportunities Employer: A Tata Company shall provide equal opportunities to all its employees and all qualified applicants for employment without regard to their race, caste, religion, color, ancestry, martial status, gender, sexual orientation, age, nationality, ethnic origin or disability.
		Human Resource Polices should promote diversity and equality in the workplace, as well as compliance with all labor laws, while encouraging the adoption of international best practices. Employees of a Tata Company shall be treated with dignity and in accordance with the Tata policy to maintain a work environment free of all forms of harassment, whether physical, verbal or psychological. Employee policies and practices shall be administered in a manner consistent with applicable laws and other provisions of this code, respect for the right to privacy and the right to be heard, and that in all matters equal opportunity is provided to those eligible and decisions are based on merit.
5	Principle 10	Gifts and Donations: A Tata Company and its employees shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits, which are intended to or perceived to obtain business or un-competitive favors for the conduct of its business. The company shall cooperate with governmental authorities in efforts to eliminate all forms of bribery, fraud and corruption. However, a Tata Company and its employees may, with full disclosure, accept, and offer nominal gifts, provided such gifts are customarily given and/ or are of a commemorative nature. Each company shall have a policy to clarify its rules and regulations on gifts and entertainment, to be used for the guidance of its employees.
6		Government Agencies: A Tata Company and its employees shall not, unless mandated under applicable laws offer or give any company funds or property as donation to any government agencies or their representatives, directly or through intermediaries, in order to obtain any favorable performance of official duties. A Tata Company shall comply with government procurement regulations, and shall be transparent in all its dealings with government agencies as applicable.
7		Political Non-alignment: A Tata company shall be committed to and support the constitution and governance systems of the country in which it operates. A Tata Company shall not support any specific political party or candidate for political office. The company's conduct shall preclude any activity that could be interpreted as mutual dependence/favor with any political body and shall not offer or give any company funds or property as donations, directly or indirectly, to any specific political party, candidate or campaign.
8	Principle 8	Health, Safety and Environment: A Tata Company shall strive to provide a safe, healthy, clean and ergonomic working environment for its people. It shall prevent the wasteful use of natural resources and be committed to improving the environment, particularly with regard to emission of greenhouse gases, and shall endeavor to offset the effect of climate change in all spheres of its activities.
		A Tata Company, in the process of production and sale of its products and services, shall strive for economic, social and environmental sustainability.

20	Principle 10	<p>Conflict of Interest: An employee or director of a Tata company shall always act in the interest of the company, and ensure that any business or personal association which he / she may have does not involve a conflict of interest with the operations of the company and his / her role therein. An employee, including the Executive director (other than independent director) of a Tata Company, shall not accept a position of responsibility in any other non-Tata Company or not-for profit organization without specific sanction.</p> <p>The above shall not apply to (whether for remuneration or otherwise):</p> <p>Nominations to the Boards of Tata Companies, joint ventures or associate companies</p> <p>Memberships/positions of responsibility in professional bodies wherein such association will benefit the employee/Tata Company</p> <p>Nominations/memberships in Government committees/bodies or organizations</p> <p>Exceptional circumstances as determined by the Competent Authority</p> <p>Competent authority in case of any employee shall be the chief executive who in turn shall report all such exceptional cases to the Board of Directors on a quarterly basis. In case of the chief executive and directors, the Group Corporate Centre shall be the competent authority.</p> <p>An employee of a Tata Company shall not engage in any business, relationship or activity which might conflict with the interest of his/her Company or the Group. A conflict of interest, actual or potential may arise where directly or indirectly</p> <p>(a) An employee of a Tata Company engages in a business, relationship or activity with anyone who is party to a transaction with his/her Company,</p> <p>(b) An employee is in a position to derive an improper benefit personally or to any of his/her relatives by making or influencing decisions relating to any transaction and</p> <p>(c) An independent judgment of the Company's or Group's best interest cannot be exercised.</p> <p>The main areas of such actual or potential conflicts of interest shall include the following:</p> <p>a) An employee or a full time director of a Tata company conducting business of his/ her company or being in a position to influence a decision with regard to his / her company's business with a supplier or customer where his/her relative is a principal officer or representative, resulting in a benefit to him/her or his / her relative.</p> <p>b) Award of benefits such as increase in salary or other remuneration, posting, promotion or recruitment of a relative of an employee of a Tata Company where such an individual is in a position to influence the decision with regard to such benefits.</p> <p>c) The interest of the company or the Group can be compromised or defeated.</p> <p>Notwithstanding that such or other instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested employees shall be made to the company's management. It is also incumbent upon every employee to make a full disclosure of any interest which the employee or the employee's immediate family, including parents, spouse and children, may have in a family business or a company or firm that is a competitor, supplier, customer, distributor of or has other business dealings with his/her Company.</p>
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		If an employee fails to make a disclosure as required therein and the management of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by the employee the management would take a serious view of the matter and consider suitable disciplinary action against the employee
23	Principle 3	Citizenship: The involvement of a Tata employee in civic or public affairs shall be with express approval from the chief executive of his/ her company, subject to this involvement having no adverse impact on the business affairs of the company or the Tata group.
25	Principle 10	Reporting Concerns: Every employee of a Tata Company shall promptly report to the Management, and/ or third party ethics helpline when she/he becomes aware of any actual or possible violation of the Code or an event of misconduct, act of misdemeanor or act not in Company's interest. Such reporting shall be made available to suppliers and partners, too.
		Any Tata employee can choose to make a protected disclosure under the Whistle Blower Policy of the company, providing for reporting to the chairperson of the audit committee or the board of directors or specified authority. Such protected Disclosure should be forwarded, when there is reasonable evidence to conclude that a violation is possible or has taken place, with a covering letter, which shall bear the identity of the Whistleblower.