

UNITED NATIONS GLOBAL COMPACT INITIATIVE

“Communication on Progress” 2008

CSO’s Statement

Tata Power is in the fourth 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 and 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 & development through afforestation, water conservation, nurturing local species of flora and fauna and other social development in its areas of operations.

In our efforts to address the issue of Climate Change, Tata Power has set up a Sustainability Council that guides the organization in energy conservation measures and efficiency improvement projects to reduce the CO2 emissions along the value chain of the business. Tata Power is working with school children across Mumbai and making them aware of various energy efficiency & conservation methods in day-to-day life. Further, a drive has been taken-up within the organization to sensitize the entire workforce on sustainability and climate change and to address the lifestyle changes.

Tata Power continues on a growth path. There is a significant focus on renewable energy in the organization’s growth plans. It has increased its wind generating capacity to 200 MW. In addition two plants each of 120 MW at Haldia in West Bengal and Jamshedpur in Jharkhand were set up recently. These units are based on heat recovery from process gasses. In addition to the existing hydro power generating units that total up to 447 MW, Tata Power is further exploring new hydro based power generation capacity of 700 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. Several projects have been identified in India and are at different stages of completion.

Tata Power’s Trombay Thermal Station, projects being situated in Mumbai Metropolis, has operated under strict environmental norms by world standards. The station has completed 52 years of successful operation this year. A new unit of 250 MW has taken the total capacity of the Trombay station to 1430 MW

Further, Tata Power is progressing on the prestigious 4000 MW Ultra Mega Power Project (UMPP) at Mundra, Gujarat, which was the first project awarded under the UMPP scheme of the Government of India. Tata Power has procured 30% stake in Bumi Coal Fields, Indonesia for this project and is also working on developing a new dewatering technology from brown coal in Australia.

Tata Power's efforts in Business & Operational Excellence, Environment & Safety Management have been recognized over the years, by various Institutions and the company has received many awards. The notable awards during the year were Greentech Safety Award 2009 in gold Category in Power Sector and the Most Admired Company (Power developer – Conventional), KPMG – Infrastructure Today Award.

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

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 labour, 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 identified a business risk and anti Fraud Risk mitigation Plan is framed.

THE TATA POWER COMPANY LTD., MUMBAI – COMMUNICATION ON PROGRESS – REPORT: 2008

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 is in progress	HR- Corporate	Monthly Operation Review Committee meeting (ORC meeting) conducted by ED
		Community Volunteering Policy is formulated. Website volunteering has also been instituted.		Formation, finalization and registration of Tata Power Community Development Trust (TPCDT). Community Need Identification (CNI) and Community Satisfaction Index (CSI) have been carried out for 107 villages. Community Technology Learning Centre (CTLC) has been set up by Tata Power in collaboration with Microsoft – NASSCOM. In the Green Fields project, a bold initiative is taken for setting up a head centre in Mundra. Social Impact Analysis and Household survey has been carried out for Maithon, Mundra and Dehrand	CSR Group	In CSR Review

Global Compact Principles	Company's Policy & Direction	Specific Actions taken during current financial year	Measures	Outcomes with key results and measurements	Data/ results collected from the internal departments/ functions (Champions)	Review Forum
Principle 1 continued		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	Tied up with two Industrial Training Institutes (ITI) in remote areas for imparting training and improving employability to rural youth. Tata Power is in the process of developing various short/ long duration programmes to cater to the needs of SC/ST students.	CSR Group	
		Employees are imparted training and awareness to thoroughly understand expected ethical behaviour	Training imparted	During the report period, 695 employees imparted training on Ethics. This includes one time coverage programmes.	HR- Corporate	In HR review
		Reviewed the structure of TCOC organization in Tata Power. Appointed new Chief Ethics Counsellor and Locational Ethics Counsellor. Management of Business Ethics Survey is planned.	Concerns raised and actions taken	The Support / channels provided are Whistle Blower Policy of Tata Power Drop Boxes TCOC Portal providing facility to raise / reply/ view concern		

	Company's Policy and Directions	Specific actions taken during current financial year	Measures	Outcomes with key results and measurements	Data/ results collected from the internal departments/ functions (Champions)	Review forum
	Consumer Satisfaction & delight by policy of transparency.	Consumer meets are held regularly	complaints/ Suggestions, Customer Satisfaction index	Overall Customer Satisfaction Index for reporting period: 81.3	Consumer Relations Department	
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.	At all new project sites across India.	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 Labour Organisation (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 reps for resolving issues. Clause 23 of TCOC also ensures Freedom of Association.	Regular Meetings were held by HR Corporate at Divisions.	In HR review

	Company's Policy and Directions	Specific actions taken during current financial year	Measures	Outcomes with key results and measurements	Data/ results collected from the internal departments/ functions (Champions)	Review forum
	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	Implementation of the settlement signed for revising the benefits to bargainable category employees for period of 4 years (2006-2009)	COD status	Continued the Performance linked Award for bargainable staff. The settlement also covers opportunity for Training, Guidelines for Production & productivity, efficient utilization of working time, co-operation, etc.	HR- Corporate	In HR review

Global Compact Principles	Company's Policy and Directions	Specific Actions taken during current financial year	Measures	Outcomes with key results and measurements	Data/ results collected from the internal departments/ functions (Champions)	Review forum
Principle 4 Business should support the elimination of all forms of forced and compulsory labour	The Company abides by the law of the land. The Factories Act, The BIR Act, Contract Labour Abolition and Regulation Act, etc	The Company conducts periodic internal audits, third party audits and regular inspection by the government labour officers which helps in validating the adherence to the various labour laws ensuring proper service conditions of employees, working hours, health, safety and working conditions, etc.	Number of cases of forced labour	Audit by external agencies under way on compliance of various labour laws. No cases of forced labour.	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

Global Compact Principles	Company's Policy and Directions	Specific Actions taken during current financial year	Measures	Outcomes with key results and measurements	Data/ results collected from the internal departments/ functions (Champions)	Review forum
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 states about 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 Counsellor
Principle 7 Business should support precautionary approach to Environmental Challenge	All operation divisions of TPC have robust environmental management system, in conformance with State and Central Government Rules and Regulations, to appropriately address the 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)	Four processes for Environment, Fourteen processes for Safety developed. Five processes for Sustainability are identified	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

		Specific Actions taken during current Financial Year	Measures	Outcomes with key results and measurements	Data/ results collected from the internal departments/ functions (Champions)	Review forum
		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.	Internal Audit at half yearly frequency 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.	Internal Audit twice in a year 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.	Internal Audit twice in a year by C-SHE. Surveillance audit once in a year

		Specific Actions taken during current financial Year	Measures	Outcomes with key results and measurements	Data/ results collected from the internal departments/ functions (Champions)	Review Forum
		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.	Internal Audit twice in a year by C-SHE. Surveillance audit once in a year
		Host country approval and validation under CDM is completed for 4000MW UMPP Mundra project	Number of carbon credits	CDM potential project	Data is developed by external agency and internally during monitoring	Frequency of review is as per UNFCCC requirement

		Specific Actions taken during current financial Year	Measures	Outcomes with key results and measurements	Data/ results collected from the internal departments/ functions (Champions)	Review Forum
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 the Company are directed towards achieving the above.	The company is responsible for submitting "Charter for Environment And Protection" (CREP) including action plans to Maharashtra State Pollution Control Board (MPCB). The Company is in the process to institutionalize sustainability in its business by creating awareness and reporting its performance as per Global Reporting Initiative (GRI) guidelines through Corporate Sustainability Report.	Annual Report to MPCB Corporate Responsibility Report as per GRI G3 Guidelines	Submission of yearly report to statutory authority MPCB Report is under preparation	Data is received from Trombay Thermal Station Data is received from all generating stations	Half yearly review by C-SHE. Yearly review by Audit committee.
		The Fly ash generated from the Power plants of TPC is disposed off in a environment friendly manner. Fly ash is also used as replacement of cement in ready mix concrete.	% disposal	Tata Power has achieved 100% fly ash disposal target for its Trombay Thermal Power Station and plant at Jojobera	Data is received from performance at TTPS and operation at Jojobera.	Yearly review by government authorities like MPCB, CEA. Half yearly review by internal audit.

Global Compact Principles	Company's policy and directions	Specific Actions taken during current financial year	Measures	Outcomes with key results and Measurements	Data/ result collected from internal departments/ functions (Champions)	Review Forum
		Clause – 8 of TCOC Ensures Environmental Preservation	Number of concerns zero	Number of concerns	Data is received by environment department of individual station, Trombay & Jojobera	Half yearly review by internal audit
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	Total capacity of wind power has increased to 197 MW	Installed capacity in MW	Installation and commissioning of wind power stations	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	Two batches of 7 tons were treated by Bio-remediation technology and procedure is started for third batch.	Environment dept. Trombay	Monthly review meeting by C-SHE
Global Compact	Company's Policy and					

		Specific Action during current Financial Year	Measures	Outcomes with key results and Measurements	Data/ Result collected from the internal departments/ functions (Champions)	Review Forum
		Tata Power has designed India's first Mundra Ultra Mega 4000 MW Station with 800 MW unit size, biggest in India which is supercritical type with enhanced efficiency of 43%.	CDM benefits received	Being obtained	Mundra design group	
		Biomass Gasification project of 250 KW capacity is under implementation	Project completion		C-SHE Dept.	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, 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.	Number concerns received.		Monthly review of Central Sourcing Group (CSG).
		Fraud identified as business risk and Fraud Risk Mitigation Plan is framed.	Number of concerns/ Fraud polices	Fraud Policy being drafted.	Risk Management and Internal Audit Group.	Monthly review of Internal Audit/MD.

**THE TATA POWER COMPANY LTD. MUMBAI
ANNEXURE**

Relevant Tata Code of Conduct (TCOC) Clause

Clause No.	Refer Item	Clauses
4	Principle 6	<p>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, colour, ancestry, martial status, sex, age, nationality, disability and veteran status</p> <p>Human Resource Polices should promote diversity and equity in the workplace, as well as comply with all labour laws and 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 sexual harassment, whether physical, verbal or psychological. Employee policies and practices shall be administered in a manner that would ensure that in all matters equal opportunity is provided to those eligible and the decisions are merit based.</p>
5	Principle 10	<p>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 favour for the conduct of its business and shall participate in efforts to eliminate such forms of bribery, fraud and corruption. However, a Tata Company and its employees may accept and offer nominal its which are customarily given and are of commemorative nature for special events</p>
6		<p>Government Agencies: A Tata Company and its employees shall not 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.</p>
7		<p>Political Non-alignment: A Tata company shall be committed to and support functioning democratic constitutions and systems with transparent and fair electoral systems. A Tata Company shall not support directly or indirectly any specific political party or candidate for political office. The company's conduct shall preclude any activity that could be interpreted as mutual dependence/favour 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.</p>
8	Principle 8	<p>Health, Safety and Environment: A Tata Company shall arrive to provide a safe, healthy and ergonomic working environment for its people. It shall comply with all health, safety and environmental regulations in each jurisdiction, in which it operates.</p>

		A Tata Company shall be committed to best practice in minimizing its impact on the environment, prevent the wasteful use of natural resources and properly and safety control any hazardous aspects of its business.
		A Tata Company shall have policies and processes in place to address issues of safety, health and environment and shall also have a disaster management system to address any natural calamities or business contingencies that may arise.
		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	Conflict of Interest: An employee or director of a Tata company shall not accept a position of power/responsibility/board nomination in any other non-Tata Company or not-for profit organization.
		The above will not apply to:
		Nominations to the Boards of Tata Companies, joint ventures or associate companies
		Memberships/positions of responsibility in professional bodies wherein such association will benefit the employee/Tata Company
		Nominations/memberships in Government committees/bodies or organizations
		Exceptional circumstances as determined by the Competent Authority
		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.
		An employee of a Tata Company shall not engage in any business, relationship or activity which might detrimentally conflict with the interest of his/her Company or the Group. A conflict of interest, actual or potential may arise where directly or indirectly (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, (b) an employee is in a position to derive a personal benefit or a benefit to any of his/her relatives by making or influencing decisions relating to any transaction and (c) an independent judgment of the Company's or Group's best interest cannot be exercised.
		The main areas of such actual or potential conflicts of interest would include the following Financial interest of an employee of a Tata Company or his/her relatives including the holding of an investment in the subscribed share capital of any company or a share in any firm which is actual or potential competitor, Supplier, customer, distributor, company (The ownership of up to 1 per cent of the subscribed share capital of a publicly held company shall not ordinarily constitute a financial interest for this purpose.)

		An employee of a Tata Company conducting business on behalf 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 of which his/her relative is a principal officer or representative resulting in a benefit to him/her or his/her relative.
		Awards 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.
		Acceptance of gifts, donations, hospitality and/or entertainment beyond the customary level from existing or potential suppliers, customers or other third parties which have business dealings with the Company.
		Notwithstanding that such or other instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested employees should 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, which would include parents, spouse and children, may have in a company or firm which is a supplier, customer, distributor of or has other business dealings with his/her Company.
		Every employee who is required to make a disclosure as mentioned above shall do so in writing to his/her immediate superior who shall forward the information along with his/her comments to the person designated for this purpose by the chief executive and / or the Board of Directors / executive committee appointed by the Board and, upon a decision being taken in the matter, the employee concerned will be required to take necessary action as advised to resolve / avoid the conflict.
		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: An employee of Tata Company shall in his/her private life be free to pursue an active role in civic or political affairs as long as it does not adversely affect the business or interest of the Company or the Group
25	Principle 10	Reporting Concerns: Every employee of a Tata Company shall promptly report to the Management 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, which could affect the business or reputation of his/her or any other Tata Company.
		Any employee can make a protected disclosure under the Whistle Blower Policy. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistleblower.