



## U N Global Compact

### Communication on Progress

**Telco Construction Equipment Company Limited (Telcon)** is committed to uphold and promulgate the ten principles of Global Compact, which deals with human rights, labour rights, the environment and the drive against anti-corruption and bribery. The company has been taking initiatives to make these principles a part of its strategy, culture and day-to-day operations.

Telcon is guided by the Tata Code of Conduct (TCoC), which enunciates the Value Systems of the Company. Compliance to the Tata Code of Conduct ensures that Telcon operates in accordance with the applicable labor and environmental regulations. The TCoC urges all employees to deal on behalf of the Company with high ethical standard and act as a good corporate citizen by actively assisting in the improvement of the quality of life of the people in the communities in which it operates.

This Report on Communication on Progress provides an overview of the progress made during the year 2006-2007 in implementing the principles pronounced in the Global Compact.

**Rana Sinha**

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Telcon

18<sup>th</sup> October 2007

## Telco Construction Equipment Company Limited

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A **TATA** - HITACHI Joint Venture

## **U N Global Compact**

Communication on Progress of Telcon - April 2006- March 2007

### **Human Rights**

- 1:** Businesses should support and respect the protection of internationally proclaimed human rights
- 2:** Make sure that they are not complicit in human rights abuses

Company Policy - Telcon Human Rights Policy  
- Tata Code of Conduct (TCoC)  
- Telcon Values – Our Guiding Principles

Telcon's Human Rights Policy embodies the key principles of the United Nations Universal Declaration of Human Rights. The established Disciplinary Procedure enumerated in the Works' Standing Orders of the company deals with any violation to this effect.

There is an Employee Grievance Redressal Cell in the Human Resources (HR) Management department, which reviews and addresses the grievances. There was no recorded case during the reporting year on any violation of human rights.

All the contractors working in the premises of the company are required to follow the guidelines such as the Payment of Minimum Wages Act & Provident Fund Act and no Child Labour employment.

Our HR & Industrial Relation processes by way of periodic dialogues and meetings with the Union members, proactively deliberates issues of possible areas of conflict and creates a congenial environment in pursuit of corporate sustainability. In order to ensure continual improvement on occupational health and safety issues related to various operations in our organization, the company has taken many initiatives and working towards the implementation of OHSAS-18001 standards and certification.

The Corporate Citizenship, clause- 10 of the TCoC, acts as a guide to all employees of Telcon to be committed to be a good corporate citizen not only in compliance with all relevant laws and regulations but also by actively assisting in the improvement of the quality of life of the people in the communities in which it operates.

Suppliers and Dealers are required to follow the ethical standards as enunciated in the TCoC. Key suppliers have submitted signed declarations to conform to the relevant clauses of the TCoC. In the Dealers Meet- 2007 – 'Best Dealer: Corporate Social Responsibility Award', a new category of award, was introduced to encourage Dealers to demonstrate commitment to social responsibility. Employee Satisfaction surveys, Supplier Satisfaction survey, Dealers Satisfaction surveys are conducted annually to understand the trend in satisfaction level and develop action plan for improvement.

## **Labor Standards**

- 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4:** The elimination of all forms of forced and compulsory labour;
- 5:** The effective abolition of child labour;

### **Company Policy- Telcon Human Rights Policy**

Telcon abides by the prevailing regulatory laws in India and its H R / I R practices allow Collective Bargaining. All employees other than officers and supervisors are represented by The Telcon Workers Union. Collective bargaining issues are discussed with the Telcon workers union on regular basis. The Joint Management Council (Union & Management) meets periodically to discuss issues like productivity, quality, safety, environment and employee well being issues.

There is no forced and compulsory labour in Telcon. Legally it is prohibited in India. Grievance redressal committee and Ethics Counsellor adequately monitor violation of such requirements.

As per the Standing Order of Telcon, the minimum age required for the employment is 18 years and hence the company engages no Child Labour. The recruitment process requires furnishing of appropriate age to ensure the age bar.

- 6:** The elimination of discrimination in respect of employment and occupation;

### **Company Policy – Telcon Equal Opportunity & Non-discrimination Policy (EO & ND)**

The company is committed to equal employment opportunities and career progressions for attracting and retaining best available talent ensuring a cosmopolitan employee profile. The company policy ( EO & ND) states that employment will be solely based on eligibility and merit of the applicant without any discrimination against their gender, race, religion ,caste, colour, ancestry, marital status, nationality, and disability. The Tata Code of Conduct emphasizes equal opportunities and non-discrimination. The Company Ethics Counsellor monitors concerns raised on discrimination in its activities, services and products.

## **Environmental**

- 7:** Businesses should support a precautionary approach to environmental challenges;
- 8:** Undertake initiatives to promote greater environmental responsibility; &
- 9:** Encourage the development and diffusion of environmentally friendly technologies.

### **Company Policy:**

- 1 Telcon Environmental Policy
- 2 Telcon Corporate Social Responsibility Policy

As a forward thinking company Telcon uses proactive approach towards environment management system. This approach is followed in both designing of its products as well as designing of the manufacturing processes for the products. It uses environment-



friendly technology in the manufacture of its products and ensures that the operation of its products not only conforms to statutory regulations but also strives to go beyond the regulatory norms. For example, in designing of its products all engines used in Telcon construction equipments meet the CMVR\* norms, though it is not mandatory to use such engines for excavator applications in India. In order to address any future public concern due to emissions and reduce consumption of Diesel oil, Telcon have drawn up long-term plan to launch new products with Tier-II engines; introduce Hydrostatic transmission in new model Wheel Loaders. In its effort towards conservation of energy, during the year April 2006- March 2007, the company has commissioned Sealed Quench furnace replacing the conventional heat treatment process; introduced 14 more new generations, inverter type welding machine replacing conventional thyristor based technology. Both the initiatives have enabled to reduce power consumption of up to 30% in the respective areas. The organization has got its Dharwad manufacturing plant certified to ISO 14001- in the year 2007. With this, all the manufacturing units including the plant at Jamshedpur are now certified to ISO 14001-2004 specification.

Telcon promotes Rain Water Harvesting in its work place at Jamshedpur, Dharwad plant and in the surrounding communities. The company has created in its surrounding villages 103 numbers of Rain Water Harvesting tanks, till March 2007, with total capacity of 82721 Cu M.

Telcon has promoted a joint venture company in the name of Telcon Ecoroad Resurfaces Pvt. Ltd., with the objective of addressing the needs of rehabilitation of bituminous roads in India. The process rehabilitates or repairs the wearing surface of roads using the Hot-In-Place Asphalt Recycling technology thereby accruing considerable savings in finite natural resources like bitumen, stone aggregate, diesel, and hence environmental pollution.

\* CMVR – Central Motor Vehicle Rules

### **Anti- Corruption & Bribery**

**10:** Businesses should work against all forms of corruption, including extortion and bribery.

Company Policy    - Bribery & Corruption Policy  
                              - Gifts Policy  
                              - Whistle Blower Policy (WBP)

The Company has adequate systems of internal controls and documented procedures in place, covering most of the financial and operating functions. These have been designed to provide reasonable assurance about existence of proper accounting controls, preventing corruption, the reliability of financial and operational information. During the year, additional controls were introduced in view of the provisions of the Sarbanes and Oxley Act (SOX) of the United States of America. After an in-depth audit by an external firm, the auditors have recommended for certification under the Entity Level Assessment as per the SOX requirement.

All the Telcon employees are committed to abide by Tata Code of Conduct and all the managerial grade people have signed their commitment to abide by it. Tata code of Conduct has specific clause on Gifts & Donations (CI-5) and Ethical Conduct (CI. 15). In addition, in order to help Telcon employees in the event of an ethical dilemma that they may



face, the company has adopted the above three policies. The Telcon Gift Policy emphasizes that any gifts or business courtesies, which appear to be given as a bribe, should be firmly rejected and reported to the employees' superior. The company WBP encourages employees to raise genuine concerns and provides assurance to protect the Whistle Blowers from any subsequent harassment or retaliatory action.