



31<sup>st</sup> October, 2009

**Rana Sinha**  
Managing Director

UN Global Compact

### **Communication on Progress**

Telcon is striving for a sustainable development by understanding its stakeholder's expectations through ongoing engagement and building these into its strategic plan that will enable continuous improvement of the quality of life of the people who are associated with the company. Our strategic plan embeds the ten principles of Global Compact through various initiatives and action plans to ensure that the key social responsibilities, governance issues and environment challenges are built into the strategy map along with the market and economic issues.

We are happy to report the progress the company has made in implementing the UNGC principles and reaffirm our commitment to continue to support the Global Compact principles.

This report reflects on our commitment to share with our stakeholders on the progress that we have made in the areas of human rights, labour, the environment and anti-corruption to build a sustainable future.

Yours sincerely,

Rana Sinha

### **Telco Construction Equipment Company Limited**

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**A TATA - HITACHI Joint Venture**

26<sup>th</sup> October 2009

## U N GLOBAL COMPACT

**Communication on Progress****(A) HUMAN RIGHTS:**

Businesses should\_

**Principle 1:** Support and respect the protection of internationally proclaimed human rights.

**Principle 2:** Make sure that they are not complicit in human rights abuses

**(A1) Company's Policies affirming the Principles:**

- Telcon Human Rights Policy;
- Tata Code of Conduct, Clause 17 on Ethical Conduct (which among other things deals with preserving the human rights);
- Telcon Values – ... Socially Responsible;
- Telcon Corporate Responsibility Policy.

**(A2) Company's Initiatives to support the Policies and outcomes:**

- Tata Code of Conduct (TCoC) includes a clause on Human Rights, advising every employee of a Tata company to preserve the human rights of every individual and the community and strive to honor commitments. Ethical Behaviour is a Key organizational Value at Telcon. All employees undergo training on TCoC. The Code is posted on the company intranet, group website and printed copies are distributed to all employees, dealers and major suppliers. All employees, dealers and major suppliers of Telcon submit a written declaration to abide by the TCoC in letter and spirit. Systematic procedure has been established for receipt and resolution of concerns raised on TCoC by any stakeholder of Telcon.

<b>Concerns Received (Ethical)</b>				
<b>Year</b>	<b>05-06</b>	<b>06-07</b>	<b>07-08</b>	<b>08-09</b>
No. of concerns received	2	3	4	3
Concern Closure	100%	100%	100%	100%

*Number of concerns received on perceived violation of TCoC in 2008-09: Three*

*Concerns against which action was taken on establishing the violation: Three*

- Employee Grievance Redressal Cell, a part of the Human Resources Management department, reviews and addresses the grievances of employees.

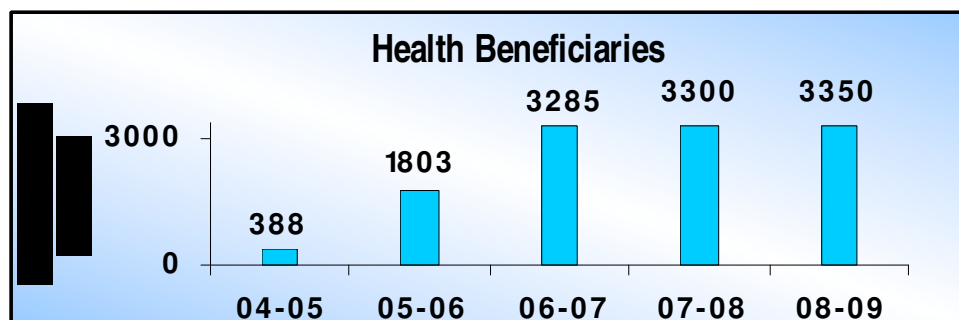


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*Number of violation of human rights case reported or incidents detected- Nil.*

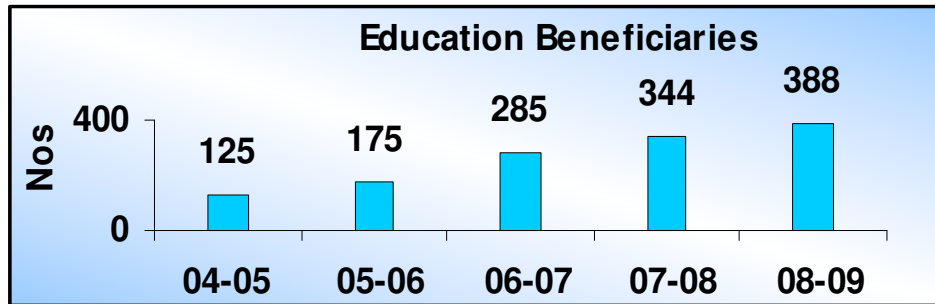
- Established Disciplinary Procedure enumerated in the Works' Standing Orders (WSO) of the company deals with any violation on Human Rights. WSO is applicable to all employees and have been communicated to all employees at the time of joining the company.
- Contractors who work for the company are required to follow the guidelines such as the Safety Rules and Regulations, Payment of Minimum Wages Act and & Provident Fund Act and no employment of Child Labor.
- Occupational health and safety issues related to various operations are systematically reviewed and improved through certification to OHSAS -18001 which is audited half yearly by an internationally accredited external authority.
- The company not only provides medical facilities to its employees but also conducts free Medical Camps, with registered doctors and pathologists, in the adjoining villages and schools having children from underprivileged class of the society and provides free medicines as recommended by doctors as a part of community service initiative.

*Number of person treated in Medical Camps in 2008-09 – 3350*



- To support continuing education, the company sponsors at the school and college level underprivileged children (Children of Ex-leprosy patient and those from family having very low family income) with scholarships, uniforms and books.

*Number of children sponsored at the school and college level in 2008-09 – 388*



## (B) LABOUR STANDARDS

Businesses should uphold

**Principle 3:** The freedom of association and the effective recognition of the right to collective bargaining;

**Principle 4:** The elimination of all forms of forced and compulsory labour;

**Principle 5:** The effective abolition of child labour;

**Principle 6:** The elimination of discrimination in respect of employment and occupation.

### (B1) Company's Policies affirming the Principles:

- Telcon Human Rights Policy
- Telcon Equal Opportunity & Non-discrimination Policy
- Tata Code of Conduct, Clause 4 on Equal Opportunity Employer

### (B2) Company's Initiatives to support the Policies and outcomes:

- Telcon abides by the prevailing regulatory laws in India. Its Human Relations & Industrial Relations 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.

*Percentage of employees who come under unionized category (Jamshedpur) – 94.07 %*

- The Joint Management Council (Union & Management) meets periodically to discuss issues like productivity, quality, safety, environment and employee well being issues.
- 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.

## TELCO CONSTRUCTION EQUIPMENT COMPANY LIMITED

- As per the laws of the land, forced and compulsory labour is prohibited and Telcon fully abides by the law. Grievance redressal committee and Ethics Counselor periodically review any 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 proof of age to ensure conformance to the age bar.
- All dealers, suppliers and contractors who work for the company are required to follow the guidelines of no employment of Child Labor and Contract Labor Regulation & Abolition Act.
- The company is committed to be an equal opportunity employer and follows the Telcon Equal Opportunity & Nondiscrimination Policy, which 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 nondiscrimination. The Company Ethics Counselor monitors concerns raised on discrimination in its activities, services and products.

*During the year, no concern was received on discrimination or violation of the Policy.*

### **(C) ENVIRONMENT**

Businesses should

**Principle 7:** Support a precautionary approach to environmental challenges;

**Principle 8:** Undertake initiatives to promote greater environmental responsibility;

**Principle 9:** Encourage the development and diffusion of environmentally friendly technologies.

#### **(C1) Company's Policies affirming the Principles:**

- Telcon Environmental Policy
- Telcon Corporate Social Responsibility Policy

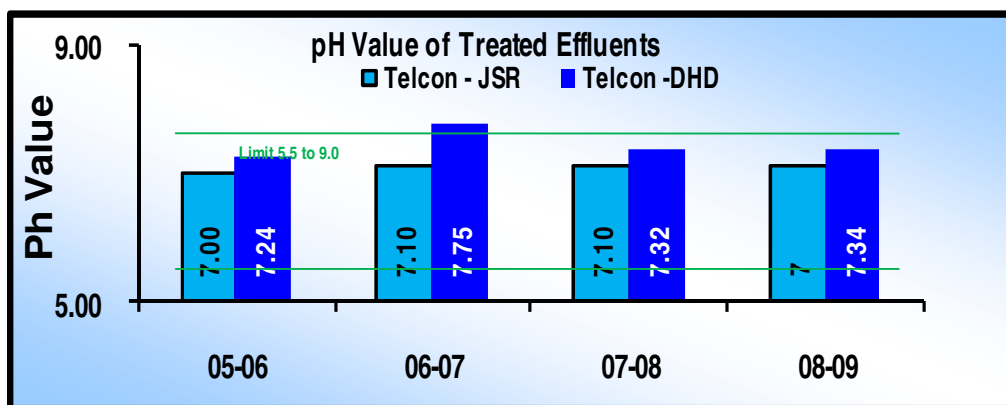
#### **(C2) Company's Initiatives to support the Policies and outcomes:**

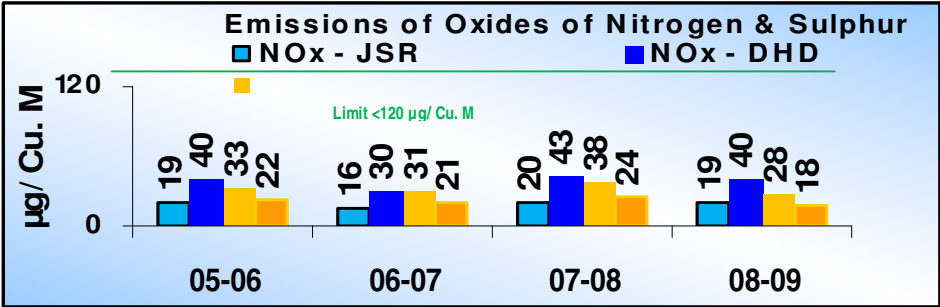
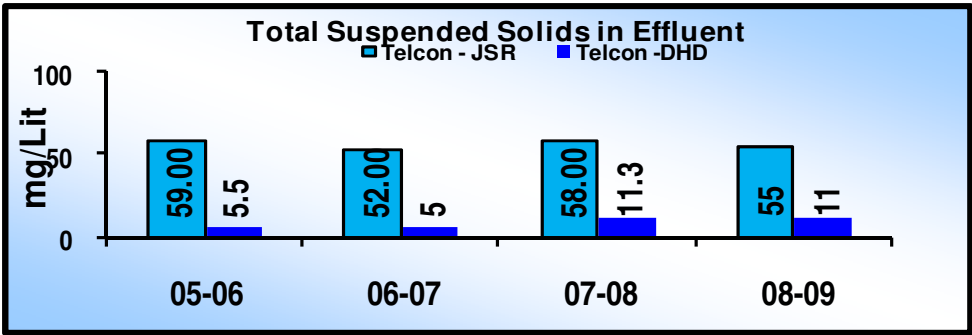
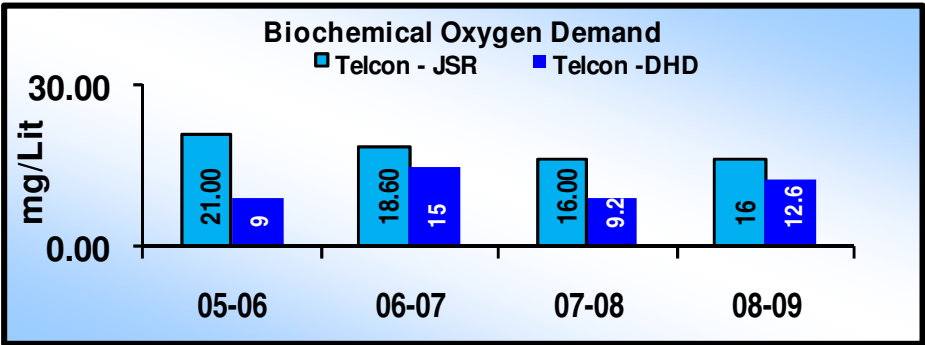
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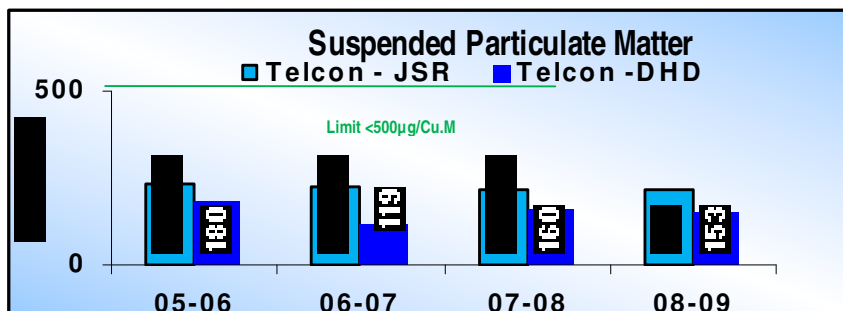
- Telcon uses proactive approach towards minimizing environmental impact in both designing of its products and manufacturing processes.
- It uses environment-friendly technology in the manufacture of its products and ensures that the operation of its products not only conforms to statutory regulations but also strives to go beyond the regulatory norms. Telcon continuously upgrades its manufacturing technology to reduce energy consumption and improve productivity and quality.

*The electrical energy consumption has been reduced by 7.7% in 08-09 compared to 07-08.*

- 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 /BS III engines; introduce Hydrostatic transmission in new model Wheel Loaders. These initiatives reduce CO<sub>2</sub> emissions and increase the fuel efficiency of our products.
- Telcon in its proactive quest to manage environmental & occupational health, became OHSAS 18001 compliant at both plants of Jamshedpur & Dharwad. Telcon is also ISO 9001 & 14001 certified. Presented below are key results related to regulatory compliance to Telcon's performance, which show that performance on all the measures is far better than the compliance levels required.



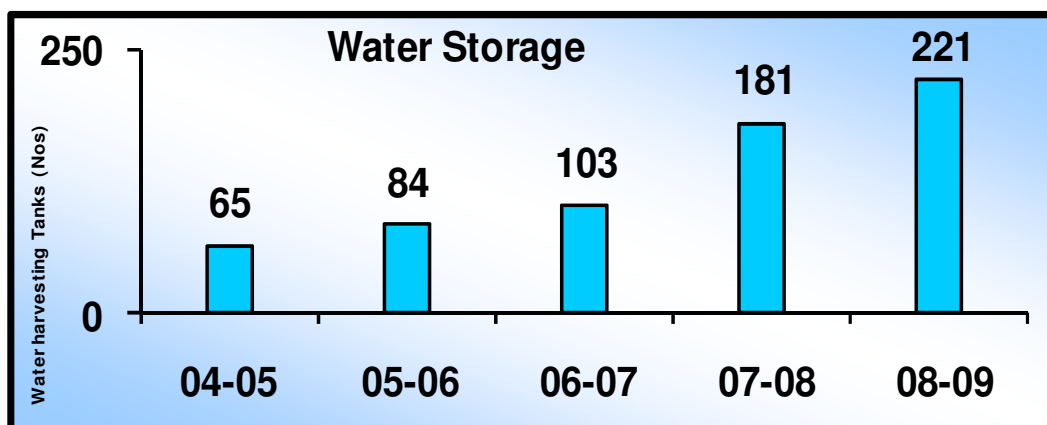




- Telcon promotes Rain Water Harvesting in its work place at the Jamshedpur and Dharwad plants and in the surrounding communities. Machine coolants are collected and sent to Effluent Treatment Plant. Treated water is used in Heat Treatment plant and in cooling towers, thus conserving water and reduce requirement of fresh water.

*Total quantity of water recycled and reused in manufacturing in 2008-09: 82%*

- In order to stop depletion and receding of ground water level, especially during summer season, *Telcon has voluntarily created in its surrounding villages 221 numbers of Rain Water Harvesting tanks, with total capacity of 183203 Cu M, which will benefit 1442 villagers.*



- The company promotes greening and so far planted through volunteering by its employees, 9703 saplings in surrounding villages and schools to offset climate change and promote environment awareness.*



**(D) ANTI – CORRUPTION**

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

**(D1) Company's Policy affirming the Principles:**

- Bribery & Corruption Policy;
- Gifts Policy;
- Whistle Blower Policy (WBP);
- Tata Code of Conduct, Clause 17: Ethical conduct.

**(D2) Initiatives to support the Policies and results:**

- The Company has systems of internal controls and documented procedures covering most of the financial and operating functions to detect corruption and frauds. The systems have been designed to provide reasonable assurance about existence of proper accounting controls, preventing corruption, the reliability of financial and operational information. Additional controls have been introduced in view of the provisions of the Sarbanes and Oxley Act (SOX) of the United States of America. The controls are being reviewed by the internal auditors.
- All Telcon employees are committed to abide by Tata Code of Conduct and all managerial grade employees have signed their commitment to abide by it. The Tata Code of Conduct has specific clause on Gifts & Donations (Cl.5) and Ethical Conduct (Cl.17). 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 employees' superiors. The company WBP encourages employees to raise genuine concerns and provides assurance to protect the Whistle Blowers from any subsequent harassment or retaliatory action.
- Training on TCoC is made part of the orientation programme of employees joining the company. All employees go through the reinforcement training on TCoC.
- All employees participate in Management of Business Ethics (MBE) survey, which is used by the leadership team to review the effectiveness of business ethics programme and identify opportunities for improvement.

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