

UNITED NATIONS GLOBAL COMPACT INITIATIVE

"Communication on Progress" 2006

CEO's Statement

Tata Power is in the second 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 social commitment.

Tata Power, a pioneer in the private power sector in India, has historically been committed to the mission of improving Quality of life, community service and environment enrichment & development through afforestation, water conservation, nurturing local species of flora and fauna etc. in areas of operation.

Tata Power's Trombay Thermal Station that has operated under strict environmental norms by world standards, being situated in Mumbai metropolis. The station has completed 50 years of successful operation this year. One of the two 500 MW Units at Trombay has run uninterruptedly for 500 days, creating a national record.

Tata Power continues on a growth path. It has added 120 mw coal based unit at Jojobera. Work has commenced for 250 MW unit at Trombay, 120 MW units at Haldia & Jojobera and two numbers of 50 MW wind turbine farms in Maharashtra.

Further, Tata Power has been adjudged as the successful bidder for the 4000 MW prestigious Ultra Mega Power Project, single largest installation in the country, against stiff competition at Mundra, Gujarat.

Tata Power's efforts have been recognized over the years, by various Institutions and the company has received many awards in the area of Business & Operational Excellence and Environment & Safety management. The notable awards during the year were- Golden Peacock Special Commendation in environment management and Greentech Safety Award (Platinum)

Tata Power is committed to conduct its business by adhering to the Ten principles not only in letter but in spirit as well.

Prasad R. Menon
Managing Director

Systems

Tata Power's business is guided by 'Tata Code Of Conduct' (TCOC), a document available to all employees. 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 & AIDS, Media, Whistle Blower, Sexual harassment, Environment and Quality. Apart from Technical/ Functional manuals, manuals on Safety, Administration and Corporate Identity, direct the operations of the Company. 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.

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

- Protect the human rights of employees
- 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.
- Ensure that security arrangements do not cause human rights violations

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

- Allow workmen to freely choose whether or not they wish to set up or join trade unions and bargain collectively.
- 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
- Utilize adequate and verifiable mechanisms for age verification in recruitment
- Eliminate any form of discrimination with respect to gender, cast or creed in recruitment, service conditions, training and career development

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

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

COMMUNICATION ON PROGRESS 2006

Principle	Actions by Tata Power	Examples
HUMAN RIGHTS		
1. Business should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> • Transparent mechanism for expression of concerns • Training in new areas of business 	<ul style="list-style-type: none"> • Facility for employees to lodge "Concerns" has also been provided on the Intranet and by e-mail. • Training in new areas of business e.g. Regulatory, Distribution & Open access imparted (27 programs) and Technical training at Original Equipment Manufacturer (26 programs)
2. Business should ensure that they are not complicit in human rights abuses		<ul style="list-style-type: none"> • As a part of reinforcing ethical behavior, sensitization of employees towards TCOC has also been carried out through an external agency. 11 Nos. sessions were conducted in FY06 and 166 officers have participated in these sessions.
3. Business should uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> • Accommodation for recruits at Mumbai • Transparency in giving opportunity for job rotation to employees 	<ul style="list-style-type: none"> • Hostel facility provided for new recruits and regular meetings of new entrants are held with senior management. • Open Job postings on intra-net enabling employees to apply and plan their career growth within the company and group • 119 employees have been given Job rotation to promote career development. • All India web based qualifying examination for recruitment of Graduate Trainees for providing employment opportunity across the country to ensure diversity • Total 1076 safety issues identified during last year of which 904 were addressed. Work on remaining issues is in progress.

COMMUNICATION ON PROGRESS 2006

Principle	Actions by Tata Power	Examples
	<ul style="list-style-type: none"> The Service Conditions of bargainable employees are revised every 4 years by way of signing settlements with the recognized Union 	<ul style="list-style-type: none"> Evaluation and improvement of Personnel Protective Equipment are being carried out regularly. Effectiveness of safety processes are tracked through measures such as Accident Frequency Rate, Accident Severity Rate, Accident Free hours of work, Safety Training man-days, Reportable accidents, near miss accidents etc. Statutory health check-up: 100% covered. Non-statutory 75% covered. Safety record of the Company has improved. While Jojobera, Hydro stations and Belgaum Division continue to maintain record of zero reportable accidents, at Trombay reportable accidents reduced from 14 to 1. The settlement of a new Charter of Demands for bargainable employees in Mumbai Divisions is under negotiations with the Union. Jojobera and Belgaum Divisions have successfully completed wage settlements for its bargainable employees

COMMUNICATION ON PROGRESS 2006

Principle	Actions by Tata Power	Examples
LABOR 4. Business should support the elimination of all forms of forced and compulsory labour. 5. Business should support the effective abolition of child labor. 6. Business should support the elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"> TPC follows the various laws enacted by the Government, as applicable to the establishment from time. 	<ul style="list-style-type: none"> As a practice the Company pays more than the minimum wages declared by the Government. Such revision was carried out during the year. Divisional HR representatives check implementation of various labor laws including engagement of Child labor
ENVIRONMENT 7. Business should support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> TCOC Clause no 8 is applicable to the operations: Environmental assessment including preparation of environment management plan is undertaken for all new projects and proposed modifications. 	<ul style="list-style-type: none"> Environment Impact Assessment is carried out for : <ul style="list-style-type: none"> 250 MW Unit 8 at Trombay Division 1600 MW Coastal Project at Dehrand (Maharashtra) A study was conducted to assess the likely impact of the new Coal unloading operations on Flamingo birds' nesting sites at Trombay. This study indicated a positive impact when compared to current operations.
8. Business should undertake initiatives to promote greater environmental responsibility	<ul style="list-style-type: none"> Implement environment management system 	<ul style="list-style-type: none"> Certification for ISO 14001-2000 is in progress for Hydro Stations At Trombay division ISO 14001:1996 and OHSAS certification completed. At Belgaum Division. ISO 14001 upgraded to 2004 version.

COMMUNICATION ON PROGRESS 2006

Principle	Actions by Tata Power	Examples
		<p>and OHSAS certification process completed.</p> <ul style="list-style-type: none"> • Undertook construction of Coal Jetty at Trombay for avoiding road transportation of coal resulting in reduced pollution • Dry fog system has been installed at belt changeover points in coal conveying system in Jojobera Division • Rainwater harvesting system installed at three locations in Jojobera plant
9 Business should encourage the development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none"> • Process of tracking new technologies, learning, implementing and sharing experiences is in place 	<ul style="list-style-type: none"> • Bio-remediation facility developed for treatment of fuel oil waste. • TPC shared its experience with industry in Seminars on Flue Gas De-Sulfurization • A local school was assisted in Rain water harvesting at Belgaum Division.
BRIBERY		
10 Business should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> • Adherence to Tata Code of Conduct - Clauses 5, 6, 7, 20 & 25 	<ul style="list-style-type: none"> • It is mandatory for all recruits including Trainees to acknowledge receipt of the TCOC booklet and commit to comply with the Code at all times.