

cs-aa-secl-1609-001

September 1, 2016

To

The UN Global Compact


Dear Sirs,

**Communication of Progress for the year 2015-16**

At Tata Hitachi Construction Machinery Company Private Limited (the Company or 'THCM'), we are striving for a sustainable development by understanding our stakeholders' expectations through an on-going engagement with them. We have also considered the same in our strategic planning process, so that we can ensure continuous improvement of the quality of life of all the people associated with the company. Our strategic plan embeds ten principles of Global Compact through various initiatives and action plans to ensure that the key social responsibilities, governance issues and environmental challenges are built into the strategy map along with the market and economic issues.

We are happy to report the Communication of Progress (CoP) for the year 2015-16 showing the implementation of the ten principles and reaffirm our commitment to continue and support the UN Global Compact. The CoP reflects our commitment to share with our stakeholders on the progress that we have made in the areas of human rights, labour, environment and anti-corruption to build a sustainable future.

Warm regards,



Sandeep Singh

Managing Director

Encl: CoP for the year 2015-16

**Tata Hitachi Construction Machinery Company Private Limited**

(Formerly Known as Tata Hitachi Construction Machinery Company Limited)

Registered Office: Jubilee Building | 45 Museum Road | Bengaluru 560 025 India | Telephone +91 80 66953301 02 03 04 05 | Fax +91 80 66953309 25325792  
CIN: U85110KA1998PTC024588 | Email: tatahitachi@tatahitachi.co.in | Website: www.tatahitachi.co.in



**U N GLOBAL COMPACT**  
**Communication on Progress for the year 2015-16**

**(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:**

- THCM Human Rights Policy;
- Tata Hitachi Code of Conduct, Clause 17 on Ethical Conduct (which among other things deal with preserving the human rights);
- THCM Values –Committed to Environment and Society
- THCM Corporate Responsibility Policy.

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

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

Year	11-12	12-13	13-14	14-15	15-16
No. Of concerns received	5	3	5	3	2
Concern Closure	100%	100%	100%	100%	50%

*Number of concerns received on perceived violation of THCoC in 2015-16: two*

*Concerns against which action were taken on establishing the violation: Nil*

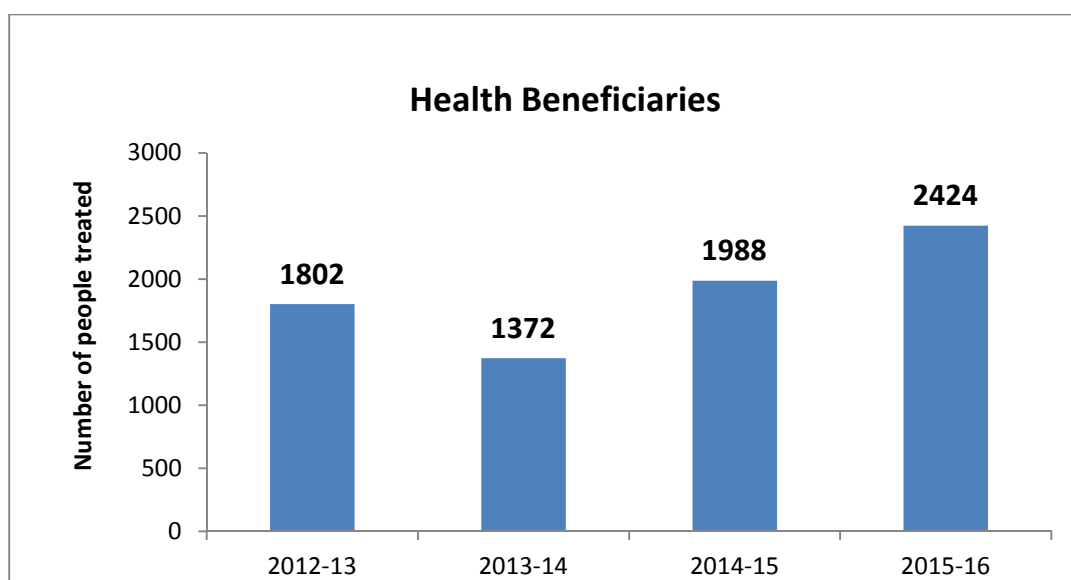
- Employee Grievance Redressal Cell, a part of the Human Resources Management department, reviews and addresses the grievances of employees.

*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.

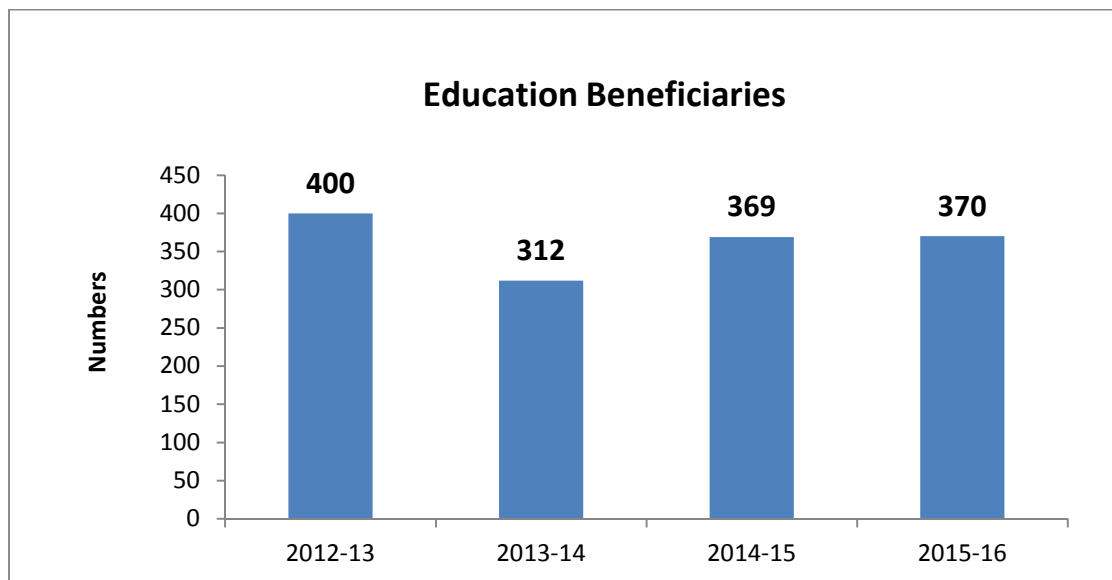
- Contractors working for the company are required to follow the guidelines such as the Safety Rules and Regulations, Payment of Minimum Wages Act, Provident Fund Act and no Child Labor employment.
- Occupational health and safety issues related to various operations are systematically reviewed and improved through certification to OHSAS-18001 which is audited annually 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 2015-16– 2424*



- To support education, the company provides the school-and college-level underprivileged children (Children of schedule castes/schedule tribes 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 2015-16 – 370*



## (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:

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

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

- THCM 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 THCM Workers Union. Collective bargaining issues are discussed with the THCM workers union on regular basis.

*Percentage of employees other than officers and supervisors who come under unionized category (Jamshedpur) – 96%*

- 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, and proactive deliberation on issues of possible areas of conflict creates a congenial environment in pursuit of corporate sustainability.
- As per the laws of the land, forced and compulsory Labour is prohibited and THCM fully abides by the law. Grievance redressal committee and Ethics Counsellor periodically review any violation of such requirements.
- As per the Standing Orders of THCM, 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 Child Labour employment and Contract Labour & Abolition act.
- The company is committed to be an equal opportunity employer and follows the company policy –THCM Equal Opportunity & Nondiscrimination Policy – which states that employment will be solely based on eligibility and merit of the applicants without any discrimination against their gender, race, religion, caste, colour, ancestry, marital status, nationality and disability.
- The Tata Hitachi Code of Conduct emphasizes equal opportunities and nondiscrimination. The Chief Ethics Counsellor 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.

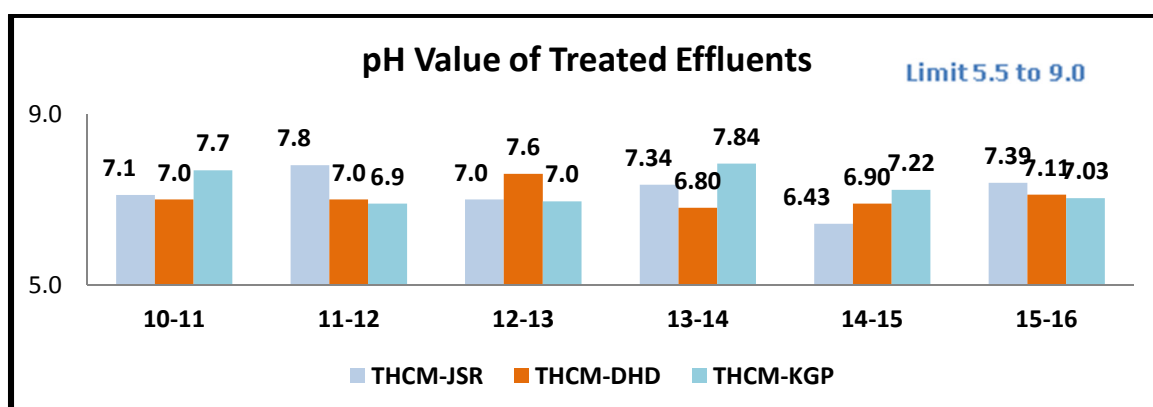
### **(C1) Company's Policies affirming the Principles:**

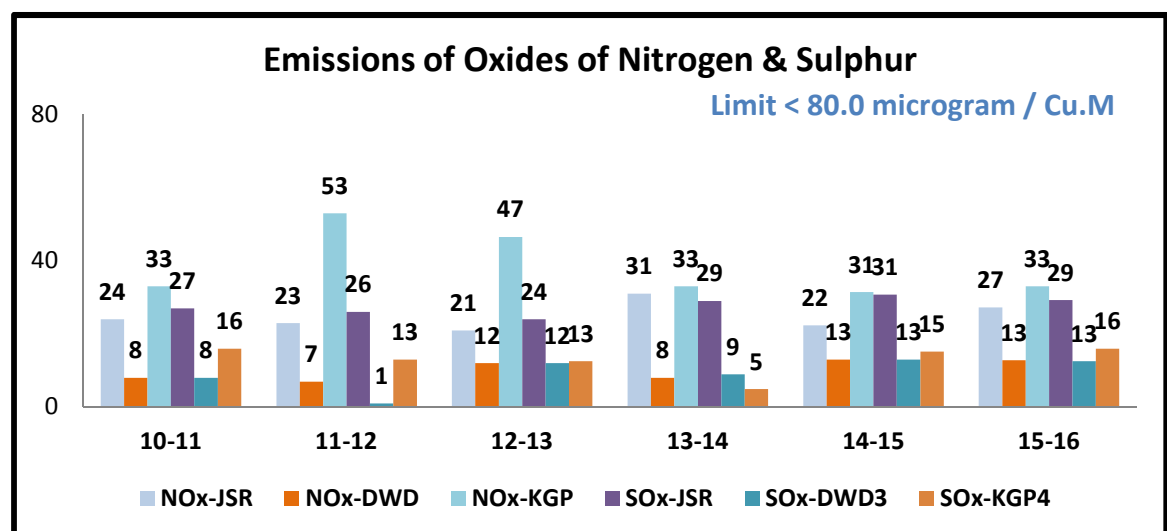
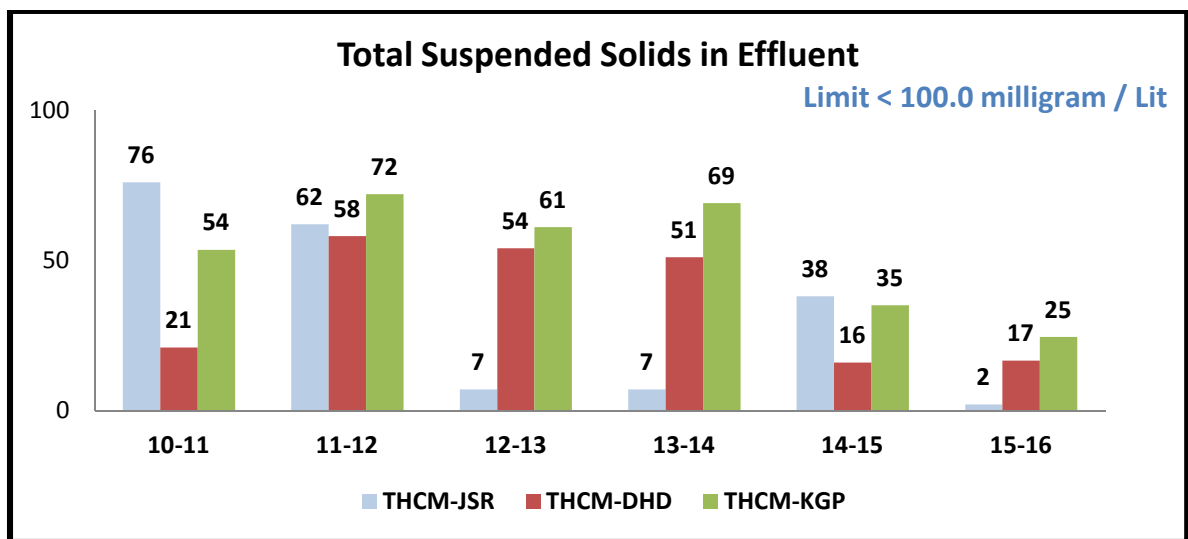
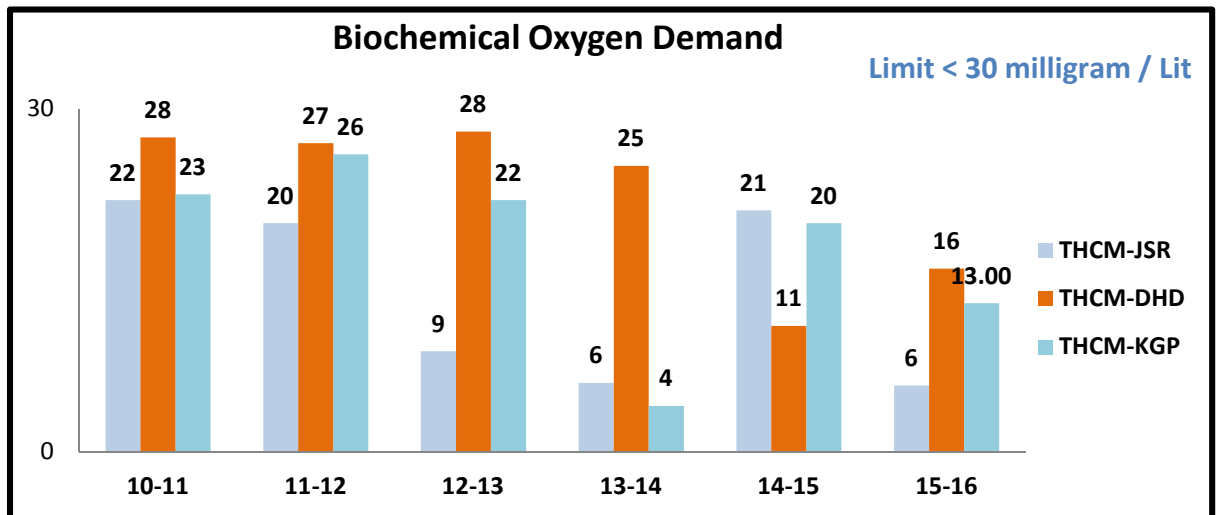
- THCM Environmental Policy
- THCM Corporate Social Responsibility Policy

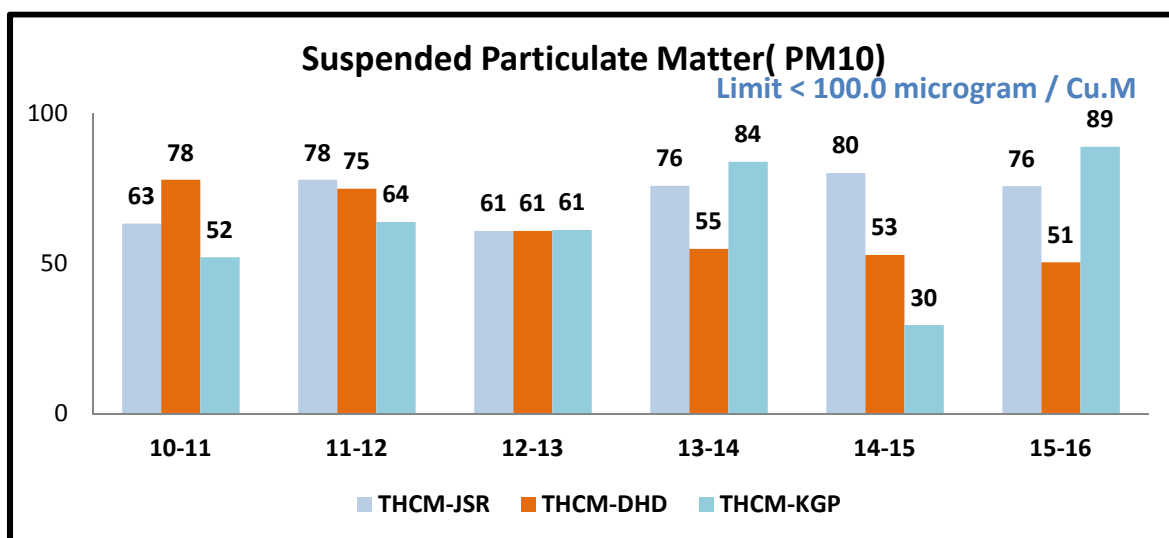
### **(C2) Company's Initiatives to support the Policies and outcomes:**

- THCM 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. THCM continuously upgrades its manufacturing technology to reduce energy consumption and improve productivity and quality.
- Consumption reduces from 1.85 KL of Crude Oil Eq. per Equivalent Machine in the FY 2014-15 to 1.74 THCM also takes several Initiatives to reduce its Environmental Load. This resulted Specific Energy KL of Crude Oil Eq. per Equivalent Machine in the FY 2015-16, 5.9% reduction.
- THCM waste generation (tons per equivalent machine) and water consumption (M3 per equivalent machine) reduced by 19% and 33% respectively in the FY 2015-16 with reference to the previous year.
- In line with our parent company Hitachi Japan, THCM has also identified reduction in the emission of Volatile Organic Compound (VOC) as one of its KPI (Key Performance Index). Initiatives taken to reduce the VOC emission level (Kg per equivalent machine). This resulted by 14.6% reduction in the FY 2015-16 with reference to the FY 2014-15.
- In order to address any future public concern due to emissions and reduce consumption of Diesel oil, THCM has been proactive in launching new products with Tier-II /BS III engines; introducing Hydrostatic transmission in new model Wheel Loaders. These initiatives reduce emissions and increase the fuel efficiency of our products.
- THCM, in its proactive quest to manage occupational health, is OHSAS 18001 compliant at both plants of Jamshedpur & Dharwad. THCM is also ISO 9001 & 14001 certified validating its commitment towards the environment.
- Presented below are key results related to regulatory compliance to confirm that THCM's performance on all the measures is far better than the compliance levels required.







- THCM 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.
- THCM aims at stopping depletion and receding of ground water level, especially during summer season.

*THCM has so far voluntarily created in its surrounding villages 268 numbers of Rain Water Harvesting tanks, with total capacity of 872373 Cu M, which will benefit 2667 villagers.*

- The company promotes greening and encourages its employees to promote a green environment.

*So far, THCM has planted through volunteering by its employees, 28308 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 Hitachi Code of Conduct, Clause 17: Ethical conduct.



**(D2) Initiatives to support the Polices 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 J-SOX of Japan. The controls are being reviewed by the internal auditors and External Auditors.
- All THCM employees are committed to abide by the Tata Hitachi Code of Conduct and all managerial grade employees have signed their commitment to abide by it. The Tata Hitachi Code of Conduct has specific clauses on Gifts & Donations (Cl.5) and Ethical Conduct (Cl.17). The THCM 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 THCoC is a part of the orientation program of employees joining the company. Also, employees go through the reinforcement training on THCoC every year.
- 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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